

## LAUNCH PAD

### OPPORTUNITY

# IS BUILDING IN YOUR BLOOD?

Property entrepreneurs can take advantage of the huge demand for housing close to facilities in metro areas.

By Monique Verduyn



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### OPPORTUNITY KNOCKING

South Africa has huge demand for affordable housing. Do you have what it takes?

**T**HE DEMAND FOR AFFORDABLE housing in South Africa is staggering. It's estimated that more than one million homes are needed in the affordable

housing sector, and only 25 000 units are being made available every year. At the same time, the rapid urbanisation of South Africa's population means that 70% of people will be living in urban areas by 2030. That presents enormous potential for property development entrepreneurs.

Vinolia Mashiane, chief investment officer at the Gauteng Partnership Fund (GPF), which provides funding for housing developments, explains what it takes to become a successful property entrepreneur.

### WHAT QUALITIES DO YOU LOOK FOR IN PROPERTY ENTREPRENEURS?

We seek people who are willing to have a

hands-on approach to projects. They must be prepared to work hard and to be actively involved. The ideal candidates should be team-focused and ready and willing to engage with the entire professional team. They will need to be involved at every stage of the development, making time to attend training programmes that enable them to understand the entire property development value chain. They must also have a broader vision for their company and a strong desire to make a success of it.

### WHAT ARE THE BIGGEST CHALLENGES FOR PROPERTY ENTREPRENEURS?

Lack of capital, knowledge and workings of the real estate industry are major challenges. That's why we provide extensive mentorship to the entities we fund. We help entrepreneurs to develop an understanding of the property market, identify projects, and to understand how interest free loans work and how to access them.

### WHERE IS THE HIGHEST DEMAND FOR HOUSING?

There is a huge demand for rental housing situated centrally, close to amenities and work, at an affordable rate for lower income groups.

Our organisation also has a particular interest in projects located outside Johannesburg Metro in underdeveloped township areas. The GPF has three types of projects for this fund, inner-city refurbishments or predominantly residential buildings, conversion of offices to residential units and greenfield developments for affordable housing.

### WHAT DOCUMENTS ARE BUSINESS OWNERS REQUIRED TO HAVE?

Requirements may differ from organisation to organisation, but these documents are critical:

- **A comprehensive business plan:** Without a solid business plan, you'll be unable to find funding. It's important to remember that a business plan is more than a means to money. It's also the blueprint of your business and the best way to test whether or not your venture is feasible.
- **Company registration documents:** These enable the funder to confirm the company's existence and to document the ownership for future reference.
- **Essential project information:** Market analysis is key to include in your plan, along with the macro and micro indicators of what is happening in the particular

location you are proposing for the development.

- **Copy of the latest audited financial statements**
- **Shareholders statement of assets and liabilities:** Proof of availability of equity.

### WHAT FINANCIAL INFORMATION IS REQUIRED?

You need to provide a proposed funding structure to give financiers a clear picture of what you are proposing and whether they can take a risk by lending to you. For example, what are the debt cover ratio and detailed cash-flow analysis, including income and expenses? What does the history of your company's financial performance look like? How will you ensure cash flow remains positive?

Financiers will look at your ability to service debt and they will require you to demonstrate that you fully understand the scope of the project you are taking on. **EM**

### RESOURCE

For more information, call the Gauteng Partnership Fund (GPF) on +27 (0)11 685 6600, email [info@gpf.org.za](mailto:info@gpf.org.za), or visit [www.gpf.org.za](http://www.gpf.org.za)