



## STUDENT HOUSING CRISIS UNLOCKS INVESTMENT OPPORTUNITIES ACROSS SOUTH AFRICA

After more than two years of disruption, significant academic stability returned to South Africa's tertiary institutions last month when the President finally called an end to the national State of Disaster.

But the reset that permanently returns all learners to lecture halls has also refocused the spotlight on the accommodation crisis facing students across the country, according to specialist real estate auctioneer Joff van Reenen.

As a property industry veteran of more than 20 years and a Founding Partner of High Street Auctions, Van Reenen says never before has he seen demand for student accommodation so high, nor the timing so favourable for capitalising on supply.

"When the World Bank Group's International Finance Corporation (IFC) was researching the feasibility of investing R150 million in a local property company's plan to develop accommodation hubs for an additional 16 000 student beds, it drew attention to the fact that South Africa's student housing supply-demand gap already exceeded 500 000.

"The IFC's report also forecast that by 2025 the student accommodation shortage would rise to more than 780 000 beds, no doubt at least partially prompting its decision a year ago to proceed with the investment.

"Then in December, JSE-listed Growthpoint Properties launched an unlisted student accommodation REIT with a R2 billion seed portfolio and approval from the National Financial Student Aid Scheme (NFSAS)."

Van Reenen says there's no question that student accommodation is emerging as one of the most exciting real estate investment trends in South Africa, and the availability of opportunities in this sector is increasing.

"This month alone, High Street Auctions is bringing six such prospects to market that offer investors a choice of acquiring established and fully-leased student housing, or properties with potential for extensive student accommodation-type redevelopment.

"These properties are spread across four provinces with established student accommodation investments on offer in Johannesburg, Durban and Nelspruit, while exciting development opportunities in Cape Town and Pretoria will also be auctioned."



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Van Reenen says companies or individuals looking to make a lucrative long term real estate investment that additionally produces gross annual income of approximately R6.7m, should look to Nasrec south of Johannesburg. "On May 19th we're auctioning a complex of four double-storey buildings that currently house 148 University of Johannesburg (UJ) students. Like every public university in South Africa, UJ has an official accommodation crisis with only 6 000 res beds to offer its more than 50 000 students.

"Complexes like the one we're auctioning currently help manage the overflow. The Ivory Apartments is a UJ-accredited student housing complex, and the NFSAS pays the landlord directly on behalf of the bursary students who reside there, which significantly streamlines administrative processes."

On the other end of the student accommodation spectrum, though, lies one of Cape Town's most exciting development sites to come to market this year, according to Van Reenen.

"The Dart Motors corner on Sir Lowry Road just below District Six in Woodstock has been a Cape Town landmark for decades. Now after more than 45 years of trading the car dealership lot, which comprises the entire city block, is being auctioned on the 19th.

"The property is zoned Mixed Use 2 and has a FAR/Bulk factor of 4.0 that allows for a massive total allowable bulk of  $\pm 23\,396\text{m}^2$ . And located just 700m from the District Six campus of the Cape Peninsula University of Technology (CPUT), one of the redevelopments that would potentially be permitted under the current zoning is student accommodation."

Van Reenen says CPUT's student accommodation crisis is arguably even worse than that of UJ.

"Cape Town's real estate market is extremely competitive in general, but prices rise exponentially the closer one ventures to the City Bowl and Atlantic Seaboard. CPUT's District Six campus is located immediately adjacent to the CBD; a prime location that for students is a double-edged sword accommodation-wise.

"This year CPUT as a whole enrolled 33 000-plus students, more than half of whom are studying at the city campus that offers fewer than 3 000 beds in its residences.

"The chance to buy an entire city block for redevelopment that's within walking distance of CPUT at a time when the student accommodation sector is starting to boom, is a once-in-a-lifetime opportunity. I expect very lively bidding on this lot."

Van Reenen says the remaining student accommodation lots under the hammer on May 19 are:

- Four adjoining lots in Park Street in Hatfield, Pretoria, currently comprising 45 rooms with redevelopment potential for 200 rooms to service the University of Pretoria;
- A 198-bed NFSAS-accredited student complex in Nelspruit servicing the Tshwane University of Technology satellite campus, offering investors a gross annual income of approximately R10.4m; and
- Two separate student properties located in the Durban suburb of Berea.

Van Reenen says High Street's auction will begin at noon sharp on May 19, and pre-registration is essential. The hybrid auction will be both live at the Grosvenor Room and Marquee at the Bryanston Country Club, 63 Bryanston Drive in Bryanston, Johannesburg, and virtually live-streamed across the world via High Street's website, its social media channels and the High Street Auctions app.

Bids will be accepted from the floor, by telephone, on the High Street app and via any other digital streams prescribed by the auctioneer prior to the sale. For more information on the auction, visit [www.highstreauctions.com](http://www.highstreauctions.com).

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