

Medical schemes' increases for 2022

NOVEMBER  
2021

# FAN NEWS

FINANCIAL & ADVISORY NEWS

NEW PROPOSALS TO AMEND PPRS HAVE MAJOR IMPACT

TO DIVERSIFY OR  
SPECIALISE?

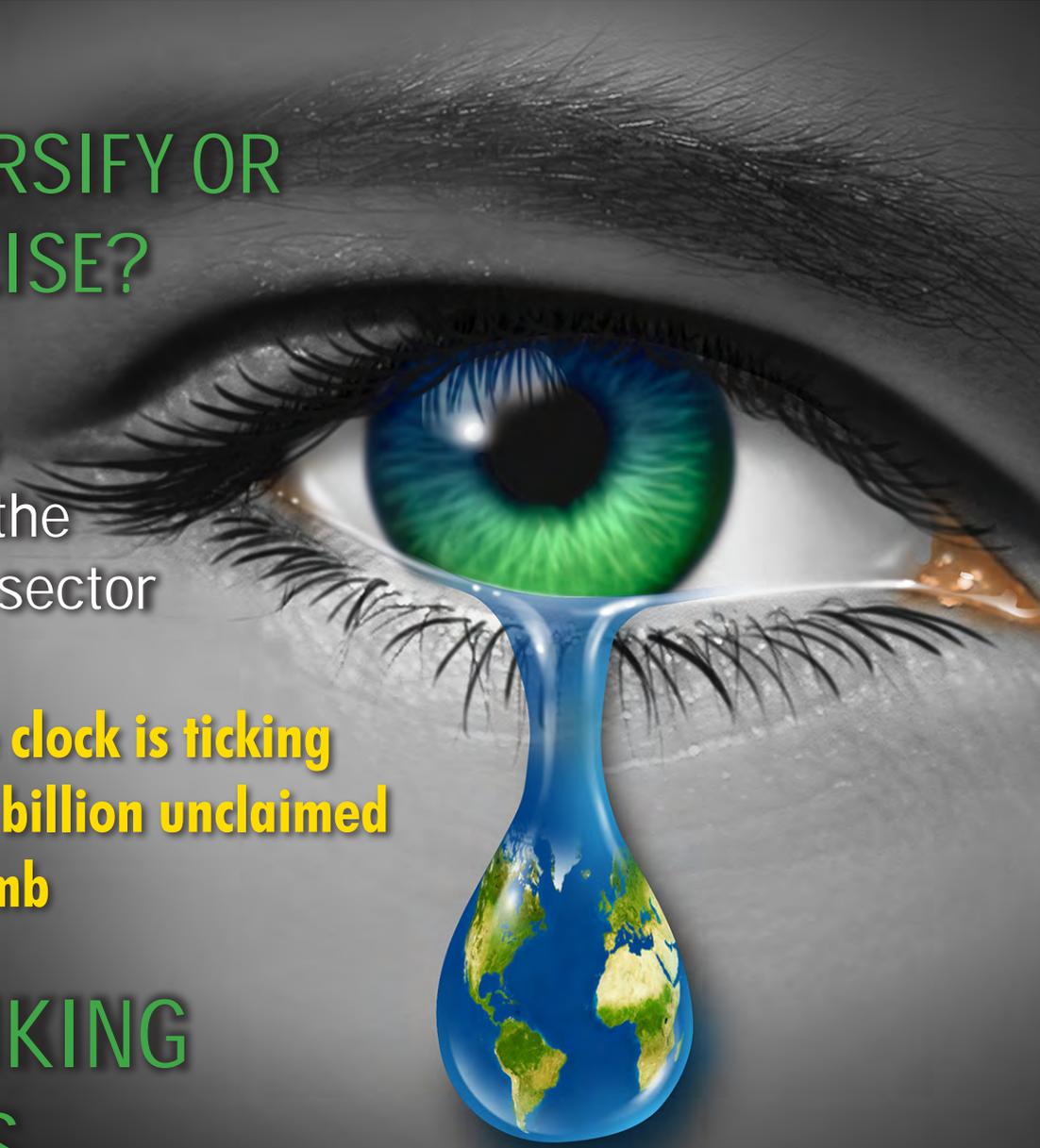
ESG and its  
impact on the  
insurance sector

**Tik-Tok: The clock is ticking  
on SA's R45 billion unclaimed  
benefits bomb**

RETHINKING  
CLAIMS

The untold truth about intermediary agreements

**Disability claims aggregation**



**F**rom equity investments to fixed-income solutions, the pandemic has impacted almost every asset class.

But even with the world having been turned upside down over the last 18 months, the fundamentals of property and its overall value proposition remain unmoved.

### Significant future growth

The disappointing returns of REITs (Real Estate Investment Trusts) and listed

investment portfolios. Much like other notorious events, COVID-19 will see a recovery curve with an array of opportunities for those who understand the market.

### Inflation beating income yields

Financial providers with the requisite property experience can offer investors sustainable inflation-beating income yields and capital preservation. The full spectrum of property-related services offers a myriad of investment opportunities, from financial services to non-financial needs fulfilment. It greatly benefits investors and the value of

affecting this industry, the nuances, and opportunities within the various sub-sectors of the market will ensure that providers continue to bring lucrative property investments to their clients.

Adding value in this environment will mean building capabilities across the entire value chain, from utilities management to solar solutions, in a country bedevilled by load shedding, to understanding and utilising the data provided by tenants and investing in an innovative agile approach. A cohesive ecosystem of property-related capabilities

# THE FUTURE OF PROPERTY



property over this period has arguably had the biggest impact on the perception of property investments. But this is just one type of solution within this asset class, and their current returns aren't uncharacteristic as they have always played puppet to a variety of factors that affect their performance.

The real issue with these types of investments is the influence of market sentiment diverging from the fundamental cash generation valuation of the underlying properties. There is no denying the pandemic's impact on the property sector, but this period has also revealed the robust nature of property and bolstered the track record and credibility of certain vehicles. And now, there is the expectation amongst property experts that the market will recover and investing at a low point has the potential for significant future growth.

There are always learnings from the past that can help us navigate the present. These historic events, if analysed correctly, can reveal comparative reasons behind market movements, including the speed of recovery, and can help us forecast returns as well as strategically position invest-

these assets when a provider can effectively leverage the entire landscape.

Debt instruments, for example, have the potential to offer a secure yet promising return. Unlike direct property investments, the various layers of property finance, from senior and subordinated debt to preference share investments, make returns more tangible, predictable, and secure, suiting most investors' risk appetite.

The fundamentals of property, being location, long and strong tenant relationships, expert property management, and the opportunities presented by development projects, will remain relevant in a post COVID world. Debt instruments have offered investors viable returns during this period, while property trends like that of convenience retail have only been accelerated in this new normal. Commercial property has been affected by the remote working reality; however, these investments still have the potential to offer a space for productivity, collaboration, short-term leases, or even residential redevelopment.

### Lucrative investments to clients

An in-depth understanding of the trends

has the potential to create unique opportunities for property investors while ensuring property owners bolster the value of their assets.

It is true that the property industry can be complex, with its own particular risks. Now it is even more important for investors to access appropriate professional financial advice to help them get the most out of this asset class. Financial advisers should be looking to partner with property investment providers who are able to unlock this value.

Property is an age-old asset that has been around for millennia, and with the right expertise, partnerships, and mindset its robust and tangible nature will continue to add value in investment portfolios for years to come.



Sheldon Friedericksen  
CFO  
Fedgroup