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REAL ESTATE MANAGEMENT

***Real estate management from the perspective of the European Union:
characteristics of the real estate market
and selected data
Classes no. 3***



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*REAL ESTATE MANAGEMENT FROM THE PERSPECTIVE OF THE EUROPEAN UNION:
CHARACTERISTICS OF THE REAL ESTATE MARKET AND SELECTED STATISTICAL DATA*

Highlights:

- In 2021, the real estate activities sector generated €267.5 billion of value added.
- The real estate activities sector employed 2.7 million persons representing 1.7 % of all employment in the EU's business economy in 2021.
- The EU's real estate activities numbered over 1.5 million enterprises in 2021, 11.3 % more than in 2020, employing 2.7 million persons, an increase of 8.9 % compared with the previous year. The real estate activities sector generated €267.5 billion of value added in 2021, an 8.5 % increase compared with the previous year. In 2021, this sector's contribution to the business economy was 4.8 % of the enterprise population, 1.7 % of the employment, and 2.8 % of value added.



Key indicators, Real estate activities (NACE Section L), EU, 2021

	Value
Main indicators	
Number of enterprises (number)	1 500 478
Number of persons employed (number)	2 680 489
Net turnover (€ million)	521 484
Purchases of goods and services (€ million)	262 077
Employee benefits expense (€ million)	65 287
Value added (€ million)	267 513
Gross operating surplus (€ million)	202 232
Share in business economy total (%)	
Number of enterprises	4.8
Number of persons employed	1.7
Value added	2.8
Derived indicators	
Apparent labour productivity (thousand € per head)	99.8
Average employee benefits expense (thousand € per head)	38.8
Wage-adjusted labour productivity (%)	257.1
Gross operative rate (%)	38.8

Source: Eurostat (online data code: sbs_oww_act)

***REAL ESTATE MANAGEMENT FROM THE PERSPECTIVE OF THE
EUROPEAN UNION: CHARACTERISTICS OF THE REAL ESTATE MARKET
AND SELECTED STATISTICAL DATA***

Highlights:

• The apparent labour productivity of the EU's real estate activities sector in 2021 was €99 800 per person employed, which was quite high compared to the business economy average of €60 200 per person employed and third highest among the NACE sections that form the business economy.

• The wage-adjusted labour productivity ratio shows that value added per person employed was equivalent to 257.1 % of average employee benefits expense per employee across the EU in 2021. This ratio was the third highest among the NACE sections that form the business economy. The EU's real estate activities sector recorded a gross operative rate of 38.8 % in 2021, three times the 13.2 % average for the whole of the business economy.



***REAL ESTATE MANAGEMENT FROM THE PERSPECTIVE OF THE
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Sectoral analysis:

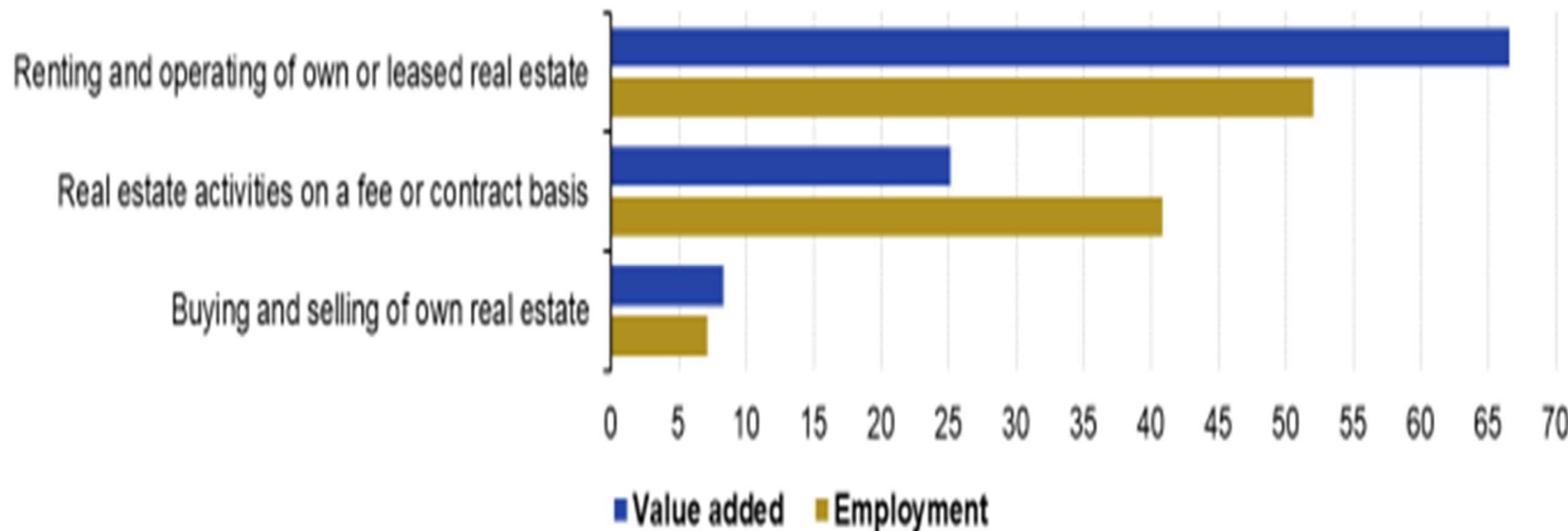
The largest subsector within the EU's real estate activities sector in 2021 was renting and operating of own or leased real estate (Group 68.2), which accounted for almost two thirds (66.6 %) of sectoral value added and contributed to more than a half (52.0 %) of the employment.

The second largest subsector was real estate activities on a fee or contract basis (Group 68.3) which contributed one-fourth (25.1 %) of value added and a share of 40.9 % to the employment for real estate activities. The smallest subsector was buying and selling of own real estate (Group 68.1) with a 7.1 % share of the real estate activities employment and 8.3 % of value added.



Sectoral analysis of Real estate activities (NACE Section L), EU, 2021

(% share of sectoral total)



Note: Ranked on value added.

Source: Eurostat (online data code: sbs_oww_act)

Real estate activities sector

The high wage-adjusted labour productivity ratio recorded for the EU's real estate activities sector in 2021 was pulled up by the ratios recorded for buying and selling of own real estate subsector (341.4 %) and for renting and operating of own or leased real estate subsector (331.5 %), while the ratio recorded for real estate activities on a fee or contract basis (154.1 %) was in line with the business economy average (154.4 %).

In terms of gross operative rate, the indicators for buying and selling of own real estate subsector basis (26.4 %) were considerably lower than for the renting and operating of own or leased real estate (45.2 %). Average employee benefits expense (average personnel costs) within the real estate activities sector were €38 500 per employee for renting and operating of own or leased real estate, €39 800 per employee for real estate activities on a fee or contract basis and €34 200 per employee for buying and selling of own real estate, which were close to the average for the business economy (€39 000 per employee).



Sectoral analysis of key indicators, Real estate activities (NACE Section L), EU, 2021

	Number of enterprises	Number of persons employed	Net turnover	Value added	Employee benefits expense
	(thousands)	(thousands)	(€ million)	(€ million)	(€ million)
Real estate activities	1 500.5	2 680.5	521 484.3	267 512.6	65 287.2
Buying and selling of own real estate	143.2	190.4	70 298.3	22 218.6	3 696.2
Renting and operating of own or leased real estate	891.3	1 394.8	323 160.5	178 058.8	31 867.3
Real estate activities on a fee or contract basis	465.9	1 095.2	128 025.5	67 235.2	29 723.8

Source: Eurostat (online data code: sbs_ovw_act)

eurostat 



Sectoral analysis of key indicators, Real estate activities (NACE Section L), EU, 2021

	Apparent labour productivity (thousand € per head)	Average employee benefits expense (thousand € per head)	Wage-adjusted labour productivity (%)	Gross operative rate
Real estate activities	99.8	38.8	257.1	38.8
Buying and selling of own real estate	116.7	34.2	341.4	26.4
Renting and operating of own or leased real estate	127.7	38.5	331.5	45.2
Real estate activities on a fee or contract basis	61.4	39.8	154.1	29.3

Source: Eurostat (online data code: sbs_ovw_act)

eurostat 



Real estate activities: country overview

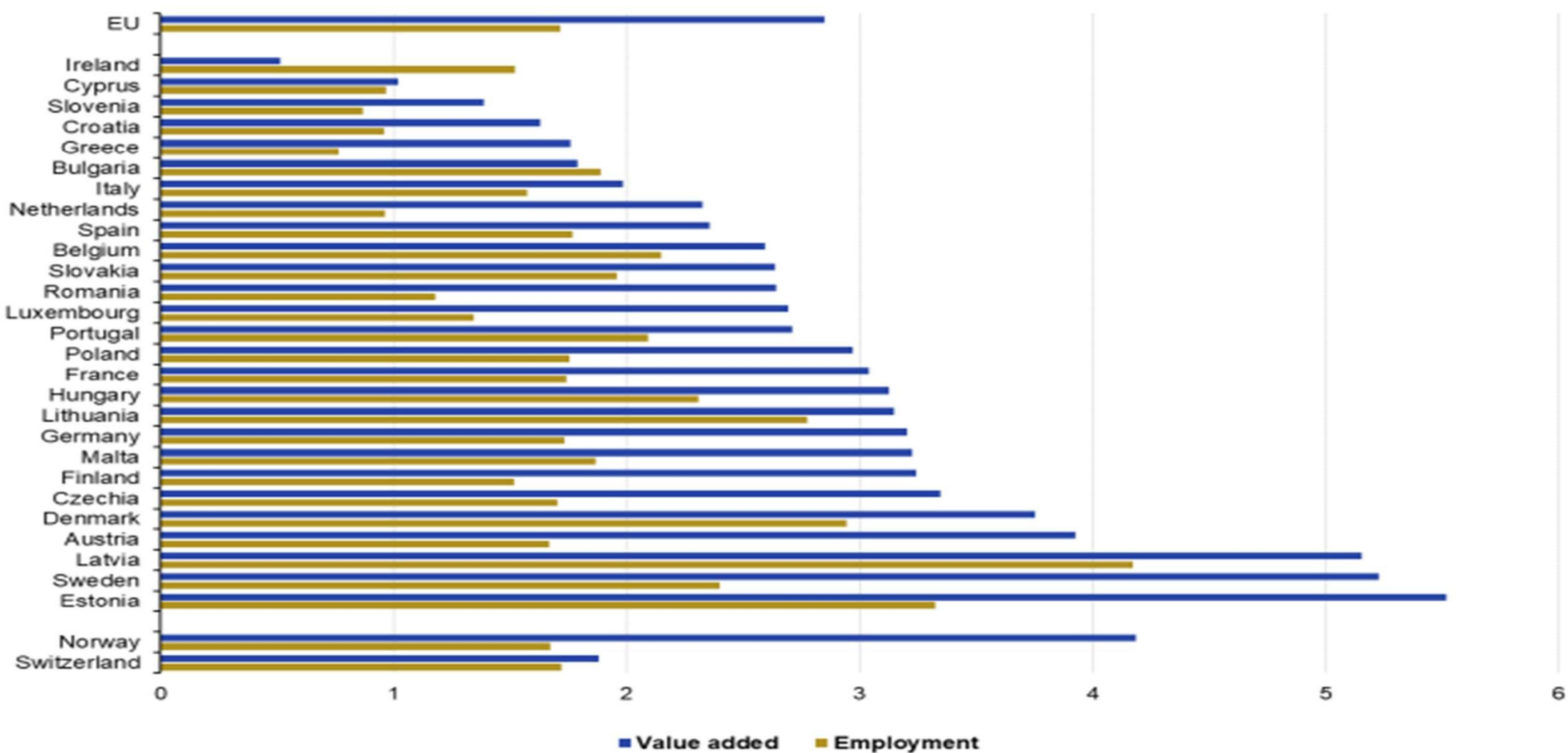
The Germany had by far the highest value added for real estate activities in 2021 among the EU Member States, generating 32.9 % of the EU total, followed by France (15.4 %), while in third to fifth place were Italy, Sweden (each with the same shares 7.3 %) and the Netherlands with 7.1 %.

Highest specialised country in sector (in value added terms) was Estonia, where real estate activities accounted for 5.5 % of their business economy value added in 2021. It was followed up by Sweden and Latvia (each with 5.2 %), while in value added terms, the least specialised EU Member State was Ireland, where real estate activities accounted for less than 1.0 % of business economy value added. Among the non-EU countries, Norway reported a relatively high degree of specialisation in this sector, as real estate activities provided 4.2 %, while in Switzerland it accounted for 1.9 % of the value added that was generated within business economy in 2021.



Relative importance of Real estate activities (NACE Section L), EU, 2021

(% share of value added and employment in the business economy total)

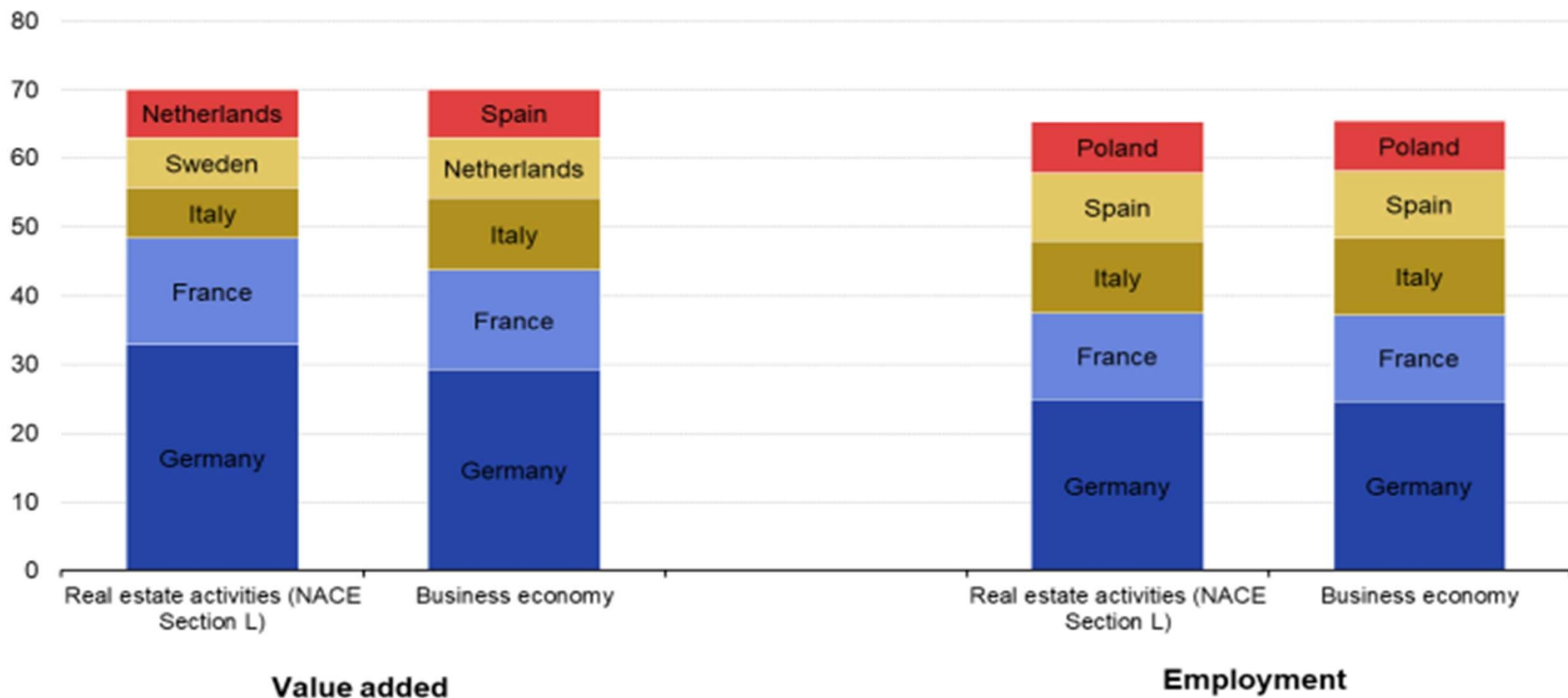


Ranked on value added

Source: Eurostat (online data code: sbs_oww_act)

Concentration of value added and employment, Real estate activities (NACE Section L), EU, 2021

(cumulative share of the five principal Member States as a % of the EU total)



Source: Eurostat (online data code: sbs_oww_act)

Real estate activities: case of Germany

The Germany had by far the highest value added for real estate activities in 2021 among the EU Member States, generating 32.9 % of the EU total, followed by France (15.4 %), while in third to fifth place were Italy, Sweden (each with the same shares 7.3 %) and the Netherlands with 7.1 %.



Largest and most specialised Member States in Real estate activities (NACE Section L), EU, 2021

	Highest value added	(% share of EU value added)	Most specialised	(% share of the business economy value added)
Real estate activities	Germany	32.9	Estonia	5.5
Buying and selling of own real estate	Germany	3.0	Portugal	1.4
Renting and operating of own or leased real estate	Germany	20.3	Sweden	4.3
Real estate activities on a fee or contract basis	Germany	9.6	Latvia	1.0

Source: Eurostat (online data code: sbs_oww_act)

eurostat 



Real estate activities & labour productivity

Wage-adjusted labour productivity ratios for the real estate activities sector were very high in nearly all of the EU Member States in 2021, with only Sweden (143.0 %), Bulgaria (150.2 %), Ireland (152.5 %), Spain (152.8 %) and Portugal (195.7 %) recording ratios below 200 % (which indicates that apparent labour productivity was at least twice as high as average employee benefits expense).

By far the highest wage-adjusted labour productivity ratios for real estate activities were recorded in Romania (554.6 %) and Estonia (422.2 %).



Key indicators, Real estate activities (NACE Section L), EU, 2021

	Number of enterprises	Number of persons employed (thousands)	Turnover	Value added	Employee benefits expense (€ million)	Gross investment in tangible non-current assets
EU	1 500.5	2 680.5	521 484.3	267 512.6	65 287.2	230 000.0
Belgium	50.6	80.9	16 200.2	8 429.0	1 058.6	13 155.6
Bulgaria	24.0	40.2	1 944.2	729.9	274.1	1 322.2
Czechia	66.3	70.1	10 328.6	4 714.0	922.8	5 055.3
Denmark	30.9	63.2	13 801.1	7 188.6	2 102.3	2 128.1
Germany	200.0	665.3	141 883.0	88 064.9	18 346.0	95 280.1
Estonia	11.7	17.1	2 315.5	1 059.1	146.9	1 079.0
Ireland	17.1	30.8	4 498.7	1 906.8	868.0	:
Greece	11.8	24.7	2 057.9	1 310.3	280.2	388.7
Spain	193.9	264.8	30 406.5	15 824.7	4 721.1	8 743.1
France	263.3	342.2	91 410.5	41 298.7	16 709.4	43 225.8
Croatia	5.8	11.6	1 177.7	547.2	115.6	274.8
Italy	224.1	277.2	39 994.0	19 582.2	2 228.7	5 135.3
Cyprus	1.4	3.4	255.9	157.9	58.9	14.4
Latvia	12.6	28.8	1 908.2	905.2	243.9	511.0
Lithuania	24.2	32.8	2 091.1	1 003.8	198.8	1 089.1
Luxembourg	4.4	5.1	2 500.1	1 357.9	244.8	609.1
Hungary	40.6	75.3	7 129.3	2 837.5	559.1	2 887.2
Malta	3.4	4.2	603.5	365.2	59.0	115.9
Netherlands	32.5	79.6	32 955.2	18 920.5	4 187.8	8 839.5
Austria	21.9	59.8	21 599.0	9 981.1	2 102.1	6 650.9
Poland	65.9	199.6	26 334.1	9 652.4	2 350.9	4 423.6
Portugal	56.7	86.0	10 564.1	3 259.0	906.1	2 806.6
Romania	26.3	55.1	4 270.6	2 903.9	394.3	3 048.6
Slovenia	4.4	6.5	980.8	469.7	109.3	309.2
Slovakia	17.4	34.7	4 116.5	1 441.7	394.7	1 395.6
Finland	42.2	25.3	13 330.9	4 133.6	1 165.1	4 071.9
Sweden	47.2	96.2	36 827.3	19 468.1	4 538.8	18 825.7
Norway	54.2	30.5	19 926.2	11 088.4	1 865.3	7 793.7
Switzerland	5.4	56.5	12 632.4	8 588.0	:	7 193.2

(:) not available

Source: Eurostat (online data code: sbs_oww_act)

Key indicators, Real estate activities (NACE Section L), EU, 2021

	Apparent labour productivity (thousand € per head)	Average employee benefits expense	Wage-adjusted labour productivity (%)	Gross operative rate
EU	99.8	38.8	257.1	38.8
Belgium	104.1	46.8	222.6	45.5
Bulgaria	18.2	12.1	150.2	23.4
Czechia	67.2	21.9	306.6	36.7
Denmark	113.7	43.2	263.3	36.9
Germany	132.4	40.6	325.8	49.1
Estonia	61.9	14.7	422.2	39.4
Ireland	61.9	40.6	152.5	23.1
Greece	53.1	17.0	312.2	50.1
Spain	59.8	39.1	152.8	36.5
France	120.7	56.4	213.9	26.9
Croatia	47.1	14.3	330.4	36.7
Italy	70.6	33.5	211.0	43.4
Cyprus	46.8	17.5	266.9	38.7
Latvia	31.4	10.1	310.8	34.7
Lithuania	30.6	11.3	270.3	38.5
Luxembourg	265.7	68.8	386.4	44.5
Hungary	37.7	13.3	284.1	32.0
Malta	86.9	24.4	356.4	50.7
Netherlands	237.6	60.4	393.6	44.7
Austria	166.9	51.0	327.4	36.5
Poland	48.4	16.5	293.4	27.7
Portugal	37.9	19.4	195.7	22.3
Romania	52.7	9.5	554.6	58.8
Slovenia	71.9	27.6	260.5	36.8
Slovakia	41.5	18.0	231.2	25.6
Finland	163.6	52.3	313.0	22.3
Sweden	91.3	63.9	143.0	10.1
Norway	364.1	76.0	479.4	46.3
Switzerland	152.1	:	:	41.6

(:) not available

Source: Eurostat (online data code: sbs_oww_act)

REAL ESTATE DATA SOURCES

Coverage

- Real estate activities are divided into three separate NACE groups and include:
 1. buying and selling own real estate (Group 68.1);
 2. renting (to third parties) and operating own or leased residential and non-residential real estate, including both furnished and unfurnished property; the development of building projects for own operation is also included (Group 68.2);
 3. appraising real estate; providing real estate agency services as an intermediary; managing property as an agent (Group 68.3).



REAL ESTATE DATA SOURCES

Coverage

- **Real estate activities do not include:**
 1. **facilities management which is considered part of administrative and support services (Section M),**
 2. **nor the development of building projects for later sale which is part of construction (Section F),**
 3. **nor short-stay letting of accommodation (for example, for holiday purposes) which is part of accommodation and food services (Section I).**



REAL ESTATE DATA SOURCES

Data sources

- The analysis presented in this article is based on the main dataset for structural business statistics (SBS), size class data and regional data, all of which are published annually.
- The main series provides information for each EU Member State as well as a number of non-EU countries at a detailed level according to the activity classification NACE. Data are available for a wide range of variables.



Data sources

In structural business statistics, size classes are generally defined by the number of persons employed. A limited set of the standard structural business statistics variables (for example, the number of enterprises, turnover, persons employed and value added) are analysed by size class, mostly down to the three-digit (group) level of NACE. The main size classes used in this article for presenting the results are:

small and medium-sized enterprises (SMEs): with 1 to 249 persons employed, further divided into:

micro enterprises: with less than 10 persons employed;

small enterprises: with 10 to 49 persons employed;

medium-sized enterprises: with 50 to 249 persons employed;

large enterprises: with 250 or more persons employed.



Data sources

Structural business statistics also include regional data. Regional SBS data are available at NUTS levels 1 and 2 for the EU Member States, Iceland and Norway, mostly down to the two-digit (division) level of NACE. The main variable analysed in this article is the number of persons employed.

The type of statistical unit used for regional SBS data is normally the local unit, which is an enterprise or part of an enterprise situated in a geographically identified place. Local units are classified into sectors (by NACE) normally according to their own main activity, but in some EU Member States the activity code is assigned on the basis of the principal activity of the enterprise to which the local unit belongs.

The main SBS data series are presented at national level only, and for this national data the statistical unit is the enterprise. It is possible for the principal activity of a local unit to differ from that of the enterprise to which it belongs. Hence, national SBS data from the main series are not necessarily directly comparable with national aggregates compiled from regional SBS.



Context

The services of real estate activities are very diverse: real estate agents let (rent) or sell on a commission basis; traders buy and sell property; valuers, facilities and estate managers provide professional services; and finally owners let property.

Most of these activities are related to the secondary market concerned with existing property, although some, such as property developers for own operation are active in the primary market and are therefore closely related to the construction sector.

Real estate activities have very different cost structures and revenue streams. As such, care has to be taken when comparing them, particularly when trying to measure the size of each subsector or their use of capital or labour.

In particular, when enterprises are the owner of a good that they rent or lease, their financial costs and depreciation charges may constitute the main element of their total costs, but these are not considered when calculating gross value added or indicators of productivity based on this.



Context

As regards the policy context of the real estate activities, this sector crosses a number of important areas, including – among others – the internal market, consumer protection, the energy performance of buildings and taxation.

The Services Directive seeks to remove legal and administrative barriers to trade. From the perspective of property professionals the principles of the freedom of establishment and free movement of services permit real estate agents and other professionals to offer their services outside their country of origin.

From a consumer perspective the opening up of the internal market has been achieved while at the same time ensuring that sufficient safeguards are in place to protect consumers (for example, timeshare arrangements or alternative dispute resolution, which makes it easier for consumers to have complaints and problems dealt with without going to court).



TASK TO DO:

- 1. Describe real estate market in the European Union. What are the most popular activities on that market (e.g. lease, purchase?)*
- 2. Which state of the European Union states have the most developed real estate sector? Please, justify your answer.*





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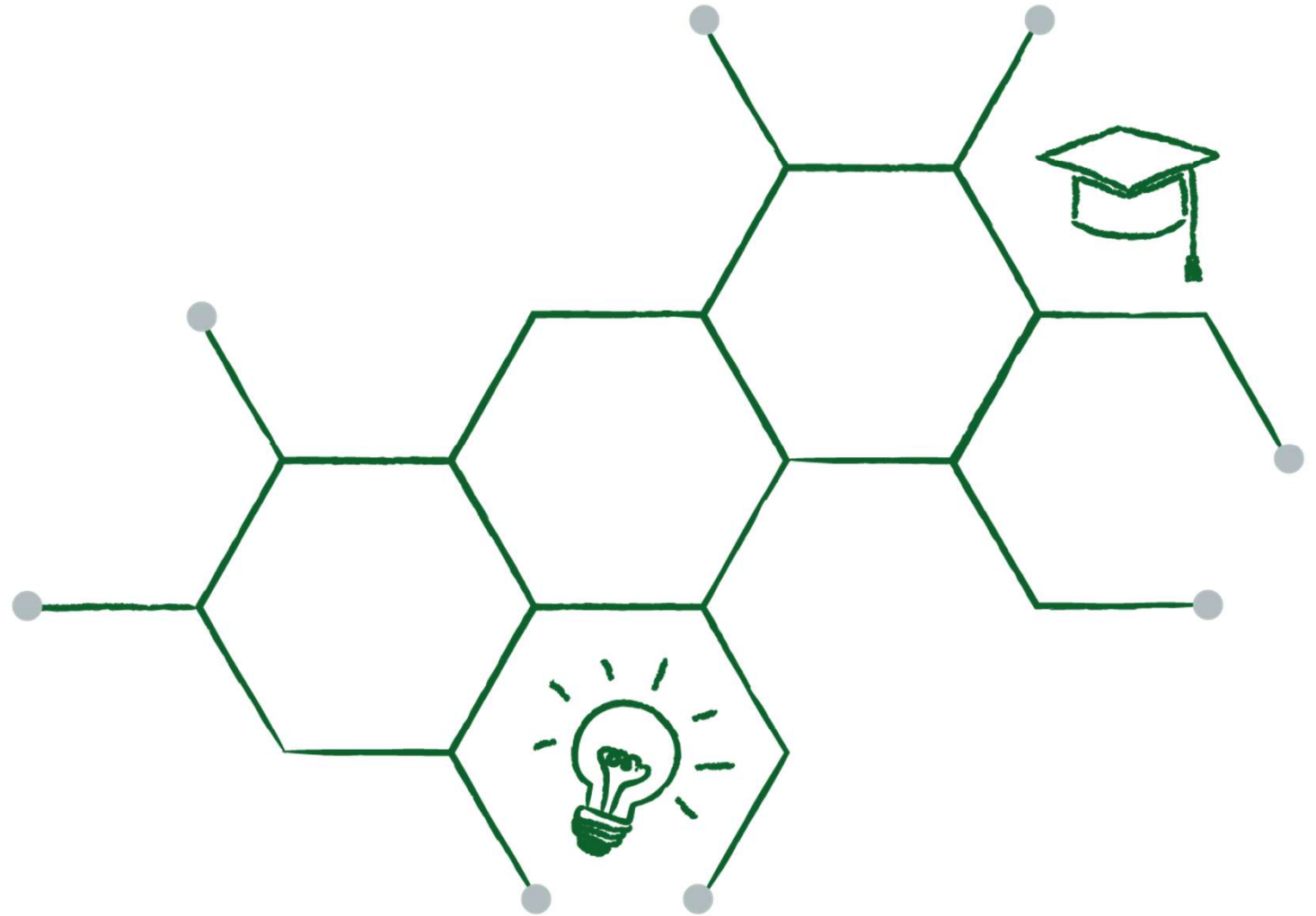


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