

a supply gap of nearly 115 000 units per year," Stroebel says.

Hence IHS's interest in the midmarket. "It's a simple case of demand outstripping supply — a circumstance that has been created by changes in the market and economy," she says.

Says Proxenos: "One of the advantages of our focus on the midmarket sector is that it relieves government of the responsibility of creating housing solutions for this group too."

A further factor is the introduction of the financial sector charter, which encouraged banks to make funds available to a market segment previously viewed as "risky". Again, this solution has proved to have drawbacks. Though banks are now making finance more readily available, the supply of housing has not caught up, creating higher demand for the same pool of housing and thus pushing up prices.

So though the number of people able to afford housing may have grown, the amount of housing units available hasn't.

"The middle income market continues to grow, as do their needs . . . We need to make provision for this market"

- SOULA PROXENOS

Still another reason for the neglect of the midmarket lies in the historic supply of mortgages. Because people of colour were prohibited from purchasing property during apartheid, certain neighbourhoods — such as townships — were never considered viable areas in terms of granting mortgages. As a result, developers did not build middle-class housing in these areas as the end users were not able to get mortgages to finance the

purchase of these houses.

Though these dynamics are at the foundation of the midmarket housing shortage, Stroebel says that there are further factors at play that will contribute to the situation. Chief among these is the country's growing urbanisation: according to the UN World Urbanisation Prospects, only 52% of SA's population was urbanised in 1990. Fast forward 10 years and the percentage of urban dwellers had increased to 56,9%.

Linked to this is the issue of densification. Because urbanisation was artificially stunted by influx control during the apartheid era, it wasn't uncommon to find a single house sheltering more than one family. Apart from legislation prohibiting them from purchasing land, these people simply weren't able to afford their own starter homes — but that's changed with the growth of SA's middle class.

Demand is driven further still by the need to replace existing structures. Homes previously provided for the mar-