

# Angola real estate investors eye lower-cost housing

By: Reuters

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Angolan real estate – once one of the world's most expensive – now holds more promising investment prospects away from the top end of the market, according to real estate consultancy Colliers International.

As the global economic downturn weakens demand for multi-million dollar luxury homes in Luanda, the head of Colliers International in Angola, Nuno Serrenho, said investors should now look for opportunities in low- and medium-cost homes.

"What I see now is business opportunities in other areas of the market, such as building new homes for young Angolan workers and their families," Serrenho said in an interview with Reuters.

The south-western African nation faces a housing shortage as it recovers from a three decade-long civil war that ended in 2002, which devastated the countryside and prompted millions to flee to the cities.

Investors in Luanda's real estate market include conglomerate Escom, the Angolan arm of Portugal's Espirito Santo Group, as well as Brazilian construction firms Odebrecht and Carmargo Correia.

About a third of the country's 16,5-million people live in Luanda.

## OVERHANG

With an overhang of unsold luxury homes, especially in the residential suburb of Luanda sul, promoters are pinning their hopes on a growing middle class of Angolans now eligible for home loans to drive demand for the medium-to-low income real estate market.

"The market for luxury real estate is stagnant," said Licinio de Assis, head of Imocom real estate group in Luanda.

"Although there will always be demand for luxury products, there is no doubt in my mind that low-cost housing is the market investors should be aiming at in coming years," he added.

President Jose Eduardo dos Santos has stepped up calls and incentives for the private sector to help his government build one-million new homes by 2013 to improve the lives of the people.

Dos Santos's government said last year it would lift customs duties for some building materials used in low-cost housing to reduce building costs for developers.

Several new cement factories should also contribute to lower construction costs in a country that imports almost 90 percent of its building materials.

## PELE

Until recently, real estate developers in Angola mostly invested in luxury apartments and upscale commercial buildings in Luanda because they were easy to sell to oil companies amid record prices and exports in 2007 and 2008.

But the global economic downturn and a sharp drop in oil prices in 2008 and the start of 2009 – Angola rivals Nigeria as Africa's biggest oil producer – cooled demand for the luxury real estate market.

"Basically, there is less demand for expensive real estate products and the market in general," said Fernando da Ponte, who runs real estate agency Century 21 in Angola.

"But when the majority of Angolans start earning more money, the market for cheaper homes will open up," da Ponte added.

Former Brazilian soccer star turned real estate investor Edison Nascimento, known as Pele, is already betting on this market.

Pele is selling three-bedroom apartments in a condominium with security guards and a swimming pool near Luanda for around \$200 000, or about a fifth of the price tag on a one-bedroom apartment in Luanda's city centre.

His investment is seen by many as a vote of confidence in Angola's economy, which the government predicts will rebound to 8,6% growth this year from 1,3% in 2009.

A Reuters poll of 9 analysts sees the Angolan economy growing 9.4 percent this year on the back of a recovery in oil prices, which more than doubled in the last year.

The fact that foreigners like Pele are investing in Angola's real estate sector is "a very strong sign that Angola has recovered from the ashes of the war", said Aguinaldo Jaime, the head of Angola's investment agency ANIP.

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