

Real Estate in Spain: the Office Market and its Future Possibility

Name of the Student

Name of the University

Author Note

Acknowledgement

I have to admit that I have gained significant knowledge throughout the research work. This research study helped me to expand my knowledge about the real estate business and its relation with the economy of a selected country. I am thankful to my professors to give me an opportunity to conduct this research work. I am thankful to my guide, without his significant guidance I won't be eligible to accomplish this research. Moreover, I am thankful to my _____ university to offer me this opportunity. I also acknowledge the contribution of my friends and co-workers to help me unconditionally.

Thanking You

Declaration

I, _____ hereby declare that this particular dissertation study is my own work and I have not unethically used other's work to represent it as my own work. The ideas that I have taken from other sources have been duly credited by referencing the portion accordingly.

Date: _____

Place: _____

Abstract

The researcher has mainly projected to a systematic and significant research study based on various chapters, which are stated below in the chronological order:

Introduction: The researcher projected for the aims and objectives along with its relevant research questions and hypothesis. It can be observed that based on the aim to reveal impact of real estate in Spanish economy and its future possibilities the researcher was quite successful in devising its relevant hypothesis in a systematic and logical manner.

Literature Review: Various peer reviewed journal articles were verified in order to understand the influence of real estate business in Spain. The researcher relatively addressed the interaction of financial parameters along with the involvement of technology in this field. Moreover, the persisting gaps in the study was enumerated and evaluated in the study in a systematic and logical manner.

Methodology: Both primary and secondary analysis was involved in this study. The researcher mainly opted for qualitative analysis which was subjected to five potent managers of real estate industry. Based on the interview session, the researcher was quite successful in delivering valuable information based on real life experiences of the learned associates.

Data Analysis and Interpretation: The qualitative data, which was attained from the interview were scripted and thereby interpreted by the researcher. The factor of GDP growth along with its impact on the real estate was evaluated in this chapter. Moreover, effective comparison of the growth of the industry in Spain with other developed countries such as USA and UK was established.

Conclusion and Recommendation: The last but most vital chapter summarized the findings of chapter four and thereby focused on the issues persisting in the contemporary scenario. The researcher was quite effective in designing a recommendation sheet in order to address the issues and thereby gain a systematic and effective infrastructure for Spain. Furthermore, the researcher also projected a scope for future study, which enumerated the opportunities for researchers to focus into

Thus, based on these chapters, the researcher was quite successful in delivering an authentic and effectual research work in a systematic and logical manner.

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Chapter 1 Introduction

1.1 Introduction:

The current research is going to cover about the real estate businesses in Spain. Several factors have contributed towards the growth of real estate industry along with other industries in Spain. Furthermore, the study will be focusing upon the future scope of real estate industry. As it is a known fact that real estate business has been expanding rapidly as the scope of this business is very high. The markets are attracted by this business as the need of lands and office is increasing rapidly in Spain. Increasing tourist's spots in Spain has enhanced the demand of land, building and market place as the owner can achieve high profit from this business. Emerging trends in real estate business has captured large number of people in Spain as this business has possibility of earning more as Spain is one of the most beautiful places in Europe. European market survey evaluates that the trend of investment in real estate has increased in 2013, as people believe that core property is overpriced in almost all the markets (Nourse, and Roulac, 2009).

1.2 Scope of the Research:

The scope of the research is to identify the future possibility of real estate business in the market of Spain. Marketing statistic shows that this business has a shape future as it contribute more upon the economy of a country. Spain is developing country that has been flourished with trade and merchant. Suitable spaces are needed all over the country to build trade building. According to market research real estate, business has contributed 2.7% more in GDP for this real estate business (Alvaredo and Saez, 2009). The commercial real estate sector are increasing rapidly the people invests more on those sector for the desire of better profit.

1.3 Research Rational

The real estate business is a profitable business however it has been that with the changing global economy the future of the market is quite unstable. Other issues are continuously affecting real estate trade are political environment of Spain, Urbanization, demographic shift and rising experimental retail(Alvaredo and Saez, 2009).

It is an important issue as real estate business helps to develop economic status of the country. The future of this business is very sharp and the people are more interested to invest money in the real estate business with the desire of earning more. Changing global economy does uncertain country's economical status. Currency issues soft emergency prices and foreign exchange create an adverse effect on the real estate business.

The researcher will shade light on the solutions that can reduce the issues that are harmful for real estate business and economy of the country. The researcher will also shade light on the impact of real estate on Spanish GDP rate.

1.4 Research Aim

Main aim of the research is to reveal impact of real estate in Spanish economy and its future possibilities.

1.5 Research Objectives

- To critically evaluate the concept elated to real estate and its impact on the trade business
- To analyze the effectiveness of real estate trade business upon the economy of Spain
- To understand the challenges faced by the real estate trade business in the market of Spain

- To recommend possible solutions to the real estate trade business to overcome challenges faced by them in order to enhances future possibility of this business

1.6 Research Hypothesis

H₀The future of real estate is affected by the economic stability of Spain’s market

H₁The future of real estate is not affected by the economy of Spanish market

1.7 Research Questions

Q1) what are the possible future possibility of real estate trade business?

Q2) What is the impact of real estate in the trade business market of Spain?

Q3) What are the challenges faced by the real estate trade business to enhance possibility in the Spanish market?

Q4) What could be the possible solutions that could be invented in order to ensures possibility?

1.8 Time Table

Task and Time	1 st Week	2 nd Week	3 rd week	4 th Week	5 th Week
Introduction of the Topic					
Literature Review					
Research Methodology					
Data Collection					
Conclusion and Recommendation					

Table 1: Time Table

(Created by: Learner)

Chapter 2: Literature Review

2.0. Conceptual Framework

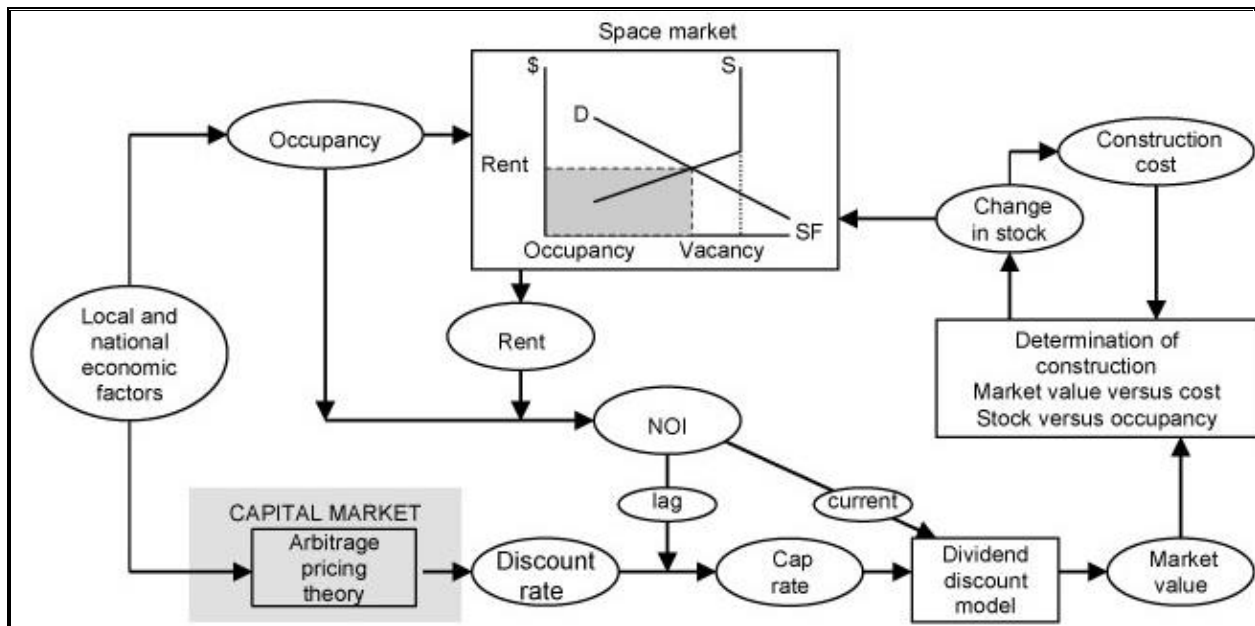


Figure 1: Conceptual Framework

(Source: Author)

2.1 Previous research journals

Various previous research journals have evaluated the impact of real estate business upon the country's economy. In the journal "*Journal of the European Economic Association*" which is written by Alvarado and Saez (2009), has evaluate the role of real estate business in Spain. In this journal the researcher has analyzed that income share of Spain has been increased by 2.5% for the real estate. Real estate price has benefited the middle class people as they made themselves more

involve dealing withier property for trade building purpose. Spain needs more space for trade building as government has taken initiative to expand business rapidly. Increasing need of property has enhanced the notion of real estate rate. Another journal “*The Journal of Real Estate Finance and Economics*”, which is written by Fernández-Kranz and Hon (2006), has discussed on the increasing need of house and building in Spain. In this researcher has analyzed that “The rate of growth of house price in Spain has bubbled in the year of 2013 when the country has increased their attention to expand tourism”. The research journal has also described investment level upon real estate for profitability. The real estate owners are using this trick as this business has sharp and flourished future that can effectively enhance economy of the country (Crowe et al. 2013). In other words, it can be said as the large-scale business where there are millions of transactions taking place for the purchase of and sale of property. The real estate business also feeds the country with several taxes and cost of duties paid to the government. From the research journals, it has been clearly stated that real estate is the subject of profitability as this business has long-term refund.

2.2 Impact of Real Estate in GDP

Real estate plays a vital role on economy as it considered as the subject of income. Real estate is the greatest source of wealth and savings. Commercial real estate has a great impact on GDP, as most of the commercial trade needs a particular space top conduct business. Commercial real estate includes retail sectors, buildings for office purpose, manufacturing buildings and commercial market place. According to the Market statistics of 2015, real estate contributes \$995 billion output to US GDP (Hamel and Prahalad, 2013). The country has reached in the peak of economy and has achieved \$1.110 trillion in 2011 (Ibbotson and Siegel, 2016). Construction of real-estate is based on labor and this initiative reduces little share of unemployment problem where

the labor are involved in work. On the other hand, real estate input positive force to the business by providing proper placer to the commercial market. Competition in the share market upon real estate investment opens a new window where the investors invest more in order to get more return. The government gets money from the investors that make strong economical status. The returns of real estate business are enormous and have a major impact upon the economy.

According to market statistics of 2014, 70% of the UK economy is based on real estate(Ibbotson and Siegel, 2016). Reduction from the consumer's spending provides an upward motion in UK economy. On the other hand, Nourse and Roulac (2009) opined that more participation of investor's enhanced liquidity of cash that may creates an adverse effect in economy.

2.3 Use of Methodology in other papers of Real Estate Business

Most of the research papers are based on the quantitative analysis as it is the best way to evaluate this vast topic properly. In the research journal "*Journal of the European Economic Association*" which is written by Alvaredo and Saez (2009), the researcher has used quantitative data analysis. The researcher has used the survey strategy in order to collect adequate data that are helpful to conduct this research. The researcher has chosen Positivism philosophy to highlight this research from a Meta theoretical stands point. Another research "*Journal of urban Economics*" which was written by Abadie and Dermisi (2008), the researcher has used descriptive research design. By using descriptive research design, the researcher has enabled to explore various theories upon real estate investment.

2.4 Future Possibility for Real Estate Business: Role of Technology in Real Estate

As per the opinion of Laska and Spain (2013), it can be stated that individualized marketing plays a crucial role in the real estate listings. It is a modern concept, which tends to target for the delivery of information on houses on the local or global market and thereby monitor the buying influence of the customers. The system targets in developing a infrastructure which focuses on the bank balances of random people and tap their credit score. It helps them to monitoring the buying capacity of the projects. This is considered to be one of the prospect of dynamic marketing which is been implemented by several countries in Europe such as England, Germany and Spain. This also helps in evaluating the future possibility of real estate business in such territories.

The factor of extraordinary innovation do plays a significant role in the contemporary world and would have an effective impact in the future. It can be stated that the advent of technology involved with the real estate business has a growth at an unprecedented pace. As stated by Akin et al., (2014), it can be noted that there would be drastic change in the real estate business of European nations within 20 years based on the development of technology and thus the concept of 'smart cities' would become a trend within the years. The implementation of technology would definitely help the builders to reduce the costing and thereby would be a mutual benefit for both the sellers and buyers. Pavlidis (2013), who clearly stated that the development of development of business models and the advent of technologies together would help the industry to gain a rapid growth in Spain and England, further elaborated the concept. The researcher further focused at five distinct parameters, which would be augmented by the real estate developers in Europe in order to develop sustainable and cost effective projects. These are as follows:

- a) Mobile: The customers would be provided the access of information regarding real estate demands at an exclusive rate. The factor of time, price and the change of expectation would be monitored on a real time basis.
- b) Cloud Computing: This is a most effective approach which is been used by the real estate developers nowadays, especially in the premises of Europe and USA. Based on SaaS platform, the developers get to attain information about all the perspectives' of real estate without any third party interference. This technology has really reduced the costing of the business (such as survey and customer demand) and thus would help this industry to gain a rapid fortune in the future
- c) Electronic Servants: This system mainly projects on the collaboration between Artificial Intelligence and Internet of Things (IoT) and thereby helps the real estate developers to collecting information to another level of big data and analytics.

However, there lies a gap in the study. The researchers effectively projected for the influence of technology in real estate, but did not highlight to the negative attributes related to it. The researchers had only focused on the benefits related to it and did not focus on the factors of data redundancy and hacking. As stated previously, the entire system would be digitalized; hence hacking of data would lead to huge massacre for the entire system (Anderson, 2013). The factor of cyber crime would also be predominantly active, as the system would peek through the bank balance of clients in order to monitor their buying power. Thus, researches should be commenced before the implementation of digitalization in order to foster future of Real Estate within the territories of Europe.

2.5 Challenges faced by the Real Estate Trade Business to enhance possibility in the Spanish Market

The real estate trade business are subjected to numerous challenges from extrinsic sources. Some of these are as follows:

- a) **An Aging Population:** It can be stated that the baby boomers tend to approach towards their retirement years, then there sustains an effect in the housing markets. It is often seen that it tends to increase the demand for multifamily senior housing in the European territories, especially in Spain. The fluctuation in the commercial real estate projects from the retail units to the health care centers tends to meet the needs of the large demography. One can state that the ageing of Europeans potentially do have an impact on the capital, as pensioners move out from being contributors to net users of capital (Shiller, 2015).
- b) **Student Debt Burdens:** As per the current scenario of Spain, it can be claimed that the college students are graduating with a total debt of \$25,000 and thus, their spending is restricted to a significant level. Hence, the buying power of the population is limited to a certain level, as the potential buyers mainly tend to focus for clearing their debts.
- c) **Public Funding:** It can be stated that underfunding of a local and state system do creates an effective challenge for the real estate business (McAllisterandLizieri, 2014). It can be assumed that the basic investment for the development of infrastructure is at a scare in Spain and thus, the local along with the state government should collaborate focus for the development of this prospect at a much more extensive rate (Vasirani, M. and Ossowski, 2013).
- d) **Changing Demand for Office Space:** It is assumed that most of the employees working for a firm are segregated from the mainstream and thereby the need for building an office space

is consequently low. Companies such as Cisco CSCO, +1.11% have been subjected to a growth from 200 square feet per employee to 50 to 60 square feet per employee. This has become a serious concern for the real estate developers as the company now fails to project for exclusive office areas. Moreover, it is also observed that whenever a tenant signs a lease for more than 10 to 15 years, then they opt to reduce the net space for 30% to 40%. Hence, it adds to the challenge for the real estate developers in the European states, especially in England and Spain.

2.6 Possible Solutions that could be invented in order to ensure Possibility of this Business

In the entire world, including the rich European countries, the real estate boom has recently got slowed down. The reasons are economic slowdown and decreasing purchasing power of the individuals. However, the positive aspect of the European or Spanish real estate business lies in the increasing number of population throughout the country, comprising of domestic and international residents. The options available for enhancing the slowed condition of the Spanish real estate business are discussed in brief:

- Reduction in marketing costs- The marketing costs can be controlled to retrieve higher level of profit. Reduction in marketing can preserve higher amount of capital, hence, the number of marketing executives will be less, which will help in extracting higher profitability ratio.
- Increasing add on sales- Add on sales like services, brokerages, and commercial property development will definitely boost up the profit level. Hence, it is essentially applicable for profitability of real estate business in European continent (Small, Vail and Akbar, 2016).

- Inventory management- Majority of the development companies suffer from wastage of raw materials, which is essentially controllable to sum up the rate of profit. The companies should use exact quantities of materials for conducting a site development activity (Kok and Jennen, 2012).
- Property development and management- majority of the real estate companies are concerned about property development, however management of the developed properties can add up the sum of profit quite high. Hence, it can be an additional option for the purpose of generation of higher profit rate (Wasko, 2013).
- Landscape business- landscaping business is quite profitable as this pattern of business is related with the art of planning, management, designing, and preserving the free lands. It helps in construction along with beautification of the surrounding environment.
- Brokerage services- brokerage services are profitable for the small and medium sized real estate companies as these companies will be able to mitigate the housing needs of the common people by providing them services related with renting or hiring houses.
- Lawn and swimming pool care services- The real estate industry should concentrate on the additional services like garden and swimming pool care, which will ensure profitability as the companies will be able to diversify their business. The property owners will be able to remain convinced about the services and management of their property.
- Real estate related shows- Publishing magazines and hosting shows related to real estate will attract the views of the common customers, which will therefore increase the chances of gaining competitive advantage. Talk show that directly connects with the customers helps to have a fair idea about what the customers want. Hence, the customers would have

ideas related with their queries and have better real estate solutions; on the contrary, the exposure and profitability of the company will be on the higher side.

- Differentiated property development- The real estate companies should convert their motives from building housing properties to other premises like shopping complexes, gymnasium, luxury hotels and clubs etc. The reason is with single passage of day, the number of shopping malls, clubs will increase to meet the demands of the residential. Hence, the golden chance of reviving the condition of the business lies herewith.

2.7. Gap Analysis

From this study, it can be stated that there are numerous gaps persisting within the real estate plans of the contemporary European territories, especially in Spain. The first is the issue of technologies where the real estate developers had adversely focused towards the digitalization of the infrastructure at every prospect without any infrastructural development. This has definitely resulted in the imposition of risk factors, more certain being data redundancy and cyber hacking. The second gap persisting in the past researchers study is about the challenges faced by the real estate. It was observed that the entire site was based on the contemporary image and thus there was no screening for the future challenges or solutions related to this firm. Thus, it is not clear that whether these issues would be diluted in the near future, or would grow effectually in the system. Moreover, the solutions provided by the past researchers are not measured to be of broad spectrum or not. Thus, as a whole there do persisted effective gaps with the study of past literatures.

Chapter 3: Research Methodology

3.1 Research Proposition

The particular research makes the proposition of findings out the role impact and need of real estate business in the market of Spain. This research topic will shade light on the real estate sector of Spain and real estate involves in the economic growth and development of the country. The growing economy of Spain benefits the market of office place. Spain has a rising demand of office and place that creates great impact upon real estate business. Peoples are eager to invest in this real estate business with the hope of getting more. The business has future possibility as the economy of Spain is developing rapidly. As a result, space is needed in order to establish, office building, retail sector and logistic market. In this research, proper and reliable sources would use in order to collect data and to continue this research work properly.

3.2 Research Philosophy

Realism, Positivism and Interpretive are the three different types of research philosophy. The researcher uses these philosophies in order to carry out the research work. Fir this topic the researcher will chose Positivism philosophy as this research philosophy allows the researcher to conduct research through a meth theoretical stands point. By using Positivism philosophy, the researcher will understand the impact of real estate business in the market of Spain (Gilson and Kraakman, 2014).

3.3 Research Approach

There are two types of research approach in a research such as, Deductive Approach and Inductive Approach (Peffers *et al.* 2007). In this research, the researcher will chose Deductive

Approach as it allows the researcher to gather knowledge from various existing theories and models. By using Deductive approach, the researcher will critically understand the future scope of real estate business in the market of Spain. In this way, the objective of this research can be evaluated.

3.4 Research Design

There are three types of research design such as Explanatory, Exploratory and Descriptive Design. In this research, the researcher will chose descriptive research design. The research will need a descriptive study for this research. In order to understand the role of increasing Spanish economy upon the real estate business the research needs a vast research (Pickard, 2012).

3.5 Research Strategy

The researcher in order to conduct research such as, survey, interview and case studies can use different types of research strategies (Xu 2008.). For the present research, the research will chose survey strategy as it would allow the researcher to collect ethical data that will helps to get findings. By using survey strategy, the researcher will able to conduct survey upon the market of Spain. Survey strategy would help the researcher have proper understanding upon the impact of real estate business upon the economy of Spain (Ragin, 2014). Depending on the necessity, the researcher will use both online and offline survey methods in order to meet with the objectives and hypothesis.

3.6 Data Collection Method

There are mostly two types of data collection methods are used by the researcher to assemble information (Crossan 2013). These two processes are qualitative and quantitative data

collection method. Quantitative data collection method is based on the presentation of tables, graphs and charts. On the other hand, qualitative data collection method is based on the personal experience of the respondents. The researcher will chose Qualitative data collect method. Qualitative data collection would use by the researcher to get information upon the market of Spain.

3.7 Sampling

There are two types of sampling technique can be used by the researcher to identify the familiar features of the collective populace on the same topic. In this research topic, the researcher would chose random probability sampling technique (Neumanand Robson, 2012). The researcher will collect data from 5 managers of real estate trade builder.

3.8 Ethical Consideration:

The researcher will maintain some ethics while conducting the research. The researcher will follow the regulations that are related to the Data Protection Act 1998. The respondents have the liberty to opt out from the research process at any given point of time. Every participant got the fair chance to take participation in the process of survey. There has been no biasness for the incidents.

3.9 Research Limitation:

The researcher will face some limitation while conducting this research. The research may face money problem. Time may be another limitation to carry out this research. Another adjoining issue related to the study is the factor of data collection. It was observed that the entire study was based on the projectile of manager's interference on the subject. Hence, real data were displaced by the

diplomatic information of the managers at certain concerns. In order to maintain privacy, some of the facts were skipped by the managers, which resulted to limit the information diversity factor to a certain level.

3.10 Conclusion

This research is based on the impact of real estate upon increasing economy. Real estate is the subject of profitability as its profit is long term. The possibility of loss is very less in this business. The economy of a country is affected by business expansion and real estate business input positive force in business expansion. Commercial business sector needs space to structure building and the increasing needs of building, retail sector and office has straighten the value of property. This research also shades lights on the future possibility of real estate in a systematic and logical manner.

Chapter 4: Data Analysis and Interpretation

4.1 Introduction

This chapter is considered the heart of a thesis. This is because this chapter presents the collected data and its logical analysis in order to find out the research result. According to the previous researchers, collection of biased data can affect this chapter; which in turn can affect the ultimate result of the research work. In this chapter qualitative analysis has been performed with the collected research data. It can be assumed that the data analysis of this chapter will contribute significantly in the

4.2 Qualitative Analysis

For the current research purpose it was found that the selection of qualitative analysis is helpful to analyze the research data at the best. The primary data for qualitative analysis were collected from the selective real estate builders in Spain. Five managers were interviewed from the selected real estate agencies in Spain. The name of the real estate agencies that included in the research purpose may include *GG Homes*, *Pacheo & Asociados*, *Inmo Lainer*, *Hamilton Leon S.L.*, and *GE Build Property Services*. Each of the managers of these companies was asked minimum six questions in the telephonic interview round. The data collected through this interview session is presented under the interview questions. The summary as well as the analysis of collected data is as follows-

Q1. What is the current position of real estate trade market in Spain?

This question was figured to evaluate the understanding of the managers about the very recent situation of the real estate business in Spain. According to the manager of *Pacheo*

&Asociados, the economical condition of the Spain is considerably stable than that of the other European countries. Because of this current economical stability the real state agencies like *Pacheo & Asociados* are doing well. However, the manager of *GG Homes* argued the view of previous manager. According to the manager of *GG Homes*-

“...we are trying to do our best, last five years ago we were not very sure about the stability of this business and now we are thinking to expand it.”

From this view, it is clear that the real estate business in Spain is booming. The manager of *Inmo Lainer* supported the view presented by previous managers. According to her the real estate business is really booming because of the current stability in income. However, the blow of recession was stronger than it was imagined. The real estate business in Spain was struck during the recession period and it took significant time to re-establish the business. The agency *Inmo Lainer* suffered hugely during the recession and the burden of loan was unimaginable. However, the condition is now far better and this company started to make some good profit. The manager of *Hamilton Leon S.L.*, mentioned that-

“...unlike other agencies we have already expanded our business and this is because the common people of this country are having a stable income.”

According to the consideration of the manager of *Hamilton Leon S.L.*, their organization is doing better than ever. They are currently working to two grand project, which are associated with the government. On the other hand, the manager of *GE Build Property Services* also claimed that they are acknowledged among the top 10 best real estate agencies in Spain. They have managed to expand their business in the other European countries. He assumed that the office market in Spain is better than past decades, although the blow of recessions need to be considered.

From the above summary of the research data it can be analyzed that the current market platform of Spain is quiet ideal for the business growth of the real estate business. Almost all of the organizations have experienced growth from past five years. The increase of GDP in Spain is quiet significant. The research result reflects that the stable earning and increment of the employment boost the growth of real estate business. However, the strike of recessions mad significant damage in the real estate industry of this country. It took many years to regain the stability in the market. This year many of the organizations managed to expand their business. Some of them even expanded their business in the other European countries. Considering the current growth rate of the real estate business in this country, it can be assumed that the office market has a prosperous future in this country.

Q2. What are the influencing factors that you can identify as the growth factors of real estate business in Spain?

This question was asked to the managers in order to identify those factors that can have positive effect on the real estate business in Spain. According to the manager of *Inmo Lainer*, the demographic differences of a country play a critical role for the growth of the real estate business. He mentioned that-

“...from the experience of real estate business I can say that the demographic shift of a country could be proved as influential for the real estate companies.”

As mentioned by the manager of *Inmo Lainer* it can be said that targeting people of a particular age group could be beneficial to increase the sales. The manger of *Hamilton Leon S.L.*, also supported the view of previous manager and mentioned that people in different age groups have different types of interest. The *Hamilton Leon S.L.*, company observed that mostly the

newlywed couples try to loan flats in urban areas where the middle aged people with children have a tendency to buy second hand houses. Considering the difference of age, the profit margin of a real estate company could be varied. On the other hand, the manger of *GE Build Property Services* mentioned that interest rate of a loan is significant when people are dealing in property. A significant decrement in the purchase interest can influence the selling rate of property. Henceforth, the home property loans offered by the Spanish government as well as the private organizations need to be considered with interest. As mentioned by the manger, the value of bonds decreases with the decline of the interest (in equity investment). The manager of *GG Homes* stated that economical balance of a country and the good political environment can be considered as the positive factors for the growth of real estate business. The lease and loan structure of the Spanish government can be considered as influential. On the other hand, less complications in the legal procedure is always welcomed in the real estate business. The manager of *Pacheo & Asociados* supported the facts presented by the previous manager and added to his statement that the deductions, subsidies and tax credits are some of the factors that directly influence the growth of real estate business.

From the summary and partial analysis of the collected data it can be concluded that there are approximately four factors that can play significant roles in the growth of real estate business. The list of positive factors may include demographic differentiations, interest rates, economical balance of the country and political stability. If the Spanish market included all of these positive factors it can be assumed that the future of the real estate organization in this country is very promising.

Q3. What are the possible impacts of real estate business on the Spanish economy?

This question was developed to understand the impacts of the real estate business on the economical balance of Spain. According to the manager of *Pacheo & Asociado*, the contribution of real estate business in the economy of Spain is significant as an integral role is played by the real estate in the Spanish economy. Considering the value of commercial real estate it is found that commercial real estate is a source of revenue for huge number of common people. The commercial real estate may include offices, apartment buildings and manufacturing that create space for retails and jobs. On the other hand, the residential real estate offers housing, which can be considered as possible source if the greatest savings and wealth of the common people. Supporting the view point of the previous manager the manager of *Inmo Lainer*, mentioned that the real estate business in Spain contributed more than €850 billion in the nation's economy, which is more than 5 per cent of the GDP (Gross Domestic Product) of Spain. In this topic the manager of *Hamilton Leon S.L.*, mentioned-

"...I am unable to provide you a statistical figure; however, I can say that with the growth of real estate business the common the government of Spain become economically stronger and they are becoming gradually stronger than previous years."

On the other hand, the manager of the *GE Build Property Services* mentioned that the construction business of real estate is very much labour intensive. Henceforth, growing rates of construction projects is helping the country to increase the employment ration and offer a stable income to the common people. On other side the real estate business is considered as lucrative for significant investment. Because of the growth of real estate business the Spanish government is experiencing more foreign investments in the country, which in turn is contributing in the increase of GDP per capita and overall economical growth. The statement offered by the manager of *GG Homes*, is also similar to the previous comments of the managers. However, one significant

information that added by him is the commercial real estate business contributes more in economical boosting than that of the residential real estate business.

From the above summary and analysis of the data it can be said that the contribution of real estate business in the Spanish economy is significant. The claimed contributions by the managers are supported by the data collected from extensive library research. The real estate business in Spain increases the growth of GDP per capital more than 1 percent, which is significant especially after the survival from the strike of recession. The importance of commercial real estate business is higher than residential real estate business in terms of the growth of economy. On the other hand, the construction business increased the foreign investment as well as increased more job opportunities for the common people of Spain.

Q4. Do you think that the future of real estate business in Spain can be affected by the economy of Spanish market?

This question was developed in terms of understanding the reverse impact of economical turbulence on the real estate business in Spain. According to the manager of *GE Build Property Services*, Spain is already considered as the fourteenth largest economy based on its “nominal GDP.” Therefore, it is hard to state that whether this country is suffering from economical turbulence or not. He also mentioned-

“...although during the recession we faced difficult times, it can be said that the economical balance of Spain was always good enough to support the property of any business.”

Henceforth, it can be concluded that the overall impact of the Spanish economy on the real estate business is still positive. The manager of *Hamilton Leon S.L.*, mentioned that the growth of

GDP is quiet steady in Spain rather than other European countries. The view of the manager of *Hamilton Leon S.L.*, also sheds on lights on the labour force and unemployment level in Spain. The labour force of Spain is approximately 22.98 million and the unemployment rate of this country is ~19 percent. These data comes handy while considering the impact of Spain's economy on its real estate sector. Considering the labour or employee strength of this country it can be assumed that the real estate business in Spain will not face any shortage of the labours. However, comparing with the developing countries such as China and India, the cost per labour is more than that of the developing countries. On the other hand, the manager of *Inmo Lainer*, mentioned that increasing labour cost is affecting the business structure. However, information that needs to be discussed is about the uneven distribution of economy. As mentioned by the manager all types of people are considered as the client of real estate business, but the inequity in the distribution of economy is only influencing a section of people to by real states where a significant amount of people becoming deprived. The manger of *GG Homes*, supported this view-

“...while mentioning economical effect; I can say that the unequal distribution of money is promoting only selective people to buy real estates, where we expect to cover all types of people as our possible clients.”

From the above summary and analysis it can be said that overall economy of Spain has positive impact on the real industry. However, comparing with the other European countries, it can be noted that the growth of the real estate still need boosting. The labour cost is becoming higher day by day, which is not a positive sign for this business. On the other hand, unequal distribution of economy is not very promising for the growth of this business sector.

Q5. Being a real estate agency what kind of challenges your organization is facing to enhance possibility in the Spanish market?

This research question is developed in order to identify possible challenges that can be faced by the real estate business in Spain. According to the manager of *GG Homes*, real estate agency had suffered most during the time of recession, when their clients were not able to pay for the real estates. One thing can be said with certainty that the growth of the real estate business is hugely dependent on the wellbeing of the common people of the country. As opined by the manager of *Pacheo & Asociados*, recession was the worst time we experienced difficulties. Other than recession, decrease of the foreign investments can also be considered as the threat to this business. While running their business they experienced most difficulties in the management of marketing costs and dead line completing the project. On the other hand, according to the manager of *Inmo Lainer*, being the manager of a well established agency he faced difficulties in inventory management. He mentioned that with the development of technologies and increase rate of production it is tough to control the inventory and supply materials to the construction site within time. Another difficulty faced by the manager of *Hamilton Leon S.L.*, in terms of technology. According to him, it is quiet difficult to recruit people with the sufficient knowledge about technology.

Q6. Can you suggest possible ways to overcome the challenges that faced by the real estate business in Spain?

This question was developed to find out possible ways to overcome the current challenges faced by the real estate organizations. According to the manager of *GE Build Property Services*, reduction in marketing costs is helpful to retrieve higher level of profit to resolve the problem of

costs. The manager of *Hamilton Leon S.L.*, suggested that the increase in add on sales can be used as boosting for this sector. According to the manger of *Inmo Lainer*, the landscaping of business is quiet profitable. Real estate related shows are also helpful to grab the attraction of the buyers as well as the investors.

Henceforth, from the suggestions offered by the mangers it can be assumed that following these steps the real estate business can prosper more in Spain and reach the target like other European countries.

4.3 Chapter Summary

In this chapter the complete summary of the collected data are presented. The data are presented as summary format under the specific questions, which were used as the interview questions. It can be assumed that the data analysis, which is conducted in this section, is helpful to derive the desired result for the current research project.

Chapter 5: Conclusion and Recommendation

5.1 Conclusion

This chapter is the end of the current thesis. In this chapter the findings (research results) are related with the research objectives. Apart from that a set of recommendations are also developed that will be helpful to contribute in the growth of the real estate business in Spain. Future scope of this study is also described along with the identification of the significant research limitations.

5.2 Linking to the objectives:

- To critically evaluate the concept related to real estate and its impact on the trade business

In order to meet this research objectives interview question 1 (Q1) is developed. From the analysis of the answers given by the managers it is found that current position of the real estate business in the Spanish market is promising. Thus, the future of the trade business is secure in this country. However, comparing to other European countries the real estate business in Spain needs more attention and improvement.

- To analyze the effectiveness of real estate trade business upon the economy of Spain

In order to meet this research objectives interview question 3 (Q3) is developed. From the given answers it is found that the real estate business in Spain plays a significant role in the economical growth of the country. The real estate business is directly contributing in the GDP growth of the country and also increasing the amount of foreign direct investments. On the other hand, the findings of the question 2 (Q2) is also significant to identify the influencing factor of real estate business in Spain, which in turn helps in the economical growth of the country.

- To understand the challenges faced by the real estate trade business in the market of Spain

In order to meet this particular research objective question number 4 (Q4) was included in the interview questionnaire. From the answers it is found that several difficulties have been faced by the real estate business in Spain from past decades such as recession and labour cost. Comparing to the developing countries, the amount of labour cost is high. On the other hand, unequal distribution of money is not promising for the real estate business as these business sectors is failing to spread their business among all types of people. Coping up with the newly invented contraction technologies is another difficulty that faced by the real estate business.

- To recommend possible solutions to the real estate trade business to overcome challenges faced by them in order to enhances future possibility of this business

In order to meet this objective question 5 (Q5) was included in the interview questions. It is found from the answers that inventory management and labour management is necessary for the development of real estate business. Apart from that, trained employees need to be recruited who can take care of the new technologies. The government needs to concentrate on the equal distribution of the economy. On the other hand, simplification of the government policies regarding loans and interest rate is helpful to motivate the common people to buy more real estates.

5.3 Recommendation

As per the notations of the study, it can be stated that there lies various issues with the real estate market of Spain. Thus, the researcher focused towards the terms and policies which need to be adopted by the builders and developers in order to foster sustainability of the industry in the contemporary and future market. Some of the authentic and noteworthy recommendations are enlisted below in a systematic and logical manner:

- a) Implementation of Research and Development based on modern commodities would be the first and foremost recommendation for the real estate industry of Spain. It should be noted that although Spain is entitled to an effective economy, still the factor of economic imbalance do plays a crucial role in the market. Moreover, this factor do limits the role for the developers to seek for the modern gadgets and technologies, which have been persisting in other countries, such as the United States of America and the United Kingdom. Thus, either the industry needs to develop its own Research and Development team in order to foster sustainability in the market, or need to seek for foreign trade. Since, after the Brexit, the trading policies of the United Kingdom with other states of Europe have been altered and thus there occurs effective limitations regarding free trade policies. Also the costing from the territories of the United States of America is expensive, which in turn would nullify the role of technological advent in the system. Thus, it the importance of Research and Development in Spain is incomparable at the contemporary situation.
- b) Developing knowledge for various perspectives such as land titles, title insurance, industry status, source of finance, labor availability, work force density, material costing, approvals and procedural difficulties are to be monitored efficiently within the real estate management in order to gain optimal proficiency.

- c) Development of the infrastructure would play a significant role for the real estate developers. This task can be performed by the real estate developers based on the guidance from the foreign investors associated to all across the world. The team of developers along with the government agencies should target in attracting foreign investors for the real estate projects, such as from the United States of America, the United Kingdom, China, India and Russia. It can be notified that after the development of saturation point for the real estate companies in their domestic lines, these companies do targets for developing international projects at the sites, which are influenced by effective infrastructural development. This would help Spain to gain an economic lift in the global scenario and thus a momentum would be developed on this concern. It can be stated that these foreign investments definitely targets for the expectation of higher returns as compared to the domestic productions. Moreover, it can also be recommended that the involvement of foreign investors in the real estate projects would trigger for the development of a mature and transparent industry based on the concept of advanced construction techniques.
- d) Online marketing for the development of interests for real estate projects would be an effective act for the builders and developers of Spain. It can be stated that the firms need to market their projects on various online platforms such as Facebook, Twitter and Instagram in order to seek the attention of domestic and international clients. This would relatively help the industry to gain maximum number of viewers at a single glance and thus the response level would be considerably high. Moreover, direct interaction with the clients regarding their concerns and issues with the project can also be registered based on this customer intended interface. Finally, it would help the builders to gain information about free spaces where the builders can seek for the development of new projects at the site.

Thus, it would be a mutual benefit for both the sectors and thereby a connection between the two would be established synchronously.

- e) Apart from the builders, the government agencies do have an effective role for the development of real estate projects Spain. It can be stated that the government should monitor the Banking perspectives, such as the Tax implications and other subsidiary rates and thereby target to minimize it as much as possible. This would help in developing interests for the domestic and international clients for the projects. Moreover, the government should also take a note on the technical aspects and thereby improvise the managerial and planning capacities. Implementation of approaching concepts would be effective, such as 'green building' as it tend to attract numerous social concerning entities for the project.
- f) Development of economic base based on transformation and development of smaller enterprises would also be an active move for the government to take a part in the real estate projects. It should be noted that these developments would ponder for the monitoring of industrial development policies along with other relevant sector documents. Moreover, the banking actions that are mainly guided by the small project programs would be effective in following this advent. Thus, overall a universal balance would be maintained in the industry.

Thus, all these recommendations would be effective in order to devise a systematic and significant real estate platform in Spain and thus the maintenance of sustainability would be fostered to a momentous level.

5.4 Future Scope of the Study

This study can be used by various researchers in the upcoming future to study about the influence of real estate market and its financial attributes on trade business. Based on this study, researchers can project for the significant development of the contemporary and future economic condition of Spain, along with other states of European communities. The study also focused towards the influence of Brexit on the real estate business of Spain, thus providing an opportunity for ‘researchers to emphasize on that fact at a more critical level’. Furthermore, the exact impact of technology on the real estate business had been focused one sided and thus the researcher paved limited response regarding its darker side. Hence, studies based on the darker sides of digitalization associated to the real estate business of Spain can be developed at a more significant and effective manner. Finally, the researcher also developed a scope for the evaluation of foreign investments for the Spanish projects but did not provide an in-depth analysis on its impact and protocols. Hence, future researchers can study on the authentic protocols that could be applied in order to manifest the growth of real estate trade in Spain and thereby promote the interest of the foreign stakeholders for the industry.

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Appendix

1. Interview questionnaire-

Q1. What is the current position of real estate trade market in Spain?

Q2. What are the influencing factors that you can identify as the growth factors of real estate business in Spain?

Q3. What are the possible impacts of real estate business on the Spanish economy?

Q4. Do you think that the future of real estate business in Spain can be affected by the economy of Spanish market?

Q5. Being a real estate agency what kind of challenges your organization is facing to enhance possibility in the Spanish market?

Q6. Can you suggest possible ways to overcome the challenges that faced by the real estate business in Spain?

	2011	2012	2013	2014	2015
<u>Population (million)</u>	46.7	46.8	46.6	46.5	46.4
<u>GDP per capita (EUR)</u>	22,903	22,300	22,134	22,408	23,305
<u>GDP (EUR bn)</u>	1,070	1,043	1,031	1,041	1,081
<u>Economic Growth (GDP, annual variation in %)</u>	-1.0	-2.6	-1.7	1.4	3.2
<u>Domestic Demand (annual variation in %)</u>	-2.7	-4.2	-4.0	1.6	3.8
<u>Consumption (annual variation in %)</u>	-2.4	-3.6	-3.1	1.2	3.1
<u>Investment (annual variation in %)</u>	-6.9	-7.1	-2.5	3.5	6.4
<u>Exports (G&S, annual variation in %)</u>	7.4	1.1	4.3	5.1	5.4
<u>Imports (G&S, annual variation in %)</u>	-0.8	-6.2	-0.3	6.4	7.5
<u>Industrial Production (annual variation in %)</u>	-1.4	-6.6	-1.5	1.2	3.2
<u>Retail Sales (annual variation in %)</u>	-5.8	-7.0	-3.9	0.9	3.6
<u>Unemployment Rate</u>	21.4	24.8	26.1	24.4	22.1
<u>Fiscal Balance (% of GDP)</u>	-9.5	-10.4	-6.9	-5.9	-5.1
<u>Public Debt (% of GDP)</u>	69.5	85.4	93.7	99.3	99.2
2. <u>Inflation Rate (HICP, annual variation in %, eop)</u>	2.4	3.0	0.3	-1.1	-0.1

Figure: Spain Economy Data

3.

	Value	Change	Date
Bond Yield	1.07	1.81 %	Oct 25
Exchange Rate	1.09	0.53 %	Oct 26
Stock Market	9,173	0.37 %	Oct 26

Figure: Facts about Spain

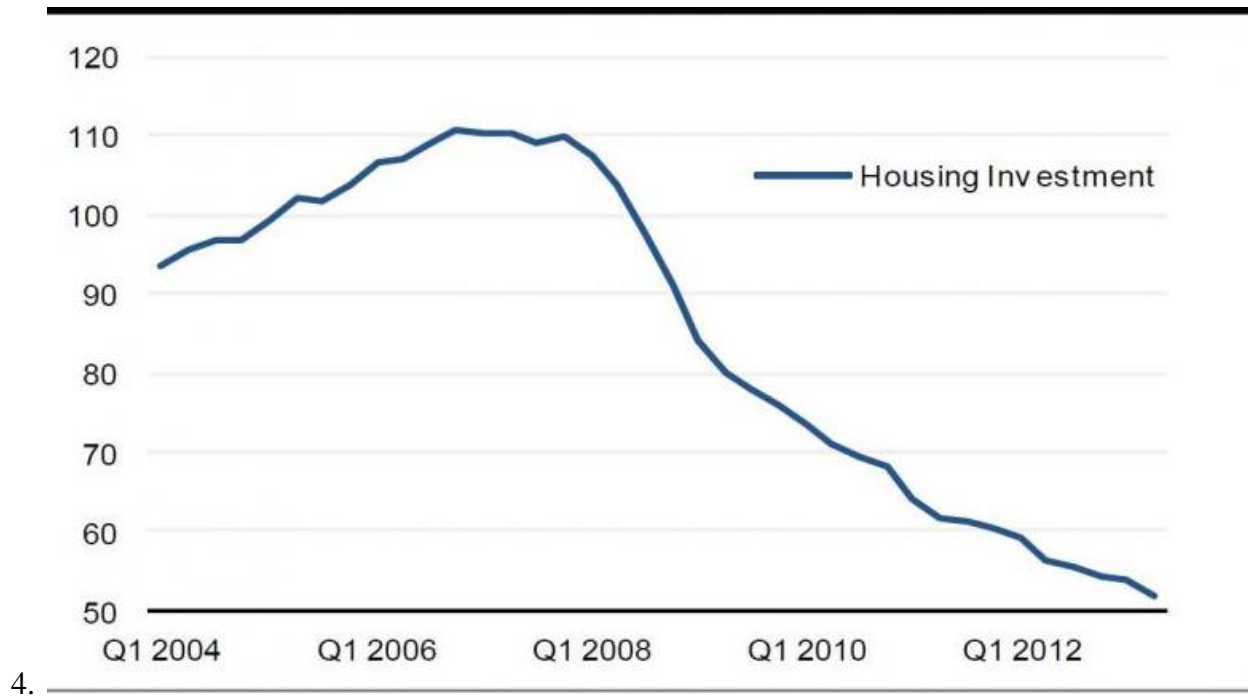


Figure: Housing Investment Index (Spain)

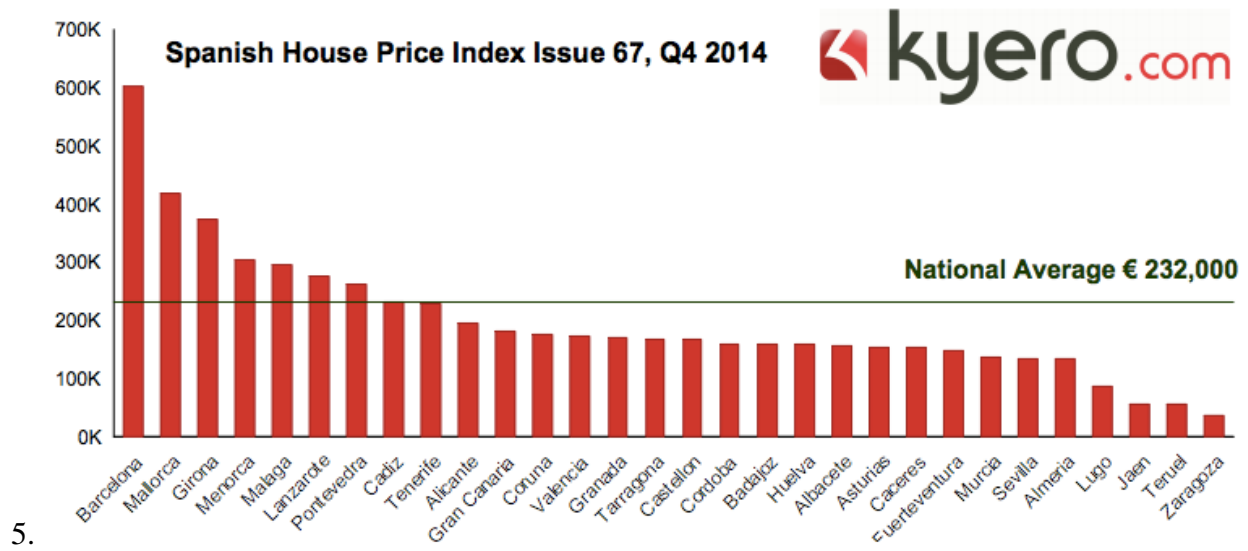


Figure: House Price Index