

Africa's property markets continuing to develop - report

According to Knight Frank's Africa Report 2017, Africa's property markets are continuing to develop, despite recent challenges faced by some of its commodity-driven economies. However, a divergence between the growth rates of commodity-exporting and commodity-importing countries has created wide variations in the strength of occupier and investor activity across the continent.



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Highlights from the report include:

- Africa's strongest economies over the last two years have included commodity-importing East African countries Tanzania, Ethiopia, Kenya and Rwanda, while the West African economies of Côte d'Ivoire and Senegal have also emerged as star performers.
- A growing volume of capital is targeted at sub-Saharan Africa real estate investment and development, with a series of new investment vehicles being launched in recent years. South African funds are increasingly prominent as they seek to diversify away from their domestic market.
- Rapid population growth and urbanisation are key drivers of property market activity across sub-Saharan Africa. Its population is growing at a faster rate than that of any other global region and its demographic profile is both young and increasingly urbanised, creating opportunities for real estate development to support this growth.
- The retail property sector continues to be a major focus for development activity, causing the shopping mall concept to take root in an increasingly wide range of sub-Saharan cities with Nairobi remaining an important hotspot for development.
- Francophone West Africa has emerged a new focus for international retailers and developers, having previously lagged other parts of the continent. Increased retailer interest in this part of Africa has been highlighted by the French hypermarket Carrefour's entry into Abidjan, Côte d'Ivoire. Carrefour also made its debut in the Kenyan market in 2016.
- Mobile telecommunications have already had a transformative socio-economic impact in Africa by allowing large sections of the population to skip landlines and move straight to wireless technology. This market is only set to grow, which is set to have a huge effect on the growth of online retailing.
- Off the back of this increased demand the region's key cities are currently undersupplied for modern warehousing space. Several major logistics and industrial parks are in the pipeline as part of wider urban developments such as Rendevour's Tatu City near Nairobi and Roma Park in Lusaka.

Peter Welborn, chairman of Knight Frank Africa, said: “Real estate demand stemming from oil companies and the associated service supply sector has eased in all the African oil-driven markets. Conversely, in the retail sector, the demand across Africa, from the growing middle classes has continued to create a marked increase in activity particularly in the Francophone countries. This increase in tenant demand has encouraged new schemes to be proposed; Abidjan (Côte d’Ivoire) providing a really good example as such a capital city where the proposed schemes are supported by offshore investors.”

“With the increasing demand for the best commercial and residential accommodation coming from the growing Africa middle classes, there has been an increasing need for developers to raise the quality of the specification in all the new developments,” said Welborn.

He reiterated that, “The challenge for both property developers and investor, is to ensure that the impact and timing of planned infrastructure projects on the growth of their capital city, is fully understood. The timing and the use mix being a key component to ensure real success.”

Africa rental index		
City	Country	Rent per m ² per month
Luanda	Angola	USD 80.00
Lagos	Nigeria	USD 67.00
N'Djamena	Chad	USD 55.00
Malabo	Equatorial Guinea	USD 37.00
Cairo	Egypt	USD 35.00
Libreville	Gabon	USD 35.00
Accra	Ghana	USD 35.00
Abuja	Nigeria	USD 33.00
Abidjan	Côte d'Ivoire	USD 32.00
Algiers	Algeria	USD 30.00
Maputo	Mozambique	USD 27.50
Douala	Cameroon	USD 26.00
Kinshasa	DR Congo	USD 25.00
Addis Ababa	Ethiopia	USD 25.00
Yaoundé	Cameroon	USD 22.00
Dar es Salaam	Tanzania	USD 21.00
Casablanca	Mbrocco	USD 20.50
Kigali	Rwanda	USD 20.00
Lusaka	Zambia	USD 20.00
Bamako	Mali	USD 19.00
Dakar	Senegal	USD 19.00
Cape Town	South Africa	USD 18.00
Rabat	Mbrocco	USD 17.00
Johannesburg	South Africa	USD 17.00
Kampala	Uganda	USD 17.00

Nairobi	Kenya	USD 16.00
Antananarivo	Madagascar	USD 15.00
Port Louis	Mauritius	USD 15.00
Windhoek	Namibia	USD 14.00
Nouakchott	Mauritania	USD 12.00
Gaborone	Botswana	USD 11.50
Lilongwe	Malawi	USD 11.00
Tunis	Tunisia	USD 10.00
Harare	Zimbabwe	USD 10.00
Blantyre	Malawi	USD 5.50

Africa Yield Index		
Country	City	Yield
Ethiopia	Addis Ababa	6.00%
Kenya	Nairobi	8.00%
Zimbabwe	Harare	8.00%
Botswana	Gaborone	8.25%
Mauritius	Port Louis	8.50%
Morocco	Casablanca	8.50%
Namibia	Windhoek	8.50%
South Africa	Johannesburg	8.50%
Côte d'Ivoire	Abidjan	9.00%
Gabon	Libreville	9.00%
Ghana	Accra	9.00%
Morocco	Rabat	9.00%
Nigeria	Lagos	9.00%
South Africa	Cape Town	9.00%
Tanzania	Dar es Salaam	9.00%
Nigeria	Abuja	9.50%
Malawi	Blantyre	9.75%
Algeria	Algiers	10.00%
Cameroon	Douala	10.00%
Cameroon	Yaoundé	10.00%
Chad	N'Djamena	10.00%
Mozambique	Maputo	10.00%
Senegal	Dakar	10.00%
Uganda	Kampala	10.00%
Zambia	Lusaka	10.00%
Egypt	Cairo	10.50%
Tunisia	Tunis	10.50%
Equatorial Guinea	Malabo	11.00%
Mauritania	Nouakchott	11.00%
Rwanda	Kigali	11.00%
DR Congo	Kinshasa	12.00%
Malawi	Lilongwe	12.00%
Mali	Bamako	12.00%
Angola	Luanda	14.00%
Madagascar	Antananarivo	14.00%

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