Challenges Facing Real Estate Marketing and Its Impact on Economic Development in Tanzania

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ABSTRACT

The Tanzanian housing sector's fast-growing demand is mainly driven by the fast-growing Tanzanian population which is estimates to be 53.47 million and that is expected to more than double by 2050 while increasing its growth rate from the current 1.56 million per year to 2.98 million per year in 2025 according to the United Nations (UN). In this study, the quantitative and qualitative approach was used. The primary data collected through questionnaires and interviews. From the finding, the study recommends reforms flexibility and improvement on laws especially land ownership which should be conventional to the local experiences and knowledge base. Enhancing access to social and economic services such as capital is paramount in the sector thus the study recommends improved infrastructural development including roads, communication, energy resources, water resource, and improved security. There is also a need for affirmative action to regulate real estate pricing, rental values to attract more local participations/clients thus be able to generate more revenue to facilitate capital accumulation, financial sustainability, and economic growth.

Keywords: Real Estate; Economic Development; Tanzania Housing; Real Estate Marketing; Real Estate Investment.

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1. Introduction

Real Estate in Dar es Salaam, Tanzania's commercial capital and Africa's fastest growing city, has a current population of about 4.3 million which is expected to quintuple to about 20 million by 2050. Housing price per square metre averages USD 1,200 in Dar Es Salaam versus USD 1,235 in Nairobi, Kenya while the rent of one-bedroom apartment in the city center is around USD 775.3 a month in Dar es Salaam versus USD 444.5 a month in Nairobi. The concept of absolute ownership of land is not recognized in Tanzania, where people have however the right to use and occupy the land in accordance with the approved use. Foreign companies and individuals wishing to have rights to occupy and use land can only do so by acquiring derivative rights, applying to the Tanzania Investment Centre (TIC) or to landowners who have been granted right of occupancy.

Real estate market is one of the precise essential factors for country's economy. It is a remarkable field of exploration both at macro and micro levels. On the macro level, the real estate market is closely connected with financial and real sector of economic development; while micro level real estate market is viewed as the framework of consumer behavior analysis (Wang, 2003).

In developed countries, real estate is used for investment portfolio diversification, with closer connection with the stock market, and investment portfolio information. It was observed that real estate market conditions make important contribution to the micro and macro level economies with general economic cycle that enable analysis to find out its contribution to the economic development (Case, et al. 2001).

According to Huang and Wang (2004), Glascocla, et al. (2002) and Hilbers et al. (2001) macro factors that influence real estate market include: economic growth, population growth, income level and interest rate. The Tanzania real estate report (2008); ascertains that over ten recent years, the Tanzania real estate sector has not made significant contributions to the Gross Domestic Product (GDP). The recent and planned projects development encourages the government of Tanzania to remain optimist that real estate will contribute to the country of economic sector and creation of investment opportunities to up lift the income and social welfare of the people Nyangarika et.al (2020a).

The markets for investors in the real estate sector include: opportunities for the development of retail, office building, multi-family properties including students housing properties, distribution and warehouses facilities, lodging properties, medical office building and healthcare related facilities and triple-net single use properties (Knight, 2008).

Besides to this development; the pending passage of legislation that would govern estate agencies, that already amended by the Land Act and the Court of Tanzania to arbitrate the land disputes and plans to institutionalize housing financing. Further the report ascertains that the government continues hoping that the real estate sector in Tanzania will begin to actively contribute to the GDP growth, and it has taken several steps towards regulating the sector and the outlook remains promising. The development in construction services as well as increases in the overall population growth of the country have created a demand for real estate and the sector is therefore primed for investment (Tanzania Real Estate Report, 2008).

In Tanzania rental market practice is pro-landlord however, rents are freely determined. According to the Tanzania Real Estate Report (2008) advance payments can reach up to 6 months or one year, although the legal limit is only two months. Because the formal legal environment process can take years or decades to conclude, landlords often resorts to intimidation, threats and violence to evict tenants. Above that, access to land is complex and investors regularly encounter delays and non-transparent bureaucracy when attempting to purchase property and register title deeds (Denise, 2008). On the other hand, the demand for construction materials is increasing forcing the government to allow importation of these products and in some cases to waive duties on the importation of capital goods. For example, cement and steel materials are imported at low prices from China, Dubai and India (Denise 2008). There is a steadily increasing supply of townhouses, business premises and apartments in urban areas in Tanzania that put the real estate sub-sector under tremendous pressure (Knight-Frank, 2008).

Real estate market and investment is an interesting field both at macro and micro levels. However, this development is faced with a number of challenges such as land disputes. According to the Chairman and Chief Executive Officer of Inter-Capital Group report (2012), most of the lands in the country do not have value for real estate investment because they lack accessibility, which make difficult to surveyors to determine land's value for investment for consideration by the real estate development. This was observed that real estate investment needs long term planning. Lack of unity in pricing in Tanzania is another obstacle to the development of real estate marketing sector. Currently the land value is overpriced, where half an area sells at about US$ 1000 (Exchange rate US$ is equivalent to Tsh 2,220 at 17th December, 2016. The study attempts to explore Challenges Facing Real Estate Marketing in Economic Development Tanzania.

2. Material and Methods

Real estate as the physical land and appurtenances affixed to the land e.g. structures is immobile and tangible. It includes all attachments both above and below the ground. Thus, the legal definition of real estate includes tangible components such as land, all things that are natural part of land, such as trees and minerals, and all things that are attached to land by people such as buildings and site improvements (Appraisal institute, 2001).

The real estate market on the other hand is the market that encompasses all transactions, which involve dealings in rights or interests in land and buildings (UNECEREAG, 2000). A dealing here is used to refer to the transfer of a right temporarily or permanently from one part to another in return for a consideration, usual country's economic development as a result of a corresponding growth in the demand for materials, labour inputs and backward and forward linkages effects in the economy. Cooper (2007) presents real estate market structure in terms of real estate brokerage professionals: owner of the "real estate property, agents and brokers and consumers.

Recently, known that housing prices are sticky when they are going down, sellers being reluctant to sell at a price below the "psychological" price at which the property was initially purchased, as first noted by Case (Quigley and Shiller, 2008). This makes the market more localized, with information asymmetric, and participants‟ price expectations strongly influenced by the most recent series of prices. The first category consists of individuals who are property owners and private investors specializing in real estate. Although this category of users is very large, in practice, not many may employ property derivatives due to knowledge and transaction costs barriers. Furthermore, it is also possible to have imbalances of supply/demand among property markets themselves that may occur due to various factors, such as investor sentiment driven by news about possible events or changes in monetary policy. Pension funds may decide to alter asset allocation to property without actually trading in the underlying asset Shiller, (2008) and Nyangarika et.al (2020b).

Real estate markets exist in all countries of the world within a broad institutional context defined by the prevailing political, economic, social, and legal systems (D'Arcy and Keogh, 2002). Each country's real estate market is conditioned, amongst other things, by landlord and tenant law, planning law, and urban policy, which in turn provide a context for the activities of those who participate in the market to develop, use, or invest in property. Keogh and D'Arcy contend that a property market can be explored from an institutional perspective, which provides an understanding of what real property represents and the ways in which it is held, used, and traded. Clearly, institutional characteristics vary from one national property market to another and from one-time period to another.

A study carried out by the Economic Intelligence Unit (EIU) in 2000 maintains that the real estate sector is governed by very complex, state-specific rules and regulations that can easily distort or deter investment flows. For example, to date little attention has been paid to the problems that the morass of different regulations in different countries can create for investors. Even amongst economies that are fairly highly integrated, such as in the European Union (EU), national property markets and real estate regulations differ enormously among countries. Furthermore, foreign investors entering new markets are faced with numerous footraces. These range from direct government restrictions to differences in the traditional culture of national property markets.

These differences are important to the analysis of market outcomes and behavior. Real property investment is becoming increasingly international oriented. As markets around the world become more sophisticated, large real estate investors are looking to diversify their portfolios on a global scale (Lizieri and Finlay, 1995; Newell and Worzala, 1995; and McAllister, 1999). The main argument in favor of international diversification for real estate is that foreign investments offer additional potential to reduce the total risk of a portfolio. Like in the case of Tanzania the diversification has led to rapid economic growth since the year 2000 Nyangarika et.al (2020c)

George (1879) theory assumes that (1) land is essential for all production, (2) In any particular economic region, the supply of land is inelastic; it has a fixed supply, (3) When a boom is underway, the anticipated increase in land values induces speculators to buy it for price appreciation rather than for present use, which causes its current value to rise above that warranted by present use 4) Once wide spread speculation sets in, land values are carried beyond the point at which enterprises can make a profit after paying for rent or mortgages. According to this theory, after land prices and rents drop, the normal rent and land prices are stored, increasing the profitability of enterprises.

The typical pattern of the real estate cycle is as follows; there is population growth and industrial development, facilitated by public works and other government services. This creates an increase in the aggregate demand for housing and other building, exceeding supply. Time is required for the supply, building construction to catch up. Construction adds promptly to the demand for land (Burns, 1969 p. 68). Following a rise in building activity, rents and land values rise (Priban, 1940, p. 70) then the rate of increase rises, as a rising income from real estate induces an increase in real estate prices. This theory however, does not show clearly how participants in real estate marketing including government agencies such as TBA whose mission is to build and sell houses can make real estate marketing real and viable for economic development. Thus, this theory is rejected to guide this study.

Markowitz (1952) theory assume that 1) Investors base decisions to buy or sell on expected return and risk, as measured by the mean and variance of returns on various assets 2) All investors have the same time horizon. In other words, they are concerned only with the utility of their terminal wealth, and not with the state of the portfolio beforehand, and this terminal time is the same for all investors making process namely the mean, variances and correlations of returns on various investments (All investors are homogeneous). 4) Financial assets are arbitrarily fungible. The central idea in this theory is that individuals are utility maximizes, they will always switch from one investment to another which has the same expected return but less risk, or one which has the same risk but greater expected return or one which has both greater expected return and less risk. Although this theory provides challenges facing real estate marketing, it does not provide a clear solution and how stakeholders in real estate market can make the business viable for economic development.

Cheng Ping, Lin Zhenguo et al (2008) developed a theory that states fundamental characteristic differentiating real estate from financial assets and its illiquidity. The degree of illiquidity is typically measured by the time it takes to sell a property, or the so-called time-on-market (TOM). Given the heterogeneous nature of the real estate market (infrequent trading of non-generic products by limited number of buyers and sellers with various economic constraints), the length of the TOM is affected by many factors and is not under full control by the seller. In other words, it comes to sell a property, the real estate investor faces not only uncertain transaction price (price risk), but also uncertain TOM (Marketing period risk), whereas in the financial market, because assets can be sold instantaneously investors do not bear the marketing period risk.

In the same vein, Huang (2003), demonstrate that real estate seller with different holding costs face different marketing period risk and receive different price distribution upon a successful sale. In other words, real estate price and risks are investor specific. In addition, a higher marketing period risk is always associated with a high return and lower price risk.

A substantial body of empirical literature has established the fact that there exists a strong relationship between real estate price and the TOM, and that marketing period risk is an intrinsic part of real estate risk. Miller (1978) finds house selling prices are positively related to time-on-market. Forgey, Rutherford and Springer (1996) provide some evidence for an optimal marketing period and indicate that liquidity is priced into single-family house sale. Houses with higher selling price tend to have longer expected TOM.

Genesove and Mayer (1997) find owners of properties with higher loan-to-value ratios tend to stay longer and receive higher prices than properties with lower loan-to-value ratios. Ong and Koh (2000) find that longer TOM is associated with higher capital gains. Levitt and Syverson (2005) investigate the sales of properties owned by real estate brokers and found broker owned houses tend to stay longer in the market and sell at higher prices when a wide range of property features are controlled. The theory was able to take aboard the issue of brokerage system in real estate marketing and provide a solution to this system. Accordingly, brokers need to undertake certain studies related to their work and this can provide one clear way of ensuring that real estate marketing remains viable for economic development. Due to this strength the study will be guided by this theory. In summary, these and many other studies not mentioned here have repeatedly shown that real estate price and the TOM are intrinsically related, and that marketing period risk is inherent in the real estate price dynamic.

Knight (2005) show that there are marked differences in the stages of real estate investment between the various countries as well as the attractiveness of real estate investment opportunities particularly for institutional investors vary from country to country. Evidence also shows that the degree of maturity of a country’s real estate market in Africa seems to be strongly correlated with the size of the international participants and the business community in the real estate market in question. International participants in this sense comprise both citizens who are normally resident in the West or expatriates in African countries. For example, in Zimbabwe the significant growth in the residential housing facilities over the last 3 years was affected by with rental rates rising above inflation. This also demonstrates a clear symbiotic relationship between real estate markets and economic performance.

According to Grubb and Ellis, (2004), economies that are relatively well performing with serious business opportunities and sufficient guaranteed security for expatriates are likely to be comparatively attractive to expatriates and mature faster. It also shows that though the indigenes of Africa represent a considerable segment of the population, they are effectively priced out of real estate markets. It is possible to attribute this situation in which international participants and businesspersons drive the progress of property markets in these economies to two main factors. Firstly, both the supply and demand for developed urban properties in general entails significant front end capital investment. But considering the generally low levels of prosperity in African population (with about 45% living on US$1.00 a day) many will be unable to meet this kind of investment from their own means. As in the western economies, in situations like this a strong mortgage market provides good relief. However, in sub-Saharan Africa, with the exception of few countries such as South Africa, Uganda and Kenya with a fairly well developed mortgage markets most of the countries are characterized by very weak and ill developed financial and mortgage markets. Most of these countries are faced with high mortgage rates, making it very expensive to borrow for property development. Even in the case of Zambia, the mortgage market is said to have disappeared altogether (Grubb and Ellis et al., 2003).

As a result, the majority of Africans tend to rely on funds from informal credit, remittances, personal savings, rotating credit associations, social clubs and institutions (Rakodi, 2005) to buy a house or raw land to construct their own houses incrementally. Osondu and Middleton (2004) estimates for instance that in Enugu, Nigeria about 78 percent of housing stock is built by the owners directly and of this only 35 percent had access to formal institutional credit. The comparatively long gestation period of property development particularly when funded this way means that in the end, given the time value of money, the real costs of construction tends to be higher than it would normally have been. This is contrary to what is expected of a poor country where money is difficult to come by. Most of these indigenes invest in such real estate for their use and occupation rather than for direct investment returns but in the end are often unable to complete for the purpose.

There is across the countries of Africa a relatively small crop of residential and even smaller commercial property development businesses to meet the commercial demand for residential houses primarily by the international participants, business class and private sector employees. In Ghana this led in 1988 to the establishment of the Ghana Real Estate Developers Association (GREDA) as the umbrella body for these businesses. Presently GREDA has 400 real estate development companies, 350 of which are in Accra, Ghana producing houses for the teeming commercial demand. By 1998 GREDA member companies have together developed and sold some 11,934 1-4 bedroom residential houses at prices ranging from US$30,000 (Exchange rate US$ is equivalent to Tsh 1,620 at 25th October, 2013) to US$390,000. The Home Finance Company (HFC) has also been created to provide the mortgage market required to drive the efficient functioning of these residential markets alongside the traditional banking and credit institutions. But the high inflation linked interest rate charges imposed by these financing institutions has meant that shortage of affordable formal credit for commercial estate development and mortgages remain high. This appears to have slowed down investments in commercial investment in real estate development judging from the agitations of the market, thereby producing stagnation in these markets.

To date, the relatively small class of residential estate development companies in these countries rely on funds usually obtained from a combination of sources ranging from bank credit, informal credits, personal savings or inheritance. As a consequence, there is a wide variation in the proportion of residents in respective countries who are able to achieve home ownership. This depends on their personal circumstances and hindrances posed by government policies (Grubb & Ellis, 2004). UNCHS/World Bank (2003) suggests that the number of residents who achieve home ownership varies from around two-thirds in Tunis, Johannesburg, Ibadan, and Dakar to under half in Algiers, Rabat, and Harare, one third in Lilongwe and Cairo, little more than a quarter in Dar es Salaam, Nairobi, and Accra, and only one-fifth in Abidjan. At such rates, it will take several decades for many of these markets to attain internationally efficient performance levels. Those who cannot afford to own houses, as is the case everywhere, rent to meet their housing needs.

3. Methods

This paper used a descriptive based research that analysed factors and challenges facing real estate marketing and investment prospects, this study used of both analytical and descriptive approaches for result discussions. The study will be carried out in Dar es salaam, Tanzania. The population of this study comprises of all real estate in public and private sectors such as brokers, management, investors, real estate company. Municipality. The primary research subjects shall be individuals i.e. entrepreneurs and investors who would intend to develop real estate. The study proposes a sample frame of not less than 100 people to be interviewed within Arusha municipality to represent the business community in the city. The secondary subjects were the government and its various organs and agencies as Tanzania forms the research area of the study. Information was collected on how this government and its mechanisms influence the real estate development process. Additionally, considerations were given to the private sector such as entities that provide banking services, legal services, designing & construction services etc. In this study the researcher was using Quantitative and qualitative data. The researcher was collect this data through questionnaires and interviews. The researcher used Statistical Package for Social Science Research (SPSS) version 19th for data analysis.

4. Results

The thought that consumers have a preference to one product or one service over another is not new. The ability to recognize and determine the elements of such preference decisions with any accuracy and reliability is not readily available. Empirical evidence shows that consumer behaviour has brought understanding to some of the major issues with standard customer satisfaction. Most importantly, it has come to be believed that high customer satisfaction does not assure continued customer preference. In this study the researcher examines to interplay between increased value and customer preference and the influence they command in the economic development as shown in Figure 4.1.

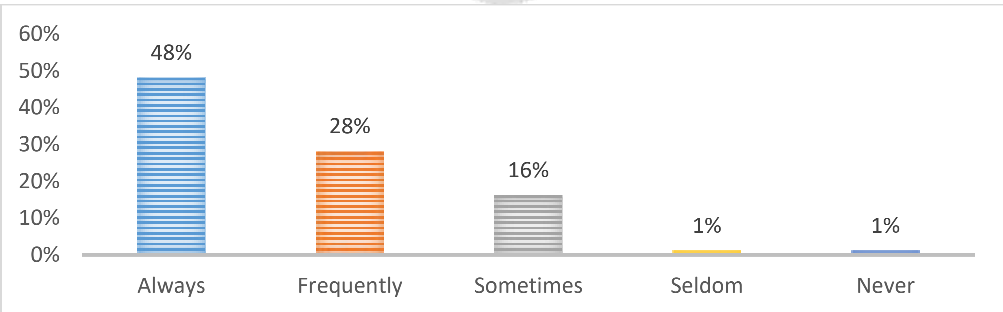

Figure 4.1: Increased Rental Value and Consumer Preference
Source: Researcher's Analysis (2020)

According to the results customer preference has a very significant influence real estate marketing in economic development. This was revealed by on overwhelming proportion of 76% respondents which comprised of those whose who indicated always (48%) and frequently (28%). Only a small proportion of 16% indicated that increased rental and customer preference occasionally had influence in economic development. From the findings it can be concluded that consumer preference as a concept shows that it is a serious challenge to real estate marketing. It is therefore obvious that consumer preference or simply known as the power and ability to choose things with the anticipation that the choice will result in greater satisfaction has confirmed the ability is an opportunity and not a threat in the real estate sector. In Arusha region like most parts of Tanzania is perceived to have vast land which is un-surveyed. It is notable that un-surveyed land affects people especially as it relates to possession of title deeds of any piece of land. In principle where a land is un-surveyed the land can have no title owner because it is not defined with accepted land measurements. According to the results, 5% respondents indicated that availability of un-surveyed land is never a challenge to real estate marketing in as far as economic development is concerned.

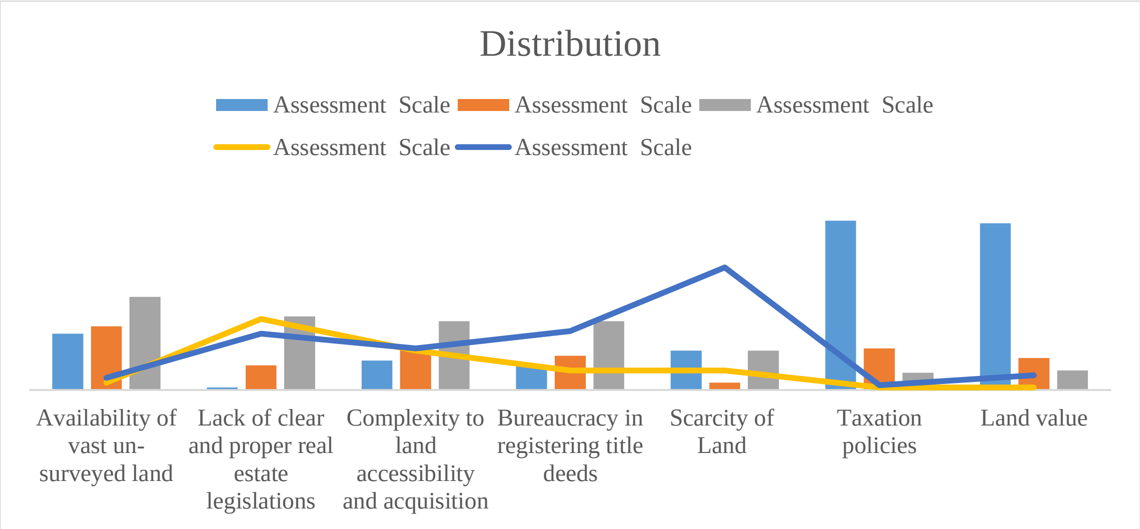

Figure 4.2: Regulatory Frameworks
Source: Researcher's Analysis (2020)

Another 3% respondents indicated that it was a seldom challenge while a majority of 38% indicated for sometimes depicting un-surveyed land as an occasional threat to economic development. On the opposite side of the scale 26% and 23% respondents perceived that the availability of un-surveyed land to be a serious challenge and indicated always and frequently respectively. In-depth interviews by key informants however confirmed that where land is surveyed their protections provided by government to the land owners are stronger which motivates investors to have long term commitments on the lands they own. Conversely, un-surveyed land reduces the necessary protections to investors in real estate sector. Aspects of legislation were examined as reported in Figure 4.3. From the table it is clear that opinion on lack of clear and proper real estate legislation varied greatly. While a small proportion of respondents (11%) depicts the variable as a challenge comprising of those who said always (1%) and frequently (10%), a larger proportion of 52% respondents felt it is not a challenge. This was made up of 29% and 23% of those who indicated seldom and never respectively. Issues of real estate legislation are important since it governs the forms of ownership and tenancy in real estate property and in personal investor property, within the legal system. Thus it is only prudent that legislation be made clear and proper especially those that are associated with rights and obligations in real estate marketing and investment as a stimulus to economic development.

As has already been discussed in the previous section access to land is a primary over-arching factor in real estate marketing. Thus sub section analyzed the perception of respondents on the implication of land accessibility and acquisition in influencing real estate marketing and subsequent economic development. Results show that about 30% respondents were in agreement and indicated always (12%) and frequently (18%) both portraying the complexity to land accessibility and acquisition as a major challenge to real estate marketing and economic development. In the same domain, 28% respondents indicate the parameter as an occasional challenge. However, 33% respondents seemed to disagree with the notion which comprised of seldom (16%) and never (17%). From the findings the study can safely conclude that land acquisition, in particular, are complex and crosscutting and tend to paralyze attempts to reform real estate sector and economic development.

Information on bureaucracy in land registration is capture in Figure 4.2. From the table, the study revealed varied perception. For example, 10% respondents indicated aspects of bureaucracy in land registration to be always a challenge. This was followed by 14% respondents who mentioned it as a frequent challenge while 28% thought it was an occasional constraint in the functions of real estate marketing and economic development. Nevertheless, 8% respondents thought the bureaucracy in registration is an occasional challenge which could not necessary impedes the real estate marketing process. At the same time, 24% respondents indicated never, distinctly confirming that the parameter had no effect. Results show that as issues of title deed gets intertwined in bureaucracy, simple property transfer goes wrong. Moreover, signing for a purchase and sale agreement in terms of title deed grants an investor the right to claim transfer of the property. Thus real estate investors become owners once the land is transferred and registered in his name.

Empirical studies suggest that land scarcity can be causes by issues such as population growth, social difference and even environmental matters. Investigation on perception about scarcity of land show that 16% respondents were in total agreement that it is always a problem in the real estate marketing while 3% indicated it as a frequent challenge as featured in Table 4.3. About 16% respondents had a neutral perception and indicated land scarcity to be an occasional (sometimes) challenge. It was however notable that a large proportion of the respondents never (50%) considered the region to be faced with land scarcity problem while another 8% indicated seldom. From the findings is can be said that in Arusha region like most parts of the country, land is available and investors concerned about availability of land attempts to buy as long as they can meet the cost of purchase of land. In principle this was considered to be one of the factors driving up land prices in Arusha region and creating speculative scarcity of land as a factor of production and economic development. Land value and tax is a levy on the unimproved value of land only. The study recognizes that it is tax on land that disregards the value of real estate whether in buildings, personal property and other improvements. From the results, an insignificant proportion of respondents consider land values as challenge. Those who mentioned never accounted for 6% followed 1% who indicated for seldom. On the other hand, majority of the respondents mention always (68%) while those who perceived it as a challenge and mentioned frequently accounted for 13%. Another 8% respondents had a modest perception indicated sometimes.

Land holds a distinctive place in the development of economies. Thus land taxation is the type of socialization used to generate revenue from whole value of real estate which combines land, buildings, and improvements made on the land. From the study result on a small proportion of the respondents disagreed with the proposition linking land taxation polices real estate marketing in economic development. This comprised of 2% and 1% who mentioned never and seldom respectively. However, 69% and 17% of the respondents maintained that taxation was a significant challenge and indicated always and frequently respectively. According to Philip Kotler (2008) among the four marketing mix, product, distributing channels, promotion and price, only price creates income and the other three generate costs. Price, besides creating income, plays a major role as a strategic factor in developing competitive advantage in the market as presented in Figure 4.2. Investigation on the role of real estate pricing in marketing revealed that only a small proportion of 16% respondents (always – 8% and frequent – 8%) considers pricing as a significant element in determining real estate marketing and subsequent economic growth as compared to the majority 48% respondents (20% seldom and 28% never) who perceive pricing have no effect on real estate marketing as shown in Figure 4.2.

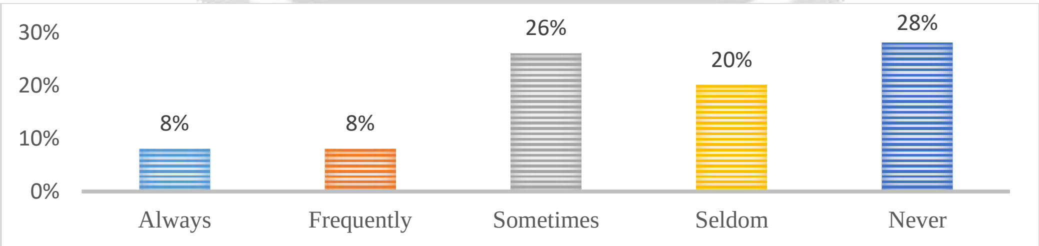

Figure 4.2: Real Estate Pricing in Arusha City
Source: Researcher's Analysis (2020)

The disparity in perception makes decision making for pricing a difficult task which is affected by many factors. The reason for real estate investors who are so active for using price factors is that there exists a good market demand while at the same time there is a growing government supports structures including providing access to infrastructural services. Population growth is also a major concern perceived to be a challenge to real estate marketing and its contribution to economic development. Result from this study however indicated a varied point of departure with majority of the respondents indicating that population growth is never a challenge (28%) and those who thought it could rarely (seldom) be (37%) be an issues of concern. Another 18% respondents perceived population growth as an occasional challenge. In contrast, only 14% respondents comprising of an equal proportion 7% (always and frequent) seem to be in agreement that population actually presents a challenge in the real estate marketing as a function of economic growth. From the analysis it is clear that growing numbers of people need more real estate facilities to live on and support various related activities for the community in Arusha region. Human populations also migrate which leads to the physical growth of urban areas which can contribute to increased demand for real estates. Increased urbanization is not just a modern event, but a rapid and historic revolution of human social living pattern whereby predominantly rural community's way of life are being rapidly replaced by largely urban customs as there move to the urban centres. In the study on effects of increased urbanization captured in Figure 4.2 reveals that the phenomenon is not as serious a challenge in as far as real estate marketing for economic growth is concerned. This was shown by about 60% respondents who indicate the variable to be seldom (24%) and never (35%). However, 16% respondents were of the opinion that increased urbanization sometimes poses challenge to the real estate sector leaving a small proportion of 16% respondents who has a strong case that increased urbanization is actually an impediment that create demand that have more to do with the real estate distribution than the actual economic growth exhibited.

Studies show that rural - urban migration is especially common in developing countries like Tanzania. The phenomenal growth is attributed to factors that attract people not just economic opportunities, but also associated to the loss or degradation of farmland and pastureland which are the mainstay of the rural communities. It was however strange that the respondents were never (40%) convinced that rural – urban migration is a challenge likewise 24% respondents considered it to have a rare effect of economic development. Another equal proportion of 9% respondents indicated the parameter both as an occasional and usual challenge. A similar pattern of occurrence was observed from the respondents on urban population growth as shown in Table 4.2.

Table 4.1: Population related factors

Distribution	**Assessment Scale**				
	Always	***Frequently***	***Sometimes***	***Seldom***	***Never***
Increased urbanization	8	3	16	24	35
Rural-urban Migration	9	1	9	24	40
Urban population growth	9	1	9	24	40
Increasing household size	9	6	20	17	39

Source: Researcher's Analysis (2020)

In Arusha region, the number of people living under one roof is ever growing and is perceived to have a significant effect on increased demand for housing and rising economy. However, like in the previous discussions there is a skewed pattern on participant's views which portrays population factors as supportive in the real estate marketing and economic development. In as far as increased housing is concern, 39% respondents never perceived it as a challenge while 17% thought it was rarely an issue while another 20% respondents indicated household sizes to be an occasional challenge. Issues of occupational and education background were also assessed and revealed varying perception as shown in Table 4.3. From the Table 4.3 it was observed that about 28% respondents in an equal proportion of 14% (always and frequently) agreed that peoples occupational and educational background play a significant role in determining the type of housing demanded thus influencing the real estate marketing.

People who have higher educational background were perceived to have good and well-paying occupations (employment) thus they demanded good housing facilities. Such people normally preferred to live in homes will good houses in a well fenced environment. The study also established that 205 respondents perceived occupation and educational background to have an occasional influence on the real estate marketing trends in economic growth. In the opposite side of the spectrum, 13% and 22% respondents indicated for seldom and never respectively depicting the variable to have little no effect at all in the real estate marketing process.

The role of brokers and brokerage system in the real estate market can never be underscored. It is important to mention that brokers are people who acts as intermediary between real estate investors and the customers of real estate/real property and attempts to find customers for the same. In Arusha region brokers and brokerage system (estate agents) or organization whose business is to market real estate on behalf of clients is a serious and booming business employing a good number of people. In the study 9% respondents strongly indicated that the brokers always have significant effects on real estate marketing. Likewise, 10% respondents indicated the brokers to frequently influence the sector with 23% respondents were natural depicting the activities of the brokers as irregular. Nonetheless, an equal proportion of 21% respondents linked the role of brokers and the brokerage system as seldom and by no means has a relationship with the sector development. Levitt and Syverson (2005) investigate the sales of properties owned by real estate brokers and found broker owned houses tend to stay longer in the market and sell at higher prices when a wide range of property features are controlled. The theory was able to take aboard the issue of brokerage system in real estate marketing and provide a solution to this system.

It has already been established that lack of clear and proper real estate legislation is a major impediment in the development of the sector. This section assessed the relationship between real estate legislation and its influence in economic growth. From the findings, a small proportion of respondents (9%) perceive the variable to have notable effects on real estate marketing on economic growth while 8% respondents believed that legislation in real estate frequently affected the economic growth pattern. However, a larger proportion of 41% respondents felt the variable had a 50-50 chance as a challenge to the economic growth. Meanwhile, 20% and 13% respondents indicated seldom and never respectively clearly affirming that real estate legislation have no serious effects despite the strong notion that legislation are crucial in governs the operations in the sector.

Table 4.2: Challenges for economic development

Distribution	Assessment Scale				
	Always	***Frequently***	***Sometimes***	***Seldom***	***Never***
Occupational and Educational Background	14	14	20	13	22
The role of brokers and brokerage system in the real estate market	9	10	23	21	21
Lack of clear and proper real estate legislations	9	8	41	20	13
Lack infrastructure policies	2	7	29	15	34

Source: Researcher's Analysis (2020)

The absence of supporting infrastructure such as telecommunication, transport, power and water supply and skilled labour discourage real estate investors and subsequent economic growth since it increases transaction costs. In the study it was established that 2% respondents consider lack of infrastructural policies to always pose a challenge. Another 7% respondents indicated aspects of infrastructure as a frequent impediment in the real estate sector while 29% indicated sometimes giving a picture of neutrality. Conversely, 15% respondents perceived infrastructure policies as seldom implying that it is hardly affects the sector and the same time 34% respondents were without doubt infrastructure policies are never a challenge. Overall, it is important to note that investment comes along with the need to communicate with clients at ease, operate efficiently under reliable utilities. Such factors include proper infrastructure and utilities that would make investing in Arusha a pleasure with no hassle. Likewise, better road networks enable real estate investors to venture into the sector lower costs.

5. Conclusions

On the relationship to economic development the study found that although the government had put in place good number systems in place such as taxation policies, infrastructural development among other legislation however their implementation was still limited which was indicative of lack of good will to expedite the process. Similarly, the practice of business strategic management was still low depicting luck of awareness of the importance of offering strong guidance in the sector in guiding growth and development, regulating policies, mitigating bureaucracies, enforcing laws for land adjudication and survey and improving the general infrastructure to provide support to real estate. The study also identified various opportunities for growth and development of real estates in Arusha regions especially the ever growing pollution of the city, enormous natural resources, occupational and educational background of the people and rural urban migration. The status of Arusha as a major tourist destination, headquarters of East African Community (EAC) and United Nations Organization International Court Tribunal of Rwanda (ICTR) also presents it a comparative advantage in terms of creation of markets and ready access to people with technical expertise to support the real estate marketing and investment. Out of the main study lead questions it was also evident that the pleasant environment and landscape also favour real estates in especially access to raw material such as sand and timber. Other opportunities lay in the growing financial services providers. Moreover, it was established that there is availability of abundant land as which is also considered as a good opportunity however, the regulation and reforms are still rigid, bureaucratic and unfavourable. From the findings of this study it can be concluded that the real estate marketing and investment has a great potential for growth in Arusha and are strategically positioned to fill up this gap on demand for facilities such as housing and accommodation, commercial offices, hotels, guest houses, lodges etc. The potential for growth of real estate marketing and investment also comes with a greater and wide range of job opportunities under economic circumstances for people in agriculture, service sectors, traders and manufacturing subsector thus contributes to the economic growth of the region and the country. The study also recommends improved infrastructural development including roads, communication, energy resources, water resource and improved security among other important services that promote investment culture.

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