

Trends

Prime Office

Rental	=
Sales	↓

Prime Residential

Rental	=
Sales	=

Prime Business

Rental	=
Sales	=

Hot Topics

- Angola will show one of the highest growth rates in the world in 2012.
- In the office market demand exceeds the offer.
- There is good demand in the residential market, specially from expats.
- There is only one modern Shopping Centre, Belas Shopping, nevertheless, it is projected the opening of two more units within the next two years.
- Yields are quite attractive, around 16 to 19% for the office and Retail market and between 12 to 17% for the residential market.

SUMMARY

• At the present time the supply of **office** space in the city of Luanda is insufficient to meet demand. Insofar as occupancy rates are concerned, in recently completed buildings, we estimate that 90% of available space is already taken up. This fact has kept rental rates in new buildings imbalanced compared to demand, from small and medium-sized companies, for new quality office space in the centre of Luanda. As a consequence, while values continue too high, the majority of these companies will continue to occupy precarious and non-functioning space. In the Zone 1 of the city the sale prices of gross office space is on average 8.500 USD/sq m. Rental values are between 120 and 180 USD/sq m. In Zone 2 of the city sale prices of gross office area is on average 7.500 USD/sq m. Rental values are between 100 and 120 USD/sq m.

• As far as the **residential** market is concerned there is good demand for recently completed homes, namely by companies which need a high number of units to house their staff. This situation has created a good dynamic in the residential investment market, essentially dominated by private investors. In the Zone 1 of the city sales prices of gross unit area is on average 9.000 USD/sq m. Rental values are situated between 85 and 110 USD/sq m. In the Zone 2 the sales prices of gross unit areas is on average 7.000 USD/sq m. Rental values are situated between 70 and 85 USD/sq m.

• The new supply of **retail** space in recent developments, varies between the typical shop with street frontage to large developments of buildings with Retail galleries inside. Shops with street frontage have shown a good demand, essentially from banking institutions, insurance agencies or telecommunication companies. However, shops in retail galleries inside the buildings are more difficult to sell or rent. Monthly rentals of street retail shops which have been restored vary between 50 and 80 USD/sq m. In new buildings monthly rentals vary between 100 and 130 USD/sq m and sale values are situated between 6.000 and 9.000 USD/sq m.

PRINCIPAL ECONOMIC INDICATORS

Angola has emerged from more than four decades of war to become Africa's second largest oil exporter and its third largest economy.

Angola was vulnerable when the global financial crisis hit in 2009. Against the backdrop of international reserves falling by one-third in the first half of 2009, the authorities sought support from the IMF for their stabilization program.

Overall macroeconomic stability improved in 2011. Oil production problems constrained oil sector growth, but non-oil growth compensated for the decline, resulting in an overall real growth rate of 3.9 percent. Headline inflation declined to 11.4 percent by year-end (13.5 percent annual average), helped by a stable exchange rate.

The outlook for 2012 is relatively favourable, but affected by the recent decline in oil prices and other uncertainties. The pace of economic activity is expected to accelerate with overall growth at 6.8 percent in real terms. Inflation is expected to continue to decline slowly, to 9.6 percent by end-2012 (10.8 percent annual average).



Source: IMF; World Bank; ZRE