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MASTER'S LEVEL QUALIFICATION PAPER
on the topic "CURRENT TRENDS IN THE DEVELOPMENT OF THE
INTERNATIONAL REAL ESTATE MARKET "
Specialty 292 "International Economic Relations"

Student II Course
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It is submitted for the Master's level degree requirements fulfillment.

Master's level degree qualification paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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SUMMARY

of Master's level degree qualification paper on the theme
"CURRENT TRENDS IN THE DEVELOPMENT OF THE INTERNATIONAL
REAL ESTATE MARKET"

student Hrachova Daria

The main content of the master's level degree qualification paper is set out on 35 pages, including a list of used sources of 47 titles, which is placed on 5 pages. The work contains 2 tables, 6 figures, as well as 3 applications, which are placed on 4 pages.

KEYWORDS: REAL ESTATE, INTERNATIONAL REAL ESTATE MARKET, WORLD REAL ESTATE RATING, REAL ESTATE MARKET STRUCTURE, REAL ESTATE PRICES.

The purpose of the master's level degree qualification paper is to consider and study the process of functioning of the real estate market, identifying its basic patterns and trends.

The object of research is the features of the analysis of international real estate in the world market.

The subject of the research work is the theoretical, methodological and applied aspects of the world real estate market.

The following research methods are used: statistical, the comparative analysis, computational-analytical, the graphic analysis, economic modeling. The scientific articles by domestic and foreign scholars, textbooks and manuals on the selected topics, regulations, some analytical reports of the international organizations such as the ILO, the OECD, government statistics, the publications of sites and scientific papers were used during the investigation.

The scientific novelty of the obtained results involves:

1) the author's approach to the defining the essence of the concept of "real estate market";

- 2) the author's classification of types and forms of real estate market;
- 3) the study of the global real estate market impact, problems, trends, forecasts.

The main scientific achievements of the master's degree have been approbated and the following publication was made: Yuriy Petrushenko, Daria Hrachova. Current trends in the development of the international real estate market. «Imperatives of Economic Growth in Ukraine and in the EU»//30.10.2021

Year of Master's level qualification paper fulfillment is 2021

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TASKS FOR MASTER'S LEVEL DEGREE QUALIFICATION PAPER

(specialty 292 " International Economic Relations ")
student II course, group ME.M3 – 01c
(course number) (group's code)

Hrachova Daria
(student's full name)

1. The theme of the paper is “Current trends in the development of the international real estate market” approved by the order of the university from «__» _____ 20__ №__
2. The term of completed paper submission by the student is «__» _____ 20__
3. The purpose of the qualification paper is to consider and study the process of functioning of the real estate market, identifying its basic patterns and trends.
4. The object of research is the features of the analysis of international real estate in the world market.
5. The subject of the research work is the theoretical, methodological and applied aspects of the world real estate market.
6. The qualification paper is carried out on materials, textbooks and manuals on the selected topics, regulations, some analytical reports of the international organizations such as the ILO, the OECD, government statistics, the publications of sites and scientific papers were used during the investigation.

7. Approximate master's level degree qualification paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 Theoretical aspects of the the international real estate market

Chapter 1 deals with, it is necessary to reveal the essence of the concept of "real estate market", its forms and types according to different classification criteria. Identify the main factors influencing the formation of the real estate market.

Chapter 2 World real estate market

Chapter 2 deals, it is necessary to analyze the problems, trends of the real estate market, to assess the place of the Ukrainian real estate market at the global level.

8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		task issued by	task accepted by
1	Petrushenko Yuriy		
2	Petrushenko Yuriy		

9. Date of issue of the task: « ____ » _____ 20 __

Research Advisor:

(signature)

Petrushenko Yuriy

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The tasks has been received:

(signature)

Hrachova Daria

(full name)

CONTEST

INTRODUCTION.....	3
1. Theoretical aspects of the the international real estate market.....	5
1.1 The essence, functions and features of the real estate market.....	5
1.2 Entities, types, legal framework and factors influencing the formation of the real estate market	9
1.3 The concept of the international real estate market.....	16
2 World real estate market.....	19
2.1 Analysis of prices in the world real estate market.....	19
2.2 Research of the world real estate market, problems, tendencies, forecasting.....	23
2.3 The place of the Ukrainian real estate market at the global level.....	29
Conclusions.....	36
References.....	38

INTRODUCTION

The subject of the study is relevant because the features of the real estate market, the interdependence of the development of the given market and other areas of economic activity have not been studied yet and do not have the single established manifestations.

Price and market are closely related, they characterize and supplement each other in some way. The important condition for the real estate estimation is the recording of the specifics of the real estate market because the state of the real estate market affects greatly the possible sale price of the estate property, some income flows and risk levels, as well as the basic data used in the valuation methods. Taking into account the peculiarities of the real estate market will demonstrate more reasonable edition of the data of the retrospective period to assess the real estate by the market approach.

The real estate market is an interconnected system of market mechanisms which ensure the creation, transfer, operation and financing the estate property [1].

The important theoretical and practical aspects of the international real estate market are presented in the scientific papers of the domestic and foreign scholars, in particular – D. Friedman, N. Orway, G. Harrison, M. Kovalenko, I. Tarasevich, I. Balabanov, S. Mocherny, M. Fedotova and others [2].

In spite of the undeniable achievements of researchers, the scale of the international real estate market and its impact on certain indicators of the economy are insufficiently studied. The assessment of the dynamics, scale and impact of the real estate market needs further investigation. All these factors determined the choice of the study topic, determined its aims and main objectives.

The aim of the study is to consider and study the process of functioning of the real estate market, identifying its basic patterns and trends.

To achieve the aim set the following tasks fullfield: 1) To define the concepts of "estate property" and "real estate market"; 2) To consider and analyze the position of the Ukrainian real estate market at the global level 3) To determine the place of the real estate market in the system of socio-economic relations; 4) To substantiate the theoretical and

methodological approaches to structuring and evaluating the real estate market; 5) To reveal and examine the main tendencies in the real estate market.

The object of research is the features of the analysis of international real estate in the world market.

The subject of the research work is the theoretical, methodological and applied aspects of the world real estate market. The following research methods are used: statistical, the comparative analysis, computational-analytical, the graphic analysis, economic modeling. The scientific articles by domestic and foreign scholars, textbooks and manuals on the selected topics, regulations, some analytical reports of the international organizations such as the ILO, the OECD, government statistics, the publications of sites and scientific papers were used during the investigation.

The scientific novelty of the obtained results involves: 1) the author's approach to the defining the essence of the concept of "real estate market"; 2) the author's classification of types and forms of real estate market; 3) the study of the global real estate market impact, problems, trends, forecasts.

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1. THEORETICAL ASPECTS OF THE INTERNATIONAL REAL ESTATE MARKET

1.1 The essence, functions and features of the real estate market

The real estate market is one of the main types of market, which in the interaction with the market of goods and services and the capital market determines the features of the economic mechanism of the contemporary economy. The formation of the real estate market and its functioning are related to the commodity production and reflect the degree of its development.

Estate property is a special product because its characteristics are not typical for other commodities. The real estate market is a set of relations around the real estate transactions (sales, purchases, appraisals, leases, mortgages, etc.).

The real estate market is a sphere of investment in the estate property and a system of economic relations arising from the real estate transactions. These interconnections arise between investors while buying and selling the estate property, mortgages, real estate trust, rent, lease, etc.

One of the main functions of the market is to establish the equilibrium prices due to which the effective demand corresponds to the volume of supply. In the case when the prices are below equilibrium there is the excess demand and when the prices are above equilibrium – the excess supply. The cost concentrates on a large amount of information about the market saturation, customer preferences, construction costs, economic and social policy of the state in the field, such as housing, etc.

The regulatory function is that the market, functioning autonomously, redistributes resources by the areas of enterprising and directs its participants to the goal which was not a part of their intentions - the formation of an effective economic structure and public interest. In modern world, the shortcomings of market regulation are increasingly compensated by the public administration, especially in terms of nature protection, competition protection, the redistribution of income, creating a legal business environment, solving social problems and others.

The commercial function is to realize the value and consumer cost of the estate property and obtain a return on invested capital.

The function of recovery or financial rehabilitation is expressed in the purification of the economy from the uncompetitive and weak market participants, the bankruptcy of the inefficient. The market mechanism shows people the directions of search but does not give them any guarantees according to the final financial results. It recognizes only socially necessary investments in the real estate because only they are paid by the buyer. Therefore, the liberation of the market from the ineffective owners of enterprises and other estate properties leads to the increased sustainability and economic growth.

The information function is a unique market way of operative gathering and distribution of the generalized objective information which allows sellers and buyers of the real estate freely, with business competence, make decisions in their interests.

The intermediary function is expressed in the fact that the market acts as a joint intermediary and meeting place for many independent and economically separated, as a result of the social division of labor, buyers and sellers, establishing a link between them and providing an alternative choice of partners. There are also professional intermediaries in the real estate market – realtors, estimators, agents, brokers, insurers, mortgage lenders and other representatives who provide services to the interested participants.

The incentive function ultimately takes the form of economic incentives with profits from the productive usage of the scientific and technological progress in the creation and consumption of the estate property. The business competition determines and maintains the high business activity and the search for new opportunities for effective management of the capital property economically. The investment function implies that the real estate market is an attractive way to preserve and increase the value of capital. It helps to transfer the savings and savings of the population from a passive form of stocks to the real productive capital which brings income to the owner of the real estate. At the same time, estate property itself serves as a kind of an insurance guarantee of the investment risks.

The social function is manifested in the growth of labor activity of the entire population, in expanding the labor intensity of citizens who desire to become owners of

apartments, land and other capital and prestigious facilities. From the real estate owners, in general, the middle social stratum of society is formed. The redistributive function – repeated redistribution in the market of enterprises, land, buildings and structures between different market participants who ultimately determines the transition of these objects to the effective strategic investors which ensures their highly productive use [3].

Thus, the real estate market in the national economy performs the following functions: the effective solution of the social problems associated with the creation and usage of useful properties of the estate property; the alienation of full or partial property rights to the real estate from one economic entity to another and protection of its rights; the free formation of prices for objects and services; the redistribution of investment flows between competing types of the estate property; the reallocation of the investment flows between the competing land consumption [4].

The real estate market has a number of features which corresponds it:

1. The real estate market is characterized by different reaction rates of supply and demand to change the economic situation. Consequently, demand can change significantly over the weeks, while to change supply, especially in the primary market, requires a long period, measured by the duration of the investment and construction cycle, i.e. for years.

2. A characteristic feature of the real estate market is its deep segmentation due to the significant variety of the estate property by location, functional purpose, quality and other individual characteristics which meet the needs of different groups of real estate consumers.

3. The real estate market is characterized by individual pricing in the market due to the limited number of objects and, accordingly, sellers and buyers in narrow market segments which significantly increases the search period for objects for the transaction, requires the essence of a comprehensive information infrastructure market and increases the value of the individual negotiations between the seller and the buyer in the transaction.

4. The important feature of the real estate market is the low level of liquidity of estate property, both due to the high capital capacity of goods and due to the high level

of transaction costs (transaction costs), which slow down the real estate turnover and make the market significantly dependent on the state diverse market infrastructure.

5. The real estate market due to the duality of real estate (commodity – capital), occupies an "intermediate position" in a market economic system, facing and interacting with the financial market and the market of the real assets. At the same time, its dual position in the economy determines the complexity of its internal structure, the intertwining of the commodity market and the capital market.

6. The functioning of the real estate market is significantly influenced by the fact that the real estate is both private (in private use) and collective good (the nature of estate property consumption affects the environment). Therefore, these real estate markets are one of the most regulated markets and this regulation intertwines the national and local norms and rules which leads to the important differences between the individual regional and local real estate markets [6].

In economic theory, as one of the most important classifications of markets, they are divided into perfect and imperfect.

Perfect market (more precisely, the market of perfect competition) is a certain theoretical model of the market which is characterized by the following features:

- the presence on the market of many autonomous sellers and buyers of goods, so that none of them can influence the decisions of other market participants;
- the information transparency of the market, the availability of market participants of the complete and reliable information about the objects of transactions and prices;
- the homogeneity of goods of the same name (individual characteristics of the seller do not matter);
- free and cost-free mobility of both subjects and objects of agreements;
- the insignificantly low level of transaction costs (transaction costs) in comparison to the cost of the goods;
- the elasticity of supply and demand for charge.

Obviously, in real economic reality, markets never fully meet these requirements. However, there are markets which are closer in their characteristics to the formulated

ideal model (for example, markets for consumer goods) and there are markets which are quite far from it [7].

Imperfect markets are characterized by the fact that individual entities are able to influence prices due to the limited number of market participants, the existence of barriers to the market entry. According to its main characteristics, the real estate market is an imperfect market. The allocation of the perfect markets is carried out, in particular, to identify those markets that are capable of the market self-regulation through the mechanism of prices, supply and demand. Perfect markets are able to ensure a balance of supply and demand only on the basis of the price mechanism and do not require conscious regulation, whether government regulation, self-regulation by the professional community of the market participants or through some mechanism of conscious targeted market influence. Since the real estate market is one of the imperfect markets, it follows that the balance of supply and demand in the real estate market is difficult to achieve only through the price mechanism of market regulation [8].

The real estate market is usually an unbalanced market. Achieving the market equilibrium requires conscious intervention in the functioning of the market.

1.2 Entities, types, legal framework and factors influencing the formation of the real estate market

The subjects of the real estate market are buyers, sellers and professional participants. Professional participants, in its turn, are divided into: institutional, representing the interests of the state and acting on their own behalf and non-institutional participants, working on a commercial basis (entrepreneurs, brokers, real estate appraisers, financiers, developers, property managers and others).

Investors are people or companies which invest into the construction or purchase of the estate property. If square meters are purchased at the construction stage, the investor becomes a shareholder. Moreover, the origin of money does not matter: the funds can be both own and borrowed. Investors are also people who invest into the real estate and the construction market not only financial but also their intellectual resources. It can be the training of the new staff, the development of new technologies, etc.

Realtors, appraisers of the company and individual entrepreneurs who provide services related to the purchase and sale of the real estate are also part of the market.

Realtors (often called brokers) are usually accompanied by the real estate transactions. They can deal with various tasks, from the selection of a suitable apartment to the execution of all documents on behalf of.

Evaluators are narrower specialists. Their goal is to study the estate property in as much detail as possible and determine its exact value by comparing it with other objects on the market. The appraiser can work both in a real estate agency and be an independent expert.

Insurance companies operating in the real estate market are quite large because they deal mainly with the legal entities. Most of the insurance market is the civil liability insurance of the developer. Without some types of insurance, companies simply will not allow you to start work on the construction of the house [10].

However, there are also products aimed at individuals. It is true that insurers offer buyers and the apartment owners protect them from fire and other disasters. In Ukraine, as well as in the CIS countries, the service is not still very popular but every year it becomes more and more popular.

Every real estate object has its customer. It is the name of a natural or legal person who owns the area of the estate property and has applied for its development. The customer is a company whose name is written in the documents for the site where the work is underway. The definition of the customer of the new building can be found in the Law of Ukraine "On Architectural Activity". There are situations when the construction customer does not possess the land but still does the work. Then he probably insured himself and signed a lease agreement with the person who has the right to land. If not, his actions are illegal. You can check the permits by contacting the State Register of Real Estate Rights.

Developer – a natural or legal person who is engaged in the construction of a building or structure, performing the functions of the customer. The concept of "developer" does not appear in most legislative acts of Ukraine. Until 2011, the customer of the house was called "Customer-developer", now the term remains only in Article 4 of

the Law of Ukraine "On financial and credit mechanisms and property management in housing construction and real estate transactions."

In addition to the customer, who is usually the developer, in the real estate market the house is built by general contractors, contractors, subcontractors. A contractor is a company which undertakes to perform some work. Its volume is usually specified in the contract with the customer. In the case of the real estate, the contract provides for the construction of a house. The contractor always receives payment for his services: once money, once an apartment in a house under construction, everything depends on the contract; the general contractor or the prime contractor is the company which is responsible for terms and quality of the construction of the house; subcontractors are third-party organizations which the general contractor may involve in the performance of certain tasks. In fact, "contractor" and "general contractor" in construction are one and the same person. There is a subtlety: just the contractor performs the amount of work under the contract itself. On the contrary the general contractor involves subcontractors, entrusting most of the work to them. In this case, the task of the general contractor is to coordinate the actions of all firms and people involved. This allows you to ensure the fastest possible construction of the house.

Building owners are called developers, using an appropriate definition as a synonym. Furthermore, the word "development" is popular which is also not enshrined in law. The closest to it is the official term "engineering activities", the provision of engineering and technical services. For example, the examination of the project, the conclusion of contracts, the joint actions to coordinate all construction workers, etc. That is, the definition includes everything which the developer or customer fulfil. An investor in construction is usually a person or company that invests a lot of money in a project. From the point of view of the customer-builder, it can be only purchase of one apartment but for the person the sum looks convincing.

Factors influencing the formation of the real estate market can be grouped into six main groups:

- 1) political;
- 2) economic;

- 3) demographic;
- 4) socio-cultural;
- 5) scientific and technical;
- 6) natural and geographical.

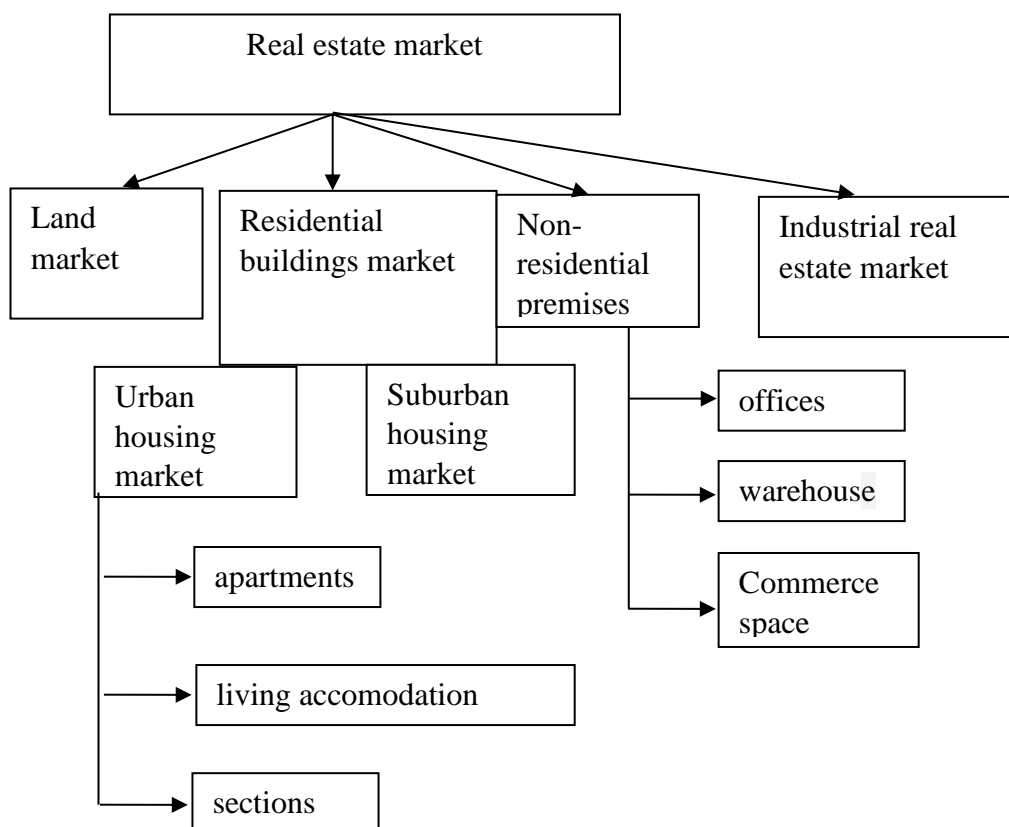
Political: They are determined by the political processes taking place in the country, as well as the legal framework that stimulates or, conversely, inhibits purchasing activity. There is also a certain frequency, for example, related to the election or depending on the course of the ruling party, as well as the degree of government presence in this segment of the economy. Government programs related to the mortgage lending also play an important role. Another factor affecting the real estate market is public unrest and the struggle for independence. A striking example of the latter can be considered Catalonia, where there was a record collapse in prices - by 20%. However, the social upheavals do not always provoke a decrease in the cost of housing. Sometimes sellers and buyers simply freeze for a while, watching the further development of events and, at the same time, reducing the number of transactions. Economic: Financial stability and well-being of a country or a region is the most important factor influencing the real estate market. In addition to the purchasing activity of local citizens, foreign investors can invest in the development of the city, thereby further stimulating economic development. The spread of prices can be enormous. For example, in Germany, the price per square meter of housing ranges from € 1,000 (Leipzig) to € 7,190 (Munich). As you can see, the country is the same, the politics as well and the economic component gives a significant "price plug".

Demographics: Enhancing the number of local population, the prestige of the village in the eyes of citizens of other countries. The analysis of the housing market is largely based on the understanding of demographic processes. Popular destinations are correspondingly more expensive. Related to this is urbanization - the consolidation of the most promising cities through the growth of their population.

Socio-cultural: The standard of living of the country's population, security, the state of infrastructure, the availability of medicine and education have a significant impact on the state of the housing market. The possibility of meaningful leisure, cultural and

physical development is highly valued and take not the last place while choosing a place to live.

Scientific and technical: Determine the quality of materials and the level of technology for construction work. Correspondingly, they can speed up the process of construction of new housing estates, simplify repair work that has a positive effect on the cost of facilities and the speed of their commissioning. Moreover, huge 3D printers are developed and introduced in China, the USA and a number of European countries. They allow you to "print" new houses literally, without the need to involve an "army" of builders.



You can see in Figure 1.1: the structural components of the real estate market.

Natural and geographical: Climate, relief, availability of natural resources, mineral waters, sea coast, etc. All this affects the housing market no less than the ability to take a real estate loan or high social security. Immigrants from Ukraine and Russia often choose warm countries, such as Bulgaria, Turkey or Spain, not only because of their investment attractiveness but rather they are impressed by the beauty of local nature [9].

The division of the real estate market is based on 4 main components: the land market, the housing market, the non-residential market, the industrial real estate market.

The classification of the real estate market is presented in table. 1.1

№	Classification feature	Types of real estate markets
1	Type of object (goods)	buildings; • enterprises; • premises; • other objects
2	Geographical (territorial) factor	local; • urban; • regional; • national; • world
3	Degree of readiness for running	• Existing facilities (old fund); • unfinished construction; • new construction
4	Type of participants	• Individual sellers and buyers; • stakeholders; • municipalities; • commercial organizations
5	Type of transactions	• Purchase and sale; • leases; • mortgages; • property rights (leases, pledges, etc.)
6	Industry affiliation	• Industrial facilities; • technological support of livestock complexes; • public buildings; • other objects
7	Form of ownership	• State facilities; • municipal facilities; • private facilities
8	The method of committing transactions	• Primary and secondary; • organized and unorganized; • exchange and over-the-counter; • traditional and computerized

A characteristic feature of market relations in real estate is the presence of a special legal framework governing relations as regards estate property and it is more significant than in other sectors of the market economy, the role of regional and municipal

regulations. Real estate legislation is a set of laws, other normative legal acts by means of which the state establishes, changes or cancels the relevant legal norms. The system of legislation is formed by various laws, as well as other regulations measuring relations in the sphere of real estate [13].

As for Ukraine, our state has a number of basic legislative acts: the laws of Ukraine "Property Law" (1991), "Lease of State and Communal Property Law" (1992), "Privatization of State Property Law" (1992), the Housing Code of the USSR (1993), The Constitution of Ukraine (1996), the Law of Ukraine "Land Lease Law" (1998), the Law of Ukraine "Concessions Law" (1999), etc. In the period 2000–2008, the following normative legal acts were adopted: the Land Code of Ukraine (2001), the Law of Ukraine "Land Management Law" (2003), and the Commercial Code of Ukraine (2003). In the period from 2008 till 2013, the laws of Ukraine "State Land Cadastre Law" (2011), "State Registration of Real Property Rights and Encumbrances Law" (2011), "Transfer of Objects of State and Communal Property Law" (2012), etc. [14].

The state is able to influence on the real estate management activities directly and indirectly. Direct intervention involves mostly the use of some administrative measures:

- creation of laws, regulations, rules, instructions and regulations governing the operation functioning of real estate;
- introduction of a mechanism of liability for violation of regulatory requirements during the transactions with estate property;
- control over the observation of the established norms and rules by all market participants;
- registration of rights to real estate and transactions with them;
- licensing of business activities in the field of real estate, etc.

State regulation of the real estate market development and the processes which take place in it are ensured through the legal and organizational-administrative mechanisms, their effective functioning should provide the prerequisites and appropriate environment for the development of the real estate market in Ukraine [15].

1.3 The concept of the international real estate market

After the global financial crisis of 2008 which began with the American subprime mortgage, the real estate market has become the focus of central banks. In addition to inflation, they began to work on financial stability, in particular, their task was to prevent the emergence of price bubbles. In this regard, the G20 countries together with the IMF in 2009 initiated a project to eliminate information gaps (Data Gaps Initiative), one of the areas of which was the creation of real estate market statistics. In the European Union, the Systemic Risk Board in 2016 issued recommendations on what statistics should be accumulated and what indicators to focus on while analyzing the real estate market in terms of risks to financial stability.

The accumulation of the market statistics is mainly carried out either by government statistics bodies or central banks. Less often, the main data providers are private corporations. Sometimes there is a mixed model when statistics are compiled and processed by several of the above institutions.

Qualitative statistics provide a clear concept of the market, for example, to determine whether supply and demand are balanced, whether there are signs of inflating the price bubble. For instance, according to the NBP report for the fourth quarter of 2018, in the six largest Polish cities, only three quarters are needed to sell the rest of the apartments. That is, less than a year. It means that demand exceeds supply that explains the rise in the property's prices in Poland. If the estimated time of sale was a year and a half, it would mean that the market is more or less balanced. If it exceeded two years, it would mean that there is a significant excess of supply [20].

The residential and commercial real estate market is influenced by the overall US economic activity which determines the demand for real estate. Real estate is a factor of production in our economy as well as labor and capital.

Effective use of property estate can have a big impact on business performance. Economic growth can also have a significant effect on the real estate demand. For example, when the economy is prosperous and the number of job positions is growing, the demand for office space is growing, too. As personal incomes grow from these new workplaces, people have more money to spend on the retail purchases, increasing the

demand for store space. In addition, the newly employed workers can afford their own housing and stimulate demand in the housing market.

The real estate industry also has its own supply chain, including service providers, contractors, construction companies and many professionals. All of these support participants are influenced by the growth of the real estate industry and stimulate economic activity in response to the increasing demand for goods and services which are necessary for the development, operation and management of real estate [21].

Over the past few years, various events in the global economy have led to the real estate investing, becoming an increasingly lucrative alternative to raising capital for both individual investors and multinational corporations. Reliability, protection against inflation and the possibility of obtaining additional income from real estate for rent make this asset an integral part of the investment portfolio for most businesses. However, despite the high profitability, investing carries the increased risks due to the constant fluctuations in demand but also the supply in different segments of the real estate market in each region [22].

The key tasks facing the investor are to determine the profitability and liquidity of a segment of the real estate market, as well as its individual regions in order to diversify the investment portfolio and maximize profits with the lowest possible level of risk.

Due to the high level of complexity and segmentation of this market together with different investment conditions for various segments in diverse countries, determining the main trends in the hotel, office, commercial or residential real estate sector is especially important to determine the company's strategy in the current economic situation. After all, choosing the right segment of the real estate market for investment, as well as the region of the global real estate market further determines the success of the company in operating in fierce competition and market uncertainty that are currently characteristic of many countries [23].

The issue of formation and development of the world real estate market has been repeatedly raised by many domestic and foreign experts, such as A.E. Abramov, F.P. Vasiliev, Y.F. Kasimov, A. B. Matveeva, R. Pike, B. Nile, K. Harvey. In addition, many international institutions, organizations and companies, such as Colliers International,

Ernst and Young assess the profitability and risk of investment in various segments of the real estate market and analyze the main trends in this market [24].

The dynamic processes of scaling up and structural diversification that have engulfed the global real estate market since the 1950s, have made its operations one of the most dynamic and profitable types of investment and international business. In recent decades, the real estate market has acquired enormous value capitalization and a strong institutional format and the significant increase in its impact on the accumulation of national wealth and redistribution of global investment and financial capital has its natural consequence of the transformation of world centers of real estate's concentration into so called "locomotives" of global economic development which determine its direction and vector orientation [25].

Today, the forms of globalization of the real estate market are described and acquired to a greater extent - a very rapid increase in cross-border real estate transactions, the opening of some regional and sectoral segments of the market for transnational capital of international investors, significantly expanding its operational interregional "overheated" markets to markets which have not reached a mature institutional format; intensification of the processes of internationalization of national real estate markets on the basis of diversification of their subjective structure towards the expansion of the segment of foreign customers and foreign private investors; operational transmission in the sphere of development operations in the national markets of international experience, standards, as well as production and management technologies; increasing migration of professional engineering personnel in the field of construction, architecture and design, etc. In this regard, the profound changes are taking place not only in the global real estate market but also radically changing the criteria of competition of its agents: if before the main criterion for the competitiveness of real estate was the price, now their priorities are also put forward its technical, technological and qualitative characteristics, as well as its financial conditions for the implementation of development projects [26].

2. WORLD REAL ESTATE MARKET

2.1 Analysis of prices in the world real estate market

Like any product in the market, real estate has a price and value. The price of real estate is always associated with a specific purchase agreement that took place. Cost, in contrast to price, is more objective. The price of the transaction can differ significantly from the cost. This difference is called an "amendment to the transaction" and depends on a number of reasons, such as the presence of similar objects, market stability, time constraints on the transaction from the seller or buyer, the buyer's special interest in the object, seller or buyer ignorance of market, terms of sale, availability of mortgage lending, psychology of seller and consumer. In the valuation practice, there are different types of value of the object. The type of value chosen in each case depends primarily on the subject of evaluation and the purpose of evaluation.

Market value is usually used because it is universal and close to the price of the object. Market value is the most probable price which can be obtained from the sale of this property in a competitive and open market when the seller and buyer are free in their actions, have complete information about the property, terms of the transaction and operation of the market, etc.

Investment value is the value of the investment potential of a real estate object. It is usually higher than the market value, as it includes a fee for leadership in this segment or niche of the real estate market. The cost of reproduction and the cost of replacement are quite close. Both types of value are usually lower than the market value.

Reproduction costs are the costs of reproducing an exact copy of an enterprise or asset, even if there are more economical taxes.

Replacement cost – the cost of creating an object which has an equivalent utility with the estimated one but is built using modern materials, structures, equipment. These types of value are widely used in relation to the insurance value. The insurance value is used for insurance purposes, determining the amount of the insurance benefits and the amount of the insurance premium. Liquidation value - the value of real estate in the forced sale. It is a sum of money which can be obtained from the sale of property in a period too

short to conduct adequate marketing. The liquidation value of the object is therefore much lower than the market value.

Disposal value – the value of the object of evaluation, equal to the market value of the materials it includes, taking into account the cost of the disposal of the object of evaluation.

Taxable value – the value of the object of assessment which is determined for the calculation of the tax base and calculated in accordance with the provisions of regulations (including inventory value).

Collateral value is used in the estimation of the object for mortgage lending. It is usually calculated based on the exact or liquidation value.

Consumer value (it is called the value of the object of evaluation in the existing use) – is the value of the object of evaluation which is determined on the basis of the conditions and purpose of its use. It reflects the value of the property of a particular owner. Consumer price is subjective, depending on the needs of a particular participant in the real estate market. It can be both lower and higher than the market value.

There are several approaches (methods) to the valuation of any type of real estate used by professional appraisers: comparative (or "market") approach, cost approach, profitable approach. The profitable approach to real estate valuation is based on imposing the value of real estate, taking into account the calculation of the expected income from ownership (use) of this object. This indicator is very important because it allows you to predict the value of the object in the future. The profitable approach is one of the most widely used methods of real estate assessment in valuation practice today. Cost approach (asset-based approach) - a set of valuation methods in which the value of the object is equal to the sum of the land value and the cost of reproduction (replacement) of all improvements, less accumulated depreciation and the value of liabilities, i.e. the value of the object of evaluation depends on the cost of creating a similar object. This approach is used to assess individual houses, households.

Comparative approach – a set of methods for estimating the value of the object of evaluation, based on the comparison of the object of evaluation with objects - analogues of the last one regarding to which there is information about prices. An object similar to

the object of assessment for the purpose of assessment is an object similar to the object of valuation in terms of basic economic, material, technical and other characteristics which determines its value. Considering the situation on a national scale, we can say that geographical location is a major factor influencing the overall cost of housing in a particular city. There are other factors related to geography and can significantly affect some apartment prices. For example, the presence of tourist or resort areas near the city. The standard of living which specifies the purchasing power and business activity of citizens, can be a very significant price criterion for the real estate market. The presence of the developed commercial structures, profitable enterprises, as well as a number of other economic factors in the city invariably raises real estate prices.

On the basis of the table we can consider statistics around cities and countries on the average value of real estate in different countries. We can see how expensive housing is based on the averaged data, not just on the cost of apartments in the capital. The table below shows the average cost of one square meter of housing in the city center, all prices are converted into US dollars. Another key factor that affects the value of real estate is the general state of the economy. This is usually measured by economic indicators such as GDP, employment data, production activities, commodity prices, etc. In general, when the economy is sluggish, so the same situation is with real estate. However, the cyclical nature of the economy can have different effects on different types of real estate. Considering the situation on a national scale, we can say that geographical location is a major factor influencing the overall cost of housing in a particular city. There are other factors related to geography and can significantly affect apartment prices. For instance, the presence of tourist or resort areas near the city. The standard of living which determines the purchasing power and business activity of citizens, can be a very significant price criterion for the real estate market. The presence in the city of the developed commercial structures, profitable enterprises, as well as a number of other economic factors invariably raises real estate prices [31].

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below shows the average cost of one square meter of housing in the city center, all prices are converted into US dollars.

Table 2.1 (Ranking of countries by real estate value in 2020)

Country	Price per 1 sq.m (USD)
Hong Kong	32 038,98 \$
Singapore	20 111,74 \$
South Korea	12 340,94 \$
Switzerland	12 318,20 \$
Japan	9 052,72 \$
France	8 267,92 \$
China	7 248,73 \$
Sweden	6 251,93 \$
Germany	6 152,04 \$
Australia	5 956,62 \$
Great Britain	5 738,61 \$
Qatar	4600,10 \$
Czech Republic	4,591,83 \$
Canada	4,540,73 \$
Italy	4 322,87 \$
Belgium	3 660,98 \$
Spain	3 657,68 \$
UAE	3 194,51 \$
USA	3 180,37 \$
Poland	2 908,29 \$
Hungary	2 502,59 \$
Greece	1 978,62 \$
Belarus	1 509,85 \$
Russia	1 240,70 \$
South Africa	1 124,33 \$
Ukraine	1 081,08 \$
Turkey	942,13 \$
Egypt	763,37 \$
Pakistan	639,03 \$

2.2 Research of the world real estate market, problems, tendencies, forecasting

The effectiveness of the real estate market can be expressed by:

1) economic efficiency, an indicator of which is the ratio of income and expenses: in the volume of construction of property estate, their profitability, market value of objects, their competitiveness;

2) social efficiency, the main indicators of which are: - the level of housing, kindergartens, schools, hospitals; - the number of square meters per person; - level and quality of provision of enterprises with premises of appropriate purpose; - the level of provision of families with summer cottages, garages and parking complexes; - taking into account the environmental factor in the construction of residential buildings, kindergartens, schools, hospitals, etc .; - the ratio of average wages to the cost of one square meter (or apartment in general), etc .;

3) resource efficiency which is manifested in the efficient allocation of resources due to the compliance of prices for products or services with marginal prices;

4) technical efficiency which is defined as the ability to build or produce the maximum amount of real estate of normal quality with the lowest cost of factors of production;

5) environmental efficiency which has recently become particularly important in many regions of Russia due to the aggravated environmental situation;

6) information efficiency which is manifested in the minimization of negative distribution effects arising from the establishment of the real estate market over profits due to information asymmetry;

7) tax efficiency. The optimal taxation system is able to give the functioning of the real estate market the greatest socio-economic efficiency.

The process of globalization is the interconnection of raw material markets of different countries, the establishment of relations related to the joint use of raw materials, as well as production, trade and financial contacts of states with each other. Therefore, all the processes taking place in the world economy affect individual countries and their markets. The real estate market of any country is sensitive to changes in the world as a whole and within the country.

As a result of global geopolitical transformation, the global economic and financial markets are undergoing significant changes. In this regard, investors interested in the safe and secure placement of funds, discover new and new opportunities for investment and face the need to review some traditional ideas about the most attractive ways to invest.

Loans for the purchase and construction of housing, the development of land for non-residential buildings for commercial and industrial purposes are common in all Western countries. In Europe and America, real estate lending is mainly provided by loan and savings associations, mutual savings banks, regional federal banks and insurance companies. In all countries, there are various forms of regulation of these processes, aimed at helping the population to get housing and land and creditors - the appropriate income [33].

In the US housing sector, private household ownership of houses is completely dominant: almost 65% of all US households have their own home and 87% of them own single-family houses. The value of their own accommodation is much higher than the annual income of their owners. In terms of obtaining a bank loan to purchase or build a house - almost the only way to finance and mortgages in its turn are the most reliable way to lend to banks and other credit institutions. Thus, own construction (as well as in a situation with commercial real estate) is credited by commercial banks and the developer repays the credit at the expense from the sale of the object of the family who take under purchase the mortgage credit. In the United States the mortgage market, valued at about \$ 4 trillion, is completely under state control. The share of mortgage bonds issued by 3 state corporations is 89% of the market. The American model of providing a mortgage with cheap resources involves the borrower, investor and financial intermediary. Two mortgage markets are formed – the primary where housing loans are issued and the secondary where securities are issued, taking into account the pools of mortgage loans. A credit institution may emanate long-term loans secured by real estate which does not have sufficient "long" resources. By issuing a mortgage loan, the bank sells the right to claim the loan to the ultimate investor or financial intermediary. Having received funds from the recession of these rights, the bank issues a new mortgage loan.

The main sources of financing the development of commercial real estate are the financial resources of banks and institutional investors, although recently due to the closer links between the real estate market and the financial market attract increasingly the commercial investors to finance commercial real estate. The classic country of mortgage banks is Germany where the first such institution was founded in 1770. Today in Germany there are several dozen mortgage banks, two thirds of which are joint stock and one third - state. In Germany, mortgages are carried out under different schemes by different credit institutions but the largest share, up to 30%, are *Stroysberkasy* (SSK), which operate on a closed financing model and use mostly their own funds which reduces interest rates. Under the contract with SBK for 4-6 years, a certain amount (up to 40% of the total cost of housing) is paid into the savings account. The reduced interest is accrued on it, according to the results of the year the state accrues bonuses and introduces tax privileges. The bonus of 15% on the amount of savings but not more than 2 thousand marks for bachelors and 4 thousand for married people. The borrower first lends to the cashier, making a deposit and after the end of the accumulation period SBK gives him a mortgage loan at a low rate for up to 18 years. In recent years, funds are raised at 3% per annum and mortgage loans are issued at 5% (in ordinary banks - from 7% to 12% per annum). In the UK, the mortgage rates are set by the State Bank, they are constantly declining and reached 3.5% per annum in 2003 (with inflation of 2.5%). The loan is usually taken for a period of 25 years. Lenders require at least 5% cash collateral when buy estate property but offer a 100% mortgage if necessary. In the Czech Republic, half of the country's population (approximately 5 million people) uses the services of construction sites. When 40% of the cost of housing is accumulated, a loan of 3-5% per annum for a period of 10-20 years is allocated for the remaining amount. Deposits accrue 2% per annum. There is a system of budget subsidies – every citizen buying an apartment on credit receives the annual assistance from the state, he is credited with \$ 150.

In Japan, there are many options for solving mortgage problems. There are also special ones, for example, for women the annual mortgage rate decreases with each birth of a child and its minimum value is 0.1%. Loans are issued for up to 35 years in the amount of up to \$ 400,000. Women must be at least 20 years old and at least 49 years old

and repay the loan before the age of 75. Each country has its own specific legislation in this area which largely depends on the specifics of the Land Code.

For instance, the US real estate collateral is widely used, including in the agricultural sector. There is the Federal Farm Credit System (FSFC) which unites about 800 commercial banks and credit associations engaged in mortgage lending. In France, the declaration of direct land's ownership belongs only to hereditary aristocrats and other citizens have only the right to lease land and therefore, there are some principles of mortgage lending [34].

With the onset of the pandemic, demand in the United States and Europe has risen sharply and real estate prices have risen. Firstly, despite the fact that GDP in Europe and the United States declined, the developed countries organized unprecedented measures to support the economy and in the first lockdown support citizens in a targeted way. Secondly, the high interest rates and cheap (1.5-2.5%) mortgages contributed to high demand. In European countries – Germany, Austria, Switzerland, the Netherlands – to keep money in the bank means to pay in essence the bank, so people began to take money from banks and invest in real estate. This trend has been there before but in 2020 it became more noticeable. "For the most part, the most stable conservative areas in Europe, such as Berlin, Frankfurt, Geneva and Zurich have shown positive growth with areas where residence permits or citizenship can be obtained investing in residential real estate, such as Spain, Portugal, Greece and Cyprus." The number of transactions will increase, at the moment it may set local records but there will be no sharp rise in prices; most likely, in the developed countries, the growth will be even lower than in 2020. But resort countries have also suffered hardly because people cannot visit resorts and holiday destinations due to the closed borders.

Increased demand for homes, low mortgage rates (falling from 4.5% to 2.8% over the year) and supply shortages have led to a rapid rise in US real estate prices. In January 2019, the price of houses increased by 15% in comparison to the same period in 2020. The current bid price is \$ 346,000 for the house. Mortgage rates have not risen more than 3% since July. In December 2020, the rate was 2.65%; - This is a record low rate for the last 50 years. As of January, it increased slightly - to 2.77%. The shortage of houses

becomes more and more acute. In January 2021, the supply of housing in the country fell by 43% per annum, minus 3% per month. Secondary housing which accounts for 90% of the US real estate market, is being swept away. In December 2020, the volume of supply decreased compared to November by 16% (from 1.28 million houses and apartments to 1.07 million) and by 23% per annum (in December 2019 1.39 million housing units were put up for sale units). The supply and demand ratio is 1.9. This means that the supply can be exhausted in 1.9 months. Prices begin to rise when this figure is six or less. Buy up the exhibited lots twice as fast. If a year ago the announcement hung for an average of 47 days, now - 27. In December, home sales grew by 21% per annum, in January - 9%. If you look at the monthly dynamics, from September the number of contracts is slightly reduced. Prices are rising not only in the big cities of the East and West Coasts but also in small towns in the heart of the country. For example, in Tennessee cities, houses have risen by 10% and prices in such cities are growing at the fastest pace. At the end of 2020, houses in more than half of the country's districts (55%) became less accessible to the middle-income earners than usual. Three years ago there were 33% of such districts, a year ago - 43%. Such a rise in prices completely offsets the benefits of lower mortgage rates and requires even more effort to accumulate the down payment, which is a significant obstacle for the buyer of his first property.

Over the year, the house prices in the UK rose by 7.3%, the highest increase in six years. Demand for real estate increased in the second half of 2020 that affected pricing [35]. In July, to revive the market after the spring lockdown, the UK abolished the property tax of less than £ 500,000 by March 31. Sales began to decline in October, have reached its peak but the number of the registered contracts in December still exceeded 70% the last year's. Sellers sought to complete the deals before the end of the tax breaks. In January, there was a slight decrease in monthly terms: the average price decreased by 0.3% and stopped at £ 230,000 per housing unit [36].

In general, housing prices in Spain for the year increased by 1.6%. A square meter in January cost an average of € 1786. By December, the price growth was 0.4%, by October - 2%. In 2021, prices continued to rise steadily in most regions. Madrid and Barcelona are among the most expensive cities in the country, the average price per square

meter in the Spanish capital - € 3700, in Catalonia - € 4000. The list of most expensive cities also includes San Sebastian (5,000 euros / sq. M), Bilbao (3,100 euros / sq. M) and Palma (2,900 euros / sq. M). During the year, prices in Madrid and Barcelona fell by 1.3% and 2.6%, respectively. The biggest drop in prices (-4.8% compared to last year) was in Girona, a small town near Barcelona.

According to the results of 2020, the apartments in France increased in price by 6.6%, houses - by 6.1%. Prior to that, the growth of housing prices was more modest: in 2019 - by 4.8%, in 2018 - by 3.4%. In 2020, 980 transactions were registered in the country while in 2019 - 1065. In March, during the first lockdown, the number of real estate transactions fell sharply. After the lockdown, the market revived, sales increased by 460% from April to July. But at the end of September, the activity was still 14% lower than in 2019. The number of views of housing sales ads has increased sharply: in the segment of apartments growth was 30%, in the segment of houses - 70% in comparison to 2019. Despite the economic downturn of 9% and quarantine restrictions, the situation is incomparable with the crisis of 2008-2009 – the interest rates remain low, banks are meeting and lending. Prices for apartments in Paris rose by 7.6% to \$ 12,873 per square meter. During the pandemic, the French were actively looking for houses larger and closer to nature [37]. The number of buyers who are looking for the land to build a house increased by 63% per year. The criterion "outer space" in the search bar was used almost 80% more often than last year. Many Parisians, already having real estate within the city, were looking for another house outside it. Owners of dachas in the south of France could not get to them due to traffic restrictions, so they tended to sell houses in the southern region and buy a house near Paris. In the third quarter of 2020, Parisians accounted for 27% of secondary market buyers in the department, their share increased by 9 points over the year. They also accounted for almost a quarter of buyers of old houses in the Norman departments of Eure (22%, +6 points per year) and Orne (21%, +6 points per year). At the same time, their share fell in traditional resorts: Primorsky Charente (10%, -3 points per year), Ardèche (2%, -2 points per year) and Vari (7%, -3 points per year).

For the first time in many years, supply in Berlin began to grow slowly. However, it is not still able to meet demand fully. In the German capital, there are still not enough

about 200,000 apartments for each family to have a separate house. In the last 12 months, only about 35,000 apartments in Berlin have been exhibited on the major German real estate portals. In the first three quarters of 2020, the number of building permits increased by 5.7% per annum to 238,899, while in 2019 the growth was only 1%. Prices have risen for apartments in new buildings and for the second time. For the period November-January 2020-2021, the average price per square meter of housing in new buildings in Berlin was 6,800 euros (+ 7.5% compared to last year), on the secondary market - 5,000 euros (+ 6.1%). The average cost of an apartment in Berlin is € 4990 per square meters. The apartment in the city center with an area of 120 square meters will cost about € 598,920 and you can rent it for € 1490 per month. In Frankfurt, a similar property can be purchased for € 544,680, in Munich the apartment of this size will cost € 94,260 [38].

The global real estate market is expected to generate \$ 4,263.7 billion in revenue by 2025, according to a new report by Grand View Research, Inc. Factors such as growing demand for residential real estate, rapid urbanization due to migration in search of better convenience. Rapid economic development in developing regions and countries such as India, China and many African countries has boosted incomes and helped the real estate market. The real estate market includes the purchase, sale and lease of real estate, as well as condominiums for commercial and personal home use [39]. Over the last decade, the commercial real estate business has grown exponentially due to the increase in the number of key players who are also entering the regional market. Government reforms, rent cuts, mortgage rates in developing countries are likely to boost the market over the forecast period. According to the United Nations (OOH) about 50% of the population lives in urban areas and this figure is expected to reach 65% in the forecast period due to migration to cities which become megacities with lively urban amenities and lifestyle.

2.3 The place of the Ukrainian real estate market at the global level

Among the problems of the domestic real estate market which are observed today, we can highlight both typically Ukrainian and global.

Problem №1 is the general state of Ukrainian economy. It happened so, that the country has developed recently a habit of high levels of consumption with insufficient

levels of domestic production (currently the balance of trade in goods is minus \$ 9 billion per year). Unfortunately, the country creates too little added value. High levels of consumption have developed in Ukraine over the past few years, in part due to the availability of credit. The banks which took many external loans, issued loans to the legal entities and individuals which were spent, in particular, on the imported products. In other words, there was a situation when the borrowed money was spent on the imported goods that led to the accumulation in Ukraine of a significant debt which needs to be serviced. The real estate sector has become a kind of "mirror" of the economic situation in the country: in an unhealthy economy, the demand for real estate, industrial, commercial or residential segments has fallen sharply. Therefore, in order to improve the situation in the real estate market, it is not necessary to stimulate its individual segments - industrial, commercial or residential: demand for real estate will not recover until a set of measures is taken to revive the economy as a whole. At the same time, stimulating some investment in real estate and construction can be a very effective tool in a set of measures to provoke the economic situation in the country. At the global level, the key tools for improving the overall situation are:

- stimulating domestic production. To complain it, we need to look at the structure of exports and imports and determine what products can and should be produced in Ukraine, create necessary conditions, increase economic efficiency of domestic production compared to imports, create favorable conditions for Ukrainian producers (taxes, permit system, financing, guarantee) investor);

- increase the export potential, stimulate exports of high value-added products;

- protect the domestic market from uncritical imports (customs policy and duties).

Development of production, growth of income and consequently, consumption will serve as an incentive to invest into industrial, office and commercial facilities designed for production, management and sale of products, growth of business traffic associated with the growth of business activity, as well as the creation of new jobs and further growth of incomes. The country is in dire need of a wealthy consumer, both in the face of citizens and in the face of business structures.

Problem №2 – critical state of infrastructure (energy, roads, etc). Among 133 countries in the world, Ukraine ranks 125th in terms of the road quality, ports - 80th, air transport - 101st, electricity infrastructure - 74th . The Ukrainian position according to the development of railway transport and telephone lines looks a bit better - 30th and 44th place, respectively. However, from the integrated point of view, it allows Ukraine to occupy a far from honorable 78th place in the world. Unfortunately, in Ukraine it is common practice when, in addition to financing the development of the facility, the investor has to provide investments in energy, road and other elements of infrastructure, modernization of existing or provision of additional capacity. However, these investments, in fact, must be made by the state and the municipality as, for instance, in the developed European countries. In addition, Ukrainian developers need to go through tedious negotiation procedures which can last indefinitely, in order to obtain all the necessary permits. The combination of additional, indistinctive for civilized markets material costs with unmanageable time costs and inadequate management efforts make the project economy in Ukraine inefficient and unpredictable. Before the crisis, when the level of margins in the industry was very high, the real estate profits justified these shortcomings but today the situation has changed dramatically - the level of profitability in real estate is not higher than in other areas, so the investor is not ready for unjustified costs. This problem must be solved at the system level.

Infrastructure development should be one of the top priorities of domestic economic policy. Infrastructure development subsequently attracts a solvent consumer, who over time recoups the investment into infrastructure by consuming it. Even if the state at the initial stage requires certain subsidies for its creation, further growth of production repeatedly compensates for budget expenditures by increasing tax revenues.

Methods of solving the problem:

- investment in infrastructure by the state. The developed infrastructure significantly increases the manageability of projects, reduces risks and encourages investors to invest in the elaboration of commercial and industrial real estate;

- partial or complete privatization of enterprises (except for truly strategic ones) which own and manage infrastructure, attraction of private capital to the infrastructure projects.

Problem №3 is inactive and insufficiently clear demand, as indicated, for example, by low occupancy of hotels, a significant level of vacancy in office centers. The sales of housing are also not very pleasing. The reasons for the low demand for residential real estate are obvious: firstly, the lack of mortgages which does not allow this segment to function properly and the number of people willing to buy estate property for money, immediately paying 100% of its value, is negligible; secondly, too large area of apartments makes them inaccessible to most buyers. The only segment in demand is commercial real estate. However, despite the growth in sales, the retail operators are not still ready to open a large number of new stores.

Bank financing is still selective and today banks are ready to lend only good, high-quality projects. But the question is whether they are ready to lend to a retailer or an average Ukrainian company which will lease the space in new facilities. Accordingly, we can conclude that without the resumption of mortgage lending, the domestic real estate market will not be able to return to the pre-crisis levels. Due to the high cost of project financing, many projects in the real estate market of Ukraine remain frozen. Owners prefer not to invest their own capital and expect the market situation will improve. The high cost of borrowed funds is due to the great risks of our state. The tendency of high risks for investing in the Ukrainian real estate market persists, including the impact of the political component (constant changes in the rules of the game, redistribution of power), corruption and non-transparency of the process of obtaining building permits, etc. The solution to these problems lies in the implementation of the transparent schemes of all companies in the Ukrainian market.

Ukrainian real estate market has revived after quarantine restrictions began to be lifted. Developers are putting into operation more and more facilities but the accommodation prices are rising significantly. The current legislation of Ukraine does not specify the conditions under which the interested developer has the right to raise funds from investors. Certain restrictions on the permissible mechanisms for financing

construction by law are set for housing projects. At the same time, the current regulations and the implemented control system do not prevent the risks of resale, money laundering from the project due to their misuse. In order to optimize the tax consequences, developers are forced to resort to the complex financial instruments (target bonds, mortgages, options, etc.) and financial intermediaries which sometimes leads to some technical problems (such as issuer defaults) that cause irreparable damage to projects. Year after year, the legislator revises the construction legislation, in particular, limiting the permissible mechanisms for financing housing construction projects and amending the Law of Ukraine "Investment Activity Law" and the effect is not achieved. After all, little protection was needed to protect the investor and, consequently, to improve the investment climate in Ukraine – to introduce state registration of agreements with buildings under construction, property rights, securities, if they are aimed at acquiring apartment rights; introduce compulsory insurance of financial (rather than property) risks; eliminate financial intermediaries from the "developer-investor" relationship.

Almost every second developer faces the problem of inaction of local governments in deciding on the lease of land, change their purpose, privatization of land and more. According to the Law of Ukraine "Local Self-Government of Ukraine Law", local councils which have the authority to dispose of land plots, are a collegial body. A characteristic feature of the collegiality of this body is decision-making in the form of sessions which may have a quorum etc. Consequently, the person concerned may wait for years in vain for his or her issue to be considered or for a quorum to be resolved. However, he may be refused and the collegial body is not obliged to substantiate the reasons for its refusal. Unfortunately, the option of judicial protection of the rights of such interested person is hopeless because it is not possible to force the session to make a certain decision or gather a quorum and it contradicts the Constitution of Ukraine. As a result, for many years they cannot extend the lease agreements of the terminated land plots located within the settlements. In the world ranking of real estate prices, Ukraine entered the TOP-10 and took sixth place. Real estate prices in Ukraine grew by 10.3% annual. However, over the past six months, prices have not increased so fast - about 2%.

The leader of the rating is Turkey (+ 27.3%), several cities of which are also at the top of the world ranking of real estate prices by city (where Kyiv ranks 11th). The second place went to New Zealand (+ 15.4%) which experts called the "headliner" of the rating due to the sharp rise in property prices in this country. In third place is Luxembourg which is included in the ranking of high real estate prices both as a city and as a country. The fourth, fifth and sixth places are occupied by Eastern European countries which have almost the same indicators: Slovakia (+ 11.3%), Poland (+ 10.9%) and Ukraine (+ 10.3%). Rising real estate prices in Western Europe are slower: Austria, the Netherlands, Germany – growth from 7.8% to 9.5%.

THE KNIGHT FRANK GLOBAL HOUSE PRICE INDEX Q3 2020				
Ranked by annual % change				
	COUNTRY/ TERRITORY	12-MONTH % CHANGE (Q3 2019-Q3 2020)	6-MONTH % CHANGE (Q1 2020-Q3 2020)	3-MONTH % CHANGE (Q2 2020-Q3 2020)
1	Turkey	27.3%	17.0%	5.2%
2	New Zealand	15.4%	3.6%	8.2%
3	Luxembourg	13.4%	8.5%	4.3%
4	Slovakia	11.8%	7.2%	3.5%
5	Poland	10.9%	5.7%	2.0%
6	Ukraine	10.3%	1.8%	1.8%
7	Austria	9.5%	6.8%	3.6%
8	Russia	9.2%	4.7%	3.3%
9	Netherlands	8.5%	4.7%	2.8%
10	Croatia	8.3%	4.5%	1.8%
11	Germany	7.8%	4.6%	2.6%
12	Iceland	7.7%	3.5%	1.9%
13	Czech Republic***	7.7%	3.4%	1.6%
14	United States	7.0%	5.4%	3.2%
15	Canada	6.7%	5.3%	2.0%
16	Romania	6.6%	3.4%	0.1%
17	Sweden**	6.3%	4.8%	2.7%
18	Portugal	5.8%	1.6%	1.2%
19	Slovenia	5.2%	3.0%	1.9%
20	France	5.1%	1.9%	0.5%
21	Mexico	5.0%	2.1%	0.9%
22	United Kingdom	4.7%	4.9%	3.9%
23	Chinese Mainland	4.6%	2.9%	1.4%
24	Norway	4.5%	4.7%	1.4%

Figure 2.1 (Rising real estate prices in the 3rd quarter of 2020)

Thus, the factors which hinder the development of the modern real estate market in Ukraine:

- 1) the existence of different legal regimes for the use of land and housing located on it;
- 2) inefficiency of taxation of residential real estate;
- 3) regulation of relations by different ministries;
- 4) slow formation of mortgage lending;
- 5) understatement of the price of the transaction with residential real estate;
- 6) making financial calculations outside financial control;
- 7) lack of mechanisms for the accumulation of private investment for urban development with insufficient budget funding; weak development of residential real estate management;
- 8) lack of mechanisms for integrating the securities market and the real estate market;
- 9) the lack of a unified state policy for the development of the residential real estate market.

The main risks for the construction market of Ukraine:

1) Exhaustion of effective demand. Real incomes are declining again and mortgages have not become a tool to level the playing field yet. Cooling of effective demand can hit the market, in particular affecting the number of projects under construction and the pace of construction.

2) Bill 5600 The bill providing for VAT on the first supply of housing immediately provides with 20% increase in the cost of a square and taking into consideration all the costs and the need to earn, 25% may be added on the shoulders of the final consumer in addition to the cost. This causes many risk factors: lower demand, reduced share of investment transactions in the overall structure, falling construction multiplier, rising value for the housing buyer.

CONCLUSIONS

The results obtained in the process of work give the opportunity to formulate the following conclusions:

The market is driven by rapid urbanization through migration in order to find better facilities which increases the demand for urban housing. Real estate for commercial, industrial and medical infrastructure is in great demand with the growth of urbanization. Political uncertainty to some extent hinders the market growth due to fluctuations in investors according to uncertain profitability and the start of projects [46].

With continued significant improvements in economic growth, the economy is reopening and the real estate market also benefits from the increased overall activity.

Real estate markets do not function autonomously, as socio-economic conditions are highly dependent on them. Many factors which affect the market shape the quality of the market economy. They are the following: the demographic characteristics of society, the wealth of citizens and businesses, the system of legal regulations and economic instruments which are widely used. It is difficult not to recognize the role of these factors, as many of them either speed up the decision-making process in terms of investment or slow down the movement in the real estate market.

The main factor contributing to the economic growth ultimately is real estate investment, which among all goods which appertained to the economic and legal trade, is key to the development of the country's economy. They are an essential element in terms of goods exchange in the field of socio-economic relations, which in its turn form the basis for various legal relationships, mainly in notarial and judicial practice, such as contracts of sale, gift, exchange, mortgage etc. Investing in real estate requires significant investment which is rarely fully owned by investors. In the developed real estate market, developers and investors finance their businesses with equity and debt capital for this purpose. Credit institutions should be satisfied that there is a good prospect that borrowers will repay their loans. It depends on the productivity of the property which relates to the profit or income of the borrower.

The real estate market is closely linked to other markets. Without the real estate market there can be no market at all, as the labor market, capital market, market of goods

and services, etc. for their existence they must have rented the appropriate premises necessary for their activities. Whereas the real estate market cannot exist, for example, without the capital market, since real estate is for nothing, it would be to build, buy or rent, etc. In addition, real estate is a profitable capital (investment), as funds invested in real estate are protected from inflation. Purchasing a house, apartment, land after a while you can sell at a higher price or rent and get from this additional income. The purchase of the enterprise brings (the investor) income as a result of the operation of the enterprise [47].

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Annexes

Annex A

SUMMARY

Hrachova Daria Current trends in the international real estate market. – Masters-level Qualification Thesis. Sumy State University, Sumy, 2021.

The essence of the international real estate market was investigated in the work. The world real estate market, problems, trends and forecasts were studied. The main purpose of this study is to consider and study the process of functioning of the real estate market, to identify its main patterns and trends.

Keywords: real estate, international real estate market, world real estate rating, real estate market structure, real estate prices.

АНОТАЦІЯ

Грачова Д. В. Актуальні тренди розвитку міжнародного ринку нерухомості. – Кваліфікаційна магістерська робота. Сумський державний університет, Суми, 2021 р.

У роботі досліджено сутність міжнародного ринку нерухомості. Досліджено світовий ринок нерухомості, проблеми, тенденції та прогнозування. Основною метою цього дослідження є розгляд та дослідження процесу функціонування ринку нерухомості, виявлення його основних закономірностей та тенденцій розвитку.

Ключові слова: нерухомість, міжнародний ринок нерухомості, світовий рейтинг нерухомості, структура ринку нерухомості, ціни на нерухомість.