

Property sector transformation: The road is long, but clear

By [Sandi Mbutuma](#)

24 Jul 2019

Property, and the ownership of land, is an emotive topic in South Africa. While progress towards redressing inequality in land ownership and the property sector could be far quicker, the good news is that we know where we stand, and property offers unique prospects for achieving real social change.



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The aptly titled State of Transformation Report recently released by the Property Sector Charter Council (PSCC) provides an insight into our progress towards reducing inequality in the sector itself. The report highlights the fact that some progress has been made towards transforming the sector, but ultimately this progress has not been deep nor fast enough. There are, however, signs of a belief in the need to transform, even if the sector has not yet adequately put this awareness into action.

Property plays a significant role in people's lives. At an individual level, property provides shelter, a basic human need. On a business level, property is required as premises for commercial and industrial enterprises. On a third level, property is an asset class that can create wealth for investors.

Among the goals of the PSCC are to achieve change in the racial and gender composition of property ownership, control and management and to enhance the participation of black people and women in the SA property sector; to unlock obstacles to property ownership and participation in the property market for black people; to improve access to finance for property ownership and development; and to promote employment equity in the sector.

Share ownership, funding, and skills development

In this context, there has been transformation in board composition, while transformation through share ownership has been slow. The report notes that large institutional investors often hold a large portion of shares in real estate investment trusts (REITs) and may be unwilling to relinquish substantial portions of them.

In addition, funding is a barrier to ownership that requires complex B-BBEE structures to be implemented. The report highlights a need to develop a better talent pipeline to accelerate transformation at management and senior management level. Investing in skills development for young professionals is also flagged as key to retaining talent within the sector. The residential component of the sector has shown less commitment to transforming. In fact, the majority of the companies in the sector do not have B-BBEE certificates and many others are apparently reluctant to even provide transformation information.

Figures quoted in the report indicate that 77% of estate agents are white, while 23% are black (African, Coloured, and Indian). In terms of gender balance, there were more female agents registered at the EAAB in 2018, at 58%.

Persistent wealth and income inequality

At its core, the legacy of apartheid is the unequal distribution of property among South Africa's people. The property sector is therefore fundamental to correcting this injustice. That wealth and income inequality still persist at the immoral levels that they do is proof that the property sector, and engagement in it, has not yet been adequately transformed.

The Property Sector Code and the Amended Property Sector Code of 2017 are among our tools to correct this. According to metrics shared in the report, targets set out in the report have not yet been met. Figures quoted in the report indicate that the sector still has a long way to go in achieving its transformation target in the field of ownership (15% vs a target of 30%), skills development (5% vs 19%) and socio-economic development (1.4% vs 2%), and in others there remains an even longer way to go.

Essentially, while most of our sector's transformation targets have been increased, in many of the elements our transformation performance has deteriorated. The encouraging part is that we know where we stand. Change first has to be measurable before it can be adjusted. The number of businesses sampled has also increased significantly from last year (225, up 36%) and represents companies that make up 70% of annual transactions in the property sector.



2019 State of Transformation of the Property Sector report shows limited progress

12 Jul 2019



Facing up to reality

Industry equity has not yet been achieved. That cannot be denied. The PSCC's annual transformation report bears this out. However, that most of our industry's biggest players have submitted their scorecard data for analysis shows a willingness to face up to reality. Now it is time to put in place even more robust programmes that make a material difference to transforming our sector – in the fields of skills development, career development, employment equity, black empowerment and women's empowerment.

As property professionals, we should all be excited about the possibilities that remain, and the massive scope to change the lives of South Africans through our sector. As industry players ourselves, our organisation is squarely behind the transformation project, and we will continue actively seeking partnerships that drive it. We look forward to joining with the rest of our industry on this journey.

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