



BUYING PROPERTY IN ZANZIBAR

25 Essential Questions & Answers

A tropical island ringed by turquoise sea, with a cosmopolitan mix of people. A unique history and UNESCO-protected Stone Town. Zanzibar's charm appeals to many. Is the time right to invest in the sun-filled archipelago off the coast of Tanzania? THE FUMBA TIMES consulted experts to answer the 25 most often asked readers' questions.

- legal and practical issues
- new benefits and incentives
- helpful links and addresses


ZANZIBAR – A RISING STAR

Dear Readers,

More and more people are interested in investing in Zanzibar, our beautiful home island in the Indian Ocean. Whether you've come here as a first-time visitor, a repeat traveller or on work-related matters, we welcome all of you to take a closer look at what the archipelago has to offer. We are not only blessed with sun all year round, white beaches, a rich history and most friendly people - we also have more growth in tourism than any other Indian Ocean destination and unparalleled economic opportunities. To further enhance the positive development, the government of Zanzibar has recently introduced far-reaching new incentives and benefits for property buyers and other investors. This special by THE FUMBA TIMES is meant to answer your most often asked questions about investing in Zanzibar.

Our ministry and I welcome you warmly to our peaceful paradise, karibuni!




Hon. Mudrik R. Soraga
Minister of Labour, Economy and
Investment in the State's President Office

1 Who can buy property in Zanzibar?

Generally land is public property and only Zanzibaris can obtain the 'Right of Occupancy', but the government has implemented special zones and projects where foreigners can obtain a lease title. Zanzibar is becoming increasingly popular with second-home buyers and property investors from all over the world. There are several reasons for this: Tourism has been growing annually at 15%. The economy shows 6% annual growth. There's a large unmet demand for quality housing. New benefits and incentives make investments and property buying easier and more lucrative.

2 Are foreigners free to buy?

Yes, under certain provisions: The real estate has to be within a so-called Free Economic Zone, a strategic investment or to fall under the 2019 implemented condominium law. A condominium consists of individual units in a building or in an estate. The growing seaside community Fumba Town near the capital and the leisure complex The Soul at the East Coast are two developments where foreigners can invest safely and legally. They are eco-friendly residential and leisure projects. The developer is CPS, a real estate development company under German management, registered under the Zanzibar Investment Promotion Authority (ZIPA) with the full support of the government.

3 What are the legalities, do I become 100% the owner?

A renewable 99-year (or 33-year) title deed is granted to the purchaser with the full right to inherit, mortgage, sell and rent out your property. It is not a free hold, but because of the long duration, and because it is inheritable, it practically equals ownership.

4 Can I buy land anywhere in Zanzibar?

No. Only Zanzibaris can obtain land here and get a so-called 'Right of Occupancy'. No foreigner may do so; foreigners are limited to lease titles with certain conditions. The reason is: Zanzibar is an island with limited space. Hotels and other commercial owners lease the land after the approval of their project by Zanzibar Investment Promotion Authority (ZIPA). Permits for private residential uses are rare. The important message to take away: The easy way to obtain property in Zanzibar is in an approved real estate project.

5 How big is Zanzibar?

Two main islands, Unguja and Pemba, and about 50 smaller islets make up the archipelago with the mystical name, 40 km off the shore of Tanzania. Zanzibar is eight times the size of the Maldives, and about half as big as Majorca, Europe's premier holiday island. 50 km long and about 35 kilometres wide, the main island has an ideal size to reach any place - from historic Stone Town to the beautiful beaches - in about an hour by car. Pemba is still more remote but has great development potential. Since 1964, Zanzibar is a semi-autonomous state belonging to Tanzania, before it was an Oman sultanate and British protectorate. Population growth is rapid, from 1,2 million people in 2015 to about 1,6 million people now.

6 Why would I invest in real estate in Zanzibar at all?

Tranquility, political stability, strategic location, high growth potential and good international flight connections are the most wanted, and most cited criteria.

7 How expensive is a flat or house here?

A relative newcomer on the global investment map, Zanzibar is still at the lower end of the price scale in terms of vacation properties and permanent homes.

In Fumba Town, the growing seaside community on the Fumba peninsula, new studios start as low as TZS30 million (less than \$15,000), mid-size modern family homes at \$69,900, luxury 3-bedroom villas at \$299,900. At The Soul condominium near the popular holiday spot Paje at the East Coast, a 1-bedroom sells from \$65,900, a duplex at \$129,900 including kitchen and appliances.

8 What are the side costs?

There are no hidden costs at CPS developments. A facilitation fee of 5% is charged with the first instalment. Once a house or unit is handed over, monthly service charges of \$1-2 per sqm are paid annually, covering security, public areas, street lights, waste recycling, landscaping, internet provision, property management and maintenance.

9 What is my return on investment in Zanzibar?

Most people want a second home or investment to be 'mixed-use'. They'd like to get some rental income, but also use it for themselves and their friends and family. On top of that, Zanzibar has a high value increase of property because quality housing is much needed. With the current economic growth and demand, a dividend of 10-12% can be reached, with short-term holiday rentals, even 15% and above, depending of course on the quality and maintenance of the property. A holiday home can be a fantastic investment so long as it is well managed and plenty of use ensured.

10 How safe is my investment?

According to a recent survey of CPS, this is the question of most concern to investors, politically and economically. Zanzibar is considered one of the safest African destinations by travel experts. The Zanzibar constitution protects ownership by the 'Land Tenure Act' against "unfair seizure". Repossession of property by the government is not allowed. If ever necessary, compensation has to be paid at „market value“, says the law. Your property is also protected by international investment protection laws. In case of any property dispute, Zanzibar entitles buyers to seek UN and international jurisdiction.

11 Does Zanzibar grant homebuyers a golden visa?

Not quite yet. Such free, permanent residencies for homebuyers are granted for instance in Portugal and Turkey, but Zanzibar has come close to it with ground breaking improvements and more security for homebuyers which came into effect in 2021. Homebuyers had been waiting for this move for years. The new tax and residency program applies to strategic investment projects and is meant to encourage foreigners to live and invest. It includes

- residency for home buyers and their family
- 50% less capital gain tax when reselling property (usually tax here is 20% of the profit)
- 50% less on stamp duty
- 100% repatriation of profit allowed after tax

12 Is there a minimum investment to qualify for a visa or other benefits?

\$100,000 is the minimum. If you happen to pay less for your property, like for instance in Fumba Town, buying multiple units also qualifies for the benefits.

13 How long can I stay?

A residency is valid for a minimum of two years and costs \$550-\$3000 depending on the residency type. It will be granted repeatedly as long as you own property.

14 Can my family come with me?

The permit is valid for the spouse and up to 4 children; dependants pay \$0-\$500 depending on the type of residency.

15 Who will take care of my property, including renting it out?

You can do it yourself or get attractive management packages starting at \$25 per month in CPS projects. They cover, for instance, basic house maintenance and tenant management while you are away. Complete letting packages come at 7% of the rent achieved, including marketing and contractual agreement with tenants.

16 I love the island and come here frequently, but I am unsure: Is it better to rent or buy?

Your choice ultimately depends on what you want from the property, but being fond of and familiar with the area certainly helps. If you have an appreciation for Zanzibar (and Africa), and share a vision of sustainability, modernity and community values, do your math calculations and see if an investment would work out for you, bringing some tangible benefits to the island, too. Best do it in the safe frame of a developer you trust.

17 I want a green investment, also empowering local people, is that possible?

Fumba Town was started with this vision. East Africa's first eco-city, now a growing small town, lies 15 km from the airport and 18 km from Zanzibar City, on the peninsula of the same name. The green city covers a 60-hectares plot by the sea with 1,5 km shoreline. Sustainability, equity and eco-friendliness are at the very core of the Fumba Town idea. It offers 94% waste recycling, innovative building technologies including timber houses, and permaculture landscaping. Solar energy is in the making. Fumba Town provides equitable infrastructure for all residents whether you rent a small studio or buy a luxury home. Through private investments Fumba Town creates urgently needed living space and hundreds of jobs in Zanzibar.

18 For whom is The Soul in Paje designed?

The Soul is a globetrotter's haven, a residential leisure facility in picturesque nature yet grounded in modernity. Surfers will find space for their kites, global nomads coworking lots on the rooftop - and your mother-in-law a man-made lagoon to swim in. The 250-unit condominium is embedded in a permaculture landscape and built also with climate-friendly timber.

The Soul in Paje is made for short or long term stays, for individual usage and return on investment. As with any good vacation home, your investment will grow on you while you are using it or renting it out.

19 Where can I check if a property deal is legal?

If in doubt, contact a solicitor or inquire with Zanzibar Investment Promotion Authority (ZIPA). See back page.

20 Can I invest in other businesses, too?

Yes, you can. In a more and more investment-friendly climate and with a whole bouquet of new incentives, Zanzibar hopes to attract fresh entrepreneurs for the blue economy (sea and fisheries related industrialisation), in manufacturing, luxury tourism, in retail, gastronomy and in the event and sports sector.

21 Is it true, you can buy whole islands here?

If you have the net worth, yes! Nine islets have been earmarked for high-end investment by the government recently among them Changuu (Prison Island), presently used for tortoise tours. The government of Zanzibar wants to see luxury holiday

developments “in the style of Singapore or Maldives to yield fast economic gains for the country”, it announced. Prospective investors are expected to prove their „financial ability and experience, environmental and community expertise“. Interested? Apply with a deposit of \$1500 to ZIPA, contact see back page.

22 What is a strategic investment?

Here’s where the big players come in. A \$100 million plus investment in Zanzibar, and \$10 million plus in Pemba fall into this category supported and encouraged by far-reaching benefits (see next point).

23 What are Free Economic Zones?

At the moment there are 5 of these zones declared by the government, including Fumba, the Maruhubi Freeport, Amani, the airport area in Zanzibar and Micheweni in Pemba. The intent is to attract large investment beneficial to economic growth and the local community. Developers in Free Economic Zones and strategic investors get far-reaching incentives: no taxes and duties on imported machinery, exemption from corporate and income tax for 10 years, no tax on rent, dividends, interest and capital gains for 10 years.

24 Who can assist me in buying or investing?

ZIPA within the Ministry of Labour, Economy and Investment in the State’s President Office issues residence permits and helps start-ups. It is meant to be a one-stop institution to assist homebuyers and other foreign investors. In addition, you may also get a law professional to help steer you through the process.

25 If I have already invested here, do I also get the new benefits?

Yes, the new rules and benefits apply also in retrospect to homeowners. Some benefits are still being worked-out in detail, such as fees and duration of residencies. The investment agency ZIPA has announced further special incentives for members of the Zanzibar and African diaspora.

OUR EXPERTS:



Shariff A. Shariff
Executive Director of ZIPA

The Zanzibar Investment Promotion Authority (ZIPA) grants incentives to investors and issues residency permits for housebuyers. We are ready to assist you in all questions pertaining to investing in Zanzibar. We welcome your inquiries.

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A Special produced by THE FUMBA TIMES, Zanzibar, 2021/2022
Publisher: CPS Live Ltd. P.O. Box 3564, Fumba Town, Zanzibar, Tanzania
Editor-in-chief: Andrea Tapper
www.fumba.town

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CPS is a real estate developer in Zanzibar and East Africa. Presently we are building the growing eco city Fumba Town in Zanzibar and the leisure complex The Soul in Paje. We are happy to answer any of your questions. Feel free to contact me personally.

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