

The Profile and Significance of Listed Property Companies in Some Selected African Countries

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Abstract. This study investigates the significance and profile of Listed Property Companies (LPCs) in 10 African countries namely; Botswana, Egypt, Kenya, Mauritius, Morocco, Nigeria, South Africa, Tunisia, Zambia, and Zimbabwe respectively for the period of 10 years from 2006 to 2015., the profile and some key indicators of each respective country has been identified to determine the significance of each respective economy. The study uses secondary data obtained from Thompson Reuters DataStream to extract the number of companies in each country and their respective profiles. Descriptive statistics were used to analyze 64 Listed Property Companies using simple percentages. The study revealed that most of the African countries are Opaque with very few semi-transparent such as Kenya, Mauritius, and Botswana with the exception of South Africa which is the only transparent, the study further revealed that most of the companies are established between 2010 to 2015. Egypt has the highest number of property companies 29 represented by 45.31 % followed by South Africa with 16 Listed property Companies Represented by 25 % while Nigeria, Kenya and Zambia have the least number of companies with 1 each represented by 1.56%.

Keywords: Africa; profile; listed property companies; market value.

INTRODUCTION

The significant increase of real estate securities in financial investment markets made real estate in Africa to continue receiving widespread attention and interest from both corporate bodies and the general public as one of the favorable and consistent opportunities, both the direct and indirect property investment has been regarded as an alternative way of investing in real estate. The acquisition of shares in property investment companies specializing in real estate activities has become a more popular investment in indirect property. Generally, the two fundamental investment decisions attributes are a risk and return. The process, in theory, could be limited to finding an investment option with the best risk-return ratio, uncertainties and risks are the most common features and characteristics of every form of investment not only property investment, and the only way to manage them is by combining the assets, which would yield better returns in a portfolio.

Africa is considered as an attractive expansion destination for investors due to the global mega-

trend such as rapid urbanization and demographic changes. Moreover, Real estate is becoming a driving factor influencing the changing face of entire cities and markets across the continent. Within this context, real estate is increasingly seen not only as a facilitator of business investment and economy but also as a potential source for a competitive advantage [17]. Real estate, according to [20], serves as an effective means of diversifying risk in a mixed-asset portfolio as a result of its long term strategic performance. Despite all of the above, direct investment in real estate is subject to some difficulties, it has for example been traditionally regarded as an investment that is involving so many funds to acquire and illiquid. Moreover, for an ordinary private investor, a direct property acquisition may be difficult as a result of the large amounts of capital needed, as well as the high cost of a transaction. An option for avoiding these difficulties may be the acquisition of shares in investment companies who are specialized in real estate investment. Real estate securitization has been therefore identified as the logical answer to the efficient demand for real estate diversified portfolio.

It provides the investors high liquidity advantage, with an indirect means by which small investors could invest in property and enjoy the economic benefits.

Listed property companies are companies that own income-producing properties for investment purposes, this entails investing in a portfolio of commercial property assets comprising of, residential commercial, retail, and warehouse which is managed by a specialist property fund manager. The listed property sector reveals information about the changes in property values in a timely manner as opposed to the periodic reports that are compiled either monthly or quarterly [10]. Investors receive a share of the rental income collected from the property depending on the number of shares an investor has in the short term and they will benefit from any capital gain that is realized in the long term. Price fluctuations observed in property investments are often attributable to the changes in property fundamentals [10]. Authors [10] conclude that the stock market provides reliable measures of return for the property market which is considered to be one of the most important asset classes and yet not much research has been done on this subject.

Property companies are one of the major players in the real estate market. Listed property companies are normally engaged with business activities such as real estate development, investment and trading with a diverse portfolio of investment such as residential, commercial property and trading. Listed property companies provide an investment tool for investors to invest in real estate indirectly. Shares in listed property companies allow people to buy real estate in piecemeal. Shares in these companies are just the same as other stock markets which are highly liquid and are allowed to be traded many times on a daily basis. This contrasts with investment in property trading which takes several months to complete a transaction. This indirect property investment should reflect the performance underlying real estate in certain countries itself. The value of listed property companies relies on company shares which gain from the relationship to the value of the real estate it owns and the income from business operations. In the capitalist system, the value will fluctuate depending on the economic situation and value of real estate owned. Investors are no longer considering property as a single investment and are instead including property investment with other asset classes. Property investment has to compete

against these other classes, primarily equities and bonds. Expected return, risk, and diversification are all important in determining the allocation to these assets.

Previous studies on the significance of the property in mixed-asset portfolios concentrated only on certain countries such as Singapore, Japan, Malaysia, Hong Kong, Australia, the US, and the UK. There is a lack of in-depth empirical research conducted specifically on the African property market; especially on listed property companies. The reason may be due to a lack of data which is related to the property industry. The data concerning the real estate market in African countries has been extremely limited, resulting in a lack of sufficient information regarding real estate assets in many investment portfolios in Africa.

Africa's Property market has traditionally lagged behind many emerging and developed economies in the world. The various levels of property investment in Africa are low compared to global standards and there exist a significant potential opportunity to explore by investors. The African property market is in a good positioned to harness an increasing growth prospect, with over 400 million urbanized populations, constituting about 40 % of the total population in the continent. The African property market is rapidly growing and attracting more interest from international investor's occupiers and developers from different part of the world. RICS is proceeding with its expansion in Africa which as a result will allow property sectors to attain international standards.

Investors are widening and expanding their activities across a wider range of geographical locations, driving development in infrastructure and thereby supporting economic growth. Improvements in property development, alongside wider improvements in the business operating environment, can be important accelerators in achieving greater international investment and fast-tracking economic growth. As mature economies continue to face economic challenges and stagnating economies, more investors are considering expanding into Africa to benefit from its high growth potential. This is resulting in a growing demand for real estate, corporate business infrastructure, and the consequent development of the commercial real estate sector. However, there is lack of extensive research carried out in the past covering any of the African countries apart from few countries such as Nige-

ria and South Africa which brings limited literature on the performance of property listed companies over the past years. The performance of property securities in most of the African countries have not been analyzed due to its infancy stage, problems of access to data, lack of awareness and expertise in countries, particularly on property investment. In order to determine whether property investment has performed well or not, it requires measuring performance so that management of investment and related decisions can be determined on a regular basis.

The limited flow of foreign investment into the property markets in Africa generally, has been attributed in part to lack of investors' confidence, resulting from a low level of research activities and limited information (Lim et al., 2006). The markets are therefore perceived as too risky by international investors. To sustain and increase the flow of investment capital into the real estate securities in the African countries requires research to be carried out on the significance of the property sector from time to time which will reveal the performance of the listed property companies and attract foreign investors (Tables 1, 2).

Table 1 – Key Economic Indicators

Country	Population rate 2015, million	GDP 2015, \$Billion	Unemployment Rate 2015	Inflation Rate, %	Corruption perception index 2014	Global Competitiveness index 2014	Risk Rating (E= Most Risky)	World bank doing business (189) 2015
Botswana	2.2	15.2	17.8	3.9	28	74	B	174
Egypt	88	286.4	8.1	10.1	88	119	C	112
Kenya	45	60.9	42	6.9	139	90	C	136
Mauritius	1.3	12.6	7.9	3.2	45	39	B	28
Morocco	33	110.0	5.5	0.4	88	72	C	74
Nigeria	177.2	570.4	6.4	8.1	136	127	D	170
S/Africa	54	350.1	24.3	6.1	61	56	C	43
Tunisia	10.9	26.6	15.2	4.9	76	87	C	60
Zambia	14.6	13.8	15	7.8	76	96	C	111
Zimbabwe	12.6	13.6	70	0.1	150	124	D	171

Source: [8, 12, 22, 23].

Table 2 – Global Real Estate Transparency Index (African countries)

Transparency	Country	2014		2012		Difference	Score
		Rank	Score	Rank	Score		
Semi-Transparent	South Africa	20	2.09	21	2.18	+1	-0.09
Semi-Transparent	Kenya	48	3.09	65	3.70	+17	-0.09
	Mauritius	51	3.14	59	3.43	+8	-0.29
	Botswana	55	3.29	56	3.36	+1	-0.07
Low Transparent	Egypt	63	3.49	77	3.88	+14	-0.39
	Morocco	72	3.67	76	3.88	+4	-0.21
	Zambia	76	3.76	78	3.93	+2	-0.17
	Uganda	82	3.97	-	-	-	-
Opaque	Angola	83	3.98	95	4.58	+12	-0.6
	Ethiopia	86	4.03	-	-	-	-
	Mozambique	88	4.20	-	-	-	-
	Senegal	90	4.20	-	-	-	-
	Libya	92	4.23	-	-	-	-
	Ghana	95	4.36	90	4.41	-5	-0.05
	Algeria	98	4.46	93	4.49	-5	-0.03
	Nigeria	101	4.52	96	4.58	-5	-0.06
	Tunisia	102	4.63	89	4.38	+13	+0.25
Not Covered	Zimbabwe	-	-	-	-	-	-

Source: [13].

Tables 2 shows the real estate transparency index and ranking of African countries 2012–2014, with South Africa being the only transparent market among the number of countries, South African property market has been the most performing market of real estate in Africa. Botswana, Kenya, and Mauritius are the semi-transparent market, Egypt, Morocco, Zambia, and Uganda are the low transparent real estate markets while most of the countries from Africa are Opaque, these include Angola, Ethiopia, Mozambique, Senegal, Libya, Ghana, Algeria Nigeria, and Tunisia. However, Zambia is not covered in the transparency index of 2012 as well as in 2014. The real estate transparency ranking of the African countries 2014 shows that South Africa is at the extreme top and is being ranked #20 followed by Kenya 48, Mauritius #51 and Botswana #55. Countries in the middle of the ranking include Egypt #63 and Morocco #72. Countries at the bottom of the ranking are Nigeria #86, Zambia #92 and Zimbabwe #192 respectively.

MATERIALS AND METHODS

Data concerning Listed Property Companies from 10 African Countries (Botswana, Egypt, Kenya, Mauritius, Morocco, Nigeria, South Africa, Tunisia, Zambia, and Zimbabwe) covering 10 years from January 2006 to December 2015 was obtained from Thompson Reuters DataStream to analyze the significance and profile of Listed Property Companies in Africa. The profile and some key indicators of each respective country were identified to determine the significance of each respective economy. The quantitative data were analyzed using descriptive statistics, simple percentages are used in analyzing the data obtained (Table 3).

Table 3 – Listed property Companies, Date Listed and Market Value

No	Country / Companies	Date Listed	Market Value, \$ Mln
Botswana Listed Property Companies			
1	Primetime Prp Holding	2007	49.43
2	RDC Properties	2011	49.08
3	Turnstar Holdings	2002	125.78
4	New African Properties	1996	136.01
Egypt Listed Property Companies			
1	Egyptian Rlst. Consort	2005	0.85

No	Country / Companies	Date Listed	Market Value, \$ Mln
2	Arab Rlst. Inv. (Alco)	2011	21.4
3	Cairo Development Inv.	1992	22.9
4	Delta Con. & Rebuilding	1992	23.4
5	Golden Pyramid Plaza	1997	783.9
6	National HSE. Prof. Synd.	1995	16.5
7	Rowad Tourism (Al Rowad)	1995	81.3
8	Zahraa Maadi Inv. & Dev.	1996	103.2
9	Gulf Canadian Rlst.	2011	5.4
10	National Rlst. Bank Dev.	1992	5.3
11	Araba Land Reclaim	1996	3.95
12	Obour Rlst. Investment	1998	2.57
13	Egypt Brit National Dev	1999	234.34
14	Taalat Moustafa Group	2007	2956.04
15	Palm Hills Devs. Sae	2006	715.68
16	Development & Engr.	1996	24.78
17	Mena Tourism & Rlst. Inv.	1995	16.71
18	Six of October Dev. & Inv.	1998	609.85
19	Egyptians Housing Dev.	1994	72.83
20	Egyptians Inv. & URD.	2011	16.15
21	Ismailia Dev. & RLST. REIT	2011	28.2
22	North Africa Real Estate	2012	45.73
23	United Housing & Dev.	1994	172.52
24	El-Kahera Housing & Dev	1995	115.99
25	Holiopolis Housing	1995	934.23
26	Medinet Nasr Housing	1995	909.96
27	Arab Dev. & Real Estate	2011	21.40
28	Misr Elsalam Dev. & Tech	2015	13.11
29	Emaar Misr for Dev.	2015	1,303.79
Kenyan Listed Property Companies			
1	Home Africa	2013	16.38
Mauritius Listed Property Companies			
1	Covifra	1972	12.35
2	Rockcastle Glre.	2012	1,831.89
3	New Frontier Properties	2014	1.55
Morocco Listed Property Companies			
1	Balima	1946	20.82
2	Douja Prom Addoha	2006	1,066.43

No	Country / Companies	Date Listed	Market Value, \$ Mln
3	Alnc. Dvppt. Immobilier	2010	174.77
4	Res Dar Saada	2014	456.91
Nigeria Listed Property Companies			
1	UACN Property Dev.	1997	84.67
South Africa Listed Property Companies			
1	Ingenuity Property Invs.	2000	96.83
2	Tradehold	1970	252.29
3	Quantum Property Group	1984	2.53
4	Putprop	1988	24.26
5	Orion Real Estate	1991	15.34
6	Adrenna Property Group	1998	3.40
7	Delta Africa Prop Holdings	2002	83.37
8	Bonatla Pr.	1996	3.09
9	Visual International	2006	5.8
10	Freedom	2014	33.9
11	Attacq Ord	1994	1,503.17
12	The Pivotal Fund	2005	477.88
13	Acsion Limited	2006	371.88
14	Stenprop	2015	460.63
15	Renegen Limited	2015	2361
16	Balwin Properties	1996	2546
Tunisia Listed Property Companies			
1	Simpar	1996	28.46
2	Sc. Immob. Tunis-Seoudien	1997	14.53
3	Essoukna	2006	15.03
Zambia listed Property Companies			
1	Real Estate Investment BIA.	1996	32.45
Zimbabwe Listed Property Companies			
1	Dawn Properties	2003	24.57
2	Pearl Properties (2006)	2007	34.67

Source: [Thompson Reuters DataStream, 2015]

RESULTS AND DISCUSSION

The main results of the study are presented in Tables 4, 5.

Table 4 above highlights the range of years and corresponding percentages which countries were listed on Various Stock Exchange of each respective country. The highest number of companies of up to 17 represented by 26.56 % were listed between the years of 2011 to 2015 followed by 1996 to 2000 which also recorded 16 companies 25 % respectively.

Table 4 – Year Company Listed on Stock Exchange

Year	Number of companies	Percentage %
1986 and before	3	4.69
1991-1995	13	20.31
1996-2000	16	25.00
2001-2005	6	9.38
2006-2010	9	14.06
2011-2015	17	26.56

1986 and before was the years with least number of listed companies recording only 3 represented by 4.69 % and 2001 to 2005 with 6 companies represented by 9.38 % respectively.

Table 5 – Country LPCs and their respective Market Value

Country	No of Companies	% of companies	Market Value, \$ mln	% of Market value
Botswana	4	6.25	360.3	1.66
Egypt	29	45.31	9233.69	42.65
Kenya	1	1.56	16.38	0.08
Mauritius	3	4.69	1845.79	8.53
Morocco	4	6.25	1718.93	7.94
Nigeria	1	1.56	84.67	0.39
South Africa	16	25.00	8241.37	38.06
Tunisia	3	4.69	58.02	0.27
Zambia	1	1.56	32.45	0.15
Zimbabwe	2	3.13	59.24	0.27
Total	64	100	21650.8	100

Table 5 above highlights the number of companies in each respective country, Egypt has the highest number of companies with 29 companies represented by 45.31 % with a market value of \$ 9,233.69 million (42.65 %), followed by South Africa with 16 companies with 25 % with a total market value of \$8241.37 million (38.06 %). Kenya, Nigeria, and Zambia have the least number of company with 1 each represented by 1.56 % and a market value of \$16.38 million (0.08 %), \$84.67 (0.39) and \$32.45 (0.15).

CONCLUSION

The study investigates on the Significance and profile of Listed Property Companies in some selected African countries. The study also developed a profile of African listed property companies obtained from DataStream. The study explored the number of listed property companies

in each country, the date listed on the stock exchange and its market value in USD. Egypt has the highest number of companies followed by South Africa. The year 2011 to 2015 has witnessed the highest number of Property Companies listed on the stock exchange while 1986 and before has the least number of companies listed on the various stock exchange. This clearly shows that more companies are listed in recent years

This information will help the investors to know well and study about each company they are investing their money into, as investors don't in-

vest blindly into the market but need convincing evidence in reality. The government of the African countries should make Data on property stocks and broader stock market available and accessible in African universities and institutions by subscribing to Thomson Reuters data stream and other sources of readily available data on stock indices which will facilitate and promote research to be carried out from time to time basis, thereby helping stakeholders and investors in directing their capital sum for investment without any fear of losing their money.

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