Different Regions with Few Transaction - An Approach of Systematization

Matthias Soot, Alexandra Weitkamp, Alexander Dorndorf, Anja Jeschke and Hamza Alkhatib (Germany)

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SUMMARY

Real estate valuation is mainly based on purchase prices in Germany. However, in some submarkets only a few transactions take place. The reform of the property tax in the next years creates the necessity of accurate and nationwide real estate market data for mass appraisal. The question arises whether all submarkets with few transactions work the same way. There is a possibility for differentiation between characteristic features.

In this paper, an investigation of these German real estate submarkets is presented. In a qualitative experts survey, we determined a definition and categorization of those submarkets with the aim to derive different valuation approaches for different regions. The statements are derived with a Grounded Theory Method (GTM). The categorization is realized due to the small numbers of transactions as well as different spatial and functional submarkets. Two main categories are introduced. Spatial submarkets with a lack in demand and submarkets with lack in offer of real estates. A subcategorization is carried out by spatial types like urban and rural areas. For instance some rural areas are typical areas with a lack in demand where one can find only few purchases. Depending on the derived categories we investigate the availability and quality of alternative data. The focus is on offer prices, experts' knowledge and rents. First results of investigation on this topic are shown. For future work, this information can be used to find or develop different approaches which combine the available data and give a better view on the real estate market.