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ENSURING THE ATTRACTIVENESS OF SUITABLE REAL ESTATE IN A MARKET ECONOMY

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Abstract
Investments in real estate play an important role in the process of satisfying public needs. Analysis of investment processes in the real estate market allows us to identify general patterns of their development and determine the features of investment activity management. The essence of this pattern is that the real estate market goes through a number of stages in its development. A detailed analysis of the functioning of the real estate market, the specific features of the object of this market clearly lead to the conclusion that in the conditions of an effectively developing economy, state participation in the development of investment processes in the real estate market is necessary.

Keywords: real estate, investment attractiveness, investing in real estate, capital investments, real estate market.

Introduction

The specifics of this type of market will always be determined by the fact that real estate will always be a product that is very strongly affected by the environment. At the same time, a business can change its location if its further progressive development is not possible under the current conditions. The characteristic of stationarity clearly defines the impossibility of any real estate dislocation in order to improve efficiency, which is the basis of the entire investment system in the real estate market. The specifics of the object of market relations itself - real estate, allows us to explain some of the features of the development of the investment process in the real estate market. One, perhaps the most basic feature, is the fact that almost the entire volume of investment resources is directed to financing fixed capital, while in other segments of the investment market the ratio between investments in working and fixed capital is at the level of 1:3. Another feature is manifested in cyclical fluctuations in investments caused by the dynamics of demand for real estate and their strict binding to the geographic location. Thus, the investment processes taking place in the real estate market have their own characteristics that determine the possibilities of regulating the capital inflow.

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Investments in real estate play an important role in the process of satisfying public needs. They create the prerequisites for the development and production of new types of products that satisfy growing public needs. That is, investments in the real estate market allow not only to satisfy existing public needs, but also, indirectly, create conditions for raising public needs, expanding their composition. In order to regulate the inflow of capital in this segment of the investment market, it is necessary to regulate its investment attractiveness. Therefore, it is necessary to determine the investment attractiveness of the real estate market and develop measures to increase it in order to activate investment processes. Analysis of the investment attractiveness of the real estate market showed that at present the volume of attracted funds exceeds the capacity of real estate markets. Sources of capital are expanding, while the choice of assets suitable for investment is limited. In terms of investment profitability, the real estate market is ahead of the stock and bond market. Capital inflow to it remains at a high level, since real estate remains one of the most attractive assets. Investors continue to search for niches where there is an opportunity to increase the value of assets through their reconstruction or repositioning.

In our opinion, the assessment of the investment attractiveness of real estate should be carried out with mandatory consideration of the following indicators:

- the economic situation in the investment market;
- the situation in the financial market;
- the investor's level of education, his skills and abilities that determine the possibility of competent project management;
- the political situation in the country;
- the profitability of the planned activity;
- the taxation system.

Thus, two points are fundamentally important for making a decision on the acquisition of real estate: the correct determination of the market value of the object and competent forecasting of the cash flows that the investment project will generate. Any investment decision should be made based on the analysis of these values and their comparison with the profitability of other methods of capital placement. It is impossible to rely only on modeled cash flows, since they do not provide complete information about the existing risks, the project analysis must be supplemented with factors that can directly affect the outcome of the project, and to make an investment decision it is necessary to consider the possibility of the influence of risks. To identify risks, a project sensitivity analysis, decision tree construction, and life cycle analysis were chosen. Investment value and attractiveness of a property are always closely linked. Understanding them correctly will help the investor in making the final decision.

One of the segments of the investment market is the real estate market, which is characterized by the movement of investment flows into the creation and development of material objects that are not subject to physical movement and form the material basis of social production. The development and functioning of the real estate market is determined by the specifics of the object of market relations itself. Specific characteristics of real estate are: rarity, specificity of turnover and circulation of real estate objects, capital intensity, unique utility, stationarity. Disclosure of the rarity characteristic allows us to conclude that modern urban planning should provide for the most efficient use of already built-up areas. Turnover and circulation of real estate objects determines the division of the real estate market into primary and secondary. Based on this, such a feature of the market functioning follows that, having been produced, its object remains on the market as a supply reserve for a very long time. The capital intensity characteristic indicates that the implementation of real estate transactions depends on the level of income, and is always associated with the accumulation of financial resources. Unique utility and stationarity determine consumer choice when purchasing real estate, since the value of each property is closely dependent on its geographic location and associated characteristics.

In general, the real estate market is characterized by positive investment dynamics, which determines the growth of investment activity in the future. Preservation of the existing trends in the development of investment activity in the real estate market determines broad opportunities for investors both in the short and long term due to the upward trend in solvent demand for real estate, however, the cyclical nature of fluctuations and a decrease in the rate of capital growth determine the need to develop and implement a flexible system for managing the investment attractiveness of this segment of the investment market. Taking into account the specifics of market relations in which real estate is an object, the properties of a real estate market segment should include its economic and physical limitations, since these properties determine the nature of the formation and change of its investment attractiveness.

To analyze the investment attractiveness of the real estate market, as well as to determine the degree of its influence on the market situation, it seems appropriate to use the indicator of the investment space of the real estate market. This indicator makes it possible to determine a quantitative and qualitative assessment of the environment in which a specific market segment is formed and functions. The size of this space, its configuration determine how the real estate market is limited and what development opportunities it has. To determine possible trends in the development of the investment process in the real estate market, the following derivative indicators of the investment space are proposed: the coefficient of the real estate market situation; the investment direction of the real estate market; the coefficient of investment activity in the real estate market. As a model of the investment space, it is proposed to use a pyramid, the base of which is the potential supply of real estate objects on the market, and the height is determined by the potential demand for real estate.

To determine the level of investment attractiveness of a region, it is proposed to use the methodology for assessing the investment attractiveness of regions, developed within the framework of the concept of effective management of the investment process in socio-economic systems. The indicator of investment attractiveness of a region calculated according to this methodology takes into account all the main potentials of the regions: labor, consumer, infrastructure, production, innovation, financial, institutional and natural resource.

A region is a cellular system of real estate markets that not only touch, but also intersect. The core of each cell is not just a municipality, but a city with a market infrastructure (institutional, informational, etc.). The size of the real estate market, its segmentation, types of investors by territorial affiliation depend primarily on the scale of the city and its transport accessibility. Consequently, the demand potential in a specific market is determined by factors that must be taken into account when determining the value of the investment attractiveness coefficient: production potential, trade potential, environmental situation, demographic situation and investments. The assessment of the impact of these factors on the market segment can be adjusted using coefficients: the level of transport accessibility of the city, the deviation of the climatic conditions of the area from the average for the region, the proximity of unfavorable or unstable zones for various reasons, and so on.

The definition of the real estate market as a multifaceted, open system that includes market participants, various forms of economic relations that arise in connection with the creation, operation and circulation of real estate objects, presupposes the presence of internal and external stable relationships, and therefore the existence of tools that affect the development of investment processes and determine the intensity of investment activity. Exploring various points of view on the forms and methods of regulation, we came to the conclusion that market regulation is formed by using various methods that influence groups of factors, which, in turn, affect supply and demand within the real estate market. And it is the ratio of supply and demand that is the lever that can activate or cause stagnation of investment processes. Analysis of investment processes in the real estate market allows us to identify general patterns

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of their development and determine the features of investment activity management. The essence of this pattern is that the real estate market goes through a number of stages in its development.

At the beginning of the first (starting) stage, real estate is fundamentally undervalued, investment processes are just beginning, but then there is a rapid increase in prices. By the end of the stage, i.e. after 2-3 years, the intensity of investment activity has increased by 3-5 times (average annual growth rates are 200-400%).

The second (transitional) stage, when investment activity continues to grow, but at a slower rate (30-50% per year).

At the third stage (the emerging market), price growth stops with a gradual transition to stabilization, investment flows are leveled out, the intensity of investment activity stabilizes.

Finally, at the fourth stage (the stable market), the real estate market is similar to developed markets in its basic patterns, but it will take years, if not decades, to gradually move towards its standards in the area of improving the legislative framework, market infrastructure, etc.

The main direction of state regulation of the real estate market is financial and credit regulation, the main goals of which are: promoting the organized development of the real estate market based on the intensive attraction of private investment, as well as the possibility of using real estate as an object of financial investment. The most important task implemented in the course of achieving these goals is the creation of an infrastructure system for attracting financial resources. The main elements of such a system should be a developed mortgage market and an effective mechanism for state support and stimulation of investment in real estate.

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