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Making affordable housing pay

Aengus Lifestyle Properties (ALP) MD Richard Rubin on making affordable housing pay:

"What we spotted was a gaping hole in the market. South Africa was, and is experiencing a successful social transition, but we saw a serious shortage of the kind of quality, traditional affordable housing that would support that transition.

ALP has succeeded in creating affordable, yet upmarket loft living, and through effective branding we've been able to attract a more affluent market.

We realised early on that even traditional affordable housing is not easy to deliver, due to inflated building costs and high land prices. What made the most sense for us was to partner with ApexHi Properties, which allowed us access to older buildings at a reasonable price.

We also had to think very carefully about branding, and how we differentiated our apartments. Most people looking for affordable housing are used to being offered sub-standard accommodation, but we were always very aware that we needed to bring a value added proposition to the market.

The brand is supported by the fact that ALP offers quality buildings with well managed units that feature upmarket finishes. This all forms part of a complete lifestyle solution which includes cinema rooms, a laundromat, an internet café, DSTV in every room, and a convenience store. Our buildings offer tenants the opportunity to live closer to work, with the convenience of retail at ground level in many of our buildings. Once the upper portions have been converted they offer residents a great "live, work, play" scenario, and the retail tenants below see a pick up in business. Buildings are therefore delivering stronger returns.

This approach has paid off for us – we are attracting a higher income earner with a product that has similar costs to existing affordable housing products, and we are seeing impressive returns from our buildings.