

Real estate predictions 2017

What changes lie ahead?



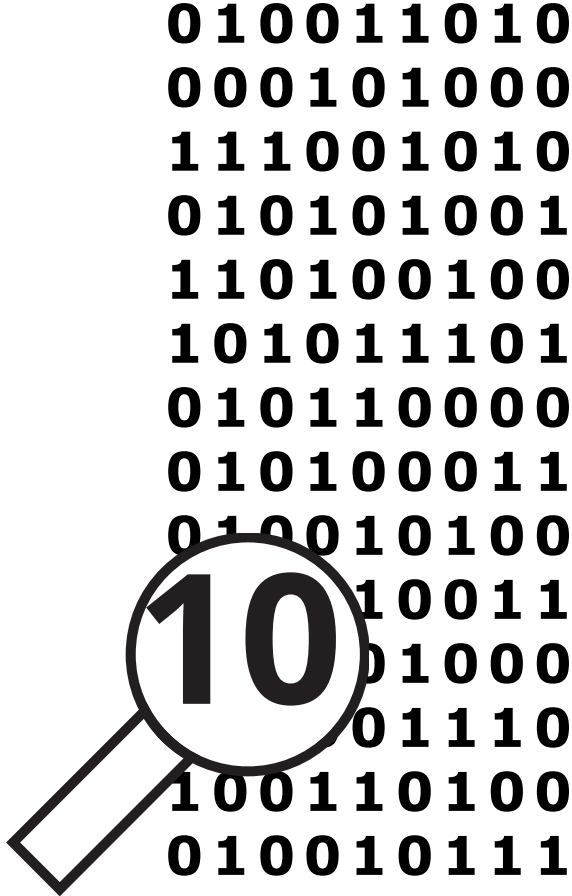
Standardization

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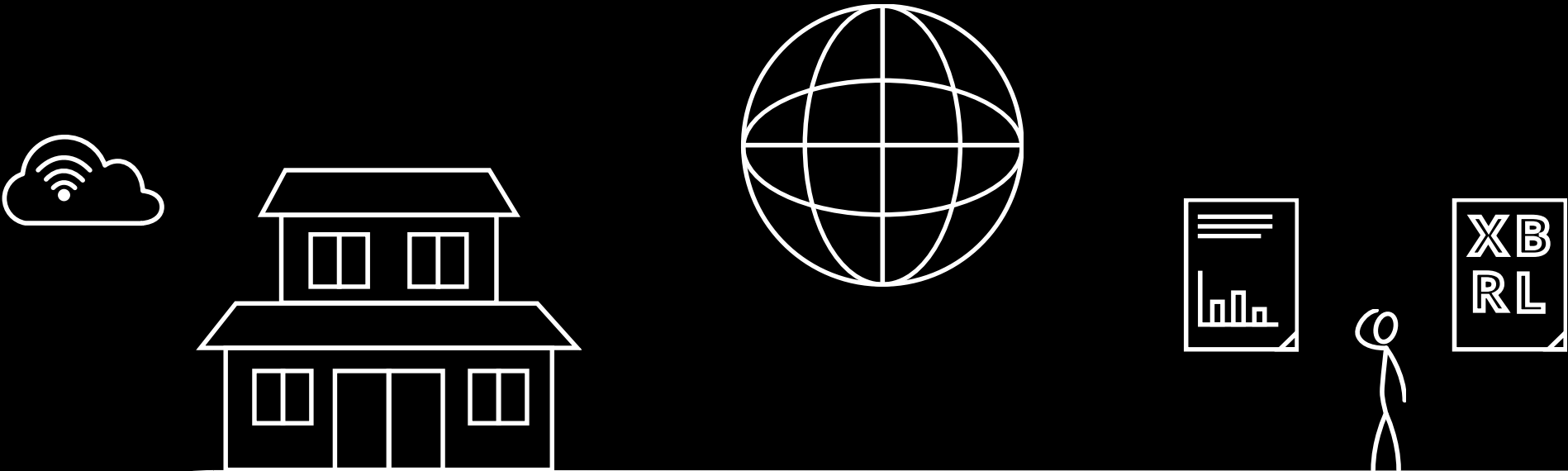
Standardization of real estate data: the need for partnerships

In the last couple of years we have seen the development of International Valuation Standards (IVS) and European Valuation Standards (EVS). This introduced international accepted standards for the valuation of assets. However, valuations are still highly dependent on the accuracy of the data that is applied in the valuation. With that said we see that the accuracy of data may be more complicated than generally accepted.

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Standardization in real estate data is the prior condition to effectively using the complete data chain. Financial institutions recognize the need for an industry standard and interoperability of real estate data to optimally guarantee quality, safety and consider data to be an asset.



Real estate taxonomy

The release of the Dutch Real Estate Taxonomy is based on the Asset Quality Review guidelines of the European Central Bank (ECB). The Real Estate Taxonomy is launched by SBR Banken, this is a collaboration of Dutch banks and stakeholders to improve data standardization. With SBR, which stands for Standard Business Reporting, accounts of companies are delivered digitally and standardized to the bank, the Tax Authorities, Chamber of Commerce and the Central Bureau for Statistics.

This system will be assessable through XBRL (eXtensible Business Reporting Language). The model choices are of highest importance since it will need to supply partners with information at the most detailed level for multiple industries within the Real Estate sector. We believe that the real estate taxonomy will give a boost for data driven real estate management and will lead to a faster, better and standardized process. If banks use this standard in the real estate industry it will open the door for other parties to use this standard as well.

Nowadays gathering the proper information can be a time and thus money consuming activity. Standardization on the other hand can threaten the business model of valuers and due diligence firms because it is no longer necessary to discuss the definitions, data quality and availability of the data.

Data partnerships and open innovation

The availability of more standardized real estate data is valuable for the sector as a whole and will generate innovation. Besides the private sector, the public sector is busy with standardization as well. For example, the national government in the Netherlands is preparing the digitalization of environmental law. Part of the project is digitization of data that supports this environmental law. In 2024, with one click on a map, all relevant information must be available. This involves information like zoning, permits, regional plans et cetera. This will represent a real cost and time saving for all target groups. The digitization is a joint effort of national government, municipalities and provinces. They work together to agree on the method, use of uniform concepts and standards in order to create this unique way of sharing information.

We expect that in future data partnerships in the real estate industry will start to evolve, both as private-private partnerships, as well as data partnerships between public and private parties. It is a form of partnership about the sharing and exchange of real estate data. It requires jointly formulated and shared interests and companies to see the mutual benefits of data sharing. Pilot projects, open innovation, experiments and a positive attitude towards the potential of these partnerships will contribute to the adoption of standardization of real estate data.

If you want to go fast, go alone. If you want to get far, go together.





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