

Global property funds worth a punt

Property funds that invest offshore have delivered stellar returns over the past 12 months on the back of a strong rebound in global listed property markets, widely known as real-estate investment trusts (REITs). Grindrod's Global Property Income Fund, which has delivered a total return of 45% to investors in the 11 months since its inception in May 2009, is one of the best performers among the 15-odd South African-domiciled and rand-denominated collective investment schemes that invest in global REITs. The key question for investors is, 'Is there still upside left in global real-estate markets?' Greg Rawlins, fund manager of Grindrod's Global Property Income Fund, says although global REITs have bounced back strongly in recent months, many markets are still way below their 2008 peaks. He notes there is the potential of a 'scarcity factor' occurring in developed countries over the next three years, with hardly any new construction of commercial buildings taking place. He says many banks are still reticent to lend to commercial property developers. 'There are simply no construction cranes on the horizon in most First World economies, and even mild growth in these countries is likely to lead to demand placing pressure on supply.'

+27 (0)11 459 1860,

www.grindrodbank.co.za