

MORTGAGE SECTOR IN UGANDA

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INTRODUCTION

- In the past, Banks have preferred investing in:
 - High yield government debt
 - Large and high quality corporate accounts
 - Consumer loans with short maturities
- As a result, Mortgage Debt Outstanding (MDO) is only US\$100 million in an economy whose GDP is US\$ 11 Billion (2007).



PLAYERS IN THE MARKET

- DFCU BANK LTD
 - Mortgage Market since 2002
- Housing Finance of Uganda (HFCU)
 - State-owned
 - Access to Government Funding
- Stanbic Bank
- Standard Chartered Bank

...with pleasure



STATISTICS

- Shortage of Housing Units: **522,000 units** (in 2004)
- Projection for year 2035: **1,018,000 units** in Kampala
- Annual need: **377,000 units** (in 2004)
- Housing Finance Mechanism covered only **0.2%** of total supply of housing.

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DFCU MORTGAGE FINANCE

- HOME LOANS
 - OWNER-OCCUPIER (67%)
 - BUY-TO-LET
 - EQUITY RELEASE
 - LAND LOAN
- COMMERCIAL PROPERTY LOANS
 - CONSTRUCTION FINANCE
 - COMMERCIAL MORTGAGES
 - REAL ESTATE DEVELOPMENT

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FEATURES OF DFCU MORTGAGE FINANCE

- In Ugandan Shillings (UGX)
- In US\$ - targeting Ugandans in Diaspora
- Loan amount of up to 80% of the property value
- Purpose (Construction, purchase, renovation)
- Insurance cover for the property
- Flexible repayment options
- Period – up to 20 years

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- Lack of Long-Term Funding / Secondary Market
- Inadequate Stock of Well planned Houses
- Significant delays at the land registry
- Lack of trust in the authenticity of titles
- Lack of infrastructure support
- Supply of Construction Materials
- Mortgage/land law
- Delayed court process
- Underwriting standards – no regulations

- Long Term Saving Avenues:
 - NSSF/Insurance Companies
 - Unit trusts
 - Capital Markets
 - Bond Issue
- Emerging Property Developers
- Government Plan to Improve Land Registry