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ECONOMETRIC MODELING OF THE MAIN DETERMINANTS OF HOUSING PROVISION LEVEL

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ABSTRACT

Housing provision is one of the most significant indicators of social welfare and sustainable economic development. This study investigates the major determinants influencing the level of housing provision using an econometric approach. Unlike traditional descriptive studies, this research applies multiple econometric techniques to examine the relationship between housing provision and socioeconomic factors such as household income, mortgage financing, construction investment, urbanization, demographic growth, employment, and inflation.

KEYWORDS

Housing provision, econometric modeling, housing market, multiple regression, mortgage finance, household income, construction investment, urbanization, demographic factors, economic development.

Introduction

Adequate housing is recognized as one of the fundamental components of human well-being and sustainable economic development. Housing not only provides physical shelter but also contributes to social stability, public health, labor productivity, and overall quality of life. As countries experience economic growth and rapid urbanization, the demand for affordable and quality housing increases significantly. Therefore, understanding the factors affecting housing provision has become an important research topic in economics and public policy.In developing countries, including Uzbekistan, the housing sector has undergone substantial reforms over the last decade. Government programs promoting affordable housing, mortgage financing, and private investment have expanded housing opportunities for many households. Nevertheless, housing demand continues to grow due to population growth, urban migration, and rising household expectations. Consequently, identifying the key determinants of housing provision is essential for designing effective housing policies.

Literature Review and Theoretical Background

Housing economics has attracted considerable attention in recent decades because the housing sector influences both macroeconomic stability and household welfare. Numerous studies have demonstrated that housing provision depends on a combination of economic, demographic, financial, and institutional factors. Econometric analysis has become one of the most widely used approaches for identifying these relationships and measuring the impact of different determinants.According to economic theory, the demand for housing is primarily determined by household income, population growth, employment opportunities, mortgage accessibility, and housing prices. On the supply side, construction investment, land availability, government regulations, infrastructure development, and technological progress play essential roles in increasing the stock of residential buildings.

Researchers have consistently reported that household income is one of the strongest predictors of housing provision. As disposable income increases, households become more capable of purchasing or constructing homes, leading to higher housing ownership rates and improved living conditions.Another important determinant is mortgage finance. Efficient mortgage systems reduce financial barriers to homeownership by allowing households to spread housing payments over longer periods. Countries with well-developed mortgage markets generally experience higher levels of housing accessibility than those relying mainly on direct household savings.

Construction investment also has a substantial influence on housing provision. Public and private investments increase residential construction, improve infrastructure, and expand housing supply. A growing supply of housing can stabilize prices and reduce shortages, particularly in rapidly urbanizing regions.Urbanization creates both opportunities and challenges for housing markets. Migration from rural to urban areas stimulates housing demand, encourages infrastructure development, and supports economic growth. However, if housing construction does not keep pace with urban population growth, housing shortages and affordability problems may emerge.

Population growth represents another important determinant. A rapidly growing population increases the need for new residential buildings and public services. Without sufficient housing investment, demographic expansion may result in overcrowding and declining housing quality.Inflation and interest rates also affect housing provision. High inflation raises construction costs and housing prices, while increasing interest rates make mortgage loans more expensive. Consequently, both factors may reduce housing affordability and slow residential construction.

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