

DJIBOUTI LAUNCHES A HOUSING BANK

There has not been much news coming from the housing sector in Djibouti, a small country situated on the horn of Africa, with a population of less than 1 million. Earlier last month however, Djibouti announced its intention of establishing [a housing bank](#). This move comes at a time when the country's affordable housing sector is only accessible to a small number of the population. The housing bank will create a dynamic property market. Due to the growth in demand for affordable housing caused by the growth in the economy, the Djiboutian government has responded by contributing public land for development. Provision of sites and services has also been undertaken. The government further plans to invest US\$24 million into the construction of 540 apartments in the capital city Djibouti, and a further 120 apartments in the inner parts of the country.

The demand for housing in Djibouti is estimated at 3 500 per year, with further pressure being exerted due to the increase in urbanisation rates. The country's urbanisation rate stands at 77 percent. Djibouti's economy is dominated by services, which contributes 80 percent of GDP. The Djiboutian people have mainly relied on self-build methods for housing. The property market is still in its premature years as a result the resale market is very limited. According to the Central Bank the average house price in the country has actually decreased by 28 percent since 2008. A survey conducted by the [Centre for Affordable Housing in Africa in 2013](#), found that houses costs were between US\$30 000 and US\$40 000. The construction that does take place does so at a very small scale, between 100 and 200 building permits are said to be processed annually, the reason being that the process itself is very long.

Housing affordability is very low, aggravated by the difficulties experienced with accessing finance, roughly 60 000 people had access to a financial institution in 2010, according to research from the Housing Finance Yearbook 2013. As housing finance and the microfinance sectors are not well developed yet, this affects things

such as interest rates which have been fluctuating between 9 percent and 12 percent. The ranking by the [Doing Business Report 2013](#), ranked Djibouti at 180th out of 186 countries in the 'Obtaining Credit' category. Thus, in a context where construction costs are high and access to finance is low, the low income earners find themselves excluded. High construction costs are exacerbated by the dependency on imported building materials.

The government is making strides in making housing accessible and affordable to its citizens. The launch of a housing bank is one such great effort to tackle housing issues. Additionally, tax and import duty offerings are also part of the concessions that the Djiboutian government has made in enabling foreign investors to ease into the market.

For more information on housing in Djibouti visit

<http://www.housingfinanceafrica.org/country/djibouti/>

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 or Olga Koma at Olga@housingfinanceafrica.org.



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



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In the news

This month in African housing & finance

Southern African News

Zambia's 10% Property Transfer Tax Increase

Zambia has increased its Property Transfer Tax (PTT) from 5 percent to 10 percent in an effort to raise US\$ 10 million for its domestic revenue. This is the highest in the region, the average cost being 9 percent in Sub-Saharan Africa. The move has been criticised by many within the real estate sector, seeing it as being premature for a sector that is still young and blossoming. The PTT has been revised a total of four times, 2.5% in 1984, increased to 3% in 2005, 5% in 2008 and now 10%. [Source: 5 January 2014, [UK Zambians](#)]

Meanwhile in Zimbabwe, the government has signed a memorandum of understanding (MoU) with a Chinese company (State-owned Shanghai Construction Group Company Limited) for the construction of houses and social amenities. The MoU pledges that the company will loan US\$472, 5 million from the government of which will be injected into the project. [16 January 2014, [The Herald](#)]

East African News

[The Mortgage Company](#) in Kenya commented on Kenya's mortgage market and said that the industry is skewed towards the rich. This, they blamed on the high mortgage rates by commercial banks and the lack of mortgage promotional offers. According to the Quarterly Report from [The Mortgage Report 2014](#). [24 January 2014, [AllAfrica](#)]

In Tanzania, the government has called for a reduction in VAT in an effort to reduce the costs of construction materials and subsequently house prices. This comes after houses built by Pension Funds were found to be unaffordable to people. The Public Service Pensions Fund is constructing several housing projects around the country. Each house will cost anywhere between US\$37 500 and US\$ 45 500. [2 February 2014, [AllAfrica](#)]

West African News

According to Africa.com Accra, Ghana has been named the second most liveable city for more affluent people in Africa. Despite this, the 51% of the population who live on less than US\$2 are experiencing huge strain driven by the increase in inflation. Amenities and

housing costs, have increased 35 percent year-on-year in December, additionally electricity has increased by 9.7 percent and water has increased by 6.8 percent in January 2014. [Source: 17 January 2014; [Spy Ghana](#)]

North African News

The political landscape in Egypt is still largely unstable. People that live in the big cities where basic services have been only a promise; many people have had to rely on their own capacities. Slum dwellers in Egypt have had to "dig their own land", raise community funds to get professional services, such as amenities that require the knowledge of engineers. There is a lot of mistrust especially towards government which is why most citizens would rather they do things for themselves. [Source: 23 January 2014: [AllAfrica](#)]

Member News

ZB Building Society in Zimbabwe is to merge with ZB Bank. The reason for the merger, according to the managing director of ZB Bank, is to address capitalisation compliance and operational efficiencies. In Zimbabwe, the Reserve Bank has set a minimum banking capital requirements of which the deadline is December 31, 2014. Housing Micro financiers are expected to have a minimum capitalisation of US\$15 million and Microfinance Banks are expected to maintain at least US\$5 million. Source (6 Feb 2014): [All Africa](#).

Meanwhile, FBC Holdings Ltd has abandoned plans to also merge their banking division, FBC Bank, with its mortgage unit, **FBC Building Society**. Source (7 February 2014): [The Independent](#)

Shelter Afrique, housing finance institution based in Nairobi, has pledged to finance any property development company in Kenya that targets the low cost housing spectrum. Shelter Afrique has already set aside US\$5 million which will be lent out at below-market rates lower. Currently commercial banks offer loans at rates higher than 13 percent, and Shelter Afrique plans to offer loans at rates lower than 12 percent. Those institutions likely to receive preference from this deal include saving and credit cooperatives whom already have access to raw land on the urban peripheries. Additionally, Shelter Afrique has partnered with the Kenyan government and UN Habitat to launch a low-cost home construction project in Mavoko County. The project will see close to 2 500 low cost units constructed, consisting of one-bedroom, two-bedroom and three-bedroom units. The price of a



single bedroom housing will cost approximately US\$ 5000, whereas a three bedroomed house will cost approximately US\$ 70 000. [Source: 2 January 2014; [StandardMedia Kenya](#).]

UPCOMING EVENTS

- 3-5 March:** [Infrastructure Project Financing Africa](#). Cape Town, South Africa.
- 5-6 March:** 4th [Annual Africa Banking & Finance Conference](#). Laico Regency Hotel. Nairobi, Kenya. **Discount for AUHF members brings fee to \$500.**
- 20-21 March:** 10th [Global Microfinance Forum](#). Vienna, Austria.
- 2-3 April:** [Township & Urban Development Conference](#). Johannesburg, South Africa.
- 2-4 April:** 5th [Annual Affordable Housing Projects](#). Singapore.
- 5-7 April:** [World Urban Forum](#) 7. Medellin Columbia.
- 26 May - 26 June:** Developing Social Housing Projects 2014. For details email: ihs.study5@gmail.com
- 27 May- 28 May:** [African Construction Expo](#). Johannesburg, South Africa.
- 16 June – 18 June:** City Development. Cape Town, South Africa. Contact Mavis Yong for details mavisy@marcusevanskl.com
- 3-7 August:** [International Union of Architects World Congress](#). Durban, South Africa.
- 28 September - 01 October 2014:** **Call for Papers, [International Housing Conference, Exhibition & Housing Awards](#)**, Lord Charles Hotel, Somerset West, Cape Town, South Africa
- 19- 22 October:** [Planning Africa 2014](#). Durban, South Africa.

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

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