

# Editorial: Key insights on real estate investment and policy across Europe

In the last 15 years, the globalization of real estate markets has become a prominent area of research. Traditionally considered local, real estate markets were shown by the financial crisis to be interconnected on a global scale. Key transmission channels in this process have included capital markets and, notably, monetary policy – this latter factor represents a conceptual shift that has drawn attention to the impact of residential prices on monetary policy goals and the dynamics of housing price acceleration. Real estate research has since evolved into two main approaches: the traditional approach, which examines specific mechanisms and microeconomic aspects of the market, and the global approach, which connects aggregate economic factors and the role of capital markets within a shared, interconnected framework.

This issue features seven articles that integrate both global and local perspectives. The first two articles focus specifically on global aspects. *Cöen and Purcelot* examine monetary shocks and their effects on residential prices in Europe, focusing on the impact across thirteen European cities. The study demonstrates that the effects of conventional monetary policy account for a larger portion of residential price variation than shocks from unconventional monetary policy, highlighting the role of interest rates over liquidity and money supply. Meanwhile, *Morri, Colantoni and De Paolis* investigate the relationship between ESG metrics and financial outcomes in the real estate industry, analyzing data from over 200 publicly listed companies in the sector. Their paper evaluates how governance, environmental and social dimensions influence financial and market outcomes and identifies how these elements distinctly shape the ongoing discourse on sustainable business practices.

Blending macroeconomic and financial market perspectives, *Andreas J. Kassner* analyzes the factors driving investment in PropTech and FinTech. Using multiple linear and quantile regression models on a sample of 338 observations for PropTech and 595 for FinTech across 18 European countries between 2000 and 2021, the study reveals that higher real estate transaction volumes positively influence PropTech investments, while a wider real estate yield-bond gap negatively affects FinTech investments. These insights are essential for understanding how specific real estate metrics shape capital flows into these innovative sectors.

The following papers offer an in-depth analysis of various aspects of real estate investment across European countries. *Wilhelmsson and Warsame* examine the impact of tax deductions for renovations, conversions and extensions on housing prices in 290 Swedish municipalities. Their study reveals a notable virtuous cycle among subsidies, housing prices and renovation activity, with subsidies having a positive influence on renovation efforts.

Meanwhile, *Hutchison, Tiwari, Koblyakova, Grenn and Tan* assess lending risks at the local level across the UK. Their paper identifies areas with high household borrowing concentrations, revealing a relatively larger debt burden in London and its surrounding local authorities. They also find a positive correlation between high levels of unsecured lending and multiple deprivations in England, highlighting the adverse effects of rules that are responsible for unsecured borrowing.

*Gardner, Orr, Jackson and White* analyze the retail investment landscape in the UK, examining the strategies and tactics employed by investors. Drawing on data from semi-structured interviews with investors and secondary market analysis, this research introduces a new framework for real asset management, informed by the practical insights from owners and managers. It emphasizes short-term risk mitigation strategies, identifies tenant categories, such as temporary tenants and outlines various methods for addressing unmet tenant demand.



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Finally, *K'Akumu O.A* offers a revision of the definition of the body of knowledge for real estate, connecting it with real estate practice. Based on a literature review, this educational briefing argues for the inclusion of “social ethics” and “central structure” in defining real estate’s body of knowledge, which should be grounded in the “activity nodes” that make up real estate practice.

I hope you find this issue both insightful and engaging.

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