

MARKETING OF URBAN RESIDENTIAL REAL ESTATE DEVELOPMENTS IN KENYA.

CASE STUDIES OF PUBLIC REAL ESTATE DEVELOPERS.

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ABSTRACT

The marketing of real estate developments in Kenya has tended to focus on promotion and advertising or selling rather than marketing. Current marketing practice and research, however, indicates that to market effectively developers must embrace a marketing approach based on an understanding of homebuyer needs and perceptions. In that sense the setting and satisfaction of developer objectives are subsumed in one objective; consumer satisfaction. The contention in the study thus is that existing marketing practice among public corporate real estate developers in Kenya that emphasises selling is inadequate in approach and ineffective in satisfying development objective. It is recognised that a holistic marketing approach in initiation, implementation and evaluation of development is fundamental to successful real estate development.

A comparative assessment is made on how marketing is carried out by public corporate real estate developers in Kenya represented by National Housing Corporation (NHC), Kenya Reinsurance Corporation (KRE), and Kenya Building Society Limited (KBS) respectively.

Being exploratory in nature, this study necessitated the identification of essential features of effective marketing in existing literature. Six salient attributes of effective real estate marketing were identified and are used to assess the adequacy of developer marketing approaches and programs. The attributes are homebuyer focus, integrated marketing organisation, adequate marketing information, strategic orientation, operational efficiency, and homebuyer satisfaction.

Examination of these attributes based on indicators of their adoption confirm the contention that corporate real estate developers in Kenya have neither adequately adopted these marketing inputs nor adopted a holistic approach

to marketing in residential real estate development. This has contributed to dissatisfactory property development as gauged by the all-encompassing objective of consumer satisfaction. Homebuyer responses revealed varying levels of dissatisfaction with aspects of the housing product bought, indicating failure by developers to identify these demands from the onset.

The study revealed that the three corporate developers have adopted real estate marketing on a piecemeal basis. For each of the attributes used, each developer had partially adopted the desired marketing approach. Overall KRE had adopted more effective marketing than NHC and KBS. NHC was still operating largely as a government agency with minimal market orientation while paradoxically offering a market driven product in its mortgage development projects. On the other hand KBS lacked appropriately trained marketing personnel and strategic homebuyer targeting. The survey on homeowner satisfaction for each of the developer's past developments confirmed these marketing inadequacies. KRE had the highest homebuyer satisfaction level of 79% followed by NHC 61% and lastly KBS with 36%. Overall it was evident that corporate developers of real estate have not adopted adequate and effective marketing approaches that ensured not only their objectives are satisfied but also those of their homebuyers who contribute to their long term real estate business success.

It is recommended that marketing should be considered as an important and integral part of real estate development process. Consequently, the marketing personnel for any real estate developer should be involved from idea formulation to the occupation stage of property development process. Furthermore, a comprehensive marketing approach should ensure that development of real estate is homebuyer focussed based on marketing approach rather than merely selling what has been developed.