

Ethiopia Team

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Ethiopia Team**Team leader**

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Foreign nationals permitted to own residential property under Proclamation No. 1388/2025**1. Introduction**

On 2 October 2025, a transformative proclamation was enacted, marking a departure from decades of restrictive ownership policies that confined residential property ownership to Ethiopian citizens, persons of Ethiopian origin, and foreign investors investing at least USD 10 million. Even qualifying foreign investors were limited to owning no more than one property.

The proclamation is designed to encourage foreign investment, with embedded reciprocity conditions;¹ to foster knowledge and technology transfer in the construction sector; and to enhance Ethiopia's standing as a diplomatic and commercial center in Africa. By formalizing the rights and duties of foreign residential property² owners, the government aims to balance the growing housing demand and supply and to create a stable environment for those looking to make Ethiopia their permanent or seasonal home.

2. Eligibility and financial thresholds

Ownership is not open to all; it is targeted at investors and residents who contribute significantly to the Ethiopian economy. To qualify, foreign nationals must:

- invest a minimum of USD 150,000 (or its equivalent in an approved foreign currency) for the purchase, construction or lease of a single residential property. Alternatively, investors must show that they have: a) USD 150,000³ in capital and b) an investment permit.

¹ Citizens from countries that offer Ethiopians residing in their country special rights or impose special obligations will be treated reciprocally; future legislation is expected to shed more light on this matter.

² 'Residential property' is defined as a house constructed for residential purposes based on the land lease right and serving as a dwelling for an individual or a family of foreign nationals.

³ The minimum monetary requirement for a single home may vary from region to region depending on local development and may increase or decrease based on market conditions. This regional variation has yet to be established by a directive, in addition to the maximum leasehold, and the maximum number of leaseholds or homes that a foreigner may own.

Further, they are permitted to own more than one home by meeting the minimum monetary requirement for each house;⁴

- all initial payments, including land leases, purchase prices, construction permit expenses and first-year administrative services, must be paid in foreign currency;
- residential property on land under lease must be allocated under a public bidding process; and
- foreign citizens from certain countries could be banned from owning property under a directive to be issued by the Ministry of Urban and Infrastructure Development (“**Ministry**”).

3. Prerequisites

- Written confirmation from the Ethiopian Investment Commission (“**EIC**”) disclosing the shareholding and other details, for investors seeking to demonstrate the minimum monetary requirement.
- Payment of the total lease price in a single instalment if land is required.
- Legal documents attesting to the buyer’s name, nationality, and financial capacity.
- A clean criminal records certificate.
- Ministerial authorisation, which the Ministry must provide or refuse within 30 days from the date of application. After authorisation, a title deed will be issued by the same federal, regional or city administration that issues title deeds to Ethiopians.
- Proof of a legal source and legal transfer of the funds.
- Proof of absence of restrictions specific to national interest, peace and security.

4. Benefits for homeowners

- Property owners and their immediate family members are eligible for 5-year, multiple-entry visas and residence permits.
- Remittance right on rental income or sale of the property (implementation directive pending from the National Bank of Ethiopia).

⁴ There is an inconsistency between the Amharic and English versions of Art. 5(3): The Amharic text – which prevails in the case of discrepancy – clearly specifies that to be eligible for a waiver of the minimum monetary requirement, foreign investors must hold at least USD 150,000 in shares in a single investment. Conversely, the English version requires the investor only to submit written proof from the EIC of having a shareholding, along with other details, without explicitly stating a threshold. Given that sub-Art. 4 of the same provision already contains similar language to the English version, this appears to be a drafting error.

5. Restrictions

- Restrictions may be put in place to protect people at the Ethiopian border, and foreigners may be banned from owning property in certain areas.
- Foreign investors cannot purchase properties in condominiums built by government subsidy, except for those built for profit under a private public partnership.
- Purchases must not be funded through local financial institutions or capital raised domestically.

6. Conclusion

Proclamation No. 1388/2025 is a cornerstone of Ethiopia's modern economic strategy. It successfully bridges the gap between the need for foreign direct investment and the need to maintain control over land use rights.

By distributing responsibilities between federal and regional administrations coordinated and supervised by the Ministry, the government has created a robust system of checks and balances. For the international community – from diplomats to investors – this law provides a formal opportunity to secure a residential property in Ethiopia.

As the council of ministers and the Ministry begin issuing detailed implementation regulations and directives, the country is ready to welcome international residents not just as individuals that rent living spaces but as homeowners in its growing urban centres.



Ethiopia Team

The team is a constellation of skills in different practice areas, with a focus on Ethiopian matters.

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