

RESEARCH



AFRICA REPORT

2015

REAL ESTATE MARKETS IN A CONTINENT OF GROWTH AND OPPORTUNITY



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AFRICA: THE GROWTH CONTINENT

The rapidly growing economies of Africa are catching the attention of increased numbers of property investors and corporate occupiers. Africa is no longer viewed as a region of long term economic distress, but is increasingly seen as a continent of opportunity.

Africa's economic growth began to accelerate around the turn of the century, following several decades of economic stagnation. Since 2000, Africa has averaged growth of over 5% per annum, with the Sub-Saharan region averaging growth of close to 6%. The larger emerging economies of this region, such as Nigeria, Kenya, Angola and Ethiopia, have increasingly been the key drivers of the continent's growth.

Rising commodity prices have been an important factor behind Africa's growth over the last 15 years, particularly in major oil-exporting countries such as Nigeria and Angola. However, Africa's economic progress has derived from diverse sources and, according to McKinsey, the large majority of recent growth has come from non-commodity sectors. Underlining this, one of Africa's fastest growing economies in recent years has been Ethiopia; a country with meagre mineral

resources, whose growth has originated from industries such as manufacturing, agriculture and construction.

Nonetheless, the economic outlook for many African economies has been clouded by the steep fall in oil prices that started in the middle of 2014 and continued into 2015. The International Monetary Fund has revised downwards its GDP growth forecasts for Africa and now expects Sub-Saharan growth to be below 5% in 2015. The short term outlook for Nigeria, in particular, has weakened.

Sub-Saharan GDP growth is forecast to move back above 5% in 2016, and to strengthen in subsequent years. This suggests that, as many African economies have diversified and reduced their dependency on commodities, the recent collapse in oil prices may have a less severe impact on Africa than historical commodity price downturns. With sectors such as telecommunications and financial

services being increasingly important drivers of growth, Africa will maintain its position as one of the world's fastest growing economic regions.

A demographic boom

Allied to its improving economies, Africa's growth story is also being driven by demographic trends and urbanisation. Africa's population is rising rapidly at a time when population growth is slowing in other global regions. UN projections suggest that the population of Africa will almost quadruple to more than four billion by 2100, with nearly one billion of these people in Nigeria alone. This is arguably the single most important demographic trend that will shape the world over the course of this century.

Sub-Saharan Africa's largest cities are some of the fastest-growing urban areas in the world. UN forecasts suggest that the populations of Lagos, Kinshasa and





Cairo

Luanda will all grow by more than 70% during the 2010-2025 period, while Dar es Salaam, Kampala and Lusaka are expected to double. By most estimates, Lagos has already overtaken Cairo as Africa's biggest city and its population may be close to 40 million by 2050, making it a true global megacity.

Rising demand for real estate

The growth of Africa's cities is creating a need for increased volumes of good quality commercial and residential real estate of all types. Retail property development has been encouraged by the rise of the urban middle class, as well as the expansion of South African retailers such as Shoprite and Pick n Pay into the rest of Africa. Modern shopping malls are a relatively new phenomenon in much of Africa; Accra Mall, for example, the first to be built in Ghana, opened in 2008. Its success has helped to encourage further development, with

the larger West Hills Mall opening in Accra in late 2014.

Increased numbers of multinational companies are seeking offices in African cities, generating demand for high quality space, particularly in key regional hubs such as Nairobi and Lagos. The oil and energy sector is an important driver of activity in many of Africa's most dynamic office markets. Demand from this sector, combined with an extreme lack of supply, has made Luanda in Angola one of the most expensive office markets in the world, with prime rents at US\$150 per sq m per month. Likewise, recent offshore gas discoveries have driven construction activity and rental growth in Mozambique's capital, Maputo.

Africa's population boom is creating demand for residential property, ranging from mass market affordable housing to high-end luxury properties. Attempting to address this, there have been numerous announcements in recent years of ambitious large-scale satellite city

projects across Africa, mostly by private developers. However, many of these projects have experienced significant delays and Eko Atlantic, being built on reclaimed land off the coast of Lagos, is one of the few to have made demonstrable progress with its construction.

Sub-Saharan property investment gathers pace

By global standards, most property investment markets in Africa are opaque and small. The exception is South Africa, which is by far the continent's largest and most mature market. Other Sub-Saharan markets are now attracting increased interest from international investors, but the most noteworthy flow of capital in recent years has been from South Africa into the rest of the Sub-Saharan region, as a growing number of funds have been established by South African developer/investors targeting the rest of the continent.

A prominent example is RMB Westport, affiliated to Rand Merchant Bank, whose Real Estate Development Fund was closed in 2012, having raised US\$250 million, and is involved in office and retail projects in Angola, Ghana and Nigeria. Other South African-based investors targeting the rest of Africa include Sanlam, Stanlib, Atterbury, Resilient, Ivora Capital, Delta International and Novare. A recent entrant is the Momentum Africa Real Estate Fund, which was launched in January 2015 with a US\$250 million equity goal, and has a focus on Ghana, Kenya, Nigeria, Mozambique, Rwanda and Zambia.

Investment in African real estate by international investors is limited, although the UK-based emerging market specialist Actis has been a trailblazer in Africa since establishing its first Sub-Saharan property fund in 2006. Actis launched its second African real estate fund in 2012, and has begun to exit from its first wave of investments, selling its interests in Accra Mall to Sanlam and Atterbury in 2012; and Amani Place in Dar es Salaam to Sanlam in 2013. Several other well-established international institutional investors are known to be seriously

investigating African markets and planning investment strategies.

At the frontier of growth

Many African countries remain challenging places in which to do business. The World Bank's Doing Business survey, which ranks the regulatory environment for small and medium sized businesses globally, places 21 African countries among its bottom 30 in the world. However, improvements are being made in many countries, and the example of Rwanda is a beacon; having made a series of reforms to business regulations over the last decade, it now stands in the World Bank's top 50, above some Western European countries.

Africa's property markets require careful navigation, and international investors and business attracted by Africa's recent progress need to look beyond the macro growth story, and understand the micro environment of individual markets. There are opportunities across Africa for the development of well-located, well-planned properties suited to local market demand. The need for high quality commercial and residential real estate will only increase as the economies of Sub-Saharan Africa grow in importance on the global stage.

Prime office rents in Luanda, Angola, are among the highest in the world at US\$150 per sq m per month

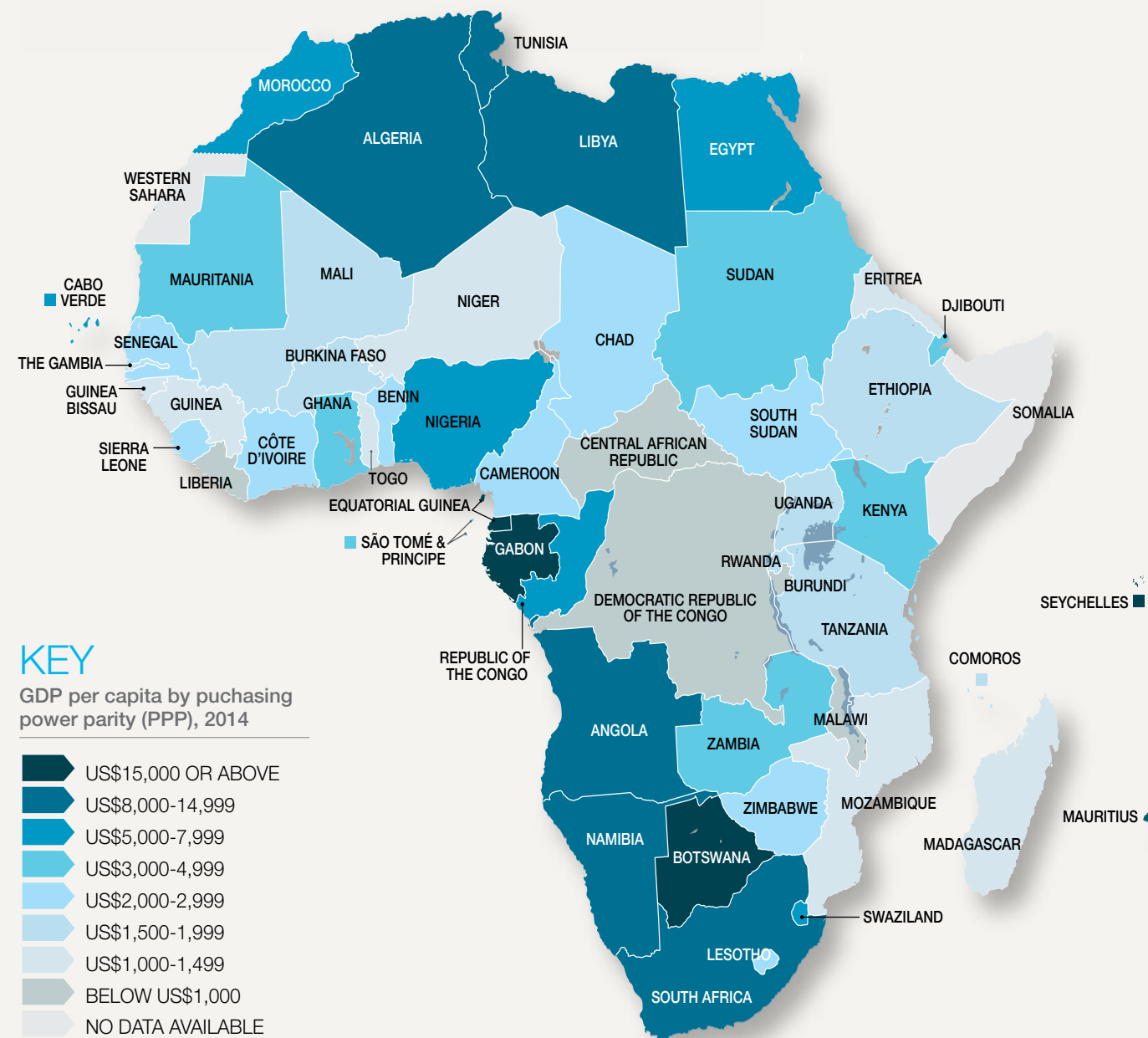


Dar es Salaam

THE ECONOMIES OF AFRICA

Africa GDP per capita

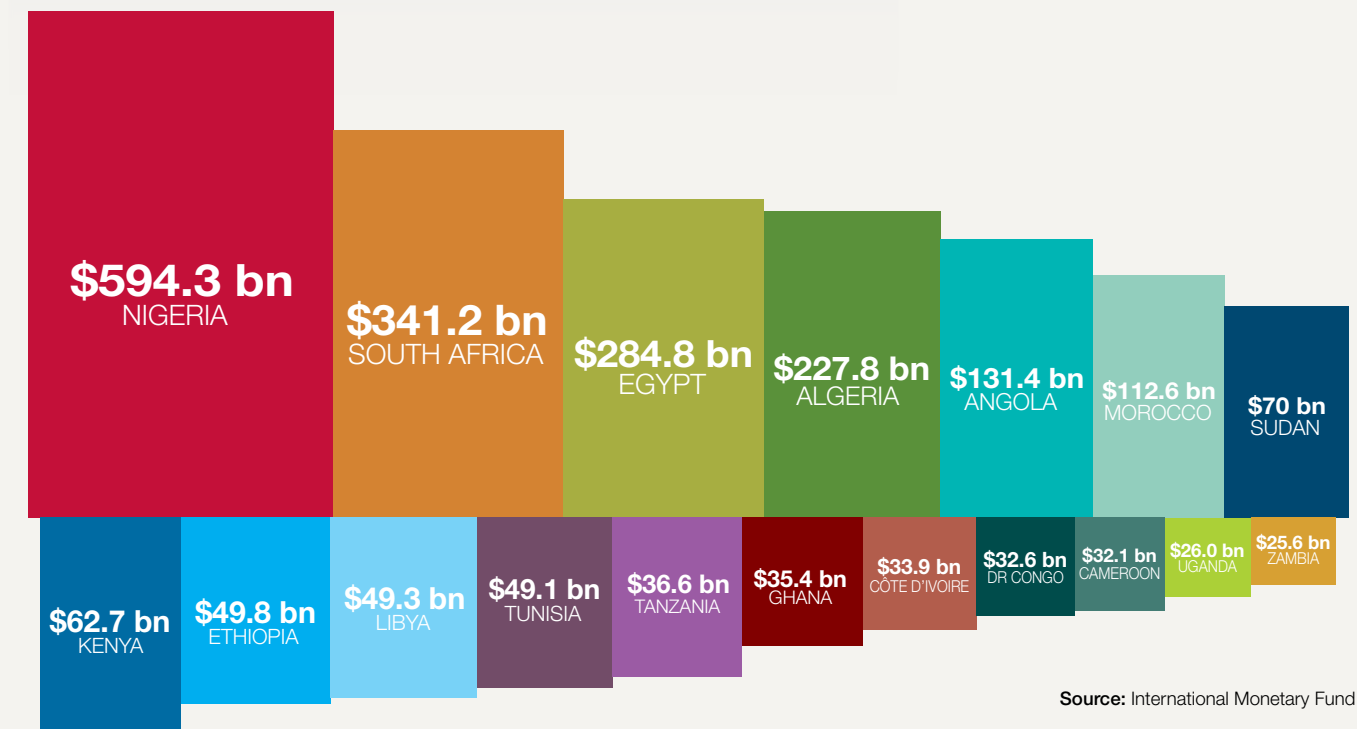
Kenya was recently upgraded to middle-income status, by World Bank definitions, following a recalculation of its GDP



Source: International Monetary Fund

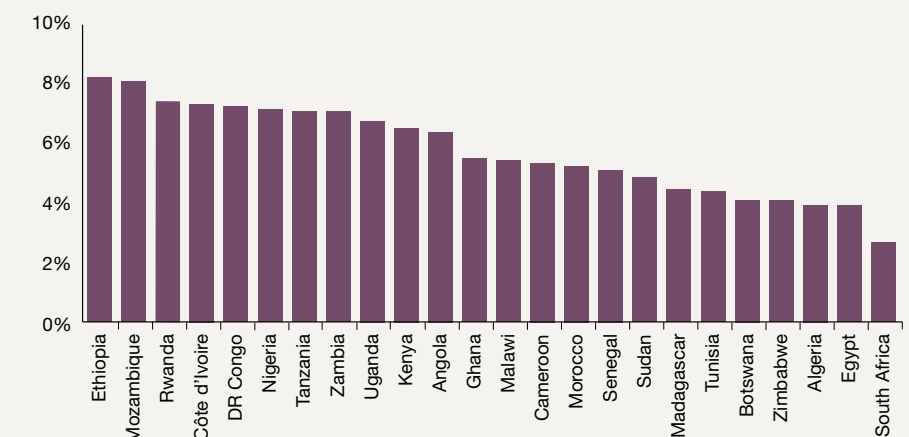
Africa's biggest economies, 2014 GDP estimates

Nigeria's GDP was rebased and recalculated in 2014, with the result that it leapfrogged South Africa as the continent's largest economy



Source: International Monetary Fund

GDP growth forecasts, 2015-19, average growth p.a.



Source: International Monetary Fund

IMF forecasts suggest that 13 of the world's 20 fastest growing economies over the next five years will be in Africa

AFRICA'S POPULATION GROWTH

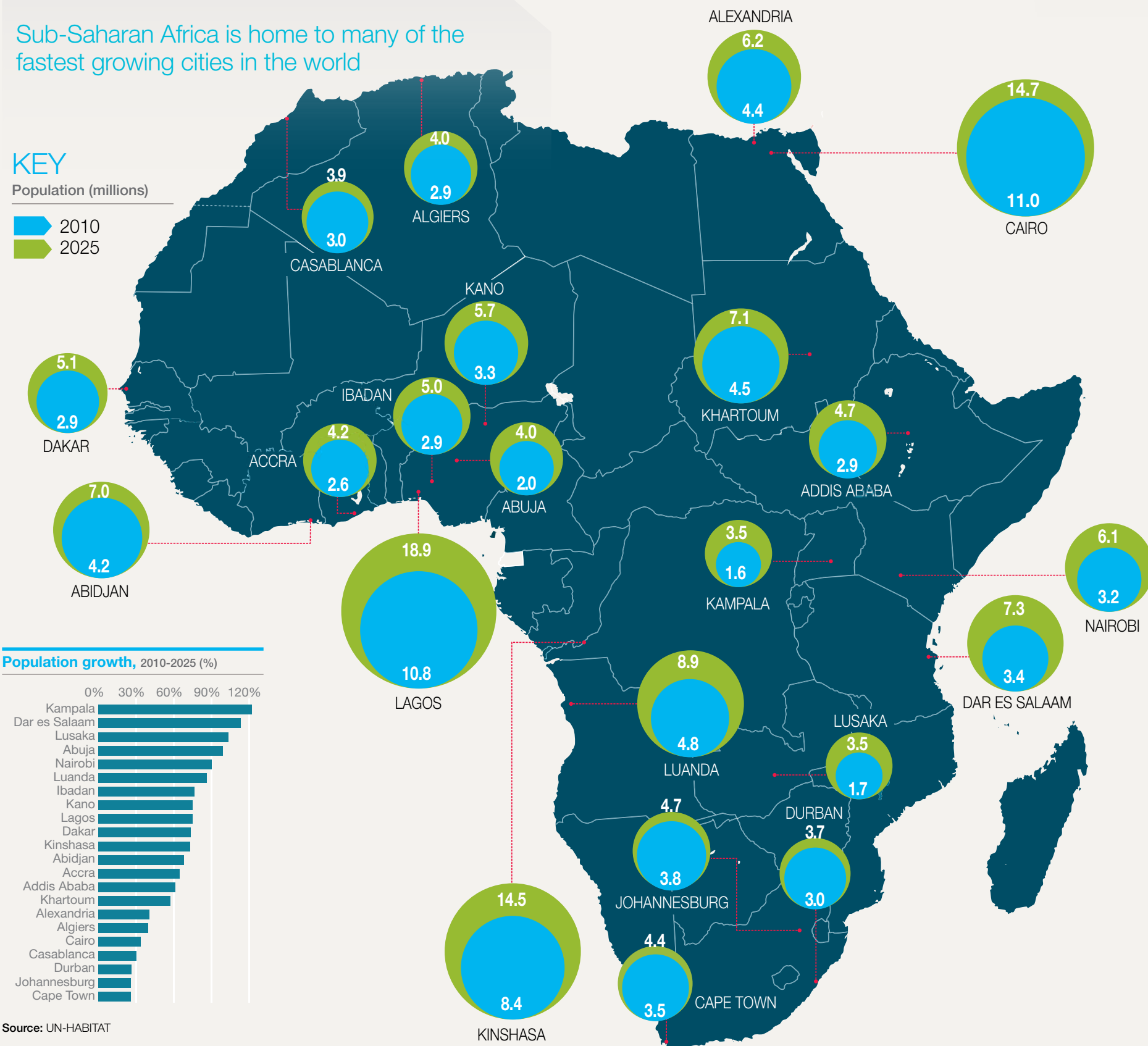
Africa's growth cities

Sub-Saharan Africa is home to many of the fastest growing cities in the world

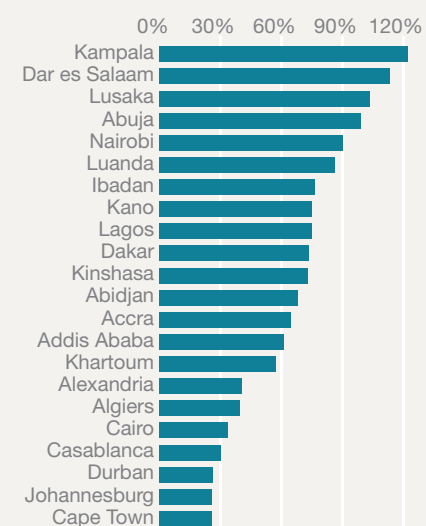
KEY

Population (millions)

2010
2025



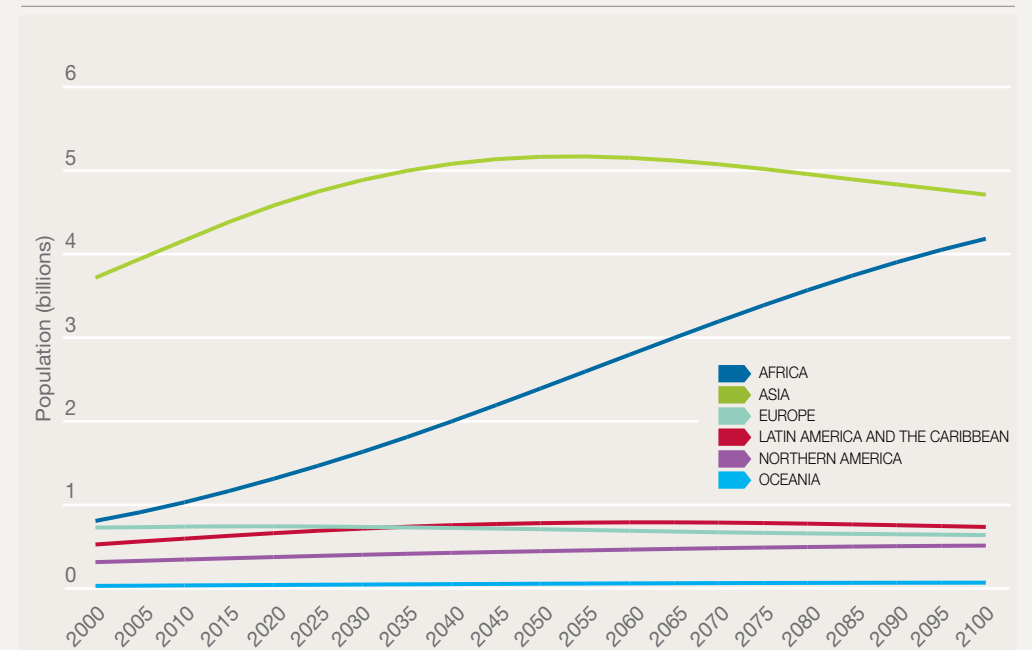
Population growth, 2010-2025 (%)



Source: UN-HABITAT

By 2100, it is projected that nearly 40% of the world's population will live in Africa

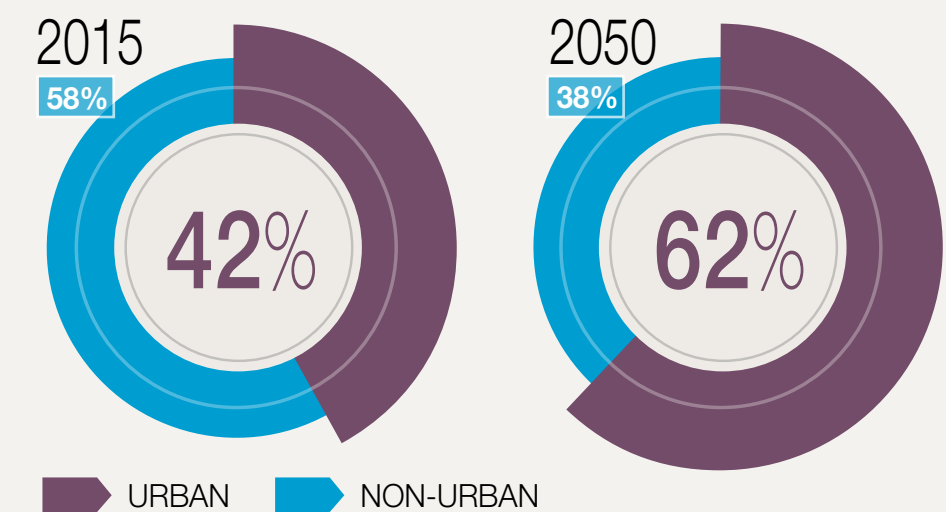
Global population forecasts



Source: United Nations Population Division

Africa's population will become primarily urban over the coming decades

Africa's urbanisation



Source: United Nations Population Division

AFRICA'S MEGAPROJECTS

Major infrastructure and construction projects across the continent

Cotonou-Niamey-Ouagadougou-Abidjan Railway

A West African rail loop is under development, connecting Niamey and Ouagadougou, the capitals of landlocked Niger and Burkina Faso, with the ports of Abidjan and Cotonou, in Côte d'Ivoire and Benin. The project will involve the laying of 1,200 km of new track and the rehabilitation of 1,800 km of existing lines. Work commenced on the Niamey-Cotonou section in 2014.

Eko Atlantic

Eko Atlantic is a new city district which is being developed on 10 sq km of land currently being reclaimed from the sea off the coast of Victoria Island in Lagos. Construction has begun on the district's first buildings, with the first residential tower expected to be completed in 2016. Eventually, it is envisaged that Eko Atlantic will be home to around 400,000 residents.

Lekki Deep Seaport

The Nigerian government has approved the construction of a new port at Lekki, 60 km east of Lagos. It is designed to relieve congestion at Nigeria's existing ports, with a projected annual capacity of 2.5 million TEUs. Port operations are scheduled to commence in 2017.

Lagos-Calabar Railway

A state-owned Chinese company has agreed a US\$12 billion contract to build a railway stretching more than 1,400 km along the coast of Nigeria. It will run from Lagos in the west to Calabar in the east, connecting cities including Aba, Port Harcourt, Warri and Benin City.

Grand Inga Dam

The proposed Grand Inga project, in the Democratic Republic of the Congo, is designed to harness the vast hydroelectric potential of the Congo River, and would be the world's largest hydropower scheme. The project comprises six phases, ultimately having a generating capacity of around 40,000 megawatts of electricity. It is hoped that construction on the first phase, the Inga III dam, will commence in 2016.

New Suez Canal

Egypt has commenced work on the construction of a second channel of the Suez Canal, which will run parallel to the existing canal for 72 km. This is expected to double the shipping capacity of the waterway. It is part of the broader Suez Canal Corridor Area Project, which envisages the creation of improved transport infrastructure, new industrial zones and urban development around the canal.

Grand Ethiopian Renaissance Dam

At a cost of around US\$4.1 billion, Ethiopia is constructing a 170m tall hydroelectric dam across the River Nile. It is due for completion in 2017 and will be Africa's largest hydroelectric power plant when built, with a generating capacity of 5,250 megawatts of electricity.

Addis Ababa-Djibouti Railway

A 337 km railway line is under construction between Addis Ababa and Djibouti. It will greatly improve landlocked Ethiopia's access to Djibouti's port. Work is scheduled for completion by the end of 2015.

LAPSSET Project

The Lamu Port and Lamu-Southern Sudan-Ethiopia Transport Corridor (LAPSSET) project aims to create a transport corridor connecting a new port at Lamu, Kenya, with South Sudan and Ethiopia. It involves the creation of a port and oil refinery at Lamu, new road and rail networks, airports and oil pipelines.

Mombasa-Nairobi-Kampala-Kigali-Juba Railway

Construction has begun on a standard gauge railway between the Kenyan port of Mombasa and Nairobi. This is the first phase of a planned network that will eventually also provide connections to Kampala, Kigali and Juba; the capitals of Uganda, Rwanda, and South Sudan.

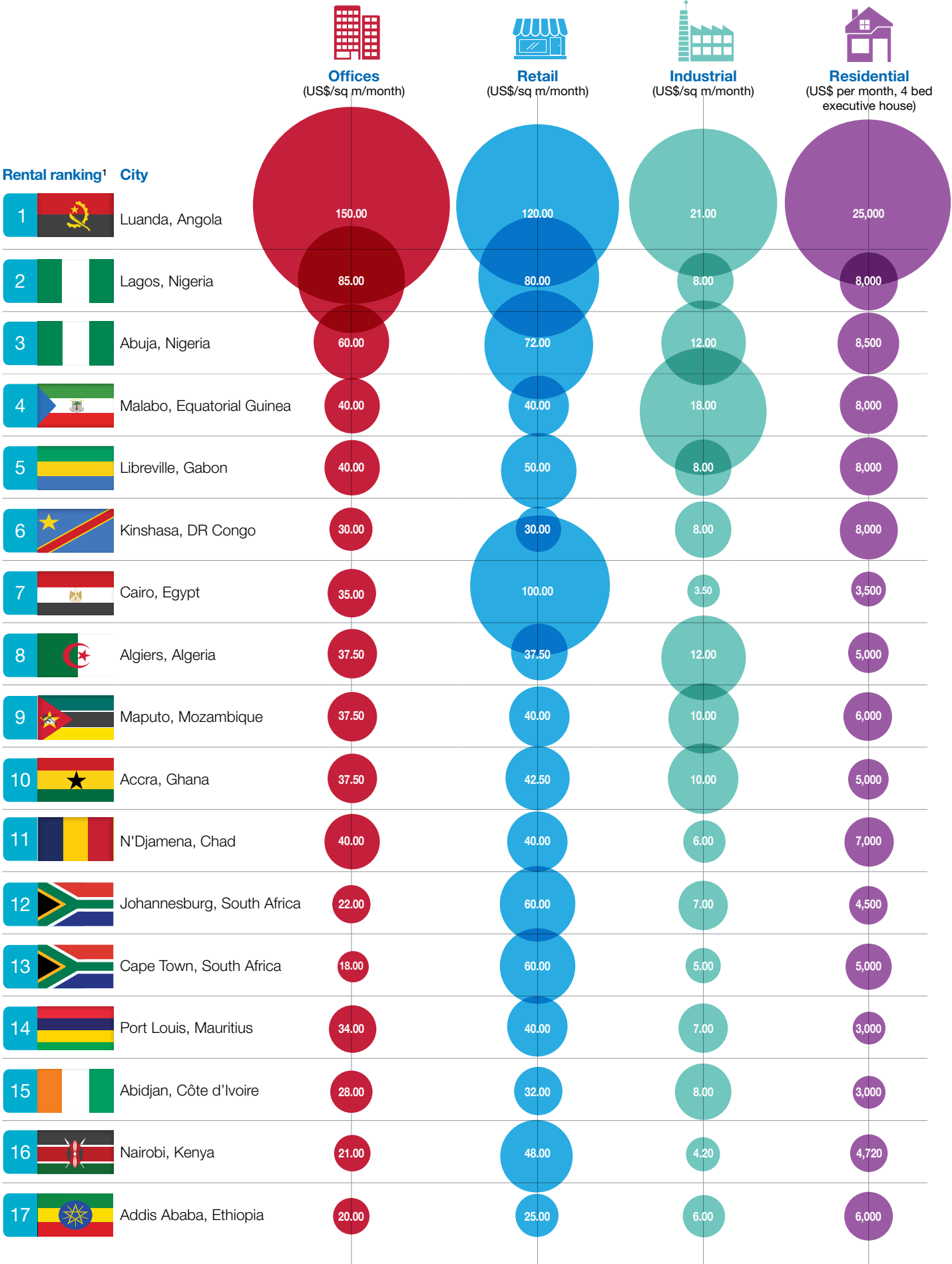
Konza Technology City

Konza is a planned city, located 60 km south of Nairobi, Kenya. It is envisaged as a hub for Africa's growing technology sector, providing almost 100,000 jobs by 2030. Work has commenced on phase one of the city, which will establish initial infrastructure and real estate, with this phase being scheduled for completion by 2018.

Bagamoyo Port

Construction is due to start imminently on the Chinese-financed US\$11 billion Bagamoyo Port in Tanzania, which would be Africa's largest port. It will reportedly have the capacity to handle 20 million containers per year, and its first phase is due for completion in 2017.

AFRICA PRIME RENT RANKING



Source: Knight Frank Research ¹Ranking based on a weighted aggregate of rents across the four sectors

Rental ranking ¹ City		Offices (US\$/sq m/month)	Retail (US\$/sq m/month)	Industrial (US\$/sq m/month)	Residential (US\$ per month, 4 bed executive house)
18	Lusaka, Zambia	22.00	35.00	7.00	3,500
19	Dar es Salaam, Tanzania	21.00	30.00	5.00	5,000
20	Kampala, Uganda	17.00	25.00	7.50	4,000
21	Casablanca, Morocco	21.00	27.00	5.00	4,700
22	Douala, Cameroon	24.00	28.00	6.00	3,000
23	Rabat, Morocco	20.00	24.00	5.00	4,700
24	Dakar, Senegal	20.00	29.00	5.00	4,000
25	Antananarivo, Madagascar	15.00	35.00	5.00	2,700
26	Gaborone, Botswana	10.90	32.00	6.70	2,180
27	Kigali, Rwanda	25.00	25.00	4.00	2,500
28	Yaoundé, Cameroon	24.00	28.00	3.00	3,000
29	Bamako, Mali	20.00	18.00	5.50	3,000
30	Windhoek, Namibia	14.00	24.00	5.00	2,800
31	Lilongwe, Malawi	12.25	17.00	3.94	3,000
32	Harare, Zimbabwe	10.00	25.00	4.00	1,500
33	Tunis, Tunisia	10.00	12.50	3.50	3,000
34	Nouakchott, Mauritania	12.00	15.00	2.00	2,200
35	Blantyre, Malawi	7.70	10.60	2.50	1,500

		Angola	Botswana	Egypt	Ghana	Kenya	Malawi	Nigeria	South Africa	Tanzania	Uganda	Zambia	Zimbabwe
LEASE TERMS													
	Rents quoted	US\$/sq m/month	Pula/sq m/month	EGP/sq m/month	US\$/sq m/month	KSh/sq ft/month or US\$/sq ft/month	MWK/sq m/month	US\$/sq m/annum or Naira/sq m/annum	Rand/sq m/month	US\$/sq m/month	US\$/sq m/month	US\$/sq m/month	US\$/sq/month
	Typical lease lengths	1-3 years	1-5 years	1-5 years	2-5 years	6 years	1-3 years	2-5 years	3-5 years	1-3 years	2-5 years	2-5 years	1-3 years
	Frequency of rent payments	Monthly to annually in advance	Monthly in advance	Quarterly in advance	Usually paid quarterly or biannually in advance	Quarterly in advance	Quarterly in advance	Annually or 2-3 years in advance	Monthly in advance	Annually in advance	Usually paid quarterly or biannually in advance	Quarterly in advance	Monthly in advance
	Basis of rent reviews	None	Pre-agreed escalation, typically 6-10% per annum	Pre-agreed escalation, typically 5-10% per annum	Periodic rent reviews at an agreed annual percentage, typically 5-10%	Fixed rental increases, typically 7.5% per annum if rents are paid in KSh or 5% if paid in US\$	Annual rent reviews based on open market rents	Periodic rent reviews based on open market rents	Fixed annual escalation, typically 7-9%	Annual escalation, typically 10%	Periodic rent reviews at an agreed annual percentage, typically 3.5-10%	Fixed annual rental escalations, typically 3-5%	Annual rent reviews based on open market rents
	Break options	Can be exercised by either party. Typical notice period is 3 months	Uncommon, but can be exercised by either party when in place. Typical notice period is 3 months	Can be exercised by either party. Typical notice period is 3 months	Can be exercised by either party. Typical notice period is 3 months	Break clauses are not common	Can be exercised by either party. Typical notice period is 3 months	Break clauses are not common, except in longer leases	No break options	Can be exercised by either party. Typical notice period is 3-6 months	Can be exercised by either party. Typical notice period is 6 months	Can be exercised by either party. Typical notice period is 3 months	Can be exercised by either party. Typical notice period is 3 months
	Ability to assign lease	Subletting permissible, with landlord's consent	Subletting permissible, with landlord's consent	Subletting permissible, with landlord's consent	Subletting permissible, with landlord's consent	Subletting not permitted	Subletting permissible, with landlord's consent	Subletting permissible, with landlord's consent	Subletting permissible, with landlord's consent	Subletting not permitted	Subletting not permitted	Subletting permissible, with landlord's consent	Subletting permissible, with landlord's consent
OCCUPATIONAL COSTS													
	Service charges	Paid by tenant. Typically 10-15% of net rents	Paid by tenant. Typically 10-15% of net rents	Paid by tenant. Typically 8-15% of net rents	Paid by tenant. Typically 10-15% of net rents	Paid by tenant. Typically 20-25% of gross rents	Paid by tenant based on actual bills received for services	Paid by tenant. Typically 20-30% of net rents	Paid by tenant. Covers all landlord expenses except property rates, which are not recoverable.	Paid by tenant. Typically US\$200-500 per month	Paid by tenant. Typically 15-40% of net rents	Paid by tenant. Typically 10-15% of net rents	Paid by tenant. Typically 75-100% of net rents
	Utilities	Tenant pays for all utilities consumed. Communal consumption is recovered through service charge	Tenant pays for all utilities consumed. Communal consumption is recovered through service charge	Tenant pays for all utilities consumed. Communal consumption is recovered through service charge	Tenant pays for electricity. Landlord pays for water, recovering cost via service charge	Tenant pays for electricity. Landlord pays for water, recovering cost via service charge	Paid by tenant through service charge	Tenant pays for utilities, either via service charge or on a metered basis	Tenant pays for all consumables including water, electricity and sewerage/waste	Tenant pays for electricity directly, and water via service charge	Tenant pays for electricity. Landlord pays for water, recovering cost via service charge	Tenant pays for electricity. Landlord pays for water, recovering cost via service charge	Tenant pays for all utilities including electricity and water
	Relevant local taxes payable	No VAT on rents. Urban Property Tax applies to commercial rents, at an effective rate of 15%	VAT of 12% payable by registered bodies. Withholding tax of 5% paid by tenant on rents above P36,000 per annum	No VAT in Egypt, although there are plans to introduce it. General sales tax payable on service charges	No VAT on rents. Rent tax of 8% payable by tenant	VAT of 16% payable on rents, service charges and parking fees	VAT of 16.5% payable on rents	VAT of 5% payable on commercial rents. Withholding tax of 10% payable by tenant	VAT of 14% payable on rents	VAT of 18% payable on rents	VAT of 18% payable on rents	VAT of 16% on commercial rents. Withholding tax of 10% payable by tenant	VAT of 15% payable on rents
	Internal repairs	Tenant responsible	Tenant responsible	Tenant responsible	Tenant responsible	Tenant responsible	Tenant responsible	Tenant responsible	Tenant responsible	Tenant responsible	Tenant responsible	Tenant responsible	Tenant responsible
	External repairs and repairs to common parts	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible
	Building insurance	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible	Landlord responsible
	Restoration	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear. Typically let as shell & core	Tenants required to restore premises to original state, subject to reasonable wear and tear. Typically let as shell & core	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear	Varies by lease agreement. Fair wear and tear will apply in most, but not all, cases	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear	Tenants required to restore premises to original state, subject to reasonable wear and tear
TRANSACTION COSTS													
	Agency fees: new lease	Paid by landlord or tenant. Typically one month's rent	Paid by landlord or tenant. Typically one month's rent	Paid by landlord or tenant. Typically one month's rent	Paid by landlord or tenant. Typically one month's rent	Paid by landlord. Typically 4-8.3% of annual rent	Paid by landlord. Typically 5-10% of annual rent	Paid by landlord or tenant. Typically 5-10% of the total rent	Paid by landlord. Typically 13-19% of annual rent, depending on lease length	Paid by landlord. Typically one month's rent	Paid by landlord. Typically one month's rent	Paid by landlord. Typically equivalent to one or one and a half month's gross rent	Paid by landlord. Typically 10% of annual rent
	Agency fees: renewal	Paid by landlord or tenant. Typically one month's rent	Paid by landlord or tenant. Typically 2-3% of annual rent	Paid by landlord or tenant. Typically one month's rent	Paid by landlord or tenant. Typically one month's rent	Paid by landlord. Typically 2.5% of annual rent	Paid by landlord. Typically 5-10% of annual rent	Paid by landlord or tenant. Typically 5-10% of the total rent	Paid by landlord. Typically 13-19% of annual rent, depending on lease length	Not a norm	Paid by landlord. Typically one month's rent	Paid by landlord. Typically equivalent of one month's gross rent	Paid by landlord. Typically 10% of annual rent
	Agency fees: sublease	Typically one month's rent	Typically one month's rent	Typically one month's rent	Typically 50-100% of one month's rent	No subleasing	N/A	Typically 5-10% of the total rent	Paid by existing tenant. Typically 13-19% of annual rent, depending on lease length	No subleasing	No subleasing	Paid by existing tenant. Typically equivalent to one month's gross rent	Typically 50-100% of one month's rent
	Legal fees	Payable by tenant on attorney scale	Payable by landlord or tenant on attorney scale	Payable by tenant on attorney scale	Landlord and tenant pay their own costs	Payable by tenant, on a sliding scale depending on rents	Payable by tenant, based on a prescribed scale of fees	Payable by tenant, tariffs vary by lawyer	Landlord and tenant pay their own costs	Landlord and tenant pay their own costs	Landlord and tenant pay their own costs	Either paid by landlord, or shared between landlord and tenant. Fees by negotiation	Payable by tenant, tariffs vary by lawyer
	Is stamp duty payable on leases?	Yes. Tenant pays	No	No	Yes. Tenant pays	Yes. Tenant pays. It is calculated as 2% of combined total of the average rent over the 6 years plus the service charge for 1 year	Yes. Tenant pays (MWK500 per document)	Yes. Rates vary by state	No	Yes. Tenant pays at 1% of annual rent	No	Lease registration fee based on a statutory scale. Typically, landlord pays	Stamp duty payable when leases are registered, based on a statutory scale
Source: Knight Frank Research													

ALGERIA



Office market

Office rents in Algiers have remained largely stable in recent years, and most of the office stock is of a low quality which falls short of international corporates' standards. The Bab Ezzouar district, near the airport, is a focus for development activity, with KPMG's building now completed and BNP Paribas' new Algerian headquarters due to become operational in early 2015. In a major recent deal, Citi has leased space at Le Ksar tower in Bab Ezzouar, and will be relocating there from Hydra during 2015. There are also significant new office developments due to come on stream over the next few years in Pins Maritimes.

Retail market

Following the development of the Al Qods Mall at Cheraga, which opened in 2008 and is now showing its age, SCCA's Bab Ezzouar Centre Commercial and Dahli's Ardis have also been completed. The market is strong, although almost entirely made up of local retailers. However, Carrefour is returning to the Algerian market after pulling out in 2009, and will be opening its first new store in Sétif. The next major development in Algiers is likely to be the Trust Complex, a mixed-use project which includes a shopping mall with 20,000 sq m GLA, and is anticipated to be opened in 2016.

Industrial market

Algeria has a very narrow industrial base as the economy is heavily reliant on

the hydrocarbon sector, but there is now a major drive to diversify. It is hoped that the opening in late 2014 of Renault's new €50 million (c.US\$63 million) plant in Oran will be a major turning point. Industrial activity is spread throughout Algiers, even in central areas, although there are dedicated zones at locations such as Oued Smar and Rouiba. The new zone at Sidi Abdellah is becoming a centre for the pharmaceutical industry, with Sanofi and Hikma both building factories.

Residential market

The ex-pat market is mainly focused on Hydra, where large villas are located. The prime market has softened over recent years, with downwards adjustments being made to rents on renewal. There is significant activity at the top end of the market in suburban and out-of-town locations, particularly around Grands Vents and to the west of Algiers with Emiral's Forum El Djazair development. In the mid-market, there are major new apartment developments at Ouled Fayet and Ain Taya, with units costing around DZD 9 million (c.US\$112,500). The affordable market offers units for around DZD 4 million (c.US\$50,000). A significant volume of serviced apartment stock will be delivered over the next 2-4 years with several towers under construction at the Trust Complex and around Algeria Business Center.

Key facts

Population	38.8 million
Major cities:	
Algiers	3.4 million
Oran	1.5 million
Constantine	1.0 million
Official languages	Arabic
Total area	2,381,741 sq km
GDP growth (2014)	3.8%
Key export	Petroleum
Currency	Algerian Dinar (DZD)
EIU country risk rating (E=most risky)	D
World Bank Doing Business rank (out of 189 countries)	154

Algiers prime rents and yields

	Prime rents	Prime yields
Offices	US\$37.50/sq m/month	9%
Retail	US\$37.50/sq m/month	9%
Industrial	US\$12/sq m/month	13%
Residential	US\$5,000/month*	8%

Source: Knight Frank LLP

*4 bedroom executive house – prime location

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BNP Paribas Headquarters, Algiers (under construction)

Key facts

Population	19.1 million
Major cities:	
Luanda	6.5 million
Huambo	1.9 million
Official languages	Portuguese
Total area	1,246,700 sq km
GDP growth (2014)	3.9%
Key export	Petroleum
Currency	Kwanza (AOA)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	181

Luanda prime rents and yields

	Prime rents	Prime yields
Offices	US\$150/sq m/month	14%
Retail	US\$120/sq m/month	13%
Industrial	US\$21/sq m/month	14%
Residential	US\$25,000/month*	12%

Source: Knight Frank LLP

*4 bedroom executive apartment – prime location

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Belas Business Park, Luanda

ANGOLA



Office market

Despite the recent construction of new buildings, Luanda still suffers from a lack of good quality office stock, and occupancy costs remain the highest in Africa. It is estimated that the majority of the 250,000-300,000 sq m of office space being brought to the market during 2014-15 has already been either pre-let or sold. The market is dominated by occupiers from the oil sector, and it is expected that recent falls in oil prices will affect demand in 2015. The prime office areas are the Ingombota and Baixa districts in the city centre, while secondary office areas include Maianga, Alvalade and Miramar. There is also notable office development activity to the south of the city in Talatona.

Retail market

The retail sector in Luanda is still at a nascent stage of its development. While international retailers have started to be attracted by the growth of Luanda's middle class, high set-up costs and the difficulty of entering the market are holding many back. There are only three modern shopping centres in Luanda, although several others are under construction. However, many of the new developments have suffered from a lack of funding and have been slow to materialise. For example, the Comandante Gika project, originally planned to be completed in 2010, remains under construction. A 10,000 sq m Kero hypermarket has opened in the complex, but it remains the only tenant while development continues around it.

Industrial market

Industrial market activity is mainly associated with the oil sector, and most of the existing stock is owner-occupied. The principal industrial locations are Luanda port and Viana to the east of the city, while there are also established warehouse districts at Benfica, the Cacucaco road, and the road to Catete. The logistics property sector is relatively undeveloped and immature, and good quality warehouse space is scarce. The Angolan government operates the ZEE (Special Economic Zone) in Viana, where warehouse properties can be leased for a fraction of the cost of privately-owned parks, but there are strict criteria governing appropriate tenants which make it extremely difficult to locate there.

Residential market

The prices of good quality villas and apartments in Luanda have been among the highest in the world in recent years. However, a virtually non-existent mortgage market and significant volumes of new supply have put downward pressure on prices. This trend is expected to continue as a result of falls in oil prices. New residential property tends to be located either in central Luanda or to the south in Talatona. This location provides lower cost housing and is popular with ex-pat families. Prime four bedroom houses rent for around US\$15,000 per month in Talatona, compared with US\$25,000 per month in the city centre.

BOTSWANA



Office market

The supply of office space in Gaborone currently outstrips demand due to the recent upsurge in development activity, which has largely focused on the new CBD. However, little of the available space meets the requirements of international corporate occupiers. Demand for offices has waned as a result of a lack of new market entrants, the contraction of existing businesses and government belt-tightening. Rents have softened across all office nodes, with prime rents reaching their lowest level in ten years. Over the medium term, rents may remain under pressure as demand is likely to stay muted and existing tenants will seek to negotiate lower rents on the renewal of their leases. However, low inflation and interest rates have supported stable prime initial yields, and thus maintained healthy capital values.

Retail market

Gaborone continues to see considerable retail development, with centres such as Airport Junction, Rail Park Mall and Sebele Shopping Centre opening in recent years. Given the relatively small size of Gaborone's population and catchment area, there are concerns that an oversupply of retail space is looming. To date, the retail sector has remained remarkably resilient, with all of Gaborone's major retail centres experiencing healthy demand for space and low vacancies. However, the heightened level of development may lead to a saturation of the retail market and put downward pressure on prime rents. South African chains have a strong presence in the market, but Botswana's biggest retailer

is the local supermarket chain Choppies, which has grown rapidly in recent years and is expanding into other countries in the region.

Industrial market

Demand for industrial accommodation has remained buoyant over the last three years on the back of the robust performance of the logistics and manufacturing industries. Demand is currently strongest for smaller starter units of up to 200 sq m and bigger units of over 1,500 sq m. Demand has been generated by relocations, start-up businesses and firms seeking high-tech quasi-office accommodation. The sector has enjoyed steady-to-strong rental growth in recent years, which has encouraged investment and development activity. However, the significant volume of new space in the pipeline could create excess supply and limit rental growth in the short term.

Residential market

There is high demand for residential property and limited stock. The current housing supply does not sufficiently meet the demand pressures emanating from population growth, increased numbers of single family households, inward migration and the growing student and elderly populations. There is a big gap in the market for low-to-medium cost housing, despite the increased prevalence of sectional title ownership. The prime sector is currently in equilibrium, as there are only a small number of affluent individuals able to afford the sophisticated product available at the top end of the market.

Key facts

Population	2.2 million
Major cities:	
Gaborone	0.2 million
Francistown	0.1 million
Official languages	English
Total area	581,730 sq km
GDP growth (2014)	4.4%
Key export	Diamonds
Currency	Pula (BWP)
EIU country risk rating (E=most risky)	B
World Bank Doing Business rank (out of 189 countries)	74

Gaborone prime rents and yields

	Prime rents	Prime yields
Offices	US\$10.90/sq m/month	8%
Retail	US\$32/sq m/month	8%
Industrial	US\$6.70/sq m/month	10%
Residential	US\$2,180/month*	9%

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

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ITowers, new CBD, Gaborone

CAMEROON



Key facts

Population	22.5 million
Major cities:	
Douala	2.4 million
Yaoundé	2.4 million
Official languages	French, English
Total area	475,440 sq km
GDP growth (2014)	5.1%
Key export	Petroleum
Currency	Central African CFA Franc (XAF)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	158

Cameroon prime rents and yields

DOUALA		
	Prime rents	Prime yields
Offices	US\$24/sq m/month	10%
Retail	US\$28/sq m/month	9%
Industrial	US\$6/sq m/month	12%
Residential	US\$3,000/month*	8%
YAOUNDÉ		
	Prime rents	Prime yields
Offices	US\$24/sq m/month	10%
Retail	US\$28/sq m/month	9%
Industrial	US\$3/sq m/month	15%
Residential	US\$3,000/month*	8%

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

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Arc Building, Douala

Office market

In the capital Yaoundé, the office market is still immature, with very little modern office stock. Some office buildings have been constructed in the Centre Administratif part of the city, but these have been solely for government ministries. Apart from these, typical buildings are constructed in a mixed-use format, with the ground floor providing retail space and the upper floors divided into small rooms which provide basic office accommodation. Most international occupiers choose either to be based in the Hilton Hotel, or to rent and adapt one of the numerous villas located in the Bastos quarter, just north of the city centre. In the commercial city of Douala, the principal office market locations are the Bonanjo and Akwa II districts. Additionally, some office occupiers will adapt villas in areas close to the international airport. The city has an ageing office stock, and is in need of new development. Near the port, there are several older large projects which were abandoned mid-construction and have not been considered for refurbishment. There are also small sporadic refurbishments in Bonanjo, offering office suites on the upper floors of buildings.

Retail market

The Cameroon retail market is relatively undeveloped. It is yet to see the scale of modern mall development that some other West African countries have witnessed, and international retailers

have a limited presence. However, the French supermarket brand Casino has stores in Yaoundé and Douala, and its competitors include local operators such as Mahima and Ecomarché. Douala has seen some recent retail development, with a project of note being a shopping centre called L'Atrium on Rue Surcouf.

Industrial market

Douala, as a port city, is a more important industrial location than Yaoundé. Its port is one of the largest in West Africa and services some of the landlocked countries of Central Africa as well as the domestic market. There are designated industrial zones at Bassa, in the east of the city and Bonabéri, near the port, which is home to several major cement plants. There is little heavy industry in Yaoundé, which is more of a regional distribution centre than a manufacturing location.

Residential market

The top end of the Yaoundé residential market is focused on the Bastos district. Conditions appear to be buoyant, fuelled by demand from the small ex-pat community, a growing number of wealthy local individuals and a steady stream of international companies seeking to take villas as offices. In Douala, the prime residential locations are the Bonapriso and Akwa districts. Rental values in both cities are very sensitive to the quality of finish, and properties requiring work can be leased at a significant discount.

CHAD



Key facts

Population	11.4 million
Major cities:	
N'Djamena	1.1 million
Moundou	0.1 million
Official languages	French, Arabic
Total area	1,284,000 sq km
GDP growth (2014)	9.6%
Key export	Petroleum
Currency	Central African CFA Franc (XAF)
EIU country risk rating (E=most risky)	D
World Bank Doing Business rank (out of 189 countries)	185

N'Djamena prime rents and yields

	Prime rents	Prime yields
Offices	US\$40/sq m/month	10%
Retail	US\$40/sq m/month	9%
Industrial	US\$6/sq m/month	12%
Residential	US\$7,000/month*	8%

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

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60 villas, Sabangali, N'Djamena (under construction)

Office market

N'Djamena is not a major market for international tenants. The downtown area and locations around Avenue Charles de Gaulle are still relatively low-rise, with many businesses operating out of villas or apartment buildings. Office demand largely stems from government occupiers, oil companies, banks (e.g. Ecobank and Société Générale) and telecoms operators (e.g. Tigo and Airtel). The Cité Internationale des Affaires project in the city centre may provide international corporate occupiers with opportunities for commercial space but, if it does appear, it is not likely to be completed for several years. Ground has been broken on the construction of a new US Embassy on the former Assemblée Nationale site between Dembé and Chagoua, and this may attract other occupiers to this part of the city.

Retail market

The N'Djamena retail market is immature. There are some supermarkets frequented by ex-pats, which are generally run by Lebanese, Indian and Chinese businesses. These include Modern Market, Alimentation Générale and Alimentation La Tchadienne. However, the most important local retail centre remains the Marché Central, which is a traditional market where prices can be negotiated and are a fraction of those charged in retail stores. The Cité Internationale des Affaires may provide retail opportunities in the long term.

Industrial market

Industrial activity in Chad principally relates to oil, cotton, brewing, nuts and meat production. N'Djamena is not a major industrial market, although there is an industrial zone at Farcha, where Total has a facility. Most of the country's industrial activity occurs away from N'Djamena in locations such as the commercial city of Moundou. Businesses in Moundou include CotonTchad and BDT (Brasseries du Tchad) and there is also some oil-related activity servicing the oil fields of the Doba basin, where companies such as Glencore and ExxonMobil/Esso have operations. Industrial land is relatively cheap, renting for CFA 1-2 million (US\$2,000-4,000) per hectare per month.

Residential market

The best residential locations in N'Djamena include Klémat, Djambalbarh, Bololo and Farcha. The construction of housing around the Kempinsky Hotel has stalled because of its Libyan connections, but there is a major development at Sabangali known locally as "60 villas" which is being built for the upcoming meeting in June 2015 of the heads of state of the African Union. This is also a driver behind recent development activity in the hotel sector, which includes the new Hilton and Grand Hotels. At the top end of the market, villas are generally rented for CFA 2-5 million (c.US\$4,000-10,000) per month. In the mid-market, there are plans for thousands of units close to the new Toukra University, which is currently under construction.

CÔTE D'IVOIRE



Key facts

Population	22.8 million
Major cities:	
Abidjan	4.5 million
Bouaké	0.8 million
Yamoussoukro	0.2 million
Official languages	French
Total area	322,463 sq km
GDP growth (2014)	8.5%
Key export	Cocoa
Currency	West African CFA Franc (XOF)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	147

Abidjan prime rents and yields

	Prime rents	Prime yields
Offices	US\$28/sq m/month	9%
Retail	US\$32/sq m/month	9%
Industrial	US\$8/sq m/month	18%
Residential	US\$3,000/month*	8%

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

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Ecobank Headquarters, Abidjan (under construction)

Office market

The Abidjan market recovered quickly following the political crisis of 2010-11 and La Prévoyance, the biggest speculative development for many years in the main business district Plateau, is now fully leased. Much of the current development activity is for owner-occupation by banking occupiers, notably Ecobank's new headquarters and the African Development Bank's two towers, which are being refurbished prior to the bank's return to Abidjan. There is a definite need for new office development to replace the ageing existing stock. After a decade of stagnation, office rents have risen rapidly in the last 12 months and further rental growth is expected as long as 2015's elections pass off well. There continues to be interest in offices outside of Plateau and the opening of the new bridge crossing the Lagoon from Marcory will further improve prospects for the Cocody district.

Retail market

The best shopping centres in Abidjan are Cap Sud and Cap Nord, which are both fully leased and anchored by Super Hayat and Casino respectively. There are currently few international retail brands in Côte d'Ivoire, but Carrefour plans to open its first hypermarket in Abidjan in 2015, on Boulevard Valéry Giscard d'Estaing (VGE) in Marcory. Demand for retail space is strong and a major extension is currently being developed at Cap Sud, which will more than double its floor area. Boutique shopping is found in locations

such as Rue des Jardins in Deux Plateaux and Boulevard de Marseille in Biétry, with a number of strong upmarket brands being locally active, such as Vlisco (clothing) and L'Oenophile (wines).

Industrial market

Abidjan is a port city and one of the most important industrial centres in West Africa, servicing much of French-speaking Africa and the landlocked countries to the north. Large-scale industry is primarily focused on the industrial zone at Vridi, although there is also local activity in areas such as Yopougon. Industry in Vridi is dominated by fuel refining, but there is also cement and food production, and international corporates in this area include Unilever and Maersk.

Residential market

The top end of the residential market is focused on Cocody and Zone 4. The market is buoyant, fuelled to some extent by the African Development Bank's relocation to Abidjan from Tunis. Typically, rents for very good villas are in the range of CFA 1.2-1.5 million (c.US\$2,400-3,000) per month, but can go as high as CFA 3-5 million (c.US\$6,000-10,000) per month for luxury product. Mid-market rents are sub-CFA 0.5 million (US\$1,000) per month. There is a strong out-of-town market, with significant development activity out towards Bingerville and Grand-Bassam.

DEMOCRATIC REPUBLIC OF THE CONGO



Office market

The Kinshasa office market is focused to the north of the city, with many of the most important buildings being along Boulevard du 30 Juin. Most of the larger office buildings are owner-occupied by banks and state-related operations. Office development activity appears to have accelerated since the last elections in 2011, but businesses are likely to become more cautious in the run up to the 2016 elections. International companies with a presence in the city include Ericsson, Orange, Citibank, Elf, Vodacom, Nestlé and Alcatel-Lucent. Most offices in Kinshasa are of a fairly poor standard and many are built without air conditioning or elevators. Prime rents are around US\$30 per sq m per month, but can reach US\$40 per sq m per month for good quality small spaces.

Retail market

The Kinshasa retail market has shown limited progress in recent years. The Gare Centrale development, which was to have been one of the region's biggest retail centres and may have brought international brands to the market, has stalled indefinitely. Shoprite is the only major international retailer in Kinshasa, having a supermarket in a prime position in the Gombe district. This site has good car parking, which is rare for supermarkets in Kinshasa. Most other supermarkets are relatively small and many are Lebanese-run. Prices for goods sold in supermarkets can be extremely high.

Industrial market

Historically, industrial property has been located in Gombe and the city centre. However, most of the more recent development has been in the east of the city, in areas between the port and the international airport. Industrial property is clustered around the Route des Poids Lourds, particularly in the areas of Kingabwa and Limete. Medium and large industrial properties are generally owner-occupied and there is little speculative development. The leasing market mostly comprises basic second-hand units. Rents in the city centre can be as high as US\$12 per sq m per month, but this is for industrial properties that are used by embassies and NGOs, rather than industrial users. Prime rents for new-built industrial properties are more usually in the order of US\$8 per sq m per month.

Residential market

Residential values in the centre of Kinshasa, and in particular Gombe, were driven upwards during the 2000s by the arrival of large numbers of UN personnel. This has also had a knock-on effect on prices in more peripheral areas, and houses in the new Kin-Oasis development at Bandalungwa cost around US\$850,000, which is affordable to few locals. There is a major shortage of affordable housing, with the state authorities estimating that 500,000 units are required over the next 10 years; only a small fraction of this figure is currently under construction.

Key facts

Population	77.4 million
Major cities:	
Kinshasa	9.0 million
Lubumbashi	1.8 million
Mbuji-Mayi	1.7 million
Kananga	1.1 million
Official languages	French
Total area	2,344,858 sq km
GDP growth (2014)	8.6%
Key export	Copper
Currency	Congolese Franc (CDF)
EIU country risk rating (E=most risky)	D
World Bank Doing Business rank (out of 189 countries)	184

Kinshasa prime rents and yields

	Prime rents	Prime yields
Offices	US\$30/sq m/month	12.5%
Retail	US\$30/sq m/month	12.5%
Industrial	US\$8/sq m/month	16%
Residential	US\$8,000/month*	12%

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

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Citi Headquarters, Kinshasa

EGYPT



Key facts

Population	88.0 million
Major cities:	
Cairo	11.0 million
Alexandria	4.5 million
Giza	3.6 million
Official languages	Arabic
Total area	1,001,450 sq km
GDP growth (2014)	2.2%
Key export	Petroleum
Currency	Egyptian Pound (EGP)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	112

Cairo prime rents and yields

	Prime rents	Prime yields
Offices	US\$35/sq m/month	10%
Retail	US\$100/sq m/month	8%
Industrial	US\$3.50/sq m/month	11%
Residential	US\$3,500/month*	7%

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

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Boomerang Building, New Cairo

Office market

Demand for office space in Cairo comes from the banking, oil and gas, pharmaceutical, construction and ICT sectors. Notable recent transactions have included the Canadian Embassy's lease of offices at Nile City Towers, while Barclays Bank will be relocating from the city centre to CityStars in a move which will see them lease 14,000 sq m. Office development stalled as a result of the political disruption of recent years, but activity now appears to be reviving; Smart Villages has announced a new development at Future City in New Cairo and CityStars has pressed ahead with development of an additional office building. However, a less positive sign is Cairo Festival City's postponement of its Phase II office development. Prime office rents in the city centre have declined to US\$35 per sq m per month but, even so, they remain around double the rents in peripheral areas.

Retail market

Cairo's modern retail provision has continued to increase, with recent openings including Cairo Festival City Mall (168,000 sq m GLA) in 2013 and the smaller Galleria 40 in 2014. These have joined existing malls in Greater Cairo including CityStars (150,000 sq m GLA) and Mall of Arabia (180,000 sq m GLA). More than 900,000 sq m of additional retail space is expected to be delivered over the next two years, most notably in Citadel Plaza in Mokattam and Madinaty Mega Mall in New Cairo. The most significant international retailer to enter the market

recently is IKEA, which opened a store at Cairo Festival City in 2013. Despite increased uncertainty in the market, retail rents have remained broadly stable, but a growing number of tenants have sought to pay turnover rents.

Industrial market

The government's Industrial Development Authority (IDA) is a major driver of industrial activity, attracting new investment to the sector and developing industrial areas. Key industrial locations in Greater Cairo include 6th October City and 10th Ramadan City, both of which are expected to see further investment by the IDA. 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.

Residential market

Residential development has declined over recent years, albeit the market had previously been very active. The slowdown has been due to difficulties in obtaining construction permits and a general easing of construction activity, rather than any reduction in demand. The mid and low-income brackets are widely seen as having the best growth prospects, given the potential size of these markets. In a move designed to revitalise the sector, the Egyptian authorities have announced an agreement with the UAE-based firm Arabtec for the construction of one million units of lower income housing across Egypt.

EQUATORIAL GUINEA



Office market

Most new office construction is in Malabo II, an area of modern development along the road linking Malabo's airport with the football stadium. Buildings here tend to be self-contained and owner-occupied, either by government ministries or companies from the construction and oil industries. Among the oil companies, both Marathon and Noble Energy have new buildings in Malabo II, while Total has an office under construction. International banking occupiers are generally located in the city centre, although this will soon change as Société Générale has a new headquarters under construction in Malabo II. There is a limited supply of available offices in multi-tenanted properties, which are usually apartment buildings doubling up as offices. However, a significant volume of new supply will be provided by Malabo Gate, which is currently under construction and comprises two large mixed-use buildings.

Retail market

The government is trying to reinvent Malabo as a tourist and conference centre destination, and there has been significant development in support of this over the last two years. There are upmarket hotels, including a Sofitel, Hilton and Ibis, and even a casino in the shape of a boat; El Barco on the Airport Road. However, the retail market has yet to attract international brands and, given the small size of the indigenous population, it will require visitor numbers to increase significantly

before this happens. There are local supermarkets, such as Supermercado Muankaban, whose distinctive orange and yellow store is on the Airport Road.

Industrial market

Much of the existing warehousing in Malabo is along or close to the Airport Road, to the north of which is the port known as K5. Warehouse rents are very high, and properties are generally only of a moderate quality. A significant factor in the market is the government's plan to close K5 and require the oil and gas industry to operate from Luba, on the other side of Bioko Island. While the timing for this is uncertain, all of the oil companies that are not already in Luba are looking into their options, mostly focusing on Lonrho's Freeport development.

Residential market

Several of the better quality apartment buildings in Malabo are leased in their entirety to oil companies. Some provide small serviced units, often in buildings designed as hotels, with rents generally in the order of US\$2,000 per month per unit. There are also compound developments, some of which are well-established, but others are speculative and quirky and include commercial elements. Rents for standard ex-pat villas are typically in the order of US\$5,000-8,000 per month, but there are some huge properties which rent for many times this. Quality is an issue and many properties are offered in a poorly maintained state.

Key facts

Population	0.7 million
Major cities:	
Malabo	0.2 million
Official languages	Spanish, French
Total area	28,051 sq km
GDP growth (2014)	-2.5%
Key export	Petroleum
Currency	Central African CFA Franc (XAF)
EIU country risk rating (E=most risky)	D
World Bank Doing Business rank (out of 189 countries)	165

Malabo prime rents and yields

	Prime rents	Prime yields
Offices	US\$40/sq m/month	10%
Retail	US\$40/sq m/month	10%
Industrial	US\$18/sq m/month	13%
Residential	US\$8,000/month*	8%

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

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Sofitel Hotel, Sipopo

Key facts

Population	96.6 million
Major cities:	
Addis Ababa	3.4 million
Dire Dawa	0.6 million
Official languages	Amharic
Total area	1,104,300 sq km
GDP growth (2014)	8.2%
Key export	Coffee
Currency	Birr (ETB)
EIU country risk rating (E=most risky)	D
World Bank Doing Business rank (out of 189 countries)	132

Addis Ababa prime rents and yields

	Prime rents	Prime yields
Offices	US\$20/sq m/month	10%
Retail	US\$25/sq m/month	10%
Industrial	US\$6/sq m/month	13%
Residential	US\$6,000/month*	8%

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

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African Union Headquarters, Addis Ababa

ETHIOPIA



Office market

Ethiopia's market is restricted because its Investment Code prohibits foreign investment in the banking, telecoms and financial services sectors. However, office demand is strong, particularly from NGOs and the oil sector. There has been significant office development in Addis Ababa in recent years, particularly in Bole and Kazanchis. Many of the hotel operators active in the city have moved into commercial development, generally building to a formula that includes 3-4 floors of retail space, with office floors above. The market is challenging for international companies as it is very difficult to find office buildings that do not include large retail elements or that comply with international health and safety standards. As the climate is relatively mild, offices rarely have air conditioning.

Retail market

The Addis Ababa retail market is still at an early stage of its development in comparison with other major cities in East Africa. There are some grocery operators in Addis Ababa, but these are local mid-size companies operating out of small units, and there are no international retailers. Much of the existing retail stock comprises the lower floors of office buildings, and is generally poorly planned and managed. The market would appear to have good growth potential, as Ethiopia is the second most populous country in Africa. However, one obstacle is that, as a landlocked country with relatively poor infrastructure, supply chains can be unreliable.

Industrial market

Ethiopia's industrial sector has begun to attract international interest as a result of incentives offered by the government, its commitment to developing infrastructure and strong economic growth. Consumer goods manufacturers such as Diageo, Heineken, SABMiller, Tiger Brands and Unilever have entered the market in recent years. The most desirable locations for manufacturing are mainly in the corridor between Addis Ababa and Adama, about 90 km to the south east, in places such as Akaki Kaliti, Dukem, Debre Zeit/Bishoftu and Mojo. Another important area is Alem Gena/Sebeta where Diageo operates its brewery.

Residential market

The residential and hospitality markets are the most developed and sophisticated real estate sectors in Addis Ababa. Demand from ex-pats tends to be focused on Bole and Kazanchis. Prices are high and good property does not stay on the market for long. A good 3-bed apartment will rent for around US\$3,000 per month unfurnished or US\$5,000 per month furnished, while aparthotels cost around US\$6,750 per month, offering less living space but better facilities and services. There is a huge programme of housing construction underway around Addis Ababa, which is largely government-led. This includes the mid-market 40/60 condominium scheme (so called because purchases are based on 40% equity and 60% debt) which has 160,000 residents registered to buy. Similar schemes aimed at the low-cost market are the 20/80 and 10/90 programmes.

GABON



Office market

Historically, Libreville has had an undersupply of office space, and occupiers have needed to rent residential or hotel properties and adapt them for use as offices. For example, the African Development Bank occupies converted housing at Gué-Gué, while the UN has similar premises at Batterie IV. A number of better quality new buildings are on Boulevard de l'Indépendance, including the Gabon Mining Logistics buildings. The government is a major occupier of office space, with many ministries being in the northern part of the city centre. In the private sector, there is strong demand for the relatively small supply of good quality buildings.

Retail market

Although Gabon has a small population, its GDP per capita is one of the highest in Africa. As such it represents an attractive retail opportunity. It is among the African markets that have been targeted for expansion by French retail giant Carrefour. Another French supermarket brand, Casino, is already present in Libreville through a partnership with a local franchisee, while the Gabonese retailer Prix Import has four supermarkets in the city. Libreville's main market is at Mont-Bouët, although this will be superseded by the new Grand Marché, which is under construction by the Swiss group Webcor on a nearby seven hectare site. Currently, major challenges within the retail market include the

limited capabilities of import and distribution networks.

Industrial market

Industrial development in Libreville is generally concentrated in the south of the city, towards its port. There are two major designated industrial zones, at Oloumi and Owendo. The market in Oloumi is mainly characterised by light manufacturing, with many of the most visible warehouse units being used for sales, particularly as car showrooms. Owendo is mainly a location for heavier industry and port-related companies. Major industries in Libreville include shipbuilding, wood processing and brewing.

Residential market

The best residential locations in Libreville are Hauts de Gué-Gué, La Sablière and Batterie IV. These areas have seen significant volumes of apartment development, which has been highly successful. The market is buoyant and demand for good quality residential property is strong, with the pressure on prices being accentuated by the competition between individuals and corporate occupiers seeking to use residential properties as offices. Gabon is also seeing the construction of large amounts of social housing, with Libreville's northern suburb of Angondjé being designated by the government as a key area for such development.

Key facts

Population	1.7 million
Major cities:	
Libreville	0.7 million
Official languages	English
Total area	267,667 sq km
GDP growth (2014)	5.1%
Key export	Petroleum
Currency	Central African CFA Franc (XAF)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	144

Libreville prime rents and yields

	Prime rents	Prime yields
Offices	US\$40/sq m/month	9%
Retail	US\$50/sq m/month	9%
Industrial	US\$8/sq m/month	14%
Residential	US\$8,000/month*	7.5%

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

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Ernst & Young Building, Libreville

GHANA



Key facts

Population	25.8 million
Major cities:	
Accra	2.6 million
Kumasi	2.0 million
Official languages	English
Total area	238,533 sq km
GDP growth (2014)	4.5%
Key export	Gold
Currency	Cedi (GHC)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	70

Accra prime rents and yields

	Prime rents	Prime yields
Offices	US\$37.50/sq m/month	8.5%
Retail	US\$42.50/sq m/month	7.5%
Industrial	US\$10/sq m/month	12%
Residential	US\$5,000/month*	8%

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

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One Airport Square, Accra (under construction)

Office market

Accra has seen a significant amount of office development in recent years, particularly in the Airport City area, which is about 5 km to the north east of the city centre. Several large projects are under construction or planned in this area, notably One Airport Square, a landmark development by Laurus/Actis, which is close to completion with around 15,000 sq m of office space. There is another cluster of office development in the Ridge area close to the city centre, where projects nearing completion include RMB Westport's Accra Financial Centre and Dream Realty's mixed-use The Octagon. Prime office rents softened in 2014, due to both the large volumes of new supply coming to the market and the impact of the sharp depreciation of the Ghanaian Cedi.

Retail market

Accra Mall, which opened in 2008, was the first large-scale modern shopping centre in Ghana, with around 20,000 sq m of retail space. More recently, West Hills Mall opened in Accra in late 2014, with Shoprite among the anchor tenants. The new mall has approximately 27,000 sq m of retail space and is claimed to be largest in West Africa. Street-front retail also remains popular in Accra, and the new office buildings in Airport City generally include retail units on the lower floors. The trend of mall development is spreading to the rest of the country, and

pipeline projects include Kumasi City Mall in Ghana's second city, Kumasi.

Industrial market

Within Accra, key industrial locations include the North Industrial Area and South Industrial Area, where warehouse units typically provide in the region of 1,000 sq m. About 25 km east of Accra is the port city of Tema, where an oil refinery and a number of factories are located. In early 2015, the Kuwaiti developer Agility broke ground on a new logistics park on a 40-acre site in the Tema Port Free Trade Zone. The city of Takoradi is another major focus for industrial activity, as the main base for Ghana's offshore oil sector.

Residential market

Traditionally, the areas of Accra which have been most popular with ex-pats are Cantonments, Labone and the Airport Residential Area. These locations offer modern good quality properties which are often situated in small gated compounds. Typical rents are US\$3,000 per month for a two bedroom apartment and US\$5,000 per month for a four bedroom house. A number of large residential buildings are under construction, including Villaggio Vista in the Airport Residential Area, which includes a 27-storey tower, the tallest building in Ghana. Recent development has focused on the high end of the market, and there remains a limited stock of low to middle-income housing.

KENYA



Office market

Office construction activity in Nairobi has been boosted by Kenya's relative political stability and strong economic growth resulting from the expansion of local and multinational companies. However, during 2014 the market moved from a position of stability to having an oversupply of Grade B office space. There is a relative shortage of Grade A developments and, even though office take-up rates in 2014 were around 20% down on the previous year, prime rental levels increased by 5-10%.

Retail market

Kenya has seen increased interest from international retailers seeking to enter the market, either as sole ventures or through partnerships with local investors. Brands such as Carrefour, Game and Debenhams are all set to make their debuts in the Kenyan market during 2015. Demand for retail space has been driven by the increasing spending power of Kenyan consumers and rising demand for overseas brands. This has encouraged a strong level of retail construction, with over 220,000 sq m of retail space currently under development and due for delivery in the near future. Pre-leasing levels in the new schemes have been strong; the forthcoming Garden City Mall, for example, was 96% pre-let as at December 2014.

Industrial market

The Kenyan industrial market remained subdued during 2014, with few leasing transactions and static rents. Activity has been restricted by the outdated nature of Kenya's industrial stock, which does not meet the needs of major manufacturing companies. The market currently has large industrial requirements and demand for high quality warehouses. Going forward, such demand may be satisfied by large-scale developments in the pipeline such as Konza City, Tatu City and KenGen's Industrial Park. Average quoted warehouse rents are in the range of US\$3.00-3.60 per sq m per month.

Residential market

The residential market witnessed marginal increases in capital and rental values during 2014. However, there were signs of a slowdown in transactions in the prime residential market towards the end of 2014. Activity has been affected an oversupply of prime property and security concerns, which have been most evident in Nairobi and Mombasa. However, the low to middle-income residential market remained resilient, with demand for such housing still outstripping supply. The uptake of residential mortgages remained low during 2014, as although interest rates have remained stable at 8.5%, rates are still significantly higher than rental yields.

Key facts

Population	45.0 million
Major cities:	
Nairobi	3.4 million
Mombasa	1.2 million
Kisumu	1.0 million
Official languages	English, Kiswahili
Total area	580,367 sq km
GDP growth (2014)	5.3%
Key export	Tea
Currency	Kenyan Shilling (KES)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	136

Nairobi prime rents and yields

	Prime rents	Prime yields
Offices	US\$21/sq m/month	8%
Retail	US\$48/sq m/month	10%
Industrial	US\$4.20/sq m/month	8%
Residential	US\$4,720/month*	6%

Source: Knight Frank LLP

*4 bedroom executive house – prime location

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Two Rivers Development, Nairobi (under construction)

MADAGASCAR



Key facts

Population	23.2 million
Major cities:	
Antananarivo	1.9 million
Official languages	French, Malagasy
Total area	587,041 sq km
GDP growth (2014)	3.0%
Key export	Textiles
Currency	Malagasy Ariary (MGA)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	163

Antananarivo prime rents and yields

	Prime rents	Prime yields
Offices	US\$15/sq m/month	14%
Retail	US\$35/sq m/month	13%
Industrial	US\$5/sq m/month	18%
Residential	US\$2,700/month*	12%

Source: Knight Frank LLP

*4 bedroom executive house – prime location

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Antananarivo

Office market

The market deteriorated after the government was overthrown in 2009, but the 2013 presidential elections were widely recognised by the international community. This has led to the return of a number of NGOs and the World Bank, which has provided a boost to the office market. The majority of government offices, banks and embassies are located in the CBD. However, this area is very congested, suffers from a shortage of car parking and has a large number of hawkers and street vendors which make it an unfavourable environment for office workers. Most multinational companies prefer to be located in areas to the north of the city centre, such as Andraharo, Ankorondrano, Tana Waterfront and Ivandry. These areas benefit from being less congested, on the way to the airport and close to some of the preferred suburbs for ex-pat housing. A new landmark office building is the 33-storey Tour Orange in Ankorondrano which, following a protracted construction process, is now completed and almost fully leased.

Retail market

The retail sector is largely informal and there are markets throughout Antananarivo including the Andravoahangy craft market, the Petite Vitesse food market and the Analakely covered market. The main retail location is the area around Avenue de l'Indépendance. Antananarivo's most modern retail centre is La City in

Alarobia, which opened in 2012 with around 60 shops and a food court. The recent period of political instability made major retailers reluctant to enter the market, and the supermarket chains Shoprite, Score and Leader Price are among the few international retailers with a presence in Madagascar. Should there be a sustained period of political stability, increased numbers of retailers from France and South Africa may look to enter the market.

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 main arterial route south of the city, the 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 residential market was negatively affected by the political instability that followed the overthrow of the government in 2009 and the withdrawal of many NGOs. Residential values fell by around 25%, but the market is gradually starting to improve with the return of the NGOs. The banks continue to restrict lending and cash buyers dominate the market.

MALAWI



Office market

The office rental market has seen some improvement over the last twelve months, and rent escalation rates of upwards of 20% per annum are typical. Demand for space continues to be relatively strong in Lilongwe, which has encouraged some new office development. However, there is very little office construction in Blantyre, and the development that is taking place is mainly for owner-occupation. Office investment activity is currently extremely limited, due to very low liquidity and high lending rates which are making investment almost impossible for most investors. The exception is the pension funds, which are currently highly liquid and thus the dominant players in the market, but they are only interested in buying existing office buildings, rather than development projects.

Retail market

The retail rental market has performed well across all of the major commercial centres in Malawi, and the shopping mall concept has taken root in the main cities. However, the diminishing purchasing power of Malawians is a threat to the market, which may lead to falling demand for retail space in the medium term. The Gateway Mall, developed by MPICO Limited in Lilongwe, opened in December 2014. This property brings to the market approximately 17,000 sq m of prime retail space and has attracted some of the well known South African chains.

Industrial market

Industrial production in Malawi has been adversely affected by both the country's general economic woes and regular electricity blackouts. As a result, demand for manufacturing space has been subdued. However, significant plans have been put in place to boost the electricity sector, which appear to be given priority now. The industrial market is largely dominated by demand for logistics and storage space, and there has been a strengthening of warehousing rents.

Residential market

Residential rents and values are significantly higher in Lilongwe than in Blantyre. In Lilongwe, the continuing demand for representational accommodation for both the commercial sector and the international community has encouraged many landlords to extend or renovate their properties, rather than constructing new ones. In Blantyre, most residential properties in prime locations date back to the 1960s. The development of new property in prime locations has stagnated in both cities, and most current residential development is in peripheral areas away from more established residential locations. This is partly due to a scarcity of available land in low density residential areas within city boundaries. The increased demand and short supply have resulted in buoyant rental levels.

Key facts

Population	17.4 million
Major cities:	
Blantyre	0.9 million
Lilongwe	0.9 million
Official languages	English
Total area	118,484 sq km
GDP growth (2014)	5.7%
Key export	Tobacco
Currency	Malawian Kwacha (MWK)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	164

Malawi prime rents and yields

BLANTYRE		
	Prime rents	Prime yields
Offices	US\$7.70/sq m/month	8%
Retail	US\$10.60/sq m/month	7%
Industrial	US\$2.50/sq m/month	9%
Residential	US\$1,500/month*	4.5%
LILONGWE		
	Prime rents	Prime yields
Offices	US\$12.25/sq m/month	8.5%
Retail	US\$17/sq m/month	7.5%
Industrial	US\$3.94/sq m/month	9.5%
Residential	US\$3,000/month*	5%

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

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Kang'ombe House, Lilongwe

Key facts

Population	16.5 million
Major cities:	
Bamako	1.8 million
Official languages	French
Total area	1,240,192 sq km
GDP growth (2014)	5.9%
Key export	Gold
Currency	West African CFA Franc (XOF)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	146

Bamako prime rents and yields

	Prime rents	Prime yields
Offices	US\$20/sq m/month	11%
Retail	US\$18/sq m/month	12%
Industrial	US\$5.50/sq m/month	16%
Residential	US\$3,000/month*	10%

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

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BCEAO Tower, Bamako



Office market

The coup d'état of 2012 caused economic activity to slow in the south of Mali, and to stall in the north, the region that was most severely affected. Following the French-led military intervention, the situation was brought under control, although the north remains tense. There have been improvements in the economic, political and security environment, which augur well for increased demand for office space in the capital Bamako. The city has a limited supply of good quality office accommodation, which leads to international companies and aid organisations being housed in converted villas. Demand comes from the banking, telecommunications, government and NGO sectors. Prime rents are currently US\$20 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

Prior to the coup d'état, there had been rumours that international brands were poised to enter the Bamako market, but these have been silenced and there has subsequently been little movement in the sector. Retail activity continues to be 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 to the west at ACI 2000, where there are also a number of showrooms.

Industrial market

The industrial market is based around local tradesmen, with no international manufacturers in the city. The main industrial zone is to the east of the commercial centre, where large infrastructure projects have lessened the impact of traffic congestion. As much as 80% of the Malian workforce is employed in agriculture, with cotton being one of the country's largest exports. Mining is also an important sector, and both areas have potential for growth should political stability be maintained. The availability of good quality storage and logistics warehousing is minimal, and the majority of large organisations needing such space develop their own on-site facilities; for example Unicef operate almost entirely from their own Bamako headquarters.

Residential market

The residential market is the most buoyant of the property sectors, and benefits from demand both for housing and for villas that can be adapted for office use. The supply of housing is mainly run by the government, with government-built housing units significantly outnumbering those built by private developers. However, there are a number of real estate developers that provide serviced land plots to the self-build and assisted self-build markets, both of which are large elements of the residential market in Mali.

MAURITANIA



Office market

The Mauritanian economy is mainly focused on mining, agriculture and fishing, and the presence of international businesses is limited. Banks have tended to construct their own buildings, for example BNP Paribas' old headquarters, which is now occupied by the Moroccan bank, Attijariwafa. Embassies generally operate out of historic owned properties, although more recent entrants to country have leased large villas and converted them to office use, such as the Embassy of Iran and the Embassy of Turkey. The first reasonable quality multi-let office building to come to the Nouakchott market was Al Khaima Center, but there has almost always been availability within this building over the last five years. There is additional availability in the more recently opened mixed-use Mauricenter development.

Retail market

The retail market is local, with no international retailers operating in Nouakchott. There are a number of mid-sized supermarkets catering to the ex-pat market, mainly located around the city centre, including one in the new Mauricenter development. The best retail location is along Avenue du Général De Gaulle, which is the main banking area and where Maersk/DAMCO has offices. A large store has been constructed, but is yet to open, at Ribat Al Bahr to the north of Nouakchott, on the road to Nouadhibou. The city is growing in this direction,

with a new university campus recently built on this side of the city, and a new international airport under construction.

Industrial market

Although there is some heavy industry out towards the port, Nouakchott is not a significant location for international manufacturing businesses. Closer to the city centre and towards the existing airport, there are clusters of more modern industrial units, some of which are used as car showrooms. It is understood that when the new airport to the north of Nouakchott is constructed, the site of the existing airport will be released for development, so this is likely to become a major mixed-use area over the long term.

Residential market

Nouakchott has a population of around one million, and is growing rapidly. The real estate market is buoyant, although activity almost entirely relates to the speculative purchase of land by individuals, most of whom are locals. The release of building plots by Najah Major Works at E Nord and F Nord has shown that it is possible to sell significant volumes of land. The top end of the residential development market is currently entirely local and comprises the ad-hoc construction of buildings for owner-occupation or leasing, mainly to the ex-pat market in Tervagh Zeina. It is worth noting that many diplomatic staff are housed in accommodation that has been built within embassy compounds.

Key facts

Population	3.5 million
Major cities:	
Nouakchott	1.0 million
Official languages	Arabic
Total area	1,030,700 sq km
GDP growth (2014)	6.7%
Key export	Iron ore
Currency	Ouguiya (MRO)
EIU country risk rating (E=most risky)	D
World Bank Doing Business rank (out of 189 countries)	176

Nouakchott prime rents and yields

	Prime rents	Prime yields
Offices	US\$12/sq m/month	11%
Retail	US\$15/sq m/month	9%
Industrial	US\$2/sq m/month	14%
Residential	US\$2,200/month*	8%

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

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Mauricenter, Nouakchott

Key facts

Population	1.3 million
Major cities:	
Port Louis	0.2 million
Official languages	English
Total area	2,040 sq km
GDP growth (2014)	3.3%
Key export	Textiles
Currency	Mauritian Rupee (MUR)
EIU country risk rating (E=most risky)	B
World Bank Doing Business rank (out of 189 countries)	28

Port Louis prime rents and yields

	Prime rents	Prime yields
Offices	US\$34/sq m/month	8%
Retail	US\$40/sq m/month	7.5%
Industrial	US\$7/sq m/month	10%
Residential	US\$3,000/month*	7%

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

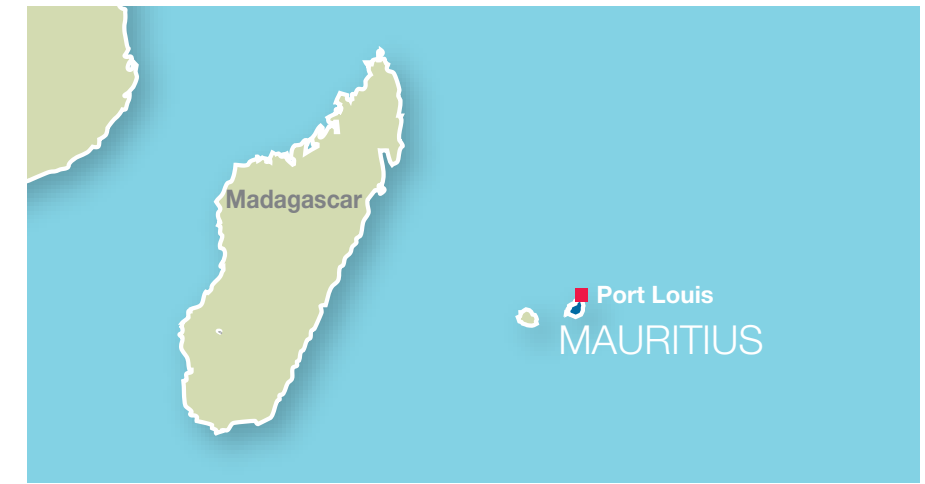
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1 CyberCity, Ebene

MAURITIUS



Office market

Mauritius has been trying to shift an economy traditionally focused on sugar, textiles and tourism towards luxury real estate, offshore banking and medical tourism. According to government estimates, the real estate sector in Mauritius was the biggest driver of growth in 2013 and 2014, providing large-scale employment and contributing significantly to GDP. Demand for office accommodation has been steady, and there has been sufficient development activity to limit upward pressure on rents. The trend is for most international firms to locate in Cyber City Ebene about 10 km south of Port Louis. This area was set up by the government to promote the IT and back office sectors. It offers Grade A office space connected to the country's fibre optic network and rents are less than half those in Port Louis CBD. Major office buildings in this area include Raffles Tower, Ebene Heights, Nexteracom and 1 CyberCity.

Retail market

Mauritius has a well-developed retail market. Retail activity is primarily centered on Port Louis, but new shopping malls have been constructed throughout the island. These include Grand Baie La Croisette, Cascavelle Shopping Village, Trianon Shopping Park and Phoenix Les Halles. The most successful shopping mall is Bagatelle Mall of Mauritius, located south of Port Louis on the M1 near Ebene. The mall has 130 stores, a 3D cinema and

is anchored by Intermart, Monoprix, Food Lover's Market and Woolworths. It opened in September 2011 and is 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, printing and publishing, high precision plastics and pharmaceuticals. Industrial locations include Plaine Lauzun, Pailles, Phoenix, Coromandel, Riche Terre, Port Area and La Tour Koenig.

Residential market

The majority of overseas investment into Mauritius real estate has gone into the residential and leisure sectors. The residential market is highly diversified and 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 overseas buyers by complying with these schemes. Many of the famous sugar estates on the island have been turned into residential developments, or are in the process of being redeveloped. The main residential locations include Curepipe, Quatre Bornes, Beau Bassin-Rose Hill, Vacoas-Phoenix, Flic en Flac, Grand Baie and Mahebourg.

MOROCCO



Office market

Casablanca is Morocco's main commercial centre and it is a significantly bigger office market than the capital Rabat. In both markets, office space demand is currently subdued and there are concerns over excess supply. Around 50,000 sq m of office space was delivered in Casablanca during 2014, and the market is expected to be impacted by the completion of large volumes of space as part of the Casablanca Marina development. This major mixed-use project is being developed on a 26-hectare seafront site, with an office component of more than 150,000 sq m. Another large-scale development project is Casa Anfa, on the site of a former airport. The entire development site comprises 350 hectares, and preparation works have been completed for the first phase of 100 hectares. Casa Anfa will incorporate Casablanca Finance City (CFC) which itself has a potential total built area of 1.4 million sq m.

Retail market

The two main retail malls in Casablanca are the large Morocco Mall, which opened in 2011 and has over 300 stores, and AnfaPlace Shopping Center, which opened in 2013. Street-front retail remains popular in prime city centre areas such as Boulevard D'Anfa and Boulevard Al Massira Al Khadra. Major retailers in Morocco include the Marjane supermarket chain, with 37 stores, and Carrefour's local franchisee Label'Vie, which operates 60 stores throughout Morocco. A number of international retail brands have entered the Casablanca market, mostly opening stores in the two major malls through local franchise partners.

These include the fashion retailers H&M, Gap, American Eagle, Next and Marks & Spencer, and the French department store Galeries Lafayette.

Industrial market

There are established industrial zones across Morocco, although much of the stock is outdated. The main industrial area of Casablanca is Ain Sebaâ, to the east of the city centre. Morocco is increasingly recognised as an important gateway location between Europe and Africa, and has attracted a number of major international manufacturers, with Renault-Nissan establishing a plant in Tangier, and Bombardier Aerospace building a facility near Casablanca. The government launched an industrial acceleration program in 2014, which is designed to generate half a million jobs in the industrial sector and significantly increase its contribution to Morocco's GDP.

Residential market

Prime residential locations in Casablanca include Anfa, Gauthier and Californie. The prime market slowed in the aftermath of the global financial crisis, but has since stabilised. There are several large mixed-use projects that include luxury apartments under development in Morocco, notably the Casablanca Marina project and Tanger City Center in Tangier. However, a major focus for current residential development is the affordable sector. The government estimates that Morocco has a shortfall of around 800,000 housing units, and there are tax incentives available to the developers of low-income housing.

Key facts

Population	33.0 million
Major cities:	
Casablanca	4.2 million
Fès	1.0 million
Rabat	0.6 million
Official languages	Arabic, Berber
Total area	446,550 sq km
GDP growth (2014)	3.5%
Key export	Phosphates
Currency	Moroccan Dirham (MAD)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	71

Morocco prime rents and yields

CASABLANCA		
	Prime rents	Prime yields
Offices	US\$21/sq m/month	10%
Retail	US\$27/sq m/month	9%
Industrial	US\$5/sq m/month	13%
Residential	US\$4,700/month*	8%

RABAT		
	Prime rents	Prime yields
Offices	US\$20/sq m/month	10%
Retail	US\$24/sq m/month	9%
Industrial	US\$5/sq m/month	13%
Residential	US\$4,700/month*	8%

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

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Casablanca Technopark, Casablanca

MOZAMBIQUE



Key facts

Population	24.7 million
Major cities:	
Maputo	1.8 million
Official languages	Portuguese
Total area	799,380 sq km
GDP growth (2014)	8.3%
Key export	Aluminium
Currency	Metical (MZM)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	127

Maputo prime rents and yields

	Prime rents	Prime yields
Offices	US\$37.50/sq m/month	10%
Retail	US\$40/sq m/month	10%
Industrial	US\$10/sq m/month	13%
Residential	US\$6,000/month*	7%

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

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Edificio 24, Maputo

Office market

The downtown area of Maputo is increasingly viewed as its best office location, and has grown in importance as new buildings have been constructed. If and when the development of the Maputo Waterfront (FACIM) site is completed, this will consolidate the downtown as Maputo's Central Business District. Demand for office space in Maputo principally derives from the banking, telecoms, professional and diplomatic/aid sectors, although recent oil and gas discoveries have boosted demand from the energy sector. Prime office rents have risen strongly over the last two years, from US\$30 per sq m per month to US\$37.50 per sq m per month.

Retail market

Mozambique's retail sector has considerable growth potential. Although the city has existing high street retail, standalone units, shopping centres and retail parks, there is room for increased supply and improved quality in all subsectors. There are established shopping centres in mixed-use developments, including Polana Shopping Centre and Maputo Shopping Centre, albeit these are looking tired. Newer centers such as Marés Shopping Centre on Avenida Marginal provide well-designed product offering a good balance of retail space and residential accommodation. The high street sector has seen the entrance of a number of Portuguese brands, including the high-end tableware retailer Vista Alegre. Retail rents

are in the order of US\$30-40 per sq m per month, with good growth potential.

Industrial market

The Mozambican government plans to invest heavily in the country's industrial infrastructure, to support the growth of the natural resources, agriculture and logistics sectors. There are plans to build large industrial hubs, one of which will be located in Moamba, close to the South African border, which it is hoped will enhance the flow of goods across the border and to and from the port of Maputo. Many of the traditional industrial areas of Maputo are in the city centre and close to the port, and warehouses are able to command relatively high rents, of around US\$10 per sq m per month, reflecting both their central locations and the fact that they are often used as offices.

Residential market

The residential market is buoyant, boosted by strong demand for housing, high levels of investment and the use of residential properties as offices by corporate occupiers. Residential developers from countries including South Africa, Turkey and Portugal have been active in the low, middle and high value segments, with the majority of prime property in Maputo being developed in Sommerschild and along Avenida Marginal. Mid-income housing is being developed elsewhere in Maputo and in suburbs such as Matola and Zimpeto. Villas at the top end of the market rent for US\$5,500-6,000 per month, but rents are considerably lower on the local mass market, at around 15-25% of prime levels.

NAMIBIA



Office market

Steady demand for office space has supported continued development activity in Windhoek. The largest office project currently under construction in the CBD is a new headquarters for FNB Namibia on Independence Avenue, with 15,948 sq m GLA. It will be the first building to be completed as part of the long-awaited Freedom Plaza development. Over recent years, the limited availability of land in the CBD has pushed development activity to peripheral areas; for example, the Feld Street/Maera office node has grown around Maera Mall, south of the CBD. Meanwhile, Klein Windhoek has seen increasing office development, which has mostly involved the conversion of older residential buildings into boutique offices.

Retail market

Significant volumes of retail space have been added to the Windhoek market recently, both in standalone malls and mixed-use developments. The 55,000 sq m Grove Mall, developed by Atterbury, Attacq and local partners, opened in Klein Kuppe, a southern suburb of Windhoek, in October 2014. The new mall provides competition to existing centres such as Maera Mall (54,000 sq m) and Wernhil Park Mall (38,000 sq m). Further retail space will be delivered as part of the 77 On Independence mixed-use development in the CBD, which will include an upmarket mall alongside residential apartments.

Industrial market

Windhoek has well-established industrial zones at the Northern Industrial Area, Southern Industrial Area, Prosperita and Lafrenz. A new industrial node has also been created at the Brakwater Industrial Estate, about 10 km north of Windhoek, where land plots are currently for sale. As Windhoek is surrounded by mountains to the south, east and west, future industrial expansion is likely to be to the north of the city. There are also plans to turn the coastal town of Walvis Bay into a major logistics hub as part of the government's National Development Plan (NDP4), and its port is currently undergoing an expansion.

Residential market

Namibia experienced steady house price growth during 2014, supported by limited supply. In Windhoek, the prime residential locations are mostly found in suburbs such as Ludwigsdorf, Eros and Klein Windhoek. However, the CBD has also seen increased upscale residential development, most notably through the 77 On Independence scheme, which is due for completion in 2016 and will deliver 164 apartments on 11 floors. On the coast, the resort town of Swakopmund is a focus for residential and hotel development, and it is popular with South African buyers. There is also growing interest in Namibian residential property from wealthy Angolans.

Key facts

Population	2.2 million
Major cities:	
Windhoek	0.3 million
Official languages	English
Total area	824,292 sq km
GDP growth (2014)	4.3%
Key export	Diamonds
Currency	Namibian Dollar (NAD)
EIU country risk rating (E=most risky)	B
World Bank Doing Business rank (out of 189 countries)	88

Windhoek prime rents and yields

	Prime rents	Prime yields
Offices	US\$14/sq m/month	9%
Retail	US\$24/sq m/month	8%
Industrial	US\$5/sq m/month	11%
Residential	US\$2,800/month*	8%

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

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Swakopmund

NIGERIA



Key facts

Population	177.2 million
Major cities:	
Lagos	12.4 million
Abuja	2.6 million
Official languages	English
Total area	923,768 sq km
GDP growth (2014)	7.0%
Key export	Petroleum
Currency	Naira (NGN)
EIU country risk rating (E=most risky)	D
World Bank Doing Business rank (out of 189 countries)	170

Nigeria prime rents and yields

ABUJA	Prime rents	Prime yields
Offices	US\$60/sq m/month	9.5%
Retail	US\$72/sq m/month	8%
Industrial	US\$12/sq m/month	13%
Residential	US\$8,500/month*	6.5%
LAGOS	Prime rents	Prime yields
Offices	US\$85/sq m/month	8.5%
Retail	US\$80/sq m/month	7.5%
Industrial	US\$8/sq m/month	12%
Residential	US\$8,000/month*	7.5%

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

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BAT Rising Sun, Ikoyi, Lagos (under construction)

Office market

The availability of good quality office space in Lagos is improving, with several Grade A schemes under construction, especially along Kingsway in Ikoyi, including Actis/Laurus' Heritage Place and Capital Alliance's Kingstower. Additionally, RMB Westport's Wings development, due for completion in 2016, will provide prime space on Victoria Island, although one of its two towers has been pre-let to Oando. Over the longer term, the Eko Atlantic project is likely to have a huge impact on the market, bringing a large amount of new commercial space. The capital city Abuja is a much smaller office market than Lagos, with limited international corporate demand. The World Trade Center and Churchgate buildings are likely to satisfy demand for Grade A office space in Abuja for the foreseeable future.

Retail market

Actis pioneered modern shopping mall development in Nigeria, building the Palms Mall in Lagos in partnership with the Persianas Group, and Ikeja City Mall. There is still considerable room for further development, and a number of local operators such as Artee Group are seeking to roll out smaller mall concepts across Nigeria. UACN has entered the retail mall sector with the development of Festival Mall and Victoria Mall Plaza, while Falomo Shopping Centre is being redeveloped by Heirs Holdings and LSDPC. Abuja has also begun to see increased mall construction, most notably the 30,000 sq m Jabi Lake Mall which

is being developed as a joint venture between Actis and Duval Properties.

Industrial market

Lagos continues to attract significant interest from international manufacturers seeking to grow their Nigerian operations. Historically, industrial development has concentrated on the port area Apapa and Ikeja near the airport, as well as the Oshodi-Apapa Expressway which connects these two locations. However, peripheral areas such as Agbara and Ikorodu are attracting increased interest, and a major node is developing to the north of Lagos at Sagamu in Ogun State, which is the location of Nestlé's Flowergate factory. The Abuja industrial market is largely confined to the designated industrial zone at Idu, with demand being mostly restricted to light industry.

Residential market

The Lagos residential market is showing signs of increased activity, even at the top end of the luxury market, which is characterised by apartments in Ikoyi priced in excess of US\$1 million. The mid-market is also performing healthily, with well-priced and well-located estates selling quickly off-plan. However, residential developments in secondary locations continue to sell slowly. Within central Abuja, the cost of apartments depends very much on whether they are considered suitable for the ex-pat market. Most locals are priced out of central Abuja, and thus their demand is focused on satellite towns.

RWANDA



Office market

Government occupiers and African banks, particularly from Nigeria and Kenya, are a big feature of the Kigali office market, as well as pension funds and the aid/diplomatic sectors. Relatively few major multinational companies are active in Rwanda, but the serviced office operator Regus has a presence, providing an obvious option for market entry. There are only a small number of good quality office buildings in Kigali, and occupancy rates are high. As a result, office rents are relatively expensive compared with other capital cities in East Africa. Prime rents can reach US\$25 per sq m per month, although US\$12-15 per sq m per month is generally the going rate for office space.

Retail market

There are currently no malls in Rwanda of the scale of those in cities such as Nairobi and Kampala. The relatively small Union Trade Centre, which opened in 2006 and is anchored by Nakumatt, was Kigali's first modern shopping centre. More recently, the mixed-use Kigali City Tower opened in 2011, and includes a Nakumatt supermarket and a popular food court. However, the market may be about to take a major leap forward with the construction of phase one of the MIC Commercial Complex, a mixed-use project which is expected to deliver a significant volume of new retail space during 2015/2016. The market

expectation is that this project will absorb high-end retail demand for the foreseeable future.

Industrial market

Manufacturing interest in Rwanda is strong, encouraged by the country's transparency and its efforts to attract international business. While external investment has principally come from China, India and other African countries, there is also increasing evidence that western companies are looking closely at the market. Some recent market activity has resulted from the closure for environmental reasons of the Gikondo Industrial Estate. The Rwanda Development Board has been successful in promoting the Special Economic Zone near the airport; phase one is completed and all plots are sold, while phase two is selling for RWF 43,000 (c.US\$60) per sq m.

Residential market

At the top end of the residential market, the most desirable location is Nyarutarama, where Kigali's golf course is located. This provides an exceptional and quiet environment with some huge villas and boutique hotels. Other high-end locations include Kagugu, Kimihurura and Kacyiru, which is the location of the US Embassy. Ex-pat villas generally rent for US\$1,500-2,500 per month. There is a strong market for serviced apartments, with rents in the order of US\$2,200-3,000 per month.

Key facts

Population	12.3 million
Major cities: Kigali	1.1 million
Official languages	Kinyarwanda, French, English
Total area	26,338 sq km
GDP growth (2014)	6.0%
Key export	Tantalum
Currency	Rwandan Franc (RWF)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	46

Kigali prime rents and yields

	Prime rents	Prime yields
Offices	US\$25/sq m/month	10%
Retail	US\$25/sq m/month	9%
Industrial	US\$4/sq m/month	12%
Residential	US\$2,500/month*	8%

Source: Knight Frank LLP

*4 bedroom executive house – prime location

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Kigali City Tower, Kigali

Key facts

Population	13.6 million
Major cities: Dakar	2.4 million
Official languages	French
Total area	196,722 sq km
GDP growth (2014)	4.5%
Key export	Petroleum
Currency	West African CFA Franc (XOF)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	161

Dakar prime rents and yields

	Prime rents	Prime yields
Offices	US\$20/sq m/month	10%
Retail	US\$29/sq m/month	10%
Industrial	US\$5/sq m/month	13%
Residential	US\$4,000/month*	8%

Source: Knight Frank LLP

*4 bedroom executive house – prime location

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2K Plaza, Dakar



Office market

Office market activity in Dakar has continued to shift away from Plateau in the south of the peninsula up to Les Almadies in the north. Many of the banks are now in Les Almadies including UBA and Bank of Africa. Total also now has its headquarters in this part of the city having taken over a building that was to have been a conference centre on Route de l'Aéroport. Development remains patchy along the Voie de Dégagement Nord (VDN), but Sonatel's headquarters is nearing completion and will be the biggest office complex on this important arterial road. Another cluster of office development is at Point E, to the north of Plateau. Rents have been relatively flat for the past five years, at around CFA 10,000 (c.US\$20) per sq m per month, although higher rents may be quoted on pre-leases.

Retail market

The retail market has seen little change in recent years. Sea Plaza, next to Radisson Blu, is the largest and most prestigious shopping mall, anchored by a Casino supermarket. The mall is fully occupied, but the partially-built cinema complex remains unfinished. Casino also anchors Dakar City at Les Almadies and there are several other Casinos around the city. The Citydia supermarket chain, a franchise of the Spanish retailer Dia, has been opening units around Dakar, including some in an "Express" format in petrol stations. It appears to be doing well and it has a reputation for being cheaper than Casino. Other international retailers in the city include Benetton, Mango and Etam.

Industrial market

Compared with many other West African cities, the industrial market in Dakar is fairly stagnant. Over the past five years, there has been little interest in Dakar from international manufacturers and many of the international businesses that are in the city have been scaling back their operations. Small-scale local industrial activity is found throughout Dakar, but the prime area for bigger businesses is the port. Most industrial property is owner-occupied and there is practically no speculative development in this sector.

Residential market

Villas are generally harder to find the further one travels down the Dakar peninsula, as land is more expensive and sites are smaller. Mid-peninsula, Fann and Mermoz are popular embassy and diplomatic housing districts, while Point E is more of a professional area with some good quality villas and many new apartment buildings. There is some major development taking place along the coast in this vicinity, particularly the Waterfront scheme. To the north, Les Almadies is a popular and expensive residential area where there is a great deal of development activity. Over the long term, Diamniadio, about 30 km from Dakar, will be a major focus for housing development, as it is the location of a new city project designed to ease congestion in Dakar. The rental market was greatly impacted in 2014 by the passing of a law which imposed reductions on all residential rents, except in special circumstances.

SOUTH AFRICA



Office market

Office vacancy rates drifted upwards in many key South African markets during 2014, as a result of continuing development activity and moderate demand for space. Occupier demand has increasingly focused on good quality space in prime locations, while decentralised secondary office nodes have struggled to attract tenants. In Johannesburg, Sandton's position as the dominant office node has been reinforced by recent development activity, and major projects currently under construction in this area include new headquarter buildings for Sasol (67,000 sq m) and Discovery (87,000 sq m). In Cape Town, the fast-growing Century City area is increasingly the location of choice for office occupiers, and vacancy rates have remained low in this district despite continuing development activity.

Retail market

South Africa is by far the most mature retail market in the continent, and the sector continues to see significant development activity. There are several major shopping centres in the pipeline, the largest of which is the Mall of Africa (120,000 sq m), being built as part of the Waterfall City development, situated between Johannesburg and Pretoria. The retail market is led by local brands such as Shoprite, Pick n Pay and Woolworths, but there is also a growing presence of overseas retailers. In recent years, fashion retailers including Zara, Forever 21 and Topshop have all entered the South African market, while H&M will arrive in 2015,

opening a flagship store at the Victoria & Alfred Waterfront in Cape Town.

Industrial market

Industrial market sentiment was negatively impacted by the weakness of the manufacturing sector in 2014. Despite this, industrial real estate has been performing well as an investment asset class; according to the IPD South Africa Biannual Property Indicator, industrial property recorded a total return of 9.9% for the first six months of 2014, outperforming all other sectors. Industrial vacancy rates remain relatively low in most key markets, which has pushed demand towards better priced older stock.

Residential market

Despite the uncertain economic backdrop, the residential market performed relatively well in 2014. The Knight Frank Global House Price Index recorded nominal price growth of 8.3% in South Africa during 2014, which was around 3% in real terms, adjusting for inflation. Improved access to financing and relatively low interest rates have supported increased demand for residential property over the last two years, but interest rate rises are generally expected in 2015/16. The prime residential market has seen increased interest from foreign buyers, partly because the depreciation of the Rand has made prices more attractive to an international audience. Overseas buyers' interest is primarily focused on Cape Town and the Western Cape, followed by Johannesburg.

Key facts

Population	54.0 million
Major cities:	
Johannesburg	4.4 million
Cape Town	3.7 million
Durban	3.5 million
Pretoria	2.5 million
Official languages	11 official languages
Total area	1,219,090 sq km
GDP growth (2014)	1.4%
Key export	Gold
Currency	Rand (ZAR)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	43

South Africa prime rents and yields

CAPE TOWN

	Prime rents	Prime yields
Offices	US\$18/sq m/month	9%
Retail	US\$60/sq m/month	7.8%
Industrial	US\$5/sq m/month	9%
Residential	US\$5,000/sq m/month*	5%

JOHANNESBURG

	Prime rents	Prime yields
Offices	US\$22/sq m/month	8%
Retail	US\$60/sq m/month	7.8%
Industrial	US\$7/sq m/month	8.5%
Residential	US\$4,500/month*	5.5%

Source: Knight Frank LLP

*4 bedroom executive house – prime location

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Sandton CBD, Johannesburg

TANZANIA



Key facts

Population	44.9 million
Major cities:	
Dar es Salaam	4.5 million
Mwanza	2.8 million
Arusha	0.4 million
Dodoma	0.4 million
Official languages	Kiswahili, English
Total area	947,300 sq km
GDP growth (2014)	7.2%
Key export	Gold
Currency	Tanzanian Shilling (TZS)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	131

Dar es Salaam prime rents and yields

	Prime rents	Prime yields
Offices	US\$21/sq m/month	9.1%
Retail	US\$30/sq m/month	10%
Industrial	US\$5/sq m/month	10%
Residential	US\$5,000/month*	6%

Source: Knight Frank LLP

*4 bedroom executive house – prime location

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Golden Jubilee Tower, Dar es Salaam

Office market

Dar es Salaam remains the main focus of office market activity in Tanzania, with a number of significant new developments coming to the market in the city centre. There has also been increased activity in locations over the Salander Bridge, particularly on Bagamoyo Road and in the Oyster Bay and Peninsula areas. Following the coming into force of the Unit Titles Act of 2008, Dar es Salaam is seeing the emergence of an office sales market. However, foreign companies and individuals are not permitted to own property via a unit title. The only available options for overseas companies are to lease space, or to develop or purchase a whole building.

Retail market

The retail market in Dar es Salaam is still largely focused on small retail centres in residential areas. The Kenyan supermarket chain Uchumi has been targeting this market and now has four outlets in Dar es Salaam, three of which operate for 24 hours. The Nakumatt chain has also been expanding its presence in Tanzania, opening three stores during 2014, including a branch at Mlimani City Mall in Dar es Salaam. These new stores join the existing Nakumatt in the town of Moshi, which opened in 2011. The three-storey Mwanza City Commercial Complex, the first large-scale retail scheme to be developed in the city of Mwanza, is expected to be ready for occupation in July 2015, with TSN Supermarket being the anchor tenant.

Industrial market

The industrial property sector in Tanzania is dominated by owner-occupiers and is largely focused on the provision of warehousing space and light industrial activities. Most of the prime industrial areas in Dar es Salaam are located on Nyerere and Mandela Roads, which offer easy access to the port and a gateway into the rest of the country via Morogoro Road. There are also some developments in the Chang'ombe, Mwenge and Mikocheni areas. Industrial real estate in other major cities is typified by older general purpose warehouses which are mostly occupied by public institutions.

Residential market

The prime residential areas of Oyster Bay and the entire Msasani Peninsula in Dar es Salaam are seeing a significant number of redevelopments, as houses are converted into multi-occupied apartment buildings with the aim of maximising returns. The sale of unit titles is emerging but, as with office premises, foreigners are not able to own apartments. To cater for the general population, a large volume of low and middle-income housing is being developed by the public sector for sale across the country. In Dar es Salaam, the pension funds expect to deliver more than 8,000 residential units in Kigamboni alone before the end of 2015. The Tanzania Buildings Agency is also planning to build 2,500 units in 12 regions across Tanzania.

TUNISIA



Key facts

Population	10.9 million
Major cities: Tunis	2.3 million
Official languages	Arabic
Total area	163,610 sq km
GDP growth (2014)	2.8%
Key export	Petroleum
Currency	Tunisian Dinar (TND)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	60

Tunis prime rents and yields

	Prime rents	Prime yields
Offices	US\$10/sq m/month	10%
Retail	US\$12.50/sq m/month	9%
Industrial	US\$3.50/sq m/month	12%
Residential	US\$3,000/month*	8%

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

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Offices on Avenue des États Unis, Tunis

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. There are a large number of good quality modern office buildings in Les Berges du Lac I and II, and these areas are home to many international companies and foreign embassies. In recent years, Centre Urbain Nord has emerged as a growing office location; this area is to the north of Les Berges du Lac and to the west of the airport, and a number of companies have been able to find larger office buildings here. Supply and demand have been fairly balanced, but the peaceful elections of late 2014 have boosted confidence, and demand for offices is expected to pick up throughout 2015.

Retail market

The Tunis retail market survived the recent political and economic upheavals reasonably well. Vacancy rates have remained low and rents have steadily risen in prime retail locations and major shopping malls. The most successful malls are those that have been well-marketed, offer international retailers and provide ample car parking. Secondary malls and retail locations have not performed as well, but it is hoped that the improved political situation will boost these locations by bringing greater confidence to the market.

Industrial market

The industrial market is generally stable, although demand has been subdued

in recent years and there has been minimal development. Manufacturing in Tunisia is largely focused on exports and the country is seen as a low-cost manufacturing base for European companies, particularly those from France and Italy. There are pockets of industrial property dotted around Tunis, with most of the more recently developed areas being in the southern suburbs. One such area is El Mghira where Aerolia, a subsidiary of Airbus, is located. This area has become one of the city's most popular industrial locations over the last five years, as it offers modern warehousing and industrial properties, as well as a large labour pool.

Residential market

Berges du Lac is the prime area for apartments; Berges du Lac I is now almost fully developed and therefore offers more services and facilities than Berges du Lac II. Villas for ex-pats are mainly located in northern suburbs such as Carthage and La Marsa. Over the last few years, the apartment sector has seen significant construction activity, fuelled by demand from investors looking for a safe haven for their money and wealthy individuals from neighbouring countries seeking to invest in a more stable market. This has led to some concern that the market for apartments may have overheated, and prices dropped slightly in 2014. However, there has been little villa development, and prices in this sector are expected to remain robust.

UGANDA



Key facts

Population	34.9 million
Major cities: Kampala	1.7 million
Official languages	English
Total area	241,038 sq km
GDP growth (2014)	5.9%
Key export	Coffee
Currency	Ugandan Shilling (UGX)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	150

Kampala prime rents and yields

	Prime rents	Prime yields
Offices	US\$17/sq m/month	9%
Retail	US\$25/sq m/month	13%
Industrial	US\$7.50/sq m/month	13%
Residential	US\$4,000/month*	9.5%

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

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Acacia Mall, Kampala

Office market

Demand for office space in Kampala is currently driven by firms and organisations which already have a presence in the market, and are now looking to relocate to newer and better buildings. Some occupiers are seeking to take advantage of the current availability of good quality offices at competitive rents, while others are prompted to move by the expansion of their businesses. There is a significant oversupply of office space, which has tilted the balance of power in negotiations in the favour of tenants, and greatly impacted headline rents and lease terms. Demand is currently strongest for relatively small and affordable office space of between 100-250 sq m.

Retail market

The growth of Uganda's retail market continues at a steady pace, supported by rapidly increasing consumerism and the expansion of the middle class. Prime retail headline rents are around US\$25 per sq m per month in shopping centres such as Acacia Mall and Village Mall. A major challenge to the sector has come from frequent terror threats and warnings, which have negatively impacted dwell times in malls. Despite this, there are immense growth opportunities; the purchasing power of Ugandan consumers is set to improve with the imminent commencement of oil production and the large youth population provides a significant target demographic for retailers.

Industrial market

The industrial sector is largely dominated by owner-occupied property, although this is changing with the steady development of the Kampala Industrial Business Park (KIBP). Land owners at the park have been given ultimatums to develop the plots allocated to them or risk losing their land as it reverts back to the Uganda Investment Authority. This has resulted in the increased speculative development of warehousing space. Traditional industrial locations within the city centre have been rezoned for commercial redevelopment, and manufacturers and industrial companies have been pushed to relocate to new premises in KIBP. This has led to an increasing number of prime industrial plots being marketed for sale, a trend which will continue in the short to medium term.

Residential market

Demand for residential rental property slowed during 2014, due to the departure of ex-pat staff of major oil companies as the industry moves from the exploration to the production phase. The supply of mid and high level residential properties currently outstrips demand, although demand is stronger for apartments than for standalone houses. Prime residential yields have steadied at between 9-10%. Demand for mid-income properties has remained firm on the back of stable, albeit still relatively high, mortgage interest rates.

ZAMBIA



Office market

Over the past 18 months, the Lusaka office market has moved from favouring landlords to becoming a tenants' market with an oversupply of Grade A space. Approximately 25,000 sq m is currently under construction or on the market for lease. The prime location is along the Great East Road, near Arcades Shopping Centre, and is dominated by two new prime office properties for lease; Pangaea (10,000 sq m) and Blue House (7,000 sq m). The Copperbelt towns offer very little modern office accommodation of any size, although demand is increasing. There is currently a gap in the market for incubator office space to meet the growing requirements of start-up businesses needing 50-150 sq m.

Retail market

There continues to be healthy demand for retail space across Zambia from South African and regional retailers. The new 8,000 sq m Twin Palms Mall, located in the Lusaka East suburbs and anchored by Shoprite, opened in August 2014, and phase two is planned to open in mid-2016. There are development opportunities for new malls in suburban areas of Lusaka, the Copperbelt and in provincial towns following recent road infrastructure improvements. Retail market expansion is likely in towns such as Kitwe, Kafue, Chirundu, Kabwe, Kalumbila, Solwezi and Chingola, although local retailers will need to

grow to be able to take advantage of opportunities in these towns.

Industrial market

New roads are opening up Lusaka and creating development hubs away from the traditional industrial and warehouse areas in the west of the city. Demand for better occupier facilities meeting international standards has stemmed from the growth of road transport into Zambia, as products are imported to support the mining, construction, retail and agricultural sectors. The new 40 hectare York Commercial Park offers modern logistics solutions previously unavailable in the market, with options to lease design-and-build properties or to purchase serviced sites for owner-occupation.

Residential market

Residential market activity slowed across all sectors during 2014 as a result of higher interest rates and the doubling of Property Transfer Tax to 10% on land and property sales. Residential construction activity is dominated by self-build housing, and there is a limited choice of quality housing in prime areas of Lusaka, which supports rents and sales prices at the top end of the market. Zambia offers some of the best wilderness, wildlife and agriculture in Africa, with a unique range of lodge and agricultural opportunities for private and commercial investors.

Key facts

Population	14.6 million
Major cities:	
Lusaka	2.5 million
Official languages	English
Total area	752,618 sq km
GDP growth (2014)	6.5%
Key export	Copper
Currency	Zambian Kwacha (ZMK)
EIU country risk rating (E=most risky)	C
World Bank Doing Business rank (out of 189 countries)	111

Lusaka prime rents and yields

	Prime rents	Prime yields
Offices	US\$22/sq m/month	10%
Retail	US\$35/sq m/month	9%
Industrial	US\$7/sq m/month	12%
Residential	US\$3,500/month*	11%

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

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Twin Palms Shopping Mall, Lusaka

Key facts

Population	12.6 million
Major cities:	
Harare	1.6 million
Bulawayo	0.7 million
Official languages	English
Total area	390,757 sq km
GDP growth (2014)	3.1%
Key export	Diamonds
Currency	US Dollar, South African Rand and other major currencies accepted
EIU country risk rating (E=most risky)	D
World Bank Doing Business rank (out of 189 countries)	171

Harare prime rents and yields

	Prime rents	Prime yields
Offices	US\$10/sq m/month	8%
Retail	US\$25/sq m/month	8%
Industrial	US\$4/sq m/month	13%
Residential	US\$1,500/month*	8%

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

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Longcheng Plaza, Harare

ZIMBABWE



Office market

The weakening of the Zimbabwean economy has led to poor office take-up in Harare and high void rates, in excess of 30%. The recently completed Old Mutual and Celestial office parks along Borrowdale Road have delivered 26,000 sq m of office space which remains largely unlet. Office rents have stagnated, as occupiers have struggled to meet rent and service charge costs, and are currently in the region of US\$8-10 per sq m per month.

Retail market

Longcheng Plaza, a shopping mall built by a Chinese/Zimbabwean joint venture for an estimated cost of US\$84 million, opened in December 2013. However, the proposed US\$100 million Mall of Zimbabwe in Borrowdale has experienced delays to its construction. Retail space is in high demand, as a number of foreign brands are making inroads into Zimbabwe, including the South African retailers Pick n Pay and Mugg & Bean, Botswana supermarket chain Choppies and international fast food giant KFC. Prime retail rents are around US\$25 per sq m per month. There is a trend for some landlords to redesign and reconfigure their existing space, to create smaller retail units.

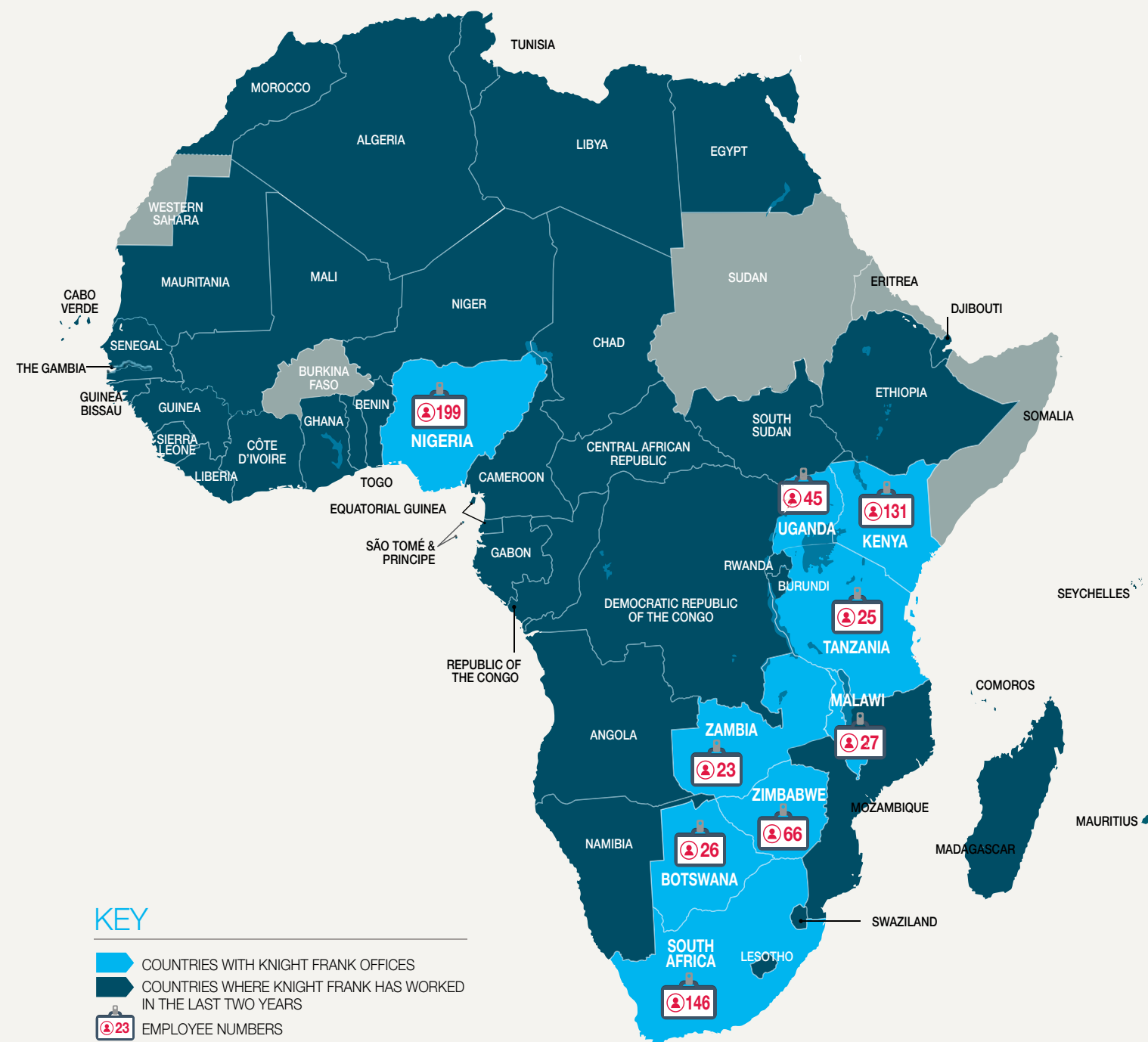
Industrial market

Zimbabwe's manufacturing capacity utilisation – a measure of the extent to which the country uses its installed productive potential – has fallen to below 40%. A number of manufacturing companies have folded or curtailed production. With the supply of industrial space exceeding demand, industrial rents and capital values have softened. As a result of the depressed economic activity and high cost of capital, investment in the sector has been low.

Residential market

Residential market activity has been restricted by the absence of long term mortgage finance and poor liquidity. Expensive mortgages are offered on a selective basis, typically for 10-20 years at rates between 15-18%. This is unaffordable to most Zimbabweans. House prices and residential rents are falling as a result of the weak demand and low disposal incomes.

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