

Melville set for regeneration

Melville, in its day, buzzed with Cool Runnings and Roxy's Rhythm Bar and was known as the trendy and vibrant centre of Johannesburg's bohemian life. However, the area suffered a great knock during the economic downturn. Coupled with an increase in crime and theft, Melville was left abandoned and neglected.



Together with property finance and development company Construct Capital, Investicore has bought the buildings and are adamant on returning Melville to its former glory. Situated close to the CBD and both the University of the Witwatersrand and the University of Johannesburg, the buildings on the corner of 4th and Main Roads, Melville are to be redeveloped to incorporate affordable residential apartments, including a retail and commercial component.

"Demand for affordable housing for South Africa's low and middle income earners, as well as the students within the vicinity, is superseding supply, with industry experts predicting that the asset class has excellent growth potential. This growth puts pressure on affordability for tenants, however, by living in convenient locations such as Melville, they begin to substitute money previously allocated to travel to pay for the high rentals. Even though rental demand is increasing, affordability is decreasing," says Construct Capital's Bryce O'Donnell.

Wary funders

Investicore are investing heavily in the area. "Funders are wary of funding developments in areas such as this, preferring to focus on more established nodes. This cautiousness increases the barrier to entry for these types of projects, making the returns better for those that are able to do these deals. Additionally, many don't see the value in investing in these projects as they cannot mitigate enough of the risk," adds O'Donnell.

Comments Dawie Swart, CEO of Investicore, “I am passionate about creating something new and helping to redevelop these forgotten areas that have extreme potential, and with the expertise that Construct Capital brings to the table, it allows me the freedom to search for new nodes to develop as I know all the current projects are being delivered to the highest standards.”

Together Investicore and Construct Capital plan to regenerate Melville to its former cosmopolitan days where it rivaled the likes of Parkhurst and surrounding areas.

The development is expected to be completed in October 2017.

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