

# The stage is set for growth in real estate in Africa

By [Ravi Kumar](#), issued by [IDE Consulting Services](#)

21 Oct 2016

African real estate has become an increasing part of the investment portfolios over the past two decades, which prompts the question as to the African prospects for the next decade: Is it a good time to invest in African real estate? What is the market like in Africa? And which market is lucrative? While acknowledging market volatility, there is consensus that there are attractive opportunities for acquisition in African real estate. Favourable economic and demographic characteristics in certain countries and the trend towards urbanisation, underpin good long-term fundamentals; and the basis for Design Mission Africa, this November, in Johannesburg.

## What countries are attracting investment?

In the past decade, amongst the 54 countries in Africa, there are four mature markets that are regarded as viable destinations for inward investment capital. This being Nigeria, Ghana, Kenya and South Africa. However recently, a number of states have enhanced their attractiveness in terms of real estate opportunities. This includes Ethiopia, Zimbabwe, Côte d'Ivoire, Senegal, Mauritius, Uganda, Zambia and Tanzania. The underlying reasons for their new attraction include large and growing populations, strongly positive GDP growth, shrinking dependence on commodities, an improving political and social context and greater stability in currency exchange and inflation rates.



*Ravi Kumar*

## The state of real estate in Africa

Real estate markets in parts of Africa have undergone considerable improvement in recent years, with growing economies, favourable demographics and increasing political stability attracting a range of investor types. The quality of stock is improving, driven principally by international occupiers whose requirements and corporate governance are dictating that building design, materials and environmental considerations all comply with their global standards. Global trends, such as rapid urbanisation and demographic changes, will lead to substantial growth in the global real estate industry over the next five years. Opportunities in the industry will surge, as will assets invested in the sector.

Investment returns from real estate in Africa's rapidly expanding economies significantly exceed those achievable in almost all developed markets. Forecasts of 20% net annual returns from investing in shopping malls, office blocks or industrial complexes in countries across Africa continue to draw in new investors.

The opportunities across Africa are significant and span every sector. In almost all markets, demand for high-quality retail, office and industrial space continues to outstrip supply as international and local occupiers respond to new economic opportunities.

Huge shortfalls in residential property across the continent give rise to opportunities for private development on a grand scale, while a lack of local funding for infrastructure projects provides a platform for new private partnerships with government.

Economic growth, improving political stability and ongoing investments in infrastructure are opening previously inaccessible markets, while increased transparency and availability of local partners is helping to improve the ease of doing business. Initiatives such as Design Mission Africa, a platform that brings real estate giants from both a buyer and supplier sector together to complete current projects in Africa; is one such way in which the continent endeavours to grow within the real estate industry.

Barriers to local market entry may be high, but by entering the market early, investors may be able to reap the rewards in

the form of high returns and exploit new opportunities as they arise.

Design Mission Africa is focussed specifically on establishing a smooth pathway for the stakeholders of the real estate and development industry, in both the private and public sector.

Throughout Africa, there are **over 600 real estate projects** at the summit. IDE bridges the gap between suppliers and buyers to solve trade challenges in order to meet project deadlines. With over **3,500 pre-scheduled face to face meetings**, Design Mission Africa aims to provide a lucrative platform for investment, growth and an aid in the completion of these projects.

A central theme of the summit is to support and create a platform for real estate market which plays an increasingly important role in spurring economic growth and also in job creation for the continent.

Collaboration is the key to success when dealing with projects in Africa, and IDE is providing the best platform for this growth in the table top event Design Mission Africa.

Design Mission Africa is set to take place on **17-18 November 2016** at the **Sandton Convention Centre, Johannesburg, South Africa**.

## ABOUT THE AUTHOR

Ravi Kumar is the Director of IDE, organisers of Design Mission Africa.

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