

# Black talent missing on property boards

The transformation of the listed property sector has slowed over the past few years, with only a handful of black professionals heading funds and not enough working in the sector, many in the industry complain.



[© 123RF.com](https://www.123RF.com)

They say that black professionals are not included in potential deals and black talent is not encouraged to work in the property industry.

The sector has grown dramatically over the past decade, from about R30bn to R360bn.

The South African Institute of Black Property Practitioners says that more black people need to benefit from this growth.

According to research by the Investment Property Databank, of 261 non-executive and executive directors in the sector, only 53 are black.

"Black people are over represented as nonexecutive directors, meaning they don't play a role in operational management of these companies. The report shockingly shows that there are only six black executive directors on the boards of listed property companies," the institute's president Thomas Matlala says.

He says the government has crafted, but not implemented, the correct policies such as broad-based black economic empowerment (BBBEE) codes for the property industry.

"The era of government crafting wonderful and enlightened policies that are the envy of the world but failing to implement and enforce them is over. It's time to act, two decades into our democracy," Matlala says.

He says the property industry should be advertised to black students so that they pursue studies and careers in it.

Stanlib property asset manager Kgaogelo Mamabolo says many black people have made money in property but then sold

out of the industry. "A few years ago, there were BBBEE deals and so on, which saw black professionals launch funds and take up positions at other funds or start development companies.

"Many of these people have made wealth but since left the industry," she says.

"We need ways of bringing the skills back. Also, new skills must not just end up in other sectors," Mamabolo says.

There have been some successes. Of the more than 30 listed property stocks, at least three are led by black property managers who are creating consistent returns for unitholders.

Izak Petersen has turned Dipula Income Fund into a success over a short period, says Old Mutual Investment Group's listed property manager for MacroSolutions boutique, Evan Robins.

"The fact that Arrowhead Properties is trying to take over Dipula is testament to Petersen's success," Robins says.

The fund is worth some R4bn and contains excellent retail and residential properties.

Rebosis Property Fund has also been successful. It was started by entrepreneur Sisa Ngebulana, who was looking to improve the lives of previously disadvantaged people by developing and redeveloping properties in their communities.

Through the Billion Group, the property development company that he founded, Ngebulana is building malls in the rest of Africa.

Delta Property Income Fund, led by Sandile Nomvete, has benefited from its government-tenanted assets. Many non-empowerment funds have struggled to acquire government tenants.

Redefine Properties has sold its government-tenanted offices over the past four years. Chairman Marc Wainer says he found state tenants too often paid late, and Redefine's business model had not functioned well with them on board.

But Delta's government tenants have boosted its returns. In its most recent financial results for the six months to August, Delta increased distributable income 23.1% compared to the same period last year, earning R180.5m.

These empowerment funds have all been reliable investments for their investors, regularly beating the FTSE/JSE SAPY index's average return.

Delta has also launched Delta International to expand its business into Africa, buying malls in Morocco and Mozambique.

Dipula's Mr Petersen says the barriers that prospective black property professionals face must be removed, or "listed property will remain one of the least transformed sectors".

"There are old, well entrenched and carefully guarded relationships among the existing players that make it impossible for black companies to compete in a meaningful way," Petersen says. "There is also the self-fulfilling prophecy that blacks can't do it."