IC REAL PERSPECTIVE

Volume 1

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A Note from the Desk

At IC Asset Managers, we believe real estate is one of the most misunderstood asset classes in the institutional portfolio. That is why we are introducing IC Real Perspective—a periodic insight series that offers clear, data-driven commentary on real estate as an investable asset class. In each edition, we aim to reframe the conversation, highlight emerging opportunities, and bring the same strategic lens we apply in managing assets on behalf of our clients.

In this first issue, we challenge a long-held belief: that your home is your best investment. We think it is time for a more nuanced conversation.

Your House Is Not an Investment

Your house does not produce income

Most of us were taught that an investment should put money into your pocket. Your house, by contrast, takes money from your pocket every month. You pay for maintenance. You pay for insurance. You pay property taxes. If it is mortgaged, you pay interest. If it is fully paid off, your capital is locked up and not earning elsewhere.

In fact, the only "return" you get is the hope that one day you will sell it for more than you bought it. But even that return is often modest—once you adjust for inflation, transaction costs, and the time value of money.

And during the years you own it? It sits there-pretty but passive.

Real estate returns are not just about appreciation

People often cite anecdotes about how much their home has 'gone up in value.' But that is not the whole story. The best real estate investors do not just hope for prices to rise—they earn income while they wait. They seek yield: rental income, dividends from property vehicles, and distributions from income-generating assets.

Your house, on the other hand, does not pay you rent. You pay it.

Appreciation alone, especially in emerging markets with volatile inflation and currency risks, is a fragile strategy. True real estate returns come from a disciplined combination of yield, capital growth, and professional management of risk.

Your home is a concentrated, illiquid bet

Owning a home locks up a large percentage of your wealth into a single asset. That is poor diversification. Would you invest 50–70% of your portfolio in a single stock, in a single market, exposed to a single economy? Likely not. But that is exactly what many homeowners do.

And when you need cash? You cannot sell just the garage.

Real investments offer flexibility. They can be rebalanced, partially redeemed, and adjusted in response to life's changes. Your house? Not so much. It is all or nothing.

Emotional value ≠ financial value

There is nothing wrong with owning a home. In fact, the emotional security it provides can be priceless. It anchors families, connects generations, and often defines our sense of place.

But let us not confuse emotional value with financial performance.

It is possible for your house to be a wonderful home and a poor investment at the same time.

And in a world where the lines between personal comfort and financial growth are increasingly blurred, it is important to know the difference.

So, what is smart real estate investing?

It is the deliberate allocation of capital into income-generating property assets—managed professionally, diversified across sectors, and governed with transparency. It is about turning bricks into streams of cash, not just trophies of achievement.

Smart real estate investing does not rely on sentiment or luck. It relies on structure, scale, and strategy.

We believe more investors in our market deserve access to this kind of real estate exposure—without needing to become landlords, navigate tenant turnover, or take on large personal debt.

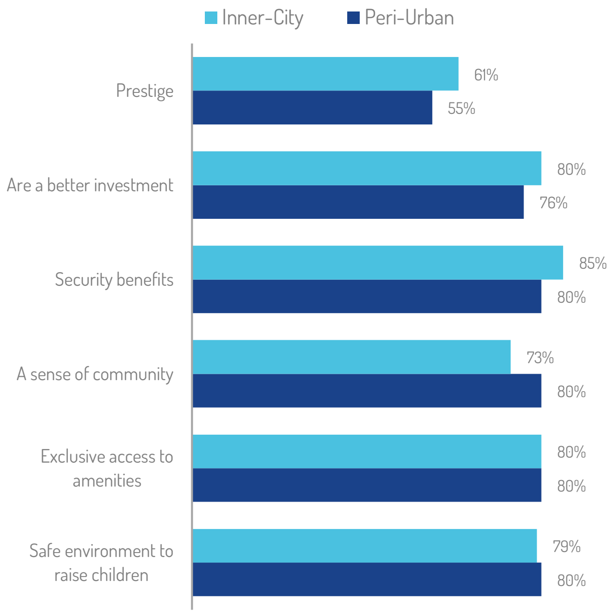
Real estate should be part of a balanced portfolio. But not the way it is traditionally been framed.

The bottom line

If you want comfort, buy a home. If you want growth, buy an asset. If you want both, be deliberate.

It is time we retire the myth that owning a home is the best investment you will ever make. The truth is: it might be the most expensive way to stand still.

Reasons people move into gated communities in the Greater Accra Metro Area (%)



Source: Northcourt, Ghana Real Estate Market Report 2022

Thinking of Buying or Building a Big House? Here's Our Advice

There is nothing wrong with dreaming big. A well-designed home can offer comfort, pride, and even status. But before you commit significant capital to a large residential build or purchase, here are a few questions we encourage you to ask:

Is your house eating your portfolio?

Building a large home often requires liquidating investments or deferring wealth creation. Ask yourself: What is this house displacing in my financial life? Will you still have enough invested in income-generating assets after the build is done?

Is it an asset—or a liability?

A bigger house often means higher costs: utilities, security, maintenance, staff, and ongoing upgrades. Be honest—will this house give you freedom, or will it quietly demand more of your time, energy, and capital?

Who is the house really for?

Many homes are designed to impress people who will visit once a year. If the home does not fit your daily life—or will not in the next 5–10 years—consider scaling ambition with purpose.

Could you rent the dream—and invest the difference?

Sometimes it is smarter to rent the lifestyle and invest in assets that actually grow. A beachfront property rented for two weeks a year, combined with a portfolio that generates real returns, may serve you better than a permanent, underutilised 'dream house'.

What is your exit plan?

Homes are illiquid. If you ever need to sell, especially a large home in a niche location, the process could take months—or years. That is capital tied up in concrete. Always plan your entrance and your exit.

Build the life you want—but do not let the walls you build today box in your future tomorrow. The best homes are not the most expensive. They are the ones that allow your wealth, your family, and your peace of mind to grow.

Real Estate in Ghana: A Local Lens

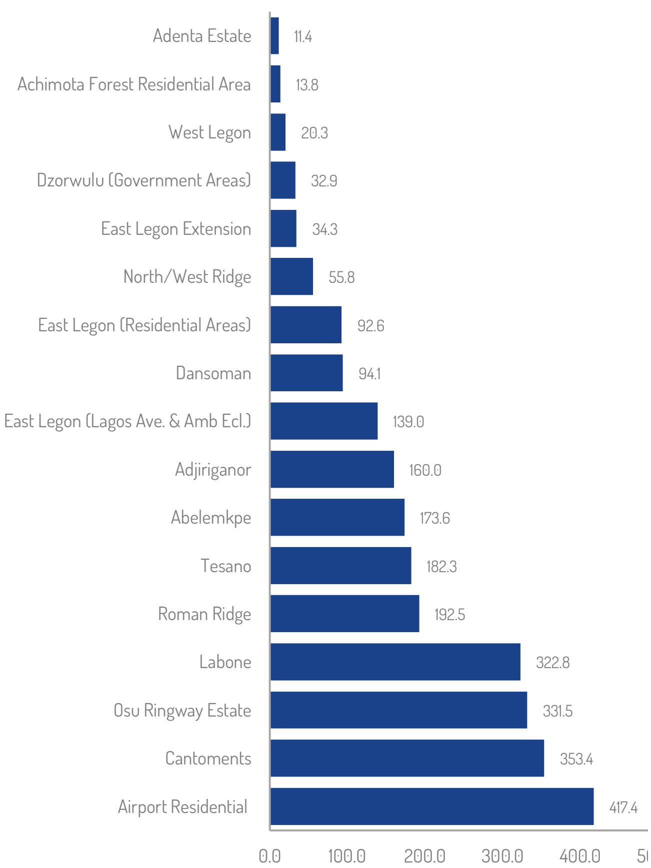
In Ghana, building a personal home—especially one's "forever house"—is often seen as a life's crowning achievement. These homes are typically constructed in stages, fuelled by savings and dreams, year after year. Yet beneath the pride and tradition lies a financial reality: this slow, sentimental process often ties up capital for long periods, delays potential growth, and reduces financial adaptability.

Land Tenure and Litigation Risk

The land title system remains fragmented and prone to disputes. Buying land without full due diligence (and the right political or chieftaincy backing) can lead to costly litigation or loss of ownership.

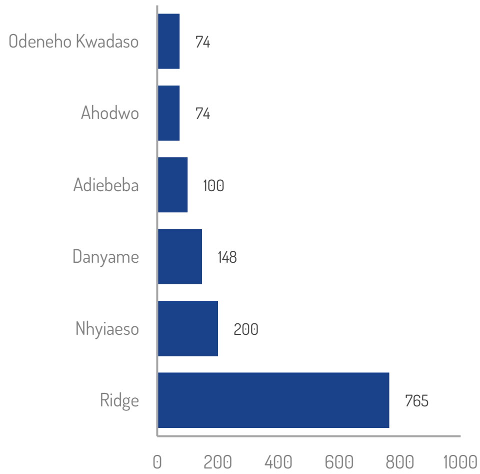
Advice: Always verify title at the Lands Commission and engage a reputable real estate lawyer.

Accra: Average Land Prices (USD psm)



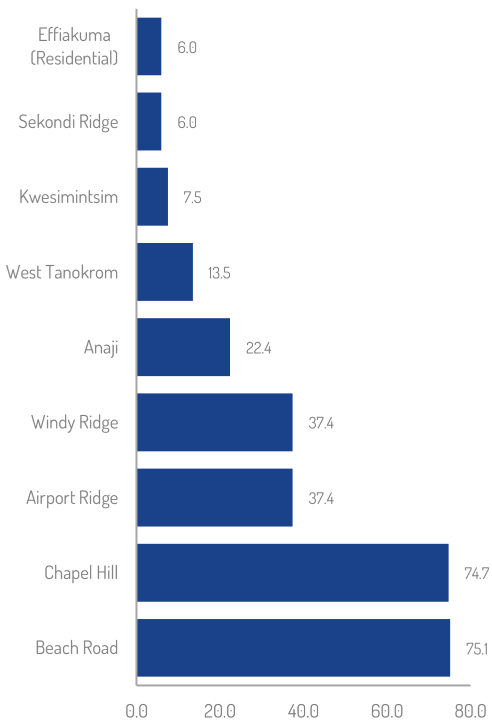
Source: Northcourt, Ghana Real Estate Market Report 2022

Kumasi: Average Land Prices (USD psm)



Source: NorthCourt, Ghana Real Estate Market Report 2022

Takoradi: Average Land Prices (USD psm)

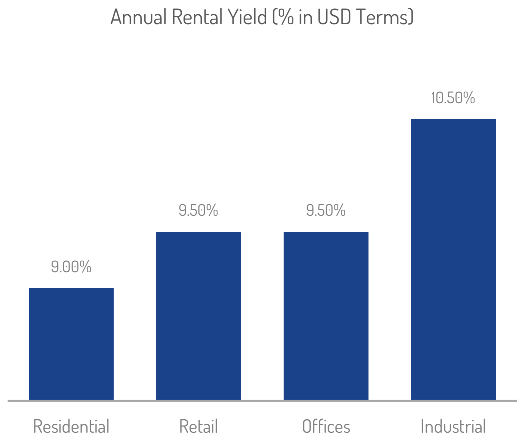


Source: NorthCourt, Ghana Real Estate Market Report 2022

Suboptimal Rental Yields

Unlike mature markets where property can yield 6–10% annually, prime residential cash yields in Accra often fall below 4%, when we factor in maintenance costs especially in areas where supply outpaces demand.

Advice: A big house in a high-end neighbourhood may appreciate slowly and earn little to no income.



Source: Knight Frank, The Africa Report 2024/25 6th Edition

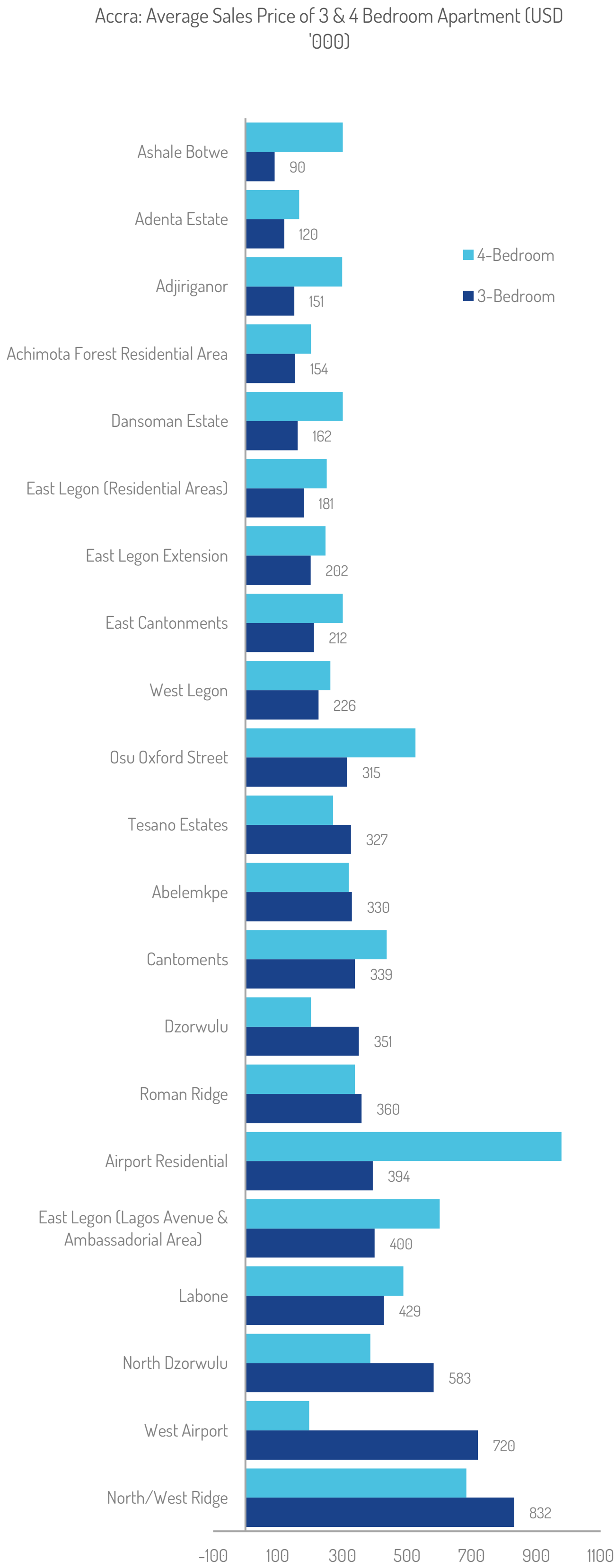
Liquidity Trap in a Crisis

When economic pressure hits (e.g., cedi depreciation or inflation spikes), large homes are hard to sell quickly. There is a thin market for luxury homes priced above $300,000.

Advice: Ghana's property market is not liquid—especially in downturns. Do not confuse asset value with cash availability.

Many Ghanaians build large homes "for the children," but these properties often go underutilised or become points of contention after the original owner passes away. Without a clear estate plan or income-generating purpose, they become burdens rather than blessings.

A legacy should create freedom—not just walls.



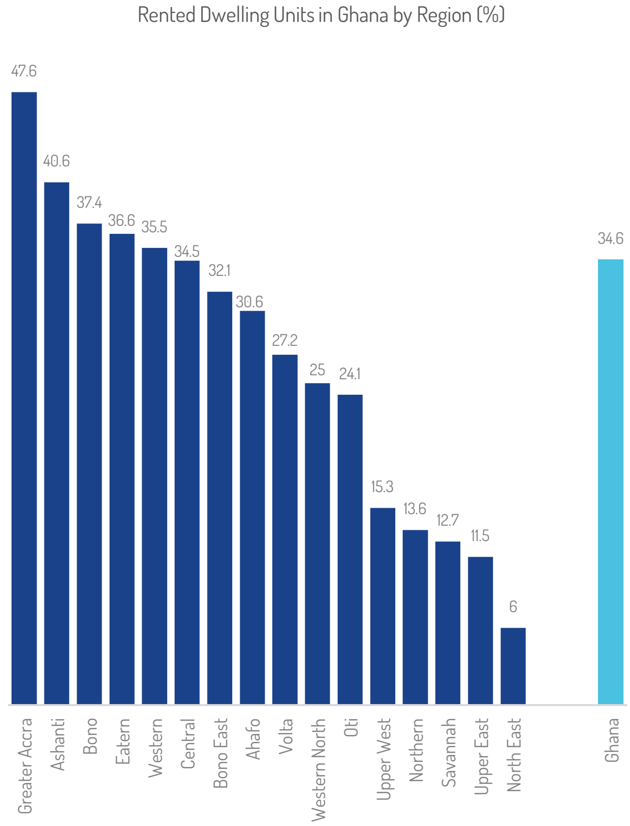
Source: Northcourt, Ghana Real Estate Market Report 2022

When Homeownership Does Make Sense in Ghana

To be balanced, it is important to acknowledge when owning a home can be wise:

- You have secured land with clean title in a growing area.
- Your mortgage is manageable relative to your income.
- You plan to live in the house long-term and it aligns with your lifestyle, not your status ambitions.

- You have sufficient liquid assets and your home is not your primary store of wealth.



Source: Ghana Statistical Service, 2021 Census Report

In Ghana, where inflation is high, credit is expensive, and land is emotional, it is easy to romanticise homeownership. But institutions and High Net Worth Individuals (HNWIs) must be more deliberate. Homes may shelter people—but only well-structured property investments can shelter wealth.

For more information contact your IC representative

Business Development & Client Relations

Dora Youri
Head, Wealth Management
+233 308 250 051
dora.youri@ic.africa

Timothy Schandorf, CAIA
Head, Client Coverage
+233 308 250 051
timothy.schandorf@ic.africa

Isaac Buah
Analyst, Client Coverage
+233 308 250 051
Isaac.buah@ic.africa

Corporate Access

Benedicta Boateng
Corporate Access
+233 308 250 051
benedicta.boateng@ic.africa

Insights

Courage Kingsley Martey
Economist and Head, Insights
+233 308 250 051
courage.martey@ic.africa

Kwabena Obeng
Associate, Equity Research
+233 308 250 051
Kwabena.obeng@ic.africa

Churchill Ogutu
Economist
churchill.ogutu@ic.africa

Investing

Obed Odenteh
Chief Investment Officer
+233 308 250 051
obed.odenteh@ic.africa

Herbert Dankyi
Portfolio Manager, Rates
+233 308 250 051
herbert.dankyi@ic.africa

Hannah Mate
Analyst, Risk Assets
+233 308 250 051
Hannah.mate@ic.africa

Operations

Nana Amoa Ofori
Chief Operating Officer
+233 308 250 051
nanaamoa.ofori@ic.africa

Abigail Adu-Darkwa
Head, Business Operations
+233 53 281 9953
abigail.adu-darkwa@ic.africa

Kelly Addai
Fund Accountant
+233 53 281 9953
Kelly.addai@ic.africa

Trading

Allen Anang
Sales/Trader, Global Markets
+233 308 250 051
allen.anang@ic.africa

Johnson Asiamah
Trader, Equities
+233 308 250 051
johnson.asiamah@ic.africa

Samuel Kwame Ofori
Trader, Fixed Income
+233 308 250 051
Samuel.ofori@ic.africa