

## Broll releases *Sub-Saharan Africa Snapshot* report

Broll has launched an overview of various commercial property segments in certain SADC, East and West Africa countries in its [\*Sub-Saharan Africa Snapshot 2017 report\*](#).



Elaine Wilson, divisional director for research, Broll Property Group

Elaine Wilson, divisional director for research for Broll Property Group says: “Our research teams across sub-Saharan Africa enable us to advise and provide our clients with knowledge based research across various commercial property segments in these countries.”

Wilson explains that markets across sub-Saharan Africa differ from country to country, some are less sophisticated than others and what may work in Nigeria, for example, does not necessarily work in a market such as Mauritius. In order to make the best decisions for their investments and portfolios, investors and occupiers wanting to enter any of these markets will need to have an understanding of what is happening within the sector they are interested in.

The snapshot contains overviews of the economy as well as the industrial, office and/or retail markets within each of the above mentioned countries.

### **Continued investment flow for retail sector**

According to the snapshot, even though most of these countries' retail sectors are facing challenging times, the sector overall continues to see investment inflows, albeit at a slow pace. While markets such as South Africa may be in danger of oversupply with regards to shopping centres, other markets are seeing increased demand for formal shopping centres with many international retailers having entered the sub-Saharan Africa market over recent years.

South Africa's retail sector in particular is going through tough times with high household debt to disposable income at 73.2% and the increasing costs of living placing increased pressure on consumers thus negatively affecting the retail market. This has been evident by the number of store closures over the last few months, annual financials of large nationals indicating reduced sales, retailers becoming more cautious with regards to expansion plans, lease negotiations becoming more challenging, rental negotiations and rent reductions becoming more evident and a number of retailers (especially marginalised retailers) struggling to meet their monthly financial commitments.

Despite these challenges, new international retailers continue to enter the country. Prime gross achievable rentals for typical 200m<sup>2</sup> white box premises are priced between R235/m<sup>2</sup>/month to R450/m<sup>2</sup>/month (\$17.7/m<sup>2</sup>/month to \$33.9/m<sup>2</sup>/month) dependent on city.

In Mauritius, luxury retail remains a key focus in Port Louis, the Mall of Mauritius - the country's largest shopping centre measuring 44,521m<sup>2</sup> and in the tourist-centric northern region of the country while traditional markets still form a significant part of the retail environment.

## **Growth of e-commerce**

Kenya's industrial sector is experiencing increased demand as seen in the number of industrial hubs being developed in Nairobi and its immediate environs. Additionally, the growth of e-commerce has led to increased demand for warehouse spaces.

In West Africa, in both Ghana and Nigeria, additional office stock is expected to come onto the market over the next six to 24 months. With tough economic conditions and in a bid to remain competitive, in some instances, landlords continue to offer concessions such as rent reductions, longer rent free periods and additional fit out allowances, according to the snapshot.

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