



Investment opportunity in Kumasi, Ghana KNUST Student Accommodation /Real Estate

Executive Summary

The Kwame Nkrumah University of Science and Technology (KNUST) was founded in 1951 to provide higher education with special reference to science and technology and to act as a catalyst for the technological development of Ghana. The University, one of the largest in Africa, currently as at 2012 recorded a student population of over 31,000 from 28,949 in 2011. The University campus is located about eight kilometres from the Central Business District of Kumasi. The campus covers an area of about eighteen square kilometres.

The University operates 6 halls of residence. This number is made up of 1 female hall, 2 male halls and 3 mixed halls of residence. Out of an entire population of 28,949 recorded in 2011 the university provided accommodation for 7,256 students (32.1%) made up 70% male and 29.9% female students. Though the university only accommodates only 32.1% of individuals who require accommodation. It should be noted that 2186 distance learning students do not require residential accommodation.

This has resulted in the springing up of various hostels in communities around the main campus. The major challenge with such off-campus hostels is that students do not benefit from security and other services that are provided on campus. In the first week of 2012/13 academic year 5 armed robbery attacks and 2 theft cases affecting about 32 victims (mostly students) were recorded.

The university, recognising the need to have on-campus student housing facilities, is willing to partner with potential investors to develop on-campus student housing facilities. The university is willing to provide land and other technical support from its college of planning and architecture. A Build Operate and Transfer (BOT) arrangement is sought. The growing student population and growth in the number of fee paying national and international students present an attractive investment opportunity for the project.

1. Introduction

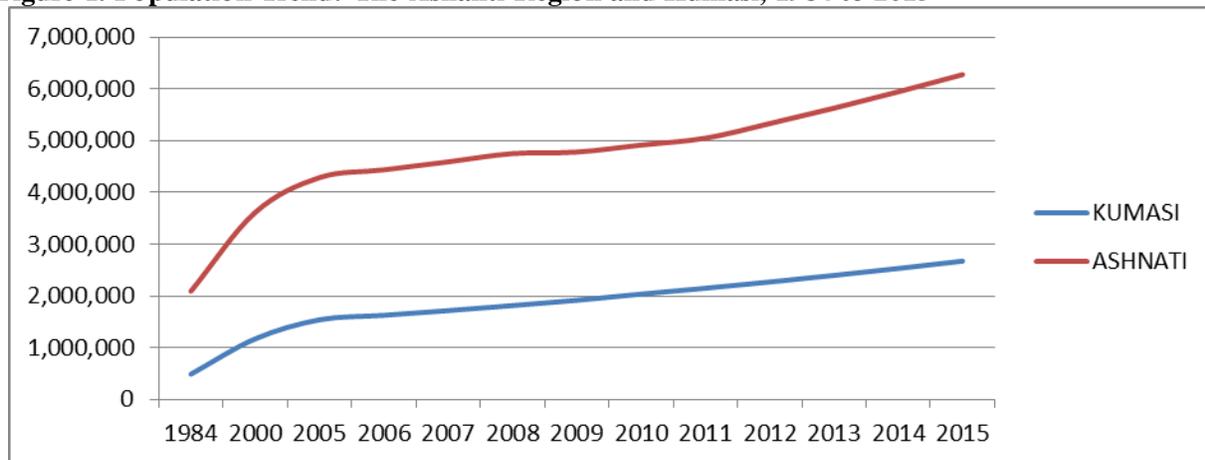
With some 5 million inhabitants (4,780,380 according to the 2010 national census), the Ashanti Region is the most populous region in Ghana. The region occupies a total land area of 24,389km² (approximately 10 percent of total land in Ghana) and has Kumasi as its regional capital.

Kumasi is located centrally in the Ashanti Region, forming an important transport and commercial hub for both domestic and international traffic. It is the key transportation link between the south and north of Ghana as well as the surrounding landlocked countries. It has a national airport with several flights a day to Accra, Tamale and Takoradi.

Kumasi's daytime population is estimated to reach 2.5million people because of its role as a commercial centre. Officially, Kumasi recorded 2,035,064 inhabitants in 2010. The city's population is growing fast; it has almost doubled since 2000, from a little over 1 million people.



Figure I: Population Trend: The Ashanti Region and Kumasi, 1984 to 2015



Source: KMA Statistics, 2012

Kumasi's strategic geographic location makes it a brisk commercial and administrative centre, and it is often regarded as the commercial capital of Ghana, with West Africa's largest open-area market, the Kumasi Central Market. Estimated market reachable within 1 day of ground travel is approximately 12 million consumers (Ashanti region and surrounding regions, approx. half of Ghana's population).

Kumasi has already proved attractive to a number of large foreign investors. Agro-processing giant Archer Daniels Midland (ADM) has been operating a cocoa processing facility in Kumasi since July 2009. Other major players with active presence include Coca Cola and Guinness which both have bottling plants in the City. Other international companies with offices in Kumasi include Maersk, Barclays Bank, Standard Chartered Bank and Unilever, which has been operating in Ghana for over 70 years.

Ghana is divided into ten administrative regions. Each region is headed by a Regional Minister appointed by the President. The principal units of local government are the district assemblies. There are three kinds of districts in Ghana – districts, municipalities and metropolis. Between the district assemblies and the central government are the regional coordinating councils. The role of these bodies is to administer and coordinate policy implementation at the local level. Kumasi is administered by the Kumasi Metropolitan Assembly, with the Mayor serving as the city's chief executive officer. The Ashanti region as a whole is under the purview of the regional minister.

The institution of chieftaincy is very pronounced in the Ashanti region and plays a significant role in its management, especially in the area of land administration. Most land in the Ashanti is administered by the Asantehene (Ashanti King) and relatively small portions belong to the state under the administration of the Lands Commission. The Asantehene is assisted by a variety of chiefs ranging from paramount, divisional and sub chiefs, stool and clan elders who all play roles in land acquisition with the Asantehene playing the ultimate role.

Kumasi is home to numerous educational institutions, including the largest science and technology university in Ghana and in West Africa, the Kwame Nkrumah University of Science and Technology



(KNUST), which has a student population of over 31,000 students comprising both undergraduate and postgraduate students.

Kumasi's location at the centre of the Ashanti Region and of Ghana, coupled with its good road network and airport, makes it the preferred trading centre for most of the surrounding regions and is an important commercial centre for West Africa. Kumasi serves as the commercial hub for the neighbouring Brong-Ahafo region, the three northernmost regions of Ghana, and parts of the Western and Eastern regions, creating a potential market of about 12 million people. An investor can access landlocked Burkina Faso, Mali and Niger with a total potential market of over 48 million people. Merchants from these landlocked countries trade at the Kumasi Central Market, West Africa's largest open air market — to the extent that a section of the market has come to be called the "French line".

Through Ghana's membership in the Economic Community of West African Countries (ECOWAS), Kumasi potentially serves an even larger market of over 250 million people.

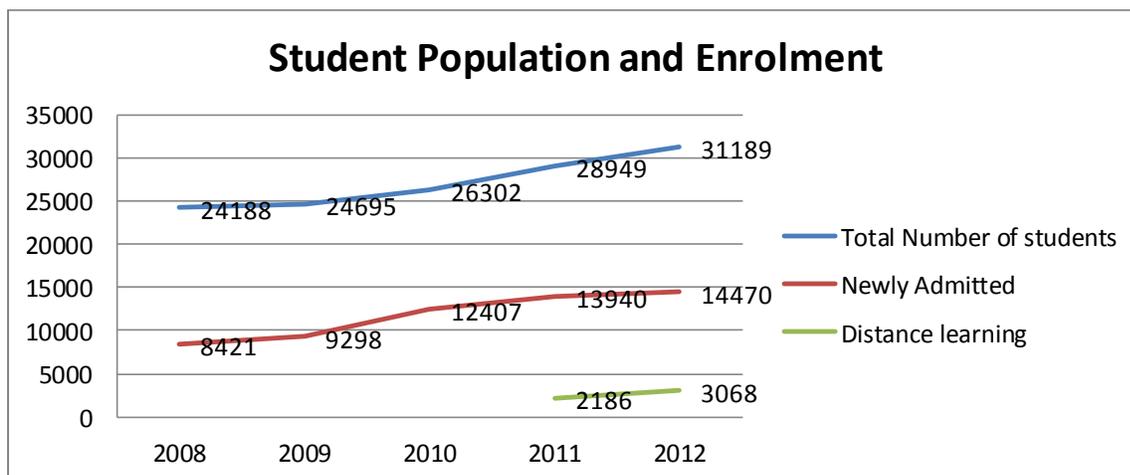
2.0 Market opportunity

The development of an on-campus student housing facility presents a promising investment opportunity for investors because of the following reasons:

- Increasing student population
- Increasing number of students who are not able to access on-campus residential facilities
- Increase in the number of student attacks on off-campus facilities

Increasing Student Population

Having been in existence for a little over half a century, the University is confronted with a major challenge of housing for its students. The University's six residence halls and their annexes were built in the 1960's and now house over four students in rooms built for one. The entire student population has increased by over 29% from 24,188 students in 2008 to 31,189 students in 2012.

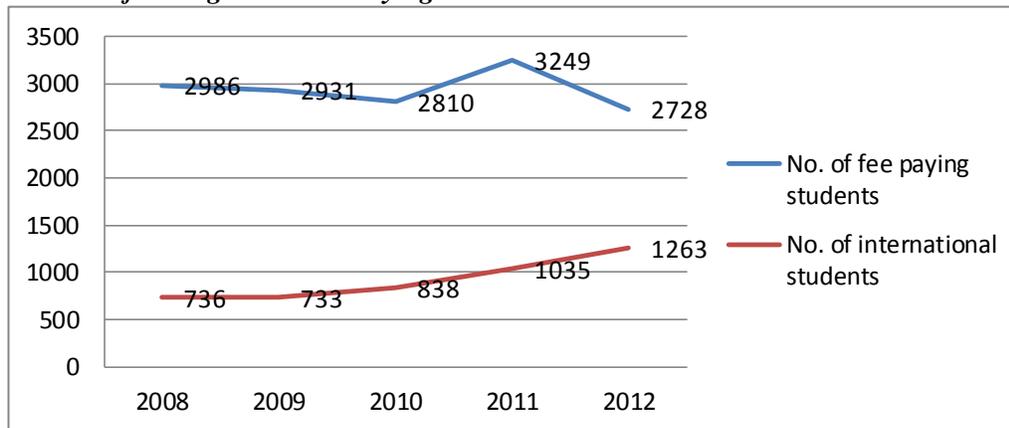




Source: KNUST Statistics, 2012

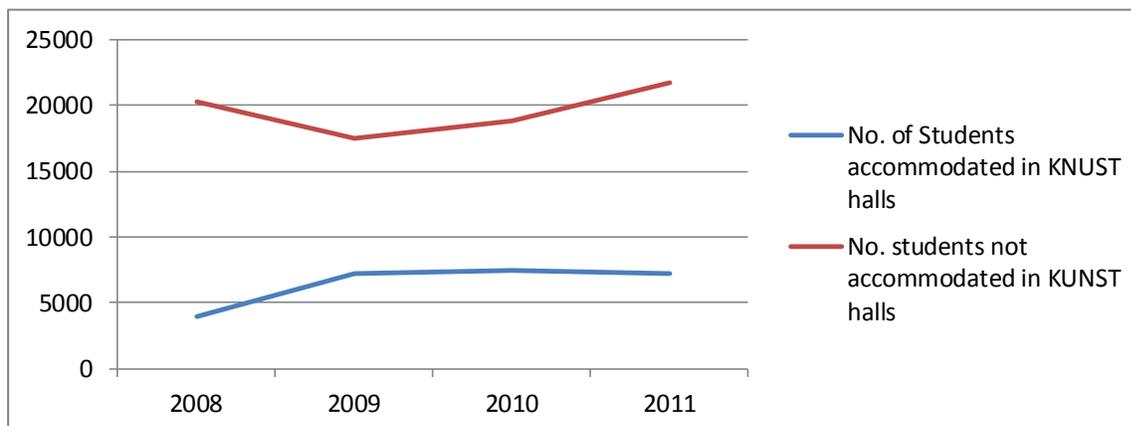
There is also a steady increase in the number of newly admitted students which increased from 8,421 in 2008 to 14,470 in 2012. The numbers of students who enrol by distance learning though they do not require residential facilities are also rising: between 2011 and 2012 their number increased by more than 40%.

Number of Foreign and Fee Paying Students



3.1 Students Accommodation

The number of students who are not accommodated directly by KNUST has been increasing since 2009 where it stood at about 18,000. As at 2011 over 21,000 students were not accommodated by the university, such students have to find alternative sources of accommodation outside campus.





3.2 Traditional Halls of Residence

KNUST has 6 traditional residence halls with an estimated 1,648 rooms. The cost of these halls of residence is subsidised. On average a student stays in a traditional hall for 1 academic year. The remaining years are spent in private hostels on and off campus to make way for the next batch of students. This is as a result of the high number student population.

Name Of Hall	Type	Rooms	Required No. Of Occupants	Actual No. Of Student Occupants	% Overcrowding	Facilities
Africa	Female	129	512	722	41	internet café, mini basket ball court, games room, chapel, salon, restaurant, a modern mini- market
Independence	Mixed	294	840	1174	39.8	internet café, communication centre ,games room, gym, chapel, salon, mini mart, dining hall
Queens	Mixed	294	840	1143	36.1	internet café, communication centre, badminton court, games room, gym, chapel, salon, gift shop, shopping mall, kitchen
Republic	Mixed	304	850	1189	39.9	mini basket ball court, games room, chapel, salon, gift shop, kitchen
Unity	Male	448	1000	1890	89	modern internet café, communication & business centre, basket ball court, games room, a boutique & gift shop, barbering salon, kitchen that serves food and a shopping mall with a well stocked super market.
University	Male	284	840	1136	35.2	games room, gym, chapel, internet café mini market, communication centre, barbering salon, kitchen
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Republic	Mixed	304	850		39.9	mini basket ball court, games room, chapel, salon, gift shop, kitchen
Unity	Male	448	1000		89	modern internet café, communication & business centre, basket ball court, games room, a boutique & gift shop, barbering salon, kitchen that serves food and a shopping mall with a well stocked super market.
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Source: KNUST

3.3 Private Hostels

The over 21,000 not directly accommodated by KNUST are staying in private hostels around the campus, while those living within the city commute from their homes. Rents in private hostels are not subsidised and depend entirely on market forces. The amount a student will pay for a hostel accommodation for a year is dependent on the facilities available in the hostel. In Splendour hostel for instance, two students in a room pay USD 628 each per year. Facilities in the hostel include cable television in each room, a kitchen per 4 rooms, provision for LPG cylinders for cooking, a stand by generator and a general study room. With a sample size of 5 off campus hostels, on average, a student will pay USD 663 per year. The average size of a room is 8 x 8 ft.

4.0 Why Invest in on Campus Student Hostel

Increase in Student Enrolment and Access to Security: KNUST has recorded a steady increase in the number of newly admitted students. The number of students enrolled increased from 8,421 in 2008 to 14,470 in 2012, representing over 71% increase in 4 years. KNUST has recorded a steady increase in the number of international students from 2008 to 2011 (An increase of over 71%).

Security: Most off-campus hostel facilities, though close to the university do not offer adequate security.

Availability of Land: KNUST is willing to provide land on the campus for the development of the development of on-campus private hostels. The university is willing to lease land for 25 years to prospective investors at a one-time premium of GHC50,000.00 (USD 25,000) per acre and a ground rent of GHC1,000.00 (USD500.00) per year per acre of land.



Technical Support: The University's College of Architecture and Planning is available to offer technical support to a potential investor at a subsidised fee.

**Support provided by Kumasi Municipality and Kumasi Regional Administration See above.
KNUST land and planning assistance**

The Kumasi City Investment Promotion Unit (KCIPU) of the KMA will assist potential investors to liaise with the university's officials. It will also assist potential investors in securing building permits for their projects

Building permits, issued by the KMA, grant a prospective developer permission to construct buildings or related structures in an approved location, within a set time frame and in line with local or national building regulations. The permit provides the necessary guarantee that a proposed building or related structure is to a large extent suitable for construction.

5.0 Investment incentives

Availability of Land on campus for the development of the hostel facility.

The International Finance Cooperation (IFC) of the World Bank Group is also very active in providing support for the real estate sector in the country. Under the SECO IFC Ghana Primary Mortgage Market Initiative, IFC is providing partial credit guarantees and advisory services to local banks, to help them play an active role in the housing sector.

6.0 Further information available

Ghana Investment Promotion Centre: GIPC Act 418 (1994)

Kwame Nkrumah University of Science and Technology Strategic Plan 2005 to 2014

Kwame Nkrumah University of Science and Technology Basic Statistics 42nd – 46th Congregation

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

Last updated

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