



**SESIKILE CAPITAL**  
Property Investments

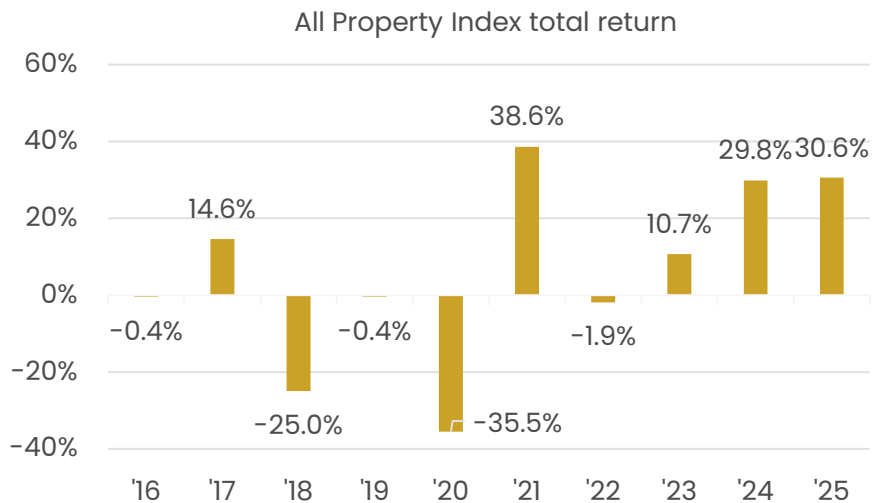
SA LISTED PROPERTY

# REAL GROWTH PUSHING REAL RETURNS...

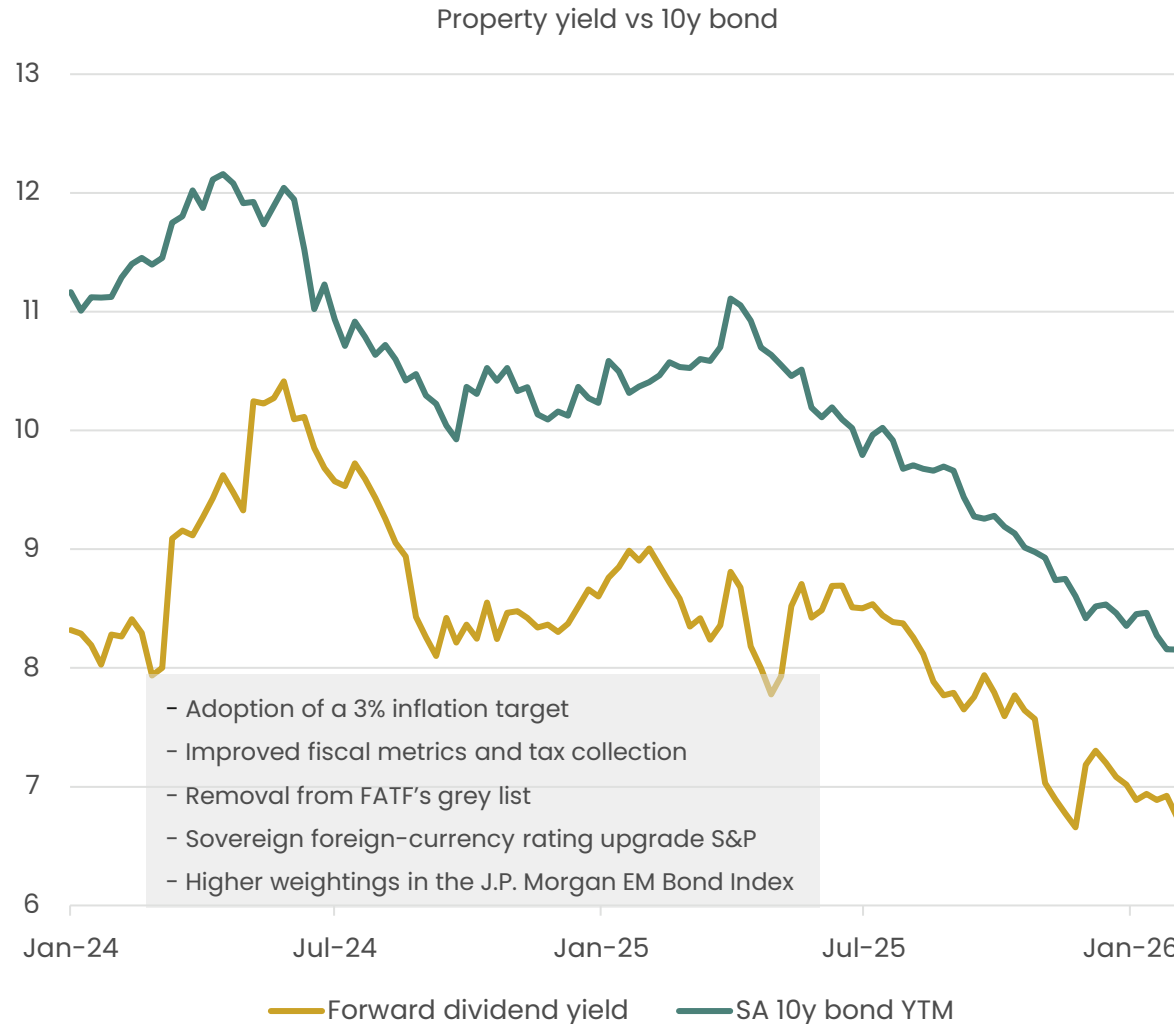
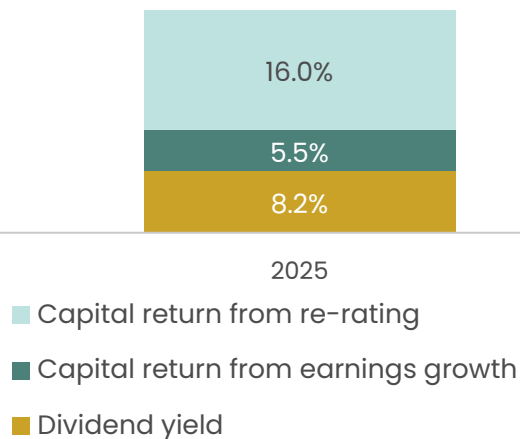
May 2026

Evan Jankelowitz

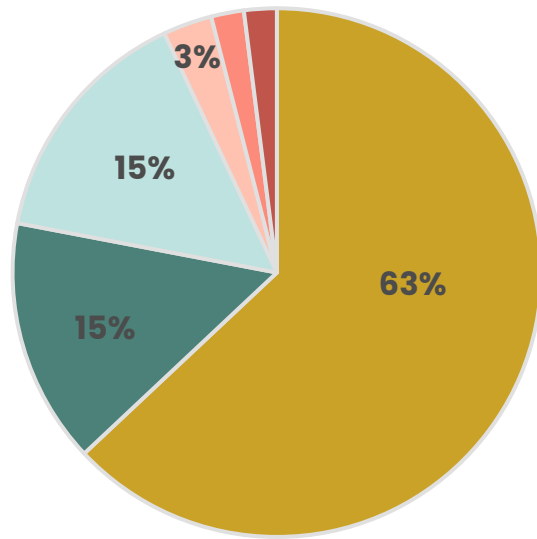




Return components 2025

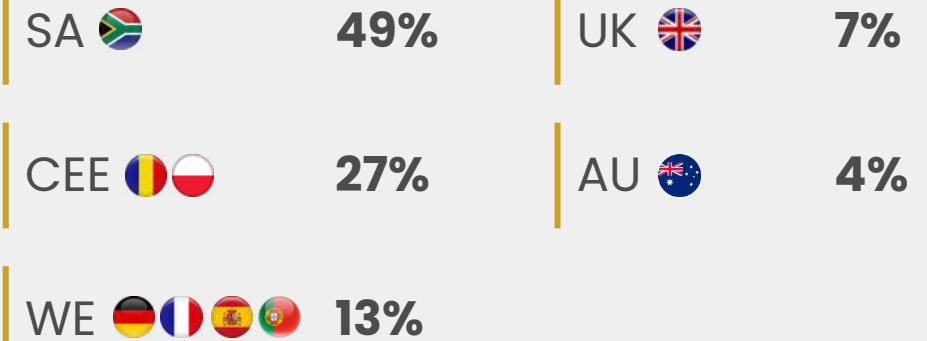


**R669 billion** Sector Market Cap

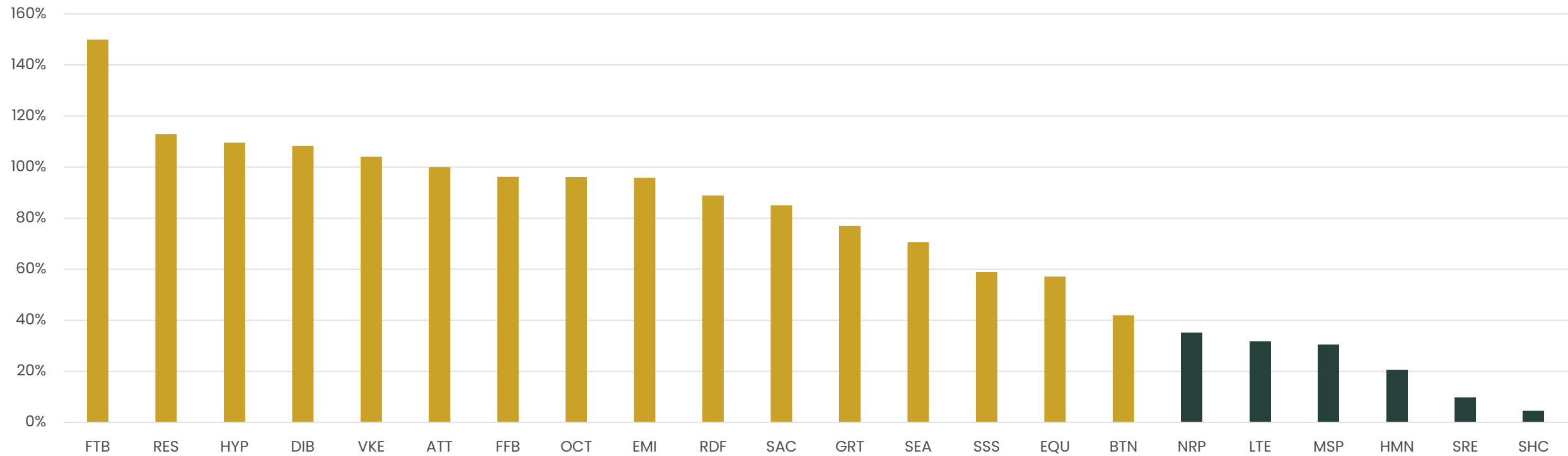


■ Retail ■ Industrial ■ Office ■ Self Storage ■ Residential ■ Healthcare

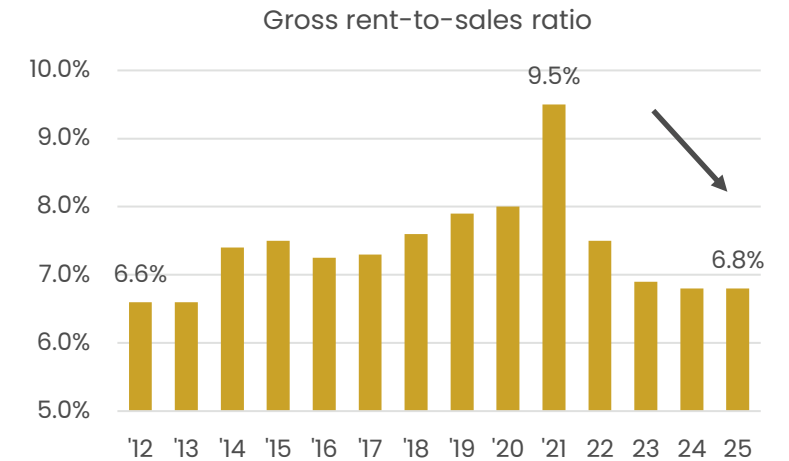
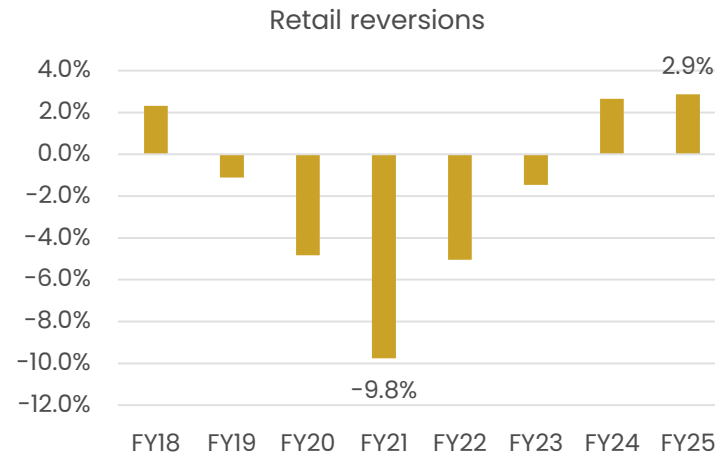
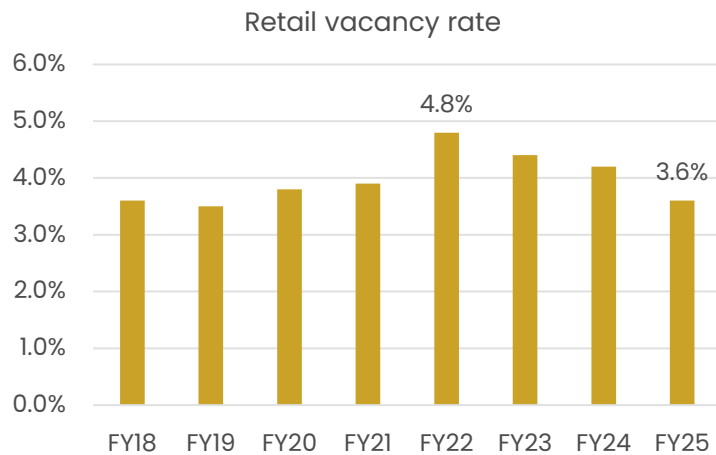
**23** counters in the ALPI



Listed property 2y cumulative total return



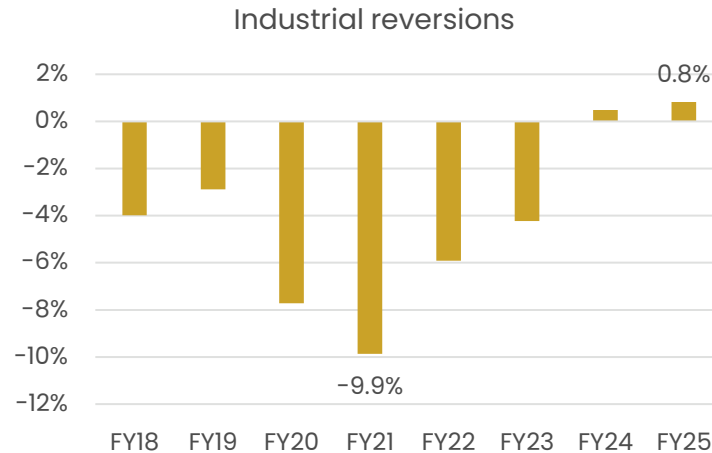
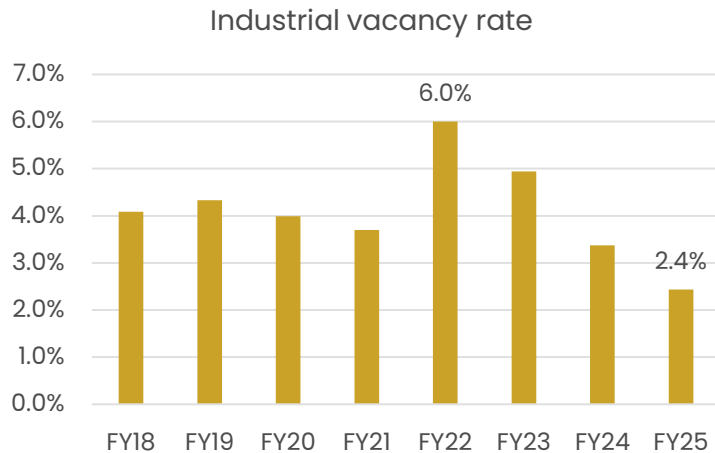
- **Retail sales growth of 4.5%** : Lower interest rates and food inflation.
- **Vacancies of 3.6%**: strong demand from national retailers and mid-market retailers.
- Rental **reversions trending upwards**. Rent-to-sales ratios imply **healthy rental growth prospects**.
- **New supply of 0.9% p.a.** over the past 3 years; **store expansion plans are 1-3%**.
- Key themes: e-commerce growth, gambling spend.



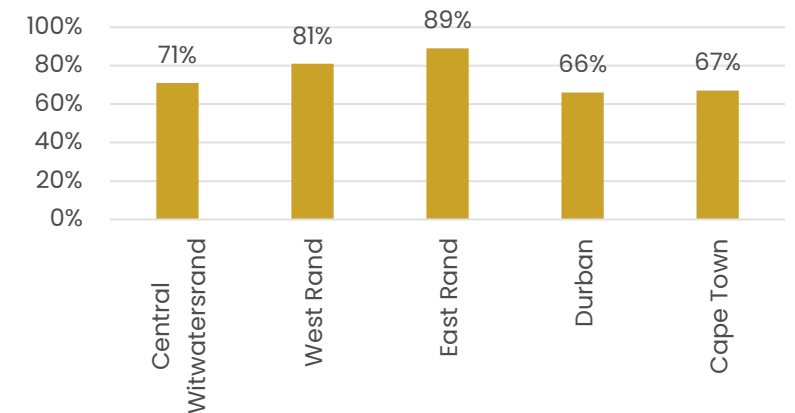
- Demand driven by supply chain optimisation, e-commerce and on-shoring.
- Port-congestion is leading to **larger inventory requirements.**
- **Higher building costs** are leading to market rental growth
  - Asking rentals of R85 – R95/sqm vs. R65 – R75/sqm previously
- E-commerce accounts for **10% of retail sales**
  - Expected to reach 12% by 2027



**SUPERBALIST**



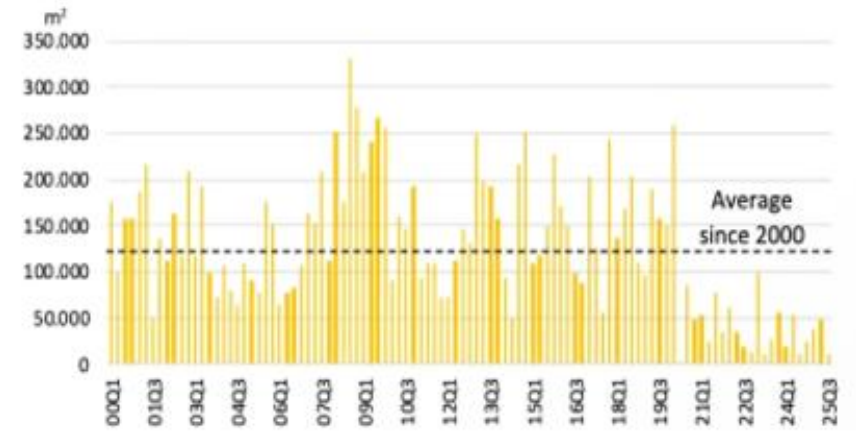
Highest nominal market-rental rate achieved vs Prime rentals



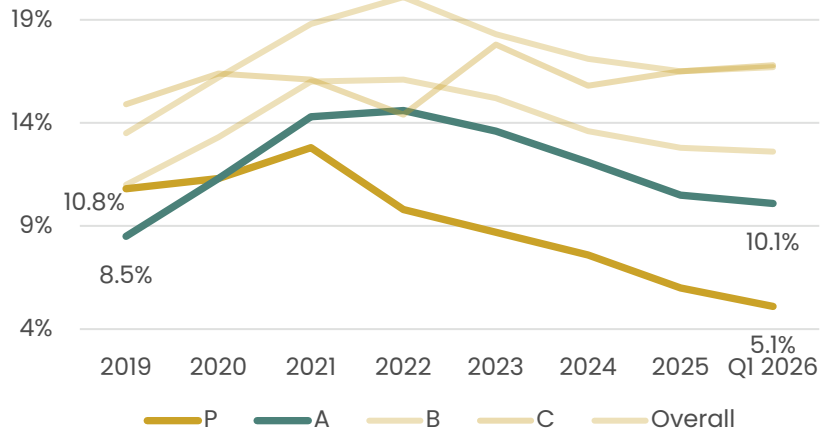
Source: Company data, Investec Securities, Rode Report

- **Return-to-office, ESG**, and the **BPO** sector have been key drivers of a recovery.
- Vacancies are **down 410bps since its peak to 12.6%**
- **P-grade vacancies are at below pre-Covid levels.**
- Rental growth is steadily **recovering**- P-grade close to showing **growth**.
- Demand is strong in the **Western Cape, Rosebank, Waterfall and Umhlanga.**
- **Limited new supply** (+0.6% with 66% pre-let) is supportive of a recovery.
- \*Market rental 6.7%

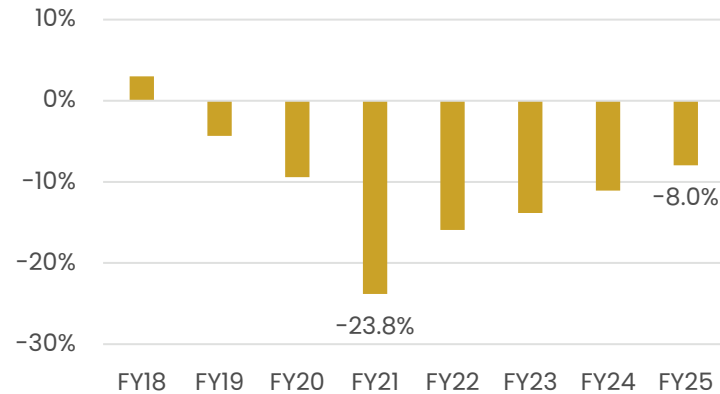
Office developments completed



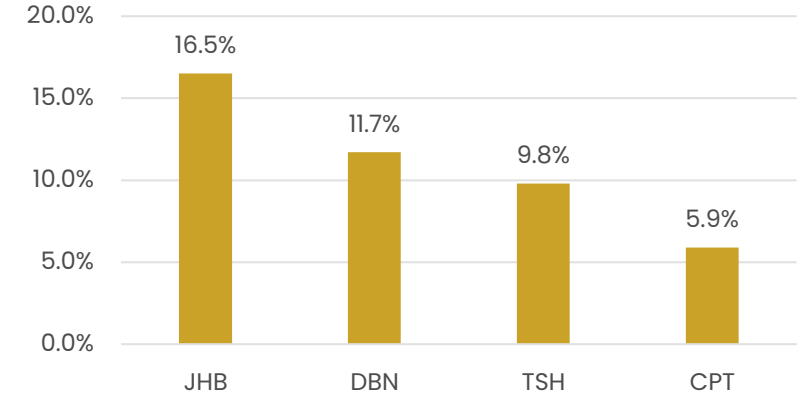
Vacancy rate by grade



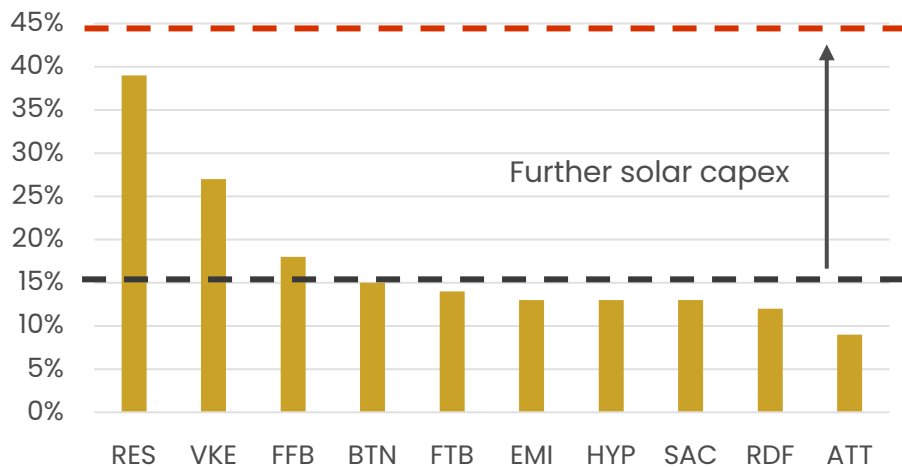
Office reversions



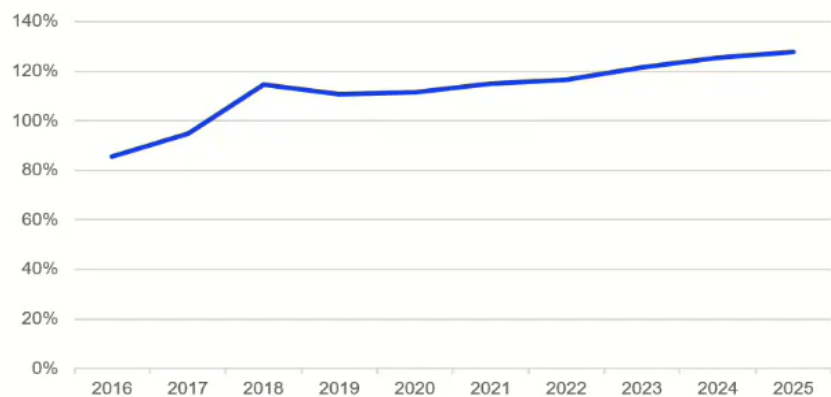
Vacancy by metro



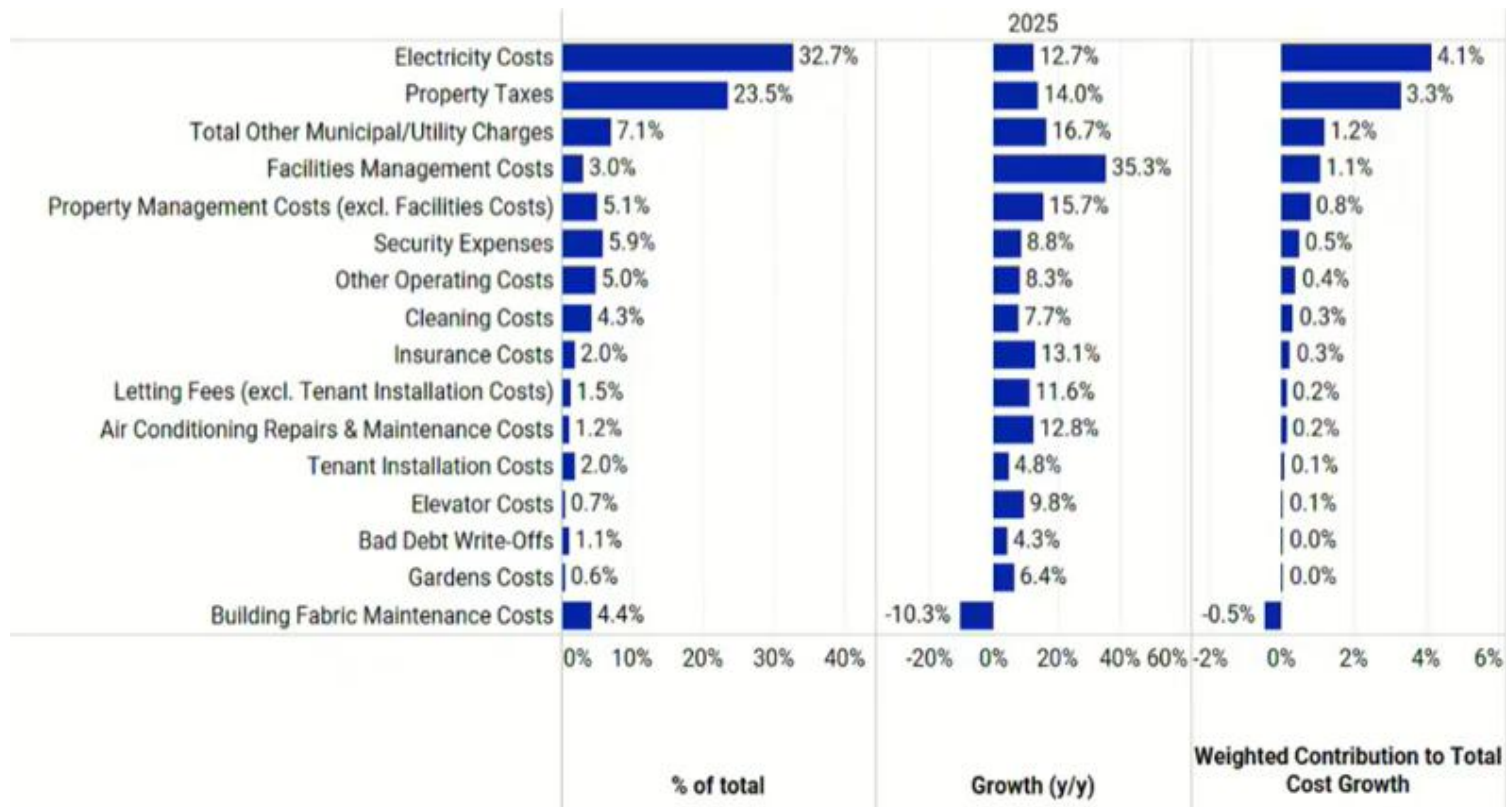
Energy needs covered by solar



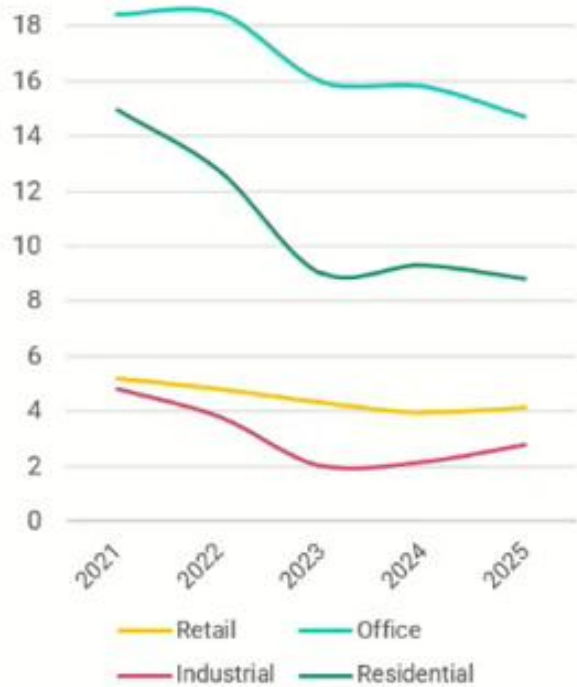
Electricity Recovery Ratio, %



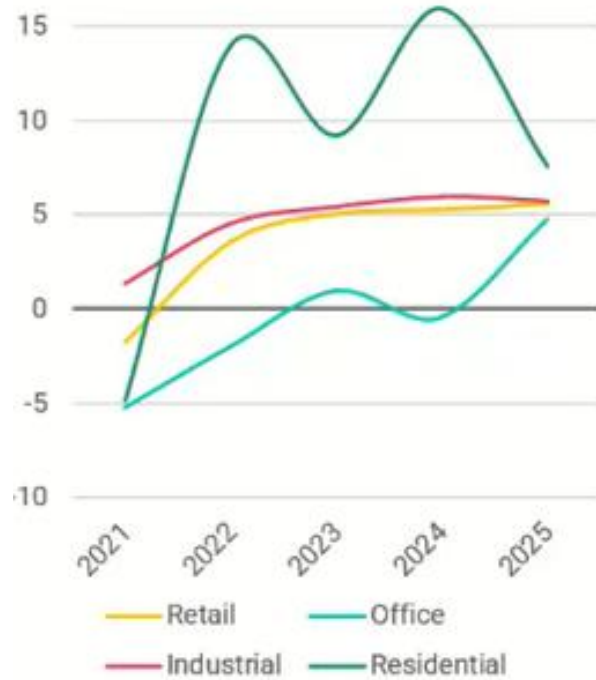
Operating cost growth y/y, weight and WTD contribution to overall cost growth



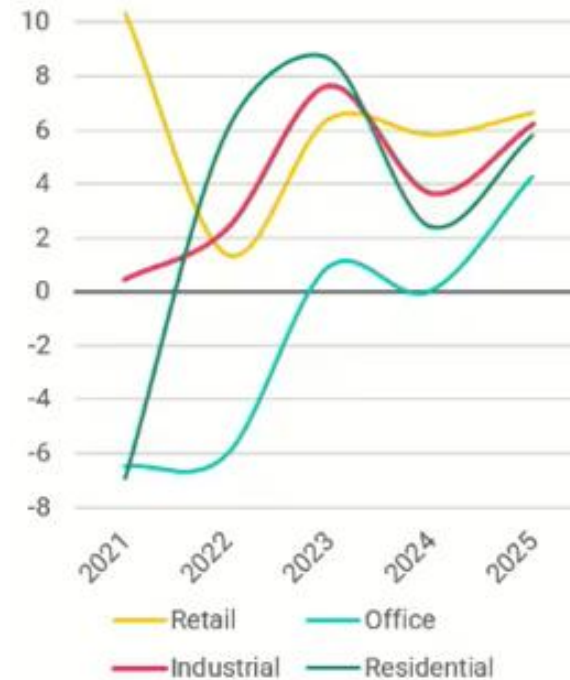
Vacancy %



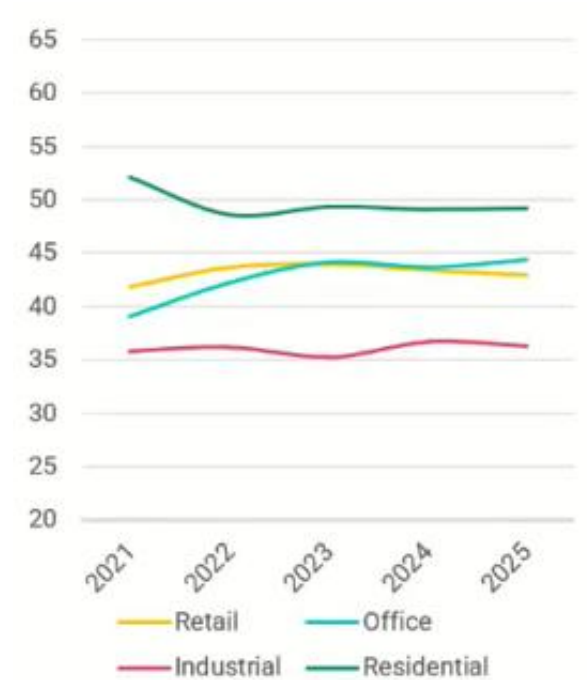
Base rental growth %



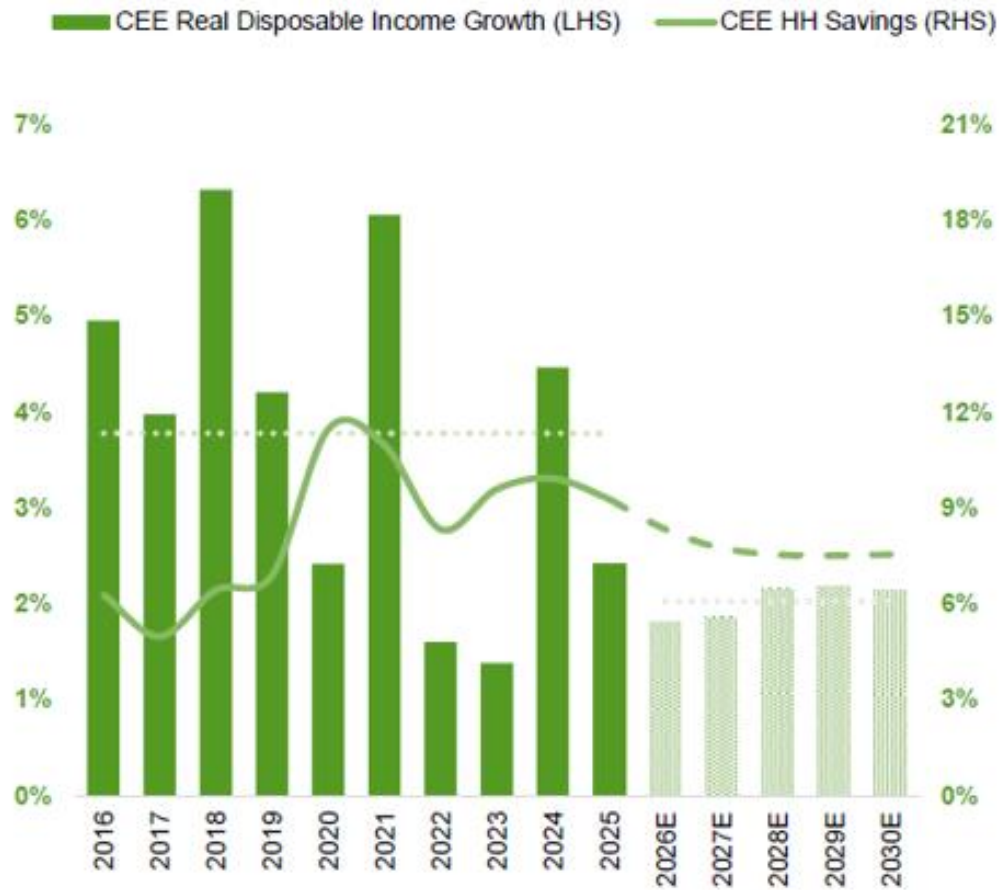
Net income growth %



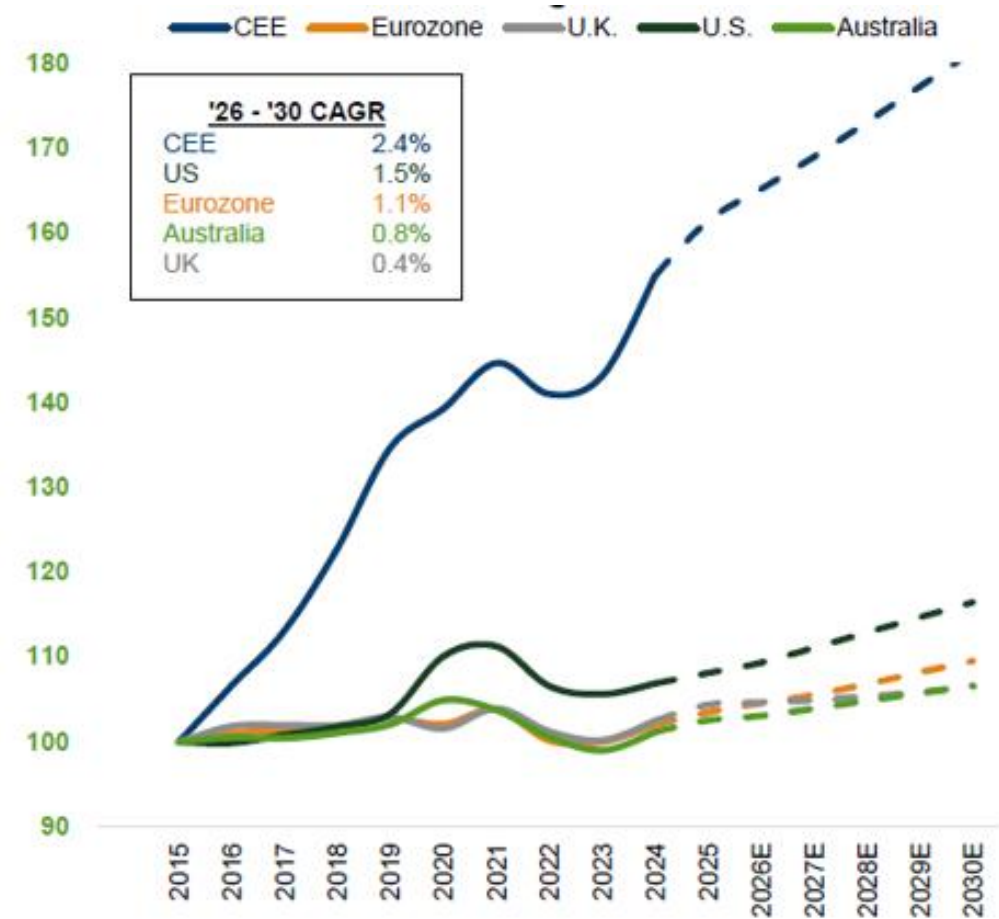
Gross cost to income ratio %



Real disposable income growth and savings



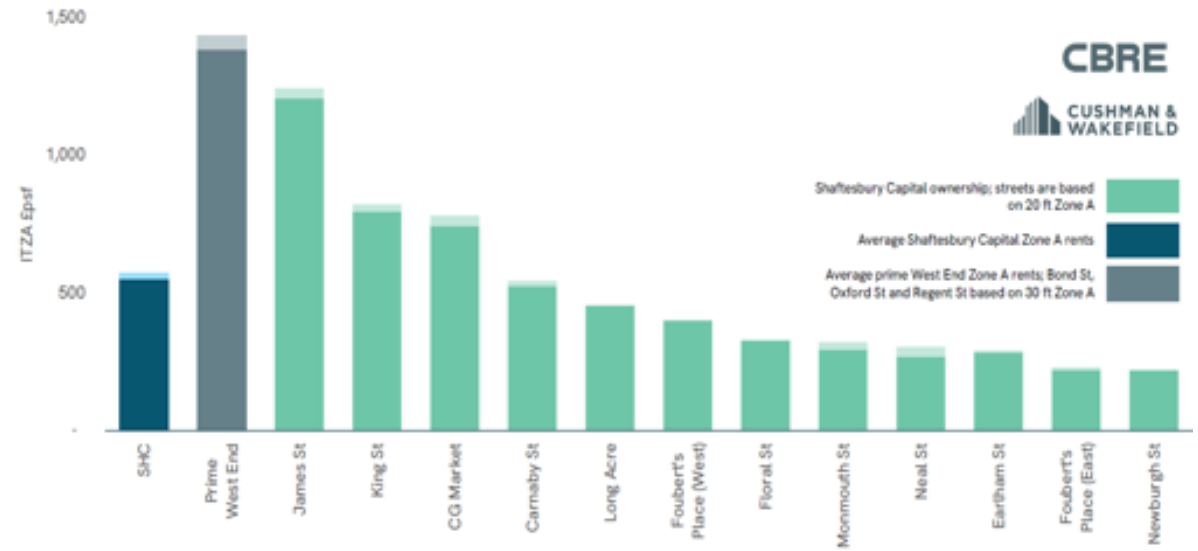
Real wages

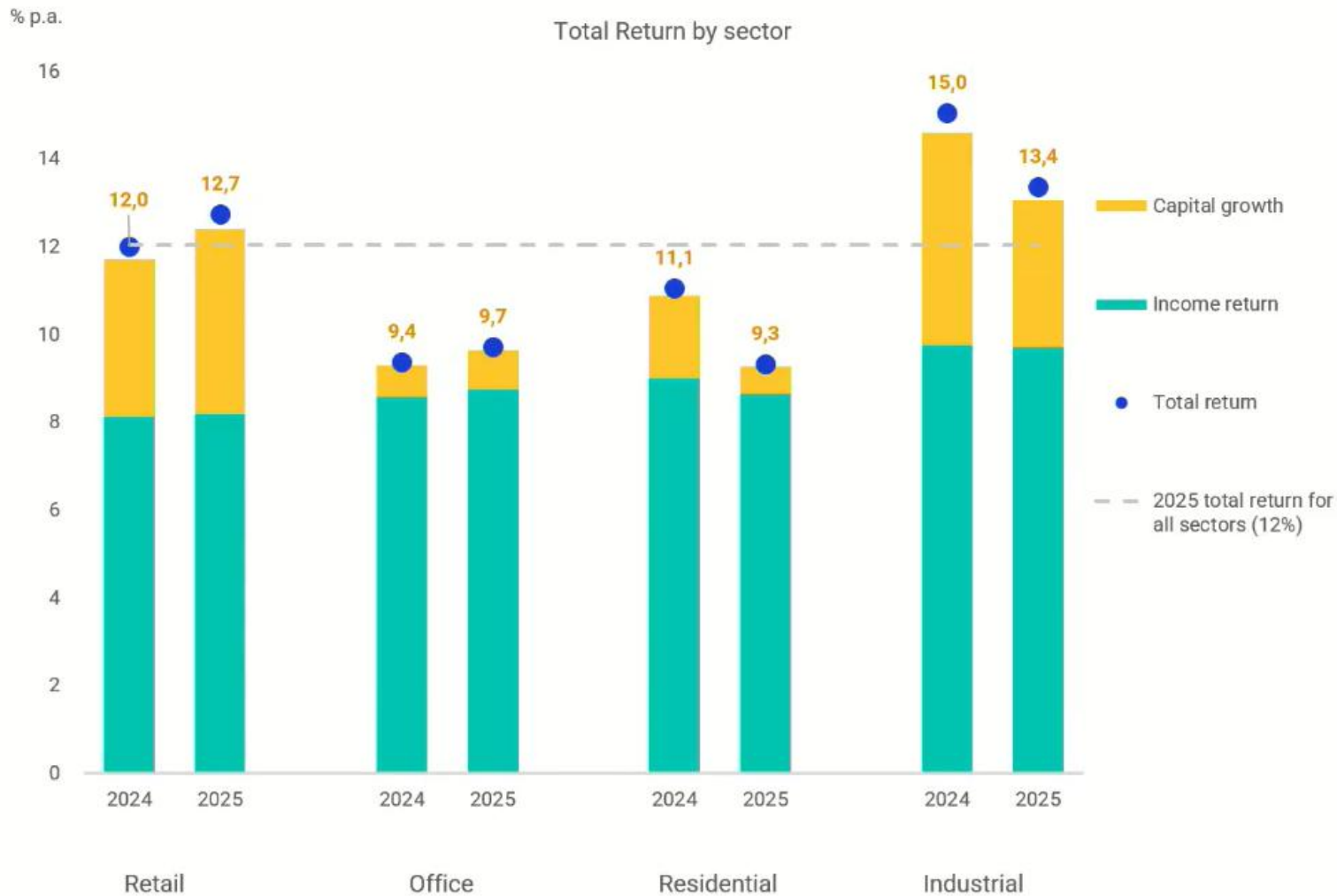


**Significant opportunity to grow rents**  
Retail market rental tones by street



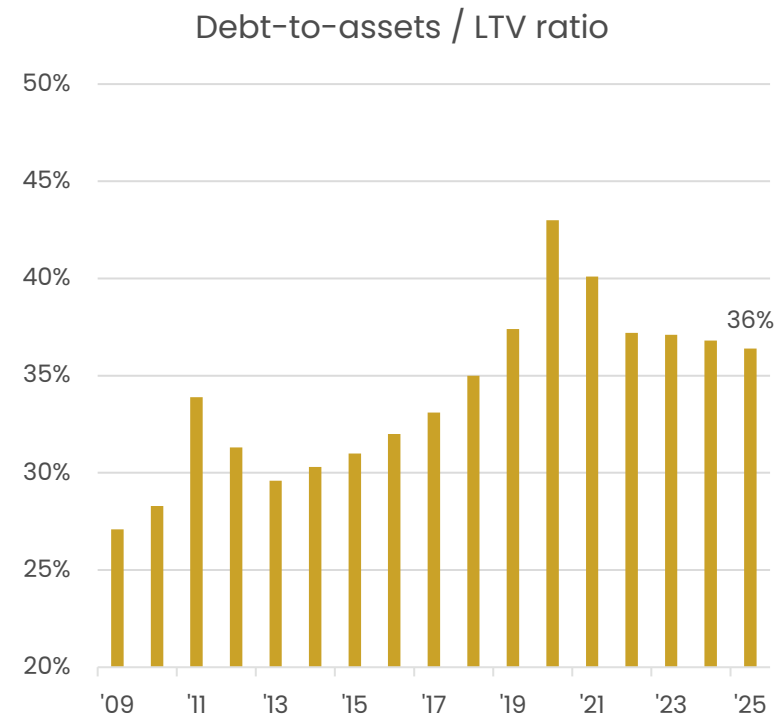
Retail market rental tones by street



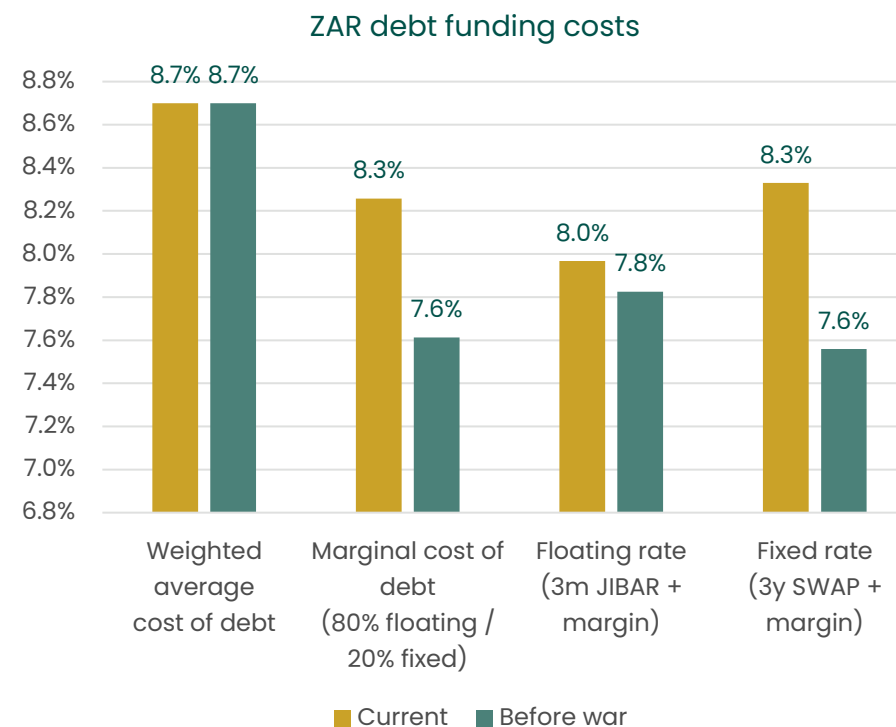
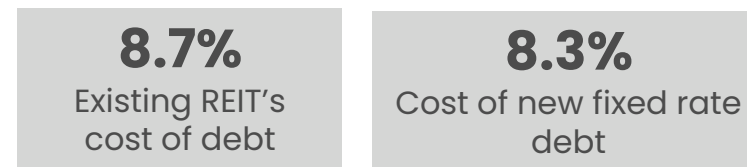


**36%**  
Loan-to-value ratio, down from 42%

**c.R40bn**  
Disposals over past 3 years at book value



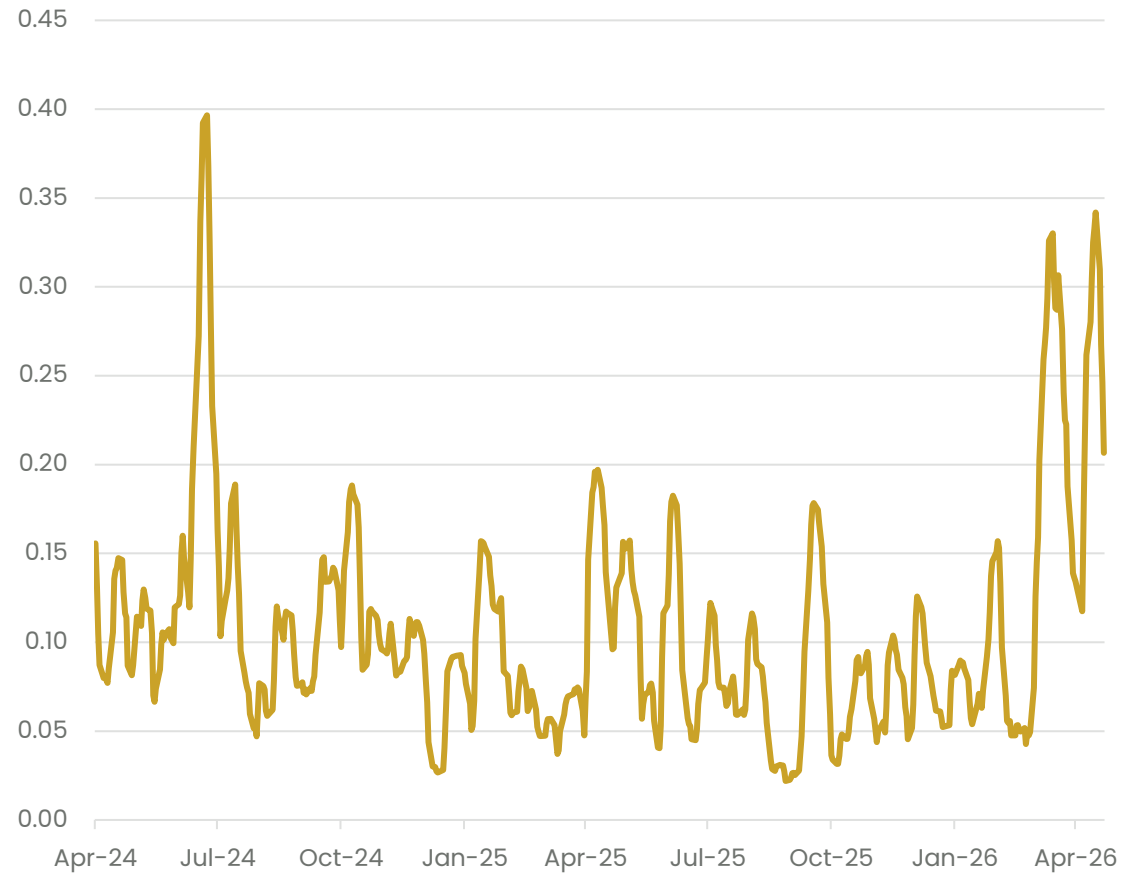
- The SARB’s most recent forecasts from the March MPC meeting show **headline CPI inflation peaking at 4.0% y/y in Q2 26** and returning to the 3% target by Q4 27.
- Higher food and transport costs will impact discretionary consumer spending. Wage inflation responds after 12 to 18 months.
  - But **rent to sales ratio’s are near record low levels.**
- Office and industrial (30%) are less impacted by higher inflation.
- Defensive top-line: average **fixed escalation rates of 6–7%** and **lease term of c.3 years.**
- **REIT’s recover c.65%** of property related expenses on average.
- **Interest rates still offer upside** potential, albeit less than before.
- Cap rates did not compress as bond yields fell, **minimal impact of higher bond yields** on valuations expected.
- **Higher building costs** will put pressure on already low levels of new supply.



SA 10y bond



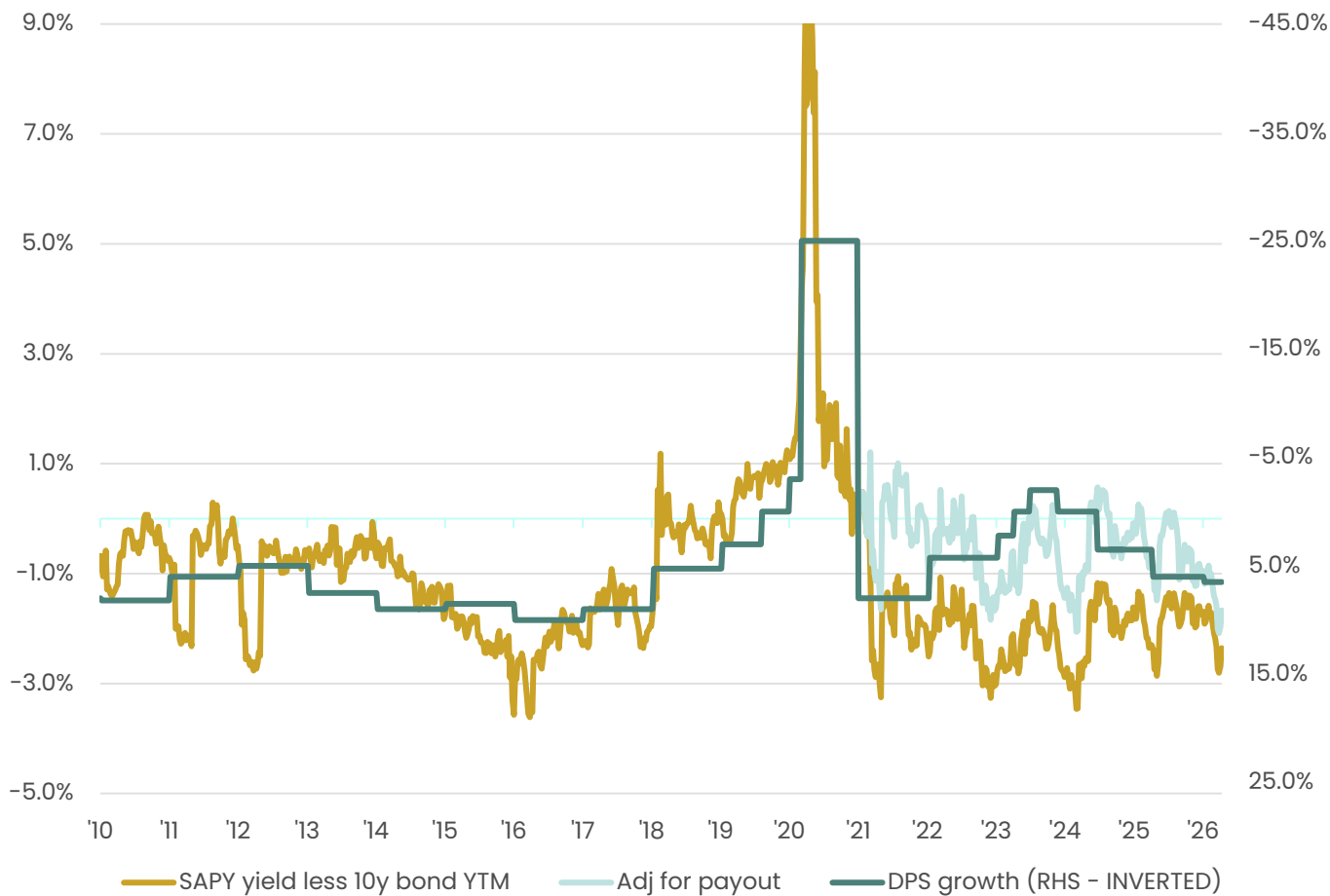
Volatility in SA 10y bond YTM



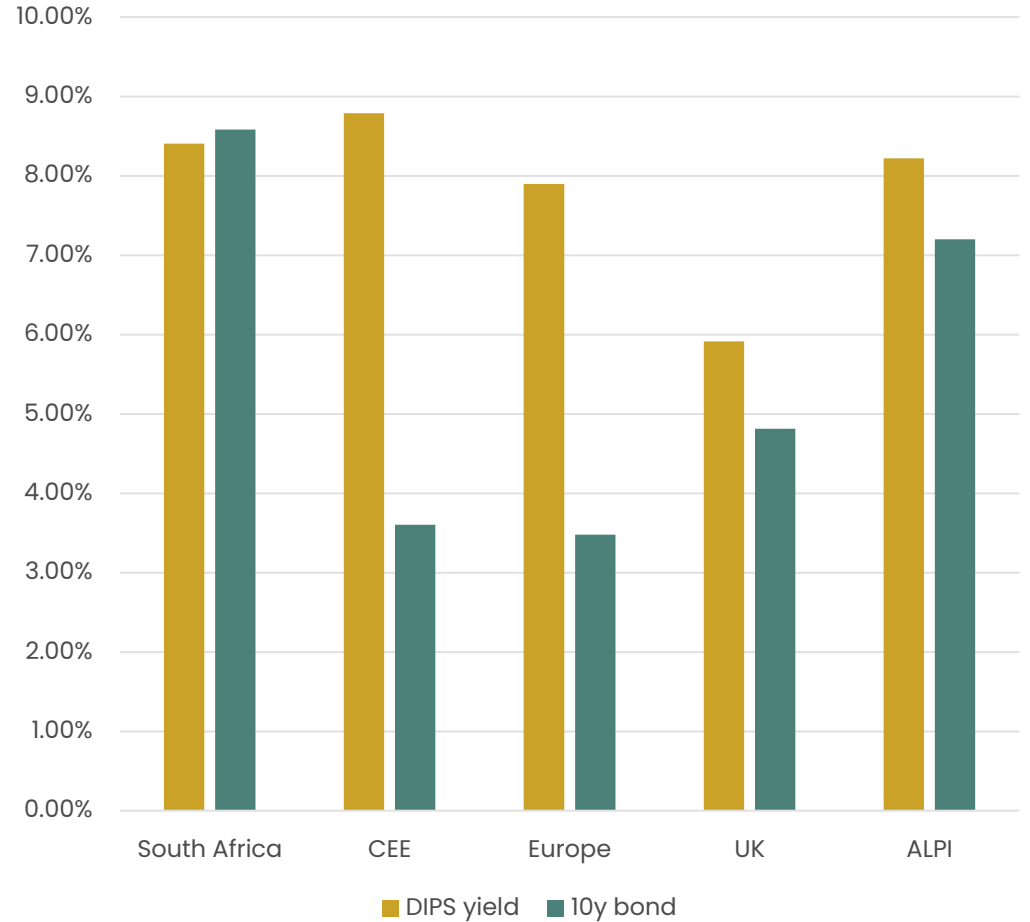
An aerial night view of a city skyline. In the foreground, a tall, modern building with many lit windows is visible on the left. The middle ground shows a large, modern building with a glass facade and a prominent blue light display. In the background, a large, circular stadium with a white roof is visible, along with a Ferris wheel and other city buildings. The city is illuminated by streetlights and building lights, and the sky is a mix of orange and blue, suggesting dusk or dawn. The ocean is visible in the distance.

# MARKET OUTLOOK

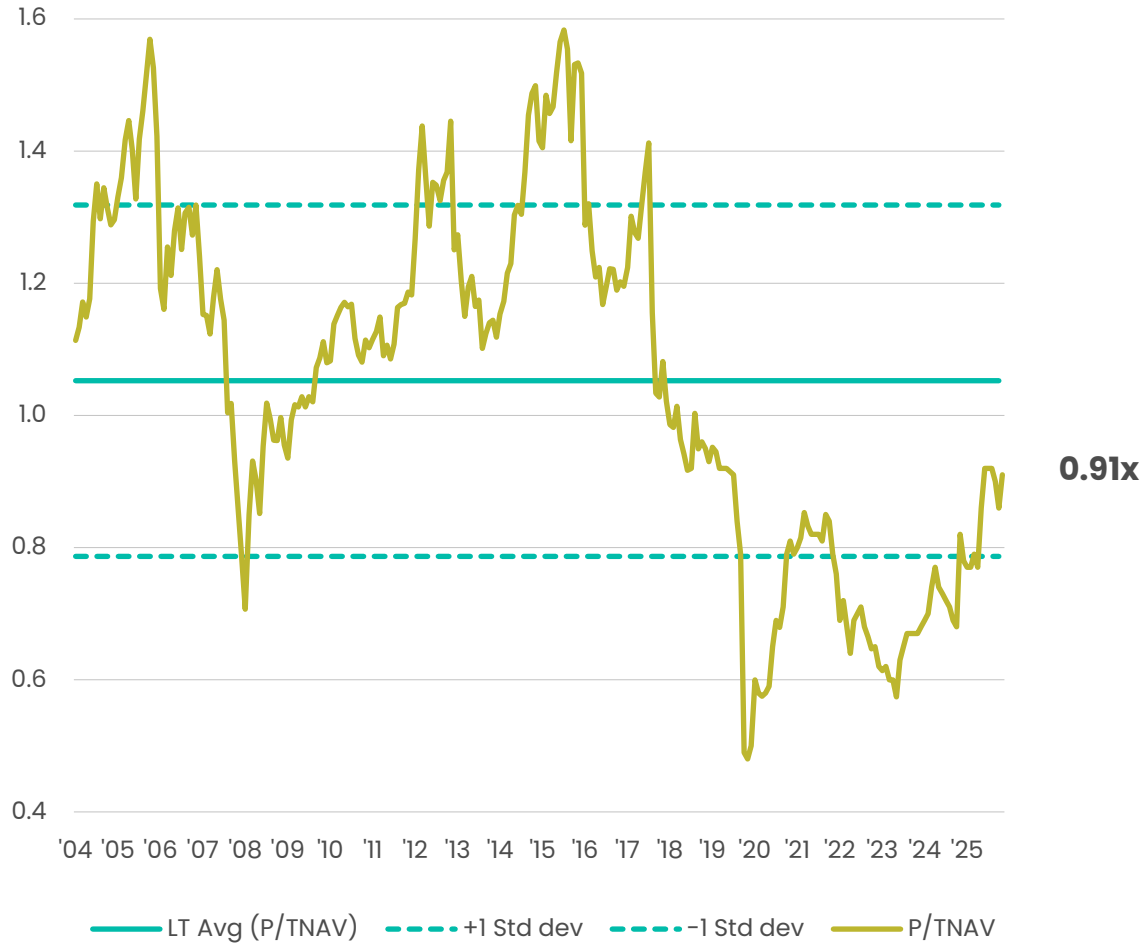
SAPY less 10y bond yield vs. DIPS growth



DIPS yield vs. 10y bond yield



Sector P/NAV multiple



0.91x



	ANNUALISED INTERNAL RATE OF RETURN (IRR)				
	1 year	2 years	3 years	5 years	10 years
Income return/yield	7.3%	7.3%	7.3%	7.3%	7.3%
Capital return	2.0%	4.4%	4.5%	4.5%	4.6%
DPS growth (Y2)	6.1%	6.5%	5.9%	5.4%	5.0%
Re-rating	-3.9%	-2.0%	-1.3%	-0.8%	-0.4%
<b>IRR</b>	9.2%	11.7%	11.7%	11.8%	11.8%
<b>Assumptions:</b> ALPI distributable earnings yield of 8.30% and dividend yield of 7.3%   Long-term growth of 5.0%   Spot SA 10y of 8.51%   Sector exit yield of 8.45%.					

	BEAR	BASE	BULL
<b>SA10y (spot)</b>	<b>8.5%</b>	<b>8.5%</b>	<b>8.5%</b>
<b>SA10y (forecast)</b>	<b>9.3%</b>	<b>8.8%</b>	<b>8.3%</b>
Income return	7.3%	7.3%	7.3%
Capital return	-3.7%	2.0%	8.4%
DIPS growth	6.1%	6.1%	6.1%
Re-rating	-9.3%	-3.9%	2.2%
<b>IRR</b>	<b>3.5%</b>	<b>9.2%</b>	<b>15.6%</b>



**SESIKILE CAPITAL**

Property Investments

**SPECIALIST APPROACH.** SUPERIOR EXPERTISE.

## **COMPANY DETAILS**

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