

Offshore property race hots up, but analysts cautious

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Offshore diversification among domestic property stocks continues apace, with sector heavyweight Redefine Properties being the latest among a bevy of South African real estate companies to announce foreign deals in recent months.



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The company said on Friday, 26 February, it would reveal details of a "major" acquisition later this week. However, market talk is that Redefine is acquiring a portfolio of properties in Poland.

The company already has exposure to the UK, Germany, and Australia through its holdings in London-listed Redefine International and Australia-listed Cromwell.

Other South African-focused funds that have recently bought properties outside SA include Tower Property Fund, which bought malls in Croatia; Texton Property Fund, which entered the UK last year; Attacq; and Hyprop Investments. The latter bought a shopping centre in Montenegro last month, while Attacq recently acquired a portfolio of Serbian malls.

Latest figures from Stanlib show that 36% of the SA listed property sector's assets are already located outside SA, up from only 5% five years ago.

While domestic investors welcome the opportunity to gain exposure to foreign real estate markets, analysts are becoming

increasingly cautious of local companies rushing offshore. The general view is that South African players that are only now trying to build a global presence may find it is too little, too late.

Stanlib head of listed property funds Keillen Ndlovu said companies should focus on property fundamentals rather than timing the rand or chasing a particular currency.

"Local players run the risk of either overpaying for offshore assets or buying inferior quality, given the current level of competition in many markets."

Source: Business Day

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