

## R1b invested in affordable housing

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A global private equity investor has notched up a landmark R1 billion committed in the South African affordable housing market. International Housing Solutions (IHS), which recorded its first investment on behalf of the R1.9 billion South African Workforce Housing Fund in 2008, has so far provided funding to 25 projects and about 25 000 units across all the major urban centres in South Africa.

Soula Proxenos, Managing Partner at International Housing Solutions (IHS), says the company has commissioned a study into the social impact of the affordable housing sector, as it believes the sector is punching above its weight in terms of financial as well as social return on investment.

"I believe that there is no industry that creates as many job opportunities as construction, and so there is a double impact with our investment - job creation as well as the creation of homes for families," she says.

"There is lot of space for investment in this sector. This remains true despite the clear value it offers investors and beneficiaries, as well the many jobs created through construction and other collateral services. We have in recent months been encouraged by the increased recognition by government of the gains that can be made in this sector, and the valuable partner the private sector can become."

Proxenos says foreign investors are keen to invest in Africa's emerging markets and this sector offers them a niche opportunity to invest in the burgeoning lower and middle class of South Africa, which bodes well for the growth of the affordable housing market. This sector is populated by South Africans who earn too much to qualify for a state subsidised home, but not enough to afford a home in the traditional market.

Expressing gratitude to those who demonstrated faith in the early vision for creating quality, affordable accommodation by investing - before the potential of affordable housing was fully understood and IHS's capacity to mitigate risk in this sector for its investors was truly tested - Proxenos says a special mention had to be made of the support of the Development Bank of South Africa (DBSA) who, through its initial investment and support, ensured that the project to improve the living conditions of thousands of South Africans.

Gloria Mamba of the DBSA says the bank was very satisfied with its decision to throw its weight behind IHS.

"We have been privileged to be able to make this contribution to the South African landscape, and look forward to working with IHS in future. Affordable housing is an important sector for the DBSA; it offers us strong risk adjusted returns and has a positive impact on the quality of living for so many South Africans."

Proxenos says that IHS plans launching a second fund in future.

"We have a huge pipeline of projects, ranging from new buildings, land to stand, and top structure developments, as well as solid relationships with the developer partners we have built since launching the first fund. We hope to be in this business for as long as there remains a backlog of affordable homes in the country, and for as long as demand continues to outstrip supply."