



# Growthpoint Investor Showcase

# 2024

November 2024



# 04

## LOGISTICS & INDUSTRIAL

GROWTHPOINT  
PROPERTIES



Nu Leaf, Saligna, Boksburg

# STRATEGY



- Grow Industrial to 25% of GRT-SA in the medium term
- Rebalance regional allocation with ~50% Gauteng, ~25% Western Cape and ~25% KZN
- Improve the quality of the fund by disposing of non-core assets and developing new core properties
- Strong bias towards modern warehouse and logistics type assets with a healthy offering of multi tenanted parks
- Sweet spot of 5 000m<sup>2</sup> to 20 000m<sup>2</sup> located in established nodes
- Focus on greening and sustainability such as solar & water security
- Tenant retention



# SALIENT FEATURES - JUNE 2024

The Industrial sector makes up approximately 20% of the GRT SA portfolio by value and 41% of total GLA, with almost 58% of the Industrial portfolio by value located in Gauteng, 22% in the Western Cape and 20% in KZN



Saligna, Wadeville

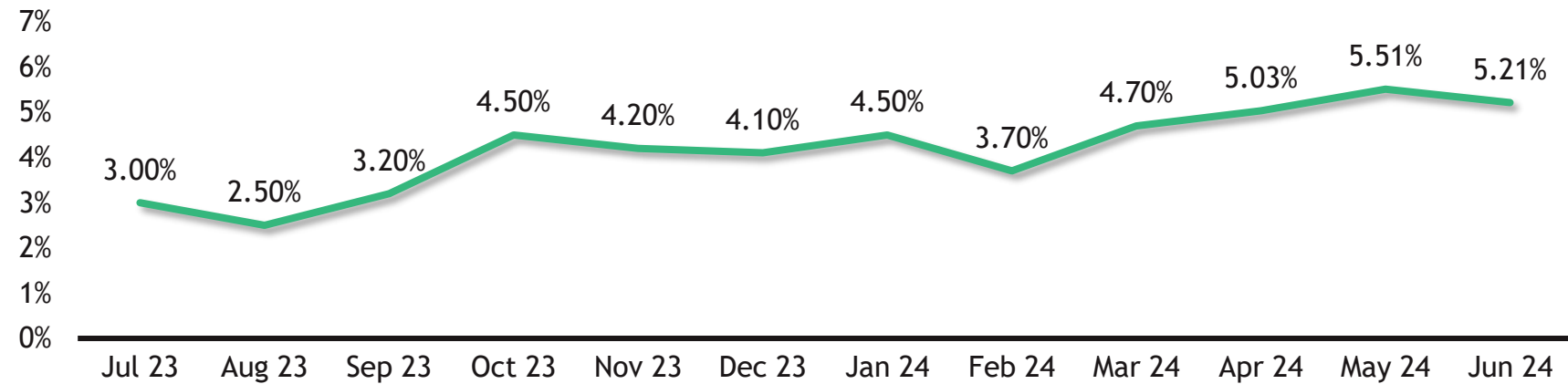
	FY24	FY23	FY22
Number of properties	157	168	187
GLA (m <sup>2</sup> )	1 948 706	1 940 293	2 093 262
Valuation (Rm)	13 477	12 602	12 092
Value per m <sup>2</sup> (R) (excl. bulk)	6 760	6 023	5 432
Ave annualised yield (%)	9.3	10.1	10.2
Ave gross rent/m <sup>2</sup> pm (R)	69	66	63
Weighted Ave renewal lease period (years)	3.5	3.3	3.2
Vacancy %	5.2 *	3.7	5.7
Total arrears (Rm)	21.8	34.7	45.1
Installed solar (Mwp)	5.2	7.6	1.3

\* Vacancy 3.9% excluding new speculative developments

# LETTING KPI'S



	FY24	FY23	FY22
Renewal success rate (%)	78.3	59.1	79.1
Renewal growth (%)	-3.3	-10.4	-6.3
Weighted Ave renewal lease period (years)	3.5	3.2	3.1
Weighted Ave future escalations (%)	7.4	7.4	6.8
Total letting success rate (%)	84.9	89.6	86.3



\* Vacancy 3.9% excluding new speculative developments

# MARKET CONDITIONS



- Industrial market hype starting to cool despite limited speculative developments adding new stock to the market
- Robust demand for industrial space in CPT and DBN resulting in very low coastal vacancies
- DBN rentals subject to un-sustainable hyper assessment rates
- Net rental growth remains under pressure as market rentals increase slower than increasing administrative costs
- Above inflationary increases in Eskom tariffs continue to exacerbate cost of occupancy for tenants
- Load-shedding less of an impact
- Logistics & distribution segment continue to perform well
- Strong appetite for industrial acquisitions persist with non-institutional investors searching for “bargain-buy” discounted assets, capitalising on REITS disposing of non-core assets
- Green shoots of economic growth starting to sprout supported by GNU, anticipated lower inflation and anticipated lower interest rates resulting in increased business confidence
- RFP’s for new developments starting to increase again
- Tenant arrears on the decrease as are Business Rescue cases & liquidations

# VALUATIONS



Wadestone Industrial Park, Germiston

## Valuations increased by 3.5% (R458m) to R13.5bn:

- Weighted average cap rate, from 9.39% to 9.18% improving by 0.21%
- Weighted average reversionary cap rate, from 9.87% to 9.77% improving by 0.10%
- 0.15% increase in market rental growth rate from 4.48% to 4.63%
- 4.7% increase in gross rentals
- 1.3% increase in the sector's vacancy to 5.2% spiked by speculative new development vacancies of 26 139m<sup>2</sup>



# ACQUISITIONS & DISPOSALS



## Acquisitions

- Strategic ~2Ha land acquisition R4.8m

## Disposals

- An active Industrial market has facilitated the disposal of 11 non-core assets for R327m with 3 properties held for sale at R228m (not yet transferred by year-end) to owner occupier and non-institutional purchasers seeking to create investment portfolios
- Interest remains strong with 5 assets non-core assets circa R633m in various stages of the disposal process
- We continue to optimise the portfolio by improving the overall quality of the fund by adding new developments and disposing of non-core industrial assets in keeping with our strategy to re-balance the Industrial fund by type, size and regional location

Greenfield Industrial Park, Cape Town



# DEVELOPMENTS & REDEVELOPMENTS



Sterling Samrand, Midrand

- Nine new developments were successfully completed in FY24 adding R814m and 94 528m<sup>2</sup> of GLA to the portfolio
- Five in JHB (3 in CentralPoint Samrand, 1 Boksburg & 1 Isando) at 46 197m<sup>2</sup> GLA
- Three in CPT (Arterial Industrial Park, Chain Ave & Mill Road Industrial Park), at 27 315m<sup>2</sup>
- One in DBN (Mt Edgecombe) at 21 016m<sup>2</sup>
- We commenced with one new development in CPT within the last quarter FY24 at Arterial Industrial Park in Blackheath at 21 703m<sup>2</sup> with planned completion Mar 2025
- Letting of our recently completed new speculative developments has improved

# DEVELOPMENTS & REDEVELOPMENTS





# DEVELOPMENTS & REDEVELOPMENTS



Monteer, Isando - 28 539m<sup>2</sup> - Edward Snell



Monteer, Isando - 28 539m<sup>2</sup> - Edward Snell





THANK YOU

QUESTIONS