



# FNB Botswana Real Estate Report

Botswana Real Estate Market Analysis for 2023 and forecast for 2024.





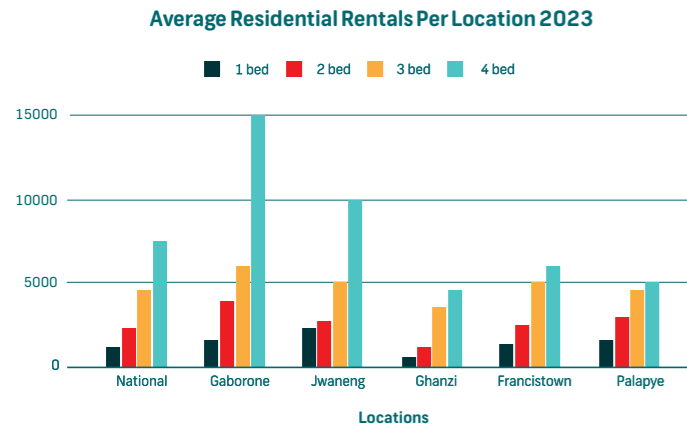


This comprehensive overview presents a detailed examination of the performance of the Botswana real estate market throughout 2023, drawing comparisons with preceding years and offering prognostications for the year 2024. It furnishes valuable insights into the dynamics and trends that delineate the country's property sector.

### MARKET PERFORMANCE IN 2023

#### Residential Market:

##### Rentals:

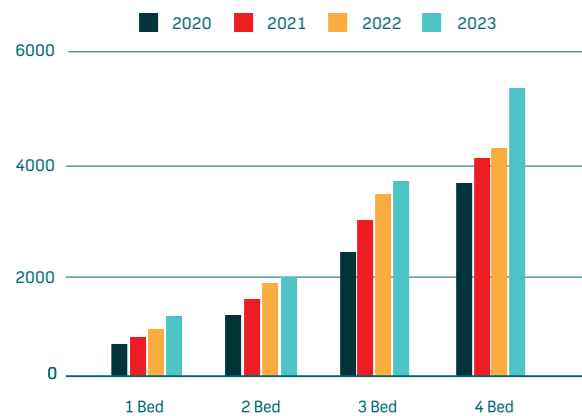


Recent observations indicate a general upswing in rental rates across the country, reflecting a broader trend in the real estate market. Various factors contribute to this phenomenon, including increased demand for rental properties, changing economic conditions, and evolving housing preferences. As rental rates are often indicative of the overall health of the property market, this trend raises pertinent questions about the underlying dynamics.

### GABORONE'S DISTINCTIVE RISE IN 3 AND 4-BEDROOM SEGMENTS:

Notably, Gaborone stands out with a significant surge in rental rates, particularly in the 3 and 4-bedroom segments. This specific trend warrants a closer examination to understand the unique factors influencing the rental landscape in the capital city.

#### National Average Residential Rental



### POTENTIAL LINK TO PROPERTY AUCTIONS AND FINANCIAL RECOVERY:

Upon closer analysis, there is a discernible correlation between the increase in rental rates, especially in larger housing configurations, and the number of properties facing default and subsequent auction. It appears that individuals, facing the impending auction of their mortgaged properties, are opting to secure alternative accommodation through rentals. This strategic move aligns with a broader narrative of financial recovery, as these individuals seek stability and flexibility in the face of property-related uncertainties.

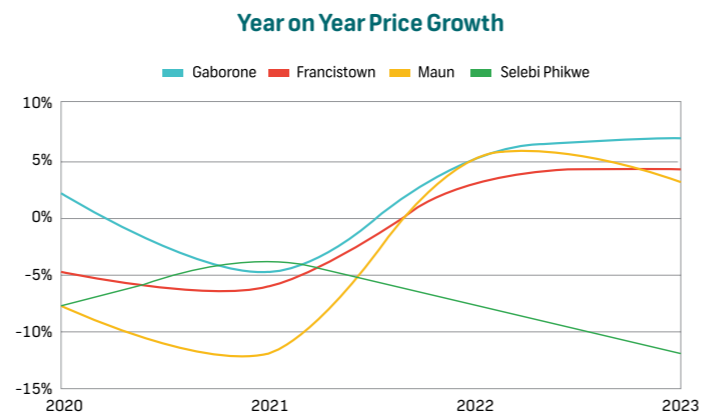
#### Impact on the Rental Market Dynamics:

This shift in the rental market dynamics underscores the resilience of the rental sector as a viable option for individuals navigating financial challenges related to property ownership. The 3 and 4-bedroom segments, in particular, witnessed heightened demand, possibly driven by families seeking spacious and accommodating living arrangements during times of transition.

#### Sales Prices:

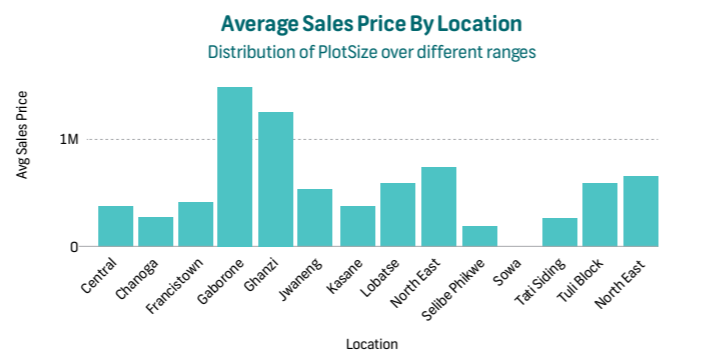
In 2023, the average sales prices for residential properties experienced a 5% increment vis-à-vis 2022, indicative of a consistent uptrend in residential property valuations.

The capital city, Gaborone, registered the most substantial price escalation at 7%, underscoring robust growth. Francistown and Maun observed moderate price upticks, with increments of 4% and 3%, respectively.



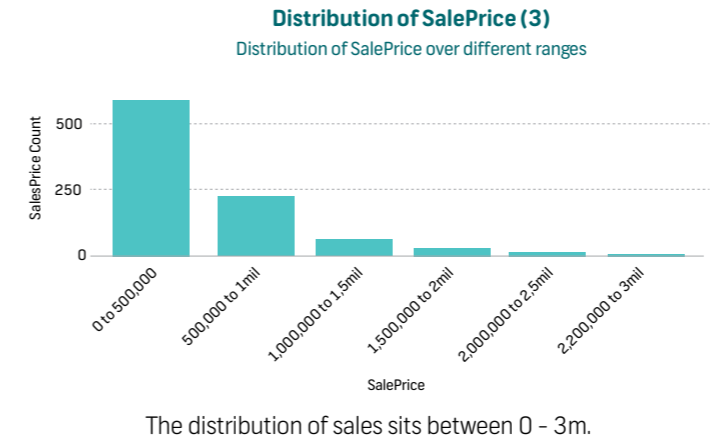
#### Sales Volume:

The volume of residential property transactions augmented by approximately 6% compared to the preceding year, underscoring a burgeoning demand for housing.



Gaborone and its environs recorded the highest sales volumes propelled by urbanization and economic activity.

Secondary urban centres like Francistown also witnessed positive sales volume growth, albeit at a more measured pace.



#### Supply and Demand:

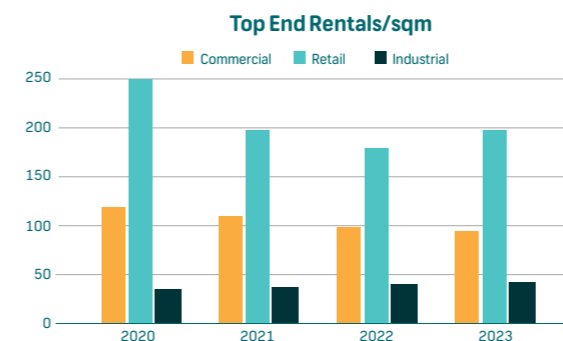
The inventory of residential properties in Botswana remained relatively stable in 2023, with a marginal uptick in new developments. Demand for housing continued to outstrip supply, especially in major urban hubs, exerting upward pressure on prices. The disparity between supply and demand is anticipated to persist in the short to medium term, bolstering price appreciation.



Gaborone being the highest contributor to national transactions, the above graphs show the average sales prices closed in 2023 in different Gaborone Localities. Placing Phakalane as the highest averaged priced transactions.

#### Commercial Market:

##### Rental Rates.



#### Office Space:

Demand for office space remained stable in 2023.

Average rental rates for office spaces exhibited minor fluctuations, with some locales witnessing marginal increments while others remained steady.

The presence of modern, well-equipped office facilities influenced tenant preferences.

#### Retail Space:

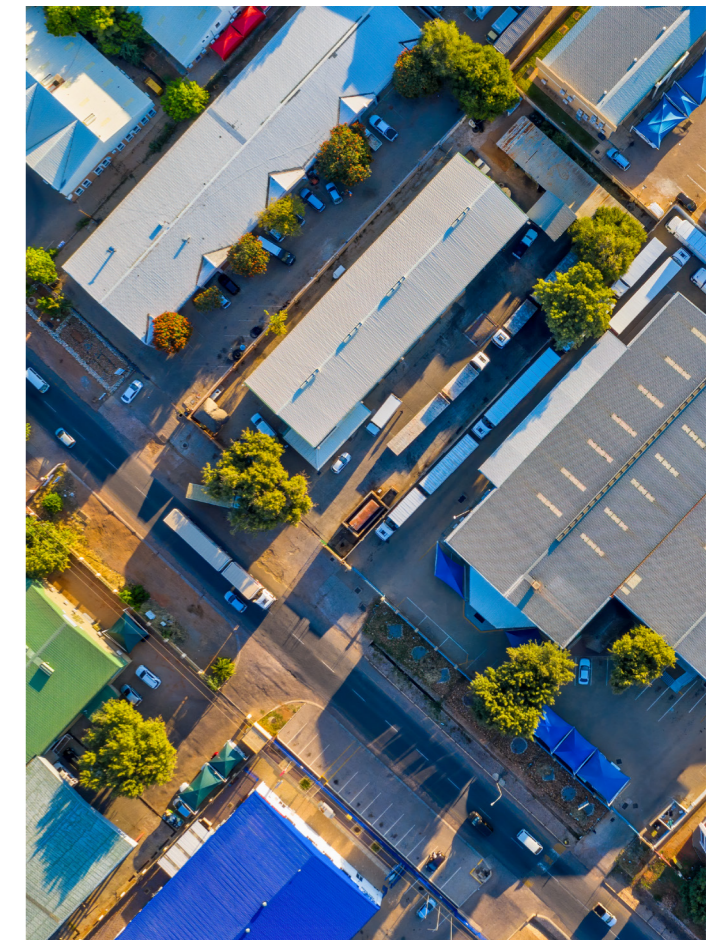
The demand for retail space experienced significant growth in 2023, driven by the burgeoning retail sector.

Shopping malls and commercial centres witnessed heightened foot traffic, leading to elevated rental rates for prime retail locations. The advent of e-commerce had a nuanced impact on retail space demand, with certain enterprises adopting an omnichannel approach.

#### Industrial Property:

Demand for industrial property remained relatively constant in 2023, with the manufacturing sector showing signs of recovery.

Average rental rates for industrial properties remained largely unchanged, indicative of a balanced supply-demand equilibrium. The availability of suitable industrial land and infrastructure influenced businesses' location preferences.



## COMPARISON WITH PREVIOUS YEARS

2023 vs. 2022	<p>The Botswana real estate market exhibited positive performance in 2023 relative to 2022, marked by robust growth in residential sales prices and a stable commercial segment.</p>
2023 vs. 2021	<p>The market performance in 2023 mirrored that of 2021, characterised by analogous levels of sales activity and price appreciation across residential and commercial sectors. The market appeared to have stabilised post the initial disruptions triggered by the pandemic.</p>
2023 vs. Pre-Pandemic:	<p>The real estate market in 2023 has yet to fully rebound to pre-pandemic levels, with sales prices and rental rates still below the level attained in 2019.</p> <p>The enduring ramifications of the pandemic and global economic uncertainties have impeded the pace of market recovery.</p>
2024 Market Expectations	<p><b>Residential Market:</b></p> <p>Anticipated continued growth in residential sales prices in 2024, albeit at a more subdued pace. Robust demand for housing projected to persist, propelled by population expansion, urbanisation trends, and the imperative for affordable housing solutions. The development of integrated residential communities and mixed-use projects expected to redefine the landscape of residential real estate.</p> <p><b>Commercial Market:</b></p> <p>Stable demand for office space anticipated in 2024, influenced by the services sector's growth and the adoption of hybrid work models. The upward trajectory in retail space demand projected to continue, buoyed by the expansion of both local and international retailers. Modest growth expected in industrial property demand, as businesses seek contemporary and efficient facilities to underpin their operations.</p> <p><b>Overall Outlook:</b></p> <p>Cautious optimism pervades the outlook for the Botswana property market in 2024. Despite prevailing global economic uncertainties, the country's macroeconomic fundamentals remain robust, furnishing a sturdy platform for sustained market expansion. Government initiatives geared toward promoting affordable housing and enticing foreign investment are poised to positively impact the real estate sector.</p>

## MARKETING AND COMMUNICATIONS

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