RESEARCH PAPER

INVESTMENT IN KENYA'S HOUSING SECTOR

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ABSTRACT

The major problem currently facing the Kenya economy is the high population growth rate with its direct implications on basic needs and employment. The low rate of housing investment flows as resulted in housing shortages adding pressure on the already inadequate level of dwellings. The solution of the problem rests particularly on the knowledge of the Housing investment function in Kenya.

The purpose of this study is to examine the investment function of housing sector in Kenya's economy from an economic perspective; the investment function will be characterized by various factors that affect housing investment such as credit availability, income, housing stock and construction cost on the housing sector.

A time series data will be used to estimate the investment functions. The basic data under analysis are gross capital expenditure in housing, output or income. Construction costs index and the stock of houses in Kenya. These data will be obtained from secondary sources mainly from official publications and annual reports on the housing sector. Gross housing investment data to be taken directly from capital formation tables. Income from housing to be obtained taking income contributed by the housing sector towards GDP. Change of income to be taken from the differences in income between two consecutive years.