

## African facilities management sector poised for growth

In many parts of sub-Saharan Africa, the concept of specialised facilities management is still in the process of evolving, presenting an opportunity for growth in the sector.



Leonard Michau, director and head of Africa operations, Broll Property Group.

“In the past three years, we’ve seen increased enquiries for FM services across sub-Saharan Africa. “Many organisations see value in outsourcing this service, allowing them to focus on their core business,” says Leonard Michau, director and head of Africa operations for Broll Property Group.

Speaking ahead of the Africa Property Investment Summit coming up on 24-25 August in Sandton, Michau explains that in recent years, key economic indicators such as inflation, local currency depreciation against major currencies and high interest rates have increased FM operational costs and put pressure on the company’s bottom line, with many clients now insisting on guaranteed cost savings over an agreed period. This does, however, come with risk and if one doesn’t do a proper condition assessment of existing asset and of the base line costs, it may come back to bite you, he says.

Emmanuel Caulley, head of facilities management at Broll Ghana says the FM market in Ghana is at its developmental stage. “With a number of residential, office and retail commercial properties sprung up over the past five years and still a good number in the pipeline, the potential for growth of the market cannot be over-emphasised.”

### Potential clients critical of outsourcing costs

The existing real estates of corporate and government institutions represent a sizeable portfolio that require professional FM. However, he says a number of potential clients have been looking critically at the cost of outsourcing relative to the cost of doing an in-house FM. They believe it’s relatively cheaper and without considering carefully professionalism and quality of service, points out Caulley. Cutting back on costs appears to be the overriding factor in many cases, at the expense of providing a long-term solution that

manages risk via a tailor-made preventative maintenance plan, he says.

According to Martin Shaningwa, technical facilities manager at Broll Namibia, there is a growing need for FM services in the country and clients require tailor-made FM solutions to meet their business needs. Like any business, he says the market is experiencing a tough time currently, although there are opportunities for growth in the sector.

In Mauritius, FM outsourcing is a fairly new concept that has been adopted by a few multinationals and now attracting a growing interest from local companies, says Sanjeev Ramjatan, Broll head of facilities management in Mauritius. With 50% of foreign direct investment being invested into the real estate sector in 2016, the forthcoming smart city projects and other key infrastructure development projects by the government, Ramjatan is optimistic about the future of the sector in Mauritius.

However, the absence of a regulatory framework for the FM industry leads Ramjatan to say, "There is very little information available on the FM industry in Mauritius to the extent that it is difficult to estimate the value of the industry and/or the ratio between outsourced versus in-house FM." In addition to that and like in other sub-Saharan African countries, many companies still choose to run their FM operations in-house and make use of functional service providers. Hence, FM outsourcing in Mauritius shall remain a challenge in the years to come.

## **Challenges and trends**

Despite dynamic and growing real estate markets in some African countries, market conditions still remain challenging for new FM business as many companies still do not fully understand the benefits of outsourcing and remain cautious to commit, notes Michau.

FM faces a number of challenges including lack of qualified personnel and professional standards, general reluctance to outsource FM services, low margins, and absence of a consistent regulatory framework to govern and support the FM industry.

While there is momentum, Michau says the outsourcing of FM operations is likely going to be a journey rather than a single-step process as it will involve learning/sharing and mutual cooperation/understanding from both the client and the FM service provider.

We are seeing trends such as compliance with regulations and changing internal policies as well as energy savings at all service levels in countries such as Namibia. Meanwhile in Ghana, there is an emergence of a number of small local FM companies as subsidiaries of major property development companies.

"With time, and as clients become more aware of the value of FM services, the sector is expected to grow across many African countries," adds Michau.