

CONDOMINIUMS, GATED COMMUNITIES AND HOUSING ESTATES: AN INVESTIGATION INTO THE FACTORS INFLUENCING HOUSE BUYING DECISION

A CASE OF DAR ES SALAAM

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ABSTRACT

Tanzanians' house ownership cultural practice is dominated by people resorting to build houses on their own in incremental basis from their personal savings and by a small contractor "mafundi". However, about a decade ago real estate developers have introduced modernized residents i.e. condominium and gated communities that are offered for sale through presale arrangement. This contravenes the popular self-built house traditional yet there has been a significant market response. However, recently developers are struggling to achieve sale as prospective buyers hesitate to take part.

Residential developers ought to grasp a better understanding of the interests, perceptions and preferences of their prospective in order to outshine. This study investigates the key criteria that take precedence among house buyers as they make house purchase decision as it is a platform to explain the most probable reason for slow sales. To triumph this aim the study adopts a quantitative research approach administered to 150 homeowners and prospective buyers, accompanied with interviews to developers as well as lending institutions.

Findings reveals that, income level, household size, quality of the house, design of the house, location from the social amenities, mortgage interest rate, investment purposes living condition and government participation to be the most significant factors influencing Tanzanian house buying decision. Thus developer ought to put extreme attention in situation analysis on the significant attributes highlighted herein so as to be able to capture the market.

Keywords: house purchase decision; consumer behavior; housing estates; condominium; gated communities.

Introduction

In the course of addressing the urban housing problems, the government established National Housing Corporation (NHC) through the Act of Parliament No.45 of 1962 charged with the responsibility of building affordable rental residential units such as blocks (Flats) and detached houses. To date the corporation has been able to provide about 2,483 buildings countrywide with about 6,446 residential units in Dar es Salaam solving about 56% of the housing problem. In addition to NHC's efforts, private individuals have also been players in addressing the housing deficit through individual built houses for family occupation and some construct residential units for rent. Yet currently about 200,000 units are demanded annually (Wakuru and Majani, 2006)

In this regard, it is observed that more than 80 percent of urban inhabitants' reside on rental housing Seleki (2005) and practice shows that after significant periods of renting, more than 65% of the people resort to building single detached houses. These houses are built on incremental basis from one's personal savings and by a small contractor "mafundi". The construction is proven to be slow as it takes an average of 3-15 years and is financially expensive. This among many other reasons curtails the supply of housing and therefore adds more to the housing problems,

The above approaches used to deliver housing seem to be inferior hence as part of a solving urban housing problem, the government enacted the Unit Titles Act 2008 and the Mortgage Act 2008 which resulted to the presence of unit properties. This fuels the residential real estate sector as it encourages the government organs, institutions such as pension funds and private company developers together with high net worth private individuals to spend significant amount of capital into constructing residential houses for commercial purpose i.e. letting or sale (National Housing Corporation, 2016).

Developers have introduced new modern forms of residents i.e. condominium and gated communities that are offered for sale with the aim of meeting the demands of those building houses on incremental basis. Such residents comprise both affordable and expensive house design. Buying modernized residents from residential estate

developer may be a rather new custom contravening the traditional custom of life yet there has been a great response among the people to purchase such establishments even through pre-sale arrangement (Moore, 2016).

Despite magnificent market response in past two years, the market of developer built residential units is currently facing a hitch as developers' sales teams struggle to achieve clients and close sales deals. The public on the other hand has been hesitating to take part in purchases of such establishment. This struggle for selling these properties among many other indicators can be evidenced by the enormous discounts to encourage purchase and the buyers hesitation could be witnessed by the withdrawal of individuals from purchase were they had already made down payments.

Literature Review

Studying consumer behavior is very crucial for firms as they need to be attuned to their relevant stakeholders in order to respond to the rapidly changing market, first by developing strategies to increase their market share (Kotler & Keller, 2009). And secondly by relying on two mechanisms of enhancing customer satisfaction and/or reducing the customer perceived risks (Koklič, 2011). It is important to know consumers behaviors, opinion, and preferences and how individuals and households make housing decision Quester, Pettigrew, & Hawkins, 2011, This maybe achieved by asking questions like those of Wang & Li, (2009); are price considerations important? What about mortgage rates, accessibility, neighborhood safety and availability of social services? How do people view dwelling attributes, such as type of dwelling, size and layout of the dwelling, etc.? Are they willing to trade one attribute for another? This paper looks into the purchase criteria on housing estates, gated communities and condominiums in dar es salaam.

Housing estates also referred to as row houses and popularly known as "kota" refers to two or more identical houses in a row sharing a side wall or one side of the house wall with its adjacent neighbor.

It consists of rows of individual houses connected with a common/party wall that runs from the ground to the roof where each unit has its own exterior door and the unit is an independent house, Husain, 2008.

Gated communities comprise physical areas that are fenced or walled off from their surroundings. The entrances to these areas are usually prohibited or controlled by means of gates or similar physical obstacles. They are by nature separated and enclosed areas, being isolated from the broader urban environment and enclosed through physical barriers. Besides the main purpose, which enables a specific lifestyle of a group within the enclosed area or to protect the residents from possible intruders, gated communities reflect an urban entity that is physically often socially and economically differentiated from the surrounding urban environment. (OIKODOMOS, 2011)

Condominium, this is a Single, individually-owned housing unit in a multi-unit building. The owner have sole title to the unit, but ownership of land and other common areas such as (elevators, halls, roof, stairs, etc.) is jointly shared with other unit owners. The developer company/corporation in most cases deals with collection of upkeep fees collection for maintenance of the common-areas. Unit owners also pay property taxes of their respective unit and also may rent or sell or mortgage the property with compliance to the law (Carol & Ignatova, 2009)

Residential real estate developers as used in this research implies to a company or cooperation or people whose main business is to construct, sell and manage housing units e.g. condominiums, estates, or gated communities to consumers. Majority of these sales are carried out through Pre-sale which refers to commencement of purchase procedures and down payment before the house construction actually begins. Designs of residential units are displayed for prospective buyers to have an insight of the houses to be constructed and thereafter down payment and other purchase processes proceed (Al-Nahd, Ghazzaw, & Bakari, 2015).The house purchase criteria studied were divided in four categories namely; demographic Factors, Marketing Factors, Environmental Factors and Other Factors as tabulated below in table1.

Demographic factors include Household income, age, education, nature of employment, the family size and/or the number of households (Wang & Li, 2009).The buyers' economic situation has great influence on the buying behavior, high income and savings individual is most likely to be willing to purchase more expensive products such as luxurious housing apartment of condominium and vice versa (Rani, 2014). As might be expected, the number of children in the household and the age of those children had proven to have a strong bearing on the kind of main living space participants are looking for (Finlay, et al., (2012). The Level of education directly molds a person's preferences and has an effect that goes beyond through income (Wang & Li, 2009). Age; Studies on residential decisions and mobility invariably point to the importance of age and hence the personal and family life cycle as a factor governing the residential choice and relocation process.

Marketing Factors refers to the incentives or disincentives available from the market that influences one's decision to purchase. The price of houses influences the utility level attained through its effect on the budget constraint, an increase in the price of dwelling brings about reduction in the probability of purchase (Wang & Li, 2009). The volume of information available to an individual has a crucial role in influencing ones purchase decision such that roles of sales personnel, internet and media may be a factor behind one decision to purchase. Distribution; as explained by Setiawan (2014) discourages purchase decision if products or services (houses) do not conveniently reach costumers and vice versa. Lastly area the housing Attributes, type of the house, quality of the house i.e. Structural strength of the house has an influence in the decision making of the buyers. (Nasar & Manoj, 2015) The number and size of bedrooms; (Abelson and Chun, 2005) found that size of houses is one of the factors that affect Australian real estate purchaser's decisions. In addition, a survey conducted by (Al-Nahd, Ghazzaw, & Bakari, 2015) found living space to be one of the most important factors Saudi real estate purchasers.

Influence of Environmental factors include locational factor as Nasar & Manoj, (2015) defended location as the proximity to desirable or undesirable facilities which

has effect on consumer decision of residential buyers. (Wang & Li, 2009) Also elaborated on the living conditions in the purchased dwelling unit as an influent factor, this includes issues like property management, whereby presence/absence of management fee may affects a respondent's willingness to purchase. Example people in Chinese cities have become aware of the importance of estate management; respondents are willing to pay for property management for the upkeep of their homes. Good local amenities were important regardless of renting a home or buying (Finlay, Pereira, Smith, Charlton, & Hughes, 2012) as well as reference groups; like coworkers, friends neighbors, relative or any other affects consumer behavior whether intentionally or not (Sangkakoon et al., 2014. Public Service; as studied from Chinese consumers is one of the most important factors in choosing housing Martz, et al., (2006).

Table 1 Variables involved in the study.

House Purchase Factor	Components of the Factor
Demographic Factors	Gender, Age, Occupation , Level of Education Income Level, Household Size and Accommodation Expenses
Marketing Factors	Price, House type, House design, Quality of the house, The number and size of bedroom, the role of sales team and Confidence on the Developer
Environmental Factors	Location from the social services, Distance from public transport, Reference groups living conditions and Aim is to pass to family,
Other Factors	Mortgage rates, loan conditions, government participation and investment purpose.

Data Collection

This study adopted quantitative research methodology after a careful review of research literatures that have been developed from buying theories to investigate the factors influencing were used so as to establish correlations between given variables (Dudwick, Kuehnast, Jones, & Woolcock , 2006), test and validate the significance of examined factors Zikmund, et al., 2010.

The study sample was drawn from housing units in AVIC Town, NHC Kigamboni Housing Estate and NHC Eco Residence Hannasif Kinondoni selected purposively from a pool of about 18 registered developers. AVIC International being the only operational gated community developer and the two NHC projects being the most recently launched projects and also since it is the county's dominant property developer

The selected housing projects form a total of 473 housing units from which the study surveyed 75 buyers and 75 prospective buyers were drawn from different sectors of economy being inhabitants along the residential estates and those who had applied for purchase.

Data Analysis

The analysis of data is based on 113 fully returned answered questionnaires among the 150 distributed questionnaires were yielding a 75.3 percent response rate. Binary Logistic Regression analysis was used for examining the relationship between two or more independent variables and dependent variable (Tabachnick & Fidell, 2012). So as to assess the relative contribution of the independent variables (factors from market, environmental, individual indifferences and others) in explaining the dependent variable i.e. the decision to purchase house and the significant level (Hair & Anderson, 2010).

Research Finding

Table 2: Logistic Regression Results; Demographic Influence on House Purchase

Independent Variables	B	S.E.	Wald	Df	Sig.	Exp(B)
Gender(1)	1.026	.514	3.983	1	.046	2.790
Age			2.928	2	.231	
Age(1)	1.283	1.093	1.377	1	.241	3.607
Age(2)	-.759	.623	1.484	1	.223	.468
Marital Status			.125	2	.939	
Marital Status(1)	.302	.859	.124	1	.725	1.353
Marital Status(2)	.054	.766	.005	1	.944	1.055
Occupation			1.206	2	.547	
Occupation(1)	.583	.700	.693	1	.405	1.791
Occupation(2)	-.042	.860	.002	1	.961	.959
Level of Education			5.710	2	.058	
Level of education (1)	1.903	.864	4.851	1	.028	6.708
Level of education (2)	.940	.917	1.049	1	.306	2.559
Income Level			7.454	2	.024	
Income Level (1)	-1.887	.845	4.994	1	.025	.151
Income Level (2)	-1.971	.762	6.682	1	.010	.139
Household Size			9.623	2	.008	
Household Size (1)	-1.385	.724	3.658	1	.056	.250
Household Size (2)	-2.024	.730	7.688	1	.006	.132
Accommodation expense	.294	.530	.308	1	.579	1.342
Constant	-.269	1.370	.039	1	.844	.764

Gender; binary values were assigned whereby “1” represented Male respondents and “0” represented Female Respondents. Findings reveals that gender is *statistically significant* in influencing purchase decision. Also there is a positive relationship between purchase decision and gender, where by male are most likely to purchase

2.79 times more than females. This shows that men are still the leading decision makers in making household decisions.

Level of Education; this factor is also *significant* in influencing house purchase decision. Other factors being constant the level of education is most likely to increase the possibility of purchase by 6.71 times. In line to that the category of individuals with degree/diploma are most likely to buy houses compared to individuals with master’s degree and PhD and those with secondary level education.

Income Level; this factor is *significant* in influencing purchase decision. High end income earners are also observed to be mostly likely buyers compared to the low income earners. Though there is a negative relationship between income and purchase decision, to mean an increase in the income level other factors being constant reduces the probability of purchase

Household size, the number of members in the family is *significant* in influencing an individual’s house purchase decision. It is also revealed that there is a negative relationship between family size and purchase decision i.e. The more the family size increases it reduces the possibility of purchase. As the family size of more than 6 individuals probability of purchase 0.132 compared to families of 3 to 5 people whose probability of purchase is 0.250.

Age; the individual’s’ age is *not significant* factor in explaining purchase behavior. However there is a positive relationship between the two such that as age increases the possibility of purchase increases but only to before 55 years of age. As analysed above respondents in the age category 35 -54 are most likely to purchase by 3.607 compared to the individuals with less than 34years of age.

Marital Status, the state of relationship of an individual is *not significant* in explaining one’s purchase decision. However there is a positive relationship with the decision to purchase. Married people are most likely to purchase houses by 1.353 times compared to the single individuals (1.055) though the divorced and separated are less likely to purchase.

Occupation; the nature of an individual’s employment is *not a significant* factor in influencing purchase decision. However it is observed that Business owners marked by are positively affiliated to purchasing houses compared to other work classes. Business owners are most likely to purchase by 1.791 times as compared to public servants. Private employees are also more likely to purchase than the public employees.

Accommodation Expenses; this refers to the amount of money that an individual’s is willing to pay o carter for accommodation. It is estimated that this has *no significance* in ones decision to purchase. However there is a positive relationship between this variable and purchase decision, meaning that person willing to pay higher amounts than Tsh 800,000 are in a more possibility to purchase houses by 1.342 times compared to others individuals who prefer to pay less.

In a nut shell the, the gender, level of education, Income level and household size are significant factors in influencing house purchase decision whereas the age, marital status, occupation and accommodation expenses are not significant determinants of house purchase decisions as given in the equation below:

$$P = \frac{e^{2.79*gender+6.71*education-0.15*income+0.25*householdsize-0.269}}{1 + e^{2.79*gender+6.71*education-0.15*income+0.25*householdsize-0.269}}$$

Where by: P = the probability of making housing purchase decision and e= the base of natural logarithms (2.72)

Table 3: Logistic Regression Results; Marketing Influence on House Purchase Decision

Independent Variables	B	S.E.	Wald	df	Sig.	Exp(B)
house price			4.745	2	.093	
house price(1)	-.322	.640	.254	1	.615	.724
house price (2)	.983	.518	3.596	1	.058	2.672
type of houses in projects			2.827	2	.243	
type of houses in projects (1)	.814	.694	1.377	1	.241	2.258
type of houses in projects (2)	.902	.570	2.506	1	.113	2.465

number and size of bedrooms			3.637	2	.162	
number and size of bedrooms (1)	1.082	.698	2.403	1	.121	1.339
number and size of bedrooms (2)	.957	.570	2.815	1	.093	1.384
design of project houses			1.186	2	.553	
design of project houses (1)	-.196	.729	.072	1	.788	.822
design of project houses(2)	-.633	.588	1.156	1	.282	.531
quality of project houses			7.582	2	.023	
quality of project houses (1)	1.047	.647	2.620	1	.106	2.850
Quality of project houses (2)	1.501	.562	7.122	1	.008	4.485
Role of sales team			1.709	2	.426	
role of sales team(1)	.073	.656	.013	1	.911	1.076
Role of Sales Team(2)	-.577	.495	1.361	1	.243	.561
Confidence On The Developer			5.525	2	.063	
Confidence On The Developer (1)	.781	.724	1.163	1	.281	2.183
Confidence On The Developer (2)	1.175	.501	5.510	1	.019	3.238
Constant	-.970	.494	3.851	1	.050	.379

Source: Researcher's Analysis of the survey data

Price; the price of the house is a significant in the decision to purchase; the same also has a negative relationship with the decision to purchase. This means the other factors being constant an increase in the price of the house reduce the likelihood of purchase houses to 0.724. However individuals that consider this factor more important have a positive relationship with price i.e. they purchase more at higher prices. This could be explained to mean, individuals have no role in the setting of the price rather there is no room for price negotiation as prices are fixed by the developer company, for that matter highly priced house is perceived to have more favorable characters hence encourage the decision to purchase.

Number and size of bedrooms; the units of accommodation has a significant influence on the purchase decisions. There is also a positive relation between the number and size of bedroom to the possibility of purchasing a house. The analysis of respondents discovered that the individuals who consider this to be relatively high

important factor are observed by buy less when the number of bedrooms is few and the sizes are small.

Quality of the house; the quality of the house is a *significant* factor in influencing the purchase decision. There is a positive relationship between the quality of the houses offered for sale and people's purchase decision. This means the increase in the quality of the house other factors being constant increases the probability of purchase by 4.4845 for those that consider this to be a very important factor. Whereas for respondents that perceive this to be moderately important an improvement in quality increase the possibility of purchase by 2.850.

Confidence on the developer: this is also proved to be a significant factor in influencing house purchase decision. Also there is a positive relationship between the trust in the housing developer and the purchase decision, to mean an increase in the goodwill and reputation of the developer increase the probability of purchase by 3.238 times for respondent that consider this moderately important, an increase in the confidence level of the developer increase their purchase probability by 2.183 times.

Hence while the price, the quality and the number and size of the house as well as the confidence on the developer are significant factors, other factors such as type of the house, design of the house and role of sale team are not significant in influencing house purchase decision. The equation of the probability to purchase is given as;

$$P = \frac{e^{-0.332*P+0.957*R+1.501*Q+1.175*CD-0.970}}{1 + e^{-0.332*P+0.957*R+1.501*Q+1.175*CD-0.970}}$$

Where by: P = the probability of making housing purchase decision; e= the base of natural logarithms (2.72); P = house price; R = number and size of rooms; Q= house quality; CD= Confidence on the developer.

Table 4: Environmental Influence on House Purchase Decision

Independent Variables	B	S.E.	Wald	df	Sig.	Exp(B)
Aim is to pass to Family			6.140	2	.046	
Aim is to pass to Family (1)	-1.215	.555	4.785	1	.029	.297
Aim is to pass to Family (2)	-1.070	.541	3.912	1	.048	.343
Investment Purposes			3.729	2	.155	
Investment Purposes (1)	.477	.711	.450	1	.502	1.611
Investment purposes (2)	.884	.458	3.719	1	.054	2.420
Location From Social Amenities			2.930	2	.231	
Location Social Amenities (1)	1.717	1.042	2.714	1	.099	5.569
Location Social Amenities (2)	.374	.452	.685	1	.408	1.453
Distance From Public Transport			2.483	2	.289	
Distance From P .Transport (1)	-1.522	.978	2.422	1	.120	.218
Distance From P .Transport (2)	-.345	.461	.561	1	.454	.708
Constant	.198	.483	.169	1	.681	1.219

Source: Researcher's Analysis of the survey data

Aim is to pass to family members; this is a significant factor in influencing purchase decision. However there is a negative relationship between the two variables. Other factors being constant the consideration of passing the property to family members discourages the possibility of house purchase. The probability of purchase is reduced by 0.343 times.

Investment purpose; this is a significant factor for purchase decision; it is observed that individuals are attracted to purchase to be able to use the houses for current/future investment through rentals or resale.

The factor has a positive relationship with the decision to purchase in that the increase in the possibility of using the house as an income generating investment

increase the probability of purchase by 2.42 times. This was vivid and dully noticed on site during data collection, as more than 45% of the houses were inhabited by tenants rather than legate house owners.

Location from social Amenities, the proximity to social services like water, electricity, hospitals etc. has a high significance in making house purchase decision. The results also entail that there is a positive relationship between the location of these facilities to purchase decision, an increased reaches or nearness to these amenities increase the probability of purchase by 5.569 times, which is the highly important factor among all the environmental factors.

The probability of purchase from the environmental factor is therefore given by:

$$P = \frac{e^{-1.215 * F + 0.884 * I + 1.717 * L + 0.198}}{1 + e^{-1.215 * F + 0.884 * I + 1.717 * L + 0.198}}$$

Where: P = the probability of making housing purchase decision; e = the base of natural logarithms (2.72); F = Aim to pass to family members house price; I = Investment reasons number and size of rooms; L = Location from social Amenities house quality.

Table 5: Logistic Regression Results: Other Influence on House Purchase Decision

Independent Variables	B	S.E.	Wald	Df	Sig.	Exp(B)
Mortgage Rate2			7.860	2	.020	
Mortgage Rate2(1)	1.276	.595	4.601	1	.032	3.583
Mortgage Rate2(2)	1.352	.558	5.871	1	.015	3.866
Loan Conditions2			2.240	2	.326	
Loan Conditions2(1)	.199	.660	.091	1	.763	1.220
Loan Conditions2(2)	.734	.496	2.194	1	.139	2.084
Living Conditions			8.916	2	.012	
Living Conditions (1)	-1.13	.789	2.050	1	.152	.323
Living Conditions (2)	-1.74	.624	7.827	1	.005	.175
Government Participation			7.194	2	.027	
Government Participation (1)	-1.41	.551	6.574	1	.010	.243
Government participation (2)	-.962	.561	2.933	1	.087	.382
Constant	.086	.481	.032	1	.859	1.089

Source: Researcher's Analysis of the survey data

The mortgage rate, this factor is significant in influencing buying decision. Also there is a positive relationship between the rates of interest for house loans to the house buying decision. This means an increase in the favorable mortgage rates increases the probability of purchase by 3.866 times. Whereas loan conditions have no significance in influencing purchase decision however the improvement in loan conditions increases the possibility to purchase.

The living condition i.e. rules of leaving and the social lifestyle in the bought houses community or condominium such as estate management fee, handling of common areas, and the neighborhood life style are. This is significant has a negative relationship in the decision to purchase, since an increase in these conditions people are discouraged to purchase by 0.323 times. This is simply because after purchase one assumes total ownership and freedom preferring less obligations, rules and conditions.

The role of government participation: the role played by the government very significant among individuals when making decision to purchase a house on a given developer project, through loans, subsidies, issuing of title on time, development of infrastructure, acquisition of land or joint venture has a significance in influencing purchase decision this may be the case for public owned houses.. But statistically there is a negative relationship between the purchase decision and government participation

The probability of purchase from the other factor is therefore given by:

$$P = \frac{e^{1.352*M-1.13*LC-1.41GP+0.086}}{1 + e^{1.352*M-1.13*LC-1.41GP+0.086}}$$

Where by: P = the probability of making housing purchase decision; e= the base of natural logarithms (2.72); M = Mortgage Rate Aim to pass to family members house price; LC= Living Condition; GP= Government Participation

Role of reference groups, as suggested by the consumer behavior model; an individual decision to purchase or not to purchase may be influenced by friends. The increase in influence from a friend inspiration and advice increases the probability of purchase by 2.427 times. There4 is a positive relationship between the two as increases is friends influence with information increases the probability of purchase.

The dependent variable include "0" Not Purchase and "1" for Purchase. The model is statistically significant in explaining the variables to purchase decision as, model chi-square =9.327; df = 6; p = .000 < 0.05). The Cox & Snell R Square is 0. 079 and the Nagelkerke R Square is 0.106, the -2Log Likelihood is 147.245⁹, which indicates a moderate relationship between the factors and the purchase decision. From this analysis the following can be deduced;

Table 3.10 Logistic Regression: Reference Groups on House Purchase Decision

Independent Variable	B	S.E.	Wald	df	Sig.	Exp(B)
Coworkers	.509	.513	.984	1	.321	1.664
Government official	.335	.513	.426	1	.514	1.397
Relatives	-.689	.450	2.346	1	.126	.502
Neighbors	-.436	.606	.517	1	.472	.647
Realtor	.484	.408	1.413	1	.235	1.623
Friends	.887	.442	4.026	1	.045	2.427
Constant	-.536	.992	.292	1	.589	.585

Source: Researcher's Analysis of the survey data

$$P = \frac{e^{0.887*F}}{1 + e^{0.887*F}}$$

Where by: P = the probability of making housing purchase decision; E = the base of natural logarithms (2.72); F = Friends

Recommendations

The emerging residential market needs to be embraced and nurtured as it adds to the pool of housing supply, contributes to the improvement in the housing settlement status and is also a source GDP economic growth. For that matter the following are the recommendations of the researcher on matters to be addressed so as to improve the sales performance of the commercial residences i.e. gated communities, condominiums and housing estates.

1. Quality Regulation Professional Body

As quality is analysed to be a significant factor in table 3.7 it is therefore crucial to have an independent organ to ensure building quality of project houses. In spite the role of municipal councils and the ministerial role of the ministry of Land Housing and Human Settlement Development to check and approve building standards and hence issue of the building permit and in cutting across residential sector. It is important to have an independent, cross-professional body whose main task is to regulate the quality of new built homes. The body is responsible to assess the quality of building materials, the pricing of the commercial residential units and fixtures and fittings if any. Also the house size including the number and size of bedrooms should match with the price.

2. Establishing Innovative financing models that promote homeownership opportunities

It is observed that the mortgage rates have a higher significance in influencing house purchase decision. As favorable mortgages increases the probability of purchase buy 4.56 times. However, financing of the residence is observed to be a challenge to a vast of the low and middle class income earners. In order to make the market successful alternative means of financing ought to be devised.

First the existing role of TMRC should improve its efficiency by developing more products with commercial banks to improve facilitation in home loans acquisition such as public/private home loan program. Another approach would be an introduction of partnership between employed homebuyer and employers where an employer contributes to the down payment assistance loan arrangement to be paid gradually by the employee. The employer could provide an outright grant that is attached to a tenure requirement, provide a loan with deferred payments until the house is fully bought, or issue a forgivable loan that is tied to length of employment.

3. Participation of the government in commercial Real Estate Project

Findings reveal that the involvement of the government in the housing estate projects increases the probability of purchase by 1.65 times. Thus enhancing this participation will not only be of good to the general public but also Property developers who face challenges on the whole process of building construction; this includes the bureaucratic procedures and costs of land acquisition which are relatively high. On the other hand cost of construction materials tend to be high as it encompasses Value Added Tax, this results to highly inflated houses prices hence discouraging clients to purchase. To curb this situation the government should tap in in various ways, first the government may adjust the VAT charges and apply its power of compulsory land acquisition to ease the land acquisition process and cost; in exchange the developer has to ensure that not less than 30% of the constructed units will target the low and medium income earners.

This also includes Provision of Infrastructure Improvements for Residential Development. Among the draw back towards decision to purchase is the unsuitable infrastructures in the area where project are undertaken, this can be a large hurdle in unlocking an area for development. These include water and electric supply from the public mains as well as access road from the main roads to the residence. The government can assist in the development of residential property by providing the infrastructure improvements necessary for residential development. This is because the costs of servicing this infrastructure requires a developer to finance

infrastructure, hence affecting the timing of project development and the amount of revenue a project must generate to fulfill its financing obligations.

4. Formulation of housing Policy

Concurring to many other Tanzania scholars, this study as recommends a housing policy that can regulate on the affairs of housing sector. These include setting minimum standard for residential houses, also the design and permissible construction details and layouts, enabling house financing schemes, improve the operation of residential market. The policy will also enlighten on the right and responsibilities of developer, property and estate managers. Also the policy will help to clarify on the general role I the housing estates and gated communities. This will also enhance awareness amongst the public on housing in general.

Conclusion

This exploratory study has managed to communicate valuable findings that focus on the developer-built housing projects. The study revealed the factors that are genuinely considered to be important in making a decision notably household size, the level of income, house quality and design, the mortgage rates, living conditions, location from social amenities and investment purposes to be most significant among Tanzanian home buyers when making house purchase decision. Lastly the study recommends Innovation of alternative financing models that promote homeownership opportunities and urges the government to increase Participation in commercial Real Estate Project through land acquisition schemes as well as reduced VAT charges and most of all establish a housing policy for the betterment of the housing sector. In addition to that the study highlights on the possible reasons to the falling of the developer-built house market as due to the mismatch in buyers interests to what is available in the market and also due to constrains faced by the developers.

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DISCUSSING HOUSING FINANCE AND INVESTMENT IN DEVELOPING COUNTRIES: THE ZIMBABWEAN CASE.

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Abstract

The world is witnessing unprecedented levels of urbanisation. UN-HABITAT (2009) predicted that two thirds of the world's population will be living in cities and towns by 2030. Cities in developing countries are the fastest growing. However the most worrying phenomena have been the rapid growth of slums in and around some cities coupled with acute shortages of housing in many others. In 2004, the U.N reported that more than a billion people in developing countries live in slums, a figure expected to double over the next 30 years. Developing countries continue to grapple with challenges of providing housing to their communities. Investment and new development in housing remain low and slow. The major problem has been lack of finance and investment towards housing.

The banking industry is a major player in every country's economy and it influences the growth and prosperity of a nation. This paper will discuss Zimbabwe's finance industry particularly the banking sector and the extent to which it has committed resources towards housing. The paper will also discuss the level of foreign direct investment received by the country.

In discussing Zimbabwe's housing finance, the paper will look at both domestic and foreign sources of finance, their volumes and the factors which influence their deployment. The paper is an extract from a broader ongoing Ph.D. research study whose main aim is to investigate why Zimbabwe is failing to provide adequate housing in the context of both private investment and public housing. In the study, it is found that housing finance in Zimbabwe is not adequate and falls far short of the levels required to effectively address the shortage of housing.

Keywords: Housing Finance, Low Income Housing, Developing Countries, FDI.