

The South African property industry: Overview and issues for research

Peer reviewed

Abstract

The South African property industry is unique in that it has both 'first'- and 'third'-world characteristics in close juxtaposition. This article engages with two related questions. First, it provides an overview of the defining characteristics of the South African property industry. Secondly, it outlines key issues for research arising from these characteristics. The article therefore assesses the possibility of defining and projecting, in global terms, a sufficiently distinct South African property research programme.

Keywords: Property industry, research, South Africa

Abstrak

Die Suid-Afrikaanse eiendomsindustrie is uniek in die opsig dat dit beide eerste en derde wêreldeienskappe aangrensend tot mekaar toon. Hierdie artikel spreek twee vrae aan. Eerstens verskaf dit 'n oorsig oor die karaktereienskappe van die Suid-Afrikaanse eiendomsbedryf. Tweedens gee die artikel rigting oor sleutelkwessies vir navorsing wat ontstaan het uit die karaktereienskappe. Die artikel assesseer die moontlikheid van definiering en projekteer, in globale terme, 'n voldoende Suid-Afrikaanse navorsingsprogram.

Sleutelwoorde: Eiendomsmark, navorsing, Suid-Afrika

1. Introduction

South Africa occupies an interesting position both in Africa and the world. The South African economy dwarfs that of its immediate neighbours both in sheer size and the sophistication of its supporting technical and professional infrastructure. For example, South Africa is only one of over fifty African countries, yet its economy contributes 19% to the total African economy, one-third of sub-Saharan Africa's and nearly two-thirds of the regional Southern African Development Community (SADC) gross domestic product (Mooya, 2007: 9). The South African property industry for its part is unique in that it has both 'first'- and 'third'-world characteristics in close juxtaposition. Thus, on the one hand, there is a highly sophisticated and highly 'Westernised' industry which in many respects is on par with the best

in the world. On the other, there is a large section of the property industry with characteristics more in common with those of its African neighbours and developing countries more generally. Curiously, however, and as Mooya (2007: 9) argues, the contribution of South Africa to the growth of 'mainstream' property knowledge in Africa does not reflect this dominance, or its position as a meeting point for developed and developing countries. Indeed post-apartheid South Africa has only had a small amount of property-related research published in international journals (Newell, Acheampong & Du Plessis, 2002: 279). In a recent paper Mooya (2007: 9) explains this deficit in terms of the historical development of property education in the country, as well as decades of international isolation arising from its apartheid past.

Against this background, this article has two principal objectives. First, it provides an overview of the South African property industry. Secondly, it outlines the key issues for research within the South African property industry. The aim is to highlight both the potential for research generally and specific research areas which might be of interest to both local and international scholars.

The article is organised into five sections. The next section examines key contextual issues affecting the South African property industry. Section 3 discusses the characteristics of the main sectors of the South African property industry. Drawing on insights provided in previous sections, section 4 attempts to articulate a South African property research agenda. This section presents key research issues, as well as a brief review of the state of property research in South Africa. Section 5 offers concluding comments.

2. The South African property industry in context

In trying to explain the South African property industry, one can best describe its characteristics by adopting a comparative approach. In this regard, comparing the broad context in which the South African property industry is located to that of the developed Western countries, is instructive. The latter provide useful comparators as they are often held up as examples of industry maturity and best practice. In this regard three key contextual issues are argued as impacting on the South African property industry: economic and social transformation, economic duality and institutional pluralism, and the status of the country as an emerging economy.

2.1 Transformation

South African society has been undergoing a process of significant transformation since the end of enforced racial segregation in 1994. Under apartheid, there was not only spatial and cultural segregation between the races, but the majority of the black population were also not allowed to own freehold property for the most part. In addition, their participation in the property industry, either as entrepreneurs, consumers or professionals, was severely restricted. The end of apartheid in 1994 therefore left in its wake an overwhelmingly white-owned, -controlled, and -managed property industry. In an attempt to redress these historical inequities the South African state has been engaged in a proactive and wide-ranging, if not controversial, programme of socio-economic transformation. A raft of policy and legislative interventions has been devised in an attempt to generate increased participation by black people in all facets of the property industry. As in the remainder of South African society, affirmative action and employment equity policies have sought to change the demographic profile of the industry to bring it in line with the demographics of the country. This has effectively meant trying to increase the number of black people employed in the industry at all levels. Similarly, there are attempts at trying to broaden the ownership structure of the industry by means of policies on Black Economic Empowerment (BEE) and the promotion of a 'property charter'. Finally, through its policy on preferential procurement, the government has been trying to leverage its considerable spending power to try and assist black-owned businesses to grow and enter the mainstream.

South African society is transforming in yet other subtle, autonomous ways. For instance, increased access to educational opportunities and professional careers as a result of by the end of apartheid has created space for the emergence of a significant Black middle class, the so called 'black diamonds'. This educated and increasingly affluent group is already having a noticeable impact on the property industry, an impact that will in all probability increase in the future.

2.2 Economic duality and institutional pluralism

The property industry can be described as a 'network of rules, conventions and relationships which collectively represents the system through which property is used and traded' (Keogh & D'Arcy, 1999: 2408). Thus the industry can properly be conceived in institutional terms. Keogh & D'Arcy (1999: 2407) illustrate a three-level hierarchy for the institutional analysis of the property industry

(Table 1). At the topmost level the property industry exists within an institutional framework defined by the political, social, economic and legal rules whereby the society in question is organised. At the next level, the property industry itself can be considered an institution with a range of characteristics which determine its structure, scope and functions. At the bottom level, the main organisations which operate in the market can be considered in terms of the way they are structured and the way they change. Higher levels structure lower levels, with lower levels, in turn, influencing the way the higher levels evolve.

Table 1: The institutional structure of the property industry

<p>The institutional environment</p> <p>Political institutions Social institutions Economic institutions Legal institutions</p> <p>The property industry as institution</p> <p>Market (and non-market aspects) Decentralised and informal Legal and conventional aspects of property rights Legal and conventional aspects of land use and development</p> <p>Property industry organisations</p> <p>Users Investors Developers Property service providers Financial service providers Professional bodies Government and non-government agencies</p>
--

Source: Adapted from Keogh & D'Arcy 1999: 2407

By institutional pluralism is meant the situation one finds in many developing countries where generally similar activities may be mediated by completely different and parallel institutions. This gives rise to a duality, encapsulated in terms such as 'first and second economies', or 'formal and informal sectors'. The former tend to derive their legitimacy from positive law and the latter from popular practice. The latter may or may not be illegal.

In trying to characterise the South African property industry therefore, one must be aware of the fact that there are, broadly speaking, at least two such industries. On the one hand, the formal regulated industry, with its legislation, professional bodies, and so on. On the other, the unregulated informal industry. The latter may not appear in official statistics but its output can be observed in the form of sprawling informal settlements. While this duality is not a uniquely South African phenomenon, nowhere in the world is the contrast between the two perhaps more stark.

2.3 Emerging economy status

South Africa is classified as an emerging economy, one that is making the transition from the status of being a developing country to that of being a developed one. It belongs to a category of countries that include Brazil, India, China and the group of countries collectively named the 'Asian Tigers'. These economies are often characterised by rapid economic growth. This growth tends to find expression in increased investment and output in all sectors, including in the property industry. Emerging economies therefore tend to provide enhanced opportunities for the property sector.

How then does the South African economy score as an emerging one? On the plus side of the balance sheet the country has, by all accounts, a world-class sophisticated financial services infrastructure. This is anchored on a well-regulated and liquid banking sector, and stock markets. In addition, there is a basic macro-economic and political stability. The country therefore offers good opportunities for property investors and developers, in terms of finance and investment options, for example, in a well-regulated environment. On the negative side there are stubbornly low levels of economic growth (circa 4%) and high levels of unemployment (circa 30%). In terms of income distribution, South Africa is one of the most unequal in the world, with a Gini coefficient of 0.679 reported to be the worst in the world (Pressly, 2009: 1). Poverty is widespread, explaining in part the high crime levels in the country. Low levels of economic growth, widespread unemployment and high levels of income inequality tend to affect the South African property industry negatively.

Overall, the South African economy is an uneasy mixture of the 'first' and 'third' world. This is an economy, however, with a great deal of upside potential. Recent government efforts aimed at increasing GDP growth rates to at least 6% per annum (considered the minimum necessary to deal with endemic poverty) have the potential, if successful, of transforming the property sector. As

part of this programme, billions of rands are being spent on major infrastructure programmes. Accelerated economic growth, reduced unemployment and reduced income inequality should result in a huge increase in demand for homes, offices, industries, shops and other properties.

The foregoing discussion has endeavoured to place the South African property industry in context. Relative to our reference frame, this is a context characterised by fundamental social, economic and political transitions. This is a context where the juxtaposition of the 'first' and 'third', of the formal and informal, of Africa and the West creates tensions and contradictions, as well as opportunities and challenges. This in short is a context alive with opportunities for scholars to engage in pioneering work.

3. Characteristics of the South African property industry

This section attempts to describe the characteristics of the South African property industry and highlights key issues affecting it. The focus is on the formal regulated sector, mainly because there is more information in the public domain about the formal industry. However, one must always bear in mind that there is a significant informal property industry in South Africa, one that provides many opportunities for academic inquiry.

3.1 Analytical frameworks

In trying to characterise the structure of the South African property industry two analytical frameworks are employed. The first framework focuses on the organisational structure of the property industry and involves explicit considerations of the actors or organisations that collectively constitute the property industry (D'Arcy & Keogh, 1996: 12). In terms of institutional analysis, this organisational structure reflects, or is an outcome of, the institutional environment within which the property industry lies. Table 2 shows the organisational structure of the property industry.

Thus, typically, three main categories of organisations are found in the property industry. First, the principal market actors, namely investors, developers and users of space are responsible for the core property market activity in the capital, development and space markets, respectively. Secondly, the service providers to the main market actors include various consultancy services such as valuation, estate agency and information brokerage. Finally, the banking and

financial services providers. Due to the centrality of credit in the proper functioning of the property industry, this category stands on its own and is of great importance.

The second framework is derived from what has been called the 'mature market paradigm'. This approach views the property industry as evolutionary, with a tendency towards increased maturity. The advanced Western countries are perceived as exemplars of property industry maturity. According to this paradigm, mature property markets exhibit six characteristics (Armitage & Keogh, 1996: 3):

- Accommodation of a full range of use and investment objectives, generally through the development of diverse property products.
- Flexible market adjustment in the short and long run, implying effective trade and the ability to react to new information and opportunities.
- A sophisticated property profession with its associated institutions and networks, generally regulated by law or professional codes of practice.
- Extensive information flows and research activity, serving the requirements of a flexible market and frequently developed as an adjunct of professional activity.
- Market openness in spatial, functional and sectoral terms, allowing markets participants to operate across such boundaries and aiding the transmission of information throughout the market.
- Standardisation of property rights and market practice, meeting the need for greater certainty about the nature of the property interests traded in the market, in an environment where the range of tradeable property rights has become much broader.

These two frameworks combined provide a useful heuristic device with which both the static and dynamic aspects of the South African property industry could be analysed.

Table 2: The organisational structure of the property industry

<p>A. Market actors</p> <p>Investors Developers Users</p> <p>B. Property service providers</p> <p>Structure of the sector Activities</p> <p>C. Financial service providers</p> <p>The banking sector Financial institutions and markets</p>
--

Source: Adapted from D'Arcy & Keogh 1996: 23

3.2 Characteristics of the South African property industry

As in many countries, the South African property investment market is dominated by insurance companies, pension funds, listed property trusts and property companies (Newell *et al.*, 2002: 284). The majority of investors are domestic but there has been increasing foreign interest since the end of apartheid in 1994. In terms of investment options, there is a choice between direct or physical property and indirect or listed property. The country has significant amounts of world-class investment-grade office, retail, industrial, residential and leisure property in the major commercial centres such as Cape Town, Johannesburg and Durban.

The indirect property investment sector is, however, relatively small and unsophisticated. The listed property sector on the JSE is small, lacks liquidity and product diversity. Unlike some Asian countries with more or less similar economic conditions, the country is yet to see the introduction of real estate investments trusts (REITS).

A number of measures for the performance of property as an investment are available. These include the SAPOA/IPD Property Index, the ABSA House Price Index, the JSE Overall Index, the Property Trust Sub-Index and the Property Companies Sub-Index.

Property development has been enjoying a boom in South Africa over the past years, fuelled by relatively low interest rates and

high consumer spending, a boom that only came to an end in the aftermath of the global financial crisis of 2008. The development sector appears to be well served with the entire range of players - speculative developers, investor developers, and the government. The role of government in the property development industry in South Africa is particularly significant. It is a large player in the development of low-income housing, developing millions of units over the past years. This programme is ongoing, as are new initiatives for massive spending on infrastructure development.

This development market is of course predicated on sufficient demand in the space market. This market is fairly well developed with varying levels of user sophistication. The space market provides significant opportunities in property/facilities management.

The property service sector is something of a mixed bag. On the positive side, the property sector is served by world-class financial services, based on a well-regulated and liquid banking sector. All the major banks have significant exposure to property. In addition, it is possible to raise both equity and debt finance on the JSE. The property industry is also served by well-established consulting firms and professional associations. One of these, the South African Property Owners Association (SAPOA), represents companies which control about 90% of commercial and industrial property in the country (Ndaba, 2010: online).

There are, however, areas of concern such as the capacity for high-level investment/management consultancy and research. The South African property industry has a problem with availability of highly trained property professionals, a problem that may be attributed to the fact that tertiary level education in property is both of recent origin (see Mooya, 2007: 13) and of variable quality. There are very few independent consulting firms capable of providing high-level property advice. Research output from South African universities in property is still relatively low, in comparison to construction management (see below, and Mooya, 2007: 16), with the majority of the property research taking place, being of the industry type and to a large extent done by the commercial banks.

4. Implications for property research

This section first outlines the key issues for a South African research agenda and then provides an overview of the state of property research in South Africa.

4.1 Key issues for research

Economic dualism and institutional pluralism provide opportunities for comparative research regarding the functioning of the property industry under parallel alternative institutional arrangements, as well as the extent and nature of linkages existing between these. Of crucial importance is a better understanding of the informal property industry in South Africa. This is one area where South Africa may have a comparative advantage for research in global terms, because of its relative wealth, on the one hand, and the existence within its territory of a large informal sector, on the other. Like many developing countries questions, for instance, concerning the numerical size of the informal sector, the volumes of transactions, the sums of money involved, the amount of land changing hands, the general pattern of the distribution of land transactions, land prices, or land values have not been satisfactorily answered (Doebele, 1994: 50; Kironde, 2000: 151). Similarly, little is known about the behaviour of the actors, the incentives and constraints they face, the cost of exchange that they incur and the mechanisms whereby exchange is facilitated (Mooya & Cloete, 2007: 160). In particular, little systematic attention has been paid to the role of informal institutions that allow the informal property industry to function regardless of government regulation (Pamuk, 2000: 380; Rakodi & Leduka, 2003: 3). It is of interest to find out how, comparatively speaking, the problem of exchange in informal property markets is resolved in institutional terms and the resulting incentives and constraints.

The imperative of transformation in the broader South African society presents specific challenges, as well as opportunities and risks, to the property industry. Transformation in the property industry has or will have, broadly speaking, equity and efficiency effects, both of which require investigation. Research efforts on the equity dimension should be directed at the extent to which the industry is transforming, relative to set criteria. Targets such as those set by the Draft Property Charter (South Africa. Department of Public Works, n.d.) provide a useful framework. The nature of these targets, their levels, the mechanisms for, and progress towards their attainment raise a range of research questions.

On the other hand, transformation will have implications for the productivity and competitiveness of the property industry. It is reasonable to expect that altered skills profiles, ownership patterns and management styles will have efficiency effects, especially if transformation is rapid and deep. These effects would manifest themselves in types, levels and quality of output in investment,

development and management. These effects are as likely to be positive as negative and therefore a priority research issue. Research should dispassionately examine these issues for both established and emerging industry players. The property industry, transformed or not, represents a vital national asset whose overall efficiency is a matter of some importance.

The effects of government activities on the property industry present numerous opportunities for research. The fundamental research question deals with the issue of what is the proper role of Government in the property industry. This, of course, is the property variant to the state-market debate. Thus the state may, at one extreme, decide to be directly involved in the industry as investor, developer or manager of property. At the other extreme, it may leave all these activities to the private sector, restricting itself to ensuring that the necessary environment exists for equity and free and fair competition. There is evidence to suggest that the South African Government is gravitating towards the state end of the state-market continuum as it assumes the mantle of the 'developmental state'. In this context a number of research questions may arise. For instance, specific government policies and programmes may be reviewed to assess the extent to which they are meeting their objectives. The way these policies and programmes are being implemented, their direct and indirect effects and their sustainability are some of the issues that could be addressed.

The current programme to build millions of new houses provides a good example for illustration purposes. Typical research questions would include: What is the most cost-effective way of procuring these houses? Are targeting mechanisms adequate to ensure only intended beneficiaries actually get the homes? What is the best method of distributing such housing? What impact does this programme have on small and medium developers and contractors? What linkages are created in the rest of the industry and economy? What impacts arise from rapid increases in housing stock on rents and capital values of old stock in targeted markets segments?

The point being emphasised here is that the effects of government activities on the property industry are not always benign. On the contrary, they have the potential for causing very significant systemic impacts. For this reason, these activities must be carefully analysed.

The functioning and performance of the South African property industry provide ample opportunities for research. In terms of property investment, recent development property prices draw attention to the performance of property as an asset. Questions

concerning the performance of property as an asset class cannot be answered without an understanding of the relationship between macro- and micro-economic variables and property prices. This calls for fundamental research on the underlying basis of property prices and the modelling of these relationships in specific contexts. The performance of property as an investment calls for comparative analyses, within the property sector, across asset classes and market areas.

The need to understand the performance of property as an investment calls for generating and refining of property performance indicators. Existing indices, such as the SAPOA/IPD Index, need to be subjected to ongoing review, in terms of sampling methodology, valuation methods and weighting of underlying property, to ensure that they remain relevant and valid. Additional indices may need to be constructed for market segments or property types presently not covered by existing indices.

Investors often hold property as part of a mixed-asset portfolio. In this regard, the contribution of property to the risk-return profile of entire portfolios is important. This means the role of property in investment and the diversification strategies of South African investors should be investigated.

Listed property is increasingly becoming the preferred option for investing in property, partly because of the liquidity advantages it offers. With a total market capitalisation of approximately R118 billion (Catalyst Fund Managers, 2010: 2), the size of the South African listed property market is relatively small by world standards. In addition, the extent to which the product offerings in this market are able to meet the requirements of investors, in particular international ones, is not at all clear. These may be more accustomed to, and therefore expect, a diversity of products whose complexity is only limited by the ingenuity of merchant bankers. As has been pointed out, the country is yet to introduce REIT-type products.

The relative poor performance of property markets in former black 'townships' points to the existence of structural problems in this sector. The absence of viable secondary markets in this segment, in particular, is a serious problem that needs urgent attention. Without such markets, the full investment potential of township property cannot be realised. In addition, this makes it difficult to establish viable mortgage finance markets which, in turn, makes efforts aimed at 'banking the unbankable' that much harder.

The property development sector has its own set of issues that need investigating. Because of the cyclical nature of much development activity, questions of risk management and timing are important. Attempts to understand and model property development cycles therefore become necessary. Efforts should be expanded to try and develop the necessary leading indicators for booms and busts. Other research could deal with decision-making processes in property development or focus on available financing options and their impact on development profitability. Yet other research could examine the extent to which the South African planning system affects property development activity. It is a well-known fact that the institution of planning, by directly affecting the supply of property, has a significant impact on development activity. Additional questions could explore the linkages between development activity and other sectors of the economy.

The final set of research issues in the development sector arises from the special circumstances of township markets. This is a market which is widely viewed as having a great deal of untapped potential. Research should aim to shed more light on this potential, identifying the specific challenges, risks and opportunities available in this market segment.

The property management sector, for its part, offers some opportunities for research. Notable among these would be the impact of technology, both on management functions *per se* and on consumer behaviour. E-commerce, for example, has great potential to affect the level and type of demand for retail space. While South Africa may be a continental leader in online shopping, anecdotal evidence points to relatively low uptake. The reasons for this need to be established.

4.2 State of property research in South Africa

This section briefly reviews the state of property research in South Africa and is based mostly on work done previously by the author (Mooya, 2007). Mooya (2007: 16) used three sources as a basis for the review of South African property research. The first is the Construction Industry Development Board (CIDB) database of research undertaken by higher education institutions in South Africa. This database contains research information from twenty-five tertiary education departments specialising in architecture, construction management, quantity surveying, town and regional planning, surveying and engineering (Hauptfleisch & Marx, 2004: 351). Virtually all the major universities are represented. In South Africa, property

programmes are all housed in construction management and/or quantity surveying departments, themselves invariably located in engineering faculties. The second source is a keyword search of a major international online research database. The third source is an analysis of South African presence at international conferences devoted to property issues. This article adds a fourth source, the NRF NEXUS database of current and completed research projects to provide a wider perspective. Combined, these four sources suggest that there is, relatively speaking, little property research taking place in South Africa.

Table 3 shows, based on the CIDB database, the total number of research projects in the built environment undertaken by South African universities, together with a proportion of those undertaken as part of faculty research and PhDs (Mooya, 2007: 18). These two categories provide leading indicators of research that is likely to appear in peer-reviewed academic journals. The data shows that 19% of all property-related research at South African universities was at PhD and faculty level. This compares to 31% for research in project and construction management. A closer examination of research titles further enhances the differences. Of the seven 'property' topics only two can be regarded as unambiguously property-related. The remainder address typical quantity surveying/construction issues such as construction procurement and building cost indices. The same is true of topics under the category 'General Management'. The vast majority of these are addressing management issues relating to the construction industry and construction firms. Thus the raw data tends to understate the research under project and construction management and overstate that under property.

The data also indicates that there are significantly more projects in the categories 'Technology' and 'Statutory and Environmental' in absolute terms. The majority of the research topics in the former category are 'engineering'-related while in the latter the majority are 'planning'-related. The conclusion therefore is that the majority of the research done in the built environment in South Africa is either of engineering or planning nature. This dominance is further underscored when the proportions of doctoral and faculty research are expressed as proportions of total research in each category. Thus nearly 43% and approximately 45% of research in 'Technology' and 'Statutory and Environmental', respectively, are at this level. This compares to the 19% for property and 9.5% for housing. There is clearly considerable scope to increase the volume of property-related research at doctoral and departmental level in South Africa (Mooya, 2007: 18).

Table 3: Research by category and level – CIDB database

Category	Number of projects	PhD level	Department level	Total	%
Project and Construction Management	35	7	4	11	31
Property	36	4	3	7	19
Housing	21	2	0	2	10
General Management	29	7	1	8	28
Education	41	8	1	9	22
Technology	56	13	11	24	43
Statutory and Environmental	97	15	29	44	45

Source: Hauptfleisch & Marx 2004: 349-374

Mooya (2007: 19) notes with interest the relatively little 'Housing' research. In fact no departmental research is listed under this category. This is surprising, given that this category encompasses housing development, informal settlements and government programmes, all providing plenty of opportunities for research. It is well known that South Africa has a huge problem with proliferation of informal settlements. In addition, as pointed out earlier, the South African Government has been engaged in large-scale housing programmes as part of redressing the effects of apartheid.

An analysis of the NRF Nexus database of completed and current research projects broadly corroborates the finding of relatively little research in both property and housing. A search using the above categories as keywords in the 'titles, subjects and abstracts' fields was done, yielding the data presented in Tables 4 and 5 where Table 4 indicates the results for completed research projects and Table 5 shows the results for research projects in process. The NRF database is much wider than the CIDB database, and, crucially, includes research projects done outside the 'built environment' and the 25 higher educational institutions surveyed by Hauptfleisch & Marx (2004: 351). The two databases are therefore not directly comparable, with the categories not necessarily completely corresponding with each other. They nevertheless paint a similar picture. Thus, as Table 4 shows, only 2% of the 54,614 projects completed across the seven categories are 'property'- and 'housing'-related, compared to 10% for 'project or construction'. Similarly, only 1% of the 10,487 current projects across the seven categories are 'property'- and 'housing'-related, compared to 7% for 'project or construction'.

Table 4: Completed research by category and level – NRF Nexus database

	<i>Completed</i>	<i>PhD</i>	<i>Masters</i>	<i>Non-degree</i>	<i>%</i>
Project or Construction	5689	971	4343	375	10
Property	956	211	713	31	2
Housing	982	129	797	55	2
Management	19110	2599	17022	285	35
Education	19030	4274	14210	544	35
Technology	3482	687	2710	84	6
Statutory or Environmental	5365	1129	4108	126	10

Source: NRF Nexus database accessed 30 October 2010

Table 5: Current research by category and level – NRF Nexus database

	<i>Current</i>	<i>PhD</i>	<i>Masters</i>	<i>Non-degree</i>	<i>%</i>
Project or Construction	744	81	262	401	7
Property	126	31	82	13	1
Housing	148	35	93	20	1
Management	3734	862	2449	421	36
Education	4870	1341	3054	473	46
Technology	865	162	385	317	8
Statutory or Environmental	1547	331	771	444	

Source: NRF Nexus database accessed 30 October 2010

Based on the methodology used by Mooya (2007: 21) an attempt was made to determine and update the relative levels of South African property research that have been published in international peer-reviewed journals, using a keyword search of a major academic online research database. As Mooya (2007: 21) observes, this is rather difficult as one can never be certain of the universe to be examined. The words 'Real Estate' and 'South Africa' in the 'subject terms', or 'title' or 'abstract' fields were chosen to search for publications. The search was limited to peer-reviewed articles only, published between 1980 and 2010. An initial decision to use 'property' was abandoned as the word is relevant to many areas, such as intellectual property. 'Land' similarly generated several invalid publications.

The search was repeated for several countries. The results are presented in Figure 1. As in Mooya (2007: 21), Figure 1 shows that, in comparative terms, South Africa does not have an illustrious record of international publications. While the results are not directly comparable, they do suggest that there is scope for increasing the footprint of South African property research in international journals. This result must be viewed as a crude estimation and therefore only indicative. Using 'property' instead of 'real estate', for example, would have yielded a different picture, certainly for countries such as England.

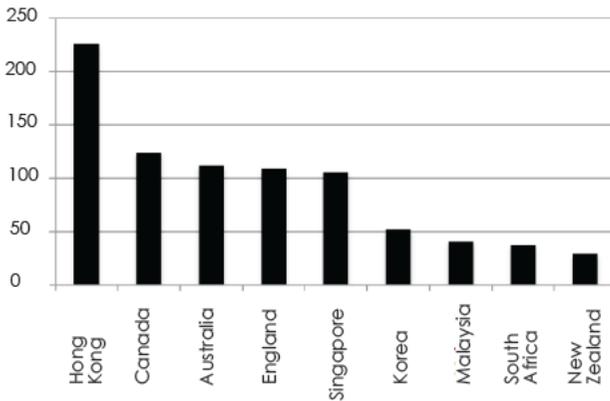


Figure 1: Comparative number of peer-reviewed publications
Source: EBSCO research databases accessed 29 October 2010

To obtain a sense of the volume of property research published locally, a keyword search was done on the Sabinet (SA e-Publications) database. Using 'real estate' as the keyword in the 'article title or abstract' field generated 21 hits for all publications and no hits for accredited publications. 'Property' as a keyword fared better, with 761 total publications, but with only 48 of these (i.e. 6%) appearing in accredited journals. This lends support to the earlier observation that the majority of property research in South Africa is of the industry (and not academic) type. This, in turn, explains why so few of these publications appear in international research databases.

Finally, Mooya (2007: 22) regards the weight of South African property research presented at international conferences devoted to property or real estate research as another useful indicator. The ideal starting point in this regard, according to the author, are conferences of societies under the International Real Estate Society (IRES). Citing Schulte (2003: 98) the author notes that the conferences

of these societies are appropriate indicators of research interests in the region. An examination of these conferences shows very little South African presence, even in the regional African Real Estate Society (AfRES), where its influence is not commensurate with its economic dominance.

Another series of conferences of note are the World Bank Urban Research Symposia of which four have been held. An examination of papers presented at the 2002 symposium shows that three out of 48 papers were about South Africa, but none of these were property-related. For the 2003 conference the equivalent statistic is two out of 52 papers, again none of the South African papers being property-related. The 2005 and 2007 symposia had no representation from South Africa. Virtually all other emerging economies had representation (Mooya, 2007: 22).

It is important to stress that a distinction is being made between property/real estate conferences, on the one hand, and construction/quantity surveying conferences, on the other. The contribution of South African researchers at international construction/quantity surveying conferences, such as RICS, CIOB, COBRA, ICEC, PQAS, AAQS, and AACE, and so on is without question much more significant. In general, however, these conferences tend not to be the preferred outlet for leading property/real estate research.

5. Conclusions and recommendations

This article had two principal objectives, namely to describe the defining characteristics of the South African property industry and to discuss the implications for research arising from these characteristics. It was apparent from the article that many of the research issues identified in South Africa are broadly similar to those facing researchers in the 'mature' industries of Western countries. This is particularly the case for issues involving property investment, development and management in the 'formal industry'. The context might be different, but the question and possibly the answers are similar. The creation of new knowledge in these circumstances, while not impossible, is much harder and South Africa would have to compete in crowded, possibly over-researched arenas.

South Africa, however, 'is' different. The transformation process, institutional pluralism and emerging economy status create a specific context for the South African property industry. This is a context characterised by rapid change, a context where contradictions and tensions abound. This is a context where "First and Third Worlds

converge, challenge and undo each other" (Jacobson, 2005: 17). This is a context where a thriving informal property industry exists uneasily besides a thriving first-world formal one. This context creates the opportunity to forge a distinctly South African, or more broadly, an African property research programme.

The article has shown that, while opportunities for research abound, more needs to be done to increase property research coming out of South Africa. The country therefore provides considerable scope for local and international scholars of property to engage in pioneering research.

A number of issues need to be considered in order to both take advantage of South Africa's context and project on the global stage a distinctly South African property research agenda. First, there needs to be consensus established on what comparative advantage South African research might have on the world stage. South African property research is unlikely to make much international impact if it does not focus on those areas for which local researchers are uniquely placed to explore. It is suggested that areas at the boundary of developed and developing economies provide potential for such comparative advantage. Perhaps an appropriate overarching research theme in this context is the role of property in poverty alleviation and economic development. This necessarily requires South African researchers to focus on the problems of low-income/informal property markets. As this article has highlighted, key areas for research in this area include the functioning of property markets under informal and formal institutional contexts, the linkages and comparisons between the two, and the resultant socio-economic effects. Given the central role which the State plays in a 'developmental state', the relationship between the state and property markets is a matter that should receive greater attention.

Secondly, it is recommended that South African higher education institutions give greater recognition to property/real estate as a distinct and separate discipline from construction management and quantity surveying. Two practical steps can give effect to this. One is to rename the respective 'Construction' departments by adding 'Real Estate' or 'Property' to their titles. Second is to encourage greater participation in mainstream property/real estate (as opposed to construction/quantity surveying) research conferences. Relatedly, there should be more South African property research placed in international mainstream property journals. These two measures should assist the property discipline to emerge out of the

shadows of the construction/quantity surveying 'parent' discipline in South Africa. This, in turn, should raise the profile of South African property research.

References

Armitage, L. & Keogh, G. 1996. The Bangkok property market: An application of the mature market paradigm to an emergent market in the ASEAN region. *Aberdeen Papers in Land Economy*, Discussion paper no. 96-03, Department of Land Economy, University of Aberdeen.

Catalyst Fund Managers. 2010. Listed Property Sector Monthly Overview: August 2010 [Online]. Available from: <www.catalyst.co.za> [Accessed: 17 October 2010].

D'Arcy, E. & Keogh, G. 1996. Property market analysis: An institutional approach. Paper presented at the University of Connecticut/AREUEA International Real Estate Conference, Orlando, Florida, May 23-25.

EBSCO Research Databases. 2010. Online information resources provided by EBSCO Publishing.

Doebele, W.A. 1994. Urban land and macroeconomic development. In: Jones, G. & Ward, P.M. (eds.). *Methodology for land and housing market analysis*. Cambridge: Massachusetts Lincoln Institute of Land Policy, pp. 44-54.

Hauptfleisch, D. & Marx, H. 2004. Categorisation of postgraduate research in built environment in South Africa. Proceedings of the 2nd CIDB Postgraduate Student Conference, Cape Town, October 10-12, pp. 348-374.

Jacobson, C. 2005. The heartbeat of the nation. *Sunday Times*, September 18, p.17.

Keogh, G. & D'Arcy, E. 1999. Property market efficiency: An institutional economics perspective. *Urban Studies*, 36(2), pp. 2401-2414.

Kironde, J.M.L. 2000. Understanding land markets in African urban areas: The case of Dar es Salaam, Tanzania. *Habitat International*, 24(2), pp. 151-165.

Leitmann, J. & Baharoglu, D. 1999. Reaching Turkey's spontaneous settlement: The institutional dimensions of infrastructure provision. *International Planning Studies*, 4(2), pp. 195-212.

Mooya, M.M. 2007. The impact of property education on property research in South Africa: A review. *RICS Research Paper Series*, 7(6), pp. 9-32.

Mooya, M.M. & Cloete, C.E. 2007. Informal urban property markets and poverty alleviation: A conceptual framework. *Urban Studies*, 44(1), pp. 147-165.

Ndaba, D. 2010. Questions remain over property owner connections. *Engineering News* [Online edition 12 February]. Available from: <www.engineeringnews.co.za> [Accessed: 30 October 2010].

Newell, G., Acheampong, P. & Du Plessis, P. 2002. The real estate markets in South Africa. *Journal of Real Estate Literature*, 10(2), pp. 279-294.

NRF Nexus Database. 2010. A database funded by the National Research Foundation of South Africa.

Pamuk, A. 2000. Informal institutional arrangements in credit, land markets and infrastructure delivery in Trinidad. *International Journal of Urban and Regional Research*, 24(2), pp. 379-396.

Pressly, D. 2009. South Africa has widest gap between rich and poor. *Business Report* [Online edition 28 September]. Available from: <www.busrep.co.za> [Accessed 17 October 2010].

Rakodi, C. & Leduka, C. 2003. Informal land delivery processes and access to land for the poor in six African cities: Towards a conceptual framework. *Working Paper 1*. University of Birmingham.

Schulte, K. 2003. The role of investment and finance in real estate education and research throughout the world. *Property Management*, 21(1), pp. 97-113.

South Africa. Department of Public Works. N.d. Property Sector Transformation Charter [Online]. Available from: <www.publicworks.gov.za/PDFs/documents/Charters/Property_charter.pdf> [Accessed: 18 October 2010].