

## Closing remarks

### Paul Van den Bergh

This very interesting and useful conference has confirmed the importance of real estate indicators for financial and monetary stability. It has also confirmed the importance to improve approaches and statistical methodologies for the collection, compilation and dissemination of real estate prices. Let me briefly summarise what I believe has come out of the discussions and what could be the steps ahead.

First, the impetus for this conference came from discussions related to the development of the Compilation Guide on Financial Soundness Indicators. The Guide includes a chapter with a preliminary discussion of real estate information and the construction of real estate price indices. As work on real estate price indices continues and deepens, the issue is how the Compilation Guide can be refreshed over the years. The Guide could, for instance, spell out a structured approach to collect real estate statistics and to develop a framework for the family of indices that could serve a variety of uses.

Second, emerging market countries are asking for guidance and technical assistance to develop real estate indicators. Consideration may be given as to how such assistance could be provided and the expertise that would be available. The conference has helped to identify some of the questions that need to be addressed when embarking on the development of property price indices. It will be useful to continue to share experiences of different countries in developing such statistics. Two venues where the discussion could be continued are the Conference of the Irving Fisher Committee on Central Bank Statistics in Basel in September 2004 and the April 2005 Session of the International Statistical Institute in Sydney, where FSIs are already on the agenda.

Third, the networking established during the conference will hopefully be useful. The conference has brought together many stakeholders: users of various sorts with a variety of needs, suppliers of data, and public and private compilers of real estate indicators. We have learned about the different needs and perspectives and have had a chance to exchange views. That interchange will hopefully continue after the conference.

Fourth, the conference has shown that the issue of real estate and financial stability will not go away. Risk managers, for instance, will continue to press for better and more timely data and benchmarks on values, prices, and default histories. The securitisation of mortgage loans will call for reliable data on real estate prices in order to assess the value of collateral used to secure the credit risk in mortgage lending and its transfer. Professor Shiller has indicated how property price indices could be used to create new instruments for investing in real estate and for pricing and trading underlying risk exposures. Pressure from analysts at commercial banks and central banks for quality property price statistics will also not go away.

In summary, I feel that the conference has met its objectives. Bringing together experts with different perspectives has proven to be useful to gain an overview of issues and how we move forward in the future to address them. Hopefully the conference will be the start of ongoing discussions that will move us forward in understanding the methodological questions. The work on the Compilation Guide for Financial Soundness Indicators should benefit from our discussions. On behalf of the BIS, I would like to thank all the participants for their very active contributions.

### Carol Carson

Let me outline what I see as some of the useful results from this conference.

First, the conference has highlighted the strong and varied demand for data related to real estate. Traditionally, statisticians have focused on value and price information for use in national accounts or consumer price indices, but this conference has shown that there is now a need for new types of data related to FSIs. These new types include data such as real estate lending to construction industry, or default history, or leading indicators of risk. As our existing work on price indices progresses, we can strive to develop an "integrated framework" that encompasses more prices.

Second, we have learned a lot about the supply of data and how the various kinds of institutions in different countries that have access to information may lead to different perspectives about what to put together. Data sources could include records of tax offices, deeds, value information from appraisals, and the like. Recognising this diversity, it would be useful to assess the different types of data and look at the experience from a range of countries. This type of assessment would seek to recognise what types of price indices are available, which would in itself tend to create additional demands for information. It would be the intention of such an assessment to work with different types of partners and to stress the different sources of supply and the range of players, including official institutions, the private sector, and non-profit institutions. Each type of player may be involved in data collection, analysis, and dissemination, and can offer some unique contribution to the mix.

Third, the conference has shed light on a range of methodological issues. One important lesson is there is not a single best practice for all countries in all situations, although we do recognise that some practices may be better than others. Thus, awareness of the technical aspects of the methods is needed as well as judgment on how to apply them properly in various situations. In looking at methodologies, the development of methodologies that promote international comparability of real estate price information may be key, which, as mentioned by our Mexican colleague, can be an incentive to promote investment. In this regard, good documentation is a key need to help the user understand how to make comparisons between information drawn from diverse sources and compiled according to different methodologies. The conference has also helped provide guidance for those who may be starting from scratch in the development of real estate price indicators that may help start thinking about basic sources and to undertake long-range planning.

Fourth, we want to encourage greater dissemination of data on real assets, along with suitable documentation.

What are the implications for work at the IMF? We will seek to feed some of the thoughts from this conference into our general work on price indices for use in areas such as the national accounts and producers' price indices. We will also work, over the longer term, toward the identification of a generalised set of good practices in real estate prices and transactions. Within the draft *Compilation Guide* in the chapter of real estate indicators, we can outline a framework for metadata to identify differences in price indices, which will assist in understanding the properties of the data and in making comparisons between countries. Regarding technical assistance, we will take every opportunity in our TA efforts to make available materials on the discussions held at this conference. And in our technical assistance efforts, my department is committed to work collaboratively with the range of stakeholders - authorities, international and regional organisations, and private sector organisations. This is an area where we will continue working, but there necessarily will be continued balancing of resources with needs. However, the intention is to have an "active, but constrained program".

Thank you for your contributions.