

FIG Working Week  
Bridging the Gap between Cultures  
Marrakech, Morocco, 18.-22. May 2011

## **Transparency of Property Markets - the 1. National level Market Report**

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#### Contents

- The importance of property market transparency
  - Private or public market information
  - The „quality“ of market information
- 1. National Level Market Report 2009
  - Selected market results in Germany
  - Improvements in Market Report 2011

### Aspects of Market Transparency (MT)

- Fundamental element of well-functioning markets
- Relevant location factor in globalized economies
- MT needs reliable market information / market data
- Property taxation based on market values serves MT
- Market information is delivered by private and public actors

### Market information is generated by market data

Different market data necessary:

- *Turnover* data (market activity, supply and demand)
- *Price level* data (absolute terms)
- *Price development* data (relative terms like indices)
- *General* data (socio-economic and legal issues, planning policy)

Generating market information:

- *Collection* of market data
- *Selection* of collected market data
- *Analysis* of selected market data
- *Publication* of analyzed market data

### Is the market information reliable?

#### Quality Criteria for reliable market data

- Sample size, share of market volume
  - Origin of data (e. g. market results or data from offers, original or secondary market data)
  - Spatial reference (spatial distribution of sample)
  - Time reference (temporal distribution of sample)
  - Definition of market indicator (e. g. office rent)
  - Statistical model of analysis
  - Handling of outliers
- (Gudat/ Voss: FuB 1/2009, p. 30)

## Who delivers market information?

**Commercial Market Reports**

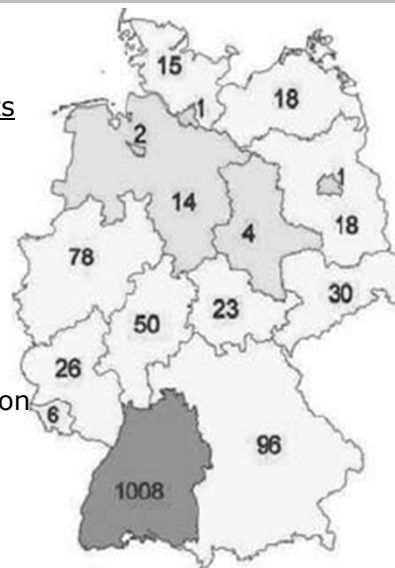
### Who delivers market information?

- Public collection of market transactions
  - In Germany: *Boards of Valuation Experts* (Gutachterausschüsse)
  - Notaries are obliged to give each contract to the Board
  - Boards and price collection mainly organized at the county level
  - Advantage: Most complete and unique information base
  - Problem: Organizational structure and manpower are very heterogeneous

### Organisational structure of the Boards of Valuation Experts in Germany

Number of Boards per State

Valuation and market information is based on the Board's purchase price collection



Source: Krumbholz: FuB 1/2009, p. 35

## Market Reports 2009

by the local Boards of Valuation Experts

Blue:

Local Market Report published in 2009

Additional:

Market Reports of some State's Boards of Valuation Experts

Source: AGA (2009) Arbeitskreis der Gutachterausschüsse und Oberen Gutachterausschüsse in der Bundesrepublik Deutschland: Report on the Real Estate Market Germany 2009, p. 208

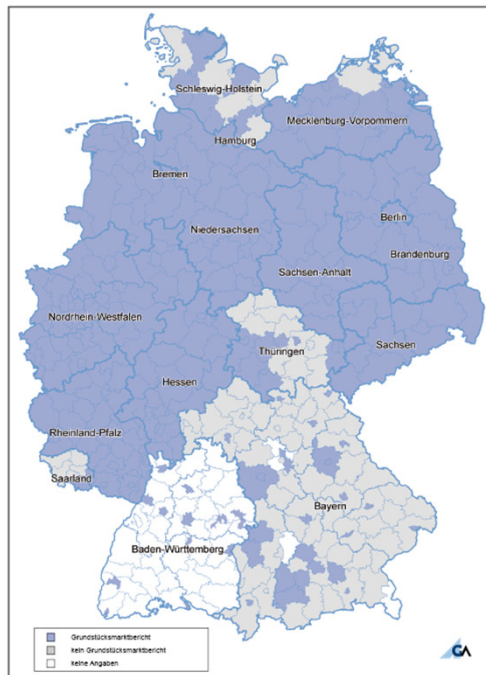


Abb. 6-3: Herausgabe von örtlichen Grundstücksmarktberichten in Deutschland (gemeldete Angaben) [Stand Januar 2010]

### Contents

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  - Selected market results in Germany (Some copies of the report in English are available!)
  - Improvements in Market Report 2011

## Content of the 1. National level market report

- General socio-economic situation  
(population, income, inflation rate, planning permissions, etc.)
- Land market in the 16 States and the large cities  
(overall turnover, main transaction areas, extreme values)
  - Developed building land
  - Agricultural and forest land
- Development of built-up properties
  - Individually used residential properties
  - Investment properties and commercial properties
  - Portfolio sales and large-scale investments
- Information required for valuation
  - Property yields
  - Gross yield factors
  - Standardized price factors

## Data situation in the German States 2007/8

Federal state	2007			2008		
	Administrative districts/ independent cities	Coverage inhabitants [%]	Coverage area [%]	Administrative districts/ Independent cities	Coverage inhabitants [%]	Coverage area [%]
Baden-Württemberg*	5	4	1	15	20	5
Bayern	60	75	57	62	69	59
Berlin	1	100	100	1	100	100
Brandenburg	18	100	100	18	100	100
Bremen	2	100	100	2	100	100
Hamburg	1	100	100	1	100	100
Hessen	26	100	100	26	100	100
Mecklenburg-Vorpommern	16	90	90	17	96	100
Niedersachsen	46	100	100	46	100	100
Nordrhein-Westfalen	48	88	92	48	89	92
Rheinland-Pfalz	36	100	100	36	100	100
Saarland	7	100	100	7	100	100
Sachsen	4	36	12	4	36	12
Sachsen-Anhalt	14	100	100	14	100	100
Schleswig-Holstein	15	100	100	15	100	100
Thüringen	23	100	100	13	43	55
<b>Germany</b>	<b>322</b>	<b>77</b>	<b>76</b>	<b>325</b>	<b>77</b>	<b>75</b>

\*participation per municipality

Source: AGA (2009), p. 24

## Market activity:

### Volume of transactions (Mio. € 1999–2008) in the „Big Seven“

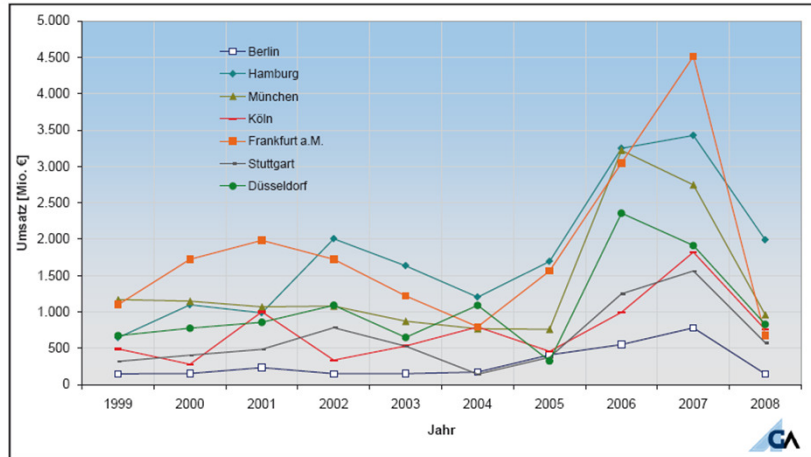


Abb.4-38: Umsatzentwicklung 1999 – 2008 in der Größenklasse I

Source: AGA (2009)

## Average house prices 2008

(semi-)detached houses

(in €/sq.m. living space)

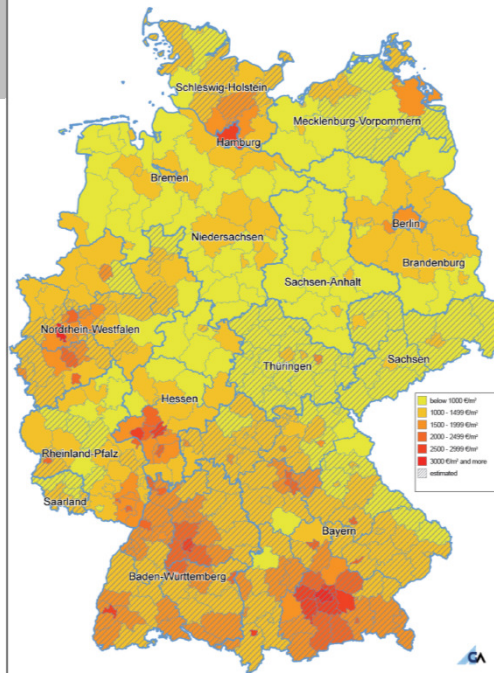
Key to symbols:

yellow: < 1.000,- €/sq.m.

Red: > 3.000,- €/sq.m.

Interval: each 500 €/sq.m.

Hatchures: estimated data by regression function



Source: AGA (2009), p. 127



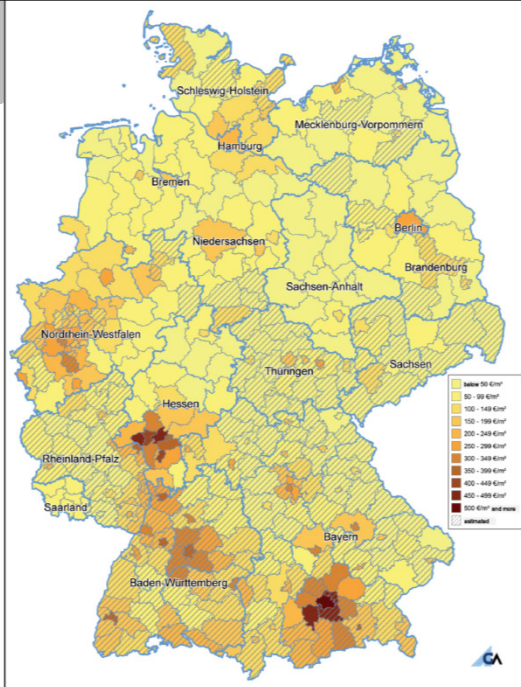
**Average land values 2008**  
residential use,  
medium locations

(in €/sq.m. developed land)

Key to symbols:

Light yellow: < 50,- €/sq.m.  
Dark brown: > 500,- €/sq.m.  
Interval: each 50 €/sq.m.

Hatchures: estimated data by  
regression function



Source: AGA (2009), p. 121

1. National level market report

**Highest land prices for multi-storey residential buildings (€/sq.m.)**

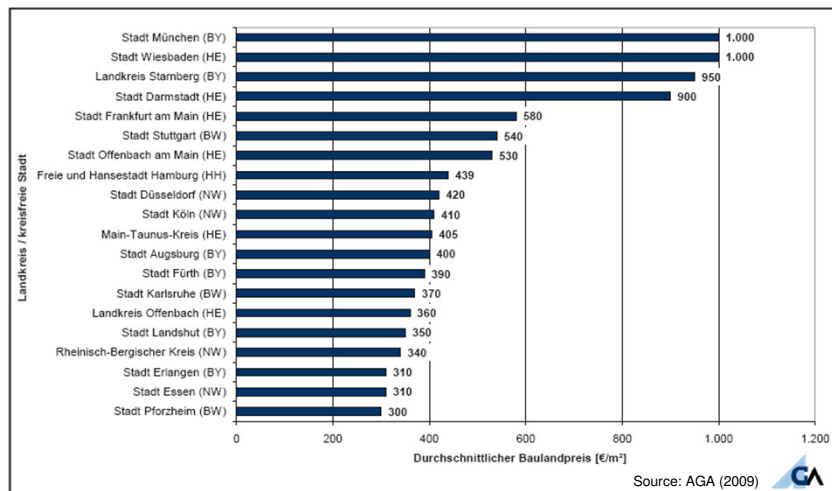
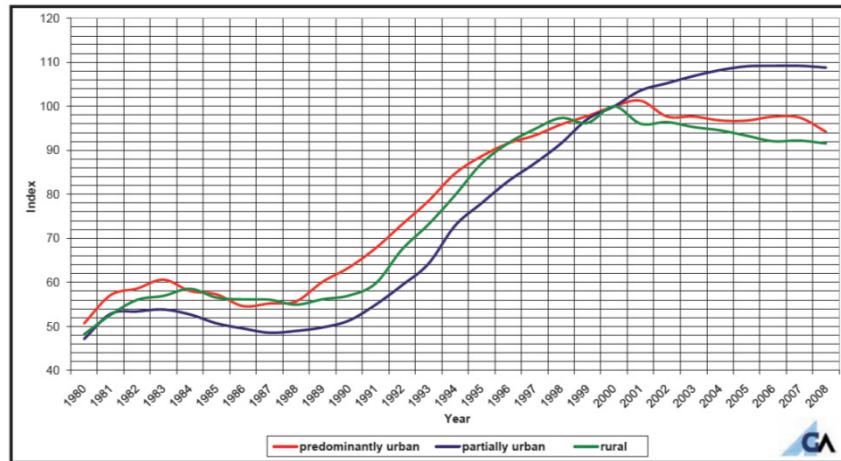


Abb. 4-29: höchste Grundstückspreise-Bauplätze für den Geschosswohnungsbau (3 bis 5-geschossig) in mittleren Lagen



### Index series of land prices in Germany (West and East) according to settlement patterns



Source: AGA (2009), p. 203

### Results

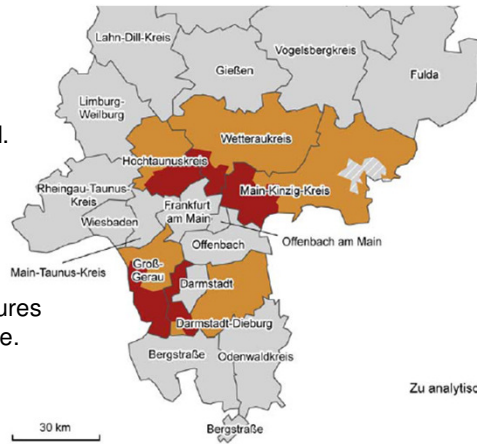
- 1. National Market Report is a satisfying attempt
  - Proved organizational structure
  - Comparability of regional markets advanced
  - Experiences about different standards and analysing models
  
- Improvements in 2. National Market Report 2011
  - Data collection by the local Boards on a web-based questionnaire
  - Documents of standardization:
    - data collection by a manual
    - data analysis by a guidance incl. models
  - Heterogeneous counties: analysis at municipal level (~ 1.000)

### Spatial level of analysis

- Level of analysis: Counties / Big Cities (county-free)
- Additional: Analysis at municipal level in heterogeneous counties

Example:  
Region of  
Frankfurt/ M.

Average figures  
more reliable.



#### Untersuchungsräume

- Teilgebiete der Landkreise
- ungeteilte Landkreise und kreisfreie Städte

Datenbasis: Arbeitskreis der Gutachterausschüsse und Oberen Gutachterausschüsse in Deutschland, BBSR-Wohnungsmarktbeobachtungssystem  
Geometrische Grundlagen: BKG, Kreise, Gemeinden 31.12.2008

Anmerkung:  
Zu analytischen Zwecken Differenzierung besonders heterogen geprägter Landkreise in Teilräume (Subkreise).

### Results

- Further improvements
  - House/ flat prices: differentiation into 6 age-groups
  - Commercial properties: location is subdivided into 4 types (top, good, medium, simple)
- Coordination with other (public) institutions
  - Statistical offices (Stat. Bundesamt, Wiesbaden)
  - Public research institutions (e.g. BBSR, Bonn)
  - Association of German Cities and Towns (Dt. Städtetag)
  - Coordination with private actors is in discussion
- Situation is promising to make good progress in market transparency in Germ!



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**THANKS FOR YOUR ATTENTION!**

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