



ST. MARY'S UNIVERSITY

**FACTORS AFFECTING REAL ESTATE BUSINESS PERFORMANCE IN
ADDIS ABABA.**

**THESIS SUBMITTED TO DEPARTMENT OF BUSINESS ADMINISTRATION ST.
MARY UNIVERSITY, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE AWARD OF MASTERS DEGREE IN BUSINESS ADMINISTRATION (MBA)**

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DECLARATION

I, Beza Lisanwork declare that this research project entitled, “**Factors Affecting Real Estate Business Performance in Addis Ababa**” is an original work. I have carried out the present study independently with the guidance and support of the research advisor Mesfin Tesfaye (Ph.D) . Any other research or academic sources used here in this study have been duly acknowledged. Furthermore, this study has not been submitted for the award of any diploma, degree or any other higher education Program in this or any other institution.

Signature_____

Beza Lisanwork Teklemariam

STATEMENT OF CERTIFICATION

This is to certify that Beza Lisanwork has carried out her research work on the topic “Factors Affecting Real Estate Business Performance in Addis Ababa” under my supervision. In my opinion, this work qualifies for submission in partial fulfillment of the requirements for the award of Degree of Masters of Science in Business Administration.

Signature  _____

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Abstract

The research was done with an objective of determining the influence of selected determinant factors particularly - Construction time, material availability and price escalation, foreign exchange rate, housing finance and land availability- on the performance of real estate businesses in Addis Ababa. As per the finding of the research majority of the real estate firms are impacted by construction material shortage while price escalation has negative impact on the performance of the firms. The research is also found foreign exchange rate has negative impact on performance of the real estate firms and real estate firms need to work on possible solution to minimize the need for foreign exchange rate such as; planning ahead on optional material sourcing and assessing risks associated with foreign exchange rates fluctuations and make proper mitigation plan. Housing finance has a strong impact on performance which implied real estate firms need to see and use of multiple financing options available and work on their market focus as majority of them focus only on middle- and higher-income classes and they need to look in to ways on how they can provide variety of project/ based on financial ability of home buyers which on the other hand means improving financial capacity & performance. Additionally, land availability and performance of real estate firms have direct relationship. It was also found that most the real estate firms don't complete the building of homes within the intended time, however, the result found showed construction time does not impact the performance of the real estate firms. The researcher concluded that the reason for this may be the imbalance between the demand and supply of housing,

Key Words; *Real estate firms, Performance, material availability, price escalation, foreign currency exchange rate, housing finance, construction time and land availability.*

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Real estate is broadly defined as the land and everything made permanently a part thereof, and the nature and extent of one's interest there in (Encarta, 2006). Any legal entity as determined and defined by law may purchase, own, and convey (or transfer) real estate. Real estate is often used to refer to things that are not movable such as land and improvements permanently attached to the land (Messah and Kigige, 2011). Real estate comprises entities like; raw land, residential homes and a different forms of income property, including office, warehouses and apartment buildings, and condominiums (Kiros Aquabamicheal, 2009).

Real estate is sometimes mistakenly considered as a profession, nonetheless it is essentially a business. The major divisions of the real estate business include; operation, investment and agency. These vary from one another based on the objectives of the participants and the strategies they plan to use to achieve their goals (Messah and Kigige, 2011).

The demand for homes is directly correlated with the rate of urbanization. More homes will likely be required as a nation becomes more urban in order to accommodate the growing population in urban centers. The reality, though, contradicts this because there isn't enough affordable housing being offered to go along with the rapid urbanization. This is one of the causes for the growth of informal settlements, which give the majority of low-income groups a place to live (UN Habitat annual report 2002). According to The UN Habitat annual report, real estate development plays a great role in alleviating the housing problems in Ethiopia. Housing is one of those basic social conditions that determine the quality of life and welfare of people and places (UN Habitat Annual Report 2012). Following population growth and accelerating urbanization in our country Ethiopia, there is a growing demand for housing. And real estate plays important role in mitigate the gap and fulfilling the housing need.

Real estate generally contributes to a country's economic development for the reasons of a corresponding increase demand for materials, labor inputs and backward and forward linkage effects in the economy (Abraham, 2007). In both developing and developed nations, in urban and rural areas, housing is a crucial factor in determining a country's level of development. It contributes significantly to a country's wealth and is essential for both sustainable development and economic growth.

urban land and housing in Ethiopia were largely the property of the federal elite during the imperial era and after the Derg regime implemented a decree on extra urban land and homes, the current administration has implemented a market-oriented approach to housing development since the transition in 1991. The government established the urban land lease holding proclamation in 1993 and declared leasehold to be the preferred form of tenure. For owner-occupied holdings, the lease term ranges from 99 years to 50 years, while it is 50 years for commercial and other uses (proclamation no 80/1993 as cited in Kiros Aquubamicheal Kifle, 2009). However, other conditions other than land and lease laws have also contributed to the liberalization of the real estate market.

Practically speaking, Ethiopia's real estate market began to flourish in the mid-1990s. Different corporate entities entered the market, some of which were unable to fulfill the promises they made to their customers (Metassebia Hailu Zeleke, 2021). The industry is receiving more attention nationwide, with a focus being city of Addis Abeba. Even though there are more than 2000 licensed entities, there are only 71 operational entities. Foreign nationals make up a sizable portion of registered developers. Investor interest in the field of real estate investment has significantly increased (Kiros Aquubamicheal Kifle, 2009).

Ethiopia's housing industry is inefficient. There is a sizable unmet demand in terms of both amount and quality, which directly affects prices. According to the MUDCo GTP II plan (2011), the projected yearly demand for new urban housing, excluding the replacement of existing housing, is 381,000, far exceeding the rate of annual supply. Due to this, many urban residents live in informal settlements (Mekuria Haile, 2022). Regardless of its inefficiency, the real estate sector has been

one of the fastest-growing segments of the Ethiopian economy. The growth of the real estate industry and the closely related construction industry has greatly contributed to the double-digit growth of Ethiopia's economy in the recent years (Arsema Eyassu, 2020).

On the other hand, the performance of real estate sector is crucial to all flourishing firms in the sector. The smooth operation of activities may be jeopardized if real estate enterprises do not perform to the desired level in terms of revenue generated, profitability, and returns on investment (Tigist Abera, 2021). Eyerusalem Abera also has done research on similar title however, her research is from the investment aspect; factors that influences investment in real estate. On her study Eyerusalem found that population growth, GDP, exchange rate has positive effect and interest rate has negative effect while inflation rate has no effect on real estate investment (Eyerusalem Abera, 2021). Another research done by Tigist Abera focusing on determinant of non-financial performance of real-estate firms in Addis Ababa, she founded that non-financial performance of real estate firms was negatively affected by construction period, location, and price while mortgage financing positively affected non-financial performance of real estate firms (Tigist Abera, 2021). Kiros also studied factors affecting the real estate market in Addis Ababa, he founded that, the real estate market is constrained by different factors; dependence on the Diaspora group of clients, existing economic downturn. He also found that the slow and insufficient supply of land, shortage and increased prices of housing construction materials are other factor affecting the market.

1.2 Statement of the Problem

If managed properly, the real estate sector can offer a nation numerous social and economic yields or benefits. For the country's economy and population density, the housing sector is most important. Beyond real estate development and brokerage, the real estate industry offers a wide range of services and activities. This sector has the capacity to support a wide range of operations and services for employment and investment, which will ultimately advance its development. However, in a young, inefficient industry- like what is typical in our nation- there are many gaps

that need to be filled. In order to solve the problem partially, this research project aims to investigate and describe the factors influencing the real estate sector. Additionally, the study also offers some potential solutions to the issues raised by its findings.

Ethiopian real estate has been booming for the majority of past decade, similar to many other nations around the world. Prices in many areas have doubled or even tripled over the past few years, and the lack of suitable, affordable housing is causing concern among households.

One of the main issues in Addis Abeba and other cities and towns across the nation is housing. Cities suffer from a severe housing shortage that is thought to number over one million. Despite recent improvements in supply from both the government and private real estate companies, there is still a huge gap between what Addis Abeba residents need in terms of housing and what is available (Kiros Aqubamicheal Kifle, 2009).

Ethiopia's housing industry is inefficient. There is a sizable unmet demand in terms of both amount and quality, which directly affects prices. According to the MUDCo GTP II plan (2011), the projected yearly demand for new urban housing, excluding the replacement of existing housing, is 381,000, far exceeding the rate of annual supply. Due to this, many urban residents live in informal settlements (Mekuria Haile, 2022). The inefficiency of the real estate industry raises from various factors.

The construction sector, which has the distinction of being the leading sector, is directly or indirectly tied to a nearly 200 other sectors that have an impact on business and the economy. It also contributes to output in the economic system (Ersoz et al., 2018). As the real estate sector is included in the construction industry, it is hence linked to other businesses since it requires raw materials which are provided by importers, distributors, and manufacturers. The demand for both skilled and unskilled people is another aspect. The performance of real estate is hence affected by various factors. These factors includes; issues with land acquisition, scarcity and price escalation of construction materials, issues with foreign exchange and the depreciation of local currency;

financing for housing, timely delivery, political instability, availability and quality of labor in the industry and location (Tigist Abera, 2021). Among these factors; scarcity and price escalation of construction materials, issues with foreign exchange and the depreciation of local currency; financing for housing, timely delivery, availability and location of land have a direct relationship with the performance of real estate companies and hence needs to be studied thoroughly.

Previous researches studied the issue with different perspectives; from investment and market aspect. Other foreign researches were also made on the topic but there is a contextual gap due to our economy, working culture, experiences and knowledge. This research mainly focusses on the factors affecting the performance of the real estate firms and intends to add additional aspects on previous researches done. This research project hence, intends to assess some factors that will have direct effect on the performance of real estate by observing and analyzing at firm level. With regards to this the research will try to answer the following questions.

1.2.1 Basic Research Questions;

1. To what extent availability of material significantly affect real estate firm performance?
2. To what extent price escalation affect real estate firm performance?
3. How does foreign exchange rate affect the real estate firm performance?
4. To what extent availability of housing finance affect the performance of real estate firms?
5. To what extent project completion time affect real estate firm performance?
6. To what extent availability of land affect real estate firm performance?

1.3 Objective of the Research

1.3.1 General Objective;

The general objective of the study is to find out the determinants/ factors which affect the performance of real estate businesses in Addis Ababa in selected real estate companies.

1.3.2 Specific Objectives

1. To assess the effect of availability materials on real estate business performance.
2. To assess the effect of price escalation of construction materials on real estate business performance.
3. To assess the effect of foreign exchange rate on the real estate business.
4. To examine the effect of availability of housing finance on the real estate business,
5. To review the effect of project completion time/ delay on real estate firm performance.
6. To examine the effect of availability of land on real estate firm performance.

1.4. Significance of the Study

As discussed on the sections above, the real estate industry is one of the sectors which have major contribution to the country's economy. Hence, Understanding the factors affecting the performance of the real estate firms and performance of the real estate is important for real estate stake holders; managers, regulators, and policymakers for several reasons. The study will also be useful future researchers in real estate to look into possible areas or gaps that need further study. The research will have significance for

For the firms under study, other real estates, managers and stakeholders; the research will give them insight of the issues help the firms under study. Point out critical factors which affect the firm's performance and hence the direction the firm needs to work for improvement.

Financing firms/ banks; the research will provide information and current data for financing firms to be used for different purposes.

For Future researchers and body of knowledge; the research will benefit future researchers and anyone who wants to further study on the issue and related issues by providing information and also direct them to study the areas that need further investigation or gaps in the research.

1.5. Scope of the Study

As discussed in the introduction and literature review housing is one of the main problems in our country. Addis Ababa being the capital city and other issues added; population, economic and social factors the problem is amplified in the city hence the research is decided to focus on the city of Addis Ababa. Including other cities outside of Addis Ababa would have made the research comprehensive, however, due to lack of resource, time and capacity, I (the researcher) has chosen to do the research by focusing in the city of Addis Ababa. With regards of concept, the research will mainly focus on real estate businesses performance determinants by mainly focusing on non-financial performance, however the research will also include the financial aspect to some extent as well. In this regard, factors; scarcity and price escalation of construction materials, issues with foreign exchange and the depreciation of local currency, financing for housing, project timely delivery and land will be the main focus. The research (from proposal to data collection up to delivery of complete research document) has taken Five months.

1.6. Organization of the paper

This paper consists of Five parts. The first part constitutes the introduction, where the basic concept of the topic is presented against the background of the study section, statement of the problem; research objective and scope are presented. The second parts deals about review of related literature, where both theoretical and empirical development in the issue were synthesized. The third part represents; research design, population/ sampling, data collection and analysis methodology employed for the research. The fourth chapter presents the data analyzed and present the interpretation and discussions in light of the literature review. The last chapter is the conclusion and recommendation and also concludes, summarize and the paper is concluded by make suggestion for further research based on results found from the research.

CHAPTER TWO;

2. LITRATURE REVIEW

2.1. Review of Theoretical Literature

2.1.1 Bid-Rent Theory

The bid rent theory is a geographical economic theory that defines how the price and demand for real estate differs as the distance from the central business district (CBD) increases. It states that different land users will compete with one another for land close to the center of the city. This is based upon the idea that retail establishing demands to maximize their profitability, hence, they are much more willing to pay more for land close to the CBD and lowers as the land gets further away from this area. This theory is based upon the reasoning that the more accessible an area (i.e., the greater the concentration of customers), the more profitable (Wikipedia, 2009).

According to bid- rent theory, land users, whether they be residential, office or retail, all compete for the most accessible land within the central business district (CBD). The amount they are willing to pay is called bid rent. This can generally be shown in a "bid rent curve", based on the reasoning that the most accessible land, generally in the center, is the most expensive land.

2.1.2 The Gravity Theory

According to the Gravity Theory, consumers and other space users will be more drawn to a location with a higher concentration of goods and services. Gravity theory, which presupposes that consumers will be pulled to a retail center in proportion to the sheer volume or quantity of operations and the resulting choices assembled at that location, is one of the pillars of retail location models. The relationship between the sorts of goods and services and market demographics as well as consumer spending competition has evolved over time. If housings are built near to good demographic with a little travel it will be more preferable. (Carto, 2016)

2.1.3 General Equilibrium Theory

General equilibrium theory is a theory which describes how demand, supply, and price functions in an economy as a whole and not just in a single or specific market. In other words, the general equilibrium analyzes the whole economy. This is contrary to partial equilibrium which analyzes individual markets only. General equilibrium theory is also known as the Walrasian general equilibrium. (Jason Gordon, 2022)

- General equilibrium theory refers to a theory which tries to explain how demand, supply, and price functions in an economy as a whole and not just in a single or specific market.
- General equilibrium is only in existence when every single product supply equal demand.

The main factor influencing demand for housing is the price of housing. By the law of demand, as price decreases, the quantity of housing demanded increases. The demand for housing also depends on the capital of households, their present income, and interest rates.

The primary factor influencing supply of housing is the price of housing. As price increases, the quantity supplied also increases. The supply of housing is shifted by changes in the price of inputs and changes in technology. The quantity and price of housing traded is determined by the equilibrium of the housing market (Open Text book for Hong Kong, 2016)

2.2 Review of Empirical Literature

2.2.1 Real estate

Real estate is broadly defined as the land and everything made permanently a part thereof, and the nature and extent of one's interest there in (Encarta Reference Library, 2006). Any legal entity as determined and defined by law may purchase, own, and convey (or transfer) real estate. Real estate is often used to refer to things that are not movable such as land and improvements permanently attached to the land (Messah and Kigige, 2011). Real estate comprises entities like; raw land,

residential homes and a different forms of income property, including office, warehouses and apartment buildings, and condominiums (Kiros Aquabamicheal Kifle, 2009).

Real estate is sometimes mistakenly considered as a profession, nonetheless it is essentially a business. The major divisions of the real estate business include; operation, investment and agency. These vary from one another based on the objectives of the participants and the strategies they plan to use to achieve their goals (Messah and Kigige, 2011).

Given the similarities, real estate is defined by all writers as identifiable and tangible land. They also stated that all structures, improvements, and fixtures attached permanently to the ground should be regarded as real estate.

Real estate primarily falls into two categories, each of which also includes numerous sub-categories. The following section discusses the various aspects of real estate segmentation in connection to the housing market. The fundamental categories are listed below(Kiros Aquabamicheal Kifle, 2009):

- a) **Residential Real estate;** Individual, family, and communal housing are all included in residential real estate. The majority of people are acquainted with this asset class and this is the most prevalent estate type. Single-family residences, apartments, condos, townhouses, and other living situations fall under the category of residential.
- b) **Commercial real Estate;** Land and structures used by companies for operations are referred to as commercial property. Shopping centers, individual shops, workplace buildings, parking lots, healthcare facilities, hotels, industrial businesses such as factories are a few examples.

urban land and housing in Ethiopia were largely the property of the federal elite during the imperial era and after the Derg regime implemented a decree on extra urban land and homes, the current administration has implemented a market-oriented approach to housing development since the transition in 1991. The government established the urban land lease holding proclamation in 1993

and declared leasehold to be the preferred form of tenure. For owner-occupied holdings, the lease term ranges from 99 years to 50 years, while it is 50 years for commercial and other uses (proclamation no 80/1993 as cited in Kiros Aquabamicheal Kifle, 2009). However, other conditions other than land and lease laws have also contributed to the liberalization of the real estate market.

Practically speaking, Ethiopia's real estate market began to flourish in the mid-1990s. Different corporate entities entered the market, some of which were unable to fulfill the promises they made to their customers (Metassebia Hailu Zeleke, 2021). The industry is receiving more attention nationwide, with a focus being city of Addis Abeba. Even though there are more than 2000 licensed entities, there are only 71 operational entities during 2009. Foreign nationals make up a sizable portion of registered developers. Investor interest in the field of real estate investment has significantly increased (Kiros Aquabamicheal Kifle, 2009). As per the article made by Yosthena Aynalem in 2021, there were 125 registered real estate companies operating in the country during 2018 (The Reporter, 2021).

On the other hand, different studies show that Ethiopia's housing industry is inefficient. There is a sizable unmet demand in terms of both amount and quality, which directly affects prices. According to the MUDCo GTP II plan (2011), the projected yearly demand for new urban housing, excluding the replacement of existing housing, is 381,000, far exceeding the rate of annual supply. Due to this, many urban residents live in informal settlements (Mekuria Haile, 2022).

Regardless of its inefficiency, the real estate sector has been one of the fastest-growing segments of the Ethiopian economy. The growth of the real estate industry and the closely related construction industry has greatly contributed to the double-digit growth of Ethiopia's economy in the recent years (Arsema Eyassu, 2020). Based world bank estimate, Ethiopia will have about four million new urban households by 2027 and approximately 9.7 million by 2037. Demand for urban houses is estimated to be 471 000 per year from 2015 to 2025, and 486 000 houses a year from the year 2025 to 2035. The real estate sector has contributed 12.5% to GDP growth in the past 10

years. The growth has largely been attributed to an 8.9% expansion in real estate and construction (World Bank Report, 2019, pg 39).

2.2.1.1 Real Estate as a business Sector

Real estate is a business, not a profession. Although it is occasionally incorrectly referred to as a profession, real estate is really just a business. A business is primarily engaged in for profit, and the profit is to the one engaged in the business. In contrast, a profession applies science, art, or learning to be of use to others, with the professor or person applying it earning an incidental profit (Adetunji Osunwusi, 2015).

Real estate has developed into a significant area of business with the rise of private property ownership. The real estate industry has developed into several distinct fields because buying real estate requires a sizable investment and each piece of land has its own characteristics. Real estate appraisals and transaction facilitation frequently involve the use of specialists (Kiros Aqubamicheal Kifle, 2009). The three main divisions of the real estate industry are agency, operation, and investment. These vary from one another based on the objectives of the participants and the strategies they intend to use to succeed. Real money capital is necessary to run either of the first two divisions of the business, the operation or the investment. Investment refers to the use of capital to purchase real estate or interests in it for long-term possession or actual use by the buyer. The use of capital in the purchase or improvement of real estate or interests therein for commercial operations is known as operation. Agency is engaging in real estate business on another person's behalf. Real estate investments are typically made for one of two reasons. The agency business's most valuable asset is its customers' goodwill, which can be nurtured, grown, and made extremely valuable (Adetunji Osunwusi, 2015).

- a) To derive an income and to generate
- b) To hold for resale in expectancy of an increase in value.

Since the real estate industry contributes significantly to the nation's economic expansion, it is subject to governance and regulatory oversight. Costs for construction are increased by rising prices for land, labor, capital, and businesses. Adetunji Osunwusi, 2015 further elaborates that, these circumstances compel the implementation of a rigid management system as well as the creation of creative sales strategies. Players should focus on maximizing the use of technology across the business as operational costs soar. Through the use of energy-saving techniques, alternative materials, and cutting-edge construction techniques, innovative technology may help lower costs. All businesses continue to have profitability as their main objective. Companies should concentrate on establishing the proper policies and practices in order to ensure strong performance and sustainable growth in the face of the many challenges.

As the research made in India by Adetunji Osunwusi, the industry has traditionally relied on high-net-worth individuals and other unauthorized sources of funding, which has resulted in low levels of transparency, rather than institutional capital. This situation changed as the industry expanded, and as a result of India's growing economic integration with the rest of the world, the real estate market dynamics now reflect consumers' expectations of higher quality (Adetunji Osunwusi, 2015).

Performance of Real Estate Businesses

The real estate industry is characterized by large amount of capital, long investment cycle, capital-intensive and slow turnover speed (Shan Yu, Chunyan Song, 2019). It is very important for the development and operation of real estate enterprises to study the business performance of real estate enterprises.

Enterprise operating performance can be defined as the operator's performance and the enterprise's operating profit during the operation time. Profitability and an organization's capacity for subsequent development are the primary ways in which the level of operating efficiency of an enterprise is demonstrated. The accomplishments and contributions made by managers to the

expansion, development, and management of businesses serve as a reflection on their effectiveness as managers. The business performance of real estate firms also influences the performance level of real estate enterprises. (Shan Yu, Chunyan Song, 2019) The performance level can be reflected by the follow-up development ability of real estate enterprises and so on.

The philosophy of enterprise performance derives from people's overly preoccupation with economic concerns, which is also the origin of enterprise performance assessment. The growth of contemporary management theory has increased objectivity in the performance review process. (Shan Yu, Chunyan Song, 2019). The four theories; Maximum and minimum rule, capital preservation, principal agent theory and management theory are theoretical basis for enterprise performance evaluation.

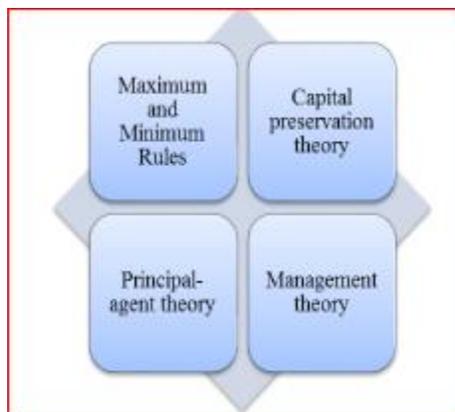


Figure 1 Theory of enterprise performance evaluation, (Shan Yu, Chunyan Song, 2019).

Indeed, organizations are required to ‘perform’ and to communicate their achievements to key stakeholders. As a consequence, organizational functions and processes are increasingly demanded to demonstrate their contribution to performance. The measurement corporate governance, ownership, political connectivity of local governments, accounting data, and ultimate control are all explanatory variables (Tigist Abera, 2021).

Real estate investment success is affected by macroeconomic factors like GDP per capita, exchange rates, and inflation. Each of these variables is examined in terms of how well it affected

real estate investment's ability to boost Nigeria's gross domestic product. After data analysis and regression using OLS, it was discovered that exchange rate, per capita GDP, and inflation are significant macroeconomic determinants of real estate success in Nigeria. It would be challenging and complex to cope with an increase in inflation while achieving higher real estate performance. Therefore, it is recognized that policy is focused on improving GDP (Richard Ugochukwu Elile, Sunday S. Akpan and Valliappan Raju, 2019). The performance of real estate sector is crucial to all flourishing firms in the sector. The smooth operation of activities may be jeopardized if real estate enterprises do not perform to the desired level in terms of revenue generated, profitability, and returns on investment (Tigist Abera, 2021).

2.2.3 Availability of construction materials and Price Escalation

While many industries have slowed due to the effects of the pandemic, construction and built environment have broken the trend, with demand hitting its highest level in seven years. However, material shortage is hindering project timely completion in many countries around the world (Jeremy Wright, 2021).

Materials, such as cement, concrete, and steel, are also facing severe circulation issues. Although these products are frequently in great demand, Brexit-related distribution delays and COVID-19-related labor constraints have combined to cause vendors to face a backlog of orders. Due to the fact that production was drastically cut in the early stages of the COVID-19 epidemic, expect steel to be extremely difficult to find. There are worries that despite the growth, these shortages could lead to a slowdown in building because they are expected to endure until at least 2025 (Jeremy Wright, 2021).

As a significant input in the project development, building construction materials are crucial. The construction sector faces a considerable problem in completing high-quality projects on schedule due to the ongoing increase in the cost of building materials. All project stakeholders, including suppliers, contractors, and customers participating in the construction process, tend to experience elevated project risk as a result of the shifting market value of building materials. The cost of

building materials in the construction sector has been significantly challenged by the demand for homes of all types, inflation, and the limited availability of money. Therefore, it is crucial to enhance the delivery of sustainable housing while staying within the allocated time, cost, and quality objectives, as well as taking stakeholder satisfaction and building material prices into account (EPC World, 2021).

Price inflation will ultimately have the most impact on the building industry. While many German contractors discovered that timber prices had increased to three times their regular rate, material costs have increased by over 8% in the UK alone. Because of this, construction firms of all sizes might need to raise labor prices to offset the increased cost (Jeremy Wright, 2021). We can also anticipate matters with fulfilling construction contracts, since many projects will need to adjust their schedules to take materials shortages in to consideration.

Lack of materials will undoubtedly have an impact on real estate development, as one could anticipate. Developers are currently anticipating a certain delay on all construction projects as they struggle to find the supplies needed to complete developments that have been postponed due to COVID-19. Additionally, certain projects may see contracting setbacks as a result of growing costs, which will inevitably necessitate the renegotiation of many current contracts (Jeremy Wright, 2021).

2.2.4 Foreign exchange and the depreciation of local currency and Its Effect on Real Estate Industry

“The simplest and most accurate way to define the term “exchange rate” would be to say that it’s the value that one currency has when transferred into another” (Eman Hamed, 2020). Numerous economic factors, such as inflation, monetary policy, consumer confidence, the balance of payments, and GDP dynamics, contribute to fluctuations in currency exchange rates. This fact appears to be important, most frequently, for those who are organizing international travel. Foreign exchange rates and their fluctuations do, however, have a much wider indirect impact.

According to the monetary theory of inflation, the cause of inflation is the expansion of the money supply. Faster inflation is a result of faster money supply growth. Supply and demand play a role in determining the price of real estate. When the supply is less than the demand, the price of an item will rise (Friedman and Schwartz, 1963 as cited on Eyerus Abera, 2021). The real estate market and inflation are related. Growing output and income levels in society cause demand to rise through improved consumption and investment, which has a positive impact on the cost of goods and services (Blanchard, 2010).

The inflation rate and interest rates could both increase in response to a weak domestic currency. Higher mortgage payments result from the affordability of homes being reduced by high interest rates. As a result, there will be less demand for housing and loans. On the other hand, a strong currency lowers interest rates and slows inflation. Therefore, the interest rate you pay on your mortgage is indirectly affected by exchange rates (Eman Hamed, 2020).

The relationship between real estate prices and foreign exchange rate has always been a vital issue mainly for the apparent impact of foreign exchange rate fluctuation on prices of general goods and services in import driven economies. A study made in Ghana finds that an increase in inflation negatively affects the price of real estate houses. This is shows that a rise in inflation decreases housing prices which has both positive and detrimental effects (John Kwame Adu Jack and et. al, 2019). The study was made to find out the effect of exchange rate on real estate of Ghana. The study revealed clearly that fluctuations in the exchange rate has no effect or impact on residential real estate houses.

2.2.5 Availability of Housing Finance and its Effect on Real estate performance

Jumbale studied the relationship between loan financing real estate and home prices in Kenya and found that there was a connection between changes in residential cost changes and long-term advancement of loan financing real estate (Jumbale 2012).

In Kisumu, Kenya, it was looked into how loan financing affected the real estate market's performance. Based on the lien theory, the study was conducted. An exploratory research design

was employed in the study. Among the respondents were one accountant and one real estate manager. Responses were chosen at random from a sample of 97 people. Mortgage finance was evaluated using interest-only mortgages, jumbo loans, adjustable-rate mortgages, and fixed-rate mortgages. To gauge the performance of the real estate sector, turnover/sales, occupancy rates, and the number of housing units were all taken into consideration. The research findings show that there is a considerable positive relationship between loan financing and the performance of the real estate sector (Etyang and Mwengei, 2019).

In Nigeria, a study was made on mortgage financing and home construction with the main goal being to determine the effect of mortgage loans on housing growth in Nigeria. The research showed that there is a strong relation between mortgage lending and housing growth in Nigeria. Variables such as mortgage loans and interest rates had a positive and great impact on 14 housing development in Nigeria, at the same time the cost of construction had a negative impact. Additionally, according to the data mortgage bank deposits had a favorable influence on mortgage investment while inflation had a negative effect on mortgage investment (Udoka et al., 2017).

2.2.6 Project Completion Time and its effect on real Estate business

Construction project time overrun can be defined as an extension of time beyond the contractual time agreed during the tender (Al- Gahtani and Mohan, 2007 as cited on Merid Taye, 2016). The majority of construction projects are rarely completed on schedule, within budget, and to the desired quality, according to current industry practice. Construction projects are unusual in nature, time-consuming, expensive, and full of uncertainties, which is the main cause. As a result, claims and disagreements are increasingly common, particularly on significant civil engineering contracts (Merid Taye, 2016).

An arrangement of delay analysis models demonstrate that no model can currently collect the reasons behind construction delays by evaluating time overrun caused by the addition of various delays to determine who is in charge suggesting ways to avoid delays while adhering to the construction's planned schedule is to minimize their presence in construction projects for homes.

A methodology is established to solve real estate construction disputes claims by identifying the responsible party for delay and allowing one to use lean construction principles to avoid delays in other work packages and real estate construction projects. Owner responsible delay means the owner fails to timely approve drawings during work execution. Contractor responsible delay means the contractor does not have the required resources to execute the work as scheduled. Excusable Delay means delays caused by factors which are beyond contractor's control; severe rainfall begins during construction phase (Asim et al., 2017). Delay as an important performance determinant factor on real estate firm should be investigated.

2.2.7 Availability of Land and Real Estate Business

Numerous initiatives have been taken since the first urban land proclamations, number 80/1993, were issued in the early 1990s to enhance the delivery of land services. Land is a common property of Ethiopia's Nations, Nationalities, and Peoples and is not subject to sale or other forms of exchange, according to Ethiopia's constitution, article 40 sub article 3. According to the same article's sub article 6, the government was required to protect private investors' rights to use land in accordance with established payment schedules. As a result, the land market primarily involves municipalities and citizens who want to buy land for personal use, business purposes, or to develop real estate (Mekuria Haile, 2022).

According to Mekuria Haile, due to financial limitations, it has been difficult to sustain the land supply for multiple development stakeholders, including the private sector. This is due to the fact that municipalities have provided the majority of the land with priority for government projects like housing, roads, telecom, water, health, and education without receiving any compensation, not even for the development of infrastructure. He further discusses that the lack of modern management means that the land market is still poorly managed and inefficient despite numerous attempts to regulate it at various legislative levels. The primary sources of urban developed land are local governments, and they rarely meet the needs of citizens, investors, and real estate developers. Furthermore, most of the time, there is very little available land with the necessary infrastructure, and a sizable portion is delivered without the provision of major utilities. In

addition, the compensation for land taken from farmers when it is reclaimed is insufficient compared to what the farmers can "sell illegally," which becomes the main cause of resistance in Ethiopia's urban hinterlands.

The practical land management system in Ethiopia, which has caused an imbalance in the supply and demand for housing and urban land, has contributed to the country's unprecedented rate and degree of urbanization. Over the past few years, there has been an increase in demand for private homes in Ethiopia, particularly in Addis Abeba. With Ethiopia's population expected to double, the state sector's ability to address the country's growing urban housing shortage has become uncertain. Prices have risen beyond the means of the majority of country residents due to the country's high demand for domestic housing and the lack of available housing. (Mekuria Haile, 2022).

On the other hand, in addition to the availability of land its location is also crucial for the profitability of the real estate business. The economy and social climate of the area should be taken into account. Location decisions are influenced by a variety of factors, including infrastructure, transportation accessibility, market absorption rate, distribution channels, qualified personnel, a thriving industry, and promotion. Many academics looked into where high-order service activities were located in interurban areas during the 1980s, but few of these studies concentrated on where these activities were located in inner metropolitan areas (i.e., producer services, finance, insurance, real estate, investment, and holding companies). Location has negative relationship with non-financial performance of real estate firm (Tigist Abera, 2021). However, the performance of the real estate firms is not investigated with the availability of land aspect.

2.3. Conceptual Framework

The study's conceptual framework shows the relationship between real estate firm performance, and the parameters utilized to evaluate it. Construction time, material availability and price escalation, foreign exchange rate and depreciation of local currency, housing finance and land

availability are all factors to consider. The conceptual framework Tigist Abera used on her research has been used as a reference and modified to construct the conceptual framework of this research document (Tigist Abera . The following diagram depicts the conceptual structure of real estate performance and the criteria used to quantify it.

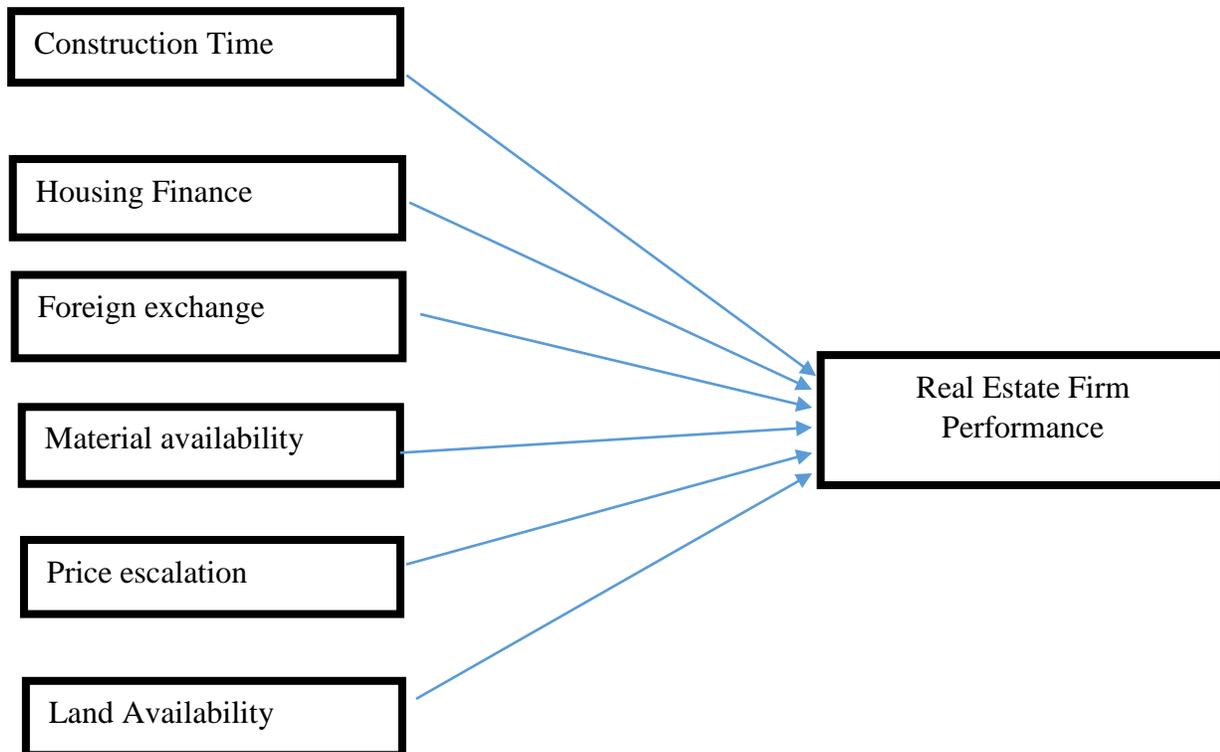


Figure 2 Conceptual framework

CHAPTER-3; RESEARCH DESIGN and METHODOLOGY

3.1. Research Design

This study was particularly under taken to investigate and describe the performance determinant factors of real estate business in Addis Ababa; the effects of the material and material price, housing finance, foreign and local currency, land availability and construction time on real estate firms has been examined. Since the research is non experimental and has a cause-and-effect relationship and incorporating hypotheses, descriptive and explanatory research design is used which is to measure the independent variables without manipulation.

3.2. Research Approach

Research approach is the way that research will be conducted. There are three basic types of research approaches; quantitative, qualitative and mixed approach. Based on the objective of the research the researcher has selected to use mainly a quantitative research approach because it enables to collect data in the form of numbers and use a statistical type of data analysis to measure and describe the factors affecting the real estate business in Addis Ababa.

3.3. Target Population

The target population of this research are the employees in selected real estate companies located in Addis Ababa; specifically; Hosae real Estate, Sunshine Real Estate, Sirdengi Real Estate, New Hope Real Estate, Afrovill Real Estate and East African Real Estate Development Plc. The aforementioned companies are considered for the study as sample respondents for whom primary data was gathered via questionnaire. They were established at various times over the years, with some being pioneers, others being relatively recent however most have had passed through the learning curve.

Table 1 Target Population

Company Name	Type of Real Estate Development	Head Office Location	Site locations
Hosae Real estate	Residential	Bole	Yerer, Ayat and Bole
East African Real Estate Development plc	Residential and commercial	Tor Hayloch	Tor Hayloch, Addis gebeya
Sunshine Real Estate	Residential and commercial	Kirkos	CMC, Gerji, Legetafo, and Bole-beshale, Wesen
Afrovil Real Estate	Residential	Nifas Silk	Bisrate Gebrel
New Hope Real Estate	Residential	Nifas Silk	Lebu
Sirdengi Real Estate	Residential	Nifas Silk	Around germen Square

The aforementioned companies are considered for the study as sample respondents for whom primary data was gathered via questionnaire. They were established at various times over the years, with some being pioneers, others being relatively recent however most have had passed through the learning curve

3.4. Sampling technique

A non-probability sampling is employed for this particular research. Specifically, purposive sampling is used for the selection of respondents. The rationale behind preferring this method was to include all managers, change management office workers and teams because the researcher assumes that those individuals have a better information and knowledge regarding the issue under study. For this particular research employees at management level, team leader, other positions in the selected real estate companies were included. This technique is selected as it is economical and will be faster to get questionnaires to be filled and getting required data for the research

3.5. Sampling Size

Sample Size; sample size is determined based on the famous Yamane formula (Israel, 1992; Yamane, 1967).

$$\mathbf{n = N / (1 + N(e)^2),}$$
 Yamane (1967:886)

Where; n is the minimum sample size required,

N is the size of proportion. As per the data given from the Ethiopian Investment commission (currently there are about 1020 employees in the real estate companies considered in the research)

e is the margin of error required (8.5%)

$$n = 1020 / (1 + 1020(0.085)^2) = 119.28 = \underline{120}$$

20 employees from each targeted/ selected company were intended to participate in the study. Hence, $n - N_1 + N_2 + N_3 + N_4 + N_5 + N_6 = 20 \times 6 = 120$, 120 questionnaires were distributed for the selected real estate companies.

3.6. Data type and sources

3.6.1. Data sources

The study has used both primary and secondary data sources; The primary data were collected through the survey of sampled respondents of Real estate companies using questionnaires and questions in a form of structured interviews. Secondary data necessary for the study were collected from literatures in the area, articles and previous studies conducted by different authors.

3.6.2. Data collection instruments

Survey questionnaires which are self-administered was delivered in person/ via email and telegram to gather the relevant data from each respondent in the selected real estate companies. Additionally, questionnaires in the form of structured interview were also employed to collect additional data.

3.7. Validity and reliability

The internal validity of the data was measured using Cronbach's alpha test. Cronbach's alpha (Cronbach 1951) assesses the reliability of a summative rating (Likert 1932) scale composed of the variables (called items) specified. The reliability is defined as the square of the correlation between the measured scale and the underlying factor. Internal consistency is typically measured using Cronbach's Alpha (α). Cronbach's Alpha levels from 0 to 1, with higher values indicating more internal consistency (and ultimately reliability). The analysis result showed the scale is reliable with a result of;

Independent Variable	Cronbach Alpha
Material Availability	0.714
Price escalation	0.794
Foreign exchange rate	0.736
Housing Finance	0.729
Construction Time	0.761
Land Availability	0.789

3.7. Methods of Data Collection

The research is carried out based on questionnaires distributed to respondents, particularly managers, team leaders, sales persons and other employees in the selected real estate companies. Respondents have answered questions regarding the topic. The questionnaires were delivered by; e-mail, telegram and distributing hard copy for respondents in each selected real estate company.

3.8. Data Analysis Methods

The data collected by questionnaire is analyzed quantitatively using excel and employed descriptive analysis method depending on the type of the data collected.

3.8.1 Descriptive Analysis

Descriptive statistics is used to summarize the data collected from a sample representing a given population. In this study descriptive statistics such as mean, percentage, and frequency have been utilized to analyze and discuss the collected data based on the research question.

3.8.2 Ethical Consideration

Before starting the survey questionnaire, all the potential respondents of the study were informed about the purpose of study, the type of information required, the way the data will be handled and used, and their rights during and after data collection as a participant both orally and also written on the questionnaire introduction. The respondent's personal information was also kept confidential.

CHAPTER FOUR;

4. DATA PRESENTATION, ANALYSIS and DISCUSSION OF FINDINGS

4.1 INTRODUCTION

In this chapter the results of the questionnaire data collection are presented using simple descriptive statistical methods and analyses derived from the data presentations (in chart and tabular forms). To draw valid deductions and conclusions, in-depth discussions and interpretations are made. Arguments inferred from primary data in this study are supported by secondary data from comparable studies.

On the first part of the chapter respondents' background information is displayed after the response rate. The results, both descriptive and inferential, are then presented. In the following part of the chapter, the results are presented together with the objectives of the research.

4.2 Response Rate and Missing Data

The number of questionnaires that are returned or collected from respondents who have successfully completed the survey is referred to as the response rate in contrast to the total number of questionnaires distributed. 120 questionnaires were distributed to the management, team leaders' sales persons and other expertise divisions of the mentioned real estate companies. 108 questionnaires in total were filled out and returned, 90% of people respond as a result of this. During data collecting the challenge I have encountered other than getting timely response was problem where certain real estate firms left some questions unanswered, some respondents didn't know how many hoses were sold yearly and also question regarding performance measurement method used in their company, so there was missing data, so the percentage approach was utilized to fill the information gap.

4.3 Back ground Information

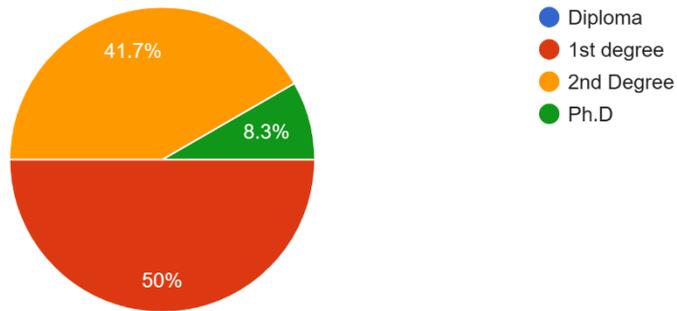


Figure 3 Educational qualifications of respondents

As can clearly be seen on the charts above in fig.3, among the respondents 50% of them have first degree, another 47.1% have 2nd degree while the rest 8.3% have PhD. With regards to relevant experience all respondents have 5 and above years of experience and hence implying they have an in depth and a broad understanding of a subject and the industry.

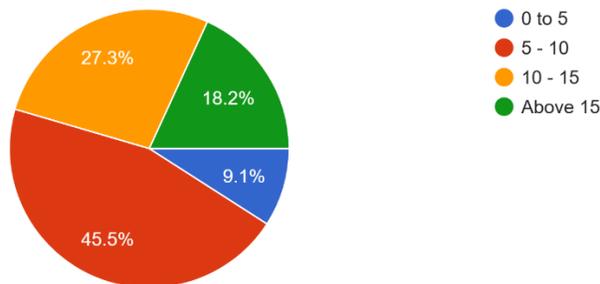


Figure 4 Relevant work Experience (years)

As shown in fig 4 above, 9.1% of the participants have from 0 to 5-year experience in their field of expertise, 45.5% of the them have 5 to 10 years work experience, 27.3% of them have 10 to 15 years' experience while the rest 18.2% of them have more than 15 years' experience in their field of expertise. Hence from the data we can see that majority of the participants have more than 5 years and hence have a good understanding of the industry and the issue under study.

4.4. Discussion on Responses for Question Related to Real Estate Firms and Performance Determinant factors

4.4.1 Types of Real Estate Operation

Real estate primarily falls into two categories, each of which also includes numerous sub-categories. The first is; residential Real estate and Individual, family, and communal housing are all included in residential real estate. The majority of people are acquainted with this asset class and this is the most dominant estate type. Single-family residences, apartments, condos, and other living situations fall under the category of residential. The second is Commercial real Estate; Land and structures used by companies for operations are referred to as commercial property. Shopping centers, individual shops, workplace buildings, parking lots, healthcare facilities, hotels, industrial businesses such as factories are a few examples.

Table 2 Type of Real Estate Operation

Real Estate Operation	Frequency	Percent
Residential Properties	72	67%
Commercial properties	-	-
Both Residential and commercial property development	36	33%
Raw land development	-	-
Other	-	-
Total	108	100%

As per the collected data among the real estate companies considered in the study; 33.3% of them are engaged in both residential and commercial real estate developments. While the remaining 66.7% of the companies develops residential properties only.

4.4.2 Customer Focus Question

Table 3 Customer Focus

Customer Groups Based on Income Level	Frequency	Percent
Higher classes (Luxurious type)	72	66.67%
Middle Income level	-	-
Lower Income Level	-	-
All Class	-	-
Bothe Higher and Middle-Income Level	36	33.33%
Total	108	100%

The real estate developers have given the majority of attention to people with high income levels and some consider middle-income levels who are able to adhere to their down payment and subsequent installments terms. The summary in the above table shows that 66.67% of them concentrate on the upper class, offering only Luxurious homes that are very expensive. Only 33.33% of the respondents currently focused on both middle- and high-income earner groups. However, none of the real estate companies considered in the study are targeting the needs of only middle-class or lower-class buyers.

Developers targeting the wealthy or extremely wealthy market (all considered real estate firms in this case), for instance-built lavish and expensive homes. These customers, who are capable of meeting the requirements of both the mortgage loan and the short-term bank loans, perceive the mortgage financing arrangements as not being difficult. There aren't many players in this market, most of whom were successful Ethiopian Diasporas who reside in western nations, though there has been encouraging increasing numbers in customers who reside within the country in recent years, and this market is distinguished by its large money transactions in millions, which is very illiquid for that matter.

As can be understood from the responses, there is a big gap in addressing the needs of lower income class, this class takes the largest portion of the population which on the other hand means a market opportunity for the developers and also good for the buyers.

In terms of affordability, according to the respondents almost all of the developments are totally not affordable for lower income class while all said their project is highly affordable for higher income class and 74.1% said it is fairly affordable for middle income class, which illustrates that the main focus of all real estates is mainly the higher income class as clearly shown in the table below. Which on the other hand means majority of the properties developed by the real estate companies are unaffordable for lower income classes.

Table 4 Affordability of Real Estate Properties by Income Level

Affordability	High Income		Middle Income		Low income	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Highly affordable	108	100%				
Fairly affordable	18	16.67%	80	74.1%		-
Not affordable				-	99	91.67%
Total				108		100%

As can be seen in table 4, in terms of affordability, all real estate firms focus on high income class and some include middle income class with 100% and 74.1% respectively. Other research documents also depict that housing affordability is very low in the city.

According to Demographia International, which conducts the yearly international housing affordability survey, in order to meet the globally recognized criteria of housing affordability, property prices should not exceed three times annual household income (Demographia international housing affordability, 2023). Abraham's study, suggests that housing affordability is extremely low and that the housing market is in a state of imbalance, with housing prices and costs standing at levels well above most dwellers' ability to pay.”

As per Demographia, 2023, housing affordability is divided into four categories by Demographia; (1) "affordable" for properties requiring three years or less of median annual household income, (2) "moderately unaffordable" for properties requiring four years or less, (3) "seriously unaffordable" for properties requiring five years or less, and (4) "severely unaffordable" for properties requiring more than five years of income. From this we can understand that it is challenging to obtain the median price level of housing units in A.A, which serves as the primary determinant in the computation of the aforementioned affordability rates. However, such real-time market data are crucial for many reasons as they help the market develop and increase its efficiency.

on the other hand, our nation has strict loan requirements, which has a significant impact on affordability. As a result, the real estate market's demand side is severely constrained, which makes the market very illiquid. Therefore, real estate developers might not rely on demand from lower income groups. In addition, the rising cost of building material skyrocketed the price of real estate, which, combined with stagnant household income, makes buying a home prohibitively expensive. Hence it is not surprising to see that real estate developers mainly focus on higher income class of the local population and the diaspora.

As per the collected data majority of the real estates about 58.3% of them said they use only cash basis sales, 33.3% of them used mortgage financing with banks while the rest 8.3% used other bank loans. this imply there isn't many options for buyers in terms of finance source. And majority of them also said they used post order construction and sales.

On another question asked to know if the firm's current production is using their maximum capacity, majority of the respondents; 58.3% said No, while the other 41.7% said yes. As per their response, the reason behind this is; Lack of proper planning and coordination, financial problems / low of budget, Material shortage and price hike are the most frequent.

4.4.3 Discussion of Responses on Effect of Material availability on Real Estate Business

Performance

NB; 1=Strongly Agree (SD), 2=Disagree (D), 3= Neutral (N), 4=Agree (A) and 5=Strongly Agree (SA), SD= Standard Deviation

Mean – (1 to 1.75= Strongly Disagree, 1.76 to 2.51= Disagree, 2.52 to 3.26= Neutral, 3.27 to 4.00 = Agree, 4.02 to 5.00= Strongly Agree)

Table 5 Effect of Material Availability on Real Estate business performance

It. No	Factors		Scale						
			1	2	3	4	5	Mean	SD
1	Material availability								
1.1	Existing supply in Raw materials is insufficient to satisfy demands	F	9	9	9	9	72	4.17	3.87
		%	8	8	8	8	67		
1.2	Sufficient and multiple material suppliers with variety of material and price are not available in the market	F	9	9	18	45	27	3.67	3.34
		%	8	8	17	42	25		
1.3	There is long Process/ chain when purchasing construction material	F	9	0	18	63	18	3.75	3.37
		%	8	0	17	58	17		
1.4	Alternative materials that can be used as replacement for scarce materials are not available in the market	F	9	9	9	54	27	3.75	3.42
		%	8	8	8	50	25		
1.5	There is poor Material flow management in real estate firms	F	9	18	36	45	0	3.08	2.71
		%	8	17	33	42	0		
1.6	There is poor financial capacity of real estate firms	F	9	27	36	36	0	2.92	2.55
		%	8	25	33	33	0		
1.7	Scarcity of material affects timely project delivery	F	0	9	9	0	90	4.58	4.16
		%	0	8	8	0	83		
1.8	Availability of materials affects to deliver project with planned budget	F	9	18	9	9	63	3.92	3.67
		%	8	17	8	8	58		
1.9	Availability of materials affects to deliver project with intended quality	F	9	18	18	27	36	3.58	3.32
		%	8	17	17	25	33		
01.1	Our company find ways to efficiently and ineffectively utilize resources/	F	9	45	18	18	18	2.92	2.68
		%	8	42	17	17	17		
Grand Mean								3.63	

As displayed in table 4, the data shows that each of the mean values indicate that majority of the respondent's with mean of 4.17 strongly agree that there is material shortage in the market. On the particular effects of the variables on the performance the mean shows that scarcity of materials affects the firms in terms of timely delivery, budget and with desired quality as well with mean of 4.58, 3.92 and 3.58 respectively. The grand mean is 3.63 which is between 3.27 and 4 designating most of the respondents agreed on the fact that material availability affects the performance of real estate firms. A study done by Viera Somorová (2015), shows similar result and he found that construction material has a direct influence on the real estate developer's operating costs, which have a direct influence on the price of the developed property which is an important criterion of effectiveness of real estate development.

This implies that an increase in material supply improves performance of the real estate firm and a decrease in material supply will also decrease its performance as well. Hence if a real estate firm wants to improve its performance, it needs to improve its material supply and material supply management of the firm.

4.4.4 Discussion of Responses on Effect of Price escalation of construction materials on Real Estate Business Performance

NB; 1=Strongly Agree (SD), 2=Disagree (D), 3= Neutral (N), 4=Agree (A) and 5=Strongly Agree (SA), SD= Standard Deviation

Mean – (1 to 1.75= Strongly Disagree, 1.76 to 2.51= Disagree, 2.52 to 3.26= Neutral, 3.27 to 4.00 = Agree, 4.02 to 5.00= Strongly Agree)

Table 6 Effect of Material price escalation on Real Estate business performance

It. No	Factors		Scale					Mean	SD
			1	2	3	4	5		
2	Price escalation of construction materials								
1.1	Current price hike/ rise of construction material has affected our firm's performance (with regards to; operations, cost/ prices, delivery/ time, quality...)	F	0	9	0	18	81	4.58	4.14
		%	0	8	0	17	75		
1.2		F	0	0	0	27	81	4.75	4.24

	The market is unpredictable/ difficult to predict	%	0	0	0	25	75		
1.3	Price escalation hinders to deliver projects on time, Budget and quality	F	0	0	0	27	81	4.75	4.24
		%	0	0	0	25	75		
1.4	It is difficult to properly prepare budget due to market prices continuously changes	F	0	9	9	45	45	4.17	3.74
		%	0	8	8	42	42		
1.5	Our firm has poor capacity in making risk assessment for material price escalation and consider proper contingency.	F	9	36	9	54	0	3.00	2.68
		%	8	33	8	50	0		
1.6	Price hike of materials makes it hard keeping up with regulatory developments and industry standards with regards to price increase	F	0	18	27	45	18	3.58	3.19
		%	0	17	25	42	17		
1.7	The current price hike/ rise of construction material has affected our firm's performance	F	0	9	18	9	72	4.33	3.94
		%	0	8	17	8	67		
Grand Mean								4.17	

The first of the four questions answered was to understand the relation between material price escalation and firm performance, planning and budgeting. The analyzed response in table 5 indicated that most of the respondents strongly agreed on the fact that price escalation of construction materials has an influence on the performance of real estate firms with a grand mean of 4.17 which is between 4.02 – 5 (strongly agree) which is also depicted by the standard deviation as well as most of the respondent are closer to the score of 4 and 5 (agree and strongly agree). The response indicates that majority of respondents agreed that price escalation has a negative impact on their firm's ability on delivering projects within the scheduled time, budget and quality. This on the other hand shows that most real estate firms struggle to finish projects on scheduled time, budget and with intended quality due to current price escalation.

According to the respondents and the desk study made on some of the projects within the one of the firms under study shows; the current construction material market condition in the country clearly shows this. The construction industry as a whole is contracting setbacks due to material shortage and continually increasing prices which has made it difficult for projects to be completed

as planned and in most cases. Findings of research made by Sultan K and Dr. Danish A. S. also shows similar result that inflation rate has significant and negative impact on real estate firm performance (Sultan K., Dr. Danish A. S., 2019).

The result of this research implies the two variables have inverse relationship; material price escalation has a significant negative impact on performance of real estate firm; in other words, an increase in price escalation will decrease the real estate firm's performance while a decrease of escalation will result in improved performance.

4.4.5 Discussion of Responses on Effect of Foreign exchange rate on Real Estate Business Performance

NB; 1=Strongly Agree (SD), 2=Disagree (D), 3= Neutral (N), 4=Agree (A) and 5=Strongly Agree (SA), SD= Standard Deviation

Mean – (1 to 1.75= Strongly Disagree, 1.76 to 2.51= Disagree, 2.52 to 3.26= Neutral, 3.27 to 4.00 = Agree, 4.02 to 5.00= Strongly Agree)

Table 7 Effect of Foreign exchange rate on Real Estate business performance

It. No	Factors		Scale					Mean	SD
			1	2	3	4	5		
3	Foreign exchange rate								
3.1	There is shortage of foreign currencies	F	0	0	0	9	99	4.92	4.40
		%	0%	0%	0%	8%	92%		
3.2	There is depreciation of the local currency	F	0	0	0	18	90	4.83	4.32
		%	0%	0%	0%	17%	83%		
3.3	Our real estate firm fails to consider foreign exchange rate fluctuation when pricing.	F	9	54	27	18	0	2.50	2.12
		%	8%	50%	25%	17%	0%		
3.4	It is difficult to find local material which can replace imported materials to reduce a need for foreign currency.	F	0	9	9	36	54	4.25	3.83
		%	0%	8%	8%	33%	50%		
3.5	It is difficult to complete projects within budget due to shortage of foreign currency.	F	0	0	0	45	63	4.58	4.08
		%	0%	0%	0%	42%	58%		
3.6	It is difficult to meet material delivery schedule/ time wise due to shortage of foreign currency.	F	0	0	0	45	63	4.58	4.08
		%	0%	0%	0%	42%	58%		
3.7		F	0	27	45	27	9	3.17	2.77

Our firm fails to assess the risks associated with foreign exchange rates fluctuations and make proper mitigation plan.	%	0%	25%	42%	25%	8%		
Grand Mean							4.12	

According to the collected data which is shown in table 6, majority of the respondents agreed on the fact that there is a shortage of foreign currency and also depreciation of the local currency with mean of 4.92 and 4.83 respectively. Additionally, majority of the respondents also agreed that there is shortage of local materials which can replace imported in order to avoid the need for foreign currency with mean of 4.25. With grand mean of 4.12 which is between 4.02 and 5 (the score of strongly agree), majority of the respondents confirmed by saying they strongly agree that the shortage of foreign currency and depreciation of the local currency has a negative impacted the performance of their corresponding firms with respect to completing projects within budget and time (with mean of 4.58 each).

The exchange rate has a direct impact on the real estate firms as most of the firms use mainly imported construction materials like; reinforcement bar, finishing materials, machineries...etc. this on the other hand will impact the price of the developed properties. As the research done by John Kwame Adu Jack and et. al, also showed similar results in his study on the relationship between real estate prices and foreign exchange rate has always been a vital issue mainly for the apparent impact of foreign exchange rate fluctuation on prices of general goods and services in import driven economies (John Kwame Adu Jack and et. al, 2019).

As per the result of the research, shortage of foreign currency will obstruct the smooth operation of real estate firms and also meeting delivery deadlines, implying that the real estate firms need to work on possible solution to minimize the need for foreign exchange rate such as; planning ahead on optional material sourcing before project execution and assessing the risks associated with foreign exchange rates fluctuations and make proper mitigation plan.

4.4.6 Discussion of Responses on Effect of Availability of Housing Finance on Real Estate Business Performance

NB; 1=Strongly Agree (SD), 2=Disagree (D), 3= Neutral (N), 4=Agree (A) and 5=Strongly Agree (SA), SD= Standard Deviation

Mean – (1 to 1.75= Strongly Disagree, 1.76 to 2.51= Disagree, 2.52 to 3.26= Neutral, 3.27 to 4.00 = Agree, 4.02 to 5.00= Strongly Agree)

Table 8 Effect of Housing Finance on Real Estate business performance

It. No	Factors		Scale						Mean	SD
			1	2	3	4	5			
4	Housing Finance									
4.1	Ease of finding housing finance affects performance	F	0	18	0	63	27	3.92	3.51	
		%	0	17	0	58	25			
4.2	Real estate firms' ability to provide multiple options for buyers to refinance the project	F	0	18	0	81	9	3.75	3.32	
		%	0	17	0	75	8			
4.3	Buyers' financial capacity and ability to make on time payments.	F	0	9	0	54	45	4.25	3.81	
		%	0	8	0	50	42			
4.4	Firms' ability to finance project by collecting payments as per the percentage of construction progress	F	0	36	0	27	45	3.75	3.46	
		%	0	33	0	25	42			
4.5	Our Firm has encountered delay of project delivery for shortage of finance.	F	0	36	0	27	45	3.75	3.46	
		%	0	33	0	25	42			
4.6	Our firm provides variety of project to meet financial ability of home buyers	F	27	27	0	54	0	2.75	2.55	
		%	25	25	0	50	0			
Grand Mean								3.69		

As shown in table 7, the mean of each of the asked questions shows that majority of the respondents agree buyer's financial ability has an impact on their performance with mean of 4.25, firms' ability to collect payment to finance project, ability of firms to provide variety of projects depending on buyer's financial capacity has mean of 3.75 each implying most respondents agree that these elements have an important impact on firms' performance. Additionally, majority of them also agreed that their firms has encountered delay on delivery of projects for shortage of finance.

Majority of the respondents agreed on housing finance has an impact on performance of the firms as the grand mean is 3.69 which is between 3.27 and 4.00 (score of agree).

A study made in Kisumu, Kenya, on how loan financing affected the real estate market's performance, the research findings show that there is a considerable positive relationship between loan financing and the performance of the real estate sector (Etyang and Mwengei, 2019). Another study made in Nigeria, on mortgage financing and home construction with the main goal being to determine the effect of mortgage loans on housing growth in Nigeria. The research showed that there is a strong relation between mortgage lending and housing growth in Nigeria (Udoka et al., 2017). Which strengthen the result of this research shown in table 7.

The result of eh research implied that the real estate firms need to see and use of multiple financing options available. They also need to work on their market focus as majority of them focus only on middle- and higher-income classes; nonetheless the lower- & middle-income class counts the majority of the population on the demand side hence, they need to look in to ways on how they can provide variety of project/ based on financial ability of home buyers which on the other hand means improving financial capacity & performance.

4.4.7 Discussion of Responses on Construction Time on Real Estate Business Performance

NB; 1=Strongly Agree (SD), 2=Disagree (D), 3= Neutral (N), 4=Agree (A) and 5=Strongly Agree (SA), SD= Standard Deviation

Mean – (1 to 1.75= Strongly Disagree, 1.76 to 2.51= Disagree, 2.52 to 3.26= Neutral, 3.27 to 4.00 = Agree, 4.02 to 5.00= Strongly Agree)

Table 9 Effect of Construction Time on Real Estate business performance

It. No	Factors		Scale					Mean	SD
			1	2	3	4	5		
5	Construction Time								
5.1	We have encountered delays in delivering project on time	F	9	9	9	18	63	4.08	3.79
		%	8	8	8	17	58		
5.2	We have Plan and process for managing delays or setbacks	F	9	36	9	45	9	3.08	2.80
		%	8	33	8	42	8		

5.3	We previously have had legal issues for delayed project delivery	F	27	45	27	9	0	2.17	1.83
		%	25	42	25	8	0		
5.4	We previously have encountered cancellation of order/ withdraw for delayed project delivery	F	27	45	0	9	0	1.42	1.35
		%	25	42	0	8	0		
5.5	Our firm have good sales status regardless of project delivery time.	F	0	27	18	36	27	3.58	3.24
		%	0	25	17	33	25		
5.6	Our Firm always learns from projects; identify important delay factors to improve on next projects.	F	0	18	36	27	27	3.58	3.21
		%	0	17	33	25	25		
5.7	Our Firm always keeps project deadline/ always deliver on time.	F	9	54	9	27	9	2.75	2.48
		%	8	50	8	25	8		
Grand Mean								2.95	

The data in table-8 shows, as per the individual mean; majority of the respondents agreed that their firm frequently encountered project delay with mean of 4.08, however, majority of them responded that their firms frequently failed to deliver projects on time yet they have good sales regardless of this fact. However, on the questions asked to find out whether construction time has an impact on firms' performance, the grand mean 2.95 which is between 2.52 to 3.26 (the score for neutral) shows that majority of the respondents responded that it has no impact on the performance of firms. However, another study made on impact of delay on construction success; the result showed that delay results majorly in project cost overruns and other contractual issues (Tsegaye Gebrehiweta, Hanbin Luo, 2017).

In the case of our country the majority of construction projects are rarely completed on schedule, within budget, and to the desired quality, according to current industry practice which is also apparent in this research result. According to the data taken from one of the real estate companies considered in the study, one of their contracts which was scheduled to be completed within 100 calendar days, has taken 456 calendar days with delay of 356 days / 356% delay. Such cases are common in the case of the construction industry and this will have an impact on real estate firm's performance. Yet the data showed that this construction time has no impact on the performance of the firms.

The result of this research shows, most of the real estate firms considered in the study does not complete with in the intended construction time and frequently encounter project delays. Yet, whether the projects are completed on time or with delay; the properties will be sold. This may be the result of the imbalance of the demand and supply effect. As discussed on the literature review part of this research paper, there is a huge gap between the demand and the supply of housing with in the city of Addis Ababa, which may be the possible reason the real estate firms don't lose in terms of selling. Nonetheless, time also costs and even if the real estate firms don't lose in this aspect, the demand side may be is paying the price.

4.4.8 Discussion of Responses on Availability of Land and Land Regulations on Real Estate Business Performance

NB; 1=Strongly Agree (SD), 2=Disagree (D), 3= Neutral (N), 4=Agree (A) and 5=Strongly Agree (SA), SD= Standard Deviation

Mean – (1 to 1.75= Strongly Disagree, 1.76 to 2.51= Disagree, 2.52 to 3.26= Neutral, 3.27 to 4.00 = Agree, 4.02 to 5.00= Strongly Agree)

Table 10 Effect of Availability of Land and Land Regulations on Real Estate business performance

It. No	Factors		Scale					Mean	SD
			1	2	3	4	5		
6	Availability of land								
6.1	The legal process of land acquiring is Complicated	F	0	0	9	54	45	4.33	3.85
		%	0%	0%	8%	50%	42%		
6.2	Government land regulation/ policy is too strict	F	0	0	9	90	9	4.00	3.49
		%	0%	0%	8%	83%	8%		
6.3	There is a continuous change in land policy/ Inconsistent land regulations	F	0	0	9	54	45	4.33	3.85
		%	0%	0%	8%	50%	42%		
6.4	There is a high land price on the market	F	0	0	0	27	81	4.75	4.24
		%	0%	0%	0%	25%	75%		
6.5	Location of site affects our performance	F	0	18	9	54	27	3.83	3.44
		%	0%	17%	8%	50%	25%		
6.6	The land acquisition process is corrupted	F	0	0	18	9	81	4.58	4.12
		%	0%	0%	17%	8%	75%		
6.7		F	9	27	27	18	27	3.25	3.00

Location has not affected our sales/ we have good sales regardless of the location.	%	8%	25%	25%	17%	25%		
Grand Mean							4.15	

As shown in table 9; the individual mean implies that; majority of the respondents has strongly agreed that the land price within the city is high with mean of 4.75, the land regulation is too strict with mean of 4, inconsistent regulation with mean of 4.33, land acquisition process is complicated 4.33 mean and land acquisition process is corrupted 4.58.

On the other hand, when it comes to buying a home/ property, the location is also one of major consideration for buyers other than price as the economy and social state of the area will be taken in to consideration. However, majority of the respondents also said that location has no impact on the sales, implying they have good sales regardless of the location of the site with mean of 3.25 which is between 2.52 and 3.26 (score for neutral). Yet, the study finding of Tigist Abera showed; customers value location more than anything else when it comes to buying a property and that asset turnover and location are negatively associated, (Tigist Abera, 2021).

The data shown in table 9 indicated that majority of the respondents strongly agreed that availability of land has significant impact on firms’ performance with grand mean of 4.15 which is between 4.02 to 5 (score for strongly agree). This shows that there is a direct relationship between the two variables; an improved land availability means improved real estate firm performance.

CHAPTER-5; CONCLUSION and RECOMMENDATION

In this chapter summary of findings, conclusion of the study and recommendations will be presented.

5.1 SUMMARY OF MAJOR FINDINGS

As per the finding of the research majority of the real estate firms are impacted by construction material shortage and material availability has direct relation with performance of firms. This implies that an increase in material supply improves performance of the real estate firm and a decrease in material supply will also decrease its performance as well. Hence if a real estate firm wants to improve its performance, it needs to improve its material supply and material supply management of the firm.

The research also finds that price escalation has negative/ inverse relation with the performance of the firms which implies material price escalation has a negative impact on performance of real estate firm; in other words, an increase in price escalation will decrease the real estate firm's performance while a decrease of escalation will result in improved performance.

Another finding of the research is; foreign exchange rate has negative impact on performance of the real estate firms. Which shows, shortage of foreign currency will obstruct the smooth operations of real estate firms and also meeting delivery deadlines, implying that the real estate firms need to work on possible solution to minimize the need for foreign exchange rate such as; planning ahead on optional material sourcing before project execution and assessing the risks associated with foreign exchange rates fluctuations and make proper mitigation plan.

Housing finance has strong relation with the performance. The result of the research implied that the real estate firms need to see and use of multiple financing options available. They also need to work on their market focus as majority of them focus only on middle- and higher-income classes; nonetheless the lower- & middle-income class counts the majority of the population on the demand

side hence, they need to look in to ways on how they can provide variety of project/ based on financial ability of home buyers which on the other hand means improving financial capacity & performance.

It was found that most the real estate firms don't complete the building of homes within the intended time, however, it was also found construction time does not impact the performance of the real estate firms.

Another finding of the research is land availability and performance of real estate firms have direct relationship, which means if land availability is improved performance of the firm will also be improved.

5.2 CONCLUSION

The research was done with an objective of determining the influence of selected determinant factors particularly - Construction time, material availability and price escalation, foreign exchange rate and depreciation of local currency, housing finance and land availability- on the performance of real estate businesses in Addis Ababa.

As per the finding of the research I have concluded that;

1. Availability of construction material and performance of real estate firm has a direct effect on firm performance. i.e., if a real estate firm increases availability of construction material its performance will also increase.
2. price escalation of construction material has negative effect on firm performance (they have inverse relationship). If price escalation of construction material increases firm performance will reduce.
3. Foreign exchange rate has inverse relationship with real estate business performance, if there is shortage of foreign currency it will obstruct the smooth operations of real estate firms and also meeting delivery deadlines, implying that the real estate firms need to work on possible solution to minimize the need for foreign exchange rate.

4. Housing finance also effects real estate business performance and the firms needs to employ multiple financing methods to enhance their performance.
5. Construction period does not affect real estate business performance. Most the real estate firms don't complete the building of homes within the intended time; however, it does not affect their performance. The researcher concluded that the reason for this may be the imbalance between the demand and supply of housing, and though the firms don't lose with regard to delivery time, the price of project delays may be is being paid by the buyers/ on demand side.
6. Availability of land and performance of real estate firms have direct relationship. If a firm improves availability of land its performance will increase.

5.2 RECOMMENDATIONS

As part of the questionnaire, possible recommendations were given to respondents as a resolution to mitigate the negative impacts of discussed performance determinants. along with the responses collected from the respondents the recommendations of the researcher are presented below.

- To improve material availability; real estate firms need to cooperatively work with suppliers, consider alternative material which can be found locally at design stage, and Improve material flow management in real estate firms and planning ahead on backup options to alleviate future delay.
- To mitigate problem related to price escalation; real estate firms need to consider purchasing materials before commencing execution to reduce impacts (for those materials which can be stored for a long time and Perform risk assessment and consider proper contingency for price escalation at initial planning stage.
- To improve availability of housing finance; real estate firms need to; plan on how project can sufficiently finance itself, making deals with buyers to prefinance the project, provide variety of project to meet financial ability of home buyers and provide multiple payment modes and facilitate Bank loans to enhance sales

- To Mitigate project delivery delay; real estate firms need to; engage buyers on project and communicate changes on the project timeline to mitigate future risks of losing clients, having proper Plan and process to manage and tackle common delay causes and to meet project delivery schedule, taking lessons from projects; identify important delay factors to improve on next projects (continuous improvement plan) and providing proper training for employees and project quality management should be enhanced, to reduce construction delays.
- To mitigate problems related to land availability; policy to simplify the legal process of land acquisition from the government side, and on real estate firms side; be part of solution to resolve the corrupt system.

FURTHER STUDY SUGGESTIONS

The study focuses on influential factors that affect performance of real estate firms. The researcher suggests in-depth studying on the financial aspect of the topic to add to the current study and further research on different influential factors including major study variables is also suggested.

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APPENDIXES,

QUESTIONNAIRE

I am studying Master's degree program of Business Administration (MBA) at St. Mary's University (SMU). The purpose of this questionnaire is to obtain data for a research project on the topic "*Factors Affecting Real Estate Business Performance in Addis Ababa*".

The major objective of the study is to investigate main factors currently affecting the performance of the industry (the business). The questionnaire has Three sections. The first (Part- I) with questions aimed at collecting General information (profile and experience) of the respondents, second (Part- II) question on performance related questions and aimed at finding which factors significantly affect the performance of real estate business. The third section (Part- III) is aimed to collect recommendations to mitigate the impact of those factors on real estate firm's performance.

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

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

Thank you!

Part-I General information

1. Company Name_____
2. Location of Real Estate Co. sub city_____
3. Location of Real Estate Site (s)_____
4. Date of Establishment and Date of operation (_____, _____)

5. Type of Real Estate Operation /multiple choice is optional (mark with X/ ✓ on your choice).

- Residential properties
- Commercial Properties
- Both residential and commercial properties development
- Raw land development

If Others, please specify _____

Part-II

Questions designed to know the factors affecting the real estate firm performance generally, AND to assess (understand) the effect of important performance determinant factors; the raw material, housing finance, land availability and related regulations, foreign and local currency and project completion time on real estate firm performance.

6. What customer class (In terms of income level) do you focus? (mark with X/ ✓ on your choice).

- Higher classes (Luxurious type)
- Middle Income level
- Lower Income level
- All classes
- Both higher and Middle-Income levels

7. What do you think about affordability of your properties (Houses), By income Categories. (Mark with X/ ✓ on your choice).

	High Income	Middle	Lower
Highly affordable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fairly affordable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not affordable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. What possible Financing Methods Do you arrange to your customers (Multiple choice is optional): (mark with X/ ✓ on your choice).

- Only cash basis agreement
- Mortgage financing with banks
- Other Bank loans
- No financing arrangement

9. Do you think housing finance availability play important role on your firm performance?

- Yes, very important Somehow Important Not that important

10. If you Receive orders before completion of construction Do you meet (execute your orders) your Dead Lines or execute orders as per terms? (mark with X/ ✓ on your choice).

- Yes, always Sometimes most of the time

11. Has depreciation of the local currency affect your business (Please describe!!!)

12. Is your current production making use of your Maximum Capacity?

- Yes, No

13. If you answer is no to the above question what are the main reasons for the underperformance?

14. Does your firm use any performance measurement/ assessment technique? If so what technique is used?

Determinants of Real Estate Business Performance (mark with X/ ✓ on your choice)

	Factors	Scale	Remark
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It. No		Strongly disagree	Disagree	Neutral	Agree	Strongly agree		
1	Material availability							
1.1	Existing supply in Raw materials is insufficient to satisfy demands							
1.2	Sufficient and multiple material suppliers with variety of material and price are not available in the market							
1.3	There is long Process/ chain when purchasing construction material							
1.4	Alternative materials that can be used as replacement for scarce materials are not available in the market							
1.5	There is poor Material flow management in real estate firms							
1.6	There is poor financial capacity of real estate firms							
1.7	Scarcity of material affects timely project delivery							
1.8	Availability of materials affects to deliver project with planned budget							
1.9	Availability of materials affects to deliver project with intended quality							
1.10	Our company find ways to efficiently and ineffectively utilize resources/							
2	Price escalation of construction materials							
2.1	Current price hike/ rise of construction material has affected our firm's performance (with regards to; operations, cost/ prices, delivery/ time, quality...)							

2.2	The market is unpredictable/ difficult to predict						
2.3	Price escalation hinders to deliver projects on time, Budget and quality						
2.4	It is difficult to properly prepare budget due to market prices continuously changes						
2.5	Our firm has poor capacity in making risk assessment for material price escalation and consider proper contingency.						
2.6	Price hike of materials makes it hard keeping up with regulatory developments and industry standards with regards to price increase						
2.7	The current price hike/ rise of construction material has affected our firm's performance						
3	Foreign exchange rate						
3.1	There is shortage of foreign currencies						
3.2	There is depreciation of the local currency						
3.3	Our real estate firm fails to consider foreign exchange rate fluctuation when pricing.						
3.4	It is difficult to find local material which can replace imported materials to reduce a need for foreign currency.						
3.5	It is difficult to complete projects within budget due to shortage of foreign currency.						
3.6	It is difficult to meet material delivery schedule/ time wise due to shortage of foreign currency.						

3.7	Our firm fails to assess the risks associated with foreign exchange rates fluctuations and make proper mitigation plan.						
4	Housing Finance						
4.1	Ease of finding housing finance affects performance						
4.2	Real estate firms ability to provide multiple options for buyers to refinance the project						
4.3	Buyers financial capacity and ability to make on time payments.						
4.4	Firms ability to finance project by collecting payments as per the percentage of construction progress						
4.5	Our Firm has encountered delay of project delivery for shortage of finance.						
4.6	Our firm provides variety of project to meet financial ability of home buyers						
5	Construction Time						
5.1	We have encountered delays in delivering project on time						
5.2	We have Plan and process for managing delays or setbacks						
5.3	We previously have had legal issues for delayed project delivery						
5.4	We previously have encountered cancellation of order/ withdraw for delayed project delivery						
5.5	Our firm have good sales status regardless of project delivery time.						

5.6	Our Firm always learns from projects; identify important delay factors to improve on next projects.						
5.7	Our Firm always keeps project deadline/ always deliver on time.						
6	Availability of land						
6.1	The legal process of land acquiring is Complicated						
6.2	Government land regulation/ policy is too strict						
6.3	There is a continuous change in land policy/ Inconsistent land regulations						
6.4	There is a high land price on the market						
6.5	Location of site affects our performance						
6.6	The land acquisition process is corrupted						
6.7	Location has not affected our sales/ we have good sales regardless of the location.						