

Real estate investment and investors needs in distorted times

Issue 14(1) of *JERER* is devoted to investment in REITs focussing on the role of investors and practitioners when they decide to re-shape, rescale or take into account new products within their REITs portfolio. The papers focus, from different perspectives, on the investors' role and how their investment rules reduce uncertainty.

After a major financial crisis and during the COVID-19 pandemic, the investment decision-making process in the real estate market is facing further difficulties stemming from the loss of reference benchmarks and rules, intertwined with uncertainty in the recovery of investment activity. Challenges such as the need to reinvest in green buildings, cities' decarbonisation or global integration increase the relative uncertainty facing investors because of these market distortions. Investors need clear benchmarks in the current period, and this is the aim of the articles in this issue. Most of the manuscripts are devoted to investors or practitioners by supplying tools and knowledge from academic research to help with the portfolio decision-making process.

In the first manuscript, *Lausberg and Krieger* propose using a combination of risk measures with the scoring of instruments to obtain reliable risk scoring in real estate. Their paper argues that the scoring method, widely used in other financial areas, is misused in real estate practice and underestimated in academia, ignoring a critical tool to give real estate investments transparency. They suggest the inclusion of a property's yield change into a risk score and propose procedures for reliable risk scoring in real estate.

REITs are one of the most popular vehicles for real estate investment, and their risk measures are a crucial issue that helps to explain their success in the markets. In the second paper, *Jian Zhou* proposes an alternative way to calculate REITs volatility to provide insights for practitioners, supporting them to forecast REIT volatility. He simplifies the calculation by including three simple measures (mean, median and geomedian, constrained and unconstrained measures) and builds a regression-tool, demonstrating how the volatility can be handled for practitioners needs.

REITs also are required to diversify their portfolio by including green assets. The real estate market will play a prominent role in climate change transformation by promoting investment in green buildings. However, the general perception of REITs portfolios with major exposure to green buildings, that they are less profitable, is discussed in the third paper where *Morri, Anconetani and Benfari*, find how active support of environmental, social and governance policies should deliver strong operational performance linking the financial performance of REITs with their level of greenness. They demonstrate that improving the degree of greenness would boost financial performance to the benefit of current and future generations.

Resulting from the financial crisis, bank lending in Europe was constrained for a long time which affected the real estate investment structure. In the fourth paper, *Falkenbach, Zhukovski and Bouchouicha* analyse the debt diversification strategies in 102 European public real estate companies during that period. The authors evaluate the role of a diversified debt structure on investments flows and concluded that debt structure shows significant importance for European listed real estate companies' investment activities and issuance of public debt can help companies counterbalance the adverse effects of restricted bank loan supply on the investment levels.



Another possibility during distorted periods is to find alternative investment assets. *Sumer and Ozorhon* evaluate whether investment in gold was more attractive than in REITs during the financial crisis. The paper examines and compares the returns of both assets in the Turkish market and finds an asymmetric reaction in that the REIT index performs better than gold prices, but it was a riskier instrument, while gold prices did not affect the returns of the REIT.

The portfolio realignment then becomes the main concern for investment decision-making in a distorted period. *Cooke, Appel-Meulenbroek and Arentz*, in the sixth paper of this issue, analyse those variables influencing Corporate Real Estate (CRE) decision-making, evaluate their relevance and explain their rationale and the implications for CRE managers. The decision variables identified in their research were well-established options for practitioners, defined as solving the problems and reflecting the specified scenario or various sectoral issues.

The final two papers in the issue are devoted to understanding the real estate sector's scope, either from the global or educational perspectives.

Wisniewski and Brzezicka discuss the factors that support the implementation of global processes on the real estate market in a multidimensional analysis to quantify how European real estate becomes universal from local particularisms. By calculating the Glocal Real Estate Market Index (GREMI) with data for 12 EU countries, the paper found that all countries analysed improved their position on this index, suggesting a gradual opening up to globalisation of real estate sectors without losing their local character.

All those changes affect the need for education of a future real estate practitioner. In the last paper, *Saija Toivonen* argues that new skills and thinking are required to establish sustainable decision-making in the real estate industry. The wheel method of learning is proposed to be used in real estate education to address the capabilities needed for the future development of the real estate field.

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