

10 trends shaping the African property industry

Marking its 10th anniversary, the Africa Property Investment (API) Summit's organising committee has released its high-level white paper focusing on the [10 trends shaping the African real estate industry](#).



Independent real estate advisor Kevin Teeroovengadum

“The African Property Investment (API) Summit has been a catalyst in bringing stakeholders across the continent together,” comments independent real estate advisor Kevin Teeroovengadum. “Not only being a forum whereby international investors get to meet and establish and enhance their relationships with local developers, but also as a platform whereby best practices are shared.”

“We have made major improvements over the last decade, and at each API Summit every year, we can see the rise in sophistication in key markets. Not only have we seen growing number of investors, developers and asset managers interest in key markets, but also a better understanding of the type of risk return profile of these markets.”

Hands-on data

“Today, we have hands-on data (be it land price, cost of development, rental levels, valuation, yields and so on), whereas 15 years ago it was a lot of ‘guess-estimates’. Again, the API Summit has been extremely helpful to the industry having been able to pull that kind of intellectual property and sharing with the delegates,” he comments.

Sentiments which Kfir Rusin, the host of the 10th API Summit, and an additional eight supporting regional forums across the continent, shares. “The African real estate market is maturing and we’ve noted 10 significant trends, which together are shaping Africa’s investable real estate sectors, players and markets for a new cycle of investment.”

“Each of these trends will be explored during the API Summit, and how they are all impacting real estate value chains across multiple jurisdictions.”

The top trends, according to the report, are as summarised below:

1. Increased transparency: From six to 15 countries included on JLL’s Global Real Estate Transparency Index (GRETI)
2. Market formalisation: The rise of industry associations, events and Pan African Awards
3. Capital market growth: The steady growth of Africa’s REITs market
4. A focused and African-centric investment strategy: The rise of sector specific development and investment funds
5. The increasing influence of Africa’s pension funds on real estate: A homegrown partner for Africa development
6. Public sector support: Making housing and construction a conduit for inclusive growth
7. Proptech: Making Africa’s real estate assets fit for the future
8. Green development: Overcoming power and infrastructure challenges
9. Increasing global interest: Driven by yield tightening in traditional markets
10. Indigenous developers: Paving a new future

For Teeroovengadum, transparency, proptech and green development, are pivotal to overcoming traditional challenges in the market characterised by a lack of funding and infrastructure. “We need to keep on the progress made on transparency, as there is a correlation between transparency and foreign direct investment in the real estate sector.”

And while the opportunity for proptech is limited by adoption, application and investment, many investors and developers view the current proliferation of startups as similar to what happened in telecoms, says Teerovengadum. “Disruption can only be positive in the African real estate space, the same way we saw disruption in the telephony space 15 years ago.”

Similarly, the rapid interest in green development is also entirely practical as “we are seeing growing number of developments tapping the solar generated power”, he says.

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