Growthpoint boosted by lower vacancies and rental discounts

South Africa's largest property owner Growthpoint Properties said on Wednesday, 14 September, its full-year distributable income rose by 5.1%, on lower vacancies and rental discounts.

Waterfront district in Cape Town. 2021. Source: Reuters/Mike Hutchings

Growthpoint said its distributable income per share, the primary measure of underlying financial performance in the listed property sector, rose to 155.6 cents in the year ended June from 148.1 cents a year earlier.

However, the co-owner of the upmarket V&A Waterfront development, which is home to several corporate head offices, hotels, shops and restaurants, said its revenue fell by 0.6% to R13bn as a result of 37 property sales.

Growthpoint, with a portfolio of 408 properties in South Africa, said the vacancy rate in retail had fallen to 5.5% from 6.2%, while in industrial it fell to 5.7% from 9.4%, but the rate increased in office to 20.7% from 19.9% due to remote working.

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31 Aug 2022

Office sector oversupplied

"The office sector remains oversupplied, but until the South African economy enters a growth phase, conditions will remain challenging for businesses and consequently the office sector," Growthpoint said.

Growthpoint, which also owns a 62.2% stake in Growthpoint Properties Australia and a 60.8% interest in UK's Capital & Regional Plc, also said the local retail sector was largely back to pre-Covid levels, and although consumers remain under financial pressure, it anticipated modest growth from it.