Land accounting in the Russian Federation

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General information

- Area: 17.1 mln. sq. km (as of January 1, 2016 agricultural land occupied 13%, forest land – 51%, surface waters including swamps – 13%)
- Population: 146.8 mln persons
- Capital City: Moscow (population – 12.4 mln)
- The longest river: Lena – 4,3 thou. km
- The largest lake: Baikal – 31.5 thou. sq. km
- The main activities: mining and trade
National vision

In October 2012, by the order of the Government, changes were made to the Federal plan of statistical works\(^1\), in terms of natural resources.

The major purpose of the work:
- conducting a valuation of natural resources
- calculations the productivity of natural resources.

\(^1\) http://www.gks.ru/metod/fpl08-10.html
Policy priorities

The work will be concentrated on the development and production of:

- Asset accounts (within the framework of the Balance Sheet of assets and liabilities)
- Physical flow accounts
- Environmental activity accounts
Data sources (1)

The Federal Service for State Registration, Cadaster and Cartography:
- Data base of state cadastral land valuation.
- State reports on the state and use in the sectors of the economy.
- Forms of federal statistical observation on the availability of land and their distribution by ownership, categories, land and users in the Russian Federation.
- Directory "Land Fund of the Russian Federation"

Federal State Statistics Service:
- Forms of federal statistical observation

2) [https://rosreestr.ru/site/en/about/](https://rosreestr.ru/site/en/about/)
Ministry of Natural Resources and Environment of the Russian Federation⁴:

- Information about protected areas by the square included in the statistics of the Russian Federation "specially protected natural areas" (classification of the International Union for Conservation of Nature (IUCN)).

- Data for forest land by area included in the statistics of the Russian Federation "Area of forest land and lands of other categories on which forests are located."

⁴ http://www.mnr.gov.ru/english/
Approaches of land evaluation

Cost approach: the point of view for creating object evaluation from the position of incurred costs.

Comparative approach: a set of pricing factors of a specific market, present at the valuation date.

Income approach: current value of future benefits from owning this asset.
Methods of land evaluation: comparative approach

➢ Method of direct comparison (sales):
  ▪ more applicable to the evaluation of undeveloped land plots;
  ▪ availability of information on transaction prices (supply prices) with land plots similar to those assessed;
  ▪ allows to determine value of a land plot on the basis of sales prices (bid prices) of similar plots by making corrections, taking into account differences in the main characteristics of the valuation object and analogues;
Methods of land evaluation: comparative approach

➢ **Selection method:**
  - estimation of built-up land plots;
  - availability of information on transaction prices or supply (demand) quantity with real estate objects that include similar land plots;
  - conformity of land improvements to its most effective use;

➢ **Distribution method:**
  - estimation of built-up land plots;
  - for each type of property there is a normal ratio between the cost of land and buildings;
Methods of land evaluation: income approach

- **Method of land rent capitalization**
  - evaluation of built-up and undeveloped land plots subject to the possibility of obtaining land rent from the estimated land plot separately from buildings and structures;
  - principle of expectation;

- **Remainder approach for land**
  - evaluation of built-up and undeveloped land plots subject to the possibility of building up the estimated land plot with income-enhancing improvements or the possibility of commercial use of a land plot that generates income;
  - it is useful in cases where there is no reliable data on sales of free plots of land;
Methods of land evaluation: income approach

- **Method of intended use**
  - evaluation of built-up and undeveloped land plots subject to the possibility of using the land plot in a way that generates income;
  - can be used in assessing any land plot that has a development perspective;
Problems of land evaluation

- assessment of land, including soil, as a natural resource and national heritage;
- land evaluation as a commodity (land valuation) for specific transactions;
- land evaluation for state needs within the framework of the state cadastral valuation of land - mainly for tax purposes;
- assessment of ecosystem services;
- environmental damage caused to lands, ecosystems, soils;
Thank you for your attention!

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