

# Where should African real estate investors put their money?

By [Barbara Chanakira](#)

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2020 was one of the most extraordinary years in living memory. The world to which we'd become so accustomed was flipped on its head. The business community was forced to innovate as it adapted to the new normal.



Barbara Chanakira, CEO of Wetherby Real Estate

A brand new set of economic conditions, brought about by the inception of the virus, has forced investors into a re-think. Investors, as they often do during an economic downturn, are increasingly ditching the stock market and turning towards the real estate market as a source of greater stability.

As an overseas investment consultancy specialising in opportunities for African investors, there's one question we're often faced with: Where should I put my money?

New York, Paris, Berlin, Hong Kong and Paris are a few of the destinations that often dominate discussion. Each has its own merits (as well as limitations) from an investor's perspective. But it's London which often comes out trumps.

It seems that London, despite the ongoing influence of Brexit and the pandemic, will continue to occupy a position near the top of the wishlist for African investors.



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## Why are African investors attracted to London?

First thing's first: London is a safe place to invest. The UK has a long history in political and legal institutions which have come to define the way that business is conducted. It is an attitude that is deeply entrenched in London's business culture, ensuring that investors can sleep easy knowing their money is properly protected. As an African myself, I am all too aware of the importance of this for investors from the continent.

London's variety of economic, social and cultural benefits is also second to none. Not only is it one of the globe's financial powerhouses, but it also plays home to some of the best schools, tourist attractions and other cultural institutions to make it one of the most attractive places to live, work and play.

Unsurprisingly, London continues to be in demand. A recent report from Savills, one of the largest real estate agents in the world, found that 76% of investment into Central London investment came from international investors, whilst Knight Frank projects a commercial property spend of £46bn in 2021. That's up from £40bn in 2019 in spite of the damage caused by the global pandemic.

In the residential market, UK house prices grew for seven months in a row between June and December 2020, whilst JLL

predicts that London will outperform the rest of the UK next year. It also projects growth of over 20% in the next five years.



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### How can African investors benefit?

Low interest rates, accompanied by a weak pound, make for compelling investment conditions, so where should Africans put their money?

Heightened levels of remote working, travel restrictions and other Covid-related regulations are putting question marks around the future of office and hotel investment. That's the case for investors seeking quicker returns, anyway.

Indeed, the vulnerability of traditional asset classes has diverted attention towards sectors better suited to a world grappling with a virus. Investors are increasingly recognising the importance of real estate which reflects socio-economic changes.

The diamond in the rough is the serviced accommodation market. Widely recognised as London's next big thing, it blurs the lines between residential and hotel living, with fully-furnished apartments, a reception, guest services team and sometimes restaurants and business facilities.



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Its appeal has only been accelerated by the pandemic whilst other sectors have been exposed. Greater social distancing, self-catering facilities and minimal staff contact make it a Covid-friendly form of hotel style living, something that looks set to define the overseas business landscape for the foreseeable future.

Unsurprisingly, it was one of the most resilient industry sectors in 2020 according to Savills and STR. The UK's broader cultural shift towards rental living, lower operational costs and an increasingly transient workforce make for attractive long term prospects too.

There is no doubt that 2020 was a huge shock to the system of African investors. But as the world continues to adjust to the new way of living and doing business, the shrewd investor will be wise to take advantage of the opportunities abroad.

### ABOUT THE AUTHOR

Barbara Chanakira, CEO of Wetherby Real Estate

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