

METHODOLOGICAL EXPLANATIONS TO PERIODIC REPORTS

Version 3.2



Surveying and Mapping Authority of the Republic of Slovenia
September 2015



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In accordance with the Real Estate Mass Valuation Act – ZMVN (Uradni list RS [Official Gazette of the Republic of Slovenia], nos. 50/2006, 87/2011 and 40/2012 – ZUJF (Fiscal Balance Act)) and the Rules on the method of calculating annual real estate price indices and on the method of determining real estate value indices (Uradni list RS, no. 4/2013), the Surveying and Mapping Authority of the Republic of Slovenia writes regular semi-annual and annual reports with statistical indicators of real estate prices and real estate transactions in the Slovenian real estate market.

Input data

The input data for calculating the statistical indicators underpinning the market analyses and periodic reports are the reviewed and improved data of the Real Estate Market Register (hereinafter: the ETN), kept and updated by the Surveying and Mapping Authority. The ETN is a public database on the concluded real estate sale and rental transactions. Its main purpose is to systematically monitor the market prices and rental prices so as to appraise the real estate market value and ensure the transparency of the Slovenian real estate market.

In accordance with the statutory regulation of reporting to the ETN, applicable since 1 July 2013, the following persons liable to report the data by statute must send data on the concluded real estate transactions to the ETN:

- the Financial Administration of the Republic of Slovenia for the sale and purchase real estate transactions for which the Real Estate Transfer Tax Return Form (DPN) was received;

- sellers liable for the payment of value added tax (VAT) on the real estate sale & purchase transactions subject to the payment of VAT;
- lessors, owners of the buildings or parts thereof who rent them out;
- managers of the buildings or parts thereof owned by the Republic of Slovenia, which are rented out;
- managers of rented out multi-dwelling buildings or commercial buildings for the parts of the buildings in shared ownership by floor owners.

Experts from the Real Estate Mass Valuation Office (UMVN) systematically review and prepare the data on the concluded transactions recorded in the ETN for further analyses. Where appropriate, data on real estate that was the subject of a transaction are supplemented or their quality is upgraded on the basis of official records and field visits.



Types of real estate considered

In the reports, real estate is considered according to groups and types of real estate and/or models of real estate mass valuation as laid down in the Decree determining real estate valuation models (Uradni list RS, no. 95/2011):

- Housing real estate: flats (STA), houses with associated land (HIS);
- Commercial real estate: offices (PPP) and retail and hospitality premises (PPL);
- Building-free land: building land (ZGS), agricultural land (KME), forest land (GOZ).

Real estate falling within the group of industrial and special real estate is not considered in the reports, because there are almost no such market transactions in Slovenia. Garages and parking facilities are not included either.

Analytical areas

Since the report on the Slovenian real estate market for 2014, statistical market indicators have been calculated for the entire national

The turnover volume of market transactions and the real estate transactions count

To calculate the turnover volume in the real estate market, the contract values of all recorded real estate transactions on the open market and in public auctions are taken into account. The contract value including VAT is taken into consideration for transactions subject to the payment of VAT.

The real estate transactions count takes into account parts of buildings (each building is comprised of at least one part) and land (all

territory according to regional and market analytical areas.

Regional analytical areas are defined as areas under the market influence of large urban centres and areas between them. Their borders run along the borders of settlements as defined in the Register of Spatial Units of the Surveying and Mapping Authority of the Republic of Slovenia. Regional analytical areas are further divided into **market analytical areas** comprised of large urban centres, their surroundings and the remaining regional analytical areas.

Graphic presentation of regional and market analytical areas is published in the document "Map of analytical areas 3.2".

same-type plots are considered one single type land in a transaction) in transactions concluded on the open market and in public auctions, according to types or groups of the same-type real estate as reported by the reporters according to the code list:



Types and groups of the same-type real estate

Type of the part of a building	Group of the same-type parts of
Flat	Housing real estate
House	Housing real estate
Office premises	Commercial real estate – offices
Premises for customer services	Commercial real estate – offices
Health care premises	Commercial real estate – offices
Retail or service premises	Commercial real estate – retail and hospitality premises
Catering establishment	Commercial real estate – retail and hospitality premises

Type of land	Group of the same-type land
The land on which a building may be built and which has a building permit	Building land
The land on which a building may be built and which is a serviced site (water and electricity connections and direct access to the driveway)	Building land
The land on which a building may/will be built and which is a partly serviced site or unserviced site	Building land
Agricultural use land (a field, meadow, pasture)	Agricultural land
Agricultural use land covered with permanent plantation	Agricultural land
Forest use land	Forestland

In the second half of 2013, there was a break in the time series of data for the calculation of the turnover volume of market transactions and for the real estate transactions count in consequence of a new statutory regulation regarding reporting on the concluded purchase and sale transactions into the ETN. The new regulation also imposed upon sellers the obligation of reporting on the purchase and sale transactions subject to the payment of VAT. This has improved the capture of data on the sale and purchase of real estate in the primary market and among the persons liable

for VAT, which has increased the recorded turnover volume of market transactions and the number of sold real estate. Given a relatively small share of transactions subject to the payment of VAT in comparison with a share of transactions subject to the payment of real estate transaction tax (DPN), this influence is relatively small and depending on the type of real estate that may be sold with VAT (housing and office buildings and parts of buildings and building land), it differs accordingly for various types of real estate.



Statistical indicators of real estate market

Statistical indicators are published regularly for those analytical areas, market segments and types of real estate for which there is an active enough sales market in Slovenia. Statistical indicators whose sample size is less than 50 sales semi-annually or 100 sales annually, have no real explanatory value.

In order to calculate statistical indicators, the sales on the open market and in voluntary public auctions are taken into account .

Data on recorded market sales in multi-dwelling buildings are taken into account for **flats**. Statistical indicators for flats are calculated separately for the primary market sale (the sale of newly built flats first ready for the end user) and the secondary market sale (the sale of existing flats).

Data on recorded market sales of completed one- and two-dwelling buildings (detached houses, semi-detached houses and terraced houses) with associated land are taken into account **for houses**.

Data on recorded market sales of office premises in commercial and residential/commercial buildings are taken into account **for offices**.

Data on recorded market sales of premises intended for catering, commercial and other service activities in commercial and commercial/residential buildings are taken into account **for retail and hospitality premises**.

Data on recorded market sales of building land (for one- and two-dwelling buildings, multi-dwelling buildings, commercial and industrial buildings) are taken into account **for building land**, irrespective of its administrative and legal status. The reason for not taking into account the administrative and legal status is the unreliability of data on the urban infrastructure and building permits issued at the time of sale.

Data on recorded market sales of agricultural land without permanent plantations are taken into account **for agricultural land**.

Data on recorded market sales of forest land are taken into account **for forest land**.



The following main indicators are calculated:

Indicator	Description
Sample (N)	size of the sample (number of sales taken into account in calculations)
Floor area (m ²)	average floor area of parts of buildings or buildings sold (flats, offices, retail and hospitality premises, houses) ¹
Year of construction	median year of construction (median value) of parts of buildings or buildings sold ²
Land (m ²)	the average contract surface area of the land sold (building land, land associated with houses, agricultural or forest land)
Price (€/m ²)	the average price per square metre sold (EUR) ³
Price (€)	the average contract price (EUR) ⁴

Notes:

¹ The average floor area of houses is calculated as the arithmetic mean of floor areas sold, and the average floor area of flats, offices and retail and hospitality premises as the arithmetic mean of usable floor areas sold. The floor area is the total floor area of all premises of a part of a building (e.g. a flat) or a building (e.g. a house), including balconies, terraces, basements, etc. The usable floor area is a sum of the floor areas of the premises belonging to that part of the building and used for the same purpose as that part of the building. In the case of a flat, this means the floor areas of all living quarters without balconies, terraces, basements, garages, etc. In the case of commercial buildings, this means floor areas of all commercial/business premises without balconies, terraces, shared staircases and corridors, garages, etc.

² The median year of construction is the year in the middle of a set of ordered construction years, whereby half the years of construction of parts of buildings or buildings have values that are less than the median, and half have values that are greater than the median.

³ The average price per square metre sold (EUR) for land is calculated per square metre of land sold. The average price per square metre sold (EUR) for housing, offices and retail and hospitality premises is calculated per square meter of usable floor area. The average price per square metre sold (EUR) for houses with associated land is not calculated. The average price per square meter sold (EUR) is calculated as the weighted average of prices, as a ratio between the sum of all contract prices in euros and the sum of all square metres sold ($\frac{\sum \text{€}}{\sum \text{m}^2}$).

⁴ The average contract price (EUR) is calculated as the arithmetic mean of contract prices.



In the first half of 2015 there was a break in the time series of data for calculating statistical indicators of the real estate market due to the start of the application of the upgraded IT environment for the review and updating of the data on the concluded real estate transactions. As a result, the quality of statistical samples for calculating indicators according to the real estate type has been improved.

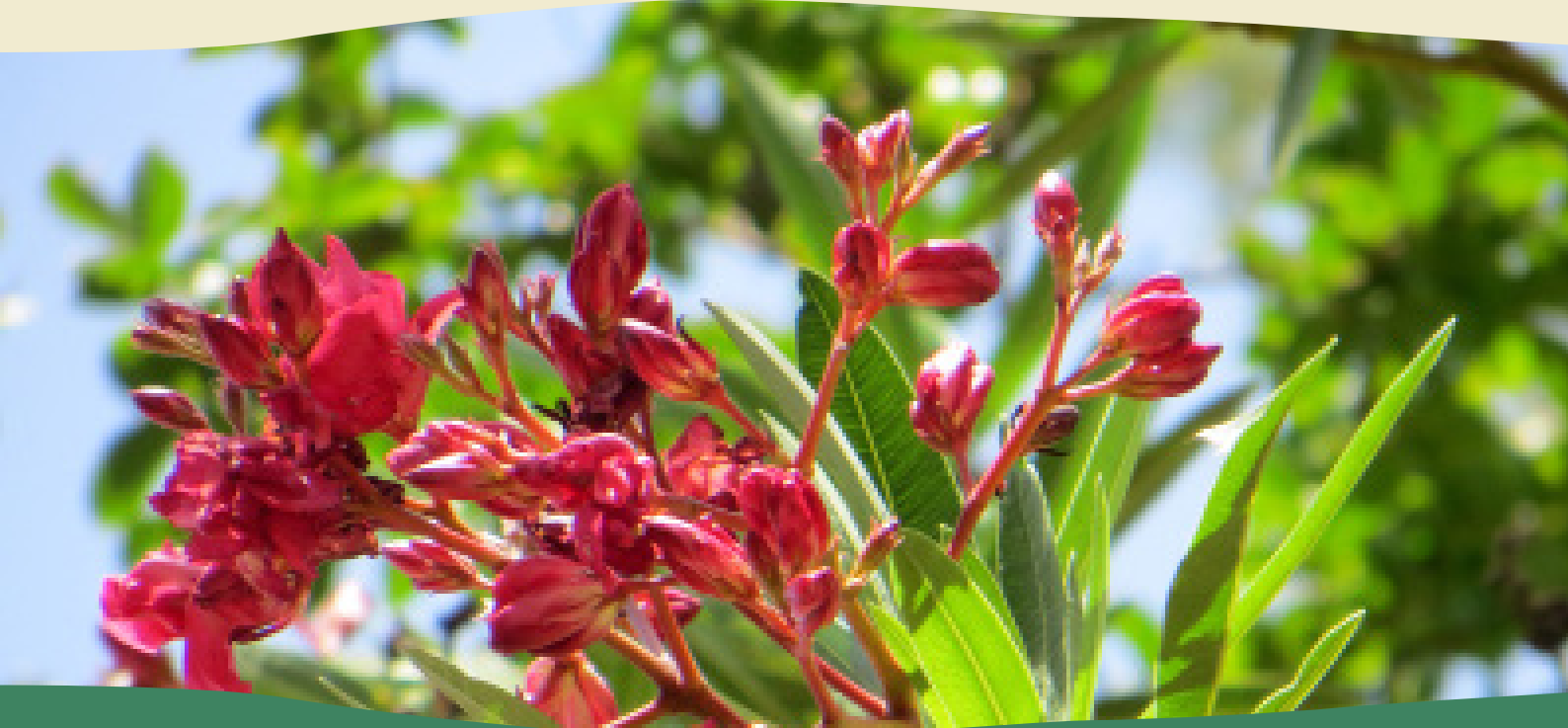
Due to the break in the time series of data, the size of the samples, compared to that in the previous half-years, is relatively smaller for:

- flats,
 - houses,
 - offices and
 - retail and hospitality premises,
- and relatively larger for:
- building land, and
 - agricultural land.

The average prices are relatively lower for:

- flats,
- houses,
- offices and
- agricultural land.

The break in the time series of data had no impact on the forest land.





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