Nationwide Real Estate market Transparency Prevents a Bubble – From Local Real Expertise to Statewide market Knowledge -

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SUMMARY

Nationwide real estate market transparency prevents a bubble

- From local real estate expertise and local purchase databases to statewide Real Estate Market Knowledge -

In Germany, there are about 1 million real estate sales each year. In 2016, a total of € 237 thousand millions was invested in the purchase of real estate. That is a part 7.6% of the gross domestic product in Germany; the tendency is increasing. The automobile-industry sells for about € 148 thousand millions in Germany.

Everyone of this purchases is registered by the "Expert Boards for Reals Estate Valuation and Market Monitoring". These Boards are part of the official German administration. They have very good expertise of the real estate market in their local areas of responsibility; they register every purchase contract for real estate with reference to the exact local position using coordinates in UTM-System. They also register al lot of additional details regarding to the transactions. With more than 50 years of analytical experience, there is comprehensive information on the real estate market usually at the level of counties or cities.

The problem is, the goal of the local administrated committees is to extract knowledge for all of their different local markets; the bird's-eye view of a nationwide market is not really the focus. To generate knowledge about the real estate market at the state level, the challenge is to design all the different databases and the analytical methods in a way that the results of the analysis are comparable. The aim is to improve the quality of the analyzes by careful comparison of the results. The overall objective is to improve the transparency of the markets and thus avoid speculative real

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estate bubbles.

The presentation will show the German way to come to an official monitoring of the real estate market. On the one hand, the high level of expertise of the local experts will be used and, on the other hand, a truthful image of the market at a supraregional level should be created.

All this against the background of the fact that the real estate market is one of the most important markets in the world. It is important for the quality of life for the population and also the real estate market is one of the most important investment markets ever. What happens when the housing market collapses, we all saw in 2008 when the financial and economic crisis spread all over the world.

The challenges, the difficulties but also the results of the project will be shown. Also the basic requirements for creating transparency in the real estate market. The "3 M's" of transparency will be explained briefly.

• Material of data

• Methods of analysis

• Models for data estimation