**PRESS RELEASE**

New opportunities emerge in Africa as Broll looks beyond 2021 to the recovery of the real-estate market

**8 November 2021:** Leading Pan-African professional real-estate services provider [Broll Property Group](http://www.broll.com) has observed various trends across the broad range of countries in which it operates. Highlighting and analysing these trends is an important part of Broll’s strategy to look ‘Beyond 2021’, in addition to ‘Strengthening the Core’ of the business as it focuses on the specific requirements of occupiers and investors during the Covid-19 pandemic. While this has disrupted the property market across the board, new niche asset classes are also emerging.

“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,” says Broll Group CEO **Malcolm Horne**.

“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.

Broll maintains a diversified portfolio of clients and services across 13 African countries, including Botswana, Cameroon, Eswatini, Ghana, Ivory Coast, Kenya, Madagascar, Mauritius, Mozambique, Namibia, Nigeria, Réunion, Seychelles, South Africa, Uganda, Zambia. Level 1 B-BBEE and 51% black-women owned, it has leased 737 325 m2 of retail space across Africa in the past five years.

“Our vision is to be the leading professional real estate service provider and the preferred place of employment for real estate professionals. We progressively strive to develop collaborative partnerships, based on transparency and mutual trust, which serve to build enduring client relationships. As we continue to expand, we’re committed to these principles, which have served our group and clients since 1975,” says Horne.

“It is important to be future-focused, and while we are all looking forward to returning to the ‘new normal’, this is playing out differently across different countries,” says **Jose Castiho**, Managing Partner of Broll Mozambique. For example, while elsewhere there is an accelerating trend for multinationals to return to the office, this trend is not yet that noticeable in Mozambique.

“Besides Covid-19, there are other factors that have affected the oil and gas projects under development in our country. These were halted temporarily, which has had a major impact, as they are the main drivers of our economy. The good news is that these are likely to kickstart again from 2022 to 2024,” says Castiho.

While Mozambique waits for its oil and gas sector to bounce back, many companies are taking the opportunity to reorganise their office space and relocate to higher-grade buildings. “This is, in fact, what we anticipate for the next 24 months, as companies are obligated to ensure that their workspaces comply with all Covid-19 regulations,” says Castiho.

This trend will boost the demand for Grade A and Grade A+ office buildings. While there is a 30% vacancy rate at present, the vacant space is expected to be snapped up as new developments will take three to four years to bring to market. “This might have a positive effect on office rents, which we project to increase over the next 24 to 36 months,” says Castiho.

The residential market in Maputo is mirroring the growth in the commercial sector, with an increase in the number, quality and location of buildings in order to attract multinational clients. Some investors have been benefiting from lower prices due to the higher vacancy rates, and therefore they have an increased appetite for the lease segment market in the near future.

In terms of new opportunities, Castiho points to the burgeoning tech industry, where Broll Mozambique has been assisting with funding for start-up companies, many of which have been successful. Castiho attributes this to a demand for ICT skills as the tech industry itself continues to expand rapidly.

While many multinationals are back in the office in Uganda, they are still mainly operating in shifts so as to reduce the number of people in-office due to Covid-19 protocols, says **Moses Lutalo**, MD of Broll Uganda. “In the short to medium term, this is going to impact space requirements for some of our clients considering space reduction. However, in the long term, I do believe that the space requirements are likely to go up due to the increased need for social distancing. We are currently operating on a 10 m2 per person model, but due to Covid-19 this is likely to go up significantly.”

On the investor front, the trend is for diversified portfolios that include commercial, residential and industrial. Retail and hospitality, on the other hand, continues to remain elusive to investment. In terms of occupiers, safety, efficiency and sustainability are key decision drivers for all locations. “We are also witnessing an increase in owner-occupier developments, especially on the part of government departments,” says Lutalo. In terms of emerging niche asset classes, these range from data centres to healthcare and even coldrooms, all segments that are gaining traction.

In Kenya, most multinationals are still operating from home, with a slow trickle back to the office. “As a result, the demand for office uptake has reduced drastically. At the moment there are few enquiries, and notably these are for smaller spaces,” says **Meshack Kimatu**, Finance Manager at Broll Kenya. To counter this trend, investors are issuing flexible leases and improved commercial terms so as to attract tenants.

“On the other hand, developers may opt for buildings with flexible floor plates so as to tap into the new requirement of occupiers for smaller spaces. At the same time, we have seen some emerging trends like affordable housing, which is being championed by the government as one of its major social development agendas, as well as the emergence of data centres,” says Kimatu.

Ghana has seen a similar shift in the commercial space due to Covid-19. Multinationals are gradually returning to the office, albeit on a hybrid system, while back-office staff in particular are still being encouraged to work from home. “This trend is likely to have a negative impact on space uptake in the near-term,” says **Tony Sekyere**, CEO of Broll Ghana. Market intel reveals that the average space uptake has dropped from a pre Covid-19 level of 200 m2 to 350 m2 per transaction to a post Covid-19 level of 100 m2 to 200 m2.

Tenant subletting requests are, however, diminishing due to increased business confidence following a robust vaccination rollout. “In general, we have noted that the global financial crisis has eased investor appetite for real estate investment. This is likely to affect the development pipeline, with most investors deferring speculative projects,” says Sekyere.

Rentals of Grade A space have been on a downward slide lately, with landlords offering incentives such as extended rent-free periods and flexible payment terms to sustain occupier interest. The key emerging sector in the Ghanaian property market is data centres, driven mainly by the digitalisation policy of the government. “We anticipate that this sector will continue to grow rapidly,” says Sekyere.

While interest in student housing has been fuelled by a growing student population, actual investment has been delayed in this segment as education has not yet returned to a ‘new normal’. Lastly, Sekyere says the serviced office sector is gaining momentum as occupiers opt for more flexible options that are cost-effective and also promote the well-being of their workers.

“The longer-term trends in the Nigerian property market are currently unclear and difficult to project,” says **Bolaji Edu**, CEO of Broll Nigeria. Lagos, in particular, has a distinct multinational and domestic market segment, with little overlap between the two. The occupancy rate of Grade A office buildings is currently under 40%, as workers continue to work from home or opt for a hybrid model.

“This is leading to a fairly downbeat short-to-medium forecast,” says Edu, with the uptake of Grade A office space in H1 2021 at its lowest level since Broll started tracking the market. “We are not projecting a significant increase in H2 2021. However, with the rollout of vaccinations and the introduction of vaccine passports, business travel should bounce back and boost commercial activity. That being said, it is unlikely that multinationals with Nigerian operations will reverse the space-consolidation plans they have already started to implement.”

Any market change or disruption is likely to see the emergence of new trends, and Nigeria is no different. “Affordable and social housing remain a prominent topic of discussion. Other sectors seeing a rise in institutional activity and with long-term growth prospects include student housing, data centres and healthcare and medical offices,” says Edu.

***Ends***

**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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