

RESEARCH



ZAMBIA

PROPERTY MARKET UPDATE
Q2 2016



CONNECTING PEOPLE AND PROPERTY PERFECTLY

Zambia Outlook

KEY FACTS

Zambia Population 15 million
 Zambia Population Forecast, 2025 22 million
 Lusaka Population 2.5 million
 Lusaka Population Forecast, 2025 3.5 million
 Zambia GDP Growth, 2015 5%
 Zambia GDP Growth Forecast, 2016 4%
 Zambia GDP (PPP) Per Capita, 2014 US\$4,064
 Urbanisation Rate 40%



Market Highlights

Zambia is a politically stable country with a fast-growing economy, which is primarily driven by its large copper industry.

The country's geographical position makes it an important gateway between Central, Eastern and Southern Africa.

Lusaka is a growing commercial hub, with rising office space demand coming from the financial and communication sectors.

Zambia is a major target for South African retailers' expansion plans; Shoprite, for example, now has 22 Zambian stores.

Lusaka's newest shopping mall, Cosmopolitan Mall opened in 2016, joining existing centres such as Manda Hill, Arcades, Levy Junction and East Park.

The Manda Hill mall has been acquired by AttAfrica, a Sub-Saharan property fund owned by South African investors Hyprop, Attacq and Atterbury.

Retail

With over 90% of new shopping malls in Zambia developed in Lusaka and the Copperbelt, there is opportunity to develop much needed formal retail in expanding towns around the rest of the country.

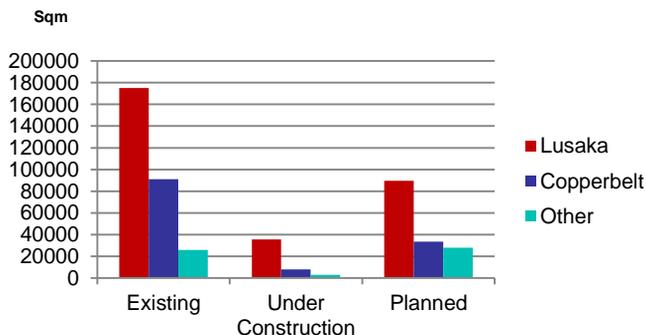
The new 5,000 sqm Kafue River Mall opened in July 2016 with Pick n Pay trading above expectations, highlighting the demand for niche malls in other towns

Office

Location, parking, design and specification are now key to the long term returns and success of prime offices as increasing supply in Lusaka is providing more choice for occupiers.

There is specific and high demand for incubator office space of 50 – 200 sqm from new businesses, start-up companies and tenants wanting to relocate from residential properties being used as offices.

FIGURE 1
 Retail Centres in Zambia



Source: Knight Frank Zambia Research

Logistics

The continued expansion of South African, international and Zambian companies is expected to generate demand for increasingly sophisticated logistics properties in Lusaka.

This will be accompanied by a continued shift in activity from the existing industrial area to emerging hubs such as the area around Kafue Road.

Investment

Zambia's fast developing property market is attracting an increasing amount of interest from investors seeking to access both development and investment opportunities. It is proving to be a resilient and risk tolerant long term investment destination.

Other Markets

Residential



- Housing deficit
- Dominated by self build
- Increased infrastructure development creating new suburban areas

Medical and Education

- Opportunity for new health infrastructure.
- Growing and predominately young population seeking higher education.

Farms & Estates



- Some of the best wilderness, wildlife and agriculture in Africa.
- Unique range of lodge and agricultural opportunities.
- Government encourages investment in commercial farming.

Tenure System

The land alienation system is not the same between areas in Zambia. Absolute ownership of land is vested in the state. However, under Lands Act 1975 and Lands Act 1995 the state and customary authorities have the capacity to alienate land to individuals.

For state land, a long leasehold title (usually up to 99 years) can be granted under which exclusivity of use is provided to the title holder.

Leaseholders have a legal right to obtain a renewal for a further 99 year term.

Acquisition of Land in a Customary Area

In order to acquire land in a customary area, one will require the following:

- Written consent from the area chief
- Approval of the District Council in the area

- Additional approval from the Director of National parks and Wildlife, if the land is in a Game Management Area.

Taxes and Charges

Property Transfer Tax (PTT)

The rate of 5% on the sale price realised from the sale of any land and building.

Withholding Tax (WHT)

The rate of 10% on lease rental charges.

Value Added Tax (VAT)

The rate of 16%. VAT is payable on rent for commercial properties.

Ground Rent

This is an annual payment paid by the property owner and is dependent on the zoning and size of the land.

Property Rates

This is an annual payment paid by the property owner and is dependent on the zoning, size of land, value of improvements and the poundage charged by each respective rating authority.

Zambia Development Agency (ZDA)

A number of incentives are available through the Zambia Development Agency and the ZDA Act No. 11 of 2006 as amended. www.zda.org.zm

FIGURE 2

Property Market Data		
	Prime Rents	Prime Yields
Office	US\$22/sq m/month	10%
Retail	US\$35/sq m/month	9%
Industrial	US\$7/sq m/month	12%
Residential (4 bed executive house)	US\$3,500/month	11%

Source: Knight Frank Zambia Research



AGENCY

Tim Ware , Managing Director
Head – Agency & Consultancy
+260 966 751203
tim.ware@zm.knightfrank.com

VALUATIONS

Harmony Chiboola
Head – Valuation and Research
+260 977 800806
harmony.chiboola@zm.knightfrank.com

Stanley Sikanyika
Associate Valuation Manager
+260 978 183457
stanley.sikanyika@zm.knightfrank.com

PROPERTY MANAGEMENT

Daniel Katongo
Head – Finance and Property Management
+260 955 765260
daniel.katongo@zm.knightfrank.com

Magdalene Nyasulu
Senior Manager – Property Management
+260 966 765145
magdalene.nyasulu@zm.knightfrank.com

FARMS & ESTATES

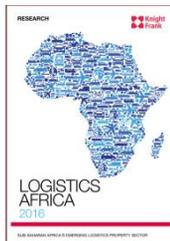
Tanya Ware
Director – Farms, Estates & Residential
+260 969 568228
tanya.ware@zm.knightfrank.com

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organizations, corporate institutions and the public sector. All our clients recognize the need for expert independent advice customized to their specific needs.

RECENT MARKET-LEADING PUBLICATIONS



Africa Report
2015/16



Logistics Africa
2016



Shop Africa
2016



Global Cities
The 2016 Report

Knight Frank Research Reports are also available at www.knightfrank.com



© Knight Frank Zambia 2016

This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank Zambia for any loss or damage resultant from the contents of this document. As the general report, this material does not necessarily represent the view of Knight Frank Zambia in relation to particular properties or projects. Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank Research.

