

ZANZIBAR PROPERTY

Investment Guide 2026

The insider guide to buying property in Zanzibar — areas, yields, legal framework, active developments and ROI.

917K	+25%	12-18%	\$500M
TOURIST ARRIVALS 2025	YEAR-ON-YEAR GROWTH	GROSS YIELDS IN PAJE	INFRASTRUCTURE SPEND

Prepared by Augustine

Real Estate in Zanzibar since 2020

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DISCLAIMER

This guide is for informational purposes only and does not constitute legal, tax or investment advice. Market data is sourced from publicly available research current as of early 2026. Always conduct independent due diligence and consult qualified professionals before making any investment decision.

01 Why Zanzibar — The Investment Case

Zanzibar has completed its transition from an exotic travel destination to a data-backed investment market. Record tourism growth, infrastructure investment at scale, constrained land supply, and a maturing legal framework for foreign ownership have created conditions that are rare in emerging market real estate.

Price appreciation across the island has averaged 8 to 10 percent annually in recent years, with prime beachfront locations recording 10 to 15 percent. The overall price index has risen approximately 160 percent since 2019. Gross rental yields on well-managed beachfront properties regularly achieve 12 to 18 percent.

REASON	DETAIL
Record Tourism	917,167 international arrivals in 2025 — a 25 percent year-on-year increase. January 2026 alone recorded 100,216 visitors with an 87.5 percent bed occupancy rate across the island.
Infrastructure Investment	Government committed \$500 million to roads, utilities and airport modernisation. Terminal 3 expansion at Abeid Amani Karume International Airport is underway and handling over 90 percent of arrivals.
Supply Constraint	Only 600 to 800 investment-grade units are scheduled for delivery through 2026 — under 3 percent of current housing stock. The finite coastline permanently limits new supply.
Strong Yields	Beachfront properties generating 12 to 18 percent gross yields. Top-managed luxury villas achieving 10 to 15 percent net returns — outperforming every comparable Indian Ocean market.
Foreign Ownership	Foreigners hold 99-year leaseholds without a local partner — a rarity in tropical emerging markets. Fully transferable, mortgageable and renewable.
GDP Growth	Zanzibar economy grew 6.2 percent in 2024 with 6.5 to 7.4 percent projected for 2025. Tourism contributes 29.5 percent of GDP. Revenue hit \$1.02 billion in 2024.
Residency Programme	Investment of \$100,000 or more in a ZIPA-approved project qualifies for a 2-year renewable residence permit covering the investor, spouse and up to 4 children.

02 Tourism and Economic Fundamentals

Tourism is the engine behind Zanzibar's property market. Understanding the tourism data is essential to understanding why rental yields are strong and why demand continues to outpace supply across all major areas.

917K	+25%	8 NIGHTS	87.5%
ARRIVALS 2025	YOY GROWTH	AVERAGE STAY	BED OCCUPANCY JAN 2026

Source Markets

European tourists dominated 2025 arrivals at 68 percent of total visitors. Italy was the single largest source market at 14.4 percent, followed by France at 6.9 percent, Poland at 6.7 percent and the United Kingdom. Visitors from India, China, Israel and Russia grew by a combined 32 percent year-on-year, signalling meaningful diversification beyond traditional European demand.

Infrastructure Investment

The government's \$500 million infrastructure programme is directly driving property value appreciation across the island. Key completed and ongoing works include:

Terminal 3 expansion at Abeid Amani Karume International Airport — handled over 90 percent of 2025 arrivals and now serves 2 million passengers annually

100.9 kilometres of urban road construction — 70 percent complete as of early 2025

First flyover opened at Mwanakwerekwe with a second at Amani 36 percent complete

Airport revenues grew 245 percent between 2020 and 2024

Fast-improving fibre internet infrastructure across Stone Town, Paje, Fumba and Jambiani

New direct international flight routes from Europe and the Gulf

KEY INSIGHT

Properties located near improving infrastructure consistently outperform. East-coast properties near completed road upgrades posted 12 percent annual appreciation over five years. Fumba, benefiting from marina and commercial infrastructure, is currently the fastest-appreciating area on the island.

03 The Legal Framework for Buyers

Legal uncertainty is the most common reason buyers hesitate on Zanzibar property. The legal structure is straightforward once you understand it and it is significantly more accessible for foreign buyers than most comparable tropical markets.

The CRO — Certificate of Right of Occupancy

There is no freehold land ownership in Zanzibar — for anyone, including Tanzanian citizens. All property is held under a Certificate of Right of Occupancy granting a 99-year leasehold right. This is the standard structure and it is fully enforceable, transferable, mortgageable and renewable. It functions like freehold in practice.

Foreign Ownership — Key Facts

ITEM	DETAIL
Ownership Structure	99-year CRO leasehold. No local partner required — a rarity in tropical emerging markets.
Government-Approved Projects	Foreign buyers purchasing within ZIPA-approved developments have the most secure and streamlined legal pathway.
ZIPA	Zanzibar Investment Promotion Authority. Certifies investment-grade developments and processes foreign buyer registrations.
Condominium Act	Enables strata-title ownership of individual units within larger developments — commonly used in apartment blocks and resort complexes.
Investor Residence Permit	Class C-11 permit issued to foreign investors who purchase in a ZIPA-approved project. Minimum investment: \$100,000 USD.
Transfer and Resale	CROs are fully transferable. Resale to another foreign or local buyer follows the same registration process.
Legal Costs	Typical total purchase costs including stamp duty, legal fees and registration: 4 to 6 percent of purchase price.

Due Diligence Checklist

Before signing anything, confirm each of the following with your independent Tanzanian property lawyer:

- Verify the developer holds a valid CRO or government title for the development site
- Confirm the project is registered with ZIPA and approved for foreign ownership
- Review the sale and purchase agreement with an independent lawyer — not the developer's lawyer
- Confirm payment plan milestones are tied to construction stages, not calendar dates
- Check the developer's track record: have they delivered previous projects on time
- Verify rental management terms if you intend to rent the property
- Confirm the property's legal description matches the physical location and boundaries
- Understand the service charge and maintenance fee structure before committing

IMPORTANT

Always appoint your own independent Tanzanian property lawyer — not the one recommended by the developer. This is the single most important step in protecting your investment. Augustine can recommend trusted, independent legal professionals he works with regularly.

04 Key Investment Areas

Each area of Zanzibar has a distinct buyer profile, yield range, price point and appreciation trajectory. Choosing the right area for your specific goals is the most important investment decision you will make.

PAJE

12 to 18% gross

From \$80,000 Best for: Rental income investors Appreciation: 9% est.

The kitesurfing capital of East Africa. Year-round international visitor demand driven by unique wind conditions. Strongest short-term rental performance on the island. Multiple boutique developments launching. Most active market under \$150,000. Ideal for investors seeking maximum rental yield.

NUNGWI

10 to 15% gross

From \$120,000 Best for: Holiday home and rental Appreciation: 8% est.

The premium north coast. Established resort community with international infrastructure. Calmer waters year-round. Growing luxury resale market. Strong occupancy driven by resort and dive tourism. Best for buyers who want lifestyle use alongside rental income.

FUMBA

8 to 13% gross

From \$95,000 Best for: Capital appreciation Appreciation: 11% est.

Master-planned peninsula development. Marina infrastructure, commercial development and improved road access are driving the fastest land value appreciation on the island. The BURJ Zanzibar tower and Fumba Town represent institutional-grade development. Best for buyers prioritising long-term growth.

MATEMWE

8 to 12% gross

From \$70,000 Best for: Early-mover growth Appreciation: 8% est.

Quiet north-east coast with pristine beaches and luxury boutique properties. Major brands including Anantara and Four Seasons have validated the area. Prices remain accessible while building toward the Nungwi trajectory. Best for buyers seeking undervalued entry to a maturing market.

STONE TOWN

6 to 10% gross

From \$60,000 Best for: Unique boutique asset Appreciation: 7% est.

UNESCO World Heritage Zone. Finite supply — conservation restrictions prevent significant new development permanently. Luxury short-let market growing strongly. Best for buyers seeking a unique, defensible asset in a supply-constrained market.

KENDWA

9 to 14% gross

From \$90,000 Best for: Beach tourism investors Appreciation: 8% est.

Famous for full moon beach parties and high-energy tourism activity. Strong weekend and peak-season demand. More accessible price points than central Nungwi with comparable occupancy. Beachfront access properties perform well.

JAMBIANI

7 to 11% gross

From \$65,000 Best for: Eco-tourism and south coast Appreciation: 7% est.

Quiet east coast village. Growing eco-tourism and remote-worker segment. South coast kite and dive tourism growing. Most accessible entry prices on the island. Best for buyers seeking low entry cost with long-term potential.

05 Active Developments Overview

The following summarises major active and recently completed developments. Contact Augustine for current availability, pricing and payment plan information on any specific project.

DEVELOPMENT	LOCATION	TYPE	FROM	KEY NOTES
Fumba Town	Fumba Peninsula	Mixed-use master plan	\$95,000	Multiple phases. Marina and commercial. Strongest appreciation story on the island.
BURJ Zanzibar	Fumba	Apartments — 138 units	Premium	High-rise tower. Luxury specification. Backed by Infinity Developments with significant capital reserves.
The Soul Paje	Paje	Resort apartments	\$80,000	CPS group. Same delivery standard as Fumba Town. High rental yield focus. Professional management.
Vela Zanzibar	Paje	Studios and penthouses	On request	Bahari Studios and Asili Penthouses. Beachfront. Strong short-term rental positioning.
Sandbank Villas	North Coast	Luxury villas	Premium	Gold standard for construction certainty. Developer builds from own capital without pre-sale dependency.
Nungwi Resort Complex	Nungwi	Apartments — 240 units	\$120,000	Largest single addition to north coast supply. Studios to 3-beds. Phased delivery mid-2026.
Majestic Zanzibar	Nungwi	Resort development	\$120,000	Premium north coast. Sea views. Established tourist zone with strong occupancy history.
Matemwe Boutique Projects	Matemwe	Villas and apartments	\$70,000	Several smaller projects. Anantara and Four Seasons validate the area premium.

Stone Town Heritage	Stone Town	Restored townhouses	\$60,000	UNESCO zone. Coral-rag architecture. Extremely limited supply. Boutique short-let market.
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DEVELOPER DUE DILIGENCE

Before committing to any development, research the developer's track record. Key questions: Have they delivered previous projects on schedule? Do they fund construction from pre-sales only or from their own capital reserves? Is the project ZIPA-registered? The best-performing projects combine a credible developer, ZIPA approval and milestone-linked payment plans.

06 ROI and Yield Analysis

Understanding how to calculate and interpret rental yields is essential before making any investment decision. Here is the complete framework and three worked examples based on representative Zanzibar properties.

Key Metrics Explained

METRIC	FORMULA	WHAT IT TELLS YOU
Gross Yield	Annual rental income divided by purchase price, multiplied by 100	Raw return before any costs. Useful for quick comparisons between properties.
Net Yield	Annual income minus management and maintenance, divided by purchase price, multiplied by 100	Real return after operating costs. The number that matters for actual cashflow.
Cash-on-Cash Return	Net annual income divided by total cash invested including purchase costs, multiplied by 100	Return on the actual cash deployed. Accounts for transaction costs.
Payback Period	Total cash invested divided by net annual income	Years to recover your total investment from rental income alone.

Three Worked Examples

Illustrative calculations based on realistic market figures. Actual returns depend on management quality, seasonality and market conditions. Use the free ROI Calculator at roi.zanzibarproperty.co.tz to run your own scenario.

Studio Apartment, Paje

ITEM	VALUE
Purchase Price	\$85,000
Purchase Costs at 5 percent	\$4,250
TOTAL INVESTMENT	\$89,250
Nightly Rate (average)	\$120
Occupancy	68 percent — 248 nights

Gross Annual Income	\$29,760
Management Fee at 20 percent	\$5,952
Maintenance at 1.5 percent	\$1,275
NET ANNUAL INCOME	\$22,533
GROSS YIELD	35.0 percent
NET YIELD	26.5 percent
PAYBACK PERIOD	4.0 years

2-Bedroom Apartment, Paje or Nungwi

ITEM	VALUE
Purchase Price	\$120,000
Purchase Costs at 5 percent	\$6,000
TOTAL INVESTMENT	\$126,000
Nightly Rate (average)	\$180
Occupancy	68 percent — 248 nights
Gross Annual Income	\$44,640
Management Fee at 20 percent	\$8,928
Maintenance at 1.5 percent	\$1,800
NET ANNUAL INCOME	\$33,912
GROSS YIELD	37.2 percent
NET YIELD	26.9 percent
PAYBACK PERIOD	3.7 years

Luxury Villa, North Coast

ITEM	VALUE
Purchase Price	\$350,000
Purchase Costs at 5 percent	\$17,500

TOTAL INVESTMENT	\$367,500
Nightly Rate (average)	\$650
Occupancy	65 percent — 237 nights
Gross Annual Income	\$154,050
Management Fee at 25 percent	\$38,513
Maintenance at 1.5 percent	\$5,250
NET ANNUAL INCOME	\$110,288
GROSS YIELD	44.0 percent
NET YIELD	30.1 percent
PAYBACK PERIOD	3.3 years

07 The Buying Process — Step by Step

Buying property in Zanzibar as a foreign investor is a well-established process with clear stages. With the right guidance it is simpler than buying in most European countries.

01 Define Your Goal

Decide: rental income, holiday home or capital growth. Your goal determines the right area, property type and development. Different objectives have different optimal solutions.

02 Initial Research and Consultation

Work with Augustine to shortlist 2 to 4 developments or properties matching your criteria. Review floor plans, price lists, payment schedules and projected yield data.

03 Appoint a Lawyer

Before committing any funds, appoint an independent Tanzanian property lawyer to review all documentation. This is non-negotiable.

04 Reservation

Pay a reservation deposit — typically \$2,000 to \$10,000 — to hold the unit while legal review is completed. Usually refundable during the due diligence period.

05 Legal Review and Due Diligence

Your lawyer reviews the title deed, development permit, CRO, sale agreement and developer registration. This stage typically takes 1 to 3 weeks.

06 Sign Sale Agreement

Once legal review is complete, sign the Sale and Purchase Agreement. Ensure payment milestones are tied to construction stages, not calendar dates.

07 Payment Plan

Most off-plan developments offer structured payment plans — typically 30 percent on exchange, 30 percent at roof level, 30 percent at completion, 10 percent on handover.

08**CRO Transfer and Title Registration**

On completion the CRO is transferred to your name at the Zanzibar Land Registry. Your lawyer manages this process. Timeline: 4 to 12 weeks after completion.

09**Handover**

Receive keys and complete the snagging inspection. Agree any outstanding items in writing before releasing the final payment.

10**Rental Setup**

Engage a professional rental management company. They handle platform listings, guest communication, cleaning and maintenance. Management fees: typically 20 to 30 percent.

Typical total timeline from first consultation to title deed: 3 to 9 months for off-plan purchases, 6 to 12 weeks for ready-to-move properties.

08 Common Buyer Mistakes to Avoid

After working in the Zanzibar property market since 2021, these are the mistakes I see buyers make most often. Each one is avoidable with the right knowledge and guidance.



Buying on Emotion, Not Data

Falling in love with a view and skipping the yield analysis. A beautiful property with weak rental demand, poor management infrastructure or an oversupplied micro-location will underperform regardless of how attractive it looks.



Using the Developer's Lawyer

The developer's legal team works for the developer, not for you. Always appoint an independent lawyer. This typically costs \$500 to \$2,000 — negligible relative to the transaction value.



Ignoring the Developer's Track Record

Zanzibar has projects funded entirely by pre-sales with no developer capital in reserve. If pre-sales slow down, construction stops. Prioritise developers with proven delivery history and adequate capital reserves.



Unrealistic Occupancy Assumptions

Some developers present occupancy projections of 80 to 90 percent year-round. Realistic well-managed properties achieve 60 to 75 percent annually. Use conservative assumptions — the actuals will be pleasant surprises rather than disappointments.



Neglecting Rental Management

Property management quality determines actual rental income more than almost any other factor. A professionally managed property on a premium platform consistently outperforms a self-managed one.



Ignoring Total Cost of Ownership

Factor in: legal fees, stamp duty, registration costs at 4 to 6 percent of purchase price, ongoing management fees at 20 to 30 percent, annual maintenance at 1 to 2 percent, and any service charges or ground rent.

09 The Investor Residence Permit

Commonly marketed as a "Golden Visa," this is technically a Class C-11 Residence Permit issued by the Tanzania Immigration Department to foreign buyers who invest in ZIPA-approved Zanzibar property.

ITEM	DETAIL
Official Name	Class C Residence Permit — Class C-11 for Real Estate Investors
Launched	June 2021. First C-11 cards issued May 2024.
Minimum Investment	\$100,000 USD in a ZIPA-approved project
Permit Duration	2 years, renewable
Family Coverage	Covers the investor, spouse and up to 4 children
Physical Presence	No minimum stay required — complete lifestyle flexibility
Citizenship	No pathway to citizenship. This is a temporary residence permit only.
Administered by	ZIPA validates the investment. Tanzania Immigration Department issues the permit.
Best Suited For	Investors seeking lifestyle benefits, tax advantages and a base in Zanzibar — not global mobility or citizenship.

10 Work with Augustine

I have lived in Zanzibar since 2020 and have been working at the heart of its property market since 2021. I know this island — the areas, the developers, the deals worth taking and the ones to walk away from.

As co-founder of Zanziholics Digital Agency and a dedicated real estate specialist, I combine deep local knowledge with professional marketing expertise to give buyers and investors a genuinely different experience. Every recommendation I make is backed by data, independent of developer incentives and aligned entirely with your interests.

Property Sourcing. I identify and vet the best-performing investment properties across Zanzibar's key development zones before they reach the public market.

ROI-Focused Guidance. Every recommendation is backed by yield analysis, rental projections and honest market data. No hype — just numbers that stack up.

Legal Navigation. I connect you with trusted independent Tanzanian lawyers and guide you through every stage of the legal process.

End-to-End Support. From your first question to signed agreement and title deed, I guide you through every legal, financial and logistical step.

Rental Management Introduction. For investors who want professional rental management, I make trusted introductions to established operators in each area.

Book a Free Consultation

Ask me anything. No commitment, no sales pitch — just straight answers about the Zanzibar market.

calendly.com/operations-zanziholics/30min

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