

## Implementing Real Estate Trading; It's Vast Improvement

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**Abstract.** The purpose of this paper is to examine the implementation of real estate trading and its vast improvement. The paper gives an insight into organizational practices of the real estate sector, the various factors influencing real estate and proffering approaches that can be adopted to contribute to its vast improvement. It was discovered that while real estate was a thriving industry that contributed immensely to countries revenue, it was also an industry that is flawed by a lot of unethical practices that made implementation of its trade difficult, as clients remained wary when dealing with real estate agents, due to issues bothering on lack of transparency and credibility. This paper takes a look at all these issues influencing real estate and tries to give the reader a good grasp of the issue while serving as a platform for exploring the possible ways of improving real estate trading through proper ethical practices, strict adherence to regulations, in order to ensure clients trust and believability.

**Keywords:** Real Estate Trading, Vast Improvement, E-commerce

### 1. Introduction

Implementing strategic ways of ensuring successful real estate trading and adding to its improvement has always been the concern of real estate investors and developers. Property can be seen as a true third asset class, separate from equities and bonds because it is a physical asset and requires regular management and maintenance, its income stream is governed by long contracts, and the supply side is regulated complicating the effects of economic forces. Still the performance of real estate is, like all assets, ultimately linked to the performance of the economy and capital markets. [4]

The individual real estate markets, typically very local by nature, have their own supply and demand drivers and the correlation of rental growth, property yields and returns have been relatively low between different countries and markets. The latest shock that has faced the real estate markets has been capital markets driven and has not left almost any markets or regions unaffected raising questions on the benefits of international diversification. Many investors have also questioned the benefits of diversification across a number of asset classes. Despite of the recent shock, an asset class that is significant in size and which tends to be uncorrelated with other assets still provides diversification benefits in a multi-asset portfolio, Fisher and Sirmans [6].

Real estate trading is affected by a lot of factors from economic, political to environmental factors, which all have a strong influence on the real estate industry. In view of this, the vast improvement of real estates is a major issue faced by investors who deal on real estate trading as they seek ways of improving the trade, creating value and making real estate increasingly attractive to buyers.

## **2. Examining Core Competitiveness amongst Organizations in Real Estate**

According to Xiaoling and Liying [24] improving organizational competitiveness has become a continuous and pervasive challenge since the global market economy come to the frontline. Therefore, it is of prime importance to identify and analyze the core competitiveness of a firm in order to adopt effective competitive strategies in the market. Previous research works have been conducted in developing various indicators for examining real estate organizational competitiveness.

Porter [21] presents two critical factors affecting real estate business' competitive advantage, namely, lower cost and differentiation. He opined that the real estate company with low-cost strategy can save costs across many processes, including finance, design and delivering of a project. The development with lower costs allows developers to identify opportunities of getting a higher margin at sale price. On the other hand, differentiation strategy helps an organization to develop the ability of having some unique skills or resources that allow an organization to command a premium price.

Adas [1] presents a model for helping homebuilding firms identify unique resources across key organizational areas, such as management systems, techniques, training and staff development and organizational structure. Guo and Zhang [7] opined that unique nature in human resource, capital, house product, customer service and brand is the key in cultivating core competence. A recent study by Li et al. [12] suggests that a real estate developer's unique financial competency, market coverage and management competencies are vital to its competitiveness.

Nevertheless, different backgrounds in different markets present challenges in applying these theories in an individual market. For example, the Chinese real estate market is different in many ways from those overseas markets [24].

The intensive competition has forced many real estate firms, particularly those small and medium-sized firms to exit the market [8]. Competition requires firms to strive for survival and continually improve their competitiveness. Li et al [12] suggests that it is necessary to develop competitiveness indicators for guiding real estate organizations in developing competitive strategies.

## **3. Managing for Excellence in the Real Estate Industry**

According to Mihnea [19] among the many features, which render property a distinct asset from the other investment assets, one characteristic stands out: real estate is at the same time an investment asset and a good consumption. Investors are interested in its investment features whereas families and individuals are interested in both its consumption and investment characteristics in the case of ownership or just in consumption for those renting. This implies that in the case of rental housing, demand will come through two different channels motivated by relatively different preferences. One of the demand channels is represented by the needs of those buying real estate for its income-producing ability (the investment channel). This channel reveals the preference for the investments qualities offered by the real estate asset (stable cash flows, low volatility of capital values, etc.). The second channel is represented by the demand of individuals who want to rent real estate to consume its housing flows (the consumption channel) and so indicates the preferences for the rental real estate good.

The real estate industry is very broad and diverse in terms of jobs and functions within the industry. Appraisers, loan officers, escrow officers, title associates, real estate lawyers and accountants, agents, and brokers represents some of the diverse work environments in the real estate industry. Wilson and Brian, [23]

According to Wilson and Brian, [23] to manage a real estate office effectively and efficiently, a broker or manager needs to understand the different aspects of the management role in a real estate office. For a broker or manager to excel in managing the real estate office, they must be successful in interviewing and qualifying each potential new real estate agent, selecting the most qualified agent, training their sales people, helping subordinates set and achieve goals, maintaining a pleasant office at mo sphere, planning office meetings, establishing basic policies and procedures, retaining good sales people, terminating non-productive employees, planning for company growth, and making the right decisions to solve problems.

In the highly emotional and complex world of real estate, having the ability to think creatively can be a motivator and an asset for agents and brokers as well. [23].

Since the early 1980s, public expectations with regard to ethical performance have increased considerably for real estate businesses and professionals. An awareness of ethical expectations from members of the public is therefore critical and must be incorporated into the real estate agent's framework for ethical practices. Substandard services, on the other hand, will fuel poor public perceptions of the real estate profession.

Low and Vivien [17] further states that objectivity refers to the real estate agent's ability to be impartial and intellectually honest in all situations. The real estate agent has a responsibility to communicate information fairly and objectively to the client, disclosing fully all relevant information which could reasonably be expected to influence the understanding of the reports, comments and recommendations presented. Deliberate or negligent misrepresentation of facts relating to a property concerning, for example, zoning, tenure, land and built-up areas, density or plot ratios, etc. may nullify a contract. In extreme cases, the real estate agent may even be prosecuted in a court of law. Thus, real estate agents need to provide accurate and complete information, as well as a competent and honest service to the clients. They are also expected to be able to prepare fair and standard tenancy agreements and sales options for the clients' approval and acceptance. Low and Vivien [17]

#### **4. Impact of Information Technology on Real Estate Trading and Improvement**

Information technology influences on multiple facets of real estate finance and investment are numerous and significant. According to Miller [20], the economic gains from technology will come from the enhanced ability to communicate, eliminating task redundancies, and modelling work processes through virtual reality and expert systems to achieve integration involving the network linking of all internal information resources as well as the organization of the knowledge and expertise that exists throughout the firm so that all of the organization's resources can be applied to serve clients effectively Miller [20].

According to Stephen [22] just as information technology influences how organizations involved in real estate function internally and interact with other organizations, so also does information technology transform the functioning of properties, as well as the appeal of different geographic regions, places and spaces. Stephen [22] further states that the volume of real estate capital flows has been dramatically influenced by computer technology, since, as noted above, investors have been more willing to commit to real estate involvements in reliance on the credibility and authority of financial presentations employing computer technology. Loan underwriting processes have been streamlined and automated as a consequence of computer technology advances. Further, information technology has both enabled and then extended the proliferation of the design of residential mortgage instruments with non-standard features. Information technology is fundamental to designing investment products, structuring specialized financing arrangements, monitoring and managing portfolios, reporting financial performance, and servicing and communicating to large numbers of investors [22].

Among these information technology influences are ready and economic access to market data, including demographics, demand statistics, and comparable information on rents and sales. Information technology advances enable more specialized data analysis through expanded diversity and volume of data, enabling the application of sophisticated statistical tests, meaningfully reducing the costs of such computations. Stephen, [22]

#### **5. Discussions**

Real estate trading implementation and its vast improvement is a very complex subject as it is filled with a lot of strong influences and determinants. The real estate industry is affected by economic, environmental and specifically economic factors which dictate the trends of trading and affecting it negatively or positively. An example of this can be seen in the recent United States' recession, where the real estate industry was accused of contributing to the cause of the recession.

Implementing real estate trading and contributing to its vast improvement poses as a huge challenge as the real estate industry is bedraggled with a lot of limiting factors. These factors bother on ethical practices,

credibility and transparency of real estate's agents when dealing with clients, and adhering to the various regulations put in place to ensure the successful implementation of real estate trading.

Due to this limiting factors militating against transparent and successful implementation of real estate trading, seeking for strategic ways to vastly improve trading continuously is an issue that the industry has to grapple with in order to expand.

The vast improvement of real estate cannot be overlooked as real estate generates one of the highest revenue for most countries. For example, according to Liow [13], Singapore's economy remains one of Asia's strongest performers, with retail real estate generating the highest yield compared to other real estate sectors and constituting an imperative economic sector.

Looking at the various characteristics influencing the implementation of real estate trading, we can see that the excellent practice and management of real estate, is hinged on how an organization strategizes and ensures exceptional ethical practices and transparency. This is essential to earn credibility and make the trading process a smooth one as clients would be more comfortable as trust can only be established through proper practice of ethical practices and strict adherence to regulations.

For the real estate industry to implement trading effectively, it has to employ the use of various tools like technology, intensive employee training and proper communication channels to manage its clients effectively. Its practitioners have to understand economic trends and how they can influence the market. The adoption of all these would be instrumental to its continuous vast improvement and effective trade implementation.

## 6. Conclusion

Real estate trading has become a vital part of economies around the world, contributing immensely to the revenue and strengthening of countries GDP. Its importance cannot be overlooked hence devising strategic ways for its vast improvement has become an essential element for its survival. In this paper we were able to examine the various diverse factors that influence the successful implementation of real estate trading, which ranged from economic, environmental to political factors and so on, while also proffering approaches that can be adopted to ensure its successfully implementation.

Real estate's vast improvement has to be a continuous process that comprises of sound ethical practices, transparency, embrace of information technology and proactive monitoring of market trends so as to create and maximize value for clients.

## 7. References

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