

# SA REITs deliver double-digit growth in 2017 for a second successive year

In 2017, the FTSE/JSE South African Listed Property Index (SAPY) achieved total returns of 17.2%, building on its performance of returns of 10.2% in 2016. Last year, listed property outshone cash which delivered returns of 7.52% and SA bonds at 10.19%, and came in hot on the heels of SA equities at 20.9%.



L-R SA REIT Association chairman Izak Petersen and Jaap L. Tonckens, CFO of Unibail-Rodamco, who will headline the SA REIT Conference 2018.

Research from Bridge Fund Managers shows that, within the overall listed property universe, SA REITs (real estate investment trusts) specifically returned 13.5% in 2017. Local REITs also delivered their second consecutive year of double-digit performance having returned 14.7% in 2016.

Commenting on the sector's robust performance, SA REIT Association chairman Izak Petersen says: "Despite a very tough operating environment locally throughout 2017, the SA REIT sector continued its solid track record of strong positive performance for investors."

## Increased international exposure

In 2017, the internationalisation of South Africa's listed REITs emerged as the sector's dominant trend. Its international exposure increased significantly as the sector continued to pursue growth in other investment markets around the world. This trend seems likely to continue in 2018 and as long as local market conditions remain difficult.

The SA REIT sector's offshore expansion began over a decade ago with early investments in the UK, Western Europe and Australia. It has gained increasing momentum over the past two years and now the sector has exposure in over 25 countries, mostly in Eastern and Western Europe. In fact, some 40% of the listed property sector's assets are now offshore.

As more South African property companies invest internationally in response to poor local conditions and investor preferences, both local and global industry insights have become crucial for local players.

## **SA REIT Conference 2018**

The SA REIT Association is hosting the third biennial gathering, the SA REIT Conference 2018 at the Sandton Convention Centre in Sandton Central on Thursday, 15 March 2018. The gathering is sponsored by Nedbank CIB and has proven to be an event of powerful significance to this sector.

"Nedbank's involvement in the SA REIT Conference dates back to its inception following the introduction of the REIT structure. As a sponsor of the association and financier to many of its members, we are fully supportive of the objectives of the association to advance good governance, reporting and transformation in the industry. These initiatives have enabled the internationalisation of the SA listed property sector, which has been nothing short of spectacular. This is evidenced in the number of pure play internationally listed companies that now account for close to 40% of the entire market capitalisation of the listed sector," says Robin Lockhart-Ross, managing executive of Property Finance at Nedbank CIB.

Jaap L. Tonckens, CFO of Unibail-Rodamco, will headline the SA REIT Conference 2018 and explore the latest REIT trends and investor sentiments, and specifically those becoming evident in Western Europe. Tonckens is responsible for overseeing the investments of what is set to become the world's biggest international retail property owner after the recent announcement of its record-breaking \$16bn deal to buy Westfields.

For more information on the conference, go to [www.sareit.com](http://www.sareit.com).

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