

Transparency of the German Property Market

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SUMMARY

The German legislative body has reacted on the world-wide financial crisis already in 2009 for pushing forward the necessary transparency of the German property market and preserving thereby erroneous trends such as happened in terms of the Subprime-crisis.

Transparency of the property market on a local level The transparency of the property market is controlled by German law. The “German federal building code” describes the tasks of the official committees of valuation experts. This implicates the periodic derivation of standard land value and the determination and publishing of further relevant data, such as in particular property yields, factors of asset value, index series and units of comparison. For analyzing, the official committee of valuation experts receive all agreements for sale from the notaries by the purchase price collection. On this basis, the standard land values as well as other purchase price collection data are being analyzed and published each year or every two years.

Transparency of the property market on the Federal State-Level Since 2009, it has been determined by law (by the German federal building code) to have a State Valuation Committee or a central office for each federal state of Germany making supra-local analysis. All committees of valuation experts of the single federal states are obligated to forward the purchase price collection data as well as providing standard land value data for the State Valuation Committee. On the basis of this data, the State Valuation Committee is responsible for analyzing supra-local property-market issues. This includes the analysis and publishing of the volume of transaction (numbers, areas, finance) of single regions as well as the federal state’s total size. Like this, dynamics of the local property market can be identified more quickly and politics can react efficiently. This is especially relevant for areas that note less purchase-(information) on the local level. The average regional data can so be derivated and published using the entire data-volume of the regional purchases. This data is accessible to all participants of the market to determine the corresponding disposition. Transparency of the property market at federal level In 2008, the already existing State Valuation Committee as well as other representatives of the German federal states have allied, building the Research Group of the State Valuation Committees, called AKOGA. Being supported by the Federal Government Department, the “Immobilienmarktbericht Deutschland” (Report of Germany’s property market) is being analyzed and published every two years. The AKOGA collects all relevant data of the approximately 1000 local committees of valuation experts of Germany for analyzing and publishing tendencies and data of the property market on a federal level. Moreover, concerning different guidelines based on nationwide investigation, the AKOGA has determined index series and adjustment factors which - because of lacking or missing data - couldn’t be derivated by the single federal states. Conclusion: The transparency of the market has been improving extensively ever since 2009 because of the quick reaction of the federal legislator. The published data of the local and state committees of valuation experts, as well as of the AKOGA, provide excellent sources of data for all institutions and persons acting in the field of property market.