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### IDENTIFICATION OF ENDOGENOUS FACTORS IN REAL ESTATE MARKET: CASE OF TIRANA, ALBANIAN CAPITAL CITY

#### INTRODUCTION

Real estate market is affected by so many factors. The degree level of these factors is subject of different markets and regions, national or international as well (Car.2009).

As far as individuals are concerned, buying of a dwelling, is considered as one of the biggest investments in a lifetime (Glindro, Subhanij, Szeto and Zhu, 2008). On the other hand, referring to business entities, buying of a real estate, is considered as one of the most important decision within their budget capital (Gitman and Zutter, 2012).

#### THE LEVEL OF COMPLEXITY IN THE REAL ESTATE MARKET IN ALBANIA IS SIGNIFICANTLY HIGH

Purchase of a dwelling is considered the largest capital expense for Albanians. Notwithstanding this fact, this market is characterized by a high level of informality and lack of statistical data. The only official data on the housing and rental price index in Albania can be obtained by the publication of the Bank of Albania and the data are limited to the market in Tirana. There is no other official data available.

In this paper, three-month time series from 2002 to 2018 were analyzed to identify time lag factors affecting the price index of the Tirana city dwellings. According to the econometric analysis of the VAR model, the endogenous factors with a positive effect on the change of the housing price index are:

- EUR / ALL exchange rate;
- building conditions index;
- and remittances.

Also, an endogenous bipolar impact has the retrospective index values.

In near-term periods, the index's prevailing values affect its trend (positive link), whereas in earlier periods the indexes are trivial. In these circumstances, the housing market in Tirana is characterized by an unsurpassed price fluctuation, influenced by the high level of liquidity in the economy.

A problematic phenomenon is the low efficiency of the monetary policy impact on the stability of the housing market price, which is indicated by the lack of statistical significance of the consumer price index and the treasury bill rate (as the interest rate indexed for credit in the banking system in Albania).

As a conclusion we can say that the offer continues to remain inelastic despite the change of other factors. In this aspect it is to debate over capital resources generated for this sector and there is an open debate on economic circles, and not only, of money laundering in this sector.

In our study were not included the quantitative analysis as a result of the lack of official data of those variables for this market. This involves limitation of this work so scientific discussion remains open in this regard.

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