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SCHOOL OF COMMERCE

**CONSUMER CHOICE FACTORS FOR BUYING REAL ESTATE PROPERTY IN
ADDIS ABABA**

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**CONSUMER CHOICE FACTORS
FOR BUYING REAL ESTATE PROPERTY IN ADDIS ABABA**

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Statement of Declaration

This research paper, "Consumer choice factors for buying real estate property in Addis Ababa," is my original work, which I, Simon Sherefa, hereby declare, has not been used by anyone else for any other requirements in any other university, and all sources of information used in the study have been duly acknowledged.

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Acknowledgment

Firstly, this thesis paper is dedicated to the memories of my father, who I adore. His unwavering encouragement and support got me through my academic career, and I will always be appreciative of his presence in my life. May he rest in peace.

I would also like to express my heartfelt gratitude to God for all the blessings bestowed upon me. It is through His guidance that I have been able to navigate life's journey and complete this significant academic milestone.

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Abstract

This study set out to investigate the variables that affect consumers' decisions while purchasing real estate in Addis Ababa. The researcher has investigated how customers' choices of real estate are influenced by factors such as price, income, distance, environment, quality, and motivation. 220 valid and completed survey responses were obtained from a total of 245 questionnaires delivered to various survey participants located around Addis Ababa for the purpose of data collection. The purpose of descriptive frequency and percentage is to look into the segment characteristics of the target respondents. This study is helpful in examining the link between one dependent variable—consumer choice—and six independent variables—price, income, distance, environment, quality, and motivation—using a multiple regression model. The real findings were produced using SPSS version 27 software and STATA 15 once all the presumptions were successfully gathered. The study's main conclusions were that the six factors—price, income, distance, environment, quality, and motivation—all had a big influence on what people decide to buy. One of the main factors influencing consumers' choices is price.

Keywords: Price, Income, Distance, Environment, Quality and Motivation

CHAPTER ONE: INTRODUCTION

1. Introduction

An overview of the research topic's relevance and rationale for investigation is given in the first chapter, along with background information. Beginning with a description of consumer behavior, the chapter gives background information on the topic of research. Next, a brief synopsis of the Addis Ababa real estate market is provided. Following the problem statement are the research questions and study objectives. A definition of important terms used in this research is provided at the end of the chapter. The study's boundaries and importance will be discussed in relation to its extent and significance.

1.1 Background of the study

A key component of consumer behavior is choice, which entails a difficult decision-making process. When people assess and choose goods and services that best suit their requirements, tastes, and objectives, they are engaging in consumer choice. This can apply to individuals as well as households. The identification of a need or want usually starts the process of consumer choice by igniting the search for possible options. Consumers then gather information about the available alternatives through various sources, such as personal experiences, product reviews, advertisements, or recommendations from others. During the evaluation stage, consumers assess the attributes and features of each option, comparing and contrasting them to determine their relative advantages and disadvantages. Numerous elements, such as individual beliefs, prior experiences, and social pressures, impact this appraisal process. (Solomon et al., 2021).

Ultimately, consumers make a choice by selecting the option that they believe will provide the greatest satisfaction or utility. This decision is influenced by a combination of rational considerations, emotional responses, and situational factors (Hoyer & MacInnis, 2019). It's critical to remember that choosing a product is not only a reasonable decision. Consumers are susceptible to emotional factors that may affect their decisions as well as cognitive biases including heuristics and decision shortcuts (Kahneman & Tversky, 2021). Occasionally, these prejudices and influences might cause decisions to deviate from strict rationality.

In today's customer-focused world, understanding the decision-making process of consumers is of utmost importance for marketers. This process explains the decisions that consumers make, and by comprehending their behavior, the business can significantly increase its market share (Lee & Ong,

2020)." Knowing the diversity of individual actions of people in buying and selling residential properties and their developing effects on the international market is still an open challenge, resolving this difficulty could be beneficial for foreseeing variations in the real estate market prices, and recognizing the multifaceted features that influence the market (García-Magarino & Lacuesta, 2017)

When buying a residential home, cost and interest rate are crucial considerations (Kalia, 2013). Furthermore, key economic factors that affect residential property prices include national income, interest rates, monetary policy, population growth, and rents (Zheng, Wang, Wang, & Wang, 2017). According to other research, location, location, and location are the top three considerations for buyers when buying a residential property (Salleh, Zoher, Mahayuddin, & Abdul, 2017; Marbeck, 1994). A desirable location can significantly raise purchasers' inclination to purchase real estate. Wang (2013).

The choice to purchase a house is mostly influenced by the quality of the residential property, according to a prior study on building structure, which has been supported by research from a variety of specialists (Daly et al., 2003; Opoku & AbdulMuhmin, 2010; Sengul et al., 2010). of residential real estate, including the building's layout and design features such living area and ceiling height, had a big impact on consumers' choices and decisions (Kauko, 2006; Opoku & AbdulMuhmin; 2010).

Ethiopia is a good place to invest because of the likelihood of increased demand for real estate as the country's economy expands. It is anticipated that the government's focus on housing and infrastructure developments, together with the expansion of the middle class, will increase demand for Addis Ababa real estate (Live Ethio,2023).

Real estate is a distinctive product in the market because of its heterogeneity, low liquidness; high dealings cost and fix location (Cozmei & Onofrei, 2012; Zhu, 2004). Buying residential property is one of the most imperative transactions that consumer will ever make (Salzman & Zwinkels, 2017). One of the home development categories that is helping to address Addis Abeba's serious housing need is real estate. Both commercial and residential properties that are leased out and are anticipated to generate returns primarily from recurring rental revenue are considered income properties. Residential real estate includes both single-family (homes, townhomes, condos, and cooperatives) and multifamily (apartment complexes and buildings) properties. Office buildings, retail establishments, warehouses, and factories are examples of commercial properties (Selam Yohannes 2016).

Specialization and real estate development are related; in real estate development, land and property are developed for sale or rental purposes. Because land and real estate development are inextricably interwoven, how land is owned has an impact on how real estate development operates. Socialization is a problem that situates real estate development as an urban endeavor. Thus, urban land ownership and urbanization are linked to Ethiopia's real estate development history. Ethiopian urbanization is essentially subsistence level, meaning it is comparable to rural areas in that everyone creates places for

their own needs, there is little to no financial involvement, and property rights are essentially straightforward social contracts that ensure the right to use without the need for representation. Simple social contracts could oblige a property holder to respect the right of others in return for a similar right over one's property. However, in modern society property rights have standard representations that enable owners to trade in whole or parts of the rights (Yusuf, 2009).

To address the growing need for homes in Addis Ababa, the government leased property to the real estate industry. The affordability of the real estate is in doubt. Since Addis Ababa is a city with a diverse population, the homes being constructed there fall into one of three categories: low-income, affordable, or luxurious. Targeting the risks associated with project delivery delays, quality compromises, and cost increases that are not predicted by inflation should be handled in a way that the client may accept while still meeting contract requirements (Yared Mussie, 2008).

1.2 Statement of the problem

Due to immigration and natural growth, the population of Addis Ababa, the capital city of Ethiopia, has increased extremely quickly. As a result, there is a greater need for homes. But the rate at which homes are being developed isn't keeping up with this enormous population. Consequently, Addis Ababa has a severe housing scarcity. The Ethiopian government claims that the purpose of private investors' entry into the real estate market was to even out supply and demand differences. Despite the obvious need for real estate in Addis Ababa, little research has been done to determine the factors that influence real estate buyers. The majority of Addis Ababa residents make either very little or nothing at all. The low-income population is therefore unable to afford the available dwellings, regardless of whether they are constructed by the government or by private developers. As a result, a lot of households are compelled to reside in kebele houses and private rental buildings.

Real estate is one of the classifications of housing development which are participating to solve the severe housing problem in Addis Ababa. Income property includes residential and commercial properties that are leased out and expected to provide returns primarily from periodic rental income. Residential properties include single family properties (houses, condominiums, cooperatives and townhouses) and multifamily properties (apartment complexes and buildings). Commercial properties include office buildings, shopping centers, warehouses and factories (Selam Yohannes 2016). According to earlier studies on the variables influencing consumers' real estate purchasing decisions, the location, quality, and cost of real estate all had a significant influence on consumers' purchasing decisions (Genet G/Merkel, 2019).

Previous studies have mostly focused on things that we already know affect people's choices when it comes to buying a house - stuff like how big it is, where it's located, what amenities and facilities it has, and how safe and secure it is. But there's a big gap in the research when it comes to understanding the psychological, economic, and distance factors that also play a significant role in how consumers make decisions. That's why this research is all about investigating how people in Addis Ababa choose the houses they do, considering things like their motivations, income, the environment, quality, and pricing. By focusing on the lack of affordable housing options, this study aims to give us a better understanding of why buyers make the choices they do. It also aims to shed light on all the different factors that impact customer decisions in the real estate industry, helping us get a clearer picture of how the housing market in Addis Ababa works.

1.3 Research question

1.3.1 Main research question: -

- How Do Choice Factors in Consumer Behavior Affect Addis Ababa Real Estate Purchasing Behavior?

1.3.2 Sub Research question

- To what extent does psychology (Motivation) affect consumer choice in the selection of real estate in Addis Ababa?
- To what extent does economic (income) affect consumer choice in the selection of real estate in Addis Ababa?
- To what extent does distance affect consumer choice in the selection of real estate in Addis Ababa?
- To what extent does environment affect consumer choice in the selection of real estate in Addis Ababa?
- To what extent does price affect consumer choice in the selection of real estate in Addis Ababa?
- To what extent does Quality affect consumer choice in the selection of real estate in Addis Ababa?

1.4 Research Objective

1.4.1 General Objective

- To examine the Factors influencing consumer choice of real-estate purchasing in Addis Ababa.

1.4.2 Specific Objective

- To determine the effect of Psychology (Motivation) on the consumer choice in the selection of real estate in Addis Ababa
- To determine the effect of Economic (Income) on the consumer choice in the selection of real estate in Addis Ababa,
- To determine the effect of distance on the consumer choice in the selection of real estate in Addis Ababa,
- To determine the effect of environment on the consumer choice in the selection of real estate in Addis Ababa,
- To determine the effect of price on the consumer choice in the selection of real estate in Addis Ababa,
- To determine the effect of quality on the consumer choice in the selection of real estate in Addis Ababa,

1.5 Significance of the study

The importance of this research is on its ability to provide insightful information to a range of stakeholders in Addis Ababa's housing development and real estate industries. The results of this study will have a significant impact on Addis Ababa's low-income population as well as real estate developers.

The study's findings can be applied by real estate developers to help them make well-informed decisions for their development initiatives. Through an awareness of the variables influencing consumer decisions, developers can better match their products to the needs and desires of prospective customers. Decisions about property design, pricing, marketing, and location can all be influenced by this information.

More successful and responsive housing projects to the requirements and desires of the target market will result from developers' improved ability to meet those wants and aspirations. In the end, this can support the general expansion and financial success of Addis Ababa's real estate market.

The study's emphasis on how economic issues affect real estate consumer choice is especially important for Addis Abeba's low-income population. The research can assist guide initiatives to solve this crucial issue by pinpointing the precise impediments to housing affordability and comprehending the variables that affect affordability decisions. The findings can contribute to exploring innovative financing models, incentivizing affordable housing development, and implementing policies that

support income growth and stability. This can lead to increased access to housing options for the low-income population, reducing the reliance on private rental properties and kebele homes.

Moreover, the study's examination of environmental aspects in consumer decision-making is important for encouraging environmentally friendly development methods in the real estate industry. Developers and politicians may integrate energy-efficient designs, sustainable infrastructure, and green construction practices into housing developments by comprehending the ways in which environmental factors impact purchase decisions. This could help create a more sustainable urban environment in Addis Ababa and lessen the ecological footprint of the real estate industry.

1.6 Scope and Limitation of the study

1.6.1 Scope of the study

This study aims to understand what drives people to make certain choices when buying homes in Addis Ababa, Ethiopia. It looks into how psychological, economic, distance, environmental, quality and pricing factors affect these decisions. Those looking to buy, build, or invest in homes in Addis Ababa's property market are part of this study. It collects and reviews data using quantitative research methodologies.

1.6.2 Limitation of the study

A limitation of this study is its limited sample size due to time and resources constraints, which this might make the findings less important because it doesn't cover all views in the Addis Ababa property market well. In addition, it is not easy to collect data from the side of industry representatives and self-report may carry possible biases which result in gaining unprecise and reliable data regarding consumer decision-making. Additionally, the study would also not be able to completely control for external variables such as governmental regulations, current economic conditions which might manifest purchasing behaviors.

1.7 Definition of terms

The concept of consumer choice

The concept of consumer choice is a fundamental aspect of consumer behavior and marketing research (Becker, 1965). Consumer choice is the process that people use to decide which goods or services to buy, taking into account their requirements, preferences, and available possibilities. It includes a range of elements, such as influences from the social, cultural, psychological, and economic spheres.

What does Motivation mean?

Motivation refers to the processes that give behavior its energy and direction, involving the activation, persistence, and intensity of goal-directed behavior. (Reeve, 2018)

What does Income mean?

Income is the flow of economic benefits (in the form of cash or services) accruing to an entity during a particular period. (Kieso, Weygandt, & Warfield, 2016)

What does distance mean?

Distance is the extent or amount of space between two points, objects, or locations. (Merriam-Webster).

What does environment mean?

The intricate interactions between physical, chemical, and biological elements (soil, climate, and living creatures) that shape an organism's structure and survival ultimately decide the environment. Molles (2015)

What does quality mean?

Fitness for use is the commonly accepted concept of quality, which was first presented by Juran (1951) and Juran and Godfrey (1999:2.2) (Garvin, 1984 called it the user-based approach). While fitness

denotes adherence to quantifiable product/service criteria, the term usage is connected to consumer expectations (Nanda, 2005).

What does price mean?

Price is the total of the values that customers trade for the advantages of owning or using a good or service, or the quantity of money that is charged for it. (Wong, Kotler, Saunders, & Armstrong, 2019).

1.8 Organization of the study

A concise summary of the full inquiry is provided in this section. The issue statement, which highlights the gap in the corpus of existing research, is offered after the backdrop in the first chapter. The study's aims, research concerns, importance, and breadth are all explained.

The second part dives deep into the topic, looking at how people's minds (psychological), money (income), how far away things are (distance), the world around us (environmental), the goodness of things (quality), and the cost (price) affect what buyers choose. This finalized through a combination of theoretical and empirical reviews, as well as conceptual frameworks

The third part shows the way the study was done, including how it was designed, how people were chosen for the study, and how information was gathered.

In the fourth part, the data analysis is presented and goes into a detailed discussion about the major finds and results.

At last chapter five gives a summary of the study's major points and offers recommendations for further research

CHAPTER 2: LITERATURE REVIEW

Introduction

The purpose of this section is to offer a review of relevant theoretical and empirical literature. According to the goals of this investigation, it covers concepts related to consumer choice and the decision-making process and the relation between psychology (motivation), economy (income), distance, environment, quality and price with customer choice. Together with this, the theoretical underpinnings for this study and the results of earlier research by various writers are also included.

2.1 Theoretical review

2..1.1 Theory of consumer behavior

Consumer behavior is the search for, acquisition, use of, evaluation of, and discarding of products and services that one anticipates will satisfy one's needs. Consumer behavior study focuses on how consumers allocate their limited resources—time, money, and effort—to select which consumption-related products to buy (Schiffman & Lazar, 2007).

There is a lot of territory covered in the topic of consumer behavior. Consumer behavior, according to Solomon (1996), is the study of the procedures people or groups go through to choose, pay for, utilize, or discard goods, services, concepts, or experiences in order to satiate needs and desires.

The official definition of consumer behavior given by Belch (1978) is "the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires." Behavior can be done for the benefit of the individual, in the setting of a group, or within an organization. Consumer behavior includes both the analysis of how items are acquired from any place and how they are used and disposed of. Marketers are frequently very interested in product use since it can affect how a product is best positioned or how we can promote higher consumption.

The study of consumer behavior focuses on the choices and behaviors made by people or organizations when they purchase products, services, or ideas. It aims to comprehend the underlying motives and elements that drive customer behaviors in addition to merely seeing and describing such activities.

Marketers are interested in comprehending broader societal trends and movements that may impact consumer choices and preferences while analyzing consumer behavior at a macro level. Changes in population size, age distribution, or income levels are examples of demographic transitions that can significantly affect consumer behavior. In addition, marketers consider society values, beliefs, and behaviors since these cultural elements influence consumers' attitudes and impressions of companies or products.

Consumer behavior, seen at the micro level, is concerned with comprehending the psychological and social elements that affect consumer decision-making at the individual or group level. In order to understand how customers view, absorb, and analyze information as well as how they develop attitudes and make decisions, psychology is essential.

Customer behavior research predicts consumer purchasing behavior in which the customer assumes three separate roles: payer, buyer, and user. Studies have indicated that predicting customer behavior can be challenging, even for professionals in the industry (Armstrong & Scott, 1991). The psychological processes that consumers go through to identify their needs, find solutions for them, decide what to buy (e.g., whether to buy a product and, if so, which brand and where), interpret information, create plans, and carry them out (e.g., by going shopping or actually making a purchase) are all included in consumer behavior.

The topic of consumer behavior is broad and intricate. Knowing customers and comprehending their behavior are two difficult concepts to grasp. Accurately predicting customer behavior in a particular situation is nearly difficult. Every marketer strives to shape consumer behavior in a way that is desired. The difference between the success and failure of marketing initiatives or even the firm itself depends on how successful or unsuccessful this endeavor is.

2.1.2 Consumer Decision making process

The decision-making process refers to the steps a consumer goes through when deciding whether to purchase a product or not. The process is closely related to consumer behavior and can be heavily affected by how personalized marketing is perceived out of the consumer perspective (Kotler & Keller, 2015).

Most marketers recognize that consumers have choices. The study of consumer behavior includes the attempt to understand how people decide what to buy, so that you can make objective and informed decisions about key marketing variables. Thus, understanding the relative importance of each component of a decision-making process can help consumer marketers to offer products and services with more utility (functional or emotional) than competitors' products and services.

People go through a methodical procedure called the consumer decision-making process while deciding what to buy. There are several steps involved, and each affects the choice that is made in the end. It's crucial to remember that consumers don't always make linear decisions. Depending on the

decision's complexity, the degree of engagement, and the customer's prior usage of the good or service, they may skip or go back to particular steps. The decision-making process can also be impacted by outside variables including social influence, cultural norms, and situational considerations. To demonstrate the consumer decision-making process, the researcher employed the five-step decision-making process model developed by Fahy and Jobber (2015). We go into great depth about each component in the parts that follow.

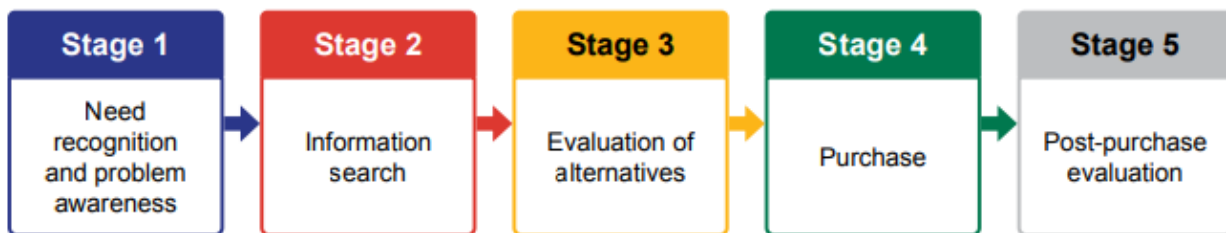


Figure 1: The five-stage purchase decision-making process (Ana Carrapichano,2019)

Need Recognition

When a customer realizes there is a need or an issue, the process starts here. Both internal (such as hunger or thirst) and external (such as advertising and suggestions) factors can cause the need. The process begins with the consumer realizing that they need to make a purchase. This is known as problem awareness. De Chernatony and McDonald (2010) contend that when a customer is in need, it is the best moment to reach them with marketing messages since they are at their most responsive.

At this point, the buyer's identified demands are triggered by either internal or external events. For instance, a person requires a house if they get a job in a distant place. In a similar vein, someone getting married can think about moving to a new home if his current residence does not provide him with enough privacy (Dikshita Gajera, 2018).

Information Search

The customer will do an information search in relation to the need at this point. The consumer searches for information about potential remedies as soon as they become aware of the requirement. A variety of sources, such as firsthand accounts, recommendations from loved ones, internet forums, commercials, product websites, and professional advice, can be used to gather information. Information from an individual's own memory, which is based on prior experiences and marketing messages, is referred to as internal search (Kotler & Keller, 2015). When a customer's internal search yields no results, they typically turn to external search. According to Fahy and Jobber (2015), external search also includes published product testing, reviews, and suggestions that consumers can read or hear about.

Evaluation of alternatives

A buyer would conduct logical calculations rather than acting on instinctual intuition while seeking to make a solid investment, which may only come around once in a lifetime. Before making a purchase, customers typically take advice from friends and, if married, their spouse (Dikshita Gajera, 2018). The consumer is presented with a variety of options once sufficient information has been obtained. The alternative products are often assessed at this stage of the process, and a few are selected. After that, the purchaser carefully weighs the benefits and drawbacks of selecting one product over the others (Fahy & Jobber, 2015).

At this point, the customer starts to wonder if this is the perfect product for them or if they need something else to solve their identified issue. The assessment is influenced by various factors such as cost, standard of quality, brand image, usability, appearance, and prior encounters. Different decision-making heuristics, such brand loyalty, the trade-off between price and quality, or social proof, can be used by consumers to streamline the assessment process.

Purchase Decision

The consumer can proceed with the purchase and acquire the product once they have determined which one to buy after carefully weighing all of their options (Fahy & Jobber, 2015; Kotler & Keller, 2015). The consumer has narrowed down the options and selected the preferred choice. Factors influencing the purchase decision include price, availability, convenience, product presentation, promotions, and personal circumstances. The consumer may also consider additional factors such as warranties, return policies, and post-purchase customer support. The purchase decision can involve choosing a specific product, brand, or retailer.

Post purchase evaluation of decision

At this point, the client is content if his expectations are met and unsatisfied if he feels that the performance did not live up to his expectations (Dikshita Gajera, 2018). Following the purchase, the customer reviews their selection and determines if the chosen good or service lives up to their expectations. When a product meets or above expectations, it can lead to positive word-of-mouth and repeat business by reinforcing the consumer's positive perception. On the other hand, in the event that the product does not live up to expectations, there may be returns or exchanges, unfavorable word-of-mouth, and customer unhappiness.

The consumer may be in the process of evaluating whether or not to make the purchase even after it has been completed. According to De Chernatony and McDonald (2010), people frequently ask friends for advice to make sure they made the right buy. The entire sale can be refunded at this stage if the

customer's experience is subpar or doesn't live up to their expectations. The experience we are referring to occurs when a consumer pays for the desired goods, whether it is done online or in-store. This moment helps generate a favorable experience, reaffirms the consumer's purchase choice, and promotes brand loyalty for future purchases in addition to promoting your items to new potential customers.

2.2 Model of consumer purchasing Decision

2.2.1 Stimulus Response Model (Black Box theory)

The internal processes that take place when marketing and other stimuli are received and lead to certain choice and purchase responses are represented by the buyer's "black box" or purchaser. The four Ps of marketing—product, pricing, place, and promotion—as well as outside influences like political, technological, cultural, and economic variables, constitute the stimulus. These inputs become visible buyer responses, like product choice, dealer choice, brand choice, purchase timing, and purchase amount, once they enter the buyer's black box. Marketers must comprehend how the stimuli are interpreted and responded to in light of the buyer's traits and decision-making process in order to effectively affect these responses (Jisana T. K, 2014).

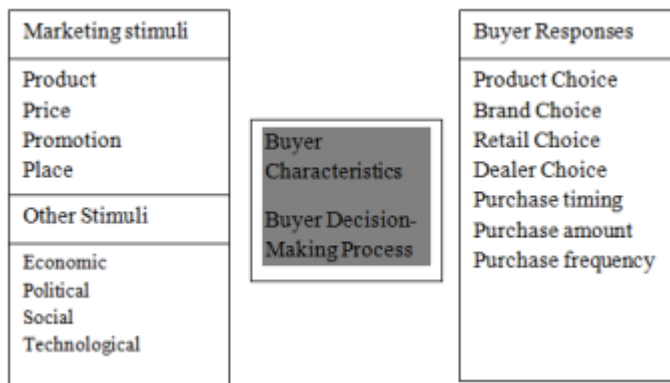


Figure 2.2 Stimulus - Response model of buyer behavior

2.2.2 Nicosia Model

Francesco Nicosia created the Nicosia model in 1966 to explain consumer behavior by establishing a link between the organization and the buyer. According to the model, a consumer's attitude toward a product is influenced by the signals sent by the company, and this can result in the consumer searching for the product or assessing its features. If the customer is happy, they react favorably and decide to buy; if not, the opposite happens. The model consists of four areas, including the development of

attributes, search and evaluation, the buying process, and the use of purchased items. These domains interact and can give the company feedback (Jisana T. K, 2014).

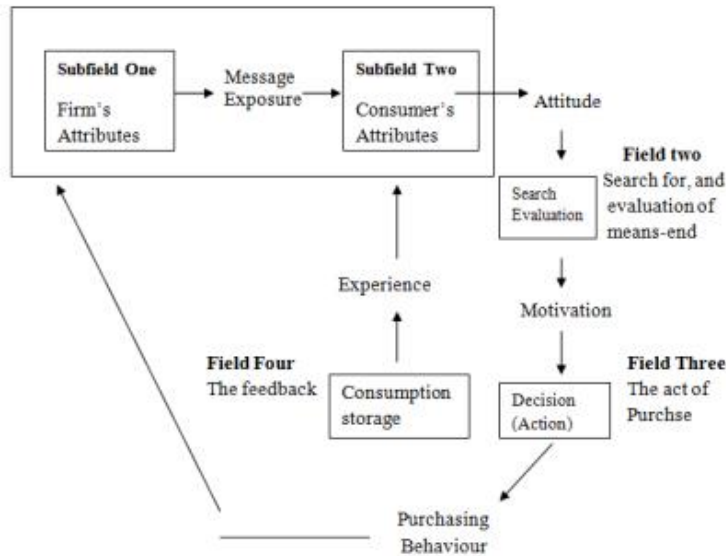


Figure 2.3 Nicosia's consumer decision model

2.2.3 Engel – Kollat -Blackwell model (1978)

A model of consumer behavior that emphasizes learning and problem-solving techniques is the Engel-Kollat-Blackwell model. It places a focus on consumers actively searching out and evaluating information. The model highlights the following five crucial steps in the consumer decision-making process: identifying the problem, gathering information, alternative evaluation, making a decision, and determining the result. (Jisana T. K., 2014)

- When customers notice a difference between their ideal and real states, they identify a problem.
- Information search entails obtaining data from a variety of sources and accepting data that supports preexisting opinions.
- Alternative evaluation comprises evaluating several brands according to objectives, motives, and preconceptions.
- Intentions, attitudes, and normative conformance all affect choice. The choice will either have a favorable or unfavorable effect. Related factors are also included in the model under categories such internalized contextual influences, general motivational influences, product-brand appraisal, and information input/processing.

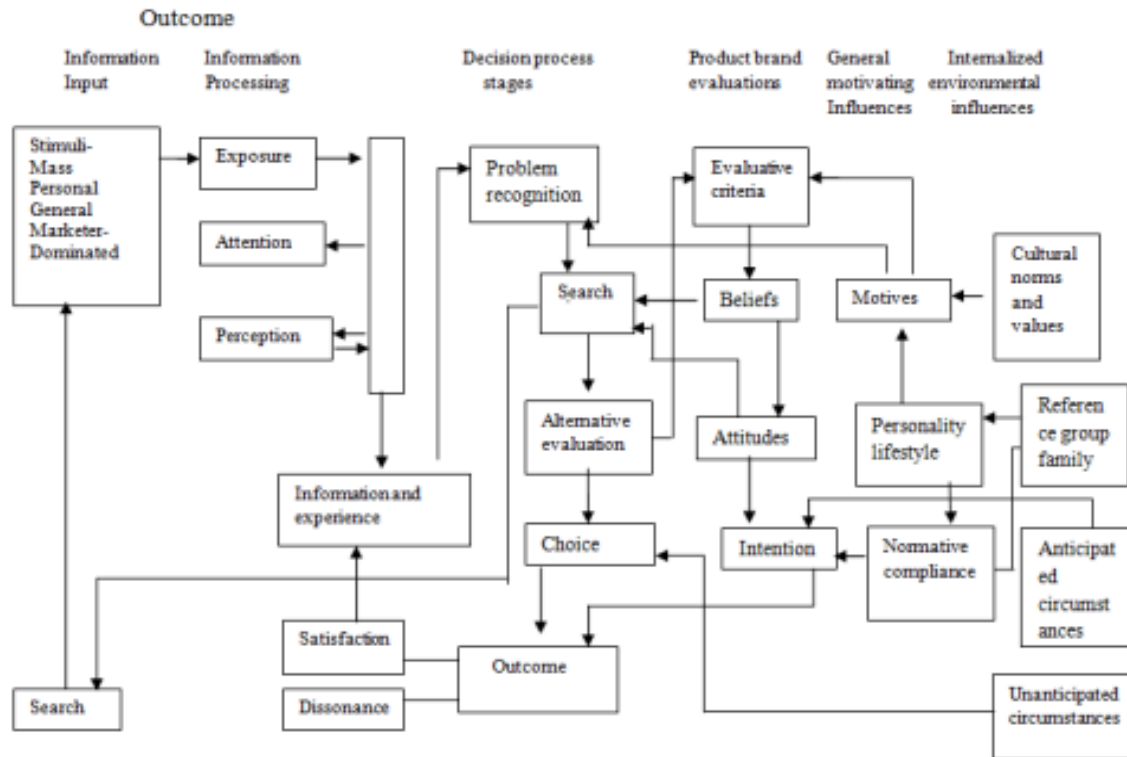


Figure 2.4 Engel – Kollat -Blackwell model

2.3 Empirical Review

Price and consumer purchase decision

The goal of the research done in Depok (Kok San, 2016) was to comprehend how consumers behave when making home purchases. Primary data was gathered using a questionnaire; the findings showed that price is the most significant consideration for respondents when buying a home, with product, location, and promotion coming in second and third. Of the 150 respondents, 85 (56.7%) strongly agreed, 30 (20%) somewhat agreed, and 35 (23.3%) agreed that the house price had an influence on their decision to purchase a residential house in Setia Alam. This suggests that residents in Setia Alam are greatly influenced by the cost of a property.

Previous studies (Opoku and Abdul-Muhmin, 2010; Yong Zhou, 2009) defined financial status in relation to purchasing a home as the sum of the home's price, mortgage loans, income, and conditions of repayment. Stated differently, this concept encompasses the following factors: availability of mortgages, terms of purchase, cost of home, property assessment value, potential for rapid appreciation, and waiting period (Haddad et al., 2011). Surprisingly, a number of earlier research discovered that customers' decision to buy a home is significantly influenced by the financial status of the property (Adair et al., 1996; Daly et al., 2003; Kaynak and Stevenson, 2007; Sengul et al. 2010; Xiao and Tan, 2007). The study conducted in Malaysia by Razak, Ibrahim, Hoo, Osman, and Alias (2013) confirmed that

financial considerations, particularly housing price, have a significant impact on the intention to purchase a home.

H1: price has a significant and positive effect on consumer choice

Economic (Income) and consumer purchase decision

Income is one of the key variables influencing purchase decisions. According to statistical data, 41.91% of people have seen their income decline, particularly during the COVID-19 epidemic (Putranto et al., 2020, p. 14). Declining earnings have a big impact on what consumers decide to buy, which shifts the demand for a product. The size of the product that a person would eat can be inferred from their income level (Nur Kholis and Ainun Ma'r, 2021).

Studies on the impact of income have revealed that customers who earn more money tend to make more purchase decisions than those who earn less (Fautngiljanan et al., 2014; Hartini & Inggriani, 2020; Muzdalifah & Syafi'i, 2020; Waidah, 2019). According to research, customers' ability to afford certain things is largely determined by their income (Chrisanty et al., 2018; Piyapromdee & Spittal, 2020).

H2: Income has a significant and positive effect on consumer choice

Distance and consumer purchase decision

According to research conducted in the past, location is one of the most crucial elements influencing a person's choice when buying a home (Adair et al., 1996; Daly et al., 2003; Kaynak and Stevenson, 2007; Sengul et al. 2010; Xiao and Tan, 2007). Significantly, proximity to different points of interest is directly correlated with location. The distance to the CBD, the school, the workplace, and retail stores are a few of the many factors that prospective homeowners should take into account (Adair et al., 1996; Clark, Deurloo and Dielemn 2006; Opoku and Abdul Muhmin, 2010; Tu and Goldfinch, 1996; Wang and Li 2006).

Research conducted in Malaysia also revealed that locational factors seemed to confirm earlier findings that buyers of homes gave careful consideration to location (Razak et al., 2013; Tan, 2011). Distance in this study is described as the house's strategic location in relation to numerous key locations, including a commercial district, a school, etc.

Distance was one of the characteristics covered in the questionnaire, which was completed by 235 working individuals. The study indicated a substantial positive association between house purchase intention and distance. This suggested that Kota Kinabalu consumers placed a higher value on distance,

particularly the distance from home to the business center, employment, and school, than they did on the locations of other everyday activities. (Chia and others, 2016)

H3: Distance has a significant and positive effect on consumer choice

Environment and consumer purchase decision

Many home purchasers believe that having a home in an area free of noise, traffic, and pollution is essential to enjoying a calm life. The current study acknowledged the significance of the surroundings, particularly in relation to the choice to buy a home. It was discovered that there is a strong positive correlation between environment and intention to buy a home ($\beta=.112$, $P<.05$). Environmental concerns are generally top of mind for home buyers in Kota Kinabalu, particularly those related to noise, air pollution, and traffic (Julius Chia, Amran Harun, Abdul Wahid Mohd Kassim, David Martin, and Noreina Kepal 2016). This result is in line with research conducted in 2015 by Zrobek, Trojanek, Sokolnik, and Trojanek in Poland, who discovered that the most desirable environment features for Polish customers were a peaceful neighborhood and scenic value.

Research conducted in Daka demonstrates that buyers take the apartment's surroundings into account before making a purchase. Three high-coefficient items were used to generate this factor: the surrounding area's noise and sound (0.818); the area's environmental pollution (0.817); and the population density (0.704). The area's environmental pollution and noise/sound pollution received the highest average scores, 6.02 and 6.21, respectively. A significant degree of importance is indicated by the factor mean of 6.08.

H4: Environment has a significant and positive effect on consumer Choice

Quality and consumer purchase decision

For any firm, having a perfect product has many benefits. The correlation between sales and product quality is positive, so a company plan should place a high priority on quality. According to Green (1997), the design and quality of the housing play a crucial role in the decision-making process. However, in comparison to built-up or cost criteria, these are secondary features that are challenging to assess. Quantifying the house's architectural style or the views of the wide landscapes, for example, can be difficult.

Customers' reactions to homes with more rooms were neutral when it came to the number of rooms, indicating that residents were not drawn to homes with more rooms. Customers also associate infrastructure availability with home quality. The last quality-related element was material quality, and the results indicate that over half of the respondents believed that the material's quality directly influenced their choice and decision-making process (Genet Gebremeskel 2019).

H5: Quality has a significant and positive effect on consumer Choice

Phycology (Motivation) and consumer purchase decision

According to the research, there were differences in the motivating factors of individuals who desired to buy a residential property between the needs for self-actualization and self-esteem. In addition, they want to increase their money through long-term investments. They want to show off their successful life to others and are searching for a residential home. (Punnakitikashen & Nunarong, 2017). Customers are more likely to purchase when their positive motivations—particularly their psychological, esteem, and self-actualization needs—are larger (LI & Srisutto, 2015).

H6: Motivation has a significant and positive effect on consumer choice

2.4 Conceptual Frame work

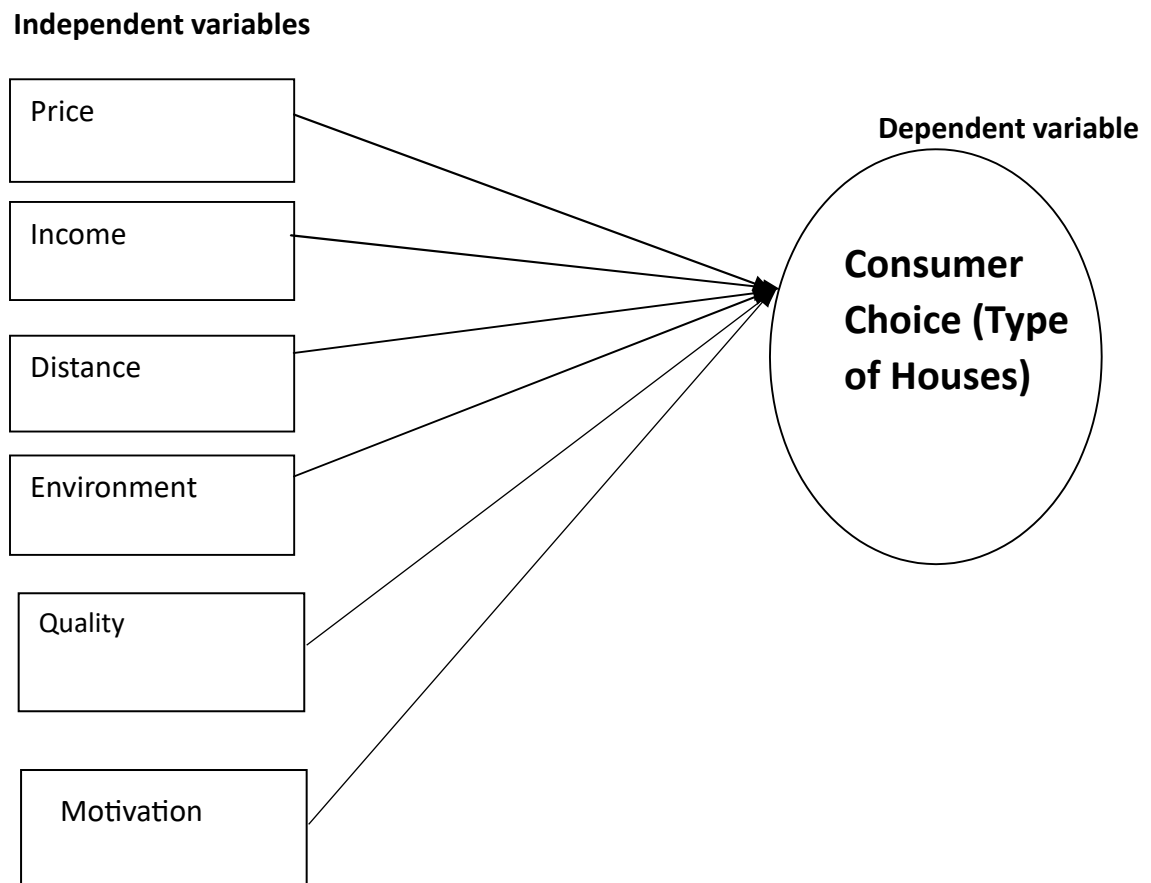


Figure 2.5 Conceptual Framework (Compiled by the researcher)

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter mainly shows the overall methodology used to conduct the research and answer the research questions. This chapter addresses several topics, including design, methodology, and research technique. It also covers the population and sampling strategy and the validity and reliability tests that will be used to guarantee correct results. The final section of the chapter outlines the ethical principles that will be followed during the entire study procedure.

3.1 Description of the Study Area

Based on Berhe et al. (2020), the research is carried out in Addis Ababa, the capital city of Ethiopia and the diplomatic hub of Africa, which was founded around 130 years ago. Geographically, Ethiopia's political capital and most significant commercial and cultural hub are situated at 9°02'N latitude and 38°45'E longitude, in the country's center. In Addis Ababa, a population census was last conducted in 2007. and since then, a census has not been carried out for a number of reasons, and the city's current population is determined by an estimate provided by the national central statistics office. Addis Ababa's population is estimated to be 3.9 million people (CSA, 2019).

3.2 Research Design

In this study the researcher used an explanatory and descriptive research design to explain the image of the survey at the time it was conducted and to be able to explain the effect of the independent variables on dependent variables. The explanatory part was used to explain the factors that impact the factors behind what Addis Ababa residents select when purchasing a real estate property in Addis Ababa.

The researcher used descriptive method in order to show the results from the survey responded, while bi-linear regression was used to explain the linkage between the different independent variables, while the researcher used multi-linear regression model through Probit model as it allows us to regress the dependent variable (UBC, 2016), which is a categorical variable represented by the type of houses consumers aim at purchasing over the next ten years.

3.3 Research Approach

In this research a quantitative approach was used. One of the main advantages of using quantitative approach is, it is easy to handle and manipulate data to generate statics data with lesser effort compared

to the other options (Daniel, 2016). (Bryman, 2016) who has published several researches on social studies argues while measuring figures and using numbers, quantitative approach is the best option. Furthermore Connolly (2008) argued using software such as SPSS and STATA, it is easier to generate measurable connections between variables under consideration. Given this research was trying to draw a line between success factors and success, quantitative approach was employed.

3.4 Sample Size and Sampling Technique

As mentioned above, the whole sample size is the overall Addis Ababa population, which is estimated to be around 3.9 million People. To select the appropriate sample size, we need to select on the level of precision, confidence level and degree of variability (Singh et, al. 2014). To this end, the researcher selected the appropriate sample size based on these categories. As per the research by (Eshete et,al, 2013), around 80% of the Addis Ababa population are homeless or residing in substandard housing facilities found in Addis Ababa. To this end, the research used the (Cochran, 1963) model to estimate the appropriate sample size needed to conduct the research.

$$n_o = \frac{z^2 pq}{e^2}$$

Where:

Z = value of standard score at a desired confidence limit (in this case 95% i.e. 1.96)

P = intended proportion of the population to be included in the sample. As shown in literature of 20% (0.2 in this case) q = 1-p (0.8 in this case)

N = size of total population

e = error margin (0.05 in this case)

Therefore:

$$n = (1.96)^2 * 0.2 * 0.8 / (0.05)^2$$

$$n = 3.8416 * 0.16 / 0.0025$$

$$n = 245.86.... \text{ Respondents}$$

Convenience sampling is one type of non-probability sampling that researchers utilized to choose the population and sample size for their study. Convenience, judgment, quota, and snowball sampling are examples of non-probability sampling techniques (Zikmund, et al., 2013).

3.5 Method of Data Analysis

Data analysis was conducted after gathering response from the respondents. In the research two methods of data analysis were used: Descriptive and Inferential. This section covers what type of data analysis was used in this research.

3.6 Model Specification

The study's descriptive section sought to give an overview and synopsis of the information gathered from the technology-based companies. The mean, or average value of a variable, the percentage, or the proportion of a variable to the total, and the frequency distribution, or the frequency at which a variable appears in each category, are the descriptive statistics utilized in this section. The features and distribution of the study's variables were better described with the use of these tools.

The study's inferential portion sought to investigate the links between the variables and test the hypotheses. The Logit Regression Model, an approach that predicts a dependent variable based on several independent variables, was the inferential statistic utilized in this section. The kind of homes Addis Ababa residents wished to buy over the following 10 years was the dependent variable in this research. The independent variables in this study were the age of the motivation behind purchasing the house, the price range people were willing to pay for real estate property in Ethiopia, the distance from the city center, the environmental factors when choosing a real estate property and the quality of houses after purchasing houses on the budget level of the consumer.

$$\text{Consumer Choice} = \beta_0 + \beta_1(\text{Motivation}) + \beta_2(\text{Price}) + \beta_3(\text{Income}) + \beta_4(\text{Distance}) + \beta_5(\text{Environment}) + \beta_6(\text{Quality}) + \epsilon$$

3.7 Validity and Reliability

3.7.1 Reliability

A research instrument must be able to produce consistent results from two randomly selected samples chosen from a similar population when utilized more than once (Mugenda & Mugenda, 1999). A measure of conceptual consistency and stability is called reliability. As stated by Hungler and Poilt (1993). When evaluating the value of data gathered for a study, reliability evaluates how similar the data from respondents and the literature reviews supplied as part of the investigation are to each other.

3.7.2 Validity

The degree to which an instrument measures what it is intended to measure is known as validity (Leedy & Ormrod, 2005). The extent to which the results actually reflect what they seem to be about is known as validity. based on the individuals gathered from the field as well as the data and evidence that were employed. Validity is concerned with maintaining the integrity of the research's conclusions. It's an accurate measurement that confirms the need for a thorough examination of several relevant courses (Bryman et al., 2011). There are different forms of validity for the indicators that determine how well the constructs are represented. Content validity involves the degree to which the items or questions in a research tool represent the entire content domain of the construct being measured (Leedy & Ormrod, 2005). Conducting a comprehensive literature review, consulting with subject matter experts or using established measures as a basis for item generation and by ensuring that the research tool covers all relevant aspect of the construct will be done to enhance the content validity.

Face validity refers to the extent to which a research tool appears, on the surface, to measure what it intends to measure (Leedy & Ormrod, 2005). To ensure face validity a pilot study or sought feedback from experts in the field to review will be gathered in order to provide their opinions on whether it seems to measure the intended construct. Construct validity refers to the extent to which a research tool measures the underlying theoretical construct it intends to measure (Leedy & Ormrod, 2005). And it requires combination of evidence from different sources and methods.

3.8 Ethical Consideration

Bryman et al. (2007) state that while doing business research, three ethical issues must be taken into mind. These are: (1) injury to participants; (2) absence of informed consent; and (3) privacy infringement. To safeguard both the integrity of the study and the population under investigation, ethics should always be considered and applied appropriately.

Before giving their agreement to participate in the study, participants will be thoroughly informed about its goals, methods, possible risks, and advantages. Participants' privacy and confidentiality will be safeguarded by making sure that their data and personal information are anonymous and kept safe. The study's integrity will be maintained by presenting each response received exactly as it is. The researcher will not use the data for any other purpose than education.

CHAPTER FOUR: DATA PRESENTATION ANALYSIS AND INTERPRETATION

Introduction

This chapter presents the results of the data analysis and their interpretation. The chapter consisted of three main sections. The first section described the background and characteristics of the respondents, such as their age, education, and gender. The second section reported the descriptive statistics and interpretation of the data collected from the survey, such as the mean, standard deviation, frequency, and percentage of each variable. The third section discussed the multivariate analysis and interpretation of the data, using a multiple regression model to examine the relationship between the independent and dependent variables. The data analysis was performed using SPSS version 27 software and STATA 15.

The study received 220 completed and valid responses out of 245 questionnaires that were distributed to different survey respondents found across Addis Ababa. This resulted in a response rate of 90%, which was higher than the minimum threshold of 70% that (Tafesse, 2005) suggested as excellent and sufficient for the analysis and reporting of the study. Therefore, the study had a high level of reliability and validity in its data collection and analysis.

4.1 Gender of the Respondents

Table 4.1 Gender of respondents

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	114	51.8	51.8	51.8
	Male	106	48.2	48.2	100.0
	Total	220	100.0	100.0	

Source: Own computation 2024

Based on the data presented in the table, we have a distribution of genders within a sample size of 220 individuals. The data shows that there are around 51.8% females, compared to 48.2% of males that filled the sample correctly used for research analysis. The distribution is useful in showing us the gender composition of the sample.

4.2 Age of the respondent

Table 4.2 Age of respondents

		Age_Group			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 25	105	47.7	47.7	47.7
	26 - 35	58	26.4	26.4	74.1
	35 - 45	30	13.6	13.6	87.7
	Above 45	27	12.3	12.3	100.0
	Total	220	100.0	100.0	

Source: Own computation 2024

A breakdown of the sample population into different age groups can be obtained from the table. The 18-25 years age bracket, which is the most populous with 105 individuals translating to 47.7% of the respondents (220 people), comes top, followed by those aged between 26 through 35 years at 58 persons that is 26.4%. In addition to this there were 30 people between 35-45 years constituting 13.6%. Finally, we have twenty-seven participants of age above forty-five making twelve-point three percent of the total sample.

4.3 Educational Background of the Respondents

Table 4.3 Educational background of respondents

		Education_Level			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelors	128	58.2	59.5	59.5
	Diploma	8	3.6	3.6	63.2
	Elementary	23	10.5	10.5	73.6
	Masters and above	26	11.8	11.8	85.4
	Secondary	35	15.6	16.3	100.0
	Total	220	100.0	100.0	

Source: Own computation 2024

The data presented in the table is a documentation of the educational levels of 220 survey respondents. Most participants in the survey have a bachelor's degree; this category has 128 persons who represent 58.2%. After that, 35 people finished secondary school, corresponding to 15.6% of the group. A further 11.8 per cent of the sample are respondents who have a master's degree or above, numbering 26 individuals.

4.4 Income of respondents

Table 4.4 Income of respondents

		Income Range			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10,000 - 20,000	38	17.3	17.3	17.3
	20,001 - 35,000	25	11.4	11.4	28.6
	35,001 - 50,000	40	18.2	18.2	46.8
	50,000 - 100,000	36	16.4	16.4	63.2
	Above 100,000	38	17.3	17.3	80.5
	Below 10,000	43	19.5	19.5	100.0
	Total	220	100.0	100.0	

Source: Own computation 2024

The respondents' monthly wage is displayed in the above table, in which the largest income group comprises those earning between 10,000 - 20,000, which makes up 38 respondents or 17.3% of the total respondents. The next largest groups are those earning 35,001 - 50,000 at 40 respondents (18.2%) and those earning 50,000 - 100,000 at 36 respondents (16.4%). Furthermore, a sizable percentage of the respondents, 38 (17.3%), who earn above 100,000 per month. At the lower end of the income spectrum, 43 respondents (19.5%) earn below 10,000 per month. Overall, the income distribution showcases a range of monthly earnings among the respondents, with a notable proportion in the higher income brackets above 35,000 per month.

4.5 Employment status

Table 4.5 Employment status

		Employment Status			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Civil servant	19	8.6	8.6	8.6
	NGO	9	4.1	4.1	12.7
	Other	54	24.5	24.5	37.3
	Private business	49	22.3	22.3	59.5
	Private sector employee	89	40.5	40.5	100.0
	Total	220	100.0	100.0	

Source: Own computation 2024

The above table shows the occupation of the respondents, wherein 19 (8.6%) of respondents are civil servants, whereas 9 (4.1 %) respondents are working in non-governmental organization and Other (freelancers, unemployed respondents) with 54 (24.5). On the other hand, customers who own private business were to be found 49 (22.3 %), and 89(40.5 %) of respondents were private sector employees. This result shows that most of the real estate customers during the time of the study were private sector employee.

4.6 Material status

Table 4.6 Material status

		Marital Status			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	63	28.6	28.6	28.6
	Separated	13	5.9	5.9	34.5
	Single	144	65.5	65.5	100.0
	Total	220	100.0	100.0	

Source: Own computation 2024

Finally, for the marital status 63(28.6%) were married, minority of the respondents 13(5.9%) were separated, and the majority of the respondents 144(65.5%) were single.

4.7 Correlation Analysis

To determine if there is a link between price, income, distance, quality, environmental, and motivational aspects and the consumer's purchasing choice, Pearson's correlation coefficient was used. The most popular method for determining how much a variable is related to another is Pearson's correlation coefficient. This coefficient presupposes that the two elements have a linear connection. The correlation results about the relationship between independent and dependent variables are shown in the next section.

The strongest correlation that was observed with the dependent variable (type of houses) was observed with price, quality, and environment. Price and environment have the highest positive correlations with types of houses, suggesting that as these variables increase, the types of houses also increase too. The findings also show that income and quality also have significant positive correlations with types of houses,

even though they are weaker than price and environment. These findings show that we can improve on the quality and environment of the houses as they are determinant for the people in their purchasing decisions.

Table 4.7 Correlation analysis

		Price	Income	Distance	Quality	Motivation	Environment	Type of Houses
Price	Pearson Correlation	1	.010	-.071	.014	-.087	.022	.624**
	Sig. (2-tailed)		.880	.294	.842	.198	.745	<.001
	N	220	220	220	220	220	220	220
Income	Pearson Correlation	.010	1	-.005	.033	-.062	.014	.203**
	Sig. (2-tailed)	.880		.940	.621	.362	.832	.002
	N	220	220	220	220	220	220	220
Distance	Pearson Correlation	-.071	-.005	1	-.050	.110	-.016	.030
	Sig. (2-tailed)	.294	.940		.460	.104	.817	.655
	N	220	220	220	220	220	220	220
Quality	Pearson Correlation	.014	.033	-.050	1	-.013	-.064	.334**
	Sig. (2-tailed)	.842	.621	.460		.845	.346	<.001
	N	220	220	220	220	220	220	220
Motivation	Pearson Correlation	-.087	-.062	.110	-.013	1	.071	-.368**
	Sig. (2-tailed)	.198	.362	.104	.845		.296	<.001
	N	220	220	220	220	220	220	220
Environment	Pearson Correlation	.022	.014	-.016	-.064	.071	1	.319**
	Sig. (2-tailed)	.745	.832	.817	.346	.296		<.001
	N	220	220	220	220	220	220	220
Type of Houses	Pearson Correlation	.624**	.203**	.030	.334**	-.368**	.319**	1
	Sig. (2-tailed)	<.001	.002	.655	<.001	<.001	<.001	
	N	220	220	220	220	220	220	220

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Result, May 2024

4.8 Multiple Regression Analysis

To get accurate and trustworthy findings from a regression analysis, it is crucial to make sure that a number of important assumptions are satisfied. These presumptions include the following: homoscedasticity, which indicates that the residuals have constant variance across all levels of the independent variables; normality, which requires the residuals to be normally distributed; absence of multicollinearity, which guarantees that the independent variables are not highly correlated with one another; and linearity, which states that the relationship between the independent and dependent variables should be linear. Achieving these presumptions aids in the regression model's ability to produce impartial, effective, and consistent estimates.

4.8.1 Normality Test

Analysis of normalcy is the test performed to ascertain if the study samples were dispersed uniformly. Determining normalcy is a critical step in making judgments on central tendency measurements and statistical techniques in data analysis, according to Mishra et al. (2019). Parametric tests are utilized when our data have a normal distribution, whereas nonparametric techniques are applied when comparing the groups in other scenarios. We are unable to refute the residuals' normal distribution hypothesis as a consequence of the analysis. As a result, your regression model's residuals satisfy the normalcy assumption. This is useful for a number of statistical processes, including confidence interval calculation and hypothesis testing.

Figure 4.8 Normality Test

```
name: <unnamed>
log: C:\Users\Lenovo\Downloads\Statistical Test.smcl
log type: smcl
opened on: 22 May 2024, 00:07:13

. sktest resid
```

Skewness/Kurtosis tests for Normality					
Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	joint Prob>chi2
resid	220	0.0773	0.7957	3.22	0.2001

```
. log close
name: <unnamed>
log: C:\Users\Lenovo\Downloads\Statistical Test.smcl
log type: smcl
closed on: 22 May 2024, 00:07:27
```

Source: survey result, May 2024

4.8.2 Homoscedastic Test

Heteroscedasticity occurs when the standard deviation of the residual's changes with different values of the independent variables—a phenomenon that may reduce the power of statistical tests due to less

precise observation error variances. According to Greene (2012), detecting and correcting for heteroscedasticity is crucial for ensuring accurate inference in regression models. To test, whether there is a heteroskedastic in our research, we used the Bruesch-Pagan test to test homoscedastic and the results came that the there is no evidence of heteroskedastic in the residuals of the regression model. To this end, we can say that our research has passed the heteroskedastic test.

Figure 4.9 Homoscedastic Test

```
. estat hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of TypeofHouses

chi2(1) = 0.00
Prob > chi2 = 0.9800
```

Source: survey result, May 2024

4.8.3 Multicollinearity

The research tested for multicollinearity among the independent variables using the Variance Inflation Factor (VIF). According to Salmerón Gómez et al. (2016), VIF is a measure of how much the linear relationship between two or more independent variables in a regression model inflates the variance of a regression coefficient. There is less multicollinearity among the independent variables the lower the VIF. The research adhered to the general guideline proposed by Keller and colleagues (1997), which postulated that a VIF value of less than 4 signifies the absence of a significant multicollinearity issue among the independent variables. Since both our total and individual VIF for each variable was less than 4, multicollinearity was not a problem.

Table 4.8 Multicollinearity

Coefficients^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Price	.441	2.273
	Income	.964	1.037
	Distance	.911	1.097
	Environment	.774	1.292
	Quality	.843	1.186
	Motivation	.433	2.310

a. Dependent Variable: TypeofHouses

Source: survey result, May 2024

4.8.4 Linearity Test

The study utilized Ramsey's (1969) RESET test to assess the model's linearity, which is based on the notion that there is a linear connection between the dependent and independent variables. The RESET test is an omitted variable test that essentially determines whether the model has an omitted variable issue by calculating the powers of the dependent variable's projected values. In order to do this, we tested the study's findings using STATA.

Figure 4.10 Linearity Test

```
. estat ovtest
```

```
Ramsey RESET test using powers of the fitted values of TypeofHouses
Ho: model has no omitted variables
      F(3, 210) =      2.16
      Prob > F =      0.0937
```

Source: survey result, May 2024

The Ramsey RESET statistic from the output is 2.06 and p-value is 0.0937. As a result, we cannot accept the null hypothesis because its p-value is larger than 0.05 which is commonly used significance level. Consequently, this tells us that there is no strong proof that justifies nonlinearity in the model thereby meaning that the right specification was made by the model in terms of being linear in form.

4.8.5 Autocorrelation

According to Brooks (2008), Autocorrelation is the condition where the error terms in a regression model are correlated with each other, Autocorrelation can affect the validity and reliability of the regression model, as it can inflate the values of the T-test and F-test, which are used to test the significance of the regression coefficients and the overall model.. This assumption states that each observation in the model should be independent of any other observation, and that any change in one observation should not affect any other observation.

The Durbin-Watson test was employed in the study to look for autocorrelation between the regression model's error components. A score from 0 to 4 is obtained from the DW test. A score in the range of 1.5 to 2.5, or almost 2, means that autocorrelation is absent and the null hypothesis (that is, that the error terms are not linked) may be accepted. As stated by Amatiaga (2023). According to an analysis of our research using SPSS, the independent variables do not exhibit autocorrelation, with a score of about 2.214.

4.9 Multiple Regression Results

The research used a multiple regression model to examine how the independent variables influenced the dependent variable. The independent variables were Price, Income, Distance, Environment, Quality and Motivation. Accordingly, the multi-regression model test has yielded the following result:

Table 4.9 Model summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson Test
1	.857 ^a	.734	.727	.4595	2.214
a. Predictors: (Constant), Motivation, Quality, Income, Price, Environment, Distance					

Source: survey result, May 2024

The model's R value of 0.857, which denotes a significant correlation between the estimated and observed dependent variable outcomes, as demonstrated by the data in the table. With an R² of 0.734, it can be inferred that independent factors such as motivation, quality, income, price, environment, and distance account for around 73.4% of the variation in "Type of Houses." A more precise indicator of model fit is provided by adjusted R² for 0.727, which takes the number of predictors into account. The average separation between the observed values and the regression line is indicated by the standard error of the estimate, which is 0.459. These findings collectively imply that the model fits the data rather well.

Table 4.10 ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	124.280	6	20.713	98.108	<.001 ^b
	Residual	44.970	213	.211		
	Total	169.250	219			
a. Dependent Variable: TypeofHouses						
b. Predictors: (Constant), Motivation, Quality, Income, Price, Environment, Distance						

Source: survey result, May 2024

The ANOVA (F-test) was used to evaluate the model's significance. The model's significance is demonstrated by the ANOVA result, which is $F(6, 213) = 98.108, p < .001$. Determining whether the independent factors together have a substantial impact on the dependent variable is the primary goal of the F-test. The fact that the F statistic's significance value is substantially less than the 0.05 error

margin suggests that the independent variables have a substantial impact on explaining the variance in the dependent variable. This indicates that the regression model is significant and fit.

Table 11 Coefficient Table

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.347	.237		-1.465	.145
	Price	.379	.026	.509	14.314	<.001
	Income	.221	.026	.297	8.379	<.001
	Distance	.102	.026	.137	3.854	<.001
	Environment	.315	.027	.411	11.565	<.001
	Quality	.249	.026	.336	9.472	<.001
	Motivation	-.209	.026	-.285	-7.958	<.001

a. Dependent Variable: Type of Houses

Source: survey result, May 2024

Keeping all other variables fixed, the unstandardized coefficients (B) show how the dependent variable changes in response to a one-unit change in the predictor. Price, for instance, has a coefficient of 0.379. Additionally positive coefficients for Environment (0.315), Quality (0.249), Income (0.221), Distance (0.102), and Quality (0.249) indicate that increases in these factors are linked to higher values of the dependent variable. On the other hand, Motivation's coefficient is -0.209, suggesting a negative correlation.

The Beta standardized coefficients used in this model allow the importance of each independent variable included in it to be compared. Price comes out as the most critical variable which is reflected in its standardized coefficient which is relatively high at 0.509; Environment then follows at 0.411 with Quality coming after at 0.336 while Income ranks fourth place at 0.297 however Distance & Motivation had lower values such as 0.137 for Distance and -0.285 for motivation.

Based on the multiple regression results provided, the following conclusion can be drawn:

Based on the multiple regression analysis, it can be inferred that the suggested model fits the data well, accounting for around 73.4% of the variation in the dependent variable "Type of Houses". The F-

test ($F(6, 213) = 98.108, p < .001$) indicates that the model is statistically significant, implying that the independent variables together have a substantial impact on the dependent variable.

The analysis of the individual predictors shows that Price, Income, Distance, Environment, and Quality have positive and statistically significant relationships with the dependent variable. This means that increases in these independent variables are associated with higher values of the "Type of Houses". However, Motivation has a negative and statistically significant relationship, indicating that higher levels of Motivation are associated with lower values of the dependent variable.

Among the predictors, Price emerges as the most influential variable, with the highest standardized coefficient ($\beta = 0.509$), followed by Environment ($\beta = 0.411$), Quality ($\beta = 0.336$), Income ($\beta = 0.297$), and Distance ($\beta = 0.137$). The negative effect of Motivation ($\beta = -0.285$) suggests that it is the least influential variable in the model.

Overall, the results of this multiple regression analysis provide valuable insights into the relationships between the independent variables and the "Type of Houses" dependent variable. These findings can have important implications for understanding and predicting the factors that influence the type of houses in the studied context.

4.10 Hypothesis Testing

Since the alternative hypothesis indicates that the independent variable is the reason for the substantial variation in the outcome variable. The findings gathered are displayed in a table.

Table 4.12 summary of Hypothesis Testing

Hypothesis Developed	Beta Value	Result
H1: price has a significant and positive effect on consumer choice	B=0.509 t=14.314 p < .001	Supported
H2: Income has a significant and positive effect on consumer choice	B=0.297 t=8.379 p < .001	Supported
H3: Distance has a significant and positive effect on consumer choice	B=0.137 t=3.854	Supported

	p < .001	
H4: Environment has a significant and positive effect on consumer Choice	B=0.411 t=11.565 p < .001	Supported
H5: Quality has a significant and positive effect on consumer Choice	B=0.336 t=9.472 p < .001	
H6: Motivation has a significant and positive effect on consumer choice • Acceptance at 1% significant level (However, the result is negative)	B= -0.285 t= - 7.798 p < .001	Supported

Source: survey result, May 2024

4.11 Discussion

The research's conclusions show that the following aspects influence customer choice: environment, quality, motivation, price, income, and distance.

The results of the hypotheses test are detailed here under:

H1: Price has a significant and positive effect on consumer choice

The findings of our research validated the findings of (Adegoke & Adebayo, 2014), (Aribigbola, 2008), It demonstrated that pricing has a major and favorable impact on the kind of homes that a person chooses to buy in the market.

H2: Income has a significant and positive effect on consumer choice

The findings of our research validated the findings of (Muthoka, 2015), (Omataha, 2014), which showed that the amount of income an individual has a positive influence in the type of houses that an individual purchases in the market.

H3 : Distance has a significant and positive effect on consumer choice

The findings of our research validated the findings of (Tse & Love, 2000), (Clapp, Nanda, & Ross, 2008),

which showed that the distance from essential services and amenities has a significant influence on the type of houses that an individual purchases in the market

H4 : Environmental factor has a significant and positive effect on consumer choice

The findings of our research validated the findings of (Adebayo & Iweka, 2014), (Jiboye, 2011), which showed that environmental factors have a significant and positive influence on the type of houses that an individual purchases in the market .Our research confirmed the results obtained by (Ibem & Amole, 2010) and (Olujimi & Bello, 2009) which demonstrated high quality housing influences the type of houses purchased in the market by the person

H6: Motivation has a significant and negative effect on consumer choice

The findings of our research only validated the findings of (Hong et, al, 2012), research which showed that motivation of owning a house had a negative impact on the type of houses that consumers want to own in the market.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter gives a summary of the results and ends with comments or recommendations.

5.1 Summary of key findings

The sample of 220 individuals was relatively balanced in gender, with 51.8% female and 48.2% male respondents. The age distribution was skewed towards younger adults, with 47.7% in the 18-25 age group, followed by 26.4% aged 26-35 and 13.6% aged 35-45. Those over 45 made up 12.3% of the sample. Educationally, the majority (58.2%) held bachelor's degrees, while 15.6% had completed secondary school and 11.8% had master's degrees or higher. The income levels were broadly distributed, with the largest group (17.3%) earning 10,000-20,000 per month. Sizable proportions earned 35,001-50,000 (18.2%) and 50,000-100,000 (16.4%), and 17.3% made over 100,000 per month. In terms of occupation, 40.5% were private sector employees, 22.3% owned private businesses, 8.6% were civil servants, and 4.1% worked in NGOs, with the remaining 24.5% in other roles. The marital status breakdown showed 65.5% single, 28.6% married, and 5.9% separated.

The kind of strength of the correlations become clearer upon closer examination of the regression coefficients. The most significant component was found to be price, which had a statically positive correlation with the kind of houses. This indicates that houses kinds try's to be of a higher category as its price rises. In similar vein, the dependent variable showed positive relation with the independent variables of income, distance, environment and quality. These results implies that the kind of homes that customers choose likely to be more affluent or desirable as these parameters rise.

Interestingly the analysis found a negative connection between motivation and housing type. This suggests that as people's motivation goes up, they tend to lean towards houses in lower categories. This study hints that decisions about housing can be influenced by factors other than just money, like priorities and personal preferences. The standardized regression coefficients or beta values, provide further information about the relative importance of each independent variable. The result shows that the crucial factor is price, followed closely by quality and the environment. These results really highlight how much of an impact price, environmental factors, and quality have on the homes that buyers go for.

The factors of desire and distance had somewhat lower standardized coefficients than the other predictive variables, suggesting a less substantial influence on the kind of houses. Their statistical significance, however, emphasizes how difficult it is to make housing decisions because they involve both objective and subjective factors. All things considered, the regression analysis has yielded valuable insights into the intricate relationships between different variables and how these influence the kind of homes that buyers select.

In the investigation, the researcher used extensive multiple regression analysis to identify the core factors impacting the dependent variable "Type of Houses", or consumer choice. Thus, this approach enables the assessment of the combined and individual impacts of all the selected independent variables on the selected outcome of interest. Based on the current analysis, the regression results showed an effective fit of the model. In particular, all independent variables justify 73.4% of the variance in the selected dependent variable. Therefore, the correlation coefficient remains high and proves that the regression model proposed is an accurate fit for presenting the associations among predictors and the outcome.

5.2 Conclusion

The purpose of this investigation was to determine the elements that influence customer decisions while purchasing real estate in Addis Ababa. Price, income, distance, environment, quality, and motivation were the six different elements.) In order to fulfill the purpose of the study, test respondents were given 245 questionnaires, of which 220 samples were collected, fully completed, and used for data analysis.

Every independent component has a fundamental impact on the dependent variable, as demonstrated by the correlation study of consumer purchase decision analysis. This implies every one of the four determinants i.e., price, income, Distance, Environment, quality and motivation are the affecting variables for buyers purchasing choice of real estate purchaser. Remarkably, the data also revealed a negative correlation between motivation and the type of houses, suggesting that factors beyond just financial considerations, such as personal preferences and priorities, can influence housing choices. This emphasizes how complex is the nature of the housing market and the need to consider both objective and subjective factors when developing policies and strategies.

Based on these findings, it can be said that, even though price is an important consideration, there are other aspects of factors that should be considered, for example, developers should prioritize properties that offer a desirable living environment, high-quality features, and convenient proximity to amenities and services. Considering these additional factors, in addition to price, can increase the chances of being selected by potential new customers through different modes of communication and marketing. politicians should also focus on these broader factors when planning and implementing affordable housing initiatives so that they can develop more comprehensive and effective strategies to address the housing needs of this demographic.

5.3 Recommendation

One of the most fundamental needs for a human being to live in safety is a residential home. A residential home purchase can be impacted by a variety of things. Price, quality, the environment, and other relevant considerations may have an impact. The findings of this study indicate that price sensitivity, paying appropriate attention to income distance, environment, and quality were the main variables influencing residents' decisions. Thus, the researcher recommends the following suggestions based on the primary findings that have been addressed thus far.

- **Price sensitivity:** The analysis showed that price is the most significant factor, with higher prices leading to selection of more premium housing types. Due to price sensitivity among consumers, the real estate industry must offer or construct homes that are within the means of the majority of people. By strategically pricing their offerings, they can ensure that the type of houses available aligns with the willingness and ability of consumers to pay. For consumers, they should carefully assess their financial capacity and willingness to pay when evaluating housing options, keeping price a key consideration.
- **Quality of material:** Given the positive relationship between quality and housing type, Ensuring high quality construction using premium materials and maintain rigorous quality standards are

things real estate companies should focus on. For consumers they should look for homes built with high-quality, durable materials to ensure long-term value and satisfaction.

- **Highlight the Importance of Income:** As consumer income rises, the findings suggest people tend to gravitate towards more affluent or desirable housing options. So, real estate companies should think about creating a variety of homes that suit different income levels, making sure they appeal to a wide range of buyers. For consumers they should reflect on their income and how it may influence their housing selection.
- **Consider Environmental Factors:** The positive correlation between environmental factors and housing type indicates a growing demand for eco-friendly and sustainable living. It's crucial for developers and legislators to concentrate on adding eco-friendly features like green spaces, energy efficiency, and sustainable design to housing projects. By doing this, these properties might become more appealing and satisfy the growing demand for eco-friendly living. For consumers they should consider their environmental preferences and how they may guide their housing decision.
- **Take Distance into Account:** The study found that as distance from the city center increases, consumers tend to prefer higher-quality or more prestigious housing options. Real estate developers should think about where their projects are located and how accessible they are, finding the right balance between being close to urban areas and offering the right types of homes. For consumers, assess your needs for proximity to amenities or city centers to help inform your housing selection.
- **Understand Motivation's Impact:** The fact that motivation and housing type have a negative association implies that variables other than money play a role in housing selections. Real estate businesses must make an effort to comprehend the various goals and motives of homebuyers in order to better tailor their product offers. Investigating non-monetary incentives or design elements that cater to consumers' individual tastes and lifestyle requirements may be one way to achieve this. Consumers should recognize that factors beyond just financial considerations, such as personal priorities and preferences, may influence their housing decisions.

5.4 Limitation and direction for future research

5.4.1 Limitation of the study

The goal of the study was to find out what influences consumers' choice when they purchase real estate in Addis Ababa. Convenience sampling was the method of sampling; hence the results might not be a perfect reflection of the Addis population. Random sampling may be used in subsequent research to provide a more accurate population representation.

5.4.2 Direction for future research

Many elements can affect a consumer's choice, but as this study makes evident, only 6 factors were taken into account when affecting a customer's choice of a real estate. Thus, more research is needed to find additional variables that influence a consumer's decision to buy real estate.

In addition Future research should concentrate on dividing up real estate kinds and examining the characteristics that are relevant to each form of real estate in order to have a better understanding of which aspects are more important for particular types of real estate.

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APPENDIX I

Questionnaire

The purpose of these questionnaires is to gather information about the factors that affect consumers decisions to buy real estates in Addis Ababa. It should only take four to five minutes to complete the survey which is undoubtedly for research purposes. It's not necessary to write your name and you can be sure that all the information you submit will be treated in the utmost confidence. Please accept my sincere gratitude for your committed participation in this significant study!

With Regards

Simon Sherefa

N.B Please tick (v) your answer for the following questions.

Part I : Customer Profile

1. Gender

- Male
- Female

2. Age

- 18 – 25
- 26 – 35
- 36 -45
- Above 45

3. Education Level

- Elementary
- Secondary
- High school
- Diploma
- Bachelors
- Master's and above

4. Monthly Income

- Below 10,000
- 10,000 – 20,000
- 20,001 - 35,000
- 35,001 – 50,000
- 50,000 – 100,000
- Above 100,000

5. **Employment status**

- Private business
- Private sector employee
- Civil servant
- Ngo
- Other

6. Material status

- Single
- Separate
- Married

Part II: Questions

6. What type of houses are you going to purchase over the next 10 years in the Ethiopian Market?
- Condominium
 - Apartment
 - Villa
 - Ground Plus Houses
 - Cooperative Houses
 - Farmhouse
7. What motivates you to consider buying real estate property? (Select all that apply)
- Investment purposes
 - Personal/family use
 - Business use
 - Psychological Reward

- Taxation Benefits
 - Other
8. What is the maximum price you are willing to pay for a real estate property?
- Below One Million
 - One Million – Three Million
 - Three Million – Five Million
 - Five Million – Ten Million
 - Above Ten Million ETB
9. How important is the distance from the city center to your potential real estate property? (1 to 5 1 is very low and five is very high)?
10. What environmental factors do you consider when choosing real estate property? (Select all that apply)
- Cleanliness of the area
 - Green spaces/parks
 - Noise levels
 - Proximity to schools/hospitals/shopping centers
 - Safety and security of the neighborhood
 - Pollution levels
 - Industrial Waste/Hazard
11. How much does quality of the house matter when you purchase your preferred type of house within your budget levels? (1 is very low, while 5 is very important)

Part III – Rating Questions

PI	PRICE	SD	DA	N	A	SA
PI 1	Real estate property price is one of the most significant factors I follow to buy a property in Addis Ababa					
PI 2	Property price shall match the value of					

	property and its characteristics					
IN	Income	SD	DA	N	A	SA
IN 1	With savings being included, my current earning level enables me to purchase a real estate property in Addis Ababa comfortably.					
IN 2	I would put off or wait to purchase a home till my salary level increases.					
IN 3	The affordability of a property is a key consideration when matching it with my current and future income levels					
DI	Distance	SD	DA	N	A	SA
DI 1	The first thing i always consider when buying a house is how close it is to my work place or schools, shops, hospitals					
DI 2	While choosing a property, my primary concern is availability of different public means of transport in the area.					

DI 3	If a property was in more accessible and convenient location, I would be prepared to pay more for it					
EN	Environment	SD	DA	N	A	SA
EN 1	I find that a property's environment, both in terms of purity and visual attractiveness, are significant elements					
EN 2	I give top priority to living in areas with lots of parks and vegetation.					
QU	Quality	SD	DA	N	A	SA
QU 1	The overall state and maintenance of a property play vital role in my decision-making process					
QU 2	I prioritize properties that have been constructed using top quality materials					
MO	Motivation	SD	DA	N	A	SA
MO 1	I consider purchasing a property as a way to secure my financial future and accumulate wealth.					
MO 2	A key motivation for me to own real estate in Addis Ababa is the desire for a feeling of connection and belonging within a					

	chosen area or community.					
MO 3	The sense of pride and satisfaction that come with being a homeowner are significant motivators in my decision making process					