

SA developers showing more interest in Africa

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The African continent could become a competitive field for SA's property developers if the developers move in and act as catalysts for future development.



Delta International's Louis Schnetler believes more property development funds are likely to move into Africa with their development funding. Image: Delta International

This was the view of property industry executives and analysts who attended the Africa Property Investment Summit at the Sandton Convention Centre this week.

Delta International's Chief Executive Louis Schnetler said he expected more funds to move into Africa where existing funds had strong track records.

"There are risks in Africa but there are risks in any market. We may be the first listed fund focused on the continent to pay distributions to investors, but we know others will spring up soon," he said.

Stanlib Direct Property Investments' Chief Investment Officer Amelia Beattie said real estate investment trusts looking to do business in Africa had to manage risks applicable to each country and that success may stem from having local partners.

Developments can take years

"It helps to develop ties early on with partners in other countries when you are finding your feet. Of course, working with large South African companies which have established themselves on the continent can be a benefit," she said.

JSE-listed Resilient Property Income Fund recently started Resilient Africa to develop properties in Nigeria. Resilient has a 50.98% interest in Resilient Africa, with Standard Bank and Shoprite as partners.

The joint venture has more than R2bn in equity and is building the 12,819m² Delta Mall in Warri, Delta State. Its other main project is a 12,291m² mall in Owerri, in Imo State.

Alternative Real Estate Management's Fund Manager Maurice Shapiro said it needed to be borne in mind that projects in Africa took years to develop. "There is not much that has been developed in Africa, so many funds from SA will see this as an opportunity. But the lead times are long.

"It can take two years before you even start construction and then years after that to build, say, a large mall. What we are seeing is some funds coming to the fore now who have been in Africa for five years already," he said.

"We are not yet at a stage where large investors believe they have to invest directly into Africa. When they look for offshore exposure, their eyes are on investments in various countries and different continents, not just Africa."

Source: Business Day via I-Net Bridge

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