



AFRICREST PROPERTIES



AFRICREST PROPERTIES

Nodal Approach to Roaring Sunninghill Success

PRODUCTION: **James Davey**

Astutely identifying a gap in the market six years ago, Africrest has become the fastest-growing property company specialising in office building conversions into middle income apartments and combines them with world-class facilities. Under a year ago the company was on the brink of completing its flagship Apollo conversion, whose success could not have been more comprehensive over the ensuing months and which has led to Africrest making the Sunninghill node its own.

While the buy-to-let residential market may be languishing in the doldrums, Africrest and its innovative 'Built-to-Rent' model is thriving and over the last five years work has barely ceased for even a second. Beginning with an office conversion in Randburg yielding 36 apartments, its success has engendered growth resulting in residential developments worth around R2bn and a portfolio which, including commercial assets, is valued at R2.5bn.

Africrest's flagship project to date is the PwC head office building in Sunninghill, acquired from Attacq in October 2020. When Enterprise Africa spoke with Director Grant Friedman last year, he described the 'perfect storm' that brought together the company with the new office node of Sunninghill, where it was already busy on its Alpha development when it landed another 30,000m² office building with no assurance that even one, let alone both, would let successfully.

This bravest of decisions was

vindicated entirely, Friedman reported, with Alpha's rentals flying at upwards of 45 per month allowing Africrest to turn its attentions to what came to be known as The Apollo, and its 700 bachelor to two-bedroom units priced between R5000-R7000 a month. This was where Africrest was last year; The Apollo was on the brink of completion and more than 250 of the units had already been snapped up. Friedman shared with us the outline of the further 12,000m² site Africrest had acquired just down the road in Sunninghill, putting the company on track for a total of 3000 apartments by the close of the year.

SUNNINGHILL SOARS

Established more than 15 years ago, Africrest's original focus, Friedman outlines, was on buying dilapidated, C-grade buildings for next to nothing, to refurbish them and put in tenants who wanted to be in the heart of Braamfontein. A turning point for the business came with a small 36-apartment conversion

in Randburg, demand for which was almost double this number in the first week and the leases were snapped up at remarkable speed.

"Amid what was a sea of negative news at the time this building had filled up almost overnight and started generating solid rental. It was at that moment that we knew where the demand lay, and decided to follow it as far as it would lead us," Friedman recounts, and thus began the real acceleration of the Africrest brand, into an innovative leader in converting office buildings into landmark, A-Grade, beautiful apartments and developing green-field communities. "Two years later, our residential business was dwarfing what we were doing within the office space, which had been our specialisation for over a decade."

An emigration of similar outfits overseas after 2018 left Africrest with relatively little by way of true competitors, leading to what Friedman describes as, "a buying and building spree," with one area in particular



The Apollo, Sunninghill



Gym inside The Apollo

catching the company’s entrepreneurial eye. “Sunninghill is a fairly new office node - only around 25 years old and exceptionally well-located in Johannesburg.” Friedman relays.

“Until very recently, it was heavily tenanted by Eskom, who rented eight or nine buildings in the area. Over time the heavy traffic and road infrastructure became that tenants began leaving the area in droves. Eskom itself upped and moved back into its main campus, running up all of its leases in Sunninghill.

“Those tenants who had left because of the previous traffic woes had still not been replaced, and now this mass exodus emptied it further. We therefore established the Sunninghill node as one where offices were struggling, but which was an incredibly desirable location from a residential point of view with its beautiful modern buildings. We earmarked it as the next area that we would convert and bring back to popularity, with a lower

cost, affordable housing product option to entice people who would perhaps be otherwise unable to live in these areas,” Friedman says.

Exceptional accessibility, security and beautiful surroundings, this prime location comprises a vibrant community pulsing with energy, the perfect setting for apartments built to enhance comfort

paired with designs that maximise space and function, supplemented by state-of-the-art facilities. “Part of the reason that we continue to perform well is that we offer a unique product that appeals to tenants,” Friedman assesses of Africrest’s ability to offer tenants the opportunity to rent quality, expertly managed spaces at affordable rates.



“We have all been waiting, for years, for the environment to be right for growth, and were extremely lucky to discover the oasis of the residential section of the market,” Friedman summarised last year. “Now we are determined to take it as far as it can go.”

NODAL APPROACH

Nearly 12 months on and, inarguably, he and Africrest have kept to their collective word in the truest possible sense. In Sunninghill alone the company has spent close to R1bn. Both The Apollo and The Alpha, Friedman reports, are now fully let, and stand as true testament to the commitment evinced in his closing statement when we last spoke with the former inches from completion.

Now the third of the Sunninghill trio of conversions, The Atlas, and

its conglomeration of six individual buildings, has been transformed into another 350-apartment monolith and is let in full. “After the overwhelming demand for apartments at our first two Sunninghill developments, we designed The Atlas to answer the call of those who want the same incredible product, but without some of the extra common area facilities, and at even lower prices,” Friedman details.

As such, The Atlas blends impeccable location and contemporary living in the beating heart of this vibrant lifestyle hub, sharing the enviable, easy reach of Johannesburg hotspots

Midrand, Waterfall, Fourways and Sandton. “Our tenants are renewing their leases at an incredible rate and are extremely happy, and it has proved a very strong residential development overall,” Friedman assesses, “and it means that right now we are on the cusp of starting a four-building, 357-apartment conversion right next door.”

Friedman is almost nonchalant in relaying these staggering figures and achievements; such has been Africrest’s abject success in achieving these feats that they now seem commonplace. Another

// WE DESIGNED THE ATLAS TO ANSWER THE CALL OF THOSE WHO WANT AN INCREDIBLE PRODUCT AT EVEN LOWER PRICES //



The Alpha, Sunninghill



KITCHENS | BEDROOMS | BATHROOMS | FURNITURE

Cabinet Company

A reputable and trusted leader in cabinet design

Pursuing Excellence Since 1973

086 022 2463 | www.thecabinetco.co.za

Proud to be supporting Africrest Properties

// OUR TENANTS ARE ALL RENEWING THEIR LEASES AND ARE EXTREMELY HAPPY, AND IT HAS PROVED A VERY STRONG RESIDENTIAL DEVELOPMENT OVERALL //

development within the framework of the company itself has been its becoming, almost unconsciously, highly 'nodal' as Freidman puts it, and it is an approach which he clarifies is absolutely paying dividends.

"Having identified this node, we have taken it over and are expanding very strongly and aggressively within it. Whereas in the past we had been in and around Johannesburg as and when the opportunity arose, henceforth we have elected to conquer this entire area and make it our own." Freidman then

pinpoints for us the large sites that still remain under different occupation within its new domain, including private hospitals, gyms and shopping centres.

"There are in actual fact very few office buildings left in this node," Friedman states. "We have come in and taken the approach of buying as much of this space as we can and developing it into our apartments, and it will soon house 2000 of these. This also gives us a certain amount of control in the area, in terms for example of putting money towards upgrading the park

in its centre. We will likely adopt it, redevelop it and make it a facility for the entire neighbourhood, 75% of which is made up by our own tenants anyway.

"It is incredible to look back to that time when construction of the Apollo was imminent and we had no idea if it would let," Friedman finishes this chapter in the continuation of Africrest's Sunninghill triumph. "Now it has been almost 100% taken up, and we can look to continue our dominance within the area, with developments being made all the time and money being spent on the ground paving the way for even more expansion within the country." **Ei**

WWW.AFRICREST.CO.ZA