



DOES TANZANIA NEED A REAL ESTATE REGULATORY AUTHORITY?

People buy and sell houses every day, transactions which involve lawyers, agents, advertisers and many other professions. You, for one can attest to this, for you might have bought an apartment, rented a house or know a friend who knows a friend that bought a friend's house a day or so ago. With sky crappers embracing the skyline of dare s salaam, Arusha and Mwanza in huge numbers at a high pace, the real estate industry is considered to be a booming industry in Tanzania. Most real estate developers that I have met and had a one-on-one with, as clients or during chit-chats have attested that the demand for apartments for rent is very high and there is no supply to meet such demand. I estimate that, the real estate sector in Tanzania contributes at least more than 7% of the Nation's GDP (I stand to be corrected) and believe that the country can earn more. Taking the example of Sinza Kijiweni alone or the Kinondoni municipality, out of 10 houses 6 of them are rentals, be it as a full house or with multiple tenants. New tenants move in and the old leave every day, people sell and buy every day, new apartment buildings are erected every day, and this must come as a surprise to many but 8 out of 10 of the residential buildings are sold out before they are complete or sooner after completion. However, at a pleasure to some and at disappoint too many, the industry is unregulated.

By the industry not being regulated, among other problems, many face payments of rent that are way and above what are worth. In dare s salaam today, from Masaki to Mikocheni and even Sinza, most decent rentals starts at 500USD per month to 10,000 USD(Yes, I had to use dollars for the rents are in dollars). The landlords hike rentals when and how they see fit. For areas where rents are not in dollars let's say a street in Mabibo Farasi could have two houses of same standard but one going for 250,00TSh per month and the other 300Tsh per month. In sales the prices depending on for example the money problems that the seller has as reasons for the sale, or what the agent think is best of which at most times they add on top of the selling price. All these prices mostly are based on what the agent or the buyer feels is "worth" and not what the evaluator would have said, if he had been hired. From the ongoing, it is evident that Tanzania needs to follow the likes of India, UAE and Ireland, among many, to cater for this booming sector.

India had in 2013 tabled a Real Estate (Regulation and Development) bill of which among other things aimed at forming a Real Estate Regulatory Authority (RERA). United Arab Emirates has taken the same measures in 2007 to regulate the industry by establishing a Real Estate Regulatory Agency (RERA) by His Highness Sheikh Mohammed Bin Rashed Al Maktoum. Many other countries have set up entities to cater for the industry that counts for a lot of revenue to the governments, if regulated. Ireland has also the same entity under the name Property Services Regulatory Services (PSRA).

The function of these authorities like the one in UAE for example, is to set policies and plans



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in the real estate sector. It provides transparency and effectiveness of legal framework, when everyone involved in the property market can conduct a business. In Dubai they have managed to develop an on-line society for investors, developers, auctioneers and buyers, to get information as well as for supporting sectors (banks, law firm and insurance companies) could cooperate with each other and with RERA. The authorities manages the licensing all real estate activities, licensing real estate agents, regulating and registering rental agreements, regulating and supervising the owners associations, regulating real estate advertisements in the Mass media, regulating and licensing real estate exhibitions, publishing studies for the sector, enhancing national participation in the real estate sector as well as informing people on the changes in the law.

Indeed Tanzania has to do the same or better than this and help the multitude of people that deal with real estate transactions every day. The Authority should also have proper policies for handling customer complaints of which are many with customer services complying to ISO:9001:2008,ISO14001:2004,OHSAS,18001:2007.A list of all the agents, developers and registered real estate projects should be maintained on a website for access to the general public. The website can also have a list of developers who are defaulters with details of the project whose registration has been revoked or which has been penalized. This helps buyers by allowing them to review the projects that are registered with the authority and also keep a track of developers who are at default and not to invest their money in projects of such developers. The same for agents for that buyers and sellers differentiates form the go and not to go to agents.

The Real Estate Authority for a country like Tanzania can increase the burden on the Developers and the agents, but for the consumers it is a blessing as it would regulate the sector, avoid loss of money from sham agents. The move will help the government earn revenue, the agents and developers get more trust and earn more business though easier access and for Tanzanians to have faith in the real estate industry and do business with no hustle. Clearly, this will end to benefit all the stakeholders of the Real Estate Industry in Tanzania. Since there is no quantified, qualified and verified data of properties available in the market, the real estate middle men will always have the option of throwing baits and attracting clients. Having a regulatory authority and a computerized system of conducting real estate will indeed attract a significant amount of the already available FDI. Moreover, investors could be persuaded to invest into smaller projects which can support the need for housing across the country. A recent study by UNECE-United Nation's Economic Commission for Europe has indicated that the current global finance crisis was a result of the unregulated financial and real estate sectors. A fully functioning and well regulated real estate market can be an important factor to enhance the economy of a country.



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