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DEVELOPMENT OF THE RESIDENTIAL REAL ESTATE MARKET: REGIONAL ASPECT

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РОЗВИТОК РИНКУ ЖИТЛОВОЇ НЕРУХОМОСТІ: РЕГІОНАЛЬНИЙ АСПЕКТ

The real estate market in Ukraine has always been an indicator of the development of the country's economy as a whole, as the housing market plays an important role in the national economy structure. The article examines the stages of development of the residential real estate market of Ukraine and its regional aspects. According to the research results, while depicting current situation in the residential real estate market of Ukraine, eight stages of its formation should be considered. The modern Ukrainian housing market began to take shape in the early 1990s as part of the process of transition from the planned economy model to the market one. The last stage - the eighth - began in 2009 and continues until now. At the eighth stage low activity of real estate sales is observed, and the value of objects depends on the type of real estate and location (region). As it was defined today the Ukrainian real estate market is stagnant, but the formation of regional housing markets in Ukraine is a very complex process and its development is affected by a large number of factors. Factors are classified into six groups: territorial, economic, legal, demographic and socio-psychological factors and factors that comprise qualitative characteristics of housing. Specific process of regional housing markets formation also affects rental price in the cities around the country. This article presents and compares the average apartment rental cost (by type) in the regional centers of Ukraine in January 2019 and 2018. Prices have risen the most in the cities of Lutsk and Sumy. The real estate rental market is a reflection of the socio-economic situation in the country as a whole, or a particular region or even a particular localtion. The main driver of modern residential real estate market development in the regions of Ukraine and overcoming the state stable and depressed economy is to establish a balance between people's ability to pay and pricing policy of developers.

Ринок нерухомості в Україні завжди був індикатором розвитку економіки країни у цілому, оскільки ринок житла займає важливе місце в структурі національної економіки. У статті досліджено етапи розвитку ринку житлової нерухомості України та його регіональні особливості. За результатами досліджень визначено, що характеризуючи сучасну ситуацію на ринку житлової нерухомості України слід враховувати вісім етапів його становлення. Сучасний український ринок житла почав формуватися на початку 90-х років ХХ століття як складник процесу переходу від планової до ринкової моделі економіки. Останній етап – восьмий - почався у 2009 році і триває до теперішнього часу. На восьмому етапі спостерігається низька активність продажу нерухомості, а вартості об'єктів залежить від типу нерухомості й місця розташування (регіону). Встановлено, що сьогодні український ринок нерухомості перебуває в стагнації, проте формування регіональних ринків житла України є надто складним процесом і відзначається великою кількістю чинників, що впливають на його розвиток. Чинники зведено у шість груп: територіальні, економічні, законодавчо-правові, демографічні та соціально-психологічні чинники та чинники, що включають якісні характеристики житла. Особливості формування регіональних ринків житла також активно проявляються у вартості оренди квартир у містах країни. У статті подано та порівняно середню вартість оренди квартир (за видами) в обласних центрах регіонів України у січні 2019 і 2018 роках. Найбільш вирости ціни у містах Луцьку та Сумах. Ринок оренди нерухомості є відображенням соціально-економічного стану в країні загалом, чи окремому регіоні або ж навіть окремому населеному пункті. Основною умовою активізації розвитку сучасного ринку житлової нерухомості в регіонах України та виходу зі стану депресивної стабільності є встановлення балансу між платоспроможністю населення та ціновою політикою забудовників.

Keywords: *real estate market; region; stages; rent housing.*

Ключові слова: *ринок нерухомості; регіон; етапи; оренда житла.*

Problem Statement. The real estate market in Ukraine has always been an indicator of economic development as a whole, as the housing market plays an important role in the national economy structure. In particular, it ensures a connection between housing customer and its manufacturer - the construction industry, determines the relationship between demand for housing and its supply, sets economically balanced housing prices, sets prices for public housing programs, determines the most efficient forms of housing, acts as a tool for redistribution of housing between citizens, etc.

Analysis of recent research and publications. Fundamental research aimed to consider the patterns of formation and functioning of the real estate market and reflected in the works of leading domestic and foreign scientists Shokurova N.V., Asaul A.M., Pavlova V.I., Pilipenko I.I., Pavlikhi N.V., Balabanov I.T., Berezhna A.Yu., Volochkov N.G., Gritsenko O.A., Kovalenko M.A., Myagkov V.A., Platonova E.N., Petrenko M.A., Davidenko N.M., Voronchenko O.V. and others [1-10]. However, patterns and trends in the real estate market of Ukraine require scientific generalization and constant monitoring.

Goals setting. Determine the stages of development of the residential real estate market of Ukraine and its regional aspects.

Presenting main material. The modern Ukrainian housing market began to take shape in the early 1990s as part of the process of transition from the planned economy model to the market one. Its emergence was made possible due to the privatization of a significant share of housing, the adoption of a number of laws that laid the institutional foundations of the residential real estate market, created the conditions for attracting funds from private companies and individuals in the housing sector.

Depicting current situation in the residential real estate market of Ukraine, we should not forget about the eight stages of its formation [1].

The first stage - 1992-1996: The Verkhovna Rada of Ukraine adopted the Law "On privatization of state housing", which allowed to legalize the bulk of transactions for the sale of real estate. During this period the market has been formed, prices have increased, along with increasing number of transactions. The second stage - 1997-1998: a period of price stabilization and price reduction. It was accompanied by a reduction in the number of transactions on the market. The third stage - 1999-2000: a period of rapid decline in prices. In 1999, compared to 1996, the number of transactions in the market decreased by almost one third. However, the sharp decline in prices in 2000 led to an increase in market demand and, consequently, to an increase in the physical volume of the market. All this has led to a change in market trends and start of a new stage – beginning of gradual rise in prices. The fourth stage - 2001: the beginning of a gradual rise in prices. In the first eight months of 2001, real estate prices began to rise slowly. It happened due to the processes of the last stage. The fifth stage - 2001 - 2004: sharp and prolonged rise in prices. Concerns about the US

economic stability and the US dollar have led to a significant flow of capital into the real estate market. In 2002-2004, this factor impact decreased, but the growth of the economy, the increase in effective demand, the growth of mortgage lending by banks led to a significant acceleration of prices on the residential real estate market. The sixth stage - 2004 - 2008: the absolute increase in real estate prices under the pressure of political, economic and other factors has led to the fact that the cost of apartments over the last 8 years has increased in the cities of Ukraine by 6-7 times. The seventh stage - 2008-2009: a sharp fall in prices - a collapse - caused by the global financial crisis. The eighth stage - 2009 and to date, the real estate market of Ukraine is at the lower end of the recession. During this phase, the activity of real estate sales is very low, real estate and rental prices continue to decline. The decrease in the value of real estate objects depends on the type (classification) of real estate and location (price zoning). There is no mortgage lending. Banks are not ready to lend even to reliable borrowers with a positive credit history on the falling market. There is no lending to the corporate sector, and almost no construction [1].

Today the Ukrainian real estate market is stagnant. Prices are falling and sales are low. This is due to the lack of sufficient effective demand. People do not have money to buy expensive real estate. Yes, the level of apartment prices in Kiev is about the same as in the capitals of Central European countries. However, the regional housing market is a complex dynamic system with significant territorial imbalance. The synthesis of theories of regional development and general economic theories suggests that pricing on the regional housing market is a process of interaction of supply and demand for residential real estate in the region [11].

The formation of regional housing markets is a very complex process and is characterized by a significant variety and, leading to a large number of factors that influence the processes of its formation. The first group includes territorial factors of the housing market, among which are the location of the property, the infrastructure of the territory, the environmental situation. The second group of factors includes the qualitative characteristics of housing, among which are: construction materials; operational characteristics and depreciation; architectural and planning features of real estate. The third group is represented by economic factors, which include people's income, income of developers; general level of development in the region or location; investment factor; mortgage factor, speculative factor and the development of the construction industry in general. The group of demographic factors includes an assessment of the demographic situation, the labor market in the region, migration processes, the settlement system and security level of the territory. Legislative and legal factors are depicted through state and regional policies in the housing market, housing programs, taxation, lending and insurance in the housing market. Socio-psychological factors include consumer behavior and consumer preferences, price expectations, seasonality, ethnic or religious characteristics of the region [12].

Features of the formation of regional housing markets will also impact rental cost of apartments. Table 1 shows the average rental cost of apartments (by type) in the regions in January 2019 [12, p.61].

Table 1 - The average rental cost of apartments (by type) in regions of Ukraine in January 2019 (UAH per month)

City	The average rental cost of apartment	Change vs. January 2018, %	Type of apartment		
			1-room	2-room	3-room
Vinnitsia	4281	15,67 %	4500	5148	3666
Dnipro	18072	-4,65 %	6704	10557	16969
Donetsk	5579	-4,81 %	3125	4956	6087
Zhytomyr	10069	-58,20 %	3548	3877	3725
Zaporizhzhia	6193	8,34 %	3966	4374	6425
Ivano-Frankivsk	3875	22,20 %	3133	4770	4580
Kiev	29513	5,96 %	10819	17347	30083
Kropyvnytskyi	3341	-20,65 %	2695	3198	2914
Kremenchuk	4038	-26,03 %	2767	3163	6183
Lugansk	2303	26,27 %	2041	2359	2509
Lutsk	4130	45,14 %	3258	4732	4400
Lviv	8355	37,51 %	7158	9202	12787
Mykolayiv	3895	148,72 %	3951	4533	6929
Odessa	16538	-1,84 %	8191	10 615	17730
Poltava	72893	-55,92 %	5315	6793	6705
Rivne	4331	41,06 %	4227	4780	3987
Simferopol	13363	6,07 %	10576	12484	14961
Sumy	5078	72,22 %	3960	4900	5012
Ternopil	7023	-24,79 %	5483	4418	4945
Uzhhorod	3909	-1,47 %	3909	5001	5222
Kharkiv	12113	-2,09 %	6183	8978	18501
Kherson	5308	34,94 %	3578	5778	6450
Khmelnitskyi	3470	-3,19 %	3407	3335	3613
Cherkasy	6182	-17,95 %	3143	4662	5601
Chernihiv	4266	-6,40 %	3474	4083	6364
Chernivtsi	6445	12,34 %	5013	6172	6143

Conclusions. Thus, the regional housing market is a complex dynamic system with significant territorial imbalance. The basis for determining the price is the location of the object within a certain area and the value of the object for a particular customer. The real estate rental market is a reflection of the socio-economic situation in the country as a whole, or a particular region or even a particular location. The residential real estate rental market is characterized by seasonality. In large cities, the demand for rental housing decreases significantly in the summer months and intensifies significantly in late August - early September. The supply of rental housing is formed through the construction of new housing and people migration. The main condition for the formation of a modern residential real estate market in the regions of Ukraine and its exit from the state of depressed stability should be the establishment of the balance between the people's ability to pay and the pricing policy of developers.

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