

Review of: "Navigating Urban Housing Dynamics: Exploring the Interplay Between Real Estate Development and Housing Demand in Post-1991 Ethiopia"

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The article focuses on the interaction between real estate development and housing demand in metropolitan areas of Ethiopia, particularly Addis Ababa. The period that interests us is that of post-1991 Ethiopia. The urban land rental system is highlighted, raising a critical issue regarding the inconsistency and unpredictability of access to land for housing development despite policy interventions. The housing situation in the metropolitan region of Ethiopia, especially Addis Ababa, is effectively illustrated by highlighting the growing demand for housing due to various factors including urbanization and impulsive relocations. As noted by The World Bank Research Group, land markets are not linked to a functioning mortgage market and the housing finance system is underdeveloped. [1; p.9]. The mention of slums and the challenges faced by housing improvement projects, particularly the shared ownership housing approach, is a 'red flag' of the need for regulations to prevent land speculation and the conditions placed on property developers to real estate exchanges in the country (see (first proclamation of urban land lease in 1993). By studying the dynamics of the real estate sector in the Ethiopian metropolis, the authors deepen their left-wing interpretation of the challenges linked to the implementation of a strategy planning, including political decisions, legal, administrative, and organizational aspects. The use of secondary data from various sources, including government policies, scientific articles, theses, and annual reports, such as those of the World Economic Forum (WEF), is well justified given the challenges of obtaining primary data in emerging countries, as well as in emerging markets. The challenges faced by real estate developers in Ethiopia, including issues related to i. access to land, ii. housing distribution systems, iii. housing finance, iv. infrastructure, and v. the lack of foreign exchange highlights the need for appropriate attention from a political and strategic point of view.

Urbanization is therefore seen as a driver of economic growth, and the proper functioning of cities is seen as crucial for productive economic sectors. The concept of agglomeration economies highlights how cities can make workers and businesses more productive and drive long-term economic growth. The quality of cities is identified as a key factor in facilitating economic growth [1]. This quality is determined by institutions, infrastructure and spatial planning. According to the ECA (Economic Commission for Africa), there are in reality "political disconnects" between spatial planning and economic planning in Africa, due to the weak links between urbanization and industrialization. There is therefore an urgent need to link urban and industrial development, given their interdependence and their impacts on growth. Urban demand, growing middle-class consumption and changing consumption patterns are identified as potential drivers of industrial growth (see [2] UNI-DEP services, ECA web resources – Economic Commission for Africa, 2021). Significant unmet

urban housing needs in African cities provide opportunities to improve living conditions and generate jobs in construction and services. A cross-sectoral strategic policy framework anchored in national development planning to harness the economic potential of rapid urbanization calls for a shift “from considering urban issues as a sectoral issue to integrating them into economic transformation and industrialization goals.” (see [2] UNI-DEP services, *id.*). The authors provide a comprehensive understanding by integrating both the market-driven view of housing demand and the indicator of a prevailing shortage of housing need. The integration of various dimensions, including policy, housing demand and real estate sector development, demonstrates a holistic approach. The use of references, such as Hablemitoglu (2010) and Maslow (1943), adds credibility to the discussion.

Section 1. Introduction provides complete historical context, including beginning with the involvement of the socialist administration in real estate distribution and the subsequent shift to a market-oriented approach in 1991 under the Ethiopian People's Revolutionary Democratic Front (EPRDF). The text effectively describes important policy changes, including the removal of subsidies for housing construction supplies, market-set interest rates on housing loans, and revisions to the *Urban Area and Rental Allocation Decree*. The evolution of land rental policies over time is well represented. The transition to a market-regulated model of economic growth is discussed, with emphasis on the growing role of the private sector, particularly private housing entrepreneurs. The involvement of diaspora citizens, with a focus on their contributions to real estate development, adds a nuanced perspective (see *Section III a. Real estate development practices and challenges after 1991: from a policy perspective*).

The text explores the relationship between the government and the diaspora, highlighting the unique dynamics and arrangements between them. The mention of official government incentives and the diaspora's preference for real estate investments over manufacturing provides information. *Section III b. The resolutions on the land policy perspectives* shows the commonality of public land ownership, particularly in the early 1980s in many countries. It addresses the challenges associated with public ownership, including the amplified burden it places on the public, and highlights the need to effectively manage and allocate land. This section advocates for improved, sustainable land use planning and practices that benefit both individual farmers and the general public. It suggests that a combination of policies and practices is essential to achieve reasonable land use and communal benefits. The role of governments, at national, regional and local levels, in imposing levies, creating restrictions and providing incentives, reflects a perspective that considers the role of government intervention in shaping methods of land distribution and the promotion of fairer, more productive and more environmentally friendly practices, in addition to friendly use of the territory. A collaborative approach to decision-making, involving stakeholders in the sector, is then favored. The authors describe a sequence of steps, including i. establish objectives, ii. categorize land use, iii. evaluate land parcels, and iv. document procedures, with dynamic participation of all stakeholders.

Section III c. Housing Supply and Demand in Ethiopia traces the evolution of land reform policies from the imperial regime to the military junta and subsequent changes under the EPRDF-led government. The impact of inflation on the construction sector is recognized as a significant challenge. As the authors show, many beneficiaries of the Integrated Housing Development Program rent their plots, and the prevalence of private renting families is higher than that of owners. This indicates that, despite the program's intention to provide housing, some beneficiaries do not occupy the

houses themselves but rent them. Families are willing to pay significantly more than the winner of the initial draw when purchasing land from the Integrated Housing Development Program. This raises questions about the affordability of the housing provided by the program, especially if families must pay more than the initial winners.

The administration's strategy and interventions have focused on homeownership, but despite the significant number of condominium units built, there is still a lack of response to overall housing needs. The passage indicates that the administration's capacity to build housing each year is less than actual demand [3]. The authors also provided statistical data on diaspora investment trends, revealing that a significant portion of diaspora investments are directed towards real estate development and related activities. The concentration of diaspora investments in the capital, Addis Ababa, is highlighted.

Subsection 3.5. Real Estate Investment Perspectives provides an in-depth discussion of land tenure, contrasting public land ownership with private ownership. The authors acknowledge the challenges of both models and emphasize the necessity of strategies that encourage efficient land use and improve access to property without excluding the urban poor. The importance of land use planning is emphasized, emphasizing its role in identifying sustainable land practices for the benefit of both individual land managers and the public. This aligns with previous sections discussing the importance of public-private partnerships and creating space for private developers, such as condo construction, thus drawing attention to ongoing efforts.

Furthermore, key constraints in institutional and regulatory frameworks may involve a lack of standard operating procedures and project management, while insufficient standard operating procedures and project management may hamper effective procurement and procurement. land registration. Inconsistent processes and poor project management can lead to delays and inefficiencies. The requirement for regularization before systematic decision and registration poses problems, particularly when managed by different agencies. Inaccurate information can give rise to disputes, thereby undermining the credibility of the land registration system. Ambiguity in institutional roles and cooperation can lead to confusion and inefficiency. Lack of coordination can lead to overlapping responsibilities and difficulties in implementing SAR (systematic adjudication and registry).

Recommendations for authors:

Although the challenges are well discussed, the document could benefit from more explicit integration of recommendations or potential solutions to the identified issues. This would provide a forward-looking perspective. By incorporating geographical and socioeconomic dimensions, the paper could offer a more holistic perspective on the relationship between dwellers' needs and the economic-geographical conditions in the metropolitan areas of Ethiopia. This approach can bridge the gap between the technical legal aspects and the practical implications for the local population.

This section could focus on one of the following aspects, allowing you to explore various dimensions related to dwellers' needs and economic-geographical conditions in metropolitan areas:

Aspect	Description
Geographical Characteristics	- Detailed overview of topography, climate, and natural resources in metropolitan areas.
	- Exploration of how geographical aspects influence urbanization patterns and constraints for real estate development.
Socioeconomic Conditions	- Investigation of dwellers' socioeconomic conditions, including income levels, employment opportunities, and education.
Infrastructure and Utilities	- Assessment of existing infrastructure and utility provisions (transportation, water, electricity) in metropolitan areas.
	- Discussion on how infrastructure availability and quality shape the real estate landscape.
Demographic Trends	- Exploration of demographic trends, including population growth, age distribution, and migration patterns.
	- Discussion on how these trends contribute to housing demands and challenges.
Land Use and Zoning	- Examination of existing land use patterns and zoning regulations in metropolitan areas.
	- Discussion on how zoning regulations impact real estate development and housing availability.
Community Needs and Preferences	- Conduct surveys or studies to understand specific needs and preferences of the local community concerning housing.
	- Highlight any unique cultural or societal factors influencing housing choices.
Economic Opportunities	- Investigation of economic opportunities available in metropolitan areas and their influence on the population.
	- Discussion on the correlation between economic activities and housing demands.
Spatial Analysis	- Utilization of spatial analysis tools to visually represent housing, infrastructure, and economic activities' distribution.
	- Presentation of maps or diagrams to enhance the reader's understanding of spatial dynamics.

Given the potential challenges in exploring all aspects of dwellers' conditions in Addis Ababa, it makes sense to focus on a particular topic that is most relevant or feasible within the given context. For example, you might consider prioritizing the socioeconomic conditions, as these are often closely linked to housing demand and are likely to have a significant impact on the real estate landscape. Understanding the income levels, employment patterns, and education levels of the local population can provide valuable insights into their housing needs and preferences.

References:

[1] The World Bank Group (2017). *Unlocking Ethiopia's Urban Land and Housing Markets. Synthesis Report*, pp. 1–91, retrieved from: <https://documents1.worldbank.org/curated/en/549221572382742218/pdf/Unlocking-Ethiopias-Urban-Land-and-Housing-Markets-Synthesis-Report.pdf> (last accessed December 6, 2023).

[2] UN-IDEP services, ECA web resources – Economic Commission for Africa, 2021 <https://knowledge.uneca.org/idep/> (last accessed December 6, 2023).

[3] United Nations. Economic Commission for Africa (2017). *Economic Report on Africa 2017: Urbanization and Industrialization for Africa's Transformation*. Addis Ababa: UN. ECA. <https://hdl.handle.net/10855/23723> (last accessed December 6, 2023).