



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Real estate statistics – building from the micro level

Meeting of Ottawa group 2017

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Agenda

- 1 A brief history
- 2 Latest developments
- 3 From macro to micro (and back again)
- 4 Initial work on micro
- 5 Way ahead

- 2008: ECB's Working Group on General Economic Statistics started examining subject.
- 2009: "The financial crisis and data gaps" G20.
- 2013: Ottawa group presentation (work in progress).
- 2014: First publication of experimental indicators in February ECB Monthly Bulletin.

ESRB recommendation (October 2016) on closing real estate data gaps.

- Sets out extensive requirements for Supervisory Authorities to assess both residential and commercial real estate in regular reports.
- Mainly financial data but also a sizeable request for commercial prices and allied indicators (price index, rental index, rental yield index, vacancy rates, construction starts).
- Significant requirement for breakdowns.

ESRB recommendation only calls for data to be used in assessment. Does not mandate data collection.

- ECB/Eurostat joint expert group preparing a report to go to ECOFIN on topic.
- First stage questionnaire/stocktaking (also selected G20 countries).
- Report due in Autumn.

- Increasing user requirement for granular data.
- Also ECB research undertaken looking at improving macro estimates.
- Getting access to micro data a huge challenge!
- ECB in April 2017 had trial access to MSCI data for first time. Therefore presenting a very initial assessment.
 - Cleaning
 - Plausibility
- Will also be examining micro data from RCA in near future.

From macro to micro

- Work in progress.
- “Meso data” min 3 properties / no property more than 60% of aggregate.
- First examination concentrated on plausibility.
- Looked at city aggregates on “mesodata”.
- Results broadly in line with expectations

Capital Cities	GDP			Unemployment Rates (yoy)		
	Total Return Index	Income Return Index	Vacancy Rate	Total Return Index	Income Return Index	Vacancy Rate
Brussels (BE)	0.99	0.98	0.88	-0.26	-0.22	-0.08
Prague (CZ)	0.86	0.74	0.57	-0.02	0.06	0.32
Copenhagen (DK)	0.98	0.99	ND			
Berlin (DE)	0.97	0.98	-0.28	-0.34	-0.45	0.15
Dublin (IE)	0.33	0.95	0.95			
Madrid (ES)	0.96	0.85	0.69	0.23	0.17	0.64
Paris (FR)	0.99	0.98	0.8			
Rome (IT)	0.92	0.79	0.07			
Budapest (HU)	0.9	0.75	0.3			
Amsterdam (NL)	0.97	0.97	ND			
Vienna (AT)	0.97	0.97	-0.09	0.11	0.1	0.2
Warsaw (PL)	0.99	0.94	0.84			
Lisbon (PT)	0.9	0.76	0.68	-0.16	-0.2	-0.05
Stockholm (SE)	0.99	0.97	ND	-0.31	-0.18	ND
London (UK)	0.95	0.93	0.44			

	ABS >= 0.8
	0.6 <= ABS < 0.8
	ABS < 0.6

	NO DATA IN EUROSTAT
	NO DATA IN MSC1
	ND

- Still to examine/have access to RCA data-set.
- Compare and contrast data-sets. →Reliability? Coverage?
- Complimentary data-sets or competing?
- Test using actual transactions to improve close-by valuations.