



MEDIA RELEASE FROM SA REIT ASSOCIATION

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REITs now outweigh retailers and hospitality on the JSE

Listed REITs (real estate investment trusts) have become an increasingly important force in the South African economy. Today REITs listed on the JSE comprise 5.8% of the FTSE/JSE All Share Index, making it a bigger sector than retailers at 5.7% and healthcare 3.9%. This includes South African and non-South African JSE-listed REITs.

Over the past year the market capitalisation of SA REITs has increased around 43%, to around R340 billion.

Laurence Rapp, SA REIT Association Chairman, notes this sector growth has been achieved in some of the most challenging economic times South Africa has faced.

“It’s tough out there. We’re dealing with low economic growth, an electricity crisis and job losses,” says Rapp. “We also find ourselves in a ‘schizophrenic economy’, with the threat of rising interest rates, yet there is global liquidity and low base yields.”

Despite this the REIT sector has etched out an impressive growth trajectory, with its defensive investment qualities, solid track record of performance and drive for international best practice.

According to Ian Anderson, Chief Investment Officer of Grindrod Asset Management, the listed REIT sector raised about R25 billion in net equity over the past year.

Anderson notes the monthly value traded in listed REITs averaged R10.3 billion over the last 12 months. This is a 25% increase over the preceding 12-month period and 220% higher than five years ago. “The average monthly trade was recently boosted after several SA REITs were included in global equity indices for the first time,” says Anderson.

In addition, investors have really started to recognise listed property as a separate asset class. This sector has significantly increased its base of investors, both local and international, since introducing South Africa’s REIT dispensation in 2013.



“Property is a long-term game,” says Rapp. “For sustained success a focus on long-term value creation is imperative for REITs. This is one reason the listed property sector has continued to grow, especially over the past dozen or so years.”

He adds with the sectors’ increased size and economic impact, it is also bringing greater influence to bear on all areas of business, from legislation and tax to governance and social responsibility.

“Investment has become a global arena, so the listed REIT sector and our members strive to be on par with international best practice. We are incredibly proud to count member companies of the SA REIT Association among the country’s leaders in important areas of our economy and society, not to mention our industry’s extensive contribution to South Africa’s social infrastructure,” says Rapp.

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