



BANK FOR INTERNATIONAL SETTLEMENTS

Commercial Property Price Statistics at the BIS

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Workshop on Commercial Property Price Indices

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The views expressed are those of the author and do not necessarily reflect those of the BIS or the IFC



Outline

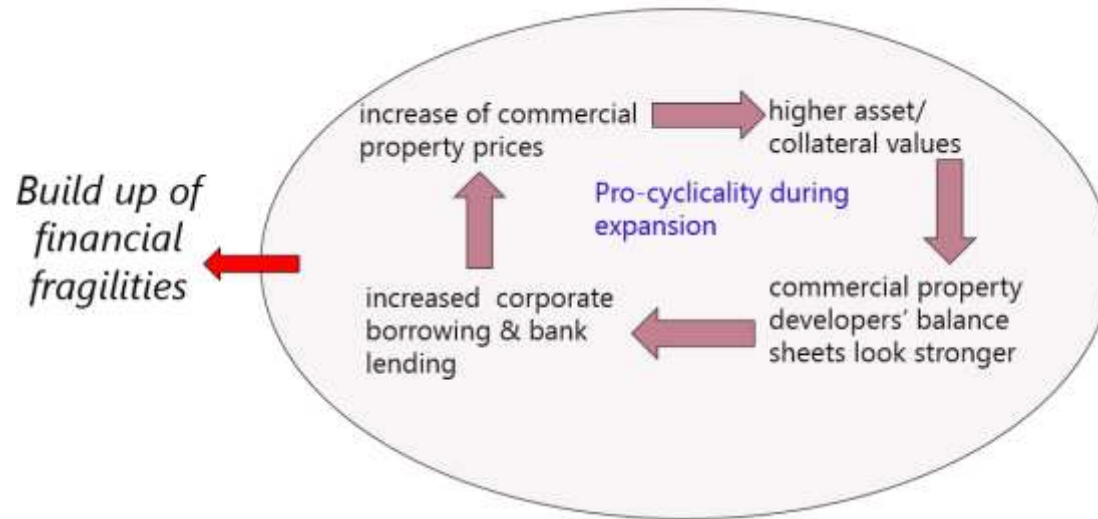
1. The BIS role in collecting and publishing Commercial Property Price Indicators (CPPIs)
 - 1.1 Analyse financial stability
 - 1.2 G20 Data Gaps Initiative
 - 1.3 BIS activities derived from these tasks

2. Data inventory

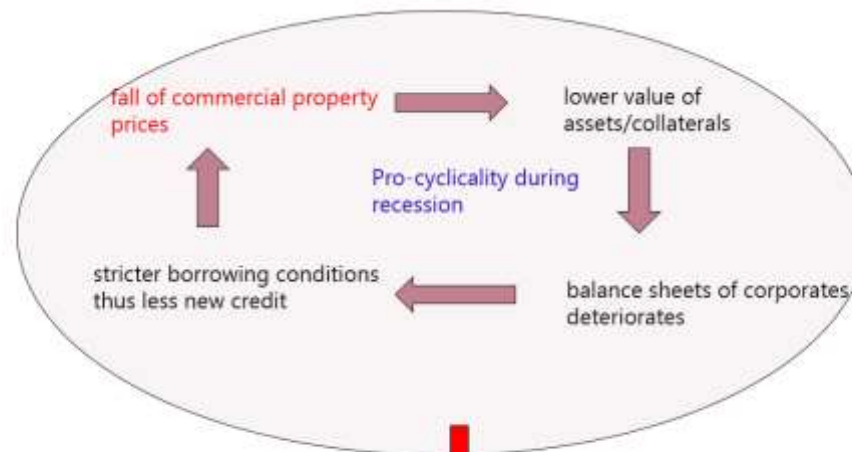
3. Looking ahead
 - 3.1 Targeted indicators
 - 3.2 Sources
 - 3.3 Cooperation between compilers, national central bank and the BIS



1.1 Financial stability issues: during price increase...



...and decrease



Higher risks of commercial property developers' bankruptcy and banks' losses



1.2. G20 Data Gaps Initiative: Phase 2

Recommendation II.18: Commercial Property Prices

The IAG in collaboration with the Inter-Secretariat Working Group on Price Statistics to enhance the methodological guidance on the compilation of Commercial Property Price Indices (CPPI) and encourage dissemination of data on commercial property prices via the BIS website.

The **Target** is that by 2021 G-20 economies are:

- Encouraged to provide nationally available CPPI data to BIS, be it from private sources or sourced from official statistics, the latter obviously being the preferred option.

But G20 DGI: is only the starting point

Aim: to cover as many countries as possible, similarly to Residential Property Price Indicators, where the BIS publishes data for 60 countries.



1.3 BIS activities with CPPIs

- To monitor national developments in the compilation and publication of CPPIs
- To collect data and metadata from all sources but always through the national central bank
- To publish data based on a common metadata template
- To conduct research by using CPPIs



2. Country coverage of the BIS statistics



2. Data availability varies across countries

5 various dimensions

- Geographical area: whole country, capital, major cities
- Property: Land, also structure: industrial, retail, office, logistics
- Compiler: statistical office, central bank, ministry, private source
- Source of data: transactions, appraisals, financial market
- Frequency: annual, half-yearly, quarterly, monthly

Consequently data are not easily comparable across countries



2. Country coverage: only 8 of the G20s*

http://www.bis.org/statistics/pp_commercial.htm

Inventory of commercial property price data published by the BIS										
Countries	Number of series	Geographical coverage			Source of price information			Property type		Starting year; ¹ frequency
		All	Cities	Capital	Transaction	Appraisal	Offer/Survey	Only land	Building/unit ²	
Brazil	2	✓	✓			✓	✓		✓	2000; quarterly
Denmark	3	✓			✓	✓			✓	1992; quarterly
Euro area	1	✓			✓	✓			✓	2000; quarterly
Germany	5	✓	✓		✓	✓			✓	1995; annual 2013; quarterly
Greece	4	✓		✓		✓			✓	2006; half-yearly
Hong Kong SAR	2	✓			✓				✓	1993; monthly
Iceland	2	✓			✓				✓	1995; quarterly
Indonesia	1			✓	✓				✓	2002; quarterly
Japan	6	✓	✓	✓		✓	✓	✓	✓	1955; half-yearly, 2008; quarterly
Korea	1	✓				✓		✓		1987; monthly
Philippines	1			✓	✓			✓		2008; quarterly
Poland	3		✓	✓	✓				✓	2000; annual
Portugal	1	✓			✓				✓	2009; annual
Saudi Arabia	2	✓		✓	✓				✓	2014; quarterly
Singapore	3	✓			✓				✓	1998; quarterly
United States	1	✓			✓	✓			✓	1945; quarterly

¹ Earliest, in case of more than one series. ² For example: industrial, office or retail.
Sources: BIS property prices statistics, based on national data

G20s highlighted

* The quarterly series for Germany, Japan, and the annual series for Portugal will be first published on 30 May 2018



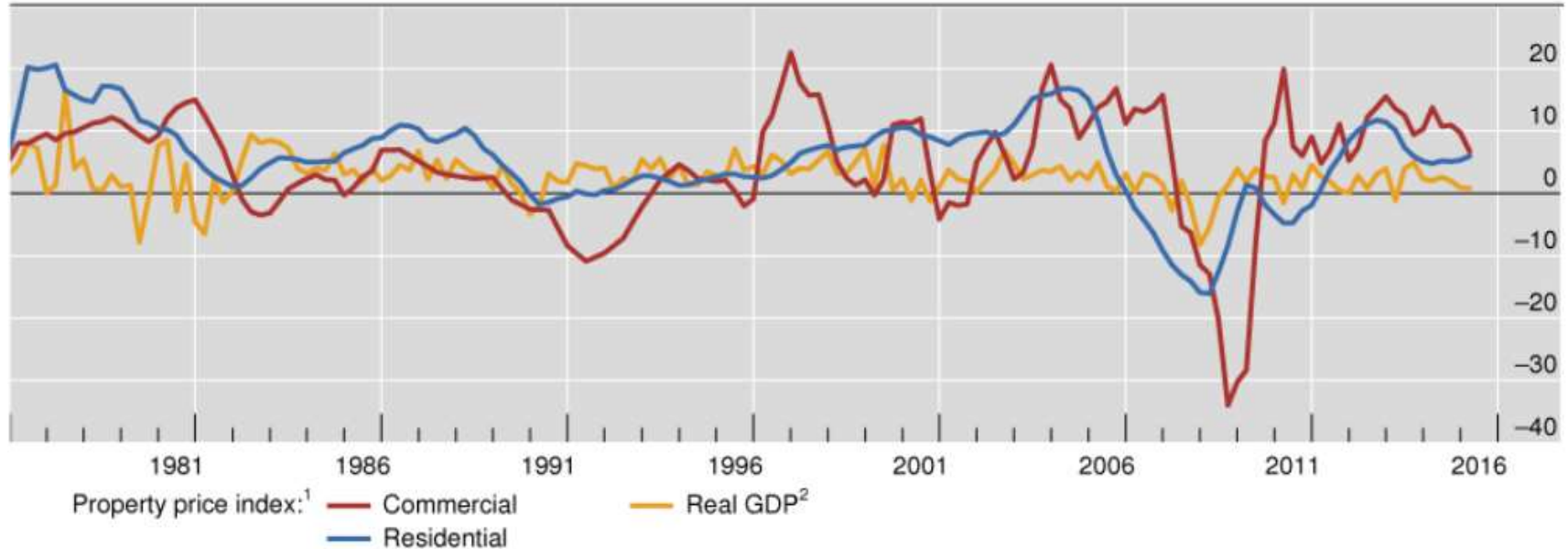
2. Example

https://www.bis.org/publ/qtrpdf/r_qt1609c.htm

Commercial and residential property price developments and real GDP growth in the United States

Annual growth, in per cent

Graph 2



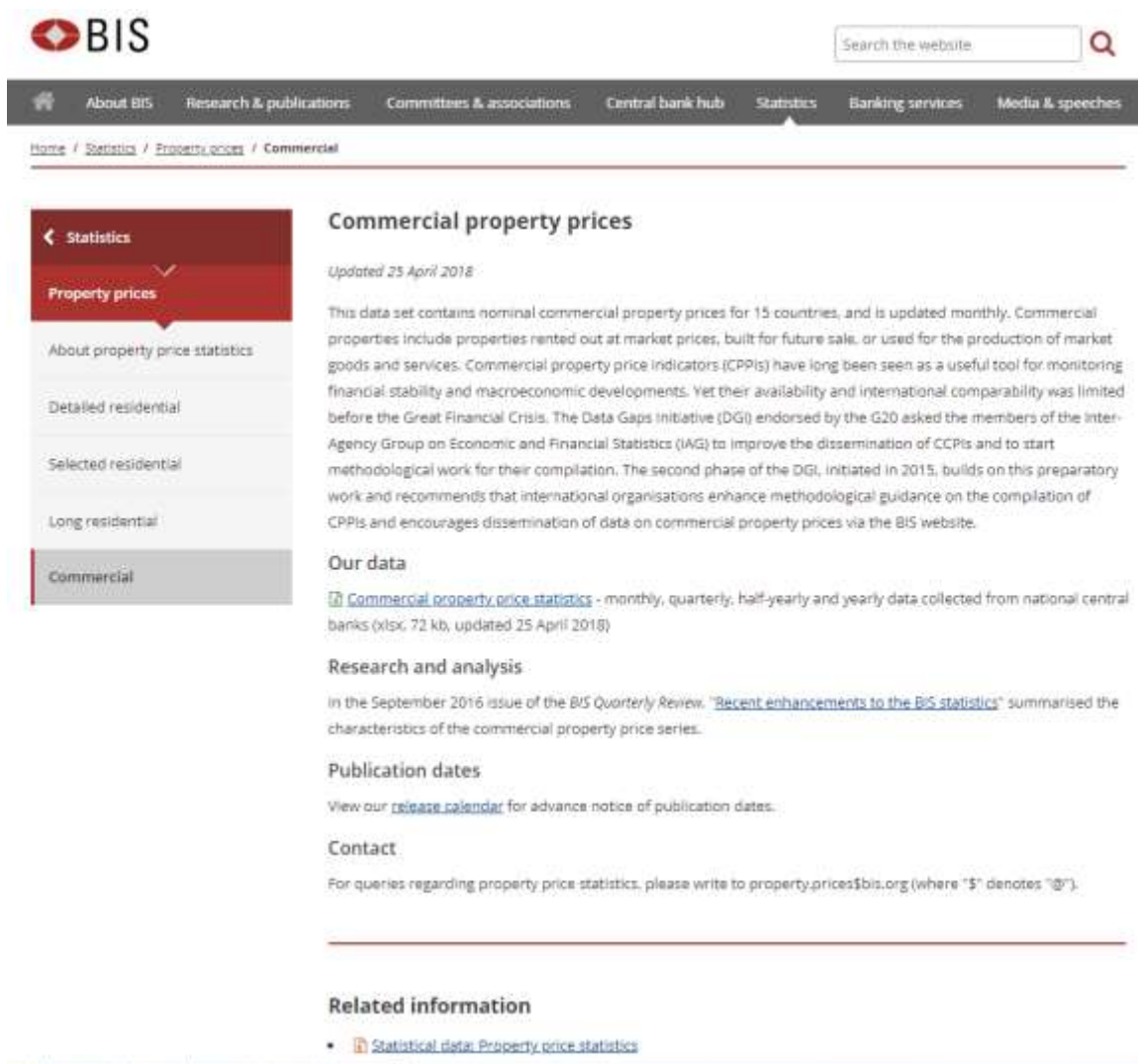
¹ Year-on-year growth rates. ² Seasonally adjusted annual rate.

Source: Board of Governors of the Federal Reserve System.

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2. Publication on the BIS website



The screenshot shows the BIS website interface. At the top left is the BIS logo. To its right is a search bar with the text "Search the website" and a magnifying glass icon. Below the logo and search bar is a dark navigation bar with the following menu items: "About BIS", "Research & publications", "Committees & associations", "Central bank hub", "Statistics", "Banking services", and "Media & speeches". The "Statistics" menu item is highlighted with a white arrow pointing to it. Below the navigation bar is a breadcrumb trail: "Home / Statistics / Property prices / Commercial".

On the left side, there is a vertical sidebar menu with a dark red header "Statistics" and a sub-header "Property prices". Under "Property prices", there are five menu items: "About property price statistics", "Detailed residential", "Selected residential", "Long residential", and "Commercial". The "Commercial" item is highlighted with a white border.

The main content area is titled "Commercial property prices" and is dated "Updated 25 April 2018". The text describes the data set, which contains nominal commercial property prices for 15 countries, updated monthly. It mentions that commercial properties include those rented out at market prices, built for future sale, or used for the production of market goods and services. It also notes that commercial property price indicators (CPPIs) have long been seen as a useful tool for monitoring financial stability and macroeconomic developments, but their availability and international comparability was limited before the Great Financial Crisis. The Data Gaps Initiative (DGI) endorsed by the G20 asked the members of the Inter-Agency Group on Economic and Financial Statistics (IAG) to improve the dissemination of CPPIs and to start methodological work for their compilation. The second phase of the DGI, initiated in 2015, builds on this preparatory work and recommends that international organisations enhance methodological guidance on the compilation of CPPIs and encourages dissemination of data on commercial property prices via the BIS website.

Under the heading "Our data", there is a link to "Commercial property price statistics" with a download icon, followed by the text: "monthly, quarterly, half-yearly and yearly data collected from national central banks (xlsx, 72 kb, updated 25 April 2018)".

Under the heading "Research and analysis", there is a link to "Recent enhancements to the BIS statistics" with a document icon, followed by the text: "In the September 2016 issue of the BIS Quarterly Review, 'Recent enhancements to the BIS statistics' summarised the characteristics of the commercial property price series."

Under the heading "Publication dates", there is a link to "release calendar" with a calendar icon, followed by the text: "View our release calendar for advance notice of publication dates."

Under the heading "Contact", there is a link to "property.prices@bis.org" with an email icon, followed by the text: "For queries regarding property price statistics, please write to property.prices@bis.org (where '\$' denotes '@')."

At the bottom of the page, there is a section titled "Related information" with a list of links, including "Statistical data: Property price statistics" with a document icon.



3.1 Looking ahead: targeted indicators

1. Aggregate CPPI for the whole country:

Why: to capture the entire market

2. Aggregate CPPI for capital city/financial centre or major cities:

Why: to “catch” regional bubbles

3 & 4 CPPI excluding rented flats* for the whole country and for capital city/financial centre or major cities:

Why: by excluding the overlap between residential and commercial segments, a more complementary picture can be taken

**CPPI excluding rented flats will be compiled on a best effort basis as:*

- *Flats rented out by households may not be registered*
- *Rented flats, shops and offices may co-exist in the same building*



3.2 Sources to be considered

- Transactions
- Appraisals of banks
- Appraisals of property price information vendors
- Financial market indicators
- Combination of several sources



3.2 Transactions

To be collected from

- Land registries
- Tax records

Advantages:

- Cover all transactions, ideally with detailed qualitative and quantitative data
- Data collection, compilation and publication can be coordinated between public institutions

Disadvantage:

Number of transactions may be insufficient for the compilation of (constant-quality) price indices



3.2 Bank appraisals

To be collected from banks:

- Providing mortgage loan for commercial property purchase
- Financing the construction of commercial properties

Advantages:

- More data available as appraisals may be repeated regularly
- Some authorities may oblige banks to provide data

Disadvantages:

- May cover only a segment of the market
- Possible downward bias due to risk averse evaluation



3.2 Appraisals of property price information vendors

To be collected from

- Companies expert in property market evaluations

Advantages:

- Can be available also for non-transacted properties while...
- ...transaction records are used to re-evaluate properties
- **Some** providers may happily provide data to authorities for better publicity

Disadvantages:

- **Other** providers are reluctant to provide even aggregate data for publication of public institutions
- May cover only (the prime) segment of the market
- Methodology may be a 'black box'



3.2 Sources to be considered: financial market data

To be collected from

- Real Estate Investment Trusts (REITs)

Advantages:

- Almost real time information

Disadvantages:

- Decomposition of asset- and non-asset related change in value is challenging
- May cover only premium segments



3.2 Pragmatic approach: to combine sources (ECB's, and MLIT Japan approach)

Source:

ECB

- Appraisals
- Transactions

Japan, the Ministry of Land, Infrastructure, Transport and
Tourism (MLIT)

- Survey
- REITs

Advantage:

- Best possible coverage from complementary information

Challenge:

- Heavy workload



3.3 How to support BIS efforts to collect and publish CPPIs

As a researcher or as a private source:

- By cooperating with national authorities to compile and publish CPPIs
- By informing the national central bank on ongoing projects

As a central bank:

- To inform BIS on any developments: new publications, improved methodology, breakdown
- To transmit data to the BIS



Thank you!!



BIS CPPI statistics:

https://www.bis.org/statistics/pp_commercial.htm

property.prices@bis.org

robert.szemere@bis.org

