

Real Estate

Sector Report, Africa:

JANUARY 2025

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Industry Overview:

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Context and Trends:

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 February 2025, significant developments included Morocco's real estate growth and tourism-driven investments, as well as Nigeria's approval of the Lagos-Calabar Coastal Highway project, both poised to transform commercial and residential landscapes.

At the same time, sector-wide trends such as South Africa's housing market rebound and Kenya's rapid real estate expansion reflect broader industry shifts in consumer demand, investment strategies, and regulatory support, showcasing how real estate plays a critical role in economic stability and urban development.

Morocco's Real Estate Growth & Tourism Boom:

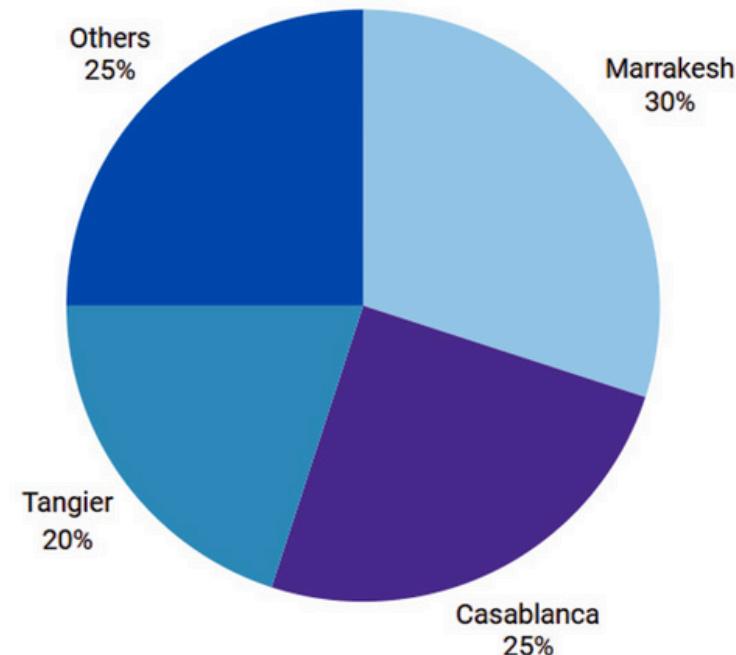
Overview:

Morocco is emerging as one of North Africa's most dynamic real estate markets, with a strong focus on luxury tourism developments, mixed-use projects, and commercial property expansion. The government's Plan Azur initiative and increased FDI from European investors have led to a rise in new projects, especially in Marrakesh, Casablanca, and Tangier. In 2024, Morocco recorded 17.4 million tourists, surpassing pre-pandemic levels and driving demand for hospitality real estate.

Significance:

- Expanding tourism and urbanisation are fuelling real estate demand, creating new job opportunities and attracting foreign developers.
- The Moroccan dirham's stability against the euro has encouraged European investors to acquire Moroccan real estate for both residential and commercial purposes.

Distribution of New Hotel and Mixed-Use Development

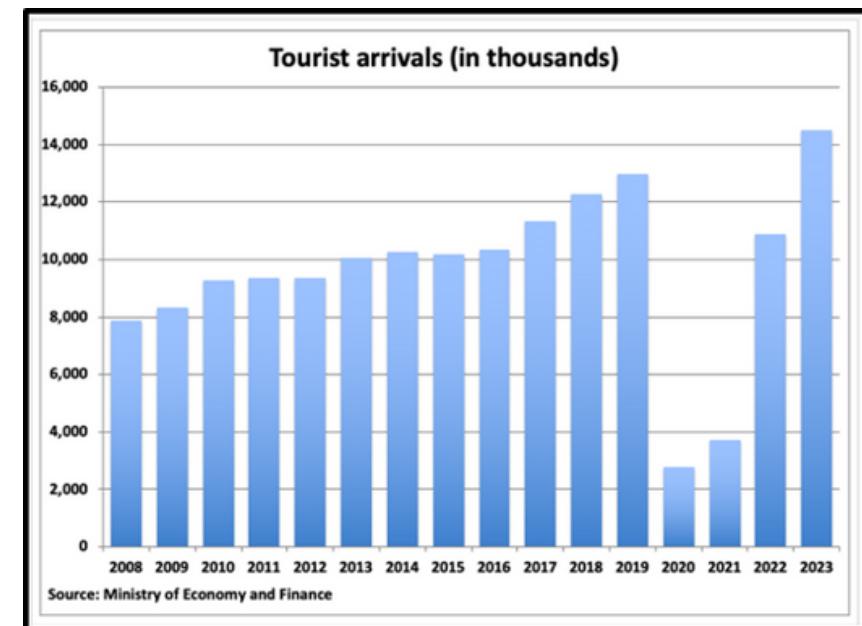
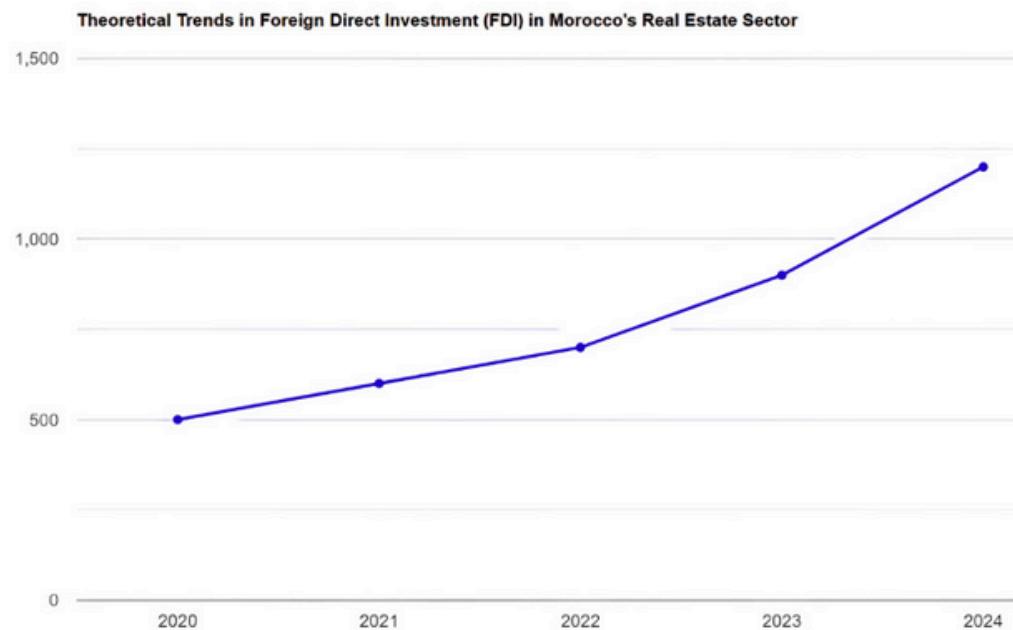


Key Beneficiaries:

- **Hospitality Investors:** Increased demand for tourism-centric real estate.
- **Local Businesses:** Growth in tourism boosts demand for retail and entertainment spaces.
- **Government:** Higher tax revenue and stronger real estate regulation frameworks

Additional Data:

- Expanding tourism and urbanisation are fuelling real estate demand, creating new job opportunities and attracting foreign developers.
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- Morocco has surpassed Egypt as Africa's top tourist destination for the first time, with more than 17 million people visiting in 2024, according to the tourism ministry. That includes 8.8 million foreign tourists, up 23% from 2023.
- “Morocco is making a big splash as a travel destination in 2024,” the ministry said, adding that the country has “already reached our ambitious goal originally set for 2026”.

Industry Trends: Milestone 2

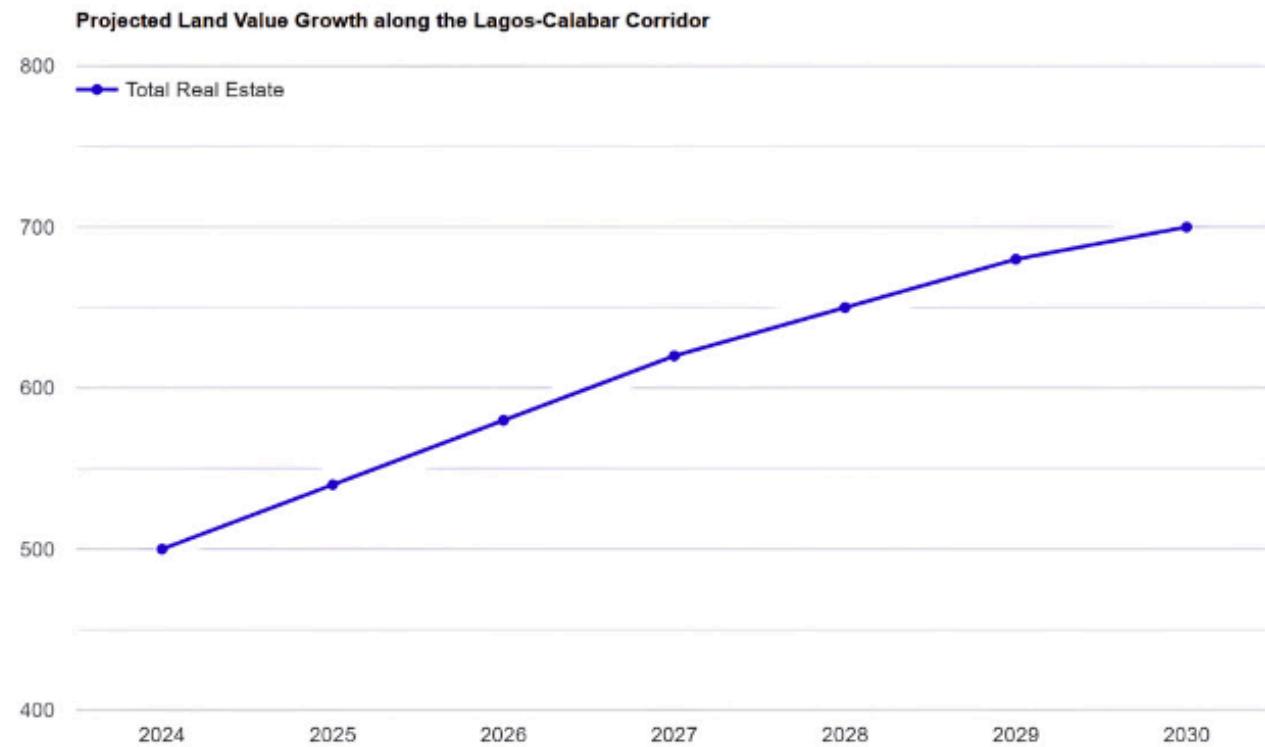
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Lagos-Calabar Coastal Highway Project (Nigeria)

The Lagos-Calabar Coastal Highway Project is a 700-km mega infrastructure initiative approved by the Nigerian government in February 2025, with a budget of ₦1.334 trillion (\$1.4 billion). The project aims to enhance coastal connectivity, promote regional trade, and drive real estate development along Nigeria's southern corridor, including Lagos, Port Harcourt, Uyo, and Calabar.

Significance:

- Economic Growth:** The highway is expected to boost GDP by facilitating trade and logistics, enhancing regional integration, and attracting foreign investment.
- Real Estate Impact:** Land values along the corridor could increase by up to 40%, promoting commercial, residential, and industrial developments.
- Infrastructure Development:** The project will create 50,000+ jobs in construction, logistics, and property development, supporting local economies.



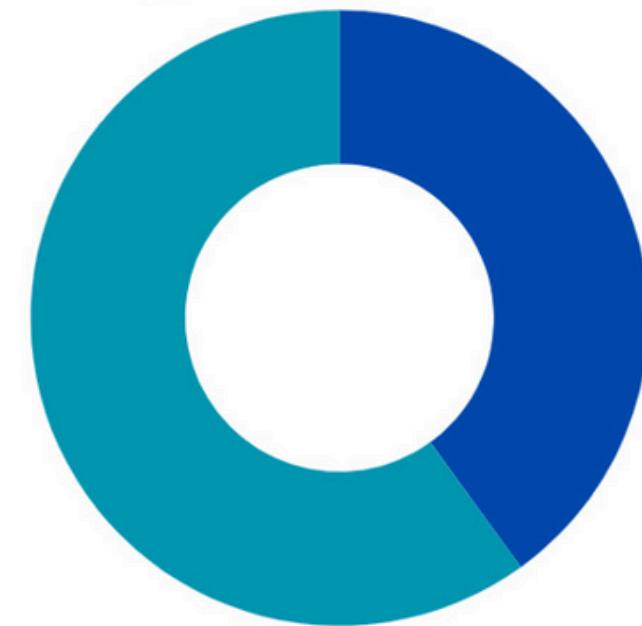
Key Beneficiaries:

- **Real Estate Developers:** Gain from new housing and commercial project opportunities.
- **Logistics & Trade Sectors:** Benefit from improved transport networks, boosting warehousing and retail hubs.
- **Local Communities:** Experience job creation, enhanced infrastructure, and improved living standards.



Commercial vs. Residential Projects Planned Along Highway Route

Commercial Residential



ECONOMIC IMPACT

We lead in digital transformation, providing innovative solutions to boost business growth across various industries



\$2B

annual GDP contribution of our sector



50k

jobs created through our initiatives



+15%

trade increase expected next year

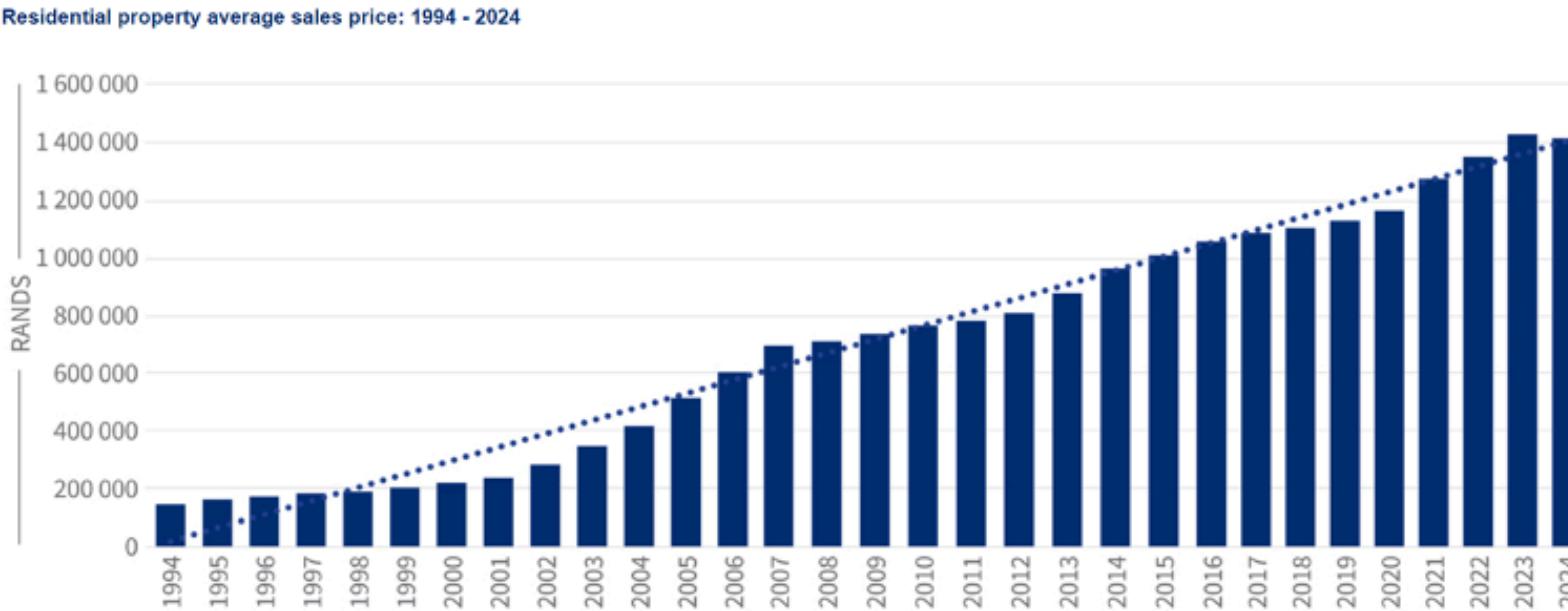
Industry Trends: Challenges & Opportunities

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South Africa's Housing Market Rebound:

South Africa's housing market is showing strong signs of recovery, driven by lower interest rates, increased buyer confidence, and stabilizing economic conditions. The residential property sector is particularly buoyant, with 4.9% growth in home prices in early 2025.

Key cities such as Cape Town, Johannesburg, and Durban are leading this trend, showing increased demand for both luxury and mid-tier housing. This is in line with the 833% increase in property prices in the past 30 years.



Key Factors, Players & Projects:

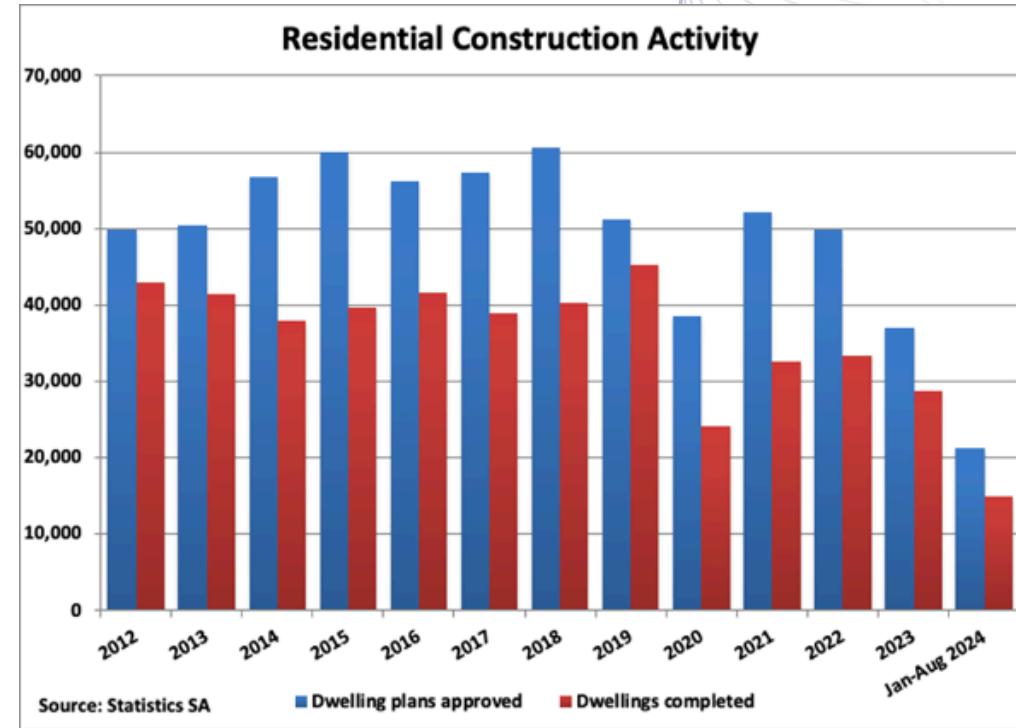
- Government Policies:** Initiatives like Finance Linked Individual Subsidy Program (FLISP) are supporting first-time homebuyers, boosting residential sales.
- Private Sector Contributions:** Real estate firms like Balwin Properties and Growthpoint Properties are driving high-quality developments.
- Notable Projects:** The Vantage Point in Cape Town and The Leonardo in Johannesburg are setting benchmarks for luxury housing.

Industry Trends: Challenges & Opportunities

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Challenges & Proposed Solutions:

- **Affordability Concerns:** Rising property prices may limit access for lower-income buyers.
 - **Solution:** Introduce more affordable housing projects and expand government subsidy programs.
- **Urban Congestion:** High demand in major cities could exacerbate infrastructure pressure.
 - **Solution:** Promote development in satellite towns and enhance public transportation networks.
- **Regulatory Hurdles:** Complex zoning laws and lengthy approval processes slow down developments. This is supported by the decline in residential construction activity, as seen above.
 - **Solution:** Advocate for streamlined regulations and provide incentives for quick project approvals.



Kenya's Rapid Real Estate Expansion:

Kenya's real estate sector is experiencing significant growth, particularly in Nairobi and its satellite towns, including Athi River, Ruiru, and Thika. The market is projected to reach KES 773 billion (\$6 billion) in 2025, driven by urbanisation, infrastructure projects, and rising demand for modern housing. The Affordable Housing Program (AHP), aiming to build 500,000 homes by 2026, is a key catalyst.

Key Factors, Players, and Projects:

- **Government Initiatives:** The Affordable Housing Program (AHP) promotes mass housing developments.
- **Private Developers:** Firms like Centum Real Estate and Cytonn Investments are leading mixed-use and residential projects.
- **Notable Developments:** Two Rivers Development in Nairobi and Tatu City are examples of integrated urban projects.

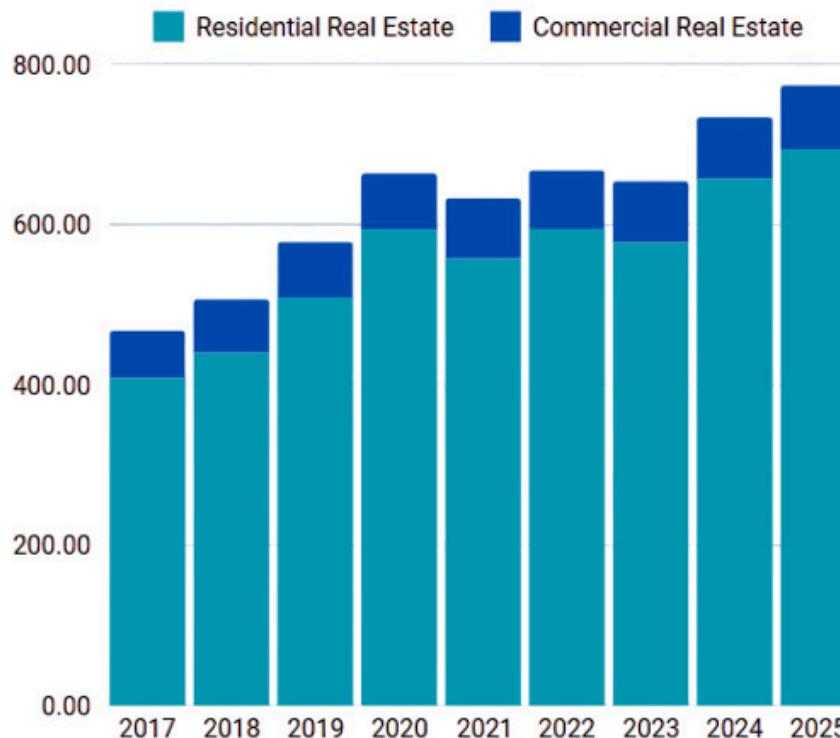


Challenges & Proposed Solutions:

- **Infrastructure Deficits:** Many new developments face challenges with roads and utilities.
 - **Solution:** Strengthen public-private partnerships to fund infrastructure.
- **High Construction Costs:** Building materials and labor costs remain high, limiting project affordability.
 - **Solution:** Promote local sourcing of materials and encourage modular construction techniques.
- **Financing Constraints:** Limited mortgage options reduce homebuyer affordability.
 - **Solution:** Expand Kenya's mortgage refinancing system to broaden lending options.

Real Estate Markets in Kenya

(billion USD)



Kenya Key Insights

The growth landscape in Kenya is rapidly evolving. With a focus on housing, job creation, and infrastructure development, the country's future looks promising. Understanding these trends can help stakeholders align their strategies to harness the potential of the Kenyan market effectively. The advancements taking place are poised to create significant opportunities for residents and investors alike.

500,000

homes are projected to
be built by 2026



10,000+

jobs are expected to be
created in the coming
years



15%

growth in
infrastructure
investment is
anticipated



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Glossary:

Mixed-Use Development:

Real estate projects that combine residential, commercial, and recreational facilities within a single development to create “live-work-play” environments.

Public-Private Partnership (PPP):

Collaborative agreements between government entities and private investors to finance, build, and operate infrastructure projects, sharing risks and rewards.

Affordable Housing:

Residential developments aimed at low- to middle-income households, often supported by government subsidies or affordable financing options.

Green & Sustainable Real Estate:

Properties designed with energy-efficient technologies, eco-friendly materials, and sustainability practices to reduce environmental impact.

Real Estate Market Segments:

Categories within the property market, including residential, commercial, industrial, and hospitality real estate, each serving different purposes and investment strategies.

Regulatory Hurdles:

Legal and administrative barriers such as zoning laws, building codes, and approval processes that can delay or complicate real estate projects.