

Elements and structure of real estate market studies (REMS)

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SUMMARY

A well-functioning real estate market is an important element of a countries' economy and a requirement for sustainable spatial development. Real estate markets are very complex systems determined by a big number of relevant influencing factors. The real estate markets in different countries are functioning under different frameworks, traditions and stakeholders; the importance of a single influencing factor, e. g. the planning system, could be very different from country to country. A comparative real estate market study should highlight these different functions within a real estate market system.

In general real estate market studies are necessary to monitor and analyze the real estate markets. Because of the heterogeneity of real estate markets a study often is limited to specific sub-markets (e. g. commercial property market in big cities or market of affordable housing). The bulk of influencing factors and their interrelations has to be investigated with the help of market data. The availability of relevant market data is a challenge and often limits the analysis. An evaluation of market results ("outcome") has to be done. A pattern of investigation is necessary to earn comparable information as basis for reasonable comparisons and recommendations.

The aim of the paper is the proposal of a method how real estate markets systems can be categorized and analyzed according to the most important key factors and their interactions. This is necessary to compare real estate markets and to recommend improvements in case of failures of market functioning. The proposal will discuss three main challenges:

- Classification: Appropriate capturing of a real estate market system in the categories of "Outcome" (market results), "Framework" (network of (legal) regulations and policies within which the real estate market functions, e. g. development control, property registration, taxes, mortgage system) and "Functioning" (driving forces; relevant stakeholder groups, e. g. public stakeholders, property professionals, low-profit groups etc.; development schemes, e. g. typical patterns of cooperation between public and private stakeholders; regional and sub-market differences, e. g. commercial property sub-markets vs. housing sub-markets)
- Evaluation: The results of a countries' real estate market system (outcome) has to be judged. An agreement about benchmarks and standards of a well-functioning market system is necessary. Here international goals (UN development goals), national sustainability policies or regional development standards could be used.

- Data availability: Necessary is a broad transparency of the real estate market. The relevant data of the market results should be available for the stakeholders. This can be reached by periodically published standardized market reports.

The paper results in a proposed structure for real estate market studies and shows examples of evaluated market results and market reports.