

## POLICY BRIEF

### Is There Real Shortage of Housing In Ghana?

#### FACTORS CONDITIONING SUPPLY AND DEMAND HOUSING

Like any commodity, three interrelated factors are critical in conditioning the demand and supply of housing, namely quantity (number of houses built), quality (materials used) and cost (price per unit and services available) (ISSER, 2012). The demand for housing is strongly correlated with characteristics of the population (age, marital status, household size) and the rate of household formation along the life course trajectory as well as per capita income. On the other hand, the supply side relates to the quantity of housing units and the quality, and the cost per unit (affordability). As such, even if large quantities of housing units are produced and the cost per unit is not within the means of the majority of the population, access to housing will still be classified as limited and therefore in deficit.

It is worth stressing that housing demand is correlated not only with individual per capita income but also with their life course trajectory. This is because the growth of the population and its characteristics influence the rate of household formation, which, in turn, is a key driver of housing demand (Pugh, 2005; ISSER, 2012; GSS, 2014).



## SUPPLY AND DEMAND OF HOUSING IN GHANA

The 2021 Population and Housing Census report revealed that Ghana's population increased fivefold between 1960 and 2021 – from 6.7 million to over 30.8 million, with a slowing growth rate, declining household size (GSS, 2021) and almost 60 percent of the population under the age of 30. This youthful and still growing population is more likely to stimulate housing demand than a slow-growing population. Again, housing needs and preferences are shaped by the characteristics of the individuals in the population, particularly by their age, marital status and household size.

Table 1 shows Ghana's housing stock for the period 1960-2021. Computing housing deficit or surplus and estimated required housing stock on the basis of 6.0 persons per household per two-bedroom housing unit, Table 1 indicates that the housing stock has kept pace with population growth. While the population has increased five times, the housing stock has increased about nine-fold for the period 1960-2021, with the biggest increase occurring between 2010 and 2021 when almost 2.5 million units were added to the stock of houses. It revealed a surplus (+) for 2021 of over 724,000 housing units, representing 12.3 percent more than the estimated required housing stock. This suggests that more houses have been built and cumulatively there are more houses for households than ever before.

The observed trend as depicted in Table 1 is repeated at the regional level. Data from the 2010 Population and Housing Census as analysed in

2012 GSDO revealed that only the Volta Region (which included what is now Oti Region) among the then 10 administrative regions recorded surplus houses (ISSER, 2012). However, with the exception of the Upper East and North East regions, all other regions recorded a housing surplus for 2021. The biggest surpluses in 2021 were recorded in four regions – Greater Accra (235,091), Volta (144,250), Eastern (140,715), and Central (110,963). This finding for both national and regional levels should be a welcome development for Ghana. However, in reality, the reported housing boom of the last decade does not respond to the real challenges in the housing sector. In general, we refer to the surpluses recorded at the national and regional levels as “false surplus” as it is far from reality. This is because census data on residential dwellings include kiosks, metal containers, wooden structures, tents, uncompleted buildings, and other structures, which in many cases are not adequate as dwellings for household habitation. In the 2021 Population and Housing Census, these structures totaled over 403,913, representing about 56 percent of the so-called surplus recorded in Table 1 for 2021. In addition, the GSS data do not take into account the conditions of buildings even for dwelling units such as separate houses (detached), semi-detached houses, flats/apartments, compound houses (rooms), and huts/buildings generally regarded as decent houses. Particularly in rural areas, houses tend to deteriorate at a relatively high rate due to the extensive use of unprocessed construction materials such as earth, mud, and thatch/leaf, among others.

**Table 1: Ghana: Housing Stock and Deficit/Surplus, 1960-2021\***

Year	Total Population	Actual Housing Stock	Est. Required Housing Stock	Est. Housing Deficit/Surplus	Deficit/surplus as % of Required Stock
1960	6,726,800	636,189	1,121,133	-484,944	-43.2
1970	8,559,313	945,639	1,426,552	-480,913	-33.7
1984	12,205,574	1,204,395	2,034,262	-829,867	-40.8
2000	18,912,079	2,181,972	3,152,013	-970,041	-30.8
2010	24,658,823	3,392,745	4,109,804	-717,059	-17.4
2021	30,832,019	5,862,890	5,138,670	+724,220	+12.3

\*Deficit/surplus and estimated required housing stock are computed on the basis of 6.0 persons per household per two-bedroom housing unit.

## CHANGING HOUSING TYPES

Beyond the housing stock (quantity), observable changes have been detected regarding the types of housing which constitute the stock, ownership and quality of these houses at both the national and regional levels. Commenting on housing types in the total housing stock of Ghana based on the 2010 Population and Housing Census, Grant (2009) and ISSER (2012) observed the decline in compound houses and at the same time the proliferation of detached houses and, to a limited extent, semi-detached houses and flats/apartments. Compound houses referred to by Afram (2009) as “Ghana’s traditional houses” are dwellings that host several households in small rooms with open courtyards and shared facilities such as toilets, bathrooms and kitchens (ISSER, 2012). According to Afram (2009), compound houses are popular with low-income groups because of the relatively low rent due to household costs-sharing of facilities. In addition, this dwelling type enhances social cohesion as it allows households of different ethnicities, religious and other backgrounds to get to know each other and co-exist (Agyei-Mensah and Owusu, 2010; Owusu and Agyei-Mensah, 2011).

From Table 2, two residential dwelling types stand out: separate houses (commonly referred to as self-contained) and compound houses. These house types constitute the main residential

dwellings in both urban and rural areas. Separate or self-contained houses (detached) represent about 25 percent of the housing stock in 2000, increasing to 28.7 percent in 2010 and recording a huge leap to about 63 percent in 2021. There is a growing prevalence of self-contained houses in both rural and urban Ghana, especially in the period from 2010 to date. Within the same period, compound houses have witnessed a sharp decline, from about 44 percent in 2000 to about 21 percent in 2021. In fact, in 2021, only about 3 in 10 houses in urban areas were compound houses compared with over 5 in 10 in 2000. For rural Ghana, it was almost 4 in 10 in 2000 and about 1 in 10 in 2021.

Table 2 further shows that while compound houses have declined in prevalence, residential dwellings classified as kiosks/metal containers/wooden structures, which are mainly improvised and officially described as unauthorised structures, have increased from 1.4 percent in 2000 to 2.7 percent in 2021. For urban and rural areas respectively, the increase is from 2.4 percent to 4 percent and from 0.5 percent to 0.9 percent. These figures are likely to be much higher in large cities and towns where the challenge of access to decent housing is most intense, and where there is a related proliferation of slums and other poor, informal settlements. The increase in kiosks/

**Table 2: Types of Residential Dwelling by Location, 2000-2021**

Type	2000 (%)			2010 (%)			2021 (%)		
	Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban
Separate house (Detached)	25.3	33.2	16.3	28.7	40.1	19.3	63.3	76.6	53.8
Semi-detached house	15.3	15.7	14.9	7.1	6.3	7.8	8.0	7.2	8.5
Flat/Apartment	4.4	2.0	7.2	4.7	1.9	7.0	3.1	1.0	4.6
Compound house (rooms)	44.5	38.4	51.6	51.5	42.9	58.7	20.9	12.2	27.2
Huts/Buildings (same compound)	4.4	6.0	2.5	3.1	5.7	1.0	0.5	0.9	0.2
Tent	0.1	0.1	0.1	0.2	1.2	0.2	0.0	0.0	0.0
Kiosk/Metal container/ Wooden structure	1.4	0.5	2.4	1.8	0.2	2.9	2.7	0.9	4.0
Living quarters attached to office/shop	0.4	0.2	0.6	0.4	0.2	0.5	0.1	0.1	0.1
Uncompleted building	-	-	-	1.6	1.0	2.1	1.2	1.2	1.4
Other	3.8	3.3	4.3	0.2	0.2	0.3	0.1	0.1	0.1
<b>Total</b>	<b>96*</b>	<b>100.0</b>	<b>100.0</b>				<b>100.0</b>		<b>100.0</b>

\*Hotel/Hostel: 0.4 percent; was included in 2000 Census only, but this category was not included in the 2010 census

metal containers/wooden structures and other improvised dwellings, especially in urban areas, in all probability, is partly the response to the decline in access to compound houses for low-income households.

### **Social implications of changing housing types**

Population growth, rapid urbanisation, growing middle-class, improved income levels and declining household sizes are likely to fuel the demand for housing. Much of this demand will come from middle- and high-income households, and supply will continue to target these households with possible adverse implications for low-income households. There is the need for conscious efforts to be made by the government to provide affordable housing as well as create enabling environment for private sector supply to meet the incomes and socio-economic circumstances of poor households. Otherwise, seeming surpluses are likely to be recorded in the Ghanaian housing sector without real impact on the housing needs of poor and low-income households.

The sharp decline of compound houses and the rise in the proportion of separate or self-contained houses in Ghana's housing stock implies that poor and low-income households need to compete for the limited amount of compound housing available. This is likely to increase the congestion in these houses, a development that is becoming more evident in slums and poor neighbourhoods in Ghanaian cities. In addition, poor households are likely to pay higher rents amid non-maintenance of such houses and poor services due to pressure on their use. Furthermore, overly congested households may trigger homelessness and streetism. The overall effect is the widening of inequalities and production of an unequal society, undermining government efforts to achieve national development policy objectives and the SDGs targets.

The rise in housing categorised as “kiosk/metal container/wooden structure” reflects the challenges confronting the poor in accessing decent accommodation and the growing incidence of slums, especially in large and secondary/medium-sized Ghana cities. Underlying this trend is the growing level of urban poverty and of low-income households unable to afford rent for decent housing. Dwellings of the kiosk, metal container, and wood structure type are likely to be in vulnerable

locations such as areas exposed to frequent floods, closer to hazardous waste sites, or generally areas not earmarked for residential development by city planners. In such locations, municipal services such as water, waste collection, and electricity are not likely to be available, or if available, they need to be accessed illegally or at a higher cost due to the payment of bribes. Moreover, such locations or communities are also likely to be sites for occasional city authority clearance interventions referred to as “decongestion exercises” (see Crentsil and Owusu, 2018).

## **CONCLUSION AND RECOMMENDATIONS**

Much of the growth in the housing stock in the last decade is due to the cumulative effect of middle- and upper-class investments in self-contained houses as owner-occupied dwelling units. It is recommended that the government provides incentives to individuals and groups in the middle- and upper-income category to invest in housing, especially rental units for low-income households. This is because although house ownership remains strongly culturally desirable in Ghanaian society, and indeed, government strategies on housing over the years have focused on this area, it is the case that not all households can own a house.

In broad terms, affordable housing delivered by either the state or private sector is out of the reach of many households. This demand-side constraint relates to the inability of household income to meet the price of decent housing. Consequently, the supply of housing is unable to meet effectively the demand for housing. Four key challenges on the supply side of affordable housing need serious attention by the government, namely: cost and access to land, inadequate finance in terms of the cost of credit and long-term funding, limited use of local building materials; and outdated building codes and regulations.

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