



UNIVERSITY OF CAPE TOWN  
IYUNIVESITHI YASEKAPA • UNIVERSITEIT VAN KAAPSTAD



URBAN REAL ESTATE  
RESEARCH UNIT

# Data availability in Sub-Saharan African Real Estate Markets – the case for a databank

Stan Garrun, François Viruly & Vishesh Gangaram

A long, straight dirt road stretches into the distance under a bright, cloudy sky. The road is flanked by dry, scrubby vegetation. The sky is a mix of blue and yellow, suggesting a bright day with some clouds. The overall scene is a vast, open landscape.

**WITHOUT DATA**

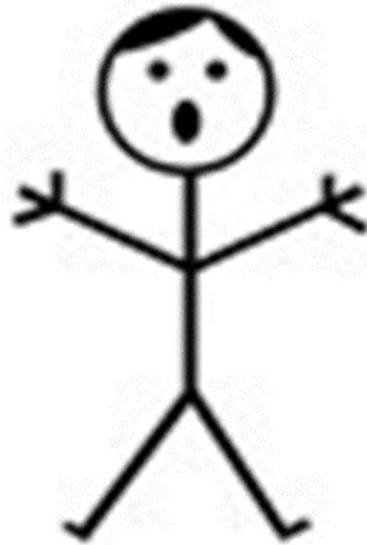
**YOU'RE JUST ANOTHER PERSON**

**WITH AN OPINION**


**W. EDWARDS DEMING**



**Without data...**



**you're just another person  
waving their arms!**



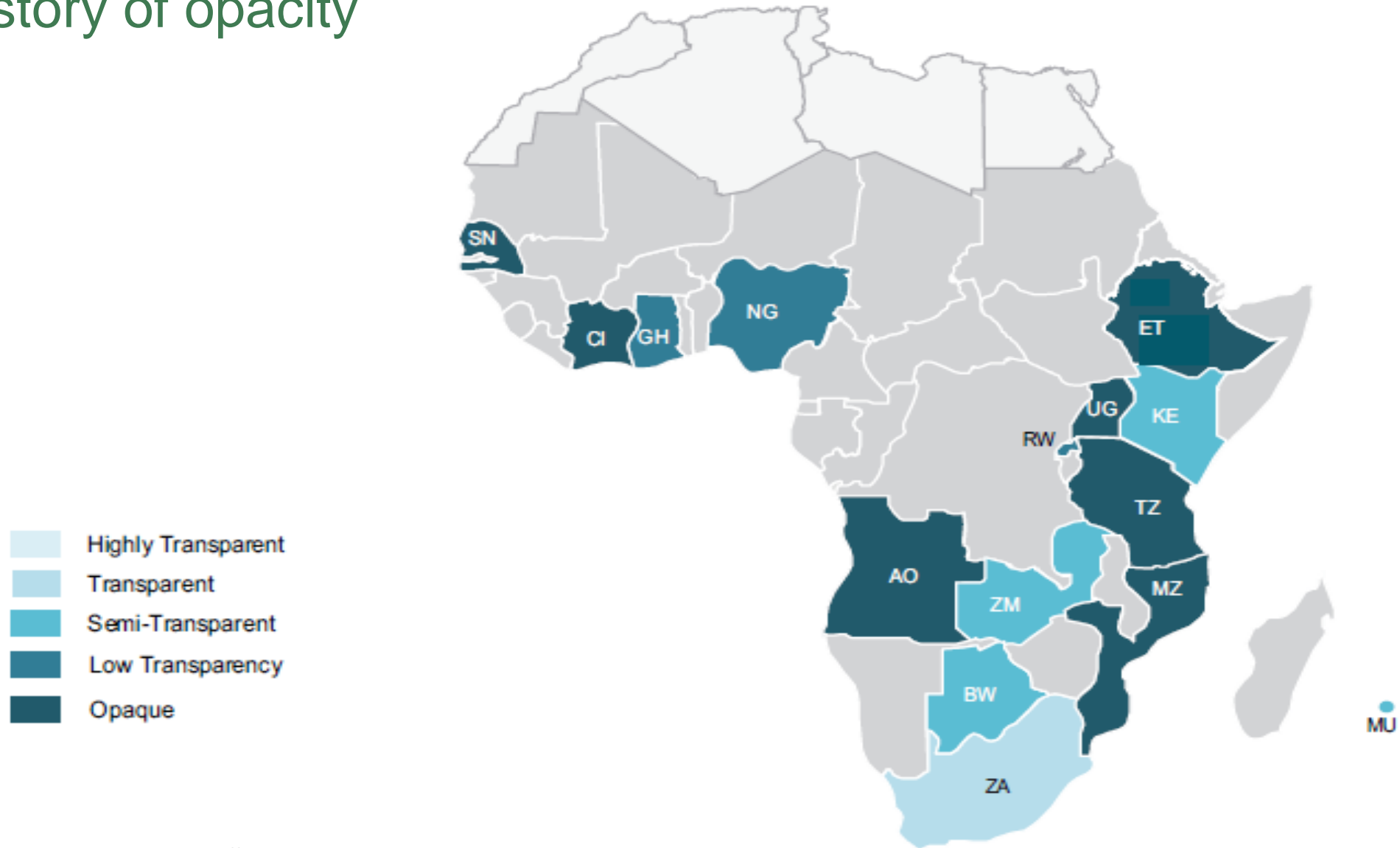
***“There is widening recognition of the crucial role of market transparency, not only as a facilitator of new investment and business activity but also, significantly, in community well-being and inclusiveness.***

***As capital allocations to real estate grow, investors are demanding further improvements in transparency, even among the world’s most transparent real estate markets” JLL, 2016***



# JLL Global Real Estate Transparency Index, 2016

– a story of opacity



Source: JLL, LaSalle Investment Management 2016

There is progress  
but slow....

Transparency Level	2016 Composite Rank	Market	2016 Composite Score
Transparent	25	South Africa	2.23
Semi	41	Botswana	2.66
	57	Zambia	3.14
	58	Mauritius	3.16
	61	Kenya	3.27
Low	80	Rwanda	3.79
	83	Nigeria	3.82
	85	Ghana	3.86
Opaque	90	Uganda	4.05
	94	Ethiopia	4.16
	97	Angola	4.19
	99	Tanzania	4.26
	101	Mozambique	4.39
	104	Ivory Coast	4.51
	106	Senegal	4.54

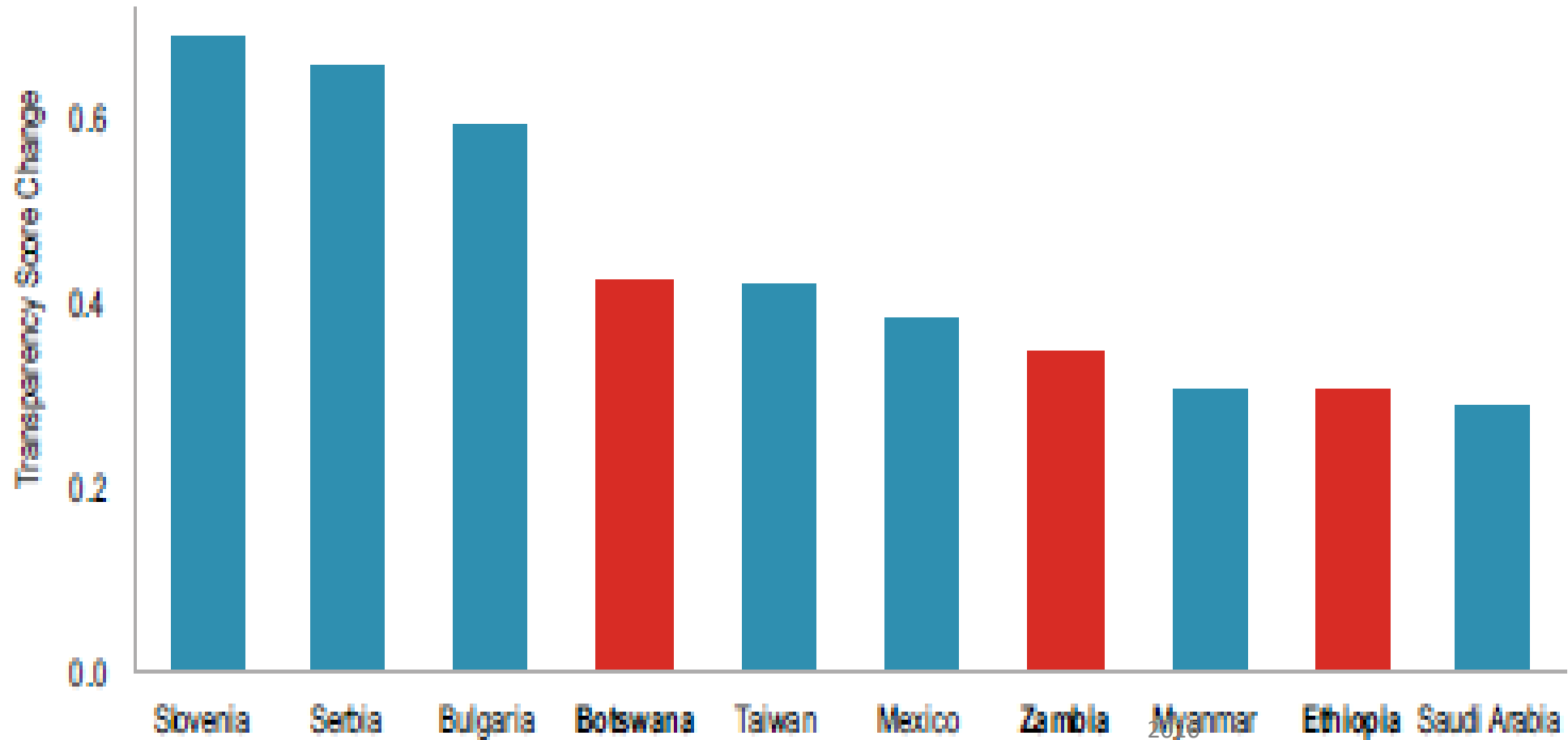
Zambia advances to  
'Semi-Transparent'

Rwanda – top new joiner to GRETI

Nigeria and Ghana nudge into  
'Low Transparency'

..inhibited by lack of market data

Top Transparency Improvers, 2014-2016



# Problematic information flow for real estate

## **Weak private statistical information**

### **Lack of independent research firms with capacity to track data**

Land parcels that originate in informal markets have no documentation

Misinforming the market

No consistent standards, definitions and terms

Lacking objective and independent data

Lack of willingness to share for mutual benefit.

## **Official (Govt) statistics poor and out of date**

### **Much coverage but little co-ordination and short on “hard” data**

Scarce and asymmetric data creates discrepancies

Corruption and politics

No obligation to divulge transaction information

Market data treated with a high level of privacy

Quality of valuation is poor

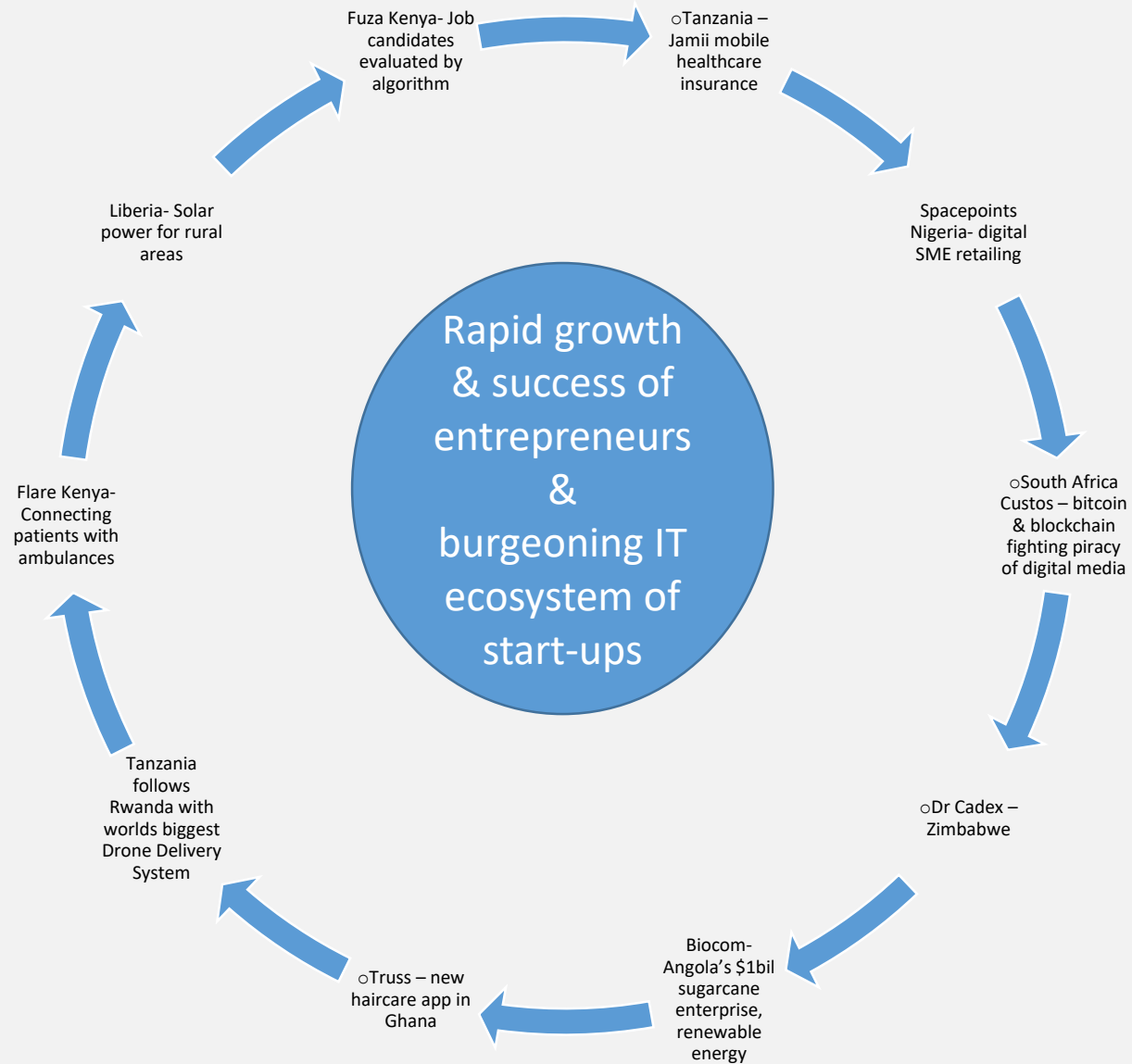


# The race for data is on globally

Retrofitting existing technologies to manage and analyze Big Data is typically a prolonged and technically intensive task. By incorporating Big Data at the very foundation of their investment in technology and strategy, African CMOs and CIOs have the chance to get ahead of their global counterparts in their ability to make smarter, faster decisions.

*Kidane Z. Haile, [IBM Software Group](#) Director of Information Management Labs, Africa*

# Hi tech innovation across the sub continent



Then why is  
real estate  
data and  
research for  
SSA  
so far behind

?





# Impact of poor data and frameworks for data

## Impact of poor and unco-ordinated data

Low investor confidence – foreign & local

Low levels of investment

Leads to market inefficiencies

Potentially poor decision making

Inefficient resource allocation

Poor valuation

Feasibilities lack depth of information

Lack of common standards

Higher risks to players because of unresearched information

Lack of foreign knowledge and understanding because of lack of market transparency

Banks lack sufficient criteria for funding

Poor perception of market reliability

Economic isolation

# Towards a solution: Small steps

- **Combine public “tech” information and survey inputs to build indicators and datasets**
- **Collect consistent source data from agents, owners, managers, vendors, brokers etc.**
- **Implement an uncomplicated process with no cost to participants**
- Sponsors, professionals, associations, big users, industry stakeholders etc. to cover costs
- Databases built up rationally by property/type/node/etc..
- Validation and accountability for data
- Clear specs for data provision - data type, definition, inclusions/exclusions, format
- Training for data suppliers





# URBAN REAL ESTATE RESEARCH UNIT

**Urban  
Development &  
Management**

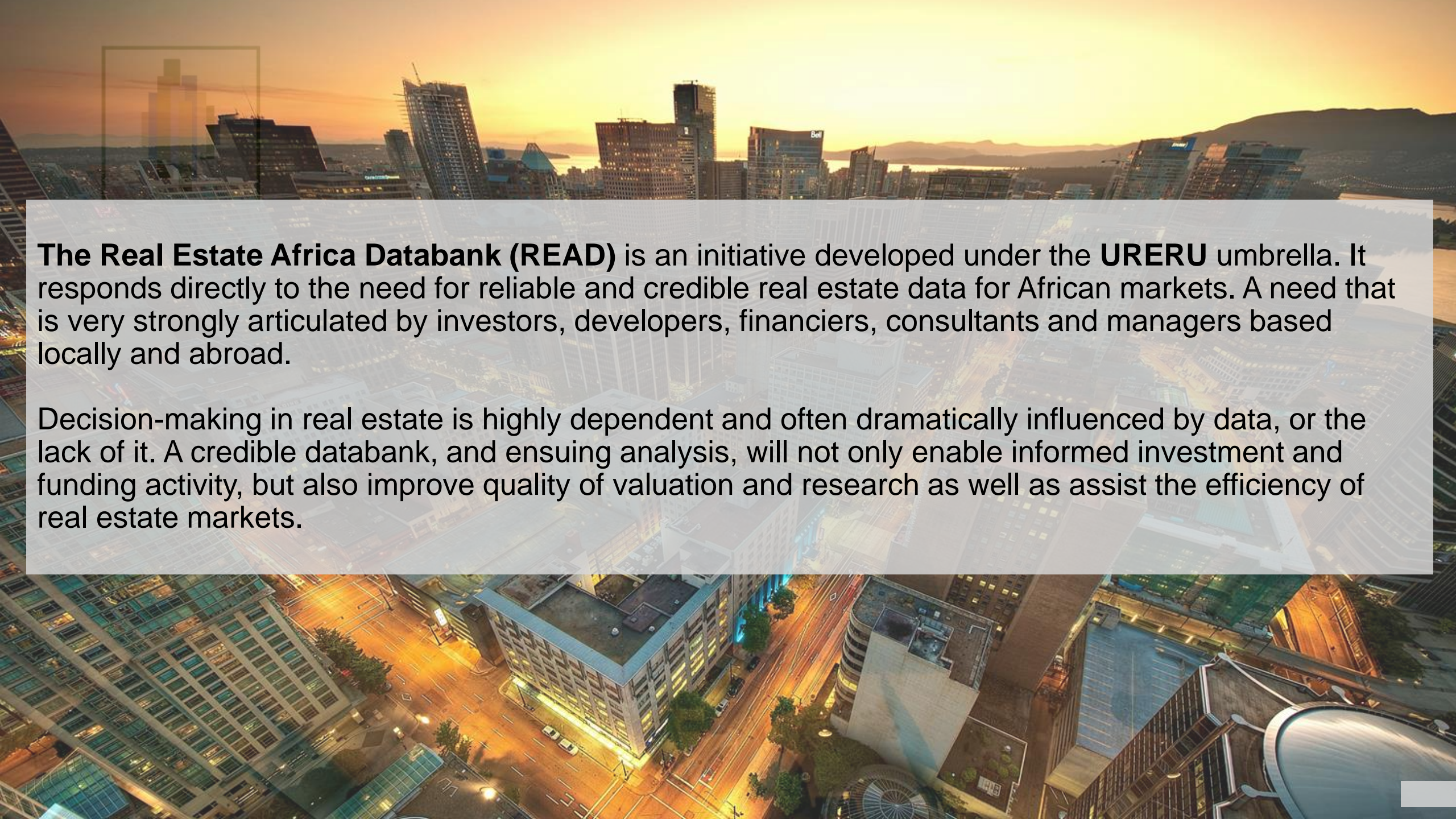
**Property  
Market  
Dynamics &  
Trends**

**African Real  
Estate Markets  
(READ)**

**Real Estate  
Investment &  
Finance**

*The aim of URERU is to provide a unique inter-disciplinary platform that promotes the identification of issues, and the dissemination of solutions relating to urban estate investment, finance, economics & management on the African continent.*



An aerial photograph of a city skyline at sunset. The sky is a mix of orange, yellow, and light blue. Several skyscrapers are visible, some with lights on. A semi-transparent white text box is overlaid on the middle of the image.

**The Real Estate Africa Databank (READ)** is an initiative developed under the **URERU** umbrella. It responds directly to the need for reliable and credible real estate data for African markets. A need that is very strongly articulated by investors, developers, financiers, consultants and managers based locally and abroad.

Decision-making in real estate is highly dependent and often dramatically influenced by data, or the lack of it. A credible databank, and ensuing analysis, will not only enable informed investment and funding activity, but also improve quality of valuation and research as well as assist the efficiency of real estate markets.



# What will READ do for Sub – Saharan African property markets

1. Provide 6 or so crucial indicators for main markets and property types:  
Rental, rental growth, transaction values, transaction prices, development activity, vacancy rates.
2. Establish and develop a database of common real estate measures, ratios and indicators by country/market and property type.

During the process we will:

- Introduce the model to industry leaders and stakeholders
- Establish local partnerships and form a network of data contributors.
- Provide consistent and thorough data definitions that are internationally comparable (but rooted in African real estate practice) in an interactive submission template, allowing for digital or manually entered data.

# Interface and options

## Clients Data Input, search and Edit Interface

## Our Data Input, import search and Edit Interface

COVER SHEET	
<b><u>Data Provider</u></b>	
Company:	Octagon Ltd
Name of person:	John Sequel
Contact details (telephone, email, address):	<a href="mailto:john.sequel@gmail.com">john.sequel@gmail.com</a> , 0987654321
<b>Data for Quarter</b>	
From month:	1-Jul-15
To month:	30-Jun-17
Year:	2017
<b>Currency</b>	
Currency used: state if e.g. Pula, Naira etc	Dollar
<b>Add/ Edit Data</b>	

COVER SHEET		
<b><u>Data Provider</u></b>		
Company:	ABC Ltd	
Name of person:		
Contact details (telephone, email, address):		
<b>Data for Quarter</b>		
From month:	1-Jul-15	
To month:	30-Jun-17	
Year:	2017	
<b>Currency</b>		
Currency used: state if e.g. Pula, Naira etc		
<b>Input Data</b>	<b>Import Data</b>	<b>Search Data</b>



# Data Input fields and categories

Enter Property Data

Property State*	<input type="text"/>	<input type="text"/>	
Company Name	<input type="text"/>	<input type="text"/>	
Year	<input type="text"/>	Q3	
Building Name (or Client Code)*	<input type="text"/>	Property Type*	<input type="text"/>
Street Number & Name	<input type="text"/>	Property Sub Type*	<input type="text"/>
Suburb/township*	<input type="text"/>	Number of levels/storeys/elevation	<input type="text"/>
City*	<input type="text"/>	Owner Occupied	<input type="text"/>
Country	<input type="text"/>	Management	<input type="text"/>
Socio/economic status of area	<input type="text"/>	Lease Status	<input type="text"/>
Total Floor Area	<input type="text"/>	Lease Frequency	<input type="text"/>
Gross Lettable Area*	<input type="text"/>	Advance rent paid	<input type="text"/>
Occupied Area*	<input type="text"/>	Comment	<input type="text"/>

Control

Add Reset Search Update Close

Property state

Property State\*

Company Name

Year

- Standing Properties
- Developments - new buildings
- Refurbishments - existing buildings
- Purchases
- Sales

# Search Functions

## Client Search and Edit

Control

Add    Reset    **Search**    Update    Close

ID    ?    X

Enter property ID

OK    Cancel

## Our more detailed Search

Search Property Data

Property State	<input type="text" value="Standing Properties"/>		
Company Name	<input type="text"/>	Currency	<input type="text"/>
Year	<input type="text"/>	Quarter	<input type="text"/>
Building Name (or Client Code)	<input type="text"/>	Property Type	<input type="text"/>
Street Number & Name	<input type="text"/>	Property Sub Type	<input type="text"/>
Suburb/township	<input type="text"/>	Number of levels/storeys/elevation	<input type="text"/>
City	<input type="text"/>	Owner Occupied	<input type="text"/>
Country	<input type="text"/>	Management	<input type="text"/>
Socio/economic status of area	<input type="text"/>	Lease Status	<input type="text"/>
Total Floor Area	<input type="text"/>	Lease Frequency	<input type="text"/>
Gross Lettable Area	<input type="text"/>	Advance rent paid	<input type="text"/>
Occupied Area	<input type="text"/>	Comment	<input type="text"/>

Control

Reset    Search    Export    Close

**Income And Costs**

Currency

Gross Asking Rental

Base Rent Achieved

Other Income

Landlord Recoveries Fixed & Variable

Achieved Total Income

Landlord Operating Costs

Achieved Net Income

Total Tenant Turnover Retail

Last Valuation /Capital Value

Valuation Month

Valuation Year

Valuation Company

Valuation Method

Capitalisation Rate

Normalised Net

Comment

# Output Report- Measure by filter

Company Name: Octagon Ltd vs Market		Octagon Ltd				Market			
Period: Q1 - Q4 2016		2016				2016			
Measure	Filter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Annual Base Rental Growth	Property State								
Base Rental Yield	Building Name or Client Code								
Operating Costs per sqm	City								
Operating Costs growth (q/q % pa)	Suburb/township								
Trading Density	Socio/Economic Area								
Net sales proceeds % of Gross Sales value	Property Type								
Achieved Total Income	Property Sub Type								
Achieved Net Income	Management (Int/ Ext)								
Vacancy	Total tenant turnover retail								
Capital Value per sq m	Lease frequency								
Prelet % of Total Developments sq m	Valuation method								
Gross Purchase Price	Lease Status								
Net sales proceeds	Landlord recoveries fixed & variable								
Purchase cost % of Gross Purchases value	Landlord operating costs								
Sales Cost % of Gross Sales Value	Last Valuation								



# Summary

- Measurement of real estate enables transparency, which opens markets to investors & occupiers.
- Developing real estate markets will require better analysis, which starts with reliable facts.
- Data defines an institutional framework and complements experience in private markets.
- Reliable market analysis informs feasibilities, forecasting and research.
- We are in an era of data commoditization which is revolutionizing the way business is done.
- Digital information has grown exponentially over the past decade, as technology has developed, This has seismic implications for consumers, businesses, and real estate markets.
- Data analysis can identify trends, weaknesses and opportunities which; if heeded, can be converted into powerful insights and strategies. Those who access this analysis and refine it, will have clear advantages and potential over those who don't.
- African markets are more than ready for the party!



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Thank you

[www.ureru.uct.ac.za](http://www.ureru.uct.ac.za)