

Growthpoint to invest \$63m in student housing

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South Africa's largest property company Growthpoint will invest around R1.2bn (\$63m) in student housing by 2026, as it counts on rising demand from the sector to partly offset a slump in other areas.



Source: Reuters.

South Africa's student housing sector has a shortfall of up to 500,000 beds in the formal sector, according to a 2021 International Finance Corporation report, drawing interest from deep-pocketed real-estate firms.

"I think what's important to understand is that it's a lack of institutional-type of accommodation," George Muchanya, head of the company's Growthpoint Investment Partners unit, said on Tuesday, 16 August.

The investment comes at a time when the listed South African real-estate sector, categorised as real estate investment trusts (REITs), is under pressure to maintain dividends as the trend towards home-working leaves acres of office space empty.

The impact was felt more in South Africa as hours of power blackouts every day forced REITs to funnel billions of rand into generators to keep the lights on.

Since the pandemic, R100 invested in South Africa's benchmark index would be worth R200 today, but only R143 if

invested in the listed property sector.

Growthpoint, which launched a dedicated fund for student housing last year, will aim to increase the number of its beds by over 20% to 8,800 by the end of 2024, Muchanya said, adding a further increase would happen the following year.

The investment will expand the value of its portfolio to R4bn in 2024, up from R3bn at the end of June. It currently owns 10 student accommodations in Johannesburg, Pretoria and Cape Town.

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