



Real Property Investment in Africa

China-Africa Development Fund

Sep 12th ,2013

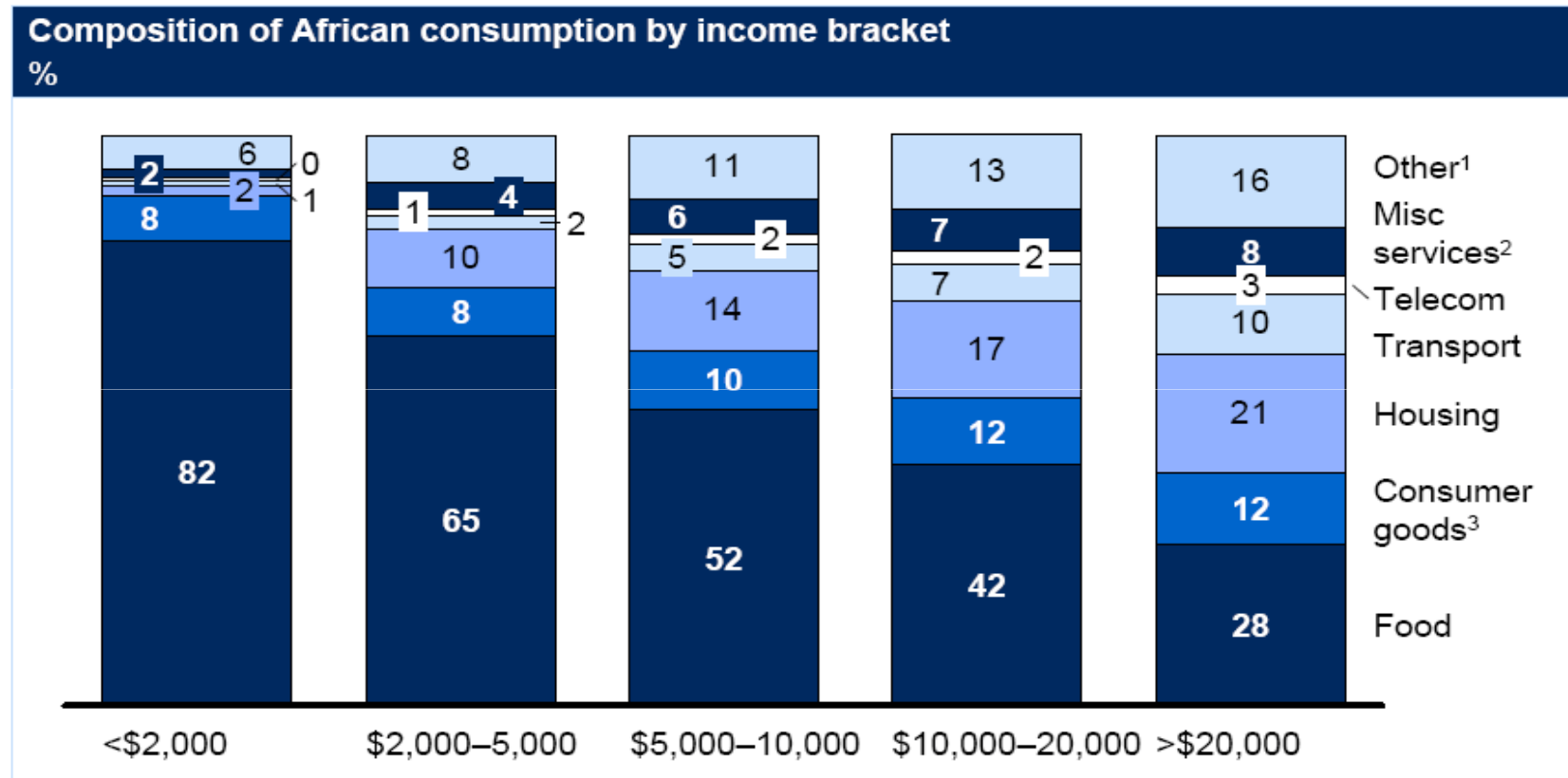
Mauritius

Challenges & Potentials of Africa Real Property

Challenges & Potentials

Household spending on nonfood items increases with wealth

Based on 2005 PPP dollars



1 Includes health care, education, leisure, and recreation.

2 Services not otherwise classified.

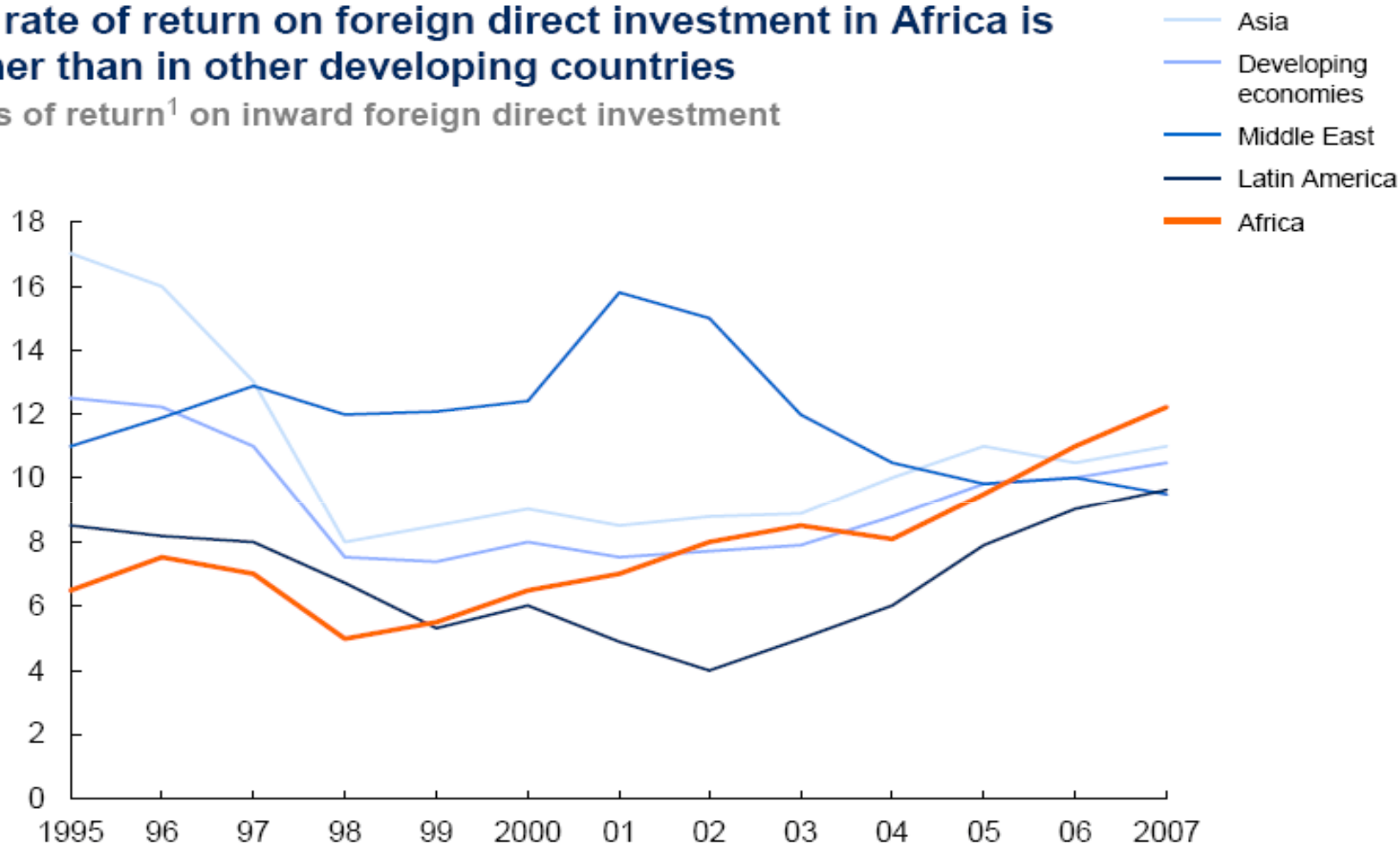
3 Includes clothing, footwear, and household goods and services.

SOURCE: Canback Global Income Distribution Database (C-GIDD); Euromonitor; McKinsey Global Institute

Challenges & Potentials

The rate of return on foreign direct investment in Africa is higher than in other developing countries

Rates of return¹ on inward foreign direct investment %



1 The rate of return is calculated as direct investment income for the current year divided by the average of FDI stock of the previous year and the current year. The figures for 2007 rates of return are based on 39 countries in Africa, 33 in Latin America and the Caribbean, 11 in West Asia, and 18 in Asia.

SOURCE: United Nations Conference on Trade and Development; McKinsey Global Institute

Challenges & Potentials



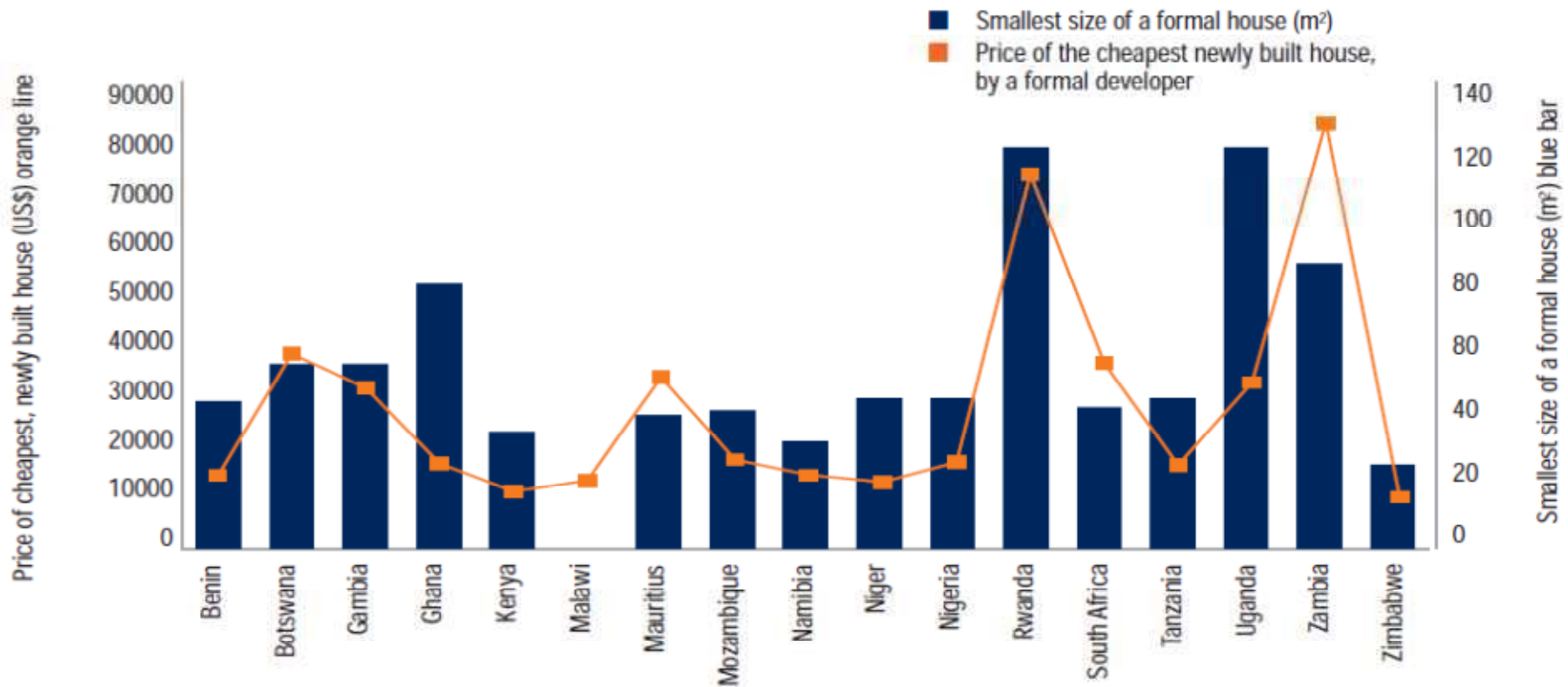
Source: IPD

Challenges & Potentials

1 Construction costs

- High construction costs, building materials;
- Short of construction machines and staff;
- Formal house, USD500/m²

Price and size of the cheapest newly built house, by a formal developer (2011)

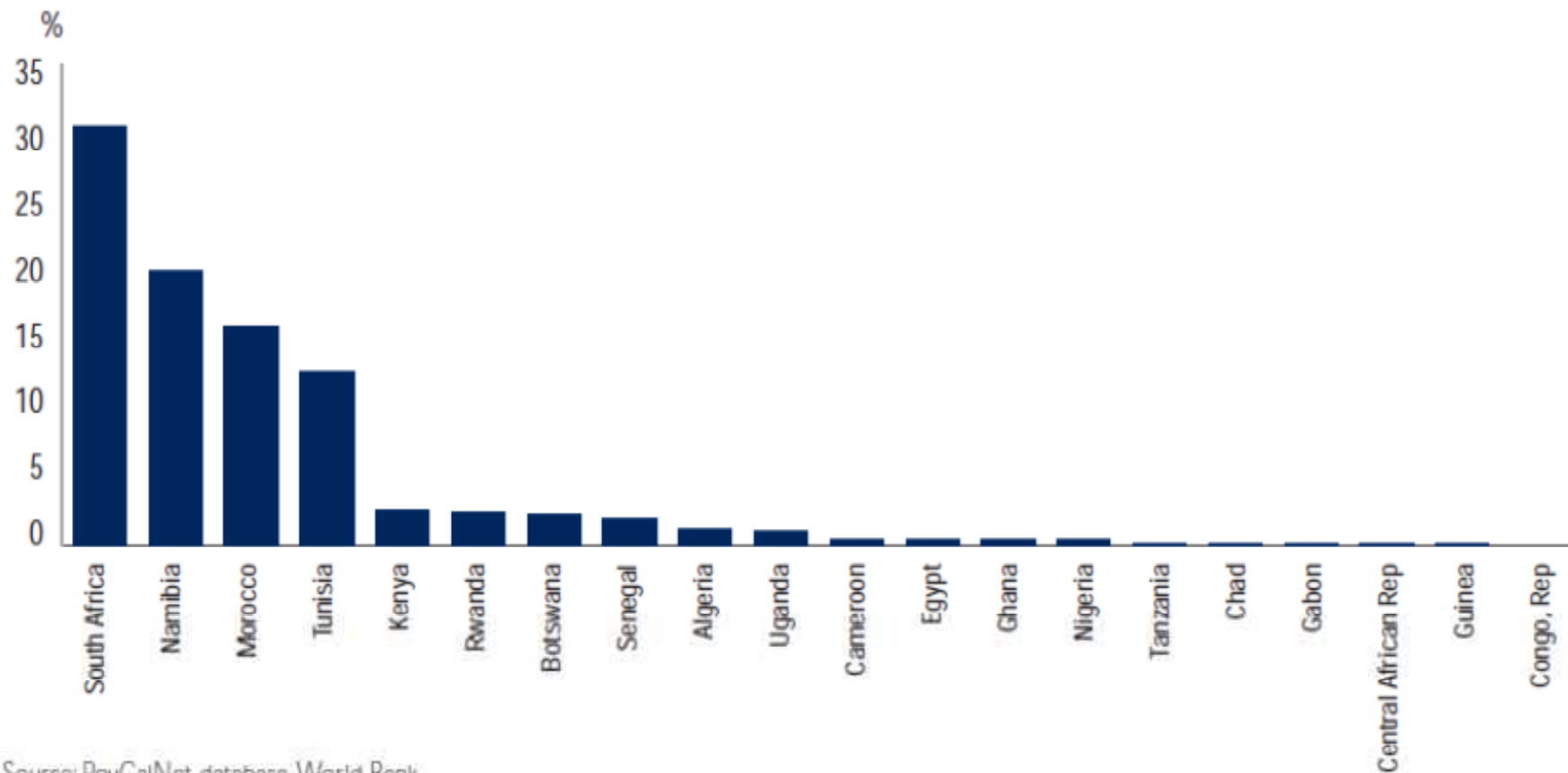


Challenges & Potentials

2 Financial Support

- Short of Financial Support
- ratio of Mortgage to GDP less than 5% in majority of Africa countries, USA 26%, Hongkong 40%, China 15%, EU Countries, 39%;

Mortgage debt to GDP



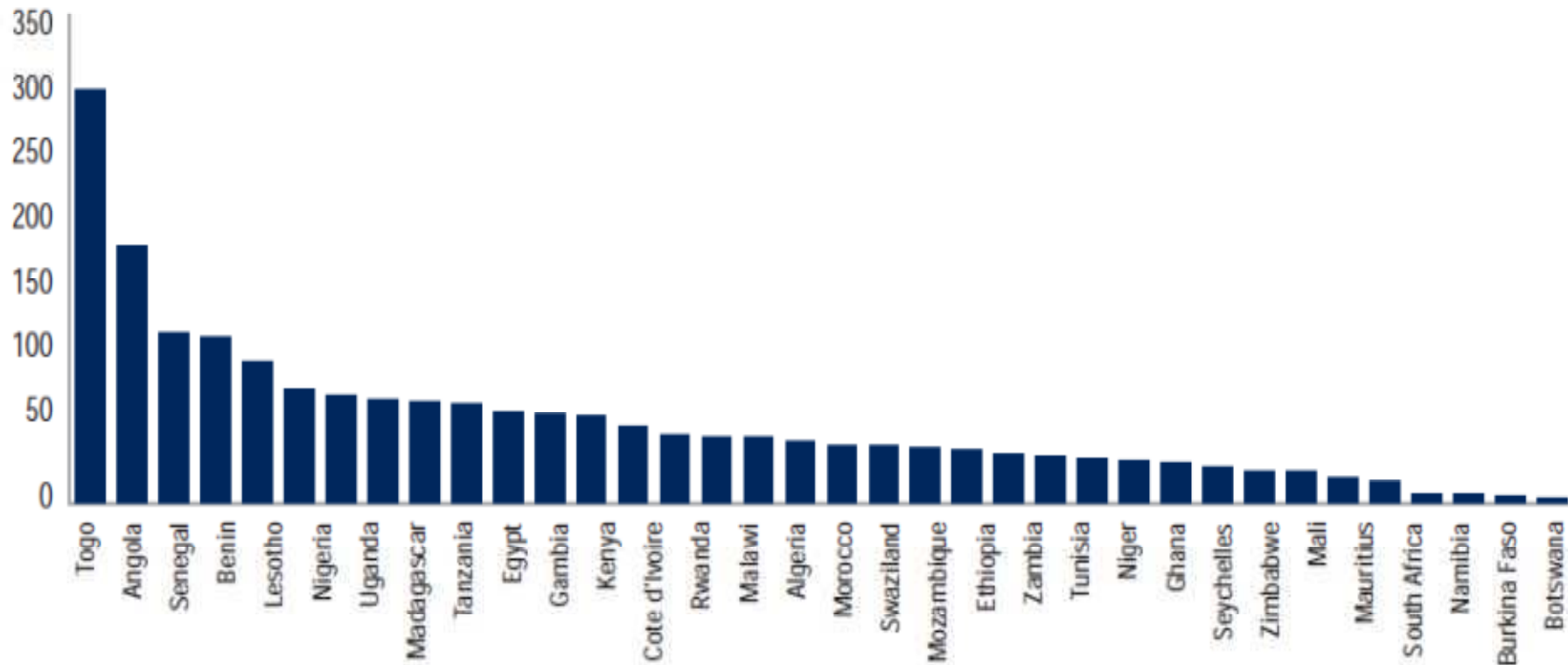
Source: PovCalNet database, World Bank

Challenges & Potentials

3 high barrier

- High development barrier...long time for land register and transfer;
- Lack big block land

Number of days to Register a Property: World Bank Doing Business Survey (2011)



The way to go forward



- Co-finance
- PPP model and Equity investment
- Combination of CADFund Equity, Africa government incentive policies and Commercial loans from China commercial Banks...



中非发展基金

China-Africa Development Fund

Thanks !