

ABSTRACT

The main objective of this study was to examine the factors that affect real estate investment by pension funds. The study was guided by three specific objectives namely to evaluate Managerial decision in pick up different types of Investments, to identify the impact of the macroeconomic parameters on the real estate investment and to evaluate regulations, policies and guidelines if they are still valid to the present economic environment. The conceptual framework was developed using three factors namely gross domestic product, interest rate and inflation rates. The study adopted a descriptive survey, also a study sample covered 5 pension funds (PSPF, NSSF, LEPF, GEPF and PPF) and collection of data was done through documentary literature reviews which are sourced from secondary data more particularly financial statements of the above pension funds organisation with specific time series of 2011-2015. The findings of the study showed that both Gross Domestic Products and Interest rate factors have a positive influence on the investment of the real estate's by the Pension funds organisation in the country. In addition to that, the study showed that the regression coefficient on Inflation rate and Consumer prices is negative at 5% level of significance. The study findings showed that, a unit increase in interest rate and GDP would increase the rate of investment while a unit increase in the inflation rate would affect negatively the real estate investment. It was there for concluded that, the pension fund should reconsider reviewing their investment strategies while paying more attention to the issue of inflation rate of the TZS currency vs. the giant USD. The study recommended that, a more narrow study should be conducted covering only one factor affecting the real estate investment efforts example a study on how GDP affect the decision of the pension funds organisation in real estate investment.

