

AFRICA

As the global markets shift and rebalance, the world's second largest land mass has undergone a rebalancing of its own over the past 12 months.

Africa remains a rapidly growing continent, but the steep fall in oil prices has had a significant impact on the expected growth rates of some of its more developed countries.

Formerly strong economies such as Nigeria and Kenya are now predicted to slow to 7% and 5.3% growth, respectively. And the impact on the overall African economy has seen the International Monetary Fund reduce its assessment of sub-Saharan Africa's growth to below 5% in 2015, down from 6% before the oil price crash.

But the opportunities are still there – not only in the stronger economies, but

FALLING OIL PRICES HAVE HIT SOME AFRICAN COUNTRIES HARD, CREATING OPPORTUNITIES FOR EMERGING NATIONS NOT RELIANT ON COMMODITIES

in emerging countries, too – countries such as Rwanda and Ethiopia, which are not solely reliant on commodities.

Sub-Saharan Africa's largest cities, including Lagos (Nigeria), Kinshasa (Democratic Republic of the Congo) and Luanda (Angola), remain among the fastest-growing in the world and the continuing population boom is fuelling further real estate development.

In short, Africa's story remains one of growth. "The interest in investment all across Africa from the Gulf, from China and from Japan is enormous," says Peter Welborn, Knight Frank's managing director for Africa.

"We are also seeing increased interest

from South African investors and developers who have finally started to look seriously at the rest of the continent as their economy slows."

Commercial hotspots

As more multinational companies are on the lookout for offices in African cities, demand for high-quality commercial space continues on an upward trajectory.

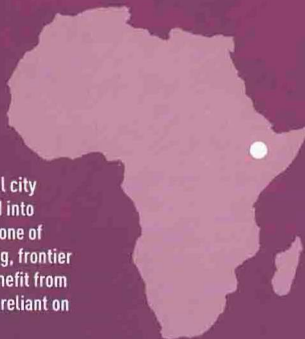
A huge shortage of supply and demand from oil and energy companies has seen Luanda come top of Knight Frank's prime rent rankings. Office rents in the Angolan capital hit \$150 per sq m per month and residential rents hit a colossal \$25,000 per month – among the highest in the world.

Lagos, Cape Town and Nairobi remain

CITY GUIDE ADDIS ABABA

OVERVIEW

Ethiopia's capital city has been pushed into the spotlight as one of Africa's emerging, frontier markets that benefit from not being solely reliant on commodities.



WHY INVEST?

A growing population and hardly any shopping centres, a government committing to invest 10% of its GDP into upgrading (and, in many cases, creating) critical infrastructure, a quarter of households with an income of more than \$500 a month and a swathe of international corporates, including Unilever and Heineken, establishing bases here – the list goes on.

THE NUMBERS

3.4m population

13% yield for prime industrial assets

\$25 per sq m per month rent for prime retail



strong despite the oil price plunge. And in retail, Cairo is achieving one of the continent's highest prime rents, coming in at \$100 per sq ft per month, followed by Luanda, Lagos and Abuja in Nigeria and Johannesburg.

Residential hotspots

Africa's population boom is creating demand across the entire continent for residential development, ranging from mass-market affordable housing to luxury homes.

Apart from the aforementioned Luanda anomaly, Africa's residential hotspots include Addis Ababa in Ethiopia, Abuja in Nigeria and Nairobi in Kenya, where the shift from individual houses dotted around the city's outskirts to city-centre high-rise continues.

Ghana is also emerging as one of Africa's safest investment options. The capital Accra is now home to around 2.3m people, fuelling a rapidly

MUST-HAVE CONTACTS

Rohan Patel, director of corporate development at Grenadier, one of the biggest developers in Kenya with a £60m pipeline.

Koome Gikunda, investment principal at Actis, a British emerging markets private equity fund managing around \$6bn of assets.

Guy Gordon, project manager at Amdec Group, the developer overseeing the delivery of the 5.5m sq ft Melrose Arch mixed-use scheme in Johannesburg.

Will Tindall, co-founder and director at Emerging Crowd, a crowdfunding and investment platform that supports start-ups and early-stage companies including Africa-based entities.

expanding housing market where upscale, gated developments and other luxury property are achieving prices comparable to those in some parts of Europe.

Growth areas

There has been a rebalancing since oil prices fell. Emerging African economies have moved into the spotlight as markets that are not so reliant on commodities. These are areas that might not be at the top of many investors' lists – Kigali in Rwanda and Addis Ababa in Ethiopia, for example.

But these are markets where there is significant government commitment to

address failing infrastructure. And in Rwanda in particular – and Botswana – there are growing opportunities in the agricultural sector.

Risks and challenges

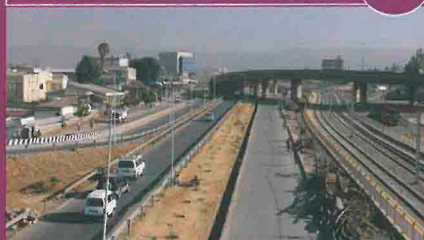
Added to fears about corruption and terror attacks, there are worries over the longer-term impact of oil price falls on some of Africa's countries.

But with oil prices expected to return to above \$100 per barrel by 2018, the general consensus is that the current decline will be a temporary. In fact, it could even offer opportunities for investors to get in and pick up good deals while prices are low.

THE OPPORTUNITIES

Thanks to a lot of existing poor-quality offices, there is a huge dearth of stock available to both domestic and, in particular, international occupiers. Despite growing demand, the city's retail market is still at an early stage compared with other major cities in east Africa, so there is still plenty of room to grow. A huge government-led housing programme is under way, including the mid-market 40/60 condominium scheme, which sees purchases based on 40% equity and 60% debt.

STAND-OUT SCHEME



Addis Ababa-Djibouti railway. A 337km railway line is under construction between these two cities. It will result in a clear run from the otherwise landlocked Ethiopia to Djibouti's port.

TOP TIPS



Ethiopia is considered by many to be the origin of collective coffee culture. From an old-fashioned cup made with the traditional Ethiopian ceramic Jebenna coffee pot, to macchiatos and lattes, Addis Ababa is full of options.



Check out the graffiti around the city. It is one of the freshest, most urban examples of the impact of creativity in a city still behind the times when it comes to modern street art. You will find the best examples where young local kids skateboard.



Follow @everydayaddis on Instagram – an account focused on capturing day-to-day life in the city.