Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. The most recent round of data collection for the project was completed in June 2012.

What is Measured?

Imagine a family in Port-Vila that has been in the home appliance business for 3 generations now. Its business in Port-Vila has grown to 50 employees. The family members who run it are ready to expand again—and they want to buy a new warehouse. Fortunately, property transfers take less time in Vanuatu these days. Thanks to a computerization project that started in 2009, the land registry has cut the time required to complete a property transfer in half, from 6 months to 3. And the process is expected to become even faster as the registry does away with its backlog.

Since the business needs the warehouse right away and the family has no time to spend on repairs, they choose one that is in good condition and complies with all safety standards, building codes and other legal requirements. The warehouse is located on about 550 square meters of land and has 2 spacious stories totaling more than 900 square meters. They are buying the warehouse from a local company that has had the building registered under its name for the past 10 years. This is the standard case scenario studied by Doing Business through its registering property indicators.

Doing Business records the procedures necessary for a business to purchase a property from another business and to transfer the property title to the buyer’s name (figure 1). The process starts with

Source: http://www.doingbusiness.org/data/exploretopics/registering-property
obtaining the necessary documents, such as a copy of the seller’s title, and conducting due diligence if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it. The ranking on the ease of registering property is the simple average of the percentile rankings on the procedures, time and cost to register property. Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer and even if it must be completed by a third party on their behalf. As measured by Doing Business, formally transferring and registering property is easiest in Georgia (table 1).

Why it Matters

Why does property registration matter?

Registered property rights are necessary to support investment, productivity and growth (1). Cadastres or surveys, together with land registries, are tools used around the world to map, prove and secure property and use rights. These institutions are part of the land information system of an economy. With land and buildings accounting for between half and three-quarters of the wealth in most economies, (2) having an up-to-date land information system clearly matters.

Evidence from economies around the world suggests that property owners with registered titles are more likely to invest. They also have a better chance of getting credit when using their property as collateral. In Argentina a study observed greater investment in homes after formal titles were granted to squatters. Compared with the squatters who did not receive title, title holders increased the overall value of their homes by 37% (3). In Nicaragua, having a formal title not only made owners more likely to invest but increased land values by 30% (4). Following a land titling project in Thailand, property increased in value by 75–197% after being registered (5).

The benefits of land registration go beyond the private sector. For governments, having reliable, up-to-date information in cadastres and land registries is essential to correctly assess and collect tax revenue. In Thailand, where annual revenue from property and transfer taxes rose from $200 million in the 1980s to $1.2 billion by 1995, a land titling program that increased the number of registered property owners during the 1980s is perceived to be one of the reasons for the increase (6).

With up-to-date land information, government scan map the different needs in their cities and strategically plan the provision of services and infrastructure in the areas of each city where they are most needed (7). Land information can also help in planning the expansion of urban areas. This is especially important in economies prone to natural disasters. When there’s no planned urbanization, informal dwellings and slums abound, even in areas that surveyors identify as being at high risk from disasters. Tools such as cadastres and survey maps can be used in city planning, as part of the land information system of a city, to avoid or mitigate the effects of environmental or climate-related risks on urban populations.

Source: http://www.doingbusiness.org/data/exploretopics/registering-property
7. Property information held in cadastres and land registries is part of the land information available to governments. Land information also includes other geographic, environmental and socioeconomic data related to land that are useful for urban planning and development.

**Doing Business Reforms**

In the past 8 years Doing Business recorded 185 reforms, undertaken in 121 economies, that increased the efficiency of procedures for transferring property (figure 2). In these economies the average time to transfer property fell by 35 days, from 90 to 55, and the average cost by 1.2% of the property value, from 7.1% to 5.9% (1).

In 2011/12, 17 economies made it easier for local businesses to register property by reducing the time, cost or number of procedures required (Table 2). The most common measures were introducing time limits or expedited procedures, reducing taxes or fees, streamlining procedures and computerizing cadastres and registries. Nine other economies made it more difficult to transfer property by increasing the procedures, time or cost involved.

**FIGURE 2**

Sub-Saharan Africa leads in number of property registration reforms

<table>
<thead>
<tr>
<th>Number of Doing Business reforms making it easier to register property by Doing Business report year</th>
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<tbody>
<tr>
<td>Sub-Saharan Africa (46 economies)</td>
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<tr>
<td>Eastern Europe &amp; Central Asia (24 economies)</td>
</tr>
<tr>
<td>OECD high income (21 economies)</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean (35 economies)</td>
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<tr>
<td>Last Asia &amp; Pacific (24 economies)</td>
</tr>
<tr>
<td>Middle East &amp; North Africa (9 economies)</td>
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<td>South Asia (30 economies)</td>
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Note: An economy can be considered to have only 1 Doing Business reform per topic and year. The data sample for DB2006 (2005) includes 114 economies. The sample for DB2013 (2012) also includes the Bahamas, Bahrain, Barbados, Brunei, Cameroon, Cyprus, Korea, Laos, Lebanon, Malta, Mauritius and Qatar, for a total of 185 economies.

Source: http://www.doingbusiness.org/data/exploretopics/registering-property
Worldwide, economies making effective cuts in the number of procedures have reviewed the efficiency of their property transfer process, then designed regulatory reforms that centralized procedures in a single agency—such as due diligence, signing of the contract, payment of taxes and registration. One is Italy, which centralized most procedures at the notary office by introducing an electronic platform (Notartel). Now notaries can electronically access the databases of all agencies involved in property transfers.

Economies making effective reductions in time have reorganized the workflow of their registries, introduced time limits (taking into account the capacity of the institutions involved) or paired the computerization of their registries with the introduction of efficient caseload management systems. Portugal made its land registry one of the world’s most efficient by introducing an effective 1-day time limit for urgent transfers and a 10-day time limit for others.

Malaysia made the biggest improvement in the ease of registering property in the past year by introducing a new caseload management system at the land registry. Inspired by Toyota’s effective supply chain management strategy, the registry reduced registration time from 41 days in 2011 to 7 days in 2012 for nonstrata properties (properties which are not part of a subdivision or common interest community). Malaysia is now working to bring registration times for strata properties, still in the range of 90–100 days, down to 24 hours too.

In the last year, the OECD high-income group had the largest share of economies with a property registration reform. Out of 17 property reforms recorded worldwide in 2011/2012, 6 were undertaken by countries in the OECD (figure 3). Poland, with the biggest improvement in the group, increased the efficiency of its Land and Mortgage registries through a series of coordinated changes. These included creating 2 new registration districts in Warsaw, introducing a new caseload management system and digitizing the records of the registry. Thanks to the changes, the time to process property applications at the registries fell from 3-6 months in 2011 to as little as 14-60 days in 2012. Other OECD high-

![Table 2: Who made registering property easier in 2011?—and what did they do?](http://www.doingbusiness.org/data/exploretopics/registering-property)
income economies that improved their property registration process were the Czech Republic, Denmark, Ireland, and Italy.

Among regions, Sub-Saharan Africa had the largest number of property registration reforms in the past 8 years. As a result, it also cut the cost to register property the most, though the regional average remains the highest. Among the biggest cost cutters was Angola, whose government slashed the property transfer cost from 11.5% of the property value to 3.2% in 2011 by reducing both the transfer tax, or sisa (from 10% to 2%), and the stamp duty (from 0.8% to 0.3%).

Thanks to effective efforts to increase efficiency, Burkina Faso ranks among the 10 economies making the biggest improvements in property registration in the past 7 years. By introducing a one-stop shop for property issues and eliminating the need to obtain a consent to the transfer from the municipality, Burkina Faso cut the number of procedures from 8 to 4 and the time from 182 days to 59 (figure 4). It also reduced the property transfer tax 2 years in a row—from 15% of the property value to 10% in 2008, then to 8% in 2009. This helped bring down the total cost from 20.7% of the property value in 2004 to 12.6% in 2012.

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Good Practices
- Introducing time limits that are complied with
- Setting low fixed fees

Source: http://www.doingbusiness.org/data/exploretopics/registering-property
- Streamlining procedures
- Going electronic

Property registries around the world confer different legal effect on the information they record. Not all offer conclusive information on property ownership. Some simply keep a record of property transactions—that is, they record the transfer of deeds. One example is the Registry of Deeds and Documents in The Bahamas. Others record the changes in the holders of property rights that occur as a result of the deeds presented to the registry—that is, they record the changes in holders of rights or title. An example is the land registry in Spain. And some, such as that in Ghana, include both a deed and a title system (1). Title systems usually provide conclusive evidence about who holds the rights in a given property. The rights registered are opposable to third parties and in some cases cannot be voided or annulled. To know who the rightful owner of the property is and whether anyone else has rights over it, the buyer needs to consult only the property information at the land registry (2).

Deed systems, by contrast, do not provide conclusive proof of who owns property. Deed systems record property transfers, but the fact that a transfer is registered does not necessarily mean that it was valid. Because the last registered owner could be holding a title that is not valid, a buyer will usually hire a lawyer to determine the “good root” of the title he or she is buying. To establish this in The Bahamas, lawyers conduct searches on the title to the property at the Registry of Deeds and Documents—but also at the courts and at the company registry—to check whether the companies that previously owned the property owned it lawfully and transmitted their property rights lawfully. These searches add B$300 ($300) and 45 days to the purchaser’s due diligence.

To increase the security of property transactions—and save purchasers “the trouble and expense of going behind the Register to investigate the history of the vendor’s title and to satisfy themselves of its validity” (3)—Sri Lanka decided to transition from a deed to a title system. Since making such transitions is not easy, some economies prefer to keep a deed system while improving the conclusiveness of the records held in the registry. This too increases the security of property transactions. Argentina, which has always had a deed system, qualifies it with a 20-year statute of limitations. This means that lawyers have to go back only 20 years in checking the good root of a title. In other economies with a deed system, buyers can purchase title insurance to increase the security of property transactions. This is the case in the United States. If an acquired title has defects, title insurance can compensate for any financial loss incurred by the buyer.

At the end of the day all systems are trying to do the same thing: maintain an up-to-date database of rights in property. And deed and title systems can be equally efficient (4). Comparison of property registration systems—based solely on the procedures, time and cost to transfer and register property as measured by Doing Business—suggests a number of common good practices (Table 5).

Source: http://www.doingbusiness.org/data/exploretopics/registering-property
Introducing time limits that are complied with

Time limits give citizens a reference for how much time a procedure will take at most. If the procedure is not completed within that time limit, they know they need to follow up.

In the past 8 years 23 economies introduced time limits. But time limits work only when the agency has the capacity to comply with them. In most economies time limits therefore supported broader changes. Nine economies—including Bosnia and Herzegovina, Burundi, Cyprus, Czech Republic, Israel, Italy, Mauritius, Ukraine, and Poland—introduced time limits while at the same time streamlining procedures through computerization and reorganization. In 2011/12, 4 economies introduced time limits for services provided by land registries or notaries, reducing the time to transfer property by up to 39 days.

Setting low fixed fees

Property transfer taxes are an important source of revenue for many governments. But when transfer fees and taxes are too burdensome, even registered property might quickly become informal if subsequent transactions are not registered. This not only weakens the protection of property rights. It also reduces potential revenue from property taxes.

Over the past 8 years 58 economies lowered transfer taxes and other government fees, reducing the global average cost to register property by 6% of the property value. Twenty-four of them are in Sub-Saharan Africa, where costs have been the highest (figure 3). For example, in 2011/12, the Comoros reduced the transfer tax from 15% of the property value to 9%. Mozambique reduced its transfer tax rate from 10% of the property value to 2.4% in 2005/06. In 2010/11 Angola cut its transfer tax rate by 8% of the property value (from a 10% rate to a 2% rate), and the Central African Republic by 7.5% of the property value (from a 15% rate to a 7.5% rate). Some took a gradual approach. Burundi cut the transfer cost by 10% of the property value over 3 years, by first abolishing the 7% registration fee and then reducing the transfer tax rate from 6% of the property value to 3%.

In many economies property registration fees or transfer taxes represent only part of the total cost. Additional fees and duties apply throughout the process. Even where these additional fees add little to overall revenue, they may increase red tape for entrepreneurs if the process for paying them is unnecessarily cumbersome. Armenia and Burkina Faso simplified the process by making it possible to pay several fees at a single location. Others eliminated these additional fees altogether. Madagascar, Mauritius, Rwanda and the Slovak Republic all did so since 2006, reducing the transfer cost by an average of 4.5% of the property value.

Streamlining procedures

Thirty-two economies streamlined procedures and linked or improved agencies' systems to simplify property registration in the past 8 years. These measures reduced interactions between entrepreneurs and agencies—saving between 1 and 2 procedures on average—while maintaining security and
controls. In 2011/12 this feature was evidenced in the Czech Republic and Italy, where there was an average one-procedure reduction. The Czech Republic cut one procedure by giving the cadastral office online access to the database of the commercial registry, and Italy gave notaries online access to all cadastral plans, eliminating the need to request the plans from the cadastre.

In 2010/11, Eastern Europe and Central Asia, exhibited 16 such property reforms. By cutting procedures and unifying their land and building registries, Azerbaijan, Belarus, Georgia, Kazakhstan and the Kyrgyz Republic reduced the average time to transfer property in these 5 economies from 78 days to 14.

One-stop shops are an efficient way to minimize interactions between agencies and entrepreneurs. Ghana did this under the roof of its Lands Commission. But not all economies can afford to bring all agencies involved in property transfer under one roof. Even so, many have been able to coordinate the functions or records of at least 2 institutions involved in the property transfer process. In most cases this coordination has linked the land registry to the tax agency or valuation agency. One way to do this is to have a representative of one of the institutions present at the other—as in Burundi and Ethiopia. Another is to link agencies electronically—as in Denmark, Latvia, Lithuania, Peru and Portugal. In Latvia the land registry gained electronic access to municipal tax information on real estate. That freed entrepreneurs from having to provide this information in a paper format.

Some economies streamlined procedures by eliminating the requirement to obtain the municipality’s approval for property transfers. Belarus did so in 2010/11, and Sweden and Uruguay in the previous year. Rather than requiring a certificate for every transaction, the municipality instead checks a list of the properties subject to preemption rights and contacts only the parties concerned (5). This makes sense. In economies that require waivers of preemption rights, the number of buildings affected is usually small compared with the total number of transfers. In Minsk, Belarus, only 5 transfers were affected in 2010. In Latvia only 112 of the 533,433 buildings that changed ownership were affected during the first 17 years after municipalities introduced refusal rights—a mere 0.021% of cases. Only 4 economies worldwide—France, Germany, Latvia and Senegal—still require waivers of preemption rights for every transaction.

Going electronic

In 60% of economies the property registries have electronic files (6). Digital records have advantages over paper records. They take less space, and backup copies ensure that property records will not be compromised in the event of natural disasters or civil wars. Electronic systems also make errors and overlapping titles easier to spot. But this does not mean that paper registries cannot be efficient. Thailand had a very efficient manual system before going electronic. And having digital records is no assurance that an economy has a good system in place to manage this information.

Still, transferring property takes about half as much time in economies with computerized registries as in those without them. All 31 OECD high-income economies have electronic registries. Eleven,
including Denmark, the Netherlands and New Zealand, offer electronic registration. In South Asia and Sub-Saharan Africa, by contrast, more than 80% of economies still have paper-based systems. It is no surprise that OECD high-income economies have the fastest property registration, taking 26 days on average (Figure 5).

Twenty-seven economies as diverse as Portugal, Samoa and Zambia computerized their registries in the past 8 years. Three of them—Belgium, Swaziland and Vanuatu—did so in 2010/11. These 32 economies cut the average time to transfer property in half, by about 3 months on average. In Bosnia and Herzegovina the registry has been able to register 33% more title transfers following computerization, and in 2011/12, computerization allowed Bosnia and Herzegovina to cut registration time by 8 days. Angola, Portugal, and West Bank and Gaza are others that have started to reap the benefits of years of computerization efforts at their registries.

Computerized systems at the cadastre or registry can make access to information easier and eventually allow information to become available online. Among the 154 economies with a cadastre or survey, 108 make their information available online. In 2010/11, Costa Rica made cadastral and property certificates available online to all users on a single website. This reform merged previously independent procedures into one website.

Fully implementing computerization and electronic filing takes decades, and the cost can reach millions of dollars, depending on the amount of surveying and cadastre work involved. So it is no surprise that many economies seek the financial and technical support of donor institutions. International organizations such as the World Bank and the Organization of American States have been engaged in land administration projects involving the digitization of records (7). So have national aid agencies, including those of Australia, Finland, Germany, the Netherlands, Spain and the United States.

Given the challenge (and the opportunities) of going electronic, many economies take a gradual approach to implementation—first moving from paper-based to electronic records and computerization, then introducing electronic registration. This was the approach used in New Zealand and Norway, which today have among the most efficient property registration systems in the world (table 3).

New Zealand digitized its property records between 1997 and 2002. Then it introduced electronic registration. But by 2005 only about half of property transactions were being submitted electronically. A

Source: http://www.doingbusiness.org/data/exploretopics/registering-property
final push was needed. In 2008 the law made electronic registration mandatory. Registration can now be completed in just 2 steps, at a cost of 0.1% of the property value.

In Norway in 1995 the registry’s paper records required 30 kilometers of shelving, and storage needs were growing by 1 kilometer a year. Following the merger of the land department and survey information, title certificates were digitized between 1997 and 2002. The next step was taken in 2002, when the 50-year-old Land Transfer Act was amended to allow online titling. Online registration has been required by law since 2008.

1. Property in Ghana falls under either the title or the deed system, depending on where it is located. This is as a result of the phased introduction of the Land Title Registration Law of 1986, which introduced the title system in Ghana. The capital city of Accra falls under the title system.

2. The title systems offering the strongest conclusive evidence are those that do not allow any kind of legal claim against the registered rights (that is, the registered rights are absolutely indefeasible). Other title systems are less absolute in the indefeasibility of the registered rights and allow claims in exceptional circumstances (for example, in the case of a registration that occurred on the basis of a property sale-purchase agreement that is declared null and void after registration took place).


4. Whether an economy has a title or a deed system has no influence on its ranking on the ease of registering property. There is no statistically significant difference in how economies rank based solely on their choice of registration system.

5. Preemption rights in this case are the municipality’s rights to acquire the property, in preference to any other buyer, when the owner decides to sell it.


7. For a concise and thorough overview of World Bank support for land administration and management projects, see Bell (2009).

Frequently Asked Questions

Source: http://www.doingbusiness.org/data/exploretopics/registering-property
- What does the registering property indicator measure?
- What type of company is measured?
- What type of property is measured?
- Does the registering property indicator record de jure (the law) or de facto (the practice)?
- How does the registering property indicator count procedures?
- How does the registering property indicator measure time?

**What does the registering property indicator measure?**

The Registering property indicator records the time, cost, and full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer’s name so that the buyer can use the property for expanding its business, use the property as collateral in taking new loans or, if necessary, sell the property to another business. The process starts with obtaining the necessary documents, such as a copy of the seller’s title if necessary, and conducting due diligence if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it.

**What type of company is measured?**

The registering property indicator considers a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most popular among domestic firms is chosen. The limited liability company is located in the periurban area of the economy’s largest business city and is 100% domestically and privately owned. Additionally, the company performs general commercial activities and has 50 employees each, all of whom are nationals.

**What type of property is measured?**

The assumed property has a value of 50 times income per capita and is fully owned by the seller. The property had no mortgages or attachment, has been under the same ownership for the past 10 years, is registered in the land registry or cadastre, or both, and is free of title disputes.

The parcel is located in the periurban commercial zone, and no rezoning is required. Furthermore, the property consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A 2-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition and complies with all safety standards, building codes and other legal requirements. The property of land and building will be transferred in its entirety.

**Does the registering property indicator record de jure (the law) or de facto (the practice)?**

Source: http://www.doingbusiness.org/data/exploretopics/registering-property
Both. Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf.

How does the registering property indicator count procedures?

A procedure is defined as any interaction of with the seller or buyer, or their representative(s) with external. Procedures that must be completed in the same building but in different offices are counted as separate procedures. If the parties have to visit the same office several times for different sequential procedures, each is counted separately. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen.

How does the starting a business indicator measure time?

Time is recorded in calendar days. The measure captures the median duration that practitioners and lawyers indicate is necessary in practice to complete a procedure with minimum follow-up with government agencies and no extra payments.

Source: http://www.doingbusiness.org/data/exploretopics/registering-property