

## HOUSING PROJECTS

# IHS to spend R1,3bn - developers wanted

According to Proxenos, I H S was almost unscathed by the recent international financial meltdown experienced in the market, in contrast to the many bodies scarred on the land-

**The petite and powerful Soula Proxenos, managing partner of International Housing Solutions, equity funder, is on an aggressive acquisition trail with R1,3 billion available to developers with credentials who can deliver projects of scale.**

scape, due to fund investors who said 'no more property investment' as property was then sub-prime'.

"I H S was sheltered and fully invested as markets crashed. This affected us in two different ways - land prices fell which was an opportunity for the fund, as cash flows became tighter and as banks tightened credit, I H S took a bigger equity share. In many ways the fund was opportunistically positioned."

The R1,8bn fund has R500m committed but 'there's a lot of dry powder to allocate to good projects'. Although Proxenos feels

growth will come from the Western Cape and Gauteng, it's early days in KZN. Landlords and property managers in KZN lag behind their counterparts in Johannesburg and Pretoria. Cape Town projects only become affordable on the outskirts of Cape Town such as Belville and Paarl.

There is potential for secondary cities like Polokwane and Bloemfontein which are experiencing growth.

Although the fund concentrates on inner cities it would consider a new town, if it was created around a major infrastructure project like a nuclear plant.

"Developers are usually geographically focused but we would love to work with new developers who have a track record and can deliver R100m projects."

Some current developments include Protea Glen, Fleurhof, Jabulani Village urban lifestyle estate and pockets of the Johannesburg inner city.

I H S and Afhco, affordable rental specialists, have transformed pockets of the inner city by offering the renter convenience shopping, child care crèche facilities, inner city school and coffee shops in the End Street Precinct. The company's partnership with Afhco has produced a large rental portfolio. "We thought it would be a 60/40, or 70/30, but it's 50%. Due to the fear of mortgages, we ended up with more rentals, but this will change with new building projects taking over more of our fund."

She recognises Afhco's contribution to a primary school which they subsidise in the inner city and is quick to point out that children attend from Soweto. Afhco's strict occupation policies have made their units sought after as they don't allow overcrowding in their buildings. A three-bedroom unit can be occupied by up to six people and no more. The demand shows that the smaller units are snapped up quickly.

From her vantage point she says so many people are doing interesting things, but in the last 7-10 years securitisation has come in, but no huge breakthroughs in alternative technologies have taken place. Since the economic meltdown a lot of people have gone back into survival mode."

Proxenos says that while there are opportunities, "We haven't figured out how to deal with public/private partnerships. The current Minister of Human Settlements is incredibly talented. But I don't think that government realises how much they can do. An example is the Financial Charter - it changed the landscape - I am hopeful we will see more of those kinds of initiatives."

"There are not many places in Africa that have good land laws, government foreclosure laws, end user mortgages, development finance and the sophisticated and niche equity prerequisites for success - we do. We have so much right in South Africa and we complain! There's more right than wrong. It's exciting that housing affordability has become mainstream."

Proxenos reflects on how comfortable she felt spending time at a B&B in Soweto, while in pre-Mandela days it was almost unthinkable - "now that's real testimony to what's happened in this country."



Soula Proxenos



Greatermans' building

Picture by Angela Rivers