The Africa Offices Market Dashboard

Knight Frank

H1 2025

The Africa Offices Market Dashboard report provides occupiers, landlords, and investors with a regular analysis of the rental performance and trends of office markets across Africa.

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MARKET OVERVIEW

Across the major African cities tracked by Knight Frank, demand is increasingly focused on Grade A and ESG-compliant offices, driving a widening performance gap between prime and secondary office stock. In more than half of these cities, CBD office occupancy rates for high-grade offices are reaching record levels, surpassing 90% in some key nodes, underscoring the strength and depth of this 'flight-to-quality' trend. For instance, Cairo's Grade A stock currently reports 90% average occupancy, buoyed by plug-and-play spaces that cater to multinationals and professional services. Similarly, Lagos' Ikoyi submarket recorded a 7-percentage point increase in occupancy, rising from 84% in H2 2024 to 91% in H1 2025, as tenants migrated to higher-specification buildings in pursuit of improved quality and efficiency. This sustained demand for top-tier offices contrasts sharply with elevated vacancies in older or poorly located buildings, where absorption remains sluggish.

In East Africa, performance remains mixed but relatively stable. Dar es Salaam recorded a 5-percentage point increase in occupancy, rising from 70% in H2 2024 to 75% in H1 2025, signalling an improvement amid a backdrop of subdued speculative development. Conversely, Nairobi and Kampala are grappling with a looming oversupply of office space, with Nairobi projected to receive approximately 15,000 sqm of new space by the end of 2025, while Kampala is expected to add over 100,000 sqm of new Grade A stock within the same period.

INCREASING DEMAND FOR
Grade A &ESG COMPLIANT OFFICES

90%
Average Occupancy rate in Cairo

75%
Increase in occupancy levels in Dar es Salaam

15,000 sqm
Expected volume in Nairobi by the year's end

100,000 sqm
Expected volume in Kampala by the year's end

Source: Knight Frank

"Across the major African cities tracked by Knight Frank, demand is increasingly focused on Grade A and ESG-compliant offices, driving a widening performance gap between prime and secondary office stock."

Southern Africa's cities reveal shifting dynamics as occupiers downsize and decentralize. A good example is Lusaka, where leasing activity in Q1 2025 was driven primarily by demand for smaller units (50–250 sqm) and serviced office solutions, reflecting occupier preference for flexibility and capital-light commitments. However, Q2 saw a notable deceleration in enquiries and deal closures, attributed to macroeconomic uncertainty and the return of substantial space to the market following the withdrawal of key institutional tenants and other organisations impacted by the US Government's foreign policy changes. Notably, USAID's withdrawal, influenced by shifts in U.S. foreign policy that have reprioritized funding away from certain international programs, underscores the tangible impact of geopolitical decisions on Africa's real estate landscape.

Across the continent, hybrid work models are reshaping occupier requirements. While flexible working strategies offer productivity and talent access advantages, challenges such as limited digital infrastructure and varying cultural readiness persist. As occupiers reconfigure footprints, landlords are responding with agile leasing structures, fit-out allowances, and rent-free periods to remain competitive. The long-term performance of Africa's office market will hinge on asset quality, adaptability to occupier needs, and the ability to align with evolving work dynamics and sustainability benchmarks.

450 Mn

The projected number that the rapidly growing working-age population is expected to expand to by 2025.

Source: World Bank

Lagos City Skyline, Nigeria

COUNTRY SNAPSHOTS

BOTSWANA

The office sector in Gaborone is witnessing signs of a steady rebound, underpinned by steady demand for Grade A stock in Gaborone's core commercial zones. Prime monthly office rentals have remained resilient at US$ 12–13.7 psm, with occupancy rates in the CBD stabilizing at 85–95%, driven by sustained interest from corporate occupiers. Occupiers continue to favour modern buildings that offer energy-efficient systems, secure parking, and digital connectivity, reinforcing a clear 'flight-to-quality' trend.

In contrast, the Grade B segment remains under significant pressure, burdened by the ageing building stock. Occupancy rates have slipped below 75%, with monthly rentals softening to US$ 6.5–7.5 psm. To retain tenants, landlords in this tier are increasingly offering shorter lease terms, rent reductions, and modest refurbishments.

The overall market is now segmented: well-located, ESG-aligned buildings are attracting stable tenancies, while older assets must pivot through adaptive reuse, sustainability upgrades, and modular fit-outs to remain competitive in an increasingly tenant-driven landscape.

Gaborone City scape

EGYPT

Cairo has emerged as a key hub for high-quality flexible offices, attracting major corporates and multinational firms seeking premium workspace solutions with enhanced flexibility, modern amenities, and professional management. Driven by rising demand for agile workspace solutions, several flexible office operators, including MQR, KAPITALIZE, KMTHouse, CO-55, and Regus, are actively expanding their local footprints. Notably, the International Workplace Group (IWG), the world's largest provider of hybrid working solutions, has announced plans to increase its network from 18 current locations to 150 by 2030. (International Workplace Group).

The uptake of plug-and-play spaces is contributing to improved absorption rates, especially for Grade A stock, where occupancy levels now average 90%.

The market continues to demonstrate resilient rental growth, underpinned by a sustained supply-demand imbalance for high-quality, ESG-compliant Grade A office space. Prime office rents have registered a year-on-year increase of approximately 2.5%, with average asking rates now at US$ 37 psm per month. This positions Cairo among the highest-rental office markets across the 29 African cities we track, second only to Lagos, where prime monthly rents reach US$ 55 psm.

Demand remains concentrated in East and West Cairo, with New Cairo emerging as a key submarket. Its appeal is bolstered by modern construction standards, ample parking provisions, and strategic proximity to the New Administrative Capital and Cairo International Airport. These factors continue to attract premium occupiers and support long-term rental growth.

Elsewhere, developers offering finished, affordable units within mixed-use schemes are also gaining traction, signalling a broader market pivot towards cost-efficient, multifunctional real estate offerings.

Source: Knight Frank

Cairo, Egypt

KENYA

The Nairobi office sector is characterised by a dual demand trend: a sustained flight to quality among multinational tenants and a simultaneous push for affordability by local occupiers. Demand for Grade A office space remains strong, particularly for green-certified buildings with advanced infrastructure and ESG-aligned amenities. At the same time, Grade B offices are demonstrating resilient performance, driven by their cost-efficiency and appeal to domestic firms seeking functionality over prestige.

The office market continues to experience an oversupply of lower-grade stock, with approximately 15,000 sqm of new space expected to be delivered by the end of 2025. This has contributed to a prevailing "wait-and-see" approach among developers, resulting in a slowdown in speculative construction activity. Consequently, prime office rents have held steady at US$ 13 psm per month for four consecutive quarters, reflecting both supply-side pressure and cautious demand-side absorption.

Source: Knight Frank

"Demand for Grade A office space remains strong, particularly for green-certified buildings with advanced infrastructure and ESG-aligned amenities."

Nairobi

MALAWI

Lilongwe city, Malawi

The Blantyre office market is exhibiting robust growth, underpinned by an average year-on-year rental increase of 20% in prime commercial nodes such as Victoria Avenue and Ginnery Corner. Grade A office stock is attracting monthly rents ranging from US$ 3.50 to US$ 8.50 per square metre (MWK 6,000–15,000), positioning Malawi as one of the most competitively priced office leasing markets on the continent. Occupancy levels are currently between 60% and 85%, with strong demand from financial institutions, non-governmental organizations, and regional corporates.

However, macroeconomic headwinds, exacerbated by recent US-AID funding restrictions, have triggered widespread operational reviews among donor-funded and regional organizations. As a result, many occupiers are adopting more cost-conscious strategies, including downsizing or relocating to more affordable Grade B assets. While these buildings offer financial relief, they often fall short of meeting modern occupier expectations, such as enhanced security, energy efficiency, and high-quality building specifications. This tension is prompting some tenants to reassess the long-term viability of such moves, as functional requirements increasingly outweigh purely financial considerations.

Though still in its infancy, green-certified office developments are also gaining traction, especially among institutional investors and ESG-conscious developers. This reflects a nascent but growing shift toward sustainability-led investments in Malawi's commercial real estate landscape. Simultaneously, the flex-space segment, including coworking and serviced offices, is beginning to gain a foothold, spurred by early-stage adoption of hybrid work models among tech-driven and multinational occupiers.

NIGERIA

The Lagos office market recorded a notable improvement in occupancy rates across key prime submarkets, driven by steady demand for Grade A offices amid evolving workplace preferences. Overall occupancy levels improved from 65% to 73%, year-on-year, reflecting increased absorption of newly delivered Grade A stock, particularly in Ikoyi and Ikeja. Notable completions during the period, including Pantheon Tower in Ikoyi and Phoenix Office Park in Ikeja, added significant leasable space to the market, yet were met with healthy take-up rates, underscoring occupier flight to quality.

Despite improved absorption, rental performance showed signs of downward pressure. In Ikoyi, average Grade A monthly rents declined by 3.5% year-on-year, softening from US$ 57 to US$ 55 psm. This marginal decline, even amid rising occupancy, signals a tenant-favourable market where landlords are adopting concessionary leasing strategies, prioritizing increased occupancy rates over aggressive rent growth.

65%-73%

Overal occupancy levels improved from 65% to 73% year-on-year

Source: Knight Frank

Lagos Nigeria

Elsewhere, occupier preferences are shifting in line with global workplace trends. The adoption of hybrid work models is steadily rising, with 31% of Nigerian businesses operating on hybrid schedules, creating demand for flexible, tech-enabled, and ESG-compliant workspaces. The full-scale adoption of hybrid / fully remote models remains constrained by operational realities; however, with 55% of occupiers still requiring full on-site attendance, largely due to infrastructural limitations and entrenched corporate culture, according to Zoho, a global technology company.

Consequently, despite growing interest in flexible workspace solutions, traditional long-term leasing structures continue to dominate in core commercial hubs such as Ikoyi, Victoria Island, and Ikeja

SOUTH AFRICA

The Johannesburg office market continues to demonstrate a clear flight to quality, with P-grade office vacancies declining to 7.8% in Q1 2025. In contrast, C-grade office vacancies rose by nearly 10%, highlighting persistent challenges associated with older, less efficient stock. Tenant demand remains focused on premium buildings offering superior infrastructure, particularly those equipped with generator backup systems, reflecting heightened sensitivity to power reliability and operational resilience.

Simultaneously, office construction activity has dropped to historic lows. StatsSA data shows that office building plans approved in 2024 were down 83% compared to 2014, while the total floor area of plans passed fell by 41.7% year-on-year. According to the South African Property Owners Association (SAPOA), approximately 132,000 sqm of office space was under development in Q2 2024, which is significantly below the long-term average of 500,000 sqm. Although prime monthly rents remain stagnant at US$ 12–15 psm, the tightening of these vacancies and limited new supply are expected to exert upward pressure, signalling a gradual shift from a neutral market to a more landlord-favourable one in the medium to long term.

In response to the C-grade offices' deterioration, the Johannesburg office market is increasingly turning to residential repurposing. In H1 2025, 40% of all office sales in Johannesburg were linked to residential conversions, almost double the national average of 20.5%, highlighting investor interest in adaptive reuse, particularly as a strategy to absorb oversupply in older office stock.

Pretoria

TANZANIA

In Dar-Es-Salaam, the Grade A office market remains characterized by moderate but stable demand, with overall occupancy levels reaching 75%, up from 70% in H2 2024. This improvement is largely driven by landlord-led strategies aimed at retaining tenants, including flexible lease terms, rent concessions, and aggressive renegotiations in response to persistent market oversupply. Despite these interventions, headline rents have remained constant at approximately US$ 15 psm per month over the past 12 months.

The market continues to grapple with elevated vacancy rates in Grade B and older stock, while quality, well-located properties retain a competitive edge.

A key structural shift in tenant demand is emerging, with an increased appetite for smaller, flexible, and cost-efficient spaces, particularly in areas such as Mikocheni, Kinondoni, and select nodes within the CBD.

This reflects a broader regional trend of portfolio rightsizing, where tenants seek agility amid economic headwinds and rising operational costs. The resulting demand for co-working models, serviced offices, and Grade A upgrades is pressuring landlords to reposition or risk prolonged vacancy. Net absorption remains subdued, especially for outdated stock, signalling that without significant asset enhancement or repositioning, many properties may continue to underperform in a tenant-driven market.

Dar es Salaam

UGANDA

The Kampala office market remains tenant-led, with occupiers prioritizing flexible, efficient, and tech-enabled workspaces. Demand is skewed towards agile leasing models, with increased uptake of shared and co-working spaces that offer high-speed connectivity, modular layouts, and scalable footprints.

Prime Grade A office spaces in core CBD locations continued to attract strong demand, commanding average monthly rents of US$ 16.50 psm. Grade B offices followed closely, with rents averaging US$ 15 per square metre. Newly delivered Grade A stock achieved premium rental rates ranging between US$ 18 and US$ 22 psm, underscoring occupiers' preference for modern finishes, enhanced amenities, and generous parking provisions with ratios of up to 1:30.

Leasing activity remained strongest in newly completed Grade A assets, particularly those with large, contiguous floor plates above 1,000 sqm. This tenant's' flight to quality' has contributed to a noticeable uptick in Grade B vacancy as larger corporate tenants relocate to better-specified developments. Secondary office locations and older buildings are witnessing prolonged absorption lags, with average vacancy periods exceeding six months. As a result, landlords in these segments have begun offering rent concessions, fit-out contributions, and flexible lease terms to maintain competitiveness.

Elsewhere, the period also saw the emergence of condominium-style office units, priced between US$ 1,800–2,000 per sqm, gaining traction among SMEs and professional firms seeking ownership over leasing. This signals a potential shift in Kampala's commercial real estate model as occupiers increasingly seek cost control and long-term capital appreciation.

Looking ahead, Kampala faces a looming supply glut, with over 100,000 sqm of new Grade A office stock projected to hit the market by end-2025, significantly outpacing current absorption rates. This influx, compounded by space released from downsizing government and NGO tenants, is expected to exert downward pressure on effective rents, especially in ageing assets.

US$ 16.5 psm

Prime Grade A office rentals in the CBD

Source: Knight Frank

Kampala City Night Lights

ZAMBIA

The Lusaka office market is currently in a consolidation phase, with landlords and occupiers adopting a cautious, strategy-driven approach to leasing decisions amidst economic volatility. Lease negotiations are increasingly factoring in Kwacha depreciation, rent-free periods, tenant fit-out contributions, operating cost structures, and annual escalation clauses. The first quarter of 2025 witnessed moderate leasing activity, primarily driven by demand for smaller units (50–250 sqm) and the expanding serviced office segment. However, the second quarter saw a notable slowdown in both enquiries and transactional volume, partly due to market uncertainty.

A major market disruptor was the withdrawal of USAID operations, which released a significant volume of mid-sized space (400–600 sqm) back into an already recovering market. Despite this setback, macroeconomic indicators show early signs of improvement: inflation eased to 15.3% in May 2025 (down from 16.5% in April), accompanied by lower fuel prices and a strengthening Kwacha, which could positively impact office demand in H2 2025 and into H1 2026. Additionally, urban sprawl and Lusaka's eastward expansion are stimulating office demand in emerging nodes such as Waterfalls, Garden City Mall, Bonanza Estate, and Chongwe, located 10–15 km from the CBD along the Great East Road.

USAID

Withdrawal released a significant volume of midsized space.

Former USAID offices For Lease Leopards Hill Road Lusaka

ZIMBABWE

Afrexim Bank Harare, Zimbabwe

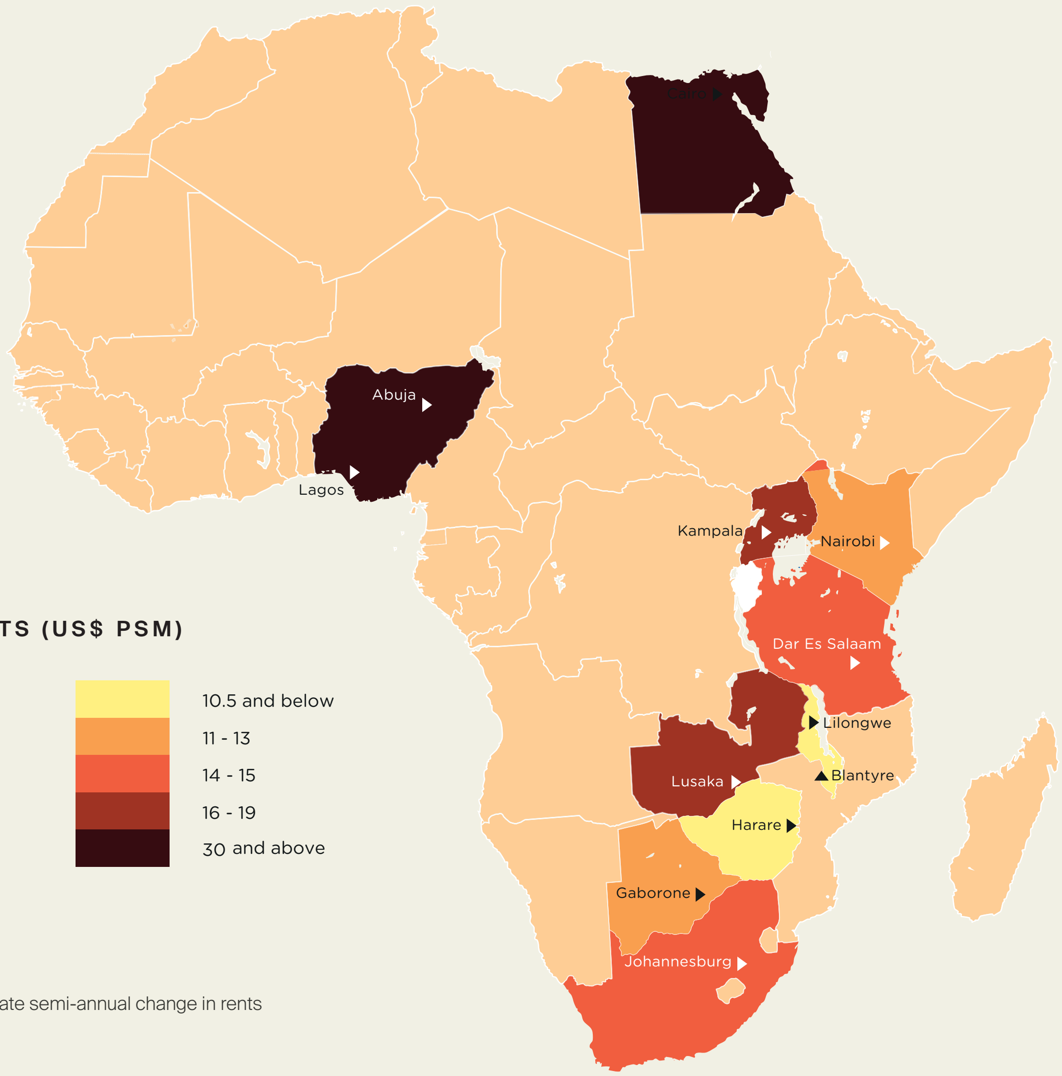
Harare's office market is undergoing a structural transformation as occupiers continue to migrate from the CBD to suburban nodes such as Newlands, Eastlea, Mt Pleasant, Milton Park, and Belvedere. This decentralisation trend has driven year-on-year rental growth of approximately 20% in suburban locations, with average rates now ranging between US$ 8–10 psm per month, compared to US$ 5–7 psm in the CBD. The shift is driven by the demand for a less congested, more accessible environment and the repurposing of residential properties into small-sized office spaces, which is expanding suburban stock.

Elsewhere, suburban office yields are averaging around 9%, while CBD assets trail at 6%, notably lower than comparative markets in Zambia, Mozambique, and South Africa. Market fundamentals are under strain from elevated inflation (Inflation Rate increased to 92.1% in May from 85.7% in April of 2025, according to the Reserve Bank of Zimbabwe), currency depreciation, and a strong preference for US Dollar-denominated transactions, which complicate valuations and reduce liquidity.

Additionally, high interest rates and limited access to finance continue to constrain both development and transaction volumes. The formal sector's limited growth, coupled with regulatory uncertainty and policy inconsistency, further suppresses demand for traditional offices, particularly in the CBD. As a result, older CBD stock is experiencing increased vacancy rates, averaging 40%, driven by weak formal sector demand and regulatory unpredictability. In contrast, Grade A suburban offices report vacancy rates as low as 10%, reflecting strong occupier demand and limited prime supply.

"Average rates now range between **US$ 8–10** psm per month, compared to **US$ 5–7** psm in the CBD"

A SUMMARY OF H1 2025 PRIME OFFICE RENTS AND AVERAGE YIELDS IN SELECTED AFRICAN COUNTRIES



PRIME RENTS (US$ PSM)

- 10.5 and below
- 11 - 13
- 14 - 15
- 16 - 19
- 30 and above

Note: Arrows indicate semi-annual change in rents

COUNTRY	CITY	PRIME RENTS (US$ per sqm)	AVERAGE YIELDS (%)
Botswana	Gaborone	13	8
Egypt	Cairo	37	10
Kenya	Nairobi	13	8.5
Malawi	Lilongwe	10.32	10
	Blantyre	8.60	9.50
Nigeria	Lagos	55	9
	Abuja	46	9
South Africa	Johannesburg	15	9.50
Tanzania	Dar es Salaam	15	9
Uganda	Kampala	16.5	9
Zambia	Lusaka	18	10
Zimbabwe	Harare CBD	7	6
	Harare Suburb	10	9

Source: Knight Frank

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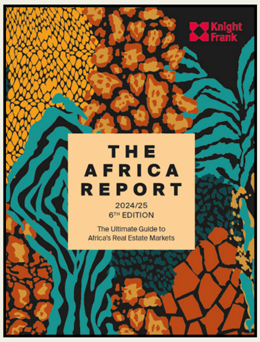
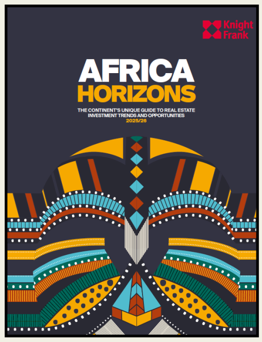


THE AFRICA REPORT 2024/25

AFRICA OFFICES MARKET DASHBOARD H2 2024

AFRICA INDUSTRIAL DASHBOARD H2 2024



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