Ghana's Real Estate Sector Report

November 2022

GHANA INVESTMENT PROMOTION CENTRE

Contents

GHANA INVESTMENT PROMOTION CENTRE

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Why invest in Ghana

GHANA INVESTMENT PROMOTION CENTRE

Why invest in Ghana
Country overview

- Formerly known as the Gold Coast, Ghana was the first sub-Saharan nation to gain independence from colonial rule in 1957.
- Ghana is credited as being one of the most stable democracies in Africa, having successfully conducted 8 national elections and recorded no incidence of a coup d'état since 1992.

Airports

- 1 international airport
- 5 domestic airports

Railway

- 3 major railway networks with a total track length of 1,300 km

Dry ports

- Tema Port
- Takoradi Port

Road network

- Main roads: 67,291 Km
- Main arteries : 12,800 Km
- Paved roads: 3,800 Km

Internal infrastructure

Total land area	**Overview:** Ghana has total land area of 238,537 sq.km Ghana has 16 administrative regions and 261 district assemblies.
Electricity supply	• Ghana's electricity supply is derived from hydropower generated from the Akosombo, Bui Power and Kpong dams, and 10 thermal plants at Aboadze in Western Region. • According to World Bank, Ghana has an 86.63% (2021) access to electricity.
Water supply	Water is provided to citizens through the Ghana Water Company Limited, Community Water and Sanitation Agency and private water producers.
Locational advantage	○ Ghana is geographically closer than any other country to the center of the earth. ○ Ghana has 2 harbors with one being the largest in West Africa, making Ghana the gateway to West Africa.

Source: Oxford Economics, Ghana Statistical Service, UNCTAD, Bank of Ghana, Doing Business Report (2020), World Bank

Why invest in Ghana
Investment attractions

2nd largest economy in West Africa

- Ghana has an active retail market and healthy consumption levels. Fitch reports, household spending is expected to increase from US$55bn in 2021 to USD81bn in 2025.
- AfCFTA presents an opportunity for intra-regional growth by leveraging access to common markets and knowledge transfer through labour mobility, thereby attracting foreign direct investments into the region.
- The AfCFTA secretariat is located in Ghana.

Rich in natural resources

- Ghana was the largest (No.1) producer of gold in Africa and 6th largest in the world in 2021.
- 13,000 metric tonnes of manganese reserve.
- 16.86 million tonnes of high-grade trihydrate bauxite mined since 1997.
- Newly discovered deposits of lithium in 2021 amounting to 30.1million tonnes, setting Ghana up to become West Africa's first lithium producer.

Preferred tourism destination

- International arrivals of tourist increased from 932,579 in 2016 to 1,130,307 in 2019, however 2020 saw a reduction to 355,108 due to lockdown measures in response to Covid -19.
- As at September 2021, international tourist arrivals increased by 18% while domestic tourists grew by 58%.

Youthful population

- Ghana is blessed with a very youthful population, about 67% of the population is within the ages of 15 to 64 years.
- Government initiative such as free basic and secondary has ensured a 69.8% literacy rate for citizens who are 6 years and older as at 2021.

Stable political environment

- Ghana is ranked the second most peaceful country in Africa and the 38th most peaceful country in the world as per the 2021 Global Peace Index.
- Due to provisions made in the constitution of Ghana (article 20) and Free Zones Act (Act 504) there is a reduced threat of nationalism of private businesses.

Investor-friendly government initiatives

- Government has initiated a plethora of incentives to ensure a conducive and enabling business environment.
- Government incentives include tax holidays, rebates, provision of industrial parks, provision of finance through partnering agencies and interest subsidies.
- Ghana has double taxation agreements with the United Kingdom, South Africa and other EU countries.

Top investment destination

- Foreign Direct Investment (FDI) has averaged $2.72b from 2017 to 2021, suggesting stability in the inflow of capital with investment focus in oil and gas, mining (including gold and manganese), and agriculture (cocoa).
- Ghana attracted US$2.65bn in FDI inflows in 2020, one of the highest amount in West Africa.

Agrarian economy

- Ghana is endowed with vast arable lands rich in agriculture.
- In 2020, Ghana was the **2nd** largest producer of cocoa in the world, the **4th** largest producer of cassava in the world.
- Ghana is blessed with fertile land for the production of maize, tomato, rice among many other food crops.

Source: Oxford Economics, Ghana Statistical Service, United States Geological Service, Global Peace Index, World Bank, Visit Ghana (Tourism Report 2020), Ghana Investment Promotion Centre, Ghana Bauxite Company Ltd

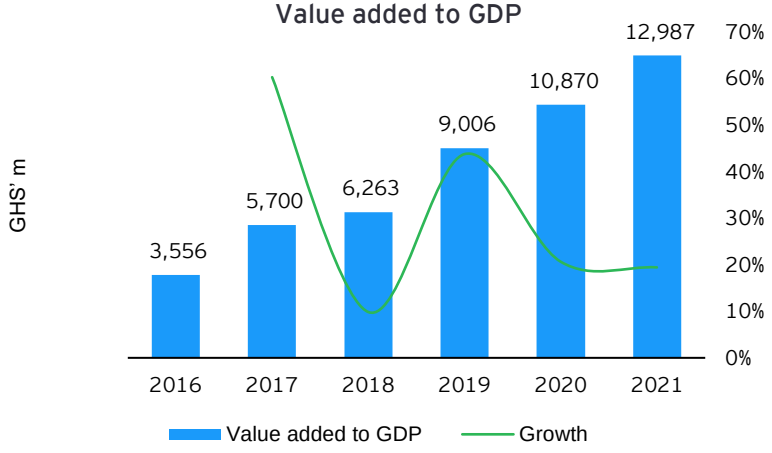
02

Sector overview

Sector overview: Snapshot of the real estate sector in Ghana

- Ghana's real estate sector has experienced significant growth in the last five years, recording a compounded annual growth rate (CAGR) of 30% between 2016 and 2021; making it one of the fastest growing economic sectors in Ghana. The sector is primarily composed of the office market, retail market, industrial market and the residential market.

Value added to GDP



Players

- Real estate agents
- Property developers
- Home owners/landlords
- Tools for discovery and trade

Regulators and associations

- Ministry of Works and Housing, Republic of Ghana
- GREPA
- GREDA Ghana Real Estate Developers Association
- GAR Ghana Association of Real Estate Brokers

Subsectors

- Office market
- Retail market
- Industrial market
- Residential market

Labour force in real estate

0.1%

Real estate labor force

10,746

Ghana Statistical Service (2021)

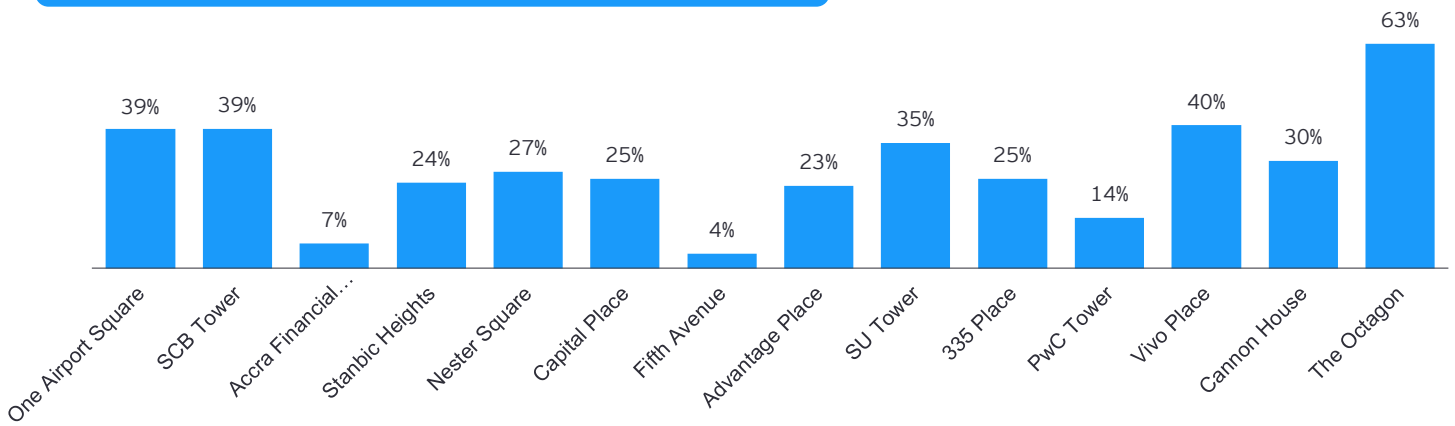
Source: Broll, Ghana Statistical Service.

Sector overview: Office market

Overview of office market

- The office real estate market is dominated by private sector players; providing state-of-the-art facilities to companies in need of workspaces. The current stock of A-grade developments is at about 144,105m^2 and about 15,000m^2 in pipeline developments.[1]
- The office real estate market experienced significant developments during the pre-pandemic period spurred by government initiatives such as the industrial transformation drive and the provision of tax reliefs. These initiatives made the business environment attractive to indigenous companies and multinationals. This is evidenced by the increase in the demand for office spaces by newly established companies in the pre-pandemic era.
- Demand for office space is concentrated around Accra, with locations in Ridge, Airport City, and Cantonments leading the way.

Office space vacancy rate (as of Q2-2021)



Key statistics (in H1-2021)

Current stock (A-grade)	144,105m^2 +
Prime average achieved rent (A-grade)	US$25 – US$28 /m^2/month
Pipeline development (A-grade)	15,000m^2 +
Prime average achieved rent (B-grade)	US$15 – US$20 /m^2/month
Average yield range	8.5% - 12.5%
Service charge	US$5 /m^2/month

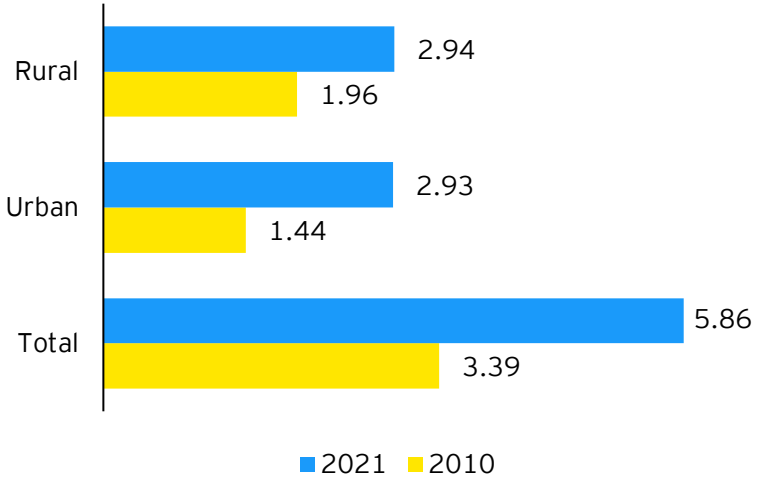
Source: Broll[1],Northcourt Real Estate[2]

Sector overview: Residential market

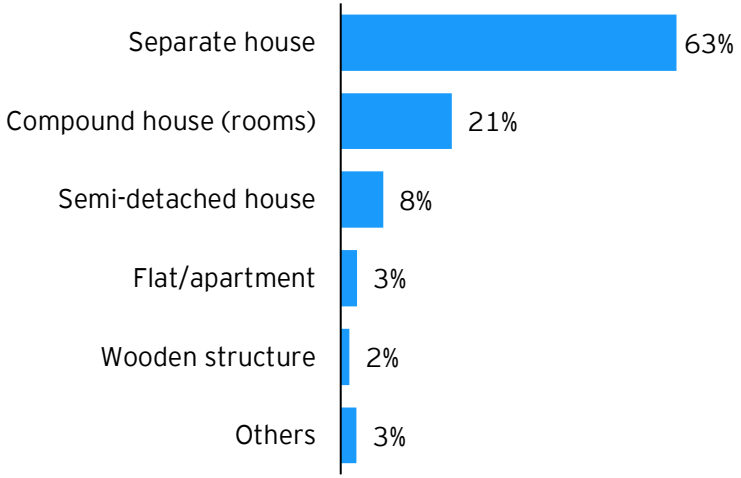
Overview of residential market

- Residential facilities comprise structures used or intended to be used for dwelling, living or as a sleeping space by an individual, households, or groups of people.[1] The development of residential structures has been championed by both government and the private sector. Residential structures have grown from a total of 3.39 million structures in 2010 to 5.86 million structures in 2021.
- Despite the increase in residential structures in the last 11 years, Ghana still has a housing deficit of 1.8 million. According to the Ministry of Finance, about 60% of Ghana's urban population needs government assistance in accessing decent housing facilities. In line with this need, Ministry of Works and Housing is implementing a number of initiatives to provide affordable housing units and create an enabling environment for private sector participation.
- About 9 out of the 23 universal banks in Ghana have official mortgage products ranging from buying to renovating homes. The National Homeownership Fund is also working in partnership with three universal banks, the Rent to Own Scheme of the Affordable Real Estate Investment Trust, as well as GCB capital to plug the housing deficit.
- On the supply end of the market, Government is also committed to providing land to developers, infrastructure at designated affordable housing project sites; and tax incentives and exemptions. The Ministry of Works and Housing in collaboration with the State Housing Corporation has also commenced work on the construction of 6,584 rental housing units at the district level for public workers.

Number of residential structures ('m) - 2021



Proportion of dwelling units - 2021



Key statistics (in H1-2021)

Dwelling Units

10.0 million

Housing deficit

1.8 million

Prime average achieved rent

US$2,200 – US$3,000 /m²/month

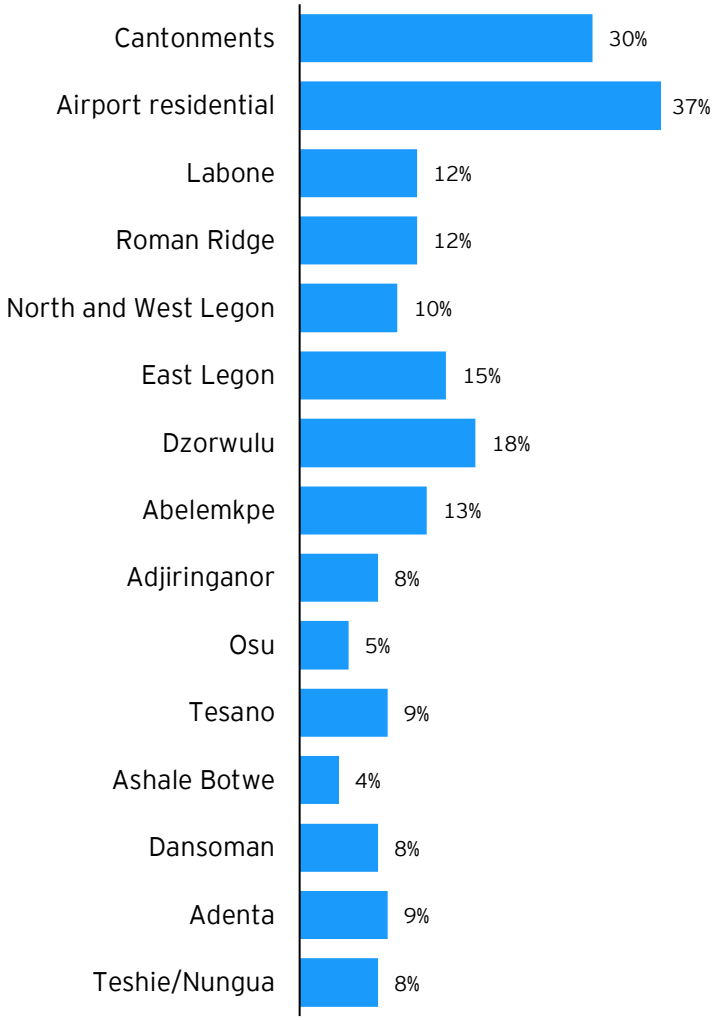
Average yield range

10% - 13.5%

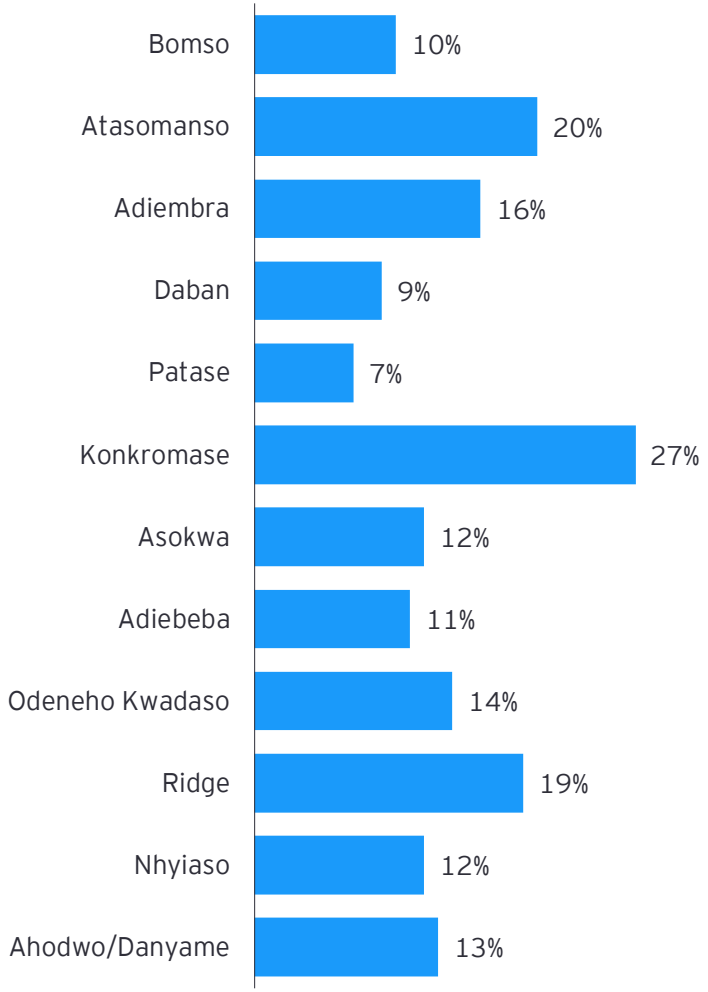
Source: Ghana Statistical Service[1], Broll, Northcourt Real Estate, Ministry of Finance.

Sector overview: Residential market

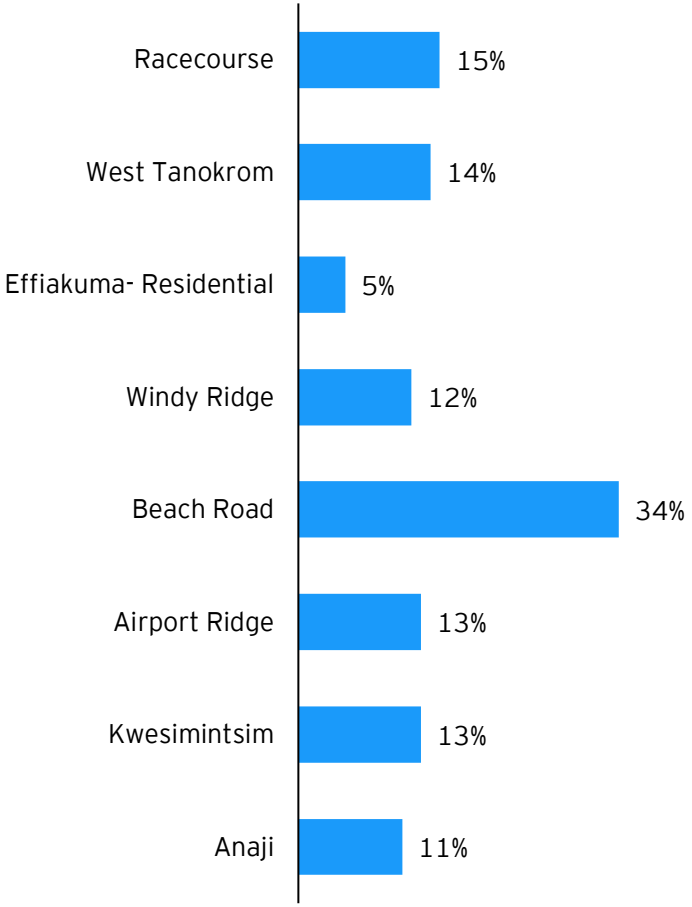
Residential vacancy rates – Accra (as of Q2-2021)



Residential vacancy rates – Kumasi (as of Q2-2021)



Residential vacancy rates – Takoradi (as of Q2-2021)



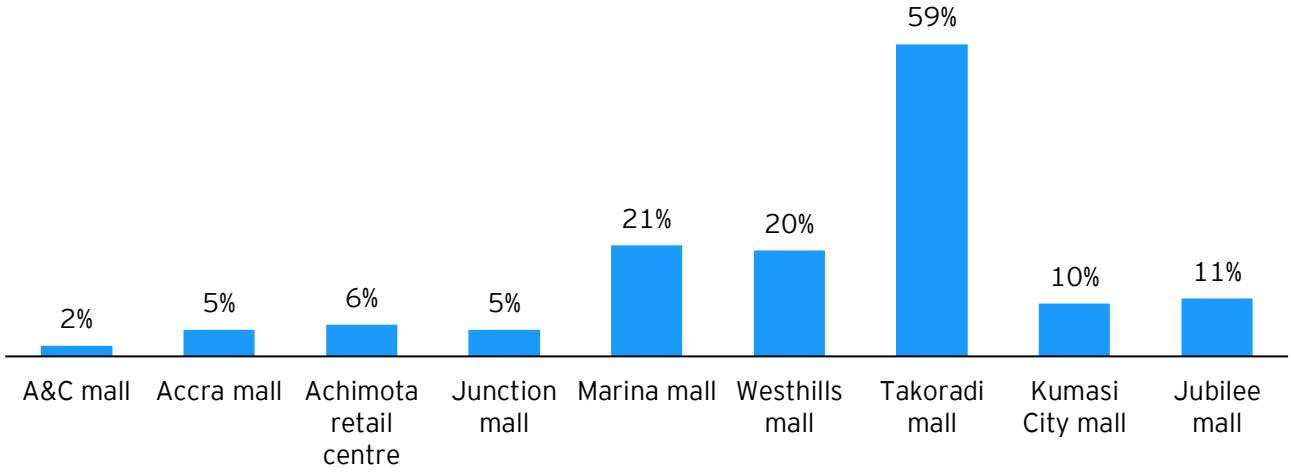
Source: Northcourt Real Estate

Sector overview: Retail market

Overview of retail market

- Game, Shoprite, Max Mart, Koala, and Melcom brands are some of the biggest retail brands on the Ghanaian market. These brands predominately operate from privately owned malls on tenancy basis with an estimated stock size of about 138,000m^2.
- Although shopping malls house a significant number of retailers, recent trends indicate some retailers are opting for converted residential developments while others operate from medium-sized retail plazas.[1]
- Footfall to retail centers reduced significantly in 2020 due to the spread of Covid-19. The retail market has however recorded a significant increase in footfall from 2021 through to 2022 after the lifting of most lockdown restrictions implemented in 2020.
- Accra mall attracts approximately 7 million customers per year and currently records a vacancy rate of 5% amongst the list of malls below.
- Pipeline investment in the retail real estate space includes the Garden City Mall in Kumasi and World Mall Ghana, off the Spintex Road in Accra.

Retail vacancy rate (as of Q2-2021)



Key statistics (in H1-2021)

Current stock

138,000m^2 +

Prime average achieved rent

US$20 – US$40 /m^2/month

Pipeline development (A-grade)

60,000m^2 +

Service charge

US$5 – US$7.5 /m^2/month

Average yield range

8% - 12%

Source: Northcourt Real Estate[1], Broll

Sector overview: Industrial market

Overview of industrial market

- Ghana's industrial hubs are predominantly situated in Accra, Tema, Kumasi and Takoradi. The industrial market is dominated by the cocoa and the energy industry, however, implementation of several government initiatives is expected to perpetuate significant growth in this market.
- Government through the Ministry of Agriculture and Ministry of Special Initiative under the auspices of the One District One Warehouse initiative has made significant strides in increasing the number of warehouses in the country. As at the end of September 2021, 23 warehouses, each with a storage capacity of 1,000 metric tonnes, out of the target of 30 warehouses had been completed.
- The establishment of Specialised Industrial Zones, one of the Ministry of Trade and Industry's ten-point industrialization plan, through partnerships with the private sector is expected to increase the country's industrial real estate base. Some completed parks under the initiative include the Dawa Industrial Park and the Tema Industrial Park by LMI holdings.
- On the demand-side, situating the AfCFTA secretariat in Ghana coupled with incentives such as Ghanaian manufacturers having tariff-free access to 53 other economies is expected to increase the production in factories. The increase in production will result in an increase in demand for warehouse space.

Other industrial infrastructure developments

In September 2018, B5 Plus commenced the construction of what is to be the biggest metal factory in Ghana. In April 2021, phase one of the factory was commissioned while the company announced the commencement of work on the second phase of the project.

In November 2021, Bui Power Authority unveiled plans for the construction of eight power plants with a total capacity of 259 MWp in Ghana.

Weddi Africa Limited tomato factory, under the auspices of 1D1F, was fully commissioned in 2021 and boasts of a production capacity of approximately 40,000 tonnes of fresh tomatoes per annum.

Key statistics (in H1-2021)

Average achieved rent (Low to High End)	Average yield range
US$2 – US$7.5 /m²/month	11% - 14%

Source: Broll, Northcourt Real Estate

Sector overview: Players in the real estate market

Real estate developers:

- TDC Ltd.
- TRASACCO ESTATES DEVELOPMENT COMPANY
- LMI Holdings
- CLIFTON HOMES
- SHC STATE HOUSING Company Limited The Nation's N0.1 Builder
- DEVTRACO LIMITED REAL ESTATE DEVELOPERS
- WONDA WORLD
- BUENA VISTA HOMES BUILT BY BV HOMES LIMITED
- GOLDKEY PROPERTIES BUILDING PRESTIGE SINCE 1997
- ERIS PROPERTIES GHANA
- APPOLONIA City
- REGIMANUEL GRAY LIMITED REAL ESTATE DEVELOPERS
- MANET The Ultimate Property Developer
- DREAM REALTY
- Laurus DEVELOPMENT PARTNERS

Real estate agent/brokers:

- CAMEO 1 HOMES REAL ESTATE
- PICASSO Estates & Services
- TAYAK REALESTATE
- RENPERTY PROPERTIES
- PRONTO
- Ana Arkutu Powering Luxury Real Estate Brands
- Westfields REAL ESTATE
- GHANA PRIME PROPERTIES
- SellRent GHANA
- DWELLYS
- POLEN REALTY
- akka kappa PROPERTY SOLUTIONS
- EAGLESDALE GHANA
- RMK Property Management
- EDMARK ESTATE AGENCY

Online portals:

- meqasa.com Ghana's No.1 Property Website
- Loop Ghana MLS
- Tonaton.com GHANA'S LARGEST MARKETPLACE
- Jiji.gh

Source: Market research.

Key developments

01 Royal view estate project

In February 2020, Emefs Construction started development on its Royal View Estate project, a 400-unit housing project in Gbetsile in the Kpone Katamanso Municipality of Tema.

02 Takoradi market circle project

In August 2020, construction work began on the US$ 56.5m Takoradi Market Circle Project. The project involves 2,408 stores, 33 restaurants, food courts, and other public infrastructures. The construction will be overseen by Messrs Contracta Costruzioni Italia.
The Government of Ghana through the Ministry of Transport is committed to the construction of the Keta Habour Project after feasibility studies confirmed the economic viability of the project.

03 Construction of a steel mill

Rider Iron & Steel Ghana received US$ 12m from the International Finance Corporation in August 2020 for the development of a US$ 24m 300,000-tonne-per-year steel mill at Odumase, in the southern Kumasi district.

04 Automotive assembly plant

In April 2020, Nissan Motors in partnership with Japan Motors Ghana commissioned an auto assembly plant in Accra. The plant will build Navara pickup trucks for the West African market using parts from Nissan's Rosslyn, South Africa, manufacturing facility.

05 Renovation of the University of Ghana Stadium

In a statement by the Minister of Youth and Sport to parliament, the ministry has committed to renovating the abandoned University of Ghana Stadium. The renovation of the stadium is expected to be completed in time for the Africa Games in 2023.

Source: Fitch Solutions Report

Key developments

06

Keta Habour Project

The Government of Ghana through the Ministry of Transport is committed to the construction of the Keta Habour after feasibility studies confirmed the economic viability of the project.

Source: Fitch Solutions Report

Current sector promoters

	Promoter	Notable transactions	Transaction year
The World Bank	The World Bank	Ghana Economic Transformation Project – Specialised Industrial Zones	2020
Blacklvy endeavors that matter	Blacklvy	Westpark	2019
Amaja Oilfield Limited	Amaja Oilfield Limited	Takoradi Mall	2018
HYPROP INVESTMENTS LIMITED	Hyprop Investment Limited	Kumasi City Mall	2017
ATTERBURY Property fund	Atterbury	Kumasi City Mall	2017

Source: Company websites

Draft

Regulatory overview

	Regulatory agency	Scope of activity	Responsibilities	Nature of activity		
				Oversight function	Inspection/ licensing	Policy making
	Ministry of Works & Housing	General	Initiating and formulating policies for the works and housing sector. Responsible for coordinating, monitoring, and evaluating the sector's plans, programs, and performance for national development.	✓	✓	✓
	Architects Registration Council	General	Ensuring the best possible standards in the practice of architecture in Ghana, as well as the registration of individuals in the architectural profession.	✓	✓	
	Ghana Real Estate Professionals Association	General	Bringing professionals in the Ghanaian real estate industry together for purposes of promoting the goals of its members, promoting professional standards and ethics within the industry, and providing local and international networking.	✓		✓
	Ghana Real Estate Developers Association	General	Promoting the development of strong private sector participation in housing delivery while protecting consumers by avoiding shoddily erected buildings and ensuring the conformance of developers to agreed professional standards.	✓	✓	
	Engineering Council	General	Regulating the engineering practice and providing for regulatory matters in order to ensure the highest professional standards in the engineering practice.	✓	✓	

Source: Company Website

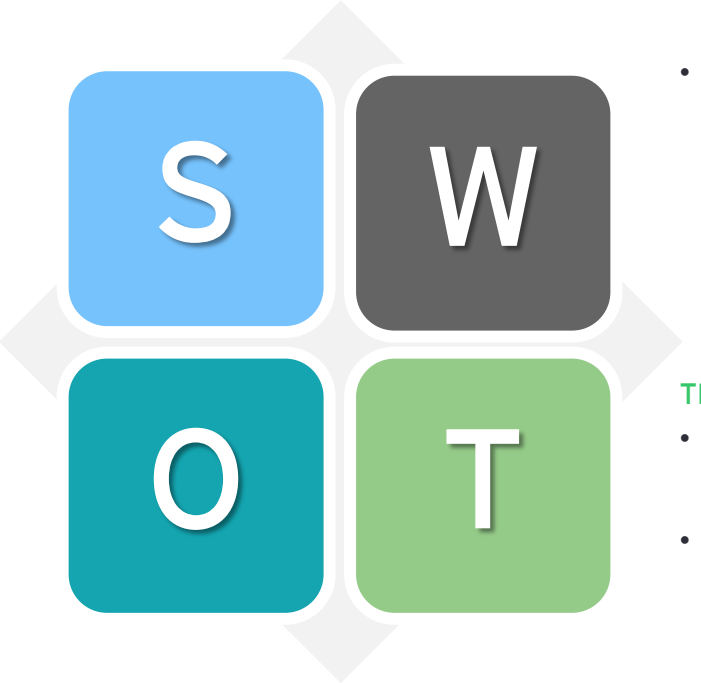
Sector SWOT analysis

Strengths

- Government has instituted tax incentives in the form of mortgage interest tax relief for first-time homeowners in the country. The objective of the relief is to motivate citizens to own homes.
- The establishment of the National Housing and Mortgage Fund in partnership with GCB Bank, Stanbic Bank, and Republic Bank offers subsidized rates largely dictated by the government. Public sector workers are also able to borrow at 10%-12% under the National Mortgage and Housing Finance initiative.
- Well regulated industry as supported by the Real Estate Agency Act (Act 1047) and Land Act 2020 (Act 1036).

Weaknesses

- Affordability remains an issue that plagues the real estate sector; this is largely due to low household income which precludes saving and investments in acquiring properties.
- Litigation over land is a weakness because it halts the progress of development. It is reported that most landowners in Ghana enjoy selling land to multiple individuals, and these buyers eventually go to court to battle for their rights which results in significant financial losses and delays in the start of real estate projects.



Opportunities

- Ghana's housing deficit of 1.8 m houses indicates a viable opportunity for the provision of affordable housing.
- Increasing urbanization, especially in Accra, Kumasi, and Takoradi, provides a favourable outlook for the demand for residential, retail, and industrial facilities.
- The ratification of the AfCFTA (African Continental Free Trade Area) agreement and the hosting of the AfCFTA secretariat in Accra will stimulate the expansion of the retail, service, and industrial sectors. This expansion will come with increased demand for industrial, office, and residential real estate facilities.
- The deficit of hostel facilities on tertiary education campuses presents a viable investment opportunity for real estate developers.

Threats

- Increasing inflation and depreciation of the domestic currency increases the cost of materials used in the construction of properties.
- Given Ghana's budding financial eco-system, there is limited availability of funds and a high cost of financing for undertaking real estate investments. Average lending rates reported by the Bank of Ghana as at April 2022 stood at 21.61%.

Source: Centre for Affordable Housing Finance in Africa, Fitch Solutions Report, Ministry of Finance.

03

Sector opportunities

Sector opportunities

Land bank opportunities

Purchase of land as an investment property with the hope of a significant increase in value in the future is an avenue that promises significant returns in Ghana. Locations like Kasoa, Gbawe, Aburi, Peduase, and their environs provide significant land banking opportunities.

Single-family homes

Ghana has a housing deficit of about 1.8 million houses; the deficit is indicative of the demand for houses outstripping the supply. With the projected increase in the percentage of middle-class households in the medium term, the construction of single-family houses ranging from 2 to 5 bedrooms for couples and salary earners presents a viable investment opportunity.

Apartments

- Luxurious residential apartments in Cantonments, East Legon, and Roman Ridge provide state-of-the-art facilities to expatriates who have relocated to Ghana to conduct business.
- Smaller apartment buildings located on or close to the campuses of tertiary educational institutes are viable investments that will contribute to reducing the lack of residential facilities on some university campuses in Ghana.

Commercial real estate

Investment in retail real estate presents viable opportunities for prospective investors:

- Given the low vacancy rates in prime malls in Accra and the increase in footfall to retail centers in 2021, retail activity is expected to continue growing in the short to medium term. With this backdrop, Broll Ghana anticipates growth in the demand for retail space.
- Development of retail facilities in prime locations like Accra, Madina and Kumasi promises very lucrative returns given their level of retail activity and the demand for retail space in these locations.

Industrial real estate

- The government is open to engaging with the private sector for the development of specialized economic zones and/or industrial parks to drive its flagship policy –" One District One Factory (1D1F).
- The implementation of 1D1F provides a lucrative opportunity for warehousing even as factories churn out manufactured products for local distribution and exportation. The location of warehouses, for storing manufactured products and other agricultural produce, is very key in making handsome returns even as Ghanaian producers have tariff-free access to countries under the AfCFTA agreement.

Source: Broll, Devtraco

04

Key investment considerations

GHANA INVESTMENT PROMOTION CENTRE

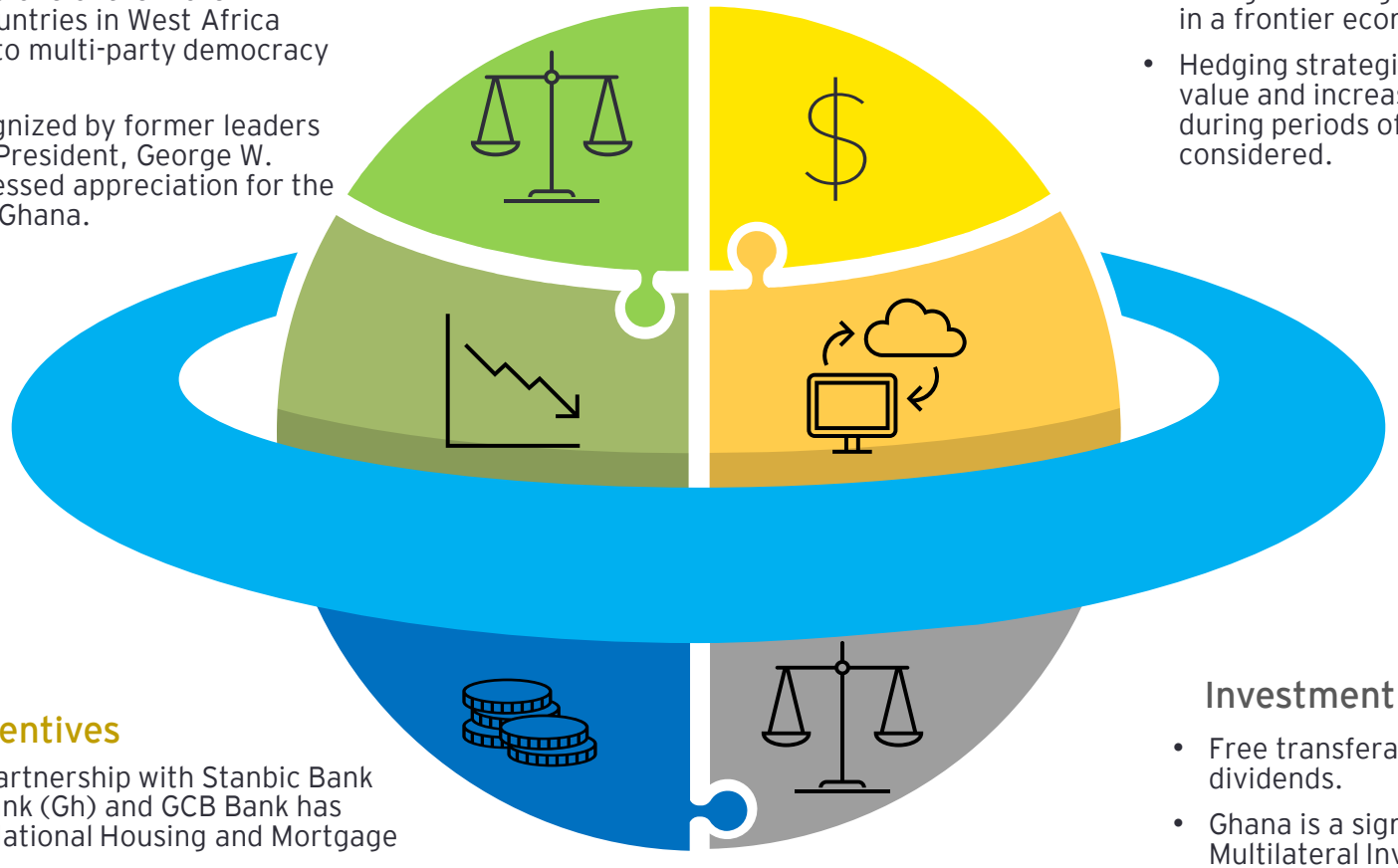
Key investment considerations

Political stability

- Ghana is considered one of the more politically stable countries in West Africa since its transition to multi-party democracy in 1992.
- This has been recognized by former leaders such as former US President, George W. Bush who has expressed appreciation for the political stability in Ghana.

Currency risk

- It will be in the interest of investors to consider foreign exchange risk for foreign direct investment in a frontier economy like Ghana.
- Hedging strategies to guard against the loss of value and increase in the cost of imported inputs during periods of currency depreciation should be considered.



Housing deficit

- According to the Ghana Statistical Service, Ghana has a housing deficit of c.1.8 million in the residential real estate market.
- The housing deficit is indicative of available demand for newly constructed affordable housing facilities.

Incentives and infrastructure

- Ghana provides tax incentives to real estate companies to carry forward losses incurred in the first three years of operation.
- Government is also implementing its digitization agenda by completely digitizing the National Land Registry in Ghana.

Financing incentives

- Government in partnership with Stanbic Bank (Gh), Republic Bank (Gh) and GCB Bank has established the National Housing and Mortgage Fund.
- The objective of the fund is to impact both the demand and supply ends of the real estate market. The fund operators will facilitate reduced interest rates on mortgages and also provide construction finance to real estate developers.

Investment guarantees

- Free transferability of capital, profits and dividends.
- Ghana is a signatory to the World Bank's Multilateral Investment Guarantee Agency (MIGA) Convention.
- Double Taxation Agreements (DTAs) to rationalize tax obligations of investors in order to prevent double taxation.

Source: Ghana Statistical Service, Ministry of Finance.

05

Testimonials

Testimonials

“Having been in business for 15 years and have observed that the Ghanaian real estate market, as in everywhere, is cyclical.

Tremendous opportunities exist in nearly all the real estate market spectrum with regards to urban planning, infrastructure works, consistent road development programs, which will help decrease the perceived risk of the industry to investors.”

Dream Realty Limited

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Contact us

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GHANA INVESTMENT PROMOTION CENTRE

07

Appendix

GHANA INVESTMENT PROMOTION CENTRE

Appendix I: List of abbreviations

Abbreviation	Meaning
1D1F	One District One Factory
AfCFTA	African Continental Free Trade Area
DTA	Double Taxation Agreement
ECOWAS	Economic Community of West African States
EU	European Union
FDI	Foreign Direct Investment
GAR	Ghana Association of Real Estate Agents
GCB	Ghana Commercial Bank
GDP	Gross Domestic Product
GoG	Government of Ghana
GIADEC	Ghana Integrated Aluminium Development Corporation
GREDA	Ghana Real Estate Developers Association
GREPA	Ghana Real Estate Professionals Association
H1	First Half
MIGA	Multilateral Investment Guarantee Agency
MWp	Megawatt peak
PPP	Public Private Partnership
Q2	Second Quarter
SSNIT	Social Security and National Insurance Trust
TBA	To Be Announced