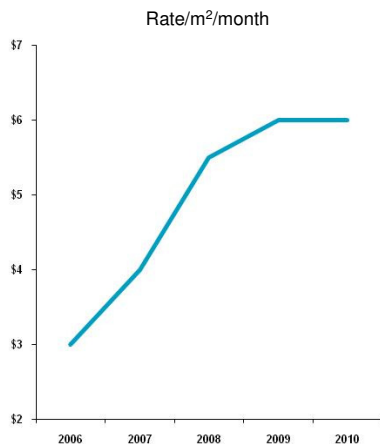




## HIGHLIGHTS

- Plans and implementation of new ring roads around Lusaka key for business location decisions in the future.
- New suburban retail centres in Lusaka, Great East Mall opens in Chipata.
- Demand in the office sector is dominated by users wanting open plan space with good parking.
- Investors keen to enter property investment market.
- Compression in high end residential rental rates.
- Lilayi Housing Estate plans more development with new designs.
- Urban Planning consultancy essential to clarify overall development strategy



## Industrial Leasing

At Krimanvi Park, a new warehouse development in the industrial area along Mungwi Road, the developers are planning to commence Phase Two in September 2010 following the successful leasing of the initial 15,000m<sup>2</sup>. Key for warehouse users is ample space for loading, truck turning radius and staff parking.

Plans and implementation of new ring roads around Lusaka are becoming critical in the decision making process by companies on potential locations.

### New Offices, Lusaka - 2010

Elunda 2, Lusaka	1,125m <sup>2</sup>
Lusaka Circle	1,800m <sup>2</sup>
Celtel House	1,600m <sup>2</sup>

## Office Leasing

Demand in this sector is presently dominated by users wanting new space rather than older accommodation. Incompatibly with modern office user requirements is rendering the balance of CBD inventory obsolete. The key requirements are open plan flexible space, good parking, proper power, trunking for communication, and expansion capabilities.

### Retail Construction - 2010

Millennium Park, Ndola	12,000m <sup>2</sup>
Great East Mall, Chipata	1,800m <sup>2</sup>
Cairo Road Mall, Lusaka	3,200m <sup>2</sup>
Manda Hill	21,000m <sup>2</sup>
Waterfalls Centre	25,000m <sup>2</sup>
Southview	12,000m <sup>2</sup>
Woodlands	4,500m <sup>2</sup>

## Retail Leasing

Whist the new Levy Junction shopping centre in the CBD of Lusaka is under construction, other suburban retail projects such as Waterfalls and Southview are 12 – 18 months way from opening. These projects demonstrate the majority of new retail development is planned 10 – 15 kilometres away from the city centre. There is also demand for small convenience centres of 1,000 – 1,500m<sup>2</sup> in Lusaka, as well as suburban locations in the main towns in Zambia. Most towns do not have modern retail shopping centres.

Great East Mall in Chipata opens next month and includes retailers such as PEP Stores, MTN, Zanaco and FNB ATMs and Hazida Stores.



#### Capitalization Rates

Industrial	12.0% - 14.0%
Office	
Class A	11.0% - 13.0%
Class B	13.5% - 15.0%
Retail	10.0% - 11.0%

#### USD per month

4 bedroom executive	\$3,000+
3 bedroom stand-alone	\$2,500+
3 bedroom cluster	\$2,300+

#### Average House Price – Lusaka (USD)

high cost	\$300,000 - \$600,000
medium cost	\$60,000 – \$190,000
low cost	\$20,000 - \$40,000

## Investment

Limited choice for purchase, particularly in the commercial sector, result in healthy competition for prime buildings. With predicted growth in property values and lower returns in other financial markets, investors are keen to enter the commercial property market. Growing demand for more modern accommodation in all property sectors is a key driver in the market.

## Residential

Following a survey of 30 high end residential complexes for lease in Lusaka we found that the average number of units is 7.3 per complex, the average monthly rental rate is US\$2,750 per month, but there has been compression in the asking rental as more units are available than in the previous quarter. There is a shortage of stand alone family houses with monthly rental rates under US\$3,000 per month.

Lilayi Housing Estate is marketing units from K310,000,000, and is selling the last 9 houses out of 50 recently constructed. Plans to develop a second larger phase of houses with a new design is under way. In addition, they are considering ways of improving access to the estate directly south from the Chilenje area of Lusaka.

## Urban Planning and Development

As the property markets have evolved around the county more owners are considering options on how best to develop their property. Key to success is feasibility and analysis of the overall project at the outset. Demand and supply, demographics, changes in road connections, emergence of new nodes, urban planning – all these factors can critically effect the choice and type of development in the main cities. It is now essential for each new development to undertake a study to confirm the best and highest use before commencing site development.

A new area of Lusaka which is likely to develop quickly in the next 2 – 3 years is the south of Lusaka, along the Kafue Road, particularly the stretch from Makeni Road junction to Chilanga. Recent land sale of plots of 2 – 4 hectares with road frontage have achieved prices in excess of US\$250,000 per hectare and values are rising with increasing demand. Office, retail and light industrial development is most likely for this node. There are also plans to place roundabouts along the Kafue Road together with a reservation to enhance road safety and access.

# RESEARCH



## Americas

USA  
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Chile

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New Zealand

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Poland  
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Russia  
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The Netherlands  
Ukraine

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Bahrain

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