



## Media Release

### South African Property Market Steady Amid Cost Challenges and Sector Growth

**Johannesburg, November 20, 2024** — South Africa's property market is showing encouraging signs of recovery, with transactional activity, rental growth, and investor confidence steadily improving, according to the latest South African Property Owners Association (SAPOA) Global Property Trends and Valuations mid-year report.

The report compiled by MSCI South Africa reveals a notable increase in transaction volumes in the first half of 2024 compared to the same period in 2023. High-quality assets, particularly in the retail sector, continue to attract strong interest and achieve premium valuations.

Retail properties are leading the recovery, with trading densities growing faster than inflation and rent-to-sales ratios maintaining a healthy balance at around 7%. This performance reflects the sector's ability to adapt to changing market conditions and maintain consistent income growth.

Eileen Andrew, Vice President of MSCI South Africa, remarked, "The steady improvements we are observing in the South African property market demonstrate its resilience. These gains, although incremental, signal a market that is stabilizing and gradually regaining momentum."

The report highlights a stable all-property capitalization rate of 8.4%, suggesting consistent perceptions of risk. While the retail sector continues to outperform with positive rental growth, the office and industrial segments are experiencing slower recoveries, shaped by evolving market demands and cautious investor sentiment.

Globally, the property market is beginning to show similar signs of resilience. Deal volumes have started to recover, and the global all-property return has improved to -2.7%,

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a significant turnaround from the three-year annualized return of -4.5%. While capital growth remains negative in many major markets, the stabilization of returns offers a promising outlook for the sector. Andrew emphasized, “Globally, we are seeing early indicators of a shift in sentiment toward property investment. This momentum, combined with a focus on quality assets in the right locations, is setting the foundation for recovery.”

In South Africa, declining vacancy rates and rising base rental incomes further underline the market's potential for sustained growth. The report notes that investors are increasingly willing to pay premium prices for quality assets in key locations, reinforcing the importance of strategic investments in a competitive landscape.

As the property sector aligns with these global and local trends, SAPOA and MSCI encourage stakeholders to remain adaptive, leveraging opportunities in high-performing segments and navigating challenges in underperforming areas. With incremental gains building a foundation for optimism, the remainder of 2024 holds promise for a sector that continues to demonstrate its resilience.

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