

Mozambique Property Boom

In late 2013, the [world's largest oil reserves were discovered in Mozambique](#) by an Italian energy company ENI. There have been some reports that the country is positioned to becoming an oil producer after the discovery of oil deposits along the same place where the gas was found. The country's economy is thus posed for growth in the long term. Although agriculture is the main activity, mining is set to increase in the next years, thus bringing its GDP almost equivalent to that of Angola, in the mining sector. These discoveries are putting Mozambique as a strong economic investment contender in parallel with other emerging economies in Africa, such as Ghana.

Mozambique is booming, Europeans are returning to the beautiful coastlines, expats are coming back in their numbers into the cities and the challenges are starting to emerge. Many beachfronts are being turned into holiday homes and in major cities such as Maputo, the costs of living have increased exponentially. The thriving property market, while being great for the economy, is also problematic for the locals. The rising costs are starting to drive out the locals as developers buy low cost properties and develop them into up market apartments. In the last couple of years rents, have doubled and even tripled. For example "A three-bedroom apartment that's more than 40 years old costs US\$3,000 a month and a brand new three-bedroom apartment is US\$7,000 a month and most Mozambicans can't afford that". Several South African property companies have already seized the opportunity by extending their businesses there. In some places, middle income houses are already being sold at prices well beyond the access of many.

The country's new-found mineral wealth is the reason that house prices have soared. However developers are catering more to the affluent buyers who promise more profits. For example, land priced at US\$1,000 per square metre can then sell at US\$4,000 per square metre, once built. As a result, local buyers are pushed out of the cities into cheaper areas. The land scramble has caused further problems as some local Mozambicans have faced losing their homes (especially those without formal title to their houses) and those who live on "illegal" land. Demand for housing by far outstrips supply so it might be a while before rental prices stabilise. That being said the housing market in the country is simply too difficult for low income earners to access.

Affordability and access to decent housing has always been a problem in Mozambique. The banking sector has made huge development strides in the past decade, however it is still going to be while before affordability reaches the low income earners. The mortgage loan to GDP is very low measuring a mere 0.6 percent. Although the microfinance sector is vibrant only five microfinanciers offer housing microfinance as a product. And the minimum housing loan offered by the major banks is still too expensive for the vast majority of the population, especially given interest rates of between 16-20 percent. There is optimism among some professionals that interest rates will decrease: they have been as high as 26 percent in the past. There have been some developers who are already beginning to shift their focus towards the middle income spectrum of the market.

One of the biggest constraints in Mozambique's property market has been legislative. Many of the laws governing property predate as far as the 1960s and have not been improved since then. Some developers are cautioned by the law that states that all land in the country belongs to the state; however land can be leased for 50 years with the option of renewal. The lack of reliable housing data is also a main hindrance in housing production. This lack of data might skew the market. Over the next years, the housing market in Mozambique will eventually settle and banks' lending rates will decrease. Therefore the country is well on its way to being a serious contender in the Southern parts of Africa. [Source: [Ventures Africa](#)]

AFRICAN UNION FOR HOUSING FINANCE

The AUHF is an association of now thirty-nine mortgage banks, building societies, housing corporations and other entities involved in the mobilization of finances for the development of shelter and housing on the African continent. The AUHF is a non-governmental association and has its presence in some sixteen countries across the continent of Africa. See www.auhf.co.za

 Group: African Union for Housing Finance
[@AUHF_Housing](#)

FINANCING HOUSING in Africa is a monthly publication of the African Union for Housing Finance for its members. Please submit material for inclusion to Kecia Rust, at kecia@housingfinanceafrica.org.



In the news

This month in African housing & finance

Southern African News

In Namibia, the government has announced that it will only subsidise low-cost social houses for low-income earners. Through the National Housing Enterprise (NHE), houses for middle to upper income brackets will have their houses funded through other financial sources. The Ministry of Regional and Local Government, Housing and Rural Development made an announcement earlier in April about the NHE needing to enter into public-private partnerships with organisations especially those catering to the middle to upper income brackets. The government came to the decision of subsidising only low income housing while those in higher brackets can rely on other means such as housing allowances. The NHE has already awarded a tender for the construction of 10 137 houses countrywide to 25 companies for US\$ 281 million. [22 April 2014, [All Africa](#)]

East African News

Kenya's high interest rates and high prices on building materials are making it harder on the middle class to access affordable housing. According to a report by The Kenya Property Developers Association and HassConsult, the middle class are having difficulty accessing suitable housing, either for purchase or to rent. Kenya needs to build 200 000 housing units per annum in order to address the backlog and keep up with growth. However, the KPDA report suggests that only 15 000 units were built in 2013. As was reported in last month's [AUHF issue](#), Kenya's complex land market and the increased property taxes have exacerbated the problem. [5 April 2014, [Nation](#)]

A Chinese firm has announced plans to invest US\$ 20 million in the real estate market of Tanzania. The firm, Dong Xiang has acquired a 7,930 square metre piece of land in Dar es Salaam. The land is earmarked for the construction of 98 residential apartments for middle and low income earners. [27 April 2014, [Business Week](#)]

West African News

About US\$640 million has been dispersed by the Gambian government for the implementation of the housing loan scheme. This housing scheme is earmarked for civil servants to build houses. This move is part of government's efforts to revive the Civil Service Revolving

Loan Scheme (CSRLS) and also to push down interest loans. [2 April 2014, [All Africa](#)]

In Sierra Leone, the government has established an Affordable Housing and Home Ownership Scheme for Sierra Leoneans. This was announced by the president in order to get Sierra Leoneans into the real estate sector and property businesses to work with private entrepreneurs to produce affordable housing and home ownership schemes. A project called, The Trillium project, is a property investment company with the aim of creating homes and jobs. The project is in equilibrium with government efforts to better the living standards of the population and create jobs. While the Trillium project was welcomed, the president also urged the company to target low income earners. [15 May 2014, [All Africa](#)]

North African News

The Sudan National Housing Fund in collaboration with the Darfur Regional Authority (DRA), and the governments of the Darfur states have decided to work on a joint housing project. The housing development comes at a time that the country is affected by war. The project will be implemented in Darfur and will include basic services such as schools. The fund for the project is estimated at US\$6.7 million. [3 April 2014, [All Africa](#)]

In Liberia, the government has pledged to support to the National Housing Authority Validation Policy, an organisation with the aim to enhance affordable housing in the country. Housing shortages are a major problem in Liberia compounded by the civil war. However, efforts are being made to address the situation. [21 April 2014, [All Africa](#)]

Member News

The **Botswana Housing Corporation** has partnered with Stanbic Bank. The partnership aims to promote home ownership among the Batswana for the Sitting Tenants' Campaign. The campaign runs through the year, targeting BHC customers whom are currently renting BHC houses. Stanbic Bank will participate in the partnership as the financiers; financing will be extended towards tenants and their families. The campaign will run until March 2015 and targets roughly 1 500 BHC properties. [[The Voice BW](#), May 16]

The **National Housing Corporation of Tanzania (NHC)** constructed over 200 houses in just one month. The ministry of Lands, Housing and Settlement Development has further asserted that 7 000 more low to middle income houses are expected to be constructed over 202



Financing Housing in Africa

Issue 35: May 2014

acres. [16 May 2014, [All Africa](#)]. Meanwhile, the National Housing Corporation in Kenya has been exploring ways of reducing the housing shortages by enabling Kenyans access to affordable housing. This they hope to achieve through using alternative building technologies such as the Expanded Polystyrene Panels (EPS) which can reduce the cost of houses by up to 30 percent. The NHC has aimed to construct 3 000 houses annually, the hurdle in Kenya has been the lack of raw materials, which often resulted in expensive houses. [6 May 2014, [Standard Media](#)]

September 2014. Discount for AUHF members

- **13-14 October 2014:** [Africa Property Investment Summit](#), Sandton, South Africa
- **19- 22 October:** [Planning Africa 2014](#). Durban, South Africa.

- **17-19 November:** 30th Anniversary AUHF Conference and AGM, Nairobi, Kenya. For more information contact kecia@housingfinanceafrica.org

UPCOMING EVENTS

- **2 June- 24 June:** [2014 International Housing Finance Program](#), Wharton School, Philadelphia, USA
- **18 June – 20 June:** City Development. Cape Town, South Africa. Contact Mavis Yong for details mavisy@marcusevanski.com
- **18-19 June:** [Real Estate Development and Finance Trends Conference & Dinner](#), Urban Land Institute, London, UK
- **3-7 August:** [International Union of Architects World Congress](#). Durban, South Africa.

- **18-20 August:** [Affordable Housing Africa](#). Cape Town, South Africa. This conference is supported by the AUHF and offers AUHF members a 10% discount. Contact CindyC@marcusevanski.com

- **26-28 August:** 4th [Affordable Housing Summit](#), Johannesburg, South Africa. A 15% discount for AUHF members – register with Sachin.gowda@iqpc.com
- **11- 12 September:** [Building The Future](#) - Event to mark the 100th anniversary of the IUHF, Munich, Germany
- **28 September - 01 October 2014:** [Call for Papers, International Housing Conference, Exhibition & Housing Awards](#), Lord Charles Hotel, Somerset West, Cape Town, South Africa
 - **2-3 October 2014:** [Real Estate Unite](#) – Africa’s Property Market, Lagos, Nigeria

- **5-11 October 2014:** [2014 Housing Finance Course for Sub-Saharan Africa](#), Cape Town, South Africa. Application deadline 3

Visit <http://www.auhf.co.za/events/> for event details

RECENT TWEETS



[@AUHF_Housing](#) : [#Nigeria](#) is now Africa's biggest economy, data from the Federal Government. SA's GDP for 2013 was \$370.3bn and \$510bn for Nigeria



[@AUHF_Housing](#): US\$10m invested in IHS [#affordablehousing](#) development by [#Eskom](#) fund http://www.engineeringnews.co.za/article/r100m-invested-in-ihs-affordable-housing-development-by-eskom-fund-2014-04-08/rep_id:3182...



[@AUHF_Housing](#) : [#StandardBankSA](#) has decided to increase its affordable housing loan book by adding US\$570 million thus bringing the total to US\$2.2billion



[@AUHF_Housing](#): Pan African Housing Fund (PAHF) a Private equity firm backing [#affordable #housing](#) projects in Africa <http://www.howwemadeitinafrica.com/private-equity-firm-backing-affordable-housing-projects-in-africa/38042/...>