

FASTEST GROWING AFRICAN ECONOMIES FACE REAL ESTATE SHORTAGE - F. CASTELO BRANCO & ASSOCIADOS

Posted on 05/05/2014



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Despite a boom in planned construction projects in Mozambique and Angola, investors face a raft of bureaucratic hurdles that can make it hard to raise the funds to begin building

Though Mozambique and Angola are currently two of fastest growing economies in the world, there is still a considerable shortage of residential and office space, according to Rodrigo Almeida Dias, Head of Mozambican Desk at F. Castelo Branco & Associados in Portugal.

He says that both nations have financial systems that have yet to either fully meet the demand from multinationals, or adapt to an emerging middle-class. In addition, Almeida Dias points out that “despite the low vacancy rate, most buildings have urgent repairs and have sky high rent prices compared to continental Europe”.

By way of government and foreign investment response, there is currently a boom in construction projects planned for completion in 2015/2016, but foreign investors wanting to buy property in Mozambique and Angola still face bureaucratic constraints at every stage of the process.

“In Mozambique, as the land is owned by the state, you cannot mortgage the land itself,” says Almeida Dias. “This makes it hard to raise the necessary funds from banks or investors to do the

building." And while Angola is more advanced, "it's difficult to ascertain who owns the land, identify where properties are located, the size, the owner", says João Robles, Head of the Angolan Desk at the same firm. "In certain situations it requires caution to make sure that you are buying what you intend to buy."

However, while the pressure on lawyers to exercise due care when offering a formal legal opinion will continue, Almeida Dias and Robles are starting to see signs that such problems are being addressed, with the approval of a new Angolan legal framework for real estate funds, and a recent expression of interest for the review of property registration procedures in Mozambique.