

## BOOK REVIEW

### Real estate, construction and economic development in emerging market economies

Edited by Raymond Talinbe Abdulai, Franklin Obeng-Odoom, Edward Ochieng, Vida Maliene (2015). Taylor & Francis, UK. ISBN: 9780415747899.

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The global economic landscape and power structure has changed significantly in recent decades with the rise of emerging market economies. Some emerging market economies are now among the major economies of the world and it is predicted that three of them (i.e., China, India and Indonesia) will be among the top five world economies in 2050 (EIU, 2015). The construction and real estate sectors play a significant role in the economic development witnessed in emerging market countries. Therefore, the editors and authors of the sixteen chapters in the book, *Real estate, construction and economic development in emerging market economies*, should be commended on an important piece of work done to examine specific aspects of the relationship between construction, real estate and economic development in twelve emerging economies.

In most emerging market economies, the relationship between construction/real estate and economic development has a significantly higher value than normal. Therefore, an important question to be briefly explored towards the end of this review relates to specific features of the construction and real estate sectors in emerging market economies that enable construction and real estate to play a more significant role than normal in national economic development. In Ghana, for example, in nominal terms, the construction sector alone represented 36.6% of total investments over the period 2006–2013, although in real terms the construction sector still represented 28.8% of total investments over the eight-year period. In 2013, nominal values indicate that the construction sector alone accounted for almost 50% of total investments in the national economy of Ghana (see ISSER, 2014 report on ‘State of the Ghanaian Economy in 2013’,

pp. 151-155). This example demonstrates a significant relationship between the construction and real estate sectors and the national economy in one of the emerging market countries covered in the book. Thus, one of the important highlights and consequences of the book being reviewed is that research is needed to enhance our collective understanding of general and specific relationships and synergies between the construction and real estate sectors and economic growth in emerging economies.

The editors rightly identify this need in the beginning part of the book and some of the contributions make significant attempts to fill this gap. For example, construction has long been identified as a major driver of economic growth by various authors in the construction management literature (see, for example, Hillebrandt 2000). However, the insightful research-based contribution by Erol in Chapter 3, titled “Construction, real estate mortgage market development and economic growth in Turkey”, indicates that in Turkey, “the construction industry is not a driver of GDP but a follower of fluctuations in the macroeconomic environment”. More importantly, Erol argues that it is the expansion of the residential real estate mortgage market that affects economic growth interactively, in that, when the mortgage market grows, there is more construction and other associated economic activities that collectively make the national economy expand. National governments who previously focused on using construction as a driver of economic growth are consequently advised to use a combination of real estate and construction as drivers of high economic growth. This is a worthy contribution to the subject of the book and the general literature on construction and economic growth. Chapter 2 on “Oil, construction and economic development” relates to the way in which the emergence of new and major national resources and economic sectors like oil and gas contributes to construction and real estate developments within the national economy, and is an important subject to examine from the perspective of countries like Ghana, Côte d'Ivoire and Kenya. To what extent will new economic sectors such as oil and gas drive growth in the construction and real estate sectors of national economies? The answer clearly depends on the size of the emerging economic sector and the strategic actions of government and all stakeholders to develop the emerging resource into a major national asset that will contribute to economic growth and the wellbeing of citizens. The critical discussion offered by Obeng-Odoom in Chapter 2 provides some of the theoretical framework that can now be used to examine not only data on the relationship between oil, construction and economic development in the Ghanaian context, but also in the context of other

countries that have seen the emergence of oil and gas as a major national resource. Most parts of the chapters in the book focus on the real estate sector and mostly highlight or reflect knowledge that is generally well articulated in other parts of the literature on construction, real estate and economic development. The four chapters focusing on the construction sector i.e. Chapters 6–9, do not specifically address the subject of construction and economic growth or development in the way that the subject is more comprehensively addressed by authors such as Hillebrandt (2000) and Anaman and Osei Amponsah (2007). However, they still offer some insight on how effective management of cultural challenges in project teams, sustainable management of projects, and dealing with the challenges of infrastructure procurement can facilitate better delivery management and outcomes of infrastructure projects. This will, in turn, enhance value for money in infrastructure projects, which is an important economic variable.

Overall, the editors and authors have done a commendable job in getting this book contribution together. I believe that the publication of this book should increase interest in studies on the relationship between the construction and real estate sectors and economic development, particularly among researchers in emerging market economies. I also expect that this book should raise the interest of built environment researchers in the general body of knowledge on construction and real estate economics. The editors and some authors have rising international profiles in the construction and real estate sectors. I believe their academic influence and scholarship should generate interest in the book and further studies on the subject.

The book makes a useful contribution to the general discourse on the relationship between the built environment and economic growth. It is particularly useful that the authors have examined the subject from the perspective of emerging market economies. From the perspective of a book review in this journal, most African countries are either at this stage of development or aspiring to become emerging market economies. The book should thus be of interest to a significant portion of the journal's audience.

In terms of developing a future edition of this textbook, a few points may be considered. First, the relationship between construction and real estate, including the synergies and dependencies between these two economic sectors, should be more clearly illuminated. This applies to both future editions of this book and general literature on the relationship between construction, real estate and economic development. Second, the contribution on construction and economic

development particularly by construction economists or mainstream economists is limited. Contributions from such authors should be obtained in a future edition of the book. Third, while the editors are to be commended for obtaining contributions from twelve countries, the basis of selection of the twelve countries considered, and the limitations of the selection on the general scope and subject of the book should be explained in a future edition. One reason for stating this observation is that only one (China) out of the three emerging market economies forecasted to be among the top five in 2050 is explicitly covered in Chapter 5, titled “The ups and downs of the real estate market and its relations with the rest of the economy in China”.

In the introduction part of this review, it was noted that the construction sector in a country like Ghana plays a more significant role than normal in relation to the national economy. The specific reasons for this phenomenon include the huge demand for development and various kinds of infrastructure required in a typical developing country. Part of the reason may also lie in the nature of politics in developing African countries where governments aspire to build and point citizens to infrastructure projects such as transportation facilities like roads and transport terminals (air, sea and land), hospitals, schools, social housing and power plants as evidence of progress. There is also a perception that construction and infrastructure projects involve significant budgets and is thus a conduit for large expenditure and corruption. Research is needed to fully explore the assertions and perceptions pertaining to construction / real estate activities in emerging African economies and the relationship of these sectors with economic development. This important work done by the editors and authors in the book has highlighted some of the key issues and I expect that the book will be of interest to academics, students, practitioners and investors in the construction and real estate sectors.

### **About the reviewer**

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