



MEDIA RELEASE FROM THE ROYAL INSTITUTION OF CHARTERED SURVEYORS (RICS)  
ON THE RICS AFRICA SUMMIT 2016

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***Africa is still a growth story with a billion-strong young market,  
2016 RICS Africa Summit hears***

Despite Africa's slowing growth on the back of global financial conditions, there are still economic opportunities for long-term sustainable investment in property and the broader built environment for investors with a savvy understanding of local economies on a continent with a billion-strong consumer market.

With the current global deterioration in emerging markets, African economies, too, have been affected. But, "there are pockets of glory, particularly in East Africa" – and, investors need to do their homework before venturing in.

These were some of the key fillips to come out of discussions at the Royal Institution of Chartered Surveyors' (RICS) 2016 Africa Summit in Sandton Central, Johannesburg last week. Opportunities and challenges in the real estate sector and broader built environment of Sub-Saharan Africa were thrashed out by speakers and delegates at the conference, attended by key property and investment players, as well as academics and government representatives from across Africa.

Speakers and delegates zoned in on Sub-Saharan Africa's current shift in economic growth and the impact of sustainable investment, market credibility and the winning of business.

Kganya Kgare, an economist at Stanlib, said the IMF predicts that Sub-Saharan Africa would grow around 3.7% in 2016. While this is lower than the growth of around 10% between 2004 and 2013, it is still positive growth, driven by good growth expected in East Africa in countries like Kenya, Ethiopia and Tanzania.

"These countries are benefiting from not being commodity reliant. Kenya, Tanzania and Ethiopia have done a lot right on the infrastructure investment side in terms of deliberate planning and execution of planning. And, this is paying off with higher economic growth expected," said Kgare.

"The African growth story is still there, but the best opportunities are in East Africa," he added. In addition, there were opportunities in the real estate market around private finance initiatives and public-private partnerships.

Anthony Lewis, a director at Jones Lang LaSalle said the availability of local-currency leases in East Africa, as well as plenty of real estate in private hands and an established platform for



investors also helped, nothing that uncertainty around US dollar leases was a primary concern for markets in West Africa.

Lewis added: "While the African narrative now seems quite negative from afar, this is a wider emerging markets problem. It is noteworthy that even in centres such as Lagos, with a slightly uncertain office market, there are great assets up for grabs."

Rand Merchant Bank Africa analyst, Neville Mandimika, said while the reality was that "pain will be felt, the fundamentals are there in the long term", adding that "Africa is not a short-term play – you need to get in there boots and all".

Nnema Byrd of Stanlib's Africa Direct Property Development Fund said although Sub-Saharan economies have seen significant headwinds, she believed this was temporary and there was a case for long-term investment. She pointed out the importance of specialised training, transparency and data to "connect the dots", make predictions and provide a level of comfort to investors.

Byrd said unlocking the value of land contributed hugely to the GDP of economies and, to achieve this in Africa, countries needed to create something desirable to invest in. She said organisations such as RICS could help to promote standards and transparency.

Strong messages emerging from the interactive discussions at the RICS Summit on challenges in land and the natural environment included that developers investing in Africa often found it hard to access information regarding ownership. Land rights and tenure were major challenges and there was no one-size-fits-all solution.

Mark Walley, RICS Regional Managing Director, EMEA, pointed out that, like Europe, Africa is not homogenous, with differing levels of maturity and challenges. However, the key to success was having proper standards in place, with governments acting as enablers. Sustainable and innovative solutions were becoming more important. "Standards backed by effective regulation will give confidence to the markets," he said, adding that "those who help build the capacity of the youth will win".

RICS chief executive Sean Tompkins said it was important to create an environment where government, regulators and professional bodies hold one another to account. He stressed that Africa had a competitive advantage in its young population – "its greatest asset".

"There is a role for professional bodies such as RICS to set the competencies to ensure that we're creating the workforce for the future," he said.

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