



## ANALYSIS AND POSITIVE ASSESSMENT OF FINANCIAL **RISK** **REDUCTION** WITH THE POLITICAL RISK FACTOR OF REAL ESTATE INVESTMENT PROJECTS



**The coronavirus, the war in Ukraine - financial crisis and its impact on real estate.** This is a major factor influencing the economy in many different ways - in particular political risk in quantitative assessment of financial risk of an investment project in this area. Well-informed people withdrew all their money from the stock market before the first collapse. The stock market has seen its biggest drop in value since the Great Recession of 2008. How the crisis may affect real estate investing - in several ways. This analysis is based on global information, our research and the real estate investment experience of our partners. As many foreign investors seek much lower returns than domestic investors, they are able to offer higher prices for multifamily properties.

A positive impact could be an internal capital flow toward real estate. Many local investors will pull their money out of the stock market. Those investors will be looking to put their money into real estate, which historically is more stable than the stock market. I believe that more capital will flow into multifamily real estate from local investors, which can counter the decline in demand for multifamily and might be able to stabilize prices or prevent a major decline in property values. Housing prices have been on the rise again since the housing bubble burst, and some economists believe that the nation could experience another possible real estate bubble, particularly at the local and city level.

A combination of rising home prices, loose lending practices, and an increase in subprime mortgages pushed up real estate prices to unsustainable levels. During the period leading up to the recession, both foreign and domestic investors continued to pour money into the real estate industry. Homebuyers were issued credit without adequate risk management.

Given that the real estate sector seems susceptible to recurring boom-bust cycles, what assets can be implemented to reduce the volatility of investment in this sector, and stabilize the asset value of housing for family finance.

