

Global real estate transparency index highlights need for further improvements in SSA

JLL and LaSalle's biennial Global Real Estate Transparency Index has noted that increased regulatory requirements and greater data availability have driven incremental improvements over the last 20 years that the report has been published.



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The second edition of the [regional report](#) reveals a Sub-Saharan African real estate industry that is gradually making progress. However, transparency across the region is advancing at a more muted pace than in previous years and progress is still too slow in an environment where investors and business, as well as communities, are demanding much higher standards.

Availability and quality of information

“Transparency is increasingly important for commercial real estate, where investors are allocating ever more capital,” says Jeremy Kelly, director, global research, JLL. The availability and quality of information – from prices to ownership – is crucial when trying to make investment decisions, especially in new markets.”

Government measures are aimed at improving their countries’ competitive position as both real estate investors and companies looking to lease space increasingly demand standardised data.

“Transparency in real estate increases accountability and quality of governance, and improving transparency plays a central role in providing healthy, productive and competitive environments for communities and businesses to thrive,” says Craig Hean, CEO: South Africa and Sub-Saharan Africa, JLL.

Top five markets

While there are wide disparities in transparency within Sub-Saharan Africa’s sub-regions, Southern and East Africa account for the top five markets. South Africa (21st) remains the only ‘Transparent’ country, helped by a significant institutional investor base and listed sector. Botswana (45th) and Mauritius (51st) follow, positioned in the ‘Semi-Transparent’ tier.

It is positive to note progress on Sub-Saharan Africa's transformative journey is being led by the West and East African hubs of Nigeria and Kenya. Out of the 15 Sub-Saharan African markets included in the index, 10 have seen some level of progress in real estate transparency levels, pushed by international service providers deepening their involvement in markets across the region.

Real estate transparency is slowly moving in the right direction, with government data initiatives motivating digitisation and more open information.

Regulatory reform and enforcement

Kelly emphasises that regulatory reform and enforcement will play an increasingly important role on the continent. India is setting the example on a global scale with wide-reaching regulations introduced in the last two years, and subsequent foreign investment into its real estate sector rising in parallel with these changes. "In Sub-Saharan Africa, further advancements in the ability to put new and existing regulations into practice – particularly in building safety standards, land use planning and financial regulations – will be required for many of its markets to meaningfully raise their transparency levels."

Hean comments that new technologies that transcend national borders, such as blockchain, brokerage apps and open data, could help semi-transparent markets leapfrog the normal process of transparency evolution.

"Proptech tools are poised to provide the next big bound in transparency. Several Sub-Saharan African countries are introducing new processes to provide better services or to help improve data availability, but benefits are not a given. For instance, take data security – as building sensors start to accumulate massive amounts of data, we need to ensure its use is transparent," adds Hean.

So far proptech has proved broadly helpful. Governments across the region are taking steps to digitise data collection and publication as well as to create online e-governance portals to improve efficiency and visibility. Kenya, Ghana and Rwanda have set up working groups or already trialled blockchain technology for recording land ownership and listings websites are proliferating across Sub-Saharan Africa, from multinational sites such as Jumia to country-specific platforms like PropertyPro in Nigeria or Property24 in Kenya.

Valuation standards

Another considerable influence on improving transparency in Sub-Saharan Africa is the advancement in valuation standards on the continent, with new guidelines being introduced, greater competition, more frequent use of third-party providers and increased frequency of valuations.

Whatever changes are on the horizon, investors and the public will continue to scrutinise every move.

"The industry is in the spotlight and Sub-Saharan Africa will need to accelerate the pace of change to close the gap with other regions to meet rising expectations," concludes Kelly.

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