

BEE slides in property sector

● Overall recognition slips from level four in 2018 to level five now, making it one of the least transformed sectors

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SA's commercial property sector went backwards in terms of black ownership and representation in 2018, as a weak economy put new real estate businesses under pressure and no black-owned funds listed on the JSE, according to the Property Sector Charter Council's report on transformation for 2019.

Property remains one of the least transformed industries in SA, but listed and unlisted real estate companies are actively trying to improve the situation, chairman Sedise Moseneke said after the release of the council's 2019 State of Transformation of the Property Sector report.

The report showed that the sector's overall broad-based black economic empowerment (B-BBEE) recognition level slipped from level four at the beginning of 2018 to level five at the beginning of 2019.

A level one BEE contributor is a company that scores 100 points or more on the BEE

scorecard. A level four contributor scores 65-75 points while a level five contributor scores 55-65 points. Ownership, management control, skills development, enterprise and supplier development and socio-economic development are used to calculate a BEE score but carry different weightings.

"My African dream is to see an industry which is properly transformed. We have a long way to go but we are making progress, even if last year was very disappointing in some ways," he said. "The quality of our engagement with the many participants in the property sector this year has shown tremendous improvement.

"Overall, we are seeing far more collaboration in almost every area. This is important for us to work effectively and synergistically as a sector, and we are very encouraged by it as it allows us all to do so much more," he said.

The report said not enough new black-owned businesses were started in 2018 and no

black-owned and managed funds came to market.

One black-owned property fund was set to list but fund managers were hesitant to invest in companies with asset bases less than R5bn in value, Evan Robins, a fund manager at Old Mutual Investment said.

Property Sector Charter Council CEO Portia Tau-Sekati said at the launch the report's findings are slightly disappointing but positives are scattered around the sector and the results could have been worse.

The 2019 report was based on two pieces of legislation: the 2012 Property Sector Code, and the 2017 Amended Property Sector Code.

"Although this is not the best performance, it was a reasonable effort considering the change in the recognition levels which took effect during the year, and could have otherwise have taken the sector to level six if no further exertion was put behind this and the new changes of the legislation," she said.

Public works and infrastruc-

ture minister Patricia de Lille, who was a keynote speaker at the launch of the report, said property is not the only industry which needs to transform and that she will endeavour to improve transformation in her department.

"Transformation needs to take place across the country in various industries, not just property. I may be new to my role but I want property companies to know that as a minister I take transformation seriously. There will be BEE requirements across the supply chain. For a start, for companies worth R30m and above, a minimum of 30% of that contract's work must be done by black-owned and managed companies," she said.

The SA Property Owners Association (Sapoa) said it supports transformation in the sector and is an active participant.

"We, however, have not seen or received a copy of the report and will comment on the findings once these have been received and absorbed," it said.

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Not the worst: Property Sector Charter Council CEO Portia Tau-Sekati says positives are scattered around the sector. /Supplied