

## Book Review

### International Approaches to Real Estate Development

Squires, G. and Heurkens, E., 2015. *International Approaches to Real Estate Development*. Routledge, UK. ISBN (hbk): 978-0-415-82857-4, ISBN (pbk): 978-0-415-82858-1, Paperback: US\$49.95, Hardback: US\$165.00.

*International Approaches to Real Estate Development* (Squires and Heurkens, eds., 2015) is an enquiry into the complexities of real estate development. What distinguishes the book from others is its comparative nature. The approach that the authors adopt is institutional, which provides an additional dimension particularly when the contexts and practices for real estate development have undergone changes since the global financial crisis. The globalization of real estate markets and practices has also brought forward various interdependencies amongst various stakeholders and has questioned the role of these stakeholders in traditional sense. Globalization has also highlighted the tension that arises when international practices negotiate with local practices.

An edited book with thirteen authors investigating real estate development in eleven markets, ranging from matured markets of the US and the UK to emerging markets such as India, China, Ghana, to transitional economies such as Hungary and to Middle Eastern markets such as Bahrain, is a brave attempt. The canvas that the book is trying to paint is wide and the fabric is woven with complex institutional and cultural differences which find their way into real estate development. A project of this nature requires a well-articulated framework so that authors deal with their markets in a consistent manner and editors achieve their objective of providing cross-border learning, which can be summarized at the global level.

The most interesting part of the book is Chapter 1 in which the editors explore various methodological strands in comparative studies, and identify those best suited for projects of this nature. They evaluate “lesson drawing” and “policy transfer” approaches. They also discuss “stakeholder approach”, an approach that looks at the people aspect of the process, but settle on a hybrid model combining lesson drawing and policy transfer. Another important aspect of this stage setting chapter looks at perspectives from which real estate development can be analysed. Literature has analysed real estate markets using a neo classical approach, where market outcomes are determined through the forces of demand and supply, and where price clears the market. The other approach is institutional where formal and informal rules of the games determine the outcome. The third approach using agency methods looks at the actors and relationships in real estate development. The fourth approach is event sequence, an approach which focuses on the real estate management process. All these approaches have their own merits and demerits so a researcher has to identify the approach which suits a particular analytical context. Following Keogh and D’Arcy

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(1999)<sup>1</sup> and recognizing the limitation of the neo classical approach, real estate researchers have increasingly applied an institutional approach to explain real estate markets. This book looks at real estate development in an international context using the institutional approach. It also opens up opportunities to expand the work by applying other approaches.

The wide variety of institutions across different markets provides rich comparison, though there is always a tradeoff between the breadth and depth of analyses. This book leans towards the former. The unique feature of the book is that it illustrates how differences in real estate development could be explained by institutional differences. It indicates that real estate development in the US is shaped by a sophisticated financial system, variant regulations at local level, absence of mass transit systems and a transparent political system. It also illustrates that the UK development market works under stringent planning controls, and struggles to provide a balance between social and commercial objectives. The well-coordinated planning system in the Netherlands has resulted in comprehensive urban projects through unique public private partnerships however the authors posit that these relationships are becoming less prominent. The real estate development sector in Hungary, which has undergone the transition from no land markets to land markets, had to strike a balance between achieving social objectives through planning, and the private sector profit objectives of developers seeking opportunities in the new market. With a maturing real estate development sector, there has been a shift away from speculative retail development. The development sector in the Middle East has produced iconic structures and weathered economic and financial turbulence, mainly due to strong 'ruler' intervention. Ghana's real estate development sector has the characteristics of an emerging market. Private sector developers there, largely international, and using capital from overseas, are engaged in developing residential projects. Chile has experienced social transformation which has led to gentrification of their cities. Incentives to redevelop infill areas have led developers to create urban typologies such as studio flats. Indian markets suffer from myriad regulations, unclear property rights and an informal construction sector. Despite these challenges, the real estate development sector in India is highly dynamic. The real estate development sector in Hong Kong has been market led, and government largely plays a facilitating role despite controlling the supply of developable land. The Australian real estate development sector is heterogeneous, driven by financing methods, consumer preferences, land tenure, property rights, size of developments and speculative motives. Entry barriers for developers are few, though planning regulations could become constraining.

In summary, this book provides a wide spectrum of real estate development approaches in a range of markets, which can be viewed through an institutional lens to understand the linkages in "environments, markets, agencies, processes and outcomes". It is an important reference source for students and researchers, and paves the way for stimulating further comparative research, particularly between the global south and global north.

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<sup>1</sup> Keogh, G. and D'Arcy, E., 1999. Property market efficiency: an institutional perspective. *Urban Studies*, 36(13), pp. 2401-14.