

# PGP group looks to make further inroads into Africa

 By [Sindy Peters](#)

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Pam Golding has a network of over 300 offices operating worldwide. We interviewed Dr Andrew Golding, chief executive of Pam Golding Property, to get some insight into their current projects in Africa, and the business model used to expand successfully into this space.



Dr Andrew Golding

## ***Tell us a bit about Pam Golding's work in Africa.***

The opportunities and energy associated with the vibrant and diverse African continent has resulted in a number of international property investors and developers seeking opportunities on the continent as there is an increasing demand for quality commercial and residential developments. Growth in cities like Lagos, Nairobi and Kinshasa remains strong and investors continue to prosper not only in property but also in the retail, financial services, construction and technology sectors.

The Pam Golding Property group is looking to increase its footprint and make further inroads on the African continent - and have highlighted Ghana and Angola as key areas where we plan to have a presence in the near future. In looking at opportunities in Africa, we are not necessarily only focusing on high value properties but also on partnering with well-established local operators who either have existing property opportunities that they wish to bring to market and/or want to capitalise on the Pam Golding Properties brand and intellectual property and experience to establish a real estate business.

In Africa, Pam Golding Properties continues to grow its presence in partnership with local expertise, with Dar es Salaam in Tanzania imminent. We are currently considering approaches from operators in Dubai and India.

In Uganda, sales are under way at Lake Victoria Serena Golf Resort where the golf estate and clubhouse is already open, while other facilities include a marina, mini mall, sporting facilities, pool and gym. Apartments and villas are priced from R3,345m and R10,41m respectively.

Pam Golding Properties is also involved in a number of exciting projects in Nigeria, potentially including Legacy City in the capital of Abuja. Priced from \$65,000 to \$200,000 and well positioned just 15km from the centre of town, a range of 1000 homes including apartments, villas and semi's are currently under construction catering for middle-income housing demand.

Also in Abuja, we are forging relationships with a number of developers, which includes upmarket developments such as 200 apartments situated adjacent to the Abuja Hilton, priced from \$950,000 to \$1.5m and The World Trade Centre, currently under construction. Product in this high-rise is priced from \$1.5m to \$2.5m.

We are also in negotiations to become a service provider of some of the residential components at the 10 million sqm reclaimed island Eko Atlantic off the coast of Lagos which is being billed as the new financial capital of Nigeria. Over five million sqm has already been reclaimed and land sales have been very strong. Construction of some of the offices has commenced and the first residential buildings are in final planning for construction. This mega-city will incorporate a range of commercial and residential developments.

Elsewhere in Africa, we are seeing new residential developments springing up, with our northern neighbour of Namibia proving increasingly attractive to investors. One of the new developments recently brought to market through PGP is an exclusive project within a small security estate in an affluent suburb in the eastern part of Windhoek, where units are priced from N\$10.65m to N\$11.875m with sound rental income potential.

#### **■ Describe the business model you used to enter the African market.**

The model is primarily a partnership model, where we partner with a local real estate expert in the country either in a joint venture or franchise. In some cases we have entered a country through being mandated to sell a development which needs our unique marketing and sales experience, skills and network.

We prefer to partner with local operators as the legal system differs from country to country and we require their network in order to trade. The legal systems relating to real estate are good, and entry into those markets is not cumbersome if a reputable agency can lead buyers through the system. However, market data is not as easily accessible as in South Africa, and buyers and sellers do rely more heavily on professional agencies to provide adequate information on values and trends. The strength of Pam Golding Properties is the support it provides in terms of systems and marketing, and tried and tested operational management at ground level, as most of the countries do not have a structured real estate environment and sales training and expertise. Our franchisees have the rights to trade in residential sales and rentals, commercial brokering and leasing and facilities management as well as new development stock.

Africa is part and parcel of the global economic environment and each country faces its own challenges accordingly. There are banking challenges, mining constraints, and tourism matters which need to be dealt with. Nonetheless, the major brands have, and are, investing in Africa. Companies and their personnel rely on good local knowledge to make sound judgements on their investments. Africa is very savvy regarding technology and very reliant on cell phone interaction. Those operators who connect with clients on this platform will find huge benefit. The Pam Golding group looks forward to expanding its network into any countries where economies are stable and offer a secure investment in residential sales.

### ■ ***Is SA still the gateway into Africa?***

From a residential real estate perspective, South Africa is probably the most developed/sophisticated market in Africa. Having said this, for real estate it is not necessarily the gateway to Africa as international investors will often go directly into many African countries.

### ■ ***What are some of the realities of the market that you're dealing with today in Africa?***

- Over supply of stock in the upper levels of the market as buying power is lower in the larger section of the population;
- Struggling economies – mainly due to low commodity prices;
- Educating sellers around the role and value of dealing with a professional real estate agent;
- Attracting talent/people who are prepared to work on a commission-only basis;
- Market information on residential property – e.g. number of properties, owners and transfers/registrations; and
- No established mortgage culture or proper solutions with local bank rates very high.

### ■ ***How much of a hindrance is red tape in doing business in Africa?***

If you work with a local partner, they understand and are able to navigate through the local market requirements. It is still very much a case of “bring own infrastructure”.

### ■ ***How would you describe the level of competition between property companies (both local and foreign) focused on Africa?***

Competition is strong at a local level, with many small operators around who have been in the local real estate business for many years. The industry is less formalised and we find we are able to bring a more sophisticated approach and tools which sets us apart and gives us a competitive edge. International competition exists more in the commercial space.

### ■ ***What trends are currently driving Africa's property sector?***

Most of the drivers are currently tourism-based which will always be small and dependent on many factors. Local property markets will experience growth comparable directly with economic growth and the development of the larger middle class. In most African countries this is slow but has huge growth potential which will only really be unlocked with proper growth in the mortgage sector. I see this as the single biggest bottleneck to unlocking proper growth and creating investment culture in real estate throughout the rest of Africa.

## ABOUT SINDY PETERS

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