

FIG Working Week 2007 in Hong Kong –
 TS 3C – Valuation Practice Commission: 9 and 1
 Tuesday 15 May 2007 11:00 – 12:30



Base of Transparency in Markets of Real Estate in Germany: Purchase Price Collection and the Report of Real Estate

Dipl.-Ing. Dieter Kertscher
 Chair of Advisory Committee for Valuation in Braunschweig / Lower Saxony/Germany
 Chair of Administrative Agency Gashformation, Development and Management of Real Estate Braunschweig (G.L.)
 Chair of Working Group „Valuation of Real Estate“ from DVG Germany and Member of Commission 9 FIG

Our works: Providing Transparency



Structure: 10 Points

- 1. Law and Organisation of German Valuation
- 2. Valuation Committees and private Valuers
- 3. Digital Purchase Prices Collections and the Analysis
- 4. Standard Ground Values – derived annual
- 5. Reports of Real Estate Markets – derived annual
- 6. The 3 German Ways to Market Values
- 7. Best: Comparison Method with Conversion-factors
- 8. Quick-Valuations“ from Valuation Committees
- 9. Looking in Future: Writing one Report for Germany
- 10. Presentation in Internet

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Legality - the base by law and following instructions

- § 194 Federal Building Code (BauGB):
Definitions
- „Verkehrswert“
(Market Value)
- WertV
- WertR



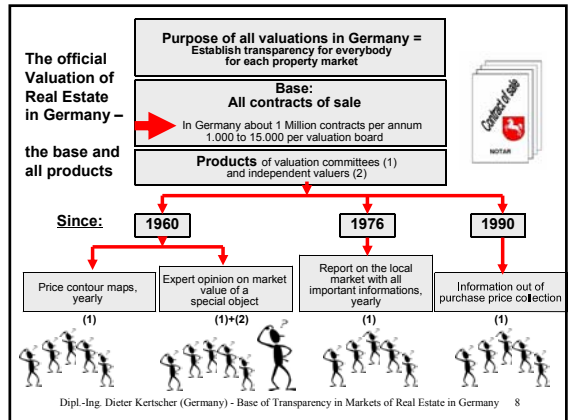
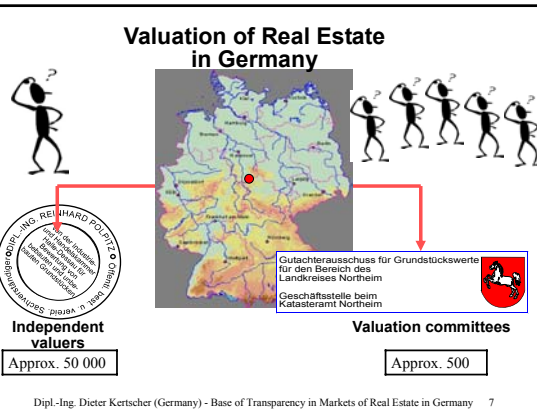
The Law – base of the official Valuation in Germany

Essential task:

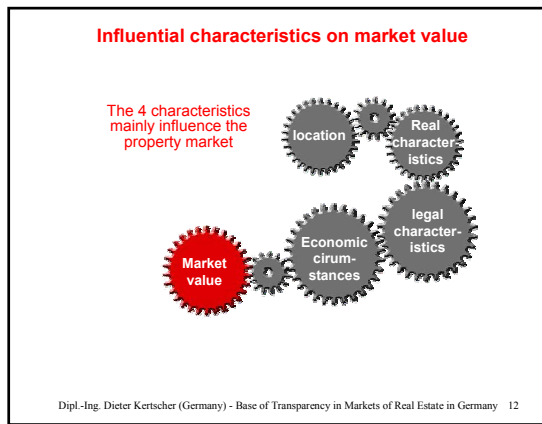
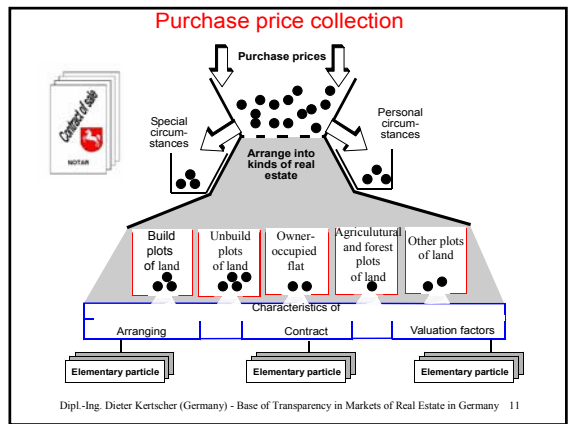
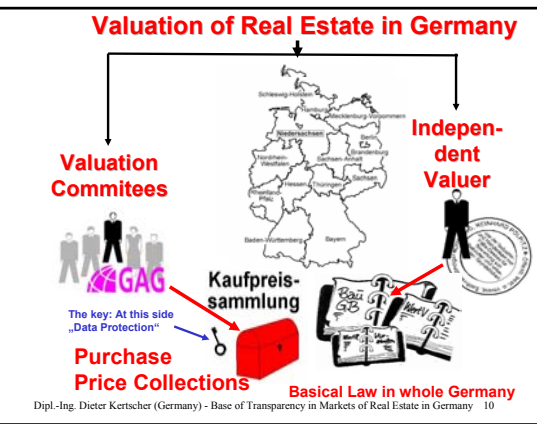
Provide Transparency for all markets of Real Estate by Purchase Price Collections



38. Auflage
 2005
 Beck-Texte im dtv



- ### Structure: 10 Points
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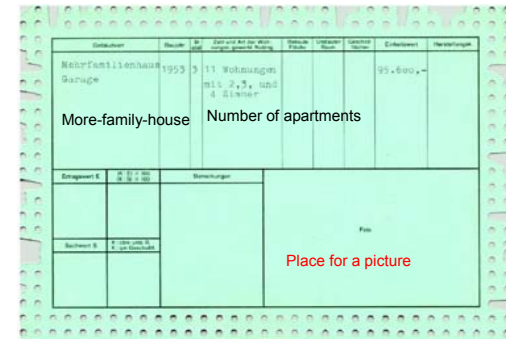
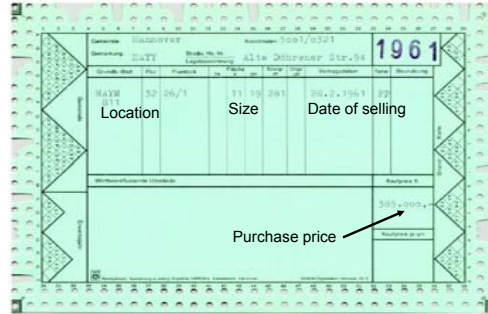
Collection of contracts of Sale for a build on Real Estate



Evaluation of contracts of sale

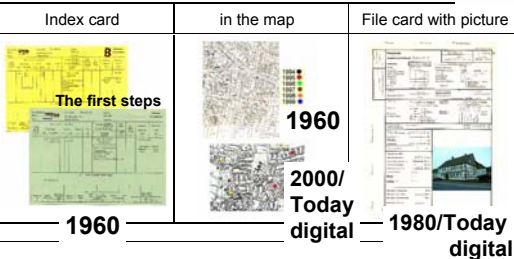
Supplementation remaining influences like living space, sanitary facilities,

Die First steps in 1961 in Lower Saxony with the automatically managed Purchase Price Collection



Collection of Contracts of Sale

Registration of the sold built object in 3 files



„Automatisierte KaufpreisSammlung Niedersachsen (AKS)“

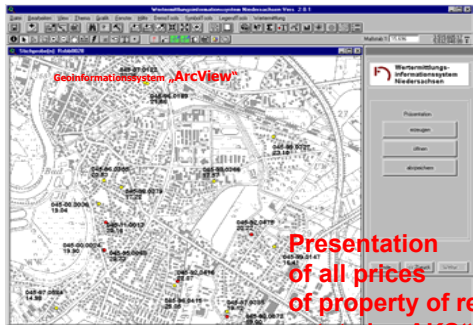


The automate „Purchase Price Collection“ in „Lower Saxony“ - a very successful story - starting in 1961 - and is running well today



AKS constructed and used only in Lower Saxony !!

- Is only made to use for her own
- Using by Valuation Committees only
- Installation in 52 Offices of Val. Committees
- Constructed with strong individualism
- Using academic knowledge from TU Hannover
- In particular from Professor Werner Ziegenbein
- Realized in 1994 for all Valuation Committees
- Temporary use by several of the 16 Federal states
- Made from Lower-Saxony to use by Lower-Saxony



Digital site plan – product of „AKS“

Structure: 10 Points

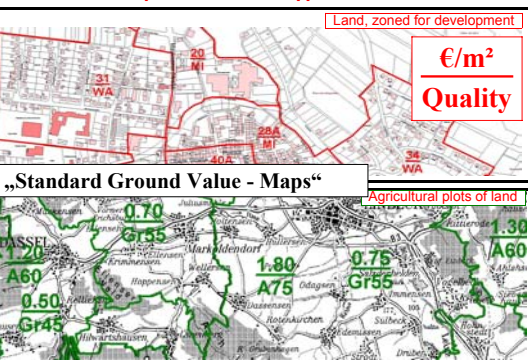
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Official
„Standard
Ground
Values“ –

Presentation
in maps
annually–
and
today in
different typs

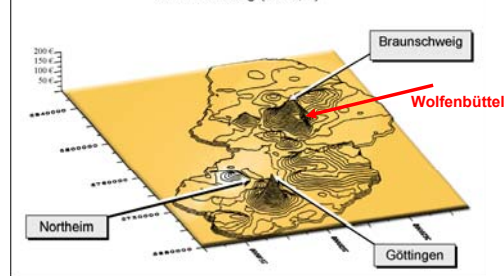


The annual map of recommended approximate values of land

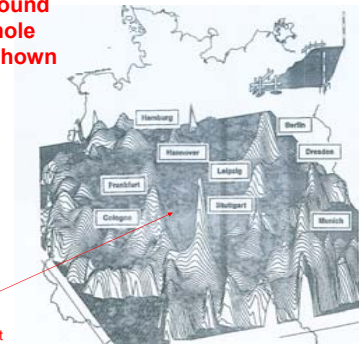


„Standard Ground Value - Maps“

Standard ground values in the administrative district
of Braunschweig (1985, €)



Standard ground
values in whole
Germany - shown
in 3D



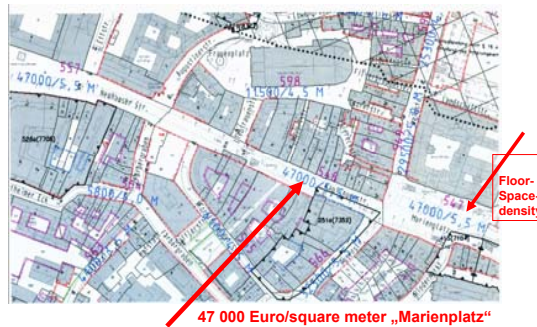
Maximum: Stuttgart

This is the place: Marienplatz, Centre in München



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Standard ground values in Munich for today:



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„The Annual Standard Ground Value Map“ - Internet-Presentation

Some of the 16 Countries in Germany are ready for online mode – the next will follow soon.

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Standard Ground Values Presentation in Internet

www.gutachterausschuesse-ni.de

Dipl.-b

Structure: 10 Points

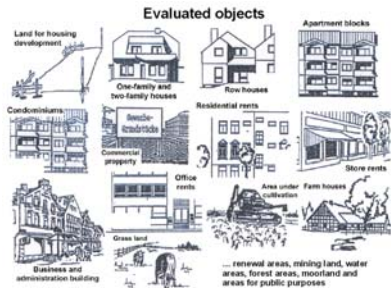
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„Market Report“ Report of the local market with all important informations to 01.01.



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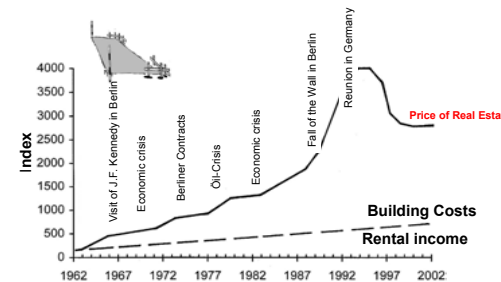
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„Market Report“
Report of the local market with all important informations

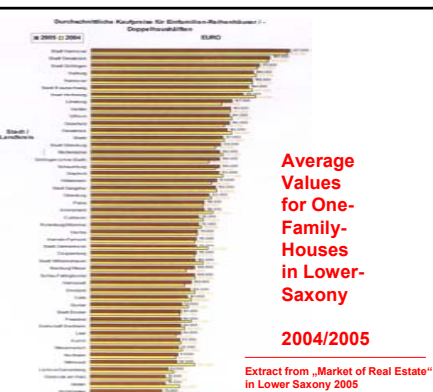


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Price development of Real Estate individual for one-family-houses in Berlin



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Landesgrundstücksmarktbericht Niedersachsen

Was kostet ein Einfamilienhaus in Niedersachsen?

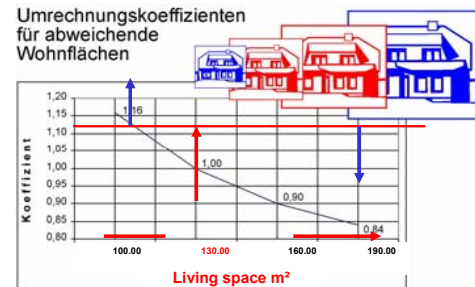


What is the development from year to year ?



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Conversion - coefficients for different living-spaces



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Reports of Real Estate



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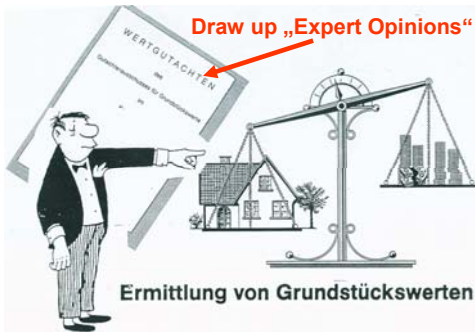
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Valuation of build on properties



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Draw up „Expert Opinions“



Valuation of build on Properties in Germany

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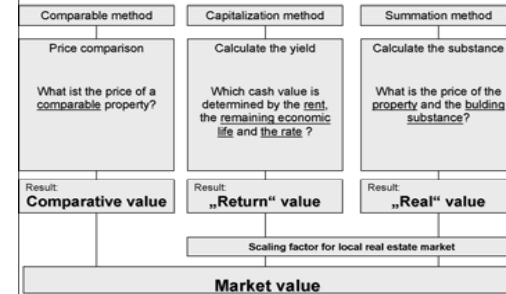
German Valuers knows 3 Methods to find out the Market value of a build on property

1. **Comparable method of valuation** („Vergleichswertverfahren“)
2. **Income approach to valuation** („Ertragswertverfahren“)
3. **Depreciated replacement cost approach or Asset value method** („Sachwertverfahren“)

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Evaluation of market value

In Germany 3 methods are being used



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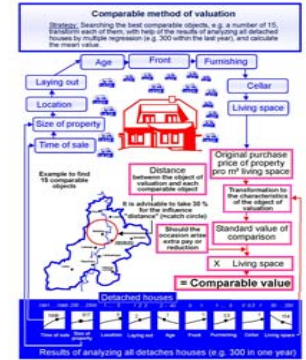
The very best
Strategy:
**Comparable
Method**

Location of all objects

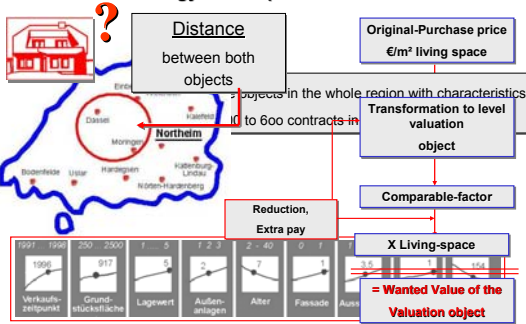
Registration numbering

Comparable objects - digital pictures, registered in the Purchase Price Collection

- **Yellow:** Picture existing
- **Red:** No picture prepared



Strategy of Comparable Method



Example:
Using comparable prices from Purchase Prices Collection

Comparison valuation in a town, objects are written with street names – but house numbers don't be written here - the result of German „Data-Protection“

Indirect Value Comparison

Object of valuation

Year of sale, Size of property (sqm), Location (Dist), Furnishing, Age (year of construction), Living space (sqm).

Transform the comparable objects to the dimensions of the valuation object

Year	Area	Living space	Age	Location	Dist	Furn.	Equip.	Basement	Other	Value
1998	100	100	1	1	1	1	1	1	1	100
2001	101	101	1	1	1	1	1	1	1	101
2002	102	102	1	1	1	1	1	1	1	102
2003	103	103	1	1	1	1	1	1	1	103
2004	104	104	1	1	1	1	1	1	1	104
2005	105	105	1	1	1	1	1	1	1	105
2006	106	106	1	1	1	1	1	1	1	106
2007	107	107	1	1	1	1	1	1	1	107
2008	108	108	1	1	1	1	1	1	1	108
2009	109	109	1	1	1	1	1	1	1	109
2010	110	110	1	1	1	1	1	1	1	110
2011	111	111	1	1	1	1	1	1	1	111
2012	112	112	1	1	1	1	1	1	1	112
2013	113	113	1	1	1	1	1	1	1	113
2014	114	114	1	1	1	1	1	1	1	114
2015	115	115	1	1	1	1	1	1	1	115
2016	116	116	1	1	1	1	1	1	1	116
2017	117	117	1	1	1	1	1	1	1	117
2018	118	118	1	1	1	1	1	1	1	118
2019	119	119	1	1	1	1	1	1	1	119
2020	120	120	1	1	1	1	1	1	1	120
2021	121	121	1	1	1	1	1	1	1	121
2022	122	122	1	1	1	1	1	1	1	122
2023	123	123	1	1	1	1	1	1	1	123
2024	124	124	1	1	1	1	1	1	1	124
2025	125	125	1	1	1	1	1	1	1	125

Living space of the object of valuation = 118 m²
Comparable value: 118 m² x 2311,- €/m² = 273.000,-

Carry out a spot check for an „Expert opinion“:
The best 15 comparable objects with there 9 characteristics are be found by AKS and are written down

Verkehrswertgutachten

Umrechnung der benachbarten Kauffälle auf das Wertermittlungsobjekt beim Vergleichswertverfahren

Living-size

Valuation object

Comparable objects 1, 2, 3, 15

Result: 887 X 166 = Wanted Value of valuation object!

Lage	Jahr	Fläche	Lage-	Außen-	Möbl.	Fass.	Ausb.	Keller	Wohnfl.	original	Unger.
		qm	m²	m²	m²	m²	m²	m²	m²	€/m²	€/m²
Beveringstraße	1998	707	3	1,8	3	1	3,25	0	166	800	800
Stegenberg	2002	909	4	2	7	1	3,25	0	163	1090	942
Essel	2002	775	4	2	2	1	3,5	0	124	1053	1053
Wilde	2000	828	4	2	5	1	3,25	0	150	600	626
Böhlen	2002	2147	4	2	13	1	3,75	0	150	1020	1020
Stegenberg	2001	791	4	2	13	1	3,5	0,25	150	877	724
Lerchen	2001	814	4	3	2	1	3,75	0	160	1219	911
Wilde	1994	1322	2	2	4	1	3,5	0	150	634	713
Lerchen	2001	963	3	3	22	1	3,25	0,3	180	889	900
Stegenberg	1998	807	4	4	1	1	3,5	0	150	890	824
Heideberg	2001	750	1	1	5	1	3,25	0	111	890	776
Lerchen	1998	1177	3	2	17	1	3,5	1	156	1106	966
Lerchen	2001	901	3	2	19	1	4,25	0,3	141	1090	793
Wilde	1991	911	3	2	19	1	3,5	0	148	1090	793

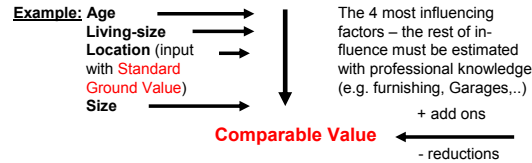
= Mean Value!

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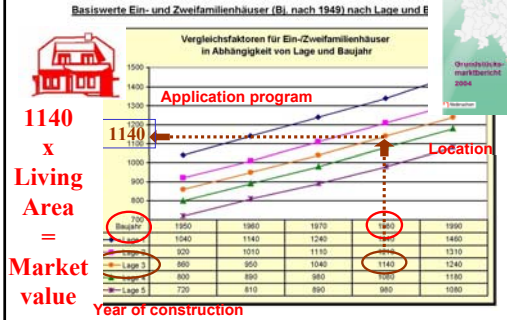
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„Quick-Valuations“ – what is that ?

A **quick** Solution only for **Standard-objects**, like One-family-houses, Condominiums, Row-houses, ... Splitting into Age-periods und Living-size of the House and Location and Size of the plot **and it is only a rough solution**



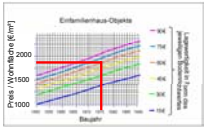
„Market Report“ – once a year Report of the local market with all important informations



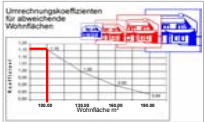
Report of Real estate market Influential factors and their quantity of influence

One-family houses

in Region Landkreis Musterort, written down in €/m²-living-space
 Of an object to a deadline of 01.01.2003



Value-level for an object with
 130 m² living-space, 830 m²
 site and of middle Furnishing



Correlation between other
 living-spaces

Differences in furnishing and
 workflow will guide to values
 of more and less 20 %.



5 characteristics are influential
 on market value of real estate:

- Year of construction
- Living space
- Furnishing of the building and
- Dimensions and plot and
- Site, location

Example of use

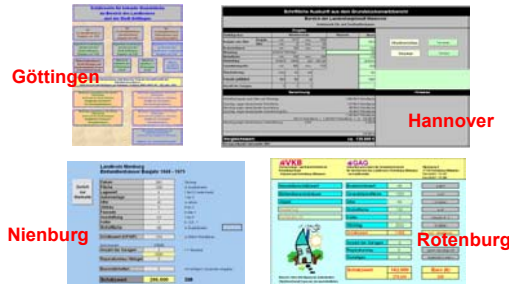
Object: Constructed: 1975,
 Living-space: 100 m²,
 Furnishing: normal,
 Dimension of plot: 830 m²,
 Value of plot: 60€/m² without
 development

Look right into graphics: ca.
 1850,- €/m² * Factor 1,16 *
 100 m² living space

Comparable Value:

around 225.000,- Euro

„Quick-Valuations“ of Standard Objects with the Results of Analyse by „Multiple Regression“

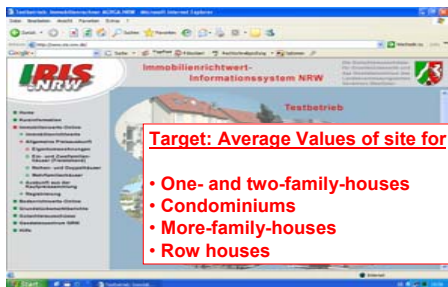


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Informations about Values of Standard-houses via Internet

IRIS.NRW Pilot-project in NRW

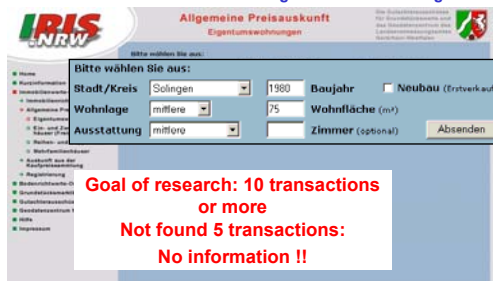


Target: Average Values of site for

- One- and two-family-houses
- Condominiums
- More-family-houses
- Row houses

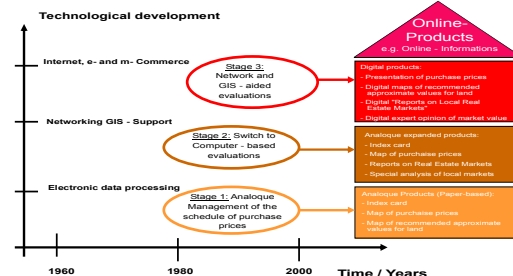
Informations about prices of condominiums from Purchase Price Collection

Allg. Preisauskunft: Eingabe



Goal of research: 10 transactions or more
Not found 5 transactions:
No information !!

Survey of Stages of Development during the last 40 years: Valuation of Real Estate: The German Approach



Results in Germany today

- **Summary:** With our concept to analyse Collections of contracts of sale we are going a good und successfull way to make transparency on Real Estate Markets in Germany.
- Automaded valuation models of real estate are very helpfull for cadastral purposes !!
- Today we construct one Report for all types of German Immobiles like **EURO HYPO-Report** for example, but written by Committees of Valuations

Reports of Real Estate



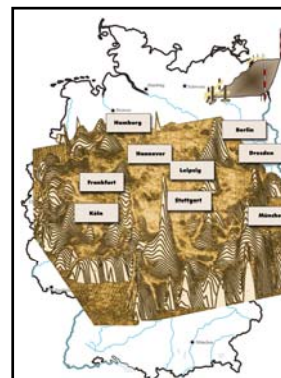
This is the first Report of whole Germany – reduced by EuroHypo

In English !!

Our actual aim:

One Report

- for all countries of Germany
- for plots and buildings
- with indices,
- with comparables factors with Standard Ground Values
- e.g. left to see:
- Values of plots in Germany





Informations of Valuation Committees via Internet –
 ere Standard Ground Values - that is a very successful way !
 Please visit us: www.gutachtachterausschuesse-ni.de

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Providing Transparency – were are going a sucessfull way ...



Thank you !

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