RESEARCH

Knight Frank

AFRICA REPORT 2013

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Knight Frank was established in London in 1896 and has been operating in Africa since 1965 when it began assisting Paterson Zochonis Industries with their assets in West Africa, and in Nigeria in particular. The firm's African network has grown substantially since then, with 21 offices now operating in nine countries across the continent. Between them these offices directly employ over 350 people, rising to approaching 600 indirectly. No other firm has this level of representation in Africa, placing Knight Frank in a unique position to provide unparalleled advice and services on this continent of great challenge and opportunity.

Over the last five years Knight Frank has done business in excess of 50 countries in Africa and continues to receive enquiries from new and existing clients, as well as competitors located elsewhere in the world, for information and assistance on the continent. Although the core of the firm's work has been in the cities where it is located, Knight Frank's extensive network and experience in Africa has enabled it to carry out site searches for embassies, offices, retail, industrial and residential property developments, and undertake valuations for a wide spectrum of clients in locations where the experience of Knight Frank's staff can provide confidence in their responses. From the conception of an idea, through finding developers, funding, end-use and the provision of ongoing management services, Knight Frank have been involved in some of the largest projects embarked upon in Africa in recent years.

The Knight Frank global network presently extends to 433 offices in 49 countries, employing in excess of 11,000 personnel covering both the commercial and residential sectors.

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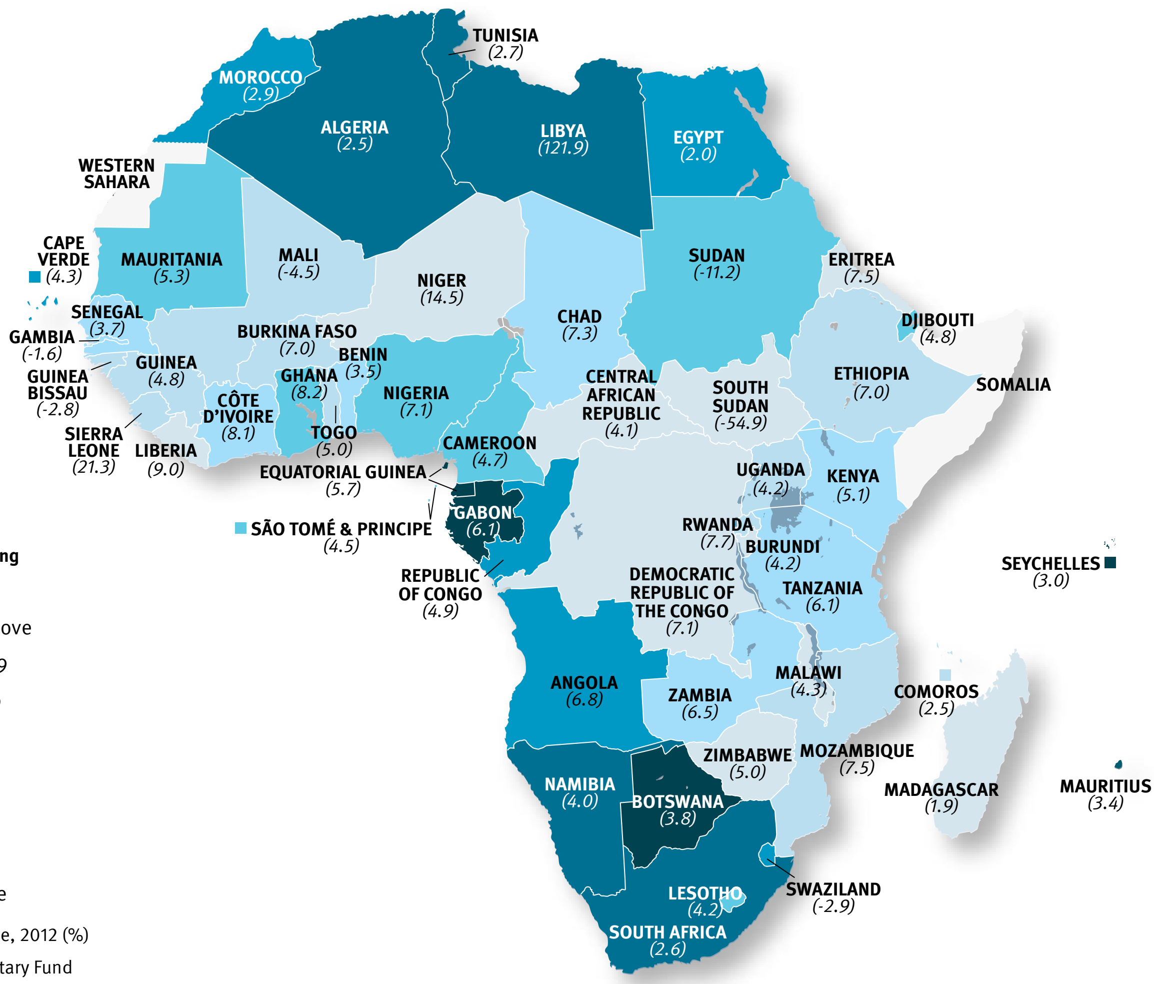
THE ASCENT OF AFRICA

African economies have grown impressively since the turn of the millennium. A continent that has long been associated with poverty is now increasingly talked of in terms of its economic dynamism and burgeoning wealth. In 2000, The Economist notoriously labelled Africa as "the hopeless continent" but, just over a decade later, the magazine has published articles regretting this sobriquet, instead calling it "the hopeful continent" and writing of a boom in Sub-Saharan Africa as western investors "pile into" cities such as Lagos and Nairobi.

After averaging growth of less than 3% per annum during the 1980s and 1990s, Africa's GDP has risen by more than 5% per annum, on average, since 2000, outpacing most other global regions. During this period, countries such as Nigeria, Angola and Equatorial Guinea have been among the fastest growing economies in the world, each expanding by over 8% per annum. As a reflection of Africa's growing wealth, the World Bank now classifies 27 of Africa's 54 nations as either mid or high income countries, 12 more than was the case in 2000. Zambia and Ghana were both upgraded to mid income status in 2011.



KEY:
GDP per capita by purchasing power parity (PPP), 2012

- US$14,000 or above
- US$7,000-13,999
- US$4,000-6,999
- US$2,000-3,999
- US$1,500-1,999
- US1,000-1,499
- Below US$1,000
- No data available

(0.0) = GDP growth estimate, 2012 (%)

Source: International Monetary Fund

Africa's growth over the last decade has, to a large extent, been driven by rising commodity prices. Most notably, the oil producing nations of West Africa have benefitted greatly from soaring oil prices, while growth in Zambia has been boosted by its copper industry, which accounts for around 75% of the country's export earnings. However, the commodity boom has not been the sole engine of Africa's growth, and countries with fewer natural resources, such as Rwanda and Ethiopia, have also grown strongly in recent years. Increased political stability, reduced trade barriers and improved governance have all been important factors aiding growth in many countries.

The International Monetary Fund expects Africa's growth story to continue, forecasting annual GDP growth of 5-6% over the next five years. This should not, however, disguise the fact that Africa still only accounts for about 4% of global GDP and that living standards remain low in much of the continent. Africa is not a single entity; it is a collection of diverse countries and economies, some of which remain amongst the poorest in the world. Even within the wealthier countries, there are huge income disparities. Nonetheless, there is a growing optimism that, in the words of the World Bank, "Africa could be on the brink of an economic take-off, much like China was 30 years ago".

Growing consumer markets

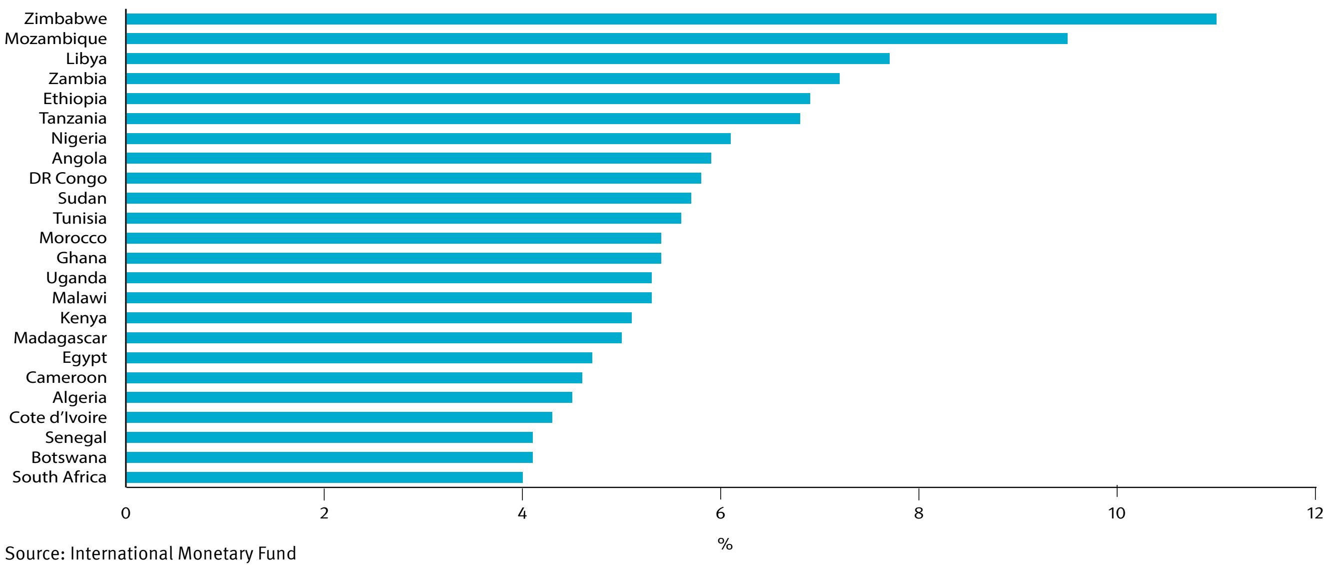
The growing urbanisation of Africa has aided economic growth, as by bringing large numbers of people close together, it helps to create more efficient labour markets and bigger customer bases, and reduces transport costs. According to UN-HABITAT data, the proportion of Africans living in urban areas grew from 32% in 1990 to 40% in 2010, and is expected to rise to 47% by 2025. Many of the largest cities in Africa are growing rapidly; Nairobi, Kinshasa and Dar es Salaam, for example, are expected to see population growth of over 70% by 2025. Africa's mega-cities, which include Lagos, Cairo, Luanda and Johannesburg, are increasingly the engines of its economic growth.

Africa's city dwellers generally earn more and spend more than their rural counterparts, and the urban middle class is growing across much of the continent. This is helping to create dynamic consumer markets and attracting overseas investors. A recent survey by the Economist Intelligence Unit found that institutional investors now regard the emergence of Africa's middle class and its growing consumerism as the most attractive aspect of investing in Africa, rather than its commodities.

African retail markets are developing as the demand for consumer goods grows. Several very large modern shopping malls have been opened in North African countries in recent years, such as the Mall of Arabia in Cairo (180,000 sq m GLA) and Morocco Mall in Casablanca (70,000 sq m GLA). In Sub-Saharan Africa, the most well developed and sophisticated retail market by far is South Africa, with numerous large shopping centres across the country. Elsewhere, there are many countries where modern shopping malls are a relatively new phenomenon; The Palms in Lekki, Lagos, regarded as Nigeria's first modern shopping centre, was opened in 2006, while Accra Mall, the first of its type in Ghana, opened in 2008.

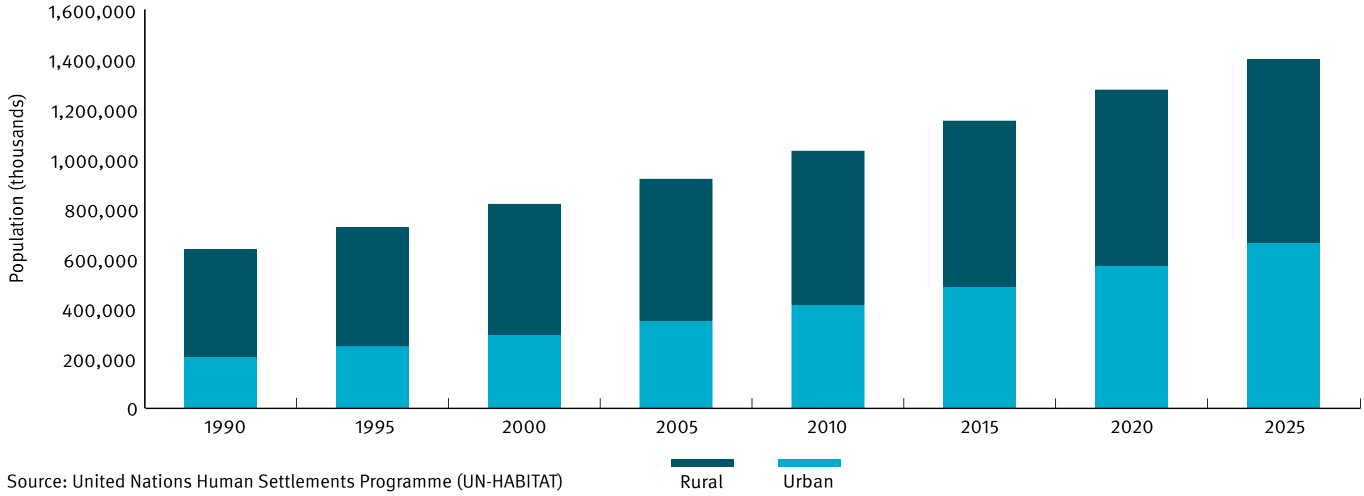
Nigeria and Ghana, along with other Sub-Saharan countries including Kenya, Angola and Zambia, have all seen additional shopping centres either completed or commenced in recent years, although their scale is generally smaller than the mega-malls of South Africa and Northern Africa. The construction of further, and larger, shopping centres can be expected, as developers seek to meet the demand for high quality retail space from increased numbers of international retailers entering Sub-Saharan markets and major South African chains such as Shoprite and Pick n Pay pursuing expansion plans in the rest of Africa. Development activity is, however, likely to be concentrated on the biggest and wealthiest cities. In smaller African cities and less well-off countries, small-scale local trading may continue to be the dominant form of retail activity.

Figure 1
GDP growth forecasts, 2013-17, average growth pa



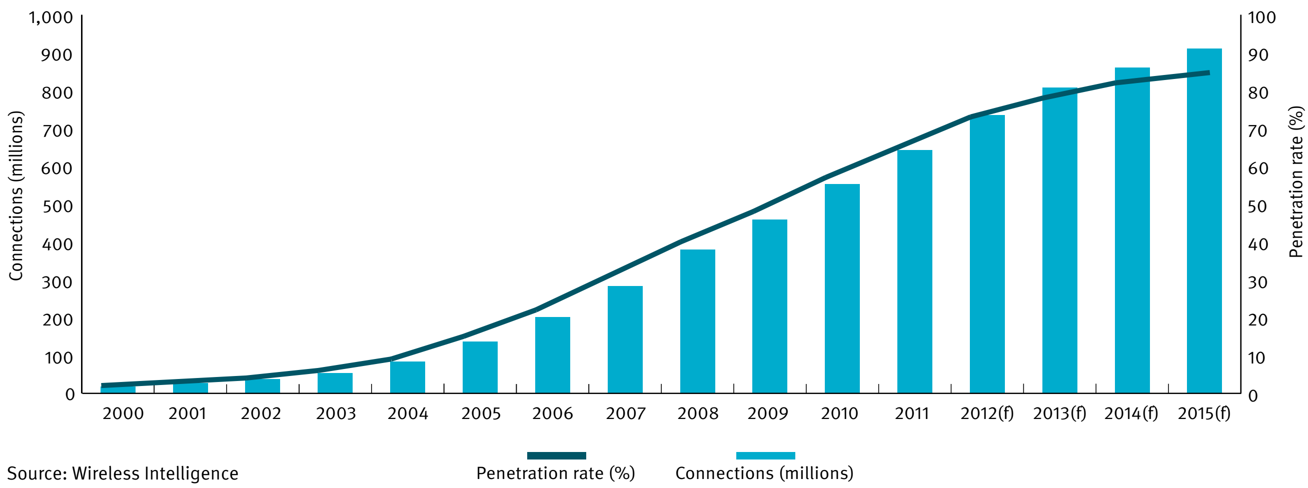
Source: International Monetary Fund

Figure 2
Africa population growth forecasts



Source: United Nations Human Settlements Programme (UN-HABITAT)

Figure 3
Mobile connections in Africa



Source: Wireless Intelligence

A technological revolution

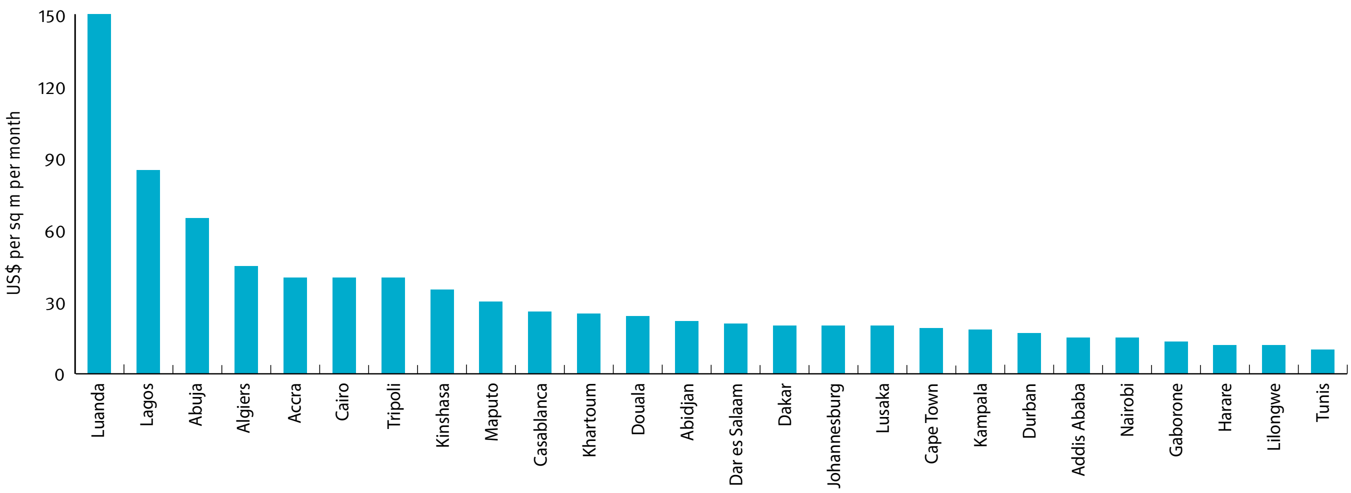
A significant, and largely unforeseen, factor behind Africa's recent success has been the role of technology, particularly mobile communications. According to Wireless Intelligence data, the number of cellular connections in Africa has risen from just 17 million in 2000 to over 700 million in 2012. This means that, in the space of 12 years, the mobile penetration rate has jumped from 2% to around 70%. Africa is now the world's fastest growing mobile market, and has more cellular connections than Western Europe, North America or Latin America.

Africa's mobile revolution is acting as a catalyst for economic growth and opening up access to information and services that were previously unavailable to large sections of the population. Fixed line infrastructures remain very poor in many countries, but mobile technology is cheaper to implement and has leapfrogged fixed line technology in much of Africa; in Côte d'Ivoire, for example, mobile penetration has reached 95%, but fixed line penetration remains at just 1%.

A striking example of how mobile technology is uniquely shaping economic and social activity in Africa is the phenomenal growth of mobile banking. One of Africa's greatest business success stories in recent years has been M-Pesa, a mobile banking service launched in Kenya in 2007 that allows users to pay bills and transfer, deposit or withdraw cash using their mobile phones. In the space of five years, the service has gained 15 million customers in Kenya and, according to some reports, as much as a third of the country's GDP passes through the system. Similar services have been launched in countries including Tanzania, Uganda, Nigeria and South Africa, and are providing many Africans who were previously without bank accounts with an entry point to the banking system.

Figure 4

Prime office rents



Source: Knight Frank Research

The growth of Africa's technology sector is creating demand for office space, from occupiers including large multinational IT companies such as IBM and Oracle, as well as African telecom giants including MTN and Kenya's Safaricom. Smaller start-up companies have been supported by the establishment of dozens of innovation centres and technology incubators over the last three years, such as iHub in Nairobi, Hive Colab in Kampala and ActivSpaces in Buea, Cameroon. These hubs provide collaborative work spaces for entrepreneurs and investors and are at the heart of Africa's emerging technology clusters, which include those in Nairobi, Lagos and Cape Town, known respectively as "Silicon Savannah", "Silicon Lagoon" and "Silicon Cape".

Kenya is at the forefront of Africa's technology boom and its ambitions to establish itself as a global centre for the tech sector are encapsulated by Konza Technology City, a US$10 billion project marketed by the Kenyan government's ICT Board, which is planned for construction over the next 20 years on a 2,000 hectare site, 60 km south east of Nairobi. The project is directly modelled on California's Silicon Valley and is designed to include a technology park, university campus, science park and central business district, alongside residential properties.

Demand outstrips supply in key property markets

While the technology sector is an emerging source of office demand, multinational companies from the banking sector and firms related to the oil and gas industry remain key drivers of activity in some of Africa's most dynamic office markets. In Luanda and Lagos, particularly, the strength of demand from these sectors, combined with a severe lack of high quality office space suited to the requirements of international occupiers, creates some of the highest office rents in the world. Prime office rents in Luanda are currently US$150 per sq m per month, higher than in London, Hong Kong or New York, while prime rents in Lagos are US$85 per sq m per month.

Both Luanda and Lagos are witnessing considerable office development activity, and the recent delivery of new buildings, combined with a slight easing of demand from international occupiers throughout the global economic downturn, has helped to cool the rapid rental growth which was at its strongest during the 2007-2009 period. Nonetheless, the supply of good quality office space remains highly constrained and is unlikely to be sufficient to satisfy demand for some time. While Luanda and Lagos are extreme cases, high quality office space built to the specifications expected by international companies is scarce in many other African cities, and there are limited choices of quality space available for tenants looking to enter markets such as Lusaka and Dar es Salaam.

Nairobi

Luanda is not just expensive for office occupiers; according to Mercer's Cost of Living survey it is the second most costly city in the world for expatriates, behind only Tokyo. Other African cities such as N'Djamena, Khartoum and Kinshasa are also ranked by Mercer as being expensive to live in by global standards. This reflects the scarcity of good quality secure accommodation for expatriates in these cities and the high cost of imported goods, with poor transport and utilities infrastructures adding to the costs of getting goods onto shop shelves.

China leading inward investment

Foreign direct investment (FDI) into Africa has grown considerably over the last decade, although the continent continues to see a relatively small share of global FDI activity. According to UNCTAD data, FDI into Africa amounted to US$42.7 billion in 2011, more than four times the level in 2000, but still only about 3% of global FDI inflows. The largest volumes of inward FDI are generally found in oil-producing countries, with Nigeria, South Africa, Ghana, the Republic of Congo and Algeria being the biggest recipients of investment in 2011. FDI into North Africa declined considerably in 2011, particularly in Egypt and Libya as a result of the Arab Spring, but a significant pick-up in activity was noted by UNCTAD in H1 2012.

The growth of Chinese investment in, and trade with, Africa has attracted particular attention over the last decade. China has become Africa's biggest trade partner, with bilateral trade growing from US$10.6 billion in 2000 to US$166 billion in 2011. Chinese investors have been drawn to the continent by a desire to access its vast natural resources, and to move manufacturing offshore to countries where wages and production costs are lower than in China.

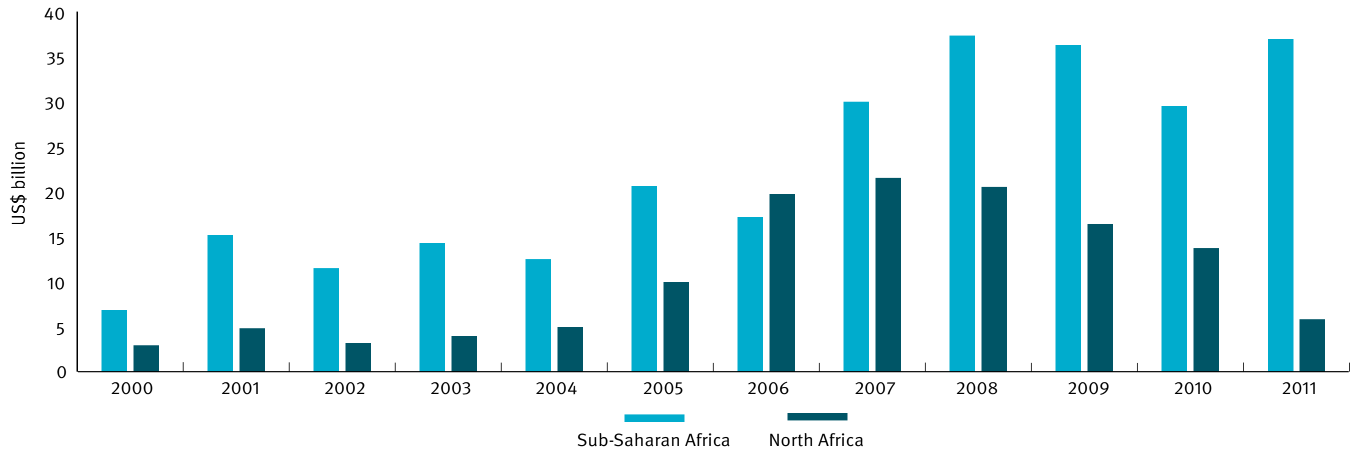
A high profile example of this is Huajian, one of China's biggest shoe manufacturers, which has invested heavily in Ethiopia, and currently employs over 500 people at an industrial park outside Addis Ababa, with ambitious plans for further expansion. China has also been greatly involved in infrastructure projects including the construction of roads, hospitals and railways, particularly in countries such as Nigeria, Angola and the Democratic Republic of Congo, where deals have been done that see China gain access to natural resources in exchange for infrastructure developments.

Chinese construction firms have been increasingly involved in landmark building projects in Africa. In August 2012, the China Civil Engineering Construction Corporation beat two other shortlisted Chinese companies to win a tender to build the second phase of the 25-storey Pension Towers in Kampala, which will be Uganda's tallest building. Symbolic of China's new relationship with Africa, a headquarters building for the African Union was completed in Addis Ababa in early 2012, entirely funded by a gift of US$200 million from the Chinese authorities.

China's growing influence in Africa has not been universally welcomed and criticisms have been made of Chinese firms' business practices and labour relations. In Zambia, for example, tensions between Chinese copper mine owners and their local workforces have led to incidents of industrial unrest. Notwithstanding this, Chinese investment is likely to have a huge, and broadly positive, influence, on African economies over the next decade. It should be noted that China has recognised the potential of Africa and has attempted to tap into it with greater alacrity than most investors from the west.

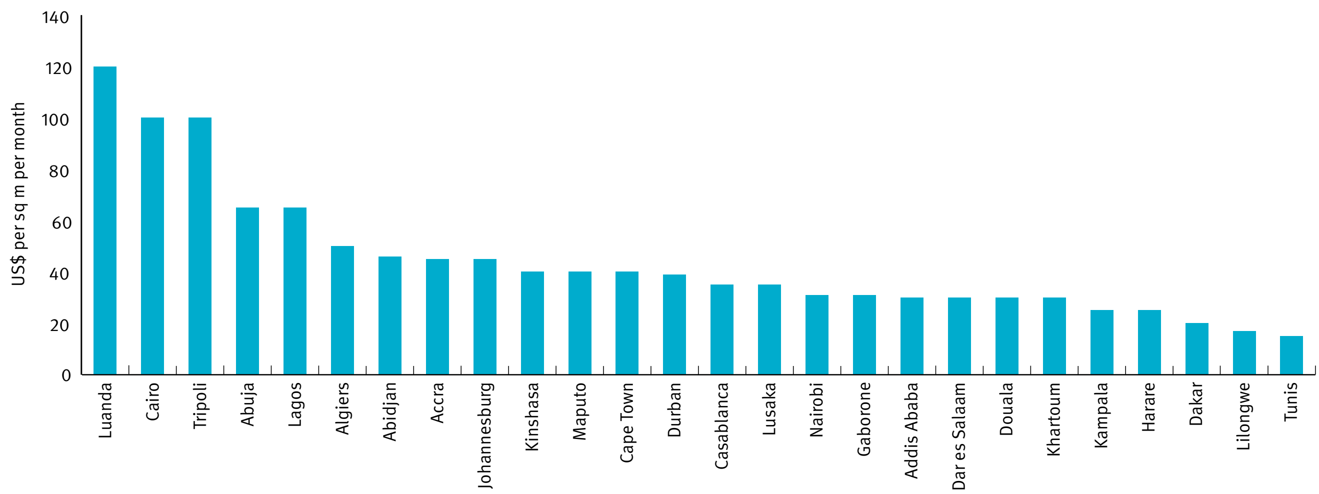

Cape Town

Figure 5
Foreign direct investment inflows to Africa



Source: United Nations Conference on Trade and Development (UNCTAD)

Figure 6
Prime retail rents



Source: Knight Frank Research

Investment in property set to grow

Although Africa is receiving increased investment from overseas, there remains limited activity involving international investors in the property sector. The continent's largest and most mature property investment market is, by some distance, South Africa, where over US$800 million of commercial property transactions were completed during 2012, according to Real Capital Analytics data. Domestic funds dominate the South African market, with investors such as Dipula and Vukile being among the most active buyers in 2012.

Outside of South Africa, property investment markets remain small and opaque, although there is evidence of increased demand for property from South African funds looking to gain exposure to markets elsewhere in Sub-Saharan Africa. This is demonstrated by the sale of the UK-based investor Actis's 85% stake in Accra Mall in 2012, to the South African investors Atterbury and Sanlam. Both Atterbury and Sanlam are planning further property investments outside of South Africa, while RMB Westport, affiliated to the Johannesburg-based Rand Merchant Bank, is also active in the region, having completed the raising of US$250 million for its Real Estate Development Fund in 2012, which will principally focus on the development of office and retail projects in Ghana, Nigeria and Angola.

Actis and the Russia-based Renaissance Group are the best known of a small number of emerging market specialists from outside Africa that are actively developing and investing in property in the continent. Since closing its first real estate fund in 2006, Actis has been involved in the development of ten projects in five countries, including The Junction shopping centre in Nairobi and The Palms mall in Lekki, Lagos. In late 2012, Actis confirmed that it had raised US$278 million for its second African fund, Actis Africa Real Estate 2, which will invest in retail and office developments in East, West and Southern Africa, excluding South Africa, with cities such as Accra, Lagos, Abuja, Nairobi and Kampala identified as possible investment targets.

Renaissance is involved in five large-scale urban projects in Africa, including Tatu City, outside Nairobi, designed to house 70,000 people and Appolonia – City of Light, in Accra, planned to accommodate 88,000 residents. These projects are among a wave of ambitious satellite towns that are either under construction or planned by private property developers on the outskirts of existing large cities. Other examples include the Eko Atlantic project on Victoria Island in Lagos and La Cité du Fleuve in Kinshasa.

These projects partly follow the precedent of Sandton, on the northern edge of Johannesburg, which saw a boom in property development beginning in the mid-1980s and is now established as Johannesburg's premier financial district, rather than the traditional CBD. The overcrowded, poorly planned nature of many African city centres has encouraged developers to pursue independent urban projects in new locations. However, most of the current batch of new urban developments are still at very early stages, some have already experienced delays to their construction, and it remains to be seen how many of them will be fully realised.

A bright future, but challenges remain

The long-term growth outlook for Africa appears bright. With a large and growing, young and increasingly wealthy population, Africa has a demographic advantage that few other parts of the world will be able to match over the coming decades. The rise of non-traditional economic sectors, such as the telecoms industry, and the growth of service industries supporting the expanding middle class, should help African economies to diversify and become less dependent on commodities, aiding their long-term development.

Africa's economic growth and emerging consumer markets should continue to attract rising numbers of investors to the continent, although the appeal of African countries to investors will vary. As Africa's largest and most mature economy, South Africa should remain attractive as an entry point into the continent, but its economic growth forecasts are less compelling than those of other countries. While they are small markets, low-risk, mid-income countries like Botswana, Namibia and Mauritius will also continue to appeal as relatively safe places in which to do business. It is, however, the large and rapidly emerging economies of Sub-Saharan Africa and, in particular, fast-growing cities such as Lagos, Luanda and Nairobi that are likely to be increasingly the hotspots for investors. Cities in poorer, less populous, countries, like the Central African Republic, may get left behind in the rush to invest in Africa's more attractive economies.

Many African countries remain challenging places in which to do business. A large number of African nations are clustered towards the bottom of the World Bank's Doing Business ranking, which scores the regulatory environment in 185 global economies. Only three African countries, Mauritius, South Africa and Tunisia, make it into the World Bank's global top 50. While significant regulatory improvements have been made in many countries, with the World Bank acknowledging the progress made by countries including Rwanda and Ghana since the publication of its first ranking in 2005, tasks such as starting a business and registering property remain difficult and time consuming in many countries.

Overseas investors and companies thus need to understand the commercial environment of each individual country in Africa in which they do business. Local knowledge is particularly crucial to property developers, whose projects need to be well located, and designed and scaled appropriately to suit market demand. For those able to navigate their way through African property markets, there is the promise of high returns and growth potential. Demand for high quality office, retail and residential space in Africa's key cities should continue to rise as its economies grow and diversify.

Dar es Salaam

Table 1
Ease of doing business rankings – top 20 African countries

Africa Rank (out of 51)	Global Rank (out of 185)	Country
1	19	Mauritius
2	39	South Africa
3	50	Tunisia
4	52	Rwanda
5	59	Botswana
6	64	Ghana
7	74	Seychelles
8	87	Namibia
9	94	Zambia
10	97	Morocco
11	109	Egypt
12	120	Uganda
13	121	Kenya
14	122	Cape Verde
15	123	Swaziland
16	127	Ethiopia
17	131	Nigeria
18	143	Tanzania
19	136	Lesotho
20	140	Sierra Leone

Source: World Bank, Doing Business 2013

ALGERIA

Office market

There is a trend towards better quality modern stock which, in combination with improving demand, should maintain rents at their current levels, despite the significant increase in supply in recent years. However, there is a shortage of good quality offices with sufficiently large floor plates to cater for big corporate requirements. While there are significant local landlords, owner-occupation is a common route for international companies. Examples include Natixis and CMA CGM, who have built good quality offices in the Bab Ezzouar district close to the airport. Grade A office rents can be up to €35 (c.US45) per sq m per month, including service charge.

Retail market

The retail market is generally less mature than the office sector. In 2009, Carrefour withdrew from the country, believing that the market was not then ready for large-scale retail. However, SCCA has proved that large-scale retail development can work with the building of a shopping centre in Bab Ezzouar, which is anchored by a Cevital supermarket. SCCA are reportedly investing €80 million (c.US$105 million) in developing malls in Oran and Constantine. Having opened in 2012, the 34,000 sq m Medina Center competes with the Centre Commercial Bab Ezzouar. While the latter is a multi-storey centre, Medina Center is a single storey scheme and makes use of its sea front location.

Industrial market

Industry remains concentrated around Algiers and Oran. Hydrocarbon-related processing plants dominate, while cement factories, carpet mills and chemical plants are also prominent. Industrial activity still accounts for around 60% of Algeria's GDP and a number of European manufacturers have established operations in the country. Renault, for example, has undertaken a joint venture with the government, with the aim of producing 150,000 units by 2017. Renault is also seeking to prevent competitors such as Volkswagen from entering the market for the next five years. Industrial stock generally comprises older general purpose warehousing, with still relatively few modern high-bay logistics buildings.

Residential market

The residential market is currently subdued, with prices estimated to be 30-50% below their 2007 peak. Housing in Algiers is generally of a high standard, with a large proportion of the population living in government-built apartments. There are modern, well-built villas and apartments to the west and east of the old town of Algiers, situated in secure communities along the bay. Hydra remains the prime ex-pat and diplomatic area of the city. Future development activity in Algeria is likely to be focused on the lower-mid income market, which is currently undersupplied.

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Key facts

Population	37.4 million
Major cities: Algiers Oran Constantine	 1.5 million 1.2 million 0.9 million
Official languages	Arabic
Total area	2,381,741 sq km
GDP growth (2012)	2.5%
Key industries	Petroleum, natural gas, light industries, mining, electrical, petrochemical, food processing
Currency	Algerian Dinar (DZD)
Trade association membership	Arab Maghreb Union

Algiers prime rents and yields

	Prime rents	Prime yields
Offices	US$45 per sq m per month	10%
Retail	US$50 per sq m per month	9%
Industrial	US$9 per sq m per month	12%
Residential	US$3,500 per month*	8%

Source: Knight Frank LLP
*4 bedroom executive house – prime location

Centre Commercial Bab Ezzouar, Algiers

KnightFrank.com

ANGOLA

Key facts

Population	18.1 million
Major cities: Luanda Huambo	 5.9 million 0.8 million
Official languages	Portuguese
Total area	1,246,700 sq km
GDP growth (2012)	6.8%
Key industries	Petroleum, diamonds, iron ore, fish and food processing, textiles, sugar
Currency	Kwanza (AOA)
Trade association membership	Southern African Development Community, Economic Community of Central African States

Luanda prime rents and yields

	Prime rents	Prime yields
Offices	US$150 per sq m per month	9%
Retail	US$120 per sq m per month	10%
Industrial	US$15 per sq m per month	12%
Residential	US$15,000 per month*	7%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Sonangol Headquarters, Luanda

Office market

Angola has suffered from a lack of infrastructure due to the protracted civil war which only ended in 2002. Since then, the government has opened up to investment in the oil and diamond industries and steady improvements have been made to the country's infrastructure. However, there is still considerable progress to be made and all office buildings in Luanda require back-up power generators and water purifiers. There is high demand for quality office space in Luanda led primarily by oil companies and banks, but a severe shortage of supply, and occupation costs are among the highest in the world. Recent construction completions have, however, eased some of the pressure and rents have fallen over the last year. The main commercial areas are the Ingombata and Baixa districts in the CBD, which are the preferred locations for oil companies, while secondary office areas include Maianga, Alvalade and Miramar. There has also been considerable development activity in the growing Talatona/ Luanda Sul area, which is considered the new prime commercial and residential district of Luanda.

Retail market

The retail sector is still relatively immature and there is a significant undersupply of high quality, modern retail space. The city's first major mall, Belas Shopping Centre in Talatona, opened in 2007 and is anchored by the South African retailer Shoprite which operates three supermarkets and five USave stores across the country. A number of retail schemes are in the pipeline, such as Luanda Shopping, part of the mixed-use Comandante Gika project in Alvalade, and Kinaxixi Shopping Centre in the Kinaxixi MXD Complex, although exact delivery dates remain unclear.

Industrial market

The industrial areas of Luanda are mainly located to the north of the city centre around the Sonils port. Other concentrations of industrial property are found to the east in Viana and to the south in Benfica. The Special Economic Zone (ZEE) at Viana, strategically located near to the planned international airport, was established in 2005 and is designed to ultimately accommodate 73 factories. There is strong demand for warehousing and manufacturing space due to the expansion of industries related to petroleum, diamonds, brewing, textiles and construction.

Residential market

Luanda's prime residential market is dominated by the ex-pat community and prices for villas and apartments are extremely high. However, a significant amount of new supply has come to the market over the last two years and prices have fallen accordingly. Prime property is located in central areas such as Miramar and Ingombata, as well as Talatona in the south which provides lower cost but high quality housing and is popular with ex-pat families due to its international school and shopping centre.

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BOTSWANA

Office market

The emergence of the new CBD in Gaborone is changing the entire dynamic of the office market. New developments delivering tens of thousands of square metres to the market within a relatively confined period were always likely to cause oversupply and the manifestation of this has been a crash in rental values for ageing secondary grade accommodation. Some buildings in the old heart of the capital have seen rental values fall by approximately 50% from their peak in 2010. In contrast, the take-up of new offices in the CBD has been strong with major corporate occupiers, small professional practices, parastatal organisations and public sector bodies all contributing to the mix of tenants and owner-occupiers.

Retail market

The growth of the retail sector has been very visible, especially in Gaborone, with the arrival of new shopping centres. The most notable of these are Airport Junction and Rail Park Mall in Gaborone, which have introduced some new retailers and food outlets to the country. Despite the delivery of new shopping centres, there is still a lack of diversity with little difference in the offering at each mall. However, occupancy in the main shopping centres remains high and demand from retailers for good quality centres across the country continues unabated.

Industrial market

Most industrial activity is in Gaborone, where inflated prime rents have been achieved in the past due to office occupiers utilising light industrial locations because of a lack of available offices. Zoning is now being more stringently applied, which in conjunction with an increased supply of offices, is changing the nature of the market. A small amount of construction of new space is being seen in locations within 10 km of the city centre and en route to the airport, mostly for owner-occupation.

Residential market

The residential market in Gaborone remains robust with prices rising both in terms of rentals and capital values. The expansion of the diamond industry has led to an influx of ex-pats coming into Gaborone and this has resulted in high demand for properties in the prime areas of the city, especially Extensions 9 and 11, The Village and the Phakalane Golf Estate. The high level of demand has opened up development opportunities and interest is also being observed in areas outside Gaborone such as the Lion Park, Mokolodi and Gaborone North, where plots are being sold at more affordable prices.

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Key facts

Population	2.1 million
Major cities: Gaborone Francistown	 0.2 million 0.1 million
Official languages	English
Total area	581,730 sq km
GDP growth (2012)	3.8%
Key industries	Diamond mining, minerals, tourism, textiles
Currency	Pula (BWP)
Trade association membership	Southern African Development Community, Southern African Customs Union

Gaborone prime rents and yields

	Prime rents	Prime yields
Offices	US$13.50 per sq m per month	8%
Retail	US$31 per sq m per month	8%
Industrial	US$6.75 per sq m per month	11%
Residential	US$2,000 per month*	9%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Exponential office building, Gaborone

Key facts

Population	20.2 million
Major cities:	
Douala	2.0 million
Yaoundé	1.8 million
Official languages	French, English
Total area	475,440 sq km
GDP growth (2012)	4.7%
Key industries	Petroleum, aluminum production, light consumer goods, food processing, textiles
Currency	Central African CFA Franc (XAF)
Trade association membership	Economic Community of Central African States, Economic and Monetary Community of Central Africa

Cameroon prime rents and yields

	Prime rents	Prime yields
Yaoundé		
Offices	US$16 per sq m per month	12%
Retail	US$20 per sq m per month	11%
Industrial	US$3 per sq m per month	16%
Residential	US$4,000 per month*	7%
Douala		
Offices	US$24 per sq m per month	11%
Retail	US$30 per sq m per month	11%
Industrial	US$4 per sq m per month	13%
Residential	US$3,000 per month*	7%

Source: Knight Frank LLP *4 bedroom executive house – prime location


Arc Building, Akwa, Douala

CAMEROON

Office market

The traditional commercial area of the capital Yaoundé is in the city centre, where there are the offices of national and regional banks, as well as government ministries, which are mainly in the Quartier du Lac. There is also a popular area to the north of Yaoundé at Bastos and towards Mont Fébé, where many embassies and the Palais de Congrès are located. In Douala, the office market is primarily focused on the areas of Akwa and Bonanjo, although Bonapriso is also becoming increasingly popular. Demand for office space in Yaoundé comes mainly from the diplomatic, government, utilities and banking sectors, with some international banks having a presence in the city including Citi and Standard Chartered. Douala is more of a corporate market, particularly for industrial businesses. Douala tends to be the entry point for international companies coming to the Cameroon market, followed by Yaoundé.

Retail market

The retail market is relatively undeveloped and international retailers have a minimal presence in Cameroon. There are numerous markets in Yaoundé, ranging from small-scale street trading to the large Mfoundi and Mokolo markets. In Douala, there is the Marché des Fleurs at Bonapriso and the Marché Central at New Bell. Bonapriso is the location of much of Douala's boutique shopping. There are a reasonable number of local supermarkets in both cities, including those run by the French Casino group, which took over the operations of Score in Yaoundé and Douala.

Industrial market

Douala is an important industrial centre and has one of West Africa's major ports, which services some of the landlocked countries of Central Africa in addition to the local market. Industrial property is generally located close to the port at Bonabéri, where there are major cement operations. Centre Industriel to the east of the city is mainly an automotive industry area, and also home to the country's biggest brewery, SABC. Yaoundé is a less important industrial location than Douala, being inland and without a port. It is more of a regional distribution centre than a manufacturing location, with goods passing through the city including coffee, cocoa, copra, sugar cane, timber and rubber.

Residential market

In Yaoundé, the prime residential areas for the ex-pat community are the Bastos and Golf districts, with Bastos also being the main embassy area. There is a reasonable supply of good quality apartments with rents generally around CFA 1,000,000 (c.US$2,000) per month, while rents for villas are around double this level. In Douala, the preferred locations are Bonapriso and Bonanjo. Residential development for ex-pats tends to be close to the centre of Douala as long commute times are not usually accepted in this market.

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CENTRAL AFRICAN REPUBLIC

Office market

While Bangui's economy is still largely "cash-only", with no credit cards being accepted and no ATMs, some banks and financial companies have entered the market, notably Ecobank and Allianz. Otherwise, the international corporate market is extremely thin and there is no stock to cater for it. Many of the NGOs and embassies operate out of large villas. Other than a small office building under construction along Boulevard du Général de Gaulle, there is currently little development activity. The Libyan government was building a large embassy on Avenue des Martyrs but construction has stopped.

Retail market

The retail sector is largely informal and there are markets throughout Bangui including the Marché Central in the city centre, and close to the port and at PK5 to the west of the city. The shopping provision aimed at ex-pats radiates from Point Zero (Place de la République), particularly along Avenue Boganda. There are some local supermarkets, mainly run by Lebanese businessmen, of which two of the biggest are Rayan and Corail.

Industrial market

Inevitably, industrial activity tends to be focused close to the port and along the river. The pattern is that development extends to the west and south, and not to the east where the water is shallow. There is no international manufacturing in Bangui. In the past, factories have been a target for looting during troubled times, while the massive UCATEX factory near the airport has been in an abandoned and looted condition for around a decade.

Residential market

The residential sector is relatively thin and there are few ex-pats in the Bangui market, save for those on postings with NGOs and embassies. It is generally classed as a "hardship" location. The best residential areas tend to be on the hill to the immediate north east of the city centre (Colline) and along the river to the east of Bangui in areas such as Ngaraba. The low to mid-income market is stronger and generally located on the exits of the city in areas such as PK12+.

Key facts

Population	5.1 million
Major cities: Bangui	0.6 million
Official languages	French, Sango
Total area	622,984 sq km
GDP growth (2012)	4.1%
Key industries	Gold and diamond mining, logging, brewing, textiles
Currency	Central African CFA Franc (XAF)
Trade association membership	Community of Sahel-Saharan States, Economic Community of Central African States, Economic and Monetary Community of Central Africa

Bangui prime rents and yields

	Prime rents	Prime yields
Offices	US$8 per sq m per month	15%
Retail	US$8 per sq m per month	15%
Industrial	US$2 per sq m per month	20%
Residential	US$3,000 per month*	10%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Libyan Hotel, Bangui

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Knight Frank

Key facts

Population	11.0 million
Major cities: N'Djamena	1.0 million
Official languages	French, Arabic
Total area	1,284,000 sq km
GDP growth (2012)	7.3%
Key industries	Oil, cotton textiles, meat packing, brewing, construction materials
Currency	Central African CFA Franc (XAF)
Trade association membership	Community of Sahel-Saharan States, Economic Community of Central African States, Economic and Monetary Community of Central Africa

N'Djamena prime rents and yields

	Prime rents	Prime yields
Offices	US$30 per sq m per month	12%
Retail	US$35 per sq m per month	10%
Industrial	US$6 per sq m per month	16%
Residential	US$4,000 per month*	8%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Central N'Djamena

CHAD

Office market

The oil industry is the main driver of economic activity in Chad. In addition to the continued development of the Doba oil fields in the south of the country by an ExxonMobil-led consortium, recent activity in this sector has included the inauguration of the Chinese-built Djarmaya refinery, 40 km north of the capital N'Djamena, while the Canadian company Griffiths Energy plans to start producing oil from the Badila and Managara fields in 2013. Despite the activities of international companies in Chad, the development of office space in N'Djamena has remained limited and much of the city's office accommodation is in outdated buildings. However, plans have been announced for a new government-backed "Cité internationale des affaires", an ambitious project costing CFA 235 billion (c.US$470 milllion), including offices alongside a shopping centre, convention centre, exhibition park and a hotel. Commercial activity in N'Djamena is currently focused around the Avenue Charles de Gaulle, particularly towards its western end, where a number of bank headquarters and embassies are located.

Retail market

There has been very little development in the retail sector and activity in N'Djamena largely comprises of small shops and markets, particularly in the area around the Marché Central. Although a shopping centre is included in the planned "Cité internationale des affaires", the prospects for modern retail developments in Chad appear limited, and growth in this sector may depend on increased demand from ex-pats and employees in the aid, diplomatic and oil sectors.

Industrial market

Demand for industrial property in N'Djamena is low and generally satisfied by older unrefurbished accommodation or the refurbishment of disused buildings. Owner-occupation is common in this sector. There is an industrial zone at Farcha, west of N'Djamena, where a number of multinational oil companies have sites. The Chinese firm Soluxe International has agreed to build a new industrial zone at Djarmaya at a cost of CFA 235 billion (c.US$150 million).

Residential market

The availability of high quality, secure housing suitable for the ex-pat community is very limited in N'Djamena, which keeps rents at high levels. The central Klémat area is traditionally an important residential district, but there is little land available for new buildings in this area. Although N'Djamena has seen little residential development in recent years, there has been some activity in the hotel sector, reflecting the growing need for accommodation for overseas workers, particularly those from the oil sector. A new 195-room Hilton Hotel is due to open in 2013.

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CÔTE D'IVOIRE

Office market
Almost all of the buildings in Abidjan that were available prior to the political crisis of 2010-2011 remain available today, most notably the huge office development by Social Security opposite the Novotel in Plateau. Despite its congestion, Plateau is still Abidjan's CBD and the banking sector, in particular, appears committed to this area of the city. Ecobank has its new headquarters under construction next to the Post Office, and the African Development Bank's old headquarters on Avenue Joseph Anoma is in the process of being refurbished for its return to Côte d'Ivoire. Office rents have remained virtually unchanged over the last decade and can reach CFA 12,000 (c.US$22) per sq m per month for the very best space.

Retail market
There is high street retail throughout the best areas of the city and some small retail malls. Those of note are Cap Sud in Treichville, Sococé in Deux Plateaux and Cap Nord, recently opened in Riviera 3. International retailers are not yet a significant feature of the market and, with the country not experiencing any sustained period of stability for many years, it is not expected to be a major target for international retailers in the immediate future. Rents vary greatly, with ground floor retail generally being at a 20-25% premium to upper floor commercial space, while shopping centre rents are significantly higher.

Industrial market
There is local industrial activity throughout the peripheral areas of Abidjan and in densely packed residential zones such as Marcory and Yopougon. The most significant manufacturing is in Treichville and the Vridi Industrial Zone, where there is petrochemical, cement and food manufacturing, with one of the most important international businesses being Unilever, on Boulevard de Vridi.

Residential market
The ex-pat residential market is mainly focused on the areas of Cocody (including Deux Plateaux and Riviera 1-4) and Zone 4. There have been significant price rises in Zone 4 as a result of the recent troubles, with its popularity arising from its security and proximity to the airport. There is a large amount of low and middle income housing under construction in areas such as Riviera Abatta, and on the roads to Bingerville and Grand Bassam. If the African Development Bank's plans to relocate its operations from Tunis to Abidjan progress as expected, this is likely to result in increased ex-pat demand and put pressure on the top end of the rental market.

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Key facts

Population	22.0 million
Major cities:	
Abidjan	3.8 million
Bouaké	0.8 million
Yamoussoukro	0.2 million
Official languages	French
Total area	322,463 sq km
GDP growth (2012)	8.1%
Key industries	Foodstuffs, beverages, wood products, oil refining, textiles, building materials
Currency	West African CFA Franc (XOF)
Trade association membership	Community of Sahel-Saharan States, West African Economic and Monetary Union, Economic Community of West African States

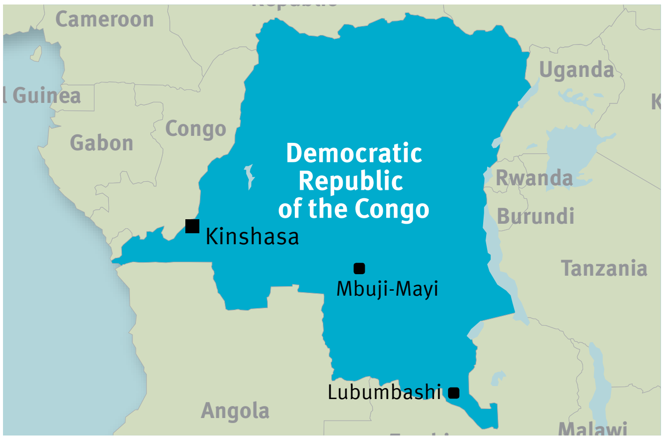
Abidjan prime rents and yields

	Prime rents	Prime yields
Offices	US$22 per sq m per month	10%
Retail	US$46 per sq m per month	8%
Industrial	US$6 per sq m per month	12%
Residential	US$5,500 per month*	6%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


African Development Bank HQ (under refurbishment), Abidjan

DEMOCRATIC REPUBLIC OF THE CONGO



Key facts

Population	73.6 million
Major cities: Kinshasa Lubumbashi Mbuji-Mayi	 9.0 million 1.5 million 1.5 million
Official languages	French
Total area	2,344,858 sq km
GDP growth (2012)	7.1%
Key industries	Mining, mineral processing, consumer products, cement
Currency	Congolese Franc (CDF)
Trade association membership	Common Market for Eastern and Southern Africa, Economic Community of Central African States, Southern African Development Community

Kinshasa prime rents and yields

	Prime rents	Prime yields
Offices	US$35 per sq m per month	11%
Retail	US$40 per sq m per month	12%
Industrial	US$8 per sq m per month	14%
Residential	US$8,000 per month*	9%

Source: Knight Frank LLP
*4 bedroom executive house – prime location

Citi Headquarters, Kinshasa

Office market

While much of the existing office stock in Kinshasa city centre is poor quality, new buildings are under construction, notably in the preferred area along Boulevard du 30 Juin, in addition to emerging locations on the outskirts of the city. Occupiers meanwhile are outgrowing their space in the popular diplomatic area of Gombe, which is home to most of the capital's modern buildings. Demand is primarily from domestic occupiers, particularly from the public sector, banks and Congolese/Belgian conglomerates, while international corporates with a presence include Citi, Orange and Ericsson.

Retail market

Historically, Kinshasa's retail market has comprised mainly local supermarkets with limited parking and boutiques within hotels such as the Memling. Modern retail provision is still limited, but Shoprite became the first major South African retailer to enter the DRC market when it opened in the affluent Gombe area of Kinshasa in June 2011. The supermarket is located next to one of its sister companies, the fast food chain Hungry Lion. Pick n Pay has said it will enter the country in the near future, while Shoprite is also reportedly considering opening a store in the mining town of Lubumbashi, near the border with Zambia, which currently has no modern commercial facilities

Industrial market

Kinshasa's principal industrial area is in the vicinity of Route des Poids Lourds and Kingabwa alongside the Congo River and around the port. It comprises mainly older stock, most of it owner-occupied and often in a dilapidated condition. There are no modern industrial estates and poor infrastructure poses difficulties in terms of transport and logistics. For investors, there are also potential challenges relating to title ownership, given the level of expropriation during recent conflicts. However, there is increasing demand for warehousing and storage space to support industrial expansion and, with new and planned roads, more areas should open up for modern warehouse development.

Residential market

There is a relatively strong market for high-end residential properties to lease, buoyed by the diplomatic sector, NGOs and UN. Most foreign mission staff live in Gombe, Kintambo or Binza but there is a trend for this type of accommodation to be developed in Ngaliema and newer urban centres to the east, notably La Cité du Fleuve. Construction of this scheme, which overlooks the Congo River, began in 2010. Some apartments have been completed and sold, while more apartments, villas, offices, retail and leisure facilities plus schools and hospitals will be developed in phases on two "island" sites of over 200 hectares. A feature of the residential market is that developers nearly always build properties that are to be rented, rather than for sale.

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EGYPT

Office market

Demand for office space in Cairo has historically come from national and international companies, with the latter sometimes requiring as much as 10,000+ sq m, particularly in the banking and petrochemical sectors. Orascom's Nile City Towers dominates Cairo in terms of Grade A space. However, demand has shifted to more peripheral areas such as New Cairo and 6th October City. This trend is likely to continue for the foreseeable future due to ongoing congestion and political protests in the city centre. Prime city centre office rents have declined to US$40 per sq m per month but remain around double the rents in peripheral areas.

Retail market

Modern retail provision has increased significantly in recent years and a number of large-scale projects will be delivered in the next 2-3 years. The largest malls in Greater Cairo are City Stars (150,000 sq m GLA) and the Mall of Arabia (180,000 sq m GLA). Cairo Festival City Mall (168,000 sq m GLA) is a major project due to open in 2013. As with the office market, much of the recent and planned development is in peripheral areas to the west and east of the city. Development timescales can be unpredictable but around 500,000 sq m of additional retail space could be built in the next two years. Despite this development activity, the supply of modern retail space in Cairo will remain limited in comparison with some other cities in the MENA region such as Dubai.

Industrial market

Since the creation of the Industrial Development Authority (IDA) in 2005, there has been a huge drive to attract new industrial activity to Egypt. In Cairo this has mainly been focused on the locations of 6th October City and 10th Ramadan City. Government land is available for purchase at a cost of US$15-25 per sq m, about half the typical price of other commercial land and investors should apply to the IDA for the allocation of land within the new industrial zones.

Residential market

A large amount of residential development has taken place in recent years, focused mainly on satellite cities such as 6th October and New Cairo. The market has been saturated at the higher end and some developers have changed strategy to target the middle market. It is generally acknowledged that the middle and lower income brackets offer the greatest potential for growth, as these markets are much larger than the high income sector. One noteworthy feature of the Egyptian residential market is that it is "cash only", with no mortgages available for off-plan property, meaning that purchasers usually pay developers in instalments.

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Key facts

Population	83.7 million
Major cities: Cairo Alexandria Giza	 9.1 million 4.1 million 2.7 million
Official languages	Arabic
Total area	1,001,450 sq km
GDP growth (2012)	2.0%
Key industries	Textiles, food processing, tourism, chemicals, pharmaceuticals
Currency	Egyptian Pound (EGP)
Trade association membership	Community of Sahel-Saharan States, Common Market for Eastern and Southern Africa

Cairo prime rents and yields

	Prime rents	Prime yields
Offices	US$40 per sq m per month	10%
Retail	US$100 per sq m per month	8%
Industrial	US$3.50 per sq m per month	11%
Residential	US$3,500 per month*	8%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Nile City Towers, Cairo

Key facts

Population	0.7 million
Major cities: Malabo	0.2 million
Official languages	Spanish, French
Total area	28,051 sq km
GDP growth (2012)	5.7%
Key industries	Petroleum, fishing, saw milling, natural gas
Currency	Central African CFA Franc (XAF)
Trade association membership	Economic Community of Central African States, Economic and Monetary Community of Central Africa

Malabo prime rents and yields

	Prime rents	Prime yields
Offices	US$35 per sq m per month	12%
Retail	US$25 per sq m per month	12%
Industrial	US$5 per sq m per month	15%
Residential	US$4,000 per month*	8%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Abayak Buildings, Malabo

EQUATORIAL GUINEA

Office market

The Malabo office market is dominated by ministries, oil companies and construction businesses, with the primary focus for development being the corridor along the new highway connecting the airport with the football stadium at Malabo 2. Much of this construction is purpose-built for owner-occupation, with land having been allocated at cheap rates to specific companies. Office development for lease to third parties is difficult to find and many businesses operate out of residential accommodation. Over the past two years, Equatorial Guinea has emerged as a conference destination with the construction of a congress centre, a new Sofitel hotel and a golf course to the east of Malabo at Sipopo. Previously, international business was not supported by a good supply of international quality hotels but this has now changed with the construction of an Ibis and a Hilton.

Retail market

The retail market is not sophisticated and there are no shopping malls in Malabo, with much of the activity being informal and in street markets. There are no international retailers in the city. The population of Equatorial Guinea is very small and even though its GDP per capita is one of the highest in Africa, it is thought to be one of the world's most unequal societies with its wealth being held by a small proportion of its residents. Many of the largest international companies import their own food and products, and do not procure locally. As such, there appears to be limited potential for retail development in Malabo.

Industrial market

The industrial market is almost entirely owner-occupied and largely relates to international companies from the oil and construction sectors. In Malabo, industrial activity is mainly located to the south and west of the city, with Marathon's massive Punta Europa facility comprising most of the headland to the west. There is also a cluster of development activity at Luba, approximately 45 km south of Malabo on Bioko Island, where there is a deep water port, managed and 63% owned by Lonhro.

Residential market

The prime residential market is mainly focused to the west of Malabo and in the area south of the motorway to the airport. Property is expensive as a result of a relatively small supply of quality stock and the practice of leasing houses for business purposes. There has been a great deal of volume home building, particularly in Malabo 2, but much of this appears to be unused. It is important to note that because the market is relatively small and property is generally owned by a limited group of people, the market may not behave according to the normal rules of supply and demand.

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ETHIOPIA

Office market

There has been a reasonable amount of office construction in Addis Ababa, largely focused on the prime areas of Bole and Kazanchis. This has generally been in a format which incorporates retail at lower levels, sometimes to an intrusive extent which is to the detriment of the office element of the building. Offices are very rarely air-conditioned because of the mild climate. Prime office rents are generally in the order of US$13-15 per sq m per month.

Retail market

The Addis Ababa retail market does not yet have stand-alone malls and retail property is generally located at the lower levels of office developments, on up to four floors. Examples include Dembel City Center and Getu Commercial Center. The retail sector is essentially local, with the major supermarket operator being Bambis, which is Greek-owned but effectively a local company. Prime retail rents are in the order of US$25-30 sq m per month.

Industrial market

The Ethiopian industrial sector is nascent, and mainly comprises local and light industrial activity. Industrial "zones" are just starting to appear, located in areas such as Kality and Akaki. Prime rents are currently in the order of US$3-4 per sq m per month.

Residential market

The Addis Ababa residential market is strong, and the serviced apartment sector has been particularly successful off the back of the boom in the hospitality sector. Serviced apartments associated with "brand" hotels can rent for as much as US$6,000 per month. Rents for good quality villas are generally in the order of US$3,000-4,500 per month, and some are used as offices. However, rents will always be higher for commercial use, as there is an increased property tax for landlords leasing commercial premises.

Key facts

Population	91.2 million
Major cities: Addis Ababa Dire Dawa	 3.4 million 0.6 million
Official languages	Amharic, Oromigna, Tigrigna, English, Arabic
Total area	1,104,300 sq km
GDP growth (2012)	7.0%
Key industries	Agriculture, food processing, beverages, leather, textiles, leather, chemicals, cement
Currency	Birr (ETB)
Trade association membership	Common Market for Eastern and Southern Africa, Intergovernmental Authority on Development

Addis Ababa prime rents and yields

	Prime rents	Prime yields
Offices	US$15 per sq m per month	10%
Retail	US$30 per sq m per month	10%
Industrial	US$4 per sq m per month	16%
Residential	US$4,500 per month*	8%

Source: Knight Frank LLP
*4 bedroom executive house – prime location

Gollagul Tower, office and retail devlopment in Bole, Addis Ababa

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KnightFrank.com

Key facts

Population	24.7 million
Major cities: Accra Kumasi	 2.3 million 1.5 million
Official languages	English
Total area	238,533 sq km
GDP growth (2012)	8.2%
Key industries	Mining, lumbering, light manufacturing, food processing
Currency	Cedi (GHC)
Trade association membership	Community of Sahel-Saharan States, Economic Community of West African States, West African Monetary Zone

Accra prime rents and yields

	Prime rents	Prime yields
Offices	US$40 per sq m per month	10%
Retail	US$45 per sq m per month	7%
Industrial	US$8 per sq m per month	12%
Residential	US$6,000 per month*	10%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


UN Building, Accra

GHANA

Office market

Ghana's political stability and strong economic growth resulting from oil production, mining and cocoa have boosted property construction activity. Indeed, both the public and private sectors have been involved in office development. Office demand derives from the services that support those sectors such as the banking, telecoms, professional and diplomatic/aid sectors. Driven by improved demand for high quality space, office rents have risen sharply over the last 1-2 years, increasing from US$30 per sq m per month to US$40 per sq m per month. It is important to note that new office space in Accra is delivered to a "shell and core" finish.

Retail market

The supply of modern retail space remains limited and traditional retail units and street hawkers continue to dominate Accra's retail offer. However, the 10,000 sq m A&C Mall in East Legon and the more recently developed 22,900 sq m Accra Mall exemplify the move towards a more western style of shopping centre. Schemes currently being developed include Atterbury's West Hills Mall (27,274 sq m), with pipeline projects including Laurus/Actis' Sunrise mixed development which is due to start in Q4 2013. Retail rents in Accra Mall are around US$45 per sq m per month, with the service charge amounting to US$4 per sq m per month.

Industrial market

Factories have traditionally been located in Accra, as well as the industrial zone to the east of the city near the port of Tema. Land price inflation in the central areas of Accra will increase the pressure on centrally located heavy industries to relocate to lower cost sites on the outskirts of Accra, which will help to free up land for redevelopment. Currently, prime warehouse rents are around US$8 per sq m per month.

Residential market

At present, the residential market is buoyant, with many new developments being sold off-plan. Major developments include Polo Heights, where all but the penthouse of the 180 three-bedroom apartments have sold off-plan. Other apartment developments include La Beach Towers and Villagio, which will total 180 and 63 apartments respectively when they are completed in 2013. The majority of the higher quality apartments are being purchased as investments to lease by Ghanaians. There are also a multitude of other smaller residential developments being undertaken in Accra, with some analysis suggesting that there are 30 to 40 small compounds featuring 3 to 6 villas or apartments.

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KENYA

Office market
The office market in Kenya has moved from a position of oversupply to one of stability over the last twelve months, as Nairobi reinforces its position as the regional commercial hub of Sub-Saharan Africa. A significant proportion of the recent take-up has been due to large corporates setting up regional headquarters in Nairobi, in preference to the traditional regional hub of Johannesburg, mainly because of new routes opened up by Kenya Airways which enable direct flights to Central and West Africa.

Retail market
Kenya has continued to see a proliferation of decentralised urban shopping malls, both within Nairobi and in secondary cities such as Mombasa, Kisumu, Eldoret and Nakuru. Recent additions such as Galleria Mall, The Junction Phase Two and Roysambu Mall in Nairobi and City Mall in Mombasa have brought new entrants into the retail sector such as KFC, with Game expected to open in the new Garden City Mall on Thika Road in Nairobi. Other malls are in the pipeline in the capital, including the Mall of Kenya at Tatu City and Two Rivers in Runda. Occupancy rates remain very high, with good rental growth across the sector.

Industrial market
Kenya has not traditionally experienced a high degree of speculative industrial development, with most occupiers tending to own their property. However, this market is now beginning to emerge, particularly along the Mombasa Road in Nairobi. Rents are very low and take-up is slow, so it will be some time before this becomes an established sector in Kenya’s property market. Some developers are looking at purpose-built speculative logistics parks which may see a migration of light industrial occupiers from the traditional industrial centre to new locations on the periphery of Nairobi, thereby taking advantage of the new road infrastructure.

Residential market
A rapid increase in interest rates from 16% to 25% in the final quarter of 2011 led to a slowdown in residential development, which was in danger of overheating at the time. This has led to a drop in sales volumes, particularly in the mid-market, although house sales at the very top end of the market have been largely unaffected. Rental values have continued to climb, partly as a result of a shift away from the mortgage market, resulting in improving yields across the sector. With interest rates slowly falling and a relatively stable economy, a post-election recovery is expected in this sector in the second quarter of 2013.

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Key facts

Population	43.0 million
Major cities: Nairobi Mombasa Kisumu	 3.1 million 0.9 million 0.9 million
Official languages	English, Kiswahili
Total area	581,367 sq km
GDP growth (2012)	5.1%
Key industries	Agriculture, horticulture, tourism, oil refining
Currency	Kenyan Shilling (KES)
Trade association membership	East African Community, Common Market for Eastern and Southern Africa, Intergovernmental Authority on Development

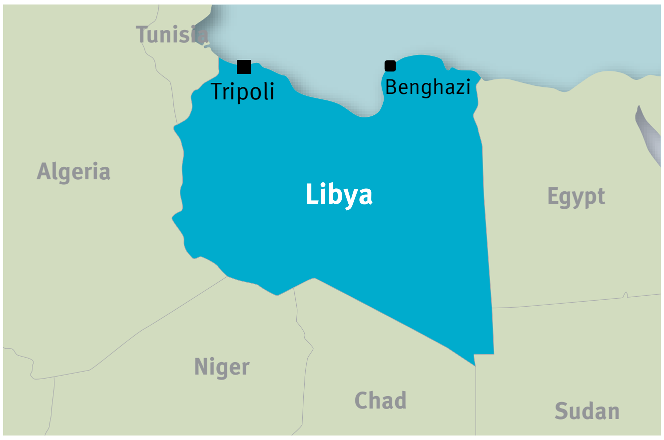
Nairobi prime rents and yields

	Prime rents	Prime yields
Offices	US$15 per sq m per month	9%
Retail	US$31 per sq m per month	10%
Industrial	US$4 per sq m per month	12%
Residential	US$4,400 per month*	6%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Miotoni Ridge, Karen, Nairobi

KnightFrank.com



Key facts

Population	7.4 million
Major cities: Tripoli Benghazi	 1.7 million 0.7 million
Official languages	Arabic
Total area	1,759,540 sq km
GDP growth (2012)	121.9%
Key industries	Petroleum, petrochemicals, aluminum, iron and steel, food processing, textiles, handicrafts, cement
Currency	Libyan Dinar (LYD)
Trade association membership	Community of Sahel-Saharan States, Common Market for Eastern and Southern Africa, Arab Maghreb Union

Tripoli prime rents and yields

	Prime rents	Prime yields
Offices	US$40 per sq m per month	10%
Retail	US$100 per sq m per month	10%
Industrial	US$8 per sq m per month	12%
Residential	US$8,000 per month*	8%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Tripoli

LIBYA

Office market

There remains a limited supply of purpose-built office space in Tripoli and this is still predominantly provided in the Tripoli Tower (formerly Burj Al Fateh Tower), which provides moderate quality accommodation, and the Dhat El-Emad development which is an older building. A new office building next to Tripoli Tower, Burj Bulayla, has still not been opened and occupied. Tripoli Tower is now running close to 100% occupancy with a few large-scale occupiers and a greater number of smaller occupiers including representative or start up offices of international companies entering the Libyan market. Rents are still at the historic rate of LYD 49 (c.US$40) per sq m per month and have been static for a number of years.

Retail market

The retail market remains underdeveloped and the construction of a number of planned retail malls has stalled. The majority of retail space is provided in street front units with the prime end of the market being focused on the Gargaresh area to the west of the city centre. In other areas, there has been further development of street front units although many of these are technically illegal as they are outside of current commercial use zones. There are a limited number of international retailers in the market and at this stage they are generally present with small-scale outlets. International brands in Libya include Marks and Spencer, Next and Cinnabon.

Industrial market

Much of the industrial activity in Libya relates to oil and gas and as this is capital intensive it makes only a limited contribution to employment growth. The promotion of private sector industry and the diversification of the economy are seen as priorities, and will require the development of properly planned industrial zones. Free zones are also being suggested to encourage private industrial development.

Residential market

The main ex-pat areas of Tripoli are located to the east of the city centre in Bin Ashour, Dahra and Noufleen, while other residential areas can be found out to the west along the Gargaresh Road, at Al Sirraj and Janzour. Palm City provides modern ex-pat compound living (413 units for lease) and is understood to now be fully occupied, with rents ranging from $3,500 to $13,000 per month. In terms of housing for locals, there is seen to be a significant requirement for new units nationally in order to meet demand. Many new large-scale projects were under construction prior to the revolution but have yet to be completed. Disputes over contracts and compensation have led to few of the projects resuming and with negotiations ongoing to resolve complex issues, these projects may remain in an unfinished state for some time.

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MADAGASCAR

Office market

The main office areas of Antananarivo are concentrated in the CBD and the area to the north of the city centre. The CBD is the location of the majority of government offices, banks and embassy buildings. It is very congested and suffers from a shortage of car parking spaces. The large number of hawkers and street vendors do not make it conducive for employees or visiting customers. The area to the north of the city centre includes Andraharo, Ankorondrano, Tana Waterfront and Ivandry. This part of the city is the preferred location for most multinational companies and benefits from being situated outside the congested CBD, on the way to the airport and close to some of the preferred suburbs for ex-pat housing. However, this location may increasingly be affected by future congestion on the main arterial routes. Just to the south of the airport, a small commercial area is developing which is mainly focused around airport activities and the new US Embassy.

Retail market

The retail market is largely informal and there are markets throughout the city including the Andravoahangy craft market, the Petite Vitesse food market and the Analakely covered market. The main retail area is centred on Avenue de l'Indépendance. Due to the continuing political instability, most major retailers are reluctant to enter the market, although Shoprite and Jumbo are notable exceptions.

Industrial market

The main industrial areas are located in the south of Antananarivo. There is a mixed-use area to the south of the city centre which mainly contains lower quality buildings, Madagascan businesses and airline companies. As it forms the key arterial route south of the city the main road in this area can become very congested. About 5 km to the south of the city centre, the Zone Industrielle Forello is the location of some of the heavier industries. There is also a small amount of light industrial activity just south of the airport.

Residential market

The political instability in the country since the overthrow of the previous president has continued to have a detrimental effect on the residential market. During this time, residential values have fallen by around 20%. Banks continue to restrict lending and cash buyers dominate the market. Most are looking to benefit from distressed sale opportunities. The market remains fragile, but there are elections due in mid-2013 and if these go smoothly there is a good chance of a positive market recovery.

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Key facts

Population	22.0 million
Major cities: Antananarivo	0.9 million
Official languages	French, Malagasy
Total area	587,041 sq km
GDP growth (2012)	1.9%
Key industries	Meat processing, sugar, textiles, glassware, cement, paper, petroleum, tourism
Currency	Madagascar Ariary (MGA)
Trade association membership	Common Market for Eastern and Southern Africa, Southern African Development Community (currently suspended)

Antananarivo prime rents and yields

	Prime rents	Prime yields
Offices	US$14 per sq m per month	14%
Retail	US$35 per sq m per month	13%
Industrial	US$5 per sq m per month	18%
Residential	US$2,500 per month*	12%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Antananarivo

MALAWI

Office market

The office rental market remained relatively resilient during 2012, despite dramatic political and economic developments in Malawi. However, the currency devaluation in May 2012 negatively affected new office development and also triggered landlords' demands for rental increases, particularly for rents that are not linked to the US Dollar. Conversely, landlords with Dollar-linked rents saw a huge jump in rents and the subsequent free fall of the exchange rate has meant that rents have been constantly changing in local currency terms. The Blantyre market continues to struggle with excess vacant space while there is unsatisfied demand for office accommodation in Lilongwe. The extreme uncertainty in the Malawian economy in 2012 led to high demand for property from investors seeking to channel excess liquidity into safe investments, pushing yields down to low levels.

Retail market

Retail business in Malawi is dominated by imported merchandise and has therefore been greatly affected by foreign exchange shortages. So far, the retail rental market has been resilient but there are indications that activity will soon begin to slow as consumers' purchasing power continues to be eroded by the high inflation caused by the devaluation and the free fall of the exchange rate. The construction of Gateway Mall in Lilongwe, which will be the largest shopping centre in Malawi, has been delayed by the recent economic uncertainty, and its opening date has been shifted from February 2012, as originally planned, to sometime in 2013. The cost of the centre was initially estimated at K6 billion (c.US$20 million), but is likely to double by the time construction is completed.

Industrial market

In addition to the shortage of foreign reserves, the industrial sector continues to face serious challenges in the form of electricity blackouts leading to below-capacity production. These factors have led to retrenchments and the closure of some businesses. The current reduced level of industrial activity is reflected in weaker demand for industrial property, leading to stagnation in rental levels and property values. Future developments in the sector are uncertain, as the effects of recent economic reforms aimed at boosting local industry are still unfolding, but the expectation is that these reforms should boost demand for logistics and warehouse properties.

Residential market

The residential market has suffered from the effects of the chaotic economic situation. Demand has fallen in both the rental and sales markets, particularly in Blantyre. The Lilongwe market continues to benefit from the existence of a large ex-pat community, which has traditionally influenced the linking of rents to the US Dollar. There has been considerable recent activity in the upgrading and modernising of older buildings in good locations to meet ex-pat demand for high quality residential properties.

Key facts

Population	16.3 million
Major cities: Blantyre Lilongwe	 0.8 million 0.7 million
Official languages	Chichewa
Total area	118,484 sq km
GDP growth (2012)	4.3%
Key industries	Tobacco, tea, sugar, sawmill products, cement
Currency	Malawian Kwacha (MWK)
Trade association membership	Common Market for Eastern and Southern Africa, Southern African Development Community

Malawi prime rents and yields

	Prime rents	Prime yields
Blantyre		
Offices	US$6 per sq m per month	8%
Retail	US$8 per sq m per month	6%
Industrial	US$2 per sq m per month	9%
Residential	US$1,700 per month*	5%
Lilongwe		
Offices	US$12 per sq m per month	6%
Retail	US$17 per sq m per month	6%
Industrial	US$4 per sq m per month	5%
Residential	US$3,500 per month*	4.25%

Source: Knight Frank LLP *4 bedroom executive house – prime location

Arwa House, Lilongwe

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MALI

Office market

Economic activity in Mali has slowed as a result of the insurgency in the north of the country, which casts significant uncertainty on the economic and political outlook. The capital Bamako is in the south of Mali and its main commercial area is to the north of the river Niger. Demand here principally derives from the banking, telecoms, professional and diplomatic/aid sectors. It is the chosen location of the new US Embassy which opened in 2011. There has been some development in the vicinity of the US Embassy (ACI 2000), although office availability is limited and take-up has been slow. The market also includes many villas which have been turned into offices on both sides of the river. Prime rents are currently US$14 per sq m per month, although rent levels fall away dramatically outside the CBD to around US$6 per sq m per month.

Retail market

Rumours that international brands have been in talks with local landlords to open outlets in Bamako have not yet materialised and the city remains devoid of international retailers. Retail is generally informal and based around street trading, with the Marché Rose and Street Market in the city centre being key locations. The most modern retail provision is being developed to the west at ACI 2000, where there are also a number of car showrooms.

Industrial market

The industrial market continues to be based around local tradesmen, with no international manufacturers in the city. The main industrial zone is to the east of the commercial centre where the new bridge, which is the third to span the river Niger in Bamako, is improving access and reducing traffic congestion. The bridge is one of the largest China-aided projects in West Africa. Occupiers in the industrial zone comprise a number of government organisations and pharmaceutical companies, including UMPP and SOMAFAM, the producers of a generic aspirin.

Residential market

The residential market is the most buoyant of the property sectors, benefiting both from demand for housing and also for office usage. One of the larger developments is a mixed-use office and high-end residential site which is located between the Martyrs Bridge and the new bridge, in the area of Magnambougou. The scheme is being developed by the Canadian developer Mazal Immobilier and totals 71 lots with river views, which command the highest residential prices in the market.

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Key facts

Population	15.5 million
Major cities: Bamako	1.8 million
Official languages	French
Total area	1,240,192 sq km
GDP growth (2012)	-4.5%
Key industries	Food processing, construction, phosphate and gold mining
Currency	West African CFA Franc (XOF)
Trade association membership	Community of Sahel-Saharan States, Economic Community of West African States, West African Economic and Monetary Union

Bamako prime rents and yields

	Prime rents	Prime yields
Offices	US$14 per sq m per month	11%
Retail	US$10 per sq m per month	12%
Industrial	US$3 per sq m per month	16%
Residential	US$3,000 per month*	10%

Source: Knight Frank LLP
*4 bedroom executive house – prime location

Car showroom at ACI 2000, Bamako

Key facts

Population	3.4 million
Major cities: Nouakchott	0.9 million
Official languages	Arabic
Total area	1,030,700 sq km
GDP growth (2012)	5.3%
Key industries	Fish processing, oil production, mining of iron ore, gold and copper
Currency	Ouguiya (MRO)
Trade association membership	Arab Maghreb Union, Community of Sahel-Saharan States

Nouakchott prime rents and yields

	Prime rents	Prime yields
Offices	US$9 per sq m per month	12%
Retail	US$12 per sq m per month	12%
Industrial	US$2 per sq m per month	16%
Residential	US$4,000 per month*	9%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Retail warehouse at Ribat el Bahr, Nouakchott

MAURITANIA

Office market

The office market is very small in terms of quality space and international corporate activity. Banks have tended to build their own headquarters, while embassies generally operate out of historic owned properties and more recent market entrants have leased large villas and converted them to office use (e.g. Embassy of Iran and Embassy of Turkey). There is only one Grade A multi-let office building in Nouakchott which has almost always had some available space in the past five years.

Retail market

The prime retail pitch is along Avénue du Général de Gaulle and surrounding streets. Most of the retail space comprises small local operators who trade from the ground floor space of commercial and residential buildings. Looking forward, Nouakchott seems to be developing to the north on Route de Nouadhibou where the new Airport, University and Ribat Al Bahr mega-project are under construction or planned. The latter is a significant multi-sector project which will include a collection of residential villas and apartments, in addition to hotels, commercial buildings and a shopping centre which will be the first of its kind in the country.

Industrial market

Within the city of Nouakchott itself the industrial market consists mainly of local companies housed in basic buildings. There is some industry out towards the port, including heavy industries such as cement production, in addition to some oil and gas support operations.

Residential market

The residential market experienced a massive boost in the mid-2000s on the back of an anticipated oil boom. This attracted foreign companies such as Woodside into the market, with large requirements for ex-pat housing and hotel rooms, although the oil reserves proved to be much smaller than expected and landlords found themselves with a lot of vacant stock. However, there has been some reluctance to accept lower rental levels as a result of the oversupply. Demand for the best residential properties is mainly from the diplomatic and aid sectors, while there is more limited demand from international corporates.

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MAURITIUS

Office market

Although the economy has shown steady growth, demand for office accommodation fell during 2012. This was mainly due to the office sector's reliance on financial services and business outsourcing, which have suffered from the general global economic slowdown. There is currently an oversupply of office space which is putting downward pressure on rents. In addition, landlords who used to lease offices in a shell condition are now offering assistance with tenants' fit-outs. The trend is for firms to move away from the more expensive capital Port Louis to Ebene Cyber City, which lies 10 km to the south. This area was set up by the government to promote the IT and back office sector. It offers Grade A office space connected to the country's fibre optic network and rents are less than half those in Port Louis city centre. Major office developments in this location include Raffles Tower, Ebene Heights, Nexteracom and One Cyber City.

Retail market

The retail market in Mauritius is well developed. It is primarily centered on Port Louis but new shopping malls have been constructed outside the city centre. These include the Grand Bay, Tamarin, Trianon and Phoenix. The most successful shopping mall is Bagatelle Mall of Mauritius, which is located south of Port Louis on the M1 near Ebene. It has 130 stores, a 3D cinema and is anchored by Woolworths, Pick n Pay and Intermart. Opened in September 2011, it is now virtually fully leased.

Industrial market

The Mauritian government continues to promote industries away from the traditional sectors of sugar refining, textiles and cement manufacturing. New areas for growth include fishing, light engineering goods, printing and publishing, high precision plastics and pharmaceutical products. Major industrial locations include Plaine Lauzun, Les Pailles, Phoenix, Coromandel, Riche Terre, Ports Area and La Tour Koenig.

Residential market

The residential market is highly diversified. The market can be divided into houses and apartments targeting local residents and high-end properties aimed at wealthy and foreign buyers. Foreigners can buy properties in Mauritius through a Real Estate Scheme (RES) or an Integrated Resort Scheme (IRS) and some developments are specifically designed to target foreign buyers by complying with these schemes. Major residential locations in Mauritius include Curepipe, Quatre Bornes, Beau Bassin, Rose Hill, Vacoas, Flic en Flac, Black River, Grand Bay and Mahebourg.

Key facts

Population	1.3 million
Major cities: Port Louis	0.2 million
Official languages	English
Total area	2,040 sq km
GDP growth (2012)	3.4%
Key industries	Agriculture, tourism, textiles, manufacturing
Currency	Mauritian Rupee (MUR)
Trade association membership	Southern African Development Community, Common Market for Eastern and Southern Africa

Port Louis prime rents and yields

	Prime rents	Prime yields
Offices	US$34 per sq m per month	10%
Retail	US$45 per sq m per month	9%
Industrial	US$6.25 per sq m per month	12%
Residential	US$3,500 per month*	8%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Nexteracom, Cyber City, Ebene

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KnightFrank.com

MOROCCO

Key facts

Population	32.3 million
Major cities: Casablanca Rabat Fès	 3.3 million 1.0 million 0.7 million
Official languages	Arabic
Total area	446,550 sq km
GDP growth (2012)	2.9%
Key industries	Phosphate rock mining and processing, food processing, textiles, construction, tourism
Currency	Moroccan Dirham (MAD)
Trade association membership	Community of Sahel-Saharan States, Arab Maghreb Union

Casablanca prime rents and yields

	Prime rents	Prime yields
Offices	US$26 per sq m per month	9%
Retail	US$35 per sq m per month	8.5%
Industrial	US$7 per sq m per month	12%
Residential	US$4,500 per month*	9%

Source: Knight Frank LLP
*4 bedroom executive house – prime location

Casablanca Technopark, Casablanca

Office market

Casablanca is the principal commercial city in Morocco and the preferred headquarters location for the majority of international companies. Its office market is divided into three main zones; the CBD, Port and Sidi Maârouf The Grade A and B office stock amounts to c.2.2 million sq m and the vacancy rate is approximately 12%. Phase 1 of the long awaited Casablanca Marina, providing 25,000 sq m of office space, is due to be completed in the first half of 2013. This project offers large floor plates not commonly seen in the Casablanca market. It is expected to attract interest from international occupiers, particularly high-tech and financial sector companies. The Casablanca Twin Towers, completed in 1998 and designed by Ricardo Bofill, is the CBD's landmark office and hotel development and a reference point for the city's residents, with occupiers including Microsoft and Regus. However, Zurich's new headquarters on Boulevard Mohamed Zerktouni is leading the market in terms of value. South of the city, the Casablanca Technopark and Zenith Millennium office parks are the principal locations for high-tech companies, with occupiers including Dell, IBM, Nokia, NSN, Accor, Avis, Fiat, Shell and Citibank. Prime rents are now US$26 per sq m per month. It is important to note that new office space in Casablanca is delivered to a "shell and core" finish.

Retail market

Morocco Mall (70,000 sq m), which opened in 2011, and Anfaplace (36,000 sq m), due to open in February 2013, are the first of a new wave of shopping centres developed in Casablanca. These centres are anchored by Marjane and Carrefour, respectively, and include international brands such as Zara, Celio and Aldo. Prime high street retail is located along Boulevard Al Massira Al Khadra, where the requirement for tenants to pay key money results in lower monthly rents.

Industrial market

Morocco boasts in excess of 75 industrial zones albeit much of the industrial stock in these zones is old and does not meet modern building safety standards. Casablanca has the country's largest industrial market, which is traditionally centred on Aïn Sebaâ, although there are new areas in outlying areas of the city which are becoming increasingly important, including Bouskoura and Sidi Maârouf.

Residential market

The Morocco residential market was negatively impacted during the financial crisis, particularly at the top end of the second home market. Residential development is principally focused on apartments targeted at the middle market and schemes like Anfaplace Living Center, a 260 luxury apartment project designed by Foster and Partners, have been slow to sell. A feature of the market is that apartments in Morocco are typically small by international standards.

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MOZAMBIQUE

Office market

Demand for office space in Maputo principally derives from the banking, telecoms, professional and diplomatic/aid sectors. There has been a reasonable amount of development, particularly by JAT, whose latest development is JAT 5, constructed in three phases, one of which is preleased to a bank. There has been modest rental growth over the past 2-3 years, with prime office rents rising from US$25 per sq m per month to US$30 per sq m per month. New office space in Maputo is completed to a "shell and core" finish.

Retail market

The retail market has been slow to take off because of the large size of the informal sector. However, there has been a flurry of recent activity, which has seen South African retailers, in particular, entering Mozambique. Most retail developments are out-of-town on the main arterial routes. There are a number of shopping centres in mixed-use developments, including the Polana Shopping Centre and the Maputo Shopping Centre, while the upmarket Marés Shopping Centre is a recent entrant to the market. Retail rents are in the order of $30-40 per sq m per month, with good potential for rental growth.

Industrial market

A congestion charge for large commercial vehicles in the city and escalating land prices are forcing industrial business to move to peripheral city locations. Traditional industrial areas in the centre of Maputo and close to the port and airport are generally seeing property being converted to higher value office or retail warehouse uses. Prime warehouse rents are high, in the order of US$10 per sq m per month, but this reflects the city centre location of some warehouse properties and the fact that they are often used as offices.

Residential market

The residential market is the most buoyant property sector, benefiting both from demand for housing, and from occupiers using residential properties as offices. Growth has been strongest at the top end of the market. Villas in areas such as Sommerschield, which two years ago were leasing for US$3,500-4,000 per month, now lease for $5,500-6,000 per month. Rents are much lower on the local mass market, at around 10-20% of these levels. There is a major development programme, with low and middle income housing proposed and under construction around Maputo's new ring road and in areas such as Matola and Zimpeto.

Key facts

Population	23.5 million
Major cities: Maputo	 1.8 million
Official languages	Portuguese
Total area	799,380 sq km
GDP growth (2012)	7.5%
Key industries	Food, beverages, chemicals, aluminum, petroleum products, textiles
Currency	Metical (MZM)
Trade association membership	Southern African Development Community

Maputo prime rents and yields

	Prime rents	Prime yields
Offices	US$30 per sq m per month	10%
Retail	US$40 per sq m per month	10%
Industrial	US$10 per sq m per month	14%
Residential	US$6,000 per month*	7%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Holland Office Building, Maputo

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Key facts

Population	2.2 million
Major cities: Windhoek	 0.3 million
Official languages	English
Total area	824,292 sq km
GDP growth (2012)	4.0%
Key industries	Mining, meat packing, fish processing, dairy products
Currency	Namibian Dollar (NAD)
Trade association membership	Southern African Development Community, Southern African Customs Union

Windhoek prime rents and yields

	Prime rents	Prime yields
Offices	US$18 per sq m per month	9%
Retail	US$30 per sq m per month	9%
Industrial	US$6 per sq m per month	12%
Residential	US$2,500 per month*	8%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Town Square Shopping Centre, Windhoek

NAMIBIA

Office market

Demand for office space in Windhoek has been steady, encouraging the development of new projects and the refurbishment of existing buildings in the CBD, such as Alexander Forbes House. The most significant new development in the pipeline is Freedom Plaza, a mixed-use scheme on Independence Avenue which includes 35,000 sq m of office space alongside retail, residential and hotel elements, and is expected to be built over the next five years. Prime rents have remained stable in recent years, but could come under downward pressure in light of the new space coming to the market.

Retail market

Namibia is experiencing a high level of retail construction activity, with new shopping centres being developed and existing malls undergoing expansion. Phase 3 of Wernhil Park shopping centre in the Windhoek CBD was completed in late 2011, taking its retail floor space to 38,000 sq m, while work is underway on the expansion of Maerua Mall, in the south of the city, which is Nambia's largest shopping centre with around 43,000 sq m of retail space. A major project in the pipeline is the 54,000 sq m Grove Mall, which will be developed as part of the mixed-use Hilltop Estate in Kleine Kuppe, a southern suburb of Windhoek. Given the relatively small size of Windhoek, there are concerns that the high level of development activity in this sector could lead to an oversupply of retail space.

Industrial market

Manufacturing activity in Windhoek is fairly limited, and the industrial property market mainly focuses on the provision of warehousing space. There are concentrations of such properties located in the city's Southern Industrial Area and the Northern Industrial Area. Several large-scale industrial projects are planned elsewhere in Namibia, many of which are associated with the country's growing uranium industry. A notable example is Gecko's N$12 billion (c.US$1.4 billion) Vision Industrial Park near the coastal city of Swakopmund, which received government approval in August 2012.

Residential market

House prices in Namibia showed steady growth in 2012, driven largely by activity in the middle and upper price segments. The construction of affordable housing remains limited. The most desirable residential locations of Windhoek are mainly found in the suburbs that spread over the hills around the city, such as Ludwigsdorf, Eros and Klein Windhoek. There is also strong demand for high-end apartments in central locations, which is reflected in recent residential developments such as the 82-unit Trift Towers and 77 On Independence, which includes 232 apartments and is due to be completed in 2013.

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NIGERIA

Office market

Headline rents in Nigeria's commercial capital Lagos remain among the highest in the world, with achievable rents at above US$1,000 per sq m per annum for smaller spaces, although rents can be negotiated down for larger requirements. There remains only a handful of existing buildings able to provide high quality office spaces of more than 1,000 sq m. The pre-eminent multi-let building is Churchgate II, which is in the process of leasing rapidly now that asking rents have been revised downwards to the US$850 per sq m per annum mark. The availability of good quality space is gradually improving, with several Grade A schemes under construction. A potentially market-changing development is the huge Eko Atlantic City scheme, which will create a new city district on 9 sq km of reclaimed land south of the current CBD, off Victoria Island. Office rents in the administrative capital, Abuja, are a little below Lagos levels. In response to high demand, Churchgate is currently building the Abuja World Trade Center.

Retail market

Retail activity in Nigeria's major cities appears to be on the cusp of significant advancement with the increasingly rapid construction and uptake of western style retail and leisure malls. Ikeja City Mall in Lagos, anchored by the South African retail giant Shoprite, has performed well since opening in December 2011. This is the second shopping mall in Lagos to be developed by Actis, following the successful Palms Mall on the edge of Lekki. There has been little retail development historically in Abuja, apart from small centres generally located in office or residential buildings. However, Shoprite opened a supermarket at the new Grand Towers Abuja Mall in 2012.

Industrial market

Multinational businesses have shown increased interest in investing in Nigeria, with companies such as Procter & Gamble, GSK, Nestlé, Diageo and SABMiller making huge investments in new production facilities supplying the Nigerian market. Several multinationals are creating secondary manufacturing hubs outside of Lagos State, particularly in south east Nigeria, following a period of increased political calm. However development is held back by Nigeria's chronically poor power supply, which has led to the departure of major manufacturers in the past and continues to act as a deterrent to investors.

Residential market

The luxury residential sector in Lagos continues to suffer from an oversupply of high-end properties built in the years prior to the global financial crisis. Despite this, rents and sales prices for high-end apartments remain elevated. Apartments cost over US$1 million in Lekki's gated community and can be considerably more within Ikoyi. The prime residential market in Abuja is buoyant, and has seen excellent growth. There is plenty of out-of-town residential construction taking place in Abuja at master-planned schemes such as UPDC's Metro City and Adkan Services' Sun City.

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Key facts

Population	170.1 million
Major cities:	
Lagos	8.0 million
Port Harcourt	1.4 million
Abuja	0.8 million
Official languages	English
Total area	923,768 sq km
GDP growth (2012)	7.1%
Key industries	Crude oil, coal, tin, columbite, rubber products, wood, textiles, chemicals
Currency	Naira (NGN)
Trade association membership	Community of Sahel-Saharan States, Economic Community of West African States, West African Monetary Zone

Nigeria prime rents and yields

	Prime rents	Prime yields
Lagos		
Offices	US$85 per sq m per month	10%
Retail	US$65 per sq m per month	11%
Industrial	US$12 per sq m per month	13%
Residential	US$10,000 per month*	9%
Abuja		
Offices	US$65 per sq m per month	10%
Retail	US$65 per sq m per month	11%
Industrial	US$9.50 per sq m per month	13%
Residential	US$10,000 per month*	8%

Source: Knight Frank LLP *4 bedroom executive house – prime location


Churchgate, Abuja

KnightFrank.com

Key facts

Population	11.7 million
Major cities: Kigali	 0.9 million
Official languages	Kinyarwanda, French, English
Total area	26,338 sq km
GDP growth (2012)	7.7%
Key industries	Agriculture, tourism, cement, textiles, plastic goods
Currency	Rwandan Franc (RWF)
Trade association membership	Common Market for Eastern and Southern Africa, East African Community

Kigali prime rents and yields

	Prime rents	Prime yields
Offices	US$18 per sq m per month	11%
Retail	US$22 per sq m per month	11%
Industrial	US$3 per sq m per month	14%
Residential	US$2,800 per month*	7 %

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Centenary House, Kigali

RWANDA

Office market

The increase of foreign direct investment in Rwanda has led to greater occupier demand for Grade A office space providing fully equipped facilities and utilities. This has translated into high occupancy levels for office space in Kigali. Rental terms remain ad-hoc with monthly rents being in the region of US$18 per sq m per month in top-end new offices and between US$12-15 per sq m per month for the majority of the other buildings. The city has adopted the Kigali Master Plan, which focuses on the redevelopment of outdated and obsolete buildings within the CBD. This has caused a construction boom which is anticipated to increase the supply of office space in 2013/2014.

Retail market

Rwanda has recorded some of the strongest economic growth in the East Africa region in recent years, which has attracted regional businesses to the country, particularly to Kigali. The city is seen as a potential gateway of the thriving East African Community market into the untapped Central African market. Returnees and the expansion of regional businesses into Rwanda have increased the number of sophisticated shoppers in Kigali, greatly influencing the demand for upper-end retail space. New retail developments are often pre-let with full occupancy levels reported for the available units. Rents for high quality retail space in and around the CBD are in the US$20-25 per sq m per month range.

Industrial market

Rwanda's industrial market is still at an embryonic stage, particularly in Kigali, and it remains largely owner-occupied. It is estimated that approximately 60-70% of all manufactured products are imported from Kenya and Uganda. However, as part of the Kigali Master Plan, the government has proposed to relocate industrial developments at its own cost from Gikondo, which is to be preserved as a wetland, to a special economic zone in Nyarugunga sector, near Masaka. The relocation is expected to take some time, but should lead to the growth of the industrial market in Kigali.

Residential market

The residential market in Rwanda is very fragmented with a large part of it comprising of spontaneous settlements which the government is keen to reduce. A number of substantial parcels of land previously occupied by shanties have been cleared and made available for investment by the government. The majority of planned projects are undertaken by private developers, which are fast taking over the market. However, the difficulty of financing large projects and the affordability of the finished products remain the major constraints of the market. Stand-alone units are preferred to apartments and gated communities with shared facilities, due to cultural beliefs, ownership complexities and undeveloped legal and management systems for apartments and gated developments with shared facilities.

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SENEGAL

Office market

The main office locations in Dakar are Downtown (Plateau) to the south, Point E just to the north of Plateau and Les Almadies/Ngor in the north. A number of new clusters are emerging, particularly at the base of the VDN where Ecobank has built a new headquarters and at Ouakam where Teylium has developed the Atryum Center. The market is expected to polarise, with the south of the peninsula being primarily for government and local business occupiers, and the centre and north being the preferred locations for international tenants. Prime rents are in the region of US$20 per sq m per month, with the strongest growth prospects being in the north of the city.

Retail market

There have been no recent major changes to the retail landscape of Dakar, with Dakar City in Les Almadies and Sea Plaza on the Corniche continuing to be the major centres. High street retail is generally focused on Plateau and, in particular, on the streets close to the Place de l'Indépendance, although there is also a significant cluster on Route de l'Aéroport in Les Almadies to cater for the local ex-pat trade. There is also a large informal sector and local markets are located across the peninsula. However, Teylium's Sea Plaza development, adjacent to the new Radisson Blu hotel, is Dakar's first major destination and lifestyle mall and is now firmly established.

Industrial market

Senegal does not have an established industrial market and, to date, there has been little interest from international firms in the country as a manufacturing or distribution location. Small local industrial units are found throughout Dakar, many of which are involved in food manufacturing. However, the focus for big business is the port which also represents one of the main exits from the peninsula along the Route de Rufisque. The high level of owner-occupation precludes the development of a sizeable leasing market which, in turn, inhibits speculative development in the industrial sector.

Residential market

Residential rents are generally similar across the peninsula in the locations that are suitable for ex-pats, although villas are more difficult to find further down the peninsula as land is more expensive and sites are generally small. The residential construction market remains active across the city. There is some development of expensive residential property in Plateau, around the Place de l'Indépendance and close to the Pullman/Novotel, but ex-pats tend to be located further up the peninsula. For people in middle income groups, housing is being developed along Autoroute and VDN and around the Léopold Sédar Senghor football stadium.

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Key facts

Population	13.0 million
Major cities: Dakar	1.0 million
Official languages	French
Total area	196,722 sq km
GDP growth (2012)	3.7%
Key industries	Agricultural and fish processing, chemicals, petroleum refining, mining, construction materials
Currency	West African CFA Franc (XOF)
Trade association membership	Community of Sahel-Saharan States, Economic Community of West African States, West African Economic and Monetary Union

Dakar prime rents and yields

	Prime rents	Prime yields
Offices	US$20 per sq m per month	11%
Retail	US$20 per sq m per month	9%
Industrial	US$4 per sq m per month	14%
Residential	US$4,000 per month*	9%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


2K Plaza, Dakar

KnightFrank.com

SIERRA LEONE

Office market

Freetown is the economic and financial centre of Sierra Leone and the location of most international businesses and NGOs. Office accommodation is generally poor by international standards and much of the market operates out of villas or "high street" type buildings. The CBD of Freetown is concentrated on roads such as Boston Street, Stevens Street and Independence Avenue. This is the banking area, with occupiers including regional and global operators such as UBA, Ecobank and Standard Chartered. Government offices tend to be located in a more elevated position and on Tower Hill. Owner-occupation is a feature of the market, which has not yet developed to the extent that there are large, good quality office buildings available for commercial leasing.

Key facts

Population	5.5 million
Major cities: Freetown	1.2 million
Official languages	English
Total area	71,740 sq km
GDP growth (2012)	21.3%
Key industries	Diamond mining, beverages, textiles, cigarettes, petroleum
Currency	Leone (SLL)
Trade association membership	Community of Sahel-Saharan States, Economic Community of West African States, West Africa Monetary Zone

Retail market

The retail market is unsophisticated and there are no shopping malls or international retailers in Freetown. There are numerous local markets, and some small-to-medium sized supermarkets that tend to be concentrated on Wilkinson Road (Freetown Supermarket, Monoprix, Atsons and St Mary's) and in the city centre (Choithrams). There is a strong artisanal/tourist trade which tends to be focused around Victoria Park, Lumley Beach Road and at Big Market on Wallace Johnson Street.

Freetown prime rents and yields

	Prime rents	Prime yields
Offices	US$17 per sq m per month	12%
Retail	US$17 per sq m per month	12%
Industrial	US$3 per sq m per month	15%
Residential	US$3,500 per month*	7%

Source: Knight Frank LLP
*4 bedroom executive house – prime location

Industrial market

The city's economy revolves largely around its harbour and Queen Elizabeth II Quay. Freetown has the largest natural harbour in Africa. Much of the city's industrial development is to the east of its main port and in areas around Kissy, where the massive oil terminal is sited. Approximately 5 km to the east of the city is the Wellington Industrial Zone. In general, the industrial stock is poor quality and much of it is accessed from roads which are not paved. Owner-occupation is a common feature of the market. Industries in Sierra Leone include food and beverage processing, fish packing, rice milling, petroleum refining, diamond cutting and the manufacture of cigarettes, paint, shoes and beer.


Maritime House, Freetown

Residential market

In general, the east of Freetown comprises low-grade residential and industrial property, the central area is for business, while the west is the most affluent housing location. Further to the south west, there are tourist areas and some spectacular beaches. The western part of the city includes areas such as Lumley Beach and Hill Station, which is where the President's official residence and many embassy personnel are located. As the landscape of Freetown is hilly, more elevated positions tend to attract the highest grade residential development because of their views and cooler temperatures. The market is buoyant and has seen good growth on the back of Sierra Leone's post-conflict recovery and the returning diaspora.

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SOUTH AFRICA

Office market

In Johannesburg, the office market is polarised, with occupier demand focused keenly on good quality property in prime, accessible locations. The city has a very constrained development pipeline, with most new projects being tenant-driven and almost no speculative development. In Cape Town, vacancy rates have moved upwards in the CBD over recent years, partly as a result of companies relocating to the Century City node. Similarly, vacancy levels in the Durban CBD have been adversely affected by occupiers moving to suburban locations, particularly La Lucia and Umhlanga in the north. Rental growth in the major office markets of South Africa is expected to be fairly modest during 2013, with economic sentiment remaining subdued.

Retail market

Consumer confidence dipped during the latter part of 2012, which does not bode well for the short term outlook for the retail sector, where annual retail sales growth has slowed. There has been a general trend of modest increases in vacancy rates across the board, although there are wide disparities in performance between individual locations. Indeed, in the run-up to Christmas 2012, a number of major regional malls were reporting significant increases in footfall and sales. Moreover, with an increasing number of international retailers seeking to enter the market, steady demand for prime space in the best locations should continue for the foreseeable future.

Industrial market

While the recent economic uncertainty may dampen short term growth prospects, industrial market fundamentals remain broadly positive, as shown by falling vacancy rates and upward pressure on capital values in some areas. However, despite falling availability and the increasing willingness of investors to commit to speculative development in anticipation of a resumption in growth, the balance of power in the industrial market remains largely in favour of occupiers. On a positive note, forthcoming spending on infrastructure projects should boost employment and help to stimulate occupier demand.

Residential market

The outlook for the residential market remains subdued, with most forecasts suggesting relatively modest price growth in the short-to-medium term. Indeed, house prices are expected to soften in real terms, in line with slower economic growth and higher inflation. The buy-to-let market is showing weak growth and overall yields are low, making this sector of the property market less attractive to investors at present.

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Key facts

Population	51.8 million
Major cities:	
Johannesburg	4.3 million
Cape Town	3.7 million
Durban	3.5 million
Pretoria	2.5 million
Official languages	Afrikaans, English, isiZulu, isiXhosa, siSwazi, isiNdebele, Sepedi, Sesotho, Xitsonga, Setswana, Tshivenda
Total area	1,219,090 sq km
GDP growth (2012)	2.6%
Key industries	Mining, automobile assembly, metalworking, machinery, textiles, iron and steel, chemicals
Currency	Rand (ZAR)
Trade association membership	Southern African Development Community, Southern African Customs Union

South Africa prime rents and yields

	Prime rents	Prime yields
Johannesburg		
Offices	US$20 per sq m per month	8.5%
Retail	US$45 per sq m per month	8%
Industrial	US$6 per sq m per month	9.5%
Residential	US$5,500 per month*	5%
Cape Town		
Offices	US$19 per sq m per month	9%
Retail	US$40 per sq m per month	8%
Industrial	US$5 per sq m per month	10%
Residential	US$6,000 per month*	5%

Source: Knight Frank LLP *4 bedroom executive house – prime location


Victoria and Alfred Waterfront, Cape Town

Key facts

Population	10.6 million
Major cities: Juba	0.3 million
Official languages	Arabic, English
Total area	644,329 sq km
GDP growth (2012)	-54.9%
Key industries	Agriculture, timber, petroleum, minerals
Currency	South Sudanese pounds (SSP)
Trade association membership	Common Market for Eastern Southern and Africa, Intergovernmental Authority on Development

Juba prime rents and yields

	Prime rents	Prime yields
Offices	US$25 per sq m per month	12%
Retail	US$25 per sq m per month	12%
Industrial	US$4 per sq m per month	12%
Residential	US$8,000 per month*	12%

Source: Knight Frank LLP

*4 bedroom executive house – prime location


Juba

SOUTH SUDAN

Office market

Currently, there is practically no office space in Juba suitable for international corporate requirements, and prefabricated buildings are in common usage for office activities. There are some signs of local and regional corporates, banks and telecoms companies constructing their own headquarters. UAP is developing a 12-storey building known as Equatoria Tower, which will be Juba's first international-quality office property. Elsewhere, development is small-scale and generally on a maximum of two floors. The traditional business location is Juba Town, alongside the White Nile, but this area is relatively small and congested, so many businesses have moved out, particularly to Malaka, which is also the premier retail area, and latterly to Tongping in the north of Juba towards the airport. However, Juba Town clearly remains the city's banking district. As the market is so nascent, investors do not really distinguish between property types, which is reflected in uniform yields across sectors.

Retail market

The retail market is restricted by the relatively small size of Juba, with a population of less than 400,000, and the limited proportion of people with significant spending power. The market comprises ad-hoc shopping clusters, with Malaka generally being regarded as the prime retail location. The Asian community is prominent in electrical goods retailing and supermarkets. There appears to be little potential for international retail or mall development in the short-to-medium term, although there could be an opening for a stand-alone supermarket and some boutiques.

Industrial market

Most of the industrial activity in the city is focused in Konyo Konyo and close to the port. Konyo Konyo is also the location of many hotels, providing camp-style accommodation alongside the White Nile. The market is local and appears unlikely to attract significant international corporate activity given the small population, an investment climate that is not favourable to foreigners and the extremely challenging logistics of Juba.

Residential market

The best housing is generally in the centre of Juba, particularly in the areas around The Ministries, Muozifin, Cinema and Amarat. The ex-pat market is mainly located in compounds and there is a well-developed "guesthouse" market, with numerous examples of properties on the market with more than 10 bedrooms. These properties are often furnished and enable corporate lessees to provide catering and laundry facilities for their staff. The emphasis of development is on accommodation for the ex-pat, NGO and diplomatic sectors, and activity is entirely focused on rental properties, with Juba not currently having a significant sales market.

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SUDAN

Office market

The Khartoum office market is dominated by the government, oil industry and NGOs. However, the NGOs have moved a large part of their operations to South Sudan since it became an independent nation in 2011, and this has reduced the need for offices in Khartoum. The dispute with South Sudan over oil revenues has slowed down the economy which has further reduced demand. The main office area is on the south side of the Blue Nile where it merges with the White Nile. New developments such as the Al Waha Complex are located in this area.

Retail market

The retail market is largely informal. Due to US sanctions, there are no western corporations or multinational retailers operating in the market. The main shopping malls are the Al Waha Mall in the CBD, which is part of a larger mixed-use scheme, and Afra Shopping Mall to the south of the airport.

Industrial market

The industrial market in Khartoum is very limited with most units being owner occupied. The geography of Khartoum is dominated by the Blue and White Nile rivers, and most industrial property is located away from the city centre, typically on the opposite river banks from the CBD. The main industrial areas are to the north and eastern sides of the city. The country's largest industrial complex is located on the western bank of the Blue Nile at Giad Industrial City.

Residential market

The Khartoum residential market has been badly affected by the succession of South Sudan. Prior to this most NGOs, which form a significant portion of the ex-pat residential market, were obliged to locate in Khartoum. However, many NGO workers have now moved to South Sudan resulting in a simultaneous drop in demand and increase in supply. The result of this has been a fall in rental values, although capital values have been slower to react as many owners continue to hold out for higher prices. Major residential schemes include the Alsunut Development Company's 160 acre Al Mogran project which is delivering over 1,000 villas and nearly 8,000 apartments, and includes plans for hotels and other commercial schemes. To the south of the city is the Al Yasmine development, which is partly completed, and will provide a total of 595 villas on a 98 acre site.

Key facts

Population	34.2 million
Major cities:	
Omdurman	1.9 million
Khartoum	1.4 million
Khartoum North	1.0 million
Official languages	Arabic, English
Total area	1,861,484 sq km
GDP growth (2012)	-11.2%
Key industries	Oil, cotton, textiles, cement, petroleum
Currency	Sudanese pounds (SDG)
Trade association membership	Community of Sahel-Saharan States, Common Market for Eastern and Southern Africa, Intergovernmental Authority on Development

Khartoum prime rents and yields

	Prime rents	Prime yields
Offices	US$25 per sq m per month	10%
Retail	US$30 per sq m per month	9%
Industrial	US$10 per sq m per month	12%
Residential	US$3,500 per month*	8%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Al Waha offices, Khartoum

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Key facts

Population	46.9 million
Major cities: Dar es Salaam Mwanza Arusha Dodoma	 3.0 million 1.2 million 0.5 million 0.3 million
Official languages	Kiswahili, English
Total area	947,300 sq km
GDP growth (2012)	6.1%
Key industries	Agricultural processing, diamond, gold and iron mining, salt, soda ash, cement, oil refining
Currency	Tanzanian Shilling (TZS)
Trade association membership	Southern African Development Community, East African Community

Dar es Salaam prime rents and yields

	Prime rents	Prime yields
Offices	US$21 per sq m per month	9%
Retail	US$30 per sq m per month	10%
Industrial	US$6 per sq m per month	10%
Residential	US$10,000 per month*	6%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Golden Jubilee Tower, Dar es Salaam

TANZANIA

Office market

Dar es Salaam remains the main focus of office market activity in Tanzania, with a number of significant new developments expected to be completed by the end of 2013. The delivery of these new projects is not expected to have a great effect on rental levels as the strength of recent leasing activity demonstrates that there is still significant pent-up demand for quality office space in the city. There are also emerging office markets in the cities of Mwanza and Arusha, where the availability of quality space remains limited but increasing development activity has been observed.

Retail market

Tanzania's larger retail schemes are mainly in Dar es Salaam, with Mlimani City being the biggest purpose-built shopping centre. The retail market appears to be poised for growth, with the development of small retail centres ongoing, particularly in upmarket residential areas of Dar es Salaam such as Oyster Bay, Msasani and Mikocheni. The Quality Plaza is a major recent entrant to the market, and further new retail space is expected in the city centre following the completion of Viva Towers and Uhuru Heights. The Local Authority Pension Fund (LAPF) is also developing shopping malls in the Kirumba area of Mwanza and the Kaloleni area of Arusha, both on a joint venture basis with the local city authorities. There appears to be latent demand for a large modern retail development in the prime "retail triangle" of Dar es Salaam, the area around the convergence of the New and Old Bagamoyo Roads with Ali Hassan Mwinyi Road in Namanga, but such a scheme is yet to be developed.

Industrial market

The industrial sector in Tanzania continues to be dominated by owner-occupiers and is largely focused on the provision of warehousing space and light industrial activities. The Millennium Business Park remains the only major industrial development in Dar es Salaam, although new stock has become available in the industrial area on Nyerere and Mandela Roads as a result of the redevelopment of older warehouses.

Residential market

The residential market remains highly diversified, with the highest rents being commanded by beach facing properties in Oyster Bay and the Msasani Peninsula in Dar es Salaam and on the Lake Victoria shores of Capri Point in Mwanza. The majority of the housing stock in the prime residential areas of Tanzania comprises older government houses that are now in the process of being redeveloped to good quality modern single and multi-occupied houses. Increased development is being witnessed outside the traditional prime residential areas in order to meet rising demand.

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TUNISIA

Office market

The supply of good quality office space is focused around the Lac de Tunis which is close to both the city centre and the airport. The Berges du Lac area contains a large number of good quality modern office buildings and is home to many international companies and foreign embassies. There remains some uncertainty over the political and economic outlook, which is causing caution among occupiers. Nonetheless, occupancy levels remain relatively high and new properties continue to be added to the market.

Retail market

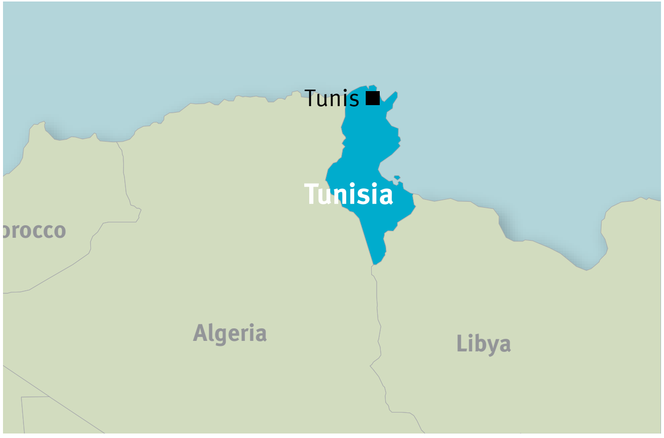
Tunis has a relatively sophisticated retail market, with a number of destination shopping areas. The French hypermarket chains Géant and Carrefour are among the international retailers that are present in the market. In February 2012, French retailer Casino signed a joint venture agreement with Qatari retail group Al-Meera Holding with plans to open outlets in the MENA region. The JV, called ALGE Retail, is looking at expansion in Tunisia, Libya, Egypt and Jordan.

Industrial market

Manufacturing industries, producing largely for export, are the motor of Tunisia's economic growth and a major source of foreign currency revenue, accounting for about 70% of exports in 2011. There are pockets of industrial property dotted around Tunis, with the major new areas generally being located around the southern suburbs of the city. There are also a number of areas further out from central Tunis which are designated as being in need of investment and where available land is relatively cheap. These include areas which may benefit from new market dynamics created by the development of the new airport and port at Enfidha. The older industrial area around Tunis Airport (Charguia) remains popular but generally contains smaller units and has seen a shift in use towards increased call centre activity.

Residential market

Berges du Lac is the prime area for apartments. Berges du Lac I is now almost fully developed and therefore provides more services and facilities than Berges du Lac II, but as the buildings are somewhat older in Berges du Lac I, there is little difference between the rental levels achieved in the two areas. Residential apartments in Berges du Lac generally feature a good standard of design and construction and are typically 2 or 3 bedroom units of 110-150 sq m. Villas for ex-pats are located in northern suburbs such as Carthage and La Marsa. There is a relatively strong market for residential units to lease and for sale. Residential apartments in Berges du Lac can still achieve off-plan sales although there are a number of units still available in completed projects.



Key facts

Population	10.7 million
Major cities: Tunis	1.2 million
Official languages	Arabic
Total area	163,610 sq km
GDP growth (2012)	2.7%
Key industries	Petroleum, mining, tourism, textiles, agriculture, beverages
Currency	Tunisian Dinar (TND)
Trade association membership	Community of Sahel-Saharan States, Arab Maghreb Union

Tunis prime rents and yields

	Prime rents	Prime yields
Offices	US$10 per sq m per month	10%
Retail	US$15 per sq m per month	9%
Industrial	US$3.50 per sq m per month	12%
Residential	US$3,000 per month*	9%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Carrefour, Tunis

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Key facts

Population	33.6 million
Major cities: Kampala Gulu	 1.7 million 0.2 million
Official languages	English
Total area	241,038 sq km
GDP growth (2012)	4.2%
Key industries	Sugar, brewing, tobacco, cotton textiles, cement, steel production
Currency	Ugandan Shilling (UGX)
Trade association membership	East African Community, Common Market for Eastern and Southern Africa, Intergovernmental Authority on Development

Kampala prime rents and yields

	Prime rents	Prime yields
Offices	US$18.50 per sq m per month	10%
Retail	US$25 per sq m per month	14%
Industrial	US$10 per sq m per month	14%
Residential	US$5,000 per month*	9%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


Rwenzori Towers, Kampala

UGANDA

Office market

Much of Kampala's office stock falls below international construction standards, so major companies seeking space in the capital have fairly limited options. Good quality space is therefore at a premium and tends to be leased quickly. Currently, the biggest source of demand for offices is from the oil, gas and telecoms sectors. In addition, recent years have seen increased interest in modern serviced rental accommodation within a 5 km radius of Nakasero Hill, the CBD. There is a modest level of construction activity, with the completion of DCFU House scheduled for 2013 and final delivery of the second phase of Pension Towers expected in 2015.

Retail market

The quantity and quality of retail provision is gradually improving, as domestic developers respond to rising demand from established national and international operators who were becoming frustrated at the lack of suitable space. Two new shopping centres will have been delivered in Kampala by late 2013/early 2014, namely the Acacia Mall in Kisimenti (16,192 sq m) and the Village Mall in Bugolobi (9,707 sq m). The longer term outlook for the city's retail sector is generally positive, on the back of continued growth in disposable incomes and increasing consumer demand for better quality shopping facilities.

Industrial market

The capital's main industrial location is the Kampala Industrial and Business Park, which lies approximately 15 km to the east on the Kampala-Jinja highway. To date, the park has seen only a handful of new businesses. However, the government is encouraging factories and industries who have acquired plots to relocate to the business park or run the risk of losing their land. The growth of the park has boosted the area's critical mass and industrial land values along the main road have risen steadily. A number of large manufacturers such as Riley Packaging, APDL and Chinese companies have been attracted to the area and have built state of the art factories on vast plots of land to accommodate their future expansion plans.

Residential market

Interest rates started 2012 at a very high level of almost 30%, with the aim of fighting inflation and boosting the currency. This, and more stringent lending criteria, led to a very sluggish housing market for much of the year, particularly in the mid-price bracket, with a sharp reduction in the number of purchases. In addition, there has been an increase in the number of houses for sale from owners unable to cope with higher repayments. However, by the end of the year, the key lending rate had fallen to 12%, which has brought relief to borrowers and should lead to a healthier, more active market in 2013.

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ZAMBIA

Office market

With only one new Grade A office development under construction in Lusaka, the market currently favours landlords. The majority of recent speculative developments, such as Elunda 3, KPTF Office Park and Trinity Park, have been pre-let or leased within 3-4 months of their completion. The lack of new space in the pipeline will force tenants to plan carefully for any future expansion. Good local infrastructure is important in attracting tenants to new locations, with occupiers seeking properties that benefit from good roads, sufficient electrical power, public transport, fibre optic cable availability and plenty of parking.

Retail market

Zambia has witnessed an influx of South African retailers, however, a number appear to be resisting immediate further expansion until their existing operations meet revenue expectations. A shortage of retail space is expected as, apart from the Twin Palms Shopping Centre in the suburban area of Avondale, which is due to open in the final quarter of 2013, there are no other malls under construction in Lusaka. There are viable opportunities for new retail developments in suburban areas outside Lusaka CBD and in other towns in Zambia, particularly in the Copperbelt where the new Kitwe Copperhill Centre, anchored by Pick N Pay, has recently opened. Uncertainty over the rebasing of the Kwacha in January 2013 may create issues for retailers.

Industrial market

There is increasing interest from developers as the industrial market is undersupplied and underserviced and does not cater to the requirements of modern international companies. The development of new facilities in key areas will assist in securing new industry and manufacturing business for Zambia. Interest focuses on Lusaka as it is viewed as an entry point from South Africa into the centre of the Sub-Saharan market.

Residential market

The residential market is shifting from a landlord's market to a tenant's market, with increased choice and affordable prices. However, high-end quality housing remains elusive. Demand is strong for stand-alone housing compared with cluster developments, and also for newer upmarket areas further away from the city centre. The medium-cost plot and housing market is the main area of growth and potential. There is ongoing interest and investment in commercial farming land throughout Zambia from both overseas and local investors.

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Key facts

Population	13.8 million
Major cities:	
Lusaka	3.1 million
Kitwe	0.5 million
Ndola	0.5 million
Official languages	Bemba, Nyanja, Tonga, Lozi, Lunda, Kaonde, Luvale, English
Total area	752,618 sq km
GDP growth (2012)	6.5%
Key industries	Copper mining and processing, construction, foodstuffs, beverages, chemicals, textiles
Currency	Zambian Kwacha (ZMK)
Trade association membership	Common Market for Eastern and Southern Africa, Southern African Development Community

Lusaka prime rents and yields

	Prime rents	Prime yields
Offices	US$20 per sq m per month	11%
Retail	US$35 per sq m per month	10%
Industrial	US$5 per sq m per month	13%
Residential	US$3,000 per month*	12%

Source: Knight Frank LLP
*4 bedroom executive house – prime location


KPTF Office Park, Lusaka

KnightFrank.com

Key facts

Population	12.6 million
Major cities: Harare Bulawayo	 1.6 million 0.7 million
Official languages	English
Total area	390,757 sq km
GDP growth (2012)	5.0%
Key industries	Mining, steel, chemicals, clothing and footwear, foodstuffs, beverages
Currency	Zimbabwean Dollar (ZWD)
Trade association membership	Common Market for Eastern and Southern Africa, Southern African Development Community

Zimbabwe prime rents and yields

	Prime rents	Prime yields
Harare		
Offices	US$12 per sq m per month	8%
Retail	US$25 per sq m per month	8%
Industrial	US$4 per sq m per month	12%
Residential	US$3,500 per month*	10%
Bulawayo		
Offices	US$6 per sq m per month	9%
Retail	US$15 per sq m per month	10%
Industrial	US$1.50 per sq m per month	13%
Residential	US$1,000 per month*	10%

Source: Knight Frank LLP *4 bedroom executive house – prime location

Ascot Piazza, Bulawayo

ZIMBABWE

Office market

The take-up of office space has been poor as a result of the depressed economic climate in Zimbabwe. Occupiers are struggling to meet rent and service charges, and the levels of arrears are generally high. Voids have increased, in some buildings to over 30%. More than a year after it came on stream, the 12,000 sq m of office space in the Joina City development in Harare remains over 50% unlet. Two significant office developments, the Celestial Park and the Old Mutual project, with a combined lettable area of 26,000 sq m, are currently underway along Borrowdale Road and should be completed within the next twelve months. Property investment activity continues to be restricted by tight liquidity conditions, although notable recent office transactions have included John Boyne House (4,000 sq m), which achieved US$4.7 million and Star Africa House (2,000 sq m), sold for $3.55 million.

Retail market

Retail space remains in high demand, both in the CBD and suburban locations. There has been an uplift in retail prime rents for new lettings in Harare of about 60% during 2012, but the sustainability of the achieved rents is doubtful in an environment of weak consumer spending. The Mall of Zimbabwe, a major new development with 68,000 sq m of retail space, is due to see construction commence in early 2013, with completion slated for 2014. With an estimated cost of US$100 million, it will be the single largest private property development ever in Zimbabwe. A notable recent investment transaction is the sale of the Pomona Shopping Centre, which changed hands at a reported price of US$7.8 million, giving a yield of 8% on market rent.

Industrial market

Demand for industrial space has reduced in recent years, as Zimbabwe has become more of a consumer of imported goods than a manufacturing country. Void rates are increasing and rents are depressed. Tenant viability is questionable in the current difficult economy, putting at risk the security of income streams. Industrial investments are considered the least attractive of all sectors and the recent sales that have taken place have been entirely for owner-occupation.

Residential market

The absence of long-term mortgage/loan financing has restricted residential market activity. Some financial institutions have been able to secure external lines of credit to support mortgages for private purchases, but the secured loans have been for relatively small amounts over short periods, e.g. 10 years at rates of 15-18% per annum, thus making them expensive for borrowers. Nevertheless, the market has seen price increases of up to 25% during 2012. The rental market remains weak because of low disposable incomes.

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