



TANZANIA MORTGAGE MARKET UPDATE – 31 DECEMBER 2023

1. Highlights

- The mortgage market in Tanzania registered a **10 percent** year-on-year growth in the value of residential mortgages from TZS 531.98bn recorded on 31 December 2022 to TZS 587.24bn as of 31 December 2023.
- The number of banks and financial institutions reporting to have mortgage portfolios stood at 31 as of 31 December 2023.
- Outstanding mortgage debt as of 31 December 2023 increased to **TZS 587.24 billion¹** equivalent to **US\$ 232.11 million** as compared to **TZS 531.98 billion²** equivalent to **US\$ 229.18 million** reported on 31 December 2022.
- Overall average mortgage debt size as of 31 December 2023 was **TZS 100.30 million** equivalent to **US\$ 39,643** marking an increase of 7 percent from **TZS 93.53 million** equivalent to **US\$ 36,967** reported on previous year.
- The ratio of outstanding mortgage debt to Gross Domestic Product (GDP) increased to **0.37 percent** compared to **0.32 percent** recorded in the previous year.
- Mortgage debt advanced by the top 5 Primary Mortgage Lenders (PMLs) accounted for **63 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.
- Private sector credit growth remained robust, growing at 18.3 percent in November 2023 above the target of 16.4 percent set by the end of December 2023. The registered growth was however, below the rate of 22.6 percent registered in November 2022. The performance reflects high demand for new loans consistent with the growth of economic activities supported by an increasingly favourable business environment³.
- 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 31 December 2023 and the average mortgage interest rate falling from 22 percent to 15 percent.

¹ Bank of Tanzania Quarterly Mortgage Market Statistics (31 December 2023)

² Bank of Tanzania Quarterly Mortgage Market Statistics (31 December 2022)

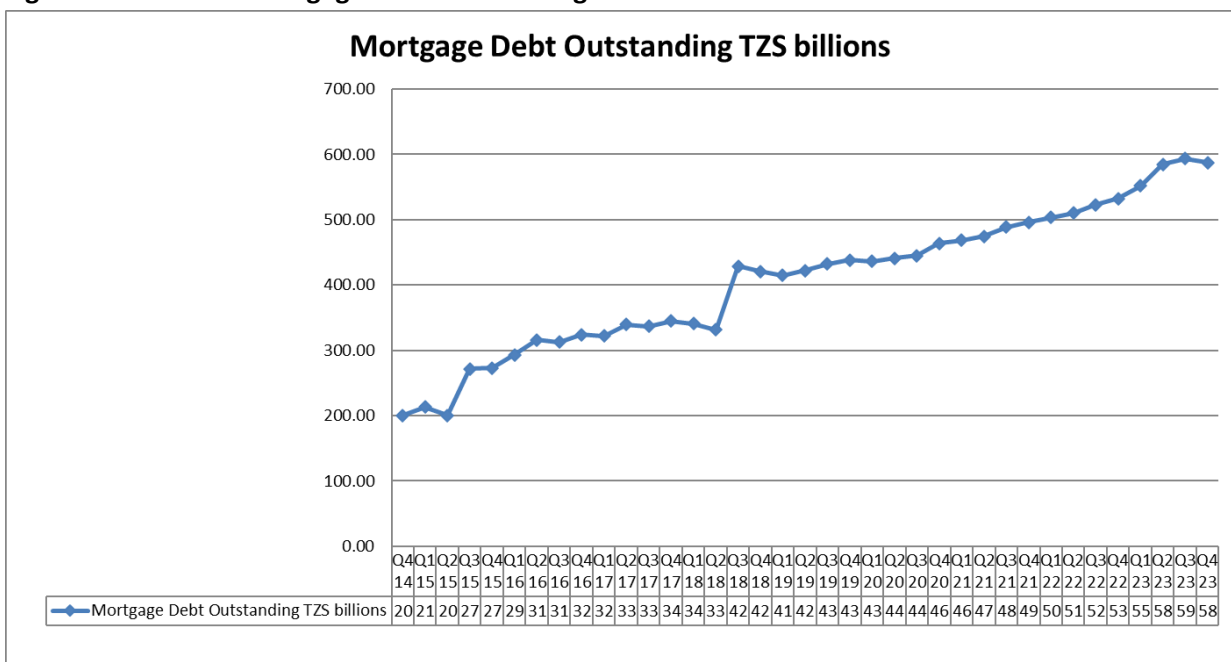
³ Bank of Tanzania Monthly Economic Review (31 December 2023)

- 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 10 percent annual growth in the value of residential mortgages as of 31 December 2023. Total mortgage debt outstanding that resulted from lending by the banking sector for the purposes of residential housing was **TZS 587.24 billion** equivalent to **US\$ 232.11 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

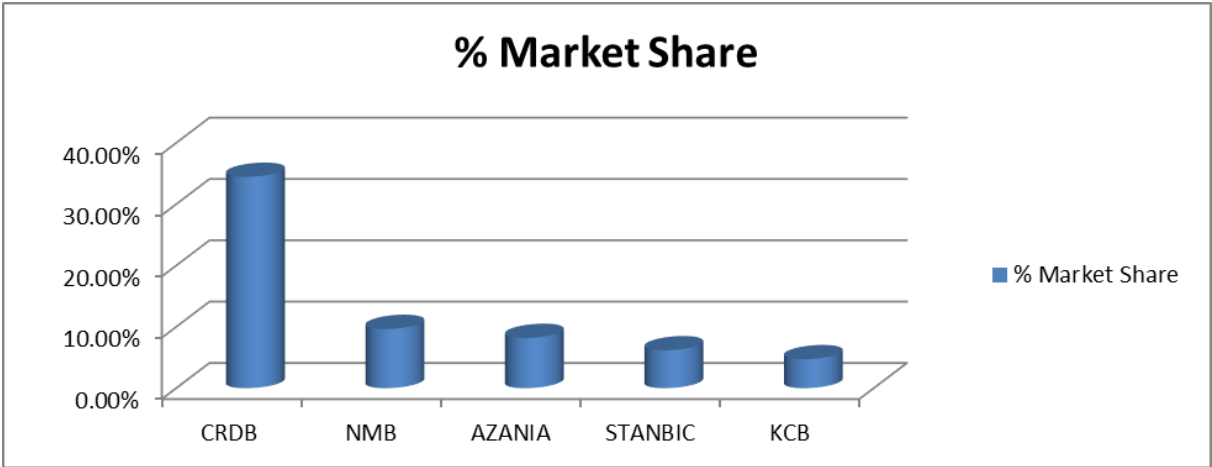


3. Increasing Competition in the Mortgage Market

As of 31 December 2023, 31 different banking institutions were offering residential mortgages. The mortgage market was dominated by five top lenders, who commanded 63 percent of the market. CRDB Bank Plc was a market leader commanding 34.46% of the mortgage market share, followed by NMB Bank (9.65%), Azania Bank. (8.19%), Stanbic Bank (6.17%), and KCB Bank (4.72%).

Figure 2 below shows the market share for the top five mortgage lenders as of 31 December 2023 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 15 – 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 around **TZS 120 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 and valuation fees as well as 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 31 December 2023, TMRC had extended loans worth TZS 158.70 billion (US\$ 62.73 million) to seventeen (17) primary mortgage lenders through refinancing and pre-financing residential mortgages. The loans advanced by TMRC to PMLs were equivalent to 27 percent of the total outstanding mortgage debt hence a significant opportunity exists for TMRC to continue refinancing the remaining 73 percent of the mortgage market portfolio.

In the thirteen 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 31 December 2023, 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 15-19 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

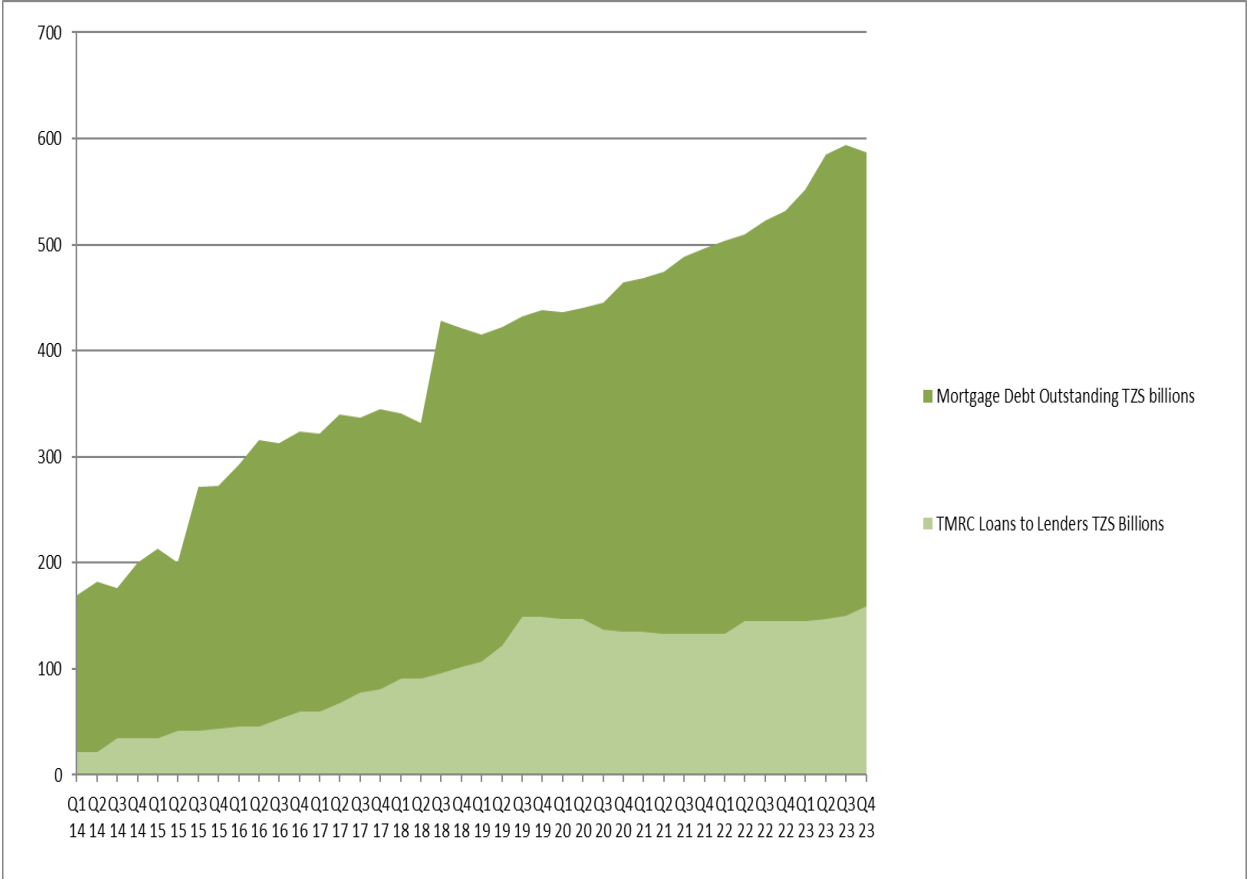
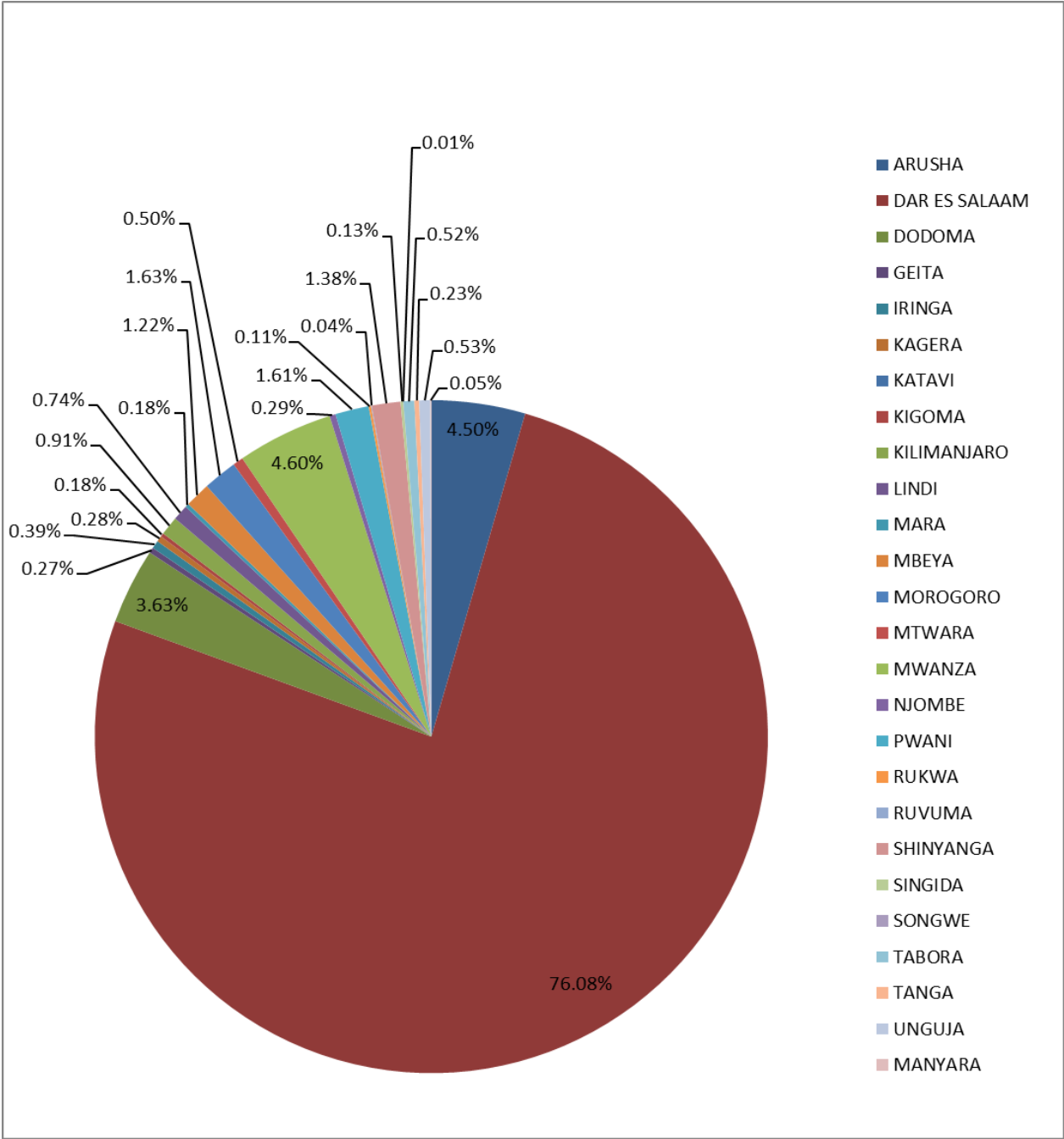


Figure 4: Geographical Distribution of the Refinanced Mortgages by Primary Mortgage Lenders through TMRC as of 31 December 2023



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 mortgage market growth

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 31 December 2023

SNO	MORTGAGE LENDER	NO. OF ACCOUNTS	AMOUNT IN TZS BILLIONS	% MARKET SHARE
1	CRDB BANK PLC	1,606	202.35	34.46%
2	NMB BANK PLC	524	56.68	9.65%
3	AZANIA BANK PUBLIC LIMITED COMPANY	425	48.09	8.19%
4	STANBIC BANK TANZANIA LTD	195	36.22	6.17%
5	KCB BANK TANZANIA LIMITED	166	27.70	4.72%
6	FIRST HOUSING FINANCE COMPANY LIMITED	200	27.56	4.69%
7	EXIM BANK TANZANIA LIMITED	187	26.74	4.55%
8	DCB COMMERCIAL BANK PLC	425	26.31	4.48%
9	TANZANIA COMMERCIAL BANK PLC	422	18.13	3.09%
10	ABSA BANK TANZANIA LIMITED	100	17.77	3.03%
11	NATIONAL BANK OF COMMERCE LIMITED	122	16.86	2.87%
12	NCBA BANK TANZANIA LIMITED	58	12.35	2.10%
13	EQUITY BANK TANZANIA LIMITED	102	10.87	1.85%
14	BANK OF AFRICA TANZANIA LIMITED	131	10.50	1.79%
15	AFRICAN BANKING CORPORATION TANZANIA LTD	72	7.66	1.30%
16	AMANA BANK LIMITED	145	6.91	1.18%
17	I & M BANK TANZANIA LIMITED	39	6.32	1.08%
18	DIAMOND TRUST BANK TANZANIA PUBLIC LIMITED COMPANY	34	5.86	1.00%
19	STANDARD CHARTERED BANK TANZANIA LTD	21	3.54	0.60%
20	AKIBA COMMERCIAL BANK PLC	60	3.00	0.51%
21	LETSHEGO FAIDIKA BANK TANZANIA LIMITED	44	2.88	0.49%
22	ECOBANK TANZANIA LIMITED	15	2.38	0.40%
23	MWANGA HAKIKA BANK LTD	161	2.26	0.38%
24	MAENDELEO BANK PLC	510	2.14	0.36%
25	MKOMBOZI COMMERCIAL BANK PLC	13	2.03	0.35%
26	MUCOBA BANK PLC	43	1.53	0.26%
27	TIB DEVELOPMENT BANK LIMITED	8	0.85	0.14%
28	PEOPLES BANK OF ZANZIBAR LIMITED	11	0.67	0.11%
29	BANK OF BARODA TANZANIA LIMITED	9	0.49	0.08%
30	CITIBANK TANZANIA LIMITED	3	0.31	0.05%
31	INTERNATIONAL COMMERCIAL BANK TANZANIA LTD	4	0.29	0.05%
	TOTAL	5,855	587.24	100.00%