

## Sovereignty Bill

## Sovereignty Bill shakes property market confidence

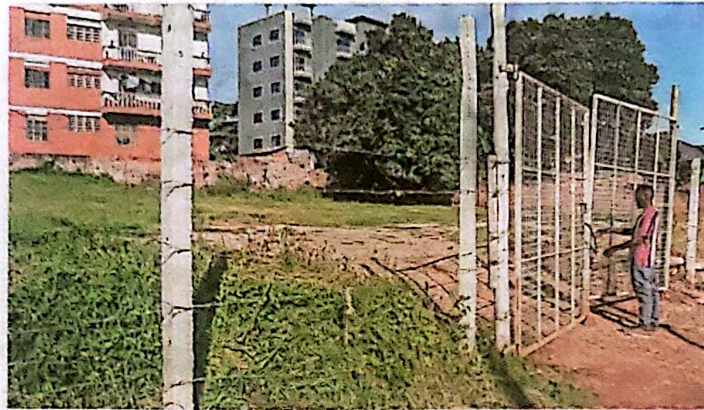
PROPERTY  
WILBERFORCE  
NSAMBAWilberforce  
Nsamba

In real estate, confidence is everything. People do not buy homes, build shopping malls, or finance apartment blocks on a whim. They do so because they believe that the rules will remain clear, that their investments will be protected, and that the economy will continue to reward long-term commitment.

Uganda's proposed Protection of Sovereignty Bill should concern more than politicians, civil society organisations, or the banking sector. If passed in its current form, it could reshape Uganda's real estate.

This is about trust. Uganda's property market has grown into one of the region's most dynamic sectors, attracting capital from local investors, the diaspora, and international developers. Across Kampala and other urban centres, foreign-backed investments have helped finance office towers, shopping malls, industrial parks, hotels, and high-end residential estates. These projects have created jobs, expanded cities, and stimulated countless other sectors.

But capital, much like a cautious tenant, does not settle where uncertainty hangs in the air.



A piece of land in Kampala. PHOTO/IBRAHIM KAVUMA

The Sovereignty Bill introduces that uncertainty. Its broad and sweeping definitions of who qualifies as a "foreigner" or an "agent of a foreigner" risk unsettling investors who value predictability above all else. That category could potentially include foreign investors, multinational firms, Ugandans living abroad, and local businesses with foreign shareholders or international financing arrangements.

For many investors, that ambiguity alone may be enough to pause. And in investment, hesitation can be costly. Uganda has long relied on foreign direct investment to drive major real estate developments. Commercial office buildings, hospitality projects, logistics hubs, and premium residential communities

often depend on international capital and expertise. If investors view Uganda as a more complex or riskier market, many will simply redirect their funds elsewhere. After all, money is famously mobile—and rarely sentimental.

The result would be fewer large-scale developments, especially in the commercial and luxury segments where foreign participation is highest.

The diaspora, too, could feel the chill. For years, Ugandans living abroad have been among the most reliable investors in the property market. They have bought land, built family homes, financed rental units, and invested in mixed-use developments. In many cases, diaspora remittances have been the in-

visible scaffolding behind Uganda's housing boom.

Yet under the proposed Bill, Ugandans residing abroad could be classified as foreigners for regulatory purposes. That raises uncomfortable questions. Will they face additional compliance requirements? Will routine property transactions become more cumbersome? Will some simply decide that investing back home is no longer worth the bureaucratic uncertainty?

If a fraction of diaspora investment slows, the effects will be felt across the housing market. Then there is the issue of financing. Real estate is a capital-hungry business. Developers rely heavily on bank loans, syndicated financing, and offshore credit facilities. Many of Uganda's banks themselves have foreign shareholders or depend on international capital flows.

The Uganda Bankers' Association has already warned that the Bill could complicate cross-border transactions and create significant compliance burdens. For developers, this could translate into more expensive loans, longer approval times, tighter lending standards, and reduced access to foreign-denominated financing. In an industry where project viability hinges on financing costs, even small increases can make the difference between breaking ground and shelving a project.

ing a project.

Commercial real estate would likely feel the impact first.

Office towers, retail centres, logistics parks, and hospitality developments depend heavily on multinational tenants, international brands, and foreign investors. If multinational companies begin questioning Uganda's regulatory environment, demand for premium office and retail space could soften. Occupancy rates may decline. Rental yields could come under pressure. Property values in prime commercial districts may stagnate or fall. A market that has been growing could quickly become one where investors prefer to wait and watch. Not every segment would suffer equally. Affordable housing and local land markets, driven largely by domestic demand, may prove more resilient. Uganda's rapid urbanisation, youthful population, and persistent housing deficit will continue to underpin demand.

When confidence weakens, property values often follow. Real estate markets are built as much on perception as on brick and mortar. Increased regulatory risk tends to make buyers more cautious, lenders more conservative, and investors more demanding. Developers may delay projects.

The writer is a real estate expert.