

An investigation into the Drivers of property prices in the Middle East and Africa



Your Name

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1 Abstract

This literature review examines the main drivers shaping residential property prices in the Middle East and Africa. The review analyses four interconnected drivers of price: macroeconomic conditions, demographic and social pressures, political and regulatory environments, and physical and locational characteristics. The findings indicate that economic growth, employment, and access to mortgage finance stimulate demand and support price escalation, while inflation and high interest rates can restrict affordability. Rapid urbanisation and population growth intensify structural housing shortages, contributing to sustained upward pressure on prices in major cities such as Lagos, Nairobi, Johannesburg, and Cape Town. Political certainty, transparency, and effective land governance further influence investor confidence and market stability, particularly in countries with strong foreign capital participation. At the neighbourhood level, accessibility, amenities, safety, and environmental conditions play a direct role in shaping willingness to pay and spatial differences in value. Overall, property prices in the region are highly sensitive to both market fundamentals and institutional quality, reflecting broader socio-economic realities. Understanding these combined drivers is essential for supporting sustainable urban development and improving housing policy outcomes in emerging real estate markets.

2 Introduction

Property prices are influenced by many interconnected forces that work together in complex ways. Across the Middle East and Africa, these forces include macroeconomic drivers, demographic and social drivers, political and regulatory drivers, and physical drivers. Understanding how these elements interact helps explain why property values increase in some areas while remaining stable in others.

In both regions, housing plays a significant role in people's daily lives and in national economies. Rapid urbanisation, shifting income levels, and ongoing development have all created strong demand for residential and commercial property. At the same time, challenges such as inflation, affordability, and limited land supply continue to shape access to property ownership. Research shows that property values are affected by neighbourhood quality, infrastructure, security, and access to services, as well as by broader trends like economic growth and financial stability. Studies by Abidoye and Chan, Kagendo, Karoki, and others highlight that both social and physical conditions are important when determining value.

In Africa, cities such as Lagos, Johannesburg, Nairobi, and Accra show how local conditions such as transport networks, safety, and the strength of public institutions have a major influence on prices. In the Middle East, particularly in cities such as Dubai and Riyadh, transparency, foreign investment, and state-led development initiatives have driven real estate growth. Other studies have shown how foreign capital flows, exchange rates, and global financial cycles affect property markets, demonstrating that these regions are closely tied to international economic trends.

The purpose of this report is to examine the main forces driving property prices in the Middle East and Africa. It draws on academic research, class materials, and regional examples to show how these forces interact. The discussion is organised around key themes: economic and financial conditions, demographic and social influences, political and regulatory frameworks, physical and locational factors, institutional transparency, and security. Together, these themes provide a broad understanding of how property prices are formed and why they differ between the two regions.

To understand these dynamics clearly, property prices should be seen as part of a single connected system rather than as separate influences acting alone. Economic, social, political, physical, and institutional factors constantly interact and shape market behaviour. This connection is most evident in developing contexts, where rapid expansion and weaker regulation make prices more responsive to outside pressures. Analysis of Drivers

3 Macroeconomic and Microeconomic Drivers

In the context of macroeconomic and microeconomic drivers, real estate pricing in the Middle East and Africa is shaped by the condition of each region's economy. This includes the performance of financial markets and the purchasing power of households. Price movement, therefore, reflects fundamental demand and supply interactions influenced by economic growth, interest rates, inflation, exchange rates, employment, and access to housing finance. Studies across South Africa, Nigeria, Kenya, Morocco, Ghana, and Saudi Arabia show strong relationships between these macro-level and micro-level factors and residential property market performance.

3.1 Economic Growth and Household Income

GDP growth is one of the strongest indicators of rising property values because it is associated with an increase in employment and household income. Nigerian evidence shows that macroeconomic expansion increases demand for housing and pushes property values upward as more buyers enter the market (Alkali et al., 2018). Similarly, South African research finds that improvements in national economic performance support sustained growth in residential values across major cities like

Johannesburg (van Rensburg and Burger, 2011) and Cape Town (Meelun, 2020). In Kenya, rising income levels and stronger economic activity in Nairobi and Kiambu have been linked to long-term price appreciation in formal housing markets (Marete, 2011; Makena, 2012; Karoki, 2013). Higher GDP enables more mortgage qualification, which channels demand into higher prices. However, in emerging markets where mortgage access is limited or growth is unequally distributed, the impact of GDP on house prices may be weaker or delayed.

Housing demand further responds directly to labour market conditions. In Kenya, expanding employment has enabled more households to form and enter the property market, which has supported continuous price increases (Makena, 2012). Population growth and rapid migration into major cities also intensify pressure on the urban housing market in Nairobi (Karoki, 2013) and in Lagos, where growing population density contributes to increasing land and housing prices in high-density areas (Oduwaye, 2005). South African evidence also shows that neighbourhood attractiveness and household income growth are linked to value increases in established residential suburbs (Cilliers and Cilliers, 2015).

3.2 Financial Conditions: Credit Markets, Inflation, and Construction Costs

Interest rate movements influence borrowing capacity and repayment costs. In South Africa, affordability constraints driven by higher interest rates have been shown to slow house price growth when mortgage repayments become less manageable (Boshoff, 2010). South African property cycles are therefore closely tied to monetary policy, which affects banks' lending willingness (Franken et al., 2011). In Kenya, mortgage accessibility remains limited, so interest rates play a strong filtering role in reducing active demand in formal property markets (Marete, 2011; Makena, 2012).

Mortgage credit expansion is a major driver of price inflation. South African studies demonstrate that credit growth in the banking sector significantly amplifies price escalation (Franken et al., 2011). When finance becomes more accessible due to lower lending standards or increased liquidity, demand increases faster than supply, producing sharp value gains. In South Africa, low-income borrowers experience heightened repayment risk under interest rate volatility, which restricts their participation in formal markets (Damilola, 2022). Limited access to mortgage finance pushes many households in Nigeria and Ghana toward incremental construction, resisting sharp price surges in informal segments (Alkali et al., 2018; Owusu-Ansah, 2012).

Inflation affects housing markets by both eroding real purchasing power and raising construction costs. Rising input prices for materials, labour, and land cause developers to pass the burden onto buyers, leading to higher nominal property prices. In Morocco, rising costs of urban development are closely associated with increasing real estate values, particularly in cities undergoing rapid expansion (Zakaria and Fatine, 2021). South African research also observes that inflation pressures can drive up prices even in markets where real affordability is constrained (Boshoff, 2010). However, when inflation outpaces income growth for prolonged periods, demand softens, and housing markets become less accessible for lower-income groups.

3.3 Exchange Rates and Foreign Capital Flows

Exchange rate fluctuations significantly affect countries that import construction materials or attract foreign real estate investment. International evidence shows that exchange rate movements can lead to price adjustments as currency depreciation increases the cost of building inputs (Bahmani-Oskooee and Wu, 2018). In South Africa, foreign capital inflows have been proven to push house prices upwards by raising purchasing competition and increasing overall liquidity in the system (Baba, 2023). This creates vulnerability to global financial shocks because international investment can be rapidly withdrawn when conditions change.

Saudi Arabian research also confirms that foreign interest and rapid economic diversification can elevate prices in major cities like Riyadh, especially when investment is channelled into high-value urban property markets (Louati et al., 2022). Foreign investment is also a double-edged sword. It can boost development and stimulate demand, but it can also disconnect property values from local incomes. In cities like Cape Town and Dubai, foreign capital pushes up prime prices while local buyers get priced out.

3.4 Microeconomic Market Structure and Local Determinants

Beyond national economic trends, property prices depend on neighbourhood demand conditions, locational quality, and the attractiveness of local amenities. The built environment and investment in public facilities (Abidoye and Chan, 2016), as well as environmental amenities such as green spaces (Cilliers and Cilliers, 2015), also directly stimulate changes in property prices. Security features such as gated communities have also been shown to command price premiums in South African and Nigerian contexts (Osagie and Ilechukwu, 2016).

Municipal valuation processes and infrastructure improvements influence property price patterns at smaller spatial scales in cities like Cape Town and Potchefstroom (Du Preez and Sale, 2015; Cilliers

and Cilliers, 2015). Transport upgrades in South Africa have resulted in quantifiable appreciation in nearby real estate values due to reduced travel times and increased accessibility (Boshoff, 2013).

4 Demographic and Social Drivers

4.1 Urbanisation, Population Dynamics and Housing Demand

The most fundamental driver of housing demand is the number of people who need a place to live. Across the African continent, rapid urbanisation, sustained population growth, and significant internal and cross-border migration are exerting immense pressure on urban housing markets, creating a structural demand that consistently outpaces supply.

In Kenya's capital, Nairobi, population size and migration are identified as key determinants of total property demand (Makena, 2012:4). The city, one of the fastest growing in the world, exemplifies the acute pressures of urbanisation (Karoki, 2013:6). Data indicates that the demand for real estate in Nairobi has exceeded supply by more than fivefold over the last decade (Makena, 2012:6). This severe and persistent supply-demand imbalance creates a fertile ground for rapid price appreciation.

A similar dynamic is observed in Lagos, Nigeria, a prime destination for migrants from across the wider West African sub-region (Oduwaye, 2005:38). The city's status as a magnet for people seeking economic opportunities confirms the powerful influence of migration on residential development and land use patterns. This influx of population contributes to the city's diverse socio-cultural mix and fuels the constant need for new housing stock, influencing residential land values in its high-density neighbourhoods in addition to infrastructural facilities and economic factors (Oduwaye, 2005:52).

In South Africa, the city of Cape Town has also experienced significant population growth driven by in-migration from other provinces, particularly the Eastern and Northern Cape (Meelun, 2020). Between 2001 and 2011, the city's population grew from 2.89 million to 3.74 million, a substantial increase that directly translates into heightened demand for housing (Meelun, 2020).

These demographic pressures are not merely abstract statistics; they are the primary force creating a structural and often chronic shortage of housing in Africa's major urban centres. This fundamental imbalance between a rapidly growing population and a slower-responding housing supply forms the bedrock of property market dynamics in the region. It predisposes these markets to price volatility and ensures that, barring major economic shocks, there is a constant upward pressure on property values, particularly in the most sought-after urban locations.

4.2 Neighbourhood Amenities and Quality of Life

Once the fundamental demand for shelter is established, the differentiation in value between locations is largely determined by the quality of the neighbourhood and the amenities it offers. The paper provides evidence that a premium is placed on properties situated in well-serviced, high-quality environments. This preference for superior neighbourhood characteristics is a universal driver of value across the diverse markets of the Middle East and African region.

In Cape Town, a preference is shown for residential properties located in "well-established, high quality, well-controlled, modern hubs for economic activities and central to amenities" (Meelun, 2020). This demand for quality living environments is a key factor contributing to the high increases in property values observed in the city's Northern and Southern Suburbs (Meelun, 2020). The concentration of amenities such as educational institutions, medical facilities, shopping centres, and business or office hubs in these areas directly correlates with higher property prices (Meelun, 2020).

This principle holds across the continent. According to Owusu-Ansah (2012), a study in Ghana found that neighbourhood amenities, including the availability of schools and hospitals, significantly influence land values. In Morocco, empirical analysis of the Rabat region confirms that the location of a property, which encapsulates its surrounding environment and access to services, has a significant influence on its price (Zakaria and Fatine, 2021:4).

Beyond amenities, the availability of reliable basic utility services is also an important factor that buyers consider. Essential public services directly affect a property's value; without them, a household's operating costs increase. Figure 1 shows that the Lagos metropolis, as rated by professional valuers, identified the availability of electricity (MS = 3.81) and the availability of pipe-borne water supply (MS = 3.65) as key drivers of value (Abidoye and Chan, 2016:293). This shows that the market is willing to pay a clear premium for neighbourhoods where access to these essential services is reliable and well-established.

In Nigeria, the provision of infrastructure is identified as a major determinant of residential land values in Lagos (Oduwaye 2005:52). According to Abidoye and Chan (2016:294), neighbourhood characteristics in Lagos metropolis are a critical component of property value.

The convergence of these findings from South Africa, Ghana, Morocco, Nigeria, and Kenya establishes a clear and powerful principle: the provision of social and commercial infrastructure is a primary mechanism of value creation at the local level. Neighbourhoods that offer a higher quality of life (characterised by better schools, healthcare, retail options, and a pleasant environment) will consistently command higher property values. This demonstrates that property is not valued merely

as a physical structure, but as a gateway to a bundle of location-specific services and lifestyle benefits.

4.3 Security as a Commodity: Gated Communities and Perceived Safety

In many urban environments across Africa, security is not merely an amenity but a fundamental, non-negotiable requirement that commands a substantial price premium. In contexts marked by high crime rates or perceived failures in public safety provision, the market has responded by commodifying security, creating a distinct value difference between properties in secured and unsecured environments. This is particularly evident in the proliferation and high valuation of gated communities.

A study focusing on gated communities in Nigeria provides evidence of this phenomenon. The major finding was that high security arrangements ranked first as the determinant of the rental value paid in gated communities (Osagie and Ilechukwu, 2016:1603). The market reflects this demand: having a basic security feature like a fence wall increased property value by about 14% in Kumasi, Ghana (Owusu-Ansah, 2012:12). The study then concludes that security is a primary factor determining a consumer's "willingness to pay" and an investor's decision to develop such properties (Osagie and Ilechukwu, 2016:1615). This is supported by Abidoye and Chan (2016:295), who identified the availability of neighbourhood security in the Lagos metropolis as a highly significant variable influencing residential property value.

The motivations for living in these fortified enclaves extend beyond a simple desire for safety, encompassing a search for exclusivity, social homogeneity and access to high-quality living environments with private recreational facilities (Osagie and Ilechukwu, 2016:1603). However, the fear of crime and the desire for security remain the fundamental reasons for their growth (Osagie and Ilechukwu, 2016:1603).

The premium the marketplaces place on security in cities like Lagos signifies a direct response to deficits in public service delivery. When the state is unable to guarantee a basic level of safety for its citizens, the private sector steps in to provide this essential service, embedding its cost directly into the price of housing. In these environments, security is not an optional feature but a core component of the housing product. This creates a segmented market where properties within gated, access-controlled communities are valued on a completely different basis than those outside. This dynamic shows a foundational principle of property valuation in certain African urban contexts: where basic

needs such as safety are not universally met, the market will price the provision of those needs more highly than almost any other attribute.

4.4 The Green Premium Debate: Valuing Environmental Amenities

While amenities like security and transport access show a relatively clear and positive impact on property values, the economic value of environmental amenities, such as green spaces, presents a more complex and contradictory picture. The prevailing assumption in international literature is the "proximity principle", which states that properties located near parks and green areas command a price premium due to their aesthetic and recreational benefits. However, evidence from the South African context challenges the principle's universal applicability.

A case study conducted in Potchefstroom used hedonic price analysis to investigate the impact of green spaces on residential property prices, which yielded notably conflicting results. The study found that, contrary to international beliefs, proximity to green spaces hurt property values at the immediate site-scale (i.e. for properties directly adjacent to the green space) (Cilliers and Cilliers 2015:8). In contrast, at the broader neighbourhood-scale, the presence of green spaces had a positive impact on property values (Cilliers and Cilliers 2015:8).

This divergence is a crucial finding, suggesting that global assumptions about the value of environmental amenities cannot be uncritically transposed to all local contexts, particularly in developing countries. The negative impact at the site-scale may be attributable to localised ecosystem disservices (Cilliers and Cilliers 2015:8). In certain settings, public green spaces may be associated with negative externalities such as noise, lack of maintenance, or perceived security risks. These disamenities can outweigh the positive aesthetic and recreational benefits for immediately adjacent properties, leading to a price discount rather than a premium.

This evidence points towards a hierarchy of needs in property valuation. In urban environments where foundational needs like physical security are a primary concern for residents, the market valuation of higher-order amenities like green spaces becomes highly contingent. A park that is perceived as unsafe or poorly maintained is not an asset but a liability. Only when these basic needs for safety and order are met can the positive attributes of green spaces be fully capitalised into property values. The Potchefstroom study, therefore, provides a critical qualification to the global green premium narrative, demonstrating that the economic value of environmental amenities is not absolute but is heavily mediated by local social and security contexts.

5 Political and Regulatory Drivers

Property values have been intrinsically dependent on the institutional and financial environments that have created the reliability of this asset class. The measures used to govern and hedge property prices have mostly been viewed through the lens of macroeconomic determinants. In Alki Reding, it's found that the five pillars GDP, Inflation, exchange rates, interest rates, and crude oil are determinants of the property market. Among these factors are underlying conditions such as legal certainty, market transparency, and land governance.

Both political and regulatory drivers have been a critical pillar in understanding property price dynamics, especially in the Middle East and Africa; this investigation will examine the role of government policies in shaping property dynamics. Moreover, it will discuss regional examples and their impact.

Government policy, including fiscal controls, housing finance regulations, and foreign ownership policies, has significantly affected emerging markets across the Western, Eastern, and Southern regions of the Middle East and Africa. Government policy across real estate has emerged from direct housing provisions to an enabling role in decision-making. (Damilola, 2022). Government policy is cited as an instrument for creating macroeconomic conditions for functional property markets, with the ability to address affordability constraints and market risk. Both political and regulatory drivers have been a critical pillar in understanding property price dynamics, especially in the Middle East and Africa; this investigation will examine the role of government policies in shaping property dynamics. Moreover, it will discuss regional examples and their impact.

5.1 South Africa

In South Africa, the primary use of policy is to implement initiatives that affect the financial market and are also centred on stability.

- **Enabling Finance and Risk Mitigation:** The South African Government's role is to create a conducive macro environment that will encourage financial institutions to engage further in low-income projects, such as social housing and affordable housing. The policy shift is geared toward both collaboration between private and public parties and the incentivization of earnings for private-sector involvement. These two options will aim to mitigate high risks associated with affordable housing. Such programs are structured as Development Finance Institutions, such as the National Housing Finance Corporation, which is specifically mandated to make counter-cyclical investments to stimulate real estate growth even during

economic downturns. The measure of this entity plays a vital role in policy shifts, as it measures to see the sensitivity of portfolios to interest rates, validating the use of macroeconomic data for risk mitigation.

- **Fiscal Measures:** tax changes like the CTG exemption on primary residence, which occurred in 2006, have led to an increase in property value. However, government subsidies are considered unsustainable for large-scale and long-term affordable housing finance (Damilola, 2022).

5.2 West Africa

The aim amongst West African nations like Nigeria and Ghana has been to identify policies that prioritise core market mechanisms, such as supply and demand, whilst also addressing structural defects in the current policy governing real estate. The dynamic brought out is ensuring better transparency for current models.

- **Valuation Reform:** In Ghana, policy must address that the property rate alone constitutes 60% of local government revenue. The existing valuation method, as prescribed by law, is outdated for determining land value.
- **Addressing Deficits:** Government regulation in services is among the most prominent factors of value. Policy must address urban management, as failure to intervene results in housing driven by incremental methods.

5.3 Kenya

The outlook for Kenya's policy is highly driven by macroeconomic stabilisation through interest rate and resource management. Policy must also address any structural inefficiencies in the property trade.

- **Monetary policy monitoring:** The policy is enforced to closely monitor and maintain interest rates at a reasonable level, scheduled to have a significant effect on house prices, which determine lending and will increase demand for financing (Karoki, 2013)

5.4 Middle East

The Middle Eastern model, illustrated by Morocco and Saudi Arabia, where policy was used to diversify its economic portfolio, improve institutional transparency, and introduce new affordable housing models.

- **Innovative Housing policy:** Observed in Morocco, the government successfully implemented the FOGARIM loan guarantee, where low-income and unemployed people benefit from a guarantee rather than subsidised funding
- **State-led Development:** Growth is driven by state-led initiatives. These focus on institutional quality, which results in lower trades with investors.

5.5 Institutional Overlook: Foreign ownership and capital flows

The foreign capital market, as a source, has served a dual purpose: a vital liquidity role in property markets and a requirement for careful macroprudential policy intervention.

In the case of South Africa, it has been shown that international capital providers and their financing have affected price stabilisation. The study of the SA housing market found that FPI had a consistent, positive impact on housing prices, as evidenced by the results of the 2003-2008 boom. Moreover, the Global Liquidity, a measure of the international capital component, was found to have a larger effect on FPI. This illustrated that South Africa's housing growth was an extension of global trends (Baba, 2023).

Policy implications indicate that policymakers must take more proactive steps, actively monitoring foreign capital inflows. Macroprudential policies must be necessary to prudently direct capital to ensure a balanced impact on housing supply, while also mitigating the aggravation of imbalances caused by short-term inflows.

This investigation finds that financial regulations control foreign capital inflows and outflows. In the Riyadh region, property investments are in high demand, but to regulate them, there is a heavy reliance on the institutional framework. If an international investor is seeking investment, they will require transparent markets that offer fair and established monetary conditions. The quality of its institutions includes ensuring clear legal frameworks and available data, thus requiring policy focus on institutional improvements to attract and sustain foreign ownership (Franken, Bloom and Erasmus, 2011).

5.6 Stability

The last pillar that determines policy is an outlook on market stability, which shapes whether financial markets offer positive returns and whether consumer confidence is high. Thus, these measures of variability, when matched against returns, will affect property dynamics (Damilola, 2022).

Property market prices are determined by both macroeconomic stability and institutional factors. Economic Growth indicators establish the market baseline, including GDP growth. This is considered the dominant driver of prices in South Africa (Baba, 2023). This has been proven to increase housing demand, which levels property prices upward in Nigeria (Alkali et al, 2018).

Affordability, which is critical to market performance, is directly governed by financing conditions, notably interest rates. High interest rates have been shown to cause affordability constraints, skewing house price growth. In Kenya, interest rates are the most significant determining factor of residential real estate prices, with high rates acting as an essential macroeconomic constraint impeding mortgage market growth (Karoki). Furthermore, exchange rate volatility directly impacts property investment as currency depreciation can increase housing supply and thus raise the cost of development. As a result, we must emphasise the importance of coordinating policies with the financial sector and monetary policy.

Security Determinant:

The context of African countries suggests that high levels of crime will provide legal security, which will determine property dynamics. In Nigeria, it has been shown that gated communities have security arrangements, thus a predetermined component that influences rental value. This premium, like this, conveys a message that alters property dynamics (Osagie). It also introduces a space where high crime can introduce disservices that negate the financial benefits of environmental assets, thus resulting in lower residential values in nearby properties.

Spatial Correlation:

In Morocco, the prices of neighbouring properties directly affect a property's sales value, illustrating that the neighbourhood price effect has a significant influence on valuation

The Kenyan residential property market is characterised by notable stability. This resilience is evidenced by the sustained increase in property prices over time, even amid volatility in macroeconomic variables. For instance, the general market trend indicates that house prices increase simply because of time (Karoki, 2013). Despite this intrinsic stability, the market's performance is consistently challenged by macroeconomic risk. This risk is identified as a significant factor that impedes mortgage performance, driven by macroeconomic constraints including high interest rates, credit risk, and difficulties accessing long-term funds.

6 Physical and Locational Drivers of Property Prices

Given that real estate is distinct and location-specific, its value is determined by calculating the contributions of its different attributes. The main academic model used for this is the Hedonic Pricing Model (HPM). This model views a property's market price (P) as a collection of different attributes ($P=f(\text{Attributes})$) (Owusu-Ansah, 2012:3). Researchers use HPM to determine the marginal value, or implicit price, of each characteristic, which is often shown by the regression coefficient (β value). Additionally, the concept of capitalisation of externalities helps determine the property value. According to this theory, a property's final price is influenced by non-market advantages (such as amenities) or expenses (such as disamenities) that are external to the property.

6.1 Locational and Neighbourhood Attributes

Locational factors are consistently the most important aspect of a property's value. This supports the idea that "Location, Location, Location" is key (Abidoye and Chan, 2016:294). This analysis closely relates to the Urban Bid-Rent Theory, which argues that being near central activities is valuable because it reduces commuting costs. The market distinctly categorises properties based on residential class and socio-economic quality. For instance, a study in Kumasi, Ghana, found that properties in a First-Class residential area had values about 234% higher than those in a Third-Class area (Owusu-Ansah, 2012:13). This strong market perception is evident as Nigerian professional valuers listed Property Location ($MS = 4.92$) and Neighbourhood Characteristics ($MS = 4.31$) as the two main factors driving property value, as shown in figure 1 below. This reflects a significant willingness to pay for status and security (Abidoye and Chan, 2016:293).

Factors	Mean score	COV	Category ranking	Overall ranking	Criticality
<i>Locational variables</i>					
Location	4.92	8.85	1	1	H. significant
Accessibility to place of work	3.79	25.78	2	9	Significant
Accessibility to CBD	3.75	21.04	3	10	Significant
Accessibility to public transport facility	3.62	19.86	4	13	Significant
Proximity to highway	3.56	25.14	5	15	Significant
Accessibility to school	3.15	31.63	6	17	S. significant
Accessibility to shopping mall	3.13	27.55	7	18	S. significant
<i>Neighbourhood variables</i>					
Neighbourhood characteristics	4.31	15.61	1	2	H. significant
Availability of neighbourhood security	4.06	20.36	2	4	H. significant
Availability of electricity	3.81	22.69	3	8	Significant
Availability of pipe-borne water supply	3.65	24.76	4	12	Significant
Availability of waste disposal system	3.38	27.53	5	16	S. significant
<i>Structural variables</i>					
State of repair of the property	4.23	16.62	1	3	H. significant
Size of property	4.06	22.87	2	4	H. significant
Age of the property	4.00	15.66	3	5	H. significant
Numbers of bedrooms	3.98	13.61	4	6	Significant
Number of bathrooms/toilets	3.90	18.47	5	7	Significant
Building characteristics	3.75	21.04	6	10	Significant
Availability of security fence	3.73	27.12	7	11	Significant
Size of bedrooms	3.60	22.87	8	14	Significant
Notes: COV is Coefficient of variation; H. significance is highly significant; S. significance is slightly significant					

Figure 1: Ranking of property value determinants

6.2 Accessibility and Connectivity: The economic value of Transport

Accessibility is a strong factor that affects property value. It saves time and offers convenience. This principle, backed by the Bid-Rent theory, shows that buyers are willing to pay more to lessen their travel burden. The need for basic infrastructure is evident. For instance, having paved roads was a top priority for property buyers in Kiambu, Kenya (Kagendo, 2011:44). This trend is also seen in Cape Town, where being close to offices and businesses significantly influences property values by reducing commute times (Meelun, 2020). Property values go up when important social amenities are nearby, like shopping centres and medical services. This is especially clear in Cape Town's southern suburbs (Meelun, 2020). The economic effects of public transit and infrastructure investment are clear and can be measured (Boshoff, 2013:497). Evidence from around the world shows this value increase. In the Netherlands, properties near train stations were up to 25% more expensive than those located 15 kilometres away (Boshoff, 2013:497). Additionally, a study on Colombia's Bus Rapid Transit (BRT) system found that for every extra five minutes of walking to a station, rents dropped by 6.8% to 9.3% (Boshoff, 2013:497). These significant price changes show how much value the marketplaces on good public transportation.

However, the benefits from transport infrastructure are not the same across all income levels. This difference reveals important social and economic trends (Boshoff, 2013:499). Middle-income housing usually sees the biggest benefit, while high-income areas can suffer negative effects because residents view busy roads as a distraction due to noise and congestion (Boshoff, 2013:499). More importantly, the increase in value can lead to displacement. As property values and rents rise around new BRT stations, low-income residents, who often benefit from improved public transport, may get forced out of their neighbourhoods (Boshoff, 2013:500). This trend shows that the price impact can drive gentrification, which unintentionally worsens spatial inequality by changing a city's economic and demographic landscape (Boshoff, 2013:500).

6.3 Physical (Structural) Attributes

The physical characteristics of the property itself are the focus of structural qualities. Their practical use and value are frequently directly correlated. Accurately measuring these linear relationships is the HPM. For functional utility, adding more bedrooms in Kumasi, Ghana, increased property value by an average of 25.4%, while adding bathrooms increased value by 23.5% (Owusu-Ansah, 2012:11). This significant finding shows how much buyers value size and the desire to avoid internal congestion.

Property value can ultimately decrease due to economic depreciation, making age a strong negative factor. HPM results indicated that for every additional year a property ages, its value typically drops by about 9% (Owusu-Ansah, 2012:11). However, this loss can be reduced through maintenance. Figure 1 continues to indicate that in Lagos, valuers rated the State of Repair of the Property (MS = 4.23) as the most important structural feature. This suggests that recent investments in condition can effectively counter the negative effects of age (Abidoye and Chan, 2016:293). Specific luxury features also add value; for example, having a swimming pool was found to increase property value by about 45% in Kumasi (Owusu-Ansah, 2012:12).

6.4 Synthesis of Determinants

The study of physical and locational drivers shows that the Hedonic Pricing Model is effective for understanding real estate value in various markets. Price formation is a complex, logical process driven by a measurable willingness to pay for three main factors: Utility and Size (structural capacity),

Convenience (accessibility and amenities), and the crucial factor of Safety and Status (neighbourhood quality). The main conclusions highlight the unique aspects of amenity value and the substantial influence of locational factors. Crime risk can sometimes transform an environmental asset into a financial liability.

7 Conclusion

Property price dynamics in the Middle East and Africa are multifactorial and multifaceted, with prices determined by the simultaneous influence of broad macroeconomic forces, which are best understood through the Hedonic Pricing Model. Price formation is susceptible to external shocks and local market conditions. Structurally, macroeconomic drivers such as GDP growth and interest rates, and demographic forces such as urbanization, create supply shortages. The final value is determined at the micro level by willingness to pay for reliability, convenience, and social benefits. Also, security is crucial, emerging as a fundamental component of value, a direct market response to perceived deficits in public safety provision. Ultimately, property dynamics act as a significantly strong indicator of institutional standing, underscoring that affective value requires a combination of traditional economic factors with an understanding of political governance and the market's urge towards dependable social benefits

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