Public and private data sources

Corona effects and

Categories of valuation quality

Photo by Jennifer Lim-Tamkican on Unsplash

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- **Head of the office of the governmental upper committee of experts for property values in Lower Saxony (Germany)**
- **Editor-in-chief for the real estate market report for Germany of the state expert committees in Germany**
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DVW e. V. German Association for Geodesy, Geoinformation and Land Management
Chair of the working group "Real Estate Valuation"

Note:
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Public and private data sources and categories of valuation quality

Focus

1. **Real estate purchase price-data base and other data providers in Germany**

2. **Data based insides of the corona-pandemic effect**

3. **Long Term effects and forecasting**

4. **Good valuation – poor valuation**
   - A Discussion -

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Public and private data sources and categories of valuation quality

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1. Real estate purchase price-data-base and other data providers in Germany

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BauGB

Baugesetzbuch

- **German Building Code since 1960**
  - **Governmetal boards of expert valuers (Gutachterausschuss)**
  - **Complete Purchase data base (Kaufpreissammlungen)**

**One Rule vor Valuation Standards ➔ Immobilienwertermittlungsverordnung
(like red, blue, white books)**

Zuständigkeitsbereiche der Gutachterausschüsse

16 federal states introduce 16 different regulations

Berlin is a little different than Frankfurt

Hamburg a little different than Lower Saxony

Bavaria is different at all ….

BauGB
Baugesetzbuch

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Zuständigkeitsbereiche der Gutachterausschüsse

16 federal states introduce 16 different regulations
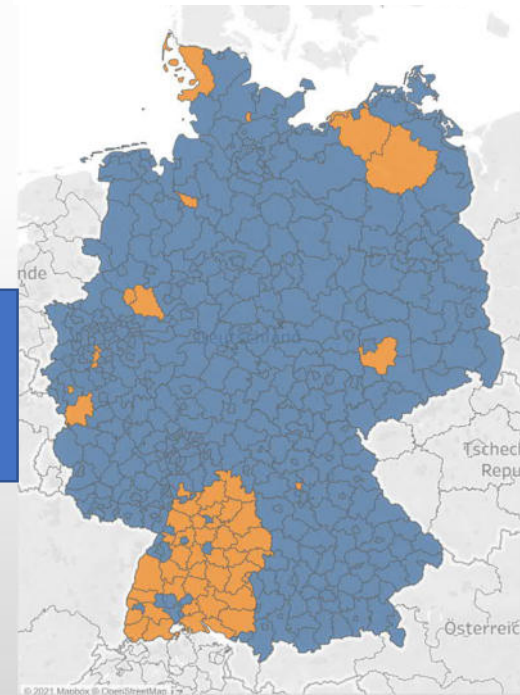
Puting all tohgether again

German real estate market report

Immobilienmarktbericht Deutschland 2019
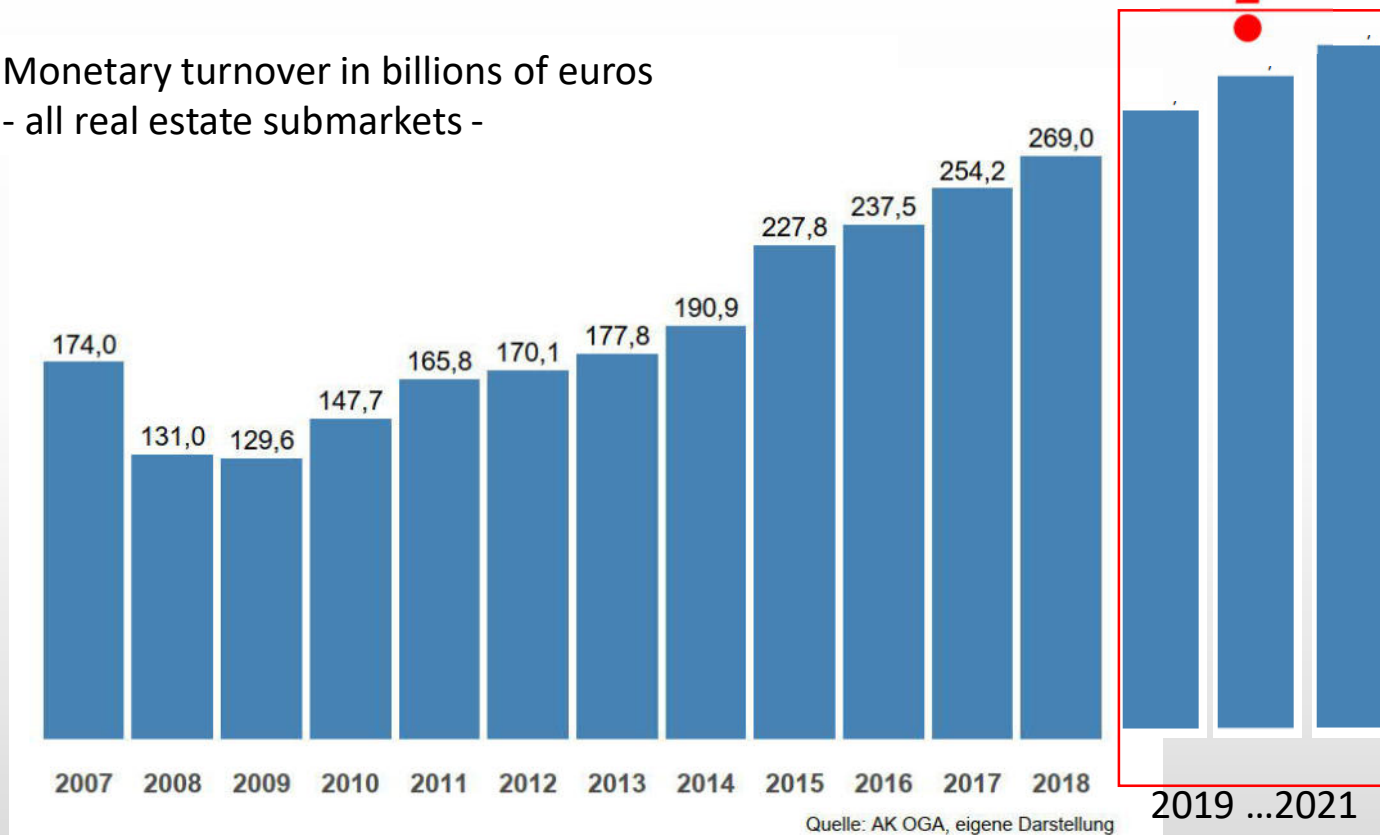der Gutachterausschüsse in der Bundesrepublik Deutschland

Arbeitskreis der Oberen Gutachterausschüsse,
Zentralen Geschäftsstellen und Gutachterausschüsse
in der Bundesrepublik Deutschland

Aggregated Data 2020

To date
or
Not to date

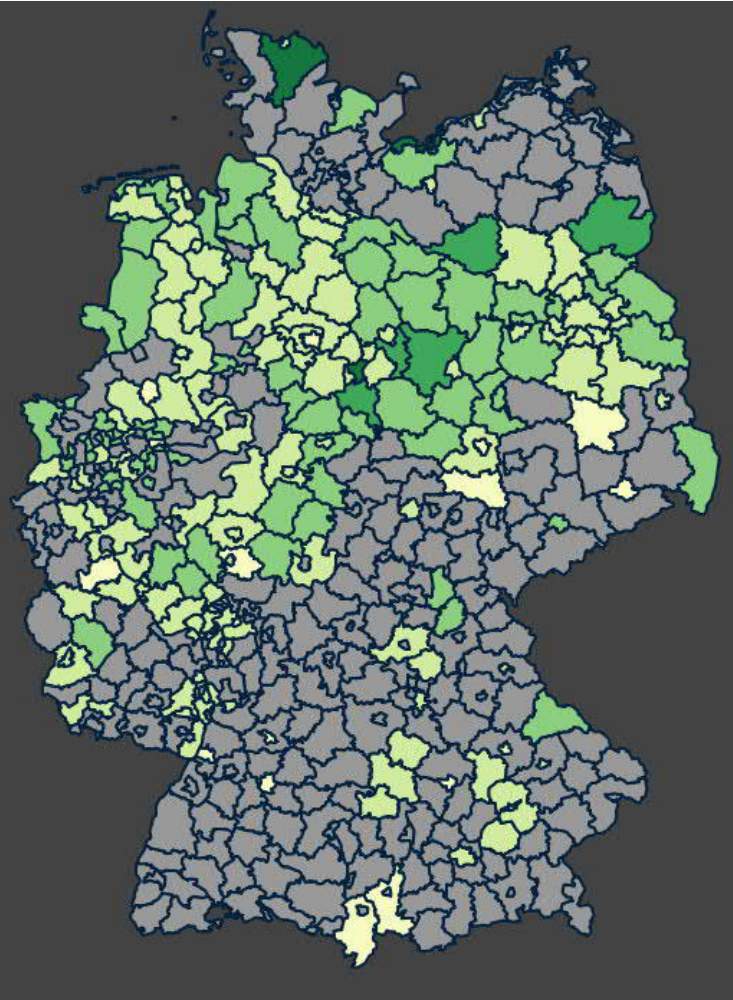**It is difficult some times but what we know quite sure:**

? **Time Lag in german-wide data**

Monetary turnover in billions of euros
- all real estate submarkets -

**Nearly constant:
1 million purchases
per year**

174,0 131,0 129,6 147,7 165,8 170,1 177,8 190,9 227,8 237,5 254,2 269,0

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Quelle: AK OGA, eigene Darstellung

2019 …2021

Photo by Sebastian Herrmann on Unsplash

Problem is not the numer of transactions

Problem is the quality of the each purchase data set

Available property interest
(Liegenschaftszinssatz)
Multi-family houses

How to valuate on the
base of german
valuation standards ?

Problem is not the
number of transactions

Problem is the quality of
each purchase data set

e.g.
- rents
- building years
- floor spaces etc.

Photo by Chad Montano on Unsplash

Other real estate market data providers

Only a part of the whole but very tasty

→ companies
→ brokers
→ banks ….

…in their own business environments

➔ biased data ?
➔ But high quality in deepnes of the purchase information

the banks are said to have about 60-70% of the purchase- information

Public and private data sources and categories of valuation quality
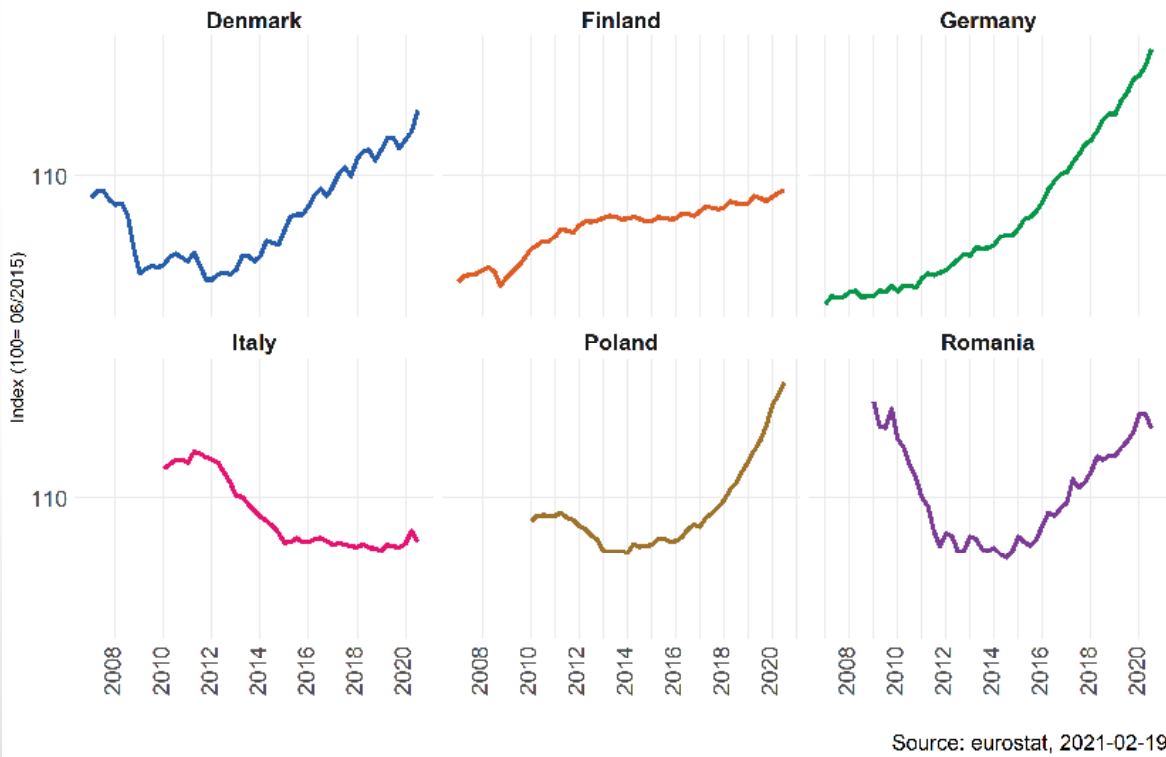
1. **Real estate purchase price-data base and other data providers in Germany**

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Photo by Anthony Reungère on Unsplash

House price index - quarterly data
Exemplary EU countries (01/2007 to 07/2020)

Source: eurostat, 2021-02-19

Short-Term Effects in Europe
- House-Price Trends -

based on Eurostat (www.eurostat.eu)

Choosen countries based on
Bloomberg- Covid – Resilience-Ranking
https://www.bloomberg.com/graphics/covid-resilience-ranking/

Ranking 53 worldwide countries according to e.g.
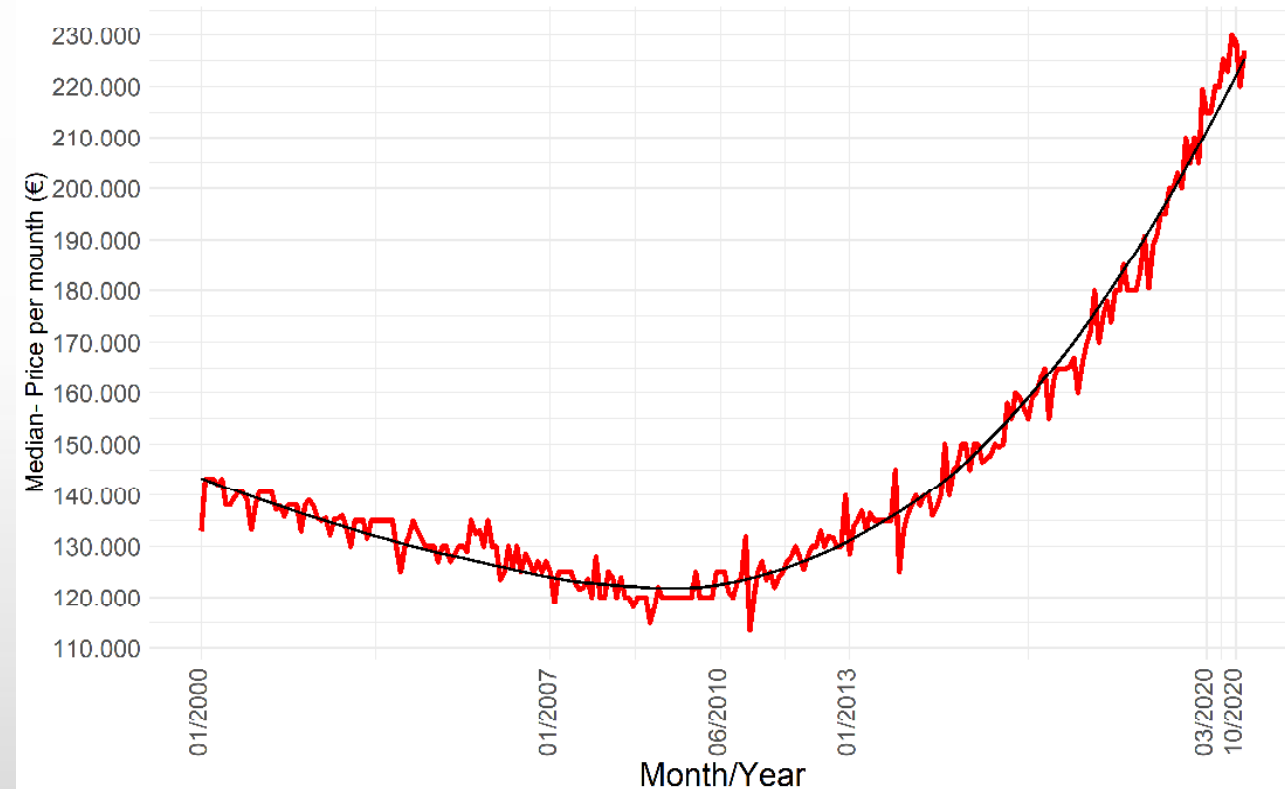- infections situation, death rates, vaccination rates …

April 2021	June 2021
- Denmark: 14th	- Denmark: 8th
- Finland: 13th	- Finland: 6th
- Germany: 23th	- Germany: 28th
- Italy: 39th	- Italy: 30th
- Romania: 46th	- Romania: 38th

Private Homes, Median-price per month
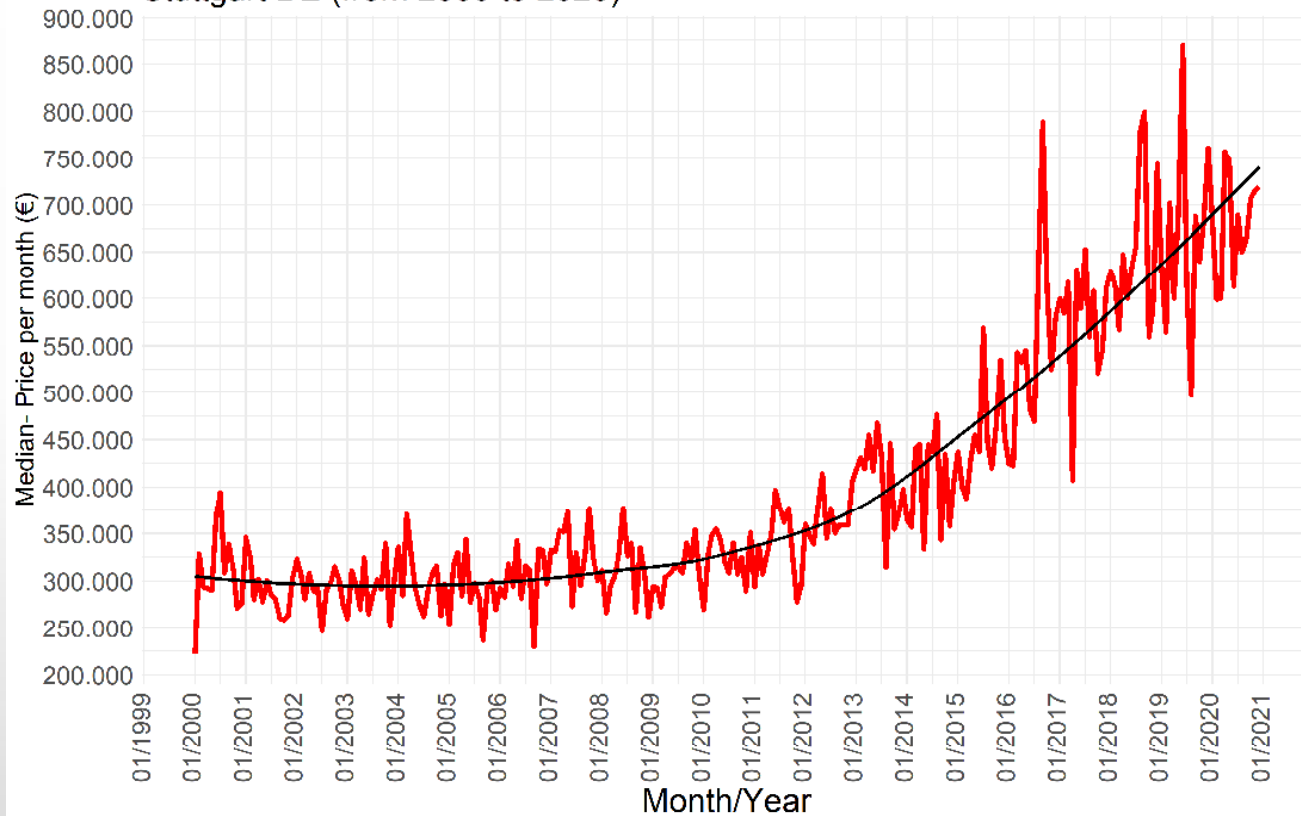### Lower Saxony, DE (from 01/2000 to 10/2020)

Source: Governmental Boards of Expert Valuers in Lower Saxony, DE (02/2021)

Short-Term Effects Gemany
- ## House-Price Trends –

Country side and suburban regions (e.g. Lower Saxony)

Private Homes, Median-price per month
Stuttgart DE (from 2000 to 2020)

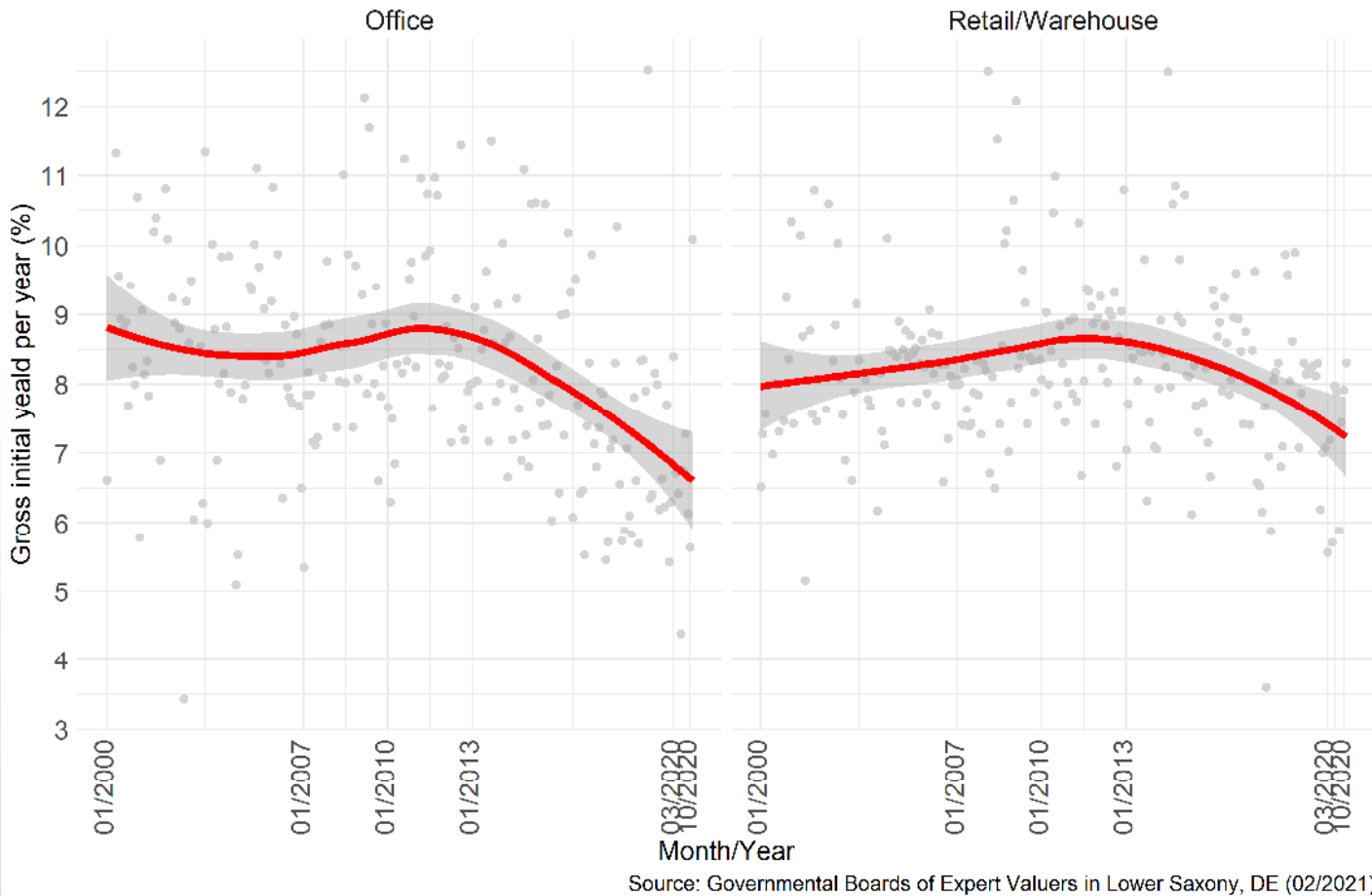Source: Governmental Boards of Expert Valuers in Stuttgart, DE (02/2021)

Short-Term Effects Gemany

- **House-Price Trends –**

Urban regions

e.g.: Stuttgart

Office & Retail-/Warehouses, Gross initial yield (Monthly- Median)
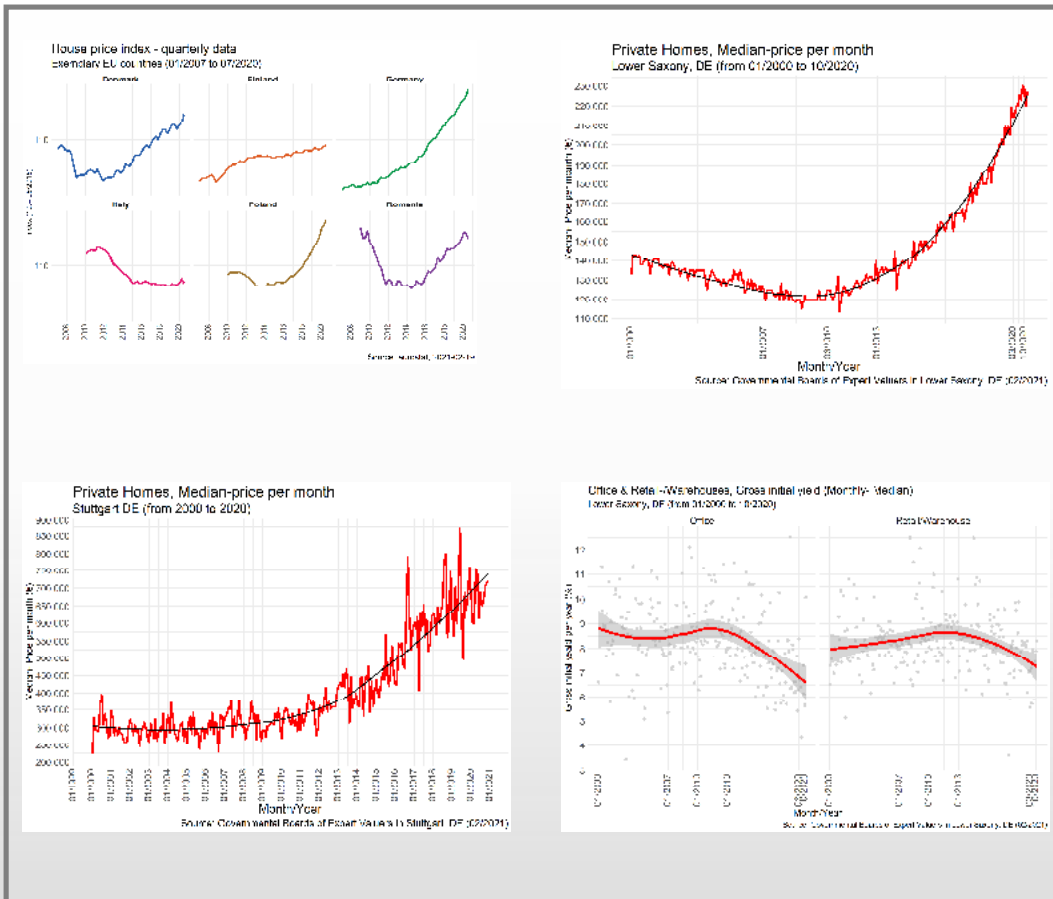Lower Saxony, DE (from 01/2000 to 10/2020)

Source: Governmental Boards of Expert Valuers in Lower Saxony, DE (02/2021)

Short-Term Effects Gemany

- **Gross initial yield** –

Suburban regions northern germany

e.g.: Lower Saxony

Conclusion – short term:

- **No effect that is significant and messurable**

- **Assumption that the trends will intensify in some regions and some submarkest (Hotels, Restaurants, Retail…)**

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Photo by Vidar Nordli-Mathisen on Unsplash

But the long term effect ??

What do the investers think ?

What will be happening in the future ?

What are the correct assumptions ?

Valuation on Review

Photo by Fran on Unsplash

Can we forecast the future ?

Yes, when the future trends are resonably stable !

No, when there are economical shocks !

How can Valuation support an investors decision process when markets are changing faster

..... when winds of change get stormy

Photo by Antenna on Unsplash

For a discussion

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When winds of change get stormy

How can Valuation support an investors decision process when markets are changing faster

Categories of Valuation Qualitiy in changing environments

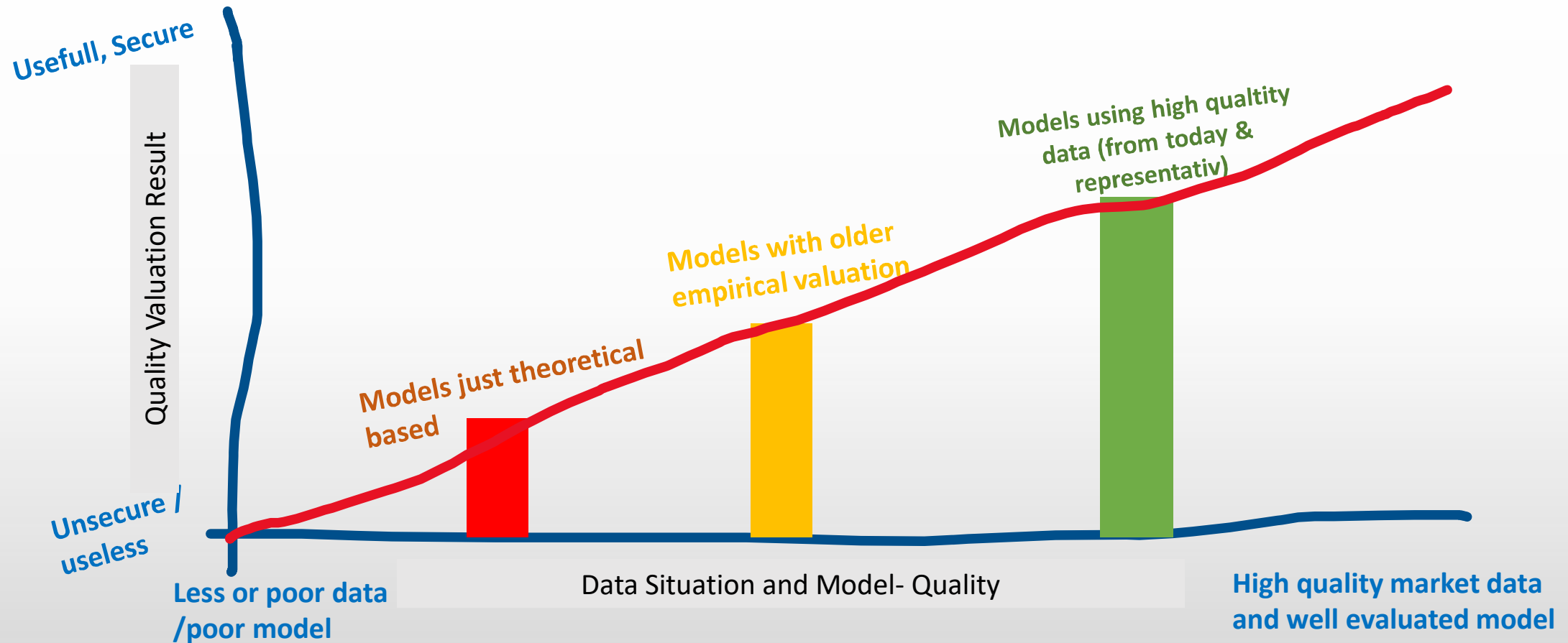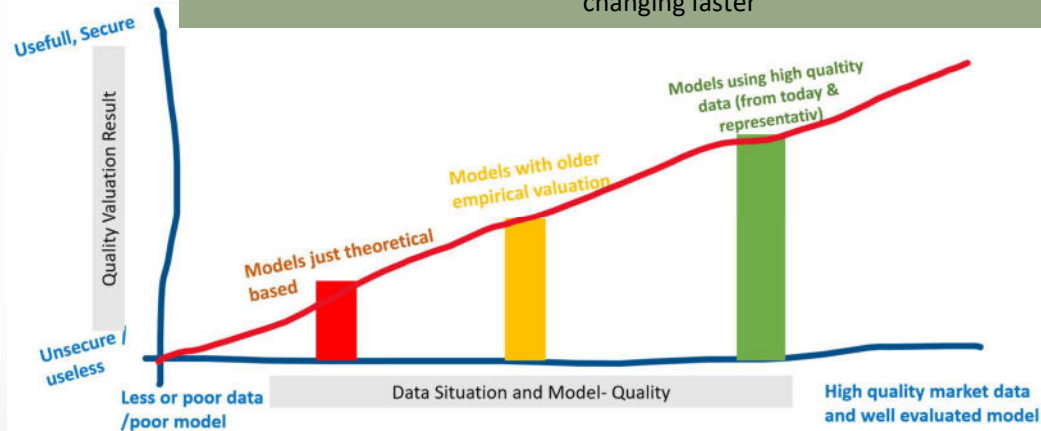Valuation- Methods using high quality data (from today)

models that had empirical, data driven evaluations from old data

Models just theoretical based

e.g. financial mathematics model in DCF or Investmend Methods

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How can Valuation support an investors decision process when markets are changing faster

Note:
➔ If the data base of al valuation is not tranparent
➔ Asusumtion: Useless Valuation

My Idea for this point

- **In crises, the best models are of no use if the data are not good**

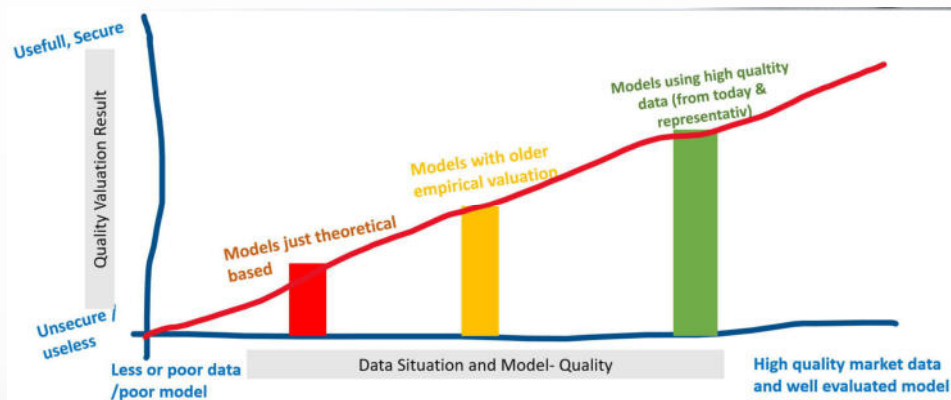- **It is not the quantity of data that matters, but its timeliness and representativeness**

Our Idea for this point

- In crises, the best models are of no use if the data are not good

- It is not the quantity of data that matters, but its timeliness and representativeness

Strategy:

Use the corona effect to improve the data´s

- **Quality**
- **Representativity**
- **Currency**

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