

Africa Residential Dashboard

H2 2020

HEADLINES

19%

DECLINE IN AVERAGE YEAR - ON - YEAR
PRIME RESIDENTIAL RENTS IN H2 2020

7%

AVERAGE GROSS PRIME RESIDENTIAL
YIELDS RECORDED IN H2 2020

Dar es salaam
and Tunis

RECORDED THE HIGHEST YEAR - ON -
YEAR DECLINE IN H2 2020 AT 33% AND
34% RESPECTIVELY

Douala

RECORDED THE HIGHEST INCREASE IN
RENTS AT 10%

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Despite an overall slowdown in market activity due to the lockdowns imposed throughout the year, we have witnessed a gradual rebound in prime residential sales in majority of the markets

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The prime residential market across Africa remained subdued in the second half of the year. Of the cities tracked by Knight Frank, prime residential rents declined by 19% on average in the year to December 2020. This was underpinned by the flight by expatriates, decline in disposable income due to the economic downturn in majority of the markets and continued oversupply in some markets across the region.

However, despite an overall slowdown in market activity due to the lockdowns imposed throughout the year, we have witnessed a gradual rebound in prime residential sales in majority of the markets.

In Uganda, average occupancy in prime residential apartments in Kampala dropped by 15% year on year in H2 2020 as compared to H2 2019. Further, Knight Frank recorded a 6% year on year increase in the supply of prime apartment units during the period under review. As a result, average prime residential rents declined by 4% in H2 2020 with rental yields ranging between 8% and 10%. Looking ahead, increased demand for lifestyle amenities and green spaces is expected to continue to influence buyers' preferences in the market over the next 18 months.

In Kenya, prime residential sale prices in Nairobi decreased by 3.9% in 2020, compared to 4% in 2019. This was mainly attributed to an increase in concessions over the second half of 2020 from developers and sellers who became more flexible and were willing to negotiate lower prices with potential buyers. Further, prime

residential rents declined by 10.3% in the year to December 2020 compared to 2.8% in 2019. This was attributed to the continued oversupply of rental properties, less disposable income due to the unfavourable economic climate, budget cuts from multinationals and fewer expatriates in the country as a significant number relocated back to their home countries in the first half of 2020 due to the pandemic.

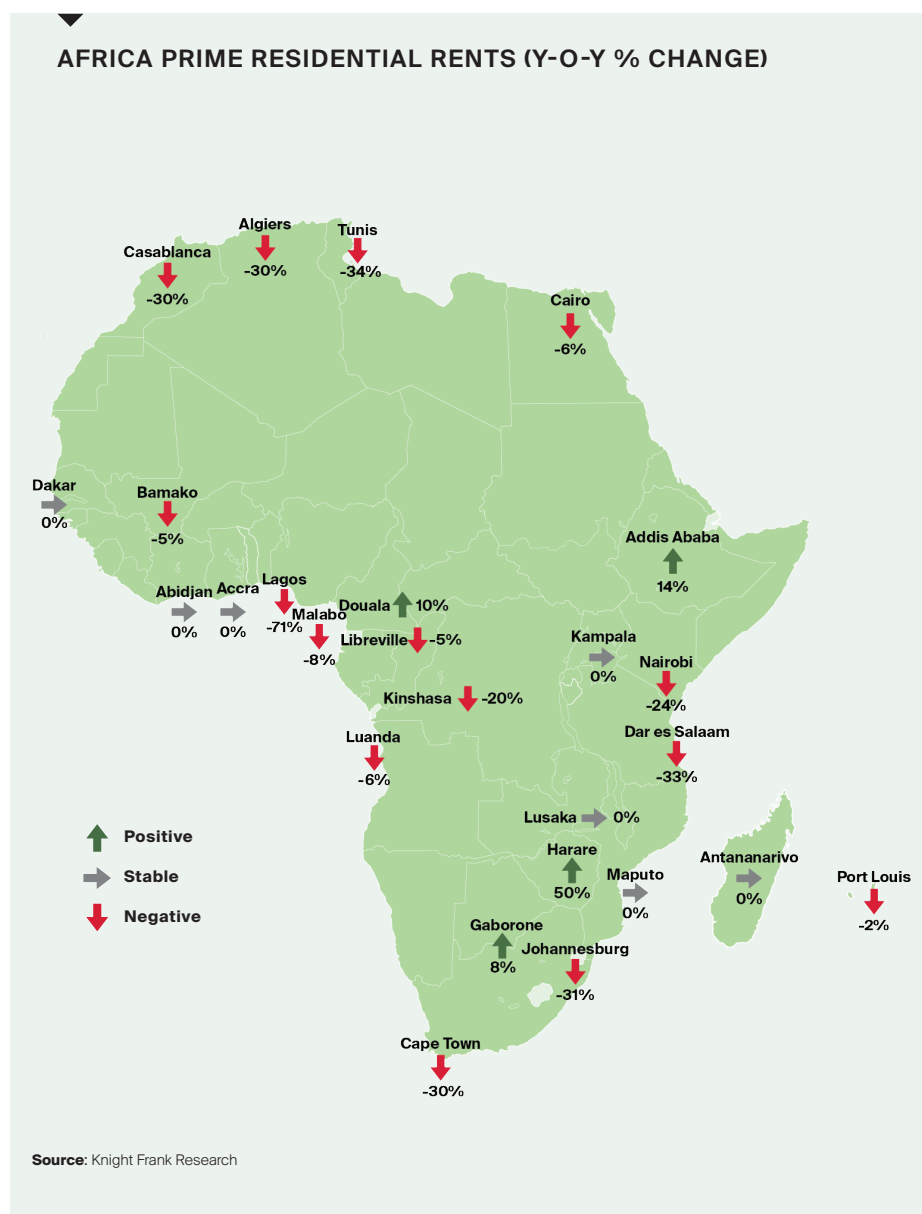
In Nigeria, a surge in affordable housing developments across Lagos during the second half of the year was recorded. This was evidenced by development activity of schemes such as HOME4MORE that are earmarked towards young professionals and expected to add circa 3,000 units to the residential market once completed. Development activity was also observed in the prime segment of the market as developers sought to leverage on the growing demand for quality living spaces. However, we anticipate delays in completion of these projects due to the increase in construction costs as a result of the devaluation of the naira.

In Zambia, the prime residential sector in Lusaka remained relatively stable in the second half of the year. However, increased supply of residential units onto the market coupled with lower demand is anticipated to result in a subdued market due to rents softening in 2021. Prime residential yields were recorded at 9% on average during the period under review.

In South Africa, the prime residential market remained subdued in the second half of the year in

Johannesburg and Cape Town. Prime residential rents declined by approximately 30% on average in the year to December 2020 across both cities. However, there was a marked improvement in prime rents in H2 2020 compared to H1 2020 as a result of the South African Rand appreciating against the United States dollar and easing of lockdown restrictions.

H2 2020 PRIME RESIDENTIAL YIELDS	
CITY	RESI YIELDS(%)
ABIDJAN	8%
ACCRA	8%
ADDIS ABABA	7%
ALGIERS	8%
ANTANARIVO	10%
BAMAKO	11%
CAIRO	5%
CAPE TOWN	7%
CASABLANCA	5%
DAKAR	6%
DAR ES SALAAM	6%
DOUALA	6%
GABORONE	5%
HARARE	8%
JOHANNESBURG	8%
KAMPALA	8%
KINSHASA	7%
LAGOS	7%
LIBREVILLE	7%
LUANDA	10%
LUSAKA	9%
MALABO	9%
MAPUTO	7%
NAIROBI	6%
PORT LOUIS	4%
TUNIS	5%



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