

Africa Facility Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Africa Facility Management Market is expected to grow at a CAGR of 11.2% during the forecast period. Facilities management includes travel booking, waste disposal, security, plumbing and drainage, air conditioning maintenance, handyperson services, decoration and refurbishment, and others. The most crucial factor responsible for high facilities management market share is the surge in the building of infrastructure activities. Construction of new infrastructure further propels the demand for other sectors mentioned above, thus boosting the overall market growth.

Key Highlights

The designers, maintainers, and installers of a wide variety of equipment, including high and low-voltage electrical systems, are the service providers of facility management systems. Facility management encompasses a variety of skills, including emergency preparedness, project management, leadership, and strategy. Africa facility management solutions are used to improve resource and organizational asset management.

Increasing demand for facility management services provided by third parties, infrastructure improvements, and private sector expenditures are some of the main factors driving the market's expansion. If investments are made to improve infrastructure and regional connectivity following the Africa Union's Agenda 2063, Africa's population growth, economic dynamism, and rapid urbanization are also predicted to create business opportunities.

While foreign direct investments have been growing slowly, several other African players have expanded their regional footprints. Some notable examples include South African firms extending into Namibia (e.g., Standard Bank) and strategic investments and partnerships made by Ethiopian Airlines to revive struggling African airlines across the continent.

However, difficulties with operational costs and a lack of infrastructure in the region are anticipated to impede market expansion. While the oil industry in Angola continued to be weak, the non-oil sector in Nigeria has grown slowly. A lack of interest in investing is hampering economic activity in South Africa. The presence of local players is more significant in the area as a result of the

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region's slow economic growth, and as a result, the penetration rate is low. These players offer single and bundled services than integrated facilities management. Long-term business opportunities in the region are anticipated to arise from government initiatives and international support actions for infrastructure development, improving growth prospects for facility management in the region.

The facilities management market in African nations is anticipated to suffer from COVID-19. Due to China's importance as Africa's top commercial partner, COVID-19's negative consequences are also seen in Africa. There has been a decline in demand for African goods due to China closing its ports and manufacturing facilities. Due to port constraints, Chinese importers cancel purchases or make cheaper offers. In short to medium term, it is anticipated that the causes above will slow the market growth for facility management, combined with an increasing focus on hygiene and higher costs. Post-COVID, there is a greater awareness of many topics, including cleanliness, maintenance administration, and ventilation, which drives up the demand for facility management.

Africa Facility Management Market Trends

Infrastructural development continue to open up new opportunities for FM vendors ?

The residential, commercial, industrial, and public infrastructure sectors are the most served in Africa. The upcoming sectors are oil and gas companies, banks, sports, and healthcare facilities. Furthermore, increased awareness among the market buyers prompts facility management operators to match the pricing accordingly.

The increasing emphasis on adopting green buildings across developing sectors such as retail and real estate is expected to stimulate the growth of outsourced facility management in the region. For instance, Growthpoint Properties, a South African developer, promised that all new office complexes would receive at least a four-star Green Star SA rating from the Green Building Council South Africa and also enhances the environmental performance of the building.

Developers of shopping centers have likewise vowed to construct green. For instance, to attract well-known African retailers Shoprite Holdings and Pick n Pay, Novare Equity Partners, a developer of malls and retail spaces across Africa, recently applied for green certification to build the Novare Great North mall in Lusaka, Zambia. The mall's resource-saving features were implemented at little extra expense, and utility costs are anticipated to drop by almost 40 percent.

Due to Africa's exposure to a climate that is highly unpredictable, the population frequently suffers from significant flooding that is followed by protracted droughts. Additionally, the complexity of southern Africa is a result of the enormous variety of social, environmental, economic, and political perspectives, the development of sustainable infrastructure is increasing due to the need for enabling economic and social development, thereby driving the demand for integrated facility management. For instance, according to The New Climate Economy, a flagship project of the Global Commission on the Economy and Climate, the world is expected to invest USD 90 trillion in sustainable infrastructure by 2030. These investments are crucial to boosting economic growth in emerging markets and developing countries and fighting against climate change.

Nigeria is Expected to Witness Significant Growth

Government-led initiatives and support from international bodies are boosting investment in infrastructure development in the country. For instance, the International Development Association (IDA) has committed more than USD 45 billion in development lending worldwide in the last two fiscal years, of which USD 30 billion went to Africa. Nigeria is one of the growth-oriented countries and is expected to witness more infrastructural growth in both public and private sectors due to such initiatives and thus will provide opportunities to facility management vendors to penetrate the market further.

Further, there has been an increased demand for facility management services in Nigeria in the commercial segment among end

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users such as offices, malls, restaurants, government buildings, and others. In addition, the rapid expansion of the tourism and real estate sectors is expected to boost the economic growth in Nigeria.

According to the Institute of Workplace and Facility Management, outsourcing facility management is rising in the region's office property sector. However, the opposite is the case for the new retail property sector. Over five years ago, many retail property sectors outsourced their facility management. There's been an almost 40% tilt towards internal facility management recently. Moreover, the EU-Africa partnership, the World Bank's infrastructure projects, and NGO activities are fundamental tools for development. Mobilizing private capital for Africa is a key priority. Hence, international organizations with the EU up front are devising innovative ways to come up with the right combination of funding, technical assistance, and political dialogue to attract private investment. The cooperation between international organizations and the private sector holds promising potential, which would further drive the market for facility management in the country.

Moreover, the increased emphasis on green buildings proliferates the market's growth. For instance, EchoStone plans to build 182,000 affordable, certified green homes in Lagos, Nigeria, by working with local banks to ensure home buyers have access to low-interest rates and long mortgage tenors by 2023.

On the other hand, the facility management vendors in the region are mostly private and small to medium-sized companies operating in silos, which makes it difficult to meet international standards, and deal with the heterogeneity of services due to varied customer needs and, face difficulty in customer integration. The strategic approach towards partnerships and alliances might be helpful for companies to gain a competitive advantage and capture a more extensive customer base, which can result in increased growth.

Africa Facility Management Market Competitor Analysis

The facility management market in Africa is moderately fragmented due to local players and small to medium-sized firms. The major players, such as Bidvest facilities, Apleona, G4S Africa, and Integrigo Private Limited, have adopted various growth strategies, such as new product launches, expansions, joint ventures, partnerships, and others, to strengthen their position in this market.

In October 2022, Allied Universal and G4S signed an MOU with Shell petroleum to accelerate the transition to sustainable solutions for customers and employees through global collaboration in sustainability and security.

In July 2022, Bidvest acquired Australian Cleaning Company BIC, a niche integrated facilities management service provider across the office, commercial, and education sites. Its core cleaning service offering leverages an interactive technology solution and is augmented by a full range of hygiene, waste, maintenance, and other ancillary services for AUD160 million, approximately R1.8 billion.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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