

Student digs fund targets JSE niche

The listing of the first student accommodation group Inkunzi should encourage more companies focusing on student housing to go public.

By [Alistair Anderson](#) 3 Aug 2017



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There is strong appetite for real estate companies that offer long-term growth prospects in a market where other traditional property types look saturated.

Inkunzi Student Accommodation Fund will be the JSE's first specialist student housing real estate investment trust (Reit) when it lists in September.

At listing, Inkunzi's R2.25bn portfolio will comprise 12 high quality assets housing 6,500 single students, mostly within walk distance from the University of Pretoria, the University of Johannesburg, Vaal University of Technology, North West University and the Nelson Mandela Metropolitan University in Port Elizabeth.

"We're excited about this listing as it addresses one of SA's key issues of student accommodation as well as driving a socio-economic aspect in having a 25%-30% direct black ownership. Inkunzi brings something unique and fresh to the list real estate space, offering investors direct access to a countercyclical asset class," said CEO Kameel Keshav.

There is a shortfall of about 250,000 student beds at universities in SA, according to the Department of Higher Education and Training. This rose to about 750,000 beds if technical and vocational training colleges were included, said Keshav.

Lawrence Koikoi, a listed property analyst at Stanlib, said the market was ready for student housing Reits. "Specialist Reit tend to attract a premium rating over time and this is also showing in our own market with a retail specialist Reit like Hypro trading at 6.3% forward yield versus the South African long-term bond of 8.6%.

"Student accommodation will expand investors' options in the specialist Reit segment of the market and if it is run well with increasing size and returns per share, it is likely to attract a good rating over time."

Source: *Business Day*

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