SOME ISSUES ON PREDICTION OF THE REAL ESTATE MARKET DEVELOPMENT IN THE REPUBLIC OF MOLDOVA

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The real property market is a core driver of the market economy and the state of real property market reflects the development level of the nation's economy and market relations. The real property market is a vital component of any national economy because real property is the most important part of the national wealth; it suffices to say that real property accounts for more than 50% of the global wealth. The purpose of this study is to examine the process of the emergence, shaping and functioning of the real property market in the Republic of Moldova and to identify the factors that influence its shaping and development. Based on the statistical data, it presents the market development dynamics, considers main problems and suggests their possible solutions. The main research methods were systemic analysis, comparison method, the analysis of dynamic series, statistical methods. The correct forecast for the real estate market is of great value not only for its professional participants (developers, realtors, evaluators, consultants, government officials), but also for ordinary citizens, most of whom somehow encounter a housing problem.
Keywords: real estate, analysis, real estate market, evolution, cycle, forecasting, transactions, property.

Piaţa imobiliară este una dintre principalele forţe motrice ale unei economii de piaţă, a cărei stare arată cât de dezvoltată este economia şi relaţiile de piaţă în această ţară. În orice economie, piaţa imobiliară este o parte esenţială, deoarece bunurile imobile sunt cea mai importantă parte a avuţiei naţionale, este suficient să spunem că bunurile imobile au o cotă mai mare de 50% din bogăţia lumii. Scopul acestui studiu este analizarea procesului de formare şi funcţionare a pieţei imobiliare în Republica Moldova şi identificarea factorilor care au influenţat formarea şi dezvoltarea acesteia. În baza datelor statistice se prezintă dinamica dezvoltării pieţei, se analizează principalele probleme şi se sugerează soluţiile posibile. Principalele metode de cercetare au fost: metoda sistemică, metoda analizei comparabile, analiza seriilor dinamice, metode statistice. Prognoza corectă pe piaţa imobiliară are o importanţă mare nu doar pentru participanţii profesionişti (dezvoltatori, agenţii imobiliari, evaluatori, consultanţi, reprezentanţi ai autorităţilor publice), ci şi pentru cetăţenii de rând, cei mai mulţi dintre ei, într-un fel sau altul, se confruntă cu problema locuinţelor.
Cuvinte-cheie: bun imobil, analiză, piaţă imobiliară, dezvoltare, cicluri, previziune, tranzacţii, proprietate.

Рынок недвижимости является одной из основных движущих сил рыночной экономики, состояние которого показывает насколько развита экономика и рыночные отношения в данной стране. В любой национальной экономике рынок недвижимости является существенной составляющей, так как недвижимость является важнейшей частью национального богатства. Более чем 50% доли мирового богатства приходится на объекты недвижимости. Целью данной работы является анализ процесса формирования и функционирования рынка недвижимости в Республике Молдова, а также факторов, влияющих на его развитие. На основе статистических данных представлена динамика развития рынка недвижимости, рассматриваются основные проблемы и предлагаются их возможные решения. Исследование основано на системном анализе, методе сравнения, анализе динамических рядов, статистических методах. Правильный прогноз на рынке недвижимости имеет высокую ценность не только для его профессиональных участников (девелоперов, риэлторов, оценщиков, консультантов, представителей органов власти), но и для обычных граждан, большинство из которых так или иначе сталкиваются с жилищной проблемой.
Ключевые слова: недвижимость, анализ, рынок недвижимости, развитие, циклы, прогнозирование, транзакции, собственность.

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Introduction. Research of the functioning of real estate markets in different countries of the world leads to the conclusion that insufficient attention to the scientific quality of analytical support is one of the main reasons for most major crises in real estate markets. A typical example is the crisis in the US real estate market in the late 80's – early 90's and the crisis of 2007. The basis for this situation was unfounded market expectations, formed from an incorrect structure of incentives in the analysis, weak analysis methodology and incomplete data characterizing current conditions. In our country, at the initial stage of market formation, expert predictions were called for (and are most widely used to date), which give rise to reasonable trust in the case of statements by experienced experts on qualitative market trends in the short term. However, this method caused dissatisfaction among forecast consumers when trying to give quantitative estimates. It turned out that the methods of economic analysis worked out abroad by science and practice are of little use in the conditions of a transitional economy. On the one hand, foreign methods are oriented to the formed information open market, functioning in conditions of stable political and macroeconomic situation, stable and developed legislation. The collection of information about the market, its processing, analysis and forecasting do not require specific methods and extraordinary efforts. On the other hand, the remaining methods of economic and statistical analysis of the branches of the planned centralized economy are not adequately adapted to the concepts and laws of the market economy. For this reason, there was an urgent need to create a scientific methodology for diagnosing the real estate market, based on the experience of countries with long-term market traditions, but adequate to the specifics of the current state of the transition period of the domestic economy and the real estate market.

The hypothesis of the research is that in the present conditions of the development of the real estate market in Moldova, when carrying out analysis and forecasting, it is necessary to take into account both internal and external macroeconomic factors, as well as the relationship between the life cycle of the real estate market and the cyclical development of the economy.

Degree of scientific approach to the topic and its presentation in the scientific literature

Studies related to the establishment and development of the real estate market were carried out by a number of foreign and Moldovan authors: Asaul A.N. [16], Goremykin V.A., Sternik G.M. [19], Buzu O. [9], Turcanu N., Albu S., Albu I. [8], Gutu A. and others. With respect to real estate in the literature, most of the scientific work and research is devoted to either a general description of the real estate market or an analysis of the residential real estate market.

Methodological and methodical aspects of the development of the real estate market abroad were studied by well-known scientists Ordway N., Friedman D. [18], Eckert J. Among the Russian scientists who contributed to the study of this problem, it is necessary to note: Gribovsky S.V. [17], Gryaznova A.F., Maksimova S.N., Tarasevich E.I., Sternik G.M. [19], Sivet C.A. [17].

In the foreign literature, the analysis of the commercial real estate market has been studied in more detail. The very first study, devoted to the cyclical patterns of development of the land market in Chicago, USA, was published in 1933, its author being Hoyt N. However, most research on this topic was conducted in the 1980-90s-2000s. These include the works of Stoken D. [14], Born W.L., Pyhrr S.A. [10], Wheaton W.C. [15], S.R. Grenadier [11], Foldvaty F. [12], Kling J.L., McCue T.E. [13].

The real estate market and its specifics. The real property market is a core driver of the market economy and the state of the real property market reflects the development level of the nation's economy and market relations. The real property market is a vital component of any national economy because real property is the most important part of the national wealth; it would suffice to say that real property accounts for more than 50% of the global wealth. The role of the real property market is ultimately evidenced by the fact that other markets, such as the markets of capital, services, goods, etc. cannot exist without the real property market because the players of those markets need to own, rent or otherwise possess real property (premises, land) in order to be able to carry on their business. The local real property market is a sector of major importance for Moldova's national economy as the real property market accounts for a major portion of Moldova's gross domestic product (GDP).

The real property market encompasses the entire range of transactions performed with real property between individuals or legal entities within a certain space where the demand for real estate meets with the offer of real property, prices are formed, negotiations and sale/purchase transactions take place on competitive terms and conditions.

The real property market has certain specific features which differentiate it from other markets. This real property market specific is inseparable from the characteristic traits of real estate as such. Each piece of real property is unique, but its location is fixed. Real estate markets are not efficient markets: the number

of sellers and buyers operating at the market is relatively small, real property pieces have a high value which requires considerable purchasing power – and therefore such markets are affected by the offered financing type, loan amounts which can be procured, the amount of the market advance, interest rates, etc. Different from efficient markets, real estate markets are not self-regulating – on the contrary, they are often affected by regulations enacted by central and local governments. Demand and offer of real property can strive to achieve a balance, but that balance is theoretical and can hardly ever be achieved because there is always a discrepancy between demand and offer. Offer develops slowly to satisfy demand of a certain type, but demand can change very rapidly – and so the probability of excessive offer or unsatisfied demand is much higher than that of market balance. Buyers and sellers are not always well informed and sale and purchase transactions are not frequent. Quite often, information about the current transaction prices or about the level of offer is not readily available. Real property pieces are durable and can be viewed as investments. Their liquidity is low and usually the process of sale takes time.

The behaviour of the real estate market is hard to forecast in view of all the above-mentioned factors. Of importance are motivations, interactions between the market players and the extent to which these players are affected by endogenous and exogenous characteristics of the concerned real property. So diverse types of real property markets (residential real estate, commercial real property, industrial real property, agricultural property, special types of property) emerged depending on the needs, desires, motivations, location, type and age of the market players on the one hand and on the type, location, design and limitations of the real property pieces on the other hand. The above market types can be additionally broken down into smaller and more specialized markets (so-called sub-markets); this process means market segmentation and disintegration of property.

All real property markets are affected by the behaviour, motivations and interactions between the buyers and the sellers of real property – which are determined, in their turn, by social and economic factors, regulations and restrictions imposed by the state or by the environment. Real property markets can be studied depending on their geographical characteristics or competition, demand and offer, – and all of these are linked with the general conditions at the real property market in its integrity.

Real estate markets are characterised by their heterogeneous nature. Each property is different from others in terms of its characteristics such as location, size, use, etc. Accordingly, one should keep in mind that there are not one, but many markets for real estate property.

Development of the real estate market is determined by:
- Economic growth or its forecasts. Although the market may experience short-term periods of beneficial conditions in the absence of any growth, such situations do not emerge often;
- Financial capacity to acquire real property – which is determined, in its term, by the economic growth rates (crisis, stagnation, industrial development) of the region as well as availability and nature of jobs;
- Links between real property prices and economic promise of this or that region.

Cyclical nature of real estate markets. Real estate markets – just as any other asset markets – are cyclical and exhibit the typical four phases of recovery, boom, downturn and bust.

Real estate markets are closely related to economic development. During an upswing in the business cycle, economic activity and the demand for real estate space will increase. By contrast, in a downswing, demand for it will decrease.
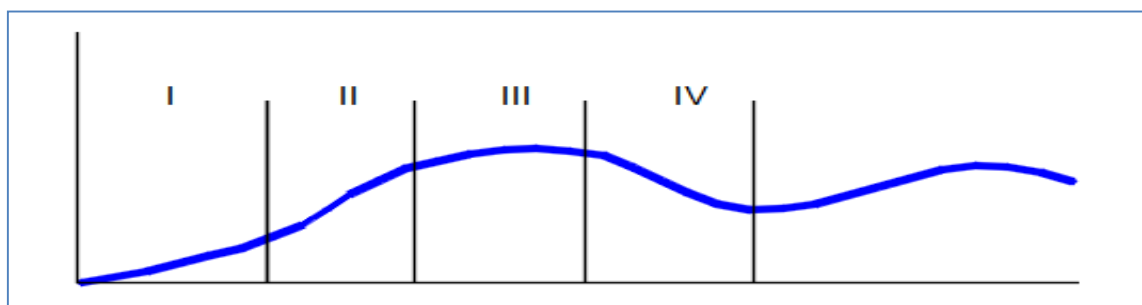

Figure 1. Real estate cycle

Source: Developed by the author.

The real estate cycle can be characterised by four distinct phases:

I. In a recovery, demand begins to rise, while supply is less flexible owing to the lag in construction. Even though some of the extra demand is absorbed by existing vacant real estate, prices and rents tend to rise. Availability of loan funds begins to increase while lending standards are still strict, but relaxing slightly. Accordingly, leverage begins to rise.

II. This phase is followed by a boom period which is characterised by strong demand. Supply is now following demand, but still not to a sufficient degree. Therefore prices continue to rise and reach high levels relative to rents, fostered by strong positive sentiment on the part of market participants. The price movement is strengthened by the (positive) feedback loop featuring abundant loan funding. Furthermore, competition drives banks to lower their lending standards.

III.At some point demand decreases, while supply is still expanding – owing to the lag in construction; the downturn phase is characterised by decreasing prices. Banks react to these market developments by tightening loan funding supply and lending standards. These stricter financial conditions put extra pressure on real estate markets (a negative feedback loop) and result in further price falls.

IV. This process continues during the bust period, in which demand is low and unable to absorb the existing supply. Large price decreases are accompanied by a significant rise in vacancy rates. Since expectations and credit ratings of market participants tend to be negative, loan funding is costly and not freely available. Market participants attach significant risk premia to investing in real estate.

The real property market is affected by multiple external drivers such as:

- Changes in the general social-economic situation and the region's economic competitiveness;
- Changes in the government's monetary policy as well as in the policy of commercial banks that determine the availability of funding to finance real property sale and purchase transactions;
- Changes in laws regulating the real property market and in tax laws;
- Changes in situation at the capital market, etc.

Many scientists of global repute were studying the issues of cyclical development in economy, including the real property market. In the 1930s, the US scientist Homer Hoyt examined for the first time cyclical development models for real property market, using land prices as an example.

Diverse researchers and in particular US scientists examined this topic in sufficient detail, analysing the US market, but were not able to arrive at clear and unanimous conclusions. At the same time, their theories had to be tested in practice to be able to take into account the additional external drivers arising as a product of globalization processes in economy.

Real estate market in the Republic of Moldova. The emergence and shaping of the real property market started in the environment of economic liberalization changes and of the processes that took place in the economy during that period such as deep economic decline, high inflation rates, decreased consumption levels for most of the population, a dramatic differentiation in the population in terms of their income levels, the lacking legal and regulatory framework necessary for transit to the market, which factors could not help but affect the peculiarity of shaping market relations in the real property segment.

The history of the real property market is believed to start with the enactment of the Law of the Republic of Moldova on privatization [1, 2]. Currently most analysts identify three main chronological stages in the history of development and shaping of the real estate market the, which stages are subdivided in their turn into shorter intermediate periods [5, 8].

The first stage represents a period when the rules of residential real estate market have been established (1991-1998). During that period, the cost of one square meter of housing was about $ 100. In 1992, mass privatization of housing began in Moldova. The market started to develop at an accelerated pace due to the increase in supply. More than 86% of the total apartments, about 80% of commercial sites and 70% of industrial facilities had been privatized by the end of 1996.

Between 1994 and 1997 there was a marked increase in housing prices (about 50-60%). However, a serious impact on prices in the housing market took place during the financial crisis of 1998, resulting in a massive and fairly dramatic drop in prices, which has not been observed since the emergence of the market. Prices for standard properties decreased by 40% by 1999 (Figure 2). During the analysis of the real estate market in the Republic of Moldova from 1994 to 2007, prices for real estate were predominantly set in US dollars. With the emergence and gaining confidence in the European common currency, since 2007 the prices for real estate are established in Euro.
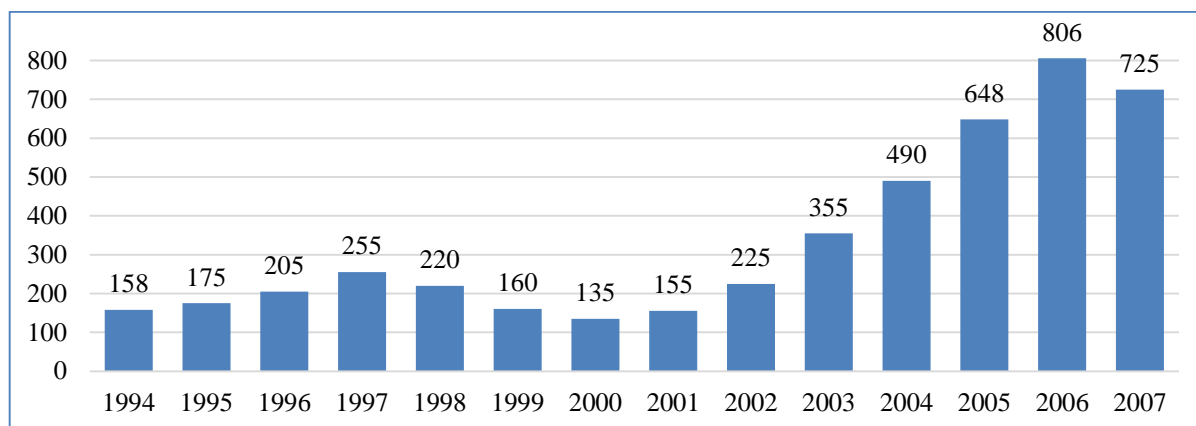
Figure 2. Dynamics of the real estate price (apartments) in Chisinau, USD per square meter (1994-2007)
Source: Data on http://nikaimobil.md/analitic.php.

Thus, the characteristic feature of the first period in the process of emergence and development of the real estate market has been a rapid rise in prices in the early stage and a significant reduction or even significant fall down towards the end of the period.

The second stage of the real estate market development in the Republic of Moldova began in 2000 and ended with the beginning of the global financial crisis in 2008.

The beginning of the second period was still characterised with a decrease in prices for residential real estate. However, the situation had changed by 2002 and prices returned to their pre-crisis level. There followed a prolonged period of rising prices with a slight stabilization in 2004 and 2007 (Figure 2). As a result, according to real estate agencies, a historic maximum in prices for apartments at around $ 930 per square meter was reached in autumn of 2008. Soon, however, real estate became much cheaper in the same year as a result of the global financial crisis.

The overall social-economic situation in the country has significantly changed since the beginning of the 21st century: political and economic stability was strengthening; the country went to high economic growth rates from the period of economic downturn, significantly increasing the role of the government in economy, and incomes of the population were rising.

While the real property market had a pronounced redistributive feature in the preceding period, it could be called the development market in the first decade of the 21st century.

This conclusion is based on the following arguments. As compared with the previous period, the volume of construction increased significantly. Thus, during 2000-2007 the volume of contract work carried out by construction and assembly organizations increased 6.3-fold as referenced to the constant prices of 2000 [6], returning the most prominent growth to the new construction, the value of which increased 7.1-fold during this period (Figure 3).
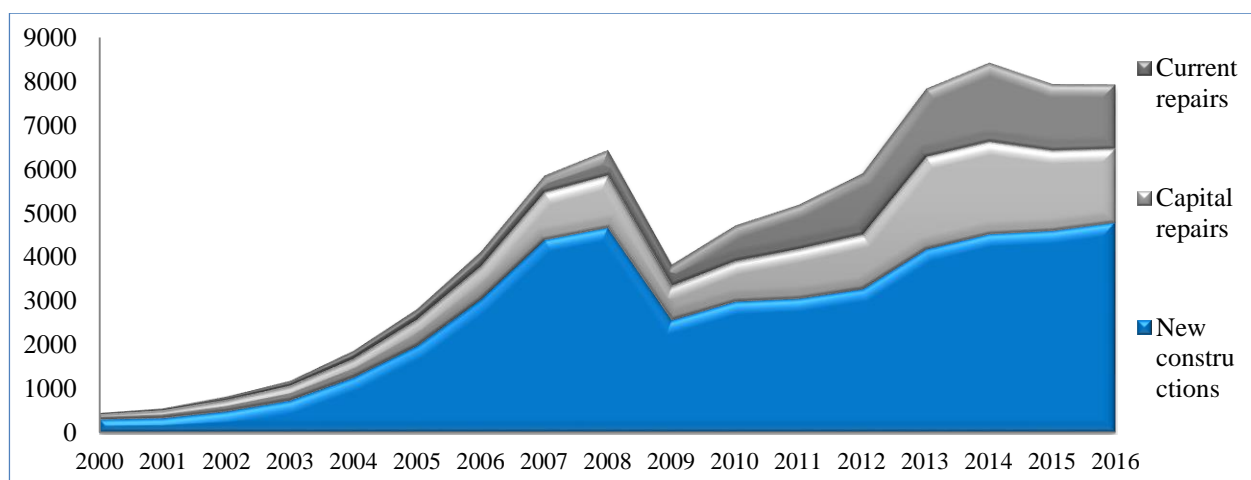

Figure 3. Value of construction work performed under contract, in MDL millions
Source: NBS data on www.statistica.md.

During 2000 to 2008, the number of built apartments increased from 2.3 thousand to 6.8 thousand. In the subsequent period, the volume declined slightly; nevertheless, it makes more than 5.4 thousand apartments per year [6].

The global financial crisis impacted the mortgage system first of all. Many banks discontinued their mortgage programs, and those who continued to offer mortgages significantly revised their programs (the rates and the size of down payment have been increased, the requirements for the borrower have been tightened, mortgage loans were mainly extended to finance only secondary market property, etc.). The number of mortgages recorded in the real estate register during 2009 was 12664, which is 33% less than in 2008. Chisinau accounted for 41% of all mortgages registered in Moldova [7].

The surveys of real property market have demonstrated that significant drivers affecting the real property market development since 2001 and intensifying the turnover of real estate among individuals are:

- Political stability;
- Stable growth patterns registered for social-economic and macroeconomic indicators;
- Financial market stabilization;
- Regulation of the legal framework and the relevant regulations;
- Free issuance of ownership titles as part of the first state registration;
- Licensing of professional market players in the real property market and in particular of valuers and experts performing cadastral work.

The year 2010 can be considered the beginning of the third stage. A distinctive feature of this stage is building of low-rise housing of small dimensions. Interest rates on loans are high, mortgages remain inaccessible for most of the population. Table 1 shows the development of housing in the Republic of Moldova during 2009-2016.

Table 1

Number of built flats and their average size

	2009	2010	2011	2012	2013	2014	2015	2016
Number of flats, thou	4.8	4.9	5.2	5.1	5.5	5.4	7.6	6.1
including, %:								
1 room	16.3	19.6	17.6	17.7	28.7	23.6	33.2	30.7
2 rooms	31.6	32.5	33.1	32.6	33.4	37.9	40.1	41.0
3 rooms	31.0	28.5	29.7	30.6	26.0	24.1	16.7	18.9
4 rooms and over	21.1	19.4	19.6	19.1	11.9	14.4	10.0	9.3
Average size of built flats, sq. m	103.7	110.7	113.5	99.1	93.3	92.6	80.4	84.9

Source: NBS data on: www.statistica.md.

The decline in housing prices began in the autumn of 2013, after three years of stabilization (2011-2013), during which the average cost of 1 sq. m of housing was about EUR 650. At the end of 2013, the price fell by 7% – down to EUR 615 for 1 sq. m. In relation to the maximum level of prices for residential real estate, which was achieved in 2008 and stood at EUR 910 per 1 sq. m, the price decline was about 32% in 2013. Figure 4 shows the evolution of prices for real property during 2007-2016.
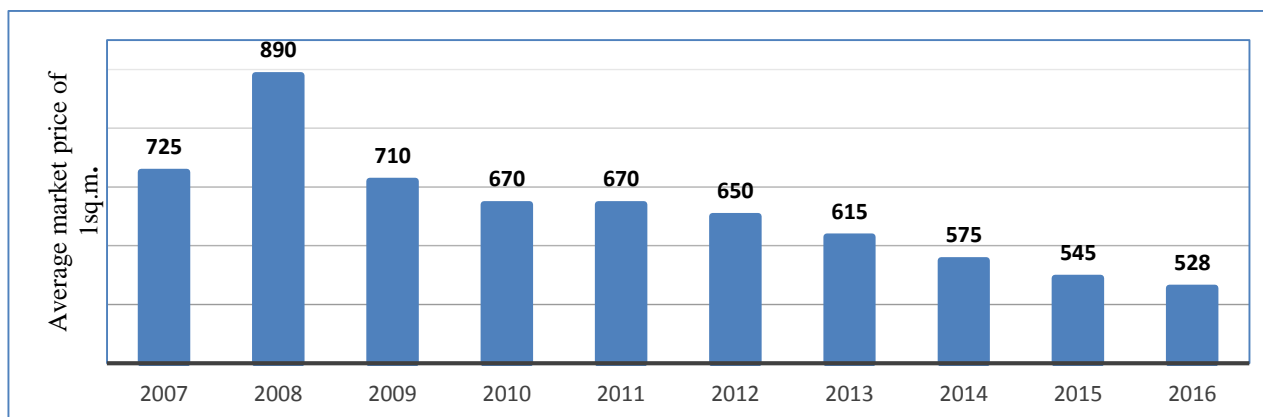

Figure 4. Dynamics of the average market price of 1 sq. m of apartment area during 2007-2016 (in Euros)
Source: Data on http://nikaimobil.md/analitic.php, http://lara.md/blog/?bo=1

Today, we can see a new round of the crisis which has less in common with the global trends, unlike 2008-2009. National currency has been devalued against the major currencies of reference – US dollar and Euro. Remittances transferred in the country by labour migrants working abroad have decreased. The crisis in the banking sphere, followed by the exodus abroad of important financial resources from the country, has also aggravated the already difficult situation.

It follows from the analysis performed that the real estate market is very sensitive to economic as well as political changes taking place in the state and also to the macro-economic situation as a whole.

At present, the factors that impact the real estate market are:
- Political and economic instability;
- Reduction of mortgage lending;
- Devaluation of the national currency;
- Reduced purchasing power of the population;
- Pessimistic expectations of market participants.

The problem of forecasting the development of the real estate market

To understand the development of any market, analytical research, accurate information and competent conclusions on its basis are necessary. Real estate is not a field that concerns only highly qualified specialists: anyone who decides to buy, sell, lease a house, etc., can also be called a full-fledged market participant in need of timely information. Forecasting is the final and most important stage in the market research. The forecast is built on a certain trend in the movement of prices in the real estate market, as well as on the basis of the market analysis. The forecast of the development of the real estate market gives an idea of what will happen to the real estate market in the future, as a result of which it is possible to determine whether the investment decision is correctly approved and how effective it will be.

Each participant in the real estate market can forecast the development of the real estate market either on the basis of its own conclusions, or lying on the help of specialists. Some companies operating on the real estate market include analysts in their staff, others use the services of independent experts. Thus, in the modern civilized real estate market, specialists who study the patterns of the market become an integral part of it. The methods used by specialists are also significantly different. This is related to the expert opinion, fundamental analysis of factors, and the construction of mathematical models. It should be noted that in the current business environment, when an investment rationale for all projects is required, expert opinion is not enough. In addition, the economic crisis instilled uncertainty in the real estate market participants in the future, which required additional justification for the development of forecasts.

Forecasting in the real estate market pursues a number of tasks:
- any forecast is a manifestation of the system approach in management issues, as it allows to foresee the situation on the market, and therefore, to implement both the housing policy in the region (and even the country) and to effectively manage immovable assets;
- the forecast sets benchmarks for all market participants: from developers and potential buyers to investors, the banking sector, government agencies, etc.
- the forecast provides the key to understanding the trends emerging in the market, as well as the factors that determine them.

The results of real estate market forecasting are necessary for the following types of structures:
- development companies that use market forecasts to determine the prospects for the location of the object and the type of product most satisfying market demand. The concept of the project is usually a part of the package of documents to be submitted to creditors. The developer can also use the analysis of the market in the future to improve the project or determine the causes of failure. In many cases, for the marketing analysis and development of the concept of the project, developers appeal to external consulting companies.
- investors and creditors that finance the project, who rely on analytical market forecasts to assess the financial impact of a loan or investment.
- marketing agencies for the development of sales strategies, advertising campaigns, measures to stimulate sales, taking into account the projected changes in the market, and, first of all, changes in the volume and structure of demand.
- real estate agencies for the implementation of quality consulting for their clients regarding pricing, in addition, they need to plan their own activities for the future, taking into account market changes (number of employees, advertising costs, the most attractive market niches);

- tenants and potential buyers of real estate can use the market forecast when deciding on the choice of an object and agreeing commercial terms under a lease or sale agreement.

- commercial real estate sellers and mortgagees rely on the reports of professional valuators on the market value of the objects. One of the main methods of valuation is the discounted income method, which is based on data on future income from the object. To compile a qualitative financial model, an appropriate forecast of the project's revenues is needed.

- operating companies use market forecasts to obtain an idea of the positioning of real estate in the market; repositioning can be a complete reconstruction or a minor improvement, depending on the forecasted situation on the market. Taking into account the fact that any work on finishing, construction and reconstruction is a long and costly process, managing companies need to rely on long-term market forecasts. This will help to anticipate developments in the real estate market, rather than responding to them with delay.

The main problems faced by the listed types of real estate market participants in forecasting the market can be divided into systemic and technical ones.

The systemic problems of forecasting the real estate market include:

- A large number of intermediaries who receive remuneration only if the transaction or project is successfully completed (various consultants, real estate agencies). Such intermediaries can provide knowingly substandard market analytics and mislead the ultimate owners or buyers of real estate due to a conflict of interest.

- Liberalization of international capital markets. As a result, the presence of speculative foreign capital can quickly and unreasonably raise prices in the real estate market and also quickly reduce them.

- Changes in the market regulation and legislation that can fundamentally change the situation of the project. The firm may not have the necessary information regarding such changes at the stage of project launch, and at the project implementation stage it can be very difficult to adjust to new regulatory conditions.

A separate firm cannot cope with system problems on its own, and the results of these problems are difficult to describe mathematically. The only possible measure is to take into account the uncertainty factor that can manifest itself during the implementation of the project and the preliminary preparation of reserve strategies.

Technical problems of real estate market forecasting include two aspects. First of all, this is the lack of quality methods for forecasting the market. Most often, market participants use linear forecasts, suggesting the preservation of existing trends in the future. Accordingly, such forecasts can never indicate the time of the main trend change in the market. In a growing market, investors and lenders accept such forecasts and issue loans for such projects. However, the crisis of 2008-2009 showed that many "opportunist" projects, based on poor-quality forecasts, are unclaimed.

Another technical problem is the neglect of economic cycles in forecasting the commercial real estate market. Meanwhile, a strong relationship between the dynamics of the real estate market and socio-economic processes has been confirmed by many researchers, as well as empirically, including during the global financial crisis in the late 2000's.

A separate firm can solve technical problems, in contrast to systemic problems. To do this, it is necessary to have a high-quality methodology for forecasting the real estate market taking into account socio-economic processes, regularly improve it and correct it, and use the actual primary data for the model.

It should be noted that a large group of researchers *deny the possibility of qualitative forecasting of the real estate market*. Their arguments are as follows:

- It is impossible to accurately measure the depth and duration of another recession or rise in the real estate market, as well as the predicted values of market indicators. This is due to the impact on the market of a large number of multidirectional economic factors that are difficult to model or predict.

- In the case of investment decisions, diversification of the real estate portfolio makes it possible to reduce the impact of market fluctuations to almost zero. This will happen because various types of real estate in the investment portfolio will be at different phases of the cycle.

- Long-term approach to investing in the real estate market allows ignoring the impact of cycles, because in the long run real estate prices tend to increase.

- Closeness of the real estate market and the lack of full information on the situation on the market lead to the incorrectness of existing models of market forecasting.

Based on the above mentioned assumptions, it is concluded that the trend extrapolation method is the only possible method for forecasting the real estate market, and there are no alternatives to it. However, in our opinion, this approach is one-sided and in practice can lead entrepreneurs to erroneous decisions and to the loss of significant financial resources.

Conclusions

Analysis of the real estate market and its evolution represents a real challenge due to the complexity of the elements that make it up and determine its evolution. The real estate market is influenced by many socio-economic factors and in turn it influences the level of several indicators both at the microeconomic level and at a regional level. With all this complex analysis of identifying the main trends in the evolution of the real estate market, we consider that there are necessary studies to achieve this, even in conditions of economic and social decline, a situation which, unfortunately, we encounter in our country. The real estate market is a true "barometer" of situations of economic decline or growth, being in fact a key sector of the national economy.

The features of real estate objects determine the specificity of the real estate market, which differs from other markets, and these features are caused not only by the specifics of the goods circulating in this market, but also by the features of the development of the system.

The real estate market is a complex system, the functioning of which is provided by many elements and subsystems, in addition, it is being in constant change, development.

The real estate market cannot be abstracted from the influence of external factors; it should be viewed in conjunction with other markets, both at the national and international levels.

The importance of the real estate market makes it necessary to carry out its ongoing comprehensive analysis and forecasting.

Real estate is a major component of the economy and has been subject historically to large and widespread fluctuations. The construction industry plays a major role in creating the boom and subsequent bust. The real property market evolves through a number of complex economic stages associated with multiple internal as well as external economic, political and social drivers.

For the real estate market, the cyclical nature of development is typical. Real estate cycles, as a rule, include successive periods of expansion, peak activity levels, decline and bottom. Factors that cause markets to change, in general, are the product of macro-level forces. They affect the psychology and behavior of the market, sometimes moving it along a dramatic path.

A generally accepted model for forecasting the real estate market does not exist. There are only different theories of development of the real estate market, which can be used for forecasting purposes. At the same time, all theories are proved in foreign practice, and require approbation on the correspondence to the Moldovan reality.

One of the major problems hampering the forecasting process of the real estate market is the lack of a clearly defined set of macroeconomic factors and other factors that have a crucial impact on the market and the lack of certainty in their interrelation with the main indicators that characterize the current state of the market and its future development.

Forecasting issues are most relevant in times of economic instability. Traditional methods of analysis and forecasting no longer satisfy those information needs, on the basis of which it is necessary to make effective and operative decisions. In modern conditions, there is a lack of reliable forecast information, predictive and analytical indicators of activity in the real estate market and new approaches to strategic management based on a vision of the future.

As further directions of the research, it is possible to emphasize the establishment of a model for the long-term development of the real estate market based on analysis and forecasting of its life cycle, the study of forecasting capabilities at various stages of market development, the construction of a system for collecting, analyzing and distributing information on the processes of real estate on the market in order to overcome information uncertainty.

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