HOMES & CONSTRUCTION

BY BRIAN MAYANJA

Since the enforcement of the Trade Order in Kampala and other local governments, players in the real estate sector say demand for commercial buildings has surged in towns across the country

CLEANER CITIES

Real estate players expect Government to compel landlords to renovate ageing buildings as part of efforts to improve the image of cities and municipalities.

Already, Masaka city authorities have directed landlords to upgrade buildings to meet city standards.

"To maintain hygiene and improve drainage, KCCA should also install garbage collection points for residents," Ramathan Mulondo, the managing director of Freedom Properties Ltd, says.

Also, security experts believe the order could help reduce crime, especially among casual labourers.

REAL ESTATE: TRADE ORDER DRIVE BOOSTS LANDLORDS, GOVT REVENUE

John Musoke, a landlord with commercial buildings in Kisaasi, Nakawa division in Kampala, is rushing to renovate his premises to attract tenants. His decision follows the growing demand for shop space after Government enforced the Trade Order, forcing vendors to vacate streets and road reserves.

"I have remodelled some buildings to match the new trend. I installed tiles and ceilings, which pushed me to increase shop rent from sh300,000 to sh500,000," he says.

Musoke is not alone. Many landlords in Kampala, Wakiso, Mukono and Masaka are benefiting from the renewed demand for commercial space.

Before the enforcement, several newly-built commercial premises remained vacant. However, after Kampala Capital City Authority (KCCA) and other local governments evicted vendors from streets and pavements, landlords quickly found tenants.

"When KCCA removed street vendors, it was good news for us. Within a month, my building in Makindye was fully occupied. Even now, brokers keep calling to ask whether I still have vacant rooms," says Rose Nakazibwe, a landlady in Makindye division.

Two months ago, the Government directed city authorities and local governments to restore order in urban areas by removing vendors operating on streets, pavements, verandahs and other undesignated spaces.

PROPERTY DEMAND RISES

Players in the real estate sector say demand for commercial buildings has surged in Kampala suburbs and neighbouring districts.

"This has forced landlords to increase rent and in some places it has doubled. Even before construction is completed, brokers bring tenants who pay in advance. Commercial rental business is booming," says Ramathan Mulondo, the managing director of Freedom Properties Ltd.

However, Mulondo advises landlords to sign formal tenancy agreements with the new tenants to avoid future conflicts.

"These former street vendors need clear written rules before occupying the premises," he says.

Mulondo also urges traders to adopt better business management practices.

"They should keep proper records so they can monitor profits, pay rent on time and comply with licensing requirements. Life on the streets was almost lawless. In formal premises, failure to pay rent can easily lead to eviction," he adds.

In urban centres near Kampala such as Gayaza, Kalagi, Budo and Nabbingo, former street vendors have rented shops, boosting commercial activity in the areas.

Gabriel Sekitoleko, a real estate dealer, says demand for commercial buildings has also risen in those areas, although rent remains lower than in Kampala.

"Many vendors are settling there because rent is affordable. In places like Nabbingo, rent for a large room is around sh500,000," he says.

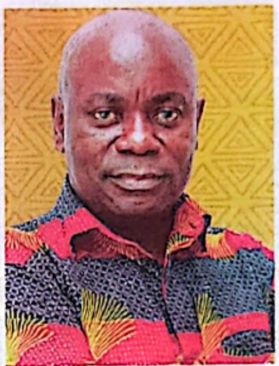
ECONOMISTS CAUTION

Some economists have warned landlords against treating the increased demand as a permanent windfall.

Dr Fred Muhumuza of Makerere University says some tenants may struggle to sustain rent payments.

"We have seen people borrowing money just to pay rent for three months. Afterwards, they abandon the premises or fail to renew contracts," Muhumuza says.

He explains that some traders relocated to areas such as Magere



Dr Fred Muhumuza, economist

and Wampewo hoping to make profits, but stiff competition could affect their businesses.

"In the end, some may fail to pay rent," he warns. Real estate players also report growing demand for plots of land outside Kampala, as investors seek to build commercial structures targeting displaced vendors.

"People are buying land and constructing commercial buildings to rent out. Demand for plots has increased in areas such as Gayaza, Nabbingo and Mukono," Sekitoleko says.

However, he doubts whether vendors with less than sh1m in capital can afford rent of sh500,000 per month.

"Some former vendors who lived in *mizigo* houses have already returned to their villages after losing income. Many can no longer afford rent," he adds.

RENT WORRIES TENANTS

The growing demand for commercial space is worrying many traders, who fear that lower-income business owners may be priced out.

Shamim Namukasa, a shopkeeper in Bunga, Makindye, says rent for commercial rooms in her area has doubled within months.

"In Kansanga, Bunga and Ggaba, there are many commercial buildings, but the rent is too high. Unless business is doing well, it is difficult to raise the monthly rent," she says.

As the Government enforces the order, real estate players are also calling for more investment in housing to address Uganda's estimated housing deficit of 2.4 million units, according to the lands ministry.

Marlick Ssazi, the chairperson of the Uganda Tenants' Association, says high demand for commercial buildings is likely to push rent even higher.

"Even in areas outside Kampala such as Nansana, it is difficult to find business premises below sh500,000," he says.

GOVT REVENUES INCREASE

Government agencies are also benefiting from the formalisation of businesses.

KCCA says there has been a sharp increase in business registration and revenue collection since the trade order enforcement began.

Sharifah Buzeki, the KCCA executive director, says the authority registered 22,909 new business licences worth sh5.07b between February and April this year.

In December 2025, KCCA registered 15,628 licences worth sh3.9b.

KCCA says the figures show that more businesses are joining the formal sector.

However, Muhumuza argues that it is too early for celebration.

"KCCA should tell the public how many of those registered businesses are still operating. Some people may have bought licences hoping to get capital later, but failed," he says.

Local government minister Raphael Magyezi recently directed local governments to ensure that all development approvals comply with the Building Control Act and the Physical Planning Act to support orderly urban growth.