



## TANZANIA MORTGAGE MARKET UPDATE – 30 SEPTEMBER 2024

### 1. Highlights

- The mortgage market in Tanzania registered a **4.0 percent** growth in the value of residential mortgages from TZS 625.00bn recorded on 30 June 2024 to TZS 649.85bn<sup>1</sup> as of 30 September 2024. On a year-to-year comparison, **9.4 percent** growth was registered in value of mortgage loans as of 30 September 2024 (TZS 593.76bn: Q3 2023 vs. TZS 649.85bn: Q3 2024).
- The number of banks and financial institutions reporting to have mortgage portfolios stood at 31 as of 30 September 2024.
- Overall average mortgage debt size as of 30 September 2024 was **TZS 111.05 million** equivalent to **US\$ 40,647<sup>2</sup>** compared to **TZS 104.80 million** equivalent to **US\$ 38,358** reported on previous quarter.
- The ratio of outstanding mortgage debt to Gross Domestic Product (GDP) stood at **0.38 percent** similar to the previous quarter.
- Mortgage debt advanced by the top 5 Primary Mortgage Lenders (PMLs) accounted for **62 percent** of the total outstanding mortgage debt.
- Typical interest rates offered by mortgage lenders ranged between averages of 15 - 19 percent.
- The Tanzanian housing sector's fast-growing demand is mainly driven by the strong and sustained economic growth with GDP growth averaging 6.2 percent over the past decade, the fast-growing Tanzanian population, which is estimated to more than double by 2050, and efforts by the Government in partnership with global non-profit institutions and foreign Governments to meet the growing demand of affordable housing.
- Credit extended to the private sector remained robust, as risks on lending remained low. Credit to the private sector grew at 16.7 percent, slightly lower than 17.6 percent in the previous month. Credit extended to agricultural activities continued to record the highest growth, at 39.5 percent, supported by government policies to promote productivity. Meanwhile, personal loans—primarily credit extended for small and medium enterprises (SMEs)—remained the largest component of credit to the private sector, at 36.4 percent, followed by trade, at 12.8 percent and agriculture, at 11.8 percent<sup>3</sup>.
- The Tanzanian housing demand which is estimated at 200,000 houses annually and a total housing shortage of 3 million houses as per the National Housing Corporation [NHC] report has been boosted by easy access to mortgages, with the number of mortgage lenders in the market increasing from 3 in 2009 to 31 by 30 September 2024 and the average mortgage interest rate falling from an average of 22 percent to average of 16 percent.

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<sup>1</sup> BOT Mortgage Statistics (30 September 2024)

<sup>2</sup> BOT USD Exchange Rate (30 September 2024)

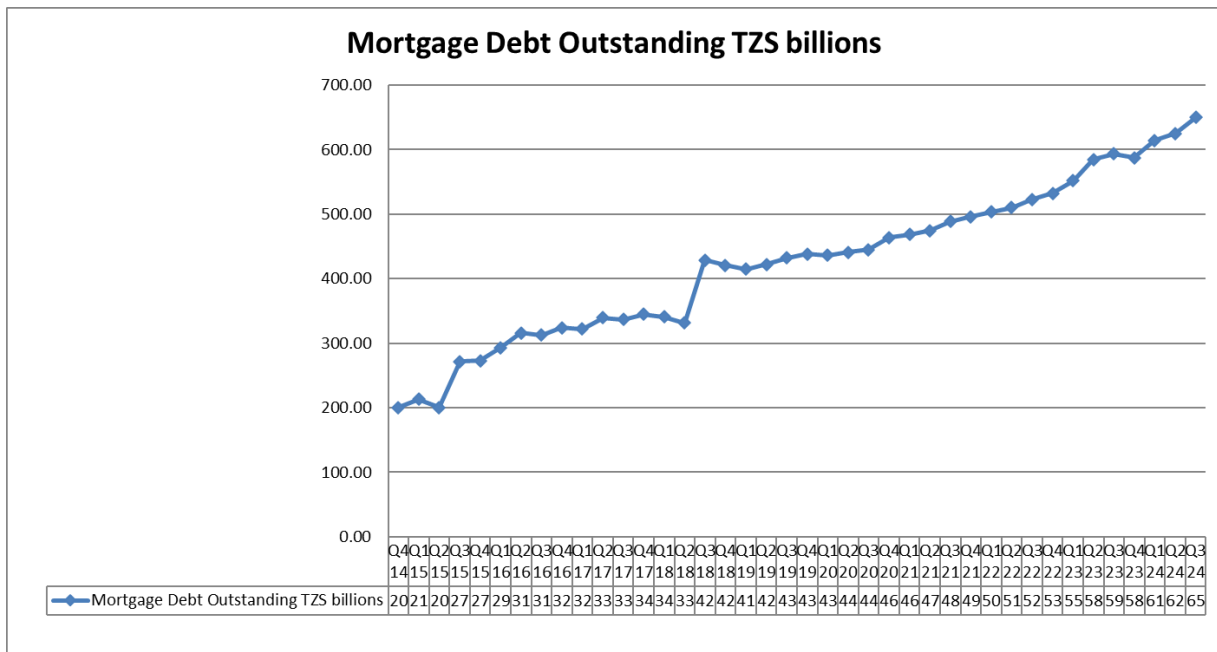
<sup>3</sup> BOT Monthly Economic Review (30 September 2024)

- High-interest rates and lack of affordable housing remain the prime constraints on mortgage market growth.
- Tanzania Mortgage Refinance Company Ltd (TMRC) continues to play its primary role in extending refinancing and pre-financing facilities to Primary Mortgage Lenders (PMLs).

## 2. Mortgage Market Growth

The mortgage market in Tanzania registered a 4.0 percent growth in the value of residential mortgages as of 30 September 2024. Total mortgage debt outstanding that resulted from lending by the banking sector for the purposes of residential housing was **TZS 649.85 billion** equivalent to **US\$ 237.87 million**. Figure 1 below shows the trend of mortgage debt from lending activities in terms of amounts over the years:

**Figure 1 – Tanzania Mortgage Debt Outstanding – TZS Billions**

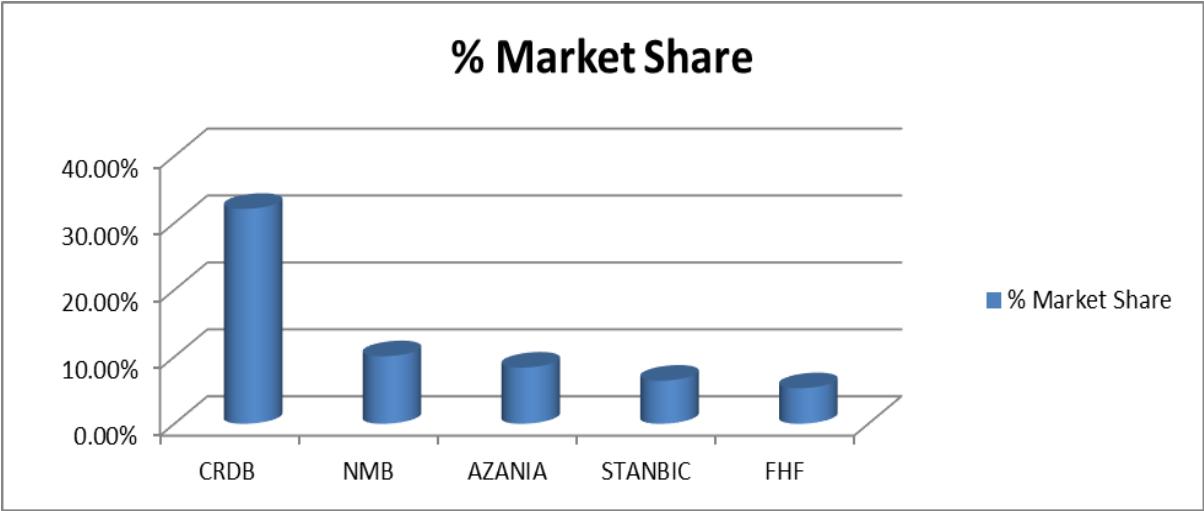


## 3. Increasing Competition in the Mortgage Market

As of 30 September 2024, 31 different banking institutions were offering residential mortgages. The mortgage market was dominated by five top lenders, who commanded 62 percent of the market. CRDB Bank Plc was a market leader commanding 32.11% of the mortgage market share, followed by NMB Bank (10.09%), Azania Bank. (8.39%), Stanbic Bank (6.44%), and First Housing Finance Company Limited (5.31%).

Figure 2 below shows the market share for the top five mortgage lenders as of 30 September 2024 in terms of outstanding mortgage debt.

Figure 2 – Mortgage Market Share - Top Five Lenders



**4. Obstacles to Growth of the Mortgage Market**

Demand for housing and housing loans remains extremely high as it is constrained by inadequate supply of equitable houses and high-interest rates charged on housing loans. Most lenders offer loans for home purchase and equity release while a few offer loans for self-construction which continue to be expensive and beyond the reach of the average Tanzanians. While interests on residential mortgages improved from 22 - 24 percent in 2010 to 13 – 19 percent offered today, market interest rates are still relatively high hence negatively affecting affordability. Additionally, cumbersome processes around the issuance of titles (especially unit titles) continue to pose a challenge by affecting borrowers’ eligibility to access residential mortgages.

Further, competition in the market has led to emergence of other products that are impacting mortgage market growth as the products have favorable terms than mortgage product and are used for housing purposes. These products are competing with mortgage in terms of loan amount and to some extent tenor as they are offering consumer loans for the tenor of up to seven years amounting to more than **TZS 150 million**, an amount enough to buy a housing unit. The competition comes from the ease with which competing products, specifically, consumer loans is available relatively easily compared to lengthy process experienced in mortgage loans as well as additional costs in mortgage loans including registration costs, valuation fees and insurance costs which are not applicable in consumer loans.

### 5. TMRC Supporting Market Growth through Provision of longer-Term Funds to Members

A key element in the growth of the mortgage market in Tanzania continues to be the provision of long-term funding both in the forms of refinancing and pre-financing by the TMRC to facilitate PMLs matching their assets (mortgage) and liabilities (funding).

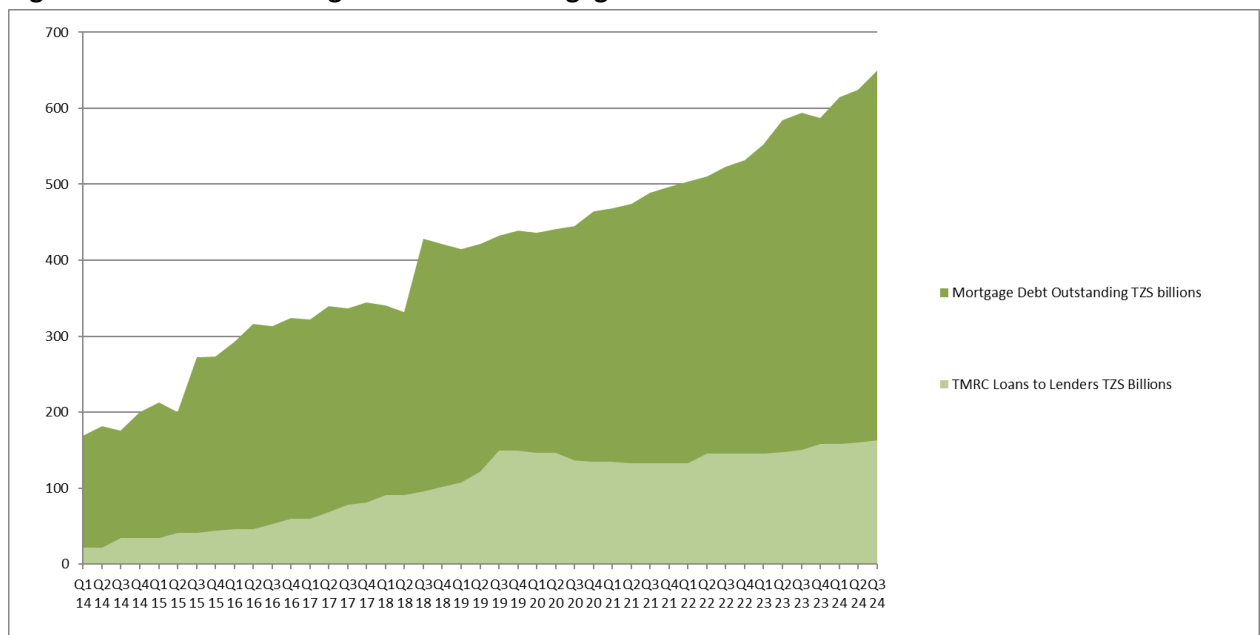
TMRC was established in 2010 under the Housing Finance Project (HFP) which was set up by the Ministry of Finance and Planning in collaboration with the World Bank and the Bank of Tanzania in alignment with Tanzania’s five-year National Strategy for Growth and Poverty Reduction (MKUKUTA) and the Tanzania Development Vision 2025, which highlight the importance of affordable housing, access to finance, and capital market development.

**Figure 3** below shows the overall contribution of TMRC to the mortgage market over the years. As of 30 September 2024, TMRC had extended loans worth TZS 162.70 billion (US\$ 59.55 million) to seventeen (17) primary mortgage lenders through refinancing and pre-financing residential mortgages. The loans advanced by TMRC to PMLs were equivalent to 25 percent of the total outstanding mortgage debt hence a significant opportunity exists for TMRC to continue refinancing the remaining 75 percent of the mortgage market portfolio.

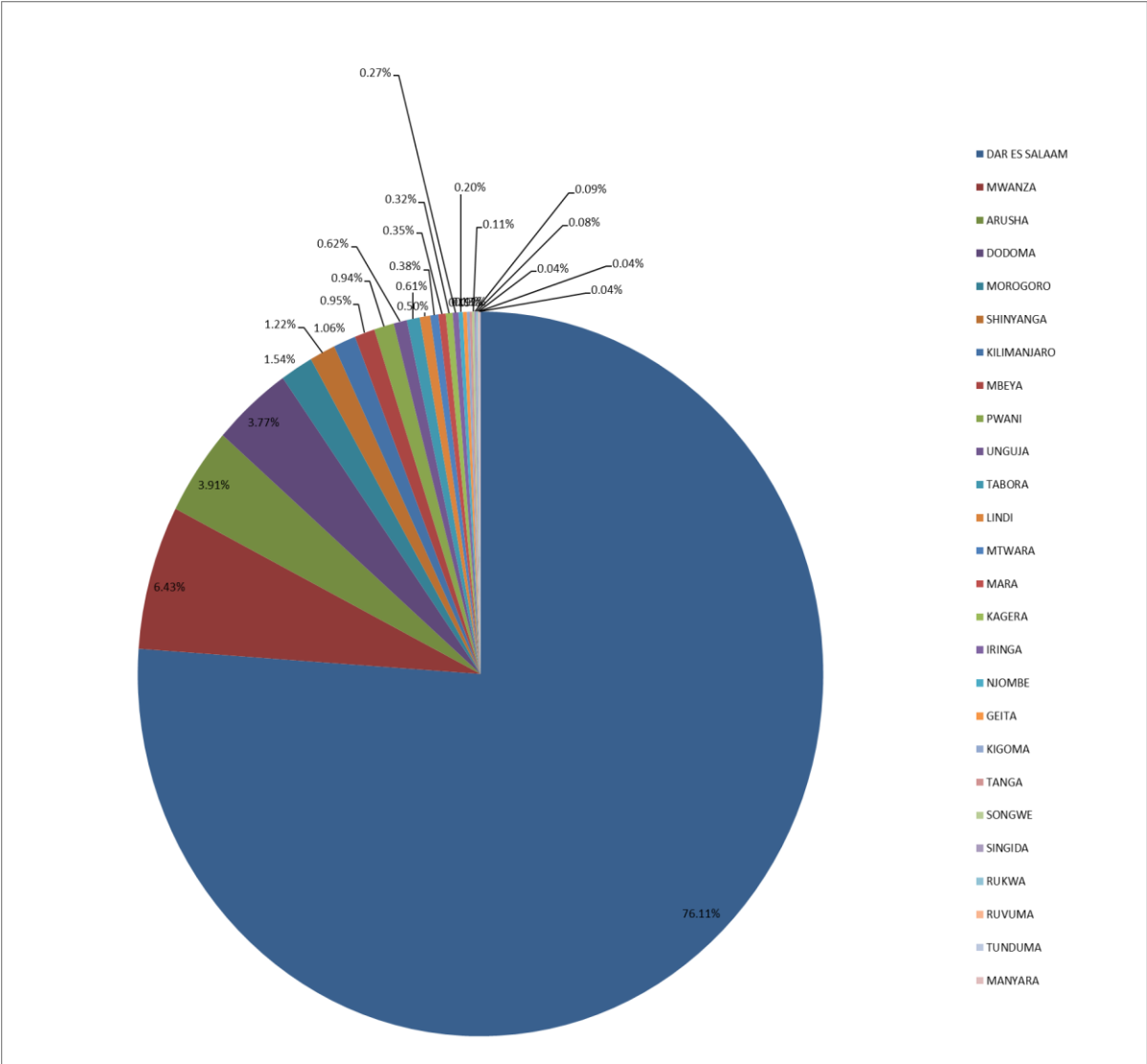
In the fourteen years that TMRC has been operational, a significant impact has been noted in the mortgage market. The number of banks offering residential mortgages has grown from only 3 banks in 2010 to 31 banks by 30 September 2024, mortgage repayment period has increased from the maximum of 5-7 years that was previously offered to 25 years that banks offer now with mortgage interest rates declining from 22-24 percent offered in 2010 to 13-19 percent being offered now.

Another initiative set up under the Housing Finance Project (HFP) was the Housing Microfinance Fund (HMFF) which was geared toward providing long-term loans for lower-income earners who currently lack access to housing finance either for the construction of a home or for home improvements.

**Figure 3: TMRC Refinancing Share of the Mortgage Market**



**Figure 4: Geographical Distribution of the Refinanced Mortgages by Primary Mortgage Lenders through TMRC as of 30 September 2024**



**6. Awareness Programs by TMRC to impact mortgage market target group**

Various mortgage awareness programmes have been established including TMRC social media pages in Facebook, Instagram, Twitter and Linked-in to provide mortgage product information to the public and stakeholders. Awareness campaigns are conducted by TMRC in collaboration with National Housing Corporation and Primary Mortgage Lenders through TV program sessions and stakeholders’ workshops to further increase information outreach and public understanding of mortgage product and benefits embedded on the product. The awareness also is targeted to address some of market growth impediments including supply, unit titles issuance and awareness hence market growth.

**7. Other ongoing initiatives by TMRC in improving housing access.**

The mortgage market in Tanzania has not fully catered the country’s population from accessing housing finance to improve their housing opportunities, microfinance segment being under-privileged due to lower level of income, lack of access to formal financial system and informal housing. In support of mortgage market growth to microfinance sector, TMRC in collaboration with Habitat for Humanity International is setting up an initiative to extend residential mortgages outreach to microfinance sector.

## 8. Annex – Data Tables and Figures

**Table 1 – Total Mortgage Debt Outstanding by Lenders as of 30 September 2024**

<b>SNO</b>	<b>MORTGAGE LENDER</b>	<b>NO. OF ACCOUNTS</b>	<b>AMOUNT IN TZS BILLIONS</b>	<b>% MARKET SHARE</b>
1	CRDB BANK PLC	1,622	208.67	32.11%
2	NMB BANK PLC	588	65.54	10.09%
3	AZANIA BANK PUBLIC LIMITED COMPANY	441	54.54	8.39%
4	STANBIC BANK TANZANIA LTD	193	41.84	6.44%
5	FIRST HOUSING FINANCE COMPANY LIMITED	277	34.54	5.31%
6	DCB COMMERCIAL BANK PLC	324	33.07	5.09%
7	TANZANIA COMMERCIAL BANK PLC	583	31.33	4.82%
8	KCB BANK TANZANIA LIMITED	175	30.86	4.75%
9	EXIM BANK TANZANIA LIMITED	186	26.64	4.10%
10	NATIONAL BANK OF COMMERCE LIMITED	137	21.59	3.32%
11	ABSA BANK TANZANIA LIMITED	110	21.52	3.31%
12	EQUITY BANK TANZANIA LIMITED	105	12.63	1.94%
13	BANK OF AFRICA TANZANIA LIMITED	133	10.54	1.62%
14	NCBA BANK TANZANIA LIMITED	56	10.52	1.62%
15	AMANA BANK LIMITED	149	7.85	1.21%
16	ACCESS BANK TANZANIA LIMITED	67	7.40	1.14%
17	DIAMOND TRUST BANK TANZANIA PUBLIC LIMITED COMPANY	40	6.73	1.04%
18	I & M BANK TANZANIA LIMITED	32	5.29	0.81%
19	STANDARD CHARTERED BANK TANZANIA LIMITED	23	4.30	0.66%
20	AKIBA COMMERCIAL BANK PLC	42	2.97	0.46%
21	ECOBANK TANZANIA LIMITED	17	2.61	0.40%
22	MAENDELEO BANK PLC	441	2.35	0.36%
23	MKOMBOZI COMMERCIAL BANK PLC	16	1.67	0.26%
24	MWANGA HAKIKA BANK LIMITED	12	1.17	0.18%
25	MUCOBA BANK PLC	43	1.15	0.18%
26	TIB DEVELOPMENT BANK LIMITED	8	0.80	0.12%
27	BANK OF BARODA TANZANIA LIMITED	10	0.60	0.09%
28	PEOPLES BANK OF ZANZIBAR LIMITED	7	0.42	0.07%
29	LETSHEGO FAIDIKA BANK TANZANIA LIMITED	11	0.32	0.05%
30	INTERNATIONAL COMMERCIAL BANK TANZANIA LIMITED	3	0.23	0.04%
31	CITIBANK TANZANIA LIMITED	1	0.16	0.02%
	<b>TOTAL</b>	<b>5,852</b>	<b>649.85</b>	<b>100.00%</b>