



The Johannesburg neighbourhood of Braamfontein.

Johannesburg inner city receives another boost

STAFF REPORTER

A LARGE number of new, affordable units will enter the market in the CBD, Braamfontein, Parktown and Hillbrow, where there is an acute shortage of good quality rental stock.

In what is believed to be one of the biggest private equity deals within the affordable housing sector, property finance company International Housing Solutions (IHS) has invested in excess of R230 million in Aengus Lifestyle Properties, a subsidiary of Aengus Property Holdings.



Richard Rubin

The Aengus Group is involved in the upgrading and development of affordable, but stylish homes in South Africa's inner cities.

The investment takes the form of an equity facility, providing IHS with a 26 per cent share in Aengus Lifestyle Properties, and allowing Aengus to raise additional debt finance for the acquisition and refurbishment of a further 2 500 units over the next 12 months.

"This will bring a number of new units to the market, spanning student as well as conventionally tenanted loft apartments," says chief executive of Aengus, Richard Rubin. The funding provided by IHS will be used to acquire further stock in the Johannesburg inner city area, and possibly further projects in inner city Durban.

Phia van der Spuy, IHS's business development director in South Africa, says the investment in Aengus represents the largest investment in affordable housing by IHS to date. It follows recent large-scale investments by the IHS Workforce Housing Fund in the conversion of the Greaterman's building in downtown Johannesburg into residential units, the Carnival City housing development on the East Rand and the multi-billion rand integrated property development at Fleurhof in the western Johannesburg area.

"We were attracted by the quality of Aengus' refurbishments and the standard of their property management. The sheer size of Aengus' projects and the opportunity to bring to the market so many new good quality units during this period of decreasing interest rates, is really exciting," she said.

Rubin said that the facility would allow his company to significantly expand the pool of affordable units available for rent in the inner cities of Johannesburg and Durban.

"Our goal has always been to restore life to these inner city areas, and we believe that our existing projects have set the benchmark for affordable housing in areas previously characterised by limited supply and poor quality.

"The IHS facility allows us to offer a large number of additional items to tenants, who largely comprise students and corporate staff typically earning between R10 000 to R15 000," he said.

