



Bonds vs. Real Estate in Uganda: Which Investment Wins Over 10 Years?



When it comes to long-term wealth building in Uganda, what delivers the best after-tax return: Government bonds, Kampala residential real estate, or USD fixed deposits?

We ran a 10-year comparative analysis — and the results were eye-opening.

Key Findings:

- 10-year Government of Uganda (GoU) bonds outperformed real estate and USD fixed deposits by 3.8x and 3.6x, respectively.
- The main driver of this outperformance? Tax efficiency and compounding yields.
- While GoU bondholders paid just 10% withholding tax (as final tax), real estate investors faced
 22% income tax on rental income and 30% capital gains tax on sale proceeds.
- Property investors also contended with agents' commissions, maintenance costs, property taxes, and fraud risk all of which eroded net returns



Investment Comparison (2015–2025)

Metric	10Y GoU Bonds	Kampala Real Estate	USD Fixed Deposit
Initial Investment	UGX 501m	UGX 600m	USD 181,433
Net Value (2025)	UGX 1.378 billion	UGX 879m	UGX 891m
Total Return	175%	46%	48%
Annualized Return	10.6%	3.9%	4.0%
Liquidity	High	Low	High
Key Risks	Inflation, FX	Vacancy, tax, fraud	Inflation, FX

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Note: UGX 600m was converted to USD at the average July 2015 rate of 3,307.



© Takeaway

- In Uganda, **government bonds** remain a compelling option for longterm investors seeking tax efficiency, liquidity, and consistent returns. Real estate, while offering capital appreciation, underperforms significantly once you factor in taxes and operating costs.
- How will Uganda address its housing deficit (estimated at 2.4 million units by Habitat for Humanity), if such disincentives abide?