



# STATE OF THE HOUSING INDUSTRY- SUDAN

*Sudan*



*2019 IHA Annual Meeting*

**SUDANESE CONTRACTORS ASSOCIATION**



**Presented by  
Dr.Malik Ali M Dongla**

**Ph.D. MSc.(Eng.) BSc.FCIOB ,FSES ,CCM**

**Chairman Sudanese Contractors Assistant**



## STATE OF THE HOUSING INDUSTRY- SUDAN





## *STATE OF THE HOUSING INDUSTRY- SUDAN*

### **COUNTRY:**

Name of Organization: Sudanese Contractors Association

Organization Overview:

Established in 2000 as a professional private business associate group of contractors

It includes more than 3500 members

Sudanese Contractors Association consist of many chapters:

Construction Contractors.

Infrastructure Contractors.

Electromechanical Contractors.

Petroleum and Gas services.

Engineering Services Contractors.



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### 2- Country Economic Statistics:

Indicator	Value	Year
Total Population	40.53	2017
Population Growth(annual %)	2.4	2017
Young Population(under 15 yrs)(%)	45	2015
Percentage of the total population below National poverty line(%)	53	2016
GDP(US\$)(Billions)	117.4 9	2017
GDP Growth (annual %)	4.3	2017
GDP per capita	202.1 8	2018
Inflation (GDP deflator)	32.9	2017
Unemployment rate	20.6	2018



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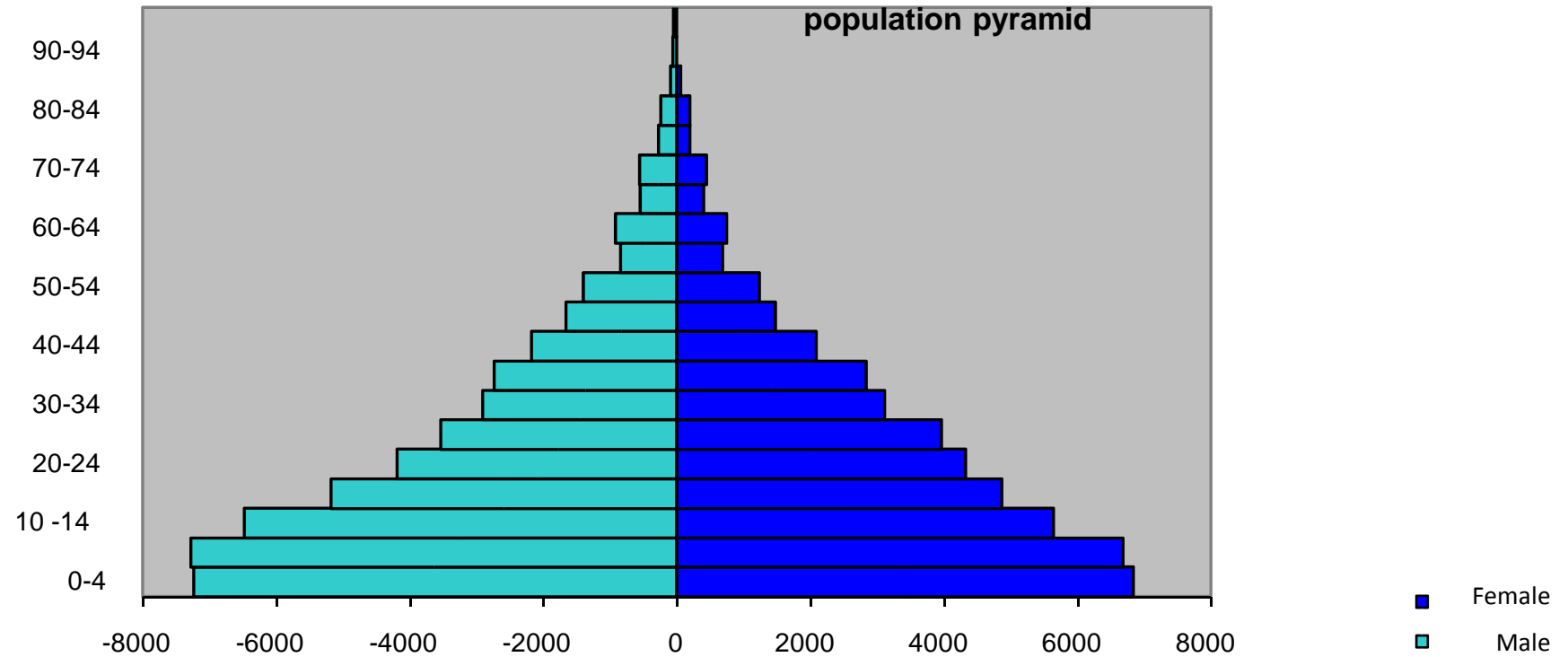
### 2- HOUSING ECONOMIC STATISTICS:

Indicator(%)	Value	Year
Construction of GDP	3.4	2013
	1.8	2018
Lending interest rate	12	2018
Mortgage interest rate	12	2018
Down payment	50	2018
Housing price inflation	17.7	2018



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Figure (1) Population pyramid





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**Table (1.1)**

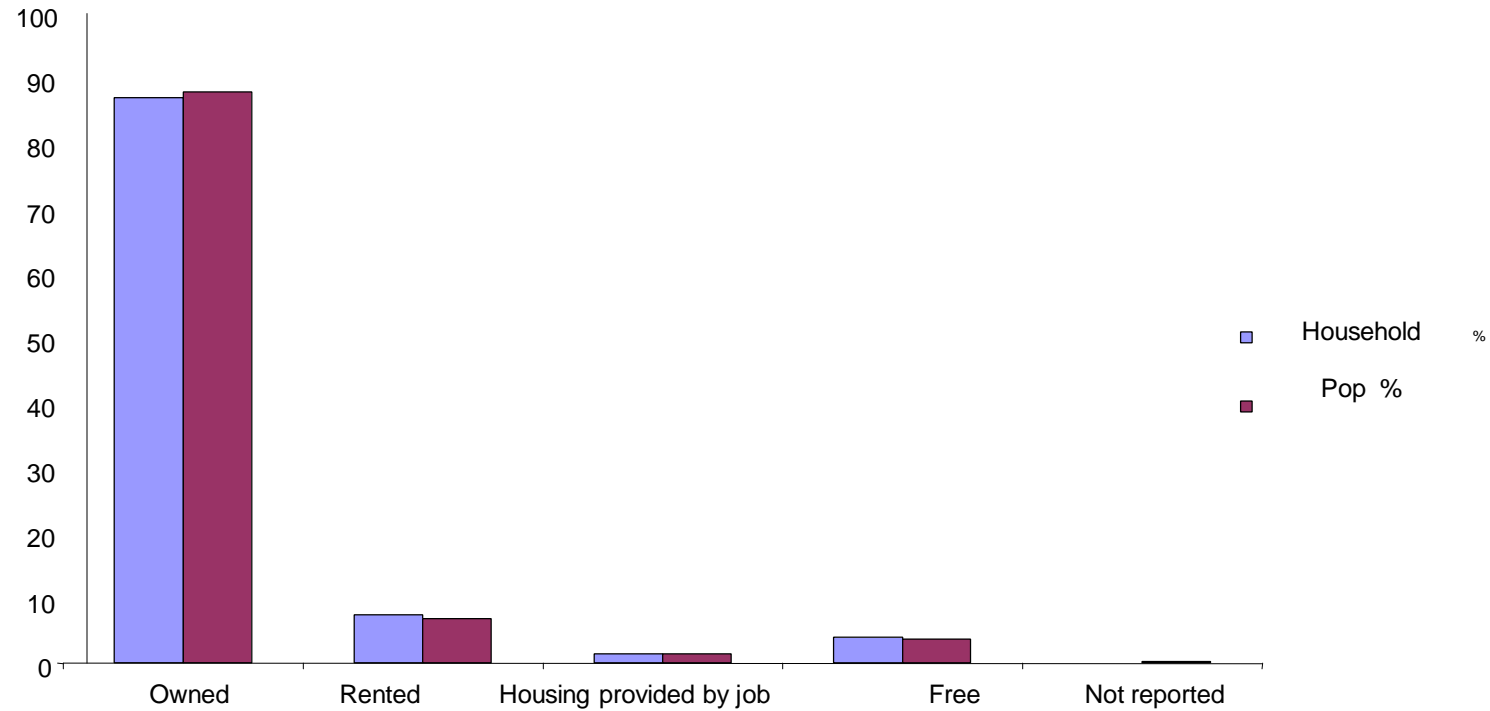
**Percent Distribution of Household and Population by Tenure Status and Mode of Living**

Type of Tenure	Total		Urban		Rural	
	HH	Pop	HH	Pop	HH	Pop
Owned	86.98	87.82	67.39	70.59	94.41	94.95
Rented	7.42	6.84	21.66	19.14	1.89	1.76
Housing provided by job	1.39	1.41	4.85	3.15	0.75	0.75
Free	3.93	3.66	13.76	6.73	2.77	2.54
Not reported	0.00	0.27	0.00	0.39	0.00	0.16
blank	0.29	00	1.00	00	0.16	00



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**Fig (1-2) Households and Population by Tenure Status (Total)**







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### Percent Distribution of Household and Population by Tenure Status and Mode of Living

Type of Tenure	Total	
	Household	Pop
Owned	85.19	86.78
Rented	8.44	7.7.84
Housing provided by job	1.49	1.52
Free	3.80	3.52
Not reported	0.36	0.33



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### **3- Trade Tariffs: Building Products**

**3.1 Are global changes in trade tariffs affecting the price of building materials in your country? Yes! But essentially it is about local condition**

**a)** Sudan mainly relies on imports for most its building materials, Sudan has witnessed an increase in national cement production, which covers local need and produces excess for export.



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### *- Trade Tariffs: Building Products( Continue)*

Current building costs per square metre vary from SDG1 200/m<sup>2</sup> (US\$67/m<sup>2</sup>) to SDG3 000/m<sup>2</sup> (US\$167/m<sup>2</sup>) depending on construction type. A load-bearing structure with “agid” (jack-archstructure) roof with basic finishes would cost about SDG1 200/m<sup>2</sup> (US\$67/m<sup>2</sup>). A reinforced concrete frame building with high quality finishes would cost an estimated SDG3 000/m<sup>2</sup> (US\$167/m<sup>2</sup>) or more. One estimate of large scale building costs may be derived from Jawhara Al Awda Residential Development, a project self-funded by Khartoum State Housing and Development Fund (Sandoog Al-Iskan Willayat alKhartoum), which provided 1 216 apartments in 76 buildings for SDG672 870 016 (US\$37.5 million) inclusive of the costs of services to the project.



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### - *Trade Tariffs: Building Products( Continue)*

**b )** The cost of construction is excessive compared to salaries, which vary between SDG400 (US\$22) and SDG1 500 (US\$84) a month.<sup>7</sup> The time needed to raise the capital funds to build a house ranges from 20 to 83 years depending on the type of house and interest rates, assuming a savings rate of 25% of income.

**c)** the cost of building a modest house – without land – would equal the gross salary of a civil servant for a decade

**d)** high construction costs are believed to be due to increasing government tariffs on materials, as duties can sometimes reach 100% or more, with another 17% as value-added tax and 1% as services on top of that. Also, the price of renting construction machines and labour costs have been pushed up by the secession of Southern Sudan. Before 2011, most labourers were Southern Sudanese and their disappearance from the market has created a shortage and triggered wage rises.



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### *Trade Tariffs: Building Products( Continue)*

**e)** As of June 2018, one ton of steel costs SDG31 500 – SDG32 750 (US\$1 754 – US\$1 823), compared to SDG7 200 in Aug 2015. A ton of cement costs SDG3 550 – 3 750 (US\$198 – US\$209) compared to SDG1 500 in August 2015. This recent increase has been accompanied by a surge in the costs of other building materials such as bricks and sand. Sand for example almost doubled in price from August 2015 to SDG3 500/US\$195 for a 18m<sup>3</sup> lorry load.



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### *So far, all of it, had affected affordability:*

- a)** Khartoum continues to see exorbitant real estate prices; the price of vacant land in central locations in Khartoum is as high as US\$1 500/m<sup>2</sup>. This is attributed to high demand, government policies, soaring inflation rates and the weakness of the Sudanese Pound
- b)** From 1997 to 2006, prices of housing, water and electricity grew almost twice as fast as the prices of tradable goods, specifically food, clothing and consumer goods. Prices in Khartoum increased dramatically around 2009. Researchers concluded that most of the low income households (50% of the population) can afford a house of nondurable materials, about two-thirds of the middle income households (10-15% of the population) can afford houses of durable materials, and more than half of the high income households (5% of the population) can afford houses of advanced materials.



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### ***Housing supply***

Sudan's Report for Habitat III 2016 noted that the contribution of public agencies to supplying adequate housing is limited. Sudanese citizens satisfy their need for housing with great difficulty by using their own savings and transfers from family members working abroad. According to the report, the average household size is 5.7 people, as reported in the 2008 Census (5.6 in 1996).<sup>10</sup> The current gap in the housing supply is estimated at approximately 2.5 million units.



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### **What is the case:**

Sudanese cities face similar challenges as other African cities. Sprawl, poverty and inequitable distribution of resources and opportunities create problematic sociopolitical dynamics. Viewed positively, peripheral areas show that different groups of people, coming from different parts of the country, have managed to co-exist; they also build differently, reflecting a wealth of local experience and heritage. Yet, the stigma around traditional neighbourhoods, materials and methods persists because of class classification systems. While residential ownership remains an important component of the housing market, many people living and working in Khartoum consider their rural homes as their permanent address





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### **Opportunities:**

Similar to many developing countries, Sudan is faced by inadequate capacity and inefficiency in the building materials industry. Lack of capacity could be attributed to; lack of required infrastructure, lack of finance, lack of production facilities, lack of skilled labor, and lack of education and training programs. The search for alternative materials and building technologies affordable for the middle and low income classes is assumed to be one of the possible solutions to the urban housing as for rural housing too. Knowledge and technology transfer could be employed as means for the provision of affordable technologies and building materials products.



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**Thank You for attention**

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