Chapter 1

The Real Estate Market in Developed Economies and Emerging Economies

Introduction

Finance is identified as very important to the real estate project development sector's success for three fundamental reasons: working capital requirement, purchase of long-term assets, and reduction of a temporary imbalance between cash receipts and payments. Finance could be accessed from the private or public sectors across the border or locally (Li, J et al., 2018). However, sourcing funding by managers in the real estate development sector has been challenging for many since the financial crisis of 2008 (Mamun, 2017). Notably, real estate project development is capital-intensive, and managers in this sector often face challenges in accessing funding (Zhang, 2017; BBC News, 2018). Consequently, there is still an enormous gap in the real estate sector. What seems to be required is a model that could guide managers in securing real estate project development finance. This is with the view to enhancing access to finance for real estate project development.

There is a shortfall in the housing needed for the increasingly growing world population (Manu et al., 2015; Ogbenjuwa et al., 2018). Cities worldwide are becoming increasingly more economically powerful, which has created a tremendous demand for their land, leading to escalating real estate property costs and competition (Florida & Schneider, 2018). Furthermore, countries worldwide are faced with immense pressure in the real estate sector because of the increased demand for housing due to a massive influx of people into the urban regions (Zang et al., 2014; Awofeso, 2010).

The demand for real estate development is higher than the supply (Tilford 2015; Tustin, 2017). The United Nations statistics show that about 1.6 billion people live in substandard housing globally, and 100 million are homeless (Simire, 2017). The housing and real estate crisis affects both developed and emerging economies. The annual demographic international housing affordability survey (2019) conducted by Wendell Cox and Hugh Pavletich demonstrates that most major cities in the world have incredibly high housing prices compared to income, which indicates demand is way above supply. The housing affordability rating shows severely unaffordable housing markets in the world (see table 1.1)

Table 1-1: Housing affordability rating by nations: Major housing markets (1,000,000+ population

Nation	Median Market
China: Hong Kong	20.9
New Zealand	9
Australia	6.9
Ireland	4.8
United Kingdom	4.8
Singapore	4.6
Canada	4.3
United States	3.9

Source: 15th Annual demographic international housing affordability survey (2019)

Managers in this sector are not optimally able to access finance, which is a fundamental reason why housing and real estate development challenges are still evident globally. In some cases, the managers can access funding, but they do not source the right kind of funds or effectively use the funds; hence payback to financiers is compromised. There are scenarios where short-term funds are sourced for long-term projects, which will inadvertently lead to payment default (Wallace, 2015). Despite governmental support across the globe and the fact that regulatory authorities are heavily involved in the financial markets' activities, managers still face the problem of securing finance for real estate project development in both developed and emerging economies. However, the funding gap is more evident in emerging economies.

This chapter looks at the real estate markets of Germany, the United Kingdom, the United States of America, China, Nigeria, and South Africa. It concludes by discussing the relevance of a toolkit to the manager's ability to secure finance for real estate project development.

The real estate market in developed/ matured economies.

The economic indicators show that the US, UK and Germany have been enjoying buoyant economies since the 2008 global financial crisis and are more conducive to attracting international investors (trading economics, 2019). The three developed economies in this study have a dominant presence of international banks and various finance sources for real estate project development. Notably, London in the United Kingdom is the global capital of the financial markets. The dominance of international players in these countries' real estate sectors has imposed a very high degree of professional service delivery compared to other world regions. Furthermore, their governments can influence the supply conditions of key production factors, demand conditions in the home market and competition between firms (Lynn & Wang, 2010).

These three developed economies of Germany, the United Kingdom and the United States of America are members of the G-7 nations. They are mature and transparent markets; they have high-quality legal systems and are the world's most internationalized real estate markets. They have robust macroeconomic environments (Hatemi et al., 2016).

A brief introduction to the real estate market in Germany

Germany is Europe's largest economy, ranked 4th in the World (Schulte, 2012). Berlin, Hamburg, Munich, Cologne, Frankfurt, Dusseldorf, and Stuttgart are known as the 7- big German cities and the most liquid for real estate project transactions (Barkham, 2012). The German real estate market is very attractive globally, and investors see it as a "safe haven", and decades-long economic growth has helped enhance good investor perception.

The value of real estate assets in Germany is approximately 12.96 trillion euros, while the gross domestic product is 2.9 trillion euros. The real estate sector represents 83.9% of the gross national investment and 20% of its GDP (Just and Maennig, 2017). According to the Global real estate transparency index (2018), Germany is ranked 8th globally, with the United Kingdom, and the United States of America ranked 1st and 3rd, respectively; this is because they are some of the world's top leading investment destinations. The real estate sector is the second largest industry in Germany, next to the manufacturing industry. This strength is because of strong regulations and good governance (Bloomberg, 2018). The housing price index measures the market pattern, and it can fuel or dampen consumer confidence. Arguably, the German house price index *(figure 1.1.)* could be said to be fuelling consumer confidence. This is because organizations and individuals use property

price indices directly or indirectly to influence practical decision-making. Furthermore, the German hedonic price index rose by 9.01% (7.6% inflation-adjusted) in May 2019, and this shows it has the highest growth rate since 2016 (Delmendo, 2019)

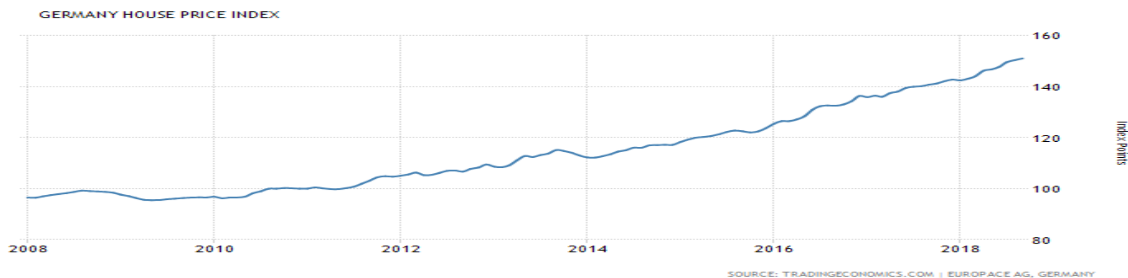

Figure 1-1: Germany's house price index

Source: The trading economics

The German commercial real estate market is more boisterous than the residential real estate market. There is a 50% homeownership in Germany, which is considered low. However, the German commercial real estate sector has an ownership rate of 70%, which is comparatively higher than the UK and the US (Just and Maennig, 2017).

Distinct demographic features characterize Germany's real estate sector, with a large proportion of the population living in urban centres. The country has a concentration of urban office buildings, high- density commercial and residential developments. While, large German institutions, private investment groups, and major construction contractors often manage real estate developments in partnership with investors.

The factors affecting the German real estate sector.

Several factors have helped the German real estate market experience and sustain its degree of growth. Germany is one of the few countries left relatively unaffected by the 2008/2009 global financial crisis. This has given investors greater confidence in buying properties in major German cities (Collins, 2019). The Global Property guide suggests that Germany's reliable results are driven by the following (Collins, 2019):

1. Strong economic growth
2. Refugee intakes
3. High work-related migration
4. Record low unemployment
5. Weak new construction supply
6. Low-interest rate

As shown in figure 1.2, the German GDP has grown continually, positively impacting the real estate sector. The growth of the GDP has a positive effect on housing demand because the demand for housing is dependent upon income. The higher the economic growth and rising incomes, the more people will be able to spend on houses and conversely, increased demand will push up prices.

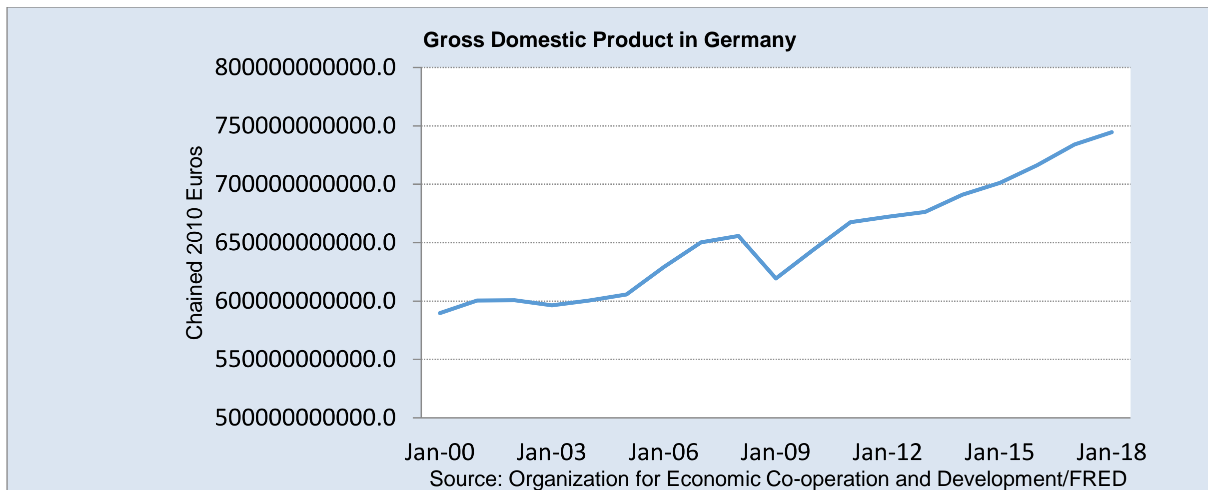

Figure 1-2: Gross domestic product in Germany

Source: Fred (2019)

Furthermore, Germany also has a relatively stable inflation rate, making it conducive for real estate project investment (see figure 1.3). The German tax environment for inbound real estate investment also offers considerable international investors opportunities.

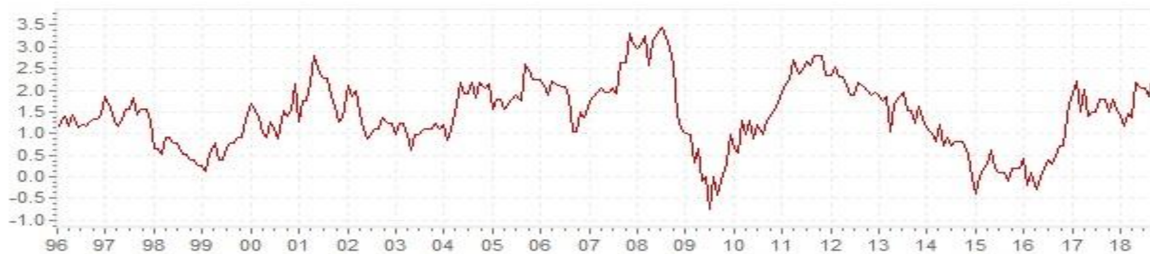

Figure 1-3: Historical harmonised inflation Germany (HICP) by years

Source: Inflation .eu worldwide inflation data (2019).

In recent years, the low-interest rates and massive net migration have contributed to increased real estate prices in some parts of Germany, mainly in the urban real estate market (Collins, 2019).

Germany is a member of the European monetary union, sharing the same currency and monetary policies that are regulated by the European Central Bank (ECB). Membership in the European Union gives Germany the benefits of free trade, customs, and union with 28 other European countries. However, it shares a monetary union with 19 of these countries, which is beneficial to its real estate sector (Huhne, 1999). The EU membership has stimulated enhanced inward investment, with a significant impact on the economy as a whole and the real estate sector in particular. Furthermore, Germany is central to the European Union and central Europe geographically, making it a hot- spot for real estate project investment (Collins, 2019).

Real estate shortages in Germany

According to the global property guide (2019), the supply of housing in Germany remains insufficient (Delmendo, 2019). The influx of over 1 million immigrants through asylum between 2015 and 2017 contributed to these gaps in housing needs. According to property guy (2019), available on Bloomberg, “Brexit has vastly outstripped supply”. This shows that Brexit has also increased the influx of people to Germany, contributing to the increased demand for housing.

Finding affordable housing is increasingly difficult for people in Germany. According to the OECD Germany policy brief (2018), Germany's housing prices are on the increase relative to income. Only 32% of the housing units needed in the seven largest German cities were built between 2011 and 2015 (Deschermeier et al., 2017). More recent constructions have been developed since then, but often for the upper end of the market and not in smaller-sized, more affordable apartments.

The OECD Germany brief (2018) made the following recommendations to policymakers to reduce the housing gap in Germany:

“Carry out planned investment in public social housing and increase the rental social housing stock of good quality.

Work together with private investors, property developers, local authorities, and other stakeholders to ensure that the construction of new and upgrading existing affordable housing will provide financial incentives for constructing such affordable housing units.

Promote planning at the metropolitan scale to encourage all municipalities within large urban agglomerations to build new housing to meet demand.

Further, encourage infill development and densification in cities to reduce the existing shortfall in housing supply to prevent market prices and rent from rising significantly higher.”

Sources of Real estate finance in Germany

Germany's most dominant finance sources for real estate project development are banks and savings banks (Zhou, 2019). In Germany, real estate investment could be an investment in real estate through a share deal or investment through special real estate vehicles (Just & Maenning, 2017). The indirect approach to investing in the German real estate sector is through the German Stock Corporation and German real estate investment trusts (G-REITs). Funds are also raised for real estate development in Germany by using capital market products such as increasing capital or issuing shares and private equity firms (Jill, 2019). The leading equity investors in the German real estate market are quoted property companies, overseas inward investors, public/property funds, pension funds, life assurance, and other insurance companies. Germany's most dominant investment platform is overseas investors and closed-end funds (Delmendo, 2019).

Investments in the German real estate development sector include finance from other countries through their sovereign wealth funds. This consists of the Chinese sovereign wealth fund, which has great commercial and residential real estate investments in Germany (Jll, 2019). Foreign investors, particularly from Israel, France, and the UK, represent a quarter of direct residential investment in Germany (Delmendo, 2019).

German property debt comes in two major forms: bank lending and (Pfandbriefe) mortgage-backed bonds (Maguire and Axcell, 1994). The Pfandbriefe represents the largest segment of the German private debt market. In Germany, real estate lending platforms include German banks that currently have a total loan portfolio of about a 250billion Euros (Jll, 2019). Lenders have a great interest in the

booming German real estate sector despite the fierce competition, high property prices, and tightening regulations (Cunningham, 2018). Some of Germany's top banks involved with real estate project lending are Helaba, Pdd Deutsche, and Pfandbriefbank (Jll, 2019). The German commercial banks dominate the lending market, and they also take up equity stakes in the developments. They may sit on the supervisory boards of the developers to which they are lending. The Pfandbriefe, mortgage-backed bonds, are issued by licensed mortgage banks, usually wholly owned subsidiaries of the major commercial and state banks.

A brief introduction to the real estate market in the United Kingdom.

The United Kingdom is a developed economy with a population of 62.8 million (Trading economics, 2019). According to the national statistics (ONS) office, about 60% of the UK’s £6.5trillion wealth is in residential property. Consequently, the UK’s residential market value is around £3.9 trillion, while the commercial sector's size is about £349billion. The British property sector contributes about 6% of the GDP, and the banking sector has a high preference for properties being used as collateral for lending (Barton, 2017).

House prices in the UK are still rising, but the uncertainty over Brexit is clouding the prospect (Delmendo, 2019). According to the Global Property Guide report for 2019, the UK's average house price rose by 0.3% to £216,805, with London registering the most significant housing decline of 1.7% during the year to Q3 2019. The highest price rise was in Northern Ireland with an increase of 3.4%, followed by Wales (2.9%), North West (2.5%), West Midlands (2.1%), North (2%), and East Anglia (1.7%). The regions with weaker price rises include Scotland (0.8%), South West (0.5%), East Midlands (0.4%), and Yorkshire and Humberside (0.1%) (Delmendo, 2019). See the graphical illustration of UK average house prices in Figure 1.4.

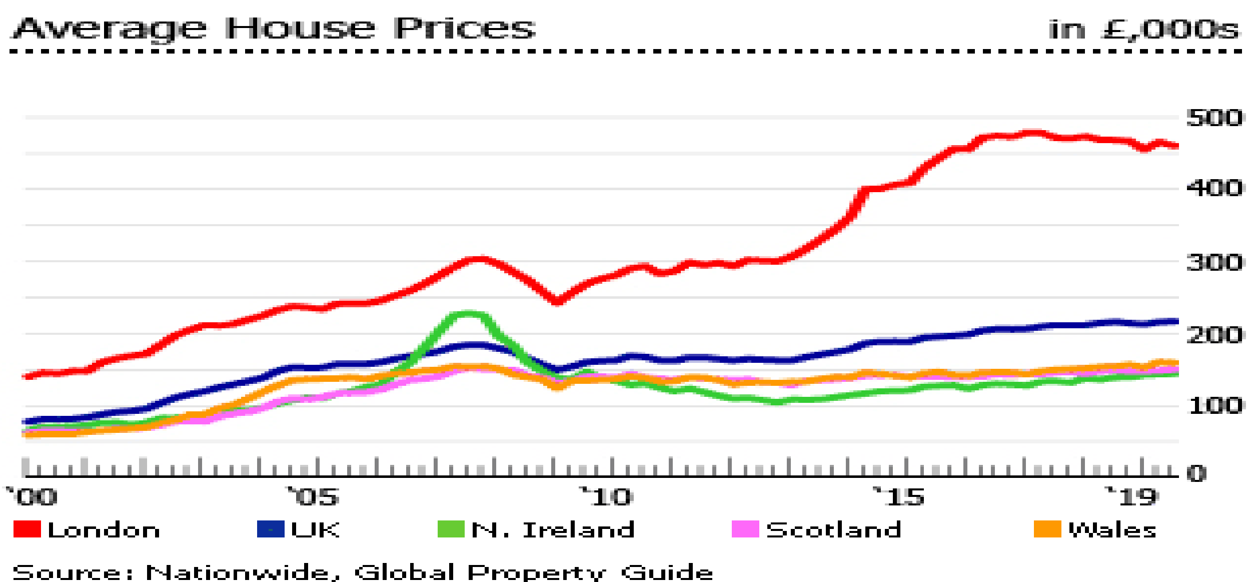

Figure 1-4: UK Average House Prices

The United Kingdom is a very prosperous real estate nation because of many factors, including its economic history. The total size of the residential market in the UK is ten times the commercial property market size, and it represents 65% of the UK’s total wealth (Barkham, 2012). Major drivers in the UK real estate sectors are GDP growth and global economic growth, including the London Stock market's performance. As of 2016, 65% of UK households were owner-occupiers, 17% were rentals from private property owners, and 18% were social property owners (Barton, 2017). The UK's commercial real estate market could be said to be the total of retail, offices, and industrial

properties. A significant characteristic of this sector is the division of the market into occupiers and the investment market. The retail industry is spatially located throughout the UK, with high rent and capital value being achieved.

The factors that affect the United Kingdom real estate sector

The employment rate, interest rate, inflation, and balance of payments are significant UK economic indicators that affect the real estate sector (The trading economics, 2021). Unhindered capital mobility, put in place to allow the Pound to operate unrestricted globally, is highly advantageous to the UK economy and has made Britain an attractive home for international business, including the real estate business (Collins, 1979; Copley, 2017).

The UK GDP has been steadily increasing since the financial crisis, making the economy very attractive to internal and external investors in the real estate sector (see figure 1.5).

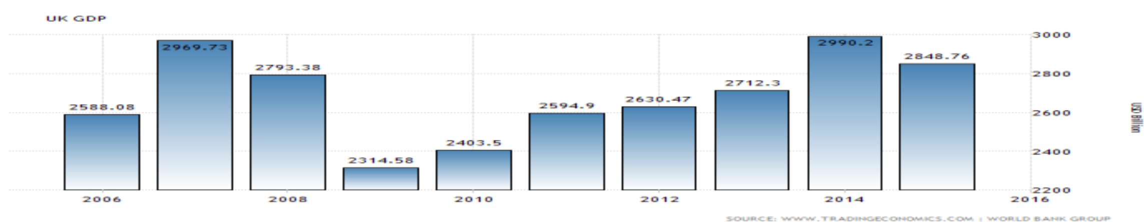

Figure 1-5: The UK GDP

Source: The trading economics (2019)

The government's fiscal and monetary policies on reduced taxes and pegged interest rates have contributed to a boom in the property and real estate sector. Arguably, this has had a positive stabilising effect on the real estate sector in the UK. The Bank of England had to reduce and then peg the interest rates to enable people to access bank loans easily to boost demand and energise the economy after the 2008 global financial crisis. See figure 1.6, depicting the reduced and then pegged interest rate.

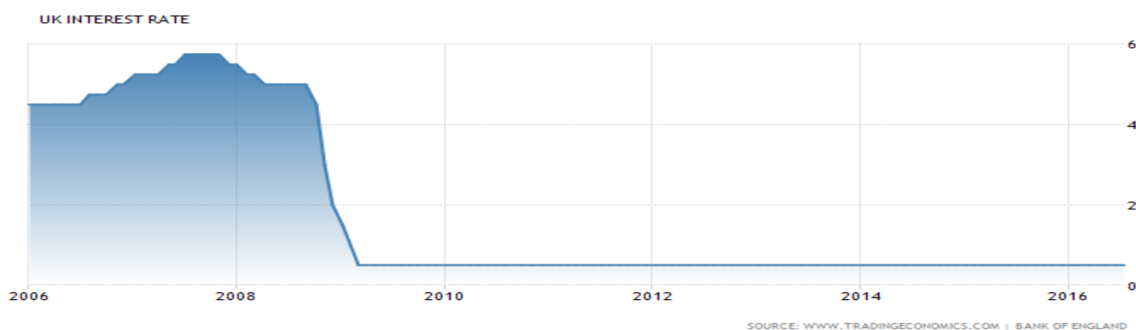

Figure 1-6: UK interest rate

Additionally, the British banking system is very bullish and greatly supports the real estate sector (Rodnyansky & Darmouni, 2017).

Furthermore, high petrol / crude oil prices led to large external surpluses of oil-exporting countries, and these inflows tend to originate from the Middle East and Nigeria. These excess revenues by oil exporters are often invested in financial assets in the developed countries of the UK and the US (Wiegand & Prepared 2008). Some of these investments go into the real estate sector in the United Kingdom and other developed countries. There is also investment from Asian countries such as China that continually have excess current account balances because of their intensive global trading activities. Some of these funds get invested in the UK real estate market (Yalta & Sivrikaya, 2018).

The UK has high consumer confidence, as depicted in figure 1.7. Consumer confidence in the government's actions and reactions to the real estate trend is an excellent motivator for investors in this sector.

Figure 1-7: UK consumer confidence

The UK has a very stable government structure. The structure makes the government accountable to its people, making it very attractive for external and internal property investors. However, the uncertainties regarding the repercussions of Brexit and its possible impact on the real estate development sector raise some potential challenges. The government has also come up with various policies to drive market-led development. Market-led development is the view that the market knows best what form of construction society requires and is willing to pay. In this regard, the local authority ensures that the land to be developed is free from ownership and other constraints. There is also the national policy on taxation, compensation, environment, and encouragement of owner-occupied housing. There have been so many tax policies in the UK that have encouraged real estate investment in contemporary times. Furthermore, there are no restrictions on foreign ownership of properties in the UK (Delmendo, 2019).

Figure 1.8 shows the growth in the UK population from 1951 to 2017. According to the UK office of national statistics, the UK's population is estimated to be sixty-six million, and it is expected to reach 73 million by 2041. The primary reasons for the growth in the UK population are increased birth rates and immigration. Furthermore, the UK population is living longer because of increasing life expectancy. These population increases are beneficial to the real estate sector growth as more housing is needed (ONS, 2017).

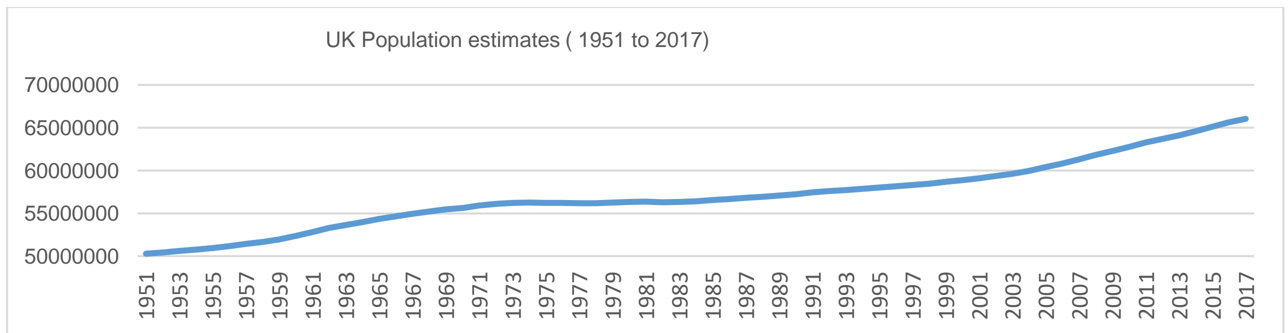

Figure 1-8: UK Population estimates from 1951 to 2017

Source: Office of national statistics

The UK has a workforce that is primarily professionals in the various sectors they operate within, generally requiring different certifications before they can operate. This has contributed to making the industry successful and sustainable (Burrell, 2015).

Real estate shortages in the UK

According to a BBC report of 23rd September (2019), an estimated 8.4 million people in England live in unaffordable, insecure or unsuitable homes". Their report is based on findings from the National Housing Federation. This report suggests that the housing crisis affects people of all ages across every part of the country and covers overcrowded housing and people being unable to afford their rent or mortgage.

The research carried out by Heriot-Watt University on behalf of the Federation also highlights the colossal gap between the supply and demand of housing in the UK (Barker, 2018). The report by Heriot-Watt University, as summarised by the BBC, suggests the following:

1. 3.6 million people are living in overcrowded homes
2. 2.5 million people are unable to afford their rent or mortgage
3. 2.5 million people are in "hidden households", such as adults living with their parents, or people living with an ex-partner or houseshare
4. 1.7 million people are in unsuitable housing
5. 400,000 are homeless or at risk of homelessness

Researchers and observers in the housing sector believe that this housing shortfall cannot be met overnight. However, it is suggested that the government put urgent measures in place to tackle this chronic underinvestment in affordable housing (Barker, 2018). Conversely, the toolkit developed by this study could be beneficial to managers who would want to access finance from the government or other private sources for real estate project development.

Sources of Real estate finance in the UK

The primary sources of finance for real estate project development in the UK are banks, building societies, and mortgage brokers (Zhou, 2019). Generally, bank loans and insurance companies are significant sources of finance for all types of property investors. The UK has the most diversified real estate project finance sources in Europe (IPF, 2017). Real estate lending comes from both UK banks

and international banks (Barton, 2017). There is an excellent usage of both debt and equity finance for real estate project development in the UK. According to the IPF (2017) report, 60% of CRE loans originated from banks with the six largest banks in the UK, holding a 40% share. The report also showed that a combination of insurer and debt fund holds a share of 25%. A lot of financing is through loan syndication in real estate development finance in the UK. The debt finance available in the UK, especially for commercial real estate projects (CRE), includes investment loans, development loans, corporate loans, and bridging finance (Barton, 2017).

Conversely, the platform for equity investment in the United Kingdom is the same as in Germany: quoted property companies, overseas inward investors, public/ other unitised property funds, pension funds, life assurance, and other insurance companies. The UK particularly has strong pension fund investments in the real estate sector, with the UK quoted companies' strength being very evident as a platform for real estate project finance.

A brief introduction to the real estate market in the United States of America.

The United States is a country of 50 states with 325.7 million people (The trading economics, 2019). Over the decades, the economic and political stability of the United States has made it a favourable investment destination for real estate. It has a relatively low capital gains tax, and the size of the country's financial and real estate market has made it one of the World's most attractive and diverse real estate markets. The real estate market in the US has many big companies competing alongside large multinationals due to an increase in the rental markets, and it has significantly expanded in recent years due to technological advancement and an increasing influx of investment (Weber, 2016).

There is a lot of international investment in the US real estate market, including a significant investment from Asia, which is predominantly targeted at gateway cities such as New York, San Francisco, and Chicago (Zhou, 2015).

Figure 1-9: Total of new privately-owned housing units (UNDCONT) & residential construction (SA).

Source: FRED (2019)

Details from the US Federal Reserve System in figure 1.9 show that the housing sector has experienced the continuous construction of new residential developments and an increasing number of new privately-owned housing units since 2009. It indicates how healthy and robust the

US real estate sector has continued to be. The US price index rose by 3.13% during the year to Q2 2019, which is the lowest since 2012 (Delmendo, 2019).

Despite the generally slow rise in the house price index, 19 of the 20 major U.S cities continued to experience moderate to minimal house price hikes, with Phoenix posting the highest increases of 5.83%, Las Vagas (5.51%), Tampa (4.71%, Charlotte (4.54% and Atlanta (4.5%). The lowest increases were in Los Angeles, Chicago, San Diego, New York, and San Francisco, while Seattle saw a house price decline of 1.32% (Delmendo, 2019).

The factors affecting the real estate sector in the United States of America

The housing market in the US, like any other country, is elastic; consequently, certain factors enhance the industry or devalue it. These factors include economic factors, such as the government's monetary and fiscal policies targeted at the property market; macro-economic factors, such as GDP, inflation, credits, economic growth, social factors, and political factors.

The real estate sector of the US is broadly patterned after its economic performance. Employment is growing, inflation remains in check, and interest rates are low, positively impacting the real estate sector. Other favourable macroeconomic factors which have influenced the real estate sector in the US and enhanced demand include the national economy, bank lending, and mortgage loan rates (Delisle, 2015; FRED, 2019).

Figure 1-10: USA Civilian unemployment rate

Source: FRED (2019)

The graph in figure 1.10, based on data from the Federal Reserve System (FRED, 2019), shows that the US has consistently reduced unemployment from 2000 to 2018, apart from during the 2007/2008 financial crisis (highlighted on the graph). However, there has been a consistent improvement since then. The reduction in unemployment, which conversely is enhanced employment, is a factor that significantly contributes to the growth of the real estate sector.

Furthermore, credits play a very active role in influencing investment in the real estate sector. The US Federal Reserve did an excellent job pumping funds into the economy through quantitative easing and pegging of the interest rate (Louis, 2019). These two monetary policy measures have contributed to sustaining the real estate sector of the US. Credits activate both the supply and demand market for real estate, and this is because it provides finance for developers as well as finance for consumers through the mortgage markets. A Federal Reserve survey of senior loan

officers in the US showed that banks have continued to relax lending standards across the board. The banks have increased their willingness to make loans to consumers and have reduced their lending standards, positively influencing the US's real estate market (Delisle, 2015).

Global capital flow into the US is of great benefit to the US real estate market. There is an enormous capital inflow from China as a result of their huge current account trade balance. There are also inflows from Middle Eastern oil revenues into the US's real estate sector through financial assets such as stock and derivatives (Mohaddes & Pesaran, 2017).

The social factors affecting the US real estate market are demographics and consumption patterns (Louise, 2019). The working-class population has a very positive impact on the real estate sector's growth rate, and a rise in population enhances the demand for real estate. The federal reserve system of the US (2018) shows there has been a drastic and continuous increase in the US population (figure 1.11).

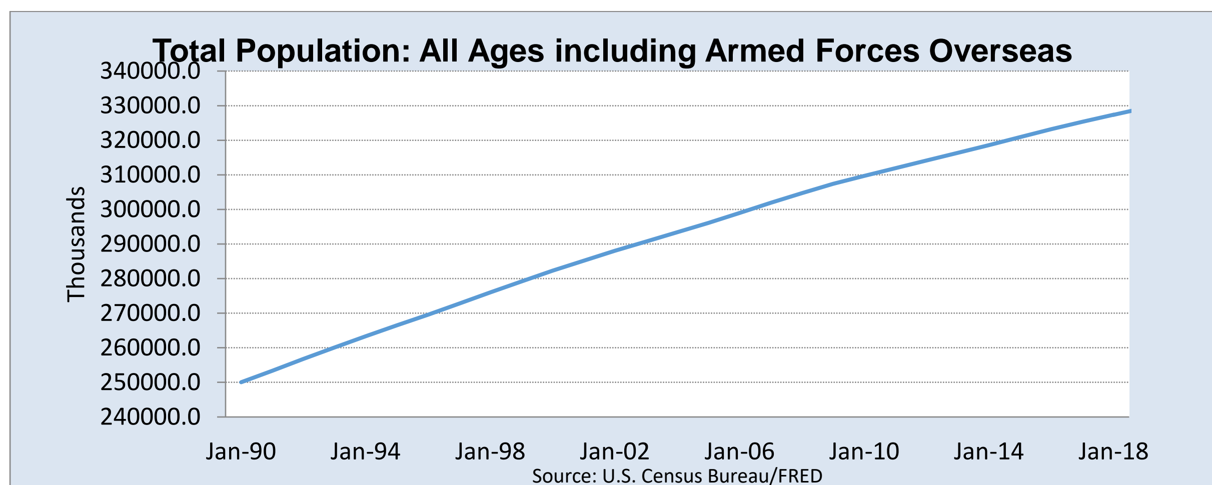

Figure 1-11: US Total population.

Source: FRED (2019)

Furthermore, the US has a robust and effective political sector, contributing significantly to the US real estate sector's growth. The government has come up with monetary and fiscal policies that have helped attract local and international demand for the US real estate market (FRED, 2019.

Real estate shortages in the US

The US is facing a housing shortage that is expected to persist for many years. This is because housing production falls short of demand, which ultimately puts pressure on house prices and rents, therefore eroding affordability (Donahue, 2019).

The 2019 Harvard University Joint Centre for Housing Studies Report suggests that the housing gap's root cause is labour shortage due to downsizing during the 2008 recession, the preference among younger workers for less physically demanding jobs, and record low unemployment. It suggests that the lack of labour constraints the construction industry’s ability to increase its housing supply to meet current needs.

Research shows that the US's house prices are rising faster than income levels; it also shows that cities with the greatest increases in housing costs have the most significant increases in

homelessness. Furthermore, construction costs are escalating due to higher material costs and reduced land available for development in major cities. (Hobbs, 2018).

The US's housing disparities affect minorities the most, becoming more evident as racial disparities worsen. According to the Harvard report (2019), 30 years ago, you could buy a house in 72 of America's 100 largest cities for less than 18 months of median salary. Today that is possible only in 25 of these cities, and the numbers are continually shrinking (Hobbs, 2018). The Harvard report also suggests that the government's recent fiscal policies, such as tariffs on wood, aluminium, and steel, will likely drive construction costs up further, aggravating housing shortages. Furthermore, the cut in the corporate tax rate is seen as a threat to low–income housing tax credits as it could reduce the value, and this could negatively impact the provision of public housing (Harvard report, 2019).

Sources of Real estate finance in the United States

Banks and mortgage brokers are the primary lenders for real estate project development in the US (Zhou, 2019). Bank lending is the most dominant finance source in the US at approximately 40%, almost evenly split between domestic and foreign banks. It is followed closely by commercial mortgage-backed securities (CMBS), which are public markets security issuance, at 20% and private/ other sources at 18% (Kane, 2018).

Other platforms for financing real estate project development in the US include REITs (real estate investment trusts), hedge funds, pension funds, and sovereign wealth funds (Drucker, 2012). Opportunity funds are a good platform for both equity and debt finance. The REITs operating in the US are mainly mortgage and equity REITs, and they are not subject to federal deposit insurance (FDIC) or the Securities and Exchange Commission (SEC) regulations (Drucker, 2012).

The real estate market in emerging economies

The emerging economies covered in this book are China, Nigeria, and South Africa. Notably, all the countries selected for the study are members of the G20 apart from Nigeria. They are all part of the BRICS and MINT countries. To a large extent, the underlying economic indices determine and influence the interest of investors in the real estate of any country. They, in turn, facilitate financing decisions for real estate in these countries because they directly influence the demand and supply of properties (Delisle, 2015).

A brief introduction to the real estate market in China.

China has the largest population globally and consists of 56 languages, none of which is transmutable (Williams, 2008). According to the World Bank review 2018, China has advanced economic development; it remains an emerging economy because its per capita income is still a fraction of that of advanced countries. Its market reforms are incomplete. According to World Bank, China has the fastest sustained growth expansion by a major economy in history despite still being classified as an emerging economy. A summary of some salient World economic rankings of China is in table 1.2.

Table 1-2: Summary of salient world economic rankings of China

Total area	**3rd**
Population	1st
GDP (nominal)	3rd
Exports	2nd

Imports	3rd
Current account balance	1st
Received foreign direct investments (FDI)	5th
Foreign exchange reserves	1st
Number of mobile phones	1st
Numbers of internet users	1st

Source - Lynn, D. J., & Wang, T. (2010). Emerging market real estate investment: Investing in China, India, and Brazil.

Despite the many excellent rankings, China's rural areas experience the highest poverty in the country. The rural areas are home to 62% of the Chinese population. This region has an increasing income gap, contributing significantly to China's classification as an emerging economy (Lynn and Wang, 2010).

China has the largest real estate market in the World (Cao, 2015). It has a good position on all significant real estate demand drivers, including economic growth, demographics, urbanisation, rising per capita and household incomes, and domestic and foreign direct investments (Lynn & Wang, 2010). The Chinese real estate market acts as a growth engine as it generates funding for the cities to build infrastructures such as road networks, ports, and airports (Cao, 2015). The Chinese housing market is a 'policy-based market' because the government is a major participant and the housing market regulator.

China has a tradition of dividing its vast number of cities into four or five tiers, the Land ownership in China includes collective ownership of rural land and state ownership of urban land. Real estate development must be on state-owned land with granted land use rights (LURs). China's land supply for construction purposes is increasingly under strict state control to prevent the unplanned loss of arable land due to its conversion to construction land. The proceeds from selling the "land use right" provide a significant source of financing for local governments. The incentive of a higher income prompts the local governments to restrict land supply to push up land prices (Lynn& Wang, 2010).

The factors affecting the Real Estate sector in China.

Factors ranging from sound economic health, government policies, and demographics have helped China's real estate sector. China has an increasing middle-class population, and this suggests a higher demand for real estate. It has an annual GDP growth rate of 9.1% (trading economics). The Chinese government's monetary policies have also positively contributed to the real estate market's robustness. The Chinese central bank eliminated loan quotas, slashed official interest rates and reduced the bank reserve ratio to stimulate economic growth. Furthermore, Chinese local governments depend on revenue from the real estate sector to finance initiatives and infrastructural projects. Consequently, they use administrative powers to shape the real estate market to maximise fiscal revenue growth (Lynn and Wang, 2010).

China has maintained high, positive credit ratings due to its strong Current account, low domestic and foreign debt levels, and conservative fiscal policies and management. Furthermore, China has been a significant contributor to increased global liquidity over the past two decades, and it has the highest liquidity ratio, according to the Fitch rating (Kang et al., 2016).

Home price rises are slowing in China's biggest cities, but new home prices went up in 63 out of the total 70 cities in China as of June 2019, and most of the price gains were felt in the second and third-tier cities. The slowing down of price increases is associated with China's tightening measures. About 251 real estate restriction policies were announced in 2019, and cities that experienced price increases include Beijing, Shanghai, Shenzhen, and Guangzhou. Furthermore, there is no private ownership of land in China, you can only obtain rights to use the land, and the land lease is up to 70years, and it's usually granted for residential purposes (Delmendo, 2019).

China has more than 100 cities, each with a population of over one million. There is intense urbanisation, and this is a strong driver for the real estate market. Many of China's provinces would qualify as countries (Lynn & Wang, 2010). Furthermore, there are significant innovations and constructions of infrastructure in the Chinese economy, including metro construction in its cities, contributing to enhancing the real estate sector. However, China has some dominant factors that affect the real estate development sector negatively. China's Ministry of Housing and Urban-Rural Development (MOHURD) is the national administrator of the real estate and construction sector, and it is also dependent on this sector for income. This vested interest reduces the potential to regulate the real estate market to maximise long-term economic and social benefits (Cao, 2015).

The Chinese government's significant dependence on sales from land revenue has generated many problems, including urban sprawl, pollution, and ecological degradation. Furthermore, the drastic ambition for urban expansion has caused an excessive oversupply of housing in some districts of some cities resulting in such large numbers of empty houses that these districts are called "ghost towns". Offices, shops, factories, and warehouses, which constitute the commercial real estate sector, also suffer from a lack of coordination, poor investment decisions, and oversupply in many cities. There are also irregularities in lending as state-owned banks are subjected to tight controls. Lending from non-bank institutions is abnormally large and carries excessive risk leading to a significant cost for the investors (Liu and Xiong, 2018).

Real estate shortages in China

Real estate in China is mostly speculation-driven and not necessarily market-driven by consumers. Urban property value increases along with profits for the real estate-owning elite, while accessibility to housing goes down for most populace. Hence owners make their profits, not by renting out their property but by waiting for an increase in market value and then selling. The downside of speculation is that the working class, who make up an overwhelming majority of the population, are left behind. Consequently, as property values rise, rents go up, and the working class's ability to purchase a home decreases (Maupin, 2017).

Housing speculation is the cause of housing shortages in some parts of China. However, major cities such as Beijing suffer from a severely constricted housing supply. The housing shortage in Beijing is a result of rapid economic growth (Martin, 2011).

Sources of Real estate finance in China

Banks are the major financiers of the real estate sector in China, including mortgage loans and loans to real estate developers (Zhou, 2019). The real estate trust is also an active financier of real estate project development in China (Liu, 2004). China's real estate development sector is heavily dependent on bank loans compared to the developed economies with more varied financial intermediaries (Liu, 2004). The five (5) state-owned commercial banks dominate the mortgage market, and they have a high market share as they are also listed on the stock exchange (Zhou, 2019).

Furthermore, non-banking institutions such as insurance companies' credit corporations and specialist non-bank institutions such as the Housing credit cooperation and Housing Development Corporation are also involved in financing real estate project developments in China (Zhou, 2019). China makes a lot of sales from the real estate market through the sale of land and housing. Some of the revenue generated is ploughed back into the real estate sector, making it a very viable finance source for the property sector. Housing sales in China totalled 13.37 trillion RMB in 2017, representing 16.4% of China's GDP (Liu and Xiong, 2018).

A brief introduction to the real estate market in Nigeria.

Nigeria is a fast-growing emerging economy. It has the highest population growth rate and the largest economy in Africa, and it is the 13th largest oil-producing nation in the world (Ukpevbo and Egbenta, 2016). Nigeria is highly dependent on oil revenue, which makes up 90% of its total revenue. The real estate sector has a very high potential for profitability, especially in commercial and residential properties in high-demand areas such as Lagos, Abuja, and Port Harcourt (Ubosi, 2017).

The property market in Nigeria is classified into primary and secondary markets. The primary markets have high rental/capital value, and they include the major commercial hubs, which are Abuja, Lagos, and Port Harcourt. The primary market has about 61% of the real estate practitioners and 60% of real estate transactions in Nigeria while, the secondary market includes the low rental and capital value markets of Ibadan, Ondo, Enugu, Kano, and Minna (Olaleye, 2008).

The Real estate sector in Nigeria is the least developed of all the countries featured in this study. The Government contributes through the Federal Housing Authority and the Federal Mortgage Banks but getting loans from these organisations is difficult for an average manager (Ogbenjuwa et al., 2018). There is a significant shortfall in the housing supply for the fast-growing Nigerian population. The demand for housing, especially in urban regions, is continually increasing because of the massive influx of people to urban settlements (Awofeso, 2010). Available statistics from the World Bank and the National Bureau of Statistics indicate an estimated housing deficit of 17 million in Nigeria, with about 100 million Nigerians considered to be living in substandard housing (Simire, 2017). The former Nigerian Minister of Finance, and Managing Director of the World Bank, Ngozi Okonjo-Iweala, at the sixth Global Housing conference in Washington (2014), emphatically stated that several mortgage-financing initiatives by successive governments in the country had failed.

Residential loans, of which mortgage debt forms the bulk, contribute to about 70% of the GDP ratio in the developed economies, only contributing about 1% in Nigeria (Nubi, 2010; CESIFO, 2014). Pour Rahimian, et al. (2017) list the problems of housing delivery in Nigeria as financial issues, construction sector-related, poor professional ethics, and government-related. The financial issue encompasses the high cost of construction, high overheads due to poor infrastructure, and the cost of getting the title document. The construction-related cases entail the usage of unqualified professionals, lack of maintenance culture, and low-quality materials. The government-related issues are concerned with the government's roles in supporting or hindering housing delivery, including poor government policies and lack of control over corrupt practices.

The factors affecting the real estate sector in Nigeria.

This research looks at the factors affecting the Nigerian real estate development sector from various aspects: economic factors, legal framework, policy environment, and private sector developers.

Macroeconomic stability provides the foundation for developing a national financial system that provides long-term real estate financing (Irving, & Manroth, 2009). Unique economic opportunities for real estate financing in Nigeria are the increasing demand for housing and the rising middle class (Matsiele, 2015). The Nigerian population is about 173 million, with an annual growth rate of 2.8% and an urban population growth of 4.7% (Simire, 2017). The increase in the middle class in Nigeria emerged, and the growth in other sectors such as the banking, telecommunication, and oil and gas servicing sectors. The growth in the middle class could also be attributable to the rise in the country's national income / GDP through crude oil sales. According to the African Development Bank (AFDB), the middle class accounts for 23% of Nigeria's population, with the majority living in urban centres (Onuzo, 2016). The growth in the middle class and population increase have significantly created a viable market and demand for real estate, consequently creating financing opportunities.

The vast bank network and the liberalisation of Nigeria's banking sector are considered economic opportunities for real estate financing (Edo, 2012). Nigerian banks have an excellent expansion in deposit liabilities by selling their shares on the stock market. They used these deposits to expand their profits mainly through oil and gas financing. It is an opportunity for real estate financing that is still not optimally harnessed because of the economy's uncertainties and the bank’s risk assessment criteria (Erebo, 2010).

The GDP of Nigeria could be said to be an opportunity because of its growth in recent years. Nigeria's GDP is driven by crude oil revenue, and it was at its highest in 2014 at 568.50 billion and its lowest at 4.2 billion in 1960. (The trading economics, 2017). The crude oil price plays a significant part in shaping the economy. The price dropped to a record low of $26 per barrel in February 2016 (Ubosi, 2017). There was also a reduction in production as mandated by the Organisation of Petroleum Exporting Countries (OPEC), where it was agreed to cut output by 1.20 million barrels per day. To aggravate this reduction in production, militant activities in the oil-rich Niger Delta further reduced production and revenue from oil (Bloomberg, 2017). The drop in oil revenue led to a shortage in foreign exchange.

Furthermore, the economy went into recession in the first quarter of 2016, which it came out of in the second quarter of 2017 (Olawoyin, 2017). The recession affected every segment of the economy, including the banking sector which reduced lending to the real estate sector and other economies' arms. The fall in oil prices led to a fall in the GDP and strains on companies leading to job losses and outright closures of some companies from 2015 to date. A rise in GDP increases the people's income and purchasing power; as purchasing power increases, demand for housing increases. Therefore, there is an increase in property prices and the motivation to fund projects by internal and external financiers (Singh, 2017). However, the fall in GDP constituted a challenge to real estate financing because it affected consumer confidence both internally and externally, which acted as a deterrent to both internal and external financiers of the real estate sector (Feyen, 2016).

Inflation is also a very evident challenge to real estate financing in Nigeria. Inflation in Nigeria presently stands at 16% (National Bureau of Statistics, 2017). This can be considered too high for any economy and is discomforting for potential investors and buyers. Inflation in Nigeria is double-digit compared to the developed economies with single-digit inflation, which has dramatically increased the cost of goods and services (The Trading Economics, 2017). Furthermore, exchange and interest rate volatility also constitute an economic challenge to real estate financing in Nigeria. It has contributed to making the economy weak and unstable, thereby discouraging investment in the real estate sector (Kelilume, 2016).

The legal framework in this context is the structure in the Nigerian constitution that has been put in place to support real estate financing. The elements or various components of the legal framework are meant to create opportunities to enhance real estate financing. The Nigerian government has put in place legal instruments that support real estate through pension funds and the establishment of an Association of Real Estate Developers (Raji, 2017).

Nigeria has a robust pension fund because of the pension reforms, and this fund presently stands at about $80 billion. The legal instrument allows 40% of the fund to be invested in real estate, but this has to be done strictly through real estate investment trusts (REIT) and mortgage-backed securities. It is difficult to harness this opportunity because only 6% of property development companies are listed on the stock exchange, so they cannot float REITs. Consequently, most of the pension funds are invested in government bonds instead of the real estate sector. (Nubi, 2010).

The Real Estate Developers Association (REDAN) establishment in 2002 is an opportunity to enhance real estate financing in Nigeria because it provides a platform to route funding for major real estate projects. However, the challenge here is that most of these companies are small, too fragmented, and often associated with low skills at all levels (Ogbenjuwa et al., 2018). This makes it risky to finance their projects because performance cannot be guaranteed, and about 60% of these firms do not have in-house experts such as architects, civil engineers, builders, and estate surveyors. Most real estate development firms in Nigeria do not have 100 employees and cannot take on large projects requiring significant funding. There is a great influx of foreigners into the Nigerian construction sector, but it has not solved the skills deficiency challenge (Lawal et al., 2016).

Furthermore, the Nigerian government has come up with policies to ensure adequate housing is provided for all, but these policies have not been effective, as the desired results were not achieved. Some of those schemes, which the government introduced, include the Federal Housing Authority Act, 1990, National Housing Funds Act, 1992, Urban and Regional Planning Act 1992, National Urban Development Policy 1997, the Nigerian Housing Policy 2006 (NMRC), and the Nigerian Mortgage Refinance Company (Bustani, 2014). The National Housing Fund Scheme of 1992, which is still in effect, mobilises funds at a compulsory contribution of 2.5% of workers' basic earnings, and this could be seen as a financing opportunity; however, it is a difficult task for workers to get finance from these funds for their housing. The national housing funds have underperformed, which can arguably be attributed to the stagnation of the housing finance sector. The federal government was hitherto involved in the direct construction of real estate in Nigeria, but it has now stopped operating in that capacity. They are now enablers and facilitators of the housing industry. This policy has created a significant gap because it still leaves the developers with the responsibilities and challenges of sourcing funding, which is difficult considering the unfavourable environment (Nubi, 2010; Ogbenjuwa et al., 2019|).

The Nigerian government's monetary and fiscal policies could be seen as opportunities as well as challenges to real estate financing. These policies are meant to be strong stimulants to the aggregate demand and supply of housing. Government monetary policies in recent years such as the stoppage of dollar cash deposits into bank accounts, the pooling of government deposits from commercial banks into the treasury-single account with the central bank and the stoppage of dollar-denominated loans are all policies that negatively affected demand and supply of housing (Wallace & Onu, 2015; Udo, 2016). These monetary policies made some investors divert their funding to other countries (Ubosi, 2017).

The Nigerian government, through its policies, has created an enabling environment for the private sector to flourish in the real estate sector.   The private sector controls over 70% of Nigeria's total housing stock (Nubi, 2010). Real estate developers in Nigeria are fundamentally private entrepreneurs who are committed to making available mass housing production. Real Estate Developers' Association (REDAN) which was incorporated in 2002, provides a comprehensive list of developers in Nigeria. There are about 450 developers on REDAN's (Establishment of real estate developer's association) list.

Through the Nigeria Mortgage refinance company (NMRC), the Nigerian government is in partnership with the private sector. The initiative aimed to lower the funding cost of mortgages and provide mortgage-lending banks with increased access to liquidity and longer-term funds in the mortgage market (Rust, 2014). Investment in the Nigerian property market is majorly direct, but it is sometimes conducted through investment in property company shares as there are not many REITs (Olaleye et al., 2008). It is witnessing an upsurge in the involvement of institutional investors in property development and acquisition. However, because of funding constraints, over fragmentation of small developers and shortage of skills, substandard housing is continually being built, causing housing collapse and slums. Notably, the Nigerian property market is yet to be fully integrated into the capital market, and this has reduced its access to enhanced sources of funding (Olaleye et al., 2008).

In the same light, technical barriers often hinder the construction process and the final product, and they include a lack of the necessary infrastructure, a lack of machinery, logistics, and technical expertise. Nigeria presently lacks good roads, transportation systems, and power, hurting real estate production and financing. Furthermore, industrial barriers include the high cost of establishing factories, the importation of materials, and the need for expatriate workers (Pour Rahimian et al., 2017).

It can be said that the Nigerian government has not made enough effort to make the real estate sector maximally beneficial to all the stakeholders. The monetary and fiscal policies are not flexible enough for investors. Inflation is on the increase, and bank interest rates are as high as 25% per annum as against the 0.5% obtainable in the UK. (trading economics, 2019).

Furthermore, there is a lot of unrest in the northeastern and southern parts of Nigeria. Despite not being very prevalent in the major cities, it still acts as a deterrent to foreign direct investment, impacting the real estate sector. As a priority, most investors do a thorough risk assessment before investing (Punch newspaper, 2019).

In addition to the above, the corruption rate is very high in Nigeria, ranging from requests for bribes and other unethical practices, and it makes it difficult for investors and real estate developers to implement projects. Furthermore, very few developers can access bank financing, which leads to many hitches in the real estate process. Individuals who are supposed to patronise these investors also have problems getting mortgages (Ogbenjuwa et al., 2018).

Real estate shortages in Nigeria

Nigeria's housing deficits have worsened over the past decades. It currently has a housing deficit of about a 17million. The World Bank report published in July 2018 shows that the country needs about 700,000 additional units each year for the next 20 years to keep up with the growing population and urban migration. However, housing construction presently is about 100,000 units per year (Simire, 2018).

The Global Property Guide Report (2019) revealed that Lagos, Nigeria's largest urban area, has about 70% of its total population living in informal housing and slums, based on a report sourced from the Lagos authorities. The housing deficit in Lagos is estimated to be around 2.5 million units. There is an increasing demand in other major cities such as Abuja, Ibadan and Kano. Interest rates have remained unsustainably high in Nigeria. This has dramatically impacted the country's new real estate construction finance, with the prime lending rate at 18.23% as of April 2019 (Delmendo, 2019). Furthermore, the construction cost in Nigeria is very high because of the high cost of building materials, high skilled labour cost and costs associated with poor roads and sewage systems.

Sources of Real estate finance in Nigeria

One way of providing finance for real estate project development in Nigeria is by ploughing back real estate income obtained through rental income, sinking funds from leasehold interests, and the sale of real estate. However, this has become grossly insufficient in recent years due to increased demands for real estate (Ebi and Kalu, 2016). Mortgage institutions are also a good source of real estate project development finance in Nigeria. The funds channelled through the mortgage institutions are basically from deposit mobilisation and the (NHF) National Housing Fund (Ezimuo et al., 2014). The NHF is meant to be a source of finance for real estate development and housing provision. Institutional borrowers can apply for loans directly from the Federal Mortgage Bank of Nigeria. However, the mortgage finance institutions in Nigeria are plagued with bureaucracy in the granting and disbursement of mortgage loans to borrowers, unavailability of funds, a corrupt workforce and the problem of the repayment of loans by borrowers (Ezimuo et al., 2014).

Crowdfunding is a new platform springing up for securing finance for real estate project development in Nigeria. It is a non-traditional, non-bank financing source that utilises a diverse network of friends, family, associates, and colleagues. It involves a large pool of investors who individually contribute a small amount toward achieving a big project. The scheme guarantees an average of 25 per cent return per annum (Gbonegun, 2019).

Real estate investment trusts (REITs) as a means of real estate investment are not yet a favourite in Nigeria. There are presently only four REITs in Nigeria, Skye Shelter Fund, Union Homes REIT, REIT Company, and UACN REIT. There is also contractor finance in Nigeria which entails a contractor or developer investing their finance on a plot of land and then developing estates. Therefore, the original owner of the land is entitled to a portion of the property and these properties are often located in a choice area of the major cities of Lagos, Abuja and Port Harcourt (Ebi and Kalu, 2016).

The Nigerian real estate sector is not developed; although there are beautiful estates and office complexes in major cities like Abuja and Lagos, most other cities do not have the presence of contemporary real estate structures because of, among other things, financial constraints (Ogbenjuwa et al., 2018).

A brief introduction to the real estate market in South Africa.

South Africa is the World's 25th most populous nation with a population of 57 million people; about 80% of South Africans are sub-Saharan African while the remaining population consists of Africa's largest African-European, Asian and multi-racial communities (Brown, 2008). The economy is the second-largest in Africa, and it has the seventh-highest per capita income in Africa, but there are high poverty and inequality, with about a quarter of the population unemployed and living on less than $1.25 per day (Trading economics, 2019; World Bank, 2014).

The South African real estate market's two fundamental drivers are demographics and affluence (Gordon, 2018). Demographics determine the number of buyers, while wealth indicates their ability to purchase the property. South Africa has a young population, with about two-thirds of its citizens under the age of 35 years. In recent years, the real estate sector has shown significant growth because of its re-emergence in the international political and economic sphere in the mid-1990s. The post-isolation years have increased economic activities, culminating in Johannesburg becoming Africa's commercial hub attracting international firms' demand for offices, shops, warehouses, and residential properties (Zainir, 2012).

There is a significant migration of people from the rural areas in South Africa to the urban regions, which has increased the demand for housing in urban areas. Furthermore, there is an increased demand for office and retail spaces in South Africa because of its central business districts' decentralisation in recent years. There is also an increase in listed companies. The majority ownership of commercial properties in South Africa are REITs and listed property funds (62%), insurance and pension funds (18%), unlisted and private funds (13%), and (7%) private investors (Nurick et al., 2017).

South Africa's nominal house price rose by 3.96% for Q1 2019, as shown in figure 1.13, but when adjusted for inflation, it declined by 0.51%, which indicates a depressed macroeconomic environment (Delmendo, 2019).

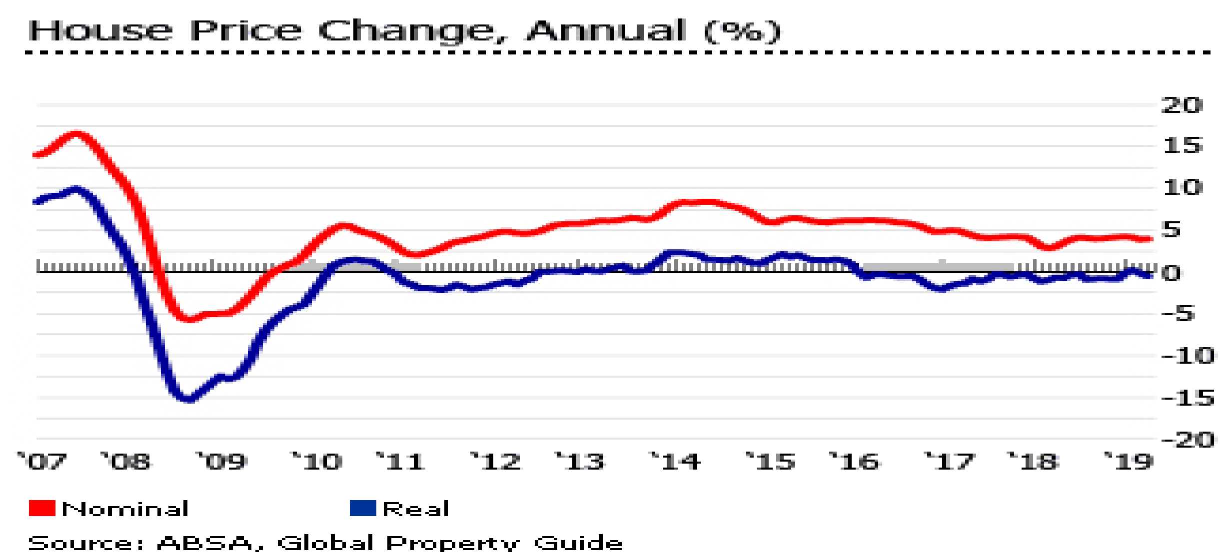

Figure 1-12: SA Annual changes in house price

Factors affecting the real estate sector in South Africa

Various factors affect the South African real estate sector, and this study summarises them into economic factors, social factors, and policy environment.

There are failing macroeconomic factors such as a high unemployment rate, high-interest rates, and inflation (Fox, 2014; Ogbenjuwa et al., 2018). South Africa has a mineral-rich economy with a highly

skewed wealth distribution. It also has high unemployment levels, which significantly negatively impacts the population's ability to access finance for real estate project development (Nurick, 2017).

Furthermore, South African gross domestic product (GDP) has declined, and the unemployment rate presently stands at almost 28% when combined with a high-interest rate. This creates a lot of social imbalances and affects the actualisation of projects as it reduces access to finance by individuals (trading economics, 2019; Delmendo, 2019).

In addition, social factors, such as education, positively affect housing satisfaction and real estate finance as a whole. When education increases, income increases, and housing conditions improve. Furthermore, the higher the education an older person has, the more likely they will own their own houses (Simon, 2014). Housing was one of the ways the apartheid government-controlled or attempted to control the influx of the African population into the cities. They had no right to own their own houses in those areas and were only allowed to rent from the council. Government planning is still trying to reverse the effect of apartheid through subsidised housing, but this problem has not been solved totally (Simon, 2014).

The imbalances in South African society create a high risk. South Africa has a rapidly growing middle class and increased urbanisation, which has created a strong demand for residential and commercial properties (Nurrick, 2017). There has also been a decline in foreign homebuyers in South Africa in recent years. Delmendo (2019) ascribed the reduction of foreign investors in the South African real estate sector to the following factors:

“weaker investor sentiment towards South Africa due to the country’s multi-year stagnation. Uncertainty about the country’s future economic policy

Negative news, such as credit rating downgrades to junk status “.

South Africa’s hosting of the FIFA world cup in 2010 has further contributed to increased house prices (Delmendo, 2019).

The lease structure in South Africa is usually for 3 to 5 years compared to developed economies such as the United Kingdom, where it is between 10 to 25 years. The South African lease is often escalated annually to cover high inflation, potentially harming the real estate sector (Nurrick et al., 2017). However, the South African government has declared housing a ‘right ‘in the state constitution, which has raised the expectations of all stakeholders in the real estate sector, including the financiers (Simon, 2014). Foreigners can own properties in South Africa without restrictions, which is an excellent motivation for foreign inflows of finance into South Africa (Delmendo, 2019).

Real estate shortages in South Africa

There is a high degree of a lack of affordable housing in South Africa. The housing backlog reportedly stands at 2.3million houses, with Kwazulu Natal, Eastern Cape, Gauteng and Western Cape provinces having the highest backlogs. Most of these people live in makeshift structures that are not erected according to approved architectural plans; examples of these settlements are shacks and shanties in informal settlements or backyards (Pretorius, 2019).

Sources of Real estate finance in South Africa

Finance for real estate developments in South Africa includes investors from Europe, other African countries, and China. There was, however, a decline in investment from these countries in recent years (Delmendo, 2019). The South African real estate development sector also enjoys funding from institutional investors and the capital markets (Irving and Manroth, 2009). The financial institutions in South Africa are a good source of finance for the real estate sector as they are committed to providing finance, especially for real estate project development. However, there has been a fall in the mortgage loans granted by financial institutions by 1.21% (Delmendo, 2019).

Concluding Remarks

The literature review findings show that there are significant differences in the real estate sectors of both the developed and the emerging economies. Various factors affect the real estate sectors in both the developed and the emerging economies; they have different challenges, opportunities and sources of finance. The literature review on these six countries reflects the need to make practical inquiries from managers in different countries and draw up a model following these inquiries, which will guide both managers and investors in this sector.

The literature review highlights the different aspects of the real estate sector of the selected countries, including the sources of finance and the peculiarities of the various real estate market. This provided a platform for further inquiries from managers of the real estate sectors of the selected developed and emerging economies, as contained in chapters 3 to 7. These inquiries would then provide a platform for developing a toolkit and the different components of the toolkit for securing finance for real estate project development, which provides a guide for managers in this sector in securing finance for real estate project development.

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