

15th Meeting of the Ottawa Group 10 – 12 May 2017

Session 5: Commercial property prices

Commercial property price indexes for Tokyo revisited

**Erwin Diewert, University of British Columbia and University of New South Wales
Chihiro Shimizu, Nihon University and National University of Singapore**

The authors used appraisal data from Real Estate Investment Trusts (REITs) that had commercial properties in Tokyo to construct quarterly price indexes for Tokyo commercial properties. The advantage of REIT data is that these data are available on a quarterly frequency and there is no need to worry too much about the characteristics of the properties since they are held constant from quarter to quarter (except for capital expenditures on the properties and the aging effect on structures). The problem with REIT data is that it relies on appraisals for the quarterly value of the properties and these appraisals may not be accurate. Of course the problem with sales data is that sales are infrequent and the properties sold can be heterogeneous so it is necessary to collect data on the characteristics of the buildings which were sold. Thus in the present paper, we plan to compare indexes based on the sales data for commercial properties for Tokyo with the REIT appraisal data. We will attempt to integrate the two data sources; appraisal prices and transaction prices.