

**FACTORS AFFECTING GROWTH OF MORTGAGE FINANCE IN KENYA
(A CASE STUDY OF KENYA COMMERCIAL BANK)**

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ABSTRACT

Growth of mortgage finance industry is a critical development issue facing most emerging economies around the globe up to date, thus this study seeks to examine whether the following factors; income, credit constraints and government policies and regulations hold back growth of this sector so as to able to find means to mitigate effects of these factors. The study was descriptive in nature and it applied both primary and secondary sources of data. The study also targeted 30 employees from KCB City hall branch in Nairobi and this was achieved by administering questionnaire. A sample of 30 employees from the population was picked by the use of random sampling techniques. The research also involved the use of relevant information from the past and current events. After collecting the data, it was processed through classification and tabulation using Microsoft excels and descriptive statistics and presented using tables, graphs and charts. The research findings indicate that the level of income is the main factor that affects growth of mortgage finance in Kenya. Mortgage institutions customarily provide housing finance to middle and high income segment of the population leaving the low income earners who make the majority of the population. Credit constraints in the country are also to blame for slow development and growth of mortgage industry in Kenya. The study found out that rising of down payment is a major challenge to many borrowers thus limiting growth of mortgage finance. The research recommends that the amount of income available to low income earners should be increased in order to improve the growth of mortgage finance, several outdated legal and regulatory frames must also be dealt with to ease the process of assessing the mortgage loan thus boosting the growth of mortgage finance in Kenya. Mortgage finance institutions should also offer a low minimum down payment for the growth of mortgage finance in Kenya.