



Land administration – pandemic effects and future perspectives

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Pekka Halme

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Winter 2020 – the Pandemic Hits

- Dec 8, 2019 the first patient in Wuhan, China
- Restrictions to avoid social contacts
- Soon cities, regions, countries under lock-down → societies close
- Economic activities in one country after the other grind to a halt

The Industry Tells the Same Story (1)

Jones Lang LaSalle, JLL Research & Strategy, April 20, 2020:
(<https://www.jll.fi/fi/trendit-ja-tutkimukset/tutkimus/covid-19-global-real-estate-implications>)

Global economic growth came to an abrupt halt in Q1/2020. It would mark the first quarter of contraction in the global economy in 11 years. Implemented strong involuntary measures and voluntary action severely impaired economic activity.

The mass adoption of remote-working technology will likely increase the pace of the Fourth Industrial Revolution, including robotics, the IoT, Big Data, and unmanned vehicles.

Increased awareness of the fragility of our society and ecosystem.

The Industry Tells the Same Story (2)

Springer: (*Financ Mark Portf Manag* (2021). <https://doi.org/10.1007/s11408-021-00384-6>)

Institutional investors may avoid investments in the hospitality as well as the traditional stationary retail sector and will shift their capital into logistics and the residential sector.

COVID-19's direct impact on the housing market is relatively small. Low interest rates and social distancing increases the desire for privately owned homes. Moreover, the change in the working organization toward home office as well as social distancing increases the demand for more living space and privacy.

The Industry Tells the Same Story (3)

McKinsey & Company, April 9, 2020:

(<https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/commercial-real-estate-must-do-more-than-merely-adapt-to-coronavirus>)

Beyond the immediate challenge, the longer the crisis, the more we are to see transformative and lasting changes in behavior.

Social distancing increases the demand for more living space and privacy.

Even a short break in business travel could make a difference when alternatives like video conferences prove sufficient or even preferable.

Practically overnight, physical distancing and the lockdown of physical spaces have magnified the importance of digitization.

Research Results

Urban science: (Urban Sci. 2021, 5, 23.
<https://doi.org/10.3390/urbansci5010023>)

In the first phase of the pandemic, all business activities ceased, except for essential services such as food provision, pharmacies and manufacturing. The closures led to negative impacts on consumption, investments and trade, causing a demand and supply shock.

New ways of living are likely to become part of our way of life and therefore will not end when the pandemic is over.

In fact, the pandemic has only forced us to speed up processes that were already underway.

Real Estate Summary

- Short-term dip both in supply and demand March – April 2020
- Unemployment, uncertainty of employment, income reduction, decreasing demand, forced closure of businesses, ban on public events
- Mostly no strong effect on price level, especially in housing
- Recovery in summer and autumn – even hitting new highs
- People's preferences shifted towards more room and open outdoor space and e.g., away from short commuting distance due to work at home.
- Hospitality and retail, where intense customer flows and social contacts essential, suffered the most and are still suffering

Land Administrator's View

- Basic activities more or less business as usual – after the initial shock
 - Working from home (NLS 85 % of staff)
 - Customer service on-line or by appointment only
 - Temporary legislation introduced
- Accelerated existing shift towards digital services and processes and made visible the fact that not all the occupied office space and rent is necessary.
- Also, surprisingly many of the meetings can successfully be held over the Internet.

Perspectives on the Future

- There is no going back to the pre-pandemic life.
- Though many things remain,
- the exceptional circumstances have forced us
- to renew,
- to accelerate existing developments,
- to roll out digital solutions and services,
- to step into the future which was supposed to come, but just a little later.

Finally

At the end of the day there is the new normal – familiar but different.

Advancing together

