

ZREPORT

Angola Property Market

2014 Overview | Outlook 2015

ZENKI
REAL ESTATE

ABOUT US

Zenki Real Estate is an Angolan company working in the local Real Estate Markets since 2009 as part of the CBRE affiliate network. CBRE is the global leader in the provision of real estate services, with more than two centuries of international experience, 48.000 employees and 449 offices in 62 countries.

Zenki Real Estate represents a wide range of local and international clients in selling, leasing, valuation services, consultancy and research.

We provide services to all real estate stakeholders: public or private, landlords, tenants, developers, lenders or investors.

We cover all sectors and property types including office buildings, industrial property, retail, hotels and residential, throughout the entire property lifecycle.

As part of the CBRE network, Zenki Real Estate holds one of the most complete databases of market intelligence in the country.

We treat all information in a transparent and professional manner and publish annual market reports which highlight major indicators and trends in the real estate market.

Focused on the professionalization of the sector, it is with great pleasure that we present to you our latest real estate property market report for 2015, which expresses both market trends and our vision for the future.

December, 2014



Diogo Osório Rodrigues
Managing Director


INDEX

04	SUMMARY
07	MACROECONOMIC AND DEMOGRAPHIC CONTEXT
10	LEGAL AND FISCAL CONTEXT
12	OFFICE MARKET
17	RETAIL MARKET
22	INDUSTRIAL AND LOGISTICS MARKET
26	RESIDENTIAL MARKET
32	TOURISM MARKET
34	INVESTMENT MARKET

 Office Stock
765,000 sq.m (by 2014)

 Vacancy Rate
17% (2014)

 Supply
of Commercial Spaces
396,500 sq.m (by 2016)

 Gross Capitalization
Rate (Yields)
16% Commercial
14% Residential

TRENDS:



MACROECONOMIC INDICATORS

GDP Growth (2014)	3.9%
Inflation (2014)	7.3%
GDP Growth (2015)	5.9%
Inflation (2015)	7.3%



OFFICE SPACE

Stock	↗
Take up	→
Prime Rents	↘



RETAIL

Stock	↑
Construction	↑
Pipeline	↑



INDUSTRIAL AND LOGISTICS

Stock	↑
Take up	↗
Prime Rents	→



RESIDENTIAL

Stock	↑
Take up	→
Prime Rents	↘



TOURISM

New Supply	↗
Occupation Rate	→
Average Room Rate	→



INVESTMENT

Investment Turnover	↑
Prime yield	↘

SUMMARY

ECONOMIC DIVERSIFICATION

Angola continues to achieve remarkable growth, GDP growth reached 3.9% in 2014 and is projected to hit 5.9% in 2015, and inflation will remain below double digits in the coming years. The challenge of the evolution towards a more inclusive growth by diversifying the economy, has been answered by the introduction of measures such as the National Development Plan 2013-2017, aimed at addressing the gap in the country's infrastructure and to encourage the competitiveness of the non-oil sectors.

NEW REGULATIONS FOR THE REAL ESTATE SECTOR

During 2014 the legislation that provides for the taxation of profits of Collective Investment Undertakings that operate in the form of funds or real estate investment companies (taxed at 15% and generally exempted from other taxes) and the regulation implementing measures to combat money laundering, were approved and applied to the real estate sector. 2015 should see the approval of the new Tenancy Act, which is expected to set new rules and create more balance in the relationship between landlords and tenants.

STRONG INCREASE IN OFFICE STOCK

2014 was marked by a strong growth of the existing stock of offices, especially in the Downtown Area of the city (CBD) and in Talatona. The growth in this sector over the previous year stands at 43.8%, and it is estimated that at the end 2014 the stock came close to 765,000 sq.m. This increase in supply contributed to the reduction in the amounts of income prevailing in the market, more marked in the Uptown Area (Zona Alta), with a fall of around 12.5% of average incomes.

CHANGING THE PARADIGM IN COMMERCE

With the transformation from an informal to a more formal and professional market, a change in the paradigm of the retail segment has been noted. In 2014 we witnessed the entry into the Angolan market of several international brands as well as the launch of new national brands. We are also seeing a strong trend for a diversification of the activities of several companies as well as increasing competition in a number of areas of business.

In the food distribution sector, for example, during 2014 we observed the introduction of several new players to the market as well as the expansion of the network of established brands. Taking into account the estimated supply and demand, a high growth retail market is expected through 2016. The number of retail complexes