**DEBRE MARKOS UNIVERSITY**

**INSTITUTE OF TECHNOLOGYY**

**DEPARTMENT OF SOFTWARE ENGINEERING**

**A proposal on**

**Analysing the Impact of Rising House rental payment in residential property -in the case of Debre Marko’s Town**

***Group -4***

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# Chapter one

## Background of the study

Renting is an agreement where a payment is made for the temporary use of a good, service or [property](https://en.wikipedia.org/wiki/Property) owned by another. The term “rent” has several meanings. Rent is regarded as the monthly payment that is made to a landlord, and it is also construed to be a payment to the use of the building. But to the economist point of view rent is the return to the land. Most of the landlords turning to renting out properties as an investment, therefore letting market have been seen as an attractive alternative investment for these looking for a less volatile income source.[1]

Residential properties include single-family homes, townhouses, and apartments. The property owner can live in the property or can rent out space and enjoy rental income. Families and individuals typically lease residential properties. As a result, there is typically an emotional element involved in residential real estate as it involves renting individuals or families their primary place of residence. The amount of rent you pay for a property is agreed between the landlord and tenant at the start of a tenancy. Private landlords must follow certain procedures if they want to raise the rent. In Ethiopia There is no a clear rule and regulation which reflect and implement on rental payment. Because of this Owner or landlord manage his rental property, should always be thinking about ways to increase the profits of his rental payment property. At increases rental payment of residential property, there it will be lead different impact on economic, social and life standards of the tenants. Generally this research intended different concepts which related to impact of increasing residential rental property and the way which find to suitable mechanisms for both tenants and landlord.

## Statement of the problem

Ethiopia is one of poorly developed countries which characterized by lower per capita income, higher population growth rate, rapid informal urbanization, import dependent, poor investment in residential housing because of lack of finance and low supply serviced residential plot (habte, (2010). The housing shortage is one of the major problems that the country faced in almost all urban areas (2007). Even those existing have low quality and space. Debre Marko’s town is one exception to this problem. As known residential property can be playing an important role to the people who live temporarily or permanently on the preferred area.

But now a day, it is difficult to live in residential rental property, because of an increase rental payment on residential property. Most of tenants which live in Debre Markos town have less financial income. Therefore when landlord increases rental payments, they will be imposed to take responsibility to pay residential rental payments which has its own impacts on their life. Not only this, when rental payment increases there will be rise different challenges or problems on tenant such as; economic problem, change of life standard ,reduced the purchasing power of goods and services, homelessness, and it might be change their future plan and become psychological confusion. Some of those challenges will becomes due to different reasons such as; less financial income, increasing of market price or inflation, lack of clear rule and regulation among rental property.

The above challenges or problems will be analysing by this research because they are available in the study area. So the researcher will be recognized complain as a serious problem and decided to conduct a research regarding increase of rental payment on residential property.

## Objective of the study

### General objective

The main objective of the study is to annualize the impact of increasing rental payment in residential property in the case of Debre Marko’s town.

### Specific objective

* To identify the factors that affects the increase rental payment in residential property.
* To know the impact of residential rental increase on the livelihood of the tenant.
* To determine the suitable rental payment mechanisms for both landlord and tenant.

## Significance of the study

This study might be bases for further researches as a reference and for reader enables to the impacts of increasing rental payment in residential property in case of Debre Marko’s town. This study would be minimizing different effects on

* Economic
* psychological confusion
* Social communication and
* Life standards of peoples.

And it also creates a suitable rental payment mechanism, which cannot affect both the tenant and land lord.

## Scope of the study

This study tries to analysis the impact of increasing of House rental payment in case of Debre Marko’s town. The study considers the impact, factor affecting rental payment and the mechanisms which solve the problem or a challenge creates on this study. So, this study considers those people who placed in the year 2000 up to 2014 in Debre Marko’s towns.

## Significance of Research Proposal

* **For lessor**
* To get moral satisfaction
* To live smooth relation with others
* To manage annual income with constantly
* **For subtenant**
* To get house in appropriate way
* To minimise subtenant outcomes
* **For researcher**
* Will get a good experience on how to solve such problems.
* Researcher will get knowledge of the structure and working of the researches.
* Will adapt teamwork experience.

## Methodology

### Data collection methods

In order to generate accurate information, the relevant data were collected from both primary and secondary data sources. Primary data collected by preparing questionnaires, interviews for selected respondents, and concerned bodies. Secondary data obtained from various hard and soft copies, different documents which used for our data.

* **Literature** **review**: -This method is the most useful data collection method and to get detailed information about the proposed research using the internet.

## Budget Plan

|  |  |  |  |
| --- | --- | --- | --- |
| Number | Activities | Price per unit in Birr | Total price in Birr |
| 1 | Computer | 23,000 | 23,000 |
| 2 | Flash disk | 350 | 350 |
| 4 | Pen | 15 | 15 |
| 7 | Paper | 1 | 5 |
| 8 | Total | 23,366 | 23,370 |

Reference

1. <https://journals.sagepub.com/doi/full/10.1177/21582440211015709>