

3 key trends shaping Africa's property sector

By [Gerhard Zeelie](#)

6 Jan 2020

When looking at trends in Africa, it's always important not to fall into that all too common trap of seeing the continent as a homogeneous entity. Every country in Africa is different and has its own unique trends and socio-economic drivers. However, when it comes to what's shaping Africa's various property sectors, there are a few trends that appear to be common to most countries.



Gerhard Zeelie, head: property finance Africa: Nedbank CIB

1. The rise of e-commerce to drive retail evolution

As Africa's digital transaction ecosystem evolves, the prevalence of e-commerce is increasing at a stellar pace. While the link between online shopping and the built environment isn't immediately obvious, it is very real. For one, as more people choose to shop, transact, and do business digitally, the pressure is increasing on traditional retail environments to shift from being shopping destinations to being holistic family entertainment venues, which for most requires significant adjustments to the way they design and locate their buildings.

The shift to e-commerce being a higher proportion of the overall income stream of retailers also means that many of them will be able to have more control over where they physically locate themselves, making it possible, that many will move away from busy malls in highly congested locations, potentially creating higher demand for decentralised retail property opportunities.

Then, of course, the sustainable success of a rising e-commerce industry hinges on an efficient, well-run logistics and warehousing infrastructure. So we can likely expect to see significant growth in demand for, and investment in, properties created specifically for these purposes, in locations that are close to transport and logistics hubs.

2. Economic growth in certain countries

There are a number of African countries that are now seeing noteworthy GDP growth. Ghana and Kenya are two prime examples. The effect of this overall growth has on improving the financial wellbeing of individuals and businesses has a natural knock-on effect on the property sector. Growing businesses most definitely need physical space to expand, which

will almost certainly result in a steady increase in construction of commercial and office properties, particularly in city centres.

3. Exploding urban hubs

Urbanisation continues to be a key theme across Africa, particularly as a growing youth population relocates to the cities in search of employment opportunities. Residential property growth is likely to remain muted for some time – not because of demand, but rather other drivers. There are difficulties and complexities associated with access to home buyer finance and access to suitable land for residential developed. Given the expansion of businesses in the city centres of countries experiencing strong growth, opportunities will almost certainly increase for investment in high-density residential and multi-purpose structures close to commercial and transport zones.

ABOUT THE AUTHOR

Gerhard Zeelie, head: property finance Africa: Nedbank CB

For more, visit: <https://www.bizcommunity.com>