

MARKET RESEARCH AND ANALYSIS

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Housing Development seminar on Thursday December 2,
2004—presented By Joseph Bailey—CASHFI**

Housing Market Survey Results

JMB Seminar
Joseph Bailey (CASHFI)

The Study

- Designed to assess housing demand in four parishes to arrive at broad estimates of effective demand for all of Jamaica
- Questionnaire administered to random sample of 2505 persons in 1265 households in Kingston, St. Andrew, St Ann and Manchester
- Basis of Selection
- Kingston the only parish losing population
- St. Andrew's population in inter-censal years 1982-91 grew at rate identical to average for country as a whole
- Growth in St Ann fell below the average
- Manchester- Parish experiencing rapid growth

Methodology

- Questionnaires administered to a sample of households in randomly selected enumeration districts
- Interviewees 18 years and upwards
- Data on household composition and expenditure gathered from heads of households only

Housing tenure 2001 Housing Plans

- 44% of sample had no plans to change housing situation
- Almost 56% of the sample were in housing market
- In all areas the largest segment intended to build/buy in short term
- Kingston and St Andrew showed strongest desire to buy separate house, or home in scheme
- Highest demand from 30-39 age group
- In Manchester the older age group showed high demand for any option
- 18-29 age group showed preference for buying land to build
- Rural respondents more interested in building own house

Reasons for no plans to change housing situation

- Already owned home
- Lived with family
- Affordability problems
 - can't afford to borrow
 - can't get loan
 - don't want to borrow

Factors influencing Demand

- Demographic changes
- Income flows
- Housing cost burden, including tax, approval process and statutory requirements
- Growth in age group 30-39, the prime home-buying group, to average 12-13% of population

Distribution of 30-39 Age Group

Housing Market

- Approximately 56% of population 18 years and over wished to change housing situation
- Translates to roughly 469,738 persons islandwide
- A majority of those wishing to build/buy must borrow to meet down payment
- Family assistance was a major source of financing except in St Ann where 70% of respondents used 'own savings'
- Many declaring intention to change housing status have no savings
- Geographical distribution of age group across Jamaica would suggest that the parishes with potential to create real demand for housing are Kingston, St. Andrew, St Catherine, St James and St. Ann
- Amount Saved as down Payment on House
- Amount Available For Mortgage Servicing
- Age and Preferred Options (% of Age Group)

Choice of Parish for Buying a House

Issues for Consideration: Mortgage Insurance (MI)

- There are constraints on householders' choice of tenure, affecting means of loan repayment and initial down payment
- Lenders' uncertainty about defaults limit access to credit
- MI improves access to homeownership as it protects lenders from defaults on high risk loans
- Broadens market for mortgage finance to greater numbers
- Buttresses financial stability
- Use of this mechanism could be enhanced through risk-sharing partnerships between public agencies and private institutions as is the case in emerging markets

Housing Microfinance (HMF)

- HMF is increasingly an important ingredient in housing and settlement strategy, enhancing effective demand
- HMF in principle represents small 'affordable' credit at market rate for short-terms
- Fits need of low/moderate income housing solutions
 - purchase of house lot
 - home improvement and additions
 - construction of small unit on property with legal status
 - key element in making low-income projects work