

## **Abstract**

Studies on sale and leaseback as a real estate financing method in the South African real estate market have not been undertaken, therefore, the benefits of sale and leaseback in the South African real estate market cannot be quantified or illustrated.

The purpose of this research is to undertake an appraisal of sale and leaseback in the South African real estate market. The study sought to achieve this by undertaking an investigation of sale and leaseback as a source of financing corporate real estate; identifying the main motives in part-taking in a sale and leaseback in the South African real estate market; and lastly to determine which asset classes drive sale and leasebacks in the South African real estate market.

The rationale behind this is that since the 2008 financial crisis, there has been scrutiny on the real estate market globally, including South Africa in that financial institutions, investors, property owners and landlord have had to be creative and consider other forms of real estate finance as capital has been constrained, and lending criterion has become stricter, and also most economies have fallen on tough economic times, necessitating innovative ways real estate finance. Historically, and based on the secondary data, sale and leaseback has been used as an alternative to traditional forms of real estate finance for firms in Europa and the United State of America for different motivations, and across real estate asset classes. In the South African real estate market, this is not the case.

An extensive review of secondary data was conducted, followed by a survey questionnaire which was mailed to 30 individuals who operate in the real estate and financial service sector in Sandton, Johannesburg.