



EFFECT OF REAL ESTATE INVESTMENT ON ECONOMIC GROWTH IN KISII COUNTY, KENYA

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Abstract

Real Estate Investment Trust is an investment vehicle for real estate that is comparable to a mutual fund, allowing both small and large investors to acquire ownership in real estate ventures, own and in some cases operate commercial properties such as apartment complexes, hospitals, office buildings, timberland, warehouse, hotels and shopping malls. This study focuses on whether; real estate investment trust in residential, commercial and industrial sector has any effect on economic growth of Kisii County, Kenya. The study found out that the majority of the property owned by real estate developers in Kisii County is for residential use, the majority of the respondents have been in business between 3-5 years, many real estate investors started their business with the help of personal savings, the majority enter into real estate business because of the rise in property investment, there is no investor who used less than Kshs. 20,000 as the startup capital, thus implying that many real estate investors used more than Ksh 80,000 as initial capital to invest, most real estate investments are owned by owners, there has been growth immensely since the investor started the business and that is why so many have ventured into the business, increase in lease charges has led to increase in real estate business, the increase in clientele has motivated many to venture into real estate in Kisii County and it also found out that the real estate investment in Kisii County is in demand hence there is growth.

Keywords: Economic Growth, Real Estate Investment

INTRODUCTION

Real estate is classified among the real assets and its examples include; undeveloped land, rental houses, office buildings, retail stores and factories. Three broad categories of real estate based on use include; Residential, Commercial and Industrial real estate investments. Real estate investment trusts were created in the United States when president Dwight D. Eisenhower signed into law the Real estate investment trust Act title contained in cigar exercise tax extension of 1960.

According to KIM journal (Nov-Dec 2007) vision 2030, it is estimated that over 80% of Kenyan population will have migrated from rural areas to urban centers, meaning that that shelter is one of their basic needs. Presently, slum dwellers are one third of the urban dwellers population whereby Kenya's Kibera slum is one of the largest dwelling in Africa yet only approximately three million people are urban dwellers. Hence as more rural urban migration occurs more houses, well constructed must be built to combat slum uprising problem. The real estate industry must be supported and it will have to grow at a faster pace that it currently does. The Kenya industry is benefiting from economic growth of the country and the inflow of foreign aid is being regarded as a very promising venture. The government is also heavily investing in this industry in various ways such as the inclusion of the ministry of housing in the Government body, availing of funds to the housing ministry; enforcement of laws to do urban planning, regulatory laws in license permits (Homes Expo Kenya, 2012).

Kenya is one of the most developed economies in East Africa, with a vibrant housing finance sector and a booming property market. Over the years, macroeconomic reform has led to greater economic stability, making the country a prime investment destination in the region.

In the last decade, Kenya's real estate has been very resilient. The real estate boom survived the 2008 Post Election Violence and global financial crisis that crippled other sectors of the economy such as tourism and agriculture. According to the Housing Finance in Africa study by Centre For Affordable Housing Finance in Africa Indicators within the construction industry likewise point to a construction boom. Low-end real estate housing has posted a market value increase of a staggering 200 percent since 1998, and has gained the reputation of providing fantastic profits. It further states that the Kenyan diaspora have also contributed to the boom, responsible for almost 35 percent of the mortgage loan volume as non-owner occupied borrowers with suppliers of housing finance across the board having recorded healthy profits over the past couple of years because of this upward turn in the property market. Nairobi alone requires approximately 150,000 new housing units per year against a maximum construction of about 10,000 units per year Mbugua

(2004).

Since the number of real estate investors in Kisii County is growing rapidly it is estimated that Prices for commercial space have more than doubled in the last four years with office space costing twice as much. The high demand has been triggered by residential, commercial and industrial real estate investors comprising of large corporate institutions such as banks, supermarkets, industries, universities and colleges in town which normally require huge space.

Statement of the Problem

Despite recent indication that the real estate business in Kenya is performing well, there is evidence that certain challenges still persist. These include amongst others, social, economic, cultural, legal and personal factors. This has led to stalled projects and unoccupied complete properties. Based on this well informed research gap, this study, therefore, examines the effects of real estate investments on economic growth of Kisii County, Kenya.

Objectives of the Study

The general objective of the study is to establish the effects of Real Estate Investment on economic growth in Kisii County, Kenya.

The specific objectives of the research were to:

- i) Establish the effects of residential real estate investments on economic growth.
- ii) Find out the effects of commercial real estate investments on economic growth.
- iii) Assess the effects of industrial real estate investments on economic growth.

Significance of the Study

The study intends to provide the political class, the policy makers, the economic drivers and other interested groups the insight reflection of real estate investment trust in an effort to boost economic growth. The study also intends to explore on the role played by investors in poverty eradication. The study also looks forward to lay foundation for further scholarly pursuits along this discipline and to compare real estate investment trust with poverty eradication in Kisii County.

LITERATURE REVIEW

Theories that were used to explain the variables of this study are;

Modern portfolio theory, It assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one Harry Markowitz, (1952).

Arbitrage pricing theory, the theory holds that the expected return of a financial asset can be modeled as a linear function of various macro-economic factors or theoretical market indices, where sensitivity to changes in each factor is represented by a factor-specific beta coefficient Stephen Ross, (1976).

Conceptual Framework

Independent Variables

Dependent Variable

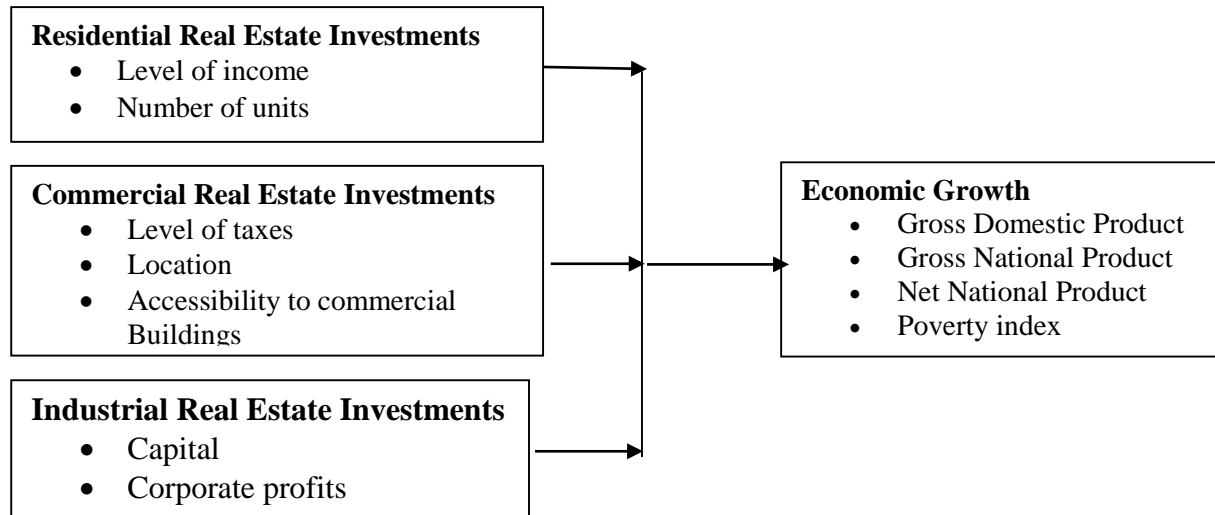


Fig 1: Conceptual Framework

RESEARCH METHODOLOGY

The study used descriptive survey with target population being 1700 real estate developers in Kisii County. The study used sampling since the target population is accessible and easily manageable. So the sample size was therefore a sample of 325 Real Estate Investors. Data was collected from primary sources using structured instrument question and interview. Inferential statistics and Quantitative analysis was performed to analyze the data.

RESULTS AND DISCUSSION

i. Residential Real Estate Investors

Nature of Respondent's Business

The study sought to find out the nature of the business the respondents owned. The results are shown in the table 1.

Table 1: Nature of Respondent's Business

Nature of Business	Frequency	Percent
residential	140	53.85
commercial	119	45.77
industrial	1	0.38
Total	260	100

The findings indicate that, 53.85% of the respondents are residential owners, 45.77% are commercial owners and 0.38% are industrial owners.

The findings indicate that most of the respondents are residential in Kisii County. From these findings we can deduce that majority of the property owned by respondents was residential.

Services offered by the Respondents

The study sought to know the kind of services offered by the respondents. The results are shown in figure 2.

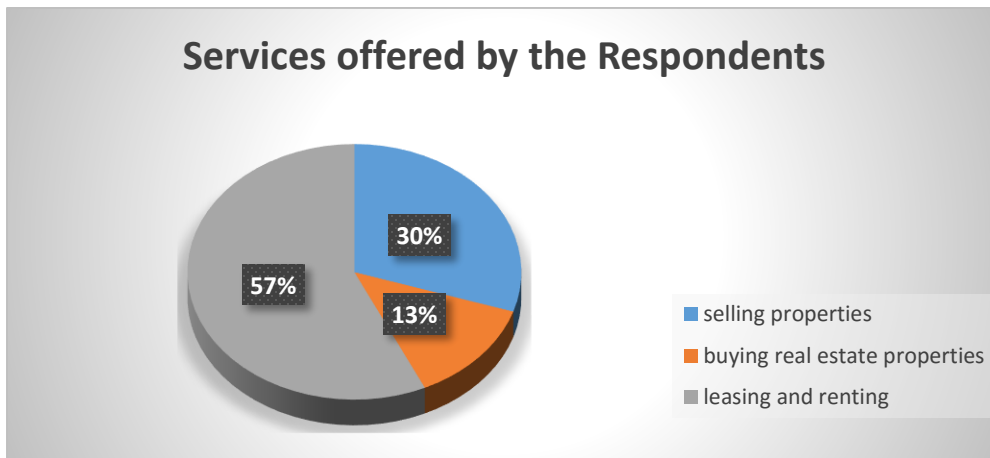


Figure 2: Services offered by the Respondents

From the figure, 57% of the respondents indicated that they do leasing and renting of property, 30% do selling of properties while 13% of the respondents do buying real estate properties.

The findings indicate that most of the real estate developers in Kisii County do leasing and renting of property.

Length of investment

The study further sought to find out the duration the respondents have been in business. The results are shown in table 2.

Table 2: Length of Investment

Length of investment	Frequency	Percent
less than 2years	43	16.5
3-5 years	96	36.9
5-10 years	83	31.9
more than 10years	38	14.6
Total	260	100

The table shows that, 36.9% of the respondents have been in business for 3-5 years, 31.9% have been in business for 5-10 years, and 16.5% for less than 2 years and 14.6% have been in business for more than 10 years.

Findings indicate that the majority of the respondents have been in business between 3-5 years. This implies that they are not old enough in business.

Source of finance

The study sought to find out the source of finance for the respondents business. The findings are shown in table 3.

Table 3: Source of finance

Source of financing	Frequency	Percent
personal savings	111	42.7
profits from other businesses	69	26.5
loans	80	30.8
Total	260	100

The table shows, 42.7% of the respondents started the business through their personal savings 30.8% started through loans and 26.5% started through profits from other businesses.

From these findings we can conclude that many real estate investors started their business with the help of personal savings.

Reasons for investing in real estate business

The study was set to find out why the respondents decided to venture into real estate. The findings are represented in figure 3.

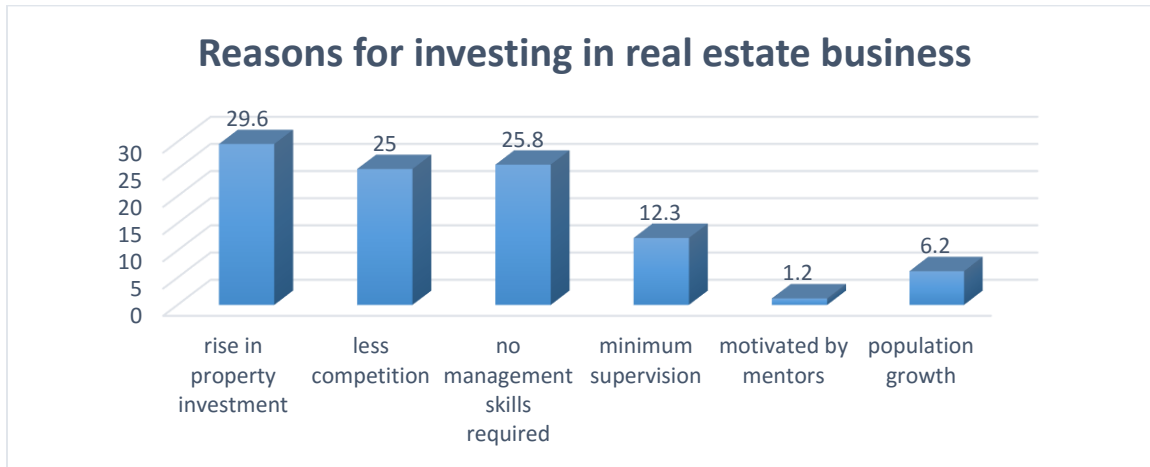


Figure 3: Reasons for investing in real estate business

According to the findings 29.60% indicated rise in property investment, 25% indicated less competition in the real estate industry, 25.80% indicated less demanding in terms of management, 12.30% indicated the real estate business requires minimum supervision as their reason for investing in this business, 1.20% indicated that they were motivated by their mentors and 6.20% indicated that they were motivated by the population growth. Thus from the findings we can conclude that the majority enter into real estate business because of the rise in property investment.

Business Ownership

The study further wanted to find out who owns the business. The findings from the study are represented in table 5.

Table 5: Business Ownership

	Frequency	Percent
own self	164	63.1
family owned	76	29.2
joint venture	20	7.7
Total	260	100

From the table above, 63.1% of the respondents indicated that they own the business themselves, 29.2% indicated that their families own the business and 7.7% indicated that the business is owned by a joint venture. This means that most real estate investments are owned by owners.

Investment Strategy

The researcher set out to determine the respondents' investment strategy in the real estate. The findings are shown in table 6.

Table 6: Investment Strategy

	Frequency	Percentage
Short Term	10	3.85
Long Term	200	76.92
Both	50	19.23
Total	260	100

From the findings, 76.92% of the respondents indicated that their investment strategy is long term, 19.23% indicated that theirs is both (long term and short term) while 3.85% indicated short term. Therefore, it implies that most the respondents are into long term investment strategy.

Motivators for Investing in Real Estate

The study further wanted to find out what motivates the respondents to invest in real estate. The findings are shown.

Table 7: Motivators for Investing in Real Estate

	Frequency	Percentage
Retirement	22	8.46
Cash Flow	180	69.23
Life Style Change	10	3.85
Vacation	8	3.08
Career Change	40	15.38
Total	260	100

From the table, 69.23% of the respondents indicated that they were motivated by cash flow to invest in real estate, 15.38% are motivated by career change, 8.46% are motivated by retirement, and 3.85% are motivated by life style change while 3.08% are motivated by vacation.

This implies that most of the respondents are motivated by cash flow that is why they have invested in real estate.

ii. Commercial Real Estate Investment

Nature of Respondent's Business

The study sought to find out the nature of the business the respondents owned. The results are shown in the table 8.

Table 8: Nature of Respondent’s Business

Nature of Business	Frequency	Percent
residential	140	53.85
commercial	119	45.77
industrial	1	0.38
Total	260	100

From the table above, 53.85% of the respondents are residential owners, 45.77% are commercial owners and 0.38% are industrial owners.

The findings indicate that most of the respondents are residential in Kisii County. From these findings we can deduce that majority of the property owned by respondents was residential.

Services offered by the Respondents

The study sought to know the kind of services offered by the respondents. The results are shown in figure 6.

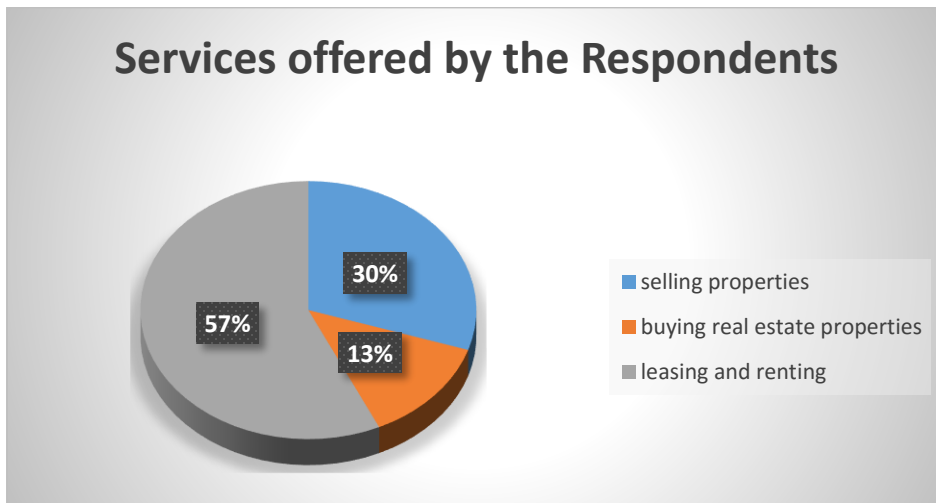


Figure 6: Services offered by the Respondents

From the figure, 57% of the respondents indicated that they do leasing and renting of property, 30% do selling of properties while 13% of the respondents do buying real estate properties.

The findings indicate that most of the real estate developers in Kisii County do leasing and renting of property.

Length of investment

The study further sought to find out the duration the respondents have been in business. The results are shown in table 9.

Table 9: Length of Investment

Length of investment	Frequency	Percent
less than 2years	20	16.5
3-5 years	44	36.9
5-10 years	38	31.9
more than 10years	17	14.6
Total	119	100

The table shows that, 36.9% of the respondents have been in business for 3-5 years, 31.9% have been in business for 5-10 years, and 16.5% for less than 2 years and 14.6% have been in business for more than 10 years.

Findings indicate that the majority of the respondents have been in business between 3-5 years. This implies that they are not old enough in business.

Source of finance

The study sought to find out the source of finance for the respondents business. The findings are shown in table 10.

Table 10: Source of finance

Source of financing	Frequency	Percent
personal savings	51	42.7
profits from other businesses	32	26.5
loans	36	30.8
Total	119	100

From the table above, 42.7% of the respondents started the business through their personal savings 30.8% started through loans and 26.5% started through profits from other businesses.

From these findings we can conclude that many real estate investors started their business with the help of personal savings.

Reasons for investing in real estate business

The study was set to find out why the respondents decided to venture into real estate. The findings are represented in figure 7.

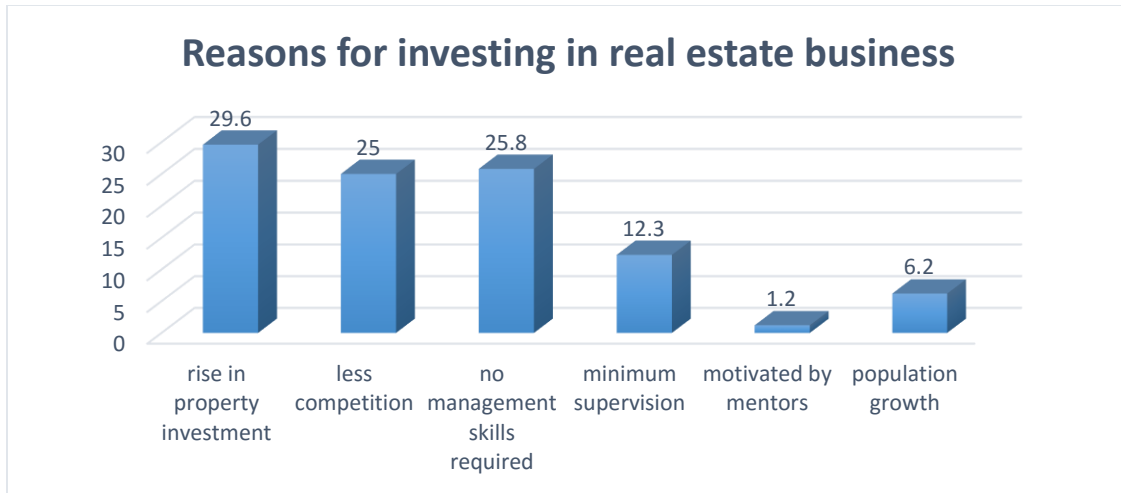


Figure 7: Reasons for investing in real estate business

According to the findings 29.60% indicated rise in property investment, 25% indicated less competition in the real estate industry, 25.80% indicated less demanding in terms of management, 12.30% indicated the real estate business requires minimum supervision as their reason for investing in this business, 1.20% indicated that they were motivated by their mentors and 6.20% indicated that they were motivated by the population growth. Thus from the findings we can conclude that the majority enter into real estate business because of the rise in property investment.

Figure 4.1: Amount of startup capital

Business Ownership

The study further wanted to find out who owns the business. The findings from the study are represented in table 11.

Table 1: Business Ownership

	Frequency	Percent
own self	75	63.1
family owned	35	29.2
joint venture	9	7.7
Total	119	100

From the table, 63.1% of the respondents indicated that they own the business themselves, 29.2% indicated that their families own the business and 7.7% indicated that the business is owned by a joint venture. This means that most real estate investments are owned by owners.

Investment Strategy

The researcher set out to determine the respondents' investment strategy in the real estate. The findings are shown in table 12.

Table 12: Investment Strategy

	Frequency	Percentage
Short Term	6	3.85
Long Term	91	76.92
Both	22	19.23
Total	119	100

From the findings, 76.92% of the respondents indicated that their investment strategy is long term, 19.23% indicated that theirs is both (long term and short term) while 3.85% indicated short term. Therefore, it implies that most the respondents are into long term investment strategy.

Motivators for Investing in Real Estate

The study further wanted to find out what motivates the respondents to invest in real estate. The findings are shown in table 13

Table 13: Motivators for Investing in Real Estate

	Frequency	Percentage
Retirement	10	8.46
Cash Flow	82	69.23
Life Style Change	5	3.85
Vacation	4	3.08
Career Change	18	15.38
Total	119	100

The findings indicate that, 69.23% of the respondents indicated that they were motivated by cash flow to invest in real estate, 15.38% are motivated by career change, 8.46% are motivated by retirement, and 3.85% are motivated by life style change while 3.08% are motivated by vacation. This implies that most of the respondents are motivated by cash flow that is why they have invested in real estate.

iii. Industrial Real Estate Investment

Nature of Respondent's Business

The study sought to find out the nature of the business the respondents owned. The results are shown in the table 14.

Table 2: Nature of Respondent's Business

Nature of Business	Frequency	Percent
residential	140	53.85
commercial	119	45.77
industrial	1	0.38
Total	260	100

Effects on Economic Growth of Kisii County

The study sought to assess the study objective using data collected on a 5-point Likert Scale and the results accompanied the corresponding objectives. The study used the scale; Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4 to measure the independent variables and dependent variable. The study further obtained a mean for each indicator for each variable (both independent variables and dependent variable) and another mean the respective variable. The ordinal data was moderate to obtain the mean statistics; 0 – 0.8 for not at all; above 0.8 – 1.6 for Low; above 1.6 – 2.4 for Moderate; above 2.4 – 3.2 for High; and above 3.2 – 4.0 for Very High for the independent variables. The interpretation was first based on the Likert scale and then checked against the mean for clarity.

Economic Growth of Kisii County

The study sought to establish the status of economic growth of Kisii County. Data collected on a 5-point Likert Scale (Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4).

	Frequency	Percent
Not At All	22	8.49
Low	60	23.17
Moderate	41	15.83
High	84	32.43
Very High	52	20.08
Total	259	100.00

Mean = 2.42

The results in table 14 show that most of the respondents, who formed 32.43%, indicated that they showed that economic growth of Kisii County due to real estate investments was high. The mean obtained from that statement that was 2.42, an indication that there was high economic growth of Kisii County resulting from real estate investments.

Effects of Real Estate Investments on Economic Growth of Kisii County

The study assessed its objectives; To establish the effects of residential real estate investments on economic growth of Kisii County, To find out the effects of commercial real estate investments on economic growth of Kisii County, To assess the effects of industrial real estate investments on

economic growth of Kisii County.. Data collected on a 5-point Likert Scale. The results obtained were recorded in table 15.

Table 15: Effects of Real Estate Investments on Economic Growth of Kisii County

Effect	Not All	At Low	Moderate	High	Very High	Mean
Residential real estate investments	9.70	14.70	18.20	34.10	23.30	2.47
Industrial real estate investments	6.20	9.60	12.30	33.80	38.10	2.88
Commercial real estate investments	5.80	15.40	21.60	34.00	23.20	2.53
Overall	7.23	13.23	17.37	33.97	28.20	2.63

The results showed that most of the respondents, who formed 34.10%, indicated that residential real estate investments highly affected economic growth of Kisii County. This was supported by the mean of 2.45, indicating that the real estate investments highly affected economic growth of Kisii County. The results showed most of the respondent, who formed 33.80%, indicated that the industrial real estate investments highly affected economic growth of Kisii County as supported by Mean of 2.88. The results in the table show that a majority of 34.00% of the respondents indicated that the commercial real estate investments highly affected economic growth of Kisii County. The mean was 2.53, which was indication that the commercial real estate investments highly affected economic growth of Kisii County. Overall, all the variables; residential real estate investments, industrial real estate investments, and commercial real estate investments highly affected economic growth of Kisii County (Mean = 2.63) and as most of the respondents who formed 33.97% show that this was the case.

Inferential Analysis

The study sought to establish whether the independent variables; residential real estate investments, commercial real estate investments and, industrial real estate investments were predictors of dependent variable, economic growth of Kisii County. The study therefore tested for existence of significant relationship between the independent variable and the dependent variable. Multiple regressions was carried out to estimate a model that explains economic growth of Kisii County in terms of residential real estate investments, commercial real estate investments and, industrial real estate investments.

Diagnostic Tests on Study Variables

Before estimating the model, the study first tested for the existence of multi-collinearity in the independent variables to ensure that no variable in the model that was measuring the same relationship as was measured by another variable or group of variables. Mutli-collinearity exists when Variance Inflation Factor is greater than 10 and Tolerance is less than 0.1. The results obtained were captured in table 16.

Table 16: Results of Multi-collinearity Tests on Independent variables

Study Variable	Collinearity Statistics	
	Tolerance	VIF
Residential real estate investments	.633	1.579
Commercial real estate investments	.693	1.442
Industrial real estate investments	.669	1.494

The results in table 16 showed that the tolerance for; Residential real estate investments was 0.633; Commercial real estate investments was 0.693; and Industrial real estate investments was 0.669. The tolerance for all predictor variables were greater than 0.1 or 10%, so the study concluded that there were no multi-collinearity among them. So the estimators computed were considered reliable to estimate the model.

Regression Model

The study first carried out correlation analysis, using Pearson correlation to establish whether there was any relationship between the independent variables and the dependent variable. The results were recorded in table 17.

Table 17: Correlation Analysis

		Economic Growth	Residential real estate investments	Commercial real estate investments	Industrial real estate investments
Economic Growth	Pearson Correlation	1	.581**	.406**	.548**
	Sig. (2-tailed)		.000	.000	.000
	N	259	257	259	258
Residential real estate investments	Pearson Correlation	.581**	1	.512**	.532**
	Sig. (2-tailed)	.000		.000	.000
	N	257	258	258	257
Commercial real estate investments	Pearson Correlation	.406**	.512**	1	.463**
	Sig. (2-tailed)	.000	.000		.000
	N	259	258	260	259
Industrial real estate investments	Pearson Correlation	.548**	.532**	.463**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	258	257	259	259

** . Correlation is significant at the 0.01 level (2-tailed).

The results in table 17 show that the relationship between each independent variables and dependent variable was high since the correlation coefficient (r) for each comparison between an independent variables and dependent variable was greater 0.5 except for between commercial real estate investments and economic growth which was .406. The result show that residential real estate investments had the highest relationship (r = .581), followed by industrial real estate investments (r = .548), and lastly commercial real estate investments(r = .406).

The results of correlation analysis in table 4.11 also show that all the independent variables; Residential real estate investments, Commercial real estate investments, Industrial real estate investments, were significantly related to economic growth of Kisii County, since the p-value for each was less than 0.05. From the results; real estate investmentshad the highest relationship (r = .581, p-value = .000), commercial real estate investments(r = .406, p =.000), and industrial real estate investments (r = .548, p-value = .000) were significantly related to economic growth of Kisii County.

Multiple regression was then carried out on the independent variables (residential real estate investments, commercial real estate investments, and industrial real estate investments) against the dependent variable (economic growth of Kisii County) to estimate the model, since they had shown to have a significant relationship.

The independent variables and dependent variable were then regressed to estimate the study model. The analysis used the model was

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon \dots\dots\dots (ii)$$

Where: Y = economic growth units

X₁ = Residential real estate investments,

X₂ = Commercial real estate investments, and

X₃ = Industrial real estate investments

Model *a* is the constant term while the coefficient β_1 to β_3 are also constants and they are used to measure the sensitivity of the dependent variable (Y) to unit change in the explanatory variable (X₁, X₂ and X₃).

The study first obtained an Analysis of Variance and these results are captured in Table 18.

Table 18: Analysis of Variance (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	178.685	3	59.562	64.963	.000 ^b
Residual	231.049	252	.917		
Total	409.734	255			

a. Dependent Variable: Economic Growth

b. Predictors: (Constant), Industrial real estate investments, Commercial real estate investments, Residential real estate investments

The study carried out a regression analysis and the result shown in table 19.

Table 19: Results of Regression of Economic Growth and its Determinants

			Coefficients ^a				
			Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
(Constant)			.237	.177		1.340	.018
Residential	real	estate	.364	.060	.362	6.096	.000
investments							
Commercial	real	estate	.078	.061	.073	1.278	.020
investments							
Industrial	real	estate	.375	.063	.344	5.942	.000
investments							

a. Dependent Variable: Economic Growth

From table 19, the estimated equation is;

$$Y = .237 + .364X_1 + .078X_2 + .375X_3 \dots\dots\dots (ii)$$

The table showed that all the variables; residential real estate investments, commercial real estate investments, and industrial real estate investments had positive coefficients, which showed that they were directly proportional to economic growth of Kisii County. This means that an increase in any of independent variables; residential real estate investments, commercial real estate investments, or industrial real estate investments lead to increase economic growth of Kisii County and any decrease in any of independent variables; residential real estate investments, commercial real estate investments, or industrial real estate investments would lead to decrease in economic growth of Kisii County.

The study then analyzed the study model for the economic growth of Kisii County in terms of residential real estate investments, commercial real estate investments, and industrial real estate investments. The results were recorded in table 20.

Table 20: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.893 ^a	.797	.796	.232	.797	64.963	3	252	.000

a. Predictors: (Constant), Industrial real estate investments, Commercial real estate investments, Residential real

The results in table 20 indicated that 79.6% of variation in economic growth of Kisii County is explained by residential real estate investments, commercial real estate investments, and industrial real estate investments. In conclusion, all the three independent variables (residential real estate investments, commercial real estate investments, and industrial real estate investments) could predict the dependent variable (economic growth of Kisii County).

Summary of Findings

Findings show that the majority of the property owned by real estate developers in Kisii County's for residential use. This suggests that the majority of residents in Kisii County they prefer residential properties more than commercial and industrial. The findings indicate that most the real estate developers in Kisii County do leasing and renting of property. This is evident since the population of Kisii County is growing very fast hence demand for property is growing at a very high rate. This is the more reason as to why many are investing more into residential property than other properties. Findings have it that the majority of the respondents have been in business between 3-5 years. This is because in one decade ago there was no high demand like it is now. Due to demand, a lot of people have resorted to venture into the business to supply and meet the high demand in the market (Kisii County).

Further the findings denote that many real estate investors started their business with the help of personal savings. Due to the growth of Kisii County many resorted to use their savings to venture into real estate investment. Findings deduce that the majority enter into real estate business because of the rise in property investment. The findings indicate that there is no respondent who used less than Kshs. 20,000 as the startup capital, thus implying that many real estate investors used more than eight thousand as initial capital to invest. Kisii County is not expensive compared to other big counties like Nairobi Kisumu and Mombasa. The study findings also indicate that most real estate

investments are owned by owners. That is they are owned by one person per property. There are no many partners in the industry.

Findings further indicate that there has been growth immensely since 2007 and that is why so many have ventured into the business. The findings also note that increase in lease charges has led to increase in real estate business. Findings indicate that the increase in clientele has motivated many to venture into real estate in Kisii County. Findings indicates that the real estate investment in Kisii County is in demand hence there is growth.

Conclusions

The study concludes that growth has been the major contributor to the demand for property in Kisii County. This is because there has been significant growth since 2007 that has really facilitated the growth of real estate investment. The growth is also due to the increase in clientele and also increase in assets/investments. Also the study concludes that the startup capital is friendly hence a good contributor to growth of real estate in Kisii County.

Areas for Further Research

Based on the findings above, the study recommends the following areas for further research:

1. The impact of the cost of finance on the construction industry.
2. The effect of the population growth on real estate development.

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