

Affordable housing trust lists on JSE

Transcend Residential Property Fund would give investors exposure to a robust rental market following its listing, said CEO Rob Wesselo.



Very little residential property is listed in SA but there has been growing interest to change this as investors look to buy into specialised, lower-risk funds.

About 3% of listed property includes residential assets.

Transcend is a real estate investment trust (Reit) created by the private equity group, International Housing Solutions. It listed on the JSE AltX on Thursday, 1 December, with a market capitalisation of R489m and a rental portfolio of assets worth R1.165bn, at a yield of 9.25%.

It is the second totally focused residential Reit to join the JSE, after Indluplace Properties listed last year.

International Housing Solutions partners with financial institutions, real estate developers, private capital groups and the government to provide equity finance for various residential projects. It has created about 27,000 new units for sale and rent since it launched its first housing fund in SA in 2008.

The company has tended to fund three-storey walk-up developments that cater for buyers in the R400,000 to R800,000

bracket and tenants who can afford to pay a monthly rental of R4,000 to R8,000.

Transcend's assets consist of 2,472 units throughout SA. As much as 76% of the portfolio is in Gauteng while 13% is in Mpumalanga and 11% is in the Western Cape.

As much as 80% of tenants in the Transcend portfolio rent for less than R7,000 a month, with 57% renting for between R3,000 and R7,000 and 23% paying less than R3,000.

About 85% of tenants are in good standing.

Source: Business Day

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