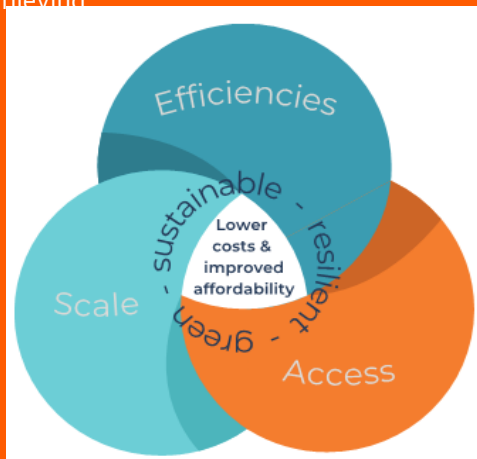


ii2i in PropTech

insights in2 innovation

Across Africa, PropTech companies are shifting and simplifying how we buy, sell, and manage properties. Many of these companies are still in their start-up phase, working towards the application of technology in favour of some change in along the housing value chain. All are looking for capital to support their growth. Their increasing prominence notwithstanding, there remains limited awareness and information regarding the detail of their operations, the problems they solve, and the opportunities they offer.

New technological applications in the property, finance, construction, and urban management sectors can change not only what and how we deliver and manage affordable housing, but also how we think about it and what we can contemplate achieving.



Efficiencies: PropTech offers the opportunity to change the structure of supply chains, breaking them down and reconfiguring them in more efficient ways

Access: PropTech in finance can broaden the market, making products and services more accessible to a wider array of people, with better pricing, more appropriate payment terms, and more intelligent risk management interventions.

Scale: PropTech not only enables economies of scale, but also of process. This allows for smaller players to participate and provides opportunities for increased collaboration and product innovation.

haap.

Haap is a rental solutions startup in Nigeria, that provides flexible access to short term rental and co-living arrangements for city dwellers by renting out spaces with private bedrooms and shared common spaces, such as a kitchen and laundry.

Website: <https://www.Haap.com/>

LinkedIn Page: <https://ng.linkedin.com/company/Haap>

Instagram: <https://www.instagram.com/Haap/>

Twitter: <https://twitter.com/Haap>



Date founded: 2022



Founders:

Ezekiel Bassey (Co-Founder and CEO)



Country of operation: Nigeria



PropTech category:

Services & Software



Housing value chain category:

Operations and Maintenance



Funding round: Angel



Amount Raised: US\$50 000

Through Haap's digital platform, users can access fully furnished private and coliving apartments. Haap "leverages on the effects of the sharing economy to acquire, renovate and furnish - where necessary - multi family units on a property management agreement from landlords and rents out these properties to users on a monthly subscription basis. "

the interview

Ezekiel Bassey
CEO and Co- Founder of Haap

Can you give a quick overview of your organization and the impact you believe it is having? What do you do and what problem are you solving? Where do you operate?

Ezekiel explains that Haap's aim is **"to help people access affordable shared and short term rental spaces quicker."** While acknowledging that there were different options already facilitating access to shared spaces in the Nigerian market and across the continent, the Haap team discovered that people's preferences such as safety, quality and privacy made the whole process of finding spaces more difficult. This is in addition to the requirement for rent advances by landlords and agents.

"It's already hard enough finding properties, if you start today, you might probably not get a home until a hundred days from when you started. This is when you have money ready to actually pay and you're paying something up to two years upfront for your rent."

Ezekiel explains that the Haap Platform which currently caters for Lagos, Nigeria, provides flexible payment options – monthly and in some instances daily and weekly. Through the platform, potential tenants also get access to fully furnished spaces with household essentials, wifi among others.

Who is the target market for shared spaces? Ezekiel provides an example of an individual who might be mobile, starting their professional career, in between jobs or in between cities. He elaborates that *"there has to be a place for you to stay, not a hotel, not short-term rentals in the traditional sense, but like a space where you can actually stay that's affordable for how short or how long you want to stay."*

Haap's philosophy is premised on **building stronger communities that benefit from the positive ripple effects of a sharing economy.** *"We believe that there's a lot more value that can be created from people living together, just beyond the cost savings, because one of the things that the pandemic exposed is that there's a very critical need for community."*

With Nigeria poised to be the third most populous country by 2050, Ezekiel foresees that it is inevitable that more people will lean towards shared living. He references the fact that supply is not keeping up with the growing demand for housing across Africa and that rental markets in major cities like New York, London and Paris are largely limited to studio and shared apartments. In anticipation of this transition, Ezekiel explains that Haap is positioning itself to have created a product offering that has value and promotes quality of life.



How does it work ?

According to Haap, co-living or shared living *"is a housing option that allows people to rent a room but share common areas with others – the living room, kitchen, offices, etc."*

- Landlords can list their properties (typically urban multifamily apartments, studio apartments or mini flats). These properties are managed either by the landlords themselves, or on their behalf by Haap through a property management agreement. The properties are quality checked and vetted.
- Vetted Customers access and book fully furnished, shared or short term rental based on their preferences..
- The platform is also exploring co-investment option to increase supply of shared housing in the market and also offer low-hanging investment options for young people that currently make 50% of Nigeria's current population.

the interview

How have you financed your business so far? What are your aspirations for capital?

Haap has raised funding primarily from angel investors who believe in the company's philosophy and product that is being developed. Ezekiel notes that this has enabled them to build and fine-tune the platform. Haap has not gone on the traditional pre-seed route yet. The plan is to obtain validation and pursue this avenue in the first quarter of 2024. While other players in the property management space are diversifying, Ezekiel feels that there are a lot of opportunities that have not been explored. Particularly since Ezekiel estimates that there are at least 1000 shared properties in Lagos. Consequently, Haap aspires to upscale its product offerings.

What are some of the lessons learnt and challenges experienced in raising funding?

Ezekiel believes that Venture Capitalists think what they are doing is "kind of boring".

"When people just hear that we're doing something in property space, again, it's hard for them to see it as a scalable venture."

To counter this, Ezekiel shares that he is now recommunicating Haap's story in a way that potential investors would understand. While indicating that they reached out to foreign investors too early, he reflects that this allowed them to reapproach at a later stage with a refined product offering.

Ezekiel reminisces that they could have tried to also talk to the local Nigerian investors. However, he thinks that *"they don't fully grasp the potential of PropTech."* He also believes that they can be supportive of PropTech startups but underestimate their own ability to do so. Ezekiel concludes that the local Nigerian investors have the potential to connect startups with relevant stakeholders in the real estate industry and give access to inventory such as properties.

He concludes by highlighting that this initiative by CAHF and PropTech54 is critical in drawing attention to PropTech in Africa and encourages further efforts by stakeholders to make the sector visible.

Can PropTech work in the affordable housing market or is it better suited elsewhere in real estate? What are the issues that are influencing your answer?

Influenced by his architecture background, Ezekiel strongly feels that *"there are some things we shouldn't do in the name of affordability."* He shares an example of the "Half a House" by Elemental in Chile which entailed providing a structure with the basics of plumbing and shelter, which residents could then expand using their own labour and skill.

For Ezekiel, *"the whole idea of the house is that the family is moving to an incomplete house and then when they raise their income, they're able to complete it. So, the whole premise around that is that if they don't raise their income, they're going to stay in an incomplete house. But I feel like, because you're trying to bring it down to people's income level, it doesn't exactly work as it should."*

Explaining his rationale, he gives an example of Google. He highlights how Google is spending billions of dollars to maintain its range of features such as Google Maps, Google Search and Gmail, yet the service is provided for "free" to the customer. He elaborates that *"there's a value they've seen, so that you're fine with it, or you have to be fine with it because they're not exactly collecting money from you to give you all these like high level services. What's that value they're not giving? showing you Ads. Can we think about housing in that way?"*

Haap is thinking of ways in which the house becomes a framework for *"where people can scientifically improve the quality of their lives."* Ezekiel poses a question of *"how can we create value?"* He shares an example of a startup in Silicon Valley that only provides co-living spaces for startup founders. In this particular model, the owner provides co-living spaces, fully furnished, fully serviced for free in exchange for equity in the startup.

He argues that this example shows how to think about access and not affordability. Ezekiel concludes *"that's my philosophy around like affordability. It's primarily access."*

the interview

In your opinion, what is needed to support the growth of proptech interventions to address the challenges facing 'affordable housing' in particular?

Proptech startups require a lot more opportunities to share their stories, raise awareness about their vision and work they do to a local and international target market. Ezekiel notes that this is critical to support the typical growth trajectory of proptech startups in the property management space. While highlighting that every case maybe unique, he explains that the startups that begin with a business to consumer focus tend to evolve into business-to-business operations (B2B).

"In the sense that you start off as marketplace, but you end up connecting with maybe large corporations with corporate tenants, corporate landlords, and then get their property off their hands. Since those properties already have the tenants, you're just managing maybe payments, the customer experiences and converting the space from traditional family apartments to shared spaces etc."

Who do you think would be your ideal target market to share your stories to? Ezekiel identifies three categories

1. **"The *people* that actually need the space."** Ezekiel believes that most people do not fully understand or are not aware of the concept of shared living. He adds that there are numerous misconceptions about how such arrangements work. He believes that having access to bigger information sharing platforms would enable Haap to raise awareness around shared living and engage with the public's frequently asked questions.
2. **"The *landlords* that actually have these properties."** Ezekiel highlights the need to lobby landlords and encourage them to release their properties. He adds that there is a need to help them understand that there are significant benefits that arise when their properties are managed on their behalf by platforms such as Haap instead of unlicensed agents.
3. **"What can *Investors* do in terms of financial support."** Ezekiel notes that new-build developments will be inevitable, but he references his mentor that is *"always emphasizing that we've not optimized the existing supply yet, so why are we talking about new supply?"* He concludes that there are numerous opportunities in Nigeria to explore financing options that cater for the optimization of existing housing stock to be more efficient.

How can we bridge the gap between the different generations of real estate practitioners to collaborate and co-develop solutions that benefit the housing delivery value chain and more specifically, the end-user?

Ezekiel stresses the need to promote an enabling environment for technology and innovation in the real estate space. He highlights an example of Airbnb in New York. He feels the new regulations set by regulatory bodies in New York are stringent for Airbnb's operations. *"I think that is just normal for innovation, that regulations and everyone else trail behind innovation."*

He believes that while regulations are important, dialogue and engagement are equally critical. He notes that as long as startups do not engage in illegal activities, it would be impractical to wait for the regulatory framework to be in order before testing out solutions. He clarifies that properly setting up a regulatory framework is important but feels that waiting for regulations slows down proptech startups. He cites recent challenges experienced by those involved in developing crowdfunding platforms in Nigeria. After a long period of engagement, the Nigerian Securities Exchange Commission finally developed a regulatory framework in 2021.

He thinks that regulators and innovators should collaborate and enable a platform which allows innovators to showcase the value they provide and demonstrate their impact.

Ezekiel hopes to also collaborate with traditional real estate developers. *"To kind of see how we can rethink our housing design to accommodate, to optimize for shared spaces."*

the interview

Where do you expect your company to be in 5 years' time - what are the key challenges that you feel you need to overcome to meet your goals?

Haap's goal for the next 5 years "We want to be everywhere. Everywhere in all the major cities in Africa."

Ezekiel reiterates that Haap focuses on shared accommodation and not just short-term rental. A key feature is the flexible payments that enable you to pay what you can. In addition, you can choose to stay for as long as you want – whether its 7 days, 3 months or 2 years.

Secondly, Ezekiel wants to have built a well-known **brand** associated with not only high-quality shared spaces but access to opportunities that improve one's quality of life. In instances where landlords manage their own buildings on the Haap platform, Ezekiel highlights that there are guidelines that need to be adhered to in order to ensure the customer experience is the same across board.

He explains aspirations to enhance the Haap platform by integrating artificial intelligence to improve the quality of life of people. He acknowledges that it will be an expensive investment, but valuable and necessary. According to Ezekiel, the hypothesis is that:

"We want to be able to quantifiably increase the financial situation of our members in six months by at least by 20%."

To meet Haap's goals, Ezekiel feels that market education is the biggest challenge that needs to be overcome. As highlighted earlier, he notes that this includes clearing the doubts inhibited by people that or will use the shared accommodation. Finally, for landlords and developers to enhance optimization of existing housing stock and new developments.



Image Top : Haap Rainbow Central City Apartment, located in Chevron, Lagos. Shared apartment with 1 bedroom catering for 2 guests

Image Bottom : Furnished Living Room at the Haap Sylum Lekki, Lagos

Source: Haap Website

CAHF Interview Series



The Centre for Affordable Housing Finance in Africa (CAHF) has been operating as an independent think tank in South Africa since May 2014, pursuing its mission of making Africa's housing finance markets work. CAHF's work extends across the continent, and it is supported by and collaborates with a range of funders and partners.

CAHF brings information to the market place to enable stakeholders in the public and private sector to make policy and investment decisions in favour of improved access to affordable housing. Our emphasis is on the role that finance plays in realising this, and we champion market intelligence—data, market analytics and research—to stimulate investor interest and to support better policy.

You can access CAHF's website [here](#). Visit our [project page](#) to learn more about CAHF's work in exploring the current and potential role of PropTech across the housing value chain.

We urge you to also read this blog on [Innovation in affordable housing: Making the pieces fit together](#).

For more information, please contact David Chiwetu: David@housingfinanceafrica.org

Proptech

Proptech 54 is a pre-seed startup accelerator based in Lagos, Nigeria that helps aspiring and solo entrepreneurs, and startups get their initial traction plus funding. At Proptech54, we are excited about the opportunities in the emerging proptech industry in Africa. We are building a community of early stage proptech startups and helping them pilot through our 16 weeks accelerator program and early stage investments.

Our fulfilment is the human and economic impact that our early stage proptech startups are making across the continent. We are biased towards proptech startups solving solutions related to net zero and the 17 sustainable development goals.

You can access Proptech 54's website [here](#)



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