Chapter II

EXISTING HOUSING STOCK AND NEW CONSTRUCTION

This chapter reviews the existing housing stock and the emerging housing market that has developed since 1990. Section A reviews the development of the housing stock and the information that is available about its age, type and tenure. Section B assesses the stock's adequacy in terms of quantity and quality. Section C reviews the construction industry and section D considers house prices and needs, before looking at the features of the Tirana housing market.

A. The housing stock and its characteristics

The total stock and its age

The preliminary results of the 2001 Population and Housing Census (2001 Census) show that Albania had a total of 520,936 residential buildings containing 783,641 dwellings at April 2001.

Drawing on data from the 2001 and 1989 censuses, and likely changes during the 1990s table 6 gives an estimated stock profile, with an age breakdown.

Table 6. Total estimated stock in 2001 by age

Pre-1945	215,000	27%
1945-60	80,000	10%
1961-80	230,000	29%
1981-90	140,000	18%
After 1991	120,000	15%
Total	**785,000**	

The full results of the 2001 Census, when available, will provide the age of dwellings, in age bands, plus the year of construction for all dwellings built after 1990.

The rural legacy

A quarter of the present housing stock was built before 1945. Until this time Albania was a predominantly rural society with no public intervention in housing and little industrialization. Most pre-war housing was "self-build", with some local variations in the design. This housing was generally single-family units, though often large enough to be occupied by more than one generation. In 2001 just over half of the rural housing stock had been built before 1945. Some housing in historic urban areas has been preserved.

The impact of communism

Over half the current housing stock was built during the communist era, with more than half of this total produced by the private sector. Production during the communist era was at a rate of just over 10,000 units a year, though the annual rate increased over time. Total production during 1945-89 was some 457,300 dwellings. ,

The effect of the communist production was a substantial urban sector, and a marked difference between rural and urban housing. Most urban housing was in the form of public sector flats, while most rural housing continued the "self-build" tradition.

Private ownership of housing was extensive, but it was regarded as a personal possession and not a commodity that could be traded. Land, and some finance, was made available for construction for personal use, with the resulting housing mostly in the form of single-family houses.

Some public sector housing was provided in rural areas; the 1989 Census found that it accounted for 10% of the rural housing stock. In the urban areas, government or other State employers provided housing for most of the population. By the time of the 1989 Census public flats accounted for 70% of the urban housing stock, ranging from almost total provision in Kukes to around half of the stock in Gjirokaster and Shkodra. Some of the urban stock was appropriated by the Government, with the 1989 Census finding 3,618 buildings built before 1945 in public ownership.

Public sector housing completions during 1945-90 included some 122,000 dwellings produced by State organizations and 75,000 completions through 'voluntary' work.[1] The voluntary completions, all after 1967, were the result of local labour, organized by the residential area or workplace, combined with technical assistance from the State. The communist housing system produced insufficient and low-quality housing and the public sector was financed and organized in a way that did not encourage ongoing investment in the stock. The Government's ability to control internal migration reduced the pressure on urban housing.

Around 30% of the current housing stock, and over half of the urban housing stock, is made up of blocks of flats built by the State during the communist era, when the public sector produced a fairly standard product with limited space standards. In the early stages low-rise blocks of flats were produced, and from the 1970s some degree of prefabrication was used. Six-storey blocks of flats were built from the mid-1960s onwards. Hardly any were higher than six storeys or had lifts. Government standards during 1977-88 allowed 61.7 m^2 of usable floor area for 4-5 people plus another 19.5 m^2 for stairs, walls, etc., with prototype designs prepared by the National Institute of Studies and Designs. Some variation is indicated by the classification used for the privatization sales price, which allowed for differences in quality.

The 1989 Census found an average of seven flats per public sector building, with slightly more in urban areas. The 2001 Census found an overall average of 1.5 dwellings per building, with 2.5 in urban areas, and the highest levels of 4.4 in Diber and Kukes.

The unfinished public sector housing inventory of the early 1990s gives an idea of public construction at the fall of communism. Of the 12,239 units, 60% were being built by economic enterprises, the balance by State enterprises. Just over half comprised flats with two rooms and a kitchen and a surface of 82 m^2. Most of the remainder had one room and a kitchen and an area of 64 m^2, with a few larger flats with three rooms and a kitchen and 93 m^2. Nearly a quarter of the unfinished public stock was in Tirana.[2]

During the communist era public sector flats were let at minimal rents, which did not cover adequate maintenance or make any provision for upgrading. People in urban areas grew accustomed to consider the provision of housing as the responsibility of the State.

Compared with other East European countries, Albania's housing stock built by the public sector is relatively new. Two thirds of the public stock was built during 1970-1990 compared with around 40% in Estonia, Poland, Slovakia and Hungary. In Albania a much lower proportion of this post-1970 stock was built using prefabricated materials. The basic structures were, however, of a relatively high technical standard during the communist time, due to strict technical control.

The public sector response after communism

Government intervention in housing changed greatly during the 1990s. Control over rural-to-urban migration, property use and exchange, and the regulation of new construction was considerably reduced.

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[1] 1989 quoted in Andoni, MA Thesis, 2000

[2] Albania Housing Project Report World Bank 1993.

Most of the public stock was privatized in 1992-93. Of the 1990 total stock of 239,000 units, some 225,000 had been sold or transferred to sitting tenants by 1994. In addition, some 2,000 buildings, including dwellings, were the object of restitution claims, and a decision has now been taken in most cases. Of the communist era stock, fewer than 5,000 dwellings remained in public ownership by the mid-1990s. The free market ethos has allowed an estimated 4,500 ground-floor flats to be converted to non-residential use. Although condominium arrangements were intended as part of the privatization process this has not been implemented. There is little sign of collective action by flat owners to undertake collective maintenance or upgrading.

In the 1990s the State, through the NHA, endeavoured to complete unfinished public housing, and to build additional flats for sale at below-market prices. Figures for the 1990s indicate that 10,193 flats in 555 buildings were built for the Agency, an average of just over 18 flats per building. The peak years for completions were 1995-96. Data at the end of 2000 indicated that 6,892 flats had been sold, 3,146 had occupants paying no rent to the Agency, and it was planned to sell 1,950 flats in 2001.[3]

Public enterprises are permitted to build housing for their employees and are estimated to have completed fewer than 1,000 dwellings during the 1990s. Some 1,000 unfinished public housing units were taken over for use by the armed forces.

New housing construction since 1990 by the private sector

Since the early 1990s most new housing, around 110,000 dwellings, has been produced by the private sector. Andoni[4] estimates an average of 8,000 a year during 1992-98, financed by Albanian investors, foreign investors, individual households, and the informal sector. She estimates that from 1992 to 1996 Albanian investors completed some 5,000 dwellings, that 8,000-10,000 detached dwellings were built by private households, mostly in or near the larger settlements, and that the informal sector made a contribution of 60% to total provision.

Figures for the number of dwellings completed are available from the declarations made by construction companies and from building permits issued by municipalities.[5] Declarations for 1997-99 show an increase in the number of buildings, with a separation into new and renovated buildings, and total floor area. In these data, housing does not show an increase in the value of work for the whole construction sector, but it does show a rapid increase in the proportion of work constructing buildings, as opposed to infrastructure. These data suggest that the formal sector accounted for around half of all new buildings in the late 1990s.

Table 7. Company declarations

	Dwellings	Average in m2	Units per building	Renovation
1997	2,478	90	7.3	6%
1998	3,934	91	10.3	16%
1999	5,786	123	8.1	11%
Total	**12,198**			

Source: Surveys of Active Enterprises.

The construction permit figures for 1995 to 2000 give the total number of dwellings, their total floor area and their approximate value in leks. For 1999 and 2000 there is a value breakdown for public and private clients, which shows that the public sector accounted for 10% of work in those years, or roughly 250 buildings. A summary of these housing permit data is shown in table 8. An average of five to seven dwellings per building is consistent with significant levels of building outside the permit system. These figures suggest that substantial formal building activity had been generated before the 1997 crisis, but after it building, or the recording of it, declined.

These figures are available at area level and the contribution of each Prefecture is shown in Figure V. Though conclusions from these data are subject to caution because of the extent of building

[3] Data provided by the Ministry of Territorial Development and Tourism, Feb 2002.
[4] Andoni MA Thesis 2000.
[5] Data provided by Instat.

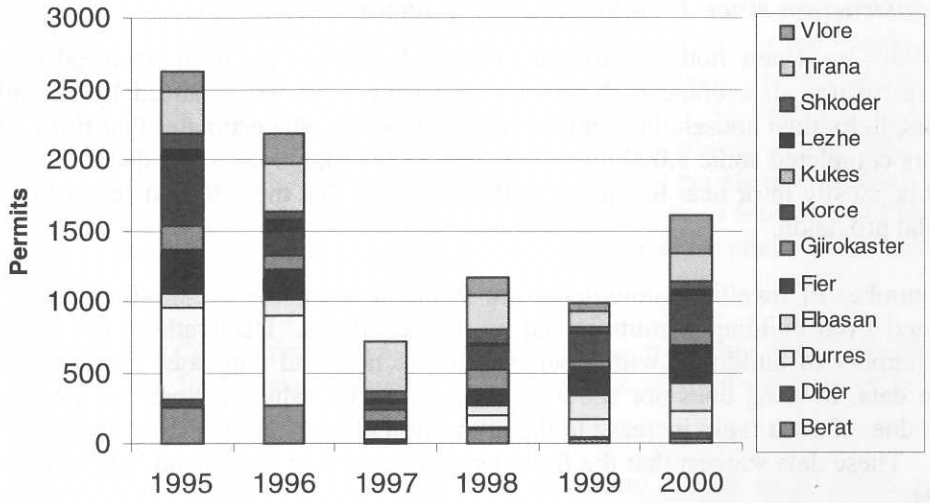
outside the permit system, these figures suggest that Tirana may not have dominated construction activity, even if it has a higher average number of dwellings per building. The Durres area in particular made a large contribution in the early 1990s.

Table 8. Permit data for housing

	Buildings	Average m^2	Total value in millions of leks	Housing as % of all buildings
1995	2,618	169	7,064	37.6
1996	2,178	154	8,358	16.5
1997	719	416	7,797	56.8
1998	1,172	353	8,960	36.8
1999	981	421	10,128	61.2
2000	1,599	520	15,128	60.5
Total	**2,033**			

Source: Construction permit statistics.

Figure V. House construction permits by Prefecture



In the late 1990s around 10,000 new dwellings were completed each year in Albania.

This represents 3.1 dwellings per 1,000 people recorded in the 2001 Census. The equivalent figures for EU countries in 1999 range from 1.3 in Sweden to 12.4 in Ireland, with most EU countries producing a higher figure than Albania.[6]

The 1998 Household Living Condition Survey[7] was based on interviews with a sample of 11,000 households, and produced results for settlements with more and with fewer than 10,000 inhabitants, which it described as urban and rural respectively. This Survey found that by the late 1990s two thirds of rural households lived in individual dwellings, mostly with their own garden, but that in urban areas two thirds lived in flats. It also found that 36% of dwellings had plastered walls, 4% were constructed using prefabricated bricks, and 29% with stones.

The Survey suggested a total of nearly 190,000 households living in flats, representing 25% of the total stock. Table 9 gives the breakdown.

[6] Housing Statistics in the EU 2001, EU.
[7] Results of Household Living Condition Survey, INSTAT 1998.

Table 9. Flats per building, 1998

	Urban	Rural
up to 10	14.9%	5.4%
over 10	72.1%	7.5%

The tenure of the housing stock

Public renting has declined since privatization, and there are hardly any dwellings left in public ownership, apart from some that are subject to dispute over restitution. These would account for less that 1% of the total stock. Local government bodies do not currently own any property or housing.

The extent of private renting is difficult to assess, though the 2001 Census should provide a clearer picture when the detailed results are available. The 1998 Household Living Condition Survey suggests that 5%, or nearly 40,000 dwellings, are not owned by their occupants, with a proportion of 12% in urban areas and 2% in rural areas. Some two fifths of non-owners were found to be occupying a free flat. The private rented sector includes those households still living in properties returned to their original owners, possibly 4,000-6,000 dwellings. The Survey also estimated that some 29,000 households owned another flat. There are some private agencies advertising flats to let, which suggests that a formal rental market has developed, though most likely only in urban areas and catering for higher-income households.

B. The adequacy of the housing stock

The quantity of the stock

Comparison of 1989 Census data with other countries in transition shows that by the end of communism, Albania had one of the lowest levels of housing provision in Europe. Apart from the number of households per dwelling, on all the indicators in table 10, Albania provided markedly less housing than all the other countries.

Table 10. Comparison with countries in transition

	Dwellings per 1000 people	Households per dwelling	Persons per room	m^2 per person
Albania	**219**	**1**	**2.70**	**8.0**
Poland	296	1.06	1.02	18.2
Lithuania	329	1.06	1.30	19.7
Slovakia	334	1.00	1.14	21.9
Slovenia	338	0.95	1.33	19.0
Romania	341	0.95	1.19	17.4
Latvia	370	1.13	1.21	20.9
Hungary	385	0.99	0.92	32.1
Czech Republic	397	1.01	1.04	25.5
Bulgaria	405	0.88	1.00	16.7
Estonia	410	1.03	1.18	32.0

Source: Hegedüs et al, MRI Budapest 1996.

The 1989 Census provided a breakdown of dwellings by number of rooms and floor area. The data in table 11 confirm the low level of space provision at that time and the urban-rural difference.

Data available from the 2001 Census show that the number of dwellings per 1,000 people has risen from 219 in 1989 to 253 in 2001, still lower than all the other East European countries in the early 1990s. The urban-rural difference has persisted, with a higher figure of 272 for rural housing, and 235 in towns and cities.

Table 11. Size of dwellings, 1989

Total rooms	% Urban	% Rural
1	65	35
2	30	40
3	4	18
4+	1	7
Floor area		
up to 20 m^2	26	15
20-40 m^2	52	32
40-60 m^2	19	37
60 m^2 +	3	16

Source: 1989 Census.

The 2001 Census found that an average of 4.46 persons lived in each occupied dwelling, with an urban-rural differential of 4.15 and 4.72, respectively. The lowest averages were found in Vlore and urban Gjirokaster, both around 4, and the highest in Diber and Kukes, between 5 and 5.3.

The 1998 Household Survey confirmed the extent of overcrowding, with one in seven dwellings being shared by more than one household. On average two people shared each room, but urban households were more likely to say that they had insufficient space. Just over 40% of households thought that they had too little space.

The 2001 Census made the first systematic count of unoccupied dwellings, finding a total of 92,124, or 13% of the total stock. The vacancy rate is slightly higher in rural areas, and greatest in Vlora (24%) and the rural part of Gjirokaster (26%). The lowest vacancy rates, of around 5%, were found in the rural parts of Elbasan, Kukes and Lezhe. The Census commentary suggests that the vacancy rate can be used as an indirect indicator of migration processes.

The quality of the stock

The housing stock in 1945 had low standards, and a poor infrastructure. As late as the 1980s it was suggested that over 1,000 villages were some distance from a spring or relied on a seasonal water supply. In 1970 publicity was given to the provision of electricity to all villages.[8]

The extent to which modern facilities were available by the end of communism is indicated by the 1989 Census. This shows that 16% of *buildings* had piped water and 30% had an indoor toilet. The lack of facilities was greater in rural areas and in private housing, for example 85% of urban public buildings had piped water compared with 4% of private rural buildings. The Census report does not identify the number of *dwellings* without facilities, but from the tenure and location of buildings it can be estimated that around 30% of dwellings would have been without piped water.

More recent standards can be assessed from the 1998 Household Living Condition Survey. This found that over half of the households had no indoor toilet, over a third lacked running water and three quarters running hot water. Although this suggests an improvement since the 1989 Census, the figures in table 12 show that the considerable urban-rural difference persisted.

Table 12. Households lacking amenities, 1998

	% Urban	% Rural
No indoor toilet	18	74
No running water	5	54
No running hot water	61	93

Most urban households surveyed had access to running water but many experienced regular cuts in supply. A fifth of all households reported a leaking roof or damp walls, and a quarter reported having

[8] Hall D., chapter on Albania in Housing Policies in Eastern Europe and the Soviet Union, 1990.

broken windows. Nearly a third of all households considered that their environment was polluted, as did over half of households occupying flats.

The Household Survey found quite different heating patterns between urban and rural areas. Three quarters of rural families used wood, most of the remainder electricity. In urban areas over half the households used electricity, another quarter wood and 10% used gas. Half of the families interviewed stated that they had experienced electricity cuts. From the information available about the heating used in 1998, the proportion of Albanian households with central heating could be similar to that of the former Yugoslav Republic of Macedonia, which had 12% in 1991.

The 2001 Census collected details of water supply, toilet facilities and heating for all dwellings. When analysed, this will give a more detailed picture of housing standards in 2001.

The Household Survey found that in urban areas around a third of the households had carried out improvements. The data from construction company declarations given in table 7 suggest that in the formal sector some 10% of construction activity could be in the form of renovation.

C. The construction industry

The Albanian construction industry is based on private enterprise and plays an important role in the housing sector by constructing buildings and infrastructure.

The "self-build" tradition in housing construction has been continued, though with less control than in the communist era. The "self-build" approach has extended to the urban fringe, while much urban housing production has been transferred from the State to a variety of private sector bodies.

By 1990 there were 35 building materials companies, including 4 producing cement and 19 producing bricks, most with obsolete technology. Each of the 26 districts had its own construction enterprise. These had gradually become less efficient, partly due to pressure to retain the labour force. Public construction enterprises employed over 50,000 workers in the early 1990s.[9]

The old public sector system is gradually being replaced by a flourishing post-1990 private sector. The construction sector is now estimated to include 70 joint ventures and 50 wholly-owned foreign companies.

Demand for construction in the 1990s increased owing to a number of factors including the housing shortage, and construction activity has increased rapidly apart from the crisis year of 1997. The construction sector has made an increasing contribution to gross domestic product, and although construction enterprises constitute 21% of all enterprises, they produce 60% of the total product. The construction activity trend is shown in table 13.

Table 13. Construction activity

	As % of GDP	Annual growth (%)
1991	6.6	-28.10
1992	7.6	7.00
1993	9.1	30.00
1994	9.6	15.00
1995	10.3	21.20
1996	11.4	18.50
1997	11.2	-6.30
1998	12.5	21.00
1999	8.9	15.00
2000	9.7	17.00
2001	10.3	14.00

Source: INSTAT.

[9] Albania Housing Project Report, World Bank 1993.

Construction enterprise declarations for 1997-99 show a growing construction sector with 880 firms in 1997 rising to 1,291 in 1999. The declarations for 1999 show that there were 12,698 employees in the sector, and 74 construction firms with more than 50 employees. As a proportion of the value of work undertaken, housing accounts for less than 30%. Some enterprises that made higher profits, such as the Petroleum Institute of Fier and the Institute of Insurance of the General Directorate of Durres Harbour, provided housing facilities for their employees.

Within construction generally the value of housing increased from about a third in the early 1990s to about 60% by 2000. The private sector has been the main supplier of housing during the transition accounting for 70% of the houses built during 1992-1998, including the informal private sector.

The housing construction sector is made up of three layers of firms. There are a few large, high-capacity builders mostly operating in Tirana, a moderate number of medium-sized formal contractors, and hundreds of small-scale builders operating in both the formal and informal sectors. In the informal sector there is a considerable amount of "self-build" activity.

New housing is produced by different sub-markets. The sub-market for flats operates in urban areas and is dominated by formal construction companies, which act as both developer and contractor. Landowners usually receive a percentage of the completed units, and typically 30% of the project cost is obtained up-front from the buyers of the flats. The informal market is characterized by single-family homes with client-led construction, often on unserviced land, and without clear title.

Considerable upgrading has been undertaken on some former public sector buildings. All manner of extensions have been added to the sides and top of buildings, with a variety of standards, including safety standards. These range from extending the size of existing flats, for example by enclosing a balcony, to adding complete new flats. Some have the effect of vertical informal development, with different floors completed by individual occupiers at a time of their choosing. In many cases these extensions have been undertaken without permission, with some deteriorating the physical aspect of the area, occupying spaces between buildings, or with a possible risk to the stability of structures.

The most common form of construction is concrete frame with brick or block in-fill. There is a major concrete producer, employing some 1,000 people with two factories in Albania. It is a joint venture, planning to undertake a major investment programme so that annual production can increase to 1.2 million tons. There are 27 brick factories, all privatized, producing 180 million of the estimated 500 million bricks needed for current levels of construction. Bricks are imported from Italy, Greece and the former Yugoslav Republic of Macedonia.

The construction sector can have an important multiplier effect on employment and the economy. Trade figures for 1995-2000 in table 14[10] show that imports of construction materials have continued to increase, and that the deficit of imports over exports has increased, reaching some $100 million in 2000. Greater production of building materials within Albania will help the local economy, but weak border controls mean that it is still possible to bring materials into the country without paying duties.

Table 14. Construction materials trade

	Imported in million leks	As % of all imports	Exported in million leks	As % of all exports	Difference in million leks
1995	4,469	8.3	1,844	9.9	2,625
1996	6,757	7.1	2,465	11.2	4,292
1997					
1998	12,581	10.5	1,665	5.4	10,916
1999	13,265	11.0	2,147	6.0	11,118
2000	18,052	11.9	3,213	8.6	14,839

The quality of construction varies, as building control is limited, even in the formal sector. Poor-quality materials and methods can be used, and it is possible that lower-quality materials are being

[10] From Albania in Figures 1997 and 2001, INSTAT.

imported into Albania. Controls are even fewer in the informal sector but here the standards appear to be reasonable even though building norms and urban plans may be disregarded. There is little concern for design, and the main limiting factor appears to be land availability. Development is undertaken with little regard to the infrastructure, which both the formal and informal sectors help to overload. Even in higher-income developments, limited provision may be made for car parking. A particular concern is the lack of earthquake risk regulations. Albania has experience of earthquakes, for example Shkodra in 1979, and there is little evidence that appropriate measures are taken during new construction.

A World Bank survey in 1998[11] concluded that corruption was a major problem in Albania, including for businesses. The survey found that 72% of the construction firms admitted paying bribes to public officials, a greater proportion than for other firms, and that bribery accounted for 7% of their turnover.

D. House prices and need

The variation in house prices

During the communist era property could not be traded so there was no market for housing, and property exchange was controlled by the State. Rents for public sector flats were largely symbolic, with no relationship to the costs of providing housing or to variations in demand or quality.

The introduction of a market system since 1990 has produced considerable variation in house prices in different areas. The average price of a dwelling supplied by the National Housing Agency, which reflects building costs, has increased from nearly 11,500 leks before 1996 to just under 19,200 leks during 1996-98, and rose to 29,200 leks in 2000. Though not affordable for many households, this increase was broadly in line with increases in average labour wages.

A 1999 housing market study[12] found the market price for a 75-90 m^2 flat to be in the region of $25,000-40,000. It found that the market price of dwellings had increased from $200/$m^2$ in 1993 to $280 in 1996/97 to $370 at the start of 1999. The UNDP Human Development Report of 2000 mentions newly built houses in cities selling for $300-600/$m^2$. [13]

Land values in Tirana now range from $500/$m^2$ in the centre to $25/$m^2$ in informal settlements at the city boundary. Construction costs for detached houses range from $60 to $180/$m^2$, and between $210 and $240/$m^2$ for flats.

An indication of the variations in house prices in different areas is provided by the calculation of the market prices of houses by the National Housing Agency.[14] Data for four years are available, for 46 locations in 2000 and 2001, and for 36 districts, except Tirana, for which the figures for 1995/96 and 1998 are missing. These show the cost of housing in leks per m^2.

The house prices for 2001 range from 62.77 leks/m^2 in Durres to 8.91 leks/m^2 in Memaliaj (Tepelene). So an 80 m^2 apartment would cost $65,000 in Durres or $5,000 in Memaliaj. The overall pattern shows that prices drop from the peak in Tirana/Durres, level off gradually going south, and very quickly going north-east. The coastal area has higher prices both north and south, with Lezhe especially high compared with the northern coastal strip. The Berat/Permet/Gjirokaster area has a moderate price range, whilst in the eastern mountains, higher prices are found around Kukes and Korca.

It is possible to compare changes in recent years. Details for the 15 largest districts, which account for 85% of the urban stock, are shown in figure VIII. This shows wide variations in prices, with a widening gap between prices in cheaper and expensive areas. There is a general increase of 20% a year

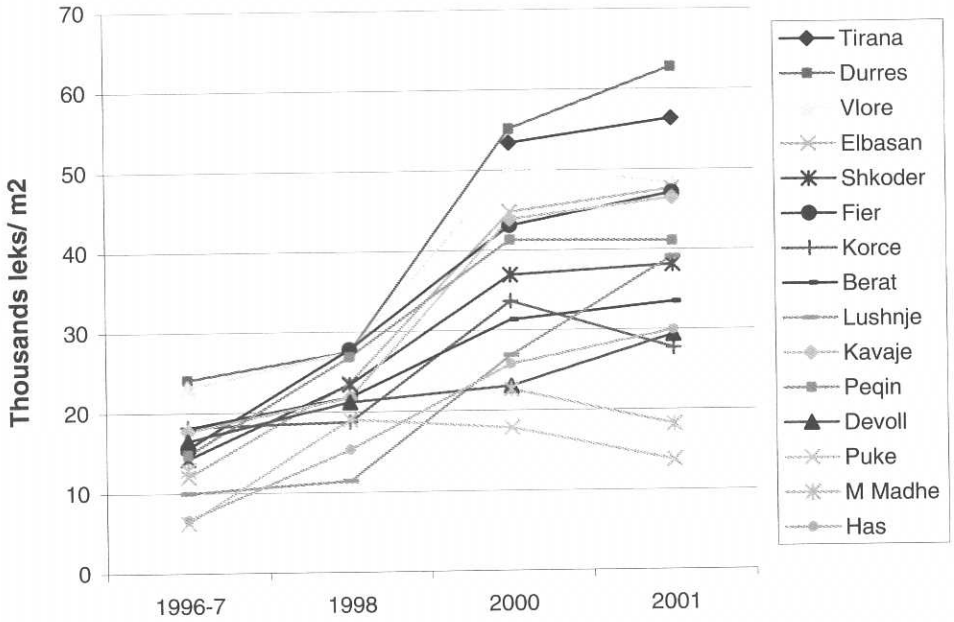
[11] Combating Corruption in Albania, World Bank 1998.
[12] Stanfield D et al, Emerging real estate markets in metropolitan Tirana, University of Wisconsin-Madison, 1999.
[13] UNDP, Human Development Report, 2000.
[14] Data provided by the Ministry of Territorial Development and Tourism, February 2002.

or more for most of these areas, but with a wide variation in the rate of increase. Elbasan and Lushanje have increased rapidly, whilst Korca, Gjirokaster and Sarande have dropped in the past year or two.

In smaller towns it will be more difficult to estimate free market prices, as the turnover of properties in a formal market may be small. Generally prices in the smaller towns are lower, some as low as 10,000-15,000 leks/ m^2 in 2001.

It is unlikely that wages and incomes vary to this extent, either between areas or over time, so any housing intervention that takes account of affordability will need to allow for this variation.

Figure VI. Market prices by area



Housing need

At the end of the communist era there was a housing shortage, with an estimated 55,000 additional flats needed to meet space standards at that time.

In the formal housing sector real estate developers actively constructed new housing in the late 1990s, but mainly for households with higher incomes. This housing boom has stimulated the market in such a way that the affordability of all housing units has been affected. There is now an affordability gap in the formal housing market, effectively pricing out of the market those households who do not receive foreign remittances or income from the black economy.

Legislation during the 1990s defined a number of priority groups that may receive assistance with housing. The Albanian Human Development Report for 2000 includes figures for certain categories of homeless or inadequately housed people, including 10,200 households whose houses are subject to restitution, 6,000 families of ex-political prisoners, 35,176 overcrowded households, and 6,000 households who lost their houses in pyramid schemes. [15]

The most recent figures[16] show 46,149 households registered by local authorities, nearly 6% of the total. Table 15 shows the distribution by prefecture.

The variation is greater at district level, and in Tirana, despite its high house prices, the number of registered homeless people corresponds to less than 4% of its housing stock.

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[15] UNDP, Human Development Report, 2000.

[16] Data provided by the Ministry of Territorial Development and Tourism, 2002.

The highest priority for the Government has been families subject to displacement because of restitution. Around 2,000 restitution claims are for land that includes dwellings, and an average of 2.5 dwellings per claim would mean that up to 5,000 families may need to move. The buildings in public sector ownership and built before 1945 recorded by the 1989 Census totals 3,600, all of which are potentially subject to restitution. Tirana municipal officials reported some 1,200 households subject to restitution.

Table 15. Homelessness

Prefectures	Registered	As % of stock
Lezhe	3,725	10.03
Durres	6,358	9.87
Gjirokaster	2,823	8.03
Vlore	4,717	7.38
Diber	2,774	6.71
Shkodra	4,396	6.50
Kukes	1,459	6.48
Berat	2,877	5.87
Korce	3,938	5.59
Tirana	6,378	4.09
Elbasan	3,337	4.01
Fier	3,131	3.36
Total	**46,149**	**5.89**

Source: Ministry of Territorial Development and Tourism, 2002.

Tirana

Tirana is the largest urban settlement with 17% of the nation's housing stock. Many of the pressures of the housing market are most noticeable in Tirana, but it is clear from house price and permit data that other areas, in particular Durres, may share similar pressures.

The 1989 and 2001 Censuses show that the total dwelling stock in the Tirana district increased by 40%, reaching over 134,000 dwellings in 2001. This represents an average increase of over 3,000 dwellings a year. The district includes areas surrounding the city, with some 70% of households in the municipality in 2001. Allowing for the conversion of ground-floor flats to commercial use, more than 40,000 new dwellings have been built since 1990. This is an estimate of new dwellings after deducting the loss of some stock to non-residential use.

The share of the Tirana housing stock owned by the public sector, around 80% of the public stock in 1989, has dropped greatly. A land-use study in 1998[17] found that a mere 12% of flats in the city were publicly owned. This study also found an average of 27 flats per building, much higher than the 2001 Census, which for urban parts of Tirana reported fewer than three dwellings per building.

Since 1990 Tirana has attracted many migrants. The 1998 Household Survey found that three quarters of the households in Albania had moved since 1990, with 60% of them moving to Tirana, producing a total in-migration figure of some 110,000 households. An estimated 200 hectares a year is being added to the land in residential use.

The considerable pressure on the greater Tirana housing market has been met by the formal sector, mostly in the form of high- to mid-rise blocks of flats, and by informal housing. Informal housing includes building on unserviced land on the outskirts of the city and additions to existing blocks of flats.

The sub-market for flats in Tirana has soared during the 1990s in part owing to the exceptionally high rates of return that were possible. There are signs that the market may have become saturated, with the possibility of a slow-down and a search among developers and lenders for lower-income provision. One real estate agent has surveyed 100 blocks of flats out of an estimated 350-400 that have been built in Tirana since the early 1990s. They range from 5 to 18 storeys.

[17] Stanfield D et al, Emerging real estates in metropolitan Tirana, University of Wisconsin-Madison, 1999.

Prices were surveyed for one-, two- and three-bedroom flats for sale at one private agency during February 2002. The floor areas ranged mostly between 90 and 125 m^2. Most flats were offered in the region of \$350-400 or \$450-525/m^2, but one two-bedroom flat had the much higher price of \$600/m^2. The same agency offered flats to rent. One- and two-bedroom units were offered at between \$210 and 220 or \$250 and 260 a month, with one at \$285 a month.

A quarter of households are estimated to live on the periphery of the municipal area. Informal housing now accounts for up to two fifths of the urbanized area. In the Lapraka and Bathore areas that have been informally settled since 1993/94, there are now over 2,500 dwellings. Occupants have generally moved from rural areas, where housing amenity standards are low, bringing with them the "self-build" tradition. A World Bank assessment[18] concluded that much of the informal housing was built to a reasonable standard but lacked adequate infrastructure. Possibly half of the households in the city live in areas that do not have proper access to water, electricity or waste disposal. Informal owners are less likely than flat owners to view their property as a tradable asset, but this form of housing has provided a flexible response to housing needs, allowing families to build gradually and extend their housing when their finance permitted. The value of informal housing construction is estimated at \$40 million a year.

Considering the pressure within the housing market it is surprising that the 2001 Census found a vacancy rate of 10% in the district and 12% in the urban part of Tirana. Until more detailed results are available from the Census it is difficult to explore the reasons why some 12,000 dwellings in Tirana were recorded as unoccupied.

Estimates made by PADCO[19] for the Greater Tirana Strategic Plan start from a household total of nearly 128,000, and forecast 160,000-149,000 households by 2007 and 192,000-169,000 households by 2012. These estimates assume a gradual reduction in the rate of increase. The PADCO study concluded that land availability and land affordability were not major constraints. It also noted that the development of a functioning land market would be hampered by a number of factors including poor land titling, inadequate infrastructure, a shortage of formal sector finance, and the fact that many low-income households do not consider their land to be an investment asset. The study concluded that the infrastructure, i.e. water, sewerage, roads, solid waste disposal and electricity, all required improvement to sustain the anticipated population increase. In particular the sewerage system is in need of massive investment to expand it. An environmental assessment has identified the potential health hazard posed by the pollution of groundwater supplies by the on-site sanitation methods used by the informal housing sector.

The PADCO study considered a mid-point increase of 80,000 households by 2017 and estimated how much of this could be absorbed through densification. It concluded that 21,000 households could be absorbed in the formal housing sector in the city whilst 34,000 households might be accommodated in informal areas. The remaining 25,000 households would require a 15% expansion of the current urbanized area.

[18] Project Appraisal Document, World Bank, 1998.
[19] PADCO, Greater Tirana Strategic Plan, 2002.