Ethiopia's Property Door is Open; Now there is a Rule Book

Directive No. 1147/2026 turns Ethiopia's new foreign residential property regime from a headline into a procedure. Proclamation No. 1388/2025 marked a shift in Ethiopian property law by permitting qualifying foreign nationals to own residential houses and acquire leasehold land for residential construction. Now, Directive No. 1147/2026 puts the machinery in place. It answers the questions investors actually care about: Who qualifies? How much capital is required? How is the money brought in? How many houses can be owned? And what has to happen before title changes hands?

The Headline: One House, Foreign-Funded, Permit First

A foreign national wishing to acquire a residential house must first obtain a permit from the Ministry of Urban and Infrastructure. The application requires, among other things, valid identification, evidence of no criminal record, proof of the required capital deposit and relevant security/public-interest clearances. Foreign investors follow a slightly different route: they must hold a valid investment permit and obtain confirmation from the issuing authority regarding their equity participation and investment status. Importantly, the Directive defines a "foreign investor" for these purposes as a person holding at least USD 150,000 in paid-up equity in an investment established in Ethiopia.

How Much Does Entry Cost? Location Matters.

The Directive introduces regional minimum capital thresholds for a single residential house:

- USD 150,000 — Addis Ababa and Sheger City;
- USD 120,000 — most other regions and Dire Dawa; and
- USD 100,000 — Afar, Benishangul-Gumuz and Gambella.

If the actual purchase or construction price exceeds the amount initially registered, the additional amount must also be deposited in US dollars before the transaction proceeds. The money does not simply move directly to the seller. Foreign currency must be deposited through a bank, converted into Ethiopian Birr at the prevailing exchange rate and held in a blocked account, with release subject to Ministry authorization. In other words: the door is open, but this is not a cash-and-carry property market.

One Foreign National. One Residential House.

Perhaps the clearest limitation is also the easiest to remember: the maximum is one residential house. The permit itself is valid for one year. Where acquisition cannot be completed because of force majeure, a further one-year extension may be available, subject to the Directive's conditions. And while foreign nationals may obtain leasehold rights over land for residential construction, the reform does not create private ownership of land. Land remains subject to Ethiopia's constitutional and statutory land-tenure framework.

Not Every House Is on the Market

The Directive excludes several categories from foreign ownership, including government-subsidized condominiums, certain publicly funded or supported housing, non-profit housing projects and houses constructed through housing cooperatives. Once ownership is acquired, the foreign owner must notify the Ministry within 30 working days, submit the relevant title documentation and surrender the original permit certificate. The regime also links qualifying ownership to immigration benefits contemplated under the Proclamation, while repatriation of property-related funds remains subject to the applicable National Bank of Ethiopia framework.

And Compliance Has Teeth

The Directive backs the new ownership regime with a fairly detailed penalty framework. A foreign national who uses a residential house for an unauthorized or unlawful purpose may be fined USD 1,000 to USD 3,000. Acquiring a residential house/land for residential construction, without first obtaining the required Ministry permit, carries a heavier fine of USD 2,000 to USD 5,000. Failure to meet the applicable minimum capital requirement may attract a fine of USD 500 to USD 2,000, while acquiring or attempting to acquire property by submitting false evidence can result in a fine of USD 3,000 to USD 5,000. The Directive also imposes a USD 2,000 to USD 5,000 fine where a purchaser proceeds without depositing any required additional purchase funds in US dollars and notifying the Ministry as required. The compliance net extends beyond the buyer. Any person who knowingly — or where they have reason to know that the requirements have not been satisfied — causes, permits, assists or collaborates in a non-compliant acquisition may be fined ETB 30,000 to ETB 50,000.

Summary

The Directive takes the Proclamation from principle to practice. It establishes the permit process, confirms the one-house limit, sets location-based minimum capital thresholds of USD 100,000 to USD 150,000, requires foreign currency to pass through a blocked Ethiopian bank account, and regulates the acquisition of leasehold land for residential construction. It also identifies excluded housing categories, imposes post-acquisition registration requirements, links qualifying ownership with residence and visa arrangements, and introduces specific penalties for non-compliance. Ethiopia's residential property market is now legally accessible, but entry is structured, capital-controlled and closely regulated. Successful transactions will depend as much on getting the permit, funding and registration steps right as on finding the property itself. *Directive No. 1147/2026 provides that it becomes effective upon registration by the Ministry of Justice and upload on the Ministry's website. This update is for general informational purposes only and does not constitute legal advice.*

For further information and updates please contact Dablo Law Firm, the LEX Africa member in Ethiopia, on **info@dablolawfirm.com** or visit **https://dablolawfirm.com/**

.