Mbarara City Property Market Report

THE COMMERCIAL CAPITAL OF THE ANKOLE SUB-REGION AT ITS FORMALISATION INFLECTION POINT

MEASURE. FORMALISE. INVEST.

2026	An investor and public guide to Mbarara's real estate market covering residential, retail, office, industrial, hospitality, and student accommodation submarkets.	knightfrank.com/research

Abbreviations & Acronyms

Table 1: Abbreviations and acronyms used throughout this report.

ABBREVIATION	MEANING
AFD	Agence Française de Développement (French Development Agency)
BCC	Building Control Committee (Mbarara City building-permit returns)
BOT	Build-Operate-Transfer
BSU	Bishop Stuart University
CBD	Central Business District
DFI	Development Finance Institution
DRC	Democratic Republic of the Congo
F&B	Food and Beverage
FMCG	Fast-Moving Consumer Goods
GBK	GBK Dairy (regional dairy processor)
GDP	Gross Domestic Product
IGG	Inspectorate of Government
LC	Local Council
LDC	Law Development Centre
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MICE	Meetings, Incentives, Conferences and Exhibitions
MUBS	Makerere University Business School
MUST	Mbarara University of Science and Technology
NGO	Non-Governmental Organisation
NHCC	National Housing and Construction Company
NPHC	National Population and Housing Census
NSSF	National Social Security Fund
NWSC	National Water and Sewerage Corporation
PBSA	Purpose-Built Student Accommodation
p.a.	per annum (per year)
PPDA	Public Procurement and Disposal of Public Assets Authority
psm	per square metre
SME	Small and Medium Enterprise
TASO	The AIDS Support Organisation
UBA	United Bank for Africa
UBOS	Uganda Bureau of Statistics
UCC	Uganda Communications Commission
UCMID	Uganda Cities and Municipalities Infrastructure Development (programme)
UEDCL	Uganda Electricity Distribution Company Limited
UGX	Ugandan Shilling
UIA	Uganda Investment Authority
UMI	Uganda Management Institute
URA	Uganda Revenue Authority
USAID	United States Agency for International Development
USD	United States Dollar
USJM	University of Saint Joseph Mbarara
USMID	Uganda Support to Municipal Infrastructure Development (programme)

Executive Summary

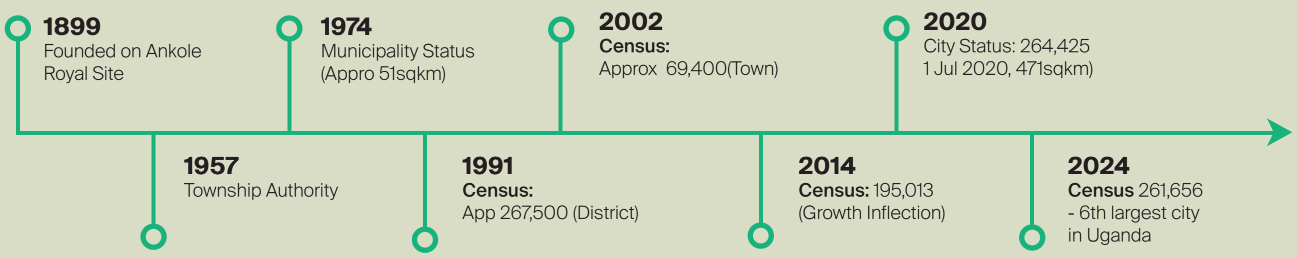
Mbarara is the largest city in western Uganda and the undisputed commercial capital of the south-western region. It is not a frontier bet; it is an under-analysed income market. A deep, income-producing property base already exists; the task for investors is to upgrade the quality of the stock that captures its rent. The question is no longer whether Mbarara will grow, but who will own the stock it grows into.

Table 2: Key facts about the city

PARAMETER	DESCRIPTION
Location	Ankole sub-region, south-western Uganda
Google coordinates	0°36' 48"S, 30°39' 30"E
Population (2024 Census)	• 264,425 residents – largest city in western Uganda (6th of 11 nationally) • 71% are children and youth (0–17: 39.4%) & youth (18–30: 31.6%) - 2024 Census
Daytime population	324,974 (a 63,000 net daytime inflow)
Decade growth	+32.8% 2014–2024 (3.0% p.a.), ahead of the national average
Total size	471 km² across 2 divisions (North, South) and 23 wards
Households (2024)	83,862 · average household size 3.1
Accessibility	Kampala-Masaka-Mbarara-Kabale highway. Regional gateway to Rwanda, DRC & Tanzania
Distance / travel time	260 km from Kampala Approximately 4.5 hours by road
Economic uses	A diversified regional economy spanning: • Trade & commerce (regional wholesale/retail hub) • Dairy & agro-processing • Education & health services (MUST, Bishop Stuart, Mbarara Regional Referral) • Manufacturing (beverage, steel, grain & feed) • Cross-border logistics & transport • Hospitality & tourism (Lake Mburo / gorilla-circuit gateway)
Notable features	• Mbarara University of Science & Technology (MUST) • Century Bottling (Coca-Cola), Nile Breweries & Pearl Dairy (Lato Milk) plants • Mbarara Regional Referral Hospital • Kamukuzi Hill government complex & the historic Mugaba Palace • Northern Bypass & the UIA Gatsby industrial park • River Kagera water scheme (delivered Nov 2025)
Development status	A maturing secondary city: an established rental economy with an income-producing base already at scale

Source: Knight Frank Research

Figure 1: Mbarara City Through the Lens of Time



Source: Knight Frank Research

Table 3: Rental Analysis Across the Different Real Estate Sectors

SEGMENT / REAL ESTATE SECTOR	MONTHLY RENT (UGX)	USD EQUIV.	NOTES
Residential Sector – Per Unit	80,000 – 5,000,000	$22 – $1,351	Based on location, unit type, among others
PBSA – Per Bed	100,000 – 300,000	$27 – $80	>90% occupancy every semester; win on unit mix & operating cost
Retail Sector Per square Meter	10,000 – 150,000	$3 – $40	Based on location, grade, frontage, among others
Commercial Office Sector	18,500 – 55,000	$5 – $15	Based on location, grade, frontage, among others
Industrial Sector	7,500 – 18,500	$2 – $5	Thin layer
HOSPITALITY SECTOR			
Grade	Nightly Rate (UGX)	Nightly Rate (USD)	Product
Budget	UGX 20,000 – UGX 100,000	$5 – $27	Guest houses, motels, small hotels; <20 rooms
Mid-tier / business	UGX 100,000 – UGX 220,000	$13 – $60	Business hotels with restaurant, bar, parking, small conference rooms; 20–60 rooms
Upscale / boutique	UGX 220,000 – UGX 1,200,000	$60 – $300	Full-service; pool, fitness, multiple F&B, MICE to 500 pax; 70–90 rooms

Conviction Matrix

ASSET CLASS	CONVICTION	TIMING	ENTRY VIEW
Industrial & logistics	Very high ★★★★★	Immediate	No serviced park: water constraint removed
Mid-market apartments	High ★★★★	Immediate	Rwizi View validates pricing
Student accommodation	High ★★★★	Immediate	>90% hostel occupancy; win on build cost and unit mix
Graded / upscale hotels	High ★★★★	Immediate	Few upscale hotels citywide; branded product faces almost no competition
Neighbourhood retail (growth wards)	Medium-high ★★★½	1–3 years	Secure bypass/arterial sites; deliver behind the UCMID road wave
Premium office (Boma/CBD edge)	Medium ★★★	2–4 years	Pre-let, build-to-suit for institutional covenants only
CBD arcade retail	Moderate ★★	Caution	Floor-rent cliff and heavy pipeline; upper-floor absorption risk
Luxury residential	Moderate ★★	Longer term	Thin depth: follow the professional income base, do not lead it

THE KNIGHT FRANK VIEW

Mbarara is not a frontier bet. It is an under-analysed income market. The city already produces rent at scale; the task for investors is to upgrade the quality of the stock that captures it. The widest spreads sit in formal industrial and logistics space, purpose-built student accommodation, graded hotels, and mid-market apartments in the Kakoba–Boma–Kacence corridor, where the tenant base is deep but professionally-managed supply is close to zero. The question is no longer whether Mbarara will grow. It is who will own the stock it grows into.

Mbarara City Overview

The commercial capital of western Uganda, a maturing income market, not a frontier.

Key Highlights

- 264,425 residents (2024 population)
- 2 divisions (Mbarara City North and Mbarara City South)
- 23 Wards

Mbarara within the Ankole Sub-Region:

Mbarara City sits at the centre of the Ankole sub-region, one of south-western Uganda's historic cultural and economic blocs. At the 2024 National Population and Housing Census the sub-region was home to 3,608,968 people spread across twelve districts, Buhweju, Bushenyi, Ibanda, Isingiro, Kazo, Kiruhura, Mbarara, Mitooma, Ntungamo, Rubirizi, Rwampara and Sheema, together with the single gazetted city of Mbarara. Isingiro (635,077) and Ntungamo (552,786) are the most populous districts, but their populations are overwhelmingly rural.

The sub-region is Uganda's cattle and dairy heartland. Its economy rests on pastoral and mixed farming, the indigenous Ankole long-horned cattle and the milk shed that supplies the region's processors alongside banana (matooke), coffee and, in the higher-rainfall districts such as Bushenyi and Rubirizi, tea. Outside Mbarara the urban fabric is thin: centres such as Bushenyi–Ishaka, Ntungamo, Ibanda and Kazo function as agricultural service towns rather than as commercial or institutional hubs of any scale.

Against the largely rural backdrop, Mbarara City is the outlier. With 264,425 residents it is the only city in Ankole and its largest urban settlement by a wide margin and it is distinct from the separate, predominantly rural Mbarara District (174,039). The city concentrates the region's trade, dairy processing, tertiary education and referral healthcare, and it draws daily commuters, students, traders and patients from across the districts listed above.

This report focuses on Mbarara City. It is the sub-region's only city with an urban and formalising property market. The surrounding districts are the catchment that feeds the city's daytime economy and its rental, retail and hospitality demand; they are the hinterland to the market this report examines.

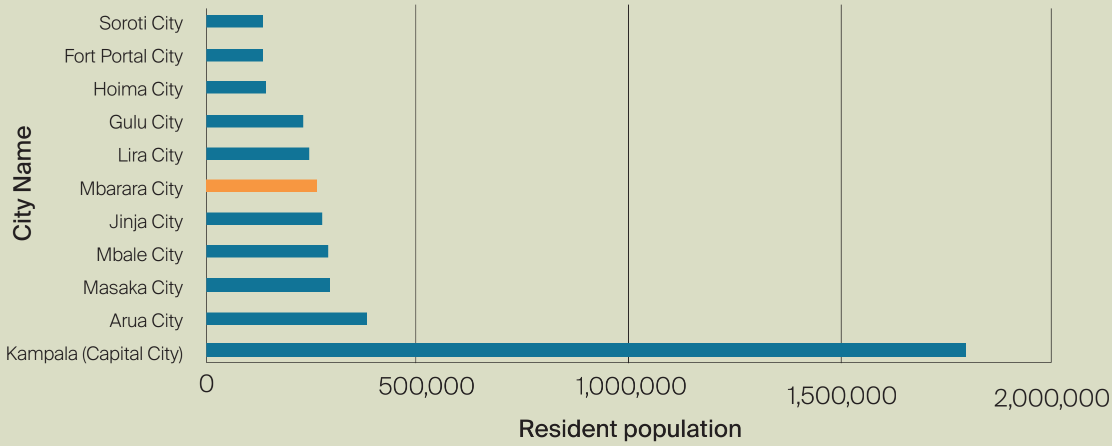
Key City Highlights

Mbarara sits at the heart of the Ankole sub-region, on the Kampala–Masaka–Kabale corridor 260 km south-west of Kampala. It is the commercial, medical, education and dairy-processing capital of south-western Uganda and the gateway to Rwanda (via Kabale–Katuna and Mirama Hills), Tanzania (via the Isingiro–Mutukula axis) and eastern DRC (via Ishaka–Kasese). The city covers 471 km^2 across two divisions – Mbarara city North and South spread across 23 wards (Parishes), at a density of about 560 residents per km^2. The name itself is a colonial mishearing of emburara, the local grass on which Ankole's famed long-horned cattle grazed, a reminder that this city's first economy was, and in many aspects still is, milk.

Table 4: History and recent inflection points

PERIOD	MILESTONE
Cattle capital (pre-colonial – 1900s)	Seat of the Ankole kingdom's cattle economy; grazing lands of the emburara grass from which the city takes its name
Pre-1950	Asian traders arrive; only 15 registered commercial premises
1957	Mbarara declared a township; administrative centre established
1974	Elevated to municipality status; boundary enclosed approximately 51.47 km^2, 6 divisions, approximately 159.8 km road network
1979	Significant war damage during the liberation war; the town subsequently rebuilt and resumed growth
1991	First post-conflict census; district population 267,500; town a small fraction of the district
2002	Census records 69,363 residents; modest secondary-town status
1989–2000s	Emergence as western Uganda's education hub – MUST (1989), Bishop Stuart University and the MUBS regional campus – and as a dairy-processing centre
1 July 2020	Granted city status; boundaries expanded to absorb Biharwe, Kakiika and Nyakayojo
2024	NPHC census records Mbarara at 264,425 residents – the largest city in western Uganda (6th of Uganda's 11 cities)
Nov 2025	River Kagera water delivered to Boma reservoirs; the water constraint removed
Mar 2026	Named among 10 beneficiary cities of the World Bank's USD 540m UCMID programme

Figure 2: Ugandan Cities Resident Population - 2024 Census. **Source:** UBOS



Demographics & the demand base

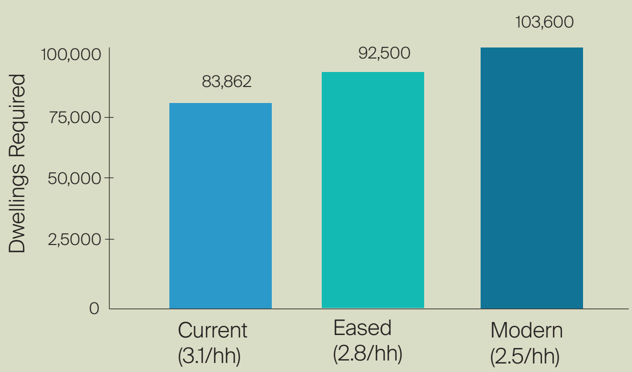
The 2024 census recorded 264,425 residents, growing from 199,066 in 2014 on current boundaries – 32.8% over the decade (about 3.0% per annum), ahead of the national average.

The 2024 Census ranks Mbarara City as the largest city in western Uganda and the sixth largest of Uganda's eleven cities by resident population.

Two patterns matter for property.

1. **Daytime population of 324,974:** approximately 60,000 more people are present by day than sleep in the city. This explains why Mbarara's retail, food service and transport economies feel larger than the resident count implies and represents a latent conversion pool for hospitality and urban housing as commuting costs rise.
2. **The age structure is emphatically young:** children (aged 0–17) and youth (aged 18–30) together make up around 71% of the population (39.4% children and 31.6% youth, 2024 census). This cohort is the current student-housing market, the first-rental market of the late 2020s, and the emerging workforce and first-time-buyer market of the 2030s.

Figure 3: Future Housing Demand Projection for Mbarara City



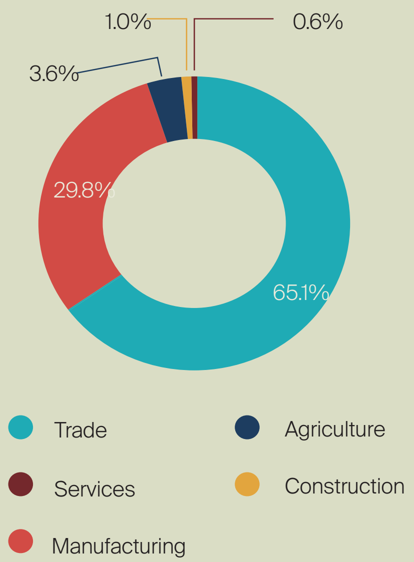
Source: 2024 NPHC; Knight Frank analysis.

3. Households, occupancy, and the latent housing gap

The 2024 census counted 83,862 households sheltering 258,985 people in private dwellings, an average household size of 3.1 (North 3.2, South 3.0). Mbarara's 3.1 points to extended families doubling up and young adults still living at home, a signature of housing scarcity as much as of cultural preference, and therefore of latent, unmet rental demand.

This is a development signal: even a modest easing of occupancy toward a 2.8-person household implies 8,600 additional dwellings, and the modern 2.5 norm implies nearly 20,000 – demand that today's individual-builder supply channel is meeting slowly and at low quality.

Figure 4: Major Economic Activities Within Mbarara City – Formally Registered Businesses



Source: MOFPED

The "Second Largest City" Label

Mbarara is often called Uganda's "second city." That reflects the pre-2020 era: on the former municipal footprint it was indeed the second-largest urban centre, but when the ten regional cities were created in 2020 several peers absorbed far larger surrounding sub-counties.

On like-for-like current boundaries Mbarara is the largest city in western Uganda and 6th of Uganda's 11 cities – a boundary effect, not a slowdown. A case in point is Isingiro District, which starts just 4 miles from the City Centre. This area including Kabererebe, a major trading city forms part of the city's daily traffic and according to the city officials, discussions about extending the Boundary are in place. Several land estates have also been opened in the adjacent areas especially Isingiro district, targeting city dwellers.

Economy

Based on the registered businesses within the city, Trade is by far the largest contributor to Mbarara City's economy at 65.1%, followed by Services (29.8%), Manufacturing (3.6%), Agriculture (1.0%), and Construction & Real Estate (0.6%), underscoring Mbarara's role as the commercial and wholesale capital of south-western Uganda and its deep, established investment potential.

Approximately two of every three licensed businesses are in trade, and together with services they account for approximately 95% of all licensed activity. This reflects a mature, specialised commercial base, a city that has already formalised around its role as the distribution pivot for the Ankole sub-region and a staging point for cross-border trade into Rwanda, the DRC, Burundi and Tanzania rather than a frontier economy still forming its commercial identity.

For property, the composition is decisive. A trade-led, consumer-facing economy of this depth directly underwrites demand for retail arcades, warehousing, and the dense daytime commercial turnover of the CBD.

The Pie Chart in Figure 4 on the previous page shows a breakdown of Mbarara City's economy by sector.

Infrastructure: the property value catalyst

Infrastructure is where Mbarara's investment case has changed most materially in the past 24 months, and where the market has been slowest to reprice.

Water: the Kagera project has been delivered

For a decade, the most-cited constraint on large-scale development was water. River Rwizi yields only around 18 million litres per day against demand of approximately 22 million and dries between May and September. In November 2025, the National Water and Sewerage Corporation delivered River Kagera water to the Boma reservoirs, completing a 60 km transmission line under a €65 million AFD-funded project and adding 12 million litres per day.

For developers this is the single most important fact in this report: the binding constraint on hotels, hospitals, industrial processing, PBSA and multi-family residential has been removed, and land prices have not yet adjusted to reflect it.

Roads: the bypass economy, USMID and UCMID

The 14.5 km Mbarara Northern Bypass re-routes transit traffic from the Coca-Cola plant at Makenke through Rwebishuri and Nkokonjeru to rejoin the Kabale road, relieving the CBD and opening a new development frontage across the northern wards. It is no coincidence that Kakiika, which the corridor serves, now leads the city in new buildings under development.

Building on the USMID grid, the World Bank approved the USD 540 million UCMID programme in March 2026, a six-year investment (FY2026/27–2030/31) in climate-smart roads, drainage, lighting, markets, and amenities with Mbarara one of only ten named beneficiary cities.

As witnessed in other secondary cities, infrastructure is arriving ahead of formal real estate: the classic timing arbitrage in which early entrants capture both yield and the appreciation that follows repricing.

Table 5: Roads Completed under USMID and those Roads to be Upgraded Under UCMID

S/N	Roads Completed under USMID	Roads to be Upgraded Under UCMID
01	Akiiki-Nyabongo Road	Ntare Road
02	McAllister Road	Asuman Matovu Road
03	Constantino Lobo Road	Bishop Kakubi
04	Buremba Road	Muti Drive
05	Stanley Road	Johnstone Street
06	Maj. Victor Bwana Road	Kizungu Road
07	Galt Road	Karugangama Road
08	Kyamugorani Road	Kamanzi Road
09	Lower Circular Road	
10	Ruhara Road	
11	Mosque Road	

Source: Mbarara City

Industrial platforms, power, air, and the airport directive

Mbarara hosts the Uganda Investment Authority's 12-acre SME park (the former Gatsby estate) and sits in the pipeline for a larger Main park and a mandated Science, Technology & Innovation Park; the Sino-Uganda special economic zone is promoted at Nshaara on the approaches. Grid supply comes from the Mbarara–Nkenda corridor, and telecoms coverage is robust.

The most consequential and most uncertain new catalyst is aviation: a February 2026 presidential directive to fast-track a "mega transport project" at Nyakisharara, pitched at approximately 21 km² with two 5.5 km runways under a Build-Operate-Transfer model targeted for around 2030.

The scheme remains at directive stage, and independent analysis has questioned its economics; this report treats it as a directional signal, not a committed project.

Key economic drivers

A working daytime economy, a regional dairy and trade engine, and an infrastructure pipeline that has not yet been priced into land.

Mbarara's real estate demand is underwritten by a genuinely productive economy rather than by speculation. The drivers mapped below translate directly into property use classes.

The daytime economy

Mbarara's most distinctive feature for real estate purposes is its daytime population surge. According to 2024 census data, the city records a daytime population of 324,974 against a resident base of approximately 264,000, a difference of about 63,000 people, or 23%, who commute in each morning as workers, traders, students, and patients and out again at dusk. These are not tourists; they are the customer base for the city's arcades, clinics, transport hubs, and eateries. They make Mbarara's effective daily real estate market materially larger than its resident census alone would suggest, and they are the demand behind ground-floor retail, mixed-use and convenience formats.

Trade and commerce

Trade is what Mbarara does. The city is the wholesale and distribution pivot for south-western Uganda and a staging point for cross-border flows into Rwanda, the DRC, Burundi, and Tanzania. The CBD's dense arcade economy turns over daily. This trade function is the demand base for retail, warehousing, and cross-border logistics space.

Dairy, agro-processing, and manufacturing

Mbarara anchors western Uganda's manufacturing economy. The Ankole milk shed produced approximately 1.2 billion of the nation's 5.3 billion litres of milk in 2024, and national dairy exports earn in the order of USD 285.4 million a year. Pearl Dairy's Lato plant at Biharwe, GBK Dairy, Century Bottling's Coca-Cola plant at Makenke, Nile Breweries' plant in Ruharo and a cluster of grain and feed millers give the city a processing base no other western-Ugandan town can match , the demand behind agro-processing space, cold chain and dry warehousing.

Education and health

The Mbarara University of Science and Technology, Mbarara Regional Referral Hospital, other hospitals together with Bishop Stuart University, the University of Saint Joseph, Metropolitan University and a cluster of tertiary campuses sustain a tertiary population above 20,000 and a large health-worker and student catchment.

This complex fills hotels several weekends a year, underpins hostel occupancy above 90% every semester, and is the single clearest build-to-a-known-number demand signal in the city, the demand base for PBSA and graded conference hotels.

Tourism and the south-western circuit

Mbarara is the gateway to Lake Mburo (40 minutes east) and the Bwindi/Mgahinga gorilla circuits, and the natural overnight stop on the Kampala corridor. Visitor numbers on the Bwindi and Mgahinga gorilla circuits have been rising in recent years, traffic that flows through Mbarara's hotels and eateries. It is also used as a transit town for Queen Elizabeth National Park, especially for those who want to visit both Mburo and Queen Elizabeth. It is also a gateway to Kibale Game reserve Uganda's renowned Primate Sanctuary. This is the transit and leisure demand behind mid-tier and upscale hospitality.

The infrastructure dividend

Finally, the confirmed infrastructure pipeline – Kagera water delivered, the bypass complete, UCMID funded, and the Nyakisharara airport directive issued, is itself a demand driver. Critically for investors, the private market has not yet priced most of this in.

A bird's eye view of a section of Mbarara City

Mbarara's Real Estate sector at a glance

This is a working income market, not a speculative one: a city that already earns its living from rent, retail, and processing, and is only now being built to formal standards.

Overview

Mbarara's property market is broad, active, and genuinely income-producing. Nearly forty thousand rateable properties change hands, let and trade across the city, and the great majority of them are already working assets: homes that earn rent, shops and arcades that turn over daily, plants and warehouses that anchor the region's dairy and manufacturing economy. The market's defining feature is not scarcity of activity but scarcity of formal, professionally delivered product. Demand is proven across almost every class of use; what is thin is the modern, managed supply that institutional capital recognises.

At its foundation, Mbarara is a housing city. Approximately three in four properties are residential, and a striking share of them are held not by owner-occupiers but by landlords: close to four in ten homes, 37.3% of the residential stock are rented, a tenant base deep enough to sustain a professional rental market that exists and is expanding. Layered over that residential base is a dense commercial economy; the arcades, dukas (strip retail shops), trading centres on the city's outskirts and, at the top, a small but disproportionately valuable estate of institutions and factories: the universities, the referral hospital, the beverage and dairy plants that give the city its regional weight.

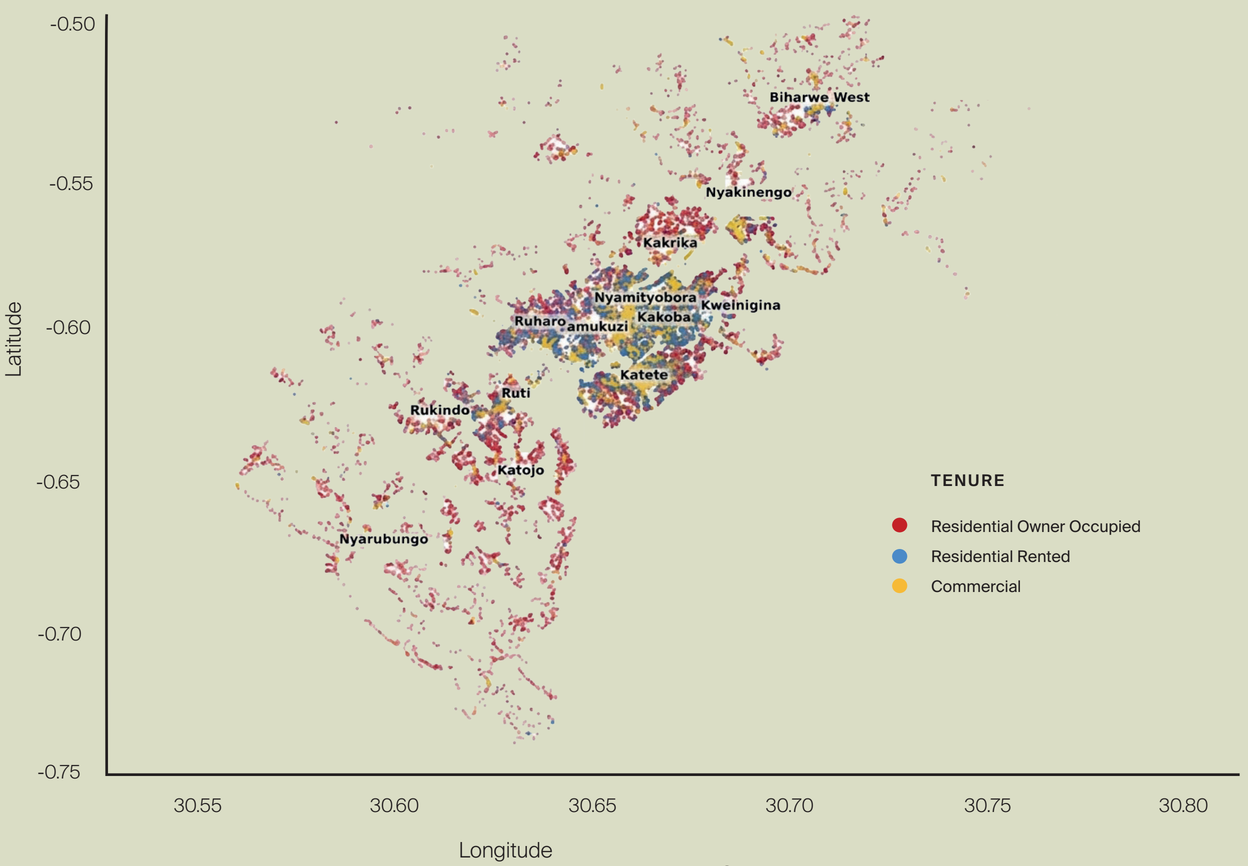
The shape of the market

Commercial property is the city's value engine: barely one property in five, yet it commands the largest share of the city's assessed property value.

Rented housing has quietly drawn level with commercial – the clearest sign that Mbarara is a landlord's city.

A handful of institutional and industrial holdings carry value far out of proportion to their number – a reflection of the physical scale of the education, health, and processing estate that no other western-Ugandan town can match.

Figure 5: Spatial Distribution of Commercial and Residential Properties in Mbarara City



Source: Valuation Roll (geocoded); Knight Frank analysis.

USE CLASS	SHARE OF PROPERTIES	SHARE OF RATE-ABLE VALUE
Residential – own-er-occupied	45.9%	27.9%
Residential – rented	27.3%	28.5%
Commercial (retail & office)	22.2%	30.9%
Under construction	2.9%	2.9%
Institutional (schools, health, faith)	1.1%	7.4%
Public	0.4%	0.5%
Industrial	0.1%	1.8%
Agricultural & other	0.1%	<0.1%

Source: Mbarara City Current Valuation Roll – 2022

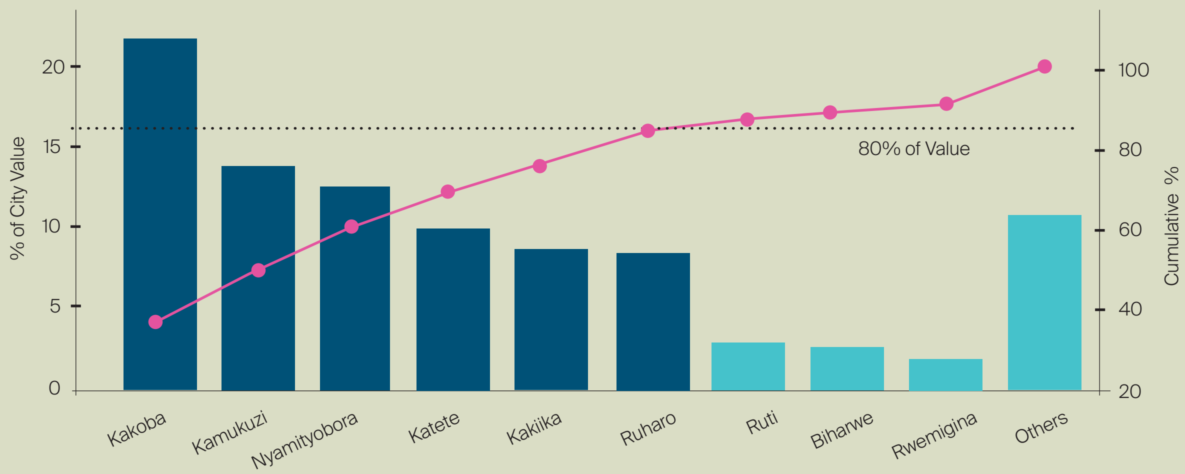
A market of a few dense wards

Mbarara's real estate value is not spread evenly across the city; it is concentrated. Several ward-level figures in this section derive from the 2022 Valuation Roll and cannot be verified against public data - not necessarily wrong, but retain clear source notes for each.

This is a market with a clear centre of gravity and a long, thinning tail, which is exactly why site selection matters more here than in a flatter market: a plot two wards out from the value core (CBD) can cost a fraction of one inside while serving the same growing population.

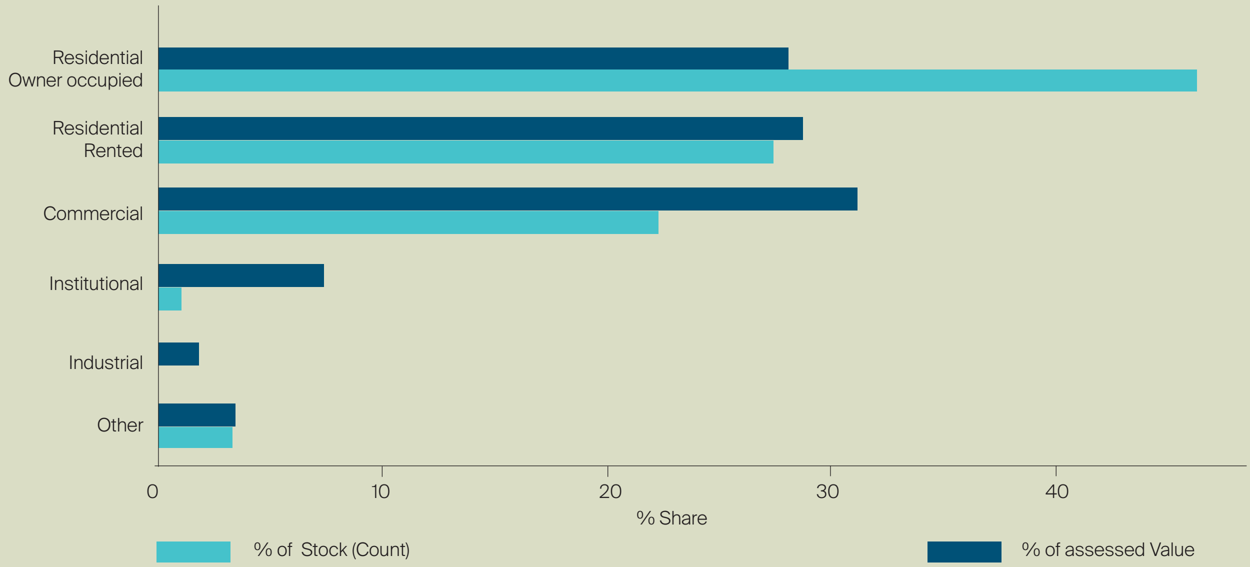
Within that concentration the wards play distinct roles, and the differences are where opportunity lies. Nyamityobora, Ruharo and Kamukuzi are value-dense – fewer properties, each worth more.

Figure 6: Mbarara City Rateable Value by Ward Analysis



Source: Knight Frank Analysis

Figure 7: Rateable Value Per Property Sector. **Source:** Knight Frank Uganda Analysis, Mbarara City Current Valuation Roll – 2022



Katete is the mirror image: a dense, affordable, high-turnover residential base that houses a large slice of the city on modest land values.

The two divisions of the city balance out at the top line: North and South carry similar shares of both stock and value, but the North's value is the more concentrated, packed into fewer, higher-worth holdings.

The Commercial Spine

Trade is the commercial spine of Mbarara City. Nyamityobora ward, the High Street and the CBD grid are the undisputed heart, leading commercial value on both scale and price per unit. Property values fall sharply with every step from the High Street. This is evidenced by the growth wards of Katete and Kakiika, which between them hold a quarter more commercial premises than Nyamityobora yet generate less than half its commercial value.

The construction pipeline: where Mbarara is building

Mbarara's building frontier has moved. The city is no longer thickening its old core; it is spreading outwards from the CBD.

Mbarara is being actively rebuilt, and ongoing construction and the approved building plans provide insights into where the market and the future are moving. Construction is expanding out of the CBD and is more pronounced in the northern and north-western wards.

This has been confirmed by data from two separate sources: the stock of buildings that were mid-construction at the last city-wide valuation (2022), and every building permit the City has approved over the most recent thirteen months. One captures what was rising a few years ago; the other, what is being started right now. Both point to the same frontier.

The flow: a market building faster than in previous periods

The pace is rising. Monthly approvals in the most recent six months run about 60% above the opening six months. More owners are entering the formal permit system, and more often, though part of the climb reflects formalisation broadening (informal build-out being drawn into the permit net) rather than pure new demand.

By use class the flow closely tracks the existing stock – approximately 68% residential and 19% commercial, confirming a market deepening along established lines.

The building permits point to two trends.

1. Institutional approvals over-index at about 6% of the flow against approximately 1% of standing stock (schools and faith facilities following new housing).
2. Industrial and logistics uses, near invisible in the static stock, register a small but steady presence, the fastest-formalising class in proportional terms.

Table 7: The geography: The centre of gravity moves north-west.

Ward	Share of pipeline	Reading
Kakiika	16–19%	Northern Bypass corridor – the construction capital
Kakoba	11–16%	BSU / Lugazi infill
Katete	8–13%	Dense affordable, south of the CBD
Ruharo	7%	Westward, Ishaka road
Rukindo	6%	Southern expansion
Rwemigina	5%	Student belt, north of Kakoba
Kishasha	3%	Early-stage northern frontier

Source: Valuation Roll; BCC returns; Knight Frank analysis.

Kakiika, not the CBD, is Mbarara's construction capital, taking approximately one in six of all sites under way at half again the city's building rate, built almost entirely by individual developers at bungalow and tenement scale.

The infrastructure sequence now arriving lands squarely in this corridor. The first institutional developer to deliver planned, serviced, professionally managed product in the northern growth arc will be selling into demand that hundreds of individual builders have already demonstrated.

The North is a residential frontier, where more than three-quarters of approvals are homes. The South is the commercial and institutional engine, with more than a quarter of its approvals commercial and nearly one in ten institutional.

Figure 8: Two Engines: North builds homes, South builds commerce

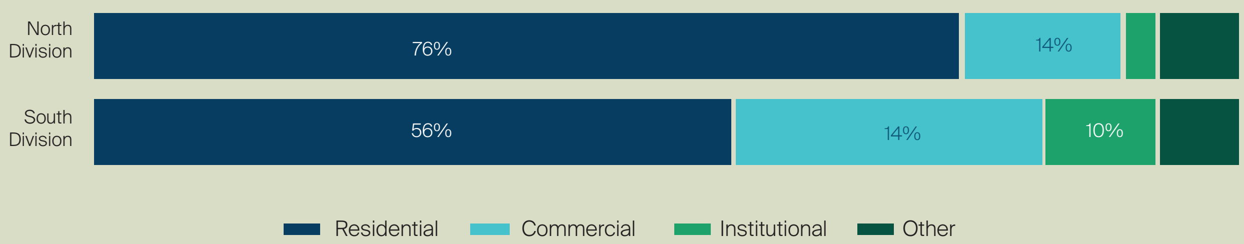


Figure 9: Mbarara City Approved Permits by Months (Share of Total) 2025 - 26

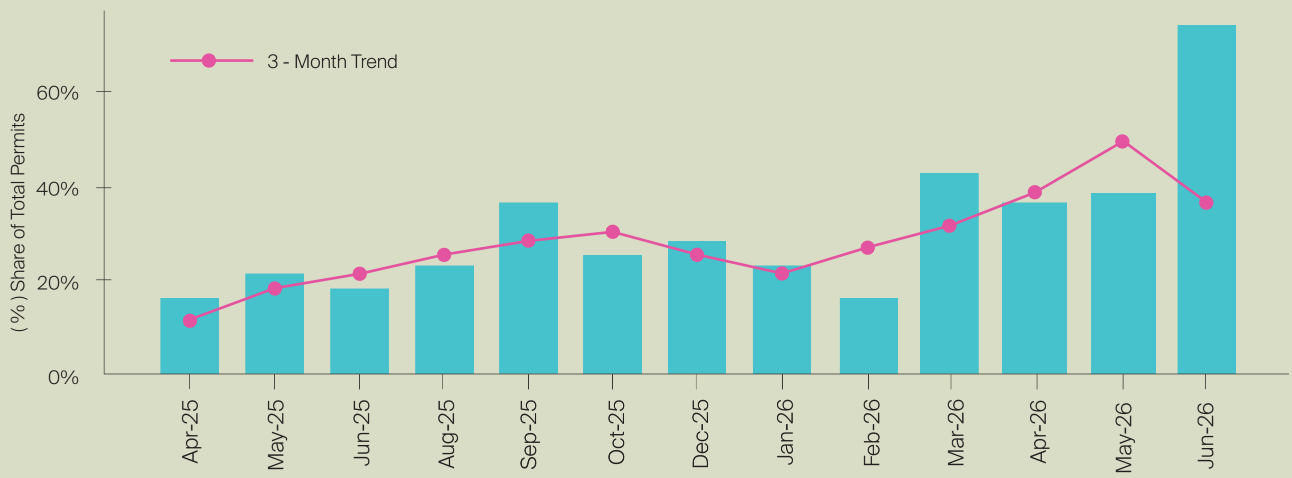
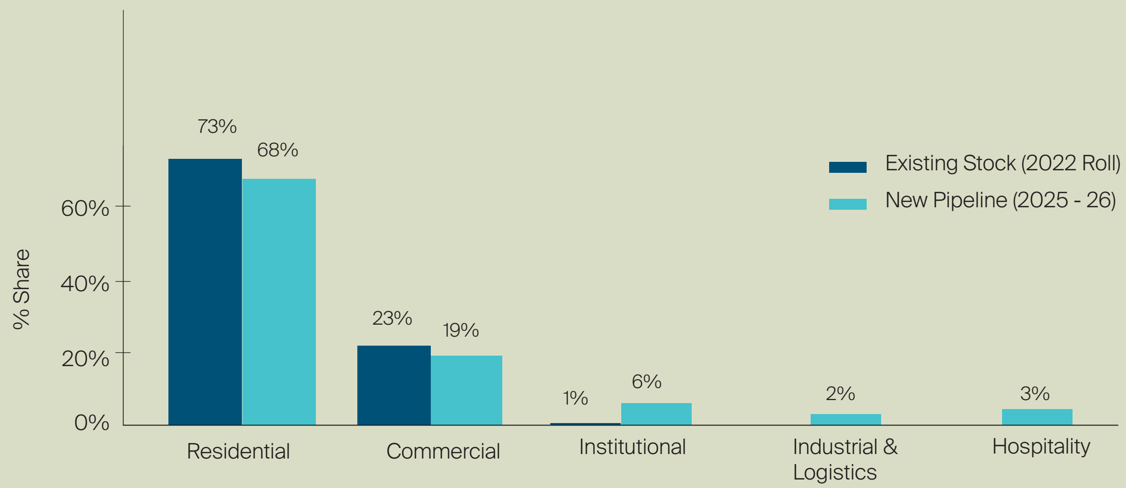


Figure 10: What Is Being Built vs What Already Exists



View of the Mbarara City CBD

The Residential Market

Broad, liquid at the bottom, thin at the top.

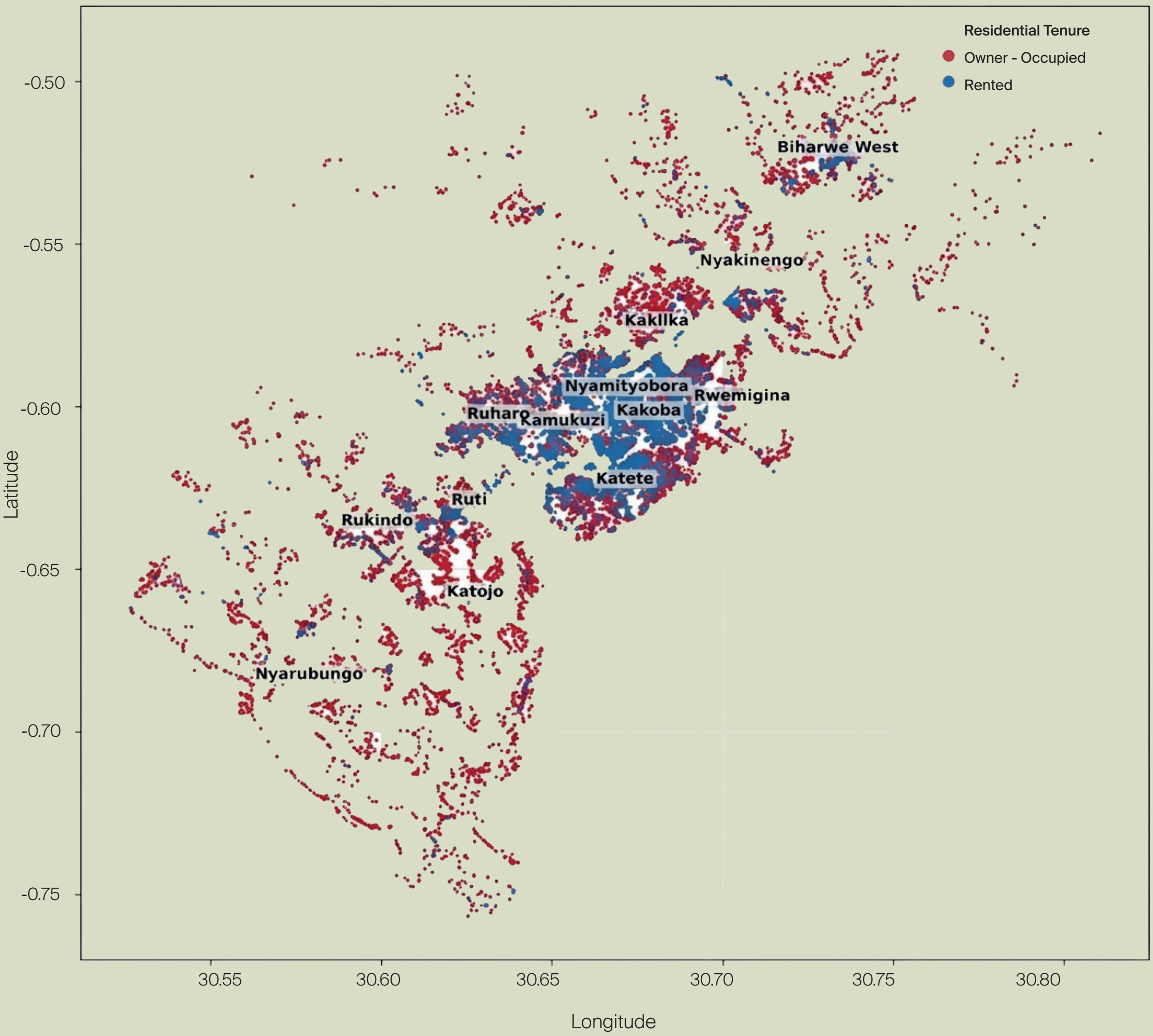
Mbarara's residential market is dominated by individual landlords. The National Housing and Construction Company's Rwizi View apartments at Boma/Rwebikona stand as the city's only institutional-scale scheme: 80 two- and three-bedroom units renting at UGX 900,000–1,100,000 per month and selling at UGX 199–299 million, validating pricing the rest of the market has yet to supply at scale.

Where the housing is: a sharp core-to-periphery gradient.

Residential development follows a steep gradient from a dense urban core to a low-rise settlement frontier. Four wards – Kakoba, Katete, Kakiika and Kamukuzi – hold 54% of all rateable property. These are the wards where serviced plot supply is limited and where the structural dwelling shortfall binds most acutely: future supply here means densification and vertical development, not greenfield plots.

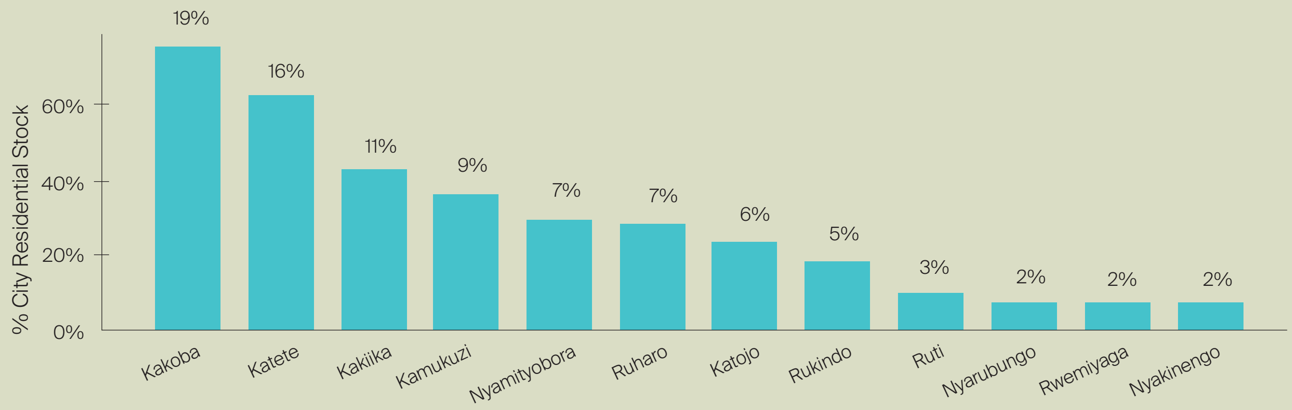
The periphery – Katojo, Rukindo, Nyarubungo and other annexed wards – is the expanding frontier of single-household, self-built housing.

Figure 11: Spatial Distribution of Residential Property by Tenure



Source: Valuation Roll (geocoded); Knight Frank analysis.

Figure 12: Residential Stock Concentration by Ward (Four Wards, Half the Housing)



Source: Valuation Roll; Knight Frank analysis.

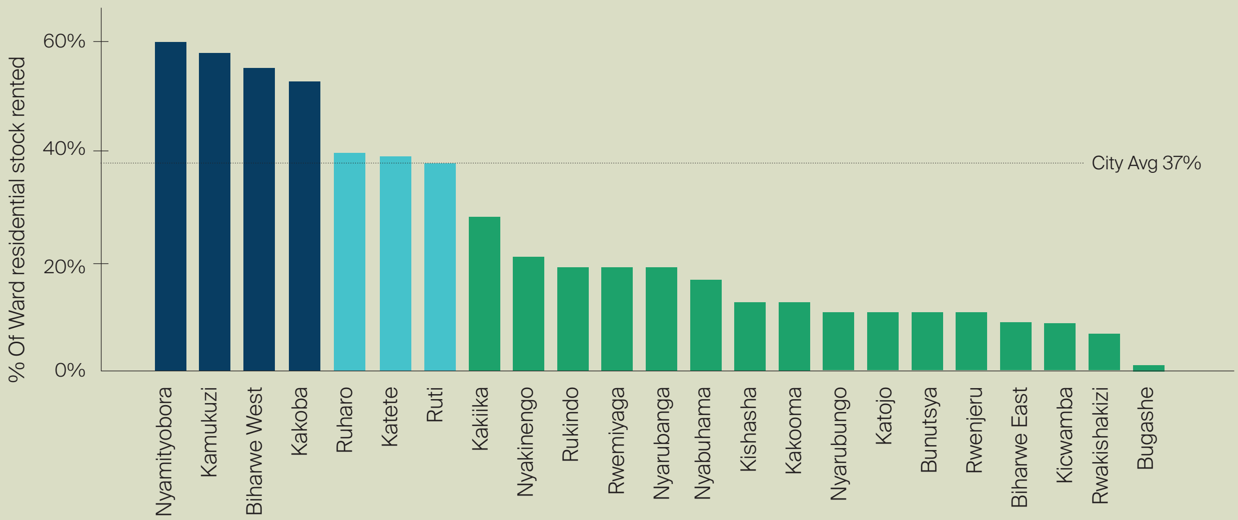
The rental core versus the owner-occupier frontier.

The rental core – Nyamityobora (60% rented), Kamukuzi (58%), Biharwe West (55%) and Kakoba (53%) – sits in and around the commercial centre and the institutional catchments and is where demand for purpose-built rental and multi-unit product is strongest. On absolute rented stock, Kakoba, Katete, Kamukuzi and Nyamityobora together hold over 70% of the city's entire rental pool. The owner-occupier frontier – Bugashe (99%), Katojo (89%) and Rukindo (81%) – is the periphery of incremental self-build, where individual-plot demand concentrates.

Residential market structure

Mbarara's residential market is not one market but several, layered across the city by tenure, income, and stage of development. We analyse the market via a development map that groups wards by how they are building and what they are worth, and an income-segment map that locates each price tier and the stock that serves it.

Figure 13: Residential Rental Market Depth by Ward – The Build-to-Rent Map **Source:** Valuation Roll; Knight Frank analysis.



> "The North is a residential frontier, where more than three-quarters of approvals are homes. The South is the commercial and institutional engine, with more than a quarter of its approvals commercial and nearly one in ten institutional."

View of a Residential Estate Within Mbarara City **Source**: Knight Frank Uganda

Table 8: The residential development map

WARD GROUP	WARDS	DEVELOPMENT READ
High-density rental core	Kakoba, Kamukuzi, Nyamityobora	Plot supply exhausted; future supply is vertical densification and mixed-use. Strongest rental yields and absorption – the primary build-to-rent and mid/upper apartment target, and the city's revenue engine.
Premium owner-occupier	Ruharo (and upscale Kamukuzi)	Highest value intensity, lower rental share – the villa and executive-housing market; limited but high-value infill.
Mature mid-ring	Katete, Kakiika, Ruti	Large mixed owner-occupier and rental base at mid value – the volume market for standard family housing and modest rental blocks.
Owner-occupier frontier	Katojo, Rukindo, Nyarubungo, Rwakishakiizi	Low-density, overwhelmingly owner-built, lower value; individual-plot and incremental self-build demand, not institutional development.
Highway / commuter	Biharwe West & East	Smaller stock but a notable rental share along the corridor.

Table 9: Market structure by income segment

SEGMENT	KEY LOCATIONS	TYPICAL STOCK
High income	Boma, Nkokonjeru, Nyamitanga, Rwebishuri, Kacence	Maisonettes, townhouses, and bungalows on large compounds; a small number of high-end apartment blocks.
Middle income	Kakoba quarters, Lugazi, Surveyor, Kakyeka, Katete, Rwentondo, Kihindi; CBD arcade upper floors	Bungalows on small plots, tenement blocks, and mid-range apartments; arcade top floors widely converted to flats.
Low income	Katete, Biafra, Kisenyi, Lubiri, Agip	Single-room tenements, often with shared external sanitation; informal settlement pockets.
Student belt	Kashanyarazi, TASO Village, Kafunjo, Kamukuzi, Rwemigina, Kakoba, Rwentondo, Boma, Kihumuro, Biharwe, Nyamitanga	Storeyed hostels and converted tenement rooms around MUST, Bishop Stuart, St Joseph's, Metropolitan, the MUBS campus, UMI and the LDC.
Peri-urban / annexed	Nyakayojo, Nyabuhama, Biharwe, Rwenjeru	Village-pattern permanent and semi-permanent housing on farmland — the city's long-run land bank.

Residential Opportunities

- Build apartments where value and rental depth meet. Kakoba and Kamukuzi are the primary purpose-built-rental and mid/upper apartment target – proven tenants, exhausted plots, and land values that justify going vertical.
- Position mid-market rental in the high-occupancy core. The areas around the CBD offer depth of demand at lower values, which suits efficient, well-managed mid-market apartments rather than premium product.
- Take volume family housing to the mid-ring. Katete, Kakiika and Ruti carry the standard-family-home and modest-rental-block demand at mid value and scale.
- Treat the frontier and peri-urban belt as a land bank. Katojo, Rukindo, Nyarubungo and the annexed wards are for individual-plot self-build today and strategic land assembly for tomorrow, not institutional delivery now.
- Anchor student housing on the university belt. A tertiary population above 20,000 sustains hostel occupancy over 90% every semester – the clearest build-to-a-known-number opportunity in the city.

Land banking: where plots are being sold

Beneath the built market sits an active plotting economy. Emerging institutional developers are buying chunks of formerly agricultural land, subdividing them into standard 50×100 ft and 100×100 ft plots with access roads, and selling to individual self-builders. The result is a well-defined land-price gradient across the city and a set of zones where forward-looking capital is assembling land ahead of the infrastructure now arriving.

A standard 50×100 ft plot trades across a wide band from approximately UGX 8–50 million across the annexed areas, with prices falling as one moves further away from the CBD.

8 - 50 Mn

Wide range cost of a standard 50×100 ft plot across the annexed areas

Above 20,000

Tertiary student population in Mbarara City

Residential plots on the outskirts of Mbarara City CBD

Table 10: Sale prices for Residential plots within Mbarara City - New Estates outside the CBD

No.	Estate Name	Plot Size	Price (UGX)
1	Butagatsi Prime Estate	100 × 100 ft	45M
2	Kyanwabuganda Estate	50 × 100 ft	12M / 10M
3	Nyarubanga Phase 2	100 × 100 ft	80M
4	Karungi Prime Phase 2	50 × 100 ft	12M
5	Nyarubanga Uphill Estate	100 × 100 ft	55M
6	Ruebishuri Hill View	100 × 100 ft	50M
7	Kamatarisi Prime Estate	50 × 100 ft	16M
8	Kyanwabuganda Phase 3	50 × 100 ft	16M
9	Karungi Prime Estate	50 × 100 ft	12M
10	Kyanwabuganda Prime Estate	50 × 100 ft	18M
11	Kyanwabuganda Uphill View	50 × 100 ft	18M
12	Karungi Uphill Estate	50 × 100 ft	10M
13	Ishanyu By-pass Phase 3	100 × 100 ft	65M
14	Rwebishuri Estate	100 × 100 ft	40M

Source: AMKA INTERNATIONAL REAL ESTATE

Table 11: Rental evidence

Unit type	Monthly rent (UGX)	USD	Notes
Single-room tenement	80,000 – 150,000	$22–41	Shared external sanitation
1-bed ensuite tenement	250,000 – 400,000	$68–109	The city's workhorse rental; near-full occupancy
Studio / 1-bed, arcade upper floors	200,000 – 600,000	$55–164	Converted CBD floors; strong young-worker demand
2-bed apartment, mid/high grade	500,000 – 1,000,000	$137–273	Boma, Kacence, Rwebikona; limited supply
3-bed standalone, middle grade	800,000 – 1,500,000	$219–410	Aged bungalows on small compounds
3-bed standalone, high grade	1,000,000 – 2,000,000	$273–546	Boma, Nkokonjeru, Rwebishuri
4+ bed executive house	2,000,000 – 5,000,000	$546–1,366	Very thin stock; corporate & diaspora

Residential Demand Drivers

Demand rests on four durable engines:

1. Population growth of approximately 3.0% p.a.
2. The education economy and its staff and graduate retention.
3. Industrial and services employment
4. Mbarara's role as the preferred "country-home" city for the western Ugandan diaspora.

Purpose-Built Student Accommodation (PBSA)

Key Highlights

- Occupancy rate across surveyed hostels – above 90%
- Median Hostel Fees per semester – UGX 500,000
- Room count per hostel – 20–50
- 6 Universities
- Only one university with on-campus beds

Mbarara hosts several degree-awarding universities and tertiary institutions across the city and its immediate approaches. Mbarara University of Science and Technology (MUST) with two campuses (Kamukuzi and Kihumuro) and Bishop Stuart University in Kakoba dominate, with other regional and faith-based campuses clustered between them along the CBD hills.

Student housing is among the fastest-growing commercial niches in the city. Mbarara hosts a tertiary population well above 20,000 across Mbarara University of Science and Technology (MUST), Bishop Stuart University, St Joseph's, Metropolitan International, the MUBS regional campus, UMI and the LDC. Only MUST offers on-campus accommodation; the rest rely entirely on the private sector.

Off-campus hostel fees run between UGX 200,000–1,000,000 per semester (median UGX 500,000), and occupancy holds above 90% every semester.

Supply is fragmented, single-storey, individual-landlord, and amenity-light — concentrated around MUST's Kamukuzi/Kashanyarazi and Kihumuro campuses and in Rwemigina and Rwentondo (Bishop Stuart University), exactly the wards the pipeline shows building fastest.

The gap is not demand; it is quality and scale.

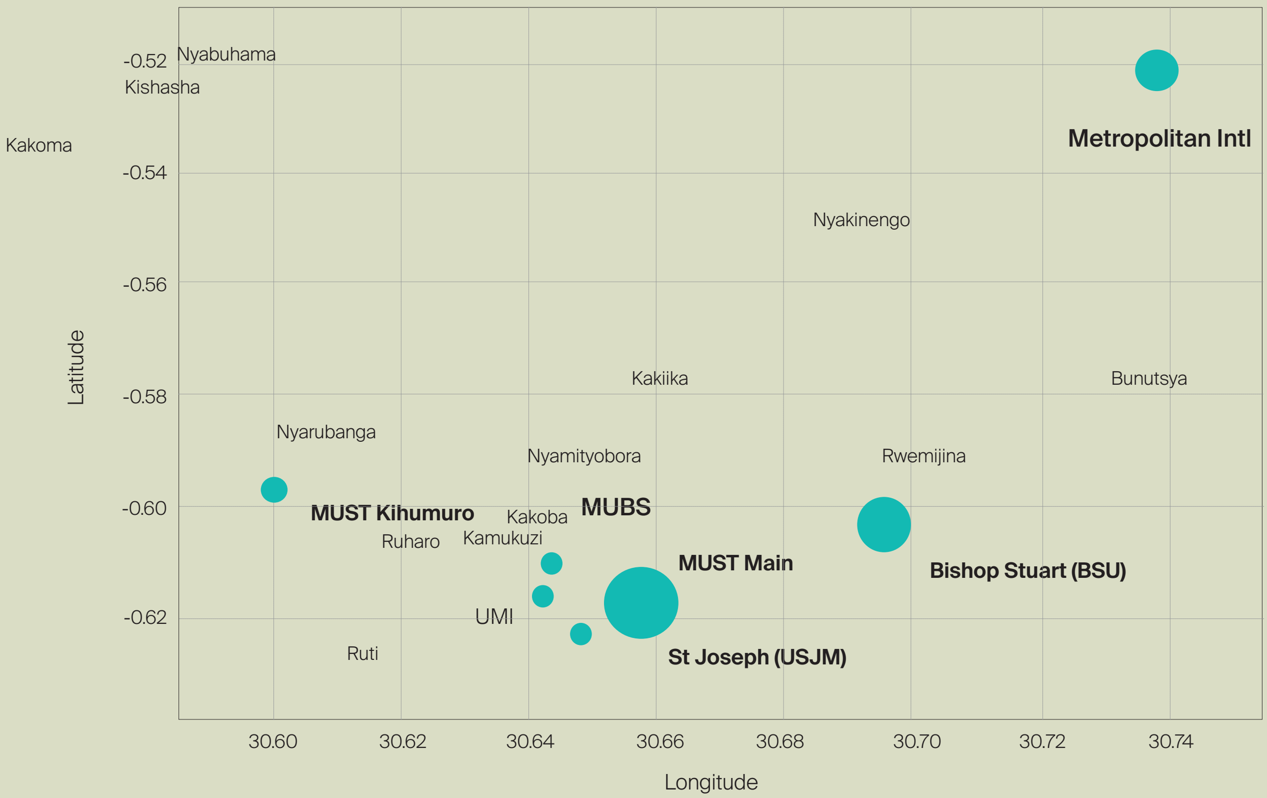
Where the opportunities lie

- Purpose-built student accommodation: hundreds of beds with study, security and connectivity, priced on build cost and unit mix rather than on winning demand that already exists.
- University partnership / nomination models: de-risk absorption by contracting bed blocks with MUST, Bishop Stuart, Metropolitan and the other universities.
- Patient-capital structures: the feasibility clears on DFI, pension or university capital rather than high-teens shilling debt.

Table 12: : Universities in Mbarara by Location and Estimated Student Population

University	Ward / location	Est. students
Mbarara University of Science and Technology (MUST)	Kamukuzi (main, business) & Kihumuro	8,000+
Bishop Stuart University (BSU)	Kakoba & Ruharo	7,000+
Metropolitan International University	Biharwe	3,000+
University of Saint Joseph Mbarara (USJM)	Nyamitanga	500+
Makerere University Business School (MUBS)	Kamukuzi	800+
Uganda Management Institute (UMI)	Kamukuzi	300+
Law Development Centre	Kakiika	500+

Figure 14: Universities Within Mbarara City by Location and Scale. Source: Knight Frank Uganda



Source: Knight Frank Uganda

The Retail Market

A sector in transition: from informal markets to dukas to arcades, and now to destination retail centres.

Retail is Mbarara City's most visible property sector, as evidenced by the most recent valuation roll. Commercial property accounts for 30.9% of the city's assessed rental value, the largest share of any use class, from just 22.2% of its rated stock, concentrated in the Nyamityobora, Kamukuzi and Kakoba wards.

The retail market divides into five formats: public markets; CBD arcades; neighbourhood arcades; street shops (dukas); and an emerging destination-mall format.

Table 13: Rental evidence and the arcade rent cliff

TIER	SPACE	UGX PSM / MONTH	USD
Public markets	Stalls (10–15 sqm)	10,000 – 37,000	$3–$8
Dukas/Street shops	Dukas / street shops (10–20 sqm)	10,000 – 50,000	$3–$10
Arcades	Ground-floor retail	50,000 – 150,000	$13–40
Arcades	Middle floors	40,000 – 80,000	$10–20
Arcades	Upper floors	22,000 – 46,000	$6–13
Secondary arcades	Retail	22,000 – 27,000	$6.0–7.4

Source: Knight Frank Uganda.

Figure 15: Median Rates in Mbarara City Arcades. **Source:** Knight Frank Uganda

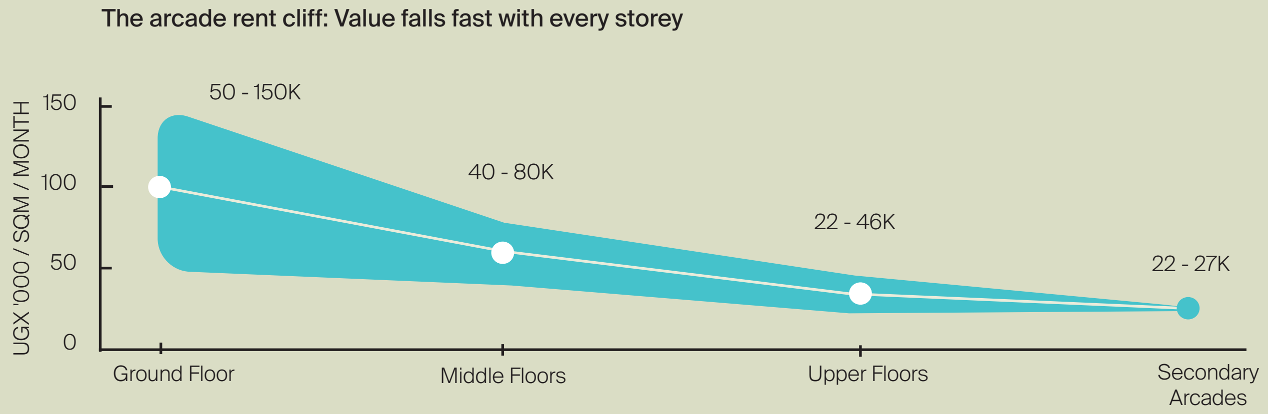
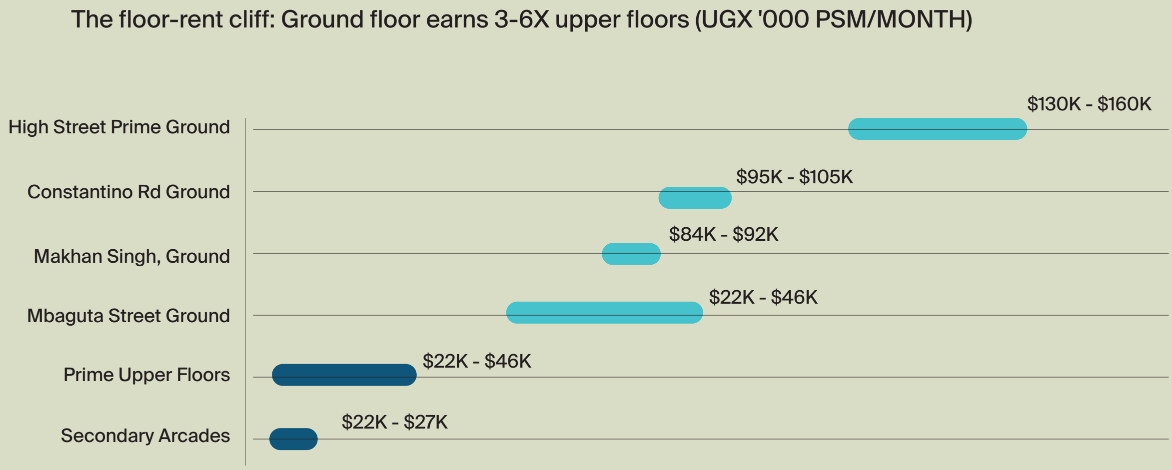


Figure 16: Prime Ground Floor Rent Per Square Meter within the CBD. Source: Knight Frank Uganda



Retail Sector Segmentation

Public and street markets
The volume channel for everyday and fresh-produce trade is the public market. Mbarara Central Market on Constantino Road serves the CBD; Rwebikona Market serves the western approaches; and Nkoranorya Market the eastern approaches.

These council markets, which carry the bulk of the mass-market grocery basket, remain highly informal and footfall-driven – the competitive backdrop against which any modern-format grocery offer in the city has to price.

Every day and fresh-produce markets have also emerged in other parts of the city with high population density such as Katete, Ruti, among others.

Modern grocery is limited to a handful of local operators (Fresco, Day-to-Day, Golf Course) trading within arcade ground floors; no national or international chain yet operates in the city.

Street Shops/Dukas
These still form the bulk of the retail sector within the city. They have been established across all roads leading to the residential areas mostly offering sizes between 10–20 sqm. They deal in general grocery and charge rents from UGX 50,000 to UGX 400,000 depending on location.

The major towns / retail hubs outside the city include Biharwe, Nkoranorya, Katete, Ruti and Nyamitanga, among others.

CBD arcades: the dominant format
The dominant formal format is the mixed-use arcade: retail

Artistic Impression of Mbarara Mall. **Source**: Knight Frank

Construction progress of Mbarara Mall. **Source**: Knight Frank on the ground floor, offices on the middle floors, and residential (and, not infrequently, Pentecostal churches) above.

The majority of the mixed-use arcades are within the core CBD (Nyamityobora, Kakoba and Kakiika wards). The arcades display a pronounced floor-level rent cliff: prime ground-floor space on High Street commands three to six times upper-floor rates in the same building, which is why developers routinely convert upper floors to residential use. The ground floor is where covenant tenants compete: commercial banks and established retailers such as supermarkets pay a marked premium for prime ground-floor pitches, and their rents effectively set the ceiling for arcade retail across the CBD.

The retail shops within the arcades serve both the city population as well as the population of the greater Ankole region, who commute to Mbarara City for their shopping needs.

Electronics (computers, phones, and accessories), fashion (clothes boutiques) and stationery form the bulk of the retail space within the city CBD.

Supermarkets and modern grocery

Modern-format grocery is limited to a handful of local supermarket operators, trading within arcade ground floors rather than as standalone anchors; no national or international grocery chain yet operates in the city. The major supermarkets in town include Fresco Supermarket, Day-to-Day Shopping Centre and Golf Course Supermarket.

There are also mini supermarkets at almost all fuel stations to cater for the needs of the population.

Destination malls: an emerging segment

Until recently the city had no true anchored mall; the Savannah Mall, under construction below Hotel Triangle and slated to open around 2027, will be the first purpose-built destination scheme – a structural break from the arcade model rather than an extension of it.

Neighbourhood and convenience retail:

Neighbourhood arcades are also emerging within Mbarara, especially along the main access roads leading out of the city. These have been established in areas such as Nyamitanga, Rwebikona, Ruti and Biharwe among others to cater for the shopping needs of the resident population within those areas.

Where the opportunities lie

- Neighbourhood centres on the bypass and arterials: grocery-anchored, parked and services-tenanted, delivered behind the UCMID road wave at land costs a fraction of CBD levels.
- Selective prime ground-floor CBD exposure to covenant tenants (banks and established retailers).
- Caution on upper-floor arcade space: the rent cliff and heavy arcade pipeline make upper-floor absorption risk real.
- Fine dining and eateries remain an underserved segment

Portville Mall. Photo source: Knight Frank Uganda

The Office Market

Mbarara has institutional tenants with limited institutional-grade buildings.

From Royal Capital to Administrative Capital: The Kamukuzi Continuity

Mbarara's office market cannot be read apart from the ground it sits on. Atop Kamukuzi Hill stood the Mugaba Palace, seat of the Omugabe of Ankole; with the 1901 Ankole Agreement the colonial administration made Mbarara its western-Uganda centre, placing the state alongside the crown. When the kingdoms were abolished in 1967 Ankole was never restored, but the administrative function did not leave; it migrated, in place, into the modern state. Today Kamukuzi Hill carries the city's densest concentration of government offices (Western Uganda regional offices), while the renovated palace survives as a cultural asset.

Structure of Demand

Mbarara's office market is small, real, and idiosyncratic. Demand is anchored by the public sector and layered with private commercial and services-sector occupiers. It resolves into three broad tiers.

- **Central government and parastatals.** Following the historic pattern, central government has established a substantial regional presence in Mbarara, concentrated on Kamukuzi Hill and in Boma. Some agencies have constructed their own purpose-built premises such as the Public Procurement and Disposal of Public Assets Authority (PPDA), Bank of Uganda, and others while many more occupy rented accommodation.
- **Banks and regulated financial institutions.** Virtually every Ugandan commercial bank maintains a Mbarara branch, alongside insurers, microfinance institutions, and telecoms. These occupiers have taken prime ground-floor frontage in the CBD arcades and, in several cases, whole standalone buildings.
- **The services sector.** Lawyers, valuers and real estate professionals, accountants, microfinance operators, and NGOs form the next tier of demand. Characteristically, these firms occupy the uppermost floors of the CBD arcades, space that competes at the margin with residential conversion, taking advantage of lower upper-floor rents while retaining a central-business-district address.

Prime Office Building in Boma

Supply: Five Formats

Office space in Mbarara remains thin, and supply comes in five distinct formats, each documented in Knight Frank's field survey.

- **Owner-occupied headquarters buildings.** The preferred format of well-capitalised institutions, NGOs and government bodies that build for their own occupation. Examples include Bank of Uganda, the Ministry of Water and Environment, Stanbic Bank, TASO, and the Uganda Red Cross Society, among others. The city has allocated land to the central government in Kyamugorani, next the Mbarara City North Division Offices and the construction of the Court of Appeal has commenced.
- **Standalone office buildings for rent.** A newer trend, concentrated in the CBD and Boma. These buildings are let whole or floor-by-floor to institutional covenants. The NSSF tower and the Uganda Communications Commission (UCC) offices building on Galt Road are the clearest examples; MTN, UMEME, Centenary Bank, Finance Trust Bank and UBA each occupy entire standalone buildings on whole-building lettings.
- **Middle and upper floors of mixed-use arcades.** The CBD's default office format, where office use competes with retail for the ground and middle floors and with residential conversion for the upper floors. This is where the services-sector tier — lawyers, valuers, microfinance and NGOs — predominantly sits.
- **Converted residential houses.** The preferred format of NGOs, professional firms, and several government agencies. Examples include the Inspectorate of Government (IGG), the Electoral Commission district registry, and the Office of the Prime Minister's refugee department.

Table 14: Rental Evidence

Commercial office rent within Mbarara City is graded as below.

S/N	Building Type	Rent per sqm per month	Occupancy
01	Standalone multi-tenanted office Building	\$10–\$14	90%
02	Ground Floor Space within the CBD	\$8–\$15	80%
03	Upper Floors within arcades	\$5–\$10	80%
04	Standalone Residential Houses converted into office space	\$540–\$1,351 for the entire unit	

Rent is largely charged in Ugandan shillings, and it incorporates service charge.

Where the opportunities lie.

- Build-to-suit Grade-B+, 1,500–3,000 sqm, parked and generator-backed, in Boma or on the CBD edge.
- **Pre-let led:** Two to three institutional covenants before ground-break. The USAID funding cut affected donor-funded projects and NGOs within Mbarara City.

The Industrial & logistics market

The industrial and logistics sector accounts for just 0.1% of Mbarara's rated properties – a share that understates both its economic weight and its latent demand. Mbarara anchors western Uganda's manufacturing economy, hosting several of the region's largest processors: Century Bottling's Coca-Cola plant at Makenke, Pearl Dairy's Lato Milk plant at Biharwe, GBK Dairy, Mbarara Steel, grain and feed millers, and a cluster of agro-processors. The demand is structural, the macro tailwind is national and, critically, the supply response has simply not followed.

Spatial Distribution

Industrial activity is dispersed across the city but concentrates along the primary corridors leading in and out of it, principally the Masaka–Mbarara Highway and the Mbarara–Kabale Highway.

Formal clusters sit within the Makenke–Biharwe area along the Kampala–Mbarara Highway and the Ruti area (Mbarara–Kabale road) where corridor access and utility availability align.

Manufacturing & Agro-Processing

Manufacturing and agro-processing form the backbone of the sector.

Table 15: Representative firms include:

SUB-SECTOR	FIRM	LOCATION
Agro-processing	Pearl Dairy (Lato Milk)	Biharwe
Agro-processing	GBK Dairy	Rwebikona
Beverages	Century Bottling (Coca-Cola)	Makenke
Beverages	Kazire Health Products	Ruti
Showroom	Roofings Uganda	Makenke

The demand logic runs through the milk shed and the region's export corridors.

The Ankole sub-region produced approximately 1.2 billion of the nation's 5.3 billion litres of milk in 2024, and national dairy exports earn in the order of USD 285.4 million annually.

Layered onto this are the cross-border trade flows into Rwanda, the DRC, Burundi, and Tanzania, for which Mbarara is the natural staging point.

Warehousing & Showrooms

Warehousing supply is thin and largely improvised. Several customs-bonded and non-bonded warehouses operate within the city. URA bonded facilities cluster along the By-pass Road and at Rwebikona alongside numerous vehicle bonds handling both locally used and foreign-used stock. Purpose-built lettable space is scarce, with rents in the few dedicated facilities running between USD 3 and USD 5 per square metre per month, and wholesalers routinely convert arcade basements and upper floors into makeshift storage.

Planning & Industrial Land

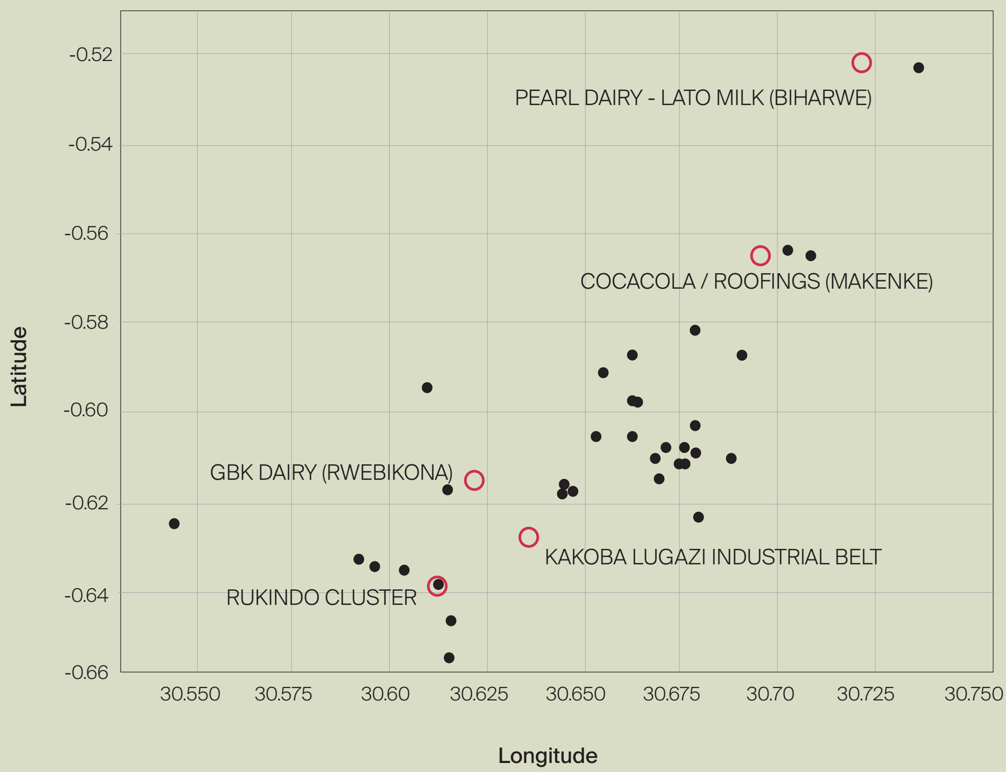
The city's principal serviced offering is Gatsby Industrial Park, a 12-acre light-industrial SME park sited behind the Coca-Cola plant at Makenke and managed by the Uganda Investment Authority. Beyond this, the city has earmarked Rukindo and Nyakinengo wards as future industrial areas, though these remain at designation stage.

The Opportunity: Structural demand meets near-zero institutional supply across four fronts:

Table 16: Opportunities within the industrial sector

Opportunity	Rationale
Modern dry warehousing	Regional FMCG operators improvise in converted structures; no institutional-grade lettable godown stock exists.
Third-party cold chain	Dairy, pharmaceutical and fresh-produce chains have no independent cold storage anywhere in western Uganda.
Agro-processing build-to-suit	Milk, grain and banana value chains still export raw products.
Cross-border consolidation depots	The Katuna/Mirama Hills and Mutukula corridors route through Mbarara with no consolidation infrastructure.

Figure 17: Distribution of Industrial Properties within Mbarara City. **Source:** Knight Frank



The Hospitality Market

785 establishments, 8,750 rooms

Mbarara is western Uganda's hospitality hub: the overnight stop on the Kampala–south-western Uganda corridor, the gateway to Lake Mburo (40 minutes east) and the Bwindi/Mgahinga gorilla circuits, and the regional centre for conferences, government, and university traffic. As per the Mbarara City Council accommodation register, the city has 785 registered establishments holding approximately 8,750 rooms. While this looks like a substantial base, it is in practice a pyramid with almost nothing at the top.

Lodges and guest houses account for about 91% of all rooms; mid-tier hotels (three-star and below) for approximately 7.5%; and the entire upscale segment – four- and five-star – for barely 1.5%. The stock is also small-grained: the average establishment carries about eleven rooms and the median just nine, with more than half micro-properties of fewer than ten rooms. This is a cottage industry of owner-operated guest houses, not a managed-hotel market.

Accommodation clusters tightly: the three busiest wards hold about two-thirds of all rooms, led by Nyamityobora and Kakoba, which flank the southern approach and the town centre. Several sizeable accommodation wards (annexed areas) carry no formally classified hotel at all.

Demand comes from three pools.

1. Business and conference traffic.
2. The health-education complex (which fills hotels several weekends a year)
3. Tourism transit on the south-western circuit.

The deepening commercial and institutional base identified in the pipeline is the demand that graded hotels, not lodges, are built to serve.

Where the opportunities lie

- Upscale and branded hotels – conference and institutional demand.
- Mid-tier, professionally-managed hotels in the core: a managed 40–80-room hotel in Nyamityobora, Kakoba or Kamukuzi
- Conference / MICE-capable product.

Hotel supply and pricing by grade

Uganda does not operate a consistently enforced star-rating system; the grades below are defined by price band and product rather than by official star awards. The same property is often listed at different star levels across booking platforms. Rates are indicative, room-only, drawn from field research and published 2025–26 booking data, and move with season and demand.

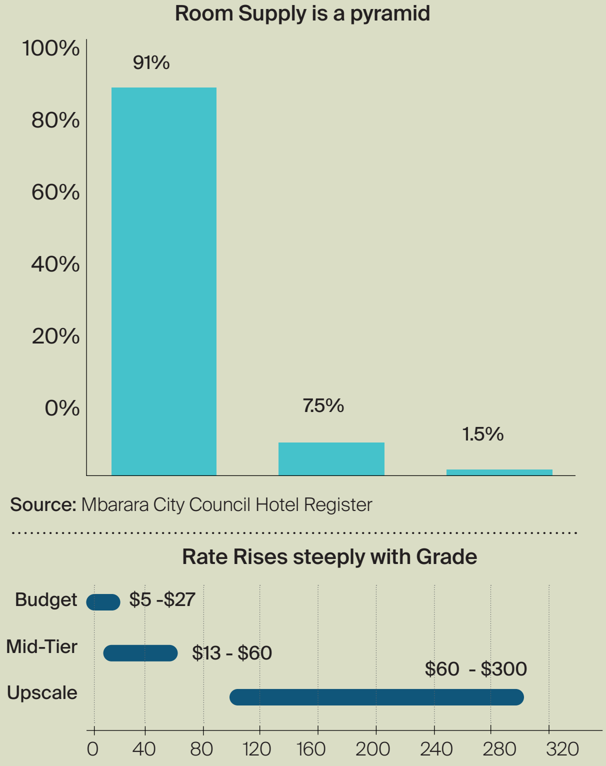
Table 17 : Mbarara hotel grades — product, price, and representative properties

GRADE	NIGHTLY RATE	PRODUCT
Budget	UGX 20,000 – 100,000 ($5–27)	Guest houses, motels, and small hotels; en-suite basics, <20 rooms
Mid-tier / business	UGX 100,000 – 220,000 ($13–60)	Business hotels with restaurant, bar, parking, and small conference rooms; 20–60 rooms
Upscale / boutique	UGX 220,000 – 1,200,000 ($60–300)	Full-service hotels with pool, fitness, multiple F&B and MICE space to 500 pax; 70–90 rooms

Source: Knight Frank

The pricing structure tells the investment story directly. The budget segment is deep, competitive and low-yielding — rates cluster in the low tens of dollars and differentiation is minimal. The mid-tier is where the business-and-conference demand actually sits, yet supply is thin and quality uneven. The upscale segment — where full-service properties charge anywhere from USD 60 to USD 300 a night and offer genuine conference capacity for up to 500 delegates — is served by only a few hotels citywide, so a well-located, professionally-managed or branded product would face almost no direct competition for the institutional and MICE demand the city already generates.

Figure 18: Mbarara City - Share of Rooms and Nightly Rate by Grade



Source: Field research and published booking rates (2026)

Three Growth Scenarios

To frame the range of outcomes over the coming decade, Knight Frank has developed three scenarios anchored in demographic trends, the confirmed infrastructure pipeline and the city's regional trade position. These are analytical frames, not forecasts.

Scenario 1 – Base case: steady formalisation

Population growth continues at 3% p.a.; UCMID delivers on a typical multi-year schedule; individual developers remain the dominant supply channel, gradually improving quality. Rents rise broadly with incomes; the mid-market apartment and neighbourhood-retail gaps close slowly.

Implication: buy-and-hold income assets in the top six wards perform steadily; land in the growth arc appreciates ahead of the city average.

Scenario 2 – Accelerated growth: the regional-hub thesis (Knight Frank's central view)

The Kagera water dividend, the bypass, UCMID roads and stable cross-border trade compound. Institutional capital follows the evidence into industrial, PBSA and multi-family; retail and office space are delivered and let. Mbarara consolidates as the logistics and processing platform for trade with Rwanda, Tanzania, and eastern DRC.

Implication: first movers in industrial land and mid-market residential capture both yield and a repricing gain. The completed water project, the confirmed UCMID allocation, census-confirmed scale, and a pipeline already re-orienting toward the bypass corridor sit most consistently with this scenario.

Scenario 3 – Constrained growth

Infrastructure slips (Uganda's delivery record argues for treating all timelines as directional); regional trade friction — particularly any deterioration in the Rwanda corridor — dampens commercial demand; credit stays expensive, keeping development small-scale.

Implication: the rental base holds (it is need-driven), but formalisation stretches out and speculative supply in retail and high-end residential faces absorption risk.

Investment conviction matrix

Asset class	Conviction	Timing	Entry view
Industrial & logistics	Very high ★★★★★	Immediate	Enter now – no serviced park; water constraint removed
Mid-market apartments	High ★★★★	Immediate	Enter now – 10,300-property rental market proven; Rwizi View validates pricing
Student accommodation	High ★★★★	Immediate	Enter now – >90% hostel occupancy; win on build cost and unit mix
Graded / upscale hotels	High ★★★★	Immediate	Enter now – few upscale hotels citywide; branded product faces almost no competition
Neighbourhood retail (growth wards)	Medium-high ★★★½	1–3 years	Plan now – secure bypass/arterial sites; deliver behind the UCMID road wave
Premium office (Boma/CBD edge)	Medium ★★★	2–4 years	Pre-let led – build-to-suit for institutional covenants only
CBD arcade retail	Moderate ★★	Caution	Floor-rent cliff and heavy pipeline; upper-floor absorption risk is real
Luxury residential	Moderate ★★	Longer term	Thin depth: follow the professional income base, do not lead it

Below is a rationale behind each rating.

Industrial & logistics – Very high ★★★★★

The scarcest class on the roll (0.1% of stock) carries the highest average value, and the city confirms it owns no serviced industrial park. Structural demand – dairy, agro-processing, cross-border consolidation and FMCG distribution – meets near-zero institutional supply. With the Kagera water constraint now removed, this is the widest spread in the city. Enter now, targeting dry warehousing, cold chain, and agro-processing.

Mid-market apartments – High ★★★★

Over 10,300 rated rental properties and a 37.3% rental share prove a tenant pool most secondary cities lack, and Rwizi View has already validated pricing at UGX 900,000–1,100,000 a month. The gap is professionally-managed, mid-market product in the Kakoba–Kamukuzi core, where plots are exhausted and land values justify going vertical. Enter now, sized to the depth of the local tenant pool rather than to premium price points.

Student accommodation – High ★★★★

A tertiary population above 20,000 sustains hostel occupancy over 90% every semester – the clearest build-to-a-known-number opportunity in the city. Incumbent supply is fragmented, owner-operated and competes on price; purpose-built stock that wins on unit mix and operating cost has a defensible position on the university belt. Enter now.

Graded / upscale hotels – High ★★★★

Approximately 91% of rooms are budget lodges and the upscale segment is barely 1.5% of rooms, yet the city already generates the business, conference, and institutional demand that graded hotels serve. A professionally-managed or branded 40–80-room hotel with MICE capacity would face limited direct competition. Enter now, with careful operator selection.

Neighbourhood retail (growth wards) – Medium-high ★★★½

The building frontier and the daytime economy are moving north and north-west, and well-located neighbourhood centres with integrated parking will serve the new catchments. But delivery should follow the UCMID road wave rather than lead it, and schemes must be underwritten on demonstrable local demand. Plan now; secure sites; deliver on a one-to-three-year horizon.

Premium office (Boma/CBD edge) – Medium ★★★

The tenant base is creditworthy but narrow, and it increasingly wants Grade B+ space the current stock cannot supply. This is a pre-let, build-to-suit market for institutional and relocating headquarters covenants, not a speculative one. A two-to-four-year horizon lets the professional income base deepen further before delivery.

CBD arcade retail – Moderate ★★

The arcade format is proven, but the rent cliff between ground and upper floors, combined with a heavy pipeline, makes upper-floor absorption a real risk.

Approach with caution: underwrite on ground-floor rent alone and treat upper floors as optionality rather than base-case income.

Luxury residential – Moderate ★★

The market exists but remains thin, with mortgage penetration below 1% of GDP and a narrow high-income base. Premature delivery risks absorption problems. Follow the professional income base as it deepens; do not lead it. Phase any high-end delivery rather than building it speculatively at scale.

Risks & market considerations

Infrastructure sequencing

While infrastructure has been confirmed, not all has been delivered. Kagera itself stalled eight months over wayleave disputes; UCMID is approved but procurement is still ahead. Structure land purchases to be viable at today's infrastructure, not tomorrow's.

Land tenure & acquisition

The city transacts across freehold, leasehold, and unregistered customary holdings; the plotting boom has multiplied subdivision without perfecting title, and family-land disputes recur. Title search, boundary opening and LC-level due diligence are non-negotiable.

Documentation & identity

The 2024 census indicates that only 13.3% of the household population holds a birth certificate; 48.6% have no birth registration at all and a further 38.1% hold only a notification, leaving the great majority outside the formal identity, banking and title systems property depends on. This favours build-to-rent (developer retains title) over build-to-sell.

Affordability & absorption

Residential rental depth sits at UGX 250,000–1,000,000/month; product above UGX 1.5m enters a thin pool, with mortgage penetration below 1% of GDP. Phase high-end delivery; do not build it speculatively at scale.

Planning & services

Unserviced plotting is outrunning utility networks; there is no citywide plan in force. Schemes needing sewer, three-phase power or pressurised water beyond the network must budget own-source infrastructure and engage NWSC/UEDCL early.

Concentration & liquidity

Value is concentrated in six wards and a handful of asset types; exit liquidity for large lot sizes is thin. Size positions to the depth of the local buyer pool.

Solid waste and the limits of current disposal capacity

The city's solid-waste infrastructure is a material and worsening constraint on orderly urban growth. Field inspection of the Kakoba area found the designated disposal ground effectively at capacity, with refuse accumulating beyond the site boundary and spilling onto the adjacent roadway – an open, uncontained hazard to passing traffic, to nearby residents and to surface drainage. This is not an isolated lapse but the visible endpoint of a disposal system that has been carrying more than it was built for.

Mbarara channels the bulk of its collected waste to the Kenkombe site in Kakoba, which receives on the order of 250 tonnes a day (New Vision special report on the Kenkombe waste project, 2026).

The underlying weakness is structural. The Kenkombe processing and landfill site was conceived two decades ago as a sorted-compost and landfill facility under a World Bank–supported scheme, but its collection fleet has long been undersized and unreliable, and the site itself was never scaled for a city of Mbarara's present population or its trajectory.

As the built footprint extends into Kakoba and the other peripheral divisions, the very neighbourhoods being opened up for residential and mixed-use development are those closest to an overstretched disposal point. Uncontained roadside refuse carries the familiar consequences: stench and vermin, contamination of watercourses and swamps, blocked drainage that compounds flood risk, and a public-health and reputational drag on any nearby scheme – and these fall hardest on exactly the mid-market residential product the city most needs to attract.

For investors and for the city alike, the implication is that waste capacity must be planned ahead of expansion rather than chased after it. The durable fix is capacity: a relocated or properly engineered landfill sized for the city's projected growth, a rehabilitated and expanded collection fleet, and enforced separation between disposal sites and residential zones as the plan area fills in.

Solid waste will remain a recurring, visible, and avoidable brake on the city's investment case – a risk that is entirely manageable with foresight, and entirely corrosive without it.

Yet, when properly managed, waste can be an investment opportunity since it is a source of Power, Natural fertilizer and recycling raw materials.

Kenkombe Dumping Site

Garbage Overflow and Roadside Dumping a kilometer away from the gazetted dumping site

High street, Mbarara City

Conclusion

Mbarara is a maturing income market. Its rental economy is deep and formalising, its value concentrated in a knowable set of wards, and its demand signals already running ahead of the graded, professionally managed supply that would let institutional capital participate. That gap between demonstrable demand and quality product is the opportunity.

The growth frontier has moved. It has shifted visibly, and in more than one data set, into the north-western arc where the bypass, the UC-MID road programme and the Kagera water infrastructure all arrive together. Infrastructure of that kind fixes where the next decade of growth will land, and the wards along that arc are where serviced land and first-mover schemes will be absorbed. Entry pricing there still reflects the periphery rather than the trajectory, and that mispricing will not survive the completion of the roads and reticulation.

The widest spreads sit where demand is proven but quality supply is absent: industrial and logistics space, purpose-built student accommodation, graded hotels and conference product, and mid-market apartments. In each, an informal, improvised stock has rushed to fill the vacuum, which means the demand risk, usually the hardest thing to underwrite, has already been de-risked by the city itself.

The growth is no longer a forecast; it is a visible, infrastructure-anchored fact, and the informal market has already shown where the demand sits and what it will pay. What the city lacks is the graded, institutional-quality stock to meet it, and the window in which entry pricing still reads as periphery rather than proven income is finite. The stock the city grows into over the coming decade is being decided now, in the land that changes hands and the schemes that break ground before the market re-rates. The investors who read the evidence early, and build to the standard the demand deserves, are the ones who will own it.

> *"Mbarara is growing. Now is the time to shape the city it grows into"*

Mbarara Mall

Artistic Impression of the Proposed Mbarara Mall that fronts into the Mbarara Bypass

- 7500 SQM
- Retail & Office Space
- 200 Parking Bays
- Two floors lettable area

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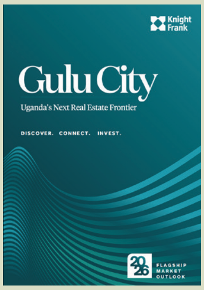

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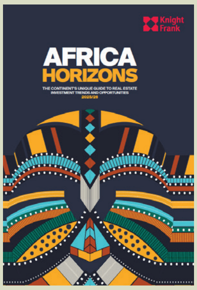

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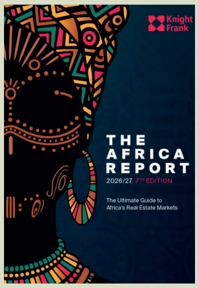

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