

# Africrest and StandOut merge

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Private groups Africrest Properties and StandOut Properties have decided to merge, after having purchased buildings together over the last three years.



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Each company was formed by a brother in the Blend family. The new merged entity will control assets of just more than R1bn.

Africrest, co-founded by Justin Blend and Nicholas Katsapas, has doubled its portfolio size in the last two years by predominantly growing its office portfolio in the northern suburbs of Johannesburg.

Blend said this growth could be attributed to a "tenant profit share model", where Africrest would source and purchase buildings for larger tenants. Using this model, tenants received a free profit share in the building while paying market-related rental.

"It is the ideal scenario for tenants whereby they have all the advantages of owning a property, but have no responsibility for the asset other than paying the rental on a timely basis. This is an ideal opportunity for tenants to leverage off the extensive experience, network, balance sheet and property management ability of Africrest and take part-ownership in a property. Tenants can use their money to grow their business while still having ownership in the property," he said.

Africrest also had a strong relationship with funder Futuregrowth.

"When your funders understand the way you do business and keep a close eye on the way the business is run, it makes the funding process a lot smoother," Katsapas said.

Meanwhile, StandOut Properties, co-founded by Greg Blend and Grant Friedman, has accumulated 17 properties in the past four years.

The company has invested in lower-to-middle-income residential buildings as well as B-grade and C-grade office buildings.

StandOut said it had vacancy rates of below 1% and a bad debt ratio of less than 0.2%.

"Getting the in-house property management up and running was our biggest challenge, but now is one of our biggest strengths," Friedman said.

As part of the merger, StandOut will add its development pipeline of two sizeable residential developments in Bramley and Milpark.

Greg Blend said: "These two developments will not only bring an additional 600 residential units to the existing 350 units in the portfolio, but will also make us one of the largest developers along the Corridors of Freedom."

The City of Johannesburg has spatial plans in line with Joburg 2040, the growth development strategy.

"The shape of the future city will consist of well-planned transport arteries - the Corridors of Freedom - linked to interchanges where the focus will be on mixed-use development. Joburgers will then not have to use private motorised transport but can opt for the alternative means, which include cycling, bus lanes and pedestrian walkways," the city has said.

*Source: BDpro*

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