

# Mozambique booming

JHI Real Estate Mozambique, a subsidiary of JHI property services, recently opened a further branch office in Matola and is now looking to expand to other key growth areas in the region. According to Wayne Wright, business development director for JHI property services, retail development in Mozambique is set to increase significantly over the next few years.

"With few formal national retail brands, Mozambique is experiencing a strong demand for retail that reaches the masses. Coupled with this, the agglomeration of these brands into shopping centres is rare, with the exception of four Shoprite centres in Maputo, Matola, Chimoio and Beira as well as the MBS Centre in downtown Maputo and a few smaller strip malls.

"As a result, we foresee development in the retail sector in the near future. Already Pick n Pay and Spar have embarked on aggressive strategies to establish a presence in Maputo and Matola - as well as in every provincial capital - with developers eager to accommodate them in strip-malls built to specification."

Wright says a project, which is set to transform downtown Maputo, is the 380 000m<sup>2</sup> FACIM (Maputo International Trade Fair) development, located on prime land, which will include retail, hotels, offices and a residential component. Negotiations are under way to integrate the FACIM project with the Maputo estuary, creating a marina as well as a pedestrian area between the river and the development.

Meanwhile in the adjoining town of Matola, the close-to 42 000m<sup>2</sup> retail component of the Cidadela da Matola is expected to open to the public in early 2012. This project is progressing well with the retail component fully committed to a vibrant mix of Mozambican and South African brands. An announcement regarding further components of the development is anticipated before the end of 2010.

## Mozambique growing despite challenges

Comments Manuel Vieira, JHI Mozambique's chairperson, "Since 1992, Mozambique's economy has undergone radical change, resulting in significant growth, while politically the country has stabilised and the democratic process consolidated as it heads into two decades since the peace accords. Currently the next challenges facing the country are decentralisation, which needs to be accompanied by capacity building at civil servant level and job creation for the youth. With dependence on external donor aid likely to continue, the country is exposed to external factors including price hikes in petroleum.

"However, while 2009 was a difficult year due to the global slowdown, the government made sound investment decisions which kept the economy in a positive growth cycle. We anticipate meaningful growth in late 2010 and 2011 as the coal projects in Tete province begin exporting some of their first coal. Minerals (such as coal, natural gas, coal-bed methane and heavy sands) and energy projects (such as the Mpanda Nkuwa hydroelectric power station and Petroline pipeline from Maputo to Kendal) will be the locomotive of the economy and should secure robust growth into the next decade."

## Tourism destination

From a tourism perspective, Mozambique is seeing a new wave of investment in hotels with the world-famous Polana Hotel currently being refurbished and a Radisson greenfield development rising out of the ground at the Joaquim Chissano Conference Centre. This 200-room hotel will be located on the Avenida da Marginal, near the Southern Sun hotel and overlooking the ocean.

"The arrival of Park Inn with a new 120-room hotel is further evidence of this trend, with other brands, including Kempinski and Six Senses also visiting Mozambique with increased frequency in order to secure sites for their developments," adds Vieira. "Furthermore, trade with South Africa appears to be on the rise, particularly with the port of Maputo playing an important part in energising the Maputo - Gauteng Corridor. The flow of goods is bi-directional with vehicles being the latest product emanating from South Africa through the port. Invariably the owners of the cargo require some sort of representation office that ultimately expands into a fully-fledged office in Mozambique, and this is where we play a role."

"The lack of a significant middle class means that tourism is reliant on external arrivals. Over the past year, the global slowdown and the prevailing high cost of flights into the region have been inhibiting factors. On a positive note, direct flights from Luanda are increasingly bringing visitors into the country to enjoy their holidays, as well as investors seeking business opportunities. Without doubt, a happy, satisfied visitor is a great ambassador for the country and helps promote Mozambique as an overall, efficient business destination.

Adds Wright, "We anticipate that the commercial property market will continue to grow with greenfield, mainly retail developments, mostly in the Maputo / Matola axis and Tete city. With the current exodus of prime tenants from old 'downtown Maputo to new business nodes, there is currently an acute shortage of A grade office space in the CBDs for small and medium sized enterprises, a factor which presents opportunities for private developers to refurbish existing buildings downtown. However, government will need to play a role in the urban revival and renewal with refurbishment of infrastructure, municipal tax concessions and defined parking areas."

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