

SA's first unlisted, purpose-built student accommodation REIT launched

Growthpoint's recently launched Student REIT, the first local unlisted, purpose-built student accommodation real estate investment trust (REIT), has acquired a R2bn seed portfolio with 5,000 modern beds. Receiving strong market interest, its first close attracted third-party capital commitments of some R1.1bn and around R1.5bn in total, including the capital commitments from Growthpoint as well as Feenstra Group.



Studios at Burnett, Pretoria. Source: Supplied

Growthpoint's R240m investment represents a 16% shareholding in the unlisted REIT. It will remain a core investor in the fund, owning between 5% and 20% of the equity in the REIT in future. Feenstra's R160m gives it an 11% holding, with a three-year "lock-in" commitment. Growthpoint is the fund manager and assumes overall responsibility for the success of the Student REIT, while Feenstra will be the property manager.

The Growthpoint Student REIT's R2bn seed portfolio comprises seven purpose-built student accommodation properties acquired from a group of vendors led by Feenstra. A two-year rental underpin, to mitigate against short-term impacts of Covid-19, was included in the deal. After the conclusion of the acquisition, the Student REIT launched in December 2021.

Growthpoint aims to grow the new Student REIT towards R12bn in assets and a stock exchange listing within seven years.

"The demand for specialised student accommodation in South Africa far outstrips supply, making it an attractive investment. Given the constrained fiscal budget, to address the shortfall, the government and universities have shifted student accommodation provision from universities to partnerships with the private sector," explains George Muchanya, head of corporate finance at Growthpoint.

"This is a very positive step for all stakeholders and will contribute towards job creation as new developments are rolled out."

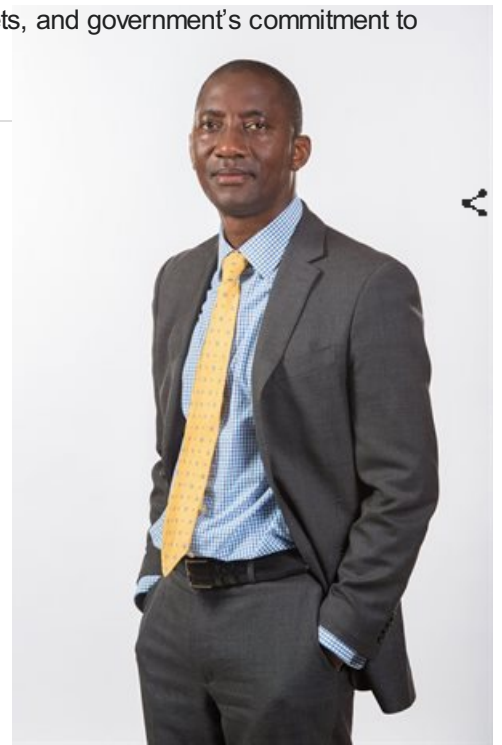
The massive demand for quality student accommodation in South Africa is driven, in part, by the demographics of a young

population. Education accounts for a significant share of public and family budgets, and government's commitment to tertiary education supports purpose-built student accommodation.



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George Muchanya, head of corporate finance at Growthpoint.

The Growthpoint Student REIT has several acquisition and development opportunities on the horizon, including an immediate growth portfolio of two development projects currently underway and opening in time for the 2023 academic year, a further acquisition of a Feenstra property under development, and another asset which will commence construction later this year.

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