



OPENING DOORS FOR **FIRST-TIME HOMEOWNERS**

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ABOUT **THE AUTHOR**

Paul manages Futuregrowth's Power Debt Fund. He is responsible for originating and managing debt transactions, specifically on infrastructure and developmental assets, as well as doing fundamental credit analysis and research.

FOLLOWING AN INVESTMENT BY FUTUREGROWTH, MORE THAN
20 000 GAUTENG FAMILIES ARE SET TO BECOME
FIRST-TIME HOMEOWNERS AND SECURE A FIRM FOOTHOLD IN THE
RESIDENTIAL PROPERTY MARKET.



Futuregrowth recently invested R625 million in major housing projects being developed by the Cosmopolitan Group. The investment is primarily being used to fund regulatory approvals and to install bulk services for integrated housing developments. These developments are designed to include amenities ranging from schools to shopping centres in areas close to major CBDs in Gauteng.

Cosmopolitan is a lower-to-middle-income housing specialist and has more than 20 years of experience. Their houses are priced from R400 000, with packages tailored for families earning between R10 500 and R30 000 a month.

Demand for housing in this income group far outstrips supply. These developments enable mainly first-time homeowners to move from outlying areas into growing metropolitan suburbs situated closer to places of work and with amenities and facilities on their doorsteps. This is real social transformation and wealth creation. It gives young families upward mobility by enabling them to create equity and to eventually trade up in the property market.

Futuregrowth's investment will fund the installation of internal and external bulk services ranging from the provision of water to sanitation, electricity and roads prior to proclamation of council-approved stands that will be developed with new houses for sale into the market.

We view this investment as part of our commitment to the principles of responsible investing. This is a major investment in a market where there is huge demand and a strong social need, but where many developers have failed due to problems with financing and because margins are so tight.

Cosmopolitan has a long history in this market and has proved itself to be very resilient during downturns. Our investment gives Cosmopolitan a long line of sight, enabling the company to develop infrastructure for multiple projects on a sustainable basis over the next 10 years from a single funding source.

Cosmopolitan has planned to roll out a total of 30 000 homes over the next eight to 10 years, with the largest development near Alberton, south of Johannesburg, where 15 300 residential 1 and high-density housing units are planned in a 740-hectare area. Known as Watervalsspruit, the project will be launched in early 2017 and makes provision for development of a regional shopping centre, 16 educational facilities, including an independent school, and 17 social nodes for community facilities.

Other projects where services are being installed are in Protea Glen, Windmill Park and Alberton. Cosmopolitan is also developing projects in Savana City, Streford and Evaton, and is planning to develop 4 700 homes and various amenities on land north of Johannesburg formerly occupied by the Lion Park.

KEY TAKEOUTS:

- R625 MILLION INVESTMENT IN AFFORDABLE HOUSING
- ENABLING PEOPLE TO LIVE CLOSER TO WORK
- PARTNERING WITH AN EXPERIENCED DEVELOPER

