Transparency through actual purchase prices – the German approach

Wolfgang Glunz (Germany)

Key words: Valuation; Keyword 1; Keyword 2; Keyword 3

SUMMARY

Due to strict data protection laws, data on purchase prices in Germany is not publicly available.

Access is also difficult in other countries, and valuers often work with offer prices by evaluating online listings. Although a correction factor is applied here, its derivation is not usually disclosed.

In Germany, purchase price data is kept in many places. Banks store purchase price data, but this is not traded openly due to banking secrecy. There are also data providers, but it is not always clear where the data comes from.

Therefore, it was decided long ago to use a different approach. Real estate transactions must be handled by a notary. Notaries are legally obliged to pass this data on to the authorities. The authorities maintain what is known as a “purchase price collection.” These authorities are the so-called “expert committees,” whose organization is regulated differently from federal state to federal state. The way the data is evaluated and passed on to the valuers also varies.

Purchase prices for comparable properties are often available on request for a specific asset, but the form and quality of the the provided information is different. In Berlin, for example, properly qualified and registered valuers have direct access to the above mentioned purchase price collection via Internet.

This presentation provides a brief overview of this topic and shows the advantages and disadvantages of this system and how valuers work with it. The intention is to encourage discussion about the importance of actual transaction data for real estate valuation.