

Econometric Form of The Location Attribute Using A Decision Model In Crisis Real Estate Valuation: A Literature And Legislative Data Review of Poland And The European Union*

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Abstract

The attribute of real estate location is a basic determinant influencing the value of real estate. This triviality can be seen in every valuation verifying the valuation reports of real estate appraisers not only in Poland but also in the European Union countries. In the literature on the subject, however, the attribute of location is very often used interchangeably with location, which is a synonym. Inconsistency in the literature, as well as inconsistencies in the use of uniform nomenclature by appraisers sometimes differentiate them, which is reflected in the applicability of this most important attribute in real estate valuation. The same applies to the use of specific valuation methods, including the use of econometric tools in valuation. Their use in estimation is quite negligible, and most importantly, it does not take into account the aspect of threats resulting from, for example, the dangers of global socio-economic policy. There is a clear gap in this area, hence the interest in this topic in this study.

The main objective of the article is: to present the econometric form of the location attribute using the decision-making function in crisis real estate valuation. The research problem in the article was specified in the form of a question: Should other methods of taking into account location, taking into account the element of threat, be used in the current geopolitical situation? The research hypothesis of the study was specified in the form of a statement that: the attribute of the location of real estate should reflect the threat variable in its construction, affecting the final valuation of the property.

The study used a secondary analysis of literature sources and legislative data in Poland and the European Union, which allowed for the analysis of available definitions of location, including the methods of taking it into account in econometric models, with particular emphasis on the directionality of use in valuation reports of property valuers. The case study method used in the study allowed for the analysis of the use of a decision-making model in real estate valuation taking into account the location attribute, assuming various threats to the real estate market under conditions of uncertainty.

In the final part of the study, the material was synthesized and conclusions and recommendations were developed regarding the inclusion of location in a linear decision-making model under conditions of uncertainty reflecting the state of threat from the perspective of crisis management.

Keywords: location attribute, econometric model, linear decision model.