

Property market faces brighter growth prospects

Real estate investment is drawing millions of dollars into the Ghanaian economy, thereby filling in the infrastructure deficit and providing better prospects for growth.

Carlo Matta, CEO of Laurus Development Partners

The skyline of Accra is beginning to reflect the image of an oil exporting middle income country. Since the rebasing of Ghana's Gross Domestic Product (GDP) from 1993 to 2006, per capita income changed from under US\$800 to US\$1,318. As Ghana's economy has grown, so has the demand for high quality residential property.

"There is a persistent need for sustainable, high quality real estate in Ghana but too often, buildings remain unfinished because of a lack of capital and development expertise," noted Carlo Matta, the chief executive officer of Laurus Development Partners, a new entrant to the property market in Ghana.

Neither the Ministry of Water Resources, Works and Housing or the Ghana Real Estate Developers Association, keeps accurate and current data on housing needs in Ghana. But anecdotal evidence estimates annual shortfall at about 30,000 units.

Mr Matta, who heads Laurus, a company incorporated in Ghana in 2009 believes that the trouble with the country's real estate industry is the lack of synergy between the property market and the financial sector.

"I think there is a huge housing deficit especially in the mid and lower segment in Ghana. Obviously, there is no proper mortgage industry. But the problem will be solved by increasing the supply and also by being able to support the development of the mortgage industry."

"Obviously for us it is an interesting sector and we are exploring it actively and hope in the near future to be able to launch mid income housing projects in Ghana," he said.

According to data gathered by the Ghana Investment Promotion Centre, the real estate industry is an alluring sector for foreign investors as it promises high investment returns.

However, most of the housing units on the market are targeted at high income earners and Ghanaian returnees with price tags of villas recorded as high as US\$500,000 on average.

"We are not looking at the high end market in the immediate future. We think that it is a market that is already crowded so we think a better opportunity for us is mid income housing units where there is a huge and unsatisfied demand," added Mr Matta.

For now, Laurus is focused on challenging the status quo and developing environmentally sustainable, large scale residential and commercial properties.

The firm will soon begin the construction of a US\$60 million office space complex at Airport City, one of the fastest growing commercial districts in Accra. With the address of 'One Airport Square,' the project was designed by the award winning Italian architect, Mario Cucinella. It comprises shops and offices and is expected to create jobs.

The 17,000 square metre multi-storey complex scheduled to be completed in 20 months is envisaged to become a hub for visitors from around the world and will allow Ghanaians to enjoy the same world-class working and leisure experience as they would overseas.

"The buildings we develop are conceived and designed to be relevant not only today, but in the next 20 or 30 years. It is very important that we show this long term commitment to Ghana," he said.



Carlo Matta, CEO of Laurus Development Partners and Amanda Jean Baptiste, Director of Real Estate of Actis, unveil One Airport Square project in Accra

Laurus draws its financial power from Actis, a project investment company, which partly owns the landmark Accra Mall shopping centre. Actis provides Laurus with the financial muscle to deliver complex, long term projects in the challenging West African business environment.

"The Accra Mall and One Airport Square are very different products and projects. I will say Accra Mall was good encouragement for us because it was very successful and became a landmark in Accra. Definitely, One Airport Square follows a completely different logic because it is an office building. We want to build quality buildings and quality does not necessarily mean luxury, but rather it means doing the right thing, all the time, no matter where you are building," Mr Matta said.

Actis, which has so far invested more than US\$150 million in the real estate industry in Africa, believes that its involvement with Laurus Development Partners will give the company a stronghold on the continent and an additional footprint on Ghana's property market.

The Director of Real Estate of Actis, Amanda Jean Baptiste explained that the company aims to double its real estate investment in the next five years and wants to use Ghana as a launch pad to control the real estate market in West Africa.

"Ghana is of course key to our strategy. For Actis, Ghana was the obvious choice for Laurus' base. Accra is fast becoming the business hub of the region with a flourishing economy and growing numbers of multinationals choosing to locate here."

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"We see great demand for office and leisure facilities. This is what Laurus will deliver," Ms Baptiste said.

"The key driver for our entry into the real estate market is our recognition of the increase in consumer expenditure in this market and the need for retailers to formalise value chain offerings."

"Everyone expects to walk into a modern shopping centre wherever we are in the world. We have done so with the Accra Mall and the Palm Shopping Centre in Lagos. We are also developing the Ikeja City Mall right now. So we want to replicate what you see everywhere else in the world – it should be here in Africa and it should be here in Accra," she added.

"We expect to invest another US\$80-100 million in Accra in the next five years and critical to that strategy is setting up Laurus Development Partners. Laurus is our key factor in realising our vision," Ms Baptiste said.

"We see the need to build multi-purpose office space in sub-Saharan Africa and we think the market is right for us to do this in Accra," she said.

The Airport City project was conceived about two decades ago as part of the Ghana Gateway programme.

The area has so far attracted multimillion dollar investments and the presence of the country's top banks, hotels, and telecom and auto companies is gradually turning the area into a prominent multiplex. **CE 7**