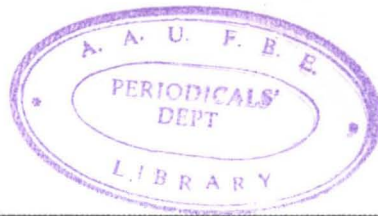
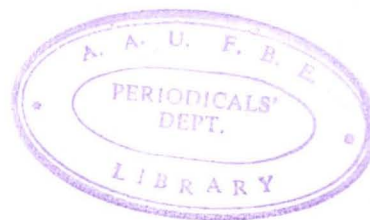


MBA 48



MARKETING REAL ESTATE IN ADDIS ABABA



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ABSTRACT

Residential real estate development in Addis Abba is quite an interesting subject. The marketing perspective on this issue is under researched, hence motivating the current project.

Though extensive literature review, consultations with pertinent industry players and in-depth interview with personnel of Sunshine Construction PLC (Sunshine for short) relevant data were collected and qualitatively analyzed. The external marketing environment analysis shows that the politico-legal marketing environment is slowly improving. The socio-economic marketing environment favors the upper and middle-income people to be customers of real estate developers. The global technological advances have not yet permeated the Addis Ababa market, yet there is indication that that it could help marketing real estate through better customer service and reduced cost of housing. The deteriorating physical environment and poorly developed infrastructure of the city have also been observed as paradoxical elements facing real estate developers in the capital. Two close competitors have been rated (Competitor Profile Matrix rating) as being weaker than Sunshine. However, Sunshine's responsiveness to the external marketing environment is rated only above average on External Factor Evaluation matrix.

The internal environment of sunshine Construction PLC has been thoroughly analyzed. Using the Internal Factor Evaluation matrix, Sunshine was rated only above average.

Sunshine's market leadership image and apparent success in sales have persuaded it to be layered-back in its approach in marketing. Suggestions on how to better perform real estate marketing activities have been forwarded in this paper.

Furthermore, further research areas that might shed more light into this most interesting subject are suggested.

CHAPTER ONE

INTRODUCTION

1.1 Background ✓

Housing, as an urban function, constitutes about half of urban land use. The highest proportion is observed in the least developing countries whose housing and settlement types are dispersed due to the lack of appropriate construction technologies and the proliferation of unplanned settlements. In being a dominant land use, the performance of the housing sector is a major indicator of the success or failure of urban development policies, especially that of urban land policy. The history of urbanization confirms that governments throughout the world have adopted a variety of policies to encourage the supply of housing with varying degrees of success. One of the central issues in policy relates to the contradictions between concepts of housing as service and housing as an economic activity.

The methods of addressing urban social problems differ according to the period. At the outset of urbanization, the dominant form of solution to urban problems was considered to be social change—a reform that advocated for a radical change in social and economic organization of society. This approach was tested but has had little success. The second approach to solving urban problems was through urban planning—an approach of imposing strict control over urban activities. This approach had its modest success in some sectors, but the command and control form of urban management had its limitations. One of the latest, but certainly not the last, approaches to tackling urban problems uses predominantly economic means. Urban development, including the supply of housing, is seen as an economic activity. Facilitating the housing market through special development controls, subsidies, financing mechanisms, etc. is viewed as a mechanism to promote comprehensive community development. In response to this move, real estate form of urban development has emerged as an economic activity.

The development of real estate is partly an outcome of specialization in the division of labor. It is also a response to the organization of the urban economy. Demand and supply projection, partly the result of urban planning activity which promotes advanced planning, is central in real estate development. However, the operation of real estate in the housing sector is less than normal, especially in a context where land supply does not fully adhere to free market principles. The Ethiopian urban development context, especially that of the housing sector, is one such example.

Most of the urban centers in Ethiopia, including Addis Ababa, were established after the second half of the twentieth century. According to Berhanu (2004), Ethiopian real estate form of urban development commenced in the mid 1990s. At the start, working, living, and recreation space producers were users themselves. When real estate development became an economic sector on its own, it started its operation in the housing sector. The reasons for such a move are neither clear nor are the operations of the real estate developers documented.

Berhanu (2004) states that his investigation of real estate form of housing delivery in Addis Ababa indicated the presence of various issues that need attention. There is no regulatory framework to control operations, the level of subsidy necessary for the sector is unregulated, and property rights of real estate investors and end-users are unclear. Moreover, real estate developments cater for the high-income groups. Its prospects for the middle and low-income group, which make up the majority of inhabitants of urban areas, are under-documented. The consequences of such situations on the prospect of real estate development as a form housing supply are unclear.

The city of Addis Ababa continues to experience the development of unplanned settlement and horizontal expansion more rapidly than ever before. Deteriorated living environment, disordered land management, unplanned urban development, absence of effective promotional and regulatory frameworks, inadequate basic infrastructure and unbalanced population growth have become the biggest challenges of the city.

The housing problem in Addis Ababa is acute in both qualitative and quantitative terms. As cited by Berhe and Debebe (2005) the total housing stock is 370,000. Out of this 120,000 houses are used for trade and businesses while the remaining, 250,000, are used for residential purposes. The housing demand of the estimated city's 3.3 million people with an average family size of six persons is 550,000. This indicates that there is a deficit of 180,000 houses in the city. This number does not include the housing shortages as a result of population increase. The housing situation in Addis Ababa becomes even worse when the quality and the conditions of the houses are considered. Many are crowded, dilapidated, substandard and make shifts with very poor or no sanitation facilities and with unhealthy environment altogether.

The dismal lack of basic infrastructure and living quarters, calls for courageous drastic measures such as demolition of entire neighborhood and construction of new affordable houses, that make it possible for low and middle urban income inhabitants of the city, to acquire decent shelters to raise their children in a healthy environment. They will go a long way in improving their overall living

conditions and the social harmony among Addis Ababans. Following the restructuring of the Addis Ababa City Administration in 2003, the housing problem in the city has been given a special attention by launching a large-scale housing program with the objective of reducing housing deficiencies substantially within a period of five years.

Investigators in real estate mostly come from engineering and science background. Therefore, the issue of real estate as a marketing management field has not been the major concern of researches made in Ethiopia. Even the developers with marketing departments have the notion that real estate marketing revolves around making sales, which is primarily a customer-relations area.

Hence, a comprehensive project that deals with the total marketing perspective is of paramount importance. It will fill the research gap, in that, it will address the challenges and opportunities faced by real estate companies in their effort to design and deliver their product. With a fresh perspective on the salient issues end users, customers, pertinent government officials, real estate developers, and other researchers will be in a better position to assess the risks involved and will better be able to understand the problems and to tackle them intelligently.

The general objective of this project is thus to fill the research gap in real estate development in Addis Ababa. The marketing perspective on this issue has not been given attention, let alone a proper one. Investigation on the external marketing environment that is prevalent has been done. To demonstrate internal environment analysis, a case study on Sunshine Construction PLC has been carried out.

Real estate housing as a product, its marketing opportunities and threats presented. Advertisement and promotion have been discussed. The findings, analysis and interpretations of this paper are aimed at giving a fresh perspective on this most interesting and most important subject, especially for a fast developing city such as Addis Ababa.

1.2 Methodology

1.2.1 Literature Review

Literature review was conducted to highlight the state of research in the area of real estate.

The practice in other parts of the world has been used as an input for addressing marketing issues of real estate in Addis Ababa.

1.2.2. Data Collection and Presentation

Data on real estate marketing environment was collected through various means.

(A) Interview with Key Players in Real Estate Industry

This entails discussing issues deemed important for the industry with pertinent government officials, real estate developers, professional engineers, architects and urban planners.

(B) Observation and interview with selected Real Estate Developer

The real estate developer selected for this paper is Sunshine Construction PLC. The marketing and engineering Departments have been contacted and have cooperated in giving information and insight into the company's marketing information. Such a primary data formed the basis for internal marketing environment analysis.

(C) Findings, Analysis and Interpretation

The findings from the study have been presented in descriptive form using qualitative analysis. PESTLE, CPM, EFE matrix, and IFE matrix analyses have been used for this purpose.

Qualitative analysis and interpretation have been handled using marketing principles. Creation, communication and delivery of value to consumers has been addressed. The breadth and interdependencies of marketing issues are not overlooked since holistic marketing approach recognizes that "everything matters" with marketing. The existing marketing system of Sunshine Construction PLC has been qualitatively analyzed. The analysis coupled with interpretation of the results has led to recommendations that could be employed to furnish an improved marketing system.

1.3 Significance ✓

The paper is a leap in real estate research in Addis Ababa. On one hand, it introduces a fresh perspective from which to view residential real estate development. On the other hand, problems that plague real estate marketing in Addis Ababa are addressed, with reference to the case study.

The beneficiaries of the study will not only be real estate developers (existing and potential) but also end users and other researchers. Housing is an expensive, yet very important "commodity". It forms part of a country's infrastructure. This entails that, projects such as this will be most helpful, not only to few interested individuals, but also to all countrymen at large.

1.4 Delimitation

The study is delimited because of the following factors.

(A) Purpose

The purpose of this study is to highlight the marketing difficulties and opportunities of residential real estate development in Addis Ababa. For this limited scope, it has been deemed sufficient to carryout interviews with key players and not to go into detailed customer survey. Neither time, nor money available, do not warrant such a detailed investigation.

(B) Method

The methodology used is that of a case study. Even though the very fact that case studies tend to greatly simplify complex issues, they are most helpful in illustrating the salient issues and thereby giving clarity of the problems that are being addressed. Hence, it is believed that the method used is consistent with the intended purpose or objective of the project.

1.5 Organization

This project report is organized into four chapters. The first chapter introduces the overall approach of the paper by way of introduction. The second chapter reviews current literature in the field of real estate marketing. The third chapter presents the findings and the analysis of the project. The fourth and final chapter gives conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW ON MARKETING FOR REAL ESTATE

This chapter touches upon the salient issues on real estate and property marketing as addressed by other authors and researchers worldwide.

This chapter is organized as follows:

- The Marketing Role ~
- Marketing Functions
- Market Segmentation
- Selling Techniques
- Developer's Viewpoint
- Conclusion

2.1 The Marketing Role

Simply put, marketing is the skill of matching the needs of a buyer with the product of seller, for a profit. It is probably true to say that development property used to be a soft-sell product. An estate agent would erect a board, place an advertisement and wait. However, nowadays, especially in the developed world, those marketing property developments are faced increasingly with a highly competitive and discerning market, and one demands better information and more active attention to the selling process.

2.1.1 The Agency Function

The appointment of an estate agent is the usual means by which the commercial sector of the property development industry disposes of completed projects, whereas in the residential sector most major developers perform their own agency functions with or without the help of agents. Performing agency functions by developers themselves is also common place in the Addis Ababa context. In addition, Ethiopian brokers commonly known as 'delala' are the closest thing to agents of the developed world. 'Delalas' are most usually associated with small scale letting and play very little or no role in Addis Ababa real estate industry. There has also been a slight tendency on the part of some developers and local authorities to undertake agency on their own behalf. Nevertheless, despite criticism over recent years about the quality of their work, it should nearly always be possible to gain a wider access to the market by retaining an agent. Depending upon the nature of the

development and the circumstances prevailing in the market at the time, an agent might be called upon to perform some or all of the following tasks:

- Find suitable sites or properties for development, redevelopment or refurbishment on behalf of clients;
- Receive instructions and liaise with the developer at an early stage in the project to consider the overall concept of the proposed scheme and, in particular, to advance on those features of design and layout that could add to or detract from the marketability of the completed property;
- Provide general economic advice and investigate rental levels and capital values in respect of the viability of the project;
- Advise on potential occupiers and tenant mix;
- Comment on the planning implications and assist in discussions with local authority officers;
- Advise on the possible need for special building and occupiers' services, as well as considering the general operation of future management services;
- Advise regularly throughout the period of development on prevailing market conditions;
- Advise, arrange and implement a marketing strategy;
- Monitor responses and handle prospective occupiers' inquiries;
- Conduct negotiations with interested parties and investigate the credentials of potential purchasers or tenants;
- Advise and conclude the final sales or lettings.

With regard to payment for the various activities described above, it is usual for an agent to negotiate a separate fee for professional services rendered in connection with acquisition, development appraisal, funding development consultancy, project management, letting and management. An interesting change that has taken place over recent years in respect of offering estate agency services and attracting instructions is the increasingly liberal attitudes taken by professional institutions towards advertising. This has allowed commercial agents quite a broad scope in marketing their own services as well as their clients' property. (Ratcliffe and Stubbs 2001)

There are said to be certain fundamental prerequisites to effective agency, based on the adage "if you have no information, you have no product sale" (Development systems Corporation 1983). More specifically, the necessary market intelligence can be broken down into the following areas:

- *Knowing the owners:* Thorough market knowledge involves knowing who owns the buildings and the land in the locality. Ideally, a good agent should generate ownership data on every potential development of redevelopment site, for sale or not for sale, within his/her interest area.

- *Knowing the tenants:* An able agent will gather as much information as possible on tenants, large and small, operating within the market area. Particular attention being paid to existing major tenants or high potential tenants. Tenant intelligence should go beyond knowing names to knowing why a tenant is there. Why did a tenant sign a lease on one building and not on another? What is the critical location and site criterion for the tenant? Does the tenant rely heavily on street patterns, demographics, signage, and skilled labor?
- *Knowing the deals:* The acute agent will know about all important deals transacted in their territory. Such deals define the economic character of the market, determining the level and pattern of leasing and selling values. The information on current and recent deals is not always easy to uncover, being a matter of confidentiality between the parties involved, but a good relationship is imperative between fellow agents and existing prospective tenants and purchasers.
- *Knowing the property:* Understanding the physical land and property inventory of an area is the cornerstone of agent's practice. Knowledge of the types of property in a given area, the amount of each type, the special features of particular properties and the plans for new projects is essential.
- *Knowing the competition:* From the viewpoint of the agent, as well as the client developer, it is important that he is aware of who else is in the market, and what size share of the market they are likely to absorb. Besides market share, it is always wise to know how the competition is operating, its strengths, its weaknesses and its marketing strategies (Development Systems Corporation 1983).

2.1.1.1 Types of Agency

There are four essential bases upon which an estate agent may be instructed to sell a development. These are:

- *Sole agency:* A sole agency arrangement is one in which a single firm is instructed to dispose of a property. Preferred by agents because, if they are successful in selling the development scheme, then they receive the full measure of commission. A normal fee would be 10% of full annual rental value for letting and between 1.5 and 3% of agreed price for a sale.
- *Joint agency:* Where two agents are instructed by a developer to collaborate in the letting or disposal of a property, a joint agency is established. This arrangement is most commonly used in the sale of provincial property where national and local coverage is required, or in a scheme of mixed development where specialist marketing of particular components is thought desirable. It is also adopted where a property is considered especially difficult to sell and an element of competition is felt advisable, or where one agent has introduced a

development to a client on the understanding that they will at least share in the agency, but the developer requires the marketing skills of another firm. Although fees are negotiable, it is probable that the developer will have to pay up around one and half times the normal fee, divided by the two agents by agreement.

- *Sub-agency*: It is always open for an agent, unless instructed otherwise, to appoint another firms as subagent to assist in the marketing of a particular property. The main difference between sub-agency and joint agency is that the responsibility to the client rests with the principal firm in the former case and commissions tend to be higher in the latter.
- *Multiple agency*: When several agents are individually instructed to dispose of a property and commission is only payable to the agent who achieves the sale, a multiple agency is formed. Resort to such form of agency is not normally taken in the marketing of development project, because it invariably leads to a confused marketing campaign, abortive costs and suspicion on the part of potential purchasers that for some reason the property is difficult to sell.

As already mentioned, some development organizations sometimes opt to perform the agency function themselves, which is usually the case in our capital Addis Ababa. In such circumstances, an "in-house" team will assume responsibility for the promotion and disposal of a scheme. However, it should be recognized that established firms of estate agents are bound to be more informed about, and have wider access to, both property and business requirements and opportunities. Only very rarely does it benefit an individual developer to market a project entirely on its own.

The role of the provincial agent has also taken on a greater importance over the past few years in the field of development. Although major national firms of estate agents can offer unrivalled services in respect of the potential national and international occupancy market, and can also supply certain specialized support services such as research, planning and funding, local firms situated in major regional centers also supply invaluable expertise. The provincial agent tends to have a deeper knowledge of local markets, better information regarding the availability of suitable sites, a heightened awareness of the true state of prevailing planning policy and practice, and favored insight into the performance and intentions of local businesses and landowners. Furthermore, they will often have a superior understanding of local values and returns, being privileged with the precise details underlying local sales conducted by private treaty. At the letting stage they will also benefit from the accumulated experience of enquiries received across a whole range of properties over time, giving them a good idea of the vagaries of the market. Their ready

availability to react to enquiries and respond informatively to questions regarding local services and conditions is an obvious advantage.

2.1.1.2 Rules and Responsibilities

The procedures dictated by statutory instruments are wide ranging. But in so far as they touch on agents dealing with clients, they essentially fall in to two areas: the course of action to take as soon as client-agent association begins, and the conduct required as that relationship progresses.

As one leading authority in the field explains, agents and developers now face a criminal offence of strict liability (i.e. one in which the prosecution need prove neither intent to deceive nor even negligence), subject only to the possibility of avoiding conviction where the defendant can prove that all reasonable steps and due diligence have been taken (Murdoch 1993). What is required is any information given should be accurate, or at least not false or misleading. The detailed degree of care that must be taken over such marketing tools is not as yet clear, but considerable caution will have to be exercised with sales ads of this kind, and regular updating undertaken. The measurement of floor areas and rooms, whether relating to commercial or residential properties, requires particular care, and resort will inevitably be made to that ubiquitous caveat "approximately". Whether regard to disclaimers, however, most authorities advise that they must be applied in as bold, precise and compelling a way as the statement to which they relate. Developers and agents of good standing will have nothing to fear from such legislation, but the more responsible representatives of property industry still call for the laying down of minimum standards of competence and experience, with many preferring a full system of licensing or registration.

Above all else, successful marketing in the property world depends upon confidence and credibility. It is distressing to record the lasting gratitude that both journalists and politicians afford to estate agents for keeping them from occupying the lowest position in repeated professional popularity polls. Nevertheless, in the commercial real estate marketing field, the winning and retaining of trust and confidence by client organizations, whether vendors or purchasers, is critical. It is worth noting here that such regulations that particularly cater for the real estate industry are not yet drafted for the Ethiopian market.

2.2 Marketing Functions ✓

Current pressure on estate agents to let or sell their clients' buildings is leading to a much higher degree of sophistication in the way development properties are marketed. In addition, as more and more commercial floor space comes on stream and disposal becomes ever harder to effect, so the realization that getting the product right in the first place grows even stronger. Consequently, however faddish it might seem, the property world must gain a better understanding of the procedures and functions of marketing, and at the same time learn from the array procedures and functions of marketing principles and practices that have been developed in other sales markets, hence the motivation for this project. In stating this, however, it should be appreciated that the marketing of planned new developments ahead of construction breaks many basic marketing rules, in that a potential customer cannot test and experience the qualities of a product prior to purchase. The reputation of the developer and the climate of good will created between those involved in a potential sale or let becomes a crucial factor in the marketing campaign.

2.2.1 Marketing Tools

A useful classification of the four key tools of the marketing man are provided as follows:

- *Market research and information:* It is suggested that for the purposes of the estate profession those two functions should be distinguished, because the term "research" is used by most major firms of estate agents simply to describe the collection of largely retrospective statistics that show trends and can be used for producing forecasts, whereas market research in the true sense is described as an "action oriented procedure" aimed at informing the developer of a marketing or advertising plan.
- *Advertising:* This is process of spreading information by preparing and placing paid-for material such as space in newspapers and journals or time in the broadcasting media. Advertisements are always identifiable with their sponsor or originator, which is not always the case with other forms of promotion or publicity.
- *Promotion:* Covers those marketing activities, other than personal selling, advertising and publicity that stimulate consumer's purchasing and agents' effectiveness such as displays, shows, exhibitions, and various non-recurrent selling efforts not in the ordinary routine.
- *Public Relations:* The role of public relations is to establish and maintain understanding and goodwill for the development organization's product and services, activities and operating policies. In this, it is not only concerned with communicating for marketing purposes, but also for the broader purpose of creating a favorable atmosphere within which the organization may operate successfully.

2.2.1.1 Marketing Research

The whole process of real estate essentially starts with market research, the goal of which is to project the rate of absorption for a particular property product based on the supply and demand for similar properties in a specified market area. Conducted at the outset of the development process, the developer seeks to identify an unfulfilled market need that might feasibly be met on a specific site. If the signs are promising, a formal market study might be commissioned and a marketing plan of campaign prepared.

The starting point of any marketing plan of campaign is the identification of the target groups of possible purchasers. Research is, therefore, essential, and it is really only in recent years that some of the leading firms of estate agents and a few of the major property development companies have committed themselves to the serious analysis of the markets in which they operate and consideration of the buildings they produce and sell. Unfortunately this trend is not noticed in the Addis Ababa context.

It must be said, however, that certain pieces of published research are in fact just so much window dressing. The compilation of crude vacancy rates for particular sectors, for example, says very little about market performance or prospects except at the most superficial level. Broad indications of rental value across wide geographical areas might be useful promotional material for the firms concerned, but cannot be held to contribute greatly to a better understanding of the property or real estate market. Effective marketing increasingly will depend upon more rigorous research into underlying conditions and determinants of demand and supply in the real estate market.

In practice, marketing research is usually concentrated on a few recurrent problems, often on a continuous basis, which may be grouped as follows:

Up-to-date-market knowledge

- The size of the regional and local markets for particular kinds of property, normally measured in floor space for commercial sectors and dwelling units or habitable rooms for housing
- Past patterns of demand and underlying economic, social, political, legal and technological factors that are likely to affect future levels of demand, together with an indication of the timescale involved and any cyclical variations.
- Buying or renting habits of consumer, along with an appraisal of the possible changes in attitude and behavior by both customers and funding institutions that might take place.
- Actual and potential market share commanded by the development real estate organization, and a breakdown of the market shares of major competitors.

- General appreciation of past and possible future trends in broad socio-economic terms covering such matters as population change, national income and expenditure, sales and output, availability of finance, construction industry performance and legislative performance and legislative or political change.

Overall policy and tactics

- An examination of competitive pricing structures and practices, looking at where, how and at what cost competitors promote and advertise their properties.
- A consideration of how marketing costs compare with other costs and with competitive costs, and what effect any lettings differ by dint of location or type of use, and why.
- An evaluation of the probable effects of any radical change in the pricing structure of the developers' or competitors' property.
- An appraisal of the effect of promotional activity, looking at the effectiveness of advertising copy and placement and the result incentive schemes to both agents and purchasers.

The product

- What is the company's reputation or image for producing quality buildings and providing a good service to purchasers?
- How are previous developments thought of and used, and what features are found to be most important by occupiers?
- Should any changes be made to current or proposed development projects in respect of design, layout, materials or services?
- What property management, legal or planning restrictions might inhibit the ready sales or letting of a development?
- What are the strengths and weaknesses of previous development schemes constructed by the company and by its competitors?

Primary and secondary data

- The data collection phase of marketing research draws on two main sources of information, which are distinguished as primary and secondary sources, or alternatively desk and field research.
- Secondary sources are those that already exist, but consist of data collected for purposes peripheral to the main line of research inquiry in hand, so care must be taken to ensure that the information is relevant, can be adjusted to the present problem and is reliable.
- There are internal and external secondary sources. Internally, agents and developers will have a mass of marketing information available from their own records, and although it is not always collected systematically or in the most appropriate form, modern computerized data-processing

systems are making the access to and extrapolation of suitable information easier and faster. Externally, there is a growing wealth of published information from other agents, consultants, professional bodies trade associations, research organizations and government departments. Secondary sources should be consulted before primary or original research is undertaken.

- Primary or field research will usually cover the potential market demand, occupiers' preferences, the precise characteristics of the actual or proposed development, the terms of sale or letting, and the methods of advertising. Original data of this sort may be collected by observation, experimentation or survey. Observation depends heavily upon the skill and objectivity of the observer. Experimentation is rarely appropriate to the property market. And survey can be time-consuming and expensive.

Marketing research process

Although research projects in the property development market are not susceptible to a single and inflexible sequence of steps, the following procedure is a useful guide (Giles 1978):

- Definition of the problem, a step of the greatest importance, and one treated in a cursory way too often.
- Specification of the information required.
- Design of the research project, taking into account the means of obtaining the information, the availability and skills of staff, the methods to be used and the time and cost involved.
- Construction and testing of any surveys, questionnaires or interviews.
- Execution of the project, with arrangements for a check on the reliability of data collected.
- Analysis of data.
- Preparation of report and formulation of recommendations.

However, it should be recognized that marketing research neither provides a panacea nor guarantees success, but it does assist in improving the quality and confidence of decision making.

2.2.1.2 Marketing Strategy

Over the past few years there has been a significant shift towards the devising of more formally structured and deeply considered marketing plans for proposed development projects. The advantages of a more rigorous planning process are that diverse marketing activities can be coordinated, crisis management can either be avoided or reduced to a minimum, measurements of performance are easier to conduct against known standards, corrective measurements can be applied in sufficient time when required, and participation by all those involved can encouraged with improved commitment and motivation (Giles 1978).

It has been stated that a marketing plan for property should be much the same as for any other kind of product, in that it needs to.

... strive to create the tangible from the intangible and present a concept that will stimulate the imagination of the potential client ... This simple need becomes more difficult to achieve as the weight of communication channels and the material sent to them increases each year. (Watts 1982)

Accepting that the alliteration is a gross over-simplification, a favorite way of remembering the key variable that form the basis of marketing strategy and mix is known as "the four Ps", namely:

- Product
- Price
- Place
- Promotion

A preferred means of describing the most important steps in preparing a marketing plan to take account of the key variables involved in marketing operations can be more fully stated as follows.

Select the right team

In identifying, anticipating and satisfying customer requirements, profitability-the very nub of marketing-it is essential that all those involved in the entire process of development, from inception to completion and through to management afterwards, are selected with a view of optimizing the collective effort of the professional team. The chemistry between those directly concerned with design and construction and those specifically responsible for the actual marketing campaign must be right. It is not productive, for example, to have an architect who is either oblivious or unsympathetic to the advice of the agent, or to have an agent who is uncomprehending or hostile to those designing and building the project. In the past the formulation of marketing strategy has all too often been left to the agent acting alone, and invariably too late in the development process.

Identify the target groups

Properly conducted marketing research as outlined in previous sections should have identified the general categories of occupier that might be interested in the scheme in question, and hopefully the actual manufacturing, trading or business organizations who are either actively looking for new or additional accommodation or who might conceivably be enticed into taking or moving premises. Often the most difficult task is to identify and reach the person within the organization responsible for taking the decision.

Agree the message strategy

This involves deciding on how best to present the special sales characteristics of the building, its situation and wider surroundings. In the rather "whiz-word" riddled world of marketing, this is known as creating the "unique selling proposition" or "USP", and is concerned with striving to convey a concept that will stimulate the imagination of the potential occupier or purchaser. The overriding aim in designing general and specific "USPs" should be to see the whole strategy in terms of how it might benefit the eventual client. This might seem a trifle obvious, but somehow agency practice, even in developed countries like the UK, has been extremely slow in breaking away from a fairly standard and somewhat impersonal property-oriented approach towards a more original and individually directed user-based approach.

Write a communication plan

Having established the broad "message" about the property that needs to be conveyed, the next step is to plan how best it is communicated. Any "communications plan" while usually combine a variety of direct and indirect selling techniques, called the "marketing mix", all of which require careful orchestration. Direct methods such as the use of brochure, personalized mail shots, targeted circulation lists, exhibitions and agents' receptions will need to be synchronized with indirect methods involving national and local media, side advertising and contact networks within the property industry. Again, these techniques may seem patent and familiar, but the early and coordinated planning is often missing. There is also a positive wealth of face selling expertise accumulated in other fields of marketing that has lain largely untapped by the property profession, and might with advantage be explored and exploited.

Ensure follow-up activity

There are two distinct aspects to following through on the communications plan. First, there are those endeavors that have to be made to stimulate only very mild expressions of interest. And second, there are those efforts to convert strong interest into an actual sale and subsequently keep the purchaser content. With the former, an agent marketing a real estate property should be aware that there are several kinds of barriers that may block their ability to communicate and must be overcome, or at least lowered. Those are personal barriers, arising from the fact that individuals differ, and different people have to be approached in different ways; organizational barriers, thrown up by administrative structures and hierarchies, so that finding the right person and presenting the case in a corporately acceptable manner becomes even more vital; and mechanical barriers, which exist because some organizations lack the proper points of contact and channels of communication. With the latter, translating a positive response into a trouble-free transaction, should simply be matter of competence and professionalism, keeping the customer informed about progress and handling all inquires and negotiations promptly, efficiently and pleasantly.

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Agree a budget

Ascertaining an accurate figure for the total cost of marketing for real estate development is an extremely difficult task. In the first place, however, there is need for a plan in order to determine a budget. From this plan can be extracted the various marketing activities that are proposed. It has been suggested that the following process be adopted (Miles et al. 1991):

- A plan is formulated to promote the product in the target market by the developers and their agents as early as possible in the development process.
- The plan typically begins with a description of the product and the target market, based on earlier market research including statements about how the product will be attractive to be the target market and how those responsible from marketing will reach that market.
- As more detail emerges, an extensive checklist of possible activities within each category of the marketing plan is prepared excluding no reasonable ideas.
- A realistic cost estimate for each marketing activity on the checklist is compiled, sparing no expense at this stage.
- The initial total cost estimate is then scrutinized and pared down by examining closely and squeezing tightly every item. Each activity must justify itself, deleting rigorously those that do not, so that, although the net is cast widely, only the best of what is caught is kept.
- Some of the items in this process might be one-time investments, such as fitting out a show unit, and might last the life of the marketing campaign. Whereas others, such as brochures, might have to be replaced periodically. Still others will recur continually, such as media charges, which could keep mounting as the campaign intensifies.
- The grand total is estimated; having predicted how long a presence is required in the market and taking account of likely absorption rates.

Another approach, which can be used as a check on the above, is to pose the question of how many new contacts will have to be made and cultivated in order to generate sufficient positive responses to achieve the predicted absorption rate? The cost of marketing those contacts can then be gauged. Commercial property marketing relies heavily upon this "prospecting" approach, whereas residential sales rely more upon general advertising (Miles et al. 1991).

Yet a further budget procedure has been described, termed the "task method" and based upon a four-stage process:

- Market (What is it? Where is it?)
- Message (for that market)
- Media (most effect and most direct)

- Measurement (cost effectiveness and results). (Cleavelly 1984)

This task method requires objectives to be stated that marketing budgets for property development disposals are generally based upon the experience and judgment of the developer and marketing consultants involved. Moreover, it is important that a high degree of flexibility is afforded to allow for the unexpected in the market.

2.3 Methods of selling

An agents' prime objective is to sell or let property for the highest price or rent available in the market, not to pursue his/her own subjective assessment of value. To achieve this, the property must be freely exposed to the market in an orderly manner. The most appropriate method of selling a particular property largely depends upon the nature of the premises concerned and the prevailing market conditions. Four basic methods of property disposal can be distinguished.

Private treaty ✓

Straightaway, it should be stated that the vast majority of all sales and lettings in all the overall property market are normally conducted by private treaty. There have been periods when external conditions in the market have encouraged such practices as rental tendering, and formal and informal tenders and public auctions are always popular for certain sectors of the market. It has also been known for various kinds of informal tender to be used to resolve difficult and competing negotiations, but such recourse is rare. Private treaty is therefore, the most prevalent method of selling property across all sectors of the development market. It simply involves the setting of an asking price or rent and negotiating to achieve it. As floor space in most conventional development schemes, either proposal or completed, is bought and sold between property professionals, the basis of assessing a reasonable level of capital or rental value is likely to be very broadly the same. Therefore, so long as the developer and his agent have set the asking price, all should be well. However, there are two main exceptions in the real estate world where sale of land or buildings possessing development potential, but prior to development taking place, where offers will be determined by many variable and unpredictable factors; and secondly, where the market is especially uncertain or volatile. Sometimes, much to everyone's surprise offers massively exceed the asking prices.

Public auction

This method should, in theory, ensure an orderly market, for, if the property has been properly advertised, it should attract everyone with a serious interest and force them to reach a decision in a competitive atmosphere and with no opportunity to withdraw. The preparation of particulars is critically important with this method of sale, because they must be detailed and accurate, yet enticing. The overwhelming drawback in selling agreed or completed developments at auction is that the

major financial institutions are rarely interested in buying at auction. Moreover, they are normally unwilling to provide a firm commitment to a developer wishing to buy potential development properties at auction, unless perhaps the value of the existing buildings is less than, say \$2 million, and only then if most of the uncertainties about the proposed scheme, particularly with respect to planning permission, have already been resolved.

Formal tender

The formal tender, whereby prospective purchasers are invited to submit sealed bids on or by a particular date, is similar to the auction in that all the bids constitute contractual offers that, if accepted, are binding. As with the auction, it is essential to reduce uncertainties to a minimum, and preferably to obtain planning consent beforehand. This not only takes time, but however assiduous the vendor and his agent, there can be no guarantee that the consent obtained is the most valuable possible, and prospective purchasers will bid for what has been approved and not what they think they get. The great advantage of the formal tender is that the highest possible bid for the property should be attracted, whereas at auction even an especially keen or special purchaser only has to exceed the second highest offer. As has been stated by Armon-Jones (1984):

'Formal tenders are particularly attractive for undeveloped land where the planning situation is quite straightforward. Most house builders have adequate finance and are well geared up to acquire residential building land at tender, but bidders for industrial and commercial sites normally require funding from institutions and, quite reasonably, institutions are reluctant to enter into founding commitments until the site is secure.'

Informal tenders

The informal tenders method involves the selling agent inviting single and highest bids, subject to contract, from prospective purchasers attracted by an initial marketing campaign. Because there is an interval between the acceptance of an offer and exchange of contracts, the method is said to be vulnerable to the successful bidder trying to renegotiate the offer once other tenders have been disappointed and possibly withdrawn. Nevertheless, it is argued that in spite of this weakness the informal tender is often the best form of sale for the disposal of development sites. So long as the procedures are clearly established and abided by, full and consistent information given to all potential purchasers, confidentiality maintained between the parties regarding the various schemes proposed prior to tender, satisfactory financial assurances obtained and a package of relevant legal documents circulated to all serious bidders shortly before the closing date, most of the problems can be reduced or eliminated (Armon-Jones 1984). However, the method does depend upon a high degree of trust and respect on both sides.

2.4 Market Segmentation

It is almost goes without saying that the property market is highly diverse. Not only does this apply to the rich variety of occupational market is seeks to supply, but also to the varying requirements within those markets, the different sales techniques appropriate to different sectors, the inconsistent attitude of differing client bodies and the divergent approaches taken towards marketing adopted by individual estate agency practices. The most notable segmentations are shops, offices, industrial property, and residential property. Since this paper is about residential property, a brief mention about some of the most notable characteristics this sector of the market is appropriate and is discussed as follows.

At the outset it should be appreciated that residential development of any scale differs in one major respect from commercial property development in that almost all volume house builders tend to employ their own sales teams, and have recourse to estate agents as a second line of support, if at all. Because of this, advertising assumes an even more important role in the marketing of housing estates, for there is no network of agents as with the commercial sector, and not the same degree of high street representation as with the second hand house market.

Prior to development, whoever is responsible for marketing, having established the basic demand for accommodation in the locality, the suitability of the locality, the amenities of the area and the extent of likely competition, is well advised to study former residential sales records in an attempt to find out why any cancellations took place. Non-buying attitudes are critical in the residential sector. Advertising studies, conversely, can show what features and what kind of presentation is most effective in generating interest in a particular development.

The usual method of marketing employed nowadays by the major house builders is to fit out and furnish one of the completed properties in a scheme as a show house. This will then be staffed up to six and half or even seven days a week, remembering that the majority of sales are introduced over the weekends. The advantage to the house builder is that the rest of the development can be monitored by their own agent, any damage can be made good immediately, access and response to inquires is almost instant, all the energies of the sales force can be devoted to the one scheme and, in the case of phased development projects, information on reactions and probable market trends can be fed back to the design team. With show houses, it is always worthwhile laying out the garden to high standard and making sure that water and heating systems work efficiently.

In the residential sector, the role of aggressive promotion and marketing is probably most telling at either end of the market. Luxury housing, which is observed to be the target of some if not most of Addis Ababa real estate developers, is a volatile and unpredictable product. Well targeted, skillfully presented and extensively placed advertising can reap enormous dividends, for it is really a matter of reaching and attracting individual purchasers to whom marginal amounts of money at or around the asking price are of little consequence once they have decided that they want the house or flat in question. High-quality design and finishes, combined with an elegantly furnished and fitted show unit, are also an essential ingredient in successful luxury developments.

At the other end of the market, competition rages to attract the first-time buyer. A key element of marketing strategy for first-time buyer of housing is the availability of mortgages. Virtually all the major house builders have agreements with one or more of the main building societies, giving ready access for potential purchasers to mortgage finance. Those block allocations are a particularly valuable marketing tool when high demand causes mortgage queues and lending restrictions make it especially hard for first-time buyers. Other inducements offered as part of a marketing package often include one or more of the following:

- Payment by the developer of legal fees, survey fees and stamp duty
- Payment of a mortgage protection policy for, say, two to three years to ease the burden of worry; this has been extended by at least one volume house-builder to the taking out, on behalf of the purchaser, of a personal protection policy against possible redundancy
- Provision of items of household furniture and equipment such as cooker, washing machine, refrigerator, fully fitted units and carpets; in some small starter units this can even reach to chairs, tables and beds
- Removal expenses
- Subsidized mortgage repayments for up to one year
- Repurchase at guaranteed levels of value

All these concessions both help the developer's cash flow and give momentum to the sales drive. In a mixed development, moreover, the early sale of the smaller units may prove a useful catalyst in stimulating interest in the remainder of higher-priced in the scheme.

Coater

2.5 Selling Techniques

It has been stated that there are no new methods of marketing property and that all that exist are refinements of long-established techniques (Butler 1982). As with any business venture management skills count every bit as much as the product, perhaps even more so with the marketing of property developments. For given similar buildings, in roughly the same location and identical promotion budgets, apart from the unexplained foibles of the markets, differences could be attributed to the personal qualities of those managing the marketing campaign. Nevertheless, a basic understanding of the techniques brought to bear by estate agents in selling floor space is an essential part of the overall management of development projects.

Public relations

Public relations is a form of untargeted promotion aimed at the public at large. The best generator of good public relations is ultimately the quality of the real estate development itself. Nevertheless, it is important to recognize that property development is rarely a popular activity to those in proximity of a proposed project. They often view development schemes as being physically intrusive, socially damaging and a threat to property values. Therefore, the sensitivity with which property development proposals are handled can greatly affect the acceptability and hence the feasibility of a project.

The very way in which the developers present themselves, the company and the retained consultants to the political representative, professional officers, the press, interested parties and the general public can all contribute to fostering a favorable impression. Supplying full information and readily responding to criticism in a sympathetic and constructive manner further assists in creating an open and positive climate of opinion. Some developers establish an information office on the site or near the projects, hold exhibitions, make presentations, conduct their own consultation exercises and produce a regular newsletter regarding project progress. In fact, every aspect of the selling process described below should be seen as part of a broad public relations campaign aimed at merchandising the development property.

Brochures and particulars

This technique is widely used in Addis Ababa. Naturally, both brochures and more simplified forms of property particulars must describe the intended or completed development and convey all the details that a potential occupier might require. Normally this will include some or all of the following:

- A geographical description of the general area, which identifies the precise location of the site or building

- Communications facilities such as road, rail, air and water transport to and around the scheme
- For some kinds of development a brief social and economic profile of the area is advisable, covering such matters as shopping, housing, education and recreational facilities, as well as the presence in vicinity of leading commercial organizations
- Property particulars describing the accommodation, giving areas, heights and specification
- A description of the services supplied to the building, such as gas, water, cabling and electricity
- The nature of the interest being marketed, together with a board explanation of the lease terms and a declaration about the existence of any restrictions to tenure
- An indication of the price or rent being sought
- Who, how and where to contact for more information, assistance or appointment to view
- A saving or disclaimer clause to protect the agent and the developer, which might be along the following lines:

The agents, for themselves and for the vendors or lessors of this property whose agents they are given notice that plans and drawings are for identification purposes only and do not form part of any contract. Measurements and areas are approximate and although believed to be accurate an intending lessee or purchaser must satisfy himself as to their accuracy. No responsibility is taken for any error, omission or misstatement in this brochure, which does not constitute or form any part of an offer or contract. No representation or warranty whatever is made or given in this brochure or during any negotiations consequent thereon.

Vogues and style in brochures have changed over the years, from the crude letting brochures of the 1960s, through to some of extravagant productions of the 1970s and 1980s, to the full color, expertly designed and professionally laid-out publications of today. Even those are being edged out or supplemented by audiovisual cassettes and tapes. Nevertheless, the brochure is likely to remain an important marketing aid, and great care is now given to the presentation of information, so that prospective purchasers or tenants can assimilate the relevant facts quickly. There has also been an increasing emphasis over recent years on the use of good graphic designers, artists' impressions for new development, and specialist photography.

As with direct mailings (discussed below), it is vital that the brochure falls into the right hands. It may be necessary to produce more than one brochure during the course of marketing a development scheme. It also pays to attach a reply-paid card simply requiring interested parties to tick a box if they would like to receive further details.

Press advertising

Press advertising obviously is arranged at reaching the potential occupier or his professional advisers. They will, however, usually have different reading habits. The property professional is fairly predictable, and scrutiny of the real estate journals like *Estates Gazette* in Britain, is something of a time-honored ritual for the commercial agent. The potential occupier is more difficult to define, and the agent must attempt to gauge, which professions, business or trade might be interested in a particular property or unit. Agents often prefer to design their press advertising to facilitate a direct response by incorporating a reply form to be filled out and returned.

Commonly, agents have recourse to specialist advertising agencies, although some of the very largest firms have established their own in-house advertising departments. The better advertisements stand out from the crowd and break through the "noise" of competing claims on the readers' attention. They are to be characterized by beautiful photography or illustration and have striking or unexpected headlines and feature the building attractively or, in advertising language, make the product the "hero" of the advertisement. The worst press advertisements are characterized, almost by definition, by having nothing striking about them, and likely to put off readers by virtue of the clutter. Poorly laid out detail and unimaginative headlines and illustrations. Generally, moreover, featuring the identity of the agents too prominently and yet also lacking a consistency in establishing a corporate identity criticized property advertising.

It is generally recognized world wide that the real estate market has become increasingly sophisticated and developers far more aware of the power of the advertisement, in particular that potential tenants and targeted agents are different markets requiring different techniques. Some further comments by leading advertising agencies make contradictory points about advertising culture:

- Good design and clever ideas are not enough to sell a product-you've got to understand what is important to the audience.
- The biggest mistake is to go for too complex an image. It needs to be simple to survive what is a very noisy environment.
- You must not be afraid to be bold. The property press has been flooded with run-of-the-mill building adverts with square footages, agents' logos and piles of shopping bags. Your advert has got to be different.
- Any advertisement should be jazzy to look at, but it should be full of information.
- Humor has proved a particularly rich source of inspiration for corporate communication via advertising.
- A good picture highlights both the building itself and its chief asset, its location.

- Because we are always overestimating the importance of product, accepting that the product can take second place to concept allows talking about something other than the air-conditioning or lighting. (Hall 1993)

One of the frustrations facing the advertising industry, however, is that the relative success of different approaches is difficult to quantify and largely remains a matter of speculation. Alongside press advertising is editorial coverage. It often pays to keep journalists informed for market developments, especially for major or unusual schemes. This is best done in the form of a press release accompanied by a good monochrome photograph with caption and forwarded personally to the appropriate journalist.

Direct mailing

This form is used rarely in Addis Ababa. The use of carefully targeted mail shots has become an internationally popular form of marketing communication. The main advantages are that: it enables direct contact to be made with individuals in the targeted occupational group; it is highly selective and it avoids unnecessary circulation; it does not compete at the same time with other advertising message; it is flexible in terms of geographical area, frequency and design; and it is relatively quick and cheap to produce and distribute.

Mail shots are normally used to support a wider marketing campaign, and should be released to coincide with other advertising ploys, but they may sometimes be the sole method of promotion. It must be remembered, however, that the bulk of direct mail letters end up in the waste-paper basket. They must, therefore be simply but compellingly written, preferably well illustrated and addressed to a named managing director or finance director marked "personal" to circumvent over-protective secretaries.

Moreover, it should almost go without saying that direct mail is only good if a professional person undertakes a rapid follow-up. This is normally done over the telephone, in which context it is worth quoting one agent who states:

I have almost completely abandoned direct mail. Although the cost of telephone marketing is considerably higher, I have been able to persuade my clients to pay because personal targeting is assured, there is a 100% contact rate, a known response level and it is easier to interpret levels of interest. (ibid.)

Despite the widespread use of the word processor and the increased facility to "personalize" letters, however, it is quite possible that the effectiveness of the traditional direct mail shot will diminish. Nevertheless, good clear and precise covering letters accompanying other mailed particulars will always be an important marketing tool.

Sideboards and boardings

Perhaps the most familiar marketing aid is the agent's board, providing on the spot advertising of availability of property. It is also common here in Addis Ababa. There is a tendency, however for development sites during the construction period to be weighed down with a jumble of different boards - architects, building contractors, engineers and quantity surveyors, as well as developers and agents. In marketing terms they achieve little or nothing, even when sensibly grouped as a single display, unless considerable thought is given to their function and treatment. Moreover, there is often the lingering suspicion in the mind of the client developer that the board on a completed building does more to promote the image of the agent than it does the identity of the development.

However, the contribution made by sale or letting boards to the overall marketing campaign should not be underrated. On a new development such boards can be used not only to state the details of proposed building or buildings under construction, but also be employed as a linking display describing the program of work and the progress to date. Casual visitors to the site may well be potential occupiers, and be converted into actual tenants by the continuing advertisement.

Over the past few years it is obvious that much greater care has been expended upon the design and location of sideboards by some leading property development companies. Dignified artists' impressions and stylishly presented wording can only help to enhance both the perceived quality of the building and the corporate image of the developer. Nevertheless, it is important to ensure that boards are regularly inspected and maintained. Otherwise the opposite reactions might be created.

The development in photographic processing offers much more scope for creativity and impact in the use of sideboards, letting boards and posters. Large pictorial boards can be produced as massive enlargements of photographic transparencies or prints at a relatively little cost and can have a physical outdoor life of up to 18 months.

Demonstration

The residential sector has long relied upon the tangible demonstration of its wares to sell property. No estate development of any size is complete and properly ready for marketing until a furnished and fitted show house or flat is made available for inspection.

A modern surrogate for on site demonstrator is of course, the videotape. In producing these, as well as with actual tours of inspection, it is worth recognizing that there is a best way to show someone over the property. Preferred routes should, therefore, be mapped out in advance, and so arranged as to make the first and last impression of the real estate development the most favorable (Butler 1982).

For major schemes and for projects that are sensitive nature, an exhibition might be necessary. Apart from displays put on as art of the process of obtaining a planning consent, the majority of exhibits of real estate development projects are prepared as part of corporate promotions in both the public and private sector. It should be appreciated, however, that the mounting of exhibitions or, for that matter, the participation in exhibitions organized by others, is a costly and time-consuming affair.

Television and Radio

The use of commercial television to advertise property is still the exception rather than the rule. The main reason for this is cost, in terms for both preparation and presentation of material. Despite the expense, television is said to offer wide coverage, to be an intrusive medium that is well suited to demonstrating a building to its best advantage, and to be capable of targeting regional audiences with some precision.

Local radio is being used fairly extensively for the advertising of property. Opinions vary as to how effective it is. On the one hand, it is reasonably cheap, offers relatively wide coverage and can lend itself to the creative and striking communication of information. On the other, although it might do wonders for the agent's image, it can be argued that the transitory nature of the message is unlikely to sell property. The right people rarely listen, except at the wrong time.

Incentives

Apart from the rational agents' lunch, and more recently agents' breakfasts and coffee mornings, more and incentives seem to be on offer in the market. This is uncharacteristic of the Addis Ababa market. Luxury cars, holidays abroad and additional cash bonuses are all dangled before those who can introduce a successful letting. At the same time, in a difficult market, there is a continuing pressure to offer ever more attractive inducements to prospective occupiers. Rent free periods, low starting rentals, fitting-out subsidies, reverse premiums and options to break are all employed at the moment, as are incentives during negotiations to secure a letting. They should, however, be introduced with care. For it has been pointed out that if a real estate property has been correctly marketed and stands in rental terms on an equal footing with competition, then to use these factors prematurely can often erode the base for negotiation. In addition, it is argued that very seldom is a businessman lured into the market place purely by marginal short-term financial inducements. If the

property is right, and the terms comparatively competitive, the deal should be struck notwithstanding the trappings. Conversely, because they are known to exist in the market they become expected. In any event, they should be properly costed at the outset of the scheme, as should the reception held on completion to launch the building onto the market, whether it has been pre-let or not. This has now become an important part of the promotion campaign, for the agent and founder as well as the developer. Hence, it deserves careful attention. If, for example, it is a pure letting reception, the individual public relations or those concerted with the property development should not be allowed to detract from the essential marketing thrust.

Other approaches

More and more firms of real estate agents as well as developers and financial institutions are using the service of public relations advisors. With their consumer-based approach, the range and variety of promotional activities are bound to increase. Marketing plans will be more professionally drawn up and more persistently pursued. Special events and novel programs will become a more common feature of property promotion and marketing.

The use of display models of a development, special naming of a building or the grant of naming rights, the design of a compelling logo and graphics for a project, ground breaking, topping out and opening ceremonies with attendant publicity the use of holograms in demonstration units, special treatment of entrances and common parts cold calling of possible purchasers, and the dispatch or presentation of novelties are all well tried selling techniques. More recently the possibility of using "interactive" or "virtual reality" techniques has been explored by some property developers to market their buildings, so that at the press of a button you can move around the premises and experience different forms of finish, enclosure and fitting-out. However, it is costly.

Again, whatever combination of selling techniques is employed, the importance of effective follow up activity cannot be stressed enough. Few sales are closed quickly, and patience and perseverance are invariably required. Follow up should not stop once an agreement has been made or a deal struck. It should continue between signing and moving in and beyond, into occupancy. The good name of the developer and the reputation of the agent are themselves integral aspects of present and future promotion, marketing and sales.

2.6 Developers' Viewpoint ✓

It should be the overriding objective of all developers operation in the private sector to ensure that the buildings they produce are marketable. They must, therefore, concentrate the minds of all the members of the professional team, whether they are architects, engineers, quantity surveyors, builders or whatever, upon the marketing aspects of the project. Thus, from the developers' viewpoint there are several general factors that should be taken in to account in planning the marketing campaign for almost any scheme of development.

The choice of agent

The question of marketing and the selection of those who will be responsible for the choice of agent should be made at the earliest possible stage in the real estate development process. It may well be that a potential development site has been introduced by a particular agent. Alternatively, a firm might have been instructed by the developer, or by a prospective occupier, to find a suitable development site because of their special knowledge of the land market in a given locality. In both circumstances the agent concerned might wish to remain associated with the project and undertake the sale or letting. Indeed, it would be surprising if they did not. And in the case of an introduction to a site it is difficult to arrange otherwise. However, they may not be the best firm for the job. In selecting the right agent, several questions could be posed:

- *National or local?* A national firm of estate agents will have a broad coverage of markets and a wide range of business and property contacts, but on smaller or more difficult development they may not be quite so hungry for success. A local firm might be eager to perform, conveniently available and familiar with the local market, but they may lack the necessary knowledge and network of commercial contacts and be unable to supply certain support services. Often a combination of the two is the best solution.
- *Large or small?* Much of the same arguments as above apply to the size of estate agency firm retained. It is remarkable, however, how many major developers are increasingly willing to entrust the marketing of very large schemes to very small practices. Again, the answer is often a joint instruction.
- *Firm or individual?* It is important to select and instruct agents with care to ensure that it is not just the right firm, but also the right person within that firm who is fully responsible for selling the property.
- *Regular or infrequent?* Although there are often compelling reasons for sticking with an agent who has performed well in the past and has become accustomed to the individual ways of a given developer, it can sometimes be beneficial to try out someone different. Even in professional

circles, familiarity occasionally can breed contempt, and it is always interesting to compare alternative approaches.

- *Generalist or specialist?* Certain estate agents gain a particular reputation for marketing expertise in special fields, either by sector or by geographical area. Even within such broad categories as shops, offices or industrial premises, performance can vary. With very special types of property, such as leisure or hotel projects, it is a brave developer, or perhaps a foolish one, who does not avail himself/herself of special marketing advice.

To get the best out of an agent it is not only necessary to appoint them at the inception of a project, but equally essential to make sure that they are involved at every stage of the development process. In this way, marketing factors are built into the original design and the agent gains a deeper understanding of the nature of the property. Although this close collaboration throughout the period of development is bound to be to the benefit of all concerned, it is nonetheless imperative that there should be clearly defined terms of reference and established levels of responsibility for marketing. This is especially true where two or more agents are instructed.

The Marketing campaign

It is cardinal priority for both the developer and the agent to satisfy themselves that the marketing campaign is properly planned and evenly spaced. As has been contended:

One of the worst offences is the momentous first push, heavy over-exposure and comparative inactivity thereafter. Plan it so that you have a series of nudges rather than one forgettable blast. (Butler 1982)

Another common failing among development companies is the tight allowance made for marketing at appraisal and project planning stages. It is astonishing that, with the enormous capital sums involved and the difficult market conditions that prevail, how little money is made available for marketing. The developer and agent should, therefore, agree on a reasonable budget for promotion and marketing, remembering that smaller, less prominent, buildings will often require a proportionately higher sum spent on selling them than do their larger, more splendid, counterparts.

As already mentioned, the contribution for the public relations firm to the promotion and marketing of property development schemes has grown over the past decade or so. Although the cost of rationing the services of a good firm for public relations consultants is additional to the usual agency commissions incurred, it is worth the developer consideration of such expertise, particularly for those projects dependent upon public custom. However, experience shows that it is advisable to negotiate a fixed fee rather than work to their preferred quantum merit basis. It is also important to make sure

that a good working relationship and clearly defined terms of reference are established between the estate agent and the public relations firm, otherwise an element of suspicion can erode the effectiveness of both.

Naturally, a real estate developer will also wish to approve the proposed selling techniques. Without re-examining the relative merits or otherwise of such methods of selling as brochures, videos, press advertising, direct mailing, sideboards, demonstration units, television or radio, a developer should have a basic understanding of the techniques used by estate agents in selling floor space. At the very least it is necessary to select the right agent in the first place. At best, it promotes a healthy climate of confidence between the agent and developer.

In any event, it is worth restating that there are really no new methods of marketing property, merely refinements of long-established techniques. But with any business venture where management skills count every bit as much as the product, so is it with marketing of real property developments. For given similar buildings, in roughly the same location it is the marketing campaigns that make the difference.

With potential occupiers becoming increasingly aware of their space requirements, it is important not to present marketing material in too naïve, or even insulating, a manner. Moreover, if sufficient thought is given early enough in the real estate development program as to what exactly is involved, and where time and money is best expended, it may transpire that some of the traditional avenues of marketing are not necessary.

Monitoring marketing

Once an agent has been instructed and a marketing campaign agreed, it is essential that the real estate developer retain continuing contact with the agent to monitor progress. Regular meetings, at say, monthly intervals, should be held, preferably on site. Moreover, the client developer should always insist that a written report on the previous month's activity is submitted to him prior to the meeting. This would itemize all the inquiries that had been made about the property, the names and positions of those inquiring and whether or not any visit to view had been arranged or taken place, and with what result.

Where appropriate, an explanation of why inquirers had not pursued their interest should be included, together with a reasoned argument examining how sales and lettings have taken place in what are seen as directly competing properties. This discipline is not popular with agents, and there might indeed be occasions when excessive adherence to the routine becomes a hindrance. However,

formality is easy to relax, but difficult to reassert. The reporting process must, therefore, be seen as a genuine evaluation of progress and not a mere ritual.

The developer will also normally wish to be consulted regarding the presentation and placement of advertising. Although the agent will be more familiar with the various vehicles for promoting the property to the best advantage, it is important as well to check that it is the development that has priority in an advert, and not the agent's corporate image. Another avenue worth exploring with the agent is the possibility of trailing editorial comment throughout the course of the campaign. It is hard to assess the true value of editorial exposure, but it is free.

There are several other matters worth mentioning regarding the relationship of the developer and the agent during the marketing process. These can be summarized as follows:

- Resist the natural urge to tinker with such matters as the design and format of the brochure or the structure and content for any conversing letter. If dissatisfied, reject them and do not compromise.
- Do not be tempted to cut out the agent if an approach is made direct by a potential purchaser/lessee. Always refer such offers to the agent, for there is little purpose served in retaining an agent and conducting negotiations personally. In this way, a secondary negotiating position is reserved.
- Do not change agents midway through marketing unless there are very good reasons for so doing. Continuity is one of the more important ingredients of a marketing campaign. If the service from the agent is through to be unsatisfactory, it is often better to give them prior notice to quit or ask them to re-tender for the instruction against a major competitor. It is remarkable how rejuvenating this particular process can be. If, however, the dissatisfaction is deep-seated, then it is better to cut losses and change agents forthwith.
- Decide the degree to which the property will be finished, and what help might be made available to any incoming tenants for finishing or fitting out.
- Consider what kind and level of continuing services could be provided by the client and on what basis. It can be argued that, both to generate initial profitability and maintain income flow, the management of commercial property generally need to be much more aggressive. To some extent, therefore, development does not end once a building is physically completed, but includes the establishment of a property management system.
- Furthermore, in terms of marketing and management, tenants are demanding more flexible leases as well as more flexible buildings. Tenants are increasingly looking for shorter leases with one-sided break clauses and a range of supporting business and personal services. Thus,

good marketing, which has regard to good management will play an ever more important part in assuring the success of development projects.

- Pay fees promptly, and once agreed do not attempt to renegotiate. There is almost a paradox in the real estate property world whereby an agent achieving a good quick sale or letting is somehow not felt to have earned their fee, whereas the long and costly campaign is, in a strange way, thought to have shown value for money.
- Consider within the overall context of marketing the corporate image of the client. In these days of greater accountability and ever-growing public awareness, the image a property development company portrays to the public at large is fast becoming one of its more valuable assets. "Public" in this sense refers to the whole professional and commercial setting in which the company operates. Thus, it includes clients, competitors, local authorities, the news media, financial institutions, construction firms, professional practitioners and prospective purchasers.

In a business that, rightly or wrongly, is not exactly renowned for its high ethical or aesthetic standards, there is good reason for property development companies to ask themselves a few telling questions regarding their corporate image. It has been suggested that these should include the following:

How do we think the public perceives us?

How are we actually viewed by the public?

How would we wish to be thought of?

What image is most likely to assist us in achieving our objectives?

(Charles Worth-Jones 1983)

Unless, in the unlikely event of all the answers to these questions coinciding, the next proposition should be, "How do we go about designing and implementing a desirable corporate image?". This may involve a change in attitude by members of the company, an advertising campaign, public relations exercises, or even a change of name. In any event, the very act of self-assessment can be both salutary and rewarding.

2.7 Conclusion

Innovation in the process of promotion and marketing is bound to happen. What confronts the agency business is the extent to which property professionals can retain command over the sales team. Already, research worldwide have shown leading firms of public relations consultants, with their skilful manipulation of the media and their flair for promotional activities, beginning to make incursions into the agency field. According to Ratcliffe & Stubs (2001) education for marketing, both for existing members in practice and for new entrants to the estates profession, will become ever more essential.

Nevertheless, there are no magic formulae to the art of marketing. It is simply a logical stage-by-stage approach that employs a range of techniques and disciplines, and it is the firm that uses all the appropriate techniques and skills that will create the synergy that sells.

CHAPTER THREE

FINDINGS & ANALYSIS

3.1 External Marketing Environmental Analysis

In this section the general external marketing environment of the real estate industry in Addis Ababa is covered. Political, economical social, technological, legal and physical environmental components are addressed. In addition, competitor analysis is also carried out.

3.1.1 Politico-Legal Environment

Housing Policies implemented in Ethiopia

The housing sector has been subjected to a variety of interventions over the past 30 years, which provide important lessons to any real estate development endeavor in the housing sector.

A. The Pre 1975 Situation

The housing market during this period can be characterized as one operating on free market principles. Landlords were leasing urban land and constructing residential houses to tenants, and there was no restriction with regards to the selling and buying of houses. Nevertheless, there was a felt need for some form of government intervention, particularly in the low-income housing sphere, as

“ It has been evident for several years that the current workings of private enterprises in housing have not, and will not, tackle the serious problem which exist in Ethiopia without the development of a firm, realistic, long-range housing programme by government”. (IEG. 1967: 7)

Thus the government, which then had little involvement in the housing sector, was expected to provide low-cost housing without inhibiting the role of the private sector which was at that time mainly catering for medium and high income groups (IEG. 1967).

Moreover, this laissez faire condition was one of the factors blamed for the unplanned development of most urban centers, in addition to the very high cost of rent tenants had to pay during this period (Gulte, 1989). This is especially important when one looks at the highly skewed distribution of urban houses. In the late 1960s, it was estimated that only 5% of Addis Ababa's population owned about 95% of the city's urban land, while 55% of the houses in the city were rental houses. (Gulte, 1989)

This resulted in very high urban land prices, for 'there was no national government or municipal jurisdiction that controlled the rise in land prices or stopped rampant speculation,' as a result of

which, 'the majority of the urban population was forced to live in highly crowded and congested dwelling, mostly built and owned by small-scale landlords, for big estate owners never sought to invest in low or middle income housing'. (Gulte, 1989)

B. "Implicit" Policies on Housing (1975 – 1986)

Proclamation No. 47/1975 nationalized all urban land, high rise apartment and office buildings and extra houses without direct compensation as the main rationale of the proclamation was to get rid of "usurious landlords". It is worth noting that the most important immediate effects of the proclamation were: a regressive reduction on the amount of rent (between 15 and 50%) for tenants who were paying a monthly rent less than 144 E.t. birr, and the coming into picture of direct government involvement in the sphere of housing provision.

As a result, since the mid 1970s the role of institutionalized forms of private housing provision was totally relegated, and this was assumed to be handled by the government. In the years that followed the government was working towards a complete control of the housing market. It encouraged self-provision as the main form of housing supply. The proclamation prohibited the earning of rental income by individuals which in effect became the exclusive right of the public sector. By putting conditions for the transaction of urban houses the government assumed complete control of the housing market.

It could be stated that there were not explicit policies on housing until 1986. There were, however, certain implicit policy objectives (in the form of rules and regulations) inherent in Proclamation No.47/1975:

- The government became the sole owner of urban land and "extra houses". Conditions were put on the selling of houses, and obtaining rental income from housing was prohibited;
- Central associations were expected to develop urban land which started to be assigned free of charge to attract potential house builders, although a ceiling was set for the size of land plots to be assigned at 500m²;
- Speculation in urban land was to be controlled through formal procedures that involved Kebele judicial tribunals. Official recommendation from Kebeles was necessary to get urban land which would be given after proving that the person does not have another house; and
- The Ministry of Urban Development and Housing (MUDH) was responsible for providing technical assistance including the issuance of site plans and estimation of construction costs. The latter was used to check whether a person can afford to build the type of house which he/she is interested in.

In order to implement the proclamation, a hierarchical structure of Urban Dweller's Associations was established by the Government which was composed of 'Kebeles' 'Keffegnas' and Central Associations with the then Ministry of Housing and Urban Development at the top, Kebeles and Agency for the Administration of Rental Houses (AARH) were in charge of administering nationalized houses renting below and above 100 Et. birr per month, respectively. Both were also expected to construct houses for rent. The urban dwellers' associations (particularly Kebeles) and the AARH played important roles in administering nationalized houses. In particular, Kebeles have been in charge of managing houses with monthly rent less than 100 Et. birr while the management of houses rented 100 Et. birr and above has been the task of AARH. The Kebeles were responsible to manage houses in their jurisdiction that is to collect rent, to undertake maintenance works and to construct low-cost housing and to pay allowances to previous landlords. A maximum allowance of 250 Et. birr per month was given to those who had no means of livelihood other than rental income, for extra houses were nationalized without any direct compensation. Further:

- The initial responsibilities of MUDH included in addition to its primary task of insuring the proper implementation of the proclamation, coordinating the activities of urban dwellers' associations, formulating urban development and housing policies, preparing housing standards, delineating boundaries for urban centers, preparation of town and urban plans and following up of their proper implementation. Later were added tasks related to the provision of basic construction materials, and encouraging the organization of housing cooperatives.
- The Housing and Saving Bank (HSB) gave credit to those who could afford to borrow money to construct their own houses;
- Construction materials started to be produced and distributed by state owned enterprises; and
- The government was also involved in the actual construction of buildings (government offices, public service rendering establishments) as it established the Housing Construction Corporation.

As a result of reductions in the amount of rent to be paid, those who used to pay less 144 Et. birr have benefited. In the sphere of house construction, however, it is only the better off who got the opportunity to construct their own houses, both using their own money and/or credit obtained from the HSB. For instance, during the period 1978-85, only 10% of the houses were constructed by own fund, while around 82% of the housing loan was given to families with monthly income higher than

500 Et. birr. In like manner more than 55% of the members of housing cooperatives were with monthly income higher than 500 Et. birr, while those with income higher than 300 Et. birr were more than 80% (Gulte, 1989).

The feasibility of the implicit policies can be commented from two aspects: the construction of new houses and the condition of nationalized houses.

Table 3.1.1.1 Number of Houses Constructed by AARI (1976 - 1992) (Ezyob, 1993)

Type of Building	Addis Ababa	Regions	Total
Low-cost houses	3156	3603	6759
Apartment buildings	38	1	39
Villas	87	1	88
Office buildings	123	43	166
Hostel	9	-	9
Completion of unfinished houses	69	189	258
Building Annexes	1	-	1
Self-help houses	1982	228	2210

While the urban housing need is estimated at around 75,000 units per year, the number of houses constructed during the period 1976-81 was only some 5,000, which represented less than 7% of the total housing need (Gulte, 1989 & Gutema 1993).

It is also likely that one deterring factor for some people (particularly those who were living in houses rented from Kebeles or AARI) from building their own houses has been the fact that rents remained frozen to this day, but which have been decreasing in real terms due to inflation, that is, it is cheaper to rent than to build ones own house.

There has been a lot of uncollected rent due to the poor rent collection efficiency on the part of Kebeles, and there has not been a system of penalty for rent arrears. Some of the tenants can not easily pay the accumulated rent, particularly those with fixed income, due to their economic situation which was aggravated by wage freezes, soaring inflation, rising unemployment and shortage of basic goods and services (Mulatu and Yohannes 1988).

The government has not been in a position even to maintain the houses it nationalized let alone make any sizable contribution to additional housing stock. In particular, the maintenance of houses under Kebele administration has been very limited. This is because Kebeles have neither the

resources nor the personnel to undertake housing maintenance works. Housing which are rented below 4 Et. birr per month accounted for 46.4% of the total rented houses in Ethiopia. (CSA, 1991) In particular, the amount of budget allocated by Kebeles for maintenance of housing has been very low. In the case of Addis Ababa, it was estimated to be between 1 and 2% of the estimated requirements (HMS, 1988). Thus, most dwelling houses have almost completely depreciated. Currently, however, some dwellers of Kebele houses have started to make maintenance (and even extension) works as they can now get the permission to do so from Kebeles so long as they will not ask refund for the maintenance cost they incur. They may also have an incentive to sub-let a portion of the house.

As the following quotation signifies, as early as the 1980s the housing problem in the country has reached an acute stage.

“The familiar stories of housing shortages in socialist states – of long waiting lists of young families without housing of families with children who have outgrown their current space, and of families who wish to move nearer to work or relocate to other cities are told again in Ethiopia, only they are worse” (Mulatu and Yohannes, 1988)

Starting in the mid 1980s, the government's official policy response to the dismal performance of the sector was in favor of self-help housing (by private and cooperative initiatives) with retained promise of its role in the provision of low-cost housing. Thus its main goal was that of stimulating the non-government sectors to actively participate in the production of housing. Its explicit objectives were those related to space and material economy and the promotion of housing cooperatives.

C. “Explicit” Policies on Housing (1986)

The policies, which were implicit in Proclamation No. 47 1975, despite their concern for equity, created serious bottlenecks in the housing sector, and the largest share of the housing need remained unmet. The housing policy document issued by the government (Proclamation 292/1986), and the associated regulations were responses to severe problems faced with regard to housing which, by the early 1980s, had already reached a full-blown disaster. Problems were encountered, particularly in Addis Ababa, in providing serviced land. It also became difficult to make adequate construction materials available. So serious were the problems that the government issued a directive in 1984 to halt the allocation of urban land all over the country until a national housing policy would be formulated along a socialist line. The directive also totally banned the selling and buying of houses.

The formulation of the housing policy took more than two years during which no houses were constructed except the completion of the already started constructions. During these two years, the housing problem further deteriorated, while significant unofficial housing transaction was propagating. Moreover, despite the existence of legislation that prohibited the earning of income from house rent, people were subletting their houses.

It must be noted that the directive was effective all over the country despite the presence of differences in terms of urban land and housing problems from one urban center to another.

The main objective of the policy has been space and material economy, which was to be achieved by non-public participation, particularly by individuals who would organize themselves in cooperatives, in the construction of standardized dwelling houses. It also envisaged that the government would be the sole buyer of potential houses to be sold by their owners. Thus another objective of the policy was to achieve further control on the housing market.

The instruments used to achieve the objectives of these policy guidelines were:

- **Housing standards:** These were meant to achieve both space and material economy, by way of ensuring that the construction of houses would be following standards developed by the MUDH. To this effect, the ceiling for the maximum allowable size of land per household was reduced from 500 to 250m², and a vertical increment, a "GPlus" housing was encouraged along with the provision of communal green areas. Moreover, housing space (floor area) was to be regulated between 14 and 70m² per household. These standards also require that in case of cooperatives duplex houses, two m² per household. These standards also require that in case of cooperatives duplex houses. Two houses having a common wall, should be constructed to save urban land space and construction materials.
- **The Promotion of Housing Cooperatives:** Dwelling house construction cooperatives were encouraged. The main argument behind promoting cooperatives is the assumption that scale economies of scale can be easily realized, both in arranging for the delivery of construction materials, and the development of common infrastructure. Cooperatives were to be provided with a subsidized credit at annual interest rate of 4.5% against 10% paid by individuals. Moreover, they were given priority in the assignment of urban land, provision of credit and allocation of construction materials.
- **Subletting:** Subletting was made official and strangely enough encouraged to alleviate the housing problem. Since then there was significant subletting & it included those houses administered by Kebeles.

The policy could not, however, achieve significant results in the sphere of low-cost housing for the poor. As those to be organized in cooperatives must be credit worthy, most of them were with higher income (a monthly income of 200 Et. birr and above). As subsidized credit was provided to all those organized in cooperatives, irrespective of the size of their income, there was limited opportunity for the less better off in getting access not only to credit but also to urban land, construction materials, etc. In fact the government "encourages upper and middle income bureaucrats to take bank loans for housing. Although some families have taken this opportunity, many are discouraged by the shortage of construction materials, which are rationed as are other essentials, and the location of available sites, which are often on the periphery of towns". (Mulatu and Yohannes, 1988)

Further the government's credit policy with regard to housing is criticized for favoring the middle and upper income groups to have access to credit to build homes. For instance, in the mid 1970s, about three quarters of all housing loans went for borrowers whose monthly income ranged up to Et. birr 500. This income group shared only a quarter of the total advanced loan in the early 1990s.

Table 3.1.1.2 Shift in HSB Loans to Different Income Groups

Borrowers' Monthly Income (Et. birr)	% of Borrowers (1976/77)	% of Borrowers (1990/91)	% shift (1976 - 1990)
Up to 100	1.5	--	-100.0
101 - 300	47.2	8.9	-38.8
301 - 500	24.2	30.2	+6.0
501 - 700	10.7	28.5	+17.8
700+	15.9	32.4	+16.5
Total	100.0	100.0	-

There has been a significant shift in credit provision from the lower to the higher income brackets.

In spite of the observed increment in the volume of loans, it was clearly seen that groups earning up to 100 Et. birr per month were completely repealed from the loan picture. Meanwhile, those earning between 101 and 300 faced major decline. On the contrary, the banks credit opportunity shifted slightly to earners of Et. birr 301 to 500 and those above that level highly benefited from the shift.

On the other hand, subletting has had a considerable income redistribution effect in favor of low income families.

To realize the objectives of the policy, additional institutions were established under the Ministry of Urban Development & Housing (MUDH). This entailed certain reorganization within the Ministry. A cooperative promotion department was formed. In addition, a Building Materials Supplies Enterprise and an Urban Housing Construction Enterprise were set up as semi-autonomous institutions.

A significant number of houses have been constructed after the announcement of these explicit policies on housing. However, the implementation of the policy has faced problems related to housing finance, shortage of construction materials and urban land. Moreover, the difficulty to formally obtain urban land to build houses contributed to the widespread informal housing in the peripheries of urban centers, including Addis Ababa.

Amount of Houses Constructed

Table 3.1.1.3 shows the total amount of houses constructed during 1976 – 1992 with bank loans. Data is not readily available for those houses the construction of which is self-financed and those constructed by UDAs.

A significant number of houses have been constructed after the announcement of this policy. Including the year in which the proclamation was issued, more than twelve thousand houses were constructed with bank loans within a five years period (from 1989 to 1990). This accounts for more than 47% of the houses constructed during the whole period for which data is available. It is also interesting to note that more than 86% of the houses constructed during those five years were by members of housing cooperatives.

Table 3.1.1.3 Number of Houses Financed by Loans from the HSB (1976 – 1992)

Year	Number of Houses constructed by:			Per cent share of each year
	Members of Housing Cooperatives	Individuals	Total	
1976	-	353	353	1.4
1977	-	1675	1675	6.5
1978	48	1047	1095	4.3
1979	2209	1166	3375	13.2
1980	807	1123	1930	7.5
1981	222	538	760	3.0
1982	153	482	635	2.5
1983	201	534	735	2.9
1984	289	513	802	3.1
1985	868	444	1312	5.1
1986	779	94	873	3.4
1987	4282	84	4366	17.0
1988	2328	191	2519	9.8
1989	941	626	1567	6.1
1990	2291	623	2914	11.4
1991	50	395	445	1.7
1992	24	264	288	1.1
Total	15,492	10,152	25,644	100.0

A subsidized credit scheme was introduced that was favoring more housing cooperatives than individual house builders were associated with the new housing policy issued in 1986. Cooperatives were entitled to get a subsidized credit with interest rate of 4.5% per annum, where as individuals were charged 7.0%. However, the Bank's financial limitations did not allow it to entertain the demand for credit put forward by all housing cooperatives. The formation of additional housing cooperatives has been stopped once again till those cooperatives, which have started construction, finish building their homes.

The standards, which were meant to be used all over the country, entailed certain difficulties. The maximum area of urban land to be allocated to individual families (which was reduced to 250 m²) and

the maximum ceiling of floor space (which was to be regulated between 14 and 70 m²) is found to be generally small, particularly in those towns where the land problem was less severe. Moreover, these standards provided limited flexibility for those who can afford to construct a house of better standards. In addition, such standards must also consider climatic factors, as it will not be appropriate to recommend the same type of housing standards across all climatic zones.

The reductions of the maximum allowable size of holdings to 250m² was subject to criticisms, particularly for its blanket approach as it was applicable all over the country. Hence, another regulation was issued which established the minimum size of plots to be provided for the construction of new dwellings at 144m², while the maximum was 650m², which would depend upon the level of the urban center and the grade of land (Council of State Special Decree No. 15/1990). The decree also allowed a more relaxed ceiling for the total floor area which might reach up to 180 m².

The supply of construction materials is worth discussing here. Many of the large-scale building material manufacturing enterprises were managed by the government. However, since the domestic production of building materials has been limited, the majority of nails, corrugated iron and enforcement bar, and to some extent cement have been imported.

The Building Materials Supplies Enterprise has been distributing construction and building materials with the following official priority: first to government projects (including non-housing construction); second to dwelling house construction cooperatives (whenever they are present); and finally to individual house builders. However, given the low real income of urban households, the effective demand of the majority of the population to buy construction materials has been very limited.

Table 3.1.1.4 Approximate Unit Price Per M² for Houses built with different materials

Year	Chicka (mud)	Hollow Blocks	Bricks
1976	200	230	250
1978	270	320	350
1982	365	410	450
1986	415	475	525
1990	510	610	625
1993	700	800	875

Source For 1976 and 1978 the HSB as quoted in Africa 70, 1987, while for 1982, 1986, 1990 and 1993 the HSB as quoted in Eyob 1993

It is worth mentioning that the villagization program which was implemented in rural areas around the same period, entailed additional demand for construction materials, particularly corrugated iron and nails which were meant for roofing purposes. This contributed to the worsening of the supply situation of the construction materials in the urban areas.

As not many houses were constructed in the last two decades, the housing demand has accumulated over the years. The housing problem has been also aggravated by:

- Demographic factors: New household formation rural-urban migration which has resulted from differential, though not necessarily efficient, urban-rural growth. This is a consequence of the various macro and sectoral policies followed by the government, particularly those related to urban employment and rural marketing which were generally against the rural sector.
- "Anomalous" demand for urban housing: A significant number of dwelling houses were converted into various non-residential uses such as: offices of government, public and political organizations as well as into public shops, literacy schools and libraries. Similarly, associated with the flourishing of the informal sector in urban areas, many dwelling houses started to be converted into restaurants, bars, shops, etc

The discrepancy between the gross housing need and the capacity to build formal houses resulted in the expansion of scattered settlements and increased densities in low-income areas.

"Urban peripheries to which encroachment of modern activities take place were sold by the original rural settlers to urbanites. Individuals resold acquired plots through illegal reparation. The illegal holding later expanded either to peripheral squatters or resold to business interests at shadow land market price". (Assefa, 1993)

As a result, the potential cost of urban restructuring and upgrading grew. It is worth noting in this regard that one of the issues that encountered many of the emerging regional and municipal governments has been demolishing of houses that were constructed without official permits. As these houses are constructed with individual fund (i.e., without bank loans), they indicated the potential of private sector housing demand, if at least plots were readily available for housing construction. On the other hand, although figures are not readily available about the total number of houses demolished as part of these interventions, they have definitely contributed to reductions in the total housing stock.

By way of summary, during the period between 1975 and 1990, the government attempted to control almost the whole facet of the housing sector by pursuing both direct and indirect policies on the housing sector. More specifically, it attempted to control the financial market through its monopoly on banking operations, the technology of housing, the production and distribution of construction materials and later by establishing housing standards. In the land market it was the sole owner and allocator of land.

D. The Current Situation

It was only in 1990 that the government gave signals about its possible toleration of private sector participation in the provision of housing as part of its "Mixed Economic Policy". Although a response to the dismal performance of the overall economy, this policy stance was also associated with economic and political reforms in the previous socialist countries. It was denoting a complementary interaction of state cooperative and private ownership in major sectors of the economy. The housing sector individuals were entitled to build residential, production and service facilities as well as offices with rights to rent or sell them (WPIE, 1990). However, shortage of land and construction materials remained severe constraints on top of the apparent reluctance on the part of potential investors.

Following the change in government in May 1991, the Transitional Government of Ethiopia (TGE) came with an official policy of revitalizing the housing market by privatization of urban houses. The economic policy of the transitional period states that:

- The state will retain ownership of urban land but will ensure its equitable distribution for housing construction
- The state will issue and enforce regulations, create favorable conditions to promote integrated urban development and encourage the public to take advantage of the policy;
- Depending on the availability of resources, government agencies will be encouraged to construct, rent and sell low-cost houses;
- The state will issue regulations to protect the rights of both landlords and tenants (TGE 1991)

It is worth noting, that macro policies, though not necessarily sector-specific, do have a bearing on the performance of the housing sector (Berhane and Getachew, 1995). For example:

- The devaluation of the Ethiopian currency is reflected in terms of increases on the price of, particularly imported building materials;

- Associated with the liberalization of the banking sector, the previous Housing and Saving Bank is now re-christened as the Construction and Business Bank, and it has come up with a new service basket in addition to credit directly meant for housing;
- The increase in bank interest rates to 15% per year has impinged upon the relative debt repayment capacity of potential borrowers, while its uniform application across all sectors had some impact at least on previously favored cooperative housing;
- Price decontrol measures implemented in the whole economy are reflected on factory-gate prices of manufactured building materials which are being continuously revised upwards;
- Decentralization has resulted in additional housing demand for government workers assigned is some regional, zonal and "Wereda" capitals. It would also claim a significant number of residential houses for office use, until adequate office facilities are built especially in urban centers which had lower, administrative status;
- The government privatized houses being managed by Kebeles and AARH, and it has establishing the Office of the Sale of Houses Owned by the Government. The task entrusted to the Agency is highly demanding as it would require the determination of the selling price (valuation of the houses), identification of eligible buyers and arrangement for adequate finance. The first targets of such privatization were those houses under AARH which account for a small share of the total housing stock which were likely to be privatized;
- Measures have been taken to replace the administrative allocation of urban land by an auction system. Associated with this, the rate of rent on urban land payable associated with the private use of houses was to be determined by the regional council considering the level of the urban center, the grade of the land and the purpose for which the land was to be put in use.

In keeping with the decentralization policy, Addis Ababa was given regional status and became Region 14 Administration. Its original name was reinstated in 1997 when the Federal Government granted it a Charter (Proc.No87/1997). The 1997 Charter was revised and the administrative link with the Federal Government was revisited in 2002. (Proc. No 311/2002). The 1997 Charter of Addis Ababa repealed its previous position as a regional government, but the City retained administrative autonomy over most of its affairs including planning and execution of development projects. The immediate legal effect of the decentralization policy and the creation of autonomous regional states was the making of Addis Ababa a besieged island with limited possibility of physical expansion. This situation has not curbed the expansion of the City until now. However, a new phenomenon of urban expansion is observed at the urban fringe of the City.

The development of edge cities that are highly linked to Addis Ababa but do not fall under its jurisdiction are becoming a reality. For example, Ropack Real Estate is developing a small township (about 1,500 houses that could accommodate about 7,500 population) in Lege Taffo area North-east of Addis Ababa. In the Western part of the City, Wolete Souk is developing at an alarming rate as a result of land allocation by the Oromiya Regional State. The same holds true to areas along all major outlets of the City. In fact the Oromiya Regional State considers all land within 10km radius along Addis Ababa as urban land. Land requests in this area are treated similar to requests in urban centers in the Region. (Consolidated Oromiya Regulation No. 1/1995: Art29). This situation amplifies the besieged nature of Addis Ababa.

The long-term development strategy of the Government of Ethiopia focuses on agricultural development-led industrialization EPRDF(2000). The development of rural areas was expected to result in a reduced rural-urban migration; a classical anti urban policy. Failure to recognize urban development as a principal vehicle to general national development negates well-established facts about the role of cities in the social and economic development of nations UNCHS(1996). This situation is changing now; policies that enhance urban development are under preparation since 2001. These include urban development policy, urban planning law, national building law, housing policy, and various initiatives that enhance good governance and economic development.

Public ownership of land and free allocation of development land benefits those who already possess land and those who control land allocation. The main objective of the urban land leasehold policy (Proc. No. 80/1993) was to provide monetary value for the utilization of urban land. In this respect the leasehold policy of land is one step ahead of the previous policies on land. Detail objectives of the leasehold policy include:

1. to increase income for urban areas so that they could provide better services, especially housing,
2. to increase transparency in the permit system of land holding and utilization and to do away with discriminatory treatment of applicants and to fight corruption, and
3. to regulate the appropriation of unjustified gains realized during the transfer of rights to utilizes urban land.

The main features of the leasehold policy (Proc. No. 80/1993) that had direct bearing to housing include its scope of application, property rights related to transfer, mortgaging, compensation and associated taxes or duties, ways of acquiring new development land, manner of fixing rate and modalities of lease fee payment, and duration of lease period. Proc No. 80/1993 was amended in

2002 as it proved ineffective. The comparison shows that most of the problems which the previous leasehold policy faced were addressed by the amended policy. The main policy provisions (as they rate to housing) that were amended are shown in Table 3.1.1.5.

*Table 3.1.1.5 Comparison of developments in the Federal Urban Land Leasehold Policies
(adopted from Berhannu 2004)*

Criteria	Proc.No.80/1993	Proc. No. 272/2002
Lease rate and provisions for housing	- Minimum rate of rent to be set - Actual rate to be determined by public tender only - For low cost housing lowest rate - For higher cost-similar to other uses	- Rate of lease to be determined by City administration or Regional Governments - No minimum lease rate Regional or City Government can permit land up to nil lease payment
Land allocation	- Public tendering only	- Public tendering (minimum rate to be set) - Negotiation (minimum rate to be set) - For housing - to be regulated by City or Regional Governments
Launching of construction	- Period to be regulated by City or Regional Governments	- Period to be regulated by City or Regional Governments (the same)
Grace period for completion of developments	Not specified	- Period to be regulated by City or Regional Governments
Size of land holding	Not regulated	Not regulated
Scope of application of the policy	- All new developments existing possessions - Existing possession upon transfer of title in ways other than inheritance	- All urban land under the rent system and leasehold system, - For lands not in the leasehold system period of transfer to leasehold to be decided by City or Regional Governments
Title transfers and income from land held through lease	- Lessee can transfer right; - Can mortgage the holding, or collect income for up to the lease rent only	- Lessee can transfer right for the period the lease is valid - Can mortgage the holding, - Income from transfer of right has no limitations
Lease Period	- Based on level of urban center and type of use class - Period fixed for each level of urban center from 50-99 years - Housing-personal=99, leaseable=60 years	- Category of towns limited to Addis Ababa level and others only - Use classes for A.A. level from 50-99 years, others from 70-99 years - Housing: personal and leaseable=99 years

3.1.2 Socio – Economical Environment

Ethiopia is a country, which presently covers an area of 1,133,380 km² in the region that is known as the Horn of Africa. As one of the oldest independent nations of the world, it has a long history of indigenous urban development. Nonetheless, the country is presently one of the least urbanized nations of Africa with only about 17% of its population living in urban settlements. Nonetheless, in view of the fact the country's total population size has already passed the 71 million mark, it is the second most populous country in sub-sahran Africa. It is not difficult to see that the absolute size of its urban population is not small. In addition to this, the country is presently witnessing one of the highest rates of urban growth in the world. i.e. about 5% per annum.

Ethiopia is currently undergoing market-oriented reforms. As a result of the reform programme there have been improvements in economic stability and growth in terms of real GDP, which has reached an average of 5.6% per annum. Some progress has been achieved in reorienting public expenditure to infrastructure and social sector development. However the cost and availability of land in Addis has been identified as an obstacle to private sector development and is associated with the cities 30% unemployment rate. Unemployment is particularly high amongst 15-29 year olds. The informal sector accounts for 61% of total employment, 70% of which is comprised of women. (ILO, 1996)

The total public debt of the country has been rising considerably in the recent past. For instance during the 2003/2003 fiscal year the total external and domestic outstanding debts of the country increased by 9.6 and 8.6% respectively over the previous fiscal year. On the whole, the total outstanding external debt of Ethiopia stood at USD 6.8 Billion at the end of the 2002/2003 fiscal year. Comparatively the total domestic outstanding debt stood at Et. birr 26.5 Billion at the end of the same fiscal year. The country paid more than Et. birr 1.1 billion during the same period to settle both external and internal debts. However, in 2004/2005 almost all debts were cancelled by western nations (USD 6 billion).

Changes in exchange rates of Et. birr against the USD during the last ten years have been such that, the value of Et. birr has been falling steadily albeit at a slow rate. As shown in Table 3.1.2.1, the auction average marginal exchange rate of Et. birr to the USD rose from a low of Et. birr 5.77 in the 1993/1994 fiscal year to a high of Et. birr 8.62 in 2003/2004 fiscal year. Comparatively parallel market rates changed from Et. birr 7.05 to Et. birr 8.68 during the same period.

Table 3.1.2.1 Changes in Exchange Rate (Et. birr/USD) 1993/1994 – 2003/2004

Year	Exchange Rate (Et. birr/USD)	
	Action Average Marginal Rate	Parallel Market Rate
1993/1994	5.77	7.05
1994/1995	6.25	7.30
1995/1996	6.32	7.64
1996/1997	6.50	7.16
1997/1998	6.88	7.08
1998/1999	7.51	7.69
1999/2000	8.14	8.31
2000/2001	8.33	8.79
2001/2002	8.54	8.69
2002/2003	8.58	8.71
2003/2004	8.62	8.68

Source: National Bank of Ethiopia

It is well known that the highly accelerated urban growth that Ethiopia is presently witnessing is primarily a product of high rates of natural increase and rural-urban migration. This highly accelerated urban growth rate is naturally being reflected in the rapid spatial expansion of the existing urban centers as well as in the emergence of new towns. However, as the country's economy is still primarily agricultural and as its GDP per capital remains fixed at about \$100.00, the fact remains that its accelerated urban growth rate is not accompanied by a commensurate growth in the urban economy. Thus like most urban centers of the developing countries, Ethiopian cities and towns are presently facing a plethora of problems including acute and ever worsening housing shortage, insufficient solid and liquid waste management, poorly developed access roads, notoriously clogged and smelly drainage channels, serious shortage of potable water, inadequate health and educational services and a growing problem of unemployment and poverty. Ethiopia, is recognized as one of the poorest countries in Africa and its urban poverty is particularly concentrated. A strategy to address poverty has been developed in the country's Sustainable Development and Poverty Reduction Program (SDPRP). The strategy aims at reducing urban poverty mainly by improving urban governance, providing infrastructure, alleviating housing problems, improving access to land, creating employment opportunities and enhancing environmental sanitation. It envisages strengthening urban governance and in doing so to improve the delivery of municipal services, chiefly through legal and institutional reforms that are accompanied by capacity building programs. When it comes to

housing and infrastructure provision, its aim is to launch various upgrading programs with the increased awareness and participation of the beneficiaries. The elements of the poverty reduction strategy in this regard also envisage the formulation of a housing development policy and the revision of land acquisition criteria to improve access and affordability. In the area of employment generation, one of the program's leading strategies is to design and implement extensive public works programs that create job opportunities through cash-for-work or food-for-work. The program also envisages promotion of micro finance institution. Community managed saving and credit cooperatives, provision of vocational and skills training programs that help to promote self-employment and job creation and promotion of community based rehabilitation programs for disadvantaged groups such as the elderly, commercial sex workers, street children and orphans. With regards the urban environment, the program chiefly aims at improving access to clean water, constructing various types of sanitary facilities and improving the management of solid and liquid waste primarily in ways that will help generate employment at appreciable scales.

Even though nearly all of the urban centers of Ethiopia are suffering from the kind of problems mentioned above, it appears that it is Addis Ababa, the national capital that is presently displaying most of these troubles in their worst forms. Addis Ababa, which was founded by Emperor Menilik II in 1886, is presently a primate city which is approximately 14 times as large as Dire Dawa, the second largest city in the country. Although official statistics puts its population size as 2.8 million in July 2004, most authorities on the subject tend to hold the view that the most acceptable estimate of the size of its inhabitants is not less than 3.5 million. There are projections that this figure will increase to 12 million in 2025. The importance of the city does not only lie in its size and the fact that it is the national capital. Due in part to its unparalleled location near the geographic center of the nation with road and air connections to the various corners of the country, it is also the commercial capital of the country. Added to this is the fact that it is a melting pot of the diverse cultures of the 80 or so various ethnic groups of Ethiopia. Of no less significance is the fact that it is the diplomatic capital of Africa, as the seat of the headquarters of the UN, ECA and the African Union.

Out of the endless development related problems that Addis Ababa is presently facing, it appears that it is the poor housing conditions of the majority of its residents that is crying aloud for immediate solution. Although a number of attempts have been made in the recent past to improve the conditions of housing and physical infrastructure in the city, it appears that most of those efforts have failed to produce the desired results.

It has been noted by Berhanu (2004) that the cost of real estate development is very expensive. This has led most real estate developers in the capital to cater for upper and middle class customers. The

culture of such households is notably getting westernized. Among this group, preference of nuclear family over the extended family is becoming common.

On the other hand, the lower class is not financially affluent. Therefore, in times of mourning and other festivities, it needs to call up on the support, financial or otherwise, of not only the extended family but also neighbors and friends. This is because traditional festivities are major parts of Ethiopians living even in urban centers like Addis Ababa. If a family has the capacity, the ceremonies could be held at big hotels. Unlike the upper class, the lower class cannot afford this. Hence they need to use their own place for such occasions. In addition, Ethiopian food preparation also requires space around the home.

This phenomenon is apparent in low cost housing projects in Addis Ababa. Though the project is fully backed by the City Administration as being a project for the people, the dwellers tend to find it very difficult to properly use the condominiums. Their subsistence usually depends on daily sell of groceries and house made alcoholic drinks. Living in such buildings deters them from such activities. Hence, the usual housing solution of big single-family unit houses is too expensive and smaller apartments are unpractical for the poor. Therefore, real estate developments would be targeting the upper and middle class of the city.

The basic facts support this analysis. Sixty % of Addis Ababa's population live in 'absolute poverty', only 26% of the population earn an average monthly household income of more than 670 Et. birr and practically all income groups have an extremely low saving capacity and the macro-economic growth scenarios for Ethiopia do not suggest that this will change soon. Housing which meets desirable standards (at a minimum cost of 15,000 Et. birr per household) is simply out of reach of the vast majority of the population. A realistic estimation of expressed demand is, therefore:

- about 50 – 60% of the population, the poor, do neither have the capacity to build or maintain houses according to usual standards of 'decency', nor do they have the capacity to contribute significantly to equipping their residential areas with services;
- Another 20-30%, low-income group, might just have the capacity to invest very small amounts between 60 and 150 Et. birr per month into housing. This might just be enough for the most basic houses and very limited equipment with services.
- Only 10-25 %, medium and high income group, of the population are able to afford 'decent' housing and residential areas (Koerner, 2000).

3.1.3 Technological Environment

The technological marketing environment for construction industry Addis Ababa is relatively stable. This is surprising because new technology in the construction industry in all over the world is changing the face of urbanization rapidly.

Reinforced concrete technology has been used for more than 40 years in Ethiopia. Even though new codes and standards have been developed as recently as September 2004, the fact remains that a conscious search for better-cost effectiveness has not permeated the business selector. Research institutes such as Addis Ababa University have not shown no new viable construction material or technique that would increase construction speed, increase quality or decrease cost.

Quite recently, however, the Addis Ababa City Administration has embarked upon such a research. The first pilot projects on low cost housing use a combination of reinforced concrete, precast concrete and some elimination of non-essential building components such as plastering to hollow block walls. In addition, economies of scale were used to advantage through building a massive number of houses at a time. In addition, cement supply was not a difficulty because the government gave priority to this project. It is reported that the construction cost decreased to 800 Et. birr/m² from the conventional construction cost of about 1900 Et. birr/m² Construction Ahead (October 2005). Some officials from the municipality have been heard as commenting on this figure. The alleged figure of 800 Et. birr/m² they said is an exaggeration and the actual figure is 1200 – 1300 Et. birr/m².

In any case the technological environment is bound to change when the Ethiopian market opens up through global forces. This would take a form of importing technology at first then modifying it. Finally it will be a constituent part of the construction technology of not only Addis Ababa, but also the rest of Ethiopia.

Some of the major technological developments that could readily find application to the real estate industry include prefabrication using concrete, pre-stressed & post stressed concrete and steel framing. However, further investigation, not only to such structural technological solution but also to other architectural and finishing products would make any real estate developer a trend setter rather than a mere follower.

The information technology is another area that deserves mention here as it has revolutionized the way business is done all over the world. In particular marketing real-estate using web based applications could be mentioned.

According to Sing and Zhong (2001) three areas of IT-induced advantages could be expected in the real estate and construction processes, if a network system can be successfully implemented and accepted by users:

1. Compression of time and process is one of the possible outcomes that can be facilitated via an integrated platform
2. Knowledge contents would receive growing attention from the prospective system users
3. Reconfiguration of business concept and scope takes place, which as a result would lead to the emergency of a new business model and the creation of ample business opportunities for system users that possess the first-moved advantage.

Such a system is developed for a luxury real estate developer in Addis Ababa. Reportedly, it has greatly helped the follow-up of the construction of the real estate property. Furthermore, it has facilitated information flow from marketer or head office to construction site. Moreover, customers are able to give information as to what they want with regards to the particular specifications of the property and they could in turn receive information on the type of products and services they will be receive and the cost implication thereof.

3.1.4 Physical Environment

As reported by Asfaw 2005, there is 80% level of slumization in Addis Ababa. The physical conditions of the housing units are deteriorated and mostly beyond repair. The low level of services and amenities and infrastructure, scarcity of open spaces are further indications of the poor quality of most housing stock in the city.

In 1994, of the total housing units in Addis Ababa 97% were non-storied (CSA, 1998). Most of the houses are built up of non – durable materials (earth floors, timber and mud walls, etc). According to Asfaw (2005), 82% of the total housing stock is wood and mud walled, while houses with stone, concrete block and birck walls accounted for 11.9%. Moreover, 53% all housing units have mud floor. In addition, since most of the public houses are more than 40 years old with no significant maintenance, they are in a very bad state of deterioration. Studies conducted on housing and official figures stated that 15% of the housing units in 1994 demanded immediate replacement because they are already collapsing. The Millennium Development Goals (MDGs) urban sector need assessment study revealed that 80% of the housing units and neighborhoods are slums and that 50% of the housing units need to be replaced by 2015 to meet the MDGS. The GIS data of 1996 also supports this statement indicating that 80% of the total housing stock was in need of high level of

maintenance. More than ten years have passed by since then with non meaningful maintenance or upgrading of housing units. (Muleta et al, 2004)

The Addis Ababa Master Plan (2002) states that, 41% of the housing units in the city are over crowded. According to the census, 60% of the total housing units has only one or two rooms. The average number of rooms per housing unit was 2.6 whereas the average household size was about five. This makes the average room density of 2 persons per room. Though the UN Habitat's standard of over-crowdedness is above 2.5 persons per room, the small size of the rooms in Addis Ababa makes the over crowdedness critical.

The figures for persons per housing density are also alarming. Considering that all the housing units are used for residential purposes, the average household size is about 6.6. If the nonresidential units are omitted, then the density would be higher than 10 persons per housing unit. This is extraordinarily beyond acceptable ranges against any international standards. (Addis Ababa master plan, 2002)

The other crucial physical parameter worth considering is the availability of amenities.

Though 96.7% of the housing stock had access to tap water supply, 45.3% get the service out side their compounds, sometimes at distant locations. Moreover, according to Addis Ababa Water and Sewerage Authority (AAWSA), water supply coverage of the city meets only 69% of the demand. This is a clear indication of the shortage of water supply.

Electric power supply for lighting is relatively good, where 95.9% of all housing units have access, though not all have private meter (Asfaw, 2005). Of the total housing units 74% have toilet facilities, where as 63.1% of these are mainly shared pits. Twenty four % of housing units had no toilet facility at all except public open spaces. Greater than 26.2% of the houses have no bathing and kitchen facilities.

In the recently developed residential areas, the formally built housing units are by far in better conditions, but they lack the necessary infra-structural facilities like access roads and water supply. The sewer system in Addis Ababa is connected to only 1600 units although it was originally built to serve 38,462 units or about 200,000 people.

It could easily be observed that the overall Addis Ababan physical environment is not that which is befitting of an international city. Not only are there wide spread slums, as discussed extensively earlier, but also the condition of the roads, (which stands at density of 15.2%) pedestrian walks,

traffic island gardens etc are rather disheartening. In addition, the fact that the environmental regulations of the city are not properly implemented causes further air, land and water pollution. It is not uncommon to see heavy trucks in the city that spit dark smoke. Rivers are so polluted that they smell bad a mile away.

The total road area coverage of the capital in 2004 was 17.62 km², which is only 6.1% of the total built up area of the city. There is a steady increase in the road length from year to year. For example the total asphalt road length of 681km in 1998 has grown to 778km in 2004 (Partial Report on Developing Urban Indicators, 2005). This improvement, though does have environmental consequences, is still important as an integral part of land development for urban growth.

The real estate developer, hence, is faced with a difficult scenario. On one hand, contributing positively with new developments replacing old dilapidated establishments is encouraging. On the other hand, such human interference in the physical environment needs to be closely checked so as not to cause further environmental degradation.

3.1.5 Competitors

There are about 230 real estate developers operating in Addis Ababa. Their total registered capital is 6.1 billion Et. birr. The total list from Ethiopian Investment Authority is attached in the appendix. It should be stressed here that there is bound to be limitation and distortion in this data. The limitation is that not only is the list incomplete but also does not give information with regards to the performance of the companies, while the distortion has to do with market imperfection. According to officials at Addis Ababa Investment Office, there has been a steady increase in registration of investment license during times of cement shortage. This is attributable to the apparent privilege a real estate developer with investment license will have over people without license in getting preference for getting cement consignment. This he/she would resale at a profit, hence creating market upset for houses. In addition, this list is not updated as real estate developments who have returned their license and not involved in the sector are not deleted from the list.

The two real estate developments selected for the competitive analysis are-Ayat Real Estate and Habitat New Flower Homes. These two real estates are among the most active real estates in the city.

A. Ayat Real Estate Development

Location and Description of the Development

Ayat Real Estate Development is located in Yeka sub-city (former Kotebe district, Woreda 28, Kebele 04). Kotebe is one of the expansion areas in the Eastern part of Addis Ababa which has continued to attract developments of different kinds, both formal and informal since the 1980s. Ayat Real Estate Development Enterprise (Ayat for short) is the first private real estate developer in Addis Ababa. Ayat got approval of its investment plan and applied for land in 1995. It took three years to get land. The processes involved in the land acquisition showed high levels of informality. The development site was identified by the real estate developer irrespective of the phasing of developments of urban areas. According to the management of Ayat the factors for the choice of the site were the ease to acquire the land, lease price, accessibility of the site, and topographical situations. The area was an open grazing land. This has minimized the compensation to be paid to the former landholders. The development area is located at the outskirts of the urban area, so the lease price was relatively low (Et. birr 129/m²). The site was accessible via an asphalted road that was constructed in the 1980s as part of the Special Housing Project. Furthermore, Kotebe is one of the districts for high quality stone quarries in Addis Ababa. Hence the development site is located near a vital construction material source.

Ayat has plans to develop ultimately 6,500 dwellings, shopping centers, public facilities and recreational centers. The whole development was planned to be developed in several phases.

Land acquisition, development planning and spatial characteristics

Land acquisition

In the acquisition of land, Ayat negotiated with the Addis Ababa City Government as well as the farmers. The methods of negotiation used by Ayat with the farmers include providing incentives (training, on site job, finance, etc.), disseminating information on how they will be treated by the Addis Ababa City Government (AACG) if they do not cooperate, and also employing a private security force to hold the land. In the negotiation for compensation, Ayat was on the side of the farmers. More payment for the farmers would help Ayat to get the land more easily than if farmers were dissatisfied. The compensation was paid directly by Ayat but the fee was deducted from the lease price. The rate of compensation for the farmers was about 5 Et. birr/m². This rate was higher than the rate of compensation that the City Government paid in other areas. For example, in Mekanissa area, farmers received about Et. birr 3.75/m². (Berhanu, 2004)

The size of the development area to be used for housing is about 293 hectares. There was disagreement between the City Administration and Ayat on the part of land that should be "liable to lease fee payment" and "lease-free" land. Through negotiation all areas used for through - traffic and residential open spaces were exempted from lease fee. However, it was unlikely that the sites exempted from lease fee would be kept open for the public. There had already been violation to this provision and houses were already constructed on open spaces and on plots reserved for public facilities in the approved plan.

Ayat village was planned as a self-contained neighborhood. When fully developed it would have all necessary facilities. Ayat plans to act as a developer, not as the sole owner of all the facilities to be provided in this village.

House Types and the Residential Pattern

There are mainly three house types in the development: 1) standard houses, 2) special houses, and 3) low cost houses. The standard houses were subdivided into villa type and two storey type (G+1). The plot sizes for the villa type range from a minimum of 225 to 400m². The two storey house types have plots of 300-500m². The minimum house area in the standard houses category is 80 m². The special houses were planned to be built on request. Size of plots and house types were not defined. The low cost type was not really that low on cost. The term as used by Ayat simply implies the construction would not be complete. No site work will be done and no service quarter will built by the developer. The plot sizes for this house type range from 105 to 250m². The minimum size of a house on such plots is 25m².

The composition of houses was typically Addis Ababa style. There are two blocks: the main house and a service quarter. Concrete frame structure and an infill of either concrete block or brick was used in the construction. None of the houses were attached to each other (even those called low cost houses). The main building materials used for facades were concrete blocks and red brick. In some cases decorative stone was used near the entrance. A front garden was provided in most cases. The development does not have a general water-borne sewage disposal system. Instead, each house has its own septic tank located in the front garden. Front fences are composed of stone work, concrete block wall and iron works. Boundaries between plots have concrete block wall of up to two meters. The height and design of the front fence complies with the City's planning standard. Ayat claimed to have made continuous consultations with prospective homeowners about having similar fence designs. The one-time and one-developer mode of development has produced a clear road network and a unified streetscape. Each block is developed with only one house type. The development of houses of similar design for a full length of block was rare in Addis Ababa.

Modalities of Housing Development

Ayat started as a real estate developer, but analysis of its operations showed that it was mainly a management consultant rather than a developer. Clients choose a plot size, location and house type. They also choose the method of payment from one of two options: 1) cash, or 2) mortgage. The cash method of payment was arranged in such a way that clients pay in installments proportional to the progress of the construction. At completion of the house, the client must have paid all costs. In the mortgage system the client was required to pay 60% of the construction cost at the beginning and the remaining 40% with interest over up to thirty years period. Currently the mortgage form of housing development was not operational. There are also houses which Ayat intends to develop with its own capital, and sell them either for cash or mortgage. But, these houses represent a very small part of the development.

The developer was working mainly with clients' capital. The clients seem to be shareholders and the developer simply a management consultant. The full-cost- cash-payee group could have taken land from the Lease Office of the city administration and employed a contractor. The mortgagors could have borrowed money had there been access to housing finance. The logical conclusion from this analysis would be that potential home builders were obliged to resort to such expensive options mainly due to the obscurity and the inefficiency of the land delivery system and the non-responsive financial system in the country.

During the 1997-2000 period the construction of houses was carried out both by Ayat Construction Brigade and labor contractors. There was no third party to check the quality of construction; the technical department of the City Government had no capacity to control compliance to approved plans. As a result clients had to accept what was on offer. But by 2000 Ayat was persuaded by the City authorities to employ two consultant firms to supervise construction works. It was observed that clients have various demands that could not be fully satisfied without the intervention of a third party. The intervention of the owners during construction might be good for the final result; but this is a peculiar form of real estate development.

Socio-economic groups served by Ayat

Cost of development for the least size house (two rooms) on the least size plot (105m²) amounted to about 45,000 Et. birr (as of 2001). The sale price of such houses was about 50,000 Et. birr and 57,000 Et. birr for cash and mortgage, respectively. If the sale was on mortgage, it required an initial deposit of about 25,000 Et. birr. The remaining 32,000 Et. birr had to be paid over a maximum of thirty years. This requires a monthly installment of about 125 Et. birr. Assuming that all capital will

be borrowed from commercial banks (at interest rate of 10.5% per annum) this loan is affordable to less than 5% of households in Addis Ababa. Moreover the initial deposit of Et. birr 25,000 is a burden that most households cannot afford to pay. The sale price does not seem to be inflated for the standard of construction employed here. The lease fee (which accounted for about 30% of the construction cost of the smallest house) has contributed to the high cost of the housing development.

The investigation conducted to identify the socio-economic groups who would be future residents of *Ayat mender* showed that they are high-income persons operating in the private sector. Although it was not possible to confirm the proportion, people who live and work abroad constitute a substantial part of the future homeowners in this development. If this is the case, then it is likely that the economic status of the legal homeowners and the actual residents would vary. The absentee homeowners may rent out their dwellings or they may have a second household of their own occupying the dwelling. This situation will create an area with a dual system: a housing class clearly indicating the occupants and housing class with different occupant/owner status. Moreover, *Ayat* real estate development is likely to be an island of middle and high income groups amid very low income households.

B. Habitat New Flower Homes Plc.

Description of Estate

Berta-Habitat (CMC) housing estates are found at two sites in Addis Ababa: at Kotebe, near the Special Housing and at Kaliti. Both sites are about 10 km away from the City Center. Habitat New Flower Homes Plc. and Berta Housing Development Organization are sister companies. The first specializes in real estate development planning, design, and marketing while the latter operates as a contractor. These establishments also have affiliated companies that supply wall, floor, and roofing materials and workshops for the production of metal and wood components for buildings. As a contractor, Berta has experience in land and housing development as early as the mid 1970s. The town houses it developed at Wollo Sefer in Addis Ababa exemplify its approach. This gated community has a well-organized service system with limited accessibility to outsiders.

The real estate development at Kaliti is located about 800 meters from Debre Zeit Road. Big stores, workshops industrial and agro-industrial plants occupy the area around the housing estate. Kaliti lies in the Southern part of Addis Ababa where the majority of industrial establishments are located. This estate was a dairy farm for over thirty years. The site belonged to the Berta Habitat owners' family since the private landholding period. Regardless of its location and the neighboring properties, this

housing estate is designed as an exclusive high-class residential estate. At completion, the estate will have about 200 homes, an artificial lake, and an in-door as well as outdoor recreational facilities. (Berhanu 2004)

Land acquisition, Development Planning and Spatial Characteristics

As mentioned earlier, the Habitat New Flower Homes housing estate at Kaliti was planned on previously held land. The procedure for the conversion of land use starts with a landholder applying for change of use by presenting project profile. If planning consent is given, then site planning and design for capital projects will proceed. Upon submission of the proposed layout and detail designs, the City's planning and building permit department reviews the proposal and upon fulfillment of requirements a building permit is issued. Developers are expected to adhere to the approved site subdivision plan and building layout and detail designs. The developer has passed through this process but the ambiguity about space standards and about the power of the City Government on land held period to the leasehold policy has complications. If a developer fulfils the minimum standards, subdivision plans and building designs could be approved. The question is in the absence of a maximum limit for land holding and clear space standards, while at the same time declaring land a public property, what are the criteria for site development? Space standards should be applicable city-wide. Variations may be acceptable to a certain level, but in a city where horizontal expansion is to be curbed, where the size of land for individual allocation is getting lesser and lesser, the development of very wide green-fields in the services areas of the City such as Habitat New Flower Homes Department, produces inefficient urban system.

Housing Types and Physical Development

This housing estate has basically six types of houses. The plot sizes range from 250-1000 m² and the area of the houses from 72-289m². One of the peculiarities of this housing estate is the use of basement floors for service rooms and the incorporation of carports within the main building. The Eastward slope and the large size of the estate has facilitated the use of basement floors. When the site is fully developed, it will have shopping facilities, a gathering, catering and indoor as well as outdoor recreational facilities, and an artificial lake in lieu of the wetland within the premises. The developer plans to create a gated-community where the housing estate will be self-sufficient, fenced and gated. Internal roads and facilities will be privately owned. This might be a natural reaction as the surrounding area is not of a similar standard.

Affordability of the Housing Estate

The minimum cost of a housing unit at the Kaliti site is about Et. birr 500,000. The method of financing the development is through users capital. Each house is developed for a real client.

Applicants register for a house type and plot size of their own choice. Upon agreement, clients are required to pay a down payment of about 10% of the cost of the house type they chose. Then, clients are required to pay installments at certain stages of the construction. Clients can bring their own supervisor to monitor quality and pace of construction. Berta acts as a contractor and Habitat Homes as a consultant in the development process. Through this arrangement Habitat Homes supervises the works, authorizes variations in design at the request of customers, and also negotiates costs for the variations with the clients. The whole operation resembles a normal owner-consultant-contractor form of construction management. Variations that are acceptable to the developer are then specified in the agreement between customers and Habitat Homes. Customers cannot specify different materials that the sister companies do not produce. However, within the limits of the agreement, customers are assured to get a property of their liking within the time and the budget they agreed with the real estate developer, though there have been widespread complaints with regards to timely delivery.

Socio-economic Groups Served by the Estate

The cost of houses is a good indicator of the economic groups to be served by a housing development. In the subject house cost being over half a million E.t. birr, the customers of this real estate developer must be high-income groups. It was not possible to get sufficient data to describe the social and economic characteristics of clients, but discussions with few clients and Habitat Homes indicated that the majority are Ethiopians residing abroad and few business operators in the country. In fact, most of the clients are not shelter-needy households. Rather, the purchase of homes in such real estates is part of accumulating property and a way of upward mobility in social and economic spheres. Those interviewed indicated their preference for the estate on its exclusiveness, the high quality of its infrastructure and open space standards.

3.1.6 CPM Analysis

The fact that Ayat Real Estate PLC is the first real estate developer since the fall of the Dergue and the fact the Habitat – Berta is a merger of companies with marketing and extensive construction experience make them close competitors of Sunshine Construction PLC (Sunshine for short) in the real estate sector.

Using the aforementioned information and through further consultation with clients sales agents, architects, development planners, and engineers of the two competitors the following competitive profile matrix (CPM) is developed.

Table 3.1.6.1 CPM Analysis of Sunshine, Habitat New Flower and Ayat

Critical Success Factors	Weight	Sunshine Construction PLC (Real Estate)		Habitat – Berta New Flower Homes		Ayat Real Estate PLC	
		Rating	Score	Rating	Score	Rating	Score
Location & neighborhood	0.3	4	1.2	3	0.9	3	0.9
Image of company (promotion)	0.2	4	0.8	3	0.6	1	0.2
Financial position	0.1	3	0.3	3	0.3	3	0.3
Product Quality (workmanship & finishing)	0.2	3	0.6	2	0.4	1	0.2
Delivery time punctuality	0.1	1	0.1	1	0.1	1	0.1
Customer service	0.05	4	0.2	4	0.20	1	0.05
Price compositeness	0.05	3	0.15	2	0.1	2	0.1
Total	1.00		3.45		2.60		1.85

Key: The rating values are as follows: 1 = major weakness, 2 = minor weakness, 3 = minor strength, 4 = major strength (David, 1999)

A note on the critical factors selected for the CPM analysis is in order. It is apparent that getting developed land with a good neighborhood is considered very important for real estate property purchasers who are mostly upper class people.

As with other products, real estate marketing is heavily influenced by the image of the developer. Customer and the general public develop this image with influence from advertisement and promotion. In addition, the history of the company is closely checked by most purchasers before making a purchase.

The financial position, product quality and punctuality of delivery are interrelated factors. These factors influence the construction competence of the developer. In general, it should be noted that construction project management, technical competence and financial capacity are the major elements of the construction industry of not only Addis Ababa but also of the entire country. These elements are so poorly cultivated that the construction industry, and hence the real estate

development sector, is suffering from delayed projects, poor workmanship and finishing and claims and counter claims from parties with unfulfilled contractual agreements.

Customer service is becoming more and more important especially for service industries. After the opening up of the Ethiopian economy to market forces, Ethiopian businesses are not only challenged to produce more with better quality and sell at competitive prices but also to treat the customer with utmost respect. Though a new concept to Ethiopian businesses, customer service has become an important factor in marketing real estate in Addis Ababa.

Apparently, price competitiveness though not as important for the high-income group as for the middle income, is still an indication of competitiveness. It goes with out saying that improvement in technology both in materials and method of construction could lead to lower construction costs. This is exemplified by the Addis Ababa Housing and GTZ collaboration Condominium Housing Project, which resulted in a lowered construction cost. Therefore, the real estate developers are all poor with regards to their price competitiveness and do not yet see the need to tackle the issue according to table 3.1.16.1, Ayat is rated below average (2.5), where as Habitat New Flower Homes are just above average. Sunshine is doing exceptionally well as compared with the former two.

3.1.7 EFE Analysis

Having such a background on the external marketing environment and using the external factor evaluation matrix (EFE) shown below, the firms' response to external environmental threats and opportunities are analyzed. Here the factors are arrived at through consultation with different urban planning, architectural and engineering consultants a real estate developer, two real estate marketers. In addition, the researcher's judgment and experience is also used. The weight given to each external factor is also arrived through the same process. However, the rating is based on in-depth interview of the Marketing and Business Development Department Head and Engineering Services Head of Sunshine Construction PLC. Moreover, personal observations of the two departments in action and consultation with engineers and sales agents of these departments have been used. Furthermore, the researcher's experience as customer of Sunshine Construction PLC has also proved instrumental in this analysis.

Table 3.1.7.1 External Factor Evaluation Matrix for Sunshine (Real Estate)

Key External Factors		Weight	Rating	Weight Score
<i>Opportunity</i>				
1	Improvement in land policy	0.15	4	0.60
2	Increased housing demand in the City	0.15	3	0.45
3	Global trend of specialization in housing delivery	0.10	4	0.40
4	Government Encouragement to the sector	0.10	3	0.30
<i>Threat</i>				
1	Lack of transparency in currying land	0.1	3	0.30
2	Cement & construction material availability and price escalation	0.2	1	0.20
3	Lack of Developed land	0.10	2	0.20
4	Lack of private finance	0.10	1	0.10
Total		1.00		2.55

Key: Rating of 4 = the response is superior, 3 = the response is above average, 2 = the response is average, and 1 = the response is poor. Response in this table relates to external environment.

The average score of 2.5 as prescribed by David (1999), is satisfied. It is hence readily apparent that one of the leading firms in the industry, Sunshine, is only a little above average with a score of 2.55 on the EFE matrix. This says a lot about the operation of the real estate market. Unlike the developed world, the Addis Ababa market is tolerant of mediocre response of real estate developers to its external marketing environment.

3.2 Internal Marketing Environment Analysis

As mentioned in the methodology of this project in depth interviews were carried out. Two managerial staff, Marketing Head and Head of Business Development and Public Relations Service and Engineering Services Head were interviewed. In addition, one marketing personnel and one development engineer were extensively consulted. The interview schedule is attached in the appendix of this paper. Furthermore, some relevant source documents that were furnished by these people are included in the appendix.

The interview questions are categorized as general, marketing research and information, overall (marketing) policy and tactics, the product, marketing strategies, market segmentation, selling techniques and internal (overall) environment. Though most of the interviews lasted more than one

hour and though the sampling is more of convenience sampling, care has been taken not to introduce bias into the analysis. The interviews were recorded and exhaustively transcribed. The notes that were taken during interview were compounded with the transcription to produce a fairly realistic view of the internal marketing environment.

3.2.1 General Internal Environment

The interviewees confirmed the fact that real estate agents which are normally involved with the marketing of real estate in the developed world are rare in Addis Ababa. Sunshine Construction PLC, consistent with this trend has its own marketing department that is directly accountable to the Real Estate Development which is a core business. (Refer to excerpts of Company Profile in the annex) This business arm is in turn directly accountable to the managing director. In addition, it works closely with the other services of the company such as engineering and material production services. Sales are usually done through salaried marketing agents, though the performance of some external people working for commission cannot be discounted. Employing an external agent would have definitely aided the company to have more marketing information.

Sunshine Construction P.L.C particularly the real estate business unit is experiencing easy sales. This is attributable more to the acute housing shortage than anything. The developer has started work on 184 villa type single-family houses and over 500 apartments in the past one and half years. In addition, 95 villa type real estate houses are being constructed. The sales of this last batch was done in the past month. All of these houses found buyers in no time confirming the existence of easy sales.

Sunshine bought land on lease from the city administration about three years ago. The land acquisition process was lengthy and cumbersome. It entailed lengthy negotiations with no promise of positive out come. Finally, after the 'real' change of the municipality administration in 2002, the process was smoothened and the land was secured. The total plot area of land secured for housing real estate is 291,628m².

The customers of Sunshine are mostly the Ethiopian diaspora (around 75%). They are mostly people who would like to own property in homeland or people who would like to support family back home. This group is mostly interested with the villa type or single family unit typology and is affluent enough to afford the purchase. The rest are upper and middle income residents of the capital.

In addition, most customers are observed to be attracted to buying real estate from Sunshine because of its reputation. According to the Acting Marketing Head, Sunshine has the reputation of being financially strong with a well-developed construction management system. This is really luring to purchasers as timely delivery, which is considered to be directly influenced by these competencies, is one of the most important wants of the market.

Apparently the enormous demand for houses in the city has made the marketing people less than enthused to try and discover the market information on the deal particularities of the property market. They know very little and are not busy scanning the marketing environment. They have names of real estate developers but with regards to market share, strength, weakness and marketing strategy they have almost no information. The other reason for this might be the fact that culturally, research is given very little importance. In Sunshine too, hunches have been ruling its activities. Though intuition is not to be totally discounted, it is prudent to aid it with research fact. However, generally, the staff considers the competition as weak with regards to construction expertise, financial position and business understanding (most actually tend to be of "hit-and-run" mentality). This corroborates with personal observation of the researcher's on other two real estate developers mentioned earlier, namely Ayat and Habitat New Flower Homes.

Government regulation with regards to leasing land is given importance in Sunshine. This is understandable since developed land is becoming a scarce commodity, hence turning out to be one of the key success factors in real estate development. In addition, since Sunshine apartments are not completed yet regulation with regards to condominium housing is given secondary attention, if given attention at all. Therefore, property management of sold houses is not a burning issue in Sunshine at least for now. But it could be sensed that image consciousness would most likely persuade Sunshine to take up this role at least in the initial few years after submission.

Performance of the government, real estate developers, customers and suppliers is rated fair by the interviewees. One striking phenomena to note here is the across-the-board tendency of customers to ask for modifications in design. 'A man's home is his castle', is true in every sense of the adage.

It is surprising to note that banks are competing among themselves to give mortgage deals to owners. However, up until now, they only support customers who have paid 50% of the housing cost. On the other hand, foreign companies who have employed Ethiopian purchasers who live abroad give mortgage deals to them so that they could finance their real estate property.

3.2.2 Marketing Research and Information

Market research in Sunshine is luxury rather than necessity. It is not disputed that market information is important but it could easily be noticed that it is not urgent. Therefore, most of the information incorporated in this section is limited in application latitude due to this phenomenon.

Asked about the actual and potential market share of the Company, the interviewees could not put a figure their answer, just that they have the lion's share of the market is their dominating perception.

As to possible past and future trends, land, construction materials, status of local construction industry and abundance of cheap labor have been raised by the interviewees.

Land has always been a source of power conflict in Ethiopia. The trend has been for the government to hold land and favor groups through bestowing developed land. Now the trend is very slowly changing through the lease system. (Refer to Section 3.1.1 of this paper.)

Cement has become one of the most precious commodities in the construction industry. If this trend continues then the construction industry's advance will be greatly hampered. Import of cement is allowed only recently and its effect is not yet seen. Hopefully, the cement shortage will not be as critical as in the past few years.

The construction industry is still an infant in Ethiopia. It has an enormous potential for growth. One of the strengths that it could gather from the environment is abundant cheap labor.

The overall marketing policy and tactics of competitors was logically reasoned to be very expensive according to Sunshine's Acting Marketing Head. Most real estate developers are late into the industry when compared to Sunshine. Therefore, they are going through the most expensive phase of advertising heavily. This Sunshine has already done through advertisements in television & radio programs, web page advertisements and advertisements placed in print media such as magazines and newspapers. Bill boards have also been used. In addition, as trend setter in the real estate industry, its acquisition of land has been publicized by the government through the publicly owned television and radio news. Therefore, Sunshine spends comparatively less on advertisements. It is now trying just to maintain its image through promotional activities. A good example is the World Cup 2006 promotional program that has been running on FM Radio in the month of June 2006.

Since most real estates developments cater for upper and middle class people, television is rated as number one media for promotion and advertisement. Sunshine throws big banquets and parties for customers, employees and its affiliates. This has fostered a kindred spirit towards the company.

Though no thought out incentive schemes exist, the generous unexpected reward received by a machine operator has had a big effect on the work force. This operator was given a residential home as a bonus for long and fruitful employment with the company.

3.2.3 The Product

The credibility and image of a real estate developer is one of the most important assets a property developer could not do without. Sunshine in this regard fares much better than competitors.

However, other aspects of the total augmented product are for the most part neglected. Though design modifications to meet customers' requirements and a variety of material choices from which customers could choose about the agents' function is largely overlooked. Of particular importance is property management. Before, during and after development site and target market identification, building typology development, construction follow-up, selling, and building management are parts of the product. Sunshine tries to handle some aspects like the selling on its own, but the advantage of input from specialized functional agents could be a better tool to produce a more enhanced product.

Timely delivery is very important in this industry. However, delay in completion on promised date has proved to be a major cause of friction between Sunshine and its customers. The reason for this problem given by the engineering services head were too short an estimate of construction time, overwhelming housing demand and shortage of cement.

The information sources on the augmented product delivery could be both internal and external. The internal access to such information is mostly through formal meetings held every fortnight. The external sources of information are consultants, both management and architectural and engineers. However, customers, agents professional bodies and researchers are not used effectively. Still, some of the interviewees believe that the market is represented by the customer that specifies his/her needs.

3.2.4 Marketing Strategy

The marketing team is very important for the marketing strategy to be effective. To this effect, recruitment and selection of the marketing personnel at Sunshine is given due attention. Qualified people are invited to apply for the vacant posts and screened meticulously. It is worth mentioning here that recommendation by internal personnel is quite common and most cases result in employment. This is quite expectable in an African setting where references are given more credit than qualifications.

Research which could greatly aid marketing strategy is not used to identify target groups. The reason for this is that sales are easy and the housing demand is overwhelming. It is, hence, easier to explain sales success than to try and understand target markets.

For now, Sunshine is not interested in selling new property until the next Ethiopian New Year. Therefore, in broad terms, as expressed by each interviewee, Sunshine needs to build its image by stressing current activities and by expressing its future growth potential. This is an indication on the effectiveness of company communication of marketing goals.

The marketing message is communicated to the market through a combination of direct (brochure) and indirect selling techniques (contact networks, press and national news agency). Press advertisements include placement in Capital newspaper and ABBI weekly paper.

The marketing activity is followed up through meetings. Weekly meetings are held every Monday at Head Office and site meetings are held every two weeks (on every other Sunday). Such meetings have helped in information flow and are instrumental to the success of the marketing efforts.

In such a big company, such as Sunshine it is incredible to hear that there is no formal marketing budget. Though there are allocations for marketing activities, they are not planned and tend to be sporadic.

As part of the marketing strategy, the method of selling was inquired about. It was learnt that it is the same as found in almost all other real estate developers-Private Treaty.

3.2.5 Market Segmentation

Both competitors and Sunshine cater for the same upper and middle class groups. As already mentioned, this is the group that could afford such expensive housing. This would currently cost around 3000 Et. birr/m².

Luxury housing in Sunshine's terms is single-family unit types, where as non-luxury housing are located in multifamily blocks. According to the Acting Marketing Head the luxury collection is not that luxurious per se. These houses, however, are of better quality finishes having bigger room sizes and more functional facilities.

In marketing luxury housing all aspects of the property are important. Quality of design and finishes, elegantly fitted units, and location and locality are all equally important.

Observing the acute housing need of the city, it is not surprising to be informed that Sunshine does nothing to induce sales among new buyers. Though mortgage processing is facilitated by Sunshine, still this is done after sales has already taken place and Sunshine has collected 50% of the payments. The houses are used as collateral for mortgage loans.

3.2.6 Selling Techniques

The selling techniques used by Sunshine include public relations, brochures and particulars, press advertising, sideboards and hoardings, demonstration using show units, television and hoardings. Direct mailing and incentives are not used.

3.2.7 Internal Marketing Environment

Currently the process of marketing involves image building activities, customers payment follow-up, material change requirement and request processing from client and construction progress assessment of sold and new houses. As mentioned earlier this is monitored using regular formal meetings.

One element of the internal marketing environment is the company structure. The diagrammatic scheme is attached in the company profile in the annex. It was developed by an external management consultant. The development of the company structure was made during a period of relative inexperience on part of the management. Now that the work is being done and personnel are more familiar with the requirement of their jobs, further revision of the structure is thought to be in order.

Sunshine is staffed with qualified personnel with loyal attitude towards the company. This has made the internal marketing environment conducive for facilitation of proper design of product. Moreover, customers are treated with utmost respect and every little want they have is given importance.

With respect to property development design, Sunshine employs the expertise of renowned professional consultants. In this regard, Sunshine defines the type of property that the target market is likely to buy and design is done accordingly. Hence, though specialized agents are not employed. Sunshine itself acts in the capacity of one.

Procedures that have arisen through experience on the job are being used to govern daily work. These have proved to be efficient for the dealings of the company. It is very important for real estate and construction companies to have such conducive environments. Financial matters are settled promptly in Sunshine. Work orders are processed efficiently. It is unusual of construction companies to have such smooth working procedures. Hence, it could be said that this is one other area of internal strength for Sunshine.

The working atmosphere and the overall climate at Sunshine is commendable. Employees are friendly and courteous with each other and also with outsiders. They are very cooperative, be it in handling customers or in working at technical matters on their own desk. The lighting of offices, the posh furnitures and the excellent finishes of the Head Office building, communicate an ambience of good qualities and high class. It has a positive impact on customers, since it radiates the developer's aspiration for excellence. The site offices, as well, are by far the neatest looking that the researcher have seen in more than half a decade of engineering professional experience.

If cement shortage is the number one external challenge, then professional (architect, urban planner or engineer) turnover is at the top most of the internal challenge list, though this might sound like a contradiction to a commendable working climate, a closer observation of culture will shed light into the issue. It has become a culture among young professional architects and engineers in the construction industry to change jobs with little or no improvement in the benefit compensation they receive. The problem is that most professional on construction sites tend to dislike having to deal with personnel matters. Since they are technically well versed they take up managerial posts as a way of up-ward mobility in their career. However, most start complaining about the 'non professional' challenges and start feeling as getting de-skilled. Therefore, they try their hands on new jobs just to stay abreast of current construction technology and somehow stay excited in the industry through creating variety in their experience.

It is worth noting that employment of other technical staff, such as machine operators tend to be very expensive.

To tackle these problems head on, Sunshine has made arrangement to train technical staff on its own and in association with other training centers.

The increase in construction material cost and the scarcity of cement is driving Sunshine into backward integration. It has been making use of its wood and metal workshop to supply it with

necessary fittings, such as door and window. In addition, it produces some construction inputs each as gravel. This has helped the company's performance during periods of construction input scarcity. Very recently, the Company has made a treaty to buy 50,000 quintals of cement every three months from a private importer.

The interviewees seem to be forward looking. Many opportunities for growth are visualized. Letting furnished apartments, getting into the hotel business and securing more land for real estate house renting (10-20 building with 10-12 storeys) are envisaged a span of five years.

3.2.8 Internal Factor Evaluation (IFE) Matrix

The above presentation and analysis of findings could be a good prelude for further qualifier analysis using IFE matrix. Additional factors through observation have been identified in an effort to develop this matrix. Intuitive judgment is used to come up with weights and rating figures.

A brief comment on table 3.2.8.1 is in order. Sunshine rated just above average in IFE matrix. Yet it is one of the most successful real estate developers in Addis Ababa. It could, therefore, be induced that above anything else, positive market forces and in particular the overwhelming housing demand drive the market performance of Sunshine's real estate business.

Table 3.2.8.1 IFE Matrix for Sunshine

KEY INTERNAL FACTORS	WEIGHT	RATING	WEIGHTED SCORE
<i>INTERNAL STRENGTHS</i>			
1. 100% sales and letting of property	0.05	3	0.15
2. Increased inbound cash flow	0.1	4	0.4
3. Visionary CEO	0.05	4	0.2
4. Reputation as ethical and reliable	0.5	4	0.2
5. Financial and bureaucratic efficiency	0.05	4	0.2
6. Forward looking staff	0.05	3	0.15
7. Efficient promotion	0.10	4	0.4
8. Fairly diversified portfolio	0.5	3	0.15
9. Backward integrated (supply of construction materials such as gravel)	0.05	3	0.15
<i>INTERNAL WEAKNESSES</i>			
1. New to the real estate market	0.5	2	0.1
2. Difficulty retaining professionals	0.1	1	0.1
3. Delayed schedule of the first batch of real estate property	0.1	1	0.1
4. No comprehensive plan of making use of the overwhelming housing demand	0.5	1	0.5
5. Enormous back log on housing	0.05	2	0.1
6. No control on cement supply	0.1	1	0.1
TOTAL	1		2.55

Major weakness (rating = 1), a minor weakness (rating = 2), a minor strength (rating = 3), or a major strength (rating = 4). Ratings are thus company-based, where as weights in table 6 are industry based. (David, 1999)

CHAPTER FOUR

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Extensive literature review, in depth interview with personnel from Sunshine Construction PLC, discussions real estate development clients, consultations with different Addis Ababa City Administration executives, consultations with professional consulting urban planners, architects and engineers, consultation with a real estate developer and professional employee of real estate developers have been used to gather and analyse data on marketing real estate in Addis Ababa. Qualitative analysis based on these and personal observation and intuitive judgment were used to arrive at conclusions.

Real estate in Ethiopia and in particular in the Capital, Addis Ababa, is becoming an attractive business after the early 1990's. The socio-economic groups that are served by real estate developers tend to be the middle and upper income group. The obvious reason for this is the expensive nature of property development. The technological environment in the construction industry in general seems to be very stable in the country. However, costs minimizing technological improvements have been introduced to the Addis Ababa market through low-cost housing scheme supported by the City Administration. Real estate developers in the city are faced with the challenge of a degraded physical environment and a poorly developed infrastructure of Addis Ababa.

Competition in the real estate industry is rather un concerning. Using a simple CPM analysis Sunshine Construction PLC is found to be by far better its other two closet competitors: Ayat Real Estate PLC and Habitat New Flower Homes PLC.

Another analysis technique used in assessing the external marketing environment is EFE matrix. Here, Sunshine's score is just above average indicating medium responsiveness of the Company to the external marketing environment.

The internal marketing environment of Sunshine Construction PLC was investigated using in-depth interviews and personal observation. Brochures and Company profile have been studied. Visit to Sunshine's Gerji site development was made. Overall, Sunshine fared just above the average mark on the IFE matrix. It is the salient finding of this paper that more than anything, enormous housing demand is the major factor driving Sunshine' performance. The major inhibitors, on the other hand, are acute shortage of cement in the city and difficulty in retaining professional personnel.

RECOMMENDATIONS

Relying on the ever 'insatiable' demand for housing to be the marketing strategy for real estate will not prove effective for long. The global trends in real estate industry call for better marketing research and strategy.

Recommendation to Sunshine Construction PLC

1. Employ an agent or a marketing consultant that will aid the in-house the house-marketing department with on its marketing activities.
2. Invest time, effort and money to develop a proper marketing strategic plan for real estate development.
3. Workout a detailed implementation plan for accomplishment of the strategic plan.
4. Foster, among the employees, the habit of making market observations.

Recommendation for further study

1. Real Estate property as a product is expensive. If it is to be made available to the majority of the middle-income group and particularly to the first time buyers, alternative technology and financial schemes need to be investigated.
2. The marketing aspect of real estate investigation in this paper did not include an all-out rigorous customer need assessment. If further research is pursued in this most interesting subject, with emphasis on this aspect, it would give a more concrete picture of the situation in Addis Ababa.

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Annexes

Annex One

LIST OF Real Estate Investment Projects

S. No.	Date of Permit	Name of Investor	Investment Activity	Region of Investment	Capital (In '000 Birr)	Perm Employment	Temp Employment
1		Wass Development & real estate enterprise PLC	Real estate construction and housing	Addis Ababa	455,030.00	2010	0
2	27-Mar-06	RAYAN INVESTMENTS PLC	Realestate Development(G+0-G+9)	Addis Ababa	389,338.00	151	250
3	18-Aug-04	AYAT PLC	Real Estate Development /G+5/	Addis Ababa	311,352.00	10	0
4	14-Nov-97	Jukerose Ethiopia PLC	Real estate and housing development	Addis Ababa	211,681.00	46	0
5	30-Nov-05	Pacific Link Ethiopia INC. Pvt. Ltd. Co.	Real Estate Development	Addis Ababa	180,000.00	50	700
6	16-Aug-05	GEBEREMIKAEEL MARQOS	Realstate development	Addis Ababa	168,000.00	48	800
7	20-Jul-05	S.N.B. Business PLC	Real estate development	Addis Ababa	160,000.00	500	2000
8	19-Mar-04	Bashanfer Trading PLC	Real Estate	Addis Ababa	128,500.00	10	0
9	10-Mar-06	FOUNDATION REAL ESTATE PLC	Real Estate Developmet /G+4/	Addis Ababa	117,260.00	0	16
10	14-Mar-06	SAKA PLC	Real Estate Developmet /G+12/	Addis Ababa	112,100.00	22	0
11	8-Mar-05	KAME REAL ESTATE PLC	Real Estate/G+1/	Addis Ababa	111,977.00	50	502
12	3-Jan-06	Getty Enterprise(Proprietary)LTD/Ethiopian Branch/	Real Estate Development	Addis Ababa	110,000.00	4	5
13	1-Mar-05	Daniel Tekeba Adnew	Real Estate Development	Addis Ababa	100,000.00	40	360
14	22-Feb-05	ELSABET LEMA KASAYE	Real Estate Development/G+6/	Addis Ababa	100,000.00	40	400
15	28-Feb-06	PAN AFRICA PLC	Real Estate (G+0-G+3)	Addis Ababa	97,073.00	80	0
16	26-Aug-04	MENAGESHA PLC	Real Estate Development/G+9/	Addis Ababa	93,564.00	15	0
17	23-Feb-05	J F INTERWORLDPLC	Real Estate Development/G+2/	Addis Ababa	86,650.00	90	410
18	29-Mar-05	MOHAMMED MUSTEFA ABAS	Real Estate Development	Addis Ababa	83,000.00	10	150
19	12-Jan-06	SENISHION CONSTRUCTION PLC	Real estate development/G+13/	Addis Ababa	80,000.00	10	20
20	11-May-06	Friedrich Hess	Real Estate Development	Addis Ababa	70,000.00	46	160
21	13-Jan-03	Karakore Real estate P.L.C	Real estate development	Addis Ababa	67,281.60	290	0
22	31-Jan-05	YESHI PLC	Real Estate Development/G+3/	Addis Ababa	62,888.00	100	150
23	23-Jul-99	Shola Share Company	Real Estate development /Residencial construction/	Addis Ababa	61,895.60	53	32
24	9-Mar-04	Yosef Tegegn	Real Estate /Building construction/	Addis Ababa	61,700.00	20	100
25	17-Mar-05	ADDIS ABABA MARKET CENTRE MERKATO PLC	Real Estate Development/G+4/	Addis Ababa	60,357.00	8	0
26	10-May-04	Ngan Ching che	Real estate development	Addis Ababa	60,000.00	50	300
27	10-Aug-04	Nuba PLC	Housing/Real Estate Development	Addis Ababa	60,000.00	10	120
28	18-Aug-05	TEKLEBRHAN AMBAYE	Real estate	Addis Ababa	60,000.00	40	300
29	22-May-06	Top View Real Estate PLC	Real Estate Development	Addis Ababa	55,000.00	48	122
30	10-Nov-05	WOHILL TRADING	Realestate Development(G+0-G+2)	Addis Ababa	55,000.00	14	8
31	9-Dec-05	SHEGER PLC	Real estate development/G+12/	Addis Ababa	54,396.00	20	10
32	22-Jul-04	Ologo PLC	Real Estate development (prefabricated House building Construction	Addis Ababa	53,000.00	100	200
33	11-Feb-05	TSEGA AND MULUGETA PLC	Real Estate Development/G+1/	Addis Ababa	52,220.00	20	350
34	20-Feb-06	KANGAROO PLAST PLC	Real Estate Development (G+1)	Addis Ababa	52,095.00	29	773

S. No.	Date of Permit	Name of Investor	Investment Activity	Region of Investment	Capital (In '000 Birr)	Perm Employment	Temp Employment
35	15-Feb-05	FREEDOM REAL ESTATE PLC	Real Estate Development/G+10/	Addis Ababa	50,000.00	100	200
36	1-Mar-05	MEMSAK INTERNATIONAL HOLDING PLC	Real Estate Development/G+12/	Addis Ababa	50,000.00	0	0
37	24-May-04	Pillar Estate PLC	Real estate Development	Addis Ababa	50,000.00	40	10
38	16-Feb-05	T K INTERNATIONAL PLC	Real Estate Development/G+10/	Addis Ababa	50,000.00	100	400
39	12-Jan-05	GAD CONSTRUCTION PLC	Real Estate Development/G+4/	Addis Ababa	41,000.00	25	100
40	25-Jan-05	ALEMAYEHU KIDANEMARIAM GEZAHEGN	Real Estate Development/G+9/	Addis Ababa	37,600.00	32	8
41	6-Aug-04	FEBA ENGINEERING PLC	Real Estate Development/G+2/	Addis Ababa	35,960.00	45	300
42	11-Jan-06	Abyssinia Business and property Investment LTD(Ethiopian Branch)	Real Estate Development	Addis Ababa	35,000.00	50	30
43	22-Sep-04	ING ABEBE AYALEW	Real Estate Development/G+1/	Addis Ababa	35,000.00	10	0
44	25-Oct-02	H/mariam Kelemework	Real estate development	Addis Ababa	33,790.90	66	1000
45	18-Sep-02	Stream Trading PLC	Real estate development	Addis Ababa	33,441.70	0	1400
46	23-Nov-04	TDH International PLC	Real Estate Development	Addis Ababa	33,000.00	20	300
47	21-Dec-04	KALEB TRADE AND DEVELOPMENT PLC	Real Estate Development/G+4/	Addis Ababa	32,182.00	35	600
48	30-Nov-04	MESERET GEBRETSION NIGATU	Real Estate Development/G+7/	Addis Ababa	30,229.00	15	10
49	7-Apr-06	Flag M Engineering PLC	Real Estate	Addis Ababa	30,000.00	20	250
50	11-Nov-04	GETU GELETE DUGDA	Real Estate Development/G+9/	Addis Ababa	29,481.00	19	0
51	24-Oct-05	KURTU INTERNATIONAL	Real Estate Development/G+7/	Addis Ababa	28,192.00	30	0
52	3-Jan-06	DANIEL KELEMWORK	Real Estate Development(G+5)	Addis Ababa	27,700.00	20	10
53	3-Feb-06	ADOT INTERNATIONAL TRAINING PLC	Real estate development/G+6/	Addis Ababa	27,622.00	31	350
54	19-Apr-93	Ghion Nile Investment and Trading P.L.C /inactive1	Real estate dev. & construction	Addis Ababa	27,049.80	51	0
55	22-Jan-02	Addis Mender Real Estate Development Share company	Real estate development	Addis Ababa	26,722.20	58	0
56	19-Sep-02	Friendship Business Group plc	Real estate development	Addis Ababa	25,237.00	18	2
57	11-Aug-05	Berhane Woldu	Real estate development	Addis Ababa	25,000.00	30	30
58	31-Dec-04	YARED BESIRAT WELDEMESKEL OR JUPITER TRADING	Real Estate Development/G+8/	Addis Ababa	24,800.00	15	10
59	10-Feb-05	EDIT PLC	Real Estate Development/G+2/	Addis Ababa	24,400.00	16	40
60	19-Dec-05	AHADU PLC	Real estate development/G+5/	Addis Ababa	23,883.00	38	0
61	3-Feb-06	BIRIKTI GIRMA MENGESHA	Real estate development/G+6/	Addis Ababa	23,775.00	10	0
62	23-Nov-04	T.DH. International PLC	Real Estate Development	Addis Ababa	23,000.00	20	300
63	5-Mar-96	MAG international Construction & Dev PLC	Real Estate Development	Addis Ababa	21,133.80	15	100
64	26-Feb-95	Habesha Trading P.L Co.	Real estate development	Addis Ababa	20,605.00	18	500
65	3-Aug-04	GETAHUN BESHA	Real Estate Development/G+8/	Addis Ababa	20,500.00	20	0
66	30-Nov-04	GETACHEW AYENEW ISHETE	Real Estate Development/G+8/	Addis Ababa	20,040.00	25	175
67	14-Nov-05	A.M.A.M Investment PLC	Real estate development	Addis Ababa	20,000.00	22	250
68	24-Feb-05	BCDS GROUP LLC /ETHIO BRANCH/	Real Estate Development	Addis Ababa	20,000.00	100	500
69	23-Feb-06	GUELF AZIZ FAMILY GENERAL TRADING PLC	Real Estate (G+5)	Addis Ababa	20,000.00	25	50
70	18-Feb-05	TEFERA ZEWUDE	Real Estate Development/G+9/	Addis Ababa	19,900.00	200	100
71	7-Feb-06	ZELEKE WAKENA	Real estate development/G+4	Addis Ababa	19,298.00	50	0
72	17-Dec-04	SERGUT SEMMA	Real Estate Development/G+5/	Addis Ababa	18,665.00	10	0
73	8-Dec-03	Jaad Investment PLC	Real Estate development	Addis Ababa	18,000.00	10	50
74	18-Nov-05	ZELALEM DESTA	Real estate development(G+7)	Addis Ababa	16,663.00	20	0
75	18-Aug-05	ASILU RLESTATE PLC	Real estate development(G+1-G+4)	Addis Ababa	16,250.00	20	482
76	28-Dec-05	ASTER TESFAYE	Real estate development(G+7)	Addis Ababa	15,986.00	21	50
77	17-May-04	Pramed Construction PLC	Real Estate Development	Addis Ababa	15,643.00	46	0
78	1-Feb-05	MARIO DIFAVERI	Real Estate Development/G+5/	Addis Ababa	15,350.00	50	100
79	9-Aug-04	Alamoudi Khalid Omara	Real Estate Development	Addis Ababa	15,000.00	50	100
80	6-Nov-03	Duguma Hundie Geda	Real Estate Development /G+10/	Addis Ababa	15,000.00	16	750
81	9-Dec-04	FITMI WELDAY	Real Estate Development/G+7/	Addis Ababa	15,000.00	18	5
82	16-Jul-02	Getachew Woldu	Real Estate Development	Addis Ababa	14,219.70	24	40
83	28-Feb-05	MELKA NIDA	Real Estate Development/G+9/	Addis Ababa	14,200.00	10	10
84	2-Sep-04	YEWUBDAR YIRGA HAILE	Real Estate Development/G+8/	Addis Ababa	14,122.00	27	0

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85	6-Dec-05	EAST METRO REAL ESTATE PLC	Real estate development/G+7/	Addis Ababa	13,381.00	50	8
86	10-Sep-04	HAILE ARAYA ALEMSEGED	Real Estate Development /G+5/	Addis Ababa	13,065.00	8	2
87	24-Aug-04	Messelech Zelleke Dtaio	Real Estate Development	Addis Ababa	13,000.00	36	100
88	3-May-06	YMD Construction PLC	Real Estate Development	Addis Ababa	13,000.00	100	200
89	14-Dec-05	DR AKLILU KIDANU	Real estate development/G+6/	Addis Ababa	12,748.00	10	20
90	23-Oct-00	Seid Belayneh	Cereals and oil seeds clearing and tahina product producing	Addis Ababa	12,369.00	73	0
91	16-Aug-04	FELEKECH AFEWERK	Real Estate Development/G+10/	Addis Ababa	12,270.00	25	325
92	6-Mar-02	GM PLC	Real Estate Development	Addis Ababa	12,144.40	40	0
93	29-Mar-05	ASKALE HABTE	Real Estate Development/G+5/	Addis Ababa	12,000.00	12	8
94	22-May-00	Yemeru Nega	Real Estate development	Addis Ababa	12,000.00	6	0
95	17-Dec-03	American Technology Groop PLC	Real Estate Development	Addis Ababa	11,900.00	380	100
96	21-Jun-06	Pacific Link Ethiopia Real Estate PLC	Real Estate Development	Addis Ababa	11,500.00	100	1400
97	16-Apr-04	Jhemma RS PLC	Real Estate Development	Addis Ababa	10,996.00	120	100
98	16-Aug-02	Mam Trading PLC	Cereals and oil seeds cleaning	Addis Ababa	10,657.70	270	0
99	22-Dec-04	SEIFU TEKLEMARIAM HABTE	Real Estate Development/G+5/	Addis Ababa	10,646.00	30	75
100	6-Oct-03	Azeb Ephrem	Cereals, Oil seeds & Crops processing & Exporting	Addis Ababa	10,533.00	30	800
101	11-Jan-06	SOLOMON YERDAW GEBRETSADIK	Real estate development /G+4/	Addis Ababa	10,410.00	18	20
102	9-Apr-99	Workshet Bekele Demissie	Real estate development	Addis Ababa	10,212.40	20	0
103	16-Jul-04	ADDIS ALEM BUSINESS GROUP PLC	Real Estate Development/G+5/	Addis Ababa	10,000.00	30	200
104	24-Jun-05	Africa Real Estate PLC	Real Estate Development	Addis Ababa	10,000.00	7	0
105	8-May-01	Bole Towers PLC	Real Estate Development	Addis Ababa	10,000.00	13	0
106	6-Feb-06	CHALLENGE COFFEE TRADERS PLC	Cereals Clearing	Addis Ababa	10,000.00	80	120
107	31-Jan-05	MATIAS PLC	Real Estate Development/G+5/	Addis Ababa	10,000.00	35	15
108	29-Mar-05	PAVILION PLC	Real Estate Development	Addis Ababa	10,000.00	5	2
109	23-Feb-06	Tafesse Etana Denu	Real Estate Development	Addis Ababa	10,000.00	10	5
110	17-Nov-05	Trans Capital Eth. PLC	Real Estate Development	Addis Ababa	10,000.00	50	100
111	3-May-00	Axis Internation PLC	Real estate / G+5/	Addis Ababa	9,170.00	19	0
112	15-Feb-02	Magecon General Construction Plc.	Real estate development	Addis Ababa	9,141.40	23	0
113	16-Aug-02	Boston Partners PLC	Real estate development	Addis Ababa	9,021.60	13	0
114	31-Oct-05	HAILE MICHAEL GEBRE ANANIYA	Real Estate Development/G+7	Addis Ababa	9,005.00	25	125
115	11-Jan-05	DEMOZE BEKELE YAMI	Real Estate Development/G+4/	Addis Ababa	9,000.00	75	300
116	10-Nov-05	FISEHA ANDEMESKEL	Realestate Development(G+4)	Addis Ababa	8,975.00	4	3
117	1-Oct-02	MTT PLC	Real estate development	Addis Ababa	8,844.70	14	800
118	23-Sep-99	Kunesnes Tekie	Real estate	Addis Ababa	8,746.40	17	0
119	1-Nov-04	Monuar PLC	Real Estate development	Addis Ababa	8,700.00	50	25
120	22-Oct-03	Hulegeb Tirat PLC	Real Estate Development /G+3/	Addis Ababa	8,358.00	48	147
121	7-Dec-04	A H F INTERNATIONAL IMPORTER AND EXPORTER PLC	Real Estate Development/G+4/	Addis Ababa	8,120.00	15	5
122	27-Apr-00	Tadesse Endeshaw Kuncho	Real estate/G+5/	Addis Ababa	8,114.30	10	0
123	10-Sep-04	Ethio- samell PLC	Real Estate development	Addis Ababa	8,000.00	50	100
124	10-Sep-04	Ethio-Samell PLC	Real Estate Development	Addis Ababa	8,000.00	50	100
125	21-Jul-04	KIDANE TILAHUN EWUNETU	Real Estate Development/G+5/	Addis Ababa	8,000.00	50	150
126	1-Mar-06	T G PLC	Real Estate (G+5)	Addis Ababa	7,904.00	15	5
127	8-Aug-00	Tutu & Her Family PLC	Oil seed & cereal cleaning	Addis Ababa	7,883.00	25	0

S. No.	Date of Permit	Name of Investor	Investment Activity	Region of Investment	Capital (In '000 Birr)	Perm Employment	Temp Employment
128	11-Aug-05	ATKILT DEREQE QOSHA METEQEM PLC	Collection of solid waste Real city	Addis Ababa	7,810.00	60	80
129	13-Dec-04	HIWOT LEMA	Real Estate Development/G+4/	Addis Ababa	7,783.00	18	0
130	7-Apr-03	PLC Pvt.Lim.Com.	Real estate development project	Addis Ababa	7,500.00	11	0
131	3-Jul-00	Berhe G/Libanos	Real estate /G+3/	Addis Ababa	7,300.00	6	0
132	7-Oct-04	ALEMASH DEREDIA	Real Estate Development	Addis Ababa	7,286.00	8	4
133	27-Feb-06	K Z AND FAMILY PLC	Real Estate (G+7)	Addis Ababa	7,227.00	10	30
134	18-Nov-05	FIKIRU DEBELA	Realestate Development(G+4)	Addis Ababa	7,152.00	10	20
135	13-Dec-05	ADDIS ABABA SHURABE SIRA S C	Real estate development/G+3/	Addis Ababa	7,138.00	20	5
136	3-Dec-04	EISTRA P.L.C	Real Estate Development	Addis Ababa	7,000.00	250	500
137	27-Dec-04	ISRAEL JEMBERE	Real Estate Development/G+4/	Addis Ababa	6,642.00	20	70
138	4-Nov-04	TILAHUN MESAFINT	Real Estate Development/G+5/	Addis Ababa	6,580.00	40	20
139	22-Oct-04	TEDLA ABRAHAM	Real Estate Development/G+3/	Addis Ababa	6,350.00	10	5
140	7-Dec-04	MELKAM RAEYI REAL ESTATE PLC	Real Estate Development/G+2/	Addis Ababa	6,209.00	15	120
141	30-Dec-04	AMBACHEW TESEMA DENEKE	Real Estate Development/G+3/	Addis Ababa	6,010.00	10	0
142	16-Oct-03	Haji Ahmed Alfanas Mohamed	Real Estate Development	Addis Ababa	6,000.00	4	0
143	25-Jan-05	YGF PLC	Real estate development	Addis Ababa	6,000.00	5	5
144	7-Sep-05	THE GOLDEN PLC	real estate(G+8 storage)	Addis Ababa	5,938.00	8	12
145	22-Feb-06	YONAS GORFE	Real Estate Development (G+0-G+1)	Addis Ababa	5,900.00	10	0
146	30-Dec-05	YISHAMU TIRUNEH	Realestate Development(G+5)	Addis Ababa	5,852.00	10	10
147	22-Sep-03	B & B Kitfo Trading PLC	Real Estate Development (G+4)	Addis Ababa	5,819.00	54	0
148	5-Dec-05	GADA BIHON	Real estate development/G+4/	Addis Ababa	5,700.00	12	2
149	13-Jul-04	WASHO NEBI	Real Estate Development/G+5/	Addis Ababa	5,626.00	50	230
150	3-Feb-06	GELILA SHETAYA WOLDHESANE	Realestate development/G+3/	Addis Ababa	5,450.00	5	5
151	22-Feb-06	TSEHAYE YIGIZAW	Real Estate Development (G+4)	Addis Ababa	5,445.00	15	0
152	12-Jun-03	Aabaiyesaz Taktat pass Ltd. cCo.	Real Estate Development	Addis Ababa	5,260.61	8	0
153	10-Jun-02	Muluneh Gegesa	Real estate dev't	Addis Ababa	5,017.20	20	0
154	22-Dec-04	HAJI BEHAR ABDELA	Real Estate Development/G+4/	Addis Ababa	5,013.00	8	40
155	9-Jan-06	BINEYAM THILAHUN BELAYNEH	Real estate development /G+0/	Addis Ababa	5,000.00	10	5
156	26-May-06	Mubarak Rashed Mubarak Mohammed Al Khali	Real Estate Development	Addis Ababa	5,000.00	50	
157	15-Feb-06	Prime Real Estate PLC	Real Estate Development	Addis Ababa	5,000.00	15	50
158	18-Aug-05	REDIAT DAGIM ENGINEERING CONSTRUCTION	Real estate Development (G+2)	Addis Ababa	4,974.00	16	0
159	31-Jan-05	YIRDAW GEBREYOHANNES AWUGERE	Real Estate Development/G+3/	Addis Ababa	4,921.00	10	50
160	22-Nov-05	ISRAEL YESUF MOHAMMED	Realestate Development(G+3)	Addis Ababa	4,800.00	6	9
161	11-Oct-04	HAILE INDASHAW	Real Estate Development /G+2/	Addis Ababa	4,746.00	40	30
162	22-Dec-04	ABIYI ABERA ALEMNEH	Real Estate Development/G+5/	Addis Ababa	4,720.00	10	6
163	21-Nov-02	Sol Real estate P L C	Real estate development	Addis Ababa	4,640.00	10	0
164	2-Dec-05	BIZUNEH DESALEGN	Real estate development/G+4/	Addis Ababa	4,500.00	10	5
165	17-Nov-05	KASSAHUN GOSSA	Realestate Development(G+5)	Addis Ababa	4,500.00	12	3
166	6-Dec-05	SELAM ZEWDIE AWASH	Real estate development/G+4/	Addis Ababa	4,500.00	12	6
167	24-Jan-05	TIBEBE WELDEMARIAM MEKASHA	Real Estate Development/G+8/	Addis Ababa	4,462.00	8	200
168	22-Nov-04	NISEBIHO YIFRU TEBIKACHEW	Real Estate Development/G+4/	Addis Ababa	4,437.00	38	153
169	4-Nov-04	WISDOM PARADISE PLC	Real Estate Development/G+4/	Addis Ababa	4,420.00	10	0
170	29-Jul-04	T MERY PLC	Real Estate Development/G+5/	Addis Ababa	4,205.00	30	75
171	4-Jan-05	ZENA GESESSE TIRFE	Real Estate Development/G+2/	Addis Ababa	4,122.00	15	10
172	13-Mar-06	ASNAKE WAKEJER	Real state Developmet /G+4/	Addis Ababa	4,103.00	20	40
173	23-Nov-05	ETENESH ASFAW GONCHELA	Realestate Development(G+4)	Addis Ababa	4,000.00	6	5
174	24-Nov-05	GIDEYE HAILU TEKLU	Realestate Development(G+4)	Addis Ababa	4,000.00	20	10
175	20-Nov-00	Habitat New Flower Homes PLC	Real estate development	Addis Ababa	4,000.00	14	0
176	11-Jan-05	MOSHE AMIGA	Real Estate Development	Addis Ababa	4,000.00	10	10
177	15-Nov-05	MULUGETA LEMA MEKONINE	Realestate Development(G+3)	Addis Ababa	3,961.00	9	0
178	23-Mar-05	ZINASH ASEFA	Real Estate Development/G+5/	Addis Ababa	3,920.00	5	3
179	8-Aug-02	Jemil Mohammed Abdu Biner	Real estate development	Addis Ababa	3,879.80	5	30
180	5-Oct-04	SEBLE KEBEDE	Real Estate Development/G+2/	Addis Ababa	3,800.00	10	100
181	17-Jan-05	ZEREABRUK DESTA TEKLU	Real Estate De lop ent	Addis Ababa	3,790.00	12	20
182	21-Jun-02	Agmas Shemeles (Dr)	Real state	Addis Ababa	3,782.00	10	0
183	2-Jan-06	RAHEL GEBERASIDIK	Realestate Development(G+3)	Addis Ababa	3,780.00	12	8
184	29-Oct-02	Abera Teffera	Realestate development	Addis Ababa	3,685.00	18	0
185	17-Nov-05	GIRMA NEWAYI BEHYLU	Realestate Development(Five Flour)	Addis Ababa	3,650.00	7	45
186	23-Dec-05	TSEHAY EBA	Real estate development/G+4/	Addis Ababa	3,637.00	10	20

S. No.	Date of Permit	Name of Investor	Investment Activity	Region of Investment	Capital (in '000 Birr)	Perm Employment	Temp Employment
187	16-Nov-04	GEORAY GEBREYESUS	Real Estate Development /G+2/	Addis Ababa	3,500.00	10	150
188	17-Mar-06	Roy Alan Gilmour	Real Estate Development	Addis Ababa	3,500.00	0	40
189	2-Aug-04	ATSEDE MELESE	Real Estate Development/G+3/	Addis Ababa	3,410.00	20	130
190	6-Jan-05	HAIMANOT BERHANU	Real Estate Development/G+2/	Addis Ababa	3,360.00	5	3
191	3-Apr-06	AMANUALE TEKELE	Real Estate Development(G+6)	Addis Ababa	3,300.00	10	50
192	26-Dec-05	Vage Erik Paul Eriksson	Real Estate Development	Addis Ababa	3,250.00	10	30
193	21-Jan-05	YESHEWAABEBA GEDAMU	Real Estate Development	Addis Ababa	3,115.00	3	3
194	25-Jan-05	HABTAMU DESTA BERHANE	Real Estate Development/G+3/	Addis Ababa	3,000.00	30	50
195	24-Mar-05	GETACHEW MOGES WELDEGIORGIS	Real Estate Development/G+4/	Addis Ababa	3,000.00	20	40
196	9-Feb-05	MELAK TRADING PLC	Real Estate Development/G+3/	Addis Ababa	3,000.00	10	10
197	20-Jul-05	TADESSE WOLDE RUFABEL WOLDE MARYAM	Real estate development(G+2)	Addis Ababa	3,000.00	12	8
198	23-Mar-06	USE International Development Service PLC	Real estate development	Addis Ababa	3,000.00	3	5
199	9-Feb-05	HANA DEREJE	Real Estate Development/G+5/	Addis Ababa	2,800.00	15	10
200	8-Nov-04	WERKU SHIKUR	Real Estate Development/G+3/	Addis Ababa	2,670.00	2	2
201	22-Aug-02	Obadi International PLC	Residential real estate	Addis Ababa	2,660.50	17	0
202	8-Nov-04	ABAYNESH GEBREMEDHIN GEBRE	Real Estate Development/G+4/	Addis Ababa	2,644.00	8	10
203	23-Aug-04	ABAYENESH AREGA	Real Estate Development/G+3/	Addis Ababa	2,600.00	15	150
204	1-Feb-06	CITENA GEMALE	Real estate development/G+3/	Addis Ababa	2,600.00	7	6
205	9-Nov-05	MEKONEN KIDANEMARIAM	Real Estate Development/G+4/	Addis Ababa	2,590.00	12	4
206	7-Dec-05	RABIK SAMAN MOHAMMED	Real estate development/G+3/	Addis Ababa	2,582.00	10	10
207	24-Oct-01	Messelwork Girma	Real Estate Development	Addis Ababa	2,550.00	4	0
208	13-Feb-95	Falletta Sees Mechanical Cleaning Industry P L C	Machinery Construction & Cleaning-mills of Cereals Pulses	Addis Ababa	2,549.60	52	0
209	28-Oct-05	ZINETU MOHAMED	Real Estate Development/G+4/	Addis Ababa	2,510.00	8	2
210	22-Dec-05	DASOL PLC	Real estate Development(G+4)	Addis Ababa	2,490.00	10	10
211	22-Nov-04	SISAY MEKUANINT KASSAHUN	Real Estate Development	Addis Ababa	2,350.00	10	15
212	31-May-06	Mohammad Awad Mohammad Kreishan	Real Estate Development	Addis Ababa	2,015.00	10	20
213	2-Jul-02	Moges Ayalew	Real estate development	Addis Ababa	2,011.30	32	20
214	3-Mar-06	Italian global Real Estate Development PLC	Real Estate Development	Addis Ababa	2,000.00	10	10
215	12-Aug-05	MURAD MUZEMIL ABDU	Real estate development(GC-5)	Addis Ababa	1,800.00	6	30
216	28-Mar-06	ABEL KAHISAY	Real estate Development(G+3)	Addis Ababa	1,750.00	10	100
217	17-Feb-05	FEKADU ASFAW	Real Estate Development/G+4/	Addis Ababa	1,687.00	10	30
218	7-Apr-04	BMGA Trading PLC	Cereals & Oil Seed Cleaning	Addis Ababa	1,598.00	15	20
219	6-Dec-05	Hiwot & Emmanuel Real Estate	Real Estate Development	Addis Ababa	1,500.00	0	5
220	16-Feb-05	SENAIT ASMELEASH	Real Estate Development/G+2/	Addis Ababa	1,240.00	12	4
221	19-Jul-04	ELSABET TEWELDE	Sereal Clearing	Addis Ababa	1,000.00	0	0
222	18-Mar-05	CLIFTON WILLIAMS JAMES	Real Estate Development	Addis Ababa	970.00	10	0
223	16-Aug-05	ABERA GEBIREWAHD	Real estate Development(BC-5)	Addis Ababa	955.00	10	20
224	28-Nov-05	SOFONIYAS GEZAHEGN	Real estate Development(G+4)	Addis Ababa	950.00	0	0
225	16-Mar-05	KRISTINA BRIDGET EDWARDS	Cereal farming and livestock	Addis Ababa	900.00	4	5
226	10-Sep-04	Rawas Mohammad Awadkhilida	Real Estate Development	Addis Ababa	870.00	5	10
227	16-Aug-05	HASEN MOHAMED YIMER	real estate development (Bc-5)	Addis Ababa	765.00	10	65
228	16-Aug-05	AN WAY J PLC	Real estate development(G+4)	Addis Ababa	742.00	25	75
229	23-Aug-04	Isack Eyual	Real Estate Development	Addis Ababa	400.00	150	100
230	16-Aug-05	TEKLEBERHAN AMBAYE	Real estate development	Addis Ababa	60.00	40	300
231	21-Jul-05	HUSEN SERAJ MOHAMED	Real estate Development(G+1)	Addis Ababa	2.93	12	8
232	2-Aug-05	KEFELENE HAILU GEBERE SHADIQ	Real estate development(GC-4)	Addis Ababa	1.60	25	65
233	27-Jul-05	ENGENIER YONAS SHEMSU	Real estate developer(G+1-G+2)	Addis Ababa	0.19	5	
					6 122 006 93		

Annex Two

Interview Schedule

Your cooperation in answering the following questions is greatly appreciated.

I. General

1. Who are the real estate agents in Addis Ababa?
2. What functions do agents perform in Addis Ababa?
3. Do you see easy sales?
4. Who is the landowner?
5. How easy is it to get land for development?
6. Who is buying real estate?
7. Why are they buying the property they are buying?
8. How much information do you have on the deal particularities of property market?
9. What do you know about the property market? Type, amount of each type, special features and plans for new?
10. Do you have information about the competition? Name, market share, strength, weakness, marketing strategy?
11. What particular regulations apply for real estate marketing?
12. How do you rate the performance of government, real estate developers, customers, agents and suppliers in the property industry?
13. What is the size of Addis Ababa market for dwelling units by type?
14. What is the pattern of demand as influenced by economic, social, political, legal and technological factors?
15. What behaviors do consumers and funding institutions exhibit?

II. Marketing Research & Information

(A) Up-to-date Market Knowledge

16. What do you think is the actual and potential market share of your company? Others?
17. What general past and possible future trends do you observe in broad economic terms covering such matters as population change, national income and expenditure, sales and output, availability of finance, construction industry performance and legislative or political change?

(B) Overall Policy and Tactics

18. How and at what cost do competitors promote and advertise other properties?
19. How do you compare marketing costs with their costs? What would be implication of any change in the cost policy?
20. How and why do sales differ because of location or type?

21. What would the probable effect be if there is a radical change in pricing structure of the developments? Competition?
22. Briefly comment on the effect of promotional activity, looking at the effectiveness of advertising and placement and the result of incentive schemes to both agents and purchasers?

III. The Product

23. What is the company's reputation or image for producing quality buildings and providing a good service to purchasers?
24. How are previous developments thought of and used, and what features are found to be most important by occupiers?
25. Should any changes be made to current or proposed development projects in respect of design, layout, material or services?
26. What property management, legal or planning restrictions might inhibit the ready sales or letting of a development?
27. What are the strengths and weaknesses of previous development schemes constructed by the company and by its competitors?
28. What mechanism do you use to get data from internal (like agents) and external (like consultants and professional bodies) sources?

IV. Marketing Strategy

29. How do you select a marketing team?
30. Do you use research to identify target groups? If not why? If yes, how has it helped you in your marketing strategy?
31. In broad terms what is your agreed marketing message?
32. How do you communicate your marketing message? Please circle the applicable ones.
 - (a) Direct: Brochure, personalized mail shots, targeted circulation lists, exhibitions and agents receptions
 - (b) Indirect: national and local media, side advertising and contact networks within the property combination industry.
 - (c) Combination
33. How do you follow up the marketing activity?
34. Do you have a marketing budget?
35. What method of selling do you use?
 - (a) Private treaty
 - (b) Public auction
 - (c) Formal tender

- (d) Informal tender
- (e) Combinations of (a) – (d)
- (f) Others, please specify _____

V. Market Segmentation

- 36. What do you think is the market segment of your competitors are?
- 37. What market segment do you cater for?
- 38. How would your luxury housing marketing differ from that of non-luxury housing?
- 39. What do you think is crucial for successful marketing of luxury housing? Non-luxury housing?
 - (a) Quality of design & finishes
 - (b) Elegantly furnished and fitted show units
 - (c) Location and locality
 - (d) (a) & (b)
 - (e) (a) & (c)
 - (f) (b) & (c)
 - (g) No priority, all are equally important
- 40. How do you try to induce sales among new buyers?
 - (a) Payment by development of legal fees, survey fees, stamps duty, etc.
 - (b) Making payment of mortgages for initial years
 - (c) Provision of household furniture such as cooker
 - (d) Others, please specify

VI. Selling Techniques

- 41. Which methods(s) do you use for selling?
 - (a) Public relations
 - (b) Brochures & particulars
 - (c) Press advertising
 - (d) Direct mailing
 - (e) Sideboards and hoardings
 - (f) Demonstration
 - (g) Television and hoardings
 - (h) Incentives
 - (i) Others, please specify _____

VIII. Internal Marketing Environment

42. How was the marketing agent selected?
43. What is the marketing campaign?
44. How do you monitor the marketing?
45. Describe the internal marketing environment of your company (structure, personnel, procedures, technology, climate etc)
46. What challenges do you have?
47. What opportunities do you expect?
48. How do you intend to handle your problems?

Annex Three

2. BUSINESS VISION

The trend of the past few years confirms that construction is booming at an increasing rate. Utmost attention is given to the industry by the Government and Private Investors. Records show that capital budget allocated by the Federal Government during the last four years has been increasing by over 40% pa. There is also a huge financial outlay from the private sector for construction and construction related investment. This trend is assumed to be on a continuous move for decades to come.

Similar to other economic activities, the traumatic period of the previous government has cast its shadow on infrastructural development. Now that the situation has changed and an ambient condition has prevailed, we have to work very hard and rush with care to fill in the gap created during the lost years.

We assume that there is too much to do in the coming. It requires a non-stop effort to meet the growing demand of construction. Sunshine Construction Private Limited Company underscores this fact and aspires to positively contribute towards meeting the demand.

3. COMPANY MISSION

The company, as from its establishment, had set a target to reach the topmost level of contractors' category, with the ultimate purpose of involving in the construction of massive and complex projects of any nature. It is evident that every move up the stages of each category requires additional input in terms of trained manpower, contemporary machinery and equipment, quality construction materials, effective project organization and strong financial support. The higher the stage the more complicated the challenges would be.

Sunshine Construction Private Limited Company has now attained the crown level of the category. However, there is a standing need for improved performance, through employment of modern technology and automation of the work process. To put it in a nutshell, a continuous effort in building the working capacity of the company has become very important.

The current status of the company shall serve as a spring board to the expected upshot in the future construction engagement. The attained capacity permits to comfortably handle up to three large-size road construction works, four high-riser blocks of buildings and quite a significant number of real-estate, villa and apartment-type housing projects.

Through time and through hard work the company aims to ensure maximum customer satisfaction, play a significant role in the construction industry, strive to elevate and mechanize its work capacity, alleviate the existing housing problem in collaboration with other institutions, and by so doing add to the public economic welfare and social value at the national level, and secure reasonable profit to remain competitive in the construction market.

5. ORGANIZATION

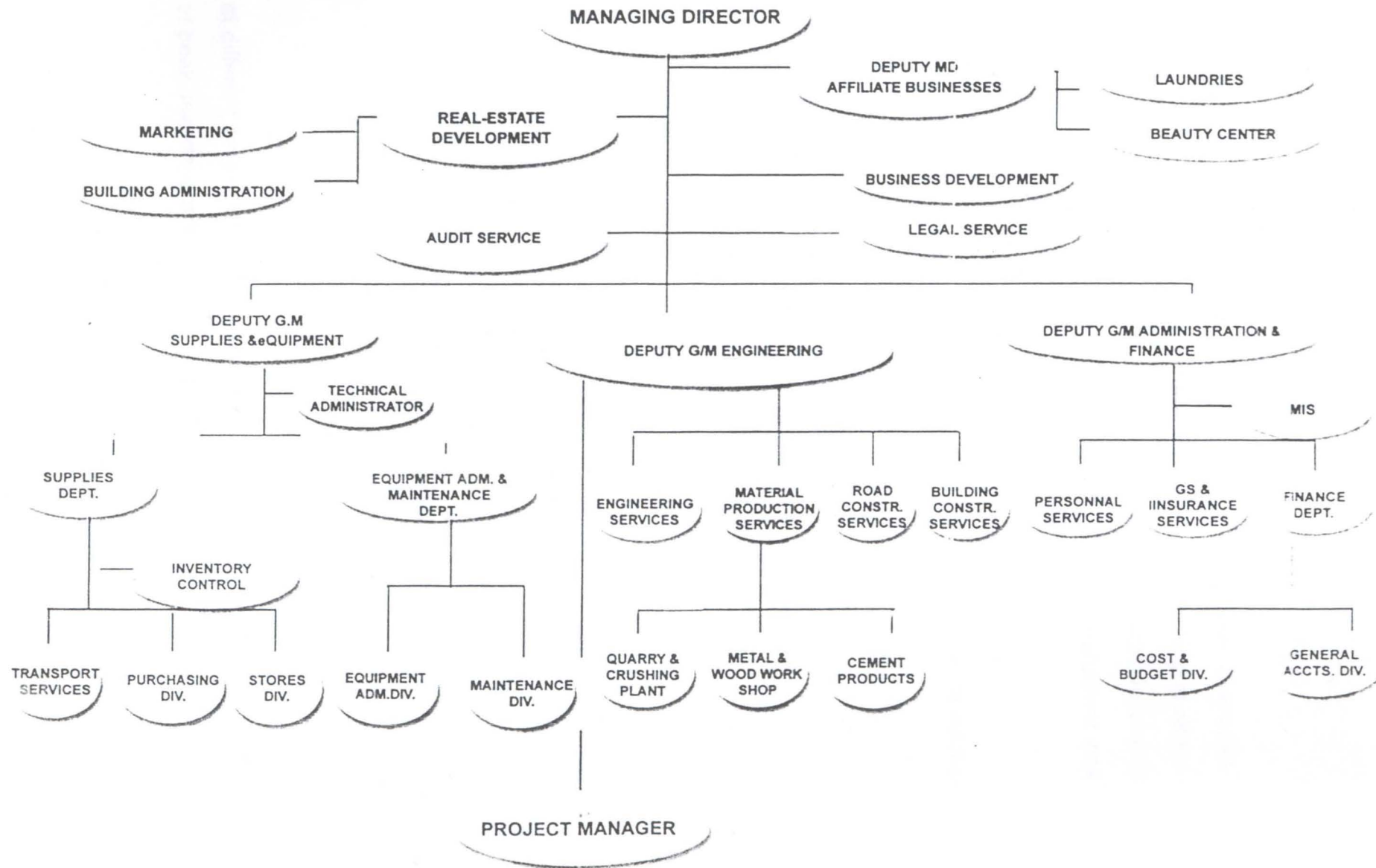
5.1 INITIAL REMARKS

The years after the foundation of the company are marked by strong and persistent organizational works. A number of structural adjustments were made to level up to changes and growth of company capacity.

The sizeable work capacity the company has arrived at to date, incorporation of new business lines and projection of the construction growth path warranted a detailed professional study of the organization of the company.

Aware of this general attitude, the company acted without delay to have its organization studied. It outlined a term-of-reference and invited eligible consultants and appointed one among them to carry out the study. The appointed consultant embarked on a thorough organizational study and after months of deliberation, it came up with interim reports, which were exhaustively reviewed and amended where necessary by higher officials of the company. Now major works of the study is reaching completion and the new organizational structure, salary scale and benefit scheme is expected to be enforced as of September 2005.

5.2 ORGANIZATIONAL STRUCTURE



5.3 MANPOWER

Manpower is the essential component of the entire construction workforce. Due attention was given by the company to hire required number of qualified personnel at all levels of responsibility. As the number of projects and the corresponding work volume to be managed has been increasing these last years, a significant rise in manpower was observed.

The number of permanent employees currently taken into service, classified by educational level and professional standard are shown as follows:

"	Bachelor Degree and above	25
"	Diploma.....	63
"	Semi - Professional/certificate/.....	29
"	High-School complete.....	73
"	Drivers and operators.....	126
"	Skilled workers.....	81
"	Unskilled workers.....	139
	Permanent	Total 536
	Temporary Employs Average	Total 2500
		Grand Total 3036

The number of qualified personnel will increase to more than double by September 2005, when the staffing plan is carried out in accordance with the new structural adjustment.

Moreover, at different project sites, temporary employees of varied trades, numbering over 3000 at peak season, are hired and assigned.