

New player brings Sh22bn into local mortgage market

Housing Development Financing Corporation Limited (HDFC) member of executive management and chief investor relations officer Mr Conrad D'Souza speaks during the launch of 1st Housing Finance (Tanzania) Ltd in Dar es Salaam on Friday. Left is Bank M board member Mr Simon Gregory and right is African Risk and Insurance Services (ARIS) Limited managing director Mr Sanjay Suchak. PHOTO | SALIM SHAO



Firm says it is the first dedicated housing finance company in Tanzania with a focus on providing long-term housing loans of up to 20 years to Tanzanians

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1ST HOUSING FINANCE
CEO OMAR MSANGI

Dar es Salaam. Tanzania's mortgage market received a boost after a new entrant - 1st Housing Finance (Tanzania) Limited - has commenced operations with its paid-up capital currently standing at Sh21.8 billion.

The financial institution which was formed through a partnership between Bank M Tanzania PLC that holds 40 per cent of the shareholding and other institutions, was licenced by the Bank of Tanzania since July this year but was officially launched on Friday, the firm said in a statement yesterday.

The International Finance Corporation (IFC) Washington - the private sector arm of the World Bank owns 15 per cent while Housing Develop-

ment Finance Corporation Limited (HDFC) - India's largest mortgage lender also hold 15 per cent.

The Karimjee family and Sanjay Suchak own 15 per cent each.

Tanzania had 29 banks providing mortgage by the end of the first quarter of 2017 with outstanding debt of Sh416.85 billion (\$186.5m), according to the Bank of Tanzania. The debt was 0.46 per cent of the Gross Domestic Product (GDP).

However, the mortgage debt was

DEMAND FOR HOUSING

Tanzania's demand for housing is estimated at 200,000 houses annually, and a total housing shortage of 3 million houses. The number of mortgage lenders increased from 3 in 2009 to 29 by March 2017, and the average mortgage interest rate fallen from 22 percent to 16 per cent in the same period.

dominated by top five lenders which accounted for 70 per cent of the total outstanding debt as at March 31, 2017.

Speaking at the launch, the company's chief executive officer Mr Omar Msangi said the firm is the first dedicated housing finance company in Tanzania with a focus on providing long term housing loans of up to 20 years to Tanzanians.

"1st Housing aims to distinguish itself from the market by offering the lowest interest rates for mortgages in the country. The company has fixed its Prime Lending Rate (PLR) at 15 per cent in which will be lending to its prime customers," he said. He added that, being the pioneer in the housing finance market, it would begin operations by offering 4 new mortgage products; for purchase of a home, for improving an existing home, for extending an existing home and for financing the equity in a home. The company starts operations in Dar es Salaam but has plans to open branches across the country in the future.