**PRESS RELEASE**

Broll anticipates the African real estate market to bounce back by Q1 2023

**Broll Property Group presents an in-depth look at the future of the real estate market in Africa over the next decade at the API Summit 2021 as part of its new five-year strategy, plus detailed reports on the emerging markets of Mozambique and the DRC**

**6 September 2021:** Leading Pan-African professional real-estate services provider [Broll Property Group](http://www.broll.com) anticipates the African real estate market to normalise and bounce back to pre-Covid-19 levels by Q1 2023. This is the key message from Broll Group CEO **Malcolm Horne**, who will deliver a keynote address at the 12th Africa Property Investment (API) Summit 2021 from 6 to 10 September.

“Our success is built on our in-depth knowledge and expertise, based on our tangible understanding of local markets across Africa. This allows us to provide end-to-end real estate solutions based on strategic, fully-integrated property services for both the occupier and investor segments. As a leading provider of end-to-end real estate solutions, an interesting correlation that we are monitoring is the potential relationship between the vaccination rollout in Africa and the associated economic recovery across the continent,” says Horne.

This is particularly important to Broll’s mission of leveraging its industry-leading, patented technology platforms to enhance asset values in a sustainable real estate market. “I do not necessarily think that we will trend the same as what you see in First World countries, which anticipate the bulk of the jobs shed due to Covid-19 to be largely regained by year-end. This will be an important driver of the global recovery.”

Many of the trends dominating the international real estate market at present were already prevalent or on an upward tick prior to Covid-19. “A lot of the trends we have seen, whether globally or in Africa, had their roots before the pandemic. It was not a case of Covid-19 suddenly leading to massive change. It did accelerate market trends, especially as the sectors benefiting now had already started to grow prior to Covid-19.”

Looking at the international real estate market, Horne says the obvious winners at present are industrial, data centres and lifestyle, the latter focused on well-being and healthy living, in addition to healthcare. “These have done very well. However, if you compare it to Africa, they have fared equally well.”

Thus, there seems to be a real correlation across the board between those resilient sectors that have stood out. In Africa, industry, data centres and hospitals have been at the forefront of much development. Secondary emerging investment sectors that are rapidly gaining traction include cold storage, self-storage facilities and affordable housing.

“The real challenges lie in offices, retail and hotels,” says Horne. In the case of retail, the sector continues to attract investment. “Yes, there have been major retailers exiting some African markets, but if you look at the international trend, a lot of landlords have actually invested in retailers in order to get them going again. We have observed a similar trend in Africa in terms of a resurgence of local investor interest in the retail sector.”

In terms of the office sector and the global ‘work from home’ phenomenon, while a general return to the office environment is predicted by Q3 this year, with a hybrid model most likely to be adopted, Africa is an interesting exception. “Due to the slow rollout of vaccines across the continent, a lot of companies are still working remotely as a result.”

However, Horne does not expect the office sector to necessarily shrink in size as companies downsize or consolidate. “Offices are going to have to be repurposed for increased spacing between workers, which will result in fewer employees per square metre and the adoption of more flexible workspace solutions. Hence there will be fewer people, but the space will remain the same.”

Horne is bullish about the impact of Covid-19 going forward, especially as Broll’s mission is to ‘strengthen the core’ of the business so it can remain resilient and flexible. The Group has a clearly-defined five-year strategy to take it ‘beyond 2021’, and to future-proof the business as it continues to explore opportunities for further growth and expansion in Africa.

As for the future trajectory of Covid-19, vaccines will likely have gained much momentum globally by Q4 this year. While the vaccination rate in Africa remains low, there is a lag period that has to be taken into account. “We therefore estimate now that the impact of Covid-19 will still be felt for another year at least,” predicts Horne.

“Hopefully by Q1 2023 the supply and demand issues related to the vaccines will largely have been resolved, with a sufficient supply to Africa so we can gain momentum across the continent in terms of the vaccination drive. That will be positive and see the start of a ramp-up in economic activity. In most countries people are back in the malls and spending. It is crucial that lockdowns are not instituted again, which is why the successful vaccine rollout is so critical.

“Hence by the start of 2023, African economies will start to normalise and head back to pre-Covid-19 levels of activity. We are already seeing this shift globally, where economies have plans in place for job creation, reshaping and expansion by as early as the end of the year. However, we do not anticipate any significant movement in the investment market until probably Q2 next year.”

Despite these challenges, Broll remains committed to future-focused thinking in order to unlock new solutions, opportunities and partnerships, especially across Africa. “The phrase to ‘strengthen our core’ is a perfect summation of this approach, as it reveals how we plan to leverage off our expertise in order to continue to promote innovation and growth in all that we do.”

Horne highlights that the API Summit is a platform that attracts investors and occupiers, service providers and financiers. “It is one of the few events on the continent that is actually an aggregator of whomever is interested in occupying or investing in real estate. It also cuts across all sectors, from residential to commercial.”

The high-level speakers showcased at the event also goes a long way for setting the tone and trends of the real estate market in Africa. “This not only talks to the importance of the event, but the important role that property plays in building economies and creating employment. It has been proven time and again that the property sector is one of the greatest job creators in developing economies. If countries can just get their property sectors formalised, developed and growing and rebuilding, it will not only generate employment and wealth, but can result in wholesale economic transformation.”

One of the emerging markets that Broll will showcase during a presentation at the API Summit 2021 is Mozambique. “We have all the major real estate sectors present in this market,” says **Jose Castilho**, Co-Founder Partner and CEO of [Broll Mozambique](https://www.broll.co.mz/), a joint venture with Broll Property Group. Being a developing country, the major focus at present is residential, retail and logistics, as well as office developments in the main areas of economic activity such as Maputo.

With a population of 30 million, Mozambique presents major opportunities for investors, especially in residential and retail, which are still largely undeveloped sectors with much potential. Castilho stresses the importance of having a resilient investment structure in place. The building cycle can easily last three years, while time to market is 1.5 to three years, which calls for longer-term financial strategies. “Success can definitely be achieved in the Mozambican market by developing quality real estate in selected locations. Remember, real estate is a long-term game.”

Another emerging market not necessarily equated with the real estate market in Africa is the Democratic Republic of Congo (DRC). **Patrick Katabua**, Account Director, Africa Desk at [Cushman & Wakefield | BROLL](http://www.broll.com), who hails from the DRC but is based in Johannesburg, will deliver a presentation outlining how the DRC real estate market is “progressively developing”, compared to what it was three to five years ago.

“From a growth and development perspective, that is readily visible. However, it is fairly complex to compare the DRC real estate market to that in say Nigeria or Kenya, for example, which have established stock exchanges and large property funds. That is not yet the case in the DRC. Thus, its real estate sector is not as formalised as the other economic powerhouses of the continent.”

Due to the fact that the DRC is growing from a fairly low base, it presents opportunities across the board, from affordable housing to industrial, healthcare and commercial. “It is about finding the right partner and packaging a solution that makes sense for that particular node. A lot of big brands have found that the ‘cut-and-paste’ model does not really work in the rest of Africa. You need to customise in accordance with the local context.”

Katabua says: “Our model at the moment is to provide best service to our clients, whether it be transactions, advisory services, valuations or production of bespoke market reports. We aim at representing our client’s interests from concept right through to completion, and team up with the best-in-class locally-based subject matter experts to ensure robust delivery on assignments.” Improvements in ‘ease of doing business’ parameters and an improved political and economic landscape have resulted in augmented investor appetite, which positively unlocks the real estate market.

For more information about the 12th API Summit 2021, visit <https://www.apisummit.co.za/>.

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**Notes to the Editor**To download hi-res images for this release, please visit [http://media.ngage.co.za](http://media.ngage.co.za/) and click Broll Property Group’s link to view the company’s press office.

**About Broll Property Group**

Broll Property Group is the largest independently-owned and proudly South African commercial property services company. With operations across 13 countries in Africa and 2,000+ personnel, we offer high-performing solutions built on a culture of innovation, distinguished by service excellence and longstanding client relationships – which is why we are renowned as the ‘progressive property people’.

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