

Beyond Recovery? Downturns, Implications and Prospects of COVID-19 Pandemic to Real Estate Development in Zimbabwe

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Abstract

Real estate development plays a pivotal role in the growth of macro economies worldwide. Until recently there has been little, if any, concern over the impact of public health emergencies to real estate development process let alone recoupling mechanisms for Zimbabwe's real estate developers. Many changes have occurred to real estate development amid the ongoing COVID-19 pandemic and economic instability that has impacted the already struggling real estate development sector in Zimbabwe. Thus, this paper aims to examine the implications of COVID-19 pandemic to real estate development and its prospects for recovery in Zimbabwe. The paper focuses on the implications of COVID-19 to the four forms of real estate development namely: new developments, repurposing, refurbishment, and redevelopment. The study employed a desktop study and survey of selected real estate developers as well as content analysis methodology. Evidence in Zimbabwe shows that many new developments have almost stopped and some will hold back for an indefinite time. The real estate development industry is largely based on revenue accrued from the real estate projects' proceeds and funding from banks. Thus, the study seeks to answer questions of the nature: will the financial institutions continue to offer financial help to real estate developers? What will be the legal wrangles of missing the projects' delivery dates by developers? While the key players in the real estate development process have seized the pandemic as an opportunity to demolish and refurbish the buildings, some real estate developers are halting projects citing revenue challenges. The paper indicates how the current COVID-19 pandemic may affect the real estate developers' future "appetite" and determine the future of real estate development. The paper, therefore, builds the basis for future real estate development policies and indicates the need for reforms to shield the sector from pandemic shocks.

Keywords: COVID-19, property developers, real estate development, Zimbabwe

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1.0 INTRODUCTION

Real estate development plays a pivotal role in the growth of macro economies worldwide. Until recently there has been little, if any, concern over the impact of public health emergencies to real estate development process let alone recoupling mechanisms for Zimbabwe's real estate developers. In late December 2019, the novel coronavirus disease, COVID-19 first hit the Wuhan City in China and in a short space of time, it has spread across the entire globe. "The US, China, Japan, Germany, Britain, France, and Italy are all in the top-ten most affected by the disease" (Baldwin & di Mauro, 2020, p. 2). In Zimbabwe, the first case of COVID-19 was reported on the 21st of March 2020 and at the end of July 4000+ cases had been recorded. Several measures have been taken by the government of Zimbabwe to control the outbreak. These include the 'lockdown', travel restrictions, quarantines and social distancing measures.

Several complex changes have occurred to real estate development amid the ongoing COVID-19 pandemic and economic instability that has impacted the already struggling real estate development in Zimbabwe, and perhaps many Sub-Saharan African countries. As the government of Zimbabwe tried to minimise the spread of COVID-19, it brought about unprecedented disruption to and decline of service sector activities and the closure of many businesses. The measures have engendered a cessation of economic activities with service-oriented industries working from home in all ways possible. The real estate development industry has not been spared as it is reeling hard under the impact of COVID-19 pandemic. However, with the disruptions of national and global supply chains (Baldwin & di Mauro, 2020; Žižek, 2020), real estate slowed down. Property development requires the human capital and the raw materials (Cadman & Topping, 1995) but due to COVID-19, adequate supply of raw materials has been affected.

As the COVID-19 pandemic is still increasing and evolving, to establish its accurate and clear-cut end impact may be a mere speculative action. In this instance, an assessment of COVID-19 impact on Zimbabwe real estate development could, therefore, be a priori and impulsive as the consequences could depend on the severity and duration of the pandemic in the country. Also, the measures which the government and real estate development entities could adopt, the intervention of international actors in dealing with the challenge as well as the resilience of the real estate developers themselves are important considerations in ascertaining the prospects of COVID-19 to the real estate development. By considering the pre-existing and existing vulnerability of real estate developers (socio-economic and political) who

make the backbone of the real estate sector in the country, this paper examines how the COVID-19 could impact them, and thus, make recommendations. The paper focuses on the implications of COVID-19 to the four forms of real estate development namely: new developments, repurposing, refurbishment, and redevelopment. Findings on the state of property development under the conditions of COVID-19 pandemic are analysed, facts are given and conclusions are made on policy options. A number of case examples that demonstrates how the property development industry operates during the COVID-19 will be provided in the paper.

■2.0 LITERATURE REVIEW

Real estate is vastly researched on by a number of researchers (Birrel & Bin, 1997; Jowsey, 2011; Miles et al., 2007; Ratcliffe, et al., 2004; Wilkinson & Reed, 2008). Real estate is the “land and anything permanently affixed to it such as buildings” (Jowsey, 2011, p. 39). According to the International Valuation Council Glossary of Terms (2015), real estate refers to land and all natural things on the land for example, trees and minerals, the things attached to the land, for example buildings and site improvements, and mechanical and electrical plant, that provide services to a building that are both below and above the ground. Generally, real estate development is an interdisciplinary process of changing land uses or changing use of existing building(s) for better use. Wilkinson and Reed (2008, p. 2) echo that “real estate development is a process that involves changing or intensifying the use of land to produce buildings for occupation”. However, buildings can also be erected for sale or investment. Real estate development is widely regarded as a creative process focused on value added (Mustorpha et al., 2019; Olsson et al., 2015) and it occurs when land utilization is changed from one type to another (Mustorpha et al., 2019) in order to satisfy the needs and demands of the society (Millington, 2000). In Zimbabwe, Section 22 of the Regional, Town and Country Planning (RTCP) Act (Chapter 29:12) of 1996 succinctly asserts that the real estate development is the altering of the character of the use of any land or building, whether fixed, movable or collapsible (Government of Zimbabwe, 1996). This is consistent with the British view of development.

Real estate development can also be viewed as a sequentially linked process that physically transforms a vacant piece of land into new use with new buildings or other human-made improvements using factors of production. It constitutes the supply side of real estate market which delivers and creates new stock of properties to the market. The real estate development requires raw materials, human (management, entrepreneurship, partnerships) and financial capital (Cadman & Topping, 1995; Wilkinson & Reed, 2008). The real estate development is a complex and dynamic and often a risky exercise with a number of determinants. The development process is long, and as such plans and assumptions made at the outset may have changed by completion stage (Wilkinson & Reed, 2008). It is prone and susceptible to the state of macro-economies whether at global, regional, national and local spatio-temporal scales. Property development process, according to Wilkinson and Reed (2008) as cited in Chirisa et al. (2019, p. 3), “involves large sums of money to execute a project and with the existing economic conditions in the country; it becomes difficult for many developers to erect their structures as available capital amount determines the feasibility of the project”. Real estate development occurs in four major forms. These include new development, repurposing, refurbishment of existing properties, and redevelopment. Worldwide, these developments are propelled by the need to keep pace with the dynamics of societies which then provide for real estate demand. There are four types of real estate development which include commercial (central business district and suburban), residential, industrial and special purpose development (Appraisal Institute, 1992). These largely depends on the prevailing property market needs in a particular given context.

In order to bring to light the impact of COVID-19 to real estate development, it is important to understand the real estate development process. Real estate development process comprises a number of main stages. These are initiation, evaluation, acquisition, design and costing, permissions, commitment, implementation, and disposal (Madichie & Madichie, 2009; Wilkinson & Reed, 2008). These eight stages of property development process (see Figure 1) may not be wholly sequential as they can overlap or reiterate (Cadman & Topping, 1995; Madichie & Madichie, 2009; Wilkinson & Reed, 2008). Madichie and Madichie (2009) confirms that, this is characteristic of a speculative development process where an occupant is not sought until the properties have been completed. However, if the property is pre-sold to an occupant, then the disposal or management stage precedes the evaluation, and design and costing stages (Cadman & Topping, 1995; Madichie & Madichie, 2009).

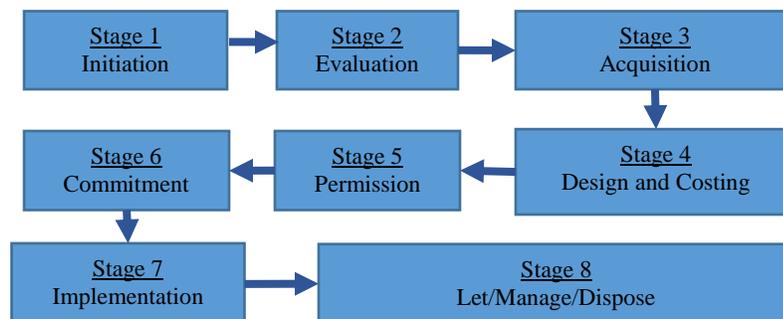


Figure 1 Property development process
(Source: Cadman & Topping, 1995)

On the contrary, others adopt the Fisher’s (2005) fourteen phased ‘events-sequence of development’ based on the case studies from Grainger Town in the North-East of England. The stages are: opportunity/site selection; market analysis; site investigation; feasibility

study; professional appointments; financing; planning application; site assembly or purchase; design; tendering/contracting; construction; promotion; letting and sale.

By its complex nature, the property development process involves a large number of players or actors from the public and private spheres. As confirmed by Healey (1992) and Fisher (2005), property development is a complex process that involves multiple stakeholders, and drivers. These include but not limited to developers, architects, land and quantity surveyors, structural engineers, civil engineers, project managers, and land owners. The private sector in countries such as United Kingdom had been playing a huge role in real estate development process supported with the involvement of financial institutions (Healey, 1994) that had contributed to property boom in 1970s. However, this has not been the case in developing countries.

2.1 An Overview of Real Estate Development in Zimbabwe

The real estate sector in Zimbabwe is comprised of property development, investment, sales, leasing, valuations and management (Maphosa et al., 2019). Zimbabwe has a set of laws and Acts of Parliament that are meant to govern and control real estate development. The critical Act is the Regional, Town and Country Planning Act (Chapter 29:12) of 1996 which provides a right, though under certain parameters, for the exercise of real estate development. However, the property development process also involves a number of legislation such as the Land Survey Act (Chapter 20:12) and Environmental Management Act (Chapter 20: 27). Despite the existence of these statutes, there are some kind of chaos in real estate development sector characterised by a number of informal or bogus developers and other players. This situation is worsened by little analysis of the Zimbabwean real estate development process by the body of knowledge to inform policies and governance. Real estate companies such as, Old Mutual Zimbabwe, Commercial Bank of Zimbabwe (CBZ) Holdings, West Properties Company, ZB Financial Holdings, ZIMRE Properties Investments (ZPI), First Mutual Properties, Mashonaland Holdings Limited, Fidelity Life Assurance, and Dawn Properties, inter alia, dominated the real estate development sector in Zimbabwe. Over the past five years, the Zimbabwean real estate development has been beleaguered by poor economic growth.

Owing to the poor operating environment, there tends to be shortage of new stock on the property market. Prior to dollarization in 2009, the main purchasers of property were the diaspora as the local property had become relatively cheap in real terms (Tome, 2020). From 2009 onwards, the diaspora market crushed as local properties became expensive in real terms. More so, owing to dollarization, the country has been faced with challenges to support building and construction projects (Chirisa et al., 2019). Zimbabwe's real estate market has always been characterised by high demand and low supply. Zimbabwe stands as one of the Sub-Saharan African countries with highest property prices. A report by Cardinal Corporation (2018) reveals that development costs, construction costs and government taxes and fees are contributors to exorbitant property prices in Zimbabwe. Nevertheless, it has been reported that demand for properties continue to rise as individuals and companies seek to hedge their investments against spiralling inflation (Tome, 2020). Tome (2020) observes that as inflation reached 500% in Zimbabwe as of early 2020, individuals with huge sums of money have been compelled to invest it in property so as to safeguard the value of their money. This has created a situation where property companies such as Dawn have lamented limited stock of properties. This has created a mismatch between supply and demand of properties coupled with holding on to properties by property companies amid fears that they might not be able to replace them due to the continuous price increases. This mismatch is partly exacerbated by poor performance of real estate development finance. This include the non-availability of funds and bureaucratic bottlenecks in many of the financial institutions which obstruct in their quest for funds (Chirisa et al., 2019). With the current cash crunch in the country, it is difficult to get cash from the banks for development and as such giving bottlenecks on the developers' intended projects (Chirisa et al., 2019). The liquidity crisis in Zimbabwe since 2008 has starved many property development projects from investment and left various opportunities in this sector untapped (Maphosa et al., 2019). Rakodi and Mutizwa-Mangiza (1990) assert that the development of infrastructure in the country has been constrained by hindrances in the accumulating of capital. According to Chase Contractors (2017), as alluded to in Maphosa et al. (2019, p. 82), "there are many players in the development sector that are not adequately funded, a situation that creates opportunity for new well-funded investors". Although there is economic crisis, property development does not cease to increase in some parts of the nation though at a given pace (Maphosa et al., 2019) mainly residential properties. This is so because of the huge housing backlog of over 1.5 million in the country (Chigwenya, 2019; Government of Zimbabwe, 2014; Muchadenyika, 2011); and people still need shelter (Maphosa et al., 2019). This is worsened by high demand posed by urban population (Chirisa et al., 2019) and thus results in stress over the existing properties. There is dearth of literature on the nexus of public health disasters and real estate development. As the history testifies in Zimbabwe, property development has never been affected so severely by public health emergencies despite having experienced outbreaks of cholera in 2008 and 2009, and malaria and typhoid.

Players in the real estate development in Zimbabwe can be broadly viewed as public agencies (central and local government entities) and private sector agencies. Public agencies include the Environmental Management Agency (EMA), Department of Physical Planning (DPP), the Deeds Registry Office, and the Department of Surveyor General's Office (see table 1). The following table presents public sector players in the real estate development, as they play different roles and are governed by a number of statutes (see Table 1).

Table 1 The specific public sector players in real estate development process in Zimbabwe

Public Sector Players	Roles and Responsibilities
Environmental Management Agency	<ul style="list-style-type: none"> • Environmental Impact Assessment • Audit and Monitoring of projects etc.
Department of Physical Planning	<ul style="list-style-type: none"> • Administers the Regional, Town and Country Planning Act (Chapter 29:12) of 1996

The Deeds Registry Office	<ul style="list-style-type: none"> • Responsible for all records in the Deeds Registry • Deal with land rights and to register companies • Registration of title deeds, state leases and grants, trusts and notarial bonds • Registration of mortgage bonds, and cessions
The Department of the Surveyor General's Office	<ul style="list-style-type: none"> • Supervision and control of the survey of land before its registration in the Deeds Registry • Examination and approval of all general plans and diagrams • Amendment and cancellation of any general plan • Preservation of all records relating to surveys of land

The private sector has been much involved in the development process as developers, financiers, and entities on property valuation and management. As the real estate development is considered a lucrative business local individuals are engaging themselves with the sector, and thus making it a competitive terrain. In addition, there are service providers (for example, the Zimbabwe Electricity Supply Authority), financial institutions (these include commercial banks, building societies, insurance and pension funds companies), and landowners, building contractors as well a number of professionals such as spatial planners, architects, and engineers. "There is a lack by the service provision agencies to increase supply and be able to meet the existing high demand for infrastructure facilities" (Chirisa et al., 2019, p. 3) despite the large number of players in the development process in the country. The public sector is not completely serving its mandate to regulate the private sector in course of real estate development. Local authorities and national government officials have been implicated in extra-legal deals in land allocation and manipulation of development application and the enforcement of building codes. This therefore adds to the challenges on real estate development process.

■3.0 METHODOLOGY

This study employed a multi-pronged approach to data collection in which a mixed-method paradigm was engaged. Thus, both qualitative and quantitative methodologies were used in enquiring the ramifications and prospects of COVID-19 to real estate development. Extensive literature search was done accompanied with content analysis. Online or telephone interviews with the key informants in the real estate industry were conducted and these included the owners of estate agencies, developers and the government section of public works within the Ministry of Local Government, Public Works and National Housing. 65% of the respondents to my survey on the implications of COVID-19 to real estate development in Zimbabwe are into property development, 45% are in property management, 35% are into property sales and 20% are into valuation. Overall, nine key informant telephone interviews were conducted with five property developers, three estate agents, and one local government department. This helped in coming up with comprehensive perspectives. Some data were collected from clients and potential clients in the property sector. The study also adopted field observations using transect walk to assess the level of real estate development in various areas such as residential areas. Notably, the researcher faced some challenges in physically accessing all initially targeted respondents due to COVID-19 induced lockdowns and curfews. More so, while pandemics such as COVID-19 typically arrive exogenously, they are also infrequent, such that data availability is limited (Francke & Korevaar, 2020). Quantitative research methods in this study were used in classifying numerical aspects of the research and quantifying them in a bid to explain the severity and extent of the implications of COVID-19 pandemic to real estate development. This was particularly useful in measuring the constructs and variables within this study, that is COVID-19 pandemic and real estate development forms. Qualitative data were analysed qualitatively based on the emerged thematic areas from the study findings.

■4.0 FINDINGS

The findings from the study have shown that the COVID-19 pandemic has had effects on all areas of the real estate business with property development forms and management being the worst affected in Zimbabwe. Real estate development businesses have closed down, retrenched, downsized and changed location. This has resulted in more job losses within the property development sector, and also loss of incomes by employees. Thus, it affected employee morale. Rent defaults, vacancies and deferrals for office spaces and residential areas are on rise. ZPI, for example, provides approximately 5000 square metres of retail space, comprising of 23 shops of various sizes including banks, concept stores, food courts, a restaurant, coffee shops, jewellery and curio shops, a gym and a fuel service station (Chinjekure, 2017; Chirisa et al., 2019). This means property development business particularly food courts, coffee shops and restaurants has been affected due to business closures. The COVID-19 pandemic differentially affected many sectors of real estate in Zimbabwe (See Figure 2). According to the Real Estate Institute of Zimbabwe (2020), as shown in Figure 2, the real estate development was affected by 32%.

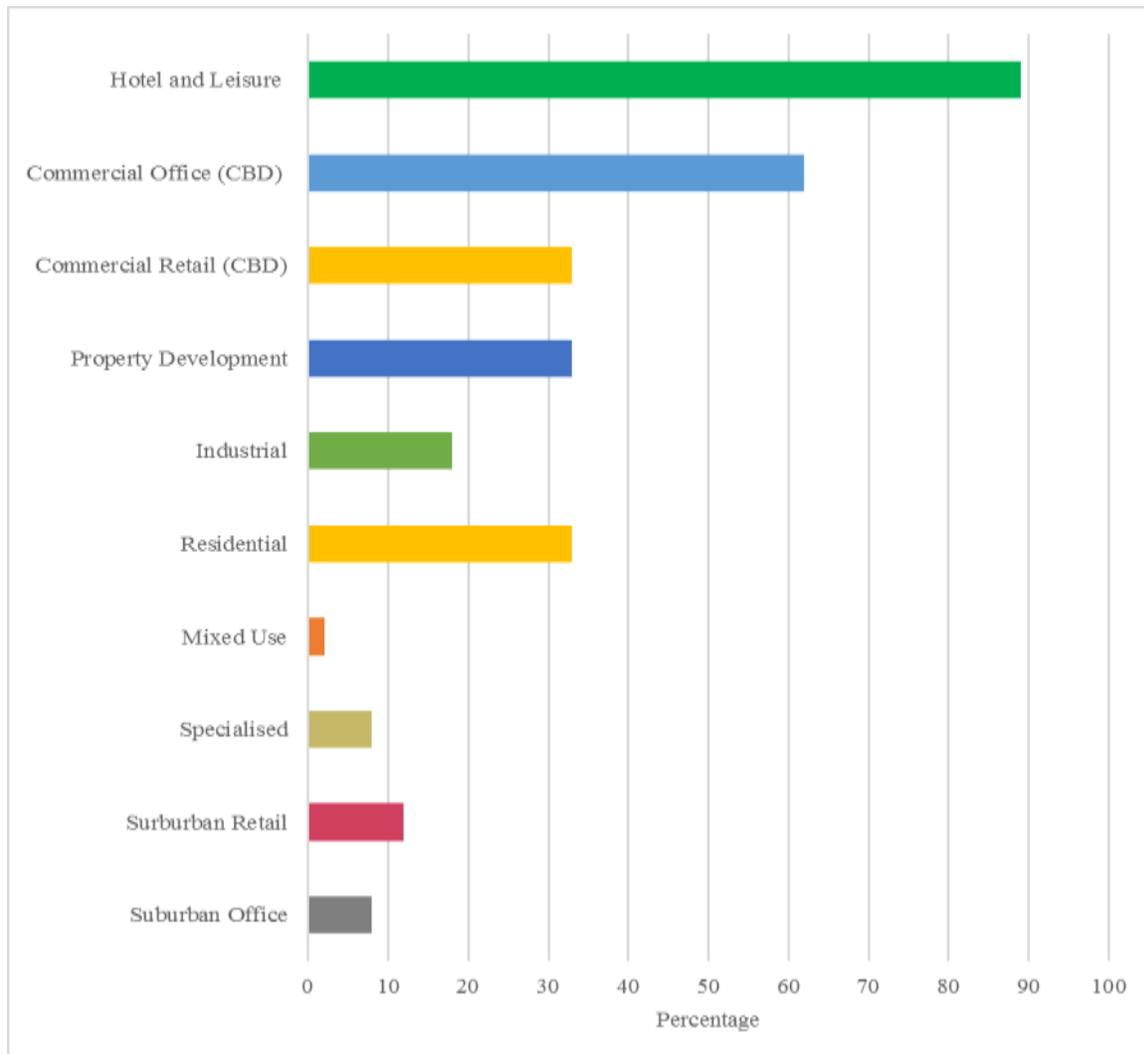


Figure 2 Percentage rate of real estate sectors affected by COVID-19
(Source: Real Estate Institute of Zimbabwe, 2020)

The Construction Industry and Federation of Zimbabwe (CIFOZ) reported that the COVID-19 pandemic and concomitant control measures have brought about work stoppages, disruption of supply chains for labor and materials and increased risk and costs of materials. Property development requires human capital in form of labor to be physically at work places or places where projects are being carried out. Poor supply of raw materials and continued upwards reviews of equipment hiring costs amidst COVID-19 has had deleterious effects on property development sector and business. With the directives and requirements from the World Health Organisation (WHO) and the government of Zimbabwe to stay at home and observe social distancing, property development operations have been largely disrupted. However, in the selected cases of property companies that are operating during the pandemic time such as Old Mutual Zimbabwe, Fidelity Life Assurance and Mashonaland Holdings Limited, there are bottlenecks to the property development business. Workers have been coming late to work due to transport shortage, and too many road blocks wasting productive time on the roads. It also emerged from the study that security forces were harassing workers who were carrying out residential developments in high density suburbs on account of it being a non-essential service.

Due to the COVID-19 pandemic there was the closure of the Deeds Registry Office which needs to be physically visited. This has been accentuated by inadequate of Information Communication and Technology (ICT) systems to facilitate the remote deeds search. The Deeds Office is important to undertaking deeds search for subject properties. So this made the effects to the real estate developments severe as property developers failed to access this important office.

It emerged from the study that the COVID-19 pandemic has intensified poor financial markets in Zimbabwe. Property development financing which is normally done through banks such as CABS, has become a challenge as sources of funds are drying out. More so, real estate development is at a cessation as a result of pricing ambiguity and uncertainty which depressed demand for real properties by individuals and businesses. This is exacerbated by scarcity and exorbitance of mortgage finance that is pushing down demand for real estate. Mortgage funding is almost unavailable with most lenders now targeting the diaspora and employees earning in US dollars. New development, redevelopment, refurbishment and repurposing have been variably affected by the COVID-19 pandemic (see Table 2).

Table 2 Effects of COVID-19 pandemic to real estate development forms

Forms of Real Estate Development	Effects of COVID-19 Pandemic (%)	
	Negative	Positive
Refurbishment	25	75
Redevelopment	60	20
New development	85	15
Repurposing	75	45

4.1 Refurbishment

The COVID-19 pandemic has given property development companies the opportunity to refurbish and revamp dilapidated buildings and facilities. Refurbishment has been largely necessitated by the need for sustainable, health and safe contemporary spaces such as office accommodation for protection from COVID-19. Whilst the property development sub-market remains unsupportive of new stock creations, many real estate companies are proceeding with some low-risky projects. Mashonaland Holdings Limited, one of the leading real estate companies in Zimbabwe, has managed to refurbish and maintain occupancy levels at 77% as at 31 March 2020. It has also recently spent ZW\$472 000 on the refurbishment its existing investment properties some of which have been finished before and during the pandemic, and other are still in progress. The Charter House in Harare reconfiguration design works were completed during the pandemic. Real estate companies such as Dawn, West Property Company have had ongoing projects in refurbishments of buildings in Harare before the pandemic. However, they are citing challenges of resuming projects due to limited access to the Central Business Districts (CBD). It came out from Mashonaland Holdings Limited through its managing director, that it has been defining risk appetite for projects through identifying the risks and coming up with measures to manage the project risks. It indicated that in cases where the management risk responses lead to minimal residual risks, it intends to proceed with the projects during the pandemic. It is revealed that this challenge put pressure on the performance of properties within the CBD and thus affecting the both property developers and the businesses of the clients. The government of Zimbabwe through the Ministry of Local Government and Public Works in terms of the Circular Minute 3 of 2020 (dated 8 April) called for an overhaul of informal trading sites and structures as a way to curtail the spread of COVID-19 and restoring sanity for urban spaces during and after the pandemic.

4.2 New Development

The evidence from the study indicates that new real estate development since the outbreak of COVID-19 has been quite minimal. For huge development projects, where the property market and economic risks are extensive, Mashonaland Holdings Limited, for instance, has decided to defer commencement as it continuously assess the COVID-19 situation and the market in the country. Property developers cited new developments have been affected by the geographical factor of COVID-19 in the country. This is consistent with the fact that real estate development process is not abstract but relates to a real site (Fisher 2005: 2) as it seeks to provide a 'development gain' (Ball, 1983; Healey, 1994). It emerged from property developers that most sites in Zimbabwe have fast become the hotspots of COVID-19. For example, Bulawayo, Harare and Beitbridge where property developers such as Mashonaland Holdings Limited have many projects to do. According to the Ministry of Health and Child Care reports of COVID-19 of April-July, Harare, Bulawayo and Beitbridge have been among the areas that have recorded and still records a highest number of COVID-19 cases. Developers and employees feared the deadly presence of COVID-19 in such areas. This has affected their morale. However, the Bitumen World is undertaking Beitbridge-Masvingo regional road dual development despite the outbreak of coronavirus in the country. It has put in place protective mechanisms such as the Personal Protective Equipment (PPE), and also observing the requirements as provided for by the WHO. Real estate companies have many pipeline projects. ZPI has considered investing ZW\$13 million in the form of a mall to enhance its portfolio mix as the project is anchored by *Pick n Pay*, one of the major retail chains in Zimbabwe. Initially, ZPI expected the development of the mall to be completed early 2020 (Maphosa et al., 2019). The project completion has been delayed due to corona virus pandemic. Mashonaland Holdings Limited, for instance, has 25-cluster residential development project in Westgate suburb in Harare which is on hold and set to commence in the third-quarter of 2020. ZW\$1 million is already spent on the installation of roads, sewerage, and portable water. It has also secured its mixed-used development permit for the 42-hectare site in Ruwa. Its Bluff Hill cluster housing project is said to commence soon after the COVID-19 induced lockdown, having secured the major building materials. The feasibility studies by some property companies are ongoing to determine the viability of a co-working hub in order to optimise CBD portfolio.

4.3 Redevelopment

All real properties have a life cycle. Redevelopment occurs when existing old buildings are demolished and replaced by new ones. Jowsey (2011) asserts that redevelopment occurs when the present worth of the expected flow of future net returns from the existing use of buildings becomes less than the value the cleared land. Redevelopment amid the COVID-19 pandemic in Zimbabwe have been quite limited due constrained budgets. ZPI has faced decreases in their assets, workers, customers, and market shares which tends to reduce its redevelopment projects. Through the directives from the government the City Council of Harare, for example, has demolished properties understood to be informal and illegal in various high density human settlements. These include church buildings, and trading structures. This has seen the re-birth of some properties after being demolished.

4.4 Repurposing

Repurposing or change of use, as stated in the Regional, Town and Country Planning Act of 1996 entails the altering of the character of the use of any land or building. As a result of the nascent public health disaster, COVID-19 in Zimbabwe businesses are often migrating from one place to another. Most businesses considered as ‘non-essential’ have been compelled to migrate from CBDs in preference of the residential areas. This is in line with social distancing and shelter-in-home directives by the government through Statutory Instrument 83 of 2020. Clearly, there is invasion and conversion of the residential spaces into offices to facilitate working from home. This has become an inevitable new reality as the most CBD spaces are inaccessible and, at the same time there is need for income generation for survival. Evidence from the study shows that this has been easier for residential property owners than tenants. However, there has been challenges with owners of the residential houses. The evidence from the study shows that repurposing has been limited to industrial properties.

4.5 Real Estate Development and Markets

The dynamics of property market amidst coronavirus pandemic in Zimbabwe have impacted the performance of property development. Real estate market largely influences the operations of property development. Property markets provides price signals to property development which in turn lures investment attention. The property market in Zimbabwe has been reeling at the receiving end of economic conditions pigeonholed by declining capacity utilisation and monetary policy inconsistencies. The government, in a bid to ease the economic challenges during the lockdown, it has made drastic measures through the central bank and Treasury, which culminated in the recent policy shifts have brought uncertainty on the property market, resulting in most developers and or investors adopting a ‘wait and see strategy’. Real estate development sector has been affected by the flip-flops on the fiscal and monetary policies inconsistencies amid the pandemic. Recently, the government froze the Zimbabwe Stock Exchange (ZSE) that has affected the property markets. Mashonaland Holdings Limited in its 2020 half-year report, reveals that construction and maintenance costs continue to surge as service providers index their prices against the United States Dollar (USD). As such, most projects across the market have been frozen. Rising construction costs and the decline in rentals in real terms have rendered some projects unviable. Developers have largely adopted a wait and see attitude. Notably, financial markets are also not doing well thus affecting the real estate markets. The huge capital outlay required for real estate development to operate is usually supplied from the capital markets, through local and international banks as intermediaries. Following the interest hikes during the COVID-19 pandemic, property development finance became inaccessible, leading to delays in completions of projects. The interest hikes were, in fact, going in a different direction with property yields which have been going down due to the sharp decline in gross domestic product, which has now been aggravated by the COVID-19 pandemic.

4.6 Recovery Prospects

The COVID-19 pandemic is rising in Zimbabwe and Africa at large. With the lockdown measures approaching five months now, the recovery prospects for real estate development enterprises are fast shrinking. This is exacerbated by uncertainties on the misdirection of the Zimbabwean economy, the politically unstable environment, disruptions due to the outbreak of the COVID-19 pandemic and bleak chances for completely curtailing the virus. The respondents were indifferent on whether the real estate development industry will worsen or improve going forward. 45% of the respondents stated that the real estate development business will improve while the other 45% noted that it will worsen and 10% expects it to remain the same. More than 45% respondents point out that residential property development will emerge resilient and strong as compared to commercial and industrial as most people will be working from home, homes are the safest places during public health emergencies. This goes in tandem with the huge housing inadequacy in Zimbabwe which calls for mass investments in housing developments.

■ 5.0 DISCUSSION

The COVID-19 has brought with it an array of changes on the real estate development business in Zimbabwe and other developing countries such as Nigeria, Uganda, Malawi and Zambia. Its effect is a further setback on the already ‘bleeding’ real estate development, and more so in the absence of significant economic and business bailout packages for the sector. COVID-19 affected and continue to affect the supply and demand sides of the real estate development sector. While some immediate changes brought about by COVID-19 will be more ostensible than others, their long-run effects to the development of real estate arena will be complex. Prior to COVID-19, the real estate development business in Zimbabwe has been facing liquidity crisis, shrinking business activity, escalating project costs, cutthroat competition, lack of factual and comparative data. Most of the challenges being faced by real estate amid the pandemic are emanating from the macro-economy. The poor performance of national economy, and poor financing worsened the impact of COVID-19 to the real estate development sector especially commercial developments. Most commercial developments require huge capital, and are speculative in nature (Cadman & Topping, 1996). As such, the financing of the purchasing of land for speculative development has been impacted highly. This is because the financial institutions’ financing of real estate projects that has already ranging from 20 to 30 percent has no interest in speculative developments. The volatile fiscal and monetary policy environment have affected the ability of local commercial banks such as CABS to provide loans for development. As shown in the forgoing, the pandemic has affected real estate development, other sectors of real estate sector and the ailing sectors the whole economy such as mining, agriculture and tourism. This entails that the demand for real estate development has been also affected. The demand for real estate developments outcomes is resultant demand. Despite the difficulties in operating environment, the responsive measures put in place by real estate companies such as Mashonaland Holdings Limited saw them withstanding some of the pressures.

The re-dollarization of Zimbabwean fiscal space as issued by the RBZ will bring a relief to the struggling sector during and after the pandemic. However, these recent currency changes, meant that, basically, new property development that were funded using the steady currency were now required to either sell or be leased out in the Real Time Gross Settlement (RTGS) currency. Thus, some developers delayed sales of serviced residential plots or houses, fearing to face currency-induced losses. What is more challenging, that the market for new property development is tightened. Most purchasers and tenants of properties are still earning in Zimbabwean dollars (RTGS/\$ZW). The incessant depreciation of the Zimbabwean currency and rampant inflation will make new projects difficult to plan for as the costs of labour, and construction has risen unprecedentedly. However, it should be noted that most commercial real estate development companies in Zimbabwe have considerable foreign payment obligations, particularly in imported building material costs, and building maintenance costs. Nevertheless, the Diaspora market is estimated by property development practitioners to rise as people rush to purchase property and secure their permanent place of stay in the face of uncertain change of events and public health disasters such as the COVID-19. This will push the demand for new property developments, and so to property development.

Remote or 'home working' has been seen as having the potential to disrupt the commercial office development particularly CBD than suburban in Zimbabwe. According to McKinsey & Company (2020), the global levels of productivity will go down by over 60% in 2020 due to fragmentation of work. Nevertheless, as the coronavirus pandemic is compelling real estate developers to embrace technology, and start working online, the demand for brick and mortar offices and retail spaces is expected to continue for the foreseeable future. Commercial office sector provides a conducive working environment. The property development in Zimbabwe could not have faced the full brunt of COVID-19 if there were already existing structures in embracing state-of-the-art technology. The introduction of online technology, enhanced automation and timely dissemination of information would update and inform the clientele and other potential clients about the status quo as well as the way forward. This goes some way in easing the legal wrangles between the property developers and clients. Also, the use of ICTs in amid and post-COVID-19 enhance demand for property as a result of awareness from the use of internet in speeding up information dissemination to a wide range of customers.

The coronavirus pandemic need to bring about a reconsideration of the commercial property development in Zimbabwe which is quite profitable, although riskier. Well-funded players have very little competition and exhibit great bargaining power when negotiating contracts. It can be envisaged COVID-19 will result in choking of real estate development businesses, downsizing of operations, employee redundancy, and further declining capacity utilisation. In this regard, real estate companies such as ZPI, Dawn, and Mashonaland Holdings Limited's thrust going into the future should be on preservation of shareholder value and ensuring future fit through regular building refurbishments and other projects. While some players in the real estate development state that the COVID-19 pandemic will have a minimal impact on residential developments, which for the past decade has proven to be rightly attached to fiscal and monetary dynamics in Zimbabwean economy, it is worth noting that the current slowdown is also a result of actors' lackadaisical approach with respect to putting up risks and contingency plans to the sector against uncertainties such as COVID-19.

The deference of property refurbishment is undesirable for the attractiveness of properties. Real infrastructure refurbishment in Zimbabwe is of urgency because the containment of COVID-19 and revival of the national economy is inexorably attached to the refurbishment of unhealthy and worn out buildings. For example, flats such as Magaba, Nenyere and Shawasha in Mbare Township in Harare are exceedingly worn out to the extent that sewerage and reticulation systems are not operating, therefore threatening the sanitation and hygiene conditions in the area. The quality and quantity of a nation's real estate strongly correlates with the economic growth. The recovery path is on restoring sanity of properties as COVID-19 cannot be easily contained without healthy properties for work and dwelling.

Comparatively, in countries such as Nigeria, Kenya and Ghana the COVID-19 pandemic has brought about adverse effects to real estate development but, with to some varying degrees. In Kenya there have slow uptake of new developments and some of the ongoing projects have been halted as developers face challenges in securing building materials to finish the projects. In spite of that, real estate developers such as the Vaal Real Estate have given their clients 15% discounts, and other drop-in prices so as to encourage people to buy property during the COVID-19 pandemic. More so, in some cases payment plans have been made.

5.1 Will the Real Estate Development Business Recover?

Drawing from the findings, there are prospects and expectations for the property development sector to improve going forward. The direction which the property development takes will largely be dependent on the economic environment, legislation changes and the political environment. This points to reverting to the 'normal' state, reforming the property business related legislation and the political environment for sustainable operations of real estate development. While the real estate development is expected to improve in Zimbabwe, it is worth to note that the macro-economic landscape has to improve. This facilitates the ease of doing business by property developers with no unrelenting hyperinflation, and stable markets. Now that the government of Zimbabwe gazetted Statutory Instrument (SI) 85 of 2020 to allow the use of free funds (foreign currency) to transact, there is most likely to be appreciation of both rental and property values. However, hyperinflation stands as a stumbling block to rise of earnings exerting pressure on the occupiers' market. Residential property development can be expected to grow as more Diaspora people will rush home or provide remittances to buy properties as they now know that their permanent place of stay is home pushing up property development as well. However, this will need a boost in form of discounts and favourable payment plans to clients like what the Vaal Real Estate has been doing in Kenya.

Post-COVID-19 age is projected to experience changes in operating models for real estate development players, with the adoption of collaborative technology to connect people remotely and remote working. With all actors in the property development process impacted in different ways, they are all also expected to respond differently in the medium to long term. Also, improvements will also be realized particularly in embracing of technology in both conducting property development business and transactions.

Nevertheless, the degree of the impact and recovery to property development in Zimbabwe will largely depend on the duration and spread of COVID-19 which is still uncertain and the subsequent trajectory of recovery in economic activity. Also, the real estate

development sector of Zimbabwe is determined to some extent by the situation in neighbouring nations. The return of business in neighbouring countries such as South Africa will determine Zimbabwe's property development sector speedy recovery as South Africa plays a pivotal role on supply chains and raw materials and providing a gateway to global markets. South Africa is currently experiencing highest cases of COVID-19 than Zimbabwe. Based on such anticipations, the slight rebound of viability of real estate development business is likely to occur in the last quarter of 2021.

6.0 CONCLUSION

The paper examined the implications of the current and ongoing COVID-19 pandemic to the real estate development in Zimbabwe. Real estate development is in dire need of rejuvenation. The paper showed that many property developers are entangled in uncertainty pertinent to the accurate and consistent ways forward. The largest impact of the coronavirus pandemic to real estate development is the loss of prospective investors elicited by the huge decline in returns. This means that the real estate assets and bulk infrastructure remains lagging behind as compared to other countries such as Rwanda and South Africa as there is no strong 'appetite' to invest in the sector. Going forward, the outlook of real estate development in Zimbabwe remains highly uncertain as it is saddled by the COVID-19 pandemic coupled with multiple macro-economic, fiscal and monetary challenges. The COVID-19 pandemic, whose overall impact and duration remains unknown, additionally degrades the prospects for real estate development recovery in the short-to-medium term. There are more adverse effects than positive to the real estate development business. The coronavirus pandemic has grossly impacted on employee morale, cash-flow cycles, and brought about the ripple effects of economic uncertainty. The impact to the real estate sector from the pandemic are straight forward as this paper has managed to show, but the medium to long-term impacts can only be ascertained as time goes on.

As stated above, the property development sector is expected to improve and gain activity as institutional property investors and individuals seek to hedge themselves against inflation and the currency risk of the Zimbabwean dollar. Apparently, real estate remains one of the leading sectors for conservancy of capital values and circumventing of risks in Zimbabwe.

Amid and post-COVID-19, the Government of Zimbabwe should thus, provide the subsidies, tax breaks, and concessions to assist the real estate development sector to recover from the pandemic. It is also important for the government to improve on the observance or respect rule of law in real property rights and protecting the parties involved in the sector in times of public emergencies. The Regional, Town and Country Planning Act of 1996 and other legislations for property development must be aligned to policies to support in foreign direct investments (FDI) and also from local investors which are greatly needed to resuscitate the real estate development sector. National and local authorities need to seize the pandemic as an opportunity to restore order, and address grey areas in the real estate development sector. This will go a long way in improving attractiveness and efficiency of real estate development, and subsequently boosting the Zimbabwean socio-economic goals and Vision 2030.

There is need for a lot of innovation in real estate development in terms of design, embrace of property development technology to enhance efficiency and productivity. Real estate sector must embrace the Internet of Real Estate Development Things (IoRDT) to completely turn-around the modus operandi of real estate development with internet-enabled devices as well as technological innovations and breakthroughs. IoRDT and ICT systems are key not only to the 'usual' challenges within the property development and construction sector, but also a tool through which the property sector can sustainably and resiliently react to property market settings under public health emergencies such as the COVID-19. The use of sustainable ICT systems and the use of shared technology to facilitate remote working is important although it threatens the real estate market. The use of ICT systems for online searches of deeds registry information and the sharing of market and transaction information during the pandemic. Moreover, the IoRDT and ICT systems should be aligned to the facilitation of property market research which is not adequately adopted in Zimbabwe and most developing countries. Also, property developers need to come up with alternative uses for excess space and the conversion of existing city centre buildings into mixed use buildings with a lot of challenges on the infrastructure (Chinjekure, 2017).

To ensure resilience to pandemics, property development companies need to put in place robust health and safety systems in real estate or buildings. As occupiers are now discerning some building aspects which are crucial in the face of public health crisis, office buildings need to incorporate other functionality protocols such as smart building concepts to enhance occupier productivity and operational efficiency. This helps to counteracting the declining demand for commercial spaces during and post COVID -19 pandemic. Similarly, these designs on residential properties need to incorporate working from home. In addition, the periodic refurbishments of buildings coupled with superior customer management, help some of strategic tenants increasing space uptake.

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