

Research Report

ADDIS ABABA Affordable Housing - Rental H1-2023



Rising Condominium Rent Costs in Addis Ababa: A Struggle for Low-Income Residents

Miles Ethiopia | Addis Ababa Desk

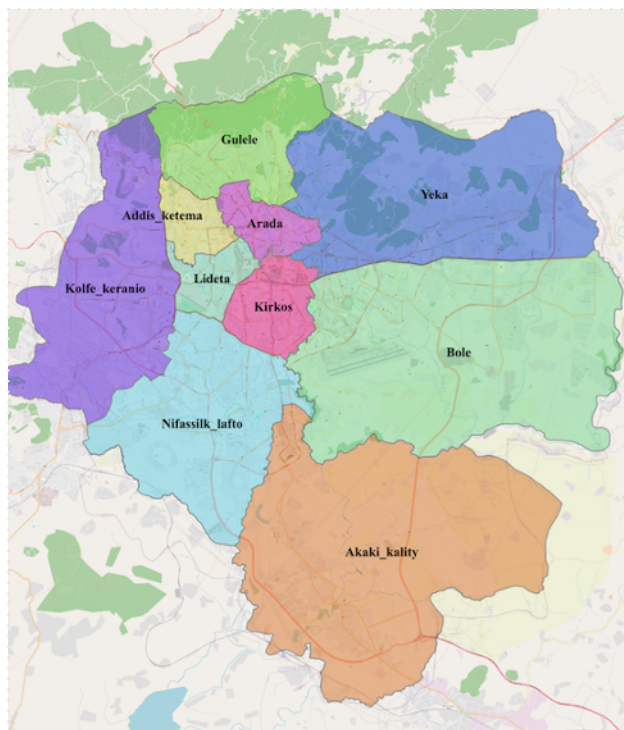
Ethiopia's population in 2023 is estimated to be 126,527,060¹, which represents a 2.55% increase from the previous year (2022), where the population was 123,379,924, reflecting a 2.57% increase from 2021. Regarding the urban population, the data shows that in 2020, it accounted for 21.7% of Ethiopia's total population. This percentage increased to 22.17% in 2021 and further rose to 22.7% in 2022. The projected urban population for 2025 is 23.5%. The average annual increase in the urban population is 4.83%.

Addis Ababa plays a vital role in Ethiopia's urban development. As of 2022, it generates 29% of Ethiopia's urban GDP and contributes 20% to the national urban development. These figures indicate the economic significance of Addis Ababa within the country. Moreover, Addis Ababa has undergone rapid socioeconomic changes and physical transformation over the past two decades, attributed to the efforts of both the government and the private sector, which have been focused on development-oriented initiatives.

Addis Ababa is experiencing significant population growth and urbanization. In 2023, the estimated population of Addis Ababa is 5.46 million, which reflects a 4.45% increase from the previous year, 2022². In addition to natural growth the city's population growth can be attributed, in part, to the influx of migrants from other parts of the country. According to survey conducted by the Central Statistics Agency (CSA) in 2021, migrants make up 42.2% of the total population in Addis Ababa. Furthermore, within this migrant population, two-thirds fall within the age bracket of 15-39 years, indicating significant number of young people migrating to the city.

With the increasing population, there is a rising demand for affordable housing in Addis Ababa. The city needs to address this demand and ensure access to adequate and affordable housing options for its residents. The government of Addis Ababa has recognized the urgent need for affordable housing and has implemented several initiatives and housing programs to address this issue. One of the key programs is the Integrated Housing Development Program (IHDP), which primarily focuses on condominium housing. This program aims to provide housing for the lower and middle-income segments of society, create job opportunities, improve the livability of the city, and enhance its image.

Since its inception in 2005, when the population of Addis Ababa was 3.6 million, approximately 835,000 residents have registered for condominium housing. However, as of 2019, only about 176,000 residents had received houses, and by 2022, nearly 300,000 houses had been transferred⁴. This means that only around 35% of the registered residents have been able to obtain housing through the program.



Addis Ababa main administrative structure: 10 sub-cities. Our report focuses on parts of Arada, Bole, Old Airport, Kazanchis, Kirkos, Lideta and Yeka, Lebu - Source: map by Miles



References:

1. United Nations - World Population Prospects.
2. UN World Urbanization Prospects.
3. Central Statistics Agency (CSA, 2021).
4. Fortune, Nov 9, 2019



DEMOLITION AND EVICTION AROUND ADDIS ABABA CREATES PRESSURE ON RENT PRICES

Addis Ababa, the capital city of Ethiopia, has been experiencing significant immigration due to various factors, including man made and natural causes. This influx of migrants from different parts of the country has put immense pressure on the city's housing market, particularly in the low-income segment.

Nearly 100,000 households were displaced⁵, around Addis Ababa mainly in the newly formed Sheger city, adding to the existing housing challenges faced by the city.

The displacement of such a large number of households has created additional pressure on the demand for low-income housing in Addis Ababa. The already limited availability of affordable housing options in the city has led to a surge in prices, making it even more difficult for low-income individuals and families to secure adequate housing. The housing market has become increasingly unaffordable for those in need of affordable accommodation, exacerbating the existing housing crisis.

SPACIAL VARIATION OF CONDOMINIUM RENT PRICE IN ADDIS ABABA

The spatial variation of condominium rent prices in Addis Ababa can be attributed to several factors, including proximity to amenities, transportation infrastructure, socioeconomic factors, and neighborhood characteristics. The high-value areas may have experienced higher demand due to their accessibility, while low-value areas may have been influenced by factors such as limited amenities or lower desirability.

The analysis of spatial variation indicated that the highest rental price for a studio apartment was found in the Jemmo site, with a price of 21,000 ETB. As for one, two, and three-bedroom units, the highest rental prices were observed in the Senga Tera Condominium, with prices of 30,000, 35,000, and 40,000 ETB, respectively. On the other hand, the lowest rental prices across all bedroom categories, ranging from 4,000 ETB (for studios) to 12,000 ETB (for three-bedroom units), were found in the Koye Fiche site. Following Koye Fiche, the sites with the next lowest rental prices were Summit and Ayat.

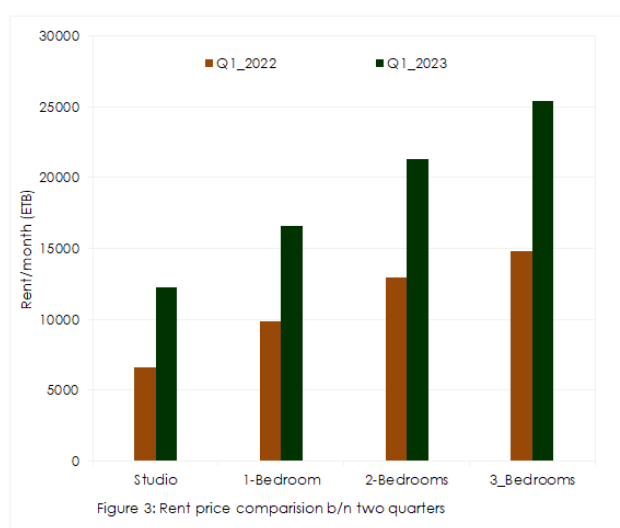
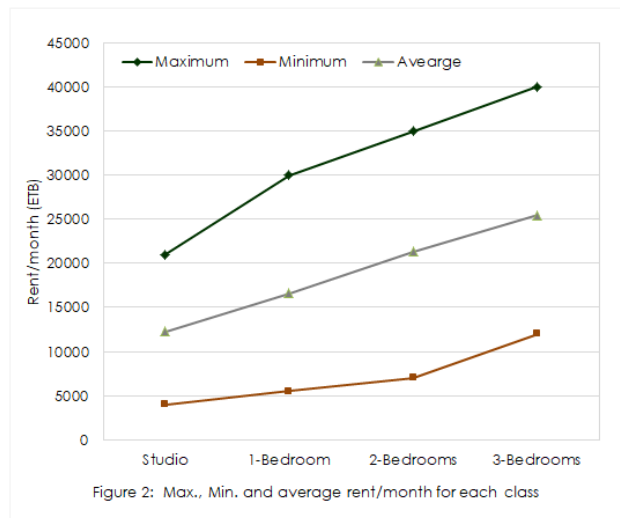
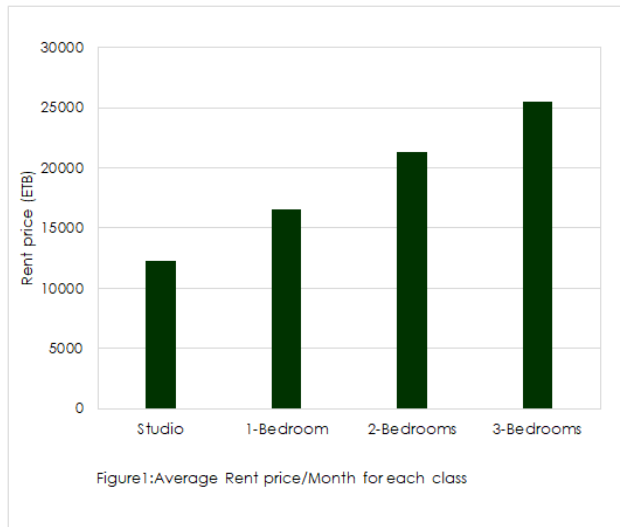
RENTAL PRICES PER CLASS

In Q1-2023, there was a significant increase in rent prices compared to Q1-2022. The average rent prices for different types of properties were as follows: studios were priced at 12,260 ETB, 1-bedroom units at 16,565 ETB, 2-bedroom units at 21,340 ETB, and 3-bedroom units at 25,443 ETB. These figures indicate a rise in rent prices of 87% for studios, 68% for 1-bedroom units, 64% for 2-bedroom units, and 74% for 3-bedroom units compared to Q1-2022.

Despite condominiums being considered a more affordable housing option for low-income residents in Addis Ababa, the rise in rent prices has made it difficult for individuals with limited income to afford rental houses. The increasing cost of renting accommodations can create a significant financial burden, particularly for low-income individuals and families. It may be challenging for them to find suitable housing options within their available income.

References:

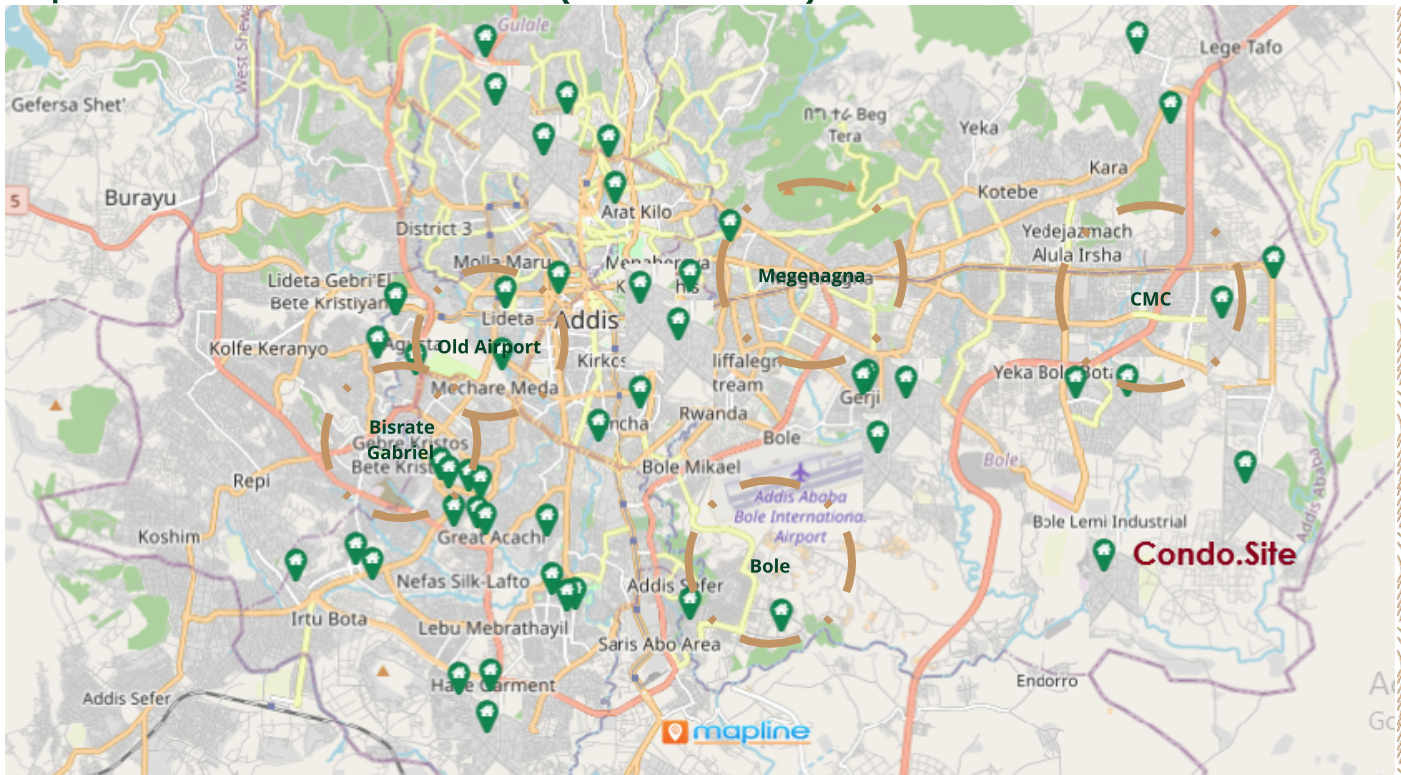
5. Ethiopian human right commission, 31 May 2023: press release.



Source: Miles data



Map of All the Residential Locations (Condominiums)



Note

The image above is a topographical view of Addis Ababa, Ethiopia to show case the amount of concentration of Condominium sites.

Rental Price Summary - Price per No. bed-rooms

Table 1: Max., Min. and Average rent price for each class/month

Class	Studio	1-Bedroom	2-Bedrooms	3-Bedrooms
Maximum	21,000.00	30,000.00	35,000.00	40,000.00
Minimum	4,000.00	5,500.00	7,000.00	12,000.00
Average	12,260.00	16,575.47	21,340.00	25,443.18
Std.deviation	3,089.72	5,065.72	5,912.86	6,979.95

Note

This report is constructed under the residential housing classification and is based on the EIABC (2012) classification. Thus the analysis is based on four major types of residential housing namely apartment, condominium, villa and town home (row houses). In each type of residential housing classification parameters that describe the property of the house are collected from the ground (primary sources) and from online websites (secondary source).

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