

Zambia offers real estate investment opportunities

Showing steady year on year economic growth, foreign direct investment and investment in the real estate sector has seen the creation of jobs, increased access to housing and retail, office and industrial property in the commercial sector of Zambia.



Its real estate sector is on course for growth, says Inutu Zaloumis, MD of Pam Golding Properties Zambia. "The country is widely tipped to record sustained economic growth of approximately 7% over the next few years, but the manner in which the country's real estate sector is transforming the face of the nation is as good as any barometer for the economic turnaround currently underway.

"Although economic growth softened somewhat from 7.6% in 2010, it remained efficient at 6.6% year on year in 2011 as growth was underpinned largely by agriculture, manufacturing, construction and the transport sector. This year, Zambia is set to positively benefit from the US\$700m Eurobond which will be used for infrastructure development across the country."

Challenges

While there are still challenges in the implementation of a deliberate, well-drawn expansion plan across all cities and towns, recent moves by the Zambian government to address this are expected to stimulate further growth of the real estate sector.

Lusaka acquires new mixed use developments

She says increased investments from major economies such as China and South Africa, coupled with sustained investment in the mining and agriculture sectors are ensuring that the demand for residential and commercial - which includes industrial property, is on the upswing. The capital city of Lusaka has seen steady investment in both the retail and office sector in the last five years and, while this may be on the decline in Lusaka, other towns and cities are opening up for similar investments.

"One of the major projects currently underway includes the US\$100m redevelopment of Society House in Lusaka's centre. Well positioned in the heart of the business hub, the building is set for a major refurbishment that, once completed in 2014, will set the tone for regeneration of the capital city's skyline. The redesign will see it comprise a 160-room 4-Star Holiday Inn hotel, conferencing, office space, a retail mall and 1100 car parking garage. The building will have 8000m² of retail

space coupled with 6000m² of office space, placing it right at the pulse of the city centre.

"But this goes beyond a mere restoration of the building, this and other projects, highlight the new economic gains that Zambia is enjoying with factors such as high commodities prices, economic and social stability, together with increased investment flows, particularly from global players such as China."

Also in Lusaka, the development of Roma Park is underway and looks to establish a new blueprint for economic, social and infrastructure growth in Zambia. At project maturity, the development will exceed US\$100m in investments. Launched in 2011, the 217 acre project is a mixed use development encompassing residential and commercial property across all sectors, including a shopping centre, big-box retail space, restaurant and conferencing facilities, warehousing, manufacturing and office space.

Mining drives growth in northwest part of Zambia

"This growth in the real estate sector is not restricted to the capital city. There is significant investment going into the north-western province, which will see approximately 3500 new residential units developed, as investors such as First Quantum Minerals invests further into its mining operations in the province. With many projects either under construction or still being planned, annual copper production is estimated to reach 1.5 million tonnes within the next four years. Projects in the formative stage include Konkola Deep Mine, Mindola Synchlinorium, the Chambishi South ore body, and the US\$1bn Kalumbila Mine run by First Quantum Minerals. Others are Lumwana and Chambishi mines and the Kansanshi Copper Smelter.

"These investments will spill over into the development of retail, office and industrial real estate as the province looks to provide a self-sustained economy for its population. There is likely to be increased interest in the commercial sector on the Copperbelt and north-western provinces due to an absence of structured retail property and economic growth registered in other parts of the country. Areas such as this still have not been heavily invested into when it comes to retail and office property and Zambia is seeing these as two key growth areas for the local real estate sector in 2012 going into 2013."

Retail, residential, office potential

"Despite Zambia's significant strides in the real estate sector, there remains a gap between the demand and actual supply of structured retail and office complexes in the country. The population in Zambia was reported at 11.97 million persons in 2009, according to the International Monetary Fund. In 2015, the population is expected to be 13.57 million people. This, coupled with consistent investments into the country, poses a challenge to developers, as demand and the need for structured residential estates will increase on the back of population growth.

"Zambia still offers significant opportunities for growth as demand for retail and office complexes, as well as residential estates, needs to be met. The country remains on the cusp of sustained economic and population growth, two factors that are essential to investment in the sector," she concludes.

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