Criteria that affect commercial property market: the UK, France, Germany and Sweden

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The 33rd Baltic Valuation Conference

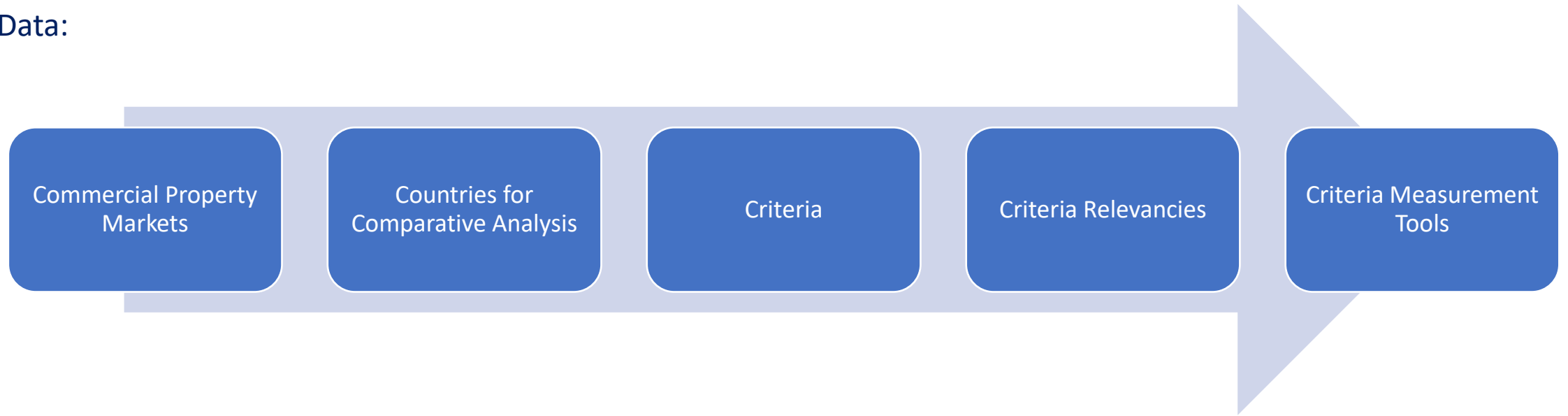Warsaw, September 2023

Structure of Session

Data and Data Sources

The Shifting Conditions

Purpose and Approach

The Survey Respondents

Criteria

Ranks` Central Tendency

Mean Scores of Relevance

The Case of Brexit

Findings and Practical Implication

Beneficiaries of Research
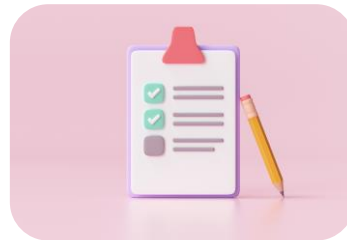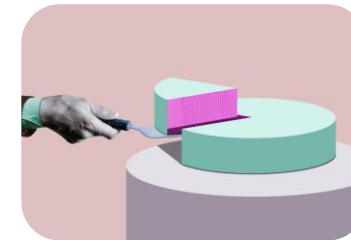
Data and Data Sources

Data:

Commercial Property Markets	Countries for Comparative Analysis	Criteria	Criteria Relevancies	Criteria Measurement Tools

Data sources:

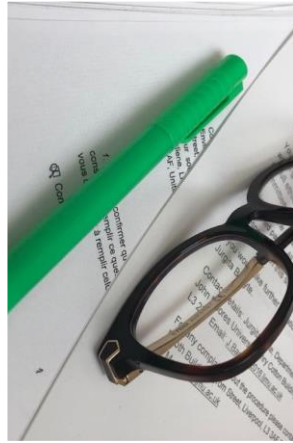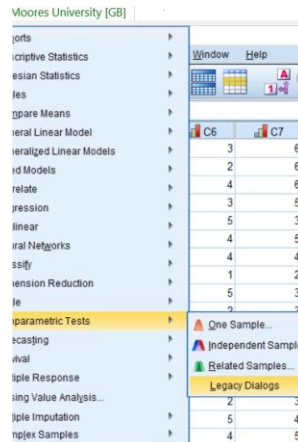| Literature	Questionnaire Survey	Morgan Stanley Capital International	Eurostat

The Five Shifting Conditions
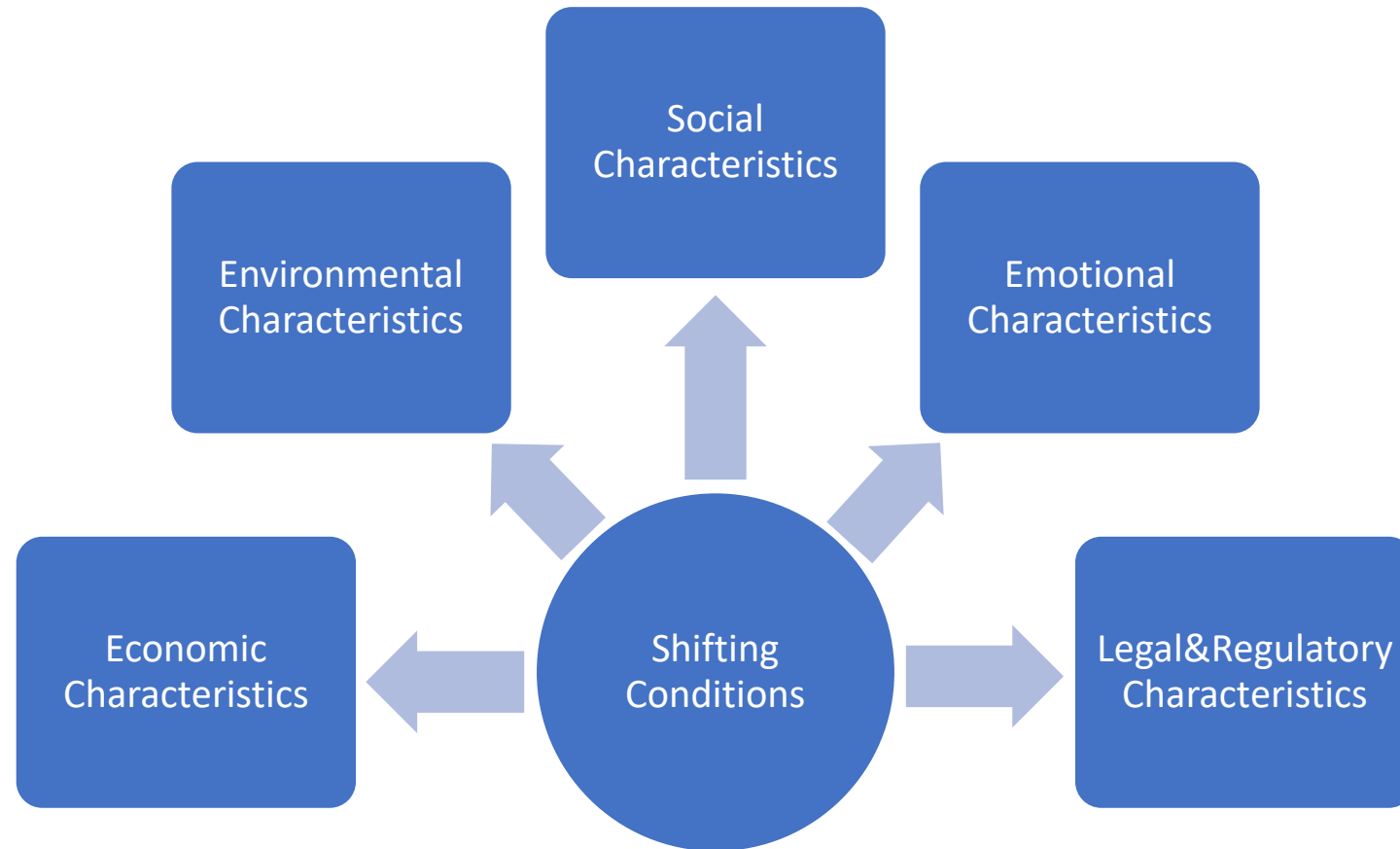
The Shifting Conditions Influence on Criteria Groups

Source: Banytė and Mulhearn, 2023, Figure 1

Purpose and Approach

A survey-based approach:
Developed with property-market professional
Countries:
The United Kingdom, France, Germany and Sweden

The data have been analysed using statistical analysis and MCDM methods
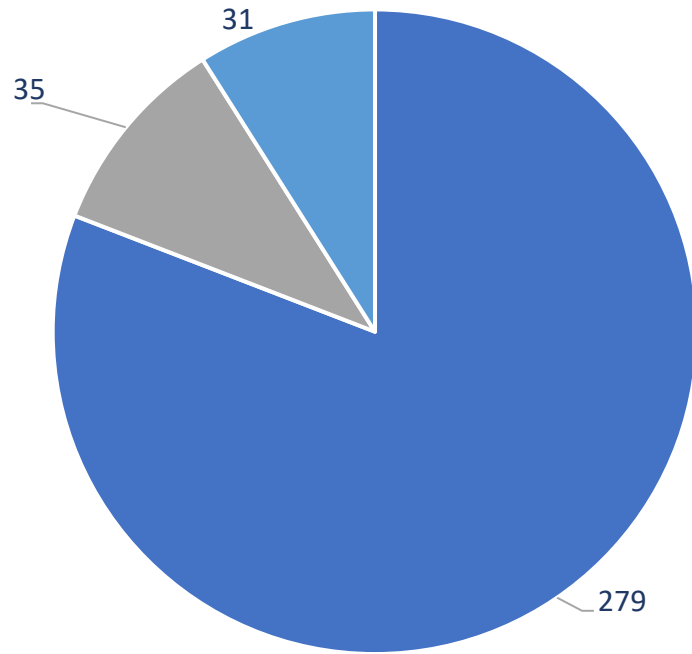
Source: Banytė and Mulhearn, 2023

The Survey Respondents' Occupations

Description of the survey respondents' occupations

| Type of professional occupation	Dynamics of transaction prices, %	Dynamics of rentals, %
Planner	3%	3%
Investor	1%	1%
Architect	1%	2%
Lawyer	2%	2%
Banker	3%	2%
Developer	1%	1%
Property market analyst	19%	23%
Property adviser	15%	16%
Property appraiser	17%	14%
Property brokers	22%	21%
Other (scientist, surveyor, lecturer, educator,	15%	16%
Total	100%	100%

Source: Banytė and Mulhearn, 2023, Table 1

The Number of Respondents and Their Experience

31

35

279

■ Private organisation ■ Public organisation ■ Other (association)

Number of respondent organisation
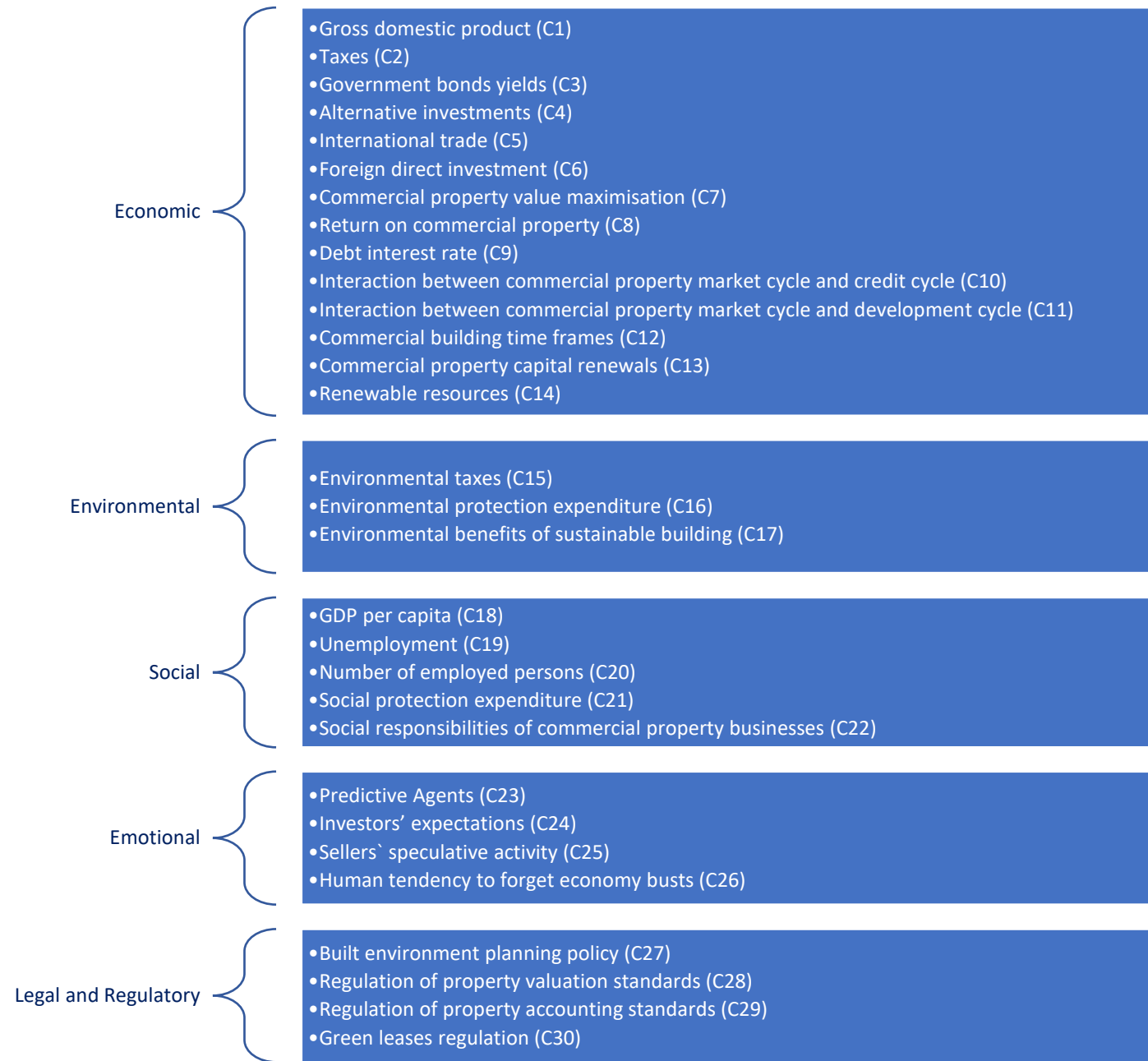
18

93

151

83
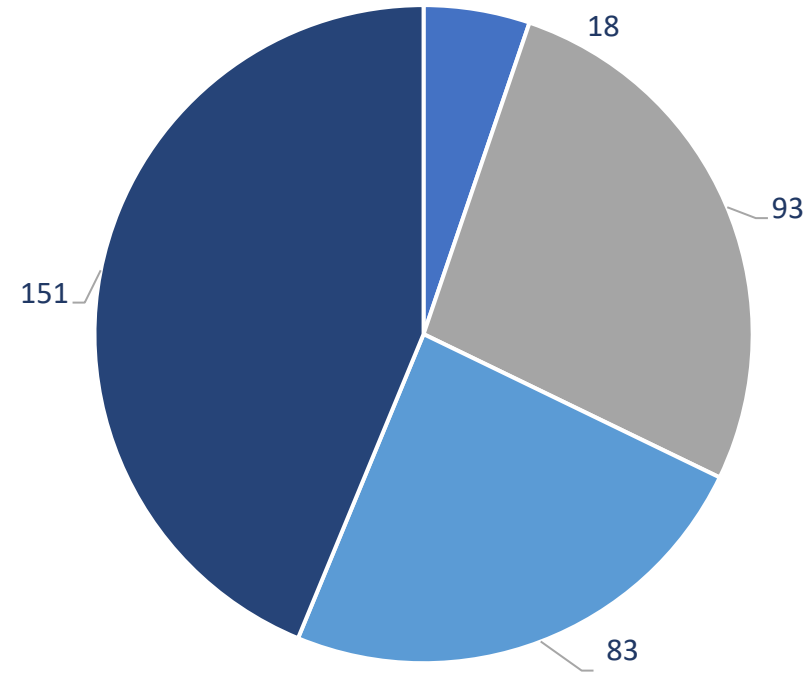
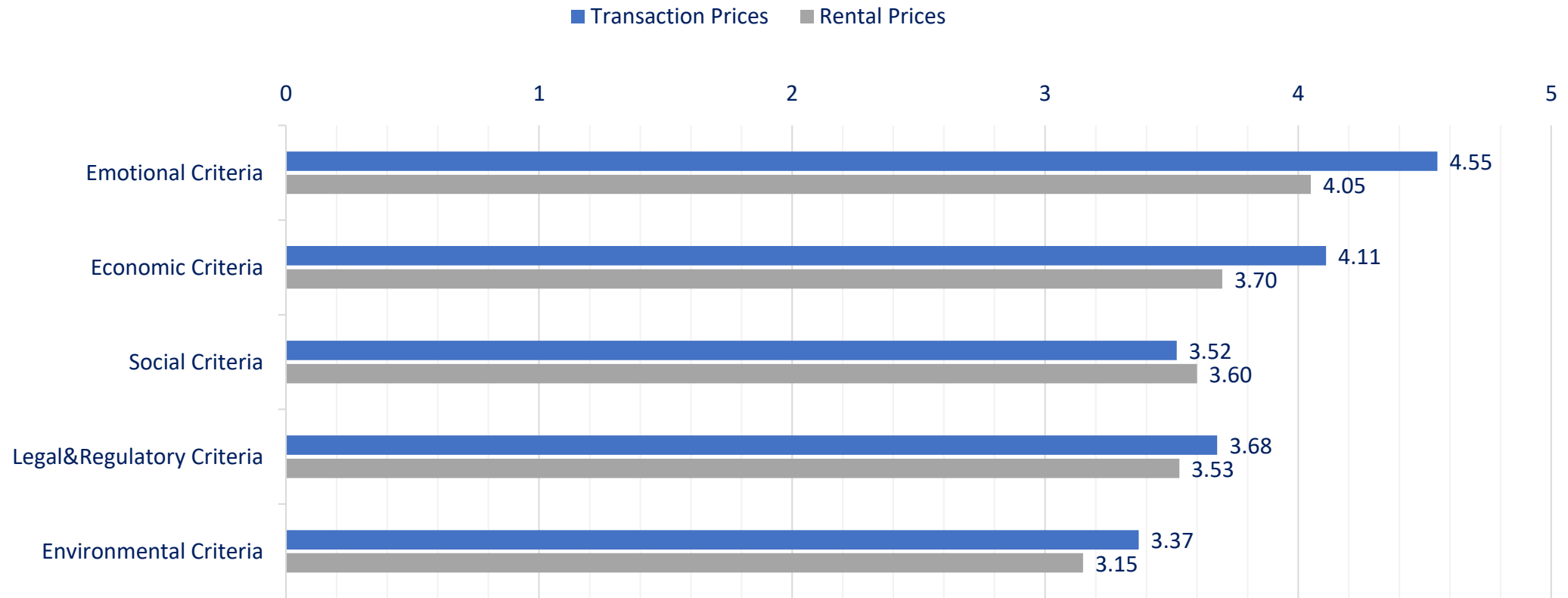■ Less than 1 year ■ 1–4 years ■ 5–10 years ■ More than 10 years

Respondent professional experience

Source: Banytė and Mulhearn, 2023, Figure 2 and Figure 3

Criteria

Economic
- Gross domestic product (C1)
- Taxes (C2)
- Government bonds yields (C3)
- Alternative investments (C4)
- International trade (C5)
- Foreign direct investment (C6)
- Commercial property value maximisation (C7)
- Return on commercial property (C8)
- Debt interest rate (C9)
- Interaction between commercial property market cycle and credit cycle (C10)
- Interaction between commercial property market cycle and development cycle (C11)
- Commercial building time frames (C12)
- Commercial property capital renewals (C13)
- Renewable resources (C14)

Environmental
- Environmental taxes (C15)
- Environmental protection expenditure (C16)
- Environmental benefits of sustainable building (C17)

Social
- GDP per capita (C18)
- Unemployment (C19)
- Number of employed persons (C20)
- Social protection expenditure (C21)
- Social responsibilities of commercial property businesses (C22)

Emotional
- Predictive Agents (C23)
- Investors' expectations (C24)
- Sellers` speculative activity (C25)
- Human tendency to forget economy busts (C26)

Legal and Regulatory
- Built environment planning policy (C27)
- Regulation of property valuation standards (C28)
- Regulation of property accounting standards (C29)
- Green leases regulation (C30)

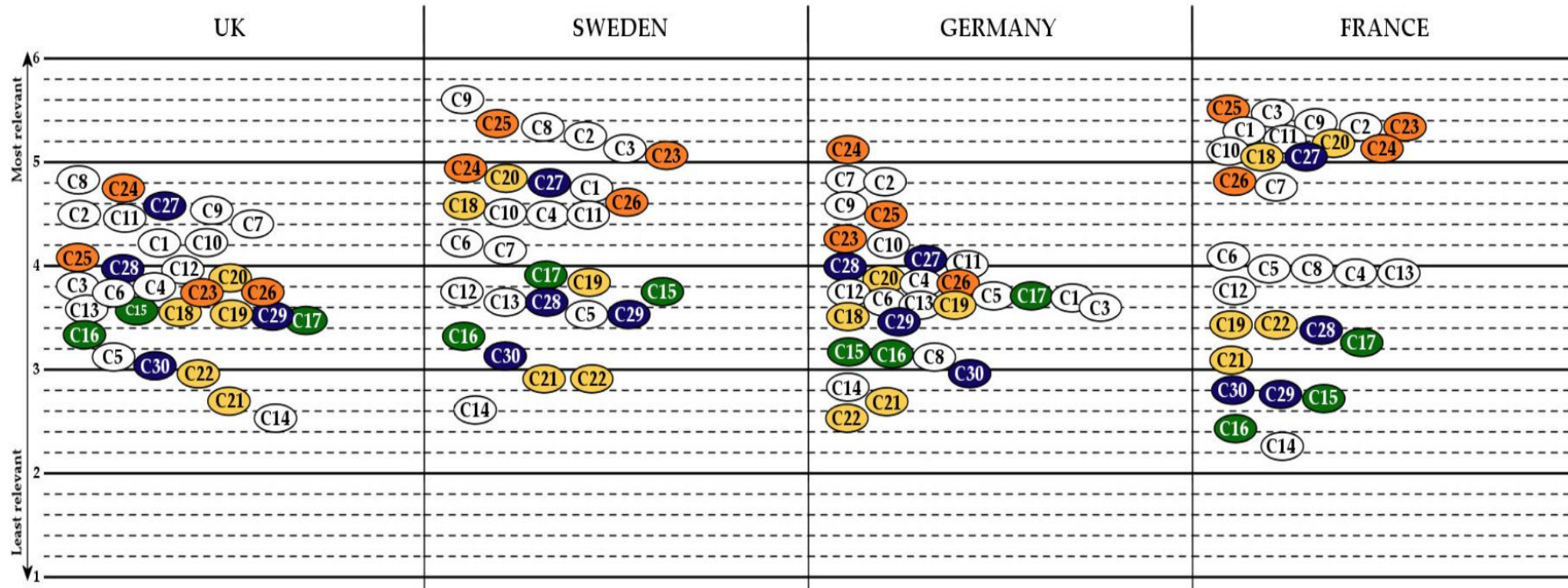Source: Banyte, 2020, Figure 2-18, page 86

Ranks` Central Tendency

Central tendency of criteria's groups for rentals and transaction prices dynamics
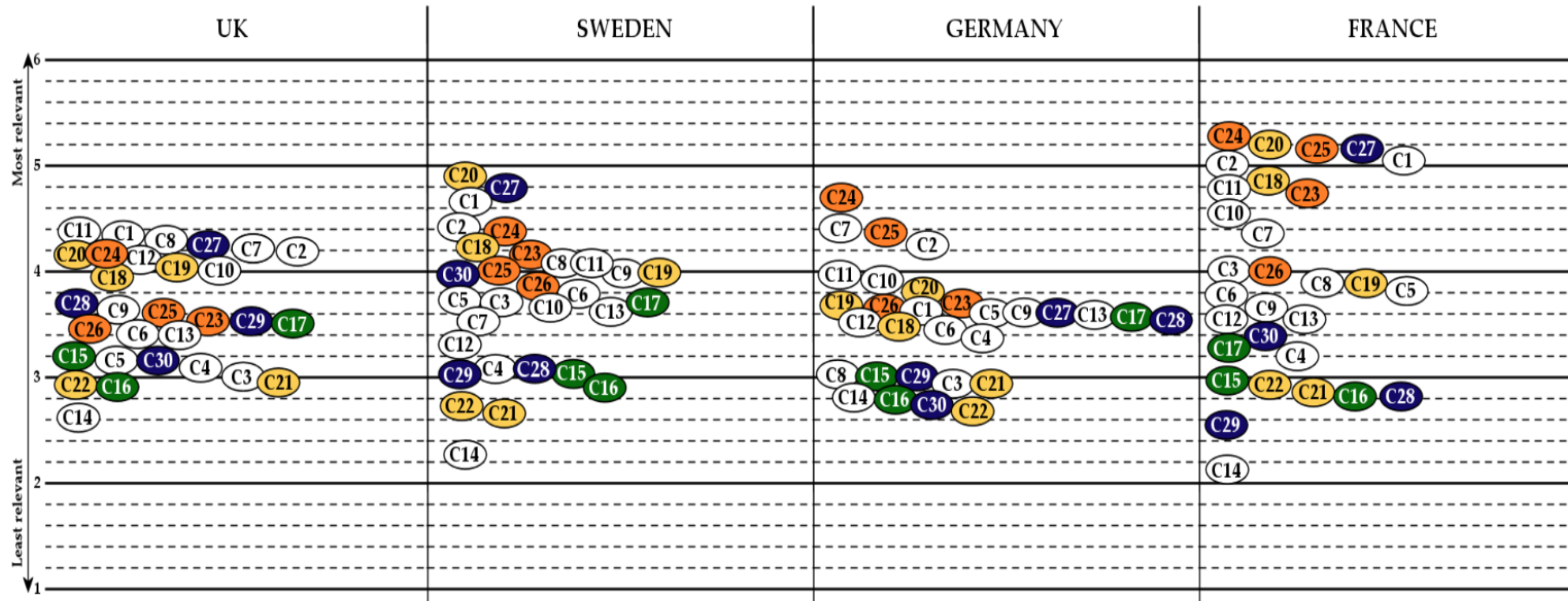
Source: Banytė and Mulhearn, 2023, Figure 5

Mean Scores of Relevance for the 30 Criteria for the Transactions

Mean scores of relevance for the 30 criteria (C1–C30) for the transactions as rated by the four countries` experts from 1 = "not at all important" to 6 = "extremely important").

Source: Banytė and Mulhearn, 2023, Figure 6

Mean Scores of Relevance for the 30 Criteria for the Rentals

Mean scores of relevance for the 30 criteria (C1–C30) for the rentals as rated by the four countries` experts from 1 = "not at all important" to 6 = "extremely important").
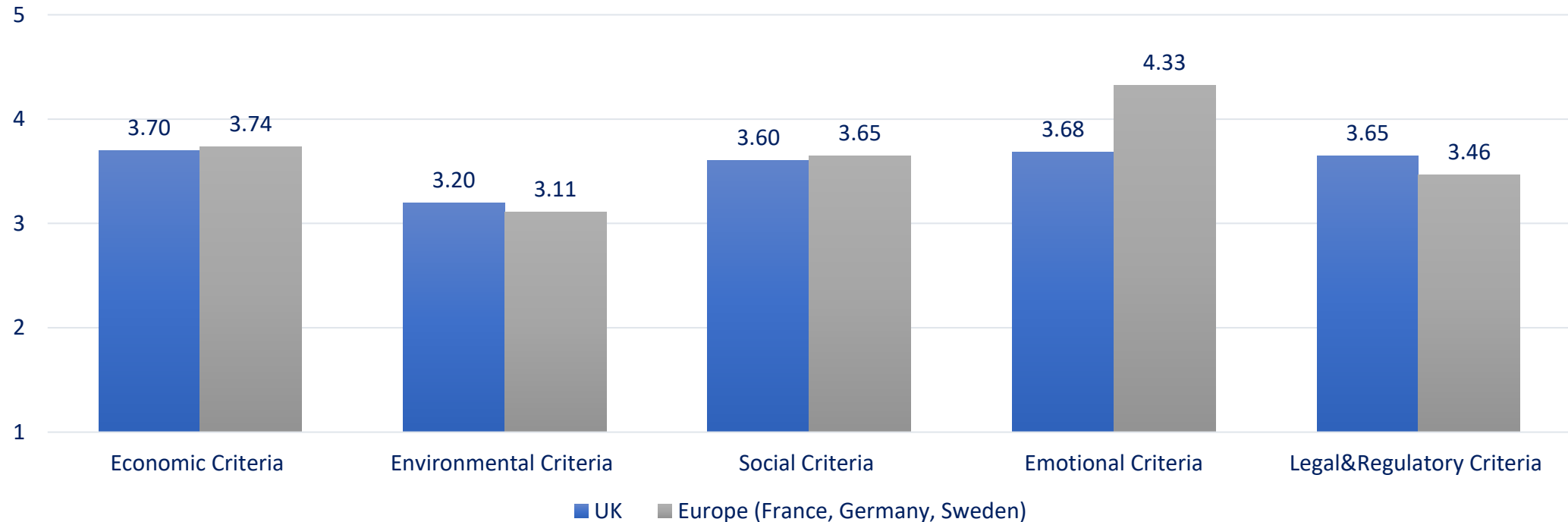
Source: Banytė and Mulhearn, 2023, Figure 7

The Average Relevance Rates of Transactions Dynamic Criteria
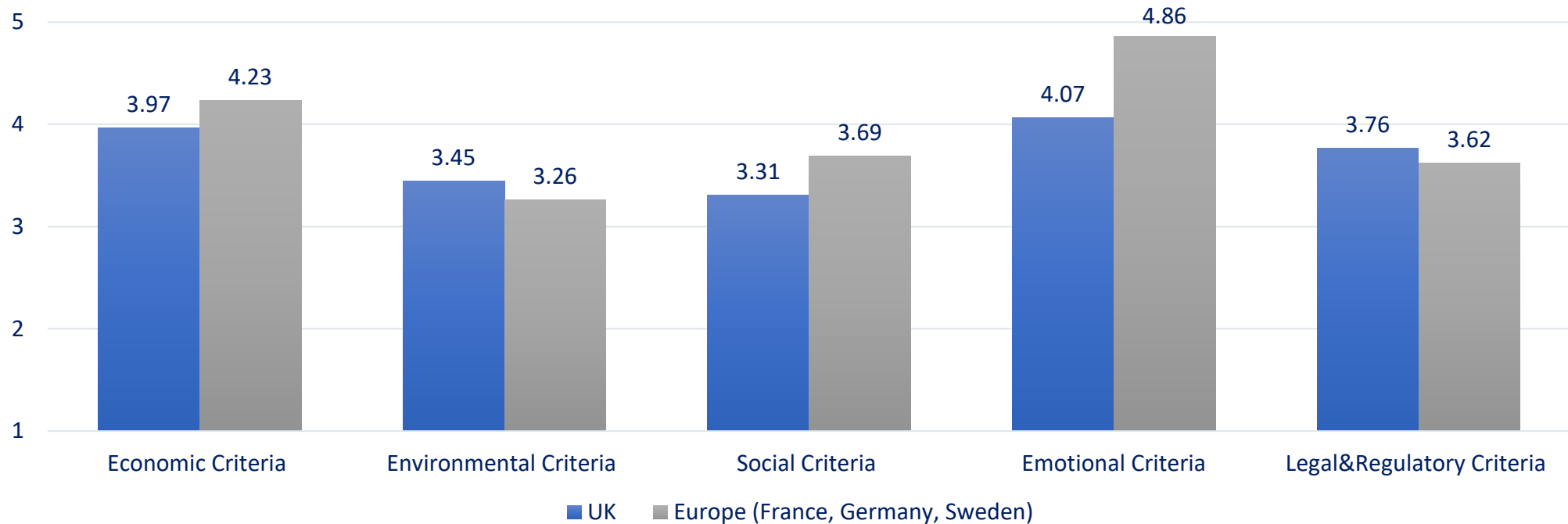
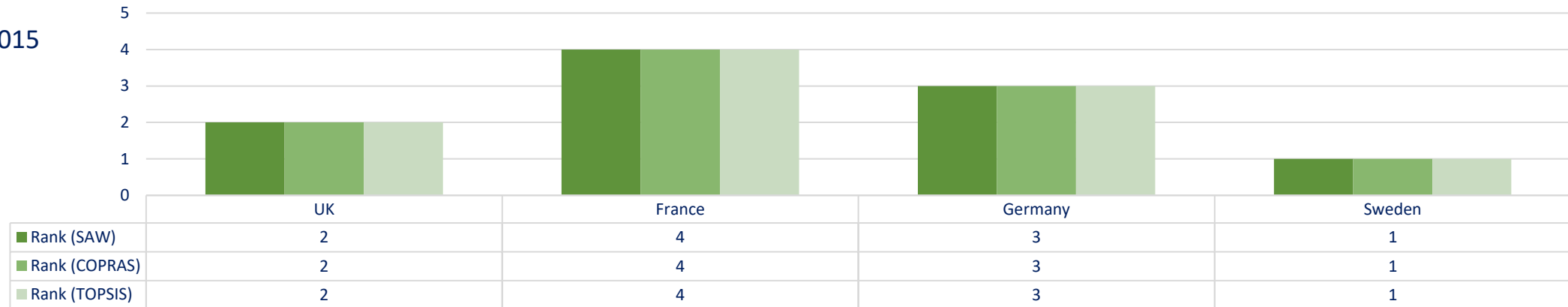The average relevance rates of transactions dynamic criteria for the UK and mainland Europe

The Average Relevance Rates of Rentals Dynamic Criteria

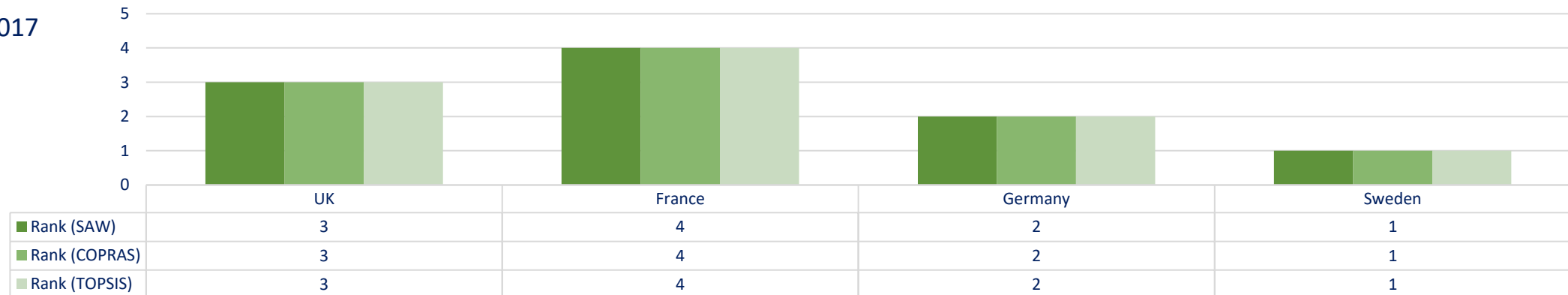The average relevance rates of rentals dynamic criteria for the UK and mainland Europe

Source: Banytė and Mulhearn, 2023, Figure 9

Brexit and Decision Making for Capital Market

2015

	UK	France	Germany	Sweden
Rank (SAW)	2	4	3	1
Rank (COPRAS)	2	4	3	1
Rank (TOPSIS)	2	4	3	1

Source: Self-Study

2017

	UK	France	Germany	Sweden
Rank (SAW)	3	4	2	1
Rank (COPRAS)	3	4	2	1
Rank (TOPSIS)	3	4	2	1

Source: Banyte, 2020, Figure 7-26, page 242

14

Brexit and Decision Making for Rentals Market

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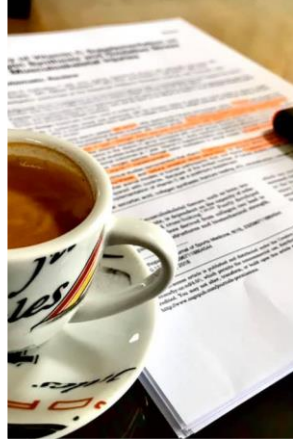|	UK	France	Germany	Sweden
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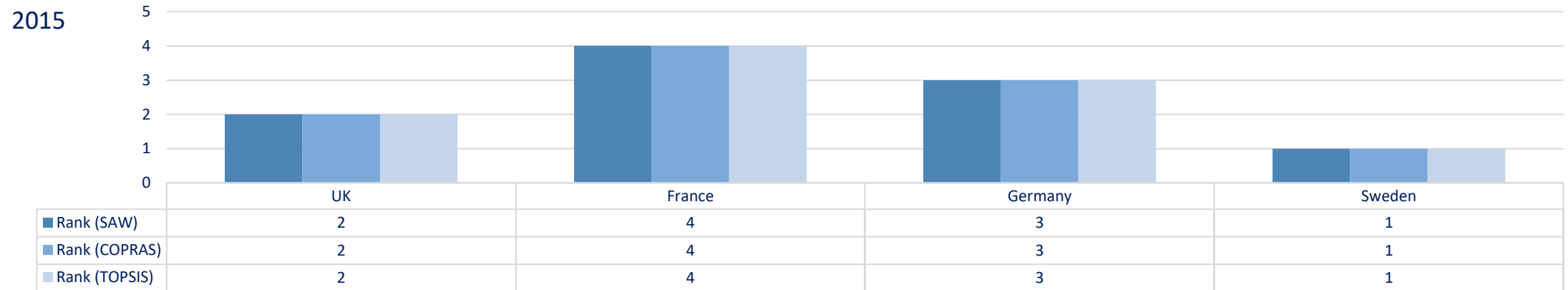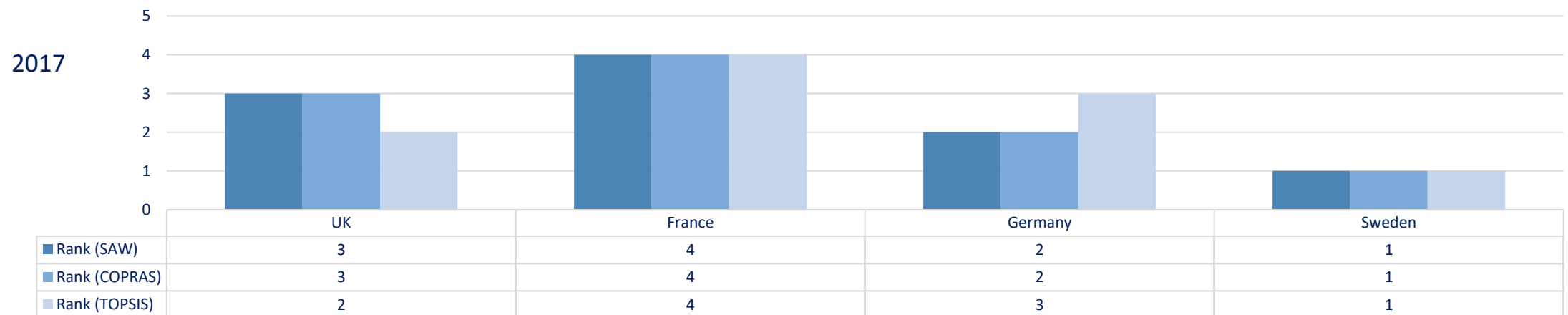
Source: Banyte, 2020, Figure 7-28, page 244
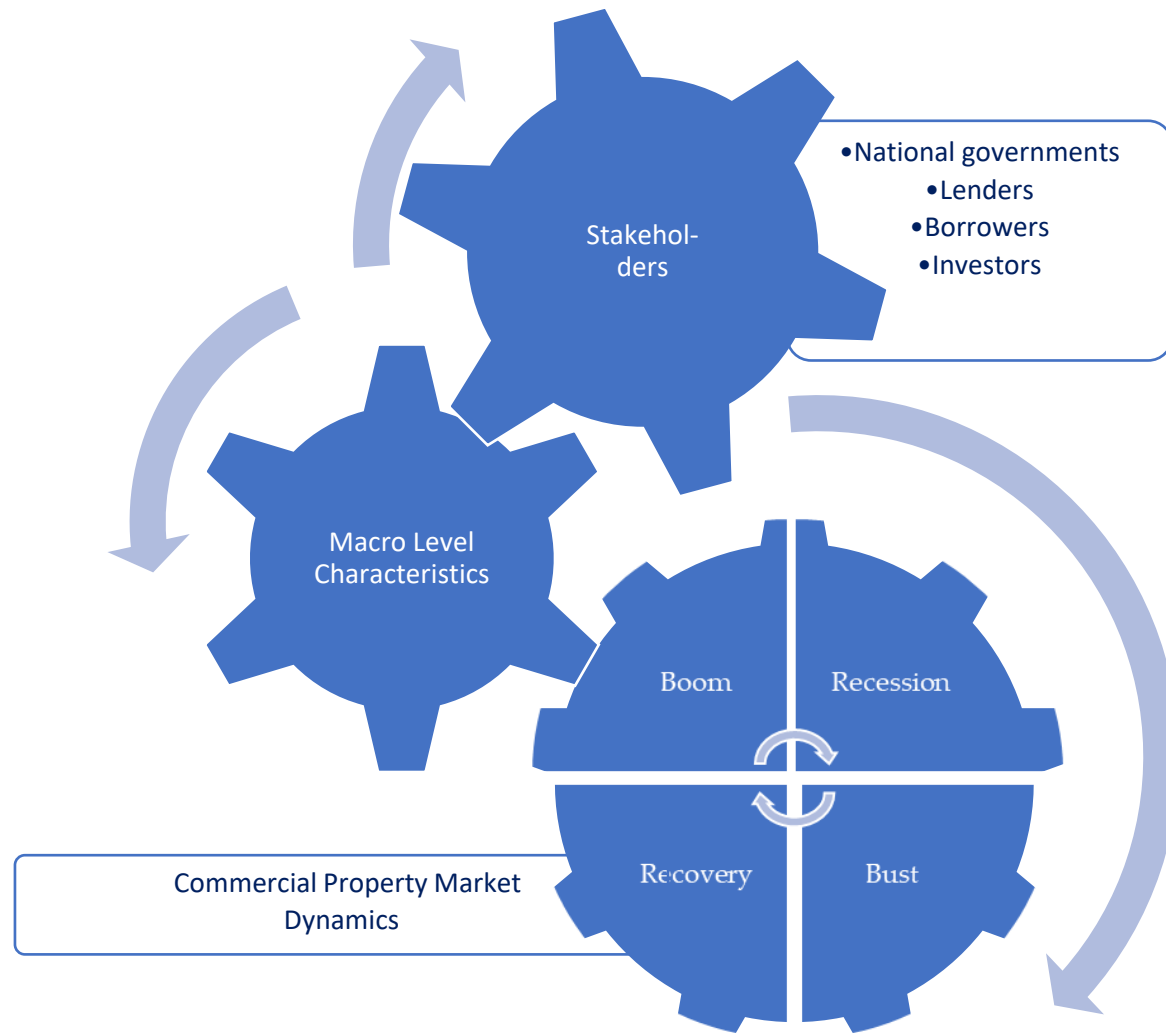
Findings and Practical Implication

30 characteristics have been identified that impact the dynamics of the commercial property market

The practical implication:

To facilitate the decision-making process

Source: Banytė and Mulhearn, 2023

Beneficiaries of Research

Beneficiaries and Commercial Property Market Dynamics (Source: Banyte, 2020, Figure 8-1, page 255)

Literature

1. Banyte, J., 2020. *A Framework Development to Facilitate the Effective Management of a Sustainable Commercial Property Market*. Liverpool John Moores University (United Kingdom).

2. Banytė, J. and Mulhearn, C., 2023. Is there an optimum way for the commercial property market to adjust to the changing circumstances? *Property Management*.

Any Questions?