

The Factors Affecting Real Estate Prices in Bahir Dar City

Tamirat Mekonnen Mekuria

Department of Real Property Valuation, Bahir Dar University, Bahir Dar, Ethiopia

Email address:

mekonnentamirat2013@gmail.com

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Abstract: Over the most of this decade, Ethiopian real estate has increased. Prices doubled and even tripled in a number of locations during a short period of time, particularly in Bahir Dar, the capital city of the Amhara Region. The identification of the variables that influence real estate value is one of the most crucial aspects of the valuation process. Several sources contain various factors. The components' weights and counts can vary depending on an individual's experiences and goals. Some of these variables will not significantly effect the value of real estate, while others will have a big impact. Determining the essential valuation elements and their importance is therefore crucial. The primary goal of this study is to identify the key causes of the rise in Bahir Dar real estate prices. For the study, standardized questionnaires were employed to collect survey data. Selected real estate management staff members received 20 surveys. To analyze the data, descriptive statistics were used. According to the findings, Bahir Dar's management of real estate firms believes that housing affordability has largely been restricted to the top class and that real estate prices have risen. On the one hand, the location, physical attributes, and accessibility of properties were noted as the three main micro-factors affecting real estate price. On the other hand, one of the key macro-factors impacting real estate values was found to be population growth and taxes. Based on the research, the author suggests that it's critical to keep an eye on real estate price growth, particularly given that the current real estate market appears to be geared exclusively toward the wealthy. The cost of real estate may become more affordable, particularly for the middle and lower classes, with the improvement of infrastructure upgrades that will increase real estate properties' accessibility to transportation and other crucial facilities. Last but not least, reducing the cost of construction by increasing the number and caliber of skilled workers, facilitating access to the most recent construction technologies, and utilizing alternative construction techniques that can cut down on construction costs and shorten construction times will all help to lower the final real estate price.

Keywords: Real Estates, Price Escalation, Affordability, Micro-Factors, Macro-Factors, Bahir Dar, Ethiopia

1. Introduction

Real estate is growing and developing more and more these days, playing a bigger part in the market economy of the nation. When the commodity economy grows and investment expands in scope, scale, and form, real estate investment is an objective economic phenomena that occurs. Some of the following qualities are found in real estate goods: depend on their economic use; offer customers utility and convenience, establishing the groundwork for additional activities; bring in returns for investors and others engaged in real estate commercial activities [2].

There are three main contexts in which the word "real estate" is employed. Its primary application is to identify the physical assets, such as land and buildings. Second, it refers

to the "bundle of rights" connected to the possession and use of tangible property. Last but not least, the phrase "real estate" may be used to describe a sector of the economy or commercial operations connected to the purchase, use, and disposal of physical assets [14].

Real estate is an inefficient market, which means that there is information asymmetry among market participants, allowing those with specialized knowledge, skills, or resources to profit more. It can take a while, usually at least a few months, from the time you decide to sell a property until it actually sells, which may result in a lack of liquidity. One crucial factor in real estate investments is location; a piece of property can perform quite differently across nations, regions, cities, and even within the same metropolis [4].

In contrast to "real property," which refers to the

ownership rights of the land itself, modern definitions of the term "real estate" place a strong emphasis on the fact that "real estate" refers to the land as well as its fixtures collectively. Investors present a modern definition of real estate. All property that is immovable or fixed in place falls under the definition of real estate, which also includes any land and anything permanently affixed to it, such as buildings [13]. Real estate is defined as land and all enduring improvements thereon, such as buildings.

Real estate prices can be considered a leading indicator of the general business cycle [10, 28].

As in many other nations throughout the world, Ethiopian real estate has been booming for the majority of this decade. Prices in several places, especially the capital city of the Amhara Region, Bahir Dar, have quadrupled or even tripled in recent years, and many locals are worried about the lack of suitable, affordable housing. In Bahir Dar, there is a considerable disparity between the supply and demand for housing units. Prices have risen beyond the means of the majority of the country's people, especially Bahir Dar, due to the country's high demand for residential accommodation and its poor supply. Hence, examining the real estate market in Ethiopia is crucial to understanding the nation's economic status, and it's crucial to pinpoint the factors that influence house price trends.

Five sections make to the paper's structure. The second section of the essay evaluates the literature that has already been written about the variables influencing the cost of real estate in Bahir Dar. The third section of the paper gives a summary of the methodology used for this study. The findings section, which includes a discussion of the findings as well as an analysis and presentation of the data, comes next. The fifth and last section of the report concludes with a brief review of the study and some suggestions for further research.

2. Literature Review

2.1. Meaning of Real Estate

Contemporary definitions place special emphasis on the distinction between "real property," which refers to the ownership rights of the land itself, and "real estate," which refers to the land and its fixtures collectively. Investors offer a modern interpretation of real estate. The phrase "real estate" refers to both land and anything permanently attached to it, such as buildings, with a focus on property that is immovable or fixed in place. THOMSETT, M. C. [25], Real estate is defined as land and all enduring improvements thereon, such as buildings. According to the author [9], the phrase describes a fourth dimension of time and an artificially defined space that is referenced to a fixed location on the surface of the earth. It was constructed to host a type of economic activity that is constrained by public infrastructure and influenced by cultural choices. Residential properties, vacant land, and various types of income property, such as condos, office and apartment buildings, and

warehouses, are all considered to be real estate. Given the similarities, real estate is defined by all authors as recognizable and physical land. They also included all structures that are permanently affixed to the land and are to be regarded as real estate.

2.2. Basic Types of Real Estate

Real estate activities primarily fall into two categories, each of which additionally includes numerous sub-categories. The following section discusses the many aspects of real estate segmentation in relation to the housing market. The fundamental types are listed below:

Residential – Single-Family, and Multi-Family

Commercial – Land (All Types), Retail, Agricultural / Industrial, Office and Special Purpose

According to the research [3], Property types include income-producing and speculative ones. Residential and commercial properties that are leased out and are anticipated to generate returns primarily from recurring rental revenue are considered income properties. Single-family homes (houses, condos, cooperatives, and town homes) and multifamily homes are examples of residential properties (apartment complexes and buildings). Commercial real estate includes factories, warehouses, shopping malls, and office buildings.

Raw land and investment properties are frequently considered speculative property since they are projected to generate returns solely from value growth owing to location, scarcity, and other factors, rather than from regular rental revenue. There are many different sources of risk and reward for income properties. Losses may be the result of negligent tenants, an abundance of rental properties with one another, or poor management. On the plus side, however, income properties can deliver rising rental incomes, an increase in the property's value, and perhaps even some tax shelter.

As implied by their name, speculative assets present their owners with a possibility to realize huge financial gains but also expose them to great danger of loss. For instance, rumors may spread that a brand-new, multimillion-dollar plant will be constructed outside of the city. Land purchasers would rush the market, driving prices quickly higher. When buying and selling at the right times, you can see returns of up to several hundred percent. Yet, individuals who entered the market too late or failed to exit before it flipped could lose a significant portion of their investment. You should research the risks associated with different types of properties before making an investment in real estate, and then select which hazards you are willing to accept and can afford.

2.3. The Concept of Property Value

According to LOPES, S. A. et al. [17], Value is described as the financial connection between a property and the people who buy, sell, or utilize it. As a result, the definition of a property's value is the current cost of the owner's right to future income or capital [6]. Value is thus a subjective notion in that a thing will have a range of values depending on the

conditions of the party for whom it is being evaluated and the purpose for which it is being valued at any given time [6]. In the practice of property valuation, it is crucial to understand the fundamental differences between the phrases price, cost, and value, which have similar connotations in ordinary usage. In general, price is a reflection of the relative value placed on the goods or services by the specific buyers or sellers under the specific conditions. Pricing is defined as the amount requested, made available, or paid for a good or service [5].

2.4. Natural Factors

One of the most significant elements affecting the long-term value and cost of real estate is this. This collection of elements consists of:

1. Location of real estate: Absolute position and relative position are the two different kinds of real estate locations. The value of real estate increases with location quality. Property in the heart of a large city that is highly inhabited and has modern living amenities, etc. [23] It almost likely will cost more than similar residences in suburbs (relative location). The price will be more than the property located at the end of the alley, on the little road, because it is situated on the large roads, right at the crossroads, close to the important traffic axis.
2. Land size, area, and shape: More prices will be paid for land with a vast area and a square shape that is not warped or deformed.
3. Terrain: The cost of real estate is higher in high-lying locations because they are less likely to flood during the rainy season.
4. Construction style: Construction style refers to the specific architectural and design characteristics that are employed in the construction of buildings and structures. It encompasses various elements such as materials, techniques, aesthetics, and cultural influences that shape the overall appearance and functionality of a building. Construction styles can vary greatly across different regions, time periods, and architectural movements.
5. Soil characteristics: The value of real estate rises in locations where the soil is somewhat hard—not too soft—and suitable for building homes. [8] Define environmental factors as natural disasters and zones.

2.5. Economic Factors

Real estate profitability means that whether you acquire a property to sell, rent, or resell it, the profit made from that high or low price will have an impact on its final worth. For instance: Ho Chi Minh City's central region will have more expensive real estate than the suburbs or rural areas... Real estate amenities, such as electricity, water, sanitation, air conditioning, and communication, are related to real estate value: the more comprehensive and superior the amenities, the higher the value of the real estate [7].

2.6. Market Factors

One of the key markets for the nation's input resources is

the real estate market, which has unique characteristics that set it apart from other markets for these resources [27]. A regional market is a typical example of an imperfect market because it is built on land with unique characteristics like frequently separated goods and transaction locations. Additionally, the supply and demand for real estate are less elastic and out of date compared to prices, and the operation of the real estate center is subject to government regulation. On the other hand, the market for real estate is directly connected to those for other input resource markets (such as the labour market, the financial market, etc.). Both economic growth and social stability are facilitated by the development of exceptional properties [19].

2.7. Legal Factors

Legal aspects of real estate, such as ownership certificates, pink books, and red books... limits on land use rights, home ownership, and other development projects connected to real estate, as well as laws governing construction and architecture: rental status, mortgage status, and level of competition Real estate value is also affected by acceptance of land use rights, home ownership, and constraints on common ownership (such as residences built where the runway is no higher than three stories) [11].

2.8. Political Factors

The operation of the real estate market in general and investment in the real estate sector in particular may be impacted by the change in policies of the state and local governments. In-depth: Policies that have unintended consequences, like those that promote foreign investment in a region, may boost demand for real estate and raise prices. Directly affecting rules include those that permit Vietnamese living abroad to purchase real estate in Vietnam, permitting non-citizens to purchase homes in the city. Financial regulations that apply to people who receive state-allocated or leased land... Government tax laws and credit policies for real estate investment activities [24].

2.9. Macroeconomic Factors

The idea of investing in and managing project-related activities will be impacted by the macroeconomic climate, which can help or impede the process of project implementation. Favourable macroeconomic conditions can, in part, lead to the emergence of investment ideas in addition to creating favourable conditions for projects to emerge and function successfully. In order to create and manage investment projects, it is crucial to do research and evaluate the macroeconomic environment [15]. Macroeconomic environment factors can take on a variety of forms. Therefore, investors should bear in mind the following fundamental concerns while performing a macroeconomic environment assessment: participation characteristics in the local real estate market. The present state of the neighbourhood's real estate market in the area (infrastructure such as roads, water supply and drainage systems, electricity supply, communication, etc.)

[22]. Rate of regional GDP growth per year. The region's capacity to meet the credit requirements of the regional credit system is determined by the average yearly income of the residents (high, medium, or poor group) in comparison to other regions. The number of plots and undeveloped land parcels nearby. Average cost of the area's various types of land. Tax rates are present. General amount of inflation, as well as the state of the local credit, stock, and labor markets [12].

2.10. Overview of the Development of the Real Estate Sector in Ethiopia

The current government has adopted a market-oriented approach to housing development since the transition in 1991, despite the fact that urban land and housing in Ethiopia were largely the property of the federal elite during the imperial era and that a proclamation on urban land and additional houses came into effect during the Derg (a term associated with the military government that ruled Ethiopia from 1975–1991) regime. Leasehold was designated as the preferable tenure form by the government with the issuance of the urban land lease holding proclamation in 1993. Several policies have helped to liberalize the real estate market in addition to the land leasing law. Building materials sales subsidies have been eliminated, and interest rates on loans for building homes have increased.

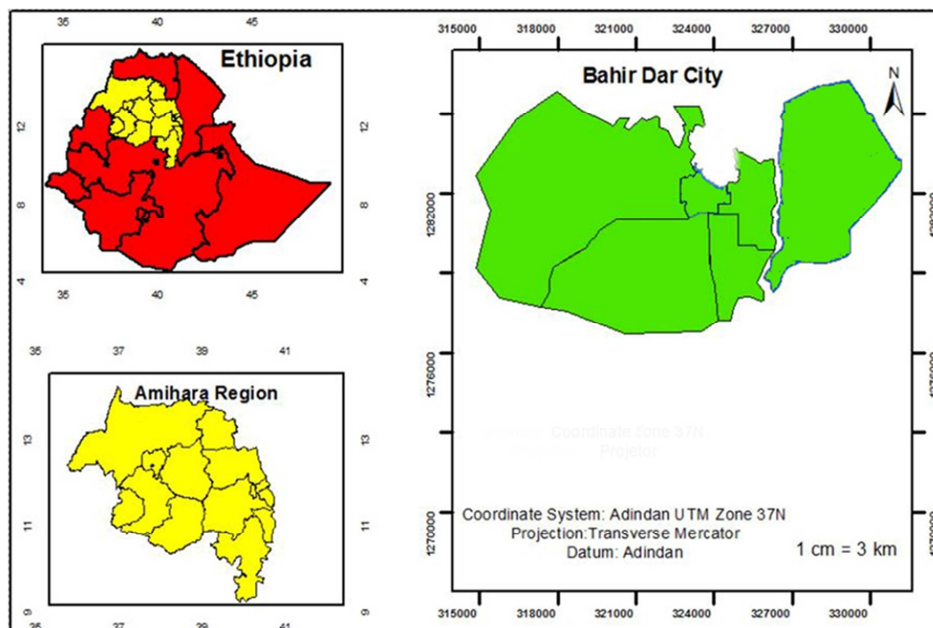
According to AQUBAMICHEAL, K. [3], although the current government policies still do not allow outright ownership of land, most other restrictions, as mentioned above, regarding the use of land for a variety of real estate activities have been removed. This was the context in the mid-1990s, when a few pioneering companies began to conceive of large-scale developments and offered buyers the opportunity to buy into them with promises of low-priced but good-quality housing. Ayat became the first major,

successful residential real estate developer of the era, planting the seeds for the impending desire by many to invest in the lucrative business. It became clear in very short order that Ayat and some of the other earlier entrants had tapped into an enormous reservoir of pent-up demand for housing in Addis, resulting in first a trickle and then a flood of new entrants into the sector.

3. Methodology

3.1. Description of the Study Area

Bahir Dar, the capital city of the ANRS, is one of the fastest growing and most highly populated cities in the country, with a population of over 323,000 [26]. It is located in the north-western part of the country at about 570 km from Addis Ababa, having a latitude of 11° 36'–11.60N and longitude of 37° 23'–37.3830 E/11.6; 37.383 with an elevation of 1840 meters above sea level. With its fast urbanization rate, the city is highly crowded with people who have migrated from different parts of the country in general and from different parts of the region in particular. This situation contributes to a corresponding rate of increase in the size and category of real properties, though the property market is still underdeveloped, distorted, and poorly managed, which makes the property market more complex [26]. The city has been recognized for its natural and cultural heritages, as it is one of Ethiopia's top tourist destinations. In 2002, it was awarded the UNESCO Cities for Peace Prize for addressing the challenges of rapid urbanization [26]. Situated on the shore of Lake Tana, Bahir Dar is the gateway to the Blue Nile Falls and the Zeghe Peninsula. The population of the city has been alarmingly growing in the past ten years due to the migration of people from rural areas.



Source: Google Map

Figure 1. Location map of the study area.

3.2. Research Approach

The researchers in this study combined qualitative and quantitative techniques. The researchers conducted interviews and expert interviews as part of their qualitative investigation. This technique allows researchers to thoroughly discuss a subject with one or two participants at once. The study recognizes elements influencing the cost of real estate by gathering qualitative data from encounters. Quantitative research also constantly gathers numerical data. The investigation was qualitative after the researchers had gathered data in the form of numbers. A lot of investors were surveyed quantitatively to gather their opinions. Determining the sampling and sample design is the first step in quantitative research, after which data collection is required. The research was conducted in Bahir Dar on a sample of four real estate companies to investigate and describe the factors that influence real estate prices. Little is known and studied about the sector in Ethiopia as it is also an infant market. Because the primary goal of the study is to assess and describe the factors influencing real estate prices in Bahir Dar, this study is descriptive in nature and employs a qualitative research method.

3.3. Research Design

A research design is the organization of parameters for data collection and analysis with the goal of balancing procedural economy with relevance to the study goal [16]. Because of the nature of the research question, the descriptive research approach was chosen among the three categories of research methods, namely exploratory, descriptive, and explanatory. The primary goal of descriptive research is to describe the current situation as it is [16]. Descriptive research, in other words, aims to describe a situation by answering the who, what, when, where, and how questions. In the current study, it was thought that applying this methodology helped to pinpoint the variables influencing the increase in real estate prices in Bahir Dar.

3.4. Source and Nature of Data

The study employs both primary and secondary data. The main information obtained from a survey of respondents from a sampling real estate company Unstructured interviews were used to get additional primary data from the Housing and Construction Office and the municipality of Bahir Dar. The study's secondary data came from real estate developers as well as local literature in the form of articles and prior studies by various authors, statistics, and other official data from the Central Statistical Agency (CSA).

3.5. Method of Data Collection

The main methods for gathering primary data will be questionnaires and interviews. Since a questionnaire is the most popular method for gathering first-hand information, one will be created to elicit the necessary information from the aforementioned respondents who have been chosen. Close monitoring was used to complete the questionnaire

rather than merely dispersing it to prevent knowledge gaps or a lack of attention in completing it as requested. Also, it will be easy to gather more information by setting up direct supervision and extra talks. For the chosen real estate companies, a questionnaire was created. Only a few of the questions are open-ended; the most were created to be closed-ended. Also, conversations with the majority of the respondents were performed in order to acquire additional justifications and details to fill the gaps.

3.6. Sample and Sampling Techniques

In Bahir Dar, there are a few developers of real estate. Only four of them are working right now. In order to only include real estate enterprises with expertise and a sizable volume of activities, it was crucial to use a purposive sample technique. For finding and choosing cases with lots of relevant information about an interest phenomenon, deliberate sampling is frequently used [21]. As a result, the research takes into account a sample size of four legally registered real estate companies that are now established and active in Bahir Dar. Three respondents were chosen from each operator using a census survey: the manager, the assistant manager, and the marketing manager. Hence, a total of 20 respondents will receive the questionnaire. The entire number of study participants or targets is referred to as the sample size [18].

3.7. Data Processing and Analyses

After being collected, the pertinent data were processed and analyzed using the statistical software program SPSS. The information from the questionnaire was organized, and at the same time, its accuracy was verified. The replies to the questionnaires and interviews were then analyzed to determine the links between the various factors influencing the price of real estate in Bahir Dar. The examination of the data uses simple statistical procedures. The ease of use and clarity of presentation when drawing conclusions led to the selection of a descriptive data analysis. When necessary, computations using the average and percentage are used for analysis.

4. Findings and Discussion

In this study, descriptive statistical methods are used to show the questionnaire findings, and the data presentations are used to generate analyses (in tabular form). To draw valid deductions and conclusions, in-depth conversations and interpretations are made. Arguments drawn from primary data in this study are supported by secondary data from related studies and statistics from organizations. A supplementary data analysis is also included. In order to provide a set of findings that meets the study's stated objectives, this study starts with analyses and discussions of the broad information provided by the sample respondents. It then moves on to the particular sections of the questionnaire. The general information of the respondents' profiles is examined in the part that follows. A 4-point Likert scale (where (1) = insignificant; (2) = slightly significant; (3) =

significant; and (4) = very significant). From books, journals, periodicals, annual reports, newspapers, the internet, and pertinent real estate price records, secondary data was acquired. Tables and graphs, which make it simple to analyze and comprehend the information, were used to present the results.

4.1. General Profile of Considered Real Estate Companies

Four real estate businesses were given a total of 20

Table 1. Profile of considered real estate companies.

| Company Name | Year of establishment (in E.C) | Type of real estate development | Investment Status |
|--------------|--------------------------------|---------------------------------|-------------------|
| Acapuliko | 2002 | Residential | Operational |
| Mulugeta | 2000 | Residential | Operational |
| Impact | 1999 | Residential | Operational |
| Abay RAS | 1999 | Residential | Operational |

Source: personal Survey (2022).

4.2. Demographic Characteristics of the Respondents

4.2.1. Gender

Table 2. Gender of Respondents.

| Gender | Frequency | Percent |
|--------|-----------|---------|
| Male | 9 | 60% |
| Female | 6 | 40% |
| Total | 15 | 100% |

Sources developed for the study

4.2.2. Age

Table 3. Ages of the Respondents.

| Age | Frequency | Percent |
|-------------------------|-----------|---------|
| Older than 45 years old | 3 | 20% |
| 36- 45 years old | 8 | 53.33% |
| 26- 35 years old | 3 | 20% |
| 18- 20 years old | 1 | 6.67% |
| Total | 15 | 100% |

Sources developed for the study

Respondents were requested to provide personal information that might be helpful for data processing in the first portion of the survey. The respondents' demographic details, including sex, age, education level, and position, are listed below. Respondents who identify as male (60%) outnumber respondents who identify as female (40%). 53.3% of respondents are between the ages of 36 and 45.

4.2.3. Qualification

Table 4. Educational backgrounds of the Respondents.

| Educational background | Frequency | Percent |
|------------------------|-----------|---------|
| High school | | |
| Diploma | 1 | 6.67% |
| Bachelor's Degree | 12 | 80% |
| Masters | 2 | 13.33% |
| Total | 15 | 100% |

Sources developed for the study

questionnaires for data collection, but only three of them were able or willing to participate in the survey. As a result, 15 questionnaires with the data requested from 3 real estate companies were returned; the response rate was 75%.

The aforementioned companies are taken into account for the study as sample respondents, from whom initial data was gathered by questionnaire.

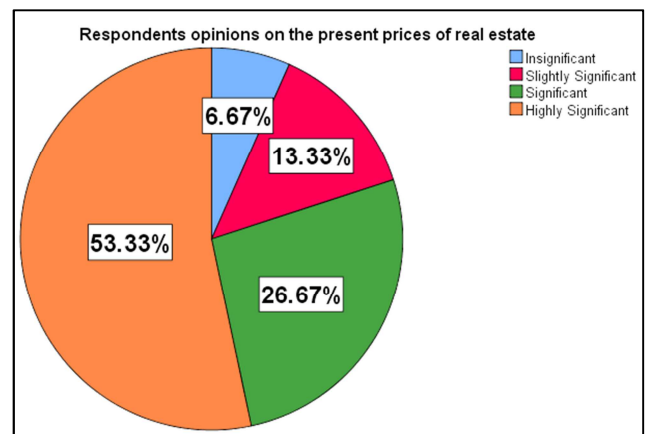
6.67% of those polled have a diploma, 80% have a bachelor's degree, and 13.33% have a master's degree.

4.2.4. Position

Table 5. Position of Respondents.

| Position | Frequency | Percent |
|-------------------|-----------|---------|
| Manager | 4 | 26.6% |
| Assistant Manager | 5 | 33.3% |
| Marketing Manager | 6 | 40% |

26.67% of employees work as managers, 33.33% as assistant managers, and 40% as marketing managers in their respective companies.



Source: personal survey (2022).

Figure 2. Respondents view on the current real estate price.

4.3. View of Respondents on Current Real Estate Price in Bahir Dar

The respondent's opinion on the current real estate pricing in Bahir Dar has been evaluated in the second section of the questionnaire. A four-point Likert scale was used to measure the responses: (1) = insignificant; (2) = slightly significant; (3) = significant; and (4) = very significant.

Sixty percent of respondents deemed the rise in home prices to be substantial. So, it can be concluded that most

respondents concurred that the cost of real estate in Bahir Dar has greatly increased. Bahir Dar's real estate projects just add

to the city's overall housing stock rather than addressing the city's housing need (deficit).

Table 6. Respondents view on the current real estate price.

| Respondents' opinions on the present pricing of real estate | Frequency | % |
|---|-----------|--------|
| Insignificant | 1 | 6.67% |
| Slightly Significant | 2 | 13.33% |
| Significant | 4 | 26.67% |
| Highly Significant | 9 | 53.3% |
| Total | 15 | 100% |

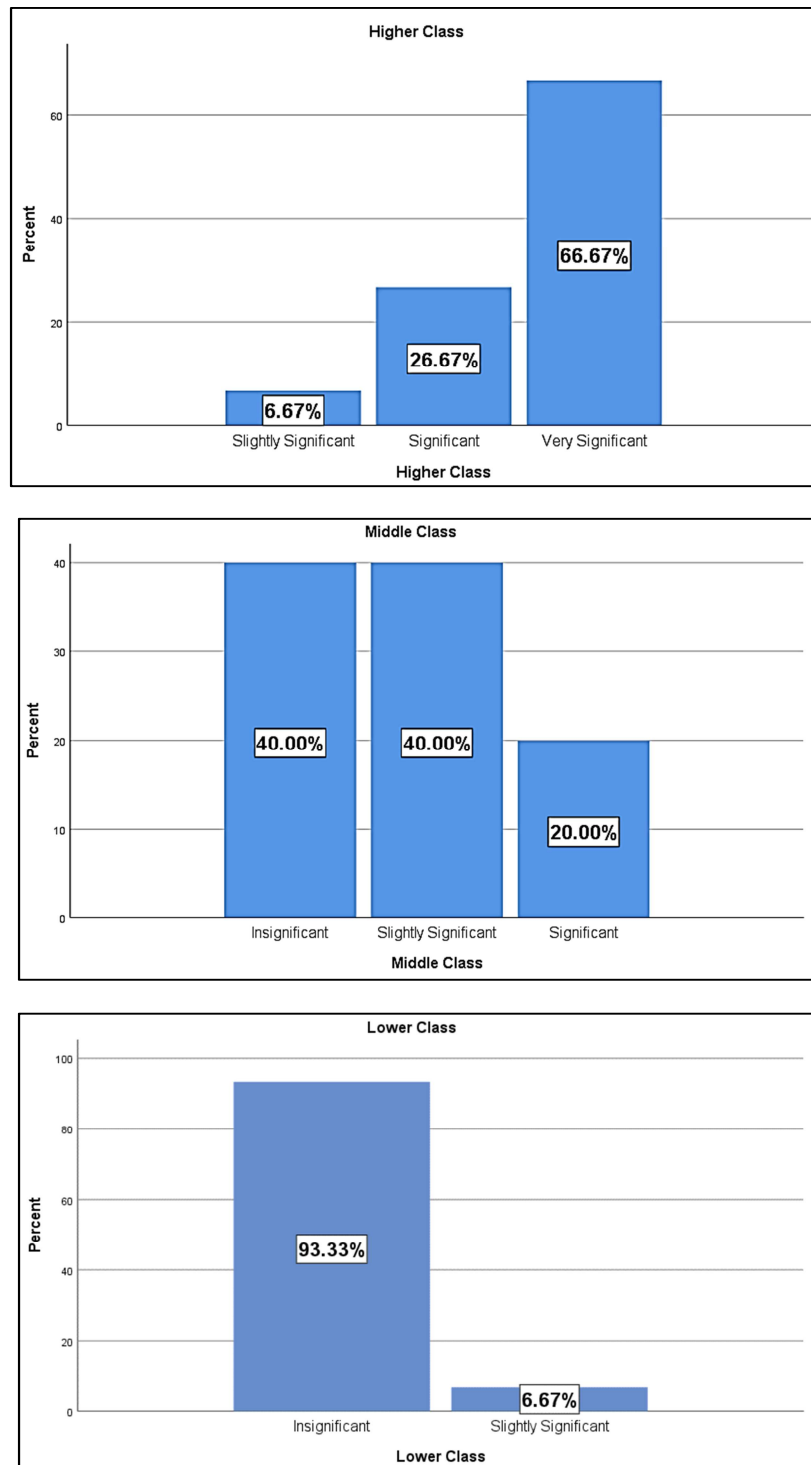


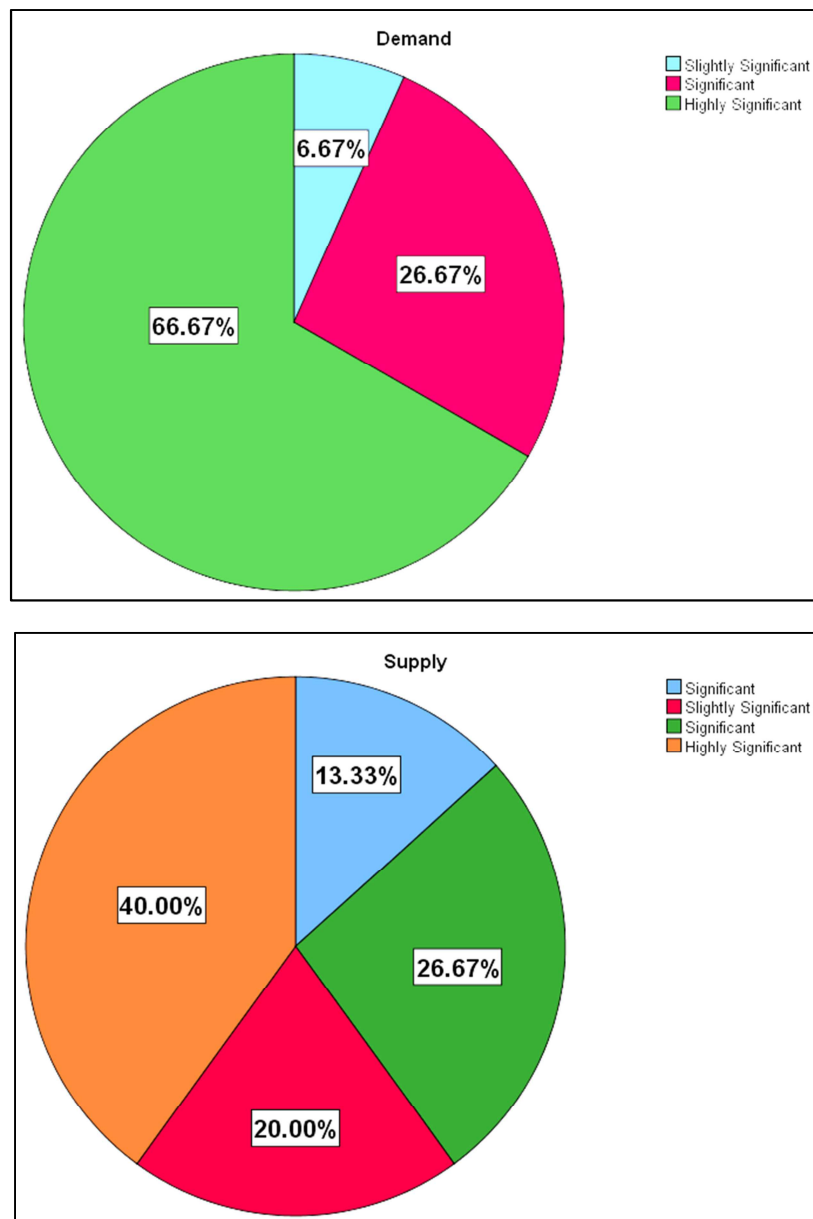
Figure 3. Real Estate price Affordability.

According to 66.66% and 26.67% of the respondents, the affordability of real estate for the higher class was highly significant and substantial, respectively, when it came to the population of the three different economic classes (higher, middle, and lower). According to 20% and 40% of respondents, the middle class found housing to be

significantly and somewhat more inexpensive. Contrarily, 6.67 percent of the respondents found that real estate was only marginally cheap for the lower class. This outcome is consistent with the finding [3] that the residential real estate properties of the tested corporations are completely out of reach for the lower classes.

Table 7. Influence of Real Estate supply and demand on its price.

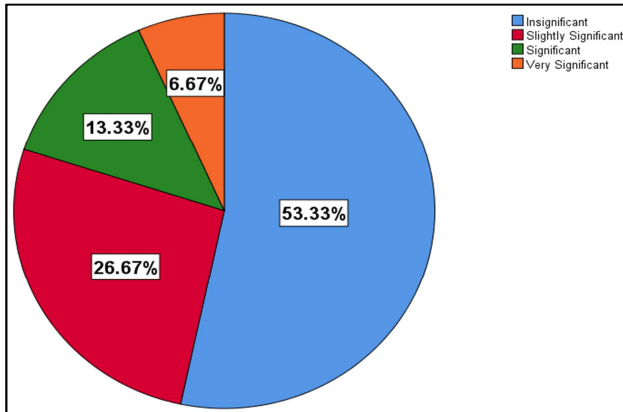
| | Supply | | Demand | |
|----------------------|-----------|--------|-----------|--------|
| | Frequency | % | Frequency | % |
| Insignificant | 0 | 0% | 2 | 13.33% |
| Slightly Significant | 1 | 6.67% | 3 | 20% |
| Significant | 4 | 26.67% | 4 | 26.67% |
| Highly Significant | 10 | 66.67% | 6 | 40% |
| Total | 15 | 100% | 15 | 100% |



Source: personal survey (2022).

Figure 4. Influence of Real Estate supply and demand on its price.

40% of respondents and 26.67% of respondents, respectively, believed that there is a considerable and a marginally significant real estate supply. The demand for real estate, however, was deemed to be significant by 26.67% of respondents and quite significant by 66.67% of respondents, respectively.



Source: personal survey (2022).

Figure 5. Is real estate price never fall?

According to 53.33% and 26.67% of respondents, the real estate price is neither significant nor marginally significant in this regard.

4.4. Micro-Factors Affecting the Real Estate Price

The next component of the survey asked respondents to rate the significance of five micro-factors on the rise in Bahir

Dar real estate prices: the property's physical attributes, the neighbourhood, the property's location, its accessibility, and security. A four-point Likert scale was again used to measure the responses: (1) = insignificant; (2) = slightly significant; (3) = significant; and (4) = very significant.

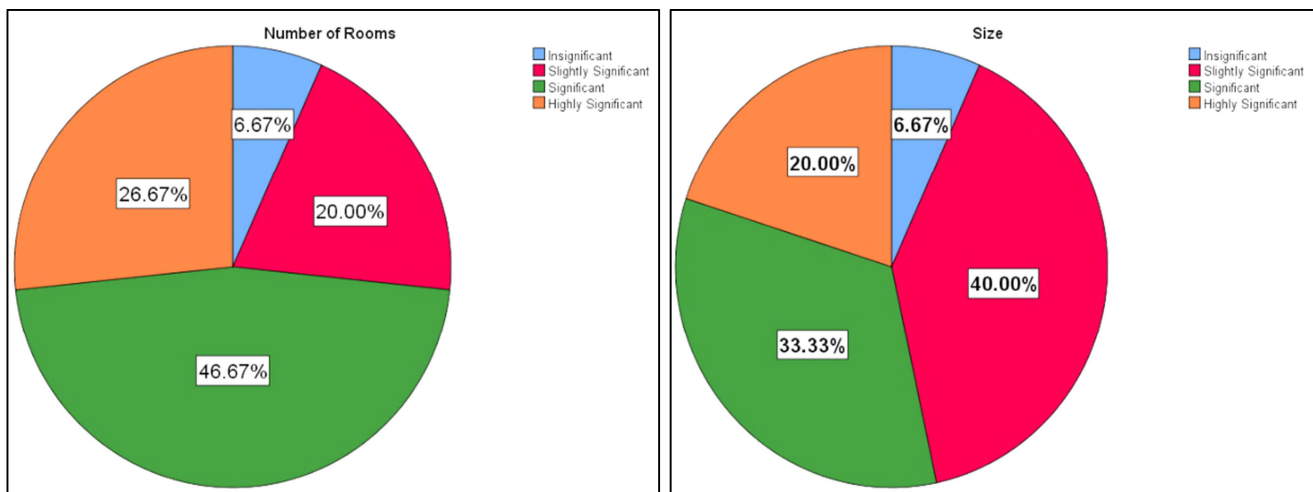
4.4.1. Physical Characteristics of Property

One of the direct influences on real estate pricing is the physical makeup of the property. The size of the property, the number of rooms in the property, the property's architectural style, and the cost of construction were the four indicators we looked at to evaluate this direct component. 40% and 33.33% of respondents, respectively, think that property size has a slight and considerable impact on real estate prices, while the rest respondents think that it has a very big impact. When it comes to the number of rooms, 40.32 and 35.48% of the respondents think that the number of rooms in a property has a big and significant impact on the price of real estate in Bahir Dar. According to 43.55%, 37.10%, and 19.35% of the respondents, respectively, the architectural design of properties has a slight, considerable, and highly significant impact on real estate prices. Finally, 13.11% of respondents believe that the construction quality of properties has a highly substantial impact on real estate prices, compared to 59.02% who believe this to be true. The remaining 27.87% thought it was only marginally important. [20]. The amount of rooms, floors, and property age all affect how much a home is worth, according to a study on residential property valuations in Kumasi, Ghana.

Table 8. Physical characteristics of property influence on real estate price.

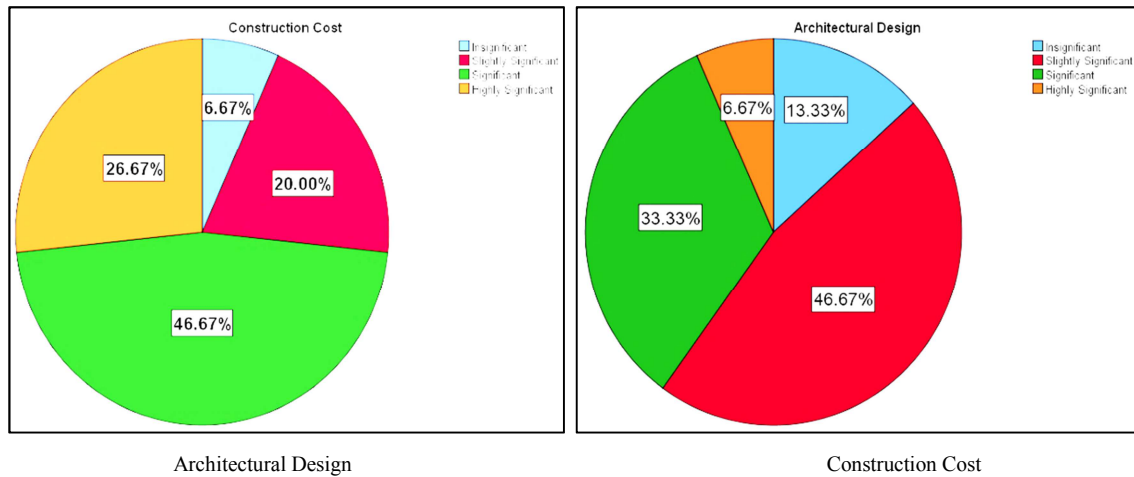
| | Size | Number of Rooms | Architectural Design | Construction cost |
|----------------------|--------|-----------------|----------------------|-------------------|
| | % | % | % | % |
| Insignificant | 6.67% | 6.67% | 13.33% | 6.67% |
| Slightly Significant | 40% | 20% | 46.67% | 20% |
| Significant | 33.33% | 46.67% | 33.33% | 46.67% |
| Highly Significant | 20% | 26.67% | 6.67% | 26.67% |
| Total | 100% | 100% | 100% | 100% |

Source: personal Survey (2022).



Size of the property

Number of Rooms



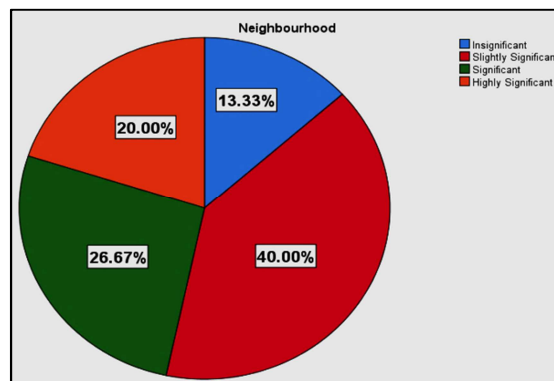
Source: personal Survey (2022).

Figure 6. Physical characteristics of property influence on real estate price.

4.4.2. Neighbourhood

A property's neighbourhood may have had a small impact on the price of real estate, as indicated by the 40% influence

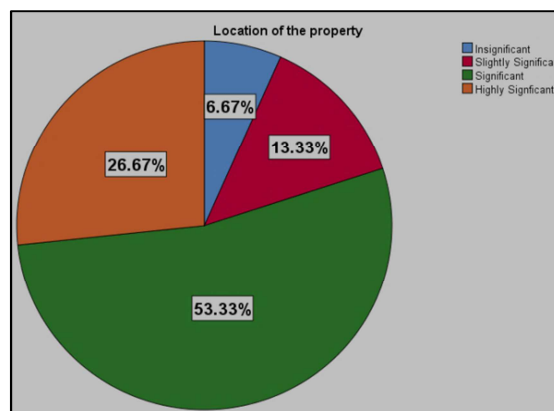
it had. The findings imply that while choosing a real estate property, home purchasers do not give much thought to the neighbourhood's qualities.



Source: personal survey (2022).

Figure 7. Influence of the Neighbourhood of property on Real Estate price.

4.4.3. Location of the Property



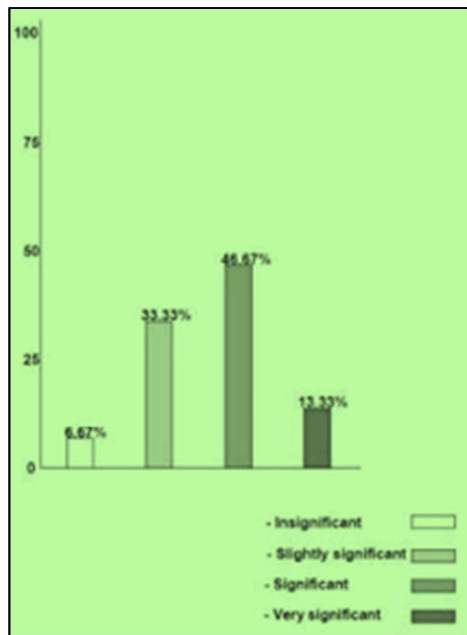
Source: personal survey (2022).

Figure 8. Influence of the location of property on Real Estate price.

Location has a substantial impact on real estate values, as seen by the percentage (53.33%) that it did. According to the

findings, real estate buyers should take location factors into account when making judgments about homes.

4.4.4. Accessibility of Property



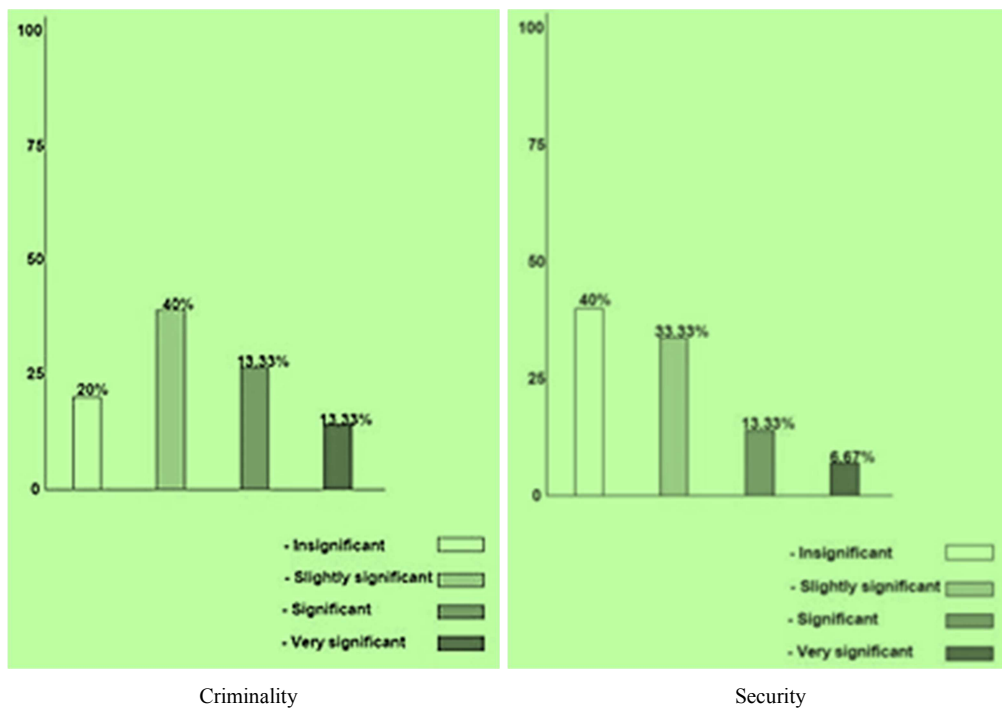
Source: personal survey (2022).

Figure 9. Influence of the Accessibility of property on Real Estate price.

The amount that a property's accessibility affected the real estate price—46.67%—indicates that it had a considerable impact. The results imply that when making real estate decisions, homeowners should take accessibility features into account.

4.4.5. Security

The availability of security services and the amount of criminal activity were chosen as our two indicators for security, which is one of the direct elements that affects the price of real estate. The establishment of a security agency has a negligible impact on real estate prices in Bahir Dar, according to 40% of the respondents. Moreover, 40% of those surveyed believe that the degree of crime has a marginally significant impact on real estate prices. Contrary to findings provided [1, 20], this finding implies that the respondent does not view security as a major factor. This may be the case because, in general, consumers feel protected and do not place a high priority on security when taking into account security issues like the crime rate and the amount of drug users in Bahir Dar. It could, however, be that other aspects, like location and closeness to amenities, are more important, particularly in light of Bahir Dar's current state of development.



Source: personal survey (2022).

Figure 10. Presence of security and Level of criminality influence on real estate price.

4.5. Macro-Factors Affecting the Real Estate Price

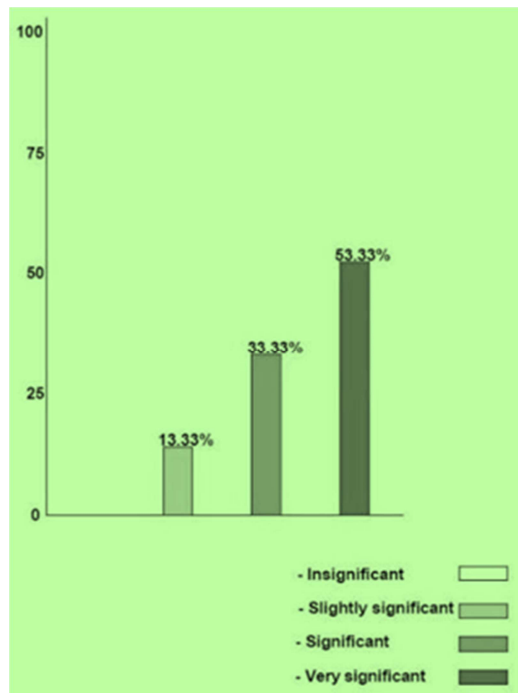
The next section of the questionnaire asked the respondents to provide their opinions on how macro-factors have affected the growth in real estate prices. Again, replies were scored on a four-point Likert scale. (1) = insignificant;

(2) = slightly significant; (3) = significant; and (4) = very significant.

4.5.1. Population Growth

The percentage of real estate values that population increase affected (53.33%) indicated that it had a considerable impact. The results imply that homebuyers

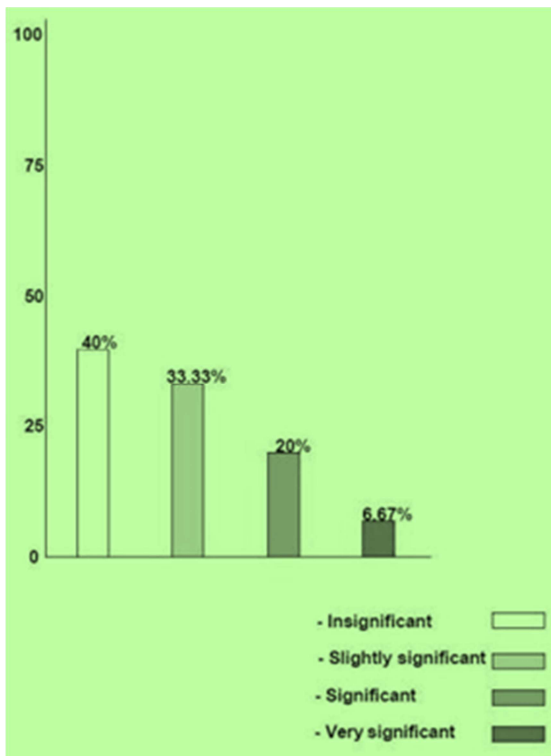
consider the characteristics of population expansion when making real estate purchases.



Source: personal survey (2022).

Figure 11. Influence of population growth on Real Estate price.

4.5.2. Taxation



Source: personal survey (2022).

Figure 12. Influence of taxation on Real Estate price.

The extent to which the taxation influenced real estate

prices—40%—suggested that it was insignificant. The findings suggest that homebuyers of real estate properties consider taxation characteristics when making real estate decisions.

5. Conclusion

This chapter attempted to provide a summary of the study's results or conclusions as well as potential fixes or suggestions for the issues. The conclusion is covered in the initial section of this chapter, and the recommendations are presented at the end based on these findings.

Survey data from structured questionnaires was employed in the study's methodology. Selected real estate management staff members received 20 surveys. To analyze the data, descriptive statistics were used.

According to the study's findings, Bahir Dar's real estate managers believe that the city's real estate prices have indeed gone up. According to the respondents' assessments, the middle class cannot afford the present real estate price. The market mostly targets Bahir Dar people from the upper class. The affordability of real estate for those in higher income groups is very significant and considerable for 66.67% and 26.67% of respondents, respectively. Housing was slightly more and slightly less affordable for the middle class, according to 53.33% and 40% of respondents, respectively. In contrast, 13.3% of the respondents believed that real estate was only marginally affordable for the lower class.

The study determined that the micro-factors causing the price increase of real estate properties in Bahir Dar were location, physical qualities of homes, and accessibility of properties. It was found that the primary micro-factor affecting the present real estate price in Bahir Dar is location. It is a significant factor because there is a significant price differential between homes found in the city's core and those that were formerly found on its outskirts. The accessibility of properties is a significant aspect that is connected to location as well (accessibility to places of work, to schools, to transport, and to the availability of amenities). Homes that are close to transportation hubs and other important amenities are more livable and hence more pricey. In Bahir Dar, these facilities are generally more developed in the city's core while the periphery is still being built out. One of the main micro-factors affecting the current real estate pricing in Bahir Dar is the physical qualities of properties, notably their size and number of rooms.

The key macro-factors identified by the study are county taxation, construction expenses, and population increase. In reality, it is believed that the main indirect factor affecting the present real estate pricing in Bahir Dar is population increase. The primary indirect factor impacting the present real estate pricing in Bahir Dar is thought to be the cost of building. In actuality, the lack of the newest construction technology raises the cost of construction as well as the cost of shipment.

6. Recommendations

The following suggestions were offered in light of the study's results and conclusions:

1. Especially given that the current real estate price seems to solely target the top class, the government should establish a mechanism that will enable him to track the rise in real estate prices.
2. The current price increase of real estate located in locations where those facilities are already well developed may be lessened by improving infrastructure developments that will improve real estate properties' accessibility to transportation and other vital facilities around the city.
3. To encourage the arrival of the authorized potential providers and boost competition and market efficiency, the cities slow and insufficient land supply needs to be enhanced. In the long run, the current high price of buildings may perhaps fall as more serviced pieces of land are made available to fulfill demand, which would result in a decline in the high price of land that is currently being paid.
4. In order to cut real estate prices, particularly for the middle and lower classes, the nation's tax laws and regulations of the real estate sector may need to be amended.
5. Increasing the availability of housing, especially affordable housing, and reducing the time it takes to bring land and housing to the market should be the main policy objectives.
6. Instead of the current overwhelming focus on the market's supply of extremely expensive housing, these developers' offer of affordable homes could spur the desire of many. It is advised that these businesses think about offering less complex homes that are affordable to a variety of people as a result.
7. And finally, lowering construction costs by increasing the quantity and caliber of qualified workers, facilitating access to the most recent construction technologies, and implementing alternative construction techniques that can cut costs and shorten construction times will greatly contribute to lowering the final real estate price and, as a result, improve housing affordability in Bahir Dar.

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