# Challenges of Real Estate Development in Ghana from the Developers' Perspective

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**ABSTRACT**

Shelter is one of the basic necessities for human beings nonetheless it remains a critical problem for millions of people. As at 2014, Ghana has an estimated population of 27 million, with a growth rate of about 2.2%. Ghana has an inevitable housing problem emanating from this rising population as the housing stock has not improved much over the years. Successive governments over the years have not played as much role as the private sector in housing delivery. Housing requirement by 2020 stands at 5.7 million new rooms. If these are to be successfully supplied, 3.8 new rooms must be completed in every minute of the working day for ten years. This paper sought to examine why the private real estate developing companies are unable to produce enough houses to meet the deficit and offers appropriate recommendations. The mixed method approach involving literature review, questionnaires and interviews were used for the study. Simple random sampling was used for questionnaire administration to 75 real estate developers. 50 representing 66.7% was realized. 15 key stakeholders in the real estate development industry including architects, quantity surveyors, and structural engineers were purposively selected for the questionnaire administration and also interviewed. Result of the outcome from the questionnaire survey and interviews were mapped and coded for the quantitative and qualitative analysis using basic statistical tools. Among the major problems identified were finance, acquisition of disputed land titles and persistent increase in prices of building raw materials. The study recommends an establishment of an extensive land information system to support the land administration project, institution of macro-economic programs (to combat rising inflation and interest rate and depreciation of the cedi) and financing  strategies (forward funding, corporate loans and lease- own arrangement) to boost the demand for houses of real estate developers.

**Keywords:** Real estate development, Developer, Finance, Land acquisition, Ghana

## 1.   Introduction

Housing, like food and water, is a basic need and necessity for the existence of human beings. The need for individual families to acquire their own private accommodation which they can call home cannot be over - emphasized. A nation's labor force is enhanced and further developed if it has a safe, decent and affordable means of accommodation. It is also an established fact that housing impacts positively on the social well-being of the people. People who are satisfied with their homes and neighborhoods are more productive at work (Rohe, 2001). Housing represents a large proportion of a household's expenditure and takes up a substantial part of lifetime income (Von Rudolph, 2007). African cities have high growth rate and becomes home to over 40,000 people every day (UN-Habitat, 2011). The rate of urbanization is directly related to the demand for houses; it is expected that as a country becomes more urban, more houses will be needed to accommodate the increasing population in urban centers (Decardi-Nelson and Asamoah 2014). Rural–urban migration and population growth has undoubtedly increased the demand for housing and put severe pressure on existing infrastructure in most cities. Most residents in cities in Ghana encounter serious accommodation problem as they desperately look for decent and reasonably priced houses to rent. In the rural areas, the problems are deteriorating physical characteristics of the housing stock and limited access to social services and amenities. The shortage of houses especially in the urban areas, has given rise to very high occupancy levels, exorbitant rental and capital values, unstable tenancies and poor living conditions (Songsore, 2003).

## 2. The Problem

Most developing countries have failed to systematically provide adequate housing for its populace. Housing has been a major problem for the country as most public housing policies and programs initiated by successive governments over the years have failed. Lack of commitment to raise the needed funds, mechanisms for systematic co-ordination  among the various sectors which were not clearly defined, and lack of rationalization

of the various housing programs in the sector were some causes for the failure (Ministry of Works and Housing, 2000 ; Opoku - Boateng, 2011). The private sector notably through the effort of the private real estate developers are at the forefront of housing production in the country. The housing stock in the country has not improved much over the years as it has been increasing by a slight margin whereas the housing deficit increases by substantial margins. Ghana's housing requirement by 2020 stands at 5.7 million new rooms, requiring 3.8 new rooms in every minute of the working day for ten years to meet this deficit (UN Habitat, 2011). Although the participation of the private sector through real estate developing companies in housing provision is laudable, and should be further encouraged and promoted, there is still acute shortage of housing in Ghana especially in the urban areas. Besides, most of the houses offered by private real estate developers are still beyond the reach of most Ghanaians (CHF, 2004). With the huge housing deficit Ghana faces, a lot of opportunities and prospects exist for the real estate development industry; however, the complexity of the development process and numerous challenges has limited the supply of houses, making it extremely difficult to produce enough houses to meet a greater portion of the population. The pertinent issue is the question: why are the private real estate developers unable to produce enough housing to meet the rising housing demands of the Ghanaian populace despite the huge deficit? To answer this question, this paper investigates the challenges confronting private real estate developers and offers appropriate recommendations to mitigate the problems of housing development in Ghana.

## 3. Housing Situation in Ghana
Due to rapid population growth, increasing urbanization and constraints in the housing delivery system, the supply of housing especially for low to moderate income households has become one of the most crucial problems currently in Ghana (Atta - Poku, 2001). Major aspects of the housing delivery system, including the institutional capabilities, the provision of serviced land, finance, infrastructure, materials and skilled labor, have experienced severe constraints resulting in the very acute housing problem especially in the regional capitals (UN habitat, 2011; Boamah, 2010). The housing sector in Ghana can broadly be described as ; sub - standard housing in the rural areas, deteriorating physical characteristics of the housing stock, lack of social amenities, finance and shortage and poor sanitation (Ministry of Works and Housing, 2000). About half of the country's population lives in the urban areas. High property prices particularly in the urban centers such as Accra, Tema, Takoradi and Kumasi fueled by a rapidly growing middle-class, as well as rapid and uncontrollable urbanization have turned the housing industry into one of the critical developmental issues facing policy makers (Bank of Ghana (BOG), 2007; Quayson, 2007). With the slow pace of housing development over the years, housing demand has constantly outlived supply.

The rental market at the moment is the most active property market in Ghana considering the fact that more than 75 % of the urban population relies on rental accommodation or that provided at a minimal cost by friends and relatives (UN habitat, 2011). Most rental accommodation share services with other households in the house or use public taps and toilets. Majority of households in urban Ghana occupy rooms in compounds houses (about 55%) or other forms of multi-occupied residential buildings (24%) and about 60% of the urban population also occupies single rooms. Only the rich and middle class households occupy a dwelling of their own and have full services in the dwelling (UN habitat, 2011).

## 4. Problems of Real Estate Development
The real estate development process is generally complex and cumbersome. The development process is also subject to changes overtime as the economic performance at both national and local levels influences it. Due to the longevity of the development process, the assumption made at the outset may have changed dramatically by completion. Success very often depends upon the attention to the detail of the process and the quality of the judgments that guides it (Cadman and Topping, 1995). In the general context, real estate development is usually dynamic, with rapid changes occurring in the link among construction, technological advances, regulation, marketing, finance, and property management (Mike et al., 2000). The real estate industry of Ghana is growing as younger generations realize that capital gains made from property is a fast path of wealth accumulation in these times of inflation. The problems of real estate development are many and varied. There is restricted access to land in the face of rising demand for housing resulting in high property prices (Opoku-Boateng, 2011; Owusu and Boapeah, 2003; Mahama and Adarkwa, 2004). The market for land in Ghana is highly unorganised. According to Owusu and Boapeah (2003), information about who owns what piece of land is not readily available and the legal and administrative systems for transferring titles are very cumbersome. Mahama and Adarkwa (2004), asserts that the uncertainty that surrounds the use, development and title to land has led to great insecurity in the urban land market. Besides, land prices are soaring, among the various cost components; the price of land is the most expensive with some being quoted in foreign currencies (Decardi-Nelson and Solomon-Ayeh, 2011). Adding to the land problem is the high cost of building materials both local and

imported (Ahadzie and Badu, 2011). This has resulted in increased cost of buildings within the past decade, making it difficult for the average Ghanaian to acquire a house before retirement (Edusei, 2003; Opoku - Boateng, 2011). The rising cost of buildings in most developing countries is also due to over reliance on imported building materials. This state of affairs to a large extent is as a result of the low production at the local level, lack of adequate mechanization, and lack of finance (Decardi-Nelson and Solomon-Ayeh 2011).

Development and building permits are prerequisite for housing development in Ghana. Delays, high submission cost, improper checks and partial examination of designs are problems besieged with permit acquisition. Improper siting of building structures, the use of unapproved drawings, building on waterways, floods and demolishing of unauthorized buildings are the effects of the problem. A conflict situation therefore results between planning authorities and developers (Botchway et al., 2014; Almer, 2005). Based on these constraints, people purchase land, and for fear of encroachment develop without recourse to the laid down process of acquiring the necessary development approvals. Consequently, a considerable number of developed properties have no permits (Ministry of Local Government and Rural Development, 2010).

## 5. Housing Financing in Ghana

Funds for housing development in Ghana are acquired through diverse sources. Some are obtained through debt finance with relatively few banks giving financial support to developers provided all requirements are fulfilled. The common forms are informal financing methods such as the use of homeowners' own equity, barter arrangements and remittances from abroad (Debrah et al., 2002). The unavailability of mortgage facilities to most people in the country has made financing a problem. The Ghanaian mortgage market is at a rudimentary stage and besieged with numerous problems. Amongst them are; the lack of stable macroeconomic environment due to inflation and exchange rate instability to attracts external funds, unavailability of long-term finance, ineffective delivery system, unavailability of the secondary mortgage market to support the primary mortgage market, and low income levels resulting in high mortgage payment - to- income ratios. The absence of a vibrant mortgage market in Ghana has led to the situation whereby majority of the people tend to rely on own savings and limited bank loans to finance their housing project. Due to the huge capital required for housing projects, funds subsequently gets tied up in uncompleted projects which could otherwise have been channeled effectively to other productive ventures (BoG, 2007; Afrane and Asamoah, 2011; Opoku-Boateng, 2011). According to Edusei (2003), the average worker spends about 10 years to put up a house with loans from friends, siblings, the workplace and banks. This long time frame increases construction costs particularly in an unstable macroeconomic environment. Housing problems usually manifest in the gap between household income and housing cost for most Ghanaians. Thus, there is deterioration of access to housing for the lower waged and the vulnerable and most workers struggle to accommodate themselves (Adjei-Barwuah, 2012).

## 6. Methodology

The study adopted the mixed method approach. This permits researchers to address more complicated research questions and attain higher reliability and validity of the research (Yin, 2009). The approach involves literature review, questionnaire and semi-structured interviews. A pilot study was conducted based on which the major challenges facing the developers were collated. This formed the basis for the questionnaire survey which was adopted for data collection to get a detailed and a good understanding of the topic. Using simple random sampling, 75 real estate developers in Accra, Kumasi and Tema (where major real estate development activities are centered in Ghana), were selected for the questionnaire administration. In addition, 15 key stakeholders in the real estate development industry including architects, quantity surveyors, and structural engineers were purposively selected for the questionnaire administration and also interviewed to validate the responses from the questionnaire. The responses collated from the interviews were coded and the outcomes of the questionnaire survey were mapped against the findings of the interviews for the qualitative and quantitative analysis. Basic statistical tools were used for the analysis. The results was tested for reliability and the Cronbach's alpha test showed a coefficient of 0.822, making the results very reliable as a coefficient of more than 0.70 indicates good reliability.

## 7. Respondents Profile

The respondents for the study included real estate developers and some stakeholders in the construction industry; Architects, Structural Engineers, Quantity Surveyors. The respondents represented professionals undertaking works in 3 geographical locations; Accra, Kumasi and Tema. The various professionals have been practicing between 1 - 20 years and over. A total of 18 out of 65 professionals representing 27.7% had been in the Ghanaian real estate development industry for more than 20 years. 14 representing 21.5% had 16 – 20 years of work experience, 20 representing 30.8% had 11 – 15 years of experience, 8 representing 12.3% had 6 -10 years of experience and 5 representing 7.7% had 1 – 5 years of experience making them knowledgeable and qualified enough to be respondents for the study.

## 8. Findings
8.1 Problem of development and building permit approvals
Table 1, shows respondents' opinion on problems associated with development and building permits approvals.

Table 1: Problems associated with development and building permit

| Opinion | Frequency | Percentage |
|---|---|---|
| Corruption on the part of staff | 17 | 26.1 |
| Unnecessary long and cumbersome procedures in acquiring permits | 20 | 30.8 |
| Cost of processing building permit | 13 | 20.0 |
| Delays in acquiring other statutory permits required for permit approval (fire service, sanitation, EPA, traffic impact assessment.) | 15 | 23.1 |
| **Total** | **65** | **100** |

**Note: EPA means Environmental Protection Agency**

Source: Field Survey, February 2015

Unnecessary long and cumbersome procedures in acquiring permit are major obstacles developers' face and accounted for 30.8% of the problem. Corruption on the part of staff constituted 26.1% of the problem. On an average, it should take about 3 months to acquire a development and building permit; however, undue complications and corrupt practices make the processing longer usually taking about 12 months to 2 years. Delays in acquiring other statutory permits hitherto the application accounted for 23.1% and this was attributed to administrative lapses, inefficiencies and unnecessary bureaucracies with the concerned institutions. Cost of processing permit accounted for 20.0%. Respondents eluded that as a norm; other illegal payments to fast track the processing were usually made, aside the statutory fees. This eventually increases the cost of acquiring the permit. The findings of the study attest to that of (Botchway et al., 2014 and Almer, 2005) which equally identified key factors as delays and high cost as impediment to permit acquisition. This research however revealed new a finding which is the delay in acquiring other statutory permits required for development and building permit approval. Most research on problems with permit acquisition has failed to examine this issue.

8.2 Problems associated with land acquisition
Amongst the problems revealed were disputed land titles, lack of adequate and credible land data, escalating land prices leading to high project cost, poor coordination between developers and infrastructure service provision agencies and the cumbersome procedures in registration land as shown in table 2. The research found out that there is a general indiscipline in the land market evidenced by disputed land titles and cumbersome procedures in title registration. These problems accounted for 27.7% and 21.5% respectively. The research revealed that there is a dearth of information on the land market and that most transactions are shrouded in secrecy, making it difficult for developers to readily get information on a piece of land. In instances where developers require large tracts of land, but have to acquire from different families or land owning groups that becomes a problem as various parties have to be collectively negotiated with. This constituted 16.9%. Lack of adequate and credible land database constituted 13.9%.

Table 2: Problems associated with land acquisition

| Opinion | Frequency | Percentage |
|---|---|---|
| Disputed titles & litigation/multiple sale | 18 | 27.7 |
| Lack of adequate and credible land data | 9 | 13.9 |
| Escalating land prices | 7 | 10.8 |
| Cumbersome procedures in land registration | 14 | 21.5 |
| Poor coordination between developers and utilities and services providers in provision of serviced plots | 6 | 9.2 |
| Difficulty in acquiring large tracts of land (especially from different land owning groups) | 11 | 16.9 |
| **Total** | **65** | **100** |

Source: Field Survey, February 2015

It was ascertained that some of these problems are being tackled by the Land Administration Project (LAP), yet a lot still needs to be done. Demand for land has been more than supply which is fixed. When supply is severely constrained, and demand is very high, land prices become inflationary, ultimately leading to high project cost. Escalating land prices constituted 10.8% of the problems. The study found that land prices within Accra, Kumasi and Tema have risen by about 400% per acre over the last five years. Figure 1, shows the trend of rising land prices in Accra.

Fig 1: Trend of rising land prices in Accra per acre
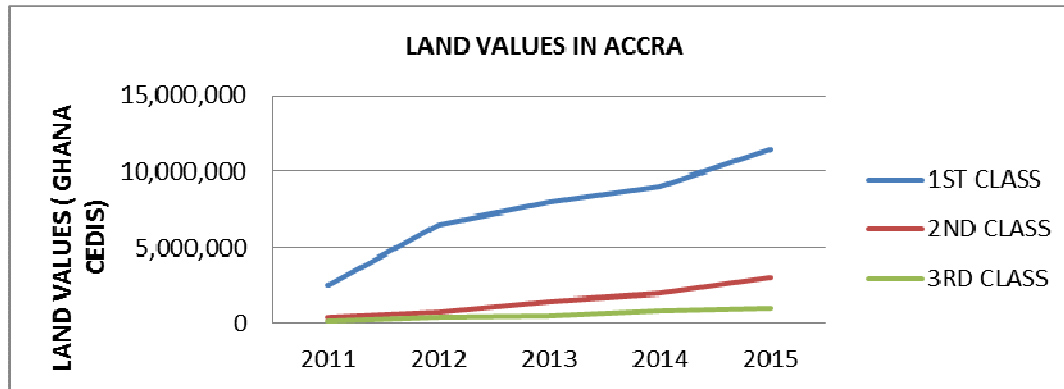


Source: Field Survey, February 2015

This situation is compounded when there are external factors acting in the market, such as demand for land by expatriate Ghanaians who are prepared to pay more. This supports the assertion that of all the various cost components leading to the increasing cost of housing in most developing countries, the price of land is the most expensive with some being quoted in foreign currencies (Decardi-Nelson and Solomon-Ayeh, 2011). Poor coordination between the land development, infrastructure and service provision agencies constituted the least opinion 9.2%. This arises where there is absence of infrastructure such as roads, and utilities like water and electricity which makes particular areas unattractive to participants in the land market. In such instance, developers have to provide the necessary infrastructure. The cost of servicing these lands brings additional cost, making projects on un-serviced lands expensive.

8.3 Problem of housing finance

The study revealed that most developers' get their funding from more than one source. Figure 2, depicts the sources of finance for most real estate developers. Deposit from clients constituted 41%, bank loans constituted 28%, own funding 22%, and joint ventures 9%. On why bank loans accounted for only 28%, most respondents view the high interest rate by banks and the short repayment period (usually 3 years maximum) as a disincentive to finance development activities from banks loans. Currently, interest rate ranges between 28% and 32% per annum (BoG, 2015). Other sources of income generation such as block making, precast production units constituted 9%.

Fig 2: Sources of finance for real estate development
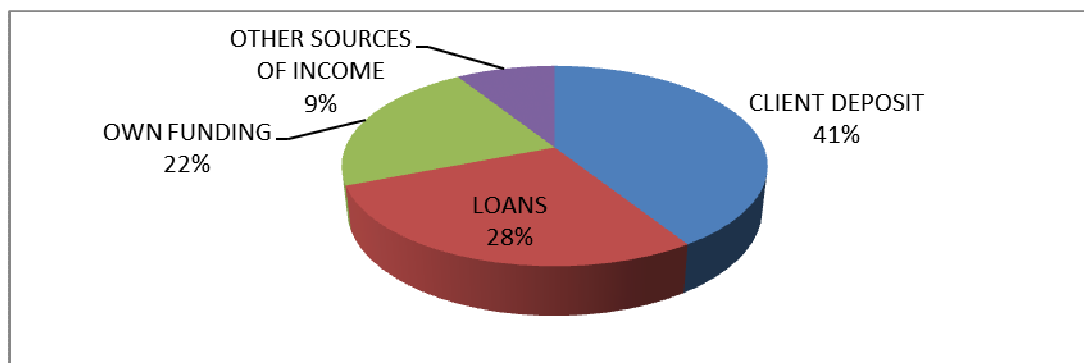


Source: Field Survey, February 2015

The study revealed that the mortgage market in Ghana is under developed with limited funding. Table 3, shows respondents opinion on problems confronting the Ghanaian mortgage market.

Table 3: Challenges confronting the Ghanaian mortgage market

| Opinion | Frequency | Percentage |
|---|---|---|
| Weak legal and institutional framework | 3 | 6.0 |
| Lack of long term funding | 9 | 18.0 |
| Unstable economy | 9 | 18.0 |
| Low income levels | 19 | 38.0 |
| Inadequate collateral/foreclosure procedures | 2 | 4.0 |
| Attractive investment alternatives | 8 | 16.0 |
| **Total** | **50** | **100** |

Source: Field Survey. February 2015

The study indicated that, the low income of the prospective buyers is hindering most Ghanaians from owning a house and also affecting the client base of most of the real estate developers. Most developers produce semi - detached expandable and non - expandable residential houses which are priced in US dollars ($) ranging between $40,000 and $350,000 to hedge against currency depreciation (see table 4 for house prices of Devtraco Estate).

Table 4: House prices of developed estates for Devtraco Estate Company, Accra

| Home Type | Specification | Land Size | Price in USD ($) |
|---|---|---|---|
| Sunshine Series (DL 22) | 2-bedroom semi-detached expandable to 3-bedrooms. | 10.5m x 24.4m | 85,140 |
| Fahfa (DL 23 and DL 24) | 3-bedroom detached | 13.7m x 24.4m | 108,400 |
| Fahfa Premium | 3-bedroom detached | 13.7m x 24.4m | 113,400 |
| Djune Deluxe | 3-bedroom single-storey detached house with the option of one-room outer house + carport | 19.8m x 24.4m | 154,800 |
| Djune Premium | 3-bedroom single-storey detached house with all bedrooms en suite, with the option of one-room outer house + carport | 19.8m x 24.4m | 171,100 |
| High End Home | Elegant 4/5 bedroom detached storey building house with an outer house | 24.4m x 24.4m | 285,000 |

Source: Devtraco Estate Development Company, April 2015
**\*Prices are quoted in US Dollars for indexing only and is payable in Ghanaian Cedis at the prevailing interbank exchange rate on the day of payment**.

The resultant effects of this dollar priced estate are high mortgage payment-to-income ratio for many Ghanaians, thus pricing them out of the market. The situation is even worse in this period of economic instability, that is, volatile exchange rate and inflation. Repayment thus becomes too high to the ordinary Ghanaian who is paid in Ghanaian cedis. The practice has been that clients are made to make a down payment of 40% at the beginning, a later payment of 40% at lintel level and a final payment of 20% upon completion of the project, subsequently prospective clients commits first payment and sometimes default on the remainder, thus affecting the developer's finances. This constituted 38.0% of the problem. Lack of long term funding and unstable economy constituted 18.0% each of the problems. The research revealed that there is lack of long term funding as most participants on the financial market can at best give short term funds unlike long term funds required by potential mortgagees. Inflation and exchange rate instability have been the primary cause of economic instability in Ghana. Inflation has been above 17%, whiles the Ghanaian cedi has depreciated by more than 100% over the past 2 years against major currencies like the dollar, euro and pound. Attractive alternative investment opportunities and weak legal and institutional framework accounted for 16.0% and 6.0% respectively. High yields of government bonds and other securities compete for mortgage funds thus making mortgage financing unattractive to some commercial banks taking cognizance of risk. Challenges with title registration especially properties without titles or titles

under disputes exposes banks to risk. Inadequate collateral enforcement and cumbersome foreclosure procedures accounted for 4%, and this usually associated with repossession in case of default. The challenges confronting the mortgage market is affecting the demand of estate and has resulted in a situation where the market for real estate developers are reserved for the rich. In the researchers' opinion, this is very unfortunate taking cognizance of the housing deficit.

8.4 Persistent increases in prices of building raw materials
Generally, prices of raw materials have been escalating and this coupled with unbalanced pattern of production and consumption of key but expensive building materials such as cement, wood products and iron rods. There is also over reliance on imported building raw materials partly due to low production levels at the local industries as a result of insufficient use of plants, limited scope of production levels and erratic power supply. Between the periods of January 2014 to January 2015, the price of a bag of cement (50kg) has risen from GH₵ 22 to GH₵ 32, while 12mm iron rods has also risen sharply from GH₵ 12 to GH₵ 17 over the same period. Figure 3 depicts the price increases of some of the raw materials over time. Reason attributed to this rising trend is the high inflation.

In addition to the pirce increase of key building raw materails is labor cost. This was attributed to the economic hardships as a result of the high cost of living. From the field survey, the daily mark of a mason and assistance has risen from GH₵ 10 and GH₵ 7 in 2006 to GH₵ 45 and GH₵ 35 in April, 2015 respectively. This affects the total cost of the housing project.

Fig 3: Trend of price increases of some key building raw materials
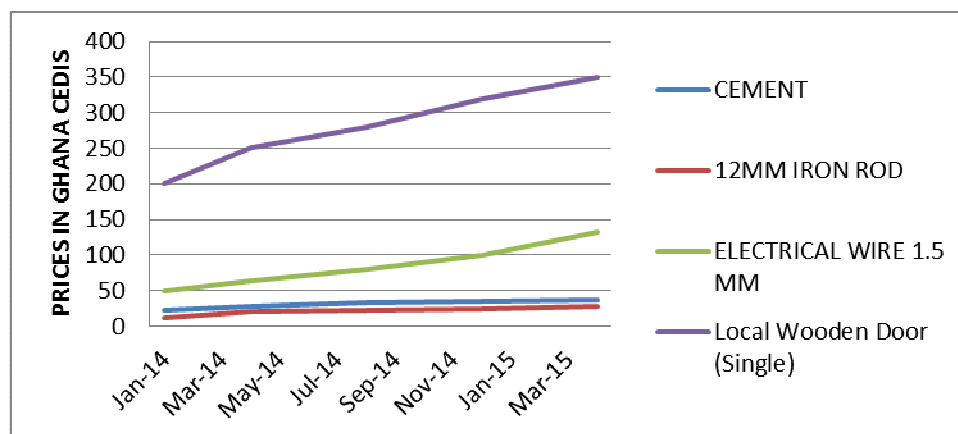


Source : Field Survey, April 2015

8.5 Inadequate mechanisation in the housing construction industry

The study showed that lack of adequate mechanisation in the housing construction industry is a hindrance to real estate development. Stakeholders in the Ghanaian construction industry are not able to move from over dependence on traditional construction methods which is labour intensive to the use of machines which will speed up construction. Table 5, depicts respondents opinion on why the construction industry is not mechanised.

Table 5: Reasons for inadequate mechanization in the housing construction sector

| Opinion | Frequency | Percentage |
|---|---|---|
| Ready finance | 18 | 27.7 |
| High cost of purchasing equipment/hiring equipment | 11 | 16.9 |
| Unavailability of some equipment | 16 | 24.6 |
| Apathy on the part developers/conservative nature of developers | 14 | 21.5 |
| Erratic power supply/high cost of fuel | 6 | 9.2 |
| **Total** | **65** | **100** |

Source : Field Survey, February 2015

Lack of ready finance, and uanavailabity of some equipment are key reasons for inadequate mechanization in Ghana. This accounted for 27.7% and 24.6% of the problem respectively. Apathy and the conservative nature of some professioanls about the use of mechanised construction constituted 21.5% of the problem whiles the

high cost of purchase or hiring most construction equipment and machinery that will turn the Ghanaian construction industry into a manufacturing process accounted for 16.9%. Capital for procuring such machines is difficult to come by; thus, the absence of machines and equipment has the problem of delaying the construction process which leads to cost overrun. Energy supply has been a major problem for the Ghanaian economy over the past three years. This has adversely affected various sectors of the economy  including the construction sector. Mechanization and energy goes at par ; the erractic  power supply is having a negative impact on the real estate development industry. Instances where the technology and  machinery  for  mechanization  exist, power failure or high cost of fueling generators has forced developers to resort to traditional methods.This constituted 9.2% of the problem.

8.6 Lack of adequate qualified construction manpower and skilled artisans
The research revealed that, low productivity of the real estate developers can be  partly be attributed to the low quality of available artisans that result in substandard works. Due to this problem, new technological advancement in the construction field are difficult to adopt as the better qualified manpower cannot be employed by the people who need them most. Most of the local construction workforces are not very well educated and this coupled with the unprofessional nature of the construction industry has led to the situation where most of the tradesmen are not abreast with new technologies. This is due to the over reliance on the traditional construction system, as there is not much training in new technological advancement in construction.

## 9. Discussion
Finance has been a major problem real estate developers face in Ghana. Low income levels and the absence of a vibrant mortgage market has been a problem for housing finance. The unstable macroeconomic environment evidenced by high inflation and interest rates and the weakening cedi have been a major cause of price volatility on the Ghanaian markets and subsequently affecting the mortgage market; besides, most Ghanaians cannot access mortgage facilities. The findings of the challenges of the mortgage market affirms the  of earlier studies by the BoG (2007), Owusu and Edusei (1995) and Opoku-Boateng (2011), which identified factors such as unstable macroeconomic environment, low incomes and capacity to ensure repayment as challenges to the mortgage market. The persistent increase in prices of building raw materials affects project evaluation made at the commencement of the project. The resultant effect is that developers are unable to meet their construction budget and thus have to seek for additionally funding. Land is a critical factor in housing production. Unfortunately, there is a lot of indiscipline in the land market and this affects real estate delivery. The findings on the developers' opinion on the land problems: disputed titles, lack of credible database, escalating prices and difficulty in title registration; affirms earlier studies on most land problems (Opoku-Boateng, 2011; Boapeah, 2003; Mahama and Adarkwa, 2004). A finding of perculiar interest is the problem of cordination between developers and utilities  and service provision agencies. This is of primary importance due to the fact that a lot of development are now taking place in peri-urban areas, which are mostly un-serviced plots. Using importance index ranking, these problems are ranked as the first three important challenges with ratings 0.821, 0.776 and 0.732 respectively as depicted in table 6.

Table 6: Importance index ranking of the key challenges of real estate development

| Challenges | RII | Rank |
|---|---|---|
| Housing financing | 0.821 | 1st |
| Problems with land acquisition | 0.777 | 2nd |
| Prices of building raw materials | 0.732 | 3rd |
| Development and building permit approvals | 0.718 | 4th |
| Lack of adequate mechanisation | 0.692 | 5th |
| Inadequate qualified construction manpower | 0.674 | 6th |

Source: Field Survey, February 2015

Development and Building Permits are very essential to any real estate development as   by law are statutory requirement except some special cases where there are exemptions. Delays in development and building permit acquisition affects real estate delivery in Ghana. The problem is ranked 4th  (0.718). Inadequate mechanization, lack of adequate and qualified manpower and skills is becoming a growing concern to the real estate development industry and respectively ranked 5th   (0.692) and 6th  (0.674) by the developers. Ghana has a weak history of construction mechanization as traditional methods of construction seem to be the norm over the years. With the increasing pace of technology and rising cost of building, the need to improve products reliability ,

minimize on-site operations, increase efficiency, lowering cost, reduce waste on site, minimize on-site duration and minimize number of site personnel, mechanization, and qualified manpower is a pre-requisite for success.

## 10. Recommendations and Conclusion

To minimize the general indiscipline in the land market, it is recommended that the government establishes an extensive Land Information System (LIS) to support the Land Administration Project. The extensive LIS should be a combination of all the human and technical, resources, together with a set of organizing procedures that produces information in support of managerial requirement. The operations of the land information system must include the acquisition and the assembly of data, processing, storage, and maintenance, retrieval, analysis and dissemination (Peter and John, 1987). The Ministry of Finance and Economic Planning and the Bank of Ghana should institute good macro-economic policies that will help to control the high inflation rates, interest rates and the depreciation of the cedi. The impact would be that, loans could be obtained at lower rates and even on more favorable terms. Again, if inflation is kept within control, prices of raw materials will be stable to some extent and much money will not be required for real estate projects. Further, the private financial sector should develop more financing strategies and mortgages facilities tailored- made to suit majority of the populace; Lease-own arrangement, corporate loans and forward-funding arrangements with financial institutions will increase accessibility to finance for people to own homes. Housing remains a basic need as such all effort by government and the private sector is required to solve these problems.

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