

Futuregrowth invests in under-serviced communities

In 1996, the need to channel developmental investments into previously disadvantaged communities found a vehicle in the Futuregrowth Community Property Fund (CPF). Today, its composite assets are worth R3.3bn.



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Since then this flagship fund has acquired and developed shopping centres in under-serviced communities throughout South Africa. The composite provides investors with a low-cost, high-value property investment that focuses on emerging market retail property growth in under-serviced rural communities and high-density townships. More than 30 properties have been funded to date and currently Futuregrowth's CPF portfolio includes 24 centres in seven provinces.

The CPF has a proven social impact track record of providing jobs during the construction phase by employing artisans and labourers, where possible from the local area, and creating permanent, long-term jobs during the life cycle of the centres. More than 7,500 people are currently employed across the portfolio (including retailer and centre management staff), of which 84% come directly from the surrounding communities.

Retail services

The centres provide retail services and products to a primary target market of more than ten million people in the low- to middle-income groups. They vary in size between 5,000m² and 50,000m² and are typically tenanted by supermarkets, clothing, banking, and hardware retailers. The national tenants occupy on average 84% of the space across all the shopping centres. Some centres also have medical services such as doctors, dentists, and optometrists.

Apart from providing retail facilities to these previously disadvantaged communities in areas characterised by a lack of infrastructure and services, CPF provides investors with a vehicle that offers service and consumer facilities to local communities, facilitates infrastructure development, and delivers on a variety of social impact requirements.

Each centre has proved a catalyst for the development of transport infrastructure (taxi ranks and bus terminals) and infrastructure such as electricity, water and sewerage services, which benefit the community. Rate payments from the new shopping centres have also contributed to greater municipal infrastructure development.

Additional benefits

Along with offering consumers a wider range of choice with higher quality and lower prices, additional benefits include improved access to stores and services for the local communities, which have major disposable income, health, time, and social implications. For example the cost of transport could be as much as 20% to 50% of the social grant payout depending on how far the community is situated from the closest shopping centre.

The management staff at each centre is encouraged to launch social responsibility initiatives. One such initiative is a partnership with Sporting Chance, a leading coaching and development organisation that contributes to the local communities through helping children develop life skills and education by participating in sports events.

Another initiative is driving education and encouraging learners to excel. The fund has implemented an Academic Prize Sponsorship Programme through which the top student in Grade 6 and Grade 11 from each of the selected schools in the area, will have their school fees fully paid by the fund for their final academic year.

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