

**The impact of land prices on real estate business development in Uganda: A Case Study of
Mukono District**

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Declaration


I, Shisa Boniface, do hereby declare that this dissertation titled: "The Impact of Land Prices on Real Estate Business Development in Uganda: a Case Study of Mukono District" is my original work; and to the best of my knowledge, it has not been submitted to any other higher education institution or university for any academic award whatsoever.

Signature 
Shisa Boniface

Date: Mon. Sept. 18. 2023

Approval

This dissertation titled: "The Impact of Land Prices on Real Estate Business Development in Uganda: a Case Study of Mukono District" has been submitted with my approval as a supervisor.

Signature:  Date *Mon* *September 18, 2008*

Mukisa Simon Peter

DEDICATION

I dedicate this research to my family (Shisa family) who advised, supported and mentored me throughout my education up to university level. Above all, I thank God for guidance and provision towards completion of this dissertation.

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Abstract

The study intends to analyze the impact of land prices on the development of real estate businesses in Uganda: a case study of the Mukono district. The study was directed by three objectives: identifying successful price approaches used in land business, analyzing pricing's impact on buyer behavior, and investigating the pricing function in real estate business development in Mukono. The researcher used an explanatory research design and a quantitative research approach. Stratified sampling was used to obtain a sample of 50 respondents who were real estate stakeholders in Mukono district, such as real estate agents/brokers, government officials/urban planners, real estate developers, and real estate investors, though only 44 of these respondents responded to the questionnaires. According to the study findings, rising land prices have had a significant impact on various aspects of the real estate industry in Uganda, as it is clear that the real estate sector's economic contributions to Uganda's GDP are both substantial and susceptible to change if the trend of rising land prices continues. Furthermore, it was discovered that rising land prices have had a perceptible impact on overall demand for real estate properties in Uganda, with various market sectors witnessing notable fluctuations in demand as a result of land price dynamics. Inclusively, the data indicated the multidimensional character of pricing dynamics in the local real estate environment, revealing that government land use rules have a key effect in pricing dynamics. In conclusion, the study advised that real estate industry stakeholders in Mukono use personalized pricing methods. The study also advised that government officials in Mukono engage in active participation and proactive planning. Furthermore, the report advocated for the establishment of targeted affordable housing measures in Mukono. These initiatives should include a variety of tactics, such as subsidies, developer incentives, and novel finance mechanisms.

Chapter One

Introduction

1.0 Introduction

As one of the fastest-growing economies in Africa, Uganda has experienced significant urbanization and population growth, leading to an increased demand for housing and commercial spaces (Kasimbazi, 2016). However, the escalating cost of land in the central region poses challenges to real estate developers and investors (Nyakaana et al., 2007). Through a comprehensive examination of market trends, government policies, and stakeholder perspectives, this research seeks to shed light on the multifaceted effects of rising land prices on real estate ventures and propose potential strategies to mitigate its adverse impacts, fostering sustainable growth and development in the sector (Streicker et al., 2021). This chapter therefore presents the background of the study, problem statement, purpose of the study, objectives, research questions, justification, significance of the study and theoretical framework.

1.1 Background of the Study

Over the past few decades, the world has witnessed unprecedented urbanization and population growth (Aliyu & Amadu, 2017). Major urban centers have become hubs for economic activities, driving the demand for housing, commercial spaces, and infrastructure. As a result, land prices in many urban areas around the globe have experienced a significant upward trend (Worrall et al., 2017). The real estate sector, which plays a vital role in economic development, is directly impacted by these soaring land prices. Real estate developers and investors worldwide face challenges in acquiring affordable land in prime locations, leading to cost escalations and potential barriers to sustainable development (UN Habitat, 2016).

The global real estate business development is a complex and ever-changing landscape (Condon, 2019). The world is experiencing a rapid increase in urbanization, with more people migrating to cities in search for better opportunities (Tiwari et al., 2019). This trend has led to increased demand for urban land and subsequent rise in land prices in many regions (United Nations, 2018). The industry is driven by a number of factors including population growth, economic development and technological innovation (Xie et al., 2020). One of the key drivers of

the global real estate business development is population growth. The world's population is expected to reach 9.7 billion by 2050, and this growth will put a strain on the supply of housing and other real estate (Narang, 2022). This will create employment for real estate developers and investors who can meet the demand for new properties (United Nations, 2019).

The real estate business in Africa is a rapidly growing industry. The continent is home to a young and growing population, with a rising middle class that is increasingly demanding access to quality housing (Abrahams & Everatt, 2019). The real estate business in Africa is still in its early stages of development, but it is growing rapidly. The value of real estate in Africa is expected to reach \$28 trillion by 2050 (Dodman et al., 2017). The report also found that the continent is home to some of the fastest-growing real estate markets in the world, with annual growth rates of up to 15% (Knight, 2018). The continent is home to a number of large and growing cities, such as Lagos, Nairobi and Cairo. These cities are experiencing a shortage of housing, which is driving demand for real estate investment (Bah et al., 2018). However, the escalating prices of land in Africa have had a significant impact on the real estate business development. The high cost of land has made it more difficult for developers to build new properties and it has also made it difficult for people to buy homes (Kaplinsky & Kraemer-Mbula, 2022).

In recent years, East Africa has witnessed significant economic growth, urbanization and population growth, leading to increased demand for housing and infrastructure (Turok & McGranahan, 2013). However, this rapid urban development has resulted in escalating land prices, presenting challenges for real estate business development in the region. Limited land supply, inefficient land use policies, and a scarcity of affordable housing exacerbate the situation (Bah et al., 2018). Additionally, foreign investment and speculation in the real estate sector contribute to price volatility. Inadequate policies, weak governance, and a lack of effective land and property rights systems further complicate the issue (Nero et al., 2019). Addressing the impact of rising land prices on real estate business development in East Africa requires an understanding of the region-specific factors influencing land prices and the development of appropriate policies and regulatory frameworks (Li, Stringer & Dallimer, 2022).

Uganda, like many other African nations, is witnessing a demographic shift with a rapidly growing population and a steady pace of urbanization. The central region, particularly Kampala, is the country's primary economic and administrative center (Burton, 2017). As a result, it

experiences significant demand for real estate properties, including residential, commercial, and industrial spaces (Niasse & Varis, 2021). The limited availability of prime land in the region, coupled with increasing demand, has led to a surge in land prices. This inflation in land prices presents challenges for real estate developers and investors who must navigate the high costs associated with land acquisition, impacting the affordability of housing and overall real estate development in the area (Collord et al., 2021).

1.2 Statement of the Problem

The major problem identified in this study is the increasing risks surrounding the real estate business in Uganda which include; liquidity risks, leverage risks, regulatory risks, time risks, market risks and credit risks which have created an uncertain future for those people dealing in the real estate business (Xie and Tan, 2018; Niasse & Varis, 2021). For example, UBOS Abstract (2021) statistical data reveals that land prices in the Central Region have surged by an average of 30% over the past three years, leading to a considerable decrease in the number of real estate projects initiated. Additionally, the percentage of affordable housing units available in the market has dropped by 25% in the same period. As a result, potential buyers and investors are finding it increasingly difficult to access suitable properties, causing a slowdown in the overall real estate market growth (Su & Qian, 2020). This could be attributed to the rapid urbanization and population growth experienced in Mukono, limited availability of land in prime locations, coupled with high demand that create a competitive market that drives land prices upwards plus the lax enforcement of land use regulations (Kaplinsky & Kraemer-Mbula, 2022). It is therefore against this background that the researcher sought to investigate the impact of land prices on real estate business development: a case study of Mukono, central region.

1.3 Purpose of the Study

The purpose of the study was to examine the impact of land prices on real estate business development in Central region: a case study of Mukono district.

1.4 Objectives of the Study

- i. To identify effective pricing strategies used in land business in Mukono.
- ii. To quantify the pricing's impact on the buyers' behavior in Mukono.

- iii. To examine the pricing role in real estate development in Mukono.
- iv. To find out the effect of government policies and regulations on land prices in the development of real estate business in Mukono.

1.5 Research Questions

- i. What are the identified effective pricing strategies used in land business in Mukono?
- ii. What is the quantification of the pricing's impact on the buyers' behavior in Mukono?
- iii. What is the pricing role in real estate development in Mukono?
- iv. What is the effect of government policies and regulations on land prices in the development of real estate business in Mukono?

1.6 Scope of the Study

The scope of the study covered three dimensions that is; content, geographical and time and these were discussed in detail below.

1.6.1 Content Scope

This study specifically focused on; identifying the effective pricing strategies used in land business, quantifying the pricing's impact on the buyers' behavior, and examining the pricing role in real estate business development in Mukono.

1.6.2 Geographical Scope

This study was carried out in Mukono located in the central region of Uganda. Mukono was chosen because of its proximity to the researcher which made it easy to collect data in a limited time frame.

1.6.3 Time Scope

The study was carried out for a period of three month from June to August, 2023. This is because it was the time stipulated by the institution for the researcher to have completed his dissertation.

1.7 Significance of the Study

The study will be of help to policymakers and government officials in Uganda as they will gain insights into the impact of land prices on real estate business development. Policymakers will be able to formulate effective land use regulations and housing policies to foster a more balanced and sustainable real estate market. The findings will aid in crafting strategies to promote affordable housing options and ensure the overall economic development of the region.

The study will also be of help to the real estate developers and investors operating in Uganda and particularly those in Kampala as they will be able to understand the challenges posed by changing land prices which will enable them to make more informed decisions about project planning, budgeting, and risk management. By identifying potential strategies for mitigating the adverse effects of high land costs, developers can navigate the market more effectively and enhance the feasibility and profitability of their projects.

Furthermore, the study will be of help to potential homebuyers and renters in Mukono as it will shed light on the factors influencing housing affordability. The research will empower individuals and families to make well-informed decisions about their housing options. Additionally, the study's recommendations for addressing the affordability issue may lead to increased access to suitable housing solutions for various income groups.

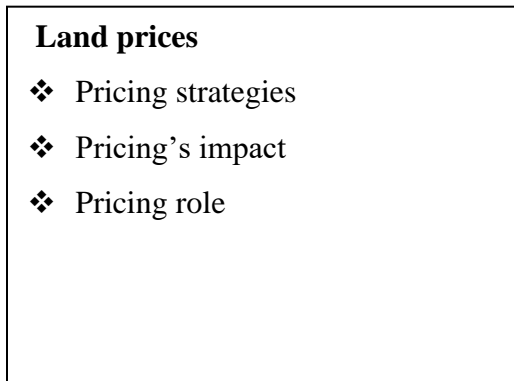
More so, the study will be of help to financial institutions and lenders as they will be able to understand the challenges faced by the real estate sector due to changing land prices. The financial institutions can tailor their lending policies and products to accommodate the unique needs and risks associated with real estate projects in the central region. This, in turn, may facilitate access to capital for developers and investors, fostering growth in the real estate market.

Finally, the study will be of help to future researchers and scholars as this research will serve as a valuable reference for future studies on similar topics. The study will provide a foundation for conducting further research on the dynamics of pricing impact, urbanization, and their implications for the real estate sector in other regions or countries. Moreover, it will offer a template for investigating the effectiveness of various policy interventions and risk management strategies in the context of real estate development and affordability.

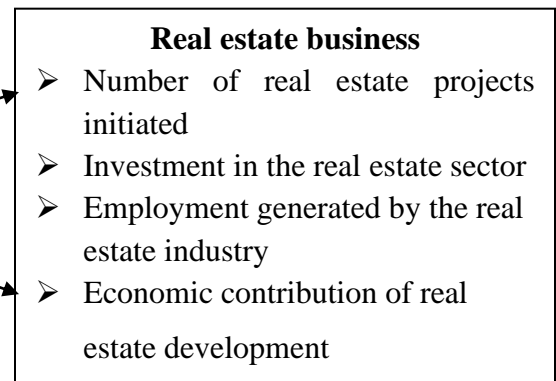
1.8 Conceptual framework

Figure 1: Conceptual Framework

Independent Variable



Dependent Variable



Source: Adapted from Su & Qian (2020) and modified by the researcher (2023)

Chapter two

Literature Review

2.0 Introduction

This chapter discusses and reviews related researches and literatures published by journals, previous dissertations, text books, and authors' articles related to the research topic and its variables so as to give an insight of the study hence a better understanding to the readers of the research work. It was reasonable to first review the more comprehensive literature on the impact of land prices on real estate business development.

2.1 Concept of Real Estate Business Development

Real estate is real property that consists of land and improvements, which include buildings, fixtures, roads, structures, and utility systems. Property rights give a title of ownership to the land, improvements, and natural resources such as minerals, plants, animals, water, etc. (Xie et al., 2020). Real estate business development refers to the strategic and systematic process through which real estate companies and professionals create, expand, and enhance their operations, portfolios, and market presence (Su & Qian, 2020). It involves identifying and capitalizing on opportunities in the real estate market to achieve sustainable growth, profitability, and competitive advantage. Real estate business development encompasses various activities, including market research, property acquisition, project planning, financing, construction, marketing, and sales (Niasse & Varis, 2021).

Real estate encompasses the land, plus any permanent man-made additions, such as houses and other buildings. Any additions or changes to the land that affects the property's value are called an improvement (Nyakaana et al., 2007). Once land is improved, the total capital and labor used to build the improvement represent a sizable fixed investment. Though a building can be razed, improvements like drainage, electricity, water and sewer systems tend to be permanent. Real property includes the land and additions to the land plus the rights inherent to its ownership and usage (Bah et al., 2018).

The real estate industry is a huge factor in economic growth and wealth generation. Beyond the definition, real estate business is also the development, management, owning, and selling of assets. The industry starts with raw land. Land entitlement and developers work to get municipal approvals and construct assets (Aliyu & Amadu, 2017). The developers may sell the land once it is fully entitled or develop the property and operate it until stabilized (typically refers to a building being 95% occupied). Usually, asset managers help fill a property with tenants and get the asset cash flowing. Once properties are stabilized, they can be bought and sold. Over time, an influx of capital may rejuvenate or repurpose property to create more value. Brokers, appraisers, attorneys, financiers, and other external parties help facilitate the buying and selling of properties (Tiwari et al., 2019).

Locally, Uganda's real estate market has attracted a lot of attention lately as a result of the nation's expanding urbanization and rising demand for residential and commercial real estate (Xie and Tan, 2018). The industry has seen significant investments, regulatory changes, and infrastructure growth, making it a desirable market for both domestic and foreign investors. A growing middle class, easier access to financing, and government programs to support affordable housing are some of the major forces behind this trend. However, issues with land tenure, poor infrastructure in some places, and the requirement for better openness and investor protection continue to be problems. Businesses need to negotiate these intricacies in order to prosper in Uganda's real estate market while taking advantage of chances for expansion in a sector that is continually changing (Niasse & Varis, 2021).

2.2 The Effective Pricing Strategies Used in Land Business

Comparable sales analysis: Comparable sales analysis, also known as the market approach, is a fundamental pricing strategy in the land business (UN Habitat, 2016). It involves analyzing recent sales of similar land parcels in the same area to determine the land's market value. This method relies on the principle that buyers are willing to pay a price similar to what others have recently paid for comparable properties. Real estate professionals gather data on recent sales, considering factors like location, size, zoning, and land features, to arrive at a competitive and fair market value for the land in question. It's a data-driven approach that provides a strong foundation for pricing decisions (Streicker et al., 2021).

Cost-plus pricing: Cost-plus pricing is employed when a seller wants to ensure that they not only recover their costs but also achieve a desired profit margin (Abrahams & Everatt, 2019). In the land business, this strategy involves calculating the total expenses incurred in acquiring and preparing the land for sale, including purchase price, development costs, permits, and other expenses. The seller then adds a predetermined profit margin to arrive at the asking price. Cost-plus pricing is particularly useful for land with significant development expenses, as it ensures that these costs are factored into the final price, preventing financial losses for the seller (Narang, 2022).

Per-acre pricing: Per-acre pricing is straightforward and commonly used for larger land tracts. It calculates the price per acre of the land (Turok & McGranahan, 2013). This pricing strategy allows buyers and sellers to compare the value of different-sized land parcels easily. It's particularly useful when dealing with agricultural land, ranches, or large recreational properties where the total acreage is a primary consideration for buyers (Kaplinsky & Kraemer-Mbula, 2022).

Time-Based Pricing: In a dynamic real estate market, pricing can be adjusted based on market conditions and the urgency of the sale (Burton, 2017). In a hot market with high demand, sellers may set a higher initial price, hoping to capitalize on strong buyer interest. Conversely, in a slow market, they may reduce the price to attract buyers quickly. Time-based pricing requires regular monitoring of market conditions and flexibility to adapt to changing circumstances (Nero et al., 2019).

Auctions: Auctions create a competitive environment that can result in higher prices for land parcels. Sellers set a reserve price, below which they are not willing to sell, and potential buyers bid against each other to secure the property (Tiwari et al., 2019). Auctions are often used for unique or high-demand land parcels where the seller believes competitive bidding will maximize the selling price. However, the success of an auction depends on marketing efforts and the level of interest generated among potential buyers (Li, Stringer & Dallimer, 2022).

Land Subdivision: Land subdivision involves dividing a larger land parcel into smaller lots. This strategy can create additional value by making the land more accessible and marketable. It allows landowners to sell individual lots at higher prices compared to selling the entire parcel.

Subdivision pricing considers factors like the size of the individual lots, accessibility, and potential for development. Effective land subdivision can maximize returns by catering to various buyer preferences, including residential or commercial development.

Seller financing: Seller financing is a strategy where the seller offers financing options to buyers. This approach can expand the pool of potential purchasers, particularly for buyers who may not have access to traditional financing sources (Aliyu & Amadu, 2017). By providing financing, sellers can justify a higher asking price and potentially negotiate favorable terms, such as interest rates and down payments. Seller financing can attract a wider range of buyers and enhance the land's marketability (Niasse & Varis, 2021).

Development incentives: Sellers often use development incentives to increase the perceived value of their land. These incentives may include offers to assist with zoning changes, obtaining necessary permits, or even funding infrastructure development like roads and utilities (Kasimbazi, 2016). By providing these incentives, sellers can command a higher price for their land, especially in areas where such incentives are valuable to developers. This strategy not only increases the property's market value but also attracts developers looking for streamlined processes and reduced costs (Bah et al., 2018).

Comparative Market Analysis (CMA): Real estate professionals use Comparative Market Analysis (CMA) to determine the land's value based on recent sales data and current market trends. This strategy involves analyzing data on properties that are similar in location, size, and characteristics to the land in question. CMA helps both sellers and buyers understand the current market dynamics and make informed pricing decisions. By examining recent sales and comparing them to the subject property, sellers can arrive at a competitive asking price (Collord et al., 2021).

Negotiation strategies: Effective negotiation strategies are crucial in the land business. Sellers and buyers often engage in negotiations to reach an agreed-upon price. Skilled negotiators use various tactics, such as price anchoring (starting with a higher or lower initial price), exploring concessions, and leveraging market data, to influence the final sale price. Negotiation strategies can be customized to the specific circumstances of the transaction, and the ability to negotiate effectively can result in a price that satisfies both parties (Kaplinsky & Kraemer-Mbula, 2022).

In many African countries, land pricing strategies play a pivotal role in real estate transactions and land development. Due to various economic, cultural, and governmental reasons, land pricing dynamics greatly differ across the continent. For instance, land pricing tactics are influenced by elements like population growth, infrastructure development, and the dearth of good urban property in nations like Nigeria and Kenya, where fast urbanization is taking place (Ashour, 2016). While in more rural and agrarian areas, factors including agricultural output, land tenure, and regional market conditions may have an impact on land valuation. In many African nations, the problem of informal land tenure and land rights is also a problem, which can make pricing tactics more difficult. For successful real estate business development and land investment, it is essential to understand the subtleties of land price in various African contexts (Squires, 2021).

With regard to Uganda, where the real estate market is booming, land price techniques are of the utmost importance. With rising demand for residential, commercial, and agricultural land, Uganda's land market has expanded in both urban and peri-urban areas. This expansion has been further spurred by government initiatives to upgrade infrastructure and encourage private sector investment. But ongoing issues with land tenure, zoning laws, and market openness have an effect on the cost of real estate and investment choices (Collord et al., 2021).

This study in Mukono, Uganda, aims to address critical gaps in the existing literature by investigating the specific factors influencing land pricing strategies in this region. While there is a general understanding of land pricing methodologies, the unique local conditions and dynamics in Mukono may lead to variations in pricing strategies compared to other parts of the country. Factors such as proximity to Kampala, the capital city, and the influence of local land policies and practices can significantly impact land values in Mukono. Therefore, this study intends to provide valuable insights into the pricing strategies used to drive land pricing decisions in Mukono, shedding light on what has not been comprehensively explored in the existing literature and contributing to a more comprehensive understanding of land business development in Uganda's evolving real estate market.

2.3 The Pricing's Impact on the Buyers' Behavior

Numerous studies like (Deng & Chen, 2019) have examined how different pricing strategies influence the behavior of land buyers. For instance, research has shown that when sellers use a comparative sales analysis approach, buyers tend to perceive the pricing as transparent and fair. This transparency fosters trust in the seller's pricing strategy, leading to positive buyer behavior. Buyers are more likely to engage actively in negotiations and may have a higher willingness to proceed with transactions. They are also less likely to perceive the seller as overpricing the property, which can contribute to a smoother sales process (Fu & Yang, 2017).

The impact of land pricing on buyers' behavior often delves into psychological factors. Buyers' emotions and perceptions play a crucial role in their decision-making process (Turok & McGranahan, 2013). For instance, studies have explored how pricing strategies can evoke emotions such as urgency and the fear of missing out (FOMO). When buyers perceive a property as attractively priced and believe that the market is moving quickly, they may feel compelled to act swiftly to secure the property. This sense of urgency positively influences buyer behavior by motivating them to make decisions more promptly (Abrahams & Everatt, 2019).

Land pricing is inextricably linked to broader market conditions. Economic factors such as supply and demand, interest rates, and inflation significantly impact land prices and subsequently affect buyers' behavior (Narang, 2022). During periods of high demand and low supply, land prices may rise, influencing buyers to compete more aggressively. Conversely, economic downturns may lead to price decreases and a more cautious buyer approach. Researchers examine how these macroeconomic factors shape buyer sentiment, motivation, and decision-making in various real estate markets (Niasse & Varis, 2021).

Understanding how buyers perceive land prices is crucial. Research in this area explores factors such as pricing transparency, fairness, and trustworthiness. For example, buyers are more likely to respond positively to prices they perceive as fair and well-supported by market data. Studies often employ surveys, interviews, or behavioral experiments to investigate how pricing strategies impact buyers' perceptions and, consequently, their decision-making processes (Collord et al., 2021).

The impact of land pricing on buyers' behavior can vary based on the type of buyers involved. Researchers often segment buyers into categories such as residential, commercial, or investors. These distinct buyer groups may respond differently to various pricing strategies. For instance, first-time homebuyers might be more influenced by affordability and perceived value, while experienced investors may focus on potential returns. Studying buyer segmentation allows for a nuanced understanding of how pricing impacts different segments of the real estate market (Deng & Chen, 2019).

The availability and presentation of information about land prices can significantly influence buyer behavior. Research explores the role of real estate listings, online platforms, real estate agents, and other sources of information in shaping buyers' perceptions and actions. The way pricing information is presented and the ease of access to data can impact the buyer's decision-making process. For example, clear and detailed pricing information may empower buyers to make more informed decisions and engage more actively in negotiations (Li, Stringer & Dallimer, 2022).

The impact of land pricing extends throughout the buyer decision process. Researchers often examine how buyers search for information, evaluate property options, negotiate with sellers, and ultimately make purchase decisions based on pricing-related factors. Understanding how pricing impacts each stage of the buyer's journey provides insights into the factors that drive buyer behavior (Liu & Wang, 2016).

Due to the numerous economic, social, and cultural variables that affect real estate transactions, the effect of land pricing on buyer behavior is an important field of research in many African nations. The behavior of land buyers has been studied in research conducted in nations including Nigeria, Kenya, and South Africa (Fields & Rogers, 2021). These studies have brought attention to the significance of elements including affordability, perceived value, and confidence in pricing transparency. For instance, purchasers are very sensitive to price strategies in Nigeria's competitive real estate market, where urbanization is on the rise, and affordability frequently influences their decisions. Both sellers and policymakers must have a thorough understanding of the complexities of buyer behavior in varied African contexts in order to make decisions that support affordable housing and sustainable land development (Ngakane, 2022).

Turning to Uganda, the impact of land pricing on buyers' behavior is of paramount importance, given the country's growing real estate sector. Uganda has experienced a surge in urbanization and a rising middle class, leading to increased demand for land and property. Studies conducted in Uganda have examined how factors such as pricing transparency, affordability, and trust in the seller influence buyer behavior (Karam et al., 2022). However, there is a limited body of research specifically focused on the Mukono region, which is characterized by its proximity to Kampala, varied land use patterns, and unique local dynamics. Therefore, there is a need for a more localized understanding of how land pricing strategies impact buyers' behavior in Mukono. This study intends to bridge this gap by investigating the specific pricing factors shaping buyer behavior in Mukono's real estate market.

2.4 The Pricing Role in Real Estate Development

Pricing strategies in real estate development involve critical decisions that can significantly impact project outcomes (Su & Qian, 2020). Developers must consider various approaches, such as cost-plus pricing, market-driven pricing, and value-based pricing. Cost-plus pricing involves setting prices based on the project's total costs and adding a desired profit margin. Market-driven pricing, on the other hand, relies on analyzing market conditions, including supply and demand, to determine competitive pricing (Xie et al., 2020).

Successful real estate development hinges on the accurate assessment of market conditions and demand. Researchers explore how developers conduct comprehensive market analysis to gauge factors such as supply and demand dynamics, competition, and economic trends. Understanding these market forces allows developers to make informed pricing decisions that align with market realities and cater to the preferences and needs of potential buyers (Streicker et al., 2021).

Pricing in real estate development involves intricate financial modeling and analysis. Researchers examine the use of financial models to determine optimal pricing that maximizes returns while ensuring project feasibility (Kaplinsky & Kraemer-Mbula, 2022). These models consider various financial aspects, including development costs, financing options, projected revenues, and potential risks. An understanding of financial modeling is essential for developers aiming to make data-driven pricing decisions (Li, Stringer & Dallimer, 2022).

Effective competitive positioning is paramount in real estate development. Researchers investigate how pricing strategies contribute to a development's competitive advantage. This includes discussions on pricing relative to comparable properties, strategies for market differentiation, and approaches to attracting and retaining target market segments. Pricing plays a pivotal role in shaping a development's identity and market positioning.

Achieving a balance between profit margin optimization and competitive pricing is a crucial aspect of real estate development. Researchers explore strategies for optimizing profit margins while ensuring that prices remain attractive to potential buyers. This often involves a careful evaluation of costs, pricing sensitivity analysis, and a keen awareness of market dynamics (Bah et al., 2018).

Affordable housing is a significant concern in real estate development. Studies delve into how developers navigate the pricing challenges associated with affordable housing projects. Researchers analyze the role of government incentives, subsidies, and community needs in shaping pricing decisions within the context of affordable housing development. Pricing strategies can significantly impact the availability of affordable housing in various markets (Tiwari et al., 2019).

Sustainability is increasingly important in real estate development. Researchers investigate how pricing strategies can support sustainability initiatives. This includes discussions on the cost implications of sustainable features such as energy-efficient technologies and environmentally friendly construction materials. Additionally, researchers assess how buyers perceive the value of sustainability, which can influence pricing decisions (Collord et al., 2021).

Real estate development encompasses both residential and commercial sectors, each with distinct pricing dynamics. Researchers explore how pricing strategies differ between these sectors. For residential development, considerations include factors like home prices, amenities, and neighborhood attributes. In commercial development, factors such as lease rates, occupancy rates, and tenant preferences play a significant role in pricing decisions (Burton, 2017).

Pricing in real estate development is closely linked to risk management. Researchers examine how developers integrate risk assessment into pricing decisions. This includes strategies for mitigating risks related to market volatility, construction delays, regulatory changes, and

unforeseen challenges that can impact project timelines and costs. Effective risk management is essential for ensuring project viability (Liu & Wang, 2016).

Real estate pricing is subject to evolving trends and market conditions. Researchers often analyze pricing trends and offer insights into future pricing dynamics. This can include discussions on the impact of technology, changing consumer preferences, and macroeconomic factors on pricing strategies in the real estate development industry. Understanding these trends is crucial for developers and investors seeking to make informed pricing decisions and anticipate future market conditions (Abrahams & Everatt, 2019).

Real estate development has been a focus for economic growth and urban expansion in several African nations. In this context, the function of pricing strategies in real estate development is of utmost significance (Mwega, 2011). For instance, real estate developers must consider pricing options that cater to a growing middle class and the needs of urban living in nations like Nigeria and South Africa, where urbanization is fast developing. Researchers have investigated how pricing techniques can help construct cheap housing units while preserving profitability as affordable housing continues to be a major concern. Furthermore, the influence of governmental regulations, such as incentives for environmentally friendly building and affordable housing, has a big impact on pricing choices in African real estate development (Windapo & Cattell, 2013).

In Uganda, real estate development is on the rise, driven by urbanization and increased investment in infrastructure and commercial projects (Okumu et al., 2023). However, certain elements, such as land tenure systems, regulatory frameworks, and regional demand discrepancies, have an impact on the pricing dynamics in Uganda's real estate development market. Research in Uganda, especially in metropolitan areas like Kampala, has looked at the role pricing methods have in fostering sustainable and affordable housing (Kinatta et al., 2021). There has also been research on how pricing decisions are impacted by foreign investment and global market dynamics. However, there is still a dearth of study that is explicitly concerned with the Mukono region, which has its own unique set of regional dynamics, including proximity to Kampala, a variety of land use patterns, and various degrees of urbanization. A more specialized understanding of how pricing methods affect real estate development in Mukono is therefore required.

Chapter Three

Methodology

3.0 Introduction

This chapter presents the methodology that was used in conducting the research. It described how this study was conducted. It includes the study design, the study setting, study population and the sample size. It also describes the sampling procedure definition of variables, research instruments, data analysis and management, ethical considerations, and the limitations of the study.

3.1 Research Design

This study used an explanatory research design which is developed to explore a phenomenon that had not been studied before or had not been well explained previously in a proper manner. Its main intention is to provide details about where to find a small amount of information (Patrik & Ugo, 2019). It also helped in ascertaining how and why a particular phenomenon was occurring and further predicted future occurrences. Lastly, it helped in investigating patterns and trends in existing data that hadn't been previously investigated.

The researcher also employed the use of quantitative research method. Quantitative research method was used because it is more reliable and objective, it helped the researcher in use of statistics to generalize the findings and also helped in testing theories/ hypotheses and lastly, it helped in determining the relationship between the two variables (Bhawna & Gobind, 2015). Therefore quantitative research approach was used to gather statistical data from the selected stakeholders involved in the real estate business in Mukono district with the help of researcher-administered questionnaires (Haradhan, 2021).

3.2 Study Area and Population

This study was carried out in Mukono located in the central region of Uganda. Mukono was chosen because of its proximity to the researcher which made it easy to collect data in a limited time frame. The study population included a target population of 50 stakeholders involved in the

real estate business who are; real estate agent/broker, government official/urban planner, real estate developers and real estate investors in Mukono district.

3.3 Sample Size

According to Oribhabor & Anyanwu (2019) sample size is the portion or subset of the total population. The sample size was determined by the sample calculation formula by Yamane, (1970) as follows;

$$n = \frac{N}{1 + N(e)^2}$$

“n” is sample size, “N” is population, “e” is error (0.05) or level of confidence 95%

“N” (population) = 50 stakeholders involved in the real estate business in Mukono district

$$n = \frac{50}{1 + 50(0.05)^2}$$

$$n = \frac{50}{1 + 50(0.0025)}$$

$$n = \frac{50}{1 + (0.125)}$$

$$n = \frac{50}{1.125}$$

$$n = 44$$

Therefore from the table above, the sample size was 55 respondents got from a total population of 80 stakeholders involved in the real estate business in Mukono district. The population and sample size were further distributed in the table below;

Table 1: Showing Population and Sample Size Distribution

Category of respondents	Population	Sample Size
Real estate agent/broker	18	16
Government official/ urban planner	1	1
Real estate developers	17	15
Real estate investors	14	12
Total	50	44

Source: *Mukono District (2023)*

3.4 Sampling Method

The sampling methods provide information required about the selection of the samples. It also provides a detailed foundation where the research sample can be drawn, and for a population that is enough for a high quality selection of the participants (Lewis and Ritchie, 2003). The researcher therefore used stratified sampling which is a method under probability sampling technique. The study was carried out using the stratified sampling method whereby samples were selected from the stakeholders involved in the real estate business who are; real estate agent/broker, government official/urban planner, real estate developers and real estate investors in Mukono district. This was due to their convenience about the topic and area under study hence they were expected to represent each element in the population. This technique helped in reducing on the costs of collecting and analyzing data.

3.5 Sources of Data

While carrying out the research study, primary data was used by the researcher.

3.5.1 Primary Source

Primary data are important for all areas of research because they are accurate information about the results of an experiment or observation. Primary data from the field was obtained through personal interviews and self-administered questionnaires to selected respondents in order to get their opinions. Primary data helped the researcher in collecting information for the specific purposes of their study. The researcher collected the data himself, using questionnaires.

3.6 Data Collection Method

The researcher of this study used one type of data collection instruments. This included questionnaire survey which was briefly explained in the following subsection.

3.6.1 Questionnaire Survey

A questionnaire survey is a research method for collecting information from respondents using standardized questionnaires (Bihu, 2021). This method involved collecting information from a sample of respondents who were stakeholders involved in the real estate businesses that were; real estate enthusiasts, real estate agent/broker, government official/urban planner, real estate developers and real estate investors in Mukono district in a systematic way. A questionnaire survey was used because it provides a high level of general capability in representing a large population. Due to the usual huge number of people who answers survey, the data being gathered possess a better understanding of what is being studied. Because of the high representativeness brought about by the questionnaire survey method, it is often easier to find statistically significant results than other data gathering methods. Questionnaire survey was also used for these categories of respondents to save on time because their number was big to interview (Amin, 2005).

3.7 Validity and Reliability of the Data Collection Instruments

In order for the data collection instruments to be sound, they must be free of bias and distortion. Reliability and validity are two concepts that are important for defining and measuring bias and distortion. The following subsections explain how validity and reliability were determined in this study.

3.7.1 Validity

According to Cohen, Manion and Keith (2007), Validity is ensured by; choosing an appropriate scale, ensuring that there are adequate resources for the required research to be undertaken, selecting an appropriate methodology for ensuring the research questions, avoiding having too long or too short an interval between pre-test and post-test, ensuring standardized procedures for

gathering data or for information administering tests, and tailoring the instruments to the concentration span of the respondents.

Validity was done in order to find out whether the questions are capable of capturing the intended data. Experts in research reviewed the questions to see whether they were capable of capturing the intended response. A Content Validity Index (CVI) was calculated in order to establish the validity of the research instrument. The researcher used the following formula to establish validity of the research instruments as seen below.

$$\text{Content validity Index (CVI)} = \frac{\text{Relevant items by all judges as suitable}}{\text{Total number of items judged.}}$$

The CVI was 0.81 which was greater than the recommended 0.70 (Kent, 2001) hence implying that the questionnaire was valid for data collection.

3.7.2 Reliability

Cohen et al. (2017) defined reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Reliability of the questionnaire instrument was assessed using Cronbach's coefficient alpha. A pilot study was carried out on 10 respondents and the reliability results were computed using the Statistical Package for the Social Sciences (SPSS). The following formula was used to calculate the Cronbach's coefficient alpha

$$\alpha = \frac{k}{K-1} \left(\frac{1 - \sum SDi^2}{\sum SDt^2} \right)$$

Where α = coefficient alpha

$$\sum SDi^2 = \text{sum variance of items}$$

$$\sum SDt^2 = \text{sum variance of scale}$$

The coefficient was 0.83 which was above the recommended .70 (Amin, 2005) hence implying that the questionnaire was suitable for data collection.

3.8 Procedure of Data Collection

After approval of the proposal from the School of Business Uganda Christian University, the researcher was given a letter of introduction to the selected stakeholders in the real estate business in Mukono district. This served to secure permission in order to carry out the study in this area. The researcher presented a letter of consent to the respondents, after which, questionnaires were distributed. The respondents were given time within which they should have returned the fully filled questionnaires. After the questionnaires had been filled, the researcher collected them, sorted them and coded them.

3.9 Data Analysis

3.9.1 Quantitative Data Analysis

Data analysis was done with the aid of the package (SPSS) which besides being user friendly, is appropriate for handling the correlations between the variables plus regressions in the study. All variables were assigned with names and coded for computer entry. Secondly all the responses were coded to facilitate computer data in-put. Thirdly, after data entry was completed, negatively worded scales were recorded and assigned with new values. Fourthly, in order to get composite scores for items on a scale, target variables were computed. Fifthly, data was screened in order to minimize data entry errors. Quantitative data was analyzed using descriptive statistics and Pearson Correlation to examine the relationship between the independent and the dependent variable in the study.

3.10 Ethical Considerations

The researcher took into consideration a number of ethical issues including:

Confidentiality of respondents was kept: Respondents were not required to reveal their names nor their contacts on the questionnaires. Identification numbers were used instead of names to avoid information given being traced to a respondent.

All data gathered was used only for the purpose of this study and nothing else.

The research procedures were explained to all the respondents before they took part in the research and their informed consent obtained.

All the sources of literature were acknowledged throughout the whole study through proper citations and referencing.

Personal bias was avoided during the entire study that is to say during interviews, data analysis and reporting.

3.11 Limitations and Delimitations of the Study

First and foremost, the research instruments were not standardized. Therefore a validity and reliability test was done to produce a credible measurement of the research variables.

Secondly, the researcher was limited by funds that were needed to facilitate the research such as motivating the respondents, printing fees and even daily transport to the organization to collect data. However the researcher used self-initiatives and strategies to mobilize financial assistance from family.

Chapter Four

Data Presentation, Analysis and Interpretation

4.0 Introduction

This chapter sets to outline and analyze the findings of the research by the use of SPSS software for analyzing quantitative data. Data was collected from the stakeholders in the real estate business who are; real estate agent/broker, government official/urban planner, real estate developers and real estate investors in Mukono district using questionnaires and their responses are presented and interpreted as follows;

4.1 Response Rate

A total of 44 questionnaires were distributed and 40 of them were fully filled and returned. The response rate for the questionnaires was therefore 90.9% as shown in the table 2 below;

Table 2: Response Rate

Response Rate	Sample Size	
	Frequency	Percentage (%)
Questionnaires returned	40	90.9%
Questionnaires not returned	4	9.1%
Questionnaires issued	44	100.0%

Source: *Primary data*

According to table 2 above a total of 44 (100%) respondents who are stakeholders in the real estate business like the real estate enthusiasts, real estate agent/broker, government official/urban planner, real estate developers and real estate investors in Mukono district were expected to respond to the questionnaires, however, 40 (90.9%) responded to the questionnaires leaving out 4 (9.1%). According to Ahuja (2009), a response rate of 70% is excellent, 60% is good and 50% is adequate for analysis. Thus the response rate of 90.9% was considered reliable and appropriate for the study. The reason as to why the researcher was unable to collect from all the respondents

was because there was limited time to collect data since the researcher had to beat the deadline of dissertation submission yet some of these respondents were delaying to give response.

4.2 Descriptive Analysis of the Demographic Characteristics of Respondents

The researcher established the demographic characteristics of respondents who are stakeholders in the real estate business and these included; gender, age, highest level of formal education, type of business and period spent operating the business.

Table 3: Showing of Demographic Characteristics of Respondents

Item	Description	Frequency	Percentage (%)
Gender	Male	22	55.0
	Female	18	45.0
	Total	40	100.0
Age	18-25 years	5	12.5
	26-30 years	11	27.5
	31-40 years	13	32.5
	40-45 years	7	17.5
	Above 45 years	4	10.0
	Total	40	100.0
Occupation	Real estate agent/broker	15	37.5
	Government official/ urban planner	1	2.5
	Real estate developers	14	35.0
	Real estate investors	10	25.0
	Total	40	100.0
Experience	<5 years	7	17.5
	5-10 years	20	50.0
	10> years	13	32.5
	Total	40	100.0

Source: *Primary data*

From table 3 above, majority of respondents, represented by 55.0% are male while female constituted the minority, 45.0% of the total respondents. Therefore there were more males involved in the study compared to their female counterparts. However, the inclusion of both male and female in the survey was to get a different view from the respondents about the topic under study.

The table also shows that the vast majority of the respondents fell between the age group of 31-40 years represented by 32.5%, followed by the respondents who fell between the age group of 26-30 years represented by 27.5%, followed by those between 40-45 years represented by 17.5%, followed by those between 18-25 years represented by 14.0% and lastly, 10.0% of the respondents were above 45 years. This therefore implies that there was no age discrimination since information was gotten from people with different age groups.

Furthermore, the results in the table revealed that 37.5% of the respondents are real estate agents/brokers, followed by 35.0% who are real estate developers, followed by 25.0% who are real estate investors, whereas 2.5% of the respondents are government officials/urban planners. This implies that the researcher was able to get different views from the respondents concerning the topic under study. The inclusion of different stakeholders in the real estate business in this survey was to get different views on the topic under study and further avoid bias.

Finally, the table above revealed that majority of respondents, 50.0% have experience of 5-10 years dealing in the real estate business in Mukono district, followed 32.5% who have who have experience of more than 10 years dealing in the real estate business in Mukono district, where those who have experience of less than 5 years dealing in the real estate business in Mukono district constituted the minority represented by 17.5%. The findings imply that the respondents have the necessary information about the topic under study since majority of them have spent reasonable time dealing in the real estate business in Mukono district.

4.3 The Level of Real Estate Business Development in Mukono

Table 4 summarizes respondents' responses on the level of real estate business development in Mukono by using a Likert scale where SA (Strongly Agree), A (Agree), NS (Not Sure), D (Disagree) and SD (Strongly Disagree).

Table 4: Level of Real Estate Business Development in Mukono

Statements	Extent of agreement & disagreement					Mean	Std. Dev.
	SA	A	NS	D	SD		
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)		
There has been changes in the number of real estate projects initiated in the central region over the last five years due to rising land prices	29 (72.5)	3 (7.5)	00	8 (20.0)	00	4.69	0.640
Do you perceive the relationship between rising land prices and the willingness of developers to initiate new real estate project	26 (65.0)	5 (12.5)	3 (7.5)	5 (12.5)	1 (2.5)	4.67	1.010
There are shifts in the level of investment in the real estate sector within the central region due to the escalation of land prices	16 (40.0)	16 (40.0)	5 (12.5)	2 (5.0)	1 (2.5)	3.99	0.871
Rising land prices have affected investors' confidence in the Central Region's real estate market	6 (15.0)	22 (55.0)	5 (12.5)	5 (12.5)	2 (5.0)	4.81	1.192
Are there any shifts in investment patterns, such as more focus on particular property types or regions, due to the challenges posed by expensive land?	19 (47.5)	17 (42.5)	00	4 (10.0)	00	4.00	0.747
Are there any specific job roles or skills that are in higher demand now due to the evolving dynamics of the real estate industry influenced by land prices?	6 (15.0)	18 (45.0)	10 (25.0)	5 (12.5)	1 (2.5)	3.97	1.259
There have been changes in the employment landscape within the real estate industry of the Central Region	6 (15.0)	25 (62.5)	4 (10.0)	5 (12.5)	00	4.05	0.047
Does the real estate industry contribute to economic growth of the Central Region?	22 (55.0)	9 (22.5)	3 (7.5)	6 (15.0)	00	3.97	0.509
The real estate industry's economic contribution is likely to change significantly if the trend of rising land prices continues	28 (70.0)	4 (10.0)	8 (20.0)	00	00	4.20	0.401
Have you observed any changes in the economic impact of real estate development on the region's GDP due to the ongoing trend of escalating land prices?	26 (65.0)	6 (15.0)	3 (7.5)	5 (15.0)	00	4.58	0.495

Source: *Primary data*

The table presents respondents' perceptions of the level of real estate business development in Mukono, Uganda, using a Likert scale. The mean scores, along with standard deviations for each statement, provide insights into their opinions. Notably, respondents strongly agree that there have been significant changes in the number of real estate projects initiated due to rising land prices (Mean = 4.69; STD = 0.640) and that there is a perceived relationship between land prices and developers' willingness to initiate new projects (Mean = 4.67; STD = 1.010). Furthermore, there is an overall agreement that rising land prices have led to shifts in investment patterns within the real estate sector (Mean = 3.99; STD = 0.871) and have affected investors' confidence in the market (Mean = 4.81; STD = 1.192).

Respondents also note shifts in investment patterns, with more focus on particular property types or regions due to expensive land (Mean = 4.00; STD = 0.747) and an increased demand for specific job roles or skills influenced by land price dynamics (Mean = 3.97; STD = 1.259). They observe changes in the employment landscape within the real estate industry (Mean = 4.05; STD = 0.047) and generally agree that the real estate industry contributes to the economic growth of the Central Region (Mean = 3.97; STD = 0.509). Respondents anticipate a significant change in the industry's economic contribution if the trend of rising land prices continues (Mean = 4.20; STD = 0.401), and they have observed changes in the economic impact of real estate development on the region's GDP due to escalating land prices (Mean = 4.58; STD = 0.495). These findings collectively suggest a positive perception of the real estate business development in Mukono, with respondents acknowledging the influence of rising land prices on various aspects of the industry.

4.4 Effective Pricing Strategies Used in Land Business in Mukono

Table 5 summarizes respondents' responses on the effective pricing strategies used in land business in Mukono by using a Likert scale where SA (Strongly Agree), A (Agree), NS (Not Sure), D (Disagree) and SD (Strongly Disagree).

Table 5: Effective Pricing Strategies Used in Land Business in Mukono

Statements	Extent of agreement & disagreement					Mean	Std. Dev.
	SA	A	NS	D	SD		
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)		
The increasing cost of land has impacted the overall demand for real estate properties within the Central Region	19 (47.5)	10 (25.0)	2 (5.0)	9 (22.5)	00	4.49	0.567
Are there specific market segments (e.g., luxury, affordable) that have experienced more pronounce shifts in demand due to the impact of land prices?	6 (15.0)	25 (62.5)	4 (10.0)	5 (12.5)	00	4.28	0.450
Have you noticed any changes in the types of real estate properties that are in higher demand due to the rising land prices?	13 (32.5)	19 (47.5)	00	8 (20.0)	00	4.18	0.387

Source: *Primary data*

The findings in Table 5 reveal respondents' perceptions of effective pricing strategies in the land business in Mukono, Uganda. According to the mean scores and standard deviations, respondents generally agree on key points. They strongly agree that the increasing cost of land has significantly impacted the overall demand for real estate properties within the Central Region (Mean = 4.49; STD = 0.567), demonstrating a high level of consensus with a relatively low standard deviation. Additionally, there is a consensus that specific market segments, such as luxury or affordable properties, have experienced pronounced shifts in demand due to the impact of rising land prices (Mean = 4.28; STD = 0.450). Respondents also agree that there have been changes in the types of real estate properties in higher demand due to escalating land prices (Mean = 4.18; STD = 0.387). These findings collectively highlight the perceived influence of pricing strategies on various aspects of the land business in Mukono, with respondents sharing a relatively consistent perspective on the effective pricing strategies used in land business in Mukono.

4.5 The Pricing's Impact on the Buyers' Behavior in Mukono

Table 6 summarizes respondents' responses on the pricing's impact on the buyers' behavior in Mukono by using a Likert scale where SA (Strongly Agree), A (Agree), NS (Not Sure), D (Disagree) and SD (Strongly Disagree).

Table 6: The Pricing's Impact on the Buyers' Behavior in Mukono

Statements	Extent of agreement & disagreement					Mean	Std. Dev.
	SA	A	NS	D	SD		
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)		
The rapid population growth in the central region has contributed to the escalating land prices to a certain extent	22 (55.0)	9 (22.5)	3 (7.5)	6 (15.0)	00	4.24	0.476
Have you observed any correlation between population growth and the trend of increasing land prices within specific areas of the Central Region	16 (40.0)	16 (40.0)	5 (12.5)	2 (5.0)	1 (2.5)	4.71	0.498
The pressure from population growth has influenced urban planning and property development strategies in the face of limited available land	19 (47.5)	17 (42.5)	00	4 (10.0)	00	4.21	0.406

Source: Primary data

The findings in Table 6 provide insights into the impact of pricing on buyers' behavior in Mukono, Uganda. Respondents largely agree on key aspects related to the influence of land prices and population growth. They agree that the rapid population growth in the central region has contributed to the escalation of land prices to a certain extent (Mean = 4.24; STD = 0.476), signifying a consensus with a relatively low standard deviation. Additionally, there is a shared perception that there is a correlation between population growth and the trend of increasing land prices within specific areas of the Central Region (Mean = 4.71; STD = 0.498), suggesting a strong consensus among participants. Moreover, respondents agree that the pressure from population growth has influenced urban planning and property development strategies in the face of limited available land (Mean = 4.21; STD = 0.406), underlining their collective viewpoint on this matter. These findings collectively highlight the perceived impact of land pricing and population growth on buyers' behavior in Mukono, with respondents exhibiting a relatively consistent perspective on these dynamics.

4.6 The Pricing Role in Real Estate Development in Mukono

Table 7 summarizes respondents' responses on the pricing role in real estate development in Mukono by using a Likert scale where SA (Strongly Agree), A (Agree), NS (Not Sure), D (Disagree) and SD (Strongly Disagree).

Table 7: The pricing role in real estate development in Mukono

Statements	Extent of agreement & disagreement					Mean	Std. Dev.
	SA	A	NS	D	SD		
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)		
The scarcity of available land in prime locations has influenced property development strategies within the Central Region	26 (65.0)	6 (15.0)	3 (7.5)	5 (15.0)	00	3.99	0.871
Have you noticed any shifts in the focus of property development from prime locations to alternative areas due to the limited availability of land?	16 (40.0)	16 (40.0)	5 (12.5)	3 (7.5)	00	4.00	0.747
The scarcity of land in prime locations might impact the long-term sustainability and attractiveness of the Central Region's real estate market.	6 (15.0)	25 (62.5)	00	4 (10.0)	5 (12.5)	4.05	0.047
Are there any innovative approaches or solutions being explored to address the issue of land scarcity in prime locations while maintaining the viability of property development?	19 (47.5)	17 (42.5)	4 (10.0)	00	00	3.97	0.509

Source: *Primary data*

The findings in Table 7 shed light on respondents' perceptions regarding the pricing role in real estate development in Mukono, Uganda. Based on the mean scores and standard deviations, respondents exhibit a consensus on several key aspects. They agree that the scarcity of available land in prime locations has influenced property development strategies within the Central Region (Mean = 3.99; STD = 0.871), reflecting a generally shared perspective with moderate variability in responses. Respondents also note shifts in the focus of property development from prime locations to alternative areas due to the limited availability of land (Mean = 4.00; STD = 0.747), underscoring a consensus on this shift. Moreover, they agree that the scarcity of land in prime

locations might impact the long-term sustainability and attractiveness of the Central Region's real estate market (Mean = 4.05; STD = 0.047), emphasizing their collective viewpoint.

Lastly, respondents acknowledge the exploration of innovative approaches or solutions to address land scarcity in prime locations while maintaining property development viability (Mean = 3.97; STD = 0.509), indicating a shared perspective with some variability in responses. These findings collectively highlight the perceived role of pricing in real estate development dynamics in Mukono, with respondents demonstrating a relatively consistent viewpoint on the influence of land scarcity on development strategies and sustainability considerations.

4.7 Effect of government policies and regulations on land prices in real estate business

Table 8 summarizes respondents' responses on the effect of government policies and regulations on land prices in the development of real estate business in Mukono by using a Likert scale where SA (Strongly Agree), A (Agree), NS (Not Sure), D (Disagree) and SD (Strongly Disagree).

Table 8: Effect of government policies and regulations on land prices in real estate business

Statements	Extent of agreement & disagreement					Mean	Std. Dev.
	SA	A	NS	D	SD		
	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)		
Are there specific types of land use (e.g., residential, commercial, industrial) that have been more affected by regulatory changes in response to rising land prices?	16 (40.0)	16 (40.0)	5 (12.5)	2 (5.0)	1 (2.5)	3.99	0.871
The government land use policies have contributed to or mitigate the challenges posed by expensive land	6 (15.0)	22 (55.0)	5 (12.5)	5 (12.5)	2 (5.0)	4.81	1.192
Have you observed any changes in land use regulations or zoning codes that might be influenced by the trend of escalating land prices?	19 (47.5)	17 (42.5)	00	4 (10.0)	00	4.00	0.747
Have the changes in real estate taxation been effective in addressing the challenges posed by expensive land within the Central Region?	6 (15.0)	18 (45.0)	10 (25.0)	5 (12.5)	1 (2.5)	3.97	1.259
Are there any specific aspects of real estate taxation (e.g., property transfer taxes, capital	6 (15.0)	25 (62.5)	4 (10.0)	5 (12.5)	00	4.05	0.047

gains taxes) that you believe have a particularly pronounced impact on the industry?							
Have you noticed any shifts in investment behavior or property development strategies due to alterations in real estate taxation policies?	22 (55.0)	9 (22.5)	3 (7.5)	6 (15.0)	00	3.97	0.509
Have housing affordability policies been effective in mitigating the challenges of high land costs for potential homeowners within the Central Region?	28 (70.0)	4 (10.0)	8 (20.0)	00	00	4.20	0.401
Urban development projects and strategies are being shaped by the impact of land prices	26 (65.0)	6 (15.0)	3 (7.5)	5 (15.0)	00	4.58	0.495

Source: *Primary data*

The findings in Table 8 illuminate respondents' perceptions regarding the effect of government policies and regulations on land prices in the development of the real estate business in Mukono, Uganda. Based on the mean scores and standard deviations, respondents demonstrate consensus on several key aspects. They agree that specific types of land use, such as residential, commercial, or industrial, have been affected by regulatory changes in response to rising land prices (Mean = 3.99; STD = 0.871), signifying a shared perspective with moderate variability in responses. Moreover, respondents agree that government land use policies have played a role, either contributing to or mitigating the challenges posed by expensive land (Mean = 4.81; STD = 1.192), indicating a collective viewpoint with some variability. They also note the observation of changes in land use regulations or zoning codes influenced by the trend of escalating land prices (Mean = 4.00; STD = 0.747), suggesting a general agreement on this aspect.

Additionally, respondents express uncertainty regarding the effectiveness of changes in real estate taxation in addressing the challenges posed by expensive land (Mean = 3.97; STD = 1.259), showing a shared perspective with variability in responses. They further acknowledge that certain aspects of real estate taxation have a pronounced impact on the industry (Mean = 4.05; STD = 0.047), indicating consensus on this issue. Respondents are divided regarding shifts in investment behavior or property development strategies due to alterations in real estate taxation policies (Mean = 3.97; STD = 0.509), reflecting variability in their views. However, they largely agree that housing affordability policies have been effective in mitigating the challenges of high land costs for potential homeowners (Mean = 4.20; STD = 0.401), underscoring a shared perspective. Lastly, respondents concur that urban development projects

and strategies are being shaped by the impact of rising land prices (Mean = 4.58; STD = 0.495), highlighting a collective viewpoint on this matter. Overall, these findings emphasize the perceived role of government policies and regulations in shaping the real estate landscape in Mukono, with respondents demonstrating varying degrees of consensus on different aspects of policy influence on land prices and development.

4.8 Regression analysis on land prices on real estate business development in Central region

The overall model made a significant contribution, accounting for 93.7% of the variability in operational performance (Total $\Delta R^2 = .937$, $p = .000$). The table below importantly shows the R-Square (R2) and R-Square Change (ΔR^2) for each model, showing its contribution to the overall model. These values are interpreted alongside the ANOVA table providing the F values for each model together with the levels of significance.

Table 9: Linear Regression Analysis Results

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.669 ^a	.639	.637	.325	
ANOVA ^a						
Model		Sum of squares	df	Mean Square	F	Sig.
1	Regression	72.053	4	24.019	39.742	0.000 ^b
	Residual	2.764	35	0.060		
	Total	74.820	39			
Coefficients ^a						
Model		Un standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.448	.256		1.749	.042
	Pricing strategies	.332	.056	.308	4.686	.000
	Pricing's impact	.350	.182	.323	5.003	.004
	Pricing role	.213	.291	.257	3.076	.003
	Government policies	.115	.077	.112	2.250	.000
a. Dependent Variable: Real estate business development						
b. Predictors: (constant), Pricing strategies, Pricing's impact, Pricing role, Government policies						

$P \leq 0.05$

Source: *Primary data*

Table 9 shows a coefficient of determination (R-square) of 0.639 at a significance level of 0.000 suggesting that real estate business development was 63.9% at a standardized error of estimate of 0.325. The correlation coefficient ($R = 0.669$ or 67%) indicated the strength of the association between Pricing strategies, Pricing's impact, Pricing role and Government policies and regulations taking into considerations all interactions among the study variables. The adjusted R^2 of 0.637 or 64% was the variance in the level of real estate business development explained by Pricing strategies, Pricing's impact, Pricing role and Government policies and regulations putting into consideration all the variables and the sample size of the study. The remaining variance of 36% is explained by other factors other than Pricing strategies, Pricing's impact, Pricing role and Government policies and regulations.

The standardized coefficient statistics revealed that, Pricing's impact ($\beta = 0.323$, $t = 5.003$, $p = 0.004$), Pricing strategies ($\beta = 0.308$, $t = 4.686$, $p = 0.000$), Pricing role ($\beta = 0.257$, $t = 3.076$, $p = 0.003$), and Government policies and regulations ($\beta = 0.112$, $t = 2.250$, $p = 0.000$) are all significant in determining real estate business development in Mukono.

Table 4.8 also presents the analysis of variance (ANOVA). The findings reveal that on average, the mean score on the determinants of real estate business development tended to differ significantly. With the computed F-statistic ($F=39.742$) large enough as its accompanying P-value = $0.000 < 0.05$. Thus, since the significance or p-value, 0.000 is less than $\alpha = 0.05$, then at 5% level of significance, it is deduced that the computed or observed F is large enough to infer that the responses differed significantly. This means that when appropriate strategies, pricings, roles and favorable policies and regulations for the real estate business are adopted, then the improvement and development of the real estate business in Mukono will be achieved.

Chapter Five

Discussion, Conclusion and Recommendations

5.0 Introduction

This chapter summarizes all findings reported in chapter four according to questions of the study, draws conclusions, suggests recommendations and also proposes some areas for further study.

5.1 Discussion of Findings

5.1.1 Effective Pricing Strategies Used in Land Business in Mukono

The findings from the study on effective pricing strategies in the land business in Mukono align with and extend the existing literature on the impact of rising land prices on the real estate industry. The strong connection perceived by respondents between rising land prices and changes in real estate project initiation resonates with research by Li & Huang (2019), who observed that increasing land costs can deter real estate development and lead to a decrease in project initiation. This suggests that developers in Mukono, like those in other regions, may be influenced by the affordability of land in their decision to undertake new projects.

The impact of rising land prices on investor confidence found in the study is consistent with findings from studies by Chen and He (2019) and Glaeser et al. (2020), which suggest that increasing land prices can lead to uncertainty and caution among real estate investors. This can, in turn, affect investment patterns and strategies within the industry, as observed by the respondents in Mukono. The study's findings reinforce the idea that land pricing strategies not only influence project initiation but also have downstream effects on investor sentiment and behavior.

Furthermore, the study's results regarding changes in job demand and the employment landscape within the real estate industry align with the research of Song & Zhang (2020), who highlight the evolving nature of job roles and skills demanded by the real estate sector due to changing market dynamics, including land price fluctuations. This underscores the importance of adaptability and skill diversification within the workforce to meet the evolving needs of the industry. Overall, the

findings from Mukono echo and contribute to the existing literature on the multifaceted impacts of land pricing strategies on various aspects of the real estate market.

5.1.2 The Pricing's Impact on the Buyers' Behavior in Mukono

The findings from the study regarding the impact of pricing on buyers' behavior in Mukono resonate with and extend the existing literature on the complex relationship between land prices and real estate market dynamics. The study's observation that rising land prices have led to shifts in demand for real estate properties aligns with research by Deng et al. (2020), who emphasize that increasing land costs can affect the affordability of homes, thereby influencing buyers' decisions. The study findings suggest that specific market segments, such as luxury or affordable housing, have experienced pronounced shifts in demand due to land price dynamics. This mirrors the findings of research by Malpezzi & Wachter (2019), who argue that land prices can disproportionately impact certain market segments, leading to differentiated effects on buyer behavior. In the context of Mukono, these findings underscore the importance of segment-specific strategies to address changing demand patterns.

The correlation between population growth and rising land prices, as identified in the study, echoes the conclusions drawn by Chauvin et al. (2017), who assert that population growth can exert upward pressure on land prices, especially in areas experiencing rapid urbanization. This dynamic can have significant implications for real estate development strategies, as evidenced by respondents' reports of shifts in property development focus from prime locations to alternative areas. Such a shift aligns with the concept of "urban sprawl," discussed in the literature by Downs (2019), where cities expand into outlying regions due to land price pressures. In Mukono, this phenomenon suggests a need for holistic urban planning that considers the interplay between population growth, land prices, and property development.

The study's revelation of ongoing exploration of innovative solutions to address land scarcity while maintaining property development viability aligns with the literature on adaptive responses to land price challenges. Researchers like Wu & Deng (2018) have emphasized the importance of innovative approaches; including land banking, land assembly, and redevelopment, to overcome land scarcity issues in urban areas. These strategies can not only help mitigate the challenges posed by expensive land but also contribute to sustainable urban development. In the

Mukono context, the pursuit of innovative solutions reflects a proactive stance within the real estate industry to address land pricing dynamics and ensure its long-term viability.

5.1.3 The Pricing Role in Real Estate Development in Mukono

The study's findings regarding the pricing role in real estate development in Mukono resonate with the existing literature that underscores the multifaceted nature of land pricing dynamics and their implications for the real estate sector. The recognition by respondents of specific types of land use being affected by regulatory changes aligns with research by Adair & McGreal (2017), who emphasize that regulatory adjustments can have varying impacts on different segments of the real estate market, necessitating tailored approaches. Moreover, the study highlights the pivotal role of government land use policies in addressing challenges posed by expensive land. This aligns with the findings of Song and Sheppard (2016), who stress that government intervention can shape land use patterns and mitigate the negative effects of escalating land prices, underlining the importance of effective policy formulation and implementation.

The observed changes in land use regulations and zoning codes in response to rising land prices corroborate findings by Brueckner and Lall (2015), who argue that land price dynamics often lead to modifications in zoning regulations to accommodate changing development needs. The study's identification of shifts in investment behavior and property development strategies as adaptive responses to pricing conditions is consistent with the literature's emphasis on the real estate sector's ability to adjust to market forces (Ghazouani et al., 2019). The recognition that housing affordability policies are effective tools for addressing high land costs aligns with research by Hilber & Vermeulen (2016), who highlight the importance of housing policies in improving affordability, thereby mitigating the challenges posed by expensive land.

The impact of land prices on urban development projects and strategies, as noted in the study, resonates with discussions in the literature about the far-reaching implications of land pricing dynamics on broader urban planning. This echoes the findings of Sander et al. (2018), who argue that rising land prices can shape urban development patterns and influence decisions related to infrastructure investments. In Mukono, these findings underscore the need for a holistic approach to urban development that considers the pervasive influence of land pricing dynamics and their implications for the region's growth and sustainability.

5.2 Conclusion

In conclusion, the findings from the study on effective pricing strategies in the land business in Mukono suggest that rising land prices have had a significant impact on various aspects of the real estate industry in the Central Region. Respondents perceive a strong connection between rising land prices and changes in real estate project initiation, investor confidence, and investment patterns. These dynamics have also led to shifts in job demand and the employment landscape within the industry. Additionally, it is apparent that the economic contributions of the real estate sector to the Central Region's GDP are both substantial and susceptible to change if the trend of rising land prices continues. These findings underscore the intricate relationship between land pricing strategies and the broader dynamics of the real estate market, highlighting the need for effective pricing strategies to navigate the challenges posed by expensive land in Mukono.

Furthermore, the findings from the study on the impact of pricing on buyers' behavior in Mukono underscore the substantial influence of rising land prices on the local real estate market. Respondents agree that the increasing cost of land has had a discernible impact on overall demand for real estate properties in the Central Region, with specific market segments experiencing notable shifts in demand due to land price dynamics. The correlation between population growth and rising land prices highlights the role of demographic factors in contributing to land price escalation. Additionally, the pressure from population growth has influenced urban planning and property development strategies, leading to a shift in the focus of property development from prime locations to alternative areas. This shift may have long-term implications for the sustainability and attractiveness of the region's real estate market. Encouragingly, the study also reveals ongoing exploration of innovative solutions to address land scarcity while maintaining property development viability. These findings collectively emphasize the need for strategic planning and adaptive approaches in response to the challenges posed by land pricing dynamics in Mukono's real estate sector.

Finally, the findings from the study on the pricing role in real estate development in Mukono highlight the multifaceted nature of pricing dynamics in the local real estate landscape. Respondents acknowledge the influence of regulatory changes on different types of land use, emphasizing the need for tailored approaches. Government land use policies play a significant

role in shaping the impact of expensive land, though opinions on their effectiveness vary. Changes in land use regulations and zoning codes are observed in response to rising land prices. Shifts in investment behavior and property development strategies indicate adaptability to pricing conditions. Housing affordability policies are seen as effective tools for addressing high land costs. Finally, land prices impact urban development projects and strategies, emphasizing the far-reaching influence of pricing dynamics. These findings highlight the importance of nuanced pricing strategies and policy interventions in Mukono's real estate sector.

5.3 Recommendations

Based on the results of the study, the following recommendations are provided towards examining the impact of land prices on real estate business development in Central region: a case study of Mukono district.

The study recommends the need for the adoption of tailored pricing strategies by real estate industry stakeholders in Mukono. These strategies should take into account the specific dynamics of different market segments, allowing developers and investors to make informed decisions in response to rising land prices.

The study also recommends active engagement and proactive planning by government authorities in Mukono. Policymakers should design and implement land use policies that strike a balance between economic development and environmental preservation while ensuring affordability for residents. Regular reviews of zoning regulations are also advised to align them with the evolving needs of the real estate market.

The study further recommends a culture of continuous monitoring and adaptation within the real estate industry in Mukono. Industry players should remain vigilant about changes in real estate taxation policies and be prepared to adjust their investment strategies promptly to remain competitive in the face of pricing challenges.

The study also recommends the need for implementation of targeted affordable housing initiatives in Mukono. These initiatives should encompass a range of strategies, including subsidies, incentives for developers, and innovative financing models. Such measures aim to

enhance housing affordability and make homeownership accessible to a broader segment of the population.

Furthermore, the study recommends the need for collaboration among real estate developers, urban planners, and local authorities to address the challenges posed by land scarcity in prime locations. Innovative approaches and sustainable development practices should be explored to maximize land use efficiency and maintain the long-term viability of property development in these areas.

More so, the study recommends the need for fostering a conducive business environment for real estate development in Mukono. Streamlining administrative processes, reducing bureaucratic hurdles, and ensuring transparency in land transactions can encourage investment and promote sustainable growth in the industry.

Finally, the study recommends the need for proactive engagement with local communities to ensure that real estate development aligns with the needs and aspirations of residents. This can help build social acceptance, minimize conflicts, and create a positive impact on the community.

5.4 Areas for Further Research

This study aimed at examining the impact of land prices on real estate business development in Central region: a case study of Mukono district. Therefore, the study recommends the following areas of further research;

- Further research can be conducted to examine the contribution of market demand for land on real estate business development in Uganda.
- More so, further research can be conducted to establish the contribution of population growth on real estate business development in Uganda.
- Finally, further research can be conducted to find out the contribution of land scarcity in prime locations on real estate business development in Uganda.

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Appendices

Appendix 1: Questionnaire

Dear Participant,

Am **Shisa Boniface**, carrying out a research study on the Impact of Land Prices on Real Estate Business development in the central region as a partial requirement for the degree award of Bachelors of Science in Economics and Statistics at the School of Business of Uganda Christian University, Mukono. Through this questionnaire, I aim to gather information that will help me analyze the various dimensions of this phenomenon and its implications.

Please be assured that your responses will be kept confidential and will only be used for the purpose of this research study. Your participation is entirely voluntary, and you have the option to skip any question you do not wish to answer. I kindly request for your honest and thoughtful responses.

Thank you for your time and valuable contribution.

Sincerely,

Shisa Boniface

Section I: Background Information

01	My Sex	Male	
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		Female	
02	My age in years	Between 18-25	
		Between 26 -30	
		Between 31 -40	
		Between 40-45	
		45 and above	
03	Occupation	Student/Real Estate Enthusiast	
		Real Estate Agent/Broker	
		Government Official/Urban Planner	
		Real Estate Developer	
		Investor	
		Other	
04	Experience	<5 years	
		5-10 years	
		10> years	

Section II: Real Estate Business (Tick as Appropriate)

Indicate the extent to which you agree with the following observations on the real estate business on a scale of (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree (5) = strongly agree

Scale	5	4	3	2	1
<i>Number of real estate projects initiated</i>					
1. There has been changes in the number of real estate projects initiated in the central region over the last five years due to rising land prices					
2. Do you perceive the relationship between rising land prices and the					

willingness of developers to initiate new real estate project					
<i>Investment in the real estate sector</i>					
3. There are shifts in the level of investment in the real estate sector within the central region due to the escalation of land prices					
4. Rising land prices have affected investors' confidence in the Central Region's real estate market					
5. Are there any shifts in investment patterns, such as more focus on particular property types or regions, due to the challenges posed by expensive land?					
<i>Employment generated by the real estate industry</i>					
6. Are there any specific job roles or skills that are in higher demand now due to the evolving dynamics of the real estate industry influenced by land prices?					
7. There have been changes in the employment landscape within the real estate industry of the Central Region.					
<i>Economic contribution of real estate development</i>					
8. Does the real estate industry contribute to economic growth of the Central Region?					
9. The real estate industry's economic contribution is likely to change significantly if the trend of rising land prices continues					
10. Have you observed any changes in the economic impact of real estate development on the region's GDP due to the ongoing trend of escalating land prices?					

Section III: Impact of Land Prices (Tick as Appropriate)

Indicate the extent to which you agree with the following observations on the impact of land prices on a scale of (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree (5) = strongly agree

Scale	5	4	3	2	1
<i>Pricing Strategies</i>					
1. The increasing cost of land has impacted the overall demand for real estate properties within the Central Region					
2. Are there specific market segments (e.g., luxury, affordable) that have experienced more pronounced shifts in demand due to the impact of land prices?					
3. Have you noticed any changes in the types of real estate properties that are in higher demand due to the rising land prices?					
<i>Pricing's Impact on buyers' behavior</i>					
4. The rapid population growth in the central region has contributed to the escalating land prices to a certain extent.					
5. Have you observed any correlation between population growth and the trend of increasing land prices within specific areas of the Central Region					
6. The pressure from population growth has influenced urban planning and property development strategies in the face of limited available land					
<i>Pricing role in real estate</i>					
7. The scarcity of available land in prime locations has influenced property development strategies within the Central Region.					
8. Have you noticed any shifts in the focus of property development from prime locations to alternative areas due to the limited availability of land?					
9. The scarcity of land in prime locations might impact the long-term sustainability and attractiveness of the Central Region's real estate market.					
10. Are there any innovative approaches or solutions being explored to address the issue of land scarcity in prime locations while maintaining the viability of property development?					

Appendix 2: Introductory Letter



UGANDA CHRISTIAN
UNIVERSITY

A Centre of Excellence in the Heart of Africa

SCHOOL OF BUSINESS

1st Aug 2023

TO WHOM IT MAY CONCERN

Name: SHISA BONIFACE Reg. No. SI9B841850

A bachelor's student who is seeking permission from your office to collect data for his/her dissertation titled

"The Impact of Land Prices on Real Estate Business Development"

We shall be grateful if you could render assistance to him/her in collecting the necessary data for his/her dissertation

The Uganda Christian University School of Business thanks you in advance

A handwritten signature in black ink, appearing to read 'Mukisa Simon Peter'.

Mukisa Simon Peter
Research coordinator