



ASHESI UNIVERSITY COLLEGE

**AN ANALYSIS OF THE OFFICE PROPERTY MARKET IN AIRPORT CITY
USING PORTER'S FIVE FORCES FRAMEWORK**

JEFFREY ODAME-KORANTENG

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THESIS

ASHESI UNIVERSITY COLLEGE

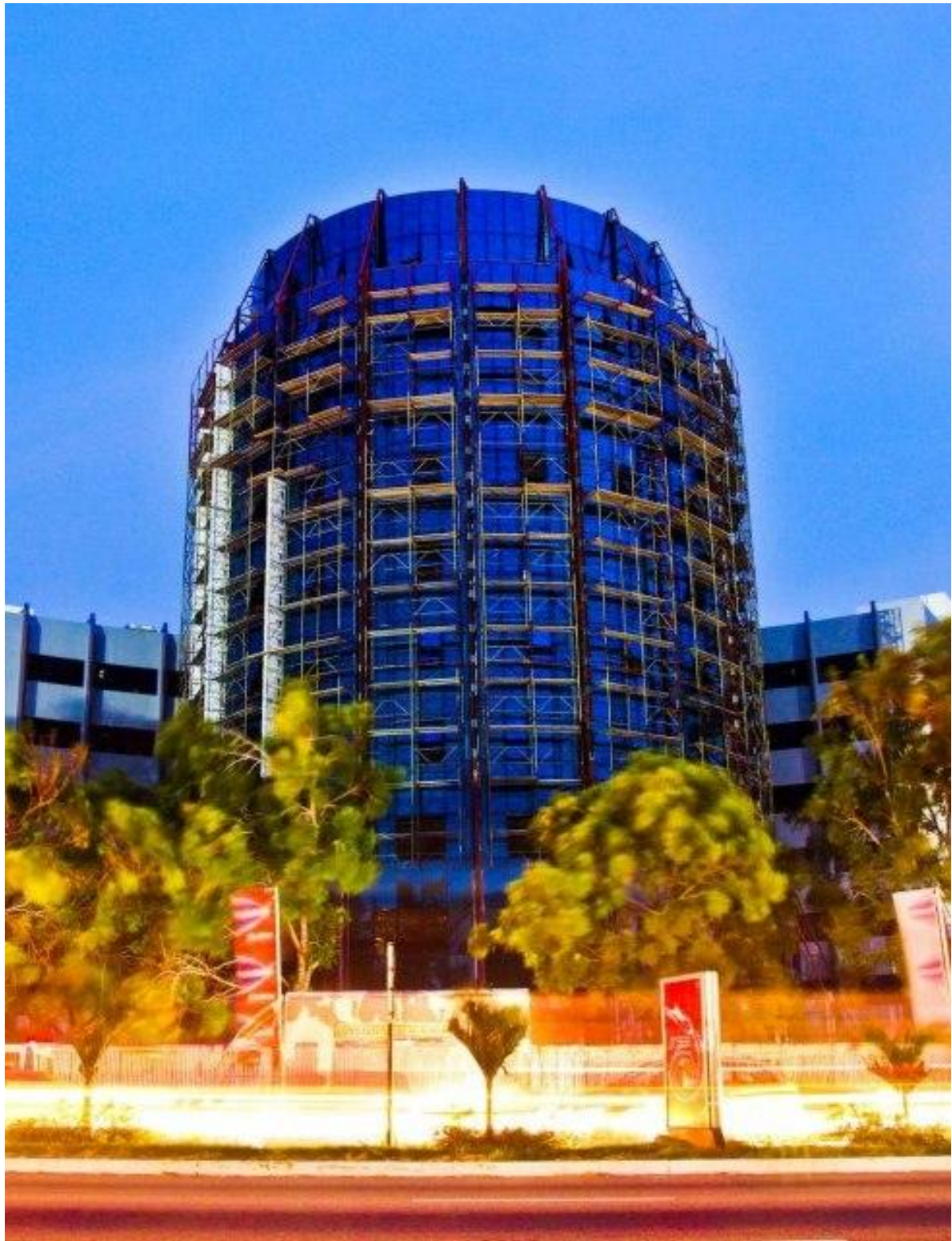
**AN ANALYSIS OF THE OFFICE PROPERTY MARKET IN AIRPORT CITY
USING PORTER'S FIVE FORCES FRAMEWORK**

By

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Dissertation submitted to the Department of Business Administration,
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the award of Bachelor of Science degree in Business Administration

APRIL 2014



DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original work and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's Signature:.....

Candidate's Name:.....

Date:.....

Supervisor's Declaration

I hereby declare that the preparation and presentation of this thesis was supervised in accordance with the guidelines on supervision of thesis laid down by Ashesi University College.

Supervisor's Signature:.....

Supervisor's Name:.....

Date:.....

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This thesis study has been a long and strenuous process. As such, I will first and foremost like to give thanks to God for giving me the strength and perseverance to finish this work successfully and on time.

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I dedicate this thesis to my mother, Dorothy Odame-Koranteng whose care, compassion and prayers have seen me through the successful completion of this research.

Finally I would also like to dedicate this thesis to my roommates Amos, Kevin and Frankie who endured many nights of me whining and yet did not kick me out of the room.

ABSTRACT

Real estate in Ghana has also undergone tremendous change largely to economic stability and government's support of foreign investments. Over the past decade, the office property market in Accra has grown steadily averaging an annual 14 percent of GDP since 2010 (Setrana, 2013). This increase in demand has led to several developments being undertaken in Accra (Ghana Prime Properties, 2013). However, this paper focuses on the office property market in Airport City and uses Porters Five Forces model to make an objective assessment about the attractiveness of the market. This is because the model goes beyond a more simplistic focus on relative market growth rates in determining industry attractiveness.

The main objective of the study was to assess the strength of the competitive forces in the office property market in Airport City and examine the overall attractiveness of the market. This study was largely qualitative in nature using both primary and secondary data. The study adopted an inductive approach to interpreting data by using public information about the market and also relying on statements by the interviewees to draw conclusions on questions raised in the study for the purpose of narrative analysis and thematic analysis.

Overall, 75 per cent of responses agreed that supplier bargaining power was very low, 60 per cent of results confirmed that rivalry power among office property owners in Airport City was very low; 75% responses for office property owners indicated that the threat new entrants was also very low; however 72% of responses agreed that office property owners in Airport City do not have a favorable advantage advance with customers due to high buyer power. Finally 100% of responses agreed that the threat of substitutes was very low. From these results it can be drawn the Airport City is a very attractive market for investments since office property owners have a favorable advantage over four of the five forces.

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CHAPTER 1 - INTRODUCTION

1.1 Background of the Study

The term “real estate” is used to describe the built environment. The real estate sector plays an integral role in the development of any country because it is a key factor to social stability and economic development, more so in the developing world (World Economic Forum, 2011). This is because businesses and persons cannot function without the services of commercial and residential properties. The real estate industry is a global business which provides huge direct or indirect employment opportunities, as well as investment opportunities for both local and foreign investors (EPRA, 2012). Research by the European Public Real Estate Association revealed that real estate industry contributes 20% of economic activity (EPRA, 2012), employing more people than the telecommunications sector and the banking sector. The 2007 global finance crisis highlighted just how closely tied the real estate sector was to the rise and fall of the economy as economies around the world were crippled by the burst of the housing bubble. The industry bounced back from the recession with better regulations and structures for investments and is considered to be a stable investment option by the World Economic Forum (2011).

Ghana is often touted as the model for democracy and economic growth across Africa (Segueda, 2013). Currently, one of the fastest growing economies in sub-Saharan Africa (Ghana News Agency 2013), Ghana’s stable political climate has made the economy very conducive and supportive of foreign investments. Following a growth of 7.9% in 2012 (The World Bank, n.d), the country’s GDP is expected to grow further to 8% in 2013, which is better than the mean growth of 6.5% yearly for the period since 2000 (African Economic Outlook). These growth rates will increase real estate opportunities as investors move into the country to conduct their

businesses (Broll Ghana, 2012). This can lead to a growth in not just the commercial real estate but also residential real estate as more foreigners settle-down in the country for longer periods.

The middle class in Ghana is also growing very fast. According to the African Development Bank (AfDB), 46% of Ghanaians are classified as middle class compared to a continent-wide average of 34.3% (Douglass, 2013). This means the purchasing power of many Ghanaians has increased and they can afford a better standard of living and this shows with the rise of shopping malls, hotels, restaurants and residential apartments in the country. The increase of wealth in the country, combined with the stable political climate has provided developers with opportunities to satisfy the needs of the rising middle class.

The real estate sector in Ghana has changed a lot since independence, mostly in response to development in political and economic conditions (Nkyi, 2012). It is growing very rapidly and grew by 13.1% in 2012 (GNA, 2013). The government of Ghana has also been very supportive of foreign investments. The country's Investment Code offers guarantees and incentives for foreign investors (Williams, 2011). These include low corporate tax rates; tax holidays; low equity requirements; custom duty exemptions for plant, machinery, equipment (Williams, 2011). This has facilitated a lot of developments in real estate as developers are building more residential and commercial properties in the country. Ghana's real estate market is expected to show significant growth as a rise in the standard of living and demand for housing coincide (United World, n.d).

1.2 Competitive Strategy in Real Estate Development

In a popular sector like real estate, it is important for players in industries like hotels, apartments, malls and restaurants to employ the right competitive strategy to distinguish themselves in their

various industries. Economist Michael Porter (2008) created a framework that illustrates how the competitive landscape in an industry is impacted by five prominent forces. These are:

- Threat of Substitutes
- Threat of New Entrants
- Threat From Existing Firms
- Bargaining Power of Suppliers
- Bargaining Power of Buyers.

Porter's Five Forces Framework has been widely used in analyzing the attractiveness of several industries.

Indeed, since the 2007 global recession, the world no longer views real estate as a narrowly defined industry (World Economic Forum, 2011). Real estate in Ghana has also undergone tremendous change largely to economic stability and government's support of foreign investments. Over the past decade, the office property market in Accra has grown steadily averaging an annual 14 percent of GDP since 2010 (Setrana, 2013). This increase in demand has led to several developments being undertaken in Accra (Ghana Prime Properties, 2013). Currently key business areas with major office property developments include: Airport City, Adabraka, West Ridge and Spintex. This paper focuses on the office property market in Airport City and uses Porters Five Forces model to make an objective assessment about the attractiveness of the market.

1.3 Office Property Classification

Classification is a means of distinguishing one building's quality and features from another. It also provides information of the specific property to international investors who might not be familiar with the local market. Office buildings in Ghana are generally classified under Class A, Class B or Class C. It should be noted that there is no general formula for classifying office buildings, as judgment is most involved (Walter, n,d). This judgment is arrived at by using an inductive approach based on features of the properties. That said, the general characteristics of each classification include quality of finishes, facilities, mechanical and electrical installations, location, condition, management and age of the building, and the type of tenants. Broll Ghana, a top property management company in Ghana uses A-B-C grading system to classify office properties.

Features	Class A	Class B	Class C
Maintenance	First-rate maintenance	Adequate maintenance	Poor level of maintenance
Rates (in US\$/m²)	25-36	15-21	6-10.
Parking structures	Adequate parking space	Smaller parking space	Lack ample parking space
Tenants	Upper-income tenants	Middle income tenants	Lower-middle income tenants

Table 1. Office Property Classification (Source: Broll Ghana)

1.3.1 Class A

Class A buildings generally represent the highest quality in the market. They are constructed with high quality materials and have high service installations such as security monitoring systems, elevators, generators, basic utilities (electricity, water and telephone) and excellent parking structures. They are located in prime locations and are well maintained in order to give the building a new feel. Class A buildings attract high quality tenants and command high rents. In the Ghanaian context, these buildings are usually occupied by banks and multinational corporations

1.3.2 Class B

Class B buildings are also located in good locations but offer tenants an affordable alternative. They are usually smaller and older than Class A buildings but have access to adequate infrastructures and good management and maintenance services. Class B buildings compete for a wide range of users and have smaller tenants. These are usually smaller companies that only have one branch

1.3.3 Class C

Buildings under Class C are visibly older and do not have good maintenance services. They offer fewer services and can lack adequate service installations such as elevators, generators and quality security services and lack ample parking property. As a result, Class C buildings offer the lowest rental rates compared to the other classes and have steady occupancy rates.

1.4 Problem Statement

The office property market in Ghana is growing rapidly. Indeed Ghana's stable economic and political environment helped in boosting foreign investments. Currently Airport City located in

the Airport Residential Area in Accra has a lot of high rise buildings including both commercial and residential buildings, most of which are funded by capital from the international market (Ghana News Agency, 2012). The rise of Ghana's middle class economy is said to have facilitated the growth of the real estate sector as more people are able to afford using these structures.

The Airport City is a mixed-use area and has several commercial properties including hotels, residential apartments and offices. Considering there is increased demand for office property in the area, it is important to consider which factors are driving growths in the market. Michael Porter's Five Forces Framework is an excellent tool to assess the attractiveness of an industry. This research paper is using Porter's Five Forces Framework to analyze Airport City in order to bridge the context gap by contributing to understanding how the model applies in this part of the world. All around the world, many studies have been performed using the model. However, in relation to African countries like Ghana, there is a dearth of literature mostly because the real estate industry is still growing. It would be interesting to see which competitive forces are strong or weak in the Ghanaian context.

1.5 Main Aim

The main aim of the study is to contribute to a better understanding of the real estate industry in Ghana by providing more data. In doing so, the paper will investigate the office space market using Porter's Five Framework.

1.5.1 Objectives of the Study

The objective of the study is:

- I. To examine the overall attractiveness of in the office property market in Airport City

- II. To examine the relative strengths of the forces in the office property market within Airport City

1.6 Research Question

In order to achieve the above listed objectives, the research will attempt to answer the following questions with regard to office property marketing in Ghana.

- i. How attractive is the office property market in Airport City?
- ii. What are the relative strengths of Porter's competitive forces in the office property market of Airport City?

The answer to this will provide an objective assessment of each of Porter's Five Forces that are used in the office property market.

1.7 Scope



Figure 1. Map of Airport City (Source: Google Earth)

Airport City project was initiated in the 1990's by the Ghana Civil Aviation Authority whereby 38 acres were leased to potential developers and investors (Yeboah, 2009). Today, the location is prime, and boasts some of the important buildings of the private sector of Ghana such as Silver Star Tower, Una Home, Holiday Inn, Marriott Hotel and One Airport Square, and other exciting projects under construction which are changing the face of architecture and business in Ghana. Research for the study will however focus on office property market under commercial real estate.

1.8 Significance of the Study

The office property market in Ghana which is growing at a fast pace is still a very young industry, averaging a 14 percent GDP growth rate over the past 3 years. (Yeboah, 2013).

Although it presents many opportunities to developers, it needs to be managed well for it to be profitable. One of the ways to manage is well is to understand the forces that determine its attractiveness. As such this study will examine the strength of Porter's Five Forces in Airport City in order to be able to help companies know where to focus their marketing efforts.

A major obstacle for analyzing real estate sector is the availability of data in emerging markets (World Economic Forum, 2012). As such, this study will add to existing literature about Ghana's real estate market. Porter's model, which was developed in 1970, has been criticized for its lack of consideration regarding the unique resources and capabilities that a firm brings to the industry and this paper will examine if that is the case in Ghana (Morsten, 2012). Using Michael Porter's competitive forces as a theoretical framework, the focus of the study is narrowed to Airport City.

1.9 Outline of dissertation

This is a brief description about what each chapter of the thesis entails. This will guide and inform readers on how each chapter fits into the research paper.

Chapter 1 – This is an introduction to the paper which gives an overview of the real estate sector and an insight into the office space market. The chapter also states the problem and highlights the significance of the study

Chapter 2 – This is the literature review. This chapter explains the theoretical framework which is Porter's Five Forces and analyzes school of thought on the matter, comparing literature to establish a relationship. In doing, future researchers will have a basis for conceptualizing their findings.

Chapter 3 – This chapter is a methodology which provides a detailed description of how the research will be conducted. This includes the research design, population for the study and data

collection and analysis tools among others. This chapter provides justification on the methods used to conduct the study.

Chapter 4 – This chapter is for doing data analysis and discussing findings. The chapter discusses the results of the data collected using an inductive approach to be able to answer the research question. This chapter also compares findings to literature.

Chapter 5 – This is the final chapter of the research paper. It provides a summary of the entire study and draws conclusions based on research findings in the previous chapter. Recommendations will also be made to future researchers studying the topic area.

CHAPTER 2 - LITERATURE REVIEW

In this chapter, Porter's Five Forces Framework (PFFF), as one of the approaches which is used in an industry analysis, is discussed in-depth to illustrate the essential factors that may affect the level of competition in an industry. After that, work done around the application of Five Force Model is reviewed showing the relevance of the research. Finally the rationale for Porter's Framework to Ghana's office space market is discussed.

2.1 Porter's Five Forces Framework

Michael Porter is a leading authority on competitive strategy and on issues of economic development (Porter, 2008). In 1979, Porter, an economist and a professor at Harvard Business School, developed a framework to analyze the attractiveness of any industry/market and also its competitive positioning (Gabriel, 2006). This model suggested driving forces behind the business strategies companies used to run their operations. Porter's model was built upon the then-prevailing SWOT model which looked at the strengths/weaknesses/threats/opportunities of companies (Porter et al., 2002). Porter's model however went further to get a better understanding of industry structure. The model identified five forces that determine the attractiveness of an industry, namely;

- The bargaining power of suppliers
- The bargaining power of buyers
- The threat of new entrants
- The threat of substitutes
- The threat from existing rival firms.

Today, the model is widely used and known as 'Porter's Five Forces' because it can be used to analyze any industry/market, like that of the office property market.

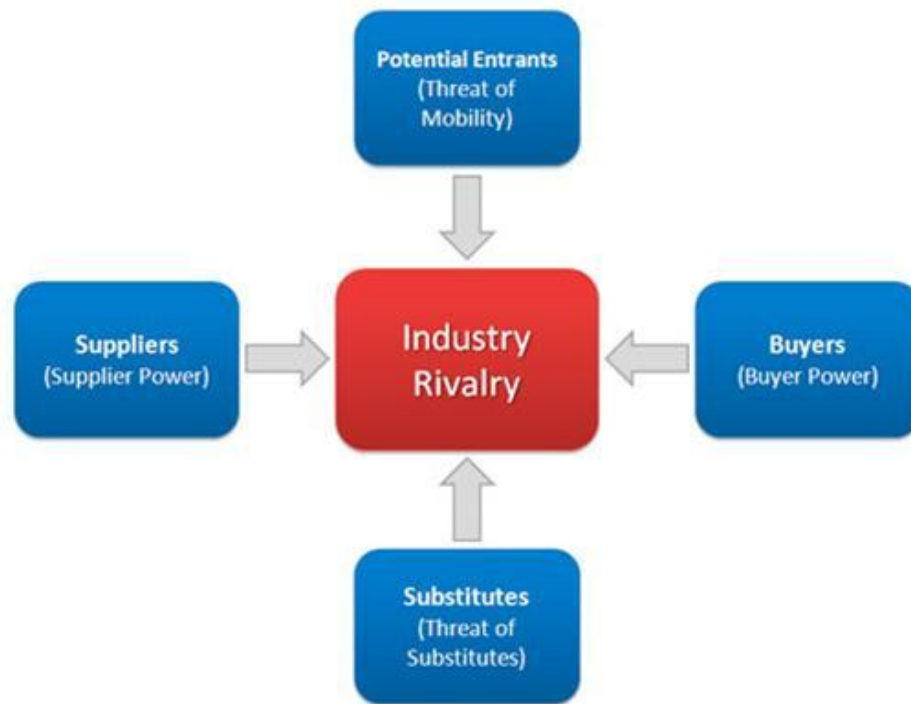


Figure 2: Porter's Five Forces Framework (Source: Hunt, 2012)

2.1.1 Rivalry Among Existing Firms

Rivalry refers to the intensity of competition in an industry/market. High rivalry amongst existing firms limits the profitability of the industry. There are different ways economists measure rivalry across an industry. One such measure is by using industry concentration. A high concentration ratio is indicative of the fact that a large proportion of the market share is being held by a few large companies and as such the market is concentrated around them. This means that competition in the industry is very low and the large companies essentially have a bit of monopoly. However, a low concentration ratio means that an industry has several firms in it competing against each other. As such the market share is spread across these firms and no firm has a significant market share (Gabriel, 2006).

The intensity of rivalry within an industry can be influenced by several industry characteristics.

These include:

1. Fixed costs – When firms invest heavily in fixed assets they are prompted to produce enough products to recover their costs incurred. High production can increase rivalry as companies fight for market share
2. Storage costs – The high cost of storing inventory also pushes companies to sell their products quickly so they do not incur high storage costs. When all producers attempt to distribute their products on the market at the same time, this increase competition.
3. Switching costs – When the costs associated with changing from one produce to another in an industry is very low, then consumers can move freely between different products without incurring much costs and this increase competition.
4. Level of product differentiation – The harder it is for existing firms to offer different products and services to their consumers, the harder they must compete to market and sell their products and services to the same consumers as their rivals.
5. Exit barriers - When firms cannot easily exit their industry, then they are forced to stay and compete more aggressively in order to gain some ground within the industry
6. Number of rivals - The more rivals there are within an industry, the more intensely companies must compete for the same market share. Rivalry increases when the firms all have the same market share as then they will seek to increase their market share by feeding to the market share of the other firms within the industry.

2.1.2 Threat of New Entrants/Barriers to Entry

Apart from competition from rival firms, existing firms also face threats from new firms that want to enter into the same industry/market. In Porter's model, the threat of new entrants

examines how easy it is for new firm to enter or exit the market. When an industry is found to be very profitable, it draws new firms into the industry that would like to enjoy some of the profits and exit when there are no more profits or profit is too little. However, in reality, industries have certain characteristics which limit the way new firms enter or exit an industry/market. These are referred to as the barriers to entry (Islam, 2008).

Barriers to entry are unique characteristics about an industry that reduce the rate at which new firms can enter the industry, thus ensuring that existing firms continue to enjoy profit. These include parameters such as:

1. Economies of Scale - Existing firms with economies of scale are able to adjust prices in a way to can make the industry very unattractive for new firms to enter. These companies would set prices at a level that new firms cannot compete without incurring serious losses.
2. Legal barriers to entry - This can refer to policies and laws imposed by a government body which would deter new firms from entering an industry.
3. Initial investments and fixed costs – Some industry require huge amounts of investments and starting capital to operate. As such not all new firms would be able to meet the capital requirements of the industry and refrain from entering.
4. Brand loyal customers – When firms operate within an industry for a while, they tend to build a relationship with their customers whom they deal with often. This relationship can create brand loyalty to firm which would make industry unattractive to new firms that want to enter.
5. Switching costs – Apart from switching costs associated with rival firms, firms also need to consider switching costs associated with new entrants. High switching cost can reduce a buyer's need to switch firms or brands in an industry.

2.1.3 The Threat of Substitutes

In Porter's model, a substitute product is a product from another industry that offers similar benefits to the consumer as the product produced by the firms within the industry. For example, the availability of substitute products pose a threat to firms in an industry as it can affect the demand for the product and services and also constrain their ability to manipulate prices to make profit. In effect, substitute products, although in a different industry, can pose as great a threat as rival firms within the same industry (Islam, 2008).

Some factors that can determine whether or not substitutes pose a threat include:

1. Switching costs - If the switching costs are high, buyers might develop a negative attitude toward the substitute product. Since the substitute product exists in a different industry, buyers would have to really weigh the cost and benefits of switching.
2. Potential for new substitutes - This refers to potential new entrants with ideas which can act as substitutes. The extent to which their idea is innovative and different from anything is the industry will essentially determine how strong of a threat they will pose to a firm in an industry.
3. Loyalty of customers – Here again, the level of loyalty of customers to a firm and its products will determine how attractive a substitute product is to the buyer. A high level of loyalty will reduce the risk of substitution while the low level of loyalty will increase the risk of substitution.
4. Economic Advantages – A substitute product must have some economic advantages in order for buyers to consider accepting it. If the buyers think there is no potential economic advantage, then buyers will ignore it.

2.1.4 Bargaining Power of Buyers

According to Michael Porter bargaining power of buyers is, “the ability to force prices down, bargaining for higher quality or more service, and playing competitors against each other” (Islam, 2008). Buyer power is the ability of a buyer to reduce price of a product below a supplier’s normal selling price, or more generally the ability to negotiate terms of supply more favorable than a supplier’s normal terms (Chen 2008). When buyer power is strong, the relationship to producing industry is similar to a monopsony – a market with many suppliers and one buyer (Gabriel, 2010). In this case, the buyer is able to dictate the price he or she is willing to pay because there are several producers available.

The bargaining power of buyers can be affected by:

1. Buyers-Producer ratio – This is simple a ratio of the number of producers as compared to the number of buyers. When there are few producers in the market, buyer bargaining power is very low; however when there are many producers, buyer power can also be limited due to perfect competition.
2. Availability of information – As the old saying goes, knowledge is power. Buyers can improve their bargaining power when making purchases once they know more about the competitors and market prices. This way, buyers are able to negotiate fair deals.
3. Availability of substitutes: The availability of substitute products and information about the providing information about the substitute product can increase buyer power as it presents more options.
4. Volume of Purchases – Usually when one buys a bulk amount of products, one can drastically improve negotiations with producers and get them to reduce the total prices

5. Price sensitivity of buyers – This shows how sensitive the buyer is to price changes. The higher the sensitivity the more likely a buyer would consider switching producers or going in for substitutes.

2.1.5 Bargaining Powers of Suppliers

Suppliers provide resources to operate the business. Every industry needs suppliers as the firms cannot do it all on their own. The bargaining power of suppliers is the ability of the supplier to negotiate terms of supply more favorable to the supplier. Powerful suppliers are able to create more value for themselves by charging higher prices, limiting quality or services, or shifting costs to industry participants (Porter, 2008).

The relative strength of suppliers is affected by:

1. Number of suppliers – The bargaining power of suppliers will be great when there are few suppliers for firms to choose from. When demand for suppliers is high they can force prices on the producer.
2. Differentiation of suppliers' products – When the suppliers' products are very different from each other, each supplier may have a competitive advantage over the rest because they offer something different.
3. Switching costs - When the cost of switching suppliers is high, then the power of suppliers increases because they are aware they cannot be easily replaced.
4. Volume of purchases - A supplier with few buyers is very sensitive to price changes on the market as they have a greater impact on sales. However, suppliers with many buyers are not really affected by price changes as much.

2.2 Previous Studies:

Michael Porter's model started a revolution in business strategy thinking as it generated a lot of interest. The Five Forces Model shaped a lot of academic research around marketing and business practices of firms across the world (Porter, 2008). Over the subsequent decades the model has been applied to many industries and markets around the world to get a better understanding of the forces driving growth. The results varied as different forces were found to be strong across the various industry structures.

Research was also done on the Five Competitive Forces in China's Automobile Industry to know the environment of the Chinese automobile industry with the view of establishing an appropriate strategy for automobile Multinational Enterprises to achieve success in China (Min, 2005). Porter's model was used to offer insights into the environment of the automobile industry, also see how it influences the MNE's strategy and competitive position. The research compared the competitive positions of foreign multinational companies in China. The research found, through secondary data, that threat of new entrants was very high as the monopolistic position of Volkswagen was being threatened by new developments foreign and local carmakers. Also the bargaining power of customers was high due to the rapid growth of the car industry and more carmakers entered the market. This data was also collected through published works about the automobile industry.

Gabriel (2006) used Porter's Five Forces Framework to analyze the banking industry in Tanzania which had been growing at a rapid rate since the mid 90's. The study used mostly secondary data on the banking industry, like financial statements and the size of the banking industry to analyze each of the five forces. Furthermore, content analysis was used to analyze the data collected. Rivalry among the existing banks, the threat of new entrants and bargaining power of customers

were found to be unfavorable forces to the industry. However, threat of substitutes and bargaining power of suppliers were found to be favorable forces to the industry. The banking was rated two stars as it had only two favorable forces and thus determined to be unattractive.

Alrawashdeh (2012) also sought to examine the competitiveness of the Jordan Phosphate Mines Company (JPMC), a producer of phosphates using porter analysis. Questionnaires were distributed to JPMC experts that consisted of five main sections. These sections included questions related to the bargaining power of suppliers, the bargaining power of buyers, the threat of substitutes, the threat of substitutes and the rivalry among competitors showed that JPMC had a high bargaining power with suppliers, low threat of substitutes and faced low threat from local entrants. However, it had a low bargaining power with buyers, faced a high level of threat from rivals and high threat of global entrants.

Thao (2013) however, used Porter's framework in a different manner by using its to analyze a growing industry. Indeed one of the critiques against the framework is that it assumed all industries are relatively static having assumed full growth. Thao (2013) used the framework to determine whether Evergreen properties of Michigan, an American real estate company should consider investing in Hanoi City, Vietnamese real estate area, in its growth stage. In order to achieve this purpose, the research used an inductive approach to draw conclusions by using relevant information about Vietnam as a target country, characteristics of the Vietnamese commercial real estate industry in order to assess how the five forces would affect the company. Analysis of the industry five forces found the bargaining power of domestic sellers and buyers is relatively weak, putting foreign investors in a better position. Since the price of properties fluctuates based on the supply and demand of the market, both buyers and sellers have no power to set the price. The threat of substitutes for commercial properties was low since commercial

properties diversify risk in investor's portfolios and generate much higher returns compared with residential properties. The commercial real estate market has high rivalry between existing competitors because there were several foreign and domestic competitors in the market, especially in the office and retail segments. However, one unique characteristic of the Vietnamese commercial real estate market is that there is more cooperation than competition in the market. Lastly, the threat of new entrants was low because there plenty of hurdles to overcome before entering the market.

2.3 Rationale of the Porter's Five Forces Framework in the Office Property Market

Porter's Five Forces Framework highlights key strategic issues in a wider scope. Many of the issues mentioned in the model, including the five forces and the management of those forces, are applicable to the office space market as well as any other service-oriented business. Using the framework also comes with added benefits.

According to Grundy (2006), the value of PFFF appears to offer the following attributes:

1. It helps to predict the long-run rate of returns in a particular industry..
2. It focuses managers on the external environment for more than traditional 'SWOT' analysis.
3. It emphasizes the importance of negotiating power and bargaining arrangements in determining relative market attractiveness.
4. It goes beyond a more simplistic focus on relative market growth rates in determining industry attractiveness.

2.4 Conclusion

This chapter presented a theoretical basis looking at each of the five forces that determine their attractiveness. Various studies that used Porter's Five Forces Framework to analyze industry structure yielded different results, mainly because the studies analyzed different industries in different countries. However, this supports Porter's thinking that the differences in the five competitive forces are affected by geographic scope (Porter, 2008). One of the critiques against Porter's framework is that it assumes an industry to be relatively static having assumed full growth. Thao (2013) proved how forces such as the threat of rivalry from existing firms do not necessarily play out the same as Porter assumed for a fully fledged industry.

CHAPTER 3 - METHODOLOGY

The aim of the study was to determine the strengths of Porter's Five Forces Framework in office property market in Airport City. Information will therefore be gathered from office property developers in the area. Through Porter's five forces, competitive environment is described by the intensity of rivalry among competitors in one branch of industry, entry barriers, bargaining power of buyers, bargaining power of suppliers, threat of substitute products and services. The purpose of this chapter is to provide a detailed description of the various research and sampling methods that was used in getting information in order to achieve set objectives, i.e to examine the strength of the competitive forces in the office property market in Airport City.

3.1 Research Strategy

The various research strategies include explanatory, descriptive and exploratory research (Sarantakos, 2005). Explanatory research is concerned with explaining the how and why of a situation. It aims to extend a theory or principle and provide explanatory evidence to support or refute the theory. It is often used to explain the cause and effect relationship that exists between two or more variables. A descriptive research, on the hand, provides a mental or a verbal picture of a situation. It is aimed at describing a process, mechanism or relationship (Sarantakos, 2005). Descriptive research can essentially aid explanatory research by finding correlations by variables.

Exploratory research is used for topics with insufficient or little information (Sarantakos, 2005). It explores different aspects of a topic or a theory that might have been left out. Its goal is to generate many ideas and develop uncertain theories (Sarantakos, 2005). A piece of exploratory research is designed to surface the key issues and questions and help to make the situation

clearer. It determines the feasibility of doing additional research and develops techniques for future research.

As such an exploratory research was used to assess the strengths of Porter's Five Forces. Airport City is still growing and there is not enough information available about the strategies used in the real estate sector, which includes office properties. It is also interesting to see how PFFF plays out strengths of Porter's Five Force Framework in Ghanaian context. An exploratory research helped determine the strengths of each of the five forces; rivalry, substitutes, new entrants, buyer power and supplier power.

3.1.1 Research Approach

The two common approaches to research are the quantitative and qualitative approach. Qualitative approaches included brief written responses on surveys, interviews and video or audio recordings. The quantitative approach on the other hand is perceived to be objective as the researcher uses statistical analysis (Trochim 2005). The quantitative approach, is used by the researcher to look for precise measurements and analysis of target concepts to answer a question (Trochim 2005). Tools used here include as questionnaires, surveys, measurements and other equipment to collect numerical or measurable data.

This paper employed the qualitative research method because it aids in identifying and understanding of an issue. Although quantitative approach can also be used to deepen the understanding of a phenomenon, it is very difficult to learn how the phenomenon is understood and experienced by the respondents (Trochim, 2005).

3.1.2 Research Design

A research design is work plan that is meant to serve as a guide for the researcher to attain his objectives. The research design involves two major stages: the planning stage and the execution stage (Sarantakos, 2005). The research design for assessing the strengths of Porter's Five Force Framework in Airport City would be qualitative in nature. Thus an understanding of Porter's Five Forces Framework in theory would be used to analyze the attractiveness of the office space market in Airport City.

3.2 Population Size

The scope of the research was defined as office properties in Airport City. This includes both developed and developing properties. The population of the study is therefore all developed and developing office space properties in Airport City. There are currently 5 office space developments in Airport City.

3.2.1 Sampling Strategy

Non-probability sampling procedures was used in this research. This kind of sampling is used when the units to be sampled are unknown. It is commonly used in exploratory research and quantitative analysis (Sarantakos, 2005). There are three types of non-probabilistic sampling: accidental, purposive and convenience sampling. In accidental sampling is less through as the researcher would not be interested in the characteristic of the units being sampled. However, with purposive sample the research has a clear idea about the kind of sample he wants. It is sampling with a purpose in mind (Trochim, 2005) such that the research is looking for specific predefined groups. Convenience sampling method is designed for the collection of information from participants of the population who are available to provide it (Sekaran, 2003)

Convenience sampling would be used during the study. This would seek to target the office space developers operating within the Airport City area that are readily available. This would minimize bias and maintain the objectivity of this paper.

3.3 Data Collection

3.3.1 Sources of Data

There are two main sources of data in research: primary data and secondary data. Primary data are information that a researcher must gather information is not easily accessible or has not been published (Trochim, 2005). Secondary data however refers to already published works or information that is available to the public about an industry or product.

For the study purpose both primary and secondary data would be used. The primary data collected from industry experts in office property developments in the Airport City area. Appendix I provides an interview guide that contains questions used for the interview. Secondary data would be gathered from academic journals, books, credible internet sources and other public works. The primary and secondary data would be collected to better assess Porter's Five Force Framework in Airport City.

3.3.2 Data Collection tools

Although several tools exist for gathering data, the choice of a particular tool depends on the type of research. Among the tools are focus group discussion, observation, interview and questionnaire. In this thesis, the appropriate method used to collect the primary data was through interviews. The interview guide can be located in Appendix II.

3.3.3 Data Analysis

Data analysis refers to the processes a researcher uses to reduce large amounts of data collected in order to make sense of them (LeCompte & Schenul, 1999). In analyzing the data collected, thematic analysis was used. Thematic analysis describes data by identifying and reporting a pattern from the data gathered (Braun and Clarke, 2006). Narrative analysis was also used where focus was given to the conversation the researcher had with respondents. As such certain statements by the respondents were quoted to give backing to certain conclusion drawn by the researcher.

3.4 Ethical Considerations

The researcher followed ethical guidelines, as specified by the Ashesi Human Subjects Review Committee. This included undergoing an Ethics Review process before engaging interview participants to ensure that procedures were fair and unbiased to all involved. Great care was taken to ensure that these participants were kept completely anonymous in the research. Participants were thanked in writing for their help. Participation in the study was voluntary. The Human Subjects consent letter that participants were given before the interview was conducted can be found in Appendix II.

3.5 Chapter Conclusion

The research adopted a qualitative approach to assess the strengths of the five forces in the office property market in Airport City. Qualitative data gathered was analyzed using a narrative and thematic approach. Secondary data was used to gain further understanding of the office property in Airport City. Primary data from interviews conducted with selected respondents to allow for further probing.

The next chapter looks data collection and analysis. The chapter provides a brief profile of the development used for the study. It also uses narrative and thematic analysis from the interview to assess the information to draw conclusions.

CHAPTER 4- DATA ANALYSIS

Primary data from developer and/or managers of both developed and developing office properties within the Airport City in Accra was collected for the purpose of this research. This was done through a survey using semi-structured interviews as outlined in Chapter 3 in order to achieve the main objectives of the study. This study was largely qualitative in nature. The main objective of the study was to assess the strength of the competitive forces in the office property market in Airport City. From this, we would be able to tell how attractive the market is for investors.

Chapter 4 of this thesis presents the findings from the data collected from the survey. The researcher uses statements by the interviewees to draw conclusions on questions raised in the study for the purpose of narrative analysis. Results of the interviews were summarized in tables to make interpretation easier as adopted by Alrawashdeh (2012) in Section 2.2 which aimed to find out the competitiveness of Jordan Phosphates Mines Company (JPMC), a phosphate producer, using Porter's Five Analysis.

4.1 Profile of Interviewees

The population of the study area was all office property developments in the Airport City area. Two experts from each office property development were interviewed to gather more information. Due to confidentiality agreements with the respondents through the consent letter located in Appendix II, the names of the respondents and their place of work were omitted. The names of the respondents were written as “**Respondents**” and their place of work were written as “**Development**”

Development 101. This development became fully operational in 2006. It was initially designed to be a six storey but was modified to be a ten-storey after additional market research showed

that demand was very high. It covers an estimated 7000m² of office space. The site was selected for the development mainly because of its proximity to the airport and well defined road links. For this development, the interview was conducted with the Financial Head and the Development Manager. It has both office and retail space.

Development 102 – This development became fully operational in 2010. It has two blocks, both 8 stories high, which covers an estimated 15000 m² of lettable space. The initial plan was to design a twelve storey building but it was cut down to two eight storey structures to reduce cost. It is occupied by two major tenants whom operate in the separate buildings. For this development, the interview was conducted with the Property Manager and the Development Manager. It has only office space.

Development 103 – This is a development has both office space and retail space which covers an estimated 4000m² of lettable space. It was originally meant to be a hotel but was changed to be office/retail space when further market research was conducted. Airport city was the only location considered for the development. An interview session was held with the Property Manager and the Valuer of the establishment.

Development 104 – This is a developing building near completion which has already secured all its tenants. It is meant for office/retail space and covers an estimated 18000m² lettable area. An interview session was held with the Development Director and Development Manger. According to them Airport City was selected because of its proximity to other businesses and to attract a certain kind of clientele.

Development 105 - This is a developed office/retail space covering an estimated 17000m² in Airport City. The location to offer its tenants access to main highways, upmarket residential

areas and Accra Mall. For this development an interview was scheduled with the Property Manager and the Development Manager.

4.2 Assessing the Competitiveness of Office Properties in Airport City

4.2.1 Bargaining Power of Suppliers

The bargaining power of suppliers was defined in Section 2.1.5 as the ability of the supplier to negotiate terms of supply more favorable to the supplier. Suppliers for the firm can vary from those that supply raw materials, services and components for the buildings. The few suppliers there are on the market, the more there is increased demand and as such suppliers can force their prices on the firm.

Bargaining Power of Suppliers	Respondent 101	Respondent 102	Respondent 103	Respondent 104	Respondent 105	Yes	%	No	%	Power
Are there a large number of potential input suppliers?	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	Low
Do your purchases from suppliers represent a large portion of their business?	No	No	No	No	No	0	0%	5	100%	High
Would it be difficult for your suppliers to enter your business, sell directly to your customers, and become your direct competitor?	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	Low
Are you well informed about your supplier's services	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	Low
					Total	15	75%	5	25%	Low

Table 2: Summary of responses on bargaining power of suppliers

In assessing the bargaining power of suppliers, it was found that the most cost firms incurred was associated with maintenance. Maintenance expenses are the costs incurred to keep an item in

good condition and/or good working order. These services include repairing, replacement as well as hazard management. All office properties had maintenance services.

Through the responses given during the interview, respondents agreed that they had large number of input suppliers who were mostly foreign. For example, with regard to technical facilities management like electrical systems, the office properties used suppliers that are outside the country. This was mainly due to of cost and quality. According to the respondents, there were few companies within the country that could provide they services the need at a reasonable cost. As such, they had several suppliers abroad with regards to different aspects of electrical systems. Respondents agreed that it would be difficult for their supplier to sell directly to the company's customers because they were in different countries. Extensive research was performed before securing a supplier and also their terms and services were reviewed in contracts signed as such firms were well informed about the supplier's products and markets. The government was also an important supplier of the market through supplying important local services needs such as electricity and water.

Overall, 75 per cent of responses indicated that office properties in Airport City had a favorable competitive advantage in the bargaining power of suppliers, meaning supplier bargaining power was relatively weak. It should be noted that due to confidentiality agreements and privacy, the extensive range of suppliers could not be named in this research. As a result of this further information such as the different supplier bargaining power could not be ascertained.

4.2.2 The Threat of Rivals

For many industries, this force is the major determinant of the competitiveness of the industry. According to Porter, industry competition intensity is determined by several factors, including: number of competitors, rate of industry growth, height of exit barriers, and diversity of rivals.

Threat of Rivals	Respondent 101	Respondent 102	Respondent 103	Respondent 104	Respondent 105	Yes	%	No	%	Power
Is there a large number of competitors	No	No	No	No	No	0	0%	5	100%	Low
Is the market growing fast?	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	Low
Is there a clear market leader?	No	No	No	No	No	0	0%	5	100%	
Is it easy for competitors to abandon the market?	No	No	No	No	No	0	0%	5	100%	High
Is your development unique?	No	No	No	Yes	Yes	2	40%	3	60%	High
Is it difficult for customers to switch from your service to your competitors' services?	No	No	No	No	No	0	0%	5	100%	Low
					Total	7	60%	23	40%	Low

Table 3: Summary of responses on the threat of rivals.

Despite the concentration of office properties within Airport City, respondents did not consider rivalry to be an issue at the moment. On the one hand, one of the characteristics of the Airport City is that there is more coordination than competition between existing firms. From a traditional view, lack of competition indicates an inefficient market. However, from firms' perspectives, market entry is more open, especially when the cooperation between firms is sustained by the high demand for office space. As long as the market is growing fast, respondents felt there was no need to steal clients from one another. It is for this reason that respondents agreed that switching costs were very low. Respondent 104 noted that,

“Office properties in Airport City are very limited although there is a high demand. If a client decides quit our services, we are confident another client will take his place and so we don't make it hard to leave at all”. This statement implies that switching costs are very low.

The office space market, as one side of the real estate market involves a lot of cost and as such it not easy to leave. All the developments within the area have some foreign backing, and in fact four of the five developments used for this study are owned by foreign companies. This is because foreign investors are attracted by Ghana's growing population, low labor costs, stable economic growth, and rising income per capita as an attractive market with unlimited potential growth. All the respondents from the different developments agreed that it was not difficult for customers to switch from their services. Rent payment was done on a monthly basis at which gave clients the option to switch services. However, respondents had it stipulated that they had to give some weeks notice. This exact amount of weeks varied for some respondents but most preferred four weeks' notice. Overall, 60 per cent of responses confirm that rivalry power among office properties in Airport City is very low. This supports the conclusion based on supported findings that the threat of rivalry from existing office property owners is relatively weak.

4.2.3 Bargaining Power of Buyers

This refers to the ability of customers to put firms under pressure and drive prices down for their benefit at the cost of the firm. Buyers bargain for higher quality or more service, and play competitors against each other. If a market has few, powerful buyers, they are often able to dictate terms to suppliers. Other parameters for assessing buyer power include the availability of information to the buyer and volume of purchases by the buyer (Islam, 2008).

Bargaining power of buyers	Respondent 101	Respondent 102	Respondent 103	Respondent 104	Respondent 105	Yes	%	No	%	Power
Do you have enough customers such that losing one isn't critical to your success?	No	No	No	No	No	0	0%	5	100%	High
Do you negotiate prices?	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	High
Is your service unique?	No	No	No	Yes	No	1	20%	4	80%	High
Are customers well informed about your service and market?	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	High
Do your customers rent space elsewhere?	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	High
					Total	16	72%	9	28%	High

Table 4: Summary of responses on bargaining powers of buyers

All respondents agreed that office each customer was very vital to the success of their operations. This was because not all firms can afford to pay the month fee for office space that developers in Airport City charge. As such losing a single customer could be critical to the firm. Indicative rentals for office space within the area as at June 2013 showed that firms in Airport City usually negotiated between US\$ 26 - US\$40 per sqm each month (Broll Ghana). However because office space developers are aware that on average not many firms can afford this, they are willing to negotiate the price. Respondent 101 noted:

“Our ultimate is to fill up our offices and if that means reducing our rates by a little then so be it. However, we have a range within which we negotiate and if our clients bidding price falls within that range then are willing to adjust our asking price.”

Although all office properties in the area are world standard, majority them categorized as Class B, with only one Class A buildings. This Class A building is also the only ones in the entire

country and as such makes them very unique from all the others. According to Respondents 104, the main features that differentiate Development 104 from other office properties in the area is its green feature and earthquake shock absorbers. Development 104 efficiently uses energy, water resources, while reducing waste, pollution and environmental degradation. All other office properties within the area are more concerned with creating office space with the area rather than creating unique features that increases their competitiveness against the other office properties in the area.

All respondents agreed that majority of their clients had rented office space elsewhere. This was because from observations, this researcher realized that majority of office space were rented out multinational corporations and banks who could certainly afford it. According to Respondents 101, *“Companies have offices within the Airport City area mainly because it was a prime area and it also had easy access to the Airport and retail space”*. Customers were also well informed about the products and services they were being offered because this was stated in the contract for the rent, and so overall majority of responses (around 72 per cent), stated that office properties in Airport City does not have a favorable advantage on the bargaining power of customers. This leads this researcher to conclude that buyers of office space have a strong bargaining power within Airport City.

4.2.4 Threat of Entry

Any market that yield high returns will attract firms to market. The results are many new entrants, which will effectively decrease profitability towards a competitive level. Some common factors that raise barriers of entry are: economies of scale, differentiation, capital requirements, switching costs and government policies (Porter, 2008).

Threat of New Entrants	Respondent 101	Respondent 102	Respondent 103	Respondent 104	Respondent 105	Yes	%	No	%	Power
Are customers loyal to your brand?	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	Low
Are there high start-up costs for your business?	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	Low
Will a new competitor have any difficulty acquiring/obtaining customers?	No	No	No	No	No	0	0%	5	100%	High
Will a new competitor have difficulty acquiring/obtaining needed inputs to compete efficiently	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	Low
					Total	15	75%	5	25%	Low

Table 5: Summary of responses on the threat of new entrants

The initial 38-acre for Airport City leased by the Ghana Civil Aviation Authority in the early 1990's has been used up. However, plans for expanding the scope of Airport City are already underway with new development springing up in the 32-acre plot adjacent to the initial master plan being built upon. It's widely believed that the commercial real estate sector in Ghana has been rewarding abnormal profits to investors and therefore lots of foreign investors came to the market. Even though the Ghanaian commercial real estate market has been perceived as a market full of investment potential, there are plenty of hurdles to overcome before entering the market. *"These include land acquisition costs, land development costs, construction costs, debt cost, operating costs and legal costs"* (Respondent 103). Ultimately all these costs affect the overall value of development. Development 101 was built for a cost of \$12 million, Development 102 was built for a cost of \$22 million, and Development 103 was built for a cost of \$8 million, Development 104 for \$55 million, Development 106 for \$62million. Start-up costs are very high

and acquiring the needed input to make such quality structures are not easily obtained. As such the threat of new entrants was considered to be very low.

Respondent 103 said *“In our line of business one single mistake can cost you all your business. Look at what happened to the people that built the structure at Melcom which collapsed. Till now no one wants to do business with them because they have a bad brand”*. Respondents agreed that customers were loyal to their brand because they maintained their quality of services. Overall 75 percent of responses on threat of entry factor showed that office properties in Airport City had a favorable advantage. This means the threat of new entrants within Airport City was low. The respondents agreed that maintaining a strong brand was important in their business.

4.2.5 The Threat of Substitutes

All firms in a market compete with other firms producing substitute products. A substitute product as defined in Section 2.1.3 is a product from another industry that offers similar benefits to the consumer as the product produced by the firms within the industry Porter (2008), states that substitute products, like existing firms, reduce the potential profitability of an industry by placing a ceiling on the prices firms in the industry can profitably charge. When more substitutes from other markets become available, the more elastic the demand will be since customers have more alternatives. A firm can reduce the substitution threat by differentiating its product, enhancing its performance, and increasing customers' switching costs.

Threat of Substitutes	Respondent 101	Respondent 102	Respondent 103	Respondent 104	Respondent 105	Yes	%	No	%	Power
Are they readily available?	No	No	No	No	No	0	0%	5	100%	Low
Is it costly for your customers to switch	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	Low
Does your service compare favorably to possible substitutes?	Yes	Yes	Yes	Yes	Yes	5	100%	-	0%	Low
					Total	10	100%	5	0%	Low

Table 6: Summary of responses on threat of substitutes.

According to respondents, residential real estate is considered a substitute for commercial real estate because of some fundamental similarities. According to respondent 104, the residential real estate market and the commercial real estate market are both large and well developed. They are also real assets and can be used as collateral.

100% of respondents agreed that the threat of substitutes was not much of a concern. This was because within the Airport City area, residential buildings did not exist. Also, although residential real estate and commercial real estate were alike they were also major differences with regard to scale. This is because residential buildings around the Airport City area are not as big as the commercial properties within Airport City where the office properties exist. According to respondent 101, “Big companies want big spaces”

4.3 Comparing Findings to Literature

One of the criticisms against Porter’s Five Force model is that it does not consider the dynamic nature of a market and as such forces may not play out as Porter intended. This was argued by Thao (2013) in the context of the Vietnamese commercial real estate market in the growing Hanoi City. Similar results were drawn in this research in the context of the Ghanaian office space market in relation to the threat from existing rival firms. Porter’s Five Forces model

assumes that a high number of firms in the same industry means high rivalry. However, although there was a cluster of office property owners in Airport there was more cooperation than competition in the market as the market was growing. *“If a company wants to rent an office space within Building A and cannot afford it, they might redirect him to Building B that may renegotiate prices to a level affordable to the client”* (Respondent 103). This phenomenon is similar to what is occurring in the Vietnamese commercial market and is referred to as the market of interfirm networking (Thao, 2013) whereby firms seek to help each other and for the benefit of the entire market at large.

Also, Porter’s model states that buyers have the most power when they are large and purchase much of a firm’s output (Porter, 2008). If a business sells to a few large buyers, they will have significant leverage to negotiate lower prices and other favorable terms because the threat of losing an important buyer puts you in a weak position (Porter, 2008). This theory fits in the case of Airport City where office property owners are willing to renegotiate prices with buyers because these buyers consist of large institutional bodies and multinational corporations.

4.4 Chapter Conclusion

This chapter looked at data collected from interviews office space development in Airport City to assess the strengths of Porter’s Five Forces which are bargaining power of buyers, bargaining power of suppliers, the threat of new entrants, the threat of substitutes and threat of existing rivals. Results of the interviews were summarized in tables to make interpretation easier.

To summarize all the respondents, overall, 75 per cent of responses agreed that supplier bargaining power was very low, 60 per cent of results confirmed that rivalry power among office property owners in Airport City was very low; 75% responses for office property owners

indicated that the threat new entrants was also very low; however 72% of responses agreed that office property owners in Airport City do not have a favorable advantage advance with customers due to high buyer power. Finally 100% of responses agreed that the threat of substitutes was very low. From these results it can be drawn the Airport City is a very attractive market for investments since office property owners have a favorable advantage over four of the five forces.

The next chapter provides a summary of the entire study. This would include a summary of objectives, the methods adopted, the data collected and analyzed, and the limitations of the study

CHAPTER 5 – CONCLUSION AND RECOMMENDATIONS

This final chapter provides a summary of the entire research. This includes a summary of objectives, the methods adopted, the data collected and analyzed, and the limitations of the study. The chapter also presents recommendation for future studies applying Porter's Five Force Framework in the real estate industry.

5.1 Conclusion of Research

This thesis sought to apply Michael Porter's competitive forces framework to the office space market in Airport City in order to assess the strengths of the each of the forces. The population for the study was all developing and developed office space properties in Airport City.

The research used a qualitative approach to assess the strengths of Porter's Five Forces in the office space market within Airport City. Qualitative research analysis was done through thematic and narrative analysis. Primary data from interviews conducted with selected respondents to allow for further probing and also assess the respondents' first-hand. Secondary data was also used to gain further understanding of the office property in Airport City. Results from the study put in a table form.

Results from respondents indicated that office property developments in Airport City have a favorable advantage on the bargaining power of suppliers, threat of substitutes, threat of entry and the threat of rivalry among competitors. However, they do not have a favorable advantage on the bargaining power of buyers. This was mainly because most of the office properties operating within Airport rented office space elsewhere and only had office space in Airport City mainly to get access to top clients who were attracted to the prime area. Furthermore, all the respondents from the developments agreed that their main aim was to fill up their office space and as such

they were willing to negotiate prices with buyers in order to retain them. Overall, it was determined that the office property market in Airport City is a very attractive market for investments since office property owners have a favorable advantage over four of the five forces.

5.2 Limitations of the study

As mentioned in subchapter 2.1, the research was narrowed to the Ghanaian commercial real estate in Airport City with a focus on office properties only. As such office properties in other central business districts like Accra High Street and Adabraka were not taken into consideration to maximize the reliability and validity of the result.

Furthermore, it is noted that the examined factors in this research are subject to changes since the external environment of a country and a market is dynamic and is always changing. Technological breakthroughs and dynamic market entrants from start-ups or other industries may completely change entry barriers and relationships along the supply chain within short times (Morsten, 2012).

In addition, transparency is one of the most important issues facing the Ghanaian real estate industry as a whole and the office property market industry in particular. In collecting data, some developments did not disclose certain financial information that was crucial to assessing the Porter's Five Force Framework on the development. This caused the author many difficulties when searching for current market information.

5.3 Recommendations for Future Research

Due to the narrow scope of the research, future researchers in the field of real estate should choose a bigger sample size. This research analyzed five developments in one area and as such the results cannot be applied to the entire office space market.

A major issue in acquiring data was confidentiality with respondents. As such getting information about subjects like finances, clients and suppliers which were vital for the research

were not given by some respondents. Future researchers should seek to overcome this by first finding out what kind of information respondents would be willingly to give before the actually interview.

5.4 Chapter Conclusion

This chapter summarized the results of the study before making recommendations for future studies in the field of real estate.

Currently the office space market in Ghana is still being formed and as such there is a dearth of literature around the topic. However, as more research is done on market it will present future researchers within an abundance of literature to do a more detailed analysis of the market using Porter's Five Force framework.

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APPENDICES

I. Data Collection Tool - An Analysis of The Office Property Market In Airport City Using Porter's Five Force Framework

Warm-Up Questions

1. What is the name of the development?
2. How long has the development been in operation?
3. Why Airport City was Airport City selected for the development?

The Threat of Rivals

4. Who are your rivals? Are there a small number of rivals?
5. Is the market growing fast?
6. Is it easy for competitors to abandon the market?
7. Is your development unique?

Bargaining Power of Buyers

8. Who are your customers? Do you have enough customers such that losing one isn't critical to your success?
9. Is your service unique?
10. Are customers uninformed about your service and market?
11. Is it difficult for customers to switch from your service to your competitors' services?
12. Do you negotiate prices with customers?

Bargaining Power of suppliers

13. Who are your suppliers? Are there a large number of potential input suppliers?
14. Do your purchases from suppliers represent a large portion of their business?
15. Would it be difficult for your suppliers to enter your business, sell directly to your customers, and become your direct competitor?
16. Are you well informed about your supplier's services and market?

Threat of Substitutes

- 17. What alternatives are available for your customers? Are they readily available?
- 18. Is it costly for your customers to switch to another company?
- 19. Does your service compare favorably to possible substitutes?
- 20. Do your customers rent other developments elsewhere?

Threat of New Entrants

- 21. Are customers loyal to your brand?
- 22. Are there high start-up costs for your business?
- 23. Will a new competitor have any difficulty acquiring/obtaining customers?
- 24. Will a new competitor have difficulty acquiring/obtaining needed inputs to compete efficiently

II. Human Subjects Consent Letter

Ashesi University College

11 November 2013

Dear Participant,

This letter is an invitation to consider participating in a study I am conducting as part of my Graduate degree in Business Administration at the Ashesi University under the supervision of Professor Anthony Ebow Spio. I would like to provide you with more information about this project and what your involvement would entail if you decide to take part.

I am currently writing my thesis paper titled “An Analysis of The Office Property Market in Airport City Using Porter’s Five Force Framework” as part of my Graduate degree in Business Administration at Ashesi University College. The aim of the study is to determine the strengths of Porter’s Five Forces; namely rivalry, substitutes, new entrants, buyer power and supplier power, in the office property market in Airport City in order to be determine the attractiveness of the market. Therefore, I would like to include your organization in my study. I believe that because you are actively involved in the market and would like to conduct an interview at a mutually agreed time and place.

Participation in this study is voluntary. It will involve an interview to take place at a mutually time and location. You may decline to answer any of the interview questions if you so wish. Further, you may decide to withdraw from this study at any time without any negative consequences by advising the researcher. With your permission, the interview will be audio recorded to facilitate collection of information, and later transcribed for analysis. All information you provide is considered completely confidential. Your name will not appear in any thesis or report resulting from this study, however, with your permission anonymous quotations may be used.

I hope that the results of my study will be of benefit to those organizations directly involved in the study, other voluntary recreation organizations not directly involved in the study, as well as to the broader research community. If you have any questions regarding this study, or would like additional information to assist you in reaching a decision about participation, please contact me at jeffery.odame-koranteng@ashesi.edu.gh. You can also contact my supervisor Anthony Spio aespio@ashesi.edu.gh I would like to assure you that this study has been reviewed and received ethics clearance through the Ashesi Human Subjects Review Board. However, the final decision about participation is yours.

I very much look forward to speaking with you and thank you in advance for your assistance on this project.

Yours Sincerely,

Jeffrey Odame-Koranteng

