

The Impact of COVID-19 on Uganda's Real Estate Landscape

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The impact of COVID-19 on Uganda's real estate landscape has been significant, causing a shift in how people approach property ownership, rentals, and commercial real estate. Here's a detailed breakdown of the various aspects of the real estate sector in Uganda and Africa at large, with examples:

1. Decline in Commercial Real Estate Demand

- **Shift to Remote Work:** The pandemic forced businesses to adopt remote work on a large scale. In Uganda, the demand for office spaces in urban centers like Kampala drastically decreased as companies shifted to remote or hybrid work models. For example, office rents in prime locations saw a drop, with some landlords offering discounted rates to retain tenants.
- **Retail Sector Struggles:** The retail sector, which heavily relies on foot traffic, faced severe declines. Many shopping malls, such as Garden City in Kampala, saw reduced occupancy as consumer spending decreased during lockdowns. Many retail outlets and restaurants closed or downsized, affecting long-term lease agreements.

2. Impact on Residential Real Estate

- **Rentals and Property Prices:** Due to economic uncertainty, there was a decline in demand for high-end residential properties, especially in Kampala's

upscale neighborhoods. Landlords had to lower rent prices or offer incentives, like waiving rent for certain months or allowing flexible payment terms. For example, some landlords in Kololo and Nakasero experienced difficulty in maintaining their tenants, particularly expatriates who were returning to their home countries.

- **Shift to Affordable Housing:** The pandemic also led to increased interest in affordable housing options, as many people were faced with economic hardship. In urban areas, people began seeking out more cost-effective rentals in areas further from the city center, such as in places like Wakiso District or Entebbe, where rent prices are lower, but accessibility to essential services remains.

3. Increased Interest in Suburban and Rural Areas

- **Escape from Crowded Cities:** With fears of further pandemics and the rise of remote work, many Ugandans, especially middle-class families, began moving away from crowded urban areas to quieter suburban or rural locations. This shift is noticeable in areas like Mukono, Mityana, and Namanve, where land is cheaper and offers more space for building homes. For instance, people who previously rented apartments in Kampala started looking for plots in these areas to build their homes as a long-term investment, taking advantage of the lower land prices.
- **Rise of Gated Communities:** Security concerns were heightened during the pandemic as crime rates increased due to widespread job losses. This led to the rise in demand for gated communities, especially in areas like Bwebajja and the outskirts of Kampala, where people sought safer, more controlled living environments.

4. Property Sales and Transactions

- **Reduced Property Transactions:** The economic slowdown caused a significant drop in property transactions. Buyers were reluctant to commit to large investments due to job insecurity and income loss. However, developers and real estate agents in Uganda adapted by offering more flexible payment

plans and even digital platforms to conduct transactions remotely, thus making it easier for people to purchase properties despite the lockdown.

- **Increased Interest in Land:** While residential and commercial property transactions were slow, land sales remained relatively active. Many Ugandans, particularly those in rural areas, viewed land as a more stable investment option during uncertain times. The perception that land holds long-term value, especially in Uganda, where land ownership is highly prized, led to a surge in interest in purchasing rural plots for agricultural purposes.

5. Construction Delays and Challenges

- **Supply Chain Disruptions:** The pandemic led to severe disruptions in the supply chain, affecting the availability and cost of building materials. Many construction projects in Uganda, such as the Kampala Capital City Authority (KCCA) projects, faced delays due to difficulties in sourcing materials like cement, steel, and glass. For instance, the construction of new hotels and commercial buildings in Kampala was delayed as international suppliers struggled to meet demand.
- **Labor Shortages:** Construction sites also faced labor shortages as many workers were unable to report to work due to quarantine restrictions or illness. The government's travel restrictions also affected the availability of skilled labor from neighboring countries, such as Kenya and Rwanda, further hindering progress on construction projects.

6. Government and Policy Response

- **Relaxed Regulations for Developers:** In an effort to mitigate the economic impact of COVID-19, the Ugandan government introduced several initiatives to support the real estate sector. For example, the government provided tax relief and deferred loan payments for property developers. Additionally, the Bank of Uganda's low interest rates helped developers secure financing for ongoing projects. However, these measures were more beneficial to large developers rather than small-scale property owners.
- **Affordable Housing Initiatives:** The government also launched initiatives to support the construction of affordable housing, which was already a

challenge even before the pandemic. In the aftermath of COVID-19, the need for affordable housing became even more urgent. The Uganda Housing Finance Bank, for example, started offering low-interest loans for first-time homebuyers, especially targeting people in the informal sector.

7. Technology and Innovation

- **Digital Transformation in Real Estate:** With physical interactions limited, the Ugandan real estate sector increasingly turned to technology to facilitate property sales, rentals, and construction. Real estate agents began utilizing virtual tours, online property listings, and digital payment methods to continue transactions. Platforms like *Jumia House Uganda* and *Lamudi* became more popular as people relied on digital solutions to search for and buy properties.
- **Adoption of Smart Homes:** The pandemic also accelerated the demand for smart homes, as people sought more secure, convenient, and health-conscious living environments. Smart features like contactless entry systems, air purifiers, and energy-efficient appliances gained popularity, especially in new developments in Kampala.

Conclusion

The COVID-19 pandemic has had a profound impact on Uganda's real estate market, creating challenges while also encouraging new trends. The shift towards affordable housing, the rise of digital tools in property transactions, and the growing demand for land in suburban and rural areas are all indicative of how the market is evolving. Although the short-term effects were marked by economic uncertainty, there are signs that the Ugandan real estate market is rebounding, with innovative solutions and a growing interest in residential and land investments.