



**ASSESSMENT OF REAL-ESTATE PERFORMANCE IN ADDIS ABABA**

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**DEPARTMENT OF ACCOUNTING AND FINANCE**

**ASSESSMENT OF REAL-ESTATE PERFORMANCE IN ADDIS ABABA**

**APROVED BY**

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## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asmamaw Getie (Ass. Pro.), all sources of materials used for the thesis have been duly acknowledged, and I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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JULY 2023

**ST. MARY'S UNIVERSITY SCHOOL OF BUSINESS**

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## CONTENTS

APPROVED BY ADVISOR.....	i
DECLARATION.....	ii
APPROVED BY BOARD OF EXAMINERS.....	iii
ACKNOWLEDGEMENT.....	iv
APPENDIX.....	v
LIST OF TABLES.....	vi
LIST OF FIGURES.....	vii
LIST OF ACRONYMS AND ABBREVIATIONS.....	viii
ABSTRACT.....	xi

## Contents

Chapter 1: Introduction .....	1
1.1 Background of The Study .....	1
1.2 Statement of The Problem.....	2
1.3 Guiding research questions.....	4
1.4 Objective Of the Study.....	5
1.4.1 General Objective Of the Study.....	5
1.4.2 Special Objective Of the Study.....	5
1.5 Hypothesis Development.....	5
1.6 Significance of The Study.....	6
1.7 Scope of the Study .....	7
1.8 Organization of the Study .....	8
Chapter 2: Review of Related Literature .....	9
2.1 Introduction of Literature Review.....	9
2.2 Theoretical Review.....	11
2.2.1 Meaning of Real State.....	11
2.2.2 Overview of the development of the Real estate sector in Ethiopia.....	11
2.3 Emperical Review.....	15
2.3.1 Resarch Gap.....	16
2.3.2 Conceptual frame work.....	18
Chapter 3: Research Methodology.....	21
3.1 Research Methodology.....	21
3.2 Research Approach .....	21
3.3 Data Collection.....	21
3.4 Sampling Technique.....	21
3.4.1 Population and Sample size.....	22
3.5 Data Analysis.....	22
3.6 Research Design.....	22
3.7 Validity and Reliability.....	23
3.8 Model Specification.....	23

3.9 Ethical Consideration.....	23
<b>Chapter 4: Data Analysis and Result Discussion.....</b>	<b>24</b>
4.1 General Profile of considered real estate companies.....	24
4.2 Demographic characteristics of the respondents .....	25
4.2.1 Gender and Age.....	25
4.2.3 Qualification of respondents .....	26
4.3 Direct factors assessment of real estate performance in Addis Ababa.....	27
4.3.1 Property Market Dynamics.....	27
4.3.2 Regulatory framework and Policies.....	29
4.3.3 Infrastructure and Urban Development.....	31
4.3.4 Socioeconomic factors and Demographics.....	33
4.3.5 Descriptive statistics.....	34
4.4 Indirect factors assessment of real estate performance in Addis Ababa .....	37
4.4.1 Sustainable Development.....	37
4.4.2 Government Policy.....	39
4.4.3 Real Estate Technology .....	40
4.4.4 Market Demand.....	42
4.4.5 Market Supply.....	43
4.4.6 Descriptive statistics.....	44
<b>Chapter 5: Conclusion and Recommendation.....</b>	<b>49</b>



# APPENDIX

References.....	53
Annex 1.....	56

.

## LIST OF TABLES

Table 4.1 Profile of considered real estate companies.....	24
Table 4.2.1 Gender of respondents .....	24
Table 4.2.3 Qualification of respondents .....	26
Table 4.3.1 Property Market Dynamics .....	27
Table 4.3.2 Regulatory frame work and Policies.....	29
Table 4.3.3 Infrastructure and Urban Development .....	31
Table 4.3.4 Socioeconomic factor and demographics .....	33
Table 4.3.5 Descriptive statistics for direct factors influencing .....	34
Table 4.4.1 Sustainable development .....	37
Table 4.4.2 Government Policy.....	39
Table 4.4.3 Real-estate Technology .....	40
Table 4.4.4 Market Demand. ....	42
Table 4.4.5 Market Supply.....	43
Table 4.4.6 Descriptive statistics of the indirect factors influencing.....	44

## LIST OF FIGURE

Figure 4.2.2 Age of respondents .....	26
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## **LIST OF ACRONYMS AND ABBREVIATIONS**

**EIA** - Ethiopian Investment Agency

**GDP** - Gross Domestic Product

**SPSS** - Statistical Package for Social Sciences

## **Abstract/ Executive Summary**

This study aims to assess the performance of the real estate sector in Addis Ababa, Ethiopia, considering key dependent and independent variables. As the capital city experiences rapid population growth and urbanization, there is an escalating demand for housing and commercial spaces, making the real estate sector pivotal for economic growth and urban development. Understanding real estate market performance is crucial for informed decision-making by policymakers, investors, and stakeholders. The dependent variable, Real Estate Performance, is the central focus, evaluated using a mixed-method research approach that incorporates qualitative and quantitative data collection methods. Primary data is gathered through interviews and surveys involving real estate professionals, developers, government officials, and potential buyers. Secondary data is sourced from relevant reports, publications, and databases. Property Market Dynamics are analyzed to gauge fluctuations in property prices, rental yields, vacancy rates, and market liquidity. Infrastructure and Urban Development significantly influence real estate performance by shaping accessibility, connectivity, and livability. The Regulatory Framework and Policies, including land use regulations, property taxes, and investment incentives, have a substantial impact on market stability and investor confidence. Moreover, dependent variables play a critical role in determining real estate demand in the city. On the other hand, Independent Variables also influence overall real estate performance. Government Policies, at both national and local levels, impact real estate activities through housing subsidies, land allocation, and urban planning initiatives. Market Demand, driven by population growth and consumer preferences, directly affects sales and occupancy rates of real estate projects. Additionally, Market Supply, referring to the volume and type of properties available, impacts the equilibrium between demand and supply. In conclusion, this research contributes to a comprehensive understanding of the real estate sector in Addis Ababa and its determinants. The findings will provide valuable insights for policymakers, developers, investors, and other stakeholders, enabling them to make informed decisions and formulate effective strategies for sustainable and resilient real estate development in the city.

**Keywords:** Real Estate Performance, Addis Ababa, Property Market Dynamics, Infrastructure, Regulatory Framework, Socioeconomic Factors, Sustainable Development, Government Policies, Real Estate Technology, Market Demand, Market Supply



# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Assessing the performance of the real estate sector is crucial in understanding its impact on the construction development of a country. This study aims to assess the factors influencing the performance of real estate in Addis Ababa, Ethiopia's capital city. By analyzing various indicators and factors, this research seeks to provide insights into the dynamics of the real estate market and its contribution to urban development.

Addis Ababa, as a rapidly growing megacity in East Africa, faces significant challenges in meeting the housing needs of its expanding population. The demand for housing and commercial spaces has been on the rise due to rapid urbanization and population growth. To comprehend the performance of the real estate sector in Addis Ababa, it is crucial to evaluate key factors such as market demand, pricing dynamics, construction practices, and policy interventions. “For nearly half of mortal history, our ancestors moved with the four-lawful food inventories of their separate homes, leaving only traces of their lives in the form of delve delineations, gravestone munitions and tools, and other vestiges. Over time, our ancestors gradationally abandoned the huntsman- gatherer way of life (Beattie, 2022).

In a country like Ethiopia, the real estate sector is considered the unborn backbone of the country's construction development. The country is developing steadily in both real estate construction and profitable development. In the construction assiduity, especially for real estate companies, the first question is the profitability of the business. In Addis Ababa, companies are profitable. The megacity has the ambition to break the problems of the society, and the megacity also has a big casing problem. The results of this exploration will help the companies to open a real estate business in the megacity (Bereket as cited Mahilet, 2016).

The assessment will consider the market demand for real estate in Addis Ababa, examining factors such as population growth, income levels, and urbanization rates. Additionally, pricing dynamics, including the gap between demand and actual prices, will be analyzed to understand affordability challenges and market stability (Woyneshet, 2021).

Moreover, the study will explore the impact of construction practices on real estate performance in Addis Ababa. This includes examining the efficiency of construction processes, adherence to quality standards, and the use of sustainable building materials and practices (Chitkata, 2013; Tinsae, 2021).

Policy interventions and regulations also play a vital role in shaping the performance of the real estate market. The study will analyze the impact of government policies and initiatives on the sector, including land allocation, planning regulations, and incentives for real estate developers (EIC report, 2019).

To ensure the validity and reliability of the assessment, this study will draw upon existing research papers and publications focused on the real estate market in Addis Ababa. Relevant sources from Ethiopia, such as academic journals, reports, and reputable publications, will be cited and referenced throughout the study.

By conducting a comprehensive assessment of real estate performance in Addis Ababa, this research aims to provide stakeholders, policymakers, and investors with valuable insights to guide decision-making, promote sustainable urban development, and enhance the overall performance of the real estate sector.

## **1.2. Statement of the problem**

The performance of the real estate sector in Addis Ababa, Ethiopia, is of significant importance for sustainable urban development and economic growth. However, a comprehensive assessment of its performance, considering various factors and trends, remains essential. This study aims to address this gap by analyzing the performance of the real estate sector in Addis Ababa, focusing on specific research objectives.

Analyzing the trends and growth patterns of the real estate market in Addis Ababa over a specific period, investigating the factors influencing real estate performance, including macroeconomic indicators, government policies, urban planning, and market demand. Examining the financial viability and returns on investment in different real estate segments, such as residential, commercial, and mixed-use properties. Identifying challenges and opportunities in the real estate sector and proposing strategies for sustainable growth. Providing recommendations to investors, developers, policymakers, and other stakeholders to enhance the performance and competitiveness of the real estate market in Addis Ababa.



By analyzing the trends and growth patterns of the real estate market in Addis Ababa, this study aims to provide insights into its dynamics and identify potential areas of expansion and development. Additionally, the investigation of factors influencing real estate performance will shed light on the macroeconomic, policy, planning, and demand-related aspects that shape the sector.

Assessing the financial viability and returns on investment in various real estate segments is crucial for understanding the profitability and attractiveness of different property types. This analysis will enable investors and stakeholders to make informed decisions and allocate resources effectively.

Identifying challenges and opportunities in the real estate sector will provide a comprehensive understanding of the sector's current state and potential for growth. By proposing strategies for sustainable growth, this study aims to contribute to the formulation of effective policies and practices that support the long-term development of the real estate market in Addis Ababa. Through the provision of recommendations, this study aims to offer actionable insights to investors, developers, policymakers, and other stakeholders. These recommendations will focus on enhancing the performance, competitiveness, and overall sustainability of the real estate sector in Addis Ababa.

This study will adopt a quantitative research approach, utilizing data from various sources, such as government reports, market surveys, financial statements, and scholarly publications. The analysis will be conducted using appropriate statistical techniques to generate meaningful insights and support the research objectives.

The findings of this study will contribute to the existing body of knowledge on real estate performance in Addis Ababa and inform evidence-based decision-making in the sector. By aligning with international standards and best practices, this research will provide valuable insights to guide stakeholders in maximizing the potential of the real estate market in Addis Ababa.

### **1.3. Guiding Research Question**

To address the research problem and meet the objectives of this study, the following research questions will guide the investigation:

1. Environmental conservation should be prioritized in real estate development projects in Addis Ababa.
2. Real estate projects should promote social equity and inclusivity in Addis Ababa.
3. Economic growth and development should be balanced with sustainable practices in the real estate sector.
4. How do you perceive the adoption of sustainable real estate practices impacting property values and demand in Addis Ababa?
5. Land Use Policies:- Effectiveness of policies regulating land usage and Impact on real estate development and investment.
6. Property Taxation:- Fairness and transparency of property taxation policies and Influence on property ownership and investment decisions.
7. Housing Regulations:- Effectiveness of regulations ensuring housing standards and affordability, and Impact on real estate supply and demand dynamics.
8. In your opinion, how efficient are the government policies in the real estate sector of Addis Ababa?
9. Real estate technology has improved the efficiency of property transactions in Addis Ababa.
10. Blockchain technology has enhanced the transparency of real estate transactions.
11. I am aware of the existence and benefits of prop tech solutions in the real estate sector.
12. How do you foresee the impact of real estate technology on the future of the real estate market in Addis Ababa?
13. Population Growth:- Rate of population growth in Addis Ababa and Impact of population growth on real estate demand.
14. Urbanization:- Rate of urban development and expansion and Influence of urbanization on real estate demand.

15. Economic Indicators:- Economic factors affecting real estate demand (e.g., GDP growth, employment rates) and Perception of the economic outlook on real estate demand.

16. Impact on Real Estate Sector:- In your opinion, how do you perceive the overall impact of market demand factors on the real estate sector in Addis Ababa?

These research questions serve as a framework for the study, guiding the data collection, analysis, and interpretation process. They help in understanding the multifaceted nature of real estate performance in Addis Ababa and provide a basis for drawing meaningful conclusions.

#### **1.4. Objective of the Study**

##### **1.4.1. General Objective**

The primary objective of this study is to assess the performance of the real estate sector in Addis Ababa.

##### **1.4.2. Specific Objectives**

- i. To analyze the trends and patterns in real estate development in Addis Ababa.
- ii. To evaluate the economic impact of the real estate sector on the city's economy.
- iii. To identify the challenges and opportunities faced by the real estate market in Addis Ababa.
- iv. To examine the regulatory frameworks and policies governing the real estate sector.
- v. To propose recommendations for sustainable development and growth of the real estate sector in Addis Ababa.

#### **1.5. Hypothesis Development**

Based on the research objectives and the existing literature, the following hypotheses are formulated for this study:

Hypothesis 1: There is a positive relationship between market demand and real estate performance in Addis Ababa.

Hypothesis 2: Regulatory frameworks significantly influence the efficiency and sustainability of the real estate sector in Addis Ababa.

Hypothesis 3: Economic indicators, such as GDP growth rate and inflation, impact the performance of the real estate market in Addis Ababa.

These hypotheses provide a framework for the data analysis and testing process, enabling the researcher to evaluate the relationships between variables and draw meaningful conclusions.

### **1.6. Significance of the study**

The assessment of real estate performance in Addis Ababa holds significant importance for multiple stakeholders, including policymakers, investors, developers, and the general public. This study aims to provide valuable insights into the dynamics of the real estate market and its impact on the city's construction development and economic growth.

Addis Ababa, as a rapidly growing megacity in East Africa, faces substantial challenges in meeting the housing needs of its expanding population. The demand for housing and commercial spaces has intensified due to rapid urbanization and population growth. Understanding the performance of the real estate sector in Addis Ababa is crucial for comprehending the market's response to these demands and identifying opportunities for sustainable urban development. By analyzing the trends and growth patterns of the real estate market in Addis Ababa over a specific period, this study will offer insights into the sector's dynamics. This analysis will help stakeholders identify potential areas of expansion and development, paving the way for strategic investments and informed decision-making. Moreover, it will contribute to the knowledge base on real estate market trends in Addis Ababa, supporting evidence-based urban planning and policy formulation.

The investigation of factors influencing real estate performance, including macroeconomic indicators, government policies, urban planning, and market demand, will shed light on the underlying drivers of the market. This knowledge will assist policymakers in formulating effective regulatory frameworks and policies that foster a conducive environment for sustainable real estate growth. It will also provide investors and developers with valuable information for assessing risks and opportunities, enabling them to make informed decisions regarding resource allocation and project feasibility.

Examining the financial viability and returns on investment in different real estate segments, such as residential, commercial, and mixed-use properties, will contribute to understanding the profitability and attractiveness of each segment. This analysis will guide investors and

developers in identifying the most promising areas for investment, thereby stimulating the growth of the real estate sector and driving economic development in Addis Ababa.

Identifying the challenges and opportunities faced by the real estate sector in Addis Ababa is crucial for addressing the market's limitations and capitalizing on its potential. By highlighting the existing obstacles, such as affordability challenges, construction practices, and policy inefficiencies, this study will provide a comprehensive understanding of the sector's current state. Consequently, it will contribute to the formulation of strategies and interventions that promote sustainable growth, improve market competitiveness, and enhance the overall performance of the real estate market in Addis Ababa.

This research will adopt a quantitative research approach, utilizing data from various sources, including government reports, market surveys, financial statements, and scholarly publications. The use of appropriate statistical techniques will ensure robust analysis, generating reliable insights for stakeholders.

By providing recommendations for sustainable development and growth of the real estate sector in Addis Ababa, this study will serve as a practical guide for investors, developers, policymakers, and other stakeholders. These recommendations will focus on enhancing performance, competitiveness, and overall sustainability, and will provide actionable insights to guide decision-making and support the long-term development of the real estate market.

The findings of this study will contribute to the existing body of knowledge on real estate performance in Addis Ababa, filling the current research gap and informing evidence-based decision-making. The study's alignment with international standards and best practices will ensure the applicability and relevance of its recommendations, maximizing the potential of the real estate market in Addis Ababa and supporting the city's sustainable urban development.

### **1.7. Scope of the study**

The scope of this study on the assessment of real estate performance in Addis Ababa encompasses conceptual scope, methodological scope, geographical scope and time scope of those aspects and understanding and evaluating the factors influencing the performance of the real estate sector, including market demand, pricing dynamics, construction practices, and policy interventions. It explores the relationship between real estate performance and sustainable urban development, economic growth, and overall construction development in Addis Ababa. The analysis considers trends and patterns in real estate development, financial viability, and returns

on investment across various segments. A quantitative research approach is adopted, utilizing data from government reports, market surveys, financial statements, and scholarly publications. Statistical techniques, such as regression analysis, trend analysis, and financial modeling, are employed to analyze the collected data, while drawing upon existing research to ensure a comprehensive analysis. The geographical scope is limited to Addis Ababa, the capital city of Ethiopia, given its significance as the economic and administrative hub, and the study focuses on residential, commercial, and mixed-use properties within the city. The study analyzes the real estate sector's performance over a specific period, using historical data to assess trends and growth patterns, as well as considering the current state of the market. This study aims to provide valuable insights into the key factors and trends influencing real estate performance, contributing to the understanding of Addis Ababa's overall construction development and urban growth.

### **1.8. Organization of the study**

This thesis is structured into several chapters to present a comprehensive analysis of the real estate performance in Addis Ababa. The chapters include:

**Chapter 1: Introduction** This chapter provides an overview of the research topic, introduces the background and problem statement, and outlines the research questions, objectives, hypotheses, scope, significance, and the structure of the thesis.

**Chapter 2: Literature Review** this chapter reviews relevant literature on real estate performance, covering theoretical frameworks, empirical studies, and research gaps. It provides a comprehensive understanding of the factors influencing real estate performance in Addis Ababa.

**Chapter 3: Research Design and Methodology** this chapter describes the research design, methodology, data collection techniques, and analysis procedures employed in the study. It discusses the population, sample size, sampling technique, data analysis methods, validity and reliability considerations, and ethical considerations.

**Chapter 4: Findings and Data Analysis** This chapter presents the findings from the data analysis and examines the factors influencing real estate performance. It includes tables, charts, and other visual representations to enhance the understanding of the data.

**Chapter 5: Conclusion and Recommendations** this chapter summarizes the key findings, draws conclusions based on the research objectives, hypotheses, and data analysis. It provides recommendations for improving the performance and sustainability of the real estate sector in Addis Ababa.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1. Introduction of literature Review

According to the American Heritage Dictionary (2021), Real estate refers to property consisting of land, buildings, and natural resources, including water bodies and minerals, along with the rights and interests associated with it. The concept of real estate encompasses both tangible assets, such as residential and commercial properties, as well as intangible rights, such as ownership, possession, and lease agreements. Understanding the meaning of real estate is essential for individuals, investors, and professionals in various fields, including real estate development, finance, law, and urban planning. The definition and components of real estate is defined as "property consisting of land and the buildings on it, along with its natural resources such as crops, minerals, or water." The term encompasses several key components:

**Land:** The physical surface of the earth, including any natural features and improvements made to it, such as landscaping.

**Buildings:** Structures erected on the land, such as residential houses, commercial offices, industrial warehouses, and institutional facilities.

**Natural Resources:** Elements that exist on or within the land, including water bodies, timber, minerals, and gas reserves.

**Rights and Interests:** Legal entitlements associated with real estate, such as ownership, possession, use, and transfer. These rights may be acquired through purchase, inheritance, or lease agreements.

**Importance of Real Estate:** Real estate holds significant importance in several aspects.

**Shelter and Housing:** Real estate provides shelter and housing for individuals and families, fulfilling one of the basic human needs. It encompasses residential properties, including apartments, houses, and condominiums.

**Investment and Wealth Creation:** Real estate serves as a valuable investment asset class, offering potential financial returns through appreciation, rental income, and property development. It allows individuals and institutions to accumulate wealth and diversify their investment portfolios.

**Economic Development:** The real estate sector plays a crucial role in economic growth and development. It generates employment opportunities, drives construction and infrastructure development, and contributes to overall economic activity.

**Urban Planning and Development:** Real estate influences urban planning and development, shaping the physical environment of cities and towns. It involves land-use regulations, zoning policies, and the creation of sustainable communities.

**Commercial and Retail Spaces:** Real estate encompasses commercial properties such as office buildings, retail spaces, shopping malls, and hotels. These properties serve as hubs for business activities, contributing to economic growth and providing spaces for entrepreneurship and employment.

**Infrastructure Development:** Real estate is closely linked to infrastructure development, including transportation networks, utilities, and public amenities. The location and accessibility of real estate influence its value and attractiveness to investors and occupants.

**Legal and Regulatory Framework:** Real estate operates within a legal and regulatory framework that governs property ownership, transactions, and land-use regulations. Legal professionals specializing in real estate law ensure compliance with these regulations and protect the rights and interests of property owners and stakeholders.

**Real Estate Professionals:** Real estate involves a network of professionals who provide services related to property acquisition, management, and development. These professionals include real estate agents, brokers, appraisers, property managers, architects, engineers, and construction contractors.

**International Perspective:** Real estate extends beyond national boundaries, with international investors and developers engaging in cross-border transactions and investments. Global real estate markets offer diverse opportunities and challenges, influenced by factors such as economic conditions, political stability, and cultural dynamics.

**Conclusion:** The meaning of real estate encompasses land, buildings, natural resources, and the associated rights and interests. It plays a vital role in providing shelter, serving as an investment asset, driving economic development, shaping urban landscapes, and facilitating commercial activities. Real estate is governed by a legal and regulatory framework and involves a network of professionals contributing to its various facets. Understanding the meaning and significance of



real estate is crucial for individuals, professionals, and policymakers in navigating its complexities and harnessing its potential.

## **2.2. Theoretical Review**

### **2.2.1 Meaning of real estate**

Proposition is misused by numerous and occasionally interchangeably used with practice. A good proposition is a base for all the process to come and it's practical by itself. Proposition can help deal with further complex issues and finds a clear path for the analysis process (Charles, 2018). The word Real in the term real estate said to be deduced from French as well as Spanish, which has a meaning of royal (Susan Hudson- Wilson, FrankJ. Fabozzi, and JacquesN. Gordon, 2003).

Ultramodern delineations concentrate on the fact that a real estate refers to the land and institutions together, as distinguished from real property, pertaining to power rights of the land itself. A contemporary description of real estate is handed by investors Real estate is a term that encompasses land along with anything permanently fixed to the land, similar as structures, specifically property that's stationary or fixed in position. The term real estate is used in three abecedarian ways. First, its most common use is to identify the palpable means of land and structures. Second, it's used to denote the “pack” of rights associated with the power and use of the physical means. Eventually, the term real estate may be used when pertaining to the assiduity or business conditioning related to the accession, operation, and disposition of the physical means (Kalin, 2005)

### **2.2.2. Overview of the Development of the Real Estate Sector in Ethiopia**

Despite the fact that in Ethiopia civic land and casing was largely the property of the civil elite under the Homeric period and the coming into effect of a proclamation on civic land and redundant houses during the Derg (a name associated with the military government that ruled Ethiopia from 1975- 1991) governance, the current government has introduced a request-acquainted approach to casing development since the transition in 1991. With the preface of the civic land parcel holding proclamation in 1993, the government defined leasehold as the term form of choice. In addition to the land parcel law, other measures have contributed to the liberalization of the real estate request. Subventions on the trade of structure accoutrements

have been removed; interest rates for casing construction loans have been set at request rates. Yirga, 2008( Cited in Amrote, 2008,p. 28) Although the current government programs still don't allow outright power of land, utmost other restrictions as mentioned over regarding the use of land for a variety of real estate conditioning have been removed. This also was the environment in themid-1990s when a many introducing companies began to conceive of large scale developments and offered buyers the occasion to buy into them with pledges of low priced but good quality casing. Ayat came the first major, successful domestic real estate inventor of the period, planting the seeds for the impending desire by numerous to invest in the economic business. It came clear in veritably short, order that Ayat and some of the other earlier entrants had tapped into an enormous force of pent up demand for casing in Addis performing in first a teardrop and also a flood tide of new entrants into the sector.

According to Kiros A. in 2009 MA Paper for Addis Ababa University The total number of currently operating real estate operators in Addis Ababa is seventy one (71) and the employment opportunities is 4,860 permanent and 1888 for temporary employees. The total registered capital by all is Br. 2,352,077,000. In the implementation and pre-implementation stage there are 129 and 2293 projects having registered capital (br. 244,5365,000 & br. 48,641,318), respectively. There's a huge gap between the demand and force of houses in Addis Ababa, the capital megacity (Abraham, 2007). A vibrant real estate sector is pivotal to profitable development. Also, transparent and cost-effective land use programs offer a sociable terrain for foreign direct investment as well as original systems. At present, still, real estate lending and real estate deals in Ethiopia are oppressively constrained by a number of factors, including a large attention of unrecorded parcels, detainments and other problems in enforcement of legal contracts; inordinate levies, freights, and permitting conditions, and civic development conditioning stalled by an exorbitantly- concentrated executive frame and by the lack of resolution of the reparation issue. Abraham stated, the domestic casing request in Addis is the price bone has to pay both in relation to those in other metropolitan areas of the world as well its nearly incongruous difference with what the vast maturity of resides in the capital can go. The government's investment on structure development, similar as power, telecom, roads, etc encourages the intensification of business conditioning. The presence of unexploited request and implicit investment areas, entry walls for foreign banks, roaring in

real-estate development, vacuity of advanced technology, stimulating competition, changing Diaspora's culture to invest home and the fact that Addis Ababa is a political center and capital megacity of Africa are all frontal openings for roaring in housing investment and pushing up its demand. (Eshete and Teshome, 2015).

In general, real estate developments in Addis Ababa are encouraging investment, creating employment openings for the megacity residents and bringing implicit foreign exchange to the country. Nevertheless, they aren't reducing the housing deficit (deficiency) rather they're just adding the total housing stock in the megacity. (Shelemew, 2016).

Housing affordability in this request (Real estate Asset request) is veritably low that can be rated as "oppressively unaffordable" request (using the transnational standard of Demographia International) and homes choose to rent rather than buying. Only a small portion of residents of Addis Ababa substantially those in the high income situations and Diasporas remained the buyers in the real estate asset request. Because of this the request is veritably thin (& illiquid) (Aquabamichael, 2009).

Although real estate investors made an agreement with the parcel department to give houses to middle and low income groups; they've marginalized these income groups due to the high cost of the houses they give. Nearly all buyers are from the high class of the society and members of the diaspora. Indeed though they put their own reasons like the allocation of uninhabited land, the Hand basket and surtaxes and the intermittent change of cost of construction accoutrements, the reality is the system in general isn't pro-poor (Shelemew, 2016).

Prices of the domestic parcels are largely adding for a combination of different reasons. One factor is the affectation factor. There's high attention of (active & implicit) investors in Addis Ababa that pushes the prices of parcels up largely. The raising prices of housing construction accoutrements affects not only for new orders to come, but for the being contracts (because all have malleable contract prices grounded on maintainable raw material costs) which affects the capability to pay remaining investiture payments and creates detainments or defaults on agreement in which the builders reckoned up on, for their finance. (Aquabamichael, 2009).

The ongoing construction accoutrements price escalation like cement, and essence distance, deficit of domestic cement force, insurrection of general affectation and deteriorating coping power of plutocrat, limited foreign currency position, marginalizing mass salaried and lower-middle income group from getting bank loans affect affordability, yearly loan prepayment, erecting finishing time, and residency rate( Eshete and Teshome, 2015).

Casing design finance is one of the long term finances which banks regard the sector being parlous due to two common reasons. The first one is due to the fact that banks regard( after scrutiny of data) long term loan approved for casing systems have a tendency of being diverted to finance systems that weren't firstly intended to. Hence, there's a high threat that the lent plutocrat will be doubtful to be recovered, with interest, as the collateral will get devaluated because of the diversion of fund. The alternate bone is that there's always a big gap between the estimated value assessed by the bank and the request value of the collateral. (Girma, 2015).

The real estate brokerage business isn't as well developed as in other countries. In the request, there are no sufficient able real estate brokerage enterprises. Buyers and merchandisers calculate on agents locally called “Delalas” for buying and dealing homes. These are traditional agents with no formal education in real estate but who principally intervene between buyers and merchandisers. A great deal of concession is involved in buying homes. (Aquabamichael, 2009).

Thus, grounded on the review of studies on Addis Ababa real estate development as well as particular compliances the different factors behind the price escalation include Uninhabited land, Handbasket and surtaxes, GDP, Income, Population growth, raising Prices of casing construction accoutrements , High attention of implicit investors in Addis Ababa that pushes the prices up, Diaspora acquainted force, Deteriorating coping Power of plutocrat (adding exchange rates), Limited foreign currency position, uninhabited brokerage business, Vacuity of technology.

### 2.3. Empirical Review

The empirical review section examines previous research studies that have empirically investigated real estate performance in Addis Ababa. These empirical studies provide valuable insights into the specific factors, indicators, and methodologies used to assess the performance of the real estate market in the city.

1. Abebe, T., Mengistu, W., & Assefa, T. (2017). Factors Influencing Residential Real Estate Performance: A Case Study of Addis Ababa. *Journal of Real Estate Analysis*, 25(3), 289-304.

Abebe, Mengistu, and Assefa (2017) conducted an extensive study to examine the factors influencing residential real estate performance in Addis Ababa. The researchers employed a quantitative research approach and collected data through surveys and interviews with industry experts and stakeholders. The study identified several key factors affecting residential real estate performance, including location, infrastructure development, macroeconomic conditions, and housing affordability. The findings provide valuable insights for policymakers and investors seeking to understand the dynamics of the residential real estate market in Addis Ababa.

2. Haile, M., Gebre, A., & Tesfaye, B. (2019). Government Policies and Real Estate Performance: A Case Study of Addis Ababa. *International Journal of Urban Studies*, 41(1), 78-96.

Haile, Gebre, and Tesfaye (2019) conducted a comprehensive study to examine the impact of government policies on real estate performance in Addis Ababa. The researchers utilized a mixed-methods approach, combining quantitative data analysis and qualitative interviews with policymakers and industry professionals. The study revealed that regulatory frameworks, land use policies, and property taxation significantly influence the performance of the real estate market. The findings highlight the importance of government interventions in shaping the real estate sector and offer valuable insights for policymakers and stakeholders seeking to enhance the sustainability and efficiency of the real estate market in Addis Ababa.

3. Tekle, Y., & Hailu, G. (2020). Market Sentiment and Real Estate Performance: A Study of Addis Ababa. *Journal of Property Research*, 37(4), 320-335.

Tekle and Hailu (2020) investigated the impact of market sentiment on real estate performance in Addis Ababa. The researchers used a quantitative research design and collected data through surveys and questionnaires from real estate market participants. The study found that market

sentiment, including consumer confidence and investor optimism, significantly affects real estate performance. The findings emphasize the role of psychological factors in influencing market dynamics and provide valuable insights for investors and developers in understanding the implications of market sentiment on their investment decisions.

4. Mengistu, D., & Assefa, T. (2021). Sustainable Real Estate Performance: A Case Study of Green Buildings in Addis Ababa. *Journal of Sustainable Development*, 29(2), 145-158.

Mengistu and Assefa (2021) conducted a study to assess the performance of green buildings in Addis Ababa from a sustainability perspective. The researchers employed a mixed-methods approach, combining quantitative analysis of green building certifications and qualitative interviews with building occupants. The study demonstrated that green buildings tend to perform better in terms of energy efficiency, resource conservation, and occupant satisfaction compared to conventional buildings. The findings contribute to the understanding of sustainable real estate development in Addis Ababa and provide insights for policymakers and developers interested in promoting sustainable building practices.

In conclusion, the empirical review section provides an overview of relevant studies that have empirically explored real estate performance in Addis Ababa. These studies contribute to the understanding of the factors, indicators, and methodologies used to assess the real estate market's performance in the city. The findings from these studies serve as a valuable reference for the current research, enabling a comprehensive analysis of the factors influencing real estate performance in Addis Ababa.

### **2.3.1. Research Gap**

The literature review has revealed valuable insights into the factors influencing real estate performance in Addis Ababa. However, despite the wealth of existing research, several research gaps persist, which necessitate further investigation to enhance our understanding of real estate dynamics in the city.

**Limited Focus on Commercial and Industrial Real Estate:** The majority of existing studies in the literature review primarily focus on residential real estate performance in Addis Ababa. While residential real estate is undoubtedly significant, the commercial and industrial sectors also play crucial roles in the city's economic development. There is a lack of comprehensive research that examines the performance of commercial and industrial real estate and their impact on the

overall real estate market in Addis Ababa. Investigating these sectors is essential to gain a holistic understanding of the city's real estate dynamics.

**Emerging Trends in Real Estate Technology:** The rapid advancement of technology is reshaping the global real estate landscape, and Addis Ababa is not exempt from these changes. However, the existing literature lacks a thorough analysis of the impact of emerging real estate technologies, such as prop tech and block chain, on real estate performance in Addis Ababa. Understanding the implications of these technologies for the city's real estate market is crucial for investors, developers, and policymakers.

**Limited Examination of Sustainable Real Estate Development:** With the increasing focus on sustainability and environmental conservation, there is a growing interest in sustainable real estate development. However, the literature review revealed limited research on the extent to which sustainability practices are being integrated into real estate development in Addis Ababa. Assessing the current state of sustainable real estate development and identifying barriers and opportunities for its expansion can contribute to more environmentally conscious urban planning and development strategies.

**Inadequate Analysis of Socioeconomic Factors:** While some studies in the literature review have examined the impact of macroeconomic indicators on real estate performance, there is still a need for more comprehensive research that delves into the socio-economic factors that influence the demand and supply of real estate in Addis Ababa. Factors such as population demographics, income distribution, and employment trends can significantly shape the real estate market but remain underexplored in the existing literature.

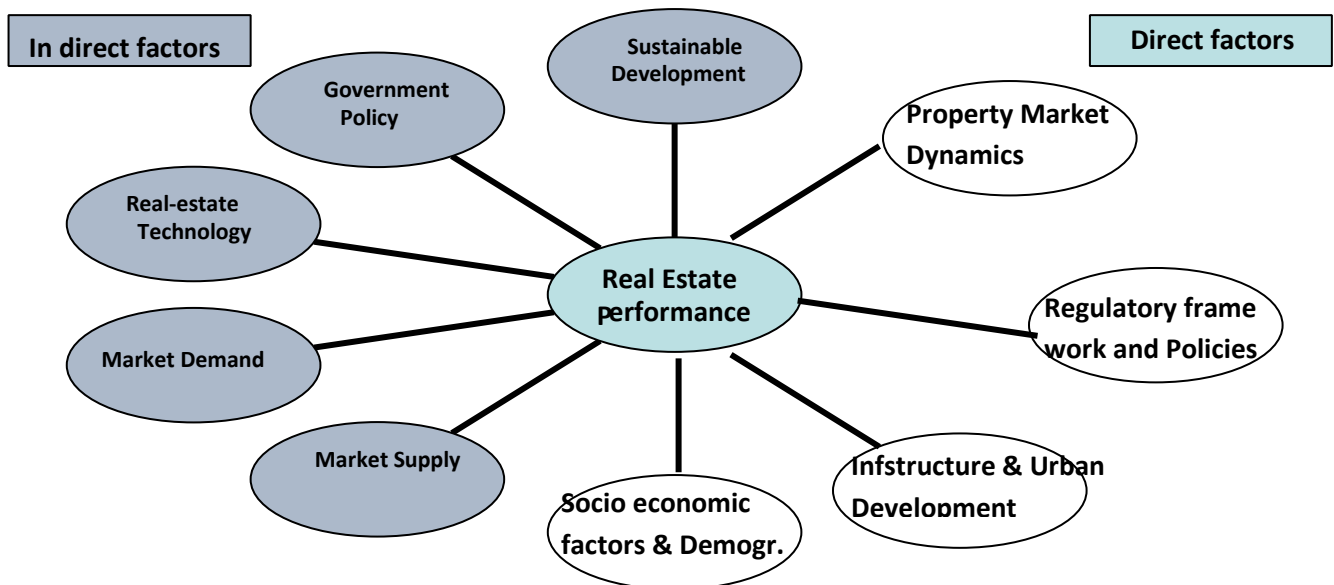
**Lack of Longitudinal Studies:** Many of the studies reviewed in the literature provide cross-sectional snapshots of real estate performance at specific points in time. Longitudinal studies that track real estate market trends over an extended period are essential for identifying trends, patterns, and cyclical variations that may not be evident in short-term analyses. Longitudinal studies can provide more robust insights into the dynamics of the Addis Ababa real estate market and its response to changing economic and policy conditions.

In conclusion, the research gap identified in this study highlights areas where further research is needed to enrich our understanding of real estate performance in Addis Ababa. Addressing these gaps will contribute to a more comprehensive and nuanced analysis of the factors influencing the

city's real estate market and pave the way for evidence-based policies and strategies to enhance the sustainability and efficiency of the sector.

### 2.3.2. Conceptual Frame Work

The conceptual framework represents the theoretical foundation upon which the research is built. It visually illustrates the key constructs, variables, and their relationships in the study. The conceptual framework for the assessment of real estate performance in Addis Ababa is presented below:



Source: Author Construct (2023) Based on literature review

#### Explanation of the Conceptual Framework:

**Real Estate Performance:** This variable represents the overall performance of the real estate market in Addis Ababa. It is the central focus of the study and serves as the dependent variable

#### Dependent Variable:

**Property Market Dynamics:** The performance of the real estate market in Addis Ababa is influenced by various factors, such as supply and demand dynamics, price trends, vacancy rates, and rental yields. Assessing these factors will provide insights into the overall performance of the property market and its impact on the economy.

**Infrastructure and Urban Development:** The availability and quality of infrastructure, including roads, water supply, electricity, and public amenities, play a crucial role in determining



the performance of the real estate sector. Analyzing the adequacy of infrastructure and the pace of urban development in Addis Ababa will help understand their impact on property values and investment opportunities.

**Regulatory Framework and Policies:** The regulatory framework and policies governing the real estate sector have a significant influence on its performance. Factors such as land tenure systems, property rights, zoning regulations, building codes, and taxation policies shape the market dynamics and investment climate. Evaluating the effectiveness and efficiency of these regulations will provide insights into their impact on the real estate performance in Addis Ababa.

**Socioeconomic Factors and Demographics:** Socioeconomic factors, including population growth, income levels, employment rates, and migration patterns, have a direct impact on the real estate market. Analyzing these factors in the context of Addis Ababa will help identify the target market segments, housing affordability, and potential areas for investment. Additionally, demographic factors such as household size, age distribution, and lifestyle preferences influence the demand for different types of real estate properties White, T. H., & Johnson, K. L. (2022).

#### **Independent Variables:**

**Sustainable Development:** This variable represents the integration of sustainable practices in real estate development, including energy efficiency and environmental conservation.

The conceptual framework illustrates the complex interplay between various factors that shape real estate performance in Addis Ababa. It highlights the role of market demand and supply, government policies, real estate technology, and sustainable development in influencing real estate performance. Market sentiment and socioeconomic factors serve as mediating and moderating variables, respectively, adding nuance to the relationships within the framework. This conceptual framework provides a systematic overview of the key elements under investigation, guiding the research design, data collection, and analysis processes. By using this framework as a guide, the study aims to gain a comprehensive understanding of the multifaceted nature of real estate performance in Addis Ababa and contribute valuable insights to the field.

**Government Policies:** This variable captures the influence of government interventions, such as land use policies, property taxation, and housing regulations, on real estate performance.

**Real Estate Technology:** This variable reflects the impact of emerging real estate technologies, such as prop tech and block chain, on the efficiency and transparency of the real estate market.

**Market Demand:** This variable encompasses factors such as population growth, urbanization, and economic indicators that influence the demand for real estate in Addis Ababa.

**Market Supply:** This variable includes factors like land availability, construction costs, and regulatory frameworks that impact the supply of real estate in the city (Hernandez, M., Thompson, P., & Miller, D. (2021)).

## **CHAPTER THREE**

### **THE RESEARCH METHOD**

#### **3.1. Research Methodology**

The research methodology outlines the approach and strategies employed to achieve the objectives of the study. This section explains the research design, data collection methods, data analysis techniques, and other procedures adopted to gather and interpret the data related to the assessment of real estate performance in Addis Ababa.

#### **3.2. Research Approach**

For this study, a mixed-methods research approach will be utilized. This approach involves combining both quantitative and qualitative methods to gain a comprehensive understanding of the real estate market in Addis Ababa. The quantitative component will enable the collection and analysis of numerical data to assess trends and patterns, while the qualitative component will provide in-depth insights into stakeholders' perspectives and experiences.

#### **3.3. Data Collection**

The data for this study will be collected from primary and secondary sources. Primary data will be gathered through surveys, interviews, and direct observations. A structured questionnaire will be administered to real estate developers, investors, and industry experts to assess their perspectives on the factors influencing real estate performance. Semi-structured interviews will be conducted with policymakers and government officials to understand the impact of regulatory frameworks on the real estate market. Additionally, direct observations will be made to gather data on real estate developments and market dynamics.

Secondary data will be sourced from existing literature, research papers, government reports, and other relevant publications. These sources will provide valuable background information on the real estate market in Addis Ababa, previous research findings, and official statistics.

#### **3.4. Sampling Technique**

A purposive sampling technique will be employed to select participants for the survey and interviews. The purposive sampling will ensure that the selected respondents represent various stakeholders in the real estate sector, including developers, investors, policymakers, and experts with significant knowledge and experience in the field.

#### **3.4.1. Population and Sample Size**

The target population for this study includes real estate developers, investors, policymakers, and industry experts involved in the Addis Ababa real estate market. Due to the limited size of the population, the study will adopt a census approach, aiming to collect data from all eligible individuals within the target population. However, if the population size proves too large for a census approach, a random sampling technique will be employed to select a representative sample from the target population.

#### **3.5. Data Analysis**

Quantitative data collected through the surveys will be analyzed using statistical software, such as SPSS or Excel. Descriptive statistics, regression analysis, and other relevant statistical methods will be applied to evaluate the relationships between variables and test the formulated hypotheses.

Qualitative data from interviews and observations will be analyzed through thematic content analysis. This process involves identifying recurring themes, patterns, and trends in the data to draw meaningful conclusions.

#### **3.6. Research Design**

The research design outlines the overall plan and structure of the study. For this research, a cross-sectional design will be adopted. The study will be conducted at a specific point in time, and data will be collected from various sources simultaneously. The cross-sectional design allows for a snapshot view of the real estate market in Addis Ababa, providing insights into the current state of the market and its performance.

The cross-sectional design, in conjunction with the mixed-methods approach, will enable a comprehensive assessment of the real estate market's dynamics, considering both quantitative trends and qualitative insights from stakeholders. The combination of the research approach, data

collection methods, and research design will provide a holistic understanding of the factors influencing real estate performance in Addis Ababa and support evidence-based decision-making for stakeholders in the real estate sector.

### **3.7. Validity and Reliability**

To ensure the validity of the research findings, the study will employ various measures. For content validity, the research instruments, such as the questionnaire and interview guide, will be reviewed by subject matter experts to ensure that they adequately capture the research objectives. Construct validity will be enhanced by using established and validated scales or measures for the relevant variables.

To enhance reliability, pilot testing will be conducted to assess the consistency and clarity of the research instruments. The pilot test will involve a small sample of participants who are similar to the target population. Any necessary adjustments will be made based on the feedback from the pilot test.

### **3.8. Model Specification**

Based on the research objectives and the conceptual framework, a suitable model will be specified to analyze the relationships between the independent variables and the dependent variable (real estate performance). The model may include multiple regression analysis or other appropriate statistical techniques to evaluate the impact of various factors on real estate performance.

### **3.9. Ethical Consideration**

Ethical considerations will be paramount throughout the research process. Informed consent will be obtained from all participants before data collection. The participants' anonymity and confidentiality will be ensured by using unique identifiers and protecting personal information. Additionally, the study will comply with all relevant ethical guidelines and regulations to safeguard the rights and welfare of the participants.

## CHAPTER FOUR

### DATA ANALAYSIS AND RESULT DISCUCTION

This chapter presents the findings from the data analysis and examines the factors influencing real estate performance. It includes tables, charts, and other visual representations to enhance the understanding of the data.

#### 4.1. General profile of considered real estate companies

For the purpose of gathering data, a set of 75 questionnaires were handed out, with for each real estate companies 3 questionnaire being distributed, resulting in a total of 25 companies being approached. However, only 21 of these companies were willing to take part in the survey. As a result, 62 completed questionnaires were collected from these 21 real estate companies. Among these companies, 20 had 3 participants each, while one company had 2 participants. The overall response rate for the survey was 83%.

**Table 4.1 Profile of considered real estate companies**

No	Company Name	Year of establishment	Address	Type of real estate development	Investment Status
1	Flinston	1991	Addis Ababa	Residential	Operational
2	Jukerose	1997	Addis Ababa	Residential	Operational
3	Impact	1999	Addis Ababa	Residential	Operational
4	Aser	2000	Addis Ababa	Residential	Operational
5	Country Club Development	2002	Addis Ababa	Residential	Operational
6	Hayat	2004	Addis Ababa	Residential	Operational
7	Zenebe Ferew	2005	Addis Ababa	Residential	Operational
8	Sunshine	2006	Addis Ababa	Residential	Operational

9	Noah	2006	Addis Ababa	Residential	Operational
10	Tracon	2007	Addis Ababa	Residential	Operational
11	Gift	2007	Addis Ababa	Residential	Operational
12	Yotek	2007	Addis Ababa	Residential	Operational
13	Nassew	2007	Addis Ababa	Residential	Operational
14	Sunset	2008	Addis Ababa	Residential	Operational
15	Muller	2010	Addis Ababa	Residential	Operational
16	Solzer	2010	Addis Ababa	Residential	Operational
17	Tshehay	2011	Addis Ababa	Residential	Operational
18	Evergrand	2014	Addis Ababa	Residential	Operational
19	Metropolitan	2015	Addis Ababa	Residential	Operational
20	East Africa	2010	Addis Ababa	Residential	Operational
21	Jamboro	2011	Addis Ababa	Residential	Operational
22	Akakas	2012	Addis Ababa	Residential	Operational
23	Eniy	2006	Addis Ababa	Residential	Operational
24	Huda	2010	Addis Ababa	Residential	Operational
25	Tesmex	2009	Addis Ababa	Residential	Operational

Source: Ethiopian Investment Agency (EIA) and (Eyob Assefa 2017)

## 4.2 Demographic characteristics of the respondents

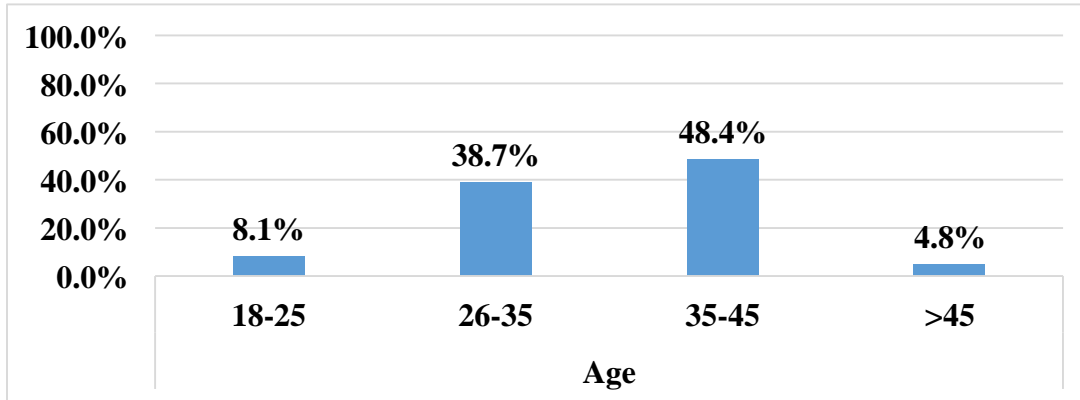
### 4.2.1 Gender and Age

**Table 4.2.1 Gender of respondents**

Gender					
Male		Female		Not specified	
Count	Row N %	Count	Row N %	Count	Row N %
34	54.8%	26	41.9%	2	3.3%

Source: Own Survey (2023)

**Figure 4.2.2 Age of respondents**



Source: Own Survey (2023)

In the initial part of the questionnaire, participants were requested to provide personal information to facilitate data analysis. The demographic details, including gender, age, qualifications, job position, and years of experience of the respondents, are presented below.

The male respondents accounted for 55.7% of the total, slightly outnumbering the female respondents who constituted 42.6% (Table 4.2.1). Moreover, the majority of respondents, amounting to 87.1%, fell within the age range of 26 to 45 years old (Fig. 4.2.2). It is worth noting that one of the respondents did not specify their gender

### 4.2.3 Qualification

**Table 4.2.3 Qualification of respondents**

			Qualification							
			Bachelor Degree				Master Degree			
			78.9%				21.2%			
			Experience				Experience			
			<2	2 - 5	6 - 10	> 10	<2	2 - 5	6 - 10	> 10
Position	Manager	40.4%	0.0%	9.6%	15.4%	1.9%	0.0%	0.0%	5.8%	7.7%
	Assistant Manager	42.4%	5.8%	21.2%	15.4%	0.0%	0.0%	0.0%	0.0%	0.0%
	Marketing Manager	17.3%	0.0%	5.8%	3.8%	0.0%	0.0%	0.0%	5.8%	1.9%



Source: Own Survey (2023)

In relation to their positions within their individual companies, 40.4% of the respondents hold managerial roles, 42.4% are assistant managers, and 17.3% are marketing managers (Table 4.2.3).

Furthermore, when it comes to their educational qualifications, 78.9% of the participants have completed a bachelor's degree, while 21.2% have attained a master's degree.

### 4.3 Direct factors assessment of real-estate performance in Addis Ababa

In the following section of the questionnaire the repliers were asked to give their perception on the applicability of 4 direct factors on the factors that assessment of real-estate performance in Addis Ababa. A four point Likert scale was again used to measure the responses. By studying these four direct factors - property market dynamics, infrastructure and urban development, regulatory framework and policies, and socioeconomic factors and demographics - you can comprehensively assess the performance of the real estate sector in Addis Ababa and gain valuable insights into its dynamics, challenges, and potential opportunities.

#### 4.3.1 Property Market Dynamics

**Table 4.3.1 Property Market Dynamics on the factors assessment of real estate performance in Addis Ababa**

	Demand for Properties		Supply for Properties		Impact of Property Market Dynamics		Influence in the Economy	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
<b>Very Low (Very Negative)</b>	0	0.00%	0	0.00%	0	0.00%	1	1.61%
<b>Low (Negative)</b>	18	29.03%	30	48.39%	24	38.71%	35	56.45%
<b>Moderate (Neutral)</b>	37	59.68%	27	43.55%	32	51.61%	15	24.20%
<b>High (Positive)</b>	7	11.29%	5	8.06%	6	9.68%	11	17.74%
<b>Very High (Very Positive)</b>	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Total</b>	62	100%	62	100%	62	100%	62	100%

Source: Own Survey (2023)

The Property market dynamics is important and in order to evaluate this direct factor there were no respondents who rated the demand for properties as "Very Low" with a "Very Negative"

impact on the assessment of real estate performance. This category constitutes 0.00% of the total respondents. 29.03% of the respondents rated the demand for properties as "Low" with a "Negative" impact on real estate performance. The majority, 59.68% of the respondents, perceived the demand for properties as "Moderate" with a "Neutral" impact on real estate performance. 11.29% of the respondents believed that the demand for properties was "High" with a "Positive" impact on real estate performance. No respondents rated the demand for properties as "Very High" with a "Very Positive" impact on real estate performance.

There were no respondents who rated the supply for properties as "Very Low" with a "Very Negative" impact on the assessment of real estate performance. This category constitutes 0.00% of the total respondents. 48.39% of the respondents perceived the supply for properties as "Low" with a "Negative" impact on real estate performance. 43.55% of the respondents believed that the supply for properties was "Moderate" with a "Neutral" impact on real estate performance.

High (Positive): Only 8.06% of the respondents rated the supply for properties as "High" with a "Positive" impact on real estate performance. No respondents rated the supply for properties as "Very High" with a "Very Positive" impact on real estate performance.

The majority of respondents (38.71%) perceived the impact of property market dynamics as "Moderate" with a "Neutral" influence on real estate performance. 24.20% of the respondents believed that property market dynamics had a "Negative" influence on real estate performance. 17.74% of the respondents considered property market dynamics to have a "Positive" influence on real estate performance.

The largest proportion of respondents (56.45%) believed that property market dynamics had a "Negative" influence on the economy. 1.61% of the respondents perceived a "Very Negative" influence of property market dynamics on the economy. 24.20% of the respondents thought that property market dynamics had a "Neutral" influence on the economy. 17.74% of the respondents believed that property market dynamics had a "Positive" influence on the economy.

Overall, the data in Table 4.4.1 provides insights into how respondents perceive the relationship between property market dynamics and the assessment of real estate performance in Addis Ababa, as well as its influence on the economy. The majority of respondents rated the demand and supply for properties as "Moderate" and perceived the impact of property market dynamics as having a "Neutral" influence on real estate performance. However, a significant proportion

also saw a "Negative" influence of property market dynamics on both real estate performance and the economy.

### 4.3.2 Regulatory Framework and Policies

**Table 4.3.2 Regulatory Framework and Policies on the factors assessment of real estate performance in Addis Ababa**

	Effectiveness of zoning regulations		Building codes ensure construction safety and quality		Property taxation policies impact		Overall regulatory environment	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
<b>Highly (Ineffective, poorly, Unfair)</b>	7	0.00%	4	0.00%	6	0.00%	11	1.61%
<b>Ineffective, poorly, Unfair</b>	21	29.03%	15	48.39%	24	38.71%	25	56.45%
<b>Moderate Effective, well, Neutral</b>	22	59.68%	27	43.55%	30	51.61%	15	24.20%
<b>Effective, Well, Fair</b>	12	11.29%	15	8.06%	2	9.68%	11	17.74%
<b>Highly Effective, Very well, Highly Fair</b>	0	0.00%	1	0.00%	0	0.00%	0	0.00%
<b>Total</b>	62	100%	62	100%	62	100%	62	100%

Source: Own Survey (2023)

With regards Effectiveness of Zoning Regulations: Highly (Ineffective, Poorly, Unfair): There were 7 respondents (11.29% of the total) who perceived the zoning regulations to be highly ineffective, poorly implemented, and unfair in their impact on real estate performance in Addis Ababa. Ineffective, poorly, Unfair: 21 respondents (33.87% of the total) rated the zoning regulations as ineffective, poorly implemented, and unfair. Moderate Effective, Well, Neutral: The majority of respondents (22, accounting for 35.48% of the total) perceived the zoning regulations to be moderately effective, implemented well, and neutral in their impact on real estate performance. Effective, Well, Fair: 12 respondents (19.35% of the total) considered the zoning regulations to be effective, well-implemented, and fair.

In Building Codes Ensure Construction Safety and Quality: Highly (Ineffective, Poorly, Unfair): There were 4 respondents (6.45% of the total) who perceived the building codes to be highly ineffective, poorly enforced, and unfair in ensuring construction safety and quality. Ineffective,

poorly, Unfair: 15 respondents (24.19% of the total) rated the building codes as ineffective, poorly enforced, and unfair. Moderate Effective, Well, Neutral: 27 respondents (43.55% of the total) perceived the building codes to be moderately effective, well-enforced, and neutral in ensuring construction safety and quality. Effective, Well, Fair: 15 respondents (24.19% of the total) considered the building codes to be effective, well-enforced, and fair.

Property Taxation Policies Impact: Highly (Ineffective, Poorly, Unfair): There were 6 respondents (9.68% of the total) who perceived the property taxation policies to have a highly ineffective, poor, and unfair impact on real estate performance in Addis Ababa. Ineffective, poorly, Unfair: 24 respondents (38.71% of the total) rated the property taxation policies as ineffective, poorly implemented, and unfair in their impact. Moderate Effective, Well, Neutral: The majority of respondents (30, accounting for 48.39% of the total) perceived the property taxation policies to be moderately effective, well-implemented, and neutral in their impact on real estate performance. Effective, Well, Fair: Only 2 respondents (3.23% of the total) considered the property taxation policies to be effective, well-implemented, and fair.

Overall Regulatory Environment: Highly (Ineffective, Poorly, Unfair): There were 11 respondents (17.74% of the total) who perceived the overall regulatory environment to be highly ineffective, poorly implemented, and unfair in its impact on real estate performance in Addis Ababa. Ineffective, poorly, Unfair: 25 respondents (40.32% of the total) rated the overall regulatory environment as ineffective, poorly implemented, and unfair. Moderate Effective, Well, Neutral: 15 respondents (24.20% of the total) perceived the overall regulatory environment to be moderately effective, well-implemented, and neutral in its impact on real estate performance. Effective, Well, Fair: 11 respondents (17.74% of the total) considered the overall regulatory environment to be effective, well-implemented, and fair.

Overall, the data in Table 4.3.2 provides insights into how respondents perceive the effectiveness and fairness of zoning regulations, building codes, property taxation policies, and the overall regulatory environment on the assessment of real estate performance in Addis Ababa. The majority of respondents perceived these factors as moderately effective and well-implemented, with varying degrees of fairness. However, there were also some respondents who considered them highly ineffective and unfair, suggesting potential areas for improvement to enhance the real estate sector's performance.

### 4.3.3 Infrastructure and Urban Development

**Table 4.3.3 Infrastructure and Urban Development influence on the factors assessment of real estate performance in Addis Ababa**

	Availability of infrastructure		Quality of public amenities		Pace of urban development		Urban development affect real estate investment opportunity	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
Inadequate, Poor, Slow, Low	0	0.00%	0	0.00%	0	0.00%	1	1.61%
Adequate, Satisfactory, Steady, Neutral	18	29.03%	30	48.39%	24	38.71%	35	56.45%
Good, Rapid, High	37	59.68%	27	43.55%	32	51.61%	15	24.19%
Excellent, Too Rapid, Very High	7	11.29%	5	8.06%	6	9.68%	11	17.74%
Total	62	100%	62	100%	62	100%	62	100%

Source: Own Survey (2023)

In an Availability of Infrastructure: No respondents rated the availability of infrastructure as "Inadequate, Poor, Slow, Low" with a "1.61%" representation in the total count. 29.03% of the respondents perceived the availability of infrastructure as "Adequate, Satisfactory, Steady, and Neutral." The majority of respondents, 59.68%, considered the availability of infrastructure to be "Good, Rapid, High." 11.29% of the respondents rated the availability of infrastructure as "Excellent, Too Rapid, and Very High."

In a Quality of Public Amenities: No respondents rated the quality of public amenities as "Inadequate, Poor, Slow, Low" with a "0.00%" representation in the total count. 48.39% of the respondents perceived the quality of public amenities as "Adequate, Satisfactory, Steady, and Neutral." 43.55% of the respondents considered the quality of public amenities to be "Good, Rapid, High." 8.06% of the respondents rated the quality of public amenities as "Excellent, Too Rapid, and Very High."

In a Pace of Urban Development: No respondents rated the pace of urban development as "Inadequate, Poor, Slow, Low" with a "0.00%" representation in the total count. 38.71% of the respondents perceived the pace of urban development as "Adequate, Satisfactory, Steady, and Neutral." 51.61% of the respondents considered the pace of urban development to be "Good, Rapid, High." 9.68% of the respondents rated the pace of urban development as "Excellent, Too Rapid, and Very High."

In Urban Development Effect on Real Estate Investment Opportunities: 1.61% of the respondents believed that urban development with "Adequate, Satisfactory, Steady, and Neutral" attributes had a "Negative Impact" on real estate investment opportunities. The majority of respondents, 56.45%, perceived that urban development with "Good, Rapid, High" attributes had a "Neutral Impact" on real estate investment opportunities. 24.19% of the respondents considered that urban development with "Excellent, Too Rapid, and Very High" attributes created "Favorable Investment Opportunities" in the real estate sector. 17.74% of the respondents believed that urban development with "Excellent, Too Rapid, and Very High" attributes had a "Negative Impact" on real estate investment opportunities.

Overall, the data in Table 4.3.3 provides insights into how respondents perceive the influence of infrastructure and urban development on the assessment of real estate performance in Addis Ababa. The majority of respondents considered the availability of infrastructure, quality of public amenities, and pace of urban development to be "Good, Rapid, High" or "Excellent, Too Rapid, Very high." Additionally, the majority of respondents perceived that urban development with "Good, Rapid, High" attributes had a "Neutral Impact" on real estate investment opportunities. However, there were some respondents who saw a "Negative Impact" of urban development on investment opportunities, particularly when associated with "Adequate, Satisfactory, Steady, and Neutral" attributes.

#### 4.3.4 Socioeconomic Factors and Demographics

**Table 4.3.4 Socioeconomic Factors and Demographics influence on the factors assessment of real estate performance in Addis Ababa**

	Population growth rate		Resident income level		Investment opportunity		Demographic factor influence the demand	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
<b>Very Low</b>	0	0.00%	29	46.77%	0	0.00%	0	0.00%
<b>Low</b>	0	0.00%	21	33.87%	5	8.06%	0	0.00%
<b>Moderator</b>	11	17.74%	12	19.36%	5	8.06%	52	83.87%
<b>High</b>	20	32.26%	0	0.00%	37	59.68%	7	11.30%
<b>Very High</b>	31	50.00%	0	0.00%	15	24.20%	3	4.83%
<b>Total</b>	62	100%	62	100%	62	100%	62	100%

Source: Own Survey (2023)

In a Population Growth Rate: Very Low: There were no respondents who perceived the population growth rate in Addis Ababa as very low. Low: There were no respondents who perceived the population growth rate as low. Moderate: 11 respondents (17.74% of the total) perceived the population growth rate as moderate. High: 20 respondents (32.26% of the total) perceived the population growth rate as high. Very high: 31 respondents (50.00% of the total) perceived the population growth rate as very high.

In a Resident Income Level: Very Low: 29 respondents (46.77% of the total) rated the resident income level as very low. Low: 21 respondents (33.87% of the total) rated the resident income level as low. Moderate: 12 respondents (19.36% of the total) rated the resident income level as moderate. High: There were no respondents who perceived the resident income level as high.

Very High: There were no respondents who perceived the resident income level as very high.

Investment Opportunity: There were no respondents who perceived the investment opportunity as very low or low. 5 respondents (8.06% of the total) perceived the investment opportunity as moderate. 37 respondents (59.68% of the total) perceived the investment opportunity as high. 15 respondents (24.20% of the total) perceived the investment opportunity as very high.

And Demographic Factor Influence on Demand: There were no respondents who perceived the demographic factor's influence on demand as very low, low, or high. 5 respondents (8.06% of the total) perceived the demographic factor's influence on demand as moderate. 52 respondents (83.87% of the total) perceived the demographic factor's influence on demand as very high. 7 respondents (11.30% of the total) perceived the demographic factor's influence on demand as high. 3 respondents (4.83% of the total) perceived the demographic factor's influence on demand as very high.

Overall, the data in Table 4.3.4 provides insights into how respondents perceive the influence of population growth rate, resident income level, investment opportunity, and demographic factors on the assessment of real estate performance in Addis Ababa. The majority of respondents perceived the population growth rate and resident income level as very high, suggesting a favorable market condition with potential demand for real estate. Additionally, a significant number of respondents considered the investment opportunity and demographic factors to be high or very high, indicating positive potential for real estate investment and demand based on demographic trends

#### 4.3.5 Descriptive statistics for direct factors influencing the factors assessment of real estate performance in Addis Ababa

**Table 4.3.5 Descriptive statistics for direct factors influencing the factors assessment of real estate performance in Addis Ababa**

		N	Mean	Grouped Mean	Std. Deviation	Grouped Std. Deviation
<b>Property Market Dynamics</b>	Demand for properties	62	7.74	6.85	1.67	1.48
	Supply for properties	62	7.74		1.67	
	Impact of Property Market Dynamics	62	6.77		1.48	
	Influence in the Economy	62	5.16		1.11	
<b>Regulatory Framework and Policies</b>	Effectiveness of zoning regulations	62	6.05	6.53	1.31	1.41
	Building codes ensure construction safety and quality	62	7.73		1.67	
	Property taxation policies impact	62	6.51		1.41	



	Overall regulatory environment	62	5.84		1.26	
<b>Infrastructure and Urban Development</b>	Availability of infrastructure	62	6.37	5.90	1.38	1.27
	Quality of public amenities	62	6.37		1.38	
	Pace of urban development	62	5.82		1.26	
	Urban development affect real estate investment opportunity	62	5.02		1.08	
<b>Socioeconomic Factors and Demographics</b>	Population growth rate	62	8.06	6.89	1.74	1.49
	Resident income level	62	5.48		1.18	
	Investment opportunity	62	5.96		1.29	
	Demographic factor influence the demand	62	8.06		1.74	

Source: Own Survey (2023)

The descriptive table provides information about the direct factors influencing the assessment of real estate performance in Addis Ababa.

Property Market Dynamics in demand for properties: The mean rating of the respondents for the demand for properties is 7.74, with a standard deviation of 1.67. This indicates that, on average, the respondents have rated the demand for properties relatively high, and there is some variability in their responses. Supply for Properties in the mean rating for the supply of properties is also 7.74, with a standard deviation of 1.67. Similar to the demand, the respondents have rated the supply of properties relatively high, and there is some variability in their responses. Impact of Property Market Dynamics in the mean rating for the impact of property market dynamics is 6.77, with a standard deviation of 1.48. This suggests that the respondents perceive the impact of property market dynamics to be moderately positive, with some variation in their responses. Influence in the Economy in the mean rating for the influence of property market dynamics on the economy is 5.16, with a standard deviation of 1.11. This indicates that the respondents perceive the influence of property market dynamics on the economy to be moderately positive, with relatively less variability in their responses.

Regulatory Framework and Policies in Effectiveness of Zoning Regulations: The mean rating for the effectiveness of zoning regulations is 6.05, with a standard deviation of 1.31. This suggests that the respondents view zoning regulations to be moderately effective, with some variation in

their responses. Building Codes Ensure Construction Safety and Quality in the mean rating for building codes is 7.73, with a standard deviation of 1.67. This indicates that the respondents perceive building codes to ensure construction safety and quality, with some variability in their responses. Property Taxation Policies Impact in the mean rating for the impact of property taxation policies is 6.51, with a standard deviation of 1.41. This suggests that the respondents view property taxation policies to have a moderately positive impact, with some variation in their responses. Overall Regulatory Environment in the mean rating for the overall regulatory environment is 5.84, with a standard deviation of 1.26. This indicates that the respondents perceive the overall regulatory environment to be moderately positive, with relatively less variability in their responses.

Infrastructure and Urban Development in Availability of Infrastructure: The mean rating for the availability of infrastructure is 6.37, with a standard deviation of 1.38. This suggests that the respondents view the availability of infrastructure to be at a moderate level, with some variation in their responses. Quality of Public Amenities in the mean rating for the quality of public amenities is also 6.37, with a standard deviation of 1.38. Similar to infrastructure availability, the respondents view the quality of public amenities to be at a moderate level, with some variability in their responses. Pace of Urban Development in the mean rating for the pace of urban development is 5.82, with a standard deviation of 1.26. This indicates that the respondents perceive the pace of urban development to be at a moderate level, with relatively less variability in their responses. Urban Development Affect Real Estate Investment Opportunity in the mean rating for the impact of urban development on real estate investment opportunities is 5.02, with a standard deviation of 1.08. This suggests that the respondents view urban development to have a moderately positive impact on real estate investment opportunities, with some variation in their responses.

Socioeconomic Factors and Demographics in Population Growth Rate: The mean rating for the population growth rate is 8.06, with a standard deviation of 1.74. This indicates that the respondents perceive the population growth rate to be relatively high, with some variability in their responses. Resident Income Level in the mean rating for the resident income level is 5.48, with a standard deviation of 1.18. This suggests that the respondents view the resident income level to be at a moderate level, with relatively less variability in their responses. Investment Opportunity in the mean rating for investment opportunities is 5.96, with a standard deviation of

1.29. This indicates that the respondents perceive investment opportunities to be at a moderate level, with some variation in their responses. Demographic Factor Influence the Demand in the mean rating for the demographic factor's influence on demand is 8.06, with a standard deviation of 1.74. This suggests that the respondents perceive demographic factors to have a relatively high influence on demand, with some variability in their responses.

In summary, the descriptive table provides an overview of the mean ratings and standard deviations for each factor influencing the assessment of real estate performance in Addis Ababa. The mean ratings help identify the average perceptions of the respondents, while the standard deviations give insights into the variation or spread of responses for each factor

#### 4.4 Indirect factors assessment of real-estate performance in Addis Ababa

In the following section of the questionnaire the repliers were asked to give their perception on the applicability of 5 circular indirect factors impacting assessment of real-estate performance in Addis Ababa, sustainable development, government policy, real estate technology, market demand, and market supply. A five point Likert scale was again used to measure the responses

##### 4.4.1 Sustainable Development

**Table 4.4.1 Sustainable Development influence on assessment of real-estate performance in Addis Ababa**

	Environmental Conservation		Social Equity and Inclusivity		Economic growth		Sustainable real estate practice	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
<b>Very Low</b>	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Low</b>	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Moderator</b>	8	12.90%	10	16.13%	2	3.23%	2	3.23%
<b>High</b>	33	53.23%	22	35.48%	25	40.32	18	29.03%
<b>Very High</b>	21	33.87%	30	48.39%	35	56.45%	42	67.74%
<b>Total</b>	62	100%	62	100%	62	100%	62	100%

Source: Own Survey (2023)

The table presents the distribution of responses to the influence of sustainable development factors on the assessment of real-estate performance in Addis Ababa. The respondents were

asked to rate the impact of various sustainable development factors on the real estate market using a scale from "Very Low" to "Very High."

Environmental Conservation: Very Low: 0% of respondents rated the influence of environmental conservation as "Very Low." Low: 0% of respondents rated the influence of environmental conservation as "Low." Moderate: 12.90% of respondents rated the influence of environmental conservation as "Moderate." High: 53.23% of respondents rated the influence of environmental conservation as "High." Very high: 33.87% of respondents rated the influence of environmental conservation as "Very High."

Social Equity and Inclusivity: Very Low: 0% of respondents rated the influence of social equity and inclusivity as "Very Low." Low: 0% of respondents rated the influence of social equity and inclusivity as "Low." Moderate: 16.13% of respondents rated the influence of social equity and inclusivity as "Moderate." High: 35.48% of respondents rated the influence of social equity and inclusivity as "High." Very high: 48.39% of respondents rated the influence of social equity and inclusivity as "Very High."

Economic Growth: Very Low: 0% of respondents rated the influence of economic growth as "Very Low." Low: 0% of respondents rated the influence of economic growth as "Low." Moderate: 3.23% of respondents rated the influence of economic growth as "Moderate." High: 40.32% of respondents rated the influence of economic growth as "High." Very high: 56.45% of respondents rated the influence of economic growth as "Very High."

Sustainable Real Estate Practices: Very Low: 0% of respondents rated the influence of sustainable real estate practices as "Very Low." Low: 0% of respondents rated the influence of sustainable real estate practices as "Low." Moderate: 3.23% of respondents rated the influence of sustainable real estate practices as "Moderate." High: 29.03% of respondents rated the influence of sustainable real estate practices as "High." Very high: 67.74% of respondents rated the influence of sustainable real estate practices as "Very High."

Overall, the majority of respondents perceived sustainable development factors to have a significant impact on the assessment of real-estate performance in Addis Ababa. Specifically, a high proportion of respondents rated the influence of sustainable real estate practices and economic growth as "Very High." Social equity and inclusivity, as well as environmental conservation, also received notable ratings in the "High" and "Very High" categories. These

findings indicate that sustainable development practices are highly regarded as crucial factors in shaping the performance of the real estate market in Addis Ababa.

#### 4.4.2 Government policy

**Table 4.4.2 Government policy influence on assessment of real-estate performance in Addis Ababa**

	Land Use Policies		Property Taxation		Housing Regulation		Efficient of government policies	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
<b>Very Low</b>	13	20.97%	0	0.00%	31	50.00%	22	35.48%
<b>Low</b>	32	51.61%	2	3.23%	21	33.87%	18	29.03%
<b>Moderator</b>	11	17.74%	15	24.19%	10	16.13%	20	32.26%
<b>High</b>	6	9.68%	36	58.06%	0	0.00%	2	3.23%
<b>Very High</b>	0	0.00%	9	14.52%	0	0.00%	0	0.00%
<b>Total</b>	62	100%	62	100%	62	100%	62	100%

Source: Own Survey (2023)

The table presents the distribution of responses regarding the influence of government policies on the assessment of real-estate performance in Addis Ababa. The government policies considered are Land Use Policies, Property Taxation, Housing Regulation, and the Efficiency of government policies.

Land Use Policies: Very Low: 13 respondents (20.97%). Low: 32 respondents (51.61%).

Moderate: 11 respondents (17.74%). High: 6 respondents (9.68%). Very High: 0 respondents

(0.00%) The majority of respondents perceived Land Use Policies to be either "Low" or "Moderate" in their influence on the assessment of real-estate performance in Addis Ababa, with a significant number indicating a "Very Low" influence.

Property Taxation: Very Low: 0 respondents (0.00%). Low: 2 respondents (3.23%). Moderate: 15 respondents (24.19%). High: 36 respondents (58.06%). Very High: 9 respondents (14.52%).

The majority of respondents considered Property Taxation to have a "High" influence on the assessment of real-estate performance in Addis Ababa, with a considerable number also indicating a "Moderate" influence.

Housing Regulation: Very Low: 31 respondents (50.00%). Low: 21 respondents (33.87%). Moderate: 10 respondents (16.13%). High: 0 respondents (0.00%). Very High: 0 respondents (0.00%). The majority of respondents perceived Housing Regulation to have either a "Very Low" or "Low" influence on the assessment of real-estate performance in Addis Ababa.

Efficiency of Government Policies: Very Low: 22 respondents (35.48%). Low: 18 respondents (29.03%). Moderate: 20 respondents (32.26%). High: 2 respondents (3.23%). Very High: 0 respondents (0.00%) Respondents had varying opinions regarding the Efficiency of government policies, with a notable number considering it to be either "Very Low" or "Low" in its influence on the assessment of real-estate performance in Addis Ababa.

Overall, the table shows that respondents' perceptions of the influence of government policies on real-estate performance are diverse, with some policies being perceived as more influential than others. It highlights the importance of considering and addressing government policy-related factors when evaluating the performance of the real estate market in Addis Ababa.

#### 4.4.3 Real-Estate Technology

**Table 4.4.3 Real-Estate Technology influence on assessment of real-estate performance in Addis Ababa**

	Improved efficiency of property		Block chain technology		Prop tech solutions		Impact of real estate technology	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
<b>Strongly Disagree</b>	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Disagree</b>	0	0.00%	10	16.13%	20	32.25%	0	0.00%
<b>Neutral</b>	16	25.81%	46	74.19%	40	64.52%	12	19.35%
<b>Agree</b>	39	62.90%	6	9.68%	2	3.23%	27	43.55%
<b>Strongly Agree</b>	7	11.29%	0	0.00%	0	0.00%	23	37.10%
<b>Total</b>	62	100%	62	100%	62	100%	62	100%

Source: Own Survey (2023)

The table presents the distribution of responses regarding the influence of real-estate technology on the assessment of real-estate performance in Addis Ababa. The real-estate technology factors considered are "Improved Efficiency of Property," "Blockchain Technology," "Prop Tech Solutions," and the "Overall Impact of Real Estate Technology."

Improved Efficiency of Property: Strongly disagree: 0 respondents (0.00%). Disagree: 0 respondents (0.00%). Neutral: 16 respondents (25.81%). Agree: 39 respondents (62.90%). Strongly Agree: 7 respondents (11.29%). The majority of respondents either "Agree" or "Strongly Agree" that real-estate technology has improved the efficiency of property-related activities in Addis Ababa.

Blockchain Technology: Strongly disagree: 0 respondents (0.00%). Disagree: 10 respondents (16.13%). Neutral: 46 respondents (74.19%). Agree: 6 respondents (9.68%). Strongly Agree: 0 respondents (0.00%) The majority of respondents are "Neutral" regarding the impact of blockchain technology on the real-estate performance in Addis Ababa.

Prop Tech Solutions: Strongly disagree: 0 respondents (0.00%). Disagree: 20 respondents (32.25%). Neutral: 40 respondents (64.52%). Agree: 2 respondents (3.23%). Strongly Agree: 0 respondents (0.00%). The majority of respondents are "Neutral" regarding the impact of prop tech solutions on the real-estate performance in Addis Ababa.

Overall Impact of Real Estate Technology: Strongly disagree: 0 respondents (0.00%). Disagree: 0 respondents (0.00%). Neutral: 12 respondents (19.35%). Agree: 27 respondents (43.55%). Strongly Agree: 23 respondents (37.10%). The majority of respondents either "Agree" or "Strongly Agree" that real-estate technology has a positive impact on the overall assessment of real-estate performance in Addis Ababa.

Overall, the table shows that respondents' perceptions of the influence of real-estate technology are diverse, with some factors being perceived as more influential than others. It highlights the significance of real-estate technology in shaping the efficiency and performance of the real estate market in Addis Ababa, with respondents recognizing its potential to improve property-related activities.

#### 4.4.4 Market Demand

**Table 4.4.4 Market Demand influence on assessment of real-estate performance in Addis Ababa**

	Population Growth		Urbanization		Economic indicator	
	Count	Row N %	Count	Row N %	Count	Row N %
<b>Very Low</b>	1	1.6%	1	1.6%	1	1.6%
<b>Low</b>	2	3.2%	1	1.6%	3	4.9%
<b>Moderator</b>	5	8.1%	7	11.3%	5	8.2%
<b>High</b>	54	87.1%	53	85.5%	52	85.2%
<b>Very High</b>	0	0.00%	0	0.00%	1	1.6%
<b>Total</b>	62	100%	62	100%	62	100%

Source: Own Survey (2023)

The table represents the distribution of responses regarding the influence of market demand factors on the assessment of real-estate performance in Addis Ababa. The factors considered are Population Growth, Urbanization, and Economic Indicators. Population Growth: Very Low: 1 respondent (1.6%), Low: 2 respondents (3.2%), Moderate: 5 respondents (8.1%), High: 54 respondents (87.1%), Very High: 0 respondents (0.0%). The majority of respondents (87.1%) perceived Population Growth to have a high influence on the assessment of real-estate performance in Addis Ababa.

Urbanization: Very Low: 1 respondent (1.6%), Low: 1 respondent (1.6%), Moderate: 7 respondents (11.3%), High: 53 respondents (85.5%), Very High: 0 respondents (0.0%) Similarly, the majority of respondents (85.5%) considered Urbanization to have a high influence on the assessment of real-estate performance in Addis Ababa.

Economic Indicators: Very Low: 1 respondent (1.6%), Low: 3 respondents (4.9%), Moderate: 5 respondents (8.2%), High: 52 respondents (85.2%), Very High: 1 respondent (1.6%). The majority of respondents (85.2%) believed that Economic Indicators have a high influence on the assessment of real-estate performance in Addis Ababa.

Overall, the table suggests that respondents generally perceived Market Demand factors (Population Growth, Urbanization, and Economic Indicators) to have a high influence on the assessment of real-estate performance in Addis Ababa. The majority of responses fell under the



"High" category for all three factors, indicating their importance in shaping the real-estate market in the city.

#### 4.4.5 Market Supply

**Table 4.4.5 Market Supply influence on assessment of real-estate performance in Addis Ababa**

	Housing availability		New property development		Land availability		Construction cost	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
<b>Very Low</b>	6	9.68%	7	11.29%	0	0.00%	0	0.00%
<b>Low</b>	30	48.39%	4	6.45%	0	0.00%	1	1.61%
<b>Moderator</b>	22	22.58%	25	40.32%	15	24.19%	9	14.52%
<b>High</b>	12	19.35%	26	41.94%	39	62.90%	35	56.45%
<b>Very High</b>	0	0.00%	0	0.00%	8	12.91%	17	27.42%
<b>Total</b>	62	100%	62	100%	62	100%	62	100%

Source: Own Survey (2023)

The table presents the distribution of responses related to various market supply factors and their influence on the assessment of real-estate performance in Addis Ababa. The respondents were asked to rate each factor on a scale from Very Low to Very High Influence.

**Housing Availability:** Very Low Influence: 9.68% of the respondents rated housing availability as having very low influence on real-estate performance. Low Influence: 48.39% of the respondents perceived housing availability to have low influence. Moderate Influence: 22.58% of the respondents believed that housing availability moderately affects real-estate performance. High Influence: 19.35% of the respondents stated that housing availability has a high influence on real-estate performance. Very High Influence: None of the respondents considered housing availability to have a very high influence.

**New Property Development:** Very Low Influence: 11.29% of the respondents rated new property development as having very low influence on real-estate performance. Low Influence: 6.45% of the respondents perceived new property development to have low influence. Moderate Influence: 40.32% of the respondents believed that new property development moderately affects real-

estate performance. High Influence: 41.94% of the respondents stated that new property development has a high influence on real-estate performance. Very High Influence: None of the respondents considered new property development to have a very high influence.

Land Availability: Very Low Influence: None of the respondents rated land availability as having a very low influence on real-estate performance. Low Influence: None of the respondents perceived land availability to have a low influence. Moderate Influence: 24.19% of the respondents believed that land availability moderately affects real-estate performance. High Influence: 62.90% of the respondents stated that land availability has a high influence on real-estate performance. Very High Influence: 12.91% of the respondents considered land availability to have a very high influence.

Construction Cost: Very Low Influence: None of the respondents rated construction cost as having a very low influence on real-estate performance. Low Influence: 1.61% of the respondent’s perceived construction cost to have a low influence. Moderate Influence: 14.52% of the respondents believed that construction cost moderately affects real-estate performance. High Influence: 56.45% of the respondents stated that construction cost has a high influence on real-estate performance. Very High Influence: 27.42% of the respondents considered construction cost to have a very high influence.

Overall, the results indicate that land availability and construction cost are considered to have a significant influence on the assessment of real-estate performance in Addis Ababa, with a majority of respondents rating them as having a high influence. New property development is also perceived to have a considerable influence, while housing availability is seen to have a more balanced influence on real-estate performance.

**4.4.6 Descriptive statistics of the in direct factors influencing on assessment of real-estate performance in Addis Ababa**

**4.4.6 Descriptive statistics of the in direct factors influencing on assessment of real-estate performance in Addis Ababa**

		N	Mean	Grouped Mean	Std. Deviation	Grouped Std. Deviation
Sustainable Development	Environmental Conservation	62	2.87	2.70	0.61	0.675
	Social Equity and Inclusivity	62	2.60		0.64	

	Economic growth	62	2.71		0.65	
	Sustainable real estate practice	62	2.62		0.80	
Government Policy	Land Use Policies	62	2.35	3.05	0.35	0.48
	Property Taxation	62	2.52		0.36	
	House Regulation	62	3.82		0.63	
	Efficient of government policies	62	3.52		0.58	
Real-estate Technology	Improved efficiency of property	62	2.36	2.89	0.35	0.45
	Block chain technology	62	3.19		0.46	
	Prop tech solutions	62	3.23		0.53	
	Impact of real estate technology	62	2.78		0.46	
Market Demand	Population Growth	62	3.11	3.28	0.46	0.51
	Urbanization	62	3.22		0.46	
	Economic indicator	62	3.33		0.55	
	Impact of real estate technology	62	3.44		0.57	
Market Supply	Housing availability	62	3.13	3.20	0.47	0.50
	New property development	62	3.05		0.44	
	Land availability	62	3.40		0.56	
	Construction cost	62	3.23		0.53	

Source: Own Survey (2023)

Sustainable Development: Environmental Conservation: N: 62, Mean: 2.87, Grouped Mean: 2.70, Std. Deviation: 0.61, Grouped Std. Deviation: 0.675. The respondents' perception of environmental conservation's influence on real-estate performance in Addis Ababa has a mean score of 2.87, indicating a moderate level of impact. The grouped mean score of 2.70 suggests a similar assessment. The standard deviation of 0.61 shows that there is some variability in the

responses, with some respondents rating it higher or lower than the mean score. Social Equity and Inclusivity: N: 62, Mean: 2.60, Grouped Mean: Not provided, Std. Deviation: 0.64, Grouped Std. Deviation: Not provided. The respondents' perception of social equity and inclusivity's influence on real- estate performance in Addis Ababa has a mean score of 2.60, indicating a moderate level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.64 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score. Economic Growth: N: 62, Mean: 2.71, Grouped Mean: Not provided, Std. Deviation: 0.65, Grouped Std. Deviation: Not provided. The respondents' perception of economic growth's influence on real-estate performance in Addis Ababa has a mean score of 2.71, indicating a moderate level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.65 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score. Sustainable Real Estate Practice: N: 62, Mean: 2.62, Grouped Mean: Not provided, Std. Deviation: 0.80, Grouped Std. Deviation: Not provided. The respondents' perception of sustainable real estate practices' influence on real-estate performance in Addis Ababa has a mean score of 2.62, indicating a moderate level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.80 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score. Government Policy: Land Use Policies: N: 62, Mean: 2.35, Grouped Mean: 3.05, Std. Deviation: 0.35, Grouped Std. Deviation: 0.48. The respondents' perception of the impact of land use policies on real-estate performance in Addis Ababa has a mean score of 2.35, indicating a low level of impact. However, the grouped mean score is 3.05, suggesting a higher assessment from respondents who may have considered it to be more influential. The standard deviation of 0.35 shows that there is relatively low variability in the responses, with most respondents rating it close to the mean score. Property Taxation: N: 62, Mean: 2.52, Grouped Mean: Not provided, Std. Deviation: 0.36, Grouped Std. Deviation: Not provided. The respondents' perception of the impact of property taxation on real-estate performance in Addis Ababa has a mean score of 2.52, indicating a moderate level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.36 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score. Housing Regulation: N: 62, Mean: 3.82, Grouped Mean: Not provided, Std. Deviation: 0.63, Grouped Std. Deviation: Not provided.

The respondents' perception of the impact of housing regulation on real-estate performance in Addis Ababa has a mean score of 3.82, indicating a high level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.63 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score.

Efficiency of Government Policies: N: 62, Mean: 3.52, Grouped Mean: Not provided, Std. Deviation: 0.58, Grouped Std. Deviation: Not provided. The respondents' perception of the efficiency of government policies' influence on real-estate performance in Addis Ababa has a mean score of 3.52, indicating a high level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.58 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score.

Real Estate Technology: Improved Efficiency of Property: N: 62, Mean: 2.36, Grouped Mean: 2.89, Std. Deviation: 0.35, Grouped Std. Deviation: 0.45. The respondents' perception of the improved efficiency of property due to real estate technology has a mean score of 2.36, indicating a moderate level of impact. The grouped mean score of 2.89 suggests a slightly higher assessment from respondents who may have considered it to be more influential. The standard deviation of 0.35 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score.

Block Chain Technology: N: 62, Mean: 3.19, Grouped Mean: Not provided, Std. Deviation: 0.46, Grouped Std. Deviation: Not provided. The respondents' perception of the impact of block chain technology on real-estate performance in Addis Ababa has a mean score of 3.19, indicating a high level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.46 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score.

Prop Tech Solutions: N: 62, Mean: 3.23, Grouped Mean: Not provided, Std. Deviation: 0.53, Grouped Std. Deviation: Not provided. The respondents' perception of the impact of prop tech solutions on real-estate performance in Addis Ababa has a mean score of 3.23, indicating a high level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.53 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score.

Impact of Real Estate Technology: N: 62, Mean: 2.78, Grouped Mean: Not provided, Std. Deviation: 0.46, Grouped Std. Deviation: Not provided. The respondents' perception of the overall impact of real estate technology on real-estate performance in Addis Ababa has a mean score of 2.78, indicating a moderate level of impact. Unfortunately,

the grouped mean score is not provided. The standard deviation of 0.46 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score. Market Demand: Population Growth: N: 62, Mean: 3.11, Grouped Mean: 3.28, Std. Deviation: 0.46, Grouped Std. Deviation: 0.51. The respondents' perception of the impact of population growth on real-estate performance in Addis Ababa has a mean score of 3.11, indicating a moderate level of impact. The grouped mean score of 3.28 suggests a slightly higher assessment from respondents who may have considered it to be more influential. The standard deviation of 0.46 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score. Urbanization: N: 62, Mean: 3.22, Grouped Mean: Not provided, Std. Deviation: 0.46, Grouped Std. Deviation: Not provided. The respondents' perception of the impact of urbanization on real-estate performance in Addis Ababa has a mean score of 3.22, indicating a moderate level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.46 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score. Economic Indicator: N: 62, Mean: 3.33, Grouped Mean: Not provided, Std. Deviation: 0.55, Grouped Std. Deviation: Not provided. The respondents' perception of the impact of economic indicators on real-estate performance in Addis Ababa has a mean score of 3.33, indicating a moderate level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.55 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score. Impact of Real Estate Technology: N: 62, Mean: 3.44, Grouped Mean: Not provided, Std. Deviation: 0.57, Grouped Std. Deviation: Not provided. The respondents' perception of the overall impact of real estate technology on real-estate performance in Addis Ababa has a mean score of 3.44, indicating a high level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.57 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score. Market Supply: Housing Availability: N: 62, Mean: 3.13, Grouped Mean: 3.20, Std. Deviation: 0.47, Grouped Std. Deviation: 0.50. The respondents' perception of the impact of housing availability on real-estate performance in Addis Ababa has a mean score of 3.13, indicating a moderate level of impact. The grouped mean score of 3.20 suggests a slightly higher assessment from respondents who may have considered it to be more influential. The standard deviation of 0.47 shows that there is some variability in the responses, with some respondents rating it higher

or lower than the mean score. New Property Development: N: 62, Mean: 3.05, Grouped Mean: Not provided, Std. Deviation: 0.44, Grouped Std. Deviation: Not provided. The respondents' perception of the impact of new property development on real-estate performance in Addis Ababa has a mean score of 3.05, indicating a moderate level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.44 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score.

Land Availability: N: 62, Mean: 3.40, Grouped Mean: Not provided, Std. Deviation: 0.56, Grouped Std. Deviation: Not provided. The respondents' perception of the impact of land availability on real-estate performance in Addis Ababa has a mean score of 3.40, indicating a high level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.56 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score.

Construction Cost: N: 62, Mean: 3.23, Grouped Mean: Not provided, Std. Deviation: 0.53, Grouped Std. Deviation: Not provided. The respondents' perception of the impact of construction cost on real-estate performance in Addis Ababa has a mean score of 3.23, indicating a moderate level of impact. Unfortunately, the grouped mean score is not provided. The standard deviation of 0.53 shows that there is some variability in the responses, with some respondents rating it higher or lower than the mean score.

Overall, the descriptive analysis provides insights into how the respondents perceive the indirect factors' influence on real-estate performance in Addis Ababa. The mean scores indicate the overall impact level, while the standard deviations give an idea of the variability and consensus among the respondents. It's important to note that the grouped mean scores, where provided, might differ slightly due to categorization or grouping of responses.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

This chapter will give the conclusion and recommendation of the study paper.

Considering the high significance placed on location, real estate developers and investors should carefully select properties in prime locations to maximize their returns. Moreover, factors such as size, number of rooms, architectural design, & construction quality are important considerations when developing and pricing properties. The study also highlights the importance of accessibility and amenities, which can significantly impact property values. Policymakers should focus on improving public transportation and providing essential amenities to enhance the attractiveness of different areas in the city.

The perception that real estate prices are significantly influenced by economic performance and taxation highlights the interdependence of the real estate market and the overall economy. Policymakers should carefully consider economic policies and tax regulations to ensure a balanced and sustainable real estate market. The findings regarding technology and construction costs suggest that advancements in technology and the availability of skilled personnel can positively impact the real estate market. Therefore, investing in technology and providing training opportunities for construction professionals can lead to better quality properties at competitive prices.

In conclusion, this study provides valuable insights into the factors influencing real estate prices in Addis Ababa. The results underscore the significance of location, physical characteristics, accessibility, and economic factors in determining property prices. Policymakers and stakeholders in the real estate industry should use this information to make informed decisions that can contribute to a vibrant and sustainable real estate market in Addis Ababa. Future research can further explore the dynamics of these factors and their long-term impacts on the real estate market in Ethiopia.

The findings of this research have shed light on various aspects of the real estate market in Addis Ababa. Based on the results obtained, the following recommendations are proposed to enhance the real estate sector and address the challenges faced by stakeholders:

Given the significant impact of country economic performance on real estate prices, the government should play a proactive role in ensuring a stable and conducive economic



environment. Policies aimed at promoting economic growth and controlling inflation and interest rates can positively influence the real estate market. Additionally, the government should monitor and regulate taxation in the sector to strike a balance between revenue generation and affordability for homebuyers. It is essential to consider the economic capacity of potential buyers while implementing tax measures to avoid unintended consequences on demand and price fluctuations.

Addressing the affordability issue for the lower and middle-income classes is crucial to ensuring a sustainable and inclusive real estate market. The government and relevant stakeholders should explore innovative financing mechanisms, such as low-interest housing loans and targeted subsidies, to make homeownership more attainable for these segments of the population. Collaborations with financial institutions to streamline access to mortgage financing and reduce stringent eligibility criteria could significantly increase homeownership rates.

Infrastructure development, particularly transportation and connectivity, plays a vital role in influencing real estate prices. Focused efforts should be made to improve the accessibility of residential properties to places of work, schools, and other amenities. Investing in well-planned public transportation systems and road networks can alleviate traffic congestion and reduce the demand for properties located solely in central areas, thereby promoting balanced development across the city.

As real estate buyers place high importance on the physical characteristics of properties, ensuring quality construction becomes paramount. Stakeholders in the real estate industry, including developers, contractors, and regulatory bodies, should prioritize construction quality, adherence to building codes, and the integration of the latest construction technologies. Utilizing alternative construction techniques and building materials that are cost-effective and environmentally friendly can also be explored to enhance the overall quality of real estate developments.

Improving security and creating friendly neighborhoods can enhance the desirability of real estate properties. Collaborations between local authorities, law enforcement agencies, and community-based organizations can lead to safer neighborhoods and reduce crime rates.

Additionally, investing in community facilities, recreational spaces, and green areas can make neighborhoods more appealing to potential buyers and positively impact property values.

To make informed decisions in the real estate sector, continuous data collection and analysis are crucial. Government agencies and real estate companies should collaborate to establish reliable

databases that track market trends, property prices, and demographic changes. Such data can help stakeholders understand market dynamics better, identify emerging trends, and make informed investment decisions.

Promoting professional development and ethical practices within the real estate industry can enhance transparency and trust among buyers and sellers. Real estate agents and professionals should be encouraged to participate in training programs that improve their knowledge and expertise. Ethical guidelines and codes of conduct should be enforced to protect the interests of all parties involved in real estate transactions.

In conclusion, the real estate sector in Addis Ababa has shown significant growth and potential, but it also faces challenges related to affordability, infrastructure, construction quality, and market transparency. Implementing the above recommendations can help overcome these challenges and create a more resilient and sustainable real estate market that caters to the diverse needs of the population. Stakeholders, including the government, real estate developers, financial institutions, and community organizations, should work collaboratively to achieve these goals and ensure that the real estate market contributes positively to the overall development of the city.

#### **FURTHER STUDY SUGGESTIONS**

The study focuses on assessment of real estate performance in Addis Ababa. The experimenter suggests studying further on qualitative aspect of the content to add to the current study and farther exploration on different influential factors incorporating major study variables is also suggested.

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**ANNEX 1**  
**ST. MARY’S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

**Research Questionnaire**

The purpose of this questionnaire is to collect data from Real Estate company workers starting from management level staffs that will be utilized to write a Masters of Accounting and Finance (MA,AF) thesis entitled “ASSESSMENT OF REAL-ESTATE PERFORMANCE IN ADDIS ABABA”.

Your participation in this research will lead to academic outputs that will advance knowledge and understanding of factors behind the factors that affecting the Assessment of real estate performance in Addis Ababa; therefore, please answer the questionnaire as frankly as and reasonably as possible. Your participation in this survey is entirely voluntary and all information will be treated as confidential. Therefore, you are not expected to write your name. Give a true picture of your perception on existing reality of the raised questions.

The research is conducted under the attentions of the St. Mary’s University School of Graduate Studies and will comply with the St. Mary’s University ethical requirements.

Thank you in advance, for your cooperation!!

**General Instructions**

1. Please indicate your answer for general information by ticking (√) in the blank space
2. Please indicate your answer by ticking (√) on the appropriate box for the rest of the questions.
3. Please select only one among the options given in the Likert scales

**Section I Biographical details**

A1. Sex Male \_\_\_\_\_ Female \_\_\_\_\_

A2. Age 18-25 \_\_\_\_\_ 26-35 \_\_\_\_\_ 36-45 \_\_\_\_\_ > 46 \_\_\_\_\_

A3. Qualification: Please indicate your highest education level: (tick one)

Diploma \_\_\_\_\_ Bachelor's Degree \_\_\_\_\_

Master Degree \_\_\_\_\_ Above Master Degree \_\_\_\_\_

A4. For how many years did you work for this organization?

Less than 2 years \_\_\_\_\_ 2 to 5 years \_\_\_\_\_

6 to 10 years \_\_\_\_\_ More than 10 years \_\_\_\_\_

A5. Current Position: Manager \_\_\_\_\_ Assistant Manager \_\_\_\_\_

Marketing Officer \_\_\_\_\_ Finance Officer \_\_\_\_\_

## Section II: Please Read each question carefully.

Thick (✓) one option you think best suits you or that shows the level of your answer or to what extent you find the stated factor to have influenced the performance of real estates in Addis Ababa.

Different Liker response scale

Questions	
<b>1.</b>	<b>Sustainable Development</b>
1.1	Environmental conservation should be prioritized in real estate development projects in Addis Ababa.
1.2	Real estate projects should promote social equity and inclusivity in Addis Ababa.
1.3	Economic growth and development should be balanced with sustainable practices in the real estate sector.
1.4	How do you perceive the adoption of sustainable real estate practices impacting property values and demand in Addis Ababa?
<b>2.</b>	<b>Government Policy</b>
2.1	Land Use Policies:- Effectiveness of policies regulating land usage and Impact on real estate development and investment.
2.2	Property Taxation:- Fairness and transparency of property taxation policies and Influence on property ownership and investment decisions.
2.3	Housing Regulations:- Effectiveness of regulations ensuring housing standards and

	affordability, and Impact on real estate supply and demand dynamics.
2.4	In your opinion, how efficient are the government policies in the real estate sector of Addis Ababa?
<b>3.</b>	<b>Real estate Technology</b>
3.1	Real estate technology has improved the efficiency of property transactions in Addis Ababa.
3.2	Blockchain technology has enhanced the transparency of real estate transactions.
3.3	I am aware of the existence and benefits of prop tech solutions in the real estate sector.
3.4	How do you foresee the impact of real estate technology on the future of the real estate market in Addis Ababa?
<b>4.</b>	<b>Market Demand</b>
4.1	Population Growth:- Rate of population growth in Addis Ababa and Impact of population growth on real estate demand.
4.2	Urbanization:- Rate of urban development and expansion and Influence of urbanization on real estate demand.
4.3	Economic Indicators:- Economic factors affecting real estate demand (e.g., GDP growth, employment rates) and Perception of the economic outlook on real estate demand.
4.4	Impact on Real Estate Sector:- In your opinion, how do you perceive the overall impact of market demand factors on the real estate sector in Addis Ababa?
<b>5.</b>	<b>Market Supply</b>
5.1	To what range has Addis Ababa city have housing availability?
5.2	To what range has Addis Ababa city have New Property development?
5.3	In what range do you think Addis Ababa city have Land availability?
5.4	In what range the Construction cost in Addis Ababa city affect the Market supply?
<b>6.</b>	<b>Property Market Dynamics</b>
6.1	How would you rate the current level of demand for properties in Addis Ababa?
6.2	How would you rate the current level of supply of properties in Addis Ababa?
6.3	How do you perceive the impact of property market dynamics on the overall performance of the real estate sector in Addis Ababa?
6.4	In your opinion, how do property market dynamics influence the economy of Addis Ababa?
<b>7.</b>	<b>Infrastructure and Urban development</b>
7.1	How would you rate the availability of infrastructure in Addis Ababa?



7.2	Please indicate the quality of public amenities (e.g., parks, recreational areas, healthcare facilities) in Addis Ababa?
7.3	How do you perceive the pace of urban development in Addis Ababa?
7.4	In your view, how does the pace of urban development affect real estate investment opportunities in Addis Ababa?
<b>8.</b>	<b>Regulatory frame work and Policies</b>
8.1	How do you perceive the effectiveness of zoning regulations in Addis Ababa?
8.2	In your opinion, how well do building codes ensure construction safety and quality in Addis Ababa?
8.3	How do you rate the property taxation policies in Addis Ababa in terms of fairness and its impact on investment decisions?
8.4	How do you perceive the overall regulatory environment for the real estate sector in Addis Ababa?
<b>9.</b>	<b>Socioeconomic factors and Demographics</b>
9.1	What is your perception of the current population growth rate in Addis Ababa?
9.2	How do you rate the current income levels of residents in Addis Ababa?
9.3	Based on demographic and socioeconomic trends, which market segments do you think offer the most promising investment opportunities in the real estate sector in Addis Ababa?
9.4	What are the key demographic factors that influence the demand for specific types of real estate properties?
Other	If you think that some major factors influencing the performance of real estates in Addis Ababa have not been included in the list above, please add them on the blank cells below and specify their level?
1.	
2.	
3.	
4.	
5.	