

# Proparco and 27four support Divercity to expand access to affordable housing in South Africa

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Proparco, the French development finance institution, and 27four, a South African investment manager, led R550m investment in Divercity Urban Property Group alongside reinvestment from its existing shareholders. The investment is intended to fund portfolio growth and balance sheet optimisation.



*Jewel City*



*Carel Kleynhans, CEO of Divercity*

The majority of affordable housing in South Africa is located at the urban periphery, far from economic opportunities and essential amenities. This urban sprawl unfortunately perpetuates Apartheid-era spatial segregation while undermining numerous social, developmental and economic outcomes.

Divercity is a South African investment platform dedicated to affordable rental housing with supporting amenities in high-density and centrally-located urban precincts.

Through this investment, Proparco and 27four will boost the affordable rental offering in South Africa, which has been identified as a key priority by the government given the severe housing shortage. It also helps to reverse the spatial segregation the country has been facing for decades.

Harvard University's Growth Lab recently released its "Growth Through Inclusion in South Africa" report that identified spatial exclusion as one of the main barriers to South Africa's economic growth, together with state capacity issues. To turn the country around and get South Africa back on a growth track, their recommendations include building more dense housing clusters closer to business centres. Divercity does exactly this, and with this R550 million transaction, Proparco has catalysed foreign direct investment for South Africa while leveraging the deep local context understanding of their in-country investment partners 27four, working together in a high-impact deal that greatly benefits the South African market.



*Architects' impression of 9 Hopkins*



*Construction at Barlow Park*

Gregor Quiniou, principal at Proparco, commented: “Beyond the support to regenerate South African cities, this project also gives Proparco an opportunity to support energy-efficient building programmes targeting EDGE certification. It aims to achieve several development goals (including SDGs5, 8, 11, 13) through job creation and combating gender inequality by providing safe and best-in-class accommodation for tenants, of which women who account for approximately half of Divercity’s tenant base.”

Mardé van Wyk, principal at 27four, commented: “As South African investors we are painfully aware of the critical shortage of quality and well positioned affordable accommodation in our cities. We are excited by the innovative approach of Divercity to this perennial challenge and are pleased to be able to fund their expansion.”

Carel Kleynhans, CEO of Divercity, said: “This significant investment in Divercity will enable us to develop over 2,500 new apartments. This helps us to demonstrate the impact and commercial viability of this economically productive, sustainable and fundamentally empowering urban development model.”

### **About Divercity Urban Property Group**

Divercity is a for-profit property group setting a new standard for socially responsible, environmentally sustainable and economically productive urban development, while delivering attractive returns for its institutional investors.

Divercity invests in high-density urban precincts. These precincts are well located, rich in amenities, and weighted towards affordable rental housing. They offer low and middle income households the opportunity to live in sustainable urban environments, close to where they work and with access to the essential amenities required to get ahead in life. This model starkly contrasts the dominant mode of affordable housing delivery in South Africa, where lower income households are confined to the urban periphery – far from opportunities and essential services.

Divercity’s current developments include Barlow Park precinct in Sandton and its recently announced first development in Cape Town, 9 Hopkins. Further information is available on Divercity’s website: <https://www.divercity.co.za/>.

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