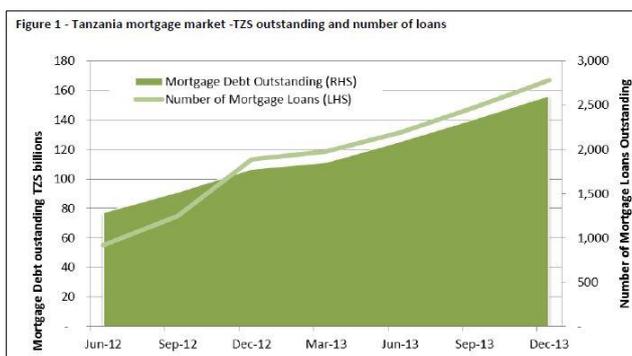


## Tanzania's expanding mortgage market

While Tanzania's mortgage market is among the smallest in the East African region (the ratio of outstanding mortgage debt to GDP is 0.36 percent), it is growing rapidly, at an annual rate of 46 percent. Constraints to the market include high interest rates and lack of affordable housing supply. In a new report, the Bank of Tanzania notes that the recent increase in the Treasury Bill rate to 15 percent will negatively impact on affordability of all forms of long term loans, inclusive of mortgages. Interest rates in the country vary between 18% and 21%. The affordable mortgage market is almost non-existent and this has led to lenders offering loans at very high prices. The issue of insufficient supply is something that Tanzania's National Housing Corporation (NHC) is working hard to address. It has a goal to increase the housing sector contribution to GDP to 4 percent as part of its strategic plan.

Still, growth in the sector is impressive. This graph depicts mortgage lending trends over the 18 months to December 2013. By the end of 2013, there were 2784 mortgage loans in the Tanzanian market, up from 1889 the previous year.



The Bank of Tanzania's **'Tanzania Mortgage Market Update Report'** highlights that the mortgage market has been steadily growing due to the increases in housing investments. There have been a number of new entrants into the banking arena, and 19 banking institutions now offer mortgage loans. Azania bank, Stanbic Bank and the Commercial Bank of Africa Limited are the three dominant lenders within the mortgage sector. The newly established entrants into the market, NBC and NMB, will add more competitiveness. The mortgage

market now has a variety of loans on offer, such as loans for self-construction and for equity withdrawal, even though some still remain unaffordable to the majority of the people.

The National Housing Corporation (NHC) announced in 2011 to raise its budget from US\$23 million to US\$230 million to increase the scale of delivery in the country. Alternative building materials are being explored as a way to deliver these houses on a rapid scale. Under the new 'Civil Servants Housing Scheme', 50 000 houses will be constructed over the next 5 years. Pension funds are also advancing mortgage loans to their members, and this will lead to a boost in the mortgage market. The government of Tanzania has also played a pivotal role in ensuring that the huge housing gaps are addressed. Under the Tanzanian Building Agency, the government aims to construct 10,000 houses.

The Tanzania Mortgage Market Update Report also highlights that there are some institutions (Akiba, EFC and DCB) that have been targeting lower income customers. These institutions have played a vital role in diversifying their loans. Akiba Bank, for example, offers loans ranging from (US\$1 269) to (US\$31 745) payable over 24 years.

The mortgage market in Tanzania has expanded quite rapidly over a very short period – and clearly has great potential for even more growth. The report indicates that mortgage debt advanced by the Tanzania Mortgage Refinance Company (TMRC) accounts for 11% of the market's outstanding mortgage debt. As more lenders take up the liquidity opportunities offered by the TMRC, mortgage lending in Tanzania is set to grow considerably. The experiences of the Egyptian Mortgage Refinance Company, which saw Egypt's mortgage market double annually over a period of four years, are illustrative: in 2007, Egypt's mortgage market comprised 3109 loans. By the end of 2011, there were 29 631 mortgages in that country, comprising 1% of GDP. With its investment in the TMRC and other measures, the Tanzanian government has shown great a commitment to expanding housing finance markets.

To Download Tanzania's Mortgage Report [Click Here!](#)

*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](mailto:kecia@housingfinanceafrica.org) or Olga Koma at [Olga@housingfinanceafrica.org](mailto:Olga@housingfinanceafrica.org).*



## In the news

This month in African housing & finance

### Southern African News

In South Africa, the newly inducted minister of Human Settlements, Connie September, has set up a task team that will look at ways in which her department can work collaboratively with banks. The Department has set a goal to deliver 1 million government-subsidised houses over the next 5 years. In 2012 the South African government introduced the revised [Finance Linked Individual Subsidy Programme](#), an initiative to combat unaffordable housing amongst those that earn between US\$350 and US\$1 500 per month. The task team will investigate the ways in which they can work with banks to help those “who fall within the ‘gap market’ that cannot afford a housing bond from any bank”. [4 February 2014, [All Africa](#)]

### East African News

The National Housing Corporation (NHC) in Kenya, in an attempt to lower the costs of housings, has turned to low cost building materials. Kenya’s housing demand is currently at 150 000 annually and with nearly 70% of the population living below the poverty line, buying a descent home is a struggle. Through the NHC’s efforts to reduce the costs of building materials it is hoped that the costs of houses can simultaneously be reduced. The Housing Corporation has a 30 000 unit housing project which will be constructed using low cost building materials. [1 February 2014, [All Africa](#)]

### West African News

The Central Bank of Nigeria (CBN) is gearing up for the release of the regulatory and supervisory guidelines for the operations of the newly instituted Mortgage Refinance Company. The guideline is being drawn to ensure that the MRC operates according to internationally accepted standards and best practice in mortgage liquidity facilities. The framework sets out a minimum capital base for the MRC at US\$30 million, among other guidelines the bank also sets out a minimum ratio of core capital to total assets of not less than 5 percent. [10 February 2014; [All Africa](#)]

### North African News

A Moroccan construction company (Addoha Construction) is partnering up with the government of Ghana in an effort to provide affordable housing units

for the people of Ghana. This project is the result of the government’s housing initiative to house disadvantaged Ghanaians. The Moroccan company has multiple housing projects in Cote d’voire, Cameroon, Guinea and Congo Brazzaville. The project in Cote d’voire is part of the initiative to promote South-South cooperation as a development tool. The housing project will see the construction of 8,000 low-cost housing units and will cost roughly US\$35 million. [19 & 26 February 2014; [Ghana Web](#) & [Daiji World](#)]

### Member News

The **National Housing Enterprise (NHE)** in Namibia has granted two South African firms (Calgro M3 and Bigen Africa) a tender to construct more than 1 000 housing units in Windhoek. The project is part of the government’s mass housing programme. The housing project will consist of free standing single, multi-storey and semi-detached houses. The national housing programme also aims to upgrade 486 informal settlements and provide about 6 500 plots. The project targets 14 regional capitals across the country at an estimated cost of US\$250 million for about 9 000 housing units and servicing of 10 200 plots. [14 February 2014, [All Africa](#)]

The **Social Security and Housing Finance Corporation (SSHFC)** in Gambia has partnered up with an investment group (BP Investment Group) to provide about 400 houses and 110 apartments to Gambians over the next two years. The social housing project- The Modern City- is set to be built in Brusubi, and will include a variety of 12-house types and apartments (with 5-type flats) with 2-rooms or more, and social amenities. The project is one of the programmes SSHFC has set out to achieve as the housing shortages in Gambia are too vast. The partnership with BP Investment Group (a Dubai-based company which has an international reputé in social housing) will bring enough capital and ‘modern’ ideas into the project to ensure its success. [28 February 2014; [The Point](#)]

Early January, members of parliament in Botswana have called for the **Botswana Housing Corporation (BHC)** to re-introduce the Tenant Purchasing Scheme (TPS). The scheme allowed for tenants to purchase a house without the assistance of financial institutions through monthly instalments instead of monthly rentals. The scheme was suspended in 2005 when many tenants were in arrears (over US\$4 million owed to BHC) and facilities to facilitate payment were not yet in place. [27 February 2014; [The Botswana Gazette](#)]



## UPCOMING EVENTS

**2-3 April:** [Township & Urban Development Conference](#). Johannesburg, South Africa.

**2-3 April:** [East Africa Property Investment Summit](#), Kempinski Villa Rosa Hotel in Nairobi, Kenya.

**2-4 April:** 5<sup>th</sup> [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: [ihstudy5@gmail.com](mailto:ihstudy5@gmail.com)

**27 May- 28 May:** [African Construction Expo](#). Johannesburg, South Africa.

**28-29 May:** 6<sup>th</sup> Global Housing Finance Conference #Housing4All. World Bank, Washington DC. For information: <http://go.worldbank.org/EVQYSPROWO>

**2-14 June:** International Housing Finance Program. The Wharton School at the University of Pennsylvania. For info: <http://housingfinance.wharton.upenn.edu/>

**4 June 2014:** [Shelter Afrique 33rd AGM and Symposium](#), Abijan, Ivory Coast

**16 June – 18 June:** City Development. Cape Town, South Africa. Contact Mavis Yong for details [mavisy@marcusevanski.com](mailto:mavisy@marcusevanski.com)

**20-25 July 2014:** [Housing Finance Summer Academy 2014](#), Frankfurt, Germany

**3-7 August:** [International Union of Architects World Congress](#). Durban, South Africa.

**11-12 September:** [100th Anniversary of the International Union for Housing Finance](#); Munich in Germany

**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.

**Call for nominations or applications for ICHUD and UMDT at IHS, The Netherlands**

**We urge you to sign up for the [2014/15 World Habitat Awards](#). These awards recognise innovative, sustainable and scalable solutions to key housing challenges facing communities around the world.**

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

## RECENT TWEETS



[@AUHF\\_Housing](#) Task Team to look into #Affordable #Housing #SouthAfrica <http://allafrica.com/stories/201402041220.html> ... [@AUHF\\_Housing](#) The new land frontier in Zimbabwe: urban land for #Housing <http://wp.me/p1O6DY-g8> via [@wordpressdotcom](#)



[@AUHF\\_Housing](#) Feb 12 6th Global Housing Finance Conference #Housing4All will be held from May 28-29, 2014\_ Washington, DC <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTFINANCIALSECTOR/0,,contentMDK:23527595~pagePK:210058~piPK:210062~theSitePK:282885,00.html> ...



[@AUHF\\_Housing](#) Feb 25 In #Kenya the #EADB and [@Housing\\_Finance](#) will co-finance construction of a housing venture backed with a \$7.3 million credit



### 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](http://www.auhf.co.za)

 Group: African Union for Housing Finance



[@AUHF\\_Housing](#)