



MAKERERE UNIVERSITY

**ANALYSING THE KEY FACTORS CONTRIBUTING TO THE
HIGH MORTALITY OF REAL ESTATE COMPANIES IN
UGANDA.**

A CASE STUDY OF KAMPALA DISTRICT

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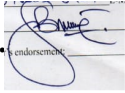
Dedication.

This dissertation is dedicated to my family and Timor Property Consultants staff, whose unwavering support and encouragement have been my foundation. To my mentors, supervisor, and friends, your guidance and camaraderie have inspired and sustained me throughout this journey.

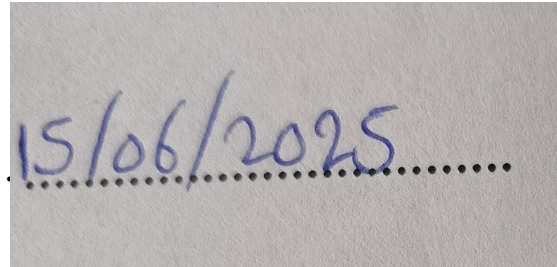
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Abstract

The Ugandan real estate sector has experienced significant volatility, with a high rate of business failure among real estate companies despite the many opportunities in the country, such as growing urbanization and housing demand due to a growing population and vibrant economic indicators. This study aimed to analyse the key factors contributing to the high mortality rate of real estate companies in Uganda.

As the research deployed a mixed methods approach by gathering significant information from literature review as well as preliminary discussions with relevant players in the real estate sector, such as real estate company owners and staff. A self-administered questionnaire was sent to respondents in order to bring out further factors or dynamics regarding the subject under study. The quantitative component involves the collection and analysis of data from a sample of real estate companies operating in Uganda over the past decade. Key performance indicators, including financial metrics, market share, and growth rates, are examined to identify patterns and trends associated with company failures. The qualitative aspect included in-depth interviews with industry stakeholders, including business owners, investors, and regulatory officials, to gather insights into the operational and strategic challenges faced by these companies.

Findings revealed that inadequate access to financing, poor corporate governance, regulatory challenges, and economic instability are among the primary drivers of company failure. Additionally, issues related to financial and investment practices, weaknesses in project planning, low customer confidence, and limited technological adoption further exacerbate the situation. The findings of this study aim to provide actionable insights for policymakers, investors, and entrepreneurs to enhance the resilience and sustainability of real estate ventures in Uganda. By addressing the identified challenges, stakeholders can work towards creating a more conducive environment for the growth of the real estate sector, ultimately contributing to the broader economic development of the country.

The study concludes with recommendations to enhance sustainability in the sector, including policy reforms, capacity building and training of both real estate owners and staff, and investment in financial institutions to offer long-term financing to the sector at a lower cost. The insights generated aim to inform policymakers, investors, and industry players seeking to mitigate business failure and strengthen the resilience of Uganda's real estate industry.

CHAPTER ONE

INTRODUCTION

1.0 Background to the study

The global real estate industry plays a pivotal role in the economic development of nations, serving as a cornerstone for investment, job creation, and urban development. The global real estate market size was valued at USD 3.69 trillion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 5.2% from 2022 to 2030 (Real Estate Market Size & Trends Report, 2022). Despite its significance and potential for profitability, the industry faces a troubling trend: a high mortality rate among real estate companies worldwide. The phenomenon of real estate company failures is not confined to any single region; it is a global issue that transcends borders and economic contexts. Many firms, particularly startups and small to medium-sized enterprises, struggle to survive beyond their initial years, leading to substantial financial losses for investors and stakeholders, (Baker & Norrbin, 2021). Understanding the key factors contributing to this high mortality rate is essential for developing strategies that can enhance the sustainability and resilience of real estate businesses across the globe.

The real estate sector in East Africa has emerged as a critical driver of economic growth, urban development, and infrastructure expansion across the region. Countries such as Kenya, Uganda, Tanzania, and Rwanda have witnessed significant investments in residential, commercial, and industrial real estate, fueled by rapid urbanization, population growth, and increasing demand for housing and commercial spaces.

The real estate sector in Uganda has emerged as a vital component of the country's economic development, driven by rapid urbanization, population growth, and increasing demand for housing and commercial spaces, (Mugisha, 2019). The country's GDP has been consistently rising, supported by various sectors such as agriculture, manufacturing, and services (Bruce et al, 2015). The Ugandan government has been proactive in improving infrastructure, such as roads, utilities, and public services, which enhances the attractiveness of real estate investments. The growing middle class is driving demand for quality housing, while urbanization continues to put pressure on existing housing stock, creating opportunities for developers to meet this need (Kweezi, & Barakagira, 2023). The Real Estate market in Uganda is expected to reach a value of US\$393.13bn in the year 2025. Uganda has a deficit of 2.1 million housing units and is expected to reach three million by 2030 (UBOS, 2024).



Figure 1: Newly developed residential estate.

However, despite the promising potential of the real estate market, a concerning trend has emerged: a high mortality rate among real estate companies operating in the region. According to the World Bank (2020), approximately 50% of new businesses in the region do not survive beyond their first five years. This high failure rate is particularly concerning in the real estate sector, where the complexities of the market can pose significant challenges for emerging companies. Several interrelated factors contribute to the high mortality of real estate companies in the region. Economic volatility, characterized by fluctuating interest rates, inflation, and currency instability, can adversely impact investment decisions and consumer purchasing power. Additionally, the regulatory environment in many East African countries is often marked by bureaucratic inefficiencies, unclear land tenure systems, and inconsistent enforcement of property laws, creating significant barriers to entry and operational challenges for real estate firms. This study aims to analyze the key factors contributing to the high mortality of real estate companies in Uganda, drawing on existing literature and empirical data. The findings of this study will not only highlight the challenges faced by real estate companies but also propose actionable recommendations to mitigate these issues and foster a thriving real estate market.

1.2 Problem Statement

Uganda's real estate market offers a range of investment opportunities driven by its growing economy, urbanization, and increasing demand for housing and commercial spaces. Investors are drawn to the potential for high returns and the diverse opportunities across residential, commercial, and industrial sectors. Kampala is buzzing with growth, and it's not just the skyline that's changing. The city's population is booming, with an annual growth rate of 5.33%, pushing the number of residents to over 4 million. This surge means more people are looking for places to live, and the housing market is feeling the pressure with demand exceeding supply.

Despite the above opportunities, the real estate sector in Uganda has experienced a high rate of business failures, with many companies struggling to sustain operations. This phenomenon is attributed to a combination of economic, financial, and legislative challenges, including limited access to affordable credit,

high non-performing loan rates, and fluctuating property demand. Despite the sector's potential to address Uganda's significant housing deficit, the underlying factors contributing to the high mortality rate of real estate companies remain poorly understood. This study aims to investigate the key factors contributing to the high mortality of real estate companies in Uganda by examining the economic, regulatory, and operational challenges faced by these companies, investigate the financial and management strategies of real estate companies and propose recommendations to reduce this mortality.

1.3 Main Objective

The purpose of this research is to analyze the key factors contributing to the high mortality of real estate companies in Uganda.

1.3.1 Specific objectives of the study

- i. Examining the economic, regulatory, and operational challenges contributing to the high mortality rate of real estate companies in Uganda.
- ii. Investigate strategies of real estate companies' management, in response to the challenges affecting their continuity.
- iii. To provide recommendations for policymakers, regulators, and industry stakeholders to reduce the mortality of real estate companies in Uganda.

1.4 Research Questions

- i. What are the primary economic and operational factors contributing to the high mortality rate of real estate companies in Uganda?
- ii. What strategies are practiced by management of real estate companies in response to the threats to their sustainability?
- iii. What recommendations can be proposed to reduce the high mortality rate of real estate companies in Uganda?

1.5 Scope of the Study

1.5.1 Study Area

The study was conducted within the Kampala district with a focus on towns within the 5 divisions that make up Kampala. This study area was selected because it comprises of areas where real estate businesses are most concentrated. Comparison of urban and rural contexts within this area of study to understand regional disparities in real estate market challenges was also undertaken.

A map of Kampala District

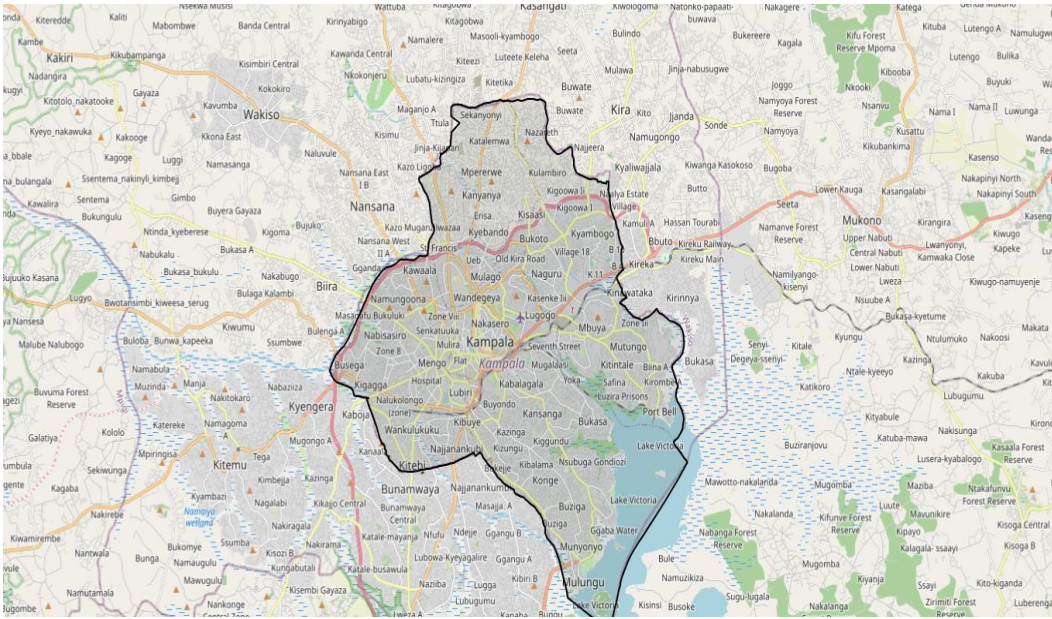


Figure 2: Map of Kampala district.

1.5.2 Context Scope

The study defined and highlighted the significance of the real estate industry in Uganda's economy. Provided an overview of the problem- high failure rates among real estate companies. Stipulated the objectives of the study and the importance of the project in addressing industry challenges. The study examined different types of real estate projects, such as residential, commercial, and industrial real estate and highlight the unique challenges faced by startups versus established companies in the industry.

1.5.3 Time Scope

The study analyzed recent trends, for instance, the past 5 to 10 years, to identify patterns and key developments in the real estate market. This timeframe was chosen to provide insights into how real estate businesses have been collapsing and struggling despite the many opportunities in the sector. The study incorporated historical data to understand long-term factors influencing the sector's performance. By combining historical analysis, present-day trends, and future projections, the time scope offered a comprehensive understanding of the high mortality rate in the sector.

1.6 Significance of the Study

Economic Impact; The real estate sector is a critical contributor to Uganda's economic growth. Understanding the causes of high failure rates of real estate companies can help stabilize the sector and enhance its contribution to GDP, employment, and infrastructure development. The study thus provides an opportunity to improve the sustainability and resilience of real estate companies.

Policy Development; By identifying challenges such as regulatory hurdles, land tenure conflicts, or inefficient policies, the study provides insights to policymakers. This can guide reforms to foster a more favorable environment for real estate businesses.

Improved Business Strategies; The findings can help real estate companies improve their management practices, financial planning, and market positioning, reducing failure rates and boosting resilience.

Addressing Housing Needs; With a growing population and increased urbanization, addressing the root causes of company failures ensures a steady supply of affordable and suitable housing options for Ugandans thus helping reduce the housing shortage faced by the country.

Investor Confidence; A deeper understanding of the challenges and opportunities with which real estate companies operate can boost investor confidence in Uganda's real estate sector, attracting both local and international investments. The study is practically providing a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the real estate sector.

Knowledge Contribution; The study adds to the academic and professional body of knowledge, offering insights that can benefit not only Uganda but also other developing countries facing similar challenges in their real estate sectors.

Social Well-being; A stable real estate market can improve access to housing, enhance land administration, promote urban development, and create job opportunities, contributing to the overall well-being of society. This study holds the potential to drive both practical and theoretical advancements, addressing key issues and providing solutions that can transform Uganda's real estate industry.

1.7 Justification of the Study

Justification of this study lies in its contribution at the economic, social, and industry levels as discussed hereunder;

- i. Economic Importance; Real estate has emerged as a vital pillar of Uganda's economy, with far-reaching impacts on multiple fronts. It addresses the critical need for housing, generates employment opportunities, contributes to GDP growth, attracts foreign investment, supports infrastructure development, and fosters wealth creation. Addressing the high failure rates of real estate companies can enhance economic stability and growth.
- ii. Housing and Urban Development Needs; One of the fundamental aspects of real estate is providing adequate housing and shelter for the population. Uganda has experienced a significant increase in urbanization and population growth, leading to a growing demand for affordable housing. Real estate developers and investors have been instrumental in constructing residential properties, helping to bridge the housing gap. Ensuring the sustainability of real estate companies is thus essential for meeting Uganda's housing needs and reducing the prevalence of informal settlements.
- iii. Employment Opportunities; Real estate development has a direct impact on employment generation, both in the construction/ property development phase and subsequent property management. The sector has created a multitude of job opportunities for skilled and unskilled labour, architects,

engineers, surveyors, property managers, and support staff. By providing employment, real estate contributes to poverty reduction and economic empowerment, fostering sustainable economic growth. The study shall thus help ensure the stability of all these economic benefits by enhancing the resilience of real estate companies.

- iv. Infrastructure Development; Real estate development often goes hand in hand with infrastructure development. As urban centers expand and new developments emerge, there is a need for improved transportation networks, utilities, and social infrastructure. Real estate projects thus act as catalysts for infrastructure development, leading to better connectivity, increased access to essential services, and enhanced economic activity in the surrounding areas. By this study contributing to the stability and resilience of real estate companies, it is a significant contribution to infrastructure development.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section reviews the literature on key factors contributing to high mortality of real estate companies in Uganda with Kampala District as the case study. It seeks to synthesize current knowledge on the subject, analyze contributory factors in the Ugandan context, and identify research gaps. By doing so, the study aims to provide actionable insights that can inform policy-making, strategic interventions, and sustainable practices for the real estate sector in Uganda.

2.1 Mortality of real estate companies

The term "mortality of real estate companies" refers to the phenomenon of business failure or closure within the real estate sector. This encompasses various aspects such as business closure which involves cessation of operations of a real estate company, which may occur due to insolvency, bankruptcy, or voluntary shutdown. The mortality of real estate companies in Uganda refers to the rate at which these businesses fail or cease operations, influenced by various challenges such as regulatory issues, market conditions, and financial management, (Twesigye, et al, 2024).

Mortality Rate defines the percentage of real estate companies that do not survive over a specific period, often measured within a certain timeframe (e.g., 1 year, 5 years) after their establishment.

Causes of Mortality, the factors contributing to the failure of real estate companies, which may include financial mismanagement, regulatory challenges, market volatility, lack of skilled workforce, and inadequate business planning.

mortality of real estate companies can have broader implications for the economy, including job losses, reduced investment in the sector, and negative effects on related industries such as construction, finance, and services. Understanding the mortality of real estate companies is crucial for stakeholders, including policymakers, investors, and entrepreneurs, as it helps identify risks and develop strategies to enhance the sustainability and resilience of businesses within the sector.

2.2 Theoretical Review

2.2.1 Mortality rate

The mortality rate in the real estate sector can be understood as the frequency at which real estate companies cease operations within a specific timeframe (Balemi, Füss, & Weigand, 2021). The phenomenon is influenced by various factors, including economic conditions, management practices, regulatory environments, and market dynamics. Understanding the causes and implications of high mortality rates among real estate firms is crucial for stakeholders aiming to enhance the industry's stability and growth (Kaklauskas, Zavadskas, Lepkova, Raslanas, Dauksys, & Ubarte, 2021). In Uganda, the mortality rate of real estate companies reflects

the challenges these firms face in sustaining operations within a dynamic and often volatile market. A number of empirical studies have delved into various factors contributing to the high failure rates among these companies, providing insights into the complexities of the Ugandan real estate sector.

A study by Matovu (2019) investigated the impact of real estate management on the financial performance of real estate organizations in Uganda. The research highlighted that factors such as urbanization, physical planning, economic climate, and mortgage financing significantly influence the financial outcomes of these organizations. The study concluded that inadequate urban planning and unfavorable economic conditions adversely affect the sustainability of real estate firms, potentially contributing to higher mortality rates within the sector. Economic conditions play a crucial role in the performance of real estate companies. According to Mugisha (2019), fluctuations in interest rates, inflation, and economic instability can severely impact the affordability of housing and investment in real estate. The Ugandan economy has faced challenges such as currency depreciation and high inflation rates, which can deter both local and foreign investment in real estate.

Effective management practices are essential for the sustainability of real estate companies. Ssemakula (2020) emphasizes that poor management, lack of strategic planning, and inadequate financial management are common issues that lead to the failure of real estate firms. Companies that do not adapt to changing market conditions or fail to innovate may find themselves unable to compete.

In another study, Nduhura, Atige, and Sunday (2024) explored the challenges faced by international real estate companies operating in Uganda. The research identified several obstacles, including complex land tenure systems, political instability, and cultural differences, which impede the successful establishment and operation of these firms. The study emphasized that navigating Uganda's intricate regulatory framework and cultural landscape is essential for the longevity and success of international real estate enterprises in the country.

The regulatory framework governing real estate in Uganda has been identified as a significant factor affecting company sustainability. Kagugube (2020) highlights that bureaucratic inefficiencies, lack of clear land tenure systems, and corruption can create barriers for real estate companies. The lengthy processes for obtaining permits and licenses can lead to increased operational costs and project delays, contributing to company failures.

Cultural attitudes towards property ownership and investment can also influence the success of real estate companies. Kibira (2019) discusses how traditional beliefs and practices can affect the perception of real estate as a viable investment. In some cases, societal norms may prioritize informal housing solutions over formal real estate developments, impacting demand.

Furthermore, Mugabe (2022) examined the effect of the real estate business on Uganda's gross domestic product (GDP). The study found a positive correlation between real estate development and economic growth, suggesting that a thriving real estate sector contributes significantly to the national economy. However, the research also noted that challenges such as high interest rates and inflation could hinder the growth and

sustainability of real estate businesses, potentially leading to increased mortality rates within the industry. Access to finance is a critical issue for real estate companies in Uganda. Okwakol (2022) points out that many companies struggle to secure funding due to high-interest rates and stringent lending criteria from financial institutions. This lack of access to capital can hinder the ability of companies to invest in new projects or sustain operations during economic downturns.

Additionally, Nanyombi (2018) investigated the role of internet marketing in the performance of real estate firms in Uganda. The study revealed that the adoption of internet marketing strategies positively influences business performance by enhancing customer reach and engagement. Despite this advantage, the research highlighted that many real estate companies in Uganda have been slow to adopt digital marketing techniques, potentially affecting their competitiveness and survival in an increasingly digital marketplace. The adoption of technology in the real estate sector is still in its infancy in Uganda. Muwanga (2021) argues that companies that fail to leverage technology for marketing, property management, and customer engagement may struggle to attract clients. The rise of 'proptech' solutions offers opportunities for efficiency and improved service delivery, which companies must embrace to remain competitive.

Irumba (2015) conducted a study examining the impact of land tenure systems on housing values in Kampala. The research revealed that public leaseholds commanded a 23% premium in housing values compared to freeholds, while private mailo tenure offered a 12% premium. These disparities suggest that complexities and uncertainties associated with land tenure can influence property valuations and, consequently, the financial viability of real estate ventures. Such valuation inconsistencies may deter investment and contribute to the premature exit of firms unable to navigate the intricate land ownership landscape. The real estate market in Uganda is characterized by a lack of comprehensive market data, which can lead to poor decision-making. Nabudere (2021) notes that many real estate companies operate without adequate market research, resulting in oversupply or undersupply of properties. Additionally, the competition from informal housing markets can undermine the profitability of formal real estate companies.

Similarly, Herrin, Balihuta, and Knight (2019) explored the resilience of Uganda's real estate markets despite historical policy challenges, such as the Land Decree of 1975, which nationalized all land and prohibited private real estate transactions. Their findings suggest that, despite such restrictive policies, real estate markets continued to function with a degree of efficiency. However, the legacy of such decrees has contributed to ongoing challenges in property rights enforcement and market transparency, factors that can undermine investor confidence and lead to higher mortality rates among real estate firms. Ogwal (2023) investigated the challenges faced by international real estate companies operating in Uganda. The study highlighted that political instability, cultural differences, and environmental factors significantly impede the operations of these firms. Navigating Uganda's complex regulatory framework and land ownership issues requires substantial adaptability and local knowledge. The inability to effectively manage these challenges has led to the withdrawal of some international companies from the Ugandan market, thereby increasing the sector's mortality rate.

Furthermore, Matovu (2015) examined the effect of real estate management on the financial performance of organizations in Uganda. The study concluded that factors such as urbanization, physical planning, economic climate, and mortgage financing significantly influence the financial outcomes of real estate firms. Inadequate urban planning and unfavorable economic conditions were found to adversely affect the sustainability of these organizations, potentially contributing to higher mortality rates within the sector.

2.3 Research Gaps

While several studies have explored the economic and regulatory challenges affecting the real estate sector (Irumba, 2015; Matovu, 2020), there is insufficient empirical analysis that holistically examines the interplay between economic, regulatory, and operational challenges contributing to the high failure rate of real estate companies. Many existing studies focus on individual factors such as taxation policies or land tenure systems without integrating them into a broader framework that considers operational inefficiencies, market dynamics, and business management strategies. This study seeks to bridge this gap by providing a comprehensive assessment of the economic, regulatory, and operational factors that collectively influence real estate business survival in Uganda.

Secondly, although financial constraints are often cited as a critical factor in business failure (Ogwal, 2023), limited research has been conducted on the specific financial management strategies adopted by real estate firms in Uganda and how these impact their longevity. Most studies focus on access to credit as a challenge but do not investigate how cashflow management, investment patterns, capital allocation, and risk management strategies affect business sustainability.

It is against this background that the study was conducted to understand the mortality rate of real estate companies in Uganda, particularly in Kampala district.

2.4 Conclusions

From the literature review, several interrelated challenges were found to significantly impact the sustainability and growth of this sector. The findings indicate that the high failure rate of real estate businesses can be attributed to a combination of financial, regulatory, market, and operational factors.

- i. Lack of sound financial management practices among real estate companies with many businesses struggling with cash flow management, inadequate capital investment, and poor budgeting, ultimately leading to insolvency. The need for financial literacy and access to affordable financing options is critical for the survival of these companies.
- ii. The complex and often unstable regulatory framework in Uganda poses significant challenges for real estate companies. Frequent changes in laws, bureaucratic inefficiencies, and a lack of clear guidelines create an unpredictable business environment. This uncertainty discourages investment and complicates compliance, contributing to business mortality.
- iii. The real estate market in Uganda is characterized by volatility and fluctuating demand, influenced by economic conditions, demographic shifts, and urbanization trends. Companies that fail to adapt to

these changing market dynamics are at a higher risk of failure. The literature emphasizes the importance of market research and strategic planning to navigate these challenges effectively.

- iv. The shortage of skilled professionals in the real estate sector is another critical factor identified in the literature. Many companies lack the necessary expertise in areas such as property management, marketing, and legal compliance, which hampers their operational efficiency and decision-making capabilities.
- v. The slow pace of technological adoption within the real estate sector limits the ability of companies to enhance their operational efficiency and customer engagement. The literature suggests that embracing technology can provide a competitive edge and improve overall business performance.

Addressing these issues through improved planning, policy reforms, and support systems is essential for enhancing the sustainability of the sector.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0. Introduction

This section provides methods and procedures used by the researcher in the collection of data. In this section, the research methodology is presented in the following order: research design, target population, sampling method, sample size, source of data, data collection method, data collection tools, quality control techniques, measurement of the study variables, ethical considerations, data analysis methods, and anticipated limitations of the study.

3.1 Research Design

The study adopted a case study and descriptive research designs. For a research study, utilizing a case study is because it enhances the investigation of the relationship between the study variables and with flexibility towards gathering data using different methods (Schoch, 2020). The case study design is used because it enhances the collection of data at a single point in time while the descriptive research design is used because it determines the characteristics of a given population and also allows utilization of a variety of research methods to examine variables.

3.2. Research Approaches

The qualitative approach is referred to as interpretative, constructivist, or postpositivist approach “Quantitative research seeks explanations and predictions that will generalize to other persons and places” (Leedy and Ormod, 2005). They further elaborate that with quantitative research, the intent is to establish, confirm or validate relationships and to develop generalizations to contribute to theory.

The research is primarily exploratory in nature, although some qualitative evidence has been expressed in a quantitative manner. A mixed-methods approach is thus employed to collect data, integrating both quantitative and qualitative techniques to provide a comprehensive understanding of the key factors contributing to the high mortality of real estate business in Kampala city.

3.2.1 Quantitative Data Collection

Surveys/Questionnaires - Structured questionnaires were administered to a representative sample of real estate company owners and staff, sector regulators, and staff from mortgage financing banks. This helped to gather numerical data on economic, regulatory and operational challenges faced by real estate companies, their financial and management strategies as well as propose recommendations on how to lower mortality rate of real estate companies.

Survey Design: A structured questionnaire was designed to collect quantitative data from real estate professionals, including developers, investors, and agents.

Sampling: A stratified random sampling technique was used to ensure representation from various segments of the real estate sector (residential, commercial, industrial) as well as collect data from real estate classes within the area under study.

Sample Size: A sample sufficient to provide data representative of the entire population was selected for statistical analysis using Yamane's formula.

Data Collection: Surveys were distributed both online (via platforms like Google Forms) and offline (in-person interviews) to maximize response rates.

Statistical analysis - The collected survey data was analyzed using descriptive and inferential statistics to identify patterns and trends.

3.2.2 Qualitative Data Collection

Interviews - Semi-structured interviews were conducted with key informants such as mortgage bank staff, real estate managers, and policymakers to gain deeper insights into the financial and management strategies of real estate companies.

Interviews: In-depth interviews were conducted with key stakeholders in the real estate sector, including industry experts, regulatory officials, and business owners. Approximately 15-20 interviews were conducted to gather rich, qualitative insights.

Focus Groups: Focus group discussions were organized with small groups of real estate professionals to explore their experiences and perceptions regarding the challenges faced by the industry.

Data Analysis: Qualitative data was analyzed using thematic analysis to identify common themes and insights related to the mortality of real estate companies.

3.3 Methodology flow chart

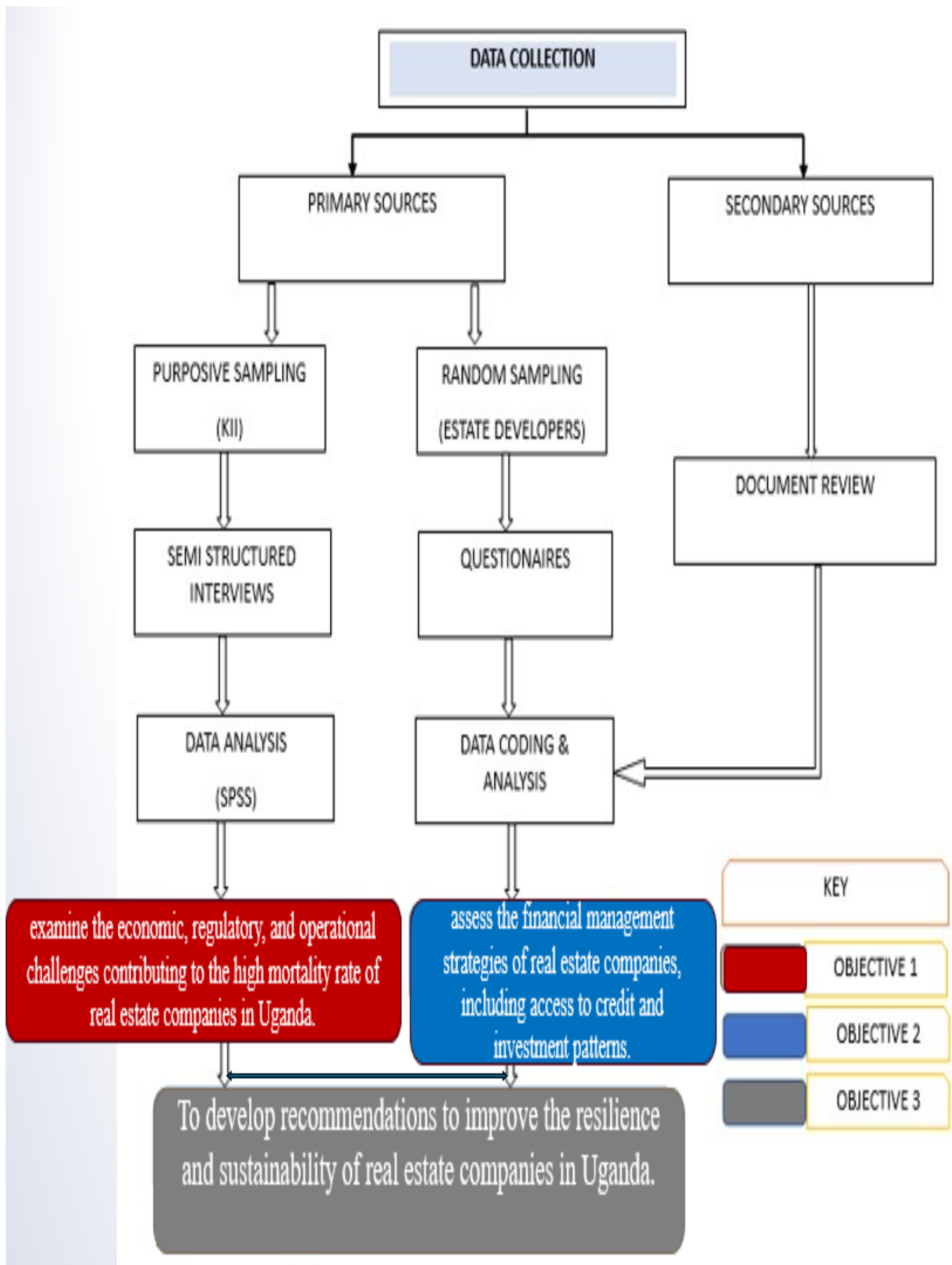


Figure 3: Methodology flow chart.

3.4 Study Population and Study Area

To comprehensively understand the mortality rate of real estate companies in Uganda, particularly in Kampala District, the study collected data from the following key categories of respondents:

Real estate business owners and managers. These individuals provided firsthand information about the challenges real estate companies face, including financial, operational, and regulatory issues. Their insights helped identify factors contributing to business failure or sustainability.

Government officials and regulatory bodies. Representatives from institutions such as the Ministry of Lands, Housing, and Urban Development, Uganda Revenue Authority (URA), and Kampala Capital City Authority (KCCA) provided insights into regulatory frameworks, taxation policies, and compliance requirements that affect real estate businesses.

Financial institutions and investors. Banks, microfinance institutions, and private investors involved in real estate financing were crucial respondents. Their input helped to establish the financial challenges real estate firms encounter, such as access to credit, investment risks, and capital management.

Real estate customers and tenants. Property buyers, tenants, and corporate clients offered perspectives on market demand, pricing trends, customer expectations, and challenges in acquiring real estate properties. Their feedback helped to determine how customer-related factors contribute to business sustainability.

3.5 Sample Size Determination

The researcher adopted Yamane Formula developed by Taro Yamane in 1967 to determine the sample size of the study. The formula that the researcher used to determine the sample size is as follows;

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

n - is the sample size

N - is the population size

e - is the margin of error

AREA Uganda (an association of real estate agents in Uganda) confirmed that there are 1,224 registered real estate and construction companies in Uganda as of April 2024. Of these 1,150 operate within Kampala District our area of study. Using this figure as *N*, it was thus established that 296 would be sufficient sample size of real estate companies to engage in the survey at a margin of error of 0.05.

3.5 Data Sources

This study used both primary and secondary data. The primary data was collected using a survey and key informant interview, whereas secondary data was collected through document reviews from the school libraries, journals, articles, government reports, project reports, dissertations, and textbooks.

3.6 Data Collection Methods

This study employed review of existing literature, observation, questionnaire and interview methods of data collection. The questionnaire method was suitable for the reasons behind the mortality rate of real estate businesses in Kampala district because it allowed for efficient data collection from a large number of respondents while ensuring anonymity, which is crucial for sensitive topics. Additionally, questionnaires were used to reach diverse respondents such as those that appear to be thriving and those that appear to be struggling. This lived experience of real estate company owners was experienced providing insightful information to the study. The method also facilitated quantitative analysis, offering statistical insights into the prevalence and impact of cultural practices. The methods are low cost and is faster than other methods. The researcher had a chance to conduct surveys in both quantitative and qualitative methods.

3.7 Data Collection Instruments

3.7.1 Questionnaire

This researcher will use a questionnaire as developed and tested as the primary instrument for collecting data. The questionnaires consisted of both closed-ended and Likert-scale questions to gather data on operational challenges, financial constraints, regulatory compliance, and customer satisfaction. This method enabled the researcher to analyze patterns, correlations, and trends affecting the real estate sector's mortality rate.

Participants were guided in their responses using a five-point Likert scale, where 1 will indicate "strongly disagree," 2 denoted "disagree," 3 will indicate "not sure," 4 will indicate "agree," and 5 will signify "strongly agree."

3.7.2 Interview Guide

The researcher also employed an interview guide developed to obtain useful information from the respondents. This option will be chosen due to its capacity for thorough exploration, seeking additional information, clarification, and capturing the interviewee's facial expressions. Key informant interviews were conducted with government officials, financial institution representatives, and investors. These interviews were semi-structured, allowing respondents to elaborate on complex regulatory and financial issues that impact real estate businesses.

3.8 Validity and Reliability

The questionnaire was structured and piloted through preliminary discussions with key decision makers to check the adequacy and applicability of the questionnaires.

3.9 Data Process and Analysis

The findings of the data collection from the respondents were coded and entered into the SPSS Statistics Version 25.0 Software. Descriptive method of analysis was adopted to generate frequencies and percentages for background information of the respondents. In addition, descriptive analysis (frequencies and percentages) was conducted. Frequencies and percentages will be used to provide the description of the responses for the different study variables.

For qualitative data, thematic and content analyses was adopted for primary respectively to examine the qualitative information gathered from the document review and interview transcripts. The primary themes were identified (thematic analysis), and then coded for simple answer categorization. Throughout the discussion and conclusion of the findings, these responses were turned into stories.

3.10 Ethical Consideration

The research proposal was presented before a supervisor from the School of Geomatics and Land Management prior to conducting the research. Thereafter, the research proposal including research tools such as questionnaires and interview guide were discussed for his consent to proceed with the research. Once approved, preliminary discussions took place and the questionnaire was distributed using google forms to WhatsApp groups of real estate agents, accompanied by a cover letter from the Makerere University, College of Engineering, Art, Design and Technology detailing the purpose of the research. Participants were advised that they were not forced to partake in the research, could discontinue participation at any time without reason, and that their identities would not be disclosed. Participants were asked to indicate whether they would require a summary of the outcome of this study and also explained to how the study would benefit the real estate sector in general.

3.11 Limitations of the study

This study's limitations included biases in participant responses, especially in self-reported data. Additionally, budgetary limitations restricted the study's ability to engage larger samples, employ advanced statistical methods, or use tools such as geographic mapping or field visits. However, efforts were made to mitigate these limitations through careful sampling, data triangulation, and transparent reporting of methodologies and results.

CHAPTER 4

RESULTS AND FINDINGS

4.1 Introduction

This chapter presents and discusses the questionnaires' responses. The objective of this exercise was to answer the research question. From the results below, the questions have been adequately answered and elaborated upon.

Leedy and Ormode (2005) argue that there isn't necessarily a single ultimate truth to be discovered. Instead, there may be multiple perspectives held by different individuals, with each of these perspectives having equal validity, or truth. One goal of a qualitative study would be to reveal the multiple perspectives.

4.2 Response rate

The respondents were individuals involved in the real estate sector of Uganda, such as real estate company owners, real estate brokers, clients, mortgage bank credit officers and sector regulators. Given that the research study covered a wide geographical area that has a high penetration of smartphones, an electronic questionnaire was designed using the Survey Monkey application, the link

<https://docs.google.com/forms/d/1qkIdeRqKmhg8fiOXqe6eaEpGV6B4YAQQXAV9AvV8-uQ/edit?ts=681113e6>) was shared across WhatsApp groups of real estate brokers. The response rate was found to be average at about 45% response rate. For the purposes of this research, the sample of 296 respondents was expected to be a valid representation of the population- this figure was arrived at using Yamane's formula for computing sample size, this sample was composed of individuals from groups across the area under study. Furthermore, the sample also represents individuals in different segments within the real estate sector with responses from real estate brokers, clients, owners, surveyors and valuers.

4.3 Respondent characteristics and demographics

This section highlights the characteristics of the respondents that participated in this research. The key element the study inquired about respondents was time they had spent in the sector. Majority of the respondents, 32.76% indicated that they had spent over 10 years in the sector, 29.31% of the respondents indicated that they had spent 7-10 years in the sector, 22.41% indicated that they had spent 4-6 years' operating in the real estate sector and only 14.8% had operated for a year and under.

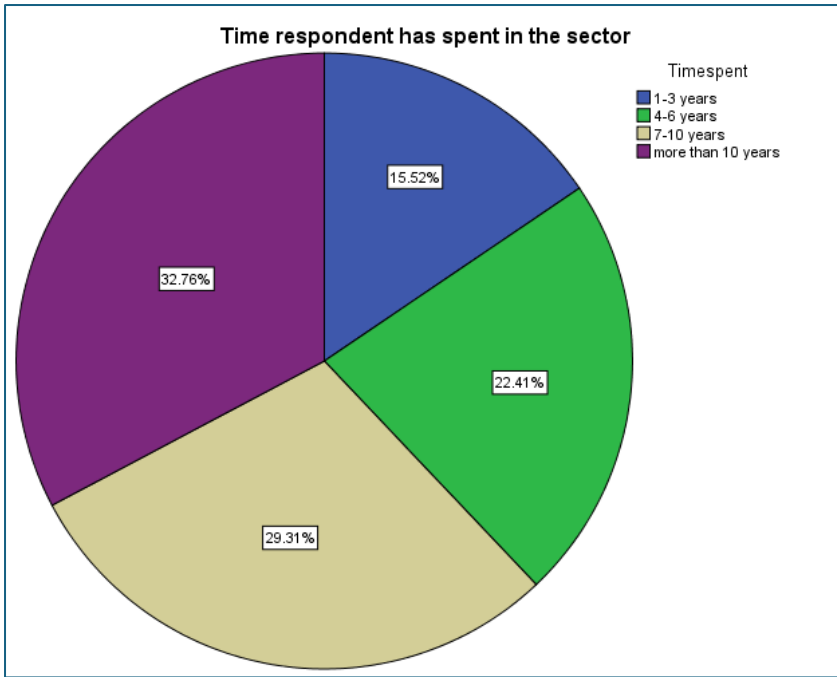


Figure 4: Respondents demographics.

Source: Survey Data

That most respondents had spent a longer time in the real estate sector indicated a deeper understanding and familiarity with the subject matter, potentially leading to more insightful responses to the subject under study. Long tenure in the sector suggests that respondents possess valuable experience and knowledge about the market dynamics, regulatory environment, and operational challenges.

4.3.1 Type of real estate respondents are familiar with.

Respondents were further asked the type of real estate they operated in, respondents were found to be involved with different types of real estate business such as residential, commercial, mixed use, industrial and others as presented in the table below;

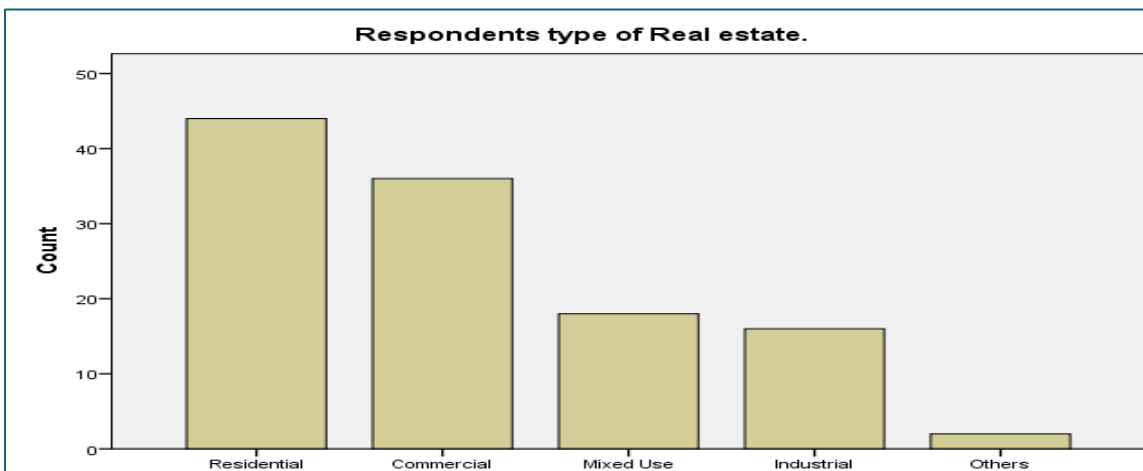


Figure 5: Respondents type of real estate.

Having respondents from different sections of the sector under study enriches the research by providing diverse perspectives and insights about the subject under study. It enhances the credibility and validity of the research findings, as they reflect a broader range of experiences and viewpoints.

4.3.2 Experienced a real estate company face a crisis that almost closed it.

Respondents were asked to indicate whether they had experienced/ related with a real estate company facing a crisis that closed it or almost closed it. 111 (96%) of the respondents indicated that they had interfaced with such a company indicating a high prevalence of threats to real estate company sustainability or a high rate of business mortality.

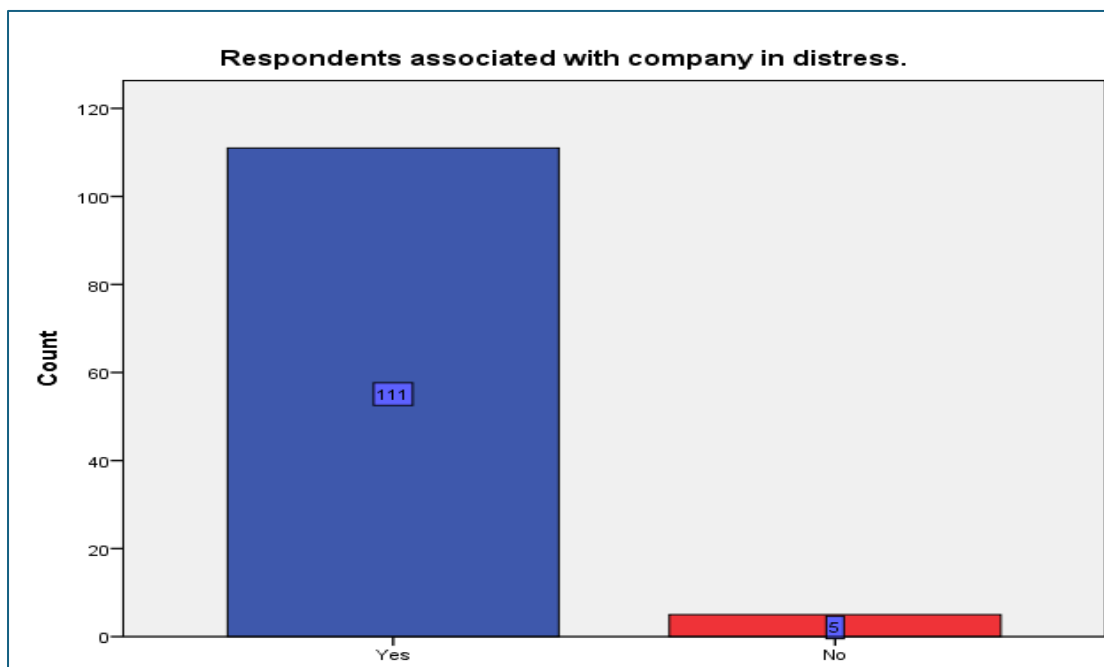


Figure 6: Worked/ related with a company in distress.

A high number of respondents indicating to have related with financially distressed company in the real estate sector in Kampala suggests significant challenges within the market. This implies increased risk for real estate developers and clients alike, potential impacts on property sales as clients fear risking their money, and a need for targeted interventions to stabilize the sector and support distressed entities.

4.4 Respondents experiences interfacing with companies under crisis.

Respondents were asked an open-ended question to share their experiences when they interfaced with companies under distress. Majority of the respondents indicated financial distress especially caused by failure to finance bank debt as the most common cause of crisis in real estate companies, purchase of land with ownership disputes thus failure to deliver titles to clients was also mentioned as cause for the high mortality in real estate companies as well as the poor corporate governance of real estate companies. This underscores the need for targeted interventions related to affordable bank credit that caters specifically to the needs of the real estate sector, including lower interest rates, flexible repayment terms, and support for startups; enhancing land administration efforts such as addressing the challenges associated with land acquisition; and financing in the real estate sector and skilling of real estate owners and managers through education and awareness campaigns. By addressing these issues, stakeholders can work towards creating a more resilient and sustainable real estate sector in Uganda, ultimately reducing the mortality rates of real estate companies.

4.5 Uganda’s economic environment and the real estate business.

Respondents were asked to indicate whether Uganda’s economic environment supports a vibrant and healthy real estate sector in terms of opportunities/ volume of business in the real estate sector.

Economic environment for real estate business

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	34	29.3	29.3	29.3
Disagree	36	31.0	31.0	60.3
Not Sure	16	13.8	13.8	74.1
Agree	20	17.2	17.2	91.4
Strongly Agree	10	8.6	8.6	100.0
Total	116	100.0	100.0	

Figure 7: Economic environment for real estate business.

Majority of the respondents disagreed with the statement with 34 of the respondents strongly disagreeing with the statement, 36 of the respondents indicating that they disagree with the statement and 16 of the respondents indicating that they are not sure. Such response implies an economy with a low volume of transactions due to stagnant or slow growth in consumer purchasing power. This can lead to reduced demand for real estate, both residential and commercial, as potential buyers and renters may prioritize essential needs over property investments. This response suggests a lack of strong confidence among sector players regarding the economic stability and growth prospects of real estate business in Uganda. This leads to real estate companies struggling to maintain profitability if costs outpace revenue growth, leading to potential business failures.

4.6 Primary reasons for the high mortality rate/ threats to business continuity of real estate companies in Uganda

Clients were asked to indicate the primary reasons for the high mortality rate of real estate companies in Uganda. The responses for each factor are discussed hereunder;

4.6.1 Access to finance

Majority of the respondents (33.62%) Strongly agreed and 28.45 % of the respondents agreed that lack of financing is a primary threat to business continuity/ cause of high mortality of real estate companies in Uganda.

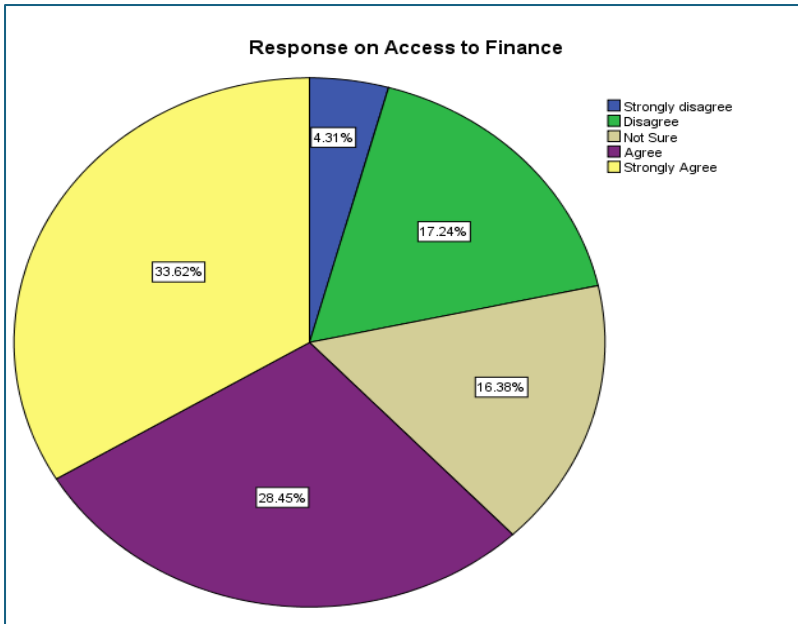


Figure 8: Response on access to finance as a factor.

Limited access to long-term funding restricts developers' ability to initiate and complete projects on time, leading to stalled developments and potential financial distress. Factors such as high interest rates and stringent lending criteria to the real estate sector were mentioned in discussions with real estate company owners as challenges that frustrate efforts to access finance for operations and growth.

4.6.2 High Running costs.

Over 53% of the respondents agreed to the statement when asked to indicate whether high operational costs are one of the key contributors to high mortality of real estate business in Uganda.

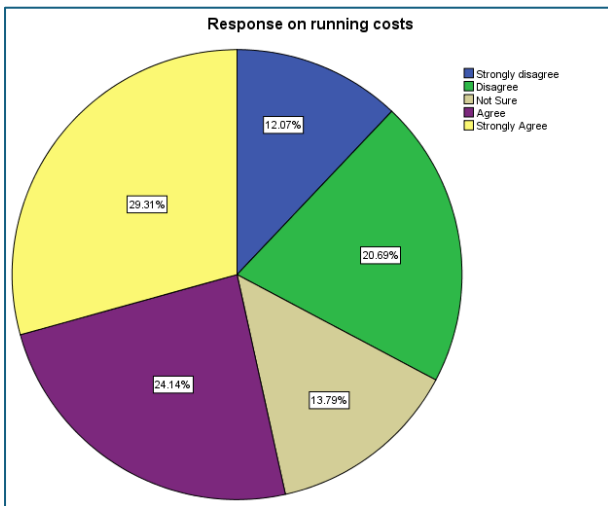


Figure 9: Response on high running costs

Through face-to-face interviews, respondents indicated that high running costs significantly erode profit margins, making it difficult for real estate companies to sustain operations over the long term as companies struggle with cash flow management, leading to difficulties in meeting operational expenses, paying employees, and servicing debts. To cover high running costs, a company has to raise property prices or rental rates, which reduces demand and makes properties less competitive in the market.

4.6.3 Unstable land prices

Respondents indicated that unstable land prices are a key driver of real estate business mortality as price increases eat into the profits earned from their previous transaction, 12.5 % strongly agreed and 41.7% agreed. These price changes can be attributed to inflationary pressures with land prices increasing over very short periods.

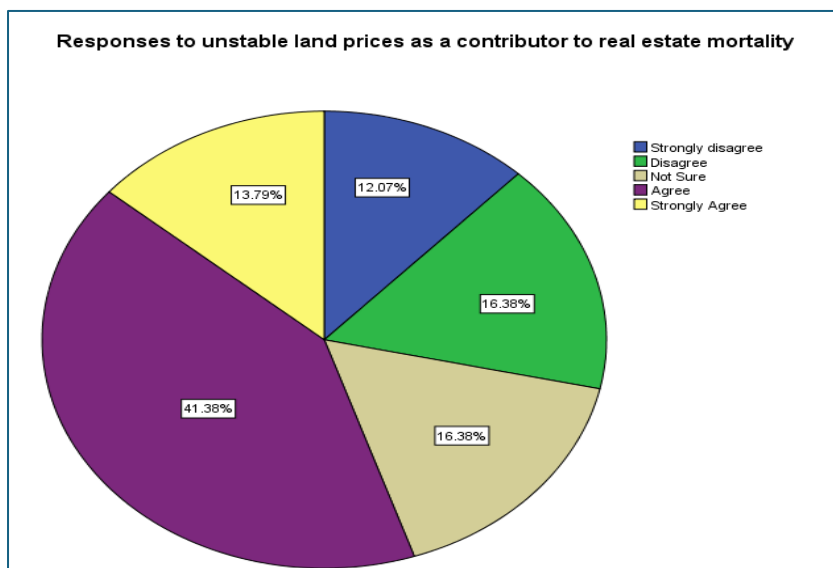


Figure 10: Responses on unstable land prices as a cause of real estate mortality

Unstable land prices in Uganda can significantly impact real estate companies, leading to financial uncertainty and increased operational risks as profitability cannot easily be predicted over time. This volatility may deter investment, inflate costs, and ultimately contribute to the high mortality rate of these businesses.

4.6.4 Weak regulations

Asked whether the weak regulatory environment in the sector poses a threat to continuity of real estate business, majority of the respondents agreed to the statement with 25% strongly agreeing and 33.3% agreeing to the statement.

Responses on Regulatory environment.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	13	11.2	11.2	11.2
Disagree	16	13.8	13.8	25.0
Not Sure	20	17.2	17.2	42.2
Agree	40	34.5	34.5	76.7
Strongly Agree	27	23.3	23.3	100.0
Total	116	100.0	100.0	

Figure 11: Response on regulatory environment.

Source: Survey data

A weak regulatory environment of the real estate sector in Uganda leads to increased operational risks for real estate companies such as competition from informal brokers, abuse of client trust by not delivering services to clients as per agreement which contributes to their mortality. Factors such as corruption at the ministry Zonal offices, lack of enforcement and guidelines to developers, and poor market information deter investment and create an unstable business climate, ultimately affecting company sustainability.

4.6.5 Poor roads and utilities such as National Water & electricity

Respondents were asked whether the poor road network and lack of utilities such as water and electricity in city suburbs is a threat to real estate business continuity and majority responded in the affirmative.

Fig. 4.6.5: Roads & Utilities

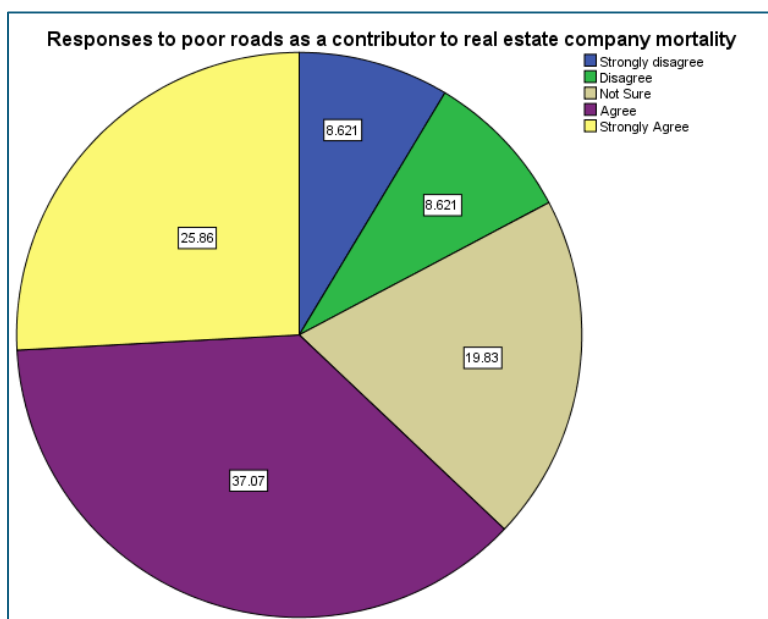


Figure 12: Response on poor roads and utilities as a contributor.

Poor road infrastructure limits access to properties, making it difficult for potential buyers or tenants to reach them which leads to decreased demand and lower property sales or lower occupancy rates which affects rental income. Companies involved in construction face higher transportation costs for materials and labor, impacting overall profitability and operational efficiency. The lack of essential utilities such as water, electricity and sewage frustrates potential buyers and tenants, as these are critical factors in property desirability. Real estate companies incur additional costs to provide alternative solutions for utilities, such as generators or water tanks and pumps, further straining their financial resources and contributing to the high operational costs as earlier established in the study.

4.6.6 Competition from informal actors in the sector

Respondents were asked whether competition from informal actors in the sector are a threat to the survival of real estate businesses, responses here were evenly split between "agree" and "disagree," indicating a state of ambivalence or polarization among respondents.

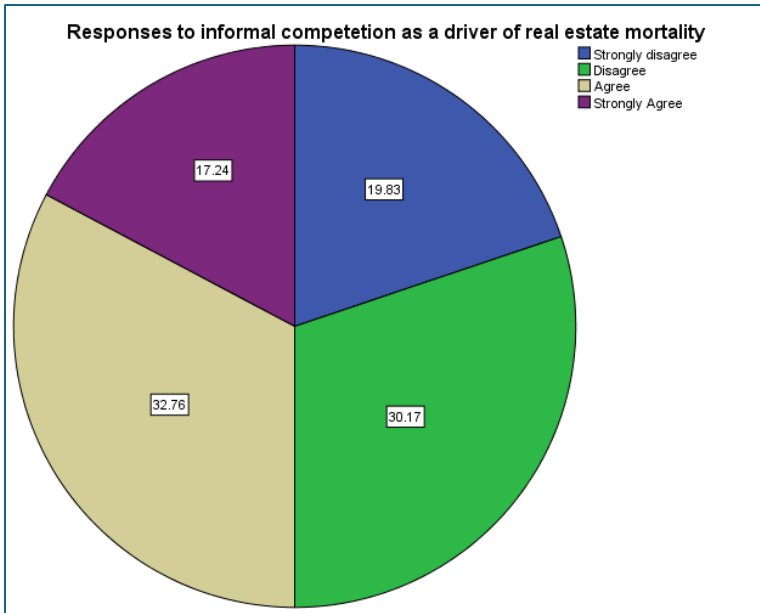


Figure 13: Response on informal sector competition as a driver of real estate mortality.

The split in responses suggests that some real estate companies feel threatened by informal players, while others do not perceive them as a significant risk. This could be due to differences in business models, target markets, or operational strategies. Informal players cater to different segments of the market, such as low-income housing, which could either complement or compete with formal real estate offerings. The split in opinions highlights the need for clearer regulations that can level the playing field between formal and informal players, ensuring fair competition while maintaining quality standards.

4.6.7 General economic volatility

Respondents were asked whether general economic volatility was a key factor causing a high-rate real estate business mortality, responses here were evenly split with half of the respondents agreeing and the other half indicating not sure or disagreeing to the statement.

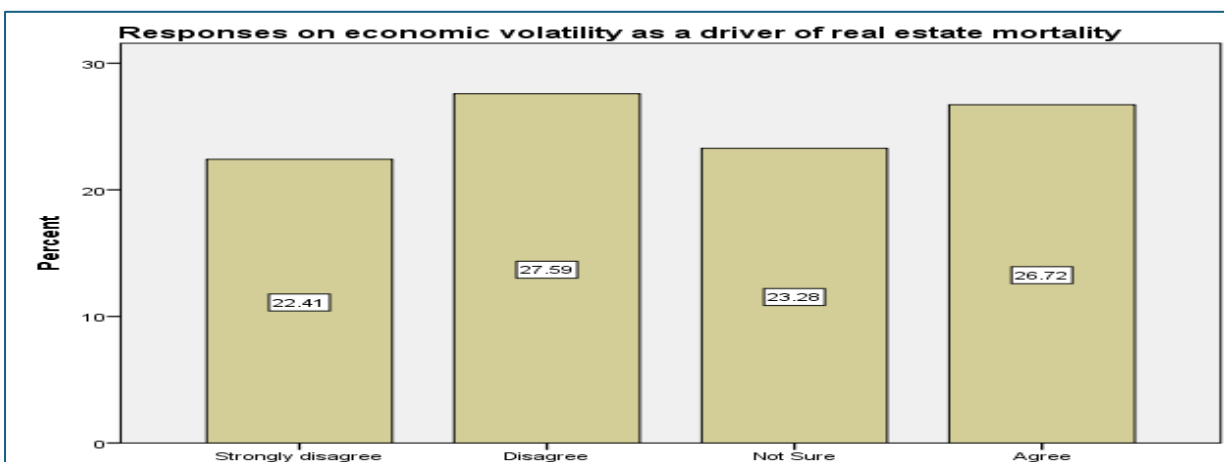


Figure 14: response on economic volatility as a driver of real estate mortality.

Majority of the respondents agreeing with the statement on the role of economic volatility in real estate business mortality highlights the need for economic stability for real estate to thrive. General economic volatility presents opportunities when prices for assets held by real estate companies increase or when rental

rates for their properties increase and at the same time a challenge when prices for assets real estate companies seek to hold increase leading to higher cost of acquisition, rental rates for the properties they hold decrease. This uncertainty makes it difficult for companies to project and plan their investments and returns leading to a high mortality in case the changes aren't in favor of the companies' investments.

4.6.8 Poor corporate governance of real estate companies.

When asked on corporate governance structures in real estate companies such as separation of ownership and management, presence of boards to support management and clear structures of governance, the responses were resounding with 33.3 % of the respondents strongly agreeing and 41.7% of the respondents agreeing with the statement that indeed real estate companies lack such structures in place.

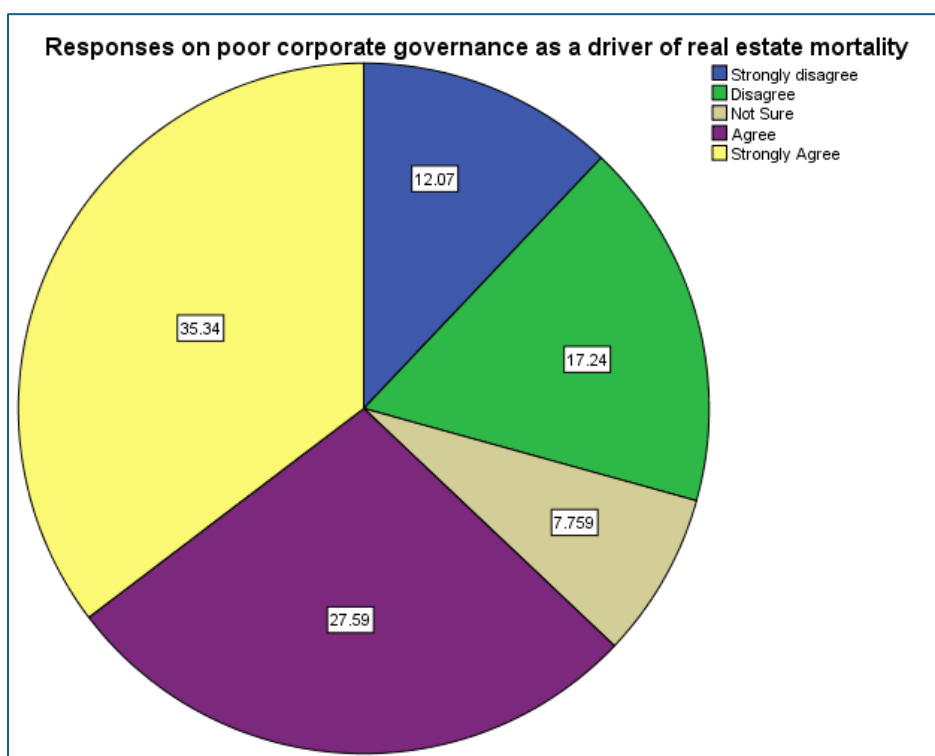


Figure 15: Responses on corporate governance as a cause of real estate mortality.

Poor corporate governance often leads to a lack of accountability among management, resulting in decisions that may not align with the best interests of the company or its stakeholders thus contributing to the high mortality rate. Companies with weak governance structures often engage in risky practices such as misguided investments, diversion of funds from the intended projects, neglecting regulatory compliance due to inadequate financial oversight which risks their sustainability.

4.6.9 Limited market research

When asked whether limited market research is a key cause of real estate business mortality, majority of the respondents (over 65%) agreed that indeed limited market research is one of the major factors behind the high mortality rate of real estate business in Uganda.

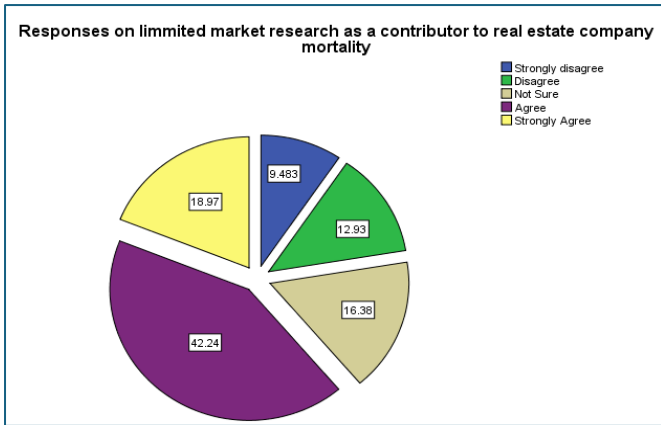


Figure 16: Responses on limited market research as a cause of real estate company mortality.

Companies that conduct comprehensive market research can better identify risks and develop strategies to mitigate them. Effective market research is essential for informed decision-making. Companies that do not invest in thorough research may make strategic errors, such as overestimating demand for certain types of properties or underestimating the impact of economic conditions on the market. Limited market research increases the risk of investing in projects that are not aligned with market needs which results in high vacancy rates, unsold properties, and ultimately, financial strain.

4.6.10 Population growth and Urban Sprawl

When asked whether population growth and urban sprawl influenced the mortality rate of real estate companies in Uganda, responses were split with half agreeing and another disagreeing with the statement.

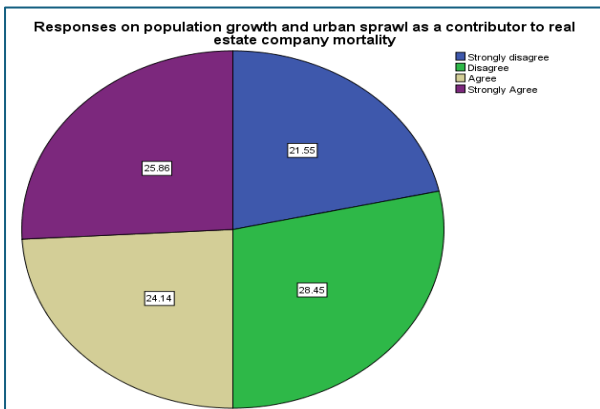


Figure 17: Responses on population growth and urban sprawl.

The evenly split response indicates that while population growth can create opportunities for real estate businesses, it also presents challenges that can lead to failure if not managed effectively. Urban sprawl offers development potential but also introduces complexities that can hinder business success. It leads to a higher demand for housing, which can create opportunities for real estate businesses. However, if supply does not keep pace with demand, it can result in inflated prices and unsold inventory. As populations grow, existing infrastructure may become overwhelmed. Poor transportation, sanitation, and utility services can deter potential buyers and renters, negatively impacting real estate values. It also often leads to higher costs for developers due to the need for extended infrastructure and services in newly developed areas which costs can eat into profit margins and make projects less viable.

4.7 Access to credit.

4.7.1 Challenges faced by real estate companies in accessing bank credit

Respondents were asked an open-ended question to share their reasons as to why real estate companies find it difficult to access credit as had been established earlier in the survey, various reasons were indicated such as Poor corporate governance and key man risk; Cost of money is high and lack of long-term financing; Lack of collateral securities and high interest rates; High interest rates coupled with very low customer turn overs; Poor training of managers; lack of enough assets that could be used as security for getting the loans and also lack of clear business strategies.

Corroborating with literature review, high cost of financing and the lack of long-term financing were indicated as some of the challenges real estate companies face while accessing credit. Poor book keeping and lack of corporate governance structures were also indicated as some of the reasons hindering access to bank credit by real estate companies.

4.7.2 How to enhance access to credit by real estate companies

Respondents were further asked an open-ended question to list strategies that can be undertaken to enhance access to credit by real estate companies in Uganda. Strategies mentioned include sourcing for financial facilities with low interest rates; Reducing interest rates and banks becoming flexible on collateral securities required; Better accounting, better regulation or real estate associations; Second or more Housing Finance Banks in the country; Openness with lending financial institutions, proper book keeping in sales and purchases to create a smooth financial flow of the firm that will build trust with the lending institutions.

Interventions such as establishment of banks that provide low-cost long-term loan facilities to real estate companies was mentioned as solutions to the financing challenge faced by real estate companies. Close supervision of real estate players, and financial training of sector players were suggested.

4.8 Investment and Financial Management strategies.

Respondents were asked to indicate whether they agreed or disagreed with statements related to investment and financial management strategies or real estate companies in Uganda. The responses are presented below;

4.8.1 Diversification of Investments

Respondents were asked whether diversification of investments is undertaken as an investment and financial strategy to ensure smooth cashflow from different investments. Majority of the respondents (53%%) disagreed with the statement while 18% of the respondents indicated that they were not sure diversification of investments is undertaken by their real estate companies.

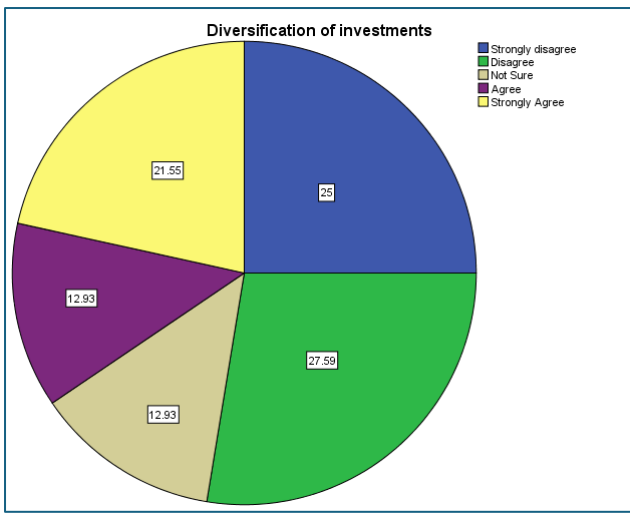


Figure 18: Response on diversification of investments.

Economic downturns can impact specific sectors more than others. For example, a recession may lead to decreased demand for luxury residential properties while increasing demand for affordable housing. Companies without diversified investments may struggle to adapt to these shifts. Relying heavily on a single type of property or market segment can lead to significant financial losses if that sector experiences a downturn as companies that do not diversify their investments are more vulnerable to market fluctuations. Companies that focus solely on one area may miss out on emerging trends and opportunities in other sectors, such as commercial, industrial, or mixed-use developments.

4.8.2 Strategic partnerships and collaborations

Respondents were asked whether real estate companies in Uganda undertake strategic partnerships and collaborations with other firms in sectors such as banking, agriculture in order to enhance their resilience, majority of the respondents disagreed with the statement indicating that no such efforts are undertaken by most real estate companies in Uganda.

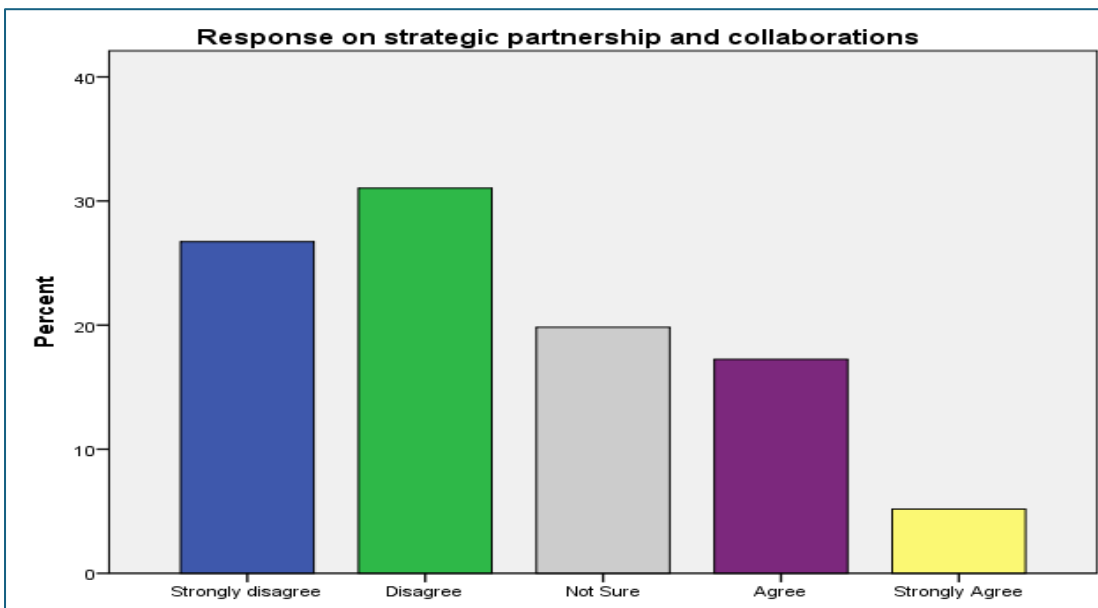


Figure 19: Response on strategic partnerships and collaborations.

Without strategic partnerships, companies may miss out on opportunities to share resources, knowledge, and expertise. Collaborations can enhance operational efficiency and reduce costs, which are particularly important in the competitive real estate market.

Strategic partnerships can help companies expand their market reach and access new customer segments. Without these collaborations, companies may struggle to penetrate new markets or attract diverse clientele, limiting growth potential.

Partnerships can help mitigate risks by sharing the burden of investment and operational challenges. Companies that operate in isolation may face higher risks, particularly in volatile markets, as they lack the support and shared responsibility that partnerships can provide.

Strategic partnerships can facilitate access to additional funding and investment opportunities. Companies that do not collaborate may find it more challenging to secure financing for new projects, limiting their ability to grow and innovate.

4.8.3 Control of costs by real estate companies

Clients were asked to indicate whether real estate companies take efforts to control costs such as operating and financing costs as an effort to enhance their financial health, 30% of the respondents agreed with the statement, majority of the respondents 44.4% indicated that they were not sure while 22.2% disagreed with the statement.

Responses on control of costs by real estate companies

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	31	26.7	26.7	26.7
Disagree	36	31.0	31.0	57.8
Not Sure	23	19.8	19.8	77.6
Agree	20	17.2	17.2	94.8
Strongly Agree	6	5.2	5.2	100.0
Total	116	100.0	100.0	

Figure 20: Responses on control of costs as a strategy

Uncertainty among respondents may suggest that real estate companies are not effectively communicating their cost control measures and financial strategies to stakeholders, leading to a perception of opacity.

A lack of clarity regarding cost management efforts can erode trust among investors, clients, and employees, who may question the company's financial health and operational efficiency.

If stakeholders are unsure about cost control efforts, it may indicate that companies are not implementing efficient operational practices, which can lead to higher expenses and reduced profitability.

4.8.4 Access to credit facilities

Respondents were asked whether real estate companies have access to credit facilities, 23.8% of the respondents strongly disagreed with the statement, 26.9% of the respondents disagreed with the statement and 19% of the respondents indicated that they were not sure while 15.8% of the respondents agreed with the statement and 14.2% of the respondents strongly agreed with the statement.

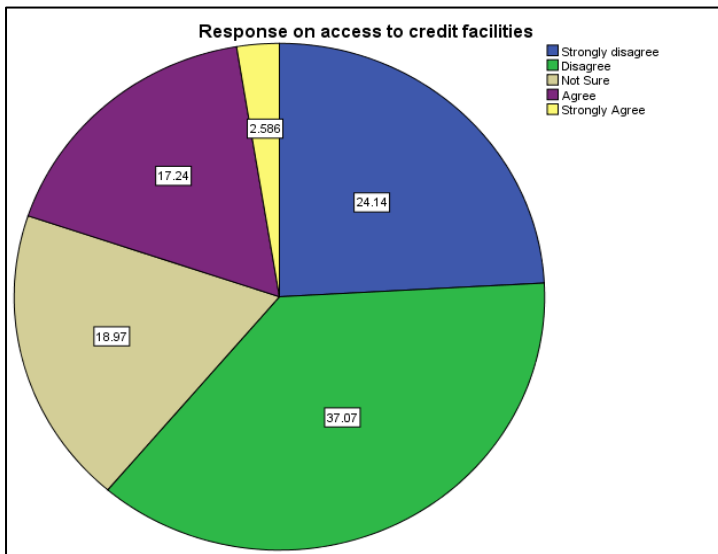


Figure 21: Responses on access to credit strategies.

Limited access to credit can stifle growth opportunities for real estate companies. Without sufficient financing, companies may struggle to take advantage of market opportunities, leading to missed chances for development and expansion.

If real estate companies perceive that access to credit is difficult, they may face higher costs of capital. Lenders may impose stricter terms, higher interest rates, or require more collateral, which can further strain financial resources.

The "not sure" responses may indicate a lack of understanding among respondents regarding the credit landscape. This highlights the need for financial education and resources to help real estate companies navigate financing options effectively.

4.8.5 Use of technology in operations

When asked whether real estate companies adapted technology in their operations, majority of the respondents (55.4%) disagreed with the statement.

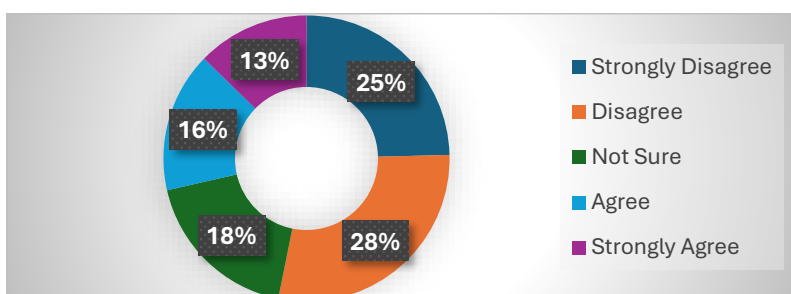


Figure 22: Responses on use of technology as a strategy.

A lack of technology adoption may indicate a resistance to change within the organizational culture of real estate companies, which can hinder innovation and growth. Without technology, companies may face operational inefficiencies, such as slower processes, higher costs, and reduced productivity, which can impact profitability. A lack of technology adoption can result in limited-service offerings, making it difficult for companies to meet the evolving needs and expectations of clients in a digital age. Without technology, real estate companies may struggle to collect, analyze, and utilize data effectively, hindering their ability to make informed decisions and develop strategic insights. The disagreement regarding technology adoption may highlight a skills gap within the workforce, where employees may lack the necessary training to effectively use new technologies.

4.8.6 Financial planning and forecasting

Respondents were asked whether real estate companies practiced financial planning and forecasting through tools such as budgets, majority of the respondents disagreed or were not sure of this being practiced by real estate companies.

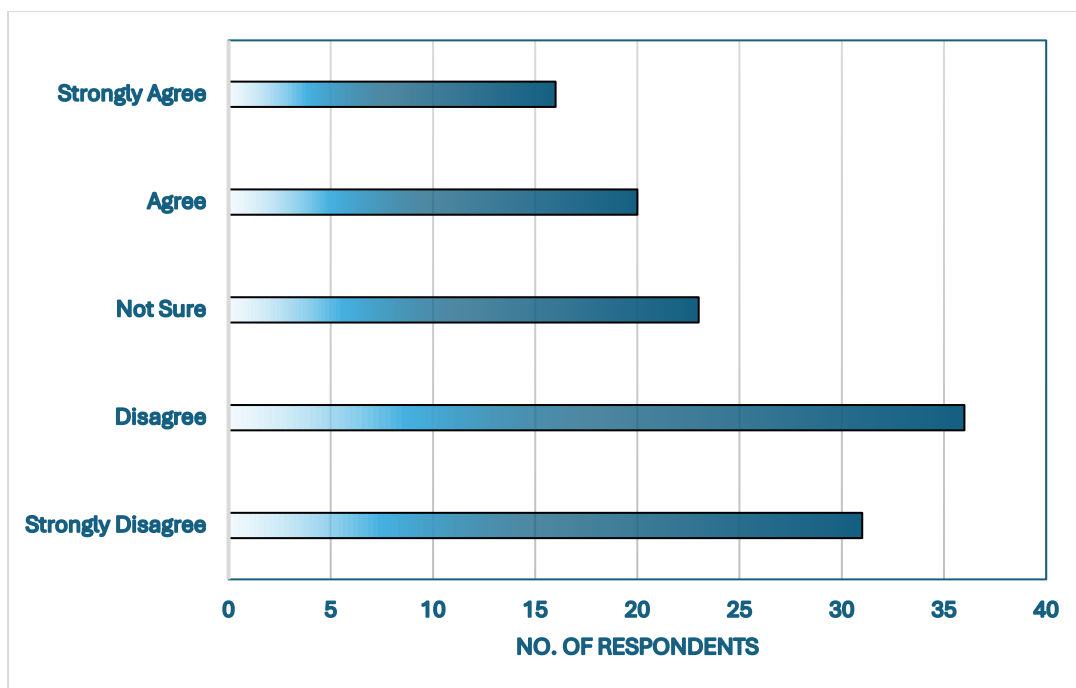


Figure 23: Responses on financial planning and forecasting.

A lack of financial planning and forecasting may indicate that real estate companies do not have clear business objectives or strategies, which can lead to disorganized operations and missed opportunities. Without proper financial planning, companies may be ill-prepared for market fluctuations, leading to potential financial instability and increased risk of business failure. Companies that do not engage in financial planning may struggle to allocate resources effectively, leading to inefficiencies and wasted expenditures. Without financial planning and forecasting, it becomes challenging for companies to measure their performance against set goals, making it difficult to identify areas for improvement.

4.8.7 Regular training and capacity building

When asked whether real estate companies undertake regular training and capacity building for their staff, majority of the respondents disagreed or were not sure that this is undertaken by real estate companies.

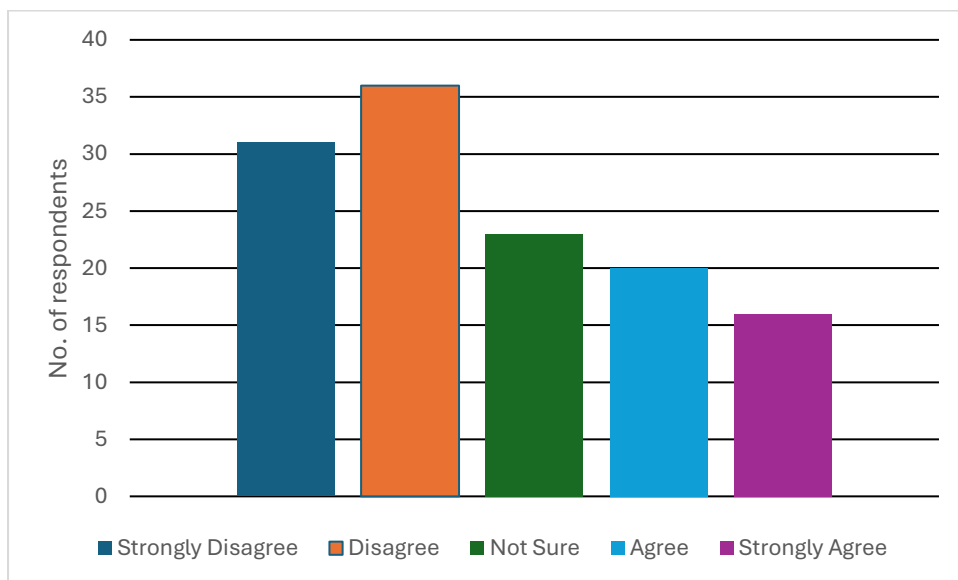


Figure 24: Responses on regular training and capacity building.

Without continuous learning, staff may not be exposed to new trends in real estate technology, marketing, or property management practices, leading to stagnation and poor adaptability. Training is essential for understanding more efficient technologies for operations such as marketing via social media, it also ensures staff are aware and comply with regulatory requirements. Lack of it may expose companies to legal risks due to non-compliance with building codes, land laws, or tax regulations. The findings highlight the need for interventions by industry bodies, such as the Association of Real Estate Agents (AREA-Uganda), and government institutions such as Institute of Surveyors to support training programs and capacity-building initiatives in the sector.

4.9 Conclusions

In conclusion, the study identified several critical factors contributing to the high mortality rate of real estate companies in Uganda. The lack of access to affordable financing options significantly hampers the ability of real estate companies to invest in and develop properties. Lack of diversification of investment portfolios was also found to be a key contributor to the mortality of real estate businesses since resilience of a company is affected once the property held by a company is affected by economic downturns.

Regulatory challenges especially related to land conflict resolution, land tenure regularization with dual ownership as the case is with mailo land create an unpredictable business environment that discourages investment and growth as companies are involved in court cases and stalled projects due to land ownership wrangles.

Economic instability, characterized by inflation in the land market also poses significant risks to the sustainability of real estate ventures. The increased demand for land due to rapid urbanization creates an

opportunity to real estate companies in terms of a vibrant market but also poses a challenge of increasing prices of land from land owners selling to real estate companies for development.

Inadequate infrastructure and poor urban planning limiting access to utilities such as water and electricity contribute to the mortality of real estate companies as high costs have to be incurred extending electricity, water and sewerage lines for property development. These extra costs eat into the profitability of real estate companies reducing their resilience and exposing them to collapse.

Lack of skilled labor and professional expertise in the sector limits innovation and the ability to adapt to changing market demands. This is a key contributor to the mortality of real estate companies as clients hold back on purchases due to bad experiences shared by clients in the media such as fraudulent sales and the lack of respect for agreements made with clients.

Addressing these challenges through targeted policy interventions, improved access to financing, and capacity building by bodies such as the Association of Real Estate Agents of Uganda (UREAU) can enhance the resilience of real estate companies in Uganda, ultimately reducing their mortality rate and fostering a more robust real estate market.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter highlights the objectives of the research and the development of previous chapters. Important findings are summarized, and related to the initial problem statements proposed by the researcher. Recommendations and suggestions are then presented for future research in this scarcely documented subject of real estate business resilience and sustainability.

5.2 Summary

The research sought to examine the economic, regulatory, and operational challenges contributing to the high mortality rate of real estate companies in Uganda. It further sought to investigate the financial management strategies of real estate companies, including access to credit and investment patterns, in order to develop recommendations to improve the resilience and sustainability of real estate companies in Uganda.

5.2.1 Objective 1- To examine the economic, regulatory, and operational challenges contributing to the high mortality rate of real estate companies in Uganda.

Lack of access to financing was ranked as the most impacting economic factor affecting business continuity of real estate companies in Uganda. The inability to obtain financing leads to delays or cancellations of real estate projects, affecting overall market supply and potentially driving up property prices due to scarcity. This can also result in missed opportunities for economic growth and job creation within the sector. The findings suggest a pressing need for innovative financing solutions tailored to the real estate sector in Uganda. This could include alternative financing models, partnerships with financial institutions, or government initiatives aimed at improving access to capital. The results underscore the importance of supportive policies and regulatory frameworks that facilitate access to financing for real estate companies. Stakeholders, including government agencies and financial institutions, may need to collaborate to create an enabling environment for investment in the sector.

Poor regulatory environment was also indicated as a key factor contributing to the high mortality of real estate companies. Poor regulatory practices can lead to increased costs associated with compliance, legal disputes, and project delays. These financial burdens can strain the resources of real estate companies, particularly smaller firms that may lack the capacity to absorb such costs. The findings suggest a pressing need for regulatory reform to create a more conducive environment for real estate businesses. Streamlining processes, enhancing transparency, and ensuring consistent enforcement of regulations can help mitigate the challenges faced by companies in the sector. Addressing the issues related to the regulatory environment requires collaboration among various stakeholders, including government agencies, industry associations, and real estate companies. Engaging in dialogue can lead to the development of policies that support sustainable growth in the sector.

High operational costs followed as key factors contributing to the high mortality of real estate companies in Uganda. Companies facing high operational costs may experience cash flow issues, making it difficult to meet financial obligations, such as loan repayments and supplier payments. This can lead to increased financial risk and potential business failure. The findings suggest a pressing need for real estate companies to implement effective cost management strategies. This could include optimizing operational efficiencies, renegotiating contracts, and exploring alternative service providers to reduce expenses. The prevalence of high operational costs in the real estate sector can have broader implications for the market, including reduced investment attractiveness and slower economic growth. Addressing these costs is essential for fostering a more vibrant and sustainable real estate market.

5.2.2 Objective 2- To investigate the financial management strategies of real estate companies, including access to credit and investment patterns.

Findings indicated that real estate companies do not practice financial planning and forecasting. Companies that do not engage in financial planning are more vulnerable to financial instability. They may struggle to anticipate cash flow needs, manage expenses, and prepare for economic fluctuations, increasing the risk of business failure. The absence of financial planning and forecasting can erode confidence among stakeholders, including investors, clients, and employees. Stakeholders may perceive companies as poorly managed or lacking in foresight, which can affect investment decisions and customer relationships. The findings highlight the need for real estate companies to develop their financial planning and forecasting capabilities. This could involve training staff, adopting best practices, and utilizing financial management tools to enhance their planning processes.

The ability to secure credit is crucial, as it not only affects the liquidity and cash flow of these companies but also shapes their investment decisions. Companies with strong credit profiles tend to have greater flexibility in pursuing lucrative opportunities, while those with limited access to credit may face constraints that hinder their growth potential. Investment patterns within the real estate sector are influenced by market conditions, economic indicators, and investor sentiment. Companies that adopt proactive financial management strategies, such as effective risk assessment and portfolio diversification, are better positioned to navigate market fluctuations and capitalize on emerging trends.

Findings indicated that real estate companies did not practice investment portfolio diversification, they hold assets with the same cash flow patterns and thus easily face cashflow challenges in case there are instabilities in the market of the assets they hold. The absence of diversification exposes real estate companies to higher levels of risk. The findings suggest a need for real estate companies to adopt strategic planning practices that include investment diversification. This could involve exploring various property types, geographic locations, or investment vehicles to spread risk and enhance potential returns. To encourage diversification, real estate companies may benefit from education and training on investment strategies and risk management. Building capacity in these areas can help companies make informed decisions about their investment portfolios.

5.2.3 Objective 3- To develop recommendations to improve the resilience and sustainability of real estate companies in Uganda.

The study established recommendations to improve the resilience and sustainability of real estate companies in Uganda; these are discussed hereunder; -

Advocate for government-backed loan schemes or grants that can provide low-cost financial support to real estate companies, especially startups and small businesses. The loans should be structured to match the nature of cashflow of real estate companies. This should be coupled with government agencies streamlining regulations, reducing bureaucratic hurdles, and creating a more conducive environment for real estate development.

Encourage companies to utilize financial planning and forecasting tools to better manage cash flow, anticipate market changes, and make informed investment decisions. Provide training programs for real estate professionals on financial management, budgeting, and strategic planning to enhance their financial acumen.

Encourage the use of sustainable building materials and energy-efficient designs to reduce environmental impact and operational costs. Reduction of costs reserves resources that can be channeled to other activities of the company thereby enhancing its resilience. Promote diversification of incomes by companies investing in a mix of residential, commercial, and industrial properties, as well as alternative investments such as real estate investment trusts (REITs) or land development projects.

Adopt technology by utilizing data analytics and property management software to optimize operations, improve customer engagement, and enhance decision-making processes.

Encourage partnerships with financial institutions to create tailored financing solutions, such as microloans or cooperative funding models, to improve access to credit for real estate companies.

5.4 Concluding remarks

This research project has attempted to positively contribute in understanding the key factors contributing to the high mortality rate of real estate businesses in Uganda. This allows for real estate company owners, regulators and other stakeholders to have an understanding of the challenges faced by real estate companies and through recommendations suggesting ways by which these challenges can be overcome or avoided. The findings indicate that a combination of economic, regulatory, and operational challenges significantly impacts the sustainability and success of these enterprises.

Addressing these challenges requires a collaborative effort among stakeholders, including government agencies, financial institutions, and industry players. By fostering a supportive ecosystem that promotes best practices and encourages innovation, the real estate sector in Uganda can enhance its resilience and reduce the mortality rate of companies within this vital industry. This study serves as a foundation for further research and policy development aimed at strengthening the real estate sector in Uganda and ensuring its sustainable growth.

5.5 Recommendations for future work

Given the findings on low levels of staff training, future studies could delve deeper into how capacity building (or the lack thereof) impacts performance and resilience in the sector.

Exploring how digital tools, property management systems, and online marketing platforms affect real estate business sustainability would be a valuable addition to the current body of knowledge.

Additional research should assess the role of government policies, urban planning regulations, and land tenure systems in enabling or hindering the sustainability of real estate firms.

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Appendix I: RESEARCH QUESTIONNAIRE

Topic: Analysing the Key Factors Contributing to the High Mortality of Real Estate Companies in Uganda

CONFIDENTIALITY NOTE:

Thank you for participating in this research study. We value your privacy and are committed to protecting your personal information. Please be assured that:

- i. All responses will be collected anonymously. Your identity will not be linked to your responses in any way.
- ii. The information you provide will be stored securely and will only be accessible to the research team. We will take all necessary precautions to protect your data from unauthorized access.
- iii. The data collected will be used solely for research purposes and to gain insights into Key Factors Contributing to the High Mortality of Real Estate Companies in Uganda.
- iv. Your participation in this study is entirely voluntary. You may choose to withdraw at any time without any consequences.
- v. Findings from this research will be reported in aggregate form, ensuring that no individual responses can be identified.
- vi. If you have any questions or concerns regarding this study or your participation, please feel free to contact us.

Thank you for your valuable contribution to this research!

Instructions

Tick where applicable or indicate your level of agreement or satisfaction with each statement by selecting the appropriate response using the following scale.

- 1 - Strongly Disagree
- 2 - Disagree
- 3 - Neutral
- 4 - Agree
- 5 - Strongly Agree

Section 1: Respondent Information

1. Years of Experience in the Real Estate Sector:

- (a) Less than 1 year []
- (b) 1-3 years []
- (c) 4-6 years []
- (d) 7-10 years []
- (e) More than 10 years []

2. Type of Real Estate Company known/ operated by you?

- a. Residential []
- b. Commercial []
- c. Industrial []
- d. Mixed-use []
- e. Other (please specify): _____

Section 2: Company Performance (Resilience) and Mortality.

i. How would you rate the current economic environment in Uganda in regard to real estate business performance?

- Very favorable []
- Favourable []
- Neutral []
- Unfavourable []
- Very unfavourable []

ii. Have you experienced any challenges that threatened the continuity of a real estate company known to you?

- 1. Yes []
- 2. No []

If yes, please specify: _____

iii. What do you believe are the primary reasons for the high mortality rate/ threats to business continuity of real estate companies in Uganda?

Factors affecting the performance and continuity of real estate businesses	1	2	3	4	5
Lack of access to financing					
High operational costs					
Land Market volatility (Changing Prices)					
Poor regulatory environment					
Inadequate infrastructure					
Competition from informal sector					
Economic instability					
Poor management practices					
Inadequate market research					
Demographic trends and urbanization rates affect the demand for real estate					
Others, Specify. _____					

6. What specific challenges do real estate companies face in accessing credit?

7. What strategies do you believe could help enhance access to credit by real estate companies in Uganda?

Section 3: Management & Investment strategies of Real Estate Companies

8. How would you rate the corporate governance practices within your company?

- (a) Excellent []
- (b) Good []
- (c) Average []
- (d) Poor []
- (e) Very poor []

9. Financial and Management Strategies

Strategies Practiced by Real Estate Companies	1	2	3	4	5
Diversification of investment					
Strategic partnerships and collaborations					
Effective cost management practices					
Access to credit facilities					
Use of technology in operations					
Financial planning and forecasting					
Regular training and capacity building					
Others:					

10. How can corporate governance of real estate companies can be improved?

- (i)
- (ii)
- (iii)

11. What investments strategies do you recommend for real estate firms to improve their performance and resilience?

- (i)
- (ii)
- (iii)

Section 4: Recommendations to Reduce Mortality Rate

Recommendations to Reduce Mortality Rate	1	2	3	4	5
Improved access to financing					
Enhanced regulatory support					
Development of infrastructure					
Training programs for management and staff					
Promotion of best practices in the industry					
Establishment of industry associations					
Government incentives for real estate companies					
Others:					

12. Please provide any other recommendations or suggestions regarding the resilience and business continuity of real estate companies in Uganda.

Thank you for your participation!

Your responses will contribute significantly to understanding the factors affecting the real estate sector in Uganda.

Appendix II: Interview Guide

Topic: Analysing the Key Factors Contributing to the High Mortality of Real Estate Companies in Uganda

Introduction:

- ✚ *Thank the participant for their time and willingness to participate in the study.*
- ✚ *Briefly explain the purpose of the study: to analyse the key factors contributing to the high mortality of real estate companies in Uganda.*
- ✚ *Assure confidentiality and anonymity of their responses.*
- ✚ *Inform them that the interview will take approximately 30-45 minutes.*

Section 1: Background Information

- i. Can you please introduce yourself and describe your role in the real estate company/ sector?
- ii. What is your current position and how long have you been in this role?
- iii. What type of real estate company do you work for (e.g., residential, commercial, industrial)?
- iv. How would you describe your experience in the real estate industry in Uganda?
- v. What are some of the key changes you have observed over the years?

Section 2: Company Performance and Challenges

- i. How do you perceive the level of competition in the real estate market? Can you provide examples of how competition has affected your business?
- ii. What challenges do you face in acquiring land for your projects? How does this impact your operations?
- iii. How has the economic environment in Uganda influenced your business decisions? Can you share specific instances?
- iv. What regulatory hurdles do you encounter? How do these affect your ability to operate effectively?
- v. How does the state of infrastructure in Uganda impact your business? Are there specific areas where you see the most significant effects?
- vi. What impact do you believe these challenges have on the overall performance of real estate companies?
- vii. How do these challenges affect investors and stakeholders?

Section 2: Financial and Management Strategies

- i. What financial management practices do you have in place? How effective do you find them?
- ii. Can you describe your experience with accessing credit? What barriers do you face?
- iii. How do market trends influence your investment decisions? Can you provide examples?
- iv. Have you implemented any innovative financing strategies? If so, what are they, and how have they worked for you?
- v. What financial management practices do you have in place? How effective do you find them?
- vi. How do your management practices align with your financial goals? Can you share any specific strategies?

Section 3: Regulatory Environment

- i. How would you describe the regulatory environment for real estate companies in Uganda?
- ii. What specific regulations do you find most challenging?
- iii. Have you encountered any bureaucratic hurdles that have affected your company's operations?
- iv. Can you provide examples of how these hurdles have impacted your business?

Section 5: Access to Finance

- i. How easy is it for your company to access financing for real estate projects?
- ii. What types of financing options are available to you?
- iii. What barriers do you face in securing financing?
- iv. How do these barriers affect your company's ability to grow and sustain operations?

Section 6: Recommendations and Future Outlook

- i. In your opinion, how could improving access to credit help reduce the mortality rate of real estate companies?
- ii. What types of government support or incentives do you think would benefit the real estate sector?
- iii. How important do you think training and capacity building are for management in the real estate sector? What specific areas should be focused on?
- iv. How could partnerships with financial institutions improve investment opportunities for real estate companies?
- v. What changes to regulatory frameworks do you believe would
- vi. Are there specific policies or practices you believe should be implemented?
- vii. What recommendations would you make to improve the sustainability of real estate companies in Uganda?
- viii. How do you see the future of the real estate sector in Uganda?
- ix. What opportunities do you think exist for growth and development?

Conclusion

Is there anything else you would like to add that we haven't covered?

Any additional insights or experiences you would like to share?

**Thank you for your time and valuable insights! Your contributions will greatly assist in understanding the factors affecting the real estate sector in Uganda. **

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COLLEGE OF ENGINEERING DESIGN, ART AND TECHNOLOGY
School of Built Environment
 Department of Geomatics and Land Management

April 15, 2025

To Whom it May Concern

Dear Sir/Madam,

RE: Request for data and Information

This is to introduce to you Mr. Bahemuka Thomas who is a student at the Department of Geomatics and Land Management, Makerere University. Mr. Bahemuka Thomas is a Graduate student pursuing a Masters of Science in Land Management and currently carrying out his research work. The research he is doing is in the area of Real Estate Management titled "**Analysing the Key Factors Contributing to the High Mortality of Real Estate Companies in Uganda**"

As one of the holders of information required for this research, the Department of Geomatics and Land Management is kindly requesting your assistance in providing Mr. Bahemuka Thomas with the required data and information in order to make the research a success. The data collected is strictly for this academic pursuit and will be treated with the utmost confidentiality.

The data, information and insights you will provide are invaluable in shaping the future of Real Estate Management in Uganda. If you will need a copy of the research findings, please contact Mr. Bahemuka Thomas on Tel: +256782038969, Email: timoragroent@gmail.com or reach out to the Department of Geomatics and Land Management of Makerere University.

Thank you for your cooperation.

Yours truly

Mwabine
 Dr. Lilian Oryema
 Supervisor



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is endorsement: