



Land prices in Mogadishu and its impact on the urban poor and IDPs

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Summary

Mogadishu is the capital city of Somalia and has the second highest urban population density of any city in the world with over 2 million people. Land, housing and property prices in Mogadishu are the highest in Somalia. The geographic location, security, investment, road infrastructure and availability of basic facilities and services determine the price of land in the city. Commercial banks, landlords, brokers, and IDPs also contribute and have different roles in the increase of land and property value. The government role is limited, and the upsurge of land prices drives (and is driven by) gentrification. Poorer communities can no longer afford to live in areas that have been gentrified and evictions of IDPs has intensified. This governance brief discusses the causes and contributors to the rise of land prices in Mogadishu and its impact on the vulnerable communities. The brief concludes with policy recommendations.

About Somali Public Agenda

Somali Public Agenda is a non-profit public policy and administration research organization based in Mogadishu. Its aim is to advance understanding and improvement of public administration and public services in Somalia through evidence-based research and analysis.

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Introduction

Despite decades of chaos and protracted violent conflicts, Mogadishu, the capital and the most populous city in Somalia, has the second highest urban population density of any city in the world after Dhaka, the capital city of Bangladesh (Demographia, 2019). The significant population increase is a result of the city's relative peace after August 2011 when al-Shabaab withdrew from parts of the city they controlled as well as the improved economic prospects of Mogadishu.

The relative stability attracted the return of many diaspora, and new businesses were established in many parts of the city. Since 2012, key roads have been reconstructed. Many 'returnees' reclaimed their lands and properties that they had ran away from when the civil war broke out in Mogadishu, and the government was toppled in January 1991. The new reconstruction and investments combined with the improved security and the higher number of returnees contributed to the increase of land values in Mogadishu.

The urban poor and IDPs at the city center faced difficulties as rent prices increased. Some of old and destroyed premises were reconstructed and rented to middle-class families and businesses at the expense of the urban poor. Moreover, the evictions of IDPs from both government and private buildings intensified in the past few years (Internal Displacement Monitoring Centre, 2018). This has induced IDPs to concentrate in new settlements in and around the Mogadishu-Afgoye corridor.

This governance brief assesses the levels of land prices, contributing actors, and its impact on the different segments of society in Mogadishu. Somali Public Agenda conducted the study in Mogadishu between January 2019 and May 2019. A total of 21 key Informant Interviews were conducted with people directly involved in land matters in Mogadishu including landlords, land brokers, Real Estate companies, land vendors/businessmen, tenants/renters, public notaries, urban poor and IDPs.

Land prices in Mogadishu

There are two types of land in Mogadishu and its environs: built on and non-built on vacant lands. Built-on land is mainly rented or leased by the owner(s). The selling price of such pieces of land are higher in terms of price compared to the selling price of vacant land. However, the built-on land fall under two categories. The first category is land with old buildings. These types of buildings can be easily demolished. The second type is the newly built-on land. The latter is more expensive for both renting and selling compared to land with old buildings.

The house rental in the city center has become higher in the past few years. The monthly rental fee of small houses with three to five rooms is between USD 350 and USD 600, depending on the location. It is believed that several districts in Mogadishu – Hodan, Wadajir, Waberi, Hawlwadaag, Hamar Jajab, Hamarweyne, and Warta Nabadda – are among the most expensive areas in terms of housing. This is understandable because of their strategic location in the city center and proximity to basic facilities – many government institutions operate in most of these districts.

Certain segments of society predominantly reside in the districts with the highest rental and sale prices. The tenants of such expensive neighborhoods fall mainly under two categories: those who are concerned about their security and/or work. Most of the residents are government personnel or workers of international and local non-governmental organizations, as well as business people. Furthermore, many diaspora Somalis also live in these kinds of houses.

Factors that determine land values

Several factors determine the value of land in Mogadishu. These include the location, investment by companies and individuals, and access to basic facilities and services, among others.

Location: one of the most important determinants of land and property prices in Mogadishu is the location. The closer the land is to the center, the higher its price. And the more distant the land is from the main roads and the city center, the lower its value. On land in the outskirts of Mogadishu, whenever the land gets closer to the inhabited areas as well as the main roads, its price becomes high and vice versa.

Location has a direct correlation with security. For instance, Hamar Jadiid neighborhood has better street infrastructure and good urban planning, but its security situation is not reliable for many, especially government officials. Therefore, land value in Hamar Jadiid is lower compared to other neighborhoods such as Taleex. For instance, lands around Maka-al Mukarama Street are among the most expensive pieces of land in Mogadishu mainly because of its relative security and the physical presence of security forces.

Moreover, the location also determines the availability of services and facilities. The state of access to business and basic services increase or decrease land value. Another reason why land closer to the city center is of higher value is that businesses and other social services are closer to these locations at the expense of the periphery districts. This is why the urban poor and IDPs relocate to the periphery as both purchasing and renting of land in the periphery neighborhoods are lower than land in the city center.

Security: the prevailing security situation in the city does not allow everybody to settle anywhere of his/her choice as those with higher incomes prefer to inhabit areas closer to their workplaces or in safer and relatively secure locations in the city. This has led the upsurge of land prices to an unprecedented higher level in certain districts. As a result, many urban poor have been forced to resettle on land in the outskirts of the city, where prices are affordable for them.

A public notary officer explained the land prices-security nexus: “The most notable factor is security. There was a time when Suuqa Xoolaha of Huriwa district and Cali Kamiin of Yaaqshiid district had more value than the old districts in the center of the city.” The primary reason for the increased value of Suuqa Xoolaha and Cali Kamiin at the time was that these neighborhoods were relatively the safest and secure places in Mogadishu.

The security situation has, however, shifted after August 2011 when al-Shabaab withdrew from Mogadishu. The security situation of the old districts – such as Warta Nabadda, Howlwadaag, Hodan, Bondhere, Abdulaziz –, which suffered the constant fighting between al-Shabaab and the government forces, improved significantly and thus the value of land in these districts increased at an exponential rate.

The improved security situation attracted many members of the Somali diaspora to return back home and renovate their old buildings, renting them out at high prices or establishing new businesses. Often this forced previous

tenants to look for other houses with affordable prices in the periphery.

For government personnel – civil servants, politicians, and security forces – a safe and secure neighborhood is a priority for residence as they are potential targets for al-Shabaab. This has created an overpopulation of certain districts, – Hodan, Waberi, Hawlwadaag, Hamar Weyne, Warta Nabadda, and Wadajir.

Road infrastructure: physical infrastructure such as roads contributes to increases in land prices in Mogadishu. An area becomes expensive once a road is rehabilitated or when people know a road is going to be constructed. This is because people understand that once roads are (re)built, access for business and transportation facilities will become available and land value subsequently increases. In the past few years, many tarmac roads were constructed in Mogadishu. Some of these roads were financed by the business community to increase the value of land around the neighborhood. Therefore, road infrastructure is one of the determinants of land value in the city.

The price of some neighborhoods is determined by the combination of location, security, and roads. For instance, Taleex neighborhood in Hodan district is one of the most expensive areas in Mogadishu. According to a land broker, this is due to a number of reasons. First, owners of pieces of land in Taleex get good rates for renting and selling because of its location and proximity to many important facilities in the city center. Second, Taleex is a relatively secure neighborhood in Mogadishu. Third, it is close to the main Maka-almukarama tarmac road, and its streets are more spacious and are of better quality than the streets of some other districts such as Waberi.

The clan factor: people have the discretion to decide on the locations they rent or purchase houses in. Some prefer to buy or inhabit in neighborhoods or districts dominated by their clan. This is so because of the low-trust among clans, itself resulting from years of clan infighting in Mogadishu and Somalia. A land tenant said that the land value of clan dominated neighborhoods is lower compared to areas inhabited by different clans. He explained: “the land prices in clan concentrated districts are lower because one clan is dominant, but where there is integration in terms of clans, the price is up.” The lower price of some clan dominated neighborhoods in Mogadishu is a result of lower demand. The demand for acquisition, investment or renting in such neighborhoods comes mainly from members from the same clan. Lower demand from other clans reduces the price of land in these areas.

The clan factor correlates with the expansion and urbanization of the city as well. It is believed that some clan-dominated neighborhoods experience slower urbanization and their price is low since its inhabitants are not interested welcoming residents from other clans. This is evident in the zones where Mogadishu is expanding. Areas with mixed clans are experiencing rapid urbanization.

Diaspora: Since 2012, many diaspora Somalis returned to Mogadishu, and many of them invested in businesses and rented houses. The diaspora are also often concentrated in safer and more populous neighborhoods. This has contributed to the increase of land as well as the rent prices in certain neighborhoods. A landlord said: “The diaspora previously used to dwell in hotels, but they later started renting houses by paying good rent rate to the landlords making again the

normal rent rate go up.” Many urban poor were removed from rented houses by the landlords. These were subsequently decorated and re-rented out at a higher price to returned members of the diaspora. This, however, has been evident in some periods and the rate of return of the diaspora has not always remained the same, and it is mainly determined by the political stability and prospects for investments.

Basic facilities and services: According to a land broker interviewed, the land at the outskirts of the city may increase in value if roads are constructed, schools, universities, and hospitals are opened, water wells are dug, and mosques are built. If access to social services is improved, the price of land in the outskirts increases. This is an indication that land actors can purposively increase the land value of a certain neighborhood by offering basic facilities and services in the neighborhood.

Actors and institutions

Some actors and institutions influence property value and land prices in Mogadishu. These include land vendors, land brokers, *goof* owners, IDPs, and banks.

Internally displaced peoples (IDPs) and *goof* owners are two actors that contribute to increases in land value. Some owners of *goof* land – unregistered plots in the outskirts of the city used by clans and nomadic communities for grazing – permit or sometimes look for IDPs to settle in their *goof* plot. IDPs who have fled from conflict and drought settle in *goof* lands without paying money, not because of sympathy and support but mainly to urbanize the area so that the neighborhood could attract land buyers. The IDPs also share a percentage of the humanitarian aid with the *goof* owner(s) (Bakonyi, et al., 2019). This has happened in many areas in Weydoow and Tabeelaha neighborhoods in the western outskirts of Mogadishu. When the neighborhood is urbanized, the land value increases and the IDPs are evicted and relocated in a further distant place. Therefore, the formation of IDP camps on *goof* lands plays a significant role in the rise of land prices in the outskirts of Mogadishu.

Commercial banks provide loans for individuals who are willing to buy a piece of land. This increases the ability of a person to purchase land. Land vendors (also known as *Gaadleey*) are the main beneficiaries of these loans. They purchase a piece of land with the intention to resell at a higher price. After months (or sometimes years), these owners sell their land at a higher price and reinvest the money in another piece of land. Unfortunately, local governments do not implement the law that prohibits the commoditization of lands. According to Law No. 10 of 17 December 1980 (which amended the 1973 Urban Land Distribution Law), the *munishibaale* land (land for temporary use) should be constructed within one year, while the law permitted *daminyaale* lands (land for permanent use) to be constructed within two years (Article 13) (RVI & HIPS, 2017). Application of Law No. 10 by Benadir local government could have reduced the commoditization of land in Mogadishu.

There are a few other specific areas invested in by businesspeople and groups, and these have contributed to the increasing land prices in Benadir. Daarusalaam village is a prime example of this. Daarusalaam is a village in the far corner of Yaqshid district financed by Salaam Somali Bank. It has apartments, schools, a hospital, a market, and

other facilities. The investors also constructed a few kilometers of tarmac roads to the Daarusalaam village to ease the transportation. The land value of the areas around Daarusalaam village increased instantly. Daarul Xadiis, 10 kilometers away from the city center, is another example. Religious groups established a village there, inhabited it, and offered religious education. The value of land around the neighborhood became higher. Another example is a businessman who bought land in Macaani and constructed a mosque and roads there. The land value in the area has increased. Another case is the Mubaax apartment building in Hodan district, which has increased the value of land in its vicinity in Taleex. If a businessperson constructs a large building in a given neighborhood, it raises the value of land around that neighborhood as more businesspeople will look for similar investments in the same area.

Land brokers are important actors for land transactions in Benadir. Brokers' influence is more evident in renting houses than in the purchase of large swathes of land. A landlord explained how land brokers contribute to the increase of rent prices: “in terms of renting, they sometimes influence the landlords by saying that they will bring somebody who can pay a higher rent rate for his house, which precipitates the landlord to remove the [existing] tenant from his building.”

Government role

The majority of those interviewed agreed that the government (both at the federal and municipal levels) has a limited role in controlling the commoditization of land in Mogadishu. The Land Administration Department of Mogadishu Municipality, as well as public notaries, do have official roles in land dealings. For instance, public notaries document the transaction and transfer of title deeds to the buyer of a piece of land. The Benadir Regional Administration and the Ministry of Finance collect the required tax rate, which depends on the value of land, from the buyer.

However, that does not mean that the local government and the public notaries influence in the commoditization of land. The land price is purely driven by market demand and supply. If the local government was able to implement Law No. 10, the commoditization of land could be reduced. However, a main obstacle is that the government has no legal mandate to deal with *goof* lands. This diminishes the local government's role in dealings concerned with *goof* lands, which are attributed to clans.

Impact on the community

Urban poor: One of the impacts of the higher rental price in Mogadishu is indirect displacement. Some urban poor who are unable to pay rent bills move to IDP camps (RVI & HIPS, 2017). Wealthier and middle-income families are concentrating resources in certain neighborhoods, and the urban poor and tenants in these parts of Mogadishu often seek cheaper accommodation in neighborhoods in the periphery of the city. This is not voluntary relocation and is created by the concentration of investments and resources in certain neighborhoods in Mogadishu. This constitutes a form of gentrification.

The increased prices of land, especially rental prices, has caused many families to relocate to the outskirts of the city. As a result, the Mogadishu-Afgoye corridor is overcrowded by IDPs and urban poor. Public transport from Tabeelaha and Weydoow neighborhoods are increasingly busy, especially in the morning and afternoon because people in the outskirts of Mogadishu come in high numbers into the town in the

morning for work and return at sunset.

Many urban poor are moving from the centre of the city to the outskirts, occupying areas like Garasbaalleey, Kaxda, Dayniile and Ceelasha Biyaha. Some purchase a piece of land and construct permanent (stone) or semi-permanent (corrugated metal) houses. The houses vacated by the urban poor or evicted IDPs are occupied by other wealthier and middle-class families who can afford to pay the higher rent bill.

IDPs: Mogadishu hosts approximately 600,000 IDPs with the majority of them living in informal settlements (Internal Displacement Monitoring Centre, 2018). The increased value of land and property prices in Mogadishu hastened and intensified the rate of evictions of IDPs in Mogadishu. A public notary officer explained the trigger for evictions: “The IDPs were not in rented houses initially. The owners of the houses they used to live in have evicted and then rented the buildings since the value of land has increased.” The reconstruction of the city and the government scheme to reconstruct many of public premises has made IDPs vulnerable for evictions without proper relocation plans.

Once evicted from camps in Mogadishu, the IDPs (along with their gatekeepers) search for *goof* land in the outskirts of Mogadishu, then negotiate and agree with the *goof* owner(s). They pay a lump sum known as *bowd-jebis*. IDPs may then be later evicted from their camp settlements after the area becomes urbanized, its value increases, and acquires some level of basic facilities such as water, markets, and medical clinics. The IDPs then search and resettle on other *goof* lands in more remote areas with little or no basic services.

The evicted IDPs and poorer communities who can no longer afford to live in areas that have been gentrified in Mogadishu struggle to access basic services such as education. For instance, an interviewee stated that a mother of five children moved from Howlwadaag to Dharkenley due to high rent. In Howlwadaag, her children were attending a school as a result of sponsorship from an Arab charity. However, when she moved to the new locality, children were not able to go to school because she was told that the children were only eligible for the sponsorship if they attended the school in Howlwadaag. The lower access to education in the outskirts induced some families to pay unaffordable rent to stay in their neighborhood so that their children could go to school. Moreover, many others lost their jobs as they resettled in places distant from their workplaces. They incur higher transportation costs to reach their workplaces on time, and this is often unaffordable to sustain.

Policy recommendations

To deal with the rising land prices in Mogadishu and its negative impact on the urban poor and IDPs, certain steps can be taken.

First, a significant improvement of security in Mogadishu could reduce land and rent prices currently concentrated in certain districts and neighborhoods. The wealthier and middle-class families are currently concentrated in the more central and secure districts in Mogadishu. If the security of the entire city, especially the periphery districts, is improved, many people would be able to relocate to some districts in the margins. This would certainly reduce the upward pressure on rental price of the desirable ‘safer’ districts in Mogadishu.

Second, proper relocation of the high number of IDPs in Mogadishu could help reduce the impact of the land value on vulnerable communities. The IDPs living in inconvenient and flimsy shelters should be relocated, or integrated with employment opportunities. Lessons can be learned from relocation approaches in Bosaso and Hargeisa (Security on the Move, 2019) President Erdogan of Turkey pledged the construction of 10,000 homes for poor families in his second visit to Mogadishu in January 2015. If properly planned and constructed, such housing could reduce the negative impact of the rising land prices on the vulnerable communities in Mogadishu. An effective IDP policy, and programs for both integration and resettlement could be useful in mitigating the suffering of IDPs such as evictions as a result of increasing land values. Equally important is to reduce internal migration into Mogadishu by improving security and access to basic social services in neighboring Lower and Middle Shabelle regions.

Third, land laws should be revised. The land on the outskirts known as *goof* is farmed and owned by individuals and clans, and the local government has no role in administering it. This needs to be revised and local government given the mandate to govern *goof* land. Good coordination and collaboration between the Ministry of Public Works, Reconstruction and Housing and the Benadir Regional Administration (BRA) could create a legal framework to govern *goof* lands. Application of the already existing laws such as Law No. 10 of 17 December 1980 by Benadir local government is equally important to reduce the commoditization of land in Mogadishu.

Fourth, the land administration and urban planning departments of the Benadir Regional Administration need capacity development to enhance their role in both planning and administering land in the capital city.

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