**INVESTMENT OPPORTUNITY IN KUMASI, GHANA**

**BAMBOO AND BAMBOO PRODUCTS**

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| **Executive Summary**  Commonly referred to as the garden city, Kumasi and its environs offer numerous investment opportunities for both local and foreign investors. Over the years the city has been noted for its supply of forest timber and wood, evidenced by the number of wood and timber processing facilities that have operated in the city over the years.  However, the country’s forest resources are fast declining in size and productivity partly due to illegal logging practices, overutilization of the traditional timber species (which include Wawa, Ceiba, Asanfia, Ofram, Teak, Mahogany and Odum), unregulated farming practices and illegal mining activities. The declining rate of Ghana’s forest reserves has resulted in the adoption of stricter control on timber exploitation, which has affected Ghana’s international timber-related products trade.  Statistics from the Forestry Commission of Ghana indicate that the country’s forest resources, which stood at 8 million hectares in the early 1920s, has been reduced to an estimated 1.8 million hectares as of 2010/11 (both on and off forest reserves). The World Bank-sponsored Sustainable Land and Water Management Project in 2010 indicated a deforestation rate of 22,000 ha per year whilst Ghana reported a gross annual deforestation rate of 135,000 ha to FAO’s Forest Resource Assessment for 2010, although the net figure was reduced by an annual reforestation programme of 20,000 ha per year. At this rate, the country averagely is expected to run out of forest cover in about 20 years. This has affected Ghana’s export of timber-related products. The value of exports of plywood and wood flooring has fallen by 82.8% and 87.3% respectively from 2005 to 2010.  Recognizing the decreasing forest cover, and the potential of bamboo and the role that it can play as a suitable alternative to traditional timber, the Government of Ghana introduced in 2002 the Bamboo and Rattan Development Program (BARADEP) programme to find sustainable ways of developing the bamboo sector.  The Ghanaian climate supports the cultivation of bamboo, and the Vulgaris species is most commonly found in the country. The Ashanti Region is believed to hold the third largest stock of naturally growing bamboo in the country. The Millennium Villages Project in Bonsaaso is working with communities in the Amansie West region in the Ashanti to identify suitable land that could be used to cultivate bamboo for export and local use. An investment opportunity lies in the cultivation of bamboo and the processing of bamboo into products for the construction/real estate sector in the areas of furnishing, flooring and plywood to fill the country’s estimated 1 million housing deficit. The region is also open for investment in bamboo for products such as bamboo-frame bicycles, toothpicks, brooms, matchsticks, etc. |
| **Introduction to Kumasi**  Kumasi is located centrally in the Ashanti Region, forming an important transport and commercial hub for both domestic and international traffic. It is the key transportation link between the south and north of Ghana as well as the surrounding landlocked countries. It has a national airport with several flights a day to Accra.  With some 5 million inhabitants (4,780,380 according to the 2010 national census), the Ashanti Region is the most populous region in Ghana. The region occupies a total land area of 24,389 km2 (approximately 10 percent of the total land in Ghana) and has Kumasi as its regional capital.  Kumasi’s daytime population is estimated to reach 2.5 million people because of its role as a commercial centre. Officially, Kumasi recorded 2,035,064 inhabitants in 2010. The city’s population is growing fast; it has almost doubled since 2000, from a little over 1 million people.  **Population Trend: The Ashanti Region and Kumasi, 1984 to 2015**    ASHANTI  Source: KMA Statistics, 2012  Kumasi’s strategic geographic location makes it a brisk commercial and administrative centre, and it is often regarded as the commercial capital of Ghana, with West Africa’s largest open-area market, the Kumasi Central Market. The estimated commercial market reachable within 1 day of ground travel is approximately 12 million consumers (Ashanti region and surrounding regions, approx. half of Ghana’s population).  Kumasi has already proved attractive to a number of large foreign investors. Agro-processing giant Archer Daniels Midland (ADM) has been operating a cocoa processing facility in Kumasi since July 2009. Other major players with an active presence include Coca-Cola and Guinness, which both have bottling plants in the city. Other international companies with offices in Kumasi include Maersk, Barclays Bank, Standard Chartered Bank and Unilever, which has been operating in Ghana for over 70 years.  Ghana is divided into ten administrative regions. Each region is headed by a Regional Minister appointed by the President. The principal units of local government are the district assemblies. There are three kinds of districts in Ghana: districts, municipalities and metropolis. Between the district assemblies and the central government are the regional coordinating councils. The role of these bodies is to administer and coordinate policy implementation at the local level.  Kumasi is administered by the Kumasi Metropolitan Assembly, with the Mayor serving as the city’s chief executive officer. The Ashanti region as a whole is under the purview of the regional minister. The institution of chieftaincy is very pronounced in the Ashanti region and plays a significant role in its management, especially in the area of land administration. Most land in the Ashanti is administered by the Asantehene (Ashanti King) and relatively small portions belong to the state under the administration of the Lands Commission. The Asantehene is assisted by a variety of chiefs ranging from paramount, divisional and sub chiefs to stool and clan elders, who all play roles in land acquisition, with the Asantehene playing the ultimate role.  Kumasi is home to numerous educational institutions, including the largest science and technology university in Ghana and in West Africa, the Kwame Nkrumah University of Science and Technology (KNUST), which has a student population of nearly 28,000, comprising both undergraduate and postgraduate students.  Kumasi’s location at the centre of the Ashanti region and of Ghana, coupled with its good road network and airport, makes it the preferred trading centre for most of the surrounding regions and an important commercial centre for West Africa. Kumasi serves as the commercial hub for the neighbouring Brong-Ahafo Region, the three northernmost regions of Ghana, and parts of the Western and Eastern Regions, creating a potential market of about 12 million people. An investor can access landlocked Burkina Faso, Mali and Niger with a total potential market of over 48 million people. Merchants from these landlocked countries trade at the Kumasi Central Market, West Africa’s largest open air market — to the extent that a section of the market has come to be called the “French line".  Through Ghana’s membership in the Economic Community of West African Countries (ECOWAS), Kumasi potentially serves an even larger market of over 250 million people. |
| **OVERVIEW OF GHANA’S TIMBER INDUSTRY**  Ghana’s timber resources are depleting at a rapid pace. Statistics from the Forestry Commission of Ghana indicate that the country’s forest resources, which stood at 8 million hectares in the early 1920s, have been reduced to a little over 1 million hectares estimated for 2010/11(both on and off forest reserves). The World Bank-sponsored Sustainable Land and Water Management Project in 2010 indicated a deforestation rate of 22,000 ha per year whilst Ghana reported a gross annual deforestation rate of 135,000 ha to FAO’s Forest Resource Assessment for 2010, although the net figure was reduced by an annual reforestation programme of 20,000 ha per year. At this rate, the country is expected to run out of forest cover in about 20 years. This drastic reduction has affected Ghana’s export of timber-related products. The value of exports of plywood and wood flooring has fallen by 82.8% and 87.3% respectively from 2005 to 2010.  **GHANA’S OFFICIAL FOREST AND OFF RESERVE TIMBER PRODUCTION (2000-2005)**  *Source: Forestry Commission*  The value of exports of plywood and flooring has fallen by 82.8% and 87.3% respectively from 2005 to 2010. This significant drop is as a result of the depletion of the general stock of forest wood resulting in the strict management of the reaming forest reserves.  **Ghana’s Timber Exports, 2000 to 2010 (m3)**   |  |  |  |  | | --- | --- | --- | --- | | **Timber Product** | **2000** | **2005** | **2010** | | **Plywood** | 46,791 | 57,704\* | 6,234 | | **Flooring** | 2,218 | 6,444 | 817 | | **Rotary Veneer** | 75,059 | 59,186 | 8904 |   *Source: Forestry Commission, Ghana*  Ghana importedUS$148 million and 70 million worth of wooden products (including paper products) in 2010 and 2006 respectively.  **GLOBAL PRODUCTION OF BAMBOO**  UN Comtrade statistics, in 2009 estimated the global export value of bamboo and rattan commodities at US$1.82 billion. The total import value of bamboo and rattan commodities in 2009 was about US$1.6 billion.  Traditional bamboo and rattan products, specifically plaited products, including mats and screens, baskets and wicker work products, and semi-finished plaiting articles, constituted (40%) to the global export market in 2009. The further-processed bamboo products, such as flooring, panels, charcoal, pulp and paper, constituted 23% and bamboo and rattan furniture accounted for 21% of the total global export.  Most of bamboo and rattan commodity trade occurs within Asia, in Europe, and between Asia and Europe and North America. Consumer countries in Europe and North America form the major import market with their imports accounting for 71% of the global import value in 2009.China made up 57.3% of the global bamboo and rattan exports worth US$1.0 billion in 2009.  **Top 10 Exporters of Bamboo Globally, 2009**   |  |  | | --- | --- | | **Country** | **Volume of Global Exports (%)** | | **China** | **57.3** | | **Indonesia** | **14.8** | | **Vietnam** | **4.6** | | **EU-27** | **3.0** | | **USA** | **1.7** | | **Philippines** | **1.6** | | **Thailand** | **1.0** | | **Singapore** | **1.0** | | **Myanmar** | **0.8** | | **Malaysia** | **0.8** |   **Source: International Network for Bamboo and Rattan (INBAR)**  In 2009, the total global export value of bamboo and rattan baskets and wickerwork products was US$435 million. Of this, bamboo articles accounted for just over half (US$227 million) the amount. More than 60% of imports are to markets in EU and USA, while Japan, Canada, the Republic of Korea, Australia and Russia also have significant import markets  In 2009, the international export market for bamboo flooring was worth approximately US$252 million, with China accounting for US$224 million, or 89% of this total value. In 2009, EU and Canada were the two largest international importers of bamboo flooring, accounting for US$26 million and US$18 million, respectively, of the total global import market. USA, Mexico, New Zealand, Japan and Singapore are the other key international importers of bamboo flooring.  **BAMBOO CULTIVATION AND HARVESTING IN GHANA**  Most bamboo in Ghana grows naturally in the wild. The most prevalent is the Vulgaris species. The Forestry Commission of Ghana is responsible for the regulation of utilization of forest and wildlife resources, the conservation and management of those resources and the coordination of policies related to them.  The Western region of Ghana holds the highest stock of natural bamboo reserves estimated at over 60%, but most of the harvesting takes place in the Eastern Region due to its proximity to the Capital Accra where demand for the bamboo is higher. The Ashanti region however is the most populous region in Ghana with a population of over 4.7 million. Kumasi’s population is estimated at 2,035,064 in 2010. However because of its nature as a commercial hub, daytime population is estimated at over 2.5million. Kumasi as a result of the large population can provide an even larger market for bamboo products.  Bamboo merchants are traditionally responsible for the harvesting of bamboo from the wild and supplying to processors who on average pay GHC8.00 (US$4.00) per hundred culms of bamboo harvested from traditional land owners or custodians in southern and mid Ghana. For forest reserve areas, a permit is issued for about GHC10.00 (US$5.00) per month which will cover about 100 to 150 head loads of culm. In Northern Ghana an average of GHC0.75 (US$0.38) may be paid for each culm harvested.  Bamboo harvesting in Ghana’s northern region is done mostly in the dry seasons. In the South which includes the Ashanti, Eastern and Western Regions where bamboo is widely found, harvesting is carried out all year round.  **BAMBOO FOR REAL ESTATE DEVELOPMENT (PLYWOOD, FOORING AND FURNITURE)**  **The Real Estate Market**  Bamboo products such as plywood, flooring and furniture can provide an answer to Ghana’s growing real estate sector. Ghana’s property market is dominated by residential and commercial development. The residential market is the most active, registering an estimated 85,000 transactions per annum over the past decade, with an estimated value of about US$1.7 bn per year.  Ghana's current residential property demand is 150,000 units per annum, with a shortfall of over 100,000 housing units. Current production of residential properties average only 35,000 units per annum, implying a significant annual supply gap.  Residential property rents range from US$1,500 to US$3,500 per month for bungalows in the upper-end market. Construction costs range from US$250-1,000 per m2 for buildings.  The total number of houses as of 2010, compared with the number of households, indicated acute overcrowding in most houses. On the average, there are about 7.3 persons living in each house in Ghana. Ashanti region recorded 8.3, higher than the national average, corresponding with its high population. The census also indicated that the average household size in Ghana is 4.4 persons with about 1.6 households per house, and a total of 3,392,745 housing units nationwide. This number of households vis-a-vis the population is clearly inadequate. For instance if every household of 4.4 persons were to have a separate unit of housing then all things being equal, with a population of about 25 million, Ghana will need a total of 5,604,277 housing units.  **Bamboo Furniture**  Due to the growing deforestation resulting in low production of wooden furniture, Ghana imports significant amounts of wood and metal furniture to supplement the furniture produced locally. In 2008 Ghana imported close to US$18 million worth of wood and metal furniture. This furniture is imported primarily from Asia and Europe.  **Import of Wood and Metal Furniture Imports to Ghana (2005 to 2010)**  Source: Ministry of Trade and Industry  In Ghana currently, there are two main manufacturers of furniture, i.e. the traditional furniture makers (those who use timber/wood as raw material) and the bamboo and rattan furniture makers. The traditional furniture makers are quite numerous. In 2009, over 5000 furniture makers were relocated from one suburb of Kumasi to another under the Sokoban project.  Bamboo is used in addition to cane, rattan and wood to make furniture. Most of the bamboo furniture makers exist in clusters spread all over the country. In addition to furniture they make baskets, floor mats shoe racks, and other artifacts.  The raw material, i.e. the bamboo, is supplied by merchants, who supply the bamboo on a weekly basis. Each furniture maker buys an average of three (3) bamboo culms per week. The average price a bamboo Culm is GHC1.40 (US$0.70). Each furniture maker makes an average of one (1) set of furniture a month in addition to other bamboo products. A set of bamboo furniture which is made up of one (1) three seater sofa, one (1) 2 seater sofa, two (2) single seaters and a centre table will sell for an average of GHC500.00 (US$250.00)  The low level of production is not as a result of low demand but rather the inability of the bamboo furniture makers to supply. Most producers produce at a subsistence level, because of the lack of technical know-how and machinery to maximize their efficiency. The whole process of making the furniture is manual which tends to be time consuming. Even though they operate in a cluster, each individual is responsible for his own production from start to finish and marketing. Most of the furniture makers and bamboo suppliers are illiterate and semi literate therefore are unable to do proper costing and accounting. These factors together contribute to the low production levels.  Due of the high demand for furniture in general, most consumers use the bamboo furniture to compliment furniture made from wood. This demand has also led to an increase in imported metal and wood furniture (as indicated earlier), because furniture made from traditional wood has become more expensive.  **BAMBOO CHARCOAL**  Bamboo can be used to produce charcoal. Bamboo charcoal can replace the traditional charcoal made from trees, thus decreasing deforestation. Nigeria was the top exporter of bamboo charcoal globally in 2009, with an export value of about US$7 million  Estimates from the Food and Agriculture Organization (FAO) suggests that 14 million m3 of wood is used for energy production in Ghana. 69% of all urban households in Ghana use charcoal for cooking and heating and the annual per capita consumption is around 180 kg. The total annual consumption is about 700,000 tons.  The International Network for Bamboo and Rattan (INBAR), the Forestry Research Institute of Ghana (FORIG) and Bamboo and Rattan Development Programme (BARADEP) have piloted a programme in Tandan in Ellembelle District and Daboase in the Western region to produce bamboo charcoal. The programme works with the Micro Small Enterprise Association at Daboase. In October and November 2011, 505 tons of bamboo charcoal was produced from the programme.  **BAMBOO BICYCLES AND OTHER PRODUCTS**  Bamboo can be also used for the production of other products, such as bicycles or toothpicks, to name just a few.  Ghana has seen an average increase in the value of bicycles imported from 2000 to 2010. In 2010 Ghana imported over US$15 million worth of bicycles. Bicycles are an important means transport in the country especially in the Northern regions of Ghana.  **Ghana Bicycle Imports (2000 To 2010)**  *Source: Ministry of Trade and Industry*  The Ashanti region as a whole plays host 3 organizations which use bamboo for the production of bicycles. Two of these organizations are active in the production while the third is on a pilot basis with its emphasis the training of bamboo bicycle artisans.  The major player amongst the 3 companies is the Bamboo Bikes Limited (BBL). BBL was identified for implementation when an investor, a Kumasi indigene, participated in an “Investment Promotion for Kumasi Forum” organized by the Millennium Cities Initiative (MCI) in September 2008). This was after MCI and KPMG had profiled this investment opportunity.  The company was incorporated in 2009, however actual production begun in January 2011  **Bamboo Bikes Limited Units of bicycles sold January 2011 to June 2012**   |  |  | | --- | --- | | **MARKET** | **NUMBER OF BICYCLES** | | Domestic | 994 | | International | 80 | | **Total** | **1074** |   The company has also started producing of toothpicks using bamboo for local consumption with the aim to utilize bamboo unsuitable to the production of bicycle parts and to diversify its product range. The demand for bamboo bikes is growing and that there seems to be good potential in production of bamboo bikes. |
| **Why produce this product in Kumasi?**  **SUPPORT INSTITUTIONS**  Kumasi plays host to numerous research institutions that provide technical support for the cultivation and processing of bamboo. These institutions include   * **International Network for Bamboo and Rattan (INBAR):** INBAR is an independent intergovernmental organization established in 1997 to develop and promote innovative solutions to poverty and environmental sustainability using bamboo and rattan. Its West Africa Centre is in Kumasi. * **Forest Research Institute of Ghana (FORIG):** Forestry Research Institute of Ghana is one of the 13 institutes of the Council for Scientific and Industrial Research (CSIR). Its purpose is to conduct forest and forest products research for social, economic and environmental benefits of society. It is located in Fumesua near Kumasi. * **Kwame Nkrumah University of Science and Technology (KNUST):** The University which was founded in 1961 has a number of faculties, notably the Faculty of Natural Renewable Natural Resources which provides technical support for the forestry sector.   **AVAILABILITY OF SKILLED/SEMI SKILLED LABOUR**  Kumasi can boast of a specialized part of the labor force in the region with advanced education. Examples of skilled labor in the region are plumbers, engineers, builders, architects, etc. According to the 2010 Population and Housing Census, out of the 1,894,958 population of 15 years and older by level of education, 61,272 had attended Senior High School; 55,010 vocational/technical school; 71,222 Diploma/HND; 41,493 Bachelor Degree and 10,208 had postgraduate certificate.  Out of the total of 2,976,462 population of 15 years and older by activity in the Ashanti region, 2,073,016 are economically active and out of this figure 1,929,018 are employed. Out of the total of 1,963,012 population of 15years and older by occupation in the region, 586,436 are into agriculture forestry and fishery.  **LAND AND CLIMATE**  The Ashanti region covers a total area of 24,389 Sq Km most of which has the ideal soil structure to support the cultivation of bamboo. (Attached as Appendix I and II the soil structure of the Ashanti region).   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **ASANTI REGIONAL RAINFALL DATA in mm (2001 - 2010)** | | | | | | | | | | | | | **% Change 2010/30-Year Average** | **% Change 2010/ 2009** | | **REGION** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **10-YEAR AV.** | **30-YEAR AV.** | | ASHANTI | 1,136 | 1,637 | 1,326 | 1,098 | 1,118 | 1,384 | 1,542 | 1,412 | 1,380 | 1,380 | 1,343 | 1,345 | 3.9 | 1.2 |   Source: Ghana Meteorological Service  **Location Advantage** – Kumasi’s strategic location at the Centre of the Ashanti Region and Ghana, coupled with its good road network and airport facilities makes it the preferred trading centre for most of the surrounding regions. Kumasi is not only an economic hub for wider Ashanti/Northern Ghana but also an important trading hub for landlocked Burkina Faso, Mali and Niger, with an estimated market of over 48 million people.  **Clearly Defined Traditional Authority** – the city and region has clearly defined traditional authorities which foster peace, unity and stability. The traditional authorities are the custodians of most land, thus making the process of land acquisition relatively simpler. |
| **Potential locations in Ashanti Region**  Areas suitable for bamboo cultivation include: Amansie West District, Amansie East District, Nkwawie District, Ejisu District. The Ghana Investment Promotion Centre (GIPC), Lands Commission and the Association Of Ghana industries (AGI) are institutions which can assist investors in the identification of lands and support services.  The Millennium Villages Project in Bonsaaso is working with communities to identify and restore lands that have been degraded through illegal mining using bamboo. The MVP can provide an investor with details of such land for bamboo cultivation. |
| **Support provided by Kumasi Municipality and Kumasi Regional Administration**  The Kumasi City Investment Promotion Unit will assist potential investors in the acquisition of land for the cultivation of bamboo through site visits, due diligence of land title and other permits. |
| **Investment incentives**  **FUNDING FOR PLANTATION DEVELOPMENT**  The Ministry of Lands and Natural resources together with the Forestry Commission administer a fund that is geared at providing financial support to individuals and firms that seek to go into the cultivation of forest plantations. The Forest Plantations Development Fund Act, (Act 583) was passed in 2002. This act established the Forest Plantation Development Fund (FPDF). The Fund was established with the objective of providing financial assistance for the reforestation of degraded forest areas in the country.  For Bamboo processors Kumasi hosts several local, regional and international finance institutions some of which include Cal Bank, UT Bank, HFC Bank, Exim Guaranty Bank, Ecobank, United Bank for Africa, Barclays Bank, Standard Chartered Bank and Stanbic Bank (member of the Standard Bank group), which offer financial support to investors. |
| **Additional information**  International Network for Bamboo and Rattan: Market Potential of Bamboo and Rattan Products, 2011  Forestry Commission, Ghana: Report on Export of Wood Products (Timber Industry Development Division), 2000, 2005 and 2010 |
| **Last updated: 25 NOVEMBER, 2012** |

**Investment Opportunity in Kumasi, Ghana**

**Real Estate Development (Affordable Housing)**

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| **Executive Summary**  Thanks to the flourishing and stable national economy, Ghana’s real estate sector offers sound opportunities. The growing middle class, business people, foreign expatriates and Ghanaian expatriates investing at home are driving demand for mid-priced properties.  There is also a severe shortage of low- to low-middle-income housing, which accounts for most of Ghana’s estimated shortfall of one million residential units. To address this deficit and accommodate new households, there is the need for an annual delivery of about 150,000 units of lower-priced housing for the next 20 years. The current annual supply is, however, between 30,000 and 40,0001.  The business environment is favorable to real estate investors. Capital, profits and dividends are freely transferable; there are guarantees against expropriation; and double taxation agreements have been signed with several countries. Though the Kumasi Metropolitan Assembly (KMA) does not have a land bank, some land owners hold large tracts of land that they are willing and ready to lease for investments in real estate. In 2003 the government, in partnership with the World Bank, launched the Land Administration Project (LAP) to develop policy and institutional reform to build a fair, efficient, cost-effective land sector and crucially deliver land tenure security.  Mortgage lending is relatively well established, thanks to the existence of HFC bank, and the concept of property loans is well entrenched compared to many developing countries. Mortgage penetration is around 8%, low by international standards and indicating scope for growth. |
| **Introduction to Kumasi**  Kumasi is located centrally in the Ashanti Region, forming an important transport and commercial hub for both domestic and international traffic. It is the key transportation link between the south and north of Ghana as well as the surrounding landlocked countries. It has a national airport with several flights a day to Accra.  With some 5 million inhabitants (4,780,380 according to the 2010 national census), the Ashanti region is the most populous region in Ghana. The region occupies a total land area of 24,389km2 (approximately 10 percent of total land in Ghana) and has Kumasi as its regional capital.  Kumasi’s daytime population is estimated to reach 2.5 million people because of its role as a commercial centre. Officially, Kumasi recorded 2,035,064 inhabitants in 2010. The city’s population is growing fast; it has almost doubled since 2000, from a little over 1 million people.  **Population Trend: The Ashanti Region and Kumasi, 1984 to 2015**    ASHANTI  Source: KMA Statistics, 2012  Kumasi’s strategic geographic location makes it a brisk commercial and administrative centre, and it is often regarded as the commercial capital of Ghana, with West Africa’s largest open-area market, the Kumasi Central Market. The estimated commercial market reachable within 1 day of ground travel is approximately 12 million consumers (Ashanti Region and surrounding regions, approx. half of Ghana’s population).  Kumasi has already proved attractive to a number of large foreign investors. Agro-processing giant Archer Daniels Midland (ADM) has been operating a cocoa processing facility in Kumasi since July 2009. Other major players with an active presence include Coca-Cola and Guinness, which both have bottling plants in the city. Other international companies with offices in Kumasi include Maersk, Barclays Bank, Standard Chartered Bank and Unilever, which has been operating in Ghana for over 70 years.  Ghana is divided into ten administrative regions. Each region is headed by a Regional Minister appointed by the President. The principal units of local government are the district assemblies. There are three kinds of districts in Ghana: districts, municipalities and metropolis. Between the district assemblies and the central government are the regional coordinating councils. The role of these bodies is to administer and coordinate policy implementation at the local level.  Kumasi is administered by the Kumasi Metropolitan Assembly, with the Mayor serving as the city’s chief executive officer. The Ashanti Region as a whole is under the purview of the regional minister. The institution of chieftaincy is very pronounced in the Ashanti Region and plays a significant role in its management especially in the area of land administration. Most land in the Ashanti is administered by the Asantehene (Ashanti King) and relatively small portions belong to the state under the administration of the Lands Commission. The Asantehene is assisted by a variety of chiefs ranging from paramount, divisional and sub chiefs to stool and clan elders, who all play roles in land acquisition, with the Asantehene playing the ultimate role.  Kumasi is home to numerous educational institutions, including the largest science and technology university in Ghana and in West Africa, the Kwame Nkrumah University of Science and Technology (KNUST), which has a student population of nearly 28,000, comprising both undergraduate and postgraduate students.  Kumasi’s location at the centre of the Ashanti Region and of Ghana, coupled with its good road network and airport, makes it the preferred trading centre for most of the surrounding regions and an important commercial centre for West Africa. Kumasi serves as the commercial hub for the neighbouring Brong-Ahafo Region, the three northernmost regions of Ghana, and parts of the Western and Eastern Regions, creating a potential market of about 12 million people. An investor can access landlocked Burkina Faso, Mali and Niger with a total potential market of over 48 million people. Merchants from these landlocked countries trade at the Kumasi Central Market, West Africa’s largest open air market — to the extent that a section of the market has come to be called the “French line".  Through Ghana’s membership in the Economic Community of West African Countries (ECOWAS), Kumasi potentially serves an even larger market of over 250 million people. |
| **Market opportunity**  With some 5 million inhabitants (4,780,380 according to the 2010 national census), the Ashanti Region is the most populous region in Ghana. The region occupies a total land area of 24,389km 2 (approximately 10 percent of total land in Ghana) and has Kumasi as its regional capital.  Kumasi’s daytime population is estimated to reach 2.5 million people because of its role as a commercial centre. Officially, Kumasi recorded 2,035,064 inhabitants in 2010. The city’s population is growing fast; it has almost doubled since 2000, from a little over 1 million people. This growth presents an enormous opportunity for the development of housing units.  **Population Trend: The Ashanti Region and Kumasi, 1984 to 2015**    ASHANTI  Source: KMA Statistics, 2012  Ghana’s property market is dominated by residential and commercial development. The residential market is the most active, registering an estimated of 85,000 (both existing and newly built residential apartments) transactions per annum over the past decade, with an estimated value of about US$1.7 bn per year.  Industry sources indicate that Ghana's current residential property demand is 150,000 units per annum, with a shortfall of over 100,000 housing units. Current production of residential properties averages only 35,000 units per annum, implying a significant annual supply gap.  Residential property rents range from US$1,500 to US$3,500 per month for bungalows in the upper-end market. Construction costs range from US$250-1,000 per m2 for buildings. The total number of houses as of 2010 compared with the number of households indicated acute overcrowding in most houses. On the average, there are about 7.3 persons living in each house in Ghana. Ashanti region recorded 8.3, higher than the national average, corresponding with its high population. density The census also indicated that the average household size in Ghana is 4.4 persons with about 1.6 households per house, and a total of 3,392,745 housing units nationwide. This number of households vis-a-vis the population is clearly inadequate. For instance if every household of 4.4 persons were to have a separate unit of housing then all things being equal, with a population of about 25 million, Ghana will need a total of 5,604,277 housing units.    **Table I: Stock of houses and households by region, 2010**   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Region** | **Total**  **Population** | **No. of**  **Houses** | | **No. of**  **Households** | **Distribution of**  **Houses (%)** | **Rural share of**  **housing stock** | | **%**  **increase in**  **housing stock**  **over 2000** | | **Households**  **per house** | | **Population**  **per house** | | **Average**  **household**  **size** | | | **All Regions** | **24,658,823** | | **3,392,745** | **5,467,136** | **100.0** | **57.7** | **60.1** | | **1.6** | | **7.3** | | **4.4** | | | **Western** | 2,376,021 | | 380,104 | 553,635 | 11.2 | 67.5 | 51.4 | | 1.5 | | 6.3 | | 4.2 | | | **Central** | 2,201,863 | | 346,699 | 526,764 | 10.2 | 61.8 | 60.8 | | 1.5 | | 6.4 | | 4.0 | | | **Greater Accra** | 4,010,054 | | 474,621 | 1,036,426 | 14.0 | 13.0 | 73.4 | | 2.2 | | 8.4 | | 3.8 | | | **Volta** | 2,118,252 | | 399,953 | 495,603 | 11.8 | 72.2 | 53.8 | | 1.2 | | 5.3 | | 4.2 | | | **Eastern** | 2,633,154 | | 431,697 | 632,048 | 12.7 | 64.1 | 54.1 | | 1.5 | | 6.1 | | 4.1 | | | **Ashanti** | 4,780,380 | | 574,066 | 1,126,216 | 16.9 | 53.0 | 81.9 | | 2.0 | | **8.3** | | 4.1 | | | **Brong Ahafo** | 2,310,983 | | 331,967 | 490,519 | 9.8 | 63.4 | 56.8 | | 1.5 | | 7.0 | | 4.6 | | | **Northern** | 2,479,461 | | 257,311 | 318,119 | 7.6 | 71.3 | 47.5 | | 1.2 | | 9.6 | | 7.7 | | | **Upper East** | 1,046,545 | | 114,034 | 177,631 | 3.4 | 79.2 | 30.4 | | 1.6 | | 9.2 | | 5.8 | | | **Upper West** | 702,110 | | 82,293 | 110,175 | 2.4 | 85.4 | 62.3 | | 1.3 8.5 | | 8.5 | | 6.2 | |   **Source: 2010 Housing and Population Census**  Table I indicates that the total stock of houses in the country is 3,392,745. The proportion of houses in rural areas (57.7%) is higher than those in urban areas (42.3%). The data further show that the stock of houses increased by 60.1 percent compared with the figure recorded in the year 2000. The regional distribution shows that Ashanti (16.9%) has the highest  proportion of houses – this may be attributed to many factors such as ready markets, followed by Greater Accra (14.0%) and Eastern (12.7%) regions. The Upper West region has the lowest proportion of the housing stock (2.4%). Compared with the 2000 Census data, there are marked differences in the percentage change in housing stock across regions. The increase is highest in Ashanti (81.9%) and lowest in Upper East (30.4%).  The population per house is 7.3 and ranges from a low of 5.3 in the Volta region to a high of  9.6 in the Northern region. Generally, there was a reduction in the population per house from  8.7 to 7.3 between 2000 and 2010.  **Table II: EXTRACT CENSUS 2010: ASHANTI REGIONAL HOUSING CHARACTERISTICS**   |  |  |  | | --- | --- | --- | | **Type of dwelling** | **Number** | **Percentage of dwelling units** | | Separate house | 289,053 | 24.7% | | Semi-detached | 92,150 | 7.9% | | Flat /Apartment | 93,513 | 8.0% | | Compound house | 610,164 | 52.2% | | Huts/Buildings (same compound) | 23,888 | 2.0% | | Huts/Buildings (different compound) | 4,721 | 0.4% | | Tent | 1,905 | 0.2% | | Improvised home (kiosk, container) | 18,219 | 1.6% | | Living quarters attached to office/shop | 4,158 | 0.4% | | Uncompleted buildings | 28,938 | 2.5% | | Other | 2,321 | 0.2% | | **Total** | **1,169,030** | **100%** |   Table II shows that there are 1,169,030 dwelling units in the region. The data also shows that most households reside in rooms in compound houses (52.2%) and separate houses (24.7%). This observation is reflected across regions. Makeshift dwelling units such as tents, kiosks,  containers and attachment to shops or offices together constitute 2.0 percent. In all regions,  the proportion of makeshift structures is less than one percent except Greater Accra (6.2%)  and Ashanti (1.6%) which have relatively higher proportions of makeshift structures. |
| **Why build residential real estate in Kumasi?**  Recently the Ashanti Region has experienced a considerable increase in investment. The capital of the Ashanti Region and Ghana’s second largest is growing at a faster rate than the national capital and also there is relatively less completion in the real estate market in Kuamsi compared to Accra.  Kumasi is a centre for manufacturing and transport – it is en route between Ghana’s ports in the south and the landlocked countries to the north, and is situated in a region rich in agriculture and natural resources.  The unique centrality of the city as a traversing point from all parts of the country makes it a special place for many to migrate to.  It’s beautiful layout and greenery has accorded it the accolade of being the “Garden City of West Africa”. The metropolis has a circular road network pattern comprising five major arterial primary roads linking Kumasi to other parts of the country and they all radiate from the centre of the city. These are the Accra Road, the Tamale Road, the Wa Road, the Sunyani Road and the Cape Coast Road.  Kumasi is endowed with institutions and companies that provide inputs and offer services in the real estate sector. Services offered by these companies include architectural services, building materials and hardware, construction equipment and services, sanitary wares, doors and windows, wall and floor decorations, etc.  Kumasi can boast of a specialized part of the labor force in the region with advanced education. Examples of skilled labor in the region are plumbers, engineers, builders, architects, etc. According to the 2010 Population and Housing Census, out of the 1,894,958 population of 15 years and older by level of education, 61,272 had attended Senior High School; 55,010 vocational/technical school; 71,222 Diploma/HND; 41,493 Bachelor Degree and 10,208 had postgraduate certificate.  Out of the total of 2,976,462 population of 15years and older by activity in the region, 2,073,016 are economically active and out of this figure 1,929,018 are employed. Out of the total of 1,963,012 population of 15years and older by occupation in the region, 73,181 are involved in construction and 495 are in real estate.  **Population Trend: The Ashanti Region and Kumasi, 1984 to 2015**    ASHANTI  Source: KMA date?  Costs of production in Kumasi, e.g labor, land acquisition, suppliers, overheads and so on are relatively low. For example labor cost is cheaper than in Accra. This is probably due to the relatively higher unemployment rate in Kumasi. Land owners are willing to lease land to real estate investors. Raw materials and equipment such as heavy duty machines are available to be hired or purchased outright. Overhead costs are also relatively lower in Kumasi than Accra and other cities in the sub region. Its unique centrality and superb road network lessens the burden of communication and transport. Kumasi is the focal point when it comes to doing business in Ghana at a lower cost.  Wealthy groups, including business people, foreign expatriates and Ghanaian expatriates investing at home favor Kumasi due to its beautiful layout, serene and greenery atmosphere. Recent years have also brought increasing demand from affluent Nigerians and other West Africans, who look on Ghana as a relatively safe and stable place to invest and have a second, or even first, home. Some send their children to school and university in Kumasi, and buy or rent properties for them.  **Foreign Community in Ashanti Region 2010**  *Source: 2010 National Population Census*  The deeds registry has been decentralised to the regions. Deed registration has been reduced to two months since mid-2010, according to the World Bank, from 36 months previously. The time for registration of deeds of sale with the lands commission has been cut from 135 days to 34 days, thanks to a ministerial directive in 2006, and further reductions are expected.  One of the most important steps was the passing of the Lands Commission Act 767 in 2008, which strengthened and streamlined arrangements for land administration. The newly established Customary Land Secretariats had compiled 58,000 land records by mid-2010 and pilot activities in areas including land use planning, land courts, deed registration and valuation, have provided information that could be scaled up |
| **Potential locations in Kumasi**  The following areas have been identified as suitable locations for affordable housing projects. These sites have been identified because of the proximity to the city centre and the general availability of land.   * Ejisu Juabeng * Pekyie 1 * Pekyie 2 * Apire   The Kumasi City Investment Promotion Unit (KCIPU) of the KMA will assist a potential investor with the identification of specific land and facilitate the land acquisition process |
| **Support provided by Kumasi Municipality and Kumasi Regional Administration**  As mentioned above, the Kumasi City Investment Promotion Unit (KCIPU) of the KMA will assist a potential investor with the identification of specific land and facilitate the land acquisition process.  The KCIPU will also assist potential investors in securing building permits for their projects. Building permits are building development consents granted to a prospective developer by the KMA to construct buildings or related structures in an approved location, within a set time frame and in line with local or national building regulations. The permit provides the necessary guarantee that a proposed building or related structure is to a large extent suitable for construction. |
| **Investment incentives**  The city hosts major international and local finance institutions that a potential investor can benefit from. There are 25 banks and one mortgage finance institution in the country. All these banks are universal in nature and provide support for the real estate sector.  The International Finance Cooperation (IFC) of the World Bank Group is also very active in providing support for the real estate sector in the country. Under the SECO IFC Ghana Primary Mortgage Market Initiative, IFC is providing partial credit guarantees and advisory services to local banks, to help them play an active role in the housing sector. |
| **Further information available**   * Ghana Statistical Service: 2010 Population and Housing Census Summary o Final Results. May 2012   Ghana Investment Promotion Centre: GIPC Act 418 (1994) |
| **Last updated:** January 29, 2013 |

This profile was prepared by the Kumasi Metropolitan Assembly’s investment promotion office, under the auspices of the Regional Partnership for Trade and Investment in sub-Saharan Africa, a project funded by the Government of Finland and implemented by the Millennium Cities Initiative (MCI)