

EXPATRIATE HOUSING IN KAMPALA

JUNE 2002

A Knight Frank report



HOUSING IN AND AROUND KAMPALA – JUNE 2002

GENERALLY

In spite of recent and rapid expansion, Kampala's residential areas remain pleasant, uncrowded and green places in which to live. The housing available for expatriates in and around Kampala varies from the sublime to the ridiculous.

At its best, an attractive, spacious and well-designed house in a large, beautiful and mature garden, situated in a peaceful, safe and friendly area and with a stunning view over the city or Lake Victoria from a comfortable balcony partly shaded with trees that would take fifty years to grow in Europe.

At its worst, a complex French-cut roof sits over a huge structure with a pretentious hacienda frontage and narrow verandah which looks onto the carport as the focus of a small, enclosed garden and conceals an elaborate, over-decorated and poorly finished rabbit warren of small rooms, inadequately ventilated through windows that admit more mosquitoes than air or light and are more polygonal than square, only matched by the varied angles and settings of light switches and power-points.

The majority fall somewhere in between, of course, but while older houses tend to be closer to expatriate aspirations in terms of design and layout, the quality of finish of some newly completed properties has improved dramatically over the last five years.

The supply of expat housing has continued to increase over the last two years (as have the number of expatriates) and most brokers will have a reasonable number of houses of all categories on their books, or know of a couple on the books of a friend. This increase in supply has been brought about in two ways, firstly the renovation of existing, mainly ex-civil service houses in areas historically popular with expatriates (the Old Areas listed below), and secondly through the construction of new housing in areas that are either "greenfield sites" or expansion into areas not previously occupied by expats (lumped together as New Areas below). This trend peaked shortly before the Presidential Elections in 1996 and has continued since, in contrast to an apparent slowdown in many other areas of the economy. There is usually a shortage of good quality, well finished houses on the market at any one time as they tend to let quickly.

There is a small but rapidly increasing supply of apartments available in more central areas, varying from small blocks of four to eight apartments in a spacious compound to city centre flats on the upper stories of commercial buildings. In addition there are also some large developments of fully furnished, fully serviced apartments that almost equate to hotels, with squash and tennis courts, gyms and saunas available for the use of residents.

The majority of houses are to let and unfurnished, though a few (particularly flats and apartments) may be furnished or partly furnished. There are also houses available to buy, many of which need substantial renovation, in all areas of the city. The newer areas below contain substantial numbers of part-built houses, some of which are also for sale, but the structure will probably have been built in stages with the foundations being many years older than the walls! "Mortgages" are available from banks but repayable over five years at prohibitive rates and often very harsh terms. Housing and Finance Corporation also give loans but these are subject to a maximum limit of Ush60 million (approximately \$35,000), so the major part of the purchase money must be funded by the purchaser. Housing plots are normally pre-planned and surveyed by the City Council Planning Dept and are also available to buy in the newer residential areas.

However, the whole issue of non-Ugandans owning property was changed by the 1996 Constitution which vested ownership rights in land in the people of Uganda - **the general rule is that foreigners may purchase a new leasehold interest in land for a term of 49**

or 99 years or an existing leasehold for the remaining term but may not own the freehold.

Although zoning of use has also been laid out by the Planners, there is little to prevent the dual use of a house as an office as well as a home to save the payment of two rents, though the terms of any lease should be checked and the landlord's permission sought if the dual use is fairly obvious.

Demand remains high in more central areas of town, largely driven by the employees of Diplomacy and Aid, and tends to be similarly brisk for the better quality houses in most areas. It tails off fast at the bottom end of the market, where the market remains advantageous to the prospective tenant and buyer. The number and professionalism of property agents have both increased (the former more rapidly than the latter) as the market continues to expand. One should still be prepared to "negotiate" (more akin to haggling), using the number of months paid in advance (twelve, six, or 3 months in advance) and ensure that any refurbishment is carried out prior to moving in and paying rent. Some landlords also prefer to be paid in US Dollars but since most currency restrictions were abolished in the 1996 budget, this is less of a bargaining point than was the case.

LOCATION, PRICE AND OTHER FACTORS

Other than the obvious variables of area and price, a number of other factors need to be considered when assessing one house against others. Electricity supply had greatly improved in the year to the extent that very few 'power shedding' power-cuts occur even in the non-central areas where this was a daily event for a number of hours, but this has again become a more significant factor recently. Mains supply of water has significantly improved in reliability but also can also vary toward the end of the dry seasons. The existence of a functioning phone should be counted as a plus although with almost everyone having access to a very cheap mobile 'phone it is not the major problem that it used to be. Uganda and Kampala remain mercifully crime-free compared to their neighbours but the quality of the security measures of the property are an important consideration in discouraging petty theft, while certain roads and areas are associated with a higher level of risk. Proximity to international or reputable schools and kindergartens may also be an important consideration when trying to define a shortlist of potential properties, as may any number of other factors which will vary within any one area and price-range.

The list of residential areas below is divided into "Old" areas which were the more established areas of expatriate housing ten years or more ago, and the "New" areas into which most of the recent "overspill" and building of new housing has been concentrated. Brief comments on each area concentrate on the ease of access to the city centre, the state of feeder roads within each area, the general quality of the housing stock, the general security of the area and the quality of the environment and how each area is situated - much of Kampala is either on a hill with excellent views and a pleasant breeze, or close to a swamp which can be somewhat airless and mosquito infested.

Old Areas.

NAKASERO Very central, the far side of the same hill as the city centre. Roads generally good, all tarmacked and most driveable in a normal saloon car without absolute concentration on the depth of potholes. Some of the most lovely houses in Kampala and a large number of converted and renovated civil service bungalows though increased tendency to convert to offices on certain roads. Generally quiet, security good and largely free from power shedding.

KOLOLO Within five minutes easy reach of the city centre and the neighbouring hill to Nakasero with the golf course in between. The bulk of the remainder of both the older and larger houses and the civil service bungalows, along with a barracks and large area of

Electricity Board flats. Roads, security, power and the general amenity of the area are all good. The majority of embassy accommodation is in Nakasero, Kololo or Bugolobi with Mbuya and also considered.

BUGOLOBI Lower-lying hill between the City Centre and Mbuya and generally similar, with older houses higher on the hill and new houses on the low ground and next to a large National Housing estate. Access to the centre of town is very good while the roads in the area are generally better than Mbuya and security is good.

MBUYA Some distance from the centre, but with minimal traffic hold-ups. Some new houses but mostly old, better quality houses, often a little smaller than Kololo and Nakasero but with mature gardens and a pleasant view of the Lake if on the right side of the hill. Roads vary hugely once off the main arteries and security is fairly good.

TANK HILL Also known as Muyenga. Access to town is not as good due to heavy traffic in the morning, lunchtime and evening rush-hours unless using back routes, so a 4WD vehicle can be useful. Some lovely houses with superb views and excellent water supply, but the area developed without any coordination resulting in some very congested areas and feeder roads that can be tortuous and appalling. Security generally ok.

MAKINDYE Access to town is difficult during rush-hours due to the Kibuye roundabout on the Entebbe Road, though there are back-routes which save time if adding distance and a planned bypass will eventually ease this. Access to the Entebbe Road is excellent. Housing stock is varied but a lot of good, older houses often with views over the Lake and beautiful gardens. Roads and security both not too bad.

New Areas

NAGURU Next hill along from Bukoto, again overlooking Kololo and using the same routes to town. Housing stock newer, often large houses in sloping plots with quite a number still under construction and some new blocks of flats. Roads not as good but security is ok.

BUKOTO An area between Naguru and Kololo with excellent communications to the centre of town. Mostly newish housing of reasonable quality, with a number of small upper and middle sector housing estates. Roads are variable and security ok. This area is particularly handy for the international schools in Kampala.

NTINDA Hill between Naguru and Jinja Road, bordering the new industrial area, using the same routes to town as Naguru and Bukoto. Again, a largely new housing stock, with smaller plots and more variable quality than the other two hills but an up and coming, middle class area. Roads are variable, tending to poor and security quite good.

KITINTALE/MUTUNGU Hill between Bugolobi and Port Bell, with fairly easy access to town. Many plots are yet to be built on but an up and coming middle class area containing a number of lovely houses with superb lake views. Roads are very mixed, often requiring four wheel drive, but access to town and security generally ok.

KANSANGA The oldest of the New areas, on the lower ground beyond Tank Hill and with worse access to town. Sometimes referred to as Half London and includes the Lower and Upper Kiwafu estates. Housing stock varies, some very good older houses but with many newer houses nearer to or bordering the swamp. Roads generally bad but security ok.

NSAMBYA Generally low-lying area between Makindye and Tank Hill with the highest ground occupied by the Catholic Hospital. Access to town not good. Some new housing being built of generally lower quality on fairly small plots. Roads bad and security not too good, though the recent construction of the new American Embassy to a previous slum-clearance site in the area is rapidly improving this.

KISUGU Small, lower area between Tank Hill and the older part of the industrial area. Access to town not too bad as it is on one of the back routes from Tank Hill but the roads are not good. Housing new and of very mixed quality on small to medium sized plots. Security not too good.

BUNGA Low-lying area between Kansanga and the Lake. Access to town bad but housing stock newish and quite good, often with large and stunning gardens and a number of lakeside houses available. Localized clusters of expatriate housing surrounded by undeveloped land, low end housing or small-holdings, with roads not good and security bad a few years ago but has since improved.

BUSIGA A long hill between Makyndye and Ggaba, parallel with Bunga and overlooking the Lake. Generally good, newer houses on large plots, usually with stunning views, and the area has been well planned though much of it is yet to be developed. Roads and access to town both poor and security has worsened in some areas.

LUBOWA A long ridge some way out of town on the Entebbe side of Makyndye, with correspondingly awful access to the centre of town via the Entebbe Road. Some good older housing and new houses which vary considerably in quality and size of plot. Roads not good, security not too bad. One of Kampala's main international schools recently moved to Lubowa and the area is zoned for good quality residential housing, so may become one of Kampala's better suburbs over the five years.

Prices of housing in most of these areas used to reflect the personal circumstances of the landlord and the random opinions of relatives and friends more than any predictable pattern, but with the increase in availability of information from the established estate agents established over the last five years market forces are better understood. However, Uganda is an imperfect market in which asking prices can be inflexible and often unrealistic with many landlords unwilling to accept professional advice and losing a six month's rent than let at a lower price than they think they can achieve - perhaps a hangover from the days when expat housing was in short supply and the supplier held all the aces. The size of house and area in which it is situated are generally accepted as a rough guide to rental value, but other factors such as ease of access, security of the house and plot, size and state of the garden and quality of the finish often seem to be irrelevant to Landlord and briefcase broker alike. This can result in a need to see more houses than one would like to find two or three that most nearly fit the aspirations and needs of the prospective tenant or buyer. In any case expect a hard session of negotiation in which the prospective tenant must try to hold out long enough to assess the realism and eagerness to let of the landlord while not wanting to lose the option altogether.

The general trend in prices has been in a downward direction over the past few years, largely due to over-supply and a general slow-down in the economy over the last few years, but rents in the more central and prestigious areas have tended to remain stable, and even increase for top quality, well-finished houses. Poorly finished, middle and lower sector houses have seen the largest drops in rent, It is true to say that whilst most landlords prefer payment of rent in US dollars, some will accept Uganda Shillings at the current rate of exchange. Prices for furnished housing will be US\$200-400 extra per month.

A rough guide to the level of monthly rents by area is as follows:

NAKASERO AND KOLOLO

2/3 Bed.....\$1200 - \$1800 3/4 Bed.....\$1800 - 2600 4 + Bed.....\$2,300 - 4000

BUGOLOBI, MBUYA, AND NAGURU

2/3 Bed.....\$700-1200 3/4 Bed.....\$1000-2000 4 + Bed.....\$1500-2500

TANK HILL AND MAKINDYE

2/3 Bed.....\$400-800 3/4 Bed.....\$500-1000 4 + Bed.....\$900-1800

KANSANGA, BUKOTO, , PORT BELL KITINTALE/MUTUNGU BUSIGA, AND LUBOWA

2/3 Bed.....\$400-\$750 3/4 Bed.....\$500-1200 4 + Bed.....\$800-1500

NTINDA, NSAMBYA, BUNGA, KISUGU

2/3 Bed.....\$300-700 3/4 Bed.....\$500-900 4 + Bed.....\$600-1500

Prices of houses for sale are more difficult to categorise. An average three bedroom house in a half acre plot in Nakasero or Kololo needing up to \$30,000 worth of renovation will cost somewhere between \$150,000 and \$250,000, in Bugolobi or Mbuya perhaps \$100,000 to \$150,000 and somewhat less in Tank Hill or Makindye. The personal circumstances of the vendor are often more influential in determining price than the current state of the property or the market.

A FEW FINAL POINTS.....

Better agents advertise their properties with photos, written details and prices displayed in posters, magazines, in the weekly Property Guide of the main daily papers and even on the internet. As such they can assist the prospective tenant in forming a shortlist of properties of the agreed type, in the stated areas and within an agreed price range before actually visiting the properties. They should also be able to gain a good idea of what the applicant really is looking for, so suggesting possibilities that are slightly alternative but usually worth considering.

Many Kampala property brokers are mixing estate agency with one or more other businesses. For this reason it is not unusual to ask to look at three bedroom houses with large gardens and to be taken to look at a two bedroom flat. Almost every 'briefcase broker' will make a quick assessment of what they think a prospective tenant can pay and will tailor the prices of properties accordingly - the size of their commission depends directly on how much you agree to pay and for how many months in advance. They are supposed to act for the landlord/seller who is paying them, not the prospective tenant or buyer, but must clinch a deal to get any money at all. Thus they often have no stated loyalty (or expertise) in negotiations – which may be why they frequently ask the tenant for a commission after the deal is done, having already taken one from the Landlord!.

A few things to watch out for include the payment schedule for the rent; the level of any additional service charge, who is managing the property and what you get for that; the initial state of the house and any furnishings and a clause in the lease that may require you to re-paint the property at the end of the tenancy; and the legal costs of drawing up the lease (it should be paid by the landlord). A recent Statute made water charges the responsibility of the landlord but most will pass these on to the tenant in one way or another. Finally, if the landlord agrees to carry out certain renovations prior to occupancy, these agreed changes/improvements must be included in the lease agreement. This will go a long way to ensure that he or she carries the contractual obligations and in return you pay the rent. From this you will both enjoy a mutually beneficial arrangement and not one that is fraught with problems from day one.

