

# Real Estate

## Sector Report, Africa:

### February 2025

# TABLE OF CONTENTS

01	<b>Industry Overview</b>	
	Sector Performance	3.1
02	<b>Industry Milestones:</b>	
	Ethiopia's \$560 Million Urban Transformation in Addis Ababa	3.3
	Senegal's Diamniadio Satellite City Development	4.3
03	<b>Challenges &amp; Opportunities</b>	
	Ghana's Growing Build-to-Rent (BTR) and Co-Living Market	5.1
	Algeria's State-Led Housing System Under Pressure	9.1
04	<b>Glossary</b>	
	Glossary	10.1

# Industry Overview

Sector Report | Issue #02 | 15/02/2025

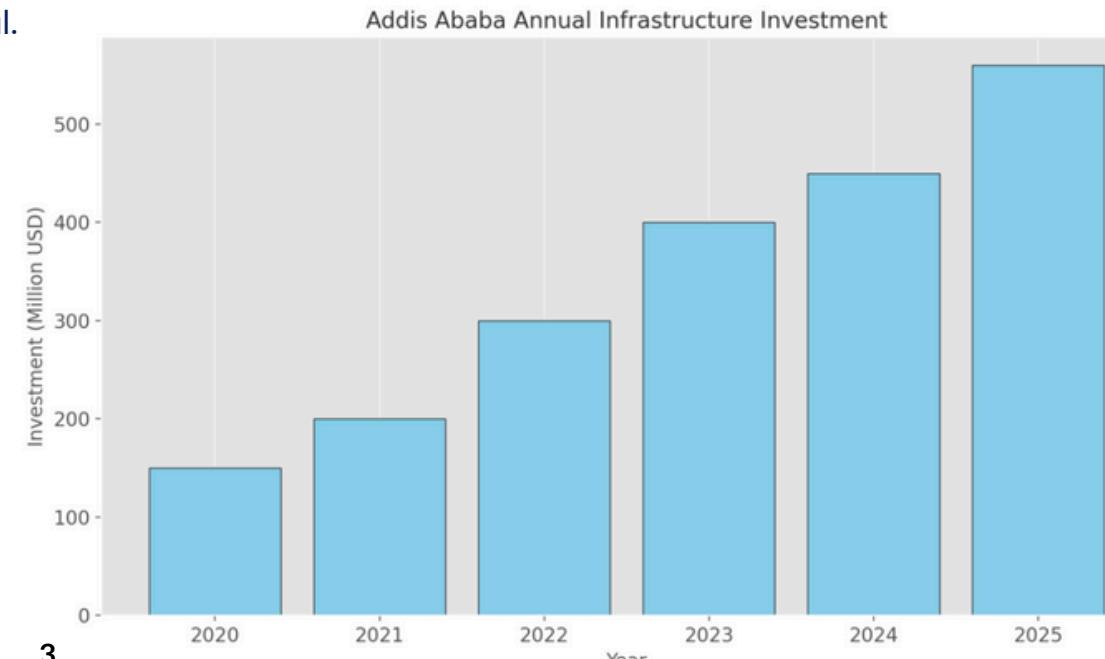
## Sector Overview:

The African real estate sector continues to demonstrate resilience and innovation, propelled by major infrastructure investments, evolving housing market trends, and increasing foreign capital inflows. In March 2025, significant developments included Ethiopia's \$560 million urban transformation programme in Addis Ababa and Senegal's ongoing development of the Diamniadio Satellite City, both poised to redefine urban living and economic growth models in their respective countries. At the same time, sector-wide trends such as Ghana's pivot towards Build-to-Rent (BTR) housing and Algeria's mounting pressure to reform its state-led housing delivery model illustrate broader industry shifts in investment patterns, housing preferences, and regulatory approaches across the continent. These dynamics highlight real estate's increasingly central role in supporting economic stability, youth employment, and urban sustainability across Africa.

## Industry Milestone 1: Morocco's Real Estate Growth & Tourism Boom

### Overview:

- In March 2025, Ethiopia intensified its ambitious urban transformation programme for Addis Ababa, unveiling a \$560 million city-wide redevelopment initiative. Spearheaded by Mayor Adanech Abebe, the plan seeks to modernise key elements of the capital's infrastructure, including roads, drainage systems, public parks, and social housing facilities. This project is not isolated but is part of Ethiopia's broader Homegrown Economic Reform Agenda, which envisions turning Addis Ababa into a competitive, sustainable, and inclusive city that can better serve its 5 million residents and attract international investors. A combination of public financing and private sector involvement, particularly from Gulf and Chinese investors, underpins this large-scale urban overhaul.
- Addis Ababa's transformation is critical not only for the city's own functionality but for Ethiopia's overall economic growth. As the political and commercial heart of the country, Addis Ababa hosts over 80 embassies and major international organisations, positioning it as a key African diplomatic hub. Improved infrastructure will help tackle chronic congestion, flooding during rainy seasons, and inadequate housing conditions, all of which have historically stifled the city's economic dynamism. New residential projects, commercial centres, and public spaces are also designed to promote urban tourism and support SME growth, which is crucial for youth employment.



## Significance:

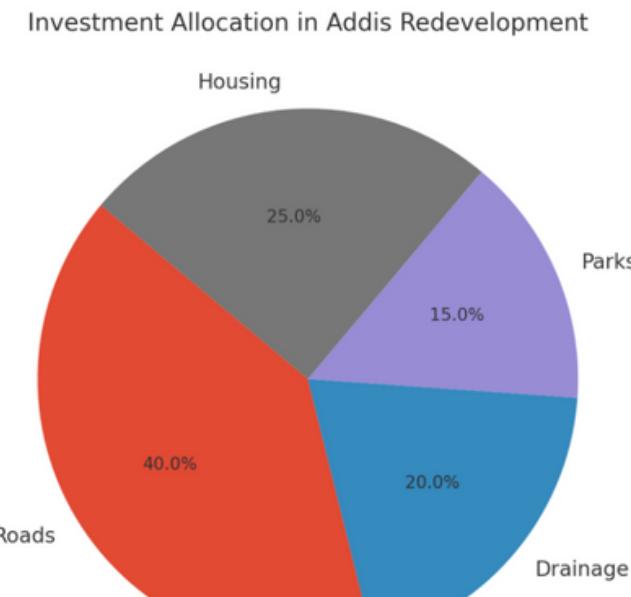
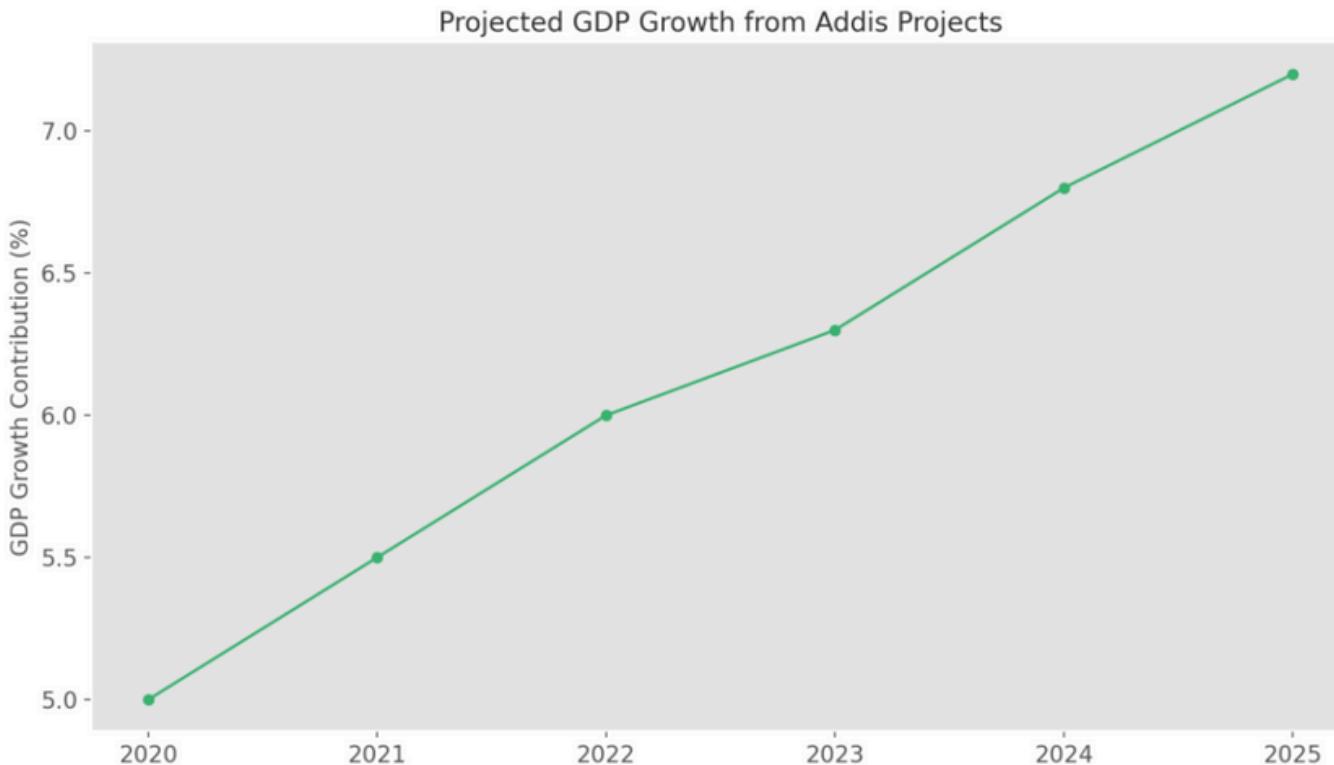
- **Urban Modernisation:** Aims to enhance urban liveability, mobility, and resilience against climate shocks.
- **Investment Magnet:** The scale and ambition of the project are designed to attract FDI into Ethiopia's construction, real estate, and retail sectors.
- **Social Inclusion:** Relocation plans include provisions for moving informal settlement dwellers into upgraded housing, a key move toward inclusive urban development practices.

## Key Beneficiaries:

- **Construction Companies:** Local and international contractors.
- **Real Estate Developers:** Opportunities for mixed-use projects.
- **Local Residents:** Better amenities and living standards.

## Relevant Data:

- **Bar Chart:** Annual infrastructure investment in Addis Ababa (2020-2025).
  - Data: \$150M (2020) to \$560M (2025)
- **City Map Overlay:** Highlights key redevelopment areas



# Industry Milestone 2

Sector Report | Issue #02 | 15/02/2025

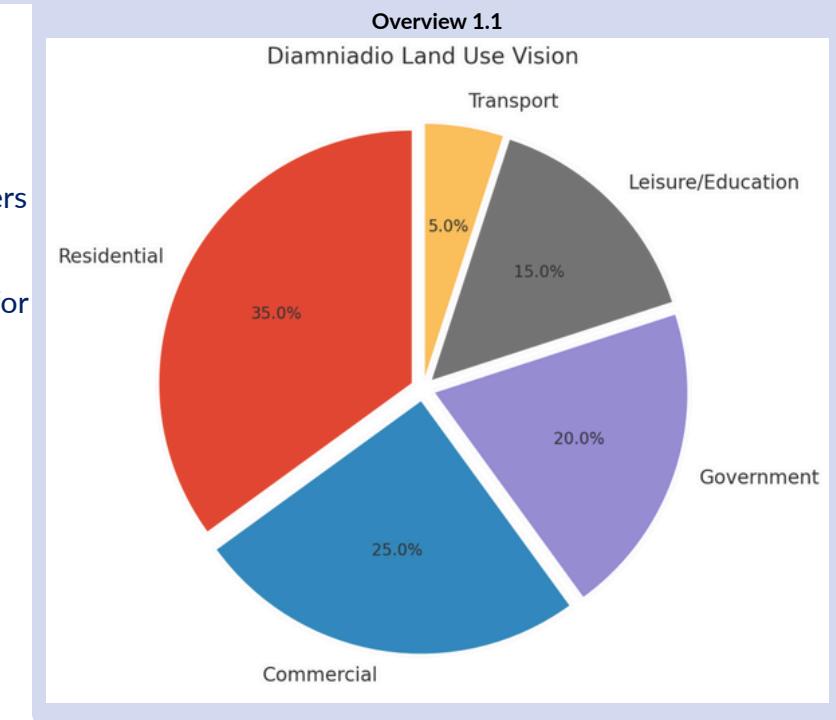
## Senegal's Diamniadio Satellite City Development

Senegal is executing one of Africa's most ambitious decentralisation projects through the development of Diamniadio, a satellite city located approximately 30 kilometres southeast of Dakar. The project, initiated under President Macky Sall's Emerging Senegal Plan (PSE), aims to redistribute urban activity away from the congested go while stimulating national economic growth. With an estimated investment of over \$2 billion, **Diamniadio** is designed to integrate government ministries, residential communities, business hubs, universities, and leisure facilities into a cohesive urban ecosystem.

The city envisions to host up to 300,000 people and act as a major administrative and economic centre, reducing pressure on Dakar, whose urban infrastructure is overstretched. Key completed components include the Blaise Diagne International Airport (AIBD), the Dakar-Diamniadio toll highway, and the Regional Express Train (TER) that links Dakar to Diamniadio within 20 minutes. Real estate development is flourishing, particularly in affordable housing, hospitality, retail, and office spaces, backed by both public and private investment.

### **Significance:**

- Urban Decentralisation:** Diamniadio represents a bold move to reshape urbanisation patterns by creating a self-sufficient urban pole outside the saturated Dakar region.
- Investment Magnet:** Senegal's proactive approach to urban planning is attracting foreign developers from Morocco, France, and China, and regional investors seeking large-scale opportunities.
- Job Creation:** Construction and associated services are generating thousands of jobs, particularly for Senegal's young and growing workforce.

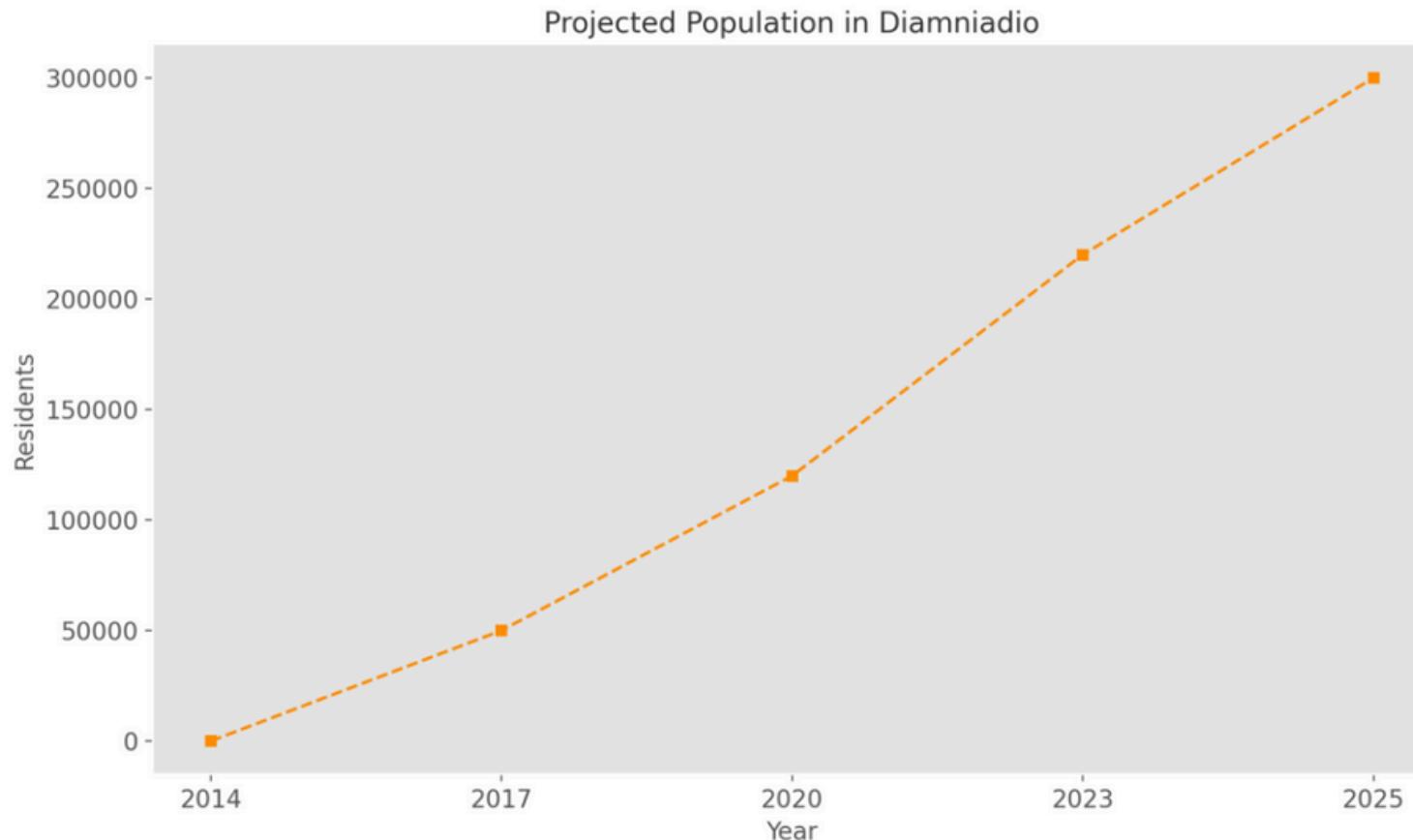


## Key Beneficiaries:

- **Developers and Investors:** Hospitality, residential, commercial projects.
- **Government Entities:** Centralised ministries.
- **Residents:** Affordable housing and improved infrastructure.

## Relevant Data:

- **Pie Chart:** Land use allocation (Residential 35%, Commercial 25%, etc.).
  - Placement: Within Overview
- **Timeline Graphic:** Major project milestones (2014-2025).
  - Placement: After Significance

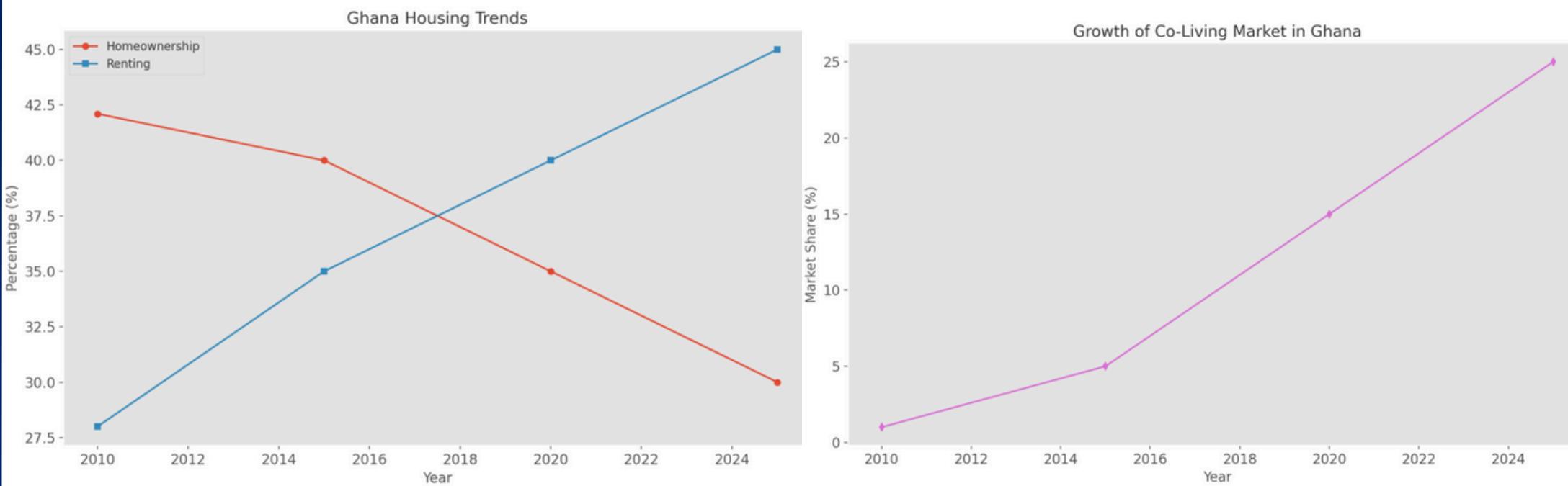


# Industry Trends: Challenges & Opportunities

Sector Report | Issue #02 | 15/02/2025

## Ghana's Growing Build-to-Rent (BTR) and Co-Living Market:

The Ghanaian real estate market is undergoing a strategic shift as Build-to-Rent (BTR) and co-living models gain momentum. With Ghana's urban population projected to reach 60% by 2030, cities like Accra and Kumasi are grappling with affordability challenges, high land costs, and evolving lifestyle demands. Traditional homeownership remains aspirational, but for a growing number of young professionals, students, and mobile workers, rental models offering flexibility, communal amenities, and proximity to urban centres are becoming increasingly attractive.



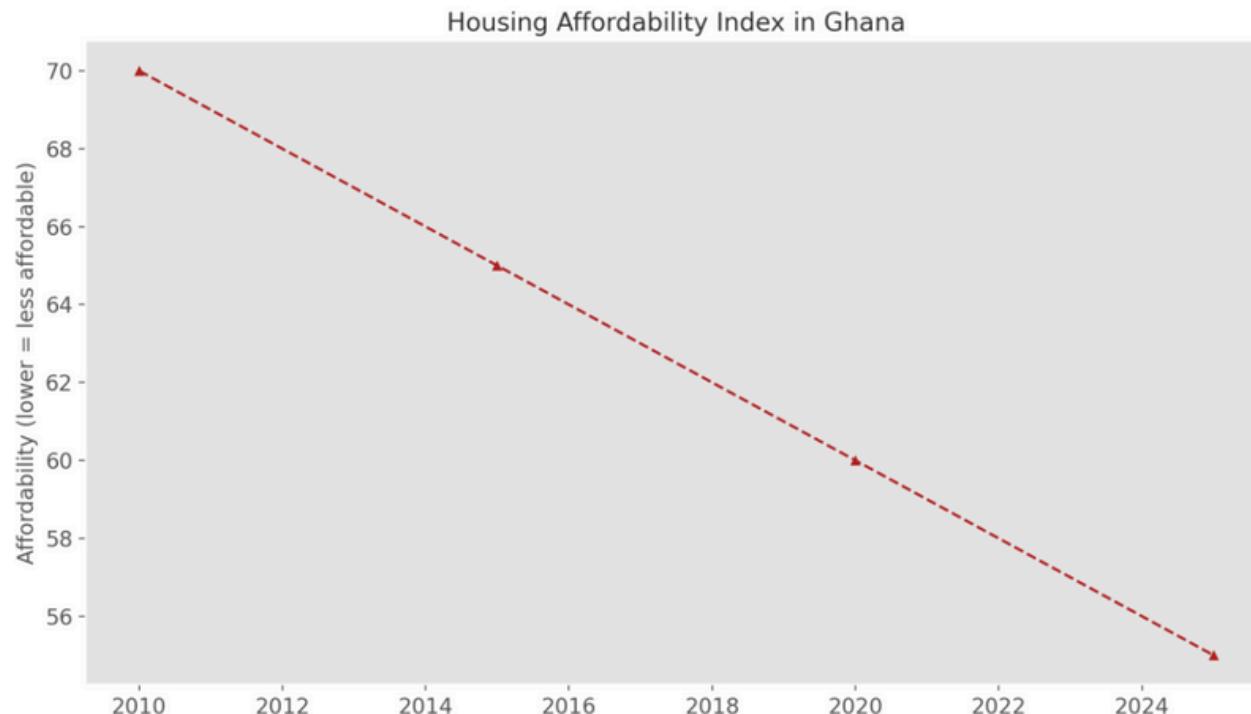
Developers such as Appolonia City and Rehoboth Properties have recognised this shift, pivoting some of their residential portfolios towards purpose-built rental units. Meanwhile, co-living spaces that feature private bedrooms with shared kitchens, lounges, and workspaces are sprouting around university districts and new business hubs. These developments are often fully serviced, integrating high-speed internet, maintenance, security, and recreational spaces to appeal to tech-savvy and globally exposed youth.

## Key Factors, Players & Projects:

- **A Demographic Shift:** Youthful population (median age 20.7 years).
- **Economic Barriers:** Limited mortgage access.
- **Notable Projects:** Appolonia City rentals; Eris Properties' "Nest" co-living.

## Challenges & Proposed Solutions:

- **Limited Policy Support:** Current regulations favour ownership over rental housing, slowing BTR development.
  - **Solution:** Introduce rental-specific incentives like tax breaks and fast-track approvals for rental projects.
- **High Construction Costs:** The price of imported materials and labour inflates project costs, impacting rental affordability
  - **Solution:** Promote modular construction and bulk procurement strategies to lower costs for developers.
- **Cultural Preference for Ownership:** Many Ghanaians still view homeownership as a primary success marker, reducing rental market growth
  - **Solution:** Public-private campaigns to normalise quality rental living and highlight its economic flexibility.



# Industry Trends: Challenges & Opportunities

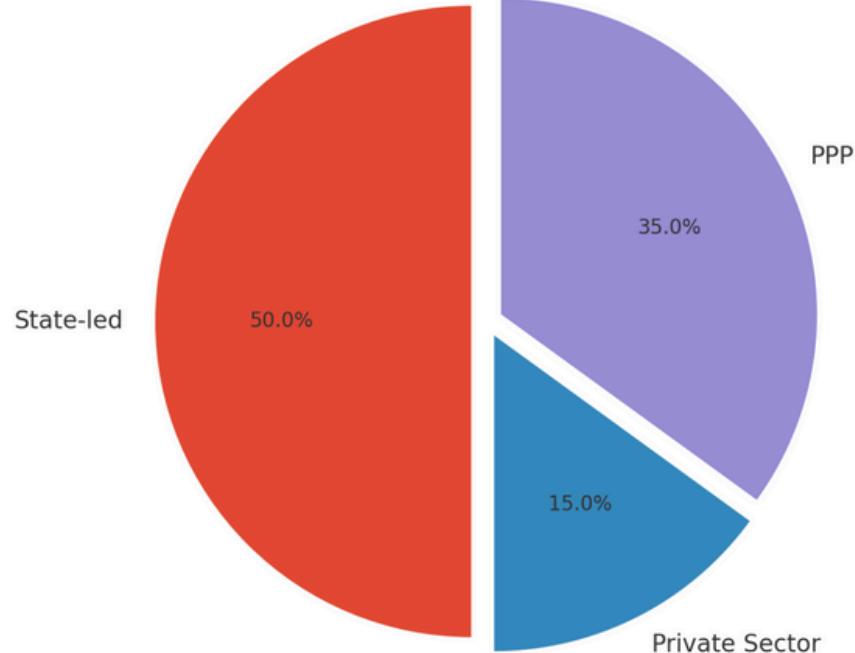
Sector Report | Issue #02 | 15/02/2025

## Algeria's State-Led Housing System Under Pressure:

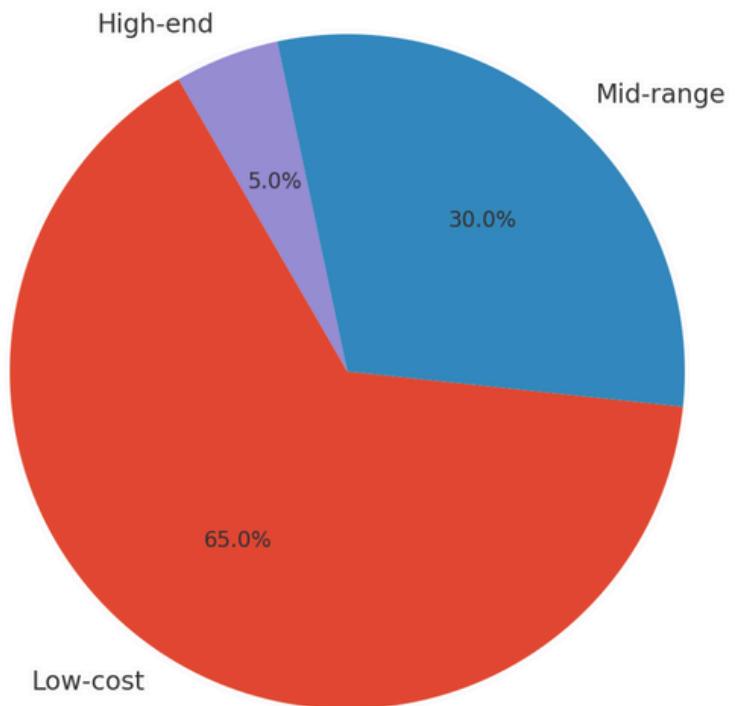
Algeria has historically operated one of the largest government-driven housing programmes in Africa. Through flagship initiatives like the AADL (Agence Nationale de l'Amélioration et du Développement du Logement) and the LPP (Logement Promotionnel Public), the state has constructed over 5 million subsidised homes since 2000. These programmes were originally designed to address critical housing shortages, promote social stability, and provide affordable homes to low- and middle-income citizens. However, by 2025, the heavy reliance on state-led housing is facing serious challenges.

Algeria's fiscal situation has worsened due to fluctuating oil revenues, the primary source of government funding. Urbanisation pressures, inefficiencies in project execution, and an emerging middle class seeking higher-quality housing alternatives have highlighted the limitations of the current system. There is growing consensus that Algeria must adapt by embracing greater private sector participation and rethinking how affordable housing is financed and delivered.

Housing Delivery by Sector in Algeria (2024)



Demand by Housing Quality Segment in Algeria

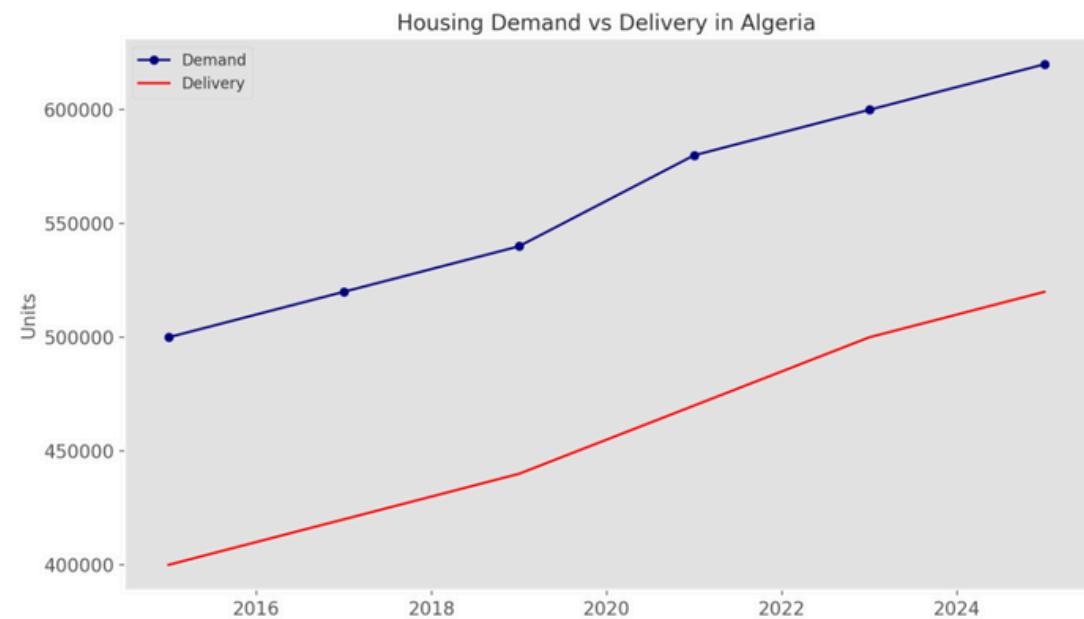


## Key Factors, Players & Projects:

- **AADL Programme:** Subsidised units but backlogs and cost overruns.
- **Urban Expansion:** Rapid growth in Algiers, Oran, and Constantine.
- **Private Sector Entry:** Firms like Khaima Construction entering cautiously

## Challenges & Proposed Solutions:

- **State Budget Constraints:** Public finances are overstretched, limiting new housing investments.
  - **Solution:** Expand PPP models, allowing private firms to build with partial state support.
- **Delivery Delays and Bureaucracy:** Administrative inefficiencies slow down housing allocations and project completion.
  - **Solution:** Digitise housing application and management systems to improve speed and transparency.
- **Lack of Middle-Income Housing:** Focus on low-income units leaves the middle class underserved.
  - **Solution:** Provide tax breaks and financing incentives for developers targeting the mid-market segment.



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# Glossary:

**Build-to-Rent (BTR):** Residential units built specifically for long-term rental, offering professional management and communal amenities.

**Co-Living:** Shared residential arrangements where individuals rent private rooms and share communal spaces like kitchens and lounges.

**Public-Private Partnership (PPP):** Collaboration between government and private firms to fund, build, and operate infrastructure projects.

**Mixed-Use Development:** Projects that integrate residential, commercial, and recreational facilities into a single development.

**Affordable Housing:** Homes designed to be accessible to low- and middle-income earners, often subsidised. **Urban Decentralisation:** Planning strategy to distribute economic activities from overcrowded cities to satellite towns or planned urban hubs.

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