

Visual recognises need for more accurate, reliable data on residential property

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Property management company Visual International Holdings Ltd (Visual) has recognised the need for more accurate and reliable data on the South African residential property market.

It's a need that has already been identified by respected property research and benchmarking firm Investment Property Databank (IPD), which is a subsidiary of MSCI. It's also increasingly being reported in the media, and the residential property industry agrees.



Image credit: VisualInternational.co.za/

"We need to build greater transparency between property funds and developers so investors can make informed decisions," says Visual's CEO Charles Robertson.

Traditionally, investors have seen the residential property sector - especially residential rentals - as risky and cite high default and vacancy rates as a deterrent to investing.

Residential property also requires a more management-intensive approach than commercial property, which further deters investors.

But Robertson says Visual's experience shows residential rental properties generate an excellent performance.

"Visual is not just a developer but we also retain ownership of some of our developments and manage these, and other properties, on behalf of our investor clients," he elaborates.

"Vacancy and default rates at Stellendale Village, our flagship development in Kuils River, Cape Town, are less than 1%."

A "perfect storm" of demand

Robertson points to a "perfect storm" of demand for affordable residential rentals in SA.

"The worldwide recession in 2008 led to a severe contraction in mortgage-lending by banks. At the same time, we saw growth in the middle-income band of the population," he explains.

"This means there is a big, untapped market out there of people who may not have the spare capital to buy a house but can more than cover the rental on one."

But, he adds, without reliable and defensible data to counter traditional thinking about the sector, large investors and fund managers in particular are likely to continue to shy away from residential investments.

"And we need the buy-in of large investors and fund managers to help grow the sector."

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