Real Estate and Property Management Challenges in the City of Beira, Mozambique

BY

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ABSTRACT

The purpose of this thesis was to make an analysis of the challenges facing the real estate and properties management industry in the city of Beira, Mozambique. This research features both Policy Formulation and Management areas of study. In light of this research, there is one major question that had to be considered: “What are the challenges being faced by property owners, property seekers, property management regulators, and real estate agents during the course of their business activities in the city of Beira?”

This qualitative research was based on the premise that valuable data were collected through conducting face-to-face interviews among the thirty participants in this study. The thirty participants were made up of eight informal real estate agents, eight property owners, eight property seekers, three formal real estate agents, and three local government officials (property regulators). Six participants were purposively sampled from each of the five major residential areas in the city of Beira.

The interviewees were asked about the major challenges affecting the real estate and properties management industry. All the collected data were organized for entry into the Qualitative Data Analysis Computer program. This is an Excel Spread Sheets based program, whose results are summarized in a Pivot Table.

The results following this research show that the City of Beira is being faced with real challenges whereby the property industry is being managed haphazardly. The study revealed that there is little government or official private sector control to oversee the industry. The study recommends the urgent need for the local government and the private sector to intervene in the property management activities through setting up an active national or local real estate board, and or local real estate committee. This board or committee should serve to come up with laws and specific guidelines for these real estate and properties management activities.
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CHAPTER 1

INTRODUCTION AND ORIENTATION TO THE STUDY

1.1 BACKGROUND TO THE STUDY

Having realized that the real estate and property management industry also plays a crucial role towards the country’s Economic growth, this researcher found it necessary to take a keener look into this neglected, almost invisible, but very significant sector in the city of Beira, the second capital of Mozambique.

The topic of this area of study, `Challenges Facing the Real Estate and Property Management in Beira, Mozambique`, has not been seriously explored at national level in general, and at local (provincial level) in particular. As a matter of fact this specific area of study, that is both management and policy formulation in nature, is altogether a relatively new territory for the rest of the country. There are a few disjointed articles and journals though such as “Land market in Urban zones, Maputo”(Baia, 2002:4); Municipal Council of Maputo (CMCM, 1999:5); “Regularizing ‘informality’-Land reform and emerging urban land markets in post-socialist Mozambique”(Jenkins, 2001:8), and “Dynamic implications of Land Market in Mozambique” (Malauene, 2004:8). All these journals seek to deal with the issue of urban land distribution and the need for land reform, redistribution of all nationalized urban accommodation properties. The available literature has not done much to address the challenges in the real estate and properties management sector in any of the Mozambican cities.

The research in the area of real estate and property management is long awaited for step towards understanding the complexities in this sector. Whenever anyone wants to buy or rent a house, to buy or rent an office, it is inevitable in the city of Beira to come across these highly popular informal real estate and property management intermediates. They are called commisionistas in local language.

Many are cases reported particularly in independent national media. According to a specific report that was done by the national newspaper, Savana, the agencies enter into serious conflict with the property owners and property seekers, at times culminating
with death threats (Savana, 2010:9). Not only that but also in the provincial newspaper, Diario (2011:3), it said that “the real estate and management activities in the Mozambican three major cities, that is Beira, Maputo and Nampula, have become the hive of the illegal activities as perpetrated by the commissionistas who normally act as the society real estate and property management intermediaries. An urgent action should be taken by local authorities to address this culturally ingrained practice of informal and sometimes illegal business practices”

Through the national newspapers, and national radios, mainly Radio Mozambique, numerous complaints on weekly basis are witnessed from the public about the charging of commission from both buyers and sellers of the properties, unspecified threats when one refuses to give a second commission, incidence where the house agencies ending up robbing their very clients due to the simple fact that they would have fully inspected a property and now fully understand the house contents and security conditions. Many a time, shortly after these properties inspections by these so-called commissionistas, robberies and house breaking incidence are often reported among the unsuspecting houses and property owners.

In all honesty, it is rational that this kind of research takes off in an effort to bring deeper and clearer insights in the real estate and property management activities, related challenges and possible solutions to the phenomena.

1.2 THEORETICAL FRAMEWORK

The following section starts with defining and differentiating two fields of study, which is policy and management approaches, followed by a detailed historical background of the environment that led to the proliferation of the informal real estate and property management activities in Beira, Mozambique. For a better understanding of the subject and context, the discussion goes on to link the challenges in the real estate and property management sector with the country’s development stages in terms of political history, social context and human development, and the country’s economy.
1.2.1 Policy and Management Contextualized

A **Policy** is typically described as a principle or rule to guide decisions and achieve rational outcomes.

The term is not normally used to denote what is actually done; this is normally referred to as either procedure or protocol (Anderson, 2005). Policies are generally adopted by the Board of or senior governance body within an organization whereas procedures or protocols would be developed and adopted by senior executive officers. Policies can assist in both subjective and objective decision making. Policies to assist in subjective decision making would usually assist senior management with decisions that must consider the relative merits of a number of factors before making decisions and as a result are often hard to objectively test e.g. work-life balance policy. In contrast policies to assist in objective decision making are usually operational in nature and can be objectively tested.

A Policy can be considered as a "Statement of Intent" or a "Commitment". For that reason at least, the decision-makers can be held accountable for their "Policy".

This specific detailed study serves as a potential basis for informed, sustainable decision making among real estate and property industry policy makers in Beira in particular and Mozambique in general. The detailed analysis of real estate and property industry policies and laws of United States of America, Portugal and South Africa, also serve to give an objective view and orientation among the Mozambican real estate and property industry policy makers in general, and the government in particular.

**Management** in all business and organizational activities is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources and natural resources.
At first, one views management functionally, such as measuring quantity, adjusting plans, meeting goals. This applies even in situations planning does not take place. From this perspective, Henri Fayol (1841–1925), considers management to consist of six functions: forecasting, planning, organizing, commanding, coordinating and controlling. He was one of the most influential contributors to modern concepts of management.

Another way of thinking, Mary Parker Follett (1868–1933), defined management as "the art of getting things done through people". She described management as philosophy.

Therefore, this particular kind of study falls squarely into both policy and management category, though the nature of the study is more inclined into management. This study is intended to seriously contribute towards better management among the real estate agents, property managers and the property industry principals in the city of Beira in particular and the rest of Mozambique in general.

On the other hand, there may not be good management when there are no well-defined policies for the particular industry or business activities. Presently, there is no existing policies or guiding framework for any potential or existing investors in the real estate and property management sector in Mozambique. The researcher views the two concepts, policy and management as interdependent and closely linked towards an overally successful real estate and property management industry in Beira, Mozambique. This forms the principal reason why the researcher sought to address these two fundamental issues, that is both policy and management fields in this particular unique study in Mozambique.

1.2.2 Mozambique at a Glance

Mozambique is a country in transition. Located in Southern Africa, it borders six countries (South Africa, Swaziland, Zimbabwe, Malawi, Zambia and Tanzania) and has more than 2,500 km of Indian Ocean coastline. Following its long civil war, Mozambique has now successfully made the transition to peace, stability, and strong economic growth. According to 2009 population census, Mozambique`s population is about 23 million people (World Bank, 2009:16).
Although the poverty rate is decreasing, Mozambique is still among the world’s poorest countries, with 54 percent of the country living below the poverty line. Mozambique’s economic growth has been strong and sustained, with the gross domestic product growing at 4.5 percent in 2009. In particular, USAID is helping the Government of Mozambique and the private sector expand international market access for Mozambican products and enhance Mozambique’s competitiveness by promoting labor-intensive exports, supporting sectors with high potential for job creation such as tourism, and improving the business climate (USAID, 2009:22).

The Mozambican economy continues to have serious challenges in the areas of unemployment and high poverty levels. The country has four major cities among them being Maputo (the capital city), Beira (second capital city) and Nampula holds the third place, and Zambezia which takes the fourth place in terms of size and development. This study will be on the City of Beira, mainly because of the current massive economic growth and new mining business prospects in the city’s vicinity. The city of Beira continues to increase popularity both at national and international level, primarily due to the famous Beira International Port- the strategic hub to the Southern African Countries and beyond.

1.2.3 City of Beira

Beira is the second largest city of Mozambique; it is located in the province of Sofala situated in the central part of Mozambique. It holds the regionally-significant Port of Beira which acts as a gateway for both the central interior portion of the country as well as the land-locked nations of Zimbabwe, Zambia and Malawi.

The City of Beira has a population of about 600 000 people, with an average of 100 000 houses (INE, 2009:17). Like many other cities in Mozambique, Beira also suffered the effects of civil war that ended in 1992. There was serious destruction of property, which can still be physically witnessed to this very day. There are numerous abandoned sky rise buildings which have never been functioning since the end of the civil war.
Since the end of civil war, the city is continuously being developed; the property industry is among the sectors that are significantly contributing to the state revenue. Disposable incomes of individuals are increasing, thus resulting in families acquiring and developing properties mainly in the past five years (2008 to 2012). New business opportunities are arising particularly in the area of properties management and real estate brokerage activities.

There are numerous complaints that have since been witnessed on a weekly basis with respect to the buying and selling of properties, as well as in properties letting activities. As a matter of fact these negative reports have been on increase, particularly in the last two years (Zambeze, 2009:12). Many unsuspecting property owners and property seekers end up engaging the services of the property management agents, popularly known as ‘commissionistas’ in local language, that is to say the ‘commission people’.

Having realized these public concerns, the researcher thought it noble to do this empirical study to have an insight of the exact challenges and possible solutions to these issues of public interest. Not only that, but also the fact that the property industry has a significant economic value in the country’s economy. Giving a blind eye to such a crucial industry may not be doing justice to the modest Mozambican economy. The focus of this study is of national interest, however with special emphasis to Beira, the second capital city of Mozambique. Now, to have a better understanding of the real estate and property management in Beira and Mozambique at large we need to explain the political history of Mozambique.

1.3. POLITICAL HISTORY

1.3.1 Mozambican War of Independence

As communist and anti-colonial ideologies spread out across Africa, many clandestine political movements were established in support of Mozambican independence. These movements claimed that since policies and development plans were primarily designed by the ruling authorities for the benefit of Mozambique’s Portuguese population, little
attention was paid to Mozambique’s tribal integration and the development of its native communities (Dinerman, 1995). According to the official guerrilla statements, this affected a majority of the indigenous population who suffered both state-sponsored discrimination and enormous social pressure. Many felt they had received too little opportunity or resources to upgrade their skills and improve their economic and social situation to a degree comparable to that of the Europeans. Statistically, Mozambique’s Portuguese whites were indeed wealthier and more skilled than the black indigenous majority. As a response to the guerrilla movement, the Portuguese government from the 1960s and principally the early 1970s initiated gradual changes with new socioeconomic developments and egalitarian policies for all (Newitt, 1995:3).

The Front for the Liberation of Mozambique (FRELIMO) initiated a guerrilla campaign against Portuguese rule in September 1964. This conflict—along with the two others already initiated in the other Portuguese colonies of Angola and Portuguese Guinea—became part of the so-called Portuguese Colonial War (1961–1974). From a military standpoint, the Portuguese regular army maintained control of the population centres while the guerrilla forces sought to undermine their influence in rural and tribal areas in the north and west. As part of their response to FRELIMO, the Portuguese government began to pay more attention to creating favorable conditions for social development and economic growth (Ferreira, 1985).

After 10 years of sporadic warfare and Portugal’s return to democracy through a leftist military coup in Lisbon which replaced Portugal’s Estado Novo regime for a military junta (the Carnation Revolution of April 1974), FRELIMO took control of the territory. Within a year, most of the 250,000 Portuguese in Mozambique had left—from expulsion by the government of the nearly independent territory, some fleeing in fear—and Mozambique became independent from Portugal on June 25, 1975. In an act of vengeance, a law had been passed by the then relatively unknown Armando Guebuza in the FRELIMO party ordering the Portuguese to leave the country in 24 hours with only 20 kilograms of luggage. Unable to salvage any of their assets, most of them returned to Portugal (Couto, 2004). Unfortunately, the sudden unprecedented departure of the Portuguese people brought untold sabotage to properties and all assets that
belonged to these former colonizers. As a matter of fact until today, there are several high rise buildings in Beira whose elevators were permanently sabotaged, they were destroyed beyond repair. Not only that all the toilet systems and water ways were permanently blocked with cement and have stopped functioning since the departure of the Portuguese in 1975. All high rise buildings in Beira were not having fresh running water until about five years ago, that is from about year 2008. For better functioning of old buildings in Beira, new toilets and sewage systems had to be done otherwise all old pipe work and plumbing system were permanently damaged by the angry Portuguese people as an immediate visible way of retaliation against their sudden painful departure.

The real estate and property management industry suffered greatly from this serious sabotage background. Until today there are several structures that were abandoned and eventually got ruined without having found new inhabitants since independence. Since these kind of properties belong to the government, the interested investors or individuals can buy these ruins and completely destroy them to establish completely new structures, many times taking advantage of the well located business or residential sites. All these factors have contributed to the current confusion and slow progress in the formulation of real estate and property management policies and practices in the city of Beira.

Now, a closer look at the further negative effects to the real estate and property management industry caused by the Mozambican civil war will help in identifying the source of some of these challenges in the property sector.

1.3.2 Mozambican Civil War

The new government, under president Samora Machel, gave shelter and support to South African (African National Congress) and Zimbabwean (Zimbabwe African National Union) liberation movements while the governments of first Rhodesia and later South Africa (at that time still operating the Apartheid laws) fostered and financed an armed rebel movement in central Mozambique called the Mozambican National Resistance (RENAMO). Starting shortly after the independence, the country was plagued from 1977 to 1992 by a long and violent civil war between the opposition forces
of anti-Communist RENAMO rebel militias and the Marxist FRELIMO regime. This conflict, combined with sabotage from the neighboring white-rulled state of Rhodesia and the Apartheid regime of South Africa, ineffective policies, failed central planning and the resulting economic collapse, characterized the first decades of Mozambican independence. Marking this period were the exodus of Portuguese nationals and Mozambicans of Portuguese heritage, a collapsed infrastructure, lack of investment in productive assets, and government nationalisation of privately owned industries (Time Magazine, 1975). During most of the civil war, the FRELIMO-formed central government was unable to exercise effective control outside of urban areas, many of which were cut off from the capital. It is reported that in RENAMO controlled areas, which included up to 50% of the rural areas in several provinces, health services of any kind was isolated from assistance for years. The problem worsened when the government cut back expenditure on health care (Pfeiffer, 2003). At one time RENAMO proposed the peace agreement based on secession of their controlled northern and western territories to found an independent Republic of Rombesia, but FRELIMO refused considering having power in the whole country. An estimated one million Mozambicans perished during the civil war, 1.7 million took refuge in neighboring states, and several millions more were internally displaced (The New York Times, 1992).

On October 19, 1986, Samora Machel was on his way back from an international meeting in Zambia in the presidential Tupolev Tu-134 aircraft when the plane crashed in the Lebombo Mountains, near Mbuizini. There were ten survivors, but President Machel and thirty-three others died, including ministers and officials of the Mozambique government. The United Nations' Soviet delegation issued a minority report contending that their expertise and experience had been undermined by the South Africans. Representatives of the Soviet Union advanced the theory that the plane had been intentionally diverted by a false navigational beacon signal, using a technology provided by military intelligence operatives of the South African government (Truth and Reconciliation Commission Report, 2006).

The Mozambican civil war of 16 years resulted in total damage of numerous infrastructures, among them being, schools, bridges, roads, houses and offices in both
urban and rural places. There was total disarray in the real estate and property management sector particularly in cities where fighting was actually taking place such as Quelimane and Beira.

The death of President Samora Machel also gave a huge blow to possible international property developers since there was now a perceived political instability in this southern African country. Foreign investors shunned the country and many others once moved to neighboring countries such as Malawi, Zimbabwe and South Africa. Buying and selling of property effectively came to a halt during the Mozambican civil war. All Industries were closed; Mozambique became a refuge state during this darkest period in the country’s political and economic history.

Machel’s successor, Joaquim Chissano, implemented sweeping changes in the country, starting reforms such as changing from Marxism to capitalism, and began peace talks with RENAMO. The new constitution enacted in 1990 provided for a multi-party political system, market-based economy, and free elections. The civil war ended in October 1992 with the Rome General Peace Accords, first brokered by the Christian Council of Mozambique (CCM), Council of Protestant Churches and then taken over by Community of Sant'Egidio. Under supervision of the peacekeeping force of the United Nations, peace returned to Mozambique (J Pfeiffer, 2003).

By 1993 more than 1.5 million Mozambican refugees who had sought asylum in neighboring Malawi, Zimbabwe, Swaziland, Zambia, Tanzania, and South Africa as a result of war and drought had returned, as part of the largest repatriation witnessed in sub-Saharan Africa (Couto, 2004). This is strong evidence that the Mozambicans eventually became very poor to such an extent that no one could think of owning, buying and selling of property even soon after independence. Both local and international potential investors were traumatized and devastated by the destructive nature of the civil war. No one even thought of creating policies and management principles in this sector.

Following the peace agreement in 1992, and due to serious financial help and moral support by the international community, Mozambique started to show signs of recovery.
Now, the last two decades (to 2012) of peace have to a greater extent brought new lease of life to both Mozambican political and economic development. The Mozambican political outlook looks promising for the benefit of the real estate and property management industry.

1.3.3 Mozambican Political Outlook

The ruling party, Frente de Libertação de Moçambique (Frelimo), is set to remain the dominant figure in the political and economic landscape throughout the forecast period. President Armando Guebuza, has consolidated his influence although concerns remain that the leader’s management style is undermining the effectiveness of government decision. The underlying political pressure in support of a younger figure for the office has intensified.

With the next general election scheduled for 2014, political debate has revolved around the effectiveness of current strategies for poverty reduction, the changes to electoral law and the implications of the outcomes of the mayoral by-elections held in the cities of Cuamba, Quelimane and Pemba in the year 2012. Despite contrary recommendations from international and local electoral observation bodies, and strong opposition from other parties, the Frelimo controlled parliament passed an electoral law amendment resolution which allows political parties to be members of the National Elections Commission in spite of earlier threats by the opposition, (Noticias, 2012).

Resistência Nacional de Moçambique (Renamo) leader boycotted the mayoral by-elections, the electoral process ran smoothly, although turnout stood only at 20%, well below the almost 40% from the previous local elections in 2008. The ruling party, Frelimo, achieved overall victories, with the exception of Quelimane where the third party, Movimento Democrático de Moçambique (MDM) achieved a historic victory with the first mayor elected, outside Beira where the MDM leader, Daviz Simango is already mayor. Mozambique’s political and social context were characterised by some instability due to the recurring threats of the major opposition party leader, Afonso Dhlakama, to organise nationwide insurgency to protest against the “dictatorship” of the ruling party Frelimo. Opposition will undergo significant change over the next few years, as the
previously dominant opposition party, Renamo, is in disarray and may gradually be supplanted by a new challenger, the MDM, to which it is losing talent and support. There are signs of a split emerging within Renamo, with many members growing frustrated with the leadership of Afonso Dhlakama, who is viewed as becoming increasingly out of touch. However, the MDM will have to work hard to capitalise on Renamo’s weakness, as the party has yet to make much impact outside Beira, where its leader is mayor.

The sustained decrease in popularity of the combative RENAMO political party and its leader Mr Afonso Dhlakama, is bringing a new lease of life to the Mozambican population. The former civil war chief and his rhetoric threatening speeches are slowly dying down. Less and less people take the RENAMO leader seriously because the majority of Mozambicans don’t even want to hear of possibilities of war.

With increased peace, and growths in disposable incomes, more local peoples have started constructing houses in the cities such as Beira, more industries are opening each day, and more foreign investors have started and are willing to invest more in this peaceful and promising environment. These are typical good signs for potential eventual boom in the real estate and property management industry in Beira. A time has come now that property policies are formulated to guide growth and sustainability in this property sector. Better and serious management practices are required now and beyond.

With a promising political outlook, and for sustainable development in the real estate and property management sector, social context and human development issues need to be explored further.

1.4 SOCIAL CONTEXT AND HUMAN DEVELOPMENT

1.4.1 Developing Human Resources
There have been significant advances in relation to key indicators of human and social development, with a substantial decrease in the areas of child and maternal mortality and an increase in net enrolment rates.

According to the United Nations Development Program (UNDP) Human Development Report 2011, Mozambique ranks in the top 25 highest performers in the world, measured in absolute term increases, with an average increment of 2.49% since 2000. Despite the loss of one place in the ranking this year, the country fares well in regard to indicators for life expectancy and expected years of schooling. The current low ranking of 184th out of 187 countries is mostly due to a long-lasting low average of the Mean Years of Schooling indicator, by nature slow to upgrade.

Generally, human development and in particular in the area of education and training greatly contribute to globalization and the broadening of people’s horizons. This result in societal development, new ideas and projects are introduced to bring positive changes economically and in lifestyles thereby reducing levels of poverty.

In spite of the current efforts by the Mozambican Government to improve the country education system, it is sad that presently there is no known college that offer Real Estate Management related course. According to the Open Society Initiative for Southern Africa (2006;59), the current universities do not have real estate management programs and as such the government policies for real estate are developed and implemented by people who are not qualified in the discipline.

1.4.2 Poverty Reduction, Social Protection & Labour

According to World Bank Report (2012), in Mozambique 80% of the workforce has not completed upper primary school and only 13% completed secondary school. The skills profile poses serious challenges to the country in terms of improving productivity and employability of the labour force. The Government is pursuing an ambitious reform agenda to align the technical and vocational training system to the needs of the market, and to promote the financial sustainability of the professional education system to cope with the challenges of expansion of both quantity and quality of the training provided. This includes increasing private sector involvement in vocational training and monitoring
the dynamics of a fast-growing labour force and a fast-changing economy (creation of the Labour Market Observatory).

Interestingly, all the vocational training colleges that have since been developed up until now, the year 2012, by the Mozambican Government in all the 10 provinces of the country do not feature real estate or property management courses. Practically, there is no skills development in the real estate management sector in the whole country in general and in Beira in particular. In recent years, the developments on the ground particularly through these vocational training colleges, reveals that the government has been consistently focusing on new investments particularly in the Area of Tourism and Hospitality activities, Banking and Public & private Law. These are fairly new courses which were introduced in these new colleges since 2010. It appears that the Mozambican Government is yet to be convinced on the importance and contribution the real estate and properties management sector has to the overall economy.

Lack of jobs and government initiative in creating formal employment since the end of civil war has brought a lot of social unrest including the mushrooming of these dubious commissionistas in major cities of the country including Beira.

Service sectors such as Real Estate and Property Management has a big potential to help reduce unemployment levels if properly managed and if the government seriously looks at the policies and practices in guiding this industry.

It is estimated that 300,000 youths join the labour force every year. To address the pressing challenges of vulnerability and urban unemployment, the creation and rolling-out of safety nets are currently being pursued by the Strategic Plan for the Reduction of Urban Poverty (PERPU) aimed at the inclusion of youth and unemployed people in urban areas in the labour market, by empowering them with adequate skills. Though the creation of PERPU is a positive contribution to the society, there is no single mention of Real Estate and Property Management sector skills.

A big gap exists between all the currently available government initiatives in addressing the country poverty and unemployment issues, in relation to the current real estate activities challenges in the whole country, and in Beira in particular resulting in this kind
of study. Surely a big problem exists with respect to policy making and management issues in the sector of Real Estate and Property Management. For strategic development in the real estate and property management industry, youth’s employment should be promoted.

1.4.3 Thematic analysis: Promoting Youth Employment

Youth unemployment is a key development issue for Mozambique, with a high population growth rate of 2.8% and an estimated 300 000 new entrants into the labour market every year. The country has enjoyed high rates of economic growth in the past decade. However, growth has been largely driven by capital-intensive projects, particularly in extractive industries. Consequently growth has failed to generate sufficient employment and underemployment is widespread. The formal economy is largely urban in nature and accounts for only 32% of all employment. As a result, many of the new entrants into the labour market are forced into marginal jobs in the informal economy, both in rural and urban areas. Poverty is widespread both in rural and urban areas with 54.7% of the population living below the national poverty line of about USD 0.65 (18 MZN) a day. Reduction of poverty levels has stagnated over the past six years, largely due to the failure to generate employment and increase productivity in the agricultural sector.

Presently these unemployed youths are haphazardly getting involved in the industry, even without any related qualification and skills. As commissionistas, the youths are informally involving themselves in the real estate and property management industry where there is currently no proper management and does not exist the required legal guidelines. The absence of policy on real estate and property management as an investment vehicle for the youth reveal an existence of a big gap that needs to be filled by this kind of study.

The civil conflict which came to an end in 1992 left the economy and the education system in ruins and consequently jeopardized attempts to kick-start economic development. The two sectors of the economy that traditionally generate significant employment for youths are agriculture, and small & medium-sized enterprises (SME).
However, both of these sectors are facing significant constraints. Some 70% of the population lives in rural areas and depends on agriculture for its livelihood. The agricultural sector largely consists of subsistence farming with 99.6% of all farms being classified as small. Agricultural productivity has stagnated over the past ten years with only a minority of farms having access to services and markets. Overall SME growth is constrained by lack of access to affordable capital, heavy red tape and a poor business climate. Currently the SME sector accounts for 42.8% of employment in the country and has been growing at 7% a year. Possibility of having real estate management cooperatives or city commissions and eventually including them among SMEs may likely contribute significantly towards formal employment in the country.

Consequently, the ability of the two sectors to generate employment at a sufficiently high rate, either directly in the sector or indirectly through linkages, is currently limited or will require significant investments and reforms by the government.

Mozambique is estimated to have the lowest education level among its adult population in the world at 1.2 years of formal education. The low skills level of the labour force remains a significant issue both for employers who are unable to engage qualified labourers as well as for promoting a culture of entrepreneurship. Though the education level is improving, net attendance rate for secondary school is only 20%. Education is free, but there are costs associated with uniforms and school supplies which present a burden for the most vulnerable households. The increase in intake in the schools has put the quality of education under pressure and has led the government to lower the requirements for becoming a teacher in order to meet demand.

Furthermore, the low education level further makes training of employees a challenge and has led some foreign companies to resort to importing labour to fill key positions. To counter this trend and to promote the “Mozambication” of new projects, the government has established quotas for foreign workers, which range from 10% in small enterprises, to 5% in big projects. In a country with little or no sufficient experience in the real estate and property management activities, the highly limited established quotas for foreign workers has serious negative implications. Real estate and property management is a specialized service sector which heavily relies on specialised skills and related
experiences, not only that but also enabling environment where required policies should first exist for sustainable management in the industry. For a fairly young and growing economy such as ours, it is reasonable to assume that great investments and contributions should first be allowed to be done by the well trained and equipped foreigners, putting strictly small quotas will hinder the foreign investors initiative, resulting in the country losing potential crucial experiences from the long established economies such as those of Portugal, South Africa and so on.

The government’s development strategies include a 5-year plan (2010-14), PARP (2011-14) and Urban Poverty Reduction Strategy (2010-14) where employment is a priority. However, there is no specific strategy for promoting youth employment. Following the disturbances in Maputo and elsewhere in September 2010, the pressure on the government to create employment has increased. The government has indicated its interest in expanding work guarantee schemes to include youth, combined with social protection measures for the most vulnerable.

The International Labour Organization (ILO) has developed a Decent Work Country Program which has youth employment as a key area of focus. However, the program is not yet fully financed. The Government plans to create an employment observatory in 2012.

All these poverty reduction initiatives are noble and are very welcome news for the country’s development, however there is no specific strategy for promoting real estate and property management sector. There is no mention of any possible contributions to the economy by this crucial sector lying idle. A critical observation and analysis of these events has shown that there exist a gap created by these initiatives with regard to real estate and property management, resulting in this study.

1.4.4 Economy of Mozambique

At the end of the civil war in 1992, Mozambique ranked among the poorest countries in the world. It still ranks among the least developed nations with very low socioeconomic indicators. In the last decade, however, Mozambique has experienced a notable
economic recovery. Per capita GDP in 2006 was estimated at U.S. $320, a significant increase over the mid-1980s level of U.S. $120. With high foreign debt and a good track record on economic reform, Mozambique was the first African nation and sixth country worldwide to qualify for debt relief under the World Bank and International Monetary Fund (IMF) initial HIPC (Heavily Indebted Poor Countries) Initiative. In April 2000, Mozambique qualified for the Enhanced HIPC program and reached its completion point in September 2001. This led to the Paris Club members agreeing in November 2001 to substantially reduce the remaining bilateral debt, resulting in the complete forgiveness of a considerable volume of bilateral debt. The United States already finished the process and has forgiven Mozambique's debt.[online]. Available from: http://www.infoplease.com [Accessed: 03/01/11].

All these foreign countries and foreign donors initiative in the Mozambican government and economy is a practical sign that the Mozambican economy really needs the experiences and investment initiatives from these already established foreign countries too. No individual country is 100% independent, hence even for the country’s current challenges in the real estate and property management industry really needs basic contribution from foreign investors from these concerned developed economies. A serious analysis of how these developed countries are managing their own real estate industries would help bring sanity to our economy too.

The resettlement of civil war refugees, political stability and continuing economic reforms have led to a high economic growth rate. Between 1994 and 2006, average annual GDP growth was approximately 8%. Mozambique achieved this growth rate even though the devastating floods of 2000 slowed GDP growth to 2.1%. The World Bank is predicting average growth of 7% through 2008. Future strong expansion requires continued economic reforms, major foreign direct investment, and the resurrection of the agriculture, transportation, tourism and properties sectors. Focusing on economic growth in the agricultural sector is a major challenge for the government. Although more than 80% of the population engages in small-scale agriculture, the sector suffers from inadequate infrastructure, commercial networks and investment. [online]. Available from: http://www.infoplease.com [Accessed: 03/01/11].
Though the government intent to focus more on agricultural sector, a gap surely exist with respect to other crucial sectors to the economy such as the service sector in general and real estate and property management sector in particular. Focusing on this crucial sector will mean creation of the enabling environment such as formulation of the necessary policies first, and the private sector left to develop the management side. This gap is sought to be addressed by this typical study.

1.5.1 THE STATEMENT OF THE PROBLEM

Mozambique society in general is well known locally for a deep rooted culture of using the unregistered informal real estate and property management agents for all their residential and business property needs. This study focuses on the City of Beira in particular; endeavouring to establish the underlying challenges affecting the real estate and property management sector in Beira. Investigation is also done on the possible and feasible related long term solutions to the challenges in this particular sector.

There have been frequent reports of robberies and serious fights among property owners, prospective buyers, and the individual real estate agencies, *commissionistas*. This research explores the challenges facing the real estate and properties management sector, in the city of Beira, the second largest city in Mozambique. In the recent past two years, there has been a growing interest on this subject particularly at provincial level through the provincial radio stations such as *Radio Cidade, Radio Piea*, and provincial newspapers such as *Diario*. What puzzles this researcher is that a greater percentage of property rentals and sales are handled by these individual illegal agencies. Interestingly, these informal real estate agencies now seem to be well networked, and this form of business is increasingly becoming accepted in the society. The public continues to utilise the agencies whenever there is need for their services. This study seeks to get to the core of these issues and bring them to the public for the necessary strategic decision making to be taken from an informed basis. Thus, the problem statement for this study is stated, ‘“The real estate and property management
systems for Beira City are facing major management challenges because of lack of legal policies”.

1.5.2 AIM OF THE STUDY

The aim of this research is to establish the real underlying challenges affecting the real estate and property management services in the city of Beira, the second capital city of Mozambique.

1.5.3 OBJECTIVES OF THE STUDY

This study seeks to achieve the following specific three objectives:

- To identify the different activities being done by the commissionistas, that is the informal real estate and property management agencies in Beira;

- To identify the challenges being faced by property owners, property seekers and commissionistas during the course of their business activities in the city of Beira;

- To determine the causes of proliferation of the commissionistas in Beira.

Being the first of its kind in the Mozambican real estate and property management sector, this study shall serve to be reference document for the decision making of both the policy makers, and the property industry principals and agents better management practices.

The study shall add new and well documented knowledge to the public about the diverse challenges being faced by the property owners, policy makers, property seekers and real estate agents in the city of Beira.

New knowledge will also be added to the public on the possible lasting solutions to the haphazardly managed real estate and property management sector in Mozambique, and in Beira in particular.
The study shall contribute immensely to all the future researchers, which are both in the management or policy making field of this real estate and property industry in the country of Mozambique. This study shall serve as the starting discussion document among all the stakeholders and interested parties in the long neglected Mozambican property industry in an effort to bring sustainable development and business practices in this area.

1.5.4 RESEARCH QUESTIONS

- What are the activities of commissionistas in the real estate and property management sector in Beira?
- What are the challenges being faced by property owners, property seekers and commissionistas during the course of their business activities in the city of Beira?
- What are the causes of proliferation of the commissionistas in Beira?

1.5.5 ASSUMPTIONS OF THE STUDY

- The government of Mozambique does not have qualification standards for real estate principals and property sales agents.
- Majority of Mozambique nationals who own houses and offices in Beira do not have title deeds.
- Mozambique government does not have legal bodies to monitor the activities in the real estate and property management sector.
- Commissionistas are unregistered informal real estate agents who are not recognized by the Mozambican government and by the Ministry of Finance in particular. Their purported business activities are largely considered illegal by the Mozambican authorities.
This study which is in its very nature a both management and policy document in the real estate and property management sector is entirely a new territory, and is considered pioneer in this particular field in Mozambique.

1.5.6 SIGNIFICANCE OF THE STUDY

This study is crucial to all the inhabitants of the city of Beira, and to the rest of the Province of Sofala as it is to the rest of the nation. Through the study, all the property owners, property seekers, government authorities (policy makers) and all the existing legal real estate and property management institutions shall have a well documented and better understanding of the challenges facing the real estate and properties management sector. Not only that, but also the factors that are contributing towards the proliferation of the activities of the commissionistas, the informal real estate agencies. The findings in this study could also help the stakeholders in the property and real estate industry to make sound decisions towards sustainable development in this crucial sector. The study shall be very useful to the research community in the real estate and property management industries of different countries.

The study will help to design real estate management courses and marketing courses, in Mozambique. The study shall not serve only Mozambique, but also other developing countries and economies around the world whose real estate industries are still under developed.

A detailed study of this nature is really imperative for sustainable development in this one of the Mozambican economy’s crucial sectors. This researcher believes that this piece of research work will strongly contribute and publicly persuade the government and interested stake holders in realizing the level of importance of this real estate and property management sector.

The study seeks to provide the present and future basis for management and policy formulation in this sector. The peace of work will also help the public to see this sector as critical among other service sectors such as Banking and Tourism. In fact the property management and real estate activities are a way of investment that is not being
managed properly to reduce poverty in this one of the top ten of the world’s poorest nations (USAID:2012). A better management of this sector will surely help in improving the Mozambican public life. More people will be formally employed; more revenue will be generated by the government out of these investments. These revenues will be eventually used by the local governments to improve public life, thus greatly contributing towards poverty reduction and improvement of the generally poor Mozambican people’s lifestyles.

1.5.7 DELIMITATIONS OF THE STUDY

Participation in this study is delimited to the City of Beira, the second capital of Mozambique. The city has a target population of six hundred thousand people, with an average of one hundred thousand houses (INE, 2009).

The study consists a total of thirty participants, where by six participants were selected from each of the five major residential areas in the city of Beira. This helped to get rid of possible bias in residential areas chosen. These residential areas are a mixture of low density, middle density and high density areas.

The six participants per residential area are divided into Formal Property Agents, Informal Property Agents (*Commissionistas*), Property Owners, Policy Makers and Property Seekers.

The study consists of thirteen women and seventeen men, mainly due to the fact that most of the informal agents are men. The study considered a minimum maturity age of 21 years among all the participants.

1.5.8 LIMITATIONS OF THE STUDY

Limitations beyond this researcher´s control were exaggerated views and responses from some participants just in an effort to impress and due to inherent fear of victimization particularly in the areas where some property management activities were
being done illegally, particularly by some of commissionistas. However, assurance of no evil intentions in the research was repeatedly expressed to the participants.

Although the researcher strongly believes the similarity of property management activities among all the country’s major cities, a particular limitation exists to this study in terms of location of the case study; that is the fact that the sample was taken from only one particular city of Mozambique, that is Beira.

The researcher also wishes to highlight the use of the name commissionista. This name is not a formal name; however it is an overall accepted name among all the informal real estate and property agencies in Mozambique. Commissionista is a name stereotyped with high commission charges, and sometimes associated with negative and dubious activities performed by some of these highly mobile unregistered agencies.

The interview guide and data collection was actually done in Portuguese Language. However, half of the commissionistas preferred speaking in the local language, Ndau and Sena. Irrespective of the fact that the researcher has basic knowledge of these local languages, greater effort was put to correctly interpret these traditional languages into formal Portuguese Language and later into English and this could be a limitation.

1.6 REVIEW OF RELATED LITERATURE

The specific study in the real estate and property management sector in Mozambique is a novel subject. This area has never been seriously and critically explored in all the available research work in the country. Most available literature are journals and mere news paper articles showing some of the daily challenges that are met between commissionistas and property owners. The fact that the research focuses on two distinct fields, that are management and policy, make it more unique from all available literature both locally and international.

Detailed literature review is however explored in both Chapter 2 and Chapter 3, that international and national literature respectively. The international related literature features United States of America, Portugal and South Africa.
1.6.1 RESEARCH METHODOLOGY AND DESIGN TO BE USED

The study adopted a qualitative research approach since it involves more open-ended, free-response, unstructured and structured interviews, observations or diaries and allows the subject to speak for himself/herself (Neuman, 1997:14). The qualitative research approach was used as it afforded the participants the freedom to present data from their perspective while data collection was open and flexible, taking into account the relationship between the researcher and the participants.

The research design adopted for this study is that of a Case Study of the real estate and property management stakeholders in the City of Beira; to investigate the challenges facing real estate and properties management sector in the City. Greater detail relative to both methodology and design used in this study are well documented in Chapter 4.

1.6.2 ETHICAL AND LEGAL CONSIDERATIONS

The researcher sought permission from the office of the mayor of Beira. Access to respondents` premises was formally requested and agreed upon as per each individual participant`s own discretion. There was no discrimination on gender, and the minimum age for all the participants was strictly 21 years. During the study there were two major concerns raised by the participants that is informed consent and confidentiality, these issues are also noted by Hubert (2008), and Kitchin & Heather (2007). Detailed issues on ethical considerations and the special attention on subject of consent and confidentiality are found in Chapter 4.

1.6.3 DEFINITIONS OF SPECIAL TERMS AND ABBREVIATIONS

Commissionista- this is the name given to the informal and unregistered real estate agents in the local language. This is derived from the typically high commission these agents demand for their intermediation activities.

Principals- These are the owners of real estate and property management businesses.
**Property management**- involves the managing of property that is owned by another party or entity. The property manager acts on behalf of the owner to preserve the value of the property while generating income. Property managers are paid a fee and/or a percentage of the rent brought in for the property while under management. [online].Available from: http://www.investopedia.com [Accessed: 13/10/11].

**Real Estate Agent/Broker**- is a person licensed to arrange the buying and selling of real estate for a fee. A real estate broker acts as an intermediary between the parties selling and buying the real estate.[online].Available from: http://www.investorwords.com [Accessed: 15/10/11].

**ABBREVIATIONS**

**ANC**- African National Congress

**BEE**- Black Economic Empowerment;

**MCM**- Municipal Council of Maputo

**FRELIMO**- National Front for the Liberation of Mozambique

**INE**- National Statistics of Mozambique

**GDP**- Gross Domestic Product

**HIPC**- Heavily Indebted Poor Countries

**IMF**- International Monetary Fund

**Renamo**- Mozambique National Resistance

**USAID**- United States Agent of International Development

**VAT**- Value Added Tax
1.6.4 CHAPTER SUMMARY

By way of conclusion, the focus of this study, challenges facing the real estate and properties management sector in Beira, was defined and explored from a local and national context. Within this exploration, particular emphasis was placed on the four major active stakeholders in the property industry; these are the property agents popularly known as commissionistas, the property owners, the policy makers and property seekers. The other areas covered in detail were theoretical framework, rationale of the study, significance of the study, delimitations, and limitations, and definition of special terms were all covered.

In the next chapter, a review of the related literature at international level will now be considered. The review of literature, existing policies and management practices in the real estate and property management sector will be done. Three countries will be considered that is United States of America, Portugal and South Africa.
CHAPTER 2

REVIEW OF RELATED LITERATURE AT INTERNATIONAL LEVEL

2.1 INTRODUCTION AND BACKGROUND

The subject of challenges affecting real estate and properties management in the City of Beira, Mozambique has had very limited input from local researchers. It is important to note that this specific research is breaking new grounds in Mozambique`s real estate industry. The few available studies are particularly noted to come from the international community through their Non-governmental agencies that operate in the Mozambican`s three main cities, that is Maputo, Beira and Nampula.

The low levels of economic and social development in Mozambique, and lack of much needed initiative in addressing the ills of the real estate and property management industry, imply that lessons from already developed and established countries will surely serve to give a sense of direction and motivation to the local policy makers. Globalisation is an inevitable and an unstoppable reality, and Mozambican policy makers should be encouraged and positively challenged in this light. To attract local and international foreign investors in the real estate and property management industry, international trends in terms of industry development policies, businesses and investors protection are all basic necessities. Not only are that, but also the assurance of a conducive business environment and sustainability in business initiative all critical and basic international and local investors` rights. Surely Mozambique needs this kind of study for a much needed leap forward in this one of the poorest countries in the world.

To assist in pursuing proper and sustainable real estate management activities, as well as to make sound national policies in the industry, a great effort has been made to look deeply into international literature, existing and tested policies and activities of both developing countries such as South Africa, as well as developed and mature economies such United States of America & Portugal. This critical international literature review looks at the concepts such as real estate, real estate agent, management, property
management, types of properties, real estate, risk management, policy formulation, and strategic management in the real estate and property management industry in the respective countries.

Now, in the following sections, is related literature in the context of the United States of America.

2.2 UNITED STATES OF AMERICA RELATED LITERATURE

2.2.1 REAL ESTATE AGENT/ BROKER

According to Florida Statutes (2007), a real estate broker or real estate agent is a person who acts as an intermediary between property sellers and buyers of real estate. In the United States, the relationship was originally established by reference to the English common law of agency, with the broker having a fiduciary relationship with his clients.

Estate agent is the term used in the United Kingdom to describe a person or organization whose business is to market real estate on behalf of clients, but there are significant differences between the actions and liabilities of brokers and estate agents in each country. Beyond the United States, other countries take markedly different approaches to the marketing and selling of real property.

In the United States, real estate brokers and their salespersons (commonly called "real estate agents" or, in some states, "brokers") assist sellers in marketing their property and selling it for the highest possible price under the best terms. When acting as a buyer's agent with a signed agreement (or, in many cases, verbal agreement, although a broker may not be legally entitled to his commission unless the agreement is in writing), they assist buyers by helping them purchase property for the lowest possible price under the best terms (National Association of Realtors, 1986). The real estate broker is obligated to provide fiduciary duties to whomever that broker services as
client, this agency relationship can become very confusing; if the broker is helping both the buyer and seller, this is called dual agency. Traditionally, the broker represents the seller, and has a fiduciary duty to the seller. If the broker suggests to the buyer that he will help them negotiate the best price, then it is said the broker is practicing undisclosed dual agency, which is unethical and illegal in all states. Under a dual agency transaction it is vital that the broker discloses to either/or part whom they represent as client, and whom they represent as customer. A real estate broker owes his client fiduciary duties, those duties include care, confidentiality, loyalty, obedience, accounting & disclosure. A real estate broker owes his customer fair & honest dealing. A real estate broker must request all parties (seller & buyer) to sign a dual agency agreement, to protect their license (National Association of Realtors, 1986).

In most jurisdictions in the United States and around the world, a person must have a license before they may receive remuneration for services rendered as a real estate broker. Unlicensed activity is illegal, but buyers and sellers acting as principals in the sale or purchase of real estate are not required to be licensed. In some states, lawyers are allowed to handle real estate sales for compensation without being licensed as brokers or agents.

The United States of America and its related economic developments are surely not purely independent from the influence from other developed countries and in the area of real estate and property management activities in particular. For that reason, the next focus is on Impact of globalization on the real estate brokers’ activities.

### 2.2.2 The Impact of Globalization on Real Estate Agents’ Activities

Globalization has had an immediate and powerful impact on real estate markets, making them an international working place. The rapid growth of the Internet has made the international market accessible to millions of consumers. A look at recent changes in homeownership rates illustrates this. Minority homeownership jumped by 4.4 million during the 1990s, reaching 12.5 million in 2000, according to the Fannie Mae Foundation (USA) (2005). Foreign direct investment in U.S.A. real estate has increased
sharply from $38 billion in 1997 more than $50 billion in 2002 according to U.S. 2000 Census data (Consumer Reports, 2005).

Most local real estate agents view the foreign market as a significant revenue potential and may have already worked with international clients in their local market, new immigrants or more sophisticated investors from different cultures and from other countries. For example, they provide value-added services that help overseas relocation employees figure out which inoculations their children need and how to register a car. Real estate brokers want to keep central to the transaction, protect the best interests of their members and address the unique needs of each multicultural global client by acquiring specialized training and designations.

In 2007 the Mexican Association of Real Estate Professionals in Mexico, AMPI, and the National Association of Realtors (NAR,) in the United States, signed a bilateral contract for international real estate business cooperation. Also at the local level, many other state and local associations are helping other countries achieve the same result. For instance, in New Mexico, a historically multicultural state, under the Realtor Association of New Mexico (RANM) and the President's Advisory Council, is looking into forming an ambassador association to help a foreign country into signing a bilateral agreement with the NAR. In New Mexico, there are 4500 licensed real estate professionals. A "Management Guide For Real Estate Associations" exists, which is a publication of the International Real Property Foundation (IRPF), which was funded by the National Association of Realtors (NAR) and the Reaume Foundation in the USA. The IRPF, in its Web site, regarding The Caux Round Table (CRT) principles, states that: "Ethical perceptions and international business is highly influenced by cultural differences. Because of cultural and ethical relativism, real estate business that is conducted across national boundaries may discover ethical conflicts. Major ethical issues that complicate international business activities include sexual and racial discrimination, price discrimination, bribery, harmful products, and telecommunications (enforcement of country-specific laws, copyrights, and questionable financial activities). A good document for reference in developing an association Code of Ethics in conjunction with such principles is "The Caux Round Table Business Principles of Ethics" (1995).
Because of the particularities and the nature of international transactions between real estate agents of different countries, the Real Estate Code of Ethics of each country are excellent to regulate the ethics of each member in its own jurisdiction, but in the case of complex international real estate transactions were sometimes ethical conflicts arise, there is a need to have a group of principles more adjusted to international transactions were two or more real estate agents of different countries participate in real estate brokerage businesses. For example, in USA, in the NAR-FECEPAC memorandum of understanding of February 2003, a commitment was set to promote and adopt the respective code of ethics, standards and norms, but there is nothing specific mentioned for complex ethical matters in international transactions. There was surely a commitment to cooperate with a foreign agent to work in local markets different from the foreign agents market. As an example, it can be noticed that the NAR-CSBR Bilateral Cooperation Agreement of November 12, 2001 also created a commitment to promote and enforce mutually acceptable codes of ethics (Code of Ethics meaning those that been promulgated by the cooperating associations for use in their respective countries, each of which is acknowledged to be acceptable to the other). Again, as the IRPF says "Ethical perceptions and international business is highly influenced by cultural differences. Because of cultural and ethical relativism, real estate business that is conducted across national boundaries may discover ethical conflicts". There is also nothing specific mentioned for complex ethical matters in international transactions, whilst the agreements do provide to seek to facilitate business opportunities for members of the cooperating associations who may be working in each other’s markets, and also initiating and hosting trade missions. The bilateral agreement between NAR and CSBR also states that both parties agree to enforce their respective codes and advice the other of subsequent modifications to its code of ethics.

Some association members of Central American Real Estate Associations who are practicing agents and are involved in real life transactions on a daily basis have expressed their concern in the sense that at the moment of ethical conflicts with foreign colleagues, they have not had at hand any practical instrument that can serve to resolve ethical conflicts (even though agreements that make reference to code of ethics do exist).
Because the Caux Round Table principles are designed by corporate leaders and provide a model of how a good corporate citizen behaves in the countries and markets where it penetrates being a foreign entity, these principles could serve to reduce the fear of local brokers to foreign competition, provide an ethical framework against asymmetry of participants in free trade of services in our industry, and will permit that Central American association members that see an advantage in opening their country markets to competition, and that see advantages in having foreign strategic partners to work out their own local markets (e.g.: local Central American brokers partnering with United States brokers to work Central American Markets), keep promoting competition, globalization of business, and free trade of services.

In Mozambique, presently, there are really limited foreign buyers. New foreign buyers started to enter in 2010 such as Gold Palming, a South African real estate international company. Another very recent foreign buyer is Remix Real Estate which entered the market in 2011. The coming in of foreign buyers is a clear sign of globalization. These players’ help by bringing their constructive and sustainable policies and management concepts which help standardize the Mozambican real estate industry. For now, in Mozambique and in Beira in particular, there are no foreign associations known to the public yet. Having these foreign buyers and associations in a similar fashion to the Florida real estate activities would be highly desirable for the country of Mozambique in general and for the city of Beira in particular. The desire to globalize the country’s real estate activities in pursuit of sustainable development in the sector is resulting in keener look into the Real Estate Activities in Florida State.

2.3 REAL ESTATE ACTIVITIES IN FLORIDA STATE (USA)

2.3.1 Brief History: Colonial and Territorial Period

In a working paper entitled, ``A Brief Florida Real Estate History`` by Cumming, Jr. (2006), says Florida was established as a military and agricultural colony of Spain. It
also developed a tourism industry when it was still a frontier and has had numerous real estate booms and busts in the 493 years since its discovery by Juan Ponce de Leon in 1513. Florida was discovered by Ponce de Leon in 1513 that landed in the vicinity of present day St. Augustine. Ponce de Leon named the new land "Pascua de Florida" (feast of flowers) because he first spotted it on April 2, 1513, Palm Sunday. St. Augustine was founded in 1565 by Pedro Menendez de Aviles as a colony of Spain and was the northernmost Spanish outpost designed to protect the trade routes of the Spanish treasure fleets carrying gold, silver, gems, cocoa, spices, and other exotic goods back to Spain. The construction of the Castillo de San Marcos, a coquina fortress, began in 1672 on the site of nine earlier wooden forts, as a defensive move to counter the new English colony of Charles Towne (1670) in the Carolinas. Pensacola was permanently colonized in 1698. The Spanish had established three main ranching areas in the Gainesville, Palatka, and Tallahassee areas during their colonial period. The first Florida land boom occurred between 1782 and 1784 when British Loyalists families fled the American Patriots after the Revolutionary War and settled in St. Augustine and along the upper St. Johns River. During this period of time the English living in Florida increased by 280%. Florida became a territory of the United States in 1821 and the 27th state on March 3, 1845. A new territory meant new opportunity and a land boom in Florida (Brown, 2000).

As agricultural development boomed in north Florida, after 1821, at its southernmost tip, Key West grew into Florida’s largest town by 1850. After the United States bought the Louisiana Territory from France new ports were developed along the Gulf Coast and the hazardous Florida Straits became one of the business shipping routes in the world. Key West with its natural harbor and strategic location was established as a salvage port and eventually a military base and was one of the richest towns in the United States on a per capita basis at the time (Doe, 2009).

This typical reference clearly demonstrates that ‘Rome was not surely built overnight’. Societal and economic development is a process. The Florida case will serve to demonstrate that even the young and formerly devastated economies like that of Mozambique have a great potential for development, what is important is focus and
determination. Challenges are always inevitable along the way; however with determination, the agricultural based economy of Mozambique has a potential to shift to even become service sector driven economy, talking of tourism, banking, and real estate activities. Now, after lots of challenges in Florida real estate activities, a new era arrived, that is the period of recovery and stabilization.

2.3.2 1990s Recovery and Stabilization

According to Cumming, Jr. (2006), the result of the 1980s building boom and subsequent bust was the savings & loan crisis. This resulted in the savings & loan bailout by the Federal government in 1989 through the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). FIRREA, Title XI resulted in The Appraisal Foundation being authorized by Congress as the source of appraisal standards and appraiser qualifications and ushered in state certification of real estate appraisers in the early 1990s. The Appraisal Foundation developed and updates the Uniform Standards of Professional Appraisal Practice (USPAP), which governs the development and reporting of real estate consulting & valuation services. The result of FIRREA, the savings & loan bailout, and the Resolution Trust Corporation (RTC) was a huge increase in the demand for qualified real estate analysts and real estate valuation & consulting services.

The commercial real estate market in general began its early recovery in 1995 and strengthened until 2000 at a moderate pace. The late 1990s saw a tremendous stock market boom driven by the rapid development of the Internet and the dot-com phenomenon. In early 2000 the stock market led by the dot-com bust, or tech-wreck, saw a major market correction. The stock market recovered somewhat when the United States was attacked by radical Islamic terrorists in 2001. The financial markets reacted negatively and economic activity ground to a halt.

The Florida recovery and stabilization period shows that it took the initiative of the Federal government to encourage savings and did loans bailout through financial sector reforms. The Financial sector had to work closely with the private sector to promote
investments in the likes of real estate and property management activities resulting in the determined recovery of the Florida State from a serious crisis such as that of Mozambique following a civil war of 16 years. The Florida story is an encouraging one, surely the government initiative and working together of different sectors in support of government investment initiatives can bring a very successful economy in general and service sector such as real estate sector in particular. The Florida case has another interesting economic and real estate activities challenges and development in the year 2000 and beyond.

2.3.3 2000s and the Current Boom

After the September 11, 2001 (9-11) radical Islamist terrorist attack on America, the US automobile manufacturers led by General Motors began offering zero percent financing to qualified borrowers to attract car buyers who abandoned show rooms in the weeks following 9-11. The Federal Reserve rapidly lower the Federal Funds Rate sending mortgage interest rates into a nose dive dropping to a 40 year low and demand for houses, condominiums, remodeling & renovation, and home furnishings began to spike sharply upward in 2002. Credit unions and mortgage brokers and “securitization” have replaced the old savings & loan association model in financing the current residential real estate boom. The stock market remained in the doldrums with a slight upward trend. A large amount of the investment capital that would normally flow into the stock market was diverted to the real estate market having the greatest impact on the housing market, particularly the condominium market sector, but still impacting the commercial and investment sector by driving capitalization rates down and increasing values with very limited increases in property net operating income.

The day-traders of the dot-com boom became condo-flippers, speculators, aggressively driving up prices in many “nearly dark” new condominium projects (Szakonyi, 2011). In pursuit of quick cash and profits, building of condominiums suddenly became fashionable. Adding to the new condominium construction boom is the massive conversion of rental apartments to condominiums. The driving force behind the condo
conversion phenomenon is the excessive price premium that buyers will pay for condominium units over the market rent derived value indication of those same housing units as apartments. This results in a substantial economic disconnect and imbalance. A housing bubble often results in the misallocation of investment capital into the housing market creating too many houses, the wrong sort of housing (e.g., excessive condominium development, particularly condo-conversion of apartments), poorly located housing, poorly designed housing units, and poorly designed developments. It should be noted that some new condominium projects are reportedly 70% to 80% “investor”-owned units. It is interesting to note the land promoters of the 1920s and 1960s migrated into the condominium industry in the early 1970s and seem to be back again.

According to Cumming, Jr. (2006), a study by the National Association of Realtors (NAR) found that about 23% of all American houses bought in 2004 were for investment, or speculation. Another 13% of houses were bought as second homes. Investors are prepared to buy houses and condominiums they will rent out at a loss, just because they think prices will keep rising. Household incomes have not kept pace with the run-up in housing prices creating a fundamental imbalance as more consumers “stretch” to buy with aggressive financing techniques including adjustable rate mortgages (ARMs), interest-only mortgages, and zero down payment mortgages.

The September 11 terrorists attack to the USA brought an unprecedented economic and social crisis in that country. The New York stock market suddenly crushed and brought social unrest and untold suffering for the Americans. Scrupulous business people took advantage of this crisis and started establishing condominiums everywhere charging speculative high prices causing further suffering to the population. This business approach is synonymous to the Mozambican influence of commissionistas, the informal real estate agents who are running the shows at the moment. The commissionistas are taking economic advantage of government’s lack of control in the Mozambican real estate and property management sector. About 20 years after the Mozambican civil war, Beira citizens and private investors have suddenly started to build houses and business properties. Now the government has been overtaken by
these informal players in the economy. In fact, currently there are no policies and guidelines that exist with respect to real estate and property management activities in the country. Now, Property Management in the USA will help bring further insight into the overall USA real estate activities.

2.3.4 PROPERTY MANAGEMENT IN THE USA

Most states require property management companies to be licensed real estate brokers if they are collecting rent, listing properties for rent or helping negotiate leases (National Association of Realtors, 1986).

A property manager may be a licensed real estate salesperson but generally they must be working under a licensed real estate broker. Most states have a public license check system on-line for anyone holding a real estate salesperson or real estate broker's license. A few states, such as Idaho, Maine, and Vermont do not require property managers to have real estate licenses. Other states, such as Montana, Oregon, and South Carolina, allow property managers to work under a property management license rather than a broker's license. Washington State requires Property Managers to have a State Real Estate License if they do not own the property. Owners who manage their own property are not required to have a real estate license in many states; however, they must at least have a business license to rent out their own home. Owners who do not live near the rental property may be required, by local government, to hire the services of a property management company.

Third-party apartment property managers must be licensed with the California Department of Real Estate as a Real Estate Broker. A broker's license is required for any person or company that, for compensation, leases or rents or offers to lease or rent, or places for rent, or solicits listing of places for rent, or solicits for prospective tenants, or negotiates the sale, purchase or exchanges of leases on real property, or on a business opportunity, or collects rents from real property, or improvements thereon, or from business opportunities (Businesses and Professions Code, Chapter 3). Detailed
and specific guideline into the real estate activities are found in the official Florida Real Estate Broker License Requirements.

### 2.3.5 Florida Real Estate Broker License Requirements

According to *Property Management Law in Florida (Florida Statutes (Title Xxxii), Chapter 475)*; real estate broker licensing requirements include the following:

**Age:** Must be at least 18 years of age.

**High School:** Must have a high school diploma or equivalent.

**Experience:** Must have held a current real estate sales associate license for at least 24 months during the 5 year period immediately preceding becoming a licensed broker.

**Education:** Successfully complete a Florida Real Estate Commission (FREC) approved pre-licensing course for brokers, consisting of 72 classroom hours and covering specified topics. Courses are valid for licensure purposes for two years after completion. In addition, successfully complete a FREC-approved post-licensing course for brokers, consisting of 60 classroom hours before the initial broker license expires.

**Exam:** Pass the Florida Real Estate Broker Examination with a grade of at least 75%.

**Application:** Complete and submit broker license application which is available online.

### 2.3.6 Florida Real Estate Salesperson License Requirements

Florida real estate salesperson licensing requirements include the following:

**Age:** Must be at least 18 years of age.

**High School:** Must have a high school diploma or equivalent.

**Education:** Successfully complete a Florida Real Estate Commission 63-hour sales associate course.
Trustworthiness: Must be of good moral character; must have a background check and submit fingerprints.

Exam: Pass the Florida Real Estate Sales Associate Examination with a grade of at least 75%.

Application: complete and submit sales associate license application which is available online.

2.3.7 Extract: The 2012 Florida Statutes (Title Xxxii), Chapter 475, of the Regulation of Professions and Occupations:

Now, for closer and more objective analysis of the real estate and property management activities in the state of Florida in United States of America, an extract, a brief summary of the 2012 Florida Statutes (Title Xxxii), Chapter 475: Articles 1 to 7, of the Regulation of Professions and Occupations: Real Estate Brokers, Sales Associates, Schools, and Appraisers; reads as follows:

475.17 Qualifications for practice.—

(1)(a) An applicant for licensure who is a natural person must be at least 18 years of age; hold a high school diploma or its equivalent; be honest, truthful, trustworthy, and of good character; and have a good reputation for fair dealing. An applicant for an active broker’s license or a sales associate’s license must be competent and qualified to make real estate transactions and conduct negotiations therefore with safety to investors and to those with whom the applicant may undertake a relationship of trust and confidence. If the applicant has been denied registration or a license or has been disbarred, or the applicant’s registration or license to practice or conduct any regulated profession, business, or vocation has been revoked or suspended, by this or any other state, any nation, or any possession or district of the United States, or any court or lawful agency thereof, because of any conduct or practices which would have warranted a like result under this chapter, or if the applicant has been guilty of conduct or practices in this state or elsewhere which would have been grounds for revoking or suspending her or his
license under this chapter had the applicant then been registered, the applicant shall be
deemed not to be qualified unless, because of lapse of time and subsequent good
conduct and reputation, or other reason deemed sufficient, it appears to the commission
that the interest of the public and investors will not likely be endangered by the granting
of registration. The commission may adopt rules requiring an applicant for licensure to
provide written information to the commission regarding the applicant’s good character.

(b) An application may be disapproved if the applicant has acted or attempted to act,
or has held herself or himself out as entitled to act, during the period of 1 year next prior
to the filing of the application, as a real estate broker or sales associate in the state in
violation of this chapter. This paragraph may be deemed to bar any person from
licensure who has performed any of the acts or services described in s. 475.01(3),
unless exempt pursuant to s. 475.011, during a period of 1 year next preceding the filing
of the application, or during the pendency of the application, and until a valid current
license has been duly issued to the person, regardless of whether the performance of
the act or service was done for compensation or valuable consideration.

(2)(a)1. In addition to other requirements under this part, the commission may require
the satisfactory completion of one or more of the educational courses or equivalent
courses conducted, offered, sponsored, prescribed, or approved pursuant to s. 475.04,
taken at an accredited college, university, or community college, at a career center, or
at a registered real estate school, as a condition precedent for any person to become
licensed or to renew her or his license as a broker, broker associate, or sales associate.
The course or courses required for one to become initially licensed shall not exceed a
total of 63 classroom hours of 50 minutes each, inclusive of examination, for a sales
associate and 72 classroom hours of 50 minutes each, inclusive of examination, for a
broker. The satisfactory completion of an examination administered by the accredited
college, university, or community college, by a career center, or by the registered real
estate school shall be the basis for determining satisfactory completion of the course.
However, notice of satisfactory completion shall not be issued if the student has
absences in excess of 8 classroom hours.
2. A distance learning course or courses shall be approved by the commission as an option to classroom hours as satisfactory completion of the course or courses as required by this section. The schools authorized by this section have the option of providing classroom courses, distance learning courses, or both. However, satisfactory completion of a distance learning course requires the satisfactory completion of a timed distance learning course examination. Such examination shall not be required to be monitored or given at a centralized location.

3. Such required course or courses must be made available by correspondence or other suitable means to any person who, by reason of hardship, as defined by rule, cannot attend the place or places where the course or courses are regularly conducted or does not have access to the distance learning course or courses.

(b) A person may not be licensed as a real estate broker unless, in addition to the other requirements of law, the person has held:

1. An active real estate sales associate’s license for at least 24 months during the preceding 5 years in the office of one or more real estate brokers licensed in this state or any other state, territory, or jurisdiction of the United States or in any foreign national jurisdiction;

2. A current and valid real estate sales associate’s license for at least 24 months during the preceding 5 years in the employ of a governmental agency for a salary and performing the duties authorized in this part for real estate licensees; or

3. A current and valid real estate broker’s license for at least 24 months during the preceding 5 years in any other state, territory, or jurisdiction of the United States or in any foreign national jurisdiction.

(c) A person who has been licensed as a real estate sales associate in Florida during the preceding 5 years may not be licensed as a real estate broker unless, in addition to the other requirements of law, she or he has completed the sales associate post licensure educational requirements, if these requirements have been prescribed by the commission pursuant to paragraph (3)(a).
(3)(a) The commission may prescribe a post licensure education requirement in order for a person to maintain a valid sales associate’s license, which shall not exceed 45 classroom hours of 50 minutes, each, inclusive of examination, prior to the first renewal following initial licensure. If prescribed, this shall consist of one or more commission-approved courses which total at least 45 classroom hours on one or more subjects which include, but are not limited to, property management, appraisal, real estate finance, the economics of real estate management, marketing, technology, sales and listing of properties, business office management, courses teaching practical real estate application skills, development of business plans, marketing of property, and time management. Required post licensure education courses must be provided by an accredited college, university, or community college, by a career center, by a registered real estate school, or by a commission-approved sponsor.

(b) Satisfactory completion of the post licensure education requirement is demonstrated by successfully meeting all standards established for the commission-prescribed or commission-approved institution or school. However, notice of satisfactory completion shall not be issued if the student has absences in excess of 10 percent of the required classroom hours or has not satisfactorily completed a timed distance learning course examination.

(c) The license of any sales associate that does not complete the post licensure education requirement prior to the first renewal following initial licensure shall be considered null and void. Such person wishing to again operate as a real estate sales associate must re-qualify by satisfactorily completing the sales associate’s pre licensure course and passing the state examination for licensure as a sales associate.

(d) A sales associate who is required to complete any post licensure education requirement must complete any post licensure education requirement and hold a current and valid license in order to be eligible for licensure as a broker.

(4)(a) The commission may prescribe a post licensure education requirement in order for a person to maintain a valid broker’s license, which shall not exceed 60 classroom hours of 50 minutes, each, inclusive of examination, prior to the first renewal following
initial licensure. If prescribed, this shall consist of one or more commission-approved courses which total at least 60 classroom hours on one or more subjects which include, but are not limited to, advanced appraisal, advanced property management, real estate marketing, business law, advanced real estate investment analyses, advanced legal aspects, general accounting, real estate economics, syndications, commercial brokerage, feasibility analyses, advanced real estate finance, residential brokerage, advanced marketing, technology, advanced business planning, time management, or real estate brokerage office operations. Required post licensure education courses must be provided by an accredited college, university, or community college, by a career center, by a registered real estate school, or by a commission-approved sponsor.

(b) Satisfactory completion of the post licensure education requirement is demonstrated by successfully meeting all standards established for the commission-prescribed or commission-approved institution or school. However, notice of satisfactory completion shall not be issued if the student has absences in excess of 10 percent of the required classroom hours or has not satisfactorily completed a timed distance learning course examination.

(c) The license of any broker who does not complete the post licensure education requirement prior to the first renewal following initial licensure shall be considered null and void. If the licensee wishes to operate as a sales associate, she or he may be issued a sales associate’s license after providing proof that she or he has satisfactorily completed the 14-hour continuing education course within the 6 months following expiration of her or his broker’s license. To operate as a broker, the licensee must re-qualify by satisfactorily completing the broker’s pre licensure course and passing the state examination for licensure as a broker.

From the above detailed summary, an extract from the Property Management Law in Florida, it is very clear that this case reference consists of well-articulated real estate activities base guidelines. In contrast to the current haphazard activities in Beira (Mozambique), real estate and properties management activities in the state of Florida has well designed minimum qualifications, experiences and courses that must be fulfilled before any individual or company starts to be involved with the real estate and
property management intermediation business. Other than the revealed minimum qualifications in the American real estate and property management industry, there are also critical strategies on how to succeed in the property management business.

2.4 HOW TO SUCCEED IN PROPERTY MANAGEMENT?

Within this section, there are three practical, informative and slightly different but interdependent views towards how to be successful in the real estate and property management business sector:

2.4.1 FIRST VIEW:

According to Rice (2007), the Vice Chairman of RMC Property Group, in Florida USA, with about 20 years of experience in real estate, she points out the strategies on how to succeed in the real estate business. Property management isn’t for the faint of heart, nor is it an opportunity that smart sales associates can afford to overlook in today’s highly competitive residential real estate market. Armed with the right mix of personality (for working with tenants), tenacity (for finding clients) and perseverance, sales associates can have their way in territory typically reserved for commercial agents. The four key principles that everyone should follow in pursuit of success in real estate management, according to Rice (2007) are:

1. Educate Oneself

The biggest barrier for new property managers is that the field is highly specialized. It’s not enough to simply call oneself a property manager. To be successful, you have to select one or more specific areas of the market (apartments, strip centers, industrial space, etc.) and immerse yourself in it. Talk with other property managers working in those sectors about the challenges and pitfalls they’ve encountered, and learn from their mistakes. Get out into the market and learn about the products, the people or companies who own them and the tenants who lease them.
Taking property management courses through groups like the International Council of Shopping Centers (www.icsc.org) or the National Association of Residential Property Managers (www.narpm.org) is considered paramount to successful property management business initiative. The latter organization offers designations like Residential Property Management Professional (RMP), Master Property Manager (MPM), Certified Support Specialist (CSS) and Certified Residential Management Company (CRMC).

2. Get Oneself Some Clients

Property management isn’t a “one deal and you’re done” industry, so be sure to seek out only clients with whom you can envision yourself working for the long term. Look for synergies between yourself and potential clients, and make sure there’s a clear agreement on what the owner wants and needs, and what you can provide. How can you tell this? Sometimes it happens right at the time when you negotiate the management contract. If you and the owner aren’t coming to terms on the length of the contract or scope of duties, for example, then it’s probably time to back away and find another client.

Many property managers find their clients by referral, but newer ones will have to hit the pavement to shore up those initial contracts.

Pinpoint buildings and facilities where you think your abilities are needed, and approach those buildings’ and facilities’ owners with a presentation that highlights your experience, knowledge, expertise and abilities. Emphasize, for example, the manner in which—and how often—you’ll communicate with the owner to report positive news (a new tenant signs a lease for five years, for example) or negative news (a costly repair needs to be made).

3. Become a Mediator

Property managers walk a fine line between giving their clients (the owners) superior service and keeping tenants happy. Residential tenants, for example, may call on you frequently for small issues (such as a sink that doesn’t drain properly or a damaged
window), while industrial tenants generally require less attention. Retail tenants (in strip malls, for example) also need a lot of support, as the appearance, cleanliness and functionality of their space can make or break their business.

Meet and greet your tenants on a regular basis so that when a problem does arise, they will be easy to talk to and will realize that you're not going to run away and hide from the problem.

Maintaining good relationships with property owners is equally important, since these folks will comprise your client base (and generate your income).

Good communication (via phone, e-mail or another mode) is important, particularly when there are problems to address with a particular property. If, for example, an expensive repair is needed on a building, you should call the owners to discuss the estimate you received from contractor(s) regarding cost, time and work involved with getting the job done right.

4. Develop Managerial Skills

Every good property management engagement starts with a strong plan. We call it our “property management and leasing plan,” and we stay focused on it and execute it throughout the relationship. Developed early in the relationship and reviewed at the start of each fiscal year, the plan comprises a property budget (for income and expenses), the marketing strategies used to lease the facility, a close look at the current tenants and a listing of maintenance issues that need to be handled over the next 12 months.

2.4.2 SECOND VIEW:

Alternatively, another business man from USA, Mr Jagg Xaxx: Demand Media (2012), coined his version of the Keys to Success in the Property Management Business.

According to Xaxx (2012), Property management companies act as intermediaries between property owners and renters. They may also look after vacant properties for absentee owners, or manage large properties that are owned by individuals or
companies. Successful property managers are good with people, pay meticulous attention to detail, and are straightforward in their dealings with clients, tenants and contractors. Below are the suggested four keys to successful Property Management Business:

1. Dependability

Property owners hire management companies to deal with properties because the owners lack the time, the knowledge or the desire to manage properties themselves. If a property manager isn’t competent and dependable, the owner won’t trust him and won’t find the peace of mind that he was seeking when he hired a manager. A good manager makes a property owner happy to pay his fees because he takes care of everything so the owner is free to pursue other projects. The manager needs to be independent, consistent, and knowledgeable enough to deal with problems effectively as they arise.

2. Marketing

No matter how effective your property management company is, it won’t be successful if nobody has heard of it. Marketing your company and successfully promoting it to people who need your services is essential for finding clients and building a public profile. You can increase public awareness of your company through traditional advertising, such as radio, newspaper and television ads. You can also benefit through word of mouth when satisfied clients recommend you to their friends. Be sure to always have business cards on hand to give to anyone who might be interested in your services. Get free publicity by being the subject of a profile piece in your local newspaper.

3. Connections

Knowing the right people is important in any business field, and property management is no exception. Every city has a community of individuals who are involved in real estate, renovations, rentals and development. Maintaining relationships with as many of these people as possible will make you part of a potentially lucrative network. Spread the word through social and business connections that your management company is available for hire. When people who already know you purchase a property, they are far
more likely to contact you to manage it, rather than a stranger, because trustworthiness is so important in the field of property management.

### 4. Experience

If you are just starting out in property management, it is inevitable that you will make a few mistakes. Whether it's renting an apartment to a troublesome tenant or hiring an inept contractor to do repairs, the measure of your worth as a manager is how quickly you can recover from your errors. As you gain experience in the field, you will get a better feel for how to do everything, from negotiating with third parties to fixing a leaky sink. This accumulation of skills will make you more valuable as a property manager and increase your chances of success.

#### 2.4.3 THIRD VIEW:

The third view from another critical player in the American real estate industry, PAIGE (2012), also managed to bring a different and influential theory on keys to successful real estate and property management business, dubbed ``Top 5 Qualities Successful Real Estate Agents Share``

According to Paige (2012), a real estate professional does not become a success overnight. Successful brokers and agents thrive because of their unbridled enthusiasm, unfailing determination and their insatiable desire to be at the forefront of the industry. They are hardworking, diligent and focused. The reason for their success isn't difficult to pinpoint, but it can be tough to recreate—unless of course, you pay close attention to a few of their shared traits. Look to adopt the following five qualities to start on a property management path to success:

1. **Honesty**

This is number one on our list and should be at the top of yours for obvious reasons.

Honesty is not a quality a successful real estate professional can exist without.
Honesty requires that you are upfront and transparent in all that you do. Honesty is telling the truth, even when the truth isn’t pretty. Honesty means that you conduct your business in a sincere and trustworthy manner at all times, no matter what the consequences.

2. Passion

Passion is addictive. It draws people to you as they sense the excitement you feel about what you are privileged to do every day.

Successful real estate agents do not act like they are worn out, beaten down and kicked to the curb by the industry. Their enthusiasm is not over-rated hype; it is undeniably one of the most important tools in any agent’s arsenal. It can and will make you indubitably attractive to those clients you wish to connect with.

3. Risk Takers

Building a business will not allow you to take a back seat to opportunity. Building a successful business requires that you step out in faith and embrace risk, better yet, calculated risk. It is all about taking the risk and reaping the reward.

4. Tenacious

Successful real estate agents pick themselves up and dust off the fear, anxiety and self-loathing that may have seeped in from yesterday’s events. They look rejection straight in the eye and roar into the day that can and will be.

Successful agents are resolute in what their vision of tomorrow should look like. They are bold, brash and indifferent to the small voice in their head telling them to let it go, pack it up and move on.

5. Compassionate

Potential clients want to know that they are important to you. They need to “feel” valuable and know that you respect their needs, desires and their opinions. If you can give people what they want, they will provide you with what you need to do your job
well. Successful real estate agents are creative, inspirational, sensitive, endearing, responsive and so much more.

The three schools of thoughts mentioned above related to keys to successful real estate and property management business look different however all the three are actually complimentary to each other. A closer look at each of these views reveal that all the qualities are inter dependent for a successful real estate and property management business. It is important to note that three versions are all from a developed economy point of view, and for a presently successful American property management industry. These views play a very important role to our Mozambican context too because these keys to success are global in nature. A business person should be honest and truthful whether he or she is coming from a poor country or rich country. These business principles are applicable to both developed and developing countries alike. These principles are really desired to be implemented for the Beira commissionistas too. Integrity in business activities is non-negotiable; it is a requirement for success in any business.

Having looked intently into real estate and property management activities from a well advanced and English speaking world, the United States of America Economy, it will be doing justice to also look intently at a Portuguese speaking advanced economy, in this case Portugal, which also happens to be the Mozambican colonial master.

2.5 PORTUGAL

2.5.1 BRIEF POLITICAL HISTORY.

During the Portuguese Empire period, that started in the 15th century, until the Carnation Revolution of 1974, the economy of Portugal was centered in trade and raw materials related activities within its vast colonial possessions, mainly in Asia (spices, silk, dyes, porcelain and gems), Africa (ivory, timber, oil and diamonds) and South America (sugar cane, dyes, woods and gold). The country, with a transcontinental
empire with plenty of natural resources and vast unexploited areas, was among the most powerful nations in the world (Jenkins, Sofos, 1996). In 1822, the Portuguese colony of Brazil became an independent country, however, until 1974, Portugal managed to preserve its colonies/overseas territories in Africa, which included Angola and Mozambique, territories that would experience reasonable rates of economic growth until the departure of the Portuguese in 1975. During the Portuguese colonization, most infrastructures including high rise buildings for offices and accommodation were constructed in Mozambique and in Beira in particular. At independence until presently, in 2012, the government nationalized these real estate infrastructures resulting in less initiative among the private sector initiatives towards refurbishing and redevelopment of the already existing infrastructures.

2.5.2 Portugal: 20th century economic history

After a long period of economic divergence before 1914, the Portuguese economy recovered slightly until 1950, entering thereafter on a path of strong economic convergence. Economically, most of the Salazar years (1933-1968) were marked by a period of modest growth and the country remained largely underdeveloped and its population relatively poor and with low education levels well into until the 1960s. Portuguese economic growth in the period 1960-1973 created an opportunity for real integration with the developed economies of Western Europe. Through emigration, trade, tourism and foreign investment, individuals and firms changed their patterns of production and consumption, bringing about a structural transformation. Simultaneously, the increasing complexity of a growing economy raised new technical and organizational challenges, stimulating the formation of modern professional and management teams (Bliss, and Bliss, 1990). The 20th century economic history of Portugal and Lisbon in particular reveals that Portuguese economy had a transition from industrialized economy to highly tertiary based economy where the sectors such as banking, tourism and real estate take the center stage (Eurostat, 2010).
2.5.3 Lisbon

The Lisbon region is the wealthiest region in Portugal and it is well above the European Union's GDP per capita average – it produces 45% of the Portuguese GDP. Lisbon's economy is based primarily on the tertiary sector (Eurostat, 2012). Most of the headquarters of multinationals operating in Portugal are concentrated in the Grande Lisboa Subregion, especially in the Oeiras municipality. The Lisbon Metropolitan Area is heavily industrialized, especially the south bank of the Tagus River (Rio Tajo). The modern day Lisbon is famous for its well-developed tertiary sector, where by real estate sector, banking and tourism are at the helm of this development.

The country's chief seaport, featuring one of the largest and most sophisticated regional markets on the Iberian Peninsula, Lisbon and its heavily populated surroundings are also developing as an important financial center and a dynamic technological hub.

Lisbon is home to several related companies ranging from leading companies in the European region. Real Estate and Property Management activities are highly organized, and meant to manage all these state of the art development in this well organized one of Europe’s top modern cities. It is interesting that there is a sharp difference in property management activities between the city of Lisbon and the Mozambican city of Beira. A closer look at Portugal’s Modern day economy will surely help in having a better understanding of the Portuguese real estate management activities.

2.5.4 Portugal Modern economy


Most imports come from the European Union countries of Spain, Germany, France, Italy, and the United Kingdom. Most exports also go to other European Union member states. The Portuguese currency is the euro (€) and has been a part of the Eurozone from the beginning. Portugal's central bank is the Banco de Portugal, which is part of
the European System of Central Banks. The major stock exchange is the Euronext Lisbon which is part of the NYSE Euronext, the first global stock exchange.

Although it’s gradual modernization and relative expansion since the 1960s, the educational system remained underdeveloped until the 2000s when it finally reached the World's best practices and trends. However, the country has been increasingly overshadowed by lower-cost producers in Central Europe and Asia as a target for foreign direct investment. These long-term problems have hindered much economic growth.

The Financial Crisis of 2008 is still affecting the Portuguese economy severely, causing a wide range of domestic problems specifically related to the levels of public deficit in the economy, as well as the excessive debt levels. Nonetheless, the government faces tough choices in its attempts to stimulate the economy, while attempting to maintain its public deficit around the EU average. In April 2011, Portugal confirmed it will have a financial bail-out from the European Union worth €80bn ($115bn, £70bn), following Greece and the Republic of Ireland. It has been predicted that the Portuguese economy will not significantly recover until 2012 (Rui Campos, Pedro Senos, 2011).

The country is home to a number of noted leading companies with world reputation, like Grupo Portucel Soporcel, a major world player in the international paper market, Sonae Indústria, the largest producer of wood-based panels in the world, Corticeira Amorim, the world leader in cork production, and Conservas Ramirez, the oldest canned fish producer in continuous operation. All these companies of world reputation have surely contributed to the establishment of world class infrastructures which form the basis of real estate and property management activities in Portugal. Portugal economy and Libon in particular managed to receive and develop a global modern tertiary economy where by service sector is quitter advanced and organized. The Real estate sector is one of the three major elements of the service sector which contribute heavily towards the country´s successful economy (Bremner, Caroline, 2011).
2.5.5 Services Sector (including Real Estate)

The tertiary sector has grown, producing 66% of the GDP and providing jobs for 52% of the working population. The most significant growth rates are found in the trade sector, due to the introduction of modern means of distribution, transport and telecommunications. Financial tertiary have benefited from privatization, also gaining in terms of efficiency. Tourism and Real Estate in Portugal has developed significantly and generates approximately 5% of the wealth produced in Portugal (Muñoz, Mauricio Pasto, 2003). A closer look at the Licensing requirements will do justice towards having an objective analysis of the real estate and property management activities in Portugal.

2.5.6 Real Estate Business Licensing Requirements in Portugal

Estate agency business in Portugal is regulated by Decree-Law no. 211/2004, of 20 August. Companies which wish to operate, as estate agents, shall obtain a license to be issued by the Instituto de Mercados de Obras Públicas e Particulares e do Imobiliário (IMOPPI).

Licenses shall be granted and maintained provided all the following requirements are met:

All estate agents are required to adopt the form of a company. This is particularly possible now that the law permits the incorporation of single-person companies (sociedades unipessoais), a legal form which has proved especially suited to the healthy development of small companies, in line with the trends in this sector, in order, also, to facilitate inspection; Applicants shall have no outstanding debts to the fiscal and social security authorities; One of the directors or managers of the company shall be professionally qualified; The company shall have positive net worth; The directors or managers of the applicant company shall be persons of good commercial repute. Third party insurance shall be provided;

In view of continuous expansion in business and the rising expectations of consumers, the new legislation review the rules governing business in this sector, therefore: Tighter
requirements were introduced for licensing estate agents, based now on the good name and professional capability of the managers, and on the financial capacity of the company, as demonstrated by the requirement that companies have positive net worth; Rules were established on how companies, their representatives and service contractors are to be represented; Clear regulations were introduced on when and on what terms charges and fees are payable for the services of estate agents; Companies are given new duties both to clients and to the licensing authority, thereby instituting a more comprehensive regime for offences. New accessory penalties are instituted, extending the range of serious offences punishable by banning from professional practice and closure of establishments.

2.5.7 Foreign Property Ownership in Portugal

Foreigners are permitted to own property in Portugal and are granted the same rights as Portuguese nationals.

There is nothing significant that foreigners need to adhere to in purchasing Portuguese property. They are granted the same rights, obligations and restrictions as Portuguese’s and should check local government authorities for ownership issues such as taxation, restrictive covenants, etc. Concerning the exercise of estate agency in Portugal the law established that the exercise of estate agency by companies with effective principal place of business in another State of the European Community is also subject to the provisions of the Decree-Law mentioned above (211/2004, of 20 August) whenever such activity relates to property situate in Portugal.

2.5.8 Land Registration System in Portugal

The Land Registry has a record of property ownership, with a complete description of each property on a material, economic and fiscal level, being able any citizen to require information regarding an enrolled building in the Registry.
Thus, to analyze the “history” of the property, it’s necessary to require the emission, through proper model, of a document certificate of the full record of the title and dealings regarding the property. In the Finance Bureau, in turn, the properties are enrolled in accordance with a number. These numbers, assignment of articles, are called "matriciais ". Through the Finances Bureaus it is possible to know about the fiscal situation of a house and to know who is responsible for the fiscal obligations related to the property.

The document that demonstrated the fiscal situation of the property is named "Caderneta Predial". We can have two types of Cadernetas Prediais:

- Urban Caderneta Predial.

Registration of a sale follows the signing of the Escritura Pública (title deed), which must be done in front of a notary. The notary acts as a neutral public officer, charges a scale fee and is responsible for confirming and recording in the Escritura Pública that correct payment has been made. Before this stage you will normally be asked to sign a promissory contract and pay a deposit - you may forfeit the deposit if you withdraw - if the vendor withdraws he may have to compensate you. You will normally make staged payments if you are buying a property in construction. The notary is there simply to ensure that the legal process is correct.

2.5.9 Tax Information for Portuguese Property Owners

A) Municipal Property Tax (IMI)

The tax on property is regulated by Decree-Law no. 287/2003, of 12 November, substituting the older Contribuição Autárquica. This is an annual municipal property tax calculated upon the patrimonial tributary value of rural and urban properties situated in the Portuguese territory. It is the responsibility of the municipality to define each year the applicable rate, such decision from the Municipal Board being communicated to the Directorate General for Taxation by 31st December of the year concerned.
Immovable property is classified as rural, urban and mixed.

The following types of property are considered as rural:

Property connected with, or merely having as its normal purpose, any use giving rise to agricultural income; Property which, although used for other purposes, is not built-in or has only buildings or construction of an accessory nature, without an economic autonomy and of a limited value; Property located within an urban center that cannot be used for profitable purposes, or can only be used for agricultural purposes and is effectively used for such purpose. Buildings and constructions directly used for the production of agricultural income, if located in land as above referred to.

There shall be classified as urban property, properties that are not classified as rural.

Urban property can be divided into:

Housing, commercial, industrial buildings or buildings designed for the exercise of an independent professional activity, being considered as such buildings or constructions licensed for that purpose, or, in the absence of a license, whose normal use is in connection with one of the above mentioned activities. Building land: that located inside or outside an urban center, that has been granted a license for land-lot division, has a project approved or has been granted a building license, as well as any land that has been so declared in its acquisition deed.

There shall be classified as mixed property, property partly rural and partly urban, being not possible to classify either of them as the principal one.

2.6 Policy reforms in the Portuguese Real Estate sector.

According to the published United Nations (2011) document entitled ´Policy Framework for sustainable real estate markets: Principles and guidance for the development of a country's real estate sector, Portugal`, good governance should serve to complement appropriate and harmonized regulations in the building and real estate sector. In
summary, this document related to the Portuguese real estate and property sector development pointed out the need for legal framework and policies in the following specific areas:

1. To promote the understanding of some critical issues of the real estate sector, in order to better develop management tactics and strategies that might assist (depending on the level of development of national economies) with the identification of solutions to the current economic crisis worldwide;

2. To define rules and principles that might promote long-term solutions for sound real estate markets in different enforcement frameworks (according to the level of development of the national real estate markets) and in compliance with the respective legal systems, so that economic and social benefits will ensue. The proposed principles should be based on widely accepted concepts, as follows:

   a. Sustainable development: development that “meets the needs of the present without compromising the ability of future generations to meet their own needs”2;

   b. Good governance: effective decision-making and policy implementation as well as smooth interaction between different sectors of society. Good governance applies to legislative authorities, public administration, judiciary, private sector, and civil society in general;

   c. Transparency: the possibility of having full access and knowledge of relevant information, of the criteria by which data is being used, and disclosure of the different aspects of decision-making processes;

   d. Accountability: the extent to which political actors are responsible to society for their actions;

   e. Fairness: the degree to which rules are equally applied to everybody;

   f. Efficiency: the extent to which limited human and financial resources are used without waste, delay or corruption.
This crucial policy document demonstrates the need for the basic legal frameworks necessary to support sustainable growth in the country’s real estate sector. It emphasizes that the government must take an encouraging role and creates the supportive role through objective and investor friendly rules and regulations in each specific area within the real estate and property management sector. Sustainable business strategies are based on good governance, transparency, accountability and efficiency. Now, a closer look at Portuguese Real estate activities policy follows.

2.6.1 Legal Requirements: Portuguese Real Estate Activities Policy

Portuguese legislation determines that companies, which wish to operate as real estate agencies, shall obtain a license and fulfill all the legal requirements demanded. Only those who are licensed can exercise the real estate activity in Portugal (Decree-Law no. 211/2004).

In order to guarantee its liability to clients and interested parties deriving from Real Estate Agencies business activities, Portuguese Law established the following measures of guarantee:

a. Real estate agencies shall take out third party insurance, of a minimum value to be fixed by joint Ministerial (currently the minimum amount is euro 150 000).

b. IMOPPI (Instituto de Mercados de Obras Públicas e Particulares e do Imobiliário) is the public portuguese institute that inspect and oversee estate agency activities.

c. Without prejudice to any other penalties, which may be applicable, the violation of the legal duties is punishable by the application of determined fines. When justified by the seriousness of the offence, the following accessory penalties may also be applied: Closure of establishment; Banning from estate agency; Privation of the right to participate in fairs or markets.
d. The new legislation establish, also, the possibility of application of preventives measures, when elements of offences practice's, punishable by fines, equal or superior to € 15 000, exists. Those measures are: Preventive closing of the establishment; Suspension of the licensing order.

By the Portuguese law, real estate agency business is "...whereby a company undertakes, on the basis of a contract, to take steps to find an interested party for the purchase or sale of property or for the constitution of any real rights over the same, or for the lease or business lease of such property, carrying on to such end promotional activities and gathering information on transactions sought and on the characteristics of the respective properties" (Decree-Law no. 211/2004, of 20 August).

Within the scope of estate agency contracts, companies may also provide services relating to the obtaining of documentation needed in order to conclude the desired transactions, where this is not sole legal preserve of other professions.

### 2.6.2 The Portuguese real estate agents duties to clients

Check, at the moment of the agency contract celebration, that the persons involved in the transactions to be arranged have capacity and legitimacy to contract;

Check, at the moment of the agency contract celebration, through all means at their disposal, whether the characteristics of the property to which the agency contract refers correspond to those declared by the interested parties and whether the property is subject to any charge or encumbrance;

Obtain information from its clients and provide information to the interested parties in a clear, objective and appropriate manner, namely with regard to the characteristics, composition, price and terms of payment for the property in question;

Propose, in precise and clear terms, the transactions entrusted to them, acting in such a way as not to mislead the interested parties;
Notify the interested parties immediately of any fact that jeopardises the conclusion of the desired transaction.

2.6.3 Relationship of Buyer/Seller to Real Estate Agent

In order to represent their client’s real estate agencies in Portugal must celebrate an Estate Agency Contract that shall be drawn up in writing, with the following elements:

The duties of the parties;

Identification of the characteristics of the property which constitutes the material subject matter of the contract, detailing any charges or encumbrances on the same;

Identification of the transaction in view through mediation by the estate agent;

The terms of remuneration, namely the amount or percentage, and terms of payment, indicating the VAT rate applicable;

In general the agents represent one part, but it’s possible to celebrate an Estate Agency Contract with both buyer/ seller. In this situation the real estate agency cannot receive remuneration from both interested parties in the same transaction, such remuneration being payable only by the party which first contracted them, unless expressly agreed otherwise. Now, a look at how the Portuguese real estate agents are remunerated will also help in having a global perspective of property management activities.

2.6.4 Remuneration of Real Estate Agents

The real estate agent in Portugal generally works on a commission basis.

Concerning the Portuguese real estate legislation the remuneration shall only be due on full conclusion of the transaction brokered by the agent. There are two exceptions to the above mentioned.
Cases where the transaction in view, under an agency contract concluded on an exclusivity basis, is not concluded for reasons due to the client of the estate agent, in which case the latter shall be entitled to remuneration;

If a "promissory agreement" is concluded with regard to the transaction in view in the agency contract, the parties may agree for the remuneration to be paid when such agreement is concluded.

The real estate agents shall not receive any sums by way of remuneration, or down payments on the same, prior to the moment when such remuneration is due under the terms described.

In the event of the estate agent having concluded agency agreements with both the parties in the same transaction, for which the material subject matter is the same property, remuneration shall only be payable by the first party to have contracted the agent, unless all the parties expressly agree to divide such fee.

A look at the Portuguese government involvement and control in the property management sector in the area of property buying and selling demonstrates typical policies necessary for smooth and prosperous real estate activities in a country.

2.6.5 Property Buying & Selling in Portugal

Decree-Law no. 211/2004, of 20 August, continues to give guidelines on the buying and selling activities of the real estate agents in Portugal. The legal regulations are very specific when buying a property in Portugal; however, it is always advisable to use qualified legal advice or a qualified estate agent in any transaction.

It is also important to insure that any plans in the Town hall referring specifically to the property do physically agree with the existing construction.

A property for living purposes must also have the following documentation:
1. A habitation license for property constructed after 1951 or a certificate that the property was in existence from before 1951.  
2. For properties which obtained a Habitation License after March 2004 also a F.T.H. (logbook specifying all details about the building) is required.  
3. A certified insertion in the records of the Land Conservatory.  
4. A detailed "Caderneta Urbana and/or Rústico" from the Tax Office.  
5. A set of certified plans from the local Town council.  
6. Proof of payment of rates of the last 5 years.

Commercial and Industrial properties require: 

1. A utilization license.  
2. A set of certified plans from the local Town council.  
3. A certified insertion in the records of the Land Conservatory.  
4. A detailed "Caderneta Urbana" from the Tax Office.  
5. Proof of payment of rates of the last 5 years.

In the case of a rural property the following extra documentation is necessary:  

1. A detailed "Caderneta Rústico" from the Tax Office

Each Town hall and Tax Office tends to have local interpretations of the laws and regulations and these should be first checked. It is often very necessary to implement specific searches prior to acquiring a rural property.

There are strict laws regulating Estate Agency practices and each must have a Licence granted by the State. The seller of a property normally pays commissions but it is not a controlled percentage and it is sometimes agreed upon by the leading Estate Agents in each area. On the other hand agents can of course also act on behalf of a potential buyer.

Here are the basic steps to help understand the procedures and legal acts that are involved in acquiring a property in Portugal. It is recommended that qualified legal advice be sought in any purchase:

1. Only use a Government Licensed Estate Agent.

2. It is quite normal for both Parties to initially enter into a Promissory Contract detailing the conditions of Sale - "Contrato de Promessa de Compra e Venda". This Contract is then legalised by registering it in the Notary Office. This Contract is legally
binding on both sides and the law requires the seller to repay twice the deposit should he withdraw from the sale. Likewise, if the buyer fails to complete he forfeits the total of his deposit. There are specific laws on this act that a Lawyer will define.

3. It is often convenient for the buyer to ask a third party who he trusts and speaks the language to act for them in the matter. A document called "Procuração Pública" is prepared with the necessary details and registered in the Notary. This can also be implemented in Portuguese Consul in a foreign country or by your local Notary after which translation into the Portuguese language can be done.

4. Every buyer is required to obtain from the Tax Office (Finanças), a fiscal number N.I.P. for individuals or N.I.P.C. for companies.

5. Prior to act of completion, the purchase may be subject to a payment I.M.T. (the old Sisa" to the Tax Office).

6. As from 2007 onwards the authorities now make a distinction between properties for own and permanent living and other purchases like a foreigner buying a property for holiday purposes.

7. In the case of residential properties the new "Tabela de I.M.T. " is now in force.

8. In case the property is a second home or one not for permanent living to be used by the owner

When all the above requirements have been completed the sale can proceed with the act known as "Escritura de Compra e Venda" which takes place in front of the selected Notary and is recorded in his official books. It is at this time that the balance of purchase has to be made according to the signed Contract in Point 2 above. The Notary Office then issues normally a few days later a photocopy of the entry of this act which should not be mistaken for a "Title Deed" as known in the UK.

The deeds should be signed by the buyer and seller or their legal representative having a Power of Attorney to either buy or sell. If a foreigner wants to sign himself, the Notary will insist on a translator to be present.
On proof of the above act the property in question is then registered in the Land Registry (Conservatória do Registo Predial), in the new owners name. It is not obligatory for this to be done until the owner wishes to sell the property; however, it is strongly recommended that this registration is made immediately as a preventative measure against possible financial abuse by the previous owner.

Also you should register the property again in your name in the tax department. Consequently all utilities like water, telephone, electricity have to be altered into the name of the new owner.

From the Portuguese Economy perspective, there are also *typical keys to success* in pursuit of real estate and property management activities. The identified success keys are strongly linked to the modern technology.

### 2.6.6 Portuguese Real Estate and Modern technology

According to McEachran (2010), in Business Marketing, real-estate-agency websites in today’s competitive property market, real estate agencies need every advantage they can get. And with masses of the population continuing to move onto the internet, and mobile browsers, for their property and agency searching needs, there is a huge opportunity for agencies to embrace this technology and gain the edge through their business website.

A real estate website is unlike any other normal business website. To project a successful representation of the agency, the website has to display:

1. **A Professional and Corporate Image**

   If your real estate agency has a particular colour scheme, and a well-designed logo, this should be the foundation of your design. Your website is your online shop front, and a careful balance of visual elements and easy functionality need to be utilised.

2. **A Range of Services the Agency Provides**
A real estate agency is effectively a service provider. Whether you have a few key services, like just a sales service, or just a property management service, you need to make sure your website portrays these in the most attractive light.

3. A Range of Products (Properties) the Agency Provides

Real Estate Website Listing closely tied to the services, the products or properties the agency offers for rent or for sale are a priority for the business. They need to be displayed in a way that customers can easily search or filter to their needs and requirements. The individual property listing needs to offer enough information so the interested party gets an accurate representation – visually with photos and videos, and descriptively through the words.

4. A NewsMedium to Communicate the Knowledge of the Agency

This is a new medium which can be incorporated into the real estate agency website that can really make an agency stand out. Having a blog or newsfeed built in can allow the agents to show their knowledge of the area, and their selling and negotiating expertise that can give a great competitive advantage. Of course, there need to be a commitment made to the regular posting of news, at least once a week or fortnight, to really make this effective.

5. A Social Engagement Avenue for Clients to Engage your Business

Social Media is upon us – Twitter, Facebook, LinkedIn, YouTube… To survive and embrace the new wave of Web 2.0, real estate agencies cannot abstain from this opportunity. They must make a commitment to engage, and give, give, give… expecting nothing in return. This is not a sales channel, but a place to really help customers, advice, and show your skills and expertise. Handled correctly, and incorporated in a website, the long term boost to real estate business will be omissible.

6. First Impressions

First impressions count, especially on the web, and you don’t just need to make an attractive impression, you need to make a fast one. If the website is full of flash and
heavy image files, customers and potential customers will not hang around to see the rest of the site open. Most people will wait for 5 to 10 seconds, and if the website is not optimised, one could be losing out.

7. New Technology Mobile Real Estate Website

Even to create a real estate website to the current technology standards, it is unlikely the website will remain future-proof for long. Constant changes in functionality and usability must always be in the mind of the agency, especially the trend in mobile browsing, mainly through smartphones, where having a website optimised for a small phone browser is becoming more and more necessary.

In Summary: The website a real estate agency or property company has should be an extension of the office, and a tool to engage and to sell, and not just an “online brochure”. There is opportunity now to stand out on the web, and having the right website optimised in the best start.

2.6.7 Additional keys to Real Estate business success

At the helm of the revolution are real estate and property management industry leaders and innovators like Katie Lance (2010), the CEO/Owner of Katie Lance Consulting and Chief Strategist at Inman News, a leading online hub for real estate news and technology. According to Lance (2010), there are a number of little things that can make a big difference when planning a strategy for management in real estate, and pointed out to the following five important keys to successful real estate business.

1. Being Consistent

The key to being successful in social media is consistently posting content. One can’t Tweet or post to Face book once in a blue moon and expect results. One needs to be there every day.
2. Having a Content Strategy

One must have a content strategy to be successful in the long haul with social. Ask yourself, ‘what type of content would be most relevant for my brand, for my audience and where am I going to get that content?’ Next, create a content grid or editorial calendar where one can map out topics to be posted. Curetting content by using Google Alerts or by creating specific lists on Twitter for specific types of content one would like to re-tweet or re-post.

3. Never Forget: Real Estate is Local

When one is planning the content strategy make sure to include things that only locals know—like the best place to get a slice of pizza or the best place to get a cup of coffee. Buying or selling a home is so much more than the home—it’s the local parks, the school districts and so much more. Audience and potential clients love that hyper local information—and as a real estate pro that is one area that will really set one apart.

4. Dipping one’s Toe into More Than One Stream

Understanding the conversation doesn’t just happen on one’s Face book page or Twitter stream. Conversations about real estate are happening in Face book groups, in personal chatter on social platforms, and throughout Twitter. It isn’t enough to just post to social channels—be aware of conversations happening in the social circles about real estate and jump in. One can add several “Streams” in your Hoot Suite dashboard to listen in on the topics of choice.

5. Finding a Way to Measure the Success of one’s Efforts

One should know which Face book posts or Tweets get the highest number of clicks or engagement? Knowing how much of the web traffic is coming from social networks? Knowing where the audiences are? Making sure to check the Hoot Suite analysis once a week to gauge the level of success. Also making sure to integrate Face book insights, and Google Analytics into the Hoot Suite account in order to see the big picture.
Having intently looked at the nation of Portugal (Mozambique’s former colonial master) literature on the real estate and property management; now it will be doing justice to also look closely at the literature of Mozambique’s neighboring country, which is the nation of South Africa.

2.7 REPUBLIC OF SOUTH AFRICA

2.7.1 POLITICAL HISTORY: PRE- INDEPENDENCE PERIOD

The formal economy of South Africa has its beginnings in the arrival of Dutch settlers in 1652, originally sent by the Dutch East India Company to establish a provisioning station for passing ships. As the colony increased in size, with the arrival of French Huguenots and German citizens, some of the colonists were set free to pursue commercial farming, leading to the dominance of agriculture in the economy South Africa (Welsh, America. 1999).

At the end of the 18th century, the British gained control of the colony, imposing the English language on the colonists, who were now developing a culture of their own. This in turn led to the Great Trek, spreading farming deeper into the mainland, as well as the establishment of the independent Boer Republics of Transvaal and the Orange Free State. The entrance of the British suddenly brought the starting of a serious infrastructural development, thus the beginning of a modern day South African real estate and property management industry (Bond, Patrick, 1999).

In 1870 diamonds were discovered in Kimberley, while in 1886 some of the world's largest gold deposits were discovered in the Witwatersrand region of Transvaal, quickly transforming the economy into a resource-dominated one. The British, seeking the riches of the gold fields, invaded the Boer republics and gained control of them in 1902 after the Second Boer War. The country also entered a period of industrialization during this time, including the organization of the first South African trade unions.
The country soon started putting laws distinguishing between different races in place. In 1948 the National Party won the national elections, and immediately started implementing an even stricter race-based policy named Apartheid, effectively dividing the economy into a privileged white one, and an impoverished black one. The policy was widely criticized and led to crippling sanctions being placed against the country in the 1980s. The beginning of the 20th century which saw the British overcoming the Boers; was later characterized by heavy industrialization which is also linked to the establishment of modern day high rise buildings and beautiful infrastructure in South Africa. This marked the base for real estate and property management activities. The South African Economy began to grow tremendously under the British colonization. New laws were later established to control the booming business activities, for example the arrival of real estate laws of 1974, following the realization of the big necessity to properly manage the then booming real estate industry.

2.7.2 Post-Apartheid Era

South Africa held its first multi-racial elections in 1994, leaving the newly-elected African National Congress (ANC) government the daunting task of trying to restore order to an economy harmed by sanctions, while also integrating the previously-disadvantaged segment of the population into it. The 1994 government inherited an economy wracked by long years of internal conflict and external sanctions. The inherited economy was already having a mature and well developed real estate and property management industry which sought to match the British type of real estate industry. The new ANC government took over in 1994 when there were already established property management laws and policies.

The government refrained from resorting to economic populism. Inflation was brought down, public finances were stabilized, and some foreign capital was attracted. However, growth was still subpar. At the start of 2000, then President Thabo Mbeki vowed to promote economic growth and foreign investment by relaxing restrictive labour laws, stepping up the pace of privatization, and cutting unneeded governmental spending. His
policies face strong opposition from organised labour (Beinart, 2001). From 2004 onward economic growth picked up significantly; both employment and capital formation increased.

In April 2009, amidst fears that South Africa would soon join much of the rest of the world in recession, Reserve Bank Governor Tito Mbweni and Finance Minister Trevor Manuel differed on the matter: whereas Manuel foresaw a quarter of economic growth, Mbweni predicted further decline: "technically," he said, "that's a recession." (Mbweni 2009) In 2009 the Nobel Prize winning economist Joseph Stiglitz warned South Africa that inflation targeting should be a secondary concern amid the global financial crisis of 2007–2009.

The 2008 to 2009 world financial crisis resulting in world recession also had an impact in South African economy. There was direct negative impact on the gold mines and industry in general, as well as the increasingly growing tertiary sector. Irrespective of a solid real estate and property management sector, there was reduced activity among the real estate agents as a result of the recession. However, the heavy public investment in the 2010 world cup in South Africa brought a serious boost in the real estate and property management sector, and as well as the hospitality industry (Mbweni, 2011).

2.7.3 Economic History

The economy of South Africa is the largest in Africa, accounts for 24% of its Gross Domestic Product in terms of PPP, and is ranked as an upper-middle income economy by the World Bank, which makes the country one of only four countries in Africa represented in this category (the others being Botswana, Gabon and Mauritius). According to official estimates, a quarter of the population is unemployed; however unofficial estimates put the real unemployment rate as high as 40%. A quarter of South Africans live on less than US $1.25 a day (UNDP Human Development Report, 2009).
South Africa has a comparative advantage in the production of agriculture, mining and manufacturing products relating to these sectors. South Africa has shifted from a primary and secondary economy in the mid-twentieth century to an economy driven primarily by the tertiary sector (mainly featuring the real estate sector, the hospitality and the banking sector) in the present day which accounts for an estimated 65% of GDP or $230 billion in nominal GDP terms. The country’s economy is reasonably diversified with key economic sectors including mining, agriculture and fishery, vehicle manufacturing and assembly, food-processing, clothing and textiles, telecommunication, energy, financial and business services, real estate, tourism, transportation, and wholesale and retail trade.

The unemployment rate is very high at over 25%, and the poor have limited access to economic opportunities and basic services.

The high levels of unemployment and inequality are considered by the government and most South Africans to be the most salient economic problems facing the country. These issues, and others linked to them such as crime, have in turn hurt investment and growth, consequently having a negative feedback effect on employment. Crime is considered a major or very severe constraint on investment by 30% of enterprises in South Africa, putting crime among the four most frequently mentioned constraints (Mwakikagile, 2008). However, the increasing employment levels in the areas of real estate property and management sector as part of ongoing South African tertiary industry development is contributing greatly towards reduction in crimes by the unemployed youths in South Africa.

South Africa, unlike other emerging markets, has struggled through the late 2000s recession, and the recovery has been largely led by private and public consumption growth, while export volumes and private investment have yet to fully recover. The long-term potential growth rate of South Africa under the current policy environment has been estimated at 3.5%. (UNDP, Human Development Report, 2009). It is clear in this review that the South African tertiary industry accounting for 65% of the GDP holds a big stake in the overall economy. This tertiary industry is highly dependent on three major sectors, which is Real Estate & Property management sector; the Banking Sector
and the Tourism & Hospitality Sector. Properly managed real estate industry becomes a backbone of modern successful economy in the likes of South Africa, USA, and Portugal and so on. Now, a keener look at the South African Real Estate & Property management sector shall be done.

2.7.4 Real Estate & Property Management Industry

According to Mostert & Pope (2006; 5), South African property law regulates the "rights of people in or over certain objects or things." It is concerned, in other words, with a person's ability to undertake certain actions with certain kinds of objects in accordance with South African law.

Among the formal functions of South African property law is the harmonization of individual interests in property, the guarantee and protection of individual (and sometimes group) rights with respect to property, and the control of proprietary relationships between persons (both natural and juristic), as well as their rights and obligations. The protective clause for property rights in the Constitution of South Africa stipulates those proprietary relationships which qualify for constitutional protection.

The most important social function of property law in South Africa is to manage the competing interests of those who acquire property rights and interests.

According to Mostert & Pope (2008; 8). Property law straddles private and public law, and hence "covers not only private law relations in respect of particular types of legal objects that are corporeal or incorporeal, but also public law relations with a proprietary character, and the resultant rights and interests." Property in the private-law sense refers to patrimonial assets: those, that is, which comprise a person's estate. The law of property defines and classifies proprietary rights (for instance, as either real or personal), and determines the methods whereby they are acquired, lost and protected, as well as the consequences of their exercise and the limitations imposed by factual proprietary relationships which do not qualify as rights.
The scope of property law has always been significantly affected and influenced by legislation. Among the oldest examples of the statutory development of common-law principles in South Africa is the streamlined land-registration system implemented under John Cradock, 1st Baron Howden, and the early 20th-century codification and unification of registration practices in the Deeds Registries Act. After the ascension to power of the National Party in 1948, access to land was severely hampered, especially and in many respects exclusively at the lower end of the property market, as part of the "grand social experiment" of racial segregation under apartheid (Jackson & Wilde 1990; 348–349). By 1991, approximately 17,000 statutory measures had been implemented to regulate land control and racial diversity. Arguably the most infamous and officious of these was the Group Areas Act, which fragmented the country into various race-based regions and led in its implementation to a series of forced removals and evictions (Jackson & Wilde 1990; 334–340)

This "excessive law making and manipulation of existing notions of property resulted in the collapse of administrative and legal certainty and, moreover, massive underdevelopment," and left the post-1994 dispensation with "a severely compromised system of land rights."( Mostert & Pope 1996; 12). Since the early 1990s, and especially since South Africa's first democratic elections, attempts have been made to redress and reverse inequality with a large-scale land-reform program. The country's new constitution explicitly protects the right to property, including land, by enshrining it in the Bill of Rights, and prescribes specifically the circumstances in and extent to which private property may be regulated and expropriated. It also offers restitution, in kind or in money, to persons or communities who were dispossessed after 1913 by racial discrimination. The Constitution provides in addition, as a separate fundamental right, for access to housing. This mandate has been translated into numerous governmental policy imperatives, most especially in the 1997 White Paper on Land Policy, whose objectives are fourfold: to redress apartheid-era inequities; to nurture national reconciliation and stability; to support economic growth; and to improve welfare and relieve poverty.
Being part of the major objectives of this study; policy formulation and management principles adoption in the Mozambican real estate and property management industry, a detailed version of the existing neighboring nation, South African government policies in the real estate and property management industry will done. This calls for a closer look at the popular act- the bedrock of the industry, which is the Estate Agency Affairs Act, of 1976.

2.7.5 The Estate Agency Affairs Act, 1976

The Act is meant to provide for the establishment of an Estate Agency Affairs Board and an Estate Agents Fidelity Fund; for the control of certain activities of estate agents in the public interest; and for incidental matters. For an objective analysis and reference purposes, below is a summarized extract of this Parliament Act;

2. Establishment of Estate Agency Affairs Board

There is hereby established a juristic person to be known as the Estate Agency Affairs Board.

3. Constitution of board

1) The board shall consist of fifteen members appointed under subsection (2) by the Minister.

2) The Minister shall appoint as members of the board -a) five members from the estate agents' industry; b) five members from civil society, representing consumer interest; and c) five members from related professions and institutions such as the legal profession, financial institutions, property owners and developers.

3) If after the expiry of a period of three months from the date on which the Secretary for Commerce in writing requested the associations or organizations referred to in subsection (2)(a) to submit a list of estate agents as contemplated in that subsection, such associations or organizations have failed to submit the said list to the said Secretary or have submitted to the said Secretary a list of estate agents which is
defective in some or other respect, the Minister shall appoint suitable estate agents as members of the board in the place of the estate agents he would have appointed if the said associations or organizations had not so failed to submit the said list or had not submitted a list defective in some or other respect.

4) The board shall from time to time elect from among its members a chairman and vice-chairman of the board, who shall hold office for a period of one year, and, if neither the chairman nor the vice-chairman is present at any meeting of the board, the members present shall elect from among their number a person to preside at such meeting.

5) A member of the board shall hold office for such period, but not more than three years, and on such conditions as the Minister may determine at the time of his appointment: Provided that any member shall, subject to the provisions of subsections (2) and (3), on the expiry of his term of office be eligible for reappointment.

6) No person shall be appointed as a member of the board if he - a) is an unrehabilitated insolvent; b) has failed or is unable to comply in full with a judgment or order, including an order as to costs, given against him by a court of law in civil proceedings; c) has been convicted of an offence involving an element of dishonesty; or d) is not a South African citizen permanently resident in the Republic.

7) A member of the board shall vacate his office if he - a) becomes subjected to any disqualification referred to in subsection (6); b) becomes of unsound mind; c) in the case of a member appointed in accordance with the provisions of section (2)(a) or (3), ceases to be an estate agent; d) fails to comply with a condition referred to in subsection (5) applicable to him; or e) has been absent from more than two consecutive meetings of the board without the leave of the board.

8) If any member of the board dies, or resigns by notice in writing addressed to the Minister, or ceases to be a member of the board in terms of subsection (7), the Minister may, with due regard to the provisions of subsections (2) and (3), appoint any person as successor to such member for the unexpired period of office of such member.

8. Powers of board
1) The board shall, in addition to any other power conferred upon it by this Act, have the power -

a) to appoint committees, of which persons other than members of the board may with the approval of the Minister be members, to advise the board on any matter in respect of which the board possesses any power; b) to frame and publish, with the approval of the Minister, a code of conduct which shall be complied with by estate agents and to take such steps as may be necessary or expedient to ensure such compliance; c) to encourage and promote the improvement of the standard of training of and services rendered by estate agents; d) to receive any application for exemption from the provisions of this Act and to submit such application to the Minister; e) in general to take such other steps and to perform such other acts as may be necessary or expedient in order to achieve its object.

8A. Executive Committee

1) The board may appoint three or more than three of its members as an executive committee of the board which, subject to the provisions of subsection (2) and the directions of the board, shall have the power to exercise all the powers and perform all the functions of the board during the periods between meetings of the board.

2) Except in so far as the board may direct otherwise, the executive committee shall not have the power to set aside or amend any decision of the board.

3) Any act performed or decision taken by the executive committee shall be of force and effect except in so far as it is set aside or amended by the board at its next ensuing meeting.

29. Duty of estate agent to keep accounting records

1) Every estate agent shall in respect of his activities as such -

a) keep in one of the official languages at an address in the Republic such accounting records as are necessary fairly to reflect and explain the state of affairs -
i) of all moneys received or expended by him, including moneys deposited to trust account referred to in section 32(1) or invested in a savings or other interest-bearing account referred to in section 32(2)(a);

ii) of all his assets and liabilities; and

iii) of all his financial transactions and the financial position of his business;

b) cause the accounting records referred to in paragraph (a) to be audited by an auditor within four months after the final date of the financial year of the estate agent, which final date shall after the commencement of section 9 of the Estate Agents Amendment Act, 1984, not be altered by him without the prior written approval of the board.

30. Conduct deserving of sanction by estate agents

1) Any estate agent shall be guilty of conduct deserving of sanction if he -

a) receives any remuneration for any act performed by him as an estate agent from two or more than two persons whose interests are not in all respects identical in respect of the performance of such act, unless such persons agreed thereto in writing;

b) fails in respect of any act performed by him as an estate agent to give a full and proper explaining in writing, within 30 days of being called upon in writing to do so, to any person having a material interest in the performance of such act;

c) fails to pay any moneys due by him to the board or in respect of the fund within one month after such moneys become due;

d) fails to furnish in writing within such period as the board may determine such information as the board may request in writing and reasonably require in order to exercise its powers properly under this Act;

e) contravenes any provision of the code of conduct referred to in section 8(b) or fails to comply with any such provision; h) commits an offence involving an element of dishonesty.
2) The board or a committee of inquiry may in the prescribed manner bring and investigate any charge of conduct deserving of sanction against any estate agent.

3) When any estate agent is found guilty of conduct deserving of sanction by the board or a committee of inquiry, the board or the committee of inquiry (as the case may be) may -

a) withdraw the fidelity fund certificate of such estate agent and i) if such estate agent is a company, of every director of such company; ii) if he or she is a director of a company which is an estate agent, of such company; iii) if he or she in partnership acts as an estate agent, of every partner in such partnership; iv) if such estate agent is a close corporation, of every member referred to in paragraph (b) of the definition of 'estate agent' of that corporation; or v) if he or she is a member of a close corporation which is an estate agent, of such corporation;

b) impose on such estate agent a fine not exceeding R25 000 or such higher amount as may be prescribed by the Minister by notice in the Gazette in order to counter the effect of inflation, and which is payable to the board;

c) reprimand such estate agent: Provided that a fine or any portion thereof or the withdrawal of any fidelity fund certificate may be suspended for a period not exceeding three years and on such further conditions as the board or committee of inquiry (as the case may be) may determine.

4) The acquittal or conviction of an estate agent by any court of law upon any criminal charge shall not be a bar to proceedings against him under this Act on a charge of conduct deserving of sanction, notwithstanding the fact that the facts set forth in the charge of conduct deserving of sanction would, if proved, constitute the offence set forth in the criminal charge on which he was so acquitted or convicted or any other offence on which he might have been convicted at his trial on the said criminal charge.

5) If the conduct deserving of sanction with which the estate agent is charged amounts to an offence of which he has been convicted by a court of law, a certified copy of the record of his trial and conviction by such court of law shall, upon the identification of
such estate agent as the person referred to in the record as the accused, be sufficient proof of the commission by him of such offence, unless the conviction has been set aside by a superior court: Provided that the estate agent charged shall be entitled to adduce evidence to show that he was in fact wrongly convicted.

For the purposes of this study to be working as a basis for policy formulation and management principles adoption in the Mozambican real estate and property management industry, detailed versions of the existing government policies from the identified countries will help bring home and reinforcing the global trends in the already successful economies such as this South African economy. Now, a look will be done on the rights of South African property purchaser.

2.7.6 Purchaser’s Cooling-off Right

The following guidelines are issued by the Estate Agency Affairs Board of South Africa to assist estate agents in discharging their legal and ethical duties when negotiating a transaction which is subject to the cooling off right provided for by the Alienation of Land Act 68 of 1981 (‘the Act’). Clause 2.1 of the Code of Conduct states that an estate agent may not 'do or omit to do any act which is or may be contrary to the integrity of estate agents in general', while in terms of clause 2.2 an estate agent must protect a client’s interests to the best of his or her ability, with due regard to the interests of all other parties concerned. Failure to comply with the guidelines may constitute a contravention of these clauses, and/or the other clauses of the Code of Conduct referred to in the guidelines specifically.

If a purchaser enjoys a cooling off right, every offer and/or sale agreement signed by such purchaser must state that the purchaser is entitled to revoke the offer or terminate the sale agreement (as the case may be) in terms of s 29A of the Act. Estate agents must ensure that their offer/sale documents comply with this requirement. The Board does not prescribe any specific wording for the relevant clause, except that the expiry date of the cooling off right must be stated together with an explanation of how the date is calculated.
2.7.7 Purchaser’s Cooling-off Right Procedure

1. This clause only applies if 29A of the Alienation of Land Act, 68 of 1981, is applicable to this offer/agreement.

2. Notwithstanding any other clause in this document, the purchaser has the right to revoke this offer or terminate this agreement by written notice to be delivered to the seller, or his/her agent, within five days after he/she (the purchaser) has signed the offer or agreement. The five day period is calculated with the exclusion of the day upon which the purchaser signed the offer or agreement (as the case may be), and of any Saturday, Sunday or public holiday. If the purchaser wants to exercise the aforesaid right, the notice must therefore be delivered to the seller on or before midnight on (date). This notice will have no effect unless it;

(i) is signed by the purchaser or his/her agent acting on his/her written authority; (ii) refers to this offer or agreement as the offer or agreement that is being revoked or terminated, as the case may be; and (iii) is unconditional. Stating the expiry date is undoubtedly the best way of avoiding confusion as to when the buyer’s cooling off right expires. An estate agent must therefore take care to fill in the expiry date correctly.

2. In terms of clause 6.2.1 of the Code of Conduct an estate agent must explain to both the buyer and seller the meaning and consequences of the material provisions of an offer or sale agreement, before such offer or agreement is signed by the buyer/seller. If the estate agent is unable to furnish the explanation, the buyer/seller must be referred to a person who can explain the document. A buyer’s cooling off right is a material provision of an offer / sale agreement and estate agents will have to explain to both a buyer and seller what the cooling off right entails, before the buyer/seller signs the document; alternatively, if an estate agent is unable to explain the implications of the cooling off right, the respective parties must be referred to someone who can furnish the necessary explanation. What must be explained are the following:

(a) The fact that the buyer has the right to revoke the offer or terminate the sale agreement within five days after he signed it. (b) How, and by when, the buyer must exercise the cooling off right, should he wish to do so. (c) The fact that the offer or sale
agreement in question will no longer have any legal effect and will not be binding on any of the parties if the buyer has exercised the cooling off right in the prescribed manner.

In the city of Beira and in Mozambique in general, this concept of Purchaser’s Cooling-off Right is not known. An analysis of this procedure as it applies to South Africa, reveals that this is a crucial aspect in relation to protecting the purchaser’s right. As opposed to Beira practices, the purchasers need to be protected from scrupulous real estate agents such as the Mozambican commissionistas. Cooling off right means that the property purchaser has five days from the day of purchase to decide whether to claim his money back or continue with the purchase. Now, the following passages shall seek to expound on the prescribed minimum qualifications for the South African Real Estate Agents and the Principals alike.

2.7.8 Real Estate Agents Qualifications and Designations

According to Snyman (2011), the Institute of Estate Agents of South Africa (IEASA) has set Official Real Estate Agents Qualifications as follows:

2.7.8.1 Estate Agents

1. All existing (on 15 July 2008) estate agents must acquire National Qualification Framework (NQF) Level 4, Further Education and Training (FET) Certificate in Real Estate by 31/12/2013. In the event that they have opted for the Recognition of Prior Learning (RPL) option, they must obtain their certificates by 31/12/2013

2. New entrants must serve as an intern estate agent, under the supervision of a principal estate agent, for a continuous period of 12 months from the date of the first issue to that person of an intern fidelity fund certificate by the full name (EAAB), and must act under the active supervision and control of a principal estate agent or an estate agent who has continuously held a valid fidelity fund certificate issued by the EAAB for a period of not less than 3 years
3. A Summative Assessment for both these categories takes place in the form of the Professional Designation Examination (PDE) Level 4, which is based on the Core Unit Standards of the FET Certificate as issued by the EAAB.

4. Exemption from the qualification: If an existing estate agent is in possession of a tertiary qualification, it is possible that he/she could qualify for exemption from the level 4 qualification. This needs to be applied for through a registered training provider in terms of the exemption matrix. If exemption is granted, the agent still needs to write the final summative assessment in the form of the PDE. If the applicant is 60 years old and older, he/she can apply for exemption from the qualification and must provide acceptable proof of both age and of the fact that they have held a valid fidelity fund certificate issued by the EAAB for a continuous period of at least 5 years. In addition, candidates must hold a valid fidelity fund certificate for the current year.

5. Exemption from the PDE: If an existing estate agent held a valid Fidelity Fund Certificate (FFC) from 15 July 2003 until 15 July 2008, he/she can apply to the Estate Agency Affairs Board (EAAB) for exemption from the PDE. If the applicant is 60 years old and older, he/she can apply for exemption from the PDE and must provide acceptable proof of both age and of the fact that they have held a valid fidelity fund certificate issued by the EAAB for a continuous period of at least 5 years. In addition, candidates must hold a valid fidelity fund certificate for the current year.

2.7.8.2 Real Estate Agent Principals

1. All existing (on 15 July 2008) Principal Estate Agents (Sole Proprietors/Members of CC/Directors of Company/Partners in a Partnership must acquire their NQF Level 5 National Certificate: Real Estate by 31/12/2013. In the event that they have opted for the Recognition of Prior option they must obtain their certificates by 31/12/2013.
2. New principals will have to obtain their Level 4 qualification as well as level 5 qualifications.

3. A Summative Assessment for level 5 takes place in the form of the Professional Designation Examination (PDE) Level 5, which is based on the Core Unit Standards of the National Certificate as supplied by the EAAB.

4. Exemption from the qualification: If a Principal estate agent is in possession of a suitable management qualification, it is possible that he/she could qualify for exemption from the level 5 qualification. This needs to be applied for through a registered training provider in terms of the exemption matrix. If exemption is granted, the principal still needs to write the final summative assessment in the form of the PDE level 5. If the applicant is 60 years old and older, he/she can apply for exemption from the qualification and must provide acceptable proof of both age and of the fact that they have held a valid fidelity fund certificate issued by the EAAB for a continuous period of at least 5 years. In addition, candidates must hold a valid fidelity fund certificate for the current year.

5. Exemption from the PDE: If an existing Principal estate agent held a valid Fidelity Fund Certificate (FFC) as principal from 15 July 2003 until 15 July 2008, he/she can apply to the Estate Agency Affairs Board (EAAB) for exemption from the PDE. If the applicant is 60 years old and older, he/she can apply for exemption from the PDE and must provide acceptable proof of both age and of the fact that they have held a valid fidelity fund certificate issued by the EAAB for a continuous period of at least 5 years. In addition, candidates must hold a valid fidelity fund certificate for the current year.

The above government set standards for the South African Real Estate Agents and Principals are the existing minimum requirements for interested individuals and companies who seek to embark on providing services in the Real estate and the property management industry. In addition and for best practices in the South African property management industry, below is the summarised mandatory Code of Ethical obligation too.
2.8 IEASA CODE OF ETHICAL OBLIGATIONS

PREAMBLE

The prestige of any professional body depends to a great extent on the ethical standards observed by its individual members, both in their association with one another and in their relationship with the community in general.

The Institute of Estate Agents of South Africa (IEASA) encourages the highest standards in real estate practice. Its unceasing aim is that its members as a profession and that its members be respected and trusted by all.

The term ”Member of the Institute of Estate Agents of South Africa” must connote competency, fairness and high integrity resulting from adherence to the highest moral and ethical conduct in business relations. By accepting this standard as their own, Members shall in all their activities and in the conduct of their business pledge themselves to observe both in word and spirit the ethical obligations set out hereunder.

Articles

1.1 Members shall not, by their acts or omissions bring discredit to the Institute or the Real Estate Industry.

1.2 Members shall in accepting a mandate protect and promote the interest of the client. This obligation of absolute fidelity to the client’s interest is primary, but it does not relieve a member of the obligation to treat all parties to the transaction fairly.

1.3 Members shall in offering a property, avoid misrepresentation or concealment of material facts which are known to such member.

1.4 Members shall not, for themselves or for any member of their immediate family or their firm, acquire an interest in or buy, any property listed with them, without first disclosing such interest to the owner.
1.5 Members shall, in selling or letting a property, in which such member has a direct or indirect interest, reveal such interest to any prospective purchaser or lessee.

1.6 Members shall operate their business from suitable premises which are used exclusively for business purposes.

1.7 Members shall ensure that, where the financial obligations and commitments of parties to real estate transactions are in writing, such documents shall express the exact agreement of the parties. A copy of each such agreement, including mandates, shall be timeously furnished to each party thereto.

1.8 Members shall not place any boards or signs on any property without the consent of the owner thereof.

1.9 Members shall not recommend or suggest the use of any services of any organisation or business entity in which such member has an interest, without disclosing such interest at the time of the recommendation or suggestion.

1.10 Members shall not advertise or permit any person employed by or associated with them to advertise property without disclosing the trade name of such member’s firm.

1.11 Members shall not offer any property for sale or to let without a mandate from the client, and in so offering, such member shall comply with all terms of the mandate agreed upon with the client.

1.12 Members shall not, in respect of any transaction, accept compensation from more than one party without the full knowledge of all parties thereto.

1.13 Members shall, in the event of a dispute with another member arising out of an alleged breach of the ethical obligations of Members, submit such dispute to the Institute for adjudication (in accordance with the IEASA Complaints Disputes Procedure) and not enter into litigation with that member.
1.14 Members shall, when charged with unethical practice or when asked to present evidence at any disciplinary proceedings, place all pertinent facts before the relevant committee.

1.15 Members shall duly and punctually implement and comply with any decision of the Board, or adjudicator as the case may be, in terms of the IEASA standards of practice and the IEASA Complaints and Disputes Procedures.

1.16 Members shall not directly or indirectly seek or obtain information from another estate agent concerning any pending transaction and knowingly use such information to the prejudice of such estate agent, and furthermore Members shall identify themselves as estate agents when seeking or obtaining such information.

1.17 Members shall not directly or indirectly, orally or in writing, seek instructions for business between the same buyer and the same seller, or the same lesser and the same lessee as the case may be, which he knows or with ordinary care could have ascertained is being actively negotiated by another member.

1.18 Members shall not claim or represent in any manner that they hold a sole mandate over any property unless such mandate is current and in writing.

1.19 Members shall respect sole mandates held by other Members, and shall not introduce a prospective purchaser or lessee to any property or continue with negotiations where they are aware or with ordinary care could have ascertained that another member holds a current written sole mandate in respect of such property, without the consent of such member. The restraint imposed herein on the introducer shall not be construed to confer an automatic right in favour of the sole agent to negotiate with a person introduced by another member prior to the granting of the sole mandate. If the sole agent is aware or with ordinary care could have ascertained that another member is actively negotiating on the property in question, the sole agent shall forthwith notify that member that he has been appointed sole agent.

1.20 Members who acquire a sole mandate shall inform the client of the advisability of terminating all existing mandates to sell or lease that property.
1.21 Members shall not request or use the services of any person employed by, or any independent contractor associated with any other member without the knowledge or consent of that member.

1.22 Members shall comply with and observe the code of conduct promulgated in terms of the Estate Agency Affairs Act, provided that where the code of conduct refers to "in the opinion of the Estate Agency Affairs Board" this should be construed as reference to "in the opinion of the Board of Directors of IEASA ".

1.23 Members shall comply with and observe the provisions of these Articles and the Regulations laid down from time to time, and shall furthermore ensure that their employees and estate agents associated with them so comply.

1.24 When an agent leaves the employ of a principal or company, a principal shall not withhold any commission due to the agent, unless the agent owes money to that principal or company. If, however, there is a dispute on whether the agent is entitled to commission or not, then both parties shall agree to go to arbitration through the Institute, to resolve this dispute.

The fact that the Mozambican real estate and property management industry is not yet well established and that it lacks guiding policies and operating principles; the summarised Code of Ethics above serves as a challenge to the local property industry. It also serves as an eye opener in an effort to bring excellence among the real estate agents and the principals of the industry.

2.8.1 SOUTH AFRICA PROPERTY INDUSTRY DISPARITIES

The Republic of South Africa covers an area of 1.2 million km2. Since 1994, the country comprises nine provinces, four of which have coastlines. South Africa has eleven official languages. The home language of 55% of the population is isiZulu, isiXhosa, or Afrikaans. The official language in most urban areas is English (Luüs, 2003).
According to Luüs (2003), there are significant disparities in terms of human development in South Africa; not only between provinces, but also between population groups. The two smallest provinces, Gauteng and KwaZulu-Natal, account for around 40% of the country’s population. Gauteng and the Western Cape generate around 56% of South African GDP. Some 55% of the population lives in urban areas.

Gauteng is the most urbanised province, with 96% of its people living in cities. At the other extreme, only 13% of the population of the Limpopo Province lives in urban areas. South Africa’s high unemployment rate, estimated at around 30% of the economically active population, clearly implies that income will be skewed, and that a significant portion of households are not able to afford even meager housing facilities. In fact, more than 40% of dwellings can be classified as “informal housing”, whereas a further significant percentage of the “formal” housing market would presumably also be of rather poor quality.

The population disparities above demonstrate that only two provinces, that is Gauteng and the Western Cape account for 56% of the Gross Domestic Product. These are the provinces with the highest concentration of property and real estate management activities. This is a directly similar development scenario in Mozambique where by infrastructural and property development is principally concentrated in the capital Maputo and Beira. More real estate activities may also be needed outside cities, and coastal areas.

Therefore, it actually means that the rest of other South African provinces are rife with unemployment and lack of property development, as it proves that the developments are concentrated in the Capital City, Johannesburg and the coastal areas. The literature, point to the fact that the real estate and property management industry is organized, however there are also big challenges around the spreading of centres of developments, as well as high unemployment in the rural areas. Therefore there is still more potential for further real estate and property development outside urban areas in South Africa, so that more unemployed people may be absorbed in the real estate industry too; by so doing, thus advancing the Property Industry Contribution to the South African Economy.
2.8.2 Property Industry Contribution to the Economy

The residential property market in South Africa comprises approximately seven million formal dwellings. There is no firm data, but the value of the residential property market in 2002 was estimated at roughly R750bn ($146bn at a PPP exchange rate of ZAR5.15 to the USD). The government has succeeded in building nearly 1.5 million low-cost housing units during the period 1994 to 2003. This has provided some support to the construction sector, which suffered from surplus capacity during the late 1980s and early 1990s (World Bank, 2011).

When the African National Congress (ANC) came to power in South Africa in 1994, it identified black economic empowerment as a major vehicle for addressing the economic injustices of apartheid (see e.g. its policy document, "South Africa's Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment", (ANC, 1994) Among other steps, the government encourages companies to diversify their ownership profile in order to tender for state business, (Cloete, 2008:12). This resulted in a flurry of Black Economic Empowerment (BEE) deals, many of whom, however, have been criticized as benefiting only a minority of politically well-connected individuals (Ernst and Young, 2004), with some commentators even describing BEE as a type of fraud (Qwelane, 2005).

In an effort to address economic disparity among whites and black populations in South Africa, the BEE policies implementation have also tried to address real estate and property management issues among the black population where unemployment rate is highest. Though BEE policies are a good initiative, complains have risen that most property development was being high jacked by the small group of elite black leaders and considered a form of formal fraud by, Qwelane (2005). This passage serves to demonstrate that though South African real estate activities are highly organized, there still exist disparities among different population groups, among different cities, and that continued high unemployment levels continue to be a serious threat to the infrastructural and property development initiatives in the urban areas. This similar situation exist in Beira, whereby high unemployment has resulted in the real estate and property management activities being high jacked by the unemployed youths in
Mozambique. For sustainability in an economy and in different sectors, unemployment challenges must be properly addressed too. Well defined policies and management principle create the back bone of such success. To show how serious the property issues are to the nation of South Africa, below is the then president concern towards this crucial sector.

2.8.3 South African President Concern on the Property Industry

Through the Property Sector Charter, the property sector undertakes to eradicate gender inequality and racially defined wealth disparities as its contribution to social and political stability in South Africa. The then deputy president, Mr. Thabo Mbeki, stated in 1998 that:

*In the case of the property industry, policies of economic empowerment mean;*

- altering the skewed ownership and control patterns of property;
- creating opportunities for and empowering previously disadvantaged individuals and firms, especially small, micro and medium enterprises through outsourcing and sub-contracting; and
- empowering employees by ensuring equitable recruitment practices, adequate and appropriate training, a systematic transfer of skills and encouraging employee equity in property owning, management and services firms.

*(Address to the SAPOA Annual Convention, Durban, 24 May 1998).*

South Africa was plunged into recession by the global financial crisis, which in turn, affected the property market. South Africa’s first home buyers’ market remains difficult to break into but while residential prices have fallen sharply in South Africa in recent years, there are signs that the residential market has hit its bottom and, indeed, some improvement in prices is now taking place (Cloete, 2008:9).
Commercial property in good locations is in demand and according to CB Richard Ellis (2010) further developments will be limited. Industrial space has relatively low vacancies and, according to Redefine (2010), whose portfolio vacancy level is below five percent with the economy now improving, demand here is likely to increase. Threats in the construction industry exist as power availability continues to be an issue for new developments. It is also possible the upswing in the construction industry, combined with a growing shortage of skilled labour could inflate construction costs and hamper completion of developments. Currently, high unemployment means that wage rates are comparatively low. [online]. Available from: http://www.MarketResearch.com [Accessed on: 25/10/11].

The address at national level about the state and influence of the property industry to the South African economy reveals the extent of seriousness and respect the top most government office has towards real estate and property management activities. This is a clear sign that the industry is highly regarded and is among the active development agendas of the government. This is an exemplary and ideal scenario for a sustainable property industry development. Mozambique policy makers may also need to consider this level of government involvement and initiative in order to bring sanity to the real estate and property management activities in the city of Beira in particular.

2.8.4 TYPICAL SUCCESSFUL REAL ESTATE AGENT IN SOUTH AFRICAN

According to the March 2010, version of Real Estate Monkey Publication, below are the activities and characteristics of a typical successful Real Estate Agent:

Activity 1 – Create a Business Plan: You’re in business, treat it like a business. That means you need a plan with S.M.A.R.T. (Systematic Measurable Achievable Realistic and Timed) goals. Identify your goals in the 6 areas of your life with special emphasis on your career goals for the moment. Once you have established goals, speak with your Principle Broker (PB) to make sure they are realistic. Using your market data and help
from your PB, figure out how many transactions you’re going to have to close to achieve it. Then, make sure the area in which you’re selling can support that level of productivity. Another task you should complete in the first week is have a professional photo taken for use on your business cards, Web site, and other personal marketing materials.

Activity 2 – Create A Marketing Plan: Think about your marketing activities. Yes, real estate is largely a referrals game. But marketing can play an important role in terms of raising your overall visibility. Money is a consideration here. Unless you come into real estate with a substantial bankroll, you must get the best bang for your buck, so to speak. Common marketing media for most real estate agents is newspaper, flyers, emails, radio commercial, and billboard advertising. As with all marketing, however, remember that repetition and consistency is vitally important. Whatever program you commit to, give it at least six months to work. You also may want to think more about your Web marketing efforts. If you have some listings, look into the tools for marketing them available through your personal and company Web site, Craigslist.com, REALTOR.com, zillow.com, etc. and numerous other online venues.

Activity 3 – Get Educated: Take your education to the next level by taking a sales class. Even “born salespeople” can benefit from expert advice. Selling is an interpersonal skill that takes time and practice to master. Yes, an outgoing personality helps. But enthusiasm by itself is not enough. You need someone who can point out what you’re doing right and how you need to improve. Also, if you’re like most people at the beginning of their sales careers, you need the discipline that comes from following a specific program. The right teacher or coach can make a world of difference.

Activity 4 – Start Working: You’re starting to see customers now; make sure they know you mean business. Later in your career, you’ll have room for flexibility, but at the start, it’s a good idea to maintain regular hours. Plan on starting no later than 9 a.m. and working until 5 p.m., whether it’s in the office or in the field. Unless you’re selling resort property, wear business attire. Also, make sure your tools and equipment are in order. Essential tools include a clean car, a cell phone, laptop or a handheld computer, and possibly a digital camera. The goal is to project competence and professionalism. This
is a good week to follow up on those letters. Call your entire prospect list. Remind people that you are now in real estate, and ask if they or anyone they know is looking to buy or sell a house.

Activity 5 – Compile a List: Create a list of family, friends, friends of friends and their friends as well. Anybody you are in contact with on a routine basis should make this list. DO NOT qualify these people while your creating your list, that is to say don’t leave anybody off because you “THINK” they not looking buy, or your afraid to talk to them or they’re a doctor etc. Remember, “…prosperous real estate agents DO what bad real estate agents DON’T.” – Real Estate Monkey

Send them a letter letting them know that you’re now in real estate and available to take care of their real estate needs. This is the beginning of your database, the single most productive prospecting tool you’ll ever have. Something else you can do with the list is to review the list carefully and make a note by each name with an “A”, ”B”, and “C” or “1”, “2” and “3” it doesn’t matter how you identify them. The “A” or “1” names are people who are looking to buy NOW. The “B” or “2” names are people who are looking to buy within the next 6 months. The “C” or “3” names are people who are probably not looking to buy or buy more than 6 months from now. Use this list to prioritize your clients, remembering to keep updating your list as you meet new people.

Activity 6 – Call on Expired and FSBOs: You should have a lead or two from your letters and calls. If you don’t, check out the expired listings and FSBOs in your selling area and start calling. Better yet, go see them in person. These two categories of Sellers are considered “warm” leads rather than “cold” leads. A “warm” lead is a person who is interested in Selling but for some reason they have not sold their house yet. When you get a hold of these Sellers you must understand WHY there property hasn’t sold yet. Once you know the answer, SOLVE IT. Talk to the Seller and ask him “Why didn’t your house sell?” He will then proceed to tell you exactly what you need to do to sell the house, or at least make him happy.

Activity 7 – Start Farming: Start thinking about farming, which is identifying and focusing on a fairly tight selling area. You can farm in a number of different manners:
geographically (houses on the Southside, in your neighborhood etc.), economically (high-end homes, investment properties etc.), specialty properties (golf-course lots, lake properties, etc.), and of course commercial properties. Typically, a farm is not a large number of target residences. Your own neighborhood is often a good place to start. In general, people like doing business with people they know. Assemble a marketing list, which lists houses by address. Quarterly or monthly, send every resident some kind of direct-mail piece, either a letter or postcard. The first piece should introduce who you are and give pertinent biographical information. If you have a family and feel comfortable talking about them, include their names as well. The goal is to be perceived as the person to turn to when the time comes to sell, or buy, their home.

Activity 8 – Get Involved: Investigate ways to get involved in your community—and choose one community service project that suits you. There’s no downside at all from a business standpoint; it’ll help you be perceived as someone who knows and cares about the community. But you’ll also find it personally rewarding.

Activity 9 – Start Prospecting Daily: It may sound simplistic, but consistent prospecting is the No. 1 way get listings. Many top real estate agents prospect daily. Plan on spending at least two or three hours every day, calling leads and sources of leads. Make friends with a few mortgage brokers who can refer buyers in your direction. As time goes on, the relationship will shift and you’ll become a source of leads for them. Talk to EVERYONE you meet. I can tell you the key secret to making a huge fortune in real estate! Here is the secret to wealth in real estate “Talk to 5 people every day for 6 days a week, 52 weeks a year.” SIMPLE

Other sources of leads: professionals who deal in property matters, such as probate and divorce lawyers; insurance agents; CPAs; and investor and landlord groups. Also: contact banks and government agencies that need to dispose of property seized in bankruptcy sales and tax and drug cases. You should spend 80% of your time working on money-generating activities. The rest of the time is the other “stuff” that needs to get done; paperwork, education, etc.
Activity 10 – Search for Buyers: The old real estate adage is “You must list to last” is true; however, buyers create an important part of your income and account for a large portion of your time, especially in the early days of your career. How do you find them? Collect names and contact information from visitors, and get your colleague’s OK to follow up. Team up with a mortgage broker in your area to sponsor homeownership seminars.

Activity 11 – Keep Going: Keep on plugging. It can’t be overstressed that the key to success in real estate is persistence. It’s a given that you’re going to encounter a lot of rejection. Remember, do not take it personally. Begin each day with the hardest task, call or conversation; therefore, everything after that will seem like a breeze. This is a game of numbers, the more people you talk to, the more people you will convert to a listing or buyer. “Keep on keepin’ on” should be your motto. [online] (http://realestatemonkey.com) [Accessed on 03/11/12].

2.8.5 Chapter Summary

The Chapter started by a brief history of Mozambique, and then moved on to international related literature review; at this level three specific countries were intently reviewed. The Countries are United State of America, Portugal and South Africa. The review focused on already tested and adopted Policies and Management Activities in their respective nation’s real estate and property management industries. Examples of typical successful real estate and property management activities, together with their respective historic stages of economic and social development were also reviewed. This can help to establish a reference base for similar developments and application in the Mozambican business environment: for it is clear that such level of policy development does not exist in Mozambique.

Now, doing justice to the study requires an intent look into the very country of Mozambique’s Real Estate and Property Management literature, together with the specific lessons learned from the international literature. This is all detailed in the next chapter.
CHAPTER 3

MOZAMBIQUE- RELATED LITERATURE REVIEW AND LESSONS LEARNED

3.1 EMPIRICAL LITERATURE AT NATIONAL LEVEL

3.1.1 Mozambique Economic Overview

The boost in coal production from the first mega coal mining projects that came online in 2012, coupled with strong performance in the financial services sector, transport and communications, and construction, helped to push GDP real growth rate to 7.2% in 2011. The country has achieved an impressive average of 7.2% growth during the last decade. The continuation of high foreign direct investment (FDI) inflows, mostly in extractive industries, together with strong agricultural growth and infrastructure investment will drive growth to 7.5% and 7.9% in 2012 and 2013. Despite the strong growth, the Central Bank’s consistent tight monetary policy, supported by a prudent fiscal policy, reduced the end of year inflation from 12.7% to 10.8% in 2011. Prospects of a further decrease in inflation to 7.2% in 2012 and stabilisation at 5.6% in 2013, will allow a monetary policy easing in 2012, targeting credit expansion. The roll-out of pro-poor measures prepared during 2011, coupled with an ambitious infrastructure investment program should widen the fiscal deficit from -3.3% in 2011 to -6.8 and -7.4% in 2012 and 2013. Mozambique’s main medium-term economic structural challenge is the broadening of its fiscal base. Aid flows are expected to decrease continually from 51.4% of budget in 2010 to 39.6% in 2012. The diversification of the revenue base, in particular through enhanced extractive sector taxation, is paramount to sustain and promote an inclusive growth agenda, World Bank (2012).

The projected growth in Mozambican infrastructural investment is a big positive contribution to the sustainable growth of the real estate and property management sector too. The property industry relies heavily on the basic infrastructural developments such as good roads for better accessibility, desirable and competitive buildings, and so on. The focus of a reduced foreign aid flows is an encouraging positive sign too. It is a
clear and sure indication that Mozambique as a state is now transiting from being a begging state into a self-reliant and normal developing state. More locals and international investors may need to continue making property investments, creating more employment and diversifying and improving government’s revenue collection base through taxes and so on. The Beira city as an increasingly developing international port city is also benefiting immensely through these general positive economic developments and infrastructural developments in particular; what is needed mostly now is proper organization and management in the real estate and property management sector.

In response to the 2010 civil unrest the government restructured its development agenda around a new Action Plan for Reducing Poverty (PARP 2011-14), focused on increased agricultural production, promotion of employment linked to the development of small and medium-sized enterprises (SMEs) and investment in human and social development. Social safety nets were strengthened with the broadening of the direct cash transfer mechanisms to the most vulnerable groups coupled with the maintenance of subsidies to urban public transportation and productive public works programs, in a bid to minimize the negative effects of the rising cost of food and fuel prices on the poor. Budgetary allocation to priority sectors increased in 2012 by 6.8%, to 66.7% of the budget. Though the Mozambican government is making all these necessary development agendas, there continues to be a big gap in the real estate industry. It is evident that there are no specific property industry policies and developmental plans. The researcher believes that these kinds of studies in particular will help opening the eyes of Mozambican decision and policy makers to also keenly look into real estate and property management sector. Consequently, Mozambique’s high unemployment needs to be addressed using a multifaceted approach.

3.1.2 Mozambique High Unemployment

According to the World Bank (Doing Business in Mozambique, 2012); Mozambique has a high population growth rate at 2.8% and an estimated 300 000 new entrants into the
labour market every year. The country’s high economic growth rates have largely been driven by capital-intensive projects, particularly in extractive industries. The overall unemployment rate stands at 27%. The formal economy is largely urban in nature and accounts for only 32% of all employment. As a result, many of the new entrants into the labour market are forced into marginal jobs in the informal economy, both in rural and urban areas, with little prospect of reliable employment.

On 14 September 2011, for the first time in 20 years, an overseas shipment of 35 000 tons of coal was made from the Beira seaport by the Brazilian company Vale, placing Mozambique on the global coal market. The thermal coal came from the company’s 1.7 billion US dollars (USD) Moatize open cast mining project in the Tete province, considered by investors to be one of the world’s largest untapped mine fields. The reserves, made of approximately 30% thermal and 70% higher value metallurgical coal are strategically well positioned to serve the expanding Indian, Brazilian and Chinese markets, amongst others. With the expansion of production in Tete, overall coal output in 2011 reached nearly 1 million tons, contributing to GDP real growth increase of 7.2%. As the mining industry is developing in the Northern provinces, it is a direct development to the Port of Beira, which is the principal port for all the exports in the North and Central Mozambique. Presently, in 2012, accommodation demand has suddenly shot up in Beira. Office space has suddenly shot up too due to the influx of mining companies who are transferring their headquarters to the strategic port city of Beira. More hotels have been constructed in the past five years. All these are clearest signs of growth in the property industry, and the government should not pay a blind eye to such development at national and provincial levels. These developments need to be managed and monitored for better government revenue collection, as well as for managing formal and informal employment in the real estate industry.

Large investments in natural resources are quickly changing Mozambique’s economy, and could potentially alter the country’s prospects in the medium term.

The coal sector continues to expand and attract large investments. Vale has already announced its intention to expand Moatize’s capacity from the 11 million tons per year it expects to reach by the end of 2014, to 26 million tons per year with an investment of
USD 6 billion, which will include expansion of railway linkages. By acquiring Riversdale’s operations in Mozambique, Anglo-Australian Rio Tinto took control of 22 exploration licenses in Tete, including 65% of the Benga mining project (Tata Steel from India holds the other 35%) and the Zambezia project where it will invest USD 4 billion. Rio Tinto now estimates it can reach a combined production of 25 million tons per year with both projects by 2016, an amount that could more than double when the projects mature. Overall the government has granted 112 licenses to 45 national and foreign companies during the last two years. The country’s production is projected to increase to 5.93 million tons in 2012, reaching in the long run 110 million tons per year, if provided with the necessary infrastructure. In December 2011, the British company, Beacon Hill, undertook its first coal overseas export of 10 650 tons, trucked from Tete to Beira seaport owing to the Sena rail line saturation.

These big international investments in the Mozambican mining sector have resulted in heavy demand of heavy infrastructure in the real estate and property industry. All these new mining investors are constructing high rise buildings in the city of Beira to accommodate their staff and projects’ needs. There are more and more serious related infrastructural developments both in the City of Beira and at the Port of Beira-the export and import hub. Recognising the big contributions the property sector is doing at national level will help in establishing better and lasting policies in the real estate and property management sector. There has never be a better time for Mozambique and Beira in particular to start to urgently think of having a formalized property managers and real estate agents commissions and boards to help in strategic developments of the sector.

The strong economic expansion has promoted investment in the country’s weak infrastructures, developed around the three main logistic corridors (Maputo, Beira and Nacala) that serve coal exports, and link the hinterland countries. Transport and communications is the second largest contributing sector to GDP. The CCFB (Companhia Dos Caminhos De Ferro da Beira [Beira Railway Company]) consortium, led by the Indian group,
RITES (Rail India Technical and Economic Services) and Ircon International, failed to achieve the complete overhaul of the Sena rail line’s 670 km to a capacity of 3 million tons per year within the contractual terms, prompting the take-over of the line by the government in December. The line is to have its capacity doubled to 6 million tons per year by 2013, although this will still be insufficient to meet demand. Additional rail lines from Tete are now planned, such as Vale’s sponsored proposal to build a 500 km connection, through Malawi, from Moatize to the northern line that serves the Nacala port, where the implementation of a new USD 1.5 billion coal terminal is planned. The construction of Sena’s parallel rail line, linked to the Quelimane sea port which is being rehabilitated, has also been approved. In parallel, Beira’s seaport coal terminal upgrade from 1.8 million to 6 million tons per year will be finished during 2012, with possible further expansion to 20 million in 2014. The expansion of Maputo’s seaport capacity from 100 million to 700 million tons per year is underway, as also is the rehabilitation of Nacala’s seaport container terminal. At Nacala’s airport, a USD 120 million project 66% financed by a non-concessional loan from Brazil, is expected to be finished in 2013.

All these huge investment figures help in convincing the public that heavy and serious infrastructural developments are taking place in the whole country of Mozambique, and Beira Port in particular. More buildings are being built for business and residential purposes, all pointing to the urgent need for formal property managers and property agents to be involved in managing the needs and implementing the necessary policies once they are in place for sustainability in the real estate and property industry.

3.2 MOZAMBIQUE MACROECONOMIC POLICY

3.2.1 Fiscal Policy

According to, African Economic Outlook (2012), the main pillars of Mozambique’s fiscal policy continues to be the strengthening of revenue collection, reducing transfers, and supporting disinflation. The 2011 budget projected a 6.5% fiscal deficit to accommodate the government’s medium-term growth and poverty reduction objectives, based on overcoming the country’s infrastructure and skills’ deficiencies, while providing
enhanced social safety nets. The excessive burden of fuel and other emergency subsidies introduced in 2010 to calm social unrest, led to a budgetary revision with a partial phasing out of these subsidies. The budget also introduced a 7% increase in expenditure, re-allocating resources from capital to current expenditures designed to create new social protection schemes.

Despite these extra-budgetary expenses, lower than expected resort to non-concessional borrowings and slow disbursements of donor-financed capital spending, coupled with strong revenue collection, produced a fiscal deficit of just -3.3%. The 2012 budget is a structured response to address the social challenges and support the PARP 2011-14 approved in May, which is focused on an inclusive growth model. Education and Health will have a budgetary real increase of 6.32% and 4.42% respectively, while capital expenditure will suffer a real decrease of 7.2%. There are, however, fiscal challenges on the horizon. In the short term, financing both the investment plan and the social protection schemes to sustain social peace will strain fiscal resources. In the medium term foreign aid support, which represents 40% of budget, is expected to diminish.

The Netherlands has announced the end of its budget support in 2013, and overall official development assistance (ODA) is believed to have peaked and will decrease in the future due to political shifts in the developed world. Fiscal programming could be further negatively affected by lower relative value of donor support due to the metical appreciation. Therefore the expansion of the revenue base is crucial. Revenue collection has seen significant increases, profiting from comprehensive reforms. Initiatives such as the Strategic Plan for Tax Payments through Banks, the strengthening of the Large Tax Payers’ division in the Ministry of Finance, and additional planned reforms on streamlining tax payment, will contribute to further enhance tax collection. Fiscal revenue collection increased from 19.6% of GDP in 2010 to 20.2% in 2011 and is expected to reach 20.6% in 2012. Nevertheless, a revision on natural resource extraction and mega-project taxation is crucial. Currently, revenues from these activities represent roughly 5% of company profits due to fiscal exemptions and benefits. If the fiscal regime were fully applied the figure would rise to 30%. 
Though the projected fiscal revenue collection indicates an increase in 2012, these figures do not include the real estate and property management industry. Less weight has been given to this sector, left informally in the hands of *commissionistas* who do not pay any taxes to the government. Formalizing this crucial part of the service sector will result in having much bigger improvement in the expected fiscal revenue collection on yearly basis. Property management and mediation is a viable sector at international levels and Mozambique is not any different. The effect of the Mozambican Monetary Policy in the property industry is worth considering too.

### 3.2.2 MONETARY POLICY

According to *African Economic Outlook* (2012; 7), in 2011, the Central Bank of Mozambique continued to tighten monetary policy, implemented throughout 2010 to absorb excess liquidity and control core inflation to within a single digit. The lending rate to commercial banks was progressively increased from 14.5% up to 16.5% and their minimum reserve requirements increased from 8.5% to 9% of total deposits. As a result, monetary supply M3 grew by 20% in 2011, down from 22.8% in 2010. The favorable external environment of lower food and fuel prices supported the tight monetary policy.

The appreciation of the metical against the South African rand also contributed to curb inflation. Yearly inflation has continually decreased since December 2010, reaching 5.5% and the 12-month average, which peaked at 15.37% in April, was 10.8% at the end of the year. Both results are below initial targets and the future prospects are for further a decrease in inflationary pressures due to monetary contraction policy and stabilization of the metical. However, the domestic credit market was negatively impacted. Growth of domestic credit to the economy decreased from 27.5% in 2010 to 19.5% in 2011, with one year market borrowing interest rates peaking in July 2011 at 23%. The present monetary policy challenge is the trade-off between credit growth to private sector, fundamental to the much needed expansion of job-generating private sector growth, and the control of inflationary pressures. With inflation secured around 5% to 6%, and relying on the continuation of an effective budget execution, it will be
possible to accommodate a mild level of monetary easing in 2012 allowing for a modest credit expansion.

As interest rates increase, buying of properties becomes more costly as buyers seek financing from the banks. As a result the increased interest rates in 2011 by the Mozambican central bank caused difficulties among potential property buyers and developers both local and international players. Property sellers favor the increased interest rates moments however the increase financing cost many times result in low business activities. In formulating real estate and property management industry policies, the Mozambican government should be very sensitive to the negative effect of increasing interest rates unnecessarily. The central bank’s monetary policy must seek to promote infrastructural investments and enhance sustainability in all business developments and initiatives.

As the meticais currency strengthens, it becomes more expensive to buy the currency by all foreign investors; hence this may lower foreigners’ investment initiatives in the country. However as the meticais depreciates seriously for example in the years 2009 to 2010, it means that it became too cheap to buy meticais currency by all foreign investors hence a big rush in foreign investments particularly in year 2010. Many new foreign investments were done in the city of Beira in 2010 featuring heavy infrastructural developments linked to the new discovered minerals. Property management and real estate activities are highly sensitive to the value of the local currency; hence the central bank of Mozambique should control foreign cash flow and investments through a closer monitoring of their monetary policies.

Economic Cooperation, Regional Integration & Trade Mozambique is responsible for 70% of SADC goods transit, with logistic corridors linking the deep water coastal ports with the four neighboring landlocked countries. The country absorbs one of the highest Aid/GDP ratios in Africa, averaging USD 89.2 per capita, although FDI is now the main driver for economic development and regional integration. Transport and Communications led FDI projects in 2011 with USD 511.8 million. Emerging partners have assumed an increasing role. China became the second largest investor since 2010 and is expected to invest over USD 13 billion in the next ten years, mainly in
infrastructure (ports, roads, energy). Furthermore, Brazilian companies plan to invest USD 4 billion over the next four years, focusing on agriculture, mineral resources, infrastructure and health.

The export base remains narrow, with more than half of exports being aluminum. Only 15 products registered annual exports higher than USD 1 million, traditionally including cashew, shrimp, copra, sugar and cotton. Coal exports, which started in 2011, are expected to overtake aluminum as the main export. The prospect for a liquefied natural gas (LNG) plant to be ready in 2018 could make natural gas Mozambique’s main export product.

The fact that Mozambique is responsible for 70% of SADC goods transit shows that the country, and Beira in particular is strategically located and has a big potential for growth resulting in further infrastructure improvement, new structures being built for business and residential purposes. In fact the property sector is here to stay, and formal property managers are required for a sustainable management of the industry, this must not be left out to be controlled by commissionistas. Not only that, but the prospect for a liquefied natural gas (LNG) plant to be ready in 2018 is a major God given miracle to the country, and much more infrastructures are going to be constructed. More property consultants, real estate agents and property managers are going to be needed. Bearing in mind that these are mainly foreign investors hence they expect proper and formal management of their buildings and other infrastructures. The real estate industry is earmarked for bigger and better growths by year 2020. Therefore this is now a big challenge to the government to provide the enabling environment through formulation of serious real estate and property management policies. A look at the Mozambican financial sector will also help in making sound and sustainable decisions in the property industry.
3.2.3 FINANCIAL SECTOR

The banking system lacks competition since 85% of the total financial sector’s assets are concentrated in the three largest banks which are closely linked to the Portuguese banking industry. The sector may become vulnerable to shocks in the medium term due to the deterioration of the crisis in Portugal. The share of nonperforming loans (NPL) remains stable at 2%, and the Central Bank started the transition to risk-based Basel II standards. Supervision ability has improved with the completion of the banking crisis resolution framework but there remains some work to be done on the modules of the rules for closing and liquidating banks, managing bidding processes for private sector take-over, temporary public ownership, and emergency liquidity assistance.

The financial system has been the fastest growing sector, and overall financial intermediation has deepened. There are still high borrowing costs but the interest rate spread between loan and deposit rates is falling (from 15% in 2006 to 12% in 2010). Private sector credit to GDP remains moderately high at 29.8% in 2010. Capital markets are very small, and the stock market mostly trades government debt. Microfinance institutions have expanded rapidly in recent years, increasing the outreach of the banking sector. The insurance sector remains underdeveloped, accounting for less than 1% of GDP.

The new Foreign Exchange Law of 11 March 2009 entered into force on 11 July 2011 and eliminated the remaining exchange restrictions on the payments and transfers for current international transactions. The law also introduced a compulsory requirement for repatriation of foreign earnings and automatic conversion of 50% of export revenues into local currency. This may hinder private investment initiatives. Progress has been made in addressing the shortcomings of the national payment system, but further follow-through is needed. The priority is to complete the implementation of the real-time gross settlement (RTGS) system and especially the regulations related to the rights and obligations of various participants in the system. The financial system remains both small and limited and levels of financial exclusion are very high, with the poor having little access to credit (FAO Statistic Yearbook 2010, 2011).
The said recent Foreign Exchange Law that was put in force in 2011 is generally considered an impediment to most foreign investors. Any investor who transfers his money into Mozambican accounts, the law demands a 50% automatic conversion of that amount into Mozambican currency, the Meticais. Many investors feel that they are being forced to keep their money into less stable meticais currency hence they are very skeptical of this new law. Of course the motive behind this law is to curb the free fall of Mozambican currency which happened in the 2009 to 2010 period. Since the introduction of this foreign exchange law, the Meticais currency has since stabilized, but not too sure until when. The meticais fell heavily to unimaginable levels in 2009 resulting in the government coming up with this law. Now, to the real estate and property management industry, other investors have put breaks to their potential investments, however the stability of the Meticais in the past two years is becoming more encouraging to those that were skeptical of this law. It is now evident that more property investors are now continuing with their real estate and property construction projects, however if the meticais suddenly deteriorates many investors may be pushed out of the country because of high construction and borrowing costs.

3.2.4 PUBLIC SECTOR MANAGEMENT, INSTITUTIONS & REFORM

Property rights in Mozambique are poorly protected and the judiciary is perceived as corrupt. There is a shortage of qualified legal personnel, and the case backlog is substantial. Enforcement of contracts and legal redress through the courts cannot be assured, leading to most commercial disputes being settled privately. Mozambique faces challenges with its governance and anti-corruption framework. Government accountability (executive, legislative, judicial) and the civil service are all rated as weak. However, there have been improvements in the business licensing and regulations, taxes and customs services and functioning of Supreme Audit Institutions.

2010, Mozambique’s rating in Transparency International’s Corruption Perceptions Index in 2011 lowered by four places, now at 130th out of 180 countries, with corruption perceived as widespread. Bribe-seeking by officials is considered to be a problem. The level of conflict of interest between senior officials’ public roles and their private business interests is increasing and seldom investigated.

Though by law, land cannot be sold in Mozambique, this has not been the case in practice. Many foreign property and infrastructure investors are always found informally complaining that they paid huge sums of money to government officials in order to acquire the lands they will be developing on. In real life no one can just be given land for free except in rural areas in Mozambique. The already cited Transparency International’s Corruption report is very correct by pointing out to highly corrupt government officials in towns and provinces particularly when it comes to the allocation and distribution of land for property and real estate development, and other new projects developments and implementations. This government approach is less investor friendly and must be addressed properly through establishing clear real estate and property management laws and policies which are investor friendly. Land buying or acquiring procedures must be established and made clear to all local and foreign potential investors. This study may not be complete without considering also specific real estate and property industry literature in Mozambique.

3.2.5 REAL ESTATE & PROPERTY INDUSTRY RELATED LITERATURE

There exist very limited Mozambican literature that focus on land development and conflict with local population, done by Waterhouse (1998:21); foreign investors and foreigners’ participation in land and properties ownership by Loforte (1996:17). Another piece of work that is of interest is also the one entitled “Dynamic implications of Land Market in Mozambique” (Malauene, 2004:5). This literature was very limited in light of real estate management activities. It featured principally the issue that the land belongs to the government and rising competition between business land and accommodation land. Malaulene (2004) also highlighted the increasing realization by the Mozambican
population to have one`s own house including the steady rise in household incomes to justify the need by more people to construct or own houses. It seeks to bring a little bit of real estate management activities in Mozambique. All this research work focused mainly on real estate properties distribution and ownership. There is also some literature related to real estate activities in Maputo entitled, “Land market in Urban zones, Maputo”(Baia,2002) and a few other journals from the Municipal Council of Maputo (CMCM, 1999). The land market in Urban Zones featured the stiff competition for land and space in Maputo, and that many residential areas such as Polana and Sommershielld are very expensive and considered the Cream of Maputo, and have suddenly become the hub residential areas for foreigners also due to the proximity to the Maputo Beaches. There has never been a mention of the management side of these accommodation and commercial office facilities.

The limited Real Estate and property management Mozambican literature points to the inevitable existence of the informal business sector in Mozambique. The available literatures mainly focus on the need to reduce the rate of unemployment in the country. According to Santos and Tschirley (1999:2) informal sector continues to play an important role in the Mozambican economy. The literature available in the area of real estate management is very limited. The informal sector has not only persisted but actually grown in many developing countries, particularly in Africa where it dominates the economy both in terms of output and employment (Verick 2004:4). However, serious control measures must be put in place to enhance sustainability in these economic developments.

The methodology used in these studies was all qualitative, implementing the case study methods. The literature, for instance in the Municipal Council of Maputo (CMCM, 1999) document especially focused producing data base for existing accommodation and business facilities. The Municipal council focused on already occupied spaces and the vacant places mainly for business in the capital city, Maputo. Another interesting area they featured on findings was the emphasis that some companies renting business facilities were not paying the then mandatory renting tax to the government which was 14% of the total agreed rent amount on a signed contract. For that reason, the
Municipal council was later empowered by the government to increase their rental Tax collection agents.

According to *Tanner (2007:8)*, after independence in 1975, all the properties and land which belonged to the colonialists, the Portuguese people, were all allocated to the government of Mozambique. The post-independence declaration that all land belongs to the State is still in force as the cornerstone of Government policy to this day (Land Law. No. 19/97 of 1 October). From this kind of background, there proved to be no need of real estate agencies to manage all these properties which belong to the government anyway. Now, as the business community grows and economic activities become more dynamic, real estate and properties management activities become more and more inevitable.

Presently, and for the past 15 years, the principal and only existing tool to guide the whole country in the real estate and property management in Mozambique is, *The Land Law. No. 19/97 of 1 October*. For an objective analysis and reference purposes, below is the summary extract of this law:

3.2.6 Land Law. No. 19/97 of 1 October:

CHAPTER I: General Provisions

ARTICLE 2: Scope: This Law establishes the terms under which the creation, exercise, modification, transfer and termination of the right of land use and benefit operates.

CHAPTER II: Ownership of the land and public domain

ARTICLE 3: General principle: *The land is the property of the State and cannot be sold or otherwise alienated, mortgaged or encumbered.*

ARTICLE 4: State land fund: *In the Republic of Mozambique, all land makes up the State Land Fund.*

CHAPTER III: The right of use and benefit of land
ARTICLE 10: National persons

1. National individual and corporate persons, men and women, as well as local communities may be holders of the right of land use and benefit. 2. National individual and corporate persons may obtain the right of land use and benefit individually or jointly with other individual and corporate persons by way of joint title holding. 3. The right of land use and benefit of local communities adheres to the principles of joint title holding for all the purposes of this Law.

ARTICLE 11: Foreign persons

Foreign individual and corporate persons may be holders of the right of land use and benefit, provided that they have an investment project that is duly approved and the following conditions are observed: a) in the case of individual persons, provided that they have been resident in the Republic of Mozambique for at least five years; b) in the case of corporate persons, provided that they are established or registered in the Republic of Mozambique

ARTICLE 12: Proof

The right of land use and benefit is acquired by: a) occupancy by individual persons and by local communities, in accordance with customary norms and practices which do not contradict the Constitution; b) occupancy by individual national persons who have been using the land in good faith for at least ten years; c) authorisation of an application submitted by an individual or corporate person in the manner established by this Law.

ARTICLE 13: Titling

1. A title shall be issued by the general or urban Public Cadastre Services. 2. The absence of title shall not prejudice the right of land use and benefit acquired through occupancy in terms of sub-paragraphs a) and b) of the previous article. 3. The application for a title for the right of land use and benefit shall include a statement by the local administrative authorities, preceded by consultation with the respective communities, for the purpose of confirming that the area is free and has no occupants.
4. The title issued to local communities shall be issued in the name of the community, which name shall be decided upon by the community. 5. Individual men and women who are members of a local community may request individual titles, after the particular plot of land has been partitioned from the relevant community land.

ARTICLE 14: Registration

1. The constitution, modification, transfer and termination of the right of land use and benefit are subject to registration. 2. The absence of registration does not prejudice the right of land use and benefit acquired through occupancy in terms of sub-paragraphs a) and b) of article 12, provided that it has been duly proved in terms of this Law. The right of land use and benefit can be proved by means of: a) Presentation of the respective title; b) Testimonial proof presented by members, men and women of local communities; c) Expert evidence and other means permitted by law.

ARTICLE 16: Transfer

1. The right of land use and benefit may be transferred by inheritance, without distinction by gender; 2. The titleholders of the right of land use and benefit may transfer inter vivos, infrastructures, structures and improvements existing on the land by means of a public notarial deed, preceded by authorisation from the competent state entity. 3. In the cases referred to in the preceding paragraph, the transfer shall be recorded on the respective title. 4. In the case of urban tenements, the transfer of the immovable property includes the transfer of the right of land use and benefit of the respective plot. 5. The titleholder of the right of land use and benefit may mortgage the immovable assets and improvements which he/she has duly been authorized to make on the land or which he/she has legally acquired a right of ownership over.

ARTICLE 17: Term

1. **The right of land use and benefit for purposes of economic activities is subject to a maximum term of 50 years, which is renewable for an equal period upon application by an interested party.** After the renewal period, a new application must be presented. 2. In the following circumstances, the right of land use and benefit is not
subject to a time limit: a) Where the right was acquired by local communities through occupancy; b) Where it is intended for personal residential purposes; c) Where national individual persons intend it for family use.

ARTICLE 18: Termination of the right of land use and benefit

1. The right of land use and benefit shall be extinguished: a) By failure to fulfill the exploitation plan or investment project without justifiable reasons within the time limits established in the application approval, even if tax obligations are being complied with; b) By revocation of the right of land use and benefit for reasons of public interest, preceded by payment of fair indemnification and/or compensation; c) Upon the expiry of its term or a renewal thereof; d) By renunciation by the titleholder. 2. Upon termination of the right of land use and benefit, the non-removable improvements shall revert to the State.

ARTICLE 29: Free use of land

The use and benefit of land is free when it is intended for: a) The State and its institutions; b) Associations that are for public uses and are recognised by the Council of Ministers as such; c) Family uses, local communities and the individual persons who belong to them; d) National small-scale agricultural and livestock cooperatives and associations

3.2.7 ISSUE OF TITLE DEEDS

As can be seen this law is a general law, and says nothing about specific real estate and property management industry. There is a wide missing link both in terms of property management and the policies formulation in the real estate and property industry in Mozambique. Land in Mozambican belongs to the government and investors are given a lease holding of 50 years. There are no title deeds given to any foreign or local investor in relation to any piece of land being occupied. This is a serious concern with all potential investors in the country. There is a serious concern among the
investors of what the government may finally do at the expiry of the 50 years land lease agreement, what should be done to the infrastructural developments?

3.2.8 MOZAMBIQUE´S REAL ESTATE VS. FOREIGN INVESTORS

According to SA Commercial Prop News (2011); Mozambique boasts of 2500km of coastline, the once war-ravaged Mozambique is becoming popular among SA leisure property investors looking for an unspoilt alternative to Clifton, Plett or Ballito. In fact, Citi Private Bank and UK property group Knight Frank´s recently released Wealth Report 2011 ranks the Mozambican capital of Maputo as the world´s top up-and coming location for business, fun and romance. Wealthy globe-trotters are apparently starting to discover the city´s Portuguese heritage, seafood restaurants, locally brewed beer and nightclubs along the city´s main beach road, the Avenida Marginal.

While the Polana Serena Hotel, built in the heart of Maputo in 1922, remains a favorite among well-heeled tourists, a number of equally luxurious hotels have mushroomed in the city in recent years. The report reads: “Maputo tops our 2011 global city hot list, as it ticks all the right boxes for beach-loving, risk-hungry investors. Mozambique is one of the fastest-growing economies in Africa and Maputo is close to the best beaches on the Indian Ocean.” Prop News (2011). While South Africans have for many years enjoyed the sun and surf offering of their north-eastern neighbor, they have not been allowed to own real estate in Mozambique until recently. That changed in 2007 when the Mozambican government introduced new legislation to allow foreign investors to buy into multiple- unit resort developments.

A number of leisure property investment opportunities have since been brought to the market in and around Maputo as well as in sought-after coastal areas like Inhambane, Ponta do Oura, Vilanculos, Pemba, Bilene and Benguerra Island. These leisure resorts are typically priced in US dollars, ranging from roughly $100000 (R800000) for a one-bedroom apartment to $800000 (R6, 4m) for a luxury, five-bedroom villa. In top-end developments such as The Villas At Benguerra, adjacent to the five-star Benguerra Lodge on exclusive Benguerra Island, prices of beachfront villas start at a cool $1,5m
Mozambique’s real estate market is opening up to SA investors, Prop News (2011). Developers allowed to enter the country are not only building fancy resorts. They are also making a contribution to improving roads and other infrastructure, which should further boost the country’s attractiveness as a tourism and real-estate investment destination over the next few years.

SA banks are also getting in on the act. Absa Home Loans managing executive Sifiso Shongwe 2010 says the bank, in association with Barclays Bank in Mozambique, is looking at ways to create a mortgage product to enable SA citizens to buy residential property in Mozambique. However, the legal complexities of owning property in Mozambique are a challenge, says Shongwe, Prop News (2011).

He refers to the fact that land tenure is obtained through usage rights and not traditional ownership. All land in Mozambique is state-owned, so both locals and foreigners merely buy the right to use the land, initially for a period of 50 years, renewable every 50 years, (The Mozambican Land Law. No.19/97).

Leisure property buyers, however, can obtain ownership of the structure. Speaking at a Mozambique investment seminar in October 2011 in Johannesburg, Mozambique tourism minister Fernando Sumbana explained that while land cannot be transferred from one buyer to another, the same doesn’t apply to buildings and improvements. Ownership of bricks and mortar is obtained through a title deed known as a public national deed. Sumbana said investors are thus able to resell property without restriction and make a return on investment. Mozambique’s property ownership laws are similar to the share block schemes sometimes used by leisure property developers in SA, (The Mozambican Land Law. No.19/97).

Another incentive for investors is the fact that Mozambique’s legal framework is being developed quite extensively. For instance, a double tax treaty was recently adopted to prevent SA investors paying double taxation when earning an income or selling an asset. But Sumbana (2011) cautioned property investors to buy only from fully licensed developers with all the necessary government approvals in place. These involve a thorough screening process to ensure only projects by reputable developers with the
right skills and resources are given the green light. Ettiene Erasmus (2010), managing director of Mozambique Property Development & Investments, says it took his company about three years to obtain the regulatory approvals to begin development of the Bazaruto Island View Estate. It is located 12km north of Vilanculos and overlooks the National Marine Park surrounding the Bazaruto Archipelago.

The resort comprises 146 units ranging in price from about R720000 for a stand-alone, one-bedroom villa to R4, 85m for a luxury four-bedroom residence. The estate has development rights to build a plastic surgery medical and recovery facility, a luxury hotel and a small-craft marina. Leisure facilities will include a dive centre, motorised and non-motorised water sports, mashie golf course, restaurant, bar and convenience store.

Erasmus says SA buyers have already snapped up about 75% of the units since the resort’s launch early this year (SA Commercial Prop News, 2011).

The above passages show that Mozambique government have started to open up property and land development to foreigners though there are no clear policies and procedures to that effect. South African real estate investors are really interested in these potential good businesses in development of tourist and visitors complexes in Mozambican resorts and coastal areas such as Beira and Inhambane. Unfortunately, presently, there is no proper and formal real estate and property management. Instead of having registered property agents to lead these investments activities, its quite interesting that commissionistas are seen as the sales and buying agents. This fact alone repels many potential property industry developers as they allege lack of seriousness from the government as there is no enabling environment to that effect. A closer look is also necessary at the local Mozambican Property Developers.

### 3.3 MOZAMBICAN PROPERTY DEVELOPERS

According to Wilson (1992:12), urban Mozambican dwellers have started to realize the importance of property ownership. This has resulted in a lot of commercial activities in the real estate industry particularly in towns such as Beira and Maputo. Another interesting reference is that, according to the Mozambican constitution, the land belongs
to the state. No one is allowed to sell land in Mozambique. It is illegal to sell land to any local or foreign individual (Kloeck-Jenson, 1997:20). Many urban dwellers are now seriously competing for the free land around towns for business as well as for residential purposes. Dolan (1997:16) stated that due to the fact that all locals now know that land cannot be sold, they have resorted to do cosmetic developments such as building a durra-wall, building a foundation only or just building a simple two-roomed cottage, and then sell as a developed property. All this is in an effort to escape the illegality of selling undeveloped land which by virtue of the Mozambican constitution belongs to the state. The local land and property developers are deeply rooted in the Mozambican culture of doing cosmetic developments with the intention to resale and make quick big money- this is especially led by the informal real estate agents, the commissionistas.

In Beira, many of these purported developers are well known of having stretches of land and unfinished buildings, owned by them and in the name of family members with intentions to resale to the new stampeding foreign investors who are lacking land for development. As a result the land become scarce and in the hands of very few leading to these informal developers exaggerating prices of the land with little or no development at all. This practice have become a thorn to the municipal council where of recent in 2010 the council have started prohibiting anyone to own more than two undeveloped stands or properties. Nevertheless, the commissionistas in Beira continue to thrive in all these areas where their activities are not seriously scrutinised, and in other times working in collaboration with the authority officials where they share the returns from these scrupulous business practice. This study is long awaited for in order to expose to the public what exactly is happening within the real estate and property Management industry, and the related growth in the city of Beira.

3.3.1 BEIRA CITY GROWTH

As the Beira city grows, the informal sector on which so many people depend for their livelihood, should also play its part, said President Guebuza, calling on vendors not to hike their prices unnecessarily (AIM News, 2008:5). Like any other city in Mozambique, Beira is also growing under the influence of formal and informal business activities.
It is important to note that as soon as the people do the small cosmetic constructions which are also popularly known as the *land developments*, the property developer begin to look for money through seeking to sell these developed lands to office and residential accommodation seekers. At this very point, the informal real estate and property management agencies, the *commissionistas* find big opportunity to start the intermediation business activities. The property developers look for the *commissionistas* who quickly start to look for the accommodation seekers. According to Liversage (2000:18) the city of Beira is rapidly growing, hence more offices and residential accommodations are needed. Naturally, this spells more business for the *commissionistas*.

According to Loforte (2006:24), formal real estate companies have started registering their activities only in the recent past few years. Otherwise, all real estate activities were being done in a random and disorderly manner particularly in Beira. The unemployed youths saw the existence of this business opportunity to act as middle man between property owners and property seekers.

### 3.3.2 Commissionistas' Influence in the Local Economy

*Commissionistas* is the passionate name given to the informal property agencies that are publicly known in Beira for demanding commission fees from both the buyer and the seller whenever they are conducting their activities. Some of these individual self-styled property agencies have since created a network along the years and have some negative influence in the local economy. After receiving their commission in a successful business, the *commissionistas* never pay government taxes such as Value Added Tax (VAT) and income taxes. Unemployment, poverty and greediness have resulted into the current real estate management chaos (Gengenbach, 1997:11).
3.3.3 Informal activities of the Commisionistas

In some cases, informal business activities violate the normal principles of consumer protection, and offer opportunity for individuals to run away from paying government taxes (Cardoso, 2006:3). The commisionistas do not have fixed business offices, they are not registered agencies. They do not pay VAT and any form of income tax to the government. The government is not benefitting much in terms of tax receipts from these unregistered business activities. These agencies are very mobile, and even change phone numbers at any time particularly after doing a successful business.

Norfolk and Soberano (2000:25) indicated that potential government revenue is lost, and may not be recovered. It is also because of these issues and equally serious concerns that this research is being done with the possibilities to finally appeal to the government authorities to take the most appropriate and sustainable actions in order to protect the interests the public and the state. Sitoe (2008:4) stressed that serious policies should be established to control the activities of the informal sector.

The next section focuses on lessons learned from the international community. The international literature helps to give a foundation for a seriously underdeveloped and neglected real estate and property management industry in Mozambique.

3.4 LESSONS FROM THE INTERNATIONAL COMMUNITY

3.4.1 AMERICAN APPROACH

From the detailed literature already reviewed, it is evident that Real Estate activities in Florida, United States of America, are highly organized. In this regard, important lessons were learnt. There are specific and clear guidelines and laws to control the entrance into the property management sector. There are clear and well-designed policies to bring sanity to the industry. There is operational legal framework to control entry into the industry. Minimum age of 18 years, qualifications of high school diploma
or equivalent, and experience is clearly set and agreed upon and applicable to all the different states of United States of America. There are minimum qualifications and experience for individuals or company to embark on any nature of real estate management activities. The experience required is that, must have held a current real estate sales associate license for at least 24 months during the 5 year period immediately preceding becoming a licensed broker. The Agent must also successfully complete a Florida Real Estate Commission approved pre-licensing course for brokers, consisting of 72 classroom hours and covering specified topics. Courses are valid for licensure purposes for two years after completion. In addition, successfully complete a FREC-approved post-licensing course for brokers, consisting of 60 classroom hours before the initial broker license expires. The real estate agent must pass the Florida Real Estate Broker Examination with a grade of at least 75%. These are serious requirements, and any single violation calls for immediate prosecution. National and State Real Estate Agency Boards are formed to account for direct and daily industry activities.

Surely these are critical reference requirements that Mozambique Policy Makers should be encouraged to put in place because the truth is that all this does not exist in Mozambique. What Mozambique only has is the old outdated Land law which simply emphasizes that the land belongs to the government and is totally silent about real estate and property management policies and management systems.

This researcher strongly believes that for the success of any industry and any business, clear guidelines must be put in place first. Policies are required first, to show the potential stakeholders the seriousness the government has towards protecting the public and private sector from illegal activities. Mozambique is real example of this loophole; anyone can enter into the industry as long as he officially registers a company. That is all. The rest, that is what one does and how to do it, really nobody cares. There is no single control in this matter.

This researcher strongly believes that adopting the typical American real estate industry policy will be a great step in the right direction.
3.4.2 PORTUGUESE APPROACH

From the literature review, it is of no doubt that Portuguese real estate industry is to a higher degree organized. Crucial lessons have been learnt. All estate agents are required to adopt the already set industry policies. Infect the industry is controlled by the 2004 industry specific government decree, Decree-Law no. 211/2004, of 20 August. All, companies which wish to operate, as estate agents, shall obtain a license to be issued by the Instituto de Mercados de Obras Públicas e Particulares e do Imobiliário (IMOPPI).

This is particularly possible now that the law permits the incorporation of single-person companies (sociedades unipessoais), a legal form which has proved especially suited to the healthy development of small companies, in line with the trends in this sector, in order, also, to facilitate inspection;

In Portugal the entry guidelines are as follows; Applicants shall have no outstanding debts to the fiscal and social security authorities; one of the directors or managers of the company shall be professionally qualified; the company shall have positive net worth; the directors or managers of the applicant company shall be persons of good commercial repute. Third party insurance shall be provided too.

Needless to mention that this legal framework is fairly recently revised, that is in 2004, it must not be a big surprise to conclude that it is likely that there were very minimum controls in the real estate sector in Portugal. This lack of serious initiative is what caused this typical industry time bomb in Mozambique, bearing in mind that Portugal was the colonizer of Mozambique. To a higher degree the Portuguese contributed to this slow industry development. However, we don’t need again to forget that the entrance of Black majority at 1975, the Mozambican year of independence, came into being with a Maxist approach of seeking to nationalize all national resources. For that reason, a lot of business initiative was lost. Not only that but also the 16 years of bloody civil war until 1992 caused serious local and international business prospects damage. It is only now, 20 years after the civil war, progressive minds have begun to talk about
this real estate and property industry, which is a potential big contributor to the national economy in the near future.

Mozambique may also need to adopt the good parts of the Portuguese property law, issues such as proven good reputation, need for third party insurance and debts clearance before being allowed to operate. The Portuguese law lacks to give clear minimum qualifications and minimum age, which may also give room for manipulation within the industry.

3.4.3 SOUTH AFRICAN APPROACH

From the literature review, there are serious lessons that are learnt, and in particular, a keener look into the Policies that have been long established in the South African Real Estate and Property industry show to some degree the level of seriousness into this type of business. The household act, The Estate Agency Affairs Act, was established in 1976. It is interesting to note that these legal guidelines were set almost 40 years ago, however still actively being used and adhered to today.

The South African approach is a bit more interesting. There are the two specific boards which operate independently but to establish the same mission at different levels. These boards have already been referred to in Chapter 2, these are; Estate Agency Affairs Board (EAAB), and the Institute of Estate Agents of South Africa (IEASA). There’s a world of difference between the IEASA and the EAAB.

The EAAB is the official regulating authority for the estate agency profession in South Africa, and every estate agent must, by law, be registered with it. The EAAB also oversees the qualification of estate agents, and is principally the Policy Making board.

On the other hand, the IEASA is a professional organization which supports its members, and membership is voluntary. The IEASA has a national office, and regional offices in the major centres. The IEASA looks after the interests of its member’s estate agents and agencies, and is a prominent spokesman for the profession. The IEASA regions offer property related courses which are specifically designed to provide agents
with the knowledge and skills necessary to conduct their business in the most professional manner. Finally, it is important to note that the IEASA is real estate activities Management Board.

Since 15 July 2008, in South Africa, a new real estate agent must complete a 12-month internship in an estate agency firm, during which he/she must obtain the FET Certificate: Real Estate. Thereafter, he/she must pass the Professional Designation Examination (PDE) set by the EAAB. During the internship period the intern will have restricted capacity as an estate agent.

To reemphasize the Management concept, the South African Property industry has also for a long time adopted a very noble business approach of Purchaser’s Cooling-off Right. This real estate business policy implies that the purchaser has the right to revoke purchase offer or terminate this agreement by written notice to be delivered to the seller, or his/her agent, within five days after he/she (the purchaser) has signed the offer or agreement.

Notwithstanding any other clause in this document, the five day window period is calculated with the exclusion of the day upon which the purchaser signed the offer or agreement (as the case may be), and of any Saturday, Sunday or public holiday. If the purchaser wants to exercise the aforesaid right, the notice must therefore be delivered to the seller on or before midnight on (date). This notice will have no effect unless it,

(i) is signed by the purchaser or his/her agent acting on his/her written authority;

(ii) Refers to this offer or agreement as the offer or agreement that is being revoked or terminated, as the case may be; and (iii) is unconditional. Stating the expiry date is undoubtedly the best way of avoiding confusion as to when the buyer’s cooling off right expires. An estate agent must therefore take care to fill in the expiry date correctly.

To also show how advanced the South African Property industry is, there are direct and specific Code of Ethics expected to be observed in totality by all Real Estate practitioners. Failure to abide by all these established statutes result in license being revoked and possible prosecution.
Finally, the South African Policy makers in the property industry have also done a very commendable thing, to establish separate, distinctive prerequisite qualifications. Specific lessons were learnt such as, for the real estate agents: New entrants must serve as an intern estate agent, under the supervision of a principal estate agent, for a continuous period of 12 months from the date of the first issue to that person of an intern fidelity fund certificate by the EAAB, and must act under the active supervision and control of a principal estate agent or an estate agent who has continuously held a valid fidelity fund certificate issued by the EAAB for a period of not less than 3 years.

For the real estate principals: If a Principal estate agent is in possession of a suitable management qualification, it is possible that he/she could qualify for exemption from the level 5 qualification. This needs to be applied for through a registered training provider in terms of the exemption matrix. If exemption is granted, the principal still needs to write the final summative assessment in the form of the PDE level 5. If the applicant is 60 years old and older, he/she can apply for exemption from the qualification and must provide acceptable proof of both age and of the fact that they have held a valid fidelity fund certificate issued by the EAAB for a continuous period of at least 5 years. In addition, candidates must hold a valid fidelity fund certificate for the current year.

Following this closer analysis of the three nations’ real estate and property management and policy making strategies, this researcher believes strongly that from a third world perspective, the South African approach to real estate and property management industry is more practical and more noble; looking at the current stage of development of Mozambique economic growth. Not only that, but also the fact that South Africa is a friendly neighbor to the country, it helps a lot in terms of convenience, that is government to government expertise and experience sharing.

The adaptation of the South African real estate industry policies, as well as their typical management activities is more practical for a developing country such as Mozambique. The South African Approach is most clear, distinct, well thought and demonstrates a typical mature industry, intact for the past almost 40 years of practice. As has been seen in literature review, that the Mozambican government has of recent started opening to international investors particularly starting with South African property
investors, this is a good sign because these South Africans will start to implement their long established policies and management activities thereby influencing our policy makers and starting to bring a sense of normalcy to the long abandoned property industry in Mozambique.

3.4.4 Chapter Summary

The Chapter focused on the specific local, Mozambican related real estate and property management literature review. The already existing literature has not touched intently the issues of property management challenges, control and sustainable development in the real estate and property management sector. It is important to note that though the few and disjointed existing research work in Mozambique have practically said little about management and policy issues in the property industry, this shallow work continues to form the basis and foundation of this present big leap initiative towards a finding lasting solutions towards the challenges and the impact of real estate and property management activities in the city of Beira.

Finally, the chapter ended on the comparisons of the three identified countries against the real estate and property industry of Mozambique. Policies were compared; management concepts and principles were intently compared too. Lessons learnt from other countries were touched and critical progressive typical policies and management activities were pointed out as important to the currently dormant Mozambican property industry.

Now, in the next chapter, a keener look at the research design and methodology shall be done.
CHAPTER 4

RESEARCH METHODOLOGY AND DESIGN

4.1 RESEARCH PARADIGM

Introduction

This chapter focuses on the research paradigm, and design that was used, as well as the related research methodologies. There are basically two research paradigms that are Quantitative and Qualitative. Qualitative research is concerned with finding the answers to questions which begin with: why? how? in what way? Quantitative research, on the other hand, is more concerned with questions about: how much? how many? how often? to what extent?

4.1.1 QUANTITATIVE RESEARCH PARADIGM

Quantitative research refers to the systematic empirical investigation of social phenomena via statistical, mathematical or computational techniques, given, (2008). The objective of quantitative research is to develop and employ mathematical models, theories and/or hypotheses pertaining to phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. Quantitative data is any data that is in numerical form such as statistics, percentages, and so on.

The quantitative research paradigm may be described as based on the positivism while the qualitative approach research is based on phenomenology (Benz, & Newman, 1998; Denzin & Lincoln, 1984). According to positivism, reality is stable, observable and can be measured. Knowledge is obtained using the scientific method which is objective and measurable. To prove that a phenomenon exists, one has to collect data scientifically and what that cannot be tested empirically cannot be regarded as proven. On the other
hand, phenomenology focuses on the processes and experiences one goes through. Literally, phenomenology is the study of “phenomena” or the things we experience and the ways we experience such things. Experience is a complex concept and not directly observable by an external observable (Benz, & Newman, 1998).

This researcher could not use this research paradigm because of a number of reasons. These are; in quantitative research, the researcher of a study is generally heavily involved in the process, which gives the researcher a more subjective view of the study and its participants. Also the fact that, the researcher interprets the research according to his or her own biased view, which skews the data gathered. Another reason why this researcher could not use qualitative research paradigm is that it is time consuming and can last for months or even years. In qualitative researches, the researchers generally miss out on phenomena occurring because of the focus on theory or hypothesis testing rather than on theory or hypothesis generation. This researcher strongly believes that knowledge produced in quantitative research might be too abstract and general for direct application to specific local situations, contexts, and individuals; hence a qualitative paradigm was more preferable in this study.

4.1.2 QUALITATIVE RESEARCH PARADIGM

Qualitative research studies things in their natural settings, attempting to make sense of, or to interpret, phenomena in terms of the meanings people bring to them (Denzin,1994). Patton (2002) also defined qualitative research as attempting to understand the unique interactions in a particular situation. The purpose of understanding is not necessarily to predict what might occur, but rather to understand in depth the characteristics of the situation and the meaning brought by participants and what is happening to them at the moment. The aim of qualitative research is to truthfully present findings to others who are interested in the subject.

Just like all research, qualitative research is a type of research that seeks answers to a question; is systematically conducted and involves the collection of evidence. However, the uniqueness of qualitative research is that one may produce findings that were not
determined in advance and also the findings may be applicable beyond the immediate boundaries of the study, (Creswell, 2003).

In qualitative research, we are generally interested in understanding the meaning people have constructed. Focus is on finding out how people make sense of the world they live in and experiences they have undergone. On the other hand, in quantitative research we are more interested in testing the hypothesis that there is a difference between variables studied or there is a relationship between the variables examined. We are more concerned with prediction.

In qualitative research, one selects cases or subjects based on their uniqueness. In other words, one is not concerned about generalization of the findings. Actually generalization is a cooperative venture of researcher and reader. The researcher describes the context fully and the reader decides if the context is similar or is representative of his or her situation. On the other hand, in quantitative research, one is interested in generalizing on the findings obtained from the sample to the population.

This study in particular adopted the qualitative research paradigm mainly because of the following practical reasons:

Qualitative research allows the subjects being studied to give much ‘richer’ answers to questions put to them by the researcher, and may give valuable insights which might have been missed by any other method. Not only does it provide valuable information to certain research questions in its own right but there is a strong case for using it to complement quantitative research methods. In addition, according to Pope and Mays (1995), qualitative researchers study things in their natural settings in an effort to discover the meanings seen by those who are being researched (or subjects) rather than that of the researcher.

Qualitative research is a process of naturalistic inquiry that seeks in-depth understanding of social phenomena within their natural setting. It focuses on the "why" rather than the "what" of social phenomena and relies on the direct experiences of human beings as meaning-making agents in their everyday lives (University of Utah, College of Health, 2009).
Theory and the researchers’ perspective also play a key role in qualitative data analysis and in the bases on which generalizations to other contexts may be made. This particular research sought evidence to substantiate the worth of a very wide range of activities and interventions and thus the type of evidence needed depends on the nature of the activity and its purpose. In this case, qualitative research was an appropriate and desirable methodology.

Data collection methods are meant to capture the social meanings and ordinary activities of people (informants) in "naturally occurring settings", (Brewer & John, 2000). The goal is to collect data in such a way that the researcher imposes a minimal amount of their own bias on the data. Merriam (1999) characterizes qualitative research as understanding the meaning people have constructed in which the researcher is the primary instrument for data collection and analysis. It usually involves fieldwork as primarily employing an inductive research strategy focusing on process, meaning and understanding resulting in a richly descriptive product.

Qualitative research provides a natural home environment. This natural home involves including stakeholders in the dialogue of research, makes them active participants in inquiry, and helps their silenced voices to be heard (Denzin & Lincoln, 2005), hence the adoption of this qualitative research paradigm.

4.2 RESEARCH DESIGN

In the qualitative paradigm there are four major types of qualitative research designs. These are:

- Phenomenology
- Ethnography
- Grounded theory
- Case study
Another common research design is the survey. Surveys can be either qualitative or quantitative in their approach to data collection.

### 4.2.1 Phenomenology

Phenomenology literally means the study of phenomena. It is a way of describing something that exists as part of the world in which we live. Phenomena may be events, situations, experiences or concepts. We are surrounded by many phenomena, which we are aware of but not fully understand. Our lack of understanding of these phenomena may exist because the phenomenon has not been overtly described and explained or our understanding of the impact it makes may be unclear. Phenomenological research begins with the acknowledgement that there is a gap in our understanding and that clarification or illumination will be of benefit. This researcher did not use this design mainly because; phenomenological research will not necessarily provide definitive explanations but it does raise awareness and increases insight. Another reason is that phenomenology fails to produce generalisable data.

### 4.2.2 Ethnography

Ethnography has a background in anthropology. The term means “portrait of a people” and it is a methodology for descriptive studies of cultures and peoples, Bryman & Burgess (1993). The cultural parameter is that the people under investigation have something in common. Examples of parameters include: geographical - a particular region or country, religious, tribal, shared experience.

Ethnographic studies entail extensive fieldwork by the researcher. Data collection techniques include both formal and informal interviewing, often interviewing individuals on several occasions, and participant observation. Because of this, ethnography is extremely time consuming as it involves the researcher spending long periods of time in the field.
Analysis of data adopts an “emic” approach. This means that the researcher attempts to interpret data from the perspective of the population under study. The results are expressed as though they were being expressed by the subjects themselves, often using local language and terminology to describe phenomena.

This researcher did not use Ethnography method mainly because Ethnographic research can be problematic when researchers are not sufficiently familiar with the social mores of the people being studied or with their language, as was the case of this researcher within the Beira community. Other reasons for not using this research method are; Due to the fact that ethnographic research relies on observation, it often takes a longer period of time to produce thorough and reliable results. Also, because the research is reliant upon the observations of just one or a few people, the conclusions about what the human subjects were doing, saying or feeling could be altered by the observers’ cultural bias or ignorance.

4.2.3 Grounded theory

This methodology originated with Glaser and Strauss (1967) and their work on the interactions between health care professionals and dying patients. The main feature is the development of new theory through the collection and analysis of data about a phenomenon. It goes beyond phenomenology because the explanations that emerge are genuinely new knowledge and are used to develop new theories about a phenomenon.

One example of grounded theory with which many of us are familiar is theory about the grief process. Researchers observed that people who were bereaved progressed through a series of stages and that each stage was characterized by certain responses: denial, anger, acceptance and resolution. This is not a new phenomenon, people have gone through these stages for as long as society has existed, but the research formally acknowledged and described the experience. Now we use our knowledge of the grief process, new knowledge derived from grounded theory, to understand the experience of bereavement and to help the bereaved to come to terms with their loss.
Various data collection techniques are used to develop grounded theory, particularly interviews and observation although literature review and relevant documentary analysis make important contributions. A key feature of grounded theory is the simultaneous collection and analysis of data using a process known as constant comparative analysis. In this process, data are transcribed and examined for content immediately following data collection. Ideas which emerge from the analysis are included in data collection when the researcher next enters the field. For this reason, a researcher collecting data through semi structured interviews may gradually develop an interview schedule in the latter stages of a research project which looks very different to the original schedule used in the first interview.

New theory begins its conception as the researcher recognizes new ideas and themes emerging from what people have said or from events which have been observed. Memos form in the researcher's consciousness as raw data is reviewed. Hypotheses about the relationship between various ideas or categories are tested out and construct formed leading to new concepts or understandings. In this sense the theory is "grounded" in the data.

This researcher did not use grounded theory method mainly because it is marked by several systematic steps that needs to be fulfilled in order to arrive at a conclusion. Data collection in the form of oral or written interviews can be time-consuming. Data organization and analysis is also a long process. It is important also to note that the presentation of grounded theory results - the highly qualitative nature of the results can make them difficult to present in a manner that is usable by practitioners.

4.2.4 Case study

Case studies are tailor-made for exploring new processes or behaviors or ones that are little understood (Hartley 1994). Hence, the approach is particularly useful for responding to how and why questions out a contemporary set of events (Leonard-Barton 1990). Moreover, researchers have argued that certain kinds of information can be difficult or even impossible to tackle by means other than qualitative approaches such as the case study (Sykes 1990).
Gummesson (1988:76) argues that an important advantage of case study research is the opportunity for a holistic view of the process: “The detailed observations entailed in the case study method enable us to study many different aspects, examine them in relation to each other, view the process within its total environment and also use the researchers’ capacity for further investigation. ” The contextual nature of the case study is illustrated in Yin’s (1993:59) definition of a case study as an empirical inquiry that “investigates a contemporary phenomenon within its real-life context and addresses a situation in which the boundaries between phenomenon and context are not clearly evident.”

Like surveys, case study research is one of those research approaches which can take a qualitative or quantitative stance. Case study research is used to describe an entity that forms a single unit such as a person, an organization or an institution. As a research design, the case study claims to offer a richness and depth of information not usually offered by other methods. By attempting to capture as many variables as possible, case studies can identify how a complex set of circumstances come together to produce a particular manifestation. It is a highly versatile research method and employs any and all methods of data collection from testing to interviewing.

One of the criticisms aimed at case study research is that the case under study is not necessarily representative of similar cases and therefore the results of the research are not generalisable. This is a misunderstanding of the purpose of case study research which is to describe that particular case in detail. It is particularistic and contextual, hence the adoption of this research design.

4.2.5 The Research Approach and Design Adopted

The researcher adopted a qualitative research approach since it involves more open-ended, free-response, unstructured and structured interviews, observations or diaries and allows the subject to speak for himself/herself (Neuman, 1997:14). The qualitative research approach was used as it afforded the participants the freedom to present data
from their perspective while data collection was open and flexible, taking into account the relationship between the researcher and the participants.

The research design adopted for this study is that of a Case Study, of the real estate and property management stakeholders in the City of Beira; to investigate the challenges facing real estate and properties management sector in the City. The case is not a methodology but a choice of what is to be studied. (Denzin & Lincoln, 2005:442). This implies that the researcher attempted to offer a richness and depth of information not usually offered by other methods. Case study seeks to capture as many variables as possible, case studies can identify how a complex set of circumstances come together to produce a particular manifestation, hence the researcher’s preference to this research design.

The key difference between the case study and other qualitative designs such as grounded theory and ethnography (Glaser and Strauss, 1967; Strauss and Corbin, 1990; Gioia and Chittipeddi, 1991) is that the case study is open to the use of theory or conceptual categories that guide the research and analysis of data. In contrast, grounded theory or ethnography presupposes that theoretical perspectives are grounded in and emerge from first hand data.

The adopted research paradigm and the research design fit very well with the study. The researcher sought to have first hand information from the real estate and property industry stakeholders. The researcher sought to understand the reasoning, the challenges, the fears, the suggestions, above all in a free, open and non threatening environment for all the active participants in this industry. The case study, with open ended semi structured interviews afforded the researcher to get to the bottom of the intended investigation.

4.3 QUALITATIVE DATA COLLECTION INSTRUMENTS

Qualitative approaches to data collection usually involve direct interaction with individuals on a one to one basis or in a group setting. Data collection methods are
time consuming and consequently data is collected from smaller numbers of people than would usually be the case in quantitative approaches such as the questionnaire survey. The benefits of using these approaches include richness of data and deeper insight into the phenomena under study.

Unlike quantitative data, raw qualitative data cannot be analysed statistically. The data from qualitative studies often derives from face-to-face interviews, focus groups or observation and so tends to be time consuming to collect. Samples are usually smaller than with quantitative studies and are often locally based. Data analysis is also time consuming and consequently expensive.

The main methods of collecting qualitative data are: focus groups, observation and individual interviews.

This particular research used the individual interviews method; however a brief description of each of the three qualitative data collection methods is done below;

4.3.1 Focus groups

Sometimes it is preferable to collect information from groups of people rather than from a series of individuals. Focus groups can be useful to obtain certain types of information or when circumstances would make it difficult to collect information using other methods to data collection. They have been widely used in the private sector over the past few decades, particularly market research. They are being increasing used in the public sector. Group interviews can be used when:

• Limited resources prevent more than a small number of interviews being undertaken.

• It is possible to identify a number of individuals who share a common factor and it is desirable to collect the views of several people within that population sub group.

• Group interaction among participants has the potential for greater insights to be developed.

According to Kreuger (1994), characteristics of a focus group are as follows:
1. The recommended size of a group is of 6 – 10 people. Smaller than this, limits the potential on the amount of collective information. More than this makes it difficult for everyone to participate and interact.

2. Several focus groups should be run in any research project. It would be wrong to rely on the views of just one group. The group may be subject to internal or external factors of which the investigator is unaware. This can lead to idiosyncratic results. Individual groups may not go very well: the members may be reluctant to participate or not interact well with each other and limited insight will be gained. Sufficient groups should be run to provide adequate breadth and depth of information but a small number of groups may achieve this, as few as three or four. There is no upper limit on the number of focus group interviews that could be held although this will be limited by resources.

3. The members of each focus group should have something in common, characteristics which are important to the topic of investigation. For example, they may all be members of the same profession or they may work in the same team. They may all be patients at a practice or have experienced a similar health problem or be receiving similar treatment. Participants might or might not know each other.

4. Following on from (3), focus groups are usually specially convened groups. It may be necessary or even desirable to use pre formed groups but difficulties may occur. This is usually due to the preexisting purpose of the group which can lead to the group having a particular perspective or bias which limits their potential for providing information.

5. Qualitative information is collected which makes use of participants' feelings, perceptions and opinions. Just as in individual interviews data collection and analysis is time consuming.

6. Using qualitative approaches requires certain skills. The researchers require a range of skills: groups’ skills in facilitating and moderating, listening, observing and analyzing

Now, due to the nature of the characteristics of focus groups mentioned above, this researcher did not see it fit to use this method in this particular study.
4.3.2 Observation

Not all qualitative data collection approaches require direct interaction with people. It is a technique that can be used when data collected through other means can be of limited value or is difficult to validate. For example, in interviews participants may be asked about how they behave in certain situations but there is no guarantee that they actually do what they say they do. Observing them in those situations is more reliable: it is possible to see how they actually behave. Observation can also serve as a technique for verifying or nullifying information provided in face to face encounters. In some research observation of people is not required but observation of the environment. This can provide valuable background information about the environment where a research project is being undertaken. For example, an action research project involving an institution may be enhanced by some description of the physical features of the building. An ethnographic study of an ethnic population may need information about how people dress or about their non-verbal communication. The techniques for collecting data through observation are Video recording, Photographs and artifacts, written descriptions and Documentation.

Again, considering the elements and characteristics of observation method, this researcher realized that this method cannot holistically address the research’s objectives and the related questions; hence this data collection method was not used too.

4.3.3 Individual interviews

Interviews can be highly structured, semi-structured or unstructured. Structured interviews consist of the interviewer asking each respondent the same questions in the same way. A tightly structured schedule of questions is used, very much like a questionnaire. The questions may even be phrased in such a way that a limited range of responses can be elicited.
Semi-structured interviews (sometimes referred to as focused interviews) involve a series of open ended questions based on the topic areas the researcher wants to cover. According to Carter & Thomas (1997), the open ended nature of the question defines the topic under investigation but provides opportunities for both interviewer and interviewee to discuss some topics in more detail. If the interviewee has difficulty answering a question or provides only a brief response, the interviewer can use cues or prompts to encourage the interviewee to consider the question further. In a semi structured interview the interviewer also has the freedom to probe the interviewee to elaborate on the original response or to follow a line of inquiry introduced by the interviewee.

Unstructured interviews (sometimes referred to as "depth" or "in depth" interviews have very little structure at all. The interviewer goes into the interview with the aim of discussing a limited number of topics, sometimes as few as one or two, and frames the questions on the basis of the interviewee's previous response. Although only one or two topics are discussed they are covered in great detail.

Unstructured interviews are exactly what they sound like - interviews where the interviewer wants to find out about a specific topic but has no structure or preconceived plan or expectation as to how they will deal with the topic. The difference with semi structured interviews is that in a semi structured interview the interviewer has a set of broad questions to ask and may also have some prompts to help the interviewee but the interviewer has the time and space to respond to the interviewees' responses, (Carter & Thomas, 1997). If the interview schedule is too tightly structured this may not enable the phenomena under investigation to be explored in terms of either breadth or depth. Semi structured interviews tend to work well when the interviewer has already identified a number of aspects he wants to be sure of addressing. The interviewer can decide in advance what areas to cover but is open and receptive to unexpected information from the interviewee. This can be particularly important if a limited time is available for each interview and the interviewer wants to be sure that the "key issues" will be covered.

Qualitative interviews should be fairly informal. Interviewees should feel as though they are participating in a conversation or discussion rather than in a formal question and
answer situation. However, achieving this informal style is dependent on careful planning and on skill in conducting the interview

Semi structured interviews should not be seen as a soft option requiring little forethought. Good quality qualitative interviews are the result of rigorous preparation. The development of the interview schedule, conducting the interview and analysing the interview data all require careful consideration and preparation.

This study adopted the interview data collection method, more detail is given in the next section.

4.4 Adoption of the Individual Interview Method

In this particular study, the researcher adopted the interviews data collection method. The research instrument that was used was that of interview schedule. The researcher conducted free response, open-ended, semi-structured interviews as the most suitable qualitative data collection approach in pursuit of the challenges facing the real estate and property management sector in Beira, Mozambique. As the researcher used open ended type of questions; there were a set of pre-determined open ended questions. This provided probing and allowed a degree of freedom and adaptability in getting the information from the participants. The choice of this method proved to be also in agreement with the recommendations of other researchers such as, Neuman, (1997:14).

As quoted rightfully by Ashleigh (2005), one of the most effective ways to elicit the meaning of certain elements of cultural experience is to talk to people and to listen carefully as they share their thoughts, impressions and stories. As Patton (1990:278) suggests, “the purpose of interviewing is to allow us to enter into the other person’s perspective”. Stories are all around us and provide a rich source for research. The significance of the human story is emphasized by Connelly and Clandinin (1996:2) who suggest that, “Humans are storytelling organisms who, individually and socially, lead storied lives”. Within this study, research participants recounted past and current experiences in the context of challenges facing real estate and the property management industry in the city of Beira.
In this research, face-to-face interviews helped greatly in interacting with participants. Participants also felt more comfortable by being asked questions in steady of letting them filling the questionnaires. Open-ended flexible approach to interviewing was used, rather than a totally prescriptive standardized interview format; this kind of flexibility is strongly recommended by Bogdan and Biliken, (1992:11), Hammersley and Atkinson, (1995:8), Lofland and Lofland, (1995), and Patton, (1990). In such an approach, Hammersley and Atkinson (1995:14) advise researchers as follows, “decide beforehand the exact questions to ask, and do not ask each interviewee exactly the same questions… then adopt a more flexible approach, allowing the discussion to flow in a way that seems natural”

In this study, the commissionistas in particular preferred less formal environment because they were afraid of authorities due to the nature of their activities hence they needed as natural and less threatening environment as possible. These interviews provided the typical environment and atmosphere sought by the participants.

Other advantages of interview method which were discovered during this study are as follows:

It is very good technique for getting the information about the complex, emotionally laden subjects in particular with these informal real estate agents, the commissionistas. The interview method could be easily adapted to the ability of the person being interviewed. In this case, this researcher could adapt the method as per individual circumstances and interests in the real estate and property industry. Reminding that among the participants were different stakeholders in the property and real estate management sector. Each interview session adapted to the needs of property owners, property seekers, policy makers and the property agents.

In this research, the Interview method proved to have yielded a perfect sample of the general population. During the interviews, this researcher realized that some of the commissionistas had also been doing the similar real estate management informal services in other towns such as Nampula, Maputo and Quelimane. As a result, these research results represent a true position and typical present environment of the Beira
population, and the Mozambican real estate and property management industry in Mozambique in general. Data collected by interview method is likely to be more correct compared to the other methods that are used for the data collection.

4.5 QUALITATIVE DATA COLLECTION PROCEDURE

The interview guide and Data collection was actually done in Portuguese language. However, half of the commissionistas preferred speaking in the local language, Ndau and Sena. Greater effort was put to translate some of the responses into the formal Portuguese language. In attempting to answer the research question, data collection techniques were employed with the explicit purpose of attempting to capture what Geertz (1973) describes as, “thick description.” By listening to the story of the participants, a ‘richer description’ was gained about the challenges the real estate and properties management sector in Beira are facing. Each of the thirty participants was asked ten related open-ended questions. Divergent and convergent views were given.

The data collection was done in two phases:

   a) Phase 1: preparations (two weeks)

The initial preparations were done to obtain permission from the Beira City Council to carry out the research project, which involved writing an official letter to request such permission (see Appendix A).

   b) Phase 2: data collection (two months)

Semi-structured interviews
The researcher conducted semi-structured one-on-one interviews with the thirty major stakeholders in the real estate and property industry in Beira. The thirty are divided into seven property owners, ten commissionistas & three registered real estate agents, three government officials (policy makers) and seven property seekers. Data were gathered in
a fieldwork context, in the natural setting of the participants, as advised by authorities such as, (Bogdan & Bilken, 1992:31; Lofland & Lofland, 1995:42).

The open-ended, semi-structured questions were asked to allow the respondents to give detailed answers and to share their opinions on the subject. To guide the discussion, the researcher used an interview guide (see Appendix C). A total of thirty interviews were conducted. 

Having time between interview periods allowed the researcher time to reflect on the preliminary analysis of interviews and to pursue new threads of meaning during the second round of interviews. This was an extremely valuable and effective strategy which permitted targeted follow-up on specific issues. The primary focus was to discuss all areas related to challenges facing the stakeholders in the real estate and property management industry in the city of Beira.

4.5.1 Interview Process

All interviews were held in a relaxed and cozy environment prearranged and as per interviewees’ choice. Interviews ranged from thirty minutes to one hour in length. The questions were deliberately designed to be structured and open ended to encourage the interviewee to participate freely in a conversation (Maykut & Morehouse, 1997).

While every effort was made to create a relaxed and non-threatening environment, many of the commisionistas were very curious of the possible final effect of this study. They were really concerned that probably their money spinning activities will suddenly come to a halt if ever the results of the study will officially be handed over to the Beira local government authorities for further action. However, after repeated reinforcing that this study was being done in confidence and for academic purposes, all the above-mentioned participants ended up contributing actively and freely to the interview process.

The researcher also got to realize further the importance of face to face interviews above other data collection methods, because it gave room to bring clarity where there
was doubt and distrust. As people spoke together, everyone ended up feeling comfortable without any hesitation to contribute. In general, human beings are social animals, they want to sit together, relax and freely talk to each other. This approach contributed highly towards the success of this study.

All the specific notes taken per participant were kept securely for reference purposes. They were also respectively coded according to whether the interviewee was a property owner or property seeker or property agent or government official. The interview sheets also bear the place, date and time of the interview, age of the participant and gender. Also on the sheets are the names of each residential area in which the participants reside. In total, there are seventy pages of the scripts that the researcher wrote from the interviews.

4.6 PROCEDURES FOR DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This section solely deals with the specific procedures that were followed in data presentation, data analysis and interpretation. It should be noted also that the procedures in this section form part and parcel of the preliminary activities that needed to be fulfilled just before the detailed actual data presentations and analysis in Chapter 5.

4.6.1 Data Presentation Procedure

The data codes are with respect to whether the interviewee was a property owner, property seeker or property agent (commissionista) or policy maker. There are seventy pages of scripts of data that were produced. All the data collected were coded with Participant Codes, prefixed as follows:

- **PA**- for property agent, and coded in sequence (e.g. PA1, PA2, PA3)
- **PO**- for property owner, and coded in sequence (e.g. PO1, PO2, PO3)
- **PS**- for property seeker, and coded in sequence (e.g. PS1, PS2, PS3)
- **PM**- policy maker, and coded in sequence (e.g. PM1, PM2, PM3)
The interview results also bear the place, date and time of the interview, age of the participant, highest education qualification, number of years in the industry and gender.

Also on the database sheets are the names of each residential area in which the coded participants reside (e.g. Palmeiras, Pontagea).

The interview results are coded in such a way that they can be filtered (on the advanced excel based computer program) per particular question, or per category of stakeholder or per residential area.

Questions are also coded with both simple and modified small alphabetical letters (e.g. a, b, a1, b1).

All the research data was securely recorded in an Excel based Data Management System; and all the specific notes taken per participant were kept securely for reference purposes.

All this crucial information is summarized on the illustration of the Research Results: Research Data Base-Sectional view (Filtered Results) of Palmeiras residential area, see Appendix D

4.6.2 Data Analysis Procedure

Analysis of data in a research project involves summarizing the mass of data collected and presenting the results in a way that communicates the most important features.

In quantitative research analysis involves things like the frequencies of variables, differences between variables, statistical tests designed to estimate the significance of the results and the probability that they did not occur by chance. All this is done basically by counting how often something appears in the data and comparing one measurement with others. At the end of the analysis, not only do we have a mass of results but we also have what we might call "the big picture", the major findings.

This particular research used qualitative data analysis; the researcher is also interested in discovering the big picture but used different techniques to find it. As in quantitative research, there may be some data which are measurable but for the most part we are
interested in using the data to describe a phenomenon, to articulate what it means and to understand it.

The basic process of analyzing quantitative and qualitative data is the same. We start by labeling or coding every item of information so that we can recognize differences and similarities between all the different items. The responses that were noted from all the one-on-one interviews can be entered into a computer and the researcher can easily count up how many people answered the question in a given way.

Responses to a particular question can be considered in light of responses to the previous question by telling the computer to cross tabulate responses. Coding qualitative data requires different techniques.

Primary data was collected through the use of one-on-one interviews. There were a series of open-ended discrete type of questions in order to cover all aspects of the subject and also a few specific questions on which the researcher focused on. The data collected are practically discrete data however all is related to the major objectives of the research, and within the context of real estate and property management sector.

In qualitative field studies, Lofland and Lofland (1985:181) argue that, "analysis is conceived as an emergent product of a process of gradual induction. Analysis is the fieldworkers` derivative ordering of data". Analyzing data in a qualitative, multi-site study, according to Merrian (1988:33), is similar to analyzing data in a single site study. The difference is in the management of the data.

In the study, the qualitative data related to the challenges facing real estate and property management industry in Beira, there were transcript of the interview with each participant. Naturally, as the qualitative researcher has no system for pre-coding, the researcher finally designed a method of identifying and labeling (coding) items of data which appear in the text of a transcript so that all the items of data in one interview can be compared with data collected from other interviewees. This particular process is generally called content analysis.
4.6.3 Content Analysis and Interpretation Procedure

According to Bryman & Burgess (1993), Content analysis is a procedure for the categorization of verbal or behavioral data, for purposes of classification, summarization and tabulation. The content can be analyzed on two levels. The basic level of analysis is a descriptive account of the data: this is what was actually said with nothing read into it and nothing assumed about it. Some texts refer to this as the manifest level or type of analysis. The higher level of analysis is interpretative: it is concerned with what was meant by the response, what was inferred or implied. It is sometimes called the latent level of analysis.

Content analysis involves coding and classifying data. This is also referred to as categorizing or indexing. The basic idea is to identify from the transcripts the extracts of data that are informative in some way and to sort out the important messages hidden in the mass of each interview.

The procedure followed in this particular research involves a series of steps. These are listed as follows:

1. Taking a copy of the transcript and reading through it. Soon after seeing something that contains apparently interesting or relevant information, some brief notes were made in the margin about the nature of the information noticed.

2. Looking through the margin notes and making a list of the different types of information found. After typing the transcript using a word processor, a quicker way of doing this was through highlighting each item of data, copy it and paste it onto a list. Original copies of the transcripts were kept in file.

3. Now there exists a list of items excerpted from the text. The researcher read through the list of data items and categorized each item in a way that describes what it is about. Some of the categories were used several times because several items of data refer to the same topic.

4. Then after, the researched now had to look at the list of categories already identified from the transcript and considered whether some of the categories were linked in some
way. The linked once were then listed as major categories and the original, smaller categories as minor categories.

5. The researcher had to look through the list of minor and major categories of data, and did compare and contrast the various categories. As “the big picture” started to develop, the researcher found out that some items were interchangeable between the two categories. The items were finally properly categorized.

6. From state 5, the researcher had to move on to the next transcript and repeated the process from stages 1 - 5. As the researcher worked through the second and subsequent transcripts, new categories of information continued to be identified but however it was easy to recognize that an item of data belonged to a previously identified category. Eventually there were no new categories and find that all the items of relevant and interesting information could be well accommodated in the existing categories.

At this stage this researcher had to colour code the categories and use a different coloured highlighter pen for each category to highlight items of data in the transcripts. This made recognition of data easier when reviewing the transcripts at a later stage.

7. The researcher collected together all the extracts from the transcribed interviews that had been put into one category because they appeared to bear some relationship to each other, and did a critical analysis.

8. After all the relevant transcript data has been sorted into minor and major categories, the researcher look again at the data contained in each category. The categorized data was closely reviewed for accuracy.

9. After this researcher sorted out all the categories and made sure that all the items of data were in the right category, the researcher had to look at the range of categories to see whether two or more categories seem to fit together. Those that could fit formed a major theme in the research.

10. The researcher had to go back to the original copies of the transcripts, the ones which had the initial notes in the margins. Re-looking at any text that was not
highlighted at all, because it did not appear relevant at the time—now the themes have been created, major categories and minor categories clearly sorted, the researcher had to consider whether any of the previously excluded data is relevant and should be included in the results.

As evidenced above, the process of content analysis involves continually revisiting the data and reviewing the categorization of data until the researcher is sure that the themes and categories used to summarize and describe the findings are a truthful and accurate reflection of the data. This was immaculately and patiently done by this researcher in an effort to come up with authentic, accurate and reliable research results about the challenges facing the real estate and property management sector in Beira, Mozambique.

4.7 Data Triangulation

*Data triangulation* simply means supporting the findings of the empirical research by using data from different sources (White, 2005).

The empirical research data were triangulated with data obtained from the literature, and the semi-structured interviews. The triangulation was done by analysing how each set of data answered the research question. For example, one of the research questions was as follows:

> What do you think must be done to address the negative publicity characterized with commissionistas?

The analysis examined each set of data in relation to the question. The findings were presented relative to the following themes that helped in guiding the collection of data:

- Official registration with ministry of finance.
- Stop double commission.
- Creating industry enabling policies.
- Creating alternative jobs.
4.8 TRUSTWORTHINESS, CREDIBILITY AND DEPENDABILITY OF RESEARCH

The researcher was highly cognizant of the issues and expectations of credibility, dependability and trustworthiness. Wolcott (1990:29) strongly advises “not to try and get it all wrong”. This advice centers on the credibility, dependability and trustworthiness of research data.

Qualitative research findings are the results of a naturalistic observation of the object of study as lived and experienced by participants (White, 2005). Objectivity in qualitative research is regarded as high when participants fully participate through providing input and sharing their experiences during the research process (Niemann, 2000).

The researcher was the primary instrument in the data collection and analysis process. In order to enhance credibility and hence trustworthiness of the study (Lincoln & Guba, 1986), the data collection and analysis process was made as transparent as possible.

It is important to note that the researcher made personal notes, which allowed reflection upon what was happening in relationship to personal values and perceptions during the course of the interviews. For the purpose of checking data accuracy, informal feedback and checking of data were sought from participants as an ongoing part of the research. In this way, participants were given an opportunity for involvement in the verification process, thereby, enhancing the consistency of the project. Sufficient time was given to allow all research participants an opportunity to read and critique what had been written.

In addition, each research participant was provided a meeting time for further clarification and follow-up during the post interview visit. During these visits the individual participants were given the opportunity to discuss the report further. While no participants accepted the invitation to meet to discuss the report, a number of anecdotal comments were made relating to the report and the research process.
4.8.1 Trustworthiness

Trustworthiness in qualitative research is fundamental to four concepts, which are: credibility, transferability, dependability and confirmability. Krefting (in White, 2005:206) refers to credibility (truth value), which is how confident the researcher is about the research findings based on context, informants and research design. To assess trustworthiness in this research, the researcher determined credibility by representing the experiences of the participants as accurately as possible through intense observation and using member checking.

In this study, member checks were carried out by engaging in open dialogue with participants on the nature of the data. Secondly, to evaluate transferability, the researcher provided a dense description of the research process by giving the finer details of all aspects observed. Thirdly, to assess dependability, the researcher conducted a dependability audit, checking if all processes had been handled properly, by giving a dense description of each process engaged in.

Lastly, the researcher tested confirmability by reflecting on the research process together with the participants by way of open conversation (Lincoln & Gubba, 1985).

4.8.2 Dependability

The traditional qualitative view of dependability is based on the assumption of replicability or repeatability. Essentially it is concerned with whether we would obtain the same results if we could observe the same thing twice. As already mentioned in the previous sections, each research participant was provided a meeting time for further clarification and follow-up during the post interview visit, thus further strengthening the aspect and level of dependability of this particular research on challenges facing the real estate and property management industry in Beira, Mozambique.

The idea of dependability emphasizes the need for the researcher to account for the ever-changing context within which research occurs, (White, 2005). The research is
responsible for describing the changes that occur in the setting and how these changes affected the way the research approached the study.

The results of this study are very dependable because similar challenges and experiences are widely reported in the other major cities of Mozambique

4.8.3 Credibility

The credibility criteria involve establishing that the results of qualitative research are credible or believable from the perspective of the participant in the research. Since from this perspective, the purpose of qualitative research is to describe or understand the phenomena of interest from the participant's eyes, the participants are the only ones who can legitimately judge the credibility of the results. This researcher had to double check all the results with the expectations and perspectives of all the participants, which are the stakeholders in the real estate and property management sector in Beira. The research results and conclusions are therefore credible.

4.8.4 Transferability

Transferability refers to the degree to which the results of qualitative research can be generalized or transferred to other contexts or settings, (Niemann, 2000). From a qualitative perspective transferability is primarily the responsibility of the one doing the generalizing. The qualitative researcher can enhance transferability by doing a thorough job of describing the research context and the assumptions that were central to the research. In this case, the researcher holistically and objectively described the background, settings and contexts of this specific research in the real estate environment, and the related influence by the commissionistas. The person who wishes to "transfer" the results to a different context is then responsible for making the judgment of how sensible the transfer is. The results of this study are to a large extent transferable to the other major cities of Mozambique which generally suffer from similar challenges. These major cities are Maputo, Nampula and Quelimane.
4.8.5 Ethical Considerations

The researcher sought permission from the office of the mayor of Beira. Access to respondents’ premises was formally requested and agreed upon as per each individual participant’s own discretion. There was no discrimination on gender, and the minimum age for all the participants was strictly 21 years. During the study there were two major concerns raised by the participants that is informed consent and confidentiality, these issues are also noted by Hubert (2008), and Kitchin & Heather (2007).

4.8.5.1 Informed consent

Due to the interviewee’s concerns, the researcher made sure that the area of consent had to be addressed per participants’ expectations. For that reason, each participant received a briefing on the nature of the research study, and highlighting the intentions of the study. At the beginning of every interview, the researcher reinforced that participation is absolutely voluntary as suggested by Kitchin & Heather (2007:18).

The researcher wish to point out that the original intention was also to voice record the interviews, however the greater majority of the interviewees refused their voices to be recorded during process. Finally, the whole idea of voice recording was dropped.

In a similar manner, the greater percentage of the participants also refused to give their full names. They preferred to use only first names or just acronyms due to fear of any unknown eventuality. Nevertheless, the researcher stressed at each interview that the research was for academic purposes and was not seeking to vindicate anyone in any way; and also assured all that pseudonyms or acronyms will therefore be used in the report. This assurance brought some form of comfort and the zeal to contribute openly and feely without fear of any possible victimization in future.

4.8.5.2 Confidentiality

The researcher assured the participants that the data collection was strictly confidential and principally for academic purposes. Ethically, there is always the need to maintain confidentiality in order to protect participants’ rights. Collins (1997:53) argues that
“preserving confidentiality is a crucial issue and an ethical concern”. In order to maintain validity and credibility, it is important that reliable data should be used. The challenge of maintaining credibility is particularly critical where strong personal criticisms were constantly being expressed by the interviewees. To counter these difficulties, confidentiality practices had to be used, namely: the use of personal pseudonyms, aggregated data (where possible), and a coding process based on numbers. Identity of all participants had to be protected. All data are kept confidential, and all data are stored securely, and access to raw data is restricted. The researcher stressed to the participants that the use of the data collected through this study will not in any way bring harm to anyone.

4.9 Chapter Summary

The chapter revealed that the study adopted qualitative research paradigm. The research design adopted was interviews. Research processes and data collection instruments were all considered in this chapter. Issues of data triangulation, validity and reliability were all addressed. Finally detailed ethical matters, consent issues, and confidentiality of the data obtained from the study were also discussed.

In the ensuing chapters, discussions of the data focusing on the key Data Presentation, Analysis, and Interpretation of the findings will be examined.
CHAPTER 5
DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

The respective procedures in data presentation, data analysis and interpretation as already outlined in Chapter 4 (sub-section 4.6) were followed accordingly. Now, this particular chapter deals with the subsequent research results that were actually obtained as a result of following the said procedures.

5.1 DATA PRESENTATION

Qualitative content analysis is the analysis strategy of choice in qualitative descriptive studies. Qualitative content analysis is a dynamic form of analysis of verbal and visual data that is oriented toward summarizing the informational contents of that data (Altheide, 1987; Morgan, 1993).

It is in this chapter where the real estate and management industry’s specific challenges are discussed as per data obtained from the research participants. Not only that but also participants` recommendations for sustainable developments in the industry are equally discussed. The chapter starts by showing the percentage distribution of participants per residential area in Beira in a form of a table and pie chart.

5.2 PARTICIPANTS BIO-DATA

The City of Beira has a target population of six hundred thousand people, with an average of one hundred thousand houses (INE, 2009). Now, as shown in the table below, the study consists a total of thirty participants, selected from the five major residential areas in Beira, namely Palmeiras, Pontagea, Makurungo, Manga and Maquinino, where by six participants were selected from each of these residential areas. This practically means that twenty percent of participants were purposively sampled from each of the five residential areas and form part of the sample. These participants per residential area are divided into ten informal real estate agents (commissionistas), seven property owners, seven property seekers, three registered
real estate agents, and three local government officials. Among the participants are thirteen women and seventeen men. The participants’ ages range from 23 to 65 years old.

The participants’ individual experiences in the real estate and property management activities ranged from 2 years to 12 years.

The participants’ educational qualifications range from Grade 8 to Masters in Business Administration (MBA).

*Below is the tabulated version of the data:*

Participants Bio-Data

<table>
<thead>
<tr>
<th>Participants No.</th>
<th>Participant Description</th>
<th>Residential Area</th>
<th>Age</th>
<th>Sex</th>
<th>Highest Qualification</th>
<th>Years of Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>informal property agents</td>
<td>manga</td>
<td>23</td>
<td>male</td>
<td>Grade 8</td>
<td>2</td>
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<td>2</td>
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<td>female</td>
<td>Grade 9</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>informal property agents</td>
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<td>28</td>
<td>male</td>
<td>Grade 10</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>informal property agents</td>
<td>palmeiras</td>
<td>30</td>
<td>female</td>
<td>Grade 11</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>property owners</td>
<td>maquinino</td>
<td>55</td>
<td>female</td>
<td>Grade 12</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>property owners</td>
<td>pontagea</td>
<td>62</td>
<td>male</td>
<td>Degree</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
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<td>palmeiras</td>
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<td>female</td>
<td>Degree</td>
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</tr>
<tr>
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<td>male</td>
<td>Grade 12</td>
<td>5</td>
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<td>female</td>
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<td>Participants</td>
<td>Residential Areas Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>--------------</td>
<td>--------------------------------</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
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<td>7</td>
</tr>
<tr>
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<td>male</td>
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<tr>
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<td>12</td>
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<td>makurungo</td>
<td>43</td>
<td>female</td>
<td>Grade 12</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 1: Participants’ Bio-Data

5.3 Participants Residential Areas Distribution

![Pie Chart](chart.png)

Figure 1. Pie Chart:
Figure 1, the Pie Chart is showing the residential areas and the respective percentage distribution of the 30 participants, that is 6 from each residential area. Pie chart shows that the researcher considered the city of Beira`s five major residential areas for this study. There are two high density areas (Makurungo and Manga), two middle density areas (Maquinino and Palmeiras), and one Low density area (Pontagea).

5.4 DATA ANALYSIS

5.4.1 Emerged Themes

Tell us the themes that emerged from the data and relate them to the objectives to be achieved by the study.

**Theme** is sometimes used to describe an integrating, relational idea from the data (Richards, 2005), more often it is used to describe elements identified from text and this is typically the approach which is meant when people talk about identifying themes in the data as their method of analysis. Themes are also referred to as categories, (Bazeley, 2007).

Identifying themes are a starting point in a qualitative report of findings from a study. Effective reporting requires use of data, and the ideas generated from the data, to build an argument that establishes the point or points to be made.

**Content analysis** is a procedure for the categorization of verbal or behavioral data, for purposes of classification, summarization and tabulation. The full description of *Content Analysis procedure*, as authoritatively advised by Bryman & Burgess (1993), is found in Chapter 4 (*Section 4.6.3*) of this research work. Now, having followed the foresaid procedure, the themes that emerged from the participants contributions concerning challenges that are being faced in the real estate and property management sector in Beira, are as follows:

- *Commissionistas* activities.
- *Causes of Proliferation of the commissionistas*
Challenges in the property management sector
- Buyers /sellers mediation.
- Double/ high commission charged
- Lack of legal framework
- Agents not registered
- Agents don’t use contracts
- Agents have no fixed business location
- Agents fight on commission sharing
- Income tax not paid
- High levels of unemployment
- Culture of informal business
- Absence of real estate board
- Lack of training
- Lack of Title deeds
- Absence of Industry board/ commission

The relationship of each of the themes to the research objectives that need to be achieved by the study, are detailed below:

5.4.2 Commissionistas´ Activities in Beira

The theme is closely linked to the very first objective, namely;

- To identify the different activities being done by the commissionistas, the informal real estate and property management agents in Beira.

The activities identified during the course of the research are as follows:

a) Services Provided to Seller as Client
Upon a verbal agreement with the seller wishing to sell the real estate, the brokerage attempts to earn a commission by finding a buyer for the sellers' property for highest possible price on the best terms for the seller. To help accomplish this goal of finding buyers, a *commissionista* commonly does the following:

Moving from place to place, talking to family and friends seeking possible buyers. The *commissionista* also tells the seller not to look for any other agent and assuring the seller that he/she will get the highest possible price.

The *commissionista* becomes the official contact person available to answer any questions about the property and to schedule showing appointments in collaboration with the property owner.

The *commissionista* has the role to ensuring buyers are prescreened so that they are financially qualified to buy the property; the more highly financially qualified the buyer is, the more likely the closing of the deal will succeed.

The *commissionista* negotiates price on behalf of the sellers. In almost all cases the commissionista starts with even double price of the property, and then reduce gradually to the minimum the owner agreed. These first impression exorbitant prices are meant to increase their individual commission amounts on a successful business deal.

Verbally agree with the owner on the final commission to be received when the sale is finally done, the commission ranges from 5% to 10% in Beira. All the *commissionistas* start at 10% commission and will only negotiate to the minimum 5% where the owner insists on a reduction. Once the property seeker has confirmed payment to the property owner, the *commissionista* immediately demands his commission. Many times at times of payment they come at least two people to meet the property owner. This is also a way of intimidating the property owner, so that he or she will not refuse to pay their verbally agreed commission.
Any necessary paperwork is left to be done between the seller and the buyer. In fact the commissionistas don’t want to write or sign anything down.

The practice of casual verbal agreement that is done by commissionistas is in sharp contrast to the normal international practices that were witnessed in the international related literature review, found in Chapter 2. In USA, Portugal and South Africa, all real estate activities and agreement are written and signed for (see under sections, 2.3.7; 2.6.4; and 2.7.5). The commissionistas unprofessional and unethical practices are in contrast with the expected business practices as outlined in the literature by seasoned researchers such as Jackson & Wilde (1990;335); Mostert & Pope(1996;12) and Lancy (2010).

Not only that, but the commission rate must also be defined and agreed upon in the seller/agent contract. In Beira, the commission rates are not fixed; they vary significantly from one commissionista to the other and from one transaction to the other. Commission charges are also highly not consistent with even the same agent. This practice is considered illegal and unethical (see section 2.8). The international standard as witnessed in USA, Portugal and South African literature, the issues of commission must be clearly stipulated in contracts and agreed upon before any transaction is done.

b) Services Provided to Buyers as Clients

A verbal agreement is reached either by phone or physical meeting. The commissionista emphasizes and assures that the buyer needs not worry anymore because he or she will work overtime to get the property and conditions sought. This is more in an effort to create an informal Exclusive Buyer Agent situation. Whereby they seek to avoid conflicts of interests by working in the best interests of the buyer and not the seller, avoid other rival commissionistas from stealing away their client.

The commissionista ascertains the buyer’s needs, specifications, and capacity of payment (financial strength).

The commissionista takes buyers to and shows them properties available for sale.
When deemed appropriate, the *commissionista* prescreens buyers to ensure they are financially qualified to buy the properties shown. The *commissionista* negotiates price and terms on behalf of the buyers. It is this typical activity where all the *commissionistas* who participated confirmed that they sometimes also ask for another commission from the buyer to pay for their verbally contracted running around, a commission ranging from 2 to 5% also citing that they assisted in bringing down a supposed to be very expensive property. Many conflicts arise in this area, particularly soon after the buyer realizes that the *commissionista* has also received a determined commission from the property owner. As discussed earlier on Mozambican real estate agents, *commissionistas’s practice of verbal contracts is against the international practices*. Another unprofessional practice among these *commissionistas* is the issue of requesting commission from the property buyers or seekers. In fact the practice of charging commission from both the seller and the buyer (double commission) is illegal. Again these illegal practices are clearly stated under the real estate agency acts of the USA, Portugal and South Africa (see under sections, 2.3.7; 2.6.4; and 2.7.5).

5.4.3 Causes of the Proliferation of the *Commissionistas*

This theme closely addresses the second research objective, namely;

- To determine the causes of proliferation of the *commissionistas* in Beira.

During the study, it was discovered that out of the only three registered real estate agents, two of them are only one year old, and only one is two years in operation. This situation leaves many questions in mind. The study has led to reveal that at least in Beira, since Mozambique got out of civil war in 1992, the real estate activities of the second largest city of Mozambique are being managed haphazardly by the *commissionistas*, the informal real estate agents.
The property management mediation is being done by the very popular *commissionistas*. They have become so popular that even the two, one year old registered agents are contemplating of closing business operation citing difficulties in operation and lack of business. The *commissionistas* control these buying and selling activities without any office or fixed place of operation. They, only use their mobile phones, friends and public referrals.

It was an interesting discovery that all of the *commissionistas* interviewed confirmed that they don’t even know if there exist registered real estate agents in Beira, meaning that they consider their activities as the main stay in the industry.

The data obtained also reveal that most of the interviewed property owners testified that they have never used and are not aware of any registered real estate agents in Beira.

The interview data show that many school drop outs, which is before completing Class 10 (secondary level); these former students seem to rush and turn to being *commissionista* as an alternative lucrative employment in Mozambique. The result is in tandem with researchers such as Santos and Tschirley (1992:2), Verick 2004:4), however, this is in sharp contrast with international standards as witnessed in South Africa, Portuguese and American practices.

In particular, the South Africa real estate agents new entrants must serve first as an intern estate agent, under the supervision of a principal estate agent, for a continuous period of 12 months from the date of the first issue to that person of an intern fidelity fund certificate by the Estate Agents Affairs Board (EAAB) of South Africa. The new real estate agent must act under the active supervision and control of a principal estate agent or an estate agent who has continuously held a valid fidelity fund certificate issued by the EAAB for a period of not less than 3 years.

It is astonishing that presently there does is no known existence of any stipulated minimum legal requirement for any new real estate agent in Mozambique.
The study reveals that there is high unemployment in the country due to lack of industry. Many youths are unemployed in Beira, and are leaving abject poverty. It is noted that all of the women who participated are house wives who are not employed; hence they have seen an alternative way to supplement their family income through informal estate agents activities.

The evidence that there are no serious legal controls from the side of policy makers or Beira city fathers, as alleged by all both property seekers and property owners, has resulted in commissionistas doing as they please as long as they reach amicable verbal agreements with their clients. Problems only arise when some clients refuse to pay their exorbitant commissions after closing a sale. The clients may end up resorting to go and report to the police for protection.

The causes of proliferation of commissionistas, are issues that are unheard of in the developed property industries of USA, Portugal and South Africa. This is confirmed under related literature review sections 3.4.1; 3.4.2 and 3.4.3. The Mozambican current business practices are in sharp contrast to what happens with the friendly neighbour, South Africa. In South Africa for instance, there are clear policies and well established and publicized ethical standards under which all real estate industry principals and agents operate. The policies and standards are under direct control of the national real estate board, which is the Real Estate Agents Affairs Board of South Africa.

5.4.4 Challenges in the Property management Sector

The above title is not really the generated theme, but yes, a collection of the following themes:

- Double/ high commission charged
- Lack of legal framework
- Agents not registered
• Agents don’t use contracts
• Agents have no fixed business location
• Agents fight on commission sharing
• Income tax not paid
• Culture of informal business
• Absence of real estate board
• Lack of training
• Absence of Title deeds

The specific research objective that had to be satisfied through collection of these themes is as follows;

• To identify the challenges being faced by property owners, property seekers and commissionistas during the course of their business activities in the city of Beira;

From the data collected during the interviews, the specific challenges that are being faced in the real estate and property management activities are as follows:

• The sector is principally being managed informally by the commissionistas.

• There are numerous cases of high or double commission charged by the commissionistas, which is commission to both the buyer and the seller separately.

• There are no signed contracts between the middleman, sales agents and their clients whether the seller or the buyer.

• There is no any formal legal relationship among commissionistas and the property owners or property seekers.
• Numerous fights, threats and disagreements are witnessed as a result of lack of agreement when it comes to the point of paying cash to the informal agents.

• There is no payment of value added tax or income tax by these commissionistas to the revenue authorities. There is no single form of tax these informal real estate agencies pay to the government.

• There are too few registered real estate agents in Beira, which are, one registered two years ago and two registered one year ago. These few new players in the industry are even complaining of viability problems in this intermediary business. They all complain that commissionistas activities have seriously overshadowed their presents and that the public is not yet familiar with the formalities of real estate management activities.

• Formal agencies sited that there exist serious ignorance in the Beira society spanning from the time of independence in 1975. Noting that at independence, there were very few black persons who owned properties. It was the Portuguese white people only, however at the time of independence the then President Samora Machel made a famous declaration to chase all the Portuguese white people within a period of 48 hours and only to get out with 20kg of personal belongings (Azevedo, 1991). It is at this period that President Samora Machel nationalized all the Portuguese properties, and then instructed the general poor and uneducated masses to run and occupy all the properties that had been left by the Portuguese.

• Many times, the sellers are asked legal documents to prove ownership of property, and the documents never come out. At this point the deal flops.

• Many property owners in Beira don’t have title deeds. This study should also serve to remind the Mozambican government policy makers and the general
public the importance of acquiring Title Deeds particularly with respect to the old buildings and properties acquired from the colonial masters in 1975.

The many challenges of the Mozambican business environment have generally been caused by lack of legal framework and serious government control. Not only that, but also the deep rooted culture of informal business and general ignorance to international and global developments. The findings are in agreement with Malaune, (2004:8), and Savana, (2010:9). However, the already mentioned challenges are in sharp contrast with the literature from well advance real estate property management industries in USA, Portugal and South Africa (see sections: 3.4.1; 3.4.2 and 3.4.3). In fact the developed world related literature is saving as a model and a source of lessons in pursuit of global trends in a Mozambican business environment.

5.5 DATA INTERPRETATION

5.5.1 Property Management Sector Challenges

In an effort to address the first research question;

What are the challenges being faced by property owners, property seekers and commisionistas during the course of their business activities in the city of Beira?

The challenges obtained from the data collected are explained below;

5.5.1.1 Double / high commission charged

From the research, it was found out that fifty three percent of the participants complained that they were being charged double commission by the property agents. What the affected individuals explained to the researcher is that what these informal
property agents frequently do is to agree with the house seeker that after getting the sought property, the property seeker will pay a certain amount of commission fees as service charges. In the same manner and in a more common practice, the agent first verbally agrees with property owner to pay a commission of one month rental in case of rentals, and up to 10% of property value in the event of sales.

It was observed that the double commission is particularly a criminal practice principally targeted to foreigners and first timers to the city, where the agents take advantage of the property seekers `ignorance.

Also, sixty percent of the participants revealed that the commission fees were exorbitant, they preferred much lower and more reasonable property agents service fees. The Brazilian researcher in literature also pointed out that, `due to high competition among property seekers particularly in prime business and residential areas, the property prices continue to increase steadily`, (Nunes, 2004:5). In the Beira context, what it actually means is that, both the property owners and the commissionistas inflate the prices in order the get the highest return possible from any potential and willing property seeker (Norfolk and Soberano, 2000). This finding is also supported by local researcher Gengenbach (1997), who says, `Unemployment, poverty and greediness have resulted into the current real estate management chaos`.

5.5.1.2 Lack of Legal Framework

From the research it was found out that eighty three percent of the interviewees accepted the reality that there are no legal frameworks to control the activities among the stakeholders within the real estate and properties management sector.

Other than the simplistic land law, there is no existing policy that guide and monitor the real estate and property management sector in Mozambique.

Each individual is simply doing these activities in a generally culturally accepted way. It is complained that the local authorities are not doing much for the ultimate wellbeing of
this crucial sector. This finding confirms some of the challenges identified in India, cited by the researcher Morris in 2010. Legal frameworks really need to be put in place in order to bring controls to the activities in the sector. On the other hand, the challenges being faced in Beira are not too different from some of the challenges faced in some Brazilian cities. In regard to this, the Brazilian researcher, Nunes (2004) had this to say, `This property sector is being faced by a number of challenges such as poor urban planning, old and sometimes contradicting property management laws,…` This shows that even if the laws are to be crafted, the responsible authorities must make sure that contradictions within the law itself should be avoided to eliminate confusion, and to enforce sustainability in the industry.

**5.5.1.3 Commissionistas are not registered**

Ninety seven percent of the participants revealed that the property agents are not registered and have never been formally registered. These are the *commissionistas*. In fact they are operating illegally.

This shows that the greater part of the activities in the sector is informal. Another ninety seven of the participants revealed that these informal agents never use or sign any contracts in the course of their business. It is a clear sign that they are afraid of responsibility and accountability in the course of their business activities. This finding proves to be principally unique to Mozambique and India, all other studies contacted in South Africa by Cloete (2008), and the already sited Brazilian researchers indicate that all property intermediaries are registered and controlled by the respective National Real Estate Agency Boards. In this regard Mozambique has a lot of work to catch up with these global trends and developments.

**5.5.1.4 Commissionistas have no fixed abode**

In addition, the research findings showed that the majority of the participants confirmed that the property middle men have no fixed place of abode. *These popular individuals*
are highly mobile, and have no offices (Liversage, 2000:4). They don’t stay in one place, and only until the beginning of this year, these agents used to change their mobile cell phone contact numbers almost on monthly basis. In fact from the information the researcher got from some of them, they said that they normally change numbers as soon as they do a successful business because they will be avoiding problems and possible clashes with some of their colleagues who would have brought the client. Normally, the agents share the commission equally with the individuals who brought the successful client. This aspect has an eighty three percent confirmation that there are frequent fights among the commissionistas themselves with respect to `commission sharing` Liversage (2000:5). These commissionistas are fully aware that their business is illegal hence they avoid supplying any form of information that may lead to their arrest. This finding is in contrast with all other findings on the researches that were done in other countries, namely Brazil, South Africa and India. However, all other local researchers highlight this particular issue, the likes of Malauene (2004) and Cardoso (2006).

5.5.1.5 Income tax not paid

The findings from the study confirm that these commissionistas don’t pay any tax to the authorities. Because the money they receive is never signed for or formally acknowledged, it makes it very hard for the tax authorities to track and prosecute these individuals. Again, Morris (2010:11) puts it well, `there are no clear existing modern laws to legally guard the activities in the real estate sector; and most of the sale transactions are done through the Power of Attorney to evade high transaction costs such as stamp duties and property tax`.

In the very context of Beira, the commissionistas never declare the revenues they get to the Ministry of Finance for tax purposes. These informal business people do every trick possible to run away from paying taxes. This particular finding is also confirmed by Norfolk and Soberano (2000), a local researcher.
5.5.1.6 Lack of formal employment

Most of the interviewees confirmed that informal and sometimes illegal activities such as these are common in Mozambique because of lack of formal employment. One *commissionista* actually said,

`Mozambique has virtually no industry; there are no jobs for us. After college, we have nothing to do. No money, no food!` 

This is particularly a worrying challenge in developing countries, a South African researcher put it in this way `Through the Property Sector Charter, the property sector undertakes to eradicate gender inequality and racially defined wealth disparities as its contribution to social and political stability in South Africa` (Cloete, 2008:57). What it means is that there is a serious problem of unemployment in South Africa; the black South Africans complain that the wealth is in the hands of few white South Africans hence resulting in an endeavor to redistribute wealth in the above-cited Property Charter. As unemployment is high even in Mozambique, the unemployed are left with no option but to engage in any possible money spinning avenue such as the *commissionista* business in order to scratch a living.

The Indian research reveals that, ‘the need to urgently find ways to create employment because many illegal activities increase due to educated people with nothing to do in their communities’ (Morris, 2010:72). Interestingly, the few Mozambican researchers in this area also pointed out to the effect of high unemployment rate resulting, ‘in numerous dubious business activities such as *commissionista* business’ (Wilson, 1992:21).

This latest research will surely help to bring out a clearer version from the horse’s mouth why the Beira society is heavily involved in numerous informal activities. The research results confirm that there are no industries in Mozambique, hence nowhere to find formal employment. The citizens are looking for survival in such a harsh environment.
5.5.1.7 Culture of informal business

Finally, most research participants agreed that there is a culturally accepted practice of having these informal middle-men in property management activities. Though there are some negative effects of using *commissionistas*, the Beira society has come to accept as normal this form of business, *‘the informal sector on which so many people depend for their livelihood, should also play its part’*, (AIM News, 2008). Most of the participants revealed that they were not aware of any registered companies who do this form of business. To them, going through *commissionistas* looks like the very normal practice.

These participants pointed out that these agents like anyone else is looking for survival. As a matter of fact, through the interviews, the researcher discovered that almost a half of all the *commissionistas* are family men and women seeking to earn a living to feed their families, and that this kind of business is normal and is helping sending their children to school. One *commissionista* boldly said this,

`‘Look boss, this is far better than stealing, at least I am doing a service to earn this money!’`

It is common knowledge that many ordinary people in Beira trust informal business transactions. On a slightly different note, just walking in town one sees dozens of people buying clothes and other things right in front of shops, they don’t want to buy in the formal shops saying it’s more expensive. This researcher feels strongly that this culture should change and the community must be educated of the dangers of trusting street corner goods, which would have been stolen or else which have already expired. These are some of the possibilities.

5.5.1.8 Lack Industry-based Training

All the research participants confirmed that there have never had of any public or private course that can be done in preparation of a qualification in the real estate and properties management.
In Mozambique there are no colleges or schools that offer courses or train real estate agencies. It looks like Mozambique is really lagging behind the international global development trends. Local researchers have never touched this issue.

5.5.1.9 Absence of Property Management Board/ Commission

Based on the detailed findings in this study, the government should be on the forefront to encourage and support the formation of Property Management committees, property owners committees, real estate and property agents’ board, property seekers committee. These committees are advocate groups which should come together to form a provincial property management board. One of the two registered formal real estate agent said,

“The provincial board’s role must be to regulate all activities in the sector, this must be in touch with what goes on the ground.’

The real estate board must be responsible for monitoring all activities in the properties sector and ensure sustainable operations.

5.5.2 Absence of Title deeds

Many property owners in Beira don’t have title deeds.
At independence, President Samora Machel quickly put his Marxist principles into practice by calling for the nationalization of Portuguese plantations and property, and proposing the FRELIMO government to establish schools and health clinics for the peasants (Munslow, 1985).

To date, many houses in Beira are still occupied by families who freely took over immediately from the chased Portuguese people. These sudden new property owners don’t even have legal documents to support their claim that the properties legally belong
to them. To be at par with the normal international practice and standards, Title Deeds are basic requirements in the real estate and property industry, (Haupt, 2007).

5.6 Chapter Summary

In this chapter data were presented, analysed and interpreted. Themes generated were also compared and matched against the research objectives. The three research objectives were analysed in detail against the study results. The challenges facing the real estate and property management sector in Beira were all identified and interpreted.

In the next chapter, the focus shall be on the Findings, Conclusions and overall Recommendations arising from the findings that were obtained from the detailed study.
CHAPTER 6
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The aim of the study was to establish the real underlying challenges affecting the real estate and property management services in the city of Beira. This was meticulously done with reference to the purpose, objectives and research questions as outlined in Chapter 1 paragraphs 1.5.2, 1.5.3 and 1.5.4 as follows:

Aim of the Study: The aim of this research was to establish the real underlying challenges affecting the real estate and property management services in the city of Beira, the second capital city of Mozambique.

Objectives of the Study: This study sought to achieve the following specific three objectives:

- To identify the different activities being done by the commissionistas, that is the informal real estate and property management agencies in Beira;
- To identify the challenges being faced by property owners, property seekers and commissionistas during the course of their business activities in the city of Beira;
- To determine the causes of proliferation of the commissionistas in Beira.

Research Questions: The study was guided by the following research questions;

- What are the activities of commissionistas in the real estate and property management sector in Beira?
- What are the challenges being faced by property owners, property seekers and commissionistas during the course of their business activities in the city of Beira?
• What are the causes of proliferation of the *commissionistas* in Beira?

In the previous chapter, an attempt was made to analyze and discuss data obtained from interviews that were conducted. Relevant information from the international related literature review in Chapter 2, and also the local, Mozambican related literature review in Chapter 3 were cited to provide defensible and scientifically valid and reliable arguments. Following the review of the related literature in chapters 2 and 3 as well as the empirical findings in chapter 5 real estate and property management in Beira can be perceived by the local communities as normal, though with some challenges. However, real estate and property management in Beira is not at all normal or near normal level as reflected in Chapter 5. The study discovered and unearthed serious industry challenges. There are no legal instruments that exist to govern the sector. The real estate and property management industry is being run haphazardly, and without consideration of international standards and the related normal business ethics.

6.2 Summary of Chapters

This thesis is divided into six (6) chapters. The paragraphs below provide what was contained in each of the chapters of the research study.

Chapter I presented the problem and its context. The chapter described the following aspects of the study; the background, the statement of the problem.

Chapter 2 dealt with the literature related to the study to enhance understanding of the real statement management concept as well as the framework of the study. This particular chapter focused on related literature review mainly from three countries that is United States of America, Portugal and South Africa. The review examines literature that is related to the focus of this study and provides a comprehensive account of recent empirical research related to the research questions.
Chapter 3 continued to focus on related literature review, though with a specific focus on the local, national context, that is Mozambique-related literature review and lessons learned. This very chapter also featured important lessons learnt from the related literature review of the three countries which were specified in Chapter two.

Chapter 4 focused on Research Methodology and Design. This chapter featured the qualitative research paradigm adopted, and the related case study research design for data generation adopted in this particular study. The data collection instruments were discussed with special emphasis on the adopted individual interview method.

Chapter 5 presented, analysed and discussed the data that were collected during the empirical study.

6.3 SUMMARY OF THE FINDINGS

The objectives of the research work were achieved overwhelmingly. That is the findings from the primary research on the challenges facing the Real Estate and Property Management Sector in Beira. Through the study, all the three research objectives were achieved. The paragraphs that follow give a summary of the findings of the empirical study discussed in chapter 5 and contrasted with literature findings in chapter 2 and 3.

6.3.1 Different activities being done by informal real estate agencies.

It became clear through the study that because of an anticipation of maximum possible returns, property owners engaged the informal real estate agents that are the commissionistas who have the capacity to convince clients of highest possible prices. The commissionista, takes advantage of these customarily informal engagements through charging bigger and often double commission for the services rendered. Commissionistas also inflate prices of properties being sold, as well properties on offer for rentals in order to obtain bigger commission proceeds possible.
It was discovered that many property owners were preferring to deal with *commissionistas* because they were the only method they have grown up seeing being used by everyone else to facilitate the properties sale or rentals in Beira. It was discovered too that rentals in Beira traditionally and always attract an advance payment of three months whereby one month worth rental fees are given to the person who arranged the successful client, in other words that is the commission fee given to the *commissionistas* per successful transaction.

The study revealed that house or property sales attract up to 10% commission fees that is given to the property agent (*commissionista*) immediately after the property buyer closes a transaction with the property owner/seller.

The study found out that the payments made by property seekers to the property owners on successful transactions were all made in the presence of the *commissionistas*. Only in this way, the verbal agreed commission fees could be immediately deducted. The physical receipt of cash payment by the *commissionista* marks the end of his or her involvement in this popular mediation business in Beira. Interesting discoveries were that, all the widely published *commissionistas*´ mediation business in the real estate and property management sector is done principally by daily calls through cellular phones and physical presence at the property or premises at the time of demonstrating the property to the potential clients and at the time of receiving commission on a successful deal. Due to greed, it was discovered that *commissionistas* don’t like to share their proceeds hence after clocking a successful referred client, and getting the commission, he or she will immediately vanish from the residential area and many times change phone number to avoid being pestered by the other partners in the business. This behavior has resulted in numerous fights and unspecified threats among each other after one get cheated.

*Commissionistas* operate without any form of service contracts; their business is principally based on casual verbal agreements.
6.3.2 Challenges being faced by property owners, property seekers and commissionistas.

The study found out that the sector is principally being managed informally by the commissionistas. Commissionistas are not registered real estate agents; they are business opportunists who are capitalizing the property sector where there are no policy controls.

There are numerous cases of high or double commission charged by the commissionistas, which is commission to both the buyer and the seller separately. There are no signed contracts between the middleman, sales agents and their clients whether the seller or the buyer.

Furthermore, there is no any formal legal relationship among commissionistas and the property owners or property seekers. Numerous fights, threats and disagreements are witnessed as a result of lack of agreement when it comes to the point of paying cash to the informal agents.

There is zero value added tax or income tax paid by these commissionistas to the revenue authorities. There is no single form of tax these informal real estate agencies pay to the government.

There are too few registered real estate agents in Beira, which are, one registered two years ago and two registered one year ago. These few new players in the industry are even complaining of viability problems in this intermediary business. They all complain that commissionistas activities have seriously overshadowed their presents and that the public is not yet familiar with the formalities of real estate management activities.

The few registered real estate agents complained that the general public is very skeptical of signing any documentation when they want to sell their properties, not only that but also when they are doing these real estate and management activities.
The study also revealed that there is absence of Title Deeds for most old properties. The houses that were occupied soon after independence as a directive from the then president of Mozambique Somora Machel, have no title deeds to this very day. Therefore many house occupiers have no legal proof of ownership, but they claim that the houses or properties belong to them.

There are also no legal instruments, policies to control and monitor the real estate and property management activities in Mozambique. Policy makers have paid a blind eye to these serious business and investment issues.

### 6.3.3 Causes of proliferation of the *Commissionistas* in Beira

The study revealed major reasons for proliferation of *commissionista* as caused by high unemployment in Mozambique in general, and Beira in particular. This is because individuals need to earn a living; many *commissionistas* have families to feed. The many unemployed men and women in Beira view this business as lucrative, requiring just a cell phone and potential big bucks are just a phone call away.

The study also revealed that the city authorities have not done much to bring serious controls to these informal and often illegal activities.

The study shows that there are no legal frameworks, laws and policies meant to protect the real estate and property management business activities.

The local communities have traditionally relied on the *commissionistas* for any real estate mediation business.

The study indicates that since Mozambican independence in 1975, engaging *commissionistas* has become an ingrained culture acceptable among all property owners/sellers and property buyers/seekers.

The study revealed that general illiteracy in the society has strongly contributed to the communities wanting to avoid any formal business activities. The people fear
government taxes, and avoid anything related to formal government monitored business activities.

The study indicates that the easiness to enter and get out of the commissionista business has incentivized any desperate unemployed person to enter into this simplistic, illegal but lucrative business in Beira. The study shows that commissionistas have no need to have a fixed office. It’s just one’s telephone and daily referrals and enquiries from potential clients while one is even in the comfort of his or her home.

The study indicates that no formal training or qualifications are required to start the informal property agent business, which is the work of the commissionista. Therefore every Tom and Harry can easily get in and out of that business.

6.4 CONCLUSIONS

The study set out to establish the real underlying challenges affecting the real estate and property management services in the city of Beira, Mozambique. This was done in the understanding that real estate and property management played a critical role in revenue generation that could be used in development projects in the country and city of Beira in particular. The research concludes that:

- Mozambique government has not implemented real estate and property management policies for a very long time. Therefore the country has lost a big amount of revenue in the form of property sales taxes and income taxes from the illegal property agencies and property sellers. Mozambique lags behind in formal business practices in the area of real estate and property management.

- Further, it has been established that since the end of the Mozambican Civil war in 1992, almost all the real estate and property management business is handled by these ordinary men and women, commissionistas who are found in the streets of all the four major cities of Mozambique, that is Maputo, Beira, Nampula and Quelimane.
It also emerged that there is negative publicity of these *commissionistas* in public media such as National Radio Mozambique, National newspapers such as *Noticias* and in national TVs such as TV Mozambique and STV. In Beira, there have been frequent reports of robberies associated with these largely unemployed youths. Serious fights among property owners, prospective buyers, and these *commissionistas* have become the order of the day: this is mainly due to the unethical business practices of these purported agents.

The study concludes that real estate management in Mozambique has the following anomalies or irregularities:

There is no real estate management activities’ regulating board in Mozambique. There are no real estate management training institutions, and there are no real estate activities formal courses in Mozambique.

All *commissionistas* (the informal real estate agents) are not registered and are not recognized by the authorities.

The Beira real estate management industry stakeholders and society in general are traditionally and historically accustomed to use the *commissionistas* for their day to day property middle man activities.

The *commissionistas* don’t pay any government taxes for all their informal business activities.

These purported informal real estate agents, that is the *commissionistas*, they don’t have a fixed business address, they are highly mobile for they are afraid of being located by the tax authorities, and the law enforcing agents.

Many of the properties in Beira that were acquired from the Portuguese soon after independence in 1975 have no Title Deeds, making it difficult to sell or transfer properties. These properties are traditionally used for rentals only.

There is no private land ownership in Mozambique. All land is owned by the government. Investors are given a temporary license or lease agreement for making
use of the designated land. The licenses carry a maximum of 50 years lease agreement, which is only renewable once.

The researcher concludes that most of these challenges being faced by the real estate and property management are principally as a result of lack of the necessary legal framework controlling the industry.

6.5 RECOMMENDATIONS

The recommendations were made in response to the findings highlighted in the study.

For the objective a) which reads to identify the different activities being done by the commissionistas, that is the informal real estate and property management agencies in Beira, the following recommendations were made:

- The commissionistas must have a registered fixed place for doing their business activities for accountability purposes. The agents must have recognized fixed offices. Lack of fixed place of operation makes the whole commissionistas business more complicated and adds more possibilities of engaging in illegal or criminal activities.

- The study shows that the society is now favoring the formalization of all the activities being done by the stakeholders in the industry. What remains is an initiative most probably by an arm of the local government to come up with a committee or responsible board that starts to look intently into the issues of real estate management activities in Beira, and the related regulations.

For objective b) that reads to identify the challenges being faced by property owners, property seekers and commissionistas during the course of their business activities in the city of Beira, the following recommendations were made:

- All the real estate and property management agents must be officially registered first before they start to do any business. This will not only safe guard the public
against unscrupulous business behaviour, but also that they are obliged to contribute to the fiscal authorities like any other formal business entities.

- Real estate agents must pay income tax, and value added tax for the services they offer to the public.

- The commission percentages that are requested during the course of the property agents business must be standardized by a real estate board. The criminal activity of demanding commission from both the property owner and the property seeker must stop forthwith

- The property agents need to be formerly trained and oriented on what and how exactly they should do their business activities. The suggested real estate board must come up with clear legal instruments that will give minimum qualifications and recommended courses or training before one is registered as a real estate and property management agent.

- The recommended real estate management course or certificate must cover specialized subjects such as ethics and real estate business global standards and trends. These areas will help improve, standardize and globalize the real estate business activities in Beira and to the rest of the country.

For the objective c) that reads to determine the causes of proliferation of the commissionistas in Beira the following recommendations were made:

- A real estate and property management board or committee should be created to bring controls to the activities in this sector. This industry board or committee must be responsible to set the right legal framework to help bring sustainable control and development in the real estate and property management sector in Beira.

- The commissionistas should be registered as simplified tax payers, that is only in the event that they fail to form a formal registered company. In fact the Mozambican government has started to encourage individual business people to register as Simplified Tax Payers, since January 2009. This is a form of tax
regime applicable to individual, or small informal business activities. This will effectively bring accountably and a form of responsibility among the commissionistas.

For the Beira City Policy Makers, the following recommendations were made:

- The Beira city council should take the leading role in creating society and investor friendly, sustainable policies and laws that help curb illegal activities in the properties` management sector. Simple things, like, there should be no house that can be sold before a government official has evaluated the property in order to know the market value, the condition of the property and so on.

- The industry policy makers must come up with specific minimum standards and procedures, and legal instruments that must be fulfilled in order for an individual or company to be allowed to operate as a real estate or property management company.

- The local government should also be on the forefront encouraging the Beira community to make use of legally registered and available real estate agents; The Beira society must be encouraged and be educated on the importance of dealing with registered formal institutions.

6.6 Recommendations for Further Research

The scale of this debate is therefore extensive and multifaceted even at the local level. To generate achievable management, and policy strategies and development targets with regards to diversification, there is need for more case studies at the local level to allow further assessment of local dimensions of this crucial subject. Exploring the following as future research strategies can facilitate the attainment of this goal:

- It is recommended that further research be done in this area to cover all the other three major cities in Mozambique that is the capital city Maputo, Nampula and
Quelimane towns. Special emphasis is given to the capital Maputo, which is the hub of major business activities in Mozambique.

- The recommended further studies that may need to be conducted right across the country should target to involve the use of different research paradigm, different research methodologies and different research designs, and objectively compare the results. As more research areas and approaches will be explored, it widens the scope and base for well informed and sustainable decision making, policy making, and management activities.

- The real estate management sector is a relatively new and unexplored sector throughout the rest of the country. This researcher strongly recommends further insightful researches to be done in both property management activities and policy making areas. This will bring a more holistic and objective analysis, and comparison of the different study results.

- This researcher strongly recommends further investigations with respect to how and to what extent has the real estate and property sector challenges affected both local and international investors in Mozambique.

6.7 LESSONS LEARNT AND CONTRIBUTIONS TO KNOWLEDGE

This researcher learnt several crucial lessons in the process of this research study. These are as follows:

- The case study methodology that was used in this qualitative research design provided more detail and offer a kind of ‘better stories’ which are helpful in describing phenomena. In particular this researcher realized that the case study research design contributes useful information to develop relevant theory that was being sought after in the Mozambican real estate management industry.

- There being virtually limited theory in the real estate and property management industry in Mozambique, case study research proved to be the most appropriate
methods to examine organizational processes, and examining the interplay of interventions with team dynamics or leadership strategy in general.

- This researcher learnt that case study methodology helped greatly this researcher to analyse the process of implementation and unpack the dynamics of change throughout the entire research process.

- Important lessons were also learnt along this study of the challenges facing the real estate and property management sector in Beira, that Case study research typically generates large quantities of data, which makes analysis critical.

- Through case study methodology, the researcher managed to objectively identify the factors facilitating and impeding improvement and development in this crucial service sector in the Mozambican economy.

- Critical lessons were learnt, which also contributes to knowledge in the area of policy. The researcher discovered that though industry management is crucial, the basics must be provided first. This researcher learnt that the public sector has a very important role of providing a solid and investor friendly business environment for the success of the industry. Policy makers must first design the legal framework, and the essential policies to serve as the bedrock and the basis for sustainable development in this Mozambican real estate and property management sector.

- To enhance sustainable and strategic development in the Mozambican real estate and property management industry, and also as a crucial contribution to knowledge, this study proposes the following Real Estate Management Training Model:
Figure.2: Real Estate Management Training Model.

It should be noted that the training model has normal bigger flowing arrows (clockwise direction) showing the suggested steps that should be followed provided all previous steps have been followed successfully. There are also small arrows in the reverse order, showing also that the steps are interdependent. A failure of a subsequent process means that a closer review of the preceding step and so on must be done.
6.8 Detailed Steps of the Proposed Real Estate Management Training Model.

This section deals with the detailed steps around the proposed real estate management Training Model as diagrammatically shown in Fig.2

Step 1. Identify the Real Estate Management Training Needs:

This first step is highly dependent on the availability of existing policies and government guidelines with respect to the industry. The policies must at least address the minimum qualifications, skills and experiences required for one to be a Real Estate Agent, or a Real Estate Principal. The real estate management industry needs must be clearly identified.

Step 2. Establish training goals and objectives:

The real estate management long term goals and the related operational/short term goals must be established. Systematic, Measurable, Achievable, Realistic and Time conscious (SMART) objectives must be clearly established too. This step is dependent on the successful identification of the property and real estate management needs on Step 1.

Real estate and Property management industry ethics and related best practices must be identified and being focused on in the training program. International standards and trends must also be identified and be incorporated in this training program for sustainability purposes. It should be noted now that the world is now a global village, and business activities should be internationalized.

Step 3. Conceptualize training program

In this model, it is emphasized that real estate and property management industry experts must be consulted. The professional courses educators and the industry policy makers must be seriously consulted. Success at this level is highly dependent on the cooperation given by these industry stakeholders. The real estate management courses must be relevant now and in the future. Therefore strategic thinking and sustainable program management must be embraced.
Channels to be used to reach the target learners must be identified, together with the related effective communication channels.

**Step 4. Produce instructional materials:**

At this level, the real estate management curriculum must be developed, considering all the input that was obtained especially from Step 2 and Step 3. The curriculum must be relevant to the industry, the society and must be forward looking.

Instructional format must be signed. The curriculum must be more practical than theoretical because this is a professional and specialized course in the real estate management industry. Training task must be analyzed too. For long term success and competitiveness, the curriculum must be compared and contrasted with similar ones in other countries. The industry policy makers concerns must be fully addressed in these training materials too.

**Step 5. Consult Real Estate Management Stakeholders:**

Following the success of Step 4, in-depth interviews must be conducted at this level. There is the great need to confirm the curriculum contents with the industry stakeholders, which are the policy makers, the educators, the target population, the existing real estate principals and real estate agents. The final consumers or users of these training materials must be consulted and get their progressive inputs where necessary. This stage is critical in order to establish the relevance and competitiveness of this real estate management curriculum and the related training material.

**Step 6. Implement the training program:**

This is considered the last step in this training model. The final implementation of the training program must seek to develop value adding skills to the real estate and property management industry. The day to day implementation must prioritise systems development and continuous performance measurement. It is very critical too to do continuous reviewing of progress and the training results.
The results obtained during implementation must subsequently be compared with the goals and objectives that are identified in Step 2. The program implementation must also have room for any possible further development or improvement depending on necessary and relevant changes at any of these six steps within this real estate management training model.

The researcher wish to reemphasize that this suggested training model, can only be successful and relevant to the Mozambican real estate management industry provided the necessary industry environment have been successfully created, that is when the industry policies have been formulated and in place.
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APPENDICES

Appendix A: Letter of Permission to Conduct the Study

782, Filipe Samuel Magaia
Beira City, Sofala Province
Mozambique
20 October 2011

Dr David Simango
The President of Beira City Council
Beira, Sofala Province.

Ref: Letter of Permission to Conduct the Study

I hereby seek permission to conduct a research study in fulfillment of my Doctor of Philosophy (PhD) with Catholic University of Mozambique in partnership with Zimbabwe Open University. My research is about Real Estate and Property Management Challenges in the City of Beira, Mozambique.

As you may be aware, the proliferation of informal and unregistered real estate agencies in city of Beira, this study will go a long way to seek to have a deeper understanding of the activities of the real estate agents in the city, and the impact this kind of business activity has to the local community.

I wait to receive your response.

Yours sincerely

Towindo Tichaona
Appendix B: Research Proposal Cover Letter

Mr Towindo Tichaona,
PhD Student PIN: P1148935X
INPETRO SA, CPMZ Building, 1452,
Makuti, BEIRA, Mozambique

ZOU Higher Degrees Research Department
Harare, Zimbabwe

Ref: Research Proposal Cover Letter

I trust that after successfully completing my Thesis with the title `Challenges facing the Real Estate and Property Management sector in the City of Beira, Mozambique`, I am confident that Zimbabwe Open University will handsomely award me with the Doctor of Philosophy (PhD) certification.

Practically this research work had been prompted by some challenges being faced by the residence and the business organizations in the city of Beira situated in the Sofala Province in central Mozambique. Since independence there has never been specific laws formulated to control Real Estate agencies activities. The general public has been exposed to the informal and unregistered accommodation and real estate agencies which freely roam around the city day and night. These agencies are passionately called `commisionistas` in local language meaning the high commission demanding people. They ask commission from both the property seller and property buyer! They don’t even pay any revenues to the state, it is just easy money they collect and put in their pockets, and without taking responsibility of their activities.
Having realized this difficulty and numerous public complains concerning these informal agencies activities, I have decided to play a significant role of formally presenting researched facts to the President of the Beira City Council. The researcher seeks to understand deeper how the property industry in Beira really functions.

The research work will take at least two full months to complete. And all this work shall be done in constant contact and professional moderation from the Research Coordinators of the Management College of Southern Africa. The research experience from the University research moderators shall be highly valued so that the dissertation will be highly professional in order to successfully bring the desired results.

The research will also make maximum use of the theory I have since acquired during my PhD Study, as well as the experiences I have since acquired in my thirteen solid years of professional career experience.

I thank you for your availability, and much valued guidance, and help you have always been giving me during the course of my studies.

Yours sincerely

Towindo Tichaona
Appendix C: Interview Guide

Questions

1. Real Estate and Property Agencies

   a) When were you registered and where are your business offices?
   b) What challenges do you face in your execution of your real estate management services?
   c) What suggestions do you have to afford sustainability in your real estate management services?
   d) How do you charge (cost) your services?
   e) What guides and legal controls do you have to moderate your daily activities?
   f) What do you think are the principal causes of the proliferation of the informal real estate and property management agencies in Beira?
   g) What government taxes do you pay?
   h) What level of training and experience do you have in the real estate and property management industry?

2. Property Owners and Property Seekers Section

   a) What challenges do you face when selling/buying or renting/leasing your properties?
   b) What can you suggest as a solution to the challenges you are facing?
   c) How do you pay for the services rendered by middle man?
   d) What do you think are the principal causes of the proliferation of the informal real estate and property management agencies in Beira?
   e) What do you think must be done to address the negative publicity characterized with commissionistas, informal property agencies?
   f) What can be done to protect all stakeholders in the real estate and properties transactions?
g) What official documents are treated and signed by the middle men in the process of doing their services?

h) Are there any legally registered real estate agents in Beira?

3. **Industry Policy Makers**

a) What challenges do you face in the real estate and property management sector?

b) What do you suggest is the way forward to resolve these issues?

c) Which are the policies and frameworks available to help in the real estate and property management sector?

d) How do you protect the general public from unscrupulous business people in the real estate and property management sector?

e) What are your plans for the growth and success of this crucial service sector in Mozambique?
### Appendix D

**RESEARCH RESULTS: Research Data Base - Sectional View (Filtered Results)**

**Residential Area: Palmeiras**

**ZOU: Towindo Tichaona (Mozambique), PhD Research 2012  PhD Student PIN: P1148935X**

**CHALLENGES FACING REAL ESTATE AND PROPERTIES MANAGEMENT INDUSTRY IN BEIRA, MOZAMBIQUE**

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**IMPORTANT NOTES:**

i) This is only sectional view. It shows the research results from only one residential area, Palmeiras for convenience.

ii) The table shows filtered results from the Excel based database system. This is a Sectional view only for results illustration purposes.

iii) There exist also other columns, in this case filtered/hidden made up of long full exact questions and responses.

iv) There are four more residential areas which can equally be filtered, and they are with similar and related results.

v) This particular residential area was specifically filtered for demonstration purposes, only to reduce the size and volume of the data on display.

vi) All the details cannot be fully shown and read because of printing space limitations, and due to format limitations in Word.