

# Ethiopian Real Estate Development Overview

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No list of business opportunities in Ethiopia would be complete without the juggernaut: Real Estate. The real estate market in Ethiopia has been incrementally heating up and not only in the capital city Addis Ababa, but throughout the country.

It has been attracting capital from domestic and foreign investors due to the rapid urbanization and severe housing problems facing the citizens.

The real estate sector has contributed over 12.5 percent to the domestic growth of Ethiopia in the past ten years.

Whereby Real estate is “property consisting of land and the buildings on it, along with its natural resources such as crops, minerals or water; immovable property of this nature; an interest vested in this (also) an item of real property, (more generally) buildings or housing in general. Also: the business of buying, selling, or renting land, buildings, or housing.

Being a property developer is not the only way to amass a small fortune from the Ethiopian real estate. Simply buying property, renting it out for about 6 months to a year then selling it is a great way to optimize the use of your savings in the bank.

Home and land prices have been going up by more than 50% in one year and it is now cheaper to buy property in the developed world than it is in some cities of Ethiopia.

For example a 500 square meter plot in Addis Ababa’s Bole area with a demolishable home is selling from 13,500,000 ETB or 500,000 USD to 27,000,000 ETB or 1,000,000 USD. In the Merkato area of Addis Ababa, a 500 square meter plot is selling for 189,000,000 ETB or 7,000,000 USD.

Buying condominiums for cheap, simply but beautifully designing the finishing work, furnishing it and renting it out weekly or monthly to foreigners is also another great way to make use of money sitting in the bank.

Some examples: a standard 300 square meter G+1 villa house in Addis Ababa’s Ayat bought for 460,000 ETB or 17,037 USD in 1996 is now selling for 9,000,000 ETB or 333,334 USD to 13,000,000 ETB or 481,482 USD, that’s an average of over 2000% increase of value.

As an investor with disposable cash, ones first job is to protect its value, and if the money is sitting in a bank then it is losing value plain and simple.



Today, the Ethiopian Real Estate market is hotter than ever, especially after the new reforms being introduced in every sector of Ethiopian society.

These reforms have reignited the real estate market in Ethiopia due to the ever growing demand for homes from both the local population and the Ethiopian diasporas.

Be that as it may, when it comes to investing one’s life savings for a home, several factors come to the forefront.

For example, it is not a new phenomenon that Ethiopian real estate companies and developers have bad reputations for not delivering on time and for cost manipulation.

While some factors could not be controlled by the developers, it still remains that some untrustworthy souls looking only to enrich themselves at the hands of innocent home buyers have run rampant in the sector.



getting Image

Ethiopia's construction sector is one of the significant economic pillars in the country. Information acquired from the Ministry of Construction indicated that the real estate and other construction contributed 12.5 percent in Gross Domestic Product. With increased public demand for residence, the government has been engaged in addressing such issues by employing several condominium house schemes which have primarily benefited middle and low-income earners in the country. The government has constructed a hundred thousand houses with necessary facilities in the capital. These houses are cost-effective, and the government has successfully maximized benefitting the urban poor, civil servants, and women.

Ayat S.C Real Estate Company was initiated in 1997 G.C and

is one of the pioneering Ethiopian companies in this sector.

They have managed to complete numerous residential units, making them one of the most experienced in this sector.

Ayat S.C is indeed the largest construction company focused on residential and commercial buildings in Ethiopia.

They had some challenges at beginning when they were first building and selling the Ayat villa houses in the Ayat area, since they were buying building materials from outside source which also made it hard to keep the quality control not only that it has affected the delivery time .

From its past experience Ayat had to come up with the solution and invested on buying and also building factories; doing that enabled them to deliver the right building materials according to specification and standard. In the mean time they were able to optimize cost, time and quality control. The

building materials produced by Ayat are such as terrazzo tiles, concrete hollow blocks, marbles, prefabricated slabs, septic tanks, metal doors/windows, wooden doors/*cabinets and more.*

Today, the Ayat villas which once sold for about 375,000 ETB have hold great appreciative value which are now being sold by these owners about and above 20,000,000 ETB.

At the moment, one of their largest projects are in the Ayat and CMC area of Addis Ababa with numerous apartment buildings being built and sold.

*Their prices are also considered relatively fair.*Source: [allaboutethio.com](http://allaboutethio.com), [ethiopianhome.com](http://ethiopianhome.com) and [en.wikipedia.org](http://en.wikipedia.org)