

Octodec marked for growth on city housing

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The emerging middle class's demand for housing in cities is set to drive Octodec Investments' performance over the next few years, says the diversified property company's MD Jeffrey Wapnick.



The company, which owns an array of assets including properties in the Johannesburg and Pretoria inner cities as well as Killarney Mall, reported 6.5% dividend growth for the six months to February.

Financial director Anthony Stein said this signified consistency, with the group having achieved 6.5% dividend growth for the year to August.

"Demand for residential units priced from about R4,000 to R7,000 is growing steadily. More and more middle-class people want to live in or close to our cities. I believe this is the sweet spot for Octodec's residential portfolio," said Wapnick.

The company achieved a 1.6% increase in net asset value a share to R29.58 during its reporting period. Total property assets were valued at R12.7bn, having grown R362m. The R12.7bn portfolio comprising 316 properties realised like-for-like growth of 5.5% in rental income, while the ratio of net property expenses to rental income remained unchanged at 29.6%.

Overall core vacancies were slightly higher at 10%. The office, retail shopping centre and industrial portfolios showed

improved occupancy levels.

"In this challenging environment, our diversified portfolio has shown resilience, which we believe is due to our quality, value-for-money offering aimed at the growing middle market," said Wapnick.

Four major development projects worth about R648m were under construction during the period, of which two had been completed by the end of the period.

"We are particularly excited to have completed One On Mutual which was launched shortly after period-end and is already over 50% let. Our decision to pilot a more upmarket offering has proven successful, with demand exceeding our expectations," said Wapnick.

Source: Business Day

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