

Nedbank addresses needs of 'gap market' by financing Clayville rental project

By SA Commercial Prop News

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Nedbank has entered into an agreement with Central Property Developments Johannesburg (PTY) Ltd (a subsidiary of the well known Cosmopolitan Group) to fund a rental housing development in Clayville in Midrand, Gauteng.

Nedbank will be injecting just over R100 million into the 12-month construction period that is aimed at addressing the needs of what is referred to as the gap market, as they either earn too much to qualify for free subsidy housing, or too little to meet the qualifying criteria set out by financial institutions.

'This initiative allows us to support the gap market in the affordable housing sector as it is a rental project and the funding terms are designed such that repayment is 10 years after completion, allowing the developer to provide for consumers who do not qualify for home loans, mainly in terms of affordability, the time to purchase their own homes, or those who prefer to rent, the option to do so within the rental market. Furthermore, the Cosmopolitan Group is renowned for their extensive experience and quality delivery in Affordable Housing Developments, which fits in with the Bank's strategy to provide tailor-made funding to such developers with good track records,' says Manie Annandale, Head of Nedbank Corporate Property Finance- Affordable Housing.

He continues, 'not only will the development assist those who aspire to suburban living, but it will also meet the needs of those who cannot afford expensive rentals and bond repayments in other areas, to move to a secure and well positioned neighbourhood in terms of access to amenities.'

Rental demand is high in the area, evidenced in the first 110 houses that were made available for letting at R4 800 per month, to be occupied by tenants in a short space of time. On completion, the development will comprise 335 freehold houses in a secure estate with solar power geysers, which will give the tenant a 50% saving on electricity. Rental options range from three-bedroom units with 1.5 bathrooms and carport for about R4 800pm, to three-bedroom units with two bathrooms and double garage for R6 800 a month.

'The Clayville area has been short of home options that cater for the huge market emanating from the adjacent areas such as Irene, Kempton Park, Ivory Park, Ebony Park, Kaalfontein, Klipfontein, Tembisa, Winnie Mandela Settlement and Alexandra, and we are confident that the partnership with Nedbank will help cater for this increasing demand,' says Johann Vorster of Central Property Developments Johannesburg.

Continues Vorster: 'The Clayville area is established with easy access to major routes such as the N1 and R21 and access to schools, medical care facilities, shopping centres and employment opportunities at the recently established industrial node.'