The Africa Industrial Market Dashboard

Knight Frank

H2 2024

The Africa Industrial Market Dashboard report provides occupiers, landlords, and investors with a regular analysis of the rental performance and trends of prime industrial markets across Africa.

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Dangote Refinery, Lagos Nigeria

MARKET OVERVIEW

The African industrial market has demonstrated sluggish growth in the second half of 2024, with several key markets tracked by Knight Frank showing limited performance and stagnant rental growth due to ongoing macroeconomic pressures. Notably, rental rates in markets such as Kenya, Tanzania, and Malawi remained stagnant year-on-year, holding steady at US$ 6, US$ 5, and US$ 3 psm respectively, from H2 2023 to H2 2024.

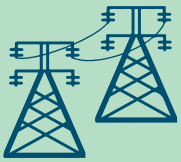
In Kenya, Tanzania, and Uganda, the closure of CMC Motors Group highlighted the challenging business environment, with the company attributing its exit to economic headwinds, currency depreciation, and rising operational costs. Similarly, due to persistent power supply challenges, Zimbabwe's industrial sector faces significant disruptions. Industrial zones in and around Harare are experiencing up to eight hours of daily load shedding, which has heavily impacted manufacturing operations and supply chains.

Elsewhere, sustainability and environmental, social and governance (ESG) considerations remain a central focus for industrial occupiers, aligning with broader commercial real estate trends. African manufacturers are increasingly adopting sustainable operational models, particularly in South Africa, where demand for energy-efficient and environmentally responsible facilities is on the rise. Integrating solar energy, water conservation technologies and waste-reduction systems has become a key differentiator in the market, with developers actively incorporating green building principles thereby enhancing asset value while reducing long-term operational costs.

Regional trade agreements continue to shape industrial real estate dynamics. For instance, the African Continental Free Trade Area (AfCFTA) represents a significant opportunity for the expansion of intra-African trade. The agreement aims to eliminate tariffs on 90% of goods and simplify customs procedures. This is expected to increase demand for logistics and warehousing infrastructure as businesses seek to optimise their supply chains to take advantage of the expanded market access.



Sluggish rental rate growth registered with most market rates stagnated



Energy disruptions in some markets have heavily impacted on production and supply chains



ESG

Remains a key consideration for industrial occupiers



(AfCFTA) represents a significant opportunity for the expansion of intra-African trade

Source: Knight Frank

"The African Continental Free Trade Area (AfCFTA) agreement aims to eliminate tariffs on 90% of goods, simplify customs procedures and ultimatedly expand intra-African trade."

COUNTRY SNAPSHOTS

BOTSWANA

The Botswana industrial property sector continues to experience good demand, driven by owner-occupiers and investors seeking high-quality assets. The increasing preference for Grade A industrial facilities has catalysed new developments, reinforcing the sector's upward trajectory. Notably, the completion of land servicing at Phakalane's Morula Industrial in H2 2024 has paved the way for significant expansion. Our data shows that over 150,000 sqm of new industrial space will be introduced in the precinct within the next three years. This would represent an approximate 20% increase in available industrial space in the area.

Development trends suggest a shift towards the outskirts of Gaborone as serviced industrial land within the inner city becomes increasingly scarce. This supply constraint within prime locations prompts investors to explore alternative sites, leveraging infrastructure improvements and expansion strategies to accommodate industrial growth.

Recent acquisition activity underscores investor confidence in the sector's stability, particularly regarding rental appreciation, which has recorded a 3 -5% year-on-year increase on average, and long-term occupancy.

Notably, several industrial properties were transacted with some vacancies, reflecting positive sentiment towards future market absorption.

Rental Market Performance: The Botswana industrial rental market exhibits varied rates depending on property size and type. The following prime monthly rental rates were observed in H2 2024:

- **Light industrial properties:** Prime monthly rental rates range between US$ 4.7 – 6.1 per sqm.
- **Large-scale industrial facilities (20,000+ sqm):** Average rental rates are approximately US$ 2.0 per sqm.
- **Mid-size industrial properties:** Monthly rental values average between US$ 4.0–4.5 per sqm.



Gaborone's Diamond Technology Park

"Development trends suggest a shift towards the outskirts of Gaborone as serviced industrial land within the inner city becomes increasingly scarce. ."

EGYPT

Greater Cairo's industrial activity is primarily located on the city's periphery, particularly in the west and east, with key industrial hubs in the 6th of October Industrial Zone and Abu Rawash. These zones reported an average occupancy rate of 90% in H2 2024, with some individual parks reaching as high as 100%, underscoring the limited availability of industrial space and the strong demand for strategically located facilities. The market is primarily controlled by major developers such as Polaris Industrial Parks, El Sewedy, and CPC, whose dominance shapes supply trends and rental pricing structures.

Elsewhere, the country's industrial market is also witnessing a significant shift towards Special Economic Zones (SEZs) for its advantages. A good example is the Suez Canal Economic Zone (SCZONE) near Ain Sokhna. As Egypt's inaugural SEZ, SCZONE benefits from a hybrid regulatory framework that combines free zone advantages, such as exemptions from customs and import duties on raw materials designated for export, with provisions allowing a predetermined share of production (typically 30%) to be distributed within the domestic market, subject to agreements with the relevant authorities. Additional fiscal incentives include reductions in corporate income tax, real estate levies, and other operational taxes, reinforcing SEZs as a critical driver for industrial expansion.

The logistics and warehousing sub-sector has grown sustainably over the past five years. This expansion is closely linked to Egypt's ambitious infrastructure development programs, including the Light Rail Transit (LRT) system, extensive road network expansions, and the modernisation of port facilities, culminating in 18 commercial ports. In response to rising demand, there has been a notable shift towards high-quality, Grade A logistics parks that adhere to international standards. Prominent developments include Yanmu Park by Hassan Allam in East Cairo and Bosla by Polaris Industrial Parks on the western periphery. Increased demand for Grade A logistics facilities has driven rental rate growth. Our data shows monthly prime warehouse rents have increased by 33% year-on-year, from US$ 3 psm in H2 2023 to US$ 4 psm in H2 2024.

US$37

New Cairo has driven average prime rents to approximately US$37 psm per month

Source: Knight Frank



Industria SADAT, Egypt

KENYA

Kenya's industrialisation has progressed slower than anticipated, raising concerns about the feasibility of achieving its Vision 2030 objective of full industrialisation. The objective is to increase the manufacturing sector's contribution to 20% of Kenya's GDP. However, according to the Kenya Bureau of Statistics Economic Survey 2024, the sector currently accounts for only 7.6% of the GDP. The pace of growth is impeded by several structural and economic challenges, with high production costs, particularly electricity tariffs, being a key constraint. Data from the Kenya Association of Manufacturers (KAM) indicates that Kenya's electricity costs stand at an average of US$ 0.16 (KES 20.02) per kilowatt-hour (kWh), positioning it as one of the most expensive energy markets among major African exporters. In comparison, industrial electricity tariffs in South Africa and Egypt average US$ 0.03 per kWh (KES 3.75), making Kenya's energy costs approximately seven times higher.

The adverse impact of high production costs is already evident in the manufacturing sector. Mobius Motors Kenya, the country's only indigenous car manufacturer, recently announced liquidation, citing unsustainable operational expenses. Similarly, in January 2025, CMC Motors Group declared its intention to cease operations in Kenya, Tanzania, and Uganda, citing economic pressures, currency depreciation, and escalating operational costs as key factors behind the closure.

To enhance the competitiveness of the sector, manufacturers are advocating for a 50% reduction in electricity tariffs to US$ 0.08 (KES 10) per kWh. Such a policy shift is expected to attract foreign direct investment (FDI) in industrial production, as evidenced by Volkswagen's renewed interest in local automotive assembly through a potential partnership with Kenya Vehicle Manufacturers (KVM).

Elsewhere, the logistics and warehousing segment is witnessing sustained growth, driven by rising demand from multinational investors. The increasing need for Grade A industrial space has prompted developers to expand their offerings. For instance, the Nairobi Gate Industrial Park Special Economic Zone (SEZ) has commenced the fifth phase of its expansion. This US$ 7 million investment will add approximately 12,000 sqm of modular warehouse space. This expansion aligns with the broader push to enhance Kenya's light manufacturing sector by providing world-class warehousing and logistics infrastructure.



Nairobi Gate Industrial park

MALAWI



Portland cement in Blantyre

In H2 2024, Malawi's industrial sector is witnessing modest growth, driven by ongoing economic diversification efforts and infrastructure improvements. Extreme weather events have exacerbated these issues, with critical energy and transport infrastructure sustaining significant damage. The country's already limited electric grid suffered severe disruptions following tropical storms in January 2022, which knocked the main hydroelectric dam offline, further restricting industrial power supply. The slow pace of repairs, largely due to financial constraints, impedes industrial productivity.

Despite these headwinds, recent financial indicators point to resilience in Malawi's industrial market. Press Corporation, one of the country's largest conglomerates, reported a 72% increase in profits in 2024, demonstrating the ability of industrial and diversified investments to withstand macroeconomic pressures.

Industrial activity remains concentrated in Blantyre, Malawi's commercial capital, where industrial assets record an average net yield of 11.95%—one of the highest among the 29 markets tracked by Knight Frank. Whilst demand for industrial and warehousing space is gradually increasing as businesses seek to optimise operations and enhance distribution networks, rental costs remain highly competitive. Average warehouse monthly rents in Blantyre and Lilongwe stand at just US$ 3 psm, positioning Malawi as one of the most cost-effective industrial rental markets within the tracked regions in Africa.

US$3

Average warehouse monthly rents in Blantyre and Lilongwe

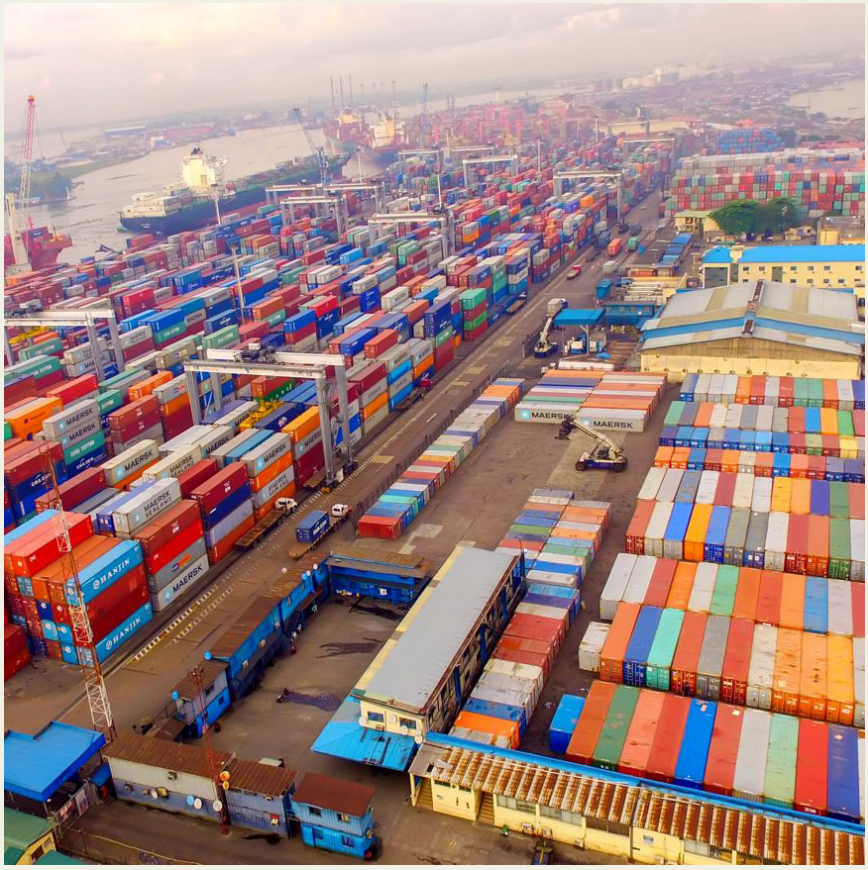
Source: Knight Frank

NIGERIA

Nigeria's industrial sector, particularly the logistics and warehousing sub-sector, faces increasing pressure from rising operational costs. According to the Manufacturers Association of Nigeria (MAN), interest rates for industrial loans have increased by 22.3% in the past year, reaching an average of 35%. The Nigerian Naira has also experienced significant volatility against the US dollar, devaluing by 46.88% between December 2023 and December 2024. Electricity tariffs for manufacturers have surged by as much as 250% in recent years, further compounding cost pressures. This inflationary pressure has resulted in declining sales volumes and shrinking profit margins, further dampening investor confidence. Reflecting these concerns, the Chief Executive Officers' Confidence Index of MAN declined to 51.9% in Q2 2024, from 53.5% recorded in the first quarter of 2024, signalling a contraction in market optimism.

While the Nigerian government has implemented several infrastructure initiatives, including the 700-km Lagos-Calabar Coastal Highway and the planned US$ 500 million Rural Access Agricultural Marketing Project-Scale Up (RAAMP-SU), industrial expansion continues to be hampered by persistent challenges; for instance, Nigerian manufacturers lose roughly 8 hours of production each day due to power outages. (MAN).

The Free Trade Zones (FTZs) in Lagos remain pivotal drivers of industrial activity. Cumulative investments in FTZs—including Lagos Free Trade Zone, Lekki Free Trade Zone, Alaro City, and LADOL have surpassed US$ 8 bn, bolstering international trade and local economic growth.



Port in Lagos, Nigeria

The Expansion of Lagos' Data Centre Market

The country's data centre market is experiencing robust growth, fuelled by increasing demand for cloud-based services across key sectors such as finance, telecommunications, and oil & gas. Leading data centre operators, including MainOne, Equinix, and WIOCC spearhead this expansion. A notable development is MTN Nigeria's announcement to construct Africa's largest data centre in Lagos, with a projected capacity of 1,500 racks. This facility aims to enhance internet speeds and improve digital infrastructure, catering to Nigeria's rapidly growing data consumption needs.

According to industry sources, Nigeria's data centre capacity is projected to grow from 136.7 MW in 2025 to 279.4 MW by 2030, representing a compound annual growth rate (CAGR) of 15.37%. These developments underscore Lagos' positioning as a strategic hub for digital infrastructure, reinforcing its role as a key player in West Africa's evolving technology landscape.

SOUTH AFRICA

South Africa's industrial sector recorded a contracted performance in H2 2024, reflecting broader economic headwinds and supply chain disruptions. According to Trading Economics, the country's manufacturing production declined by 2.6% year-on-year in November 2024, signalling persistent challenges within the sector. Key factors contributing to this contraction include input cost volatility, logistical bottlenecks and macroeconomic uncertainties that have constrained production capacity and weakened industrial output.

Despite this downturn, projections indicate a potential recovery driven by the logistics, e-commerce, and manufacturing sectors. Statista projects that e-commerce revenue in South Africa will reach US$ 7.32 bn in 2025, with a projected compound annual growth rate (CAGR) of 9.49% between 2025 and 2029. This projection suggests a significant expansion of the online retail market, which is expected to drive increased demand for industrial properties, particularly warehousing, distribution centres, and last-mile logistics facilities, as businesses adapt to evolving consumer behaviours and the expansion of digital retail. For example, emerging industrial hubs such as Ekurhuleni (Gauteng) and Atlantis (Western Cape) continue to experience robust activity due to their strategic locations and investor-friendly policies.

Additionally, sustainability has become a key factor in tenant decision-making, with a growing preference for energy-efficient and eco-conscious facilities outfitted with solar power, water-saving technologies and waste-reduction systems. In response, developers are increasingly incorporating green building practices, enhancing long-term asset value and reducing operational costs. Consequently, the high-quality industrial warehouses have seen a 10% year-on-year increase in rental prices. Average monthly industrial rental rates now stand at US$ 5.50 psm, up from US$ 5 psm in H1 2024.

Occupancy levels remain exceptionally strong, with an estimated 94% average occupancy rate reflecting sustained demand across the sector.



Atlantis industrial area (Western Cape)

TANZANIA

Tanzania's growing economy, with a GDP growth rate of approximately 5.43% in 2024 compared to 5.06% in 2023 (Statista), has driven a significant increase in demand for logistics infrastructure, including warehousing, transportation, and supply chain management solutions. This economic growth is further underscored by strategic investments in local manufacturing, particularly within the mining sector, highlighting the country's industrial expansion. A notable example is the establishment of the East Africa Conveyor Supplies Limited (EACS) factory in Kahama District, Shinyanga Region, a state-of-the-art facility specialising in conveyor equipment production. This investment aligns with the Tanzanian government's policy to enhance local content in the mining industry and foster a business-friendly environment. The factory supplies high-quality conveyor belts, rollers, and splicing materials, addressing the growing needs of the mining sector, which now contributes approximately 6.7% to Tanzania's GDP, nearly doubling from 3.5% a decade ago.

Elsewhere, the sector has witnessed a sustained demand, particularly in the warehousing space. Prime warehouse rents have remained stable at approximately US$ 5 psm per month over the past 12 months, reflecting continued market strength. This resilience is driven by the growth of light industries and increased formal retail penetration, necessitating modern storage and operational facilities. In response, developers are expanding logistics infrastructure, notably within the Mikocheni Light Industries area, where new warehouse developments are enhancing the region's industrial capacity.



SINO-TAN Industrial Park

UGANDA

The industrial sector has demonstrated a strong resilience in H2 2024, with monthly rental rates remaining stable over the past 12 months, ranging between US$ 3 and US$ 7 psm. This growth is largely driven by sustained demand from small and medium-sized enterprises (SMEs) and start-up firms, particularly in agro-processing, automotive, manufacturing, interior design, pest control, pharmaceutical, and beverage industries. Occupier demand remains centred on locations with strategic access to major transport corridors, suppliers, and distributors. The Traditional Industrial Area (1st to 6th Street), Ntinda-Nakawa Industrial Area, Bweyogerere, Namanve, and Kawempe remain the most sought-after industrial hubs.

Modern industrial facilities with high eaves, wide access doors, reinforced flooring for heavy machinery and cold storage solutions are increasingly becoming key tenant requirements. Developers are actively responding to this demand by increasing supply and enhancing the quality of available stock. Notably, the Kampala Industrial and Business Park (Namanve) has experienced significant growth during the review period and several industries have completed construction and commenced operations, further reinforcing Namanve's position as a critical industrial hub. The warehousing and distribution sub-sector within the park is set to expand significantly, with over 100,000 sqm of new warehousing space in the pipeline.

Elsewhere, a major infrastructure milestone during this period was the launch of Uganda's Standard Gauge Railway (SGR), a 272-kilometer railway line connecting Kampala to Malaba at the Kenya-Uganda border. Valued at €2.7 bn (US$ 2.8 bn), the project is set for completion by 2028. It aims to enhance Uganda's competitiveness by reducing transportation costs and improving trade linkages with Kenya's rail network and the Indian Ocean port of Mombasa.

Upon completion, the SGR will significantly cut transit times, with cargo trains reducing travel time from 14 days to less than 24 hours between Mombasa and Kampala. The railway will accommodate freight trains with a 1,000-tonne capacity travelling at 100 km/h, while passenger trains will operate at speeds of 120 km/h. This improved logistics efficiency is expected to drive increased investor interest in Uganda's industrial and logistics real estate market, particularly in locations with direct connectivity to the railway network.

US$2.8Bn

Value of the Kampala Malaba SGR Project Launched



The 65,000 SQM Yogi Business Park in Nalukolongo

Source: Knight Frank

ZAMBIA

Zambia's industrial market continues to experience a significant demand for small-scale warehouses ranging between 500 and 1,000 sqm. This trend is driven by businesses seeking cost efficiency over the long term, opting for rental savings instead of high development costs, particularly for small-scale enterprises integrating storage and office functions. The increased demand for smaller warehouse spaces has exerted downward pressure on rental rates. According to our data, the average warehouse rents have declined by 10% year-on-year, from US$ 5.00 psm in H2 2023 to US$ 4.50 psm in H2 2024. Vacancy rates for these warehouses are currently at 20% on average.

Elsewhere, the ongoing power crisis in Zambia had a negative effect on industrial productivity. In response to a severe drought, the government extended nationwide power outages to 17 hours per day from September 2024, significantly disrupting business operations as hydroelectric dams, which account for most of Zambia's energy supply, are currently at critically low levels. For instance, the Kariba Dam, the country's largest hydroelectric power source, is currently functioning at only 10% of its capacity. Consequently, Zambia's GDP growth forecast for 2024 was revised downward by the International Monetary Fund (IMF) from an initial 4.7% projection to 2.3%. The reduced power supply has had a cascading effect across the industrial landscape, constraining manufacturing and mining, the latter being a cornerstone of Zambia's economy. The power deficit has increased operational costs, with businesses forced to invest in alternative energy solutions, leading to an uptick in demand for backup power infrastructure.

In response to energy volatility, new industrial and commercial developments integrate alternative power solutions to ensure operational continuity. Developments such as Roma Park Commercial Park on Zambezi Road illustrate this shift, offering modern, master-planned industrial spaces with built-in infrastructure. The park provides site purchase and development opportunities, with plots ranging from 1,000 to 27,000 sqm, catering to businesses seeking long-term stability in a structured industrial environment.

US$ 4.5 psm

Average Industrial Rents in Lusaka

Source: Knight Frank



Roma Park, Lusaka, Zambia

ZIMBABWE



Madokero Business Park, Harare

Over the past few decades, Zimbabwe's industrial sector has experienced a marked decline, with the manufacturing sector's contribution to GDP contracting from 23% (1980-1989) at its peak to just 9% (2023), according to the Confederation of Zimbabwe Industries (CZI). This downturn has been largely attributed to currency volatility, inconsistent energy supply, and the economic impact of prolonged drought conditions. Power shortages remain a critical issue, with industrial zones and other areas in and around Harare experiencing up to eight hours of load shedding daily, severely disrupting manufacturing operations and reducing productivity.

Despite these challenges, ZimStat data for Q2 2024 indicates a 2.32% increase in food production, signalling marginal improvement in certain sub-sectors. However, this growth remains below historical averages and does little to offset broader economic concerns.

As of 2024, food insecurity remains a significant national issue due to the ongoing severe drought, exacerbating socio-economic vulnerabilities and further straining industrial recovery efforts.

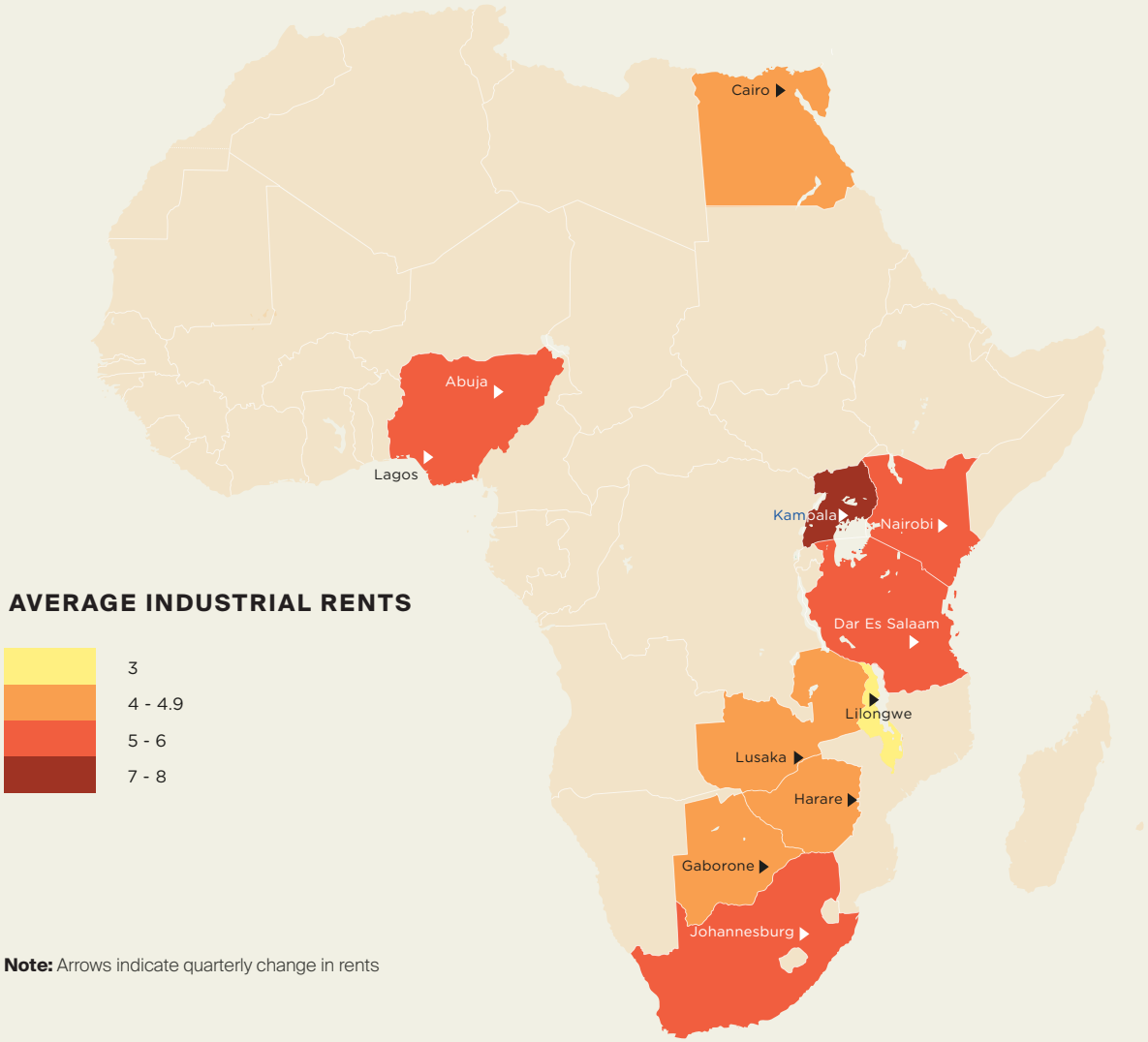
Recent market data also suggests early signs of recovery across key sub-sectors, particularly in agricultural support, food processing, mining supplies, and start-ups. The establishment of the Manhize Steel Plant, with a projected annual production capacity of 5 million tons, is set to catalyse growth in manufacturing and construction, potentially creating up to 60,000 jobs. Additionally, lithium mining operations at Bikita Minerals and Zulu Mines are expected to yield an annual output of 1.1 million tons, strengthening Zimbabwe's position in the global lithium supply chain and driving increased demand for mining-related manufacturing and logistics.

The government has launched the Zimbabwe Industrial Reconstruction and Growth Plan (ZIRGP) 2024–2025 to sustain this industrial rebound, targeting structural challenges impeding manufacturing growth. A key component of this strategy is improving access to long-term, affordable financing.

The government has earmarked ZiG 100 million (US$ 9,481,000) for industrial development finance under the Ministry of Industry and Commerce to support tooling and working capital needs for new projects. Additionally, the National Venture Capital Company of Zimbabwe (NVCCZ) has received ZiG 108 million (US$ 10,240,000) to foster innovation and growth among start-ups and micro, small, and medium enterprises (MSMEs), enhancing industrial diversification and job creation.

"Recent market data also suggests early signs of recovery across key sub-sectors, particularly in agricultural support, food processing, mining supplies, and start-ups."

A SUMMARY OF H2 2024 AVERAGE INDUSTRIAL RENTS AND AVERAGE YIELDS IN SELECTED AFRICAN COUNTRIES



COUNTRY	CITY	AVERAGE INDUSTRIAL RENTS (US$ per sqm)	AVERAGE YIELDS (%)
Botswana	Gaborone	4.5	8.5
Egypt	Cairo	4	10
Kenya	Nairobi	6	9.50
Malawi	Lilongwe	3	12
Nigeria	Lagos	5	8.0
South Africa	Johannesburg	5.50	8.25
Tanzania	Dar es Salaam	5	10
Uganda	Kampala	7	13
Zambia	Lusaka	4.5	12.5
Zimbabwe	Harare	4	13

Source: Knight Frank

EGYPT
Zeinab Adel,
Partner - Head of Egypt
zeinab.adel@me.knightfrank.com

KENYA
Mark Dunford, CEO
mark.dunford@ke.knightfrank.com

LONDON
Ben Woodhams
Partner, Africa Desk
ben.woodhams@knightfrank.com

MALAWI
Desmond Namangale, Managing Director
desmond.namangale@mw.knightfrank.com

MIDDLE EAST AND AFRICA
James Lewis
Managing Director
james.lewis@knightfrank.com

NIGERIA
Frank Okosun, Managing Director
frank.okosun@ng.knightfrank.com

SOUTH AFRICA
Steve Rennie, Managing Director
steve.rennie@rennieknightfrank.co.za
Susan Turner, Managing Director
susan.turner@za.knightfrank.com

TANZANIA
Ahaad Meskiri, Managing Director
ahaad.meskiri@tz.knightfrank.com

UGANDA
Judy Rugasira Kyanda,
Managing Director
judy.rugasira@ug.knightfrank.com

ZAMBIA
Tim Ware, Managing Director
tim.ware@zm.knightfrank.com

ZIMBABWE
Siza Masuku,
Managing Director
siza.masuku@zw.knightfrank.com

BOTSWANA
Eranse Mooki, Managing Director
eranse.mooki@bw.knightfrank.com

RESEARCH
Boniface Abudho, Africa Research Analyst
boniface.abudho@ke.knightfrank.com

Faisal Durrani,Partner - Partner - Head of Research, MENA
faisal.durrani@me.knightfrank.com

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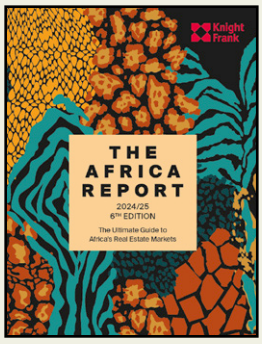


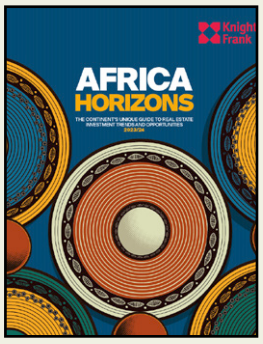
THE AFRICA REPORT 2024/25



AFRICA OFFICES MARKET DASHBOARD H1 2024



AFRICA INDUSTRIAL DASHBOARD H1 2024



AFRICA HORIZONS 2023/24

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