The Africa Industrial Market Dashboard

Knight Frank

H1 2025

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

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NATREF SOUTH AFRICA - OIL & GAS PLANT

MARKET OVERVIEW

Africa's industrial sector continues to witness strong growth, underpinned by rising occupancy rates and sustained demand for modern logistics space. Average occupancy rates for modern warehouses rose to 83% in H1 2025, up from 75% in H1 2024, representing a 10.7% year-on-year increase. This upward trend signals demand continuing to outpace supply, particularly for Grade A warehousing. Urban hubs and trade corridors remain focal points for this demand.

A key driver of this growth is the booming e-commerce sector, with Africa's online retail market projected to surpass US$ 75 bn by 2025 (McKinsey Global Institute). This surge is putting pressure on distribution networks and fuelling the need for climate-controlled facilities and last-mile delivery infrastructure.

In parallel, agriculture-led industrialisation is further contributing to the sector's expansion. Agriculture contributes approximately 32% of the continent's GDP and employs over 65% of the population (World Bank). The African Development Bank (AfDB) notes that enhanced value addition in sectors such as cotton-to-textile can increase raw value capture by up to 600%, emphasising the catalytic role of agro-processing in driving industrial growth.

At the regional level, South Africa, Egypt, and Nigeria continue to lead in industrial development (APRI). South Africa benefits from a diverse manufacturing base and well-developed infrastructure. Egypt leverages its strategic proximity to Europe and the Middle East, while Nigeria's strength lies in its large-scale industrial companies. Kenya, Ethiopia, Ghana, Zambia, and Tunisia follow as emerging industrial hubs. Zambia, in particular, is witnessing a notable increase in the uptake of mid-sized production and warehousing units, driven by agro-linked manufacturing and fast-moving consumer goods (FMCGs).

10.7%

Year on year increase in occupancy rates for modern warehouses.

83%

Rise in occupancy levels for modern warehouses

32%

Contribution of agriculture to Africa's GDP

US$ 75Bn

Africa's online retail market growth projection by 2025.

INCREASED DEMAND FOR

Modern Warehouse

SPACE

Source: Knight Frank

Elsewhere, Africa is making strides towards self-sufficiency and reduced reliance on imports. A good example is Nigeria's Dangote Petroleum Refinery expansion to other African markets. With a capacity of 650,000 barrels per day and a construction cost of US$ 20 bn, the refinery is setting up fuel storage tanks in Namibia capable of holding at least 1.6 million barrels of gasoline and diesel. These will serve key markets across southern Africa, including Botswana, Zambia, Zimbabwe, and Namibia. This move is poised to reshape regional energy trade flows, bolster intra-African trade under the AfCFTA, and reduce external dependency. Currently, only 14.4% of Africa's exports are traded within the continent, compared to over 60% in Europe and nearly 58% in Asia (UNCTAD).

650,000

Capacity in barrels of a fuel storage facility that Nigeria's Dangote Petroleum Refinery is constructing in Namibia .

Source: World Bank

Photo Courtesy of Jumia Africa

COUNTRY SNAPSHOTS

BOTSWANA

The Botswana industrial market experienced a moderate softening in demand during H1 2025, with vacancy rates edging up to approximately 7%, driven in part by broader economic headwinds, notably the continued slowdown in the diamond sector. Despite this, prime industrial rentals remained stable at US$ 4–5 psm per month, while yields held firm in the range of 7.5%–8% pa, signalling investor resilience in core logistics and light industrial assets.

New supply absorption was primarily concentrated in strategically located nodes, notably Phakalane's Morula Industrial Park, where modern light industrial units continue to attract occupier interest due to proximity to the A1 National Highway, offering enhanced regional connectivity. This submarket outperformed secondary zones with prolonged vacancy periods, reinforcing a split in performance between new, well-located stock and aging industrial inventory.

In parallel, structural shifts are beginning to shape long-term market fundamentals. The launch of locally assembled electric vehicles (EVs) in Gaborone during the review period signalled a pivot towards clean-tech industrialisation. This aligns with emerging demand for specialised infrastructure, such as EV component warehousing, last-mile distribution hubs, and light assembly plants. Meanwhile, the ongoing infrastructure development at the SSKIA Airport City Special Economic Zone (SEZ), although still awaiting plot allocation timelines, underscores the government's intent to attract investment and boost industrial diversification in the country.

A warehouse in Gaborone

EGYPT

Prime rents across key industrial nodes remain under pressure, particularly in Sadat City and 10th of Ramadan, where monthly rents are among the lowest across the markets we track at US$ 3 psm, reflecting soft demand and operational challenges. In contrast, 6th of October City continues to outperform other industrial zones, with monthly rents reaching up to US$ 8 psm and an impressive average occupancy rate of 95%. This strong performance is driven by its strategic location along major transport corridors and consistent demand from the e-commerce and FMCG sectors. Occupier demand has remained resilient in core nodes, especially for logistics and warehousing assets with modern specifications, driven by the continued growth of e-commerce and last-mile delivery operators. Facilities equipped with high-speed internet, secure payment infrastructure, and robust logistical connectivity are seeing faster absorption rates.

To stimulate sectoral recovery and self-sufficiency, the country has committed to attracting US$ 3.5 bn in new industrial investments in 2025, a 15% increase from 2024. Key focus areas include pharmaceuticals, automotive components, agro-processing, and steel manufacturing. Notably, the government signed a US$ 120 million agreement to establish a pharmaceutical manufacturing hub within the Suez Canal Economic Zone, spanning 96,828 sqm in Sokhna. This strategic pivot aims to reduce reliance on imports and position Egypt as a regional manufacturing hub, signalling long-term opportunities for industrial developers and occupiers aligned with national industrial policy.

95%

Average occupancy rates for warehouse space in Cairo.

Source: Knight Frank

SADAT Industrial Area, Egypt

KENYA

Prime warehouse rents held steady at US$ 6 psm per month, supported by the tightening supply of Grade A stock and the strategic repositioning of logistics networks around Nairobi and other key economic corridors. Average industrial yields stood at 9.5%, among the most attractive in the region, driven by relative investor confidence.

Sustainability has become a defining feature of new industrial developments. A notable milestone was achieved by Cold Solutions Kenya, whose temperature-controlled warehouse at Tatu City became the first facility in Africa to attain LEED Gold certification from the U.S. Green Building Council. This designation reinforces the trend of occupiers seeking ESG-compliant spaces that offer operational efficiencies and reduced energy consumption. Developers are increasingly responding to this shift by incorporating green design principles into both speculative and build-to-suit projects.

Meanwhile, Special Economic Zones (SEZs) and Export Processing Zones (EPZs) continue to drive industrial growth. A significant development during the review period was Emirates Logistics' entry into the Kenyan market, with plans to construct a state-of-the-art logistics hub at Tatu City SEZ. The facility will serve global supply chain clients across Sub-Saharan Africa, reinforcing Kenya's status as a regional logistics and distribution hub.

9.5%

Average Industrial Yields

Source: Knight Frank

"A significant development during the review period was Emirates Logistics' entry into the Kenyan market, with plans to construct a state-of-the-art logistics hub at Tatu City SEZ."

Nairobi gate industrial park

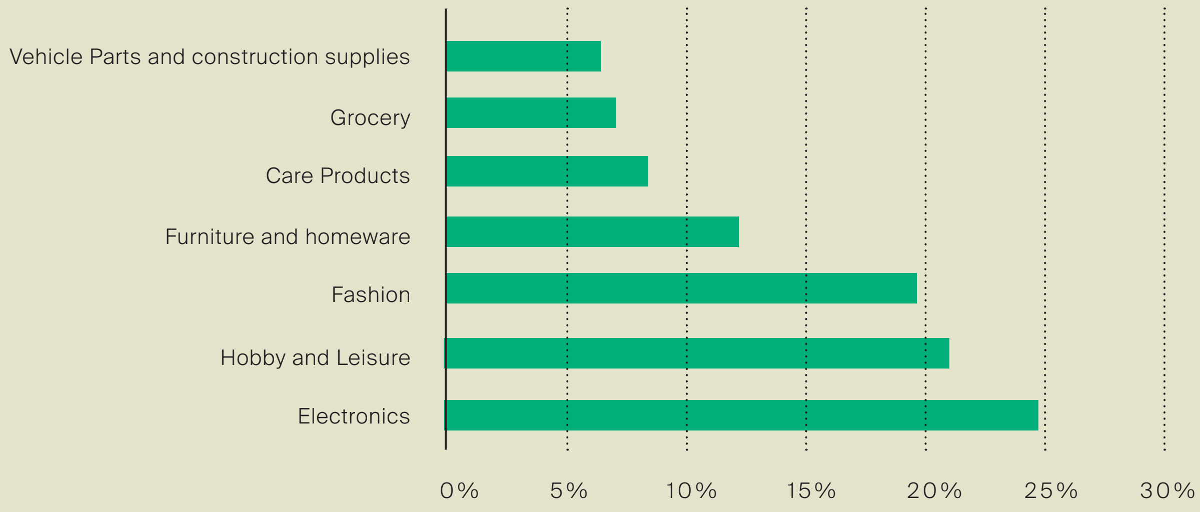
MALAWI

Malawi is positioning itself as an emerging logistics and warehousing node within Southern Africa, leveraging its strategic location and improving trade facilitation frameworks. Alignment with global standards, such as the Generalized System of Preferences (GSP) and Harmonized System Codes, has enhanced the country's attractiveness to multinationals across sectors including IT, medical, aviation, and automotive. The rising need for modern industrial infrastructure is underpinned by regional trade flows and an expanding e-commerce base.

According to E-commerce Data Analytics, Rankings & Insights (ECDB), Malawi's e-commerce sector recorded a compound annual growth rate (CAGR) of 17.2% in 2024, with revenues projected to reach US$ 46.8 million by 2028. Electronics dominate online retail activity, accounting for 24.8% of total revenue, followed by hobby & leisure (20.8%), fashion (19.8%), furniture & homeware (11.6%), and care products (8.1%). Mobile-first behaviour remains prominent, with 85% of connected Malawians accessing the internet via mobile devices, driving demand for efficient last-mile delivery and warehousing infrastructure.

Despite macroeconomic headwinds, including double-digit inflation, currency volatility, and the recent Kwacha devaluation to MWK 1,745/US$, Malawi continues to offer some of the lowest prime industrial rents on the continent, at US$ 3 per sqm per month in Lilongwe and Blantyre. While rising construction costs and import dependency present challenges, average industrial yields remain high at approximately 12%, supported by the undersupply of quality logistics facilities and growing interest from regional occupiers.

Figure 1: Share of Malawi E-Commerce Revenue (2024)



Source: Knight Frank

NIGERIA

The industrial and logistics sectors remain resilient, driven by macroeconomic growth, improved manufacturing output, and robust e-commerce activity. The economy expanded by an estimated 3.7% in H1 2025, driven by stronger oil production and improved business sentiment (Stanbic IBTC PMI). This expansion supported rising demand for warehousing and logistics assets, particularly in SEZs, where improved infrastructure and regulatory incentives are streamlining supply chain efficiency. E-commerce remains a significant growth driver, with the Nigerian market valued at US$ 8.53 bn in 2025 and projected to grow at a compound annual growth rate (CAGR) of 11.8% through 2033 (DiMarket), prompting increased absorption of last-mile delivery hubs and urban logistics facilities.

US$8.53Bn

Value of e-commerce in Nigeria in 2025

Source: Knight Frank

Imo state refinery

Strategic investment in the agro-industrial sector is also gaining momentum. In a major push towards agro-industrialisation, the Nigerian government, in partnership with the African Development Bank and Kaduna State, launched Phase 1 of the US$ 538 million Special Agro-Industrial Processing Zones (SAPZ) program in H1 2025. The initiative aims to boost agricultural productivity by over 60%, reduce the country's annual food import bill, and strengthen rural-urban value chains. These developments are expected to generate significant demand for agro-logistics parks, cold storage facilities, and light manufacturing zones across strategic agricultural belts.

Elsewhere, the demand for data centres continues to grow, driven by the increasing need for reliable internet connectivity. During the review period, the total number of data centres in Lagos rose to 18, following the commissioning of Rack Centre's 12MW Tier III facility in April 2025. Meanwhile, Open Access Data Centres (OADC) is scaling its Lagos site from 1.5MW to 24MW by 2027, as part of a US$ 500 million pan-African infrastructure plan. This surge in hyperscale data centre development is aligned with rising digital demand, enhanced submarine cable connectivity, and the concentration of government and enterprise users.

SOUTH AFRICA

South Africa's industrial sector benefits from structural tailwinds driven by the rapid acceleration of e-commerce. The domestic e-commerce market, valued at US$ 35.23 bn in 2024, is projected to more than double to US$ 74.79 billion by 2033, reflecting a CAGR of 8.79%. This surge is translating directly into heightened demand for modern logistics infrastructure, particularly in key nodes such as Midrand, Johannesburg, and Cape Town, as occupiers seek to bolster fulfilment capabilities and reduce delivery timelines.

The 'flight to quality' has driven strong occupier demand for Grade A warehousing, placing upward pressure on prime rentals, which now average US$ 5.5 psm per month in Johannesburg, with yields stabilising around 8.25%. Investors are increasingly drawn to the sector due to better returns compared to traditional office and retail assets, bolstered by low vacancy (currently averaging 6%) and long lease tenures. Moreover, automation and robotics are redefining warehouse operations, enabling higher output, lower error margins, and reduced dependency on manual labour, thereby enhancing both occupier efficiency and asset value.

Sustainability is also emerging as a key trend. Green-certified industrial facilities with solar power, water efficiency systems and waste management amenities are attracting significant tenant and investor interest. A good example is Woolworths, which has invested over ZAR 17.5 million (US$ 993,700) in clean energy solutions across its Cape Town distribution centres, underlining the growing shift towards environmentally responsible warehousing.

Natref, South Africa's Medium scale Oil refinery

TANZANIA

In Dar es Salaam, strategic corridors, including Nyerere Road, Pugu Road, Mandela Road, and Mikocheni have emerged as key industrial hotspots, fuelled by rising demand for modern warehousing and logistics infrastructure. This surge is driven by the rapid expansion of e-commerce, manufacturing activity, and cross-border trade. The sector is also benefiting from Tanzania's agricultural transformation agenda: the country incurs annual post-harvest losses of US$ 1 bn (World Bank), and modern warehouse solutions are estimated to reduce these losses by up to 80%.

In response, the government has launched an ambitious development pipeline under the Agricultural Sector Development Programme Phase II (ASDP II), targeting 1,500 new warehouses by 2025 (Tanz Trust), reinforcing demand-side fundamentals.

A notable shift in transaction practices is observed, with the majority of lease and sale agreements now denominated in Tanzanian Shillings (TZS), reflecting a deliberate alignment with government policy to stabilise the local currency and reduce foreign exchange exposure. This trend is reshaping pricing benchmarks and improving accessibility for domestic investors and occupiers. Rental rates remain relatively stable, with average monthly industrial rents ranging between US$ 5 to US$ 6 psm (equivalent to TZS 13,500 – 16,500, exclusive of VAT). On the capital markets side, industrial sale prices for developed assets now typically fall within the US$ 2 million to US$ 5 million bracket (TZS 5.4 – 13.5 bn), depending upon location, lot size, and infrastructure provisions such as road access, loading bays, and utility capacity.

Kahama Indusrtial Park Shinyanga Region, Tanzania

UGANDA

Kampala's industrial sector remained resilient in H1 2025, driven by sustained demand from key growth sectors. Occupancy rates exceeded 80%, particularly in Grade A warehouse facilities, reflecting constrained supply and consistent tenant absorption. Rental values remained stable, with average asking rents ranging between US$ 3–7 psm per month, depending on location and specification. The Traditional Industrial Area commanded the highest monthly rents (US$ 5–7 psm), followed by Ntinda–Nakawa (US$ 4.5–6.5 psm) and Kampala Industrial Business Park (Namanve) (US$ 3 –4.5/sqm), positioning it as the most cost-competitive hub in Kampala.

US$ 3-7 per sqm

Average asking rents

Source: Knight Frank

Leasing activity was driven predominantly by small to mid-sized occupiers, with units between 300–1,000 sqm accounting for the bulk of transactions. While take-up of larger industrial spaces (>1,000 sqm) remained relatively subdued, demand was robust across agro-processing, coffee export, manufacturing, and FMCG sectors. The occupiers seek modern facilities with specific requirements, such as cold storage, high eaves, reinforced flooring, and proximity to arterial transport routes. Notably, warehouse-showroom hybrids and flexible leasing models gained traction among SMEs, aligning with their operational and cost-efficiency goals.

On the policy front, the Uganda Tax Amendment Act 2025, effective July 1, is anticipated to bolster occupier demand further. The Act introduces a three-year corporate income tax exemption for qualifying local SMEs, a move likely to accelerate formalisation and stimulate the uptake of affordable industrial space.

The 65,000 SQM Yogi Business Park in Nalukolongo

ZAMBIA

Zambia has emerged as one of Sub-Saharan Africa's fastest-growing economies in 2025, registering Q1 GDP growth of 4.5%, more than double the 2.2% growth rate recorded in Q1 2024 (IMF). This robust macroeconomic rebound, driven by improved weather conditions, enhanced energy stability, and public investment, has directly supported increased demand for logistics and warehousing facilities, particularly in Lusaka, which remains the country's primary industrial and distribution node.

Infrastructure-led growth continues to shape industrial expansion in the capital. Key drivers include the dual carriageway expansion from Waterfalls Roundabout to Kenneth Kaunda International Airport, and the proposed Multi-Facility Economic Zone (MFEZ) planned on adjoining surplus airport land. Complementing this is the Lusaka–Ndola dual carriageway, expected to stimulate the development of new logistics hubs along the corridor. Institutional-grade occupiers are already responding to these shifts, as evidenced by Bayer's €32 million (US$43 million) seed processing plant commissioned in Kabwe in March 2025, strategically positioned along this emerging logistics spine. Parallel growth in Zambia's mining and agribusiness sectors is further amplifying industrial space absorption and investment appetite.

From a regional trade and energy security standpoint, Zambia's acquisition of a 26% stake in Angola's Lobito oil refinery, a 200,000-barrel-per-day facility scheduled for completion by 2026, positions the country for reduced fuel import costs and potential domestic retail price declines of up to 15%, enhancing supply chain efficiencies.

On the rental front, average prime industrial rents in Lusaka have held steady at US$4.50 per sqm/month over the past 12 months, while yields remain highly attractive at 12% per annum, among the highest across the markets we track.

The New Bayer Facility, in Kabwe, Zambia.

ZIMBABWE

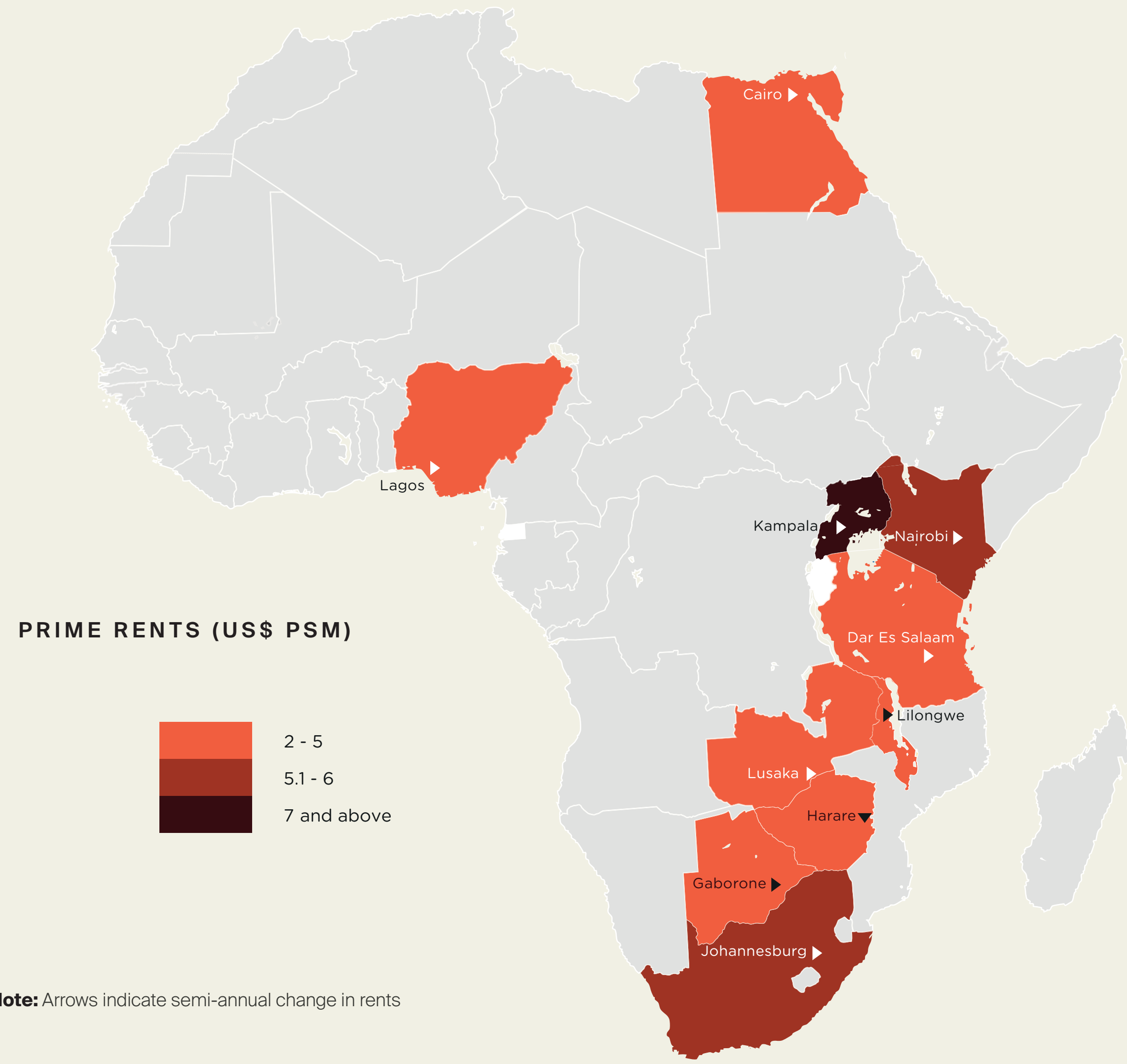
Madokero Industrial Park, Zimbabwe

Zimbabwe's industrial market is subjected to conflicting influences, on the one hand boosted by rising investment interest, particularly in mining-linked manufacturing, and on the other hampered by persistent infrastructure and macroeconomic constraints. According to the Zimbabwe Investment Development Agency (ZIDA), investment licences surged by 19.04% in Q4 2024 compared to the same period in 2023. The mining sector dominated with 91 licences, followed by 47 in manufacturing, reinforcing Zimbabwe's industrial trajectory as mining-led. The Chamber of Mines of Zimbabwe projects a 7%+ growth in the mining sector in 2025, with gold output up 35% and coal production rising 61% in Q1 alone, boosting expectations for increased industrial demand along key logistics corridors.

However, the country's industrial potential remains constrained by structural limitations. Zimbabwe's energy infrastructure, specifically aging power plants in Bulawayo, Munyati, and Harare, continues to experience operational inefficiencies, contributing to widespread power rationing. Combined with limited economic diversification and a high dependency on commodity-linked sectors, these challenges heighten market volatility and restrict broad-based industrial growth.

Elsewhere, prime warehouse rents have softened significantly, with a 50% year-on-year decline, now averaging just US$ 2 psm per month. This downward trend underscores the impact of persistent infrastructure deficits, fluctuating input costs, and cautious occupier demand.

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



Note: Arrows indicate semi-annual change in rents

COUNTRY	CITY	PRIME RENTS (US$ per sqm)	AVERAGE YIELDS (%)
Botswana	Gaborone	4.5	8.5
Egypt	Cairo	4	10
Kenya	Nairobi	6	9.50
Malawi	Lilongwe	3	12
Nigeria	Lagos	5	8.0
South Africa	Johannesburg	5.50	8.25
Tanzania	Dar es Salaam	5	10
Uganda	Kampala	7	13
Zambia	Lusaka	4.5	12
Zimbabwe	Harare CBD	2– 5	7

Source: Knight Frank

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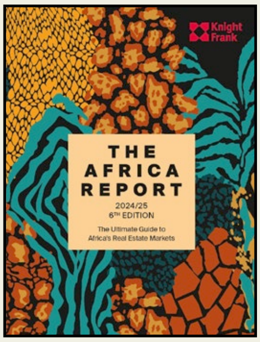

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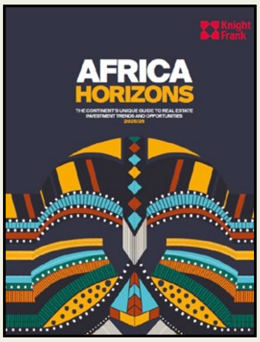

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