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Property value and the urban sustainability paradigm

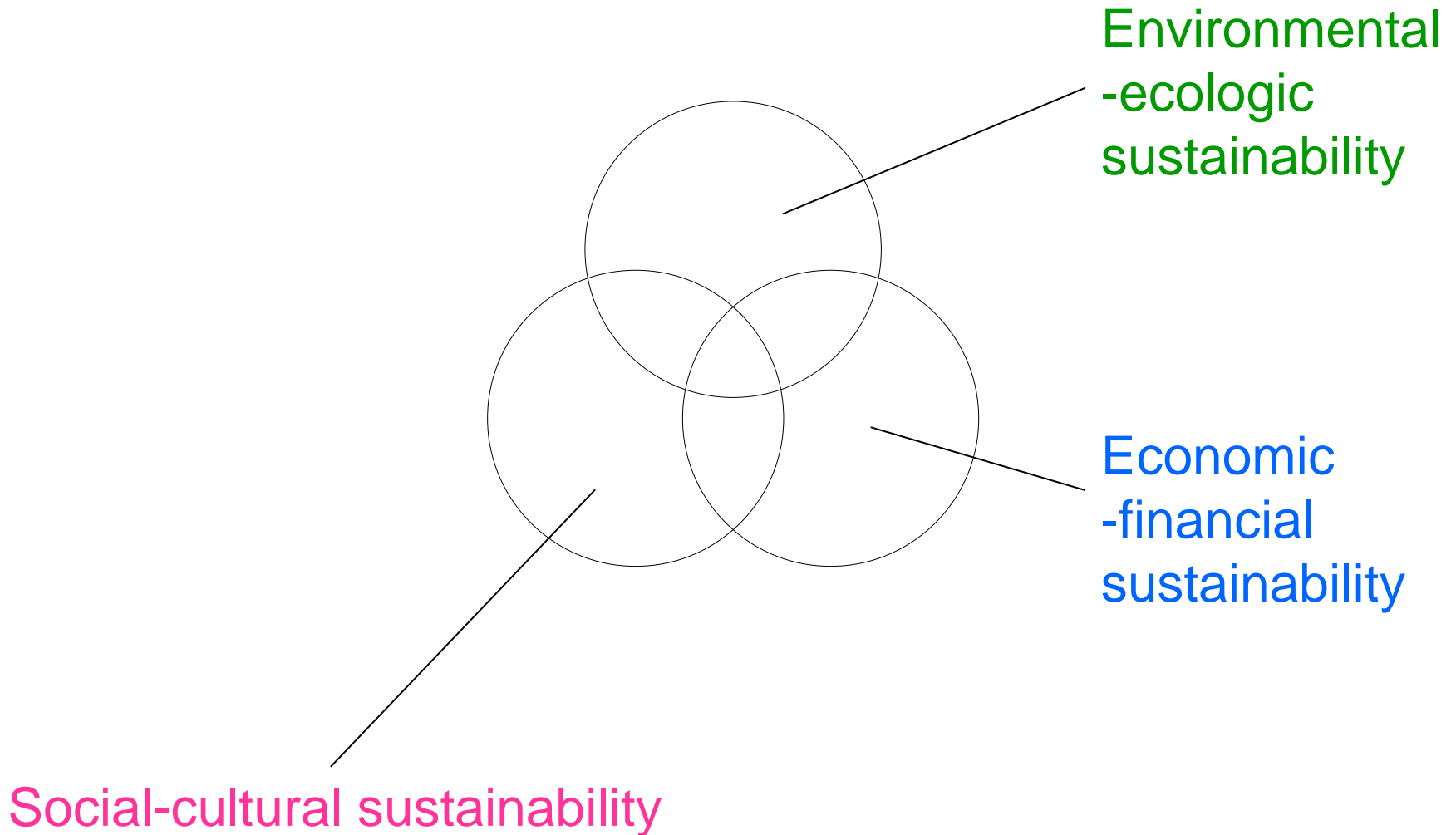
- some private sector aspects

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The theoretical starting point



- My argument: the property value can be increased by both sustainable and unsustainable elements
- Neoliberalist/globalisation rhetorics is replaced by urban sustainability rhetorics (promising)
- Two research questions are here of interest:
 - What are the motivations for the individual firm/corporation for going ‘green’ or sustainable including global business operations?
 - What are the implications of going ‘green’ or sustainable for the property value?
- Two case studies from Hungary

Case 1: Sustainability issues in new projects in the Budapest region

In the new millennium the redevelopment of certain centrally located residential areas has become attractive also for the private sector

All current projects are completely private – the local government has no role beyond giving permission.

The most important ones:

- *Simplon Udvar* – in a project by *ING RE*, 100 new homes were built in connection with a large shopping centre.
- *Duna City - megaproject*
- *Öböl project* – a public park on the Buda side in district XI; waterfront dwellings built by a Portuguese company.
- In district IX, a residential project (Israeli)
- *Marina Part* in Angyalföld (district XIII) near *Duna Plaza* is the first large Danube waterfront project, comprising exclusive flats for well-to-do buyers.

Various innovative selling schemes (i.e. tricks) in a market downturn.

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The prices of new built are always higher than the second hand market, which would suggest that including a higher cost post contributed to sustainability is viable.

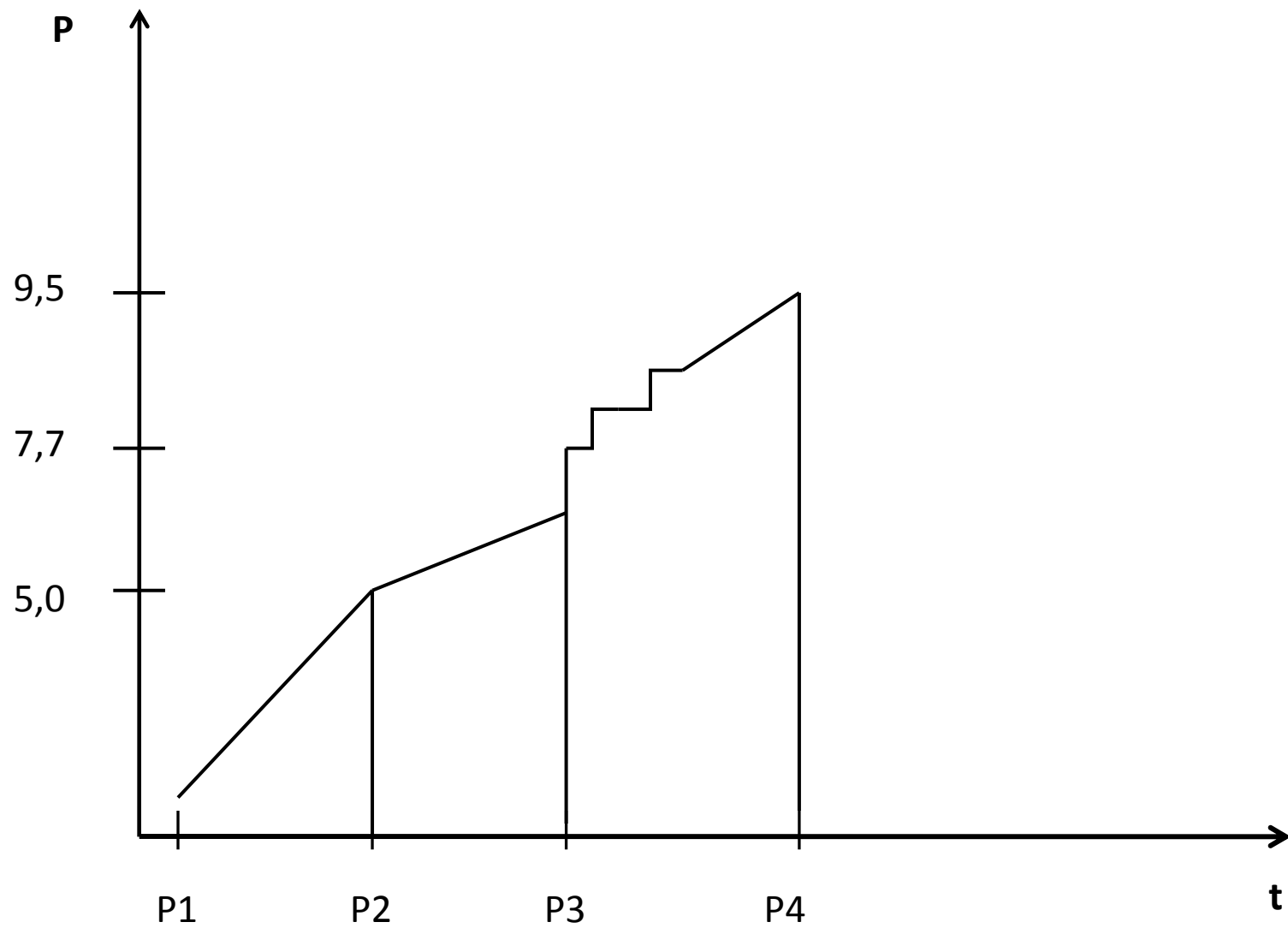
Some sustainability strategies are on the horizon:

- innovative *green* office buildings
- public infrastructure
- affordable housing (in preparation).

However,

- only in the office market sustainability elements are established actively – glass surface, green heating, technical issues and so forth, e.g. in Törökbálint the *Pannon Telecom* headquarters building is also about functional issues of the workforce
- no social or economical sustainability aspects about how the new building(s) will fit into the surrounding environment (i.e. internal attributes only matter)
- the reality of near total (un)sustainability can be exemplified with the Hungarian type of gated communities (residential park, *lakópark*, *lakókert*).

Case 2: *Daimler Benz* in Kecskemét



Conclusions

It is being recognized that property values are being distorted and that, because of this, misinformed and unsound decisions are being made.

This is seen as one of the deeper causes for unsustainable behaviour in property and construction markets.

In the Hungarian context the following kinds of unsustainability problems exist:

- In the residential sector and concerning the surroundings of the building there is no price reduction for the lack of sustainable elements
- The new gated community-like developments (residential parks) are almost completely seller-driven, which generates unsustainable tendencies in the price setting
- Changes in land ownership and land use involve political and lobbying practices that are extremely unsustainable in the long run.