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Angola Property Report 2024

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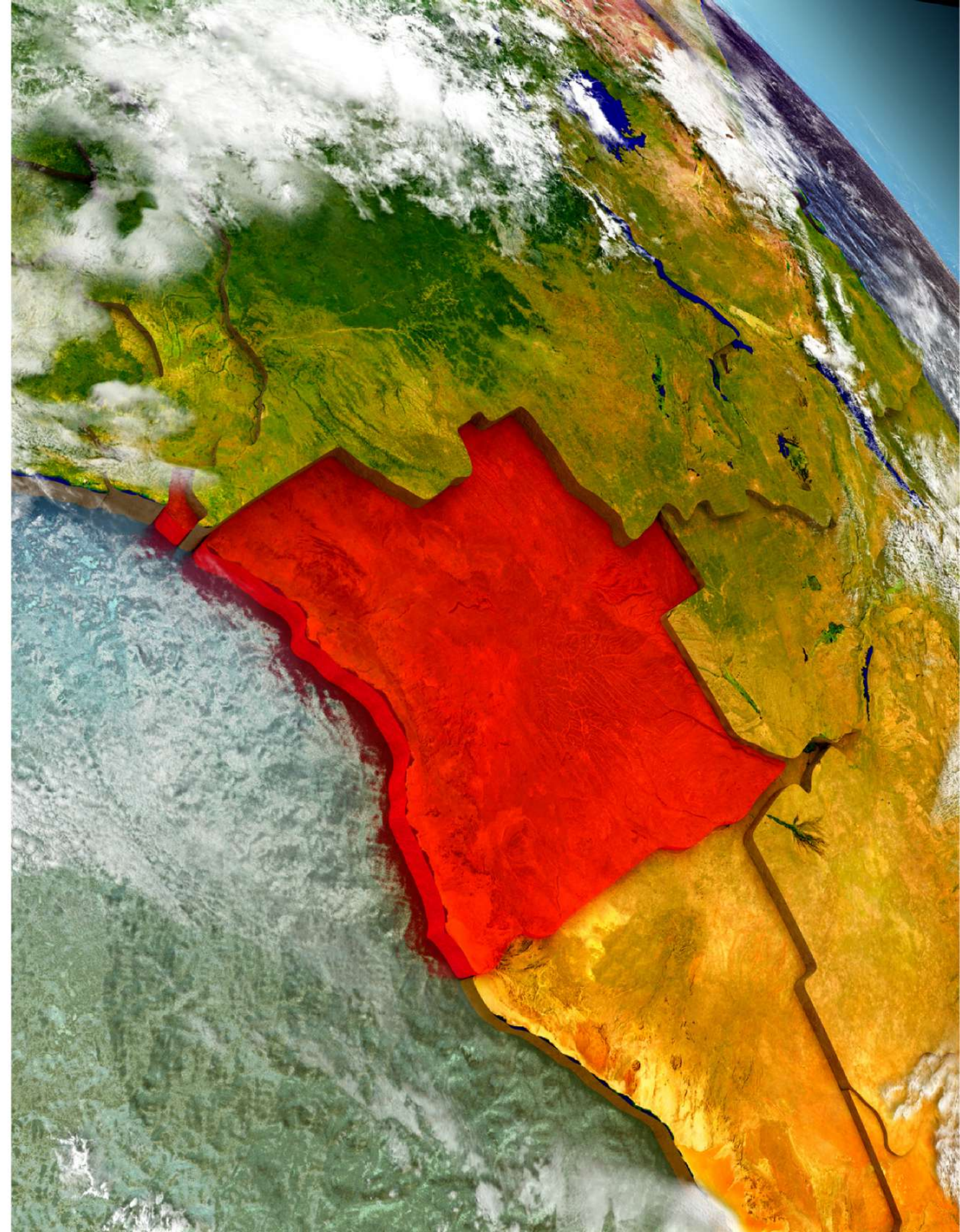
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■ Introduction: Angola Property Report 2024

The Angolan real estate market is emerging from the recovery phase; growth and transformation are expected in the coming years.

Several factors, including economic diversification, infrastructural development, and increasing foreign investment, are expected to drive the real estate sector in Angola.

Political reforms over the past five years have improved macroeconomic management and public sector governance. Macroeconomic stability has been enhanced through a more flexible exchange rate regime, central bank autonomy, sound monetary policy, and fiscal consolidation. Laws have been introduced to allow greater private sector participation in the economy, increasing the stability of the financial sector.

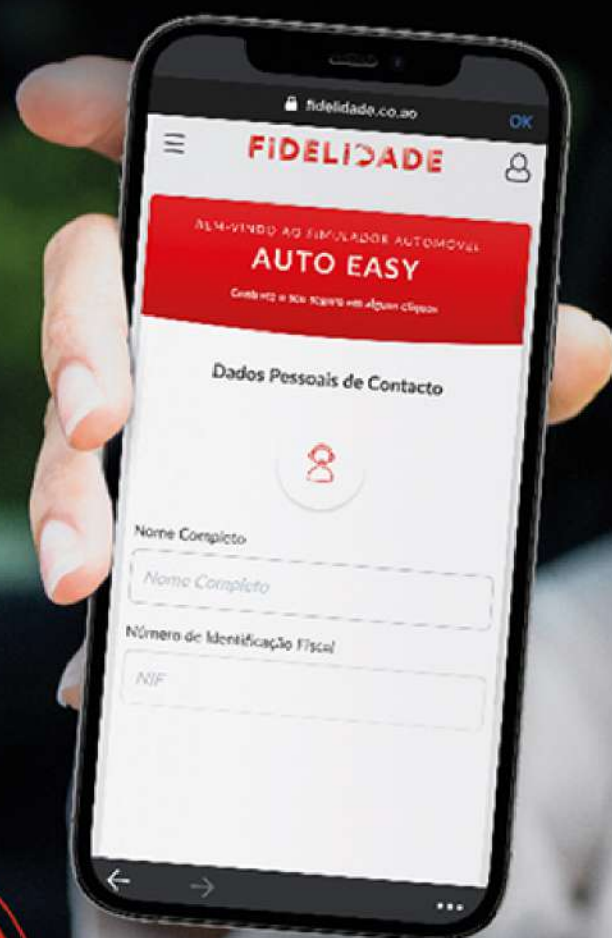
Luanda is on track to become Africa's next Mega City – A city with more than 10 million people. The Angolan capital's real estate prices previously ranked highest in Africa and among the top worldwide. Meanwhile, in recent years, property prices have plummeted in Angola and now offers immense real estate investments opportunities.

The English-written Prestige Properties Report provides international investors with an insight into the real estate investment opportunities and the improving economic climate in Angola. The Property Report focuses on: Insights from Pactual Property Fund – Angola's first real estate fund; Moody's credit rating for Angola; real estate project highlights; and Angocasa real estate market outlook.



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Angola's credit rating: Maintains positive outlook

Moody's affirms Angola's ratings at B3 and maintains a positive outlook

Moody's decision to maintain the positive outlook reflects the government's efforts to restore the strength of its balance sheet and improve foreign exchange management. The government's commitment to run the budget close to balance, even in the case of a decline in oil revenue, signals a gradual improvement in governance. Over the next 12 to 18 months, the rating agency will assess the extent to which the government manages to reverse the deterioration in debt burden witnessed in 2023 and if its foreign currency risk has sustainably diminished.

The B3 rating affirmation reflects the current high government debt burden and affordability, as well as elevated foreign exchange risk. Additionally, the implementation of Angola's ambitious reform agenda will require time to reduce its structural vulnerability to shocks in the oil industry, which continues to be a volatile sector.

Angola's local currency (LC) and foreign currency (FC) country ceilings remain unchanged at B1 and B3, respectively



The two-notch gap between the LC ceiling and the sovereign rating reflects a certain degree of unpredictability in government actions, the relatively large, albeit declining, domestic footprint of the government in the economy, as well as the exposure of the economy to hydrocarbons. The two-notch gap between the FC ceiling and the LC ceiling reflects still-limited policy effectiveness and transfer and convertibility risks, given the track record of imposing capital controls and restrictions during the oil price shocks..



The government's efforts to improve its fiscal position

The first driver supporting Moody's decision to maintain the positive outlook is the government's efforts to improve its fiscal position and reduce its stock of debt expressed in US dollars, raising the prospect that it will be successful in restoring the strength of its balance sheet.

The government's commitment to fiscal consolidation is evidenced by the decision to cut expenditures in 2023, saving 2% of GDP from the initial budget, after the sharp depreciation of the kwanza against the US dollar (slightly above 40%) between April and June 2023. A large part of the spending cut comes from capex. Moody's expects that the government will be able to ultimately post a small budget surplus, estimated at 0.5% of GDP, in 2023 (-0.1% for the government). Assuming that fiscal consolidation efforts are sustained, Angola's fiscal surplus is likely to average almost 1% of GDP over 2024–26.

Government revenues will benefit from the stabilization of the country's oil production after the secular decline observed between 2017 and 2022. Moody's expects oil production to remain around 1.1 mb/d until 2030 with significant investments in deep-water projects helping to preserve oil production capacity.

Barring no new sharp currency depreciation, the rise in debt burden to an expected 78% of GDP in 2023 from 61% in 2022 could be fully reversed by 2025, with the country's debt-to-revenue ratio falling below 250% and the interest payments-to-revenue ratio decreasing at around 20%. At the same time, Angola's liquidity risk is likely to decline to manageable levels, with government gross borrowing requirements near of 8% of GDP in 2024 and 2025 after an estimated 11% of GDP in 2023.





Real Estate data report for Luanda

Luanda offers immense real estate investment opportunities.

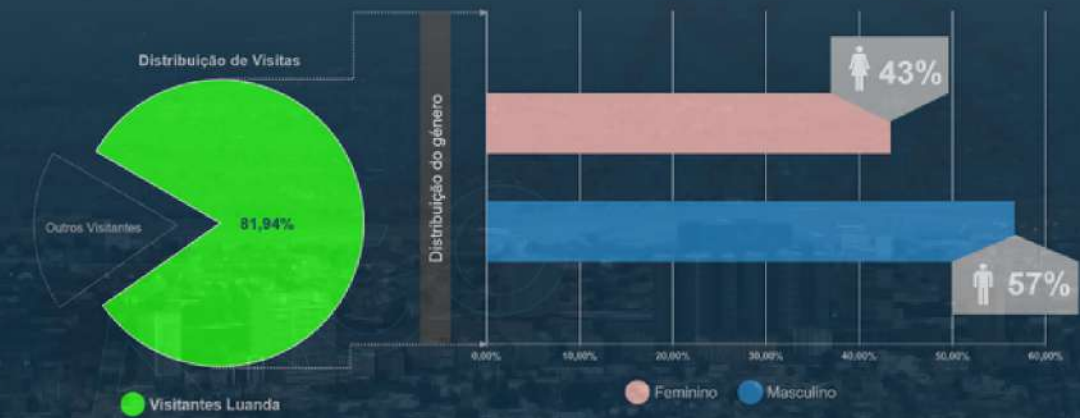
There are literally hundreds, if not thousands, of data points that are important to analyze when making a real estate investment to maximize returns. The comprehensive Luanda Real Estate Data Report from AngoCasa provides unique market insights.

We are excited to empower Data-Driven Real Estate Investment in Angola.

For more information: Tel +244 934 626 874

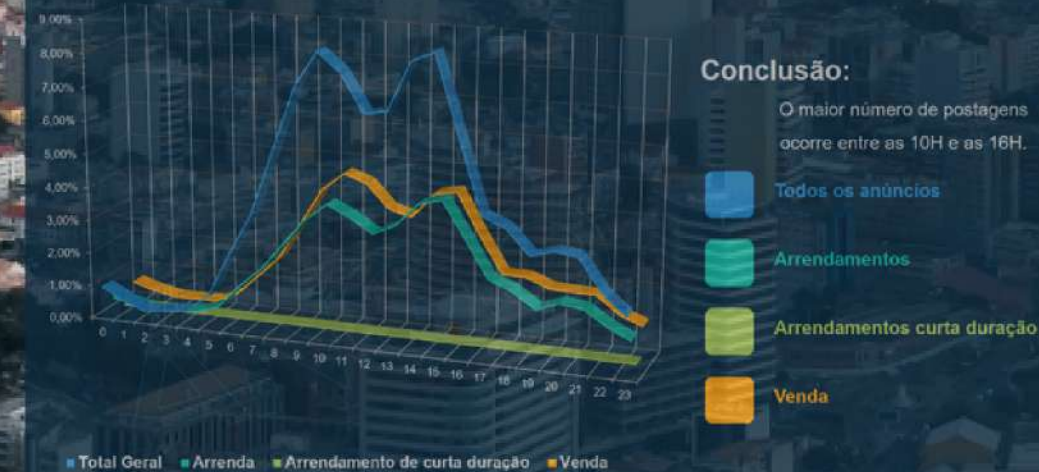
Dados demográficos

Distribuição dos visitantes de Luanda e sua distribuição do respetivo género



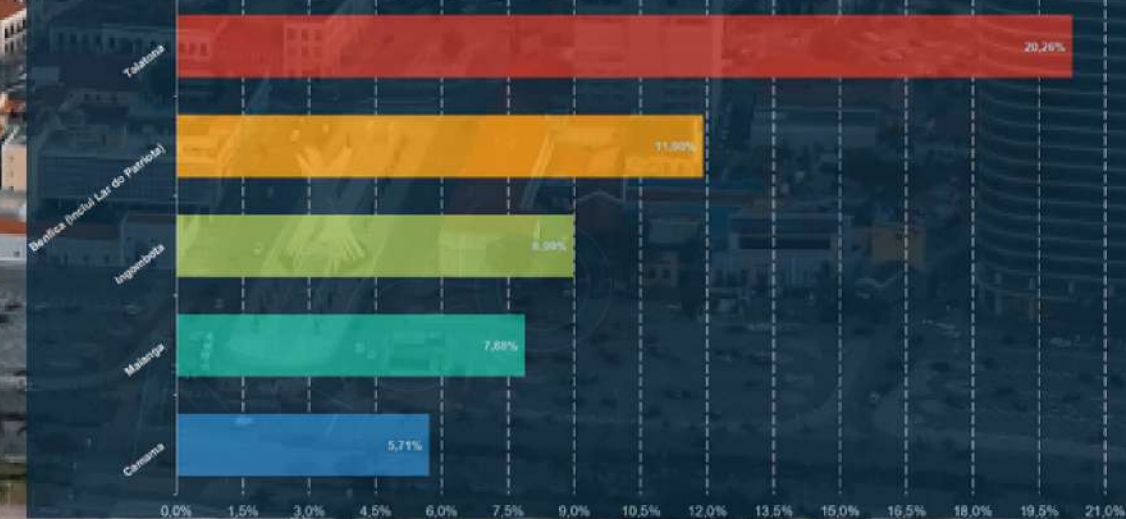
Dados Temporais

Percentagem da contagem de anúncios por hora



Dados gerais dos anúncios

Percentagem das Cidades dos anúncios (TOP 5). Continua...





Foreign exchange management

The second driver to maintain the positive outlook is the government's continued strengthening of its foreign exchange management to maintain its robust level of reserves. In particular, should the government be successful in structurally improving its fiscal position, it will be able to resume its supply of dollar liquidity to the economy and help to stabilize the exchange rate.

The government drastically reduced its sale of dollar liquidity earlier this year, precipitating the depreciation of the kwanza by over 40% to AOA825 per US\$. This was in part due to a temporary decline in oil production coupled with lower global oil prices, coinciding with tighter financing conditions and a significant increase in external debt service following the end of the debt restructuring agreement with Chinese lenders agreed in 2020 (which provided up to \$4.5 billion of external payment relief until the end of 2022). However, the sale of dollar liquidity by the Treasury should resume in 2024 as the government plans for a more conservative budgeted oil price of around \$65/barrel in the 2024 budget compared to \$75/barrel in the current budget. Moody's expects the country's foreign exchange reserves to remain stable at around \$14 billion at the end of 2023, comfortably covering 7 months of imports of goods and services.



Angola remains highly vulnerable to oil price and production volatility. The hydrocarbon sector still accounted for 26.5% of total GDP in 2022, 57% of total government revenue, and 95% of total exports of goods and services. Because the country's financial buffers were depleted during past oil shocks in 2015 and 2020, oil prices or production volatility can result in significant exchange rate volatility. The country has shown a massive exchange rate volatility since 2018, which in turn has significantly impacted Angola's debt burden, given it is mainly denominated in foreign currency (83% of total debt at the end of 2022 was denominated in US dollars or dollar-linked).



Potential credit upgrade

Moody's would consider upgrading Angola's ratings if its fiscal metrics were to significantly improve, reducing liquidity and funding risks, confirming the government's resolve to restore the strength of its balance sheet. Similarly, a sustained rebound in official foreign exchange reserves, and stronger non-oil GDP growth than currently expected would further shelter government revenues from oil price and production volatility. Measures that are likely to enhance the quality of Angola's institutional framework and governance, a long-standing constraint on creditworthiness, would also support its credit profile.

The positive outlook indicates a downgrade in the near term is unlikely. Moody's would likely change the outlook to stable if it were to conclude that a decline in the debt burden looked increasingly less likely, either because of external shocks that the government cannot effectively mitigate or because of a change in policy stance that slows or reverses the pace of fiscal consolidation. Such developments would also likely reintroduce liquidity and external risks. Moody's would likely downgrade the ratings if such shocks led to significant fiscal deficits, putting the debt on an unsustainable path.





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Exclusive interview: Joana Pinheiro, Head of Real Estate at Hemera Capital Partners

Hemera Capital Partners (HCP) is a leading asset management and investment banking firm with a focus on Southern Africa. In December 2015, Pactual Property Fund, Angola's first real estate fund, was incorporated. The fund, managed by HCP has a mixed investment policy but seeks predominantly mature assets with long term rental agreements with tenants with a high credit rating.

Q: What's the vision for Pactual Property Fund and its impact on Angola's real estate sector:

A: HCP envisions Pactual Property Fund to continue to be a leading force in Angola's real estate sector, driving growth, innovation, and sustainable development. We are actively working towards this vision with a focus on three main pillars:

- Promoting innovation and modernization of the real estate asset class in Angola - HCP through Pactual Property Fund is working to be the pioneer in introducing the real estate asset class in the Angolan Stock Exchange, providing investors with a more liquid and accessible way to invest in real estate while making it easier for individuals and institutions to participate in this asset class. This can broaden its investor base and increase the overall level of investment in the Angolan real estate market with enhanced transparency and professionalism.



Photo: HCP Real Estate Investment Team

- Improving accessibility and affordability - Addressing the affordable housing shortage in Angola will require a concerted effort from the government and private sector. The Fund is currently working towards creating strategic partnerships, that will allow the development of affordable housing solutions and facilitate access to financing instruments available for Angolan citizens, fostering inclusive growth.

- Championing sustainability and ESG principles - There is now clear evidence that the implementation of sustainable practices improves the financial performance of commercial real estate assets worldwide. HCP and Pactual Property Fund are committed to incorporating environmental, social, and governance (ESG) principles not only in their investment decisions, but also in the transformation of their asset portfolio and in promoting responsible and sustainable development.

Q: What are the main challenges and opportunities for Pactual Property Fund, investors, and the Angolan real estate sector?

A: The Angolan real estate sector has provided lucrative ventures for investors over the past decades, and while the current economic downturn is presenting its obstacles, it remains a great source of opportunities.

The main challenges faced are directly linked to Macroeconomic uncertainties, and how the country's economic fluctuations impact real estate demand and investor sentiment. Angola is also currently facing limited access to financing at affordable rates, which naturally creates a constraint for both investors and developers in the Real Estate sector, and infrastructure limitations, particularly in transportation and utilities, which hinder real estate development in certain areas of the country.

On the other hand, Angola's rapid urbanization presents a significant opportunity for real estate development, particularly in housing and commercial spaces. Both the Angolan middle class and the overall population, with the middle class growing at a faster rate. According to the World Bank, the number of people in Angola's middle class is expected to increase to 23.3 million by 2030, which will inevitably drive demand for quality and affordable housing and more modern amenities. Furthermore, the Angolan government's willingness to support real estate development, through policy initiatives such as "Aviso n.º 9/23", a program designed to make homeownership more affordable for low and middle income families, further enhances the sector's potential.

Q: Impact of visa policy changes and business facilitation efforts on investment attraction:

A: Angola recently implemented a significant policy change, granting visa-free entry to nationals of over 120 countries, including most European and African nations. This move aims to enhance Angola's economic attractiveness and tourism, which is hoped to boost foreign investment in the Angolan real estate sector as a whole. Simplified Visa procedures and ongoing efforts to streamline administrative processes signal Angola's commitment with creating a conducive investment environment, boosting investor confidence in the country. It also helps to attract a wider range of foreign investors which can diversify Funds' investor base and introduce new expertise and innovation into the market.



Q: Influence of infrastructure development on real estate market growth and opportunities:

A: Significant infrastructure developments, such as the new international airport, are estimated to have a positive impact on the growth of Angola's real estate market and create new opportunities for real estate investment funds. Enhanced infrastructure can create employment, promote accessibility, and boost economic activity in its surrounding areas, driving demand for commercial and residential real estate thereby driving up property values.

Q: Role of technological advancements and environmental sustainability in shaping the Angolan real estate sector:

A: Technological advancements and environmental sustainability are playing a transformative role in shaping the Global real estate sector, and Angola is starting to follow the same steps. There are three main areas of real estate where this transformation is taking place, PropTech and Digitalization, Construction Innovations and Building Automation.

The adoption of PropTech solutions is already streamlining processes, enhancing transparency, and providing better customer experiences for Angolans. A great example is the availability of online listing platforms, property management software programs, and more advanced features such as real estate virtual tours and 3D project virtual tours, which are now offered by Pactual Property Fund on its main platform.



The second area of technological advancement where Angola is still taking small steps is in construction innovation, which relates to more sustainable and cost-effective building practices and materials. Pactual Property Fund has in its portfolio, architectural projects that focus on enhancing liveability while using eco-friendly building materials and energy-efficient process designs, which are in pipeline for actual development in the next few years.

Finally, the concept of smart homes and building automation is still quite new in Angola, but it aims to offer homeowners and property managers greater control over energy consumption, security, and comfort. With time and the proper investment, smart technology integration will enhance the liveability and appeal of Angolan properties.



Península do Porto

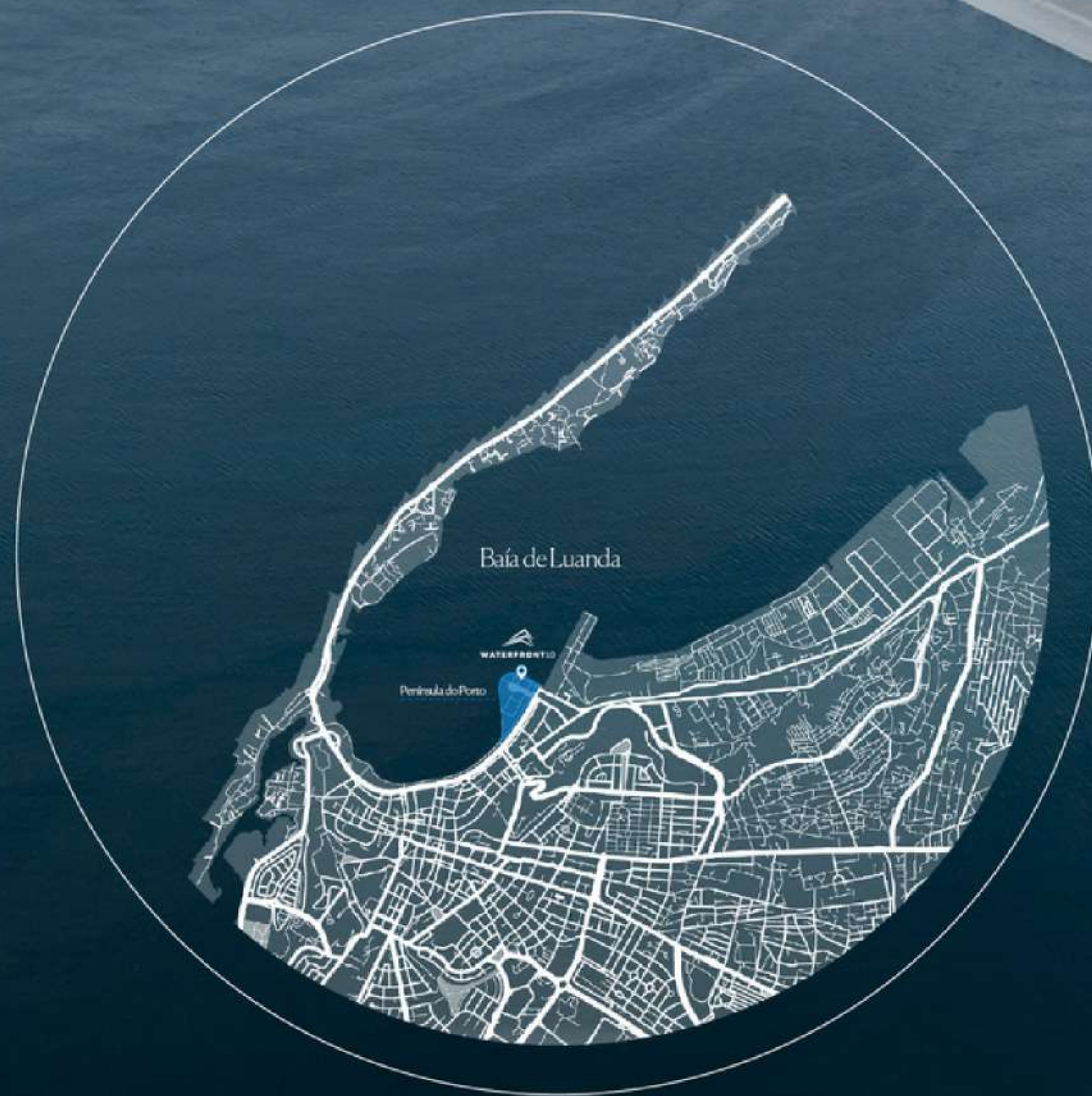
Península do Porto is a landmark in Luanda, Angola, located at the entrance to the Bay of Luanda and adjacent to the Port of Luanda. It is easily accessible from anywhere in the city and has a spectacular view, encompassing the entire Bay Area all the way to Cape Island and flowing into the vast Atlantic Ocean. With an excellent location and incorporating an area reclaimed from the sea, Península do Porto is regarded as the city's next icon.

It consists of 20 lots with housing, offices, and commercial uses that work together to create an urban-cosmopolitan lifestyle in perfect harmony with its surroundings and the environment.

Online presentation:



Real Estate project highlights





Real Estate project highlights



New development project: Ondeka Village in Camama (Luanda)

Residential housing project with modern style T3 and T4 houses - Excellent leisure and entertainment spaces.

There are a total of 61 duplex houses.

Online presentation:





Real Estate project highlights



Orlando Residencial

The Orlando Residencial is an ambitious USD 400 million project wants to transform the Luanda municipality of Kilamba.

It offers various housing options, including T3 and T4 with prices from 189.200 USD

Online presentation:





Real Estate project highlights



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Ilha de Luanda

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Online presentation:



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Property Market Outlook

Several factors, including economic diversification, infrastructural development, and increasing foreign investment, are expected to drive the real estate sector in Angola in the coming years:

Economic Diversification: Angola's economy is gradually diversifying beyond oil, leading to increased investments in various sectors. As the economy becomes more diverse, demand for commercial spaces, office complexes, and industrial facilities is expected to rise. Real estate developers will focus on creating mixed-use developments to cater to the growing needs of businesses and consumers alike.

Infrastructural Development: The Angolan government is heavily investing in infrastructural projects, including roads, bridges, and public transportation systems. Improved infrastructure will enhance connectivity and accessibility, making remote areas more attractive for real estate development. This expansion will lead to increased demand for residential properties in previously underserved regions.



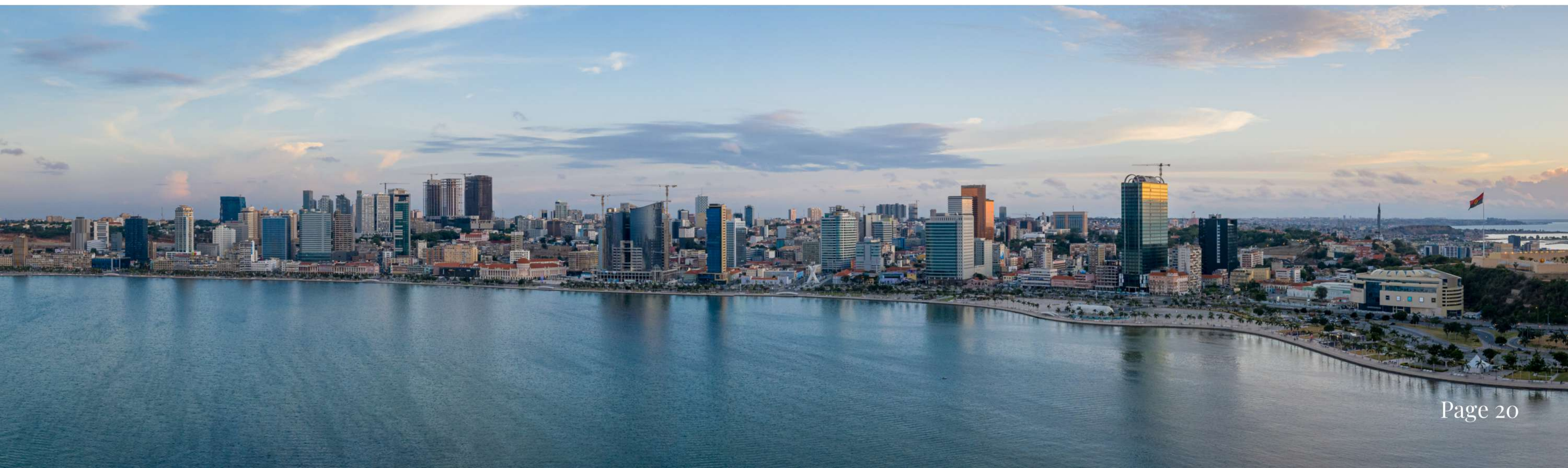
Urbanization and Housing Demand: Rapid urbanization is a significant trend in Angola. As more people move to urban areas searching for better opportunities, the demand for housing, especially affordable and mid-range options, will soar. Real estate developers will focus on building housing complexes, gated communities, and affordable housing projects to meet the housing needs of the growing urban population.

Foreign Direct Investment (FDI): Angola is becoming increasingly attractive to foreign investors due to its economic reforms and business-friendly policies. Foreign direct investment in the real estate sector is expected to rise, leading to the development of high-end residential properties, luxury hotels, and premium office spaces. These developments will cater to the expatriate community and high-net-worth individuals.

Affordable Housing Initiatives: To address the housing deficit, the Angolan government is likely to introduce policies and incentives encouraging the construction of affordable housing units.

Private-public partnerships will play a crucial role in this, creating opportunities for real estate developers and investors.

Real Estate Technology (PropTech): The adoption of real estate technology will increase in Angola. Innovations such as virtual property tours, online property management, and digital marketing strategies are already available through the country's leading property portal: AngoCasa.com - PropTech will continue to enhance the overall customer experience and streamline property transactions in Angola.



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