



EUROPEAN CENTRAL BANK

EUROSYSTEM

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# **Over the horizon:**

**from recommendations to  
improvements in  
implementation!**

## On Needs

- On the indicators
  - Transaction based indices
  - Supplementary indicators (trading volumes)
  - Transactions and Stock weighted indices
- On the coverage and frequency
  - True quarterly frequency
  - Proper coverage at the national level
- On the methodology
  - A comparable methodology between (EU) countries and over time
  - Alignment as soon as possible, to feed into improvements in the data

## On Data Availability for the euro area CPPI

- The IPD data set
  - Sparse transaction data
  - Regular Appraisal data
  - Comparable methodology across countries, but:
    - Mixed frequency (Annual /Quarterly)
    - Uneven coverage across countries
    - Where possible : Transaction linked method
  - Need for improved compilation of indices
    - Quality adjustment
    - Index compilation
    - Separation structures and land
- The National data sets
  - National competences
  - Alignment scope, coverage, definitions and index calculations
  - Alignment to emerging international standards
- Euro area aggregates : weighting

## On the CPPI Manual

- The role of the draft manual
  - To guide the **already ongoing** empirical work
    - Clarify the delineation of what is called “commercial property” and place this in the “universe” of real estate/property. (What do we need to measure?)
    - Clarify classifications to be used (What are the necessary breakdowns for comparability)
    - Clarify the use of mixed approaches in sub-segments of property markets when no comprehensive data exists. (Prime segments may be well recorded, peripheral segments might be less well covered)
    - Recommend some quality standards/check list for valuation data.
    - Address multiuse categories and portfolio sales

## Implications for the future work on the experimental ICCP's

- Implications for the future work on the experimental ICCP's
  - Current compilations need to continue, and data availability needs to be broadened
    - Assess the structure of national commercial real estate markets
    - Identify additional /supplementary data sources
  - Continue to document where we are
- More deeply work the data, and compare with alternative data sources, compilation methods, assess robustness
  - Accompanying indicators : sales volume and vacancy rates etc.
  - See what can be done to improve coverage as regards commercial property
  - Address interpolation issues in IPD data set, address weighting
  - Assess quality adjustment : see what can/must be done.

Thank you for your attention