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ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

Factors Affecting Real Estate Market Development in The Case of Gift Real Estate.

**A Thesis Submitted to Addis Ababa University, College of Business and Economics,
Department of Management for the Partial Fulfillment of the Requirement for the
Award of Masters of Science Degree in Management**

By

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Advisor:

Addis Ababa Ethiopia

December 2023

APPROVAL

ADDIA ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

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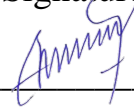
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DECLARATION

I declare that this work is my original work and all source of material used for the study is fully acknowledge the research paper is being submitted in partial fulfillment of the masters of business administration.

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Date

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My Lord deserves special thanks for assisting me in all aspects of my life. He is constantly there for me and helps me finish this study project properly. I would like to convey my heartfelt appreciation to my adviser Meskerem Mitiku (PhD) for his helpful remarks, corrections, and suggestions from the beginning to the finish of this project work.

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Abstract

The main purpose of the study is to examine the factors affecting the development of real estate market in the case of Gift real estate in Addis Ababa. So as to meet this objective, the study descriptive and explanatory research designs were deployed. The target population of the study was Gift real estate who are currently operating in Addis Ababa City. Respondents were selected from Gift real estate consisting of the real estate heads and employees of the sales and marketing departments. A total of 180 respondents were selected as a respondent of this study purposively. Close-ended structured questionnaire with 7 constructs and 35 questions was utilized as instrument of the data collection. The variables incorporated in the study was measured using the five-point Likert scale. The data was analyzed using descriptive statistics and regression analysis techniques The Statistical Package for Social Sciences (SPSS) version 24 was utilized to analyze the data. Out of the distributed 180-questionnaire 166 questionnaires were collected back properly filed. Thus, the questionnaire response rate was 92.2 percent, which is adequate to produce reliable output. According to the descriptive analysis results, financial, cost related, infrastructural, affordability, quality and location factors have considerable relation with real estate market development. The correlation analysis result showed that there exist positive and statistically significant association between real estate market development and the six explanatory variables. The multiple regression analysis result also revealed that financial factor and infrastructural factors as supply side factors have positive and statistically significant effect on the development of real estate market. On the other hand, affordability, quality and location factors influence the real estate market development positively and statistically significantly as demand side factors. Therefore, it is recommended that policymakers and the government of Ethiopia should create acts that would positively govern matters regarding property tax, lending interest rates and inflation rate as well as land related laws that would facilitate the attraction of more investors in the real estate industry.

Key words: *real estate market, finance, infrastructure, affordability, quality, location*

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CHAPTER ONE

INTRODUCTION

1.1 Background of study

In general, real estate refers to land, everything that is permanently a part of it, and the kind and extent of a person's ownership interest in it (Encarta Reference Library, 2006). Building materials and/or components are assembled on-site in the construction industry. Several manufacturing companies provided the materials and components, which the trade and transportation industries then transported to the location. The business services sector of the service sector provides the majority of the plans, designs, and management procedures that are followed during assembly; the financial services sector provides the majority of the funds needed for construction (Bon 2012).

Increased investment in the development and growth of various infrastructure projects such as roads, airports, and residential and non-residential housing units contributed significantly to an economy (Johnson, 2016). When compared to the growth of the Gross Domestic Product (GDP), the sector grew at a faster rate. To acquire this economic benefit, building companies' market development was critical for the economy in general and for construction companies in particular.

In contrast to real property, which refers to ownership rights to the land itself, modern definitions of real estate emphasize that real estate refers to the land and fixtures as a whole. An updated definition of real estate is put forth by investors: The term "real estate" originally applied to both land and anything that was permanently fixed to it, such as buildings. More specifically, it applied to property that was fixed in place or stationery. Real estate, according to Thomsett and Kahr (2007), is made up of all permanent improvements to land, such as buildings.

An economy's real estate market was a vital component, and shifts in home values can have a big impact on actual economic activity. Since housing is frequently the largest component of household wealth, changes in housing prices have an impact on household wealth and spending. It was an intriguing subject to research on both a large and small scale. At a macro level, the financial and real sectors were closely connected to the real estate market. Moreover, the real estate cycle's trend and the direction of economic development are similar

(Mavrodiy, 2005). As stated by Wang (2003) and Grissom and De Lisle (1999), real estate prices are a leading indicator of the overall business cycle.

Real estate generally contributes to the economic growth of a nation by raising the demand for labor inputs, commodities, and other backward and forward linking effects. In 1993, the government issued the Urban Land Lease Holding Proclamation, establishing leasehold as the preferred tenure form. According to Proclamation No. 80/1993, lease terms vary from 50 years for commercial and other uses to 99 years for owner-occupied properties. The real estate market has become more liberalized thanks to a number of other initiatives in addition to the land leasing law (Abraham, 2007).

The demand for housing correlated with the rate of urbanization. It was expected that as a nation became more urbanized, more homes would be needed to support the expanding population in urban areas. The reality, however, contradicts this since affordable housing has not kept pace with the rapid urbanization that has occurred. The bulk of low-income people live in informal settlements, which are growing in number due in part to this (UN-HABITAT, 2018).

In recent years, accumulating demand for residential housing in Ethiopia's capital city, on the one hand, and a scarcity of residential land on the other, have pushed prices beyond the reach of the majority of people (Abraham, 2007). On a micro level, the real estate market can be evaluated via the lens of consumer behavior analysis. Furthermore, according to Mavrodiy (2005), real estate is both a store of value and a source of income. As a result, real estate purchases account for a sizable portion of consumer spending. According to research, a number of key factors influence property value in various real estate markets around the world. These variables include location and many qualitative aspects.

Three main factors influence real estate asset market prices, according to Elham (2008): risk, growth expectations, and capital opportunity. "The expected return on real estate assets is compared to alternative rates on other capital assets in the capital market by investors to make buy/sell decisions." Prices of real estate assets rise as investors become more willing to invest as the opportunity cost of capital decreases. Concerns among investors also included the amount of growth (or decline) they could anticipate in a property's cash flow. As was already mentioned, the real estate market determines a property's potential for cash flow. Investors' willingness to pay for asset-market property will increase with the anticipated

growth rate of the space market. Numerous elements, such as the nation's economic system, may have an impact on the real estate market's development (Kauskale, 2018).

The development of the real estate market and acquisitions in the real estate market were primarily related to residents' purchasing power, revenue sharing, and, over time, the formation of social strata and other factors that were critical in forming economic prerequisites (Ciarniene et al., 2017). The number of factors influencing the housing market was enormous (Cohen, 2016). This proposal will also attempt to examine the primary elements influencing the development of the real estate market in the case of some selected Real Estate.

1.2 Statement of the problem

If a real estate market is run at its peak intensity, it can provide a lot of social and economic development or benefits to a country. Real estate as a business sector comprises a wide range of services and operations, including real estate development and brokerage. This market has the potential to be rich in terms of services and activities for employment and investment, which would enhance its development (into maturity).

One of the challenges facing the real estate industry was to manage the risk of cost overruns and deliver projects within budget. At the beginning of the last decade, Brandon (1990) stated that in real estate the new orthodoxy is to accept risk and uncertainty. Despite this importance and objective of the housing program, the outcome of the program had been less effective than expected as the houses offered yet were very far behind in addressing target housing clients, complying with scheduled delivery and meeting the client satisfaction. This has manifested under housing development program construction projects that have cost overrun, late completion period and poor quality resulting to collapse buildings in various parts of the project, high maintenance costs, dissatisfied clients and even buildings which were not functional.

Jacinta (2018) who studied inefficiencies in the construction of Ethiopia such as costly construction inputs due to import fees, high rates of foreign exchange followed by Mamaru et al (2017) who studied the major success factors in building construction projects delay of Addis Ababa; Ayalew et al (2016) who assessed the development and challenges of Ethiopian construction industry which include the private real estate and their results revealed that the level of construction project supervision practice in terms of adapting general project management procedures, project management functions, tools and techniques to be unsatisfactory.

According to Housing Development Program report of Ethiopia (2018), Average 25-56% of Condo housing didn't finish on scheduled time and expected quality because of cost overrun, delaying of payment and weaker development of consultant which is very critical factors affecting the real estate market development.

As in many countries of the world, the Ethiopian real estate had been active for much of this decade. However, the major factors that affect the real estate market development is usually unstudied, which in turn motivate this research study to assess the major factors affecting real estate market development in the case of Gift Real Estate. Gift real estate was selected due to its long history in constructing house, unquestionably quality assurance takes precedence over other matters as customers give a very special attention to this particular issue and delivering real estate houses in promising time in Addis Ababa. Since its foundation, Gift Real Estate, has delivered both commercial and residential buildings to satisfy the intense need of housing in Addis Ababa.

Efficiency and liquidity in the market may be hampered by the lack of a contemporary market structure, real estate activities, and fundamental infrastructures (as well as complementary requirements) (Kiros & Aquabamecheal, 2009). The real estate brokerage market was not as advanced in Ethiopia. Real estate brokers are used by both buyers and sellers to purchase and sell real estate. These are your average real estate brokers who serve as a go-between for buyers and sellers but lack formal training in the industry. Buying a property involved a lot of haggling. The majority of real estate transactions are paid for with cash. This had reduced home liquidity, but it might have also avoided the type of foam in the real estate market that we see in other places (Kiros & Aquabamecheal, 2009). Like any other commodities market, the market of real estate development requires active demand and supply of real estate. Nevertheless, the real estate market across the country in general and in Addis Ababa in particular yet under developed. In this regard, several demand side and supply side affecting the development of the real estate market in Ethiopia.

Although, there are various studies regarding the development of real estate industry across the globe and a few local studies, most of these studies focused either on examining the factors that affect the decision to invest on real estate industry or the decision to buy real estate houses. Therefore, this study sought to fill this gap in the literature through examining the factors that affecting the development of the real estate market (both demand side and supply side factors) in the case of some selected real estate developers.

1.3 Research Questions

This study is expected to answer the following research questions;

- What is the effect of financial factors on the real estate market development in the case of Gift real estate?
- What is the effect of cost related factors on the real estate market development in case of Gift real estate?
- What is the influence of infrastructural factors on the real estate market development in the case of Gift real estate?
- What is the effect of quality of real estate houses on the real estate market development in the case of Gift real estate?
- What is the effect of convenience of location of real estate houses on the real estate market development in the case of Gift real estate?
- What is the effect of affordability of real estate houses on the real estate market development in case of Gift real estate?

1.4 Objectives of the study

1.4.1 General Objective

General objective of this study was assessment of the major factors affecting real estate market development, in the case of Gift Real Estate.

1.4.2 Specific Objectives

The study would attempt the following specific objectives; -

- To examine the effect of financial factors on the real estate market development in Gift real estate.
- To investigate the effect of cost related factors on the real estate market development in Gift real estate.
- To study the influence of infrastructural factors on the real estate market development in Gift real estate. .
- To examine the effect of quality of real estate houses on the real estate market development in Gift real estate.

- To study the effect of convenience of location of real estate houses on the real estate market development in Gift real estate.
- To investigate the effect of affordability of real estate houses on the real estate market development in Gift real estate.

1.5 Scope of the Study

The study was delimited to assessing the major factors affecting real estate market development, in the case of Gift Real Estate in Addis Ababa. Although there were various real estate developers across the country, this study was delimited to only the selected single Real Estate Developer in Addis Ababa. Methodology wise, this study used descriptive and explanatory research design.

1.6 Significance of the Study

The study's goal was to assess the major factors influencing real estate market development in the case of Gift Real Estate in Addis Ababa. Developer, which would aid in identifying solutions to improve quality of life, ensure sustainable development, and community well-being for Addis Abeba real estate customers. This research project would thus help to raise real estate market development awareness at all levels of the participating actors' institutions and other stakeholders in order to secure their interest. This study was also thought to be important in order to investigate potential causes of development flaws and assess obstacles in Ethiopia's thriving real estate sector. Because this study will uncover the causes of this market's underdevelopment, it will be used by all players to remedy their individual difficulties. Finally, the researcher believes that this work will add to future research in the field.

1.7 Organization of the Study

There were five chapters in the research. The first chapter covers the study's background, problem statement, research questions, objectives, scope, and significance. The second chapter covers literature reviews, which include conceptual frameworks, theoretical and empirical works, and a description of the study area. The third chapter covers the study's methodology, which includes a description of the study area, research design, and data analysis. The data analysis results are presented in the fourth chapter, and a summary of the findings, conclusions, and suggestions is covered in the fifth chapter.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter discusses a survey of relevant literature in the topic field. It is divided into three parts: theoretical review, empirical review, and conceptual framework. Theoretical perspectives on project development factors are evaluated from various books and websites. The researcher has analyzed recent empirical findings in addition to theoretical evaluations. The researcher created a conceptual framework based on the literature and study gap.

2.1 Meaning of real estate

There were three main applications for the term "real estate." First, identifying the physical assets of land and buildings was its most popular use. Secondly, it was employed to signify the "bundle" of entitlements linked to the possession and utilization of the tangible assets. Lastly, the industry or commercial activities pertaining to the purchase, management, and disposal of the tangible assets may be referred to as real estate (Kalin, 2005).

Real estate is distinguished from other investment alternatives by its lack of set maturity, tangibility, managerial requirements, inefficient markets, high transaction costs, poor liquidity, underlying tenant quality, and tenant variability. Unlike bonds, which have a predetermined maturity date, equity real estate investments do not typically mature. This feature gives you some physical control over the investment; if something is amiss, you can attempt to fix it. Real estate requires hands-on management because it was once tangible (landscaping, renovation, security and cleaning services etc.). The fact that the real estate market was inefficient suggests that there is an information asymmetry among the participants in the market, which favors those with specialized knowledge, resources, or experience. High purchase and selling expenses are associated with private market real estate (real estate agent commissions, legal fees, engineering fees, and a hefty brokerage fee). In contrast to real property, which refers to ownership rights to the land itself, modern definitions highlight that real estate refers to the land and fixtures as a whole. "Real estate was a term that encompassed land as well as anything permanently affixed to the land, such as buildings, specifically property that was stationary or fixed in location," according to investors, who provided a modern definition of the term (Thomsett and Thomsett, 1994).

According to Geissler (2008), the phrase refers to an artificially delimited space with a fourth dimension of time that is referred to a fixed point on the earth's surface. It was constructed to accommodate an economic activity that was influenced by cultural preferences and constrained by public infrastructure.

Residential residences, raw land, and various types of revenue property, such as warehouses, office and apartment buildings, and condominiums, are all examples of real estate. Given the commonality, all of the authors define real estate as recognizable and physical land. They also included any fittings, improvements, and a building that was permanently attached to the property as real estate.

There might be a significant gap between when you decide to sell a property and when it is actually sold, usually a couple of months, which can cause a lack of liquidity. The quality of the underlying agreement was a significant criterion when evaluating an income-producing property. The risk of the investment increases if the renters are likely to default on their monthly obligations. The importance of location in real estate investments was highlighted; a piece of real estate can perform extremely differently across countries, regions, cities, and even within the same city (Ian Woychuk, 2017).

2.2 Fundamental Types of Real Estate

Real Estate Fundamentals There are primarily two sorts of real estate enterprises, each with numerous segments. The following section discusses the various dimensions of real estate segmentation in relation to the real estate market. The following are the basic types:

- Residential: This encompasses Multi-Family and Single-Family
- Commercial: Includes Land (All Types), Retail, Agricultural / Industrial, Office Special Purpose

According to Gitman and Joehnk (2007), properties are classified as either income or speculative. revenue property consists of residential and commercial assets that are leased and are intended to generate profits largely from rental revenue.

Residential properties include single-family homes like houses, condos, cooperatives, and townhouses, as well as multi-family homes like apartment buildings and complexes. Commercial properties include, among other things, factories, warehouses, shopping malls, and office buildings.

Speculative property includes raw land and investment properties meant to yield returns only through appreciation in value based on factors like location, scarcity, and so forth. On the other hand, income properties may offer rising rental income, property value growth, and even potential tax shelter.

Although owners of speculative properties have the potential to make significant financial gains, there is also a risk of suffering significant losses. For instance, there might be rumors that a brand-new, multimillion-dollar plant is going to be built outside of town. Buyers of land would pour into the market, quickly pushing prices up. Achieving the ideal buy-sell timing could yield profits of up to 300 percent. Investors who were late entrants or who held onto their money after the market turned may lose a significant amount of it.

2.3 Real Estate Cycles

The real estate cycle refers to the events and factors that influence real estate value. While numerous things influence the cycle, it follows a reasonably predictable pattern over time. 2007 (Thomsett and Kahr). During the expansion phase, the market was experiencing an increase in demand for space. From a macroeconomic standpoint, GDP growth has returned to normal levels, and quarterly job growth has been good. Rents are increasing as occupancy rates improve. Rents are finally approaching levels that can justify new development, and in some extremely tight regions, they are accelerating at dizzying speeds.

During the expansion phase, development work resumes. During the expansion phase, there was also a high point - the wave's crest - where supply and demand were in balance. During an expansion wave, the supply-demand equilibrium frequently overshoots. Overbuilding can result in an oversupply of space, as can a drop in demand due to an economic shift.

As a result of the accumulating demand for residential housing on the one hand and the limited supply of residential land on the other, prices in the country, especially Addis Abeba, have risen beyond the reach of the majority of inhabitants (Abraham, 2017). As a result, we can conclude that the current Ethiopian real estate market has not attained equilibrium.

2.4 Real Estate Market Concepts

A market, according to Charles and Marcus (2005), is the system or agreements used by participants in the market to exchange goods and services. By extending this idea to land and buildings, we can distinguish between two types of real estate transactions: real estate asset markets (discussed next) and real estate space markets.

Land and building usage transactions take place in this market. On the demand side of this market were individuals and other organizations willing to pay to use space for production or consumption. Property owners who are willing to sell users such space make up the supply in the market. In the space market, the cost of usage, regardless of who is the owner or occupant, is frequently referred to as rent. Space users often have specific requirements about the type of space they need and where they want it.

Buildings constructed for specific applications and fixed in their locations are used by suppliers in the space market. Real estate space markets were site and kind specific because supply and demand were location and type particular.

Property usage and geographic limits can be used to characterize real estate space markets. Residential, industrial, retail, office, agricultural, and hotel are the key segments of the real estate space industry.

2.5 Price motion Segmented Real Estates Space Markets

The demand function for real estate space resembles the demand function for the majority of other goods and services. The demand curve was one-sided downward, demonstrating that the quantity demanded decreases, when prices increase.

On the other hand, because real estate is a long-lasting item whose quantity cannot be swiftly reduced in response to changes in demand, the supply function has a special shape. At the amount of the current market, the supply curve was shown to be vertical, and at all higher quantities, it was roughly horizontal. The vertical section shows how suppliers are unable to quickly adjust the available market space. The notion that the long-run marginal cost of creating additional space stays constant as space expands is reflected in the horizontal section. That is, the amount of market space that is already available has no bearing on the cost of building the next structure.

2.6 Real Estate Asset Markets

The real estate asset market reflects transactions involving cash-flow rights to real estate, whereas the real estate market indicates transactions involving the use of space. Charles and Marcus (1994) The term cash-flow rights refer to claims to future flows that buildings and land were expected to generate; participants in this market were more concerned with the amount and timing of cash flows that a building was capable of producing than with the building's configuration for a specific use. These market players make purchasing and selling

decisions by comparing real estate assets to other capital market assets such as stocks and bonds. As a result, the real estate asset market must be considered a subset of the larger capital market, or the market for capital assets.

To better understand how real estate assets compete with other capital assets, Charles divided the capital asset market into four main categories: publicly traded debt assets, privately traded debt assets, privately traded equity assets, and privately traded debt assets. In general, only a small portion of the ownership rights to a variety of capital assets are involved in public market transactions. The stock market was the most well-known instance of a public market. Corporate shares trade in enormous volumes every trading day, and the prices that are observed represent all of the information that is currently available about the assets. We provide a simple analytic framework in this paper that divides the real estate industry into two markets: the market for real estate space and the market for real estate assets. We use our approach to highlight the critical links between the space and asset markets in the real estate industry. We show how the nation's macroeconomic and financial markets influenced these real estate markets, following the effects of numerous exogenous shocks on rents, asset prices, construction, and real estate stock (Denise et al, 1992.)

2.7 Factors Influencing Housing Purchase Decision

2.7.1 Demographic Factor

Essentially, resident selection is influenced by a demographic factor (Hurtubia et al., 2010). The decision to purchase a home may be influenced by the buyer's demographic background, including age, marital status, and income level, according to Jayantha and Lau (2016). Lutfi (2010) asserts that people under the age of 29 are less likely to own real estate because their finances are not stable.

2.7.2 Financial Factor

A home purchasing choice is heavily influenced by financial factors. Finance refers to a person's financial health, which includes money, wage level, payment, interest rate, and loan. It also indicates the presence of a mortgage, the terms of the purchase, the cost of the house, the value of the property, the likelihood of a quick acknowledgement, and the length of time spent waiting (Chia et al., 2016). A long-term bank loan used to purchase a home is another definition of finance, and it has historically been the largest contributor to home costs (Chia, 2016; Razak, 2013).

2.7.3 Location factor

According to Zrobek et al. (2015), a location is a place where people interact with facilities to fulfill their needs. As they say, "you can make an ugly house attractive, but you can't make a bad location great." Therefore, having the perfect site would be essential regardless of future changes in the real estate market. Moreover, purchasing homes in a desirable area would increase profits. Additionally, Oloke et al. (2013) found that the location with the highest rent capacity appeared as a mediating factor with an exceptional location benefit, influencing the buyers' choice to buy. Location is the capacity of the selected home to be reached from the nearby town, retail centers, and family members' homes (Khan et al., 2017).

Adegoke (2014) claims that all residential feature locations were selected based on how close they were to the destinations of the buyers. The dwelling's characteristic factor the structural components of housing that make up dwelling characteristics are the length of stay, size of the room, level of design, quantity of bathrooms, kitchens, and living areas, state of construction equipment, wall, fence, and gate, layout of the dwelling, landscaping, and availability of space (Musa et al., 2016).

These neighborhoods feature community interactions, beautiful surroundings and views, and a peaceful space for people to congregate and support one another (Jayantha and Lau, 2016). When buying a home or other residential property, households are more likely to pay more for a good location (Thaker and Sakaran, 2016). Tan (2016) asserts that buyers will show their social standing by purchasing a guarded residential property. Furthermore, Carolina (2013) found that buyers with better financial standing favor neighborhoods that are "higher-income" and have fewer tenants.

Infrastructure Facilities Factor One important consideration is the area's accessibility to basic infrastructure facilities. Khan et al. (2017) state that the presence of amenities, like a playground, sports area, location, and institution, where the socialized and symbolic cultures should be taken into account, is the most crucial factor in the decision-making process for a home. When choosing to buy a property, general amenities like energy and water supplies, as well as public transportation, are crucial considerations.

Properly designed land use zoning for the management of open and recreational spaces, residential areas, and community amenities is one of the factors influencing people's place of residence (Yakob et al., 2012).

2.7.4 Environmental Factors

According to Khan et al. (2017), there are two types of environments: social and physical. The physical environment specifically includes the building's external features and quality, its proximity to natural areas, physical disturbances like noise and pollution, the entrance, and maintenance standards. In the meantime, the social environment in the chosen location is made up of lifestyle, social connections, security, and status.

2.7.5 Developer Service Quality Factors

Many properties have reportedly sold for high prices because their creators are well-known developers with multiple awards. Razak (2013) and Cheng and Cheok (2008) both assert that the developer brand has a significant impact on buyers' decisions to buy.

2.8 Price Determinants in the Real Estate Assets Market

"Real estate asset market prices were determined by three main factors: opportunity of capital, growth expectations, and risk," claim Charles and Marcus (1994, p. 163). By contrasting the projected return on real estate assets with alternative rates on other capital assets in the capital market, investors decide which real estate assets to buy or sell. Concerns among investors also included the amount of growth (or decline) they could anticipate in a property's cash flow. Investors' willingness to pay for asset-market property will increase with the anticipated growth rate of the space market. (Psunder, 2009) explored the elements impacting the real estate market. He discovered that impact variables accompanied the expansion of the real estate industry. This worldwide real estate boom phase, as shown by Reinhart and Rogoff (2009), culminated in devastating crashes in numerous real estate markets around the world. The evolution of the real estate market and the macroeconomic environment influence the earning power ratio of rent and the profit of real estate investors (Kaukale, Geipele, 2014).

8.2.1 Real Estate and Source of Finance

Long-term loans for the building of individual dwellings and company premises are referred to as housing loans. The normal practice is to grant house loans to those with moderate to high earnings. house loans are provided through specialized institutions (mortgage banks) and over a long period of time. Mortgage lending organizations often serve the moderate- and upper-income segments of the community. This does not exclude situations where these organizations lend money for a long time to low-income people who have verified income

and clear land titles. Contrary to popular belief, most low-income and even middle-class individuals in developing countries like Ethiopia cannot afford even the most basic of commercially manufactured homes. For instance, in Ghana, only 5% of people who wish to own a home can do so on their own; the other 35% are unable to purchase and construct a home during their lifetime (Derban, 2002). The remaining 60% need financial assistance.

At least three key factors may be identified for the majority of the population in developing countries' inability to obtain home loans. These included a lack of good collateral, informality and income instability, and a lack of information on borrowers (Erhard, 1999).

Tomlinson (2007) claims that evaluating a mortgage's value is difficult because the real estate market is still in its infancy and lacks "real" market values. Stated differently, it was improbable that the mortgaged item would fetch at least the amount owed. Additionally, finding documentation of revenue (pay stubs, bank statements, etc.) was typically a challenge. The information gathered would be altered for tax avoidance or other reasons even if it were possible.

2.8.2 Affordability of Housing

Affordability was an unclear concept; who was it affordable to? For whom did affordability have and did not have meaning? As a result, affordability has a multidimensional meaning, with more of it requiring one's subjective assessment. Various writers define affordability differently depending on how it was perceived and the circumstances surrounding it. As stated in Kamete (2001) by Davidson and Payne, affordability Affordability, to put it simply, is related to one's "ability to pay," and this definition was accurate in the former case but inaccurate in the latter, where it seems easy and doable but is not. The success or failure of any housing plan is determined by the ability to pay for housing, and this definition encompasses the entire system in place to provide affordable housing.

Thus, in the context of the low- and frequently middle-class demographic, Gvrddppd (2006) characterizes housing affordability as a price or rent in the real market that does not surpass 30% of the household's total income. Consequently, the relationship between affordability and income proportion was direct. It was a generally accepted benchmark for affordable housing in both Canada and the United States. In general, utilities, owner insurance, and taxes are included in the housing cost factor. When a household's monthly housing expenses surpass between 30% and 35% of their income, they are deemed expensive. This definition places a

strong emphasis on affordability in relation to income distribution, especially for those with lower incomes.

A group of people whose average monthly earnings are less than the specified minimum amount of income needed to meet their basic needs are classified as low-income persons, according to Michel Easton (1993). Housing affordability is "securing what we need and desire with the resources we have or obtain," according to Michael Easton (1993). Therefore, this definition of affordability encompasses the entire system of housing provision, including individual family income, the system of housing provision, and the associated costs.

Additionally, Dell and Smith (2000) defined affordable housing as available to those whose income prevents them from purchasing or renting suitable housing in the free housing market. However, the same authors also noted that affordable housing need not always be low-cost housing; rather, affordable housing was a measure of a family's ability to build or purchase available housing; the concept's rough measure was the price-income ratio, which balances the average house's price with the household's annual income.

The definitions used for affordability have an impact on the concepts and measurements of affordability. According to diverse literatures, there are two types of measures of affordability: traditional and shelter poverty techniques. According to Michael (1993), generally, affordability indicates that the housing expense consumes just 30% of the household income. However, this author contends that traditional methods of affordability were not adequately addressing a given person's or group's capacity for shelter. In reality, his argument began by saying that the shelter affordability approach was more realistic than the usual method in presenting housing affordability. When determining shelter affordability, non-housing expenses are taken into account after housing costs are met. This housing concept highlights how affordability is not always recognized or quantified; for instance, a household below the poverty line cannot afford to pay for housing at a rate of 30% of income and still be able to meet its non-income housing needs. This justification leads to the use of shelter affordability as a strategy in cases where a household cannot adequately pay for non-housing necessities like food, closing costs, health care, and transportation.

8.2.3 House Market

The property market is unique compared to other goods and financial markets because of the characteristics of the house, such as its durability, high construction cost, high spending

location differential (immobility), and building lag. The literature listed below makes this very evident.

"Because property markets were illiquid with high transaction costs and heterogeneous investment costly and imperfect information and demanded by the entire household it was vulnerable for market imperfection not observable in other markets," states Stephen Malpeze (1987) in describing this syndrome. Denise William (2006: II) asserts that there is a great deal more complexity to housing market economics. It turned out that conventional market economies are appropriate because of the housing market's fixed location, long lifespan, and growing reward as an investment product. This market flaw is explained differently in different literatures.

HaibinZilll (2005) claims that the increased demand for housing was not proportionately met by the less elastic supply of housing as a result of lengthy planning processes, regulatory processes, and intense local supply. This led to an increase in prices that was not reflected in a functioning market, where an increase in demand necessitates an increase in supply in order to maintain stable prices. In addition, it had identified market imperfections in the same way that ZIU did. They suggested that real estate markets were more prone to stray from long-run fundamentals. They cited various causes as the cause of volatility, including limited market liquidity due to high transaction costs, sticky rent, and a lack of market transparency.

2.8.4 Demand for Housing

"Real estate market was very important to every country since it guarantees the activity of structures and institutions that were necessary and vital for living and work; also, it makes strong and multiple impact on total economic development of the country" (Golob, Bastic, and Psunder, 2012, p. 3 According to Urbanavien, Kaklauskas, and Zavadskas (2009), the expansion or decrease of the real estate industry has a significant impact on the overall growth or decline of a country's economy. Rapid environmental change, globalization, and international trade in open economic markets all have an impact on the housing market, particularly on the creation of home price levels. Real estate market share in the global economy indicates the importance of the real estate market in major economies' economic processes, particularly in financing operations (Snieska et al., 2011).

However, econometric models were limited to analyzing the impact of specific variables on housing price creation, such as calculating the impact of broad microeconomic real estate aspects on specific objects (Malpezzi, 2003; Sirmans et al., 2005). As a result, it was critical

to critically evaluate housing, real estate investment decisions, the real estate market as a system, and the structures of other models, as well as highlight structural parts of these models, element succession, and relationships, in order to establish the main principles that determine housing price level formation (Miles, 2008; Hui& Jun, 2010). The findings of the structural evaluation of housing market models influencing housing price level fluctuation suggest that the structure of the model of housing price level formation should be an integrated multi-stage aggregate of microeconomic, macroeconomic, and other elements describing housing price level fluctuation.

2.8.5 Supply of Housing

The term "supply" refers to the quantity of producers or sellers of commodities who are ready and able to offer their goods for sale at a specific price at a particular moment. The price of a home and the rate at which new homes are built determine how much housing is available for purchase. The supply of real estate in the short term was elastic because house development took a long time. Because of this, in contrast to other goods, its supply is decided by its previous price, which was based on supply and demand at the time (John Ratcliff, 2004).

In addition to price, a variety of other factors may be significant in affecting a product's supply, and it is imperative that these be considered in the product's supply function. The relationship between a set of variables and the quantity of a product that sellers are willing and able to offer for sale is described by a supply function. These factors include the firm's goal, input costs and availability, and technology (Clap and Phener, 2003).

2.9 Real Estate Market in Addis Ababa

The government's investment in infrastructure development, such as power, telecommunications, and roads, stimulates the expansion of corporate operations. The presence of untapped markets and potential investment areas, entry barriers for foreign banks, booming real-estate development, availability of advanced technology, stimulating competition, changing Diaspora culture to invest at home, and the fact that Addis Abeba was a diplomatic center and Africa's capital city were all front opportunities for booming in housing investment and pushing up demand. (2015) (Eshete and Teshome).

In overall, Addis Abeba's real estate expansions were stimulating investment, offering job opportunities for city residents, and bringing potential foreign exchange to the country. Nonetheless, they were not lessening the housing shortfall (deficit), but rather increasing the

city's total housing supply. According to Shelemew (2016), housing affordability in the Real Estate Asset market is so low that it can be categorized as "severely unaffordable" (according to Dermographia world wide's worldwide definition), and customers prefer to rent rather than buy. Only a small minority of Addis Abeba citizens remained buyers in the real estate asset market, especially those with high incomes and Diasporas. As a result, the market was exceedingly thin (and thus illiquid). 2009 (Aquabamichael).

Despite an agreement with the lease department to supply residences to middle and low-income groups, real estate developers have neglected these income groups due to the high cost of the houses they provide. Almost all customers are from the upper crust of society or members of the Diaspora. Even while they gave their own reasons, such as the issuing of undeveloped property, VAT and surtaxes, and the recurrent volatility in the cost of construction supplies, the reality was that the system was not pro-poor in general. 2016 (Shelemew).

The continuing rises in prices in construction materials such as cement and metal sheets, a shortage of domestic cement supply, rising general inflation and deteriorating purchasing power of money, limited foreign currency position, and the exclusion of the mass salaried and lower-middle income group from receiving bank loans all have an impact on affordability, monthly loan repayment, building completion time, and occupancy rate (Eshete and Teshome, 2015).

On the other hand, there is always a significant difference between the bank's anticipated value and the market value of the collateral. (Girma, 2015) The real estate brokerage industry in the United States is not as developed as it is in other nations. There aren't enough skilled real estate brokerage firms in the market. Buyers and sellers rely on local real estate brokers known as "Delalas" to buy and sell homes. These are typical real estate agents that have no official real estate education but act as a middleman between buyers and sellers.

Buying a property requires a significant deal of negotiating. 2009 (Aquabamichael) As a result, based on a review of studies on Addis Abeba real estate development as well as personal observations, the various factors driving price increase include undeveloped land, VAT and surtaxes, GDP, Income, Population growth, Escalating Prices of Housing Construction Materials, High concentration of potential investors in Addis Abeba pushing up prices, Diaspora oriented supply, deteriorating purchasing power of money (increasing exchange rates).

2.10 Empirical Literature Review

Ajith (2017) used a descriptive research design to investigate factors impacting real estate investment in Kenya in the case of Ausin Gishu County. The result showed that financial, population growth, cost and infrastructural factors significantly influences investment decision on real estate housing.

Ngigi (2021) used a descriptive research approach to investigate the determinants influencing real estate investment by Kenyan developers in Nairobi County. According to the study finding, decision to invest on real estate housing is affected by financial, cost and infrastructural related factors.

Shyue et al. (2011) investigated the factors influencing house purchasing decisions in Klang Valley, Malaysia. The findings reveal that the technique, factual evidence, product (external qualities, interior of the house, private living spaces and surrounds), and home location (accessible) are all important factors to consider when purchasing a property.

Kueh and Chiew (2005) investigated the factors that influence home purchasers' purchasing decisions. Their findings found that the following elements influence home purchasers' decisions: financial situation, home location, area security, and public facilities. The results, on the other hand, revealed that demographic considerations had no influence on home purchasing decisions and that house price is the vital factor swaying housebuying decisions.

Yam and McGreal (2010) investigated Malaysian homebuyers' expectations about corporate social responsibility. They identified amusement facility, habit, property attributes, and seller reputation as factors influencing the decision to acquire a house.

In their study 'Housing preferences and attribute importance among low-income purchasers in Saudi Arabia,' Opoku and Abdul (2010) explored the factors influencing the decision to buy a house. Their research revealed that location, financial situation, private living space, interior design, exterior design, and outdoor space all influence the decision to acquire a home.

Phan (2012) explored the factors that influence the decision to buy a home in Vietnam. The survey interviewed 263 people, and the results indicate that the two elements 'living space' and 'distance' have a significant positive influence on customers' decisions to buy properties. 'House attributes,' 'financial situation,' and 'living environment' have a less positive impact. The study also shows that demographic factors (gender, age, marital status, and education level) have little influence on customers' decision to buy a home.

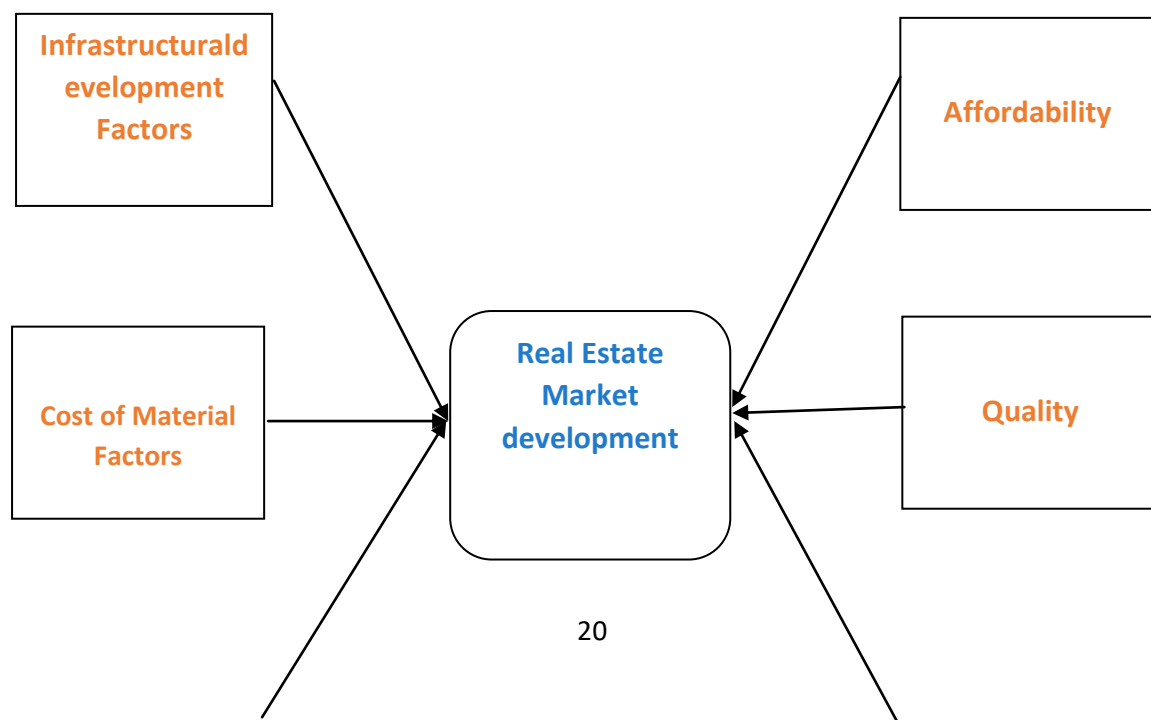
Vo (2013) investigated the elements influencing customers' home-buying decisions in Ho Chi Minh City. According to the findings of this study, the following seven criteria have the most influence on customers' home purchase decisions: financial status, actual evidence, living space, location, home décor, house design and architecture, living environment, and public utilities.

In summary, previous related articles identified both demand side and supply side factors influencing the development of real estate housing market. Accordingly, financial factors, cost factors and infrastructural related factors are the major supply side actors influencing the development of real estate housing market while, location convenience of real estate housing, affordability of real estate housing and quality of real estate housing are the demand side factors affecting development of real estate housing market.

2.11 Conceptual Framework

The conceptual framework was created based on a review of related literature. The framework depicts the study's variables, which include factors influencing real estate market development (financial factors, cost factors, infrastructure related factors, location convenience of real estate housing, affordability of real estate housing, and quality of real estate housing) as independent variables and real estate market development as dependent variable.

Figure 1: Conceptual Framework



**Financial
Factors**

**Location
Convenience**

Source: adopted from various reviewed literatures

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter discusses the research design, approach, target population and sample methodologies, instrument validity and reliability, data processing method, data collection instrument, and ethical considerations.

3.1 Research Approach

Because the nature of the data to be used in a study dictates the research approach to be used. The numerous aspects influencing real estate market development and real estate market development under each construct will be measured quantitatively in this study utilizing the Likert's five scale of measurements. As a result, quantitative research approaches were employed in the study in order to achieve the research objective.

3.2 Research designing

The goal of this study is to look at the various factors that influence the development of the real estate market in the case of Gift real estate. The research design that will be employed in a study is determined by the study's objective. Because the study investigated the cause-effect relationship between the dependent and independent variables, it employed both descriptive and explanatory research designs to achieve its research goal. As a result, descriptive statistics were used to depict the current status of the various components, while explanatory/regression analysis was used to analyze the effect of the various factors/independent variables on real estate development/dependent variable.

2.3 Population and target population of the Study

According to Hair et al. (2010), a target population is a defined set of individuals or objects for whom questions can be asked or observations made in order to collect the necessary data structures and information. Even though researchers are worried about using the appropriate sample size (dworkin,2012), qualitative studies do not generally try to quantify or justify (Marshall et al,2013).

Accordingly, the population of this study is Gift Real Estate developer who is currently oprating in Addis Ababa city. Thus, the target population of the current study consists of the top level managers, employes from marketing and sales departemnt of the case of Gift real estate. In this regard, as the total number of employees in the marketing and sales departemnt is 166. Therefore, the total targated population of the stuy is 166 as presented in the table below.

Table 3.1 Ppoulation distribution

Occupation	Number of Populations
Top level managers	3
Employees from sales department	96
Employees from marketing department	67
Total	166

3.4 Sampling Technique and Sample Size Determination

The targeted population of this particular study as already mentioned above is the 166 respondents from the three selected departments that encompass owners of the real estate developers, employs of the sales department and employees from marketing departments. The targeted population is selected purposely due to their relevance to the study objective.

When the total targeted population is large in number and difficult for data management, it is necessary to select adequate sample respondents by deploying appropriate sample size determination formula. However, if the total targeted population is small in number and manageable, applying an operation called censuses is more appropriate to come up mere precise and reliable output. Accordingly, as the total targeted population of this study is manageable, the study used senses technique rather than sampling a portion of the targeted population.

3.5 Data Type and Source

Data can be classified depending on their source and their nature. This study deployed primary data sourced from primary sources. In its nature, the data deployed in this study is a cross-sectional data. Such is data to be collected on different variables at a time. Therefore, the study deployed a firsthand cross-sectional data.

3.6. Instrument of Data Collection

In order to come up with a valid study finding it is necessary to have adequate and appropriate data obtained from the right source. This in turn requires using appropriate instrument of data collection. Data can be collected suing different approaches of data collection. In this regard, survey questionnaire, interview and observation are the three major instruments of data collection as classified in broad. However, the selection of an appropriate of data collection instrument for a given study is determined based on the nature of the study and the objective of the study. In this sense, the necessary data for this study was collected using a well-structured close ended survey questionnaire. In business and management research, the questionnaire is a very valuable and widely acknowledged approach for collecting exact data from a broad population in a cost-effective manner (Lewis and Thornhill, 2012).

3.7. Data Analysis technique

Data analysis technique refers to a systematic approach towards putting facts and figures aimed to solve the research problem and meet the research objectives. This study employed descriptive research design and inferential statistics as a technique of data analysis. to analyze the data. Quantitative statistics such as frequencies and percentages, as well as standard deviations and mean scores were computed for the variables measured using Likert's five scale of measures. Inferential analysis was used to analyze the degree and direction of association between the various variable deployed in the econometric model. Accordingly, correlation analysis was done so as to know the degree and direction of correlation among the dependent variables and the independent variables, while multiple regression method with OLS technique was deployed to examine the degree and sign of the effect of each independent variable on the dependent variable. Statistical Package for Social Science (SPSS-Version 24) was utilized the data deployed in this study.

The econometric model for this study considered real estate market development as a function of financial factor, cost factor, infrastructural factor, affordability factor, quality factor and location factor. Accordingly, real estate market development was considered as dependent variable in the econometric model, while, financial factor, cost factor, infrastructural factor, affordability factor, quality factor and location factors are considered as explanatory variables. In this regard, the econometric model of the study can be formulated as follows;

$$RMD = f (FF, CF, IF, AF, QF, LF)$$

The econometric model for this functional relationship can be presented as;

$$RMD = \beta_0 + \beta_1 FF + \beta_2 CF + \beta_3 IF + \beta_4 AF + \beta_5 QF + \beta_6 LF + \varepsilon_i$$

Where, β_0 = the interest or the constantan term

$\beta_1 \dots \dots \dots \beta_6$ = the elasticity coefficients

RMD= Real Estate Market Development

FF= Financial Factor

CF= Cost Factor

IF= Infrastructural factor

AF= Affordability Factor

QF= Quality Factor

LF= Location Factor

ε_i = The error terms

3.8. Validity & Reliability of Data

The significance of the research's component parts is what validity is concerned with. Whether the measurement being done is what is truly intended or the extent to which results gained from the analysis of the data actually represent the phenomenon under study must be taken into account while conducting research on behavior. The questionnaire was also created by looking at related studies done by other researchers in related fields. In addition, relevant professionals and the research advisor were assessed and provided input on the questionnaires. To make sure that the respondents could comprehend each item with ease, simple English was employed, and considerable care was taken to make the contents crystal plain and eliminate ambiguity.

Each instrument's variable underwent a reliability examination as well. By calculating the Cronbach's alpha coefficient, the validity of the measurements was evaluated. According to Hair et al. (1998), a construct's Cronbach's alpha coefficient should be 0.7 or higher in order for it to be scale-acceptable. The value of 0.7 or above indicates that the items in each domain are generally comprehended and considered acceptable by the respondents. On the other hand, if the results are less than the 0.7 predicted value, this may be due to respondents' varied perceptions of the various domain items.

Therefore, the most widely used reliability test method, called Cronbach's Alpha coefficient, was utilized in this study to ensure the accuracy and reliability of the study findings. Because the values of alpha coefficient for all factors were over the cutoff point criteria (≥ 0.70), the reliability test result for the data used in this study verified that the internal consistency or reliability of the data was high and could be acceptable. As a result, the data used is trustworthy enough to produce reliable results.

Table 3.2 Reliability Test Result

Factors	Cranach's Alpha	No of Items
Financial Factor	.810	6
Cost Factor	.815	6
Infrastructural Factor	.734	4
Affordability Factor	.736	4
Quality Factor	.704	4
Location Factor	.750	4
Real Estate Market Development	.795	7

Source: own survey, 2023

3.9 Ethical Consideration

Permission from the organizations will be sought prior to data collection. Respondents were told about the goal and benefit of the study, as well as their full ability to refuse or accept participation, during the distribution of the questionnaire. Respondents will be informed that their responses will be kept confidential and that their identities will not be revealed. Every person included in the study has the right to privacy and dignity of treatment, and no personal harm will be caused to research subjects. The researcher would maintain absolute confidentiality over the information gathered.

CHAPTER FOUR

DATA ANALYSIS AND INTERPERETATION

4.1 Introduction

This study's chapter contains the study's findings, interpretation of the findings, and arguments over the findings. As a result, the first section of the chapter discusses the demographic characteristics of the respondents, while the second section discusses the descriptive statistics analysis findings and discussion. Finally, the third section is concerned with the presentation of the results and the discussion of the inferential statistics analysis.

4.2 Questionnaire Response Rate

The questionnaire return rate for this study stood at 92.2 as 166 was collected properly the total distributed 180 questionnaires. This shows that adequate responses have been obtained to relay on and produce reliable result.

4.3 Demographic Characteristics of Respondents

Researchers can better understand about the disparities in crucial demographic traits among respondents by analyzing their demographic data. As a result, this section attempted to display demographic information about the respondents, in terms of gender, age, education, and job position.

4.3.1 Sex of Respondents

According to the findings of the sex distribution of the respondents, male respondents made up 65.7 percent of the total 166 respondents, female respondents represent just only 34.3 percent. This demonstrates that the majority of real estate employees are men, reflecting the limited involvement of women in the labor market, which is a reality in developing economies like Ethiopia.

Table 4.1 Sex of the respondents

Sex	Frequency	Percent
Male	109	65.7
Female	57	34.3
Total	166	100.

Source: own survey, 2023

4.3.2 Age of the Respondents

In terms of age, as shown in table 4.2 below, the majority of respondents, approximately 36.7 percent, are between the ages of 31 and 40 years, followed by those between the ages of 41 and 50 years, with a 31.3 percent share. Approximately 30.7 percent of respondents are between the ages of 18 and 30, while only 1.2 percent are over the age of 50. The majority of real estate personnel are under the age of 40, which is considered to be a productive age.

Table 4.2 Ages of the Respondents

Age	Frequency	Percent
18-30	51	30.7
31-40	61	36.7
41-50	52	31.3

above 50	2	1.2
Total	166	100

Source: own survey, 2023

4.3.3 Educational Background of the Respondents

The data on respondents' educational backgrounds assist researchers in evaluating the respondents' knowledge of the questions to which they are answering as well as their understanding of the main topic of the study. According to the survey findings about the respondents' educational backgrounds, around 67.5 percent of them were first degree holders, while the remaining 32.5 percent were second degree holders. This shows that personnel in the real estate business are well educated and qualified to react to the constructs in the current study's questions.

Table 4.3 Educational Background of the respondents

Education	Frequency	Percent
First Degree	112	67.5
Second Degree and above	54	32.5
Total	166	100

Source: own survey, 2023

4.3.4 Work Experience of the Respondents

According to table 4.4, 34.9 percent of respondents had work experience ranging from 2 to 55 years, while 28.3 have work experience ranging from 6 to 10 years. Those with more than ten years of job experience account for 19.3 percent of all respondents, while 17.5 percent have fewer than two years of work experience. The findings revealed that the majority of respondents have sufficient work experience and are thought to have a decent comprehension of the elements influencing the growth of the real estate market in order to present their valid responses on the various constructs of the questionnaire.

Table 4.4 Work Experience of the respondents

Experience	Frequency	Percent
less than 2 years	29	17.5
2-5 years	58	34.9
6-10 years	47	28.3
above 10 years	32	19.3
Total	166	100

Source: own survey, 2023

4.3.5 Work Position of the Respondents

The results of the respondents' work positions revealed that 52.4 percent are employed in the sales department, 42.4 percent are employed in the marketing department, 1.8 percent are top level managers, 1.8 percent are heads of marketing departments, and the remaining 1.8 percent are heads of sales departments. Such a diverse group of respondents from various occupations enables the researcher to gather well-balanced perspectives on the numerous constructs in the questionnaire.

Table 4.5 Work Position of the respondents

Position	Frequency	Percent
Top level managers	3	1.8
Marketing department head	3	1.8
Sales department head	3	1.8
Employee at Marketing department	70	42.2
Employee at sales department	87	52.4
Total	166	100.0

Source: own survey, 2023

4.4. Descriptive Statistics Analysis

Different statements were offered under each construct of the survey questionnaire in order to understand the respondents' perceptions on the many constructs of variables influencing the growth of the real estate market and its components. As a result, the five-point Likert scale was applied to each statement inside each construct. Each statement on a variable's Likert five-point scale is scored from 1 to 5, with 1 denoting the respondent's opinion of the statement as very disagreeable, 2 being disagreeable, 3 neutral, 4 acceptable, and 5 being extremely agreeable. The mean value of the respondents' ratings for each statement under that variable will be used to determine the employees' view of a variable. As a result, each variable's mean value can be read as follows: 1.00-1.80 equals strongly disagree, 1.80-2.60 equals disagree, 2.60-3.40 equals neutral, 3.40-4.20 equals agree, and 4.20-5.00 equals strongly agree.

4.4.1 Financial Factor

Under this section respondents were asked to rate the six statements of financial factors affecting the development of the real estate market development based on the Likert five scale of measurement. Accordingly, the overall aggregate mean response of the respondents was rated as 3.47(Standard deviation =1.18). This overall mean score value of all the six items

is above the midpoint of the Likert's scale, affirming that financial factors considerably affect the development of the real estate market through affecting investments on the real estate housing development. The mean value of the standard deviation indicates that there is only little variation among respondents' perception regarding the various statements of financial factors. The mean response of all the six statements ranged between 3.39 and 3.53. The highest mean scored value (3.53) was obtained by item one, confirming the relatively high effect of taxation on the development of real estate market compared with that of returns on commercial real estate with the lower mean scored value (3.39).

Table 4.6 Respondents' Perception on Financial Factors

Items	N	Mean	Std. Deviation
Taxation on real estate affects real estate investment.	166	3.53	1.15
Interest rates affect the real estate returns thus affecting real estate investment	166	3.48	1.29
Real estate price changes affect real estate investment	166	3.48	1.19
Returns on commercial real estate influence real estate investment	166	3.39	1.23
Return on assets in the real estate market influences real estate investment	166	3.46	1.13
Unexpected inflation negatively affects real estate investment	166	3.47	1.14
Average		3.47	1.18

Source: own survey, 2023

4.4.2 Infrastructural Factor

The level of that infrastructural development factor could influence the development of real estate market across real estate developers was rated by the respondents based on six statements. Hence, the result of the mean analysis of the respondents' perception revealed that, in overall the with the mean score value of all the six items under this contract with 3.78 mean score value, infrastructural factors have considerable influence on the real state market development. The overall Standard deviation value of 1.04 indicates the small variation among the respondents' perception of the various items under this contract. On the other hand, ranging from 3.46 to 3.83, the mean score value of each item also indicates the positive effect of infrastructural related factors on real estate market development.

Table 4.7 Respondents' Perception on Infrastructural factors

Items	N	Mean	Std. Dev
-------	---	------	----------

Social amenities influence the investment in real estate.	166	3.79	.99
Proximity to social amenities affects real estate investment.	166	3.83	.95
Access to electricity and water positively impact real estate investment.	166	3.75	1.01
Improved transport networks positively affect real estate investment.	166	3.54	1.17
Accessibility positively affects real estate investment.	166	3.66	1.17
High proximity to road networks positively affects real estate investment.	166	4.12	.95
Average		3.78	1.04

Source: own survey, 2023

4.4.3 Cost Factor

The overall aggregated mean score value of all the four statements under this construct 3.76 and standard deviation value 1.04 indicates the effect of cost related factors on the development of the real estate market is acceptable and that there is only slight variation among the respondents of their perception on the four statements of the construct. The mean score value of the individual statements of the construct, ranged from 3.22 to 3.92. Accordingly, with the highest mean score value of 3.92, high cost of material has shown to have considerable negative effect on the development of real estate market development compared with the mean score value of 3.22 of high cost of labor force.

Table 4.8 Respondents' Perception on Cost Factor

Items	N	Mean	Std. Deviation
High cost of material negatively affects real estate investment	166	3.92	1.08
High cost of land negatively affects real estate investment	166	3.66	1.16
High cost of construction regulators negatively affects real estate investment	166	3.80	1.02
High cost of labor negatively affects real estate investment	166	3.22	1.09
Average	166	3.65	1.08

Source: own survey, 2023

4.4.4 Affordability Factor

With the aggregated mean score of 3.73, affordability has been identified as a factor with acceptable effect on the development of real estate market development as perceived by the respondents. On the other hand, the overall mean standard deviation (1.12) confirms the closer the respondents' perception towards the for statements of this construct. The mean score value of the for individual statements under this construct are ranged from 3.46 to 3.91, for payment schedule and Trustworthiness to pay down payment, respectively.

Table 4.9 Respondents' Perception on Affordability Factor

Descriptive Statistics			
Items	N	Mean	Std. Deviation
Payment schedule of the company matters our customers decision when choosing a real estate co.	166	3.46	1.25
Trustworthiness to pay down payment influence decision when customers choose a real estate company.	166	3.91	.91
Price of real estate houses influences our customers decision when they choose a company.	166	3.73	1.10
Price is the criteria for our customers to choose a real estate company.	166	3.80	1.20
Average		3.73	1.12

Source: own survey, 2023

4.4.5 Quality Factor

The other construct, quality factor, with mean score value 3.81(SD=1.04) found to have considerable effect on the development of real estate market through affecting customers' buying decision. The value of standard deviation (1.04) tells us that the variation among the perception of the various respondents is very small. Among the four statements of this construct quality of construction material and the quality of the construction itself exhibited the highest and the lowest score of 4.07 and 3.58, respectively.

Table 4.10 Respondents' Perception on Quality Factor

Items	N	Mean	Std. Deviation
Quality of construction material/ equipment make a difference on our customers real estate developer choice decision	166	4.07	.93
Usage of up-to-date technological facilities matters to our customers to choose a real estate company	166	3.73	.90
Finishing works influence our customers from whom to buy	166	3.85	1.08

Construction quality is the reason for our customers to choose a real estate company	166	3.58	1.24
Average		3.81	1.04

Source: own survey, 2023

4.4.6 Location Factor

The four statements of the location factor construct in aggregate averaged to 3.88 with standard deviation value of 1.09, indicating location as a factor acceptably influence the development of the real estate market through affecting the buyer's decision. Moreover, there was not observed as such variation among the perception of the respondents of the four statements of this construct. The individual statements mean score value is ranging from 3.73 to 3.98 showing slight variation.

Table 4.11 Respondents' Perception on Location

Items	N	Mean	Std. Deviation
Availability of infrastructure in the neighborhood influence our customers decision to choose a company for buying real estate houses	166	3.73	1.31
Convenience for transport is one of the big deals for our customers when they buy home	166	3.96	1.06
Availability of facilities such as health center, shopping, recreational and other makes our customers to choose a real estate company	166	3.98	.911
Location is the reason for our customers to choose a real estate company	166	3.84	1.07
Average		3.88	1.09

Source: own survey, 2023

4.4.7 Real Estate Market Development

The construct for the real estate market development constitutes of seven questions. The mean score value for all the seven statements as perceived by respondents averaged to 4.01 with standard deviation value of 0.96. This result implies, on average, the status of the development of the real estate market is judged by the respondents as good, but not at its required level. On the other hand, the mean value of the standard deviation confirms that the respondents' perception of the status of the development of the real estate market based on the seven components of the construct is very smaller as compared with the factors affecting it. Moreover, the mean score value of the individual statements is also ranged between 3.95

to 4.13 implying the variation among the individual statements is very slight, as judged by the respondents.

In overall, the result of the descriptive statistics indicated that all the constructs of the factors affecting the development of the real estate market and the development of the real estate market are judged by the respondents as acceptably considerable. This shows that further investigation is required so as to see the association and the cause-and-effect relationship between the dependent variable and the explanatory variables deployed in the econometric model.

Table 4.12 Respondents’ Perception on the Status of Real Estate Market Development

Items	N	Mean	Std. Deviation
The return on investment for the real estate industry is high.	166	3.84	1.09
There is increase willingness by banks to lend money to client to purchase real estate property.	166	4.13	.84
There is high growth in residential real estate construction.	166	3.99	1.06
There is high growth in commercial real estate construction	166	4.04	.88
There is increased availability of real estate housing in the market.	166	3.95	1.01
There is an increase in real estate housing sales	166	3.98	.98
There has been an increase in the interest of home ownership	166	4.23	.84
Average		4.01	0.96

Source: own survey, 2023

4.5 Inferential Statistics Analysis

Inferential statistics allow researchers to infer about the total population based on sample data. Thus, both correlation and regression analysis were done in this section. The former was conducted to see the degree and direction of the connotation between variables included in the stud, while the later was used to examine the magnitude and direction of the effect of the independent variables on the dependent variable.

4.5.1 Correlation Analysis

Pearson correlation coefficient (r) was used to estimate the association between study As a consequence, the correlation analysis revealed that the dependent variable and the explanatory factors have a substantial positive connection. As a result, at the 1% significant level, real estate market development was found to have a strong and positive relationship with Infrastructural Factor, Cost Factor, Affordability Factor, and Quality Factor, with correlation coefficients $r=.847$, $r=.793$, $r=.826$ and $r=.779$, respectively. On the other hand, Financial Factor and Location Factor showed moderate positive association with real estate market development at 1% significant level with correlation coefficient of $r= .698$ and $r= .713$, respectively.

Table 4.13 Correlation Analysis Result

	FF	IF	CF	AF	QF	LF	RMD
FF	1	.636**	.578**	.613**	.588**	.495**	.698**
IF		1	.882**	.906**	.730**	.663**	.847**
CF			1	.855**	.769**	.596**	.793**
AF				1	.748**	.616**	.826**
QF					1	.650**	.779**
LF						1	.713**
RMD							1

Source: own survey, 2022

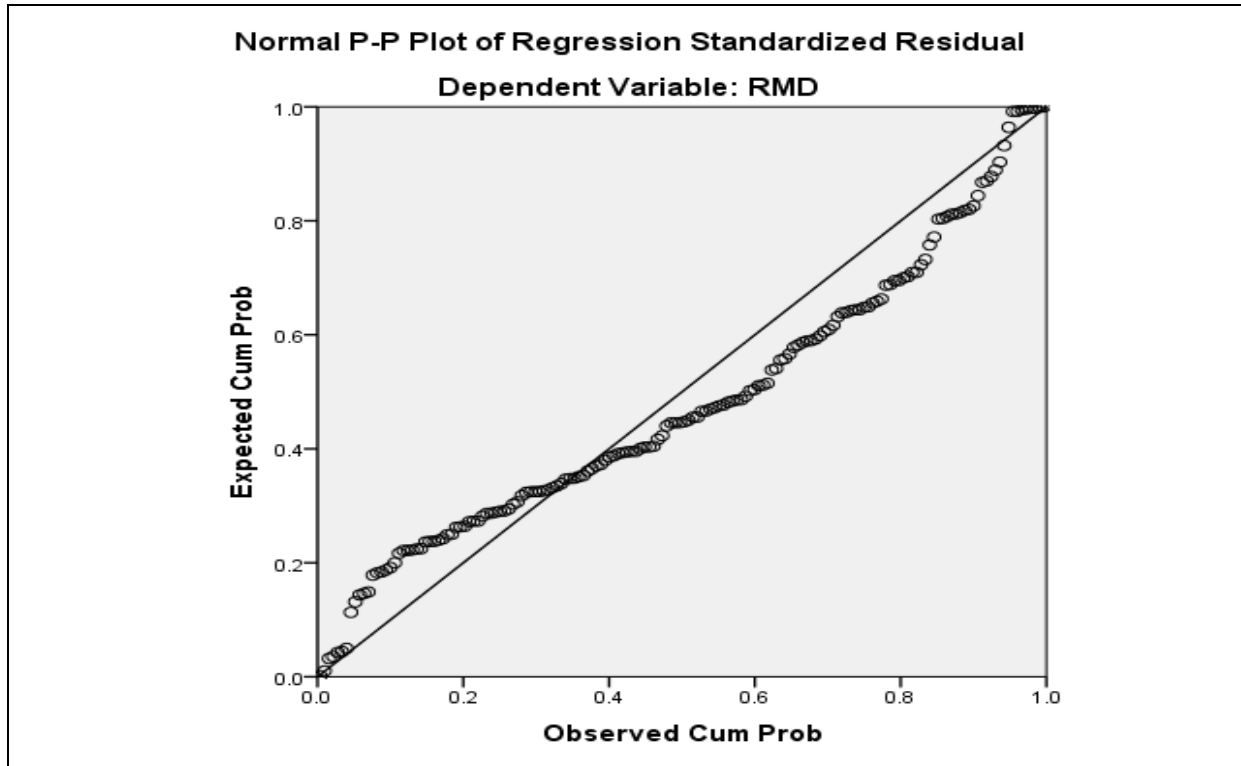
4.5.2 Regression Analysis

Researchers can use regression analysis to examine the amount and direction of the effect of independent factors and the dependent variable. In the regression analysis technique, this study used multiple linear regression using ordinary least squares (OLS). However, in order to use the ordinary least squares (OLS) technique in regression analysis, the data used in the econometric model must meet the five OLS assumptions. A breach of one of these assumptions may result in an erroneous regression result. As a result, the diagnosis tests were carried out in order to avoid erroneous regression results. The model passed all of the diagnostic tests, including heteroscedasticity, multicollinearity, linearity, and normalcy. Because serial correlation is only a potential hazard for time series data and not cross-sectional data, such a test was not required for this investigation.

4.5.2.1 Diagnosis Test Result

i. **Linearity**

Figure 4.1: Test of Linearity



Source: own survey, 2022

To use multiple regression with ordinary least squares (OLS), the connection between the dependent and independent variables must be linear. Among the different ways of assessing linearity used in this study, a scatter plot diagram with a line of fit was used to determine whether the connection is linear.

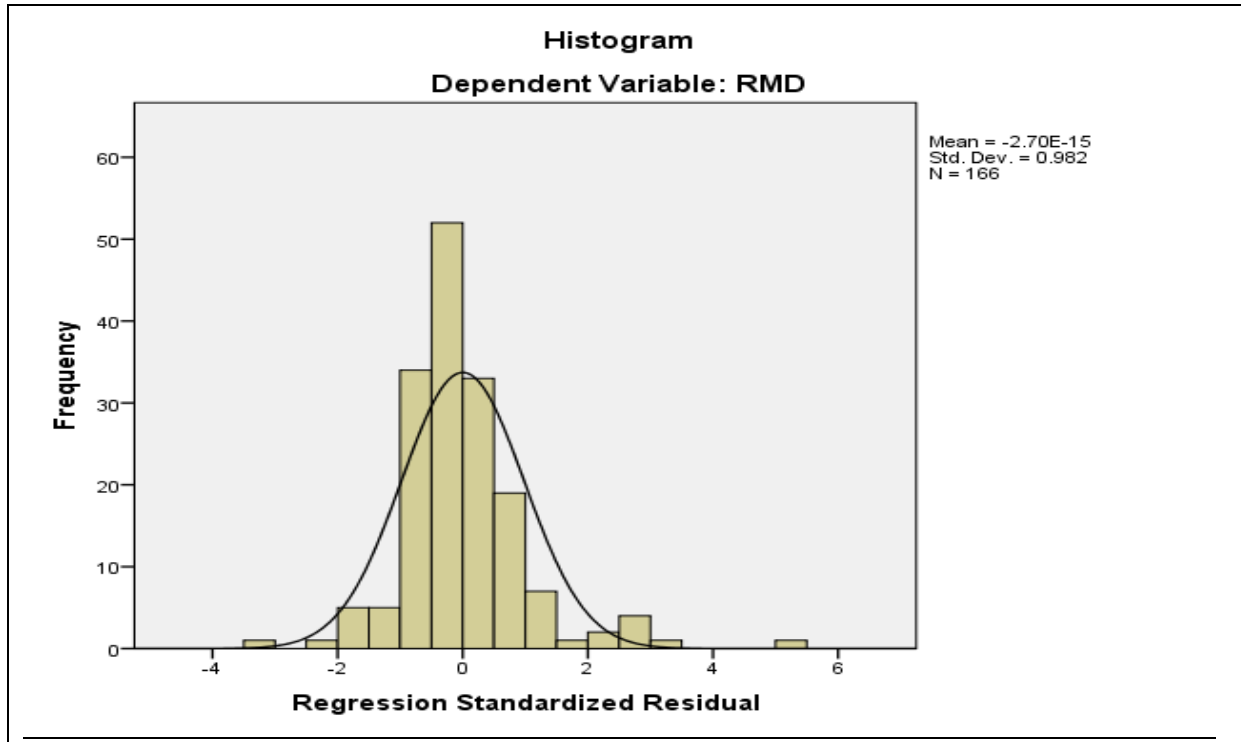
The scatter plot diagram with line of fit result confirmed the existence of a linear connection between the dependent variable and those independent factors.

ii. **Normality**

The sample data comes from a regularly distributed population, which is one of the assumptions made in multiple regression analysis using the ordinary least squares (OLS) approach. Because mistakes are normally distributed, a plot of residual values will approximate a normal curve (Keith, 2006). In this study, the histogram of standardized residuals was used to test data normality. The data used for this investigation were from a

regularly distributed population, as seen in the histogram above, indicating that the assumption of normality was met.

Figure 4.2 Test of Normality



Source: own survey, 2023

iii. Multicollinearity

Multicollinearity is caused by the inclusion of irrelevant variables. The regression analysis was used to perform a collinearity diagnostic test. Multicollinearity is typically detected using the variance inflation factor (VIF). A VIF greater than 10 generally implies a multicollinearity concern. A look at VIF for variables in our model revealed that multicollinearity was not a concern.

Table 4.16 Test of Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
FF	.558	1.793
IF	.121	8.272
CF	.179	5.585
AF	.157	6.352
QF	.322	3.102
LF	.493	2.027

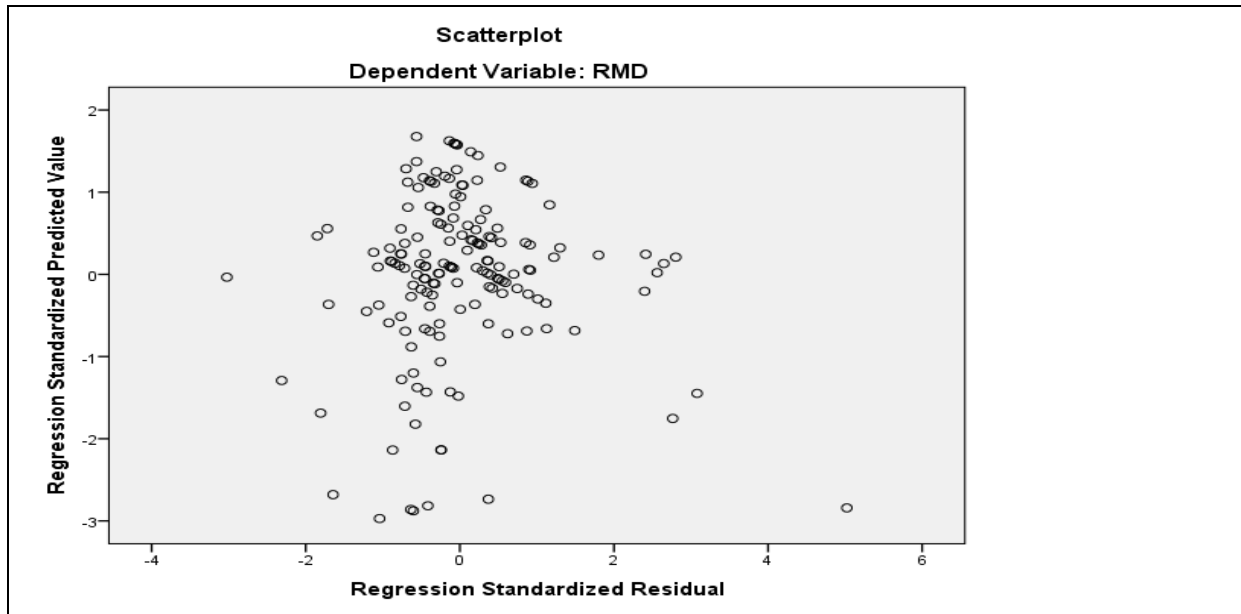
a. Dependent Variable: RMD

Source: own survey, 2023

iv. Homoscedasticity

This assumption asserts that every disturbance has the same variance, the amount of which is unknown, meaning that the error term's (disturbance's) dispersion is the same regardless of size. When this assumption is broken, we have the case of heteroscedasticity. Heteroscedasticity is common in cross-sectional data. According to the test result, the standardized residuals are evenly distributed, indicating that the data does not have a heteroscedasticity problem.

Figure 4.3 Test of heteroscedasticity



Source: own survey, 2023

4.5.2.2 Regression Analysis Result

The primary goal of this research is to investigate the elements influencing the development of the real estate market. As a result, multiple linear regressions analysis using the ordinary least squares (OLS) technique was useful in meeting this goal. This method is useful for analyzing the effect of two or more explanatory variables on the dependent variable. In the regression model, six independent variables namely; financial factor, infrastructural factor, cost factor, affordability factor, quality factor and location factor. While, real estate market development was the dependent variable. The result of the regression analysis result was presented below as follows;

4.5.2.2.1 Model Summary and ANOVA

Table 4.17 shows the model's summary results. As a result, the adjusted R-squared value in the model summary equals 0.810, meaning that the six variables in the dependent variable integrated in the model explain 81 percent of the variation in real estate market development.

Table 4.17 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.904 ^a	.817	.810	.31580	1.948
a. Predictors: (Constant), LF, FF, CF, QF, AF, IF					
b. Dependent Variable: RMD					

Source: own survey, 2023

Table 4.18 shows the ANOVA results, which confirm that at least one of the dependent factors has a statistically significant effect on the dependent variable. The model, on the other hand, is fit to the set of data deployed in the model with F test=137.184 (p-value=0.000 1%).

Table 4.18 Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	70.971	6	11.828	118.606	.000 ^b
	Residual	15.857	159	.100		
	Total	86.828	165			
a. Dependent Variable: RMD						
b. Predictors: (Constant), LF, FF, CF, QF, AF, IF						

Source: own survey, 2023

Multiple linear regression analysis using the ordinary least squares (OLS) technique was used to estimate the magnitude and direction of each independent variable's effect on the dependent variable. The value of the elasticity coefficient or Beta coefficient reveals the magnitude of each independent variable's effect on the dependent variable, while the sign of the beta coefficient indicates the direction of the effect. The level of significance of each independent variable's effect on the dependent variable is reflected in the P-value. As a consequence of the estimated results, four of the six independent variables have a statistically significant positive effect on the dependent variables, whereas the remaining three independent variables have no statistically significant effect on the dependent variable. The detailed outcome of the regression analysis is shown below.

As shown in table 4.19, among supply side explanatory variables, finance factor and infrastructure factor have statistically significant positive effect on the development of real estate market development at 1 percent level of significance and with beta coefficient

($\beta=0.179$) and ($\beta=0.262$), respectively. Nevertheless, cost factor didn't have any statistically significant effect on real estate market development.

These two findings can be interpreted as, other things kept unchanged, a unit increase in financial factor leads to 0.18 unit rise in real estate market development. This finding is consistent with the findings of (Mburu, 2016) and (Hoang, 2022). Similarly, a unit increase in infrastructural development causes a 0.26 units increase in the real estate market development when other things remained constant. This finding is in agreement with the findings (Mburu, 2016) and (Ngigi, 2021), but, in consistent with that of (Hoang, 2022).

The multiple regression analysis result also confirmed that the three demand side factors that are believed to have sort of influence on the real estate market development, have statistically significant positive effect on real market development. Among these factors, quality and location affects real estate market development at one percent level of significance while, affordability affects it at 5 percent significance level.

The beta coefficient($\beta=0.183$) tells us that as affordability of real estate housing improves by one-unit, real estate market also improves by 0.18 units when other things are at their constant state. This finding is similar with (Hoang, 2022) and (Ngigi, 2021), but in disagreement with that of (Ajith, 2017). Similarly, the beta coefficient($\beta=0.169$) implies that other things remain constant, a unit improvement in the quality of the real estate housing improves the demand for housing and thereby, the development of real estate market development by 0.17. This finding is also consistent with the finding of (Mburu, 2016) and (Ajith, 2017). Finally, with beta coefficient ($\beta=0.167$), location as a demand side variable has been confirmed to affect the real estate market development positively and significantly. The result can be interpreted as, when the convenience of the location of the real estate housing improves by a unit real estate market development will also improve by 0.167 units, other things kept unchanged. This finding is in line with the findings of (Hoang, 2022) and (Ngigi, 2021).

In overall, the multiple regression analysis result revealed that the real estate market development is significantly affected by financial factor and infrastructural factor. As the facilitation and regulation of finance related factors like tax, interest rate and inflation influence the investment decision on real estate development and thereby, its market development, it is required that policy makers should look at the best suitable financial conduciveness towards the development of the real estate industry. Infrastructural

development is also an important factor in influencing the development of the real estate market development indirectly through affecting the interest of investors in the industry, thus, the developing infrastructures in the areas identified for real estate development requires special attention.

Moreover, as a demand side factors, quality of real estate housings, their location and their affordability determine the development of the real estate market through influencing the demand for the real estate housing. Therefore, it calls for special policy intervention to wards lucrative housing policy and material input related issues.

Table 4.19 the multiple regression analysis result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.124	.154		.806	.422
	FF	.179	.042	.195	4.307	.000
	IF	.262	.092	.277	2.842	.005
	CF	.031	.073	.033	.418	.677
	AF	.183	.090	.174	2.041	.043
	QF	.169	.054	.186	3.116	.002
	LF	.167	.044	.184	3.810	.000

a. Dependent Variable: RMD

Source: own survey, 2023

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

The summary of the basic findings, a conclusion made from the study findings, and recommendations forwarded by the researcher are incorporated in this chapter of the

study.

5.1 Summary of the Major Findings

The main purpose of the study is to examine the factors affecting the development of real estate market in the case of Gift real estate in Addis Ababa. So as to meet this objective, the study descriptive and explanatory research designs were deployed. The target population of the study was all employees in the marketing and sales department as well as top level managers of the case Gift real estate. A total of 180 respondents were selected as a respondent of this study purposively. Close-ended structured questionnaire with 7 constructs and 35 questions was utilized as instrument of the data collection. The variables incorporated in the study was measured using the five-point Likert scale. The data was analyzed using descriptive statistics and regression analysis techniques The Statistical Package for Social Sciences (SPSS) version 24 was utilized to analyze the data. Out of the distributed 180-questionnaire 166 questionnaires were collected back properly filed. Thus, the questionnaire response rate was 92.2 percent, which is adequate to produce reliable output.

The findings from the descriptive statistics revealed that financial, cost related, infrastructural, affordability, quality and location factors have considerable relation with real estate market development. Accordingly, the overall aggregate mean response of the respondents was rated as 3.47(Standard deviation =1.18). This overall mean score value of all the six items is above the midpoint of the Likert's scale, affirming that financial factors considerably affect the development of the real estate market through affecting investments on the real estate housing development. On the other hand, the result of the mean analysis of the respondents' perception revealed that, in overall the with the mean score value of all the six items under this contract with 3.78 mean score value, infrastructural factors have considerable influence on the real estate market development. The overall aggregated mean score value of all the four statements under cost construct 3.76 and standard deviation value 1.04 indicates the effect of cost related factors on the development of the real estate market is acceptable and that there is only slight variation among the respondents of their perception on the four statements of the construct.

With the aggregated mean score of 3.73, affordability has been identified as a factor with acceptable effect on the development of real estate market development as perceived by the respondents. On the other hand, the overall mean standard deviation (1.12) confirms

the closer the respondents' perception towards the for statements of this construct. The other construct, quality factor, with mean score value 3.81(SD=1.04) found to have considerable effect on the development of real estate market through affecting customers' buying decision. The value of standard deviation (1.04) tells us that the variation among the perception of the various respondents is very small. The four statements of the location factor construct in aggregate averaged to 3.88 with standard deviation value of 1.09, indicating location as a factor acceptably influence the development of the real estate market through affecting the buyer's decision.

The construct for the real estate market development constitutes of seven questions. The mean score value for all the seven statements as perceived by respondents averaged to 4.01 with standard deviation value of 0.96. This result implies, on average, the status of the development of the real estate market is judged by the respondents as good, but not at its required level.

In overall, the result of the descriptive statistics indicated that all the constructs of the factors affecting the development of the real estate market and the development of the real estate market are judged by the respondents as acceptably considerable. This shows that further investigation is required so as to see the association and the cause-and-effect relationship between the dependent variable and the explanatory variables deployed in the econometric model.

On the other hand, the correlation analysis result revealed that real estate market development confirmed to have strong and positive association with Infrastructural Factor, Cost Factor, Affordability Factor and Quality Factor at 1% significant level with correlation coefficient $r = .847$, $r = .793$, $r = .826$ and $r = .779$, respectively. On the other hand, Financial Factor and Location Factor showed moderate positive association with real estate market development at 1% significant level with correlation coefficient of $r = .698$ and $r = .713$, respectively.

According to the multiple regression analysis, among supply side explanatory variables, finance factor and infrastructure factor have statistically significant positive effect on the development of real estate market development at 1 percent level of significance and with beta coefficient ($\beta = .179$) and ($\beta = .262$), respectively. Nevertheless, cost factor didn't have any statistically significant effect on real estate market development.

On the other hand, the multiple regression analysis revealed that all the three demand side factors have statistically significant and positive effect on real estate market development. Accordingly, with beta coefficient value of ($\beta=.183$), ($\beta=.169$) and ($\beta=.167$), affordability, quality and location factors have statistically significant positive effect on real estate market development.

5.2 Conclusion

Based on the study's primary findings and debates, the following decisive points were drawn in accordance with the research objectives.

Accordingly, the study concluded that financial factors, infrastructural factors, affordability factors, quality factors and location factors affect real estate market development. In this effect, it is concluded that reasonably fair taxation, reasonably low and stable inflation rate; and reasonably fair lending interest as financial factors rate positively affect the development of real estate market development through enhancing investment on real estate housing development. On the other hand, in terms of infrastructural factor, better transport network, social amenities, educational and other infrastructural developments influence the real estate market development through enhancing investments towards real estate housing development.

Similarly, affordability, quality and the conveniency of the location real estate housings positively influence the development of real estate market development through increasing the demand for real estate housings.

5.3 Recommendations

In overall, the multiple regression analysis result revealed that the real estate market development is significantly affected by financial factor and infrastructural factor.

- As the facilitation and regulation of finance related factors like tax, interest rate and inflation influence the investment decision on real estate development and thereby, its market development, its required that policy makers should to look at the best suitable financial conduciveness towards the development of the real estate industry. Therefore, it is recommended that policymakers and the government of Ethiopia should create acts that would positively govern matters regarding property tax, lending interest rates and inflation rate as well as land related laws that would facilitate the attraction of more investors in the real estate industry.

- Infrastructural development is also an important factor in influencing the development of the real estate market development indirectly through affecting the interest of investors in the industry, thus, the developing infrastructures in the areas identified for real estate development requires special attention. Thus, the study recommends the government to build and enhance the required infrastructural facilities in the areas identified for real estate development.
- Moreover, as a demand side factors, quality of real estate housings, their location and their affordability determine the development of the real estate market through influencing the demand for the real estate housing. Therefore, its recommended that policy makers and government should to give special policy intervention to wards enhancing employment, fair price of construction inputs and provision of convenient land location for real estate housing sights to increase demand for real estate housing.

5.4 Direction for Future Studies

The focus of this study was to examine the factors influencing the development of real estate housings in Addis Ababa city in the case of Gift real estate. Therefore, its recommended that similar studies should be conducted on other real estate firms in the country, and researchers need to explore other factors that influence the real estate market development that have not been captured in this study.

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Budget

<i>Item</i>	<i>Unit</i>	<i>Unit Size</i>	<i>Unit price (Birr)</i>	<i>Amount required</i>	<i>Total cost (Birr)</i>	<i>Covered by</i>
Printing	Page	1	1.00	350	350.00	self-financing
Copy	Page	1	0.75	850	637.5	self-financing
Pen	Pieces	1	3.50	10	35.00	self-financing
Transport	Days	-	15	70	1050	self-financing
Payment for data collector	Person	1	20/person	422	8440	self-financing
Sum of total					10512.5	

Total budget =10512 birr

APPENDIX

Research Questionnaire

The purpose of this questionnaire is to obtain data for a research project conducted by BahruGizachew Gebrehana on the topic “Factors Affecting the Real Estate Market development (a case of Gift real estate)”, in partial fulfillment of the requirements for the award of MSC Degree in management.

Your cooperation in filling out the questionnaire carefully and genuinely, therefore will not only contribute towards reasonable output in the study but also it is a decisive contribution in responding to and getting ride off the fundamental and deep-rooted real estate market development and the real estate business problems.

The researcher, in this regard, assure you that it is not a test of your ability; and all the information you provide will be confidential & is to be used only for research purpose.

Thank you!

Part I: Demographic information

SECTION 2: GENERAL BACKGROUND INFORMATION OF

1. Gender of respondents: 1. Male 2. Female

3. Age of respondents: 1. 18-30 2. 31-40 3. 41-50 4. Above 50

4. Highest level of educational of respondents: 1. Elementary 2. Secondary 3. Diploma 4. First degree 5. Second degree

5. Respondents Work Experience in the real estate industry

1. Less than 2 years 2. 2-5 years 3. 6-10 years 4. Above 10 years

6. Level of position

1. Real estate developer/owner

2. Marketing department head

3. Sales department head

4. Employee at Marketing department

5. Employee at sales department

Part 2: Factors Affecting Real Estate Market Development

Please indicate by ticking the appropriate box the extent to which you agree or disagree with each of the statements below regarding the factors affecting real estate market development. The following scale is applied for all statements on a scale of 1 – 5, where: 1 = strongly

disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree.

Please indicate with (√) the extent to which you agree that the following:

Sr.no	Statements	1	2	3	4	5
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3. 1. Financial Factors

1	Taxation on real estate affects real estate investment.					
2	Interest rates affect the real estate returns thus affecting real estate investment					
3	Real estate price changes affect real estate investment					
4	Returns on commercial real estate influence real estate investment					
5	Return on assets in the real estate market influences real estate investment					
6	Unexpected inflation negatively affects real estate investment					

3. 2. Infrastructural Factors

Sr.no	Statements	1	2	3	4	5
1	Social amenities influence the investment in real estate.					
2	Proximity to social amenities affects real estate investment.					
3	Excess air and noise pollution negatively impact real estate investment.					
4	Improved transport networks positively affect real estate investment.					
5	Accessibility positively affects real estate investment.					
6	High proximity to road networks negatively affects real estate investment.					

3.3. Cost Factors

Sr.no	Statements	1	2	3	4	5
1	High cost of material negatively affects real estate investment					
2	High cost of land negatively affects real estate investment					
3	High cost of construction regulators negatively affects real estate investment					
4	High cost of labor negatively affects real estate investment					

3.4. Affordability Factors

Sr.no	Statements	1	2	3	4	5

1	Payment schedule of the company matters our customers decision when choosing a real estate co.					
2	Trustworthiness to pay down payment influence your decision when our customers choose a real estate company.					
3	Price of real estate houses influences our customers decision when they choose a company.					
4	Price is the criteria for our customers to choose a real estate company.					

3.5. Quality Factors

Sr.no	Statements	1	2	3	4	5
1	Quality of construction material/ equipment make a difference on our customers real estate developer choice decision					
2	Usage of up-to-date technological facilities matters to our customers to choose a real estate company					
3	Finishing works influence our customers from whom to buy					
4	Construction quality is the reason for our customers to choose a real estate company					

3.6. Location Factors

Sr.no	Statements	1	2	3	4	5
1	Availability of infrastructure in the neighborhood influence our customers decision to choose a company for buying real estate houses					
2	Convenience for transport is one of the big deals for our customers when they buy home					
3	Availability of facilities such as health center, shopping, recreational and other makes our customers to choose a real estate company					
4	Location is the reason for our customers to choose a real estate company					

3.7. Real Estate Market Development

Sr.no	Statements	1	2	3	4	5
1	The return on investment for the real estate industry is high.					
2	There is increase willingness by banks to lend money to client to purchase real estate property.					
3	There is high growth in residential real estate construction.					
4	There is high growth in commercial real estate construction					

5	There is increased availability of real estate housing in the market.					
6	There is an increase in real estate housing sales					
7	There has been an increase in the interest of home ownership					

THANK YOU!