

**FACTORS INFLUENCING GROWTH AND INVESTMENT IN THE
REAL ESTATE INDUSTRY**

(A CASE OF NAIROBI COUNTY)

BY

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ABSTRACT

Real estate industry is recognized globally for taking a critical role in social, political and economic development. The real estate industry plays primal role in providing employment opportunities, enhancing income distribution and alleviating poverty all over the world. However, the real estate industry in Kenya continues to fail to fulfill this fundamental role due to a number of unique factors that affect investment in the sector. The aim of this study was to examine factors that influence investment in the real estate industry in Nairobi. The factors identified in this study include financial, government policies, and marketing factors. The research design employed by the study was descriptive research. The target population was all licensed real estate enterprises located in Nairobi. Questionnaires were used to collect data. The completed questionnaires were analyzed using SPSS and findings presented using tables summarized according to the common themes. All the tested variables were significant as all of them had a p value of less than 0.05 at 99% confidence interval level (2tailed). From the correlation analysis it was observed that government factors had the greatest impact of real estate investment with a correlation value of 0.717 followed by marketing factors with a correlation value of 0.656 and finally financial factors. From the study it was concluded that all the real estate investment firms are Work towards reducing the housing deficit in the city of Nairobi which currently is and stands at 410units a day. The study also concluded that although deregulation of this sector is a necessary condition for revival of a healthy real estate investment sector, deregulation cannot by itself ensure that a full range of real estate investment accommodation is provided. The study recommended that in order to increase their competitive advantage, there is need for real estate investment companies to adopt newer technologies for building and construction as the Government of Kenya has already authorized use of such technologies and is at the same time promoting their use, especially within Nairobi. Further research should be carried to determine whether a more deregulated housing market will result in greater provision of low-rent housing.