Real estate investment opportunities and insight

Knight Frank

The Africa Report

Real Estate Market Update 2020/21

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WELCOME

Welcome to The Africa Report 2020/21, *Knight Frank's unique guide to real estate market performance and opportunities in the world's most exciting continent.*

This year's report comes exactly a decade since the publication of the inaugural edition. Those ten years have been witness to exciting developments across both Africa and Knight Frank, and I am delighted to be taking over the reins of our Africa network at a time when the next ten promise to be even more exhilarating.

Africa is now firmly established as a leading destination for serious investors, and the articles in the report – in particular our focus on intra-African trade opportunities, technology innovations and infrastructure connectivity – including detailed insights on 30 countries, show that this trend will only grow.

Of course, such a diverse continent throws up challenges as well as opportunities, so the best advice and insight is a crucial and valuable commodity. Knight Frank's Africa specialists and our local offices have been providing this since 1964, but our ability to help our clients continues to strengthen.

I am delighted that we have formed an official partnership with emerging markets real estate specialist EMC, building on the many years we have been working together. And, as the article on page 12 highlights, we are also able to draw on the wider expertise of Knight Frank's global network, including our London-based geospatial team, to offer new perspectives on Africa's opportunities.

Whether you are a property owner, investor or occupier, I am sure you will find *The Africa Report 2020/21* extremely useful and valuable. Please do let us know what you think.

If my team can be of any help, do get in touch. You can find their contact details at the end of this report.

JAMES LEWIS, MANAGING DIRECTOR, KNIGHT FRANK MIDDLE EAST AND AFRICA

INSIDE AFRICA

We take a look at the latest economic and demographic numbers that provide the backdrop to this edition of The Africa Report

The International Monetary Fund (IMF) forecasts that emerging market economies are set to experience a pick-up in growth from 3.9% in 2019 to 4.6% in 2020. Sub-Saharan Africa's GDP is set to grow by 3.5% in 2019, and is expected to marginally increase to 3.6% in 2020.

While this growth rate is subdued compared with the rates of more than 5% experienced a decade ago, Africa continues to rank among the fastest growing continents in the world.

For example, The World Bank has highlighted Ghana, Rwanda, Ethiopia and Côte d'Ivoire as some of the fastest growing global economies. These countries continue to draw on their improving competitiveness and macroeconomic environment to diversify their sources of growth and trade.

The IMF also estimates that, despite these strong rates of growth, inflation will remain on a downward trend in 2020 with a weighted average of 8.7%, from 9.2% in 2019.

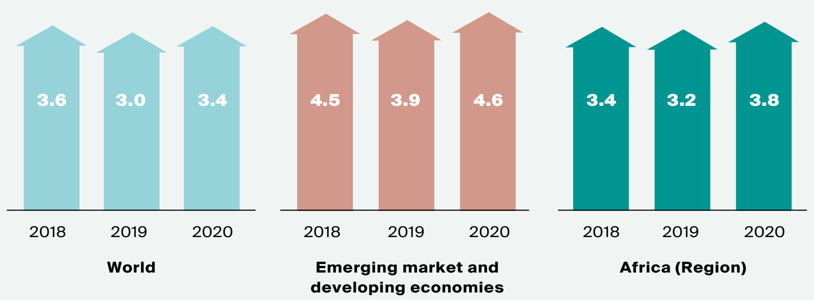
While the collective growth trajectory of Africa is strong, there is a continuing polarisation between investment-led and commodity-led economies. Those attracting investment continued to record higher rates of growth, averaging 6%, while those dependent on commodities saw growth rates of just 2.5% over the past two years.

This dichotomy has led to increased calls from across the continent for economic diversification and transition strategies that will enable a majority of countries to develop into knowledge-based economies.

As the population continues to grow across the continent, the middle class is expected to increase from 355 million people in 2010 to 1.1 billion people in 2050. This will drive greater demand for goods and services and the African Development Bank forecasts a combined business and consumer expenditure of US$6.7 trillion by 2030.

This growth comes in tandem with ever more urbanisation. The number of people living in Africa's towns and cities is predicted to rise from 60% in 2050 from the current 40%. Nigeria, Angola and Ghana are expected to see the highest urbanisation rates – 80% by 2050 – and Africa is set to be home to at least six of the world's 43 megacities by 2030.

Real GDP growth (annual % change)

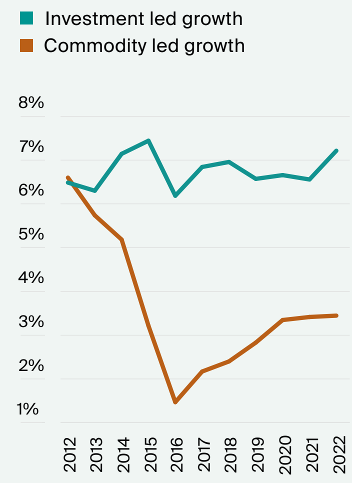


Source: IMF

Urbanisation rates

Source:un.org

Investment-led economies vs commodity-led economies



Sources: IMF, RMB Research, Knight Frank Research
Note: Investment-led economies include: Côte d'Ivoire, Ethiopia, Kenya, Rwanda, Senegal, Tanzania and Uganda, while commodity-led economies include Angola, Botswana, Cameroon, Congo, DRC, Gabon, Ghana, Mozambique, Namibia, Nigeria, South Africa, Zambia and Zimbabwe.

JOINED UP THINKING

Market fragmentation has held back growth across Africa, but that looks set to change as the continent works towards closer integration

In terms of global economic competitiveness, Africa lags behind the rest of the world, held back by fragmented markets that inhibit efficiency and constrain economic growth.

Over 70% of African countries have populations of fewer than 30 million people and about half have a GDP of less than US$10 billion. This has resulted in various diseconomies of scale that curtail economic development. Over 50% of Africa's cumulative GDP is accounted for by just five economies.

This makes the continent vulnerable to global issues such as escalating trade tensions and uncertainty in commodity markets. Regionally, these have been characterised by increasing vulnerability to debt distress, security and migration concerns, as well as issues around political transitions in some countries.

To help eliminate some of these barriers to trade and make Africa less dependent on the global economy, we have seen a renewed push for a borderless continent that offers more investment opportunities and deeper market integration assured by increased mobility of people, merged financial markets and improved trade.

Across the continent, regional economic communities have continued to push for further integration. The East African Community has progressed the furthest by allowing the free movement of people, goods and services, hence facilitating trade.

On a continental level, landmark progress was recorded via the African Union's Agenda 2063, a masterplan for transforming Africa over the next 50 years through the continued integration of trade, monetary union and regional infrastructure, as well as digital integration.

The African Development Bank, in collaboration with the UN Economic Commission for Africa and the African Union Commission, further sought to establish the Africa Regional Integration Index as a measure of the progress achieved towards regional integration, taking into account these key dimensions.

A global business hub

The African Continental Free Trade Area (AfCFTA) forms the foundation for a competitive continental market that has the potential to serve as a hub for global business.

It is set to transform the continent into the world's largest free trade area since the establishment of the World Trade Organization in 1994. The significance of the AfCFTA cannot be overemphasised. Over the past few years, intra-African trade has more than doubled. However, at just 18% it lags far behind other regions of the world: 70% in Europe; 55% in North America; 45% in Asia; and 35% in Latin America.

The commitment to eliminate up to 90% of tariffs is set to increase trade in the region by 15% to 25% in the medium term, according to the African Development Bank, although this rate could double if challenges around infrastructure and corruption are

AFRICA'S INFRASTRUCTURE CONNECTIVITY

25%
expected increase in intra-African trade

dealt with. It is further expected to improve Africa's bargaining power with the rest of the world, with regard to the quality of goods produced as well as market entry.

As of December 2019, all African countries with the exception of Eritrea had signed the agreement, with 28 countries ratifying and depositing their ratification instruments with the African Union Commission.

Monetary integration continues to be a key agenda item in the drive towards an integrated Africa. While the push for a single African currency persists, efforts by regional economic communities are yielding mixed results.

Over the past year, the Economic Community of West African States (ECOWAS) has renewed its push for the adoption of the common currency known as the Eco for its 15 member states. This change, which has now been agreed, is expected to boost economic development and enhance cross-border trade across ECOWAS member states.

The Eastern African Community has, however, had to shelve its single currency ambition pending development of institutions including the East African Monetary Institute, which will be tasked with the central banking role in the region.

Infrastructure investment

The African Development Bank estimates that the continent's infrastructure needs amount to between US$130 billion and US$170 billion per annum, with the current financing gap in the range of US$67 billion to US$107 billion. Key sectors lacking adequate funding include health, education, administrative capacity and security.

The lack of adequate intra-African infrastructure remains one of the most significant barriers to continental trade. The UN Commission for Africa previously noted that it costs more to move a container from Kenya to Burundi than from the UK to Kenya.

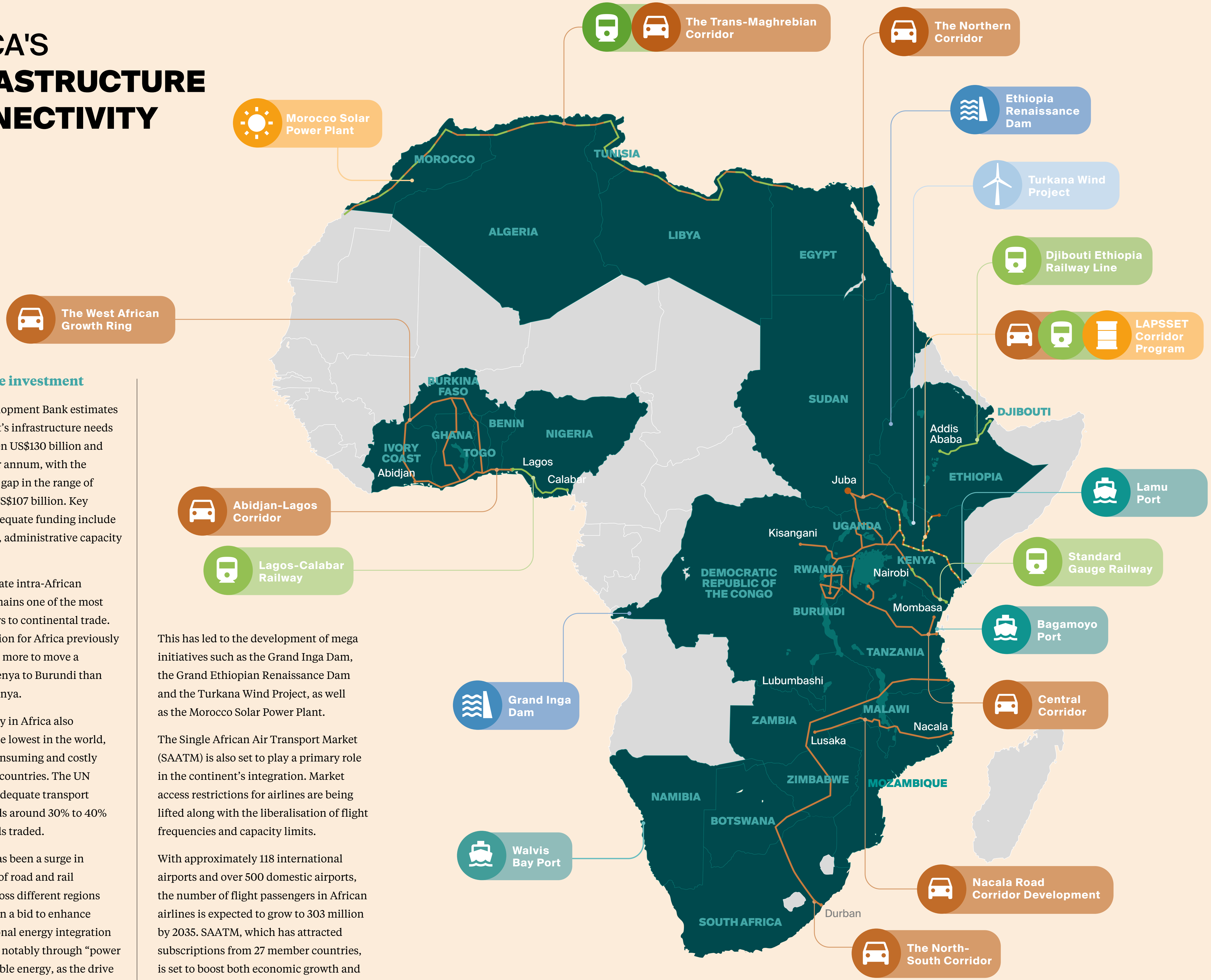
Flight connectivity in Africa also continues to be the lowest in the world, making it time-consuming and costly to travel between countries. The UN estimates that inadequate transport infrastructure adds around 30% to 40% to the cost of goods traded.

However, there has been a surge in the development of road and rail infrastructure across different regions on the continent in a bid to enhance integration. Regional energy integration is also on the rise, notably through "power pools" of sustainable energy, as the drive to attract continued investment continues.

This has led to the development of mega initiatives such as the Grand Inga Dam, the Grand Ethiopian Renaissance Dam and the Turkana Wind Project, as well as the Morocco Solar Power Plant.

The Single African Air Transport Market (SAATM) is also set to play a primary role in the continent's integration. Market access restrictions for airlines are being lifted along with the liberalisation of flight frequencies and capacity limits.

With approximately 118 international airports and over 500 domestic airports, the number of flight passengers in African airlines is expected to grow to 303 million by 2035. SAATM, which has attracted subscriptions from 27 member countries, is set to boost both economic growth and investment across the continent.



REAL ESTATE INNOVATION IN AFRICA

Innovation offers investors exciting opportunities in Africa's real estate markets. We examine some worth considering

While office, residential, retail and industrial remain the go-to sectors for African real estate investors, demographic shifts mean that affordable housing, education, healthcare and agriculture are emerging as real opportunities.

However, there remains an undertone of caution as leading indicators such as cost of living and inflation levels suggest there are still challenges ahead. In general, the residential and commercial sectors have remained subdued over the past two years due to fiscal policies, government regulations and a general inability to balance demand with supply.

Vacancy rates and constrained levels of capital and rental growth across most countries have been fuelled by subdued levels of demand. This is often exacerbated by ongoing local challenges of land administration and bureaucracy.

Africa's real estate sector has been keen to adopt technological innovation, laying the foundations for the emergence of a vibrant "proptech" sector. What started as a trickle through the introduction of online search platforms has become a wave of disruptive and cutting-edge technologies that continue to improve both transparency and efficiency.

Globally, investments in proptech hit US$12 billion in 2016, up from just US$20 million in 2008, with an estimated US$4.6 billion invested in proptech in the first six months of 2019.

Although proptech companies in Africa currently only account for 1% of global market share, the continent's technology ecosystem is among the fastest growing in the world.

The World Economic Forum notes that proptech is transforming the global real estate sector in three key ways: through promoting greater transparency, enabling increased efficiency and encouraging a shift away from traditional uses.

Digital innovation

These key trends continue to be mirrored in Africa through innovations including the digitisation by a number of countries of their land administration processes, the rise in co-working spaces and the continued growth in online retail.

The proptech solutions presented have ranged from transaction platforms, management platforms, data-driven services to wide-ranging digital innovations, including blockchain and virtual reality solutions.

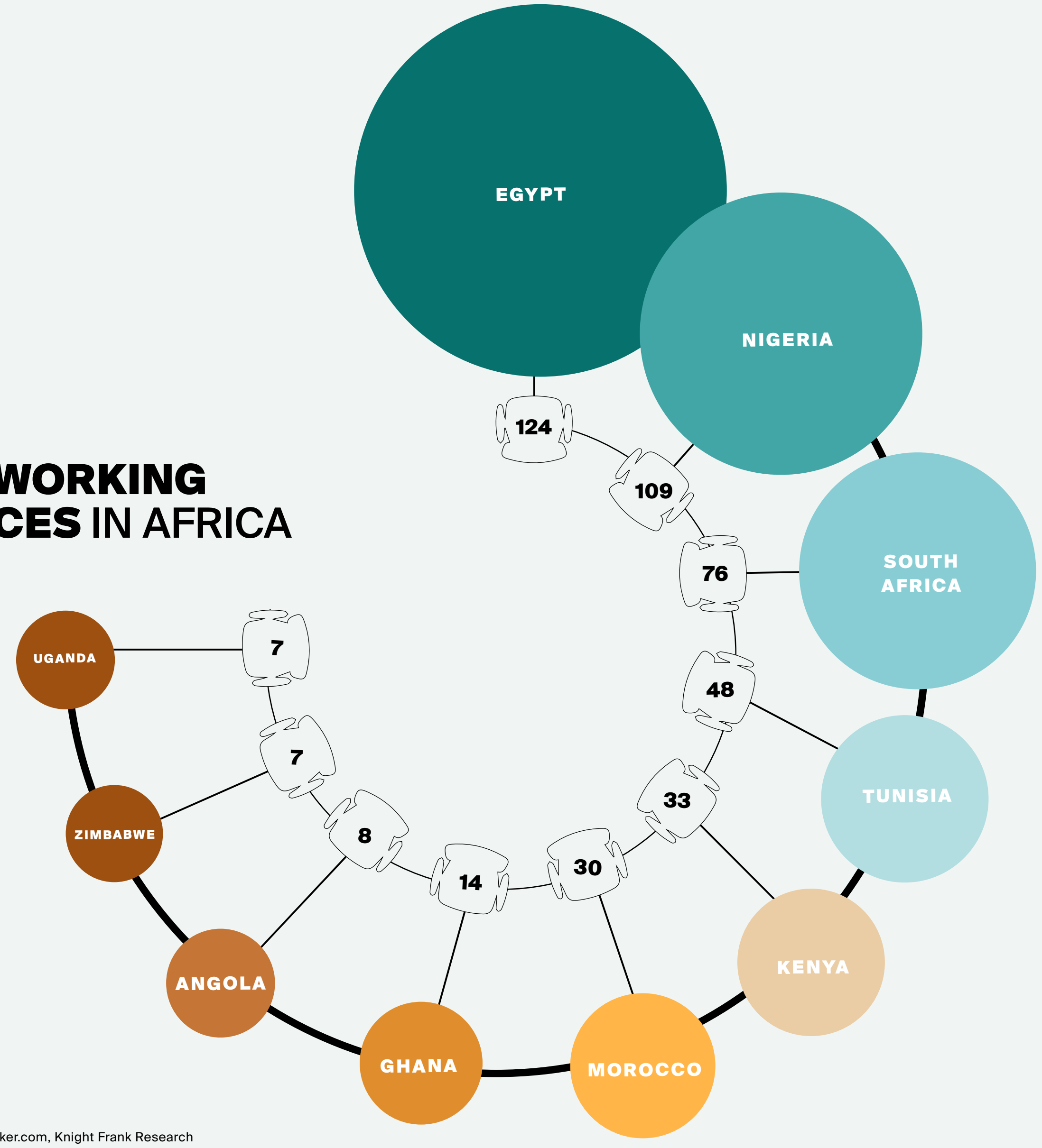
At the moment there are more than 500 co-working spaces across the continent, 80% of which have sprung up in the past three years. This trend is expected to continue to grow rapidly. This has been attributed to the dynamic shift towards space as a service demand, from individuals, entrepreneurs and corporates, as well as the growing younger demographic.

Egypt, Nigeria and South Africa have recorded the highest numbers of co-working spaces in the continent. We have also witnessed the continued expansion of global brands such as Regus which is currently operational in 22 African countries, together with the recent entry of WeWork into the South African market.

The online retail sector in Africa continues to grow, influencing the retail and industrial real estate sectors. McKinsey estimates that online shopping in Africa will generate US$75 billion by 2025. This continued growth of e-commerce platforms such as Jumia, Konga, Kilimall and Mall of Africa, as well as Takealot, has been attributed to the continued growth in mobile and internet penetration in the continent. GSMA estimates that smartphone connections will rise to approximately 700 million by 2025 with Kenya, Nigeria and South Africa continuing to dominate e-commerce sales.

Smartphone connections

CO-WORKING SPACES IN AFRICA



Sources: coworker.com, Knight Frank Research

Formal retail space across the continent has continued to undergo rapid transformation. Amid the entry and exit of various brands in the sector across the continent, retail outlets have had to adopt omni-channel offerings in order to ensure as a measure of sustainability. As online retail gains traction and critical mass, this is expected to translate into a growth in demand for sophisticated and centralised warehousing facilities across the continent.

The World Bank report, *Doing Business 2019*, cites a number of reforms across the continent geared towards easing the burden of property registration. Examples include the successful transition by the Mauritius Land Registry to a paperless system; Kenya's recent land process digitisation efforts; and Togo's digital solutions for property registration and digitisation processes.

In addition, Rwanda and Ghana have also committed to introducing a blockchain-based land administration process. These initiatives are in line with the move towards more transparent markets for investors.

NO PLACE LIKE HOME

The demand for affordable housing is far outstripping supply across Africa. Efforts to redress this will be good for both residents and investors

Africa's housing crisis is mounting in the face of a growing population and increased urbanisation levels, both of which are expected to persist in the coming years.

Overall, 17 African countries have deficits of more than a million units. The UN has forecast that average densities will increase from 34 people per sq km in 2010 to almost 80 by 2050. The number of young people is expected to grow to 1 billion over the same period.

Nigeria's housing backlog is currently estimated at 22 million units and is expected to grow by 700,000 units per annum. Tanzania, the Democratic Republic of Congo and Egypt are estimated to have the second-highest backlogs of approximately 3 million units, while Kenya, Madagascar, Mozambique and South Africa each have a shortfall of at least 2 million units.

Kenya's deficit is growing by 200,000 units per year, while South Africa's is expected to rise by 178,000 per year. Ethiopia will need to produce nearly 400,000 new housing units each year to meet new demand.

While these large backlogs are viewed as obvious challenges, they present an opportunity in the strong multiplier effect of residential real estate and job creation.

Tackling the deficit

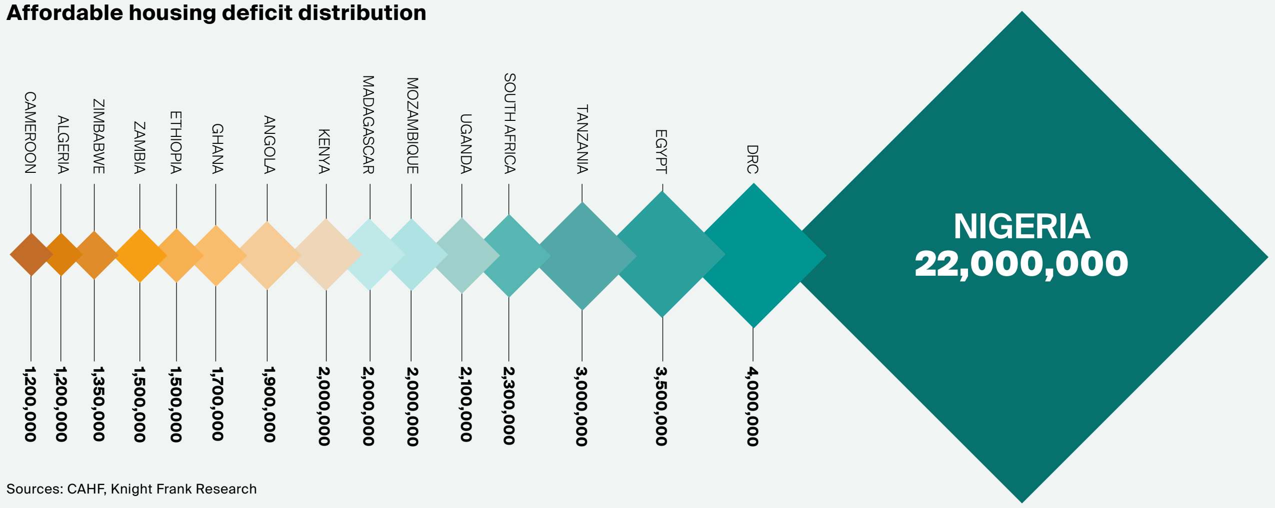
Residential holdings currently comprise only 2.5% of listed property funds in Africa, compared with an average of 25% in developing countries and 15% in developed countries. Shelter Afrique estimates that Africa needs more than US$1.4 trillion in funding to address its 56 million housing-unit deficit. In response, African governments have continued to promote new urban developments through the creation of satellite cities to offset pressure on existing urban centres.

Interventions to address the housing deficit across the continent are focused on the private sector. Kenya through its Big Four agenda is seeking to construct 500,000 homes by the year 2022. Ghana unveiled its annual ambition to construct 250,000 homes over an eight-year period, while Nigeria intends to put up one million homes per annum.

Rendeavour through its key gateway developments of Tatu City and Appolonia has undertaken affordable housing initiatives in Kenya and Ghana. Alsoin Kenya, Actis invested around US$120 million in a joint initiative with Shapoorji Pallonji to put up 600 affordable homes, while in late 2019 Cytonn Investments announced the launch of a US$295 million housing fund. Elsewhere, Mixta Nigeria partnered with International Housing Solutions to deliver 10,000 homes in 2019.

Housing affordability has further been enhanced through the establishment of mortgage refinancing companies in Egypt, Tanzania and most recently Kenya. Across the continent, however, a significant level of opportunity in this sector remains.

Affordable housing deficit distribution



Sources: CAHF, Knight Frank Research

A CAPITAL INVESTMENT

Africa's share of the global real estate investment market is set to rise. We look at some of the deals driving the trend

As the global economy slows, there has been a continued focus on commercial property in Africa by investors looking to diversify risk and achieve enhanced returns.

Investment activity on the continent, however, continues to be hampered by the limited availability of investment grade stock, currency uncertainties, high inflation levels as well as general market opacity.

The real estate cycle in Africa has also ushered in a period of market stabilisation that has forced investors to take a longer-term approach and lower their expectations regarding rates of returns. The commercial sector has seen the increased acquisition of owner-occupied assets, with the retail sector experiencing "right sizing" across various markets.

There was a marked increase in investment activity in 2019 – a good example being Growth Point Investec's (GIAP) acquisition of the Achimota retail centre in Accra and the Manda Hill Shopping Centre in Lusaka, Zambia from AttAfrica. This came after GIAP secured capital commitments of more than US$212 million from large institutional and international investors. Africa Capital Alliance also sold its stake in the 12,000 sq m Cornerstone Towers in Lagos to Everty.

The growth in the number of international developers and funds has led to increased segmentation among investors, with a dedicated focus on specific asset classes including hospitality and affordable housing sectors, as well as student housing.

Kasada Capital Management, for example, closed on equity commitments of more than US$500 million on its maiden hospitality fund. Grit Real Estate acquired Senegal's Club Med for approximately US$12.9 million in a bid to diversify into the hospitality sector, while Investec invested US$12.7 million into Acorn Holdings' first ever green bond, issued with a focus on student housing.

The nature of the continent's listed real estate sector has continued to evolve. Currently Africa accounts for only 1% of the global real estate market, and 90% of this is in South Africa, comprising a total market capitalisation of around US$30 billion along with approximately 46 dual listed REITs and listed property companies.

Other REITs markets in sub-Saharan Africa are still at a nascent stage. The recent adoption of REITs legislation in Ghana and Uganda for example is, however, set to contribute to continued real estate market formalisation in Africa. A recent transaction has been the acquisition of the Stanlib Fahari I-REIT by ICEA Lion Asset Management in Kenya.

Prime office yields

Source: Knight Frank Research

SHINE A LIGHT

Satellite data from our geospatial team offers a unique perspective on Africa's growth hotspots

Lucrative investment opportunities abound across Africa, but strategic decision-making can be made more challenging by the lack of comprehensive, consistently defined and reliable comparable data between countries, cities, regions and neighbourhoods.

Urbanisation rates, in particular, have been growing at a much higher rate than cycles of traditional data collection are able to follow. This can makes it difficult to decide which markets investors should target.

However, alternative data can be used to fill in the gaps and provide us with useful proxies on economic activity and potential future growth opportunities.

One innovative approach adopted by our London-based geospatial team uses night-time light (NTL) and historical satellite data to look at urban form, direction of growth, density and economic growth.

The NTL data captured by satellites can be used to produce imagery such as the maps that appear throughout this article. These provide a bird's eye view of the distribution of Africa's urban areas – and highlight just how much of the continent remains undeveloped compared with Europe.

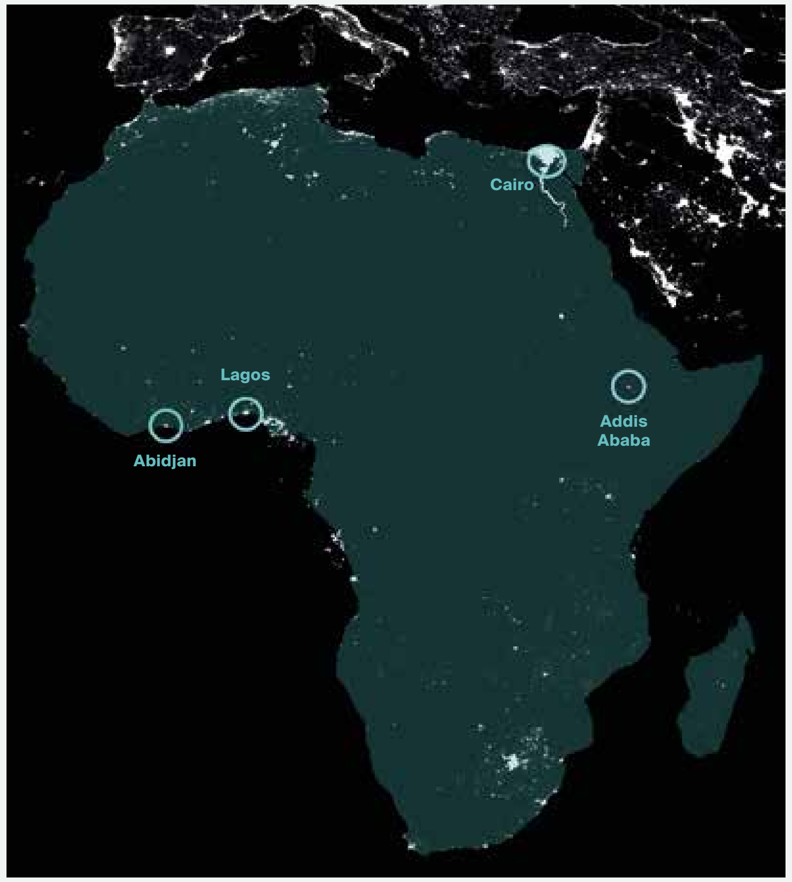
Premised on the fact that areas where development – such as housing, commercial buildings and transport infrastructure – is occurring will generally emit more artificial light, a measure of brightness in terms of light density can be used to quantify the level of development and track how it has changed over time.

Using this approach we have identified four cities – Cairo, Abidjan, Addis Ababa and Lagos – that we believe will be among Africa's investment hotspots over the next decade.

While these cities and their respective real estate markets are not necessarily without obstacles, they have all recorded rapid economic growth and possess characteristics that make them unique and potentially attractive for investors and developers over the coming years.

For more information on the NTL methodology used to create these maps, please contact **dewi.spijkerman@knightfrank.com**

Night-time light view of Africa



Source: All maps created by Knight Frank Research using data from The Earth Observation Group

THE AFRICA REPORT 2020/21

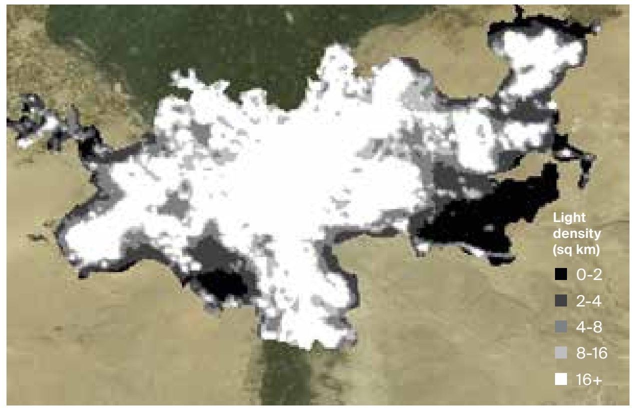
1. CAIRO

KEY FIGURES

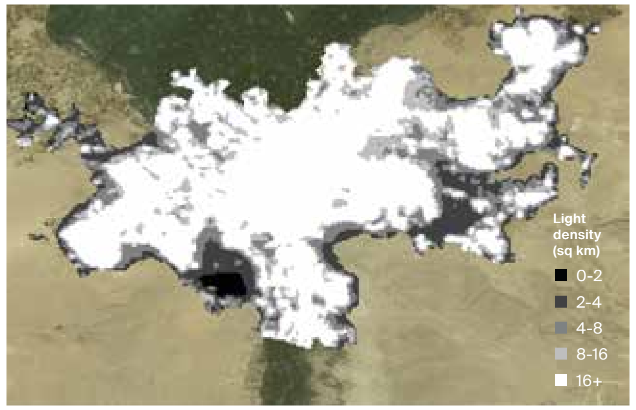
Light density (per sq km): **183**

New satellite cities in the Greater Cairo area: **9**

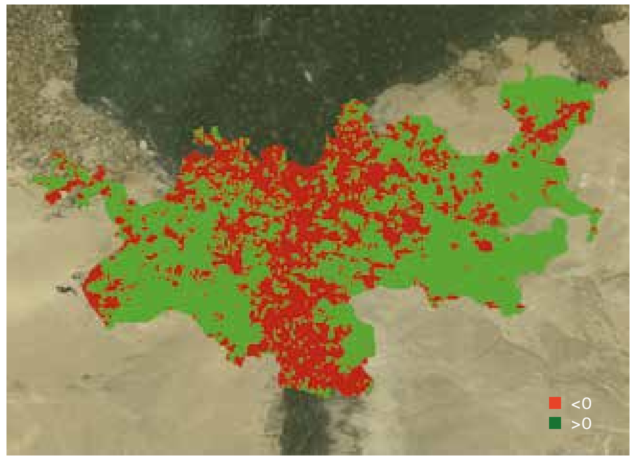
Cairo 2014



Cairo 2019



Cairo growth in NTL 2014-19 (%)



As a leading investment destination, Egypt has continued to record relatively strong GDP growth and ranks as the top foreign direct investment recipient in Africa. Cairo is the largest city in Africa, both in terms of area and NTL density. Between 2014 and 2019, NTL increased by approximately 12% against a 10% increase in population, indicating an upsurge in development activity in the city.

NTL growth was recorded along the edges of the city, in particular in the east, with varying density levels. This was indicative of the continued focus by the Egyptian government on satellite cities, with developments such as 10th of Ramadan and the New Administrative Capital recording an increase in NTL of over 200%.

Looking ahead, we anticipate that recent initiatives such as the privatisation of the hydrocarbon sector and efforts to expand and develop tourism will act as demand drivers for the industrial, occupier and hospitality sectors, creating greater stability in the real estate sector in the medium term.

2. ABIDJAN

KEY FIGURES

Light density (per sq km): **49**

Number of new 4- and 5-star hotels under construction or completed since 2018: **8**

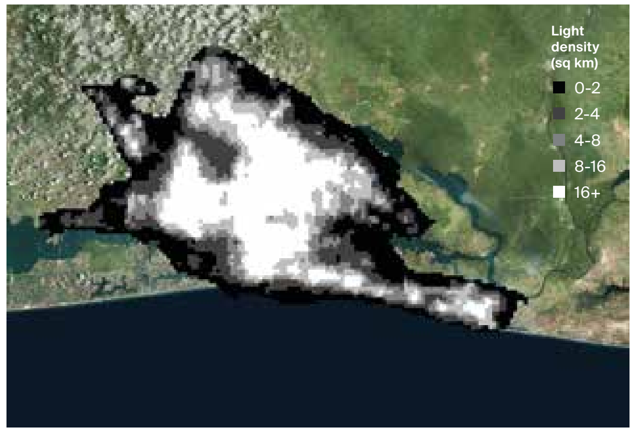
Côte d'Ivoire is the second fastest growing economy in Africa. Since the end of the political and military crisis in 2011, inward foreign direct investment has grown steadily from US$302 million in 2011 to US$913 million in 2018 with GDP growth remaining strong at an estimated 6.7% in 2019.

Abidjan has continued to be a leading investment hub in Francophone Africa due to its burgeoning middle class and quality infrastructure development. The city recorded the highest growth rate in terms of NTL density between 2014 and 2019 at 41.1% against a 10% increase in population during the same period. This growth reflects the surge in development that has taken place especially in the residential north and the industrial south.

However, with the prospect of a presidential election looming in late 2020, the short-term outlook for the Abidjan market is somewhat uncertain. Nevertheless, we expect the city's real estate market to continue growing in the long term thanks to a combination of well established, quality infrastructure and the city's commitment to positioning itself as the gateway to West Africa.

Abidjan 2014

Abidjan 2019



Abidjan growth in NTL 2014-19 (%)

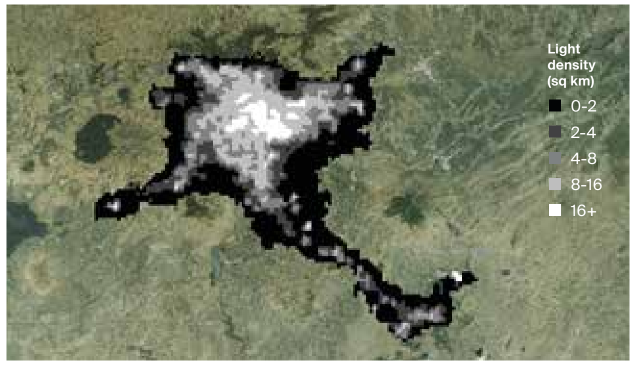
3. ADDIS ABABA

KEY FIGURES

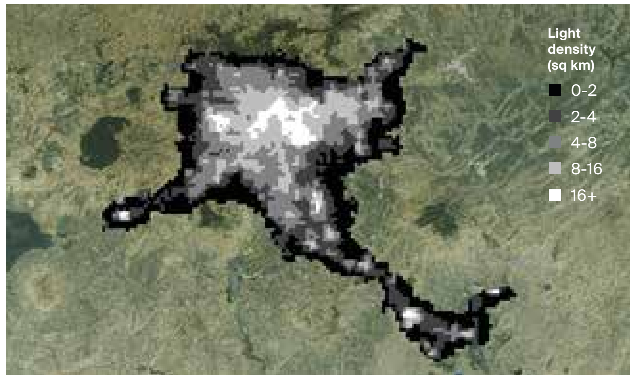
Light density (per sq km) — **25**

Prime residential pipeline over the next 2-3 years (sq m) — **68k**

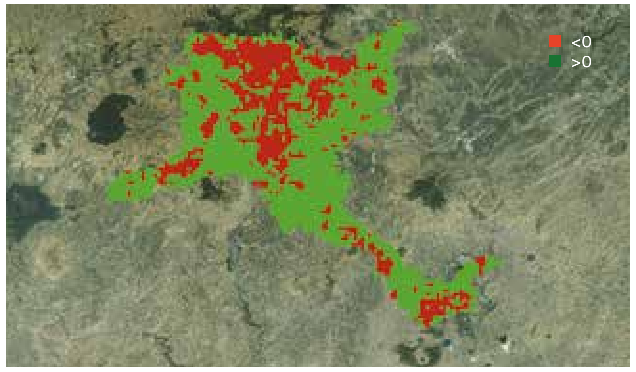
Addis Ababa 2014



Addis Ababa 2019



Addis Ababa growth in NTL 2014-19 (%)



Ethiopia has the fastest-growing economy in Africa, and the world. The IMF's World Economic Outlook notes that the country averaged real GDP growth of 9.5% per year between 2010 and 2019. Addis Ababa has continued to record amongst the highest urbanisation rates in Africa at approximately 4%. Between 2014 and 2019, NTL growth was recorded at 11.5% against population growth of 20% during the same period. These figures reflects an existing development deficit required to compliment the city's growing population. Areas such as Bole airport and its surroundings and the areas to the south-east between Addis Ababa and Bishoftu recorded the highest increase in NTL density as a result of the intensification in industrial and prime residential developments.

In the short to medium term we anticipate that the real estate market across all sectors will continue to grow in line with the success of the government's economic policies aimed at transitioning Ethiopia from a public sector-led economy to a private sector-led economy.

4. LAGOS

KEY FIGURES

Light density (per sq km) — **26**

Affordable housing backlog — **22m**

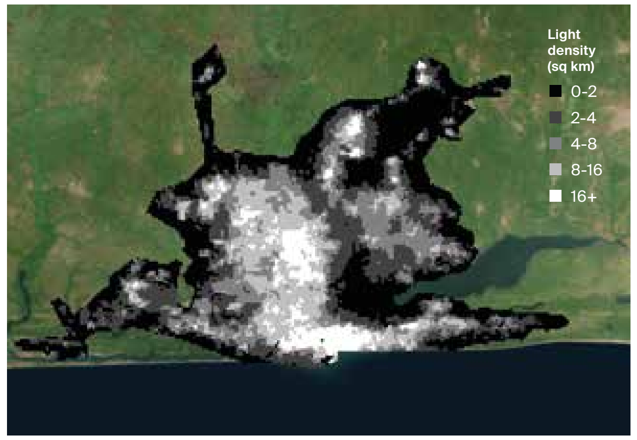
Nigeria remains Africa's largest economy despite a significant economic downturn over the past few years, resulting from a drop in oil prices. However, significant potential for growth abounds as the government embarks on a range of economic diversification initiatives.

Lagos continues to be Africa's most populous city with approximately 21 million residents and an annual urbanisation rate of around 4%. Between 2014 and 2019, the city recorded 12.7% growth in NTL density against a 20% increase in population. Growth in NTL density of over 200% was clustered in the commercial areas to the north-east and south-west of the city while a majority of upcoming residential areas were largely informal and did not record any significant growth in NTL.

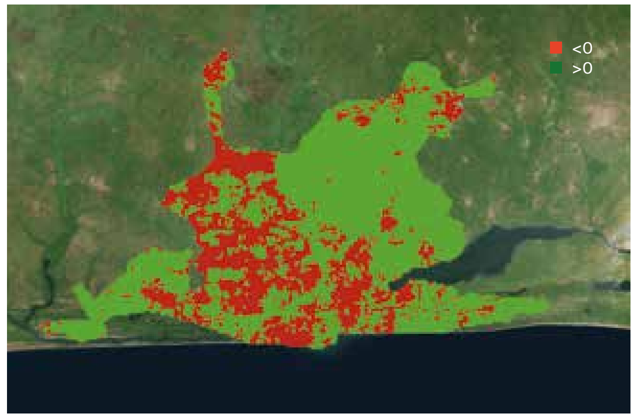
In the short to medium term, we anticipate that economic recovery efforts will lead to an increase in discretionary income. Combined with continued population growth, this should lead to an increase in demand in alternative real estate sectors such as student housing as well as continued growth in the retail sector.

Lagos 2014

Lagos 2019



Lagos growth in NTL 2014-19 (%)



ALGERIA

Population

42.2m OVERALL | **2.6**m ALGIERS | **0.9**m ORAN | **0.5**m CONSTANTINE

Official languages: Arabic, French
Currency: Algerian dinar (DZD) *US$1=DZD119.77*

1.6% **GDP growth**

Petroleum **Key export**

World Bank *Doing Business* ranking (out of 190 countries) 157

EIU country risk rating (E = most risky) D

ALGIERS	PRIME RENTS	PRIME YIELDS
OFFICE	US$27/sq m/month	10.0%
RETAIL	US$33/sq m/month	9.0%
INDUSTRIAL	US$10/sq m/month	13.0%
RESIDENTIAL*	US$12,500/month	7.5%

*Four-bedroom executive house – prime location

2,381,741sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The office market in Algiers has remained stable over the past five years, due to the low level of new developments in the sector. Recently, however, a number of new developments have come to the market including AGB Tower at El Biar and Geneva Tower at Les Pins Maritimes. These developments will be achieving rents above the prime rents that have historically been achieved in Algiers.

There remains a high level of owner-occupied developments especially in the banking sector including the External Bank of Algeria, the National Bank of Algeria and Société Générale at Bab Ezzouar.

Retail market

Algeria has one of the highest levels of income per capita in Africa. The formal retail sector therefore continues to grow due to increased consumer spending power and improved infrastructure. Significant retail developments include Sidar's Al Qods shopping centre in Cheraga, which was Algiers' first mall. Société des Centres Commerciaux et de Loisirs d'Algérie further developed Centre Commercial at Bab Ezzouar, Algiers' largest shopping mall, in 2010, followed by Arcofina's Ardis in Mohammedia in 2012. The return of international retailer Carrefour as the anchor tenant at Algiers' newest shopping mall, Oceania City Centre, is further testament to increasing investor confidence in the sector.

Industrial market

Oil and gas has been by far the predominant occupier sector within Algeria's industrial sector. However, with the collapse of oil prices, the government is seeking to diversify the economy by attracting local and foreign investments into other sectors through tax exemptions and lending subsidies. In 2017, it announced the creation of 50 new industrial zones with long-term loans from the National Investment Fund. At 1,000 hectares, Algiers' largest industrial zone is located in Rouiba-Reghaia. Other significant zones have been developed in Oued Smar, Sidi Moussa and El Harrach.

Residential market

The prime residential market in Algiers, particularly for villas, has been focused in Hydra, Ben Aknoun and El Biar. Areas such as Cheraga, Staoueli and Bab Ezzouar have seen significant prime apartment tower developments. Monthly rent for a prime two-bedroom apartment ranges between AD350,000 and AD500,000, while newly developed villas lease for approximately AD1.5 million per month. Serviced apartments have continued to grow in prominence in this market with offerings at Oriental Business Park and Marriott Residences.

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ANGOLA

Population

30.8m OVERALL | **7.9**m LUANDA | **1.1**m HUAMBO

Official language: Portuguese
Currency: Kwanza (AOAz) *US$1=AOA463.43*

-0.5% **GDP growth**

Petroleum **Key export**

World Bank *Doing Business* ranking (out of 190 countries) 177

EIU country risk rating (E = most risky) D

LUANDA	PRIME RENTS	PRIME YIELDS
OFFICE	US$55/sq m/month	10.0%
RETAIL	US$80/sq m/month	13.0%
INDUSTRIAL	US$12/sq m/month	12.0%
RESIDENTIAL*	US$9,000/month	11.0%

*Four-bedroom executive house – prime location

1,246,700sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

After a decade of development, the primary office location in Angola has shifted away from central Luanda to Talatona. This is reflected in the recent relocation of corporates including Unitel, Standard Bank, Banco Millennium Atlântico and Saham to Talatona, in a bid to benefit from relatively lower rents and improved working and living environments. We estimate the total office stock for Luanda and Talatona at approximately 1.1 million sq m.

The office market in Luanda has remained subdued as a result of a decline in oil prices and the devaluation of the Kwanza, which have skewed the market in favour of tenants. Over the past two years, vacancy rates have remained relatively high at 20% while rents fell from US$180 per sq m per month in 2012 to US$55 per sq m per month in 2019 with prime rents averaging US$55 per sq m per month. Rents are expected to continue to soften as landlords offer incentives to potential tenants. This has been evidenced by the recent leasing of Kilamba Tower by Boston Consulting Group on a sub-prime rent basis.

Retail market

The economic downturn and consumer price inflation has resulted in a number of stalled retail developments. A decline in rents has been observed, with retail rents currently averaging US$80 per sq m per month. There has been limited growth in the supply of retail malls and parks in a predominantly informal retail sector, with formal retail stock totalling 350,000 sq m. The market has remained devoid of international retailers as a result of the economic downturn, with the exception of Shoprite and Maxi which now have a significant footprint of stores in Angola.

Industrial market

Luanda's industrial sector has been characterised by owner-occupied factories and logistics premises. The government's intention to focus production in Angola and diversify the economy away from its reliance on the petrochemical sector is expected to result in a dramatic increase in speculative building of industrial/logistic properties in the medium term. First mover developments such as Viana Park, CLT Talatona Logistics Centre and WTC have enjoyed ongoing success in the market.

Residential market

Demand in the prime residential market has declined as a result of expatriates exiting the country due to the economic downturn. This has resulted in an oversupply of prime villas for leasing in areas such as Talatona. We recorded a 60% decline in rents in the five-year period from 2014 to 2019 for a four-bedroom villa, where rents currently stand at US$8,000 per month. Yields have, however, remained stable with increased investor focus towards real estate investments as a hedge against inflation and the devaluation of the Kwanza.

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BOTSWANA

Population

2.3m OVERALL | **0.2m** GABORONE | **0.1m** FRANCISTOWN

Official language: English
Currency: Pula (BWP) *US$1=BWP10.86*

3.6% GDP growth

Diamonds **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **87**

EIU country risk rating (E = most risky): **B**

GABORONE	PRIME RENTS	PRIME YIELDS
OFFICE	US$12.35/sq m/month	8.3%
RETAIL	US$23.75/sq m/month	7.8%
INDUSTRIAL	US$5.2/sq m/month	8.5%
RESIDENTIAL*	US$1,710/month	5.3%

*Four-bedroom executive house – prime location

581,730sq km TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The office market in Botswana has continued to experience an oversupply over the past two years, particularly in the secondary market. Rent renewals are currently being negotiated at lower rates and are now generally linked to inflation, as opposed to being linked to pre-agreed higher fixed increases as was often the case in the past.

Prime space in new CBD buildings has, however, fared better, with rents increasing from P120 to P130 per sq m per month. We estimate that an additional 50,000 sq m of space was taken up in 2019, mainly as a consequence of existing occupiers consolidating or shifting to prime developments. There is, however, limited stock availability in this segment of the market, leading to unmatched demand by government institutions.

Retail market

Formal retail space in Botswana recorded full occupancy rates after a period of occupancy delays attributed to a now repealed regulation that barred non-citizen retailers from being granted a trading licence.

Acacia Mall is the only new addition to the retail space in Botswana in the past two years, with existing centres such as Airport Junction, Mowana Mall and Game City undergoing extensions of 10,000 sq m, 12,000 sq m and 10,000 sq m respectively. Rents have remained stagnant in existing older centres, with tenants on renewal seeking to negotiate more favourable terms.

Industrial market

The prime industrial sector is mainly located in Gaborone West and Broadhurst Block 3. Limited availability of prime industrial space and the potential for higher yields has led to increased demand by pension funds.

The new Special Economic Zone Authority initiative has led to the awarding of full enterprise zone status to the industrial areas located closest to Gaborone Airport. These comprise the 85-hectare Innovation Hub Park and the Fairgrounds Office Park

Residential market

Prime residential market rents and values have declined over the past two years due to a combination of subdued demand and general oversupply. The decline in returns have led to the exit of local institutions from larger residential complexes investments. A notable transaction has been the recent sale by KFB of 75 residential units at the Grand Palm to a private investor for BWP75 million.

The new Transfer Duty Amendment Act of 2019, is set to push the duty rate to 30% from the previous 5% for all non-citizen purchasers of property. This is expected to have a detrimental effect on many buyers' purchase costs, leading to a further decline in values especially in the prime residential market.

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CAMEROON

Population

25.8m OVERALL | **3.4m** YAOUNDÉ | **3.2m** DOUALA

Official languages: French, English
Currency: CFA franc (XAF) *US$1=XAF589.60*

4.0% GDP growth

Petroleum **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **167**

EIU country risk rating (E = most risky): **D**

DOUALA	PRIME RENTS	PRIME YIELDS
OFFICE	US$30/sq m/month	10.0%
RETAIL	US$42/sq m/month	8.8%
INDUSTRIAL	US$3.60/sq m/month	12.0%
RESIDENTIAL*	US$3,370/month	7.5%

YAOUNDÉ	PRIME RENTS	PRIME YIELDS
OFFICE	US$21/sq m/month	10.0%
RETAIL	US$33/sq m/month	9.0%
INDUSTRIAL	US$2/sq m/month	15.0%
RESIDENTIAL*	US$4,200/month	7.5%

*Four-bedroom executive house – prime location

475,440sq km TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The occupier market in Cameroon remains subdued due to the current economic downturn. Douala, the primary office location, has a limited supply of prime offices against the backdrop of an increase in demand from the recent surge in multinationals entering the country. This lack of availability has also resulted in an increase in the refurbishment of residential properties into office accommodation as an alternative in areas such as Bonanjo, Akwa, Bonapriso, Bali and Koumassi. Yaoundé's occupier market on the other hand is much smaller and is centred around the civil service and the diplomatic sector, Yaoundé being Cameroon's political capital.

Retail market

The formal retail sector in Douala has grown over the past three years through the addition of small-scale malls. Prime retail locations have traditionally been centred in Akwa and Bonanjo with new developments such as the Super U supermarket taking place in Koumassi. We expect the retail sector to continue growing as a result of the ongoing expansion of the middle class.

In Yaoundé the formal retail sector remains very limited, with retail outlets comprising branches of local chains and independent stores.

Industrial market

It is estimated that 80% of Cameroon's industrial companies are based in Douala, Cameroon's commercial capital city. Douala Port remains the focus of imports and exports for Cameroon as well as for neighbouring landlocked countries including Chad and the Central African Republic. The primary industrial zones are located in Bonaberi and Bassa with key industrial activities including food processing, and aluminium production and extraction. As transport links between Douala and Yaoundé improve, we are starting to see more clearance of land for industrial development in Yaoundé, particularly around the airport.

Residential market

The majority of residential developments have been focused on affordable housing and are located towards the outskirts of Douala. Prime residential areas are located in districts such as Bonanjo, Akwa, Bonapriso, Bali, Koumassi, Nkondo and Bell which offer close proximity to the city centre and airport. In Yaoundé, the prime residential areas are mainly around Centre Ville, Quartier du Lac and Bastos/Golf.

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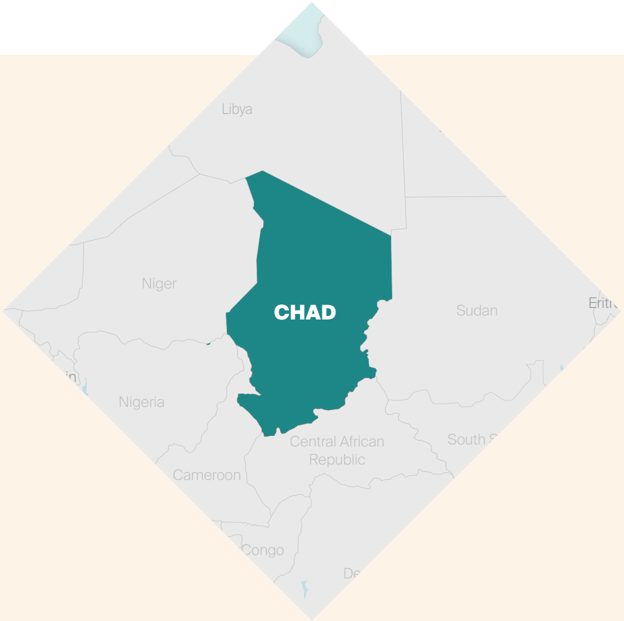
CHAD



Population

15.4m OVERALL | **1.3m** N'DJAMENA | **0.1m** MOUNDOU

Official languages: French, Arabic
Currency: CFA franc (XAF) *US$1=XAF589.60*

2.3% GDP growth

Petroleum **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **182**

EIU country risk rating (E = most risky): **D**

N'DJAMENA	PRIME RENTS	PRIME YIELDS
OFFICE	US$27/sq m/month	10.0%
RETAIL	US$20/sq m/month	10.0%
INDUSTRIAL	US$3.50/sq m/month	14.0%
RESIDENTIAL*	US$6,700/month	10.0%

*Four-bedroom executive house – prime location

1,284,000sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The office market in N'Djamena is centred in the principal CBD around Avenue Charles de Gaulle. This area is largely characterised by banking institutions, government institutions and corporates such as Bolloré, Air France, PwC and Deloitte. However, the market remains undersupplied by speculatively built offices and many occupiers have resorted to adapting residential apartments for commercial purposes. The development pipeline currently consists of planned embassy buildings, including the Chinese and Saudi Arabian embassies with their associated office and residential accommodation.

Retail market

The retail market in N'Djamena remains devoid of international retailers, with the formal retail sector comprising a small mall together with boutique shops operating in prime hotels. There has been a proliferation of such outlets recently, with new hotel developments including Radisson Blu and La Résidence. Avenue Charles de Gaulle continues to be the most significant retail street in the city, offering banking, travel, and general stores.

Industrial market

Chad currently ranks as the tenth largest oil reserve holder in Africa. The oil sector remains the primary driver for industrial activity in the country. The majority of oil activity is located outside N'djamena.

Major oil companies involved in the exploration and extraction of oil in Chad include Esso, China National Petroleum Company and Glencore. China National Petroleum Company currently operates a refinery at Djermaya, being located some 40km north of N'Djamena.

However, N'Djamena has continued to be the regional market centre primarily attracting agro-processing activities.

Residential market

In terms of single occupancy, the residential market continues to be largely undersupplied with the majority of new developments comprising guesthouses. This has resulted in an oversupply of guesthouses with quoted rents for a ten-bedroom guesthouse averaging between XAF5 million and XAF12 million. Serviced apartments have also emerged as a recent trend with approximate rents of around XAF2 million per month for a 100 sq m unit. Favoured locations for those expatriates drawn to the country by its vibrant oil sector include the Klemat, Sebangali, and Farcha areas.

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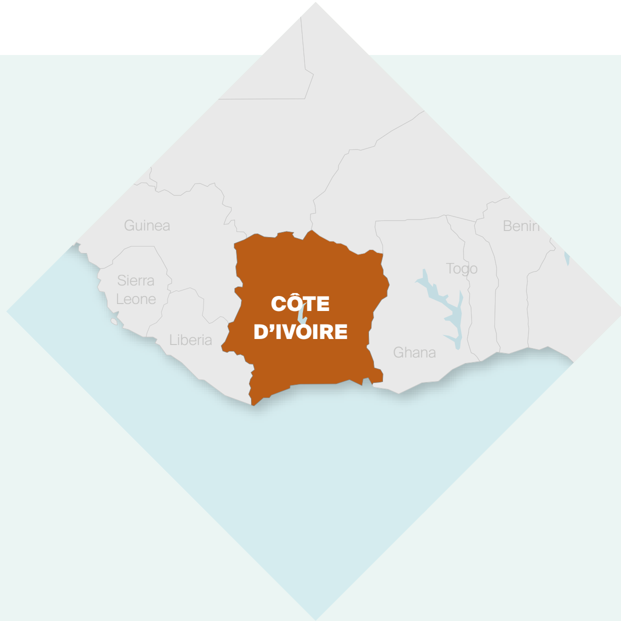
CÔTE D'IVOIRE



Population

25m OVERALL | **4.9m** ABIDJAN | **0.8m** BOUAKÉ | **0.3m** YAMOUSSOUKRO

Official language: French
Currency: West African CFA franc (XOF) *US$1=XOF`591.92*

6.7% GDP growth

Cocoa **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **110**

EIU country risk rating (E = most risky): **C**

ABIDJAN	PRIME RENTS	PRIME YIELDS
OFFICE	US$27.50/sq m/month	9.0%
RETAIL	US$25/sq m/month	8.0%
INDUSTRIAL	US$9/sq m/month	12.0%
RESIDENTIAL*	US$5,000/month	8.0%

*Four-bedroom executive house – prime location

322,463sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

Office market rents in Abidjan have declined as a result of a combination of oversupply coupled with investor caution in the run up to the 2020 general elections. We estimate that prime rents currently average between US$27.50 per sq m per month and US$40 per sq m per month.

The development pipeline across the primary business areas of Plateau, Marcory and Cocody mainly consists of the refurbishment of buildings such as Carbone, Tour First and the Ivoire Trade Center near the Sofitel Ivoire. Newly developed buildings include Privilege, Sky Park and Kharrat. These developments are expected to absorb demand in the short term, although further planned projects are expected to be completed in the medium to long term.

Retail market

The formal retail market in Abidjan has grown considerably, making the city one of the best served shopping destinations in the region. Retail rents have remained relatively high due to increased retail supply being matched by increasing demand. The market is now populated by shopping malls catering to all categories of consumer. Retailers such as CFAO/Carrefour's PlaYce Marcory and PlaYce Palmeraie and the recently opened Cosmos Youpougon currently serve the high end market, while Prosuma's Cap Nord, Cap Sud and Sococe serve the middle classes.

Industrial market

Despite consistent investment in infrastructure, Abidjan's traditional industrial areas of Vridi, Zone 3-4 and Koumassi have been fully utilised. This has resulted in the government's push to relocate to Yamoussoukro. We estimate prime industrial rent at around US$9 per sq m per month.

The PK24 industrial zone, a joint venture between the government and Afreximbank, continues to attract new companies with the recently announced extension to the zone by China Harbour Engineering Company (CHEC) a welcome development for the sector.

Residential market

Abidjan's prime residential real estate continues to be situated in Cocody and Zone 4. Increasing prime residential prices have been attributed to increased demand as well as higher quality of construction. In 2019, villa rents ranged between US$4,000 and US$6,000 per month while four-bedroom prime apartments ranged between US$2,000 and US$3,000 per month.

Construction activity in this sector has been centred in Zone 3-4 and Riviera 13. Recent refurbishments in Plateau have shifted attention to the former prime residential area in the city which is currently plagued by traffic congestion and security challenges.

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DEMOCRATIC REPUBLIC OF CONGO

Population

84m OVERALL | **11.6**m KINSHASA | **2.1**m LUBUMBASHI | **2.0**m MBUJI-MAYI | **1.2**m KANANGA

Official language: French
Currency: Congolese franc (CDF) *US$1=CDF1666.50*

4.3% **GDP growth**

Copper **Key export**

World Bank *Doing Business* ranking (out of 190 countries): 183

EIU country risk rating (E = most risky): D

KINSHASA	PRIME RENTS	PRIME YIELDS
OFFICE	US$30/sq m/month	10.0%
RETAIL	US$30/sq m/month	10.0%
INDUSTRIAL	US$10/sq m/month	15.0%
RESIDENTIAL*	US$10,000/month	8.0%

*Four-bedroom executive house – prime location

2,344,858sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

New developments in the occupier market significantly slowed down due to market uncertainty caused by the two-year delay in holding general elections, pushed back from December 2016 to December 2018. Conversely, rents on average over this period have increased by 15% with capital values also edging up slightly. This trend can be attributed to low levels of new supply in the occupier market in the face of growing demand from incoming government agencies.

Retail market

The Kinshasa retail market remains relatively undersupplied although there have been a few modern shopping centre developments including the 10,000 sq m Le Premier Mall and the 32,000 sq m City Mall, due for completion in mid-2020. With the exception of Shoprite (operating on the site of the old GB Supermarket), the market has continued to be characterised by the absence of international retailers, leading to a lack of quality anchor tenants. Retail rental rates, however, have continued to track prime office rental rates at US$30 per sq m per month.

Industrial market

Kinshasa's principal industrial zone is located to the east of the city in an area between the port and Ndjili International Airport. Industrial property is clustered around the Route des Poids Lourds which crosses the industrial manufacturing areas of Kingabwa and Limete.

Rents for prime industrial units located near the city centre have risen by 50% compared with standard warehouses. Industrial land has continued to be characterised by large sites and relatively high values, resulting in a fall in the number of potential purchasers.

Residential market

The supply of residential units in Kinshasa increased in the first half of 2019. This supply was matched by the demand from expatriates resulting in a 5% increase in capital values. Residential rents also increased by 5% during the same period reflecting a stable and steady residential market.

Prime residential sale prices averaged US$3,500 per sq m. It remains the case that many of the most significant upmarket residential schemes are developed to lease rather than for sale, for example TEXAF and Belle Vue.

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EGYPT

Population

100.3m OVERALL | **15.5**m CAIRO | **5.5**m ALEXANDRIA | **3.6**m GIZA

Official language: Arabic
Currency: Egyptian pound (EGP) *US$1=EGP16.09*

5.3% **GDP growth**

Petroleum **Key export**

World Bank *Doing Business* ranking (out of 190 countries): 114

EIU country risk rating (E = most risky): C

CAIRO	PRIME RENTS	PRIME YIELDS
OFFICE	US$30/sq m/month	8.5%
RETAIL	US$60/sq m/month	8.0%
INDUSTRIAL	US$5/sq m/month	10.0%
RESIDENTIAL*	US$4,500/month	4.5%

*Four-bedroom executive house – prime location

1,001,450sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The Cairo office market is shifting towards the city's eastern and western outskirts, away from the traditional central area of Zamalek and the eastern side of the Nile River. The western side is dominated by Smart Village and Sheikh Zayed City and the eastern side by New Cairo and Cairo Festival City. The New Administrative Capital, currently under construction, is also driving expansion further east. Developers such as Hyde Park Developments, Emaar and Sodic all have large schemes under construction.

Since the Arab Spring in 2011, office rentals have declined steadily in real terms. However, a large government investment programme and a period of relative political and economic stability has allowed the market to stabilise, leading to an increase in selected new developments.

Retail market

The retail sector in Cairo comprises both informal and formal markets. New shopping malls are located on the outskirts of the city, with the 165,000 sq m Mall of Egypt and Mall of Arabia to the west and Cairo Festival City, Downtown Katameya and City Stars to the east.

As part of the 2016 IMF loan agreement, the Egyptian pound was allowed to float freely on the currency markets. The general economic slowdown and subsequent devaluation of the pound had a direct impact on the formal retail sector which is reliant on imported goods. The past year, though, has seen a decline in vacancy rates and a surge in demand. Rents in the large regional malls have remained stable, although they are expected to increase given the improving economic backdrop.

Industrial market

Cairo's industrial zones are centred in 6th October City, 10th Ramadan City and Badr City to the north-east. These new towns have been master-planned by the government to accommodate industrial production and warehousing. However, they are undersupplied with prime industrial properties and characterised by poor infrastructure.

The market remains subdued post the 2011 economic slowdown with a decline in rental levels and prices. Developers of prime properties are, however, managing to secure premium prices.

Residential market

The prime residential market is currently facing an oversupply of villas and apartments even as demand for affordable housing persists. The residential market has been driven by new developments on the outskirts of the city, particularly in Sheikh Zayed City and the 6th October area to the west, and around New Cairo, the American University and the New Administrative Capital to the east. We expect a period of market readjustment to allow for the new stock to be absorbed.

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ETHIOPIA

Population

109.2m OVERALL | **3.2m** ADDIS ABABA | **0.4m** DIRE DAWA

Official language: Amharic
Currency: Birr (ETB) *US$1=ETB30.74*

6.9% GDP growth

Coffee **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **159**

EIU country risk rating (E = most risky): **D**

ADDIS ABABA	PRIME RENTS	PRIME YIELDS
OFFICE	US$17/sq m/month	6.0%
RETAIL	US$13/sq m/month	6.0%
INDUSTRIAL	US$4/sq m/month	9.0%
RESIDENTIAL*	US$3,500/month	9.0%

*Four-bedroom executive house – prime location

1,104,300sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

Office market stock in Addis Ababa is largely fully occupied and made up of Grade B properties. The Grade A development pipeline is characterised by owner-occupied developments and mixed-use buildings.

Developments that could have an impact on the market include Eagle Hills' La Gare and Tsehay's Poli Lotus International Center. However, these developments will not be completed for at least three years. We expect demand for commercial space to continue growing as business barriers to foreign investors are relaxed.

Retail market

The development of the formal retail market in Addis Ababa remains hampered by the restrictions imposed on foreign investment in the sector. The recent development of Century Mall and the introduction of international retailers such as Pizza Hut have had a significant positive impact. However, the retail sector continues to be primarily characterised by medium-sized stores and local supermarkets such as Shoa and Bambis.

Along with Century Mall, Addis Ababa's other small and medium-sized malls including Zefmesh Grand Mall, Medhanealem Mall and Friendship City Centre have maintained occupancy rates of close to 100%.

Industrial market

Ethiopia's manufacturing industry remains underdeveloped compared with other sectors and its regional neighbours. The sector is, however, expected to emerge as a key growth driver and one of the top recipients of foreign direct investment in the country. The government has invested in industrial parks including Hawassa, Kaliti and Dukem, which have already attracted multinationals including Diageo, Heineken, SAB Miller and Unilever. The depreciation of the Birr has driven industrial prices down to approximately US$4 per sq m per month.

Residential market

The residential market in Addis Ababa presents an attractive investment opportunity for both local and international investors. The largely undersupplied prime residential market has recorded significant traction in the development pipeline with Bole, Kazanchis and Old Airport remaining the primary locations in this sector. Across the market, stalled developments such as Eagle Hills' La Gare could have a significant impact on the sector in the long term. Baseline prices for prime residential units typically range between US$2,000 and US$3,000 per month but can be as high as US$5,000 per month.

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EQUATORIAL GUINEA

Population

1.3m OVERALL | **0.3m** MALABO

Official languages: Spanish, French
Currency: CFA franc (XAF) *US$1=XAF591.92*

-4.5% GDP growth

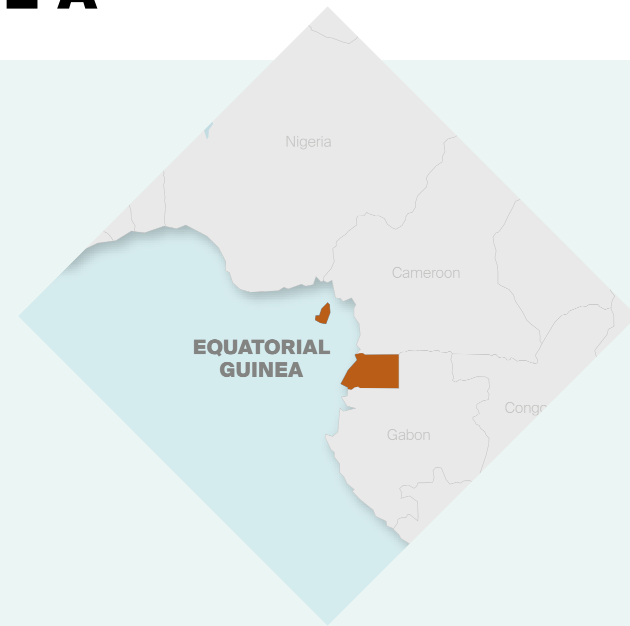
Petroleum **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **178**

EIU country risk rating (E = most risky): **D**

MALABO	PRIME RENTS	PRIME YIELDS
OFFICE	US$30/sq m/month	10.0%
RETAIL	US$30/sq m/month	10.0%
INDUSTRIAL	US$10/sq m/month	12.0%
RESIDENTIAL*	US$6,000/month	10.0%

*Four-bedroom executive house – prime location



28,051sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The prime occupier market in Malabo is focused on the oil and gas, services and diplomatic sectors while the majority of office developments have been both built to suit and owner-occupied. The government continues to provide development incentives for multinationals through allocations of low-cost land and favourable policies towards business. A major initiative has been the plan to develop an office corridor along the airport route in Malabo Dos, where businesses such as Noble Oil and GE Petrol as well as several government offices are already located.

Retail market

Although Equatorial Guinea is classified as one of the African countries with the highest GDP per capita at approximately US$10,000, significant disparity remains in terms of wealth distribution with 75% of the country living on less than US$2 per day. The formal retail sector in Malabo therefore remains underdeveloped. Recent retail developments have however included the Ventage Mall, with retailers such as Muankaban Martinez Hermanos, EGTC Group and Kitea significantly expanding. Kitea recently constructed 8,000 sq m of retail space together with an additional 5,000 sq m of warehousing around the airport area.

Industrial market

Equatorial Guinea's rich agricultural land and significant natural resources has led to growth in extractive industries such as gold, diamonds, uranium and notably oil. As the third largest oil producer in Africa, the drop in oil prices has had a significant economic and fiscal impact. The government's Horizon 2020 plan is now focused on industrial diversification with an emphasis on fishing, agriculture, finance and tourism. Industrial activity in Malabo is mainly focused around the port, and along the road connecting the port with Malabo Dos.

Residential market

The prime residential market is primarily located in the areas to the west of the city centre including Paraiso, Abayak and Malabo Dos while prime areas to the east of the city centre such as Sipopo remain relatively underdeveloped. Affordable housing demand has continued to persist leading to the launch of developments such as Buena Esperanza.

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GABON

Population

2.1m OVERALL | **0.7m** LIBREVILLE | **0.1m** PORT-GENTIL

Official language: French

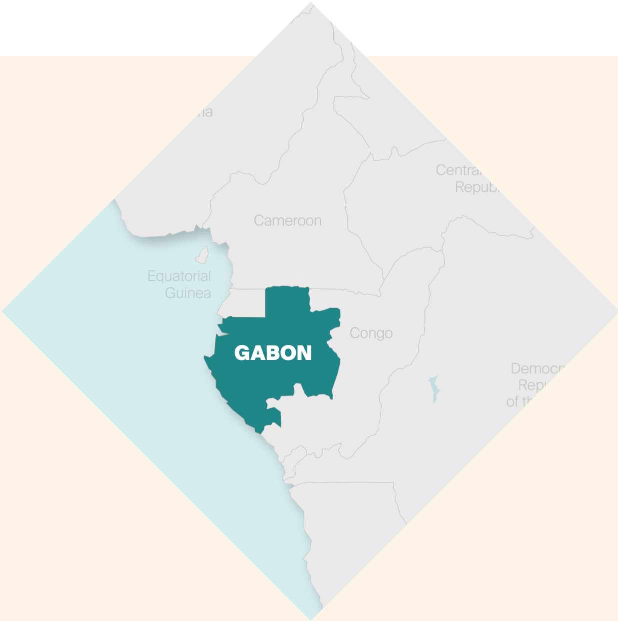
Currency: CFA franc (XAF) *US$1=XAF591.92*

2.5% GDP growth

Petroleum **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **169**

EIU country risk rating (E = most risky): **C**



LIBREVILLE	PRIME RENTS	PRIME YIELDS
OFFICE	US$20/sq m/month	10.0%
RETAIL	US$25/sq m/month	10.0%
INDUSTRIAL	US$8/sq m/month	15.0%
RESIDENTIAL*	US$4,000/month	8.0%

*Four-bedroom executive house – prime location

267,667sq km TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

Across all sectors, the real estate market in Gabon has in recent years been affected by economic and political uncertainty. This was particularly marked by controversial elections in 2016, a constitutional court ruling that dissolved parliament in 2018 and an attempted coup in January 2019. The economy has further declined owing to the reduction in global oil and gas prices. The office market has remained subdued and undersupplied, resulting in organisations using residential properties for business purposes.

Retail market

Gabon enjoys a significantly higher average per capita income of circa US$8,000 than the majority of sub- Saharan countries. The retail market however remains dominated by informal retailing and small-scale operators, leaving considerable room for formal retail growth. This formal retail space is largely characterised by Céca Gadis, Prix Import and Mbolo. The flagship development of the Grand Marché de Libreville that was set to replace the primary market in Libreville has however not progressed and has been subject to legal claim by the developers.

Industrial market

The oil sector accounted for 80% of exports, 45% of GDP, and 60% of fiscal revenue on average over the past five years. With the current decline in oil reserves, the government has sought to diversify its economy, although the poor business climate has continued to curtail these efforts. Warehouse development in Libreville is concentrated to the south on the city's port side. The two major designated zones include Oloumi ZI, characterised by light manufacturing, and Owendo ZI, characterised by heavier industry and port-related users. Gabon Special Economic Zone is also located near Libreville at Nkok, where industrial activity is principally timber-focused.

Residential market

The prime residential market in Libreville is centered around Haut de Gué-Gué, Sablier and Batterie IV. Demand has significantly declined owing to the economic and political crisis resulting in downward pressure on rents. Gabon has one of the highest urbanisation rates in Africa and almost 90% of the population live in the urban area of just two cities; Libreville and Port Gentil. Demand for affordable housing has therefore continued to be prevalent even though the government has embarked on a number of projects aimed at those on low incomes. The majority of these projects are however progressing slowly due to financing challenges.

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GHANA

Population

30.4m OVERALL | **2.5m** ACCRA | **2.4m** KUMASI | **0.8m** SEKONDI- TAKORADI

Official language: English

Currency: Cedi (GHC) *US$1=GHC5.67*

5.4% GDP growth

Gold **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **118**

EIU country risk rating (E = most risky): **C**

ACCRA	PRIME RENTS	PRIME YIELDS
OFFICE	US$34/sq m/month	8.3%
RETAIL	US$70/sq m/month	7.5%
INDUSTRIAL	US$9/sq m/month	10.0%
RESIDENTIAL*	US$5,000/month	7.5%

*Four-bedroom executive house – prime location

238,533sq km TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The occupier market in Accra is currently recovering from several years of subdued performance with rents edging back towards historic highs. New developments such as Atlantic Tower have recorded healthy occupancy rates. However generally vacancy rates remain subdued. In 2018, Grit Real Estate acquired Capital Place, 5th Avenue and Tullow Oil's headquarters office indicating renewed investor confidence in the market.

The office market in Accra has traditionally been centred around two main areas, namely the Ridge in the CBD and Airport City. The Airport City area is Accra's latest business district, but although it houses some of the most prime office buildings in Accra, it is currently plagued by traffic congestion, limited car parking zones and overcrowding challenges. Rendeavour's Appolonia City development is set to provide further competition in the traditional office areas of the city.

Retail market

The formal retail market in Accra is defined by a few shopping malls which are largely anchored by South African retailers. High vacancy rates in most malls has put pressure on rents resulting in cancellation of annual rental escalations in a bid to retain tenants. A recent upturn in the economic backdrop has attracted investors back into the market with Growth Point Investec African Property Fund purchasing 97.5% stakes in the Achimota Retail Centre in 2019.

Industrial market

The lack of prime industrial stock has meant that occupiers have been forced to move towards build-to-suit solutions. Key industrial locations in Accra include the North Industrial Area, South Industrial Area, Spintex Road and Tema. Emerging submarkets include Kpone and Accra-Aflao Road, where land is readily available. Tema is the largest industrial area, with developers such as Agility Distribution Park seeking to benefit from infrastructure such as the docks, the Tema Free Zone, better roads and more favourable land prices. Outside Accra, Takoradi is also seen as an important industrial area. Special Free Zones set up in the expectation of discovering oil offshore have, however, recorded limited progress to date.

Residential market

The residential market in Ghana is primarily focused on low rise accommodation. The market has stabilised after a readjustment post the development surge of 2012 to 2016.

Prime residential locations in Accra include Cantonments, Ridge, the Airport Residential Area and East Legon. Increased residential prices led to new developments in areas such as Dzorwulu, while increased land prices have led to a shift towards town houses and apartments to match demand by diaspora residents and expatriates.

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KENYA

Population

47.5m OVERALL | **4.4m** NAIROBI | **1.2m** MOMBASA | **1.1m** KISUMU

Official languages: English, Kiswahili
Currency: Kenya shilling (KES) *US$1=KES101*

5.2% GDP growth

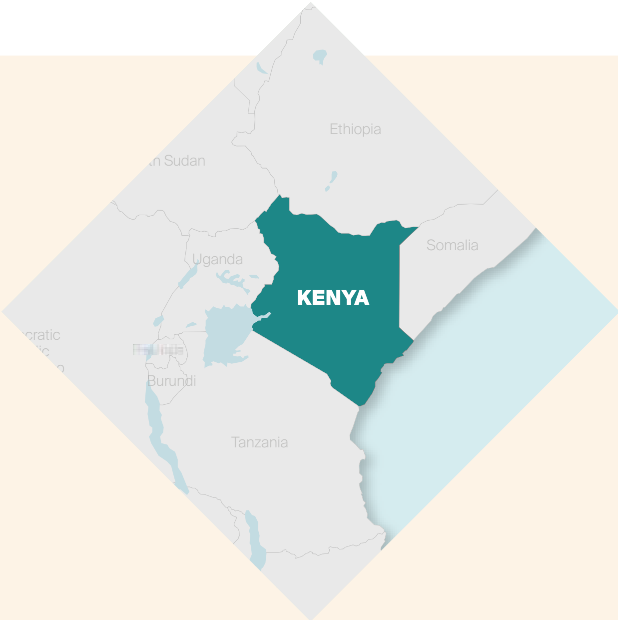
Tea
Key export

World Bank *Doing Business* ranking (out of 190 countries): **56**

EIU country risk rating (E = most risky): **C**

NAIROBI	PRIME RENTS	PRIME YIELDS
OFFICE	US$15/sq m/month	8.0%
RETAIL	US$42/sq m/month	9.0%
INDUSTRIAL	US$6/sq m/month	8.5%
RESIDENTIAL*	US$4,000/month	5.5%

*Four-bedroom executive house – prime location



580,367sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The office market has been under pressure since 2017 amidst increasing supply levels and subdued occupier demand. However, key prime office space continued to outperform the market as a result of the lack of investible grade stock in the wider market. This trend is likely to persist in the medium term as new developments are released. A number of prime occupiers have expanded or upgraded premises, resulting in steady demand for Grade A office space especially in key office nodes. Global occupier trends such as co-working have continued to have an impact on the local office market, attracting both local and international investors.

Retail market

The formal retail sector has witnessed exponential growth in activity from both retailers and developers. A significant influx of international retailers including Carrefour, LC Waikiki, and Shoprite has reduced the dominance of local retailers. The historic unprecedented supply of formal retail space in 2017 has led to longer letting lead times for new developments resulting in a predominantly tenant-favoured market. Considerable opportunity for expansion however exists outside Nairobi following the devolution process.

Industrial market

Nairobi has continued to undergo major road improvements including the construction of the Northern, Eastern, Southern and the most recent Western Bypass. This new infrastructure, along with the completion of Phase 2A of the Standard Gauge Railway and the construction of an inland container depot in Naivasha, is likely to be a catalyst for development along the new corridors and industrial nodes away from historical industrial areas. The steady supply of Grade A warehousing is further expected to result in a downward pressure on prices of poorly located Grade B warehouses that still represent the majority of the stock.

Residential market

The softening of the prime residential market is reflected in a reduction in transaction volumes and a drop in sale and rental values across the country. We expect market conditions to prevail in the short term, with any substantial recovery unlikely before the next general election.

Government initiatives remain a key driver for solving the affordable housing shortfall, with plans in place to roll out 500,000 units across the country by 2022. Despite the interest rate capping bill,mortgage uptake rates for the residential market in 2018 remained low at 26,504 although this represents a 10.2% increase in uptake since 2016. We expect the number of mortgages to increase as the capping bill is revoked and the Kenya Mortgages Refinancing Company becomes operational.

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MADAGASCAR

Population

26.2m OVERALL | **2.8m** ANTANANARIVO

Official languages: French, Malagasay
Currency: Malagasy ariary (MGA) *US$1=MGA3,697.04*

5.0% GDP growth

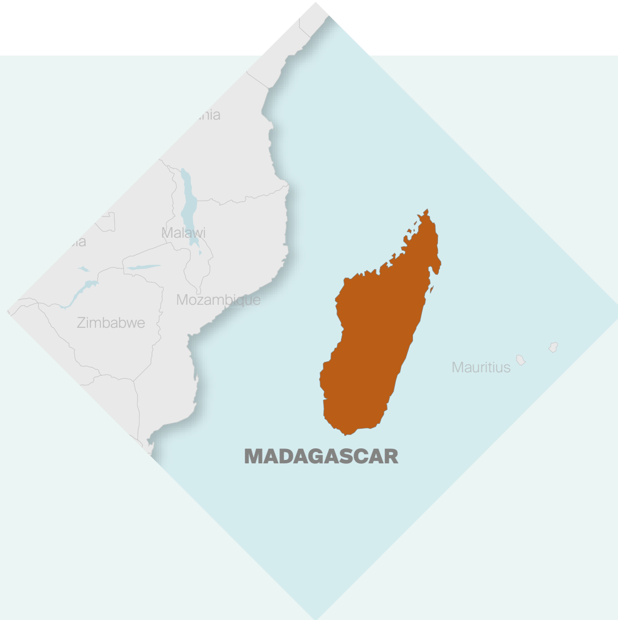
Nickel
Key export

World Bank *Doing Business* rank (out of 190 countries): **161**

EIU country risk rating (E = most risky): **C**

ANTANANARIVO	PRIME RENTS	PRIME YIELDS**
OFFICE	US$11/sq m/month	10.0%
RETAIL	US$17/sq m/month	11.0%
INDUSTRIAL	US$5.50/sq m/month	9.0%
RESIDENTIAL*	US$2,500/month	10.0%

* Four-bedroom executive house – prime location
** Estimated yields



587,041sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The occupier market has remained subdued since the 2009 coup. The situation was further exacerbated by the 2013 cyclone coupled with the worst locust plague experienced in the country since 2013. Vacancy rates in the market are currently at an all-time high.

The preferred office locations in Antananarivo for multinationals are situated to the north of the city centre in areas such as Andraharo, Ankorondrano, Tana Waterfront and Ivandry. The city centre is still characterised by government institutions and banking institutions as primary tenants. Traffic congestion and limited car parking amenities have also had a negative impact on potential occupiers.

Retail market

Madagascar's GDP per capita is ranked 218th in the world. As a result, there are limited opportunities for formal retail in the country. Such formal retail as exists is focused in the capital, Antananarivo, where retailers such as Shoprite and Jumbo are anchor tenants at La City Ivandry and Akoor Digue Mall respectively. A majority of retail centres are owner-occupied due to the high prime bank lending rate of 60%.

The main markets around the city are the Andravoahangy craft market, the Petite Vitesse food market and the Analakely covered market. The main retail street is situated along Avenue de l'Indépendance.

Industrial market

Prime industrial prices have continued to rise as a result of increasing demand for high quality warehousing from importers. The main industrial areas in the city are focused in the Zone Industrial Sud and the Zone Industrial Forello. The Zone Industrial Sud is largely characterised by traffic congestion, a local tenant profile and lower quality buildings whilst the Zone Industrial Forello is characterised by prime warehousing.

Residential market

The relatively low income per household in Madagascar and high bank lending costs have significantly impacted housing affordability, leading to limited residential developments over the past few years. In 2019, we observed the market beginning to stabilise after a decline in prices that began in 2010. The prime residential market is centered around Ivandry due to the high number of embassies in the area. Water supply and power availability have been key price differentiating factors for a majority of expatriates in addition to security features and quality of finishes.

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MALAWI

Population

18m OVERALL

0.8m BLANTYRE

1.0m LILONGWE

Official language: English

Currency: Malawi kwacha (MWK) *US$1=MWK738.6*

2.9% GDP growth

Tobacco **Key export**

World Bank *Doing Business* ranking (out of 190 countries) **109**

EIU country risk rating (E = most risky) **C**

LILONGWE	PRIME RENTS	PRIME YIELDS
OFFICE	US$11/sq m/month	10.0%
RETAIL	US$20/sq m/month	9.0%
INDUSTRIAL	US$6/sq m/month	12.0%
RESIDENTIAL*	US$2500/month	9.0%

BLANTYRE	PRIME RENTS	PRIME YIELDS
OFFICE	US$8/sq m/month	9.5%
RETAIL	US$16/sq m/month	9.0%
INDUSTRIAL	US$5/sq m/month	12.0%
RESIDENTIAL*	US$2,000/month	7.0%

*Four-bedroom executive house – prime location

118,484sq km

TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

Office development was at a standstill in both Lilongwe and Blantyre until early 2019. Recent developments in Lilongwe have been attributed to low interest rates and improved road infrastructure. Completion of these buildings may create a surplus of office space leading to downward pressure on rents, particularly for space in older buildings.

Increased demand for smaller office spaces was recorded due to the consolidation trend by corporates.

Retail market

The formal retail market in Malawi is dominated by local retailers, with a small number of international retailers such as Shoprite, Game and PEP. The retail sector has continued to witness an increase in the level of development as a result of the growing middle class and adoption of the popular “lay-by purchase model”. Notable projects in the pipeline include the Pamodzi Shopping Mall (10,000sq m) in Blantyre and OG, a mixed use development in Lilongwe. It should be noted that these developments will result in surplus retail space, impacting on the achievable rents.

Industrial market

The industrial sector in Malawi is dominated by owner-occupied developments with limited speculatively-built developments. Historically there have been limited industrial market transactions and activity has further declined due to continued power outages in the country. An increase in demand is expected for prime warehouses owing to the legalisation of cannabis agriculture for medicinal purposes and moves towards consolidation by a number of industrial occupiers.

Residential market

The prime residential market in Lilongwe is currently oversupplied leading to a decline in rents of more than 30% between 2018 and 2019. This trend is expected to continue in the short term as new developments come on to the market. Affordable housing demand has persisted in both cities, with limited developments in this sector.

The enforcement of exchange control regulations, which prohibit rent payments in foreign currency, has necessitated conversion of leases and rental invoices into the local currency. This is expected to significantly impact landlords who have incurred debts in foreign currency.

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MALI

Population

19m OVERALL

2.5m BAMAKO

Official language: French

Currency: West African CFA franc (XOF) *US$1=XOF591.92*

6.0% GDP growth

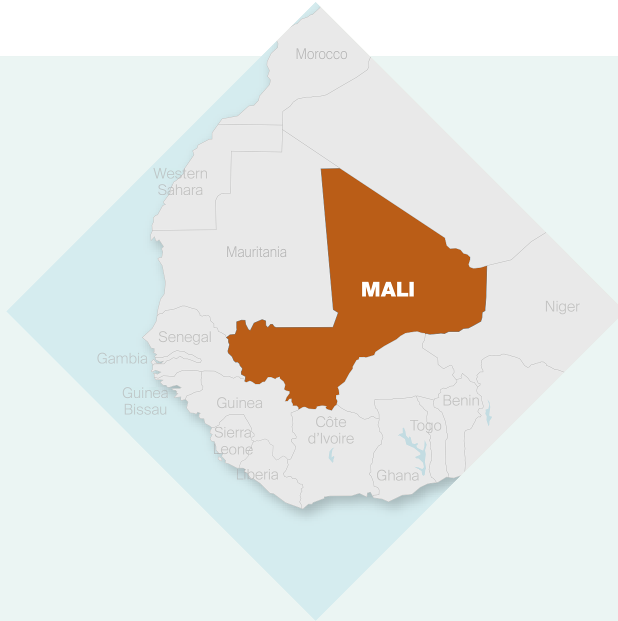
Cotton **Key export**

World Bank *Doing Business* rank (out of 190 countries) **148**

EIU country risk rating (E = most risky) **C**

BAMAKO	PRIME RENTS	PRIME YIELDS
OFFICE	US$20/sq m/month	10.0%
RETAIL	US$20/sq m/month	10.0%
INDUSTRIAL	US$3.50/sq m/month	14.0%
RESIDENTIAL*	US$2,000/month	10.0%

*Four-bedroom executive house – prime location



1,240,192sq km

TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The traditional office market has been mainly located across the districts of ACI 2000, Badalabougou and Cité du Niger due to the many diplomatic missions in these areas. The Hippodrome area has become less popular due to concerns about security and overcrowding.

ACI 2000 is regarded as Bamako’s CBD and is home to banking institutions, government ministries, the US embassy and the new Sheraton hotel. The development pipeline in this area currently consists of a number of new embassies including the Dutch and Spanish chanceries. The prime office market remains largely undersupplied, with rents averaging XOF15,000 per sq m per month.

Retail market

The formal retail market in Bamako remains relatively unsophisticated and devoid of international retailers. The market is characterised by small scale malls and local retailers such as Azar Center, La Fourmi, 1001 Merveilles and the Lebanese-owned Discount Store and Le Miniprix. There are a number of local markets in the city including the Grand Marché and Dibida, comprising street trading, stalls and lock-up units

Industrial market

Bamako’s principal industrial zone is located to the east of the city. As a landlocked country, Mali faces major logistical challenges. While there is a river port at Koulikoro, around 60km from Bamako, transport is only possible downstream. The manufacturing sector is not significant in Mali with export revenue mostly depending on gold mining and cotton. Around 80% of the labour force is engaged in farming and fishing, and industrial activity is comprised of artisanal (textiles and metal work) and agro processing.

Residential market

The primary residential market is located in ACI 2000, Badalabougou and Cité du Niger. Tenants tend to prefer apartments to villas. This trend has significantly impacted rents, with a five-bedroom unfurnished villa leasing for approximately XOF1.2 million per month while a three-bedroom apartment leases for approximately XOF900,000 per month. The residential apartment market is, however, undersupplied, with landlords often preferring to put up serviced apartments where the cost increases by 25% to 30%.

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MAURITANIA

Population

4.4m **OVERALL**

1.0m NOUAKCHOTT

Official language: Arabic

Currency: Ouiguiya (MRO) *US$1=MRO37.46*

3.8% **GDP growth**

Iron ore **Key export**

World Bank *Doing Business* ranking (out of 190 countries): 152

EIU country risk rating (E = most risky): D

NOUAKCHOTT	PRIME RENTS	PRIME YIELDS
OFFICE	US$16/sq m/month	10.0%
RETAIL	US$8/sq m/month	10.0%
INDUSTRIAL	US$4/sq m/month	13.0%
RESIDENTIAL*	US$5,000/month	7.0%

*Four-bedroom executive house – prime location

1,030,700sq km **TOTAL AREA**

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The oil and mining industry continues to drive primary demand in Nouakchott's occupier market. The market is currently facing increased demand for quality office spaces in the face of a vastly undersupplied market. Multinationals have often had to contend with taking up buildings that have been developed for residential use for commercial purposes. While there have been some high-rise office developments taking place around the new SNIM headquarters on Avenue Abdel Nasser, the build-to-suit model continues to be the most likely trend in the medium to longer term.

Retail market

As a sparsely populated country of approximately four million people, growth in the formal retail sector has been minimal. Currently Avenue du General de Gaulle is the main high street retail location, to the north of which is the Mauricenter supermarket. Local city centre retail is to the south of Avenue Abdel Nasser at Marche Capital, Marche du El Etihad and Marocaine Market.

Construction activity has now resumed on the first significant modern shopping mall in Nouakchott at Ribat Albahr, after years of inactivity. Although located on the outskirts of the city, the mall is readily accessible due to traffic being relatively light in Nouakchott.

Industrial market

Significant oil sector activity has resulted in industrial activity mainly taking place in Port de l'Amitie, under the management of Bolloré Logistics. The port provides 8,000 sq m of warehousing and 160,000 sq m of yard space. Occupiers include Cementos BSA, Afriplast and Grands Moulins de Mauritanie. Prices on the port have been exceptionally high and well beyond average prime rents. Other significant industrial developments are located to the south of the city and to the west of Autoroute Rosso.

Residential market

The prime residential market in Nouakchott is mostly located in E-Nord while Tevragh Zeina continues to be the preferred area for the expatriate community. The market is expected to record a surge in development further north of the city as a result of the recently developed Oumtounsy International Airport together with the proposed Ribat Albahr development.

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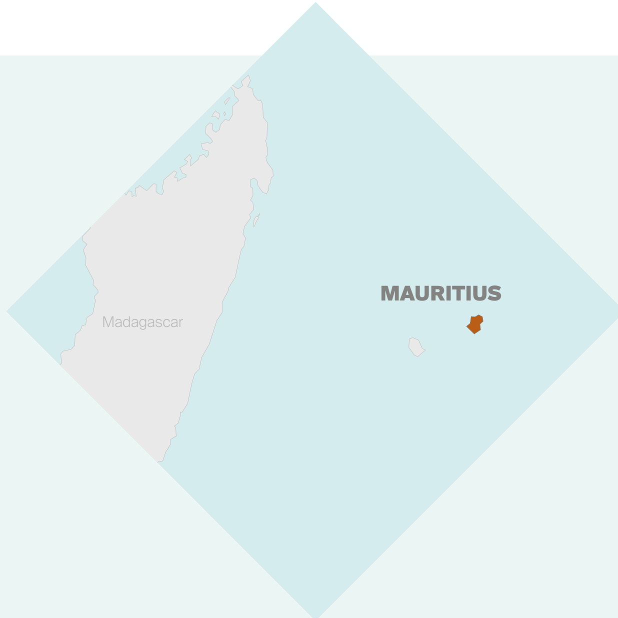
MAURITIUS



Population

1.3m **OVERALL**

0.2m PORT LOUIS

Official language: English

Currency: Mauritian rupee (MUR) *US$1= MUR36.43*

3.5% **GDP growth**

Textiles **Key export**

World Bank *Doing Business* ranking (out of 190 countries): 13

EIU country risk rating (E = most risky): B

PORT LOUIS	PRIME RENTS	PRIME YIELDS
OFFICE	US$22/sq m/month	8.5%
RETAIL	US$35/sq m/month	8.0%
INDUSTRIAL	US$7/sq m/month	10.0%
RESIDENTIAL*	US$3,750/month	4.0%

*Four-bedroom executive house – prime location

2,040sq km **TOTAL AREA**

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The traditional CBD in Mauritius is centred around the Waterfront, Edith Cavell, Pope Hennessy, Chaussée and Royal Streets in Port Louis with the prime office market being located at the Waterfront. Now though the office market is shifting away from Port Louis to Ebene Cyber City, as reflected in the relocation of government institutions. Ebene has now transitioned from being a tenant favoured market to one that is demand driven, with demand continuing to outstrip supply. Rents have however remained stagnant. The current development pipeline consists of Bagatelle Office Park and Côte d'Or, Mauritius' new master planned smart city that is likely to trigger further relocations by government ministries once completed.

Retail market

The formal retail sector in Mauritius has remained sophisticated and relatively stable, with low vacancy rates. The retail market is primarily centred in Port Louis, although new shopping malls have been constructed on the outskirts of the city centre. These include the Grand Bay, Tamarin, Trianon and Phoenix.

Bagatelle Mall of Mauritius continues to headline as the country's most successful mall. Located to the south of Port Louis, the 130-store mall, which opened in 2011, is anchored by Woolworths and is virtually fully leased. Developers are set to complete its second extension by the end of 2020.

Industrial market

The industrial sector has generally recorded relatively low levels of demand for industrial and warehousing facilities across the country. Where there is demand, it is for centrally located facilities. Most industrial properties are either owner-occupied or leased in small units with rents remaining relatively low. Primary locations include the Port Louis and airport free port zones, Plaine Lauzun, Pailles, Phoenix, Coromandel, Riche Terre, and La Tour Koenig. The Mauritian government has continued to promote the diversification of industrial activity away from the traditional sectors of fishing, sugar cane, mining and cement production, leading to the development of further warehouses and facilities around Port Louis and the airport.

Residential market

The primary residential market across the country continues to be characterised by local tenants as well as expatriates. Foreign ownership is restricted to government-approved developments, leading to a number of initiatives targeted at foreign buyers including the Real Estate Scheme, the Integrated Resort Scheme and, more recently, the Property Development Scheme and the Smart City Scheme. Primary residential market locations include Curepipe, Quatre Bornes, Beau Bassin, Rose Hill, Vacoas, Flic en Flac, Black River, Grand Bay and Mahebourg within Port Louis.

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MOROCCO

Population

36.4m OVERALL | **4.2m** CASABLANCA | **1.2m** FES | **1.9m** RABAT

Official languages: Arabic, Berber, French

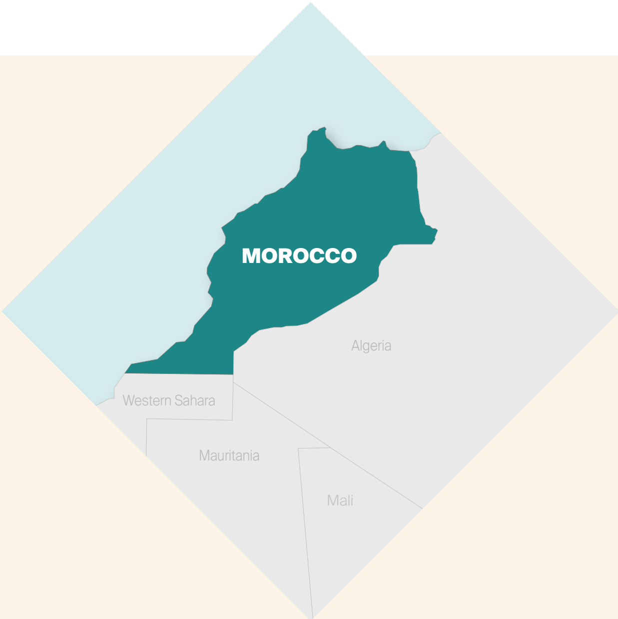
Currency: Moroccan dirham (MAD) *US$1=MAD9.63*

2.3% GDP growth

Cars Key export

World Bank *Doing Business* ranking (out of 190 countries): 53

EIU country risk rating (E = most risky): C



CASABLANCA	PRIME RENTS	PRIME YIELDS
OFFICE	US$20/sq m/month	8.5%
RETAIL	US$25/sq m/month	8.3%
INDUSTRIAL	US$5.50/sq m/month	12.0%
RESIDENTIAL*	US$5,000/month	7.0%

*Four-bedroom executive house – prime location

446,550sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

Casablanca remains Morocco's primary business location and largest office market with over 1.2 million sq m of office stock. The primary office zones include the port area, city centre and city entrance. Casablanca Finance City (CFC) is now emerging as an important commercial area with its principal office building, CFC Tower, having been completed in 2019. This development has significantly added to the amount of office stock in Casablanca. The emergence of CFC is further set to benefit approximately 200 companies with regard to the fiscal and regulatory framework.

Retail market

Retail has become an important component of the Moroccan economy. AMDIE estimates that it now accounts for 11% of GDP, and retail employment represents 12.8% of total employment with as many as 1.2 million people working in the sector. The retail sector in Morocco has grown significantly due to growing consumer purchasing power, resulting in increased retail space development and refurbishment of traditional retail stock including the AnfaPlace Mall in Casablanca. International retailers such as Zara, Massimo Dutti, Timberland and Gucci now operate from the significant number of new malls that have come to the market in recent years, in Casablanca and Rabat particularly.

Industrial market

Since 2012 the Moroccan government has been working to establish the country as an automotive manufacturing hub, resulting in significant investments from companies such as Bombardier and Renault. Having surpassed South Africa in 2017, auto industry exports are now expected to climb to US$10.7 billion. This is in part due to PSA Peugeot Citröen's factory in the Kenitra Atlantic Free Zone. Located halfway between Tangier and Casablanca, the plant was slated to produce 100,000 vehicles in 2019 and to double that by 2020. This continued investment into the manufacturing sector is expected to positively impact the industrial and logistics property sector in the medium term, with increasing demand for prime industrial properties.

Residential market

Residential prices across Morocco have been increasing slightly with Bank Al-Maghrib reporting a year-on-year increase of 0.4% over the year to Q3 2019. This growth was only observed in the apartments market, as villas recorded a -2.0% drop in prices for the same period. Housing remains generally affordable for the middle class through access to government finance initiatives and bank-supported acquisitions, but housing unaffordability persists for the 20% of the population who are not able to access these financing initiatives.

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MOZAMBIQUE

Population

30.3m OVERALL | **1.3m** MAPUTO

Official language: Portuguese

Currency: Metical (MZM) *US$1=MZM62.60*

2.2% GDP growth

Coke Key export

World Bank *Doing Business* rank (out of 190 countries): 138

EIU country risk rating (E = most risky): C

MAPUTO	PRIME RENTS	PRIME YIELDS
OFFICE	US$30/sq m/month	8.5%
RETAIL	US$28/sq m/month	8.5%
INDUSTRIAL	US$7.50/sq m/month	10.0%
RESIDENTIAL*	US$6,500/month	7.0%

*Four-bedroom executive house – prime location

799,380sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The occupier market in general recorded a slight decline in office rents which was attributed to a decline in demand. The prime occupier market recorded a high uptake of approximately 7.8% attributed to the entry into the country of oil and gas multinationals. Prime rents, however, recorded a year-on-year decline of approximately 3.85% from US$31.6 per sq m per month in 2018 to US$30 per sq m per month in 2019. The occupier market is expected to remain subdued until the more than 44,000 sq m of Grade A space currently standing vacant is absorbed.

Retail market

The retail sector has experienced considerable growth in recent years, with developers investing in new shopping centres in major cities. Between 2016 and 2018 approximately 75,000 sq m of gross leasable space was added into the market through five new shopping centres. These include Baía Mall and City Mall in Maputo, Matola Mall, Mall de Tete and Pemba Mall. The Mozambique and South African economic crises have however significantly impacted the retail sector, leading to falling rents and the repositioning of some developments such as the closing of stores by Edgars, JET, PEP, Intermoda and Shoprite

Industrial market

Despite the infrastructure advantages the country enjoys through good road links to South Africa, Zambia, Zimbabwe and the DRC, Mozambique's logistics and manufacturing sectors remain relatively underdeveloped.

Recent interest in natural gas extraction off the coast and the growth in GDP that has resulted from this are expected to have a positive impact on the industrial property sector. Indeed, industrial rents have already started to recover from the steady decline experienced over the past few years.

Residential market

The residential market has witnessed strong growth over the past year with 14% growth in rents in the prime residential sector due to a surge in demand from expatriates in the oil and gas sector. The sector is currently undersupplied and this is expected to be exacerbated by the arrival of more than 1,000 new expatriates over the next two years following the entry of Exxon Mobil, Eni, Anadarko's, TechnipFMC and McDermont into Mozambique's liquefied natural gas sector.

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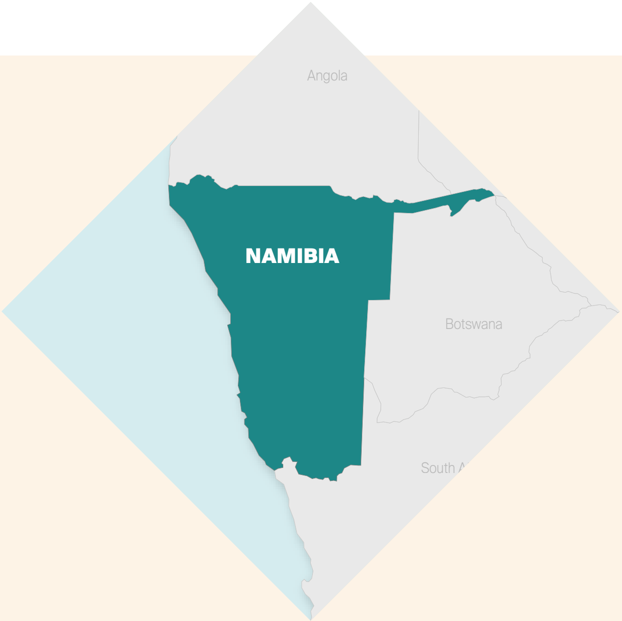
NAMIBIA



Population

2.5m OVERALL

0.4m WINDHOEK

Official language: English

Currency: Namibian dollar (NAD) *US$1=NAD14.28*

-1.8% **GDP growth**

Diamonds **Key export**

World Bank *Doing Business* rank (out of 190 countries): **104**

EIU country risk rating (E = most risky): **C**

WINDHOEK	PRIME RENTS	PRIME YIELDS
OFFICE	US$13.50/sq m/month	9.0%
RETAIL	US$30/sq m/month	8.5%
INDUSTRIAL	US$5/sq m/month	10.0%
RESIDENTIAL *	US$2,900/month	5.0%

*Four-bedroom executive house – prime location

824,292sq km

TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The occupier market in Windhoek is now shifting away from the CBD to the newly developed nodes towards the south and south-west of the city, around Mandume Park and Maerua Mall. Occupier demand remains low due to the current economic downturn while rents and capital prices have continued to decline steadily over the past few years. Many developers have also suspended development activities until the economy improves.

Retail market

Retail sector developments in Namibia have slowed down as a consequence of the current economic downturn. Demand, however, has remained stable, predominantly driven by international retailers such as Spar, Pick n Pay, Edgars and Foschini and local retailers such as Woermann Brock. Despite the economic situation, some developments have completed recently, including Safari Development's Platz Am Meer in Swakopmund, and Atterbury's Dunes Mall in Walvis Bay. Windhoek is yet to have any new retail additions: Grove Mall, Maerua Mall and the older Wernhil Park currently remain the city's main retail centres.

Industrial market

The industrial sector in Windhoek has remained subdued with the primary industrial locations being the Northern Industrial Area, Southern Industrial Area, Prosperita and Lafrenz. Outside Windhoek, the recent launch of the Walvis Bay port expansion project, which aims to establish the area as the preferred logistics operations hub for southern and central Africa has been lauded as a new chapter in the country's economic transformation.

Residential market

Residential market prices have continued to decline over the years with the coastal region recording a decline in prices of 11.4% in 2019 compared with 2.6% in 2018. The prime residential sector has, however, remained stable. The prime residential areas in Windhoek include Eros, Ludwigsdorf and Klein Windhoek.

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NIGERIA

Population

200.96m OVERALL

21m LAGOS

3m ABUJA

Official language: English

Currency: Naira (NGN) *US$1=NGN362.50*

2.1% **GDP growth**

Petroleum **Key export**

World Bank *Doing Business* rank (out of 190 countries): **131**

EIU country risk rating (E = most risky): **D**

LAGOS	PRIME RENTS	PRIME YIELDS
OFFICE	US$67/sq m/month	9.0%
RETAIL	US$83/sq m/month	8.5%
INDUSTRIAL	US$10/sq m/month	12.0%
RESIDENTIAL*	US$6,000/sq m/month	8.0%

ABUJA	PRIME RENTS	PRIME YIELDS
OFFICE	US$33/sq m/month	9.5%
RETAIL	US$58/sq m/month	9.0%
INDUSTRIAL	US$12/sq m/month	12.0%
RESIDENTIAL*	US$6,500/sq m/month	7.0%

*Four-bedroom executive house – prime location

923,768sq km

TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The office market in Lagos and Abuja has continued to experience high vacancy rates ranging between 30% and 50%. In addition to oversupply in the market, these rates have been underpinned by a dramatic slowdown in the economy. However, it appears rents are bottoming out and stabilising at between US$750 and US$850 per sq m per annum, down from around US$1,000 per sq m per annum two years earlier.

Retail market

A growing population as well as an expected increase in purchasing power continue to create opportunities for investment into the retail sector. The sector has continued to progress fairly well in contrast to other real estate sectors. Formal shopping centres are beginning to gain traction as consumer's preferred option, while the government has increased efforts to discourage informal street trading. With the exception of Apapa Mall which has recorded almost 50% vacancy rates due to traffic gridlock in the port area, other malls in Lagos have registered much more healthy occupancy rates.

Industrial market

The industrial sector has continued to experience a decline in growth due to the low level of manufacturing activities and divestment to other sectors as a result of poor economic policies and lack of quality infrastructure, most notably that of interrupted power supply. This has resulted in the increased sale of warehouses particularly in Apapa for alternative uses and subsequent lease and change of use for some industrial properties into worship centres.

However, the development of Lekki Free Trade Zone, the Dangote Refinery project, the recent closure of borders with neighbouring West African countries and ongoing government reforms are expected in the long term to increase investment into this sector.

Residential market

The prime residential market in Lagos is currently oversupplied. An increase in vacancy rates has been recorded particularly in prime locations including Ikoyi, Victoria Island and Lekki. In a bid to attract and retain tenants, landlords now grant rent-free periods, reduced rents on renewals and more flexible rent payment plans, such as biannual rent payments rather than payment a year or even more in advance.

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RWANDA

Population

11.6m OVERALL

1.6m KIGALI

Official languages: Kinyarwanda, French, English, Swahili

Currency: Rwandan franc (RWF) *US$1=RWF934.2*

6.7% **GDP growth**

Coffee **Key export**

World Bank *Doing Business* ranking (out of 190 countries): 38

EIU country risk rating (E = most risky): C

KIGALI	PRIME RENTS	PRIME YIELDS
OFFICE	US$16/sq m/month	7.5%
RETAIL	US$18.65/sq m/month	8.6%
INDUSTRIAL	US$6/sq m/month	11.5%
RESIDENTIAL*	US$3,000/per month	6.5%

*Four-bedroom executive house – prime location

26,338sq km

TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

Office market demand increased in 2019 with tenant preferences shifting to smaller spaces with short-term leases in a bid to minimise risk and maximise business opportunities. Small and medium occupiers dominated. Approximately 18,000 sq m of prime office space was added into the market in the second half of 2019 as a result of the completion of the BPR, Cogebanque, Golden Plaza and KBC buildings.

A slight decline in average rents was recorded, despite a government directive for NGOs to vacate their businesses from residential premises to commercial premises which led to increased office uptake in buildings including the Golden Plaza. The construction of a ministerial complex in Kimihurura to accommodate government administrative offices is expected to lead to further reductions in occupancy rates in a number of commercial office buildings since government remains a key tenant.

Retail market

The retail sector recorded an increase in the total supply of retail space of around 19,000 sq m. However, the market continues to be devoid of new international retailers who would be the key to unlocking the city's retail opportunities. A decline in rents was recorded as landlords continued to compete for limited new tenant demand.

Industrial market

Rwanda's industrial property market is still nascent with industrial rents stagnating at an average of US$6 per sq m as at the end of 2019. Dubai Duty Free World was the key occupier recorded during the course of 2019.

Currently, existing large warehouse spaces (>1,000 sq m) are being subdivided into 200 and 500 sq m units to cater for smaller firms and start-up companies which are generating the highest enquiries for space, particularly in the Kigali Special Economic Zone. The pick-up in enquiries is mainly attributed to the "Made in Rwanda" initiative introduced in the last financial year in an effort to encourage local industries.

Residential market

The increased development of apartments in Kigali's prime residential suburbs of Nyarutarama, Kiyovu, Kimihurura and Gacuriro has resulted in a market oversupply in this sector. This led to a subsequent decline in rents over the past year with rents averaging US$1,600 and US$2,200 for a two- and three-bedroom serviced apartment per month respectively. Inability to address market needs in the current development pipeline is expected to subdue the market even further in the medium term. Affordable housing demand is however expected to persist, with the housing deficit growing to 186,000 housing units by 2022.

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SENEGAL

Population

15.8m OVERALL

3.5m DAKAR

Official language: French

Currency: West African CFA franc *US$1=CFA591.92*

6.6% **GDP growth**

Gold **Key export**

World Bank *Doing Business* ranking (out of 190 countries): 123

EIU country risk rating (E = most risky): C

DAKAR	PRIME RENTS	PRIME YIELDS
OFFICE	US$20/sq m/month	10.0%
RETAIL	US$23.5/sq m/month	10.0%
INDUSTRIAL	US$6.70/sq m/month	13.0%
RESIDENTIAL *	US$3,350/month	6.0%

*Four-bedroom executive house – prime location

196,722sq km

TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

Over the past decade demand in Dakar's office market has shifted away from the south of the peninsula to the north. During this period, low levels of Grade A office development have been seen, with supply and demand remaining relatively balanced, resulting in relatively low rental growth.

Plans to relocate government ministries to Diamniadio, 30km to the east of the peninsula and close to the new Blaise Diagne International Airport are expected to change the office dynamic in the city office dynamic over the coming years, particularly if corporates decide to follow suit.

Increased developments have also been witnessed in the area around the US Embassy in Les Almadies. These new developments are emerging at least in part as a new CBD for Dakar. The Dakar Financial Center is also planned in this vicinity.

Retail market

The formal retail landscape in Dakar remains relatively undersupplied with Teyliom's Sea Plaza remaining Dakar's only significant shopping mall. In general, it is reckoned that Sea Plaza has effectively soaked up demand at the top end. However, we are likely to see retail mall development taking place at Diamniadio to cater for the businesses and consumers occupying this new city area

Industrial market

The industrial market has traditionally been located close to the port and on the Route de Rufisque heading out along the coast to the east. There has been significant development of industrial land in Diamniado through two main schemes, P2ID and DID.

P2ID is a designated Special Economic Zone and offers 53 hectares of fully serviced light industrial, warehousing and offices to rent. DID is offering 162 hectares of land for sale for the purposes of industrial usage only. There are currently a number of businesses operating on the site, primarily food and drink manufacturers.

Residential market

The residential market has witnessed significant programmes of prime and mainstream apartment developments being undertaken across Dakar. There has been a surge in the volume of residential developments taking place in Diamniadio, including at Senegindia's SD City where more than 6,000 new residential units are being delivered. This surge in development is underpinned by a more upbeat backdrop to the residential market.

Greater levels of demand are expected to stem from the oil and gas sector due to the large numbers of expatriate staff coming to the market.

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SOUTH AFRICA

Population

57.7m OVERALL | **4.2m** CAPE TOWN | **10m** JOHANNESBURG | **3.7m** DURBAN

Official languages: 11 official languages
Currency: Rand (ZAR) *US$1=ZAR14.50*

0.3% GDP growth

Gold
Key export

World Bank *Doing Business* rank (out of 190 countries): **84**

EIU country risk rating (E = most risky): **C**

CAPE TOWN	PRIME RENTS	PRIME YIELDS
OFFICE	US$17.50/sq m/month	9.0%
RETAIL	US$48.20/sq m/month	8.5%
INDUSTRIAL	US$5.50/sq m/month	10.0%
RESIDENTIAL*	US$5,250/month	5.0%

JOHANNESBURG	PRIME RENTS	PRIME YIELDS
OFFICE	US$17/sq m/month	9.5%
RETAIL	US$75.85/sq m/month	8.5%
INDUSTRIAL	US$5/sq m/month	10.0%
RESIDENTIAL*	US$4,400/month	5.25%

*Four-bedroom executive house – prime location

1,219,090sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

Due to a weakening economy, national office vacancy rates sat at 11% in 2019, well above the long-term average of 5%. Positive market activity was seen in Rosebank, with significant spending on building rejuvenation and the completion of new developments. The forthcoming mixed use development at Midrand continued to attract occupiers such as PwC and Deloitte away from traditional business nodes.

The market also continued to stabilise in the Western Cape, with positive activity in the form of new office developments in the Cape Town CBD, Claremont, Century City, Stellenbosch and Somerset West.

Retail market

The retail market recorded moderate improvements over the past year, with vacancy rates in prime grade super regional shopping centres recorded at 4.7%. Key economic indicators however indicate retail stress on the horizon. Consumer price inflation is forecast to put pressure on prices for products, leading to slow turnover growth and increased cost of occupancy, which in turn causes downward pressure on rentals.

Industrial market

The national industrial sector saw steady and stable growth in 2019, with vacancy rates below the long-term average of 4% at 3.4%. In Gauteng, there has been a flurry of activity with new developments in the property nodes of Kempton Park, East Rand and Midrand, next to the mixed use Waterfall City precinct. Due to a lack of immediately available industrial space in the more attractive areas of Kempton Park and East Rand demand remains for space in the old industrial area of south Johannesburg. New industrial developments have been witnessed in the Western Cape in Bellville South, Brackengate, Rivergate and Atlantic Hills.

Residential market

The prime residential market in Cape Town remained subdued over the past two years. This led to a softening of residential prices resulting in a buyer's market. A reduction in the borrowing rate in 2019 has resulted in a slight increase in the uptake of prime residential properties. The market is expected to continue to stabilise in 2020 although this trend is pegged on the broader development of the South African economy.

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TANZANIA

Population

56.3m OVERALL | **6.3m** DAR ES SALAAM | **1.0m** MWANZA | **0.4m** ARUSHA | **0.4m** DODOMA

Official languages: Kiswahili, English
Currency: Tanzanian shilling (TZS) *US$1=TZS2,297.60*

5.7% GDP growth

Gold
Key export

World Bank *Doing Business* ranking (out of 190 countries): **141**

EIU country risk rating (E = most risky): **C**

DAR ES SALAAM	PRIME RENTS	PRIME YIELDS
OFFICE	US$17/sq m/month	9.0%
RETAIL	US$16/sq m/month	10.0%
INDUSTRIAL	US$5/sq m/month	10.0%
RESIDENTIAL*	US$4,500/month	6.0%

*Four-bedroom executive house – prime location

947,300sq km
TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

In 2019, growth in the Tanzanian real estate sector was estimated at 4.5%. This was largely attributed to infrastructure improvements. The office market continued to experience limited demand for Grade A offices with existing tenants seeking rent reductions. Significant additions to office stock in Dar es Salaam include the 7,000 sq m MNF Square and the 1,600 sq m development at Victoria Place. The current economic environment will remain a challenge for landlords over the coming years.

Retail market

The retail market remains relatively undersupplied, with significant potential for growth. Due to limited availability, international and local retailers have been trading out of smaller shopping centres and mixed use buildings with a retail component. There is growing interest from international retailers: KFC, Subway, Game, Mr Price, Baby Shop, Miniso and Choppies all made their entry into the market during 2019 and Carrefour will open its first branch in Dar es Salaam in 2020.

Industrial market

The industrial property market is currently seeing significant redevelopment of various industrial properties, particularly along Nyerere Road. This is mainly in response to high demand for good warehousing amenities attributed to increased investment, improved infrastructure and trading activities. Industrial developments along Nyerere Road tend to include either showrooms or office accommodation on the road frontage alongside the warehouse.

Showrooms and offices in this location currently achieve rents up to US$15 per sq m per month while warehousing rents range between US$5 and US$6 per sq m per month. These rents are similar to other developing industrial areas such as Mandela Road where industrial rents range between US$4 and US$5 per sq m per month.

Residential market

Dar es Salaam's prime residential market has experienced a substantial decline in transactions of some 40% over the past two years. A significant shortage of prime stand-alone properties for rent was also recorded.

Tanzania's capital city, Dodoma, has continued to be an emerging market for residential properties. The city has recorded increased residential real estate demand from both government officials and expatriates. Demand has persisted in the affordable housing segment with the country's deficit recorded at 3 million units and expected to increase by 200,000 units per year. The establishment of the Tanzania Mortgage Refinancing Company may have some impact on this segment.

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TUNISIA

Population

11.6m OVERALL

2.4m TUNIS

Official language: Arabic, French

Currency: Tunisian dinar (TND) *US$1=TND2.84*

1.3% GDP growth

Insulated wire **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **78**

EIU country risk rating (E = most risky): **C**

TUNIS	PRIME RENTS	PRIME YIELDS
OFFICE	US$12/sq m/month	11.0%
RETAIL	US$26/sq m/month	10.0%
INDUSTRIAL	US$6/sq m/month	14.0%
RESIDENTIAL *	US$3,800/month	8.5%

*Four-bedroom executive house – prime location

163,610sq km TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The established prime office market in Tunis has been focused around Les Berges du Lac, Montplaisir and Centre Urbain Nord. However, a lack of demand over recent years has virtually brought all development in the office market to a halt in these areas. This has resulted in a subsequent decline in vacancy rates due to limited stock availability.

Despite significant political and economic trends over recent years, the ease of doing business remains challenging compared with other markets in the region thus significantly impacting business activities in the city.

Retail market

The retail sector has begun to experience a resurgence against the backdrop of an improving economic and political environment. The recent debut of Azur City into the market in 2019 has been a testament to this. At 45,000 sq m of Grade A retail space, the mall has played host to the country's first branches of Starbucks and H&M, and its first IMAX cinema.

Industrial market

Manufacturing continued to be a key driver of the Tunisian economy, accounting for approximately 20% of GDP growth in 2018. Approximately 85% of the industrial properties are centred along the coast due to the export-based economy. Demand continued to increase, pegged on the country's reputation as a low cost manufacturing base. As a result, the Industrial Land Agency announced plans to construct 64 new industrial zones including five in Greater Tunis, 14 along coastal areas and 45 in inland areas.

Residential market

The prime residential locations in Tunis are generally to the north of the city in Mutuelleville or Notre Dame and to the east in Les Berges du Lac, Gammarth, La Marsa and Sidi Bou Said as well as Carthage. The mortgage market continues to be relatively sophisticated and almost 70% of the Tunisian population are home-owners. However, the residential market has recorded a decline in capital values and subdued construction activity owing to unfavourable bank lending conditions. The rental market has witnessed significant demand as a result.

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UGANDA

Population

42m OVERALL

1.6m KAMPALA

Official language: English

Currency: Ugandan shilling (UGX) *US$1=UGX3,684.84*

5.4% GDP growth

Coffee **Key export**

World Bank *Doing Business* ranking (out of 190 countries): **116**

EIU country risk rating (E = most risky): **C**

KAMPALA	PRIME RENTS	PRIME YIELDS
OFFICE	US$14/sq m/month	10.0%
RETAIL	US$23/sq m/month	13.0%
INDUSTRIAL	US$5/sq m/month	13.0%
RESIDENTIAL*	US$ 3,500/month	8.0%

*Four-bedroom executive house – prime location

241,038sq km TOTAL AREA

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The office market saw a shift in preference to Kololo from the traditional hub of Nakasero. This was attributed to less traffic congestion and better security as well as proximity to prime residential suburbs. The services sector continued to dominate office space demand in 2019 with increased tenant preference for Grade A offices driving growth in the sector. The move by various government agencies as well as a few multinationals into their own premises is forecast to result in increased vacancy rates in prime office spaces. This, coupled with increasing supply, is set to lead to a decline in attainable rents. Another recent trend is the increase in development of co-working spaces as a result of the surge in start-up companies in Kampala.

Retail market

The retail sector continues to experience an increase in demand as a result of the rising population and subsequent growth in the middle class leading to increased consumer spending. Increased transactions were recorded in the sector through the sale of Metroplex Mall in Naalya to Gateway Delta, a Mauritius-based development company. International retailers continued to dominate across the various retail malls with Carrefour among the recent entrants into the market.

There is however an underlying level of uncertainty in the sector due to the possible negative effect of increased import duties on a range of products particularly processed foods, which could dampen the potential growth of retail sales as the associated costs will be passed on to the consumer.

Industrial market

Industrial sector demand continued to be registered in the traditional industrial areas close to the CBD. This was primarily driven by e-commerce and logistics as well as automobile firms. Leasing activities in the sector recorded 9% year-on-year growth compared with previous years. Demand for Grade A warehouses continued to rise as a result of increased demand for greater sophistication by tenants. Warehouse rents averaged US$5 per sq m.

Residential market

The residential market witnessed a slight drop in demand for prime residential properties in Kampala over the past year with a subsequent decline in prime residential prices. This was a result of the decline in foreign direct investment particularly in the oil and gas sectors. leading to a reduction in the number of consultants and expatriates. Prime residential prices declined against the backdrop of reduced demand as well as oversupply in the sector. Demand persisted for affordable housing projects over the past two years as evidenced by high occupancy levels and increased transactions throughout the year.

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ZAMBIA

Population

17.9m OVERALL | **2.2**m LUSAKA | **0.5**m NDOLA | **0.6**m KITWE

Official language: English
Currency: Zambian kwacha (ZMK) *US$1=ZMK14.44*

2.0% **GDP growth**

Copper **Key export**

World Bank *Doing Business* ranking (out of 190 countries): 85

EIU country risk rating (E = most risky): C

LUSAKA	PRIME RENTS	PRIME YIELDS
OFFICE	US$19/sq m/month	10.0%
RETAIL	US$25/sq m/month	9.5%
INDUSTRIAL	US$5/sq m/month	13.0%
RESIDENTIAL*	US$3,000/month	9.0%

*Four-bedroom executive house – prime location

752,618sq km **TOTAL AREA**

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

The office market has grown over the last decade to accommodate the increase in growth in the commercial sector, although an occupancy slowdown has been observed as the market strives to achieve a balance. Office rents have decreased due to the combination of an oversupply of new space coupled with subdued demand from international and local corporate occupiers.

The city continues to develop outwards as a result of infrastructure projects and decongestion plans such as the Link Zambia 8,000 Project and the Lusaka Decongestion Project. This has resulted in the emergence of new office nodes. New Grade A developments in the market include the ZEP-RE Business Park with space for lease as well as units for sale – a first in the Zambian market.

Retail market

The retail sector has seen significant growth over the past five years with retail stock now totalling approximately 425,000 sq m as at the end of 2019. The recent sale of Manda Hill Shopping Centre to Investec/Growthpoint Fund in July 2019 provides a good example of increasing investor interest in the retail industry. Similar projects are now being considered for provincial towns such as Mkushi, Mazabuka and Kasama, with significant potential for returns. Household income however, continues to erode due to rising inflation significantly impacting consumer spending. The consequent local currency devaluation is also denting occupier confidence.

Industrial market

The logistics and industrial sector is currently over-supplied, with current existing stock standing at approximately 75,000 sq m. This has resulted in downward pressure on rents. Recent development trends have involved the conversion of former farm land into light industrial property and the construction of more sophisticated warehousing such as the circa US$200 million York Commercial Park, which aims to address the shortage of grade A warehousing in the market. The current economic downturn has however led to a general slowdown in terms of space taken up.

Residential market

The residential market continues to be dominated by self-build projects as a result of high interest rates that have made home ownership unaffordable. There is currently a high vacancy rate in the prime residential apartment segment while the mainstream sector remains active. There has been greater demand for leasing, largely driven by home buyers who are waiting for their own self-build projects to come to fruition. An increase in the supply of residential units into the market together with slower demand has led to a softening of both prices and rents.

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ZIMBABWE

Population

15.8m OVERALL | **1.5**m HARARE | **0.7**m BULAWAYO

Official language: 16 official languages
Currency: Zimbabwe dollar (ZWL$) *US$1=ZWL361.9*

-3.9% **GDP growth**

Gold **Key export**

World Bank *Doing Business* ranking (out of 190 countries): 140

EIU country risk rating (E = most risky): D

HARARE	PRIME RENTS	PRIME YIELDS
OFFICE	US$9/sq m/month	8.0%
RETAIL	US$20/sq m/month	7.0%
INDUSTRIAL	US$3/sq m/month	11.0%
RESIDENTIAL*	US$2,000/month	8.0%

*Four-bedroom executive house – prime location

390,757sq km **TOTAL AREA**

Sources: World Bank, Oxford Economics, UN, Knight Frank Research

Office market

Zimbabwe's property market remains in limbo due to the volatile market situation. The introduction of Statutory Instrument 142 of 2019 which abolished the multi-currency system has resulted in the devaluation of rentals and capital values in US$ terms. Landlords are seeking to convert rents previously pegged to the US$ to local currency on the basis of interbank exchange rates. These efforts have achieved varying levels of successes and we expect it will take some time to find a sustainable level for ZWL$ rentals.

Defaults in the office sector have increased significantly with demand declining due to the underperforming economy. The lack of take-up from new international and local businesses has severely affected demand. The past two years have seen vacancy rates average between 100% and 80% in the majority of buildings. Offices in the CBD have seen a further increase in vacancy rates and a decline in rents owing to the deteriorating inner city environment. Despite weakening market conditions, new developments such as the Smatsatsa Office Park in Harare and Imara's Office Park on Sam Nujoma Street Extension, were recently added into the market.

Retail market

The retail leasing sector is still active although there is a creeping increase in the level of defaults. Informal trade in the form of street retail continues to dominate formal retail, although this dominance is threatened by the increasing riots resulting in heavy police patrols. Limited development has been witnessed in the sector, with the Eastgate SME Centre the only project to be completed in Harare, delivering approximately 12,000 sq m of retail space. The Sawanga Shopping Mall has recently been commissioned in Victoria Falls.

Industrial market

Zimbabwe's industrial sector continues to decline with some manufacturing companies either shutting operations or consolidating. Lack of credit, high interest rates, competition from cheap imports and obsolete production equipment have negatively impacted the manufacturing sector resulting in high vacancy rates and voluntary surrender of space.

Residential market

The residential market recorded a surge in demand that was not matched by supply. This was largely attributed to the move by many residents to convert their Real Time Gross Settlement values into tangible assets. In most cases, incomes could not support the resultant repayments due to the high interest rates, while sellers continued to demand payment in US$, despite the currency being in short supply. Overall, there continue to be limited speculative housing schemes taking place due to high construction costs resulting in unaffordability for a majority of occupiers. The northern suburbs, however, recorded an upsurge in the number of cluster house developments.

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RENTS SUMMARY

	OFFICES (US$/sq m/month)	RETAIL (US$/sq m/month)	INDUSTRIAL (US$/sq m/month)	RESIDENTIAL (US$/sq m/month)
Abidjan	27.5	25	9	5,000
Abuja	33	58	12	6,500
Accra	34	70	9	5,000
Addis Ababa	17	13	4	3,500
Algiers	27	33	10	12,500
Antananarivo	11	17	5.5	2,500
Bamako	20	20	3.5	2,000
Blantyre	8	16	5	2,000
Cairo	30	60	5	4,500
Cape Town	17.5	48.2	5.5	5,250
Casablanca	20	25	5.5	5,000
Dakar	20	23.5	6.7	3,350
Dar es Salaam	17	16	5	4,500
Douala	30	42	3.6	3,370
Gaborone	12.35	23.75	8.5	1,710
Harare	9	20	3	2,000
Johannesburg	17.5	48.2	5.5	4,400
Kampala	14	23	5	3,500
Kigali	16	18.65	6	3,000
Kinshasa	30	30	10	10,000
Lagos	67	83	10	6,000
Libreville	20	25	8	4,000
Lilongwe	11	20	6	2,500
Luanda	55	80	12	9,000
Lusaka	19	25	5	3,000
Malabo	30	30	10	6,000
Maputo	30	28	7.5	6,500
Nairobi	15	42	6	4,000
N'Djamena	27	20	3.5	6,700
Nouakchott	16	8	4	5,000
Port Louis	22	35	7	3,750
Tunis	12	26	6	3,800
Windhoek	13.5	30	5	2,900
Yaounde	21	33	2	4,200

Source: Knight Frank Research

THE AFRICA REPORT 2020/21

OUT OF AFRICA

It would be difficult to find somebody with as much experience of Africa's real estate markets as Peter Welborn, the outgoing Chairman of Knight Frank's Africa network. We asked Peter to share some of the memories and insight from his five-decade career as he hands over the reins to James Lewis

What first took you to Africa?

Having joined Knight Frank on the graduate scheme in 1976, I was asked in 1978 if I would spend six months in Nigeria helping the local property management team organise their business plan to complete, operate and manage a fully serviced, 123-flat complex in Lagos. The challenges and opportunities in west and north Africa persuaded me to stay for the next ten years and I've been visiting the continent regularly ever since.

How many African countries have you visited during your career?

43 out of 54!

You must have had some adventures. Are there any that particularly stick in your mind?

Working with global corporates and sovereign governments across the Africa continent for 40 years, has provided me with a lifetime of business and professional adventures and challenges. From the largest palm oil plantation in the world in Cameroon to a mixed use pan-Africa portfolio covering 17 countries, both linking in the global clients' worldwide property portfolio as well as their funding bankers and equity providers.

During the years you've been visiting Africa, what are the biggest changes that you've seen?

Communication through the mobile network and the laptop have without doubt ensured that many African countries have been able to jump a stage in their development by bypassing the need for extensive land lines. "In the palm" communication is a real godsend on the continent!

What was the most exciting or interesting property deal you've been involved with?

The pan-Africa equity raise and associated global roadshow enabling our client to successfully expand their footprint across the continent. We also won a global mandate from the client based on that success in Africa.

As we start a new decade, what do you see as the most exciting real estate opportunities in Africa?

First, it must be the development of logistics coupled with the expansion of both coastal and inland port facilities. Second, student housing and then senior living.

What would be your best piece of advice to potential investors looking at Africa?

Make sure your joint venture partner has an agenda that truly mirrors your own.

Will you still be a regular visitor to the continent now you've retired?

Retire? I am not retiring, I will still be working as a consultant. Existing Knight Frank client relationships and the project management of their projects on the continent will ensure a 24/7/365 approach to life still burns very brightly. Client relationships are everything!

PETER WELBORN, CHAIRMAN, KNIGHT FRANK AFRICA

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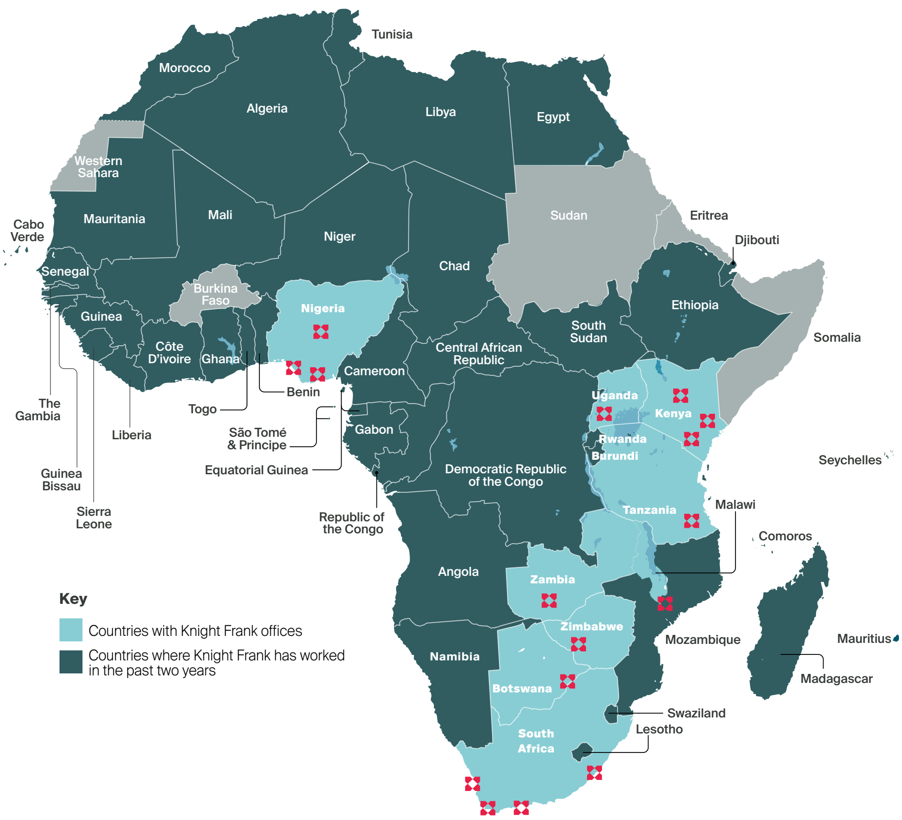
KNIGHT FRANK IN AFRICA

Full consultancy and valuation services provided across 49 of the 54 African countries



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