RESEARCHING PROPERTY DEVELOPMENT IN “INTERESTING TIMES”

Terri Knight¹ and David Boyd²
School of Property, Construction and Planning, Birmingham City University, Birmingham. B42 2SU, UK

As part of a wider study this paper will examine the impact of the economic downturn on a research project on property developers and discuss ways in which its focus and the methodology employed have necessarily changed. Research projects seek, at least, to develop overarching understandings of situations, if not an abstract generalised theory. This requires a degree of stability which allows similarities to be identified and comparisons to be made. The impact of the economic crisis has invalidated this assumption. However, in reality, property development operates against a background of changing economic, political and social conditions and it has long been acknowledged that the development cycle is signified by an alternating cycle of booms and slumps. These continuous changing circumstances were not factored into the first stage of this research which comprised a series of semi-structured interviews with independent trader developers. It was established that the lengthy nature of development allows a degree of flexibility to occur during implementation, thus, development projects are subject to varying levels of modification during the process. Alterations to the original development proposal are often made in reaction to changing market conditions to maximise returns. However, during the process of the research the UK property market collapsed. Second stage interviews show that speculative developments have all but stopped and funding for pre-lets and pre-sales has become significantly more difficult to come by. Interviewees now recall past experiences of recessions. This step change could be regarded as invalidating the research. The methodological and theoretical implications of this will be discussed, concluding that research has been enriched by this collapse revealing more correctly the nature of the field under view.

Keywords: change, methodology, norms, preunderstanding.

INTRODUCTION

Research is an inquiry into the world in order to establish generalised expressions of an aspect of interest. To undertake this involves a conception of this aspect and a method of inquiry into it. It is clear that we start research with knowledge of an area, that Gummesson (1991) calls preunderstanding, and this needs to have validity in time for our inquiry to have any meaning. The area may change but there needs to be a stable core which gives the area its identity and against which the change can be referenced. This stable core is our norm; the model, pattern, or standard upon which we orientate our preunderstanding. The preunderstanding gives us at least the initial objectives as to what problem or unknown is to be investigated.

¹ terri.knight@bcu.ac.uk
² david.boyd@bcu.ac.uk
In a long established and extensive area like the property and construction industry, there are many conceptions from different perspectives/preunderstandings that can work from different points in time. In a research project these are often selected for convenience, curiosity or merely being en vogue. The significance of these is seldom considered but this goes on to frame the research questions, the data set of the inquiry and the theoretical framework of the analysis and discussion. This also determines a method of enquiry and together this forms the methodology. The problematic nature of methodology also has its own preunderstanding and indeed there is a norm of expectation of what needs to be explained. This norm is mostly sufficient, and forms the basis of text books, but again its significance is seldom considered. In many ways research follows a conventional direction, selecting conventional areas, asking conventional questions, using conventional methods and establishing conventional theories. This is more the case where research is conducted as a productive process within a set timescale with normalised requirements such as needed to undertake a PhD or a funded research project.

This paper explores the problem in research and during research where the underlying preunderstanding is called into question by events in the context of the research, namely property developers and the current financial crisis. This has provided a challenge both to the research and to the research methodology, which has revealed deeper insights into the research area and methodology involved. The research intended to understand the trader property developer from the developer’s perspective (Knight and Boyd, 2008). It chose an interpretivist approach in order to stay close to how the actors understood and described their own actions. Behind this research was a preunderstanding of the trader developer and developments that saw them as individuals creating their world and reaping rewards from it.

A number of semi-structured, exploratory interviews were conducted with trader developers who provided narrative accounts of their practice world. Later phases of the research process intended to investigate the progression of individual developments and compare these with conceptual models which aim to offer a coherent description of the land conversion process. Additionally this project intended to examine factors which influence change during “live” projects.

The limited literature on property developers and property development arises from a diverse range of disciplines including: geography, cultural and social history as well as from political/econometric perspectives. This formed much of the preunderstanding of the inquiry of how the property industry is formed and changes. As the slump in the property cycle approached all new projects ceased, the collapse of the financial world changed the nature of property development and aspects of the research intent became an impossibility. Faced with this though, interviews continued where possible on the basis that this was only a PhD and a dissertation could be constructed around the data. This subsequently has produced interesting results by forcing the research to address what is actually happening in property development; how our methodological frames limit research and how developers act in unstable, “interesting times”.

**SIGNIFICANCE OF PREUNDERSTANDING IN RESEARCH**

All research is undertaken within a wider context which both supports the area of the research and also frames the method and questions of the inquiry; this is the norm. This a priori knowledge of the phenomenon under investigation Gummerson terms "preunderstanding" (Gummerson, 1991 p.12). This preunderstanding involves a general understanding of the field, in this example the property and construction
industry, and other people's research into the area of interest which is contained in the background literature. It is against this preunderstanding that the method of research is devised and questions formulated to offer a greater understanding. The ability of research to provide a meaningful understanding is methodologically limited by this preunderstanding.

Our preunderstanding of the property literature is based upon the norm and engages in financial and process models and property cycles the large proportion of which is quantitative in nature and only provides us with part of the picture (Schiller, 2001). Ball (1998) recognised this and he suggested that the economists do not understand the “messy world of property development” and “are somehow getting it wrong” (Ball, 1998, p.1501). However, the range of researchers and practitioners in the property industry is diverse and as such has given rise to a more heterogeneous range of theoretical, methodological and epistemological approaches within the built environment research field (Adams et al., 2005; Guy and Henneberry, 2002).

Our preunderstanding came from a variety of sources; firstly our own experiences and secondly the experiences of others. These can be categorised as first-hand or second-hand preunderstanding (Gummesson, 1991). For researchers conducting research in an unfamiliar area the normed first stage in the acquisition of knowledge is typically browsing academic journals or text books and chasing references; the literature review is a fundamental step in the development of the second-hand preunderstanding. Without this the researcher can neither put together a coherent and relevant research proposal nor identify suitable methods of data collection. It is through this initial second-hand preunderstanding, explicitly that which has been obtained through intermediaries, we normally frame the questions we ask and interpret the answers.

A significant part of our preunderstanding of property development stemmed from a range of models (the norm) which provided sequential linear descriptions of the development process. While the range of models is extensive this research drew primarily on Healey (1991) and Gore and Nicholson (1991) who conducted meta-analyses of development models which aim to develop holistic analyses of the development process that recognise the range of actors and events and is equally applicable across a range of development projects and Ball (1983; 1986) whose two dimensional models acknowledge the social-economic structure surrounding development and the relations between the actors in the process. We also drew on Fisher and Collins (1999) who identify four dimensions which are characteristic across development processes; structure, actors, events and the site, and Fisher (2005) who developed this further and created a three level web model which seeks to "replicate the complexity and multi-faceted nature of the practical experience of development" (Fisher, 2005, p.158). This model consists of three levels of analysis; the elements which occur at each level are identified and broken-down into sub-elements; at each subsequent level of analysis these are divided into further sub-elements to form a “dense web of 284 described input/output relationships” (ibid, p.159).

These models place property development against a background of changing economic, political and social conditions and it has long been acknowledged that the normed view of the development cycle is signified by an alternating cycle of booms and slumps (Harris, 2002; Harris and Cundell, 1995; Henneberry, 1995; Henneberry and Rowley, 2002; Key, T. et al., 1994). However, the development cycle is recognised as merely one of many cycles of differing lengths which subsist within the
Economic modelling normally relies on a linear view of the world and cannot capture the way the different phases of the different cycles coincided to trigger previous property crises, nor can it predict the effect external influences may have on any or all of the cycles involved.

Our preunderstanding then, by its nature, created a view of normal activity. In this, it has searched for normalised structures, processes and relationships. This makes it appear that activities are organised as the norm and delivered to this. The meaning of this normality, hence preunderstanding, is not questioned. The questions in research are then formed by this norm. That is we are seeking greater understanding about the norm. Indeed the answers we get are related to this norm and as we will show often the respondents’ reference points are these norms. In normal times then research delivers a confirmation of the norm.

The interpretive methodological norm requires that the subject (the trader developer) has a conscious understanding of their actions which they then interpret and explain to a third party (the researcher) using ordinary, everyday language; this is reinterpreted by the researcher using the language of social theory and then fed back into further questioning. This iterative process Gummesson calls the "hermeneutic spiral"; from our preunderstanding we develop understanding, which we feed into our questioning thus developing further preunderstanding and so the spiral continues and our knowledge expands (Gummesson, 1991, p.62).

The subjects under investigation, in this case property trader developers, develop their preunderstanding in a number of ways. The majority of participants in this study have undergone either a property related undergraduate degree or have gained a related post-graduate qualification. As part of their academic training they will have been exposed to text books, journal papers and lectures which will either introduce them to relevant theories or extend their current understanding of the normed view of the property markets as well as the practice of research. As practitioners they develop first-hand preunderstanding through their educational experiences and their familiarity with their professional world. It is important that we acknowledge that our subjects are likely to offer the data they think we want hear, namely what they suppose is important to us as academics rather than the information we are attempting to access, the reality of their practice.

Instability or change is not unusual in the world of property; even a market which is considered to be stable is prone to undulations or minor jolts. Although these models acknowledge property development as a sophisticated and complex process they carry a normed assumption of a level of stability and constancy, not crises such as that we are currently experiencing. The view from the norm cannot recognise the significance of change and the fact, as in the case of the financial crisis, that we are far from the norm. This recent change was more dramatic than could be predicted; as a result we are in reality now researching the change and how actors work within that instability to maintain their narrative of success. Thus we have had to question our own preunderstanding of the development process and the preunderstandings of our participants.

During the early investigative stages our normed preunderstanding did not allow for the prospect of potential financial crisis or the ensuing collapse of the property market. However, our research is taking place within a “dynamic world of continuous change” (Schiller, 2001, p.2) and recent events have inevitably altered proposed data collection methods and our methodological position. In the mid-crisis second stage of this
research, the participants’ everyday practice became working with the instability caused by the property market crash; therefore, the data provided by participants was of change, which was becoming their usual practice. This required new preunderstandings. This is the data we are attempting access.

**THE FIELD OF VIEW: ‘GRAININESS’**

As we inquire into the world we structure it so that we can understand it within our mental abilities. We do not handle everything within its true dynamic setting. We create a field of view that both bounds an area of interest and which places it within a time framework. This aspect of research we call its grain and the graininess declares the level of detail and time horizon we are working with. Research presumes a smooth, continuous connection of the grain to the whole. This is evidently the case during normal activity.

The graininess defines what abstraction (generalisation) we are considering (Hayakawa 1952). A classical example involves different activity at the atomic level to the cosmological level. In property then we have a level that is about the world financial system and a level that is about the minute by minute internal moods and actions of individuals. The field of view in our case was at the level of the individual developer within a short-term timescale of decision making in projects (probably monthly). The significance of this became much clearer as a result of the crisis. We are aware of the potential for losing meaning in relation to the wider field of view. If the focus is too grainy (one individual and one event) we lose its connection to the whole; if our focus is too high level (the wider financial market) we cannot link it directly to the individual. This crisis challenges the reality of the smooth continuous and connected grain.

The social world is complex and can be visualised as a "maelstrom or tide-rip…. filled with eddies, flows, vortices [and] unpredictable changes… with moments of lull and calm" (Law, 2004, p.7), it is a world in a state of constant flux. In a view of change which is long term, the financial crisis may not appear significant, merely being part of the flow of activities. Similarly but more complicatedly, we may believe change is contained in a regular manner either as a straight line or in the case of property as a cycle.

Our preunderstanding informed us that the development cycle is just one of three cycles of differing lengths which subsist within the larger property cycle (Marriot, 1989; Harris and Cundell, 1995; Key et al., 1994). Although we may consider the development cycle volatile, models show that the booms and slumps we commonly associate with it are relatively predictable but at what level of view and time resolution. The literature regarding property cycles has a long view that establishes the norm; while there is a large normed literature which looks at statistical models of cycles (Davies and Zhu, 2004) and post crash markets (Ball, 1994; Barras, 1994, 2005) there is nothing that studies the market in the midst of a downturn or crash.

Harris and Cundell (1995) observe that the ethos behind property market research seems to be that if we can understand how the market has behaved in the past we will be able to predict future patterns in the market. However, they do caution that although the boom and bust cycle will inevitably repeat itself, the diversity of factors which presage each cycle, indicates that it will not be necessarily be the same as previous property cycles. While the property cycle is inextricably linked to the economic cycle there are factors within the property industry which make the property...
cycle more than a straight forward reflection of the economic cycle including heterogeneous and limited supply; infrequent trades; high transaction costs and the function of property as equity against borrowing (Davies and Zhu, 2004; Fisher, 2005).

The assumptive norm of cycles suggests that they are durational and that the relation of the progression of one end of the cycle to the other is apparent and measurable. However, our research is exploring the grain at the level of the individual developer positioned in a particular place in time; at this level of grain cycles may in effect be meaningless. Within the property world, trader developers are distinctive in that they think and operate in the short-term ‘now’ (see Gallimore et al., 2000); conversely property cycles are measured retrospectively over the long-term. It is not possible to pinpoint relative positioning within the cycle at any given moment; therefore, we cannot position the developer’s actions in relation to the development cycle; neither can we be sure of the length or severity of the slump nor whether it is in actuality part of a cycle at all. Nonetheless, the norm will be re-established through precise mapping and quantitative hindsight. Although the concept of the development cycle did not initially seem to be directly relevant to this research, the recent property slump offered us the opportunity to investigate how trader developers change their modus operandi in an uncertain market. Thus our methodological approach had to change to allow us to study the bounded time limited grain not the boundless whole.

METHODOLOGY OF METHODOLOGY

Methodology in research seeks to explain and justify the method of the research and this can involve critical reflection about fundamental philosophical problems. There are norms and prepared positions which can be adopted thus easing the reflective burden and directing a pragmatic stance so that action can work on the task. The context of research dictates the acceptability of this and it is this context which often declares the productive purpose of the research whether for example a PhD or research council funded project. In such cases, the declaration of aims and objectives and hypotheses constitutes the expectation of what the nature of the world is and what can be found in it. In reality, methodology should reflect on its own assumptions. This seldom happens as the assumptions are embedded in the research purpose. The norm states that the purpose requires the details of the current assumption rather than the validity of that assumption. It is at this point where the assumptive norms are called into question and reflection must take place.

In all research the choice of appropriate methodology is critical and should be settled in advance of empirical enquiries (Vogt, 2008). Research has a view of method which requires us to be in control of our inquiry (Bell, 2005). This methodological assumption is based on the belief that in order to say something meaningful we must be able to compare our outcomes with our stated objectives. Such management is critical in funded research where objectives need to be achieved and the returns from the funding are measured against this. In addition any entry into a process without such rigour and control would be regarded as poor research planning. Thus in this normed research world it is critical to create a predefined output.

In this research it was considered essential that the developer themselves was given a voice. This research followed the interpretivist tradition, and using a narrative approach aimed to understand the world of commercial property development through an “…examination of the interpretation of that world by its participants”; this forms the grain (Bryman, 2001, p. 264). This approach was developed through stage one
interviews where it became apparent that in response to unstructured questioning participants offered concrete, time specific, examples in the form of narratives, thus providing a rich source of insight into the actions and events which impact on the individual’s behaviours (Czarniawska, 2004). The development process can be described as a series of events (Gore and Nicholson, 1991; Healey, 1991), or using Czarniawska’s (2004) terminology, plots or episodes, which are brought together to provide a conclusion; the finished building. Narrative accounts, as related by the protagonist (the developer), connect these episodes either temporally or causally. All data collected before the crisis was presented in the form of causal ending-embedded narratives. However, the case study method, which was to be used to for stage two data collection, would have generated temporal outcome-embedded narrative, thus giving a clearer vision of the route to successful development.

The economic crisis raised problems with our planning and objectives and caused the context of our research to change and unavoidably to an extent our methodology. None-the-less, descriptions of events are inevitably time bounded, thus we believe that the ‘catch all’ mindset of the narrative process employed maintains its appropriateness even across instability. Our methodological problem became giving this meaning as to the connection between the narratives before and during the crisis.

DISCUSSION

The research started from the limited literature on property developers and property development and formed much of the preunderstanding of the inquiry of how the property industry is formed and changes (Marriott, 1989; Barkham, 2005; Guy and Henneberry, 2002); however, we have now recognised that the literature relates to the norm and does not correlate with developers’ enacted behaviour in "uncertain times". The actors themselves referred to some of this literature as part of their understanding of their pre-crisis worlds. The literature itself engaged with financial and development process models and property cycles that established a constancy of direction to the enterprise. The research saw inadequacies in this and identified a lack of literature about the individual developer and the nature of the development task being presented as financial manipulation. Drawing on Barkham (1997) and Fisher (2005) the literature base was enhanced by reference to entrepreneurship and to social networks which provided a relevance to the area of interest.

As participants explained and reflected upon their practice they were more likely to tell stories of unusual events rather than their everyday, routine practices; as these narratives are developed and refined the narrator or performer, whether consciously or unconsciously, compared the ongoing story with previous experiences so as to avoid repeating mistakes; it is this final version that is shared with the researcher (Czarniawska, 2004). As stated earlier it was acknowledged that subjects are likely to offer the data they think the researcher is looking for. Therefore, some of the context dependant experiences which the researcher sought may have been embedded in the participants’ everyday practices and may not have appeared significant to them. In cases of extreme instability data collection may be challenging; it is difficult to elicit descriptions of reality from individuals who are unaware or unaccepting of their reality. "The paradox is that, at this time, reality mutes their reality" (Morse, 2000, p.540).

The research determined that trader developers worked in the short term and were different from property companies who had a long-range view of the property market. They saw themselves as entrepreneurs and operated in a world that had an enormous
range of participants from which they gleaned knowledge, created opportunities and induced action. Interviews suggested that speculative developments could change according to events. Thus the validity of the conventional models (the norms) was questioned as they pertain to the trader developer. In order to verify or question the process models highlighted in the literature it was considered germane that we conducted a series of case studies to test these ideas (see Fisher and Collins, 1999 and Fisher, 2005). However, as new projects ground to a halt this ceased to be a plausible option.

All the participants in this study had upwards of 20 years experience in the property industry and had worked through previous cycles. However, in the major slump of the nineties only one had been an active developer and possessed the expertise and understanding that can only be derived from hands-on familiarity. In their role as developers the others were unfamiliar with their current everyday worlds. Despite their years of practice and our assumption of their expertise, we acknowledge that “no-one knows the future and cannot expect to have more than a limited range of expertise” (Ball, 1998, p.1504). In a second round of interviews developers gave us an insight into how they are dealing with change. Our interview data is consistent with Ball (1998), who maintains that trader developers thrive on risk; participants revealed that when the market is in crisis “successful” trader developers change their working ethos to fit the current climate and adjust their practices accordingly; they deviate from their previous specialisms and perform a wider range of activities whether it involves development or not; behaving like traders.

One developer reflected on the different opinions voiced by colleagues regarding proposed future company activity; this he saw as dependant the individuals’ previous experiences and their professional positioning during the last property slump. Some participants declared that were their business to “go to the wall” they would return to agency work assuming the role of developer anew once the cycle began to climb again, only this time with more experience and stronger networks. This added expertise they believed would increase the likelihood of their weathering any future property slump. This caused us to ask whether what developers told us earlier has a different meaning in relation to what they are telling us now. Did we need to see this as two separate contexts and two separate theories or could we see it as a continuum?

Early assumptions regarding the suitability of participants as ideal examples was proven to be erroneous (Flyvbjerg, 2001), never-the-less, it was considered a valuable opportunity to measure the reactions of individuals who under ‘normal’ conditions would be characterised as experts. This raised the question as to the validity of our original findings about what developers do.

This research found that property development may not work within the norms set by the literature and our preunderstanding. What is really happening in property development is much more influenced by short term and detailed actions which are poorly represented in economic and process models which are the norm. The methodological requirements hindered the observation of this and the crisis challenged the methodology. Developers have a more broad brush approach to their practice and their outlook allows them to find meaning and business opportunities in what they see as interesting times.
CONCLUSIONS

The paper explored the methodological problems of research made apparent from a substantive change in context using the example of research into property developers and the financial crisis, which called into question the initial assumption against which the research was constituted. All research is undertaken within a wider normal context which both supports the area of the research and also frames the method and questions of the inquiry. This preunderstanding leads to defining the variables of interest and the normal dynamic. It is against this preunderstanding that the method of research is devised and questions that need to be asked in the inquiry in order to deliver a greater understanding are identified and developed. The ability of research to provide a meaningful understanding is methodologically limited by this preunderstanding. This is extended to how results are theorised and where they might be useful. In a rigid process of inquiry, major changes in context completely devalue research. In this case a new insight was achieved both about the area of interest and about the nature of research. It is concluded that a greater awareness of preunderstanding is needed in research. We have learned something extra from it - that methodology requires a stability to it, but we have learned something about unstable (interesting) times. We have done the thing in research terms that developers do, we’ve ridden the wave of dramatic change.

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