

# New real estate report: Industrial assets best performing across Africa

According to Knight Frank's *Africa Logistics & Industrial Review - H2 2021* report, industrial assets across Africa are commanding attractive yields of approximately 12% on average compared to 9% for both retail and offices and 6% for residential.



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Tilda Mwai, senior analyst - Africa, Knight Frank, said, "Appetite for industrial stock across Africa remains strong, with investors attracted to the sector's strong income profile and positive market fundamentals, such as rising urbanisation levels. With limited stock options, developers have had to act fast and plug this gap. Still, markets like Nigeria present developers with an opportunity, recording the highest deficit of 1,000,000 sqm."

Government industrialisation policies, infrastructure development and e-commerce top the list of the main drivers of growth for the industrial sector across Africa. Knight Frank notes that increased competition for international investment has sparked a wave of new industrial policies and, subsequently, a boom in the creation of special economic zones (SEZs) has ensued across Africa.

Said Agility Logistics Parks' senior director of strategic planning Ronald Philip in an exclusive interview with Knight Frank: "Grade A warehousing can be a silver bullet solution for FDI to come back in a nimbler and asset-light mode, where they lease instead of needing or wanting to build and own their own facilities in Africa, with all the attendant risks and delays."



Crystal Ventures to invest \$200m in Congo Republic industrial park

Christian Elion 4 Oct 2021



## Mixed performance across markets

Overall, prime industrial rents have continued to portray a mixed performance. At \$10 per m<sup>2</sup> and \$9.80, Kinshasa and

Dakar, for example, rank as the most expensive cities for prime warehouses in Africa, while Blantyre (\$2.50 per m<sup>2</sup>) is the cheapest. Luanda, on the other hand, experienced the most substantial fall in average warehouse lease rates, which currently stand at \$5.50 per m<sup>2</sup>; down from \$15 per m<sup>2</sup> at the end of 2019. Furthermore, prime rents have remained stable in some cities such as Cairo, Algiers and Maputo.

“Occupier requirements across the major markets are increasing with overall requirements ranging between 5000-10000 ft<sup>2</sup> size brackets. Still, the flight to quality is evident, with occupiers only keen to take up the best space in most cities. This has resulted in the emergence of a distinct two-tier market across the major industrial markets we monitor,” said Mwai.

Download the full *Africa Logistics & Industrial Review - H2 2021* report [here](#).

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