Chapter 2: The Interplay of Globalisation, Foreign Direct Investment and Real Estate Investment in Sub-Saharan and North Africa

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2.1 CHAPTER SUMMARY

This chapter argues how effectiveness of real estate asset management is at stake if the terrain of media and technological utilisation, understanding of the global financial markets and how race and ethnicity determine real estate markets are not fully captured and understood. Through sharing and adoption of knowledge created in successful cities around the world, Sub-Saharan Africa (SSA) and North Africa (NA) stand at an advantage. In the same vein, they must be careful in the domestication of the strategies ensuring that they are amenable to absorbing shocks created by both internal and external forces, including financial crises. Understanding Appadurai's (1996) clustering of globalisation is the first step in creating resilient and sustainable real estate markets in Africa.

2.2 INTRODUCTION

Africa has been experiencing robust expansion since the early 2000s. This growth and expansion are concomitant with the ongoing rapid urbanisation. Between 2000 and 2015, the rate of urbanisation was at 3.5% and estimates indicate that more than 50% of the African population will be living in cities by 2030 and this percentage is expected to increase even further, to go over 60% by 2050 (UN-Habitat, UNECA, 2017). The population has been growing at an annual rate of 2.53% from 1950 to 2015 and is predicted to increase from 1.18 billion in 2015 to 2.44 billion in 2050. This implies that responsive strategies should be administered in cities to help global investments in real estate and increasing provision of amenities (World Bank, 2015). Yet, employment prospects have been dwindling over the past years due to many reasons, such as the fall in oil prices and a hit by the slowing down of emerging economies, especially China (Africa Competitiveness Report, 2017). With the advent of globalisation and Africa's abundant resources, the continent attracts foreign direct investment (FDI), but this is possible only where local conditions are favourable to this investment, thus, countries always strive to make their cities more competitive.

A competitive city is "a city that successfully facilitates its firms and industries to create jobs, raise productivity and increase income of citizens over time" (World Bank, 2015), while adding the aspect of sustainability (World Economic Forum, 2014). Many scholars are of the view that the world is organised by accelerating globalisation, that is, strengthening the dominance of a world capitalist economic system (Kellner, 2002; Delaney, 2016). Others believe globalisation provides a cover concept for global capitalism and imperialism (Nanga, 2015). On the other hand, defenders argue globalisation is the continuation of modernisation and a force of progress, increased wealth, freedom, democracy and happiness. Overall, globalisation is viewed as beneficial, as it brings economic opportunities, political democratisation and cultural diversity. Appadurai (1996) sees globalisation as a fluid and dynamic phenomenon tied to worldwide migrations (both voluntary and involuntary) and the dissemination of images and texts via electronic media. He realised that with the invention of cars, airplanes, computers and telephones, world citizens had entered a new condition of neighbourliness, even with those most distant from others (*ibid.*).

The result of globalisation and FDI is usually Foreign Real Estate Investment (FREI) that becomes apparent on the ground owing to the returns from the investors who may invest in real estate sector. In Africa, for instance, the question is about how the region must fit into global competitiveness while simultaneously addressing the contextual matters of race, ethnicity, poverty, governance (accountability, trust and transparency) and the quest for equity and resilience. The Africa Competitiveness Report of 2017 notes that inadequate and outdated urban plans are preventing cities within Africa from enjoying benefits from rapid urbanisation and associated economies of scale. The new plans must include recent economic, demographic and urban developments. Advanced planning can lower infrastructure costs whilst increasing density can help address the issue of urban gridlock with its associated productivity costs and can reduce urban sprawl that has been pressurising agricultural land and the environment. The urban plans can be updated only through the sharing of knowledge with other successful cities around the globe.

The chapter makes an analysis of how globalisation has affected each African state and its real estate asset management. The chapter addresses the following questions:

1. In what ways does globalisation influence FDI in Africa?
2. How has the real estate investment been affected by the FDI and globalisation in Africa?
3. What are the constraints in FDI and FREI resulting from globalisation?
4. How can these be addressed to spur sustained economic growth of the real estate sector?

The study examines and discusses investment strategies by real estate managers in Africa, with divergent reference to SSA and NA. It provides a kaleidoscopic review of professional roles and responsibilities in the real estate industry in the two distinct regions. The overall aim is to obtain an intimate appreciation of professional roles, responsibilities and interests of real estate asset managers in NA and SSA. It has been observed that much real estate management triad, being profit-oriented, considers some specific investments options for particular specific populations. This segregation is based on race, income, rule of law, politics and sometimes ethnic influences and the five clusters of distinction of globalisation by Appadurai (1996) – *financescape, ethnoscape, mediascape, ideoscape* and *technoscape* – are the lenses and persuasions through which this contribution bases its argument .

2.3 Literature Review

Globalisation refers to the increased flow of people, trade, investment, cultures and technologies between countries and the major issue being creation of an integrated and interdependent world (Gaburro and O'Boyle, 2003). Through globalisation, there is an increased blurry of national boundaries such that the world exists as a common space with minimum restrictions on the flows of the stated commodities. In the 15th century, European explorers and colonisers set the pace for globalisation and this continued and intensified during the 18th century following the Industrial Revolution in Europe and America. During the time, advances in technology and manufacturing resulted in increased productivity in industries, calling for the opening up of new markets beyond Europe. As a result, globalisation can, thus, be categorised into different types, including – economic, financial, cultural, political, ecological and sociological.

The diversity of globalisation is outlined by Mittelman (2000: 6-7) who asserts that:

> '… the dominant form of globalisation includes a historical transformation: in the economy, of livelihoods and modes of existence; in politics, a loss in the degree of control exercised locally… and in culture, a devaluation of a collectivity's achievements … Globalisation is emerging as a political response to the expansion of market power … [It] is a domain of knowledge.'

This is evident from the manner in which missionaries sought to spread Christianity in Africa. That is a form of cultural globalisation, while the opening up of Africa as a market for the West is a form of financial and economic globalisation. Colonisation is a kind of political colonisation as it was premised on power and domination of weaker countries. The focus of this study is on economic globalisation that is defined by Shangquan (2000: 1) as the increasing interdependence of world economies because of the growing scale of cross-border trade commodities and services, flow of international capital and wide and rapid spread of technologies.

Globalisation is leading to massive movement of global real estate capital on the world (Rogers and Yoh, 2017). Discussions of globalisation in the 1990s and earlier overlooked the real estate industry as a possible participant in the ongoing phenomenon of increasing global economic integration. In the 2000s, globalisation has increasingly involved the internationalisation of services sectors, such as manufacturing and various sub-sectors of real estate have been enthusiastic participants in this global surge (Barkham *et al.,* 2017). Builders, brokerage, consulting and services and real estate finance firms, and investors have extended their areas of operations beyond local markets to a world-wide base. Several factors have led to this transformation of the industry. Technological changes have extended the geographic reach and weakened the nexus between “local” and “location”. The increasing openness of formerly closed economies in the developing world has significantly expanded opportunities for real estate firms across the globe (Bardhan and Kroll, 2007).

By its nature, globalisation influences FDI and real estate investment in multiple ways. With regards to FDI, it is argued that globalisation will lead to a decrease in the initial mutual dependence of local firms that tend to be integrated or absorbed or overshadowed by the global production chains (Incekara and Savrul, 2012). Globalisation results in increased foreign capital inflow as different multinational companies flock into different regions where they contribute in different economic sectors, enhancing the capital flows in certain countries. This is evident from the way China has been recently investing in different projects across Africa (Ziso, 2017; Lee, 2018). On the other hand, previous cases and examples can be drawn from the way European countries, for example, Britain, colonised most of Southern Africa, resulting in capital inflows from the host countries (Kalu and Falola, 2018).

Through globalisation, FDI is ultimately enhanced, and this helps in sustaining local economies. It is observed that in past decades, the amount of FDI that developing countries have received has been on the rise but depends and varies on the economic sectors in a particular region and country. Hence, FDI tends to be directed towards a particular issue and sector, for example, in manufacturing, oil extraction as has been the case in countries with abundant oil reserves such as Libya (Pradella and Rad, 2017) and mineral mining as China is doing in recent times in countries such as Zambia, with her copper and the diamonds of Zimbabwe (Kragelund, 2016; Chipaike and Bischoff, 2019), or trade and public utilities including bridges, roads and hospitals.

Real estate investment becomes one area in which capital can be injected into by the multinational companies. Real estate is an investment portfolio. Investment entails a commitment of money or capital to purchase financial instruments or other assets to gain profitable returns in the form of interest within a stipulated period of time. Yet, the accomplishment of this goal is highly dependent on how real estate resources are being made available for transaction purposes that, in turn, is dictated by the nations' government policies regulating the markets (Pedersen and Lemelson, 2005). The efficient functioning of real estate markets is, thus, a priority across the African region.

Real estate development is the continual reconfiguration of the built environment to meet society's needs, for example, the construction of roads, water reticulation plants, housing, office buildings and lifestyle centres (Urban Land Institute, 2007).

Real estate development is a process that transforms an idea into bricks and mortar. Once real estate investment construction is completed, it is the responsibility of the management triad (property management, asset management and portfolio management) to take over and deliver the cash flows envisioned in the feasibility study and to maintain the physical structure and site to protect the project's long-term profitability (Miles, 2007). Property management is the operation, control and oversight of real estate as used in its broadest terms (Urban Land Institute, 2007).

Davies and Jokiniemi (2008) define property management as the job of upkeeps, maintenance and servicing of a building or property. Property management involves the processes, systems and manpower required to manage the life cycle of all acquired property as defined including acquisition, control, accountability, responsibility, maintenance, utilisation, and disposition. Property management is located on site and is the primary link with the tenant. Property management is a role that is far more complex than simply showing space, signing leases and collecting rentals.

Property managers seek to generate the greatest possible net income for the owners of an investment property over its economic life. If the goals of the owner are reasonable, ethical and lawful, essentially the property manager seeks to achieve the objectives of the owners, generate income for the owners and preserve and/or increase the value of the investment property (Kyle *et al.,* 2000). Property managers and leasing teams get commission as payments for their special services. An institutional investor can choose to manage its real estate investments in-house or by outsourcing or combining the two.

Asset management is defined as the coordinated activity of an organisation to realise value from assets (Institute of Asset Managers, 2010). In general, asset management companies have been used to address bad debt overhang in a country's financial system (Klingebiel, 2000). Assets are defined as an item, thing or entity that has potential or actual value to an organisation. Asset management is located offsite and it is done for several different properties (Institute of Asset Managers, 2010). It assumes a broader perspective that property management does not, and can specialise on property type, size and location. An asset manager manages the property on behalf of its owner (Miles *et al.,* 2007). He/she participates in critical property management activities, for example, lease negotiations, major capital projects and annual budgeting. Asset management is a systematic process of deploying, operating, maintaining, upgrading of real estate properties (Urban Land Institute, 2007).

Amongst other duties, an asset manager oversees the activities of property managers and is also responsible for more duties as discussed herein. Asset managers are responsible for measuring property performance. It is their duty to evaluate property managers by comparing property performance with peer properties in the same sub-market. Further, asset management assists in tenant relations management. The asset management department can include professionals like economists who are able to quickly detect and analyse market conditions. They must know the best time to buy or dispose of a property. Such professionals help global investor access possible investment destinations prior to making huge financial commitments.

Portfolio management refers to a combination of securities such as bonds, stocks, real estate and other instruments. In the context of real estate, portfolio management defines and implements its strategy considering mainly its goals and long-term objectives. It oversees asset management, acquisitions, disposals and investment decisions and supervises cash management financial performance, reporting to the owners. At the top of the hierarchy of the management triad is the portfolio manager. Other functions of the portfolio manager include receiving feedback from asset managers. The portfolio manager is also supposed to come up with investments criteria for consideration by owners of the capital. By bringing in many ideas, it is likely that the operations will be efficient, hence leading to the maximisation of value for the investor.

When disposing or acquiring new properties, portfolio managers facilitate the process after critically analysing the implications and possible challenges likely to be faced because of such action. Literature shows that globalisation spurs FDI and real estate is among sectors where capital inflows are invested. The chapter frames the argument in the context of the core of Appadurai's (1996) model of global cultural flow. The model informs the theoretical framework of the study because it focuses on the flows emanating from globalisation and how the different issues are at play as espoused in the earlier definition of globalisation that showed that the term encompasses a range of processes that result in integration and interdependence. Appadurai (*ibid.*) was chosen for this study based on the fact that it is highly insightful in seeing the disjuncture or lack of fit in relations among different global flows today. Thus, the theory lends itself well to the quest of this study to explore the knowledge and experiences of various cities around the world as lessons for the SSA and NA as the regions stand to compete with the rest of the world in the face of globalisation.

2.4 THEORETICAL FRAMEWORK

This terminological discussion of the five terms coined by Appadurai (*ibid.*) sets the basis for a tentative formulation about the conditions under which current global flows occur. As shown, they occur in and through the growing disjuncture among *ethnoscapes, technoscapes, financescapes, mediascapes* and *ideoscapes*. This formulation, the core of Appadurai's (*ibid.*) model of global cultural flow, needs explanation. First, people, machinery, money, images and ideas now follow increasingly non-isomorphic paths. Of course, at all periods in human history, there have been some disjuncture in the flows of these things, but the sheer speed, scale and volume of each of these flows are now great that the disjuncture has become central to the politics of global culture. Using the theory propounded and explained by Appadurai, the study stems to develop an appreciation of professional roles and responsibilities of real estate asset managers in the SSA) and NA regions (Appadurai, 1990, 1996).

By *ethnoscape,* Appadurai referred to the landscape of persons who constitute the shifting world in which people live in, that is: tourists, immigrants, refugees, exiles, guest workers and other moving groups and individuals constitute an essential feature of the world and appear to affect the politics of (and between) nations to a hitherto unprecedented degree (Appadurai, 1996). The moving groups have different tastes preferences and even expertise. Since the moving races have different tastes in the real estate services, they require property investors who are expected to provide the necessary amenities required by a particular populace. This eventually will enable different groups to access facilities and services of real estate in particular preference tastes. The overall effect is that there is guaranteed revenue of real estate asset since particular users will likely be found in many countries either in SSA and NA.

Technoscape refers to the global configuration, also ever fluid, of technology and the fact that technology now moves at high speeds across various kinds of previously impervious boundaries (Appadurai, 1996). This can fit in with the latest real estate management software (for example SAP) that is increasing efficiency in property managers and reducing the number of personnel that are responsible for the actual management of the properties. Technology in designs as invented by various architects around the world can also lead to Africa sharing knowledge with the developed world and overall yielding in the best practices being used when real estate assets are being constructed on the continent by global investors. Understanding the role of *technoscape* is important since latest best practices can be shared with an overall impact of great improvement in real estate administration. Technology helps in comparison though it can be difficult, for example, comparing real-estate costs in New York in the United States of America and Japan's Tokyo, without taking a sophisticated account of the very complex fiscal and investment flows that link the two economies through a global grid of currency speculation and capital transfer.

Financescapes is disposition of global capital in rapid and difficult landscape to follow than ever before, as currency markets, national stock exchanges and commodity speculations move large sums of money through national turnstiles at blinding speed, with vast, absolute implications for small differences in percentage points and time units. The movement of global capital enables continents that are generally welcoming with sound economic and political climates to attract capital. Eventually, the globe maintains development rates with easy flow of capital.

Mediascapes means the distribution of electronic capabilities to produce and disseminate information (newspapers, magazines, television stations and film-production studios), that are now available to a growing number of private and public interests throughout the world. This enables investors and people to be able to follow up on the current events as they materialise in the country or region under review. The *mediascapes* provide (especially in television, film and cassette forms) large and complex images, narratives and *ethnoscapes* to viewers throughout the world, in which the world of commodities and the world of news and politics are profoundly mixed. This means that the audience the world over, experiences the media themselves as a complicated and interconnected repertoire of print, celluloid, electronic screens and billboards.

Ideoscapes are also concatenations of images although often directly political and frequently must do with the ideologies of states and the counter ideologies of movements explicitly oriented to capturing state power or a piece of it. Having information on *ideoscapes* enables one to ascertain level of security and likely predict general conditions in an area before investing or even consider migrating to the area. These *ideoscapes* are composed of elements of the Enlightenment worldview that consists of a chain of ideas, terms and images, including freedom, welfare, rights, sovereignty, representation and the master term democracy.

2.5 METHODOLOGY

The study engages a case study approach that helps to articulate the realities, practices and contradictions in which NA and SSA are assessed. For SSA, the cases engaged are Tanzania, South Africa and Zimbabwe, while Egypt, Libya and Tunisia represent NA. These are chosen because of their unique dispositions that make the evidence they generate contribute toward theorisations and practical information towards building concrete ideologies and policies for transformation.. North Africa, whose territories are part of the League of Arab States within the Arab world has a total of eight countries. The chosen three represent 38% of the population, that being a very good sample considering the data being exploring in the study. The United Nations Development Programme lists 46 of Africa's 54 countries as "sub-Saharan", excluding Algeria, Djibouti, Egypt, Libya, Morocco, Somalia, Sudan and Tunisia. Selected countries were the chosen to represent Sub-Saharan African countries. This sample represents 9% of the region's population. The specific countries chosen included a sample with South Africa, one underperforming but with potential Zimbabwe, and Tanzania was chosen to represent average countries since its economy has not been expanding as fast as official figures suggested. A desktop survey was undertaken to inform this study where data were collected from annual reports, newspaper articles, journal articles and policy briefs on globalisation, FDI and FREI. Such information provided insights into the issues relating to implications of globalisation on FDI and FREI in selected cases. Content analysis was used to analyse the data where themes were identified from the document analysis pertaining to the objectives of the study.

2.6 Results And Analysis

Although African nations are sovereign states with the powers to govern and handle their own matters, their policies and actions also affect how they are faring in the globalised economy. This, therefore, means that they are affected by what happens outside their own countries and regions. In terms of FDI, countries are competing on the international market as it is known that capital flows to where it makes a return. An analysis of SSA and NA in terms of how they are or can attract FDI in the globalised world is as presented in the forthcoming section.

Sub-Saharan Africa

Geographically SSA includes all those countries situated completely or predominantly south of the Sahara or the Sahel. Relevant regional data for the region can be structured according to development indicators. The proportion of poor people in the region is considerably higher than in NA. Research shows that about 390 million households in SSA still live off less than US$1.25 per day. Despite past intensive reform and development efforts, large material deficits, especially for education and health, services continue to shape the people's livelihood. The environment of SSA is undoubtedly urbanising rapidly.

Tanzania

Tanzania is part of the East African Community (EAC) and has a population of about 41.5 million, with 945 000 km^2 of land. Tanzania is a former colony of Great Britain and it managed to liberate itself in 1961 and three years later united with the island group of Zanzibar, situated directly off the Eastern coast of Tanzania in the Indian Ocean. The combination of Tanzania's mainland and the island of Zanzibar form the United Republic of Tanzania. After independence in 1961, the expectations of improvement of living conditions and politics and economy was high. However, these expectations were not met, resulting in civil wars, ethnic hostilities, corruption, political mismanagement and countless human rights violations (Rothenberger, 2010).

The influence of globalisation was, however, experienced to some extent. The five scopes by Appadurai (1996) have contributed in various ways. The *financescape* in Tanzania caused global capital to be transferred from various parts of the world once the politicians in Tanzania managed to outdo unfriendly economic land ownership policies. As a result, Tanzania witnessed a radical policy turnaround in the mid-1980s after more than two decades of command economic policy. Tanzania's government shifted its economy to free-market structures and by 2005, more than 300 former public enterprises had been successfully privatised. From this move, the country improved in the amount of donor agencies and foreign investors. As a result, Tanzania received a total of US$1.5 billion in economic aid in 2005 alone (Rothenberger, 2010). The volume of FDI increased from 2006 to 2007 by US$600 million. However, the limitation with FDI associated with aid is that it does not significantly boost economic development as aid comes with conditions and, at times, such conditions restrict certain development projects due to the clauses set in such aid agreements.

Tanzania's *ethnoscope* is diverse, constituting Muslims and Christians who co-exist. Such diversity also contributes to diversity in infrastructure needs and FREI owing to the coastal nature of the country that boosts tourism. This shows that the diversity and tolerance of the country can attract FREI and citizenry from all parts of the globe to come and visit, work or seek refuge in the country. All the factors herein actually give a plus and aid the confidence in bringing FDI in Tanzania.

The *mediascape* contributes to bringing reports that, despite promising figures, Tanzania's economy is still in a precarious state and its population undoubtedly remains poverty-stricken. It has been reported in recent times that an estimated 90% of the populace live in poverty and 36% live below the national poverty datum line (Rothenberger, 2010). However, tourist destinations and diverse culture in Tanzania have been widely publicised, thus, promoting the global appreciation of the country with its wildlife and coasts. In this way, there has been some investment related to the tourism sector that eventually cascades to real estate development. To some extent, *ideoscape* is resulting in adverse criticism that Tanzania's economy is highly fragile because of its dependence on externalities.

Using *technoscape*, Tanzania has been able to sell its products and has also been importing from other countries. Although this has led to a significant deficit on the country, *technoscape* is helping in the facilitation of trade, amongst other advantages. Finally, the outlook of Tanzania's economic performance is encouraging despite its dependence on several factors. Tanzania has strongly encouraged foreign investment ever since its implementation of economic reforms since the mid-1980s. It has, therefore, formally opened its gates to foreign investors in all sectors, including real estate.

Real estate investment management firms are facing a plethora of challenges in management of portfolio, asset and property in Tanzania. This is basically due to ownership structures of land and productive assets. Inconsistent land policies in many African states are causing the environment to be fragile, hence, the call for confidence. For example, as relict of the socialist era, all land in Tanzania has remained state-owned since 1967 and is still vested in the president as the trustee for and on behalf of Tanzania's citizens as regulated in the Land Act No. 4 of 1999 (as amended in 2002). In consequence thereof, freehold title does not exist, and land ownership remains strongly restricted. This continues to be a considerable barrier to both FREI and foreign investment in general.

South Africa

The population of the Republic of South Africa (RSA) is 50.7 million, while the total area is 1.22 million km^2. The country has 11 official languages and the rand being it's the official currency. Compared to other countries within the region, is the republic is highly developed. It has now been included into the category of newly industrialising countries (Rothenberger, 2010). FDI inflows into the RSA rebounded by US$3.2 billion in 2017.

Globalisation has contributed immensely in the state of real estate development and management in the RSA. It was noted that the financial, capital and real estate markets in the RSA have reached the required level of maturity to offer foreign institutional and private investors attractive indirect real estate investment possibilities. Under *financescape,* the RSA, alongside North African countries, , for instance, attracted a substantial number of foreign real estate investors during previous years. The discrepancies between the RSA and other countries in SSA, therefore, also become apparent within a real estate-specific context. This supports the notion that global institutional investors consider many factors, judging from the *scape* as proposed by Appadurai (1996) to conclude on investing or not/

All the other *scapes,* as propounded by Appadurai (*ibid.*), that is, *financescape, ethnoscape, mediascape, ideoscape* and *technoscape,* remain uniform in terms of experience postured in all countries under SSA. Further, while the financial, capital and real estate markets in the RSA have reached the required level of maturity to offer foreign institutional and private investors attractive indirect real estate investment possibilities, the supply of indirect real estate investment vehicles within the remaining markets of SSA is limited (Rothenberger, 2010). Finally, due to relaxed clear laws in the RSA, management firms of property, portfolio and assets have clearly been able to make profits, transfer the profits and enjoy benefits of globalisation while operating in the RSA. It should, however, be noted that the country sometimes experiences disturbances due to politics, but generally, it provides a good case in SSA as a model country with good conditions that attract FREI and support globalisation.

Zimbabwe

Zimbabwe is a land-locked country with an estimated population of 16.5 million. Its total land area is 390 759 km^2. The country uses a multi-currency system and has three major languages. FDI was very low during the leadership of President Robert Mugabe. However, after the coming in of President Emmerson Mnangagwa's administration in November 2017, FDI in commitments surpassed US$14billion. Of the FDI commitments made, it is difficult to ascertain how much has been received to date in reality. Justifiable reason to assume severe differences in growth rates within the region is noted when the two countries are assessed, for example, Angola recorded annual real GDP growth rates of 18.6% in 2006, 20.3% in 2007 and an estimated 14.8% in 2008, whereas Zimbabwe's downswing has sadly continued with annual real GDP growth rates of -5.4% in 2006 and an estimated -6.1% in 2007 (no reliable data is available for 2008 with regard to the problematic political situation in Zimbabwe) (Rothenberger, 2010). Political tensions and civil unrest in Zimbabwe since the early 2000s have negatively impacted on the FDI in the country as the environment has increasingly become hostile to foreigners who have for long been accused of intending to re-colonise the country using financial means. The result has been limited FDI as investors fear losing their investments. The implications have been notable on real estate development that has suffered immensely. Corruption and state capture that are also rampant in the republic have also resulted in low investment and ultimately limited development of the real estate sector.

The average costs of simply registering a property in Zimbabwe amount to 25% of the respective property's value. Further, due to policy inconsistency, currency inconsistence amongst a host of other challenges, there is a paucity in nuanced data regarding facts and figures that can be used in measuring growth resulting from FDI. It is, however, necessary to point out that hopes have been refreshed within the country and many other global institutional investors are seriously considering making real estate investments within the country. As with other SSA states, except the RSA, the influence of globalisation is being felt because of functions of various *scapes* that it the *financescape, ethnoscape, mediascape, ideoscape* and *technoscape*. Further, the ownership structures of land are also similar to that used in Tanzania and the explanation cannot be repeated since it has been explained in the case of Tanzania herein. It should be noted that rural and tribal lands are also vested in the president. This is not favoured by global institutional investors of real estate. As a result, global investors take it as a threat that can affect their management function for their real estate investments. However, in recent times, for those investors operating in the country, some special permits and agreements would have been obtained from the government prior to commencement of any work as this is the procedure that ensures and protects both sides.

North Africa

The Saharan Desert separates North Africa and the rest of the region. North African countries are often assigned to the Middle East region within the inquiry of economic data. The region has about 362 million people and Arabic is the common language. It should, however, be noted that only South Africa, alongside North African countries, was for instance, able to attract a substantial number of foreign real estate investors during the period 2007.

Egypt

Egypt has been ranked first in FDI flows in Africa. FDI in Egypt increased by US$1.7 billion in June 2018 compared to an increase of US$2.3 billion in the previous quarter. The country's nominal GDP was reported at US$60.4 billion in June 2018. The capital of Egypt is Cairo. Egypt, whose population was 97.55 million in 2017 (World Bank, 2017), use the Egyptian pound its currently. The Arab Spring has caused tensions and civil unrest in North Africa and the implications of such tensions has been a decline in FDI. However, the vibrancy of the tourism sector in Egypt, owing to the monumental pyramids that are a beacon of success with regards to attracting tourists, has managed to sustain the FDI as the country remains a world-class tourist destination. Opportunities for real estate development exist with regards to construction of hotels, housing and commercial facilities for the tourists.

From the Egyptian profile given in this study, global capital is attracted to investment in Egypt. It can arguably be so, because of its sound economic policies that are open to the international community. The country might have had enough time to recreate and proffer a good international image that safeguards the investments of institutional investors. Also, the huge workforce can be an attraction of FDI and FREI. An investigation into the state of the country’s affairs shows that the influence of globalisation has been positively embraced and resulted in the country managing to be a safe destination. Further, real estate investment management firms in recent times, are perfectly executing their management for assets, portfolios and property in Egypt and they are free to repatriate their investments. They are also free to transfer profits from the country to their respective regions or countries. These, as a result, are the characteristics serious institutional investors are looking for when looking for safe investment destinations.

Libya

The FDI stock recorded in 2015 was 18.462 million that did not change up to 2017. The Kingdom of Libya, originally called the United Kingdom of Libya, came into existence upon independence on 24 December 1951 and lasted until a coup d’état led by Muammar Gaddafi on 1 September 1969. Libya has a total area of 1 759 540 km^2 and a total population 6 653 210 as at July 2017. The capital of the country is Tripoli (World Bank, 2017). Libya is basically Muslim, constituting96.6%. The ethnic groups are Berber and Arab (97%) while 3% include Greeks, Maltese, Italians, Egyptians, Pakistanis, Turks, Indians and Tunisians. Libya has proven oil reserves estimated at 48 billion barrels, making it a top 10 oil rich country in the world.

Libya has been able to attract FDI, just like the rest of NA countries. However, it should be acknowledged that the natural resources endowed in the Libyan land played a huge role since oil is used to power many functions in the world. This saw an influx of investments coming in the country. However, in recent years, the civil unrests in Libya have negatively impacted on FDI as the country has become a war zone, hence a risk for investors to invest in real estate when there is armed conflict.

Further, marketing using *mediascape* and *ideoscape* played a huge role in marketing the country to the rest of the region. This, however, also attracted enemies as many vied to have a piece of the Libyan national cake. The influence of globalisation was also experienced by active influence of *financescape, ethnoscape* and *technoscape*, already experienced in the rest of the region. As a result, just like the rest of the NA region, Libya's real estate investment management firms did not have challenges in managing their property, asset and portfolios. It should, however, be noted that the country had political challenges that escalated to political violence. This, had a negative effect that kept away global investors. For the investors that remain, they usually obtain very high yields since the risk in general will also be relatively high.

Table 2.1: *A synthesis of the Results* (Authors, 2019)

Country	Population (Million)	Independence year; previous coloniser	Currency	Main Highlights
Tanzania	41.5	1961, Britain	Tanzanian Shilling (TZS)	There are many real estate investments. This is due to ownership structures of land and productive assets. The land policies are not consistent. The environment is fragile, for example, as relict of the socialist era, all land in Tanzania has remained state-owned since 1967 and is still vested in the president as the trustee. There is a call for confidence building programmes.
South Africa	50.7	1996, Britain	South African Rand (ZAR)	The financial, capital and real estate markets in the RSA have reached the required level of maturity to offer foreign institutional and private investors attractive indirect real estate investment possibilities, The supply of indirect real estate investment vehicles within the remaining markets of Sub-Saharan Africa is limited. Xenophobic attacks diminish investment
Zimbabwe	16.5	1980, Britain	RTGS Dollar (ZWL)	Rural and tribal land is vested in the president. This does not attract global investment in real estate. Global investors take state ownership of land as a threat that can affect their management function for their real estate investments.
Egypt	97.55	1922, Britain	Egyptian Pound (EGP)	Egypt has been ranked first in FDI flows in Africa. This is because of its sound economic policies that are open to the international community. The country might have had enough time to recreate and proffer a good international image that guarantees the investments of institutional investors. Also, the huge workforce can be an attraction of FDI and FREI.
Libya	6.6	1951, Italy	Libyan Dinar (LYD)	The natural resources endowed in the Libyan land played a huge role since oil is used to power many functions in the world. This saw an influx of investments coming in the country.

2.7 Discussion

It is common cause that the risk-return relationship of each country is affected by its own unique institutional environment and, therefore, there are potential benefits for investors (Tom and Austin, 1996). Evidence emanating from the study shows that, indeed, real estate asset managers are aiming to maximise capital gains and increase returns while safeguarding their investments. However, they have been neglecting some nations around Africa. Further, Tom and Austin (*ibid.*) argue that given the significant differences in the institutional framework across countries, there are likely impacts on returns and that this deserves the attention of institutional investors (Appadurai, 1990, 1996). The main reason real estate managers are neglecting many SSA states include poor laws, poor respect for human rights, disregard for property rights, corruption and civil wars. Global investors greatly rely on the *scapes* by Appadurai (1996) to determine which countries to invest in. This, therefor, means that for FDI to increase in SSA and NA regions, factors used to ascertain whether the environment is conducive or not must be positively addressed. From the cases reviewed in this study, it can be concluded that in SSA, except the RSA, nations are struggling to come up with good investment laws and poor governance, defining their poor standing in attracting FDI. There are a series of serious economic and political reforms needed to improve the image of SSA in the eyes of investors.

A similar study examining the extent to which real estate returns are driven by continental factors was also conducted (Eichholtz *et al.,* 1998). Eichholtz *et al*. (1998) argued that if real estate returns are driven by a continental factor, then global investors should look for diversification opportunities outside their own continent. It was concluded that for the Asia-Pacific region, real estate returns are not driven by a continental factor. The results suggest that for European, North American and Asia-Pacific real estate portfolio managers, the Asia-Pacific region provides attractive international diversification opportunities. Therefore, because of the political and security issues noted, global investors prefer NA to SSA when considering investing in Africa. However, they may prefer other regions when the options are from anywhere around the world. These observations hammer on the point that fundamental factors are considered by institutional investors when deciding of where to put FREI in the world.

2.8 Policy Options, Recommendations and Conclusion

Globalisation has had a major influence on the FDI in the selected African countries where the effects are evident from the case studies presented. With globalisation, there has been some significant contributions of the FDI to real estate development, a situation that has been attributed to several factors, for example, oil in North Africa and the booming industries and farms in South Africa. On the other hand, civil unrest and political uncertainty has, to some extent, stifled the growth in FDI and, subsequently, FREI. Examples include the volatile political environment in Zimbabwe, characterised by violence, state capture and corruption, that has resulted in investors holding back from investing in the country over the past years, especially in the new regime of President Mnangagwa. The same applies in North Africa, where political tensions and civil unrest in the last years has had devastating effects on the development and management of real estate, let alone attract funding for the sector. It is concluded that the effectiveness of real estate asset management is at stake if the terrain of media and technological utilisation, understanding of the global financial markets and how race and ethnicity determine real estate markets are not fully captured and understood.

The African continent must understand Appadurai' (1996) clustering of globalisation to create resilient and sustainable real estate markets in the region. African states must be careful in the domestication of the strategies ensuring that they are amenable to absorbing shocks created by both internal and external forces, including financial crises. They must do away with inconsistencies in law application and disregard of 'rule of law' to earn global trust, for "trust is earned by deeds". Land ownership in most countries is not clear to attract investment. Use of leasehold instead of freehold title is a barrier to both FREI and foreign investment. There must be a clear land-use tenure to attract private capital. Also, African states base their decisions on the liberation struggle that, in most cases, retard the attractiveness of their economies. Such decisions, for example, land reform, have potential to scare away global investment. The risks of land reform based on the past usually lead to chaos. It is, therefore, recommended that policies be objective and less political.