

Public and Private Data Sources and Its Potential for Real Estate Transparency in Germany

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SUMMARY

In Germany, there are about 1 million real estate sales each year. Share deals and the sale of companies that own real estate are not included here. The public and private bodies in Germany concerned with the transparency of the property markets are endeavouring to obtain the property market data. However, the potential associated with this data is far from exhausted.

REAL ESTATE PURCHASE DATA BASES

On the basis of the German Building Code, all land purchase contracts in Germany are evaluated by independent local bodies of real estate experts (purchase price collection). Real estate market data obtained from this can be purchased anonymously by anyone. In addition, private institutions such as banks and service companies maintain databases for real estate purchase prices and rents, in some cases as part of a network. These data are either free of charge, subject to a fee or only accessible to the network partners.

SYSTEM OF GOVERNMENTAL STANDARD LAND VALUES

Since around 1960, the expert committees in Germany have determined standard land benchmarks for the purpose of market transparency. The land benchmarks indicate average land values for almost all properties in Germany. The standard land values are used in both private and official appraisals and are the basis of many investment decisions, but are also of great importance in the area of taxation. In the lecture - using the example of the city of Munich - it will be shown what standard land values are, how they are determined, what they can do and where their limits are.

DATA-DRIVEN INSIGHTS INTO THE EFFECTS OF THE CORONA

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PANDEMIC

Residential property prices in Germany have been rising steadily since around 2010. When the Corona pandemic became known in March 2020, the question arose whether a crisis would stop the real estate boom. Just a few experts expected prices to continue increasing. Unfortunately, there were very few data-driven findings and it has become clear how important the correct and data-based analysis of the real estate market is. The aim here is to show how data can be used to identify or exclude corona effects and what the pitfalls can be.

AVAILABILITY OF REAL ESTATE MARKET DATA AND THE POTENTIAL OF INTERLINKING

Public administration collects data with different organizations. The main data collecting organization for real estate valuation is the committee of valuation experts. All prices for real estate transactions on the German market are recorded in a database. Besides these data-sources many data-sources of the public administration are unused for market observation e.g., data from tax authorities (collecting the rentals for every real estate in Germany), building authority (Building years and years of significant renewal of real estates), or planning offices. Until now these data-sources are not used because the infrastructure for data-interchange is missing. This work focuses on initiatives to connect databases and discuss structures of future data interfaces in the context of international standards.

FUTURE FORECASTS ON REAL ESTATE DATA

Governmental, regional purchase price records capture all property market transactions concluded in the past. With the help of these price records, valuation-relevant data are derived that are used for property valuation at the current time. A future-oriented view with regard to the price development is not considered here. The forecast of purchase price developments is gaining in importance for many market players. Scientifically based forecasting methods, such as the “Autoregressive-Integrated-Moving-Average-Method“ or the “Vector-Autoregressive-Method“, offer the possibility to predict such developments.

The aim of this application example is to test the applicability of these two methods on the real estate market with regard to price development. This involves the comparison between past real prices and forecast prices for the same period. Test data from the German city Düsseldorf were used for this purpose.