

March 2009

### **Demand for upmarket inner city student accommodation soars**

With record numbers of students entering universities this year, demand for student accommodation in central Johannesburg has far outstripped supply. Inner city developer Aengus Lifestyle Properties (ALP) has seen the number of students renting its refurbished apartments in central Johannesburg grow from 142 last year to over 1200 with this year's student intake.

"There are about a ten times oversubscription for available student rooms," says ALP CEO, Richard Rubin. "University residences are battling to cope with the increased demand."

Last year about 22 000 more learners than in previous years passed Matric with university entrance, putting pressure on Wits University and the University of Johannesburg to accommodate more students than usual this year.

According to some estimates there are more than 7000 students needing accommodation and just 700 available rooms on or near Johannesburg university campuses. Rubin says demand has also been driven by a massive influx of foreign and out-of-province students over the past few years as the city's universities are regarded as among the country's premier academic institutions.

"We are very fortunate to be able to interact with the tertiary institutions to understand their housing requirements," says Rubin.

Aengus Lifestyle Properties, which has developed a reputation for turning old inner city office blocks into modern, furnished apartments, began upgrading a number of buildings in Braamfontein into upmarket student accommodation last year. The company's recently developed Argyle Precinct, bordered by Hospital and Smit streets, is within walking distance to the Wits campus. The block which consisted of four residential buildings – Skyways, Dudley Heights, Argyle Centre and Baker House – has been transformed into 427 stylish and contemporary one-bedroom and studio apartments targeting the student market.

"So far this year, we are oversubscribed in terms of tenant demand for these buildings," says Rubin.

Now the company is looking at developing the YMCA building on Rissik and Smit Streets into a mixed-use development incorporating student accommodation.

As with its other inner city properties, Aengus Lifestyle Properties' approach has been to equip refurbished units with modern finishes and technology. Each unit is fully furnished with beds, desks, fitted cupboards, a fully equipped kitchen and stylish bathroom, and is finished with wooden floors and granite kitchen counters. Each apartment also has a fridge, 12-channel satellite, plasma TVs, and Wi-fi access.

"Students are tired of staying in dormitory-style accommodation where they may have to share bathrooms and other amenities," says Rubin. "And like any other discerning customers, they are looking for value."

Priced at between R1500 – R2300/student/month, ALP's student units cost little more than university residence accommodation. (Residence accommodation generally costs around

R1400- R1700/student/month). "Our offerings are generally aimed at middle income tenants," says Rubin.

Using the same model as its other successful inner city developments, ALP ensures that security, administration and management remain central to its student developments. The Argyle Precinct has 24-hour security linked by intercom to each unit and the buildings have tightly controlled access and underground parking as well as well utilized recreation areas. Each building is also professionally managed, ensuring it is optimally maintained, clean, safe and secure. Some even have convenience stores and laundries on site. Additional services include free daily transport to students studying at campuses further than 1km away and all tenants also get an Aengus Lifestyle Card, which gives tenants discounts and deals with 5000 retail partners across the country.

"It's a revolution in student accommodation," says Rubin. "Because this is a market with such huge demand, it has tended to be exploited by developers who have done superficial renovations to old buildings and charged students exorbitant rentals because of their close proximity to tertiary institutions. The gap has been in providing safe, affordable, stylish accommodation for students."

Rubin says the company has not yet offered the student units for sale to investors because of the current economic conditions in the property market. "But as interest rates continue to decline, however, so investor sentiment is likely to shift back towards purchasing and we may look to actively marketing sectional title units for sale later in the year," he says.

The group's other inner city developments have attracted investors because of the steady annuity stream the apartments provide, as well as Urban Development Zone (UDZ) tax incentives which allow investors to write off up to 30% of the property purchase price against the income of that unit over a five year period. Net rental returns on units in the suite of inner city properties managed by the group continue to hold at between 10% - 14%.

"We expect student accommodation to make up an increasing proportion of our property portfolio," says Rubin.

Ends

**For further information contact:**

Richard Rubin  
CEO – Aengus Property Holdings  
011 442 1881 / 082 909 9991  
richard@aengus.co.za  
[www.aengus.co.za](http://www.aengus.co.za)

**Issued on behalf of Aengus Property Holdings by:**

Tracy Hyams - TDH Communications  
083 414 8656