The Africa Offices Market Dashboard

H2 2024

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

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MARKET OVERVIEW

The market is witnessing an increased demand for Grade A and ESG-compliant offices. These modern, sustainable, and energy-efficient properties command attention from occupiers despite their relatively high costs, particularly those in strategic positioning within key business hubs such as Johannesburg, Cape Town, Nairobi, Cairo, and Lagos. These locations benefit from robust transport connections and proximity to abundant local amenities, making them ideal for businesses seeking operational efficiency and convenience. (Grade A office occupancies in these locations have steadily increased over the past 24 months, surpassing 70%).

Grade A offices distinguish themselves with superior design and functionality, typically featuring state-of-the-art facilities, such as gyms, showers, and cafes, enhancing the workplace experience. This makes them particularly attractive to companies aiming to bolster their brand image and impress clients, partners, and stakeholders, whilst ensuring they are able to attract and retain the best talent. Some examples of Grade A offices include The Mirage Towers (Nairobi), The Sandton City Office Towers (Johannesburg), The Nile City Towers (Cairo), and the Landmark (Lagos).

This growing preference reflects a broader global trend towards sustainable and technologically advanced buildings. Occupiers, increasingly driven by environmental consciousness, are placing a premium on these high-quality spaces, contributing to rising rental prices. In Johannesburg, for instance, prime rents for Grade A offices have surged by over 15% year-on-year, reaching c.US$ 15 psm per month in 2024, compared to US$ 13 psm in 2023.

70%
Increase in Grade A office occupancies

26%
Increase in global coworking market share

15%
Year-on-year surge in Grade A offices in Johannesburg

Some of the locations with Grade A offices
Johannesburg, Cape Town, Nairobi, Cairo and Lagos

Source: Knight Frank

"Occupiers, increasingly driven by environmental consciousness, are placing a premium on these high-quality spaces, contributing to rising rental prices."

THE RISE OF FLEXIBLE AND SHARED WORKSPACES IN AFRICA

Parallel to the demand for premium offices, Africa is also witnessing a substantial uptick in adopting flexible and shared workspaces. This trend aligns with the continent's demographic dynamics, notably its rapidly growing working-age population, projected to expand by over 450 million—nearly 70%—by 2035. (World Bank)

Some providers such as KOFISI and Workshop17 have positioned themselves to capitalise on this demand. Together, they manage more than 22 locations across the continent, offering a combined footprint of approximately 60,000 sqm. KOFISI operates 10 locations in Kenya, Nigeria, and Tanzania, while Workshop17 oversees 12 locations across South Africa and Mauritius. These flexible workspaces cater to various business needs, from startups seeking affordable office solutions to multinational corporations exploring hybrid workplace models.

The global coworking market is experiencing rapid growth; according to Allwork.Space approximately 5 million people worked from flexible workspaces in 2024.

These flexible workspaces cater to various business needs, from startups seeking affordable office solutions to multinational corporations exploring hybrid workplace models.

450 Mn

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

Source: World Bank

Co - working space

COUNTRY SNAPSHOTS

BOTSWANA

Gaborone's office market experienced a 10% increase in leasing inquiries in H2 2024 compared to H2 2023, indicating strong demand for office space. This demand is primarily driven by the government sector, although corporate occupiers are also displaying significant interest, particularly in relocating to modern, sustainable office spaces. The rising prominence of ESG criteria in the country's real estate market is influencing occupier preferences, leading to heightened interest in green buildings. Rentals for green-certified offices command premiums of 30–40% compared to conventional offices. This premium reflects the increasing value of sustainability features such as energy efficiency and improved indoor air quality. The high demand for the Grade A offices has driven monthly rental rates to P170–190 psm (US$ 12.22–13.66 psm), marking an 11% year-on-year increase compared to H2 2023.

The office vacancy rate in Gaborone remained low in H2 2024, ranging between 2% and 4%. The vacancies are concentrated in older office stock within the Kgale and Main Mall nodes, which have experienced a 3% decline in occupancy rates compared to H2 2023.

In contrast, newer, top-grade offices have maintained high occupancy rates ranging between 96% and 100%, driven by their modern amenities and adherence to sustainability standards. According to our data, the office supply pipeline is set to expand over the next 2–3 years, potentially exerting downward pressure on prime rents and slightly increasing vacancy rates.

Elsewhere, the investment market for commercial properties in Botswana remains strong, with institutional investors actively seeking opportunities in the country. However, the attractiveness of office investments continues to hinge on tenant quality and lease strength. Prime office yields are currently in the range of 7.25–8%, slightly below the continental average of 9%.

Gaborone City scape

EGYPT

Within Greater Cairo, Grade A offices available for lease are strategically located along major commercial corridors such as 90th Street. Prime business parks, such as the Cairo Festival City and Capital Business Park, offer modern office solutions and are predominantly concentrated in the city's eastern and western parts. The demand for offices in Cairo is primarily directed towards New Cairo and 6th October City.

However, New Cairo has emerged as a preferred destination with a significant advantage over the 6th of October due to its proximity to the urban population, quality universities, ample parking provisions, and critical infrastructure, including the New Administrative Capital and Cairo International Airport. That said, 6th October City and Sheikh Zayed have also witnessed a growth in quality business parks, successfully attracting tenants seeking alternatives to the congested downtown Cairo area, albeit at a much lower volume and pace than that of New Cairo.

The strong demand for prime office space in New Cairo has driven average prime rents to approximately US$ 37 psm per month in H2 2024, representing a 10.7% year-on-year increase compared to US$ 33.4 psm per month in H2 2023, with rents in 6th of October settling at an average of 25% lower from New Cairo levels. Occupancy rates in Grade A buildings and office parks have also risen sharply, now averaging 90%, up from 80% during H2 2023—a 10-percentage-point increase.

According to our MENA Occupier Dashboard 2024/25, the total leasable office space in Greater Cairo is estimated to be approximately 2.4 million sqm (H2 2024), reflecting a 10% increase compared to H2 2023, when the total stood at approximately 2.17 million sqm. The supply is anticipated to expand even further, with approximately 566,900 sqm of new office developments expected to enter the market by the end of 2025. Key projects in the pipeline include the One-Ninety Business Park and HeartWork.

Source: Knight Frank

Cairo, Egypt

KENYA

Like most African countries, Kenya's preference for in-office work still remains strong. This sharply contrasts with global patterns, where adopting remote and hybrid work models has become significant. For instance, data from a 2024 Global Workplace Analytics Report indicates that approximately 1 in 4 employees in the US work remotely.

Despite the prevailing preference for traditional offices in Kenya, the coworking model is gaining traction. This is evidenced by the growing footprint of coworking spaces in the country. A good example is Workable, which expanded its operations during the review period by acquiring an additional 1,000 sqm at Sanlam Towers in Westlands, bringing its total space in the building to approximately 3,700 sqm.

Elsewhere, the office sector continues to grapple with oversupply, which has resulted in a contraction of planned future developments. For example, approximately 16,000 sqm of space is expected to be completed in 2025, a significant decrease from the over 50,000 sqm introduced to the market in 2024. Several completions were added to the market's inventory during the review period, including Purple Tower along Mombasa Road, Highway Heights in Kilimani, Matrix One, The Mandrake, and the Museum Hill Towers in Westlands.

50,379.8 sqm

Additional Prime Office Space introduced

Source: Knight Frank

"Elsewhere, the office sector continues to grapple with oversupply, which has resulted in a contraction of planned future developments."

Nairobi

MALAWI

Blantyre city, Malawi

The Grade A office rental markets in both Lilongwe and Blantyre have experienced significant year-over-year growth in H2 2024. Average monthly rental rates for Grade A offices increased by 15-20% in both cities. In Lilongwe, average monthly rents rose from US$ 8.6 psm in H2 2023 to US$ 10.32 psm in H2 2024. Blantyre saw a similar increase, with average monthly rents climbing from US$ 6.5 psm in H2 2023 to US$ 7.8 psm in H2 2024.

This significant increase in rental rates can be partly attributed to the 44% devaluation of the Malawian Kwacha against major trading currencies during the period. (Reserve Bank of Malawi).

The devaluation significantly reduced the purchasing power of the local currency, leading to inflationary pressures across various sectors of the economy, including both food and non-food items. The real estate sector was not immune to these inflationary pressures, as landlords adjusted rental rates to maintain their real income in US Dollar terms.

The impact of the currency devaluation extends beyond rental pricing to the broader office construction sector. Ongoing office developments have faced delays due to the limited availability of imported building materials due to the prevailing foreign exchange shortages.

Devaluation makes Malawi's exports more valuable, while the flip side of devaluation is that it makes imports more expensive.

Despite these challenges, like elsewhere in the continent, the demand for Grade A offices remains robust, particularly in Lilongwe. The city is the hub for Malawi's donor and international community, with high-demand areas concentrated in City Centre neighbourhoods such as Areas 13, 14, 19, and 41. Occupancy rates in these prime locations currently average above 90%.

NIGERIA

In Nigeria, the office market has experienced varied performance, driven largely by economic headwinds and strategic responses from tenants and landlords. A notable focus has emerged on tenant retention, underscored by companies scaling back or relocating their operations due to economic pressures. According to the Central Bank of Nigeria, the naira depreciated by 53% against the US dollar between September 2023 and September 2024, impacting rental dynamics across key office markets. For instance, in Lagos, the devaluation of the naira has driven significant rental escalation, with rates effectively doubling in naira terms over the review period. At the same time, the surge in occupancy costs, exacerbated by higher electricity tariffs, has added additional financial strain on occupiers, with total occupancy costs (Rent+ Service Charge + VAT) now ranging from approximately US$ 65 to US$ 70 psm per month, up from US$ 60 in H2 2023.

US$ 65-70

Total Monthly occupancy costs

Source: Knight Frank

Notwithstanding these cost pressures, Grade A offices in Lagos continue to exhibit high occupancy, with rates currently ranging between 80% and 100%.

In Abuja, where rents are predominantly naira-based, Grade A offices similarly maintain robust average occupancy rates of around 88%. However, buildings with dollar-denominated rental agreements report significantly lower occupancy rates as more tenants seek naira-denominated rents to mitigate the impact of currency fluctuations. For instance, occupancy at The World Trade Centre in Abuja stood at approximately 30% as of September 2024.

Elsewhere, sustainability has become a critical factor among office occupiers, particularly for international companies that prioritise ESG criteria. Developers are increasingly incorporating green building designs and energy-efficient solutions to enhance operational efficiency and create sustainable workspaces that align with global standards. Buildings with ESG certifications are particularly well-positioned to attract high-quality tenants and secure premium rental rates.

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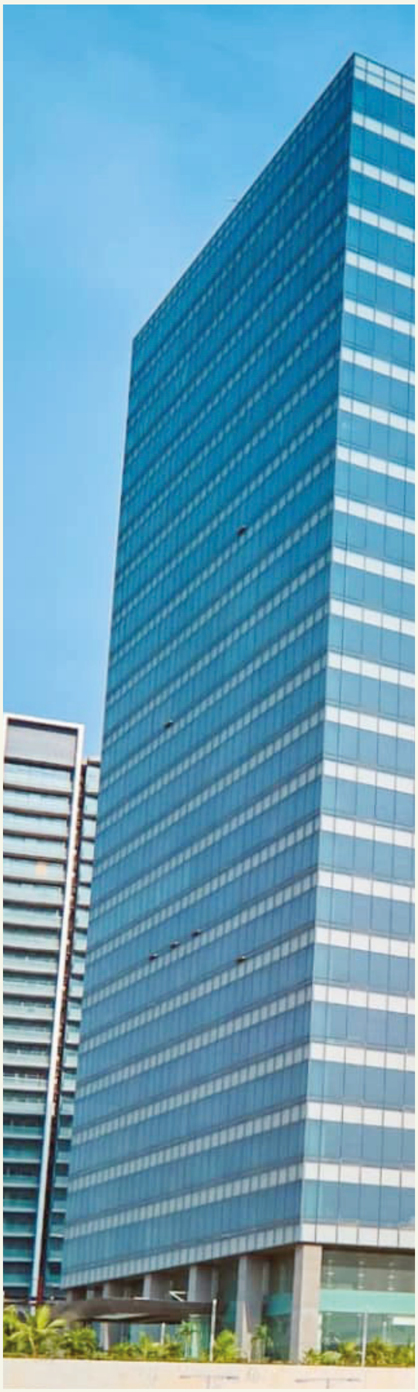


World Trade Center, Abuja

SOUTH AFRICA

South Africa's prime office market has demonstrated remarkable rental rate stability, especially in high-demand nodes of Johannesburg, Cape Town, and Durban. Monthly rents remained constant at US$ 12 to US$ 15 psm over the past year. This stability is underpinned by sustained demand for Grade

A offices, which exhibit higher occupancy rates. In H2 2024, the year-on-year occupancy rate for prime offices has improved to over 86%, an increase from the 83% recorded in H2 2023. This positive trend can be attributed, in part, to a "flight-to-quality" phenomenon, as occupiers increasingly prioritize high-quality buildings with features such as backup power generators, water tanks, and efficient energy systems to mitigate the impact of electrical load shedding, water outages, and rising utility charges.

Conversely, rising vacancies are being seen in older, less desirable assets where landlords are increasingly focusing on building improvements and enhancements to reduce vacancy and increase demand. These renovation and redevelopment initiatives seek to find a balance between efficiency, sustainability, backup, and overall improvement of the building's look and feel through the replacement of certain mechanical and electrical systems, building management systems, the creation of collaborative spaces, hybrid environments, break out areas and consideration for onsite amenities.

Cape Town continues to experience the demand benefits of semigration as skilled workers, entrepreneurs, and corporates look to migrate operations in favour of the greater Cape Town metropole's better governance and lifestyle. In addition, the global BPO sector has shown renewed interest in Cape Town with significant take-up of key vacancies in the past year.

Given a flat local economic outlook, coupled with rising construction and inflation costs, speculative development remains cautious in the face of rental affordability and the initial return required by developers.

Johannesburg

TANZANIA

Tanzania's office market is experiencing a surge, fuelled by the country's robust economic growth and pro-investment policies. In the first quarter of 2024, the country's GDP grew by a notable 5.6% year-on-year, surpassing the 2023 growth rate of 5.1%. This strong performance, particularly in key sectors like manufacturing (7.6% growth from Q1 to Q2 2024) and tourism (7.2% growth), has solidified Tanzania's position as an attractive business hub in East Africa. (Bank of Tanzania - Monthly Economic Review Tanzania Investment and Consultant Group Ltd).

This economic vitality is paralleled by an increased demand for offices, with notable interest in smaller units ranging from 50 to 150 sqm. This demand aligns with a broader trend observed across the region, including Zambia, where businesses increasingly opt for flexible, mid-sized workspaces to support diverse operational needs. While the country's CBD remains the primary centre for office activity, the demand extends into peripheral areas such as the Peninsula, Masaki, and Oyster Bay.

In terms of rental performance, prime office rentals in the CBD have remained relatively stable, averaging c.US$ 15 psm per month. In contrast, the Peninsula area is experiencing upward rental pressure, with average rents increasing by approximately 13% over the past 12 months. Current rates for office space in this area range from US$ 17 to US$ 23 psm per month. This escalation is due to the area's improved accessibility and infrastructure, which have heightened its desirability among occupiers seeking Grade A offices with efficient access to essential services.

Dar es Salaam

UGANDA

The Kampala office market has demonstrated a notable growth in leasing activity during the second half of 2024, driven by sustained demand for Grade A and Grade B offices. This consistent demand has stabilized monthly rents for Grade A offices at an average of US$ 16.5 psm, maintaining the same level observed since H2 2023. Grade B office spaces, however, have witnessed a robust upward trajectory, with rents increasing by 7% year-on-year to reach an average of USD 15 psm per month. This trend highlights a notable shift among cost-conscious tenants seeking more affordable options without compromising heavily on location or amenities.

89.6%

Office Occupancy Rate

Source: Knight Frank

Despite this positive rental growth, the overall occupancy rate in Kampala's office market was 89.6% in H2 2024, a 1.5 percentage-point decrease from 91.1% in H2 2023. While marginal, this decline can be attributed to several factors, including business downsizing and an oversupply in the market. The oversupply is anticipated to persist into 2025, with over 100,000 sqm of new office space projected to enter the market. Key developments in the pipeline include Pension Tower (32,000 sqm), Speke Business Park (16,660 sqm), Sad-dler View Office Park (8,329 sqm) and IGG Building (19,000 sqm).

Elsewhere, consistent with regional trends in markets such as Zimbabwe, demand for suburban office space in Kampala has also increased. This is driven by challenges associated with CBD locations, including congestion, traffic jams, noise pollution, and limited parking availability.

Kampala City Night Lights

ZAMBIA

In Lusaka, leasing activity for office units between 50 and 250 sqm has increased by approximately 20% in the past six months, with strong demand for incubator spaces. This growth in demand is particularly notable given the previous over-supply in the market, which saw vacancy rates as high as 40% in H1 2022. The increased demand is expected to put upward pressure on prime rents, which have remained stagnant at approximately US$ 18 psm per month over the past year. Driven by consistent demand for smaller office units and a slow-down in new construction, average prime office occupancy in Lusaka is projected to rise from 65% in H1 2024 to 70% by the end of the year. The constraint in new office space supply is attributed to multiple economic pressures, including the depreciation of the Zambian Kwacha against major currencies, high interest rates (14%), inflation (16.7% as of December 2024), and inconsistent electricity supply. Over the first half of 2024, the Kwacha depreciated by an average of 2.3% against major global currencies. (Bank of Zambia)

Looking ahead to 2025, major forth-coming developments are expected to improve the office market inventory. For instance, the first National Bank of Zambia has acquired land on Tito Road in Rhodes Park, Lusaka, where it plans to construct its new head office. Additionally, the Bank of China recently purchased the former ABSA Bank offices near the Addis Ababa roundabout, cementing this area as the best office location in Lusaka.

US$18

Average Prime Office Rents in Lusaka

Source: Knight Frank

Zepre Office Park, Lusaka, Zambia

ZIMBABWE

Harare, Zimbabwe

In Zimbabwe, Harare's CBD office market is undergoing a significant shift, characterised by a notable exodus of tenants as occupiers increasingly relocate to suburban areas. According to our data, this trend has resulted in average rental rates in Harare's CBD ranging from US$ 5 to US$ 10 psm per month in H2 2024, representing a 10% year-on-year decrease compared to H2 2023.

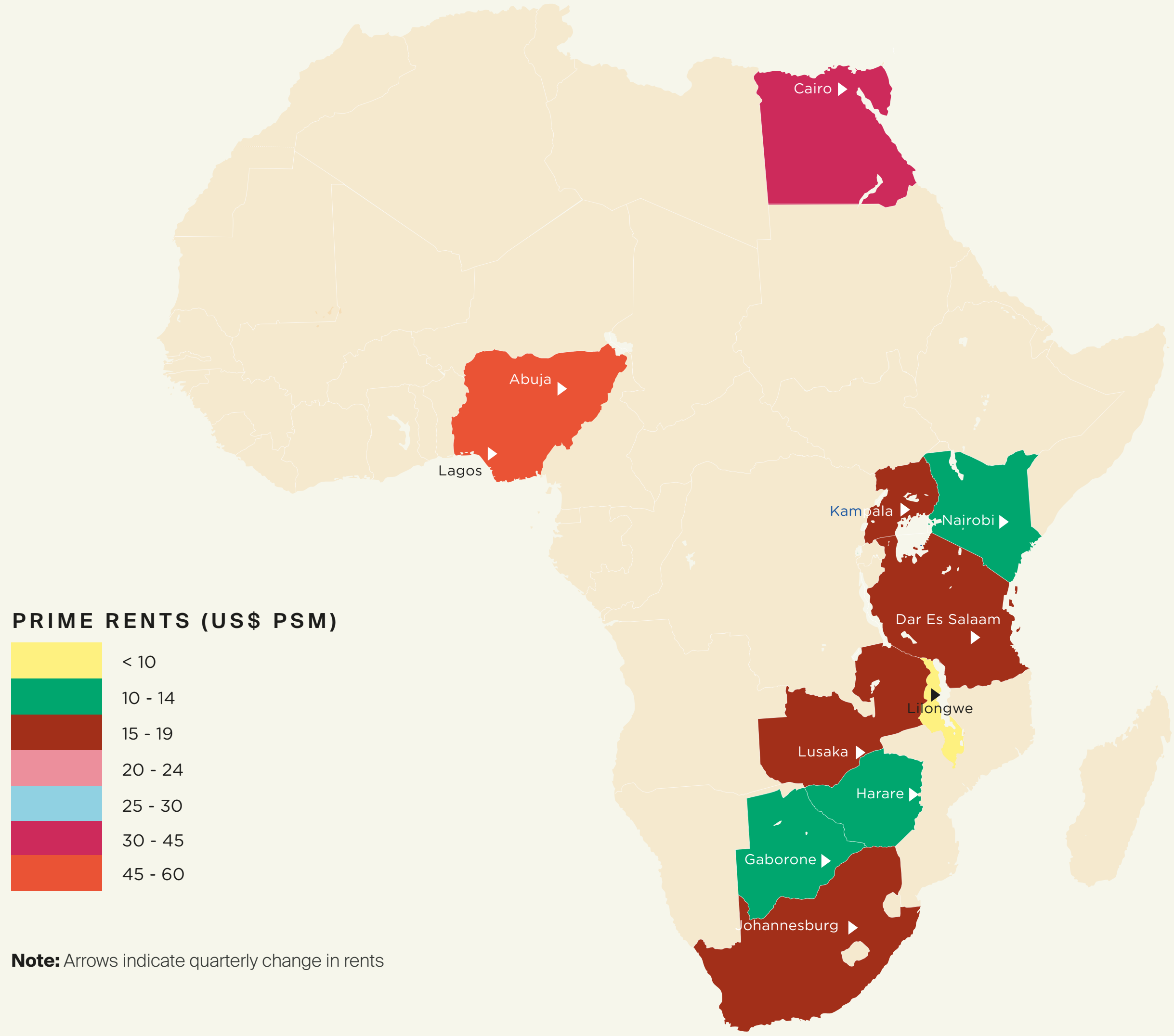
In contrast, suburban areas, including Newlands, Eastlea, Mt Pleasant, and Belvedere have experienced a marked increase in demand. Rents in these suburban office locations have appreciated by around 20% year-on-year, with rates now ranging between US$ 12 to US$ 15 psm per month.

Several compounding factors are driving this mass exodus from the CBD; ageing infrastructure and dilapidated buildings often lack functional facilities, diminishing the appeal of centrally located office spaces. High operational costs within the CBD, partially due to revaluation-induced increases in city council rates, further detract from its viability. Additionally, the quality of city council services, including irregular refuse collection and unreliable water supply, has contributed to the area's deteriorating state, deterring potential and existing tenants alike. Furthermore, the growing presence of informal traders and street vendors on pavements are further encouraging blue-chip companies to explore suburban office options.

As a result, the office vacancy rate in Harare's CBD has reached 55% in H2 2024. This represents a 5-percentage point increase from the rate of 50% recorded in the first half of 2024.

> "Rents in these sub-urban office locations have appreciated by around 20% year-on-year, with rates now ranging between US$12 to US$ 15 psm per month."

A SUMMARY OF H2 2024 PRIME OFFICE RENTS AND AVERAGE YIELDS IN SELECTED AFRICAN COUNTRIES



Note: Arrows indicate quarterly 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	6.0	9.0
Nigeria	Lagos	55	8
	Abuja	46	9.5
South Africa	Johannesburg	15	9.50
Tanzania	Dar es Salaam	15	9
Uganda	Kampala	16.5	9
Zambia	Lusaka	18	10
Zimbabwe	Harare	10	8

Source: Knight Frank

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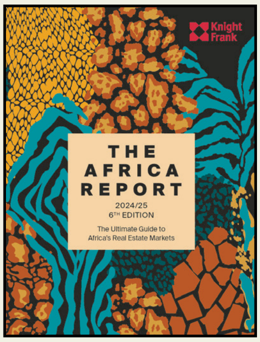
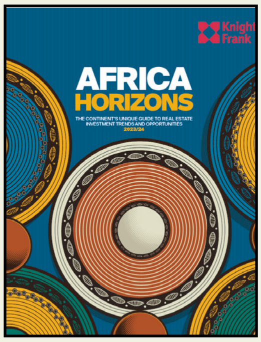


THE AFRICA REPORT 2024/25

AFRICA OFFICES MARKET DASHBOARD H1 2024

AFRICA INDUSTRIAL DASHBOARD H1 2024



AFRICA HORIZONS 2023/24

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