



TANZANIA MORTGAGE MARKET UPDATE – 31 MARCH 2022

1. Highlights

- The mortgage market in Tanzania registered a **1.41 percent** growth in the value of mortgage loans as of 31 March 2022 as compared to the **2 percent** growth recorded in the previous quarter.
- There was no new entrant into the mortgage market during the year. The number of banks reporting to have mortgage portfolios remained at 33 banks.
- Outstanding mortgage debt as of 31 March 2022 increased to TZS **503.74 billion**¹ equivalent to **US\$ 218.07 million** as compared to **TZS 496.61 billion**² equivalent to **US\$ 215.06 million** reported on 31 December 2021.
- Average mortgage debt size as at was **TZS 81.49 million** equivalent to **US\$ 35,276** marking a slight increase from **TZS 80.40 million** equivalent to **US\$ 34,815** reported on 31 December 2021.
- The ratio of outstanding mortgage debt to Gross Domestic Product (GDP) decreased to **0.30 percent** compared to **0.35 percent** recorded in the previous quarter.
- Mortgage debt advanced by the top 5 Primary Mortgage Lenders (PMLs) accounted for **66 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 -7 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.
- The performance of the economy was satisfactory in 2021 and is projected to continue improving in 2022 owing to the normalization of business and investment activities after the pandemic. Prices of goods and services have risen in the recent months, but inflation was within the target, and is projected to remain in line with the target. Upward risk to inflation has elevated due to rising commodity prices in the world market, attributable to supply chain constraints³.

¹ Bank of Tanzania Quarterly Mortgage Market Statistics (31 March 2022)

² Bank of Tanzania Quarterly Mortgage Market Statistics (31 December 2021)

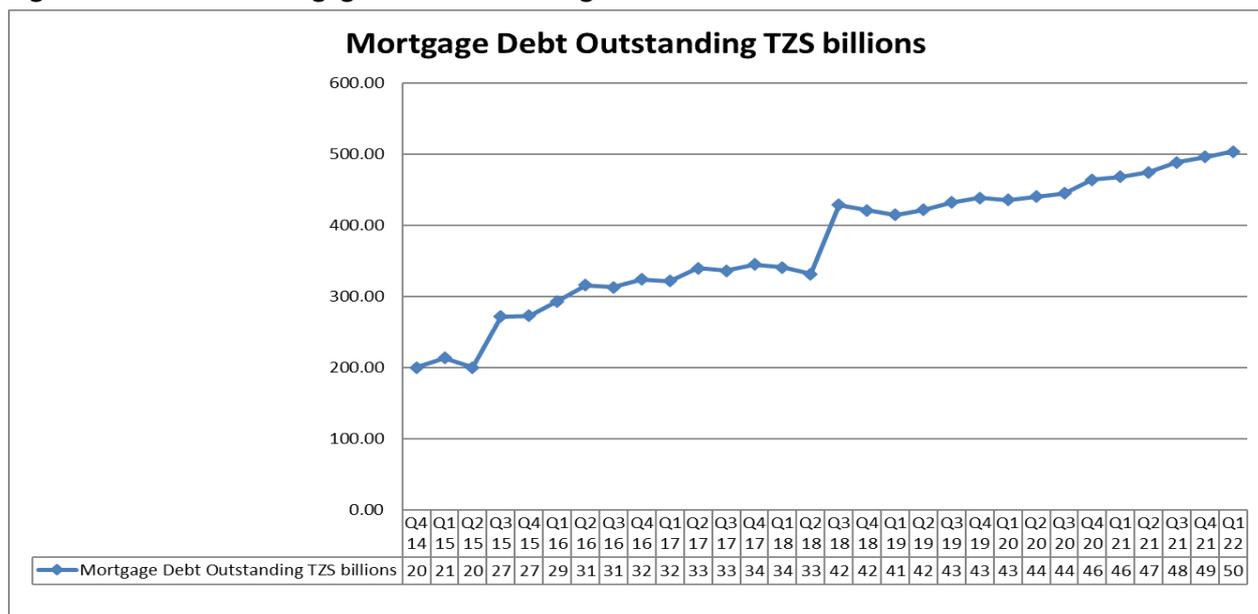
³ Bank of Tanzania Monthly Economic Review (31 March 2022)

- Credit extended to the private sector and central government by the banking system grew by 24.5 percent in the year ending February 2022 compared with 6.9 percent in February 2021. Strong private sector credit growth was high at 11.9 percent compared with 2.5 percent in February 2021, attributable to improving business conditions from adverse effects of COVID-19, coupled with supportive monetary and fiscal policies. Much of the growth was absorbed by mining; micro, small and medium enterprises (personal loans); trade, and manufacturing activities. Personal loans accounted for the largest share of outstanding private sector credit (24.3%), followed by trade (18.3%), manufacturing (17.4%), and agriculture (2.2%)⁴.
- The Tanzanian housing demand (which is estimated at 200,000 houses annually and a total housing shortage of 3 million houses as per the 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 33 by 31 December 2021 and the average mortgage interest rate falling from 22 percent to 15 percent.
- Efforts to develop housing projects by developers continue with a special focus on Dodoma Capital City as the Government has relocated its administrative functions to Dodoma.
- High-interest rates and lack of affordable housing remain the prime constraints on mortgage market growth.
- Tanzania Mortgage Refinance Company (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 1.41 percent annual growth in the value of mortgage loans as of 31 March 2022. Total mortgage debt outstanding that resulted from lending by the banking sector for the purposes of residential housing was TZS 503.74 billion equivalent to US\$ 218.07 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



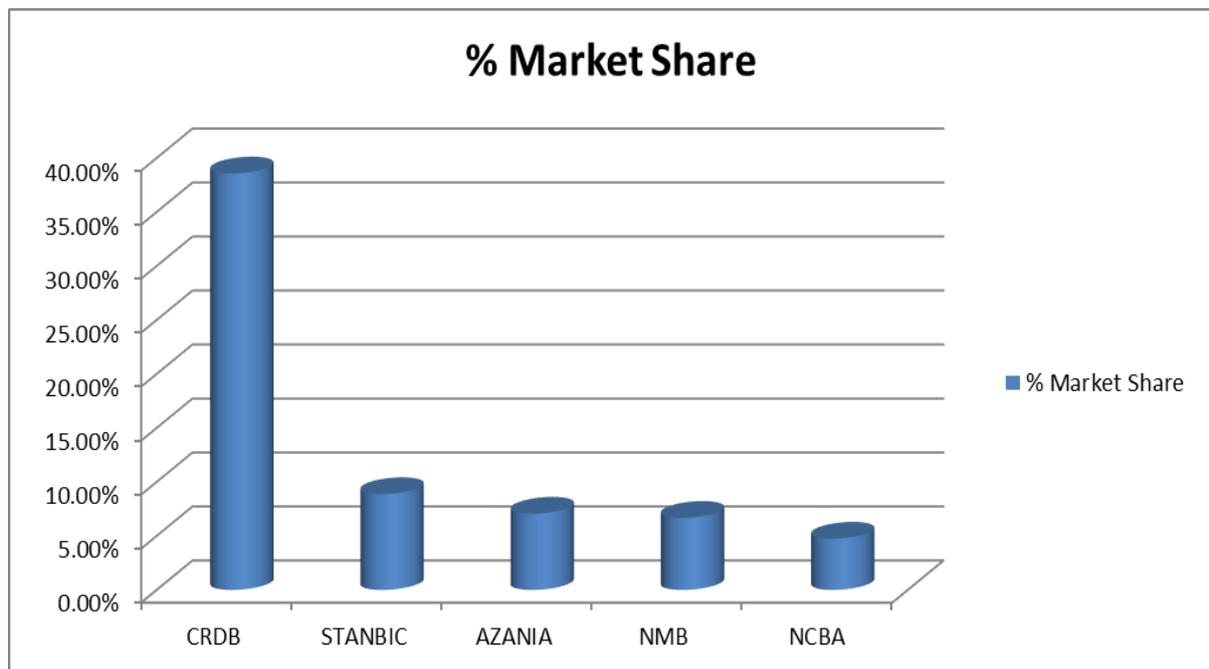
⁴ Bank of Tanzania Monthly Economic Review (31 March 2022)

3. Increasing Competition in the Mortgage Market

As of 31 March 2022, 33 different banking institutions were offering mortgage loans. The mortgage market was dominated by five top lenders, who commanded 66 percent of the market. CRDB Bank Plc was a market leader commanding 38.57% of the mortgage market share, followed by Stanbic Bank (8.88%), Azania Bank (7.07%), NMB Bank Plc. (6.68%) and NCBA Bank (4.75%).

Figure 2 below shows the market share for the top five mortgage lenders as of 31 March 2022 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 an 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 mortgage loans 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 mortgage 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).

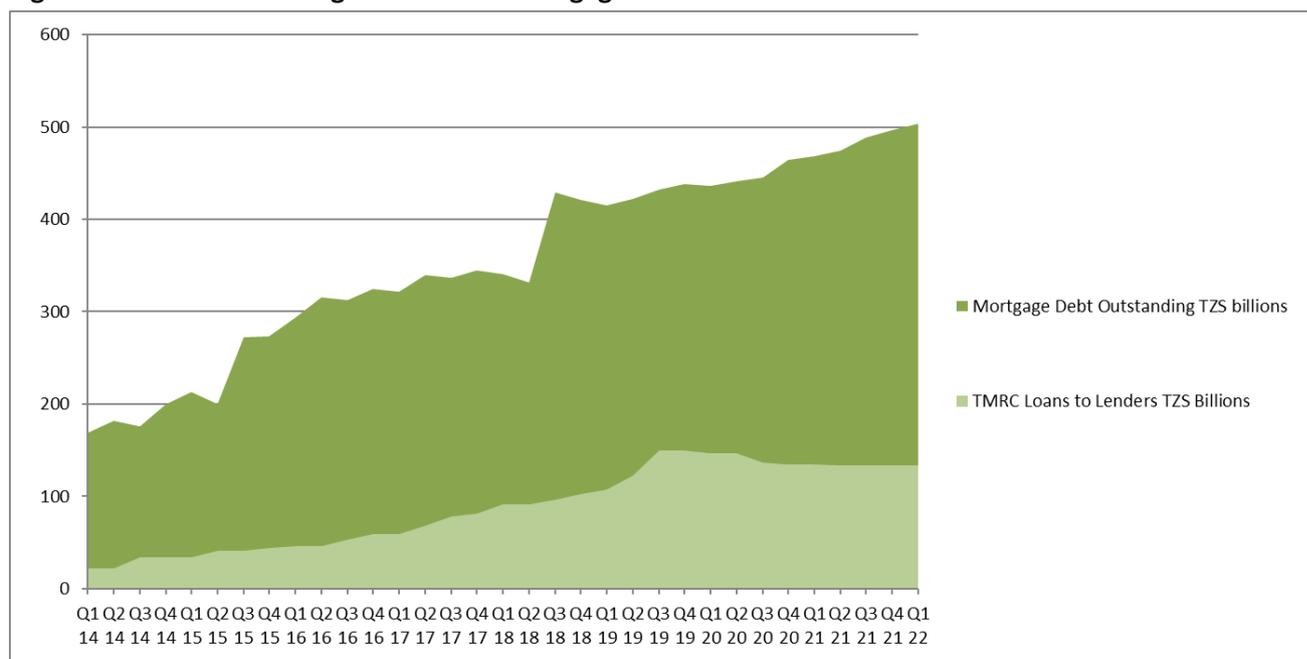
TMRC was established in 2010 under the Housing Finance Project (HFP) which was set up by the Ministry of Finance and Planning in collaboration with the World Bank and the Bank of Tanzania in alignment with Tanzania's five-year National Strategy for Growth and Poverty Reduction (MKUKUTA) and the Tanzania 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 March 2022, TMRC had extended loans worth TZS 133.20 billion (US\$ 57.66 million) to sixteen (16) primary mortgage lenders through Refinancing and pre-financing mortgage loans. The loans advanced by TMRC to PMLs were equivalent to 26 percent of the total outstanding mortgage debt hence a significant opportunity exists for TMRC to continue refinancing the remaining 74 percent of the mortgage market portfolio.

In the eleven years that TMRC has been operational, a significant impact has been noted in the mortgage market. The number of banks offering mortgage loans has grown from only 3 banks in 2010 to 33 by 31 March 2022, 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. The Fund officially began its operations in 2015 and on 31 July 2015, the first disbursement of TZS 1 billion was made under the fund to DCB Commercial Bank Plc with the total credit line to the bank being TZS 3 billion). This marked the first step towards significant progress in the microfinance sector including subsequent disbursements by HMFF. HMFF is currently operated by the Bank of Tanzania.

Figure 3: TMRC Refinancing Share of the Mortgage Market



6. Annex – Data Tables

Table 2 – Total Mortgage Debt Outstanding by Lenders as of 31 March 2022

SNO	MORTGAGE LENDER	NO. OF ACCOUNTS	AMOUNT IN TZS BILLIONS	% MARKET SHARE
1	CRDB BANK PLC	1,653	194.31	38.57%
2	STANBIC BANK TANZANIA LIMITED	196	44.74	8.88%
3	AZANIA BANK LIMITED	376	35.60	7.07%
4	NMB BANK PLC	331	33.64	6.68%
5	NCBA BANK (TANZANIA) LIMITED	126	23.94	4.75%
6	EXIM BANK TANZANIA LIMITED	133	20.59	4.09%
7	TANZANIA COMMERCIAL BANK PLC	425	20.38	4.05%
8	DCB COMMERCIAL BANK PLC	520	14.00	2.78%
9	FIRST HOUSING FINANCE COMPANY LIMITED	99	13.98	2.77%
10	ABSA BANK TANZANIA LIMITED	76	12.52	2.49%
11	KCB BANK TANZANIA LIMITED	155	10.29	2.04%
12	EQUITY BANK TANZANIA LIMITED	89	10.24	2.03%
13	NATIONAL BANK OF COMMERCE LIMITED	79	9.46	1.88%
14	BANK OF AFRICA TANZANIA LIMITED	132	8.12	1.61%
15	AFRICAN BANKING CORPORATION TANZANIA LIMITED	67	7.08	1.41%
16	FIRST NATIONAL BANK TANZANIA LIMITED	36	6.08	1.21%
17	I & M BANK TANZANIA LIMITED	36	6.02	1.20%
18	AMANA BANK LIMITED	88	5.96	1.18%
19	LETSHEGO BANK TANZANIA LIMITED	93	5.57	1.11%
20	STANDARD CHARTERED BANK TANZANIA LIMITED	16	3.55	0.70%
21	MAENDELEO BANK PLC	539	2.69	0.53%
22	MWANGA HAKIKA BANK	174	2.50	0.50%
23	MKOMBOZI COMMERCIAL BANK PLC	14	2.43	0.48%
24	DIAMOND TRUST BANK TANZANIA LIMITED	18	2.04	0.40%
25	ECOBANK TANZANIA LIMITED	10	1.42	0.28%
26	PEOPLES BANK OF ZANZIBAR LIMITED	13	1.35	0.27%

SNO	MORTGAGE LENDER	NO. OF ACCOUNTS	AMOUNT IN TZS BILLIONS	% MARKET SHARE
27	AKIBA COMMERCIAL BANK PLC	209	1.16	0.23%
28	MUCOBA BANK PLC	43	1.16	0.23%
29	TIB DEVELOPMENT BANK LIMITED	8	0.97	0.19%
30	YETU MICROFINANCE BANK PLC	417	0.88	0.18%
31	CITIBANK TANZANIA LIMITED	6	0.50	0.10%
32	INTERNATIONAL COMMERCIAL BANK TANZANIA LIMITED	4	0.37	0.07%
33	BANK OF BARODA TANZANIA LIMITED	1	0.20	0.04%
	TOTAL	6,182	503.74	100.00%