

THE ROLE OF COMMERCIAL PROPERTY IN EUROPEAN ECONOMY

Businesses and society can't function without the services of commercial property. The sector manages the infrastructure needed for entrepreneurship to thrive. It is therefore a fundamental source of employment and economic growth.

Commercial property encompasses shops and retail outlets, offices, warehousing and light industrial premises, as well as hotels, leisure facilities and other forms of infrastructure. New forms of commercial property are continuously emerging.

Studies indicate that "real estate in all its forms accounts for nearly 20 % of economic activity. The commercial property sector alone directly contributed EUR 285 billion to the European economy in 2011, about 2.5 % of the total economy and more than both the European automotive industry and telecommunications sector. It directly employs over four million people, which is not only more than the car industry and the telecommunications sector, but also greater than banking" [1].

The market value of commercial property in 2011 was approximately EUR 5 trillion. This is comparable to the value of plant and machinery in Europe's businesses and is close to the size of European stock and government bond markets.

Commercial property investment covers the spectrum of business and social activities — from hotels, leisure facilities to health.

Its floorspace in Europe measures 3.5 billion square meters which is enough to cover half a million football pitches. Shops, offices and warehouses all occupy sizeable areas, of approximately 1 billion square meters each.

"The area covered by commercial property:

- Retail (from 1 to 800 square meters).
- Offices (from 800 to 1800 square meters).
- Industrial (from 1800 to 2800 square meters).
- Other commercial (from 2800 to 3500 square meters)" [1].

However, what contributes to the growing success of commercial property?

On the one hand, participants engaged in this economic sector cannot ignore possible risks and inconveniences accompanying their business. "Rules and regulations are the primary deterrent for most people wanting to invest in commercial real estate. The taxes, mechanics of purchase and maintenance responsibilities for commercial properties are buried in layers of legalese that shift according to state, county, industry, size, zoning and many other designations" [2].

On the other hand, the biggest advantage of commercial real estate is the attractive leasing rates. In areas where "the amount of new construc-

tion is either limited by land or law, commercial real estate can have impressive returns and considerable monthly cash flow. Industrial buildings generally rent at a lower rate, though they also have lower overhead costs compared to an office tower" [2].

Commercial real estate also benefits from comparably longer lease contracts with tenants than residential real estate. This gives the commercial real estate holder a considerable amount of cash flow stability, as long as the building is occupied by long-term tenants. Therefore, investing in 'brick and mortar' will always be popular.

To conclude, though there are many factors that influence the well-being of European citizens and the European economy, a performing real estate sector provides the basic platform for all these other factors to deliver their full potential, and for the European economy to thrive and remain competitive.

References

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INNOVATIVE CONCEPTS IN SPANISH HOTEL BUSINESS

The innovation hotel concept is one of the most popular subjects among hotel real estate developers and hotel operators. Indeed the innovative hotel concept is an additional way of promoting hotel services. At present the main tools in functioning of an effective hotel complex control systems are the use of advanced technologies, energy efficiency, adaptation to guest demand, versatility, flexibility, social and environmental responsibility, management of operating costs [1]. Technologies in the field of hospitality are developing rapidly. Hoteliers have two main tasks: to get as many clients as possible by arranging the maximum number of sales, and to make a guest a return-on one. To carry out these tasks is impossible without innovative solutions. The struggle for every guest requires the modernization of hotels both in technologies and in concepts.

Tourism is one of the main sectors of the Spanish economy. A rich variety of Spanish nature, its geographic, climatic and landscape contrasts are clearly evident in all regions of the country. Therefore the development of innovative hotel business in Spain will contribute to the further successful development of tourism. Spain is carrying out the plan — "Plan del Turismo