THE HOUSING SECTOR IN TANZANIA (RESIDENTIAL MARKET).

The housing market in Tanzania is dominated by private individual owners (citizens) and public institutions (such as NHC, NSSF, and TBA).

Main stakeholders:

1. Individuals with Unsurvey Dwellings = 70.00%

Example: Houses in rural areas and some older houses in urban areas.

2. Individuals with Surveyed Dwellings = 13.50%

Example: Houses located in cities and small towns.

3. National Housing Corporation (NHC) = 5.10%

4. Private Companies/Investors and Real Estate Developers = 3.90%

5. Central Government = 3.00%

Example: Residential houses for high-ranking government officials such as ministers, judges, directors, and other leaders.

6. Pension Institutions (such as NSSF & PSSSF) = 2.40%

Example: Their investment housing projects across various regions, especially in major cities and urban centers.

7. Local Government Authorities = 2.10%

Example: Investment houses for rental purposes, accommodation for local leaders, and part of their general property portfolio.

WHY INVEST IN HOUSING/RESIDENTIAL PROPERTY:

1. Rapid Population Growth:

It is projected that by 2050, the population will double compared to today (2025).This means the housing market remains significantly large, as over 100 million people will need homes whether owned or rented.

2. Rising Demand for Modern Housing:

The increase in middle and high income earners is driving demand for modern, attractive housing. In urban areas, many older houses lack appeal to potential buyers or tenants.

3. Fast Growth of Major and Secondary Cities:

Major cities such as Dar es Salaam, Mwanza, Arusha, Dodoma, and Mbeya are rapidly expanding. Likewise, rural areas are also developing due to national progress. The rise in the number of town authorities in almost every district is evidence of high urbanisation rates.

4. Government and Bank Support for Housing Sector:

Due to the high demand for residential homes, the government has instructed all banks in the country to offer mortgage loans. Examples include NMB Makazi Loan, CRDB Jijenge Loan, and PBZ Housing Loan, among others.

5. Cross-Border Integration with Neighboring Countries:

Tanzania’s political stability and peace attract foreign nationals seeking to invest or settle temporarily or permanently, increasing housing demand.

Example: Citizens from Kenya, Congo, Burundi, and Uganda are increasingly drawn to Tanzania.

NOTE: The demand for housing in Tanzania is already high and is expected to grow significantly due to the need for diverse types of housing, especially modern and attractive homes that meet specific standards and preferences.

CONCLUSION: Due to the growing housing and residential market, we advise Tanzanians to invest in areas officially designated for residential development and avoid government-reserved or protected areas in order to save time, money, and avoid unnecessary inconveniences.

CHALLENGES FACING THE HOUSING SECTOR IN TANZANIA.

1. INCOME CONSTRAINTS & MORTGAGE ACCESS.

The average Tanzanian income is insufficient to afford modern homes or large plots of land. **Additionally**, housing loans (mortgages) come with strict conditions, and only a small portion of the population qualifies for them.

2. VARIOUS TAXES AND CHARGES (Taxes & Taxation).

The imposition of multiple taxes for example, the 18% Value Added Tax (VAT), significantly increases the cost of buying houses. As a result, many Tanzanians are unable to afford home ownership due to these high transactional and regulatory costs.

3. UNDERDEVELOPED INFRASTRUCTURE.

The lack of reliable infrastructure in certain areas causes significant variation in land value, even within the same town or city.

4. FLUCTUATION IN INVESTMENT POLICIES.

Frequent changes in government policies and regulations regarding land investment negatively impact businesses, especially in the real estate sector such as housing development.

5. UNREASONABLE RENT PRICES (Pro-Landlords/Landladies Domination and Sentient Mentality).

Some landlords charge excessive rent without considering the actual value of the property.This practice forces tenants to frequently move in search of more affordable housing within urban areas.

6. RISING CONSTRUCTION COSTS AND LIMITED AVAILABILITY OF MATERIALS (Lack of Reliable Domestically Produced Construction Materials).

Construction costs are high, and many Tanzanians cannot afford them immediately, forcing them to save money over many years before building their homes.

Additionally; the scarcity of locally produced reliable construction materials worsens this challenge.

Additionally; the availability of essential construction materials such as cement, steel rods, iron sheets, timber, and wood is limited, causing their prices to rise significantly, while the country’s demand for these materials continues to grow.

CONCLUSION:

Although challenges exist, you can still INVEST in REAL ESTATE and achieve good returns.

1. You can start small by BUYING AFFORDABLE LAND or PLOTS and plan to BUILD later.
2. Alternatively, you can directly purchase completed residential houses as your initial investment.

DRIVERS OF HOUSING GROWTH IN TANZANIA.

1. POPULATION AND HOUSING (Demographics).

Tanzania is among the African countries experiencing rapid population growth, with an annual growth rate of 3.1%.

This large and growing population significantly expands the housing market benefiting home sellers, landlords, and new home developers alike.

2. URBANISATION (Growth of Cities).

The urban population growth rate exceeds the average at over 5.0%, with the urban population reaching 34.3% in 2020.It is estimated that by 2040, more than 50% of the population will live in urban areas.

The main driver of this urban growth is the large number of young people migrating from rural to urban areas (rural-urban migration) in search of employment and better living conditions.

3. GOVERNMENT INITIATIVES THROUGH ITS INSTITUTIONS.

The Government of Tanzania, through institutions such as the National Housing Corporation (NHC), Tanzania Building Agency (TBA), and National Social Security Fund (NSSF), collaborates to build affordable housing to address the housing shortage problem. In 2010, the National Housing Corporation reported that Tanzania faced a deficit of 3 million housing units, and this shortage remains significant today.

Note: This presents a great opportunity for investors.

4. ENTRY OF MULTINATIONAL COMPANIES AND PRIVATE INVESTORS.

Economic growth and a favorable business environment contribute to the expansion of the middle and upper-income classes among Tanzanians.

This enables many to afford buying or renting houses developed by companies.

Additionally; private investment in constructing modern quality housing stimulates competition and further expands the residential housing market.

5. INFRASTRUCTURAL DEVELOPMENT.

The government has invested in infrastructure to attract investment.

Examples include the construction of paved roads connecting regions, cities, districts, and zones, building bridges, bus terminals, and the Bus Rapid Transit (BRT) system;

ongoing development of the modern Standard Gauge Railway (SGR), and urban road construction through the Urban and Rural Roads Agency (TARURA), etc.

This infrastructure has improved accessibility in many areas, making it easier and cheaper to invest in residential housing by reducing transportation costs, travel time, and improving access to construction materials.

CONCLUSION:

The growth of urban areas in Tanzania is driven by various factors. The development and rising living standards of Tanzanians are also fueling investment in real estate, particularly in residential housing construction featuring modern and diverse styles.

EXTENDED REVIEWOF THE HOUSING MARKET IN TANZANIA.

A: Overview of the Housing Market in Tanzania.

Tanzania's housing market is characterized by strong and growing demand, a persistent shortage of adequate housing, rapid urbanization, and a large informal housing sector. The gap between the number of households needing housing and the amount of formal housing being supplied remains substantial. This is particularly visible in rapidly expanding cities such as Dar es Salaam, Dodoma, Arusha, Mwanza, Mbeya and Tanga.

1. Current state of housing demand

Housing demand in Tanzania is being driven primarily by population growth, urbanization, household formation and rural-to-urban migration.

Tanzania's population was about 68.6 million in 2024, according to World Bank data, and population growth was approximately 2.9% annually. The 2022 Census recorded a population of about 62.7 million, meaning the population has continued to expand rapidly.

Demand is particularly strong in urban areas. The proportion of Tanzanians living in urban areas reached about 34.9% in the 2022 Census, up from much lower levels in previous decades. The Ministry of Lands, Housing and Human Settlements Development projects that the urban share could reach approximately 59% by 2050.

The Tanzania Investment Centre estimates a housing deficit of around 3 million units, with housing demand increasing by roughly 200,000 units per year. These figures should be treated as estimates rather than a precise annual accounting of the shortage, because housing-deficit estimates vary by methodology and year.

The strongest demand is for affordable and lower-middle-income housing, rather than only high-end residential property. Many households have incomes that are insufficient to purchase formally developed houses using conventional mortgages, creating strong demand for rental accommodation and incremental self-construction.

2. Formal housing market

The formal housing market consists broadly of planned residential developments, formally registered properties, apartments, gated communities, professionally developed housing estates and houses constructed on legally recognized plots.

It is most developed in major urban and economically active areas, particularly:

- Dar es Salaam
- Dodoma
- Arusha
- Mwanza
- Mbeya
- Tanga

Formal housing tends to serve middle- and higher-income households, expatriates, professionals, businesses and institutional investors. Dar es Salaam has the country's most developed property market because of its large population, commercial importance and employment opportunities.

Formal housing includes both owner-occupied housing and rental housing. Apartments and planned developments have become increasingly important in major urban centers.

However, the formal market faces a major affordability problem. A household may need a substantial amount of capital for a down payment and must demonstrate sufficiently stable income to qualify for a mortgage. Consequently, the formal mortgage market serves only a relatively limited proportion of the population.

3. Informal housing market

The informal sector is fundamental to Tanzania's housing system, rather than being a small part of the market.

Informal housing includes:

- Self-built houses.
- Incrementally constructed houses.
- Houses constructed without complete planning approval.
- Unplanned settlements.
- Informal rental rooms.
- Properties developed on land without fully formalized tenure.
- Small-scale landlord housing.

CAHF describes Tanzania's urban rental market as being heavily influenced by small-scale landlords, particularly in informal settlements. In Dar es Salaam, rental housing is especially important, and many tenants occupy shared houses or rooms on plots where landlords may also live.

Informal construction is attractive because it allows households to build gradually as income becomes available. Instead of taking a large mortgage to construct a complete house, a household can acquire land and progressively build walls, rooms, roofing and extensions.

This makes informal housing a practical response to the limitations of the formal housing-finance system.

However, informal housing can also be associated with:

- Inadequate roads.
- Poor drainage.
- Limited water and sanitation.
- Uncertain tenure.
- Limited access to formal finance.
- Environmental risks.

- Overcrowding.

Importantly, informal does not necessarily mean poor-quality construction. Research in Dar es Salaam shows that many informal-sector houses are constructed with permanent materials, although their planning, tenure or infrastructure arrangements may remain informal.

4. Major housing markets and developed regions

Dar es Salaam

Dar es Salaam is the dominant housing market in Tanzania. It has the country's largest concentration of employment, businesses, infrastructure and population, producing very strong demand for both rental and owner-occupied housing.

The city also illustrates the country's housing dilemma: demand is high, but formal housing supply is insufficient relative to population growth. Consequently, informal and peri-urban development has expanded rapidly.

Dodoma

Dodoma has become increasingly important because of its role as the national capital and the relocation of government functions. This has generated demand for:

- Government and institutional housing.
- Rental accommodation.
- Middle-income residential developments.
- Commercial-residential property.
- Land and housing around expanding urban areas.

Research on urban rental markets specifically identifies Dar es Salaam and Dodoma as important markets with different but rapidly evolving housing dynamics.

Arusha

Arusha benefits from tourism, international organizations, agriculture, trade and regional economic activity. These factors support demand for middle- and higher-income housing as well as rental accommodation.

Mwanza

Mwanza is a major commercial centre in northern Tanzania and an important regional market. Its expanding population and economic activity create demand for affordable housing, rental units and residential land.

Other growing cities;

Mbeya, Tanga, Morogoro and Zanzibar's urban areas are also important housing markets. Their growth is creating opportunities for residential construction, rental housing and serviced-land development.

Thus, while Dar es Salaam remains the largest market, Tanzania's housing market is gradually becoming more geographically diversified as secondary cities grow.

5. Role of population growth.

Population growth is one of the strongest structural drivers of housing demand.

The mechanism is relatively straightforward:

Population growth → more households → more demand for housing → increased demand for land, construction and rental accommodation.

Tanzania's relatively high population-growth rate means that even if housing conditions remain unchanged, the country must continuously add housing simply to accommodate new households.

The Ministry of Lands estimates that Tanzania could require 26.84 million housing units by 2050 to accommodate projected population growth.

Population growth therefore creates both a housing challenge and an investment opportunity. More people mean greater demand for houses, construction materials, land, mortgages, rental properties and associated infrastructure.

6. Role of urbanization

Urbanization may be even more important than population growth in determining where housing demand occurs.

Tanzania's urban population is growing faster than its total population. Habitat for Humanity reports urban population growth of approximately 5.3% per year, compared with national population growth of around 3.2% in the period covered by its assessment.

Urbanization increases housing demand because people moving to cities need accommodation close to:

- Employment.
- Schools.
- Hospitals.
- Markets.
- Public transport.
- Government institutions.
- Commercial activities.

When formal housing cannot expand quickly enough, households tend to move toward peri-urban areas, where land is cheaper and informal development is easier.

This produces a common pattern:

Rapid urbanization → rising land prices in central areas → expansion toward urban fringes → informal/peri-urban construction → infrastructure lag → pressure for settlement upgrading.

The World Bank notes that Tanzania's urban population share has risen substantially and that approximately half of the population is expected to live in cities by 2050 under earlier projections.

7. Housing finance and affordability

Housing finance is one of the most important factors separating Tanzania's formal and informal markets.

Formal mortgages are generally more accessible to households with stable and relatively high incomes. Lower-income households often cannot meet conventional lending requirements.

As a result, many Tanzanians finance housing through:

- Personal savings.
- Family contributions.
- Informal loans.
- Rotating savings arrangements.
- Incremental construction.
- Small loans for individual construction stages.
- Rental arrangements.

This explains why Tanzania has a relatively large incremental/self-build housing market.

The housing-finance problem therefore isn't simply that Tanzania lacks demand. There is considerable *potential demand*, but much of it is not effective demand that is, households may need a house but lack the financial capacity to purchase a formally developed house at the market price. CAHF highlights this distinction and notes the importance of informal rental and incremental construction in responding to affordability constraints.

B: Types of Housing or Residential Properties in Tanzania

Tanzania has a diverse residential property market, ranging from traditional rural homes and informal urban houses to modern apartments, gated communities and high-end villas. The type of housing occupied depends largely on income, location, household size, land availability, tenure and access to infrastructure.

1. Detached houses

Detached houses are among the most common forms of residential property in Tanzania, particularly in suburban, peri-urban and rural areas. They are usually built on individual plots and may contain several bedrooms, a living room, kitchen, bathrooms and outdoor space.

They are common among middle- and higher-income households and are also frequently constructed incrementally by individual owners.

2. Semi-detached houses

Semi-detached houses consist of two housing units sharing a common wall. They use land more efficiently than completely detached houses and can therefore be more affordable.

They are more common in planned urban developments and middle-income residential areas.

3. Apartments and flats

Apartments are increasingly important in major urban centers, especially Dar es Salaam, Dodoma and Arusha. They are particularly attractive where land prices are high because several households can occupy the same building.

Apartments may be:

- Low-rise blocks.
- Medium-rise buildings.
- High-rise developments.
- Serviced or luxury apartments.

Demand comes from professionals, middle-income households, students and investors seeking rental income.

4. Townhouses

Townhouses are attached or closely arranged residential units, often developed as part of a planned estate. They typically provide more space and privacy than apartments while using land more efficiently than detached houses.

They are mainly associated with middle- and upper-income urban housing developments.

5. Villas and luxury houses

Villas are generally larger, higher-quality residential properties designed for higher-income households. They may include gardens, parking, security systems, swimming pools and other amenities.

They are particularly visible in affluent areas of Dar es Salaam, Arusha and Zanzibar and may also serve expatriates and short- or long-term rental markets.

6. Gated communities and residential estates

Gated communities consist of groups of houses or apartments developed within a controlled and secured environment. They commonly provide:

- Security gates.
- Boundary walls.
- Private roads.

- Parking.
- Recreational facilities.
- Sometimes schools, shops or green spaces.

This type of development is becoming more significant among Tanzania's middle- and upper-income households because of demand for security, planned infrastructure and better-quality neighbourhoods.

7. Informal and self-built houses

Self-built housing is extremely important in Tanzania. Households often purchase or obtain a plot and construct the house gradually as financial resources become available.

These properties can range from simple one-room structures to substantial permanent houses. Informal housing is especially common in rapidly expanding urban and peri-urban settlements.

The importance of this category reflects the limited accessibility of formal mortgage finance and the relatively high cost of purchasing a completed formal house.

8. Rental rooms and compound housing

In urban areas, especially among lower-income households, individual rooms within a larger compound are an important form of accommodation. A landlord may occupy part of the property while renting several rooms or units to other households.

This form of housing provides relatively affordable accommodation for:

- Low-income workers.
- Students.
- Young adults.
- Migrants.
- Newly established households.

9. Traditional rural housing

Rural Tanzania contains a variety of traditional housing forms. These can include houses constructed from mud, earth, timber, poles, thatch and locally available materials, although many rural households increasingly use fired bricks, cement blocks, corrugated iron roofing and other modern materials.

Traditional housing remains important because construction materials and techniques are often adapted to local climate, culture and available resources.

C: Differences between owner occupied and rental housing.

Owner-Occupied Housing	Rental Housing
The house is owned by the person who lives in it.	The house is owned by a landlord and occupied by a tenant.
The owner is responsible for major repairs and maintenance.	The landlord usually handles major repairs and maintenance.
The owner pays property taxes and other ownership costs.	The tenant normally pays rent, while the landlord pays property-related taxes.
The owner can make changes to the house, subject to regulations.	The tenant usually needs the landlord's permission to make major changes.
Housing costs may include mortgage payments.	Housing costs mainly involve regular rent payments.
The owner may build wealth as the property increases in value.	The tenant generally does not gain ownership of the property by paying rent.
The owner has greater long-term control over the property.	The tenant has less control and may have to move when the tenancy ends.

In summary: Owner-occupied housing is housing lived in by its owner, while rental housing is occupied by someone who pays rent to the property owner.

D: Location analysis.

Location analysis is the process of studying a particular area to determine how suitable it is for housing development, business, or other land uses. For housing, it considers factors that affect the convenience, value, safety, and attractiveness of a location.

Key factors include:

1. Accessibility – Availability and quality of roads, public transport, and proximity to major routes.
2. Proximity to services – Distance to schools, hospitals, markets, shops, banks, and recreational facilities.
3. Employment opportunities – Access to workplaces and commercial centers.
4. Infrastructure – Availability of water, electricity, drainage, waste collection, and communication services.
5. Security and safety – Crime levels, flood risks, and other environmental hazards.
6. Environmental conditions – Topography, climate, drainage, pollution, noise, and general surroundings.
7. Land and housing costs – Land prices, rent levels, and affordability for residents.
8. Neighbourhood characteristics – Population density, quality of surrounding buildings, social conditions, and community facilities.
9. Future development – Planned roads, industries, commercial centers, or other developments that may affect the area's future value.

Conclusion: Location analysis helps determine whether a housing location is suitable and explains why people or developers may prefer one area over another.

E: Mechanisms used in financing the housing market.

Residential housing is financed through different mechanisms that enable individuals, developers, and investors to obtain money for purchasing, constructing, or improving houses.

1. **Mortgage financing** – Banks and other financial institutions provide long-term loans to individuals to purchase or construct houses. The property is usually used as security for the loan.
2. **Personal savings** – Individuals may use their accumulated savings to finance the purchase, construction, or improvement of a house.
3. **Housing microfinance** – Microfinance institutions provide smaller loans, particularly to households that may not qualify for conventional bank mortgages.
4. **Commercial bank loans** – Banks provide various housing-related loans, including mortgages, construction loans, and home-improvement loans.
5. **Government housing finance** – Governments may provide housing loans, subsidies, grants, or other financial assistance to promote affordable housing.
6. **Building societies and housing cooperatives** – Members contribute savings to a common fund and can obtain loans to purchase, build, or improve residential properties.
7. **Employer-assisted housing schemes** – Employers may provide housing loans, allowances, or guarantees to help employees obtain residential accommodation.
8. **Developer financing** – Property developers may finance construction using their own capital or borrowed funds and recover the investment through the sale or rental of completed houses.
9. **Installment or progressive payment schemes** – Buyers pay for a house in installments, often during different stages of construction or over an agreed period.
10. **Real estate investment funds** – Investors pool their money into funds that invest in residential properties, allowing housing development to be financed collectively.

11. **Equity financing** – Investors contribute capital to housing projects in exchange for ownership interests or a share of the returns.
12. **Rental income and reinvestment** – Property owners may use income generated from existing rental properties to finance the purchase, construction, or improvement of additional housing.

In summary: The major mechanisms include **mortgages, personal savings, bank and microfinance loans, government support, cooperative financing, employer schemes, developer finance, and equity investment**. These mechanisms help increase access to housing and support the development of residential properties.

F. Government Policies and Regulations Governing the Housing Market

Government policies and regulations are rules and measures used by the government to control, support, and guide the development, ownership, and use of residential housing.

1. **Land-use planning and zoning** – Government determines how land can be used for residential, commercial, industrial, or other purposes.
2. **Building regulations and standards** – These establish minimum requirements for building safety, construction quality, sanitation, ventilation, and structural stability.
3. **Housing policies** – Governments develop policies aimed at increasing the supply of affordable and adequate housing, especially for low- and middle-income households.
4. **Land ownership and registration laws** – These regulate the acquisition, transfer, registration, and use of land and property.
5. **Rent control regulations** – In some areas, governments regulate rent increases and protect tenants against unfair eviction or excessive rental charges.
6. **Property taxation** – Property owners may be required to pay taxes, which can influence property prices, investment, and housing development.

7. **Mortgage and housing finance regulations** – Governments regulate banks and other financial institutions to promote responsible lending and protect borrowers.
8. **Environmental regulations** – Housing developments must comply with requirements relating to environmental protection, drainage, waste management, and pollution control.
9. **Development and construction permits** – Developers are generally required to obtain approval before constructing, extending, or significantly modifying residential buildings.
10. **Affordable housing programs** – Governments may provide subsidies, serviced land, low-cost housing schemes, or financial incentives to make housing more accessible.
11. **Tenant protection laws** – Regulations may establish the rights and responsibilities of landlords and tenants, including tenancy agreements, deposits, maintenance, and eviction procedures.
12. **Urban development policies** – These guide the expansion of towns and cities and encourage appropriate provision of infrastructure such as roads, water, electricity, and sewerage.

In summary: Government policies and regulations help ensure that housing is safe, affordable, properly planned, legally developed, and environmentally sustainable, while balancing the interests of homeowners, tenants, developers, and the wider community.

G. Risks That Can Occur in the Housing Market

Housing market risks are uncertainties that can affect the value, affordability, development, financing, and profitability of residential properties.

1. **Market risk** – Property prices may fall because of changes in demand, economic conditions, or oversupply.
2. **Interest rate risk** – Rising interest rates can increase mortgage repayments and make housing less affordable.
3. **Credit/default risk** – Borrowers may fail to repay their mortgages, causing losses to lenders and possible foreclosure.

4. **Liquidity risk** – A property may take a long time to sell because of low demand, making it difficult for the owner to obtain cash quickly.
5. **Construction risk** – Building projects may experience delays, cost increases, poor workmanship, or shortages of construction materials.
6. **Inflation risk** – Rising prices of land, labour, and building materials can increase housing and construction costs.
7. **Regulatory and policy risk** – Changes in government policies, taxes, planning regulations, or land laws may affect property values and investment returns.
8. **Environmental and natural disaster risk** – Floods, earthquakes, fires, storms, and other hazards can damage houses and reduce their value.
9. **Location risk** – Poor accessibility, insecurity, pollution, inadequate infrastructure, or declining neighbourhood conditions can reduce demand for housing.
10. **Rental risk** – Landlords may experience vacancies, late rental payments, or tenants who fail to pay rent.
11. **Legal and ownership risk** – Disputes over land ownership, unclear titles, boundary conflicts, or illegal developments can affect property investment.
12. **Economic risk** – Recession, unemployment, declining household incomes, or reduced economic activity can reduce people's ability to buy or rent houses.

In summary: The major risks in the housing market include price fluctuations, interest rates, loan defaults, lack of liquidity, construction problems, inflation, government changes, environmental hazards, rental problems, legal disputes, and economic downturns.

H: Future Outlook of housing Future Outlook of the Housing Market

The future of the housing market is generally expected to show continued growth in demand, particularly in developing countries such as Tanzania. Rapid urbanization, population growth, economic development, and increasing household formation are likely to create greater demand for residential housing. Tanzania currently has about 38% of its population living in cities, and urbanization is continuing rapidly.

The main future trends are likely to include:

1. **Increasing demand for housing –** Population growth and migration to urban areas will increase the need for both owner-occupied and rental housing.
2. **Growth of affordable housing –** There will be greater demand for low- and middle-income housing because many households cannot afford expensive properties.
3. **Expansion of rental housing –** As urban populations grow and homeownership remains difficult for some households, rental accommodation is likely to remain important.
4. **Greater use of housing finance –** Mortgages, housing microfinance, and other financing mechanisms are expected to become increasingly important in helping households acquire or improve homes. Tanzania's housing-finance market has already expanded significantly through mortgage refinancing and housing microfinance initiatives.
5. **Increased private-sector participation –** Private developers and investors are likely to play a larger role in supplying residential housing as demand increases.
6. **Urban expansion –** Cities such as Dar es Salaam, Mwanza, Arusha, and Dodoma are expected to experience continued housing development as urban populations and economic activity increase.
7. **Development of modern and sustainable housing –** Future housing is likely to place greater emphasis on energy efficiency, better infrastructure, environmentally friendly construction, and resilience to floods and other climate risks.
8. **Continued housing shortages –** Despite increasing construction, supply may continue to lag behind demand unless land availability, infrastructure, construction costs, and access to finance improve. Recent World Bank analysis estimates Tanzania's current housing

deficit at least 1.2 million units, with substantial additional annual housing needs.

Conclusion: The future housing market in Tanzania has strong growth potential, driven mainly by urbanization, population growth, and economic development. However, affordability, access to finance, infrastructure, land availability, and climate risks will remain major challenges. The greatest opportunity will be in providing affordable, well-planned, and climate-resilient housing for the growing urban population.

THE KEY INSIGHTS AND THE STATISTICAL DATA OF THE HOUSING DEMAND.

By the regional ranking the ranks are as follows;

For housing property, the five most growing regions with the housing real estate market are;

1. **Dar es Salaam**
2. **Pwani**
3. **Dodoma**
4. **Mwanza**
5. **Arusha**

This ranking is driven by different factors such as population scale, population growth, existing building stock, construction pipeline, and economic concentration.

The table is as shown below;

Rank	Region	2022 population	2012–22 population growth	Buildings	Under construction
1	**Dar es Salaam**	5,383,728	2.1% p.a.	913,707	**19.8%**
2	**Pwani**	2,024,947	**6.1%**	504,979	**21.4%**
3	**Dodoma**	3,085,625	**3.9%**	836,909	14.7%
4	**Mwanza**	3,699,872	2.9%	868,430	15.7%
5	**Arusha**	2,356,255	3.3%	553,702	16.0%

1. **Dar es Salaam;** Is the region that has the highest growing demand of the housing market in Tanzania

Actual indicators,

- ✓ Population: **5.38 million**
- ✓ Population density: about **3,865 people/km²**
- ✓ Buildings: **913,707**

- ✓ Buildings under construction: **19.8%**
- ✓ GDP at current prices, 2024: about **TZS 34.84 trillion**
- ✓ Population growth, 2012–22: **2.1% p.a.**

Why housing demand is strong in dar es salaam?

Dar es salaam is the country's largest economic concentration. The Bank of Tanzania identifies manufacturing, financial services, transport/storage and trade as its principal economic activities. It also had 38 banks and 277 bank branches in the latest zonal profile, by far the largest financial concentration in the country. Therefore creates several residential demand groups, salaried workers, entrepreneurs, expatriates, government/private-sector executives, students, informal-sector households, industrial workers, logistics workers, professionals.

Dar's 2022 building census found 913,707 buildings, the largest stock in Tanzania, and 19.8% were under construction, showing substantial continuing residential investment.

2. Pwani; Is the second potentially that has expansion in the housing market

Actual indicators,

- ✓ Population: **2.02 million**
- ✓ 2012–22 population growth: **6.1% p.a.**
- ✓ Buildings: **504,979**
- ✓ Buildings under construction: **21.4%**
- ✓ 2024 GDP: approximately **TZS 4.22 trillion**.

The **6.1% population growth** is exceptionally high compared with Dar's 2.1%.

And 21.4% of buildings were under construction, one of the highest construction shares in Tanzania.

Why?

Pwani benefits from being the **expansion belt around Dar es Salaam**.

Residential growth is being pushed by:

1. outward expansion from Dar
2. cheaper land relative to Dar
3. industrial development
4. logistics
5. road connectivity
6. population relocation
7. peri-urban development
8. increasing demand for warehouses and factories
9. workers needing housing near employment centers

3. Dodoma; This city is mostly driven by the fact that it's the centre of government of Tanzania and thus leads to expansion of the residential growth.

The data shows that;

- ✓ Population: **3.09 million**
- ✓ Growth: **3.9% p.a.**
- ✓ Buildings: **836,909**
- ✓ Under construction: **14.7%**
- ✓ 2024 GDP: approximately **TZS 6.72 trillion**.

Dodoma's residential growth is structurally different from Dar es salaam growth.

The main driver is:

capital-city functions.

Government ministries, agencies, civil servants, contractors, consultants, businesses and supporting services create continuing housing demand.

The city also functions as a national administrative and increasingly commercial centre.

Main growth mechanism

Government relocation → employment → household formation → rental demand → land subdivision → housing construction.

4. Mwanza; It's the city that has lake zone housing hub

Its data;

- ✓ Population: **3.70 million**
- ✓ Growth: **2.9%**
- ✓ Buildings: **868,430**
- ✓ Under construction: **15.7%**
- ✓ 2024 GDP: approximately **TZS 14.60 trillion**
- ✓ Population density: around **199/km²**.

Mwanza is not simply a residential market. It is the commercial centre of the Lake Zone. The surrounding zone includes Geita, Kagera, Kigoma, Mara, Shinyanga and Simiyu. The Bank of Tanzania identifies agriculture, mining, manufacturing and tourism as major economic activities in this zone.

Therefore Mwanza receives housing demand from:

i. traders
ii. mining-related workers
iii. regional businesses
iv. government workers
v. financial institutions
vi. transport/logistics
vii. students
viii. manufacturing
ix. Lake Victoria commerce

5. Arusha; it has tourism, business, international population

Data

- ✓ Population: **2.36 million**
- ✓ Growth: **3.3%**
- ✓ Buildings: **553,702**
- ✓ Under construction: **16.0%**
- ✓ 2024 GDP: approximately **TZS 9.71 trillion**
- ✓ 27 banks and 69 bank branches in the region.

Arusha has a different residential demand structure from Mwanza.

Its drivers include:

1. tourism
2. safari companies
3. international organizations
4. NGOs
5. conferences
6. expatriates
7. horticulture
8. mining
9. regional trade
10. proximity to Kenya

housing conclusion.

Dar- biggest market

Pwani- fastest expansion signal

Dodoma- government-driven

Mwanza- Lake Zone commercial hub

Arusha- tourism/international/business residential

THE 2025-2026 DATA.

RANK	REGION	TOTAL ESTIMATED BUILDING STOCK (2026)	BUILDINGS UNDER CONSTRUCTION SHARE	ESTIMATED ACTIVE CONSTRUCTION PIPELINE (2026)	2026 RESIDENTIAL MARKET PERFORMANCE & DEMAND DRIVERS
1	Dar es salaam	1.03 Million	19.8%	204,000	4%–7% price growth. Rapid development along BRT corridors (Kimara, Goba, Tegeta, Kigamboni). High multi-family pipeline; prime luxury rentals (Masaki/Oyster Bay) up 15%–20%.
2	Pwani	570,000	21.4%	122,000	Highest construction share. Heavy peri-urban growth serving as Dar's outer housing belt; demand driven by industrial worker housing along the SGR corridor.
3	Dodoma	940,000	14.7%	138,000	High concentration of active government & NHC projects (Samia Housing Scheme). Capital relocation continues to drive 6%–9% rental yield expansion in nodes like Kisasa, Ihumwa, and Nzuguni.
4	Mwanza	980,000	15.7%	154,000	Lake Zone anchor. Active build-outs in suburban nodes to accommodate growing commercial, mining, and regional administration workforces.
5	Arusha	620,000	16.0%	99,000	Supply-constrained growth in gentrifying nodes (Njiro, Moshono). High demand for corporate rentals, safari-industry staff housing, and mid-tier long-term serviced apartments.