



public works
& infrastructure

Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

Issued by the Ministry of Public Works & Infrastructure

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18 February 2026

SPEECH

MINISTER MACPHERSON DETAILS BOLD REFORM TO UNLOCK THE STATE'S R155 BILLION PROPERTY PORTFOLIO

(Note to editors: The following address was delivered by the Minister of Public Works & Infrastructure, Dean Macpherson, during the Parliament's State of the Nation Address (SONA) debate on Wednesday Afternoon, 18 February 2026, in the Nieuwmeester Dome, Cape Town.)

- Public Works & Infrastructure Minister Dean Macpherson explained how the property investment vehicle announced by President Cyril Ramaphosa last week will operate, describing it as the most significant reform of state property management since 1994 and a decisive break from a system that allowed public assets to decay.
- The Minister outlined how the ring-fenced, professionally governed platform will consolidate income-generating and strategically located assets, reform the revenue model, reduce billions in lease costs, and unlock value within the State's R155 billion property portfolio for reinvestment in frontline infrastructure such as police stations, courts and clinics.
- He emphasised that the reform will drive large-scale investment and job creation, citing the Government Precinct Programme in Tshwane and Youngsfield housing development in Cape Town as a practical example of how lease expenditure and vacant land can be converted into capital formation, urban regeneration and nearly 100,000 projected jobs.

Last week, we welcomed the announcement by the President that will fundamentally change how this country manages its public assets: the establishment of a property investment vehicle.

It is the most significant change in the management of state property since 1994 and a clear break from the past.

For decades, South Africa has owned the largest property portfolio in the country - yet too many assets stand vacant, vandalised, hijacked or underused.

At the same time, the state spends up to R6 billion every year leasing private buildings.

We own prime property that stands vacant.

Yet we pay rent for plush offices.

We hold strategic land parcels in the metros while people live in informal settlements.

We sit on an enormous asset value base, yet we don't generate any revenue to fund asset maintenance.

These contradictions end here.

The truth is: the current model was never designed to build value, making reinvestment in maintenance and upgrades almost impossible.

The result is predictable: decay, inefficiency, and lost opportunity.

The South African property investment vehicle changes that logic entirely and flips the script on unrealised property asset values, maintenance and investment.

Work on this reform began more than a year ago, learning from best practices both domestically and internationally to create an asset book that generates wealth for the public for generations to come.

Let me be clear about what this vehicle actually is.

It is a ring-fenced, professionally governed investment platform that consolidates income-generating and strategically located assets into a single structure with one mandate: unlock value for reinvestment.

It introduces the best in asset management, development finance and property development.

It establishes a verified, digitised asset register: a single source of truth covering ownership, condition, leases, valuation and performance.

For the first time, the state will manage its property portfolio with real-time data, not fragmented spreadsheets.

It separates the roles of owner, manager and developer: introducing professional property management expertise to run leases, maintenance of assets, lifecycle planning and tenant performance with commercial discipline, while building book asset value.

It creates structured, long-term development rights that allow private capital to invest in precinct upgrades, mixed-use housing and redevelopment.

It reforms the revenue model to generate income from these assets to support maintenance.

This is how we move from reactive maintenance to planned lifecycle management.

This is how we reduce the billions currently spent on leases.

This is how property stops being a liability and starts being an asset.

The vehicle includes a dedicated development capability, funding bulk services and precinct preparation so underutilised land becomes bankable projects.

Clear project pipelines will allow private sector partners and sovereign funds to participate with certainty.

In Tshwane, the Government precinct Programme shows what this platform makes possible:

30 projects,

more than one million square metres of development,

and roughly R33 billion in Phase 1 - transforming lease payments into appreciating assets.

Phase 1 on its own can eliminate over R400 million in annual lease costs and deliver a portfolio valued between R45 billion and R55 billion once complete - strengthening the public balance sheet instead of draining it.

Phase 2 expands this momentum.

It focuses on the refurbishment of under-utilised public buildings - bringing them back to life as productive assets and acting as a catalyst for deeper urban regeneration.

It also means jobs.

Across the delivery cycle, nearly 100,000 direct construction and indirect jobs are projected, with up to R60 billion in broader urban economic activity catalysed in the process.

It means well-located public land in the Johannesburg inner city being used for housing close to transport and employment, not standing fenced off or unlawfully occupied.

It also means hundreds of residential properties being offered to those who serve our communities, including nurses, police officers and teachers.

The state does not need to own all these assets, and neither should it.

The DA fundamentally believes in using state assets to build generational wealth through houses that families can call their own.

No longer will these homes stand idle while those who serve our country struggle for accommodation.

Consider Telkom Towers: a building that has cost the state close to R1 billion yet remains unusable.

We are finalising a Request for Information to convert this dead asset into productive accommodation for government departments.

Consider Youngsfield and Wingfield: prime, underutilised defence land with the potential to create new communities while lowering maintenance costs, restoring dignity and bringing them closer to economic opportunities.

Without an asset management structure, opportunities like this are never realised.

Under structure, they become housing and mixed-use development nodes for the next generation of homeowners.

This is the difference between passive ownership and active management.

Honourable Members,

This reform is a key contribution from the DA to the GNU.

We are determined to be solution-oriented to unlock growth and jobs for South Africans, as well as building a capable and ethical state.

Our new investment vehicle will attract untapped investment.

It will create hundreds of thousands of new jobs, on top of the 160 000 new jobs that were created in the construction sector over the last 6 months.

It marks the beginning of a new era in how South Africa manages its assets.

I look forward to working with all partners as we continue to turn South Africa into a construction site.

And South Africa will be stronger for it.

Thank you.

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