

The Influence of Urban Design and Planning Factors on the Spatial Dependency of Real Estate Market Value

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Abstract

The role of design in real estate market is inevitable. While architects, urban designers and planners have many limitations and are controlled by the needs of their clients, there is still something left what they can do differently. An unlimited amount of design options exists. Are those options acknowledged in the context of economics and property valuation techniques? Do these design options generate different amounts of value? Real estate is embedded in place; therefore, the concept of the spatial dependency deals with some kind of dependency on architectural environment or urban design and planning of that environment. A hypothesis is raised that the spatial dependency of real estate market value can be explained by urban design and planning factors. The object of research is the spatial dependency of real estate market value. The scientific problem is how to evaluate the influence of urban design and planning factors on the spatial dependency of real estate market value. The aim of research is to develop a model for measuring that influence. Urban design and planning factors are selected in the empirical research. The idea is to build on hedonic models, extract the architectural factors and, later, the value of design. An effort is made to describe the concept of architectural factors and, consequently, urban design and planning factors. Differences between non-design and design factors are defined. Design is what we choose out of desire rather than need or necessity. Therefore, abstract design factors are in the focus of this study. They can significantly alter real estate market value.

Keywords: architectural variables; hedonic models; housing; variance across space