

The logo for broll, featuring the word "broll" in white lowercase letters on a red rectangular background.

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**Country Focus Mozambique
12th Africa Property Investment (API) Summit 2021**

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Country Focus on Mozambique.

10th September 2021
José Castilho
Broll Mozambique, Lda



Our 20 min presentation, where we will:

- Visit the macro-economic and Real Estate status of the country, on a glance of main indicators Real

Followed by a discussion with our dear panellists

- Look at our internal market and opportunities beyond Oil and Gas
- Reflect on the future of the office market versus remote work
- Discuss the logistics role to consolidate Moçambique as a regional hub
- Have a look at alternatives for the future

Q&A

Closing Remarks



Economic Overview

	2020a	2021b	2022b	2023b	2024b	2025b
Real GDP growth (%)	-1.3	2.4	4.2	5.1	6.2	6.7
Consumer price inflation (av; %)	3.1c	5.1	7.3	7.6	7.8	8.3
Government balance (% of GDP)	-8.6	-7.1	-3.7	-2.2	-2.9	-2.6
Current-account balance (% of GDP)	-27.3	-25.0	-23.3	-21.9	-22.5	-23.0
Money market rate (av; %)	11.0	13.3	14.0	14.5	15.3	16.0
Exchange rate MT:US\$ (av)	69.50c	67.00	68.78	70.23	69.59	67.10

a Economist Intelligence Unit estimates. b Economist Intelligence Unit forecasts. c Actual.

GDP

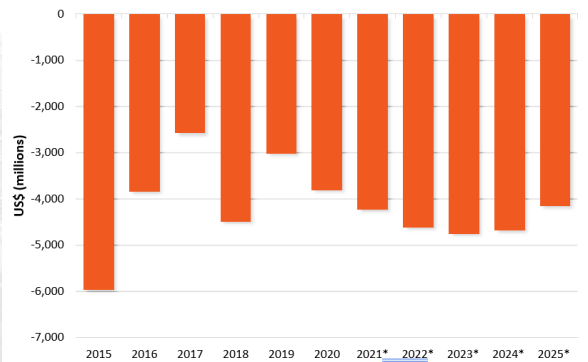
The economy contracted by 1.3% in 2020, but is expected to grow by around 2.4% in 2021.

Coal and aluminium are the drivers of economy, but the country relies also in enormous Gas reserves. Agriculture and tourism are also important sectors to develop. Production will rebound as global energy demand picks up and it is expected that the agriculture sector will continue to grow due to the focus on the internal economy.

Economic growth is expected to rise by 3.6% in 2022 as coal output rises further and the beginning of a “new normal” facilitates lifting of restrictions, boosting the services sector.



Economic Overview



Source: Instituto Nacional De Estatística, Mozambique

Current Account

Mozambique has a high current account deficit, despite rising exports, with foreign direct investment (FDI) in major gas projects stalling due to the unrest in the northern regions.

- An understanding with IMF is crucial to restoring economic confidence.
- A deal will not be signed once Mozambique's hidden debt issue is resolved.





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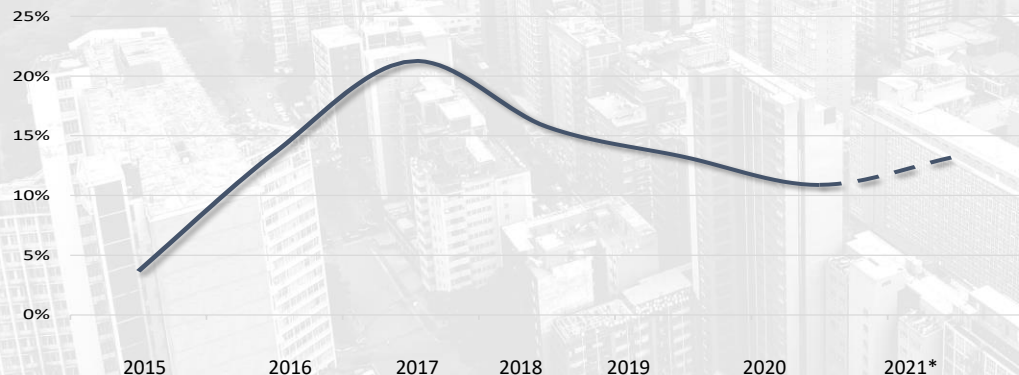
Economic Overview

Monetary Policy

In January 2021 the interbank money market rate increased to **13.25%**, up from 10.25%.

It is expected that from 2022 the BDM will steadily raise rates (to 16% by 2025) as inflation picks up.

Prime Rate: **18.90%**



Source: [Instituto Nacional De Estatistica, Mozambique](#)

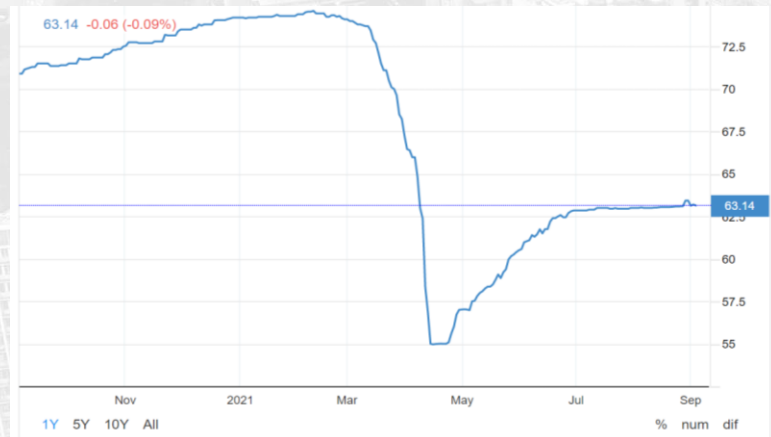


Economic Overview

Exchange Rate

In February to mid-April the metical appreciated by about **24%**, driven by an increase of US dollars in the market as global prices for Mozambique's main exports - coal and aluminium soared, combined with the BDM's January interest-rate hike, which reduced import demand. From May forward the Metical has gradually losing strength.

It is expected that from 2024 the metical will gradually strengthen in line with investment inflows as the gas sector develops further.



Source: tradinaeconomics.com

Inflation

After rising inflation during 2020, the forecast for 2021 remains bleak.

Inflation rose to **5.52%** in June 2021, up from **5.49%** in May 2021 which can be attributed to upward pressure from rising prices in food and non-alcoholic beverages, mainly.





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Market Overview

General Remarks

- Real Estate is still a quite immature and deregulated market in country.
- Last 10 years had a boom 2011 – 2013 with a major year in 2018
- The down economy cycle is expected to turn UP by 2023/24
- Transactional information still scarce, however asking prices and valuations are now more consistent.
- International funding diverted from Mozambique due to many factors:
 - Economy downgraded indicators (GDP growth way below former projections)
 - Insurrection (Cabo Delgado / Gorongosa)
 - Instability in neighbouring South Africa and fragile Zimbabwe
 - Delays in major projects (Gas halt)
 - Announced intentions to redraw (Vale/Olam Cajun)
 - The pandemic restrictions in travel in 2020 and curfews in 2021
- Market functioning based on internal investors and consumers
- Some active developing offer in Residential, mainly with Turkish, National and Portuguese funds
- Biggest transactions known 1H2021 are logistics, Industrial space/premises acquisitions





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Market Overview

Maputo

New Offices	Avg USD / m2	Rent/USD/m2/month	Yield
Grade A+	3250	27	9,97%
Grade A	2570	21	9,81%
Grade B	1880	15,5	9,89%

Retail	Avg USD / m2	Rent/USD/m2/month	Yield
Shopping Centers	3029	26,5	10,50%
Retail parks	2004	16,7	10,00%
Street shops	970	8,4	10,39%

Industrial/Logistics	Avg USD / m2	Rent/USD/m2/month	Yield
Maputo	738	4	6,50%
Matola	540	3,6	8,00%

High Level Residential	Avg GBA m2	Avg USD / m2	Unit Avg
T3	212	2 115,00	448 380,00
T2	145	2 180,00	316 100,00

Mid Level Residential	Avg GBA m2	Avg USD / m2	Unit Avg
T3	165	1 850,00	305 250,00
T2	115	1 920,00	220 800,00

Hotel Rates 2021	Maputo Avg Daily USD
3 Star	69
4 Star	80
5 Star	160

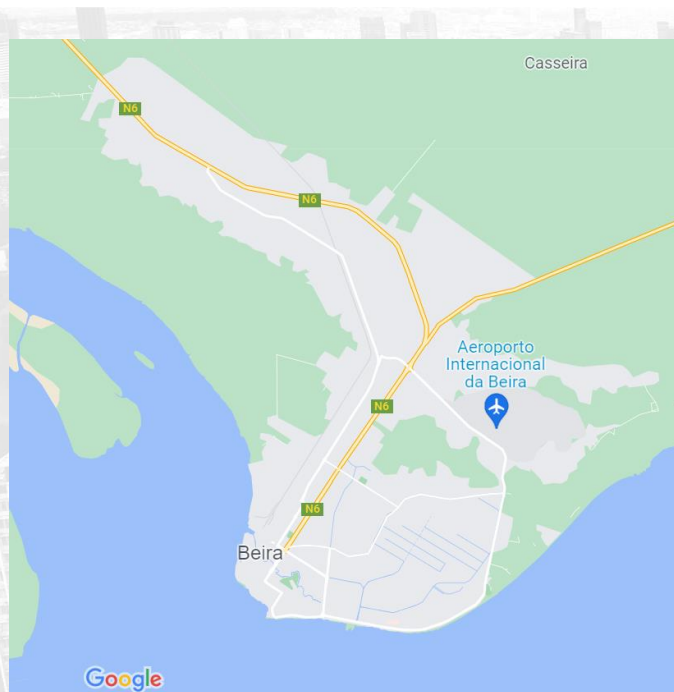
Source: **Broll Mozambique**



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Market Overview

Beira

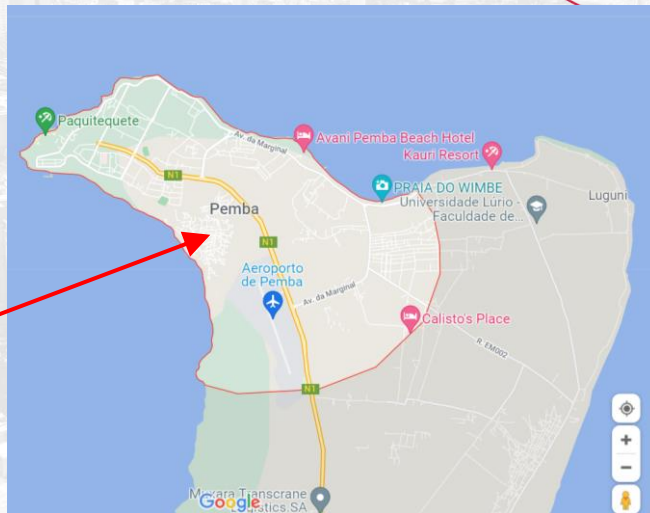


- Once quite an important city due to Port and Inland and corridor, still resists for logistics
- Geographic location pointed as a flood risk area as seen with the effects of Idai
- The Port drives the regional economy with N6 running in/out of city as the route to inland Africa, and serving Chimoio/Manica after the crossing with N1 going south and north
- Logistics and transport drive Real estate, which is mainly industrial
- Looked up areas along the N6, areas of Munhava/Maraza and the airport surroundings in the area of Manga
- Residential developments and new hotels located along the Airport road beach front
- Offices in the city centre in the areas of Estoril to Palmeiras



Market Overview

Pemba - Palma



- PALMA is 425 Km from PEMBA the closest Province Capital
- Real estate driven by logistics and accommodation needed for Gas, Graphite and Rubi's Projects
- Excellent tourism location in front of the Quirimbas Archipelago





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Panel Discussion

Main insights from our panellists

- Look at our internal market and opportunities beyond Oil and Gas
- Reflect on the future of the office market versus remote work
- Discuss the logistics role to consolidate Moçambique as a regional hub
- Have a look at alternatives for the future

Joining me, are:

- Clavio Macuacua, Director, Agility, Mozambique
- Munya Island, Senior Asset Manager, Grit Real Estate Income Group
- Adrian Frey, Chairman, Beluluane Industrial Park & Free Zone





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