



# MYRTLE REAL ESTATE

## PROPERTY MARKET REPORT

Issue IV - June 2023



7.6 acres of Land for Sale at USD 11M in Namasuba – Entebbe road

## OUR CORE BUSINESS

### **Consultancy in Research & Investment Analysis**

We provide up-to-date market based real estate information and advise clients on the best viable options to facilitate decisions in the life cycle of real estate projects.

We provide investment and feasibility analysis, lifecycle costing and creative market-oriented design support.

### **Real Estate Advisory Services**

We have a collaborative team that handles legal services for property related matters and can provide support at the purchase and sale of property.

We also provide services for the sub-division of land for sale in organized estates.

### **Agency & Leasing services**

As agents, we work to facilitate the buyer and seller in the process of property acquisition and disposal. Our work is to find the buyer and connect them to the seller.

### **Property & Facilities Management**

To provide services to manage the property business financially and technically. Our team focuses on creating systems to make the collection of all dues easy for the landlord to track his investment. We provide support in the taxation and management of council and municipal dues.

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## LIST OF ACRONYMS

GDP	Gross Domestic Product
BTI	Business Tendency Indicator
PMI	Purchasing Managers' Index
CIEA	Composite Index of Economic Activity
Shs	Shilling
USD	United States Dollar
FY	Financial Year
PDM	Parish Development Model
BOU	Bank of Uganda
UBOS	Uganda Bureau of Standards
AREA-Uganda	Association of Real Estate Agents Uganda
UGX	Uganda Shillings
PropTech	Property & Technology
MoLHUD	Ministry of Lands, Housing and Urban Development
NPA	National Planning Authority
SSA	Shelter and Settlements Alternative
NGOs	Non-Government Organizations
CBOs	Community Based Organizations
CBR	Central Bank Rate



## GLOSSARY

<b>M3</b>	Measure of the money supply.
<b>EMYOOGA</b>	Setting up specialized funds.
<b>Pundits</b>	Refers to experts or authorities in a particular field, especially those who offer opinions or commentary on political, social, economic, or cultural A
<b>Canvas</b>	A report or study used to represent something.
<b>Headline Inflation</b>	Headline inflation refers to the overall inflation rate, including all goods and services in the Consumer Price Index (CPI) basket.
<b>Core inflation</b>	A measure of inflation that excludes certain items that are considered to be volatile and can distort the overall trend.
<b>Fiscal Policy</b>	The use of government spending and taxation to influence the economy.
<b>Lending Rate</b>	The rate of interest charged by a financial institution for lending money.
<b>Exchange Rate</b>	The value of one currency expressed in terms of another currency.
<b>Investment</b>	Act of allocating resources, towards a venture or asset with the expectation of generating profit in the future.
<b>Monetary Policy</b>	Set of actions to control a nation's overall money supply and achieve economic growth.
<b>Property</b>	Piece of land, along with any structures or improvements built on it, such as houses, buildings, or other physical features.
<b>Property Market</b>	State of all the transactions (buying, selling and transferring) and the activities (e.g property development) which relate to property, whether in the residential, rental, retail, commercial, industrial or other sectors.
<b>Real Estate</b>	Real property that includes land and anything permanently attached to it or built on it, whether natural or man-made.
<b>Real Estate Investment</b>	The purchase, ownership, management, rental, or sale of real estate for the purpose of generating income, profit, or appreciation in value.
<b>Investment portfolio</b>	A collection of financial assets owned by an individual, institution, or investment fund
<b>Enabling Environment</b>	A set of conditions, circumstances, or factors that facilitate and support the successful achievement of a particular goal, objective, or desired outcome.



# INTRODUCTION

Real estate industry is rapidly growing globally, and Uganda is no exception. In recent years, Uganda's real estate has undergone tremendous expansion and change, reflecting the nation's growing economy and urbanization. Real estate property market analytical canvases aid in quantifying relationships between supply-demand characteristics to establish reliable assumptions about the real estate industry.

Uganda is grappling with a housing market deficit, compelling so many Ugandans to live in cramped and substandard housing. Addressing this issue is imperative for the country's social and economic development.

An emerging office market in Wakiso and Mukono, particularly on the upper floors of mixed-use buildings along arterial routes, is emerging in response to the oversaturation of Kampala's office market.

On the same verge, the real estate industry in Kampala has witnessed divergent trends across various sectors in the latter half of 2023. While the office market is showing signs of improvement, the retail sector still confronts ongoing difficulties resulting from the escalating cost of living. Rental rates for residential properties vary based on their location and type. The industrial market is experiencing a blend of retail and

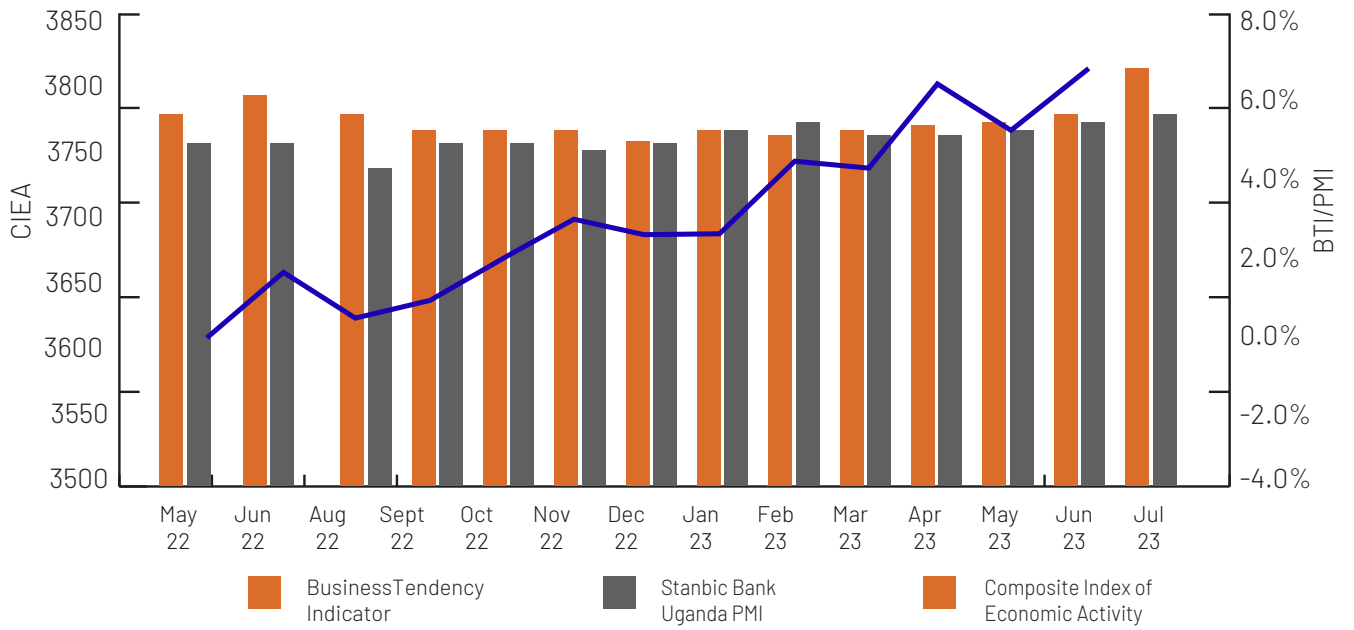
warehousing properties, and despite the challenges posed by the Ebola and Covid-19 viruses. Meanwhile the hospitality sector demonstrated signs of a rebound.

Despite facing challenges from restrictive monetary and fiscal policies, as well as the ripple effects of the Russia-Ukraine conflict leading to elevated global commodity prices and constrained global financial conditions, the economy has shown resilience in maintaining its level of economic activity. This suggests a slight uptick in consumer prices<sup>1</sup>. According to industry pundits, the real estate sector is thriving though with a number of critical issues:

- There exists a substantial housing shortage, estimated to be between 600,000 and 1,000,000 units per annum, emphasizing the urgent need for affordable housing on a large scale. There is a therefore, a call for government intervention to provide essential infrastructure support.
- The current land policy hinders developers from undertaking ambitious housing projects involving around 5,000 units. Pundits suggest that policy reforms are necessary to facilitate such ventures.
- The economic downturn has resulted in a slowdown in real estate demand, presenting challenges for the industry.

4-bedroom house for sale in Kulambiro





Apartment for sale in Naalya at 1 Billion





## ECONOMIC OUTLOOK



Uganda's economy has remained resilient and is steadily improving. According to projections, the economy will have expanded by 5.5% this year as opposed to 4.6% in 2022.

This year's performance compares favorably to the region's average growth rate, which is

predicted to be 3.6% for the calendar year 2023. According to estimates, the size of the economy is now Shs.184.3 trillion, up from Shs.162.9 trillion last year. Compared to US\$ 45.6 billion last year, this is the equivalent of US\$ 49.4 billion<sup>2&6</sup>

Despite ongoing uncertainty and evolving risks in the global economy, there is a noticeable easing of inflationary pressures and an ongoing economic recovery monetary.

In July 2023, there was a positive shift in business confidence indicators rising to 64.21 points from 62.24 points in June. However, the Stanbic Bank Uganda PMI declined, dropping to 53.9 in July from 56.4 in June. Additionally, the Consumer Price Index (CPI) increased in August, reaching 127.50 points, up from 126.80 points in July 2023. (Refer to BTI, PMI, CPI graphs)

Uganda's GDP is projected to grow to 6.0% in FY 2023/24 which is a slight increase from 5.3% in FY 2022/23<sup>4</sup>

3 bedroom house to let in Jomayi estate , Namwezi, Namugongo





# GDP GROWTH



In FY 2022/23 the industry sector grew by 3.9% compared to 5.1% growth in FY 2021/22 while the services sector grew by 6.2% compared to 4.1% over the same period and it remains the largest contributor to Uganda’s GDP<sup>5</sup>

Growth is attributed to government initiatives such as the Parish Development Model, the surge in activities in the Oil sector following the final investment decision in 2022, growth in regional trade and rebound in the agricultural sector<sup>4</sup>

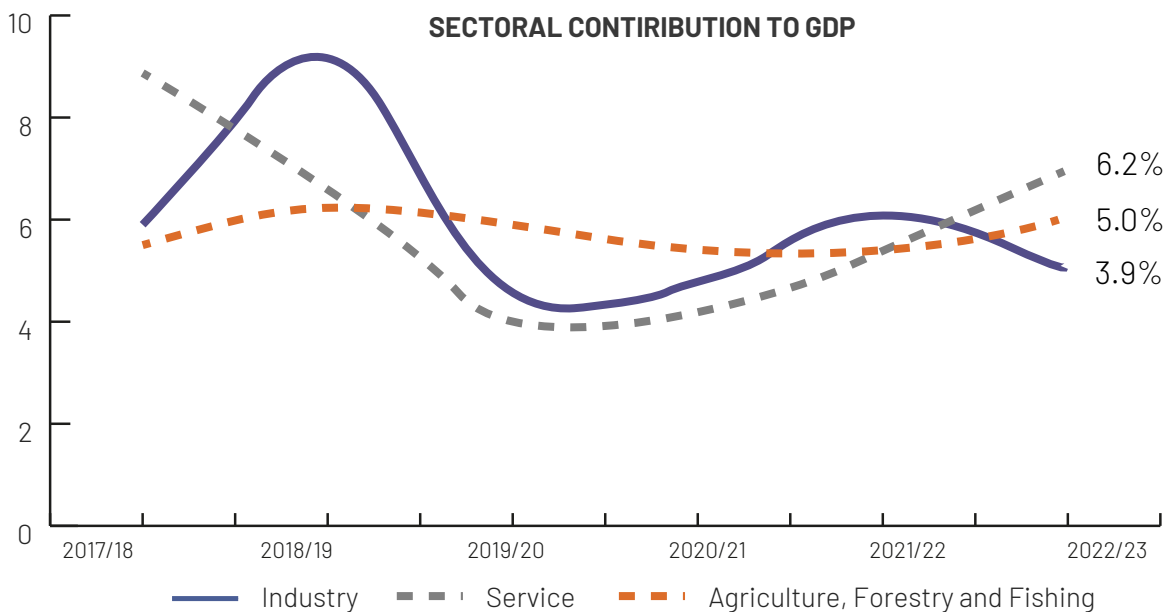
The agriculture, forestry and fishing sector grew by only 5.0% compared to 4.2% in FY 2021/22 due to the prolonged drought observed from April 2022 to early August 2022, that negatively affected food crop activities<sup>5</sup>

For the FY 2023/24, Uganda’s GDP is projected to grow up to UGX 207.22 trillion at 6% mof from UGX 184.3 trillion in FY 2022/23. Over the next five years, the economy is projected to grow at an average of 6.5-7% per year<sup>6</sup>

This growth will be supported by; a pickup in oil sector construction activities; growth in regional trade; a rebound in agricultural production, and job creation owing to government interventions and initiatives like the Parish Development Model (PDM) and the Presidential Initiative on Wealth and Job creation (EMYOOGA)<sup>5</sup>

After peaking at 10.7% in October 2022, inflation has steadily decreased to below 5%, faster than expected<sup>1</sup>

GDP from Construction in Uganda increased to 2226.50 UGX Billion in the first quarter of 2023 from 2197.65 UGX Billion in the fourth quarter of 2022<sup>2</sup>



Source: UBOS, Annual GDP Publication Table

Despite a potential decline in inflation, the outlook for Uganda's real estate sector remains uncertain, particularly due to the ongoing instability in construction material prices. The industry continues to rattle with soaring costs of essential resources such as cement, steel, and timber, which are essential for building projects.

## INFLATION



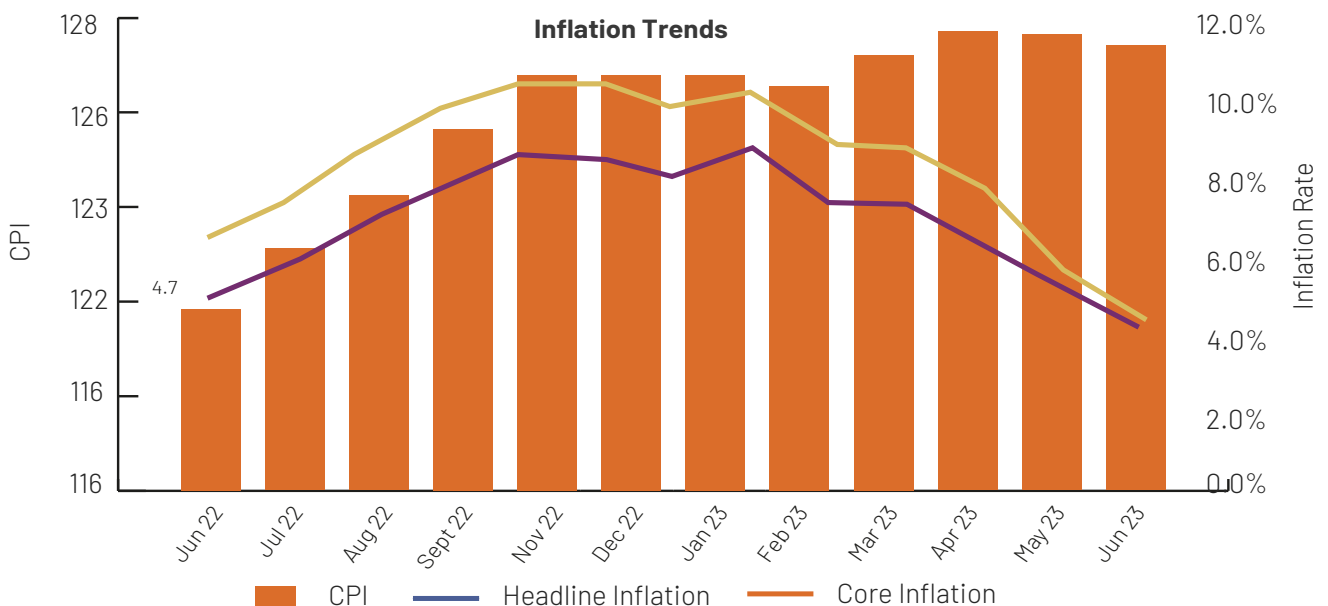
Annual headline and core inflation fell from 4.9% and 4.8% in June 2023 to 3.9% and 3.8%, respectively, in July 2023. In a similar vein, the inflation rate for food crops dropped from 12.3% in June 2023 to 9.3% in July. Costs for energy, fuel, and utilities decreased by 1.6% in July from -3.1% in June 2023, and

the average rate of inflation for services from April to July 2023 was 3.1%. Inflation decreased because of more stringent monetary and fiscal measures, a stronger shilling exchange rate, reduced energy and food costs, enhanced global supply chains, and diminished domestic demand<sup>3</sup>

The downward inflation is predicted to continue in the coming months due to lower international food and fuel prices, better agricultural supply and decreasing inflation expectations.

The incessant fluctuations in construction materials' prices have created an atmosphere of unpredictability and financial strain on developers and investors alike. Consequently, the pace of construction projects may be hindered, leading to delays in completion and potentially higher property prices. Moreover, the scarcity of affordable housing options might persist, exacerbating the housing crisis and placing additional pressure on the sector.

As Uganda's real estate market navigates through these challenges, stakeholders will need to employ strategic planning, innovative solutions, and prudent financial management to mitigate the impact of unstable construction material prices and sustain long-term growth.



## MONEY MARKETS



Money Supply M3 in Uganda increased to 38232 UGX Billion in June from 36823 UGX Billion in May of 2023<sup>1</sup>

In the light of this outlook, the MPC decide to lower the CBR to 9.5%. CBR bands remain at +/-2% points and the margins on the CBR for rediscount and bank rates are now 12.5% & 13.5%. in addition, the Cash Reserve Requirement (CRR) has been lowered by 50 basis points to 9.5% monetary rep augst.

## INTEREST RATES



The Bank of Uganda has opted to lower its key interest rate for the first time since June 2021, reducing it from 10% to 9.5% during its meeting on August 15th. This decision comes as Uganda's inflation rate has dipped below its target, with the aim of spurring economic activity. In July 2023, Uganda's annual inflation rate decreased for the sixth consecutive month to 3.9%, down from 4.9% in June, representing the lowest level observed since March 2022.

Standalone house for sale in Kasangati at UGX 250M

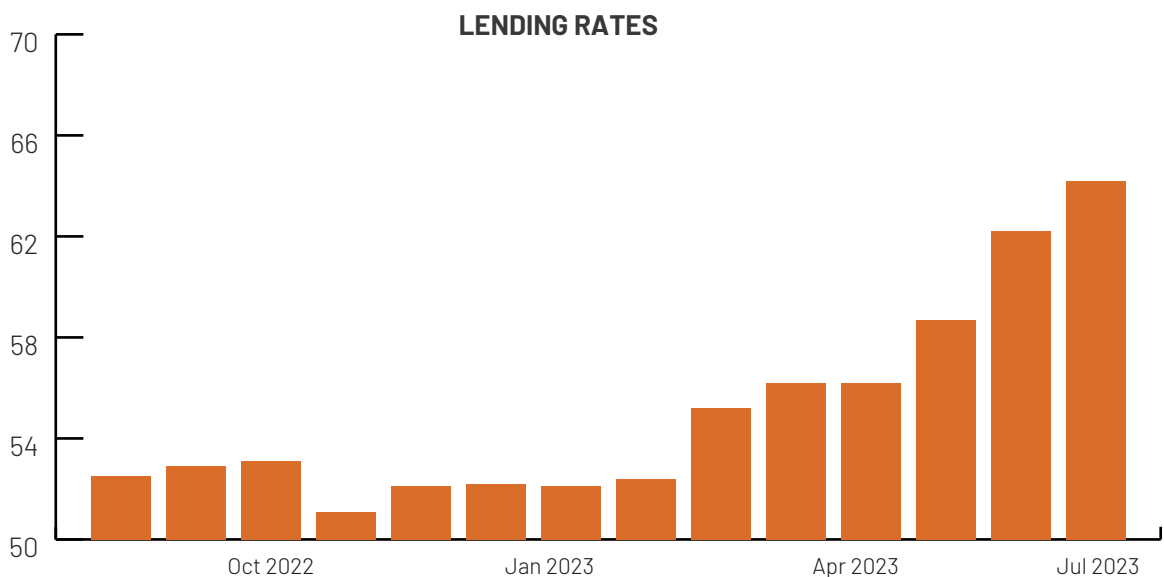
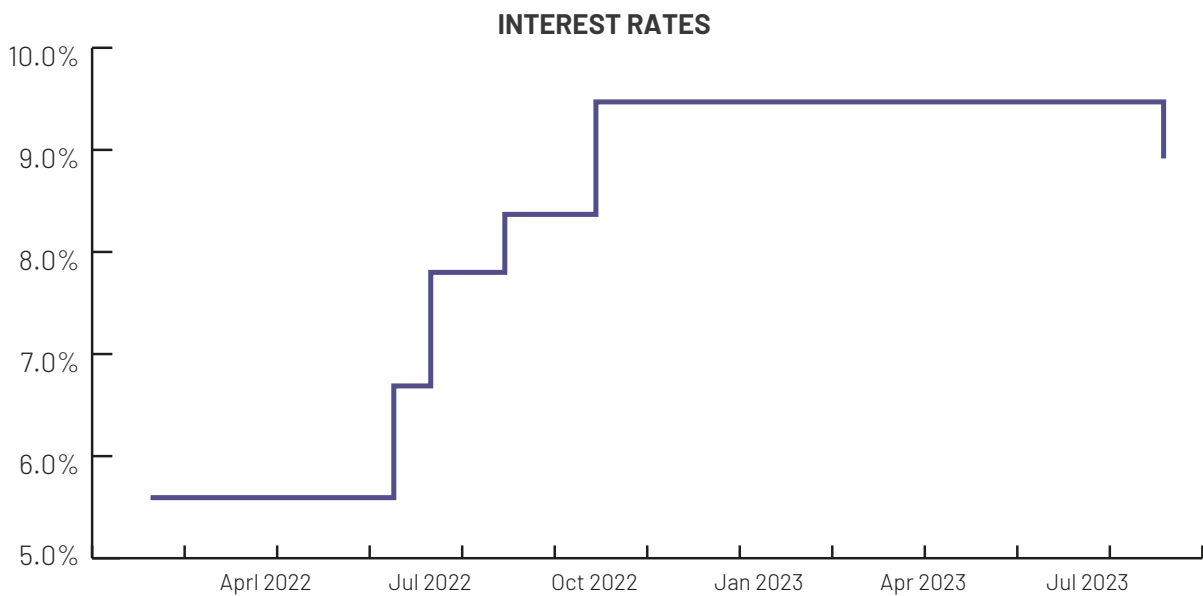




# LENDING RATES



Regarding the expense associated with borrowing, the interest rates for loans extended by commercial banks have witnessed a decreased to 22010.05 UGX Billion in June from 22143.22 UGX Billion in May of 2023<sup>1</sup>



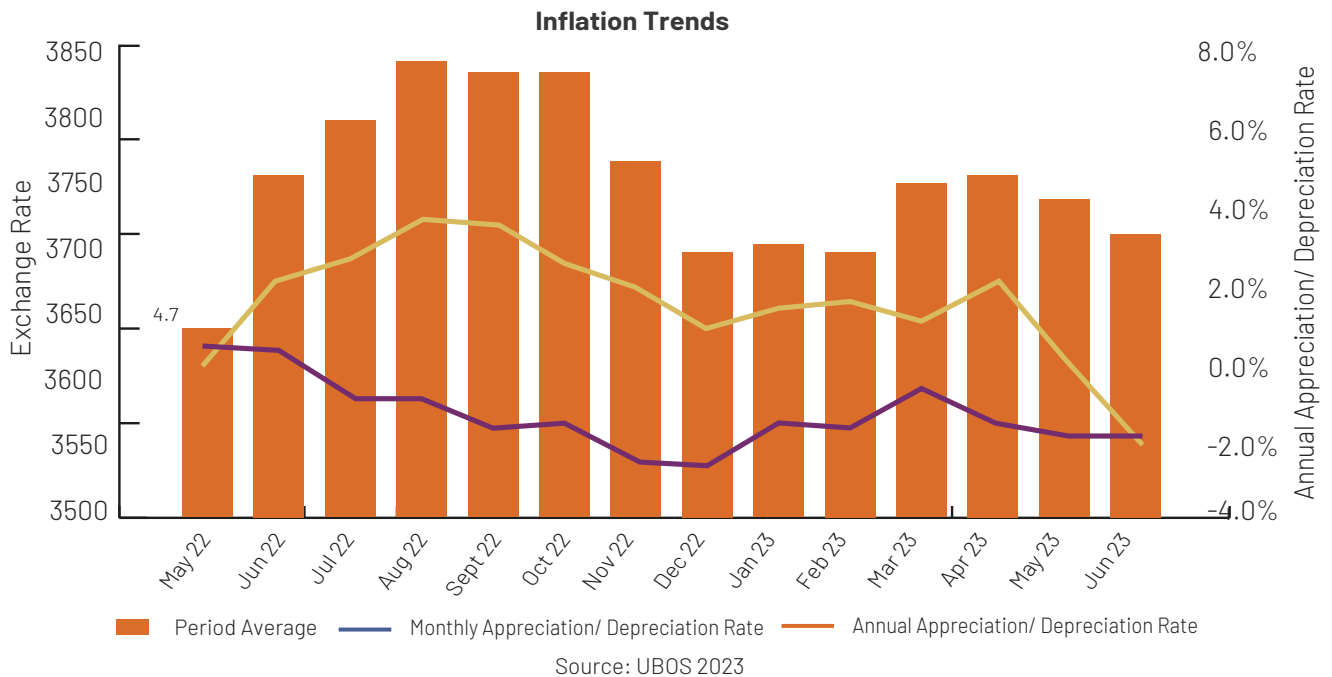
Source: BOU

# EXCHANGE RATE

Despite the strengthening of the US dollar, the Uganda Shilling has demonstrated resilience by maintaining stability against major global currencies. As of June 2023, the shilling had appreciated by 1.1% in value.



This stability in the exchange rate can be attributed to the amplified inflow of Foreign Direct Investment into the oil and gas sector, notable recovery in the tourism industry, and the recent favorable performance of exports (In June 2023, Uganda's exports totaled \$650.57 million, marking an 11.1% rise compared to the \$585.81 million in exports recorded in May 2023. This rise was primarily driven by increased export revenues from products like beans, simsim, cotton, and gold during that particular month)



## 4-Bedroom standalone House for sale in Kulambiro-Jomayi Estate at UGX 400M





## PROPERTY MARKET

In Uganda, there has been an observable shift in recent years towards the adoption of more structured and specialized real estate services. This transformation has played a vital role in attracting a larger number of domestic and international investors to engage in the market. The government is actively implementing policies designed to foster expansion in the real estate sector. An example of such a policy is the ongoing review of the Real Estate Agents Bill, 2021, aimed at stimulating growth and development in the industry.

With the objective of addressing fraudulent activities and enhancing real estate investments, the Association of Real Estate Agents Uganda (AREA-Uganda) has taken on the role of organizing and rallying real estate agents operating in both the formal and informal sectors. To uplift the image and reputation of the real estate sector in Uganda, AREA-Uganda consistently organizes monthly professional development initiatives. This proactive approach aims to elevate the standards and perception of the real estate industry in the country.

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Uganda's economic prospects are favorable, marked by untapped growth potential in a free-market economy that has attracted real estate investors. This increased investment has played a role in addressing unemployment and reducing the housing shortage. Nevertheless, it is important to acknowledge that the properties currently available in the market predominantly target individuals with middle and high incomes. Consequently, the housing disparity for low-income groups is expanding, exacerbated by a growing population and limited government participation in the real estate industry.

Efforts to enhance housing affordability have been a subject of continuous deliberation, but with limited advancement in implementing viable measures.

*By and large, the real estate market in Uganda is projected to sustain its growth trajectory, offering potential for investors and developers in the foreseeable future. However, it is crucial to thoroughly assess and comprehend the market dynamics and associated risks prior to making any investment choices.*



## Overview of the property market in Bunga, Ggaba and Munyonyo

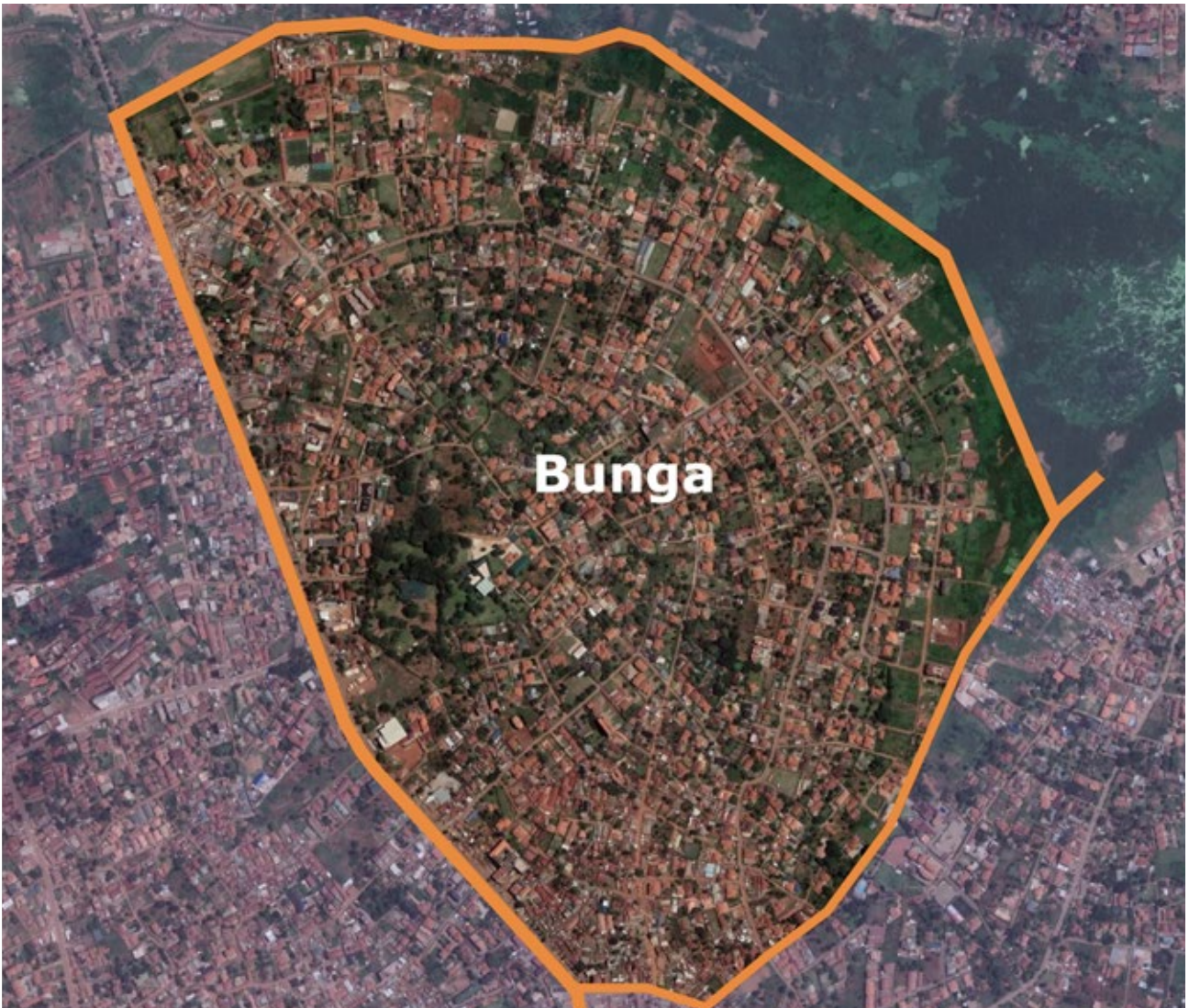
Bunga, Ggaba, and Munyonyo are affluent residential areas situated in the southeastern region of Kampala. These localities present a variety of advantages to individuals interested in purchasing real estate, such as close proximity to essential facilities, an atmosphere of





## Bunga

Located approximately 7 kilometers from the city center, presents a charming prospect for real estate buyers seeking a serene ambiance with convenient access to various social amenities. This locale holds significant appeal among expatriates, families, and affluent individuals, rendering it a prime investment destination. Property market analyses indicate a promising return on investment in Bunga, driven by the growing demand for upscale properties in this vicinity.



**Apartment Rental Rates in Bunga**

Apartment Rental Rates		
Size	Furnished (USD)	Unfurnished (UGX)
1 Bedroom	450-500	800,000 - 1.2 Million
2 Bedroom	700-1000	1.5M - 2 Million
3 Bedroom	1000-1500	2.5M - 4 Million

### Property Selling Rates in Bunga

Condominium Apartments	
Size	Rate (UGX)
2 Bedroom	400 Million
3 Bedroom	500 Million
4 Bedroom	700 Million

Land Selling Rates	
Size	Rate (UGX)
50*100	300M - 350 Million
100*100	400M - 500 Million
1 Acre	1.2B -1.5 Billion

Land Rental Rates	
Size	Rate (UGX)
50 * 100	2 - 3 Million
100 * 100	4 - 5 Million

Note: Bars, car wash stations, and restaurants owned by foreigners overwhelmingly occupy most of the plots in this neighborhood.

7.6 acres of land in Namasuba along Entebbe road



## Ggaba

Situated approximately 10 kilometers away from the city center, boasts a reputation for its exquisite lakefront properties, granting captivating vistas of the magnificent Lake Victoria. This locale holds great appeal among expatriates, diplomats, and affluent individuals seeking exclusive residences with a diverse array of top-notch facilities. While property prices in Ggaba are relatively steep, the projected return on investment remains substantial, driven by the strong demand for luxurious properties in this sought-after neighborhood.



**Apartment Rental Rates in Ggaba**

Apartment Rental Rates		
Size	Furnished (USD)	Unfurnished (UGX)
1 Bedroom	700-800	750,000
2 Bedroom	900-1000	1M -1.4 Million
3 Bedroom	1000-1300	1.5M -2 Million
Bungalows	1500-3000	3.7M - 7.5 Million

Note: The majority of fully furnished apartments accommodate vacationers seeking beach-oriented activities. Furthermore, the cost is influenced by the excellence of the interior design, the spaciousness of the rooms, and the convenience of access.

Apartment Selling Rates	
Size	Rate (UGX)
2 Bedroom	200 - 220 Million
3 Bedroom	300 - 400 Million
Bungalows	750 Million

Note: Selling rates for bungalows in the neighborhood depend on the size of the plot of land.

Land Rental Rates (Commercial)	
Size	Rate (UGX)
50 * 100	1 - 1.5 Million
100 * 100	2 - 3 Million

Note: The variation in prices is determined by factors such as the proximity to the road or lake, the size of the property, the caliber of the finishing touches, the overall appearance of the neighborhood, and the ease of accessibility.

4-Bedroom Condominium Houses for sale along Kyambogo Road at USD 170K each





## Munyonyo

An upscale neighborhood located in the southeastern part of Kampala city, is approximately 12 kilometers away from the city center. The property market in Munyonyo is considered one of the most lucrative in Kampala due to its high demand for residential and commercial properties.

The area is well-known for its luxurious resorts, such as the Munyonyo Commonwealth Resort and Speke Resort and Conference Centre, which attract high-end tourists and business travelers. Consequently, there is a high demand for high-end rental properties like apartments, villas, and townhouses in the area.

Furthermore, there has been an increase in the construction of gated communities in the neighborhood, with developers building both high-end and mid-range homes. These gated communities offer a range of amenities, including 24-hour security, swimming pools, and playgrounds, making them appealing to families and expatriates.

Despite the high property prices, the property market in Munyonyo has experienced steady growth in recent years, with property prices appreciating at a higher rate compared to other areas in Kampala. The demand for real estate in Munyonyo remains strong due to its proximity to the city center, Lake Victoria, and other social amenities.

Munyonyo is a great real estate investment destination due to its high demand for properties, steady growth in property prices, and its desirable location.





Apartment Rental Rates		
Size	Furnished (USD)	Unfurnished (UGX)
1 Bed room	500-700	800,000 - 900,000
2 Bed room	1000-1200	1.3M - 2 Million
3 Bed room	1500-2000	2M - 2.5 Million
Bungalows	-	7.6M - 15 Million

Selling Rates for Condominium Apartments	
Size	Rate (UGX)
2 - Bedroom	350 Million
3 - Bedroom	480 Million
Bungalows	530 Million

Land Selling Rates	
Size	Rate (USD)
50*100	300-350,000
100*100	450-600,000
1 Acre	\$750,000 - \$1M

Land Rental Rates	
Size	Rate (UGX)
50 * 100	2.5 - 3 Million
100 * 100	4 - 5 Million

Note: Land rental rates in Munyonyo largely depend on the business and the development within the neighborhood.

Properties with modern designs and finishes attract higher rates and vice -versa. Meanwhile properties with lake view are more expensive compared to those on plain lands.

# LATEST AND TRENDING TOPICS

## Understanding the different categories of commercial Real Estate and their benefits.

Commercial real estate refers to properties that are primarily used for business purposes, such as generating income or conducting daily operations. The classification of commercial real estate is typically based on the property's intended use, which can vary widely and can have different investment potentials and benefits.

In recent years, Uganda's real estate sector has experienced substantial growth and evolution, mirroring the country's expanding economy and rising urbanization rates. As one of the rapidly developing industries, real estate contributes significantly to Uganda's progress, offering avenues for investment, job creation, and the enhancement of infrastructure development. However, many investments tend to favor residential real estate due to its perceived lower risk profile. Meanwhile, this perception towards residential properties can result in limited opportunities for individuals to invest in commercial real estate, creating an imbalance in investment distribution. A comprehensive understanding of the various categories of commercial real estate is essential for creating a well-rounded and balanced investment portfolio of a country's real estate sector. Below are the main classifications of commercial real estate:

### i) Office:

Office buildings are properties designed and used for professional and administrative purposes. They can range from small, single-story offices to large skyscrapers in central business districts. Additionally, they are also classified according to grades based on quality;

### ■ Grade A

These are premier office buildings vying for prestigious tenants, offering rents that exceed the local average. They feature top-notch standard amenities, state-of-the-art systems, exceptional accessibility, and a strong and undeniable presence in the market.

### ■ Grade B

These buildings are in competition to attract a broad spectrum of tenants, offering office spaces with rents that fall within the local average. While their finishes are notably superior compared to the area's standards, their systems are sufficient but not on par with Grade A properties in the same price range.

### ■ Grade C

These buildings are in competition to attract tenants seeking practical and functional spaces with rental rates below the local average. Within this category, there is a particular focus on medical office buildings, which represent a specialized sub-sector.

### ii) Industrial;

Industrial properties include warehouses, manufacturing facilities, distribution centres, and storage spaces. They are often located near transportation hubs, highways, or industrial parks to accommodate industrial operations. The properties are categorized into four types:

■ Heavy manufacturing: These buildings are heavily customized and house machinery manufacturers need to operate and produce goods and services.

■ Light assembly: These aren't as customized and may be used for product assembly or storage.

- Bulk warehouse: These properties are usually large and are used as distribution centres.
- Flex industrial: These properties contain a mix of both industrial and office spaces.

### iii) Retail Properties:

Retail properties are used for selling goods or services to the public, such as shopping centers, malls, and standalone storefronts. They can be categorized further into shopping centers, strip malls, or individual shops. The retail sector is intricate, with the nature of a shopping center determined by numerous factors such as its size, tenant types, quantity, and the characteristics of its trade area.

### iv) Multifamily:

Multifamily properties consist of apartment complexes, condominiums, and other residential buildings with multiple units. They are designed for residential purposes, but they are considered commercial real estate due to their income-generating potential. When a single entity owns five or more residential units, they are categorized as commercial real estate.

### V) Hospitality:

These provide temporal accommodations to travellers, tourists and local residents. The hotel sector covers establishments providing accommodations, meals, and other services for travelers and tourists. Resorts offer vacation destinations offering lodging, amenities, and recreational activities.

### vi) Special Purpose

- These may be owned by commercial real estate investors, but doesn't fall into any of the sectors mentioned above. For instance, healthcare properties like hospitals, clinics, and medical office buildings, Senior

housing- that for elderly individuals, including independent living, assisted living, and nursing homes, data Centers-facilities for housing computer systems and data storage and educational properties such as schools, universities, and research facilities.

Open land for fairs, amusement parks, churches, self-storage, and bowling alleys are special-purpose facilities.

## Benefits of Commercial Real Estate

- **Rental Income:** Commercial real estate investments can generate a steady stream of rental income, providing a consistent cash flow for investors. **Appreciation:** Over time, commercial properties can appreciate in value, potentially leading to capital gains when the property is sold.
- **Tax Benefits:** Commercial real estate investors can benefit from tax deductions, such as depreciation, interest expenses, and property taxes, which can reduce their taxable income.
- **Portfolio Diversification:** Investing in commercial real estate allows diversification beyond traditional investments like stocks and bonds, spreading risk across different asset classes.
- **Inflation Hedge:** Real estate often acts as a hedge against inflation because property values and rents tend to rise with inflation.
- **Control:** Investors have more control over their commercial real estate investments compared to other types of investments, allowing them to make decisions about property management and improvements.



In a nut shell, It's important to note that while commercial real estate offers various benefits, it also comes with risks, including market fluctuations, property management challenges, and economic downturns. Therefore, individuals interested in commercial real estate should conduct thorough research, consider their investment goals and risk tolerance, and potentially seek advice from real estate professionals or financial advisors before making any investment decisions.

## 2. PropTech 3.0: The Future of Real Estate

Proptech, a term derived from the combination of "*property*" and "*technology*," emerged from the fintech revolution that brought about online banking. The idea of buying and selling houses online became a popular question in the real estate industry.

In Uganda, the proptech revolution was sparked by the COVID-19 crisis, which created a need for more digital solutions in the real estate sector. Since then, the industry has been adopting various proptech solutions such as virtual property tours, online property listings, and digital property management systems, among others. The adoption of these digital solutions has helped to streamline and simplify the property buying

and selling process, making it more efficient and convenient for buyers and sellers. Furthermore, it aims to enhance the income and occupancy rates for investors or developers, offering greater control and convenience through the utilization of software accessible via mobile phones and computers.

The growth of proptech in Uganda's real estate industry is expected to continue, offering new opportunities for businesses and investors in the sector. Over the next 20 years, we can expect to see even more sophisticated and innovative proptech solutions being developed and adopted in the industry. We need to continue doing more sensitization so we can see technological solutions being adopted in the industry and reap more value for the investors.

Overall, the future of proptech in Uganda's real estate industry is exciting, and it is likely to bring about significant changes in the way properties are bought, sold, and managed. However, it is important to note that the growth and adoption of proptech will depend on a variety of factors, including regulatory frameworks, infrastructure development, and the pace of technological advancements.

Apartment To Let in Bweyogerere at UGX 850K per month

## REAL ESTATE DIGEST



### **Mr. William Mudde Walaga**

Chairperson Shelter & Settlements Alternatives.

### **Topic: Affordable Housing in Uganda**

Housing is regarded as one of the most basic human needs, a vital indicator of a population's standard of living. Therefore, exceptional attention must be provided to housing but in Uganda, there is always a debate on the issue of affordable housing.

### **Overview**

The depiction of housing conditions in Uganda conveys a sense of dismay. Housing initiatives are more private than public to support the concept of Affordable Housing, the problems arise as they expand. Despite the anticipation of sustainability and growth, these initiatives encounter setbacks and eventually falter. This is due to lack of support for private developers who possess the resources to invest in the housing sector. A comprehensive analytical study to uncover the reasons behind the short-lived presence of impactful real estate developers in the market, should be done.

While other sectors contribute to the GDP and seem to indicate economic growth, the key aspect of enhancing housing conditions is often overlooked. Until government acknowledges the urgent necessity of positively impacting people's lives through improved housing, true development remains unattained.

### **Housing Deficit in Uganda**

Originally, the figure stood at 1.8 million. Nevertheless, there has been an upward adjustment to 2.4 million, as it signifies a worrisome housing situation. This elevation implies that we're struggling to fulfill the existing housing demand. There should ideally be an authoritative body overseeing housing matters, regrettably, such an entity doesn't exist in our context. However, despite this, the Ministry of Lands, Housing, and Urban Development (MoLHUD) and the Department of Housing should ideally hold the authority to accurately determine these numbers. Strangely, various institutions present their own figures, leading to a lack of consensus on the actual housing deficit. This discrepancy stems from what could be referred to as a technically professional estimate, lacking meticulous calculation. Conversely, the focus wouldn't necessarily be on the accuracy of the figure itself, but rather on understanding the trajectory of the current housing trend.

To enhance the credibility of housing deficit figures, it's essential for the MoLHUD to collaborate with the National Planning Authority (NPA) and other private institutions, in order to establish a unified and reliable estimation. This coordinated effort would allow other institutions to adopt the same figure, creating consistency which could prove advantageous to stakeholders, developers, and the general population. This transparency ensures that investors don't need to expend resources on redundant research.

### **1. The topic of affordable housing often sparks debates. How would you define the concept of affordable housing?**

Certainly, there are various concepts that have been misused, abused, and twisted to suit different agendas. Terms like "affordable," "low cost," "enabling environment," and "smart growth" have lost their value due to this abuse. It frustrates me when these terms are casually mentioned. For instance, when I refer to "affordable", I mean economical, inexpensive, and tailored to the lower socioeconomic strata. It doesn't make sense for a public institution (National Housing) to label a house priced at 280 million as affordable, as it doesn't align with the core concept. Affordable housing should primarily cater to those with limited means.

These concepts have been distorted by marketing language, political interests, and even non-professionals. They perceive "affordable" from a different angle, but to me, it must genuinely be low-cost, addressing the actual core demographic. In essence, the misuse of these concepts has eroded their true significance.

### **2. What specific criteria do you employ when choosing which local communities or individuals to provide assistance to?**

SSA, which began in 1999 as an NGO responsible for executing projects directly, transitioned in 2010 into a network. This transformation aimed to provide assistance to member organizations, encompassing NGOs, CBOs, and various groups. Currently, there are 54 member organizations within the network.

The network's approach involves engagement with communities through its member organizations. The forum is owned collectively by these member organizations, including entities like Rural Housing and community associations in places like Luwero, just to mention a few. Collaborative

efforts are undertaken, such as jointly working on projects to secure funding and then implementing them together. Alternatively, projects are initiated and funded, with consideration given to which member organization is best suited to leverage the opportunity. Comprehensive guidance is provided to all member organizations through a mentoring process.

Additionally, there is an opportunity for individual professionals to become members of SSA. As professionals, the network facilitates discussions and idea-sharing on topics encompassing land, housing, gender, and the environment. It serves as a collaborative space where experts can pool their expertise and insights on these specific issues.

### **3. In what ways can a person benefit from the services provided by Shelter and Settlement Alternative-Uganda?**

To reap the benefits of SSA, membership is a prerequisite, either as an individual professional or an organization or belong to any NGO, CBO, or association. Membership fees vary: professionals pay Ugx. 70000, NGOs 0.5m, CBOs 223000, and associations 50000. The application process involves scrutiny by the secretariat. This underscores the necessity of collaborating with individuals who share similar perspectives and goals within the same overarching framework. In essence, SSA seeks to create a collective community with aligned thinking to maximize its impact and potential.

### **4. Given the high construction costs in Uganda, how does your organization manage to create cost-effective houses, and what specific materials do you utilize in the construction process?**

When discussing affordability and low-cost housing, an important factor is the choice of building materials. The challenge lies in the fact that regardless of the size of the



structure, whether a mall or a bungalow, the materials required are essentially the same, which negates the notion of affordability. To address this issue, it's crucial to conduct research on a range of building materials. However, this is an area where profitability might not be evident, making it difficult for the private sector to take the lead. Instead, the government, as part of its effort to create an enabling environment, should allocate funds, revise building codes and regulations, and subsequently disseminate information about cost-effective building materials.

As SSA, our preference is for soil stabilized blocks, road lime, as an alternative to cement. It's disheartening to witness individuals using soil stabilization but resorting to sand. Another avenue for improvement involves technology, the interlocking cement blocks we employ require less cement and sand, and incorporating eucalyptus poles is another cost-effective measure. Embracing locally available materials is pivotal for sustainable housing development. This shift eliminates the need for extravagant spending on costly resources.

### **5. Housing is a vital component of life but not enough to sustain the livelihood of the people. How do you support the people to improve their welfare?**

Communities are engaged in various activities like urban agriculture, with support from different organizations. Some organizations offer training and skill development in crafts, soap making, and similar areas. We encourage and promote these initiatives, aiming to sensitize people to continue practicing the skills learnt to boost their livelihoods. On the contrary, a significant challenge arises once that support recedes, they often become complacent and disengaged.

These individuals, who acquire skills and are expected to establish small-scale businesses, often struggle to initiate independent

ventures. This contrasts with the initial exposure to supplementary livelihoods aimed at transforming their lives. For instance, skills in bricklaying and briquette making are taught, yet the lack of self-drive becomes evident over time. This situation prompts self-doubt and questions about the sustainability of these efforts. In essence, despite the efforts to empower these communities, the challenge lies in fostering self-sufficiency and a shift in mindset.

### **6. Housing is a capital-intensive investment. Which cost effective models of financing are available to the people?**

The issue of financing presents a challenge, and it seems that a form of intellectualism is at play. When discussing financing, the default thinking often revolves around banks. From my perspective, the current practices can be labelled as misguided, lacking impactful results within the housing sector. Many individuals embark on housing projects, making it challenging to trace their endeavours. This opacity hinders our understanding of how housing projects are funded, as people are reluctant to disclose information, leading to a hoarding of vital data.

Various methods are employed to finance housing projects, including commercial loans. Commercial and mortgage loans share similarities, as both come with an interest rate of around 18%. However, the moment interest rates hit double digits, it ceases to be a mortgage, as that indicates a focus on returns. Housing, being a fundamental need, shouldn't be treated with such high return expectations. Instead, it offers lower returns over an extended period.

Unfortunately, the current funding arrangements involving money lenders, commercial banks, and financial institutions are ill-suited for housing development. The existing issue lies in the limited number of suitable options available.

challenges. Government institutions should not mimic private entities but instead should serve the public welfare and address the nation's needs.

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