

Determinants of Urban Housing Choice in Debre Berhan Town, North Shewa, Amhara Region, Ethiopia

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Abstract

Shelter is one of the main desires of mankind and it is by far very important for the physical survival of man. The adequacy and excellence of housing is a testament to productivity, happiness and satisfaction. However, in Ethiopia, it is very difficult to build a house of your own or buy or even rent one. Therefore, the main objective of this paper is to examine the determinants of urban housing choice in the town of Debre Berhan, Amhara Regional State, Ethiopia. This study shows that socioeconomic and institutional factors are the determinants of urban housing choice. The paper recommends future studies focusing on the challenges and prospects of urban housing. Increase the ability to provide quality and quantity housing at low prices.

Introduction

Housing has evolved from simple shelters into modern housing units. It is the largest investment in fixed capital and serves as a hub of economic activity, a symbol of success, social acceptance and a driver of urban growth [1]. Besides, housing choice can be defined as the ability to choose a preferred alternative from a set of distinct alternative housing units [2]. Africa in general and sub-Saharan African countries in particular, rapid urban population growth, urbanization, precarious financial situation of city dwellers, poor governance and availability of raw materials are the reason for the increase in demand for urban housing. Ethiopia is one of the least developed countries with low per capita income, higher population growth rate, rapid urbanization, dependence on imports, low investment in housing due to lack of financial resources and low supply of service land [3]. Many developing countries, about 40% of city dwellers live in rental housing. In Ethiopian municipalities, 39% of houses are owned by owners and about 40% of urban dwellings are rented to private households [4]. Previous research has shown that high cost of standard building materials, urbanization trends, building permit guidelines, areas remarked by master plan and the renewal deadline are the main factors leading to the low housing situation in Ethiopia. The main drivers of this situation are low household income, over-reliance on the public sector, poorly targeted subsidies, unsustainable government inputs and operations, bureaucratic land and frustration, severe shortage of construction materials and weak government incentives for private sector participation. In addition to the foregoing, access to limited credit, high interest rates and long-term financing (terms not exceeding 10 years) is extremely difficult for low-income earner to become homeowners in Ethiopia. Accordingly, over the years various studies have been conducted on determinants of housing choice in different parts of the world. For example, [5] on household demand in Kenya found that people are switching from renting to buying due to increasing household size and age of heads. The size of the household and the age of the head of the household are also important and have a positive effect on building your own home. Véronique Flamebard was conducted on housing selection in Lille, northern France; they found that age, income, household size and the ratio of rent to income are the factors that influences housing choices for

single-parent and double-income households. Olanrewaju AL and Woon TC [6] investigated the determinants of household choice for housing in Malaysia. Economic, architectural, income, accessibility, market and location factors have been found to be determinants of a household's housing choices. Lan H and Thi H [7] surveyed young households' housing preferences according to Stockholm's Stated Preference Approach. Housing prices, locations and living spaces have been found to be factors that influence young households' housing preferences. This paper therefore tries to review a study done on urban housing choice in Debre Berhan Town, North Shewa Zone, Ethiopia. The reviewed study is focused on socioeconomic and institutional factor that affect urban housing choice in the study area. Furthermore, this review is important to give more emphasis in reducing urban housing problem, in order to increase housing availability both in quality and quantity in urban area of the country, also maximize social welfare. The study's result confirms that, age of household head, gender of the household head, educational level of household head; access to credit, the price of the housing, years of residence and income of head are the determinants of urban housing choice in Debre Berhan Town, North Shewa zone.

Determinants of urban housing choice

Housing choice depends on different household, socio-economic and institutional related factors. From the study under review, the results from the model identified that the probability of constructing or purchasing house is significantly depends on age of household head, gender of the household head, educational level of household head; access to credit, the price of the housing, years of residence and income of head. Empirical studies conducted on urban housing choice noted that either constructing own house or purchasing house is very crucial to maximize the household satisfaction level by reducing the stated factor that limits housing choices in the study area.

Conclusion

Literature on areas of housing choice is considered as important for increasing the productivity of urban households. It's also important for marketing, as the home isn't the only place to live for the family. However, this survey focused on housing. This paper examined the determinants of urban housing choices in the city of Debre Berhan in the North Shewa Zone. Reviewed study revealed that, the age of the head of household, the gender of the head of household, the level of education of the head of household, access to credits, the employment status of head of household and the house are important factors in both the construction and purchase of a home. In contrast, years of residence and head of household income were determinants of building or buying a home. Therefore, the reviewed studies confirm that the potential direct role of reducing urban housing problems is important to improve the standard of living of urban households in Ethiopia.

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Received 15 December, 2022, Manuscript No. IJEMS-22-49889; **Editor assigned:** 02 January, 2021, PreQC No. P-49889; QC No. Q-49889; **Reviewed:** 28 January, 2022; **Revised:** 29 January, 2022, Manuscript No. R-49889; **Published:** 04 February, 2022, DOI: 10.37421/2162-6359.2022.11.622

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How to cite this article: Fikire, Abebaw Hailu. "Determinants of Urban Housing Choice in Debre Berhan Town, North Shewa, Amhara Region, Ethiopia." *Int J Econ Manag Sci* 11 (2022): 622