

Offshore property firms prosper

By [Alistair Anderson](#)

6 Jul 2017

Offshore property companies have been the best performing of the real estate groups in the first six months of 2017, largely thanks to an economic recovery across Europe.



Image source: www.pixabay.com

This is while various South African-based property groups have been negatively affected by a slowing local economy and political instability.

According to Stanlib, Greenbay Properties was the best performer with a total return of about 23.4% on various acquisitions.

Greenbay's initial plan has been to invest in listed European property funds and distressed real estate assets. CEO Stephen Delport said his team had managed to grow its portfolio opportunistically despite a volatile world economy.

The company, which is part of the Resilient stable of property groups, most recently invested in two retail centres in Portugal, for close to €110m.

Garreth Elston, the head of Golden Section Capital, said Portugal was offering improving investment fundamentals.

"The Iberian Peninsula has been displaying increasingly positive economic fundamentals over the last two years. Both Portugal and Spain have been delivering well on their economic reform programmes and are now delivering consistent and solid growth," he said.

The second-best performer was Fortress Income Fund, the largest listed owner of industrial property in SA, with a 9.8% total return. Fortress also owns stakes in a number of offshore groups and has benefited from owning strong performing distribution centres.

Johannesburg and Pretoria city-focused Octodec Investments followed with a 9% return and Resilient Reit managed an 8.85% return.

Resilient owns various shopping centres in SA and stakes in the likes of Romanian retail player New Europe Property Investments, Polish- and Czech Republic-invested mall owner Rockcastle Global Real Estate and Greenbay.

Another European investor, MAS Real Estate, followed with a 7.2% return for the first six months of 2017. MAS has recently diversified into eastern Europe, having owned assets in Germany and Switzerland.

New Europe Property Investments mustered a total return of 6.3%. In May, the company reported distributable earnings per share of 12.02 euro cents for the first three months of 2017 compared with 8.75c in the year-earlier period.

The company said this resulted from the strong performance of its assets and the positive effect of acquisitions and developments. New Europe Property Investments and Rockcastle are set to merge into a company worth about R91bn, making it the largest property group on the JSE.

Rockcastle's total return in the first half of 2017 was 5.6%.

The worst performer was Accelerate Property Fund, which recorded a negative total return of 20.79%. It was followed by Liberty Two Degrees with a negative total return of 9.5%. Accelerate recently said its income growth was expected to be flat for two years owing to costs related to its Fourways shopping centre expansion.

Evan Robins, listed property manager of Old Mutual Investment Group's MacroSolutions, said Accelerate's March year-end results were "the biggest disappointment" of the season.

Source: Business Day

For more, visit: <https://www.bizcommunity.com>