

Interest Rates Having Minimal Impact on Listed Property Prices

ApexHi chairman Marc Wainer says this is largely because the market is factoring in superior growth for the sector. “In the case of ApexHi, the market is expecting growth of more than 15% for next year, so the stock is in effect appreciating rather than reacting negatively to interest rate increases,” he says.

ApexHi is reflecting a total return of 14% after the first three months of this financial year, with further capital growth expected and another three distributions to come.

Wainer says the yields that investors can get on listed property stocks are also looking attractive when compared to the yield on long term bonds, which has decreased marginally.

“Listed stocks are also expected to receive a boost following the PIC’s announcement that it aims to have a total of R70-billion invested in property. Its current investment is about R15-billion, so it needs to invest a further R55-billion. A portion of this will be in listed property, which almost creates an underpin at current price levels,” he says.

Another shift that is taking place, which should boost the South African listed property sector, is the increase in foreign investors who are investing in certain of South Africa’s listed property stocks.

“This is as a result of increased investment in emerging markets in general, and South Africa makes up a portion of that investment,” says Wainer.

ApexHi CEO Gerald Leissner recently attended a Macquarie conference and roadshow in London and New York, where ApexHi, Growthpoint and SA Corporate had the opportunity to present to foreign investors. At end September 2007, foreign investors owned 9% of ApexHi A units, 12% of the B units and 8% of the C units.

Wainer says foreign investors like ApexHi because of its relatively high yield, good growth prospects, its size and liquidity. In the first three months of this financial year, 11% of the A units, 18% of the B units and 8% of the C units have traded.