

Collections of Property Market Data for the Valuation Process An German Approach in an International Context

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SUMMARY

This proceeding deals with the three standard valuation approaches: the comparison approach, the income capitalisation approach and the cost approach. The focus of the consideration is on the comparison approach. The proceeding shows the requirements for the comparison approach according to German and international valuation standards. On these requirements to the approach, requirements for the needed data are derived. To show the German situation this proceeding lists different data banks in Germany that include data on the land and property market. Public and commercial providers establish and maintain these data banks; all these providers focus on different aspects of the market. Not all of these data banks are constructed to collect data used in the comparison approach. The different data banks will be evaluated in their suitability for the comparison approach. Although there is a large number of data banks, the number of data banks to be used in the comparison method is limited. In addition, this proceeding will also consider the use of the data for the income capitalisation approach and the cost approach. The proceeding will also name alternative purposes of data banks that collect information on the land and property market. Finally, requirements for a best possible data bank should be derived.

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1. INTRODUCTION

1.1 The international valuation approaches

The sales comparison approach is beside the replacement cost approach and the income capitalisation approach one of the three international valuation approaches (see International Valuation Standards (IVS)). The fundamental idea of the sales comparison approach is the comparison of the property to be valued with comparable and contemporary transactions happened in the past (comparison method). The most important need of the comparison method is the data. If there are not enough sufficient transactions available, the use of the comparison method is limited. In those cases, the IVS also allows the consideration of listings and offerings (International Valuation Standards Committee, 2007).

1.2 The German legal rules for the valuation

The German valuation standards are more restrictive than the international ones. If a (current) market value in Germany is to be determined, the German federal building code (BauGB) with its subordinated decree is to be used. The estimation of the loan value occurs to the German Mortgage Act (Pfandbriefgesetz) and the ordinance for the mortgage value. There are some more concepts of value available in Germany, but in this context, they are not that important. For the determination of the market value, the German legal regulations are not necessary to be used; it is also possible to use the definition of market value of the IVSC or the RICS or TEGoVA. The (current) market value according to the BauGB gives a legal definition of the German market value concept.

1.2.1 Market value according to the BauGB

The German market value can be estimated with three standardised approaches that have been proven in practise. These approaches are the sales comparison approach, the German income capitalisation approach and the replacement cost approach according to the German federal real estate valuation decree (Wertermittlungsverordnung - WertV). If there is a sufficient large number of suitable purchase prices available, the comparison method is considered as simplest, most reliable and most conformal method to estimate a market value (Kertscher, 2009). There is no commitment on certain kinds of property to be valued with this method. However, only for the valuation of undeveloped properties the comparison method has to be used. The number of value-affecting characteristics for developed properties is larger than for undeveloped properties. Therefore, the comparison approach for developed properties is more challenging. Within the comparison method according to WertV "a sufficient number of comparable prices [...] which are sufficiently consistent in value-affecting characteristics with the

property that should be valued" have to be used. The WertV also defines the German income capitalisation method and the replacement cost method; both have comparative elements in their methodology.

1.2.2 German loan value estimated with the comparison approach

The comparison approach can be used for estimation of the German loan value for condominiums, detached houses, semi-detached houses and terrace houses. The procedure of the comparison method is comparable with the method leading to the market value according to the BauGB. Corporate requirements of the banks and associations, however, require the income capitalisation approach. For the comparison approach, there are sustainable purchase prices and a sufficient compliance in value-affecting characteristics requested. Beside the income capitalisation method and the comparison method, the loan value can be estimated with the replacement cost method. At this moment, the loan value often is estimated in practise with the replacement cost method and income capitalisation method. Certainly, there are efforts affected by financial economical regulation to gain the use of the comparison method for the valuation of properties named above. The valuation of commercial properties remains unaffected.

1.2.3 Further preliminary notes

In the other concepts of value available in Germany, the comparison method is not defined in such distinction. In particular, investment-orientated valuations use predominantly income capitalisation approaches.

In practise, the absence of comparable purchase prices for many types of properties is used as general exclusion criterion of the comparison method. This article may present different available collections of purchase prices in Germany. This article may also determine whether these data banks could be used for the comparison method.

2. INTERNATIONAL STANDARDS OF THE COMPARISON APPROACH

The IVS name the sales comparison approach in addition to the income capitalisation approach and the cost approach. For the comparison approach, market-derived data is to be used. The property that is to be valued has to be compared with similar and substitute objects that have been traded on the open market. Alternatively, the IVS afford to use offerings and listings for valuation. Offerings are properties that are on the market now and that should be sold contemporarily. Listings are free, anytime-anywhere offerings of owners who would not need to sell their properties at the moment, but they would give up their ownership for an equivalent amount of money. Listings are common in some English speaking countries. If there are not enough data from the market available according to the IVS another concept of value can be used.

The Guidance Note 1 of the IVS names value-affecting characteristics, which can be used for comparison approach. Among these characteristics, there are for example property rights con-

veyed, financing terms in the contract, market conditions and the location of the property. The IVSC advises beside a residual approach afflicted with assumptions the comparison method for undeveloped properties. The IVS gives no evidence how much required comparable purchase prices are to be used and how a similar or substitute property has to suit in value-affecting characteristics.

The European Valuation Standards of TEGoVA and the Valuation Standards of RICS adopt the suggestions of IVS (The European Group of Valuers, 2009 and RICS Royal Institution of Chartered Surveyors, 2009). Both dispense with statements that are more precise. The American Appraisal Institute also defines the comparison approach. Nevertheless, there are only general instructions concerning the method and the data, which can be used in the method (Appraisal Institute, 2008).

The approaches of valuation are closely comparable in Europe. However, in an international context neither the sales comparison approach nor the replacement cost approach are in the focus of valuations. International investors spend their money in commercial properties. Because of the return of those properties, an income capitalisation method may be the best approach for valuation (Simon, 2000).

3. REQUIREMENTS ON DATA BANKS FOR VALUATION USING A COMPARISON APPROACH

In front of the international and in particular the German requirements for the comparison approach, there can be various requirements for a data bank derived. To use a public or a commercial data bank, these requirements must be fulfilled in a sufficient way. In the following sentences a few requirements are defined to evaluate the different available data banks.

There should be a **large amount of available data** in the data banks to get enough comparable transactions for a property to be valued. The more specialised a property the larger the number of transactions should be. To be able to provide data for a nationwide customer or to be able to derive data for various valuation approaches the amount of data also have to exceed. A very important point is the date of valuation and the date of transaction; the **transactions should be contemporary**. However, there is no need for a minimum number of collected data and besides that, a complete collection of all comparable prices is not prescribed (Kleiber & Simon, 2007).

For a sufficient compliance in value-affecting characteristics, a **sophisticated collection** of these features in the data banks is required. The value-affecting characteristics have to be collected related to each single property. With aggregated data, a conclusion for a single transaction is not possible. A special reference is necessary to use a data bank for the comparison method for every property.

The available data to estimate a market value according to German BauGB requires transactions of the property market. Offerings and listings are not allowed. The IVS, however, are more liberal and allows the use of further information. A fundamental aspect to use one of the

various data banks is the **traceability of all information and the processing methodology**. Filtered or processed data are not suitable to be used in the comparison method according to WertV. The valuer must be able to evaluate the data for his own practise.

For the following investigations of the available data banks in Germany, the data bank's own purpose remains unconsidered. In section 5 of this proceeding different purposes of data banks are mentioned. This proceeding focuses only on valuation with the comparison method based on German and international standards.

4. DATA BANKS OF PROPERTY TRANSACTIONS IN GERMANY

There are no scientific papers on all the data banks in Germany. Some of the data banks are already in practical use some are under construction. The author tries to give sources of information. Often the information used here is give directly by the constructor of the data bank or by the homepages of the product or in a presentation at a practical users' workshop. The following representation of the available data banks occurs in their sequence without any ranking. This listing is only a selection including all German data banks known to the author.

4.1 Purchase price collection of the official committees of valuation experts

Since 1960, official committees of valuation experts are assigned to maintain a purchase price collection, in order to provide a transparency for the land and property market. Committees of valuations experts are independent and public authorities and consist of independent valuers and participants of the land and property market. In Germany, all purchases of property have to be recorded. Every contract of purchase is to be conveyed in copy from the recording notary to the responsible committee of valuation experts. These committees present all contracts of purchase. The total number of contracts can be estimated to about 900.000 in Germany per year. The area of responsibility is regulated by provision of federal state law and could cover single municipalities with only a few thousand inhabitants or several districts with about a several hundred thousand inhabitants. The amount of contracts and data is accordingly different. Due to various provisions of federal state law, the maintenance of the purchase price collections is different. In some parts of Germany, there are automated geographic information systems on a high technical level for evaluation and analyses, in other parts a purchase price collection is a paper stack of contracts, which makes computer-aided analyses impossible. The standards of maintenance and analyses are very different between the committees of valuation experts in Germany.

The purchase price collection should include all transactions of property in Germany. For appropriate analyses, many committees raise further information such as rents as well as property and building characteristics. At this moment, the focuses of analyses of the purchase price collection are undeveloped land and residential properties. However, commercial properties will increasingly become in the focus of the committees of valuation experts.

Due to the protection of personal data only members of the committee are allowed to see all data within the purchase price collection. Regulated by provisions of federal state law, normal

or only certified valuers can get information in an reported form from the data bank; a legitimate interest is necessary. In some federal states every certified valuer can get personal information, in other states only anonymous information, however, filtered for the property that should be valued are available. Many official committees of valuation experts publish derived data in a general form in property market reports, so called Grundstücksmarktbericht. With these reports, the evaluation of a market level for many properties is even possible, but this result is not a market value. The costs for the information from the purchase price collections depend on the federal state and the inquired amount of comparable transactions. (Further readings: Kertscher, Digital Purchase Price Collections – The German way to provide Transparency for the Real Estate Markets, 2004; Kertscher, Base of Transparency in Markets of Real Estate in Germany: Purchase Price Collection and the Report of Real Estate, 2007 and Kertscher, Increase of the Transparency concerning the real estate market of Lower Saxony - Enhancement of the Valuation System with the Online-Real Estate-Price-Calculator, 2009).

If the purchase price collections is maintained and analysed in a proper way by the committees what is almost comprehensively done and if the valuer can show a legitimated interest the purchase price collection can gain the highest possible density of comparable transactions. The sample of transactions is limited to the area of responsibility of one committee of valuation experts. Due to the almost comprehensive coverage of all transactions of the property market, the development of the market is covered in the best possible way. This applies in particular for residential properties. However, developed commercial and industrial properties can be used only very seldom for the comparison method or analyses; this applies particularly when the areas of responsibility of the committees are so small that there are no comparable properties and transactions. Those cases it allows the use of transactions of comparable properties from other regions, indeed, this could be the area of responsibility of another committee of valuation experts. The valuer has to contact them for further information. In practise, this is observed very rarely.

4.2. Data bank of Thomas Daily

The news service for the German real estate market, Thomas Daily, gathers information about the commercial property market from more than one thousand sources including brokers and newspapers. The substantial product of Thomas Daily is the constantly updated premium news service that is liable to pay costs. It is the aim to provide costumers, especially investors and market participants up to date information with messages from the market. A resulting product is a data bank based on a geographic information system with a collection of transactions of properties. This data bank includes both lease and purchase agreements. The focus is on commercial properties with a value of more than five million Euros.

Every year about 3,000 transactions are added to the data bank. About 1,000 transactions represent a sale of a property; the remaining records cover rental agreements. Only 30 percent of purchases include the volume of transaction. The transactions are located in about 100 cities and therefore smaller towns are considered. The user of the data bank is allowed to see all available details for every single property and every single transaction. Thomas Daily only provides the data there are no analyses available. A graphical representation makes it more

comfortable for the user to search for comparable properties in the vicinity of the property that should be valued. In addition to the current transactions information about recent transactions of the same property are sometimes available.

The data are only available to subscribers of Thomas Daily, but access is unrestricted. The fee depends on the market in which the user is interested. At this moment, the data bank is predominately used by participants of the market as a benchmark for their own property. The representation of a variety of transactions and construction projects allows an analysis of market trends.

The use of available transactions for valuation using the comparison method is very limited. The origin and the quality of the represented data are vague. The complete illustration of the market by the available transaction is questionable. At this moment, the data bank could be used as a supporting medium to gathering more information about specific property or to describe the environment of the market. With the data bank, large transactions can be selected fast and simply. In subordinate locations, the data bank can supply very helpful information.

4.3 Transaction data bank of Hypindex/ Association of German Pfandbrief Banks

Hypindex is a subsidiary of the Association of German Pfandbrief Banks. The Association has about 35 member institutions in the banking industry. In the data bank the information of the participating institutions are recognized and evaluated. With the reorganisation of the loan collateralization the banks urged to consider the current development of the market in the estimation of the loan value; this could happen with an index. The priority aim of the data bank is the production of a property market index that is based on transactions of properties. The index excludes long-term qualitative changes and presents the pure development of prices. It was however determined that the extensive amount of data can be used otherwise, for example for the valuation of property and the trade of derivatives on the index (Hofer, 2008/2009).

The data within the data bank is comprehensive, but incomplete, and the data are collected for every object. The evaluation aggregates the data into regions. In some cases these regions covers whole federal states (e.g. the region "Erfurt-Leipzig-Dresden") (Lux, 2009). The data originate from the loan business of the members of the Association and only result in the division of these banks. The derived results for valuation of property are price boards with units of comparison. The units of comparison are differentiated into the condition of the building, the equipment and the location of the property. The data are occurred from the valuation for the lending process in the member's institutions (Hofer, 2008/2009). Usually both market value and loan value are estimated. In addition, information also comes from the contracts of purchase, which often must be submitted with a loan request. The collections does not include only sales it also includes the results of a valuation process; the estimated value serve as a substitute. Currently the data bank consists of 300,000 properties, including various special types of property like shopping centres and hotels (Lux, 2009). The main data are focused on residential properties. Every year about 100,000 new transactions should be imported. The data elevation occurs directly from the experts of the member's institutes or even from the external valuers who work for the loan institutes. The evaluation of the data bank began in

summer, 2006. In spring, 2009 the 5th evaluation of the data bank took place. Therefore, the information can be considered as up-to-date.

The derivation of price boards is currently under construction. In the future, these aggregated data will be used to perform quick valuations for standardized properties. The data is primarily distributed to member companies. Definitive statements about the accessibility, however, are not fixed yet.

The estimation of a price level may be possible with the price boards for a customer advisor at the bank counter. An object-related valuation of property is excluded by aggregated data. It may be possible to regard the environment of the property market on a very raw level. Unusual conditions, expensive and special properties limit the use of the price boards; if necessary only a rough market level could be determined. The homogeneity of the quality of the data is also questionable because the data includes both transactions of the market and results of valuations.

4.4. Property market data bank of VÖB and DSGV

The Association of German Public Sector Banks (Bundesverband der öffentlichen Banken, VÖB) and the German Saving Bank Association (Deutsche Sparkassen- und Giroverband, DSGV) decided in 2008 to develop their own property market data bank. The aim is to support the individual market research and optimise the success and risk management of commercial properties. The development of the data bank just started. The objective is to own a very large amount of data that is daily updated. The data bank will contain both residential and commercial properties and should allow a web-based evaluation. It is not clear, in which extent data will be present and if market results are included. The evaluation will be in anonymous form and the result will be accessible for relevant actors of the participating savings and banks. Which product for users will be available is still unknown. The data bank will start at the end of 2009. An assessment on the suitability of the data bank for a valuation using a comparison approach is not possible at the moment.

4.5 Real Estate Data Base (REBase) of BIIS

The German Association of Real Estate Investment Experts (Bundesverband der Immobilien-Investment-Sachverständigen, BIIS) is a professional federation of independent experts specialised on valuation of commercial properties. The key aspects of the efforts are the transparency of the valuation process and the used data. BIIS started in 2004 to develop its own data bank of property supported with empirically supported data. The data bank is called REBase. At the end of 2006, the data bank was set up. The data bank includes all properties of the German open-ended funds.

REBase contains all data used for the valuation of property by the experts. These data include only property-related information, such as sustainable achievable rents, current market values as well as paid rents and vacancy rates of the property that is valued. In the focus of the users are current results of valuations. Besides real property rights it is possible to collect leasehold

interests. The collection of data is object-related and contemporary. On 23th of July 2009, the data bank consisted of about 5,000 records of more than 2,500 single properties. The properties are mainly located in Germany other spatial focuses are France and the Netherland. The average result of a valuation is about 40 million Euros. The single records are delivered by the experts, before a release into the data bank the records are validated by the BIIS.

The data are available to more than 100 experts in order of the involved investment trusts. The experts have to conclude a leasing contract for the data bank. The leasing contract serves the protection of data of the data bank; the information may be used only for the specific tasks. Every expert with a technical qualification who should value investment properties in order of a German investment trust can become Member in the BIIS. There is also a separate project for the improvement of the transparency in the investment market. Thirteen participant investment trusts have resolved to exchange entire, object-related data for properties with several tenants.

4.6 RIWIS-data bank of BulwienGesa

The BulwienGesa Company is one of the largest market research company for the German land and property market. The focal tasks besides market and location analyses are valuations. A central source of information therefore is the regional property-economical information system (Regionale Immobilien-Wirtschaftliches Informations-System, RIWIS). Objective of the data bank is to gather extensive information about properties and the property market from different sources of official and professional data providers. The data bank is available since middle of the nineties.

The data covers particularly Germany, however, comprehends also some East-European countries. The consideration encloses beside top cities also smaller towns and counties. Commercial property markets are in the centre of consideration. Beside the general frame work of the market like the economic efficiency and the demographic and social development specific data for the property market are grasped in the data bank like average rents, prices and yields. The data bank contains both market-describing aspects and object-related information. These object-related comparative transactions are called "comparables". In spring 2009 there were about 7,200 single properties listed in Germany particularly from the area of the commercial properties (Schulten, 2009). The data encloses information of the single properties like the age, location, size and owner. The rental space is described for single tenants. If further information of the content of contracts are known, they are included in the data bank. Transactions are also recorded and past transaction – where available – are listed. Not for all properties, the information is completely contained. The listed transactions and other construction projects are graphically represented in a geographic information system. For a lot of information contained in the data bank, there is a statement about the origin, so conclusions about the data are possible.

Access to the “comparables” takes place via the RIWIS data bank as a term-usage fee. Individual “comparables” can be acquired separately. At this moment, professional market participants primarily use the data bank to run their own market research on the data.

The detailed information of the data bank allows the description of the situation on the land and property market. The use of the “comparables” for a valuation in the comparison method is limited if all necessary information is available; essential information on rights and characteristics are missing. If there are no comparable properties in the vicinity of the property to be valued it is easy to find some “comparables” in comparable locations of other regions. The extent of the existing “comparables” reveal that not all transactions of the market are reported, however, in some parts of Germany particularly in South Germany the extent of data could exceed the volume of data of the purchase price collections (Schulten, 2009). A reason for this is the heterogeneous quality of the different purchase price collections.

4.7 Investment Property Databank

The Investment Property Databank (IPD) is an independent company that analyses the real estate market. IPD is based on a data bank to provide investors information about certain property markets to assess their markets, properties and portfolios. The data bank offers various options of evaluation. One essential product of IPD for public relations is a German Real Estate Index (DIX) to measure the performance of institutional property investments.

The collection of data encompasses the data of many open-ended funds. The funds have to publish this information annual including the results of an annual valuation for every of their properties. In addition to the collection of valuation results IPD owns according to their own information a unique collection of rental data that is evaluated. The data inventory amounts to more than 300,000 rental agreements in more than 1,500 cities in eleven countries. The published information of the evaluation is in a aggregated form. The data from IPD in Germany is strongly influenced by office properties. The data is also influenced by the strategy of the institutional investors. Due to the international network of IPD, it is possible to get comparable information for many different countries.

Currently, big stakeholders, investors and brokers use the information. The possibilities for application of the data are various. A Valuation with the comparable method is not possible because of the aggregated data.

4.8 Property data bank of Feri

The rating agency Feri collects in a data bank information about the office, retail and residential market on the level of counties. The results present the inventory, the current construction projects and the market framework. Indeed, there is no relation to the property and no conclusions on single transactions are possible. Feri refer “various national and international sources” for their information including the official committees of valuation experts. Users of this information can be found in the field of market analyses, research, property investment or development. The use of information is an ongoing service; basically a subscription is necessary.

4.9. Information of the Sprengnetter valuation company

The Sprengnetter valuation company offers beside certification of valuers and valuations also derived data for valuation. Beside data for the income capitalization method and replacement cost method the company also delivers units of comparison, which are basically suited for a comparison method. For the derivation of the data, the company runs an internal data bank. It is not known, which extend of data is given, where the data comes from and who owns access to the data. Furthermore it is not known how detailed the information is given and which value-affecting characteristics are used. Due to the lack of information, suitability for the comparison method cannot be assessed.

4.10. Future developments

Another data bank by an independent professional association of the property market is in planning stages. The members of the association are involved in the fields of commercial property investment. They have initiated their data bank to merge their transactions. In the data bank only single transactions are presented, an evaluation will not take place. The collected data will contain rents, purchase prices and general market information. The data bank will be available to all market participants for a fee. The representation is not restricted by the protection of personal data, because the data only can be used for the data bank with consent of the seller and the buyer. At this moment, it is not known, when the data bank will be realised and which extent the amount of data will assume. The data bank is considered as an alternative to already available data banks of commercial suppliers; it should be accessible for a broader public by smaller costs and larger independence.

At this moment, it is not assessable if the collected data suits for a valuation with the comparison method, however, it is conceivable that the potential of existing data will be supplemented by information of this data bank.

4.11 Conclusion for a use in a comparison approach

For each of the existing data banks there are advantages and disadvantages. Some data banks can convince a very good quality of data, but they are limited in their geographic coverage of the market. Some data banks dealing with special market segments and probably have incomplete, but nationwide records.

The comparison of the available data is difficult. It cannot be assessed in which extent there are overlapping contents of different data banks. The examined commercial data banks possess the emphasis of their data on the commercial property market. Particularly office properties and less retail properties take a crucial part. Special types of properties like logistics and social objects are hardly presented in the data bank. However, in these markets the marketability is due to the low alternative appropriate uses of the property limited. The use of the comparison method seems of little help for these occasions.

In some data banks the protection of personal data is not that important, because information

have been published e.g. in newspapers. In other cases, the consent of the contracting parties is necessary. Unless the data are compulsively collected for a public purchase price collection of the official committees of valuation experts, the use of the personal and object-related data is restricted.

The comparison approach requires the relation to an object. Probably it is possible to estimate a general level of market value. For valuations are comparable purchase prices needed that can be verified by the valuation expert. This is often a criterion for exclusion for a data bank.

For a reliable use of the comparison approach only the purchase price collection of the official committees of valuation experts are applicable. There is a necessity to ensure a homogeneous content and comparable accessibility to the data of the purchase price collections. Other data banks do not have the required detail level and data quality. The ordinary purposes of other data banks have not been taken into account. Different requirements may be necessary for other purposes. Some of these purposes are listed in section 5 of this article.

5. OTHER ORDINARY PURPOSES OF PROPERTY DATA BANKS

In addition to the determined use of data banks for valuation, included data of the land and property market data banks can be designed to fulfil other purposes. These purposes could make other demands on the content of information to the data banks.

5.1 Use of data banks for other valuation purposes

The **derivation of necessary data for various valuation purposes** are an essential task of some data banks. The amount of data is used to derive e.g. capitalization rates, adjustment factors or units of comparison. Depending on the purposes of a data bank data for various sub-markets are derived. To use such data a transparency of the model and the origin of the data is needed. In Different with the comparison method in the income capitalisation method or the cost method, a relation to a single property is not needed. However, it is necessary to analyse the value-affecting characteristics of properties and collect them in the data bank. Because of this, the decreasing influences of protection of personal data some data banks that had been excluded for the use in the comparison method, gains significance. Indeed, the used information must be a result of the market. Besides the information of the official committees of valuation experts, the Sprengnetter valuation company can also provide information for the valuation using the income capitalisation method or cost method. However, the conclusion and quality of the information must attract attention.

A further import aspect of valuation is the **consideration of the market environment**. Therefore, information about the market fundamentals is needed. Nevertheless, the market fundamentals are also used in market and location analyses. One substantial data bank for this is RIWIS by BulwienGesa. The used data should be descended from transactions, but it is not necessary to register every single value-affecting characteristic, so other sources of information like announcements, offerings and broker's information could be used. Due to the level of aggregation, the protection of personal data is not superficial any more.

Although the valuation process is objectively and independently, an **orientation to past valuation results** of a property and the examination of the change of individual variables within a method may be helpful. This is only possible for large or extraordinary properties that have to be valued regularly. This approach merely serves for a validation of past interpretation of the market. Without a specific transaction of the property on the market, this is not a valuation of the marketability of the evaluation result.

5.2 Further purposes of data banks

The **assessments of an individual property or a (sub-) portfolio** are substantial tasks for institutional investors. Some specialised data banks deliver therefore by wide market coverage of comparable properties the possibility of a benchmarking. A benchmarking can be used to compare the total return, the income or the value of a single property in contrast to the market level. The knowledge of other single properties as well as their individual value-affecting characteristics is not necessary.

Although there are quite large and extensive collections of data in Germany, some investors use comparable transactions to estimate a current market level to derive a market-driven selling and buying price. Developers also use this **marketable level** in order to deduce the potentially realisable selling price of a project and to determine the economic efficiency of the single development steps with it in a residual procedure.

6. AVAILABILITY OF THE BEST POSSIBLE DATA BANK

The applications of transaction data banks for the land and property markets are various and cannot be reduced on the suitability for a comparison method or valuation. The purposes of the aforementioned data banks are extensive. Ideally, a transaction data bank contains a maximum possible amount of data in a best possible presentation of value-affecting characteristics. This exists in the purchase price collections of the official committees of valuation experts. However, the data bank should cover a spatial market in the best possible way. In particular for analyses of specific types of property is a wide coverage and easy access to the data necessary. This appears with some nationwide data banks. The origin of the data should be the market. Only market results should be included in a data bank. An independent public or commercial market observer should raise the data. A best possible data bank for all purposes of the property market does not exist in Germany at this moment. Due to the protection of personal data, a best possible data bank is not realisable.

In many countries, there are comparable to data banks available for single well-chosen data banks named here; a comparison of whole countries is not possible. An international comparison of data banks could be made if a sample of data banks out of other countries is available. Especially countries with a less regulation in protection of personal data or countries that use a nationwide land register e.g. for tax purposes could generate more information. Often these registers are the fundament of public and private data banks. Nevertheless, the derivation of parameters for valuation hardly takes place from the independent data banks.

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BIOGRAPHICAL NOTES

Rene Gudat was born in May 1982 in the small town Luebz in the north of Germany. He finished school in the year 2000. From 2002 to 2007 Mr. Gudat studied geodetic engineering at the Leibniz University of Hanover with a focus in land and real estate management. He finished with the degree of a graduate engineer (Dipl.-Ing.). Since 2007, he is research assistant and PhD student at chair for land and real estate management of Prof. W. Voß at the geodetic institute of the Leibniz University of Hanover. The research project of Mr. Gudat deals with the improvement of transparency on the land and real estate market. Besides this, Mr. Gudat is a member of different working groups that determine the valuation of property and the analyses of the land and property market in Germany.

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