



A New Landscape for Housing Investors

Mobilizing Capital For Housing Finance Conference

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Index

- ✚ Background.
- ✚ Residential – the missing sector.
- ✚ Opportunities in African Housing.
- ✚ Case study -SA workforce Housing fund.
- ✚ Fund raising “ISSUES”
- ✚ Institutionalisation of the Residential market.
- ✚ How to encourage more institutional investors.

Background

- ❖ Industrial, commercial and Retail sectors in the SA property market and now in many other African markets are well supported by institutional investors.
- ❖ Industry has out performed both locally and internationally.
- ❖ SA property has been one of the IPD world wide star performers.
- ❖ Institutional appetite has been a big part of the success story of the sector.

Residential – The missing sector.

- ❖ Little or no institutional support for the residential Market.
- ❖ Handful of attempts to do residential listings in SA have failed – why ?
- ❖ IPD measures residential investment sector in most other Geographies but not Africa.
- ❖ Common perception is that this is a risky investment and can't be managed.

Opportunities in African Housing Market for institutional Investors

- ❖ The supply/Demand Gap makes this sector a viable development option for institutional investors.
- ❖ Some Private Equity investors are starting to take advantage of this opportunity(IHS Fund/Old mutual fund/Pan African Housing Fund).

Case study-SA Workforce Housing Fund

- ❖ 6 Large institutional Investors (1st close 100% non SA LP's)
- ❖ Raised R1,87 Billion for investment in the SA workforce Housing market (affordable)
- ❖ Have invested in 35 transactions country wide (spread of developments vs. Rentals).
- ❖ Fund and partners delivering 27 000 housing units.(2000 student beds)
- ❖ Currently fund raising on 2nd fund.

Fund Raising issues

- ❖ Developing the African market.
- ❖ Understanding the residential opportunity.
- ❖ Investors taking much longer to commit in current fundraising environment.
- ❖ New opportunities in developed markets.
- ❖ Understanding of risks in African market.

Institutionalisation of the residential market

- ❖ The expectation is that the supply/demand gap will continue to grow.
- ❖ This is caused by rapid Urbanisation ,above average economic growth and slow supply.
- ❖ Institutional capital could help to bridge this gap as it did in the non residential market.
- ❖ What is seen as “risky” in our market is defensive in developed markets.

How to Encourage more institutional Investment

- ❖ Local investors and DFI's should lead the way.(starting to happen)
- ❖ Government backed institutions should be seen to be seeding large PE funds.(starting to happen)
- ❖ Residential/Student listings.
- ❖ Prudent governance and reporting of existing funds
- ❖ Developing a thicker mortgage market.

Questions ?

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