



Centre for Affordable  
Housing Finance  
in Africa



# PROFILING AND UNDERSTANDING THE RESIDENTIAL RENTAL MARKET IN MOZAMBIQUE

UNDERSTANDING AND QUANTIFYING RENTAL  
MARKETS

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AFFORDABLE RENTAL IN  
AFRICA

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## Executive summary

This research was commissioned by the Centre for Affordable Housing Finance in Africa (CAHF) in partnership with Financial Sector Deepening Mozambique (FSDMoç), to highlight the importance of Mozambique's rental market and to support the development of a research and data agenda that supports the sector. The key objective of the research was to explore and quantify the residential rental market, focussing on the affordable market. The study thus populates key indicators that characterise Mozambique's rental market at four levels: macro, meso, and micro and demand levels. The uniqueness of the methodology is the recognition of the importance of primary sources of quality data that can be collected, whilst emphasising the role of data and information for informed decision-making.

Mozambique's rental market can be considered small, with six percent of the national population and 13 percent of urban residents living in a rented house. However, at a city level, over 23 percent of Maputo's households (or approximately 54 000 households) rented a house in 2017 – a statistic comparable to other African capital cities. Although there are variations in purchasing power and economic development across the country, the growing urbanisation trends, due both to natural growth and immigration, will likely increase the size of the rental market in Mozambique's largest city. As the cost of ownership rises, rental housing is an essential alternative for the urban poor and growing middle class. Housing is especially at the centre of achieving the Sustainable Development Goals (SDGs). Sixty percent of the global population is projected to live in cities by 2030. What this means, according to target 11 of the SDG's is that there is a need to "ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums." Housing can also be a catalyst to achieving access to basic services under other targets of the SDGs. In knowing that the majority will not enjoy the potential benefits of urban life, there is an urgent need to make inclusive, safe, resilient, and sustainable investments in cities and human settlements, including in the rental market.

While the rental housing market is known to be a continuum, from high-end, formal and open to a low-end, informal, with undisclosed data - in Maputo the market is split into a 20-80 share, with the informal segment accounting for the larger share. Rental market informality, in the Mozambican context, refers to the prevalence of word-of-mouth information, a high number of unregistered landlords who pay no taxes, low usage of formal rental contracts, and no obligations in terms of dwelling standards. In what is a predominantly informal housing market, a well-functioning rental market (and supporting policies) have the potential to increase access to adequate and affordable housing for households who cannot afford ownership.

This report sheds light on a number of demand and supply side dynamics of Mozambique's rental housing market, including challenges faced by the sector:

There is considerable demand from the youth (including students and young families) and potential tenants migrating from areas outside of Maputo city. With changing demographics, demand, in terms of housing standards, is also changing and these trends are worth paying attention to. Most surveyed tenants rent conventional dwellings without a bathroom or kitchen inside. Access to basic services (piped water), electricity and basic toilet facilities is also low amongst surveyed tenants. Tenants therefore overwhelmingly showed interest in renting a different type of property.

In Maputo, rent prices are extremely sensitive to location. The better the location, in terms of proximity to services and infrastructure, the higher the rental price. On the periphery, rental stock is priced cheaper and as you move closer to the city, it becomes more expensive to rent. Rent prices of single rooms can fall by approximately 47 percent, within a 2 kilometre radius, even in the city centre. It does not come as a surprise, then, that the affordable rental housing market is best understood by knowing these borough characteristics. The study further confirmed that affordability is a relative concept and specific tools need to be developed to measure affordability for different segments of the market, combining data on migration, employment, income, expenditures and geographical distribution.

Maputo has a spatially bimodal market. Close to the city centre, the market is formal, with the existence of written and signed contracts. The informal nature of Mozambique's rental market often means tenants are not protected

from precarious contracts. This is compounded by the absence of broader regulation in the sector. Tenants have very few tools to negotiate in the market and would require a policy framework to protect and promote good quality housing and formally manage the urbanisation process.

An important supply side factor is that the rental housing market is categorised into different income segments and the supply side responds to these market needs. An analysis of aggregated information derived from the general Population and Housing Census (2017) and of open offers by property managers webpages indicates that the market predominantly serves the medium to high income segment. The segment facing major challenges, is the low income segment, which relies on word of mouth or family members to source information on rental housing opportunities. For this group it was difficult to find online data and a survey was implemented to fill the data gaps.

Landlords are not open to providing data unless through an in-person interview or survey. This reluctance may, in part, be explained by the requirements and tax implications of formalising the market. Real estate taxation policies would need to take this into consideration, with the aim of decentralising the registration process and considering the participation of local leadership in the tax collection process and inspection of dwelling conditions.

The majority of landlords interviewed reside on the same property as their tenants, and this is characteristic of a small-scale landlord, looking to earn an extra income. The tenants of such properties are generally very low-income earners looking for housing containing one or two rooms in urban centres. Dwelling conditions are shocking and in some cases, houses are deteriorated. Tenants tend to accept these conditions because of a lack of alternative and affordable options.

Also, on the supply side, the financial market needs to better understand and adjust to a mostly informal market and develop specific products and services for private, insecure migrant employees and young families, as well as for potential landlords who want to expand their portfolio.

The research further found that intermediaries (informal and formal real estate agents) play a minimal role in Maputo's rental market, other than receiving placement or administrative fees from prospective tenants. This situation is exacerbated when it comes to informal intermediaries because it is sometimes difficult to track their networks. There is an opportunity to create a network of agents that can help keep and update a database on key information.

The study draws specific attention to five areas pertaining to the rental market:

**(1) Housing policy: A gradual focus towards rental markets.** The existing housing policy pays little attention to rental housing needs. The rental housing sector requires that policy frameworks are updated to respond to future needs, align with SDG goals and consider the country's population and economic growth trajectory. This may help the financial system connect to both the formal and informal rental housing market. The Government's 10-year Habita Mozambique program is an opportunity to increase access to adequate and affordable housing in Mozambique, yet also appears to exclude the affordable rental market. In conjunction with a housing policy with a plan for rental housing, Mozambique needs a clear strategy for urban development.

**Low income, informal rental housing in urban Mozambique: A dynamic yet neglected sector.** There is room for public and private interventions in the provision of rental housing stock. This should also include attracting institutions and investors who build-to-rent. Advocating for such interventions can only be done based on good evidence and data. There also appears to be considerable scope and potential for the financial sector to support small-scale landlords with appropriate financing products to purchase rental properties or construction finance to allow potential landlords to expand or maintain rental properties in the city. Ensuring tenant protection through associations and enforcing quality standards of rental dwellings is also pivotal, given the informal nature of Maputo's rental market.

**Addressing data gaps for informed decision making.** Advocating for, and designing and developing, the appropriate interventions for the rental market requires good evidence and data. In Mozambique, there are various publicly available sources of data, and information that informed this study. Data obtained through secondary sources presented some limitations, as the data is generally outdated and not granular enough for Maputo city

markets. We also note that not all data is available or accessible, due to the informal nature of the market. The field research experience showed that a continuous flow of data in the low end market is required to inform a structured and comprehensive rental policy. An entry point could be by exploring and sharing information from existing hosts of data at local government level.

**Improving collection, monitoring, analysis and formulation of policies.** Encouraging, developing and maintaining a network of sector players that regularly collect, store and share data on the rental market is critical for supporting the market. This should include the private sector and key government institutions such as the MOPHRH, FFH, and the DNHU. Greater pooling and access to information at this level will be crucial for driving the decisions of market participants, particularly around investment and financing opportunities in rental housing. FSDMoç at a local level can play a facilitative role in partnership with CAHF by engaging various market players to demonstrate how data shortcomings deprive market participants of the opportunity to respond to rental market needs.

**Further research.** For a holistic understanding of the rental market, the informal market needs to be understood extensively. It is necessary to engage the Government and other players on the subject to ensure that future housing strategy drives the development of more affordable, safe and appropriate housing for purchase and rental. Furthermore, the Maputo market should be seen as a conurbation of adjacent towns and urban areas like Matola and Marracuene and the scope of a follow up study could also be expanded to study these areas simultaneously. For a deeper and broader understanding of Mozambique's rental market, including affordability, effective demand, and drivers for rental housing, future research would also need to cover other large cities/ provinces like Beira, Nampula, Tete and Quelimane.

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## Abbreviations

CAHF	Centre for Affordable Housing Finance in Africa
DNHU	National Directorate for Housing and Urbanism
FFH	Housing Promotion Fund
FSDMoç	Financial Sector Deepening Moçambique
GDP	Gross Domestic Product
HIC	Housing Investment Chronicles
INE	Instituto Nacional de Estatística (National Institute of Statistics)
IOF	Inquérito ao Orçamento Familiar (Household Budget Survey)
MOPHRH	Ministry of pUblc Works, Housing and Water Resources
SDG	Sustainable Development Goals

## 1 Introduction and methodology

### 1.1 Background

Accelerated population growth, demographic changes and rapid urbanisation have long been predicted in Africa, including Sub-Saharan and Southern Africa. The continent's urban population is projected to triple by 2050.<sup>1</sup> Mozambique is urbanising somewhat faster (4.4 percent) than Southern Africa as a whole (3.1 percent). Several studies confirm the increasing trend of population growth, and further suggest a higher growth rate in urban areas, with a declining median age of the population. The economic opportunities offered by cities and towns explain some of these trends. Currently urban population growth is a result of the recomposition of Mozambique's population over the last decade,<sup>2</sup> rather than in-migration, although this plays a substantial role in driving economic activity in cities and towns.

Macroeconomic factors, opening up to inbound investment initiatives, limited urban and housing regulations, as well as unplanned urban sprawl, present both an opportunity and a constraint for the development of the housing market in Maputo and other primary cities in the central and northern regions of the country.

Other factors also affect the ability of young professionals or lower income populations to acquire their own home: an emergent middle class, the gentrification of suburbs and slums, demand from migrant populations, including those seeking secondary and higher education opportunities, new developments with reclassification of urban zoning, and uneven densification.

The rental housing market is expected to grow as a result of limited land for low cost housing, limited provision of on-site basic infrastructure for own construction, and increased transport costs as the distance between dwellings and city centres increases. Critically, rental housing markets must confront the issue of affordability, in view of the limited incomes of the majority of the population.

The objective of this study is to apply the Residential Rental Market framework (herein referred to as the CAHF framework),<sup>3</sup> developed by the Centre for Affordable Housing Finance in Africa (CAHF), to the Mozambican context and gather data to develop an understanding of the country's rental housing market. This study follows a 2018 CAHF research project on Mozambique's housing investment chronicles (HIC), which provided an understanding of the decision-making process low- and middle-income households undertake to acquire a house.<sup>4</sup>

The study seeks to provide answers to the following questions:

- What does the rental housing market look like in Mozambique?
- What are the challenges faced by rental housing in Mozambique?
- What further research is needed to understand the sector?
- How extensive are the data gaps?
- What can be done to improve collection, monitoring, analysis and formulation of policies for housing finance?

### 1.2 Research methodology

The methodology used in this study is based on the recommendations and tools of the CAHF rental framework, as shown in **Figure 1**. The CAHF rental housing framework establishes four levels of the market:

- Macro level: indicators related to the economic environment as whole, within which the rental housing market operates;

<sup>1</sup> Hajjar, B. (2020). The children's continent: keeping up with Africa's growth. World Economic Forum. 13 January 2020. <https://www.weforum.org/agenda/2020/01/the-children-s-continent/>

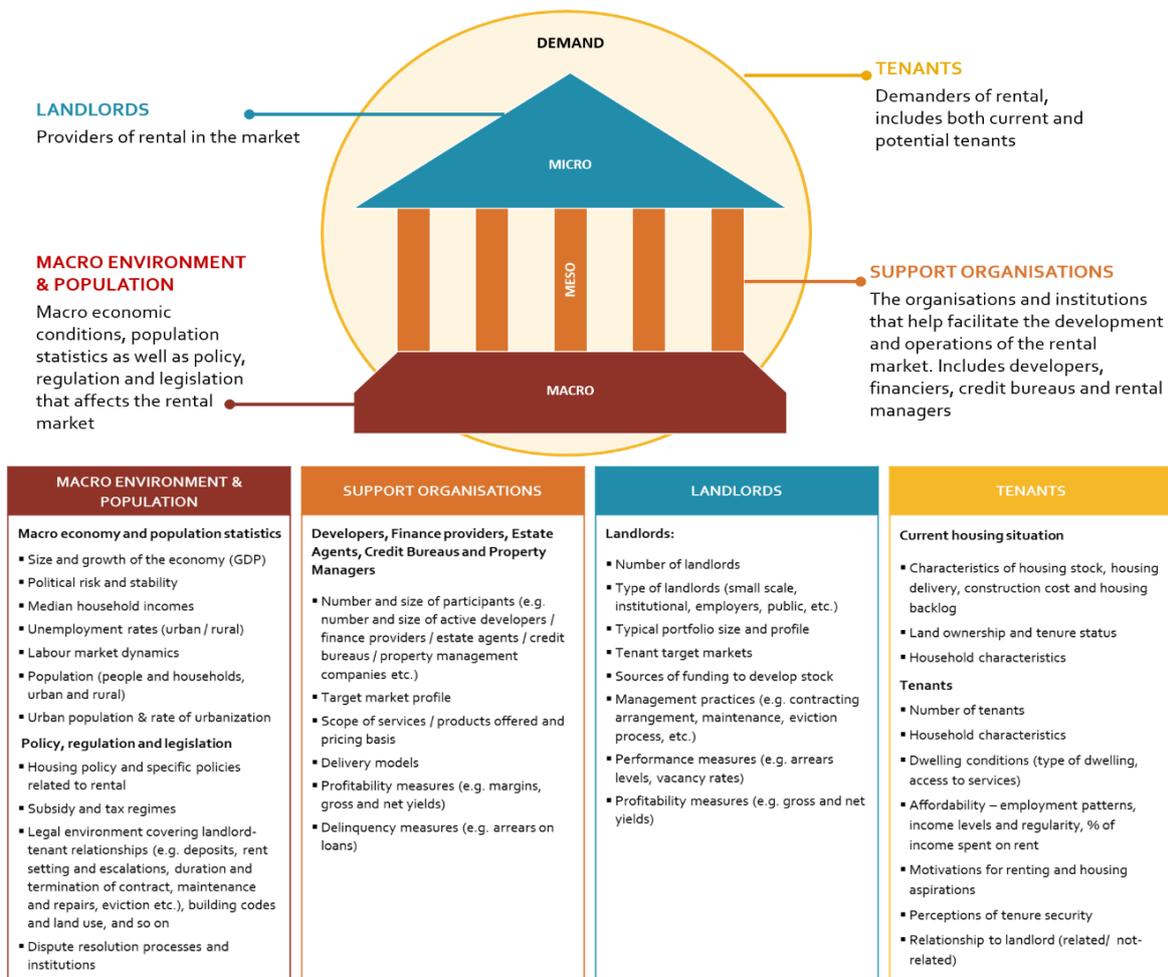
<sup>2</sup> Due to a higher urban youth population, smaller household size and high fertility rate.

<sup>3</sup> CAHF (2018). Quantifying Residential Rental Markets in Africa - Methodology report. [http://housingfinanceafrica.org/app/uploads/Rental-matters\\_quantifying-African-rental-markets\\_FINAL.pdf](http://housingfinanceafrica.org/app/uploads/Rental-matters_quantifying-African-rental-markets_FINAL.pdf).

<sup>4</sup> CAHF and FSDMoç (2018). Housing Investment Chronicles: Mozambique: <http://housingfinanceafrica.org/app/uploads/HIC-Mozambique-Final-.pdf>.

- Meso level: indicators related to the intermediation to access financial resources for investment and to link the supply and demand sides;
- Micro level: indicators related to landlords; and
- Demand: indicators relating to tenants and describing the current housing situation.

Figure 1: Structural components of the residential rental market



Source: CAHF (2018)

Drawing on this framework, the methodology of this study includes the following steps:

1. Populate the indicators of the framework based on secondary sources;
2. Evaluate data gaps;
3. Collect primary data to complete the indicators framework;
4. Aggregate data from both secondary and primary sources; and
5. Analyse the overall picture to provide information for agency by the stakeholders and recommendations on the market operation, monitoring and eventual regulation.

To begin, the study identified and analysed several data sources that provide useful information to populate the relevant indicators under each component of the framework with reference to Mozambique. This process provided a general picture of the rental market landscape.

Then, focusing on the affordable rental market in Maputo City, the recommended methodologies and tools were applied to close key data gaps that emerged in the research process. The scope of the study focussed solely on Maputo – Mozambique’s capital and largest city. Key data gaps were identified in all four components of the framework (macro, meso, micro and demand level indicators). Some of these gaps relate to the lack of a dedicated affordable rental housing portfolio on the part of banks, and on the other hand, to the informal nature of the economy in general, and the informality of the affordable rental housing sector specifically. At the macro level, for example, data gaps emerged in terms of unemployment and labour dynamics.

### Sample design and actual coverage

A survey was developed and conducted on a representative sample of tenants. As part of the survey data collection process, tenants were visited by fieldworkers. For the selection of the population of tenants, which is a relatively large population, a probabilistic sampling was applied. Information from landlords was also collected through telephone interviews and direct contact where possible. Discussions were intended to understand the conditions landlords establish for renting, and their views on their relationship with their tenants. Small scale landlords in the affordable market were targeted. Access to large scale landlords, who serve the high income market was much more difficult, as real estate agents were not ready to share landlord contacts.

At the meso level, some property managers maintain websites where their offers are listed, however these listings are only available to those with internet access. To get an overview of the formal rental market, two websites (Jumia and Mais Vendas) were scraped in February 2020 (see **Annexure 1**).<sup>5</sup> To complete information on the meso environment in the informal rental market, face-to-face interviews were also conducted with intermediaries i.e., informal real estate agents. However, some research limitations at this level should be noted. In 2019, South African credit bureau, Compuscan, entered the Mozambican market as the first credit bureau in the country. However, as at the end of 2019, private credit bureau coverage in the country was at zero percent, indicating there were no individuals or firms listed with data on payment history, unpaid debts or credit outstanding.<sup>6</sup> In addition to credit bureaus, property managers and developers (who largely focus on the high-end market) were not covered, representing a weakness in the research process. Players such as Domus and Visa Beira<sup>7</sup>, who have rental construction and real estate management activities in their portfolios, were identified and contacted for interviews, with no success.

Apart from at least one public developer (Fund for Housing Promotion - FFH), in 2015 there were approximately 400 construction companies in Maputo registered to provide services to the government.<sup>8</sup> Twenty percent of them,

<sup>5</sup> See Jumia: <https://www.jumia.co.mz> and Mais Vendas: <https://www.maisvendas.co.mz/>. For each site, the scope of the website scraping covered Maputo and gathered information and data on the proportion of rental listings, rental price and number of bedrooms per location, and number of listings per location. Together the two sites list around 4 800 rental housing offers, and the web scraping covered 1051 of the most recent offers. The majority of Jumia listings were apartments, largely located in Maputo’s high income neighbourhoods. While Mais Vendas had more listings for houses.

<sup>6</sup> World Bank (2019). Private credit bureau coverage (% of adults) – Mozambique <https://data.worldbank.org/indicator/IC.CRD.PRVT.ZS?locations=MZ>

<sup>7</sup> Domus is a real estate management company: <http://www.domus.co.mz/> and Visa Beira operates as a property manager, real estate broker, developer and building rehabilitator: [http://visabeira.mz/construcao\\_e\\_imobiliario.aspx?pid=3&cid=11](http://visabeira.mz/construcao_e_imobiliario.aspx?pid=3&cid=11)

<sup>8</sup> Numbers elaborated from a list of companies providing services for the state, from UFSA (2015).

totalling 83, are of large and medium size. The remaining 317 are small and micro enterprises. The large ones (34) are also either developers, or property managers or both. Thirty are listed as property management companies.

Interviews with financial institutions were also planned but could not be completed. Online surveys were sent out to ten banks, from which there was no feedback. Eventually with support from FSDMoç, and insistence emails, only three (Absa Mozambique, BancABC and Letshego) were responsive. While some information was gathered from Absa Mozambique, the other two banks stated that they do not offer finance for landlords to purchase rental properties or construction finance yet. Mortgages are offered by commercial banks, but it was not possible to assess which banks provide financing for rental housing or for the construction of rental stock. This had an implication on the framework and data gap analysis and suggests that even with additional surveys, we may not solve all the data gaps at this level.

To better understand the role of informal real estate agents, as well as the relationship between landlords and tenants in the low end of the market, both quantitative and qualitative data was collected directly from key informants. This made it possible to tell a story of who the tenants are and how they live in Maputo, with attention to their motivations for renting and their views on rental pricing trends.

The sample frame was based on the general census data, by district, borough and block. For tenants, five Municipal Districts of Maputo City were covered (see **Annexure 1**, city map). Ka Nyaka and Ka Tembe were not included, for logistical reasons.<sup>9</sup> A stratified approach was followed. In the districts, 53 neighbourhoods/boroughs (bairros) were randomly selected proportional to the universe, and then eight interviewees per neighbourhood were randomly selected based on a total list of rental houses, and in eight randomly selected blocks (quarteirões), yielding a total planned sample size of 424 tenants.<sup>10</sup> The confidence interval is 95 percent and precision between 0.04 and 0.07. These values accounted for the design effect. **Table 1** summarises the planned and actual surveyed samples.

Questionnaires and interview guides were prepared and tested, and interviewers were trained to conduct the survey.

For the tenants, a sample of 406 tenants were interviewed out of a planned sample size of 424, which represents 95.8 percent coverage in five municipal districts. Twenty-seven landlords were interviewed telephonically,<sup>11</sup> and 10 informal real estate agents (intermediaries) were also interviewed. No financial institution was interviewed, instead three electronic responses were received.<sup>12</sup>

*Table 1: Sample plan for tenants, landlords, informal real estate agents and financial institutions*

	Rented houses		Tenants (Demand)		Landlords (Micro)		Estate agents (Meso)		Financial institutions (Meso)	
	N (Census 2017)	%	Planned sample	Actual surveyed	Planned sample	Actual interviewed	Planned sample	Actual interviewed/surveyed	Planned sample	Actual interviewed/surveyed
Municipal districts										
Ka Mpfumo	8 305	15.4	64	54	4	2	2	2		
N'xhlamankulo	7 598	14.1	56	55	3	9	1	2		
Ka Maxakeni	10 791	20.0	88	88	5	7	2	2		
Ka Mavota	12 522	23.2	96	97	5	7	2	2		
Ka Mubukwana	14 099	26.2	112	112	6	2	2	2		
Ka Tembe	598	1.1	8	0	1	0	1	0		
Ka Nyaka	20	0.0	0	0	0	0	0	0		

<sup>9</sup> At the time of interpersonal contact, residents were absent for interviews during the two field days reserved for these districts.

<sup>10</sup> The list of rental houses was provided by the local guide. Although random, the selection of the tenants was also guided by the head of the blocks, who knows who is renting the houses.

<sup>11</sup> Three more landlords than planned were interviewed. Given their availability and with the risk of non-respondents more interviewees were added to the sample to make it more robust.

<sup>12</sup> Three (out of 10) financial institutions responded and two out of the three responded with letters stating they do not have a rental housing portfolio. The exercise showed that the usefulness of mobile and email questionnaires might have been overstated for contexts where the informal market is dominant. Our view is that this is not due to a lack of access to devices or networks, but rather to the sensitivity of questions being asked.

<b>Total</b>	<b>59 933</b>	<b>100</b>	<b>424</b>	<b>406</b>	<b>24</b>	<b>27</b>	<b>10</b>	<b>10</b>	<b>20</b>	<b>3</b>
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Source: Rental market survey (February 2020).

Table 2 shows the different boroughs in each municipal district.

Table 2: Boroughs by urban district

Old Toponymy	New Toponymy	Boroughs
Municipal District No.1	KaMpfumo Municipal District	Central A/B/C, Alto Maé A/B, Malhangalene A/B, Polana Cimento A/B, Coop and Sommerschield
Municipal District No. 2	N'xhlamankulu Municipal District	Aeroporto A/B, Xipamanine, Minkadjuíne, Unidade 7, Chamanculo A/B/C/D, Malanga, and Munhuana.
Municipal District No. 3	KaMaxakeni Municipal District	Maxaquene A/B/C/D", Polana Caniço "A", Urbanização, Mafalala
Municipal District No. 4	KaMavota Municipal District	3 De Fevereiro, Albasine, Ferroviário, FPLM, Hulene A, Hulene A/B, Laulane, Mahotas, Mavalane A/B, Vila Sol, Mahotas, Costa do Sol, and Xiquelene
Municipal District No. 5	KaMabukwana Municipal District	Bagamoyo, George Dimitrov (Benfica), Inhagoia A/B, Jardim, Luís Cabral, Magoanine, Malhazine, Nsalene, 25 de Junho A/B (Choupal) and Zimpeto

Source: Rental Market Survey (February 2020)

## 2 Overview

### 2.1 Macroeconomic and demographic context

Time-series data as well as qualitative reports and analysis, both government-curated<sup>13</sup> and of international organisations,<sup>14</sup> are publicly available in Mozambique, providing for an overall view of the macroeconomic and demographic context. The last Population and Housing Census, undertaken in 2017, reports that Mozambique has a total population of approximately 28 million people. Between 2007 and 2017, the country has seen a rapid growth of 35 percent, equivalent to 7.2 million. In 2019, the country's population growth rate was 2.9 percent. Eighteen million (67 percent) reside in rural areas, while the urban population was 10.6 million in 2017. The urban population growth rate has been constant in the last four years, at approximately 4.4 percent. Mozambique has a young population, with a median age of 17 years. Over a 10-year period, the country's average household size did not change significantly. The 2007 Population and Housing Census indicates that Mozambique had an average household size of 4.8, compared to an average of 4.4 recorded in the most recent (2017) census.

Mozambique's 2019 Gross Domestic Product (GDP) was MZN212.6 million (US\$14.9 billion), while its growth rate was 2.2 percent.<sup>15</sup> In the last four years, the economic growth rate has dropped, from 6.7 percent in 2015, to 3.43 percent in 2018. However, inflation has remained relatively low, decreasing from 4 percent in May 2019 to 2.8 percent in July 2020. This is partly due to subdued growth and spending as a result of the COVID-19 pandemic. In 2019, GDP per capita was MZN28 (US\$492), although households have generally higher incomes in urban, relative to rural areas. In 2017, Mozambique's unemployment rate was 25 percent in urban areas.

The political risk and stability index for Mozambique is negative, at -0.93 in 2017, and -0.78 in 2018,<sup>16</sup> reflecting a slight improvement in the environment. Although a peace agreement was signed between Frelimo and Renamo party, instability remains in the centre of the country after the announcement of the results of the elections of 15 October 2019 which saw FRELIMO's candidate Filipe Nyusi land a second term with 73 percent of the votes, following an election which was largely seen as unfair. In addition, terror attacks continue to plague the North of the country with no signs of near-term improvement.

<sup>13</sup> INE (2015), INE (2016), INE (2019a), INE (2019c), INE (2020) and MITESS (2020).

<sup>14</sup> The World Bank (2019a) and (2019b), IMF (2020), Trading Economics (2020).

<sup>15</sup> World Bank (2019). World Bank data portal. The exchange rate used throughout the document is US\$ 1 = MZN 70.07 (as of 1 July 2020).

<sup>16</sup> The Global Economy (2020). Mozambique: Political Stability. [https://www.theglobaleconomy.com/Mozambique/wb\\_political\\_stability/](https://www.theglobaleconomy.com/Mozambique/wb_political_stability/)

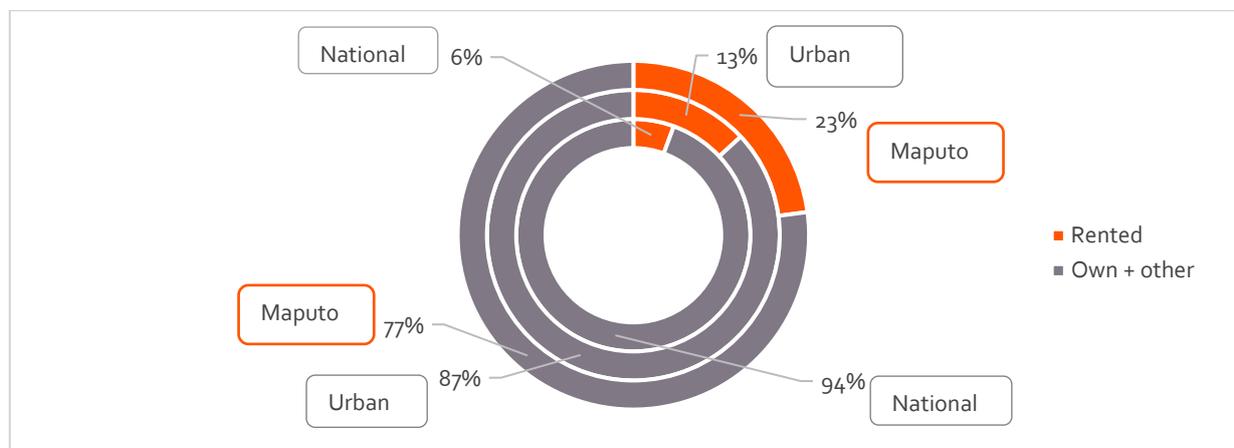
## 2.2 The housing market and potential for rental housing

Housing holds social, financial and economic value. In Mozambique, the majority of households address their housing needs independently. Several build their own homes incrementally, with accumulated savings, when and as they become available. To this end, the Housing Investment Chronicles sought to understand the journey of how Mozambican households invest in housing.<sup>17</sup> The Chronicles found that many households started their journey in a rental unit, but struggled to keep up with rental payments, which in some instances increased randomly. This puts into perspective affordability issues, and the nature of informal rental markets in Mozambique.

However self-build housing does not necessarily meet the need for adequate housing, as 60 percent of the population still live in substandard housing,<sup>18</sup> and there is a clear need to improve or replace part of the current housing stock. The housing backlog in Mozambique was 2 million units in 2015.<sup>19</sup> In 2017, housing stock in Mozambique was estimated at 5 388 796 units, of which 33 percent (1 771 659) are in urban areas and the remainder (3 617 137) in rural areas.<sup>20</sup>

Mozambique's rental market can be considered small. The most recent General Population and Housing Census of 2017 shows that six percent of the national population and 13 percent of the overall urban population live in a rented house (**Figure 2**). However, over 23 percent or approximately 54 000 households in Maputo rented their accommodation. This figure is similar to other African capital cities. Due to natural population growth, particularly in urban areas, and rural-urban migration, the need for housing is likely to rise, especially if the economy shows signs of growth. It is important to mention that not all residents live in their own or rented homes. Some live in homes referred to in the Population Census as 'casa cedida' or temporarily borrowed places. These are homes that are lent to an occupant, by their employer, friends or relatives for a certain period, and under certain conditions. According to the census, in urban areas five percent of households live in temporarily borrowed houses, only slightly lower than the national figure of 6 percent of households who live in rented houses.

Figure 2: Percent of rented houses (national, urban and in Maputo)<sup>21</sup>



Source: Population and Housing Census (2017)

According to the 2015 Family Budget Survey (IOF), the poorest 60 percent of households spend as much as 19 percent of their expenditure on housing, following a 58 percent spend on food. The top 40 percentile of households, largely urban, spend 28 percent of their incomes on housing and 27 percent on food (**Figure 3**). While the national

<sup>17</sup> See CAHF and FSDMoz. (2018). Housing Investment Chronicles. <http://housingfinanceafrica.org/documents/mozambique-housing-investment-chronicles-2/>

<sup>18</sup> Inguane, M. (2016). [http://www.auhf.co.za/wordpress/assets/Day2\\_14h30\\_Inguane\\_FSD-Mozambique-Presentation\\_Housing-Investment-Chronicles-Financing-housing-step-by-step-in-Mozambique.pdf](http://www.auhf.co.za/wordpress/assets/Day2_14h30_Inguane_FSD-Mozambique-Presentation_Housing-Investment-Chronicles-Financing-housing-step-by-step-in-Mozambique.pdf) Pg. 4.

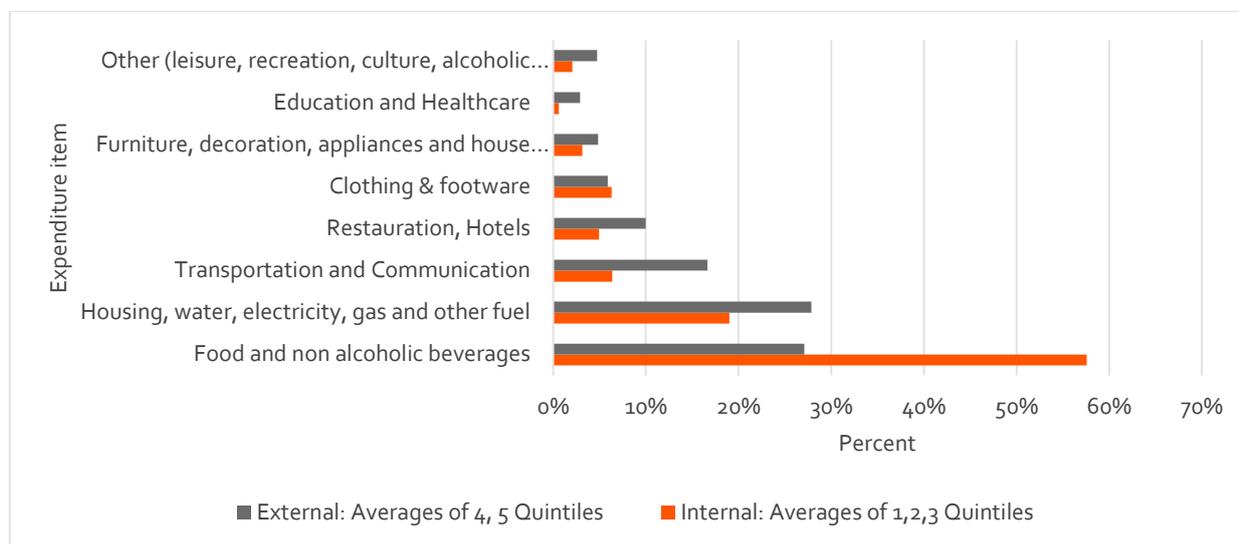
<sup>19</sup> CAHF (2019). Housing Finance in Africa Yearbook (10<sup>th</sup> edition). [http://housingfinanceafrica.org/app/uploads/2019\\_yearbook-20.12.2019-compressed.pdf](http://housingfinanceafrica.org/app/uploads/2019_yearbook-20.12.2019-compressed.pdf) .Pg. 196.

<sup>20</sup> Do Rosario, W. (2018). Residential and Housing Market in Mozambique: UN-HABITAT Perspective, Mozamreal Property Forum, <https://mozamreal.com/wp/wp-content/uploads/2018/06/20180608-UNHABITAT-RESIDENTIAL-AND-HOUSING-MARKET.pdf>

<sup>21</sup> Other comprises any other form of occupation of the house (if the house is not rented, owned nor given).

average monthly expenditure per person on housing was MZN1.4 (US\$46, at the 2015 exchange rate),<sup>22</sup> an individual in Maputo spent MZN25.9 (US\$844) monthly on housing.<sup>23</sup> This is a significant difference between the national average and the expenditure in the city of Maputo.

Figure 3: Monthly expenditure on housing, per quintiles



Source: INE (2015)

The above narrative provides an overview of the current and potential demand for rental housing in Maputo. Proceeding sections of this report show that both policies and the market have paid little attention to rental housing. In what is a predominantly informal housing market, a well-functioning rental market (and supporting policies) have the potential to increase access to adequate and affordable housing for households who cannot afford ownership.

### 2.3 Policy, regulatory and institutional framework

Government provision dominated the rental housing market until the adoption of Act 5/91 of 9 January in 1991, which liberalised real estate activity and authorised the disposal of state property.<sup>24</sup> This Act offered an opportunity for Mozambicans to buy a house from the State, and many living in government-built houses for many years had to switch to paying for a decent house. With the introduction of the Act in 1991, the State played the role of regulator and facilitator in housing promotion.<sup>25</sup> However following liberalisation, the housing policy became unsustainable due to high rental property prices.

<sup>22</sup> The 2015 exchange rate applied is US\$1 = MZN32.6.

<sup>23</sup> INE (2015). Final Family Budget Survey Report 2014/15. <http://www.ine.gov.mz/operacoes-estatisticas/inqueritos/inquerito-sobre-orcamento-familiar/relatorio-final-do-inquerito-ao-orcamento-familiar-iof-2014-15/view>

<sup>24</sup> Chitsungo, Z. (2009). Housing Policy in Mozambique: Main Characteristics, Annual Conference and general meeting of African Union for Housing Finance. [http://www.auhf.co.za/wordpress/assets/Housing-Policy-in-Mozambique\\_Mathema.pdf](http://www.auhf.co.za/wordpress/assets/Housing-Policy-in-Mozambique_Mathema.pdf). Pg. 3

<sup>25</sup> The process of disposing state property has gone on for several years. According to national newspaper, *Jornal Notícias*, in March 2017, the government approved the revision of Mozambique's leasing laws to be submitted to parliament with the aim of adapting them to social and economic dynamics and reform the rules for the sale of state properties. The reform of this regulation applies to the sale of state-owned property, and would ensure speedy disposal of state properties, and boost mechanisms for the payment of fees to the Administration of State Properties (APIE) by real estate sellers – See Club of Mozambique (2017). Mozambique Government approves new leasing laws to be submitted to parliament. 15 March 2020. <https://clubofmozambique.com/news/mozambique-government-approves-new-leasing-law-to-be-submitted-to-parliament/>

Mozambique does not have a specific urbanisation strategy, but the Urban Land Regulation was passed in 2006 to govern the preparation of land use plans, access to urban land, and rights and obligations of building owners and DUAT<sup>26</sup> holders.<sup>27</sup>

Mozambique's institutional framework for housing consists of three fundamental stakeholders – the Ministry of Public Works, Housing and Water resources (MOPHRH), the Housing and Urbanism National Directorate (DNHU), and FFH. The FFH was established in 1995, at a time when there was no approved housing policy. Its current role is focussed on the implementation and financing of housing. The DNHU was created in 1999, under the auspices of the MOPHRH. The DNHU was tasked with responding to the housing deficit created over the years and was established as a result of: (i) large number of people excluded from access to a decent house and (ii) visible quantitative and qualitative housing needs, especially in urban areas and in the low-income population. Today, the DNHU develops policy and plays the role of regulator.

The FFH and DNHU started to implement countrywide government programs to respond to the demand for housing, particularly for the youth. In terms of housing finance, FFH, commercial banks and microfinance institutions were identified as providers of mortgage and construction loans, given that that commercial banks served the higher end of the market, few microfinance institutions provided housing loans, and government had limited ability to invest in subsidised housing. Today Mozambique still suffers from an underdeveloped housing finance market, with little breadth and depth in serving the population.

In 2011 Mozambique's national housing policy and strategy was developed, with the support of UN-HABITAT. It promotes housing in both rural and urban areas, land use planning and urban design.<sup>28</sup> The policy envisions the creation of adequate housing at an affordable price, particularly for lower income groups. It further recognises the need to improve land management, facilitate access to infrastructure and housing construction, and raise the required financial resources.

Mozambique's housing policies have generally not paid attention to rental housing needs. There are no regulations governing the residential rental market. The real estate sector is composed of large companies, caters largely to expatriates and tends to set its own internal regulations. The property market has shown slow growth and private property developers are playing a vital role in housing provision, although not at the scale required to meet the market's needs. There seems to be a need to look at specificities of the market and context to engage the financial sector in a market that is fundamentally informal. A more recent National Housing Strategy (2018) has been under development, again with the support of UN-Habitat and as of July 2020, was yet to be formally implemented. The expectation is that the strategy will be more holistic in nature, guided by, for example, the New Urban Agenda, SDG Target 11.1, UN-Habitat's Global Housing Strategy Framework, and including greater focus on rental housing. The policy also aims to develop a clearer strategy for housing finance.<sup>29</sup> Fiscal policies, such as those relating to taxes on real estate,<sup>30</sup> appear to also have an impact on the informal nature of the market and should be considered jointly.

In March 2019, the Government of Mozambique, through MOPHRH and FFH, launched the ten-year Habita Mozambique program<sup>31</sup> which aims to address the housing needs of Mozambicans based on the income capacity of different segments. The program is focussed on home ownership. It specifically seeks to provide affordable housing in urbanised areas, reduce credit risk and availability of mortgages, through blended finance, and reduce construction costs and increase the availability of materials along the value chain, particularly to the young population and public servants who are the largest segment in need. The program recognises that existing housing

<sup>26</sup> In Mozambique, all ownership of land vests in the state and Mozambicans have the right to use land as a means of wealth creation and social well-being, through obtaining a DUAT (a long term title for the right to land use).

<sup>27</sup> USAID (2011). Mozambique USAID Country Profile: Property Rights and resource Governance, <https://www.land-links.org/wp-content/uploads/2011/02/USAID-Land-Tenure-Mozambique-Profile-FINAL.pdf>. Pg. 12.

<sup>28</sup> CAHF (2019). Housing Finance Yearbook 2019 <http://housingfinanceafrica.org/app/uploads/V20-MOZAMBIQUE-PROFILEKF2.pdf>. Pg. 202.

<sup>29</sup> UN-HABITAT (2019). UN-HABITAT County Programme Mozambique: 2018-2021 [https://unhabitat.org/sites/default/files/documents/2019-05/hcpd\\_2019.pdf](https://unhabitat.org/sites/default/files/documents/2019-05/hcpd_2019.pdf). Pg. 11.

<sup>30</sup> GLM. (2013). Tax system applicable to the real estate sector in Mozambique. [https://www.tta-advogados.com/xms/files/Regime\\_Fiscal\\_Aplicavel\\_ao\\_Sector\\_Imobiliario\\_em\\_Mocambique.pdf](https://www.tta-advogados.com/xms/files/Regime_Fiscal_Aplicavel_ao_Sector_Imobiliario_em_Mocambique.pdf)

<sup>31</sup> Republic of Mozambique (2020). Habita Mozambique Program: Summary. Ministry of Public Works, Housing and Water Resources.

stock lacks the quality of adequate housing, and access to basic sanitation, water and energy services. The Habita Mozambique program consists of three key products:

- Improvement project: Construction and building material kits to improve quality and resilience of self-constructed homes, for the economically vulnerable rural population.
- Renascer project: Turnkey housing construction for low income rural and peri-urban areas.
- Polos housing project: Creation of new housing areas through deployment of land infrastructure and house construction in cities and rural villages.

The government intends to mobilise resources by 2024, to implement these projects and is looking to partner with private, public, civil society, bilateral and multilateral stakeholders in the housing and housing finance ecosystem.

## 2.4 Private sector housing provision and affordability

Recently, the private sector started being active in the housing space with some innovative solutions such as the one offered by 'Casa Minha Nosso Bairro' in Maputo.<sup>32</sup> The model pursues the upgrading of settlements by increasing living standards at controlled costs to ensure affordability for the existing residents, while also providing a peaceful living environment for urban residents. It also offers an opportunity to open up the rental housing market to larger parts of the local population, without compromising quality of services and infrastructure. Importantly, Casa Minha is located 3km's from Maputo's city centre.

The country has many examples of housing projects which failed to respond to the housing needs of the people, due to the inability of people to purchase the homes because of affordability issues. These initiatives include, for example, Casa Jovem, Project Intaka I and II, and Vila Olímpica. Casa Jovem housing development sought to address the lack of housing opportunities for young professionals, but rental and sale prices were still exclusionary. Furthermore, with the expansion of cities and achievements in poverty reduction, there are growing gentrification pressures, which bring both social and economic impacts. As a result of gentrification, low income residents in Maputo's urban areas are involuntarily displaced by higher income households. At the same time, there has been little public investment in unplanned and informal neighbourhoods.<sup>33</sup>

Where housing and construction finance is extended in Maputo city, it has also traditionally been more available to high end neighbourhoods such as Coop, Polana Cimento and Sommerschild – in Ka Mpfumo district.<sup>34</sup>

## 3 Key research findings

### 3.1 Tenants and accommodation

#### 3.1.1 Tenant demographics

According to the landlord survey, tenants are typically students, newly married couples, and migrants with the intention of settling down in the urban areas.

Most urban individuals and household tenants are male, or male-headed (74 percent). More female tenants were found in Ka Mubukwana (28 percent), followed by and Ka Mpfumo (18 percent).

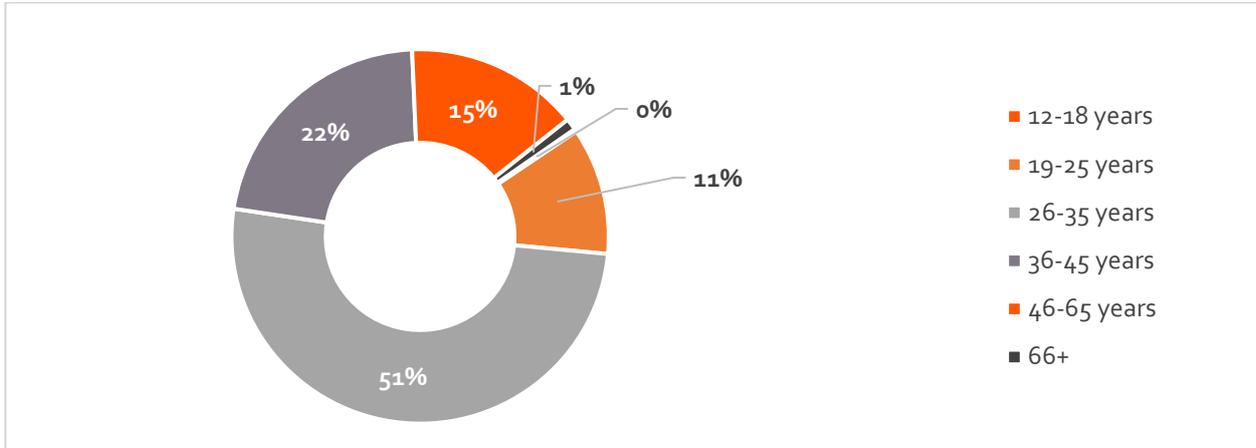
The majority (51 percent or 206 tenants) fall under the 26 to 35 age group and 22 percent (90) were between the age of 36 and 45 (**Figure 4**). A further 15 percent (59) of the surveyed tenants were between 46 and 65 years of age. The age of the tenants suggests that in Maputo City young adults deserve special attention. At a policy level the Government has been partnering with the private sector to respond to the needs of housing ownership (e.g., through Habita Mozambique and other programs). The results suggest that the dialogue should be extended to also serve the rental market

<sup>32</sup> Casa Minha website: <https://www.casaminha.co/>

<sup>33</sup> See Inguane, A. (2019). Mozambique: Opinion - Gentrification and Involuntary Displacement - the Nightmare for Africa's Urban Poor, 26 November 2019. All Africa. <https://allafrica.com/stories/201911270115.html>

<sup>34</sup> Do Rosario, W. (2018). Residential and Housing Market in Mozambique: UN-Habitat Perspective, Mozamreal Property Forum, <https://mozamreal.com/wp/wp-content/uploads/2018/06/20180608-UNHABITAT-RESIDENTIAL-AND-HOUSING-MARKET.pdf>

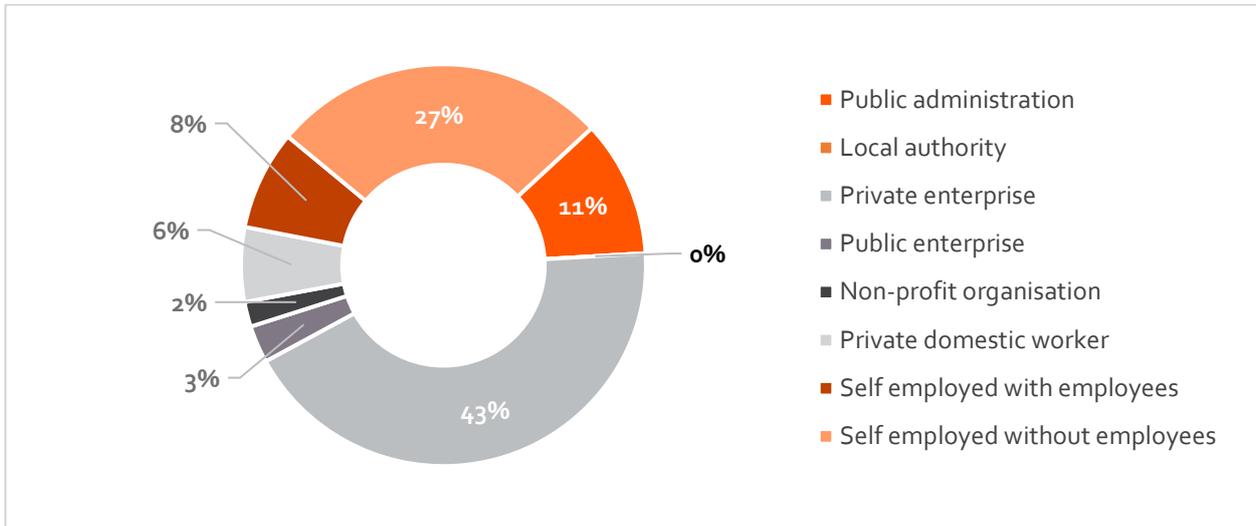
Figure 4: Tenant age group



Source: Tenant survey (2020)

The survey found that most tenants are mid-level income employees with permanent jobs (89 percent), 10 percent are occasional workers, while less than half a percent are seasonal workers. A considerable number work for private companies (43 percent), another 27 percent are self-employed and 11 percent are in public administration (Figure 5). There is a case to deepen the investigation in this respect, but a first conclusion is that there is a segment with the potential capacity to pay for more decent rental housing.

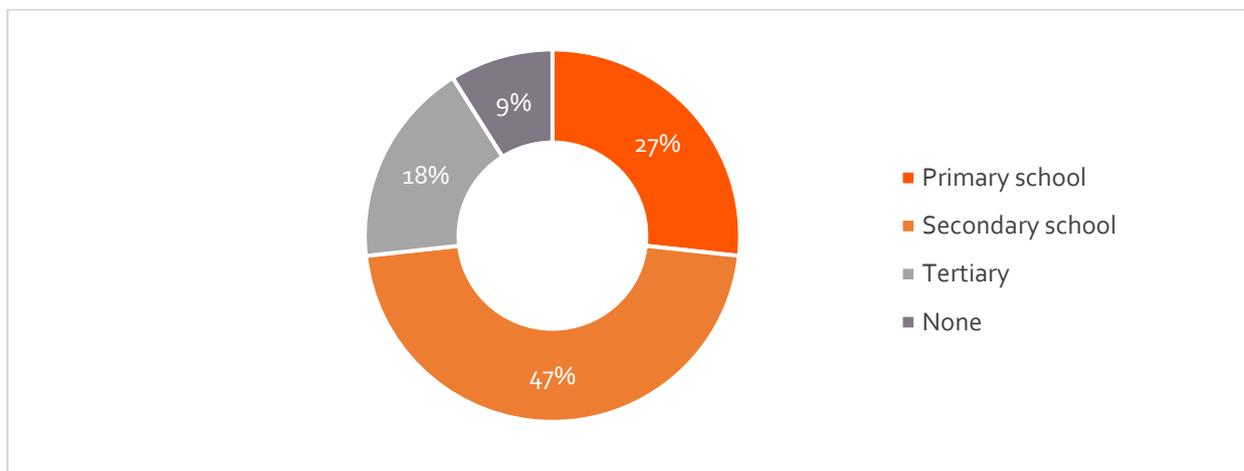
Figure 5: Tenants employment status



Source: Tenant survey (2020)

Ninety-six percent of interviewed tenants know how to read and write. With respect to education levels, 47 percent have completed high school, 27 percent completed primary school and 18 percent have a university degree (Figure 6). These results once more confirm that there is existing demand for rental housing by tenants with a certain level of education including higher level degrees, who have been left out of the rental market and are seeking a decent housing opportunity.

Figure 6: Tenant education levels



Source: Tenant survey (February 2020)

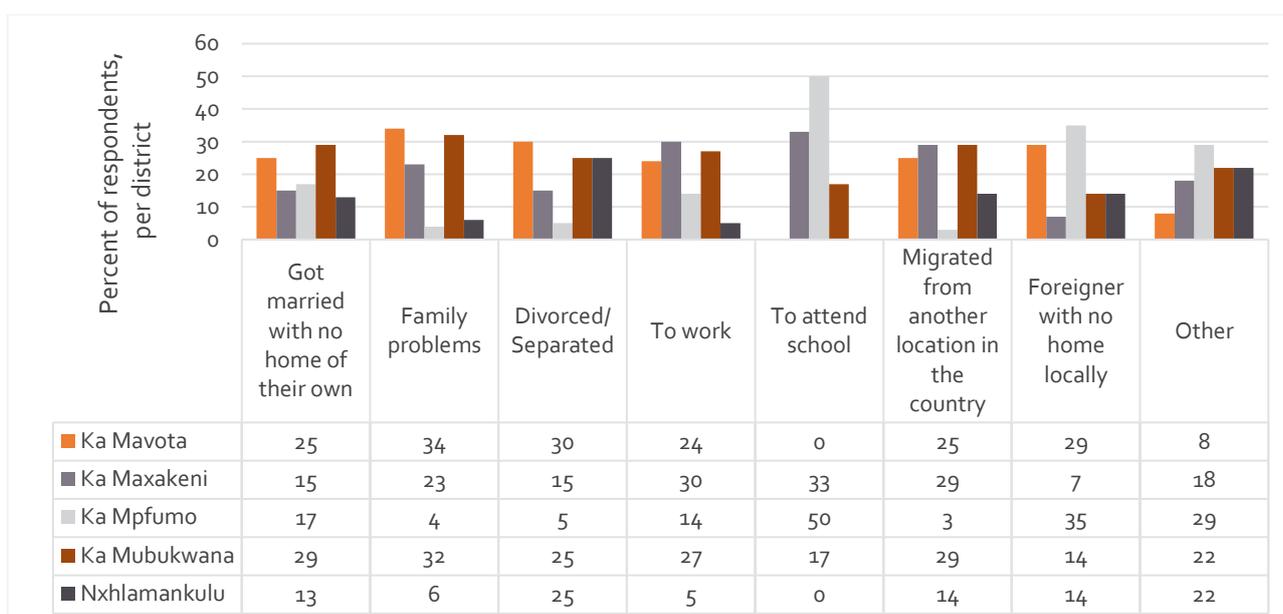
The majority of households have between 4 and 5 members. This is consistent with the 2017 census which recorded 4.4 members per household.

### 3.1.2 Drivers for rental housing

The study identified multiple drivers for households to opt for rental. These vary per urban district. In the districts on the periphery, family-related problems, such as divorce and conflicts explain more than 50 percent of the drivers to rent a home. Rural urban migration is also an important driver into the city. Proximity to workplace and schools drive the demand for renting in formal neighbourhoods. Rental housing is also driven by demand from foreigners and expatriates.

The research identified two main reasons why households chose to rent: 29 percent (119 respondents) come from outside of Maputo, but within the country, while another 28 percent (112 respondents) got married and do not own a house (Figure 7). Other reasons for renting include family problems (12 percent), work (10 percent) and divorces (five percent). Newly constituted families and migrants are, then, a key target market for rental housing presently and in the future, either by state-sponsored programmes or by private initiatives.

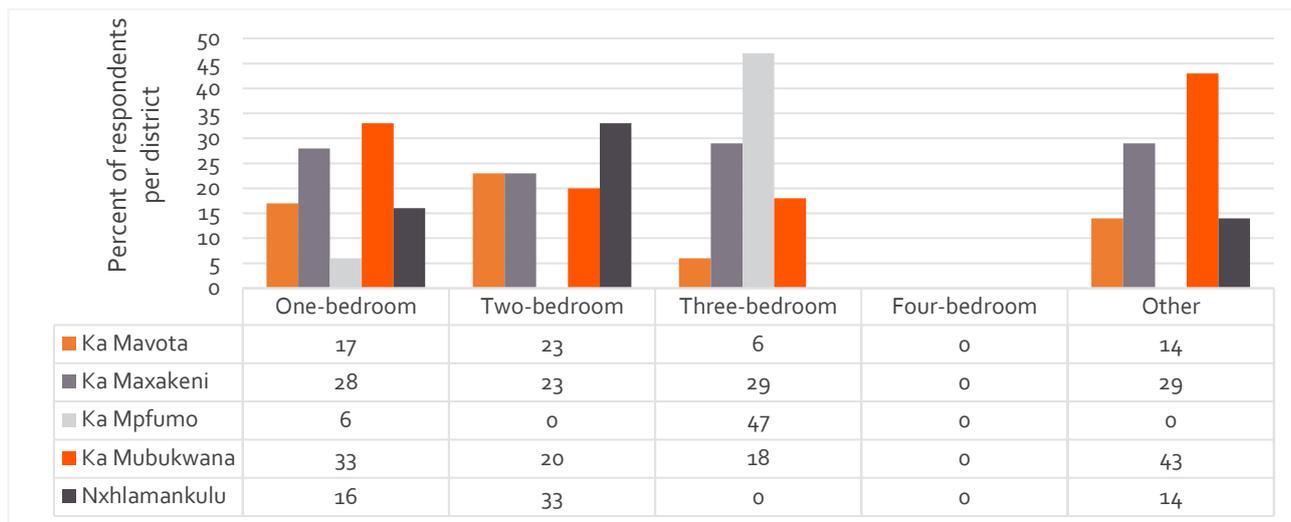
Figure 7: Reason for renting



Source: Tenant survey (February 2020)

The survey asked tenants if they were interested in finding another house to rent, and if so, what type, in terms of number of rooms, would they rent. Forty-three percent of the respondents expressed interest in renting a different type of house. Eighty-five percent of tenants indicated they would like to find a house with two bedrooms or less, and 63 percent would prefer to find a one-bedroom house to rent (**Figure 8**). This may suggest the dissatisfaction with current living conditions or tenants' housing aspirations. Respondents that indicate interest in living in a three-bedroom house were largely from Ka Mpfumo, which is a relatively higher income district.

Figure 8: Interest in renting another type of housing



Source: Tenant survey (February 2020)

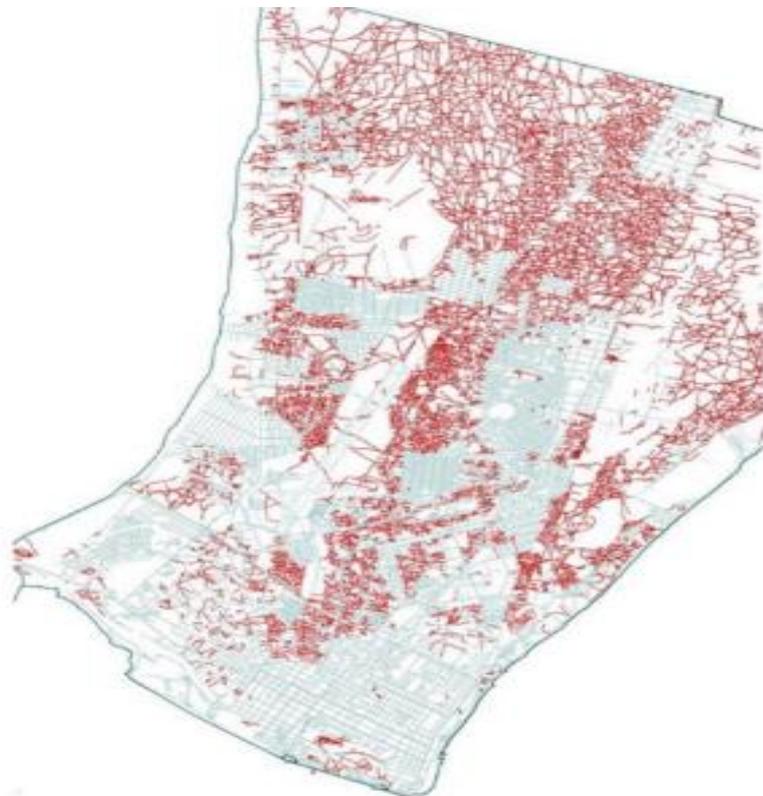
### 3.1.3 Rental housing stock and dwelling typologies

The choice of housing type for a poor urban household is affected by the tenant's ability to pay and their motivations for renting. One key factor impacting a tenant's decision of where to rent is their knowledge of the city landscape. Like any other city, Maputo is not homogeneous in terms of infrastructure and urban morphology. There are areas with better infrastructure and services, such as markets, access to schools and clinics, transportation facilities and amenities. The spatial layout of the city's social and economic amenities thus impacts on the geographic distribution of residential properties listed on websites such as Jumia MZ and Mais Venda.

The areas with better utilities infrastructure are also where schools and higher education institutions, clinics and services are concentrated. This can be better visualised using **Figure 9**. The south-eastern part of the city is more developed and is made up of well-off households. This is in contrast with the peripheral areas, where the poor live. The structured areas, which refer to formal areas with both basic physical and social infrastructure<sup>35</sup>, include the Municipal District 1 (KaMpfumo) and its barrios - Polana, Sommerschild I and II, Central, Malhangalene, Coop, Alto Maé - and parts of Municipal Districts 2 (N'xhlamankulo), 3 (KaMaxakeni) and 4 (KaMavota), and its barrios - Baixa, Maputo Bay, Jardim, Triunfo, Costa do Sol, Marginal.

<sup>35</sup> Structured areas of the city have road access, power grids, water and sanitation facilities.

Figure 9: Contrast between structured (grey-blue) and unstructured (red) areas of Maputo City



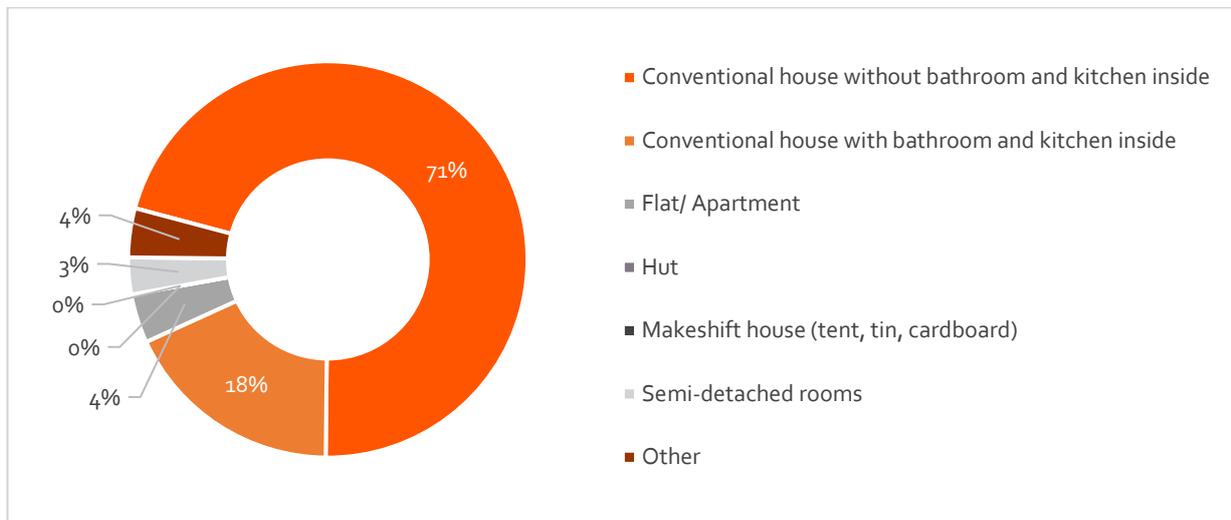
Source: Viana (2015)

Out of the 64 boroughs of Maputo, more than 50 are in the periphery, including Zimpeto, Choupal, Luis Cabral, Inhagoia, among others (see map in **Annex 2**). In these boroughs, rental stock is priced cheaper. As you move closer to the city, it becomes more expensive to rent. It does not come as a surprise, then, that the affordable rental housing market is better understood by knowing these boroughs. However, with changing demographics, demand is also changing. In some areas, such as Ka Mpfumo and Nxhlamankulu, 80 percent and 20 percent of tenants surveyed, respectively, are looking for flats/apartments instead of plots and houses.

### 3.1.4 Type of dwelling

The majority of Maputo tenants surveyed (71 percent, or 287 respondents) are renting conventional dwellings without a bathroom or kitchen inside, with a common courtyard and central kitchen and bathroom for communal use (**Figure 10**). Eighteen percent are living in conventional dwellings with a bathroom or kitchen inside. Only four percent live in flats or apartments. At a district level, Ka Mpfumo (a relatively higher income area) had the largest number of tenants residing in flats, at 22 percent, followed by Nxhlamankulu with five percent. Ka Mfumo also had the largest share (61 percent) of respondents state that they live in a regular house with a bathroom and kitchen inside, compared to Ka Maxakeni, with only 6 percent.

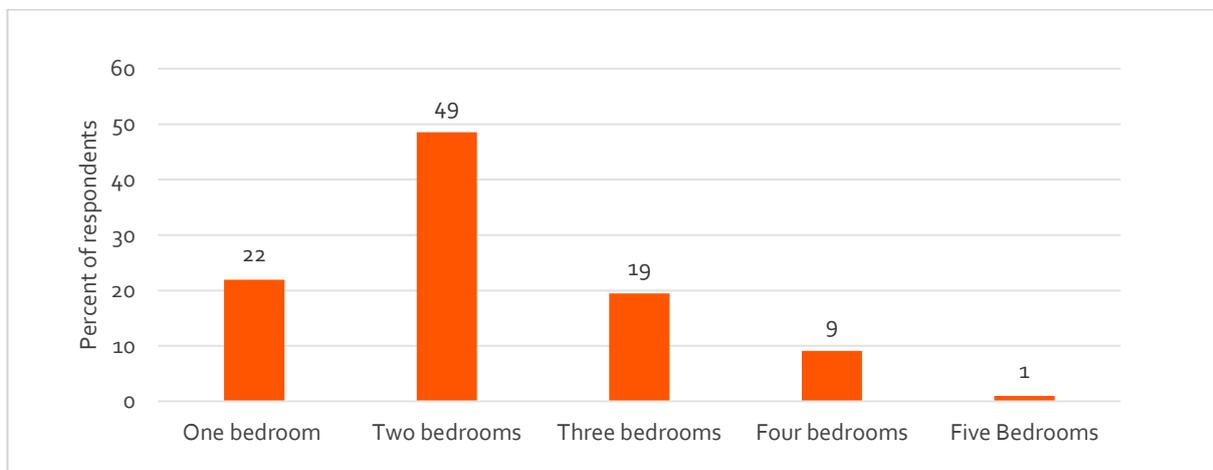
Figure 10: Type of rental dwelling<sup>36</sup>



Source: Tenant survey (February 2020)

Regarding the size of units, most tenants live in two-bedroom houses (49 percent), 22 percent in one-bedroom units, 19 percent in three-bedrooms, nine percent in four-bedroom units and less than a percent in five-bedroom units (Figure 11).

Figure 11: Number of rooms in house



Source: Tenant survey (February 2020)

<sup>36</sup> The 2017 census classifies housing into the following categories – (i) conventional house with kitchen and bathroom inside, (ii) conventional house without a kitchen and bathroom inside, (iii) flat/ apartment (iv) hut (v) makeshift house (vi) mixed house (vii), basic/train house and (viii) part of a commercial building. The basic/ train house or 'casa basica' category refers to a set of semi-detached rooms, made with durable materials, that use communal services (bathroom, kitchen and water).

Table 3 shows images of different dwelling typologies by number of bedrooms, captured during the fieldwork.

Table 3: Dwelling typologies by number of bedrooms

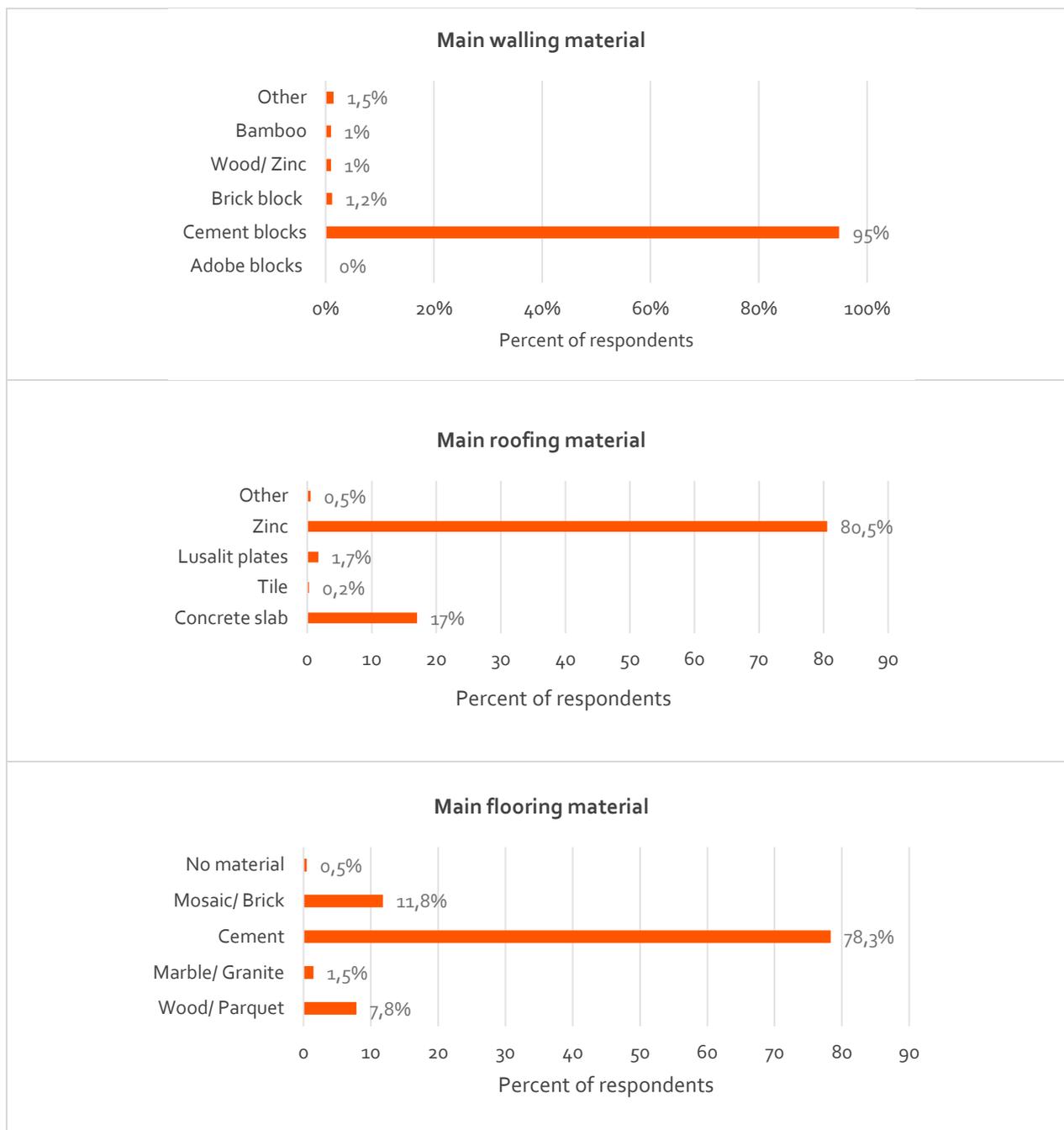
Number of bedrooms	
One-bedroom	
	
Two-bedroom	
	
Three-bedroom	
	

Source: Rental Market Study (February 2020)

### 3.1.5 Materials used in housing structures

Most urban houses have brick walls and durable roofing materials. In Maputo that proportion is above 90 percent. Most urban renters' dwellings are made from permanent materials, 95 percent have walls made of cement blocks and 81 percent of tenants have their dwellings with the roof covered by zinc-sheets. The floor is predominantly (78 percent) cemented, as shown in Figure 12.

Figure 12: Main building materials



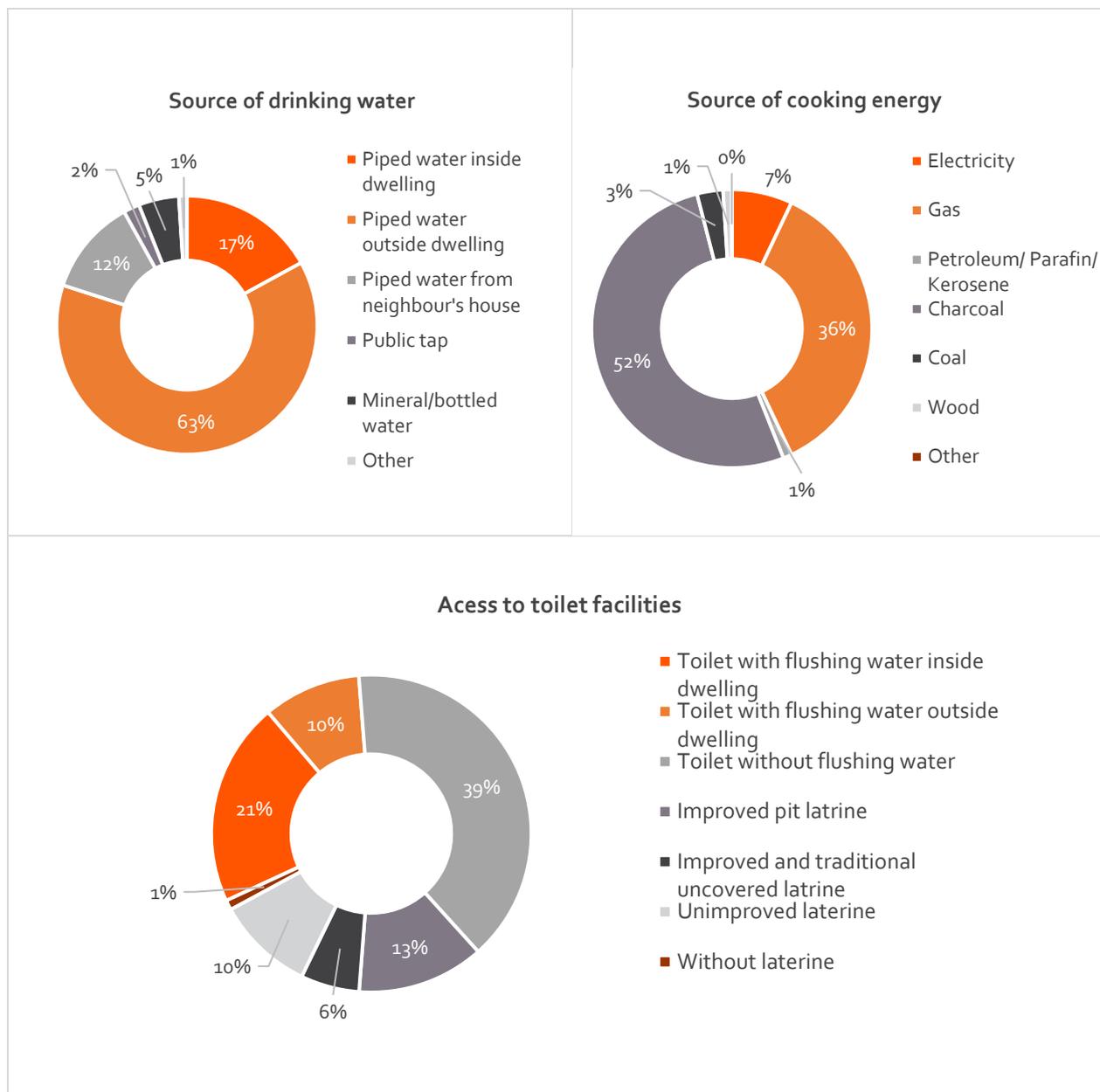
Source: Tenant survey (February 2020)

### 3.1.6 Access to basic services

The survey found that 63 percent of tenants use potable water from a piped source located in their yards and just 17 percent of tenants have piped water into their dwelling, 12 percent have access to water from their neighbour's house, five percent use bottled water and two percent source their drinking water from a public tap (Figure 13). The main sources of cooking energy are charcoal (52 percent) and gas (36 percent) and just seven percent of tenants used electricity. The remaining five percent use coal (three percent), wood (one percent) and petroleum, paraffin or kerosene (1 percent). The use of flush toilets is limited, 21 percent of tenants are serviced with flushing toilets inside their dwellings, 10 percent have flushing toilets outside their dwellings, 40 percent of tenants use toilets without

flushing water, 13 percent use improved pit latrines and six percent use traditional and uncovered latrines. The remainder have unimproved or no access to latrines.

Figure 13: Access to basic services



Source: Tenant survey (February 2020)

Some rental units exhibit deplorable hygiene and dwelling conditions, as shown in **Figure 14**. The top image in the figure represents a makeshift house, constructed predominantly using corrugated iron sheets. This dwelling typology only represents less than a percent of tenants interviewed. The bottom image is a “mixed house” built with durable materials (blocks of brick cement and iron sheets) in combination with other materials of plant origin.

Figure 14: Extremely low-quality rented dwellings



Source: Rental Market Study (February 2020)

## 3.2 Pricing and rental agreements

### 3.2.1 Rental pricing

In Maputo City there is a market for all budgets. Rent prices are extremely sensitive to location. The better the location, in terms of proximity to services and infrastructure, the higher the rent price. Rent prices of single rooms can range from MZN15 000 to MZN8 000 within 2 kilometres, even in the city centre.

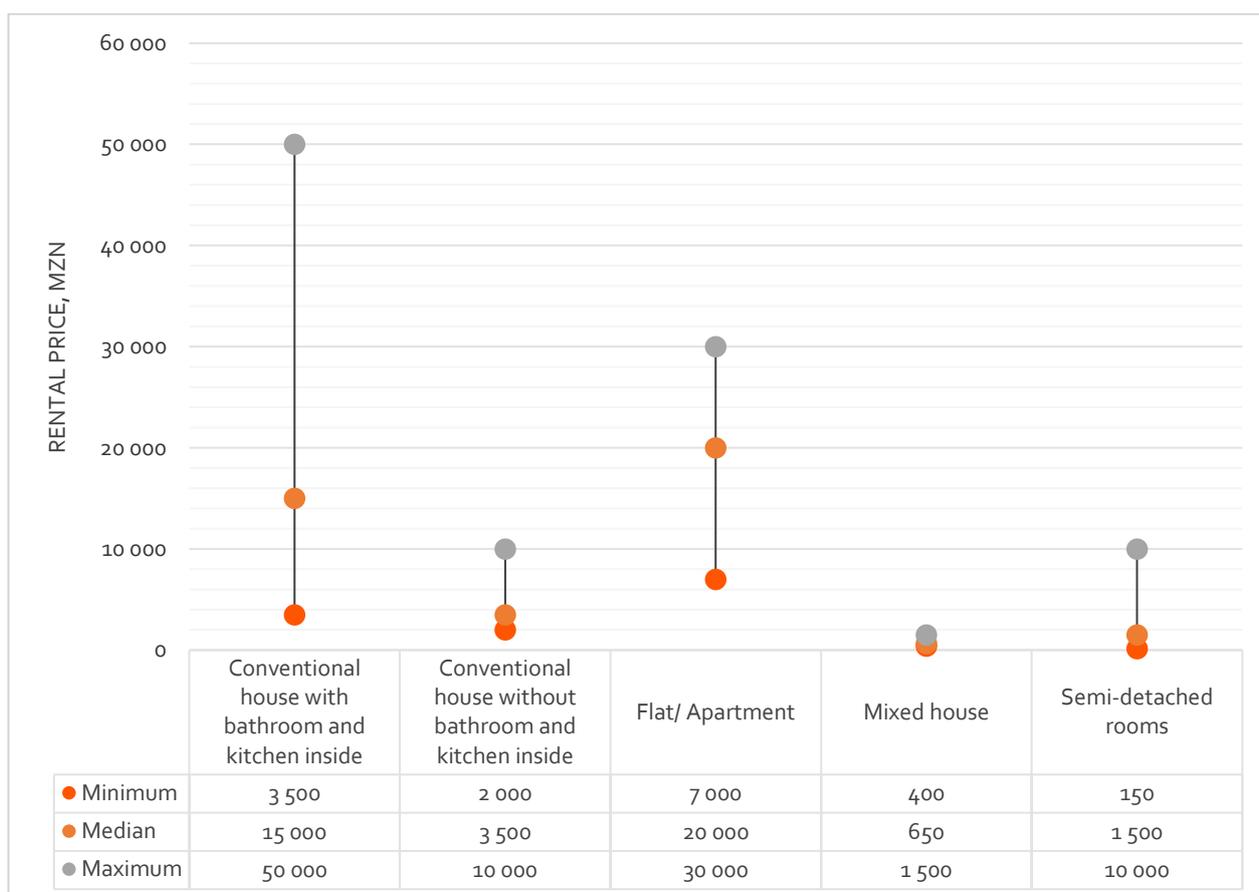
To further provide an overview of the formal sector, we undertook a limited web scraping on rental housing, assessing two major operators, Jumia MZ and Mais Vendas. According to the data collected, while approximately 54 000 households<sup>37</sup> live in rented houses in Maputo, these two online sites offer less than 5 000 rental units, i.e. less than 10 percent of current stock. Both sites list more rental properties than those for sale. Approximately 76 percent of all rental listings are for the affluent boroughs of southeast Maputo. In Polana borough, the monthly average

<sup>37</sup> INE (2017). General Population and Housing Census. National Institute of Statistics.

rental price varies between MZN770 110 (US\$1 100) and MZN133 190 (US\$1 900),<sup>38</sup> that is between 2.8 to four times the per capita monthly expenditure in Maputo, evaluated at monthly MZN25 884 (US\$794) in 2015.<sup>39</sup>

In the tenant questionnaire, rental property prices were classified by type of house instead of number of rooms. A tenant would pay more for a conventional house with a bathroom and kitchen inside, as shown in **Figure 15**. However, approximately 71 percent of tenants live in conventional houses without a bathroom and kitchen inside, as shown in **Figure 10**. The conventional house without a bathroom and kitchen inside was then used as the reference for rental prices paid. Rental prices vary between MZN2 100 (US\$30) and MZN10 655 (US\$152).

Figure 15: Monthly rental price per housing type (MZN)<sup>40</sup>



Source: Tennat survey (February 2020)

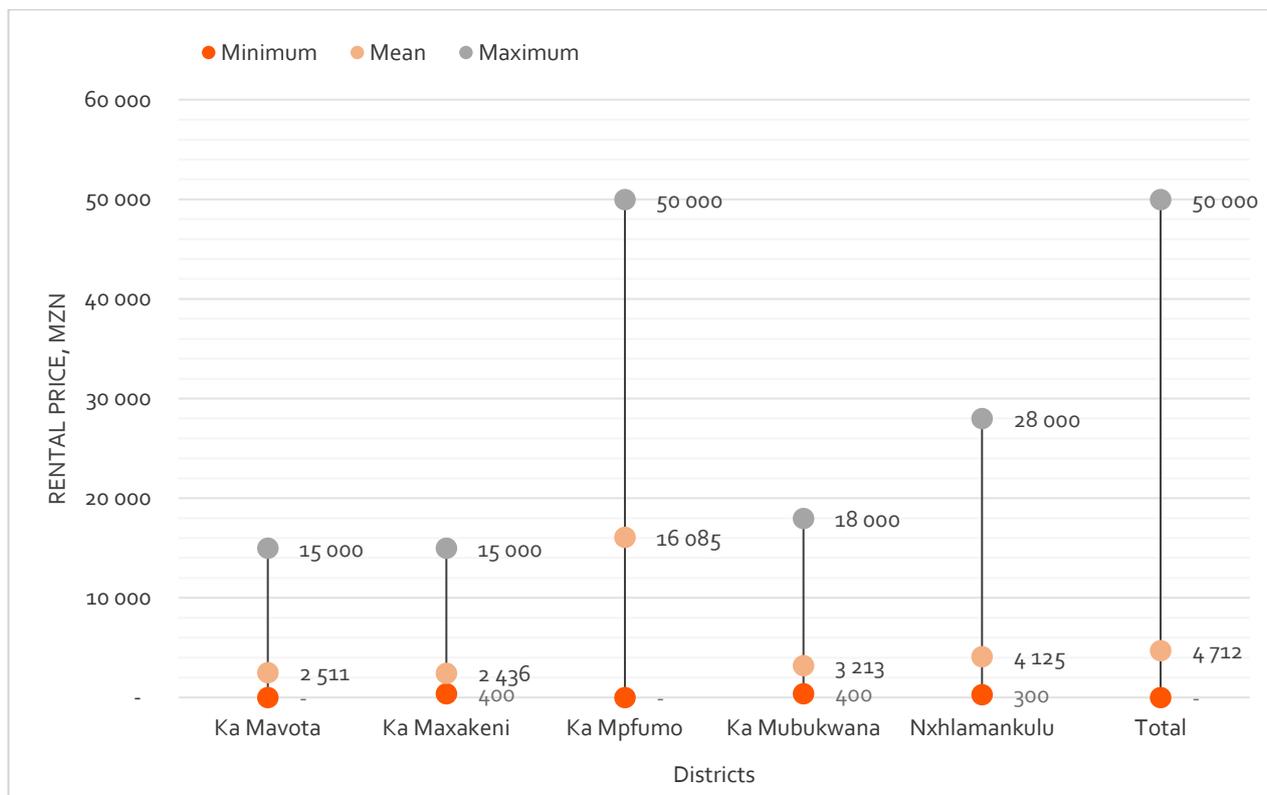
When comparing districts, the average rental price is higher in Ka Mpumulo MZN16 085 (approximately US\$230), followed by N'xhlanankulo (US\$59) and Ka Mubukwana (US\$46) (Figure 16). In Ka Mpumulo, where flats and apartments are prevalent, most survey respondents paid MZN20 000 (US\$285) on their monthly rent, compared to N'xhlanankulo on the lower end (US\$14).

<sup>38</sup> Exchange rate used throughout this report is US\$1 = MZN70.1 (rate as of 1 July 2020).

<sup>39</sup> Exchange rate in 2015: US\$1 = MZN32.6.

<sup>40</sup> A 'casa mista' or mixed house is a house built with durable materials (such as blocks of brick cement, zinc, tiles and concrete slab) in combination with materials of plant origin (grass, straw, palm, thatch, bamboo, wood etc.). The basic/ train house is a set of semi-detached rooms, made with durable materials, that use communal services (bathroom, kitchen and water).

Figure 16: Rental pricing by district (MZN)



Source: Tenant survey (February 2020)

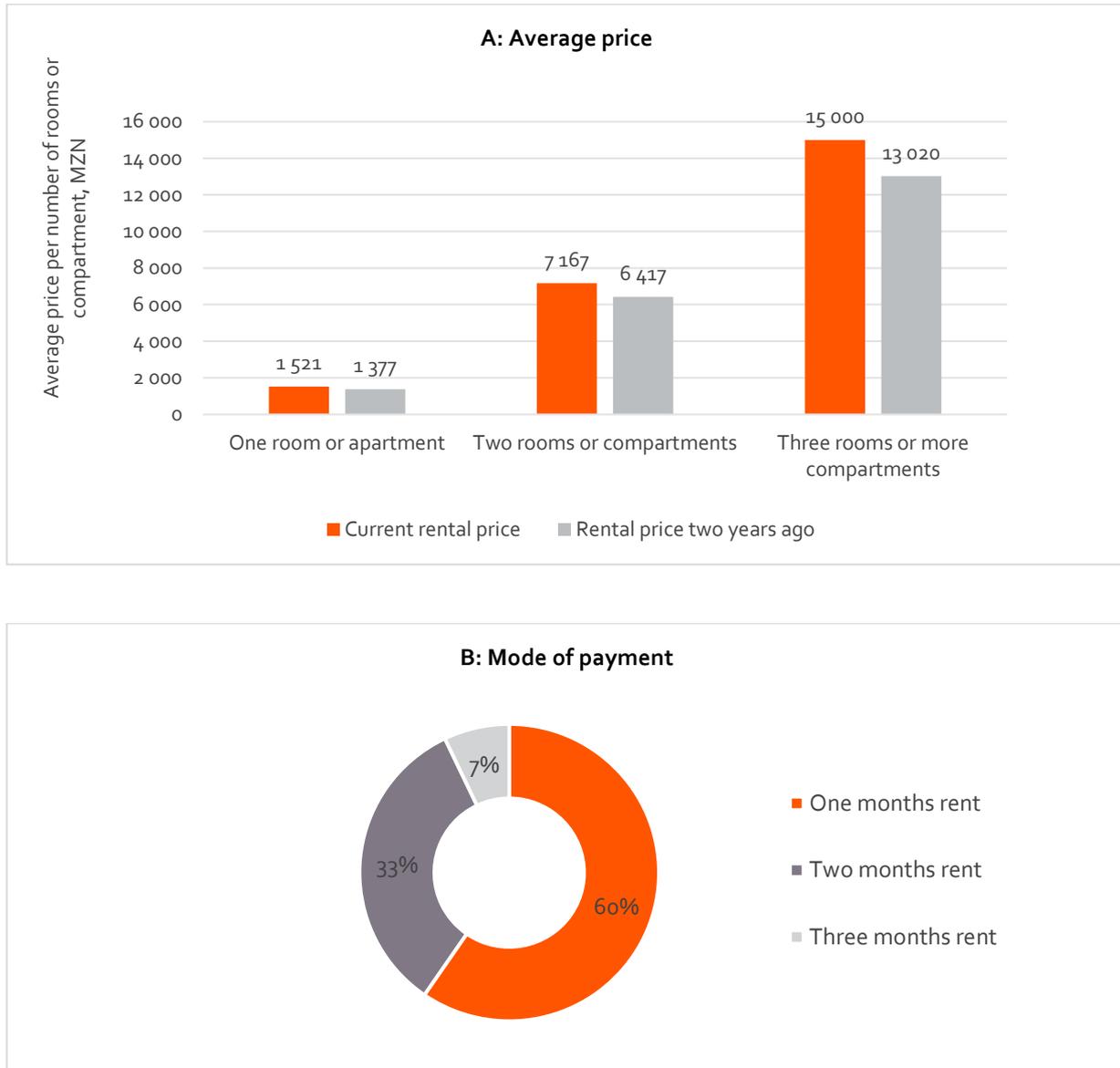
Figure 17 indicates how much tenants are paying on average for rent by type of room, according to the website scraping. For a one bedroom, landlords charge MZN1 521 (US\$22), MZN7 167 (US\$102) for two rooms or compartments, and MZN15 000 (US\$215) for more than three bedrooms or compartments.<sup>41</sup>

In the last two years, there have not been any dramatic changes in rental prices. Landlords in the survey indicated that they understand that there is an increase in living costs and their tenants are also affected and cannot afford to pay more. Furthermore, landlords prefer to utilise extra funds to build more rooms, instead of investing in repairs and maintenance of existing rental units.

The rental prices generally do not include electricity and water. Sixty percent of landlords surveyed indicated that they charge tenants separately for electricity and water, while 26 percent of landlords billed tenants on a sharing cost basis. It is the landlord’s responsibility to make sure that the tenants have access to clean water and electricity even if rent and utilities are billed and paid for separately.

<sup>41</sup> The average price for a conventional house with a bathroom and kitchen inside and flat/apartment was reported by tenants to be MZN16 687 and MZN19 267, respectively – which is higher than the average for two rooms/ compartments provided through the website scraping (MZN15 000). However, although the scraping exercise represents a larger sample than the landlords survey would, it is more reflective of the formal market. The rental figures provided by tenants are however more representative given the larger sample.

Figure 17: Average prices and mode of payment



Source: Website scraping (February 2020)

Six of the ten informal rental agents interviewed for this study noted a reduction in demand for rental housing over the last five years. Five of the agents also observed a reduction in rental prices.

With respect to rental payment agreements, informal rental agents indicate that the payment of a lease depends on the landlord, but the majority required a one-month rental payment in advance. This was indicated by 70 percent of agents interviewed, and three-month rental payment mentioned by 30 percent of the interviewed agents.

Landlords confirmed this trend. Nearly 60 percent of landlords said their tenants pay one month's rent and 33 percent of landlords require three months rent upfront (Figure 17, Pane B). This describes the different practices in the market and the 33 percent may be influenced by those renting houses/apartments towards the city centre. In Ka Mpfumo District (barrios Central and Malhangalene) and N'xhlamankulo District (barrios Aeroporto, Chamanculo C and Malanga) no deposits may be needed but three months rental advances are required to cushion landlords against arrears or defaults.

### 3.2.2 Leasing agreements

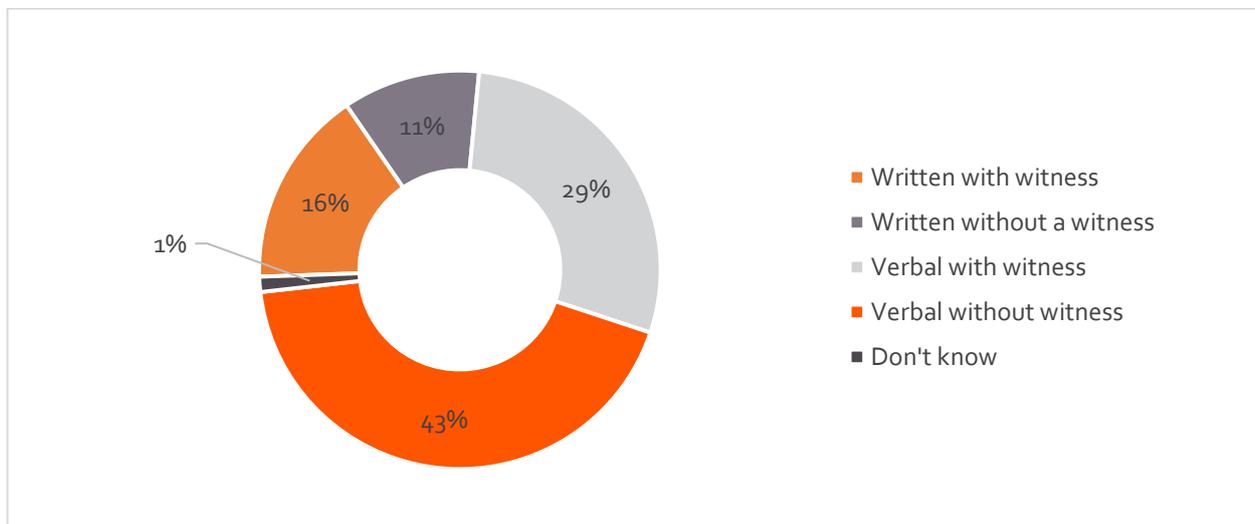
#### Formal and informal leasing agreements

Generally, the formal housing market is characterised by a formal process which includes engagement with a real state agency (the intermediary), a binding agreement (via a contract) and the declaration of tax by landlords. Tenants and landlords can access the justice and legal system in instances of dispute between landlord and tenants.

In the informal rental housing market, the role of an intermediary is reduced to linking the demand and supply side. In general, agreements in the low end of the rental market are verbal and are driven by good faith between the tenant and the landlord. In case of disputes or disagreements, the landlord can verbally terminate the agreement, with little recourse available to the tenant.

As shown in **Figure 18**, over a quarter of renter households indicated that they have a formal written agreement with their landlord. However, the majority (72 percent) only have verbal rental agreements.

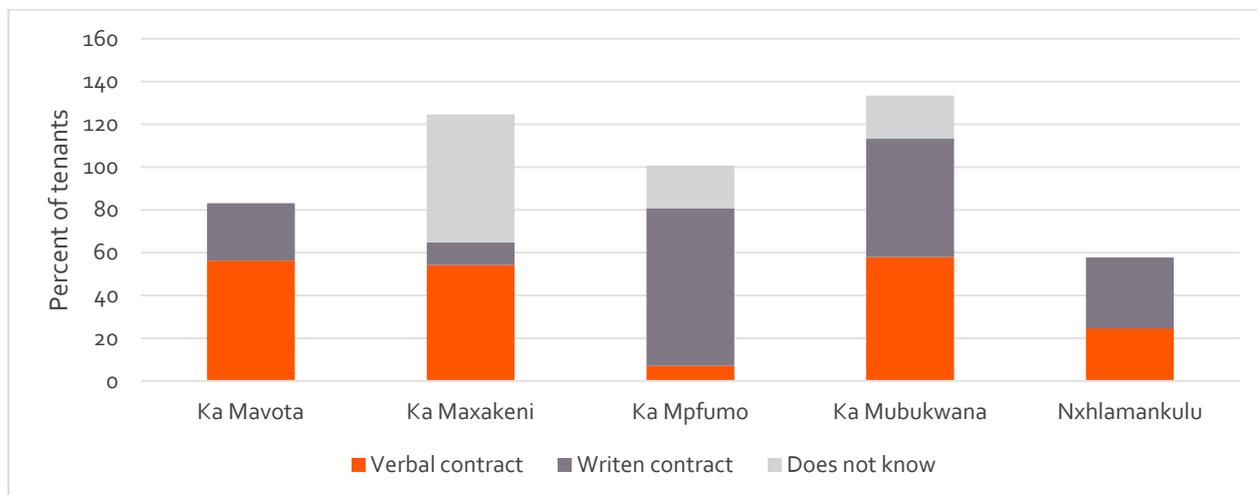
Figure 18: Types of renting contracts for tenants



Source: Tenant survey (February 2020)

Maputo has a spatially bimodal market. Close to the city centre, the market is formal, with the existence of written and signed contracts. According to the landlord survey, landlords generally have long-term contracts (between one and two years) with their tenants. In periphery boroughs, typically populated by low-income households, the market is informal and the majority of tenants rely on verbal contracts, sometimes with no witness. For example, in the boroughs of Ka Mpfumo, approximately 60 percent of the tenants have a written contract with a witness, while the boroughs of Ka Mavota and Ka Maxakeni have the highest percentage of tenants with only a verbal agreement (over 85 percent) (Figure 19). Ka Mavota and Ka Maxakeni are peri-central neighbourhoods in Maputo, while Ka Mpfumo is a more high-end and spatially structured district that is closer to the city centre. This again confirms how informal and insecure rental markets in Mozambique are, in case of a dispute or contract breach. Overall, It is worth mentioning that the period under which the survey was conducted was not the best, given the COVID-19 pandemic. Some tenants may therefore need to leave urban centres and return to their region of origin, which may result in the termination of rental agreements.

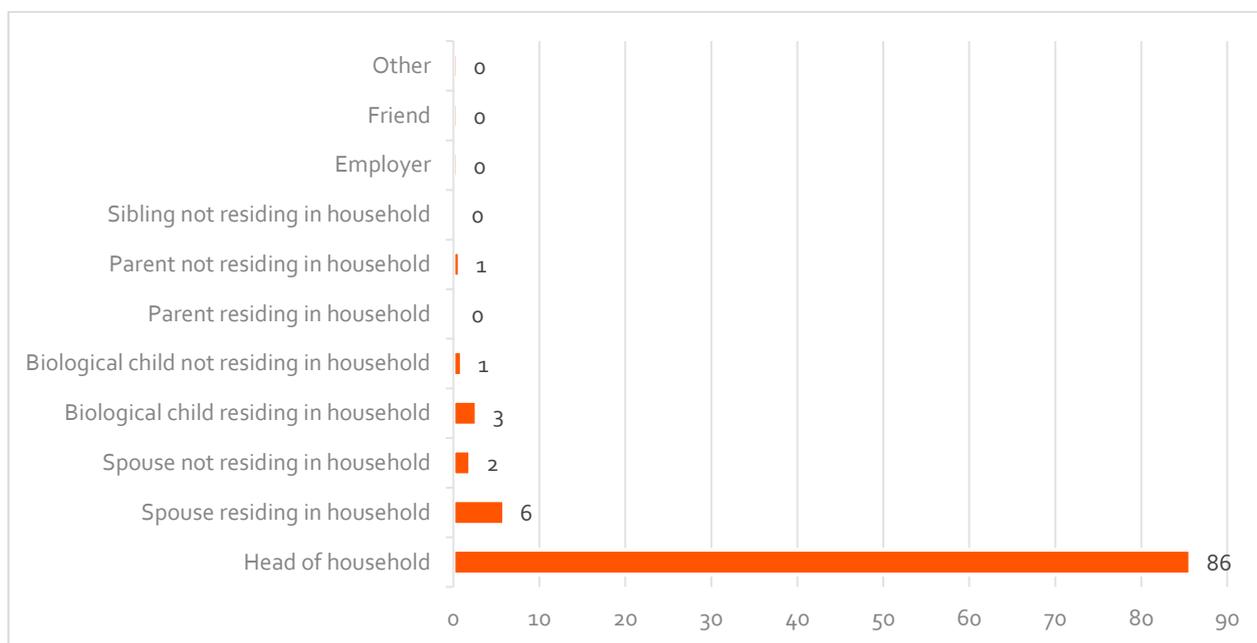
Figure 19: Type of renting contract by district



Source: Tenant survey (February 2020)

Approximately 86 percent (348) of the tenants surveyed indicated that the contracts are signed by the head of the household, irrespective of gender (Figure 20). Another 6 percent (24) of contracts are signed by a spouse residing in the household, 3 percent (11) by a child residing in the household and 2 percent (8) by a spouse living outside of the household.

Figure 20: Responsibility of signing lease contracts



Source: Tenant survey (February 2020)

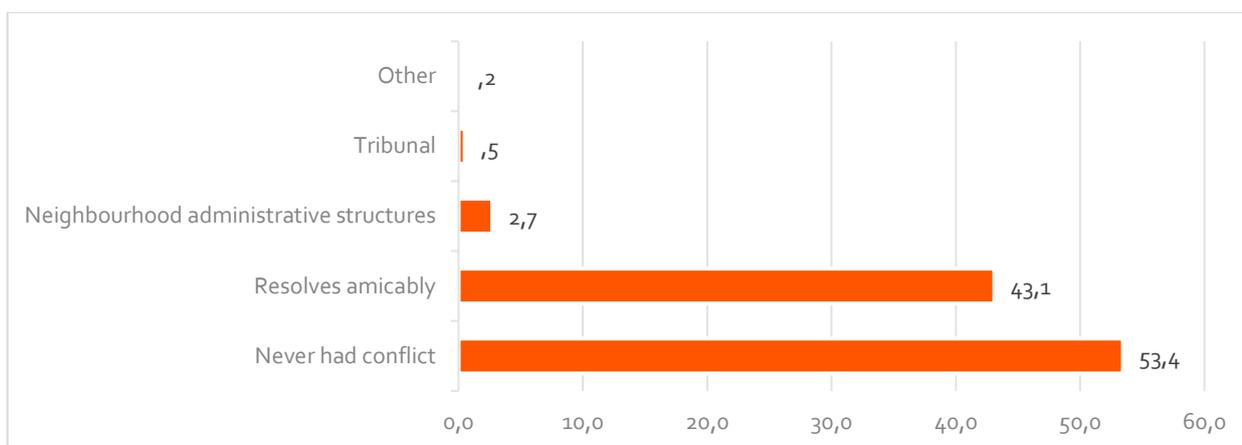
The primarily informal nature of Maputo’s rental market makes it insecure and in case of dispute or contract breach there are not legal protections in place. Even in the high-end market, it is uncommon to have witnesses, and disputes are usually resolved privately between tenants and landlords. As detailed later in this report, informal contracting is matched by poor housing conditions.

### Conflict prevention and resolution

Most tenants surveyed (83 percent) have good relations with their landlords, 13 percent consider their relationship reasonable and one percent bad. In a situation where most of the contracts are entered into verbally, it is convenient for both landlords and tenants to keep good relationships as their business relies heavily on good faith.

The survey results also indicate that 53 percent of the tenants never had a conflict with their landlord, and if they have, they also resolve it amicably (43 percent) (**Figure 21**). Going to court or tribunals is the last option, especially in the absence of a legal binding contract. Although tenants and landlords can make use of ordinary tribunals, dispute resolution is also handled using neighborhood administrative structures (three percent). The use of neighbourhood administrative structures is most prevalent in Ka Mubukwana. In the event that a written contract exists, a clause that details how to resolve conflicts is also included.

Figure 21: Conflict resolution



Source: Tenant survey (February 2020)

#### Box 1: Tenant story



Ms. Nélia Meque, 44, was born in Beira, and lives in Ka Lhamankulo.

She aspired to own her own house and for that reason in 2008 she bought a plot of land in Mulotana for MZN10,000 (US\$147). At present, she does not have the financial means to begin construction of her own house, so she rents a house.

When she arrived in Maputo from Beira, she first lived in the house of an uncle with three more cousins, while studying.

Ms. Nélia has lived in other rented houses. Before this, she was in Malhangalene in a very tight dwelling, but it was located closer to the city centre.

She is currently renting a house with better conditions than before. She has been living in this house for three years, based on a verbal contract with the landlady and, whenever necessary, the owner of the house does maintenance work. Fortunately, her landlady knows her very well and is supportive of her efforts to support her family.

The house has two bedrooms, a living room, a kitchenette, a bathroom inside the house, and a large garage with capacity for two vehicles. It also has a second restroom outside.

The rent price is about a third of her salary and at the moment her employment situation is precarious because of problems in the company where she is employed. She sometimes endures four months without wages. Therefore, in order to survive, she is a cook, which has now become her main source of her income. She lives with two brothers, but she is the only person earning an income.

As she has several expenses, she “cannot even think of applying for a bank loan” to build her house, which she could let out and use the rent proceeds to pay the bank back, because her salary is irregular.

She hopes to be able to build her own house in the future



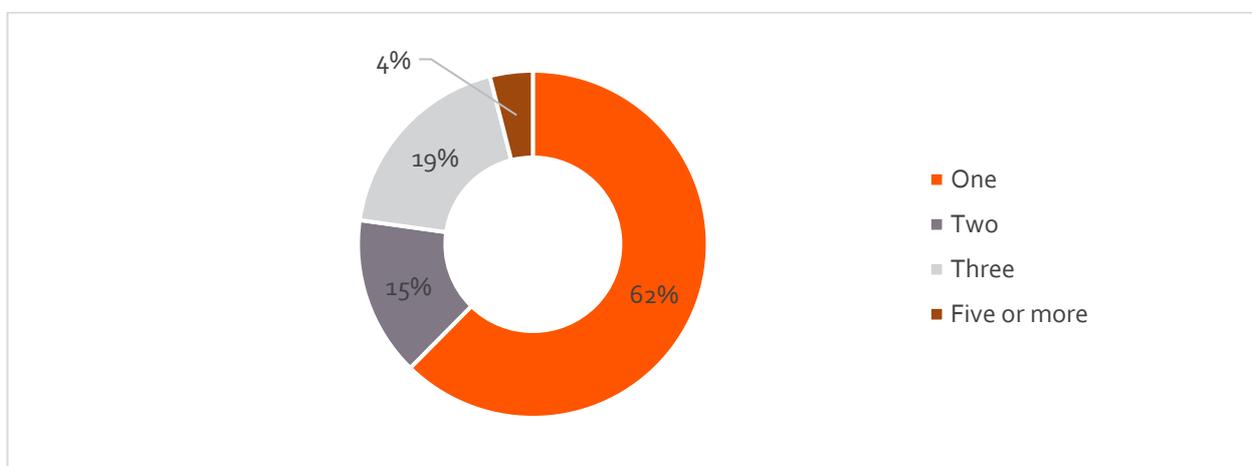
### 3.3 Micro Level: Landlords

The study interviewed 27 landlords, most of whom were small scale. The group comprises two owners of properties in Ka Mpfumo District, in the Central and Malhangalene boroughs; nine in N'xhlamankulo District, at the Aeroporto, Chamanculo-C and Malanga boroughs; seven landlords in Ka Maxakeni District, at the Maxaquene and Mafalala boroughs; seven landlords in Ka Mavota District, at the Albasine, Ferroviário, Laulane, Mavalane-B, Mahotas, and Costa do Sol boroughs, and two landlords in Ka Mubukwana District, in the barrios Bagamoyo and Inhagoia-A boroughs.

#### 3.3.1 Portfolio size and profile and target markets

The survey data indicates that the majority of landlords have only one property or room to rent (63 percent) as indicated in **Figure 22**, and nearly 82 percent rent out an independent house or room/compartament in the same space of the main property, that the landlord resides (**Figure 23**).

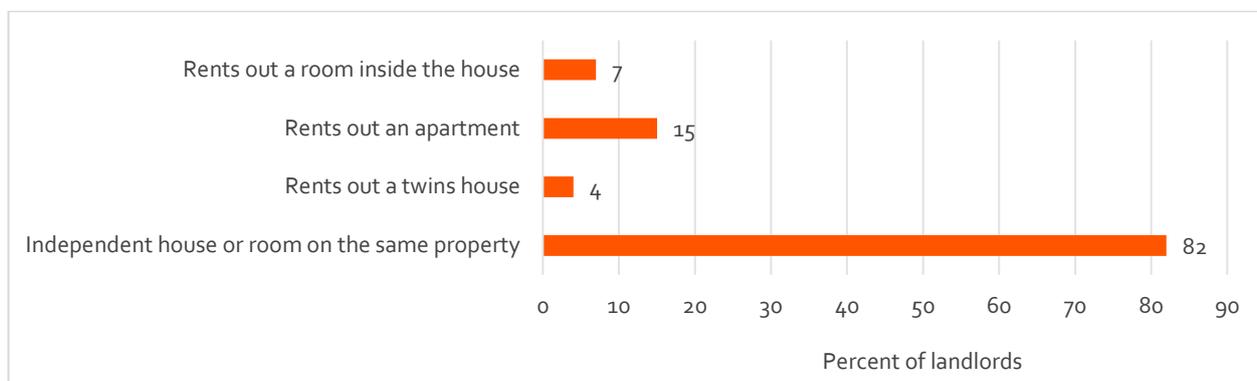
Figure 22: Landlords by number of property or rooms rented



Source: Landlord survey (February 2020)

Landlords residing on the same property as their tenants is characteristic of a small-scale landlord, looking to earn an extra income. The tenants of such properties are generally very low-income earners looking for housing in urban centres.

Figure 23: Percentage of landlords by type of property<sup>42</sup>

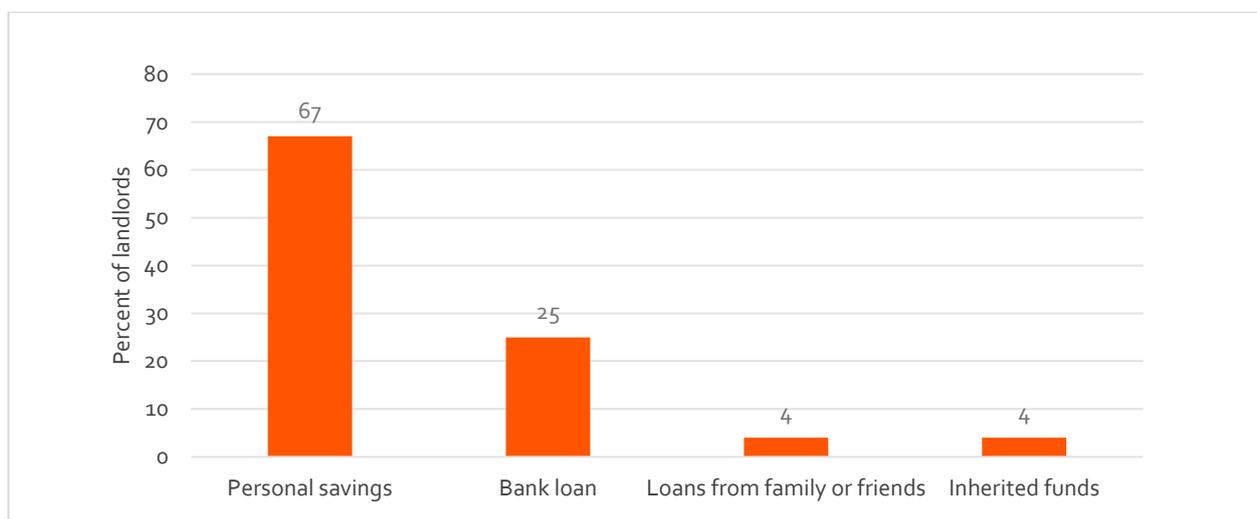


Source: Landlord survey (February 2020)

### 3.3.2 Sources of financing

Information on sources of financing was more difficult to assess via websites because of privacy concerns. For this reason, a survey was used to assess this data and other variables. The survey results indicated that the majority (67 percent) of landlords used personal savings to source the funds to purchase or build the units that they rented (Figure 24). Another 25 percent of landlords accessed a loan from a financial institution, four percent borrowed funds from family and friends, and four percent used inherited funds.

Figure 24: Source of finance to buy or build property



Source: Landlord survey (February 2020)

<sup>42</sup> A twins house is one house beside another, with the same design. It is also referred to as a semi-detached house.

### 3.3.3 Performance measures: Levels of arrears and vacancy rates

Landlords reported that it typically takes one month to find new tenants. However, vacancy rates increase if demand for rental decreases. In the current context with COVID-19, some landlords fear tenants who come from outside Maputo will return to their homes in the rural areas if they lose their jobs.

In terms of level of arrears, landlords will always find a way to resolve issues with their tenants, and this may be explained by the fact that this market operates in a very informal context where it's very rare that parties pursue legal action through the courts to resolve disputes.

#### Box 2: Landlord story

**Ms. Irene Dias, a Landlady in Maputo.**

**BACKGROUND:** Ms. Irene is 33 years old and works as a general manager in one of the restaurants in Maputo City where she derives her main source of income. She also bakes to earn additional income. She lives with her son in her mothers' house.

**RENTAL PORTFOLIO:** Ms. Irene started renting out a house to pay a bank loan. The rental unit is in a separate location to where Ms. Irene lives. She rented out the dwelling initially at MZN10 000 per month (US\$143). In 2019 the rental market collapsed and the rental unit was vacant for about six months. She ended up renting it at MZN7 000 per month (~US\$100), rather than having the house vacated. She does not make improvements or do any other maintenance, as the rent is too low and improvements on the house are not worth the expense.

**JOURNEY TO BECOMING A LANDLORD:** Ms. Irene became a landlord because, five years ago, she had an opportunity to buy a house in Matendene borough. It is a small house with a sitting room, two bedrooms, a small kitchen, and a toilet inside the house. For that, she obtained a mortgage of MZN500 000 (~US\$7 140) with a monthly payment of MZN10 000 (~US\$143) to be paid over 25 years. She managed to convert it into consumer credit to pay over a five-year period in negotiation with the bank. She sees an advantage in that the house belongs to her and not to the bank as would be true with a mortgage. "The rent I receive is not enough to pay the instalment to the bank. It is sometimes necessary to combine it with my salary and other income, particularly when the tenants fail to pay their monthly rent."

**WHO ARE THE TENANTS?** In Maputo City there is a market for all budgets. Rent prices are extremely sensitive to location. The better the location, in terms of proximity to services and infrastructure, the higher the rent price. Rent prices of single rooms can fall from MZN15 000 to MZN8 000 within 2 kilometres, even in the city centre. Ms. Irene's tenants, both employed in Maputo, started renting because they have also rented their own house in the city centre at a better price. On top of the rent, the tenants also pay for electricity and water separately. She asked for a three months' rent deposit and signed a contract agreement without witnesses. The contract is renewable annually.

**LOOKING INTO THE FUTURE:** According to Ms. Irene, home ownership is a dream for anyone. "All young persons dream of having their own house, as it is an investment that does not die. It is not subject to accidents like the transport businesses." If she had more resources, she would prefer to go for leasing where monthly rentals are converted into instalments to acquire property at the end of an agreed period. That would be possible under new government initiatives such as those promoted by FFH i.e., Casa Jovem, Project Intaka I and II, and Vila Olímpica. But there is no demand for public housing projects because such projects are typically located in areas without nearby infrastructure and services such as schools, hospitals, and stores. Ms. Irene is of the view that in order to make a living as a landlord, it is necessary to have several houses to rent, but at the current rent prices, it is not a good deal.



### 3.4 Meso Level: Support organisations

Support organisations are part of the meso structural component of the CAHF framework that facilitate the functioning of the rental market. Players at this level include developers, financiers, estate agents, credit bureaus and property managers. The meso environment was briefly discussed in preceding sections of this report. In general, banks and credit bureaus do not offer information on specific services and products offered. Banks cited that they do not have a rental market portfolio. Some two dozen construction companies operate as property developers and managers. These are oriented towards the high-end market. For the low-end market the most important market player is the Fund for Housing Promotion (FFH), whose programs focus on home ownership. Based on what the study could gather, this section of the report provides an overview of estate agents and the role of financiers in the rental market.

#### 3.4.1 Formal and informal estate agents

As noted above, a limited web scraping exercise was undertaken on rental housing, assessing two major operators, Jumia MZ and Mais Vendas. Of the approximately 5 000 rental units listed on these sites, between 10 and 12 percent of the listings do not provide information on location or price, indicating that negotiations take place directly with the interested party. A single website - Moçambique Real Estate<sup>43</sup> lists 207 real estate agents. Other real estate website advertising rental units include Better Homes, Mozambique Houses, Premiuns, and Investe Imovel.<sup>44</sup> However online listings only reflect a small percentage of the market and provide a limited view of the demand by the poorer households in Maputo. Many households and individuals prefer word of mouth to find affordable rental accommodation and informal real estate agents play an important role in facilitating direct negotiations between landlords and prospective tenants.

Therefore, to cover these gaps, a survey was conducted with 10 intermediaries in the same geographical coverage of the tenants' survey. The information collected is combined with other data collected through web scraping online real estate sites.

In Maputo's rental market, informal rental agents assist to identify vacant units and match these with potential tenants, for a commission paid by the prospective tenant. Ten informal agents, with between three to 20 years experience were interviewed.

The agents interviewed indicated that demand for rental units may vary from one to five units per week, but six agents mention between three and four units a week. Finding a tenant can take one day, according to five agents, and up to five days, stated by two agents.

To be more effective in reaching prospective tenants, six of the ten interviewees mentioned using Facebook, and three used WhatsApp. According to the tenant survey, 50 percent learned about the rental unit they were occupying through friends or colleagues, while 20 percent heard about the available unit through family, and 16 percent through intermediaries. Another three percent heard about their rental units from pamphlets posted in public spaces, and the remainder through other means.

#### 3.4.2 Role of financiers

A survey was shared with a list of 10 financial institutions. Three financial institutions namely, Letshego Bank, BancABC and Absa Bank Mozambique, acknowledged receipt of the survey. Letshego and BankABC indicated that they could not contribute to the study because they do not have a rental housing portfolio. While Absa Bank provided some insights into the housing market, from a banking perspective, the information was limited.<sup>45</sup>

Across Mozambique, finance providers include 19 banks, nine microbanks, eight credit cooperatives, 769 microcredit operators and three electronic money operators.<sup>46</sup> While two of the three financiers that responded

<sup>43</sup> Mozambique Real Estate: <https://realestate.co.mz/>

<sup>44</sup> See Better Homes: <http://www.betterhomes.co.mz/Mozambique> Houses: <http://www.mozambiquehouses.com/>; Premiuns: <https://premiuns.co.mz/>; and Investe Imovel: <https://investeimovel.co.mz/>

<sup>45</sup> After several attempts, we were unsuccessful in interviewing EMOSE, Domus and Visa Beira, who were recommended as rental housing actors.

<sup>46</sup> Bank of Mozambique (2020). Banking system. [http://www.bancomoc.mz/fm\\_instituicoes.aspx](http://www.bancomoc.mz/fm_instituicoes.aspx).

declared they have no dedicated housing rental portfolio, their indirect role in the sector may be through supporting building initiatives of landlords.

According to a product manager from Absa Bank, residential rental property is not a product with high demand, as most customers are first time home buyers. Investment in rental property is therefore perceived as high-risk, as the industry is currently very weak. Nearly 90 percent of customers are applying for finance to purchase their first property, and nearly 70 percent of these applications are approved as most are from employees with stable employment contracts and proven monthly income. Less than five out of 20 loans are for investment purposes and the average mortgage size varies between MZN1.5 million to MZN5 million (~US\$21 400 to US\$71 400). The term for a mortgage may be up to 15 years, with an interest rate of prime (currently 17 percent) plus two, and a loan-to-value ratio of 75 percent.

Generally Mozambican banks exclude low income earners from access to formal housing finance. Due to the difficulty of entering the housing market as a homeowner, renting becomes a common and important form of tenure for many.

## 4 Conclusions and recommendations

The study provides insights into Mozambique's rental housing market, which is primarily driven by the private sector. Although the country as a whole has a small rental housing market, Maputo city has a rental market size comparable to other African capitals. Approximately 23 percent of households in Maputo rent their dwellings. The urban population is growing at a higher rate than the total population. Although there are variations in purchasing power and economic development across the country, the growing urbanization trends, due both to natural growth and immigration, will likely increase the size of the rental market, at least in Maputo.<sup>47</sup> There is considerable demand from students and potential tenants migrating from areas outside of Maputo city. With changing demographics, demand, in terms of housing standards, is also changing and these trends are worth paying attention to.

### 4.1 Housing policy: A gradual focus towards rental markets

The policies and regulations of the rental market are still weak or non-existent in some respects, and they are missing important opportunities to promote growth in the rental market. While housing policy has, in the past, tended to favour ownership, the importance of the rental sector is gradually being acknowledged. Rental housing can provide access to affordable, well-located accommodation for those who choose not to, or may not be able to, purchase property. In general, rental provides for greater flexibility and mobility. These are important considerations for those employed in more low-income occupations where job security is low. Rental can also be more affordable than ownership, particularly where there is fractional occupation and/or sharing of rental units.

In conjunction with a housing policy with a plan for rental housing, Mozambique needs a clear strategy for urban development. An integrated urbanization policy should manage urban growth and promote the provision of adequate rental housing stock in the city. This can further include strategies for the densification of low income rental housing while ensuring housing quality.

### 4.2 Low-income, informal rental housing in urban Mozambique: A dynamic yet neglected sector

The collected data indicates that the overall rental sector is significant in urban areas, as opposed to the country as a whole, accounting for roughly 23 percent of households in Maputo City. The majority of households and tenants can be considered low-income. The typical dwelling being rented is a conventional house without a bathroom or kitchen inside, and the rent can cost between MZN2 000 (US\$117) and MZN 10 000 (US\$143) per month. Most renting contracts are verbal, with or without a witness, and the dwelling conditions are of poor quality, in some cases

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<sup>47</sup> Do Rosario (2018, p. 6) estimates that in urban areas there approximately seven million houses will be new or substituted, with an estimated annual of 209 000 units.

comparable to slum housing. Given this reality, the following recommendations should be considered for developing the rental market in Mozambique:

First, **increasing housing stock through public and private sector interventions.** In the long term more houses will be needed in urban areas, and Maputo in particular. Rental housing stock can be publicly owned and managed by municipalities and provincial housing departments. It can also be privately owned or made available through social housing programs, which currently do not exist in Mozambique. There are private initiatives, such as Casa Minha that may offer strategies for responding to gentrification and expansion of the city, through increased densification, without displacing existing populations. There are also opportunities to explore build-to-rent investment models.

Second, **ensuring tenant protection through associations.** In terms of leasing, tenant associations should be established to protect tenants from the precariousness of their contracts. Mozambique's rental housing market creates instability for tenants for a number of reasons, including the absence of a legal framework governing the informal sector, unpredictability of demand and supply of housing stock partly due to the seasonality of student demand for housing, and political insecurity in some areas of the country. The informal nature of the market makes it more insecure and in cases of dispute or contract breach there are no legal protections (for either party). Formal rental agents mostly serve the affluent boroughs of southeast Maputo. A tenant association could be useful for securing affordability and tenure for low income tenants.

Third, **strengthening the legal and regulatory framework,** particularly given the nature of dwelling conditions and poor access to basic services in the informal rental market. As mentioned above, the informal market in Maputo is characterised by a lack of formal leasing contracts, amongst other factors. While informality offers some level of flexibility and affordability to both tenants and landlords, the urban poor are subjected to poor living conditions and little security of tenure. Establishing and enforcing standards for building quality, access to basic services and living conditions will place an obligation on landlords to adhere to specific standards. Formalisation and enforcement of housing quality standards could have the negative unintended consequence of reducing supply and/or increasing rental prices. Therefore, such regulation and enforcement needs to be undertaken carefully to avoid these risks.

Finally, **bridging the gap between financiers and the market.** The financial sector does not appear to understand the demand side of the rental market. Commercial banks offer mortgages for home ownership, but banking sector portfolios do not typically include products that support rental market activities. There is considerable potential for the financial sector to provide finance for landlords to purchase rental properties or construction finance to allow potential landlords to expand or maintain properties to rent in the city. The lack of responsiveness from the banking sector suggests that there is also limited information about the potential of the rental housing market from all interested parties (meso level organisations and infrastructure that support rental market participants, including developers, construction companies, financiers, estate agents, credit bureaus and property managers).

Of the 27 small-scale landlords interviewed for this study, 67 percent indicated that they used personal savings to purchase or build the units they rented, and only 25 percent accessed a loan from a financial institution. Given that 63 percent are only renting one room, there appears to be scope and potential for expansion of rental stock if appropriate financing products were made available to small-scale landlords from financial institutions to build additional rooms for rent or purchase properties to rent. Overall, there needs to be greater effort towards understanding demand side challenges and opportunities in rental housing, especially given strong and growing demand from the youth.

### 4.3 Addressing data gaps for informed decision making

Advocating for, and designing and developing, the type of interventions proposed above can only be done based on good evidence and data. In Mozambique, there are various publicly available sources of data, documentation and information that informed this study. Data obtained through secondary sources presented some limitations, as the data is generally outdated<sup>48</sup> and not granular enough for Maputo city markets.<sup>49</sup> We also note that not all data is

<sup>48</sup> Some data in the household budget results are from a survey carried out five years ago (INE, 2015). Some of the listings in the scraped websites are old and seem to be duplicated, and even the most recent general census is already three years old. Other good examples are Habitat for Humanity and Anttonen (2012), Republic of Mozambique and UN-Habitat (2018).

<sup>49</sup> For Maputo city, the data are aggregated by urban district and are not disaggregated by borough or block, and thus do not reflect type of housing, variations in prices, quality and tenants or landlords within the districts.

available or accessible, due to the informal nature of the market. This is especially true for the lower end of the market in the boroughs on the periphery of Maputo city.

Besides the review of secondary data sources, which primarily covered the formal and more affluent end of the market, the collection of primary data, both quantitative and qualitative, was useful for identifying the challenges in applying the methodology. Better and more suitable research methodologies and data sources are needed to understand the informal residential rental market in the areas of the city with least developed infrastructure.

Major data gaps exist at the meso level. The strategy to address these data gaps was two-pronged: first, resorting to web scraping to narrow the data gaps, which proved useful for providing an overview of the size of Mozambique's rental housing market; and second, undertaking field survey research to understand the role of the informal real estate agents, as well as the relationship between landlords and tenants in the low end of the market. A data gap table is presented in **Table 5**. However, there are still a number of data gaps and implications that need to be highlighted and addressed in order to better understand and support the rental market:

First, the web listings include offers as old as two years, which in the absence of more updated information and in the likely event of duplication within a website, distorts the extracted information. As private real estate listings, there is also duplication across sites, as landlords and agents try and maximise their exposure.

Second, as this study shows, employment in Maputo is one of the key drivers for renting. At a macro level, it is therefore critical to understand the relationship between employment growth and the rental market, because that would help assess the demand for housing and rental units in the near future.

Third, there is generally limited availability of published data and information on organisations that support rental market participants (meso level organisations). These include financiers, developers, construction companies, estate agents, credit bureaus, and property managers. During the study, it was not possible to obtain extensive data from financial institutions. After repeated efforts, some banks responded but only to explain that they do not explicitly offer rental housing products in their portfolio. Going forward this may mean adopting a different approach when addressing financial service providers, and banks in particular. Government, private and non-governmental institutions could establish direct partnerships with local banks to share rental housing market developments and the specific housing requirements of Maputo's growing urban population, that would assist financiers in servicing the market with the appropriate financial products.

Fourth, further in-depth research is needed to assess data on different categories of landlords, because the web scraping technique does not allow engagement with landlords that have their houses listed on websites. In addition, it was difficult to obtain data on operating models and yields from landlords.

Lastly, while the lower income market makes up the bulk of the rental market, this market is also less visible in terms of property level data that is available, because it is largely informal.

Various methodologies were used as a potential means to close some of these data gaps. These included face to face interviews with small-scale landlords, tenants and intermediaries (informal estate agents). An online survey, using survey monkey, were used to contact banks. The CAHF framework is used to demonstrate the extent of data gaps, in the table below:

Table 4: Data gaps

<p><b>MACRO-LEVEL – Some data gaps</b></p> <p><b>Macro economy and population statistics</b></p> <ul style="list-style-type: none"> <li>• The information is generally accessible from various sources and one of the most relevant is the World Bank.</li> <li>• Reliable data on policy, legislation and regulations was inaccessible.</li> <li>• Existing macro economic data is out of date, sometimes by two or more years.</li> </ul>
<p><b>MESO LEVEL – Extensive data gaps</b></p> <p><b>Developers, Finance providers, Estate Agents, Credit Bureaus and Property Managers</b></p> <ul style="list-style-type: none"> <li>• Lack of secondary data sources.</li> <li>• Most of the data generated by meso actors is generally private because it is part of their business model.</li> <li>• Assessing data at this level may be difficult without collaboration with data hosts.</li> <li>• DFI's and NGO's such as FSDMoc and CAHF can play a role in building the case for data sharing.</li> </ul>
<p><b>MICRO LEVEL – Extensive data gaps</b></p> <p><b>Landlords</b></p> <ul style="list-style-type: none"> <li>• The household and population census does not draw out characteristics specific to landlords.</li> <li>• Surveys may be recommended but since the sample size is small the results need to be interpreted with caution.</li> </ul>
<p><b>DEMAND SIDE – Some data gaps</b></p> <p><b>Tenants</b></p> <ul style="list-style-type: none"> <li>• Census data and household surveys can be used to characterise tenants' households. This data source generally includes tenure status, dwelling conditions etc.</li> <li>• There is limited public data on type of rental, rental paid, affordability, renter tenure etc.</li> </ul>

A continuous flow of data in the low end market is required to inform a structured and comprehensive rental policy. The field research experience showed that while it may not be feasible in the long term, the local government structures at borough and block level are capable of providing such data if asked to do so. It is necessary to explore existing government databases extensively, and for this, critical household level data should be made available to the market and government.

#### 4.4 Improving collection, monitoring, analysis and formulation of policies

Developing and maintaining a network of sector players that regularly provide data on the rental market would be useful for supporting the market. This should include the private sector and key government institutions such as the MOPHRH, FFH, and the DNHU. Greater pooling and access to information at this level will be crucial for driving the decisions of market participants, particularly around investment and financing opportunities in rental housing. Data and information will also be fundamental for informing a policy and regulatory framework for Mozambique's rental housing market.

Non-governmental organisations and development finance institutions, such as CAHF and FSDMoc have a role to play in promoting data collection and data sharing in the rental market. FSDMoç at a local level can play a facilitative role in partnership with CAHF by engaging various market players to showcase how data shortcomings deprive market participants of the opportunity to respond to market needs. These institutions could further leverage their position to promote better collection, monitoring, analysis and formulation of policies for housing finance. Engaging government agencies and encouraging them to explore and disseminate existing data they may already be collecting could be an effective way of starting the conversation around data sharing.

#### 4.5 Further research

Further research would be useful for understanding Mozambique's rental market more holistically. Two immediate areas are highlighted: the informal rental market and the data ecosystem.

The study highlights the importance of Mozambique's informal rental housing sector. For a holistic understanding of the rental market, the informal market needs to be understood extensively. It is imperative to engage the Government and other players on the subject to ensure that future housing strategy drives the development of more affordable, safe and appropriate housing for purchase and rental.

The scope of a follow-up study should also be expanded to understand what is needed to bring government and other market players into the data ecosystem for the benefit of the rental housing agenda. This includes following up with the process of policy development and implementation, to ensure that the rental housing market is sufficiently covered and effectively supported.

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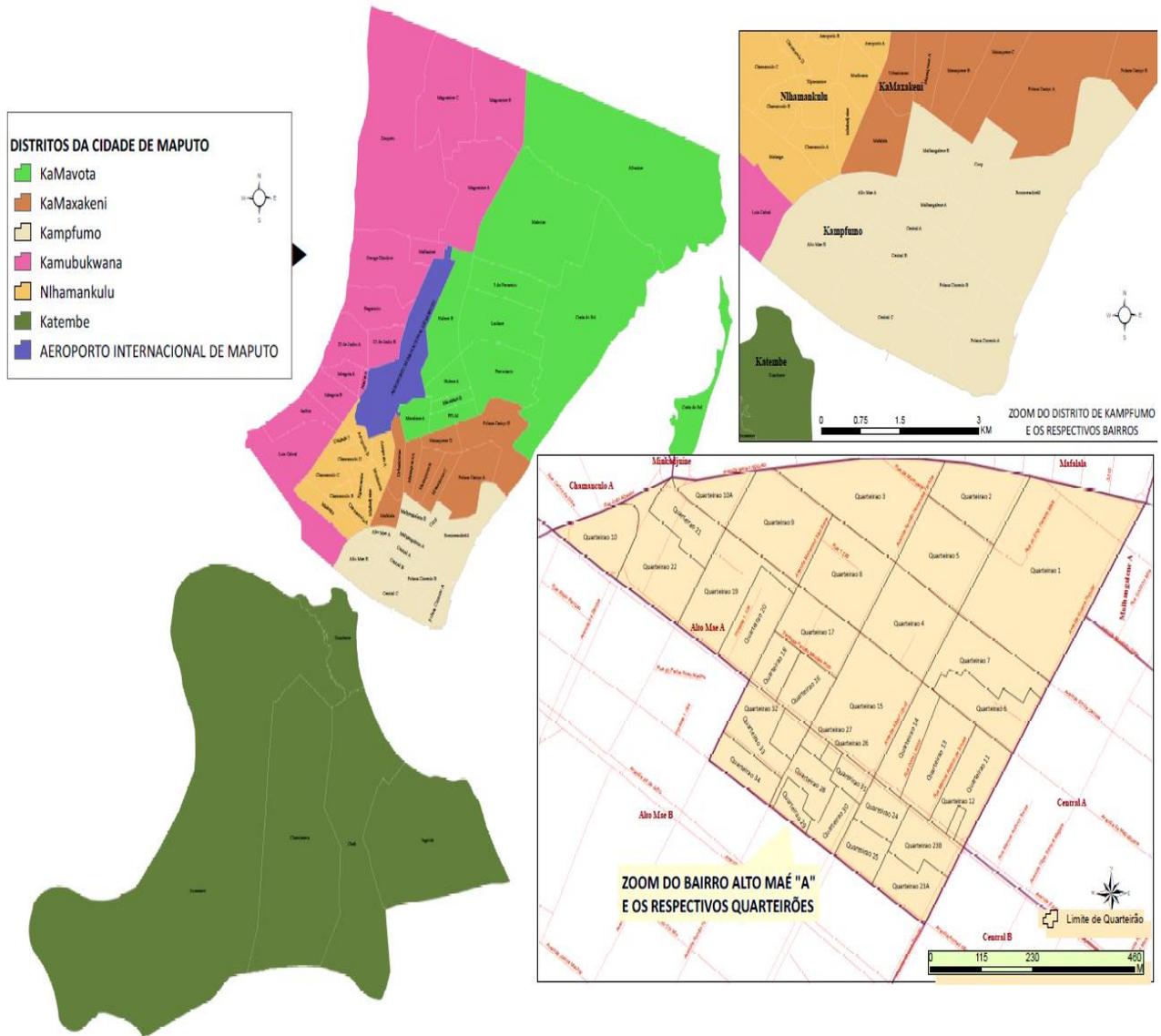
## Annexures

### Annex 1: Website scraping scope and coverage

	Listings	Sample	Data collected
<b>Jumia MZ</b>	Total listings (National): 13 919 Total listings (Maputo): 5 912 Rental listings (Maputo): 3 539	954 listings	<ul style="list-style-type: none"> <li>• Proportion of rental listings</li> <li>• Price and number of bedrooms, per location</li> <li>• Number of listings per location</li> </ul>
<b>Mais Vendas</b>	Total listings (National): 3 665 Total listings (Maputo): 3 615 Rental listings (Maputo): 1 348	97 listings	

Source: Website scraping (February 2020)

## Annex 2: Administrative structure of the city of Maputo





Centre for Affordable  
Housing Finance  
in Africa