

The Kampala Property Market Performance Review

H2 2025

Knight Frank Uganda's performance review of Kampala's property market over the second half of 2025

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KNIGHT FRANK UGANDA

2024 - 2025

Executive Summary

Kampala's real estate market demonstrated resilience in the second half of 2025, underpinned by macroeconomic stability, contained inflation, and sustained infrastructure investment. Economic growth strengthened to 6.3% in FY 2024/25, marking a full recovery to pre-COVID-19 growth levels, while inflation remained well below the Bank of Uganda's 5% target. The Uganda Shilling maintained relative stability, supported by a strong balance of payments position driven by record coffee exports and increased foreign exchange inflows. However, market sentiment remained cautious ahead of the January 2026 general elections and reduced donor-funded activity.

The **residential sector** softened modestly, particularly within prime expatriate neighbourhoods, as increased apartment supply and shifting tenant demographics exerted downward pressure on rents. Two-bedroom units recorded the sharpest rental correction, while three-bedroom units remained comparatively resilient. Occupancy levels held broadly stable, supported by growing uptake from high-income Ugandan nationals. The sales market experienced increased distressed listings, with strongest demand concentrated in studio and one-bedroom units driven by investment-led purchases for the short-let market.

The **office sector** transitioned firmly into a tenant-favourable cycle following the delivery of new Grade A+ stock, which drove a pronounced "flight to quality." Leasing activity was dominated by relocations rather than new demand, resulting in rising vacancy levels within older and Grade AB buildings. Rental levels remained stable for Grade A+ offices but softened for Grade A and AB space. Demand remained concentrated in smaller, flexible office units and suburban locations, reflecting hybrid working models, cost sensitivity, and pre-election caution.

The **retail sector** remained resilient, supported by strong growth in footfall across prime and neighbourhood malls, despite softer average spend per visit. Prime malls approached saturation, with leasing activity increasingly selective, while suburban retail continued to benefit from the formalisation of informal trade and the expansion of convenience-led retail formats. International brands and established regional chains outperformed, supported by stronger brand recognition, promotions, and experiential retail offerings.

The **industrial sector** recorded the strongest performance across all asset classes, with occupancy levels consistently above 80% and rental rates remaining firm. Demand was driven by record coffee exports, preparations for oil production targeted for H2 2026, and sustained FMCG and logistics activity.

Purpose-built and well-located industrial facilities continued to outperform, while infrastructure constraints limited short-term supply growth.

Overall, Kampala's property market enters 2026 on a stable but cautious footing. While near-term risks linked to elections and oil-sector timelines persist, long-term fundamentals remain supportive, particularly for industrial, suburban office, and convenience-led retail assets.



6.3%

Economic growth rate



3.1%

Moderate rise in headline inflation



200,000sqm

Office space in the pipeline



15%

Rise in shopper footfall



5% & 2%

Drop in occupancy rates for Grade A and AB rentals respectively

US\$2.37 Bn

“Uganda also recorded a Balance of Payments surplus of US\$2.37 billion for the year ending October 2025, the highest in over 15 years.”

Source: Knight Frank Uganda

Economic update

Economic Activity

Uganda's economy expanded by 6.3% in FY 2024/25, up from 6.1% in the previous year, according to revised GDP estimates from the Uganda Bureau of Statistics (UBOS). This performance marks a return to Uganda's Pre-COVID-19 growth trajectory and confirms a full recovery from the pandemic-related slowdown.

Looking ahead, the Ministry of Finance, Planning and Economic Development (MOFPED) projects economic growth to strengthen toward 7.0%, with the potential for significantly higher growth once commercial oil production commences. The structure of the economy remained services-led, with services contributing 42.1% of GDP, followed by agriculture (26.1%) and industry (24.3%).

Uganda also recorded a Balance of Payments surplus of US\$2.37 billion for the year ending October 2025, the highest in over 15 years. This turnaround was driven by strong export performance, particularly coffee and gold, alongside improved foreign investment inflows, supporting foreign exchange reserves and currency stability

Real Estate Activity

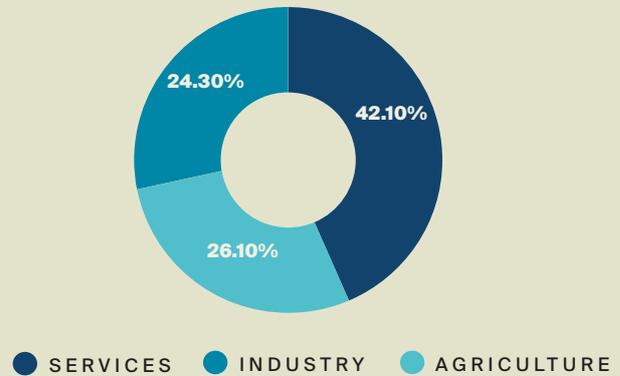
Kampala's real estate sector maintained positive momentum during H2 2025. Sector output increased from UGX 3,323 billion in Q3 2025 to UGX 3,343 billion in Q4 2025, representing 0.6% quarter-on-quarter growth. This steady expansion reflects sustained demand across residential, commercial, and industrial property segments, supported by urbanisation, infrastructure investment, and continued development activity.

Table 1: Highlights

ECONOMIC FACTOR	STATISTICS
Economic Growth Rate FY 2024/25	6.3
Central Bank Rate (CBR) December 2025	9.75
Annual Uganda Shilling Appreciation, Dec 2025	2.4%
Headline Inflation December 2025	3.1%
Core Inflation December 2025	3.1%

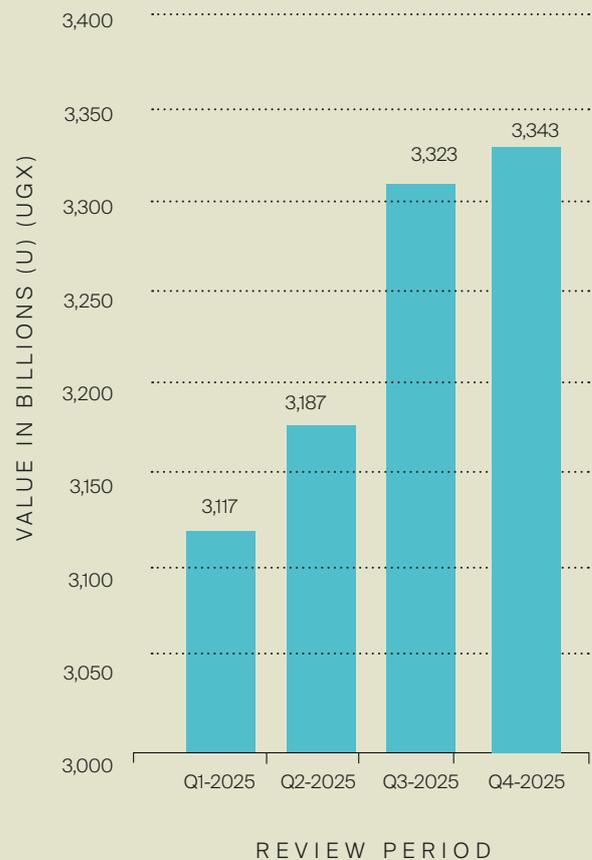
Source: Uganda Bureau of Statistics (UBOS) and Bank of Uganda (BoU)

Figure 1: Sectoral Contribution to GDP



Source: Uganda Bureau of Statistics (UBOS)

Figure 2: Unadjusted Value Added by Real Estate Activity at Current Prices



Source: Bank of Uganda (BoU)

Figure 3: GDP Growth Trends



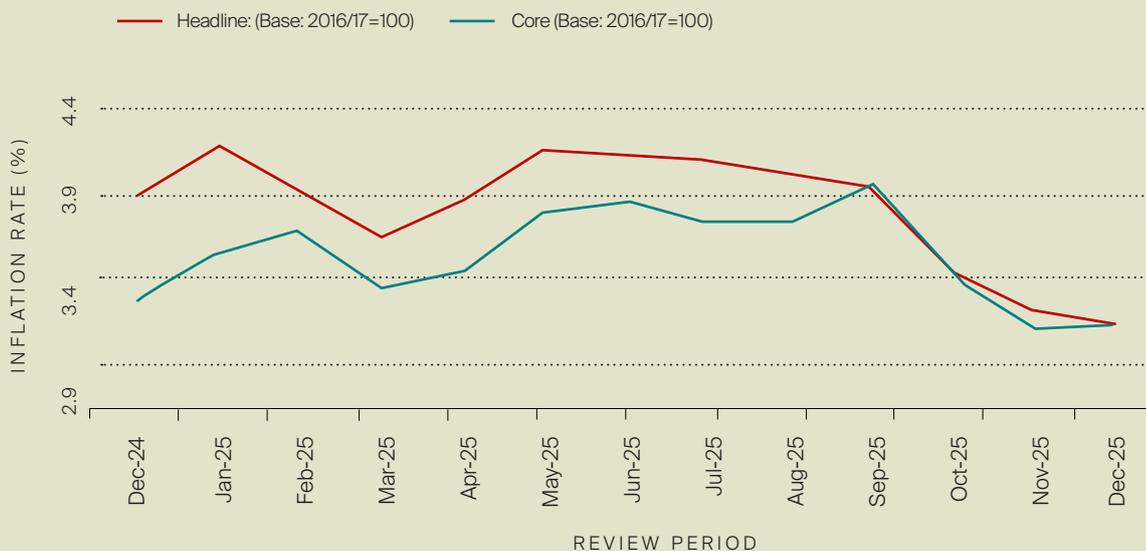
Source: Bank of Uganda (BoU)

Inflation and Monetary Policy

Inflationary pressures continued to ease in the second half of 2025, with both headline and core inflation remaining well below the Bank of Uganda’s 5% medium-term target. Headline inflation declined from 3.8% in July to 3.1% in December, while core inflation softened from 4.2% to 3.1%, marking its lowest level in nearly two years. The moderation was driven by easing food prices, favourable weather conditions, stable exchange rate dynamics, and lower global energy prices.

Against this backdrop, the Bank of Uganda maintained the Central Bank Rate at 9.75% throughout H2 2025, unchanged since October 2024. The Monetary Policy Committee reiterated that the current stance remains appropriate to anchor inflation expectations while supporting economic growth amid global uncertainty. Inflation is projected to remain below the 5% target over the next 12 months, reinforcing expectations of continued price stability.

Figure 4: Annual Inflation Developments



Source: Bank of Uganda (BoU)

Exchange Rates.

The Uganda Shilling demonstrated notable resilience during H2 2025, supported by strong export receipts, improved investor sentiment, and a favourable external position. On an annual basis, the currency recorded a 2.4% appreciation in December 2025, ranking among the most stable currencies in Africa during the period.

Although the shilling softened slightly toward year-end, this was viewed as a temporary adjustment rather than a shift in underlying fundamentals.

Business Activity

Business sentiment remained positive throughout H2 2025. The Business Tendency Indicator (BTI) stayed firmly in optimistic territory, while the Stanbic Bank Purchasing Managers' Index (PMI) consistently remained above the 50 threshold, signalling continued expansion in private sector activity. Firms reported growth in output and new orders across trade, manufacturing, construction, and services, supported by improving demand conditions.

Key Risks and Policy Considerations

As Uganda approaches the January 2026 general elections, rising political uncertainty has led some investors and businesses to adopt a cautious, wait-and-see approach.

Election-related spending, estimated at over UGX 830 billion, is expected to place pressure on fiscal space, potentially moderating capital formation in the short term. Nevertheless, macroeconomic stability remains supported by low inflation and resilient fundamentals.

In parallel, the Bank of Uganda has highlighted potential downside risks linked to delays in oil production timelines. While such risks are considered manageable in the near term, authorities continue to emphasise prudent policy management and economic diversification.

Infrastructure Developments (H2 2025)

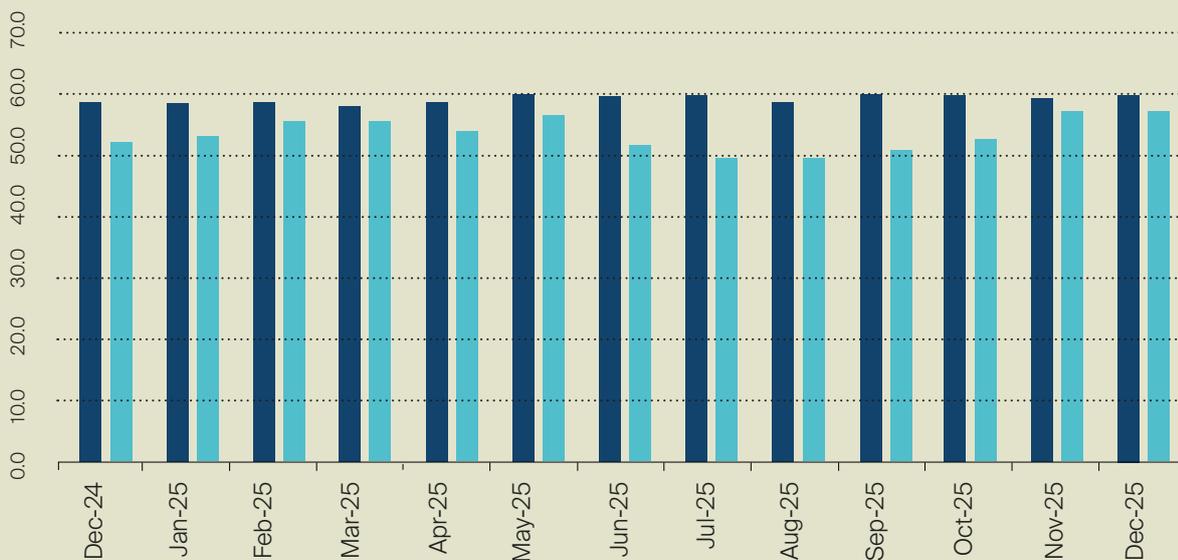
Uganda's infrastructure pipeline remained focused on unlocking long-term growth through transport, energy, and urban systems, with significant implications for spatial development and real estate demand.

Outlook

Uganda's macroeconomic environment entering 2026 remains broadly supportive, characterised by stable growth, contained inflation, resilient currency performance, and sustained infrastructure investment. While short-term risks linked to elections and oil-sector timelines persist, underlying fundamentals remain strong, providing a stable platform for continued real estate market activity across sectors.

Figure 5: Real sector indicators

■ Business Tendency Indicator ■ Purchasing Managers' Index



Source: Bank of Uganda (BoU)

Figure 6: Currency Appreciation/ Depreciation

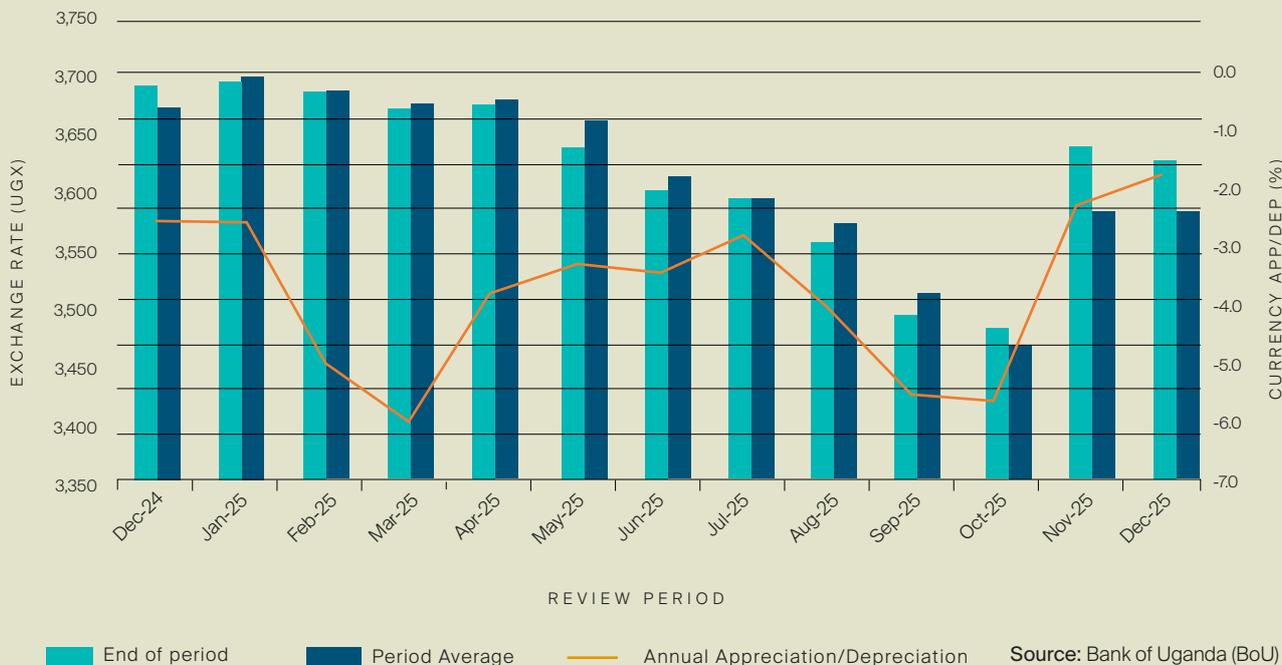


Table 2: Infrastructure Developments (H2 2025)

S/N	Project	Sector	Strategic Importance
1	Hoima City Stadium	Urban & Sports	Catalyst for roads, utilities, and hospitality investment
2	Kabalega International Airport	Aviation & Logistics	Anchor for oil-related logistics and industrial zones
3	EACOP & Upstream Oil Projects	Energy	Drives industrial, logistics, and housing demand
4	Kampala City Roads Rehabilitation	Urban Transport	Improves mobility and commercial accessibility
5	Nakivubo Channel Redevelopment	Urban Renewal	Combines flood control and commercial real estate
6	Standard Gauge Railway	Rail & Logistics	Lays groundwork for regional trade connectivity

Source: Bank of Uganda (BoU)

Legal Alert

Trusts, a strategic Tool for estate planning

Introduction

On the face of it, succession may seem straightforward: a person passes away and their estate passes on to those entitled to it. In reality, the absence of proper planning often turns succession into a protracted and emotionally draining ordeal. Despite the fact that majority of people are aware of the impact their choices have for their successors, they still neglect to plan for succession effectively leaving their families distraught and in conflict.

Estate planning has long been associated with will writing and indeed wills remain a common tool of distributing property upon one's passing. Yet the narrative is gradually changing as trusts are gaining ground as a strategic choice for preserving assets and planning succession.

Demystifying Trusts

In simple terms, a trust is a relationship that arises wherever a person (called a settlor) transfers the management and administration of property to another person (called the trustee) to hold such property for the benefit of some other person(s) (called a beneficiary) for some objects permitted by law, in such a way that the real benefit of the property accrues, not to the trustee, but to the beneficiaries. Once duly registered, the trust attains legal status as a distinct legal entity capable of holding property in its own name and it assumes rights, obligations and liabilities akin to a corporate entity. Trusts may be created either as a public trust (for charitable or community initiatives) or a private trust.

At the heart of every trust lies a trust deed which functions as its governing charter. Much like a constitution, the deed is the foundational document that sets out the powers, duties and authority of the trustee and the rules for managing and distributing the assets. A trust is only as strong as the deed that creates it, the clarity, precision and foresight embedded in the deed determine whether the trust will function seamlessly or collapse into confusion and conflict.

Think of a trust as appointing a professional Property manager to oversee a building. The property manager does not own the building but is entrusted with its day to day administration under the terms of a management contract. Even when the owner is absent, the Property manager oversees the property in line with the owner's best interests pursuant to the fidu-

ciary duty owed. In this analogy, the building represents the assets, the management contract is the trust deed and the managers are the trustees.

Just as a property manager ensures that the building runs efficiently without the owners direct involvement, trustees are empowered to manage expenses, cater for dependants or even manage a business for the benefit of the beneficiaries.

What makes a trust unique is that unlike a will which only becomes operative upon death of the testator, a living trust can operate during the settlor's lifetime and continue thereafter which makes it effective for succession planning.

The Legal Landscape

In Uganda, trusts regulation is spread across a diverse body of legislation many of which draw on common law and principles of equity. Key statutes include: Trustees Incorporation Act, Trustee Act, Public Trustees Act, Trust Corporation (Probate and Administration) Act and the Succession Act. This fragmented framework has long shaped governance of private and public trusts.

Against this backdrop, the Law reform commission commenced review of Trust laws in Uganda. The review is intended to revise the laws relating to creation and management of trusts and harmonize the diverse provisions into an integrated framework. The objective is to address fragmentation, streamline trust governance and update trust laws to align them with modern and global trends.

Why Choose a Trust Over a Will?

A trust is essentially a framework of stewardship designed to ensure that income and capital are applied as intended by the settlor.

One of the greatest strengths is the continuity a trust offers. Unlike wills which are inoperative until probate is granted, trusts avoid this delay. Trustees step into their role immediately upon ones passing preventing gaps in governance that could expose assets to mismanagement. By sidestepping probate, trusts also preserve privacy and confidentiality as succession plans and family wealth are kept outside the public court record.

Beyond continuity and privacy, trusts offer additional advantages. They minimize the likelihood of family conflict, provide secure arrangements for vulnerable beneficiaries such as children and guard against the mismanagement or premature disposal of assets. Collectively, these features position trusts as effective tools for succession planning.

The Flip Side

While trusts offer notable benefits, they are not without challenges. Establishing a trust requires skilled legal guidance, as a poorly drafted deed can easily spark conflict. Beyond establishment, trusts involve continuing financial obligations in the form of payment of trustee remuneration, legal fees and administrative expenses. Fundamentally, the success of any

trust hinges strongly on the integrity and competence of its trustees. Weak or ineffective governance can undermine the very purpose of the trust and place beneficiaries at risk.

Conclusion

In today's world, where property remains the cornerstone of family wealth, trusts are a dependable and contemporary instrument for preserving legacies and ensuring orderly succession. Establishing a trust can save families from costly disputes, provide protection for vulnerable beneficiaries and secure assets for future generations. Ultimately, the effectiveness of any trust rests on two pillars: the clarity of its deed and the competence of its trustees.

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Forest Green Estate Condominiums – Valley Drive, Minister's Village, Ntinda. These turn-key 3-bedroom apartments, each with an additional room for staff, are set in a lush, serene environment and offer the convenience of onsite shopping, recreational facilities, and 24-hour professional management. Starting from \$145,000. **Contact:** +256 700 755 753 / +256 414 341 391

Residential Sector

Key Highlights

- 10% decrease in rental rates for 2-bedroom units
- 9% decrease in rental rates for 3-bedroom units
- 1% improvement in average occupancy levels.
- Increased uptake by Ugandan nationals in prime areas
- Rise in distressed property sales
- Prolonged marketing periods across sales and lettings
- Cautious buyer sentiment, with a wait-and-see approach prevailing

General Overview

In the second half of 2025, Kampala's prime residential market recorded a further, albeit modest, softening in apartment rental rates across the traditional expatriate neighbourhoods of Kololo, Nakasero, Naguru, and Mbuya. This easing coincided with a steady increase in apartment supply entering the market, both for sale and rent, against a backdrop of shifting expatriate demographics and reduced donor-funded activity. Kololo and Nakasero continued to attract notable development activity, with several off-plan high-rise, multi-tenanted apartment projects launched during the second half of the year, largely offering three-bedroom (3BHK) units aligned to traditional expatriate demand.

However, the expanding supply pipeline exerted downward pressure on achievable rents, reinforcing a tenant-favourable market environment within the prime residential neighbourhoods.

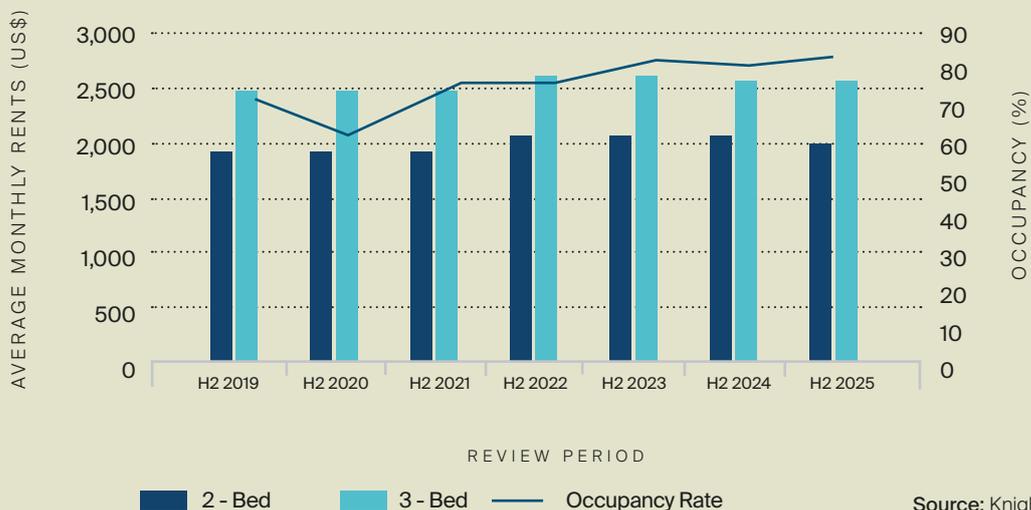
Despite softer rental performance, investment activity remained active, driven primarily by investors targeting rental income rather than capital appreciation. In parallel, the short-let market maintained steady growth, particularly within secondary neighbourhoods such as Kyanja, Kisasi, Najjera, Bukoto, Ntinda, Munyonyo, and Buziga, supported by lower entry costs, improved building quality, and evolving lifestyle preferences. Overall, the prime residential sector remained subdued during H2 2025, weighed down by supply-side pressures, evolving tenant demand patterns, and donor funding cuts which negatively impacted demand.

Residential rental and Occupancy Levels

Rental levels within Kampala's prime residential market softened further in H2 2025, with two-bedroom and three-bedroom apartment units recording an average decline of approximately 10% and 9% respectively, largely driven by increased stock. While the prime segment has traditionally been dominated by two- and three-bedroom units, developers have increasingly responded to emerging demand for one-bedroom units, which have gained traction among single occupiers and cost-conscious tenants.

The growing supply of one-bedroom units has intensified competition and indirectly pressured two-bedroom rental levels as tenants traded down in search of affordability.

Figure 6: H2 2025 Rental and Occupancy Rates Trend



Source: Knight Frank Uganda

In contrast, three-bedroom apartment units in prime locations experienced a relatively marginal decline of approximately 1% in rental levels during the period. This resilience was underpinned by steady demand from expatriate families and high-income Ugandan professionals and business owners.

Prime residential occupancy levels remained stable at approximately 83%, unchanged from H1 2025, but reflecting a modest 1% improvement from 82% in H2 2024. Despite this stability, the market continued to be characterised by prolonged marketing periods, as landlords adjusted pricing expectations in response to heightened competition and more discerning tenant demand.

Tenant profile & demand drivers

Demand within prime neighbourhoods during H2 2025 continued to be anchored by expatriates, particularly multinational consultants and professionals attracted by housing quality, accessibility, and proximity to the CBD and major facilities. However, the period also recorded a gradual shift in tenant composition, with increased uptake from high-income Ugandan nationals and members of the diaspora, marking a departure from H2 2024 when diplomats and embassy staff dominated demand. This shift reflects evolving expatriate demographics, reduced donor-funded programmes, and the completion of several diplomatic and NGO-related assignments.

Demand for two- and three-bedroom apartments remained dominant, while interest in one-bedroom units continued to rise, driven by single professionals and the expanding short-let market. Conversely, demand for standalone houses within prime neighbourhoods softened slightly, largely due to limited availability of modern stock and a persistent supply deficit within these locations.

Preferred locations included Naguru, Kololo, Bugolobi, Muyenga, and Mbuya, offering a balance between accessibility, housing quality, and relative value.

Sales Market

The residential sales market recorded an increase in distressed properties during H2 2025, resulting in transaction prices being achieved below prevailing asking levels. Sellers maintaining elevated price expectations experienced prolonged marketing periods, while some withdrew properties from the market to await improved market conditions.

The high-density development trend observed in 2024 continued into 2025, particularly in Nakasero and Kololo, with off-plan sales gaining traction due to aggressive marketing and lifestyle-focused positioning.

Studio and one-bedroom units priced between approximately US\$80,000 and US\$170,000 recorded the strongest uptake, with some developments achieving up to 50% off-plan sales. Most buyers within this segment were Ugandan nationals, acquiring units for investment purposes, particularly short-let use. Two- and three-bedroom units priced between US\$230,000 and US\$340,000 achieved moderate sales, while units above US\$340,000 experienced slower absorption, reflecting heightened affordability considerations.

Supply Dynamics

Both prime areas and selected secondary suburbs continued to witness an increase in residential apartment supply during the period, with much of the new stock targeting the upper-income segment. While underlying demand persists, reduced donor-funded activity, particularly following the suspension of USAID-supported programmes has constrained effective demand, resulting in localized oversupply. In response, landlords have increasingly adjusted rental expectations downward in a bid to attract tenants and shorten vacancy periods.

In parallel, the market recorded a notable increase in the supply of one-bedroom apartment units, notably in emerging suburban locations of Kyanja, Ntinda, Naalya, and Kigo among others. This shift reflects developers' efforts to align product offerings with evolving affordability thresholds and growing demand from investors, young professionals, and short-let operators.

Short-Let Market and Market Sentiment

The short-let market continued to perform strongly in H2 2025, supported by seasonal demand during the December festive period as Ugandans in the diaspora returned home. This reinforced the appeal of short-let accommodation, particularly well-located and furnished apartment units across both prime and secondary neighbourhoods. However, broader market sentiment remained cautious, with developers, buyers, and tenants adopting a wait-and-see approach ahead of the forthcoming general elections.

Development Activity, Product Preferences, and ESG Trends

Developer activity remained robust, with increased participation from regional and international developers especially from UAE, India, China, Ethiopia, and Kenya, alongside expansion by established local players such as VAAL, Krish, Meera, and Canaanze.

This growing developer activity reflects sustained confidence in the long-term fundamentals of Kampala's residential market, particularly within the mid- to upper-in-



The 100-Key Golf Course Apartments

come segments.

There was also a modest increase in ESG considerations within new developments, particularly high-rise projects in prime locations, with greater emphasis on natural lighting, ventilation, and energy-efficient design. Developers are also introducing waste segregation for recycling, rainwater harvesting systems, and solar-powered common areas. Although still emerging, these initiatives reflect a gradual shift toward more sustainable and cost-efficient residential development practices.

Outlook

The outlook for Kampala's residential market in H1 2026 remains cautious, shaped by post-election uncertainty, continued supply additions, and heightened price sensitivity among tenants and buyers. Rental levels particularly for

two-bedroom units are expected to remain under downward pressure as landlords compete to sustain occupancy, while three-bedroom units are likely to demonstrate relative stability, supported by demand from expatriate families and high-income households, although meaningful rental growth is unlikely in the near term

Expatriates are expected to continue anchoring demand, alongside growing participation from high-income Ugandan nationals. Demand is expected to remain skewed toward smaller and more affordable units, particularly one-bedroom apartments, while secondary suburbs are likely to outperform prime locations in terms of occupancy stability. The short-let segment is expected to remain active but increasingly selective, with performance driven by pricing discipline, location, and asset quality.

Office Sector

KEY HIGHLIGHTS

- Sustained demand for smaller office spaces (50–240 sqm)
- Prolonged vacancy periods, particularly within older and lower-grade buildings
- Office Relocations and Minimal Expansions and upgrades – Lower Grades to Higher Grades
- Shell and Core office space options coming onto the market.
- 3% decline in rental rates for Grade A & AB office spaces
- 50,000 sqm of office space added to the market in H2 2025.
- Over 200,000 sqm of office space in pipeline

As a result, the office market firmly transitioned into a tenant-favourable cycle, with landlords offering rental incentives and extended fit-out periods to sustain occupancy. These measures, while supporting leasing activity, continued to weigh on overall investment returns. Market performance was further influenced by macroeconomic pressures, including reduced donor-funded activity following USAID cuts and cautious business sentiment ahead of the 2026 general elections.

Rental and Occupancy Levels

Prime Grade A+ office rents for newly built space with modern finishes remained stable at approximately US\$18 per square metre per month during H2 2025. This stability was supported by the limited supply of Grade A+ stock and sustained demand for modern, well-specified buildings.

In contrast, Grade A and Grade AB office spaces recorded average rental rates of US\$17 and US\$15 per square metre. Average occupancy levels softened to 84% for Grade A and 80% for Grade AB, representing a 4% decline year-on-year.

Table 3: Office Rental & occupancy levels

Office Grade Type	Average Net Monthly Rent per Square Meter (US\$)	Average Occupancy (%)
Grade A	\$17	84%
Grade AB	\$15	80%

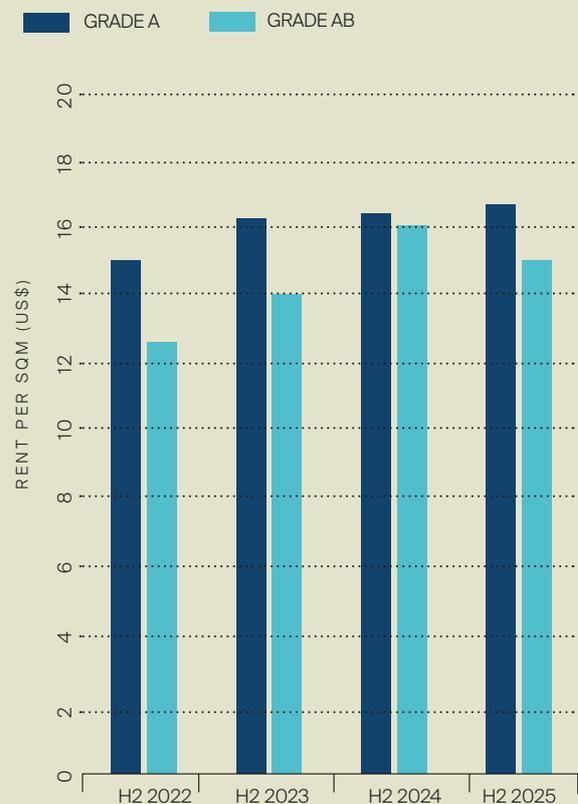
Source: Knight Frank Uganda

Performance Overview.

In line with trends observed in H1 2025, Kampala's commercial office sector continued to face headwinds during H2 2025, characterised by rising vacancy levels within lower-grade office buildings. This marked a shift from H2 2024, when demand and occupancy levels remained relatively stable across the market.

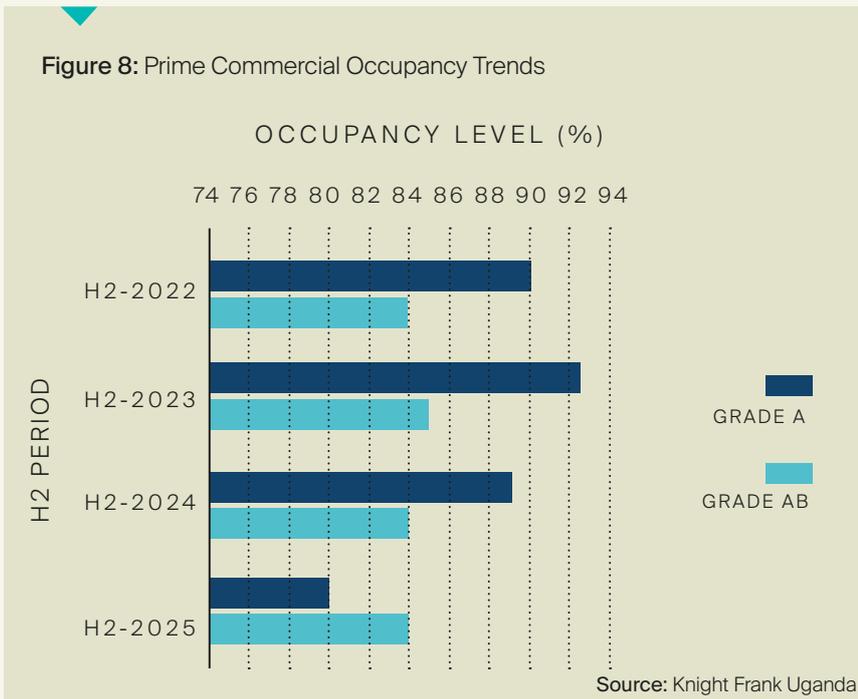
During the period under review, over 30,000 sqm of Grade A+ office space was completed and brought onto the market, intensifying competition in an environment marked by limited net new demand. While newly delivered Grade A+ developments recorded relatively strong absorption, with some achieving occupancy levels above 60% within six months from their time of completion, this performance was largely driven by tenant relocations rather than new market entrants. More than 80% of occupiers in Grade A+ buildings were existing tenants upgrading from lower-grade offices, often combining relocation with only minimal expansions.

Figure 7: Prime Commercial Office Rental Trend



Source: Knight Frank Uganda

Figure 8: Prime Commercial Occupancy Trends



However, while occupier appetite for high-quality office space remains evident, tenants continued to strike a balance between quality and affordability, with premium office space priced above US\$17 per square metre recording comparatively lower occupancy levels.

In parallel, the government’s ongoing rationalisation of Ministries, Departments, and Agencies (MDAs) continued to exert downward pressure on office occupancy levels. Several government authorities were merged or returned to their parent ministries, resulting in office space being released back onto the market.

As a significant proportion of these vacated buildings fall within the Grade AB category, landlords are increasingly experiencing prolonged marketing periods as they seek to backfill space amid heightened competition

Demand Drivers:

Demand for office space during H2 2025 continued to be dominated by the services sector, with consultancy firms accounting for approximately 30% of total office inquiries.

As Uganda transitions from the oil exploration and pipeline construction phase toward full oil production, expected to commence in June 2026, the office market also recorded a slight increase in inquiries from firms within the oil and gas value chain. Additional demand was generated by firms operating in the food and beverages, logistics, financial services, and ICT sectors, reflecting continued diversification of office occupiers despite broader market headwinds.

Market Sentiment and Leasing Trends

a) Sustained demand for smaller office spaces: Over the past two years, demand for smaller, flexible office units ranging between 50 and 200 sqm has remained strong. This trend is largely driven by startups, SMEs, and firms adapting to hybrid working models.

b) Suburban flight: Service-sector firms continued to shift away from the CBD toward suburban office locations such as Naguru, Bukoto, Ntinda, and Nakawa.

This movement has been driven by persistent congestion in the CBD, improved parking availability in suburban locations, and the emergence of modern mixed-use developments offering newer, better-specified office stock.

Supply Pipeline

Although initial projections anticipated delivery of over 100,000 sqm of office space in H2 2025, actual completions fell short, with approximately 50,000 sqm delivered during the period. This under-delivery was driven by construction delays linked to financing constraints, extended regulatory processes, and prolonged project timelines.

The period was also characterised by a slowdown in the initiation of new commercial office developments, partly due to a government-imposed freeze on public-sector office construction as agencies await the establishment of the Bwebajja Government Offices Campus. Private developers similarly adopted a cautious approach, influenced by donor funding suspensions and political uncertainty ahead of the 2026 elections. Despite this, over 200,000 sqm of office space remains in the development pipeline for delivery over the next two years.

Occupier and Landlord Preferences - H2 2025

Occupier demand during H2 2025 remained focused on medium-sized units of approximately 120–320 sqm, reflecting a preference for efficient, scalable space. Tenants increasingly prioritised functional quality, with strong demand for offices offering private washrooms, kitchen facilities, and adequate parking. Parking constraints continued to limit uptake in several buildings, particularly for customer-facing occupiers.

From a landlord perspective, single-floor or full-floor tenants remained preferred due to reduced partitioning requirements and quicker leasing turnaround, supporting asset performance in a tenant-favourable environment.

Outlook

The outlook for Kampala's office market in H1 2026 remains cautious, shaped by a growing supply pipeline, and sustained tenant price sensitivity. Vacancy levels, particularly within Grade AB and older stock, are expected to remain elevated as absorption continues to be driven largely by relocations rather than net new demand. Rental levels are expected to remain stable within Grade A+ buildings, while Grade A and AB space may experience further mild downward pressure.

Occupier behaviour is expected to remain conservative, with demand concentrated in smaller, flexible spaces and well-located suburban offices offering accessibility, parking, and modern facilities. Overall, the market is expected to remain firmly tenant-driven, with well-priced, well-managed assets outperforming, while poorly located or outdated buildings face prolonged vacancy periods.



The 7,202 M² Communications House office block in the heart of the city has been the most sought after business home for some of the most prominent brands. **Contact:** +256 789 204 239 / +256 414 341391 for letting.

Table 4: Office Stock supplied in H2 2025

S/N	Property	Location	Approximate Lettable Area (Sqm)	Comment
01	RR Tower	Yusuf Lule Road	16,660	
02	Twed Heights	Kyadondo	13,310	Shell and Core
03	UDB Building	Hannington Road	7,600	Refurbished
04	ODU Plaza	Bugolobi	4,200	
05	Ministry of Finance -Extension	Apollo Kagwa Road	5,000	Owner Occupied

Table 5: Pipeline office Space

S/N	Property	Location	Approximate Lettable Area (Sqm)
01	JLOS House	Naguru Police Campus	60,040
02	Pension Towers	Lumumba Avenue	32,000
03	Saddler View Office Park	Saddler Ave Naguru	8,329
04	IGG Building	Opposite Garden City	19,000
05	Afreximbank Africa Trade Centre (AATC)	Yusuf Lule Road	
06	NSSF Project	Yusuf Lule Road	
07	Kingdom Kampala Extension	Nile Avenue	70,000
08	Business Bay	Lumumba Avenue	4,786
09	Plot 9 Kanjokya Street	Kanjokya Street	1,000

Source: Knight Frank Uganda

Retail Sector

KEY HIGHLIGHTS

- 15% growth in average footfall across Knight Frank-managed malls
- Minimal 1% increase in average occupancy, indicating near-saturation in prime malls
- 1% decline in average turnover for general grocery retail, reflecting reduced spend per visit
- Over 1,700sqm of retail space leased out across Knight Frank managed Malls

Market Overview

During H2 2025, Kampala's retail market remained resilient, building on the recovery momentum recorded in H1 2025. Retail malls continued to attract increased shopper volumes, as evidenced by strong footfall growth. However, this was accompanied by a decline in average spend per visit, reflected in a marginal contraction in general grocery turnover. Prime malls remained close to saturation, with minimal occupancy movements recorded over the past year, signaling a maturing retail cycle in established locations.

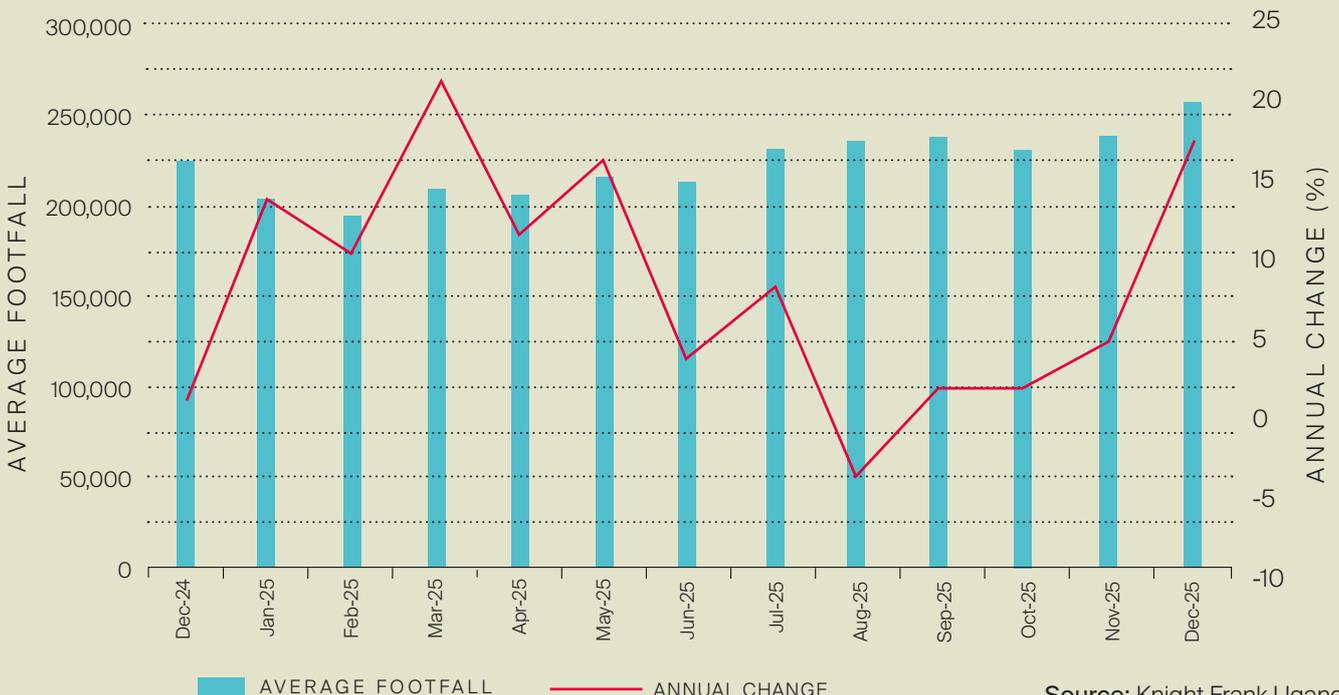
The period under review also witnessed a notable structural shift within suburban retail markets, as formal retail developments increasingly replaced informal trading formats.

Across several emerging and established suburbs, traditional roadside shops and informal “dukas” continued to be phased out, giving way to neighbourhood malls and mixed-use developments. This transition has been largely driven by sustained land value appreciation in these areas, which has encouraged developers to pursue vertical development to maximise site value and rental income potential. Mini-supermarkets, eateries and organised convenience and service stores have emerged as preferred, reflecting changing consumer preferences for improved shopping environments, wider product ranges, and greater reliability in service delivery.

Foot Fall Performance

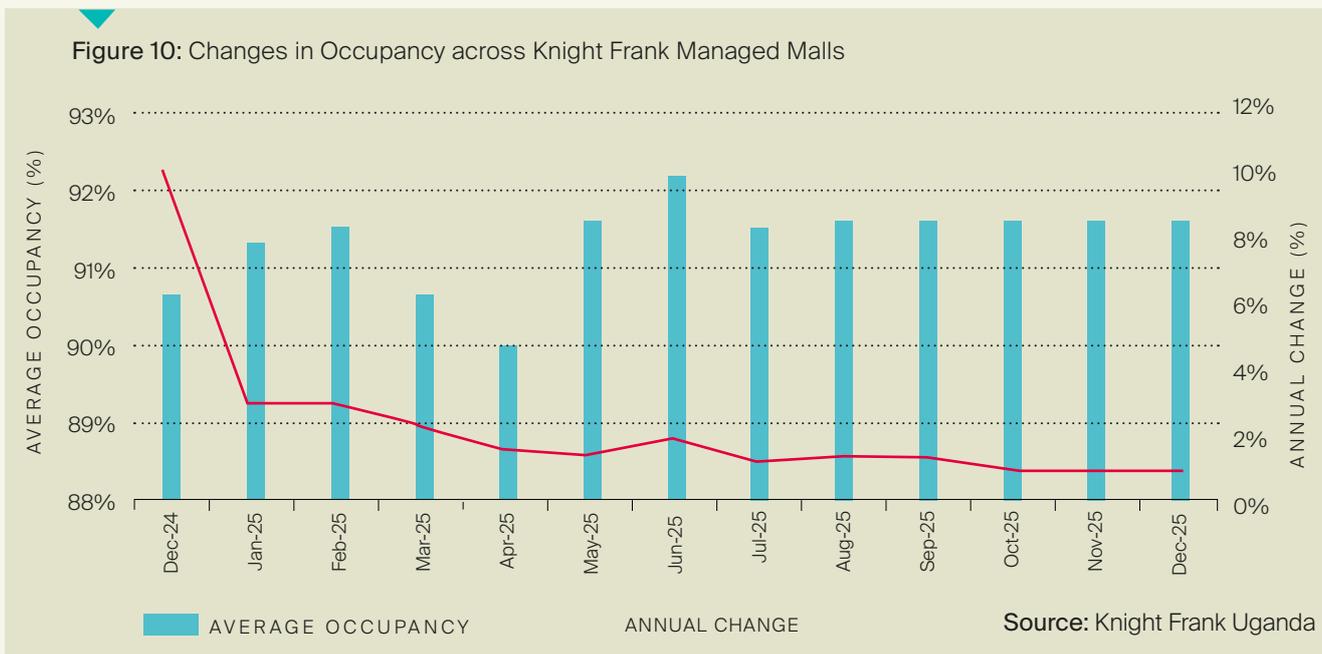
Consumer engagement with physical retail continued to strengthen in H2 2025, signalling a sustained recovery in mall-based shopping activity. Across Knight Frank-managed malls, average footfall increased by 15% year-on-year, accelerating from the 13% growth recorded in H1 2025 and marking a sharp reversal from the 5% decline observed in H2 2024. This rebound reflects a gradual normalisation of consumer behaviour, with shoppers increasingly returning to malls not only for essential purchases but also for leisure, dining, and social experiences. Improved consumer confidence and more aggressive and targeted retailer promotions collectively supported increased visitation. However, while footfall volumes improved markedly, shopping behaviour remained value-driven, with consumers demonstrating greater price sensitivity and selective spending patterns, a trend that continued to influence overall turnover performance.

Figure 9: Footfall growth across Knight Frank-Managed Malls



Source: Knight Frank Uganda

Figure 10: Changes in Occupancy across Knight Frank Managed Malls



Source: Knight Frank Uganda

Throughout H2 2025, footfall rebound was particularly evident in July, November and December, where footfall surged by 8%, 5% and 15% respectively, driven largely by new tenancies in the market, higher mall occupancies, Christmas, year-end spending and continued school holidays, mall-based events and activations, and continued school holidays. Village mall recorded the lowest footfall growth in H2 2025 on account of roadworks within Bugolobi thus limiting its accessibility. However, with the completion of the civil works, traffic is expected to rebound in the first half of 2026.

Occupancy and Leasing Activity

Average retail occupancy increased marginally by 1% year-on-year in H2 2025, slightly below the 1.72% growth recorded in December 2024. This moderation reflects subdued leasing activity in a market that is approaching equilibrium, with landlords increasingly prioritising tenant quality and sustainability over occupancy.

During H2 2025, the leasing activity in major malls was subdued with approximately 1,700 sqm of retail space leased during the period, significantly lower than the 4,600 sqm recorded in H2 2024, underscoring a lack of vacant space in prime malls. Occupancy gains were largely driven by selective new entrants rather than broad-based space absorption. Notable additions included Vivo Woman, a Kenyan fashion operator which debuted its first store at Acacia Mall in October 2025, and Black Style, an electronics retailer that also opened at Acacia Mall. These new openings enhanced tenant mix and brand diversity within the malls but did not materially increase overall net lettable area as they replaced weaker trading options in the mall.

Neighbourhood malls continued to perform well on ground, first, and second floors, achieving occupancies above 80%,

although upper floors remained challenging to lease.

In response, landlords increasingly adopted mixed-use configurations, converting upper levels into office or residential space to enhance overall asset viability.

Turnover Performance

Average turnover for general grocery retail across Knight Frank-managed malls declined marginally by 1% year-on-year in H2 2025, compared to 2.8% growth in December 2024. While footfall volumes increased, average spending per shopper softened, reflecting heightened price sensitivity and shifting consumption priorities.

November outperformed December due to a higher number of shopping weekends and the impact of Black November promotions, which temporarily boosted sales volumes. Despite the marginal decline, overall retail turnover remained resilient, with essential categories such as groceries, pharmaceuticals, and apparel continuing to perform strongly. Discretionary segments relied more heavily on promotional campaigns to stimulate demand, reinforcing the widening gap between footfall growth and spending intensity.

International brands continued to gain stronger recognition among consumers, reflected in relatively higher and more resilient turnover performance for global franchises and established regional chains.

These brands benefited from stronger brand loyalty, consistent product quality, and more structured promotional strategies, enabling them to outperform smaller independent retailers in an increasingly price-sensitive consumer environment.



Sector-Specific Performance and Emerging Trends

The entertainment segment provided additional support to retail performance during the period, with the release of major international films in December 2025, such as Avatar: Fire and Ash, attracting sustained audiences and increasing dwell time across shopping malls, which in turn boosted cinema attendance and ancillary spending.

Fuel-station retail also recorded notable growth, with several stations introducing 500-1,000 sqm convenience retail formats housing mini-supermarkets, eateries, forex bureaus, ATMs, and pharmacies. This trend highlights the continued blurring of traditional retail formats and the rise of convenience-led consumption.

H2 2025 witnessed a notable expansion of international retail food-and-beverage brands into Kam-

pala’s suburban and emerging neighbourhoods, reflecting the decentralisation of retail activity away from the CBD. KFC led this trend, rolling out multiple drive-through formats along major arterial roads leading out of the city centre, targeting high-traffic commuter corridors and convenience-driven consumers. Other international brands, including Java House, similarly expanded into suburban retail nodes, while China Town continued its roll-out beyond its original Lugogo outlet into additional locations, underscoring growing confidence in neighbourhood retail markets and rising demand for accessible, value-oriented retail formats.

Currency Movements and Rental Performance

During H2 2025, the Uganda Shilling maintained an appreciating trend against the US Dollar. While this placed pressure on USD-denominated rental income for landlords, it supported re-

tailers by lowering import costs for merchandise and inputs.

Retail rental levels remained broadly stable across prime malls, as outlined below. These figures are average rentals for ground floor space in Prime Kampala shopping malls, but do not take the shopfront-to-depth ratio into account and exclude service charges.

Outlook

The outlook for Kampala’s retail sector in the near term remains cautiously positive, underpinned by the continued expansion of neighbourhood and convenience-led retail formats and sustained consumer engagement with physical shopping destinations. Footfall levels are expected to remain on an upward trajectory, supported by experiential retail, food and beverage offerings, and entertainment-driven mall visits, even as consumer spending remains value-conscious and selective.

Prime malls are expected to maintain stable occupancy levels, having largely reached maturity, with limited scope for further occupancy growth but an increased focus on tenant mix optimisation and turnover sustainability. Stronger growth momentum is anticipated within suburban and emerging neighbourhoods, where improving infrastructure and evolving consumer preferences continue to attract both local and international retail and F&B brands. Overall, sector performance is expected to remain resilient, increasingly driven by convenience, experience, and pricing discipline rather than aggressive expansion of retail space.

Table 6: Retail Rental Rates

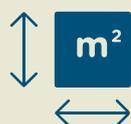
SIZE OF SPACE (M2)	RENT PER SQUARE METRE (US\$)
< 10m ²	\$225
< 50m ²	\$52
<100m ²	\$40
<500m ²	\$34
>500m ²	\$22
>1000m ²	\$12-\$16

These figures are average rentals for ground floor space in Prime Kampala shopping malls, but do not take the shopfront-to-depth ratio into account and exclude service charges.

Source: Knight Frank Uganda

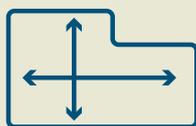
Garden City Shopping Mall

Photo: A section of the shopping mall



GROSS LETTABLE AREA

22,000 M²



PRIME SPACE AVAILABLE

6,500 M²

TENANT MIX

- FASHION
- ENTERTAINMENT
- BEAUTICIANS
- OFFICES
- SHOPPING
- HEALTH AND FITNESS
- BANKING & FINANCIAL
- SERVICES



PARKING SLOTS

600



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Industrial Sector

KEY HIGHLIGHTS

- Average occupancy levels remained above 80% across key industrial zones
- Warehouse rents ranged between US\$3.00-7.00 per sqm per month.
- Over 50,000 sqm of new warehouse space delivered within Greater Kampala Metropolitan Area.
- Industrial Sector GDP Contribution: 24.3%.
- Coffee exports reached US\$2.4 billion
- Oil production targeted for H2 2026

Market Overview

Kampala’s industrial real estate sector recorded a strong performance during H2 2025, supported by sustained occupier demand and limited availability of modern, well-located warehouse space. Average occupancy levels consistently exceeded 80% across major industrial corridors, while rental rates remained firm despite the delivery of new supply. Market performance was primarily driven by expansion within the coffee export sector, preparations ahead of oil production scheduled for H2 2026, and continued growth in FMCG manufacturing and third-party logistics.

Demand increasingly favoured purpose-built facilities in strategic locations, supporting stable to modest rental growth for modern stock.

Table7: Warehouse rent across the different industrial locations

S/N	LOCATION	RENT PER SQM
01	Traditional Industrial Area (1st - 8th street)	\$4.5 - \$7.0
02	Kampala Industrial Business Park (Namanve)	\$3.0 - \$5.0
03	Ntinda-Nakawa	\$4.5 - \$6.5
04	Nalukolongo Industrial Area	\$4.5 - \$6.0

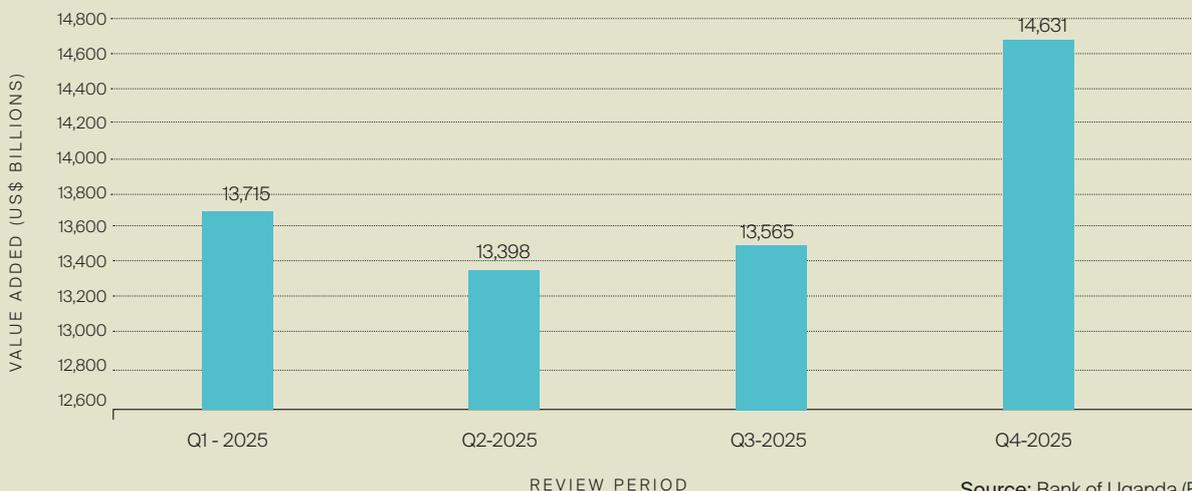
Source: Knight Frank Uganda

In contrast, older facilities and poorly serviced locations remained more price sensitive, reflecting a widening performance gap within the industrial market.

Rental Performance by Location

Rental rates remained broadly stable across Kampala’s key industrial nodes. The Traditional Industrial Area continued to command premium rents of US\$4.50-7.00 per sqm, driven by established infrastructure and proximity to the CBD. The Ntinda-Nakawa Corridor achieved comparable levels of US\$4.50-6.50 per sqm, reflecting its accessibility and appeal to logistics operators. Nalukolongo remained a mid-tier option at US\$4.50-6.00 per sqm, while Namanve Industrial Park offered the most competitive pricing at US\$3.00-5.00 per sqm, albeit with leasing activity temporarily constrained by ongoing infrastructure works.

Figure 12: Value Added to GDP By Industrial activity at current prices



Source: Bank of Uganda (BoU)

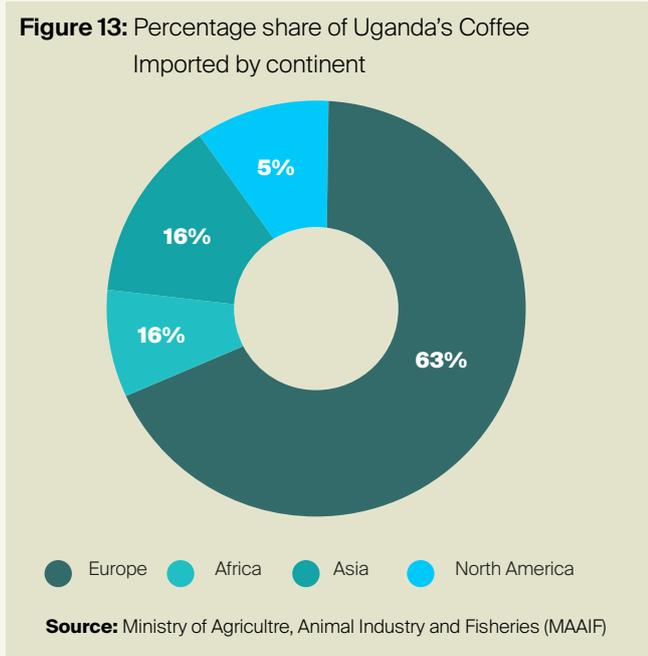
Industrial Demand Drivers

Coffee Sector Expansion.

Uganda's emergence as Africa's leading coffee exporter significantly influenced industrial demand during H2 2025, with exports reaching 8.4 million bags valued at US\$2.4 billion surpassing Ethiopia's 7.82 million bags to establish Uganda as the continent's number one coffee exporter. This performance translated into immediate demand for specialised warehousing, with exporters typically seeking 1,000–2,500 sqm facilities equipped with ventilation, moisture control, and enhanced security.

Oil Sector Preparations

The anticipated commencement of oil production in H2 2026 exerted significant influence over industrial real estate activity throughout H2 2025.



Uganda's recoverable oil reserves estimate was revised upward to 1.65 billion barrels, with the Tilenga and Kingfisher projects reaching advanced stages of completion. The Kingfisher Project completed all 19 wells required for initial production, establishing a production capacity of 40,000 barrels per day, while the Tilenga Project achieved 97% completion with 164 of 170 planned wells drilled. The East African Crude Oil Pipeline (EACOP) reached 79% completion as of December 2025.

Anticipation of commercial oil production in H2 2026 continued to drive demand for industrial space. Contractors and service providers required facilities for equipment storage, maintenance yards, logistics bases, and support services. Space requirements typically ranged between 1,500–5,000 sqm, with tenants favouring longer lease tenures to ensure operational continuity.

Leasing Activity & Market Dynamics

Coffee exporters emerged as significant occupiers during the period, typically seeking warehouse facilities ranging from 1,000 to 2,500 square metres. Preferred specifications included climate control systems, enhanced security, and adequate ventilation to support quality preservation. Several major exporters expanded their storage footprints in H2 2025, contributing meaningfully to absorption across multiple industrial locations.

Oil-sector contractors and support service providers similarly underpinned demand, driven by requirements for equipment storage, maintenance yards, and logistics bases ahead of the planned H2 2026 production commencement. Space requirements within this segment generally ranged from 1,500 to 5,000 square metres, with occupiers favouring longer lease tenures of five to ten years to ensure operational continuity and cost certainty.

FMCG manufacturers and third-party logistics providers sustained steady demand for units between 500 and 2,500 square metres, typically on lease terms of three to five years. Manufacturers within this segment, however, continued to exhibit a preference for larger formats, with space requirements commonly exceeding 2,500 square metres to accommodate integrated production, storage, and distribution functions.

Pipeline Developments

Although over 50,000 sqm of warehouse space was delivered in H2 2025, new development activity remained constrained by infrastructure limitations and cautious developer sentiment. The completion of critical road works within Namanve Industrial Park, now expected by December 2026, is anticipated to unlock significant development potential. Industry estimates suggest 75,000–100,000 sqm of new warehouse capacity could be delivered within two years following completion.

Outlook

The outlook for the industrial sector remains positive heading into 2026, supported by projected GDP growth of 6.5%–7% and the anticipated commencement of oil production in H2 2026. Oil-related logistics, storage, and support services are expected to generate sustained demand for specialised industrial facilities, particularly within Kampala and emerging regional hubs.

In the near term, supply-demand dynamics are expected to remain favourable to landlords, with occupancy levels above 80% supporting stable to modest rental growth. Assets offering specialised features, including cold-chain logistics and temperature-controlled warehousing for food, pharmaceuticals, and e-commerce, are expected to command rental premiums due to constrained supply.

Valuations & Advisory

Inflation Outlook

The Bank of Uganda Monetary Policy Committee maintained the Central Bank Rate at 9.75% throughout H2 2025, reflecting confidence in domestic macroeconomic stability while remaining alert to external risks. Inflation remained well contained, supported by prudent monetary policy, a strengthening Uganda Shilling, and favourable energy prices. Over the past 12 months, headline inflation averaged 3.6%, while core inflation averaged 3.9%, both comfortably below the medium-term target of 5% supported by currency appreciation, tight financial conditions, increased issuance of government securities, and well-anchored inflation expectations

Credit Financing

Commercial banks' Shilling-denominated lending rates increased to a weighted average of 19.07% in H2 2025, up from 18.55% in the same period of the previous year, reflecting prevailing demand-supply dynamics and tight domestic liquidity conditions. In contrast, foreign-currency lending rates eased slightly to 8.37%, down from 8.99%, improving affordability for USD-denominated borrowing.

Private Sector Credit (PSC) expanded by 8.52% year-on-year to UGX 24.1 trillion in October 2025, up from UGX 22.2 trillion

in October 2024, driven by improved economic activity. Shilling-denominated credit accounted for 71.98% (UGX 17.3 trillion) of total PSC, while foreign-currency lending stood at 28.02% (UGX 6.7 trillion), both recording year-on-year growth.

Credit market activity strengthened further during H2 2025, with total credit applications rising to UGX 13.6 trillion, compared to UGX 11.6 trillion in H2 2024. Of this, UGX 9.1 trillion was approved for disbursement, representing a 65.1% approval rate, up from 63.9% in the previous period. This translated into a 16.9% increase in credit applications and a 22.8% growth in approvals, with the bulk of funding directed toward manufacturing, trade, agriculture, transport, and the building, mortgage, construction, and real estate sectors, underscoring continued support for productive and asset-backed segments of the economy.

In terms of sectoral allocation, personal and household loans remained the largest component of credit at 27.92%, followed by trade (18.70%), agriculture (13.58%), and building, mortgage, construction, and real estate (12.68%). Manufacturing accounted for 9.18%, while transport, communications, electricity, and water increased to 6.16%, reflecting a gradual reallocation of credit toward infrastructure-related activities. Mining and quarrying remained the least funded sector at 0.28%



Figure 14: Sectoral Share of Credit extended



Source: POE Report, Ministry of Finance

◆ The Valuation Bill
A Period of Uncertainty but Optimistic Future

The second half of 2025 has been marked by heightened activity and anticipation in Uganda's valuation and advisory sector as the profession awaits presidential assent to the Valuation Bill, 2024. Although Parliament has cleared the Bill, the proposed regulatory framework, that includes the establishment of the Institute of Certified Valuers of Uganda, remains inactive pending the President's signature. Consequently, the profession continues to operate under existing rules. This transitional period has introduced both uncertainty and urgency, as practitioners prepare for reforms expected to enhance standards, accountability, and uniformity in valuation practices nationwide.

Investor Opinions & New Developments in Real Estate Valuation

During H2 2025, the real estate valuation landscape continued to evolve amid gradual technological disruption, with increased experimentation around Automated Valuation Models (AVMs) alongside traditional Excel-based methodologies. While adoption remains cautious due to limitations in market data availability and quality, these

tools are increasingly being viewed as decision-support mechanisms rather than replacements for professional judgment.

The market is therefore gravitating toward hybrid valuation approaches, combining AVMs with expert appraiser input to enhance efficiency while preserving analytical rigour.

This approach is increasingly endorsed by global standard setters, including International Valuation Standards Council, which emphasises that automation should complement, not replace, professional scepticism and expertise.

Recent updates to the RICS Global Red Book and IVS 2025 have further reinforced this direction, providing guidance on modelling techniques, AI-supported valuation methods, data integrity, and sustainability considerations. At the same time, ESG factors are increasingly influencing valuation outcomes, with developers and investors moving beyond compliance-driven adoption toward embedding sustainability metrics as genuine value drivers. These developments underscore the growing importance of continuous upskilling among valuation professionals to remain aligned with evolving standards, technologies, and investor expectations.

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