

Urban Property Dynamics in Korca, Albania

Review and Outlook for Tenure Security, Investment and Property Market Activity

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Summary

Korca is one of five cities selected to explore the current state and outlook for urban property dynamics in Albania post-1990. In addition to some general perspectives on the city's urban evolution, including spatial and socio-economic aspects, the study assesses current property holders' tenure positions, both in terms of the quality of documents held and how secure they actually feel about their rights. To what extent are differences in these regards either constraining or promoting property market activity and investments? After almost a decade of activity, what sort of new reality appears to be taking shape and are there any trends to be concerned about, particularly when it comes to the on-going work of the Immovable Property Registration System project which is seeking to place property dealings on a sound legal administrative footing? The report is based on a two-phase survey conducted in Korca between 1999-2000 encompassing 696 properties on a limited number of questions and a subset of 225 for more detailed study.

At the time of the survey, Korca encompassed some 55,000 inhabitants. In typical Albanian urban development fashion, it has evolved and expanded outward from an older, original core of houses and villas, mostly, but not exclusively, with the addition of apartment blocks between the late 1960's to the early 1980's. Apartments now account for almost three-quarters of all residential and commercial properties. Most new development since the late seventies appears to have been re-focussed into the center of the city, which is where the newest and roomiest apartments are now located. At the same time, a few houses have been going up on the city's outskirts.

Small, mostly one or two-person commercial enterprises, have proliferated in Korca district at a relatively steady pace, except for a precipitous dip in 1997 associated with the pyramid scheme crisis and the chaos that followed. Notably, much commercial activity appears to be conducted in rented apartment properties in the center of town. House properties are also used for trade, but largely by the home owners themselves operating their own businesses.

Emigration is a salient factor in Korca, as elsewhere in Albania, reflected in the approximately 8% of vacant residential properties in the city. About 20% of families had a member living and working abroad. Remittances provide critical funds for survival and investment, including investments in property. Such investments are virtually all self-financed; institutional, collateral-based

financing has not yet emerged as a widely viable alternative.

The survey reveals quite a strong spatial correspondence between socio-economic and property features of the city, with the highest average income families being located in the city's outskirts. Higher income families in the sample tend to be more populous with older heads and more income earners, features which characterize house owners more than apartment owners and those on the outskirts more than those closest to the center. Since relative income levels and property values do not overlap that closely, lower income people may be able to benefit from the equity value of properties, once institutional financing becomes an option. Where low value coincides with low incomes and old structures, as it seems to among many of Korca's older houses in the very center of the city, prospects appear less sanguine and special government assistance may be called for. The city is also known to be quite diverse ethnically with sizeable Roma and Vlah minorities concentrated in certain areas of the city. This dimension, which was not incorporated into the survey merits future attention.

Location emerges as the key component of property value, with particular preference for properties centrally located, yet shielded from major noise and pollution, an advantage houses generally appear to have over apartments. Houses also are valued because they typically have room on lots for new building or expansion of existing structures.

Overall, Korca's property scene is exempt from some of the major ills plaguing Tirana, such as large squatter settlements, widespread unauthorized building (e.g., apartment extensions) and so on. As of 1999, most properties were on a relatively firm legal footing. Still, while virtually all properties are documented in some form, documentation of rights to a substantial minority of them, about a third, leave much to be desired with clear signs that further deterioration is in the offing. This is particularly true of older, inherited house properties, commercial properties, mostly concentrated in the center of town and those properties, either built, rented or sold since 1990 which now represent about 14% of all properties in the city. This amounts to a sizeable percentage of properties at risk of drifting into legal limbo, unless corrective action is taken.

Use of the *hipoteka* or Deeds registry, destined to be replaced by the IPRS, remains very widespread with no signs of diminishing. If the situation in Tirana is indicative, in all too many cases *hipoteka* registration is being used as a substitute for proper property dealings.

Although imperfections and problems identified do not translate into major worries about rights, people interviewed clearly would welcome having their status upgraded.

Tenure issues have apparently done little to discourage investment which occurred on about 40% of sample properties. Indeed, incidence and value of investments are highest on some of the most tenure-insecure properties. It appears that the interplay between needs and resources and differential possibilities afforded by distinct classes of properties, are the decisive elements in investment behavior, not tenure status. The study reveals that socio-economic differences associated with property type and location strongly influence what people end up doing with their properties. Many of the factors promoting or enabling investment overall are over-represented among house properties, which are at the same time mostly held with weak documents or suffering other symptoms of insecurity. One concern is that under current circumstances, major structural expansions or new building carried out on properties already on shaky legal ground may merely be adding to the scale of tenure problems as time goes by.

While not dampening investment, tenure issues mainly rooted in co-ownership or unresolved inheritance issues do appear to be a hindrance to sales and possibly rentals. Although this is now mainly a problem pertinent to houses, apartments particularly inherited ones are not exempt from such barriers to sale.

The study underscores the pressing need to regain control over the situation while it is still relatively manageable and before it gets much more out of hand. Unless and until the IPRS can regularize the status of properties held under questionable documentary and legal status and nudge people to conduct future property transfers within that system, disarray in the system is likely to spread. Troubling signs include:

- Widespread failure to formally subdivide, settle and document heirs' rights, threatening to cloud rights further with each successive cycle of inheritance;
- The proliferation of inadequate, questionable documentation and increased level of properties without any documents at all among newly constructed, newly acquired properties;
- Indications that few renters have documents of any kind, something that may point to insecurity both of owners, afraid to issue such documents and renters lacking the protection of documents.

Challenges for the IPRS appear to be most daunting in central areas of city, particularly when it comes to older house stock which appear to embody the most complexity and inadequacy when it comes to definition and documentation of rights. Urban planning and investment challenges also appear to be most urgent in that area of town where old house properties are evidently all too often owned by people without the resources to make necessary improvements.

Introduction and background

Korca, a city of some 55,000¹, located in southeastern Albania, has along with the rest of the country had to come to grips with the upheavals and institutional adjustments introduced in the wake of the Hoxha regime's collapse. From almost fifty years of a strictly controlled, planned and enforced urban development and construction regime, the initial post-Hoxha transition period of fledgling institutional development ushered in something of a free for all.

One of the first orders of business was to allocate private ownership rights to land and buildings expropriated or socialized during the communist era. Restitution and compensation of some urban properties owned prior to 1945 was recognized² and in the case of Korca was virtually completed by 1996; families living in apartment blocks constructed during the communist era were granted the opportunity to purchase their properties for a nominal sum. This process occurred swiftly around 1993. Documents were issued attesting to people's rights and major initiatives were launched to establish a legal framework and procedural guidelines for rights and dealings in property. About 2-3 years into the process, work on introducing an Immovable Property Registration System (IPRS) began; this involved systematically collecting and maintaining physical and ownership information for all properties, both rural and urban. Property registries have been established as repositories of all of this property information, with title certificates (*kartela*) being issued to those whose ownership is satisfactorily established under the law. These actions are all hoped to pave the way for a well-functioning property market.

Today's urban milieu reflects people's newly gained freedom of movement and ability to dispose of properties as they see fit. A major demographic realignment of the country has occurred since 1990, with the influx of people from rural to urban areas, particularly Tirana and regionally from the north and mountainous areas to south central plains areas; also conspicuous has been emigration abroad which has emerged as a major pillar of survival and well-being for many Albanian families. Korca is no exception in this regard, although relatively favorable economic conditions have moderated outflows of people in

¹INSTAT, Preliminary Results of the Population and Housing Census, 2001, Republic of Albania, Institute of Statistics, Tirana, Sept. 2001, p.42

²Under Law 7698 of 1993.

response to dire economic need.³

Korca's post-communist evolution has also been shaped by legal/institutional deficiencies and feeble capacity to enforce even minimal urban planning rules and procedures and to direct property dealings into proper legal channels, particularly during the early transition years. Current reality reflects actions taken in this sort of environment; new houses have been built, existing properties may have been expanded or improved; properties have been bought, sold and inherited, all with greater or lesser regard for legal or sound planning requirements. Eight or nine years on in this process, this report seeks to draw up a balance sheet of how well things have been proceeding and whether there are reasons to be concerned about the future. To what extent is today's situation marked by disarray or imprecision regarding rights to newly acquired properties? Is there any cause for concern in terms of the prospective vitality of the property market as reflected in the pace and quality of investments in property and transactions, sales rentals and exchanges? Do these and people's apparent willingness to invest in their properties relate somehow to documentary status, ambiguities or insecurity over rights? Also a major impetus and focus of the study was to establish how emerging property dynamics in Korca may be impinging on the work of on-going property registration activities? Here the main emphases are on quality of property documentation and levels of ambiguity and complexity characterizing property rights.

Study of these issues in Korca was conceived as part of a larger five-city⁴ study conducted between 1999-2000 designed to highlight both common patterns and city-specific aspects of the experience as mediated by distinct urban development, cultural and demographic characteristics. By dint of its location and history, Korca introduces certain unique elements to the analytical mix. Its long-standing reputation as being closely oriented toward west European culture and values could be manifested in more gender-egalitarian views and practices regarding inheritance and education. Proximity to Greece facilitates labor migration to that country, something possibly manifested in the approximately 8% of properties reported in the

³A World Bank report on poverty in Albania characterizes the situation in Korca as less grave than many other areas of the country studied, rendering emigration and remittances less pivotal to its economic and social life; Korca is marked by a more balanced, vibrant economic environment, exempting it from the sort of mass, extreme poverty and unemployment characteristic of high emigrant sending areas. (DeSoto, Hermine, Peter Gordon, Ilir Gedeshi, Zamira Sinoimeri, Draft Report --- A Qualitative Assessment of Poverty in 10 Areas of Albania, World Bank, Washington, DC, 2001, p.118).

⁴Other cities were Tirana, Elbasan, Gjirokaster and Durrës.

survey as being vacant⁵. While vacancies may be depressing property markets, emigration may just as well be spurring investment and property values upward by channeling remittance income to family members left behind or as direct investment by migrants themselves intending someday to return. Emigration by family members could also be restricting those left behind from making investment or transaction decisions concerning co-owned properties.

Data collected to explore these issues comes in two forms: a short questionnaire applied to a larger sample of 696 properties⁶ meant to provide a descriptive overview of basic patterns and a longer detailed questionnaire applied to a randomly drawn sub-sample of 225 properties incorporating family level and other factors impinging on the disposition of properties and investments made in them.⁷

Basic features of Korca's urban property scene

Spatial aspects of development

In broad terms, Korca's evolution typifies that of other cities in the country: growth radiating outward from an older, original core⁸ of villas or house properties. In Korca's case, most of these date back to the thirties and forties, with quite a few predating even this period. Several houses or villas were built in the next ring out from the center mostly during the socialist era until 1968. 1968 also marks the year when apartment block construction began in earnest in this same area of town, picking up steam between 1971-1974. By the mid-to-

⁵In the short questionnaire 8% (50/649) of all properties excluding empty parcels and roads were vacant; 8.5% of apartments, 4% of house properties and 17% of businesses (5/29). INSTAT. Preliminary Results..., places the percentage of uninhabited dwellings at 13% (2,186/16,982).

⁶About a 4-5% sample of all properties.

⁷ In the text, these will be referred to, respectively, as the Large Sample Korca Urban Property Survey (LSKUPS) or "larger sample study" and the Small Sample Korca Urban Property Survey (SSKUPS) or "smaller sample survey/study".

⁸ Average years of construction for Ring 1, 2 and 3, respectively are 1945, 1972, 1977; F=74.72, Prob. = 0.000 .

late 1970's (1975-1978) emphasis shifted the city's outskirts, followed by a last spurt of apartment building back in the city's center.⁹ These newer apartments tend to be larger on average (58 sq. meters) than those in the periphery (48 sq. meters).¹⁰

In other words, construction and development have not proceeded outward in unilinear fashion. Indeed, 76% of new construction has actually been re-focussed into the center of the city. As a consequence, and as Table 1 indicates, Korca's center has both some of the oldest housing stock in the form of villas plus some of the newest apartments, circa 1981; the next ring out, up to 0.8 Km. away from the center has a smattering of somewhat newer houses and a mix of both older and newer apartments; the area 1 km. or a bit further out from the center has relatively new apartments (circa 1975-8) plus a sprinkling of houses built from the seventies onwards.

Table 1 Median Year of Construction by Property Type and Location (Ring)

Ring	Median Year of construction		
	Apartments	Houses	All
1	1981	1929	1930
2	1974	1960	1973
3	1978	1972	1978

It should be realized that the entire area being talked about here is compressed within a radius of about one kilometer from the center. In the survey these three zones beginning from the center outward are referred to as Ring 1, up to half a kilometer from the center, Ring 2, a bit less than a kilometer out and Ring 3, located 1 km. away or further.¹¹

⁹ Ring 2 in 1980 and Ring 1 in 1981.

¹⁰T-statistic for mean differences = -1.79, df=73, Prob.=0.07

¹¹ Based on data from the larger sample study, the 1 km. boundary appears to mark the point beyond which dense settlement gives way to vacant land and just a few apartment blocks.

More than half of house properties are within half a mile of the city center, something true of less than 10% of the apartment properties in the sample. Apartments now constitute almost three-quarters of residential properties overall.

Korca's urban landscape exhibits far fewer, less severe symptoms of disarray than Tirana's. Survey data, indicate nothing like Tirana's flood of migrants thronging into sprawling informal squatter areas on the city outskirts, and while there is evidence of subdivision and expansion in the case of house properties, additions to apartments, so widespread and such a source of legal difficulty in Tirana, are evidently far rarer in Korca, accounting for only about 1% (n=5) of apartments in the larger sample. There also seems to be much less mixed residential/ commercial use¹² (See Table 2) or split ownership than in Tirana.

¹²On Tirana, see Stanfield, David, Malcolm Childress, Artan Dervishi. *Immovable Property Markets in Metropolitan Tirana, Albania*. Land Tenure Center Working Paper #24, Land Tenure Center, Madison, WI., 1998, pp. 6-8.

Table 2 Balance between Residential and Commercial Use by Location (Ring)

RING	U S E			
	Residential	Commercial	Mixed resid+comm.	Total
1	104	12	6	122
% Row	85.2%	9.8%	4.9%	100.0%
% Col	19.3%	44.4%	35.3%	20.9%
2	267	5	10	282
% Row	94.7%	1.8%	3.5%	100.0%
% Col	49.5%	18.5%	58.8%	48.4%
3	168	10	1	179
% Row	93.9%	5.6%	0.6%	100.0%
% Col	31.2%	37.0%	5.9%	30.7%
Total	539	27	17	583
% Row	92.5%	4.6%	2.9%	100.0%

Chi Square = 18.8105 DF = 4 Prob = 0.0009

SOURCE: *Large Sample Korca Urban Property Survey, 1999.*

Commercial development and recent property market activity

Prefect-wide¹³, Korca has experienced steady construction and commercial growth post-1990, except for a precipitous dip in 1997 associated with the pyramid scheme crisis and the chaos that followed. Commercial development has mostly involved small, one-person, owner-operated businesses, with growth having been particularly brisk for trade and transport sector enterprises, which increased annually by 6-775 between 1998-2000.¹⁴ Quite a few construction enterprises have also

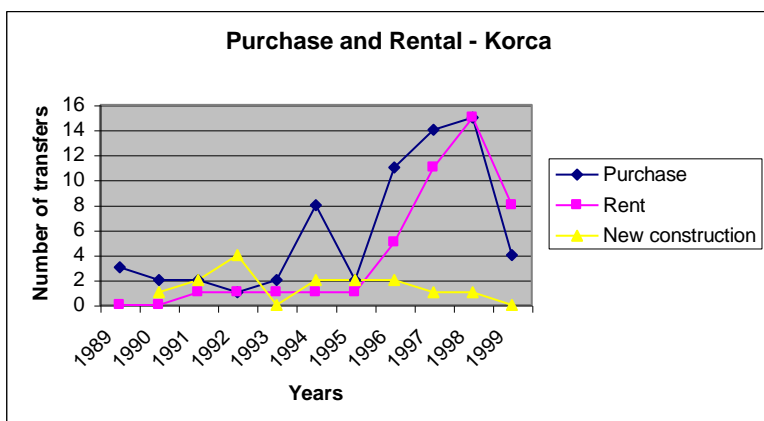
¹³ Prefects are sub-regional units (totaling 12 in number) combining two or more districts.

¹⁴ INSTAT, Report on Economic Enterprises (by Prefecture), 2000,

entered the scene, increasing steadily at the rate of between 10-17 per year since 1993, dipping briefly to only 5 in the crisis year of 1997. New construction has also been moving ahead with between 240 to 403 new structures per year (excluding 1997 when there were only 63) with signs of strengthening in the most recent couple of years.¹⁵ Precisely how much of this development occurred in the city of Korca is unclear, although presumably much of it did since Korca is the only real urban center in the prefect.¹⁶

From a rather slow start in the years immediately following the collapse of the socialist regime, property market activity has been gaining momentum, especially in the last 5 years. Figure 1 based on data from the large sample survey, depicts the dramatic upswing in sale and rental activity, particularly beginning from 1996 and quickening in pace during each of the following 3 years.¹⁷ This activity has greatly outstripped new construction, implying that market activity has mostly involved existing properties.

Figure 1



Republic of Albania, Institute of Statistics, Tirana, April, 2001, p.27

¹⁵ INSTAT, Indicators by Prefectures, 1996-2000.

¹⁶ The other is Maliq with less than 4,000 inhabitants.

¹⁷Up to 1998 since data for 1999 may not cover the entire year.

Properties transacted since 1996 have come to represent about 14% (83/584) of all residential and commercial properties, split about 56% to 44%, respectively between purchases rentals. Between 80% - 93% involved apartments. As far as house property transactions are concerned, purchases and rentals differ in the sense that whereas purchases were confined to single structure properties, rentals since 1996 exclusively involved multi-structure properties.

Other property categories with notable rates of rental are commercial or secondary structures such as warehouses, kiosks or garages, and properties encompassing more than one structure; about 8% of post-1996 rental involved kiosks and shops. Overall, as a percentage of properties in their respective categories, rentals account for a greater share of multi structure properties (11%) and secondary structures, 43% (3/7), than apartments 9%.

As of 1999, about 8% of all residential or commercial properties (excluding roads and empty lots)¹⁸ were being rented, while private purchases accounted for approximately twice as high a percentage, 17% (98/584).¹⁹ The bulk of such transfers involved apartments, accounting for 78% of rentals and about 62% of purchases.

There have been strong commercial overtones in recent property market activity. Over a third of apartment rentals were for commercial purposes (see Table 3), something true of only about 10% of private sales. The highest rates of apartment rental have been in the city center (Ring 1) where it accounts for 30% of all apartments (See Table 4) and where about three-quarters of all properties put to commercial use are apartments (Table 6b). This part of town is also the area where rental is most widespread overall, 13% versus 6-8% further out

¹⁸8.6% if one includes kiosks, garages or other temporary structures.

¹⁹This figure can only be approximated since there is no explicit question on whether the properties were privately purchased. Identification as such is by process of elimination, leaving out inherited properties and those acquired through privatization. This probably results in an under-estimation, since the more detailed survey suggests that quite a few older properties documented by inheritance documents were originally purchased by the ascendant.

from the center (Table 5). Of owned properties put to commercial use, the great majority were privately purchased, not inherited or acquired in other ways (Table 7).

Table 3 Apartment Use by Tenure Status

USER	USE			Total
	Residential	Commercial	Mixed resid+comm.	
Owner	356	4	1	361
% Row	98.6%	1.1%	0.3%	100.0%
% Col	93.9%	25.0%	100.0%	91.2%
Renter	23	12	0	35
% Row	65.7%	34.3%	0.0%	100.0%
% Col	6.1%	75.0%	0.0%	8.8%
Total	379	16	1	396
% Row	95.7%	4.0%	0.3%	100.0%

Chi Square = 90.6311 DF = 2 Prob = 0.0000

Table 4 Owners and Renters of Apartments by Location (Ring)

RING	USER		
	Owner	Renter	Total
1	23	10	33
% Row	69.7%	30.3%	100.0%
% Col	6.4%	28.6%	8.3%
2	204	14	218
% Row	93.6%	6.4%	100.0%
% Col	56.5%	40.0%	55.1%
3	134	11	145
% Row	92.4%	7.6%	100.0%
% Col	37.1%	31.4%	36.6%
Total	361	35	396
% Row	91.2%	8.8%	100.0%

Chi Square = 20.7322 DF = 2 Prob = 0.0000

SOURCE: *Large Sample Korca Urban Property Survey, 1999.*

Table 5 Owners and Renters by Location --- All Properties

RING	USER		Total
	Owner	Renter	
1	94	14	108
% Row	87.0%	13.0%	100.0%
% Col	19.8%	33.3%	20.9%
2	234	16	250
% Row	93.6%	6.4%	100.0%
% Col	49.4%	38.1%	48.4%
3	146	12	158
% Row	92.4%	7.6%	100.0%
% Col	30.8%	28.6%	30.6%
Total	474	42	516
% Row	91.9%	8.1%	100.0%

Chi Square = 4.43496 DF = 2 Prob = 0.1089

Table 6 Property Use by Type of Property and Location

a. ALL Properties

PROPERTY TYPE	PROPERTY USE			
	Residential	Commercial	Mixed resid+comm.	Total
Apartment	414	18	2	434
% Row	95.4%	4.1%	0.5%	100.0%
% Col	79.5%	81.8%	16.7%	78.2%
House (single struct.)	45	3	5	53
% Row	84.9%	5.7%	9.4%	100.0%
% Col	8.6%	13.6%	41.7%	9.5%
House (multi-struct.)	62	1	5	68
% Row	91.2%	1.5%	7.4%	100.0%
% Col	11.9%	4.5%	41.7%	12.3%
Total	521	22	12	555
% Row	93.9%	4.0%	2.2%	100.0%

Chi Square = 29.3474 DF = 4 Prob = 0.0000

b. RING 1

PROPERTY TYPE	PROPERTY USE			
	Residential	Commercial	Mixed resid+comm.	Total
Apartment	33	6	0	39
% Row	84.6%	15.4%	0.0%	100.0%
% Col	33.0%	75.0%	0.0%	34.2%
House (single struct.)	28	2	4	34
% Row	82.4%	5.9%	11.8%	100.0%
% Col	28.0%	25.0%	66.7%	29.8%
House (multi-struct.)	39	0	2	41
% Row	95.1%	0.0%	4.9%	100.0%
% Col	39.0%	0.0%	33.3%	36.0%
Total	100	8	6	114
% Row	87.7%	7.0%	5.3%	100.0%

Chi Square = 12.0357 DF = 4 Prob = 0.0171

c. RING 2

Apartment	223	5	2	230
% Row	97.0%	2.2%	0.9%	100.0%
% Col	88.5%	100.0%	40.0%	87.8%
House (single struct.)	8	0	1	9
% Row	88.9%	0.0%	11.1%	100.0%
% Col	3.2%	0.0%	20.0%	3.4%
House (multi-struct.)	21	0	2	23
% Row	91.3%	0.0%	8.7%	100.0%
% Col	8.3%	0.0%	40.0%	8.8%
Total	252	5	5	262
% Row	96.2%	1.9%	1.9%	100.0%

Chi Square = 11.6632 DF = 4 Prob = 0.0200

d. RING 3

Apartment	151	7	0	158
% Row	95.6%	4.4%	0.0%	100.0%
% Col	93.8%	77.8%	0.0%	92.4%
House (single struct.)	9	1	0	10
% Row	90.0%	10.0%	0.0%	100.0%
% Col	5.6%	11.1%	0.0%	5.8%
House (multi-struct.)	1	1	1	3
% Row	33.3%	33.3%	33.3%	100.0%
% Col	0.6%	11.1%	100.0%	1.8%
Total	161	9	1	171
% Row	94.2%	5.3%	0.6%	100.0%

Chi Square = 62.3564 DF = 4 Prob = 0.0000

Table 7**Residential or Commercial Use of Owned Properties
By Whether Privately Purchased or Not**

Use	Private purchase		Total
	No	Yes	
Residential	361	88	449
% Row	80.4%	19.6%	100.0%
% Col	97.8%	89.8%	96.1%
Commercial	2	5	7
% Row	28.6%	71.4%	100.0%
% Col	0.5%	5.1%	1.5%
Mixed			
resid+comm.	6	5	11
% Row	54.5%	45.5%	100.0%
% Col	1.6%	5.1%	2.4%
Total	369	98	467
% Row	79.0%	21.0%	100.0%

Chi Square = 15.2344 DF = 2 Prob = 0.0005

Among house properties, commercial use is also rather common at about 12%, but mostly in a mixed commercial/residential pattern on properties that are owned by the people running their own businesses. As seen in Table 6a about 16% of single-structure and 9% of multi-structure house properties are used commercially. Indeed these percentages outstrip the 4.5% rate for apartments put to commercial use.

Figure 2 helps put some of these patterns into perspective.

Figure 2

Rented and Owned Properties by Location, Type and Use

Property documentation and implications

With only two exceptions, all sample properties were documented in some form or another. So, for Korca, the issue is not so much presence or absence of documents, but their relative strength, accuracy and currency. Modes of acquisition and associated documentation prevailing after 1990, were ranked in these respects by legal staff of the IPRS project as follows:

Strong documents:

Sale contracts from the National Housing Authority (Entin Baneseve²⁰) and decisions of the Restitution Commission

Weak documents/modes of acquisition:

Private purchase or contracts, suspect because there are so many questionable sales;

Gifts --- These have emerged as a major device for masking questionable transactions;

Wills --- Absent finalized legal inheritance procedures, wills can be weak since the Civil Code takes precedence over wills;

Purchase from municipality, since the legal basis is often unsound.

Ambiguous --- could be weak or strong depending on details of the situation:

Legal inheritance --- Weak if documents have not been updated and finalized to reflect the most recent subdivision among heirs or if (true for all 13 cases in the sample), documentation is flimsy or questionable;

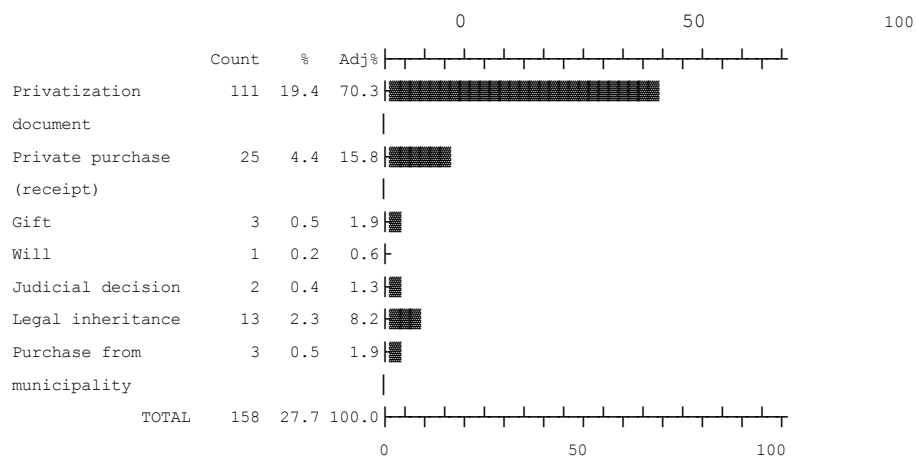
Legal decision --- Depends on legal soundness.

Their distribution in the sample is as displayed in Figure 3.

²⁰The provider of public housing during the socialist period.

Figure 3

Types of Property Documents and Modes of Property Acquisition

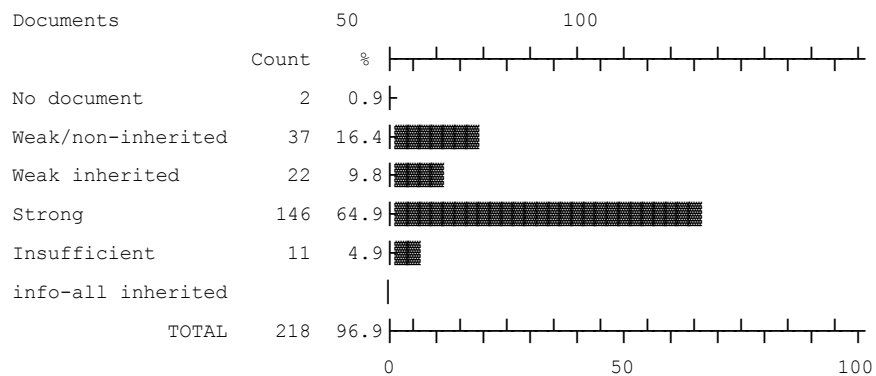


The main divide between strong and weak documents is that between properties acquired through recent allocations --- apartments through the Housing Authority and houses and lands formally assigned through the Restitution Commission --- which are on relatively solid legal ground and properties acquired in other ways, primarily private purchase and inheritance, which tend to be less well-documented.

Distilling all of these elements, Figure 4 reveals documentation of between a quarter to about a third of the properties as weak or deficient in at least some respect; Table 8 shows, that such deficiencies are largely confined to houses rather than apartments.²¹

²¹Not only do houses account for the lion's share of problematically documented inheritances, but also of houses that had been privately purchased.

Figure 4²²
Quality of Documents



²² The number of properties in Figure 4 exceeds that in Figure 3, because information on documents at the more general level required for Figure 4 is available from the short questionnaire (larger sample) data for cases without responses to the document question in the long questionnaire.

Table 8 Strength of Documents by Property Type

DOCUMENT	PROPERTY TYPE		
	Apartment	House	Total
No document	2	0	2
% Row	100.0%	0.0%	100.0%
% Col	1.2%	0.0%	0.9%
Weak/non- inherited	20	17	37
% Row	54.1%	45.9%	100.0%
% Col	12.2%	33.3%	17.2%
Weak inherited	1	21	22
% Row	4.5%	95.5%	100.0%
% Col	0.6%	41.2%	10.2%
Strong	138	5	143
% Row	96.5%	3.5%	100.0%
% Col	84.1%	9.8%	66.5%
Insufficient info-all inherited	3	8	11
% Row	27.3%	72.7%	100.0%
% Col	1.8%	15.7%	5.1%
Total	164	51	215
% Row	76.3%	23.7%	100.0%

Chi Square = 120.214 DF = 4 Prob = 0.0000

For recently privatized apartments, only time will tell if problems will creep in as more and more of them are bought, sold and transferred through inheritance.

Based on cases of businesses drawn from the larger survey (virtually none are included in the more detailed survey), documentary status for commercial properties or business involving a mixture of commercial and residential uses is dramatically inferior to that of purely residential properties, as can be seen in Table 9a. Only about 30-35% at most could be considered adequately documented. Among house properties, although the numbers involved are quite small, there are some hints (see Table 9b) of a connection between the rate of commercial use and document strength.²³ Compared to the 5% of properties used commercially that are documented by inheritance documents, percentages among those with privatization documents is nearly 60%, 20% among those with a document from the municipality, and 13% among those with a private contract. Perhaps this reflects greater restrictions imposed on owners of inherited properties due to unresolved or competing claims, a point addressed more fully below. For the only 5 apartments reported to be used commercially, none were inherited; the preeminent document category is private contracts (n=3), with one case said to be bereft of documents altogether.

²³Among apartments rented for commercial use, documents held by the renter appear to be either rental agreements (coded as "other") or private contracts

Table 9 Property Use by Document Type (Large Sample Korca Urban Property Survey)

DOCUMENTS	
1	=Privatization document
2	=Document from municipality
3	=Building permit
4	=Private contract
5	=Judicial decision
6	=Inheritance document
7	=No document (or <i>hipoteka</i>)

a. ALL PROPERTIES

PROPERTY USE	DOCUMENT							Total
	Privatiz. Doc.	Municip. Doc.	Bldng. Permit	Priv. Contract	Jud. dec.	Inherit. Doc.	No doc/ Hipotek.	
	1	2	3	4	5	6	7	
Residential	292	17	1	60	1	70	12	453
% Row	64.5%	3.8%	0.2%	13.2%	0.2%	15.5%	2.6%	100.0%
% Col	98.3%	77.3%	100.0%	92.3%	50.0%	95.9%	80.0%	95.4%
Commercial	3	1	0	3	0	0	3	10
% Row	30.0%	10.0%	0.0%	30.0%	0.0%	0.0%	30.0%	100.0%
% Col	1.0%	4.5%	0.0%	4.6%	0.0%	0.0%	20.0%	2.1%
Mixed resid+comm.	2	4	0	2	1	3	0	12
% Row	16.7%	33.3%	0.0%	16.7%	8.3%	25.0%	0.0%	100.0%
% Col	0.7%	18.2%	0.0%	3.1%	50.0%	4.1%	0.0%	2.5%
Total	297	22	1	65	2	73	15	475
% Row	62.5%	4.6%	0.2%	13.7%	0.4%	15.4%	3.2%	100.0%

Chi Square = 75.0015 DF = 12 Prob = 0.0000

b. HOUSES

PROPERTY USE	DOCUMENT							
	Privatiz. Doc.	Municip. Doc.	Bldng. Permit	Priv. Contract	Jud. dec.	Inherit. Doc.	No doc/ Hipotek.	Total
Residential	3	13	1	13	1	57	4	92
% Row	3.3%	14.1%	1.1%	14.1%	1.1%	62.0%	4.3%	100.0%
% Col	42.9%	81.3%	100.0%	86.7%	50.0%	95.0%	100.0%	87.6%
Commercial	2	0	0	1	0	0	0	3
% Row	66.7%	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	100.0%
% Col	28.6%	0.0%	0.0%	6.7%	0.0%	0.0%	0.0%	2.9%
Mixed resid+comm.	2	3	0	1	1	3	0	10
% Row	20.0%	30.0%	0.0%	10.0%	10.0%	30.0%	0.0%	100.0%
% Col	28.6%	18.8%	0.0%	6.7%	50.0%	5.0%	0.0%	9.5%
Total	7	16	1	15	2	60	4	105
% Row	6.7%	15.2%	1.0%	14.3%	1.9%	57.1%	3.8%	100.0%

Chi Square = 31.2245 DF = 12 Prob = 0.0018

Of properties with ownership documents, the great majority shown in Table 10 to be registered in the *hipoteka* (about 85%), the old district deeds registries, which the new property registration system is ultimately supposed to supplant.²⁴ Registration in the *hipoteka* apparently has more to do with how a property was acquired, than the type of property itself, for which no statistically significant differences emerged. Registration in the *hipoteka* appears to be least

²⁴The *hipoteka* offices operated as deeds and mortgage registries for urban properties but most were closed for the last 15 years of the socialist regime, Stanfield, et. al., p.11.

Estimates of *hipoteka* use in the main body of the text are probably a more accurate reflection of reality than that in the large sample survey, where the figure is only 15%. The lower figure seems to arise from the fact that a specific question on *hipoteka* registration is not included in the questionnaire; such information was picked up as an "other" response.

frequent among post-1991 privatized properties (85%), and most frequent (96%-100%) among properties acquired in ways that might be considered less inherently secure, namely private purchases (96%), gifts, properties "purchased from the municipality" and properties documented only by wills.²⁵

²⁵The percentage is relatively low among those properties said to have been acquired through "legal inheritance" --- 77% (10/13). Notably only 5 of the 10 registered in the *hipoteca* were in an apparently solid position, with documents having been issued to record inheritance transfer; in the remaining cases, the inheritance situation was still murky; in 3 cases no updated document existed and for the other 2, there was so far only a legally unconfirmed will. Although differences are not very dramatic, such registration appears to be less common among house properties documented by older documents, 75% - 80%, compared to 100% among houses with post-1990 documents.

Table 10 Registration in the hipoteca (Deeds Registry) by Document Type

Document	Registered in <i>hipoteca</i>			Total
	No	Yes	Don't know	
Privatization	11	94	5	110
% Row	10.0%	85.5%	4.5%	100.0%
% Col	73.3%	69.6%	71.4%	70.1%
Private purchase (receipt)	1	24	0	25
% Row	4.0%	96.0%	0.0%	100.0%
% Col	6.7%	17.8%	0.0%	15.9%
Gift	0	3	0	3
% Row	0.0%	100.0%	0.0%	100.0%
% Col	0.0%	2.2%	0.0%	1.9%
Will	0	1	0	1
% Row	0.0%	100.0%	0.0%	100.0%
% Col	0.0%	0.7%	0.0%	0.6%
Judicial decision	2	0	0	2
% Row	100.0%	0.0%	0.0%	100.0%
% Col	13.3%	0.0%	0.0%	1.3%
Legal inheritance	1	10	2	13
% Row	7.7%	76.9%	15.4%	100.0%
% Col	6.7%	7.4%	28.6%	8.3%
Purchase from municipality	0	3	0	3
% Row	0.0%	100.0%	0.0%	100.0%
% Col	0.0%	2.2%	0.0%	1.9%
Total	15	135	7	157
% Row	9.6%	86.0%	4.5%	100.0%

Chi Square = 25.9679 DF = 12 Prob = 0.0108

This pattern raises some concern, since experience in Tirana suggests that recourse to *hipoteka* registration is often a tactic to mask or firm up weak underlying documentary proof of ownership, questionable transactions and rights claims. There are no signs that resort to the *hipoteka* has been flagging in recent years.

Other signs of unfavorable trends in the outlook for property document quality come from two other quarters:

- Of 12 properties built since 1990 (reported in the large sample survey), a third lacked any documents, a quarter had documents from the municipality and about a fifth had only a building permit;
- Of properties recently acquired since 1989/90²⁶, the dominant document category is private contracts (See Figure 5), which may or may not be on legally solid grounds; over 5% have no documents; about 15-18% are documented by inheritance documents.

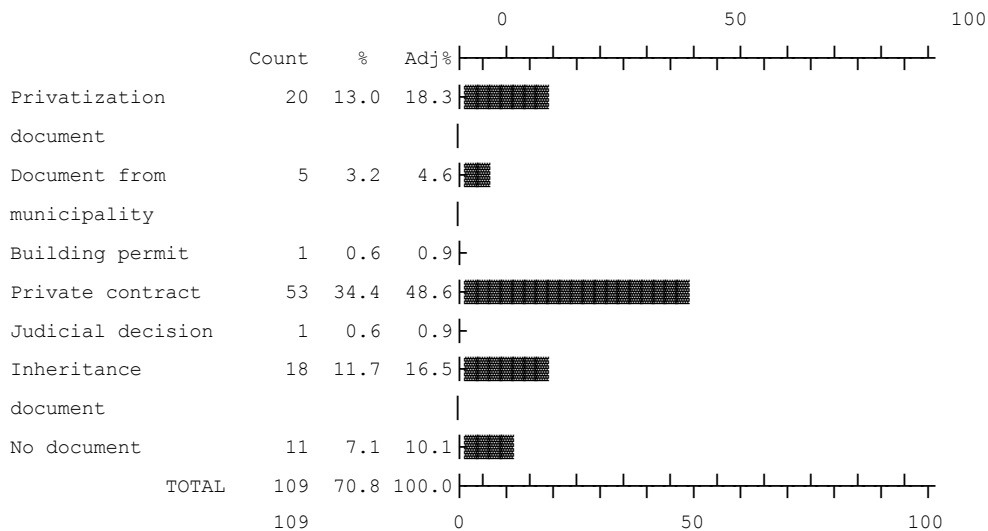
Table 11 Documents for New Construction after 1989

DOCUMENT	(n)	(%)
Document from municipality	3	25%
Building permit	2	17%
Judicial decision	1	8%
Inheritance document	2	17%
No document	4	33%
Total	12	100%

SOURCE: Large sample Korca urban property survey, 1999.

²⁶Taking into account data from both the large and smaller sample surveys.

Figure 5 Documents for Properties Acquired Since 1989 (Large sample)²⁷



Quality of documentation by property type and mode of acquisition

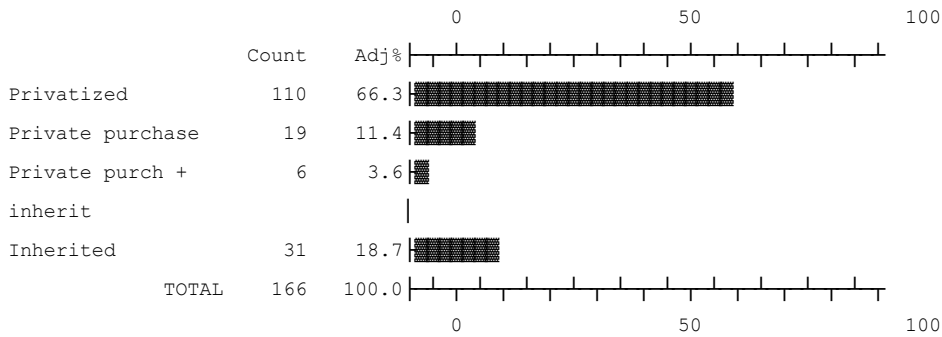
Figure 6 displays the relative frequencies of the different modes of property acquisition for owned properties. Although there is only a single rented property in the detailed survey, larger sample data indicate that

²⁷ Corresponding frequencies in the small sample were:

Value	Freq	Cum Freq	%	Cum %	Z Score	Percentile
1	5	5	12.8	12.8	-2.00625	6.4
3	1	6	2.6	15.4	-0.691231	14.1
4	25	31	64.1	79.5	-0.0337186	47.4
6	6	37	15.4	94.9	1.28131	87.2
7	2	39	5.1	100.0	1.93882	97.4
Total	39	39	100.0	100.0		

rentals account for about 8% of all properties and as about 44% of properties acquired since 1996.

Figure 6 Mode of acquisition for owned properties



As Table 12 indicates, inherited properties are the oldest and closest to the center, 75% having been built before 1950 and 78% being house properties concentrated near the center of the city.²⁸ Privately purchased properties tend to be more recently constructed mix of houses and apartments located in the middle ring of the city whereas privatized properties, mostly apartments, tend to be the newest and farthest out.

²⁸Only 5% of apartments were inherited; 39% were acquired prior to 1970 (versus 8% of non-inherited properties) and almost 75% were house properties built prior to 1950, with a fifth having been acquired by current owners by that year.

Table 12 Property Location, Year of Construction, and Property Type by Mode of Acquisition

Mode of property acquisition	Distance from center			Year constructed			% of property type acquired by modality ²⁹	
	Mean	Median	Range	Mean	Median	Range	House	Apartment
Private purchase (n=25)	686	540	160-1,000	1957	1968	1900-1996	88%	9%
Privatized (n=105)	764	840	160-1,000	1975	1975	1965-1981	12%	91%
Inherited (n=40)	562	490	160-1,000	1949	1940	1920-1997	62%	5%
Rented ³⁰	733	565	160-2000	1964	1975	1910-1996	6%	9%

²⁹Column totals not equal to 100% because of possible overlap in modalities of acquisition.

³⁰From large sample survey.

Inherited properties

Around 20% of sample properties were said to have been inherited, with rights to about sixteen percent (33/209) recorded by some form of inheritance document, usually deficient in some way. Even *hipoteca* registration is slightly less frequent than among non-inherited properties: 53% versus 63% (See Table 13).

Table 13 **Registration in the *hipoteca* of Inherited and non-Inherited Properties**

		INHERITED?	
		No	Yes
TOTAL RESPONDENTS	225	181	40
	R 100%	80%	18%
	C 100%	100%	100%
Registered in <i>hipoteca</i> (all-that-apply)			
No	15	10	5
	R 100%	67%	33%
	C 7%	6%	13%
Yes	135	114	21
	R 100%	84%	16%
	C 60%	63%	53%
Don't Know	7	4	3
	R 100%	57%	43%
	C 3%	2%	8%

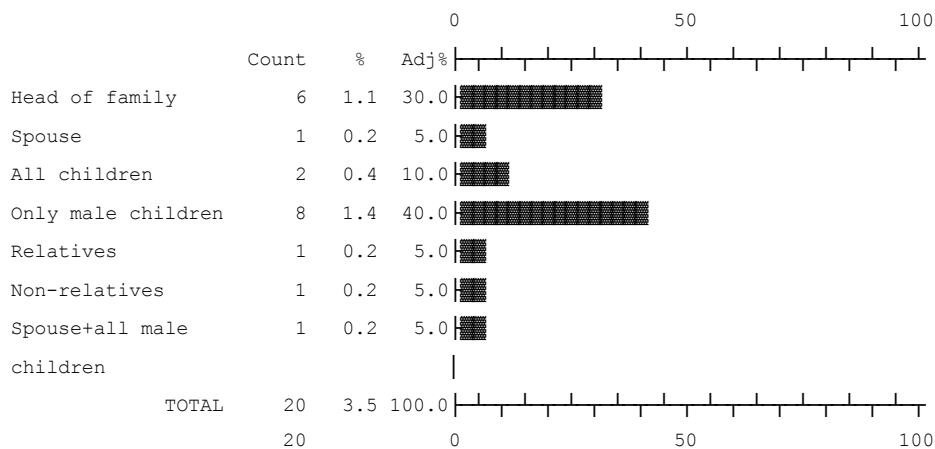
As will become clear below, prospects for further erosion in the quality of inheritance documents appear high as properties pass from one generation to the next.

What appear to be some of the guiding principles determining heir eligibility and therefore the outlook for subdivision? From what can be gleaned from this survey and other sources, traditional male inheritance preferences are strongly entrenched in Korca overall, with urban attitudes appearing to be slightly more gender-egalitarian than rural ones.³¹

With only two cases of inheritance involving apartments in the survey, not much can be said about them specifically. For house properties (n=18), the predilection toward exclusive male inheritance prevails --- about 70% --- with 40% suggesting heir eligibility for more than one male heir (response: 'Only male children'). In terms of actual inheritance outcomes (see Figure 7), all children received shares in only 10% of cases.

³¹On rural views in Korca, a 1996 five-district study including several Korca villages pointed to strong adherence to traditional views favoring exclusive male inheritance rights; Korca ranked third out of the five study districts --- 80% held that rights should be assigned exclusively to males, according to tradition. (Lastarria-Cornhiel, Susana and Rachel Wheeler, "Family and Property Rights" in Lemel, Harold. *Rural Property & Economy in Post-Communist Albania*. Berghahn Press, New York, 2000, p.139). Data from the urban study being analyzed here, suggest a slightly more gender-egalitarian view: 15% indicated that all family members had rights to the property; 10% cited the spouse of the household head. As to the future, about 60% indicated that only sons would inherit and close to 40% indicated that 'only daughters would inherit.' It is unclear here if in these particular cases, there were only daughters in the family.

Figure 7 Actual Inheritance Outcomes for Inherited Properties



Rights to about 60% (10/17) of inherited properties --- virtually all of them (15/17) house properties -- were documented in the names of more than one person, and in about 40% of the cases four or more names. Most respondents³² forecast eventual subdivision of these properties. Correspondingly, the overwhelming majority (84%) of respondents with inherited properties indicated that they either had (about 60%) or intended (about 40%) to acquire individual legal rights to their share of the patrimony.

Casting a shadow over future document accuracy and specificity of rights recorded is the fact that almost two-thirds (11/18) of those saying that their own property would be split up (19/33), had no intention of demarcating sub-property boundaries. Also, although the numbers involved are small, the fact that four out of ten properties acquired since 1990³³ lack documentation recording inheritance transfer points in the same troubling direction.

³²Seventy-five percent (6/8) of those saying that documentation was in more than one person's name; 53% (10/19) overall for inherited house parcels and 42% overall among all house properties whether inherited or not.

³³ This figure differs a bit from results based on year acquired from the large sample survey.

As noted, there are as yet too few cases of inherited apartments, to say much about how inheritance might affect their legal status. Challenges are likely be of a different order, if nothing else, because inherited apartments are not as physically amenable to division among heirs as house properties situated on large enough lots to accommodate sub-division, are; in the case of houses, floors are also more easily added and some properties are composed of more than one house to begin with. Multiple families do share about 12% of sample apartments, but most appear to consist of parents with a married child, not --- as far as can be discerned from the data --- married siblings and their families. It remains to be seen to what extent heirs will ultimately update original ownership documents naming the ascendant or family members at the time when the property was privatized to reflect new ownership of whoever among potential heirs ends up with the property.

To recapitulate, then:

- Weak documents are the norm for inherited properties;
- In almost 40% (7/19) of the cases, no document recorded transfer from an ascendant to current owners/claimants; this was true of half of those describing their mode of property acquisition as "legal inheritance".
- Judicial decisions to settle inheritance account for over two-thirds of cases (9/13), mostly involving division among male heirs. This may be a hint of substantial disagreement among heirs.
- Over half of inherited properties had two or more people recorded as owners, something that could complicate future dealings involving those properties (see more on this below).

Privately purchased properties

Privately purchased properties, about 10%³⁴ of all sample properties (n=25), tend to be older house properties acquired not all that recently (see Table 14); about a quarter are inherited, but overall this class of properties exhibits less tenure complexity -- multiple owners/uses/structures --- than "purely" inherited ones; virtually all documents are weak (Table 15). In terms of location relative to the center of town, such properties while farther away from the center than inherited properties, are about the same distance on average (about 700

³⁴Based on the larger sample survey, the percentage appears to be higher --- around 17%.

meters out) as privatized properties.³⁵

Table 14 Year of Acquisition of Privately Purchased versus Privatized Properties

MODE of PURCHASE	YEAR ACQUIRED				Total
	Up to 1950	1951-70	1971-89	1990 and after	
Privately	2	8	5	10	25
% Row	8.0%	32.0%	20.0%	40.0%	100.0%
% Col	40.0%	72.7%	5.2%	45.5%	18.5%
Privatization	3	3	92	12	110
% Row	2.7%	2.7%	83.6%	10.9%	100.0%
% Col	60.0%	27.3%	94.8%	54.5%	81.5%
Total	5	11	97	22	135
% Row	3.7%	8.1%	71.9%	16.3%	100.0%

Chi Square = 45.0107 DF = 3 Prob = 0.0000

³⁵Certain aspects of this portrayal based on the smaller sample survey are duplicated in the larger sample while others are at odds: Consistent are the higher percentages of house properties that are privately purchased than apartments (34% versus 17%) and location relative to the city center, about 700 meters average. The proportion among houses could in fact be higher than 34%, since the more detailed survey indicates that many house properties supported by inheritance documents were actually purchased originally. Such properties would not have been identified in the larger sample as purchased, only inherited. Among differences between the two samples, in the larger sample, privately purchased properties were acquired and constructed more recently than other owned, and presumably non-purchased properties than was true in the smaller sample (acquisition - 1987 versus 1978 [F=36.03, Prob. = 0.000] for non-purchased; average year of construction 1965 versus 1969 for other owned properties).

Table 15 Document Strength by Mode of Property Acquisition

DOCUMENT STRENGTH	MODE OF ACQUISITION				Total
	Privatized	Private purchase	Private purch + inherit	Inherited	
Weak/non-inherited	0	17	0	0	17
% Row	0.0%	100.0%	0.0%	0.0%	100.0%
% Col	0.0%	89.5%	0.0%	0.0%	10.2%
Weak inherited	0	0	6	16	22
% Row	0.0%	0.0%	27.3%	72.7%	100.0%
% Col	0.0%	0.0%	100.0%	51.6%	13.3%
Strong	110	2	0	4	116
% Row	94.8%	1.7%	0.0%	3.4%	100.0%
% Col	100.0%	10.5%	0.0%	12.9%	69.9%
Insufficient info-all inherited	0	0	0	11	11
% Row	0.0%	0.0%	0.0%	100.0%	100.0%
% Col	0.0%	0.0%	0.0%	35.5%	6.6%
Total	110	19	6	31	166
% Row	66.3%	11.4%	3.6%	18.7%	100.0%

Chi Square = 307.467 DF = 9 Prob = 0.0000

Table 16 Private Purchase by Property Type

(shows adjusted percents)		Purch	Private
		through	purchase
		privat.	
TOTAL RESPONDENTS	225	106	25
R	100%	81%	19%
C	100%	100%	100%
Apartment or house			
House	48	2	15
R	100%	12%	88%
C	23%	2%	60%
Apartment	164	103	10
R	100%	91%	9%
C	77%	98%	40%

Chi Square = 54.9531 DF = 1 Prob = 0.0000

Reaching any clear-cut judgement about the quality of documentation for privately purchased properties is difficult because of uncertainties about the soundness of private contracts or purchase receipts, the largest single document category. There are notable contrasts by property type:

Apartments: Virtually all (8/10) are documented by recent private contracts (all since 1994), all backed up with registration in the *hipoteka*; these purchases appear to be part of a second wave of buying since the initial 1991 privatization affecting about 7% of

the apartments.

Houses: Those privately purchased (n=15) are mostly documented by weaker, older documents with the largest category (n=6) being inheritance documents and the next largest (n=5) documents from the municipality; nine of these documents date back to 1970 or earlier. Virtually all (14/15) of these documents are also registered in the *hipoteka*.

Eight or nine³⁶ of the 15 privately purchased houses consist of more than one structure. Although the year when secondary structures were built is unknown, this pattern could signal intensification of land use on such properties, mostly located close to the city center. Three of these purchases are associated with inheritance suggesting that they might have involved sales among close relatives.

Almost three-quarters indicated that they either had already sought or planned to seek legal documentation specifying their own individual shares. However, no data exists on the split between the actual and the planned. Slightly over half who had considered the issue (5/11) intended to ultimately divide up the purchased house property, with the great majority (80%) saying that they would do so equally among all the children. As mentioned more generally in connection with inherited parcels, future document quality is likely to suffer since less than half intended to physically mark off sub-property boundaries.

Rented properties

As noted earlier, the pace of rental has picked up quite dramatically, particularly since 1996. Rented properties account for 44% of properties acquired since that year and 8% of all residential/commercial properties as of 1999. While more common among apartments in absolute terms, the percentage of rental is higher for houses, exclusively houses with multiple structures. Commercial use is quite widespread among rental properties, particularly for those in the center of town where most renting is concentrated.

A big question mark hangs over the state of rental documents. Of 45 cases, type of documents was reported for only 8, of which 6 had no document and 2 had only a document from the municipality. It remains a mystery if the remainder were bereft of documents altogether, or not; perhaps all they possessed were rental receipts, a category of document not included in the survey. In other contexts, owners often are reluctant to provide renters with documents for fear that this would

³⁶Coding is inconsistent for one case between the large and small sample surveys.

make ejecting tenants difficult if or when this were desired. Perhaps this is also what is going on here.

Clearly, quite a few properties suffer from improper, inaccurate or outdated documents. To what extent do such imperfections translate into concern over rights and how is this in turn reflected in actual investment and market activity? To start with, what evidence is there that respondents actually perceive of document quality as something of real practical significance?

Subjective tenure security and its relationship to quality of documents

Outright expressions of insecurity are virtually non-existent in the survey, with only a single person voicing concern about the tenuousness of their rights.³⁷ However, evidence of latent insecurity associated with questionable documents surfaces in other forms. For one thing respondents assign great importance to legally valid documents, with many explicitly citing the enhanced security thereby afforded. Indeed, interest in upgrading documents is widespread; two-thirds of respondents claimed to be familiar with property registration under the IPRS and 93% said that they had considered getting their properties registered.³⁸ The most widely heralded benefit (by 85%), visible in Table 17 was enhanced security, particularly by those with weakly documented, privately purchased properties. More precise definition of rights imputed to the new titles or *Kartelas*, which is the other major benefit cited, carries less weight for such properties, but it is rated highly among those possessing weak inheritance documents, over a third of whom mentioned this as the main advantage. Some of these went on to note that this could facilitate property transactions now hampered by unresolved inheritance issues.

³⁷This was in response to a direct question: "Are concerned that this property could be lost to you or taken from you in the future?" The one who expressed such concerns gave as reasons, absence of legal right to the parcel and lack of documents.

³⁸Although one can only wonder what this means for those who responded that they did not know what the IPRS was about.

Table 17 Advantages of Property Registration by Strength of Property Documentation

DOCUMENT STRENGTH	ADVANTAGES OF PROPERTY REGISTRATION			Total
	Enhanced security	More precise info about prop.	Other	
No document	1	0	0	1
% Row	100.0%	0.0%	0.0%	100.0%
% Col	1.3%	0.0%	0.0%	1.1%
Weak/non-inherited	11	0	1	12
% Row	91.7%	0.0%	8.3%	100.0%
% Col	13.9%	0.0%	33.3%	12.9%
Weak inherited	9	5	0	14
% Row	64.3%	35.7%	0.0%	100.0%
% Col	11.4%	45.5%	0.0%	15.1%
Strong	58	6	2	66
% Row	87.9%	9.1%	3.0%	100.0%
% Col	73.4%	54.5%	66.7%	71.0%
Total	79	11	3	93
% Row	84.9%	11.8%	3.2%	100.0%

Chi Square = 11.0319 DF = 6 Prob = 0.0874

Indeterminacy of rights, multiple claims and disputes

Failure of documents to clearly spell out or legally buttress property claims is liable to deter investment or property dealings either due to concern that rights could be lost or that any action to radically alter the disposition of the property might precipitate protests or counter-claims by others and perhaps even escalate into outright conflict. Given weak legal enforcement capacity, documents alone are unlikely to always provide sufficient guarantees to owners. Local or traditional rules and relative power vis a vis challengers may carry more weight in determining what is or is not deemed to be feasible. With this proviso in mind, to what extent are multiple, competing rights or claims (e.g., in the form of co-ownership, partnership, unresolved inheritance, etc.) or disputes, associated with the quality of ownership documents and other property attributes?

Disputes

Property disputes were reported in about 6% of cases. As Table 18 indicates, dispute-prone properties tend most often to be subject to multiple claims, a feature more characteristic of older (Table 19; average year of construction 1957 versus 1970³⁹ for others), inherited (Table 20 -- 52% versus 9% for others) house properties (Table 23 -- 37% versus 11% among apartments), documented by "weak" inheritance documents (Table 21; 59% versus 11% for properties with "strong" documents); as seen in Table 22, only 3% with strong documents reported disputes as compared to 14%-18% with weak documents. Although about 21% of families report having at least one emigrant working and living abroad, with a third of these retaining claims to family property (Table 25a), such claims are not associated with any conflicts. Both the incidence of emigrants and absentee claims are more common for house owners apartment owners (Tables 25b & 25c).

³⁹Anova F=11.77, Prob.= 0.000

Table 18 Disputes by Multiple Rights to Property

Dispute	Multiple Rights		
	No	Yes	Total
No	127	22	149
% Row	85.2%	14.8%	100.0%
% Col	96.2%	81.5%	93.7%
Yes	5	5	10
% Row	50.0%	50.0%	100.0%
% Col	3.8%	18.5%	6.3%
Total	132	27	159
% Row	83.0%	17.0%	100.0%

Chi Square = 5.94249 DF = 1 Prob = 0.0148

Table 19 Multiple Rights to Property by Year of Construction

Construction year	Multiple rights		
	No	Yes	Total
Up to 1950	15	11	26
% Row	57.7%	42.3%	100.0%
% Col	11.4%	40.7%	16.4%
1951-70	13	4	17
% Row	76.5%	23.5%	100.0%
% Col	9.8%	14.8%	10.7%
1971-89	103	11	114
% Row	90.4%	9.6%	100.0%
% Col	78.0%	40.7%	71.7%
1990 and after	1	1	2
% Row	50.0%	50.0%	100.0%
% Col	0.8%	3.7%	1.3%
Total	132	27	159
% Row	83.0%	17.0%	100.0%

Chi Square = 18.2409 DF = 3 Prob = 0.0004

Table 20 Multiple Rights and whether the Property was Inherited

Inherited	Multiple Rights		
	No	Yes	Total
No	118	12	130
% Row	90.8%	9.2%	100.0%
% Col	89.4%	44.4%	81.8%
Yes	14	15	29
% Row	48.3%	51.7%	100.0%
% Col	10.6%	55.6%	18.2%
Total	132	27	159
% Row	83.0%	17.0%	100.0%

Chi Square = 27.4304 DF = 1 Prob = 0.0000

Table 21 Multiple Rights to Property by Strength of Property Documents

Document	Multiple Rights		
	No	Yes	Total
No document	2	0	2
% Row	100.0%	0.0%	100.0%
% Col	1.5%	0.0%	1.3%
Weak/non-inherited	16	1	17
% Row	94.1%	5.9%	100.0%
% Col	12.3%	3.7%	10.8%
Weak inherited	9	13	22
% Row	40.9%	59.1%	100.0%
% Col	6.9%	48.1%	14.0%
Strong	103	13	116
% Row	88.8%	11.2%	100.0%
% Col	79.2%	48.1%	73.9%
Total	130	27	157
% Row	82.8%	17.2%	100.0%

Chi Square = 31.9821 DF = 3 Prob = 0.0000

Table 22 Property Disputes by Strength of Documents

Document	Disputes		Total
	No	Yes	
No document	2	0	2
% Row	100.0%	0.0%	100.0%
% Col	1.4%	0.0%	1.3%
Weak/non- inherited	14	3	17
% Row	82.4%	17.6%	100.0%
% Col	9.5%	30.0%	10.8%
Weak inherited	19	3	22
% Row	86.4%	13.6%	100.0%
% Col	12.9%	30.0%	14.0%
Strong	112	4	116
% Row	96.6%	3.4%	100.0%
% Col	76.2%	40.0%	73.9%
Total	147	10	157
% Row	93.6%	6.4%	100.0%

Chi Square = 7.36940 DF = 3 Prob = 0.0610

Table 23 Multiple Rights to Property by Property Type

Property type	Multiple Rights		
	No	Yes	Total
Apartment	106	13	119
% Row	89.1%	10.9%	100.0%
% Col	82.8%	50.0%	77.3%
House	22	13	35
% Row	62.9%	37.1%	100.0%
% Col	17.2%	50.0%	22.7%
Total	128	26	154
% Row	83.1%	16.9%	100.0%

Chi Square = 11.4460 DF = 1 Prob = 0.0007

Table 24 Incidence of Property Disputes by Type of Property

Prop Type	Dispute		
	No	Yes	Total
Apartment	113	6	119
% Row	95.0%	5.0%	100.0%
% Col	78.5%	60.0%	77.3%
House	31	4	35
% Row	88.6%	11.4%	100.0%
% Col	21.5%	40.0%	22.7%
Total	144	10	154
% Row	93.5%	6.5%	100.0%

Chi Square = 0.917206 DF = 1 Prob = 0.3382

Table 25 Rights of Absentees to Family Property

a. ALL

Emigrants?	Rights of Absentees		
	No	Yes	Total
No	104	5	109
% Row	95.4%	4.6%	100.0%
% Col	83.9%	33.3%	78.4%
Yes	20	10	30
% Row	66.7%	33.3%	100.0%
% Col	16.1%	66.7%	21.6%
Total	124	15	139
% Row	89.2%	10.8%	100.0%

Chi Square = 17.3178 DF = 1 Prob = 0.0000

b. Apartments

Emigrants?	Rights of Absentees		
	No	Yes	Total
No	79	4	83
% Row	95.2%	4.8%	100.0%
% Col	84.9%	40.0%	80.6%
Yes	14	6	20
% Row	70.0%	30.0%	100.0%
% Col	15.1%	60.0%	19.4%
Total	93	10	103
% Row	90.3%	9.7%	100.0%

Chi Square = 8.96178 DF = 1 Prob = 0.0028

c. Houses

Emigrants?	Rights of Absentees		
	No	Yes	Total
No	21	1	22
% Row	95.5%	4.5%	100.0%
% Col	77.8%	20.0%	68.8%
Yes	6	4	10
% Row	60.0%	40.0%	100.0%
% Col	22.2%	80.0%	31.3%
Total	27	5	32
% Row	84.4%	15.6%	100.0%

Chi Square = 4.14168 DF = 1 Prob = 0.0418

Impacts of tenure security

Impact on property rental and sale

Are there any discernable differences in people's latitude to sell or rent out their properties based on tenure status and quality of documentation?

Rental

Evidence is at best suggestive since there is only a single case of rental in the smaller sample survey⁴⁰ and the larger sample only tells us which sorts of properties are more or less often involved in rentals and which documents the renters have, not which ones are possessed by the owners renting out the properties. One clue of linkage to tenure security would be if apartments, known to be better documented and less subject to inheritance-related complications, were reported as being rented. This turns out to be true, but only within a narrow range of difference: 9% rental among apartments and 6% among house properties. Among multi-structure house properties, the gap closes even further with 7.4% being rented out, this even though this category is has the highest relative rate of inheritance⁴¹,

⁴⁰Evidently because only owners were sought for interviews.

⁴¹ Over two-thirds versus only 3% among apartment owners and 43% among single structure houses.

Table 26 Type of Document by Property Type among Large Sample Survey Property Owners

PROPERTY TYPE	DOCUMENT							Total
	1	2	3	4	5	6	7	
Apart.	290	2	0	50	0	12	5	359
% Row	80.8%	0.6%	0.0%	13.9%	0.0%	3.3%	1.4%	100.0%
% Col	97.6%	10.0%	0.0%	76.9%	0.0%	16.4%	31.3%	75.7%
House	7	9	1	6	0	22	6	51
(sing.) % Row	13.7%	17.6%	2.0%	11.8%	0.0%	43.1%	11.8%	100.0%
% Col	2.4%	45.0%	100.0%	9.2%	0.0%	30.1%	37.5%	10.8%
House	0	7	0	9	2	39	4	61
(Multi) % Row	0.0%	11.5%	0.0%	14.8%	3.3%	63.9%	6.6%	100.0%
% Col	0.0%	35.0%	0.0%	13.8%	100.0%	53.4%	25.0%	12.9%
Kiosk, etc.	0	2	0	0	0	0	1	3
% Row	0.0%	66.7%	0.0%	0.0%	0.0%	0.0%	33.3%	100.0%
% Col	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	6.3%	0.6%
Total	297	20	1	65	2	73	16	474
% Row	62.7%	4.2%	0.2%	13.7%	0.4%	15.4%	3.4%	100.0%

Chi Square = 347.146 DF = 18 Prob = 0.0000

Hints at inheritance-related and other possible obstacles in renting out properties emerge from responses to a question on who would be involved in rental decisions (Table 27); 38.5% exclusively mention the family head while the remainder cite other adults in the family as also having a say. Co-owners are mentioned in 3 cases, hinting at possible complications where multiple ownership exists.

Table 27 Who in the Family makes Rental Decisions

Who would decide about rental?	Percent (n)
Only family head	38.5% (10)
Family head + spouse	19.2% (5)
Family head + all adults in family	30.8% (8)
Family head + all adults in family + co-owners	11.5% (3)
TOTAL	100% (24)

Data in Table 28 suggest that sole discretion of the family head may be greatly circumscribed for properties documented by weak inheritance documents. While positive in terms of protecting family members' rights, this may encumber such decisions(See Table 29).

Table 28 Decision-making on Rental by Strength of Ownership Documents

Document Who decides?*	1	2	3	4	Total
Weak					
inherited	1	1	5	0	7
% Row	14.3%	14.3%	71.4%	0.0%	100.0%
% Col	11.1%	20.0%	62.5%	0.0%	28.0%
Strong					
	8	4	3	3	18
% Row	44.4%	22.2%	16.7%	16.7%	100.0%
% Col	88.9%	80.0%	37.5%	100.0%	72.0%
Total					
	9	5	8	3	25
% Row	36.0%	20.0%	32.0%	12.0%	100.0%

* **1=Family head; 2=family head + spouse; 3 =family head + all adults in family; 4="3" + co-owners**

Chi Square = 7.32198 DF = 3 Prob = 0.0623

Table 29 Renter or Owner by Property Type

PROPERTY TYPE	OWNER/RENTER		Total
	Owner	Renter	
Apartment	362	35	397
% Row	91.2%	8.8%	100.0%
% Col	75.7%	77.8%	75.9%
House (single struct.)	51	2	53
% Row	96.2%	3.8%	100.0%
% Col	10.7%	4.4%	10.1%
House (multi-struct.)	62	5	67
% Row	92.5%	7.5%	100.0%
% Col	13.0%	11.1%	12.8%
Kiosk, etc.	3	3	6
% Row	50.0%	50.0%	100.0%
% Col	0.6%	6.7%	1.1%
Total	478	45	523
% Row	91.4%	8.6%	100.0%

Chi Square = 14.7809 DF = 3 Prob = 0.0020

Purchases/sales

With no past sales and only four cases of contemplated sales in the detailed survey, no meaningful links can be drawn with relative tenure security, including the state of property documents, the existence of conflicts, and type of property. The survey does however provide quite compelling evidence that such factors can hinder property market participation, as is borne out by the following points:

- Obstacles to sale were cited by 28% of those with weak documents versus about 4% with strong documents (See Table 30);
- Almost half (42%) citing obstacles indicated that they were in some sort of dispute over the property compared to only 5% not involved in a conflict (See Table 31);
- Obstacles were more salient where inheritance issues were at play (Table 32), where no document recording transfer had been issued (Table 33) and where there were more than one heir (Table 34).

Clearly, inheritance-related issues are the ones which more often than not lie at the heart of barriers or obstacles to sale. Given the fact that inheritance and weak documentation are most salient among house properties, it comes as no surprise that obstacles to sale for such properties appear more profound than for apartments (See Table 35)

Table 30 Obstacles to Sale by Strength of Document

OBSTACLE TO SALE

DOCUMENT	No obstacle	Fam. members/no legal right	Total
Weak/non- inherited	15	1	16
% Row	93.8%	6.3%	100.0%
% Col	10.5%	9.1%	10.4%
Weak inherited	17	5	22
% Row	77.3%	22.7%	100.0%
% Col	11.9%	45.5%	14.3%
Strong	111	5	116
% Row	95.7%	4.3%	100.0%
% Col	77.6%	45.5%	75.3%
Total	143	11	154
% Row	92.9%	7.1%	100.0%

Chi Square = 9.47836 DF = 2 Prob = 0.0087

Table 31 Obstacles to Sale by the Existence of a Conflict over the Property

CONFLICT	OBSTACLE TO SALE		
	No obstacle	Fam. members/no legal right	Total
No	139	7	146
% Row	95.2%	4.8%	100.0%
% Col	97.2%	58.3%	94.2%
Yes	4	5	9
% Row	44.4%	55.6%	100.0%
% Col	2.8%	41.7%	5.8%
Total	143	12	155
% Row	92.3%	7.7%	100.0%

Chi Square = 23.8884 DF = 1 Prob = 0.0000

Table 32 Obstacles to Sale and whether Property was Inherited or Not

INHERITED?	OBSTACLE TO SALE		
	No obstacle	Fam. members/no legal right	Total
No	122	5	127
% Row	96.1%	3.9%	100.0%
% Col	84.7%	41.7%	81.4%
Yes	22	7	29
% Row	75.9%	24.1%	100.0%
% Col	15.3%	58.3%	18.6%
Total	144	12	156
% Row	92.3%	7.7%	100.0%

Chi Square = 10.8725 DF = 1 Prob = 0.0010

Table 33 Obstacles to Sale by Possession of Document Attesting to Inheritance Transfer

DOCUMENT ATTESTING TO INHERITANCE TRANSFER	OBSTACLE TO SALE		
	No obstacle	Fam. members/no legal right	Total
No	3	4	7
% Row	42.9%	57.1%	100.0%
% Col	21.4%	80.0%	36.8%
Yes	11	1	12
% Row	91.7%	8.3%	100.0%
% Col	78.6%	20.0%	63.2%
Total	14	5	19
% Row	73.7%	26.3%	100.0%

Chi Square = 3.20625 DF = 1 Prob = 0.0734

Table 34 Obstacles to Sale by Number of People Documented as Owners

NUMBER DOCUMENTED	OBSTACLES to SALE		
	No obstacle	Fam. members/no legal right	Total
1	9	1	10
% Row	90.0%	10.0%	100.0%
% Col	56.3%	20.0%	47.6%
2	2	0	2
% Row	100.0%	0.0%	100.0%
% Col	12.5%	0.0%	9.5%
4	3	2	5
% Row	60.0%	40.0%	100.0%
% Col	18.8%	40.0%	23.8%
5	1	2	3
% Row	33.3%	66.7%	100.0%
% Col	6.3%	40.0%	14.3%
7	1	0	1
% Row	100.0%	0.0%	100.0%
% Col	6.3%	0.0%	4.8%
Total	16	5	21
% Row	76.2%	23.8%	100.0%

Chi Square = 5.74875 DF = 4 Prob = 0.2187

Table 35 Obstacles to Sale by Type of Property

PROPERTY TYPE	OBSTACLES to SALE		
	No obstacle	Fam. members/no legal right	Total
Apartment	112	5	117
% Row	95.7%	4.3%	100.0%
% Col	79.4%	50.0%	77.5%
House	29	5	34
% Row	85.3%	14.7%	100.0%
% Col	20.6%	50.0%	22.5%
Total	141	10	151
% Row	93.4%	6.6%	100.0%

Fishers Exact Test:

Observed Sample Taken Alone P = 0.03722
 One-Tailed P = 0.04640
 Two-Tailed P = 0.04640
 Chi Square = 3.10293 DF = 1 Prob = 0.0782

Impact on investment

Greater tenure security whether in the form of more solid documentation of rights or heightened confidence about rights may promote investment in two ways: by qualifying the property as collateral for institutional bank credit and by enhancing certainty that the benefits of investment made on the property would ultimately be the investor's to enjoy. These linkages will be explored following an overview of investment rates and patterns.

Rates and types of investment

Almost 40% of the sample reported having made some kind of investment on their properties, with an additional 7% (11/154) voicing plans to do so in the future.

Formal, institutional credit has been and remains a negligible factor in investment financing, reflecting the still immature state of bank lending capacity. Of the only three respondents (2% of the total) who reported ever having applied for bank credit, just one had done so since 1990. Since no collateral is mentioned, property status has no bearing on these cases.⁴² Self-generated income and savings derived either from work within Albania or from work or remittances from abroad, are virtually the exclusive sources of funds relied upon for investment. No mention is made of informal credit.

In terms of median investment values⁴³, remittances on their own yield the highest amounts followed by domestic income sources (Tables 36 and 37) and the lowest amounts derived from combinations of remittance and domestically earned income.

⁴²Two of the three took out loans for housing renovations/repair. The one reported as having occurred in 2000 involved a one-year term loan of 400,000 New Lek to purchase supplies and equipment for a business.

⁴³ Absence of information on the year investments were made, beyond the fact that they were made 'since 1991', precludes much precision as to current adjusted values of investments. However, data available suffice to convey large relative differences among major investment categories.

Table 36 Sources of Financing by Type and Costliness of Investment

Source of Finance	Major investments - new structures, additions		Medium - repair or improve existing structures		Less costly - remodel, kitchen, bath, windows, balconies, etc.		Total	
Domestic income	50%	(6)	52%	(11)	27%	(36)	33%	(55)
Remittances/ Work abroad	33.3%	(4)	5%	(1)	11%	(15)	12%	(20)
Combination of domestic and foreign work	8.3%	(1)	38%	(8)	33%	(44)	32%	(53)
Other	8.3%	(1)	5%	(1)	28%	(37)	23%	(39)
Total	7%	12	13%	21	79%	132	100%	(167)

Table 37 Reported Investment Costs by Financing Sources

	Total value of investment (New Lek)	Remittance-financed	Domestically-financed	Combination of remittances and income from work in Albania
Median	252,750	150,000	100,000	60,000
Average	1.3M	894,000	2.6M	66,236
Range	240-32M	40,000-4.5M	120-32M	6,000-170,000
(n)	(60)	(10)	(20)	(11)

Investments tend to be more frequent for houses than apartments (Table 38), particularly when it comes to future investment plans for which house owners outstrip apartment owners by a margin of two to one (Table 39).

Table 38 Planned or Actual Investments by Property Type

PROPERTY TYPE	PLANNED OR ACTUAL INVESTMENT		
	NO	YES	Total
Apartment	68	51	119
% Row	57.1%	42.9%	100.0%
% Col	84.0%	69.9%	77.3%
House	13	22	35
% Row	37.1%	62.9%	100.0%
% Col	16.0%	30.1%	22.7%
Total	81	73	154
% Row	52.6%	47.4%	100.0%

Chi Square = 3.57389 DF = 1 Prob = 0.0587

Table 39 Planned Investments by Property Type

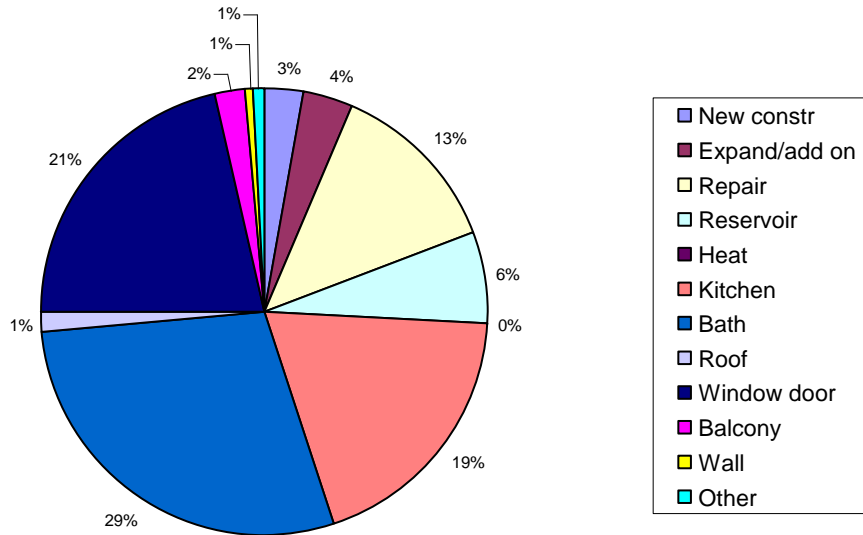
PROPERTY TYPE	PLANNED INVESTMENTS		
	NO	YES	Total
Apartment	35	24	59
% Row	59.3%	40.7%	100.0%
% Col	92.1%	68.6%	80.8%
House	3	11	14
% Row	21.4%	78.6%	100.0%
% Col	7.9%	31.4%	19.2%
Total	38	35	73
% Row	52.1%	47.9%	100.0%

Chi Square = 5.08021 DF = 1 Prob. = 0.0242

As Figure 8 indicates, the bulk of investments, about 80% of total 139 mentioned have involved remodeling or modernizing kitchens and bathrooms, installing water reservoirs, new windows, etc. More than one investment per property appears to be the norm, with three or more investments having been made in 70% of the cases. Typical combinations for apartments have been structural repairs, plus the installation of a water reservoir and upgrading of bathrooms; for houses, structural repairs were most frequently combined with refurbishing kitchens and bathrooms. Less than 10% involved major structural changes or additions. Such extensive

Figure 8

Investments on Sample Properties



improvements turn out to be more prevalent among houses than apartments (see Figure 9); new construction or major structural expansions or additions accounted for a third of actual investments (5/16) made on house properties (Table 40) and for over three-quarters (9/11) of planned investments (Table 41). This compares to only about 12% (5/41) of investments already made on apartments, with an additional 4 people (4/10 planning investments who had not yet made an investment) intending to do the same thing in the future.

Figure 9

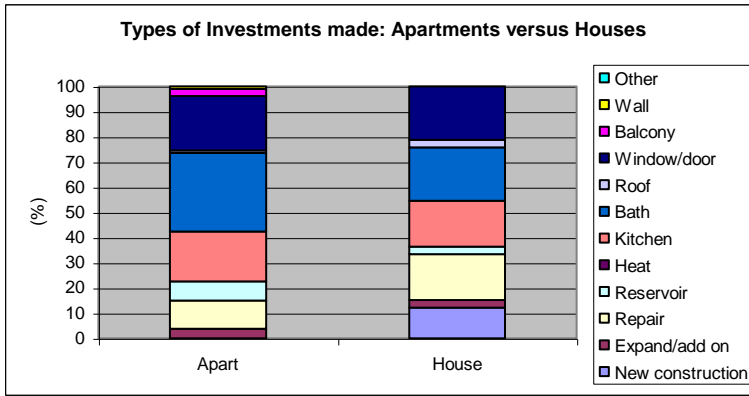


Table 40 Major versus Minor Investments according to Type of Property

PROPERTY TYPE	NATURE OF INVESTMENT			Total
	No investment	New construction or addition	Other investment w/ no add.	
Apartment	78	5	36	119
% Row	65.5%	4.2%	30.3%	100.0%
% Col	80.4%	50.0%	76.6%	77.3%
House	19	5	11	35
% Row	54.3%	14.3%	31.4%	100.0%
% Col	19.6%	50.0%	23.4%	22.7%
Total	97	10	47	154
% Row	63.0%	6.5%	30.5%	100.0%

Chi Square = 4.79201 DF = 2 Prob = 0.0911

Table 41 Nature of Planned Investments by Type of Property

PROPERTY TYPE	NATURE OF PLANNED INVESTMENTS				Total
	None	Modernize	Expand	Expand + modernize	
Apartment	35	15	4	5	59
% Row	59.3%	25.4%	6.8%	8.5%	100.0%
% Col	92.1%	88.2%	50.0%	50.0%	80.8%
House	3	2	4	5	14
% Row	21.4%	14.3%	28.6%	35.7%	100.0%
% Col	7.9%	11.8%	50.0%	50.0%	19.2%
Total	38	17	8	10	73
% Row	52.1%	23.3%	11.0%	13.7%	100.0%

Chi Square = 14.7561 DF = 3 Prob = 0.0020

This translates into an average value of investments for house properties almost ten-fold that for apartments.

Table 42 Average Value of Investment by Property Type

Property type	Average value of investments (New Lek)
House	3.9 M
Apartments	403,481
ANOVA	F=7.15, P=0.009

The connection with tenure security

The preponderance of more frequent, costlier investments on house properties, generally suffering worse symptoms of tenure insecurity than apartments suggests that tenure insecurity poses no obvious barrier to investment. A closer look at the data seems to bear this out actually indicating a negative relationship between the frequency and value of investments and touchstones of security, such as document quality, tenure complexity, etc. (See Tables 43-45).

Table 43 Actual or Planned Investment by Strength of Property Documents

DOCUMENT	PLANNED/ACTUAL INVESTMENTS		
	No	Yes	Total
No document	1	0	1
% Row	100.0%	0.0%	100.0%
% Col	1.2%	0.0%	0.6%
Weak/non-inherited	10	7	17
% Row	58.8%	41.2%	100.0%
% Col	12.2%	9.3%	10.8%
Weak inherited	6	16	22
% Row	27.3%	72.7%	100.0%
% Col	7.3%	21.3%	14.0%
Strong	65	52	117
% Row	55.6%	44.4%	100.0%
% Col	79.3%	69.3%	74.5%
Total	82	75	157
% Row	52.2%	47.8%	100.0%

Chi Square = 7.22156 DF = 3 Prob = 0.0652

Table 44 Nature of Planned Investments by Document Strength

DOCUMENT	NATURE of INVESTMENTS PLANNED				Total
	None	Modernize	Expand	Expand + modernize	
Weak/non- inherited	2	1	2	0	5
% Row	40.0%	20.0%	40.0%	0.0%	100.0%
% Col	5.1%	5.9%	25.0%	0.0%	6.8%
Weak inherited	1	2	1	5	9
% Row	11.1%	22.2%	11.1%	55.6%	100.0%
% Col	2.6%	11.8%	12.5%	50.0%	12.2%
Strong	36	14	5	5	60
% Row	60.0%	23.3%	8.3%	8.3%	100.0%
% Col	92.3%	82.4%	62.5%	50.0%	81.1%
Total	39	17	8	10	74
% Row	52.7%	23.0%	10.8%	13.5%	100.0%

Chi Square = 21.6591 DF = 6 Prob = 0.0014

Table 45 Relationships between Average Value of Investments and Variables Indicating Relative Tenure Security

Variable	(n)	Average value of investment (New Lek)	F	Prob
Document quality			7.38	0.007
STRONG	(141)	140,322		
WEAK	(39)	1.56M		
Conflict			10.93	0.001
NO	(143)	305,632		
Yes	(10)	3.32M		
OBSTACLE TO SALE			9.85	0.000
NO	(141)	310,322		
YES	(10)	3.2M		
TENURE COMPLEXITY			1.23	0.11
NO	(123)	314,550		
YES	(31)	1.23M		
INHERITED PROPERTY			10.02	0.001
NO	(128)	179,006		
YES	(26)	2.1M		

In short, more investment seems to be occurring on the least secure properties. However, disaggregating the analysis by property type, reveals that what appears to be a tenure-related difference is essentially one between apartments and houses; no significant

relationship emerges between most of the major tenure security variables and investment levels when considering houses and apartments separately (see Table 46).⁴⁴

Table 46 Links between Tenure Security-Related Variables and Investment

Variables	Relationship to incidence of investment		Relationship to average value of investment	
	Houses	Apartments	Houses	Apartments
Document quality	No	No	No	No
Conflict	No	No	Yes - positive	Yes - negative
Obstacles to sale?	No	No	Yes- positive	Yes - negative
Tenure complexity	No	No	No	No
Was property inherited?	Yes - positive	Yes - negative	No	No

Of the three tenure-related factors shown in the table to still be relating somehow to investment, namely whether the property was inherited or not, the existence of conflict and restrictions on sales --- all continue in the case of house properties to be positively related with insecurity. In other words the greater insecurity -> greater investment link persists; over three-quarters of houses with weak inheritance documents had or planned some kind of investment (compared to about 40% for other house properties, better documented). Direction of these relationships is reversed for apartments for which tenure difficulties do seem to be dampening investment.

These contradictory patterns are both perplexing and suggestive. First,

⁴⁴In fact, the pattern of the preponderance of investments being made on the 'less secure' properties, persists for houses, although the link is not statistically significant; whereas only 2 of the 5 (40%) of house properties with "strong" documents reported making an investment, almost 70% of those with "weak" documents did so.

for houses, could there be something peculiar either about the properties themselves or their owners that fosters investment despite apparent tenure obstacles? The one thing that can safely be inferred about them is that imperfect property documents do not pose much of a barrier. As for relationships enumerated for apartments, those categorized as weak from a tenure point of view number so few (n=8) that one is again inclined to suspect peculiarities in these cases that could, in addition to possible tenure issues, either be discouraging or eliminating the need for investment. Indeed, 6 of the 8 turn out to be located in the same mid-town (Ring 2) area of Korca generally marked by a dramatically lower rate of investment than other parts of town (See Table 47). Are apartment owners in that section of town poorer than in other areas and less able to afford investment? These sorts of alternative explanations and factors are explored in the next section.

Table 47 Actual Investments by Location (Ring)

RING	INVESTMENT		
	No	Yes	Total
1	14	12	26
% Row	53.8%	46.2%	100.0%
% Col	14.9%	21.4%	17.3%
2	57	22	79
% Row	72.2%	27.8%	100.0%
% Col	60.6%	39.3%	52.7%
3	23	22	45
% Row	51.1%	48.9%	100.0%
% Col	24.5%	39.3%	30.0%
Total	94	56	150
% Row	62.7%	37.3%	100.0%

Chi Square = 6.47103 DF = 2 Prob = 0.0393

Non-tenure factors in investment: needs and capacities

Investment is likely to be driven by the interplay between needs --- inadequacies of space, aging structures, deficient basic amenities, etc. --- and resources, either family-generated or borrowed institutionally or informally. People may also be more inclined to sink money into a property if this can be expected to enhance its market value substantially, perhaps a likelier prospect in areas of town where properties are in particularly high demand. To what extent are investment patterns and the sorts of analytical anomalies discovered so far, accounted for by the operation of these other sorts of factors? Answers shed light not only on the tenure security-investment connection but also on spatial and socio-economic forces operating in Korca with certain urban policy implications.

On the needs side of the equation, two countervailing tendencies apparent in Tables 48 and 49 emerge for the entire sample: less living space per capita as one moves out from center but newer housing stock on the outskirts of town (in Ring 3). Deviations from this aggregate pattern arise for each major property type. For apartments, the newest⁴⁵ and largest apartments are actually located in the heart of the city while among houses, it is the older ones closer to the center, where most houses are concentrated, that provide less living space per person than the few located on the city's outskirts. As seen in Table 49, both total and per capita living space for houses is almost double that for apartments (91 sq. meters versus 52 sq. meters for total and 27 sq. meters versus 15 sq. meters per capita, respectively). On average, the largest properties are houses in Ring 2 and, the smallest, apartments in Ring 3 farthest away from the center.

⁴⁵ See also, Table 1 which depicts age of structure by Ring.

Table 48 **Correlations between Per Capita Living Space,
Construction Year and Distance from Center**

Variables:					
CONSTRUCTION YEAR	1.00000				
DISTANCE	0.42978	1.00000			
Prob	0.0000				
N	211				
RING	0.56791	0.87322	1.00000		
Prob	0.0000	0.0000			
n	211	212			
AREA PER CAPITA	-0.37624	-0.14044	-0.16299	1.00000	
Prob	0.0000	0.0876	0.0470		
n	148	149	149		
	CONSTR.	DISTANCE	RING	AREA	
	YEAR				

Table 49 Size of Dwellings: Apartments versus Houses

Ring	Average size of dwelling (sq. Meters)			
	TOTAL		Per person ⁴⁶	
	Apartments ⁴⁷	Houses ⁴⁸	Apartment s	Houses
1	58	69	18	25
2	54	126	16	38
3	48	106	13	21
TOTAL	52	91	15	27

On the capacity side of the equation, Figures 10 and 11 provide an overview of income sources and how apartment and house owners vary in this respect. Figures 12a and 12b show that income⁴⁹ generally increases with distance from center, with median total family income being slightly higher for house than apartment owners; differences diminish for median **per capita** income but increase when one controls for location. Income both total and per capita is highest in Ring 3 and lowest in Ring 2, especially for apartment owners who rely more on low-income sources such as labor, pension and state employment; in Ring 3, high income sources and activities such as small businesses and remittances assume greater prominence (Table 50).

⁴⁶Anova for average per capita space differences between houses and apartments: F=14.42, Prob.=0.000; Anova for area per person by ring:F=2.14, Prob=0.12; F statistic for interaction between Ring and property type is not statistically significant.

⁴⁷F=2.912, P=0.05

⁴⁸F for mean differences, not statistically significant

⁴⁹ See Appendix 3 for how family income was estimated.

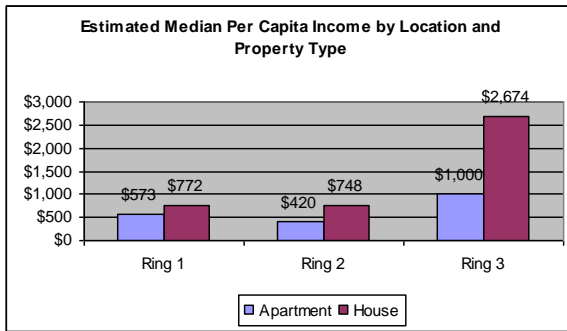
Figure 10
Income Sources

Figure 11

Sources of Income: Houses versus Apartments

Figure 12

(a)



(b)

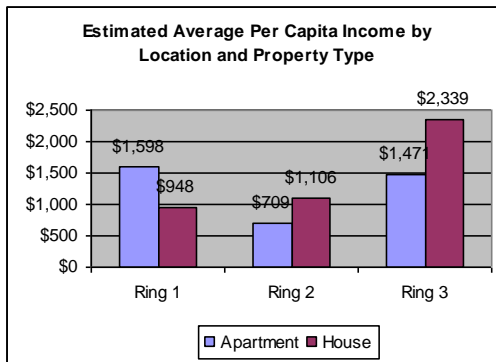


Table 50 Sources of Income by Property Type and Location/Ring

Ring		Average percent of income from			Estimated median yearly per capita income
		Labor or part-time work	Pensions	Remittances or business	
1	Apart.	11	28	47	\$573
	Houses	28	16	36	\$772
	All	22	25	40	\$667
2	Apart.	37	25	26	\$420
	Houses	28	28	45	\$748
	All	36	25	29	\$420
3	Apart.	3	5	57	\$1,000
	Houses	0	2	76	\$2,674
	All	3	16	60	\$1,714
Prob. for F stats for group averages: ** > 0.01 * > 0.05		Ring: ** Prop: NO Joint: NO	Ring: * Prop: NO Joint: NO	Ring: * Prop: NO Joint: NO	For average per capita income: Ring: ** Prop.: NO Joint: *

Higher income families in the sample tend to be more populous with older heads and more income earners, features which characterize house owners more than apartment owners and those in Ring 3 more than those in either Rings 1 or 2 (see Appendix 3, section 4).

Number of income earners per family appears to be particularly critical in determining income, averaging less than 0.8 for the lowest fifth (up to \$600/year) of the income distribution and 3.5 for the highest fifth (over \$9,000 per year).⁵⁰ Age of family head appears to have a great deal

⁵⁰t-Statistic = -11.48, Prob.=0.000

to do with numbers of income earners (R = + .4896, Prob. 0.000), although the dynamics defining this link differ by location and type of property owned. Such differences are evident in Table 51.

Table 51 Number of Income Earners per Family by Age of Head and Location

	Age of Family Head/Type of Property					
	Apartments			Houses		
	Age of family head		Statistical significance for T-stat. mean differences	Age of family head		Statistical significance T-stat for mean differences
	Under 60	60+		Under 60	60+	
	Income earners		Income earners			
Ring 1	1.6	2	T= 6.42, P=0.000	1.5	2.6	T=2.67, P=0.01
Ring 2	1.6	2.9	Not sig.	2.8	3	Not sig.
Ring 3	1.5	3.2 5	T=4.3, P=0.000	1	4	Not sig.
ALL	1.6	3	T=4.74, P=0.000	2	3	T=2.99 P=0.005

Among apartment dwellers with heads under 60, the number of income earners averages only between 1.5-1.6 versus 2 - 3.25 for those with older heads; the younger age category accounts for two-thirds of apartment owners⁵¹ and in Ring 1 they account for an even higher percentage (7/8). Among house owners such differences appear to figure significantly only in Ring 1.

Regressions in Appendix 3, section 4 and summarized in Table 52 identify three major factors as being positively related to income:

⁵¹Fifty-six percent of house owners.

- distance form the center of town,
- percent of income drawn from high income sources such as business and remittances,
- and total number of income earners in the family.

Education of head also appears to have a positive relationship to income (see Appendix 3, sections 4.1.1 and 5.1).

Table 52 summarizes demographic linkages with income structure and number of earners.

Table 52 **Summary of Correlations among Income, Demographic and Location Variable**

	Age of head	Household population	Dependency Ratio	Education of head	Distance from center
Reliance on high income sources	+	+	(-)	n.s.	+
Labor/part-time income	-	n.s.	n.s.	-	-
State employment	-	-	n.s.	+	(+) Most common in Ring 3 and Ring 1
Pension income	+	-	+	n.s.	-
Number of income earners	+	+	-	+	+

NOTE: All +/-'s in the table imply statistically significant correlations; those in parentheses are marginally significant; n.s. denotes "not significant".

The way these relationships coalesce in different areas of Korca are more or less as follows:

Ring 1 families stand out as smaller, exclusively nuclear households with slightly younger (3/4 are under 60), more educated heads (apartment owners only), and income sources weighted more toward lower income sources such as pensions, state employment and labor. Larger families in the center of town are more likely to contain more children attending school⁵², rather than more income earners, something that contributes to a strongly negative relationship between age of family head and total income ($R = -.8295$, Prob. = 0.005).

Ring 2 families exhibit great reliance on low income sources --- labor and pensions. This is particularly true of apartment owners who earn significantly less than house owners living in the same general area from remittances⁵³ and have the lowest median per capita income of all groups. Little in the way of income gains are realized by advancing age of family heads because this is significantly associated ($r=.3029$, Prob. 0.01) with a higher dependency ratios, not increased family size or more income earners⁵⁴

Ring 3 families rely more heavily on high income sources such as small businesses and remittances and benefit from a demographic dynamic whereby advancing age of family heads is highly associated with the formation of extended families ($r=+.4539$, Prob. = 0.002), and where age and household population are both positively related to income levels ($r = +.3792$, Prob.=0.01 with family head age and $r = +.4344$, Prob=0.003). Incomes are the highest in the sample.

⁵² Sample families in this area of town have the highest average number school-age children.

⁵³16% for apartment owners and 39% among house owners; $t=1.91$, $P=0.06$.

⁵⁴Except marginally: $R = +.17653$, Prob. = 0.12.

Property value

Finally, what bearing might property value differences --- based entirely on respondents' estimates of market value --- be having on the investment picture? Basic patterns in terms of location and property type presented in Table 53, reveal highest value properties to be concentrated in Ring 2 and the lowest to be apartments located in the very center of town, in Ring 1.

Table 53 Estimated Mean and Median Values (in New Lek) of Sample Properties by Location and Property Type

Ring/ Property Type		Mean		Median	
		Estimated Value ⁵⁵	Value sq. meter	Estimated Value	Value per sq. meter
Ring 1	Apert.	1.4M	24,242	1.4M	24,455
	House	3.7M	53,163	3M	48,077
Ring 2	Apert.	12.5M	272,026	15M	280,000
	House	19.5M	143,597	16M	142,500
Ring 3	Apert.	1.8M	43,979	2M	40,833
	House	N/a	N/a	N/a	N/a

Pooling all properties for which value estimates were given, the regression in Table 54 suggests that the more valuable properties on a per square meter basis are the newer ones closer to the center of town. Looking at houses and apartments separately, apartments are more valuable than houses on a per meter basis, something that, in turn, correlates positively with one of apartments' main features: more recent construction. Distance from the center and age of building seem to influence only apartment values, not house values perhaps because houses are so clustered in and around the center of town.

The availability of parking is also something highly correlated with estimated property value.

⁵⁵F statistics for mean differences in estimated total value: apartments - F=13.87, df=59, Prob=0.000; houses - F=13.98, df=20, Prob=0.001.

Table 54 Regression: Estimated Value per Square Meter by Distance from the City Center and Year Property Constructed

HOUSES and APARTMENTS POOLED

Dependent Variable: **VALUE PER SQUARE METER** 79 Valid Records
 Coeff of Determ: 0.239142
 Adjusted R Square: 0.219120 Estimated Constant Term: -7701610
 Multiple Corr Coeff: 0.489022 Standard Err of Estimate: 174024

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test	Prob
Regression	2	7.234065E+11	3.617032E+11	11.9436	0.0000
Residuals	76	2.301599E+12	30284203755		
Total	78	3.025006E+12			

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t	Prob
DISTANCE TO CENTER	-411.696	-0.480855	92.0648	-4.47181	0.0000
YEAR CONSTRUCTED	4139.78	0.373488	1191.88	3.47332	0.0009

While the data is not amenable to elaborate regression analyses to estimate different factors' precise contributions to property values, respondents' views on which attributes they consider most critical in accounting for either the higher or lesser values they assign to their own properties, provide some useful hints.⁵⁶

⁵⁶ The correlation matrix in Appendix 4 suggests the strength and direction of relationships between such property characteristics and corresponding monetary values assigned to them by respondents.

Table 55 Why Respondents' Consider their Properties More Valuable than Others

FACTOR	Freq	%
First floor	6	19.4
Well situated/intersection	3	9.7
Modern facilities	3	9.7
Telephone service	1	3.2
Seclusion from traffic noise/pollution, etc.	3	9.7
Unusual-- garden, etc.	3	9.7
Large lot with room to expand	9	29.0
Well-set up for water, elec.	3	9.7
Total	31	100.0

Location again assumes prominence, although in seemingly contradictory ways: both in terms of convenience and centrality afforded by the location of their properties as well as in terms of being situated in areas shielded from noise and pollution. These advantages tend to be cited more for house properties located near the center of town. Appreciation for these seemingly contradictory elements perhaps account for why properties in Ring 2, not quite in the center but close enough to it, are assigned such high values compared to properties located elsewhere. This area is marked by a stronger pattern of mixed residential and commercial uses than other areas, where either pure commercial or pure residential uses tend to prevail (Table 56).

Table 56 Residential/Commercial Use of Property by Location (Ring)

RING	USE of PROPERTY			
	Residential	Commercial	Mixed resid+comm.	Total
1	104	12	6	122
% Row	85.2%	9.8%	4.9%	100.0%
% Col	19.3%	44.4%	35.3%	20.9%
2	267	5	10	282
% Row	94.7%	1.8%	3.5%	100.0%
% Col	49.5%	18.5%	58.8%	48.4%
3	168	10	1	179
% Row	93.9%	5.6%	0.6%	100.0%
% Col	31.2%	37.0%	5.9%	30.7%
Total	539	27	17	583
% Row	92.5%	4.6%	2.9%	100.0%

Chi Square = 18.8105 DF = 4 Prob = 0.0009

Using a scale of 1 to 4, with 1 being purely residential and 4 very commercial, degree of commercial development generally decreases as one moves away from the center from Ring 1 - Ring 3. Apartments tend to be located in the most highly commercialized locales, whereas houses even those in or near to the city center are in more residential areas.

Table 57 Degree of Commercialization by Location and Property Type

Ring	Degree of commercialization in area ⁵⁷ (Median values in scale of 1-4)	
	Apartments	Houses
1	4	1
2	3	2
3	1	1

Room on the lot for expansion is another highly valued feature, confined essentially to house properties. However, even though house properties, tend to be more spacious and enjoy greater locational advantages ($r = +.4644$, Prob. = 0.01) according to respondents, they are not as well graced with modern amenities.

Summing up

How does this constellation of relative needs, capacities and property attributes and values summarized in Table 58 match up with investment patterns alluded to earlier?

Based on regression equations with investment value as the dependent variable and with combinations of demographic, income, and property attribute variables as independent⁵⁸, three variables consistently emerge

⁵⁷Derived by referring to data on level of commercial development versus residential use available in the large sample short questionnaire survey for sample map blocks that were included in the detailed smaller sample survey.

⁵⁸ The large number of missing cases for property value raises concerns of comparability between regressions incorporating property value (n=78) and those which do not (n=145). However, even restricting analysis to the smaller sample with responses on

as either the only significant factors or factors in addition to age of the structure (positively related to value of investment, i.e., costlier investment on older properties):

- property value,
- location relative to the center;
- type of property.⁵⁹.

Reduction to just these few significant factors derives from the high correlations alluded to above between property type and location on the one hand and things like property value, age of structure, living space per person, income, etc., on the other.

the property value question, evidence points in the same basic directions: Ring remains significant throughout; structure age and type have only very marginally significant probabilities (0.12-0.18), but point in directions consistent with analyses based on the larger more inclusive sample which excludes property value from the equations. See Regressions in Appendix 2.

⁵⁹In terms of investment finance source differences, reliance on remittance income is especially notable among property owners in the Ring 2, where 40-50% of property owners utilized this source; no difference is evident by property type in this regard. It is least notable among property owners in Ring 1.

Table 58 Summary Table of Needs and Capacities for Investment by Location and Property Type

Ring	Property type	Relative income levels	Needs (based on density and age of property)	Relative property values/sq. M ⁶⁰ Based on median values per sq. meter and total value	Actual investment	
					Av. Value (New Lek)	% investing
1	Apartment	High	Medium/low	Low	95,000	40
	House	Low	High	Low/medium	201,413	50
2	Apartment	Very low	High	Very high	132,706	26
	House	Medium	Medium	High	4,959,000	40
3	Apartment	High	High	Low/Medium	160,900	58
	House	Very high	Low	[No info]	1,340,000	60

⁶⁰Note: Joint anova for property type and location was not possible due to insufficient number of cases.

Here are some of the major points emerging from the foregoing analyses, beginning with those apparent anomalies concerning the higher rates of investment on the "less secure" house properties and the matter of why investment is so low among apartments in Ring 2.

- a) **Higher level of investment in houses than apartments** correlates with generally higher levels of income, especially in Ring 2 and 3 and the need for refurbishing what are generally older structures closer to the city center. Room on lots for expansion of existing structures or the addition of new ones is a practical possibility for many house, with median vacant land area available is 35.5 sq. meters, and with a third of houses having 50 or more sq. meters of free area (Table 59).

Table 59 Lot Size, Built-up and Vacant Area for House Properties

Ring	Median square meter area		
	Lot size	Building area	Extra land area
1	105	56	35.5
2	160	70	10
3	170	100	60

- b) **Low level of investments among Ring 2 apartment owners:** Their dubious distinction of having the lowest level of investment (26%) is matched by their distinction of being the lowest income segment in the sample. Generally, investment in apartments (and not in houses) appears to be highly correlated with income levels, total as well as per capita (Table 60). This same relation extends to apartment owners in Ring 2 among whom those investing average almost twice the income (either total or per capita) of those not investing (Table 61). For this set of families, actual or planned investment appears to be most likely in the more cramped, older and less valuable properties, by families whose heads are more educated, relying especially on labor or small business income, with more members employed (See regression in Appendix 2, section 2). Value of investment is greatest in older properties drawing primarily on small business income; other factors are not statistically significant in determining investment value.

Despite the typically low level of income among this segment, there may be potential to capitalize on high property values to generate investment funds, once institutional equity-based borrowing is better established.

Table 60 Relationship between Income and Investment

Actual or planned investments among apartment properties	Actual: Av estimated total income for actual (Av total income)	Planned
No	\$3,602	\$3,203
Yes	\$5,591	\$6,693
Perhaps		\$5,377
F-stat. for anova	F=4.63 P=0.03	F=6.18 P=0.002

Table 61 T-tests for Income Differences between those Investing and not Investing (apartment owners in Ring 2)

	Investing	Not investing	t-stat.	d.f.	Prob.
Average total income	4,156	2,320	1.97	67	0.05
Average percapita income	978	575	1.95	67	0.05

c) **Resources and needs** - The greatest mismatch between resources and needs seems to exist for house properties in Ring 1. Incomes are relatively low and given the relatively low estimated property values, equity based borrowing potential is also low. This set of properties also suffers from a higher than average level of deficient property documents. Indeed, average value of investment is quite low compared to other and only 31% planned any future investments. All of these

things considered, this class of properties would seem to merit special governmental attention.

- d) **Apartments in Ring 3** are the smallest on average, but not the oldest. Funds for expansion or consolidation of adjoining apartments may be available from self-generated funds, given relatively high income levels. Comparatively low property values, present little ultimate equity-based borrowing potential. Incidence and value of investments in these have both been relatively high, perhaps a function of the higher incomes in this segment.

Conclusions

As of 1999/2000, most Korca properties represented in the study were on a relatively firm legal footing. Still, while virtually all properties are documented in some form, documentation of rights to a substantial minority is deficient and the situation shows signs of deteriorating. This is particularly true of older, inherited house properties, commercial properties, mostly concentrated in the center of town and those properties, either built, rented or sold since 1990 which now represent about 14% of all properties in the city. This amounts to a sizeable percentage of properties at risk of drifting into legal limbo, unless corrective action is taken.

Tenure issues have apparently done little to discourage investment. However, where low equity value of properties coincides with low incomes and old structures as it seems to among many of Korca's houses in the very center of the city, investment prospects look dim and special government attention may be called for. There is also reason to be concerned that major structural expansions or new building carried out on properties already on shaky legal ground may merely be adding to the scale of tenure problems as time goes by.

Although imperfections and problems identified do not translate into major worries about rights, people interviewed clearly would welcome having their property status upgraded. Not only would this be appreciated for the security benefits gained thereby, but as a way to facilitate property sales for those interested in doing so. Hindrances due to imprecise assignment and documentation of rights, appear to be a chronic feature of inherited properties.

The study underscores the pressing need to regain control over the situation while it is still relatively manageable and before it gets much more out of hand. Unless and until the IPRS can regularize the status of

properties held under questionable documentary and legal status and nudge people to conduct future property transfers within that system, disarray in the system is likely to spread. Troubling signs include:

- Widespread failure to formally subdivide, settle and document heirs' rights, threatening to cloud rights further with each successive cycle of inheritance;
- The proliferation of inadequate, questionable documentation and increased level of properties without any documents at all among newly constructed, newly acquired properties;
- Indications that few renters have documents of any kind, something that may point to insecurity both of owners, afraid to issue such documents and renters lacking the protection of documents.

The survey suggests that these sorts of problems, particularly those rooted in inheritance-related difficulties, cloud the property market outlook. Insecurities associated with rental may also be posing similar threats, although here the evidence needs to be verified by closer additional study.

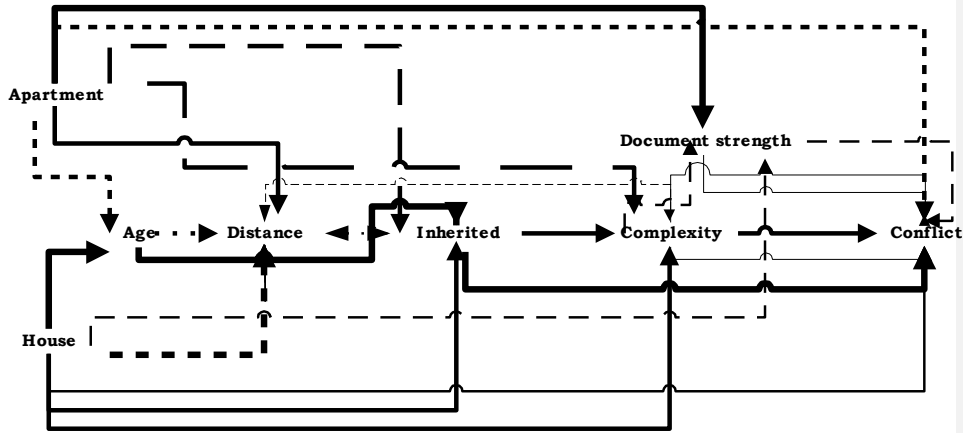
Challenges for the IPRS appear to be most daunting in central areas of city, particularly when it comes to older house stock which appear to embody the most complexity and inadequacy when it comes to definition and documentation of rights. Urban planning and investment challenges also appear to be most urgent in that area of town where old house properties are evidently all too often owned by people without the resources to make necessary improvements.

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APPENDIX 1

Key Relationships in Tenure Insecurity and Conflict



Note: Positive relationships are designated by unbroken lines; nega- lationships is indicated by line thicknessive ones by broken lines. Strength of re-

Negative
 Weak - - - - -
 Strong - - - - -
Positive
 Weak _____
 Strong _____

APPENDIX 2

1. Regressions for Value of Investment

Variables

Variable name	Meaning	Special codes. Etc
AGE1	Age of family head	
areapers	Living space per person	
CONSTR	Year structure built	
DEPRAT	Dependency ratio	
EDU1	Education of family head	
HHPOP	Household population	
Multifam	Multi-family/extended household	
P34	Estimated value of property	
Pcthinc	Percent of income from high earning sources -- - small business and emigration	
pctlabpr	Percent income from labor or part-time work	
PctpensY	Percent income from pensions	
pctsbiz	Percent of income from small business	
Pctyemi	Percent income from remittances	
PercapyT	Per capita annual income	

RING	RING -- distance from city	3 rings with 1 being center and 3 farthest out
Temp[ladj	Total number of income earners in the family	
Tot_inc	Total annual family income	
Type01	Property type	0=house/1=apartment

1.1 EXCLUDING PROPERTY VALUE VARIABLE

Dependent Variable: **VALUE OF INVESTMENT** 145 Valid Records
 Coeff of Determ: 0.111044
 Adjusted R Square: 0.0656233 Estimated Constant Term: 71764090
 Multiple Corr Coeff: 0.333233 Standard Err of Estimate: 2855532

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test	Prob
Regression	7	1.395441E+14	1.993486E+13	2.44478	0.0216
Residuals	137	1.117107E+15	8.154064E+12		
Total	144	1.256651E+15			

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t	Prob
AGE OF FAM. HEAD	-32300.1	-0.147004	21253.4	-1.51976	0.1309
YEAR OF CONSTRUCTION-35368.4	-0.184677		23131.3	-1.52903	0.1286
AREA PER CAPITA	-10623.9	-0.0612495	15365.7	-0.691403	0.4905
TOTAL INCOME	-71.8858	-0.119921	63.7916	-1.12689	0.2618
NUMBER INCOME EARNERS	229865	0.100996	267837	0.858227	0.3923
RING	772883	0.173383	426025	1.81417	0.0718
PROPERTY TYPE	-1705045	-0.231671	820329	-2.07849	0.0395

(0=HOUSE, 1=APARTMENT)

1.2. INCLUDING ESTIMATED PROPERTY VALUE AS VARIABLE

WORKING - PLEASE BE PATIENT

Dependent Variable: **VALUE OF INVESTMENT** 78 Valid Records
 Coeff of Determ: 0.206263
 Adjusted R Square: 0.114236 Estimated Constant Term: 142890771
 Multiple Corr Coeff: 0.454162 Standard Err of Estimate: 3744246

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test	Prob
Regression	8	2.513757E+14	3.142196E+13	2.24132	0.0344
Residuals	69	9.673369E+14	1.401937E+13		
Total	77	1.218713E+15			

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t	Prob
AGE OF FAM. HEAD	-46188.8	-0.152491	42937.5	-1.07572	0.2858
CONSTRUCT. YEAR	-72178.7	-0.323845	40140.6	-1.79815	0.0765
AREA PER PERSON	-30846.5	-0.0928440	41541.2	-0.742552	0.4603
TOTAL INCOME	-10.4665	-0.0116170	128.008	-0.0817645	0.9351
N. INCOME EARNERS	-34175.1	-0.0111314	516697	-0.0661415	0.9475
RING	2021750	0.311803	894684	2.25974	0.0270
TYPE OF PROPERTY	-2202828	-0.239213	1629077	-1.35219	0.1807
EST. PROP. VALUE	0.0883265	0.218230	0.0461447	1.91412	0.0598

1.3 WITHOUT ESTIMATED VALUE VARIABLE BUT WITH SAME CASES AS b.

Dependent Variable: **VALUE OF INVESTMENT** 78 Valid Records
 Coeff of Determ: 0.164116
 Adjusted R Square: 0.0805281 Estimated Constant Term: 129245126
 Multiple Corr Coeff: 0.405113 Standard Err of Estimate: 3814824

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test	Prob
Regression	7	2.000108E+14	2.857298E+13	1.96339	0.0725
Residuals	70	1.018702E+15	1.455288E+13		
Total	77	1.218713E+15			

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t	Prob
AGE OF FAM. HEAD	-62779.8	-0.207266	42846.3	-1.46523	0.1473
CONSTRUCTION YEAR	-64345.0	-0.288698	40684.1	-1.58158	0.1183
AREA PER PERSON	-23675.2	-0.0712591	42151.8	-0.561664	0.5761
TOTAL INCOME	-68.4275	-0.0759489	126.720	-0.539991	0.5909
N. INCOME EARNERS	158603	0.0516595	516340	0.307167	0.7596
RING	1944302	0.299858	910616	2.13515	0.0363
TYPE OF PROPERTY	-2445954	-0.265615	1654732	-1.47816	0.1439

(0=HOUSE, 1=APARTMENT)

1.4 Same cases as 1.3 but some different independent variables

Dependent Variable: **VALUE OF INVESTMENT** 79 Valid Records
 Coeff of Determ: 0.187718
 Adjusted R Square: 0.0948862 Estimated Constant Term: 120839812
 Multiple Corr Coeff: 0.433265 Standard Err of Estimate: 3761536

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression	8	2.288910E+14	2.861137E+13	2.02213
Residuals	70	9.904405E+14	1.414915E+13	
Total	78	1.219331E+15		

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t
HHPOP	147842	0.0532190	303534	0.487070

CONSTR 0.1180	-63352.6	-0.297333	40026.0	-1.58279
typep01 0.2630	-1804396	-0.199709	1598946	-1.12849
RING 0.0362	1918317	0.300899	898273	2.13556
percapYT 0.8836	-59.8325	-0.0165284	407.154	-0.146953
DEPRAT 0.3291	-1510155	-0.109644	1536503	-0.982852
P34 0.0279	0.106233	0.262933	0.0473137	2.24530
EDU1 0.5712	267574	0.0654872	470310	0.568930

1.5 Excluding property value variable with some other demographic and income variables

Dependent Variable: Value of Investment 132 Valid Records
 Coeff of Determ: 0.130839
 Adjusted R Square: 0.0817733 Estimated Constant Term:
 67494587
 Multiple Corr Coeff: 0.361717 Standard Err of Estimate:
 2963652

Analysis of Variance for the Regression:

Source of Variance Prob	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression 0.0132	7	1.639504E+14	2.342149E+13	2.66661
Residuals	124	1.089121E+15	8.783231E+12	
Total	131	1.253071E+15		

Variable Prob	Regression Coefficient	Standardized Coefficient	Standard Error	t
CONSTR 0.1647	-33627.9	-0.174108	24056.8	-1.39785
typep01 0.0260	-1926539	-0.258893	855181	-2.25279
RING 0.0286	1060402	0.229726	478656	2.21538
PCTSTATy 0.0959	-14848.0	-0.162507	8850.27	-1.67769
DEPRAT 0.2082	-1204097	-0.107454	951837	-1.26502
areapers 0.3642	-14887.9	-0.0835726	16348.0	-0.910690
pcthinc	-14644.2	-0.214994	6686.76	-2.19003

0.0304

2. RING 2 APARTMENTS

2.1 Ring 2 Apartments: Actual and Planned Investment

Dependent Variable: **ACTUAL OR PLANNED INVESTMENT** 35 Valid Records

Coeff of Determ: 0.730953
 Adjusted R Square: 0.564399 Estimated Constant Term: 206.278
 Multiple Corr Coeff: 0.854958 Standard Err of Estimate: 0.323559

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test	Prob
Regression	13	5.97293	0.459456	4.38870	0.0013
Residuals	21	2.19850	0.104691		
Total	34	8.17143			

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t	Prob
AGE family head	-0.00301821	-0.0793193	0.00940354	-0.320965	0.7514
HOUSEHOLD POP.	-0.240414	-0.766872	0.0872908	-2.75417	0.0119
PERCAPITA INC.	-1.024907E-04	-0.137932	1.661563E-04	-0.616833	0.5440
EDUC. FAMILY HEAD	0.314612	0.640670	0.105627	2.97851	0.0072
DEPENDENCY RATIO	0.171940	0.0931614	0.245162	0.701334	0.4908
AREA PER PERSON	-0.0592612	-0.988194	0.0187349	-3.16314	0.0047
CONSTRUCTION YEAR	-0.104289	-0.697849	0.0265909	-3.92198	0.0008
PROPERTY VALUE	-3.296483E-08	-0.620214	7.455254E-09	-4.42169	0.0002
N. INCOME EARNERS	0.212100	0.502609	0.114898	1.84599	0.0790
% INC. LABOR	0.0118008	1.02259	0.00356883	3.30664	0.0034
% INC. SMALL BUSIN.	0.0598685	0.412843	0.0214463	2.79155	0.0109
% INC. EMIGRAT.	0.00837576	0.495889	0.00342360	2.44648	0.0233
% INC. PENSION	0.00956304	0.755664	0.00353017	2.70895	0.0131

2.2 Ring 2 Apartments Value of Investments

Dependent Variable: **VALUE INVESTS.** 35 Valid Records

Coeff of Determ: 0.605080
 Adjusted R Square: 0.360605 Estimated Constant Term: 143527807
 Multiple Corr Coeff: 0.777869 Standard Err of Estimate: 391816

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test	Prob
Regression	13	4.939552E+12	3.799655E+11	2.47502	0.0313
Residuals	21	3.223923E+12	1.535201E+11		
Total	34	8.163475E+12			

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t	Prob
AGE1	-2221.73	-0.0584160	11387.3	-0.195106	0.8472
HHPOP	-121084	-0.386422	105705	-1.14548	0.2649
percapYT	-145.361	-0.195723	201.208	-0.722442	0.4780
EDU1	144464	0.294328	127910	1.12942	0.2715
DEPRAT	86464.9	0.0468716	296880	0.291245	0.7737
areapers	-30168.7	-0.503315	22687.2	-1.32977	0.1979
CONSTR	-72568.9	-0.485831	32200.4	-2.25366	0.0350
P34	-0.00583505	-0.109837	0.00902800	-0.646329	0.5251
templadj	178991	0.424358	139137	1.28644	0.2123
pctlabpr	3541.92	0.307072	4321.70	0.819566	0.4217
PCTSMBIZ	93125.4	0.642490	25970.6	3.58581	0.0017
pct_Yemi	-796.524	-0.0471814	4145.83	-0.102127	0.8495
pctpensY	2991.59	0.236509	4274.88	0.699808	0.4917

3.1 Both Actual and Planned Investment by Location/Ring

RING	ACTUAL OR PLANNED INVESTMENT		
	No	Yes	Total
1	10	16	26
% Row	38.5%	61.5%	100.0%
% Col	12.7%	22.5%	17.3%
2	50	29	79
% Row	63.3%	36.7%	100.0%
% Col	63.3%	40.8%	52.7%
3	19	26	45
% Row	42.2%	57.8%	100.0%
% Col	24.1%	36.6%	30.0%
Total	79	71	150
% Row	52.7%	47.3%	100.0%

Chi Square = 7.65088 DF = 2 Prob = 0.0218

3.2 Nature of Planned Investments by Location/Ring

RING		PLANNED INVESTMENTS				
		None	Modernize	Expand	Expand + modernize	Total
1		0	3	2	1	6
	% Row	0.0%	50.0%	33.3%	16.7%	100.0%
	% Col	0.0%	17.6%	28.6%	11.1%	8.5%
2		38	8	2	5	53
	% Row	71.7%	15.1%	3.8%	9.4%	100.0%
	% Col	100.0%	47.1%	28.6%	55.6%	74.6%
3		0	6	3	3	12
	% Row	0.0%	50.0%	25.0%	25.0%	100.0%
	% Col	0.0%	35.3%	42.9%	33.3%	16.9%
Total		38	17	7	9	71
	% Row	53.5%	23.9%	9.9%	12.7%	100.0%

Chi Square = 29.8303 DF = 6 Prob = 0.0000

APPENDIX 3

Family structure and income

a. Estimation of family income

Since the survey did not ask respondents directly about earned household income, and since people tend to seriously under-report income in any case, it was only possible to come up with some very rough income estimates. Fortunately, information collected in the survey on family structure and employment of family members, provided at least some basis for arriving at approximations sufficient for the purposes of this report, namely to break the sample into categories of relatively high and relatively low income.

Approximate incomes derived from certain employment or job categories used in the survey are relatively uniform and widely known: These include pension income, state employment income and labor income; part-time income could also be estimated to be about half of what a state employee might be earning.

Per month figures used in the analysis for these categories were::

- Pension: \$ 25
- State employment: \$125
- Labor: \$ 70
- Part-time \$ 50

Job categories subject to the greatest income variability and uncertainty were small and large business and remittances. While many surmise that remittances finance much of the investment that is currently going on and is perhaps the best differentiator between those who are relatively well off and those who are not, data on

Comment [H1]: Acquaintances at the Statistics Institute suggested as reasonable, the following figures for small and large business as:

•Small business .\$ 714
Large business .\$ 1,400

levels and percentages sent home etc. were lacking. The only relatively firm piece of information on this came from the World Bank's 1996 Employment and Welfare Survey. However, those involved in conducting and analyzing the data from that survey caution that figures reported tend to be very understated, something obvious from the substantial excess of consumption items reported over levels of income reported. This understatement appears to have been particularly great when it came to remittance income. However, to be on the conservative side, income level estimates used in this report incorporate that data. In the World Bank survey, remittance income over the six months prior to the interview averaged 48,044 Lek or about 8,000 Lek per month. Applying an exchange rate of 100 Lek to the \$US, this comes to \$80 per month. If, as virtually everyone reports, remittance income is such a significant factor in accounting for the wealth of families, this is clearly a low level. So, two figures were used to come up with two alternative monthly family income estimates. The lower figure used for remittances was \$100 per month; the other and probably more realistic estimate was \$250 per month.

The World Bank survey was also used as a basis for deriving figures for business income.⁶¹ Median NET monthly self-employment business income reported was 9,000 Lek (1995); the median for people reporting that they had been working in their businesses for the full 4 weeks prior to the interview was 10,000 Lek or about \$100. Notably, the survey excluded metropolitan Tirana where self-employment income might be expected to have been higher than in outlying areas. Also, while the IPRS survey distinguishes between "small" and "large" business", this is not done in the World Bank survey. All these things considered, the figure used in arriving at family income estimates was \$200 per month for small businesses and \$400 per month for what IPRS survey respondents described as "large" businesses.

One aspect of income that could not be incorporated at all was farm income which some of the respondents in the peri-urban areas may have been earning.

⁶¹ Acquaintances at the Statistics Institute suggested as reasonable, \$714 per month for small businesses and twice that amount for large business.

In addition, qualitative features of relatively and poor households derived from other studies were referred to. The main source in this regard was a World Bank study issued in 1996: "Albania: Growing out of Poverty". It was possible to reconstruct many of these household structure and income profile features of households from that survey.

INCOME AND DEMOGRAPHIC VARIABLES

Variable name	Meaning	Special codes. Etc
AGE1	Age of family head	
areapers	Living space per person	
CONSTR	Year structure built	
DEPRAT	Dependency ratio	
EDU1	Education of family head	
HHPOP	Household population	
Multifam	Multi-family/extended household	
P34	Estimated value of property	
Pcthinc	Percent of income from high earning sources --- small business and emigration	
pctlabpr	Percent income from labor or part-time work	
PctpensY	Percent income from pensions	
pctsbiz	Percent of income from small business	
Pctyemi	Percent income from remittances	
PercapYT	Per capita annual income	
RING	RING -- distance from city	3 rings with 1 being center and 3 farthest out
Temp[ladj	Total number of income earners in the family	
Tot_inc	Total annual family income	
Type01	Property type	0=house/1=apartment

1. Correlation Matrices

1.1 ALL Cases

Command: CORR Missing Value Treatment: Pairwise

```
*** Correlation Matrix ***

Variables:
AGE1          1.00000
HHPOP        0.22639    1.00000
  Prob       0.0045
  n          156
DEPRAT       0.31047    0.14398    1.00000
  Prob       0.0000    0.0702
  n          156    159
MULTIFAM     0.37313    0.24322    0.12562    1.00000
  Prob       0.0000    0.0022    0.1181
  n          156    156    156
templadj     0.48966    0.50181    0.00769    0.13070    1.00000
  Prob       0.0000    0.0000    0.9234    0.1039
Tot_inc      0.18741    0.34874   -0.05812    0.02704    0.59911
  Prob       0.0191    0.0000    0.4668    0.7376    0.0000
  n          156    159    159    156    159
percapYT     0.09005    0.09380   -0.15275   -0.01972    0.48029
  Prob       0.2636    0.2396    0.0546    0.8070    0.0000
  n          156    159    159    156    159
          AGE1    HHPOP    DEPRAT    MULTIFAM    templadj

Tot_inc      1.00000
percapYT     0.91053    1.00000
  Prob       0.0000
  n          159
          Tot_inc    percapYT
```

1.2 Ring 1

Command: CORR Missing Value Treatment: Pairwise
 Breakdown on Var RING = 1

```

*** Correlation Matrix ***

Variables:
AGE1          1.00000
HHPOP        -0.14660    1.00000
  Prob        0.4844
  n           25
DEPRAT       0.48819   -0.01034    1.00000
  Prob        0.0133    0.9600
  n           25    26
MULTIFAM     0.00000    0.00000    0.00000    1.00000
  Prob        1.0000    1.0000    1.0000
  n           25    25    25
templadj     0.31367    0.19232    0.22670    0.00000    1.00000
  Prob        0.1268    0.3466    0.2654    1.0000
  n           25    26    26    25
Tot_inc     -0.16085    0.13722    0.00971    0.00000    0.55877
  Prob        0.4424    0.5039    0.9625    1.0000    0.0030
  n           25    26    26    25    26
percapYT    -0.22494   -0.15941   -0.08298    0.00000    0.38611
  Prob        0.2797    0.4367    0.6869    1.0000    0.0514
  n           25    26    26    25    26
            AGE1    HHPOP    DEPRAT    MULTIFAM    templadj

Tot_inc     1.00000
percapYT    0.91810    1.00000
  Prob        0.0000
  n           26
            Tot_inc    percapYT
  
```

1.3 Ring 2

Breakdown on Var RING = 2

*** Correlation Matrix ***

Variables:

AGE1	1.00000				
HHPOP	0.17653	1.00000			
Prob	0.1196				
n	79				
DEPRAT	0.30296	0.15023	1.00000		
Prob	0.0066	0.1863			
n	79	79			
MULTIFAM	0.34076	0.21172	0.13302	1.00000	
Prob	0.0021	0.0611	0.2425		
n	79	79	79		
templadj	0.50606	0.46164	-0.03423	0.10721	1.00000
Prob	0.0000	0.0000	0.7646	0.3470	
n	79	79	79	79	
Tot_inc	0.27590	0.36887	-0.07475	0.07362	0.64975
Prob	0.0138	0.0008	0.5127	0.5190	0.0000
n	79	79	79	79	79
percapYT	0.17037	0.05784	-0.17282	0.05206	0.48681
Prob	0.1333	0.6126	0.1277	0.6487	0.0000
n	79	79	79	79	79
	AGE1	HHPOP	DEPRAT	MULTIFAM	templadj

ABstat 7.24

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Tot_inc	1.00000	
percapYT	0.87963	1.00000
Prob	0.0000	
n	79	
	Tot_inc	percapYT

1.4 Ring 3

Command: CORR Missing Value Treatment: Pairwise

Breakdown on Var RING = 3

*** Correlation Matrix ***

Variables:

AGE1	1.00000				
HHPOP	0.42555	1.00000			
Prob	0.0040				
n	44				
DEPRAT	0.18422	0.14052	1.00000		
Prob	0.2313	0.3572			
n	44	45			
MULTIFAM	0.45395	0.30084	0.00990	1.00000	
Prob	0.0020	0.0472	0.9492		
n	44	44	44		
templadj	0.59267	0.65821	-0.00791	0.20125	1.00000
Prob	0.0000	0.0000	0.9589	0.1902	
n	44	45	45	44	
Tot_inc	0.37917	0.43448	-0.02033	0.10011	0.67420
Prob	0.0111	0.0029	0.8945	0.5179	0.0000
n	44	45	45	44	45
percapYT	0.23730	0.11735	-0.15410	0.00333	0.52524
Prob	0.1209	0.4427	0.3121	0.9829	0.0002
n	44	45	45	44	45
	AGE1	HHPOP	DEPRAT	MULTIFAM	templadj
Tot_inc	1.00000				
percapYT	0.89470	1.00000			
Prob	0.0000				
n	45				
	Tot_inc	percapYT			

2.1 Apartments by Ring 1

Command: CORR Missing Value Treatment: Pairwise
 Selection: typepcor="APART"
 Breakdown on Var RING = 1

```

*** Correlation Matrix ***

Variables:
AGE1          1.00000
HHPOP        -0.11293    1.00000
  Prob        0.7724
  n           9
DEPRAT       -0.66960    0.32649    1.00000
  Prob        0.0485    0.3572
  n           9         10
MULTIFAM     0.00000    0.00000    0.00000    1.00000
  Prob        1.0000    1.0000    1.0000
  n           9         9         9
templadj     -0.15782    -0.18257    0.56282    0.00000    1.00000
  Prob        0.6851    0.6137    0.0903    1.0000
  n           9         10        10        9
Tot_inc      -0.82985    -0.18257    0.39421    0.00000    0.34023
  Prob        0.0056    0.6137    0.2596    1.0000    0.3361
  n           9         10        10        9        10
percapYT     -0.71609    -0.34629    0.29725    0.00000    0.27625
  Prob        0.0300    0.3270    0.4042    1.0000    0.4397
  n           9         10        10        9        10
            AGE1      HHPOP      DEPRAT      MULTIFAM      templadj

Tot_inc      1.00000
percapYT     0.95356    1.00000
  Prob        0.0000
  n           10
            Tot_inc      percapYT
  
```


2.2 Apartments by Ring 2

Variables:

AGE1	1.00000					
HHPOP	0.21472	1.00000				
Prob	0.0764					
n	69					
DEPRAT	0.24937	0.19649	1.00000			
Prob	0.0388	0.1056				
n	69	69				
MULTIFAM	0.35719	0.21679	0.16396	1.00000		
Prob	0.0026	0.0736	0.1782			
n	69	69	69			
templadj	0.52505	0.47398	-0.02722	0.06859	1.00000	
Prob	0.0000	0.0000	0.8243	0.5755		
n	69	69	69	69		
Tot_inc	0.31073	0.40155	-0.02424	0.10697	0.66292	
Prob	0.0094	0.0006	0.8432	0.3817	0.0000	
n	69	69	69	69	69	
percapYT	0.17922	0.07307	-0.13630	0.08903	0.48638	
Prob	0.1406	0.5507	0.2641	0.4669	0.0000	
n	69	69	69	69	69	
	AGE1	HHPOP	DEPRAT	MULTIFAM	templadj	
Tot_inc	1.00000					
percapYT	0.85917	1.00000				
Prob	0.0000					
n	69					
	Tot_inc	percapYT				

2.3 Apartments by Ring 3

Selection: typepcor="APART"

Breakdown on Var RING = 3

*** Correlation Matrix ***

Variables:

AGE1 1.00000

HHPOP	0.40581	1.00000			
Prob	0.0104				
n	39				
DEPRAT	0.19390	0.12436	1.00000		
Prob	0.2369	0.4445			
n	39	40			
MULTIFAM	0.47558	0.33045	0.02993	1.00000	
Prob	0.0022	0.0399	0.8565		
n	39	39	39		
templadj	0.56351	0.64550	-0.02717	0.23911	1.00000
Prob	0.0002	0.0000	0.8678	0.1426	
n	39	40	40	39	
Tot_inc	0.33971	0.39250	-0.08153	0.16189	0.63759
Prob	0.0344	0.0122	0.6170	0.3248	0.0000
n	39	40	40	39	40
percapYT	0.18746	0.05597	-0.20784	0.04348	0.47897
Prob	0.2531	0.7316	0.1981	0.7927	0.0018
n	39	40	40	39	40
	AGE1	HHPOP	DEPRAT	MULTIFAM	templadj

Tot_inc	1.00000	
percapYT	0.88350	1.00000
Prob	0.0000	
n	40	
	Tot_inc	percapYT

3.1 Houses by Ring 1

Command: CORR Missing Value Treatment: Pairwise
 Selection: typepcor="HOUSE"
 Breakdown on Var RING = 1

```

*** Correlation Matrix ***

Variables:
AGE1          1.00000
HHPOP        -0.21338    1.00000
  Prob        0.4275
  n           16
DEPRAT       0.65191   -0.13749    1.00000
  Prob        0.0062    0.6116
  n           16     16
MULTIFAM     0.00000    0.00000    0.00000    1.00000
  Prob        1.0000    1.0000    1.0000
  n           16     16     16
templadj     0.47527    0.40864    0.10729    0.00000    1.00000
  Prob        0.0628    0.1161    0.6925    1.0000
  n           16     16     16     16
Tot_inc      0.37798    0.49319   -0.09350    0.00000    0.88381
  Prob        0.1489    0.0522    0.7305    1.0000    0.0000
  n           16     16     16     16     16
percapYT     0.33765    0.10875   -0.24689    0.00000    0.76404
  Prob        0.2009    0.6885    0.3566    1.0000    0.0006
  n           16     16     16     16     16
           AGE1      HHPOP      DEPRAT      MULTIFAM      templadj

Tot_inc      1.00000
percapYT     0.87936    1.00000
  Prob        0.0000
  n           16
           Tot_inc      percapYT
  
```

3.2 Houses by Ring 2

Breakdown on Var RING = 2

```

*** Correlation Matrix ***

Variables:
AGE1          1.00000
HHPOP        -0.26572    1.00000
  Prob        0.4581
  n           10
DEPRAT        0.61774   -0.19300    1.00000
  Prob        0.0570    0.5932
  n           10     10
MULTIFAM      0.20399    0.19157   -0.01439    1.00000
  Prob        0.5719    0.5960    0.9685
templadj      0.07858    0.35746   -0.18020    0.36116    1.00000
  Prob        0.8292    0.3105    0.6184    0.3052
  n           10     10     10     10
Tot_inc      -0.08642    0.11424   -0.34538   -0.15073    0.52854
  Prob        0.8124    0.7533    0.3283    0.6777    0.1163
  n           10     10     10     10     10
percapYT     -0.02971   -0.07972   -0.36183   -0.16833    0.44617
  Prob        0.9351    0.8267    0.3042    0.6420    0.1962
  n           10     10     10     10     10
          AGE1    HHPOP    DEPRAT    MULTIFAM    templadj

Tot_inc      1.00000
percapYT     0.97170    1.00000
  Prob        0.0000
  n           10
          Tot_inc    percapYT

```

3.3 Houses by Ring 3

Breakdown on Var RING = 3

```

*** Correlation Matrix ***

Variables:
AGE1          1.00000

```

HHPOP	0.91601	1.00000			
Prob	0.0288				
n	5				
DEPRAT	0.16376	0.14700	1.00000		
Prob	0.7924	0.8135			
n	5	5			
MULTIFAM	0.00000	0.00000	0.00000	1.00000	
Prob	1.0000	1.0000	1.0000		
n	5	5	5		
templadj	0.95042	0.87287	-0.01871	0.00000	1.00000
Prob	0.0132	0.0534	0.9762	1.0000	
n	5	5	5	5	
Tot_inc	0.97515	0.84444	0.09019	0.00000	0.89500
Prob	0.0047	0.0719	0.8853	1.0000	0.0402
n	5	5	5	5	5
percapYT	0.89735	0.68645	0.00205	0.00000	0.81559
Prob	0.0389	0.2006	0.9974	1.0000	0.0924
n	5	5	5	5	5
	AGE1	HHPOP	DEPRAT	MULTIFAM	templadj
Tot_inc	1.00000				
percapYT	0.96807	1.00000			
Prob	0.0068				
n	5				
	Tot_inc	percapYT			

4 REGRESSIONS

4.1 Total Income

4.1.1

Dependent Variable: Tot_inc

148 Valid Records

Coeff of Determ: 0.268241
 Adjusted R Square: 0.231653 Estimated Constant Term:
 -9729.59
 Multiple Corr Coeff: 0.517920 Standard Err of Estimate:
 4295.61

Analysis of Variance for the Regression:

Source of Variance Prob	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression 0.0000	7	946966565	135280938	7.33139
Residuals	140	2583319497	18452282	
Total	147	3530286061		

Variable Prob	Regression Coefficient	Standardized Coefficient	Standard Error	t
HHPOP 0.0000	1100.19	0.320587	262.414	4.19256
AGE1 0.0017	96.9063	0.265077	30.3286	3.19521
DEPRAT 0.0584	-2597.22	-0.146430	1360.88	-1.90849
MULTIFAM 0.4649	-907.311	-0.0592353	1238.18	-0.732778
typep01 0.0471	-1900.40	-0.158337	948.537	-2.00350
RING 0.0018	1847.77	0.253718	581.795	3.17598
EDU1 0.0770	725.984	0.139328	407.495	1.78158

4.1.2

Dependent Variable: Tot_inc 132 Valid Records
 Coeff of Determ: 0.732855

Adjusted R Square: 0.710777 Estimated Constant Term:
 -2702.20
 Multiple Corr Coeff: 0.856069 Standard Err of Estimate:
 2649.35

Analysis of Variance for the Regression:

Source of Variance Prob	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression 0.0000	10	2329893420	232989342	33.1937
Residuals	121	849308291	7019077	
Total	131	3179201711		

Variable Prob	Regression Coefficient	Standardized Coefficient	Standard Error	t
HHPOP 0.4708	150.517	0.0445504	208.051	0.723463
AGE1 0.1948	-34.1928	-0.0917142	26.2275	-1.30370
DEPRAT 0.8473	182.606	0.0101973	946.510	0.192925
MULTIFAM 0.8564	-141.765	-0.00967602	781.695	-0.181356
typep01 0.4154	-493.369	-0.0426155	603.687	-0.817261
RING 0.0077	1085.86	0.148295	400.544	2.71097
EDU1 0.2547	326.476	0.0633000	285.246	1.14454
templadj 0.0000	1318.39	0.298078	303.736	4.34056
pcthinc 0.0000	69.8658	0.644373	6.56410	10.6436
pctlabpr 0.6196	-4.08387	-0.0312648	8.20580	-0.497681

4.2 Per capita income

4.2.1

Dependent Variable: percapYT 148 Valid Records
 Coeff of Determ: 0.103618
 Adjusted R Square: 0.0587989 Estimated Constant Term:
 -792.528
 Multiple Corr Coeff: 0.321898 Standard Err of Estimate:
 1088.07

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression	7	19159438	2737063	2.31192
Residuals	140	165745026	1183893	
Total	147	184904464		

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t
HHPOP	45.1339	0.0574663	66.4689	0.679023
AGE1	15.9454	0.190585	7.68217	2.07564
DEPRAT	-759.308	-0.187055	344.708	-2.20276
MULTIFAM	-79.4393	-0.0226616	313.628	-0.253292
typep01	-385.832	-0.140465	240.262	-1.60588

0.1106				
RING	329.384	0.197623	147.367	2.23512
0.0270				
EDU1	163.355	0.136986	103.218	1.58263
0.1158				

5 Number of income earners in the family

5.1

Command: REGR Missing Value Treatment: Listwise

*** Multiple Linear Regression ***

Dependent Variable: templadj 148 Valid Records
Coeff of Determ: 0.497138
Adjusted R Square: 0.471995 Estimated Constant Term:
-3.05350
Multiple Corr Coeff: 0.705080 Standard Err of Estimate:
0.942733

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
0.0000 Regression	7	123.008	17.5726	19.7723
Residuals	140	124.424	0.888746	
Total	147	247.432		

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t
0.0000 HHPOP	0.393661	0.433290	0.0575905	6.83552
0.0000 AGE1	0.0523977	0.541389	0.00665605	7.87220
0.0127 DEPRAT	-0.753705	-0.160508	0.298665	-2.52358
MULTIFAM	-0.297343	-0.0733260	0.271736	-1.09423

0.2757				
typep01	-0.265348	-0.0835085	0.208170	-1.27467
0.2045				
RING	0.0785171	0.0407235	0.127683	0.614937
0.5396				
EDU1	0.266878	0.193465	0.0894307	2.98419
0.0034				

5.2.1 Total income earners by Ring: Ring 1

Command: REGR Missing Value Treatment: Listwise
 Breakdown on Var RING = 1

*** Multiple Linear Regression ***

Dependent Variable: templadj 25 Valid Records
 Coeff of Determ: 0.147215
 Adjusted R Square: -0.0233426 Estimated Constant Term:
 0.0384746
 Multiple Corr Coeff: 0.383685 Standard Err of Estimate:
 1.00823

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression	4	3.50959	0.877399	0.863139
Residuals	20	20.3304	1.01652	
Total	24	23.8400		

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t
----------	------------------------	--------------------------	----------------	---

Prob				
HHPOP 0.4042	0.155938	0.181116	0.182993	0.852152
AGE1 0.2185	0.0245286	0.304790	0.0193074	1.27042
DEPRAT 0.8952	0.109436	0.0328004	0.820597	0.133362
typep01 0.6839	-0.187768	-0.0922955	0.454487	-0.413143
MULTIFAM 1.0000	0.00000	0.00000	0.00000	0.00000

typep01
0.4179

-0.384162

-0.0849057

0.469075

-0.818978

6 Determinants of reliance on certain sources of income

6.1 Percent high income sources

Dependent Variable: pcthinc 132 Valid Records
 Coeff of Determ: 0.131965
 Adjusted R Square: 0.0829627 Estimated Constant Term: -36.8923
 Multiple Corr Coeff: 0.363269 Standard Err of Estimate: 43.5100

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression	7	35687.9	5098.27	2.69305
Residuals	124	234747	1893.12	
Total	131	270435		

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t
HHPOP 0.0275	6.22391	0.199736	2.79105	2.22995
AGE1 0.0284	0.747881	0.217501	0.337149	2.21825
DEPRAT 0.0954	-25.3474	-0.153473	15.0828	-1.68055
MULTIFAM 0.6197	-6.28969	-0.0465462	12.6403	-0.497591
typep01 0.1310	-14.9304	-0.139828	9.82214	-1.52007

RING 0.0678	11.7106	0.173404	6.35505	1.84273
EDU1 0.9007	0.554692	0.0116609	4.43685	0.125019

6.2 Percent from pension income

Dependent Variable: pctpensY 132 Valid Records

Coeff of Determ: 0.333685

Adjusted R Square: 0.296070 Estimated Constant Term: 10.1979

Multiple Corr Coeff: 0.577654 Standard Err of Estimate: 27.6158

Analysis of Variance for the Regression:

Source of Variance Prob	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression 0.0000	7	47358.1	6765.44	8.87115
Residuals	124	94566.6	762.634	
Total	131	141925		

Variable Prob	Regression Coefficient	Standardized Coefficient	Standard Error	t
HHPOP 0.0000	-9.20238	-0.407658	1.77148	-5.19475
AGE1 0.0000	0.901819	0.362035	0.213988	4.21433
DEPRAT 0.0296	21.0706	0.176108	9.57306	2.20104
MULTIFAM 0.9236	0.770911	0.00787520	8.02279	0.0960901
typep01 0.0864	10.7755	0.139304	6.23411	1.72847

RING	-9.45968	-0.193356	4.03355	-2.34525
0.0206				
EDU1	0.0309439	8.979600E-04	2.81607	0.0109883
0.9913				

6.4 Percent from labor and part-time work

Dependent Variable: pctlabpr 132 Valid Records
 Coeff of Determ: 0.242444
 Adjusted R Square: 0.199679 Estimated Constant Term: 141.251
 Multiple Corr Coeff: 0.492386 Standard Err of Estimate: 33.7395

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression	7	45174.9	6453.55	5.66919
Residuals	124	141156	1138.36	
Total	131	186331		

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t
HHPOP 0.0944	3.64795	0.141036	2.16430	1.68551
AGE1 0.0000	-1.35257	-0.473892	0.261440	-5.17356
DEPRAT 0.8360	2.42655	0.0177001	11.6958	0.207471
MULTIFAM 0.8459	1.90845	0.0170147	9.80181	0.194703
typep01 0.3856	6.63176	0.0748239	7.61650	0.870709
RING 0.0042	-14.3802	-0.256527	4.92797	-2.91807
EDU1 0.0173	-8.30179	-0.210252	3.44052	-2.41294

6.5 Percent from remittances/emigration

Dependent Variable: pct_Yemi 132 Valid Records
 Coeff of Determ: 0.0748495
 Adjusted R Square: 0.0226233 Estimated Constant Term:
 17.1394
 Multiple Corr Coeff: 0.273586 Standard Err of Estimate:
 34.3988

Analysis of Variance for the Regression:

Source of Variance	Degrees of Freedom	Sum of Squares	Mean of Squares	F Test
Regression	7	11870.9	1695.84	1.43318
Residuals	124	146726	1183.27	
Total	131	158597		

Variable	Regression Coefficient	Standardized Coefficient	Standard Error	t
HHPOP	2.78979	0.116909	2.20659	1.26430
AGE1	0.429609	0.163150	0.266548	1.61175
DEPRAT	-17.1469	-0.135571	11.9244	-1.43797
MULTIFAM	-11.8372	-0.114390	9.99333	-1.18451
typep01	-7.93580	-0.0970505	7.76532	-1.02195
RING	-4.88289	-0.0944147	5.02426	-0.971862
EDU1	-3.74116	-0.102700	3.50775	-1.06654

APPENDIX 4

FACTORS CORRELATED WITH PROPERTY VALUE

Locatval	Aspects of location deemed favorable
Distance	Distance from center of city
CONSTR	Year building constructed
Val_sqmE	Value per square meter built up area
P34	Total estimated property value
MODRNVAL	Modern amenities of property deemed to add to its value
room_lo	Room on lot for expansion
Parkval	Availability of parking cited as adding to property value
Typepn	Type of property : 0=apartment, 1=house

Table

Correlation between Property Value, Physical Features of Properties
and Attributes cited as Favorable in Enhancing Value by Respondents

Variables:

val_sqmB	1.00000				
P34	0.70760	1.00000			
Prob	0.0000				
n	80				
locatval	0.25864	0.39814	1.00000		
Prob	0.2223	0.0440			
n	24	26			
modrnval	0.17332	0.16102	1.00000	1.00000	
Prob	0.5535	0.5513	0.0000		
n	14	16	9		
room_lot	0.25497	0.27712	1.00000	1.00000	1.00000
Prob	0.3406	0.2507	0.0000	0.0000	
n	16	19	15	8	
parkval	0.00000	0.99901	1.00000	0.00000	0.00000
Prob	1.0000	0.0000	0.0000		1.0000
n	6	7	6	2	6
DISTANCE	-0.33581	-0.40197	-0.49040	-0.39044	-0.75181
Prob	0.0023	0.0002	0.0081	0.1349	0.0003
n	80	81	28	16	18
CONSTR	0.19735	0.06094	-0.30418	-0.18060	-0.67430
Prob	0.0813	0.5913	0.1156	0.5033	0.0021
n	79	80	15028	16	18
typepn	-0.24321	0.02726	0.46442	0.27735	0.80000
Prob	0.0297	0.8091	0.0128	0.2983	0.0000
n	80	81	28	16	18
	val_sqmB	P34	locatval	modrnval	room_lot

