

## Scope and Sources

This survey is drawn from publicly available primary sources where accessible—most notably the Court of Justice of the European Union’s official case-law database (curia.europa.eu), HUDOC for the European Court of Human Rights, the Bundesfinanzhof’s published decisions (bundesfinanzhof.de), the German Federal Constitutional Court (bverfg.de), Légifrance for French jurisprudence, and the Upper Tribunal (Lands Chamber) for the United Kingdom—and from secondary commentary in professional and academic publications. Decisions in national languages have been read in the original and are described in English; case captions retain their original spelling and diacritics.

Subscription-only legal-research databases (juris.de, beck-online, Westlaw UK, Lamy, Aranzadi) are not used. National-court decisions below the supreme-court level are surveyed selectively, with priority given to decisions of clear precedential or methodological significance. Case citations herein should be verified against the court’s official report before any reliance for practice or for further publication.

This baseline installment treats Germany, France, and the United Kingdom as the principal national jurisdictions. Italy, Spain, the Netherlands, and the Nordic countries are not separately surveyed in this installment but will be added in subsequent quarterly installments as material warrants. Switzerland, although outside the European Union, will be surveyed in future installments because of the strong methodological influence of Swiss valuation standards on European practice generally.

## European Regulatory Context

Two regulatory developments at the European Union level materially affect the operating environment for appraisers, although neither is itself a court decision:

**EU AI Act and automated valuation models.** Regulation (EU) 2024/1689 (the EU AI Act) entered into force in 2024, with provisions applicable to high-risk AI systems taking effect on a staged basis through August 2026. On 19 May 2026 the European Commission published draft guidelines on the classification of high-risk AI systems for stakeholder consultation. Annex III of the AI Act lists creditworthiness assessment in connection with natural persons among the eight categories of presumptively high-risk use cases, and the Commission’s draft guidelines develop this category in detail. Because automated valuation models (AVMs) used in mortgage origination, mortgage portfolio monitoring, and insurance underwriting are functionally inseparable from creditworthiness assessment for the underlying loans, AVMs operated by credit institutions or insurers within the European Union will, in most configurations, be classified as high-risk AI systems. The compliance consequences include mandatory risk management systems, data governance controls, automatic logging with at least six months of log retention, human oversight mechanisms allowing operators to understand and override system decisions, and post-market monitoring obligations.

*Implication for appraisers.* European appraisers should expect that AVM-supported workflows operated by their lender clients will be subject to substantially increased documentation and explainability requirements. Where appraisers provide model inputs, calibration data, or human-oversight review of AVM outputs, those activities themselves become elements of the lender’s high-risk-AI compliance posture.

**Energy Performance of Buildings Directive (recast).** Directive (EU) 2024/1275, the recast Energy Performance of Buildings Directive (EPBD), was published in the Official Journal on 8 May 2024 and entered into force on 28 May 2024. The transposition deadline for Member States is 29 May 2026. Among other provisions, the recast EPBD requires Member States to prioritize renovation of the worst-performing sixteen percent of the building stock (non-residential) and the worst-performing forty-three percent of the residential stock; sets minimum energy performance standards (MEPS); requires zero-emission buildings for new public construction from 2028 and all new construction from 2030; and mandates whole-life-carbon assessment for new buildings from 2030.

*Implication for appraisers.* The recast EPBD will affect property valuations through several channels: minimum-energy-performance thresholds create a new category of compliance-driven obsolescence; energy performance certificate (EPC) ratings become a material price determinant for both residential and commercial stock; and renovation costs to achieve compliance must be reflected in cost approaches and in the deduction of remaining economic life. Appraisers should also anticipate that lenders subject to the Mortgage Credit Directive will increasingly require explicit treatment of EPC ratings and MEPS-related capital expenditure requirements in collateral valuations.

## Notes for Subsequent Installments

Quarterly installments following this baseline will focus on changes: new decisions, dispositions of pending matters identified here (notably the German Federal Constitutional Court's treatment of *1 BvR 472/26*), and Member State implementing legislation transposing the recast EPBD into national law. The Swiss legal framework, treatment of Italian and Spanish supreme-court decisions, and developments under the French *Conseil constitutionnel* will be added as material warrants.

## Case Summaries by Jurisdiction

### Court of Justice of the European Union

**GR Real (Case C-351/23).** Court of Justice of the European Union, judgment of 24 June 2025.

The Court of Justice ruled on a preliminary reference from a Slovak court arising from an extrajudicial mortgage enforcement procedure in which consumers lost their family home through auction while legal proceedings challenging potentially unfair contractual terms were still pending. The Court held that the consumer-protection guarantees under Directive 93/13/EEC require that national procedural rules permit effective judicial review of contractual fairness before a mortgaged residence may be sold through extrajudicial enforcement, and that procedures permitting the sale to proceed irreversibly before such review is completed are incompatible with the Directive.

*Implication for appraisers.* The decision is not directly a valuation case, but it reshapes the procedural environment in which mortgage-collateral valuations are commissioned and used. In several Member States with extrajudicial enforcement procedures (notably Slovakia, the Czech Republic, Hungary, and the Baltic states), the practical effect is to slow the enforcement-auction process and to extend the period during which the lender's collateral valuation is relied upon. Appraisers preparing collateral valuations for enforcement contexts in those jurisdictions should anticipate that valuation reports may be in use for longer periods than previously, and may be tested against market movements between the original valuation date and the eventual sale.

## European Court of Human Rights

**Baku building demolition (Azerbaijan), judgment of July 2025.** European Court of Human Rights, Article 1 of Protocol No. 1.

The European Court of Human Rights found a violation of the right to peaceful enjoyment of possessions in connection with the demolition and expropriation of a building in Baku that had been ordered following authorities' citation of earthquake risk. The Strasbourg court found that the domestic authorities, in determining compensation, had failed to provide sufficient reasons for rejecting the valuation report submitted by the applicants and had unjustifiably adopted only the amount of the expert opinion commissioned by the court itself. The Court awarded a total of €75,000 for pecuniary damage, €3,000 for non-pecuniary damage, and €1,055 for legal costs.

*Implication for appraisers.* The decision reinforces a line of Article 1 Protocol 1 jurisprudence requiring that domestic courts give reasoned consideration to competing valuation evidence in expropriation proceedings, and that the rejection of an applicant's valuation report in favor of a court-commissioned expert opinion must itself be reasoned. For European appraisers practicing in expropriation and just-compensation contexts, the case underscores that the documentary defensibility of a valuation report—the explicit reasoning supporting comparable selection, adjustment derivation, and final-value reconciliation—is itself a fundamental-rights matter when the report is submitted in support of a claim against the State.

## France

**Cour de cassation, Chambre commerciale, 19 June 2024, n° 22-24.169.** (Discussed in professional commentary through 2025.)

The Court of Cassation held, in the context of inheritance-tax *valeur vénale* (market value) disputes, that a sale of the inherited property occurring after the taxable event (the death of the *de cujus*) may not be used by the heirs to revise downward the *valeur vénale* originally declared, even where the post-event sale price is significantly lower and the sale occurs within months of the death. The decision applies the principle that *valeur vénale* for inheritance-tax purposes is determined as of the date of the taxable event and is not corrected by reference to post-event transactions in the same property.

*Implication for appraisers.* The decision confirms a strict date-of-valuation discipline in French inheritance-tax practice and limits the relevance of post-event sales as retrospective evidence of value. Appraisers preparing French inheritance-tax valuations should develop comprehensive comparable-sales evidence based on transactions *at or before* the valuation date, and should not present post-event sales of the subject property itself as confirmatory evidence. The same reasoning is likely to extend to gift tax (*droits de donation*) and to wealth-tax (*IFI*) contexts.

**Cour de cassation, 3<sup>e</sup> Chambre civile, 8 January 2026, n° 23-22.803.** Amicable (non-judicial) expert reports.

The Third Civil Chamber of the Court of Cassation issued a ruling redefining the legal value of amicable (non-judicial) expert reports in French civil proceedings. The decision follows the broader procedural reform effected by the décret of 18 July 2025, which made mediation and amicable dispute-resolution the default rule in civil procedure. The Court clarified that amicable expert reports prepared at the contractual instance of a single party may nonetheless be received as evidence

and accorded probative weight, subject to the contradictory principle and to the court’s evaluation of the expert’s independence and methodology.

*Implication for appraisers.* The decision strengthens the evidentiary position of *expertises immobilières* prepared outside the framework of court-appointed judicial experts (*experts judiciaires*), provided the report observes the methodological standards of the profession and the expert’s independence is documented. For French appraisers working on contested valuations in inheritance, divorce, or commercial disputes, the decision creates a stronger foundation for client-commissioned reports to be cited and relied upon in subsequent litigation. Particular care to documenting independence (absence of subordination, economic interest, or family relationship with the client) and to applying the methods prescribed by professional standards becomes correspondingly more important.

## Germany

**Bundesfinanzhof, judgments of 12 November 2025 (II R 25/24, II R 31/24, II R 3/25). The *Grundsteuer Bundesmodell* trilogy—constitutionality of the reformed property-tax valuation system.** The Second Senate of the German Federal Fiscal Court (*Bundesfinanzhof*, BFH) ruled in three parallel revision proceedings that the provisions of the income-capitalization valuation method (*Ertragswertverfahren*) applied under the so-called *Bundesmodell* for the valuation of residential property in eleven German federal states for purposes of the reformed property tax (*Grundsteuer*) effective from 1 January 2025 are constitutional. The plaintiffs were apartment owners in North Rhine-Westphalia, Saxony, and Berlin who challenged their assessments on the grounds that the regimented valuation rules violate the general equality principle (Article 3(1) of the Basic Law) and produce systematically inaccurate values.

The BFH held that the legislature had created a valuation system *conceptually oriented toward market value* (*konzeptionell einer Verkehrswertorientierung folgt*) and designed to approximate, on average across all valued objects, the “objectively realistic property value” within a corridor of the fair market value (*gemeiner Wert*). The Court found that the legislature had not exceeded the margin permitted to it in balancing the goals of the valuation scheme against the inequalities necessarily attendant to such a scheme, and that the significant weight assigned to avoiding a renewed “valuation backlog” through automated periodic updating was constitutionally permissible. The BFH also emphasized that taxpayers retain the option, established by earlier BFH *Beschlüsse* of 27 May 2024 (II B 78/23 and II B 79/23), to demonstrate a lower fair market value (*gemeiner Wert*) through a qualified appraisal under § 198 BewG, with the limitation that the lower value must be substantiated by an appraisal report from a publicly appointed real estate appraiser applying recognized valuation methods.

A constitutional complaint (*Verfassungsbeschwerde*) supported by *Bund der Steuerzahler Deutschland* and *Haus & Grund Deutschland* is now pending before the Federal Constitutional Court (*Bundesverfassungsgericht*) under file number 1 BvR 472/26.

*Implication for appraisers.* The trilogy is the most significant German real estate valuation jurisprudence of the survey period. For appraisers, the principal practical consequence is the elevated demand for § 198 BewG “lower-value” appraisals (*Verkehrswertgutachten zum Nachweis des niedrigeren gemeinen Werts*) in cases where the *Grundsteuerwert* determined under the *Bundesmodell* appears to exceed the actual market value of the subject property. The BFH’s explicit endorsement of this pathway, combined with its general deference to the *Bundesmodell*, means that the appraisal report is now the operative mechanism for individual taxpayer relief from systematic overvaluation.

Appraisers should expect a sustained increase in instructions for such reports and should ensure compliance with ImmoWertV 2021 methodology and the requirements of § 198 BewG. The pending constitutional complaint at the BVerfG (1 BvR 472/26) will be material to monitor for any further changes to this framework, and is expected to be a principal subject of the next quarterly installment.

**Bundesfinanzhof, judgment of 7 October 2025, IX R 26/24. Purchase-price allocation between land and building (*Kaufpreisaufteilung*).** In an income-tax case involving the depreciation (*Absetzung für Abnutzung*, AfA) basis of a residential rental property, the Ninth Senate of the Federal Fiscal Court addressed the methodology for allocating the contractual purchase price between the non-depreciable land component (*Grund und Boden*) and the depreciable building component (*Gebäude*). The plaintiffs had challenged the lower court’s reliance on *Bodenrichtwerte* (standard land values) on the grounds that the underlying data basis was not reliably documented for the specific location of the subject property.

*Implication for appraisers.* The decision continues a line of BFH jurisprudence (notably BFH II R 25/24 of 12 November 2025 cited above, and earlier BFH IX R 12/21 of 20 September 2022) confirming that ImmoWertV is the source of recognized valuation principles for purchase-price allocation. The case also illustrates the importance of the data basis underlying *Bodenrichtwerte*: where the *Gutachterausschüsse* (expert appraisal committees) do not have sufficient comparable-sales data for the specific location, the *Bodenrichtwert* may be challenged on data-quality grounds. For appraisers preparing purchase-price allocations or depreciation-basis opinions, this means that documentation of the *Bodenrichtwert* data basis—including the underlying *Kaufpreissammlung*—becomes part of the defensible analysis.

## United Kingdom

***Mehrunnisa Alikhan Ahmed Khan v Wolverhampton City Council.*** Upper Tribunal (Lands Chamber), 2025.

The Upper Tribunal (Lands Chamber) confirmed that the proper valuation date for assessing compulsory purchase compensation is the date on which the property vests in the acquiring authority under a general vesting declaration (GVD). The Tribunal also addressed the relationship between contemporaneous and retrospective valuations: in the case at hand, the local authority’s initial valuation made immediately after the GVD was £150,000, while a second valuation prepared in 2025 during tribunal proceedings, with reference to the assumed vesting date three months after the owner’s notice, was £120,000. Notwithstanding the Tribunal’s confirmation of the legal valuation date, it preferred the figure calculated closer in time to the date the GVD was made, resulting in a higher payment to the claimant.

*Implication for appraisers.* The decision is methodologically instructive for UK appraisers working in compulsory purchase contexts. While the legal valuation date is the vesting date, the Tribunal’s preference for the contemporaneous valuation over a retrospective valuation prepared years later, on the same legal valuation date, illustrates that contemporaneous market evidence carries practical weight even where it would not formally be admissible at the vesting date itself. Appraisers should ensure that valuation reports prepared close to a GVD are documented with sufficient supporting evidence to serve as the primary record, anticipating that later tribunal proceedings may rely on the contemporaneous report in preference to retrospective reconstruction.