Accra, Ghana Real Estate Investment Opportunity, & Cytonn Weekly #47

Focus of the Week

Following our September Kampala Investment Opportunity research report and last week's Sub Saharan Africa Financial Services Report , Cytonn continues to focus on regional expansion to enable a diversified return and product range to our clients. In line with this strategy, we continue to conduct comprehensive studies of various markets across Africa, with Ghana being the most recent. The country is among the leading economic hubs in West Africa, and among the most politically stable in Africa, thus providing an investments safe-haven. We set out to conduct an in-depth real estate research within the region's real estate market with a keen focus on the residential, commercial (office & retail) and hospitality real estate themes.

We start with the general overview of Accra, the factors driving real estate, and the challenges facing real estate in the city. We then delve into the thematic performance of real estate, while comparing the market to other real estate markets in our focus across Africa, which are Kenya, Uganda, and Rwanda, before concluding with our outlook on the Accra real estate investment opportunity.

Ghana Overview

Measuring 238,535 SQKM, Ghana is one of the leading West African power houses. The country is neighboured by Togo to the East, Cote D'Ivoire to the West, Burkina Faso to the North and the Atlantic Ocean to the South. The country is known worldwide for its natural resources such as a gold, cocoa & petroleum, which are its main exports. Administratively, the country has 10 regions, with our focus being the Greater Accra region. As at 2017, Ghana had a population of approximately 29 mn people growing at 2.2% p.a., compared to the global average of 1.2% p.a. This translates to a density of 127 people per SQKM (Kenya has 87 people per SQKM). 53.9% of this population is urban and growing at 3.4% per annum, compared to the global average of 2.1%. As at 2017, the Greater Accra region had the 2nd highest population in Ghana, with an approximate population of 4.8 mn people after the Ashanti Region, which is the largest administrative region in Ghana.

The country has been hailed as one of the leading emerging markets in Africa and was declared a lower middle income country in 2010 by the World Bank. As at 2016, the country's GDP Per Capita was at USD 1,550 compared to Kenya's USD 1,304. However, due to a decline in the country's economic performance in 2015, the GDP Per capita has been growing at a slower rate, at 1.3% compared to Kenya's 3.2%, albeit marginally higher than the global average of 1.2%.

Infrastructural Amenities

The Greater Accra region is endowed with various developments that make it stand out as an attractive economic and technology hub, such as below:

- It is served by the Kotoka International Airport for air travel,
- 4 National Highways – N1, N2, N4 and N6 and 1 regional highway (R40) pass through Greater

Accra,
- The main port is located at Tema allowing importation of goods by sea,
- It is connected to Kumasi and Takoradi by a railway line,
- It is served with electricity from the Electricity Company of Ghana,
- It is well served with telecommunication lines, with the main mobile service providers being Airtel, MTN and Vodacom.

Factors Driving Real Estate in Accra

- Improving Macro-economic Environment: Ghana has exhibited strong fundamentals supporting its economic growth with (i) Q2'2017 GDP growth at 9.0%, up from 6.6% and 1.1% recorded in Q1'2017 and Q2'2016, respectively, and the IMF projecting 5.9% and 9.0% growth for 2017 and 2018, respectively, (ii) inflation declining to 11.6% in October from 13.3% in January, closer to the 6.0%-10.0% Bank of Ghana target, thus creating room for policy rate cuts to 21.0% currently from 25.5% in January, and (iii) declining interest rates as the 91-day T-Bill rate is currently at 13.3% from 16.8% in January,
- Demographics: The country's population is growing at a faster rate of 2.2% compared to the global population growth rate at 1.2%. Additionally, 53.9% of the population lives in urban areas and the rate of urbanization is 3.4% per annum compared to the global urbanization rate of 2.1% per annum. In 2015 it was estimated that the market had 3.4 mn units as per the Ghana Statistical Services, and given an average household size of 4.4 persons, there was an approximate deficit of 1.7 mn units in the country, mainly in the urban centres such as Accra, Kumasi and Takoradi,
- Spending Power: The expanding middle class, as a result of a growing economy has led to an increase in disposable income, leading to an aggressive rise in quality real estate portfolio especially mid end and high end housing and malls. To put this into perspective, between 2007 and 2016, there was a total of 1.2 mn SQFT of mall space developed and the current deal pipeline is over 1.2 mn SQFT across Accra, Takoradi and Kumasi,
- Oil & Gas Discovery: Since the discovery of oil and gas in 2007, the country has received attention from international investors evidenced by the various developments across the commercial sector owned by foreigners,
- Political Stability: The country is considered one of the most politically stable countries in Africa, making it one of the preferred investment hubs in West Africa for international investors.

Despite the factors driving real estate in Ghana, the sector continues to face major challenges that have discouraged aspiring investors. Among them:

- Land Regimes: Ghana is faced with multiple land ownership issues and litigations mainly due to the communal–system of land ownership, which is a hindrance to development as it makes the process of land acquisition cumbersome,
- High Cost of Construction Material: Like most other African countries, Ghana is highly dependent on imports, with around 80.0% of construction material being imported,
- Slow Infrastructural Development: There is lack of on-site infrastructure in most areas and thus developers have to incur the costs while developing. Larger parts of Accra also lack a centralized sewer system hence properties rely on septic tanks and bio-digesters,
- Financing Costs: Cost of borrowing is high, with lending rates ranging from 19%-35% per annum on the Cedi and approximately 13%-16% on the USD. The main lender in Ghana is Ghana Home Loans (GHL), which has provided loans worth USD 97.1 mn to only 1,651 beneficiaries as at 2015. GHL had a 47.0% market share as at 2013. The mortgage to GDP ratio stands at 0.25% as at 2010 compared to Kenya at 2.7% as at 2016.

Having looked at the overall state of the market in Accra, and an overview of the real estate sector, we shall now look at the performance of the various themes in the real estate sector in Accra.

Market Performance

1. Residential

For a country that still upholds majority of its traditional African culture, Ghana's residential sector is characterized by individual compound homes. However, investment grade residential units are common in urban areas due to demand from the country's elite class as well as its expatriates. The former have created a demand for high-end residential units leading to popularity of such top notch estates as Cantonments and East Legon, which host most embassies and the exclusive *Airport Hills.*

Ghana, has a huge housing deficit of approximately over 1.7 mn units and to address the shortage, the Government has come up with such corporations as SSNIT (Social Security & National Insurance Trust), which has managed, over the last 40 years, to provide a total of 7,168 houses across the Greater Accra Region, as well as other areas such as Kumasi, Cape Coast and Takoradi. Dominating private real estate developers include Trasacco, Taysec Holdings and Clifton Homes that serve the high end income segment of the market; and Devtracco and Regimanuel who serve the middle and lower middle income groups, while government corporation SSNIT caters to the low income groups.

The market is segmented into:

- High-End: These include estates in Accra such as Cantonments, Osu, Ridge, Airport Residential, Dzorwulu and parts of Legon. They are located in close proximity to both business districts, Accra Central and Airport City. The average price for detached and apartment units being USD 1.1 mn and USD 359,000, respectively,
- Upper Mid-End: These include Ringway, Shiashi, Spintex, Madina, Oyibi, Teshie and Klagon. Located on the outskirts of Accra, the average price for detached and apartment units is USD 346,000 and USD 164,000, respectively, and,
- Lower Mid-End: Estates in Greater Accra such as Tema, Kwabenya, Adenta, Madina, Katamanso, Dansoman, Darkuman, Ablekuma, James Town and Afienya. The average price in these areas is USD 177,000 and 61,500 for detached and apartments, respectively.

The residential market however is evolving to accommodate the serviced apartment component, which is still at a nascent stage with few serviced apartments being rated as hospitality facilities. Currently, the supply of serviced apartments is largely composed of unbranded or locally managed, independent properties. However, furnished apartments are a common phenomenon, with investors buying apartments, furnishing them and letting to tenants at an average monthly charge of USD 500 above the normal residential rates.

(1 USD=4.35 GHC, 1 USD= Kshs 103.5)

NB: (All yields are dollarized)

1. Accra Residential Performance

RESEARCH SUMMARY

Apartments

Type	Price Per SQM (USD)	Rent Per SQM (USD)	Rental Yield	Capital Appreciation	Total Returns
High End	2,844	17.8	8.4%	6.7%	15.1%
Mid End	2,181	30.6	10.8%	6.2%	16.9%
Lower mid End	737.1	2.7	4.9%	10.0%	14.8%
Average	1,920	17	8.0%	7.6%	15.6%

Detached

Type	Price Per SQM (USD	Rent Per SQM (USD)	Rental Yield	Capital Appreciation	Total Returns
High End	2,557	8.4	5.6%	8.6%	14.2%
Mid End	1,640	9.9	8.0%	6.4%	14.4%
Lower Mid End	1042	5.9	7.8%	3.3%	11.1%
Average	1,746	8.1	7.1%	6.1%	13.2%
Grand Average	1,833	12.6	7.6%	6.9%	14.4%

· *The average returns from mid end properties was 15.7% which is partly due to high rental yields as Mid end properties attract as premium rents as high end and significantly lower absolute prices*

· *Lower mid end segments performed the poorest with the lowest returns at 12.9%, indicating that investment grade real estate performs better with the high end and upper middle markets*

· *Apartments have the highest returns to investors with an average of 15.6% attributable to their popularity with investors due to their ability to earn income as serviced or furnished, a market gaining traction in Accra*

· *Generally, residential property in Accra offer better dollarized yields compared to other African markets such as Kenya whose average is 3.8% and Kampala's 6.8%*

The performance breakdown of the various market segments and typologies is as shown below:

A: High-End

PERFORMANCE SUMMARY – HIGH END

Apartments

Typology	Unit Plinth Area (SM)	Price 2017 USD	Price in Kshs	Price per SM (USD)	Rent (USD)	Rent in Kshs	Rent per SM (USD)	Rental Yield	Capital Appreciation	Total Returns

PERFORMANCE SUMMARY – HIGH END

Apartments

Typology	Unit Plinth Area (SM)	Price 2017 USD	Price in Kshs	Price per SM (USD)	Rent (USD)	Rent in Kshs	Rent per SM (USD)	Rental Yield	Capital Appreciation	Total Returns
1-Bed	78	211,500	21.9 mn	2,753	1,560	161,460	20.0	9.7%	10.0%	19.7%
2-Bed	136	351,259	36.4 mn	2,701	2,380	246,330	17.5	8.7%	6.4%	15.1%
3-Bed	181	515,297	53.3 mn	2,822	3,435	355,561	19.0	8.3%	5.2%	13.5%
4-Bed	271	824,860	85.4 mn	3,027	4,000	414,000	14.7	6.7%	5.3%	12.0%
Average				2,844			17.8	8.4%	6.7%	15.1%

Detached

Typology	Unit Plinth Area (SM)	Price 2017 USD	Price in Kshs	Price per SM (USD)	Rent in USD	Rent in Kshs	Rent per SM	Rental Yield	Capital Appreciation	Total Returns
3-Bed	335	550,000	56.9 mn	2,187	4,333	448,500	12.9	10.6%	3.5%	14.1%
4-Bed	418	894,444	92.6 mn	2,140	4,164	430,936	10.0	6.9%	6.9%	13.8%
5-Bed	463	1,376,667	142.5 mn	2,973	3,917	405,375	8.5	3.8%	12.9%	16.7%
Average				2,557			8.4	5.6%	8.6%	14.2%
Grand Average				2,700			13.1	7.0%	7.7%	14.6%

- *The one-bedroom typology was the best performing with average returns to investors at 19.7%. This is due to a high demand with investors as they are easily convertible to furnished or serviced units which are popular with travellers*
- *Apartments generally were the best performing in the market attributable to their demand by expatriates who, are common in Accra*
- *Among detached units, the 5-bed typology had the highest returns to the investor with average returns of 16.7%. This is due to their popularity with the native Ghanaians who prefer large compound houses on an own compound*
- *Of key to note is that detached units are more popular with the natives due to their tendency to live as large families, with some houses having as much as 6-10 bedrooms*

Source: Cytonn Research 2017

B: Mid-End

PERFORMANCE SUMMARY – MID END

Apartments

Typology	Unit Plinth Area (SM)	Price 2017 (USD)	Price (Kshs)	Price per SM (USD)	Rent in (USD)	Rent (Kshs)	Rent per SM(USD)	Rental Yield	Capital Appreciation	Total Returns
Studio	36	82,050	8.5 mn	2,279	2,303	92,751	64.0	13.6%	4.6%	18.2%
1-Bed	55	111,885	11.6 mn	2,034	2,169	128,636	39.4	13.4%	1.5%	14.9%
2-Bed	102	201,808	20.9 mn	1,979	2,042	180,747	20.0	9.7%	5.7%	15.4%
3-Bed	147	262,094	27.1 mn	1,783	1,778	218,854	12.1	9.1%	13.0%	22.1%
4-Bed	167	438,900	45.4 mn	2,828	2,926	302,841	17.5	8.0%		
Average				2,181			30.6	10.8%	6.2%	17.0%

Detached

Typology	Unit Plinth Area (SM)	Price 2017 (USD)	Price (Kshs)	Price per SM (USD)	Rent in (USD)	Rent (Kshs)	Rent per SM (USD)	Rental Yield	Capital Appreciation	Total Returns
2-Bed	90	190,000	19.7 mn	2111	1,200	124,200	13.3	7.6%		
3-bed	237	306,250	31.7 mn	1617	1,817	188,025	7.7	9.2%	5.9%	15.1%
4-bed	276	386,250	40.0 mn	1662	2,387	247,091	8.6	7.2%	6.9%	14.1%
Average				1,640			9.9	8.0%	6.4%	14.4%
Grand Average				1,910			20.2	9.4%	6.3%	15.7%

- *The apartments have high rental yields as well at an average of 10.8%, 3.2% points higher than the market average attributable to the premium they charge due to their apt locations in the center of the city and along major highways*
- *The 3-bed apartments were the best performing with average returns of 22.1% attributable to the attractive rental rates they charge followed by studio apartments with 18.2%. This is due to demand for the same among investors as furnished apartments are popular with short stay business tourists*
- *3 bedroom detached properties outperform the 4 bedroom units due to the high rental yields which, as a result of the high rental rates they attract considering their prices. Indicating that the returns to investors through monthly income, are faster for these typology,*
- *2 bedroom detached units though uncommon, are starting to gain attraction with a few developments under construction with a projected average absolute price of USD 190,000*

Source: Cytonn Research 2017

C: Lower Mid-End

PERFORMANCE SUMMARY – LOWER MID END

Apartments

Typology	Unit Plinth Area (SM)	Price 2017 USD	Price in Kshs	Price per SM (USD)	Rent in USD	Rent in Kshs	Rent per SM (USD)	Rental Yield	Capital Appreciation	Total Returns
1-Bed	45	26,896	2.9 mn	597.7					13.5%	
2-Bed	77	66,484	4.9 mn	639.7	204	21,077	2.8	4.8%	11.1%	15.9%
3-Bed	92	56,517	5.8 mn	666.2	242	25,042	2.6	4.9%	5.3%	10.2%
Average				737.1			2.7	4.9%	10.0%	14.8%

Detached										
Typology	Unit Plinth Area (SM)	Price 2017 USD	Price in Kshs	Price per SM (USD)	Rent in USD	Rent in Kshs	Rent per SM (USD)	Rental Yield	Capital Appreciation	Total Returns
2-Bed	103.3	105,384	10.9 mn	1,193	860	89,010	8.3	10.8%		
3-Bed	179	165,326	17.1 mn	1,028	1028	105,800	5.7	7.4%	1.6%	9.0%
4-Bed	292	261,667	27.1 mn	905	1,100	113,850	3.8	5.2%	4.9%	10.1%
Average				1,042			5.9	7.8%	3.3%	11.1%
Grand Average				889.5			4.3	6.3%	6.6%	12.9%

- *Two bed apartments performed better with average returns at 15.9% than other typologies in the lower mid end market. This is attributable to a high capital appreciation indicating a preference for the same among investors*
- *3-bed detached units performed poorly with average capital appreciation of 1.6% but good rental yields averaging at 7.4%, indicating demand with renters*

Source: Cytonn Research 2017

2. Commercial Office

The commercial office theme in Accra is characterized by old stock built by the government, mostly in areas like Accra Central. However due to demand for better service office stock, especially with the growing service industry as well as entrance of multinationals who demand high quality office stock, private developers entered the market providing facilities otherwise not found in the old stock such as parking space, security, air conditioners, standby generators, lifts among others. The modern stock is located in areas like Osu, Labone, Spintex, the Ridge area and the leading commercial hub, Airport City. The office sector is driven by such factors as economic growth with the discovery of oil and gas leading to foreign companies setting up shop in the country and the growth of SMEs in the banking and telecommunication industries, which are dominant across the city.

The serviced office sector has also gained traction in Accra driven by the oil and gas industry as well as the logistics industry, thus creating demand for the multinational firms tapping into these. Additionally, the services sector, which continues to grow evidenced by its 59.0% contribution to the country's GDP as at 2016, has led to demand for office space for professionals in the banking and telecommunication industries. As per our research, the average occupancy rates for serviced offices was 80.4%, with rental yields ranging between 14.3% and 16.1% per annum.

Ghana's commercial office sector is predominantly rental with developers preferring to sell the developments either as a whole or shell and core units.

To calculate the yields, we looked at a few office developments that were selling which informed our assumptions as below:

1. Grade A, a selling price of USD 330 (Kshs. 34,320) per SQFT,
2. Grade B, a selling price of USD 220 (Kshs. 22,880) per SQFT, and
3. Grade C, a selling price of USD 180 (Kshs. 18,720) per SQFT

The performance for the office sector is as summarized below:

PERFORMANCE SUMMARY BY LOCATION AND GRADE

Grade A

Location	Monthly Rent Per SQFT (USD)	Monthly Rent Per SQFT (Kshs)	Occupancy Rate	Rental Yield
Accra Central	33	3,416	83.9%	10.2%
Airport City	33	3,416	85.0%	10.6%
Average	33	3,416	84.6%	10.4%

Grade B

Location	Monthly Rent Per SQFT (USD)	Monthly Rent Per SQFT (Kshs)	Occupancy Rate	Rental Yield
Accra Central	24	2,525	73.0%	9.9%
Airport City	30	3,105	51.1%	8.0%
Labone	32	3,312	100.0%	12.0%
North Ridge	23	2,381	68.1%	8.5%
Average	26	2,831	70.6%	9.5%

PERFORMANCE SUMMARY BY LOCATION AND GRADE

Grade C

Location	Monthly Rent Per SQFT (USD)	Monthly Rent Per SQFT (Kshs)	Occupancy Rate	Rental Yield
Airport City	22	2,225	79.9%	9.9%
Osu	20	2,070	75.0%	10.0%
Spintex Rd	22	2,277	63.0%	8.8%
Teshie Rd	12	1,242	66.7%	6.9%
Average	19	1,975	79.6%	10.3%
Grand Average	27	2,740	78.3%	10.1%

• *Airport City has the best returns for grade A office space with 10.6% owing to its premium rental rates it attracts and high occupancy rates at 84.6%, as a result of its location and prime nature*
• *Labone offers the highest returns to investors in Grade B offices owing to its high occupancies due to limited office stock in the area*
• *Grade C had the best performing stock in Osu with 10.0% rental yields, as the area is located in close proximity to Accra Central*

Source: Cytonn Research 2017

OFFICE PERFORMANCE SUMMARY

Grade	Current price Per SQFT (Kshs)	Monthly Rent Per SQFT (Kshs)	Occupancy Rate	Rental Yield
A	33,658	348	84.6%	10.4%
B	24,613	278	70.6%	9.5%
C	17,105	215	79.6%	10.3%
Average	25,159	280	78.3%	10.1%

· *Grade A offices have the best performance in Accra with average rental yields at 10.4%, 0.3% higher than the market average of 10.1%. This is attributable to the high occupancy rates at 84.6% which also indicate demand from the high end clientele*

Source: Cytonn Research 2017

3. Retail

The formal retail market is fairly nascent in Ghana standing at 5-10% of the retail market share, while informal retail takes 90.0% according to Oxford Business Group. However, it has proven to be both vibrant and fast-growing, mainly due to significant economic growth evidenced by the relatively high yields of 9.5% and average occupancy rates at 94.8%. Existing malls tend to target high and middle-income segment of the population as well as expatriates. Currently, Ghana has a mall space of 1.2 mn SQFT, which is all in Accra, with a deal pipeline of 1.2 mn SQFT as a result of upcoming malls in Accra, Mallam Junction (21,800 SQM); Meridian Mall (20,000 SQM); The Exchange (11,000 SQM); Kumasi Mall (29,000 SQM), and Garden City Mall (22,000 SQM) in Kumasi City and Takoradi Mall (19,000 SQM) in Takoradi

The retail performance summary is as below:

PERFORMANCE SUMMARY – RETAIL SECTOR

Class	Rent Per SQFT (USD)	Rent Per Sqft(Kshs)	Occupancy Rate	Rental Yield
Community	5	468	98.7%	10.5%
Regional	4	437	97.7%	9.8%
Neighborhood	4	399	93.5%	8.6%
Shopping Centre	1	125	79.2%	7.4%
Average		403	94.7%	9.5%

· *Community malls have the best returns at 10.5% and high occupancy rates at 98.7%, attributable to their apt location with malls such as Accra Mall, Achimota and Junction, along major highways, which enhances footfall to the malls and thus attracting attractive rents*

· *Regional malls have high yields as well at 9.8% and 97.7% occupancy rates, compared to the market average of 9.5% and 94.7%, respectively*

· *Neighborhood malls perform worse with 8.6% yields and 93.5% occupancy rates followed by shopping centers which have average yields at 7.4% and 79.2% occupancy rates. This is attributable to their lower than market average occupancy rates as a result of competition form better located malls*

Source: Cytonn Research 2017

4. Hospitality

The hospitality industry in Ghana recorded a 1.8% growth from 2015 to 2016 and is expected to grow by 1.1% in 2017, 2.1% in 2018 and 2.3% in 2019 according to the PwC Hotel Outlook 2017. According to HTI Consulting, there were 2,723 hotels and lodges in Ghana as at May 2017; 56.0% of these are 4-star, 24.0% 5-star and 13.0% 3-star, showing the penetration of quality hotels.

The sector is largely driven by business tourism including conferences and economic growth and presence of multi-national firms such as Nestle, FAO and WHO. As per Ghana Tourism Authority, this accounted for 31.9% of international tourist arrivals between 2012 and 2014. The government of Ghana has also been keen on marketing the country to other countries in Europe and America for its heritage and tourism sites.

GHANA HOSPITALITY PERFORMANCE SUMMARY Vs NAIROBI

	Nairobi (STR Data)			Ghana		
	Occupancy (%)	ADR	RevPAR	Occupancy	ADR	RevPAR
2013	59%	125	73.4	64%	215	138
2014	53%	123	65.9	61%	205	125
2015	53%	136	72.0	59%	200	118
2016	53%	134	70.6	60%	220	132
Average	55%	130	70.5	61%	210	128

· *3, 4 and 5-star hotels in Ghana have been performing better than those in Kenya with an Average Daily Rate of USD 210 between 2013 and 2016 compared to hotels in Kenya at USD 130*

· *They also have relatively higher occupancy at 61% compared to Kenya at 55% on average between 2013 and 2016, showing Ghana would be a better hotel investment location compared to Kenya*

Source: Cytonn Research 2017

Land

LAND PERFORMANCE SUMMARY				
Location	Acreage	Price (USD)	Price per acre (USD)	Price per acre (Kshs)
Accra				
Cantonments	1	4.0 mn	4.0 mn	414.0 mn
Cantonments	0.8	2.0 mn	2.6 mn	265.4 mn
Dzorwulu	4.6	4.5 mn	1.0 mn	101.9 mn
Airport City	1	3.0 mn	3.0 mn	310.5 mn
Average		3.4 mn	2.6 mn	272.9 mn
Excluding outliers			3.1 mn	330.0 mn
Accra Metro				
Oyibi	2.5	.3 mn	.1 mn	11.6 mn
Near Appolonia	2	.2 mn	.1 mn	10.4 mn
Average		.2 mn	.1 mn	11.0 mn
Grand Average		2.3 mn	1.8 mn	185.6 mn

- *The average price per acre in Accra City center areas is Kshs 317.2 mn*
- *An acre in the outskirts of the city goes for Kshs 11.1 mn while a serviced acre of land in the same locality goes for an average of Kshs 23.5 mn as shown below:*

Land is characterized by cumbersome processes due to the customary-charged land laws. An acre is most expensive within the city with an average cost per acre at USD 2.6 mn – 3.1 mn. Areas like Cantonments, which host Embassies such as American and Italy, have the highest land prices with an acre ranging between USD 2.6 mn – 4.0 mn.

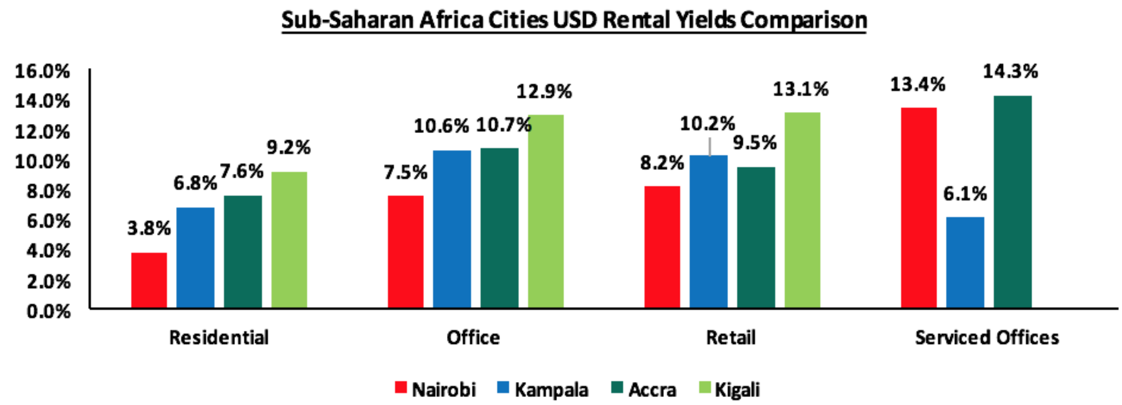
Source: Cytonn Research 2017

The average price for serviced plots is as shown below:

SERVICED PLOTS			
Size of plots	Current Price (USD)	Price per acre (USD)	Price per acre (Kshs)
70*50	19,950	228,000	23.6 mn
80*50	22,600	226,000	23.4 mn
90*60	30,500	225,926	23.4 mn
100*80	45,500	227,500	23.5 mn
110*90	56,000	226,263	23.4 mn
Average	34,910	226,738	23.5 mn

Source: Cytonn Research 2017

Comparative Analysis:



Source: Cytonn Research 2017

In comparison with other cities in Sub-Saharan Africa, Accra has better dollarized rental yields in residential, un-serviced and serviced offices, with yields of 7.6%, 10.1% and 14.3%, respectively, compared to Nairobi with 3.8%, 7.5% and 13.4%, respectively, and Kampala with 6.8%, 10.6% and 6.1%, respectively. Kigali however has the highest yields at 9.2%, 12.9% and 13.1% for residential, office and retail themes, respectively. The Kigali market's outstanding performance is due to its nascent stage, evidenced by its small population of 1.1 mn against matured markets such as Accra's 2.4 mn, Nairobi's 4.1 mn and Kampala's 1.5 mn people, according to the country's respective statistical bureaus.

Conclusion

Theme	Recommendation/ Outlook	Area of Focus
Residential	Focus on 3 and 4-bed compound houses in the mid and lower end segment of the market. For apartments, focus on 2-bed units in the high and mid-end segments of the market	3 and 4-bed compound houses in areas such as Spintex, East-Legon and Tema 2-bed apartments in Airport City, Dzorwulu, East Legon and Cantonments
Commercial Office	The office market is on a declining trend and vacancy rates are likely to increase due to i) increasing supply ii) firms increasingly taking up smaller office spaces iii) high cost of office rental space. However, given increasing demand for smaller office space set-up and demand from multi-nationals in the oil & gas, logistics and services sectors, the serviced offices is a viable venture for investors	Grade A and B serviced office space in Accra City
Retail Sector	The retail sector has a deal pipeline of 1.2mn sqft as a result of upcoming malls in Accra, Kumasi and Takoradi. Demand and supply is on the rise in other urban centers as existing tenants are looking to open new branches away outside the capital	Urban areas outside Accra such as Kumasi and Takoradi
Hospitality	Focus on business hotels in Accra in the short to mid-term	3,4 and 5-star hotels within Accra City

We have a positive outlook for the real estate sector in Accra given the improving political governance with the IMF intervention program, increased entry of multinationals, as well as a positive demographic profile.

For the comprehensive report, see our Accra Investment Opportunity Report