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**Rainmaker Marketing Podcast Shares Insights into 2024 Global Property Market Trends**

In the latest podcast episode released by Rainmaker Marketing, Keillan Ndlovu, a seasoned Property Analyst with seventeen years of industry experience, shared his valuable insights on the current state of the global real estate sector and its impact on the South African property market. The discussion led by, Andrew Patterson, Head of Strategy at Rainmaker Marketing, delves into key trends, challenges, and opportunities, offering a comprehensive overview for industry stakeholders while also providing a glimpse into what 2024 holds for the industry.

According to Ndlovu, approximately 50% of the South African listed property market is intricately tied to offshore investments, mainly within the United Kingdom, Australia, Eastern Europe, and broader Europe. Ndlovu shares how key trends and developments currently unfolding in overseas markets pose a direct influence on the South African property sector.

**The Global Office Market**

The aftermath of COVID-19 has left a significant impact on the global office market, which is now considered the least favoured sector worldwide. Across various markets, including South Africa, there has been a notable downturn in the office real estate sector due to increased remote work and evolving office space needs.

**Interest Rates**

The correlation between interest rates and market movements remains a crucial aspect for investors to monitor. The recent announcement from the Federal Reserve Bank, suggesting that interest rate hikes may have reached their peak, has triggered a global market rally. In South Africa, this has translated to a substantial 10% increase in listed property prices.

**Housing Shortages**

A common theme across global markets is the pressing issue of housing shortages. Cities such as Dublin, the United Kingdom, and Australia are grappling with a critical lack of well-positioned, affordable accommodation. This shortage not only poses challenges but also presents opportunities for investors willing to navigate the complexities of the residential sector.

**Changes in Regulations**

Regulatory changes have significantly shaped the landscape of the South African property market. One notable shift is the adjustment in Regulation 28 allowing pension funds to increase offshore investments from 30% to 45%. This change has led to a substantial shift in retirement or pension investment strategies, with a growing interest in global markets.

**Challenges and Opportunities in the Real Estate Sector**

Ndlovu explained that key hurdles include an increase in construction costs, necessitating a corresponding rise in property prices. Affordability concerns are also on the rise, highlighting the need for government support through subsidies to promote growth in the sector. Additionally, interest rates are shifting the market dynamics towards a more rental-centric model as opposed to ownership, presenting conversion opportunities into residential spaces.

With significant migration occurring within South Africa, particularly towards coastal regions like the Western Cape, these markets have witnessed a surge in strength and demand across retail, office, and residential sectors. Notably, Cape Town’s Central Business District (CBD) is experiencing a substantial uptick in demand for office spaces and rental properties.

Ndlovu also identified township rural retail as a new growth engine for the South African property industry. His observations from recent travels have revealed that townships offer untapped opportunities, particularly in areas with substantial infrastructure development. These insights are crucial for investors and developers looking to explore new markets.

**REITs Role in Property Conversion**

The interplay between property values, conversion costs, and investor confidence will shape outcomes in the market over the next few years. “REITs are poised to yield positive results in property conversion over the next two years, The challenge lies in evaluating office properties, priced at R10,000 to R12,000 per square meter, with conversion costs ranging from R6,000 to R8,000 per square meter,” stated Ndlovu. To make conversions financially viable, a potential adjustment in property values is necessary. The success of this hinges on property companies re-evaluating and possibly lowering their valuations, with REITs playing a key role in contributing to project success.

**Hurdles to overcome in the South African Property Market**

The prevalence of load shedding and water shedding has significantly disrupted trade, especially in the retail sector, while concurrently escalating operational costs for property owners. This situation has necessitated substantial investments in technology and sustainable energy solutions to mitigate the negative impacts. Despite a notable surge in rates and taxes, local authorities and city councils have fallen short of meeting expected standards. Consequently, landlords find themselves compelled to undertake proactive measures to ensure the continued viability of their properties and attract tenants in this challenging environment.

Despite these hurdles, Ndlovu remains hopeful about the property market’s trajectory. He highlighted encouraging indicators such as the gradual return of the retail market to pre-COVID levels and the rising attention towards logistics and industrial sectors. Additionally, Ndlovu shared his personal investment strategy, emphasising the significance of diversification and the reliance on professional fund managers for meticulous stock selection and research.

For a deeper dive into his insights, listeners can access the full Rainmaker Marketing podcast episode by [clicking here](https://spoti.fi/46Vbmea?trk=public_post_reshare-text)

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**Notes to the editor:**

***About Rainmaker Marketing:***

Rainmaker Marketing is Africa’s leading award-winning property and lifestyle marketing agency that provides a turn-key solution for developers and urban planners. Through their strong work ethic, refined skills, intense knowledge of property and creativity, Rainmaker Marketing continues to be at the forefront of property marketing.

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