

# Interview with Paragon Director Henning Rasmuss



## **What were the highlights from your department for 2018 (key projects, trends, new developments)?**

My primary focus remains the acquisition and implementation of architecture and interior design projects in continental Africa.

In 2018, major successes were the ongoing construction of The Habitat residential tower in Nairobi, which at 23 storeys is our tallest building in construction to date. Also in Nairobi, we are very close to construction completion on the 24.000 sqm Crystal Rivers Mall, which has been an unbelievably challenging project. Major new project successes are residential and commercial projects in Swaziland.

Also in Swaziland, we are within one month of completion of the 160-room Hilton Garden Inn hotel, which is already a landmark on the Mbabane skyline. The year ended just before Christmas with the groundbreaking of the Pullman Airport City hotel and apartment project, attended by the President of Ghana. This project is the largest current construction project in Accra. Very exciting bids in which we were not successful, included the Orange Data Centre in Botswana. We keep on searching for Data Centre projects.

Interior Design highlights in 2018 were the appointments for WeWork's roll-out in South Africa, and smaller corporate fit-out projects in Tanzania and Nigeria, which are ongoing.

In South Africa, we completed the planning of the opening of our Cape Town office, which is now in operation since the first week of January 2019. Towards the end of 2018, we achieved alignment on very exciting changes in ownership and management structures, and we are actively working on a substantial and industry-leading B-BBEE transformation project. Watch this space.

## **What challenges did you face in 2018 and how did you manage to overcome them?**

Locally, we are faced with the temptation of emigration of key younger staff members and future leaders of the business. The drivers for this can be diverse, but they include a lack of faith in the viability of middle-class lifestyles in South Africa.

Millennials are simply not keen to want to live in a country where ESKOM boggles cause electricity to fail which caused Wifi to fail, which is like oxygen to that generation.

The destruction of business confidence in South Africa, directly attributable to the ANC and the thieving cabal around ex-president Zuma, was the most totally avoidable and expensive challenge we faced in 2018.

The underperformance of the South African economy led to project postponements and to a tough and relentlessly exploitative payment culture which challenges our resolve every day. Being a large company with experience and cash reserves, we are able to manage these challenges, but smaller and emerging companies are being forced out of the market, and the trading environment is dismal especially for small and black-owned companies.

The extent and length of time of our exposure to so-called 'risk work' is becoming unreasonable and unsustainable. Overall, the trading environment is tough.

**What are the key industry trends for 2019 for your department?**

There is a larger number of smaller projects in South Africa, and outside of our borders, we see a strong upsurge in Interior Design and Fit-Out Projects. The destruction of building skills through the failure of some of the larger South African construction businesses will affect our ability to achieve built quality. The upsurge in design-and-build projects in the Interior Design industry is an ongoing trend in which we have found a suitable position for ourselves through strong partnerships.