



**Western Cape  
Government**

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Department of Infrastructure

**PPTL: Phase 1 - Proposed  
Conceptual Development  
Options & Guidelines Report**

**DOI12/8/1/P2/6**

This report was compiled by NM & Associates Planners and Designers on behalf of the Western Cape Government: Department of Infrastructure with the assistance of the following professional consultants:

Archaeo Adventures t/a Sarah Winter Heritage Consultant

E2C – Electrical Engineers

Infinity Environmental

Innovative Transport Solutions (Pty) Ltd – Transportation Engineering (ITS)

Nadeson Consulting Services – Civil Engineering

OVP Associates cc Landscape Architects (OVP)

Talani Quantity Surveyors





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Elizabeth Coles, Special Programmes: WCG DOI

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## List of Acronyms

CoCT	City of Cape Town
CT MPBL	City of Cape Town Municipal Planning By-law
DSDF	Table Bay District Integrated Spatial Development Framework and Environmental Management Framework
du's/ha	Dwelling units per hectare
GFA	Gross Floor Area
GLA	Gross Lettable Area
HIA	Heritage Impact Assessment
HPOZ	Heritage Protection Overlay Zone
I & APs	Interested and Affected Parties
LAOZ	Local Area Overlay Zone
MSL	Mean Sea Level
NMT	Non-Motorised Transport
PPTL	Provincial Pavement Testing Laboratory
RLV	Residual Land Value
SEM	Socio-Economic Measure
SANS	South African National Standards
TBD	Table Bay District
UDF	Foreshore Gateway Urban Design Vision and Framework
WCG	Western Cape Government



# 1. Introduction

## 1.1 Background

NM & Associates Planners and Designers along with an inter-disciplinary Team of supporting professionals were appointed by the Western Cape Government: Department of Infrastructure for the enablement of Erven 734-RE and 738-RE, Cape Town and a Portion of Buitengracht, Riebeek and Somerset Street Road Reserve namely Erven 735, 737, 739, 9564 and 9565. Refer to Figure 1.1: Site Area, below.

There are four phases to the project. The first phase, referred to as Phase 0 is the Inception Phase of the project. The second phase, Phase 1 is described as the Site Development Plan Compilation Phase which comprises two sub-phases: a) A Contextual Analysis Report completed and finalised in June 2023; and b) Development Plan and Development Guidelines which is the subject of this report.

The third phase, Phase 2 is the Specialist Assessments and Report Phase and the last phase, Phase 3 is described as the Statutory Process and Final Development Plan when all relevant land use applications will be prepared and submitted for the CoCT's consideration and decision.

## 1.2 Purpose of the document

The main purpose of this report is to formulate conceptual development plan options for the subject sites so that the feasibility of each can be tested and preliminary assessments made against spatial, landscape, heritage, engineering, financial considerations, social / economic and market demand informants and indicators, as well as the development vision proposed in the PPTL Contextual Analysis Report (June 2023) defined in the Contextual Analysis Report is as follows:

***“To create a viable gateway development that embraces social and spatial transformation and respects the heritage value of the site”***

## 1.3 Site Description/s and Proposed Development Area

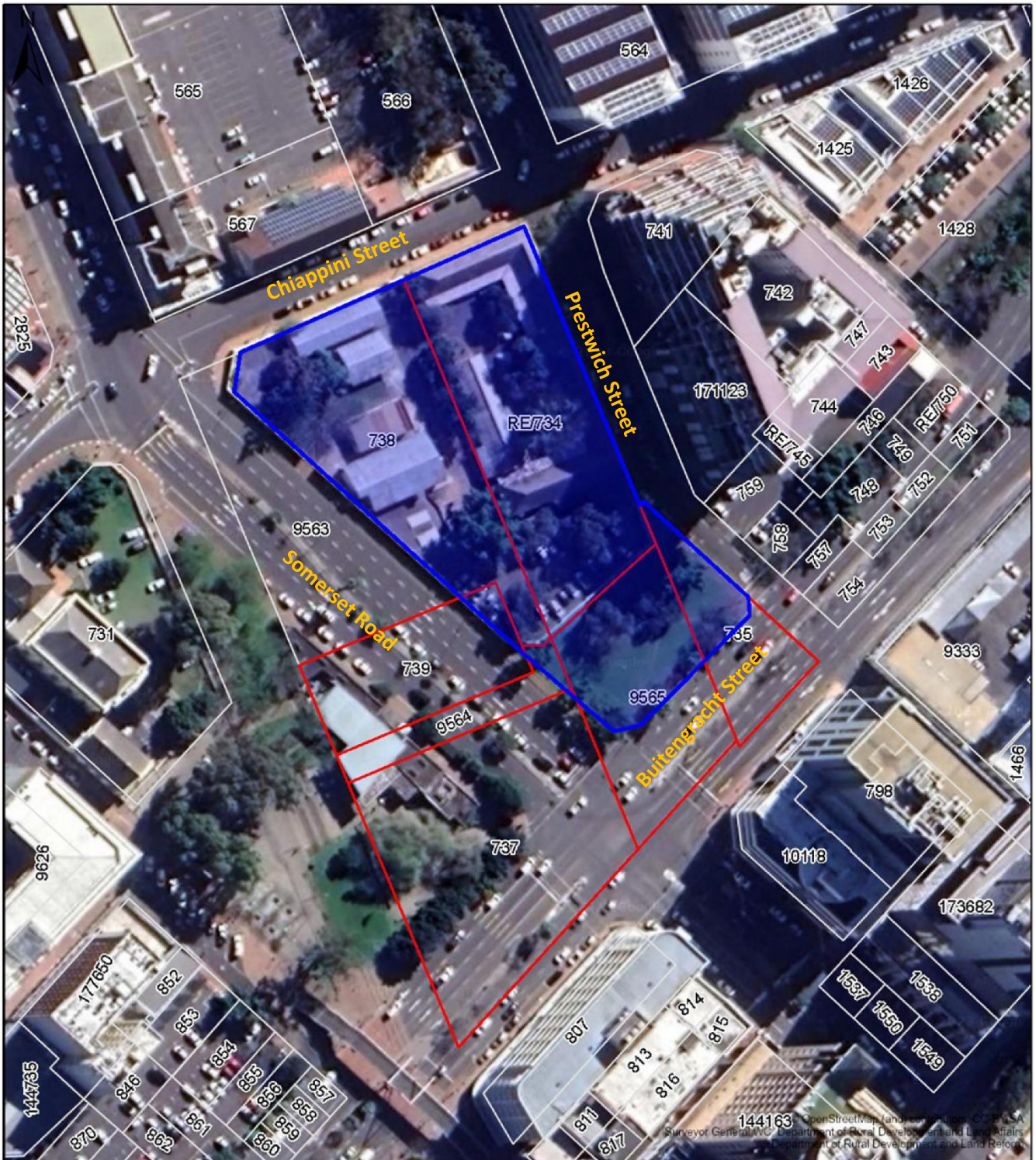
The subject sites are bounded by Chiappini Street in the north, Somerset Road to the west, Prestwich Street to the east and Buitengracht Street to the south. **The gross area extent of the subject sites to be developed is approximately 6690m<sup>2</sup>.** The Provincial Pavement Testing

Laboratory (PPTL) or Soils Lab is currently located on Erven 734-RE and 738-RE, Cape Town. The other portions form part of a deproclaimed road reserve which are in the process of being transferred from the City of Cape Town to the Western Cape Government so that the properties can be developed together as a single consolidated site.

## **1.4 Structure of the Document**

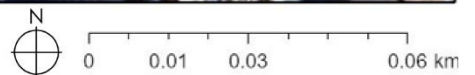
After this introductory chapter, Chapter 2 presents spatial opportunities and constraints and provides a spatial analysis and set of principles as well as heritage design, landscape and spatial indicators. Chapter 3 presents the conceptual development plan options that were formulated and a summary of the financial feasibility of these development options.

Chapter 4 provides a preliminary assessment of the proposed development options from an inter-disciplinary perspective including the high-level feasibility modelled for each option to determine whether they are sufficiently viable for market-related transaction purposes and also informs the preferred development option. Chapter 5 presents the preferred conceptual development plan option and development guidelines. Chapter 6 concludes the report with next steps, to follow in the project programme.



**Legend**

- Erf
- Subject Erven
- The Site



**Map Center:** Lon: 18°25'11.8"E  
 Lat: 33°55'1.8"S

**Scale:** 1:1 500

**Date created:** May 26, 2023



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**Figure 1.1: PPTL Site Area**



## 2. Spatial Analysis and Principles

Following on from the PPTL Contextual Analysis report (June, 2023) Chapter 2 presents spatial opportunities and constraints and provides a spatial analysis and set of principles in addition to heritage design, landscape and spatial indicators.

### 2.1 Opportunities and Constraints

The following is a summary of the key spatial opportunities and constraints of the site within its context, that have emerged from the contextual analysis. They should be read in conjunction with Figure 2.1: Opportunities and Figure 2.2: Constraints and Challenges.

#### Opportunities:

- Pedestrian activity around Somerset Road / Chiappini Street intersection presents an opportunity to create a "front door" to the new development.
- The subject sites' location within the gateway into the Atlantic Seaboard Urban Corridor and on the Fanwalk pedestrian link, as well as Somerset Road, provides the site with visibility and accessibility for those on foot.
- The sites' location on the corner of Buitengracht Street and Somerset Road offers the new development visibility to passing traffic. There is an opportunity to articulate this corner of the new development in a manner that 'signposts' the development.
- Chiappini Street serves as an important pedestrian link between the Fanwalk and Prestwich Street that in turn, offers connection to the V&A Waterfront.
- The historic wall along Chiappini Street can, with considered design intervention, help to play an interpretive role and be used as an element to communicate the history of the site.
- The line of established trees along Buitengracht Street edge serves as a buffer that can filter traffic noise and fumes.
- New development along Somerset Road offers views of Table Mountain, Lions Head and Signal Hill. The higher one gets above ground level, the more the views improve.
- The 4m fall across the site enables easy access into a basement from the lower parts of the site being the Prestwich / Buitengracht corner.
- The Prestwich Memorial / St Andrews Church Square space can serve as relief space for new occupants / users of the subject site.
- The external street facing facades of the existing Soils Lab building can be opened to activate and improve passive surveillance over Prestwich and Chiappini Street.
- Forecourts and semi-private courtyards within the urban blocks are a common feature of the area. The courtyard framed by the Soils Lab building and associated

trees provide an opportunity to create a humanly scaled green refuge with potential environmental (visual and climatic), social and economic benefits.

### **Constraints and Challenges:**

- Significant volumes of traffic on Buitengracht Street and Somerset Road, generate noise and fumes which need to be taken account of in façade making and in establishing setbacks to accommodate activities such as balconies and outdoor restaurants / cafes on ground level.
- South and east facing façades onto Somerset Road and Buitengracht Street, respectively are exposed to dominant summer wind and cooler conditions. Outdoor living spaces are therefore not necessarily optimal on these facades. However, these features provide a means to articulate larger facades. Other design mechanisms will therefore need to be explored to break down the scale of these facades and activate the street interfaces.
- Pedestrian crossing points on Somerset Road are limited to the two existing traffic intersections. No new crossing points are permitted. This limits the ability of the site to integrate with the Prestwich Memorial / St Andrews Church Square space.
- The intersection of Somerset Road and Chiappini Street is the busiest point in the local pedestrian network but its current design prioritises vehicular movement needs above the needs of pedestrians. The safety and comfort of pedestrians at this intersection must be addressed.
- Parking on site, while not required in terms of the Cape Town Municipal Planning By-law, for this urban block, is always in demand. Above ground parking and access into parking basement entrances can heavily compromise the quality of the public street interface. Services such as substation facilities and refuse rooms also detract from the quality of urban street interfaces and should be located with caution. There are limited opportunities for loading and servicing of the site by vehicles. Chiappini Street and Somerset Road are not optimal for loading and servicing purposes, as they are important public interfaces. Buitengracht Street and Somerset Road are not feasible due to road access management guideline requirements.
- Location of the site opposite Prestwich Memorial / St Andrews Church Square and close to the Salesian Institute requires new buildings on the subject site to be limited in height and set back in places to respect the historic character of these landmark buildings.
- The footprint and location of the existing Soils Lab building on the site constrains the footprint of new development on the remainder of the site. Furthermore, the shape of the land that remains for development is convoluted and creates a challenge to

achieving a feasible development. A pinch point between the Soils Lab building and the Somerset Road edge limits the width of development along the Somerset Road edge.

- The established trees on site located within the identified zone for new development, which have been identified for potential retention, and the Peruvian Pepper Tree identified for retention, offer further challenges to development of the site especially the provision of a basement level for parking.
- Basements on the constrained site will limit the extent to which trees can be planted along the edges of the site.
- The Soils Lab building has been identified for retention. The heritage analysis has identified the potential for adding another level to the building, however the additional floor should be over the main masonry structure and not over the veranda which is the element that gives the courtyard its human scale and unique spatial quality. The footprint's narrow width (7m) makes it difficult to extrude vertically to create another viable floor for habitable uses with effective and sufficient circulation space. Adding another level to the building will therefore not only have potential implications for the structural integrity of the building but create additional footprint that is extremely limited in its use. Lastly, repurposing of the Soils Labs building will require significant investment in new vertical circulation and services to comply with national building standards.

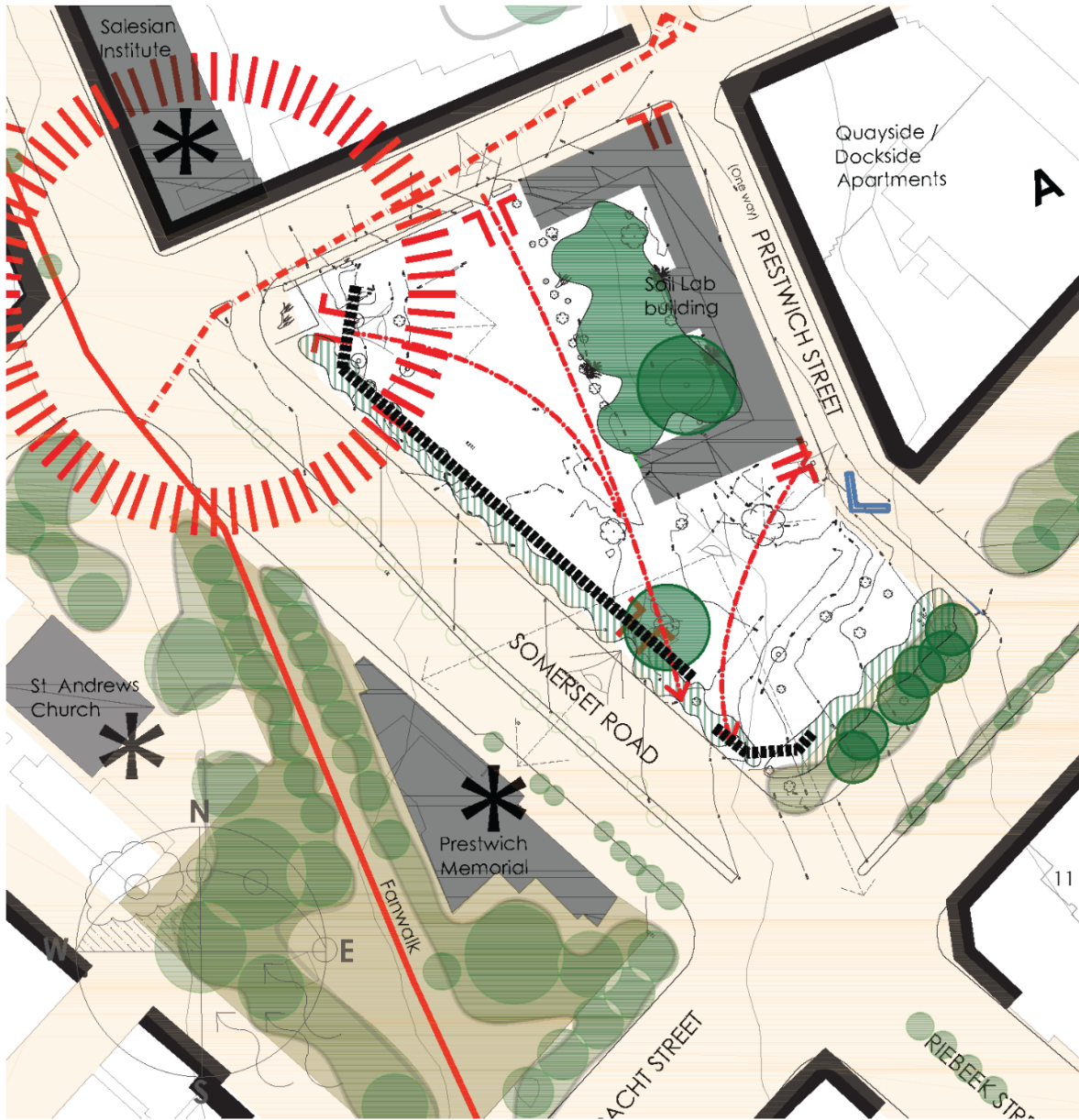


FIGURE 2.1: OPPORTUNITIES

**KEY**









-  Busy pedestrian routes
-  Potential pedestrian desire lines
-  High volumes of pedestrian activity / important threshold space / entry into Atlantic Seaboard Urban Corridor
-  Accessible and visible street interfaces and corners
-  Soft green landscaped space and established tree planting
-  Potential for easy vehicular access, services and loading bays due to fall of site
-  Potential pedestrian gateway access points
-  Significant views

Figure 2.1: Opportunities (NM & Associates, 2023)



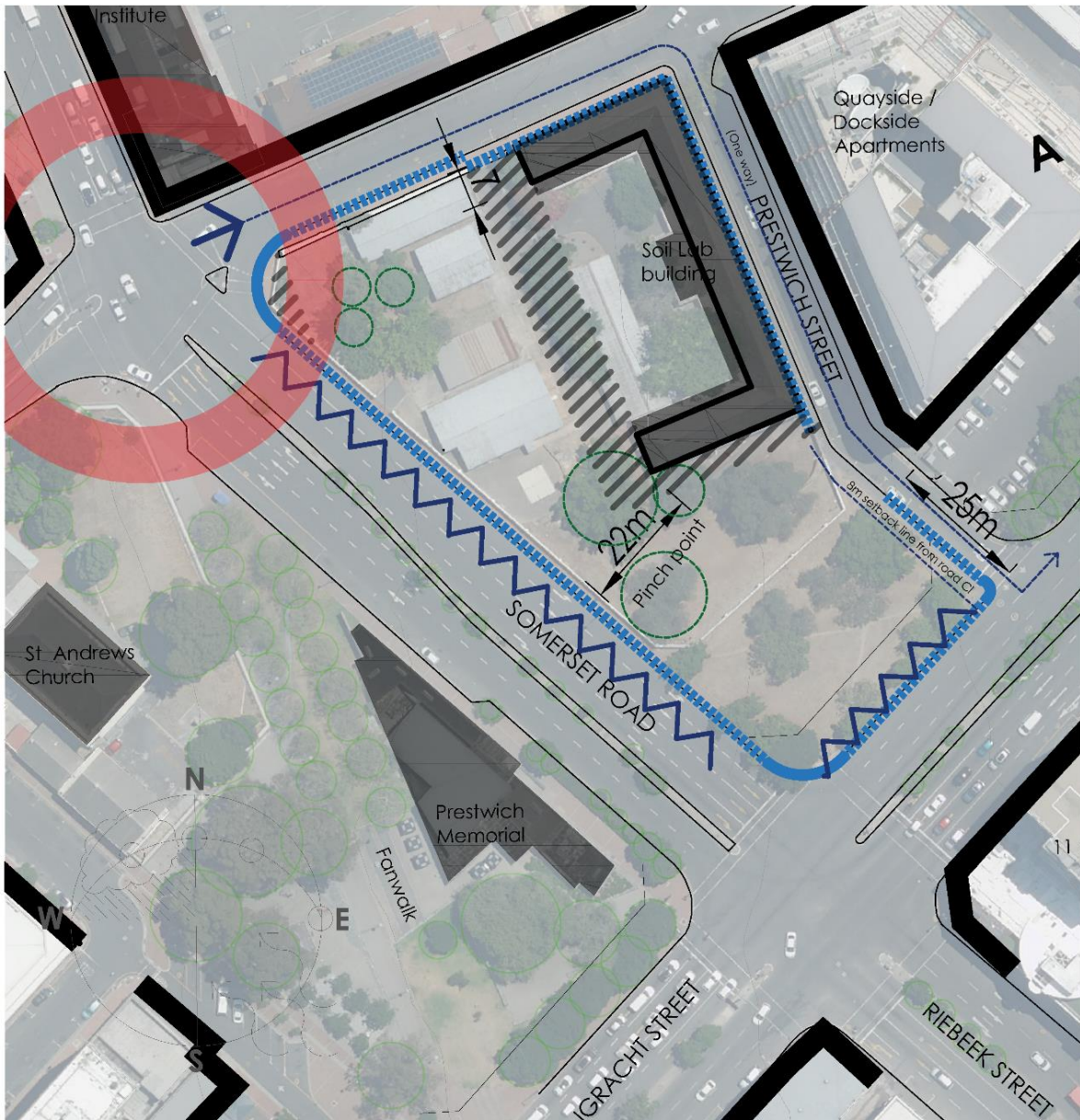
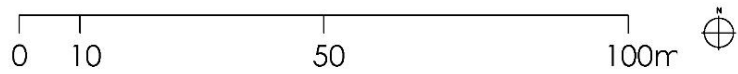


FIGURE 2.2: CONSTRAINTS AND CHALLENGES



**KEY**








-  High traffic zones (noise and air pollution)
-  High conflict points requiring attention to pedestrian prioritisation
-  Trees recommended for possible retention but limiting development
-  Street interfaces with limitations for vehicular access
-  8m setback from centreline of road (to Cape Town DMS)
-  Views of Salesian Institute to be preserved
-  Setback zones from heritage buildings

Figure 2.2: Constraints and Challenges (NM & Associates, 2023)



## 2.2 Heritage design and spatial indicators

### 2.2.1 Heritage design and spatial indicators

The heritage design, spatial informants and indicators presented in the Contextual Analysis report (June, 2023) comprised archaeological and built environment elements. The archaeological elements sought to provide a status map and summary of human remains on the PPTL site/s and while these directly inform the HIA process, they do not have direct bearing on the spatial design of the subject site/s. However, the existing built environment elements of the PPTL site/s which were also presented in the Contextual Analysis report (June, 2023) directly inform the spatial design of the subject site/s and are repeated here for purposes of continuity and guidance to design. Heritage design indicators for new development are also presented below (see Section E onward) to provide guidance for new built environment proposals for the subject site/s that together with the existing built environment indicators, will form the basis of assessment in the Heritage Impact Assessment process, to follow in Phase 2.



Figure 2.3: Heritage Indicators Diagram (Winter and Wilson, 2023)

### 2.2.2 Built Environment

A built form chronology and assessment was completed and included in the PPTL Contextual Analysis report (June, 2023) as Appendix 7. Emanating from this assessment, review of previous studies and site inspections, a set of preliminary heritage indicators has been prepared to guide the heritage assessment and design process.

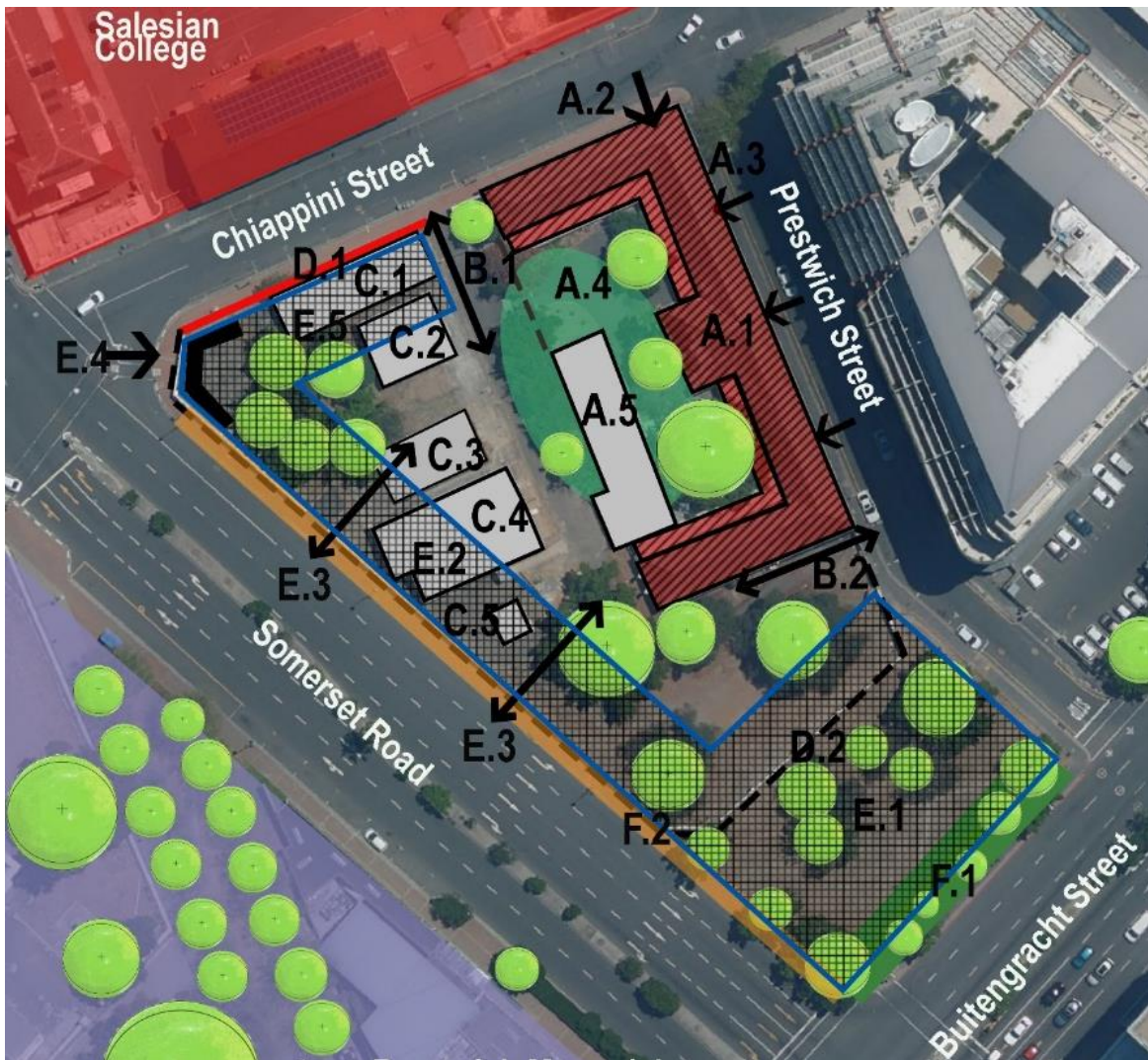


Figure 2.4: Heritage Indicators Reference Plan (Winter and Wilson, 2023)

### A. Soils Lab Building

A.1 Retain the building in terms of its heritage value with opportunities for adaptive reuse.

There is the opportunity to reverse many alterations to reopen the internal spaces and restore detailing (such as the brickwork of the Prestwich Street entrance).

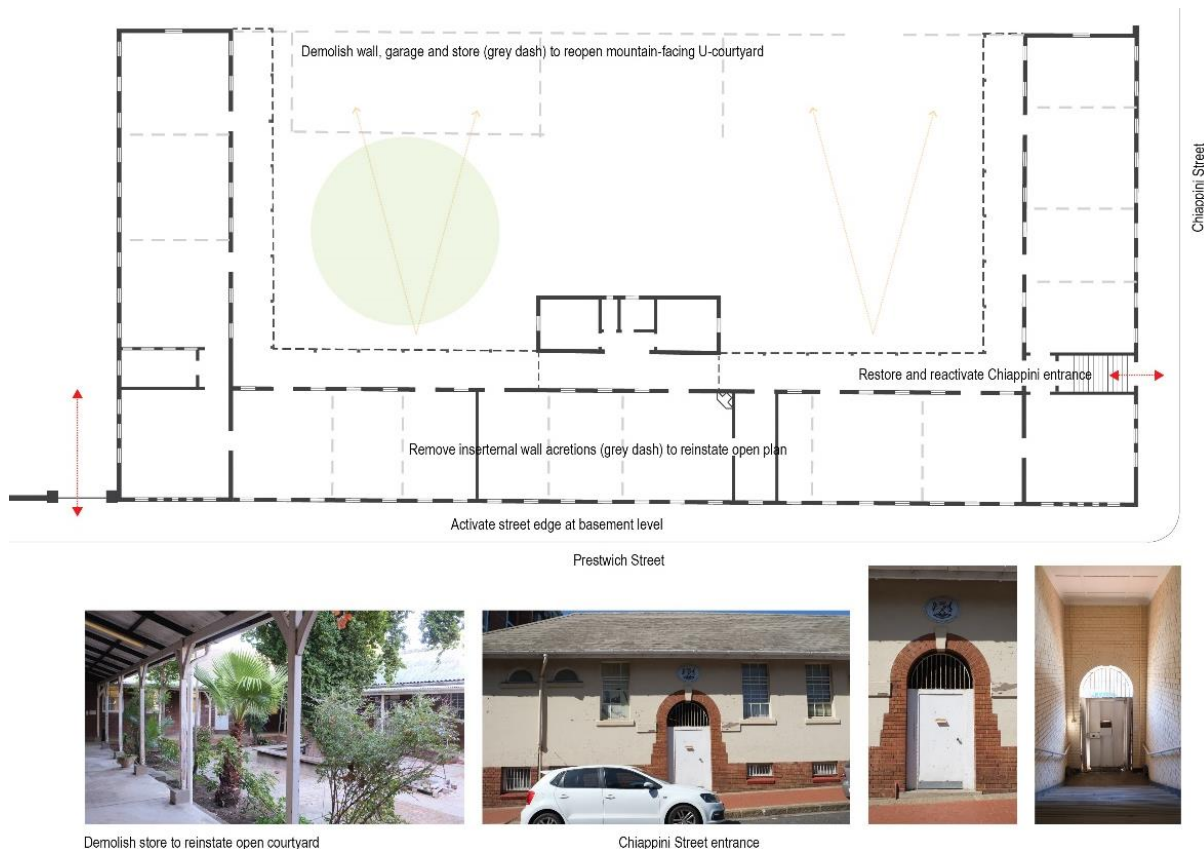
Possible addition of a second storey to enhance the presence of the building. This intervention would require careful design considerations with preference for a 'light weight' architectural treatment and materiality.

A.2 The opportunity to reactivate the Chiappini Street entrance to the building.

A.3 The basement level of the Prestwich Street interface presents an opportunity for the adaptive reuse of the storage rooms and the activation of the street edge. While the basement rooms drop below street level, the interiors are full height and can be utilised in a variety of ways.



- A.4 The opportunity for the courtyard to become part of an active soft urban space integrated into pedestrian movement across the site and along its street edges.
- A.5 The enclosing courtyard wall (built 1930s) and the storage and garage (added late 1940s), despite being well integrated to the original structure are not sufficiently conservation-worthy to impose their retention on adaptation and development options.
- A.6 The option of reusing the building for residential purposes is not supported given the degree of intervention required to accommodate such use and the impact this would have on the integrity of the building. Re-use that reinstates the communal open spaces of the original dormitories and/or dining room is preferred. Preference should be given to including community related uses which build on the social history of the building and the future redevelopment of the site for social housing<sup>1</sup>.



**Figure 2.5: Soils Lab Building Indicators (Winter and Wilson, 2023)**

<sup>1</sup> The Social Housing Act (No 16 of 2008) states that, "social housing" means a rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutionalised management and which is provided by social housing institutions or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding." (Republic of South Africa, 2022). Social housing targets households earning between R1 850.00 and R22 000.00.



**Figure 2.6: Soils Lab Prestwich Street Elevation (Winter and Wilson, 2023)**

**B. Historical Access**

- B.1 Retain entrance off Chiappini Street with new development set back to the west of the entranceway.
- B.2 Reinststate entrance off Prestwich Street including retention of gateway pillars and removal of brick infill.

**C. Other Structures**

- C.1 Allow for demolition of pre-fab structure as it is not conservation worthy.
- C.2 Allow for demolition of pre-fab structure as it is not conservation worthy.
- C.3 Allow for demolition of pre-fab structure as it is not conservation worthy.
- C.4 Allow for demolition of pre-fab structure as it is not conservation worthy.
- C.5 Allow for demolition of structure as it is not conservation worthy.

**D. Perimeter Walling**

- D.1 Retain the remaining historic cemetery wall along Chiappini Street.
- D.2 Allow for the removal of the remaining perimeter walling.

**E. New Development**

- E.1 Allow for a taller building envelope on Buitengracht Street subject to the fragmentation of the built form, positive response to variety of urban conditions at the

intersection with Somerset Road and ensuring ground level activation and ease of pedestrian movement at the street interface.

- E.2 Allow for development along Somerset Road as a linear framing element to the Prestwich Memorial and St Andrew's Church complex but setback sufficiently from the Soils Lab building to provide it with breathing space.

Development along this interface should be of medium height ranging between four and six stories in order not to overwhelm the heritage open space and reflect a fragmented built form with a variety of architectural expressions characteristic of the heritage context.

The north elevation of the new building envelope to respond actively to a new urban space created around an expanded courtyard space related to the Soils Lab building rather than turning its back on this inner block urban space.

- E.3 Enhance the visual-spatial relationship between the site and the Grade II heritage context opposite with opportunities for openings at ground floor along Somerset Road to provide for views into the site from the Prestwich Memorial and St Andrew Church complex and pedestrian access across the site.
- E.4 Respond positively to the corner condition at the intersection of Somerset Road and Chiappini Street in terms of form and architectural expression and with a height and massing similar to that of the Salesian Institute on the opposite corner.
- E.5 The scale and form of new development along Chiappini Street should step down to the scale of the Soils Lab building and Salesian Institute structures opposite with a height limited to one or two stories.

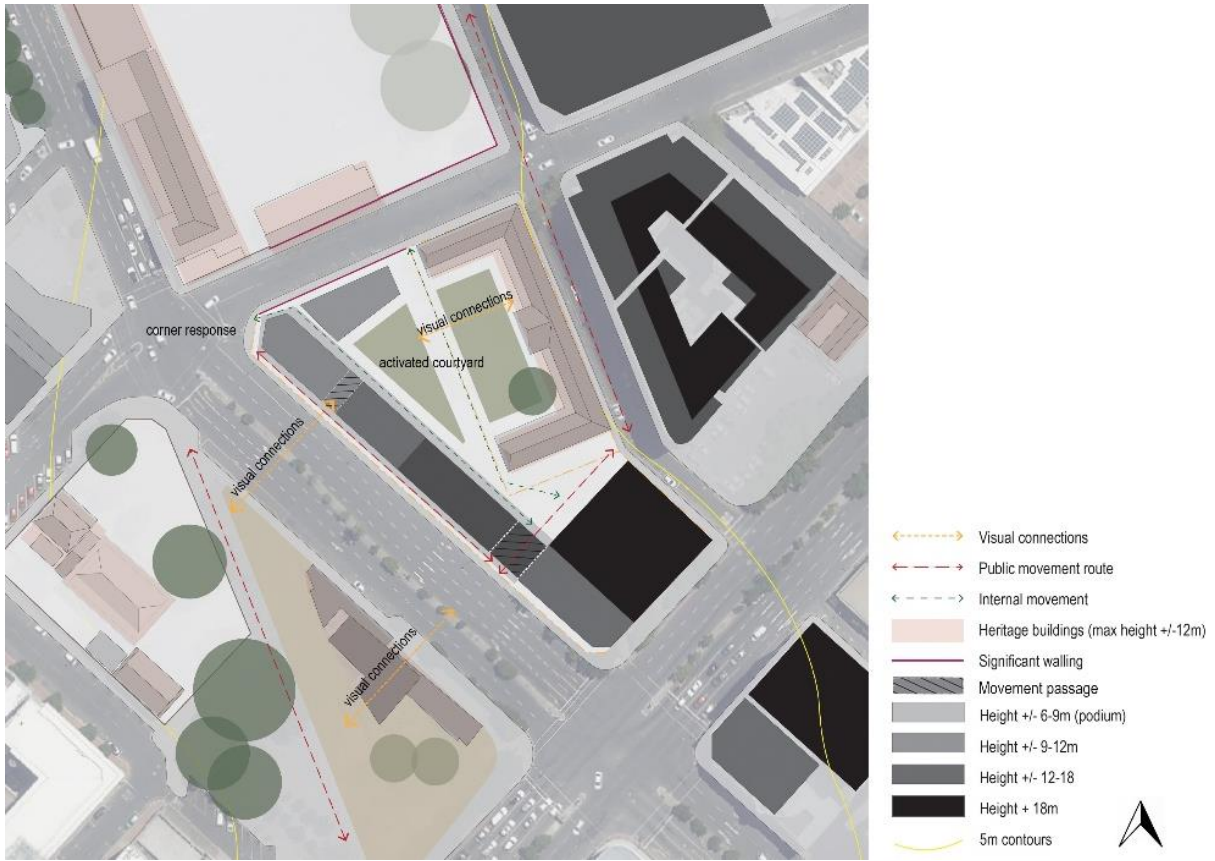


Figure 2.7: Indicative Response to Heritage Indicators (Heritage Context) (Winter and Wilson, 2023)

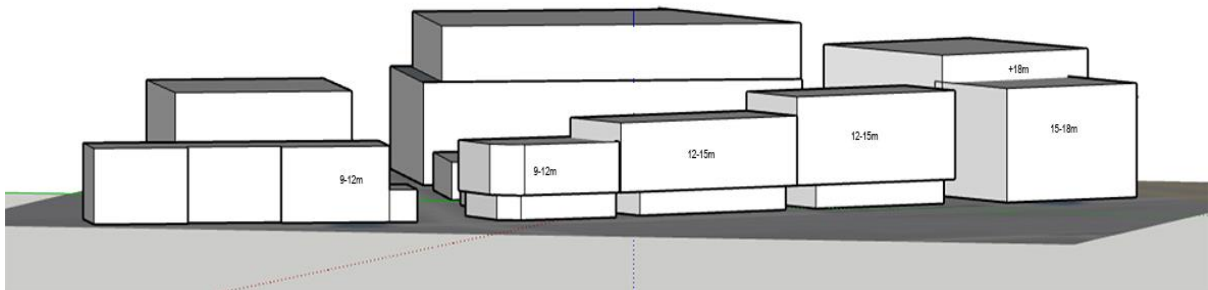


Figure 2.8: Indicative Response to Heritage Indicators (Scale and Massing) (Winter and Wilson, 2023)

## F. Patterns of Planting and Street Edge Conditions

F.1 Retain the primary mature tree in the courtyard of the Soils Lab building.

Retain, if possible, the mature Ficus tree situated in relation to Somerset Road.

Retain the green treed edge condition along Buitengracht Street as part of a continuous planting pattern along the street edge.

Allow for the removal of other trees as not being conservation worthy from a heritage perspective.



F.2 Enhance the quality of the pedestrian environment along street edges. There are opportunities for the site to contribute to the pedestrian movement network and quality of experience. There is an opportunity to improve the pedestrian experience along Somerset Road by making provision for a widened sheltered walkway.

## 2.3 Landscape and urban design informants

### 2.3.1 Landscape Informants

#### 2.3.1.1 Landscape informants at larger scale

The site located strategically in relation to the green network linking the Central CBD and Greenpoint on the Atlantic Seaboard. See Figure 2.9 below. The proposed development should therefore enhance and expand this green network through the greening of the Buitengracht Street edge, the inclusion of courtyards in the design of new buildings and through making a positive interface with Prestwich Memorial / St Andrew's Church Square, the latter to incorporate tree planting if possible.



Figure 2.9: Site in relation to broader green network (OvP Associates, 2023)

### 2.3.1.2 Landscape informants at site scale

The current courtyard and associated trees framed by the Soils Lab provides an opportunity to create a green refuge in the city which services the need of future residents and users of the site. The inclusion of private terraces at plinth level and accessible roof gardens would have the potential for greening the development further and providing an increase in outdoor amenities for future residents.

The site currently has a significant number of established trees which offer respite from the urban street environment.

Figure 2.10 below is a summary of the tree survey which identifies those trees which can be considered worthy of retention.



**Figure 2.10: Summary of Tree survey findings: Trees recommended for Removal and Retention (OvP Associates, 2023)**

As the sites do not fall within a Heritage Protection Overlay Zone none of the trees are formally protected, except those on City land including Erven 735, 9564 and 9565 which are protected in terms of the City's Tree Management Policy. Any tree removal on City owned land will need an application for authorisation from the City to be removed or felled.

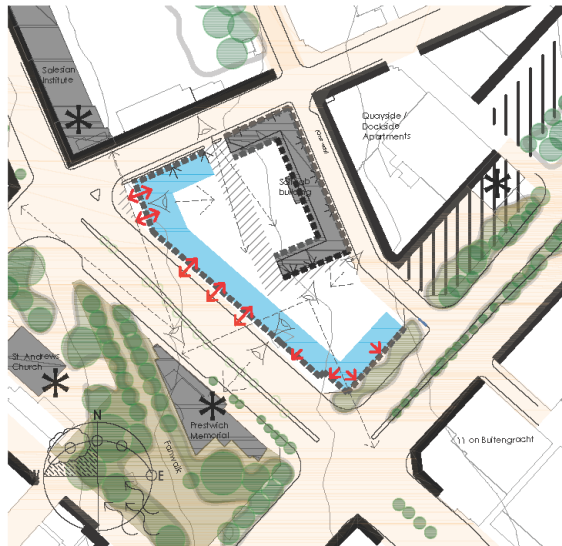
Preliminary feedback from the CoCT is that the London Plane tree and largest Carob tree, as a minimum in the Soils Lab courtyards should be retained. Furthermore, trees along the



Buitengracht Street edge need to be retained and reinforced with additional lines of trees to maintain the character of Buitengracht Street as a green shaft of space. This will serve to protect the character of the road reserve as a Scenic Route. Furthermore, tree planting along the Somerset / Riebeek Street edge would help to soften this edge and contribute to framing the Prestwich Memorial / St Andrews Church Park.

It is prudent to embrace the principle that where trees are removed, a programme to replant new trees elsewhere on the site should be adopted. New trees should be planted where possible in the remaining courtyards' spaces to retain an element of green on site and along the most public interfaces where space allows.

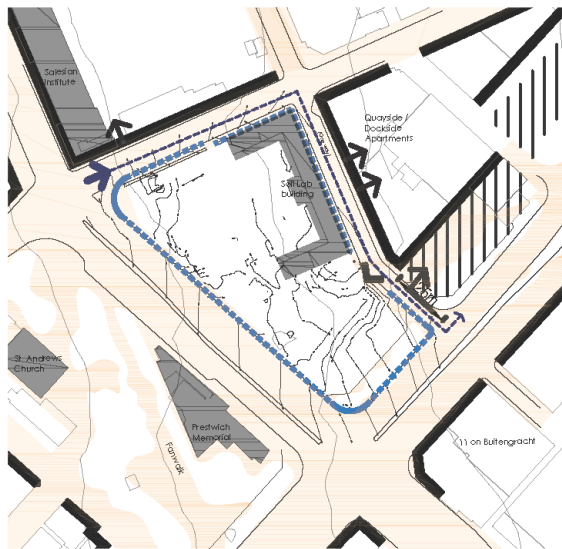
A general recommendation is that the basement and the building should be set back so as not to have overhanging canopies that will compromise the space and sunlight available for the tree canopies and their root zones, while still having space for services, where required. The figure below, Figure 2.11: Spatial informants comprises of 4 diagrams. Figure 2.11: Spatial informants - Landscape informants provides a summary of the main landscape informants.



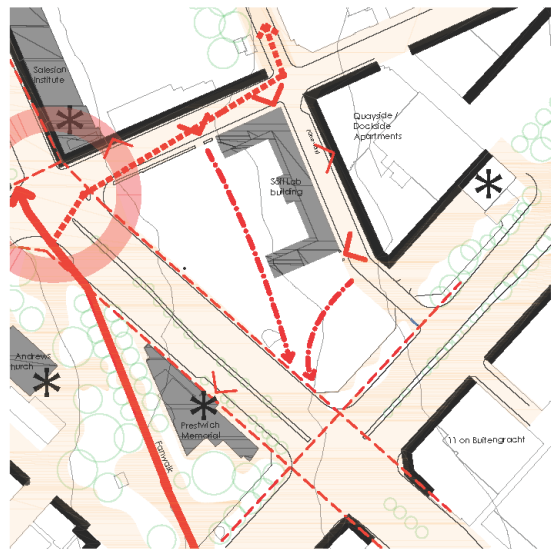
PUBLIC INTERFACE / FOOTPRINT INFORMANTS



LANDSCAPE INFORMANTS



VEHICULAR ACCESS INFORMANTS



PEDESTRIAN MOVEMENT INFORMANTS

FIGURE 2.11: SPATIAL INFORMANTS



**KEY**

- High traffic zones (noise and air pollution)
- Street interfaces with limitations for vehicular access
- Important views / vistas
- High conflict points where pedestrians need priority
- Heritage landmarks
- Potential vehicular access / loading points
- Important public interfaces
- Direction of pedestrian desire
- Setback zones from Heritage buildings
- Potential points of entry onto the site for pedestrians
- Trees recommended for possible retention
- Proposed development footprints (Buitengracht development edge)
- Edges requiring additional tree planting

Figure 2.11: Spatial Informants (NM & Associates, 2023)

## **2.3.2 Urban Design Informants**

The following is structured around particular aspects of design and is intended to be directive. The following section should be read with Figure 2:11: Spatial Informants, above.

### **2.3.2.1 Height**

This section is to be read with Figure 2.12: Height informants, depicted below.

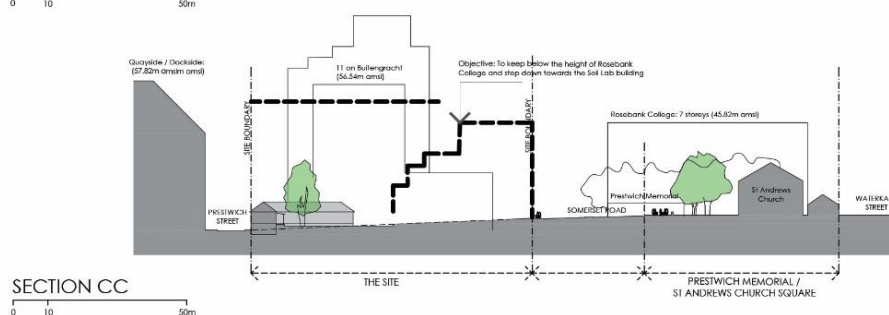
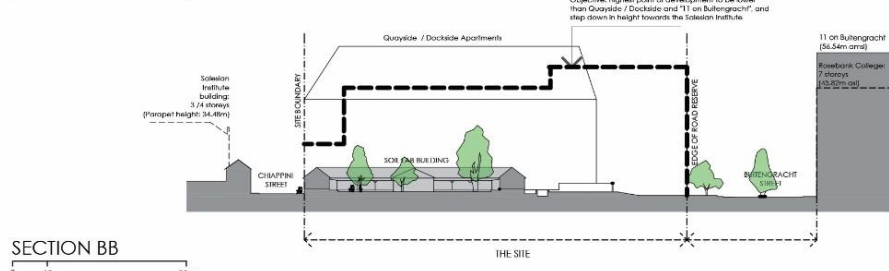
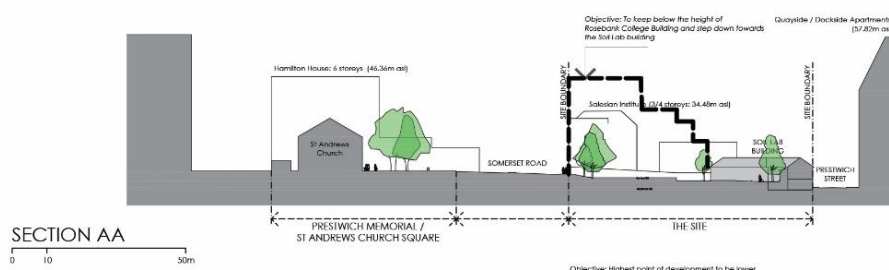
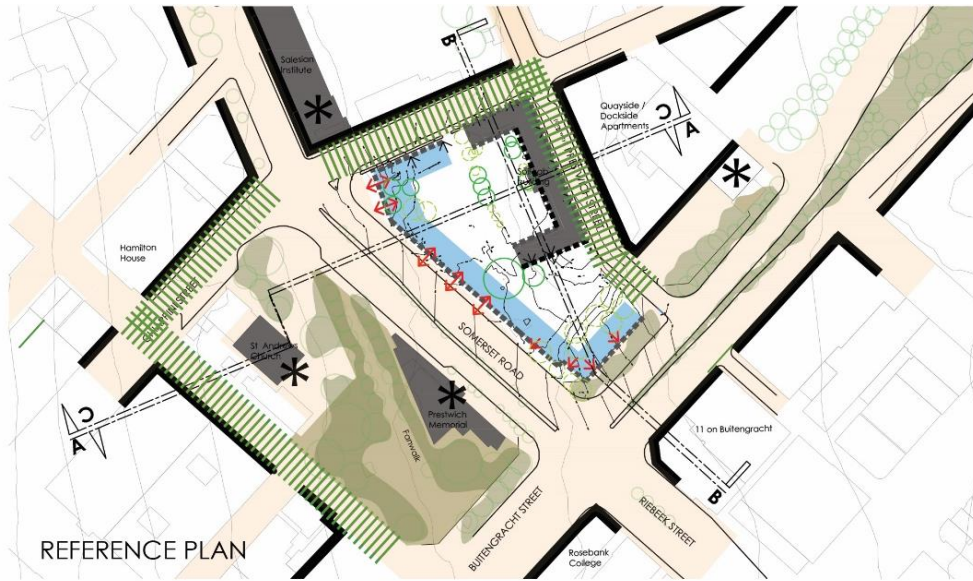


FIGURE 2.12: HEIGHT INFORMANTS

**KEY**

- Gateway urban frame
- New proposed development edge

Figure 2.12: Height Informants (NM & Associates, 2023)

**Responding appropriately to the scale of heritage buildings in the vicinity:**

The sites' location adjacent to Prestwich Memorial, St Andrews Church and the Salesian Institute, that are all relatively low structures, requires a sensitive response to shaping the envelope of new development on the subject sites. New development should step back around the Chiappini / Somerset intersection to reveal the Salesian Institute building prior to arriving at the intersection and this important threshold point. See Figure 2.13

New development on the sites should step down along the length of Somerset Road and around the corner into Chiappini Street where the Salesian Institute is located. A step down in scale where the new building interfaces with the existing Soils Lab building and its courtyard, is also appropriate.



**Figure 2.13: View on approach to Chiappini Street / Somerset Road intersection and entry into Atlantic Seaboard Urban Corridor showing Salesian Institute building (NM & Associates, 2023)**

**Framing the local public open space system:**

The Prestwich Memorial / St Andrews Church Square requires framing but the height of new development on the edge of this square should be carefully considered relative to the scale of this significant public open space and existing buildings framing the space. A maximum of 6 to 7 storeys but no higher than the existing Rosebank College building on the corner of Buitengracht and Riebeek Square is considered appropriate. See Figure 2.14.





**Figure 2.14: View looking east towards the eastern edge of the Prestwich Memorial / St Andrews Church Square space (NM & Associates, 2023)**

**The sites' role in managing transition between the CBD and Prestwich Precinct area:**

The subject sites location at the interface between the Central City and Prestwich Precinct area requires that new development on the sites play a role in managing the height and scale differential between the development typologies in the central city east of Buitengracht Street and lower buildings west of Buitengracht Street. New development on the site should be lower than the '11 on Buitengracht' building opposite the subject sites. See Figure 2.15.



**Figure 2.15: View from Somerset Road over the site looking northeast showing important transition role of subject sites (NM & Associates, 2023)**

### **The sites' role as part of a gateway precinct:**

To create a legible gateway, new development on the site must be different to that of the urban blocks to the south and north of the gateway space. The gateway space's historic role as graveyards suggests that any new building on the site should be lower than the existing (Quayside / Dockside Apartments) and the proposed buildings along the Buitengracht edge. This must be notable when driving on Buitengracht Street, especially when entering the CBD using Nelson Mandela Boulevard. See Figure 2.16.



**Figure 2.16: View looking south towards the site on approach via Nelson Mandela Boulevard (NM & Associates, 2023)**

#### **2.3.2.2 Footprint configuration**

This section is to be read with the figure above, Figure 2.11: Spatial Informants – Public interfaces and footprint informants.

The heritage indicators have suggested that the only building structure to be retained is the Old Soils Lab. New development footprints will therefore be confined to the portions of the site east and south of the Soils Lab building. Portions of the original cemetery wall, the Chiappini Street portion of which is more critical than the Prestwich Street portion, should also be preserved. The existing gateposts along Prestwich have also been identified for retention and can be used to protect the “curtilage” of the Soils Lab building.

Development of the site will need to respond not only to existing structures on site, but to buildings off the site where these are significant from a heritage and / or spatial perspective. The new development should for example set back around the corner of Chiappini Street / Somerset Road to reveal a portion of the side elevation of the Salesian Institute being not only a building of heritage significance but an important gateway landmark building.

An important informant of the footprint configuration is the requirement for the building to allow pedestrians to be welcomed into the site from the Somerset Road and Chiappini Street edge towards the central courtyard spaces and to allow the site to be traversed from the northwest towards the southeast. The following section elaborates on this further. This movement should inform the configuration of a set of interlinked outdoor spaces expressed on the site boundary in a legible manner.

A pinch point between the southeast corner of the Soils Lab building and the Somerset Road edge provides a challenge. At  $\pm 20\text{m}$  it allows a standard double sided parking basement with associated structure to locate between the existing Soils Lab building and the Somerset Road, street boundary. However, this width is limiting in terms of requirements of residential development above ground.

### **2.3.2.3 Public street interface making**

This section is to be read with the figure above, Figure 2.11: Spatial Informants – Public interfaces and footprint informants.

The location of the site within the Prestwich Precinct area calls for a building that creates defined urban street frontages that enclose semi-public spaces on the interior of the block. This typology has been used successfully in the local area to create an urban environment supportive of contemporary urban living. Each of the block edges has a particular spatial role dependant on the nature of the street it interfaces with and its relationship to the broader public space network.

The Prestwich Memorial / St Andrews Church square needs framing not only with buildings and tree planting but with an engaged ground level interface. Somerset Road edge should optimally contain planting and ground level activities that encourage and support safe comfortable pedestrian movement within a generous sidewalk. Activities to occupy the ground level can include business related uses such as cafes, small retail, service outlets as well as co-working office spaces. It is important that this façade responds in some way to the Prestwich Memorial in its overall configuration with some acknowledgement of the Prestwich memorial building entrance on the opposite side of Somerset Road. This façade should be articulated to break down the scale of the building. To accommodate tree planting along Somerset Road edge, the new buildings should be set back at ground and the lower upper levels.



Chiappini Street is proposed to be a part of a pedestrian network linking the inner city with the V&A Waterfront. As such it needs to respond to the need of passing pedestrians.

Prestwich Street has been overshadowed by Quayside / Dockside. It also accommodates a number of basement access entrances which detract from its appeal for pedestrians. The subject site's street edge is currently occupied by the back edge of the Soils Lab building. Windows along this façade of the building include the high-level openings into the basement and larger windows into the existing labs. There is potential to open the current window openings to create a more engaging street interface that would make the street safer and more appealing to passing pedestrians.

The remainder of Prestwich Street, east of the Soils Lab building, is the most ideal location for services and access into parking basements / above ground parking on the subject site due to it being the lowest part of the site.

A future development edge along Buitengracht Street requires careful consideration due to the nature of the space as a highly trafficked vehicular route. Notwithstanding the vehicular nature of this edge, it still requires activation. With the fall over the site and the potential for making a basement accessed through the lowest, north-east corner of the site, there is the potential for a new basement to form a terrace overlooking the Buitengracht Street road reserve. This terrace can be occupied by activities that provide interest to passers-by and some level of passive surveillance over the road reserve space.

#### 2.3.2.4 Access

This section is to be read with the figure above, Figure 2.11: Spatial Informants - Vehicular access and Pedestrian movement informants.

##### **Vehicular access:**

While there is currently vehicular access onto the site off Chiappini Street and at-grade parking on the site, this needs to be reconsidered given the constrained nature of the site and the requirement to maximise on the available space for the highest and best use. If parking is to be located onsite in the future, it will need to be in a basement or in structured parking above ground level to free up the ground plane for commercial and other public land uses.

However, access to a basement or above ground parking requires extensive ramping which does not only sterilise land at ground level but also does not allow for a band of

accommodation to act as a screen or active edge to the street as recommended in the Urban Design Vision and Framework for the Foreshore Gateway (2021). Furthermore, ramps off Chiappini Street would sterilise this edge for use by pedestrians and result in the Soils Labs building and courtyards being cut off from the remainder of the site. Vehicular access should therefore not be taken off Chiappini Street. Somerset Road and Buitengracht Street are also not able to accommodate vehicular access points due to requirements of the Road Access Guidelines. Furthermore, the ground level along Somerset Road edge should be designed for intensified pedestrian activity and an active urban interface.

Vehicular access onto the site off Prestwich Street is preferable and must be placed approximately 25m back from the Buitengracht Street kerb edge according to CoCT requirements (ITS, 2023). The entrance must be located safely relative to other existing entrances on Prestwich Street.

The eastern end of Prestwich Street offers the potential for loading to be incorporated into a basement or semi basement structure.

#### **Pedestrian Access:**

Removing vehicles from the ground plane allows the ground level to be designed for those on foot. The current Chiappini Street entrance will be an important arrival point for pedestrians onto the site due to the future role of Chiappini as a pedestrian link between St Andrews Square and the V&A Waterfront. Multiple entrances for pedestrians off Somerset Road edge should be provided to ensure permeability of the site from the corridor, the most important one being an entrance directly off the Chiappini Street / Somerset Road intersection which is where the Fanwalk feeds into the Somerset Road urban corridor.

Future development of the site must ensure that the building interface along Somerset Road and Chiappini Street provides for generous sidewalks and covered walkways to create a comfortable, safe and interesting environment that offers protection from the elements for pedestrians.

A qualitative system of generous pedestrian routes linking a set of new semi-private / public courtyards with Somerset Road, Chiappini Street and Prestwich Street must be accommodated within the new development.

### 2.3.2.5 Servicing

A substation of minimum dimension of 4x6m is required on the street edge to service the new development.

A refuse room is also required on the street edge to store bins that service the land uses on the site. The size of this room can only be determined in more detailed phases of design.

These activities have the potential to detract from the ground level interfaces and should be located away from the pedestrian heavy edges of the new development.

### 2.3.2.6 Response to climate

The site is unfortunately orientated such that the longest public facades face the dominant summer winds and cooler conditions. However, there is an opportunity to design the north / north-east facing facades overlooking the Soils Lab building to maximise on passive heating and cooling strategies. The long facades along Somerset Road and Buitengracht Street should be designed to address the cooler conditions and prevailing summer winds, while still allowing for visual connection between the interior and exterior of the building and permeability at ground level.

The north / north-east facing facades can incorporate generous balconies, overhangs and sunscreens while the south and east facades would do well to have enclosed balconies and larger glassed openings to receive good light into the interior spaces. These will allow the views of Table Mountain to be enjoyed.

## 2.4 Spatial principles

The proposed development options must be developed based on the following spatial principles to ensure the vision articulated in the PPTL Contextual Analysis Report (June, 2023) can be achieved:

### **Conservation:**

The PPTL site has a long history as a graveyard and as a public institutional support facility. It is important to acknowledge and proactively reveal the historic roles of the site through conservation and retention of key heritage assets of value and memorialising the intangible aspects of heritage on the site. Retention of the Soils Lab Building for community related uses which build on the social support and institutional role of the building is considered appropriate.

While there are numerous trees on the site, the site is undevelopable if all the trees are retained. The principle will be to replace trees that are removed in more appropriate locations, along Somerset Road edge, Buitengracht Street road reserve edge and within the new open spaces internal to the block.

**Integration:**

Future development of the site must promote social and spatial integration as far as possible. Development of the site must offer not only affordable housing<sup>2</sup> options and public support facilities but contribute to the making of a quality public open space network, components of which will extend into the site. The development must create high quality, active and engaged street interfaces that shape more positive public environments especially for those on foot.

**Diversity:**

To respond to a diverse set of needs, a diverse set of spaces must be provided on the site. Spaces must vary in extent and form, dependant on need and their location on the site relative to the surrounding public street network, pedestrian movement patterns and surrounding land uses. Spaces of a commercial nature must provide for a full range of operators from small service and convenience store owners to larger retail anchors. Office type activity, which is proposed to be of a co-working nature, also needs a variety of spaces from large, publicly accessible, and visible spaces to more cellular type spaces with privacy. Vertical layering of space is also important to allow for varying levels of privacy to be achieved. Ground level must be retained for public uses with the more private residential use located above ground.

**Permeability:**

Given the site's strategic location on Somerset Road and on the route between the CBD on the one hand and Greenpoint and the V&A Waterfront on the other hand, it is important to support a fine-grained pedestrian network and pedestrian links through the subject urban block. Views into the internal courtyards will contribute further to a level of visual permeability that helps to integrate the development into its surrounds.

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<sup>2</sup> National Government has determined an income threshold for the affordable or "gap" housing market of households earning up to R22 000 per month. The Financial Services Charter (FSC) defines the Affordable Housing target market to be the approximate cost of bonded entry-level housing in the country, capable of being mortgaged, adjusted annually by the midpoint of the average Consumer Price Index and the average Building Cost Index. (Western cape Government, 2022).

# 3. Conceptual Development Options

This chapter is structured into 2 sections. Section 3.1 focuses on the development options from a planning and design perspective providing a table summarising the informants and details of the options formulated, including numbers of residential units, floor areas and parking bays, indicative floor layouts, building envelopes and three-dimensional images.

Section 3.2 presents an overview of the 7 Options calculated on the basis of the average residual land value (RLV) yield. The financial feasibility of each option in summarised format utilising the RLV methodology, is presented. This summary is supported by the details for each option's calculation, in Appendix 1.

## 3.1 Concept Designs

### 3.1.1 Description of development options

The project terms of reference require that a minimum of 3 conceptual development option plans be formulated towards the enablement of Erven 734-RE and 738-RE, Cape Town and a Portion of Buitengracht, Riebeeck and Somerset Road road reserve namely Erven 735, 737, 739, 9564 and 9565.

Seven conceptual development options were formulated and described as follows, noting that Options 3A, 4 and 5 are variations of Option 3 for feasibility modelling purposes, but based on exactly the same design as Option 3.

- Option 1A: High Bulk (with 3 levels of parking on upper levels)
- Option 1B: High Bulk (with 1 level of basement parking)
- Option 2: Medium Bulk (with 1 level of basement parking)
- Option 3: Medium Bulk (with limited service-related parking)
- Option 3A: Medium Bulk (with limited service-related basement parking) split 50% - 50% between affordable rental housing and open-market rental housing
- Option 4: Medium Bulk (with limited service-related basement parking) with all residential units earmarked for social housing
- Option 5: Medium Bulk (with limited service-related parking) with all residential units earmarked for affordable housing

Option 1A was formulated in terms of the CoCT's Urban Design Vision and Framework report (2021). Option 1B proposes an alternative to 1A by replacing the upper-level parking with



residential units and providing a single basement level parking. Options 2 and 3 generally respond to the informants contained in the PPTL Contextual Analysis report (June 2023) and are similar except that Option 2 has a single basement parking level and Option 3 does not have a full basement parking level but has a limited service-related basement providing 8 parking bays in total.

Whereas Option 3 presents a 61% - 39% split between affordable rental housing and open-market rental housing respectively, Option 3A is exactly the same in design as Option 3 but its feasibility was modelled based on a 50% - 50% split between affordable rental housing and open-market rental housing. As stated above, Options 4 and 5 are exactly the same as Option 3 from a design perspective but its feasibility was modelled based on a 100% social housing and 100% affordable housing respectively, for the residential component of the proposed scheme.

### 3.1.2 Common elements

The elements below are common to all development options described above:

- Land uses are predominantly residentially led as required by the project terms, with business-related uses (retail and co-working type offices) on the ground floor of the new building and in the Soils Lab Building. The ground floor level also accommodates residential support functions like lobbies, communal laundries etcetera. It must be noted that although there is low demand for traditional office space in the Cape Town CBD, there is a demand for office space forming part of an integrated mixed-use development as proposed for the subject sites, according to the Demacon Market Assessment Report (p.164), attached as Appendix 2. This takes the form of a co-working office environment.
- The following existing historical fabric is retained: i) the Soils Lab Building, with the Plane tree in the courtyard; ii) the remnants of the cemetery wall along Chiappini Street; and iii) the gateposts in Prestwich Street.
- The tallest building component or tower is located along Buitengracht Street and the building envelope steps down towards Chiappini Street and the Soils Lab Building.
- The following typical storey heights are applied:
  - i. 4.2 m for ground floor retail areas
  - ii. 3.0 m for residential floor levels
  - iii. 3.3 m for parking levels

- An 8-meter setback from street centreline determines the new building setback along Prestwich Street.
- In the case of Options 1A and 1B, tapered setbacks from the street boundaries apply above height of 38m, in terms of the CoCT MPBL: Schedule 1: Development Management Scheme.
- Somerset Road and Chiappini Street are prioritized for pedestrian access; vehicular access onto the subject site/s occurs off Prestwich Street which maintains a minimum 25m setback from the intersection with Buitengracht Street.
- Access to the proposed new building services (substation, refuse collection and loading) occur off Prestwich Street, as far as possible.
- Pedestrian movement is encouraged across the site between Somerset Road / Chiappini Street and Prestwich Street.

### 3.1.3 Qualifications and limitations from a design perspective

#### **Qualifications and limitations relating to building form and technical informants**

In all options, the proposed building envelopes are informed by the geometry of the available developable area, the building envelope stepping down in height, the servicing of the site, on-site parking and vehicular access strategies.

- The retained Soils Lab Building and its courtyard occupies approximately 28% of the project site area. The available developable area is further impacted and reduced by the need to set new buildings back from the existing Soils Lab. The remaining developable area has a challenging L-shape configuration, with a pinch point of approximately 20 meters between the Soils Lab Building and Somerset Road. This distance is just enough depth to accommodate the depth of a typical parking level (see explanation of structured parking, below).
- Similarly, new buildings are be set back from the remaining cemetery wall along Chiappini Street.
- There is a level difference of approximately 4 meters between the highest point of the site (corner of Chiappini Street and Somerset Road) and the lowest corner (the southeast corner of the site), making it possible to accommodate a basement level under the general ground floor level without deep excavation and with limited or no ramping down required from Prestwich Street.

- As the site falls within a PT2 zone, all on-site parking is discretionary. In principle, the property market and transport engineering studies suggest that on-site parking is provided where possible, to support not only retail / business in particular (ITS, 2023 – Appendix 3) but also the open-market and affordable market residential uses (Demacon, 2023). All the proposed development options prioritise bays for business related uses and accessible parking bays, with the remainder of bays being available at a premium in Options 1A, 1B and 2, to either the residents or businesses on site, depending on each Option's residential mix and parking strategy.

The parking ratios suggested in the UDF (2021) could not be applied directly as a result of the subject sites' constraints and particularities of each option. These ratios are as follows:

- Business: 2 bays per 100 m<sup>2</sup> GLA
- Residential: 0,25 bays per studio  
0,5 bays per 1-bedroom unit  
0,75 bays per 2-bedroom unit

- The locations of vehicular access, loading bays and vertical circulation cores anticipate the needs and locations of the business uses on site, particularly for retail anchor tenants. In all the development options, it is proposed that these back-of-house functions are grouped along Prestwich Street, between the Soils Lab building and Buitengracht Street. It is proposed that the refuse areas, electrical substation, distribution room and metering rooms are located along Prestwich Street and/or within the basement close to Prestwich Street. It is assumed that the business / retail anchor tenants are likely to occupy the ground floor of the Buitengracht Street tower, as this section offers the largest uninterrupted ground floor area in most of the proposed development options.
- The inclusion of structured parking or basement parking informs the building footprints and envelopes in the following ways:
  - i. The parking level structure informs the structural grid of the building and therefore impacts the building width and typical residential unit dimensions. A structural grid of 8 meters (3 bays wide) x 20 meter building width was applied to parking levels, to account for 90 degree parking, a 2-way aisle and depth for structure, services or screening on either side. The available site depth is too shallow to provide a band of accommodation to act as a screen or to activate the street edge.

- ii. The Soils Lab building basement is too narrow and too low, ruling it out as a parking level. Similarly, the root bowls of the trees retained in the Soils Lab courtyard rule out basement parking to extend into the existing Soils Lab courtyard.
  - iii. The parking layout informs the location of vertical circulation cores, for example lifts must avoid the vehicular movement aisles and ramps.
  - iv. Vehicular ramps are also spatially divisive and disruptive to pedestrian movement. Therefore, vehicular access to the site is located off Prestwich Street, where it least impacts pedestrian movement around and through the site, in all the proposed development options.
  - v. Internal vehicular ramps are space extensive and challenging to accommodate in the narrow building footprint without reducing useable floor areas. Therefore, all options with basement parking look to avoid or reduce vehicular ramping by locating vehicular access on Prestwich Street, near the lowest point of the site.
- The location of vertical circulation cores coordinates the requirements of vertical movement, universal access, fire escape and the separate management of tenancies, where applicable. While the development option concepts do not fix or try to resolve fully its vertical circulation, each option tested potential locations of the vertical circulation cores due to the impact they have on building form, building setbacks, numbers of residential units and parking bays. The vertical circulation core requirements become more space extensive and sophisticated the higher the buildings become. The stepped building profile (prevalent in all development options) require that the vertical circulation strategies suit the height of the relevant building component, for example a building envelope not exceeding 4 storeys do not require lifts, whereas buildings above 30m high require a firemen's lift. The vertical circulation and fire safety requirements of the preferred development option will need to undergo resolution in future design development stages.

### **Qualifications and limitations relating to use**

Residential schemes favour narrow floorplates to provide the residential units with sufficient light and ventilation. On the typical floorplates of the conceptual development plan options, the residential units are accessed off an internal corridor. However, where the Option configuration allows, the lower-level residential floor plates (up to and including the 3<sup>rd</sup> floor) are arranged around an external courtyard with an external walkway to maximise lighting and cross ventilation. The Buitengracht Street tower is too tall and the site area too

constrained to permit the floorplate to have a central courtyard space (a “doughnut-shaped” configuration). Instead, in all options, the tower is arranged as a U-shape around a landscape court at first floor level.

In all options, the roof level storey (3.0m high) of the tower is set aside to accommodate building services, vertical circulation (lift headroom and fire escapes). The lower building components, along Somerset Road and Chiappini Street may also require services at roof level, to be resolved at a later stage. However, it is anticipated that these would be associated with the vertical circulation cores and can be screened and setback from the buildings' street facades.

The residential unit mix comprises mostly 2-bedroom units for the affordable housing component, and mostly studio units for the open-market components. Few 1-bedroom units are provided. As it is challenging to provide 2-bedroom units in the Buitengracht Street tower, the 2-bedroom units are prioritised in the Somerset Road and Chiappini Street wings. Accordingly, from a management perspective, there is the opportunity to assign the Buitengracht tower as the open-market component and the Somerset Road / Chiappini Street wings as the affordable housing component.

It is the intention to repurpose the historic Soils Lab building and its associated courtyard and integrate these uses to complement the programme of the new development, in line with the social and spatial transformation objectives while respecting the heritage value of the site. The conceptual development options did not test the specific needs or spatial implications of the proposed new uses (retail, co-working and community uses) or the Soils Lab building's ability to accommodate internal and external changes spatially or structurally. This will need to be explored in greater detail in the design development stages in the future. Presently it is understood from the heritage studies and building condition assessment of the PPTL Soils Lab building undertaken as part of the Contextual Analysis Report (2023) that the building is robust enough to manage adaptive re-use. However, there are inherent spatial limitations (for example the shallow depth of the building) and service limitations (few existing wet services cores) that affect the repurposing of the building. It is not appropriate to introduce a service intensive, high wear-and-tear use like housing to this historic building.

#### **3.1.4 Characteristics of the conceptual development options**

**Option 1A** tests a high bulk scenario where the building envelope is informed by the maximum parameters proposed in the Foreshore Gateway Vision and UDF (2021). The new building is arranged in a U-shape along the western perimeter of the site, with a maximum 54m high tower (approximately 16 storeys, excluding the basement level) along Buitengracht



Street and an approximately 26m high (approximately 8 storeys) wing along Somerset Road (instead of the maximum 25m proposed in the UDF report), stepping down along Chiappini Street to approximately 4 storeys. The new building has a zero or minimum setback along Buitengracht Street and Somerset Road. Above the 38m height, the Buitengracht Street tower steps gradually in accordance with the street setback requirements of maximum 8m at the tower's top floor. This gives the top of the tower a staggered pyramidal profile. The setback above 38m height is not possible along the Somerset Road face of the tower due to the proposed location of the vertical circulation in this location.

Option 1A adds floor area to the Soils Lab building by adding another storey to the building and a double storey pavilion in the courtyard. It is noted that it has not yet been established whether the existing historic building has the structural bearing capacity to accommodate another floor. It is proposed that the ground floor of the Soils Lab is repurposed for retail spaces, while the basement and proposed additional upper floor level are used as co-working office spaces. The proposed new double storey pavilion in the Soils Lab building courtyard is envisaged as a café or restaurant to support the business uses and residential tenants on site.

Option 1A's residential component is geared towards open-market with a 33% - 67%, affordable units to open-market unit split respectively, with the open-market units located in the Buitengracht Street tower. As the property market studies supported parking provision at a premium, to open-market and affordable units, Option 1A tests the space requirements of providing on-site parking relative to the residential unit mix, prioritising the open-market units. The standard MPBL parking requirements for apartments at 1,5 bays per unit for both occupants and visitors would be too space extensive to accommodate on the subject sites, therefore the parking ratio is adjusted in Option 1A to provide 1 bay per open-market unit and  $\pm 0,75$  parking bays per affordable units, including visitor parking. In addition, parking is provided at a ratio of 2 bays per 100m<sup>2</sup> GLA for the business-related uses as suggested in the UDF (2021). Accordingly, Option 1A should ideally aim for approximately 276 on-site parking bays.

Option 1A tests the provision of parking in upper-level structured parking at 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> floor level of the new buildings, and achieves 270 on-site parking bays. The upper floor parking levels are accessed via vehicular ramps that start at basement level off Prestwich Street. Alongside the ramps this part basement accommodates building services and vertical circulation.

Option 1A has a gross floor area (GFA), including all new and existing buildings, the part basement, parking and service levels, of  $\pm 31\,762$  m<sup>2</sup> of which the residential area (excluding residential support areas) accounts for  $\pm 15\,199$  m<sup>2</sup> or  $\pm 230$  units. The residential units are

accommodated in the 4<sup>th</sup> to 14<sup>th</sup> floor. The staggered profile of the top 30% of the tower results in the residential units per floor reducing from approximately 16 units per typical floor level to 8 units at the top residential floor level.

**Option 1B** is similar to Option 1A in all respects, except for the following:

- In Option 1B, the three upper floor residential parking levels is replaced by three floors of residential units. Consequently, Option 1B achieves 352 residential units compared to Option 1A's 230 units and the building height along Somerset Road is somewhat lower due to the typical residential storey height being slightly lower than the height of a typical parking level.
- Option 1B has a full, single basement parking level, with approximately 87 parking bays. 65 of these bays are allocated to business-related uses, with the remainder of bays available for universally accessible parking bays to serve the scheme and excess bays to be rented out to residents or business tenants.
- As a result of the addition of the basement level, Option 1B has a larger GFA than Option 1A, namely ±33 583 m<sup>2</sup> of which 24 388 m<sup>2</sup> is residential (excluding residential support areas).

**Options 2 and 3** both present medium bulk building envelopes for the new buildings primarily informed by the findings of the Contextual Analysis report (June 2023). However, while moderate in bulk, Option 2 adds floor area to the Soils Lab building by adding another storey to the building and a single storey pavilion in the courtyard. This moderate approach extends to the Soils Lab building in Option 3, which is retained as a single storey building (no additional floors) around the existing courtyard. In both these options, it is proposed to re-use the Soils Lab ground floor for community uses and the basement as a co-working environment. In Option 2 it is proposed that there is a single storey pavilion or extension in the Soils Lab Courtyard, also earmarked for community use, while in Option 3 the courtyard is envisaged as a soft landscaped space.

**Option 2** comprises a tower of 12 storeys (excluding the basement) with a maximum height of 40m (measured at the average finished sidewalk level along Buitengracht Street). Again, the new building has a zero or minimum setbacks along Buitengracht Street and Somerset Road, informed by the space extent of the parking level. The roof services level (higher than 38m) is set back along Buitengracht Street to differentiate it from residential floors below.

Option 2 has 7 storeys (excluding the basement) along Somerset Road, and steps down to 4 storeys (excluding the basement) at the corner of Somerset Road and Chiappini Street. 89 bays on-site parking (prioritising business tenants and universally accessible bays for visitors or tenants in the scheme) is provided in a single basement parking level accessed off Prestwich

Street. The residential units of the 4-storey building component are arranged around an external landscaped courtyard. Overall, Option 2 has a GFA of ±29 759 m<sup>2</sup> of which ±20 268 m<sup>2</sup> is residential (excluding residential support areas) (292 units).

**Option 3** is similar to Option 2 in the heights assigned to the Buitengracht Street, Somerset Road and Chiappini Street components. The main difference between the two medium bulk options is that Option 3 only has a partial basement under the tower on Buitengracht Street, with 8 parking bays to support the business uses on site and accommodate universally accessible bays for visitors or tenants in the scheme. The basement further houses building and site services.

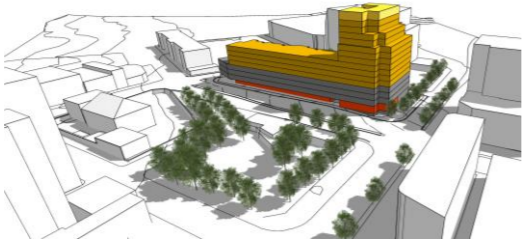
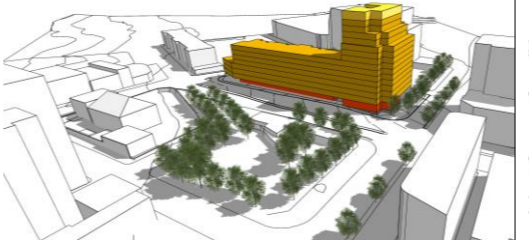


The omission of a full basement frees up the layout of Option 3 to have more efficient floorplates and greater freedom in the placement of the new buildings. Option 3 has a GFA of ±23 377 m<sup>2</sup> (less than Option 2) and achieves 310 residential units (greater than Option 2). Without the full basement, Option 3 responds to the street interfaces more positively. The new building is set back along its street edges to allow for trees within the site boundary, and at ground floor, the business areas are setback along Buitengracht Street and Somerset Road to create covered walkways.

Lastly, Option 3 differs from Options 1A, and 2 in that its configuration and lack of full basement makes it possible to retain the established Peruvian Pepper Tree along Somerset Road. The space required around and above the tree creates a break between the Buitengracht Street tower and the building along Somerset Road, allowing views into the internal court of the scheme.

**Options 3A, 4 and 5** are identical to Option 3 in design and their building envelopes but differ in the feasibility modelling of the residential unit mix (refer section 3.2 and Table 3.2, below). Whereas Option 3 is based on a residential mix of 61% - 39% split between affordable and open market units, with the affordable housing in the Somerset Road / Chiappini wings and the open-market units in the Buitengracht tower, Option 3A models a 50%-50% affordable vs open-market split across all unit types. Option 4 earmarks all residential units as social housing, whereas Option 5 earmarks all residential units as affordable housing for feasibility modelling purposes.

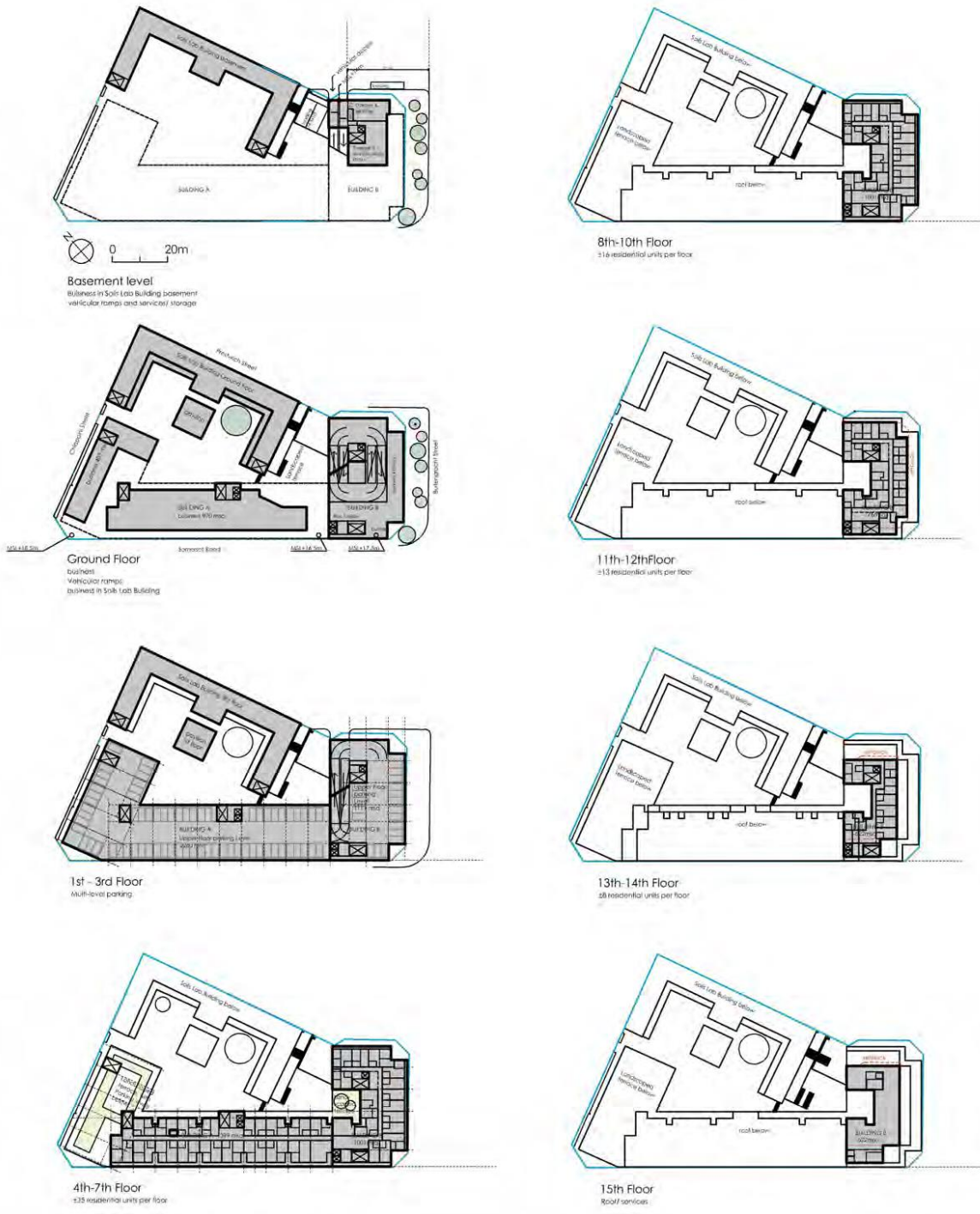
Table 3.1 below summarises the informants and details of the four options including numbers of residential units, floor areas and parking bays. Thereafter indicative floor layouts, building envelopes and three-dimensional images of Options 1A, 1B, 2 and 3 are presented bearing in mind that Options 3A, 4 and 5 are the same from a design and building envelope perspective but are variations on Option 3 from a financial modelling perspective.

**Table 3.1: PPTL Proposed Conceptual Development Plan Options**

	Option 1A: High Bulk with structured parking above ground	Option 1B: High Bulk with full basement	Option 2: Medium Bulk with full basement	Options 3, 3A, 4 and 5: Medium Bulk with limited basement				
								
<b>Total max building height and storeys</b>	<ul style="list-style-type: none"> <li>• <b>Max Height: (54m)</b></li> <li>• <b>16 storeys</b> on Buitengracht Street including roof service level but excluding part basement</li> <li>• <b>4-8 storeys</b> along Somerset Road / Chiappini Street</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Max Height: (54m)</b></li> <li>• <b>16 storeys</b> on Buitengracht Street including roof service level but excluding basement</li> <li>• <b>4-8 storeys</b> along Somerset Road/Chiappini Street</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Max Height: (40m)</b></li> <li>• <b>12 storeys</b> on Buitengracht Street including roof service level but excluding basement</li> <li>• <b>4-7 storeys</b> along Somerset Road / Chiappini Street</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Max Height: (40m)</b></li> <li>• <b>12 storeys</b> on Buitengracht Street including roof service level but excluding basement</li> <li>• <b>4-7 storeys</b> along Somerset Road / Chiappini Street</li> </ul>				
<b>Attitude to streetscape</b>	<ul style="list-style-type: none"> <li>• Zero or limited setbacks to property boundaries</li> <li>• Above 38m height, tapered setbacks from street boundaries apply</li> <li>• Ground floor retail setback along Somerset Road and Somerset Road / Chiappini Street intersection.</li> <li>• Parking at 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> floor. No space for tree planting along street edges due to parking levels extent.</li> <li>• Existing trees within road reserve along Buitengracht Street to be retained.</li> </ul>	<ul style="list-style-type: none"> <li>• Zero or limited setbacks to property boundaries</li> <li>• Above 38m height, tapered setbacks from street boundaries apply</li> <li>• Ground floor retail setback along Somerset Road and Somerset Road / Chiappini Street intersection.</li> <li>• No space for tree planting along street edges due to basement extent</li> <li>• Existing trees within road reserve along Buitengracht Street to be retained.</li> </ul>	<ul style="list-style-type: none"> <li>• Zero or limited setbacks to property boundaries</li> <li>• Above 38m height, tapered setbacks from street boundaries apply</li> <li>• Ground floor retail setback along Somerset Road and Somerset Road / Chiappini Street intersection.</li> <li>• No space for tree planting along street edges due to basement extent</li> <li>• Existing trees within road reserve along Buitengracht Street to be retained.</li> </ul>	<ul style="list-style-type: none"> <li>• Ground floor retail setback along Buitengracht Street, Somerset Road and the Somerset Road / Chiappini Street intersection.</li> <li>• New buildings are set back along Buitengracht Street, Somerset Road and Chiappini Street to allow for new tree planting along street edges with the following objectives: <ul style="list-style-type: none"> <li>- To reinforce the existing tree planting along Buitengracht Street and contribute to maintaining the route's scenic quality.</li> <li>- To complement the public green space quality of Prestwich Memorial Park.</li> <li>- To soften the street edges of the development and improve the pedestrian experience.</li> </ul> </li> </ul>				
<b>Peruvian Pepper Tree</b>	<ul style="list-style-type: none"> <li>• The tree is removed</li> </ul>	<ul style="list-style-type: none"> <li>• The tree is removed</li> </ul>	<ul style="list-style-type: none"> <li>• The tree is removed</li> </ul>	<ul style="list-style-type: none"> <li>• The tree is retained</li> </ul>				
<b>Use of existing Soils Lab Building</b>	<ul style="list-style-type: none"> <li>• Use ground floor for <b>retail</b></li> <li>• Use existing basement for <b>co-working office environment</b></li> <li>• Add additional storey to existing building for <b>business use including co-working office environment</b></li> <li>• Add new 2 storey pavilion for <b>restaurant, cafes etc.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Use ground floor for <b>retail</b></li> <li>• Use existing basement for <b>co-working office environment</b></li> <li>• Add additional storey to existing building for business use including <b>co-working office environment</b></li> <li>• Add new 2 storey pavilion for <b>restaurant, cafes etc.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Use the ground floor for <b>retail</b></li> <li>• Use existing basement for <b>community / non-residential purposes</b></li> <li>• Add additional storey to the existing building for business use including <b>co-working office environment</b></li> <li>• Add new pavilion for <b>community / non-residential purposes</b></li> </ul>	<ul style="list-style-type: none"> <li>• Use ground floor for <b>retail</b></li> <li>• Use existing basement for <b>community / non-residential purposes</b></li> </ul>				
<b>Total Gross Floor Area (new &amp; existing incl. basements, parking and service levels)</b>	<ul style="list-style-type: none"> <li>• <b>±31 762 m² GFA</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>±33 583 m² GFA</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>±29 759 m² GFA</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>±23 377² GFA</b></li> </ul>				
<b>Coverage:</b>	<ul style="list-style-type: none"> <li>• <b>65%</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>62%</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>64%</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>56%</b></li> </ul>				
<b>Gross Floor Area: Parking and vehicular circulation</b>	<ul style="list-style-type: none"> <li>• Parking / vehicular circulation GFA: 11 212 m², comprising: <ul style="list-style-type: none"> <li>• Part basement (services / circulation): 403 m²</li> <li>• Ground floor vehicular circulation: 636 m²</li> <li>• Upper level parking/vehicular circulation: 10173m²</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Basement Parking / vehicular circulation/ services GFA: 3 391 m²</li> </ul>	<ul style="list-style-type: none"> <li>• Basement Parking / vehicular circulation/ services GFA: 3 520 m²</li> </ul>	<ul style="list-style-type: none"> <li>• Basement with services and limited parking GFA: 970 m²</li> </ul>				
<b>Gross Lettable Areas for 'Business related uses' comprising:</b>	<ul style="list-style-type: none"> <li>• Retail (shops, restaurants, cafes etc.)</li> <li>• Office (co-working and community uses)</li> </ul>	<ul style="list-style-type: none"> <li>• Retail: 2 252 m² GLA</li> <li>• Office: 1 558 m² GLA</li> </ul>	<ul style="list-style-type: none"> <li>• Retail: 2 233 m² GLA</li> <li>• Office: 1 558 m² GLA</li> </ul>	<ul style="list-style-type: none"> <li>• Retail: 2139m² GLA</li> <li>• Office: 779m² GLA</li> </ul>				
<b>Gross Floor Area: Residential</b>	<ul style="list-style-type: none"> <li>• Residential GFA: 15 199 m²</li> <li>• Residential support area at ground floor GFA: 837 m²</li> </ul>	<ul style="list-style-type: none"> <li>• Residential GFA: 24 388 m²</li> <li>• Residential support area at ground floor GFA: 565 m²</li> </ul>	<ul style="list-style-type: none"> <li>• Residential GFA: 20 268 m²</li> <li>• Residential support area at ground floor GFA: 463 m²</li> </ul>	<ul style="list-style-type: none"> <li>• Residential GFA: 17 737 m²</li> <li>• Residential support area at ground floor GFA: 447 m²</li> </ul>				
<b>Total Residential units Gross Density:</b>	<ul style="list-style-type: none"> <li>• <b>Total units: 230</b></li> <li>• <b>344 du/ ha</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Total units: 352</b></li> <li>• <b>526 du/ha</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Total units: 292</b></li> <li>• <b>436 du/ha</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Total units: 310</b></li> <li>• <b>463 du/ha</b></li> </ul>				
<b>Unit Type Mix</b>	<ul style="list-style-type: none"> <li>• <b>Somerset Road Block; 76</b> Studios: 8 1bdm: 12 2brm: 56 (74% of units in the block)</li> <li>• <b>Buitengracht Street Tower: 154</b> Studios: 59 1bdm: 48 2brm: 47 (31% of units in the block)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Somerset Road Block: 150</b> Studios: 6 1bdm: 21 2brm: 123 (82% of units in the block)</li> <li>• <b>Buitengracht Street Tower: 202</b> Studios: 80 1bdm: 60 2brm: 62 (31% of units in the block)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Somerset Road Block: 132</b> Studios: 3 1bdm: 3 2brm: 126 (95% of units in the block)</li> <li>• <b>Buitengracht Street Tower: 160</b> Studios: 90 1bdm: 30 2brm: 40 (25% of units in the block)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Somerset Road Block: 120</b> Studios: 6 1bdm: 0 2brm: 114 (95% of units in the block)</li> <li>• <b>Buitengracht Street Tower: 190</b> Studios: 120 1bdm: 20 2brm: 50 (26% of units in the block)</li> </ul>				
<b>Affordable vs Open Market vs Social Housing Split (as per above mix's distribution with open market units located in tower block)</b>	<ul style="list-style-type: none"> <li>• Affordable: 33%</li> <li>• Market: 67%</li> </ul>	<ul style="list-style-type: none"> <li>• Affordable: 43%</li> <li>• Market: 57%</li> </ul>	<ul style="list-style-type: none"> <li>• Affordable: 45%</li> <li>• Market: 55%</li> </ul>	<table border="1"> <tr> <td><b>Option 3:</b> Affordable: 39% Market: 61%</td> <td><b>Option 3A:</b> Affordable: 50% Market: 50%</td> <td><b>Option 4:</b> 100% Social</td> <td><b>Option 5:</b> 100% Affordable</td> </tr> </table>	<b>Option 3:</b> Affordable: 39% Market: 61%	<b>Option 3A:</b> Affordable: 50% Market: 50%	<b>Option 4:</b> 100% Social	<b>Option 5:</b> 100% Affordable
<b>Option 3:</b> Affordable: 39% Market: 61%	<b>Option 3A:</b> Affordable: 50% Market: 50%	<b>Option 4:</b> 100% Social	<b>Option 5:</b> 100% Affordable					
<b>Parking provision:</b>	<ul style="list-style-type: none"> <li>• Parking in 3 x levels above ground level</li> <li>• Total of <b>270 bays</b> on site</li> <li>• Loading bays: 1-2 on-street</li> </ul>	<ul style="list-style-type: none"> <li>• Parking in 1 x basement level</li> <li>• Total of <b>87 bays</b> on site</li> <li>• Loading bays: 1-2 on-street</li> </ul>	<ul style="list-style-type: none"> <li>• Parking 1 x basement level</li> <li>• Total of <b>89 bays</b> on site</li> <li>• Loading bays: 1-2 on-street</li> </ul>	<ul style="list-style-type: none"> <li>• Limited parking in part basement</li> <li>• Total of <b>8 bays</b> on site</li> <li>• Loading bays: 1-2 on-street</li> </ul>				
<b>Parking breakdown per use:</b>	<ul style="list-style-type: none"> <li>• Business: 65 bays</li> <li>• Residential: 205 bays</li> </ul>	<ul style="list-style-type: none"> <li>• Business: 65 bays</li> <li>• Additional parking: 22 bays</li> <li>• Residential: no on-site parking provided, except for accessible parking bays</li> </ul>	<ul style="list-style-type: none"> <li>• Business: 82 bays</li> <li>• Additional parking: 7 bays</li> <li>• Residential: no on-site parking provided, except for accessible parking bays</li> </ul>	<ul style="list-style-type: none"> <li>• 8 on-site bays provided for business and accessible parking bays</li> </ul>				

## Option 1A





**Option 1A High Bulk:** Schematic floor plans 25 July 2023

**Floor areas of new building:**

Basement service area - 403 msq  
 Ground floor business - 1852 msq  
 ground floor vehicular ramps - 636 msq  
 Upper floor parking - 10173 msq  
 Residential floor area: - 15199 msq  
 Roof services area - 522 msq  
**Total new floor area: 28 785 msq**

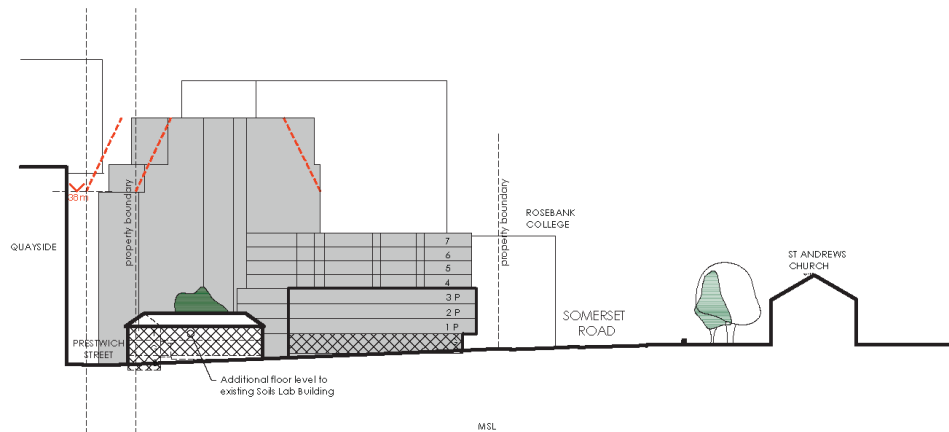
**Floor areas of existing building:**

Soils Lab Basement - 842 msq  
 Soils Lab Ground Floor - 1029 msq  
 Additional floor to Soils Lab - 842 msq  
 Additional Double storey pavilion - 264 msq  
**Total floor area - Soils Lab: 2977 msq**

**TOTAL FLOOR AREA: 31 762 MSQ**

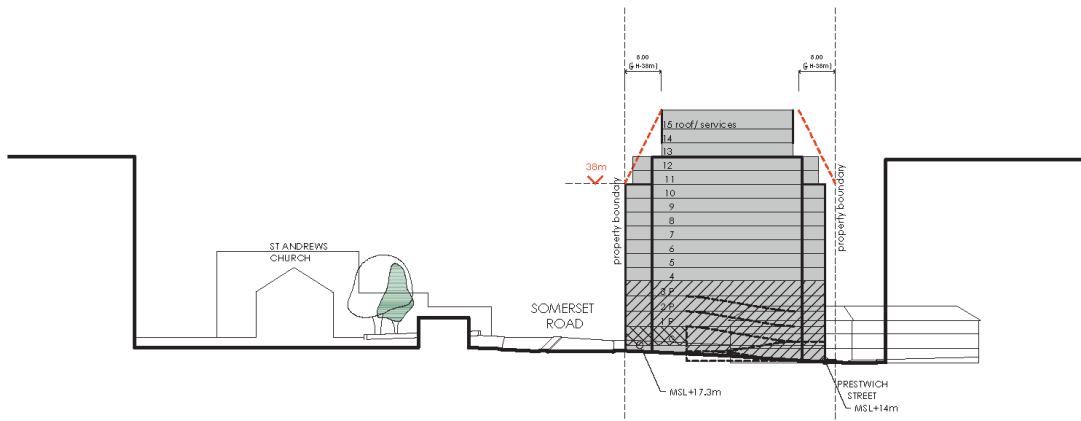
**Residential units: 230 no's**

**Parking bays - 270 (excl. loading bays)**



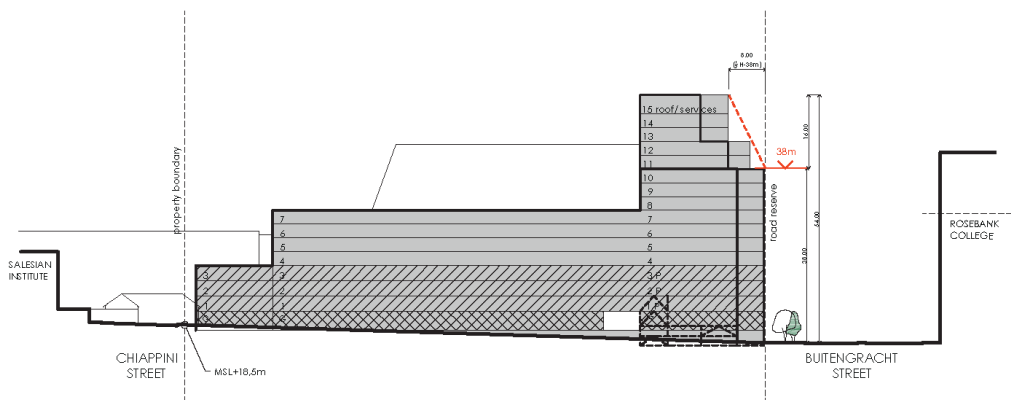
Chiappini Street elevation

0 20m



Buitengracht Street Elevation

0 20m



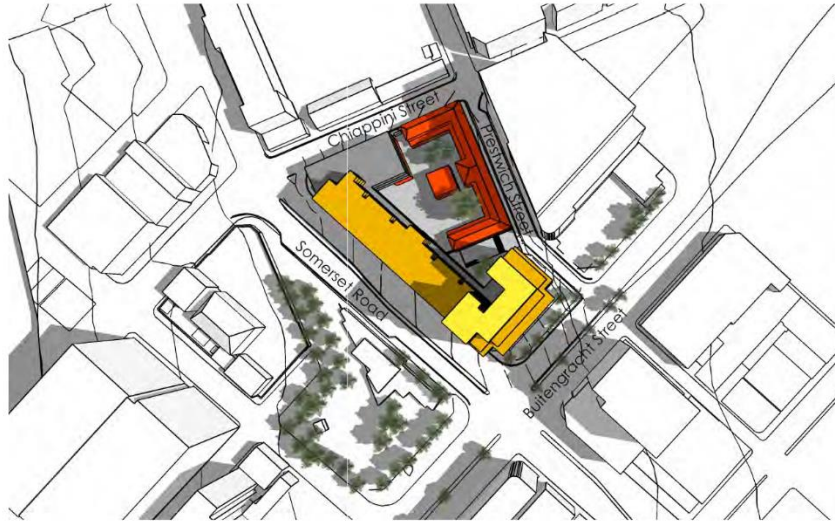
Somerset Road Elevation

0 20m

**Schematic Building Envelope  
Option 1A High Bulk**  
25 July 2023

**OPTION 1A 3-DIMENSIONAL IMAGES**

View 1. Plan view



View 2. View at Buitengracht Street and Somerset Road intersection



View 3. View at Somerset Road and Chiappini Street intersection

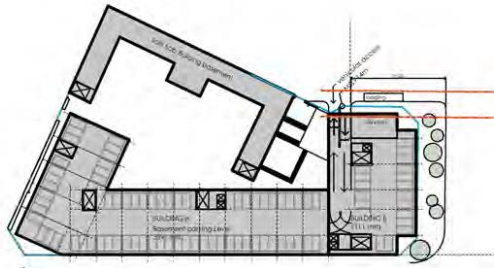


View 4. View at Chiappini Street and Prestwich Street intersection

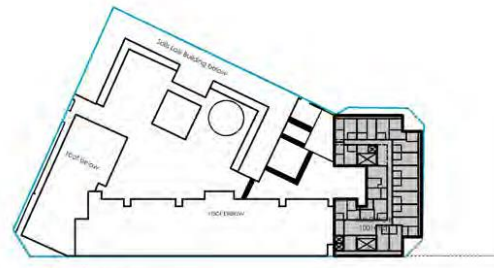


## Option 1B

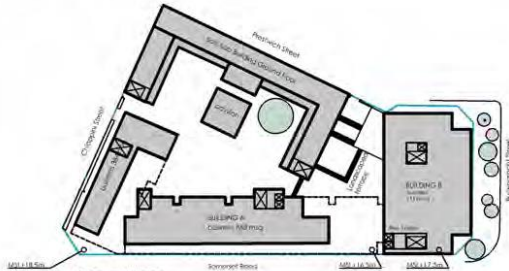




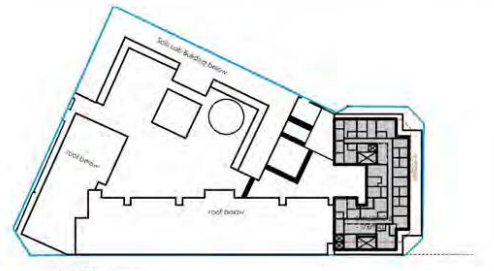
**Basement level**  
Business in Soils Lab Building basement  
vehicular ramps and servicing storage



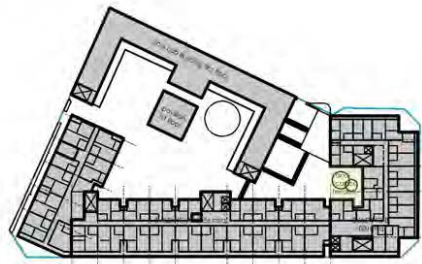
**8th-10th Floor**  
116 residential units per floor



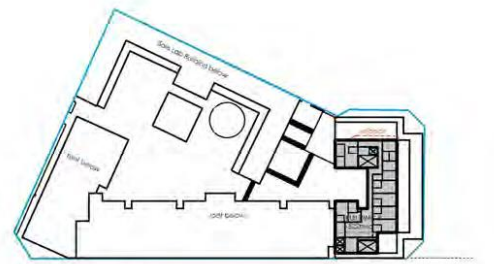
**Ground Floor**  
Business  
vehicular ramps  
business in Soils Lab Building



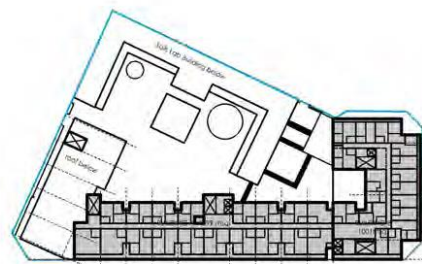
**11th-12th Floor**  
113 residential units per floor



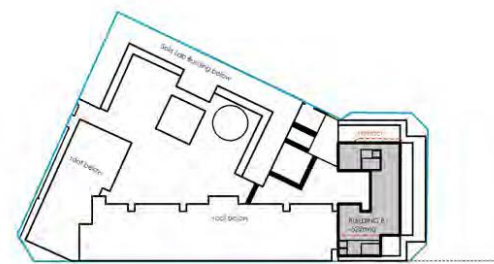
**1st - 3rd Floor**  
42 residential units per floor



**13th-14th Floor**  
58 residential units per floor



**4th-7th Floor**  
34 residential units per floor



**15th Floor**  
Roof services

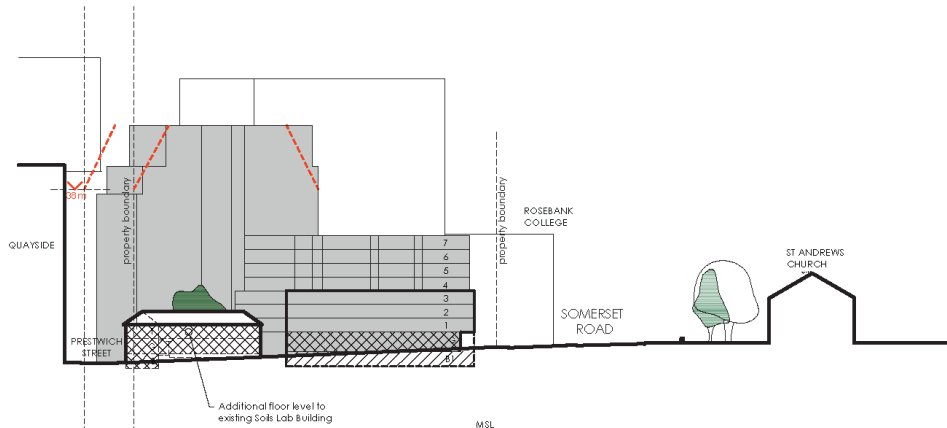
**Option 1B High Bulk: Schematic floor plans**

25 July 2023

**Floor areas of new building:**  
Basement parking level - 3391 msq  
Ground floor business - 2355 msq  
Residential floor area: - 24 388 msq  
Roof services area - 522 msq  
**Total new floor area: 30606 msq**

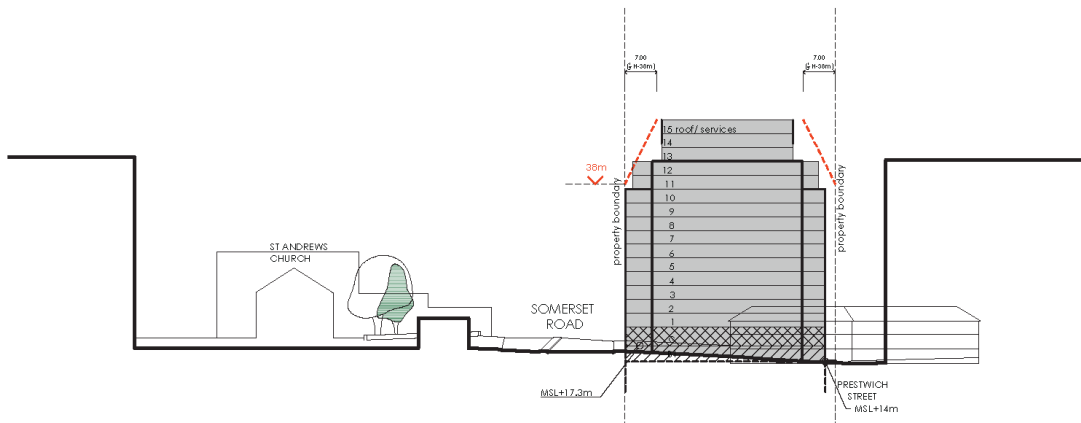
**Floor areas of existing building:**  
Soils Lab Basement - 842 msq  
Soils Lab Ground Floor - 1029 msq  
Additional floor to Soils Lab - 842 msq  
Additional Double storey pavilion - 264 msq  
**Total floor area - Soils Lab: 2977 msq**

**TOTAL FLOOR AREA: 33 583 MSQ**  
**Residential units: 352 no's**  
**On-site parking bays - 87**



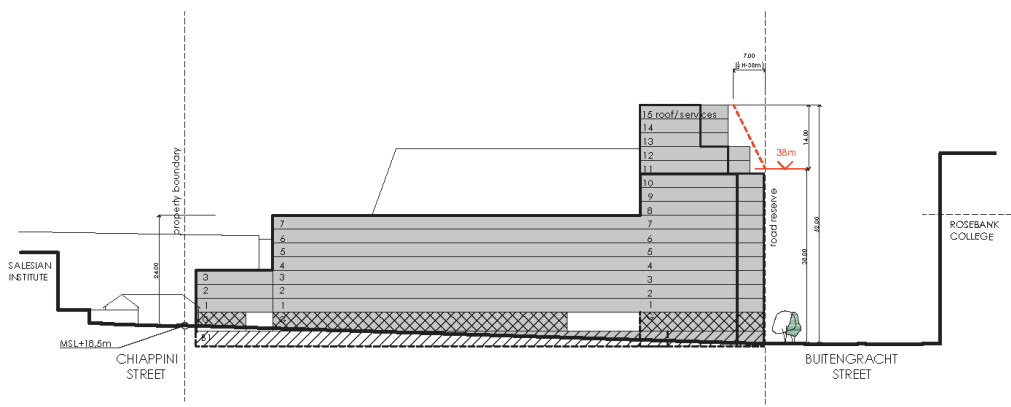
Chiappini Street elevation

0 20m



Buitengracht Street Elevation

0 20m



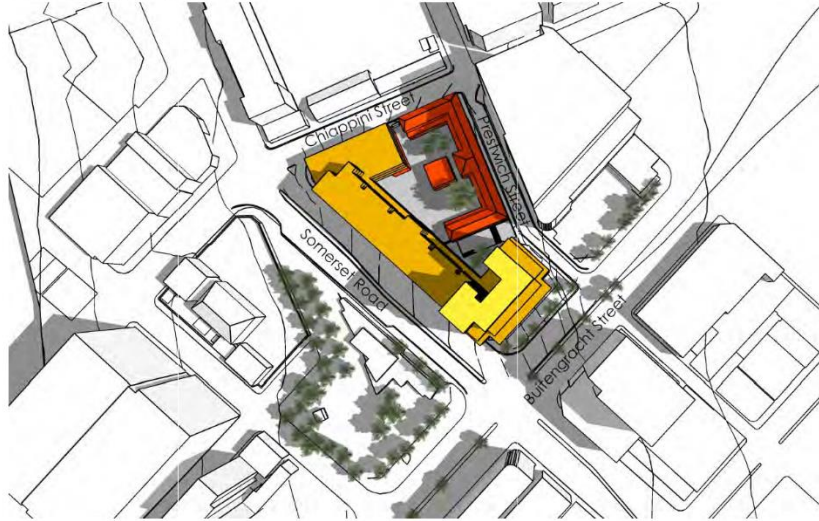
Somerset Road Elevation

0 20m

**Schematic Building Envelope  
Option 1B High Bulk**  
25 July 2023

### OPTION 1B 3-DIMENSIONAL IMAGES

View 1. Plan view



View 2. View at Buitengracht Street and Somerset Road intersection



View 3. View at Somerset Road and Chiappini Street intersection

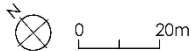
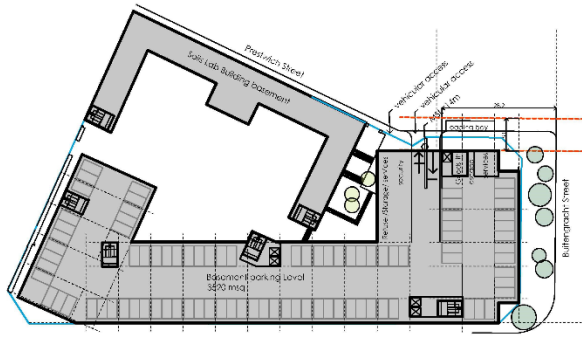


View 4. View at Chiappini Street and Prestwich Street intersection



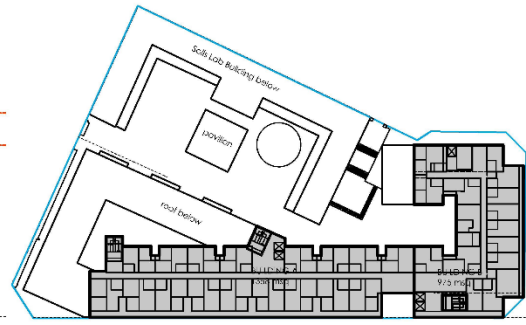
## Option 2





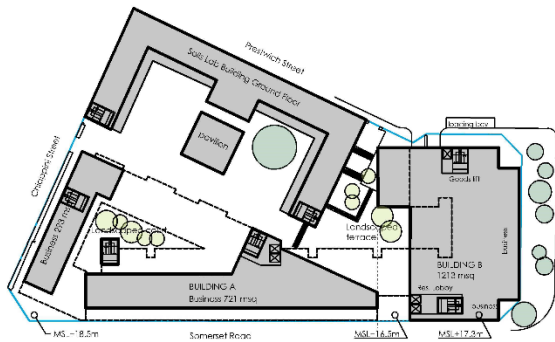
**Basement level**

Community use in Soils Lab Building basement  
vehicular ramps and services/ storage



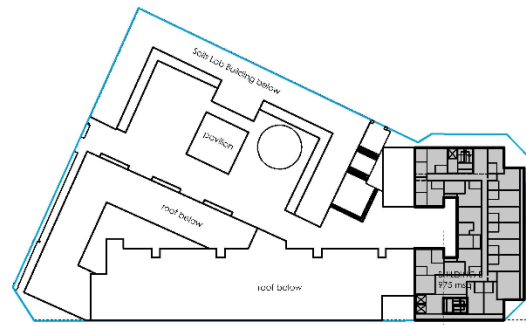
**4th-6th Floor**

±33 residential units per floor



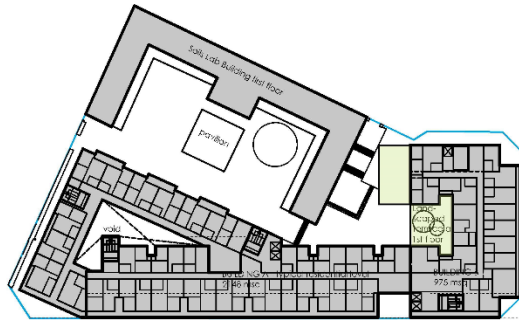
**Ground Floor**

Business  
Community Use in Soils Lab Building



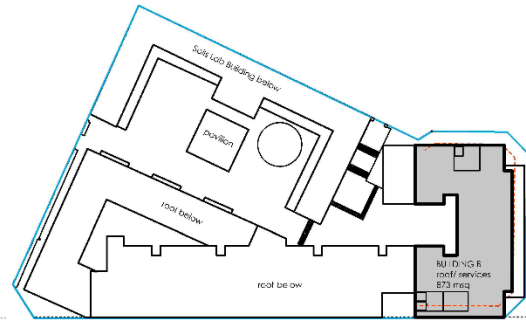
**7th-10th Floor**

±16 residential units per floor



**1st - 3rd Floor**

±43 residential units



**11th Floor**

Roof / services

**Option 2 Medium Bulk:**

Schematic floor plans  
29 August 2023

**Floor areas of new building:**

Basement parking	- 3520 msq
Ground floor business	- 2253 msq
Residential floor area:	- 20268 msq
Roof services area	- 873 msq
<b>Total new floor area:</b>	<b>26914 msq</b>

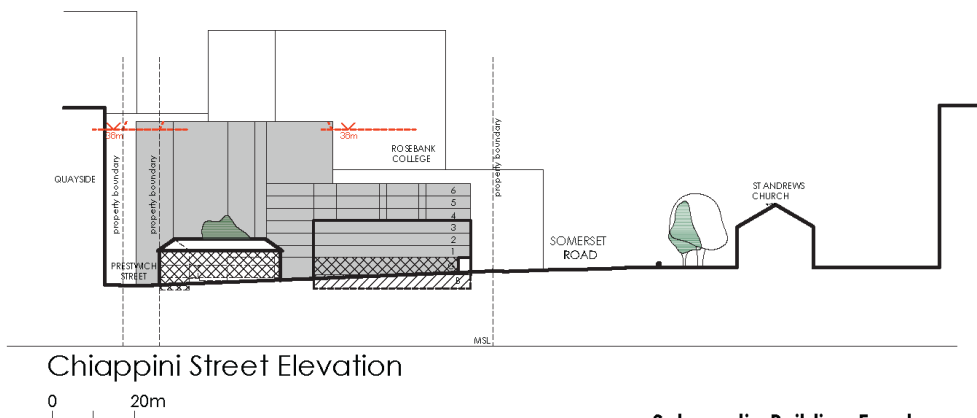
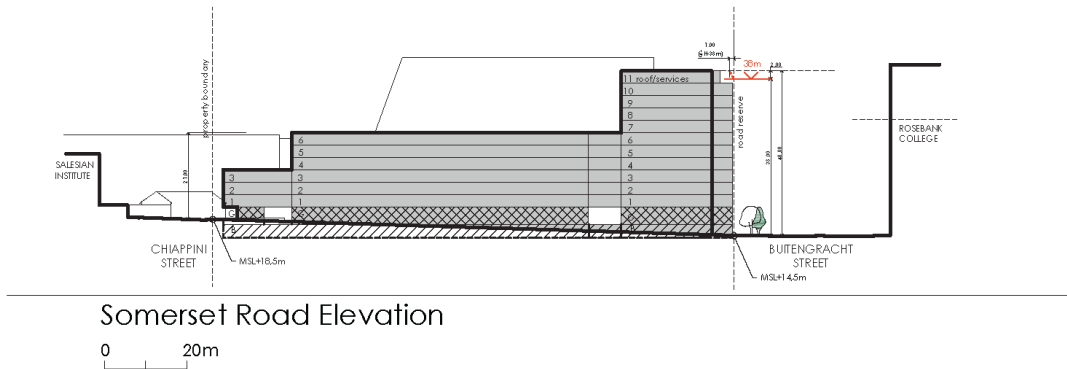
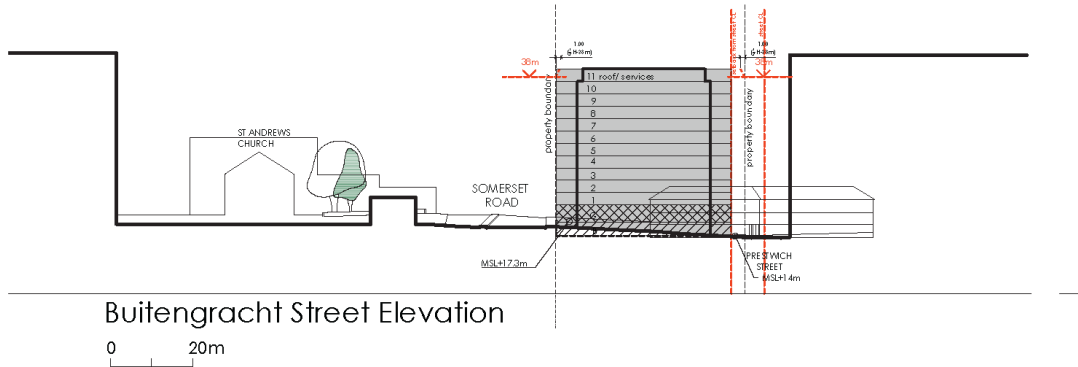
**Floor areas of existing building:**

Soils Lab Basement	- 842 msq
Soils Lab Ground Floor	- 1029 msq
Soils Lab First floor	- 842 msq
Additional pavilion	- 132 msq
<b>Total floor area - Soils Lab:</b>	<b>2845 msq</b>

**TOTAL FLOOR AREA: 29 759 MSQ**

**Residential units: 292 no's**

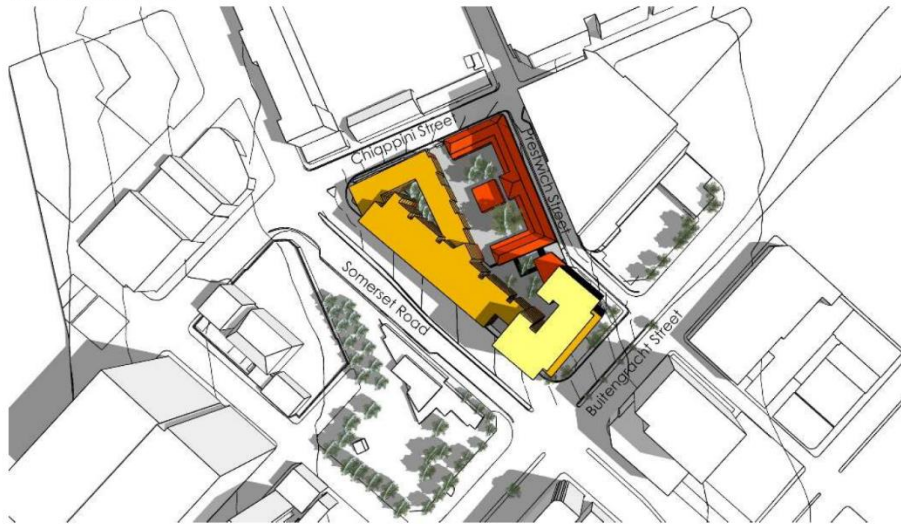
**Parking bays - 89 (excl. loading bays)**



**Schematic Building Envelope  
Option 2 Medium Bulk  
29 August 2023**

**OPTION 2 3-DIMENSIONAL IMAGES**

View 1. Plan view



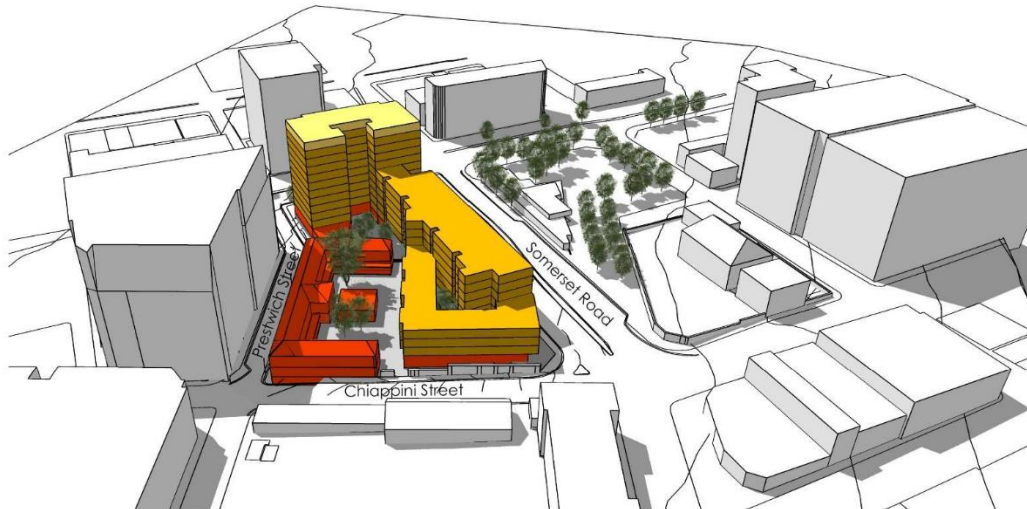
View 2. View at Buitengracht Street and Somerset Road intersection



View 3. View at Somerset Road and Chiappini Street intersection

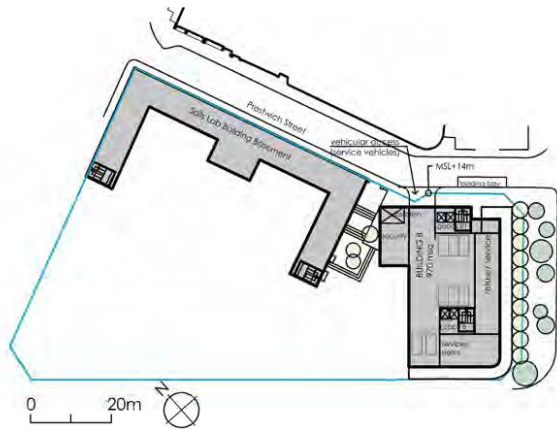


View 4. View at Chiappini Street and Prestwich Street intersection

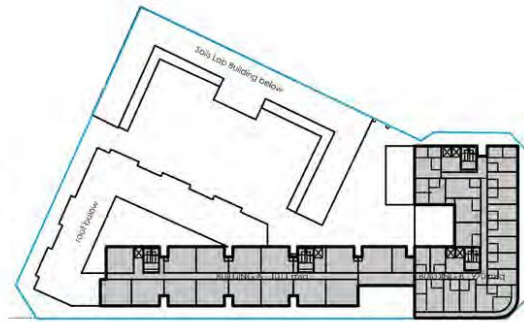


## Option 3

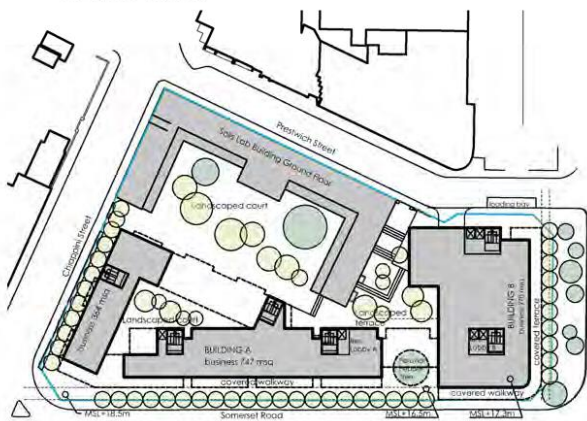




**Basement level**  
Community Use in Soils Lab Building basement  
Loading and services/ storage

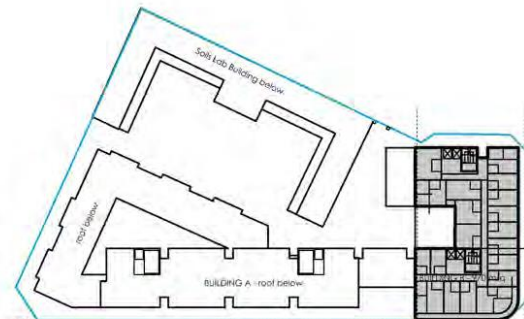


**4th-6th Floor**  
35 residential units per floor

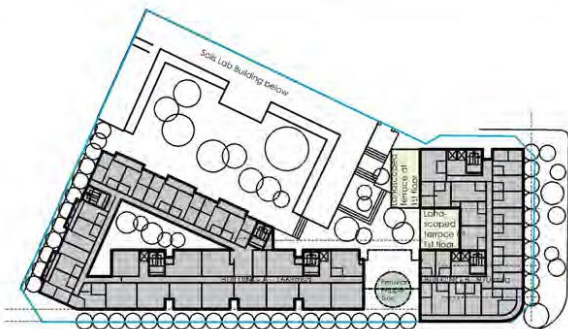


**Ground Floor**

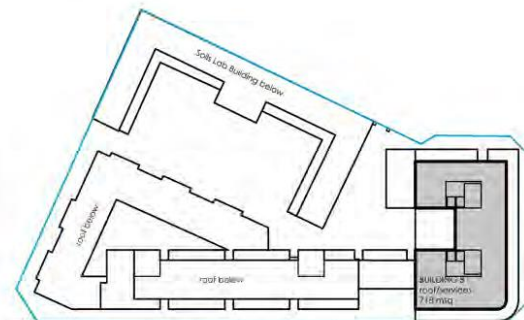
business  
Community Use in Soils Lab Building  
Peruvian Pepper tree retained  
Tree street interfaces



**7th-10th Floor**  
±19 residential units per floor



**1st - 3rd Floor**  
43 residential units per floor



**11th Floor**  
services / roof

**Option 3 Medium Bulk: Schematic floor plans**  
25 July 2023

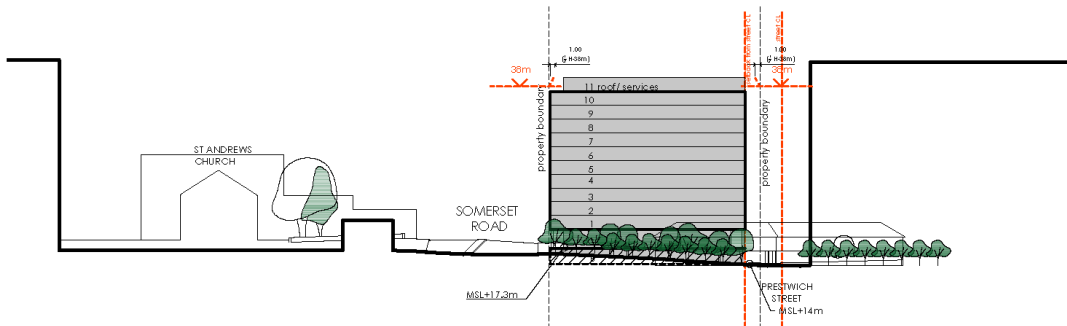
**Floor areas of new building:**  
Basement service area - 970 msq  
Ground floor business - 2 081 msq  
Residential floor area: - 17 737 msq  
Roof services area B - 718 msq  
**Total new floor area: 21 506 msq**

**Floor areas of existing building:**  
Soils Lab Basement - 842 msq  
Soils Lab Ground Floor - 1029 msq  
**Total floor area - Soils Lab: 1871 msq**

**TOTAL FLOOR AREA: 23 377 MSQ**

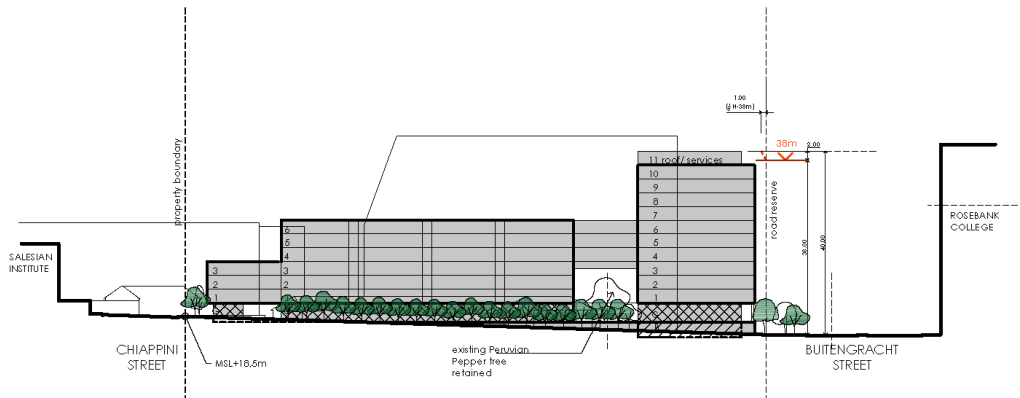
**Residential units: 310 no's**

**Parking bays - Only loading and service-related parking provided**



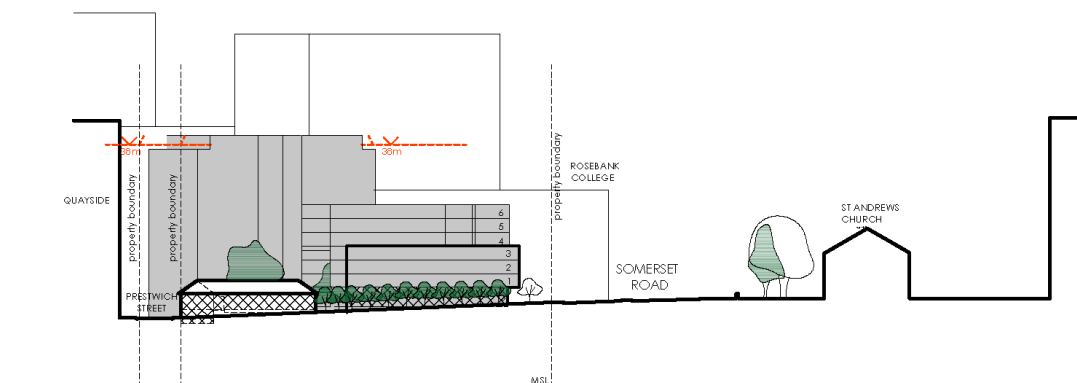
Buitengracht Street Elevation

0 20m



Somerset Road Elevation

0 20m



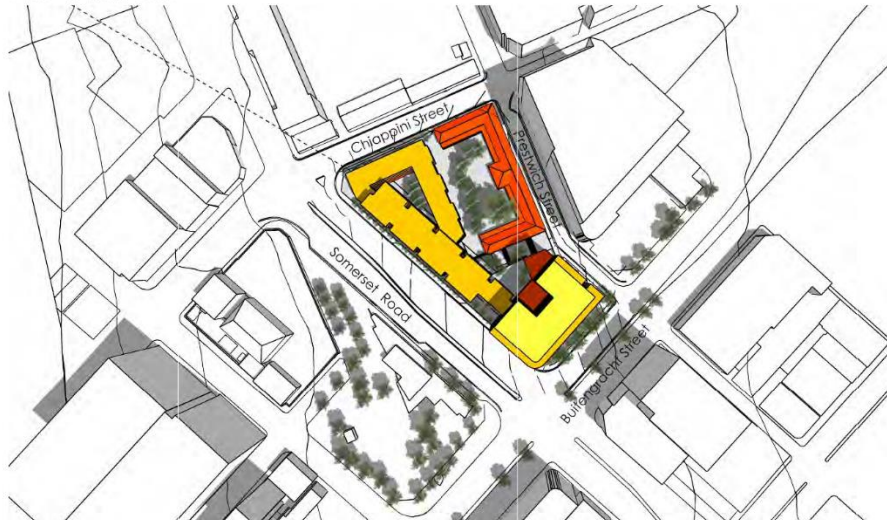
Chiappini Street Elevation

0 20m

**Schematic Building envelope  
Option 3 Medium Bulk**  
25 July 2023

**OPTION 3 3-DIMENSIONAL IMAGES**

View 1. Plan View



View 2. View at Buitengracht Street and Somerset Road intersection





View 3. View at Somerset Road and Chiappini Street intersection



View 4. View at Chiappini Street and Prestwich Street intersection



## 3.2 Financial Feasibility

### 3.2.1 Background

The Demacon Market Assessment Report (Appendix 2) outlines that the development context of the market area has shown a continued focus on high density mixed-use buildings that integrate a combination of residential offerings, retail services, business spaces including co-working office space and personal service offerings.

Furthermore, the subject sites are located within a mixed-use intensification zone that, according to the DSDF, should ideally focus on mixed and integrated development options (residential, retail, office, services) at higher densities as part of the development aspiration of the CBD and its immediate suburbs. The Demacon report cites the CoCT's Densification policy which also stipulates that the location of the subject sites is such that it could target densities of between 100 and 340 units per hectare. According to Table 3.1, the gross densities for all options range between 344 and 526 du's/ha.

Against this background, the financial modelling explored the development options presented in Table 3.1 above, which includes mixed use residentially led with retail and small-scale co-working offices, common to all permutations, and with a mix of parking provision, open market residential, affordable residential and social residential units varying for each option.

### 3.2.2 Land Valuation Approach

The financial model applied a rental income and valued the land using the Residual Land Value (RLV) approach, which considers income and expense data relating to the property being valued, and estimates value through a first-year rental income capitalisation process.

The main purpose of this method is to value the potential of land in the absence of suitable comparable sales and considers the eventual value after the development has been completed. By deducting the capital cost of such a development, the remaining amount (or residual amount) is the amount that a third-party or developer would be prepared to pay for such a property in order to obtain the predetermined investment return from the proposed development.

### 3.2.3 Highest and Best Use Option

The Summary of Options as depicted in Table 3.2 read with Appendix 1, rates **Option 3** as the option that delivers the highest yield on the land value. This option of 310 residential units has



a blend of open market rental (61%) and affordable (39%) rental units, with minimal parking (8 bays) on site.

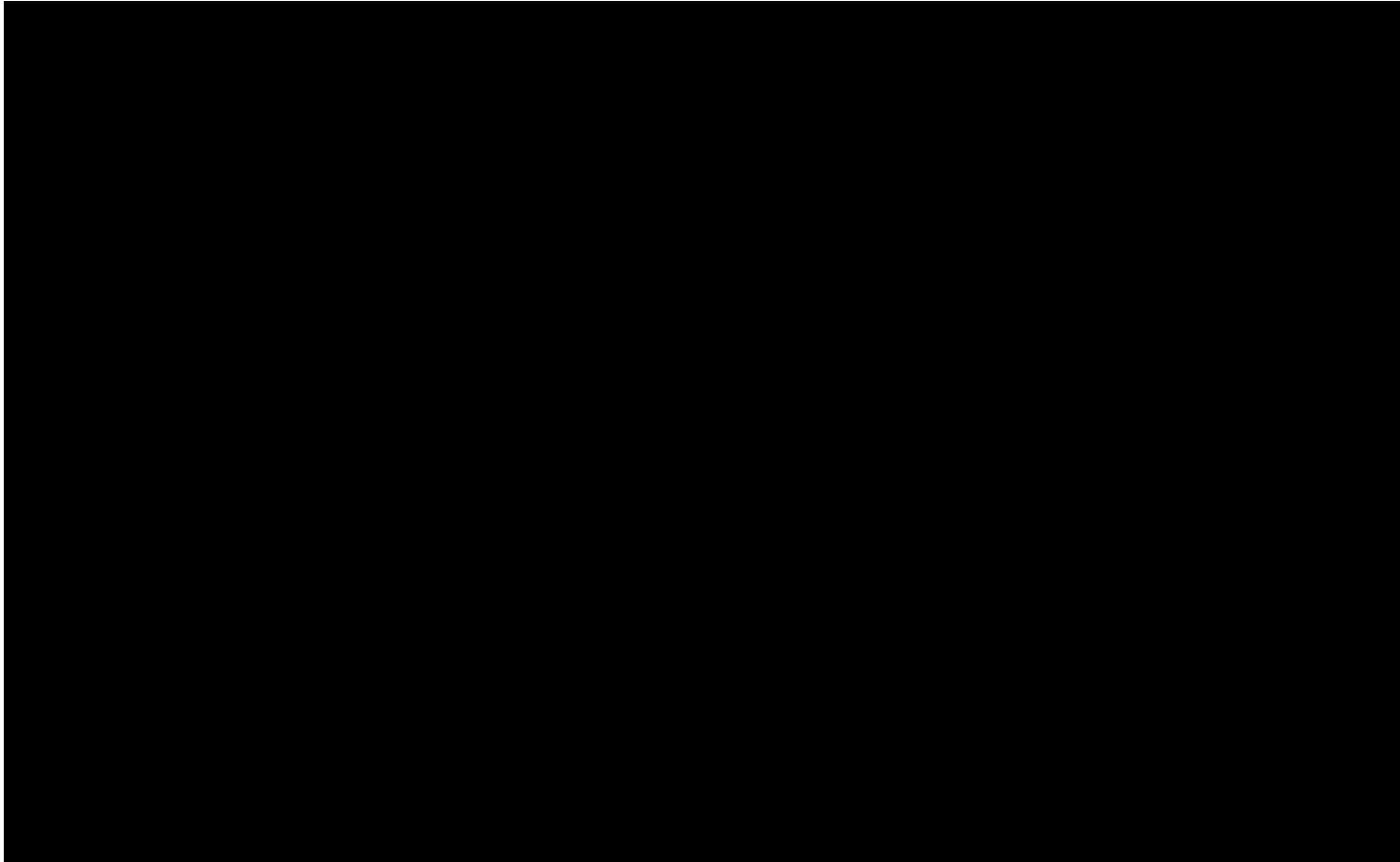
As the cost of providing structured / basement parking has a negative effect, i.e. the rental income derived from parking bays, does not provide a viable return on the high capital investment required to construct parking, especially given that the subject sites (as a consolidated unit) are constrained. The lower parking ratio and the higher proportion of open market units in this Option 3, results in a higher nett rental income being achieved relative to the capital expenditure.

It is useful that the above split between open market and affordable units, can be housed and separated in the two residential blocks (along Buitengracht Street edge and on Somerset Road, respectively) as proposed, which would greatly assist with the future management of the property. [REDACTED]

Having considered the various options, Option 3 is presented as the preferred development option for the subject sites from a financial feasibility perspective.

Table 3.2: Summary of Options (Talani Quantity Surveyors, 2023)

**PPTL PROPOSED DEVELOPMENT OPTIONS**



## 4. Specialists' Preliminary Assessment of Development Options

This chapter is informed by the guidelines and indicators contained in the PPTL Contextual Analysis Report (June 2023). Additionally, the chapter is also informed by other current studies and / or information in two forms, firstly, in the inter-disciplinary reports appended to this document and / or secondly, the content in this chapter itself preceding the scoring of each component which in turn, was based on criteria and principles presented in chapter 2 of this report, to support the preliminary assessment of the proposed development plan options presented in Chapter 3.

The ranking of each component is an exercise to assess which proposed development option is preferred when filtered through the criteria created to ensure a reasonably feasible development from an inter-disciplinary perspective. Preliminary impact is taken into account when criteria are filtered and scores between -3 and 3, applied. Where assessments within a component are based on a number of sub-components, a total score was arrived at and where these scores are greater than 3 or less than -3, they were correlated to the score values indicated in the table below. Ultimately, scores were based on the following Table 4.1, and are self-explanatory.

**Table 4.1: Score descriptions and values to inform ranking**

Score	Explanation
3	very positive
2	moderately positive
1	slightly positive
0	neutral
-1	slightly negative
-2	moderately negative
-3	very negative

In the case of the social / economic and high-level financial feasibility preliminary assessments, average values were calculated for Option 3 based on Option 3's score itself and the scores assigned to its variations including: Options 3A, 4 and 5 as these are all based on the same design but vary in terms of other socio-economic factors such as household types, income categories, human development criteria etc.

## 4.1 Preliminary Impacts and Assessments

### 4.1.1 Heritage

#### Archaeology:

Ranking (Table 4.2) does not include the area of services external to buildings and assumes that only areas of actual disturbance will require archaeological intervention. The ranking is focussed at this time on basement disturbance but will ultimately depend on the requirements of the authorities and I&APs with respect to human remains on the site. Possible scenarios include: 1) Human remains stay *in situ* on site in areas not directly disturbed; 2) Human remains are removed from building footprints (ground floor), and services footprints/directly disturbed areas; 3) All human remains have to be removed from the site regardless of building/services footprints. If authorities insist on Development Option 3, then the ranking (Table 4.2) might be considered questionable. If clearing building footprints applies, then ranking remains the same since for both Options 2 and 1B, the basement area exceeds ground floor area.

It must be assumed that any ground disturbance will require a minimum of archaeological monitoring of all earthworks / landscaping above bedrock. Some archaeological excavations of human remains found during monitoring are likely, particularly if such remains are articulated or *in situ*, but in instances of disturbed isolated finds, may only require plotting and collection. Chances of *in situ* remains are more likely if deeply buried, or below bases of any remaining stone vaults (even if formerly exhumed).

**Table 4.2: Ranking of development options (archaeological) based on possible basement / ground floor footprint disturbance**

Options	Basement (m <sup>2</sup> )	Ground floor (m <sup>2</sup> )	Score
Option 1A High Bulk	403	1852	2
Option 1B High Bulk	3391	2355	-1
Option 2 Medium Bulk	3520	2253	-1
Option 3 Medium Bulk	970	2081	1

#### Built Environment and Landscape:

The Medium Bulk Options (Options 2 and 3) are highly more preferable to the High Bulk Options (Options 1 and 1B) for the following reasons:

- Options 2 and 3 provide a more positive response to the architectural integrity and social heritage value of the Soils Lab Building in terms of the retention of the existing envelope and the emphasis on community uses.
- Options 2 and 3 also provide a greater integration of the Soils Lab courtyard space with the proposed new internal courtyard spaces.
- Options 2 and 3 demonstrate a more positive response in providing pedestrian and visual access into the site via the historical entrances on Chiappini and Prestwich Streets.

- Options 2 and 3 demonstrate a more appropriate response to new development opportunities in terms of a reduced height of development on Buitengracht Street and its associated gateway qualities at the intersection with Somerset Road.
- Options 2 and 3 provide a more positive interface with a Grade II heritage context along Somerset Road.
- Options 2 and 3 provide a more positive response to the corner condition at the intersection between Somerset Road and Chiappini Street and in terms of the interface with the Salesian Institute and Soils Lab Building.

Option 3 is preferred over Option 2 for the following reasons:

- Option 3 provides for a more positive preferred interface along Buitengracht Street and Somerset Road in terms of opportunities for tree planting along street edges, street level interface, visual pedestrian linkages opportunities and interface with the Grade II heritage context.

**Table 4.3: Ranking of development options based on heritage indicators**

Heritage Indicator	Option 1A	Option 1B	Option 2	Option 3
<b>A. Soils Lab Building</b>				
A.1 Retention and adaptive reuse to respect architectural integrity.	-3	-3	2	2
A.2. Reactivate Chiappini entrance.	*Udt	*Udt	*Udt	*Udt
A.3 Activate Prestwich ground street façade.	1	1	2	2
A.4 Role of courtyard as integrated urban space.	1	1	3	3
A.5 Allow for removal of courtyard wall.	1	1	1	1
A.6 Reuse options to include community uses and reinstatement of communal spaces.	-2	-2	3	3
<b>B. Historical access</b>				
B.1 Retain entrance off Chiappini and allow pedestrian and visual linkage.	1	1	3	3
B.2 Reinstatement entrance off Prestwich and allow pedestrian and visual linkage.	1	1	2	2
<b>C. Other structures</b>				
C.1 – C.5 Allow for removal of prefabs and other NCW structures	0	0	0	0
<b>D. Perimeter walling</b>				
D.1 Retain cemetery wall on Chiappini.	1	1	1	2
D.2 Allow for demolition of remaining walling	0	0	0	0
<b>E. New development</b>				
E.1 Taller building envelope on Buitengracht with fragmented built form, positive response to gateway conditions, ground level activation and ease of pedestrian access.	-3	-2	-1	-1
E.2 Development on Somerset of medium height (4 – 6 stories) – response to Soils Lab: <ul style="list-style-type: none"> <li>Fragmented built form</li> <li>Provide Soils Lab with breathing space</li> </ul>	-3	-2	2	2



Heritage Indicator	Option 1A	Option 1B	Option 2	Option 3
• Contribute to positive new urban space				
E.3 Development on Somerset of medium height (4 – 6 stories) – response to Grade II heritage context: • Fragmented built form • Positive framing element • Ground level activation • Enhance visual and pedestrian linkage	-2	-1	1	3
E.4 Response to corner condition at Somerset Road and Chiappini in terms of built form and architectural expression, with height and massing similar to Salesian Institute	-1	2	2	2
E.5 Development on Chiappini to step down to scale of the Soils Lab building and Salesian Institute structures (2-3 stories)	-2	-2	-1	-1
<b>F. Patterns of planting and street edge conditions</b>				
F.1 Retain primary mature tree in Soils Lab Building	2	2	2	2
F.2 Build on the principle of landscaped courts	0	0	2	2
F.2 Retain and enhance treed edge on Buitengracht and allow for treed edges along Somerset and Chiappini.	1	1	1	2
F.3 Enhance pedestrian environment on street edges.	-2	-1	1	3
TOTAL	-9	-2	26	32
<b>Total correlated to score sheet values</b>	<b>-3</b>	<b>-2</b>	<b>2</b>	<b>3</b>

\*Udt = undetermined (subject to detailed architectural drawings)

#### 4.1.2 Visual

As an outcome of the heritage indicators and Spatial Analysis, a number of assessment criteria have been established to guide preliminary assessment of the options in terms of visual impact. The criteria are as follows:

- The legibility of the gateway (Atlantic Seaboard urban corridor point of meeting with the historic CBD grid) while moving along Buitengracht Street must be clear. The bulk within the gateway space must be reduced relative to the existing and proposed Buitengracht road reserve development edge to differentiate it in terms of height from the surrounds and reflect the historic open space role of the blocks on either side of Somerset Road.
- The visual experience of the threshold point at the intersection of Chiappini and Somerset Road should not be impacted negatively. New development along Somerset Road edge should setback to offer views of the Salesian Institute building as one approaches the Chiappini Street / Somerset Road intersection from the east.
- The public's experience of the Prestwich Memorial / St Andrews Church space should not be negatively impacted by new buildings in the vicinity. The space should be 'framed' but the frame should not be over scaled. There should be a building height gradient over the sites to the north of the space to permit light and warmth from the north to enter the space.

- The subject site's role in managing the transition between the CBD and De Waterkant / Prestwich Precinct area requires that the new development should step down from the Buitengracht Street edge towards Chiappini Street.
- The proposed development must be visually permeable at points to reveal the proposed soft landscaped spaces in the interior of the block.
- The proposed development should acknowledge in articulation of form, the corner of Buitengracht Street and Somerset Road as an important junction point and entry point into the gateway.

It is clear that Option 3 is preferred from a visual impact point of view based on the preliminary assessment below. The assessment is based on a set of criteria informed by the heritage, spatial and urban design analysis summarised in Chapter 2 of this report.

**Table 4.4: Ranking of development options based on visual indicators**

Visual Indicator	Option 1A	Option 1B	Option 2	Option 3
<b>G. Legibility of 'gateway space'</b>				
A.1 Height of development along Buitengracht Street relative to the proposed road reserve development north and south of the gateway must be lower	-3	-3	1	1
A.2 Articulation of Somerset / Buitengracht corner	-2	-2	0	1
<b>H. Height of new buildings along Somerset Road</b>				
B.1 Height informed by buildings currently framing Prestwich / St Andrews Square space: 6-7 storeys	-2	-2	0	0
<b>I. Response to heritage buildings</b>				
B.1 Set new building back from Salesian Institute	3	3	3	3
B.2 Height of new building to be no higher than the Salesian Institute on the corner of Chiappini and Somerset Road	3	3	3	3
B.3 New building to step down to a maximum of an additional 2 stories above the existing Soil Lab building	1	1	-2	-2
<b>J. New development to facilitate transition between CBD and Prestwich precinct area</b>				
D.1 Top height of new building on site to be lower than "11 on Buitengracht"	-3	-3	2	2
D.2 Height of new development to step down from Buitengracht towards Chiappini Street	2	2	2	2
<b>K. Fragment building form</b>				
E.1 New development along the length of Somerset Road to be fragmented along its length	-3	-3	2	2
<b>L. Visibility of development between street and inner courtyards</b>				
F.1 Openings and gateways to provide views / glimpses of inner landscaped courtyards	-2	-2	2	3
TOTAL	-6	-6	13	15
<b>Total correlated to score sheet values</b>	<b>-2</b>	<b>-2</b>	<b>1</b>	<b>2</b>

Both Options 2 and 3 score well in the assessment below due mostly to their reduced bulk, specifically along the Buitengracht Street edge where the tower is reduced in height relative to Options 1A and 1B. Options 2 and 3 have towers of 11 useable floors in total while Options 1A and 1B have towers of 15 useable floors each. These impact on views up Buitengracht Street in particular, but more importantly, compromise the legibility of the subject sites as part of the historic gateway / threshold between the edge of the CBD and the Prestwich Precinct area.

#### 4.1.3 Environmental / Landscape

As noted in the Contextual Analysis Report (June 2023), both previous studies and site investigations revealed that there are no significant biophysical constraints on the subject sites.

##### **Terrestrial Biodiversity:**

The site is extensively transformed and does not support any remnants of indigenous vegetation, which would historically have been Peninsula Shale Renosterveld. The City of Cape Town's Biodiversity Network (2018) does not classify the site area as a Critical Biodiversity Area (CBA) or Ecological Support Area (ESA). Vegetation is limited to planted trees and grass.

In order to provide a preliminary assessment / ranking of the Development Options, all options appear to not impact directly on the subject sites from a terrestrial biodiversity perspective.

##### **Aquatic Features:**

The site falls within the region of a strategic water source area due to Table Mountain, where there are large volumes of runoff which sustain the lowland areas downstream. However, no watercourses or natural drainage lines exist within or in close proximity to the site.

It appears that all the Development Options do not impact directly on the subject sites from an aquatic features perspective.

**Table 4.5: Ranking of development options based on environmental assessment**

<b>Environmental (Biophysical) Assessment</b>	<b>Option 1A</b>	<b>Option 1B</b>	<b>Option 2</b>	<b>Option 3</b>
Terrestrial Biodiversity	0	0	0	0
Aquatic Features	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Landscape:

The preliminary assessment of the subject sites was focussed largely on whether particular trees are to be retained or not in the Development Options presented as discussed in Landscape Informants at Site Scale in Chapter 2 of this report. A key objective considered in the assessment is that where trees are removed on the subject sites to accommodate a particular option, a programme to replant new trees elsewhere on the site should be adopted.

**Table 4.6: Ranking of development options from a landscape perspective**

Landscape Assessment	Option 1A	Option 1B	Option 2	Option 3
Retention of Peruvian Pepper Tree	-3	-3	-3	3
Retention of Soils Lab courtyard trees	3	3	3	3
Retention of trees along Buitengracht Street edge	2	2	2	3
Planting of trees along the Somerset Road edge	-3	-3	-3	3
Ability to accommodate Replanting Programme of new trees on the site	0	0	0	0
TOTAL	-1	-1	-1	12
<b>Total correlated to score sheet values</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>3</b>

### 4.1.4 Social / Economic

This section takes its cue from the PPTL Contextual Analysis Report (June 2023), section 4.3.1 on page 44 which analyses the socio-economic patterns at two scales: City of Cape Town and Table Bay District (TBD) both of which support the subject sites' potential to play a lead role in public land within the city core providing affordable residential living opportunities in a mixed-use environment close to urban benefits and resources. It is obvious that, in its own right, once consolidated, the subject sites will not be in a position to do so at scale, however, the properties can begin to contribute to the release of other public land parcels in the city core for similar purposes, and potentially lead by example.

To measure the preliminary socio-economic impact of the conceptual development options, only the Table Bay District scale informants in the Contextual Analysis report are considered here based on the following criteria:

**Potential to contribute to de-densification in the TBD:** Although only to a limited extent, all the options can contribute to de-densification of dense areas in the District such as Langa. Studies indicate that the Cape Town CBD and Surrounds have experienced a moderate to high influx of population (more than 40%) in recent years. This is due to the appealing residential property market in a well-located area which caters to a varied audience (Demacon, 2023: 69).

**Potential to accommodate lower- to middle- income households and income groups and achieve financial feasibility:**

Development in the CBD predominantly caters to middle - and high-income households, with no social housing developments currently being implemented in the CBD, City Bowl and western Atlantic Seaboard suburbs of the City (Demacon, 2023). From a households' perspective, all the development options can contribute to filling this gap in the CBD by offering lower to middle income living opportunities. Additionally, from an income perspective, the 23% of households earning R25 601.00 per month or more in the TBD can be partially accommodated by all the proposals, noting that affordable housing caters to a household income market of R22 000,00 per month and more. Social housing targets households earning between R1 850,00 and R22 000,00. The scoring was based on the degree to which the development option contributes not only to the accommodation of lower- to middle- income households and income groups but also achieve financial feasibility for the public purse, as the land is publicly owned.

**Employment opportunities:** In the case of all development options, the construction phase of the project would generate approximately 480 temporary employment opportunities with 45 permanent post-construction employment opportunities for the operation and maintenance phase of the scheme. At the same time, the TBD has a relatively high labour absorption rate as it currently stands with the CBD offering the greatest potential to absorb further labour generally, and specifically through the development proposals. The high labour absorption rate is further emphasised by data showing that 91% of the economically active population in the CBD and Surrounds is employed (Demacon, 2023: 69).

**Poverty Alleviation:** The District had a relatively low unemployment rate of approximately 10% in 2022. The proposals will make a small contribution to decreasing unemployment in the District. While the proposals will make a negligible contribution to achieving equality, they will definitely improve human development given the proximity to quality education, health and improvement in living standards as well as promote spatial and social integration and transformation. The CBD and Surrounds has a relatively high Socio-Economic Measure (SEM) profile with 38% of households categorised as SEM Supergroup 5 (Demacon, 2023: 70). This indicates that a large proportion of households in this area have a high standard of living. However, data also shows that there is a substantial number of households (26%) categorised as SEM Supergroup 1 which suggests that they have a lower standard of living (Ibid.) but still reasonably acceptable.



**Table 4.7: Ranking of development options from a socio-economic perspective**

Socio-Economic Assessment	Option 1A	Option 1B	Option 2	Option 3 (Average)	Option 3	Option 3A	Option 4	Option 5
Contribution to de-densification in TBD	1	1	1	2	1	1	3	2
Accommodate lower to middle income households & income groups & achieve financial feasibility	-3	-2	-2	3	3	3	2	-2
Employment Opportunities	1	1	1	1	1	1	1	1
Contribution to poverty reduction in the TBD	-1	1	1	2	1	1	2	2
<b>TOTAL</b>	<b>-2</b>	<b>1</b>	<b>1</b>	<b>8</b>				
<b>Total correlated to score sheet values</b>	<b>-2</b>	<b>1</b>	<b>1</b>	<b>3</b>				

#### 4.1.5 Transport

The scoring for transport was based on the attached report prepared by ITS in Appendix 3. The ITS report summarises the investigation of the four options, for the planned re-development of the subject properties. Based on this investigation, it is evident that road upgrades to equal standards for each option, are required irrespective of which option is selected and the costs would be in the order of R1, 511, 500 at 2023 prices.

The report recommends that an option with parking provided will be beneficial, especially for the office and retail components of the development which concurs with market demand studies. Therefore, the report recommends that Option 2 be considered as the preferred option from a transport point of view since it contains sufficient parking for the office and retail components and will generate the least number of trips when compared to Options 1A and 1B which also contain an adequate number of parking bays. With the exception of parking, scores are generally negative because of the increased demand placed on the road network which are higher than the demand of the existing Soils Lab's operation.

**Table 4.8: Ranking of development options from a transport perspective**

Transport Assessment	Option 1A	Option 1B	Option 2	Option 3
Trip generation	-3	-2	-2	-1
Capital required for road upgrades	-1	-1	-1	-1
Improvements for NMT	1	1	1	1
Number of parking bays provided	1	3	3	-2
<b>Total</b>	<b>-2</b>	<b>1</b>	<b>1</b>	<b>-3</b>

#### 4.1.6 Infrastructure services and sustainability: Civils & Electricity

##### Civils:

The scoring for civil engineering services was based on the attached report prepared by Nadeson in Appendix 4 based on the total daily demand for water and sewer but also taking into account total order of magnitude cost estimates provided in the report for civil service provision. It is pointed out that all options are able to be accommodated / supplied by the CoCT.

It must be noted that geotechnical and stormwater were not scored in their own rights. The implications of geotechnical conditions in respect of some of the options are apparent in the order of magnitude cost estimates e.g. Options 1B and 2 have higher cost estimates for bulk earthworks as a result of basements being provided in these two options. Scores are generally negative because of the increased demand on services in the CBD which are higher than the demand of the existing Soils Lab's operation on the subject properties.

**Table 4.9: Civil services demand / supply**

Development Options	Total Daily Potable Water Demand (kl/d)	Total Daily Sewer Discharge (kl/d)	Total Order of Magnitude Costing
Option 1A	92	87	R2 288 385,00
Option 1B	135	129	R7 877 155,00
Option 2	116	110	R8 375 565,00
Option 3	114	108	R3 424 355,00

**Table 4.10: Ranking of development options based on civil services demand / supply**

Preliminary Assessment	Option 1A	Option 1B	Option 2	Option 3
Potable Water Demand	-1	-3	-2	-2
Sewer Discharge	-1	-3	-2	-2
Order of Magnitude Costing	-1	-2	-3	-1
TOTAL	-3	-8	-7	-5
<b>Total correlated to score sheet values</b>	<b>-1</b>	<b>-3</b>	<b>-3</b>	<b>-2</b>

##### Electrical:

The scoring for electrical engineering services was based on the attached report prepared by E2C in Appendix 5 and assigned a score based on the total estimated demand for electrical services. Scores are generally negative because of the increased demand on the electricity grid which are higher than the demand of the existing Soils Lab's operation.

Indicative costs for electrical supply upgrades for all options are made allowance for in the construction costs of the financial feasibility modelling report in Appendix 1.

**Table 4.11: Ranking of development options based on electrical services demand / supply**

Development Options	Estimated GFA (m <sup>2</sup> )	Estimated Electrical Demand (kVA)	Supply Capacity from CCT in place / not in place	Preliminary Assessment
Option 1A	31 700	780	In place	-1
Option 1B	33 500	1MVA	In place	-3
Option 2	30 000	950	In place	-2
Option 3	28 000	900	In place	-2

**Note:** For all Development Options, the final electrical demand shall be determined by the type of retail or commercial tenants.

#### 4.1.7 Financial Feasibility

The scoring for the project's financial feasibility was determined on the basis of the feasibility reports provided in Section 2 of Chapter 3 (and Appendix 1) by Talani Quantity Surveyors, based on average residual land value in the first year of operation.

[REDACTED]

[REDACTED]

[REDACTED]. It is important to note that there is a direct correlation between commercial viability based on land value, and the provision of on-site parking in the proposed development of the subject sites. The higher the number of on-site parking bays provided, the lower the financial yield on land value because on-site parking, whether structured in a basement level or upper floor levels, affects land value negatively as income from parking does not generate a viable yield relative to the required capital cost to construct the parking. This is particularly apparent in the provision of basement level parking on the proposed consolidated subject sites.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted]

[Redacted]

[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

**Risk Assessment:**

The financial projections for all options are based on current research and information available at the time of preparing the report. The following factors could have an impact on financial data and are considered possible risks.

- The current surge in residential developments planned for the central business district, may have a negative effect on demand
- The future economic growth rate of the country and local economy, that would sustain current rental income levels
- The availability and/or cost of electricity supply for future developments
- The fluctuation of interest rates related to the cost of capital
- The foreign exchange rates that affect the cost of imported materials for the construction works
- All options as proposed would have the same development programme, except if any geotechnical challenges arise, particularly for the options with a full basement parking structure (refer to Chapter 5, Section 5.4)
- The possible discovery of human remains on the subject sites

## 4.2 Summary of preliminary impacts and ranking

Table 4.13: Ranking of preliminary impacts of the proposed development options based on total scores for each component

			Proposed Development Options				
Preliminary Impacts	Assessment	Sub-components / Criteria	Option 1A	Option 1B	Option 2	Option 3	
	Heritage	Archaeology		2	-1	-1	1
		Built Environment		-3	-2	2	3
		Visual		-2	-2	1	2
	Environmental	Biophysical		0	0	0	0
	Landscape	Retention of Trees / New planting programme		-1	-1	-1	3
	Social / Economic	Socio-economic contribution		-2	1	1	3
	Transport	Preliminary Impact		-2	1	1	-3
	Civil Engineering	Demand / Supply		-1	-3	-3	-2
	Electrical Engineering	Demand / Supply		-1	-3	-2	-2
	Financial Feasibility	Residual Land Value (RLV)		-3	-2	-1	1
<b>Total Score</b>			<b>-13</b>	<b>-12</b>	<b>-3</b>	<b>6</b>	

It is clear from the score sheet presented in Table 4.13 above, that **Option 3 is the preferred proposed development option** even though some of the individual disciplines scored other options higher than Option 3. In this regard, Option 1A is preferred from an archaeological perspective, Option 2 is preferred from a transport perspective, Option 1A is preferred both from a civil engineering and electrical services perspective.

It is interesting that whereas the engineering components of the project score better towards other options rather than the preferred Option 3, the financial feasibility based on residual land value, scores significantly towards favouring Option 3 as the preferred option. Heritage, visual and landscape all score in favour of the preferred Option 3. The biophysical assessment was the only neutral component recorded in respect of all options.



# 5 Preferred Development Option and Guidelines

## 5.1 Motivation for Preferred Development Plan (Option 3)

It is clear from the score sheet presented in Table 4.13 in Chapter 4 that **Option 3 is the preferred proposed development option**. Besides being assessed as the most preferable from a financial feasibility, heritage, visual and landscape perspective, Development Option 3 performs more positively than the other proposed development options, from a spatial and urban perspective for the following reasons:

- The ground level interfaces are improved on the most public street interfaces through the provision of additional space for pedestrians and tree planting. This adds value to the experience of those on foot and helps to support ground floor activities by ensuring improved footfall. The setbacks are possible due to the absence of a full basement which would dictate the building width above ground surface level. The improved street interfaces with planting contribute to the proposed development's **integration** with the local urban environment and address the need to retain a substantial quantum of tree planting on site to replace the existing trees.
- Articulation of the corner on Buitengracht Street and Somerset Road intersection acknowledges the gateway space and Somerset Road as a dominant route in the local access network.
- The marked separation of the tower and the Somerset Road block and generous opening provided at the lower levels around the Peruvian Pepper Tree facilitates integration of the development with its surrounds by allowing visual and physical **permeability** of the development.
- Retention of the Peruvian Pepper tree provides opportunities on site to showcase and bring to light past use of the site. Generosity of space around the graveyard wall along Chiappini Street provided by the proposed development setback also provides opportunities to inform the public of the historic use of the site. This talks to the principle of **conservation**.

Aside from responding appropriately to the urban principles, spatial, landscape and heritage indicators, the proposed Development Option 3 responds directly to the context, vision and principles outlined in the PPTL Contextual Analysis Report (June 2023). Importantly, Development Option 3 responds positively to the social imperatives and socially compliant vision of both the Western Cape Government and CoCT's policies to promote residentially

led inclusionary housing and in the case of Option 3, promote affordable housing and/or social housing in well located areas such as the CBD, to achieve spatial and social transformation and integration. In terms of the variations modelled in Option 3 from a financial feasibility perspective, Options 3 and 3A present the best opportunities to meet these policy objectives.

Notwithstanding the disadvantage of Option 3 that the provision of parking is limited, it must be borne in mind that the location of the subject sites is such that resources, facilities and amenities are available and accessible by both vehicular and NMT movement and public transport and private taxis are easily available and accessible throughout the day. Furthermore, the financial feasibility of Option 3, particularly Options 3, 3A and 4, is aided by the fact that there is limited basement parking provided, among other factors.

## 5.2 Urban Design / Architectural / Planning guidelines

Assuming that the subject sites (measuring approximately 6990m<sup>2</sup> in extent) are successfully consolidated and rezoned to an appropriate zone to accommodate the proposed land uses proposed in Chapter 3, and given that the subject properties fall within the CBD Local Area Overlay Zone governed by Map LAO/4 in the Development Management Scheme, the sites will be permitted to develop in accordance with the development rules of a GB7 zone where the following parameters apply, as noted in the PPTL Contextual Analysis Report.

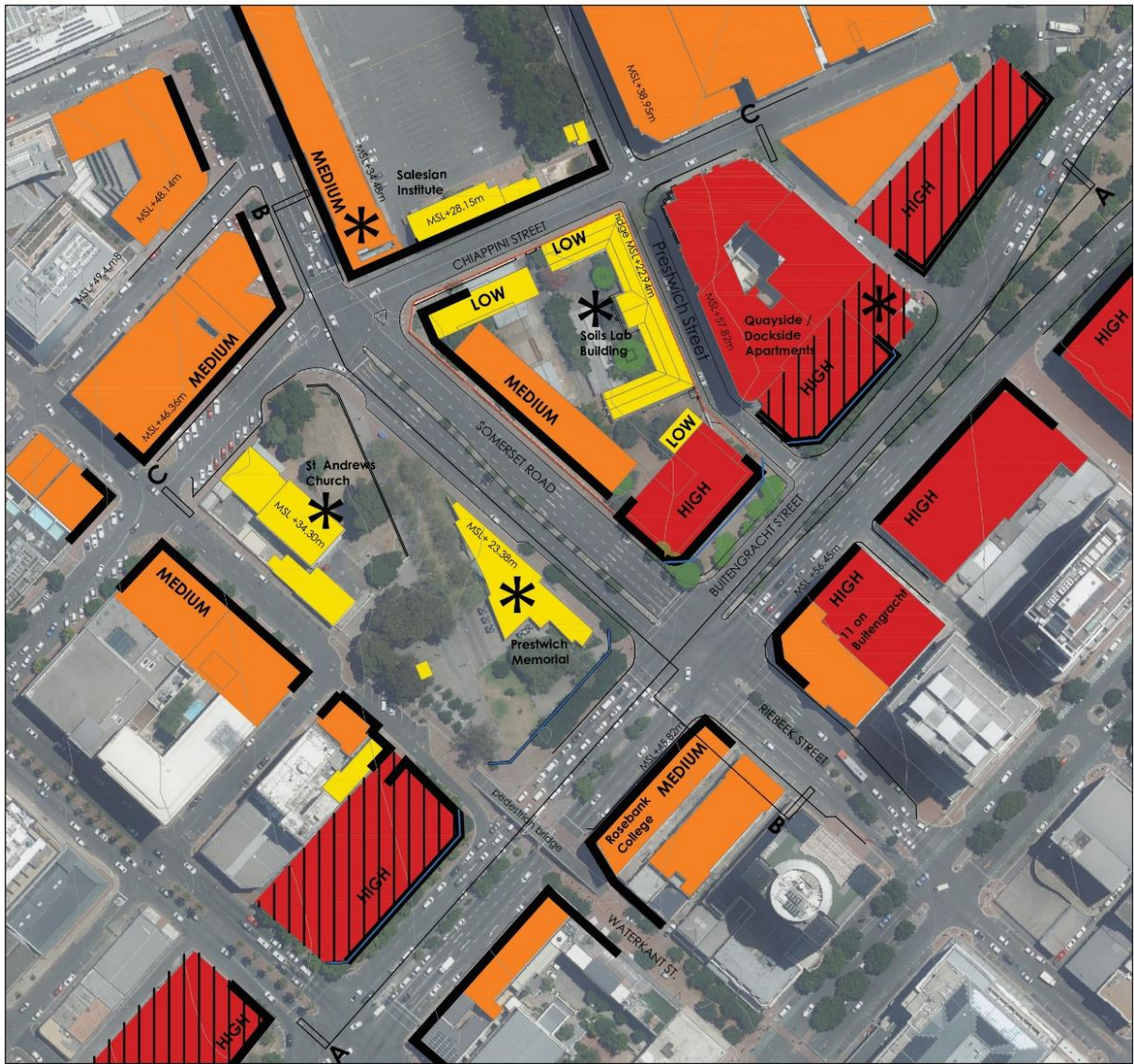
- Floor Factor is 6.8;
- Coverage is 100%;
- Maximum height permitted is 60m;
- Buildings are permitted on street and common boundaries;
- From 38m above ground level, the building is required to set back at a gradient of  $\frac{1}{2}(H-38)$  from any street boundary;
- Buildings are permitted on the common boundary for the full height.

Notwithstanding that the above development parameters offer opportunities for maximum development rights on the subject properties, it is recommended that given the development limitations and awkward configuration of the subject properties and their key role as 'gateway', the guidelines proposed hereunder be embraced as the framework within which the function and form of the proposed development is conceptualised and developed to create the qualitative environment sought by the following proposals and guidelines.

### 5.2.1. Gateway Role

The gateway role of the site requires the new buildings to emphasize the street edges while facilitating the transition from the bulk and height of the Foreshore and CBD to the finer grained fabric of the Bo-Kaap, De Waterkant and Prestwich Precinct on the one hand and the bulk and height of the new development relative to the Prestwich Memorial / St Andrews Church Square and the retained Soils Lab Building, on the other hand - refer Figures 5.1 and 5.2.

- The tallest building component must be located along Buitengracht Street to define the edge of the CBD and to fit in with the proposed infill development along Buitengracht Street proposed within the Foreshore gateway urban design framework. The building heights of the proposed infill development along Buitengracht Street step up towards the Foreshore. Accordingly, the tower component must be lower than the adjacent Quayside building. The lower height also ensures the site is read as part of the gateway defining entry into the Atlantic Seaboard Urban Corridor along Somerset Road. See chapter 2. (Refer Figure 5.1. and Figure 5.2: Sections A and B.)
- From 38m above ground level, the building is required to set back at a gradient of  $\frac{1}{2}$  (Height minus 38m) from any street boundary in a GB 7 Zone. Residential accommodation must stop below the 38m height, to avoid staggered setbacks in accommodation above this level. Roof level services (for example the lift or fire escapes) may protrude above the 38m level, setback behind a parapet (refer Figure 5.2: Sections A and B).
- The tower must have an articulated corner at the prominent intersection of Buitengracht Street and Somerset Road.
- The building height along Somerset Road must be medium height, and not exceed the height of the Rosebank College (corner of Somerset Road and Buitengracht Street). The total height of this component (including roof level services) must not exceed 25m above existing ground level, measured at the highest point of the slope along Somerset Road (refer Figure 5.2: Section B).
- The building height must step down along Somerset Road towards the Chiappini / Somerset Road intersection, to transition between the heights of the new building and the existing Salesian Institute (refer Figure 5.2: Section B).
- The building height must step down along Chiappini Street, to transition between the heights of the new building and the existing Soils Lab Building. The height difference between the new and existing buildings must not exceed two storeys (refer Figure 5.2: Section C).



KEY:

Low height (1 to 4 storeys)

Medium height (5 to 8 storeys)

High (38m and above)

Proposed infill development footprints (Buitengracht development edge)

Road reserve

\* Heritage landmarks

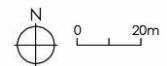


Figure 5.1: Height Transitions (to be read in conjunction with Figure 5.2 Sections) (NM & Associates, 2023)



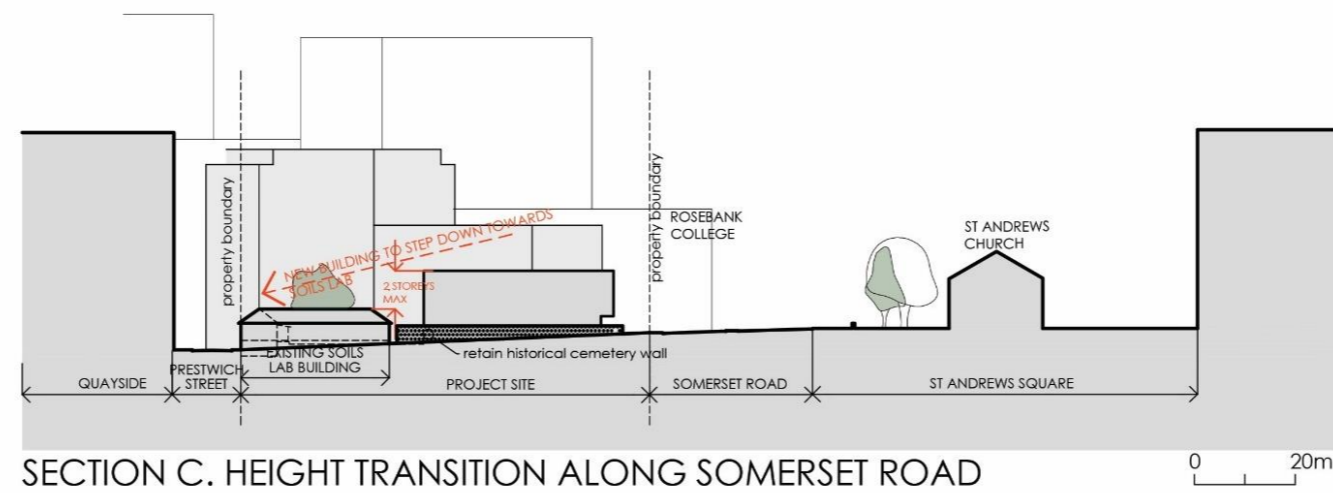
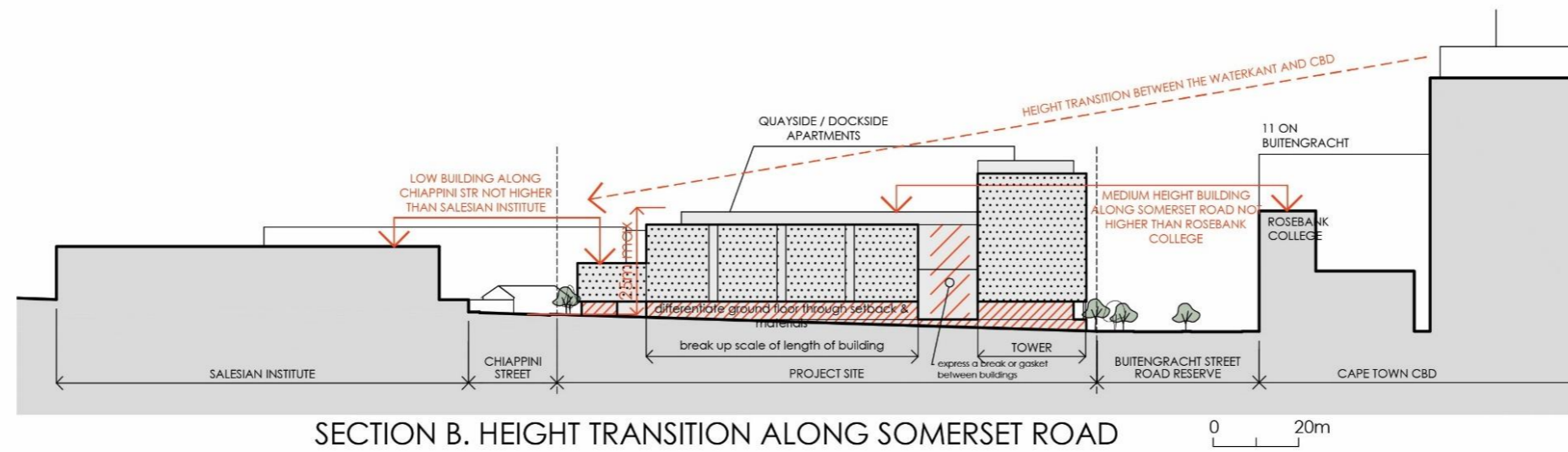
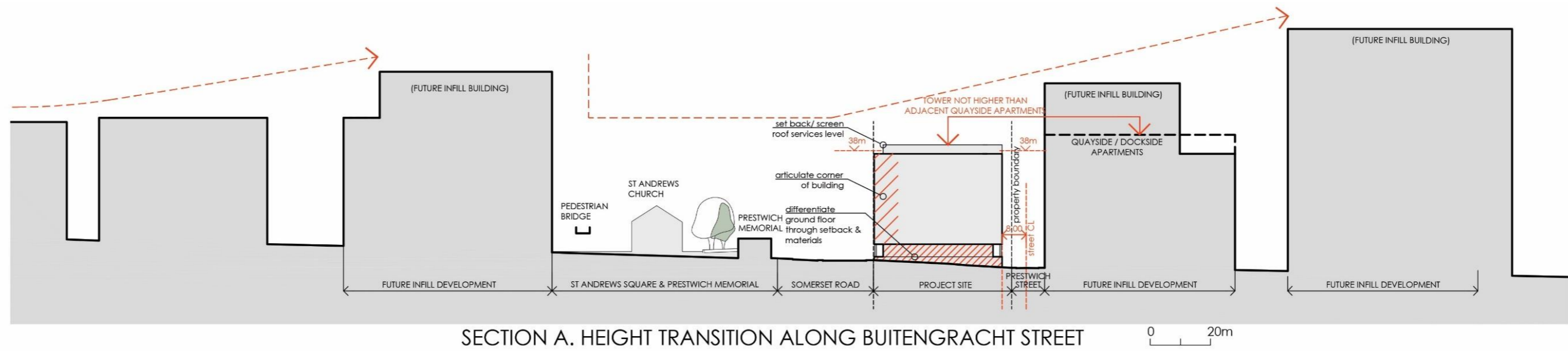


Figure 5.2 Height Transitions – Sections (NM & Associates, 2023)



### 5.2.2. Street interfaces

The development must define the urban block as per the local urban courtyard typology found in the precinct where the buildings follow the block edge and the central parts of the block are left open to the sky. Buildings along the edge of the urban block should contribute to the definition and activation of the public space network. The form and function of the ground, and the few floor levels above ground level, will have an impact on the performance of the local public environment. The following guidelines will therefore focus on the spatial preconditions and location and type of land uses specific to each street.

- Generous allowance must be made for pedestrian movement around the edges, especially Somerset Road and Chiappini Street where the new building can interact directly with the public sidewalk.
- The tower on **Buitengracht Street** must be set back (minimum 2,5m) from the street boundary (edge of road reserve) to allow for at least one additional line of trees to reinforce the existing tree planting along Buitengracht Street. The road reserve must be retained as a soft landscaped open space, until it is needed for road widening purposes. The ground floor along Buitengracht Street must be set back to allow for a useable external area overlooking the landscaped road reserve edge. See Figure 5.3: Section A.

The building facing onto **Somerset Road** must be conceptualised as the north-eastern edge of the Prestwich Memorial/ St Andrews Square space, which acts as an important threshold and pause space in moving between the city centre and the Prestwich Precinct. Refer Figure 5.4. Allowance must be made for tree planting along the Somerset Road edge to soften the street interface of the development and create a more humanly scaled environment that frames the existing "Park" space. Accordingly, the new building must be set back 3m minimum from the new street boundary to allow for the canopies and rootzones of the new trees. Overhead canopies or basements must not extend into the tree planting zone. Refer Figure 5.3: Section B.

- **Chiappini Street**, north of the Soils Lab building must accommodate planting where possible to create a positive street interface given its current and future role as a route connecting the CBD with the V&A Waterfront. The old graveyard wall should be conceptualised as an integrated component of the pedestrianised edge. Refer Figure 5.3: Section C.

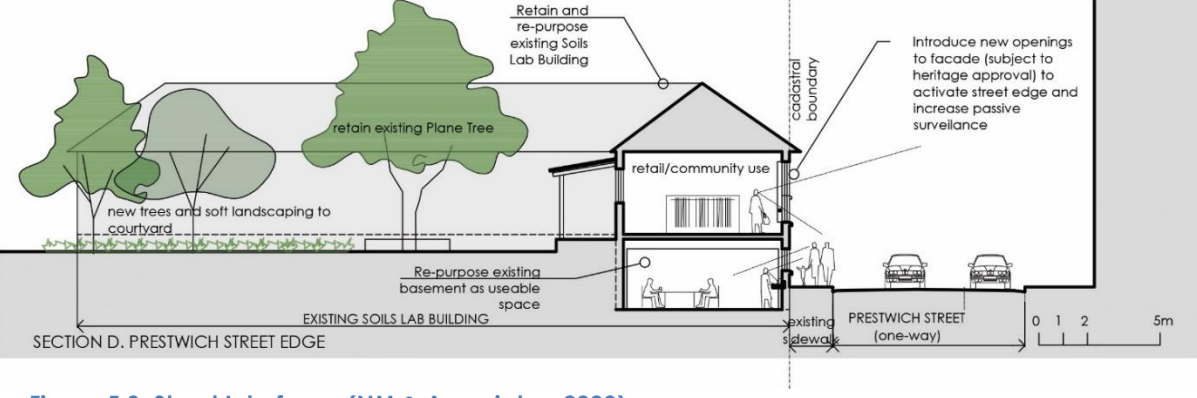
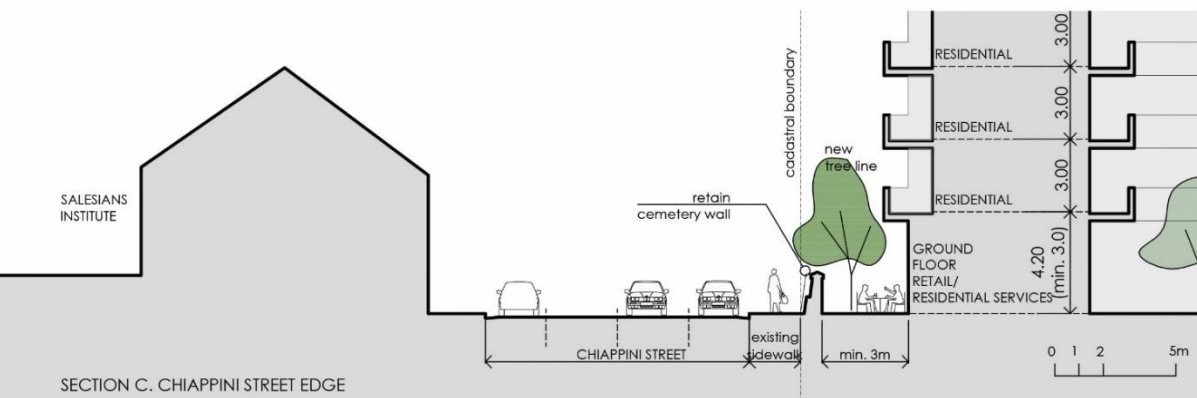
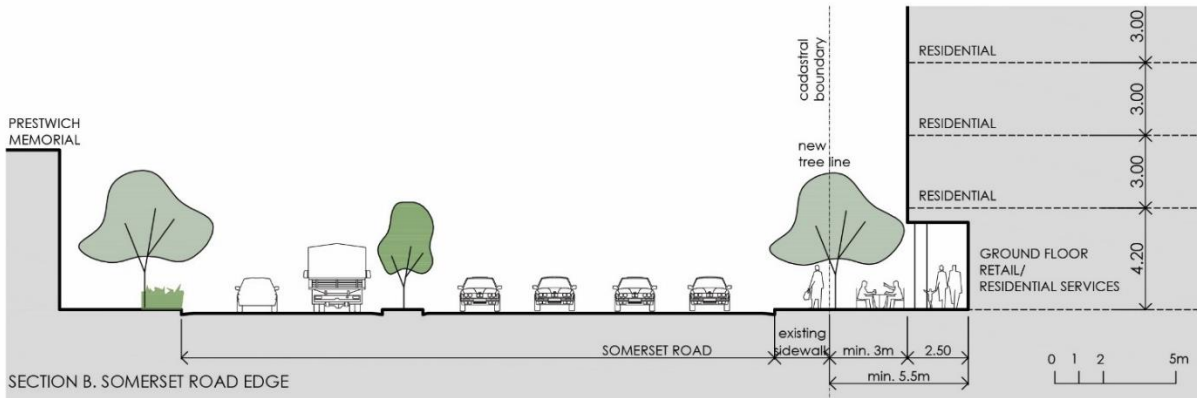
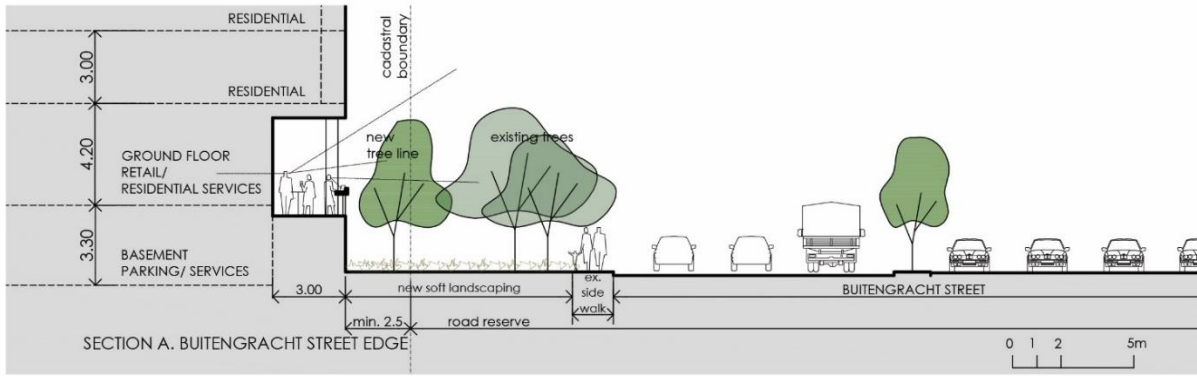
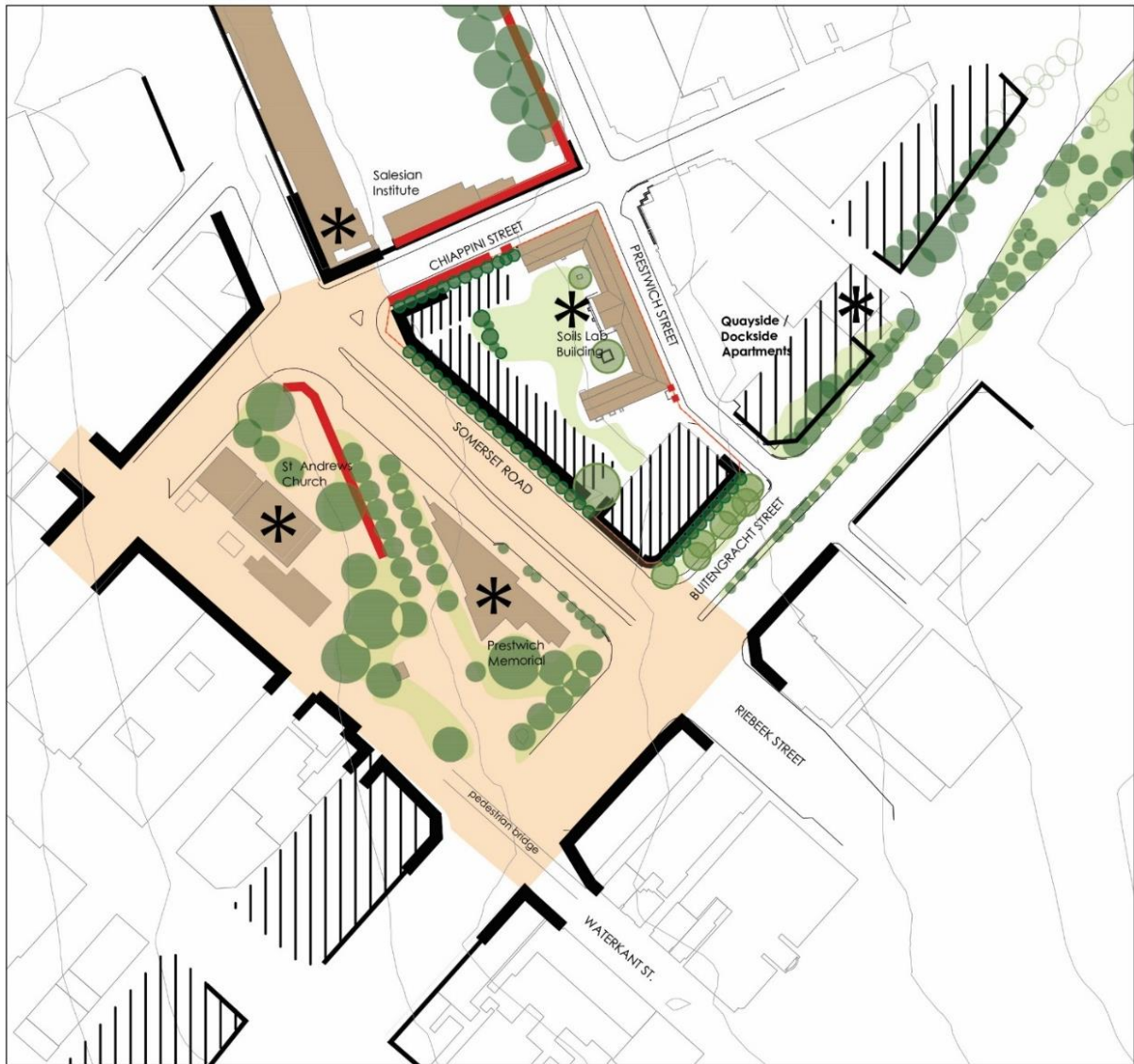


Figure 5.3: Street Interfaces (NM & Associates, 2023)



KEY:








-  edges framing public spaces
-  proposed infill fabric
-  Historic walls
-  Heritage landmarks
-  Soft landscaping
-  Existing trees to be retained
-  New tree lines



Figure 5.4: Frames, Edges and Walls (NM & Associates, 2023)

- Along Somerset Road, visual connections to the Prestwich Memorial / St Andrews Church square must be made. A gap between the tower and the Somerset Road building around the Peruvian Pepper presents an opportunity to do this. This aligns with the entrance to the Prestwich Memorial which simultaneously allows the development to acknowledge and reference the memorial as an important site in the context of the past role of Prestwich precinct as graveyards.
- The pedestrian crossing of Somerset Road at the Chiappini Street intersection must be designed to prioritise more direct and safer pedestrian movement across Somerset Road specifically. The new development must allow for a generous pedestrian forecourt at this corner, with direct pedestrian links to the internal courts and routes through the new development.
- The Soils Lab building façade along the **Prestwich Street** boundary must be opened to reveal activity within the interior of the building and the basement to create interest and contribute to increased passive surveillance over this street. Refer Figure 5.3: Section D, above.
- The new building footprint must be permeable at ground floor level to accommodate pedestrian thoroughfare from the Somerset Road, Chiappini Street and Prestwich Street edges. The building envelope must be articulated to express the location of these entrances to aid in wayfinding and break up the bulk of the envelope.
- Pedestrian entrances must be located close to the potential safe pedestrian crossing points, namely towards the corners of the site.
- Vehicular access must not interrupt or conflict with pedestrian movement around and through the site. For this reason, vehicular access, loading areas and services such as refuse and substations etc. should be concentrated along one edge of the site away from Somerset Road and Chiappini Street. The street edge most appropriate for these activities is the eastern end of Prestwich Street where direct access into a basement would be achievable without extensive ramping.
- The most prominent public facades (south-west-facing on Somerset Road and south-east-facing on Buitengracht Street) are shaded, exposed to summer winds, and exposed to noise and fumes from vehicular traffic. Therefore, these elevations are likely to have a more solid and robust façade-design than the sunnier and wind-protected north-facing sides of the new buildings. It is therefore important that the facades to Buitengracht Street and Somerset Road optimise opportunities for the articulation of corners and breaks between buildings to mitigate the scale of the development (Refer Figure 5.2: Section B, above).
- The ground floor level and basement should be articulated to help break down the scale of the building in the vertical dimension. It is proposed that the ground floor and



basement are differentiated from the floors above by setting back the ground floor and expressing the ground floor and basement in a different material. Refer Figure 5.2: Sections A and B above, and item 5.3.3. below.



**Figure 5.5: Examples of differentiating material of the ground floor and setting back the ground floor plane to break the vertical scale of the building (NM & Associates, 2023)**

- Floor levels above ground floor level must have their facades designed to reflect and differentiate the more private versus public type activities. Where shared facilities servicing the residents are located above ground, for example gymnasias, cafes, shared workspaces et cetera, facades should be opened to offer visibility of these activities which in turn can provide interest for passers-by and contribute to improved levels of passive surveillance.
- Where a new basement is exposed on a public street above ground level, the materiality and scale must be carefully considered.
- The ground floor level must be utilised for land uses that require accessibility and visibility by the public. This will include retail and business type services, community



uses and co-working type environments. Conventional offices, public facilities and businesses requiring high degrees of privacy and security must not locate on the ground floor as they will impact negatively on the street level environment.

- The ground floor level must provide a range of different size spaces including smaller rental units to support small scale business operators as suggested in market demand studies and in keeping with socio-economic principles to support smaller role-players in the market.
- Structured parking at ground level (unless located within a basement plinth as proposed in the conceptual development proposal), must be avoided.
- The development must provide for a retail anchor on ground level that is easily accessible and visible. It is optimal that the retail anchor is spatially integrated or located adjacent to a business that can offer extended hours of operation beyond the business day. Examples include a takeaway outlet / restaurant or gymnasium.

### 5.2.3. Comfortable place for living

The proposed residential programme requires the new development to promote aspects such as optimal orientation, natural ventilation, views, recreation / outdoor spaces and amenities which will make the development an attractive and comfortable place to live in.

- The affordable housing component, comprising predominantly 2-bedroom units aimed at families, must be prioritised for areas with the best orientation, for example facing north and northeast (Chiappini Street and Somerset Road wings). Where possible, these units must be provided with balconies.
- Where possible, units must be arranged around internal courts that will allow natural light and ventilation from two sides of a unit. The corners of buildings should be reserved for larger units.
- Where units are arranged along internal passages, there should be breaks along the length of the passage or at the end of the passage to provide views to the outside, to provide visual relief, natural light and aid in wayfinding and orientation.
- The external spaces between the retained Soils Lab building and new building must be configured as landscaped courtyards that offer a variety of semi-private external spaces for residents and visitors. Fencing of internal areas must be avoided; separate areas must be demarcated through landscaped features (for example planted terraces). The residential support areas must be configured to allow access from these spaces.
- Trees and planting must be incorporated into these external courts to provide shade, noise buffering, and mitigate the transition in scale between the tall perimeter

building and the existing Soils Lab building. Where possible, flat roofs should be accessible outdoor spaces incorporating planting.

- The ground floor level must be universally accessible; nevertheless, the fall of the site should be used creatively in the landscaping of external spaces.
- There must be a separation between front-of-house functions such as residential lobbies and pedestrian thoroughfares, and back-of-house functions such as retail deliveries, off-loading, refuse-collection etc.
- Entrances at ground level incorporating vertical circulation to the residential component above ground should be visible, accessible and legible.

#### 5.2.4 Incorporating existing heritage fabric and site features

The proposed development must be respectful to the history of the site and the heritage fabric of the Prestwich Memorial / St Andrews Square and the Salesian Institute. It must retain and repurpose existing elements with heritage significance, namely the graded Soils Lab building (including some of its associated trees), the remnants of the cemetery wall along Chiappini Street and the gate posts in Prestwich Street. The concept proposal for the site also allows the existing Peruvian Pepper tree along Somerset Road to be retained, even though it does not have heritage status. The following provides further guidance:

##### **Soils Lab building:**

- The new development must not overwhelm the retained Soils Lab building. The new development must be set back from the Soils Lab by at least 5m, and gradually transition to taller building heights (refer item 5.3.1, above).
- The Soils Lab building must be repurposed in a way that retains its principal architectural qualities, namely a robust perimeter building with a verandah-lined courtyard to the site interior. Additional floor levels are not encouraged; however, opening of the façade towards Prestwich Street is permitted to activate this street edge and increase passive surveillance. The arched entranceway on Chiappini Street must be reinstated as a primary entrance to the building. The material qualities of the building must be retained, namely plaster / paint wall finishes with steel windows to the street facades with face brick walls and timber-framed windows and doors to the courtyard side. Additions and infill must be clearly distinguishable as new. The ends of the verandah should be opened again.
- The wet services of the Soils Lab building must be reconsidered with a view to replace deteriorated services and to rationalise the placement of new reticulation. The wet services must be concentrated in new service cores and must avoid being exposed on the street-facing facades.

- The basement of the Soils Lab building can be repurposed as habitable space and must be linked with vertical circulation to the ground floor to integrate it with the ground floor and make it compliant with fire safety regulations. The existing ramped entrance to the basement will become redundant in the process. The windows to the basement must be redesigned in the existing window openings to allow for improved light and ventilation, including re-establishing / improvement of the existing external lightwells around the basement perimeter.
- Activities to be located on the ground floor of the Soils Lab building must contribute to activation of the Soils Lab courtyard spaces, however caution must be exercised when selecting activities such as restaurants or other types of businesses which require high levels of back of house servicing for the ground floor.

### Trees

- The existing Plane Tree in the Soils Lab Courtyard must be retained. New tree surrounds, seating and surface finishes around the tree must be considerate of the tree's root zone. There is an opportunity to review the existing paved finish around the tree and make it a green, soft landscaped space.
- The existing Peruvian Pepper tree along Somerset Road has a canopy of approximately 9m diameter, and height of 27m above MSL. The new building configuration makes it possible for the tree to be retained, sufficient space (minimum 2m in either direction) must be retained around the tree's root zone and canopy overhead to allow it space to grow further.



**Figure 5.6: Plane tree in the Soils Lab courtyard (left) and Peruvian Pepper tree along Somerset Road (right) (NM & Associates, 2023)**

## **Old graveyard wall and gateways**

- Along Chiappini Street, the new building must be set back at least 3,5m from the cemetery wall to allow for a useable space between the wall and the ground floor. This zone can be landscaped or used as positive outdoor space to the ground floor retail / residential support spaces. It is proposed that the present plaster / paint finish is removed to uncover the original stone construction of the wall. New openings in the wall are permitted but must be limited in number to retain as much of the original fabric as possible and must be subject to detail design with inputs from the heritage and archaeological specialists.
- Along Prestwich Street, the existing gatepost to the southeast of the Soils Lab must be incorporated into the landscaping and threshold of the pedestrian thoroughfare from Prestwich Street to Somerset Road.

## **Incorporating heritage fabric and site materials**

An approach to memorialising the past use of the local area (including the site) as graveyards, using local stone from the excavations could be applied in the design and detailing of the ground plane. In excavations of the site, it is likely that other items of interest may also be unearthed and could be used to provide interest for those passing through the site. Old stone and remnants of headstones etc. could be integrated into the paving, seating, changes in level, way finding and interpretative signage. This will be expanded on after completion of the HIA which will incorporate mitigation measures to lessen impact on the historical context. See Figure 5.7 for examples of the way stone excavated on the local sites has been used in the shaping of the ground plane and interface.



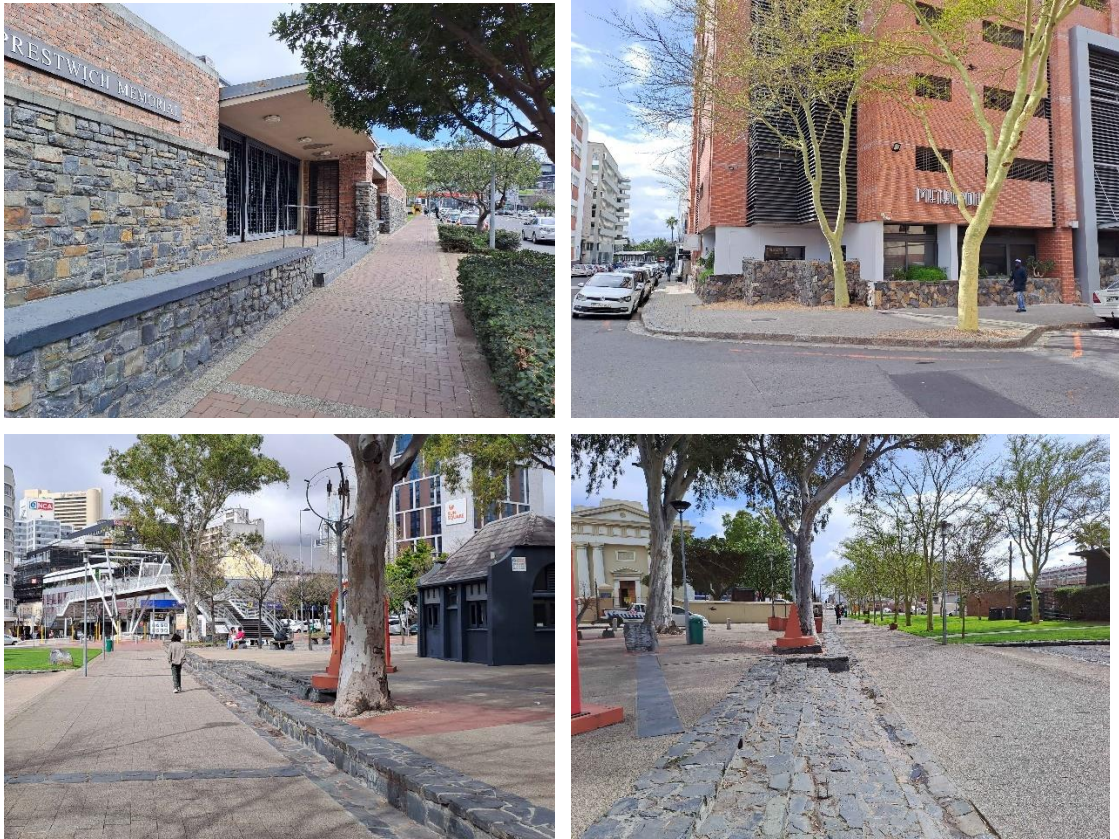


Figure 5.7: Examples of projects in the vicinity of the project site where stone found on site has been incorporated into the design of the buildings and ground plane (NM & Associates, 2023)

### 5.3 Landscape Framework & Guidelines

The Landscape Framework for Development Option 3 is presented in Figure 5.8 below. The framework is supported by the following guidelines.





Figure 5.8: Landscape Framework for Development Option 3 (OvP, 2023)



### 5.3.1 Design Principles

- Honour and pay tribute to the site's historical context including its role as a graveyard, through memorialisation and visual representation of its history. The retention and mindful incorporation of existing historical elements including the original cemetery wall along Chiappini Street and the old Peruvian Pepper Tree alongside Somerset Road are important aspects of this commemoration.
- Reinforce and supplement the existing green network through tree placement in the streetscape and generous greening of the public realm within the development as well as planting of roof terraces where feasible.
- Enhance and extend the existing pedestrian network and ensure universal access throughout the site.
- Draw pedestrians into the courtyards through views and a positive, habitable public environment. Remove non-historical portions of the existing boundary wall and enable permeable site edges and provide inviting glimpses of greenery through openings in the building façade at ground level.
- Create active edges alongside the streetscape through generous sidewalk treatments and opportunity for ground-floor retail.

### 5.3.2 Outdoor rooms

The landscape treatment at ground level provides a series of outdoor rooms that create positive amenity for residents and visitors alike. The design is to intentionally consider the ratio of hard to soft spaces to ensure ample areas for gathering and social connection while expanding the green network to obtain the positive social wellness and micro-climate improvements associated with greening of public open spaces.

The retention of the Soils Lab building enables the preservation of the existing courtyard which provides for a positive human scale by the existing single storey veranda on three sides. Due to the urban nature of the surrounding context, this courtyard provides an important opportunity for a green refuge for future site inhabitants.

### 5.3.3 Access & Circulation

To create Chiappini Street as a potential level 2 pedestrian Street which is envisioned as a narrow vehicular access way with widened sidewalks to promote ease of pedestrian access from the Bo-Kaap through to Battery Park and the V&A Waterfront, improvements are suggested by the ITS report in Appendix 3. It is further suggested that pedestrian circulation be designed according to best practice to ensure maximum accessibility for people with varying levels of physical mobility, including the following:

- Outdoor circulation routes to be non-slip surfaces, easily navigable and well lit.
- Clear wayfinding signage to be provided.
- Tactile aides to be included to assist visually impaired people with safe navigation.

#### 5.3.4 Hard Landscape

The hardscape palette is to consist of locally produced materials wherever possible to reduce embodied energy from long-distance transport. Some examples include:

- Clay brick paving from factories within the Western Cape.
- Locally produced pre-cast paving using an exposed aggregate finish sourced from local quarries.
- Timber for benches and pergolas to be locally harvested and kiln dried Eucalyptus species including Sugar gum (*Eucalyptus Cladocalyx*) and Karri gum (*Eucalyptus diversicolor*) or suitable imported wood composite material.

Where existing trees are to be retained, the surrounding surface is to be permeable paving (preferably gravel layer) with minimal excavation and compaction around the base of the trees.

#### 5.3.5 Levels & Grading

- The level change across the site will require careful consideration and inclusive design to maximise accessibility for people with differing levels of physical mobility. The design is to enable universal access through gentle sloping of the paving to create accessible routes through the public open space. Ramps are to be provided where the level change is too severe to be incorporated into the paving falls. Ramps are to be designed with a maximum gradient of 1:12, a maximum length of 6m and a minimum width of 1,2m as per SANS guidelines and are to have an exposed aggregate or sand-blasted finish to ensure they are non-slip.
- Where existing trees are to be retained, it is important not to lower or raise the existing soil levels around the base of these trees. If soil levels are raised this effectively ringbarks the tree, leading to die-back and ultimately, death. When soil levels are dropped, a retaining structure needs to be built around the tree and the roots pruned to fit within the enclosure. This can result in destabilisation of the tree with potentially destructive consequences during winter storms.
- Furthermore, excavation for paving subbase or foundations for walls can cause significant damage to the roots of the trees, so where existing trees are to be retained, the landscape design should minimise paving, landscape walls and any built elements within the dripline of the tree's canopy.

### 5.3.6 Stormwater & Drainage

Due to natural clay soils and disturbance and compaction of the subject sites over time, it is not recommended for stormwater soakaways or similar sustainable urban drainage principles to be implemented. A network of piped drainage or open-air channels would need to be considered to effectively manage the stormwater on site.

Given the unpredictability of climate change, the site's location in a water scarce region and the risk of future droughts, it is recommended for rainwater to be captured and re-used to supplement flushing of toilets during the rainy winter season.

### 5.3.7 Soft landscape: an overview

Growing medium is one of the most important components in ensuring soft landscape success. There has been extensive repeat disturbance of the in-situ site soils and subsequent infill and compaction. As a result, the in-situ soils have limited viability as a growing medium and topsoil/compost will need to be imported for planting areas and trees. It is recommended for the microbial life of the soil to be enhanced through addition of activators that promote growth of positive bacteria and fungi.

The selection of planting and trees is to be mindful of the site context and its microclimate including average precipitation, wind and sun exposure. Organic mulch is to be specified over all planting areas to foster soil health and enhance soil moisture retention.

### 5.3.8 Irrigation

While xeriscaping remains a buzzword within the industry, it is important to recognize that irrigation is necessary to allow young plants to establish and is critical for their survival within the first 2 years of growth. In the context of our hot, dry summers and the growing pressure on bulk fresh water storage and supply, it is preferable to use filtered and treated grey and black water rather than potable municipal water, however this is not always feasible due to budgetary constraints. If the development has a basement and a sump is necessary, it is unlikely that any water collected in the sump could be recycled for irrigation purposes due to salt-water intrusion. It is, however, recommended that assessment of the groundwater quality be done at development stage. We recommend that the feasibility of alternative irrigation water sources be examined at development stage for reasons identified below.

In the Western Cape winter rainfall region, it is generally not feasible to capture rain water in sufficient quantity to cover summer irrigation requirements, so any harvested rainwater is better suited to supplementing internal plumbing requirements, especially flushing of toilets

which uses significant amounts of water in a high-density residential context. The extraction of groundwater via boreholes for irrigation water is not recommended due to the need to preserve this valuable resource for future generations or day zero scenarios, should this be necessary.

Due to construction programmes being driven by financial or operational targets, it is not always possible to undertake landscaping during the rainy winter season, so it is necessary to factor in higher-than-anticipated water use if the construction programme calls for landscaping during summer. It is also important to consider that soft landscaping is often installed before the building is operational, so where grey and black water are used for irrigation, a temporary water source (often potable water) would need to be provided as an interim measure until the intended water supply system is commissioned.

The question of capital expenditure vs operational expenditure for irrigation needs to be considered in consultation with the client. An automated irrigation system has a higher capex investment, but saves on intensive maintenance requirements such as frequent hand watering from a bowser or turf valves. The time-consuming nature of hand watering has implications for operational expenditure. Given the urban nature of the site with minimal access for water bowsers and high density of occupants, we recommend for planting to be irrigated with an automated irrigation system. The designers appointed for development stage should bear in mind that rodents are common in the area and above-ground drip irrigation is therefore not necessarily the most appropriate solution.

### **5.3.9 Planting**

The site is highly urbanised and no natural vegetation is present. The selection of planting and trees is to be mindful of the site context and its microclimate including average precipitation, wind and sun exposure. Plant selection to be water wise and appropriate to the soil profile and draw on the local vegetation type, using local and endemic species that are drought resistant, wherever possible.

### **5.3.10 Trees**

There are a number of mature trees, the majority of which have been planted within the last 40 years and some of which are older than 60 years. A detailed tree assessment is provided in Appendix 6 of the Contextual Analysis report (June 2023). It is recommended for the existing trees in the Soils Lab courtyard to be retained and for the existing trees in the servitude along Buitengracht Street to be supplemented with an additional row of mature



trees to mitigate against loss of mature trees on site in order to free up viable surface area for development.

For planting of new trees on site, species selection is to consider scale, shade density and non-invasive root systems. Trees to be indigenous where possible and evergreen (not deciduous) to minimize leaf litter. Trees are to be staked according to standard horticultural protocols to prevent breakage during the strong south-easterly summer winds and north-westerly winter storms.

## 5.4 Implementation Phasing – site enablement, detailed design and construction phases

The developable area is confined to a relatively small footprint of approximately 6690m<sup>2</sup>, and the high bulk area being constructed on the site does not lend itself to a phased approach of the building project. In addition, the proposed residentially - led mixed use development, poses a high health and safety risk, if the construction of the two residential blocks are developed in phases, as the construction activity would endanger the safety of residents occupying the block which is completed first. A single phase of implementation is therefore proposed commencing in 2026.

The following implementation programme is proposed in Table 5.1 below.

**Table 5.1: Proposed implementation programme**

<b>Implementation process</b>	<b>Period</b>
Development rights approval process	12 months
Design development and building plan approval	9 months
Building tender and contractor procurement	2 months
Construction period	23 months
Close-out and final completion	3 months
Total development period	49 months

## 6 Conclusion

This report presented a number of development options for the proposed consolidated sites being Erven 734-RE and 738-RE and a Portion of Erven 735, 737, 739, 9564 and 9565, Cape Town, to form the basis of a preliminary assessment of each option from an inter-disciplinary perspective. From the consolidated preliminary assessment, it is clear that Option 3 is the preferred development option to be taken forward in the enablement and proposed development of the subject sites. Design guidelines based on Option 3, are therefore presented in Chapter 5, above.

The next stage in the project cycle is Phase 2, the Specialist Assessments and Report Phase based on the preferred development option once this option has been presented and approved by the Steering Committee.

## References

City of Cape Town (November 2021). *Foreshore Gateway Urban Design Vision & Framework: Urban Design Framework Report*. Prepared for the Urban Catalytic Investment Department by Meyer & Associates et.al (Final – Revision 1).

- Appendix 1 (Rev 1): Blocks Report
- Appendix 2: Property and Planning Status Quo Report
- Appendix 3: Heritage and Archaeological Research
- Appendix 4: Transport Status Quo and Macro Transport Impact Assessment
- Appendix 5.1: Bulk Services Status Quo and Assessment
- Appendix 5.2: Electricity Status Quo and Assessment
- Appendix 6: Buitengracht Street Proposals
- Appendix 7: (Rev 1) Land Use

Demacon (June 2023). *Cape Town CBD Mixed Use Development: Market Assessment Report*. Prepared for Talani Quantity Surveyors.

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**Appendix 1:**  
**Financial Feasibility Report**  
**(Chapters 3 & 4)**



**Appendix 2:**  
**Demacon Market Assessment Report**  
**(Chapter 3)**





Report Prepared For:



June 2023



# Cape Town CBD Mixed Use Development

## Market Assessment Report REPORT



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+27 460 7009

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## EXECUTIVE SUMMARY

DEMACON Market Studies has been appointed by TALANI Quantity Surveyors to undertake a mixed-use market study as part of a broader site enablement process for underutilised properties owned and administered by the City of Cape Town and Western Cape Provincial Government. The purpose of the mixed-use market study is to conduct market research that aids in evaluating the potential for development and growth of a mixed-use project in the Cape Town Central Business District (CBD) area. Through the study, we examined significant economic, socio-economic, and real estate data to gain insights into relevant development trends and factors that influence property development opportunities within the specific local property market context. After conducting an initial assessment of the proposed project location, we identified and thoroughly investigated the following land uses as potential opportunities for stand-alone or integrated development:

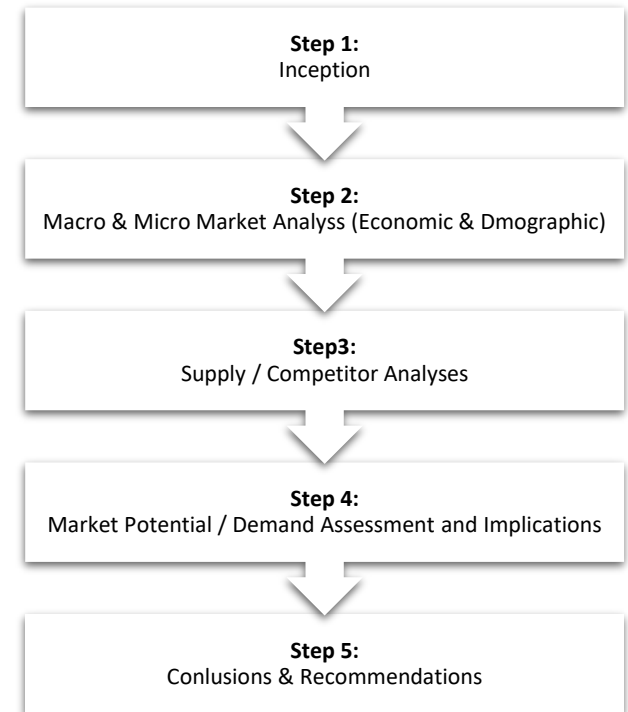
 Market Based Residential	 Social housing	 Student Accommodation	 Retail
 Offices	 Short-Stay	 Private Healthcare	

### Overarching Approach

In order to inform the preceding analyses, several aspects are assessed to determine the viability and optimum composition of a potential development concept. These aspects include, *inter alia*

- demographic status quo and trends of the anticipated **target market**, including point of origin, affordability levels, etc.
- local and sub-regional economic status quo and trends, including **main economic drivers and trends** in the region
- **location analysis and property description**
- **SDF / Urban Design Framework Alignment**
- catalytic effect of **new and / or comparable projects** in the market
- **market activity and growth**
- **main competitors / supply** in the market, i.e., comparable projects aimed at similar target market (existing and proposed)
- forecast **take-up** rates
- **extrapolated market profile**, i.e., future resident population
- corresponding **product offer and type**
- **timing / phased implementation** and optimum point of market entry
- future **demand thresholds and target markets**
- **Market potential assessment** (including 5- and 10-year growth forecast)
- **Recommendations and conclusions**, including optimum land use mix and project size (including optimum size quantified for each respective project component, typology mix, product and pricing profiles, competition analysis, tenancing options, future growth and expansion potential, optimum points of market entry / phasing, etc.) – including photos, diagrams, graphs, maps, etc.

DEMACON's approach is purely market based and we will apply our extensive involvement as well as recent research and market intelligence on the subject matter to complement the market study.



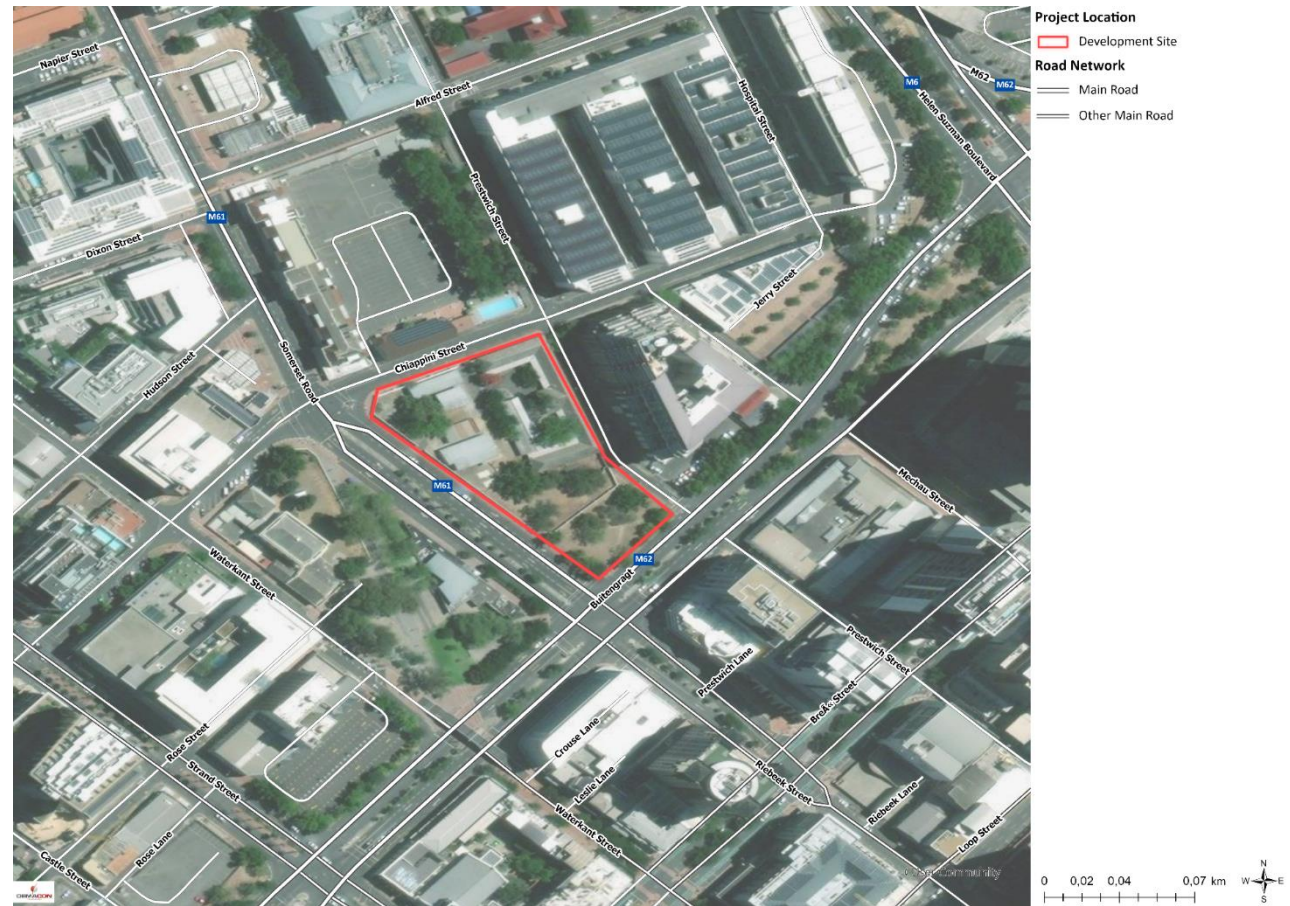
## PROJECT DESCRIPTION AND LOCATION

The proposed development site consists of several properties (Erven 734/RE and 738/RE, and portions of erven 735, 739, 9564 and 9565) within the De Waterkant area of the City of Cape Town's City Centre. The development site is bordered by Chiappini Street and Prestwich Street to the north and east and Buitengracht Street and Somerset Road to the south and west.

The site provides 6 694 square meters of developable area within the urban confluence of the of Cape Town's central business district and according to zoning information is zoned for mixed use 3 and general business 7 and transport zone 2 uses.

The majority of the property is currently used by the Cape Town Department of Transport and Public Works as the testing laboratory for pavement technology and soils. It should be noted that the building situated along Chiappini Street and Prestwich Street is classified as a heritage building and therefore cannot be demolished and must be incorporated into the development opportunity.

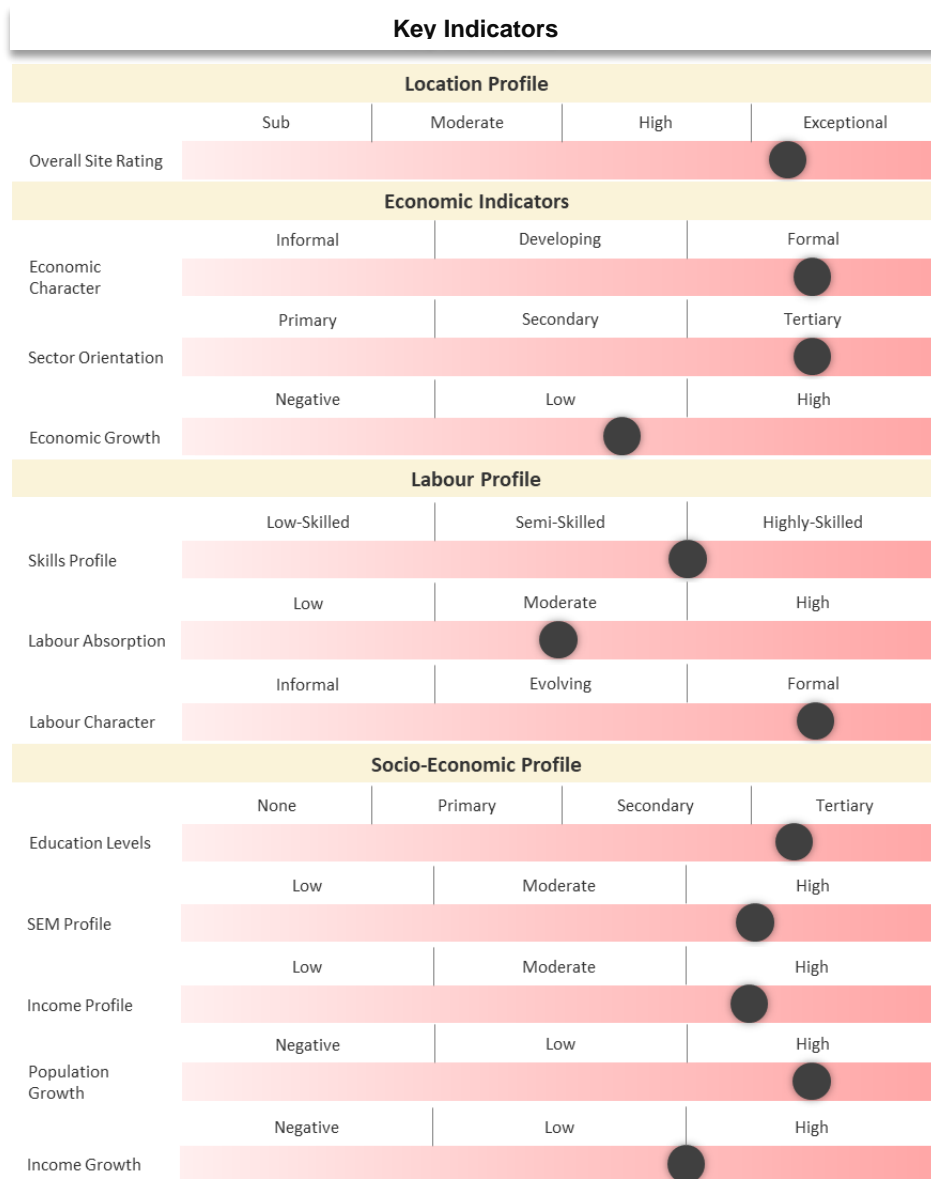
Property Description	Developable Area (m²)	Current Zoning
Erf 734/RE	2 961	Mixed Use 3
Ref 738/RE	2 535	Mixed Use 3 and General Business 7
Portion of Erf 735	283	Transport Zone 2
Portion of Erf 738	86	Mixed Use 3
Portion of Erf 9564	61	Transport Zone 2
Portion of Erf 9565	769	Transport Zone 2



Within a 10-minute drive time of the development site, the proposed development has access to a variety of urban spaces and functions that include:

- major business, destination retail and economic nodes such as the Cape Town Inner City, V&A Waterfront, Salt River and Woodstock business and industrial areas, Paarden Eiland industrial area and the Observatory business node
- major tourist destinations such as Green Point, Inner City, V&A Waterfront, Cape Town harbour, Sea Point and Table Mountain
- meetings, incentives, conference, and exhibitions destinations such as the Cape Town Convention Centre and related meeting spaces throughout the inner-city residential suburbs at mixed intensity and density

## KEY INDICATORS AND DEVELOPMENT POTENTIAL



Key Indicators	
Location Rating	High
Economic Base & Drivers	Positive & Compatible
Labour Profile	Formal & Skilled
Socio-Economic Profile (Demand Base)	Middle to High Income
Residential Market Potential	High
Social Housing Market Potential	Moderate to High
Student Accommodation Market Potential	Moderate
Retail Market Potential	Moderate to High
Office Market Potential	Low to Moderate
Private Healthcare Market Potential	Moderate
Short-Stay Accommodation Market Potential	Low

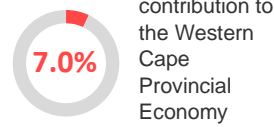
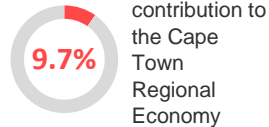
Development Potential	
Option 1 <b>Apartment Building</b>	<ul style="list-style-type: none"> <li>Potential for up to 125 units of bonded and/or rental stock</li> <li>Street front convenience retail with select services housed in the heritage building</li> <li>First and/or second floor business lounge or co-working spaces</li> </ul>
Option 2 <b>Social Housing Building</b>	<ul style="list-style-type: none"> <li>Potential for up to 125 social housing rental units</li> <li>Ground floor street fronting convenience retail with select services housed in the heritage building</li> </ul>
Option 3 <b>Student Accommodation</b>	<ul style="list-style-type: none"> <li>Potential for up to 500 student beds (125 units)</li> <li>Ground floor street fronting convenience retail with select services housed in the heritage building</li> </ul>
Option 4 <b>Private Hospital</b>	<ul style="list-style-type: none"> <li>Approximately 100 to 130 beds over the medium to longer term</li> </ul>
Option 5 <b>Hotel / Apartment Hotel</b>	<ul style="list-style-type: none"> <li>The hotel could focus on a boutique hotel configuration specialising in distinct business, leisure and public sector travellers (4-Star). Short- to medium-term accommodation options could be considered (4-Star)</li> </ul>



## SOCIO-ECONOMIC CONTEXT AND CONSIDERATIONS

### ECONOMY SIZE AND CONTRIBUTION

**Table Bay**  
Sub-Regional Economy GVA  
(current prices 2021)



The Table Bay sub-regional economy is the **6<sup>th</sup> largest** contributor to the total economy of the City of Cape Town's regional economy.

Compared to other economies in the metropolitan area, the Table Bay sub-regional economy **lost** proportional contribution to the regional economy since 2011. Therefore, although the sub-regional economy has **continually expanded** economic output, other sub-regional economies in the metropolitan economy has expanded their economic output at a rate faster than the Table Bay regional economy.

### ECONOMY GROWTH

**0.9%**  
(2011 - 2021)  
average annual growth of the sub-regional economy over the previous 10 years

**0.1%**  
(2011 - 2021)  
average annual growth of the sub-regional economy over the previous 5 years

The sub-regional economy is recovering economic capacity lost during 2020. In 2021 the sub-regional economy was **1.8%** below pre-pandemic economic GVA output

The unemployment rate of the local economy is **20.0%**

The unemployment rate has started to increase from a low of 14.0% in 2016

The data shows that the sub-regional economy is experiencing a slowdown in the rate at which the local economy can produce jobs

### STRUCTURE OF EMPLOYMENT

**Formal employment** accounts for **86.2%** of all jobs

**14 882** informal jobs exist in the local economy

**Informal employment** accounts for **13.8%** of all jobs

The **informal economy lost 9 125 jobs** since 2011 at an average rate of **-913 jobs per year**

**92 857** formal jobs exist in the local economy

The **formal economy gained 9 685 jobs** since 2011 at an average rate of **969 jobs per year**

### POPULATION SIZE



**129 106**  
PEOPLE IN THE  
PRIMARY  
TRADE AREA

**Population**  
Average Annual  
Growth Rate  
**2.24%**



**49 272**  
HOUSEHOLDS

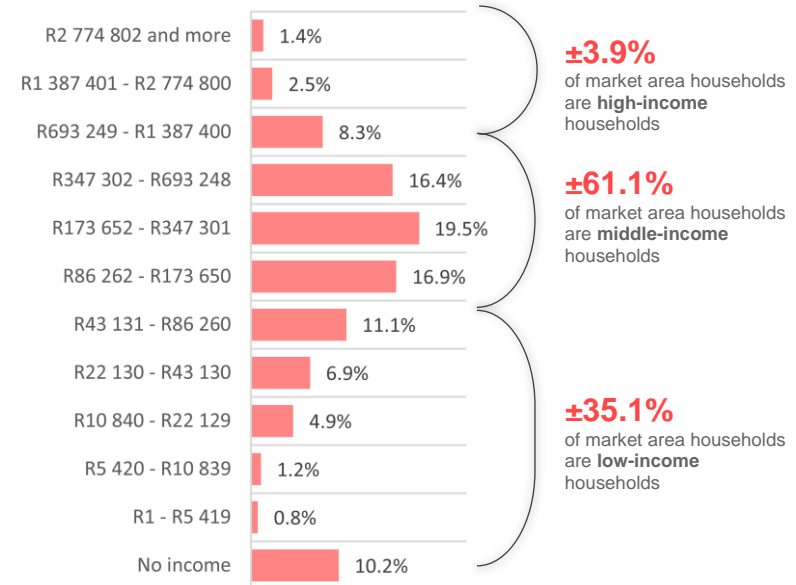
**Household**  
Average Annual  
Growth Rate  
**2.42%**

### DWELLING

**Majority** of  
Households Reside in a  
**Formal Dwelling**  
**99.2%**

**0.3%** of households  
reside in an  
**informal dwelling**

### HOUSEHOLD INCOME PROFILE





## ANALYSIS SUMMARY

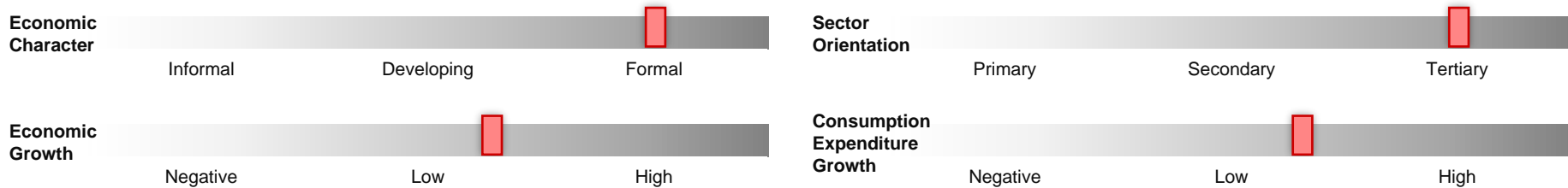
The following offers a condensed overview of the analyses conducted in the report. Its purpose is to provide a concise perspective on the key aspects and characteristics that define the primary market area of the development location. These attributes are crucial for understanding and defining the supply and demand dynamics of the market, particularly in relation to the proposed development and its configuration.

### Location Profile



The proposed development site is situated adjacent to the Cape Town Central Business District and forms part of the metropolitan spatial development framework’s Cape Town CBD Metropolitan Node. The site, according to the district development plan, is located in the district’s mixed-use intensification zone and should ideally seek to integrated complimentary uses as part of its product offering and services. The location assessment of the development site within the context of various land use reveals high to exceptional ratings and therefore highlights the development site’s potential to incorporate a mixture of well-located land use opportunities as part of an integrated development scheme.

### Economic Profile



The Table Bay sub-regional economic growth trend decelerated since 2011 but nevertheless remained positive – consistent with the national and metropolitan trend. The sub-regional economy is the sixth largest in the City and is driven by growth in tertiary economic sectors especially the business, financial and real estate services sector.

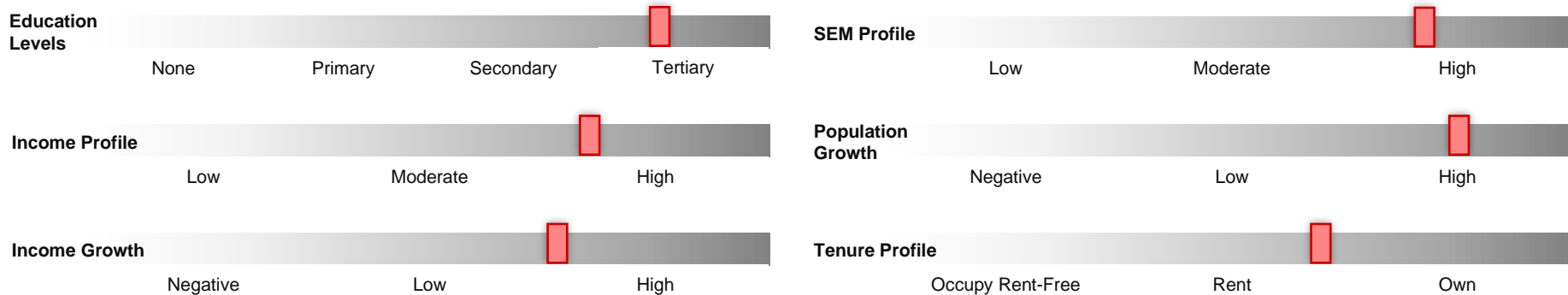
## ANALYSIS SUMMARY

### Labour Profile



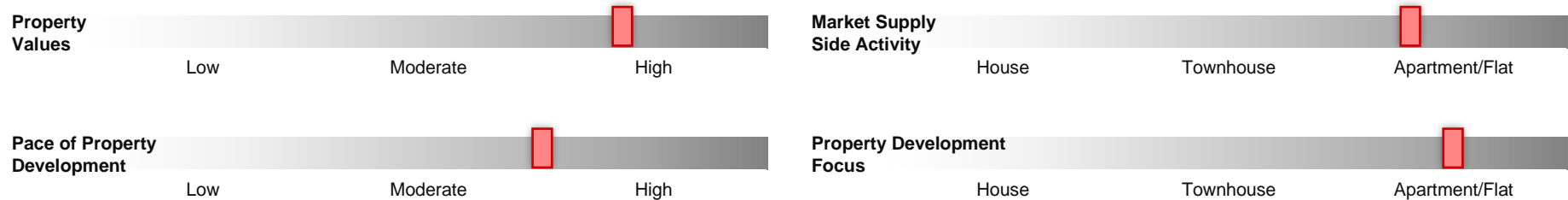
The Table Bay sub-regional economy has continuously generated formal employment opportunities in skilled and semi-skilled occupations. The sub-regional economy maintains a moderate to high labour force participation rate and is increasing formal in nature – informal employment has lost a sizeable share of its contribution to the overall employment in the sub-regional economy. The unemployment rate in the sub-regional economy has increased since 2016 because of moderate labour absorption.

### Socio-Economic Profile



The demography of the market area expands at a high rate of growth and is heavily influenced by migration into and out of the market area – largely on account of the pace at which urban development, inclusive of infill development and densification) occurs in the City Bowl, Sea Point, Green Point, District Six, Salt River, and Woodstock areas. The demography of the market area consists of young adults that are highly educated, skilled, and employed in tertiary economic sectors such as financial and business services, real estate, social and personal services. Occupations such as legislators, professionals, technicians, senior officials, and managers make up the majority of professions in the market area. Furthermore, the market area is characterised as middle- to high-income. Income growth in the market area has been slow in the recent past and heavily influenced by the Covid-19 pandemic as well as macroeconomic challenges, electricity supply constraints and associated deterioration in business and consumer confidence.

### Market Based Residential Supply-Side Characteristics

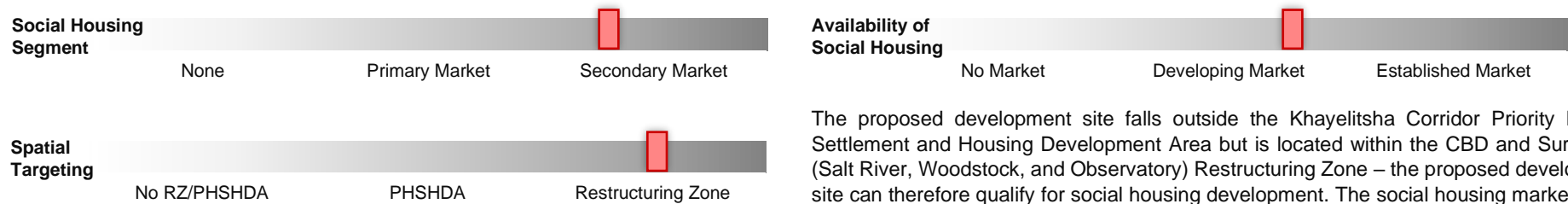


The proposed development site is located within the sub-region of De Waterkant, situated in the Cape Town CBD suburb. This location, along with other prominent areas such as Green Point, Sea Point, the Foreshore, and City Bowl, boasts comparatively high property values due to their association with upscale property activity. Market data indicates that, from 2014 to 2023, the average sales price of properties in the market area has been approximately 13.2% lower than the initial asking prices (listing), which is a common occurrence. Recent trends, however, show an increasing gap between the asking price and the actual sales price.

Despite this, average sales prices in the market area have remained relatively consistent at around R3.7 million since 2020, following a peak of approximately R5.0 million in 2018. Moreover, average rental prices in the market area are competitively positioned, particularly in De Waterkant and the Cape Town CBD, where moderate to high rental rates are achieved. The Cape Town CBD and its surrounding areas have consistently demonstrated development activity, as evidenced by new property registrations, establishing themselves as key infill and densification locations within the City of Cape Town.

In terms of the residential market within the primary market area, apartments and flats dominate due to the highly built-up nature of the region, particularly in areas like the Cape Town CBD, Green Point, Sea Point, and City Bowl. New residential developments primarily target high-density, high-rise buildings with various configurations and service offerings. Studio and 1-bedroom units are particularly popular among buyers and renters.

### Social Housing Residential Supply-Side Characteristics



The proposed development site falls outside the Khayelitsha Corridor Priority Human Settlement and Housing Development Area but is located within the CBD and Surrounds (Salt River, Woodstock, and Observatory) Restructuring Zone – the proposed development site can therefore qualify for social housing development. The social housing market of the City is developing whereby more than 50% of social housing units are either under

construction or pipeline projects.

### Student Accommodation Supply-Side Characteristics



Public and private higher education institutions are present in the Cape Town CBD and along the eastern suburb corridor of Woodstock, Salt River, and Observatory. The Cape Peninsula University of Technology is the most prominent public university in the primary market area (the University of Cape Town is located outside the primary market area), whilst a host of private colleges and higher education institutions are distributed throughout the CBD and are within 1 km of the proposed development site. Private and accredited student accommodation represents 30% of total supply in the market area of which more than 80% of beds are provided by only 8 scaled student accommodation providers.

### Retail Supply-Side Characteristics



The market area encompassing the proposed development comprises a diverse range of retail facilities with varying scales and functions. Currently, there are approximately 22 operational retail facilities in the market area, with an additional two centres proposed, which could enhance the regional profile in the medium-term. Convenience retail and local neighbourhood centres account for the majority of retail facilities, representing 40.9% of the total. However, in terms of gross leasable area (GLA), the bulk is provided by regional, lifestyle, and CBD-based retail centres, comprising 57.9% of the overall GLA. The market area boasts a substantial retail GLA of over 267 000 square meters. Notably, store front retail plays a significant role in the immediate vicinity of the proposed development site. Data indicates that there are more than 192 000 square meters of street-fronted retail space available within the Cape Town CBD.

### Office Market Supply-Side Characteristics



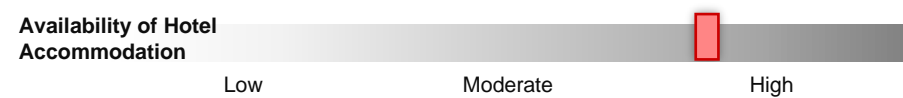
Office space is well-distributed across the market area of the proposed development, encompassing several prominent office nodes such as the Cape Town CBD, V&A Waterfront, Granger Bay, Sea Point, Woodstock, and Salt River. Despite the challenges posed by the Covid-19 pandemic and subsequent office market downturn, vacancy rates within the market area remain relatively stable, ranging between 14% and 17%. It is worth noting that the Cape Town CBD stands out with its low vacancy rates, even with the introduction of several commercial developments since 2020.

**Private Healthcare Market Supply-Side Characteristics**



The market area surrounding the proposed development is home to numerous private healthcare facilities. These facilities are primarily concentrated in the City Bowl and Observatory areas, strategically positioned at major intersections or within established nodes. Additionally, some private healthcare facilities are integrated within higher education institutions. Private hospitals within the market area provide a diverse range of services and specializations, catering to a community that largely possesses comprehensive medical insurance coverage.

**Short-Stay Accommodation Market Supply-Side Characteristics**







The market area encompassing the City Bowl, V&A Waterfront, and Atlantic Seaboard holds significant importance as a core tourist destination, attracting both domestic and international visitors. In this tourism-driven market, short-stay accommodations play a prominent role and face intense competition. Supply data reveals the presence of approximately 116 hotels within the market area, offering over 11,000 beds primarily at 4 and 5-star accommodation and facility levels.




Occupancy rates in Western Cape hotels have been increasing, reaching, and maintaining levels of around 50% to 60% during peak periods. Notably, December 2022 recorded hotel occupancy levels surpassing 70%. These figures demonstrate the highly competitive nature of the hotel market in the Western Cape and the City of Cape Town, especially considering that the average length of stay for domestic and international visitors typically ranges between 1 and 2 nights.



## SUMMARY OF DEMAND ANALYSIS


The preceding highlighted key supply side considerations that impact on the various land use typologies assessed in this report. The preceding analyses lay the basis upon which the demand potential for each of the assessed land uses are estimated. The following table provides a summary of the demand potential each of the land uses assessed. The table identifies the proposed size that could be targeted by each land use, the development prospect of each land use given the overarching supply side and market trends data for the primary market area, the optimum point of market entry given the current and expected market context and additional notes and high-level configuration considerations.



	Development Prospects	Proposed Size	Development Prospects	OPME	Notes and High-Level Configuration Considerations
	Market Based Residential Analysis	125 units	High	2024+	<ul style="list-style-type: none"> <li>• High-rise apartment building</li> <li>• Upper floors used for residential apartments</li> <li>• Can include bonded and rental units</li> <li>• Various configurations that include:                             <ul style="list-style-type: none"> <li>○ Studio apartments</li> <li>○ 1-bedroom apartments</li> <li>○ 2-bedroom apartments</li> </ul> </li> <li>• Ancillary services can be incorporated for an integrated living environment (e.g., wellness centre, concierge, business facilities, retail, etc.)</li> </ul>
	Social Housing	125 units	Moderate to High	2024+	<ul style="list-style-type: none"> <li>• The project location is in a restructuring zone allowing the developer access to the Consolidated Capital Grant</li> <li>• Is primarily secondary market focused</li> <li>• Various configurations that include:                             <ul style="list-style-type: none"> <li>○ Bachelor/studio apartments</li> <li>○ 1-bedroom apartments</li> <li>○ 2-bedroom apartments</li> <li>○ 3-bedroom apartments</li> </ul> </li> <li>• Current market realities conform to the prescribed primary to secondary market ratio, rental quote average and average rental across all income groups</li> </ul>
	Student Accommodation	125 units	Moderate	2024+	<ul style="list-style-type: none"> <li>• The project has access to both public and private higher education institutions making it possible to accommodate both NSFAS and Non-NSFAS students</li> <li>• Configurations can focus on 1- and 2-bedroom units with shared and non-shared options at varying price ranges</li> </ul>
	Retail	5 372 m <sup>2</sup>	Moderate to High	2024+	<ul style="list-style-type: none"> <li>• Retail activities and services could focus on a convenience offering that is integrated as part of a high-rise building</li> <li>• The focus could be street fronting</li> <li>• The existing heritage building could be used to accommodate retail activities such as restaurants and related services</li> </ul>

Development Prospects		Proposed Size	Development Prospects	OPME	Notes and High-Level Configuration Considerations
	Office	5 686 m <sup>2</sup>	Low to Moderate	2024+	<ul style="list-style-type: none"> <li>The development location is situated close to numerous established and active office nodes</li> <li>Vacancy in these nodes has remained low post-pandemic and in light of new office buildings coming online</li> <li>Office space could be incorporated as part of an integrated building development, making use of 1 to 2 floors</li> <li>A business services area / co-working environment could be established. The space could be made available to the residents of the building as well as SMMEs</li> <li>Given current low office space demand across the office space market, a standalone office building is not advised</li> </ul>
	Private Healthcare	100 to 130 beds	Moderate	2024+	<ul style="list-style-type: none"> <li>The market area has a high concentration of private medically insured people that, given current population and residential market growth trends, is expanding at a moderate pace</li> <li>Private healthcare could focus on a hospital offering a variety of services</li> </ul>
	Short-Stay Accommodation	40 to 60 keys	Low	2024+	<ul style="list-style-type: none"> <li>The market area has a high concentration of hotel accommodation (116 hotels offering more than 11 000 keys)</li> <li>Although tourist data is continuously improving, occupancy rates remain between 50% and 60% throughout the year</li> <li>The project could consider a stand-alone hotel facility or an apartment hotel configuration</li> <li>The local market is highly competitive with limited demand for additional hotel capacity and therefore a stand-alone short-stay accommodation facility is not advised</li> <li>An apartment hotel segment could be considered as part of a residential development, but the rapid growth of AirBnB could limit the potential of the apartment hotel market</li> </ul>

## SYNTHESIS AND DEVELOPMENT OPTIONS



The preceding evaluated several land use opportunities for the proposed development site, which benefits from a strategic location in relation to numerous real estate markets and opportunity areas. With the availability of various land use options, there is potential to explore different configurations for the development. Given the constraints of limited available land at the proposed development site and its location within a mixed-use intensification area, it is important to consider vertical mixed-use development opportunities. As a result, several configuration and development options have been identified and thoroughly examined. To determine the most suitable use and opportunities for the proposed development location, it is recommended to apply the highest and best use principle. The table offers an overview of the recommended development options for consideration.

Development Option	Development Probability	Rationale	Development Potential
Option 1 <b>Integrated and Mixed-Use Apartment Building</b> 	High	<p>The development context of the market area has shown a continued focus on high density mixed-use buildings that integrates a combination of residential offerings, retail services, office or business spaces and personal service offerings.</p> <p>Furthermore, the development site is located within a mixed-use intensification zone that, according to the DDP should ideally focus on mixed and integrated development options (residential, retail, office, services) at higher densities as part of the development aspiration of the CBD and its immediate suburbs. The densification policy also identifies that the development location is so positioned that it could target densities of between 100 and 340 units per hectare.</p> <p>The development site is located close to existing high intensity development areas and forms part of prominent destination retail and office nodes. The CBD has access to a range of social amenities and services that can be accessed by the proposed development whilst also being located close to existing public transport networks.</p> <p>The potential of the property to act as a mixed-use development opportunity is regarded as the most suitable land use configuration for this location.</p>	<p><b>Market Based Residential Units</b></p> <ul style="list-style-type: none"> <li>• Apartment building (residential upper floors)</li> <li>• Potential for up to 125 units of bonded and/or rental stock</li> <li>• Studio, 1-bedroom and 2-bedroom apartments</li> <li>• Complementary facilities could include:                             <ul style="list-style-type: none"> <li>○ Concierge</li> <li>○ Storage rooms</li> <li>○ Parking</li> <li>○ Entertainment facilities (lounging, braais, rooftop facilities)</li> <li>○ Wellness/fitness centre</li> <li>○ Swimming pool</li> <li>○ Access control</li> <li>○ 24hr security</li> </ul> </li> <li>• Building support services could be housed in the heritage building</li> </ul> <p><b>Convenience Retail</b></p> <ul style="list-style-type: none"> <li>• Street front convenience retail with select services housed in the heritage building</li> <li>• Focus on convenience retail:                             <ul style="list-style-type: none"> <li>○ Groceries</li> <li>○ Food market and specialised wellness store</li> <li>○ Health and beauty services (hair salon/barber, pharmacy, etc.)</li> <li>○ Restaurants and coffee shops</li> <li>○ Entertainment (exhibition, local watering hole, etc.)</li> </ul> </li> </ul> <p><b>Office Space – Co-Working/Business Lounge</b></p> <ul style="list-style-type: none"> <li>• First and/or second floor</li> <li>• Could contain a business lounge or co-working spaces                             <ul style="list-style-type: none"> <li>○ Hot desking / dedicated desks</li> <li>○ 1- or 2-person offices</li> <li>○ 4- to 6-seater meeting rooms</li> </ul> </li> </ul>

	Development Option	Development Probability	Rationale	Development Potential
Option ②	<b>Integrated and Mixed-Use Social Housing Building</b> 	<b>Moderate to High</b>	<p>The social housing market in the City of Cape Town is a developing market currently consisting of more than 4 400 units located in the eastern suburbs of the City. The development opportunity is situated within the Cape Town CBD and Surrounds (Salt River, Woodstock, and Observatory) Restructuring Zone. Because the project is located in a restructuring zone the project conforms to the Social Housing Regulatory Authority and City of Cape Town spatial targeting principles. Furthermore, because the project is located in a restructuring zone, the project could gain access to the Consolidated Capital Grant.</p> <p>The primary market area, however, has no social housing projects. Two projects offering 447 are currently being constructed whilst pipeline projects could offer an additional 198 units over the medium to long-term. Social housing projects are however located in the Salt River and Woodstock areas and do not target the CBD and western suburbs.</p> <p>The data shows that a supply gap exists in the primary market area. Given the high property value of the primary market area, and especially the CBD and its immediate suburbs, the release of the property, or the development of the property by the City, could assist with increasing the financial viability of project.</p> <p>The potential of the property to act as a mixed-use social housing project opportunity is regarded as a secondary option to Option 1.</p>	<ul style="list-style-type: none"> <li>○ Remaining area is used to accommodate services such as reception, lounge, printing, kitchen, relaxation spaces, lockers, café, etc.</li> </ul> <p><b>Social Housing Units</b></p> <ul style="list-style-type: none"> <li>● Apartment building (residential on the upper floors)</li> <li>● Potential for up to 125 rental units</li> <li>● Studio, 1-bedroom, 2-bedroom and 3-bedroom units targeting primary and secondary target markets</li> <li>● The majority of units will target the secondary market</li> <li>● Complementary facilities could include:                             <ul style="list-style-type: none"> <li>○ Kids play areas</li> <li>○ Secure parking</li> <li>○ 24hr security</li> </ul> </li> <li>● Building support services could be housed in the heritage building</li> </ul> <p><b>Convenience Retail</b></p> <ul style="list-style-type: none"> <li>● Street front convenience retail with select services housed in the heritage building</li> <li>● Focus on convenience retail:                             <ul style="list-style-type: none"> <li>○ Groceries</li> <li>○ Food market and specialised wellness store</li> <li>○ Health and beauty services (hair salon/barber, pharmacy, etc.)</li> <li>○ Restaurants and coffee shops</li> <li>○ Entertainment (exhibition, local watering hole, etc.)</li> </ul> </li> </ul>
Option ③	<b>Integrated and Mixed-Use Student Accommodation Building</b> 	<b>Moderate</b>	<p>The development location is within 2 km of public and private higher education institutions who, according to market supply data, are under-supplied in terms of student accommodation beds.</p> <p>Student accommodation as a proposed development market has high demand from public and private sector tertiary education providers and could act as a lucrative development opportunity. It is, however, important to note that the configuration and targeting of the building in terms of NSFAS versus non-NSFAS students, the</p>	<p><b>Student Accommodation</b></p> <ul style="list-style-type: none"> <li>● Apartment building (student beds on the upper floors)</li> <li>● Potential for up to 500 beds (125 units)                             <ul style="list-style-type: none"> <li>○ Up to 10% of units could be allocated to 1-bedroom units that could either be private or shared by two people</li> <li>○ Remaining units could be 2-bedroom units that could either be private or shared rooms (between 2 to 4 people per unit)</li> <li>○ Given the presence of NSFAS students, between 30% and 50% of beds could be allocated to NSFAS</li> </ul> </li> </ul>

Development Option	Development Probability	Rationale	Development Potential
		<p>affordability of accommodation and risk factors such as slow NSFAS payments and requirements for accreditation could influence the financial viability and sustainability of a student residence in a high-demand and high-value residential and development area.</p> <p>Furthermore, market research has shown that purpose-built student accommodation is not easily pivoted in the residential market given the diverging configurations applied to student accommodation and private residential apartments.</p> <p>The potential of the property to act as a mixed-use student accommodation project opportunity is regarded as a secondary option to Options 1 and 2.</p>	<p>sponsored students (should be informed by the financial viability assessment of the project)</p> <ul style="list-style-type: none"> <li>• Typically provided items per room include:                             <ul style="list-style-type: none"> <li>○ Bed</li> <li>○ Curtains</li> <li>○ Study desk and chair</li> <li>○ Lamp and bedside table</li> <li>○ Lockable cupboards</li> <li>○ Wardrobe</li> <li>○ Heater</li> <li>○ Premium items (Kitchenette, Bathroom, TV)</li> </ul> </li> <li>• Depending on configuration, bathrooms can either be shared or private</li> <li>• Amenities offered could include:                             <ul style="list-style-type: none"> <li>○ Laundry services</li> <li>○ Entertainment areas</li> <li>○ Study room</li> <li>○ Convenience retail</li> <li>○ Free uncapped Wi-Fi</li> <li>○ DSTv</li> <li>○ Bus/shuttle services</li> <li>○ 24-hour security</li> <li>○ Biometric access control</li> </ul> </li> <li>• Premium services (extra cost) could include:                             <ul style="list-style-type: none"> <li>○ Backup power generation</li> <li>○ Rooftop entertainment</li> <li>○ Swimming pool</li> <li>○ Braai facilities</li> <li>○ On-site building manager</li> <li>○ Secure parking (at a premium)</li> <li>○ Gym</li> </ul> </li> </ul> <p><b>Convenience Retail</b></p> <ul style="list-style-type: none"> <li>• Street front convenience retail with select services housed in the heritage building</li> <li>• Focus on convenience retail:                             <ul style="list-style-type: none"> <li>○ Groceries</li> <li>○ Take-aways and fast foods</li> <li>○ Printing and book shops</li> <li>○ Electronics and associated services</li> <li>○ Entertainment (exhibition, local watering hole, etc.)</li> </ul> </li> </ul>



	Development Option	Development Probability	Rationale	Development Potential
Option 4	<b>Private Healthcare</b> <b>Private Hospital</b> 	<b>Moderate</b>	<p>Demand estimations indicate that a demand gap for private healthcare beds exist in the primary market area.</p> <p>The demand gap is driven by the continued growth of population, especially population with access to private medical insurance, in the primary market area. The continuous growth of the local market could impose strain on the existing private healthcare market and as a result a private hospital could contribute to minimising the healthcare burden whilst also diversifying the local market's healthcare offering.</p> <p>The potential of the property to act as a standalone private healthcare opportunity is regarded as an alternative opportunity to Option 1.</p>	<b>Private Hospital</b> <ul style="list-style-type: none"> <li>• Approximately 100 to 130 beds over the medium to longer term</li> <li>• The following types of surgery could be performed at the hospital:                             <ul style="list-style-type: none"> <li>○ Endoscopic procedures</li> <li>○ Hernia repairs</li> <li>○ Ear, nose, and throat</li> <li>○ General surgery</li> <li>○ Integumentary system</li> <li>○ Sterilisation</li> <li>○ Gynaecological procedures</li> <li>○ Eye surgery</li> <li>○ Dental and facio-maxilla</li> <li>○ Cosmetic &amp; reconstructive surgery</li> <li>○ Urology</li> <li>○ Dermatology</li> <li>○ Orthopaedics</li> </ul> </li> <li>• Supportive services:                             <ul style="list-style-type: none"> <li>○ Pathologist</li> <li>○ Pharmacy</li> <li>○ Coffee shop</li> <li>○ Baby wise clinic</li> <li>○ Independent Consulting Rooms</li> </ul> </li> </ul>
Option 5	<b>Short-Stay Accommodation</b> <b>Hotel / Apartment Hotel</b> 	<b>Low to Moderate</b>	<p>In the market area, there is a notable abundance of hotel accommodation, with 116 hotels offering over 11,000 rooms. Despite ongoing improvements in tourist data, occupancy rates consistently hover around 50% to 60% throughout the year.</p> <p>When considering the project, two options are worth exploring: a standalone hotel facility or an apartment hotel configuration. However, it's important to note that the local market is fiercely competitive, and the demand for additional hotel capacity is limited. Consequently, establishing a standalone short-stay accommodation facility is not advisable.</p> <p>On the other hand, integrating an apartment hotel segment into a residential development could be an option to consider. Nonetheless, it's crucial to recognize that the rapid growth of Airbnb may potentially impede the success of the apartment hotel market.</p>	<b>Hotel (Short-Stay Accommodation)</b> <ul style="list-style-type: none"> <li>• The hotel could focus on a boutique hotel configuration specialising in distinct business, leisure, and public sector travellers (4-Star).</li> <li>• Short- to medium-term accommodation options could be considered (4-Star).</li> <li>• The Hotel could offer:                             <ul style="list-style-type: none"> <li>○ Rooms: – Standard rooms (1 Bed – 20 m<sup>2</sup> to 30 m<sup>2</sup>)                                     <ul style="list-style-type: none"> <li>▪ Boutique Hotel – R1 500 per night</li> <li>▪ Hotel Apartment – R1 700 per night (Discounted rates for longer rentals)</li> </ul> </li> <li>○ Executive rooms (1 or 2 Beds – 30 m<sup>2</sup> to 40 m<sup>2</sup>)                                     <ul style="list-style-type: none"> <li>▪ Boutique Hotel – R2 000</li> <li>▪ Hotel Apartment – R2 200 per night (Discounted rates for longer rentals)</li> </ul> </li> <li>○ Restaurant</li> <li>○ Mini Conferencing/Meeting Room Facilities</li> </ul> </li> </ul>

# 1 INTRODUCTION

## 1.1 INTRODUCTION AND PURPOSE OF THE REPORT

Chapter 1 of the report provides an introduction and concise roadmap to the market study drafted for a proposed mixed-use development (project) within the greater Cape Town Central Business District area. To understand the scope, objectives and outline of this document, Chapter 1 introduces the project and its intended outcomes and also provides an outline of the remainder of the report.

## 1.2 PROJECT BRIEF AND APPROACH

DEMACON Market Studies has been appointed by TALANI Quantity Surveyors to undertake a **mixed-use market study** as part of a broader **site enablement process** for underutilised properties owned and administered by the City of Cape Town and Western Cape Provincial Government.

The purpose of the mixed-use market study is to provide market research that assists with assessing the development and growth potential of a mixed-use development in the Cape Town Central Business District (CBD) area. The study seeks to assess relevant economic, socio-economic, and real estate data to understand pertinent development trends and drivers that inform property development opportunities within a defined local property market context.

In order to inform the preceding analyses, several aspects are assessed to determine the viability and optimum composition of a potential development concept. These aspects include, *inter alia*

- demographic status quo and trends of the anticipated **target market**, including point of origin, affordability levels, etc.
- local and sub-regional economic status quo and trends, including **main economic drivers and trends** in the region
- **location analysis and property description**
- **SDF / Urban Design Framework Alignment**
- catalytic effect of **new and / or comparable projects** in the market
- **market activity and growth**
- **main competitors / supply** in the market, i.e., comparable projects aimed at similar target market (existing and proposed)
- forecast **take-up** rates

- **extrapolated market profile**, i.e., future resident population
- corresponding **product offer and type**
- **timing / phased implementation** and optimum point of market entry
- future **demand thresholds and target markets**
- **Market potential assessment** (including 5- and 10-year growth forecast)
- **Recommendations and conclusions**, including optimum land use mix and project size (including optimum size quantified for each respective project component, typology mix, product and pricing profiles, competition analysis, tenancing options, future growth and expansion potential, optimum points of market entry / phasing, etc.) – including photos, diagrams, graphs, maps, etc.

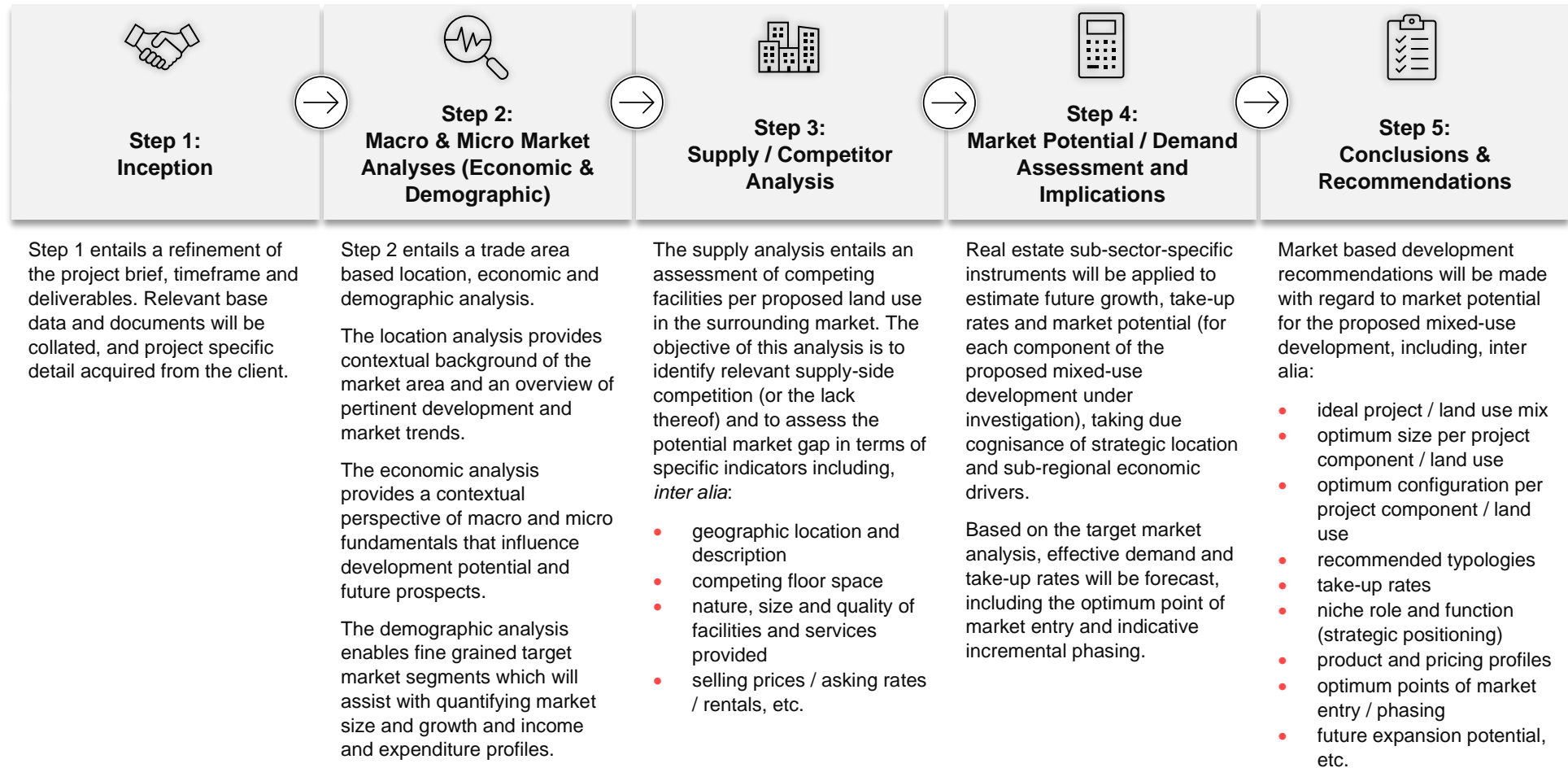
DEMACON's approach is purely market based and we will apply our extensive involvement as well as recent research and market intelligence on the subject matter to complement the market study.

## 1.3 RESEARCH METHODOLOGY

Considering the key components of a mixed-use market study as noted by the preceding section, a research methodology is employed to guide the overall market analysis of the proposed development location.

The methodology consists of five steps that provide key analysis outcomes used to assess the viability and optimum composition of a potential development concept. The following diagram (overleaf) provides a concise overview of the methodological approach employed for the study.

Diagram 1.1: Research Methodology



Source: DEMACON, 2023

## 1.4 REPORT OUTLINE



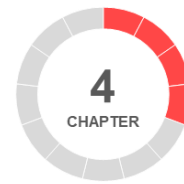
- 1**  
CHAPTER
- INTRODUCTION**
- Introduction to the project
  - Report Outline



- 2**  
CHAPTER
- PROJECT LOCATION AND STUDY AREA DELINEATION**
- Location of the proposed development in a regional context
  - Location of the proposed development in a local context



- 3**  
CHAPTER
- STRATEGIC CONSIDERATIONS AND TRENDS**
- Strategic and spatial considerations
  - Building statistics



- 4**  
CHAPTER
- ECONOMIC PROFILING AND DRIVERS**
- Macro-economic trends
  - Local economic trends



- 5**  
CHAPTER
- MARKET AREA BASED SOCIO-ECONOMIC ANALYSIS**
- Market area delineation
  - Demographic context



- 6**  
CHAPTER
- MARKET-BASED RESIDENTIAL MARKET ANALYSIS**
- Supply side indicators
  - Demand side indicators



- 7**  
CHAPTER
- SOCIAL HOUSING MARKET ANALYSIS**
- Supply side indicators
  - Demand side indicators



- 8**  
CHAPTER
- STUDENT ACCOMMODATION MARKET ANALYSIS**
- Supply side indicators
  - Demand side indicators



- 9**  
CHAPTER
- RETAIL MARKET ANALYSIS**
- Supply side indicators
  - Demand side indicators



- 10**  
CHAPTER
- OFFICE MARKET ANALYSIS**
- Supply side indicators
  - Demand side indicators



- 11**  
CHAPTER
- PRIVATE HEALTHCARE MARKET ANALYSIS**
- Supply side indicators
  - Demand side indicators



- 12**  
CHAPTER
- SHORT-STAY ACCOMMODATION MARKET ANALYSIS**
- Supply side indicators
  - Demand side indicators



- 13**  
CHAPTER
- CONCLUSIONS & RECOMMENDATIONS**
- Conclusions

## 2 PROJECT LOCATION AND STUDY AREA DELINEATION

### 2.1 INTRODUCTION

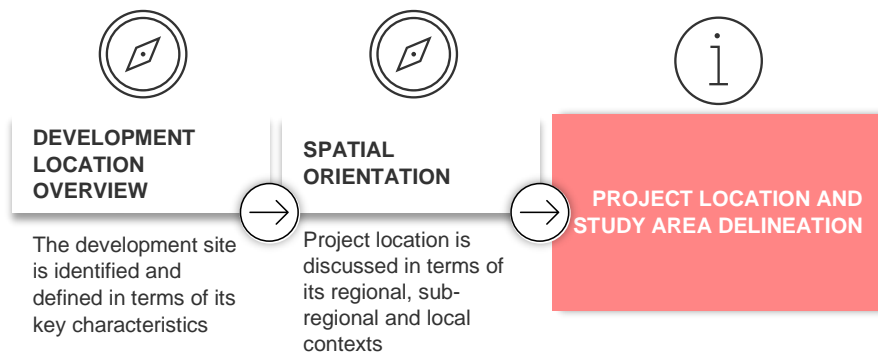
Chapter 2 of the report provides an overview of the location of the proposed development. The purpose of the Chapter is to identify the positioning of the development location at a provincial, regional, and local perspective to understand the broader spatial context that could impact and influence development potential.

The Chapter also provides an overview of the local context of the development location. The purpose of the analysis is to provide a contextual perspective of the interplay between the proposed development site and its surrounding environment.

The following information serves as an orientation analysis, providing necessary spatial descriptive information to locate and position the proposed development. Detailed location analysis is undertaken in the following chapter, whereby a detailed account of factors that contribute to and detract from the development location as an ideal opportunity area are discussed.

The Chapter is discussed under the following core themes:

Diagram 2.1: Chapter 2 Core Themes



### 2.2 DEVELOPMENT LOCATION OVERVIEW AND ATTRIBUTES

The following section provides a concise overview of the proposed development site. The aim of this section is to provide information regarding the property size, zoning, current use, etc. The information is used as baseline/backdrop of the current building and property’s function and use as well as future potential and options.

The proposed development site consists of several properties (Erven 734/RE and 738/RE, and portions of erven 735, 739, 9564 and 9565) within the De Waterkant area of the City of Cape Town’s City Centre. The development site is bordered by Chiappini Street and Prestwich Street to the north and east and Buitengracht Street and Somerset Road to the south and west.

The site provides 6 694 square meters of developable area within the urban confluence of the of Cape Town’s central business district and according to zoning information is zoned for mixed use 3 and general business 7 and transport zone 2 uses.

The majority of the property is currently used by the Cape Town Department of Transport and Public Works as the testing laboratory for pavement technology and soils. It should be noted that the building situated along Chiappini Street and Prestwich Street is classified as a heritage building and therefore cannot be demolished and must be incorporated into the development opportunity.

Table 2.1: Development Site Property Description, Ownership, Developable Area, and Current Zoning

Property Description	Land Owner	Developable Area (m <sup>2</sup> )	Current Zoning
Erf 734/RE	Western Cape Government	2 961	Mixed Use 3
Ref 738/RE	Western Cape Government	2 535	Mixed Use 3 and General Business 7
Portion of Erf 735	City of Cape Town	283	Transport Zone 2
Portion of Erf 738	City of Cape Town	86	Mixed Use 3
Portion of Erf 9564	City of Cape Town	61	Transport Zone 2
Portion of Erf 9565	City of Cape Town	769	Transport Zone 2

Source: DEMACON ex Talani Quantity Surveyors



Map 2.1: Proposed Development Site



Source: DEMACON GIS, 2023



## 2.3 REGIONAL SPATIAL ORIENTATION

The proposed development site is located in the Western Cape Province of South Africa. More specifically, the development site is located in the City of Cape Town Metropolitan Municipality.

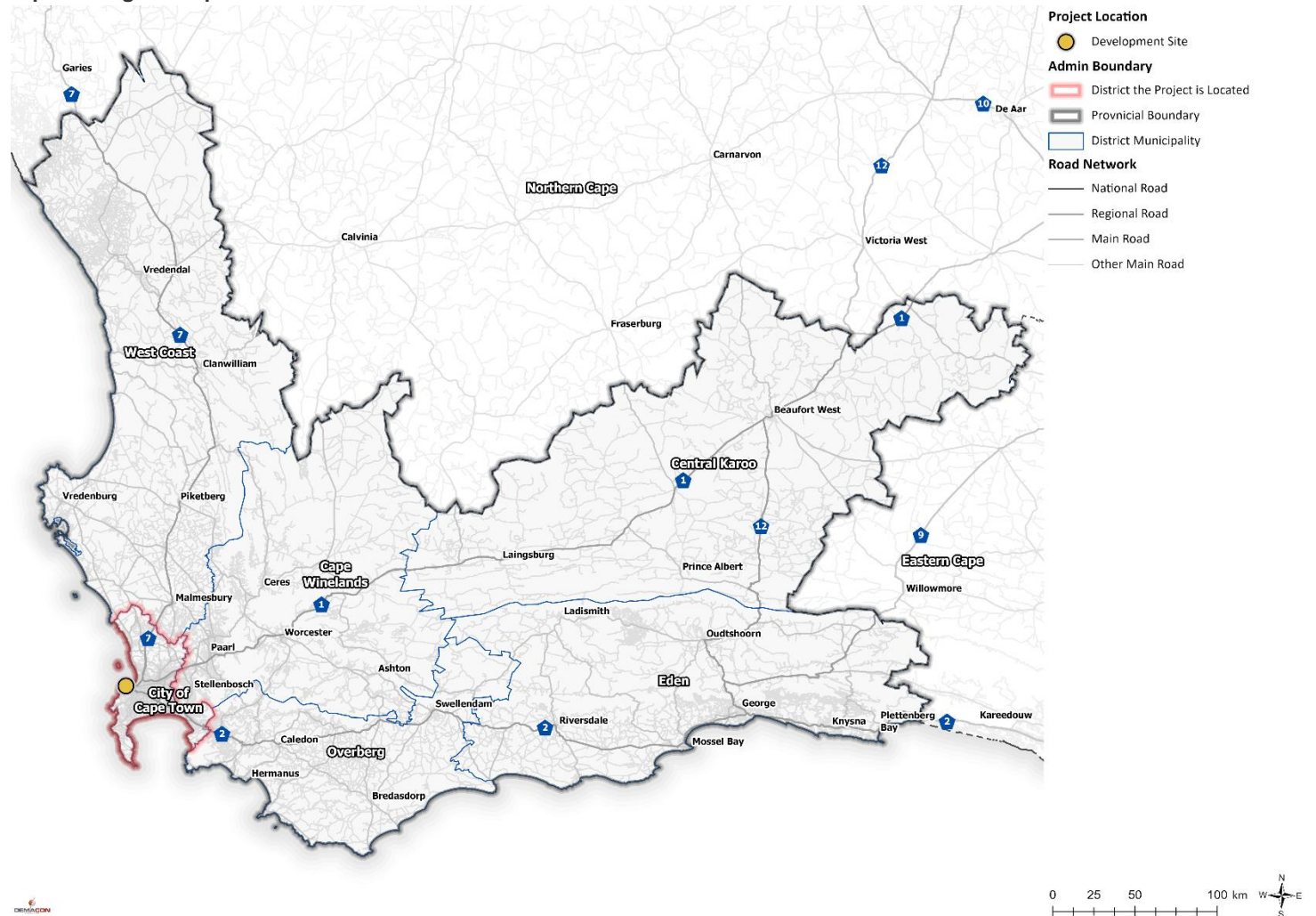
Because the development location is situated within the City of Cape Town, the development opportunity is within the core economic hub of the Western Cape Province and has immediate access to several core provincial nodes distributed throughout the Cape Town metropolitan area.

Additionally, because the project is situated within the urban extent of the City of Cape Town, the project forms part of the primary urban conglomeration in the Western Cape Province and forms part of one of the premier development destinations in the province.

The development site is located within 100 km of other major economic, social, and urban nodes such as Stellenbosch, Atlantis, Saldanha Bay, the Cape Winelands, Strand, Wellington, etc.

Furthermore, the development has access to major transport routes such as the N1 and N2 highways and M4 and R102 distributor roads. The N1 connects the proposed development site to various other Western Cape Districts (including Cape Winelands and Central Karoo Districts). The N1 also connects the Western Cape to the Free State to Gauteng Provinces. The proximity to the N2 highway ensures connectivity to other districts such as Overberg and Eden and enables access to the Eastern Cape.

Map 2.2: Regional Spatial Orientation

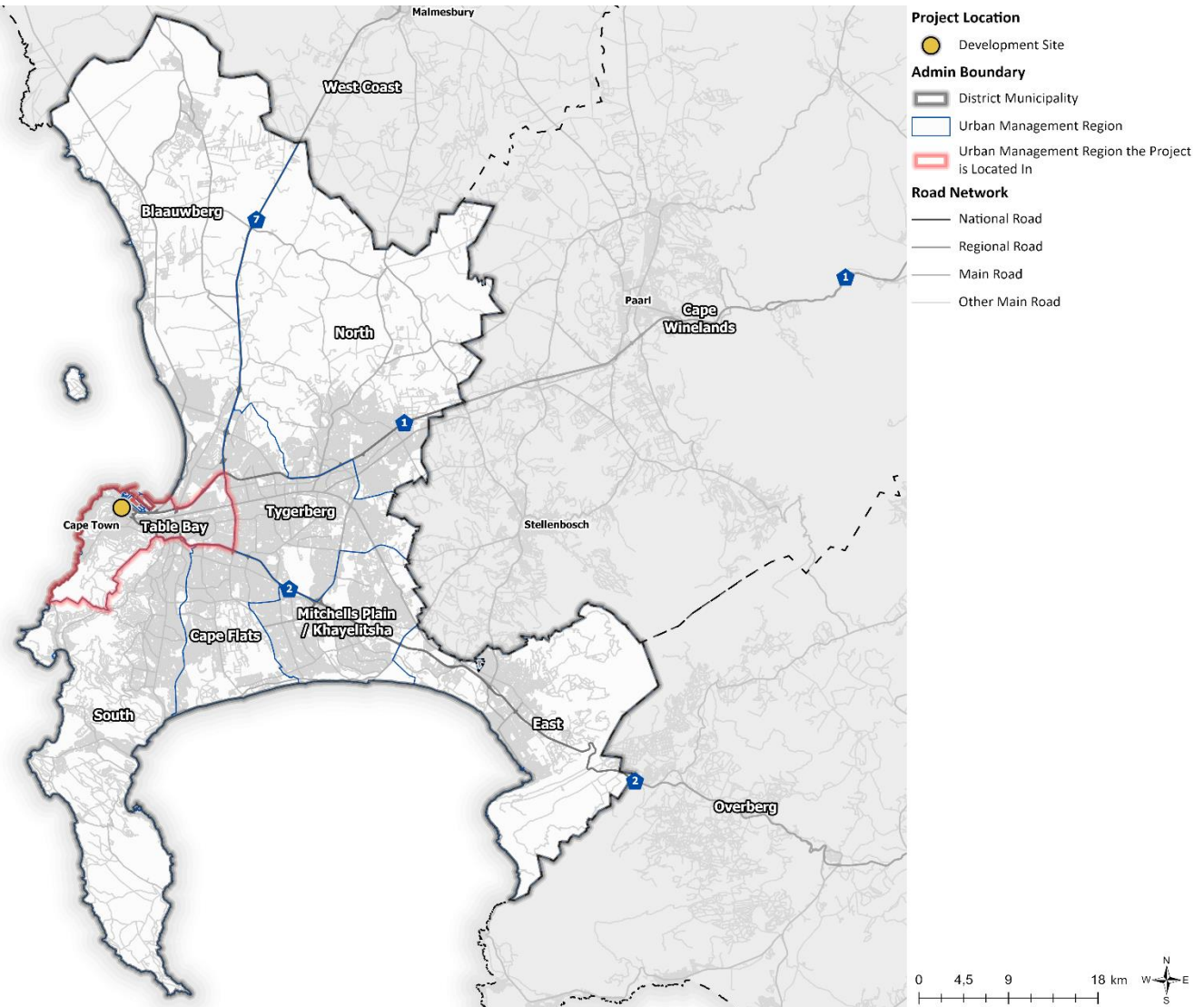


## 2.4 MUNICIPAL SPATIAL ORIENTATION

14,6The proposed development site is located in the Table Bay Urban Management Region of the City of Cape Town. The Table Bay Region consists of the western suburbs of the metropolitan region and more specifically is home to the core Inner City Precinct of the metropolitan urban environment (Other important suburbs include Camps Bay, Pinelands, Sea Point, Gren Point, Waterfront and Harbour, Epping, Goodwood, Langa, Maitland, Foreshore, etc.).

The Table Bay Region represents a key urban development and densification area that is also central to the metropolitan region's tourism, business, social and integrated urban development opportunities. The region has an established and growing tourism sector, residential market and destination orientated retail and entertainment nodes. The region represents a major business node because of the address value the region offers and is home to key meetings, incentives, conferences and exhibitions infrastructure and service providers.

Map 2.3: Municipal Spatial Orientation





## 2.5 LOCAL SPATIAL ORIENTATION

The development site forms part of the Cape Town City Centre suburb and is situated within the De Waterkant Sub-District. The site is bordered by major transport routes on all sides (as mentioned in Section 2.2) and represents a distinct gateway property between the Cape Town CBD and the western suburbs of Green Point, Sea Point, and the V&A Waterfront.

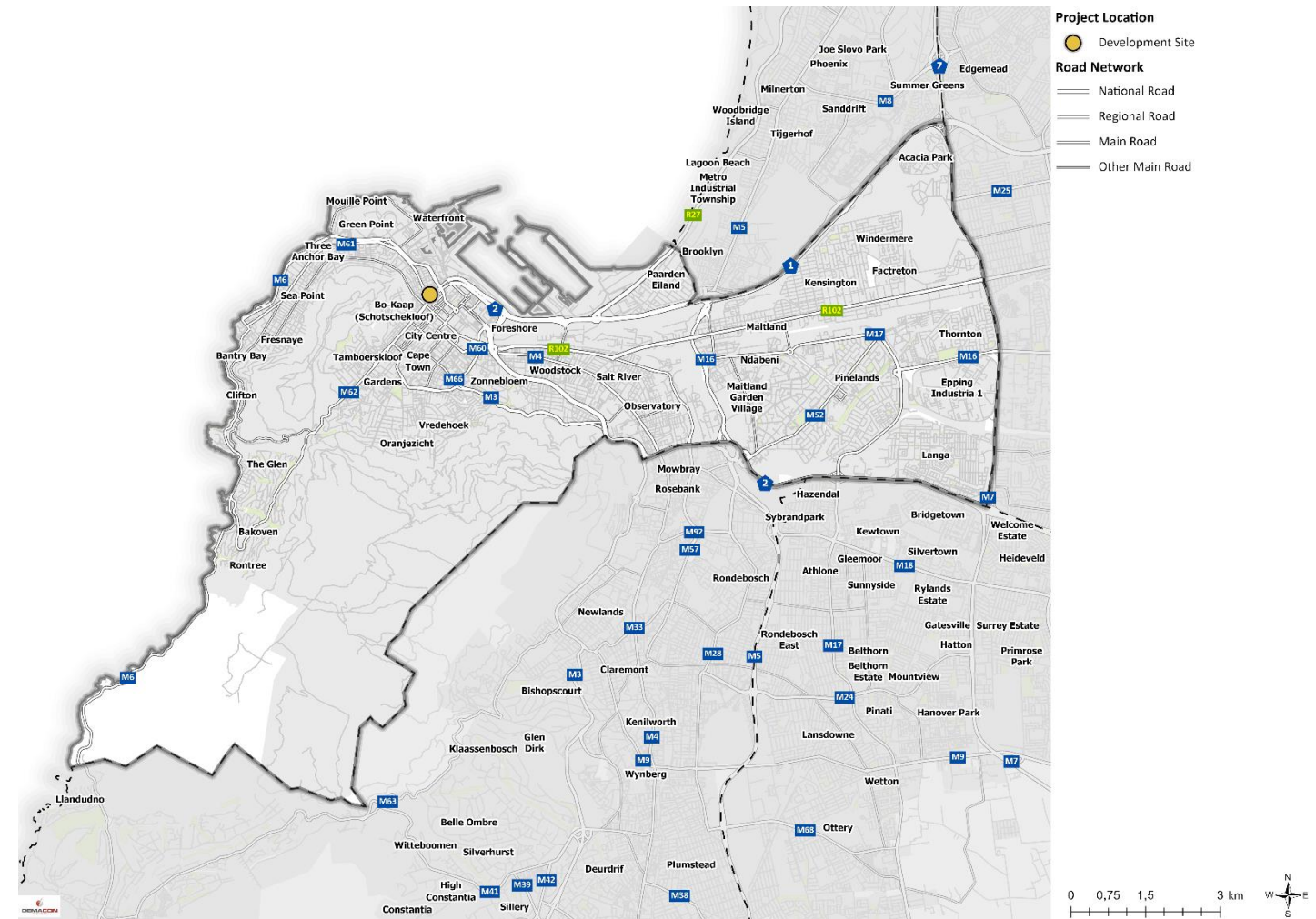
To the north of the development site a variety of uses and urban activity areas can be found. Most distinctly, the V&A Waterfront and its entertainment, business, residential and tourism related activities represent a primary destination within the City. To the immediate north the Provincial Office of the South African Police Service and the Salesian Institute Youth Project is found.

To the east of the development site the northern most portions of the Cape Town CBD is situated which consists of a tourism, business, entertainment, and exhibitions spaces. To the immediate east a mixed-use building is located that incorporates residential, short-stay and retail spaces.

To the south of the property the core of the Cape Ton CBD is located, representing an intense urban location that incorporates residential retail, business, public services, government functions and tourism activities. To the immediate south of the property higher education services, retail and business activities are located.

To the west of the property a combination of medium and higher density suburbs are located that incorporate residential, retail, business, entertainment, and tourism related activities. To the immediate west religious services, retail activities, film industry and tourism support services are found.

Map 2.4: Local Spatial Orientation



## 2.6 PRELIMINARY OPTIONS IDENTIFICATION

The mixed-use market study provides guidance with regard to development opportunities. As a starting point to the market assessment process, DEMACON was requested by TALANI Quantity Surveyors to provide a concise initial assessment and opinion of the immediate real estate development market within which the proposed development will be located. The purpose of the initial assessment and opinion was to provide a preliminary perspective on potential real estate development opportunities that could be incorporated as part of the proposed development.

By considering the preceding information and given the baseline locational attributes of the immediate market area of the proposed development, several preliminary development options can be identified.

Within a 10-minute drive time of the development site, the proposed development has access to a variety of urban spaces and functions that include:

- major business, destination retail and economic nodes such as the Cape Town Inner City, V&A Waterfront, Salt River and Woodstock business and industrial areas, Paarden Eiland industrial area and the Observatory business node
- major tourist destinations such as Green Point, Inner City, V&A Waterfront, Cape Town harbour, Sea Point and Table Mountain
- meetings, incentives, conference, and exhibitions destinations such as the Cape Town Convention Centre and related meeting spaces throughout the inner city
- residential suburbs at mixed intensity and density

Considering the development site's high-level locational context, information suggests that the property is optimally located to access a variety of economic and social amenities and could, given a defined development direction, contribute to the overall future development vision of the City of Cape Town.

Preliminary development opportunities that could be explored for the proposed development could include:

- residential units
- retail and shopping space
- office and business space

- tourism and entertainment related space
- private healthcare services

## 2.7 SYNTHESIS

Given overarching orientation and locational overview of the proposed development location, information suggests that several preliminary development options could be explored as development opportunities. These opportunities include:

- residential units
- retail and shopping space
- office and business space
- tourism and entertainment related space
- private healthcare services

The aforementioned opportunities are informed by the locational positioning of the proposed development site. The strategic nature of project site in relation to the Cape Town CBD, Table Bay Region and Cape Town Metropolitan Area affords the development location an opportunity to integrate into the core urban and land use intensification node of the city. The development site is a distinct gateway property between the Cape Town CBD and the western suburbs of Green Point and Sea Point and could because of its proximity to major business, tourist, major entertainment, and major residential areas offer a variety of land use opportunities.

Furthermore, the site offers 6 694 square meters of developable area within the urban confluence of the of Cape Town's central business district. It should be noted that the building situated along Chiappini Street and Prestwich Street is classified as a heritage building and therefore cannot be demolished and must be incorporated into the development opportunity



### 3 STRATEGIC CONSIDERATIONS, TRENDS AND LOCATION ANALYSIS

#### 3.1 INTRODUCTION

Chapter 3 of the report focuses on the strategic and developmental trends and aspects present in the market area of the proposed development. The objective of the analysis is to inform and assist with estimating the development potential for various land uses within the market area.

The chapter, therefore, investigates the general character, development frameworks and development trends evident in the market area to gain insight into the key elements that inform development decisions.

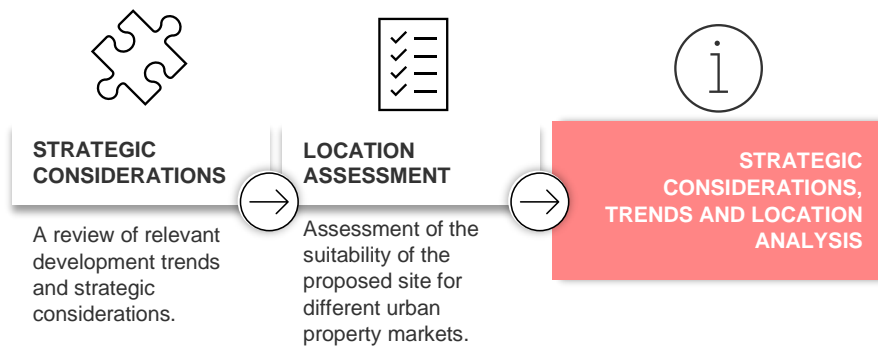
Firstly, the Chapter focuses on identifying the strategic considerations relevant within the market area and applicable to the proposed development. the strategic direction of given geographic regions as per local governments strategic objectives should be borne in mind when identifying development opportunities.

Secondly, the Chapter reviews development trends evident in the immediate environment of the proposed development. The purpose is to understand building statistics and spatial growth to identify the growth trajectory of the immediate development environment.

Lastly, the chapter culminates in a location assessment as suitable location for a range of urban property markets

The Chapter is discussed under the following core themes:

Diagram 3.1: Chapter Three Core Themes



#### 3.2 STRATEGIC CONSIDERATIONS

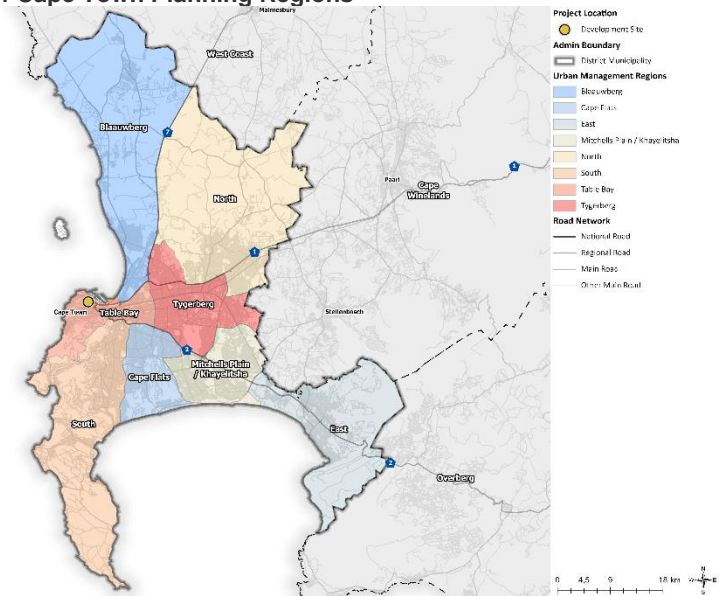
The following section is focused on providing an overview and analysis of the strategic considerations contained within various planning documents. The purpose is to identify any spatial and strategic elements that apply and could impact/influence the proposed development.

As noted in Chapter Two, the proposed development is located within the Table Bay Region of the City of Cape Town Metropolitan Municipality. Therefore, the information contained within the following sections are based on:

- City of Cape Town Five-Year Integrated Development Plan, 2022-2027
- City of Cape Town Municipal Spatial Development Framework, 2023
- Table Bay District Plan, 2023

The following map provides an overview of the extent of the Urban Management Regions within the City of Cape Town Metropolitan Municipality.

Map 3.1: City of Cape Town Planning Regions



Source: DEMACON GIS, 2023

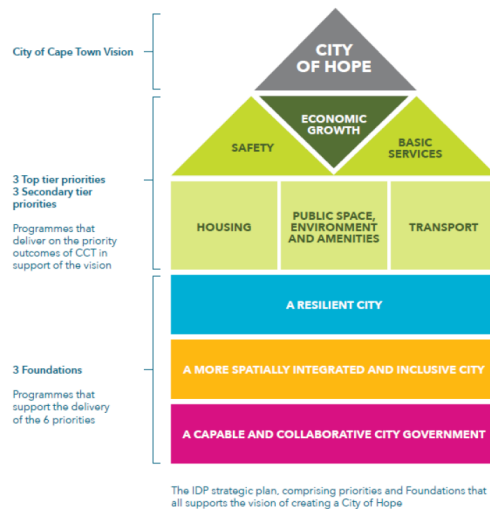
### 3.2.1 CITY OF CAPE TOWN MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK, 2023<sup>1</sup>

Cape Town has the potential to be a tangible demonstration of what is possible in South Africa. It can offer proof that South African cities can be places where opportunities steadily improve, and poverty is overcome. Where each resident can hope, secure in the knowledge that their city government is capable and accountable to deliver on the services they need. A city built on good governance, where the economy can thrive and bring investment and jobs, without being weighed down by public infrastructure failure and corruption.

To turn Cape Town into such a place of hope, the City must provide the foundation necessary and use the public resources entrusted to it to co-create a city that is more caring, more inclusive, more prosperous, more united, more respectful, safer and more free.

The following diagram shows the focus areas of the City over the next five years. The City will focus on six priorities, the most important of which is economic growth to reduce poverty. These priorities will rest on three foundations essential to realise ‘A City of Hope’.

**Diagram 3.2: IDP Strategic Plan, Priorities and Foundations that Support the City Vision**



<sup>1</sup> DEMACON ex City of Cape Town Metropolitan Spatial Development Framework, 2023

### Spatially Transforming Cape Town

The spatial vision has been formulated to support the City's spatial transformation objectives to better serve all residents and businesses. It recognises the historical and regional context, legal and policy environment, guiding principles for development and the opportunities and constraints described in the preceding sections of this document.

The resulting spatial vision is a city committed to:

- working in partnership with the private and public sector;
- addressing spatial injustice and inequality and avoiding the creation of new structural imbalances in the delivery of services or the availability of economic and residential opportunities; and City of Cape Town Vision:
- meeting sustainability obligations while responding to social, economic, climate and resource shocks and stresses.

To realise the spatial vision and work towards a restructured urban form and function for Cape Town the following imperatives and partnerships are essential:

- An efficient, safe, and affordable public transport system in line with the concept of transit-oriented development (TOD) and land use intensification (i.e., diversification and densification) in and around transit corridors, nodal points; serviced by an existing and future public transport network.
- Co-ordination, prioritisation and implementation of development and investment aligned to the MSDF's Spatial Transformation Areas investment rationale.
- Acknowledgment of inherent natural and man-made risks and land development directives.
- Co-ordination focused on enhancing and optimising the world renowned natural, cultural and heritage value of Cape Town in a sustainable way.
- Reinforcement of critical infrastructure elements that support Cape Town's metropolitan functionality.
- An effective approach to social infrastructure provision (clustering of community facilities, optimisation, and rationalisation of City assets) as a critical contributor to the realisation of the MSDF spatial vision.

## Long-Term Land Use Needs

The 2040 land use needs, based on anticipated population growth, have been calculated for residential and non-residential land uses.

**Table 3.1: 2018 Baseline Demand versus 2040 Projections**

Land Use	2018 Baseline	Additional Land Use Demand (2018 to 2040)	Annual Land Use Demand (2018 to 2040)	2040 Estimated Demand	Estimated Change (2018 to 2040)
<b>Residential</b>	<b>Units (est.)</b>	<b>Units (est.)</b>	<b>Units (est.)</b>	<b>Units (est.)</b>	<b>%</b>
Main Dwelling	1 140 464	208 053	9 457	1 436 490	26.0%
Additional Dwelling		87 973	3 999		
Informal					
Main Dwelling	172 380	167 298	7 604	506 622	193.9%
Additional Dwelling		124 081	5 640		
Multi-Residential Boarding House		42 863	1 948		
<b>Total</b>	<b>1 312 844</b>	<b>630 268</b>	<b>28 649</b>	<b>1 943 112</b>	<b>48.0%</b>
<b>Non-Residential</b>	<b>m<sup>2</sup> (est.)</b>	<b>m<sup>2</sup> (est.)</b>	<b>m<sup>2</sup> (est.)</b>	<b>m<sup>2</sup> (est.)</b>	<b>%</b>
Retail	8 616 281	1 007 727	45 806	9 824 008	14.0%
Office	7 544 246	1 481 951	67 361	9 026 197	19.6 <sup>^</sup>
Industry	23 353 755	3 650 764	165 944	27 304 519	16.9%
<b>Total</b>	<b>39 514 282</b>	<b>6 140 442</b>	<b>279 111</b>	<b>46 154 724</b>	<b>16.8%</b>

Source: DEMACON ex City of Cape Town Metropolitan Spatial Development Framework. 2023

The 2018 baseline analysis suggests an average residential density of 18,5du/Ha gross across the metro, while the 2040 scenario reflects a projected average residential density of 25 du/Ha gross. The 2040 projection aligns with the 2012 Densification Policy's city-wide densification target of 25 dwelling units per hectare. This shouldn't be considered as a densification limit. Rather, it represents a benchmark that promotes a minimum level of urban land use efficiency and, by extension, service, and resource efficiency.

### Directing Spatial Transformation

The City's key spatial imperative is to ensure inclusive economic growth while addressing matters such as housing, access to basic services and transport. Coordinated and prioritised public infrastructure investment can be a powerful catalyst for spatial integration, and can meaningfully improve access to economic, educational, and social opportunities.

Given the preceding, the City recognises that spatial targeting should be used to direct investment and frame urban related growth. The City, within the MSDF therefore, identify that spatial targeting is the deliberate act of focusing

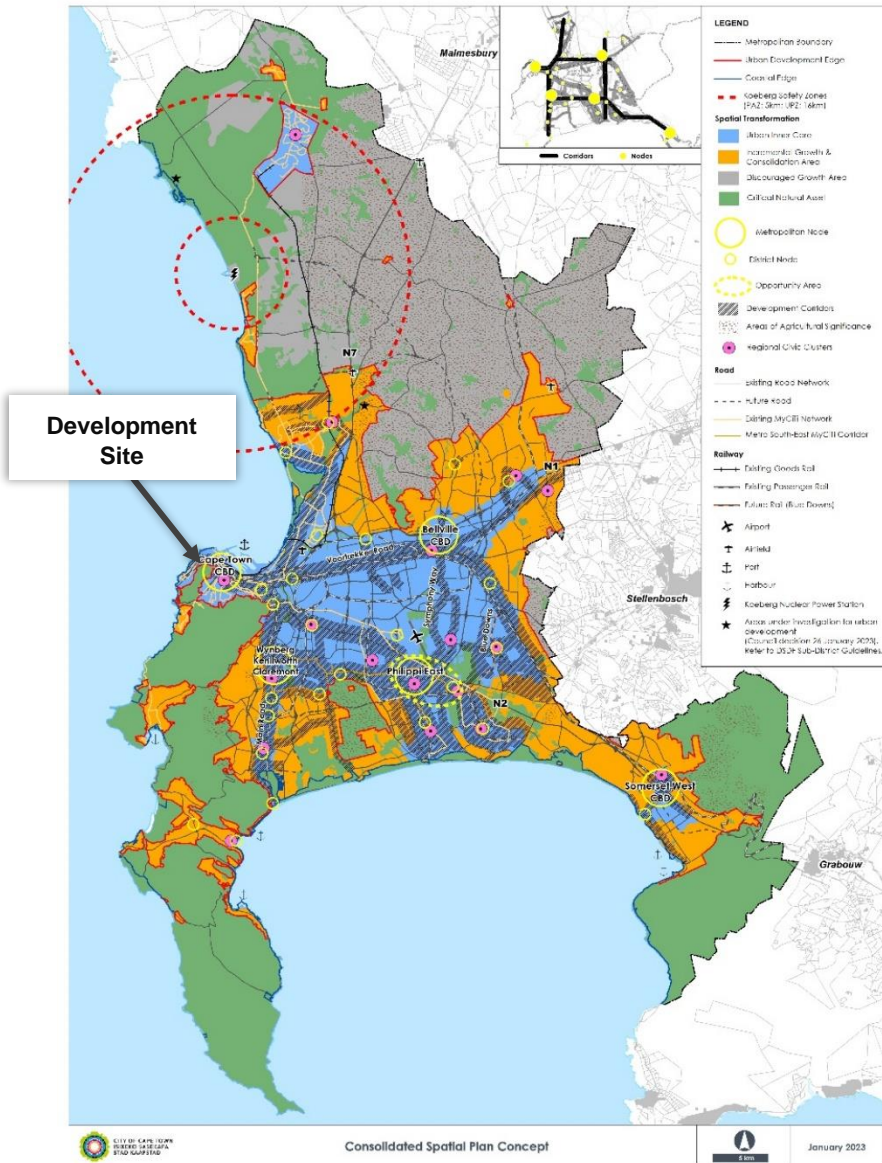
government and private sector interventions, services, infrastructure development or policy responses into a specific geographical area. This area-based approach generally seeks to maximise the impact of an urban or regional policy initiative and can be applied at a range of scales.

In light of the MSDF, the City has identified Spatial Transformation Areas (STAs) that ideally function as the core spatially determined areas within which spatial targeting can be defined and implemented to support urban growth aspirations. These STAs are shown in the following map (overleaf).

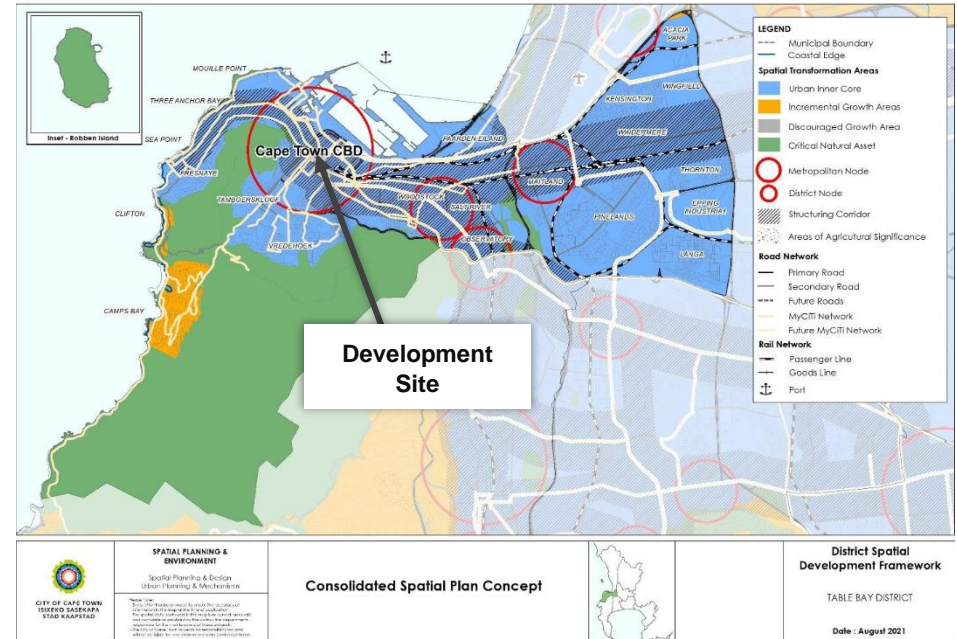
According to Map 3.2, the proposed development site is located within the Urban Inner Core STA of the MSDF. Because of its location in this STA area several principles, informants and guidelines are applicable (Refer to Table 3.2 for guidelines and Table 3.3 for densification).



**Map 3.2: Spatial Transformation Areas within the Context of the Consolidated Spatial Development Framework**



**Map 3.3: Table Bay District in the Context of the MSDF**



**Table 3.2: Spatial Transformation Area Principles, Informants and Guidelines - Urban Inner Core**

<b>Principle</b>	The City, public, and private sectors are committed to coordinated, spatially targeted investment and land development to spatially transform and integrate the city form
<b>Investment Partnership</b>	City, public and private sector investment priority areas for spatially targeted interventions and mechanisms
<b>Informants</b>	<ul style="list-style-type: none"> <li>Primary structuring elements as per revised IPTN including;                             <ul style="list-style-type: none"> <li>metropolitan nodes</li> <li>district nodes</li> </ul> </li> <li>District nodes and development corridors (higher-order and lower-order)</li> <li>Areas designated as Development Focus Areas and Urban Support Areas in relevant District SDFs</li> </ul> <p><b>Economic areas and public sector investment prioritisation in:</b></p> <ul style="list-style-type: none"> <li>Majority of commercial, retail, and industrial nodes</li> <li>Airport / ports and primary freight infrastructure</li> </ul>

- Three Integration Zones (Blue Downs/Symphony Way, Metro South-East, Voortrekker Road)
- Metro South-East MyCiTi Corridor implementation / IPTN
- Blue Downs passenger rail link extension
- Full extent of Urban Development Zone, Prioritised Human Settlements & draft Social Restructuring Zones as well as Special Economic Zone
- Public Transport Zones 1 and 2 (when declared)

Diverse and dense land uses in association with current and future public transport infrastructure provision.

Spatial manifestation of the following legislative requirements per SPLUMA Development Principles, Norms and Standards and MPPM regulations<sup>19</sup>. Include areas where the following apply:

- Key focus area for a wide variety of affordable housing priority areas and land release strategies.
- High priority is given to coordination, alignment and integration of sectoral master planning and policies.
- Public and private land development that is supportive of spatial transformation is prioritised and implemented.
- Intensification and diversification of land uses support city growth, unless classified as a facility of (inter) national, provincial, or metropolitan or district importance. This may imply that space-intensive land uses such as large distribution centres, large sport stadiums or racing car tracks may have to be replaced over time with more intensified and diversified land uses.
- Differentiated intensification guidelines outlined in Table 5.7.
- Detailed local plans are developed for sub-district areas in need of spatially targeted interventions through applicable District and Local SDFs and development guidelines.
- Priority is given to spatially targeted interventions and optimisation of public and private land development in Development Focus Areas, Urban Support Areas as well as New Development Areas.
- Public expenditure and other capital investment is prioritised to address urban infrastructure constraints and services redress.
- Prioritisation to address current social infrastructure backlogs, operational deficiencies and needs. This provision is not applicable in the cases of unlawful occupation of private land.

**Desired Spatial Outcomes and Land Use Guides**

- Government grant expenditure is coordinated and prioritised in support of spatially targeted mechanisms such as UDZ / SEZ and other strategic interventions.

Public expenditure and other capital investment prioritisation to address urban infrastructure constraints and services redress.

Optimized design and utilisation of social or community facilities as well as public open spaces and ecological corridors (considering UIC is targeted for densification, diversification, and intensification of land uses)

**Table 3.3: Density Guidelines for Metropolitan Nodes**

Description of the Spatial Area / Structure	Targeted Locations / Areas	Density Guideline
<p>Focused intensification in metropolitan nodes to realise a high- to very high intensity mix and clustering of urban activities or land uses at points of high- to very high accessibility, exposure, convenience, and urban opportunity.</p> <p>The width, height and size of the node and the corridor are not prescribed but depend on the nodal hierarchy and the accumulated land uses and civic functions. For example, metropolitan nodes could be as large as a 2,5km radius.</p>	<ul style="list-style-type: none"> <li>• Cape Town CBD</li> <li>• Bellville CBD</li> <li>• Philippi East</li> <li>• Somerset West CBD</li> <li>• Wynberg /Claremont</li> </ul>	<p>&gt;600 du/ha (nett) and &gt;10 storeys within metropolitan urban nodes.</p> <p>Tall Building Policy guidelines apply.</p> <p>A review of the CBD incentives should be consolidated in a LSDF or other collaborative planning document with Council approval.</p>

**3.2.2 TABLE BAY DISTRICT SPATIAL DEVELOPMENT FRAMEWORK, 2023<sup>2</sup>**

The spatial vision for the district reflects the desired spatial outcome for the area in the context of the broader City spatial development vision. It is an idea that is specific to this district, and a response to the particular development issues faced in the area. It has been informed by a number of vision elements and principles which are a result of the consultation process as well as processes related to the

<sup>2</sup> DEMACON ex Table Bay District Plan, 2023





formulation of the district Spatial Development Plan. The vision statement for the Table Bay District is:

*“An inclusive destination, providing more homes and opportunities to more people. An innovative district that becomes increasingly accessible and continues to offer a variety of economic opportunities, the benefits of which spread across the City. A resilient district where character areas, green spaces and cultural practices are celebrated.”*

### **Role of the District**

Table Bay is a high amenity area, providing access to jobs, social facilities, natural assets, and transit infrastructure, attracting more people to live and work in the District. A significant portion of the Table Mountain National Park component of the Cape Floral Region Protected Areas World Heritage Site is located in the District.

Development of the social facilities and public spaces in the CBD and surrounds has led to a more vibrant, legible, and walkable environment, increasing the land values and variety of uses in the area. In contrast areas such as Langa, Maitland Garden Village and Factreton are parts of the district that require further investment and supportive actions to provide a more equitable standard of living across the District.

Table Bay District has the highest value of economic activity in the City and local academic institutions that support skills input into the economy. The CBD is an economic node of both local, national, and international significance as the Port is located here. The need to protect and enhance the economic function of these areas is vital to the future resilience of the City.

The District’s other established economic nodes are diverse in type and in various stages of development, some of these nodes are experiencing transitional pressure. For example, Paarden Eiland has seen a number of mixed-use development applications that include applications for residential development. The appropriateness of this land use in relation to port activities and the existing industrial uses needs consideration. Maitland’s Koeberg station precinct is emerging as a mixed-use node after being an established industrial node historically. Salt River/Woodstock has already seen a dramatic shift over the past 10 years from industrial to a mixed-use service and artisan-oriented economy.

The primacy of the CBD in the City’s economy has led to congestion. The clustering of economic activity in the CBD and surrounds attracts trips from across the city at high cost to commuters, as the majority of workers live far from the Districts economic nodes. COVID 19 increased vacancies in the CBD, bringing about a need to strategize how to support the area through a transition.

The active property market in the area provides opportunity for innovation, development can be encouraged towards greener net zero carbon building practices and the District has a role in showcasing where environmental functions and urban functions can be integrated and how greener development practices can lead to a more sustainable future.

### **Key District Level Opportunities**

In terms of the vision, the strategic role of Table Bay in the broader Metropolitan Context is to focus on the following interventions:

- **Intensification of development opportunities through urban infill and redevelopment supporting a more compact, efficient urban form and enabling transformation of the Apartheid City**

The District is the convergence point for three metropolitan corridors, contains the largest proportion of areas of employment and has the greatest coverage for social and community facilities, as well as relatively equitable access to green open space.

These attributes have increased demand for development and housing in the District. This development growth pressure is likely to continue and can be enabled through local area planning that focuses on strategic infill and redevelopment opportunities (unpacked in detail in Section 4).

While successful real estate prices and development interest can be leveraged to create an innovative and dynamic development environment and public private delivery arrangements. It is equally important to provide a range of housing size and price options and investigate means to ameliorate the effects of gentrification, including through the provision of state supported affordable housing on infill sites.

Redevelopment opportunities are substantial in the District, with a large amount of underutilised existing building stock presenting opportunities for conversion. Infill developments and redevelopments will need to consider access to high

quality public open spaces and public facilities. As a general principle, brownfields developments are more desirable than Greenfield developments, to avoid the loss of irreplaceable ecosystem goods and services and support Climate resilience.

Alongside densification and infill, it is crucial to ensure that infrastructure upgrades support growth and that public spaces across the District are enhanced to provide for multi-functionality and public amenities, particularly as areas densify.

- **Enhancing Natural Assets and Green Infrastructure and Adapting to and Mitigating Climate Change Impacts**

The potential to undermine green space should be avoided by enhancing and conserving well-functioning conservation areas and public green space that support economic, social, ecological service and resilience goals. As a highly urbanised District, it is necessary to plan for spaces that are both pro-green and pro-urban, effectively integrating the two through innovative urban and landscape design.

Where appropriate, the multiple functions of natural open spaces can be promoted, including for example; recreation, storm water management, aquifer recharge and non-motorised transport. The dynamic coastal environment will need responsive management, to ensure the economic and amenity value is maintained in the face of hazards and threats posed by climate change.

Ecological areas need clear interfaces to reinforce boundaries, urban design and green infrastructure methods and approaches can support the environmental protection and amenity of green spaces. Opportunities can be taken to enhance the connectedness and functionality of a network of natural areas.

- **Maintaining the Viability of Economic Areas and strengthening advantages and connections:**

Identifying and enhancing local economic advantages such as quality public spaces, natural and heritage assets and value add services, and providing appropriate urban management and service support is key to maintaining the economic viability of the District.

Enhancement and development of economic assets such as the Port and retention of economic areas should be supported. Those areas undergoing

transition will require specific planning attention, for example the CBD -in response to the changes brought about by COVID 19. Simultaneously, methods to make economic opportunities in the District more inclusive should be pursued, by for example using public land to support SMME development or by supporting informal trade areas and protecting job generating land uses in established industrial areas.

The current congestion pattern supports the need for improvement of road and rail network connectivity to the District, however where there is opportunity for redistribution of economic opportunity to other economic nodes in the City, this can be supported to reduce congestion and reduce the impacts of apartheid planning. In turn an increase in residential development and conversions will increase trip generation within the District allowing for more efficient public transport.

- **Enhancing public spaces, sense of place and celebrating heritage:**

High quality public spaces and the scenic beauty of the District are celebrated and enjoyed by visitors and locals. 9 of the top ten tourism attractions in the city are located in the District alongside the majority of hotel rooms. Means to include more people in the benefit and enjoyment of these features can be explored. As well as the creation of new places and spaces that can enhance this offering.

The District contains the story of Cape Town's development, and this heritage is a unique feature of the District, methods to enhance sense of place created by the heritage character of the District should be considered. Inclusive acknowledgement of the heritage of those who have been exploited and disadvantaged during the city's development should be considered in planning the Districts future. Development can be guided to maximise the urban quality, through urban design and considered conservation of natural assets, open spaces, and heritage resources.

### **District Spatial Development Concept**

The District spatial development concept originates from key district level opportunities that in turn have built upon the status quo and defining features of the District. The spatial development concept assists with identifying development guidelines for certain spatial locations and hence offers critical input that defines future spatial development.

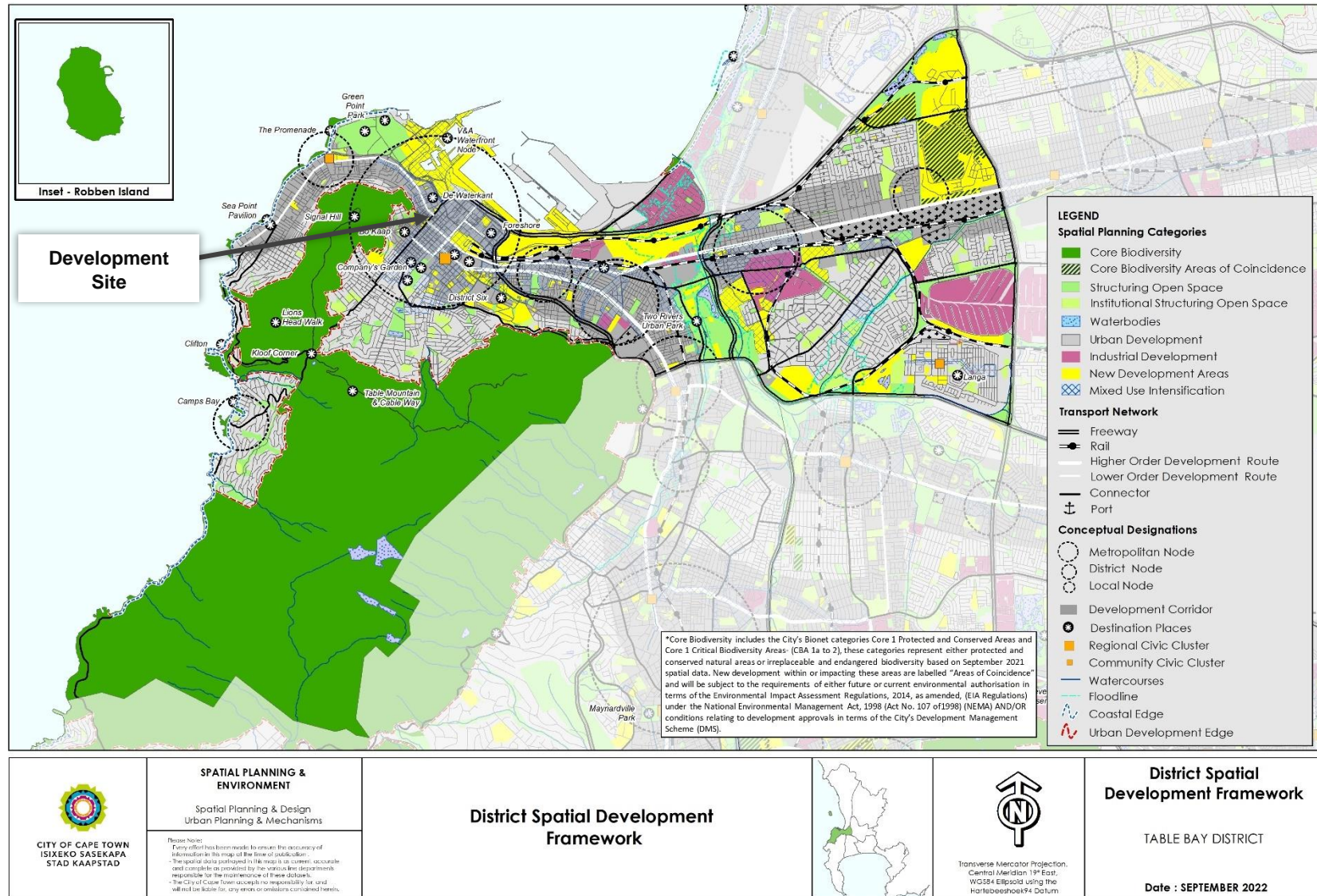
Key interventions identified by the District spatial development concept include:

- Support the intensification of development in infill sites and plan for key infrastructure and affordable housing integrated into strategic infill opportunity areas including:
  - sites in the Inner-City suburbs, (Foreshore, De Waterkant, Bo Kaap along Buitengracht Street, Hope Street, Salt River and Woodstock, Green Point, Sea Point area 1);
  - sites around the Two Rivers Urban Park, (area 2)
  - Pinelands (area 3)
  - Wingfield (area 4)
- Where infill development coincides with green infrastructure, plan for developments that are both pro-green and pro-urban, effectively integrating the two through innovative design.
- Support the functioning and enhancement of urban nodes and destination places through a range of urban and landscape design interventions, facility provision and redevelopment opportunities.
- Develop or support the development of brownfield opportunities in underutilised government buildings and storage yards in the CBD as well as the Maitland /Ndabeni area.
- Support the National Government delivery on land restoration in District Six.
- Celebrate Cape Town's diverse historical legacies through appropriate management of urban form, architectural design, signage and artwork and the various land use management tools provided for in the DMS.
- Encourage and enable innovation and piloting of projects which enhance inclusion or create a more vibrant urban space, for example Open Streets or the Salt River Public Arts Festival.
- Encourage innovation in buildings and renewable energy to progressively realise net zero Carbon goals.
- Initiate public space improvements and improvements to NMT. This applies to the recovery of the CBD from the changing land uses brought on by COVID-19 as well as the continued development of District Six and further to the management of underutilized spaces in the suburban areas to the East of the District e.g., Kensington and Thornton.
- Support the Port function and complementary development of interface areas surrounding the Port as a key economic gateway to ensure the Port functions are protected and enhanced and that the surrounding land uses are not in conflict with port uses.
- Encourage and support the clustering of sectors e.g., biotech around medical clusters in Ndabeni; boat manufacturing around Port.
- Restore river corridors and support initiatives to clean and green rivers and earth underground water sources in the landscaping of public spaces, for example in the District Six area and source to sea links from the Mountain through green links to Adderley Street.
- Pursue opportunities to enhance the connectivity and amenity value of green spaces, including those opportunities on private land. This applies particularly in the TRUP area along the confluence of the Black, Salt and Liesbeek Rivers. The recreational functionality and functional integrity and connectivity of these systems must be improved, and an interlinking network of linear parks with foot and cycle paths, established and maintained to facilitate easy movement of fauna and flora.
- Maintain and enhance the amenity value of Coastal destinations and protect property from risk of Coastal Processes, encourage the upgrading of Maidens Cove as a community facility.
- Support projects and make space available to provide services to homeless residents or to address homelessness and provide opportunities for the relevant levels of social support and transitional shelter, along with urban management support in business areas across the District and to support the recovery of the CBD.
- Discourage incompatible land uses which may displace jobs from well-functioning economic areas e.g., excessive storage warehousing or residential uses in well located industrial areas such as Paarden Eiland and Epping.
- Promote adequate space, storage and other infrastructure is provisioned for informal economic activity in highly accessible areas.

Given the preceding, the following map provides an overview of the spatial development framework for the Table Bay District.

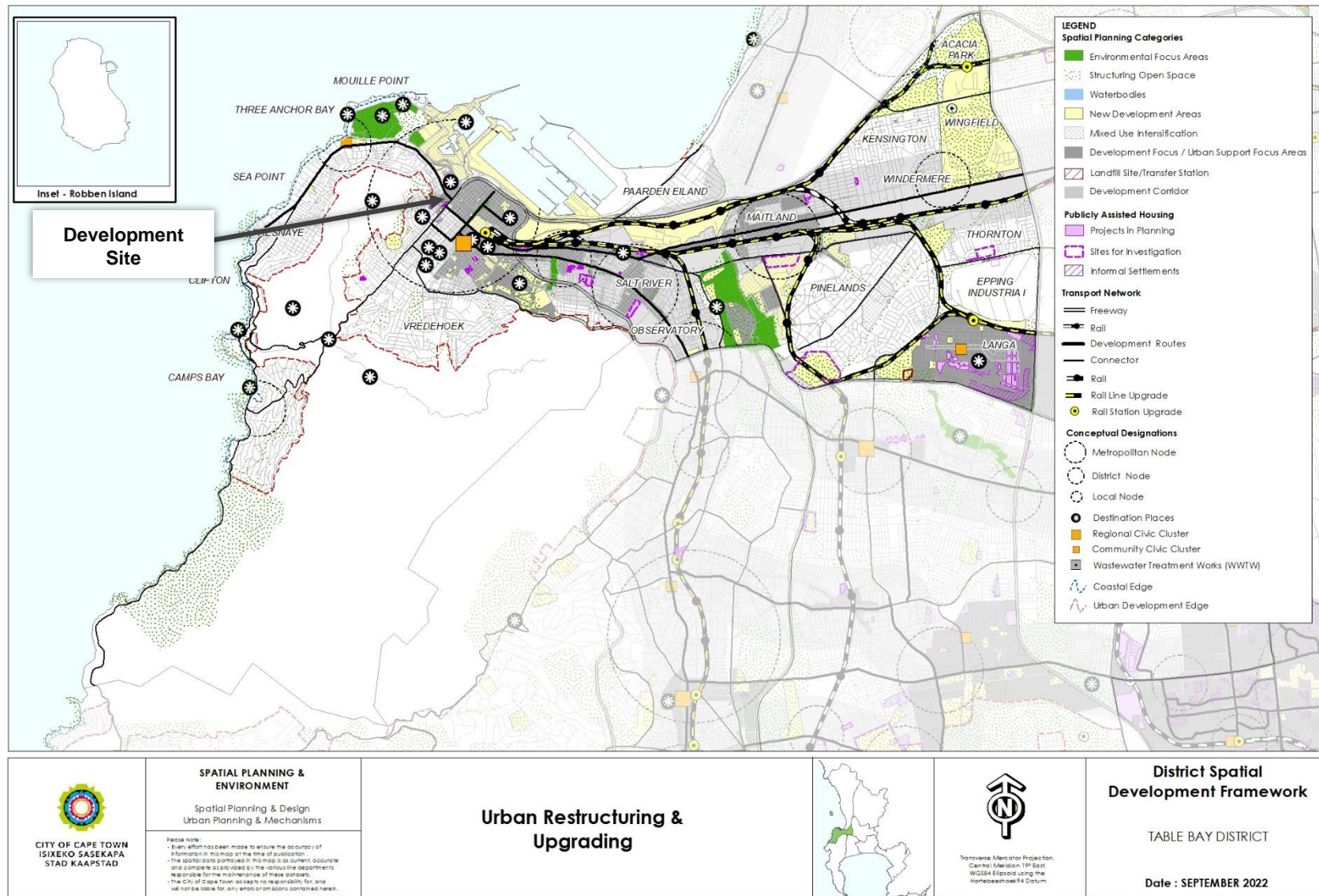


Map 3.4: Table Bay Spatial Development Framework



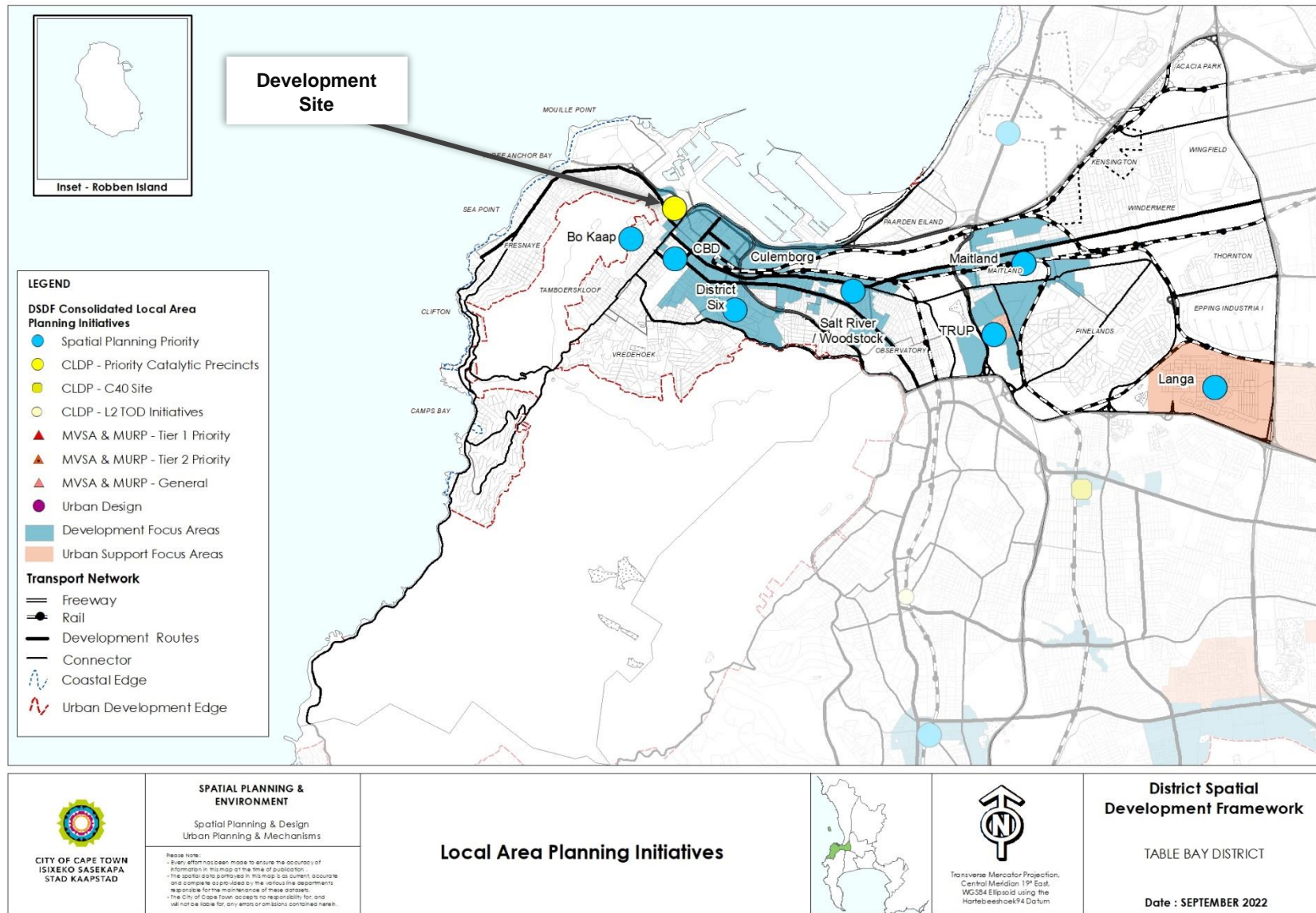


Map 3.5: Table Bay Urban Restructuring and Upgrading Areas

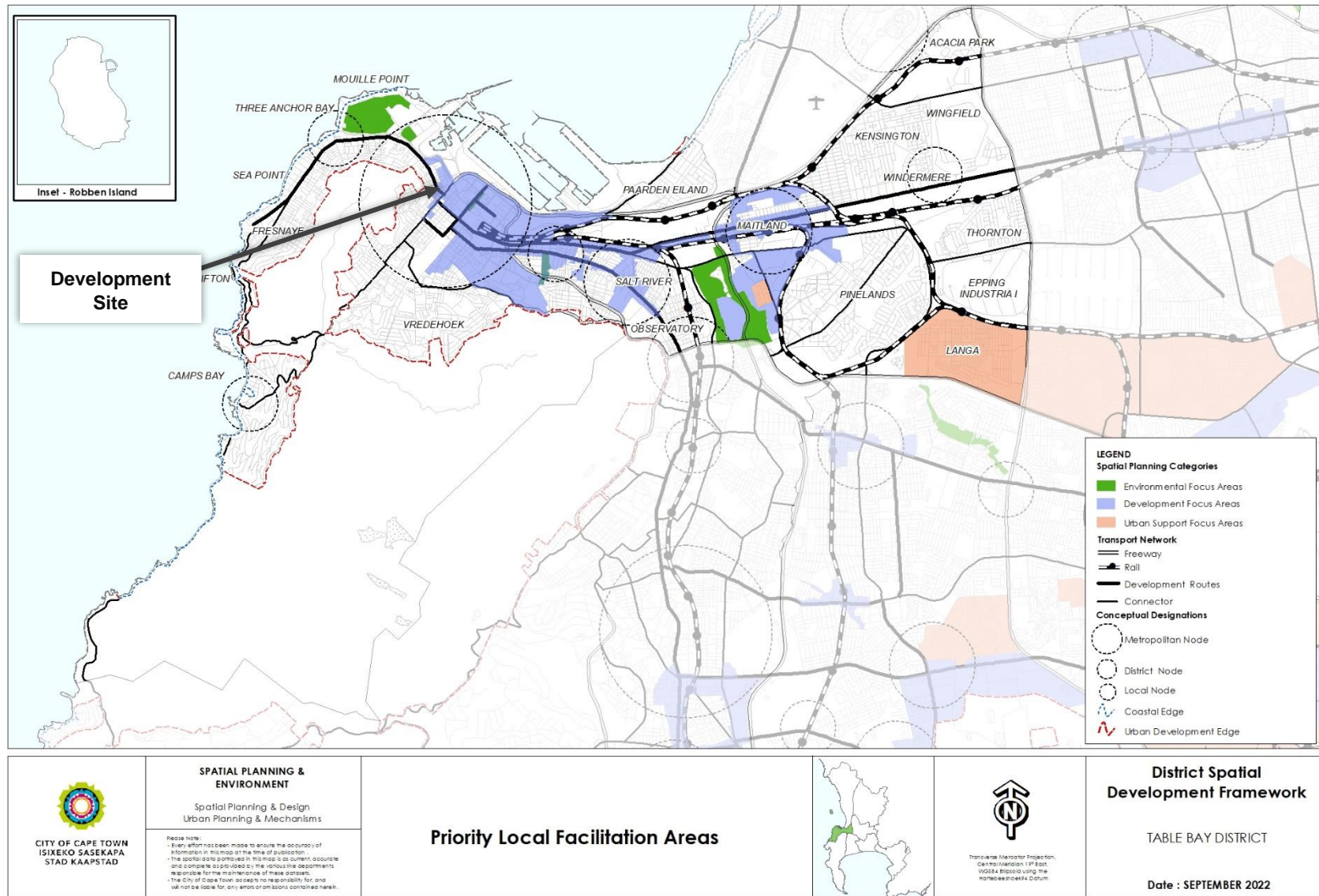




Map 3.6: Table Bay Local Area Planning Initiatives



Map 3.7: Table Bay Priority Local Facilitation Areas





According to the preceding information and maps, the proposed development site is located in a mixed-use intensification area, an area where development activity and opportunity is focused and, an area which is classified as a priority catalytic precinct.

According to the District SDF, mixed use intensification areas are defined as:

*The MSDF recognize the complex underlying economic challenges that must be proactively and sustainably addressed through job generating economic growth at the heart of spatial priorities.*

*The Table Bay District Plan promotes land use intensification which implies a greater mix of residential and non-residential land uses (diversification) through the increased use of space, both vertically and horizontally (densification). This could include a combination of residential and non-residential uses or a combination of non-residential uses (i.e., industrial, commercial, or institutional). This can be achieved within existing areas or new developments with an increased number of residential dwelling units and gross leasable area. These should be encouraged in locations with good public transport access, concentrations of employment, commercial development, and other amenities, or where such accessibility and concentration is planned.*

*Implementation of the above could be achieved through supporting investment in well located nodes, reinforcing transit-oriented corridors and linking growing nodes with lagging nodes through connective infrastructure. The most cost-effective way of reducing the social and economic costs of the current inefficient urban form would be focusing development on inward growth.*

*The mixed-use areas will be indicated at the sub-district scale and should be read together with the guidelines for nodal and corridor designations.*

Given the preceding, urban development guidelines for mixed use intensification areas is outlined in the table below.

**Table 3.4: Mixed Use Intensification Area Development Guidelines**

<p><b>Mixed use intensification</b> (Existing and New Development)</p> <ul style="list-style-type: none"> <li>• In Business Strip areas e.g.                             <ul style="list-style-type: none"> <li>○ Victoria Road</li> <li>○ Main Road</li> <li>○ Somerset Road</li> <li>○ Albert Road/Salt</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Support high-density mixed residential typologies in all areas of mixed-use intensification and diversification associated with identified urban nodes, development corridors and development focus areas; subject to any local guidelines, bulk services, and transport infrastructure availability.</li> </ul>
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- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• River Triangle</li> <li>• District and local Nodes</li> <li>• Commercial and</li> <li>• Select Industrial areas e.g., River/Maitland</li> </ul> | <ul style="list-style-type: none"> <li>• Encourage greater land use intensification of an appropriate combination of land uses including Office &amp; Retail; Business &amp; Commercial; Institutional &amp; Social facilities and High-density residential development along identified development corridors.</li> <li>• Promote mixed use intensification at identified urban nodes, key intersections, stations, and modal interchanges, especially where opportunities for commercial and other employment-generating land uses exist.</li> </ul> |
|--|--|

### 3.3 BUILDING STATISTICS AND TRENDS

Building Statistics is a publication by Statistics South Africa that outlines the results of a monthly survey of metropolitan and large local municipalities and the building plans that have been passed and buildings that have been completed. The purpose of this release is to provide an indication of the state of the economy and to assist in the formulation of economic policy. The results assist with the calculation of Gross Domestic Product and is also a useful tool used by the private sector.

Thus, this data is reviewed as part of this study to provide some understanding to the extent and context of development activities in the study area and the historical trends of development. The section reviews the total number of buildings completed in the Table Bay district.




#### 3.3.1 RESIDENTIAL DEVELOPMENT PERSPECTIVE

The following indicators show that on average 817 dwelling units are completed in the Table Bay Region per year (from 2011 to 2021). When compared to the City of Cape Town, it is evident that the Table Bay Region only contributes 12.3% to the total number of residential units completed in the City of Cape Town. Table Bay data shows that residential development mainly focus on flats and dwelling houses. Not many townhouses were developed during the time. Compared to the City of Cape Town, the City's development trend is fairly aligned to that of the City of Cape Town, i.e., primarily focused on dwelling houses and flats.

Historic trends show that Table Bay experienced unstable growth in residential buildings completed between 2011 and 2021. The growth of residential units experienced up-and-downswings throughout the timeline. Also, the Covid-19

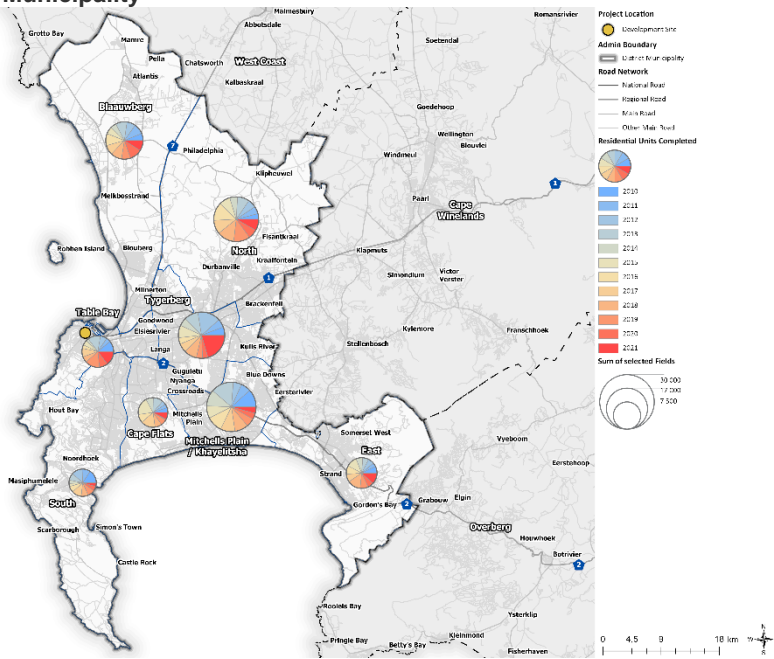
pandemic and resulting lockdown regulations muted construction industry operations and a significant downturn of buildings completed and interest in new development was experienced.

**Table 3.5: Average Number of Residential Unit Completed in the Table Bay Regional Authority between 2011 and 2021**

Unit Type	Table Bay		City of Cape Town	
	Average Number of Units	Average Floor Space (m <sup>2</sup> )	Average Number of Units	Average Floor Space (m <sup>2</sup> )
 House	190	31 371	6 013	642 026
 Flat	545	63 704	554	57 523
 Townhouse	82	6 490	24	3 195
<b>Total</b>	<b>817</b>	<b>101 565</b>	<b>6 591</b>	<b>702 744</b>

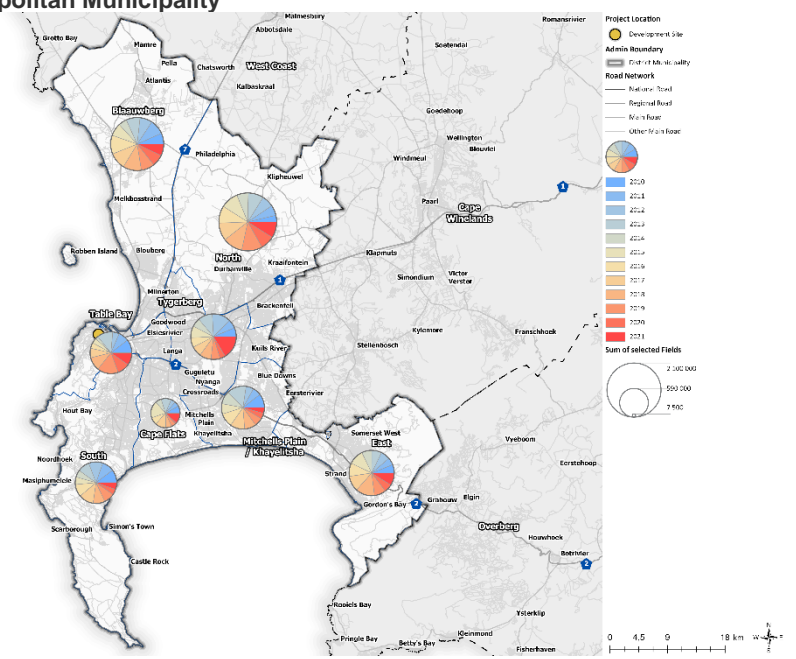
Source: DEMACON ex Stats SA, 2023

**Map 3.8: Distribution of Residential Units Completed per District in the Cape Town Metropolitan Municipality**



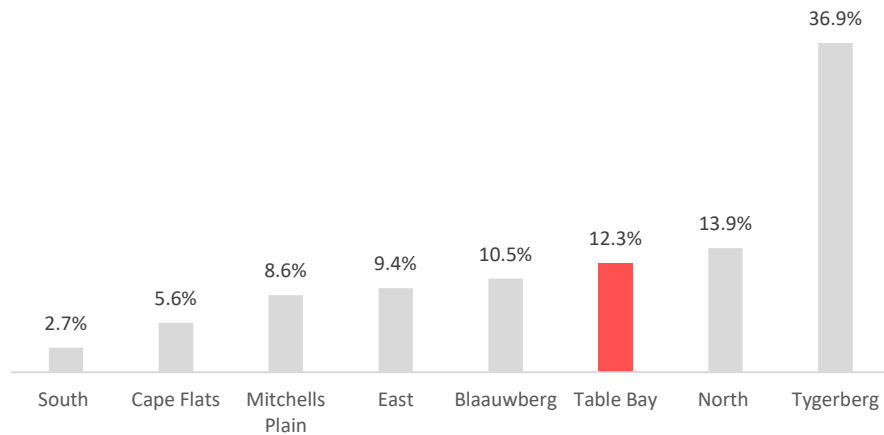
Source: DEMACON GIS ex Statistics South Africa, 2023

**Map 3.9: Distribution of Residential Floor Space Completed per District in the Cape Town Metropolitan Municipality**

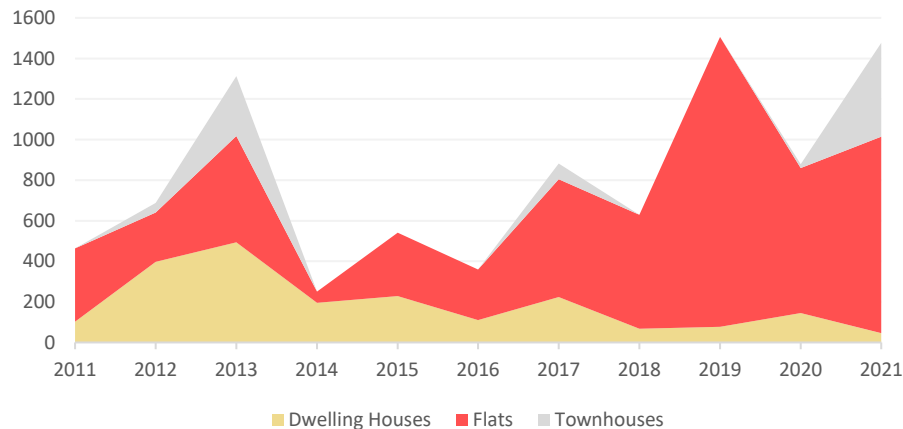


Source: DEMACON GIS ex Statistics South Africa, 2023

**Figure 3.1: Distribution of Residential Dwelling Units Completed per Local Authority in the City of Cape Town Metro – 2021**



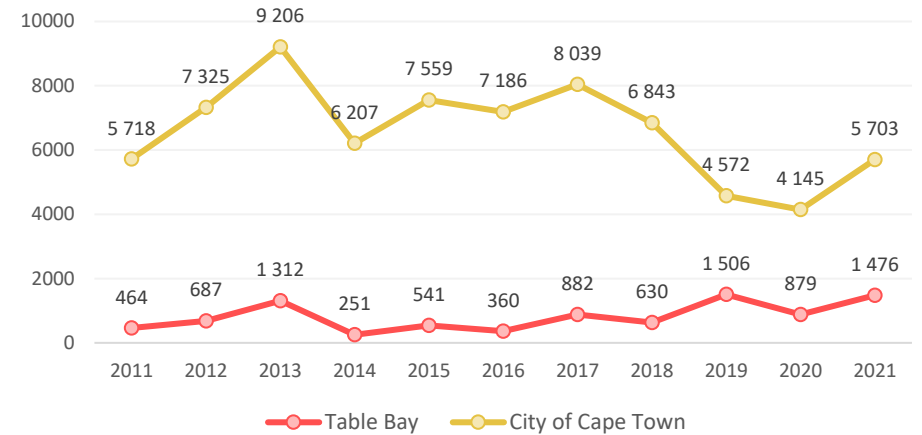
**Figure 3.2: Residential Development Trend in Table Bay**



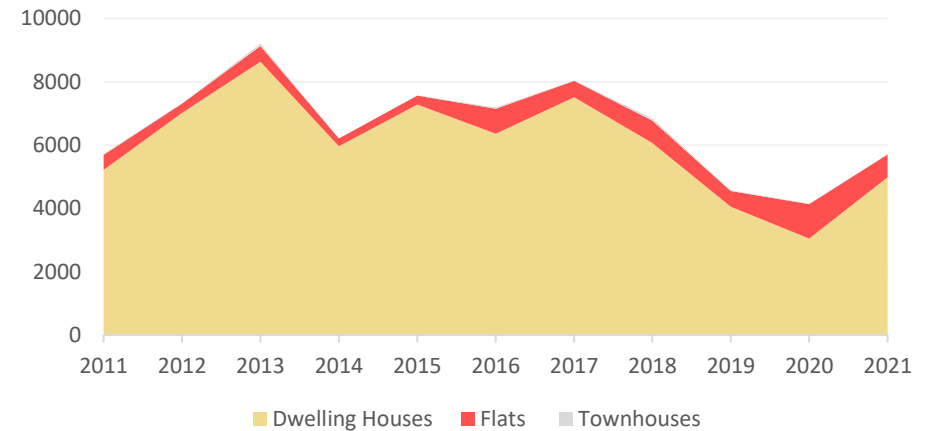
### 3.3.2 NON-RESIDENTIAL DEVELOPMENT PERSPECTIVE

The following indicators show that on average 60 616 m<sup>2</sup> of non-residential space is completed in the Table Bay Region per year. The City of Cape Town in total completes on average approximately 443 624 m<sup>2</sup> of non-residential space per

**Figure 3.3: Total Number of Residential Units Completed in the Table Bay between 2011 and 2021**



**Figure 3.4: Residential Development Trend in the City of Cape Town**






year. Office and banking space is primarily completed, followed by industrial and warehousing space and shopping space. The range of land uses reflects the regions varied economy.



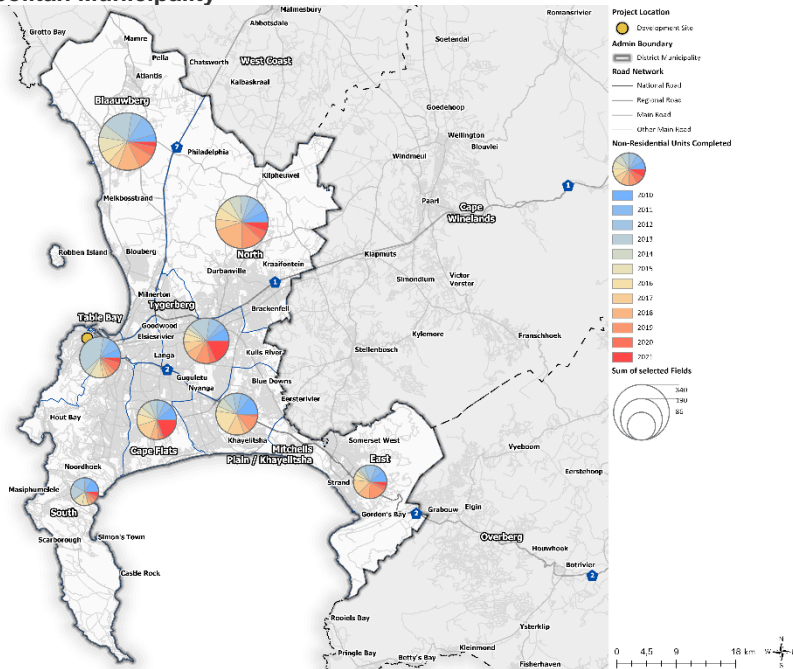
Table Bay experienced unstable growth in non-residential space between 2011 and 2021, with various up-and-downswings. Since lockdown regulations were implemented in 2020, the completion of non-residential space fell sharply.

**Table 3.6: Average Number of Non-Residential Space Completed in the Table Bay Region Authority between 2011 and 2021**

Unit Type	Table Bay		City of Cape Town	
	Average Number of Units	Average Floor Space (m <sup>2</sup> )	Average Number of Units	Average Floor Space (m <sup>2</sup> )
 Office and Banking	8	39 210	30	116 665
 Shopping	4	9 121	24	98 988
 Industrial and Warehouse	4	12 286	84	227 970
<b>Total</b>	<b>16</b>	<b>60 616</b>	<b>137</b>	<b>443 624</b>

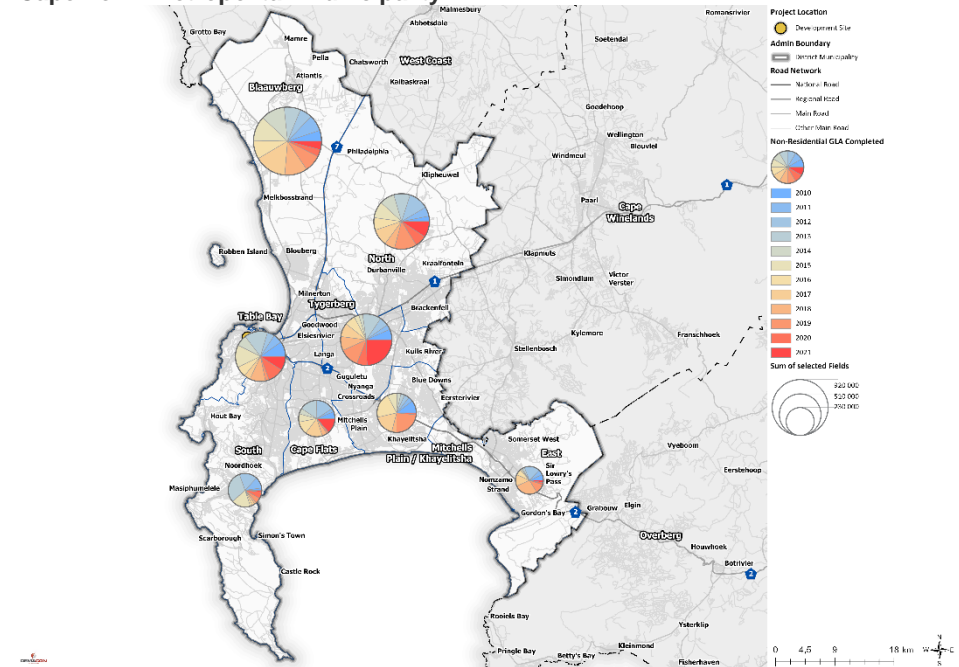
Source: DEMACON ex Stats SA, 2023

**Map 3.10: Distribution of Non-Residential Units Completed per District in the Cape Town Metropolitan Municipality**



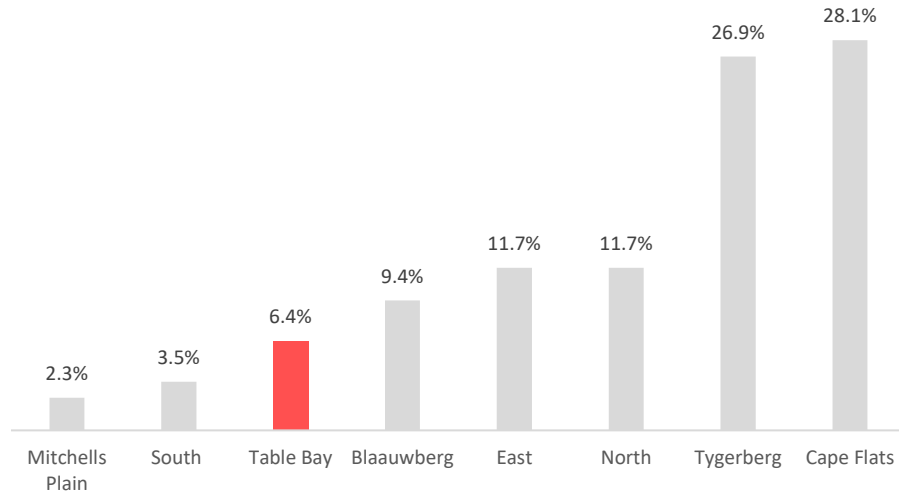
Source: DEMACON GIS ex Statistics South Africa, 2023

**Map 3.11: Distribution of Non-Residential Floor Space Completed per District in the Cape Town Metropolitan Municipality**

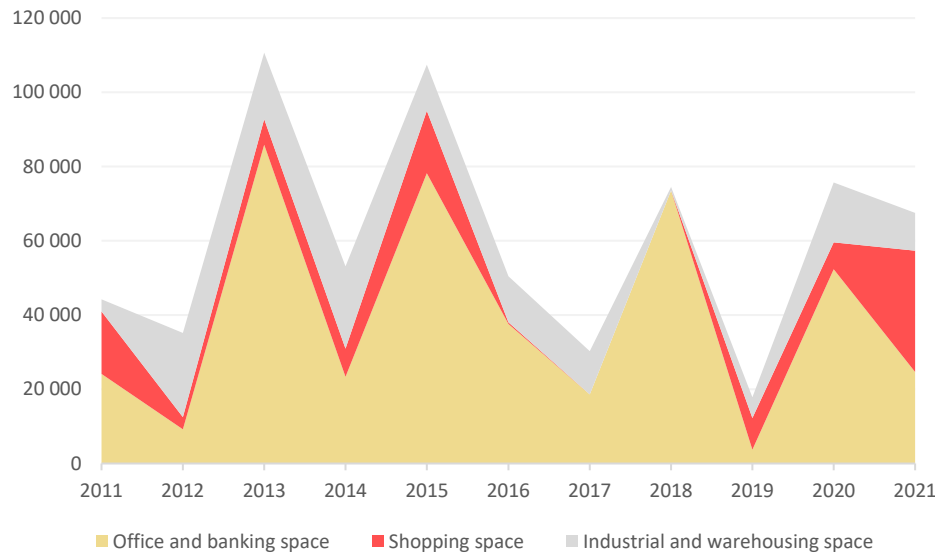


Source: DEMACON GIS ex Statistics South Africa, 2023

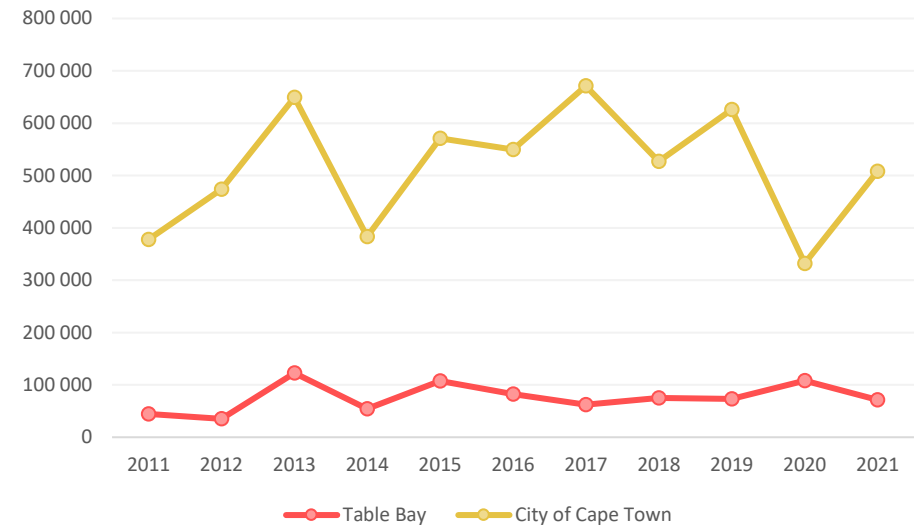
**Figure 3.5: Distribution of Non-Residential Space Completed per Local Authority in the City of Cape Town – 2021**



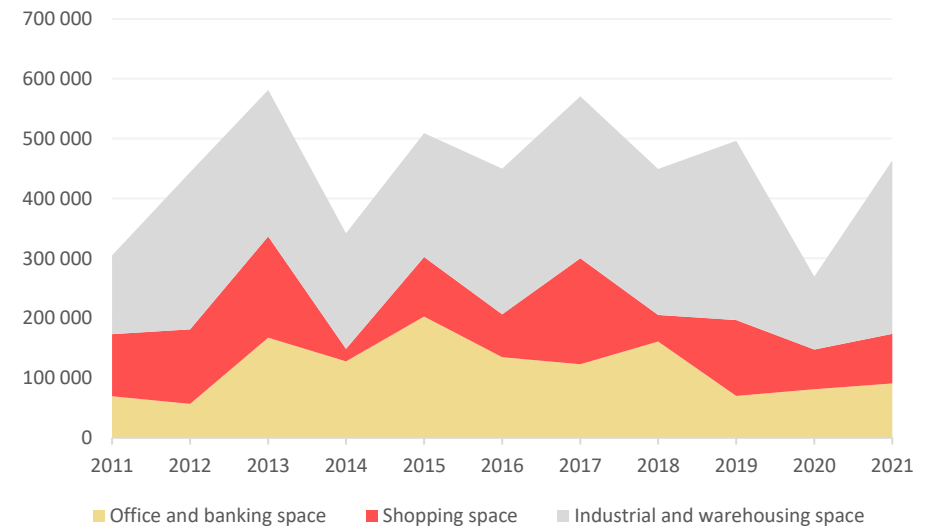
**Figure 3.6: Non-Residential Development Trend in Table Bay**



**Figure 3.7: Total Non-Residential Space Completed in Table Bay between 2011 and 2021**



**Figure 3.8: Non-Residential Development Trend in the City of Cape Town**



### 3.4 LOCATION ANALYSIS AND SITE RATING

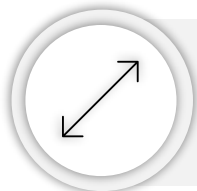
Market potential is influenced not only by consumer income and expenditure, but in particular also by the characteristics of the location under consideration. To this effect, DEMACON Site Evaluation Models © are used. These DEMACON models are pragmatic and are based on the assignment of values to various location factors. Firstly, the site is evaluated on a ten-point scale, with ten being the highest. Secondly, weights are attached to these factors, in order of importance (1 to 5, with 5 being the most important) – Methodology attached as an annexure.

#### 3.4.1 KEY FACTORS INFLUENCING THE PROPOSED DEVELOPMENT SITE

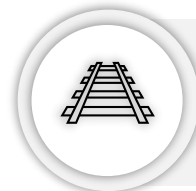
This section provides an overview if the key factors that influence the proposed development location. The factors highlighting core positive and negative elements that support the locational choice.

##### 3.4.1.1 CONTRIBUTING FACTORS

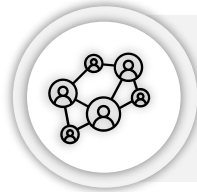
The proposed development site is well located when considering the broader urban environment of the city of Cape Town as well as the key urban nodes and concentration areas that define the City’s urban context. The development site is located on the periphery of the Cape Town CBD and acts as a gateway location between the exiting CBD and the western suburbs of the City. As a result, the development site is optimally located close to the premier urban development location of the city and the site has the opportunity to integrate into the City’s urban development aspirations as defined by the metropolitan and district SDFs.



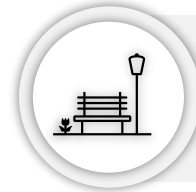
The development site forms part of the Cape Town CBD although the property is on its periphery. Nevertheless, the site is located in the key mixed use integration zone of the Table Bay District. The development could capitalise on its proximity to the CBD.



The asset is well positioned to access major transport routes such as the N1 and N2 highways and M4 and R102 distributor roads. Accessibility is aligned with very high visibility and proximity to workplaces, labour, and suppliers



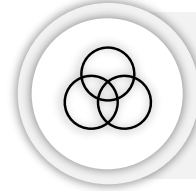
The inner city of Cape Town is a highly competitive space for business development, therefore the project’s locality and integration into the broader economic system could offer competitive advantages not available elsewhere.



The development site is located close to a variety of land uses and mixes and has the opportunity to connect to several social amenities, educational activities, key business and entertainment nodes and core transport infrastructure and logistical activities.



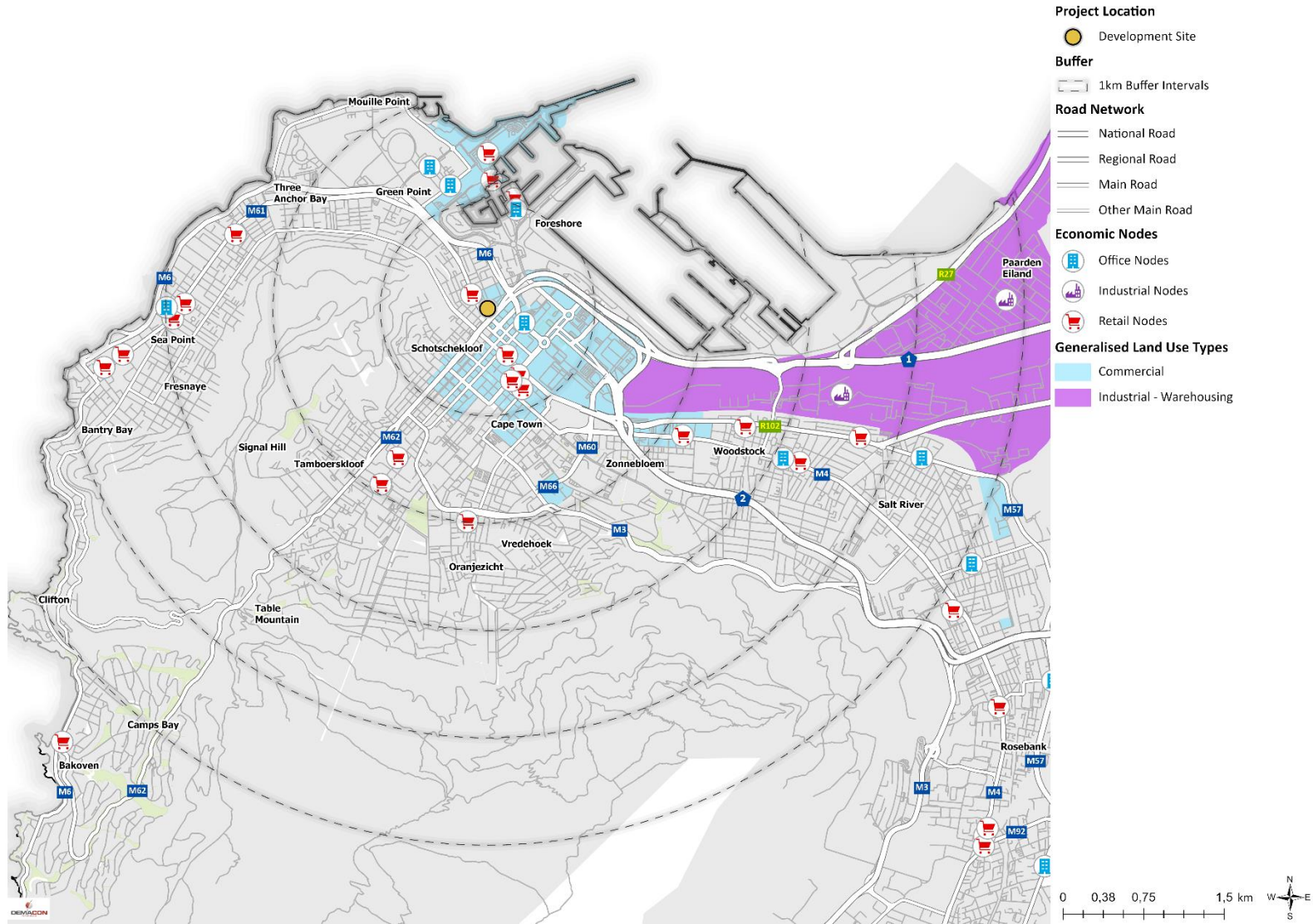
The MSDF identifies the site within the urban inner core of the City and forms part of the Inner-City Metropolitan Node. The Table Bay DSDF identifies the site within the District’s mixed-use intensification zone. Therefore, further intensification and diversification of land uses is supported, especially mixed-uses.



The development site is well positioned in terms of its macro-location whereby the site is close to the economic and tourism heart of the metropolitan area. Surrounding activities afford the development site a range of land use and commercialisation opportunities.

The following maps provide a spatial perspective of attributes that positively affect the location and site ratings of the proposed development site for various land use typologies.

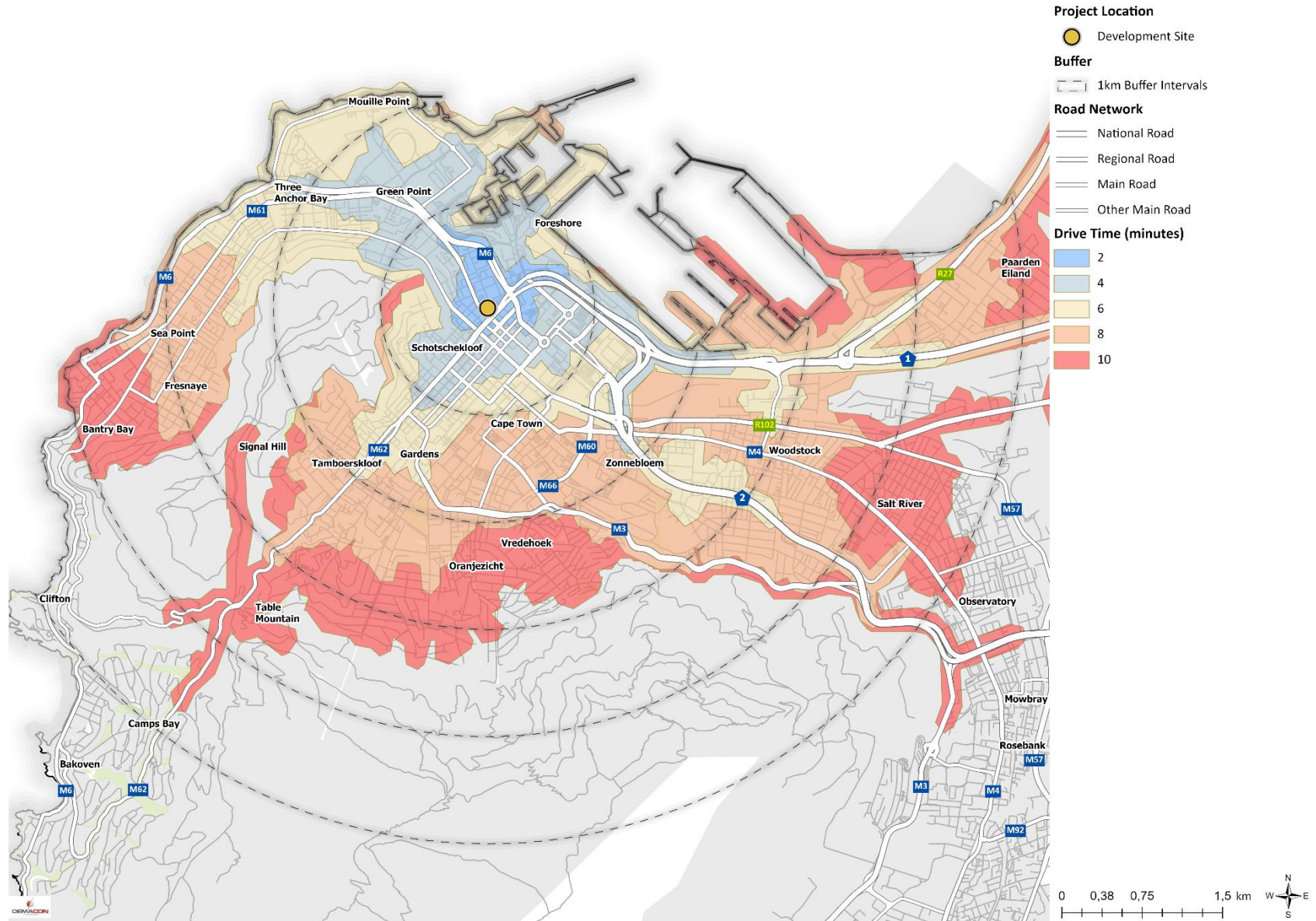
**Map 3.12: Development Site within the Context of Key Business and Economic Activities**



Source: DEMACON GIS, 2023



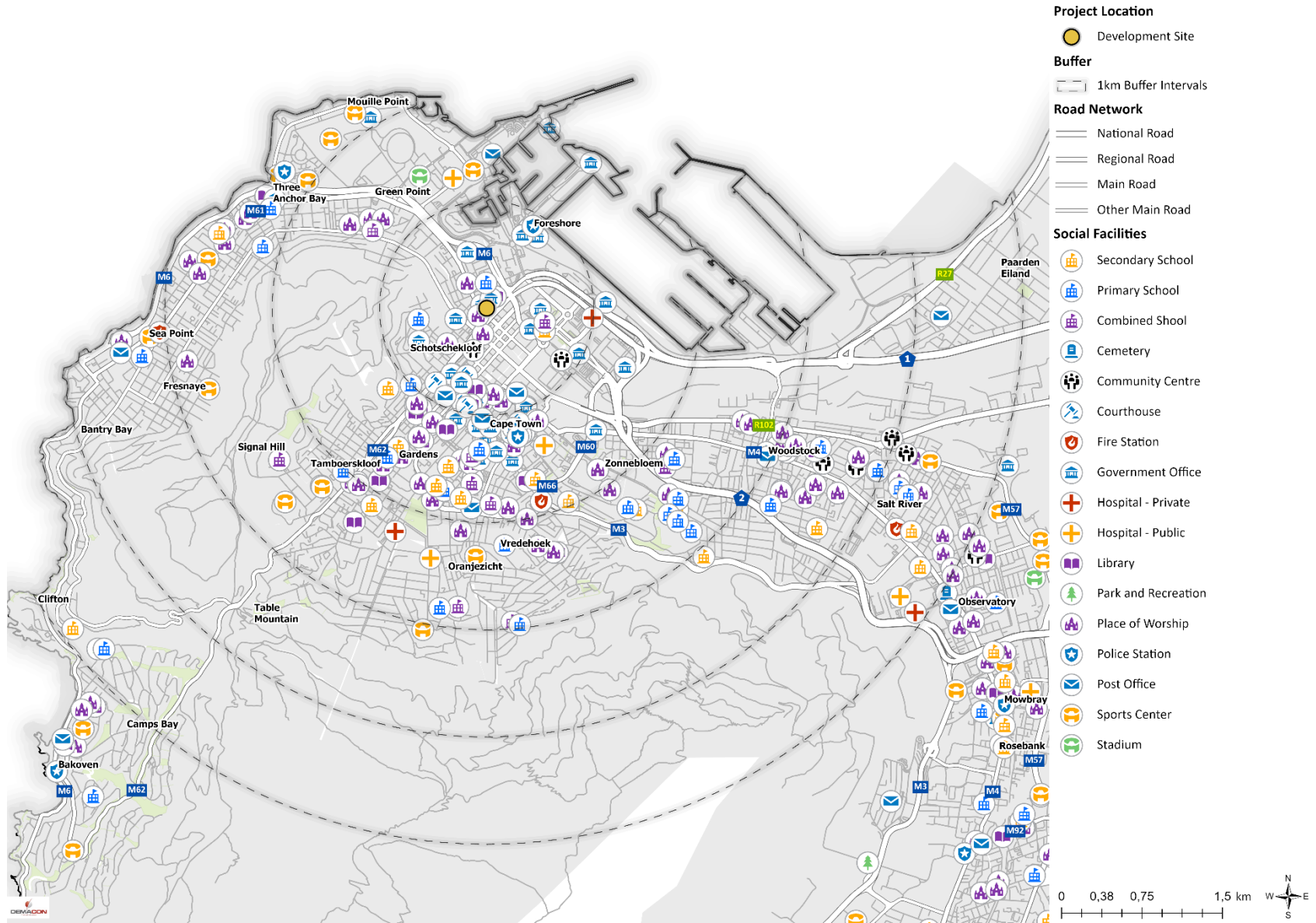
Map 3.13: Accessibility of the Development Site



Source: DEMACON GIS, 2023

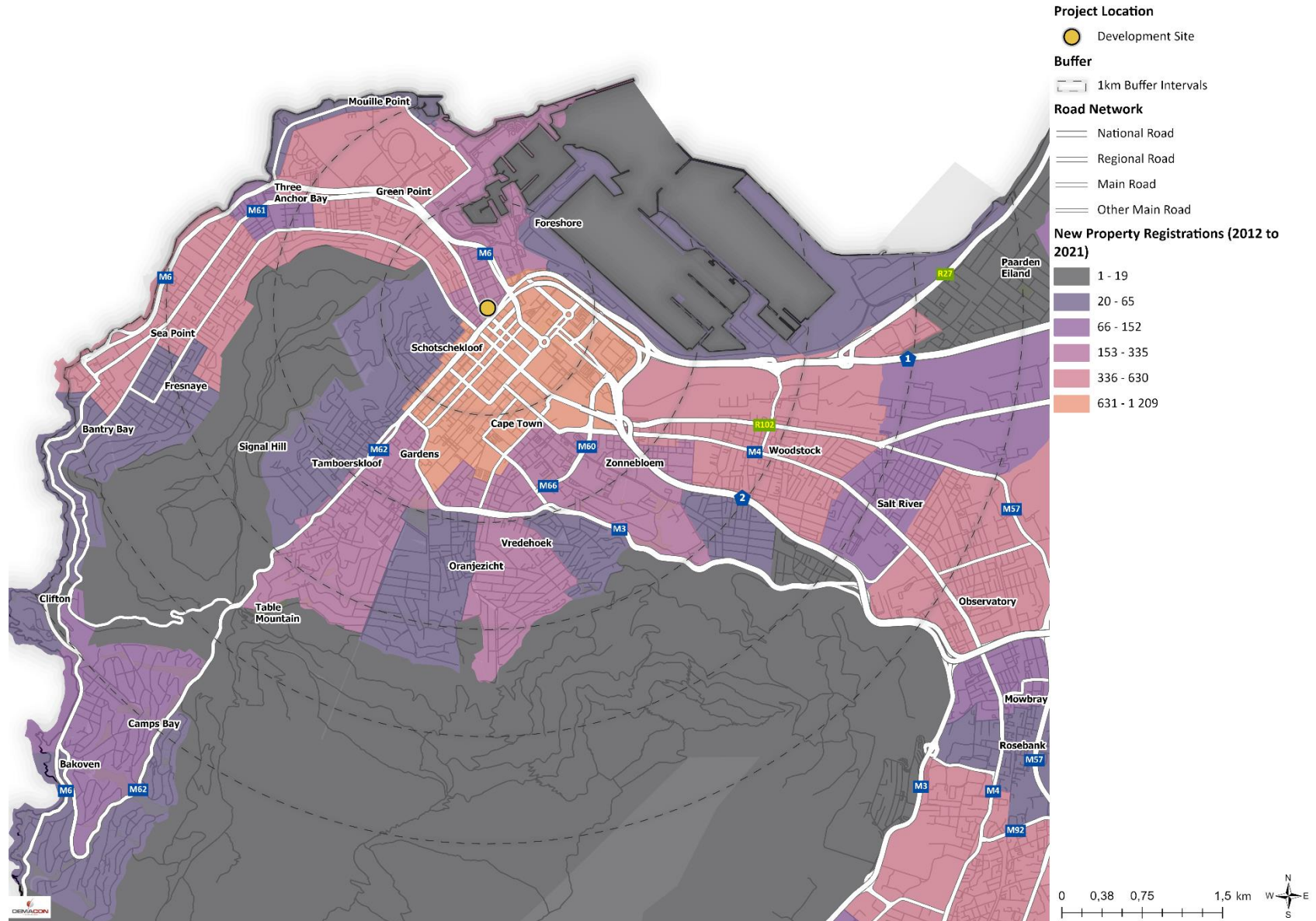


Map 3.14: Development Site Proximity to Social Amenities



Source: DEMACON GIS, 2023

Map 3.15: Development Site in the Context of Urban Development



Source: DEMACON GIS, 2023

### 3.4.1.2 DETRACTING FACTORS

The market area has in recent years experienced an increase in crime, especially crime targeting properties and other serious crimes such as hijackings and aggravated robberies. The increasing crime levels impact on quality urban environments and the safety and security of communities.

Although the site is in close proximity to various transportation networks and public transport, the Cape Town Inner City is known for heavy traffic congestions.

The market area is well supplied with retail facilities. The effective market gap is diminished and therefore would require the identification of niche or other facility types and opportunities.



The Cape Town Inner City experienced sizeable contact, property, and other serious crimes during 2022. Data shows that crime has decreased in the Cape Town Central Police District since 2011. The district remains a core crime area in the City of Cape Town.



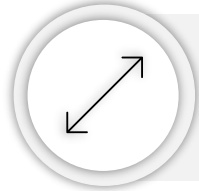
Although the proposed development site is surrounded by adequate transportation networks, the Cape Town Inner City experiences heavy traffic congestion.



The market area is well-supplied with retail facilities and therefore the effective market gap for traditional retail facilities is limited. Alternative uses such as an entertainment or lifestyle centre are potential opportunities.



A heritage building is located on the development site and therefore cannot be demolished. The building detracts from the already limited developable space of the property and will require careful planning to integrate into a new and scaled development



The proposed development site is located within a built-up area, hindering possible future expansion.

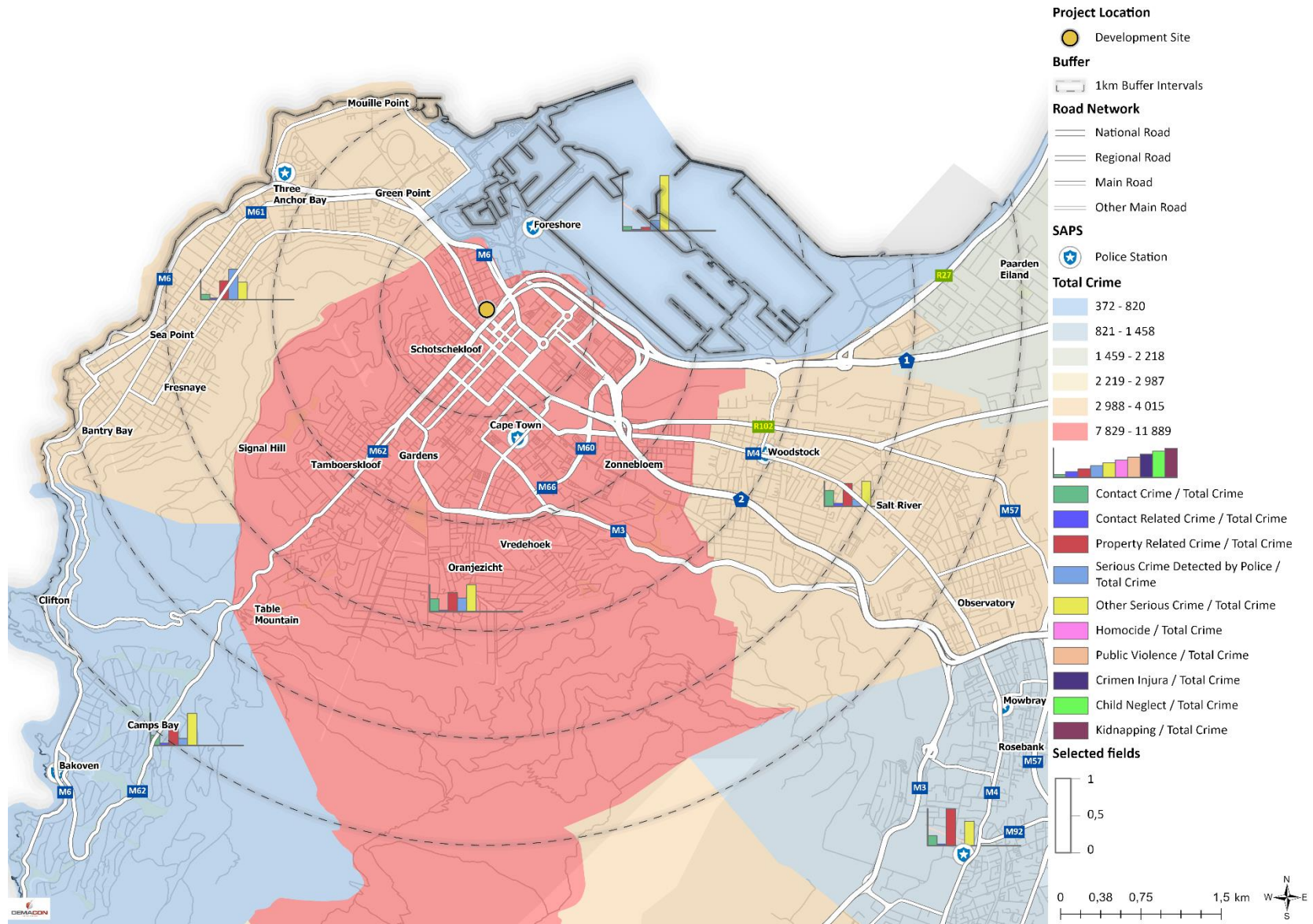


The market area is well supplied with private higher education facilities, therefore limiting the effective market gap. Careful consideration should be awarded in order to identify niche markets and opportunities

The following maps provide a spatial perspective of attributes that positively affect the location and site ratings of the proposed development site for various land use typologies.



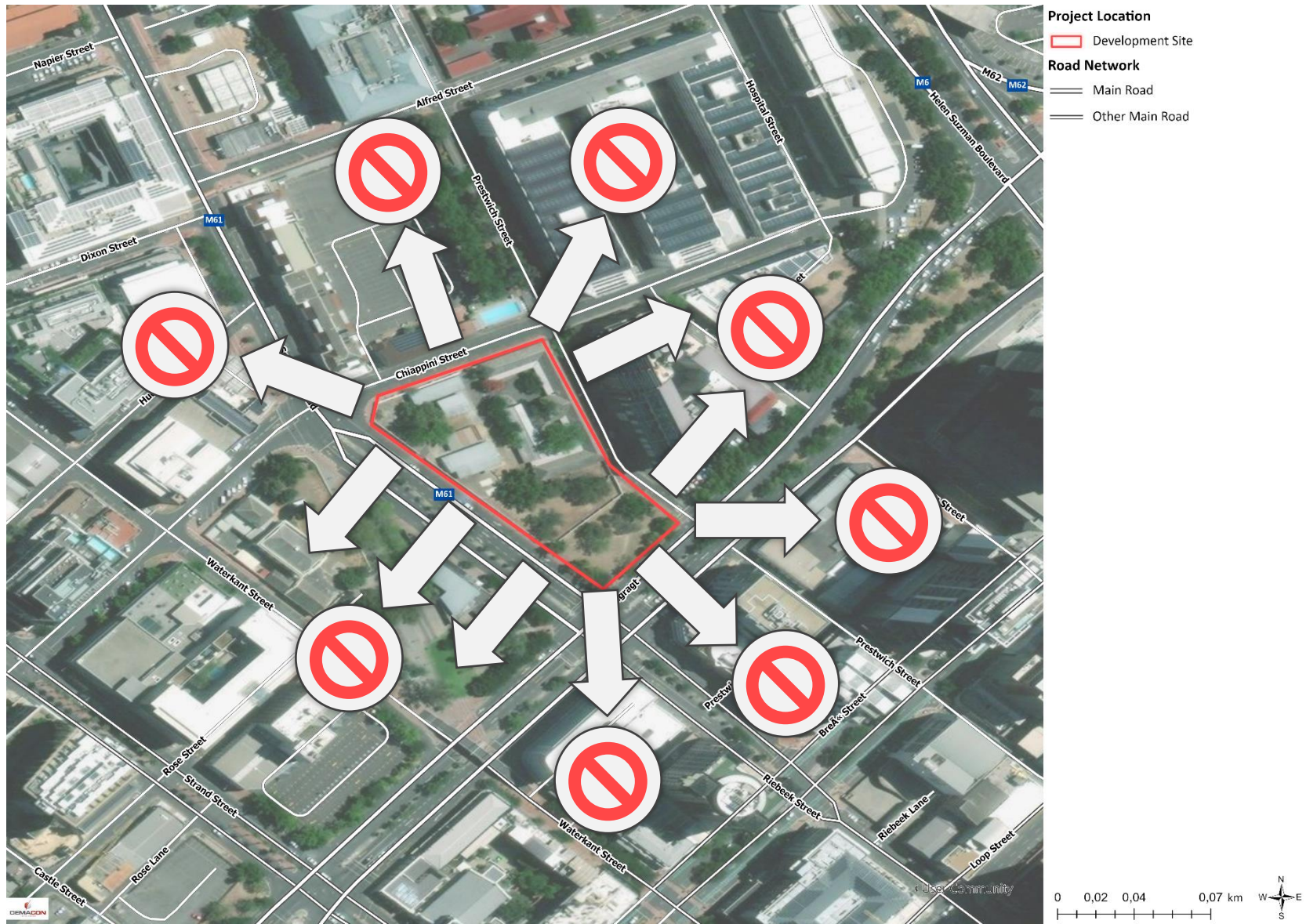
Map 3.6: Crime in the Market Area



Source: DEMACON GIS, 2023



Map 3.7: Development Constraints










Source: DEMACON GIS, 2023



### 3.4.2 LOCATION ASSESSMENT

The following provides an indication of the site rating for several land use typologies. The site rating considers the preceding key factors that influence the proposed development.

 Market Based Residential	 Social housing	 Student Accommodation	 Retail
 Offices	 Short-Stay	 Private Healthcare	

#### Residential Land Uses Location Assessment

Table 3.7: Residential Location Assessment

Location factor		Grading (1 to 10)
Perceived Level of Safety and Security	→	8
Area Price Profile	→	9
Address Value	→	9
SEM Profile	→	9
Perceived Quality of Residential Environment	→	9
Tempo of Residential Growth	→	8
Within direction of Current & Future Growth	→	9
Perceived investment value	→	8
Access to main roads	→	9
Proximity to workplace	→	8
Proximity to schools	→	8
Proximity to retail facilities	→	9
Proximity to social amenities	→	8
Proximity to public transport	→	8
Availability of Land	→	7
<b>Overall Rating</b>		<b>84.4%</b>

The availability of land is largest factor detracting from the location assessment of residential development. Other factors such as congestion and crime also contribute to lowering the locational score of the development location.

#### Retail Land Use Location Assessment

Table 3.8: Retail Location Assessment

Location factor		Grading (1 to 10)
Consumer Volumes	→	8
Income / SEM profile	→	9
Population Growth	→	8
Visibility	→	8
Accessibility	→	9
Functional & Complimentary Uses	→	8
Effective Market Gap	→	7
Proximity to public transport	→	8
Address Value	→	9
Availability of Land	→	7
Future Expansion Potential	→	7
Directional Growth of Area	→	9
Proximity to Labour	→	8
Proximity to Suppliers	→	8
Perceived Level of Security	→	8
<b>Overall Rating</b>		<b>80.9^</b>

The immediate market area of the proposed development has a sizeable supply of retail space which influences the potential of the proposed development to generate market share. Other factors such as crime and limited expansion space further contribute to a lower assessment score.

## Office Location Assessment

Table 3.9: Office Location Assessment

Location factor		Grading (1 to 10)
Accessibility	→	8
Visibility	→	9
Address Value - Popular Office Address	→	9
Moderate to Higher SEM Profile	→	9
Proximity to Educated Labour Force	→	9
Established Office Address / Monitored Node	→	9
Functional and Complimentary Uses	→	8
Emerging Commercial Node	→	8
Proximity to Freeways / Major Provincial Routes	→	8
Proximity to public transport	→	8
Availability of Land	→	7
Future Expansion Potential	→	7
Perceived Level of Security	→	8
Directional Growth of Area	→	9
<b>Overall Rating</b>		<b>83.6%</b>

The Cape Town CBD has throughout the pandemic shown resilience in the office market primarily on account of the locational value of the Cape Town CBD and its surrounding suburbs. The same is true post-pandemic and during the recovery phase where the node maintained the lowest vacancy rates in South Africa – typically between 13% and 17% across all grades of space.

The demand for office space, however, has not rebounded to levels seen prior to the pandemic and growth in demand is subdued due to the flexible operating environment that businesses have started to adopt. The rise of co-working spaces has further impacted on the need for permanent office space.

Other factors affecting office space locational attractiveness is limitations in terms of expansion and security issues.

## Short-Stay Accommodation Location Assessment

Table 3.10: Short-Stay Accommodation Location Assessment

Location factor		Grading (1 to 10)
Accessibility	→	8
Visibility	→	9
Address Value	→	9
Effective Market Gap	→	7
Star Rating Market Gap	→	7
Proximity to Key Transport Infrastructure – Airport, Harbour, Etc.	→	8
Proximity to Established Commercial Nodes	→	9
Proximity to Retail / Entertainment Facilities	→	9
Proximity to Convention Centres / Conference Facilities	→	9
Established Tourism Destination / Region (Leisure or Business)	→	9
Proximity to Tourism Facilities / Services – Clustering	→	9
Perceived Level of Security	→	7
<b>Overall Rating</b>		<b>83.2%</b>

The Cape Town CBD, Foreshore, City Bowl, and Atlantic Seaboard are core tourism related locations that act as key and primary attractions and tourist service areas. The proposed development site is centrally located within this tourism cluster and could form part of the service offering.

It is however important to note that the local market has only recently recovered to pre-pandemic tourist levels and the existing market has a densely populated supply of accommodation services.

Market share generation may limit the potential of the development site whilst aspects such as crime could further hamper attractiveness and developability.

### Private Healthcare Location Assessment

**Table 3.11: Private Healthcare Location Assessment**

Location factor		Grading (1 to 10)
Address Value	→	9
Local Accessibility	→	8
Regional Accessibility	→	7
Visibility	→	9
SEM Profile	→	9
Level of Private Healthcare Insurance	→	8
Moderate to Higher Population Growth	→	7
Absence of Competitive Products / Market Gap	→	7
Proximity to Skilled and Semi-Skilled Labour Force	→	8
Perceived Level of Security	→	7
Located in Direct Line of Growth	→	9
Availability of Land	→	7
Future Expansion Potential	→	7
<b>Overall Rating</b>		<b>78.6%</b>

The local market area consists of three private hospital facilities that cater to the immediate and regional population. The development location is accessible and has high visibility. The SEM profile coupled with high levels of private health insurance underscores the potential of the proposed development to attract and cater to the private market.

Growth of the market is however a cornerstone requirement in order to ensure sufficient market share generation. The local urban market is set to continuously expand and therefore could bolster the potential of a private healthcare opportunity.

### 3.5 SYNTHESIS

The preceding Chapter focused on identifying key strategic considerations relevant to the proposed development. The purpose is to understand spatial directives and development implications for the development site in order to understand the potential of the development.

The analysis of the Chapter revealed that the proposed development site is well positioned to accommodate and drive the future spatial development initiatives of the City of Cape Town. The site is located within the urban inner core of the City and forms part of the Inner-City Metropolitan Node. Within the inner core and metropolitan node, the City is focused on the intensification of the node by incorporating a high intensity mix of urban activities and land uses at locations where high levels of access, convenience, exposure, and urban opportunity exists.

The Table Bay District Spatial Development Framework in more detail identifies that the proposed development site is situated within the District’s mixed-use intensification zone. The intensification zone represents areas that have been partially developed and where further intensification and diversification of existing land uses is supported or where redevelopment to a mix of land uses is actively encouraged. The District SDF identifies that an appropriate combination of either residential and non-residential or non-residential uses alone should be provided. Guidelines suggest that for existing urban development areas that land use intensification and combination could include high-density residential typologies, office uses, retail uses, business and commercial uses and social amenities and facilities. High-density residential development is encouraged to consist of multiple typologies and affordability level.

The location analysis and site ratings further reveal that the proposed development site is strategically positioned to facilitate a host of residential uses, retail uses, office space as well as tourism accommodation and services.

## 4 ECONOMIC PROFILE AND DRIVERS

### 4.1 INTRODUCTION

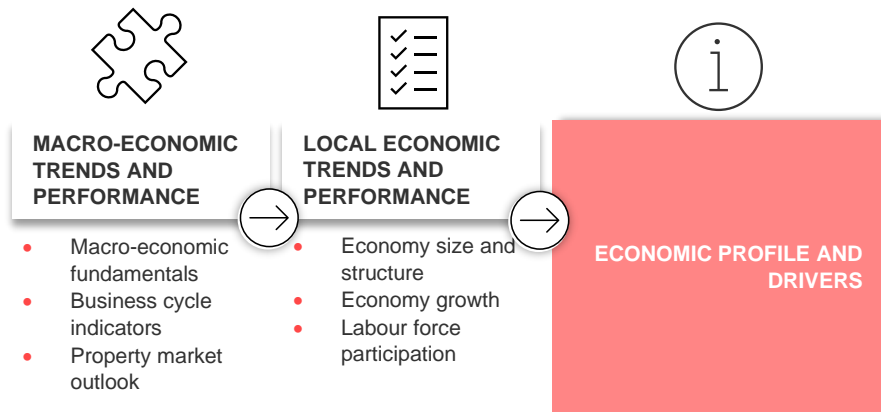
An intricate, though well-defined relationship exists between the economy and urban real estate markets. The performance of specific economic sectors serves as proxy for the performance of these real estate markets.

The purpose of this Chapter is to outline the salient features of the study area economy in terms of selected time series economic indicators; most notably the economic profile and growth trends within the local economy. Reference is made to the Midrand sub-regional economy.

As such, this section provides insight into the composition and stability of the sub-regional economy and hence, provides a more comprehensive assessment of medium- to long-term investment prospects than the conventional demographic analysis.

The Chapter is discussed under the following core themes:

Diagram 4.1: Chapter 3 Core Themes

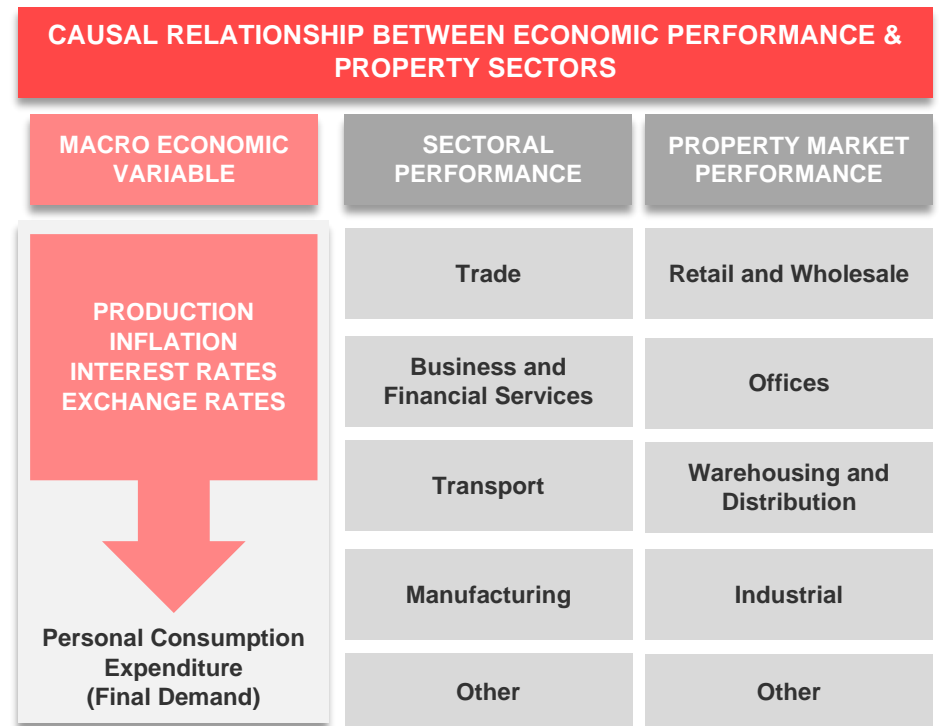


### 4.2 REFERENCE FRAMEWORK

The causal relationship between economic sector performance and property market performance is illustrated in Diagram 4.2.

The economic indicators of an area form the basis for current demand for commercial product offerings and serve as drivers for future growth in demand. Subsequent paragraphs highlight the main indicators for the market area under investigation

Diagram 4.2: Causal Relationship between Economic Performance and Property Sectors



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### 4.3 MACRO-ECONOMIC TRENDS AND CONSIDERATIONS

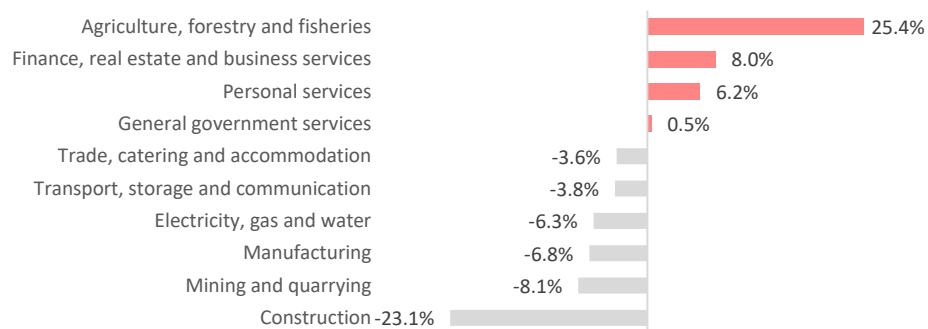
The following provides an overview of the current macro-economic trends and factors influencing national and local economic growth prospects, consumer demand growth and property market demand. The following data suggests that the macro-economic outlook for the South Africa economy is expected to improve over the course of 2023.

#### 4.3.1 ECONOMIC OUTLOOK FOR SOUTH AFRICA

##### South Africa's Economic Disruptions

- South African Economy faced a series of global and local disruptions, including:
  - Slowing global growth
  - Geopolitical tensions
  - Acute power challenges
  - Inefficiencies in state-owned enterprises
  - Climate change, to list a few.
- No growth could be a reality for South Africa in 2023.
- To minimise further deterioration and create conditions for future growth, urgent action is required to address supply-side constraints – with emphasis on stable electricity access and improving of freight and logistics.

Percentage change in value added, 2022 vs. 2019 (constant 2015 prices)



Source: DEMACON ex Statistics South Africa, 2023

##### GDP Growth Trends

- As per StatsSA, the economy expanded by 0.3% since the outbreak of COVID (between 2019 and 2022).
- Six industries still lag pre-pandemic output levels:
  - Construction
  - Mining
  - Manufacturing
  - Utilities
  - Transport
  - Trade.
- The mining and manufacturing sectors have been the hardest hit by loadshedding challenges.
- The year 2022 experienced 200 days of loadshedding. Quarter 4 experienced only 2 of the 92 days without loadshedding.
- The first quarter of 2023 experienced only one day without loadshedding, and blackout periods are longer.
- Mining (-1.9%) and manufacturing (-3.7%) production was lower compared to a year-ago.
- Freight and logistics bottlenecks with flatter commodity prices further undermined the growth prospects of the mining sector.

##### Retail Sales

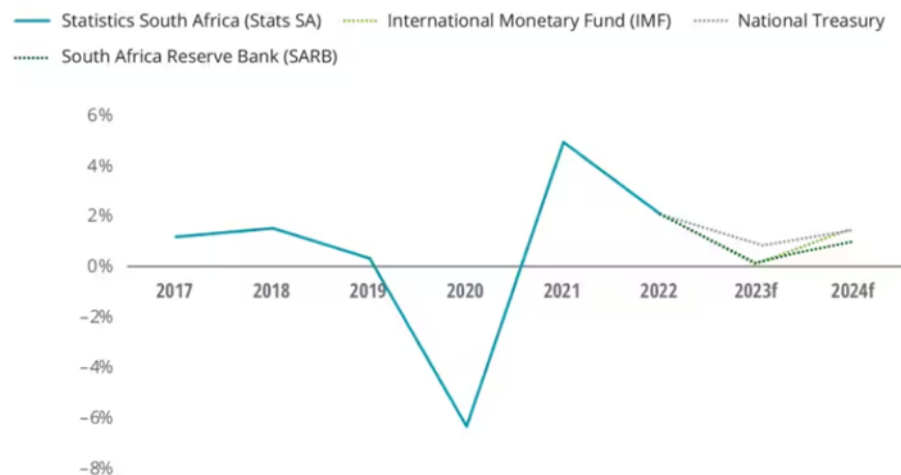
- Retail sales deteriorated by -0.8% in January Year-on-Year.
  - Mostly due to constrained household finances:
  - Ongoing cost-of-living increases
  - Higher inflation
  - More expensive credit conditions
  - Loadshedding.
- With loadshedding expected to continue into at least the second half of 2023, consumers are likely to face more price hikes due to:
  - Retailers and consumer goods companies spend more on power back-up
  - Increasing cost of doing business
  - Exerting additional pressure on input costs

## GDP Growth Expectations

- A growth scenario of flat to no growth is a real possibility for 2023 according to Deloitte.
- The country could already be in a technical recession in 2023: Q1 (two consecutive negative quarters of growth)
- National Treasury forecast for 2023 is 0.9%.
- South African Reserve Bank forecast for 2023 was 0.3% in January, revised downward to 0.2% end of March.
- The International Monetary Fund forecast for 2023 was 1.2% in January, revised downwards to 0.1% end of March.
- Given lower net exports (logistical bottlenecks), easing of commodity prices, higher power-related imports the current account deficit is projected to
- Increase to -1.8% of GDP in 2023 and -2.0% of GDP in 2024.

### Low to no real GDP growth in 2023 is on the cards

South Africa GDP growth (% constant prices), 2017-2024f



Note: f denotes forecast.

Sources: StatsSA; IMF; National Treasury; SARB.

Deloitte Insights | [deloitte.com/insights](https://deloitte.com/insights)

## Subdued Growth in Household Consumption Expenditure

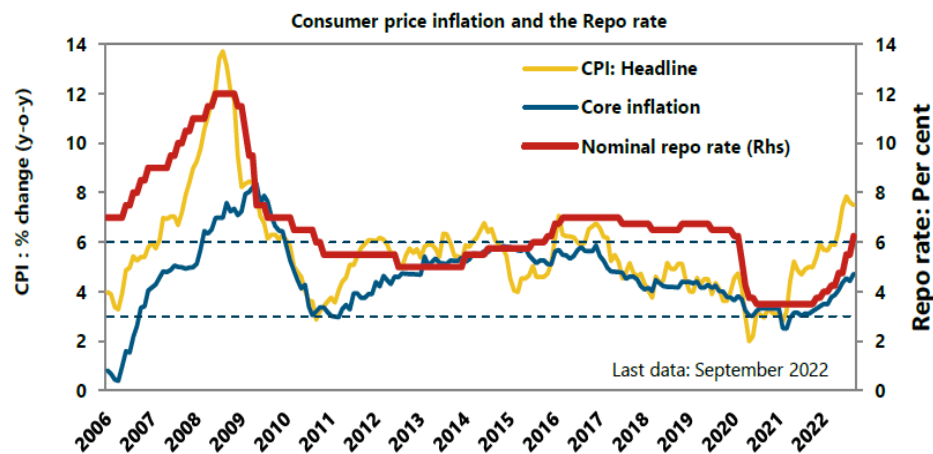
- SA consumers are under financial strain.
- End of February 2023, the Deloitte South African Consumer Tracker highlighted that 41% of consumers feel that their financial position has worsened over the past year and that they are concerned about their financial circumstances.
- Consumers are making greater trade-offs (buying lower-cost items and store brands) and are being frugal (buying only essentials).
- FNB/ BER Consumer Confidence Index declined to -23 points in 2023: Q1 (down from -8 points in 2022: Q4).
- Third lowest CCI since 1994, with likely repercussions on lower durable goods sales this year.
- Consumers have already/ thinking of investing in backup renewable power solutions (given the recent tax rebate for the fiscal year of 2024).

### Inflation Pressures

- Increased global food and fuel prices forced inflation rates beyond the target band.
- Headline inflation increased from 6.9% Year-on-Year in January 2023 to 7.0% Year-on-year in February 2023.

### SA Reserve Bank

- The Monetary Policy Committee raised the repo rate by 75 basis points on 22 September 2022, followed by another hike of 75 basis points on 24 November 2022 and another 25 basis points on 26 January 2023, bringing the repo rate to 7.25%.
- It is expected that the repo rate will be further increased by between 25 and 50 basis points on the 25th of May meeting, 2023.



**Repo Rate**

**7.25%**

**Prime Lending Rate**

**10.75%**

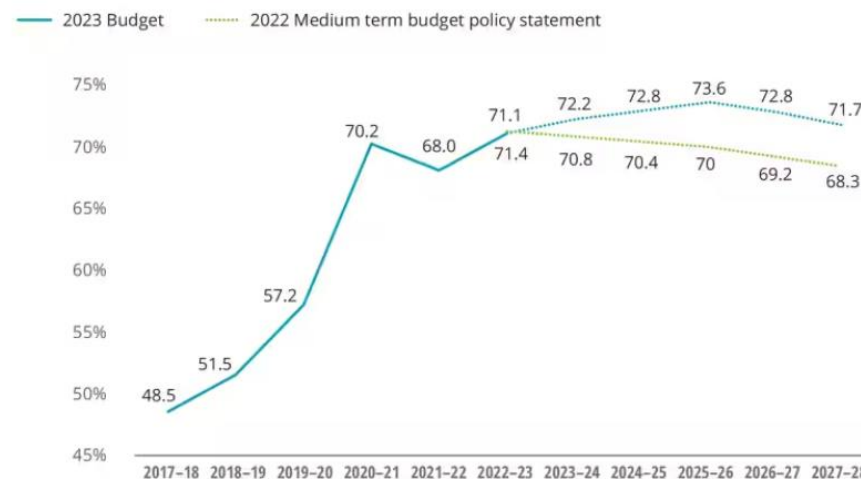
Source: IDC, 2022 & 2023  
OECD, 2023  
Investec, 2022 & 2023

### Public Finances

- Consolidated budget deficit forecast expected to decrease to 4.2% of GDP in 2022 to 2023, 4.0% in 2023-2024 and 3.2% in 2025-2026.
- Despite an average annual increase of 4.5% in consolidated expenditure over the next three years, a primary budget surplus is still expected for 2023 to 2024.
- Government's decision to provide debt relief to Eskom (taking on more than 50% of Eskom's debt over three years) will result in a deterioration of the debt-to-GDP ratio.
- This will result in an increase in debt-service costs, while crowding out other expenditure.

#### Government's debt relief to Eskom will result in debt-to-GDP ratio stabilizing only in 2025-2026

Gross debt-to-GDP (% of GDP), 2017-2027f



Deloitte Insights | deloitte.com/insights

## Grey Listing of South Africa

- Grey listing of South Africa by the FATF in February 2023.
- While not expected to have permanent effects on the growth outlook, it could imply potential risks such as reputational damage, increased transaction costs for businesses and negative impact on foreign flows, posing additional burdens on the national economy.
- Significant progress has already made in addressing some of the concerns of the FATF.

## Addressing Power Outages

- A National Energy Crisis Committee has been established and is taking on debt from Eskom to free up resources at the utility.
- The National Energy Crisis Committee (Necom) intends to recover and add 8 800 megawatts (MW) of generating capacity this year in an effort to reduce the intensity of load shedding.
- There are eight interventions in 2023:
  - Bring Kusile units 1, 2 and 3 back online, plus achieve commercial operation for Unit 5 (2 880MW).
  - Additional imports from neighbours (up to another 1 325MW).
  - An emergency generation programme and a standard offer from Eskom to buy excess capacity from commercial/industrial customers (1 000MW).
  - Utility-scale private embedded generation projects (up to 1 600MW).
  - Using feed-in tariffs to unlock supply from commercial and household rooftop solar (850MW).
  - Ramp up demand-side and energy efficiency programmes to cut demand (250MW).
  - Complete first phase of Eskom's battery energy storage system (200MW); and
  - Contract surplus supply from existing renewable producers (70MW).
- Private Sector:
  - Government has also continued driving reforms and introduced rooftop solar incentive programs for households and businesses. The latter includes a one-year tax relief.
  - To eliminate loadshedding, about 18 000MW of renewable energy and storage are needed.

- The private sector is making progress to bridge the country's 6 000 MW baseload energy gap.
- Once 5 000 MW of renewables had been installed loadshedding can be cut by 61%

## Logistics Crises

- Plans are co-ordinated under Operation Vulindela to include:
  - upgrading of rail and ports infrastructure
  - increasing the number of goods transported by rail
  - enabling private sector investment.
- This will be supported by R903 billions of investment in infrastructure over the next three years.

*"One of these reforms is to enable third party access to the freight rail network by private rail operators, while the network itself remains in the ownership of the state," the President said.*

*He noted the progress that has been made to establish a separate Infrastructure Manager within Transnet Freight Rail by October this year as a crucial step towards creating a level playing field for public and private operators.*

*The President said that strong collaboration with the private sector, organised labour and other social partners is vital to improving logistics performance.*

*He referred to the strong willingness shown by members of the Minerals Council and others to invest in rolling stock and other equipment, to contribute skills and resources and to pursue opportunities for collaboration.*

*These collaborative efforts are essential to formulating workable solutions that will form part of a collective national effort to fix the country's transport system.*

*"Despite the crisis facing Transnet we must acknowledge the important progress that has been made in reversing the damage that was inflicted during state capture and recognise that there are many dedicated and hard-working people in the company that are committed to restoring Transnet to its potential.*

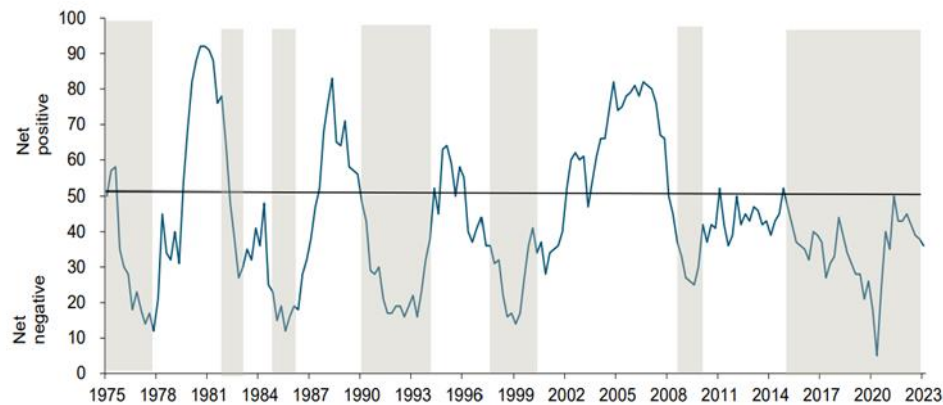
*"Transnet must quickly embark on a clear path to take us out of this crisis and ensure that the operation of our railways and ports contributes to the growth of our economy," said President Ramaphosa.*



## Business Confidence Index

- The business confidence index (BCI) slipped to 36 in the first quarter of 2023. The index has not been in positive trajectory for the larger part of the past decade.
- Power outages and deteriorating household income impacted confidence in the manufacturing and retail sectors hard. While sentiment among wholesalers and new vehicle dealers improved slightly according to the BER.
- Confidence Improvement:
  - Wholesaler confidence increased with three points.
  - New vehicle dealer confidence up with three points.
- Confidence Decrease driven by:
  - Manufacturing declined by nine points in the first quarter (largely due to intense load shedding and dilapidated and poorly managed logistic infrastructure).
  - Retail declined by eight points (largely due to loadshedding, reduced trading hours, increased operating costs due to diesel generators, high consumer price inflation, increased pressure on household disposable income).
  - Building confidence declined by three points (a silver lining relates to the installation of backup power).

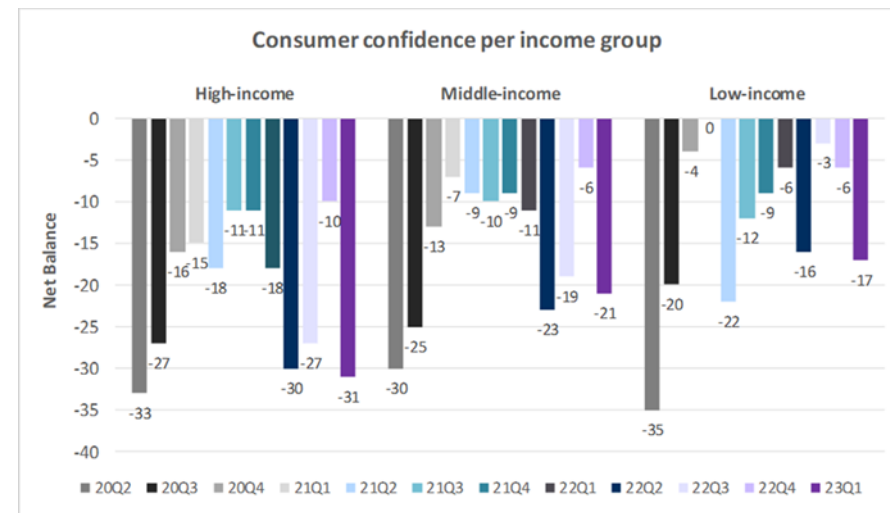
Figure 1: RMB/BER Business Confidence Index



Source: BER & Trade Economics, 2023

## Consumer Confidence Index

- The consumer confidence index (CCI), sponsored by the First National Bank (FNB) and compiled by the Bureau for Economic Research (BER), decreased to -23 Index Points during the first quarter of 2023.
- Confidence Decrease driven by:
  - All three sub-indices of the CCI declined during 2023: Q1.
  - The economic outlook declined
  - Time to buy durable goods declined
  - Households do not expect their household finances to improve over the next year.
  - Confidence levels of high-income consumers declined to -31 index points.
  - Confidence levels of middle-income consumers declined to -21 index points.
  - Confidence levels of low-income consumers declined to -17 index points.



Source: FNB, BER & tide Economics, 2023



## CREDIT RATINGS

### South Africa Economic Credit Rating

	Rating	Outlook
S & P	BB-	Positive
Moody's	Ba2	Stable
Fitch	BB-	Stable

Dates:

S & P – May 2022

Moody's – April 2022

Fitch – December 2021

### Eskom Credit Ratings

	Rating	Outlook
S & P	B	Stable
Moody's	Caa1	Positive
Fitch	CCC+	Stable

Dates:

S & P – September 2022

Moody's – November 2022

Fitch – November 2022

### South African Bank Credit Ratings

	Rating	Outlook
ABSA Bank Ltd	AA/ A-1+	-
Capitec Bank Ltd	AA/ A-1+	BB-B
First Rand Bank Ltd	AA/ A-1+	BB-B
Investec Bank Ltd	AA/ A-1+	BB-B
Nedbank Ltd	AA/ A-1+	BB-B

Dates:

S & P – May 2022

How does this 'marking system' work?

- The rating system varies between the three rating agencies.
- The highest-rated investment grade securities are AAA or Aaa (triple A).
- An investment grade rating lies within the range of Aaa to Baa3 (Moody's) or AAA to BBB- (S&P). The lowest possible investment grade rating is BBB- (S&P) and Baa3 (Moody's).
- Credit ratings for bonds below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality, also known as high yield or junk bonds.

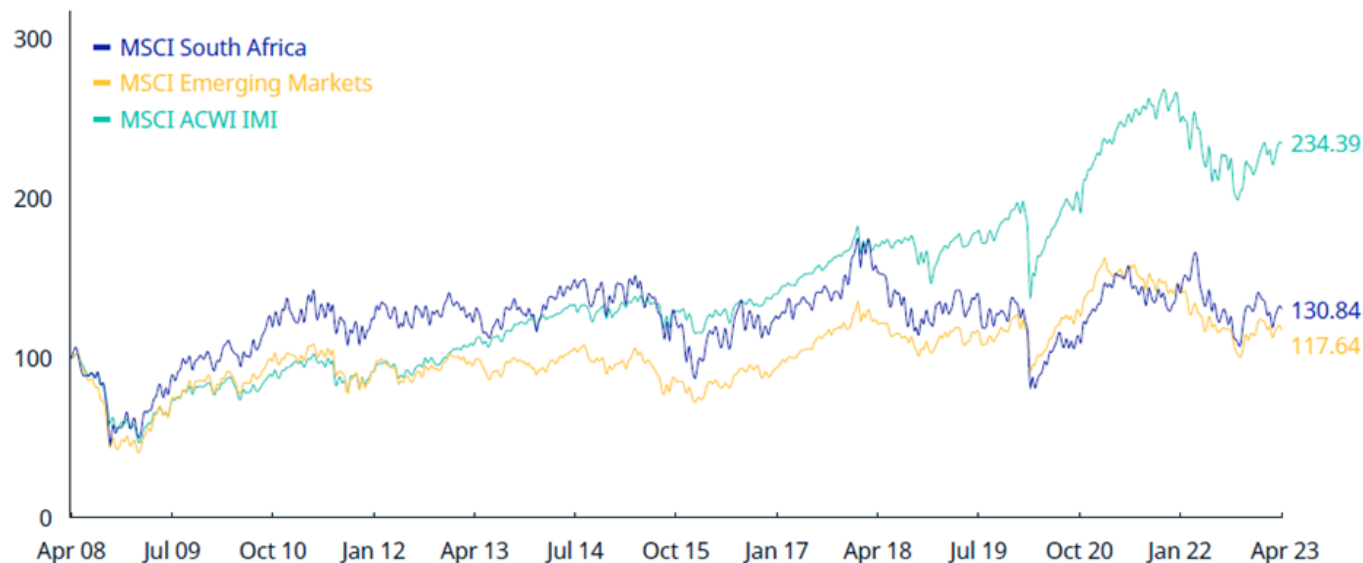


## POTENTIAL IMPLICATIONS 2023

- Deteriorating domestic economic climate will affect the performance of many SA businesses, particularly in the manufacturing sector, certain mining industries and service sectors.
- Sentiment of consumers, businesses, and investors at low levels, spending on goods and services, production activity and capital deployment on investment projects are likely to remain relatively subdued.
- Businesses that rely on the investment cycle for their production activities may experience challenges considering the subdued rates of growth in fixed investment spending from the private sectors, as well as the financial difficulties experienced by several key state-owned companies.
- South Africa's long-awaited economic reforms may yet gain momentum, but the age-old problems of political uncertainty, corruption and a failing power system pose significant risks.
- As per political speak, the suite of reforms is focused on energy security, infrastructure development, food security, job creation and the green transition and is designed to create a "sustainable, resilient and inclusive economy".
- As for practical reality and the real world, what may be required of the State, more than anything, is simply a return to "doing the basics right".

### 4.3.2 SOUTH AFRICAN PROPERTY MARKET OUTLOOK

#### CUMULATIVE INDEX PERFORMANCE – NET RETURNS (USD) (APR 2008 – APR 2023)



#### ANNUAL PERFORMANCE (%)

Year	MSCI South Africa	MSCI Emerging Markets	MSCI ACWI IMI
2022	-3.88	-20.09	-18.40
2021	3.58	-2.54	18.22
2020	-3.96	18.31	16.25
2019	10.04	18.42	26.35
2018	-24.76	-14.57	-10.08
2017	36.12	37.28	23.95
2016	17.91	11.19	8.36
2015	-25.45	-14.92	-2.19
2014	5.21	-2.19	3.84
2013	-6.21	-2.60	23.55
2012	18.69	18.22	16.38
2011	-14.36	-18.42	-7.89
2010	34.21	18.88	14.35
2009	57.82	78.51	36.41

#### INDEX PERFORMANCE – NET RETURNS (%) (APR 28, 2023)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED			Since Dec 29, 2000
					3 Yr	5 Yr	10 Yr	
MSCI South Africa	0.90	-4.18	-8.12	0.31	12.50	-3.45	0.33	7.59
MSCI Emerging Markets	-1.13	-4.74	-6.51	2.78	4.33	-1.05	1.80	7.47
MSCI ACWI IMI	1.27	0.88	1.55	8.31	12.15	6.65	7.80	6.02

#### FUNDAMENTALS (APR 28, 2023)

Div Yld (%)	P/E	P/E Fwd	P/BV
4.12	10.61	9.04	1.73
3.33	12.41	11.82	1.60
2.24	18.37	15.68	2.46

### 4.3.3 RETAIL MARKET INDICATORS

<p> <b>Commercial Market Outlook</b> <i>(Business Tech, May 2023)</i></p>	<ul style="list-style-type: none"> <li>• The commercial property market is still expected to grow in 2023 – but at a far slower rate than in 2022, as rising interest rates have started to feed into the wider economy.</li> <li>• This is according to FNB Property Strategist John Loos, who noted that sales activity for commercial properties had declined this year after peaking in 2022.</li> <li>• In the latest FNB Commercial Property Broker Survey for the first quarter of 2023, all 3 major property classes (Office, Retail and Industrial) saw broker perceptions of slightly lower sales activity compared to the prior quarter, and in two of the three classes (Office and Retail) lower than the 1st quarter of a year ago.</li> <li>• Adding pressure to the market, the value of commercial mortgage loans granted has recorded significant declines, with the fourth quarter of 2022 showing a year-on-year decline of 5.67%, Loos said.</li> <li>• FNB expects that 2023 will see a weaker reading than the two years prior in terms of all property total returns.</li> <li>• According to Loos, the commercial property sector is likely to show the following markers:</li> <li>• All property growth is forecast to return to negative territory in 2023 after a small positive +0.8% growth rate in 2022.</li> <li>• The overall vacancy rate is forecast to rise mildly this year, following two prior years of small declines – thus remaining elevated.</li> <li>• These will likely cause net operating income growth to slow from its 6.6% rate recorded in 2022.</li> <li>• FNB’s determinations into the commercial property space are based on Loos’ belief that interest rates have likely peaked after 425 basis points worth of increases since late-2021 and will move sideways through the rest of 2023.</li> <li>• Loos said that despite the interest rate cycle probably ending, the full impact of recent rate hikes is still feeding through to the economy, and slower growth is expected in 2023 – with a weaker property market performance expected.</li> </ul>
<p> <b>Market Comeback</b></p>	<ul style="list-style-type: none"> <li>• SA’s property brokers have signalled declining vacancy rates in the office, industrial and retail markets, according to FNB’s Q1 Property Broker Survey.</li> <li>• In 2023, the retail property sector is anticipated to continue its recovery, with a retail vacancy rate of 5.8% and a reported success rate for renewals of 82.7%.</li> <li>• Looking ahead, SA Property Index predicts that most trends to emerge in 2023 will follow on from the market shifts that have begun in the post-pandemic environment of 2022, with continued recovery across all sectors as the priority.</li> </ul>
<p> <b>Retail Trade Sales</b> <i>(StatsSA, March 2023)</i></p>	<ul style="list-style-type: none"> <li>• Measured in real terms (constant 2019 prices), retail trade sales decreased by 1,6% year-on-year in March 2023. The largest negative contributors to this decrease were: general dealers (-1,9% and contributing -0,9 of a percentage point); and retailers in food, beverages, and tobacco in specialised stores (-6,6% and contributing -0,6 of a percentage point).</li> <li>• The positive contributor was retailers in textiles, clothing, footwear, and leather goods (6,3% and contributing 1,0 percentage point).</li> <li>• Seasonally adjusted retail trade sales decreased by 0,7% in March 2023 compared with February 2023. This followed month-on-month changes of -0,3% in February 2023 and 1,4% in January 2023.</li> <li>• Retail trade sales decreased by 1,0% in the first quarter of 2023 compared with the first quarter of 2022. The largest negative contributors to this decrease were retailers in hardware, paint, and glass (-5,7% and contributing -0,5 of a percentage point); general dealers (-1,0% and contributing -0,4 of a percentage point); and retailers in food, beverages and tobacco in specialised stores (-4,8% and contributing -0,4 of a percentage point).</li> <li>• The positive contributor was retailers in textiles, clothing, footwear, and leather goods (4,7% and contributing 0,8 of a percentage point).</li> <li>• Seasonally adjusted retail trade sales increased by 0,8% in the first quarter of 2023 compared with the fourth quarter of 2022. The main contributor to this increase was retailers in textiles, clothing, footwear, and leather goods (4,4% and contributing 0,8 of a percentage point).</li> </ul>



- Wholesale Retail Sales**  
(StatsSA, March 2023)
- Sales at constant 2019 prices: results for March 2023
  - Measured in real terms (constant 2019 prices), wholesale trade sales decreased by 1,4% in March 2023 compared with March 2022.
  - Seasonally adjusted wholesale trade sales decreased by 0,6% in March 2023 compared with February 2023. This followed month-on-month changes of 2,1% in February 2023 and 1,2% in January 2023.
  - In the first quarter of 2023, seasonally adjusted wholesale trade sales increased by 0,1% compared with the fourth quarter of 2022.
  - Sales at current prices: results for March 2023
    - Measured in nominal terms (current prices), wholesale trade sales increased by 8,3% in March 2023 compared with March 2022. The main contributors were dealers in:
      - machinery, equipment, and supplies (35,9% and contributing 4,3 percentage points);
      - agricultural raw materials and livestock (26,3% and contributing 1,6 percentage points);
      - food, beverages, and tobacco (7,0% and contributing 1,1 percentage points); and
      - 'other' goods (12,8% and contributing 1,0 percentage point).
  - Wholesale trade sales increased by 10,7% in the first quarter of 2023 compared with the first quarter of 2022. The main contributors were dealers in:
    - machinery, equipment, and supplies (23,3% and contributing 3,1 percentage points);
    - agricultural raw materials and livestock (34,1% and contributing 2,0 percentage points);
    - solid, liquid, and gaseous fuels and related products (7,4% and contributing 1,9 percentage points); and
    - 'other' goods (19,1% and contributing 1,4 percentage points).
- 
- Consumer Price Index**
- Annual consumer price inflation was 7,1% in March 2023, up from 7,0% in February 2023.
  - The consumer price index increased by 1,0% in March 2023.
  - The main contributors to the 7,1% annual inflation rate were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services.
  - Food and non-alcoholic beverages increased by 14,0% year-on-year and contributed 2,4 percentage points to the total CPI annual rate of 7,1%.
  - Housing and utilities increased by 4,0% year-on-year and contributed 1,0 percentage point.
  - Transport increased by 8,9% year-on-year and contributed 1,3 percentage points.
  - Miscellaneous goods and services increased by 5,9% year-on-year and contributed 0,9 of a percentage point.
  - In March the annual inflation rate for goods was 9,4%, down from 9,5% in February; and for services it was 4,5% down from 4,6% in February
- 
- ESG Focus**  
(SA Property Insider)
- Tenants are increasingly opting for buildings that align to their ESG (Environmental, Social and Governance) requirements and this is set to continue in 2023. "They are looking to buildings that have been built to ensure a positive impact on both the environment and the communities in which they are located," he says.
  - "In recent years we have seen an increase in tenants prioritising the 'E' in ESG by requiring landlords to implement green building standards such as solar energy, carbon reduction measures, LED lighting, recycling, and recycling wastewater," says Jack. "This is a positive trend that we expect to be increasingly in the spotlight in the coming years," he concludes.

### 4.3.4 THE CLUR SHOPPING CENTRE INDEX FULL YEAR 2022 – HEADLINE PERFORMANCE

The Clur Shopping Centre Index is derived from The Clur Report, an asset management industry standard, tracking performance at more than 4 million sqm of prime retail space across South Africa and Namibia, for listed and unlisted property funds.

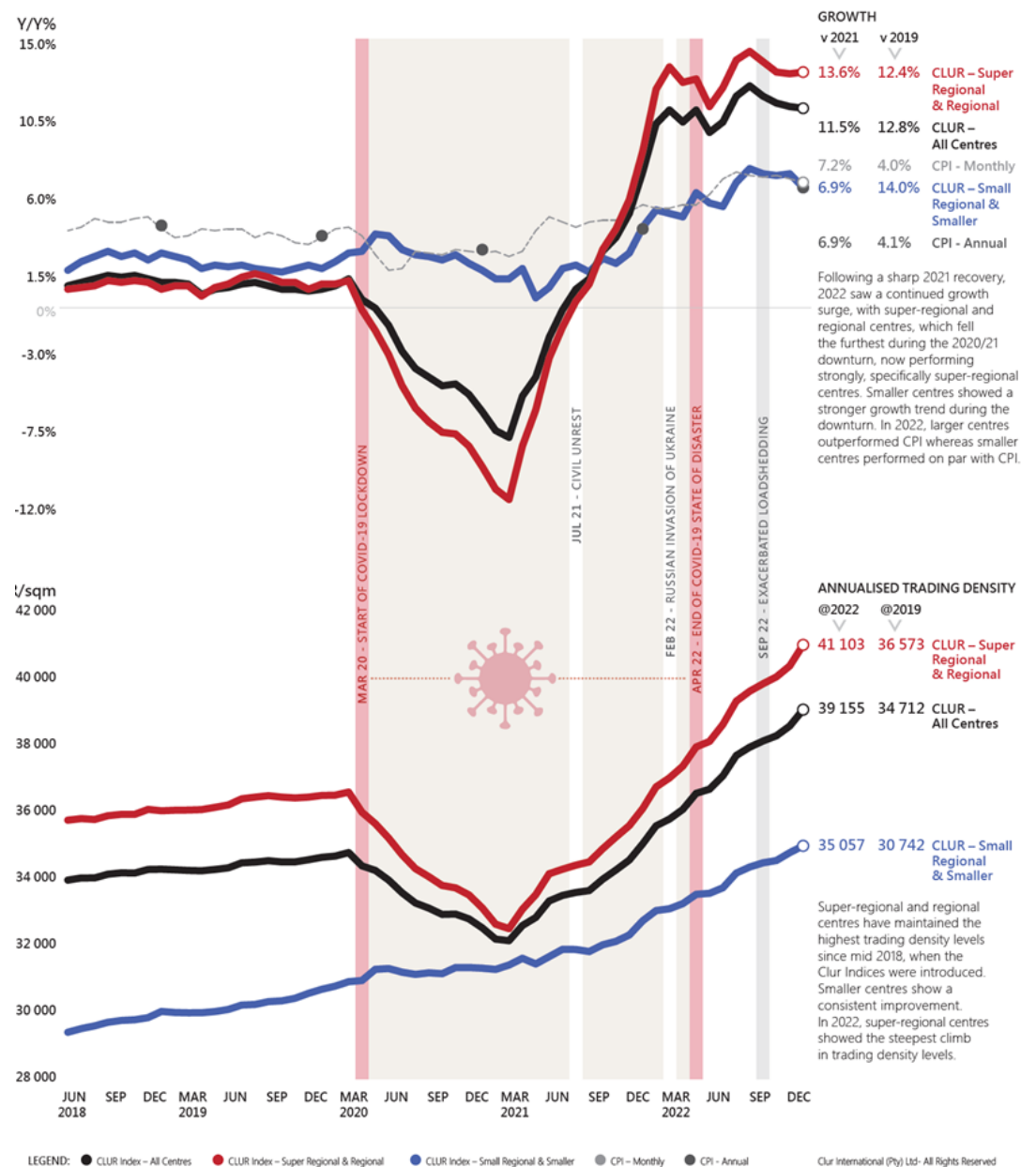
“Super-regional and regional shopping centres have maintained the highest trading density levels since mid-2018, when the Clur indices were introduced. Smaller centres showed a consistent improvement. In 2022, super-regional centres showed the steepest climb in trading density levels.”

“These major centres grew year-on-year trading density by 13.6% to R41 103/m<sup>2</sup> in 2022, outperforming annual inflation by 6.7%. In particular, super-regional centres achieved trading density of R45 933/m<sup>2</sup>, a 17.7 % increase and outperformance of CPI by more than 10%. For the Clur index for all centres the growth was 11.5% to R39 155/m<sup>2</sup>, 4.6% better than CPI in 2022. Small regional and smaller centres grew trading density by 6.9%, on par with inflation, to R35 057/m<sup>2</sup>.”







Significantly, the trading density index for the combined November-December period for all centres was R52 841/m<sup>2</sup>, an increase of 9%. The index for the rest of the year – January to October – was R36 372/m<sup>2</sup>, an increase of 12.3%. This underscored a previously noted pattern of festive season business driving trading density levels with the rest of the year boosting growth levels.

“These results highlight the extent of consumer support for physical retail space and the important role the sector plays in supporting communities as well as the economy. They also show that agility in response to shifting consumer dynamics and tailored tenant mixes are helping drive the improvements in trading densities,” says Clur.

Source: SA’s shopping centre trading density performance and growth records four-year high during 2022 – Property Wheel

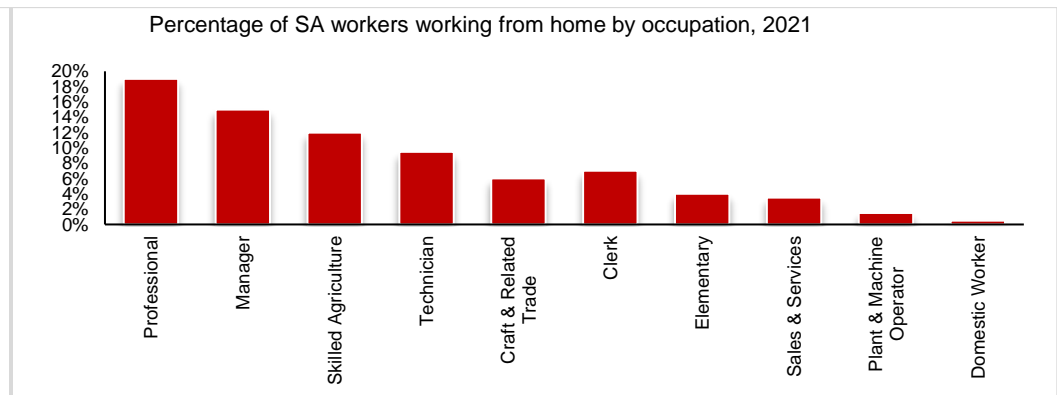
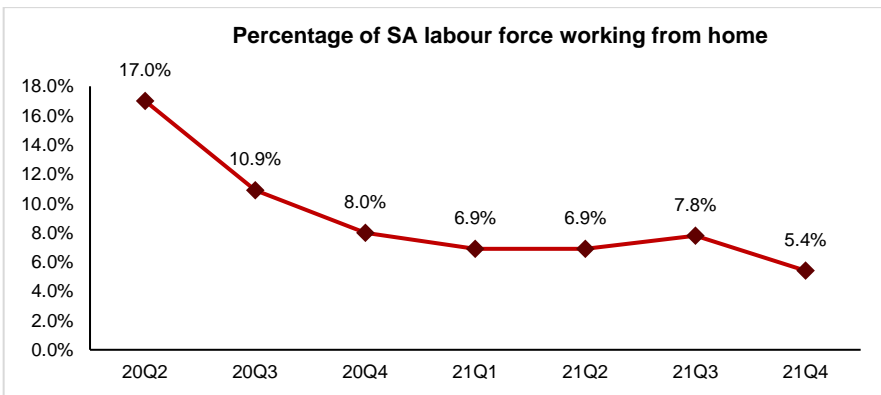


### 4.3.5 OFFICE MARKET INDICATORS

<p> <b>Price Growth</b></p>	<ul style="list-style-type: none"> <li>• Remains challenging due to oversupply, although fundamentals are looking better for 2023.</li> <li>• The office market remains challenging due to its significant oversupply. However, Rode data shows that vacancy rates have moved lower from higher levels, while nominal.</li> <li>• The first quarter national nominal rental rate was still 3% below 2019 levels (pre-pandemic). In real terms, rentals are still in negative territory after deducting the BER's rough 6% estimate of building cost inflation. The positive is that the cooling of building cost inflation will generally result in a smaller decline in real rentals than that seen in 2022.</li> </ul>
<p> <b>Vacancy Rates</b></p>	<ul style="list-style-type: none"> <li>• Vacancy rates combined for Grades A+, A and B have stabilised at ±14% (2022:Q4).</li> <li>• Higher than the long-term average of 9% as per SAPOA data.</li> </ul>
<p> <b>Market Boosters</b></p>	<ul style="list-style-type: none"> <li>• Office market has been boosted by the return of workers to offices – albeit in many instances in a hybrid way.</li> <li>• Limited new construction of new office blocks</li> <li>• Rise in the conversion of older office space where practically feasible.</li> </ul>
<p> <b>Market Rental Growth</b></p>	<ul style="list-style-type: none"> <li>• Nominal Terms:             <ul style="list-style-type: none"> <li>○ Nationally, weighted gross market rentals for decentralized grade-A space rose by 3,2% in nominal terms in the first quarter of 2023 compared to the first quarter of 2022.</li> <li>○ This shows that rentals have bottomed out after falling by 5,2% in 2021 and by 1,2% in 2020.</li> <li>○ But to give perspective, the first-quarter national nominal rental rate was still 3% below 2019 levels (that is, before the Covid pandemic).</li> </ul> </li> <li>• Real Terms:             <ul style="list-style-type: none"> <li>○ In real terms, rentals are still in negative territory after deducting the BER's roughly 6% estimate of building-cost inflation.</li> <li>○ The positive is that the cooling of building-cost inflation will generally result in a smaller decline in real rentals than that seen in 2022.</li> </ul> </li> </ul>
<p> <b>Regional Performance</b> <i>(Rode, 2023 Q1)</i></p>	<ul style="list-style-type: none"> <li>• Regionally, Cape Town has been the clear top performer over the past few quarters.</li> <li>• During Q1 2023, grade-A nominal rentals increased by 13% in Cape Town decentralised compared to Q1 2022.</li> <li>• Decentralised rentals rose by 2.3% in n Pretoria.</li> <li>• Durban took a turn for the worse, with decentralised rentals down 2.3%.</li> <li>• It is important to understand that these increases are year-on-year, meaning that the Q1 2023 level is compared to the low level of Q1 2022.</li> <li>• In real terms, only Cape Town managed to record above inflation rental growth compared to a year ago. The Mother City's rentals now also exceed the average 2019 level.</li> </ul>
<p> <b>Outlook</b></p>	<ul style="list-style-type: none"> <li>• Key to the long-term demand in the sector:             <ul style="list-style-type: none"> <li>○ Sustainability of work-from-home</li> <li>○ Health of the local economy.</li> </ul> </li> <li>• Flexible or hybrid working and more collaboration areas, implying less demand for space compared to before the pandemic and two to three days a week at an office is a popular policy.             <ul style="list-style-type: none"> <li>○ Smaller Users – serviced offices in well located properties with flexible floorplates.</li> <li>○ Larger Users – seeking to right size and reassess their workplace utilisation, resulting in high quality, green-rated premises.</li> </ul> </li> <li>• This, together with weak economic fundamentals and low business confidence, makes a return to normal vacancies over the next few years unlikely.</li> </ul>

**Return to Office**

- Data indicates that more and more workers progressively returned to the office as from the beginning of 2022.
- A factor that may impact the return of office workers over the short term is the record - high fuel prices.
- One would expect even more workers to slowly return to office or a shared space over the short to medium term.
- Some workers will continue to work from home on a long - term basis, compared to before the pandemic, which may impact office floor space demand.
- The impact of the work - from - home or work - from - anywhere trend over the long term is probably overstated as working completely from home will not be sustainable for many companies, especially large corporates.
- Hot-desking and open - plan offices have existed for decades and with hybrid policies (work from home part of the week and the rest at the office) these could again grow in popularity.
- Several large corporates, such as FirstRand and Momentum, indicated that they will reduce their office space requirements over the medium term.
- Several companies are tied to leases and as a result are burdened with excess office space, which has led to subletting.
- The probability is high that companies will increase productive space usage and reduce real office space occupancy when leases come up for renewal.
- In sum, working from home is not a one - size fits - all solution. The best solution for employers could be to adopt flexible policy.
- Keeping all other factors constant, it is expected that the net result will be that of a relative contraction in required office space, which will realise over the next few years as lease renewals come under scrutiny.





## 4.4 LOCAL ECONOMIC TRENDS AND PERFORMANCE

The following section is focused on the salient features that define and characterise the sub-regional and regional economies within which the proposed development is situated. The section seeks to geographically define sub-regional and regional economies, analyse the size and composition of the sub-regional economy compared to regional economies, outline growth trends and changes, the size and participation of the labour force, and the composition of the labour force as an indicator to current and future skills demand

### 4.4.1 GEOGRAPHICALLY DEFINING THE SUB-REGIONAL AND REGIONAL ECONOMY

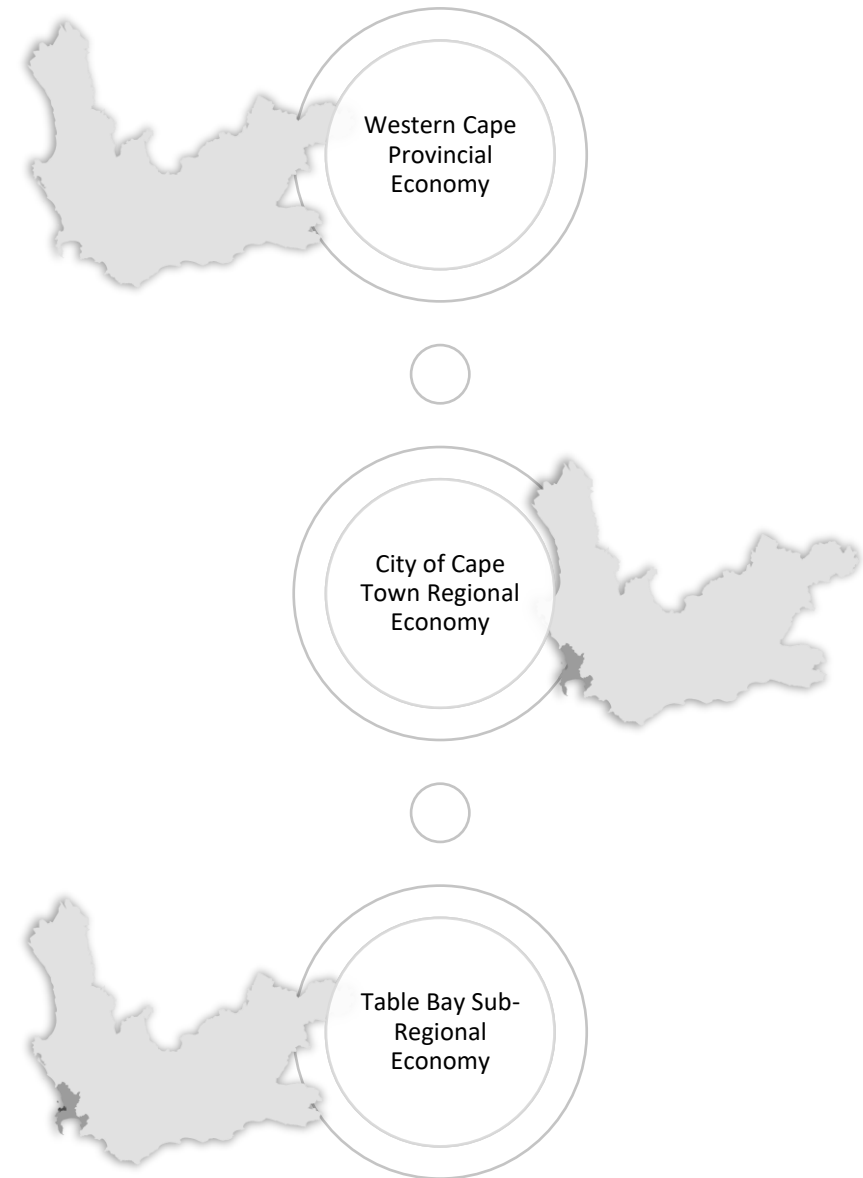
The geographic context of a sub-regional or regional economy is an important characteristic that should be defined. The importance of defining the geographic extent of local or regional economies relate to:

- Clearly defining the geographic area which is incorporated as part of a local/regional economy
- Understanding the extent of economic functions that contribute to a local/regional economy's and
- Clearly understanding the spatial context and inter-relations between a local/regional economy and its surrounding areas

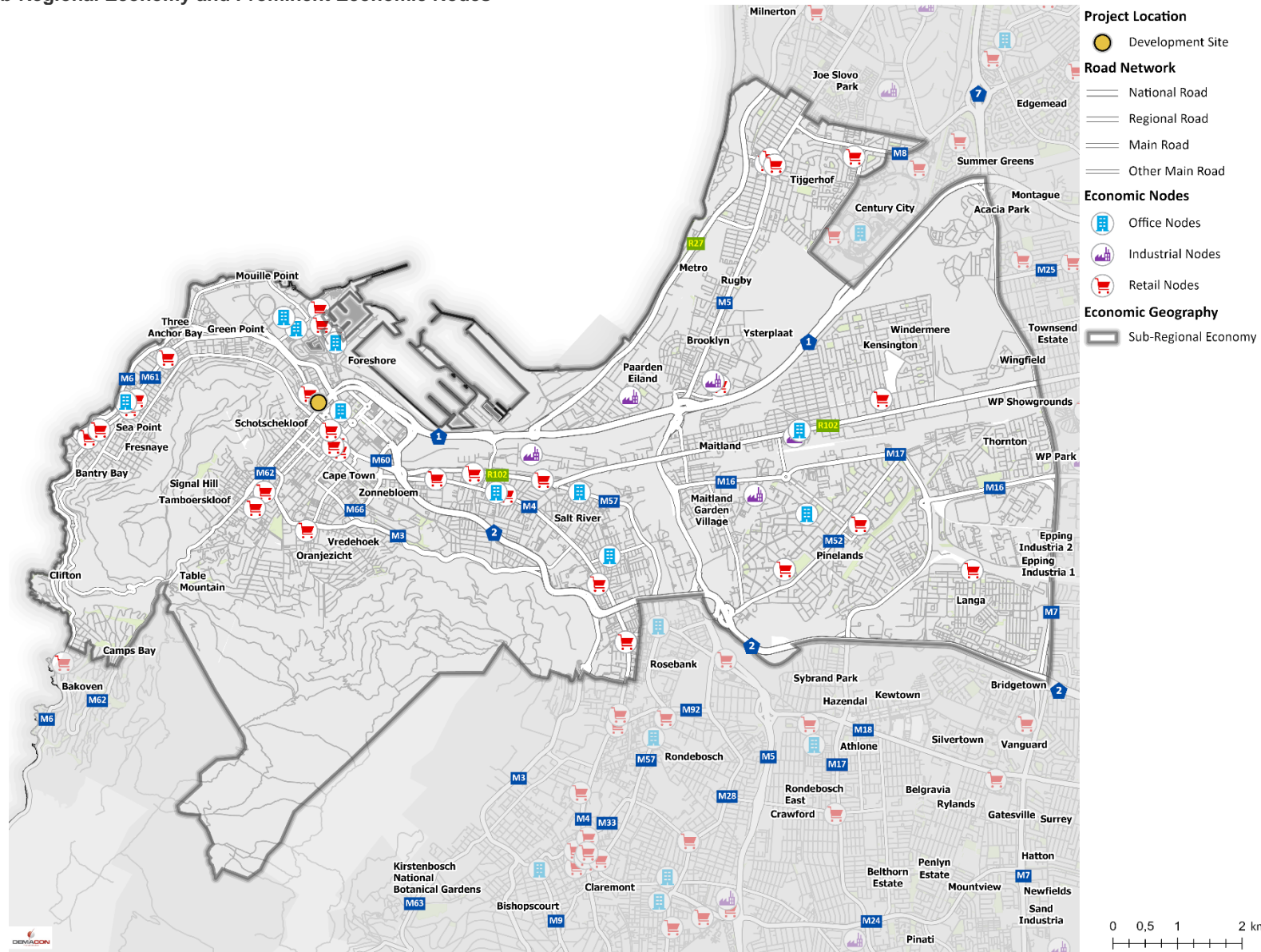
Defining the geographic context of a sub-regional or regional economy thus enables targeted analysis and a clear understanding of how a local or regional economy could impact/influence the proposed development.

The following diagram provides a basic illustration of the geographic positioning of the proposed development in relation to sub-regional and regional economies whilst the maps provide a more detailed expression of the sub-regional and regional economies

Diagram 4.3: Provincial, Regional and Sub-Regional Economic Context



Map 4.1: Sub-Regional Economy and Prominent Economic Nodes



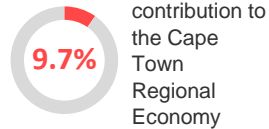
Source: DEMACON GIS, 2023

## 4.5 ECONOMY SIZE AND STRUCTURE

### ECONOMY SIZE AND CONTRIBUTION

**Table Bay**  
Sub-Regional Economy GVA  
(current prices 2021)

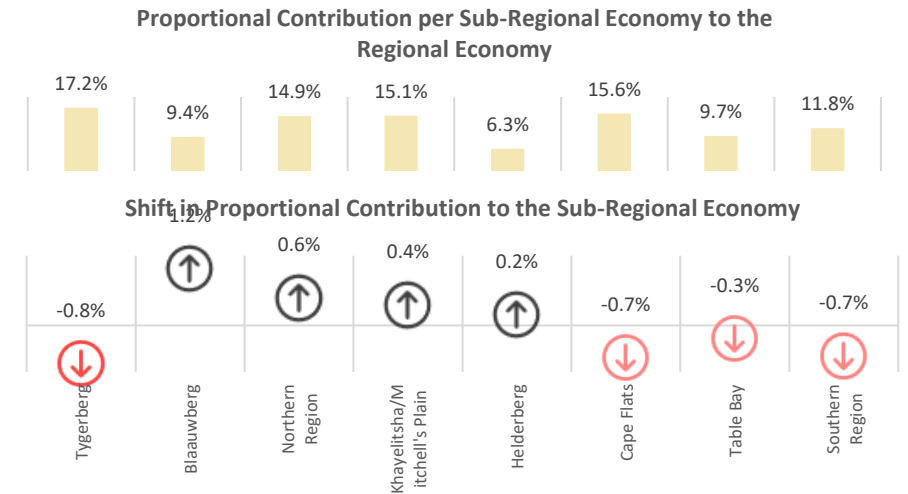
**R53.4 billion**



The Table Bay sub-regional economy is the **6<sup>th</sup> largest** contributor to the total economy of the City of Cape Town's regional economy.

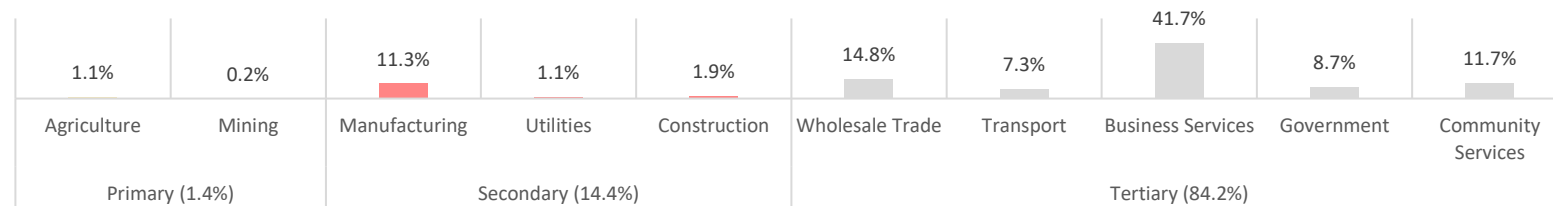
Compared to other economies in the metropolitan area, the Table Bay sub-regional economy **lost** proportional contribution to the regional economy since 2011. Therefore, although the sub-regional economy has **continually expanded** economic output, other sub-regional economies in the metropolitan economy has expanded their economic output at a rate faster than the Table Bay regional economy.

### COMPARATIVE ECONOMY SIZE AND CONTRIBUTION ANALYSIS



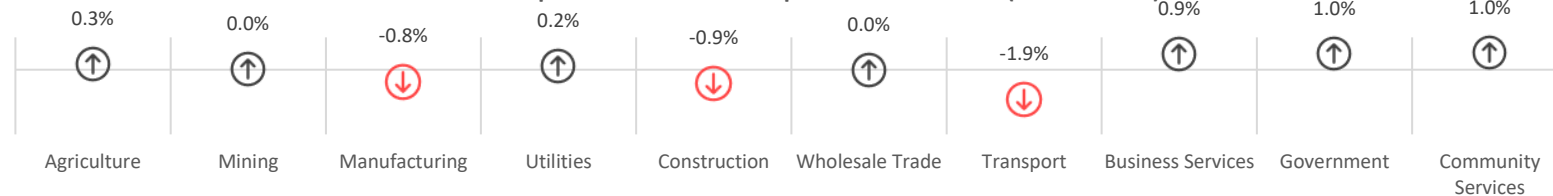
### ECONOMY STRUCTURE AND PROPORTIONAL SHIFTS

#### Proportional Contribution per Economic Sector to the Total GVA of the Regional Economy



The sub-regional economy is characterised by the **tertiary sector**, with a sizeable **manufacturing industry** in support

#### Shift in Proportional Contribution per Economic Sector (2011 to 2021)



Drivers in the sub-regional economy are the **business services** and **community services sectors**

These sectors have maintained **positive** growth and are **sizeable contributors** to sub-regional economic output

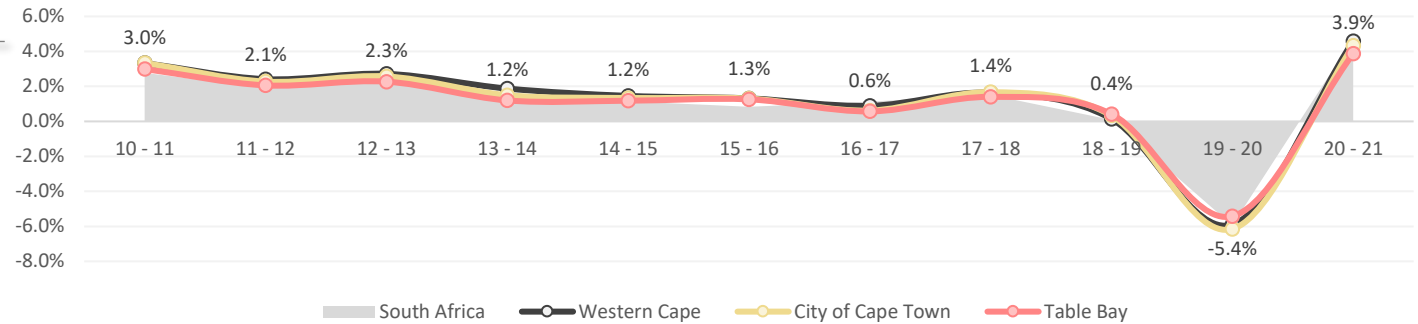
## 4.6 ECONOMIC GROWTH AND HOUSEHOLD CONSUMPTION EXPENDITURE

### ECONOMY GROWTH

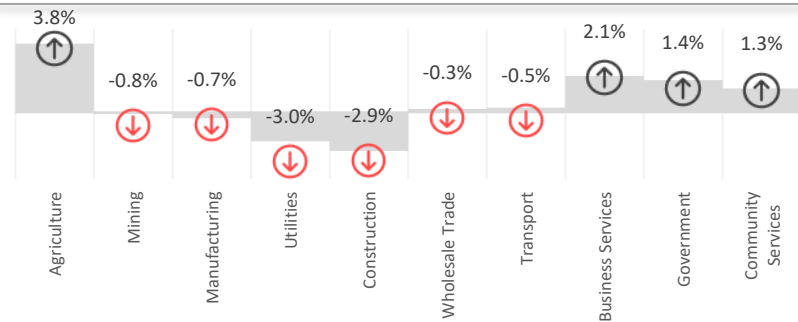
**0.9%** average annual growth of the sub-regional economy over the previous 10 years (2011 - 2021)

**0.1%** average annual growth of the sub-regional economy over the previous 5 years (2016 - 2021)

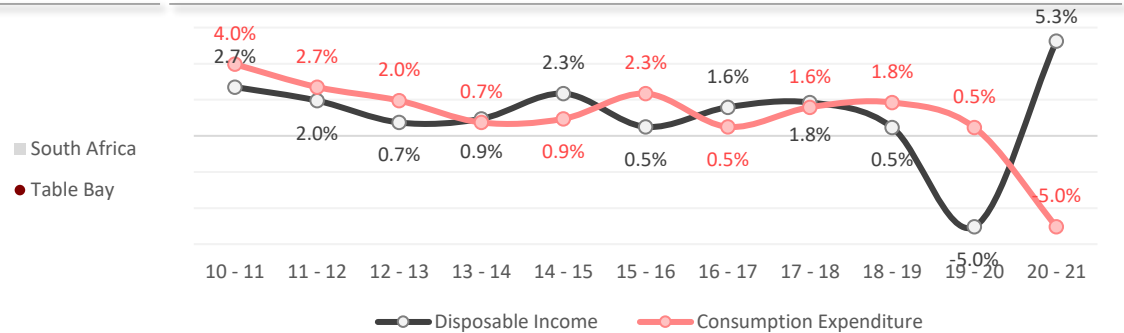
The sub-regional economy is recovering economic capacity lost during 2020. In 2021 the sub-regional economy was **1.8%** below pre-pandemic economic GVA output



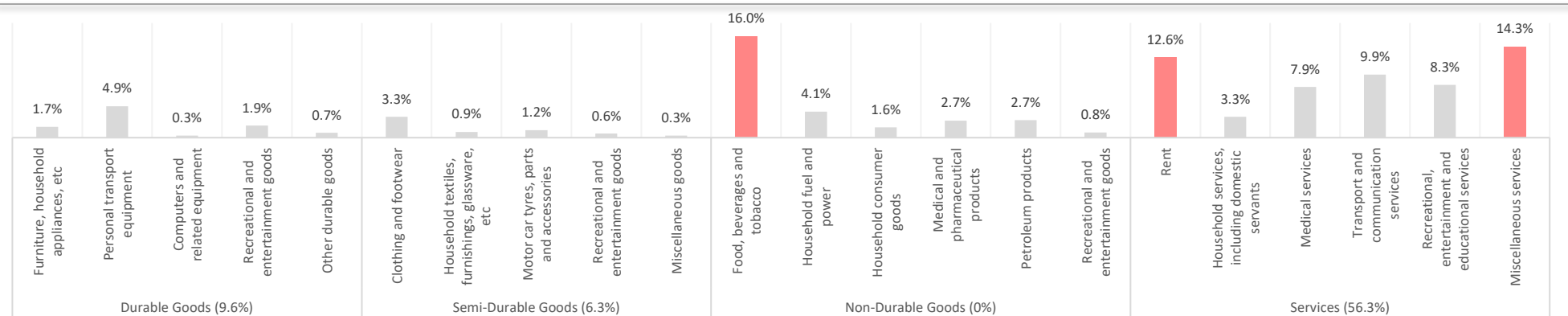
### AVERAGE ANNUAL GROWTH PER ECONOMIC SECTOR



### DISPOSABLE INCOME & CONSUMPTION EXPENDITURE

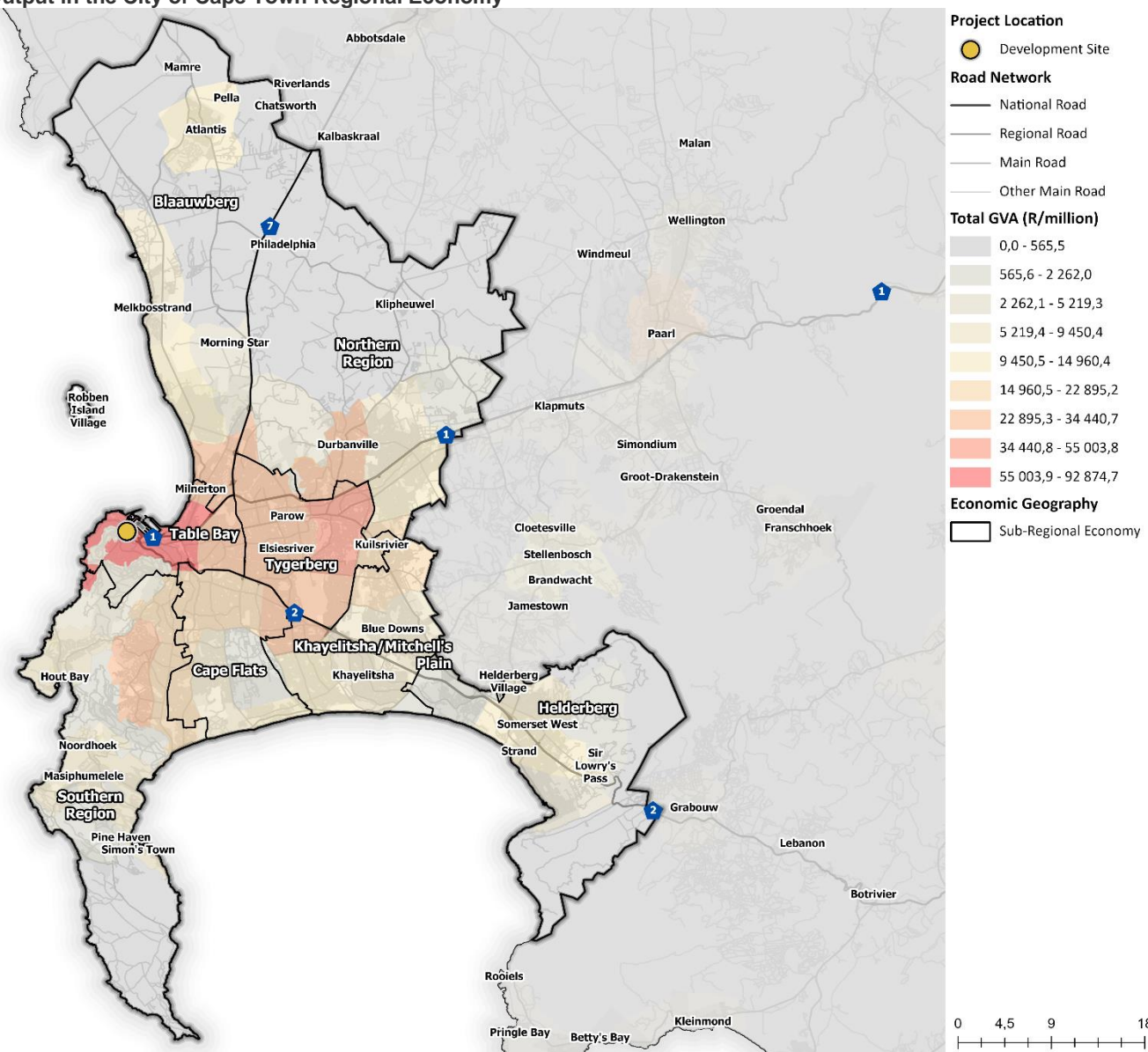


### CONSUMPTION EXPENDITURE PER EXPENDITURE TYPE





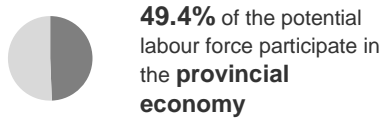
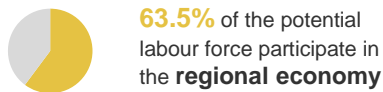
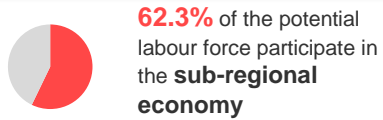
Map 4.2: Distribution of Economic Output in the City of Cape Town Regional Economy



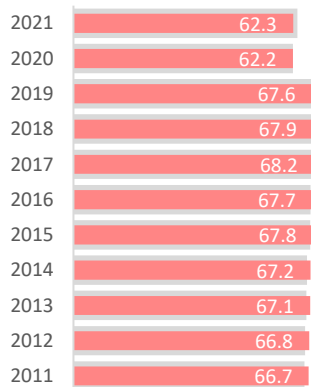
Source: DEMACON GIS, 2023

## 4.7 LABOUR FORCE PARTICIPATION

### LABOUR FORCE PARTICIPATION RATE (%)

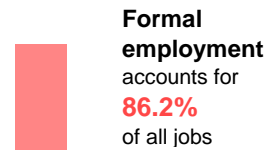


Compared to the regional average, the sub-regional economy maintains, on average, a lower labour force participation rate



■ City of Cape Town ■ Table Bay

### STRUCTURE OF EMPLOYMENT



**14 882** informal jobs exist in the local economy

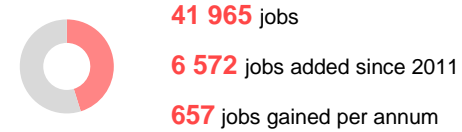


The **informal economy** lost **9 125 jobs** since 2011 at an average rate of **-913 jobs per year**

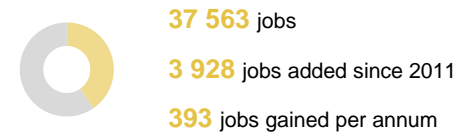
**92 857** formal jobs exist in the local economy

The **formal economy** gained **9 685 jobs** since 2011 at an average rate of **969 jobs per year**

### Skilled Jobs



### Semi-Skilled Jobs



### Low-Skilled Jobs

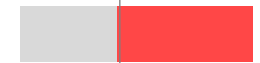


The unemployment rate of the local economy is **20.0%**

The unemployment rate has started to increase from a low of **14.0%** in 2016

The data shows that the sub-regional economy is experiencing a slowdown in the rate at which the local economy can produce jobs

**26 936** EA population Unemployed  
**107 739** EA population Employed

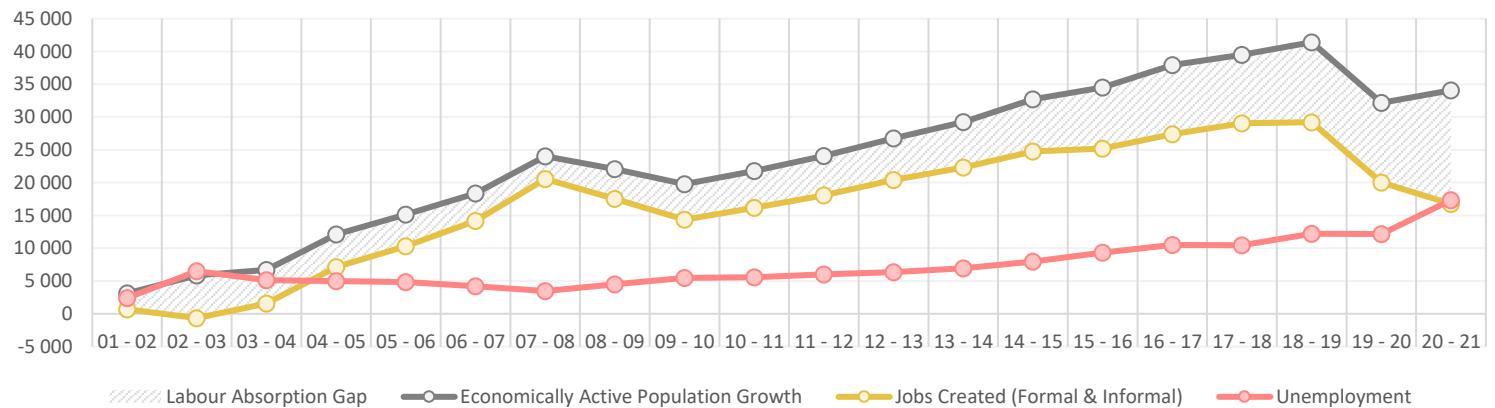


### LABOUR DEMAND

**12 315** people became economically active since 2011

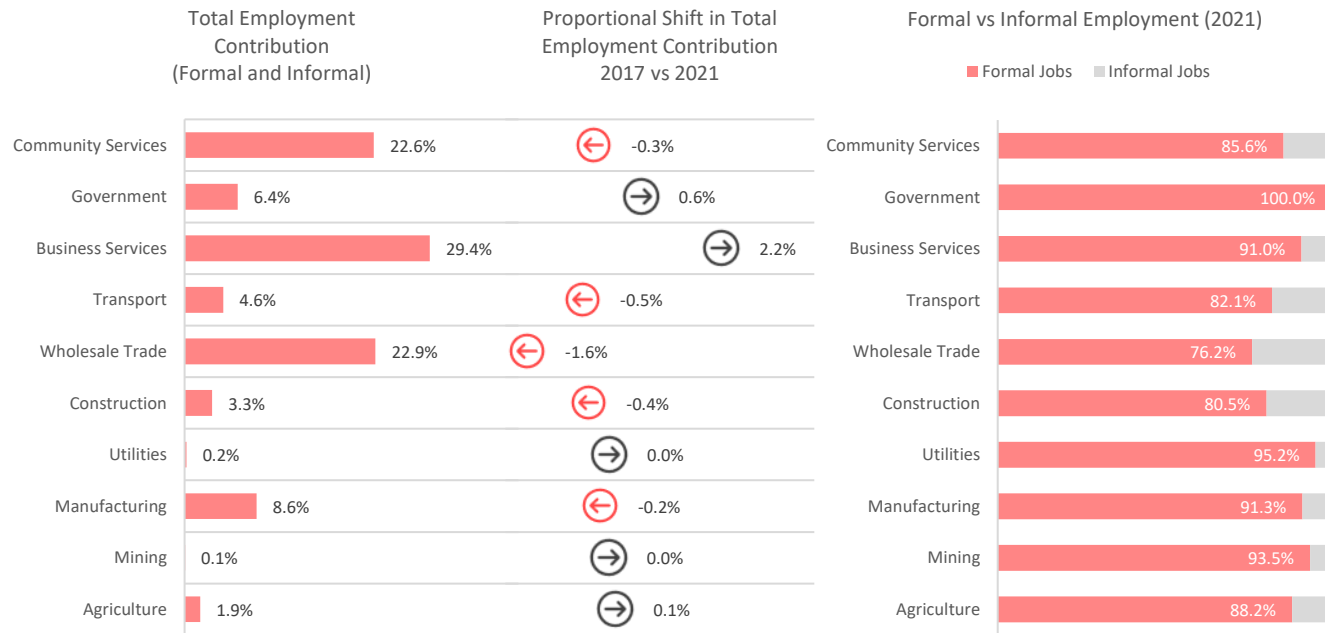
**560** people found employment since 2011

**11 755** people became unemployed since 2011

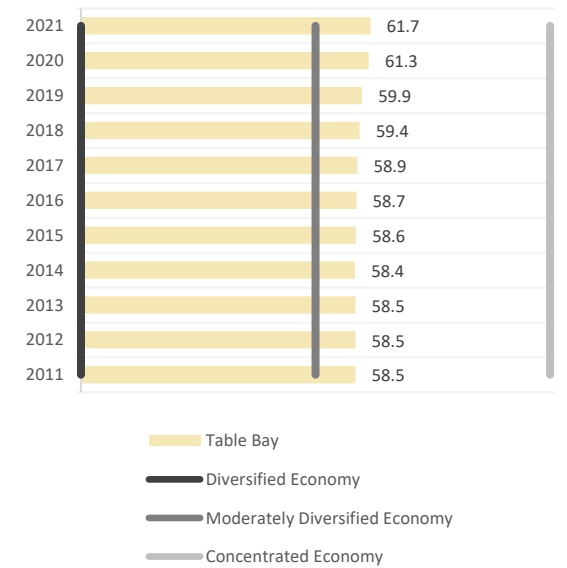


## 4.8 LABOUR FORCE STRUCTURE

### EMPLOYMENT CONTRIBUTION PER ECONOMIC SECTOR

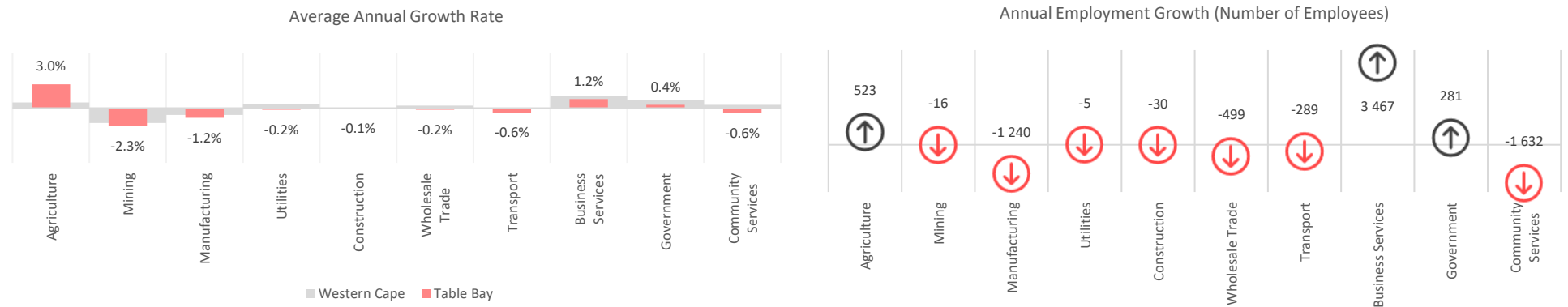


### TRESS INDEX (10 INDUSTRIES)



A tress index measures the degree of concentration or diversification of an economy on a sectoral basis. The value of zero represents a completely diversified economy, while higher values show more concentration of economic activities

### EMPLOYMENT GROWTH PER SECTOR (2011 to 2021)



## 4.9 SYNTHESIS

The following provides a summary of the preceding analysis:

### Location

- The proposed project is situated in the Table Bay sub-regional economy. The sub-regional economy forms part of the City of Cape Town regional and Western Cape provincial economies.
- The City of Cape Town regional economy is the primary economy of the Western Cape Province and is a prominent national economic contributor.

### Economy Size and Distribution

- The size of the sub-regional economy in relation to other sub-regional economic geographies provides an indication of the relative importance of a sub-regional economy in the context of the broader economic environment within which it operates.
- The Table Bay sub-regional economy proportionally contributes 9.7% to the regional economy and approximately 7.0% to the provincial economy.
- The sub-regional economy is, therefore, the sixth largest contributor to economic output in the City of Cape Town regional economy and a major role-player in the size of the provincial economy.

### Economic Profile

- To highlight the economic growth trends of the Table Bay sub-regional economy, reference is made to the growth and associated trends of sub-sectors that make up the economy. The reference focuses on the proportional contribution made by each economic sub-sector to the total Table Bay sub-regional economy.
- Historic trends for the sub-regional economy as well as contributions made by each economic sub-sector to the sub-regional economy show that in 2021, the tertiary economic sector proportionally contributed more than 84% to the total economy of the Table Bay sub-regional economy, while the secondary sector proportionally contributes 14.4% and the primary sector 1.4%.

- Proportionally, the business services sector (41.7%) is the largest contributor to the sub-regional economy. Economic sub-sectors such as the wholesale and retail trade (14.8%) and manufacturing (11.3%) contribute the second and third largest proportions of economic output.
- Economic sub-sectors such as mining (0.2%), utilities (1.1%) and agriculture (1.1%) proportionally contribute the least to economic output.

### Economic Growth

- Between 2011 and 2021, the sub-regional economy expanded at an average annual rate of 0.9%. In contrast, between 2016 and 2021, the sub-regional economy expanded by 0.1%.
- It should be noted that the level 5 and level 4 lock down regulations in the early stages of 2020 (March to June) impeded the normal operation of the majority of the economy. As a result, the economy of the country contracted and, therefore, the sub-regional economy was also impacted – primarily the reason why the average annual growth of the sub-regional economy expanded at a rate sizeably smaller than long-term growth trends between 2016 and 2021. If economic data for the year 2020 is excluded from the analysis, the sub-regional economy expanded by 1.3% between 2011 and 2019. Likewise, the sub-regional economy expanded between 2016 and 2019 by 0.8%.
- The sub-regional economy follows a similar growth trajectory to the regional, provincial, and national economies – primarily as a result of the similar structure of the economic geographies.
- Because the sub-regional economy follows a similar cyclical trend to that of the provincial and national economy, the sub-regional economy expands at a rate equal to the regional, provincial, and national economy.

### Growth In Consumption Expenditure and Disposable Income

- A positive correlation exists between final consumption expenditure and disposable income, which in turn reveals similar up-and downturns to the business cycle as a whole.
- The average annual growth rate of final consumption expenditure in the sub-regional economy for the period 2011 to 2021 is 0.8%, while over the short to medium term (2016 to 2021) the average annual growth rate was -0.2%.



- The average annual growth rate for disposable income for the period 2011 to 2021 is 1.0%, while over the short to medium term (2016 to 2021) the average annual growth rate was 0.8%.

### Household Expenditure Per Category

- The trade sector is largely driven by expenditure on goods and services (retail sales) by a wide variety of consumer elements such as households, businesses, government departments and exports. Retail sales can be classified per different types of goods and services.
- Goods, in this instance, can be considered in terms of durable, semi-durable and non-durable goods. Durable goods refer to items such as furniture, personal transport equipment and entertainment goods, while semi-durable goods refer to clothing, footwear, and household textiles.
- Non-durable goods refer to food, medicine, and petroleum products. These goods are consumed and used daily.
- A general urban South African trend indicates that the decrease in expenditure directed towards non-durable groceries is declining year-on-year with a rise in consumption expenditure on semi durables including clothes and footwear.
- These trends can be ascribed to the high rate of inflation on non-durables (especially meat) and unabated clothing and footwear deflation.
- Food, beverages, and tobacco products are the largest expenditure items of household, with a proportional contribution of 16.0% in 2021, which is less than the national (19.7%) average and lower than the provincial (19.6%) percentage.
- The second largest expenditure item is miscellaneous services (e.g., education), representing approximately 14.3% of household expenses.
- The third largest expenditure item for household in the sub-regional economy is rent (12.6%).

### Employment and Labour Participation

- The average labour force participation rate for the Table Bay sub-regional economy amounts to 62.3%. The sub-regional economy underperforms in terms of the regional economy and out-performs the national labour force participation trends.

- It should be noted that the impact of lockdown regulations can be observed when comparing labour force participation in 2020 to 2021.
- A total of 9 685 formal jobs have been created between 2011 and 2021 in the sub-regional economy - is approximately 969 formal employment opportunities gained per year.
- The number of skilled employment increased at an average of 657 jobs per year, while semi-skilled employment gained 393 jobs per year. Low skilled employment lost 815 jobs at an average rate of 82 jobs per year.
- The informal sector decreased by 9 125 jobs between 2011 and 2021 - is approximately -913 informal jobs per year.
- The economically active segment of the labour force increased by 12 315 people between 2011 and 2021. Approximately 560 people were employed in the sub-regional economy between 2011 and 2021.
- It is evident that the economically active segment of the population is growing faster than the absorption capacity of the sub-regional economy, meaning that potential jobs seekers are growing faster than the rate at which the sub-regional economy is creating employment. This could force job seekers to look for employment outside the sub-regional economy.
- The main employment creating sectors within the sub-regional economy are the business services, wholesale and trade, manufacturing, and community services, contributing more than 84% to the jobs created within the sub-regional economy

## 5 PRIMARY MARKET AREA SOCIO-ECONOMIC PROFILE

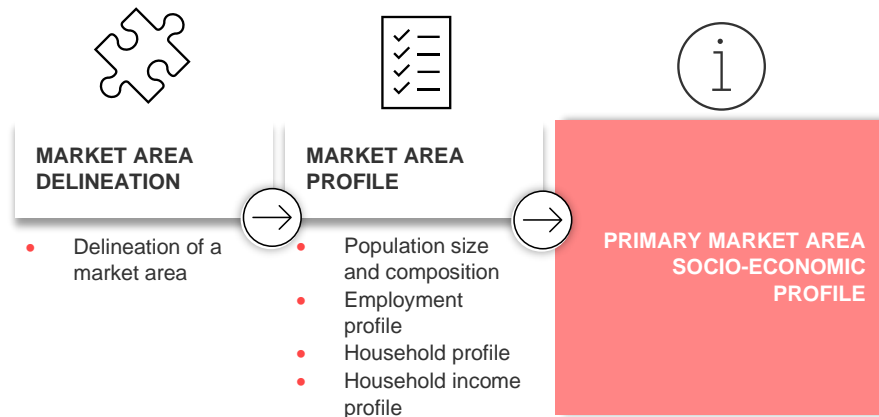
### 5.1 INTRODUCTION

The demand for economic/non-economic activities is, in part, based on demand generated by the demographic component of a specific market area or catchment. The current demographic composition in a market area coupled with past trends and future potential growth, impact on the current and future demand for economic and non-economic activities.

The purpose of this Chapter is to provide analysis of the demographic component of the resident market area that can be considered alongside the sub-regional economy's trends and performance to complete a demographic and economic perspective of interactions between population and their local economic conditions.

The following diagram provides an overview of the key themes addressed in this chapter.

Diagram 5.1: Chapter 4 Core Themes



### 5.2 SOCIO-ECONOMIC MARKET AREA DELINEATION

The demand created by the population of a geographic area forms the cornerstone of the viability of a development, as it affects the economic growth

through the provision of labour and entrepreneurial skills and determines the demand for the production output.

Examining population dynamics is essential in gaining an accurate perspective of those who are likely to be affected by any prospective development or investment. This chapter, therefore, provides the key socio-economic indicators of the primary market, informed by national and international trade area delineation criteria, as well as the following:

- Consumer market behaviour and expenditure trends
- Regional and sub-regional levels of accessibility
- Geographic barriers
- General consumer mobility patterns and drive times.

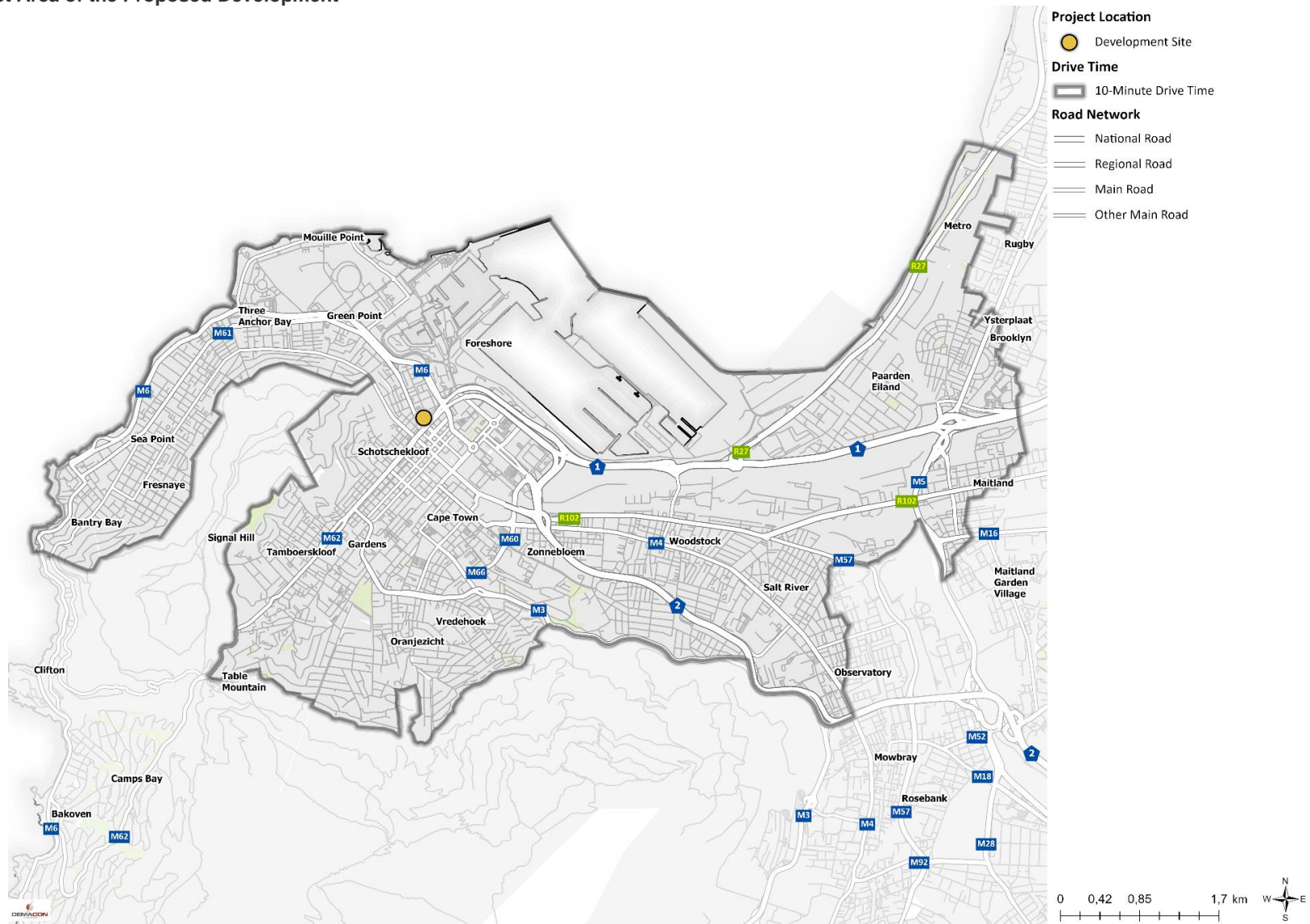
The primary market area identified for the proposed project is based on an approximated 10-minute drive time polygon. The market area consists of a range of urban typologies that include low-, medium- and high-density urban developments, business and retail spaces, entertainment facilities, tourist services and uses, residential uses, industrial activity areas and logistical infrastructure.

The primary market area is heavily influenced by geography and the access ways that the proposed development can access. Centrally within the market area is the Cape Town CBD. Given the proximity of the proposed development to the inner core of the CBD, the CBD represents the defining attribute of the primary market area's central competitive market area.

Access ways travelling east from the Cape Town CBD (N1, M4, M57) extends the primary market area to the suburbs of Woodstock, Salt River, and Observatory – which are adjacent to the CBD. The M6, M61 and M62 access ways travelling west and south-west from the CBD extends the primary market around Signal Hill (includes Green Point and Sea Point suburbs) and also includes the City Bowl suburbs of Zonnebloem, Vredehoek, Oranjezicht, Gardens, Tamboerskloof and Bo-Kaap.

The following map provides an overview of the primary market area of the study and its key defining attributes.

**Map 5.1: Market Area of the Proposed Development**



Source: DEMACON, 2023

### 5.3 DEMOGRAPHIC SIZE AND COMPOSITION

#### POPULATION SIZE



**129 106**  
PEOPLE IN THE  
**PRIMARY**  
TRADE AREA

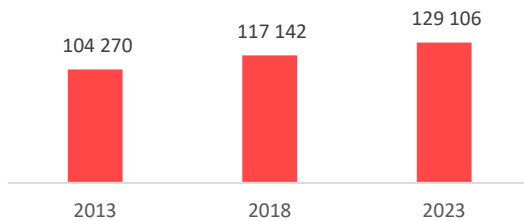
**Population**  
Average Annual  
Growth Rate  
**2.24%**



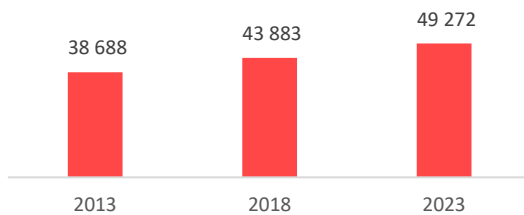
**49 272**  
HOUSEHOLDS

**Household**  
Average Annual  
Growth Rate  
**2.42%**

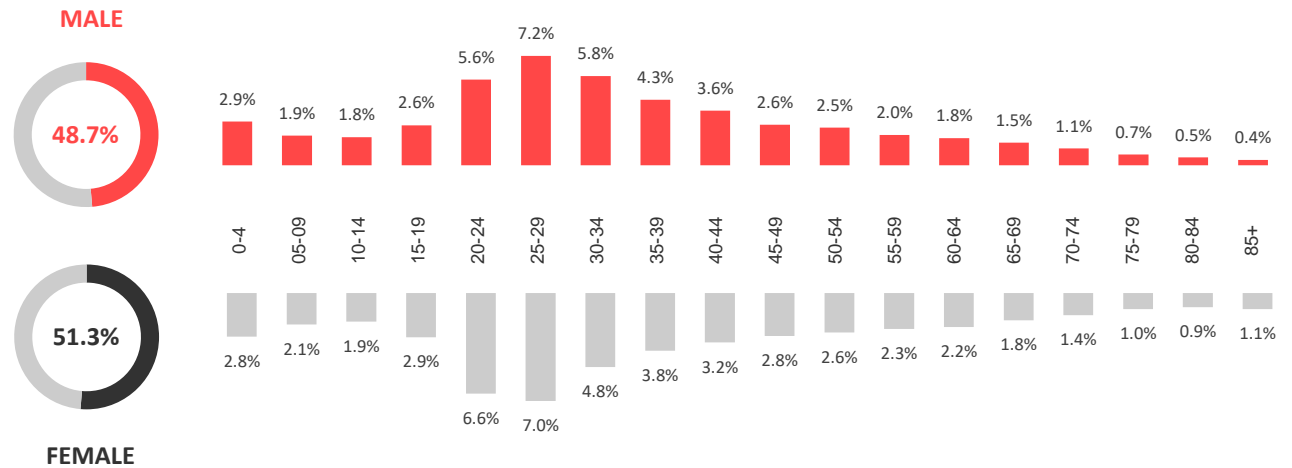
#### POPULATION GROWTH



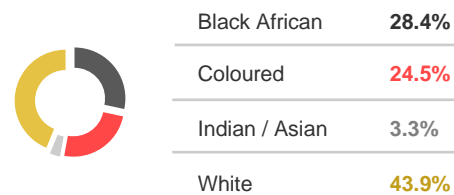
#### HOUSEHOLD GROWTH



#### AGE AND GENDER PROFILE

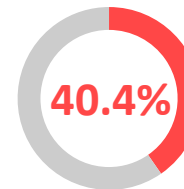


#### POPULATION GROUP

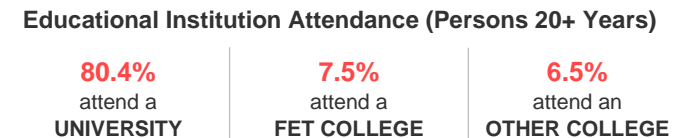


#### MIGRATION PROFILE

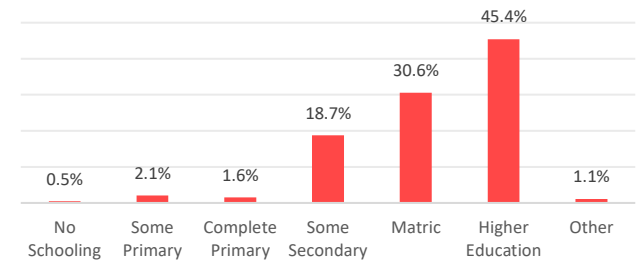
Data indicates that 40.4% of people migrated to the primary market area since 2011.



#### EDUCATION PROFILE

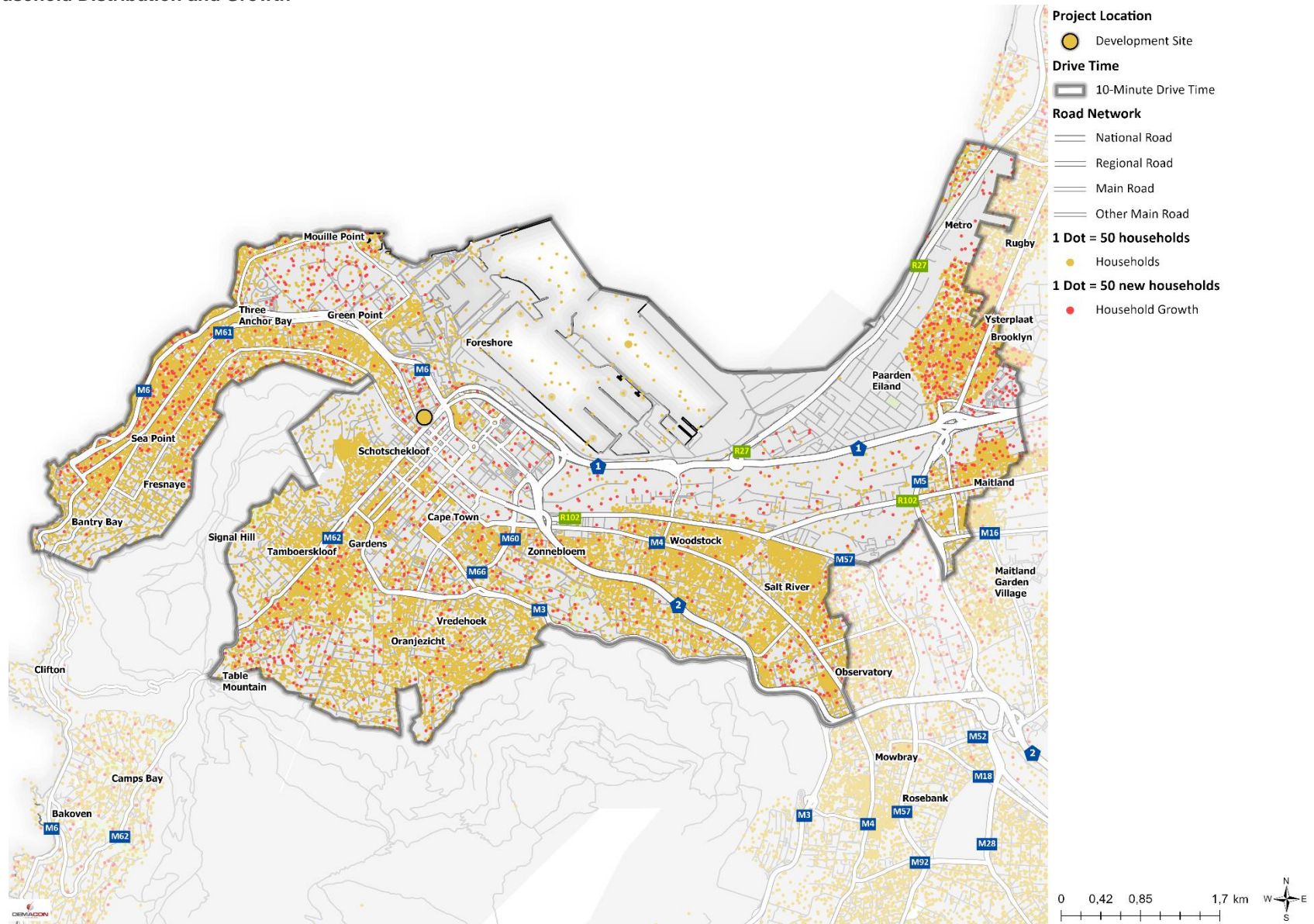


#### Highest Level of Education Obtained – Working Age Population (15 to 64)





Map 5.2: Household Distribution and Growth

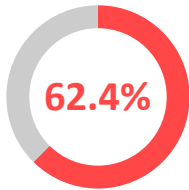


Source: DEMACON GIS, 2023

## 5.4 LABOUR FORCE PROFILE

### ECONOMICALLY ACTIVE SEGMENT

ECONOMICALLY  
**ACTIVE**  
Population

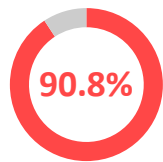


37.6% Not Economically Active

Economically active population refers to a person of working age 15 to 65 who are either employed or unemployed.

Not economically active population refers to ages 0 to 14 and 65 and older, persons unable to work or persons engaged in educational activities or are homemakers.

### EMPLOYMENT PROFILE



**Employed**  
Economically  
Active

9.2% Unemployed Economically Active

Employed and unemployed persons are considered to be economically active and thus is a segment of the economically active percentage.

### OCCUPATION PROFILE

Skilled  
Occupations  
**49.4%**



**LEGISLATORS,  
SENIOR OFFICIALS  
AND MANAGERS  
ARE MOST POPULAR**

**18.8%**

Semi-Skilled  
Occupations  
**39.1%**



**PROFESSIONALS  
ARE THE SECOND MOST  
POPULAR**

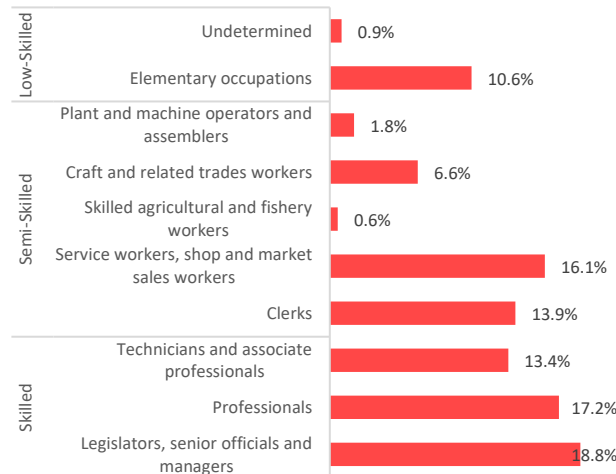
**17.2%**

Low-Skilled  
Occupations  
**10.6%**



**SERVICE WORKERS,  
SHOP AND MARKET  
SALES WORKERS  
ARE THE THIRD MOST  
POPULAR**

**12.9%**



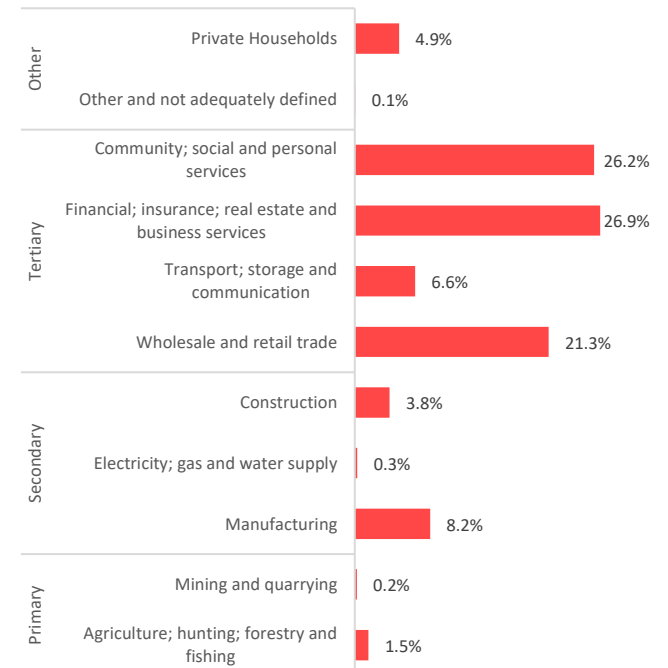
### EMPLOYMENT PER INDUSTRY



**1.7%**  
Employed in the  
**Primary Sector**

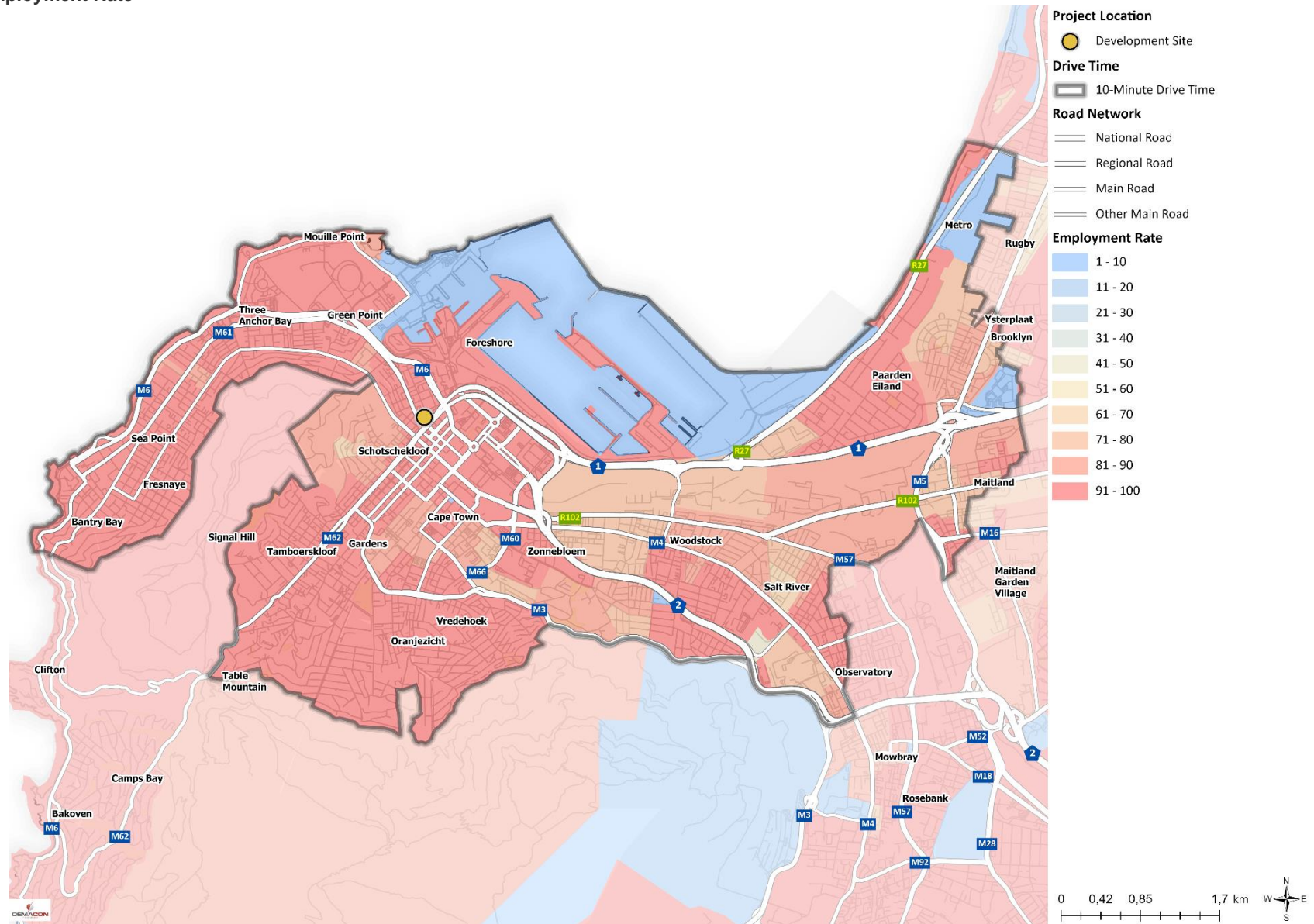
**12.3%**  
Employed in the  
**Secondary Sector**

**81.0%**  
Employed in the  
**Tertiary Sector**





Map 5.3: Employment Rate



Source: DEMACON GIS, 2023

## 5.5 HOUSEHOLD PROFILE

### DWELLING TYPOLOGY

**Majority** of Households Reside in a **Formal Dwelling** **99.2%**

**0.3%** of households reside in an **informal dwelling**

**0.5%** of households reside in a **traditional dwelling**

Caravan/tent	0.1%
Informal (Main)	0.1%
Informal (Backyard)	0.2%
Other	0.3%
Traditional	0.5%
Cluster	0.8%
Flatlet	1.1%
House/flat/room in backyard	1.2%
Townhouse	1.7%
Semi-detached house	10.0%
House	30.4%
Flat / Apartment	53.6%

### TENURE STATUS



**23.5%** of households **own** and have **paid** for the property where they reside

**18.2%** of households **own** but have **not finished paying** for the property where they reside

**2.2%** of households **occupy** the property where they reside **rent free**

**56.1%** of households **rent** the property where they reside

### SEM

#### SEM Distribution

SEM 10	31.9%
SEM 9	11.9%
SEM 8	7.8%
SEM 7	7.6%
SEM 6	2.6%
SEM 5	4.7%
SEM 4	5.0%
SEM 3	0.7%
SEM 2	3.1%
SEM 1	24.8%

### HOUSEHOLD INCOME PROFILE

Average annual household income for all SEM Groups (2023)

**R368 668**

Average annual household income for SEM Groups 2+ (2023)

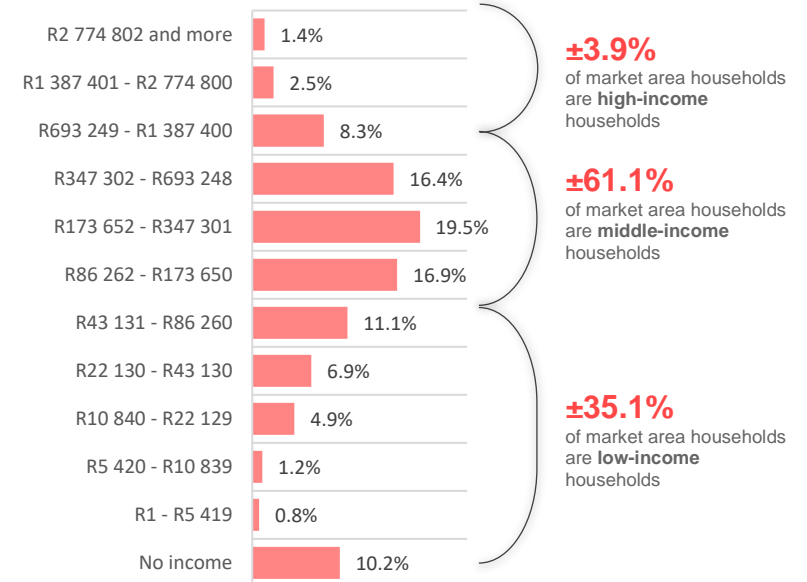
**R529 369**

Average monthly household income for all SEM Groups (2023)

**R30 722**

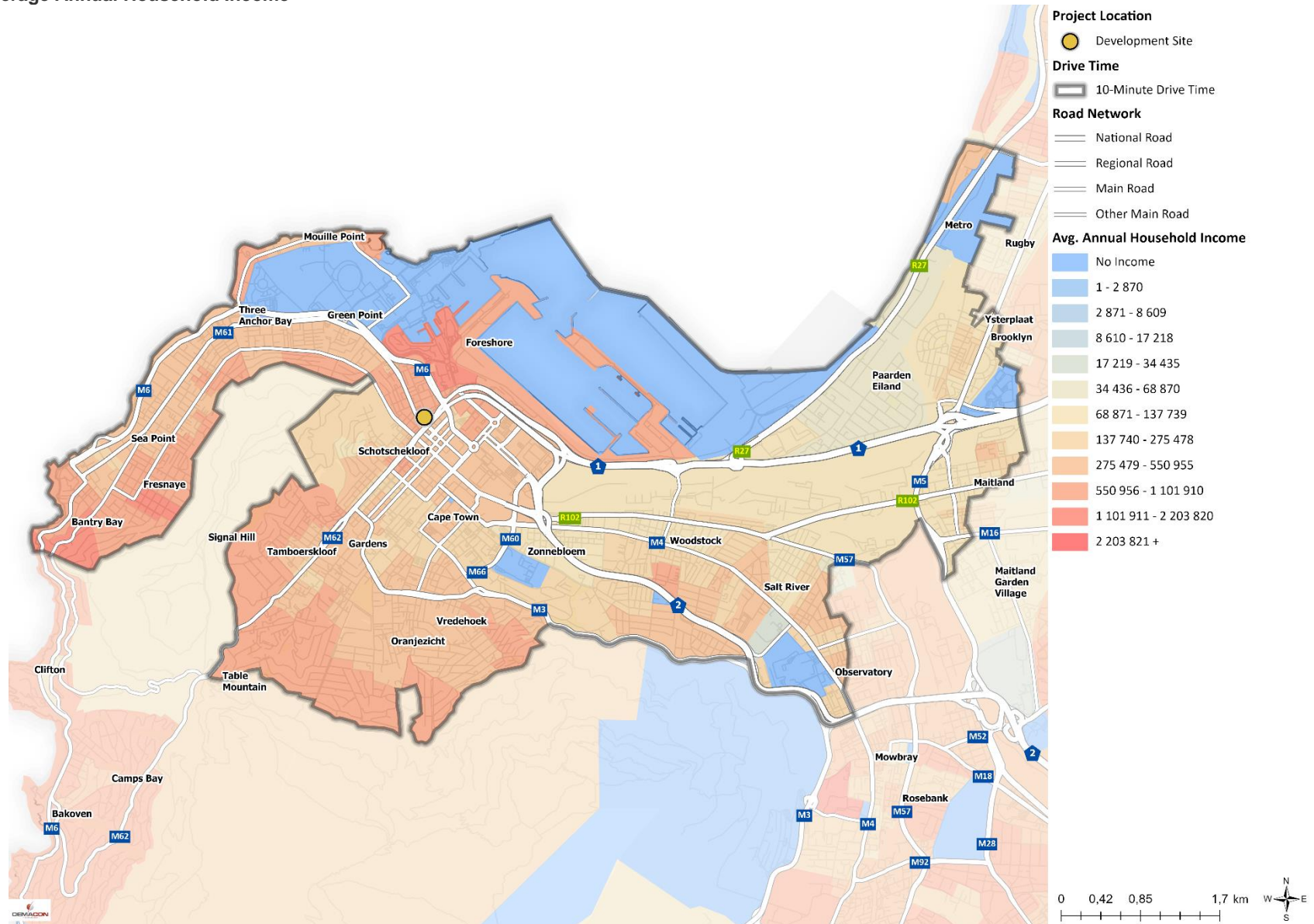
Average monthly household income for SEM Groups 2+ (2023)

**R44 114**



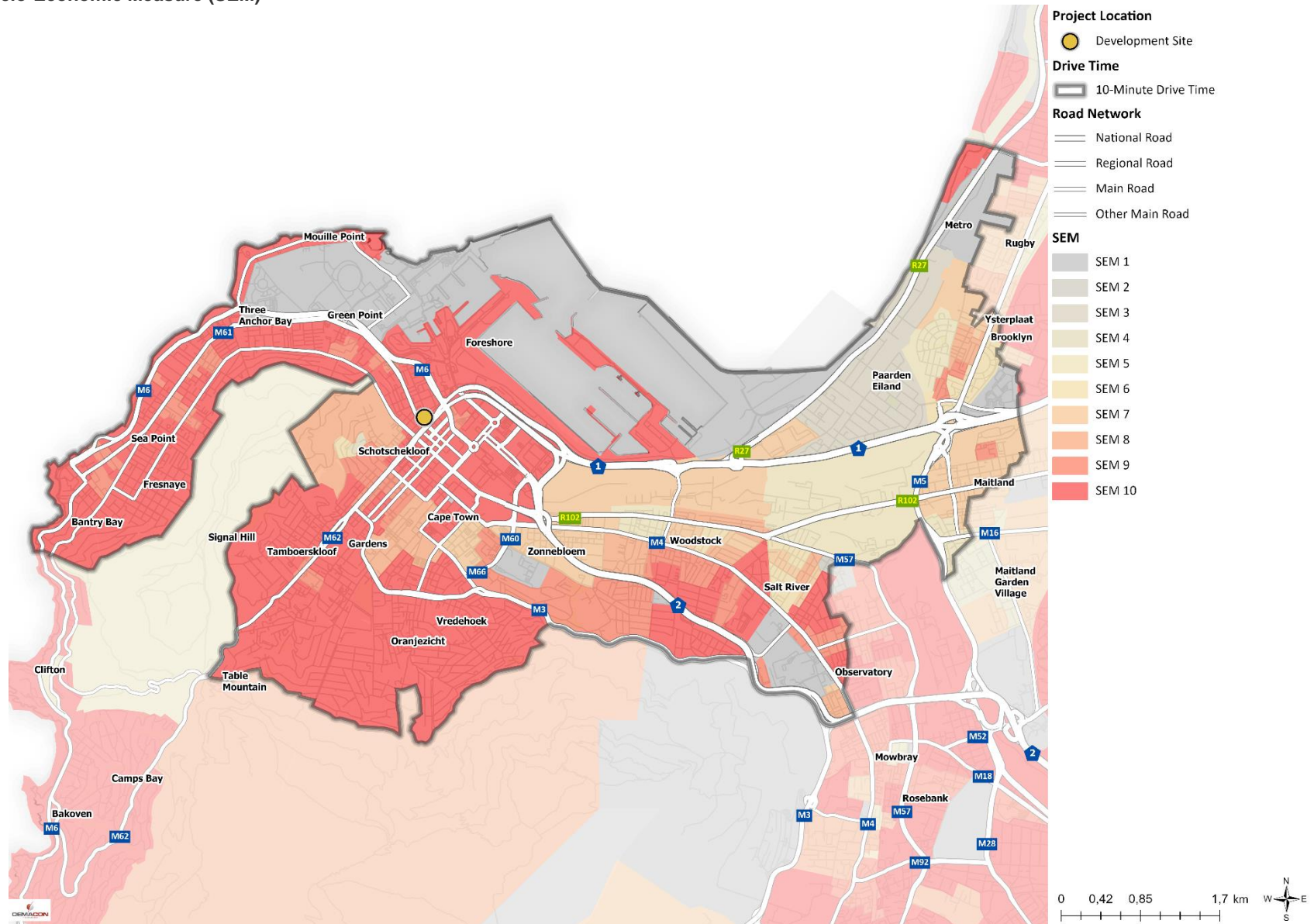


Map 5.4: Average Annual Household Income



Source: DEMACON GIS, 2023

Map 5.5: Socio-Economic Measure (SEM)



Source: DEMACON GIS, 2023

## 5.6 SYNTHESIS

### Population Size and Growth

Approximately 129 106 people and 49 272 households reside in the primary market area. The average household size is 2.6 people per household, which decreased from an average of 2.7 in 2011.

The average annual growth rate of the population is 2.2% per annum, while the average annual growth rate of households is 2.4% per annum.

### Age and Gender Profile

The age and gender profile reveal that:

- There are typically more females than males in the primary market area
- Children, aged 0 to 14 represent 13.4% of the market area population
- Youth, aged 15 to 34, represents 42.5% of the market area population
- Adults, aged 35 to 64, represents 33.6% of the market area population
- Elderly, aged 65 and older, represent 10.4% of the market area population

The profile shows a proportionally large contribution from the 0 to 34 male and female age categories. The profile is typical of an inner-city and suburban areas that has an appealing residential property market for young professionals and families.

### Population Group Profile

The population group profile of the primary market area shows that the largest proportion of the population is White (43.9%), followed by the Black African (28.4%) and Coloured (24.5%) population groups. Proportionally, the smallest population group is Asian/Indian (3.3%).

### Migration Profile

Since 2011, the primary market area has experienced a moderate to high influx of population. More than 40% of the population moved to the market area in recent years. Approximately 73% of migrants to the market area are South African citizens, whilst the remaining 27% are international migrants. The data is an attribute of high growth urban areas that have an attractive residential property market that caters to a wider audience.

### Education Profile

#### Highest Level of Education Attained by Working Age Population (15 to 64)

Working age population residing in the market area are highly educated whereby more than 45% of the population have attained a tertiary education. Slightly more than 30% of the population have attained grade 12 certification and 19% have only completed some secondary education.

A marginal cross section of the population (2.1%) has completed some primary education. Individuals with no education represent a small proportion of the population, 0.5% of the resident population.

#### Attendance at an Education Institution (Persons Aged 20 and Older)

Persons in the market area that are aged 20 years and older and are currently enrolled at an educational institution are mostly enrolled at tertiary education institutions – represents ±94% of individuals. Individuals are primarily enrolled at universities (80%), FET Colleges (7.5%) and Other Colleges (6.5%).

### Economically Active Population and Employment

Approximately 62% of the population of the primary market area are economically active, meaning that close to two thirds of the population in the primary market area are of working age and are actively participating in the economy or seeking employment.

The remaining 38% represent the population that fall outside the scope of the economically active population definition and represent children, youth, the elderly and disabled persons that are not able to be employed.

Of the economically active population, 91% are employed and 9% are unemployed. The primary market area is characterised by a sizeable economically active market segment, reflecting low dependency ratios – the profile is representative of urban areas with high mobility rates.

### Employment per Industry

Approximately 81% of employed persons are employed in tertiary economic sectors of which the financial and business services and community and related services sectors are the most prominent.

The secondary economic sector is proportionally the second largest sector in which economically active individuals in the market area are employed (12%).



The manufacturing and construction sectors are the most prominent sectors and represent 8% and 4% of sectors in which persons are employed.

The primary economic sector proportionally represents the least number of employed persons (1.7%) and is dominated by the agriculture sector.

### **Employment per Occupation**

In the market area, approximately 49% of the employed population are employed in skilled occupations of which legislators, senior officials and managers are the most prominent.

Semi-skilled occupations proportionally represent 39% of employed persons of which service workers, shop and market sales workers are the most prominent.

Low skilled occupations proportionally represent 11% of total employed persons. Elementary occupations are the most prominent.

### **Dwelling Typology**

Households in the market area primarily reside in formal dwellings (99%). Because of the medium- to high-density urban nature of the market area, more than 53% of dwelling types are apartments and flats.

### **Tenure Status**

Approximately 24% of households in the primary market area own the dwelling/property in which they reside and have fully paid the bond registered to the property. Approximately 56% of households are renting the dwelling/property in which they reside, while 18% of households have not yet fully paid the bond registered on their property.

Approximately 2% of households occupy the dwelling in which they reside rent-free. Rent-free occupation is typical to township areas with a large component of government subsidised housing and informal settlements.

The data suggests that because households are residing in medium- to high-density areas many households rent the property in which they reside.

### **Household Income Profile**

Approximately ±52% of households can be classified as low-income households (monthly income less than R108 500 per annum and eligible for government sponsored – subsidy - housing). Middle income households represent ±44% of

households (annual household income up to R995 500). Affluent households (R995 501 and more) represent ±4% of households.

The average annual household income for the resident population for 2023 amounts to R368 668 per annum, which amounts to R30 722 per month for all SEM groups. For SEM groups 2 and higher, the average income is R529 369 per annum, which amounts to R44 114 per month.

The household income data reveals that approximately 24% of households are eligible for a subsidised housing scheme benefit (monthly income of R3 500 and less), whilst 47% are eligible for affordable accommodation (FLISP or Social Housing) and 29% of households can afford a bond.

### **SEM Profile**

The discontinuation of the All Media Products Survey (by the South African Audience Research Foundation (SAARF)), on which the Living Standard Measure (LSM) classifications were based, gave way to a new measurement system called The Socio-Economic Measure model (SEM). The newly released SEM model is a more accurate reflection of South African society in terms of how people live and is not dependent solely on durables, as the historical LSMs have been. The new SEM offers marketers a statistical and technical solution that depicts how our citizens are living, not only what they have in their homes.

Approximately 26% of households form part of the SEM supergroup 1, while 2% of households are categorised as SEM supergroup 2. 16% of households form part of SEM 3, while SEM 4 represents 18% of households. SEM 5 represents 38% of households.



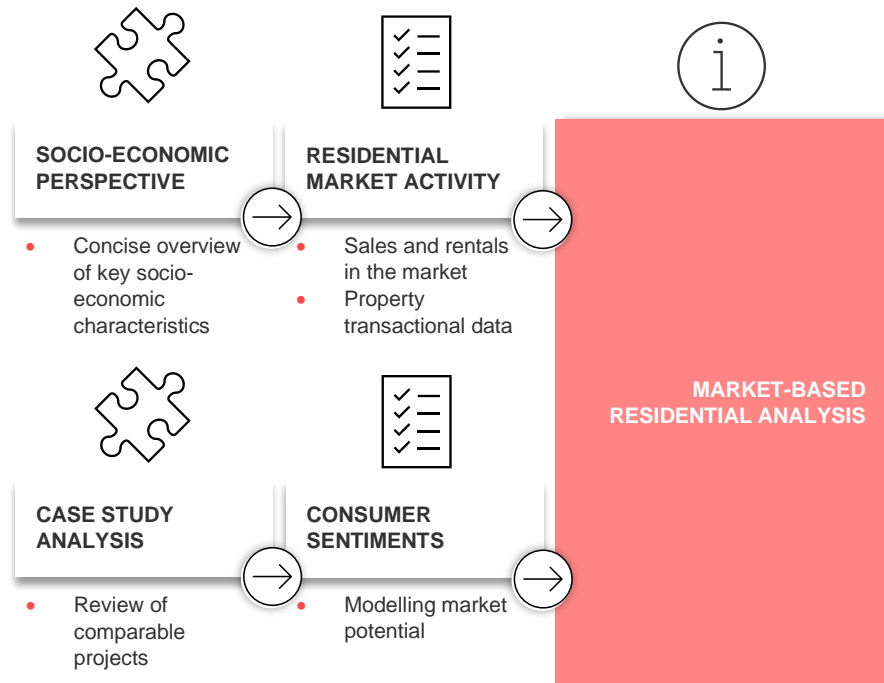
## 6 MARKET BASED RESIDENTIAL ANALYSIS

### 6.1 INTRODUCTION

Chapter Six of the report focuses on the residential market, with the objective of estimating the development potential within the designated market area. In order to reach this objective, the supply and demand for residential facilities within the market area should be identified and assessed in terms of current trends.

The Chapter is discussed under the following core themes:

Diagram 6.1: Chapter 6 Core Themes



### 6.2 SOCIO-ECONOMIC PERSPECTIVE

The following provides a concise perspective of context specific socio-economic attributes relevant to market-based residential developments<sup>3</sup>

**49 272**

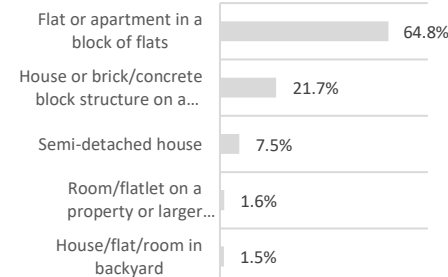
**Households**  
(2023 market area estimate)



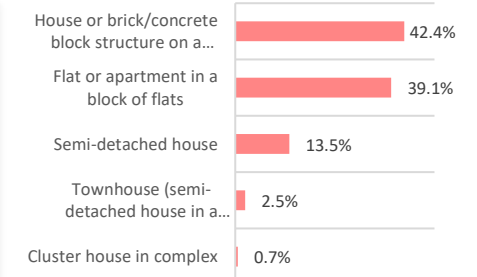
**42%** of households **own** (paid and Unpaid) the property where they reside

**56%** of households **rent** the property where they reside

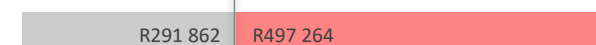
#### Households that Rent Property



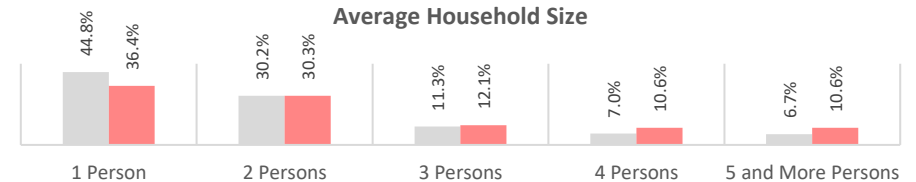
#### Households that Own Property



#### Average Annual Household Income of Households that Own and Rent Properties in the Market Area



#### Average Household Size



■ Rented ■ Owned

<sup>3</sup> DEMACON ex Statistics South Africa Census and General Household Survey Results

## 6.3 GENERAL PROPERTY MARKET TRENDS AND OBSERVATIONS

The following section provides a summary of general residential market trends and information. The purpose of the information is to provide a perspective on overarching trends affecting the residential property market. These trends are highlighted in light of key themes and outcomes of studies published by several sources (including, but not limited to the FNB Property Barometer, ABSA Homeowners Sentiment, Lightstone, SARB, Stats SA, TPN Credit Bureau).

### House Price Growth Remains Steady as Borrowing Costs Rise

The FNB House Price Index's annual growth averaged 2.7% year-on-year (y/y) in April, unchanged from the previous month (March figures revised up from 2.1%). The latest reading from FNB's Supply Index, derived from a database of property valuers, shows upward pressure on the supply of properties for sale, likely as homeowners look for cheaper alternatives due to stretched affordability.

Growth in mortgage extension is moderating steadily, with the latest data showing growth of 6.6% y/y in March, down from 6.9% in February. However, this still compares favourably to the post-Global Financial Crisis (GFC) average growth of 3.9%.

Market activity continues to decline, in line with higher borrowing costs and weakening consumer fundamentals. The year-to-date internal mortgage applications, a crude yardstick for market demand, are down by 13.1% compared to the same period last year, and 16.9% lower compared to 2021. Disaggregating by income level, market participation has declined the most among the "interest-rate sensitive" groups, i.e., low to middle-income segments, while appetite in the higher end, by comparison, has only declined moderately. Applications from those earning <R450k pa and those earning between R450k and R750k were lower by approximately 23% and 13%, respectively. In contrast, demand from those earning >R750k pa was only 1% lower in the same period.

this reflects the disproportionate impact of higher borrowing costs across income groups. Interest rates tend to have an outsized and prompt impact on mortgage demand by lower to middle-income earners, but smaller and delayed impact in upper-income segments. However, other factors, particularly depressed sentiment, presents additional downside risks to activity in upper segments. Overall, this data suggests that the deleveraging trend on asset-backed credit is likely driven by middle to lower-income earners, and indicative of the extent of the deterioration in affordability across the income spectrum.

### FNB Real Estate Agents Survey

#### Market Activity

slipped to a rating of 5.7(out of 10) in 1Q23, down from 6.1 in 4Q22. At this level, agent activity rating languishes just below the long-term average of 5.9 (since the inception of the survey in 2004), and considerably (16.2%) lower than the most recent peak of 7.1 recorded in 4Q20. The Western Cape recorded higher activity at 6.9, marginally lower than last quarter's 7.0 rating.

By price, the R500k-R750k bracket was the best performer in 4Q22. In 1Q23, however, more robust activity shifted to the R250k-R500k bracket, with a rating of 8.0, up from 6.4 previously. The <R250k segment received the second-best rating, registering 6.6, up from 5.6 last quarter. The disproportionately higher activity in lower priced segments reflects a downscaling trend amid heightened financial pressure, with homeowners searching for cheaper alternatives.

Correspondingly, agent expectations for the housing market decreased further in 1Q23, with only 25% of respondents expecting an increase in activity in the next three months.

#### Average Time on Market

the average time that properties are on the market has lengthened to 10 weeks and five days (75 days), compared to 69 days in 4Q22. While still shorter than the long-term average of approximately 91 days (since 3Q04), this is the longest time on market since 3Q20, and is attributed to slowing activity and stretched affordability. The Western Cape had the shortest time on the market at 55 days.

#### Reasons for Selling

financial pressure-induced sales remain elevated at 17% of sales volumes in 1Q23, unchanged from the previous quarter. At these levels, prevalence of downscaling is consistent with the historical average of 18% since 4Q07. However, financial pressure-induced sales are disproportionately higher in the affordable market segment, with an estimated 22% of sales attributed to financial pressure, albeit a relief from 30% in 4Q22. This reflects the impact of the sharp increase in debt servicing costs, which should have a more pronounced impact on lower-income households. Additionally, there has been an uptick in relocation within South Africa, increasing from 8% in 1Q20

### ABSA Home Owners Sentiment

The decline in the homeowner sentiment index and buying sentiment in Q4 is somewhat an indication of a reduction in demand for property in the face of rising living costs and deteriorating affordability. This is confirmed by the sluggish growth trend of the Lightstone HPI that we have been seeing since the post-pandemic peak.

Given that the difference between buying and selling sentiment narrowed significantly due to an increase in selling sentiment as projected and an equivalent fall in buying sentiment; if the economic situation in South Africa and internationally worsens, we should expect a further drop in demand for property particularly in the lower income segments. This, along with the projected growth in supply in the medium term, suggests that we may expect good market circumstances for a potential buyer, despite the recurring interest rate hikes and growing cost of living.

Even though concerns about high interest rates and economic instability are driving more people to continue renting and delay realising their dream of homeownership, a lot of respondents still believe that property is always a good investment and that it is always better to own rather than rent if you can afford to buy.

While the vast majority of investors are positioning themselves to take advantage of the growing demand for rental properties, there are growing concerns among investors that tenants can't afford to pay rent.

Following a 25bp increase in interest rates in January and given that the annual consumer price index (CPI) inflation fell for the second month in a row in December; the new 10.75% prime lending rate likely represents a peak of the hiking cycle.

Overall, a slightly more optimistic outlook, expecting that a projected reduction in headline CPI as 2023 unfolds should allow the MPC to begin relaxing slightly in September 2023.

**Previously Strong Preferences for Ownership Shifted to Increased Demand for Rental Properties**

Given rampant inflation, the imminent likelihood of another interest rate hike, and the cost of mitigating the effects of load shedding - the latter which is potentially the most taxing of all - and it's clear that consumers are buckling under increased financial pressure. Added to that, stagnant economic growth has resulted in fewer jobs. This in turn means households will have to navigate income constraints for the foreseeable future and prefer predictability over previously certain investment potentials in the residential property market.

Property purchases are slowing down due to high interest rates and poor consumer confidence. In addition, there has been a drop in the number of new building plans being submitted for approval to the larger municipalities. An uncertain economic and political landscape, coupled with severe financial constraints, means that owning new residential property is not a priority. In fact, the previously strong demand for property ownership shifted to increased demand for residential rental properties.

**Nationally the Number of Vacant Rental Units Declined, While Escalations Rose as Demand for Rental Properties Continue to Improve**

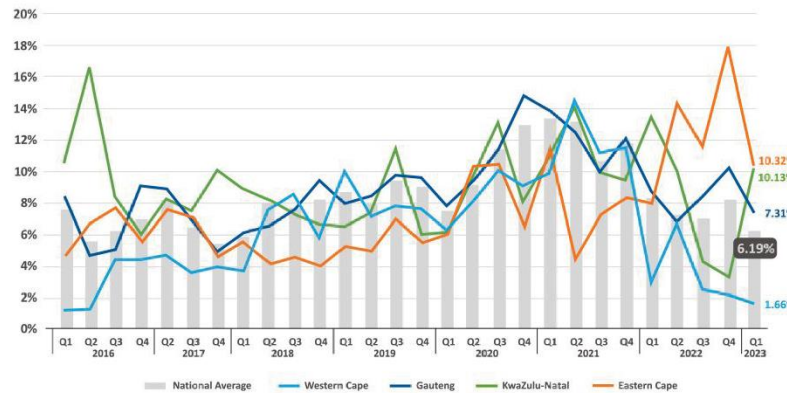
The residential rental market continues to see positive signs of growth with vacancies dropping to 6.19%, levels last seen in 2017 when vacancies were slightly under the 6% mark. Overall, vacancies decreased 37.61% between 2021 and 2022 (noting a market adjustment post the hard lock-down in 2020). This trend is expected to continue in 2023, but at a slower pace.

The annual average vacancy rate is declining as consumers opt for more predictable accommodation expenditure. The cost of renting with set escalations, limitations in terms of repair and maintenance costs and protection against interest rate fluctuations, provides some sense of predictability. Interest rate increases, for example, are variable costs carried by the property owner in exchange for improved rental returns in the form of escalations.

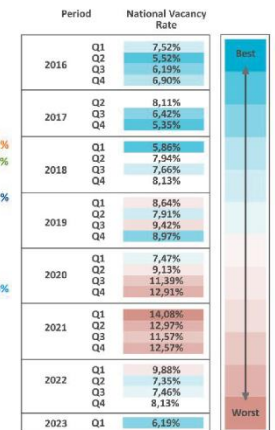
**Western Cape**

For the third consecutive quarter, the Western Cape maintains the lowest vacancy rate at 1.66% as the province responds to continued high demand. According to Stats SA, the province had the highest value of new building plans approved. Given continued strong demand and a lack of supply, investors will continue investing in this province to meet demand. However, this investment will come at a cost to the tenant with escalations expected to accelerate, placing the lower rental bracket and income households under pressure to meet expectations.

RESIDENTIAL VACANCY RATE BY PROVINCE



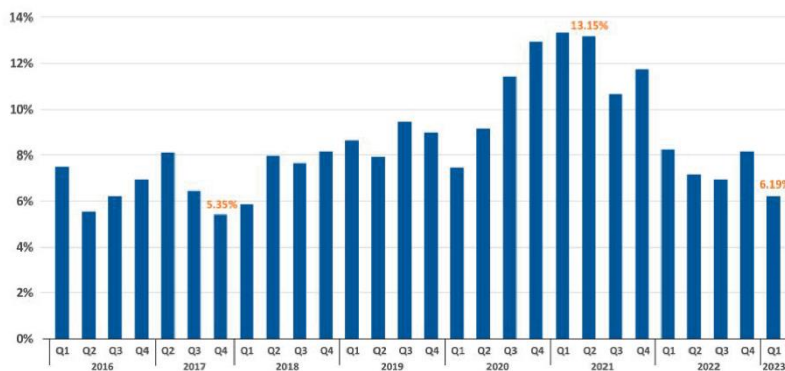
Vacancy Rates: Year on Year



Vacancy Rates: By Rental Value Band

Period	National	Less than R3.000	R3.000 to R4.500	R4.500 to R7.000	R7.000 to R12.000	R12.000 to R25.000	More than R25.000		
2020	Q1	7.47%	8.33%	7.43%	7.55%	7.78%	6.23%	10.07%	10.65%
	Q2	9.13%	10.89%	9.38%	8.83%	8.37%	8.59%	10.77%	11.32%
	Q3	11.39%	17.01%	11.20%	11.02%	10.31%	10.34%	14.91%	16.30%
	Q4	12.91%	16.02%	15.86%	13.30%	12.14%	10.32%	11.30%	12.55%
2021	Q1	14.08%	18.45%	14.93%	14.52%	14.35%	10.23%	11.71%	12.42%
	Q2	12.97%	15.19%	12.60%	13.00%	13.04%	12.39%	11.93%	12.20%
	Q3	11.57%	12.00%	13.32%	12.06%	10.98%	10.19%	8.84%	9.02%
	Q4	12.57%	14.42%	15.19%	13.34%	11.67%	10.26%	10.23%	9.86%
2022	Q1	9.88%	9.04%	12.80%	10.73%	9.17%	7.32%	7.77%	9.12%
	Q2	7.35%	7.44%	6.91%	7.61%	8.23%	6.51%	7.39%	7.96%
	Q3	7.46%	7.74%	8.68%	7.84%	7.21%	5.94%	7.83%	8.17%
	Q4	8.72%	12.02%	9.43%	8.44%	7.93%	5.03%	5.35%	5.89%
2023	Q1	6.19%	6.73%	6.87%	6.54%	6.23%	5.07%	7.16%	7.84%

TPN NATIONAL VACANCY RATE





**Between Q3 and Q4 of 2022, Rental Escalations Increased from 3.02% to 3.56%**

Although rental escalation has not kept up with the consumer price index (CPI) since 2018, property owners can expect rental growth to continue its upward trajectory in 2023 and 2024 if interest rates remain high and until new supply volumes enter the market. This is likely to also be reflected in single digit vacancy levels for the first three quarters of 2023.

Higher rental brackets are seeing enhanced rental growth. Properties with rentals of more than R12 000 a month are seeing escalations of 4.38% followed by rentals between R7 000 and R12 000 per month which are growing at 4.16%. The national average at the end of 2022 was 3.56%. The lower end of the rental market - properties priced at between R3 000 and R7 000 per month - escalated at 3.2% while tenants paying less than R3000 per month saw escalations of 3.33%.

Provincially, Gauteng's rental prices are growing at the lowest pace at 2.33%, followed by the Eastern Cape. The Eastern Cape's escalations fell from 4.57% in the second quarter to 3.85% in the fourth quarter and is the only province that is not seeing an upward trend in terms of rental growth. The Western Cape's rental stock is achieving a rental growth of 5.61%, followed by KwaZulu-Natal at 5.29%. Although the Western Cape's escalation is the highest of all provinces, it is not yet at the levels experienced during 2016 where escalations peaked at 8.25%.

The average rental for sectional title properties with less than two bedrooms at the end of 2022 was R5 329 per month. Two-bedroom units realised an average rental of R6 815 while those with more than two bedrooms achieved an average rental of R9 769 per month.

Freehold properties with less than three bedrooms achieved an average rental income of R6 019 per month, a three-bedroom property achieved R9 493 and larger freehold properties, with more than 3 bedrooms, achieved R13 150 per month.

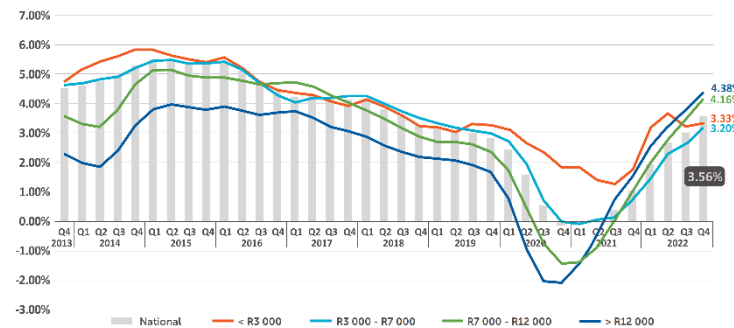
**Rental Yields Turn as Escalations Improve and Property Values Stabilise**

Property demand, driven by cheaper debt and developing trends such as semigration and work from home which resulted in households looking for more space, have pushed values up. The home has become a multi-functional asset required to cater for a wider range of activities, including home offices, gyms, classrooms and entertainment areas.

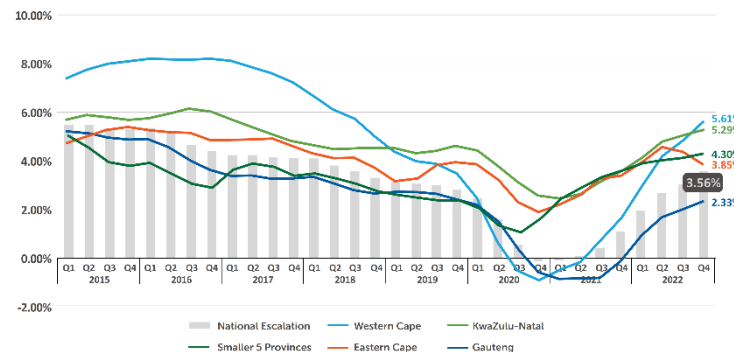
A low interest rate environment in 2020 and 2021, saw new entrants to the property market seeking to fulfil these needs, further motivated by additional disposable income not spent on travel and entertainment due to lockdown restrictions. These factors combined to provide consumers with the confidence to purchase property. However, as the economy restarted and global economic stresses pushed inflation up, interest rates were hiked and living costs started to exceed income growth.

There are already signs of growth in property value slowing down in 2023 and 2024. Rental yields, on the other hand, are starting to show improved growth, albeit slowly as the two main market factors (rental income and property value) move into sync. Sectional title properties offer the highest rental yields at 10.18%. Freehold properties are generating rental returns of just under 7%.

RESIDENTIAL RENTAL ESCALATION BY VALUE BAND



RESIDENTIAL RENTAL ESCALATION BY PROVINCE



Improved rental escalations should not be viewed in isolation as households are under huge financial strain. The impact of tenants not being able to pay rent will become more noticeable over time. As a result, more consideration needs to be given to 'effective yields' taking tenant delinquency into account. TPN's effective yield, however, paints a very different picture compared to average yield, especially considering provincial performance.

Nationally, at the end of 2022, sectional title effective yield was 8.33% and full title was 5.68%. In Gauteng, sectional title average yield was 10.92%, dropping to 8.7% effective yield. In KwaZulu-Natal, the average yield was 9.9%, dropping to 7.58% while the Western Cape's average sectional title yield was 8.75%, dropping to 7.4% effective yield.

Full title effective yields also reveal a very different picture to average yields. In Gauteng, full title average yields of 6.51% dropped to 5.19% effective yields. KwaZulu-Natal's average yield of 6.66% dropped to 5.1% effective yield and the Western Cape's average yield of 7.1% dropped to 6%.

Poor paying tenants will therefore have an impact on the ability of investors to show returns as collection cost, vacancy and opportunity cost will have an impact on yields. Returns will remain under pressure due to the increased cost of maintenance, rates and taxes, insurance and security expenditure to safeguard residents and assets. Economies of scale could help to keep costs down coupled with an established network of cost-effective suppliers. While larger property investors may be able to benefit from economies of scale, smaller investors could leverage a network and the experience of property practitioners specialising in managing rentals to realise reduced costs.



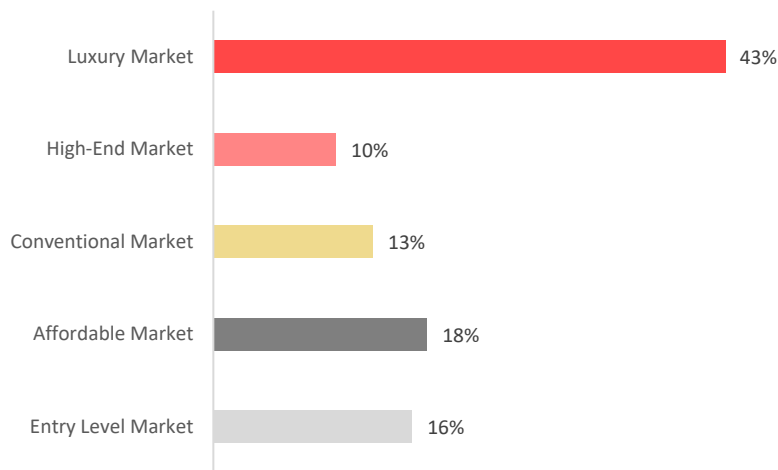
## 6.4 CITY OF CAPE TOWN PROPERTY MARKET TRENDS AND OBSERVATIONS

The following provides a concise overview of the residential property market of the City of Cape Town. The purpose of the information is to provide a perspective of the overarching Cape Town residential property market as a baseline indicator of market area specific listing and transactional data.

### City of Cape Town Property Market Size

The City, according to deeds information (2021), consisted of **780 263** properties.

Distribution of Properties per Market Value Band (2021)



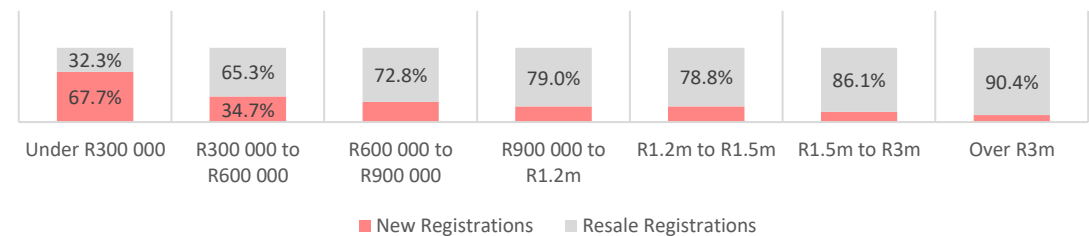
### City of Cape Town Resale Property Market Registrations

Data shows that approximately 75% of property transactions in the City of Cape Town are from “resold” properties, i.e., properties already registered on the deeds registry.

Of the resold properties registered on the deeds registry on 2021, nearly 65% were within the luxury market whilst the affordable and conventional market segments represented nearly 19% of all resale transactions. The entry level market represented 5.4% of resale transactions.

The data suggests that resale market activity is very active in higher-end property markets potentially due to the fluidity of the market to access bonds and other forms of capital value. Entry level markets typically hold on to properties longer because these segments generally represent subsidised housing projects.

New Versus Resale Property Registrations per Market Segment



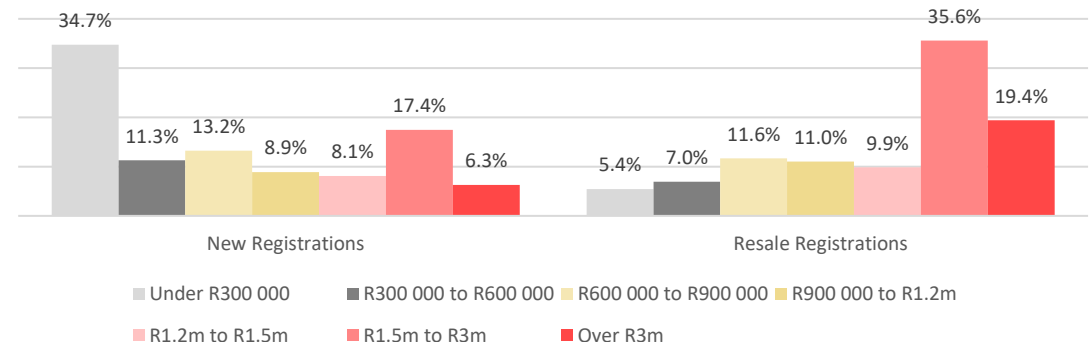
### City of Cape Town New Property Market Registrations

Data shows that between 2016 and 2019 new residential transactions on had steadily been declining and reached a plateau in 2019. The trend remained constant during 2020 and the height of the Covid-19 pandemic whereafter new transaction registrations started to pick-up in 2021. Deeds data shows that new property registrations increased by 6.5% from 2020.

Furthermore, data shows that the bulk of new property registrations in the City occurred in the entry level market (35%) whilst the luxury market represented nearly 32% of new registration. The affordable market only contributed approximately 11% to new registrations whilst the conventional market represented 13% of registrations.


The data suggests that market development targets the high and low ends of the new property market spectrum with a sizeably smaller entry level (affordable) and conventional property market development range.

New Versus Resale Property Registrations per Market Segment



## 6.5 RESIDENTIAL PROPERTIES LISTED FOR SALE IN THE IMMEDIATE MARKET AREA (CURRENT LISTINGS)

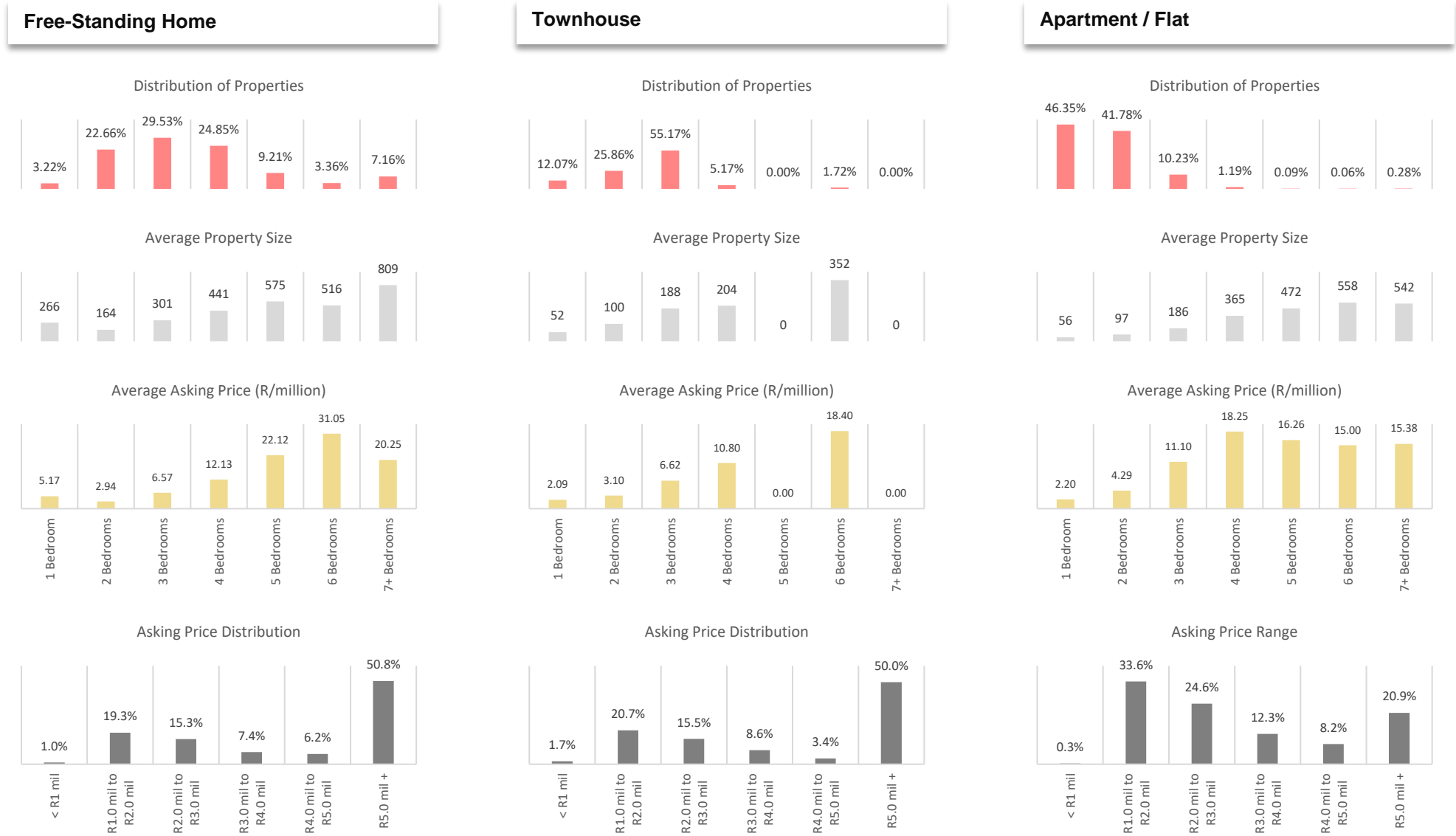
The following provides a concise overview of property market activity of selected suburbs in the immediate vicinity of the proposed mixed-use development. It should be noted that these properties are selling properties currently available in the market.

Distribution	Average Asking Price	Average Number of Bedrooms	Average Property/Unit Size (m <sup>2</sup> )	Market Supply
<b>17.4%</b> of properties are <b>free-standing homes</b> 	<b>R10 317 189</b>	<b>4</b>	<b>376</b> m <sup>2</sup> (Erf Size)	Supply dominated by properties priced at more than R5 million
<b>1.5%</b> of properties are <b>townhouses</b>	<b>R5 583 693</b>	<b>3</b>	<b>156</b> m <sup>2</sup> (Floor Size)	Supply dominated by units between R1.0 and R3.0 million
<b>81.2%</b> of properties are <b>apartments/flats</b>	<b>R4 236 462</b>	<b>2</b>	<b>182</b> m <sup>2</sup> (Floor Size)	Supply dominated by units between R1.0 and R3.0 million

Bedrooms	①	②	③	④	⑤	⑥	⑦ ⊕	Average Asking Price / Total
<b>Free-Standing Homes</b>								
Minimum Price	R800 002	R785 000	R1 195 000	R1 295 000	R1 495 000	R1 845 000	R2 600 000	R785 000
Maximum Price	R39 500 000	R14 500 000	R42 000 000	R110 000 000	R160 000 000	R300 000 000	R120 000 000	R300 000 000
Price Standard Deviation	R8 126 720	R2 100 335	R6 775 407	R14 857 661	R28 407 358	R62 318 821	R22 606 349	R18 879 471
<b>Average Asking Price</b>	<b>R5 170 239</b>	<b>R2 939 416</b>	<b>R6 565 761</b>	<b>R12 127 148</b>	<b>R22 118 064</b>	<b>R31 050 714</b>	<b>R20 246 918</b>	<b>R10 317 189</b>
Number of Properties	22	155	202	170	63	23	49	684
% Distribution	3.2%	22.7%	29.5%	24.9%	9.2%	3.4%	7.2%	100%
<b>Townhouses</b>								
Minimum Price	R1 250 002	R1 150 000	R1 295 000	R3 445 000		R18 395 000		R1 150 000
Maximum Price	R3 250 000	R6 950 000	R11 600 000	R20 995 000		R18 395 000		R20 995 000
Price Standard Deviation	R1 126 694	R1 902 920	R2 945 070	R9 114 728		R0		R4 087 277
<b>Average Asking Price</b>	<b>R2 093 667</b>	<b>R3 096 533</b>	<b>R6 623 922</b>	<b>R10 796 667</b>		<b>R18 395 000</b>		<b>R5 583 693</b>
Number of Properties	7	15	32	3		1		58
% Distribution	12.1%	25.9%	55.2%	5.2%		1.7%		100%
<b>Apartments / Flats</b>								
Minimum Price	R629 000	R400 000	R1 200 000	R2 995 000	R1 395 000	R14 995 000	R9 997 000	R400 000
Maximum Price	R50 000 000	R49 995 000	R85 000 000	R34 950 000	R45 000 000	R14 995 000	R28 000 000	R85 000 000
Price Standard Deviation	R2 000 284	R3 361 700	R10 526 303	R9 123 936	R24 891 706	R0	R6 551 542	R8 553 187
<b>Average Asking Price</b>	<b>R2 204 313</b>	<b>R4 293 245</b>	<b>R11 096 869</b>	<b>R18 252 059</b>	<b>R16 263 333</b>	<b>R14 995 000</b>	<b>R15 376 889</b>	<b>R4 236 462</b>
Number of Properties	1 481	1 335	327	38	3	2	9	3 195
% Distribution	46.4%	41.8%	10.2%	1.2%	0.1%	0.1%	0.3%	100%

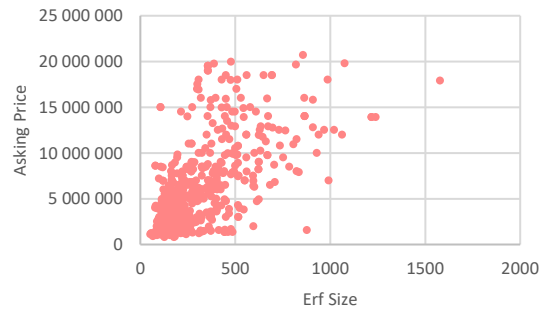
### 6.5.1 PROPERTIES LISTED FOR SALE IN THE IMMEDIATE MARKET AREA (CURRENT LISTINGS)

The following information provides a graphical description of the preceding data. The data provides key descriptive information of properties for sale in the market.

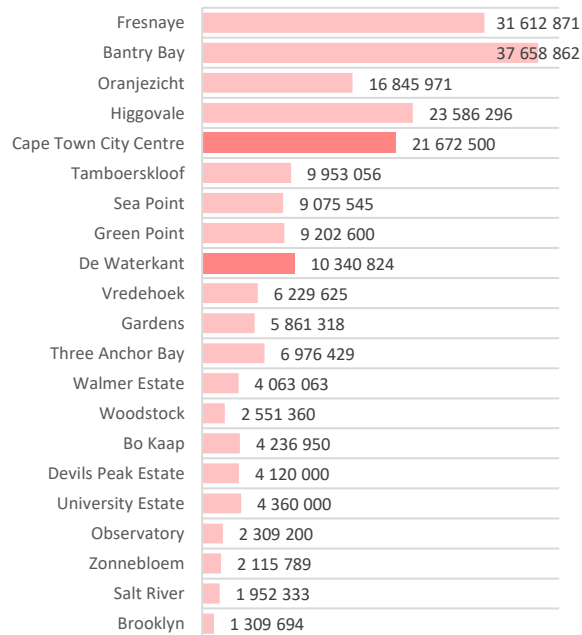


### Free-Standing Home

Erf Size vs Asking Price

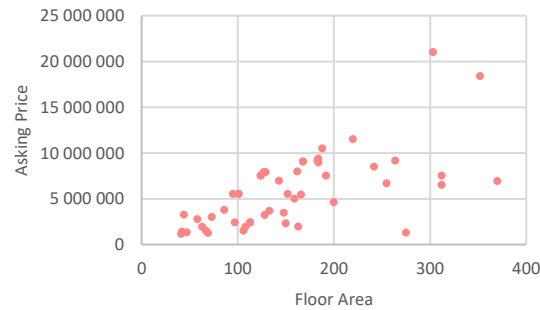


Average Asking Price per Suburb

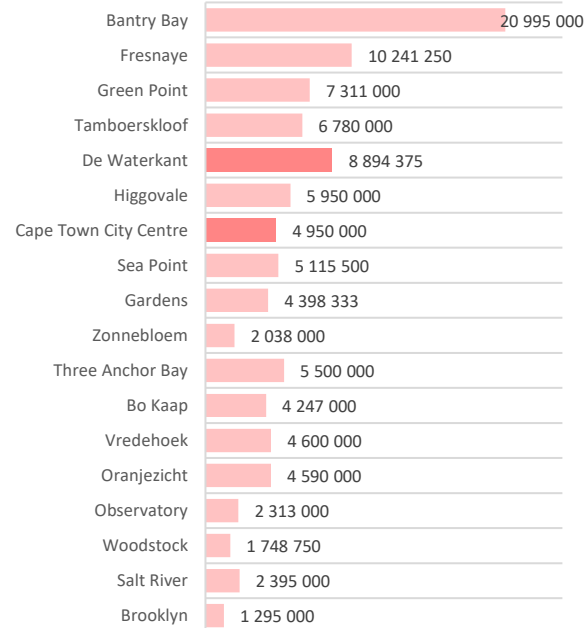


### Townhouse

Floor Area vs Asking Price

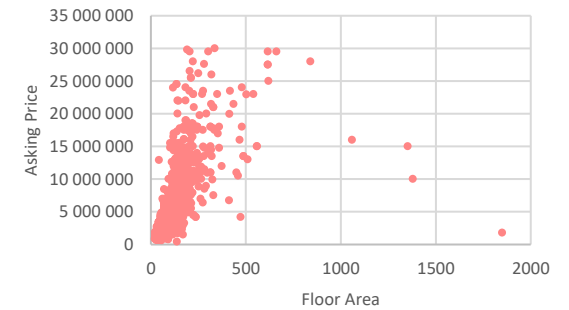


Average Asking Price per Suburb

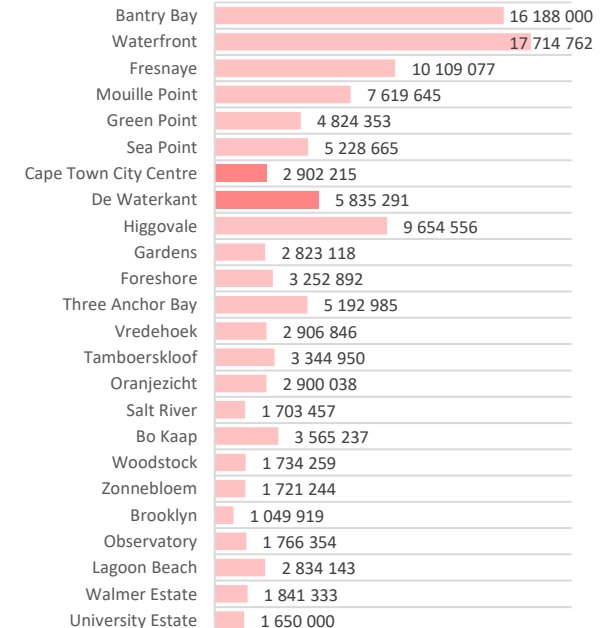


### Apartment / Flat

Floor Area vs Asking Price



Average Asking Price per Suburb

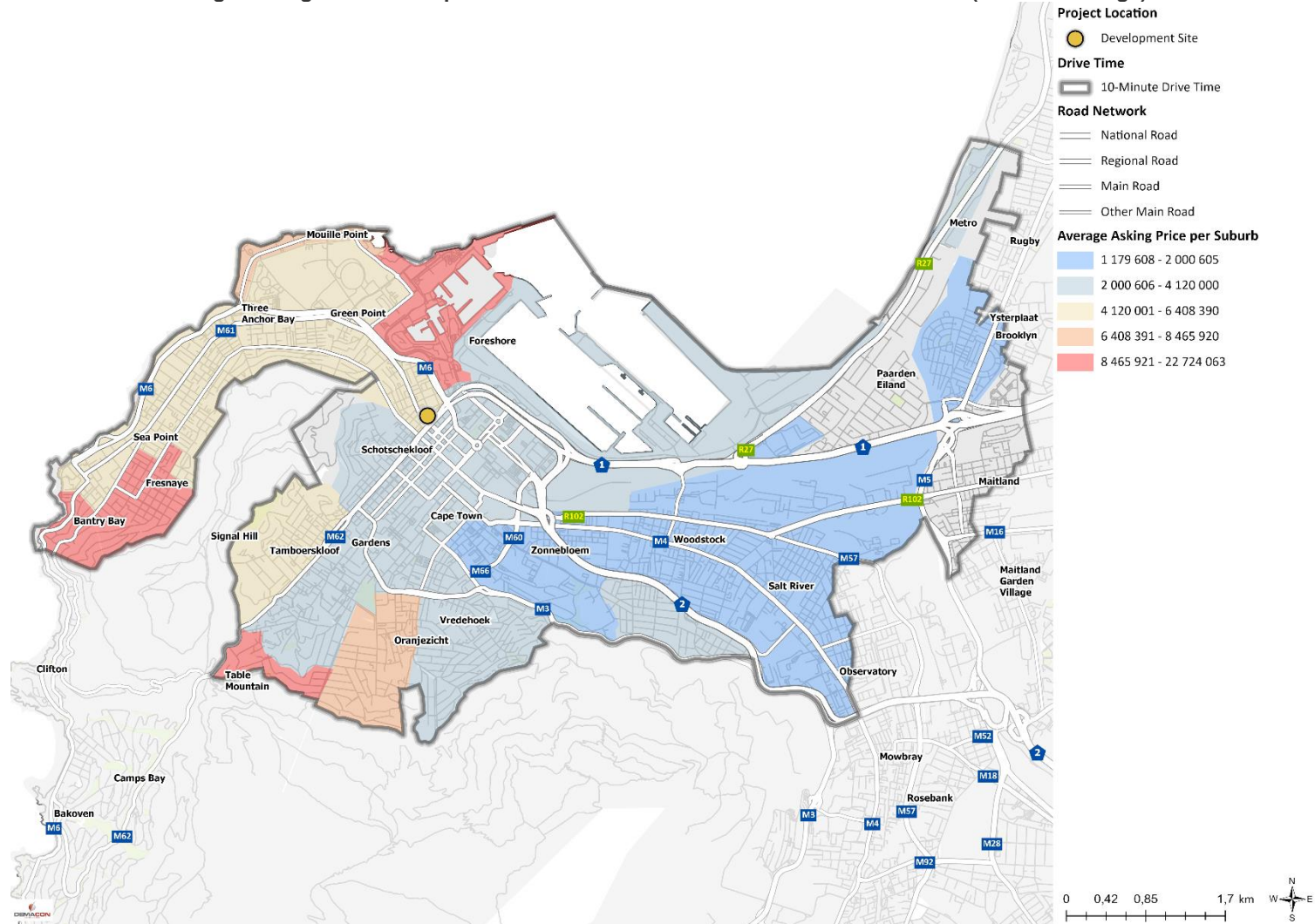




### 6.5.2 SPATIAL PERSPECTIVE – PROPERTIES LISTED FOR SALE (CURRENT LISTINGS)

The following map provides a spatial perspective of the distribution of properties for sale in the immediate market area and the average asking price per suburb for all properties listed.

**Map 6.1: Spatial Distribution of the Average Asking Price for Properties Listed For Sale in the Immediate Market Area (Current Listings)**

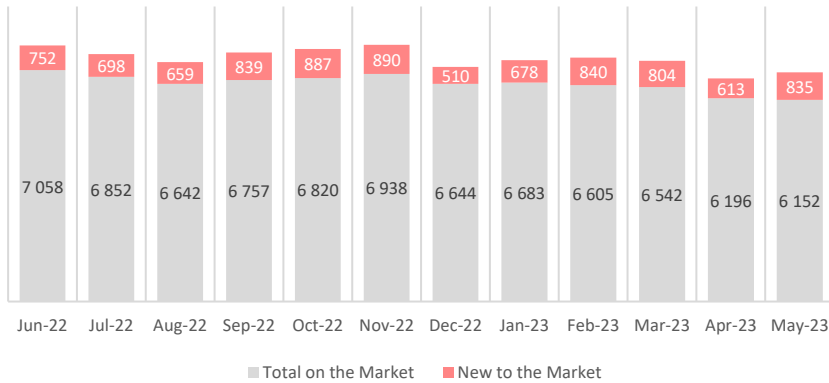


Source: DEMACON ex Property Data, 2023

## 6.6 RESIDENTIAL MARKET ACTIVITY – PROPERTY TRANSACTIONS IN THE IMMEDIATE MARKET AREA (ANNUAL DATA)

The following section is focused on providing an overview of residential market activity, i.e., property transactions that have taken place in the immediate market area between 2014 and 2023. The data provides a comparison between average asking and sales prices of properties and seeks to highlight any property pricing growth trends present in the market area.

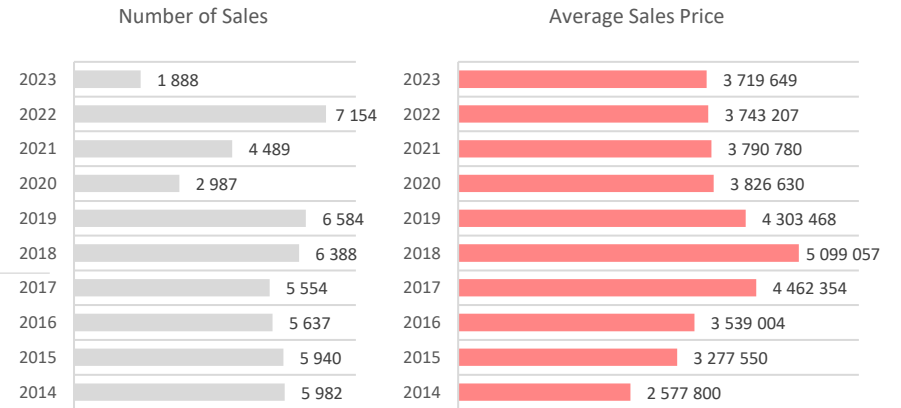
### Property Listing Trend (1-Year Perspective)



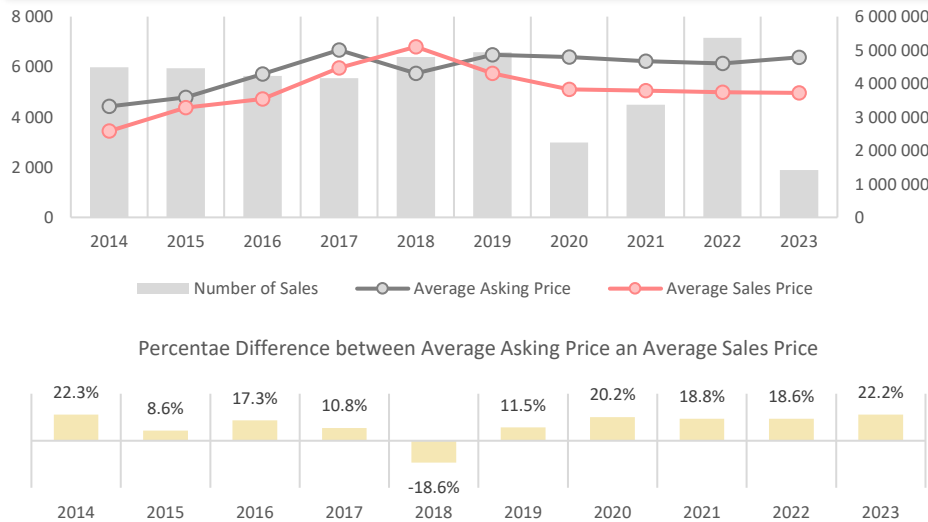
On Average Approximately  
**6 657**  
Properties Are Listed For Sale Per Month

**11.3%**  
of properties are **new listings**

### Number of Properties Sold and Average Sales Price (2014 - 2023)



### Property Sales Trend (2014 to 2023)



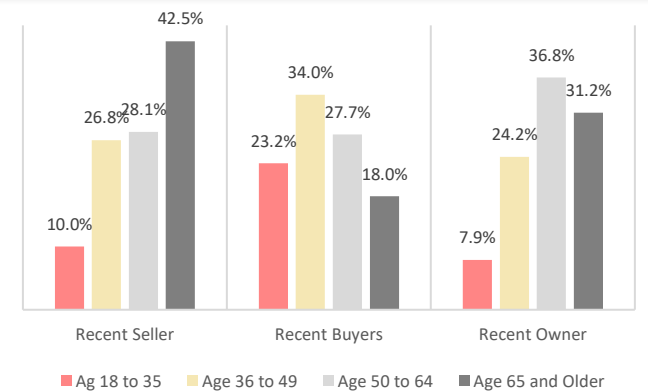
Data shows that between 2014 and 2023 the average asking price for properties in the market area is higher than average sales prices.

The average sales price for properties achieved is **13.2% lower** than the average asking price of the same property

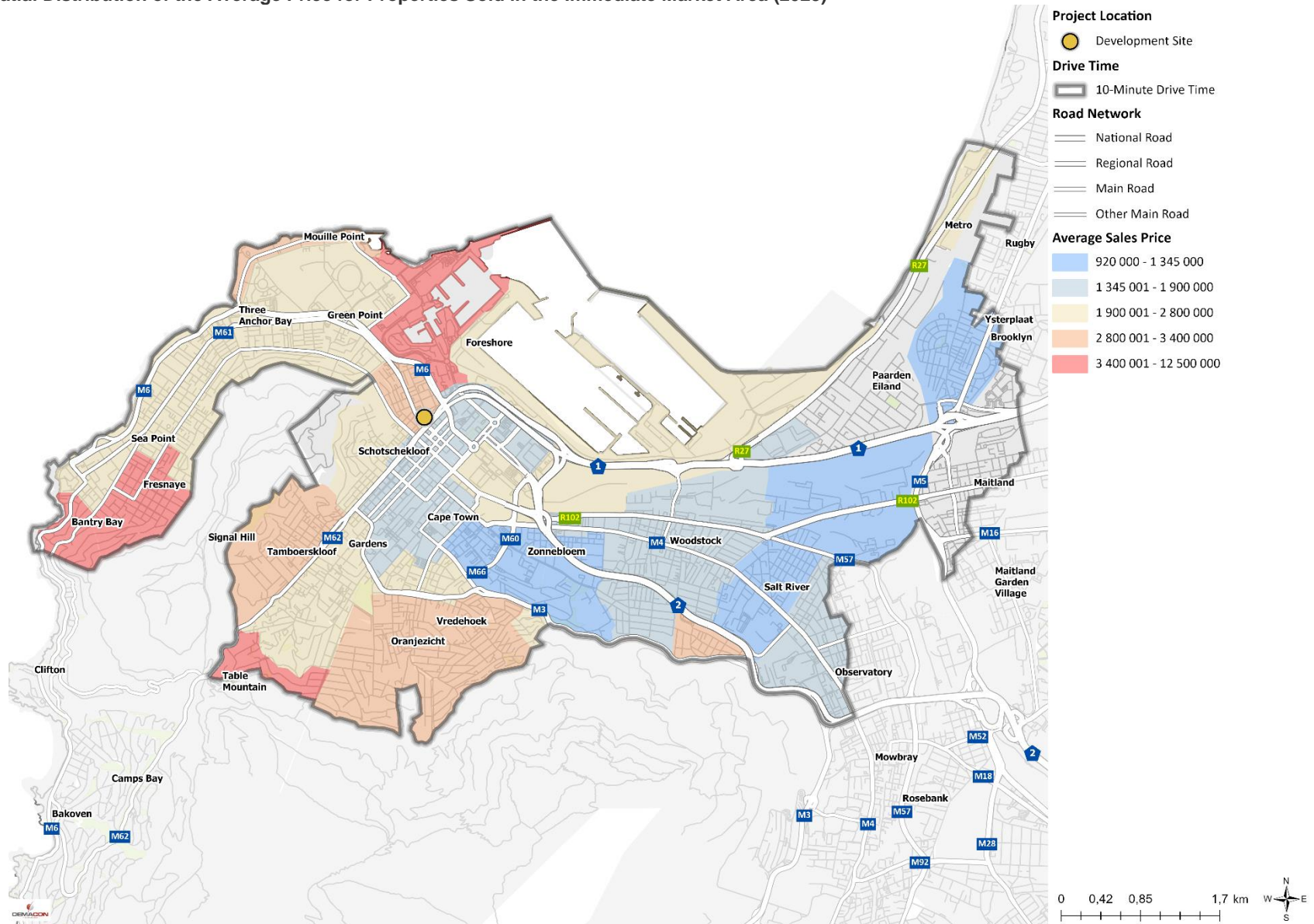
On average properties can remain on the market for 8 weeks. Appropriately priced free-standing properties can sell within as quick as 2 weeks, up to 6 weeks, whereas it was found in upmarket areas that apartments can remain on the market for up to 8 to 12 weeks and longer

The average transaction value of property sales in the market area has decreased. The total number of properties sold is also decreasing.

### Age Profile of Property Owners



Map 6.2: Spatial Distribution of the Average Price for Properties Sold in the Immediate Market Area (2023)




Source: DEMACON ex Property Data, 2023



## 6.7 RESIDENTIAL PROPERTIES LISTED TO RENT IN THE IMMEDIATE MARKET AREA (CURRENT LISTINGS)

The following provides a concise overview of property market activity of selected suburbs in the immediate vicinity of the proposed mixed-use development. It should be noted that these properties are properties currently for rent in the market.

Distribution	Average Asking Price	Average Number of Bedrooms	Average Property/Unit Size (m <sup>2</sup> )	Market Supply
Distribution of Residential Supply Typologies 	<b>15.5%</b> of properties are <b>free-standing homes</b> <b>R50 921</b>	<b>4</b>	<b>394</b> m <sup>2</sup> (Erf Size)	Supply dominated by properties priced at R25 000 and more
	<b>2.0%</b> of properties are <b>townhouses</b> <b>R40 614</b>	<b>3</b>	<b>273</b> m <sup>2</sup> (Floor Size)	Supply dominated by properties priced at R25 000 and more
	<b>82.6%</b> of properties are <b>apartments/flats</b> <b>R24 280</b>	<b>2</b>	<b>111</b> m <sup>2</sup> (Floor Size)	Supply dominated by units between R10 000 and R25 000

Bedrooms	①	②	③	④	⑤	⑥	⑦ ⊕	Average Asking Price / Total
<b>Free-Standing Homes</b>								
Minimum Price	R4 400	R5 500	R4 200	R3 950	R4 500	R4 000		R4 200
Maximum Price	R65 000	R175 000	R140 000	R250 000	R140 000	R200 000		R250 000
Price Standard Deviation	R21 696	R26 731	R37 388	R68 931	R42 854	R64 690		R49 790
<b>Average Asking Price</b>	<b>R19 335</b>	<b>R23 987</b>	<b>R50 046</b>	<b>R81 747</b>	<b>R57 525</b>	<b>R78 854</b>		<b>R50 921</b>
Number of Properties	11	45	45	40	29	19	7	196
% Distribution	5.6%	23.0%	23.0%	20.4%	14.8%	9.7%	3.6%	100%
<b>Townhouses</b>								
Minimum Price		R7 500	R15 900	R7 450				R7 450
Maximum Price		R39 999	R85 000	R170 000				R170 000
Price Standard Deviation		R16 329	R22 764	R61 059				R39 585
<b>Average Asking Price</b>		<b>R25 733</b>	<b>R34 730</b>	<b>R85 490</b>				<b>R40 614</b>
Number of Properties	1	8	11	5				25
% Distribution	4.0%	32.0%	44.0%	20.0%	0.0%	0.0%	0.0%	100%
<b>Apartments / Flats</b>								
Minimum Price	R2 800	R6 450	R8 000	R35 995			R7 000	R2 800
Maximum Price	R60 000	R90 000	R220 000	R120 000			R7 000	R220 000
Price Standard Deviation	R7 306	R13 809	R33 174	R27 356				R20 738
<b>Average Asking Price</b>	<b>R14 747</b>	<b>R25 938</b>	<b>R50 311</b>	<b>R62 823</b>			<b>R7 000</b>	<b>R24 280</b>
Number of Properties	494	402	130	18			2	1 046
% Distribution	47.2%	38.4%	12.4%	1.7%	0.0%	0.0%	0.2%	100%



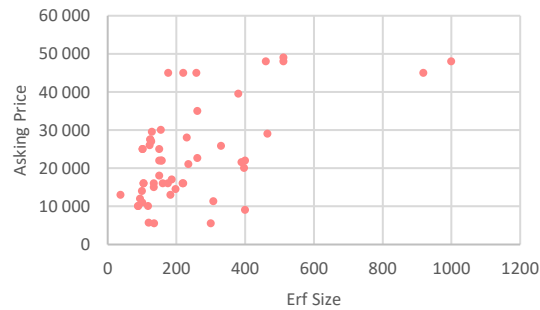
### 6.7.1 PROPERTIES LISTED FOR RENT IN THE IMMEDIATE MARKET AREA (CURRENT LISTINGS)

The following information provides a graphical description of the preceding data. The data provides key descriptive information of properties for rent in the market.

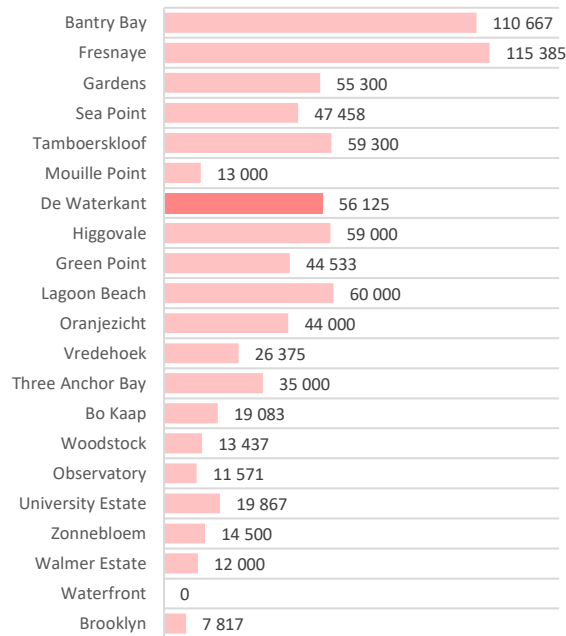


### Free-Standing Home

Erf Size vs Asking Price

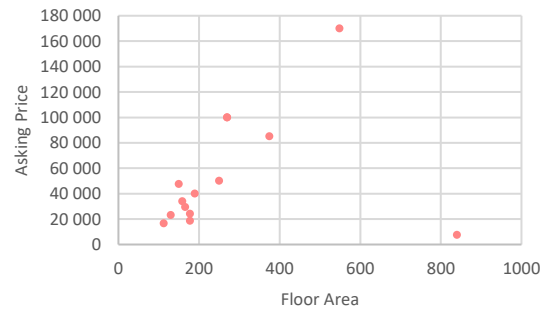


Average Asking Price per Suburb

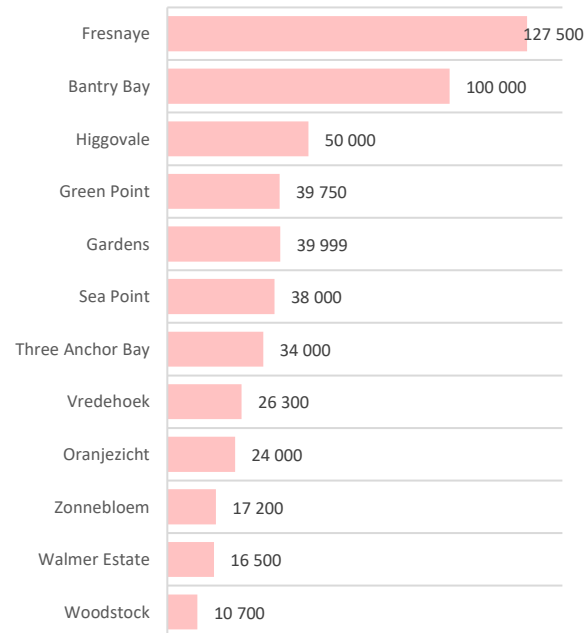


### Townhouse

Floor Area vs Asking Price

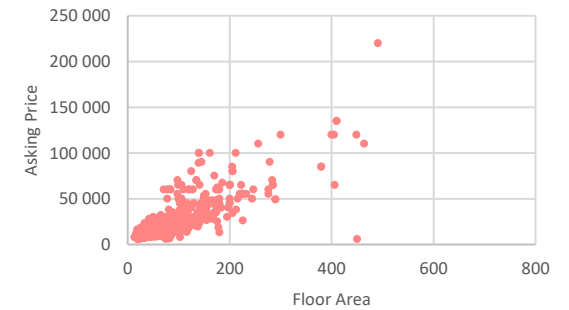


Average Asking Price per Suburb

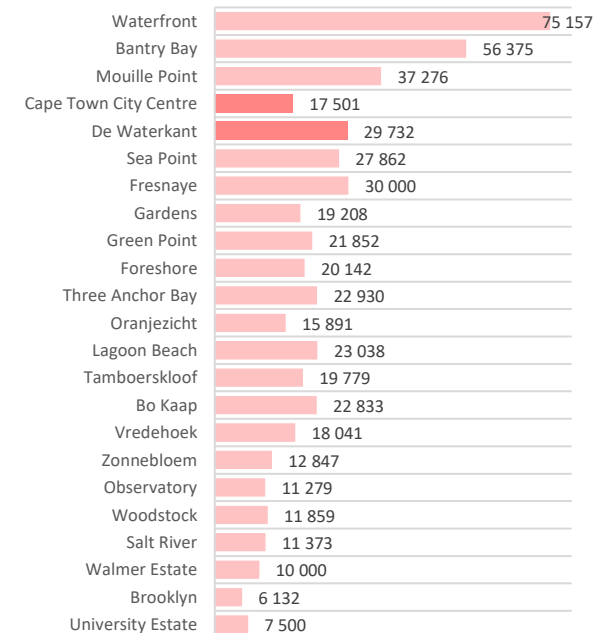


### Apartment / Flat

Floor Area vs Asking Price



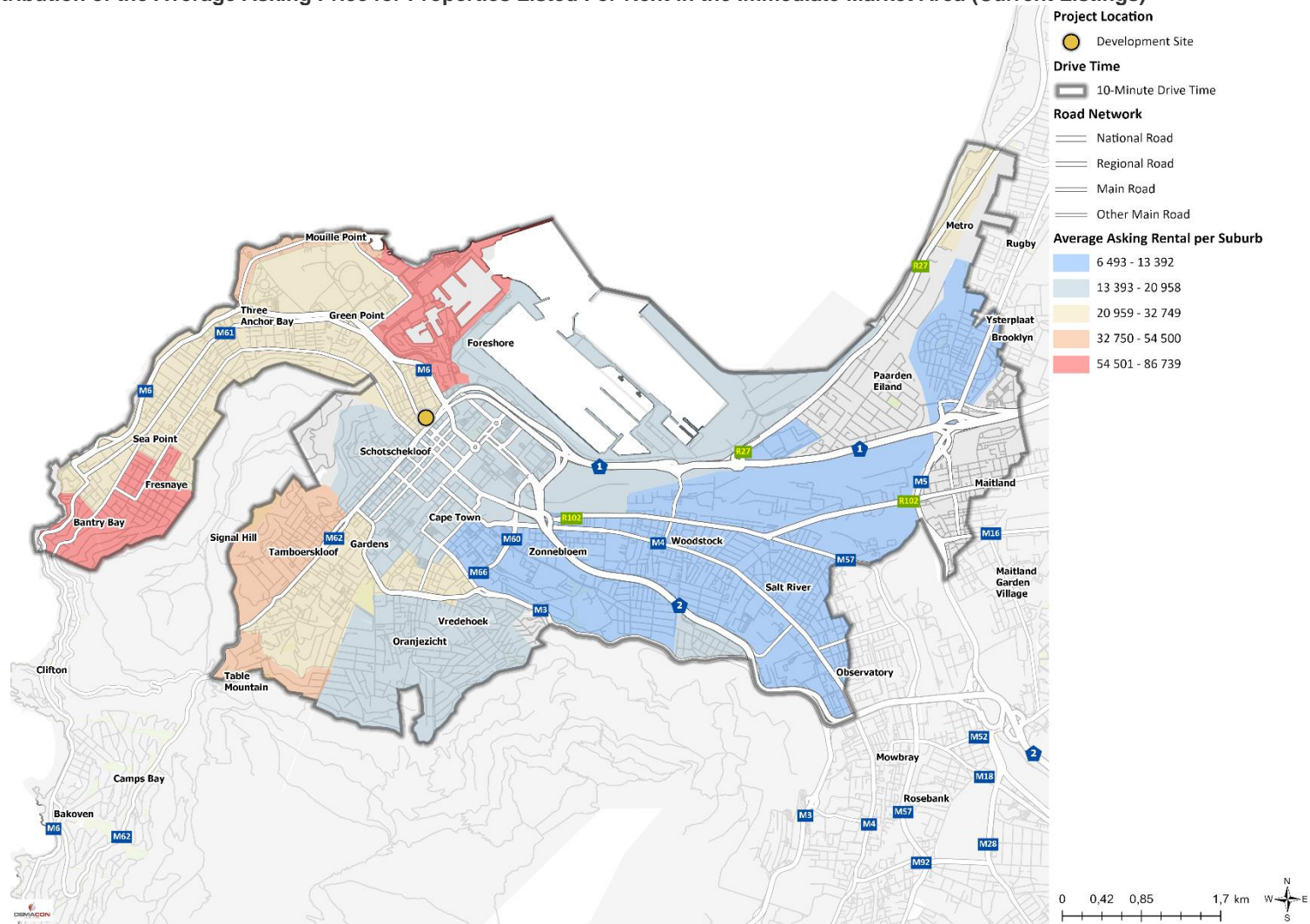
Average Asking Price per Suburb



### 6.7.2 SPATIAL PERSPECTIVE – PROPERTIES LISTED FOR RENT (CURRENT LISTINGS)

The following map provides a spatial perspective of the distribution of properties for sale in the immediate market area and the average asking price per suburb for all properties listed.

**Map 6.3: Spatial Distribution of the Average Asking Price for Properties Listed For Rent in the Immediate Market Area (Current Listings)**



Source: DEMACON ex Property Data, 2023

## 6.8 URBAN DEVELOPMENT AND GROWTH

The following section is focused on providing an analysis of urban growth trends in the market area of the proposed development. The purpose of the analysis is to provide an overview of urban growth trends affecting the local market area and to identify any relatable property developments that impact and/or influence the market activity in the immediate area of the proposed development.

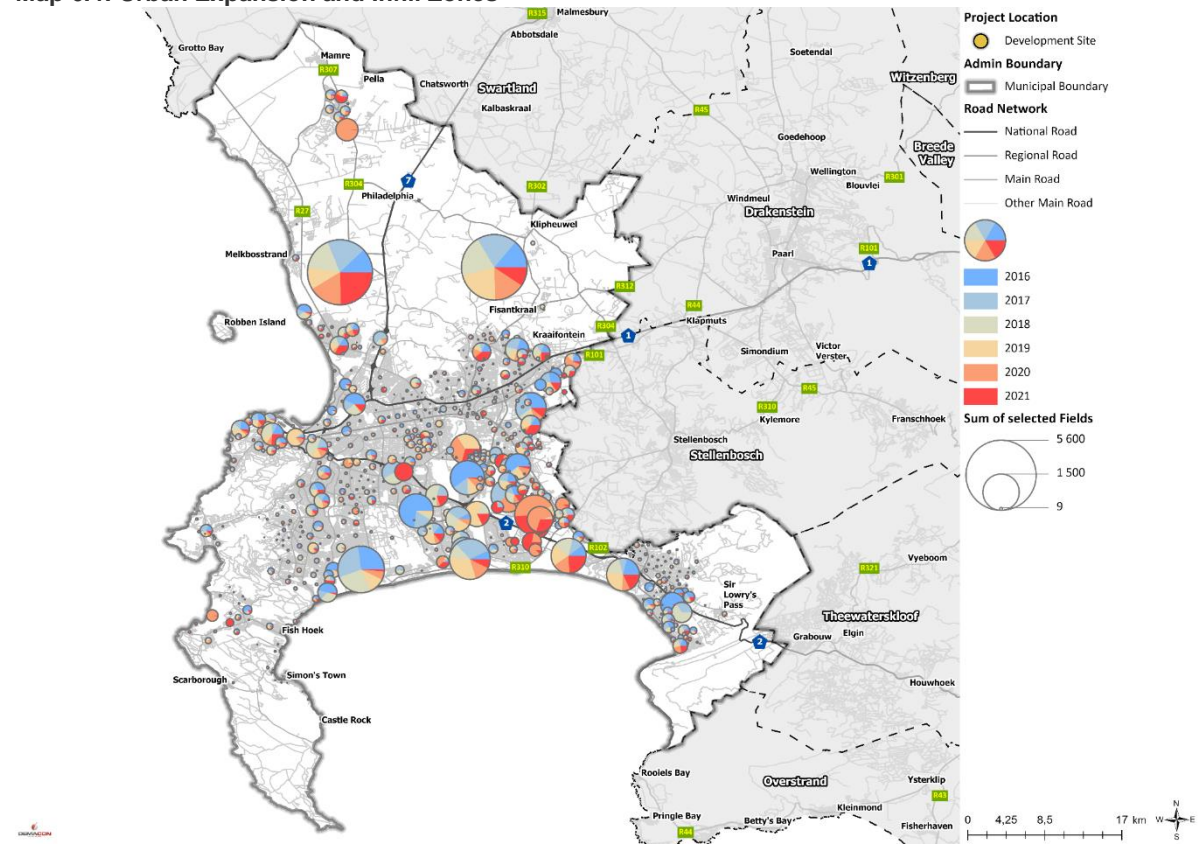
### 6.8.1 URBAN DEVELOPMENT TRENDS

The following map provides an overview of the overarching urban development trend in the City of Cape Town.

The map shows that urban development has primarily occurred on the northern periphery of the City (especially in the Blaauwberg and Northern Planning Regions) and the southern and south-eastern regions of the Cape Flats, Mitchell's Plain and Greater Blue Downs and Helderberg planning regions. New development activity focuses on low- to medium- density development with integrated higher density nodes on the northern periphery of the urban edge, whilst medium- to high-density development is found in the existing urbanised areas of the city, i.e., infill and redevelopment.

The northern parts of the City primarily consist of newly established residential developments. Historic data shows that newly developed properties registered at the Deeds Office between 2016 and 2021 within the northern parts of the City occur in areas such as Parklands, Bothasig, Durbanville and Kraaifontein. Major infill and densification nodes toward the south and south-east of the City consist of Forest Village, Fairdale, Mxolisi Phetani, Macassar, Nomzamo, Eastridge, Phillippi, Pelikan Park. It is important to note that a sizeable share of development activity in the southern and south-eastern portions of the City related to affordable housing development and subsidy housing schemes. Prominent urban infill and densification zones targeting established suburban regions of the city include, but is not limited to, the Cape Town Inner City Observatory, Century City, Rondebosch, Kenilworth, Claremont, Heideveld and Protea Hoogte.

Map 6.4: Urban Expansion and Infill Zones



Source: DEMACON GIS, 2023

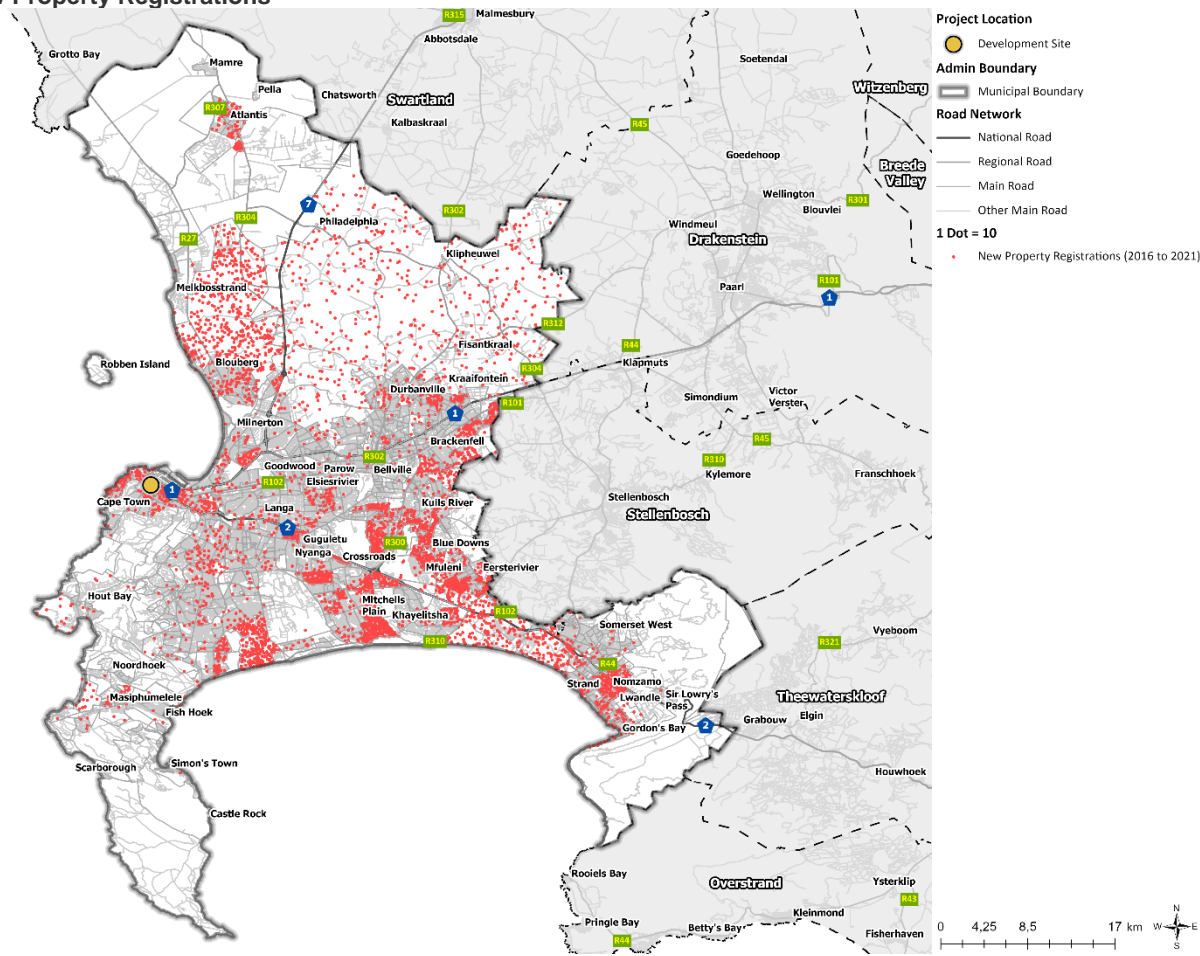


The immediate market area of the proposed development, i.e., Cape Town Inner City, Woodstock, Zonnebloem, Vredehoek, Sea Point, De Waterkant, Greenpoint, experiences continuous urban development through densification and infill development of existing suburbs.

The immediate market area of the proposed development is continuously driving diversification of land use opportunities. Development trends show the establishment of office, residential and retail land use typologies. The integrated nature of development coupled with higher intensification and mixture of uses drives development opportunities for mixed-use developments.

The following map provides a spatial perspective of the distribution of new property registrations in the City of Cape Town.

**Map 6.5: Development Areas 2021 - New Property Registrations**

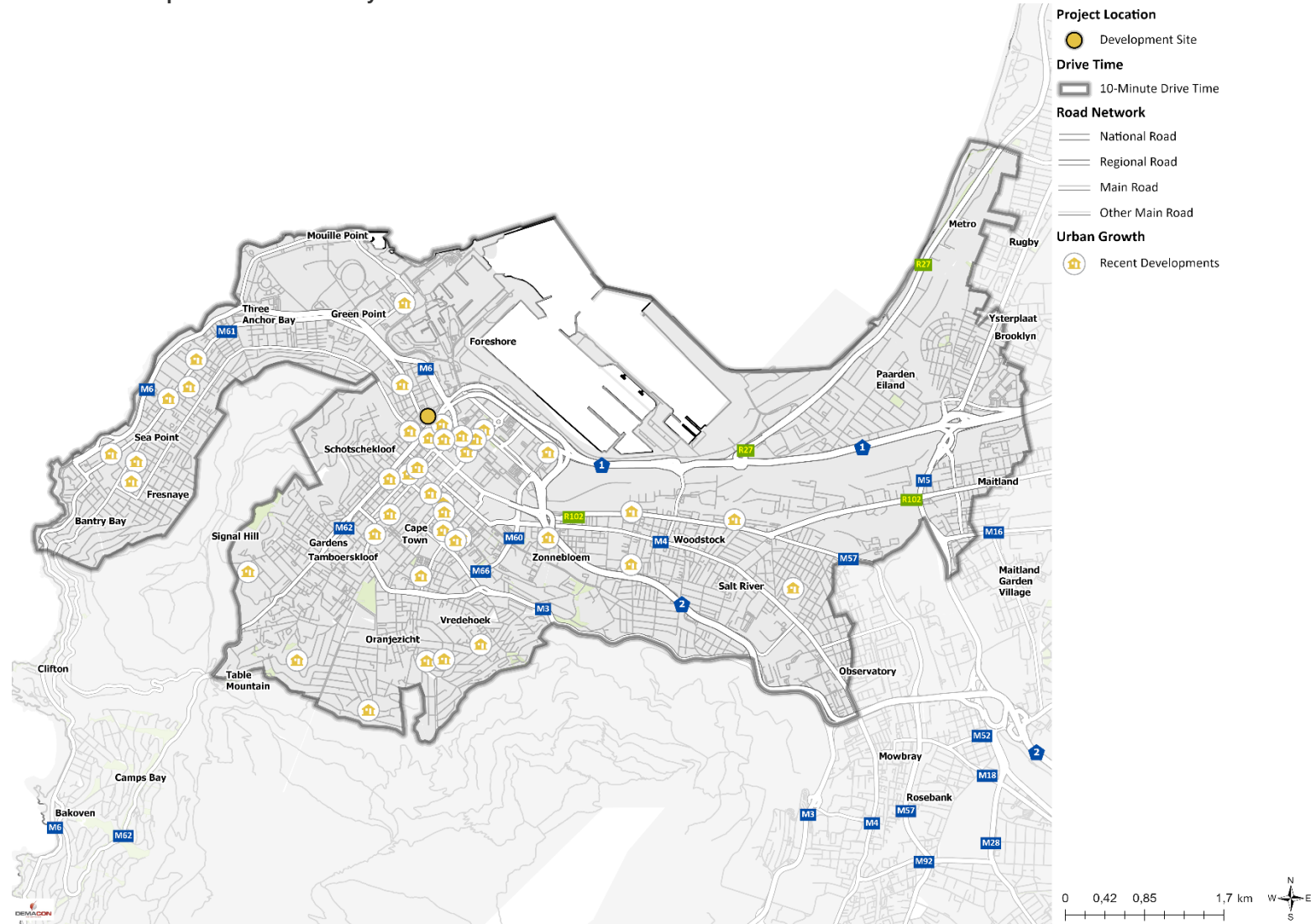


Source: DEMACON GIS, 2023

### 6.8.2 RESIDENTIAL DEVELOPMENT CASE STUDIES




The following information provides a concise overview of select new residential developments in various stages of implementation found within the market area.





Map 6.6: Select Residential Developments in the Primary Market Area





Source: DEMACON GIS, 2023

**Table 6.1: Profile of Select Residential Developments in the Primary Market Area**

	Location	Name	Description	Offering and Price Range	Services Offered
	Sea Point	Suro 42 Apartments	Residential apartment building	<p>1-Bedroom Unit</p> <ul style="list-style-type: none"> <li>• 46 m<sup>2</sup> - 55 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R2 775 000 to R3 575 000</li> </ul> <hr/> <p>2-Bedroom Unit</p> <ul style="list-style-type: none"> <li>• 66 m<sup>2</sup> - 75 m<sup>2</sup></li> <li>• 2 bathrooms</li> <li>• R4 300 000 to R4 975 000</li> </ul>	<ul style="list-style-type: none"> <li>• Pet friendly</li> <li>• Access control</li> <li>• 24hr security</li> <li>• Concierge</li> </ul>
	Cape Town Central	Foreshore Place 73 Apartments	Mixed use building that incorporates retail and office space	<p>Studio Unit</p> <ul style="list-style-type: none"> <li>• 31 m<sup>2</sup> - 33 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R1 704 000 to R1 914 000</li> </ul> <hr/> <p>1-Bedroom Unit</p> <ul style="list-style-type: none"> <li>• 42 m<sup>2</sup> - 71 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R2 289 000 to R2 969 000</li> </ul>	<ul style="list-style-type: none"> <li>• Fibre internet</li> <li>• Banking facilities, coffee shops, restaurants situated on the ground floor</li> <li>• Bicycle racks</li> <li>• Wash area: Bicycle and E-bike</li> <li>• Covered parking bays</li> <li>• Storerooms</li> <li>• CCTV</li> <li>• 24hr security</li> <li>• Intercom system</li> <li>• Private, access-controlled elevator to the lobby and stores</li> </ul>
	Cape Town Central	The Duke 81 Apartments	Residential apartment building	<p>Studio Unit</p> <ul style="list-style-type: none"> <li>• 31 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R1 680 000</li> </ul> <hr/> <p>1-Bedroom Unit</p> <ul style="list-style-type: none"> <li>• 45 m<sup>2</sup> - 53 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R2 750 000 to R2 945 000</li> </ul>	<ul style="list-style-type: none"> <li>• Rooftop Garden and Swimming Pool</li> <li>• 24hr security</li> <li>• Access control</li> <li>• Concierge</li> <li>• Pet friendly</li> <li>• Braais</li> <li>• Storeroom</li> </ul>

Location	Name	Description	Offering and Price Range	Services Offered	
	De Waterkant	The Quarter Apartments 11 Apartments	Residential apartment building	<ul style="list-style-type: none"> <li>1-Bedroom Unit                             <ul style="list-style-type: none"> <li>• 50 m<sup>2</sup> - 62 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R2 275 000 to R2 875 000</li> </ul> </li> <li>2-Bedroom Unit                             <ul style="list-style-type: none"> <li>• 68 m<sup>2</sup> - 90 m<sup>2</sup></li> <li>• 2 bathrooms</li> <li>• R4 495 000 to R5 995 000</li> </ul> </li> <li>3-Bedroom Unit                             <ul style="list-style-type: none"> <li>• 136 m<sup>2</sup></li> <li>• 3 bathrooms</li> <li>• R13 995 000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Secure parking</li> <li>• Concierge</li> <li>• Wi-Fi</li> <li>• Housekeeping</li> <li>• Security</li> <li>• Control room</li> </ul>
	Bo Kaap	Rose on 117 61 Apartments	Residential apartment building	<ul style="list-style-type: none"> <li>Studio Unit                             <ul style="list-style-type: none"> <li>• 27 m<sup>2</sup> - 29 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R1 775 000 to R1 925 000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Smartphone activated keyless entry</li> <li>• 24hr security</li> <li>• Manned security</li> </ul>
	Cape Town Central	The Barracks 66 Apartments	Mixed use building that incorporates retail	<ul style="list-style-type: none"> <li>1-Bedroom Unit                             <ul style="list-style-type: none"> <li>• 42 m<sup>2</sup> - 48 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R2 450 000 to R2 595 000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Swimming pool</li> <li>• 24hr security</li> <li>• Coffee shop</li> <li>• Wellness centre</li> <li>• Restaurant</li> <li>• Concierge</li> </ul>
	Cape Town Central	The Rubik 88 Apartments	Mixed use building that incorporates retail and office space	<ul style="list-style-type: none"> <li>1-Bedroom Unit                             <ul style="list-style-type: none"> <li>• 40 m<sup>2</sup> - 62 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R2 649 000 to R4 499 000</li> </ul> </li> <li>2-Bedroom Unit                             <ul style="list-style-type: none"> <li>• 66 m<sup>2</sup> - 171 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R4 299 000 to R15 699 000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Swimming pool</li> <li>• Entertainment area</li> <li>• Sundeck</li> <li>• Concierge</li> <li>• 24hr security</li> <li>• Perimeter wall</li> <li>• CCTV cameras</li> <li>• Access control</li> <li>• Premium office and retail facilities</li> </ul>



Location	Name	Description	Offering and Price Range	Services Offered
	Cape Town Central The Fynbos 490 Apartments	Mixed use building that incorporates retail and office space	<p>Studio Unit</p> <ul style="list-style-type: none"> <li>• 22 m<sup>2</sup> - 34 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R1 104 000 to R2 700 000</li> </ul> <hr/> <p>1-Bedroom Unit</p> <ul style="list-style-type: none"> <li>• 33 m<sup>2</sup> - 50 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R1 632 000 to R4 860 000</li> </ul> <hr/> <p>2-Bedroom Unit</p> <ul style="list-style-type: none"> <li>• 69 m<sup>2</sup></li> <li>• 2 bathrooms</li> <li>• R4 920 000 to R7 380 000</li> </ul>	<ul style="list-style-type: none"> <li>• Swimming pool</li> <li>• Fitness centre</li> <li>• Integrated planters for planting</li> <li>• Roof top terrace</li> <li>• Tea room</li> <li>• Restaurant</li> <li>• Bar</li> <li>• Secure parking</li> <li>• CCTV</li> <li>• Manned security</li> <li>• Biometric access</li> <li>• 24hr security</li> <li>• Organic vegetable market</li> <li>• Specialist herbalist</li> <li>• Co-working space</li> <li>• Concierge</li> </ul>
	Cape Town Central The Tokyo 148 Apartments	Residential apartment building that integrates shared business areas	<p>1-Bedroom Unit</p> <ul style="list-style-type: none"> <li>• 36 m<sup>2</sup> - 51 m<sup>2</sup></li> <li>• 1 bathroom</li> <li>• R950 000 to R1 820 000</li> </ul>	<ul style="list-style-type: none"> <li>• Biometric access control</li> <li>• 24hr security</li> <li>• CCTV</li> <li>• Concierge</li> <li>• Restaurant</li> <li>• Café</li> <li>• Fitness centre</li> <li>• Rooftop terrace</li> <li>• Pool</li> <li>• Braais</li> <li>• Business lounge</li> </ul>

Source: DEMACON Research, 2023

## 6.9 MARKET DEMAND MODELLING

The following section focusses on the residential market, with the objective of estimating the development potential within the market area. Demand modelling was completed for the short to medium term and is reflected in five-year intervals from 2023 to 2033.

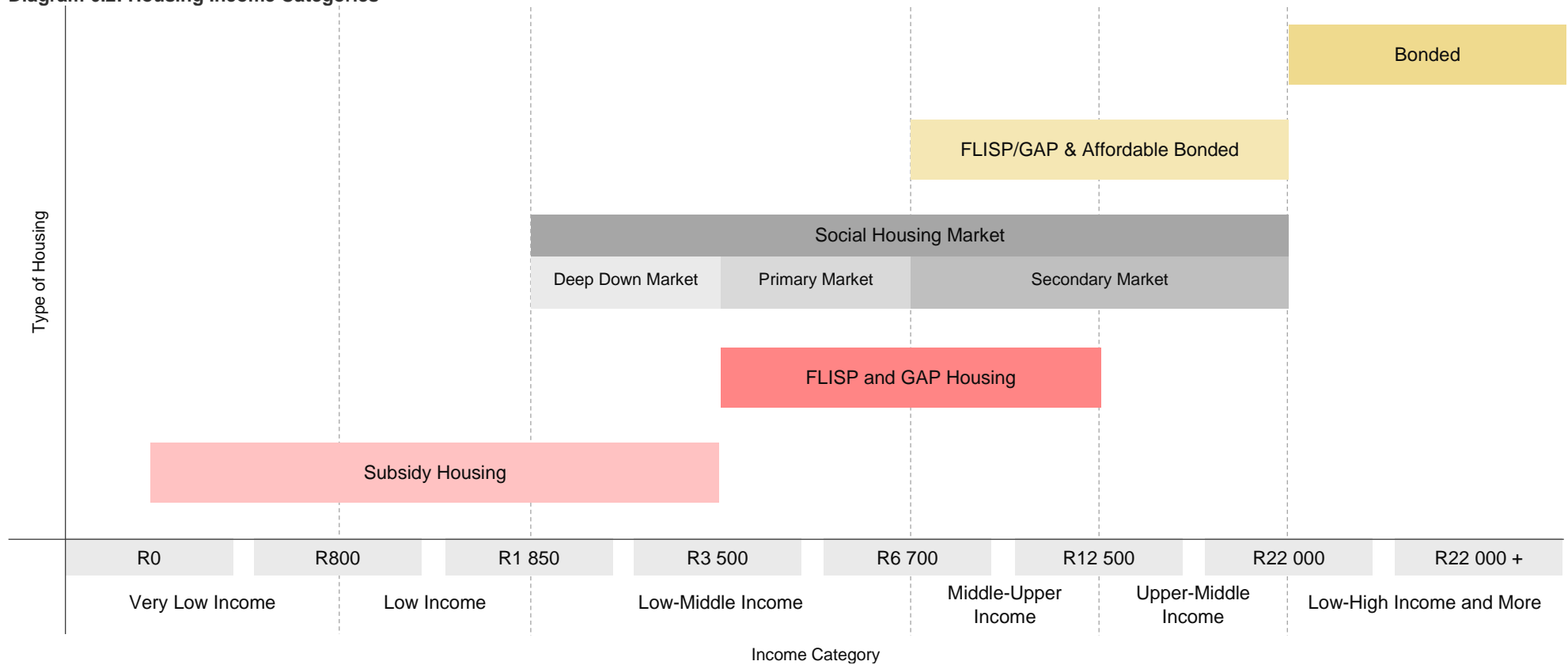
### 6.9.1 DEFINING MARKET DEMAND

The following section provides an overview and explanation of how the residential market and residential market demand is defined.

### Defining the Residential Market

The residential market refers to land uses associated with human habitation such as housing or dwelling units. Residential use can vary in typology, density, tenure, structure, layout, and affordability. 'Residential' does not include hotels or guesthouses, which are defined as being 'short-stay' accommodation.

Diagram 6.2: Housing Income Categories



Source: DEMACON, 2023

## Defining Residential Market Demand

Residential demand depends on a variety of factors. In this context, residential demand can be conceptualised as follows:

$$\text{Dres.} = f \{ \text{Po; P\%; Q; Pr; Pr\%, ROI, I, Tx; Y; Hs; R; Ci; Hs; Hp} \}$$

Where:

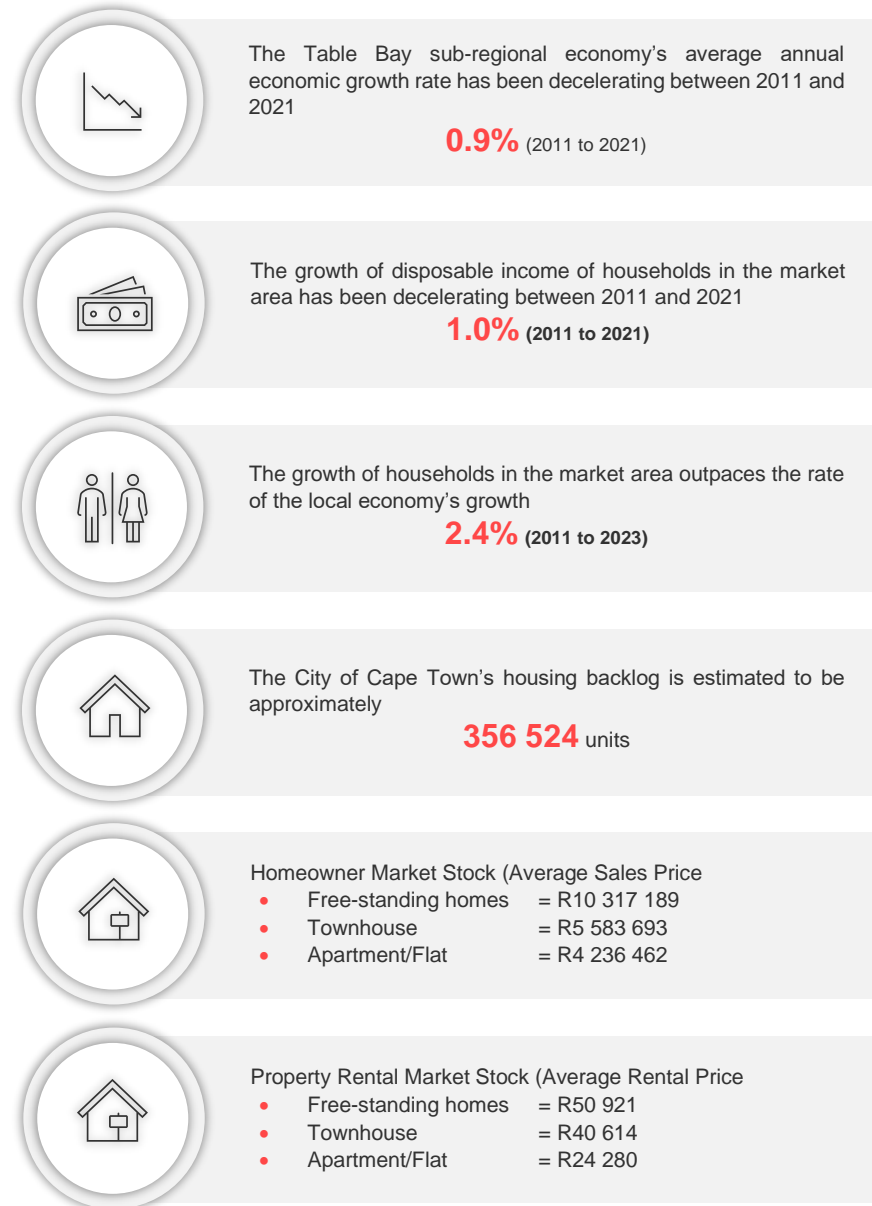
Po	=	Population Size
P%	=	Population growth rate
Q	=	Existing quality of residential environment
Pr	=	House prices
Pr%	=	Growth in house prices
ROI	=	Return on investment
I	=	Interest rates
Tx	=	Rates and Taxes
Y	=	Household income
Hs	=	Household size
R	=	Rent
Ci	=	Cap Rates
Hs	=	Housing shortage
Hp	=	Housing preferences

In essence, market demand for housing is a function of:

- Socio-economic characteristics – size, distribution, etc
- Socio-economic growth trends – distribution, rate of change, etc
- Household annual income profiles
- Current subsidised housing demand and backlogs
- Urban development trends
- Real estate market indicators – rental rates, supply, etc

### 6.9.2 KEY INDICATORS INFLUENCING MARKET DEMAND

The following provides an overview of the key indicators that influence market demand for residential dwelling typologies.



### 6.9.3 INCOME AND HOUSING AFFORDABILITY

The following table and figures provide an overview of the annual housing income range of the source market area. The data also provides an overview of

the house price midpoints attainable by the source market area based on their average annual household income.

**Table 6.2: Residential Affordability Profile**

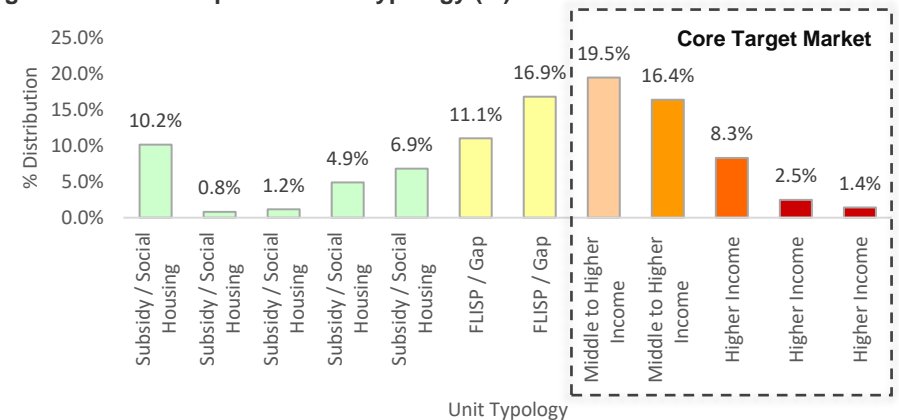
Income Midpoint (2023)	House Price (Midpoint)	Generic Indicative Unit Size	Distribution of New Household Growth (2023 to 2033)		Classification	Key Outcomes and Considerations
			%	New Growth		
R0	R0	40m <sup>2</sup> - 50m <sup>2</sup>	10.2%	340	Subsidy / Social	<ul style="list-style-type: none"> <li>The core target market of the bonded segment is households earning on average between R284 421 and R4 550 727 per year</li> <li>This segment can afford residential properties that cost between R770 000 and R12.3 million</li> <li>New growth over the next 5-years amounts to approximately 3 339 units</li> </ul>
R2 963	R8 025	40m <sup>2</sup> - 50m <sup>2</sup>	0.8%	27	Subsidy / Social	
R8 899	R24 073	40m <sup>2</sup> - 50m <sup>2</sup>	1.2%	39	Subsidy / Social	
R17 777	R48 145	40m <sup>2</sup> - 50m <sup>2</sup>	4.9%	164	Subsidy / Social	
R35 553	R96 288	50m <sup>2</sup> - 60m <sup>2</sup>	6.9%	229	Subsidy / Social	
R71 106	R192 573	60m <sup>2</sup> - 70m <sup>2</sup>	11.1%	369	FLISP / GAP	
R142 211	R385 145	80m <sup>2</sup> - 90m <sup>2</sup>	16.9%	563	FLISP / GAP	
R284 421	R770 288	120m <sup>2</sup> - 140m <sup>2</sup>	19.5%	652	Middle Income	
R568 841	R1 540 575	140m <sup>2</sup> - 400m <sup>2</sup>	16.4%	549	Middle to Higher Income	
R1 37 682	R3 081 149	420m <sup>2</sup> - 750m <sup>2</sup>	8.3%	278	Higher Income	
R2 275 364	R6 162 296	780m <sup>2</sup> - 1 000m <sup>2</sup>	2.5%	83	Top End	
R4 550 727	R12 324 591	1 000m <sup>2</sup> +	1.4%	47	Top End	

Source: DEMACON Demand Modelling, 2023

**Figure 6.1: Primary Market Area Bonded Housing Affordability Profile**



**Figure 6.2: Market Optimum Unit Typology (%)**












### 6.9.4 MARKET DEMAND MODELLING OUTCOME

The following section provides an overview of the market demand modelling outcome for market based residential demand. The section provides information regarding the market demand modelled, forecast price and rental rates and unit typology profiles.

#### **Market Based Residential Demand**

The following table provides an overview of the market based residential demand modelling outcomes for the proposed development.

**Table 6.3: Market Based Residential Demand**

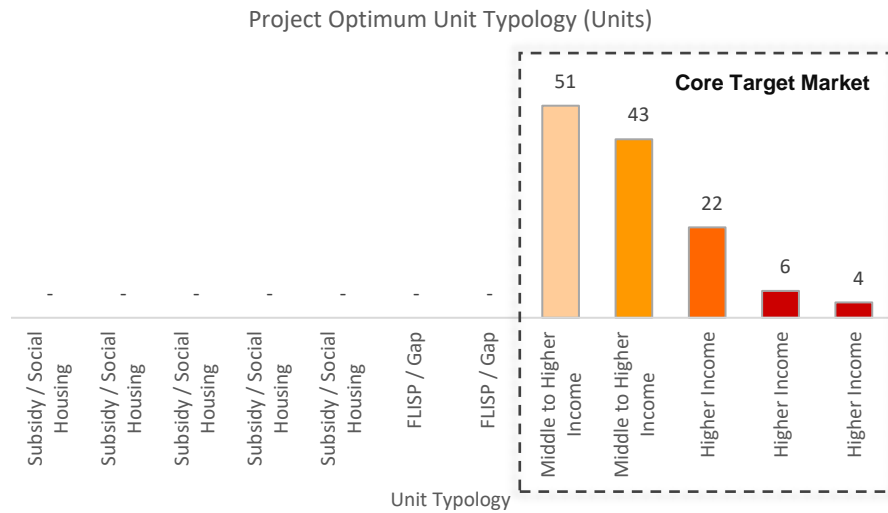
<b>Total Market</b>			
	Additional Households: Base Year +5 Years		3 339
	Annualised Market Growth (Full Housing Spectrum)		668
	FLISP & Bonded Housing Segment		76.1%
	FLISP & Bonded Housing Demand per Annum		508
②	Annual Secondary Market Contribution (Units/Annum)	Min	375
		Max	750
	Total Annual FLISP & Bonded Housing Market Take-Up	Min	883
		Max	1 258
<b>Project Specific FLISP &amp; Bonded Housing Units</b>			
	Project Specific FLISP & Bonded Units		125
	Forecast Market Share of Total Market Sales	Min	5%
		Max	8%
	Project Forecast Total Annual Take-Up Rate (Units / Annum)	Min	44
		Max	101
	Years to 80% Take-Up (FLISP & Bonded Housing Units)	Min	1.2
		Max	2.8
		Avg	2.0
	Optimum Point of Market Entry		2024

Source: DEMACON Demand Modelling, 2023

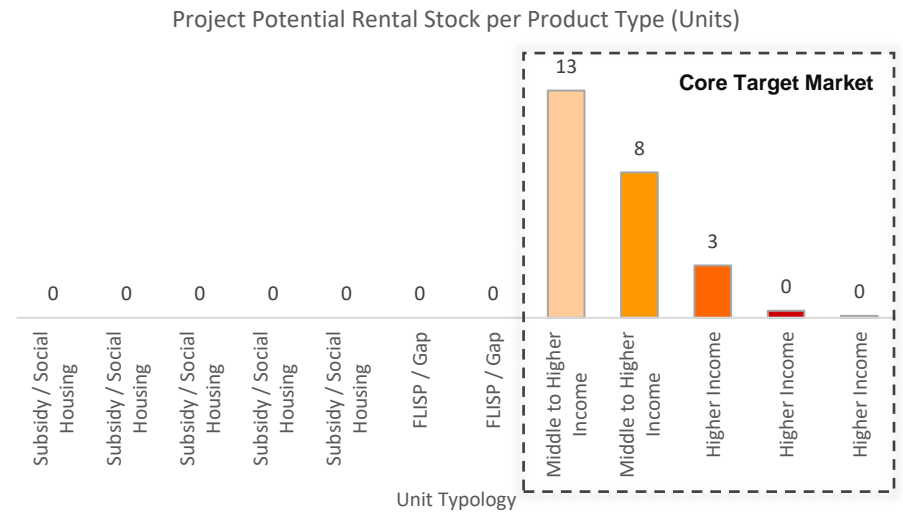
### Demand Modelling Findings

- Modelling portrays demand and take-up based on prevailing (historic short and long term) market trends. As such, it can be expected that demand conditions may continue to improve.
- The table shows two sections, 1) total market and 2) project specific. Between 2023 and 2028 an estimated 3 339 new households will seek accommodation in the target geographic market area, resulting in an annual growth in demand of approximately 668 units (across the full housing spectrum, including informal and subsidy).
- Under present market conditions, the finance-linked and bonded segment (76.1%) will yield a take-up rate of between 883 and 1 258 units per annum (including new households and resales).
- A total of 125 units could be developed and taken-up within approximately 2 years (80% take-up).

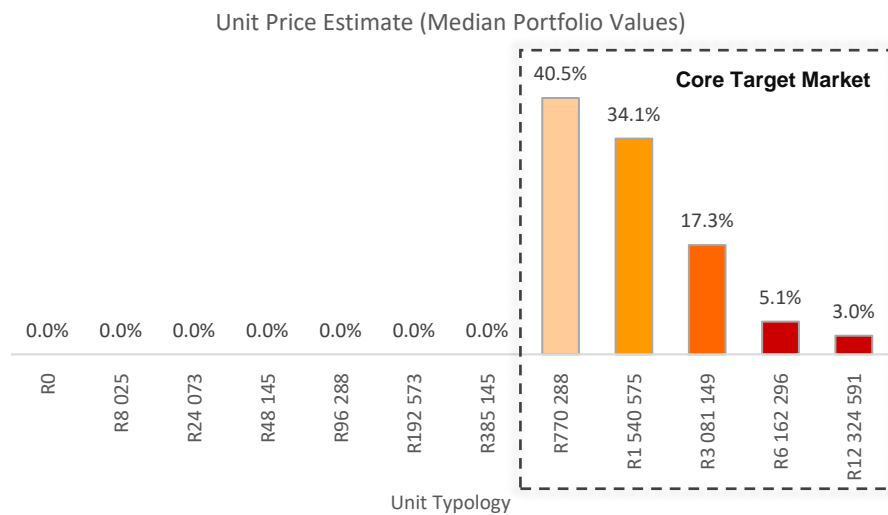
**Figure 6.3: Project Optimum Unit Typology (Units)**



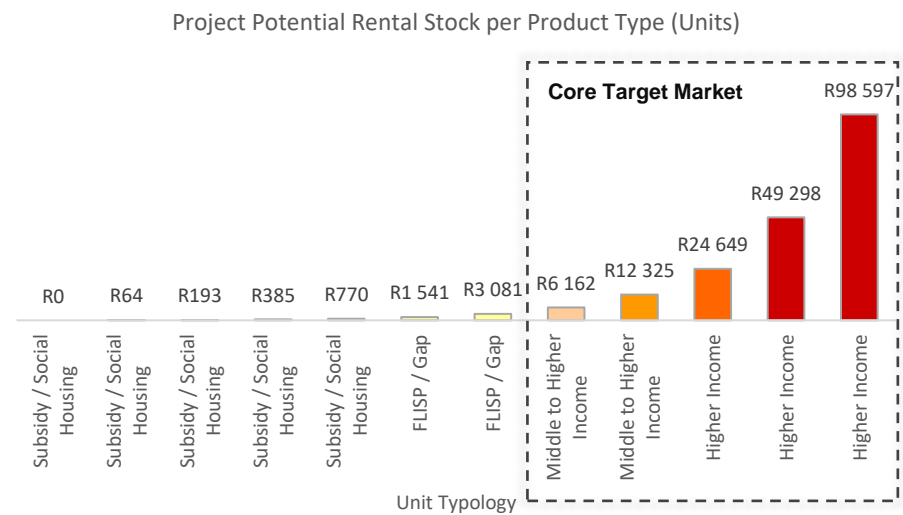
**Figure 6.5: Project Potential Rental Stock per Product Type (Units)**



**Figure 6.4: Unit Price Estimate (Median Portfolio Values)**



**Figure 6.6: Project Potential Rental Stock per Product Type (Units)**



## 6.10 SYNTHESIS

This Chapter of the report focused on determining supply and demand attributes of the residential market of the primary market area of the proposed development.

The market area of the proposed development consists of a 10-minute drive time from the proposed development site. The market area primarily consists of the inner-city urban core of the City of Cape Town and includes the City Bowl, Foreshore and Harbour areas. The market area also incorporates suburbs such as Salt River to the east of the inner city and Green Point and Sea Point to the west of the Inner City. The market area represents a primarily built-up urban environment that conforms to the topographic constraints imposed by Table Mountain and its extended nature conservation areas. Residential supply characteristics in the primary market area show that properties listed for sale primarily consist of apartments/flats (more than 81% of properties currently advertised). A similar dynamic can be observed when considering the renting of property in the market, which shows that the overwhelming majority of properties listed for rental purposes consist of apartments/flats (82.6% of listed properties).

New residential development in the market area is a mixture of infill development and brownfields redevelopment. Greenfields development typically represents the development of existing vacant land outside the established urban boundary and within the urban development line. Within the context of the primary market area, the development of greenfield opportunities is limited given the built-up nature of the primary market area. New development opportunities generally represent infill development of existing underutilised and vacant land parcels within the inner city, City Bowl, and suburbs in the Atlantic Seaboard and Salt River and Woodstock areas. Very few vacant properties are available in the Cape Town CBD and its immediate suburbs. The District Six area offers sizeable vacant land for new development that act as infill development within the existing urban conglomeration. Brownfields development is a key occurrence in the CBD, City Bowl, Atlantic Seaboard, Salt River, and Woodstock. Many recent and proposed developments are brownfields development opportunities that repurposes dated and underutilised office stock and other buildings into mixed use, residential or tourist orientated development opportunities. This trend has been a core component of new development opportunities in the central urban core of the City and is likely to remain a key driver of new development opportunities.

Development activity in the market area is a mixture of medium- to high-density buildings that focus on residential apartments and flats at various price points that cater to middle and high- income households, foreign investors, and young professionals. The key trends affecting the growth of residential development in the Cape Town Inner City and surrounds include the attraction of young professionals to the central urban neighbourhood of the city, the continuing trend of digital nomadism which allows workers more ease to work and stay wherever they choose, and a centrist focus on combining live, play and work functions as part of a lifestyle within the inner city (mixed-use development orientated functions). The movement toward inclusive living and working is playing a vital role in how buildings are designed and configured to support household lifestyles within a neighbourhood and community focus. Services offered by new developments typically focus on fibre connectivity, convenience retail, restaurants, coffee shops, concierge, outdoor entertainment, wellness centres and business functionality. The case study analysis undertaken as part of the Chapter considered current residential trends in the market area. The case studies identified that residential developments are focused on integrated functions and amenities and seeks to provide an array of configuration options at varying prices. In some instances, apartments are fully furnished or the option for a fully furnished apartment is provided.

The MSDF and densification policy of the City of Cape Town identifies that the proposed project is located in a mixed-use intensification area which should seek to incorporate several uses such as residential, retail, commercial and social spaces. Furthermore, the development site forms part of a metropolitan / sub-metropolitan urban node which allows the proposed development to accommodate up to 375 dwelling units per hectare (net) and up to 15 storeys of vertical development.

The gap analysis for the market based residential market, considering apartments, shows that a gap exists - market entry is to focus on 2024 onwards.

Development Type	Effective Market Gap	Development Prospect
Residential Apartment (High-Rise)	Yes	High

### 6.10.1 MARKET DEMAND ANALYSIS SUMMARY AND HIGH-LEVEL RECOMMENDATIONS

The following summarises the demand potential of market-based residential as part of the proposed development. The purpose is to highlight the opportunities

and potential configurations that could be considered as development opportunities for the project.

The following table outlines the high-level recommendations for the proposed market-based residential opportunity. The data contained in the table reflects.

**Table 6.4: Market Based Residential Market Demand Analysis Summary and High-Level Recommendations**

Land Use	Location Analysis Outcome	Market Gap Assessment and Development Prospects	Demand Modelling Results
Residential Apartments – High-Rise (Bonded and Rental)	84.4% Is an exceptional site rating and indicates that the most important fundamentals for a successful development is in place	Market Gap <b>Yes</b>	<p style="text-align: center;"><b>125 Units</b></p> <ul style="list-style-type: none"> <li>Modelling portrays demand and take-up based on prevailing (historic short and long term) market trends. As such, it can be expected that demand conditions may continue to improve.</li> <li>The table shows two sections, 1) total market and 2) project specific. Between 2023 and 2028 an estimated 3 339 new households will seek accommodation in the target geographic market area, resulting in an annual growth in demand of approximately 668 units (across the full housing spectrum, including informal and subsidy).</li> <li>Under present market conditions, the finance-linked and bonded segment (76.1%) will yield a take-up rate of between 883 and 1 258 units per annum (including new households and resales).</li> <li>A total of 125 units could be developed and taken-up within approximately 2 years (80% take-up).</li> </ul>
		Development Prospects <b>High</b>	

Target Market	% of Target Market	Sales Units	Sales Price Range	Rental Units*	Rental Price Range	Composition	Unit Sizes (m <sup>2</sup> )
40.5%	21.1%	26	R770 000 – R950 000	13	R6 000 – R7 500	0.5-bedroom, 1 bathroom	20 – 30
	19.5%	24	R950 000 – R1.2 million	8	R7 500 – R9 000	0.5-bedroom, 1 bathroom	30 – 40
28.3%	17.7%	22	R1.2 million – R1.5 million	3	R9 000 – R12 000	1 bedroom, 1 bathroom	40 – 50
	16.4%	21	R1.5 million – R3.0 million	0	R12 000 – R18 000	1 bedroom, 1 bathroom	50 – 60
17.3%	17.3%	22	R3.0 million – R6.0 million	0	R18 000 – 24 000	2-bedroom, 1 bathroom	60 - 80
8.1%	8.1%	10	R6.0 million +	0	R24 000 +	2-bedroom, 2 bathrooms	80 - 100
<b>Total</b>	<b>100%</b>	<b>125</b>		<b>24*</b>			

Source: DEMACON Demand Modelling, 2023

\*Part of total number of units (125)



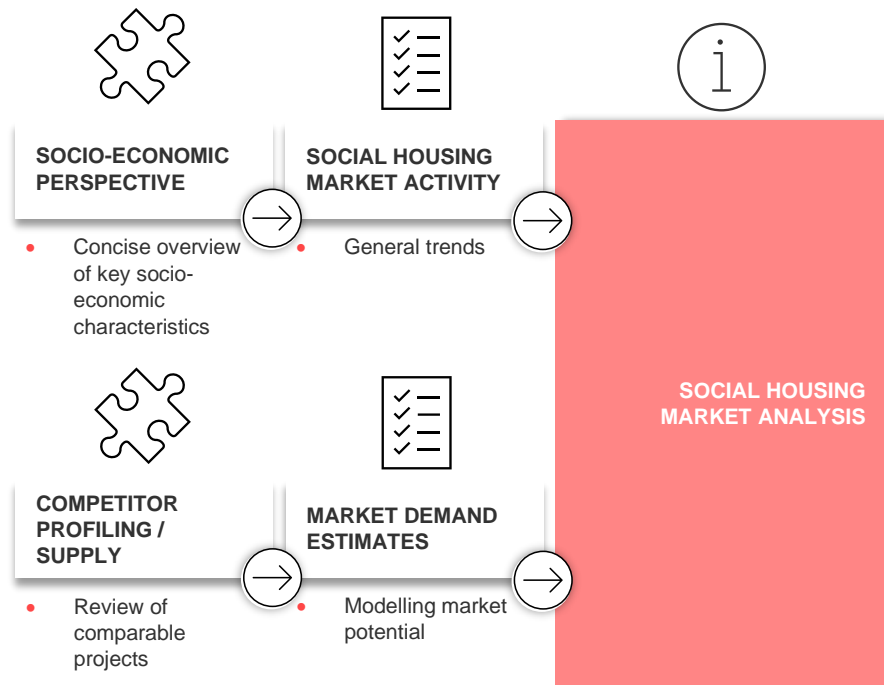
## 7 SOCIAL HOUSING MARKET ANALYSIS

### 7.1 INTRODUCTION

The following chapter is focused on an assessment of the social housing market with the objective of estimating the development potential within the designated market area.

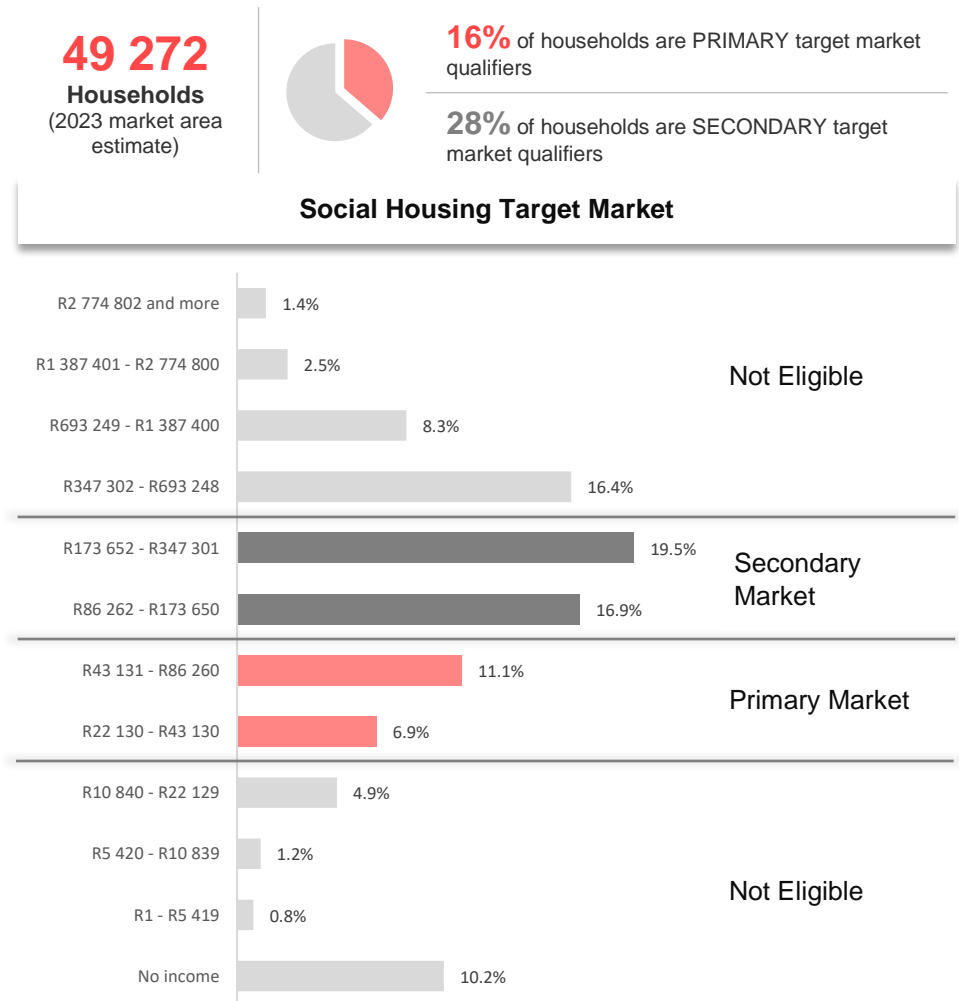
In order to reach this objective, the supply and demand for residential facilities within the market area should be identified and assessed in terms of current trends.

Diagram 7.1: Chapter 7 Core Themes



### 7.2 SOCIO-ECONOMIC PERSPECTIVE

The following provides a concise perspective of context-specific socio-economic attributes relevant to market-based residential developments<sup>4</sup>.



<sup>4</sup> DEMACON ex Statistics South Africa Census and General Household Survey, 2023

### 7.3 SOCIAL HOUSING IN SOUTH AFRICA

As part of reviewing affordable housing in a South African context, reference is made to the comprehensive plan for the development of sustainable human settlements, the diversity of housing programmes and instruments, and a focus on social housing.

This information is aimed at providing a concise and short overview of affordable housing in order to contextualise the background and concept of affordable and social housing and the implementation of affordable / social housing in South Africa.

#### 7.3.1 COMPREHENSIVE PLAN FOR THE DEVELOPMENT OF SUSTAINABLE HUMAN SETTLEMENTS

The Comprehensive Plan for the Development of Sustainable Human Settlements has been adopted and implemented as a framework to allow for a shift in perspective and implementation of housing. Historical policies and plans sought to implement housing without considering factors such as sustainability, economic development, and socio-economic conditions which, in the context of the new plan, is directed towards creating a sustainable environment in which housing, security of tenure, access to services and infrastructure and future economic prosperity can be achieved.

Based on the medium-term vision of the plan, the following objectives are sought to be achieved:

- Accelerating the delivery of housing as a key strategy for poverty alleviation
- Using the provision of housing as a major job creation strategy
- Ensuring that land and housing can be accessed by all as an asset of wealth creation and empowerment
- Leveraging growth in the economy
- Combating crime, promoting social cohesion and improving the quality of life for the poor
- Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy's property slump and

- Using housing delivery as an instrument for the development of sustainable human settlements, in support of spatial restructuring

The plan seeks to have a comprehensive approach to housing delivery in South Africa and has sought to support the entire residential housing market by covering the entire market, providing individual housing solutions, increasing private sector participation, effectively and efficiently provide housing financing and creating links between the primary and secondary residential property market.



Apart from housing programmes in action pre-2004, additional programmes have been introduced and includes the upgrading of informal settlements, enhanced range of housing typologies, better located housing projects, focusing on inner city areas, including social and economic infrastructure, and improving housing amenities.

The plan has also set out to improve the role and functions of local government in housing and the instruments, communication, and financing of projects. The streamlining of governments role along with good governance, limiting maladministration, and improved planning and implementation are core elements which seek to enhance how housing delivery is done.



#### 7.3.2 HOUSING PROGRAMMES AND INSTRUMENTS

The following table outlines current housing programmes and instruments used in the delivery of sustainable human settlements.

Diagram 7.2: Housing Programmes and Instruments

Housing Programme	Description
 Integrated Residential Development Programme	The IRD programme facilitates the development of integrated human settlements in well-located areas that provide convenient access to urban amenities, including places of employment. The programme also aims to create social cohesion
 Upgrading of Informal Settlements	The programme seeks to upgrade the living conditions of millions of poor people by providing secure tenure and access to basic services and housing
 Provision of Social and Economic Facilities	The funding mechanism seeks to providing funding for primary social and economic facilities in housing projects where funding is not available

Housing Programme	Description
 Housing assistance in Emergency Circumstances	The provision of emergency housing in the event of emergency or disaster situations. The housing provided is temporary
 Social Housing Programme	The programme seeks to address spatial inequalities by allowing secure tenure to households that prefer mobility because of rental accommodation. The programme is applicable to restructuring zones which are identified as areas of economic opportunity and where urban renewal / restructuring impacts can best be achieved
 Institutional Subsidies	The social housing programme is isolated to restructuring zones, whereas the institutional subsidy is aimed at providing affordable rental units in areas not part of restructuring zones
 Community Residential Units Programme	The CRU programme is aimed at affordable rental stock not covered by the social housing and institutional subsidies programmes. The programme considers the poorest market segment and provides residential options in government owned hostel facilities
 Individual Subsidy Programme	This Programme provides access to state assistance where qualifying households wish to acquire an existing house or a vacant serviced residential stand, linked to a house construction contract through an approved mortgage loan. These properties are available in the normal secondary housing market or have been developed, as part of projects not financed through one of the National Housing Programmes
 Rural Subsidy: Communal Land Rights	The Programme thus deals with the rules for housing subsidies for housing development on communal land registered in the name of the state or which will be held by community members subject to the rules or custom of that community
 Consolidation Subsidy Programme	The programme provides for the completion of houses on the serviced sites
 Enhanced Discount Scheme	To support decisions made regarding the transfer of pre-1994 housing stock and is intended to

Housing Programme	Description
 Enhanced People's Housing Process	stimulate and facilitate the transfer of public housing stock to qualifying occupants  Assists households who wish to enhance their houses by actively contributing towards the building of their own homes. The process allows beneficiaries to establish a housing support organisation that will provide them with organisational, technical, and administrative assistance. Training and guidance on how to build houses are also supplied
 Farm Residents Assistance Programme	Provides capital subsidies for the development of engineering services- where no other funding is available, and adequate houses for farm workers and occupiers in a variety of development scenarios. The Programme attempts to address the wide variety of housing needs of people working and residing on farms by providing a flexible package of housing models to suit the local context

Source: National Housing Policy and Subsidy Programmes, Department of Human Settlements, 2010

### 7.3.3 SOCIAL HOUSING – STATUS OF THE SECTOR

The following section is aimed at providing a concise overview of the extent to which social housing has impacted on the affordable and government sponsored housing context in South Africa. The information aims to provide background and a trend analysis of social housing as an active role-player in housing.

#### Broad Overview

The importance of social housing as an active role-player in the context of South Africa’s subsidised housing market has grown in recent history. The perception that social housing can be an active agent to address South Africa’s ability to deal with urbanisation challenges is gaining traction. The idea that social housing can also contribute to resolving issues related to growing inequality, urban poverty and spatial fragmentation is key and cornerstone to the concept.

Within the context of other housing programmes in the country, social housing is the only delivery agent that can directly provide housing options at desired

densities that enhance spatial transformation, public transport efficiency and urban inclusivity.

According to the SHRA State of the Sector Report 17/18, a demand shift is occurring in the country's urban areas whereby rental accommodation is sought after by market participants such as youth, the aged, single woman, migrant workers, foreigners, non-qualifiers of RDP and people on RDP waiting lists.

The shift, according to the report, is in part driven by factors such as: the country's low economic growth; city in-migration; inadequate supply of affordable housing; the cost of transport and an expanding youthful population.

### Policy Changes

According to the State of the Sector Report, two policy developments have arisen that impact on the role and function of social housing in South Africa. The first being the Integrated Urban Development Framework which identifies that affordable rental housing, specifically social housing, is important in terms of integrated investment into well-located areas to increase urban amenity access by low- and moderate-income households.

Inner-city investment thus becomes an important role-player, and by extension social housing as an affordable rental housing option.

In close collaboration with the IUDF, the New Africa Agenda focuses on the planning of cities and settlements so that they can be areas where inequality is reduced, inclusive and sustainable economic development is achieved, and protection of the environment is promoted.

Additionally, the South African housing programme is shifting towards a focus on informal settlement eradication, affordable housing, and social housing. The purpose is to closely align to the principles of SPLUMA which considers well-located, integrated, and sustainable developments linked to bulk and connector services and main transport arteries, and sound urban management.

The use of spatial development frameworks is thus also essential in urban management and the promotion of well-located land and areas that can support social housing activities. It thus becomes essential for local authorities to develop SDF's in line with the guidelines and principles of SPLUMA in order to effect greater change in affordable housing provision.

Other important policy and legislative changes include:

Rental Housing Amendment Act 35 of 2014	The amendment further elaborated on the responsibilities of landlord and tenant. It also required each province to establish a Rental Housing Tribunal, to adjudicate complaints between landlords and tenants relating to alleged unfair practices
Rules made by the SHRA	<p>The transfer of social housing stock is guided by the following principles:</p> <ul style="list-style-type: none"> <li>• The need to retain social housing stock to meet the current needs and the reasonably foreseeable needs for social housing.</li> <li>• The rights and interests of the tenants must not be prejudiced by a transfer of social housing stock or rights, and they should not be in a less favourable position as a result of the transfer and</li> <li>• A suitable SHI willing and able to take over the social housing stock must be identified.</li> <li>• The disposal of social housing stock will only be permitted if: <ul style="list-style-type: none"> <li>○ There is sufficient alternative social housing stock within a reasonable distance from the social housing stock to be disposed to meet the needs of the community, including qualifying tenants of social housing stock proposed to be disposed of</li> <li>○ The economic rationale for the proposed disposal is that it is no longer economically viable for the social housing stock to be retained and maintained as such.</li> <li>○ Entities applying to become a social housing institution will be accredited according to two levels, full or conditional accreditation</li> </ul> </li> </ul>
Adjustment of Restructuring Grant parameters and Bands	The RCG has been increased to R155 000 per unit. The primary market income band has been raised to R5 500 household monthly income and the secondary market income band has been raised to R15 000 household monthly income.
Additional Restructuring Zones	The Minister has approved additional restructuring zones. The inclusion of many new Restructuring Zones has occurred in smaller and secondary urban towns across the country.





Relocation of Institutional Subsidy of Cabinet approved that, with effect from 1 April 2017, there should be a single social housing capital funding stream, which must be located at the SHRA. This has resulted in the top-up portion for social housing from the Institutional Subsidy (“IS”) as contained within the Human Settlements Development Grant being shifted from the provincial departments responsible for human settlements to the SHRA.

Relocation of the Community Residential Units (CRU) Grants for New Build initiatives The Human Settlements MINMEC resolved on 9 June 2017 to transfer the funding and programme management of the new build option under the CRU Programme to the SHRA. 148 New build initiatives, catering for low income (earning R 1500 - R 3500) people, will now fall within the social housing programme, enabling accredited SHIs to exercise control and management over the stock. The intention is for CRU units to be fully funded by the CCG

### Social Housing Sector Performance

According to the SHRA Quarterly Report, Quarter 3 2021/22, there are 88 accredited Social Housing Institutions (SHI’s) in the SHRA’s accreditation register, with 8 of the institutions fully accredited, while 80 are conditionally accredited.

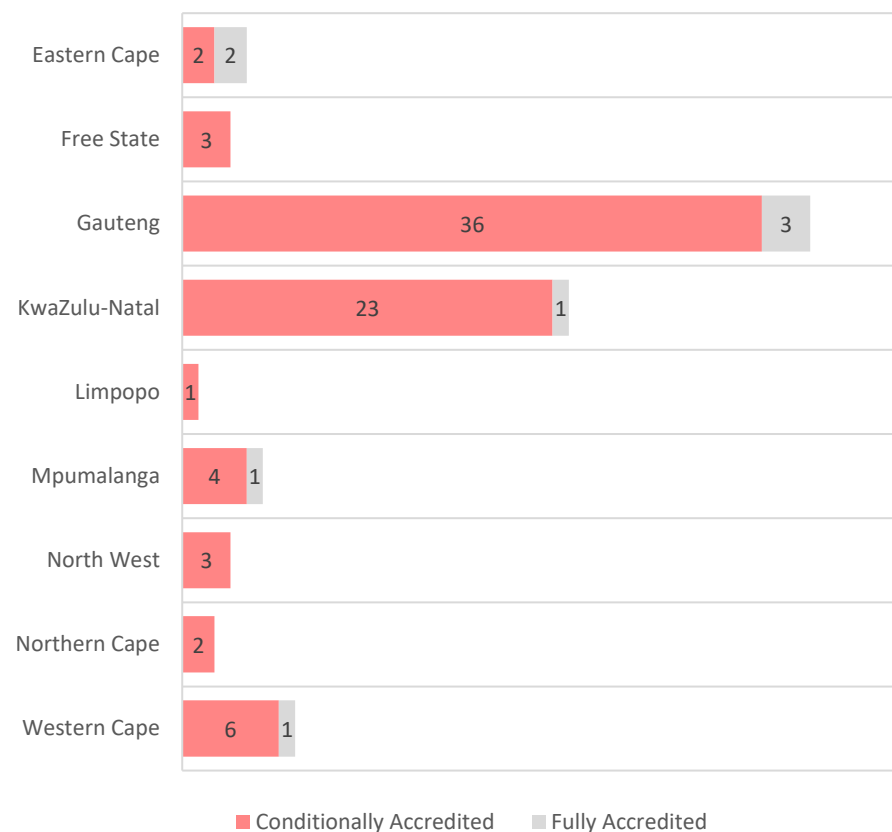
In May 2020, 102 SHI’s were registered with the SHRA, of which 12 were fully accredited. The increase in SHI registering with the SHRA is noted as being the result of the revised quantum’s generating more confidence in the sector; an appreciation of the demand for social housing products and slow economic growth driving businesses to seek opportunities in the subsidised sector.

During the publication of the report, it was noted that SHI’s are struggling to gain critical mass and lacks the necessary expertise in development management. Changes to quantum’s and target market income bands could assist the SHI’s to deliver more timeous units, whilst targeting other delivery agents to participate in social housing development may assist with greater delivery. According to this report, 20 conditionally accredited SHI’s also have projects under management and these SHI’s are reporting on the performance of their projects where compliance issues are raised, and support is provided, or remedial action required for the SHI’s to increase their performance and potentially achieve full

accreditation. This implies that 60 conditionally accredited SHI’s do not yet manage social housing stock.

Of the 60 SHI’s mentioned above, 10 have projects approved by the SHRA where these are in the planning or construction phases and where support is provided by Project Development and Funding in consultation with Sector Development and Transformation to assist these SHI’s such that the projects may be completed and tenanted.

**Figure 7.1: Fully and Conditionally Accredited Social Housing Institutions in South Africa per Province**



Source: DEMACON ex SHRA Q3 2021/22 Quarterly Report, 2023

**Table 7.1: Unit Target and Progress per Province (Quarter 3 2021/22)**

Province	MTSF Target (Up to 2019)	Number of Delivery Agents	Number of Projects	of Units	2019/20 Delivered	2020/21 Delivered	YTD	2021/22 Delivered	Q1
Eastern Cape	2 160	4	4	1 838	452		385		0
Free State	2 160	3	3	1 488	0		0		0
Gauteng	6 606	21	30	13 987	2 140		1 049		1 471
KwaZulu-Natal	2 052	3	3	2 924	0		0		0
Limpopo	720	1	1	494	0		164		172
Mpumalanga	1 026	2	2	1 329	114		0		0
North West	1 908	2	2	1 501	0		0		0
Northern Cape	360	1	1	372	0		0		0
Western Cape	2 736	8	10	3 466	304		258		326
<b>Total</b>	<b>18 000</b>	<b>45</b>	<b>56</b>	<b>27 467</b>	<b>3 010</b>		<b>1 856</b>		<b>1 969</b>

Source: DEMACON ex SHRA (adapted), 2021

**Social Housing Sector Units Managed**

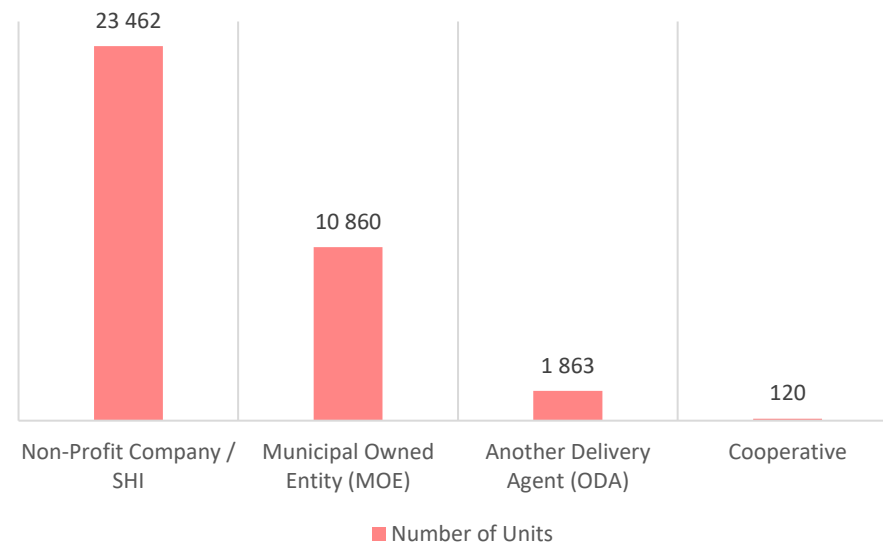
Over the MTSF 2014 to 2019 period, the number of units under regulation grew from 20 447 to 36 305, an increase of 15 858 at an average 3 172 per annum. If the data is expanded to include 2019/20, the first year of the new MTSF, the number of units under regulation increased by 3 102 units to 39 407 at end-March 2020

**Table 7.2: Units Under Regulation by Delivery Agent Type**

Delivery Agent	Number of Agents	Percentage	Number of Units	Percentage
Non-Profit Company / SHI	20	71%	23 462	65%
Municipal Owned Entity (MOE)	4	14%	10 860	30%
Another Delivery Agent (ODA)	3	11%	1 863	5%
Cooperative	1	4%	120	-
<b>Total</b>	<b>28</b>	<b>100%</b>	<b>36 305</b>	<b>100%</b>

Source: DEMACON ex SHRA Social Housing State of Sector Report, 2023

**Figure 7.2: Units Under Regulation by Delivery Agent Type**



Source: DEMACON ex SHRA Social Housing State of Sector Report, 2023

## Lessons and Trends

Diverse Social Housing Project Location and Forms	Local Government Support	Government and Staffing	Growth Potential
<ul style="list-style-type: none"> <li>The recent adjustments to the social housing grant quantum and income bands may alleviate some of the locational and tenanting challenges for social housing projects.</li> <li>Local government commitment to social housing and making land and buildings available for social housing in appropriate locations is critical for success within the sector.</li> <li>Projects that are well-located have high demand. It is more difficult to attract primary market tenants to projects in suburbs owing to the lack of access to public transport and other social and economic amenities. As such, project location is key to achieving the developmental objectives of social housing.</li> <li>Integrated and well-located state subsidised human settlements projects offer opportunities to extend social housing.</li> </ul>	<ul style="list-style-type: none"> <li>Municipalities to understand the nature, objectives, and form of social housing, as well as how social housing financing works and how social housing can be supported by municipalities.</li> <li>Municipalities to have clear social housing policies in place across municipal departments to enable the sector.</li> <li>A need to engage further regarding the arguments for and against SHIs operating as municipal-owned-entities.</li> <li>Strong and accountable local government that creates an enabling environment for social housing through the provision of land and infrastructure and supporting financial provisions.</li> </ul>	<ul style="list-style-type: none"> <li>The SHRA should consider providing training for SHI Boards to further promote good governance and accountability within the sector.</li> <li>There is a need for peer-to-peer learning of governance best practices within the sector and to explore alternative means of building strong relations with the public sector to inviting representation on SHI Boards.</li> <li>Passionate staff who understand and are committed to social housing play a significant role in meeting the desired outcomes of the sector.</li> <li>There may be opportunities for SHIs to share certain staffing services, such as legal services.</li> </ul>	<ul style="list-style-type: none"> <li>The changing of the revised RCG subsidy quantum is unlocking investment within the social housing sector. However, in the absence of inflation-indexing the gains will be lost in the next few years. The anticipated payment of VAT will also undermine the gains made within the sector.</li> <li>The lack of equity partners within the sector and the reliance on own resources for equity contributions by SHIs slows the pace of delivery within the sector.</li> <li>A combination of seed funding, interest free and subsidised bridge funding, favourable finance from the NHFC, the subsidies and strong cost containment mechanisms are important to allow SHIs to develop a good quality product at a scale which enables them to invest its own equity into projects, allowing for continued growth.</li> <li>Appropriate land availability, particularly state land which can be made available on affordable terms is critical to unlocking growth within the sector.</li> </ul>
Company Diversification	Social Challenges	Project Land Availability	Project Planning Approvals
<ul style="list-style-type: none"> <li>Cross subsidisation of private and social housing rentals is an innovative way to encourage private sector participation within the social housing sector.</li> <li>SHI involvement in the private rental market has implications for corporate governance with some SHIs establishing separate company vehicles to implement their private sector initiatives.</li> <li>A concern is that the SHIs may over time decrease their participation in the social housing sector and focus on the private rental market.</li> <li>The social housing financing model will play an important role in maintaining the attractiveness of the sector to participants.</li> </ul>	<ul style="list-style-type: none"> <li>Social housing project planning needs to be evaluated in terms of the accommodation of social facilities and services.</li> <li>The operational costs of SHIs need to factor in social services spend.</li> <li>SHIs have demonstrated innovative approaches to mobilising public and private sector partnerships in addressing the social challenges.</li> <li>There is a need to monitor the provision or facilitation of social services by SHIs and to share best-practices.</li> </ul>	<ul style="list-style-type: none"> <li>Well-located land for social housing is costly and the making available of publicly owned land at a subsidised cost or lease for projects is extremely beneficial and enhances the financial viability of both the projects and the SHIs.</li> <li>Accessing, releasing, and packaging land for social housing is time-consuming and this time needs to be factored into target setting and project planning.</li> <li>Local government support for land release for social housing is a critical success factor for projects within the sector.</li> </ul>	<ul style="list-style-type: none"> <li>Metros that have adopted clear SDFs that prioritise social housing and social housing policies are in a stronger position to fast-track social housing development approvals.</li> <li>The lengthy and costly project preparation phase places financial pressure on SHIs, with SHIs needing to be in a strong enough position to cope with these demands or partnering with private developers and municipalities to share this cost and risk.</li> <li>The additional costs of green servicing standards on social housing projects should be calculated and factored into the social housing financing model.</li> <li>At the same time, however, embracing the green building certification programme may open new financing opportunities for SHIs.</li> </ul>

Project Financing	Speed of Tenanting Projects	Sub-Letting	Tenant Evictions
<ul style="list-style-type: none"> <li>• Social housing grants are critical to the existence of the sector. Participation in the sector is directly linked to the availability of the grants.</li> <li>• There seems to be a movement from SHIs being wholly dependent on public funding, to being able to raise some of their own equity and securing additional private sector finance particularly amongst the more established SHIs that are already managing and developing new stock.</li> <li>• Local government can successfully incentivise and enhance the feasibility of social housing with appropriate benefits such as rates rebates, discounted development contributions, subsidised land and crowding in of other development grants.</li> </ul>	<ul style="list-style-type: none"> <li>• Project tenanting is not identified as a major challenge by the case-study SHIs, except in instances where external factors (such as delays in the electrification of projects) delay project completion and therefore the speed of tenanting. In these instances, there are major financial implications for the SHI. The project approval process should be further strengthened to ensure all conditions precedent are met.</li> <li>• The reason for the linking of the final RCG payment to tenanting is understood by the SHIs. However, payment delays are easier to manage in phased projects where the SHI is receiving rental income from part of the project that assists with cash flow. It may be necessary to review the final RCG payment system to alleviate the financial pressures experienced by the SHIs.</li> <li>• Criteria for qualifying for social housing are more easily met in the secondary than primary markets. The nature of the primary market is vulnerable, and the target set for this market may be unrealistic. The shifting of the income bands has addressed this problem to some extent.</li> </ul>	<ul style="list-style-type: none"> <li>• In these instances, the lease agreements may be signed by "front people" and not the actual tenant. This results in a problem where not all tenants should qualify for social housing. The SHI stated that: "There are all sorts of cars in the social housing complexes that don't belong there." Some research has proposed that more flexible practices around sub-letting should be allowed to enhance affordability in the inner-city areas, such as Johannesburg.<sup>30</sup> The challenge with this approach is that the regulation over the sector delivering social housing units to the intended target markets will be weakened. One of the SHI's noted that it can provide for dual letting a unit between two parties, in this instance both parties are vetted by the SHI.</li> </ul>	<ul style="list-style-type: none"> <li>• Given the vulnerability of the social housing tenant (especially primary) market, developmental measures to assist tenants in need are necessary and should be a requirement of all SHIs.</li> <li>• Given the necessity of evictions as a last resort instrument, legal services may be considered as a shared service for SHIs, possibly at provincial levels to achieve greater financial efficiency.</li> </ul>

### Community Support for Social Housing Projects

- There is a general need for community education on social housing.
- SHIs and municipalities need to engage with the broader community in which a project will be located to address any concerns, highlight the benefits of such projects and facilitate the integration of the social housing project with the broader community.
- SHIs who partner with developers who take responsibility for contractor and construction management can relieve the SHI of this burden.
- Job allocation processes need to be both transparent and proactively managed to minimise potential community conflicts.
- The land allocation process for social housing projects by the municipality or SHI must be transparent.

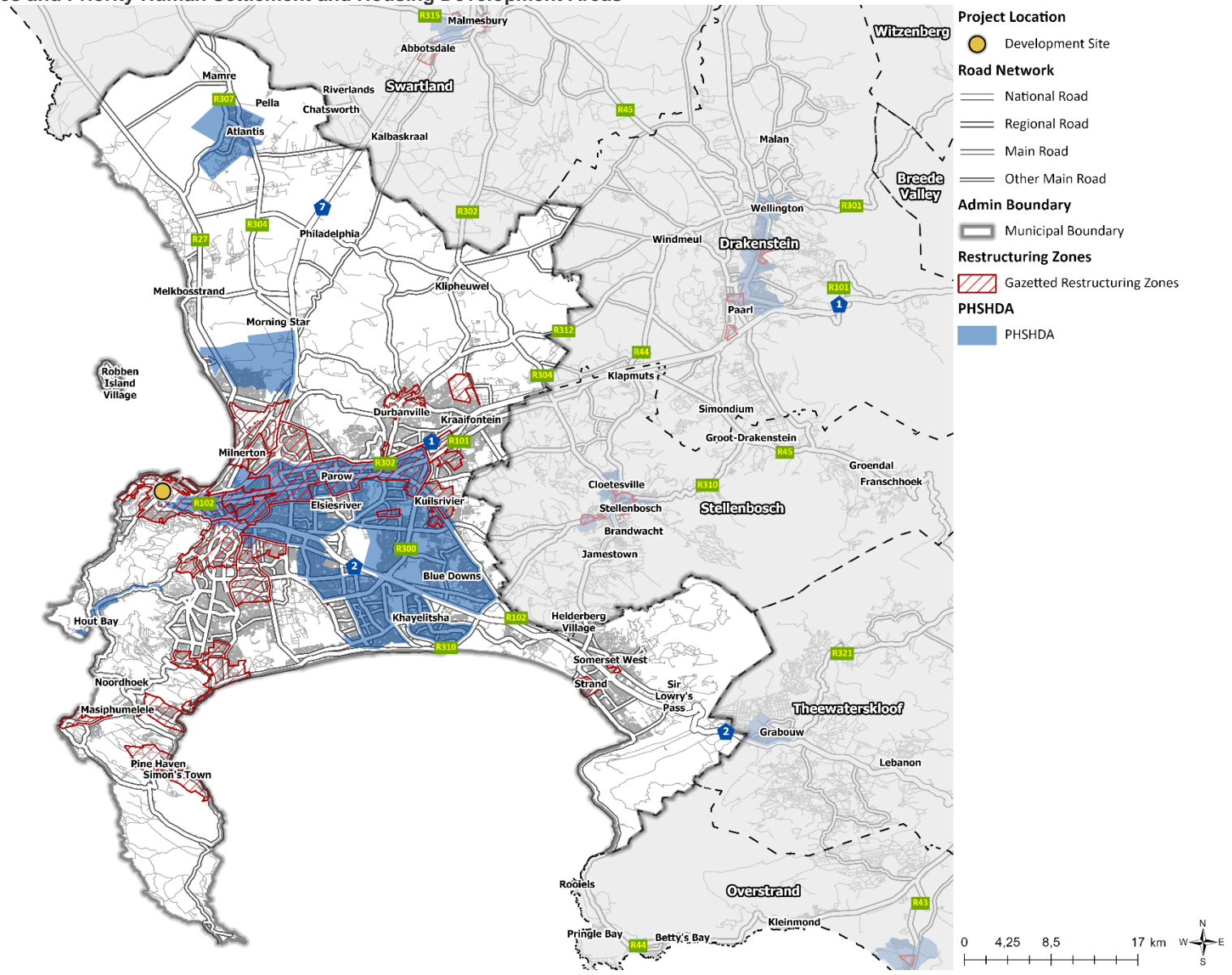
### 7.3.4 CITY OF CAPE TOWN SOCIAL HOUSING RESTRUCTURING ZONES AND PRIORITY HOUSING DEVELOPMENT AREAS

The following map illustrates the Restructuring Zones and Priority Human Settlement and Housing Development Areas (PHSHDAs) within the City of Cape Town Metropolitan Municipality.

The map shows that the proposed development falls outside the Priority Human Settlement Housing Development Areas. The development does however fall within the Restructuring Zones of the City, i.e., social housing can be constructed.



Map 7.1: Restructuring Zones and Priority Human Settlement and Housing Development Areas



Source: DEMACON ex SHRA and the Department of Human Settlements, 2023



## 7.4 SUPPLY PERSPECTIVE

The following provides a brief overview of the supply of social housing projects in the City of Cape Town. The purpose of the information is to provide an indication of the distribution of social housing projects and to identify market contenders. Social housing projects are grouped according to active projects, pipeline projects and projects under regulation.

### 7.4.1 UNDER CONSTRUCTION SOCIAL HOUSING PROJECTS (PDF AWARDED CONTRACTS)

Table 7.3: Social Housing Projects Under Construction

Project Name / Site	Project Type	Project Status	Institution	Entity Type	Region / Main Place	Within Project Market Area	Number of Units
Goodwood Station	Greenfield	Planning	DCI Holdings	SHI	Goodwood	No	1055
Heideveld	Greenfield	Planning	DCI Holdings	SHI	Heideveld	No	180
Bothasig Gardens P3	Greenfield	Tenanting	Communicare	SHI	Bothasig	No	314
Regent Villas Ph2	Greenfield	Construction	Povicom	SHI	CoCT	No	60
Conradie Park P1	Greenfield	Construction	Own Haven Housing Association	SHI	Pinelands	No	432
Pineroads	Greenfield	Planning	SOHCO	SHI	Woodstock	Yes	243
Maitland Mews	Greenfield	Construction	Madulammoho	SHI	Maitland	Tes	204
<b>Total Number Units</b>							<b>2 488</b>

Source: DEMACON Ex Social Housing Regulatory Authority – Contracts Funded and Managed at May 2022

### 7.4.2 PIPELINE SOCIAL HOUSING PROJECTS

Table 7.4: Pipeline Social Housing Projects

Project Name / Site	Project Type	Project Status	Institution	Entity Type	Region / Main Place	Within Project Market Area	Number of Units
Conradie Park Phase 2	Greenfield	Pipeline	Own Haven	SHI	Thornton	No	658
Woodstock	Greenfield	Pipeline	Daku Residential Developments	ODA	Woodstock	Yes	198
Rivergate Social Housing	Greenfield	Pipeline	IHS Social Housing	ODA	Cape Town	No	1162
<b>Total Number Units</b>							<b>2 018</b>

Source: DEMACON Ex Social Housing Regulatory Authority – Contracts Funded and Managed at May 2022

### 7.4.3 UNDER REGULATION SOCIAL HOUSING PROJECTS

Table 7.5: Social Housing Projects that are Under Regulation (Operational)

Project Name / Site	Completion Date	Project Status	Institution	Entity Type	Region / Main Place	Within Project Market Area	Number of Units
New Drommedaris	2011	Under Regulation	Communicare	SHI	Cape Town	No	219
Bothasig Gardens	2013	Under Regulation	Communicare	SHI	Bothasig	No	120

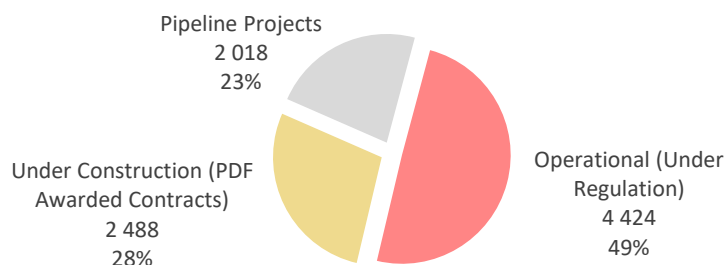
Project Name / Site	Completion Date	Project Status	Institution	Entity Type	Region / Main Place	Within Project Market Area	Number of Units
9 Legacy Villages	2004	Under Regulation	CTCHC	SHI		No	634
Morgens Village	2006	Under Regulation	CTCHC	SHI	Mitchells Plain	No	8
Morgens Village 2	2008	Under Regulation	CTCHC	SHI	Mitchells Plain	No	36
Morgens Village 3	2010	Under Regulation	CTCHC	SHI	Mitchells Plain	No	28
Harmony Village	2016	Under Regulation	CTCHC	SHI	Mitchells Plain	No	754
Scottsdale	2015	Under Regulation	Madulammoho	SHI	Scottsdale	No	500
Belhar	2016	Under Regulation	Madulammoho	SHI	Belhar	No	629
Steenberg Ph 1	2010	Under Regulation	SOHCO	SHI	Cape Town	No	450
Steenberg Ph 2 A	2012	Under Regulation	SOHCO	SHI	Steenberg	No	150
Steenberg Ph 2 B	2014	Under Regulation	SOHCO	SHI	Steenberg	No	100
The Block (Anchorage)	2020	Under Regulation	Urban Status Rentals	SHI	Belville	No	512
Regent Villas P1	2020	Under Regulation	Povicom	ODA	Mitchells Plain	No	104
Conradie Park	2020	Under Regulation	Own Haven Housing Association	SHI	Cape Town	No	180
<b>Total Number Units</b>							<b>4 424</b>

Source: DEMACON Ex Social Housing Regulatory Authority – Contracts Funded and Managed at May 2022

#### 7.4.4 SYNTHESIS

The following summarises social housing supply within the City of Cape Town.

Figure 7.3: Social Housing Supply in the City of Cape Town



Source DEMACON ex SHRA, 2023

Data shows that more than 4 400 social housing units are active in the City of Cape Town. Numerous social housing projects are in various stages of

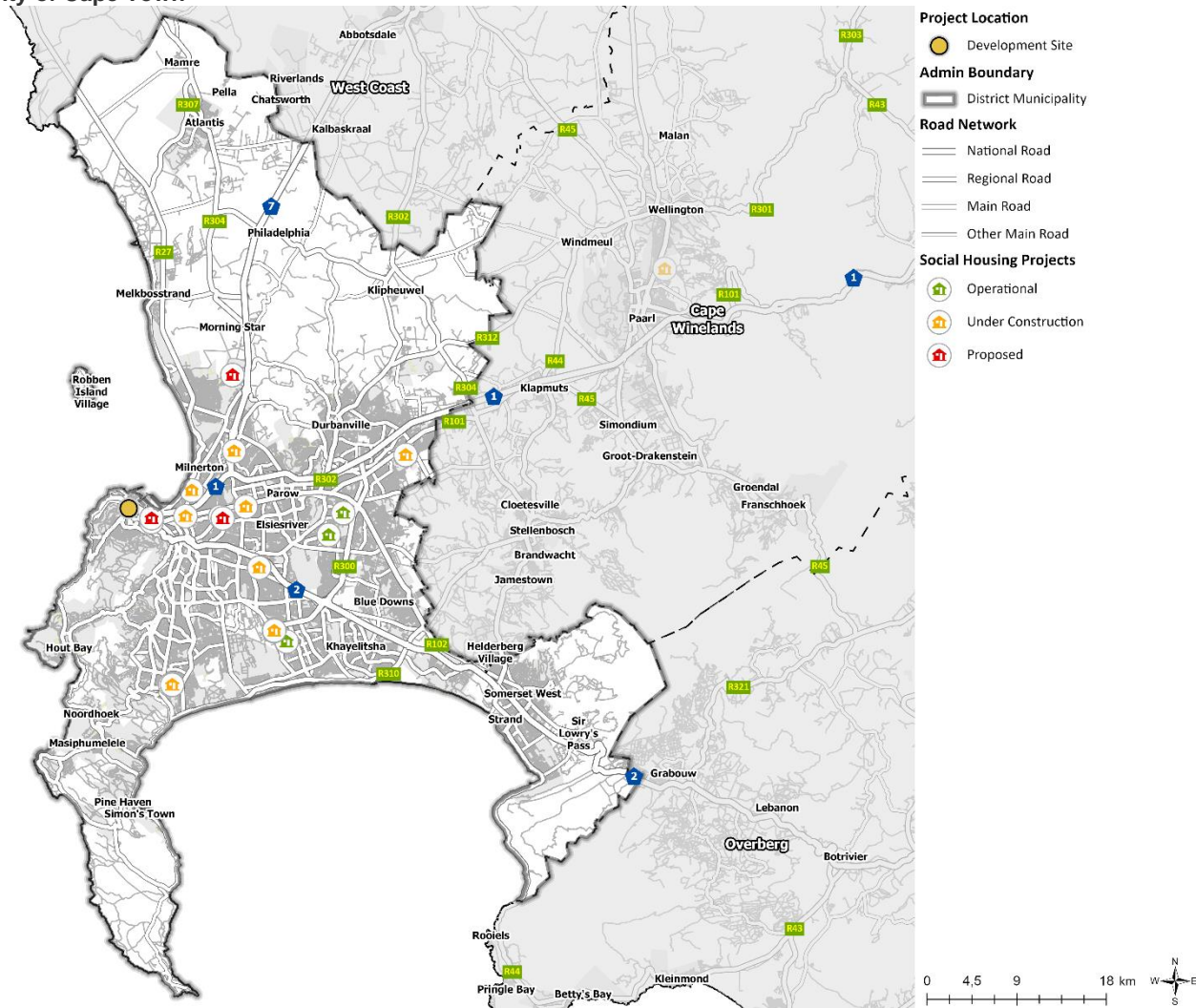
implementation and could bring online nearly 2 500 units in the short- to medium-term. Over the medium- to long-term approximately 2 018 social housing units could be constructed in the City – implementation is dependent on approval from SHRA and the capacity of implementers to acquire the required capital investment required by SHRA from the implementer.

Within the primary market area of the proposed development no social housing are operational. There is, however, two social housing projects for which PDF contracts have been awarded (Maitland Mews and Pineroads) that will over the short- to medium- term bring online 447 social housing units in the primary market area of the proposed development.

Over the medium- to long-term only one social housing project is in the pipeline for implementation in the primary market area. The Woodstock project could bring online an additional 198 units.

In total, the primary market area could add 645 social housing units over the medium- to long-term.

Map 7.2: Social Housing Projects in the City of Cape Town



Source: DEMACON ex SHRA, 2023

### 7.5 MARKET DEMAND MODELLING

The following section focusses on the social housing market, with the objective of estimating the development potential within the market area. Demand modelling was completed for the short to medium term and is reflected in five-year intervals from 2023 to 2033.



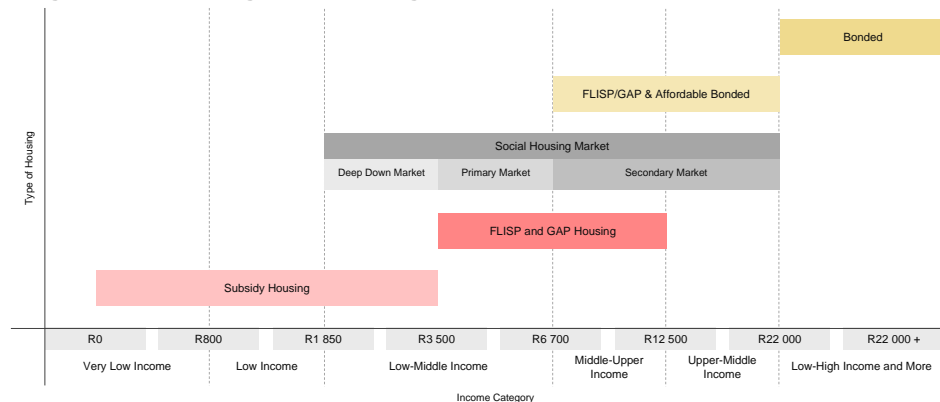
### 7.5.1 DEFINING MARKET DEMAND

Two significant adjustments were recently effected to broaden the reach of the SHRA captive market segments:

- Firstly, the inclusion of a so-called “deep down” market segment (households earning R800 to R3 500 per month) – the market segment formerly targeting the CRU market segment (Community Rental units).
- Secondly, further adjustments to the existing SHRA income bands
  - The threshold of the sub-primary market’s household income limit has been adjusted from R1 500 to R1 850 per month.
  - The threshold of the primary market’s household income limit has been increased from R5 500 to R6 700 per month.
  - The threshold of the secondary market’s household income limit has been increased from R15 000 to R22 000 per month, in order to align with the National Housing Programme commonly known as the Financed-Linked Individual Subsidy Programme (FLISP).

In order to purposefully estimate demand for housing, a multi-layer data analysis is undertaken – the purpose is to define the target market and its trends based on various data sources at designated points in time. This is done to understand the possible future direction of growth and market demand based on credible and substantiated historic data (such as Statistics South Africa) and considering any potential trends that influence potential buyers of the product.

Diagram 7.3: Housing Income Categories



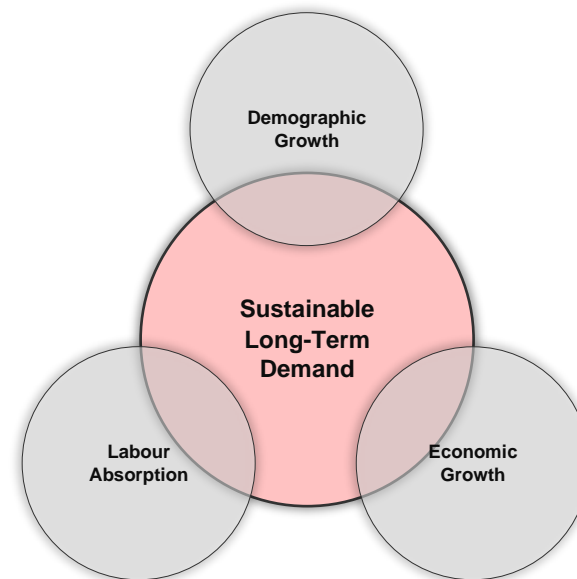
### 7.5.2 SUSTAINABLE LONG-TERM DEMAND

The multi-layered approach allows for estimating medium- to long-term sustainable demand. Sustainable demand refers to demand that may exist within the market area that would enable social housing institutions and projects to become sustainable over a medium- to long-term period, i.e., capacity of a market area and its associated economy to generate employment that in turn provides the target market with the capability to rent a social housing unit.

Economic factors influence the sustainability of semi-subsidised housing schemes, i.e., social housing. Social housing projects are dependent on a target market that has the ability to pay rental rates. Without income generated from rental rates, social housing projects would become financially unfeasible due to not having operational capital.






It is thus important to consider the effects that economic factors such as economy size and growth trends; and labour absorption trends have on the social housing target market within market area.

In the context of the preceding, the growth of the housing market demand is calibrated by considering, not only long-term demographic growth attributes, but also considering economic growth trends and labour absorption capabilities of the local economy. The calibration ensures that demand estimations generated for housing is sustained demand and not short-term high growth with medium- to long-term under performance.



### 7.5.3 MARKET DEMAND MODELLING OUTCOME

The following section is focused on providing an overview of the market demand analysis outcomes for the proposed development.

Total Market			
	Additional Households: Base Year +5 Years		3 339
	Annualised Market Growth (Full Housing Spectrum)		668
	FLISP & Bonded Housing Segment		44.9%
	FLISP & Bonded Housing Demand per Annum		300
	Annual Secondary Market Contribution (Units/Annum)	Min	133
		Max	221
	Total Annual FLISP & Bonded Housing Market Take-Up	Min	432
		Max	521
Project Specific FLISP & Bonded Housing Units			
	Project Specific FLISP & Bonded Units		125
	Forecast Market Share of Total Market Sales	Min	10%
		Max	15%
	Project Forecast Total Annual Take-Up Rate (Units / Annum)	Min	43
		Max	78
	Years to 80% Take-Up (FLISP & Bonded Housing Units)	Min	1.6
		Max	2.9
		Avg	2.2
	Optimum Point of Market Entry		2024+

Source: DEMACON Demand Modelling, 2023

#### Demand Modelling Findings

- The modelling portrays market-based take-up based on medium to long-term market growth trends.
- Under present market conditions, this segment of the market (44.9%) demands 432 to 521 units per annum (including new households and resales).

- Approximately 125 social housing units could be developed and taken-up within the short to medium term, resulting in a take-up of between 43 and 78 units per annum.

Figure 7.4: Project Optimum Unit Typology (Units)

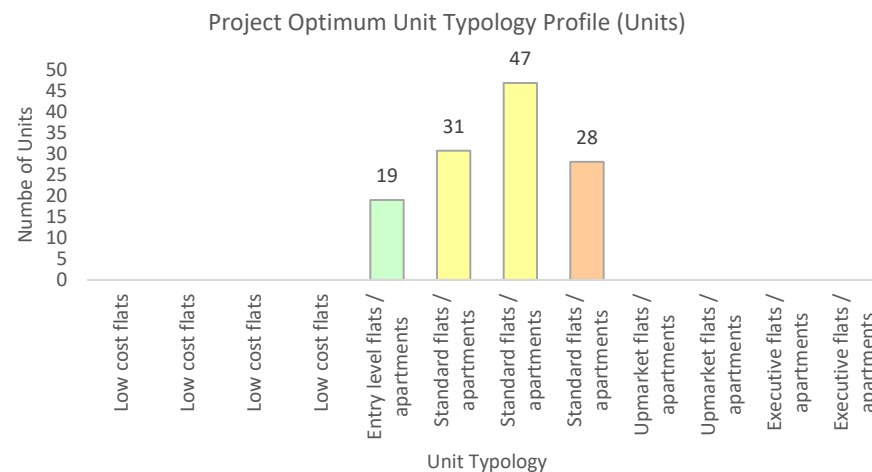
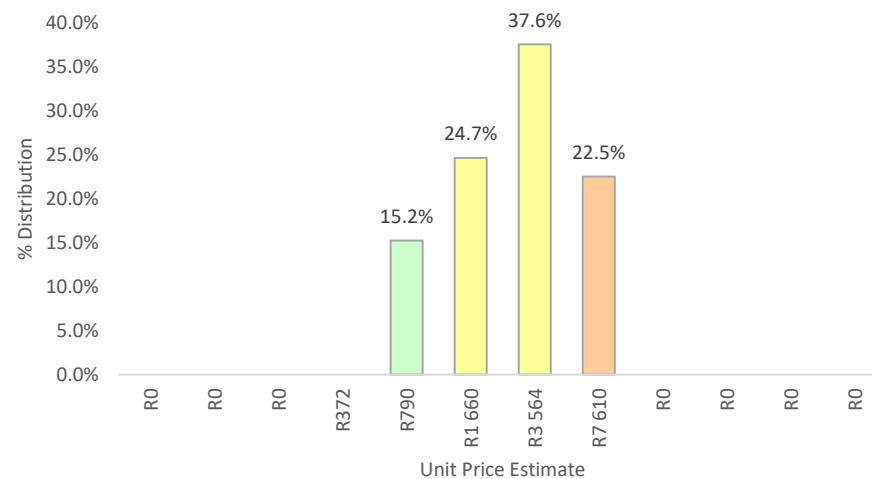


Figure 7.5: Unit Rental Estimate (Median Portfolio Values)



## 7.6 SYNTHESIS

This Chapter of the report focused on determining supply and demand attributes of the social housing market of the primary market area of the proposed development.

The proposed development site falls just beyond the designated Khayelitsha Corridor Priority Human Settlement Housing Development Area of Cape Town. The development site does, however, form part of the CBD and Surrounds (Salt River, Woodstock, and Observatory) restructuring zone of the City meaning that, the proposed development site is eligible to support social housing.

The City of Cape Town is projected to have approximately 8 930 social housing units over the medium- to long-term, of which 22.6% are pipeline projects. Within a 10 km radius of the proposed development site three social housing projects are located. Two of the projects are currently being implemented whilst one of the projects is a pipeline project. In total these projects will add approximately 645 social housing units within 10 km of the proposed development site.

It is, however, important to take note that the social housing projects currently being implemented or proposed within the primary market area are situated within the Salt River/Woodstock/Maitland areas and do not form part of the CBD, City Bowl, and western Atlantic Seaboard suburbs of the City.

The data suggests that the City Bowl and CBD areas of the City has a gap in social housing provision over the medium-term. Reasons for this gap may be associated with high land and development costs on well-located land. According to the SHRA’s State of the Sector Report and historic market research social housing institutions note that access to affordable and well-located land is a major challenge faced by the sector. Furthermore, high bulk infrastructure contributions and municipal and utility charges impact on a social housing development to affordably provide accommodation in line with the SHRAs guidelines.

The facilitation of a social housing development on municipal/provincial owned land could assist with easing the financial implications of developing a high-rise property in or close to the CBD of Cape Town.

In light of the contents of this Chapter and taking into consideration the geographic positioning of the development site in relation to Restructuring Zones

and other social housing projects, the proposed development could focus on social housing as a residential offering.

The gap analysis for the social housing market shows that a gap exists - market entry is to focus on 2024 onwards.

Development Type	Effective Market Gap	Development Prospect
Social Housing (High-Rise)	Yes	Moderate to High

### 7.6.1 MARKET DEMAND ANALYSIS SUMMARY AND HIGH-LEVEL RECOMMENDATIONS

The following summarises the demand potential of social housing as a residential offering for the proposed development site. The purpose is to highlight the opportunities and potential configurations that could be considered as development opportunities for the project.

The following table outlines the high-level recommendations for the proposed market-based residential opportunity. The data contained in the table reflects.

**Table 7.6: Social Housing Market Demand Analysis Summary and High-Level Recommendations**

Land Use	Location Analysis Outcome	Market Gap Assessment and Development Prospects	Demand Modelling Results
Social Housing Apartments – High-Rise (Affordable Rental Accommodation)	<p><b>84.4%</b></p> <p>Is an exceptional site rating and indicates that the most important fundamentals for a successful development is in place</p>	Market Gap <b>Yes</b>	<p><b>125 Units</b></p> <ul style="list-style-type: none"> <li>The modelling portrays market-based take-up based on medium to long-term market growth trends.</li> <li>Under present market conditions, this segment of the market (44.9%) demands 432 to 521 units per annum (including new households and resales).</li> <li>Approximately 125 social housing units could be developed and taken-up within the short to medium term, resulting in a take-up of between 43 and 78 units per annum.</li> </ul>
		Development Prospects <b>Moderate to High</b>	

Target Market Group	SHRA Income Bands		SHRA Unit Split Aspiration	Market Reality*	Number of Units	Composition	Size (m <sup>2</sup> )	Rent Quote	Rental Rates		
	Lower	Upper							Minimum	Maximum	Average
Primary	1 850	3 500	5%	14.4%	18	Bachelor	18m <sup>2</sup> - 25m <sup>2</sup>	27.0%	500	945	722
Primary	3 501	6 700	25%	22.1%	28	Studio	18m <sup>2</sup> - 25m <sup>2</sup>	29.0%	1 015	1 943	1 479
Secondary	6 701	11 300	25%	24.5%	31	1 Bedroom, 1 Bathroom	25m <sup>2</sup> - 35m <sup>2</sup>	31.0%	2 077	3 503	2 790
Secondary	11 301	15 000	30%	18.0%	22	2 Bedroom, 1 Bathroom	42m <sup>2</sup> - 48m <sup>2</sup>	33.0%	3 729	4 950	4 340
Secondary	15 001	22 000	15%	21.0%	26	3 Bedroom, 2 Bathroom	52m <sup>2</sup> - 60m <sup>2</sup>	35.0%	5 250	7 700	6 475
<b>Total / Weighted Average</b>			<b>100.0%</b>	<b>100.0%</b>	<b>125</b>			<b>31.2%</b>			<b>3 256</b>

Source: DEMACON Demand Modelling, 2023

\*Note: The proposed configuration outlined above is project specific and based on the unique demand profile of the local market

Given the preceding market demand and configuration considerations, the following key observations and checks can be confirmed:

**Table 7.7: Project Specific Observations and Checks**

Check – SHRA Requirement	Observation – Project Specific Configuration	Outcome
A minimum of 30% of units in a social housing project should be allocated to the primary market (i.e., households that earn between R1 850 and R6 700 per month)	Based on the market reality split of market area households per SHRA target market group, the proposed project could offer 36% of the project's units to the primary target market	More than the prescribed minimum <input checked="" type="checkbox"/>
A maximum of 70% of units in a social housing project should be allocated to the secondary market (i.e., households that earn between R6 701 and R22 000 per month)	Based on the market reality split of households in the market area per SHRA target market group, the proposed development could offer 64% of the project's units to the secondary target market	Less than the prescribed maximum <input checked="" type="checkbox"/>
New social housing projects should seek to attain an average rent quote of 31.5%	Based on the unique demand profile of the local market the rent quote for the proposed project could be 31.2%	Less than the prescribed average <input checked="" type="checkbox"/>



**Check – SHRA Requirement**

New social housing projects should seek to attain an average base rental (i.e., excluding utilities and surcharges) of R3 377 per unit per month

**Observation – Project Specific Configuration**

Based on the unique demand profile of the local market and the defined rent quote of the project, the average base rental for the project could be R3 256

**Outcome**

Less than the prescribed average



## 8 STUDENT ACCOMMODATION MARKET ANALYSIS

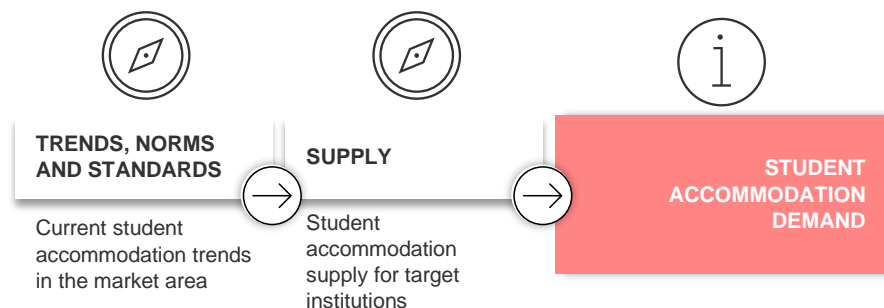
### 8.1 INTRODUCTION

To fully determine the extent of the potential market gap that may exist for student accommodation in the primary market area, the demand for student accommodation must be explored. An evaluation of demand and supply side factors are done to determine the potential size of market demand over the short-, medium- and long-term (i.e., current and over ten-years).

The following Chapter provides an analysis of the supply and demand side dynamics of student accommodation in the primary market area.

The Chapter is discussed under the following core themes:

Diagram 8.1: Chapter 8 Core Themes



### 8.2 STUDENT ACCOMMODATION IN SOUTH AFRICA

The following section of the Chapter provides a concise overview of student accommodation in South Africa. The purpose of the information is to provide an overarching perspective of the state of student accommodation in the country and to provide a baseline overview of the potential that the student accommodation market provides.

#### 8.2.1 STUDENT HOUSING AT SOUTH AFRICAN HIGHER EDUCATION INSTITUTIONS

The case for student accommodation, especially institutionally provided student accommodation at South African universities and TVET colleges, has been at

the forefront of discussion for the Department of Higher Education and Training (DHET), the Development Bank of Southern Africa (DBSA) and National Treasury.

A study conducted in 2011 regarding institutional student accommodation in South Africa, identified a clear gap in the number of students accommodated in institutional student accommodation and as a result set forth a target of achieving 50% to 80% of students accommodated in institutionally related student accommodation. The Student Housing Infrastructure Program (SHIP) builds upon the preceding and targets the implementation of 300 000 student accommodation beds at universities (200 000 beds) and TVET Colleges (100 000 beds) over a 10-year period.

According to 2016 information, institutionally related student accommodation at universities in South Africa was roughly 115 040 beds. According to the university student housing survey reported in 2020, approximately 287 507 beds are provided for university students (approximately 184 973 NSFAS students take up institutional accommodation). NSFAS qualifying students use university residences (managed and/or accredited) or off-campus accommodation (students living at home, with relatives or friends or making own arrangements – receives a R2 250 accommodation and travel allowance). In addition, accredited off-campus accommodation can be accessed on the basis that a lease agreement is submitted to the institution and that the accommodation is registered and verified in accordance with the institution's systems.

According to data presented by the DHET in 2020, approximately 18 574 student accommodation beds are provided at TVET Colleges. NSFAS data shows that more than 101 000 students receive an accommodation allowance which entitles qualifying students to find accommodation in either college funded residences or private accommodation. The data also suggests that 35% of bursary beneficiaries qualify for accommodation allowance, as opposed to 65% who qualify for travel allowances. College supplied accommodation is funded at a rate of R45 000 (meals inclusive) whilst private accommodation is measured based on its locality, i.e., rural accommodation (R15 750), peri-urban accommodation (R18 900) and urban accommodation (R25 200).

The preceding data indicates that a sizeable gap between institutional accommodation and student enrolments exists throughout the country.

### 8.2.2 STUDENT ACCOMMODATION TYPOLOGIES AND ALLOWANCES

According to the DHET student housing infrastructure program (SHIP) student accommodation and related NSFAS qualification criteria, the following student accommodation typologies are considered:

- Universities:
  - University residences – includes both residences managed and/or leased by the institution
    - Allocation of all student housing is managed by universities in terms of their housing policies
    - Housing allowances are paid according to university policies – capped at R61 500 per annum for catered accommodation and R45 000 per annum for non-catered accommodation
    - Universities are encouraged to ensure that first year students and NSFAS qualifying students are accommodated in university managed residences
    - Self-catering students receive a R16 500 annual living allowance
  - Off-campus accommodation – includes students that are living at home, with relatives or friends or are making their own arrangements
    - Living (R16 500 per annum) and transport (R7 500 per annum) allowance of R2 400 per month is paid via universities
  - Private accredited off-campus student accommodation
    - Students can receive single use, private accommodation allowances on condition they submit a lease agreement to the university (R45 000 per annum with an additional R16 500 per annum living allowance)
    - However, lease agreements are not adequate to prevent fraud, to protect students from exploitation and over-pricing, or to ensure that private accommodation allowances are being effectively utilized
    - Universities are required to put in place a system to register and verify all private accommodation
- TVET Colleges
  - College residences – are residences managed by colleges
    - R54 045 (inclusive of meals) per annum per student is a standard rate for all students residing in college accommodation
    - Self-catering students receive a R45 000 accommodation allowance, a R6 000 living allowance and a R3 045 personal care allowance

- Private accommodation – includes accommodation that is not owned or managed by a college
  - In 2023 a cap of R45 000 was introduced for self-catering private accommodation at TVET campuses
  - Self-catering students also receive a R6 000 living allowance and a R3 045 personal care allowance

Student accommodation can further be branded in accordance with the following categories:

- Residence halls: These are blocks with large numbers of individual or twin rooms, with shared bathrooms on each floor. In self-catering residences, there is usually a shared kitchenette
- Flats: These are units of between 2 and 10 single or twin rooms, with bathrooms in each unit
- Student villages: These resemble townhouse or apartment complexes. Generally, eight to ten students in single or double rooms within a self-contained unit share a kitchen and bathroom facilities

The minimum norms and standards in accordance with which student accommodation must adhere are prescribed by the DHET. The norms and standards are in the process of revision and is a key consideration of the overall outcome of student residence design and financial sustainability.

### 8.3 HIGHER EDUCATION INSTITUTION SUPPLY AND TARGET INSTITUTION IDENTIFICATION

Target institutions are institutions that the proposed project could target as student feeder locations. It is important to define the potential feeder locations, or sources, from which students could be attracted. The dynamics of student populations, growth trends and student accommodation supply are dependent on the institutions that could be targeted. The target institutions ultimately assist with constructing and calibrating the market demand model for student accommodation in the defined market area and therefore is an essential consideration.

Target institutions are identified by considering the spatial relationship between the location of the proposed development, the location of higher education institutions and student travel and accessibility considerations.

Recent market research of student travel and access preferences reveal that students typically prefer residing within a 30-minute walking time (a 30-minute walk time generally represents a 2 km travel distance) from a higher education institution campus. Furthermore, the Department of Higher Education and Training's Minimum Norms and Standards for the Supply of Student Accommodation at Public Universities identifies that student accommodation should preferably be located within 5 kilometers of a targeted campus.

By considering the preceding, a 5 km radius from the proposed development was used to inform the area within which target institutions can be identified. Higher education institutions within a 5 km radius of the proposed development have been identified as the primary feeder/target institutions for the project.

Institutions that fall within the primary target area of the proposed development (as described above) includes private higher education providers and institutions in and around the Cape Town City Centre and includes institutions such FEDISA, Vega School, SAE Institute, etc. It should be noted that some institutions are distance-based learning institutions. Distance based institutions do not necessarily maintain a physical student representation on a campus and therefore offers no impact on student accommodation demand.

With regard to public higher education institutions, it is necessary that due cognisance is taken of the requirements pertaining to students sponsored by the National Student Financial Aid Scheme (NSFAS). NSFAS students can only attend public universities and colleges. Therefore, incorporating students sponsored by NSFAS as a student source would require the proposed development to take note of the requirements for student accommodation as set out by the Draft Minimum Norms and Standards (MNS) for Student Accommodation (2021).

Various public higher education institutions are located within a 5km radius from the proposed development site. This includes a TVET College (College of Cape Town), 4 campuses from the Cape Peninsula University of Technology (District Six, Granger Bay, Grootte Schuur Hospital and Roeland Street Campuses), as well as 2 campuses from the University of Cape Town (Breakwater Business School and Hiddingh Campus). While the Breakwater Business School is within a 5km radius from the proposed development site, business schools mostly target post-graduate students that do not necessarily study full-time. In support

of the business school, a Protea Hotel is located on site and offers short-stay accommodation to business school attendees.

The following table provides an overview of the HEI's surrounding the proposed development site (within a 5km radius).

**Table 8.1: Potential Target Institutions (Within a 5 km Radius of the Proposed Development Site)**

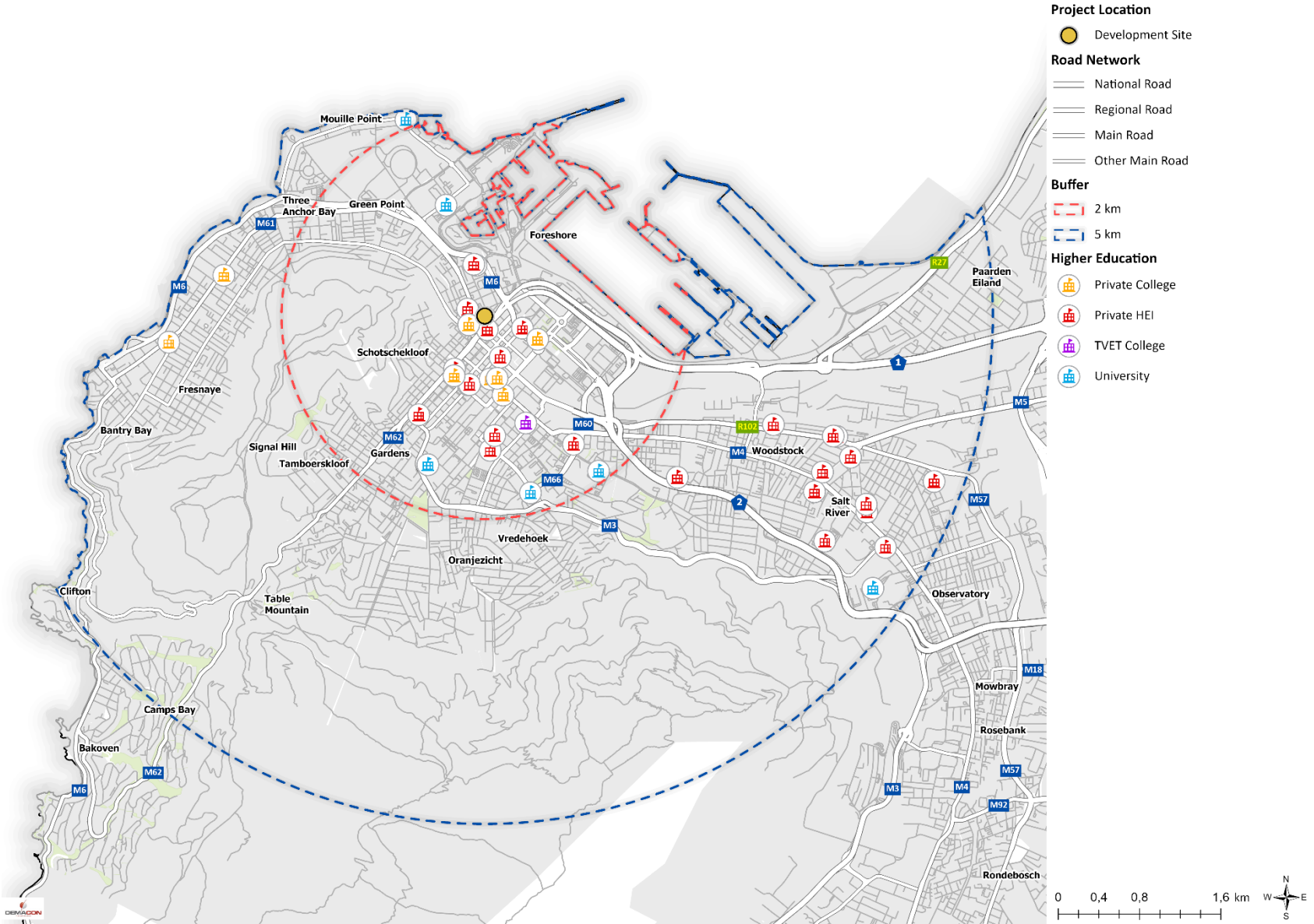
Institution	Campus	Contact Students	Distance from Site (km)
<b>Private Colleges</b>			
Vega School	Cape Town CBD	1 000	0.5
Intec College	Cape Town CBD	Distance Based	0.8
Euro Education Services	Cape Town CBD	44	0.8
Kingsway College of Computing and Business Studies	Cape Town CBD	20	0.9
LAL Language Centre South Africa	Cape Town CBD	Only short courses – no permanent students	3.8
<b>Total</b>		<b>1 064</b>	
<b>Private higher Education Institutions</b>			
IIE Rosebank College Cape Town Campus	Cape Town CBD	1 528	0.2
SAE Institute	Cape Town CBD	400	0.4
Boston City Campus Cape Town Central	Cape Town CBD	Not Available	0.6
FEDISA	Cape Town CBD	300	0.7
AAA School of Advertising	Cape Town CBD	68	0.9
Greenside Design Centre – College of Design	Cape Town CBD	Not Available	0.9
Richfield Graduate Institute of Technology	Cape Town CBD	Not Available	0.9
Cape Town Creative Academy	Cape Town CBD	Not Available	1.1



Institution	Campus	Contact Students	Distance from Site (km)
Friends of Design – Academy of Digital Arts	Cape Town CBD	107	1.3
Academy of Sound Engineering	Cape Town CBD	30	1.9
City Varsity	Cape Town CBD		2.0
Animation School	Cape Town CBD	200	3.7
TSIBA Education NPC	Cape Town CBD	Business School – Only post-grads/distance students	4.0
Design Academy of Fashion	Cape Town CBD	60	4.5
BHC School of Design	Cape Town CBD	75	4.9
Inscape	Cape Town CBD	200	4.9
Ruth Prowse School of Art	Cape Town CBD	Not Available	5.0
International Hotel School	Cape Town CBD	160	5.4
Henley Business School	Cape Town CBD	Business School – Only post-grads/distance students	5.5
Red & Yellow – Creative School of Business	Cape Town CBD	700	5.5
Milpark Education	Cape Town CBD	Only Distance Learning	6.0
AFDA	Cape Town CBD	800	6.0
<b>Total</b>		<b>4 628</b>	
<b>TVET College</b>			
College of Cape Town	City Campus	Not Available	1.4
College of Cape Town	Gardens Campus	30	3.1
<b>Total</b>		<b>30</b>	
<b>Public University</b>			

Institution	Campus	Contact Students	Distance from Site (km)
Cape Peninsula University of Technology	District Six Campus		2.9
	Roeland Street Campus	22 655	2.9
	Granger Bay Campus		3.1
	Groote Schuur Hospital		6.5
University of Cape Town	Hiddingh Campus	Only short courses – no permanent students	1.9
	Breakwater Campus	Business School – Only post-grads/distance students	2.6
<b>Total</b>		<b>22 655</b>	

Map 8.1: Higher Education Institutions within a 5 km Radius of the Proposed Development Site



Source: DEMACON GIS, 2023

### 8.4 STUDENT ACCOMMODATION SUPPLY

In order to understand the extent to which a gap for a certain land use product exists within a local market area, an identification of the supply of said product or land use is required.

Given the preceding, the following section seeks to identify the supply of student accommodation in the immediate environment of the target institution of the proposed project. Student accommodation supply focuses on both on-campus (institutional) and off-campus (private) accommodation.

#### 8.4.1 STUDENT HOUSING AT SOUTH AFRICAN HIGHER EDUCATION INSTITUTIONS

In 2023 more than 900 000 students at universities and TVET colleges will be sponsored via the NSFAS bursary model, representing approximately 53% of the total number of students expected to enrol in public universities and colleges throughout the country. Historic growth trends indicate that the number of NSFAS students have increased by more than 10% per year since 2010 – there is a 30% jump between the number of NSFAS students in 2022 and 2023 alone. The data suggests that demand from the NSFAS cohort of students for accommodation will remain a driving factor should the scope of the NSFAS scheme continuously expand.

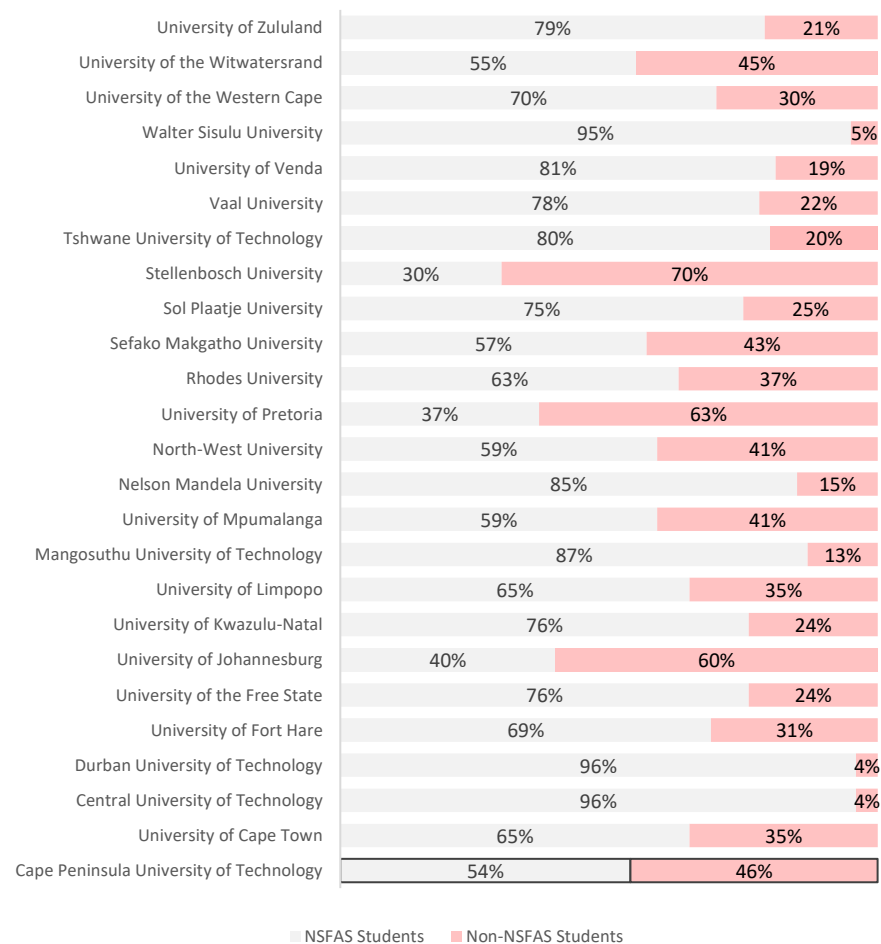
Recent data from universities show that institutional accommodation (includes accommodation owned and/or rented by a university) primarily accommodate NSFAS students (represents approximately 69% of students housed in institutional accommodation). Even more so, at the Cape Peninsula University of Technology, approximately 54% of students residing in institutional accommodation are NSFAS students. Compared to other universities in the Western Cape Province, the CPUT has one of the highest ratios of NSFAS to non-NSAFS students in institutional accommodation in the province.

Given the data shown in Figure 8.1, institutions are functionally moving to a combination market that accommodates both NSFAS and non-NSFAS students in institutional accommodation (institutional accommodation includes owned and rented accommodation). The data suggests a structural market shift whereby NSFAS students are moving from other non-institutional and related accommodation arrangements to institutional related accommodation.

NSFAS students that cannot gain access to institutional accommodation are housed in private sector accredited suppliers. Although private sector suppliers

do act as a core supplier of accommodation to non-NSFAS students, the quantity of NSFAS students that require accommodation is substantial. Private sector providers therefore typically opt for a hybrid model that accommodates both NSFAS and non-NSFAS students.

**Figure 8.1: Percentage of Institutional Accommodation Occupied by NSFAS and Non-NSFAS Students in South Africa**



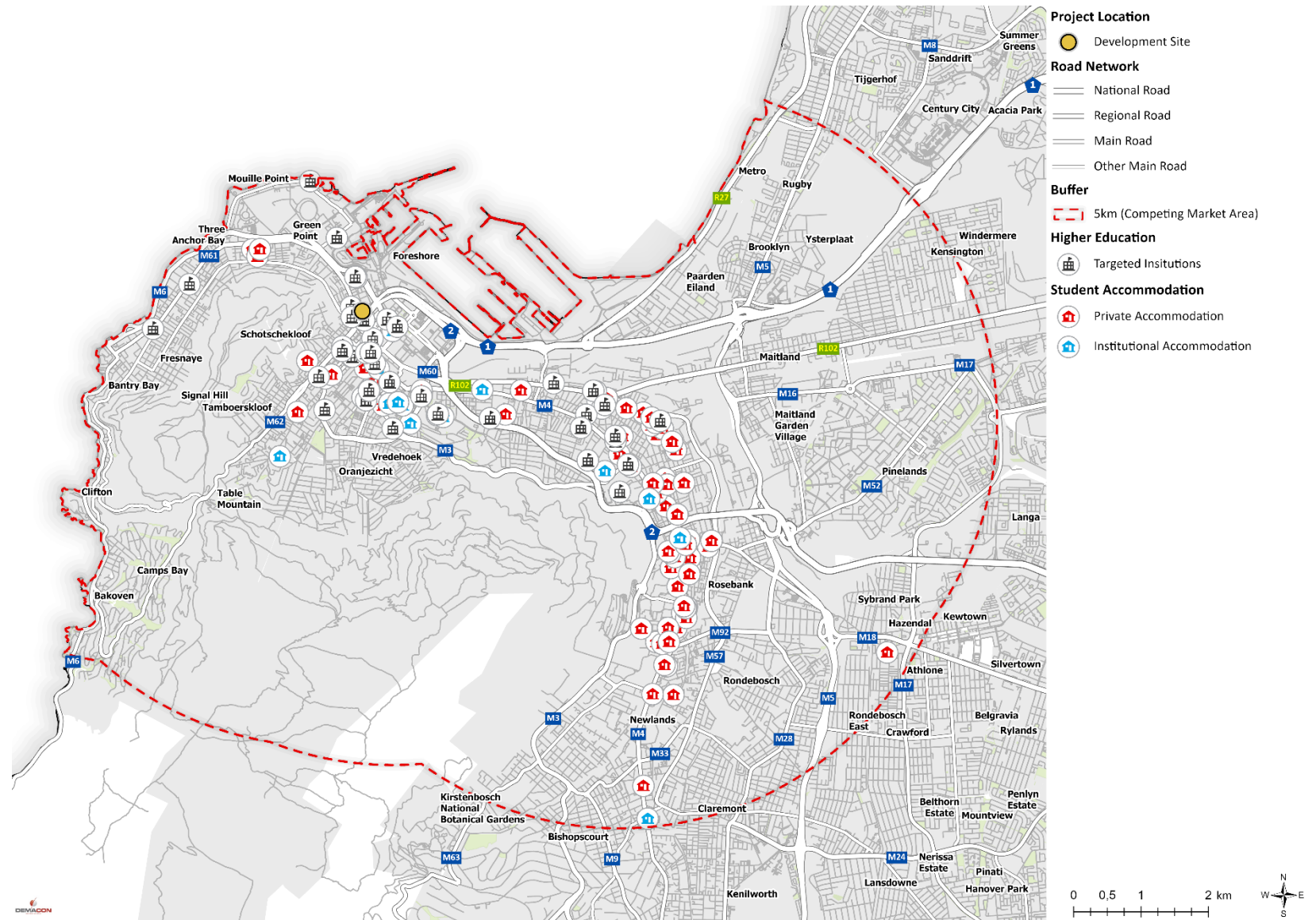
Source: DEMACON ex Careersportal, 2023



### 8.4.2 COMPETING STUDENT ACCOMMODATION IN THE MARKET AREA

The competing market area within which the proposed project will compete for market share is informed by the location factors identified previously. The competing market area for student accommodation is defined by a 5km buffer around the campuses targeted by the proposed development. These campuses are listed in the following Table.

Map 8.2: Student Accommodation Competing Market Area





### 8.4.2.1 INSTITUTIONAL STUDENT ACCOMMODATION

On-campus institutional accommodation refers to accommodation owned and operated by a target university or private HEI, or accommodation leased by a university from private sector providers. Accommodation leased from the private sector differs in the sense that the accommodation is then operated by the institution and not the private sector owner, unless otherwise specified.

The following sections provide an overview of the distribution of on-campus accommodation and the quantification thereof.

#### Spatial Distribution and Quantification of Institutional Accommodation Supply

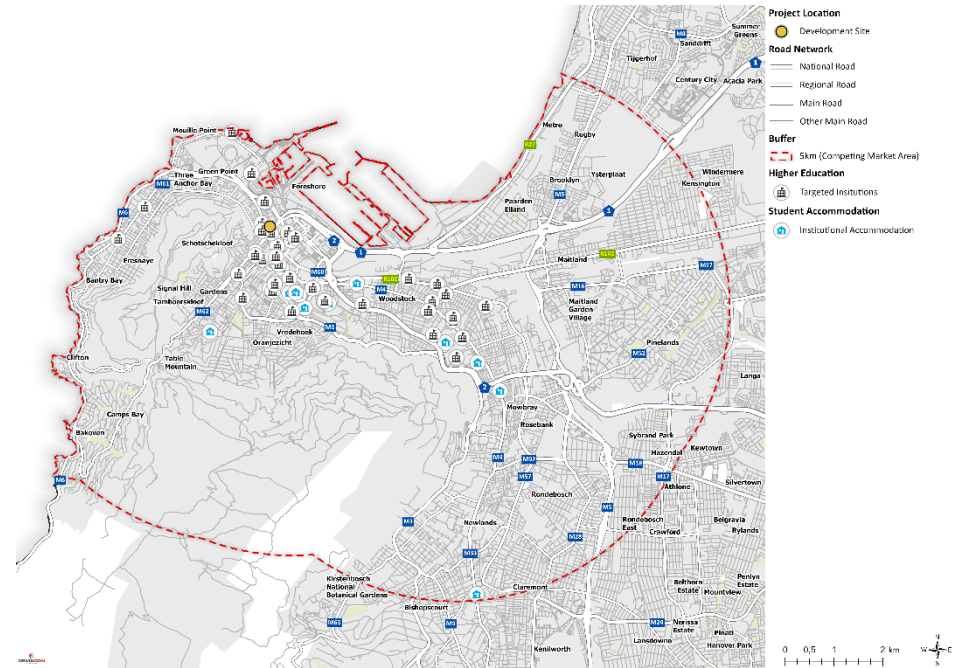
Institutional accommodation at the various higher education institutions provides approximately 13 457 beds to the students attending the campuses.

**Table 8.2: Total Existing Institutional Accommodation Beds**

Institution	Campus	Residence	Beds
Cape Peninsula University of Technology	All campuses except Wellington and Bellville	All Residences in Market Area	6 990
College of Cape Town		City Residence	75
Euro Education Services			11
IH Cape Town Language Institute			32
Animation School			22
BHC School of Design			7
<b>Total</b>			<b>7 137</b>

Source: DEMACON Research, 2023

**Map 8.3: Spatial Distribution of Institutional Student Accommodation**



Source: DEMACON GIS, 2023

Institutional student accommodation at the Cape Peninsula University of Technology Campuses mostly includes double rooms and single rooms. The room configuration chosen affects the pricing of accommodation. A single bedroom costs between R43 414 and R66 693 per annum, while a double room costs between R39 466 and R60 630 per annum. Institutional accommodation provides several amenities that includes shared kitchens, sports grounds, Education room and Wi-Fi hotspot areas.

### 8.4.3 PRIVATE STUDENT ACCOMMODATION

Off-campus student accommodation refers to student accommodation that is owned and operated by the owner of said accommodation, or through a management agent specialising in property management or student accommodation.

Private sector accommodation is driven by demand generated by students attending higher education institutions that cannot gain access to on-campus student residences, especially by public universities. Many factors such as NSFAS students, growing institutional capacity and new campus/institution development influence this demand. Private HEIs have historically not played a role in student accommodation and are largely dependent on the private sector to supply accommodation for its students.

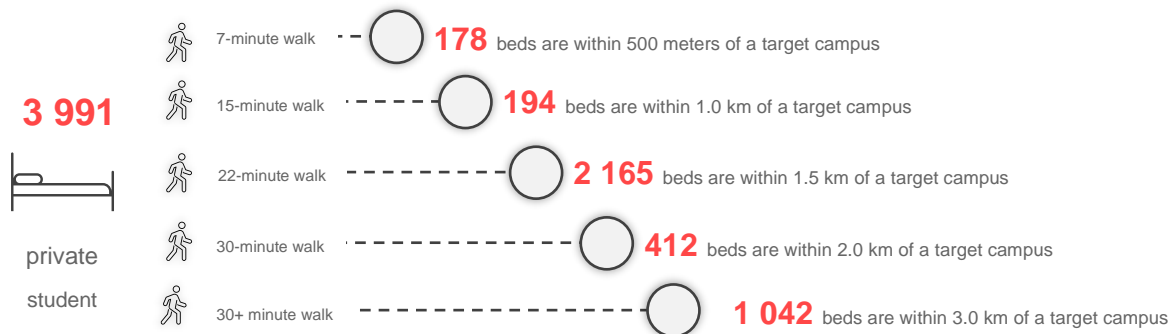
The following section provide an overview of the distribution of off-campus accommodation and the quantification thereof.

### Spatial Distribution and Quantification of Private Student Accommodation

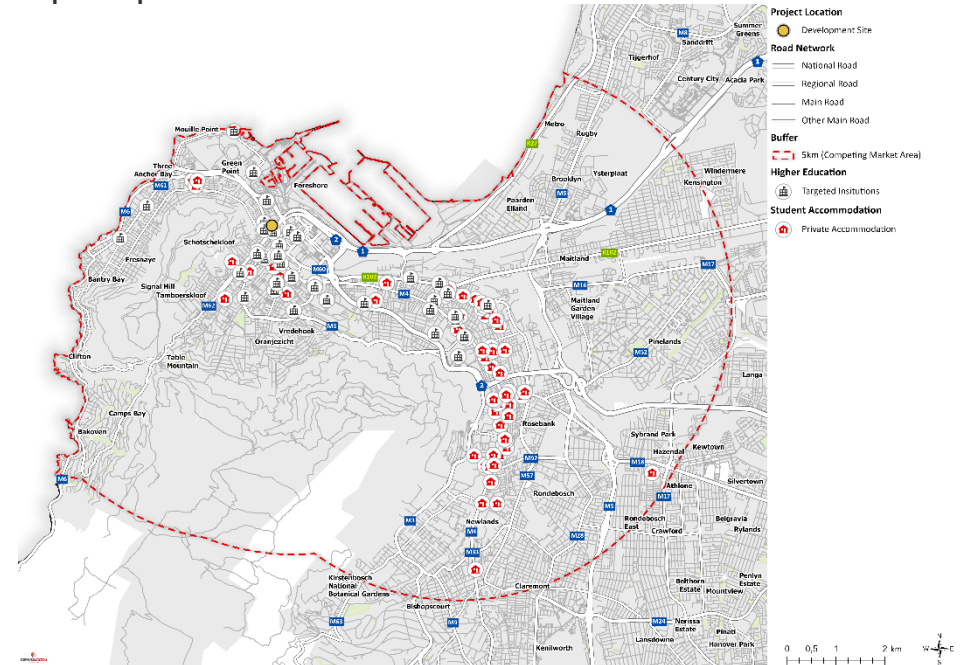
Private accredited student accommodation is primarily located close to, and cluster around, the University of Cape Town, the College of Cape Town TVET and the Cape Peninsula University of Technology. It is therefore acknowledged that the majority of the private student accommodation mainly target public higher education institutions.

Data indicates that approximately 3 991 student accommodation beds are available within a 5km radius from the various target institutions. Most beds are within a 1.5km radius from their target institutions. The providers located within a 2km radius of the proposed project represent the primary competing providers that the proposed project would need to compete with to obtain and sustain market share.

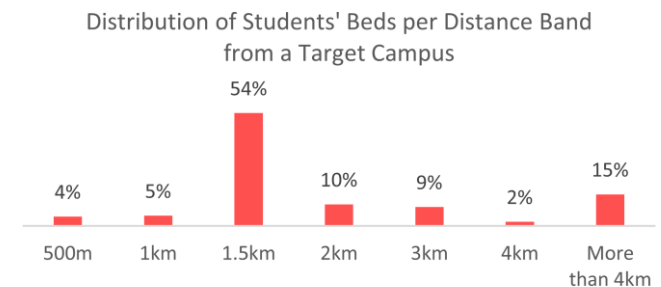
#### Diagram 8.2: Private Student Accommodation Distribution



Map 8.4: Spatial Distribution of Private Student Accommodation

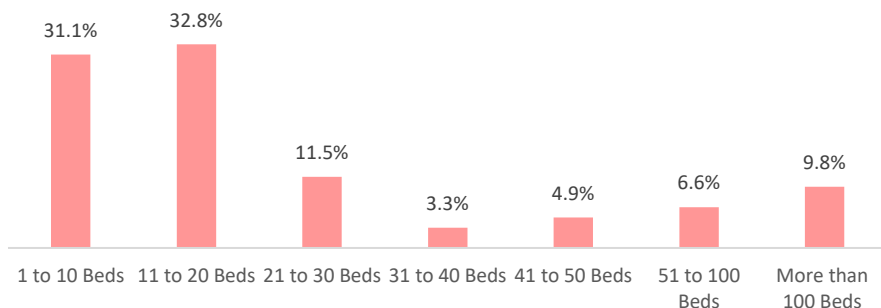


Source: DEMACON GIS, 2023



Private student accommodation providers typically offer between 11 and 30 beds (83.6% of student residences offer less than 50 beds). Only 4 providers offer between 50 and 100 beds and 6 providers offer more than 100 beds. The data suggests that the immediate market largely devoid of scaled student residences – the large-scale developments include Ravenscraig House from Adowa (860 beds), Obs Court from Student Living (838 beds), and Roscommon House from Respublica (582 beds).

**Figure 8.2: Distribution of Private Student Accommodation per Number of Beds**



Unit configuration generally consist of 1-bedroom units that are either occupied by a single person or shared. Shared units are generally cheaper than single units. The price is also affected by the location of the student accommodation and the proximity to campus.

Student accommodation facilities have access to a range of facilities and amenities. At minimum student residences offer a furnished room that consists of a bed, desk, storage, lighting and access to internet. Building amenities include laundry rooms, shared bathroom facilities, an entertainment area, kitchen, refrigerator and kitchen utilities.

Upscale accommodation providers include security services, swimming pool and expanded entertainment.

Scaled accommodation providers include additional services such as biometrics, tuck-shops, sporting activities, gym, 24-hour security, a garden area and transport services to campus.

**Table 8.3: Private Student Accommodation Providers**

Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
Neighbourhood East City	College of Cape Town TVET	0.35	107	R12 500 p/m	<ul style="list-style-type: none"> <li>Fully furnished</li> <li>Wifi</li> <li>Communal spaces</li> <li>Shared workspace</li> <li>Weekly cleaning</li> <li>Café</li> <li>Discount from local businesses in the area</li> <li>Safe parking</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> </ul>
106 Adderley	College of Cape Town TVET	0.4		R4 750 - R11 500 p/m	<ul style="list-style-type: none"> <li>DSTV</li> <li>Wifi</li> <li>Secure Parking</li> <li>Co-working Spaces</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> <li>2 Beds, 1 Bath</li> </ul>
Canterbury	CPUT Roeland Street	0.45	36	R5 250 - R7 650	<ul style="list-style-type: none"> <li>Water and electricity included</li> <li>Wifi</li> <li>Furnished</li> <li>Rooftop terrace</li> <li>Coffee Bar</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 bath</li> <li>2 beds, 2 baths</li> </ul>

Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
Neighbourhood Reserve	College of Cape Town TVET	0.5	35	R12 500 p/m	<ul style="list-style-type: none"> <li>• Cleaning services</li> <li>• Parking</li> <li>• Fully furnished</li> <li>• Wifi</li> <li>• Communal spaces</li> <li>• Shared workspace</li> <li>• Weekly cleaning</li> <li>• Café</li> <li>• Safe parking</li> </ul>	• 1 Bed, 1 Bath
Castlevue	CPUT District 6 Campus	0.55		R4 450 - R5 850 p/m	<ul style="list-style-type: none"> <li>• Wifi</li> <li>• 24-Hour Security</li> <li>• Furnished</li> <li>• Laundry</li> <li>• Weekly Room Cleaning</li> </ul>	• 1 Bed, 1 Bath
Trill Road	CPUT Groote Schuur Campus	0.6	4	R5 200 p/m	<ul style="list-style-type: none"> <li>• Furnished</li> <li>• Laundry</li> <li>• Cleaning</li> <li>• Wifi</li> <li>• Garden</li> <li>• Braai area</li> </ul>	• 4 Beds, 1 Baths
Peak Studios	CPUT Groote Schuur Campus	0.65		R4 840 - R7 840 p/m	<ul style="list-style-type: none"> <li>• Backup Power</li> <li>• Backup Water</li> <li>• Biometric Access</li> <li>• Computer Lab</li> <li>• Game Room</li> <li>• Gym Study Hubs</li> <li>• Wifi</li> <li>• Laundromat</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> <li>• 2 Beds, 1 bath</li> <li>• 3 Beds, 1 Bath</li> </ul>
The Baobab - 441 Main Road Observatory	CPUT Groote Schuur Campus	0.7	15	R3 500 - R5 800 p/m	<ul style="list-style-type: none"> <li>• Transport</li> <li>• On-site laundry</li> <li>• Wifi</li> </ul>	• 1 Bed, shared bathrooms
Villa Maria	CTU Hiddingh Campus	0.7	55	R8 520 p/m	<ul style="list-style-type: none"> <li>• 3 Meals a day</li> <li>• Wifi</li> <li>• Study spaces</li> <li>• Laundry facility</li> </ul>	• 1 Bed, shared bathroom
Premier House	CPUT Groote Schuur Campus	0.75	24		<ul style="list-style-type: none"> <li>• Gym</li> <li>• Furnished</li> <li>• Wifi</li> <li>• Study Areas</li> </ul>	•



Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
210 Loop Street	CTU Hiddingh Campus	0.75		R4 450 - R6 450	<ul style="list-style-type: none"> <li>Entertainment Room</li> <li>Laundry Facilities</li> <li>Wifi</li> <li>24-Hour Security</li> <li>Furnished</li> <li>Laundry</li> <li>Weekly Room Cleaning</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> </ul>
James Street	CPUT Groote Schuur Campus	0.8	5	R6 000 p/m	<ul style="list-style-type: none"> <li>Furnished</li> <li>Laundry</li> <li>Cleaning</li> <li>Wifi</li> <li>Garden</li> <li>Braai area</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, shared bathroom</li> </ul>
179 Loop Street	CTU Hiddingh Campus	0.85		R4 500 - R7 000 p/m	<ul style="list-style-type: none"> <li>Furnished</li> <li>Storage</li> <li>Laundry</li> <li>Wifi</li> <li>Braai Area</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> <li>2 Beds 1 Bath</li> </ul>
37 Strand Street	College of Cape Town TVET	0.9		R4 000 - R5 500 p/m	<ul style="list-style-type: none"> <li>Furnished</li> <li>Storage</li> <li>Laundry</li> <li>Wifi</li> <li>Braai Area</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> <li>2 Beds 1 Bath</li> <li>3 beds, 1 bath</li> </ul>
364 Victoria Road, Salt River	CPUT Groote Schuur Campus	0.9		R7 500 - R13 500	<ul style="list-style-type: none"> <li>Wifi</li> <li>Free Student Shuttle</li> <li>Study Space</li> <li>Fitness Centre</li> <li>Games and Social Areas</li> <li>Laundry Facilities</li> <li>Furnished</li> <li>Water and Electricity</li> <li>Rooftop Area</li> <li>Coffee Bar</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> <li>2 Beds, 1 Bath</li> </ul>
Obz Plaza	CPUT Groote Schuur Campus	0.9	20	R6 000 p/m	<ul style="list-style-type: none"> <li>Balcony</li> <li>Wifi</li> <li>CCTV</li> <li>Laundry</li> </ul>	<ul style="list-style-type: none"> <li>3 Beds, shared bathrooms</li> </ul>
The Millstock	CPUT Groote Schuur Campus	0.95	71	R6 100 - R6 600 p/m	<ul style="list-style-type: none"> <li>Communal spaces</li> <li>Water and electricity included</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> </ul>

Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
@St Monica's	CTU Hiddingh Campus	1.1		R4 990 - R6 490	<ul style="list-style-type: none"> <li>• Cleaning</li> <li>• Wifi</li> <li>• DSTV</li> <li>• Water and electricity included</li> <li>• Wifi</li> <li>• Free shuttle services</li> <li>• Fully furnished</li> <li>• DSTV and Netflix</li> <li>• Recreation Room</li> <li>• Cafeteria</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> <li>• 2 Beds 1 Bath</li> </ul>
The Spectrum	CPUT Groote Schuur Campus	1.2	334	R595 000 - R1 395 000	<ul style="list-style-type: none"> <li>• Co-working space</li> <li>• Back-up generator</li> <li>• Onsite coffee bar</li> <li>• Gym, Pool</li> <li>• Access Control</li> <li>• Pet-friendly</li> <li>• Fibre</li> <li>• Onsite parking</li> <li>• Onsite storage facility</li> <li>• Electric vehicle charging station</li> <li>• NFT integration</li> </ul>	<ul style="list-style-type: none"> <li>• 0.5 Bed, 1 Bath</li> <li>• 1 Bed, 1 Bath</li> <li>• 2 Beds, 1 Bath</li> </ul>
1 Seymour St, Observatory	CPUT Groote Schuur Campus	1.2		R7 750 - R13 500	<ul style="list-style-type: none"> <li>• Wifi</li> <li>• Free Student Shuttle</li> <li>• Study Space</li> <li>• Fitness Centre</li> <li>• Games and Social Areas</li> <li>• Laundry Facilities</li> <li>• Furnished</li> <li>• Water and Electricity</li> <li>• Rooftop Area</li> <li>• Coffee Bar</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed 1 Bath</li> <li>• 2 Beds, 1 Bath</li> </ul>
The Baobab - 11 Kotzee Road Observatory	CPUT Groote Schuur Campus	1.2	10	R3 500 - R5 800 p/m	<ul style="list-style-type: none"> <li>• Transport</li> <li>• On-site laundry</li> <li>• Wifi</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, shared bathrooms</li> <li>• 0.5 bed, 1 Bathroom</li> </ul>
11 Highbury	CPUT Groote Schuur Campus	1.2	9	R7 100 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Water included</li> <li>• Wifi</li> <li>• Laundry</li> </ul>	<ul style="list-style-type: none"> <li>• 3 Beds, 3 baths</li> </ul>

Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
Heron Square	CPUT Groote Schuur Campus	1.2	17	R4 850 p/m	<ul style="list-style-type: none"> <li>Coffee station</li> <li>Communal spaces</li> <li>Penthouse rooms</li> <li>Solar energy</li> </ul>	<ul style="list-style-type: none"> <li>1 bed, shared bathrooms</li> </ul>
Florence Avenue	CPUT Groote Schuur Campus	1.2	4	R5 775 p/m	<ul style="list-style-type: none"> <li>Furnished</li> <li>Laundry</li> <li>Cleaning</li> <li>Wifi</li> <li>Garden</li> <li>Braai area</li> </ul>	<ul style="list-style-type: none"> <li>4 Beds, 3 Baths</li> </ul>
Ravenscraig House	CPUT District 6 Campus	1.3	860		<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> <li>2 Beds, 1 bath</li> </ul>
6 on Nansen - Observatory	CPUT Groote Schuur Campus	1.3			<ul style="list-style-type: none"> <li>Gym</li> <li>Rooftop Pool</li> <li>Deck</li> <li>Bar</li> <li>Wifi</li> <li>Back-up UPS</li> <li>Fully Furnished</li> <li>Underground Parking</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> <li>2 beds, 1 bath</li> <li>3 Beds, 3 baths</li> <li>4 beds, 2 baths</li> </ul>
Obs Court	CPUT Groote Schuur Campus	1.4	838	R8 090 - R11 290 p/m	<ul style="list-style-type: none"> <li>Balcony</li> <li>Furnished</li> <li>DSTV</li> <li>Wifi</li> <li>Weekly Cleaning</li> <li>Gym</li> <li>Parking</li> </ul>	<ul style="list-style-type: none"> <li>0.5 Bed, 1 Bath</li> <li>1 Bed, 1 Bath</li> <li>2 Beds, 1 Bath</li> </ul>
186 Cole Street	CPUT Groote Schuur Campus	1.4	16	R5 900 p/m	<ul style="list-style-type: none"> <li>Rooftop terrace</li> <li>Smart TV</li> <li>Furnished</li> <li>Wifi</li> <li>CCTV</li> <li>Parking</li> <li>Laundry</li> </ul>	<ul style="list-style-type: none"> <li>2 Beds, 2 baths</li> <li>4 beds, 3 baths</li> </ul>
24 Rochester Road	CPUT Groote Schuur Campus	1.4	6	R5 220 p/m	<ul style="list-style-type: none"> <li>Furnished</li> <li>Laundry</li> <li>Cleaning</li> <li>Wifi</li> <li>Garden</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, 1 Bath</li> </ul>

Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
28 Rochester	CPUT Groote Schuur Campus	1.4	5	R5 775 p/m	<ul style="list-style-type: none"> <li>• Braai area</li> <li>• Furnished</li> <li>• Laundry</li> <li>• Cleaning</li> <li>• Wifi</li> <li>• Garden</li> <li>• Braai area</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, shared bathroom</li> </ul>
The Baker	CPUT Groote Schuur Campus	1.5	19	R6 500 - R7 900 p/m	<ul style="list-style-type: none"> <li>• Wifi</li> <li>• Braai and communal areas</li> <li>• Weekly cleaning</li> <li>• No loadshedding</li> </ul>	<ul style="list-style-type: none"> <li>• 2 Bed, 1 Bath/shared bath</li> </ul>
The Baobab - 377 Lower Main Road, Observatory	CPUT Groote Schuur Campus	1.5	42	R3 500 - R5 800 p/m	<ul style="list-style-type: none"> <li>• Transport</li> <li>• On-site laundry</li> <li>• Wifi</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
26 Rochester	CPUT Groote Schuur Campus	1.5	5	R4 950 p/m	<ul style="list-style-type: none"> <li>• Furnished</li> <li>• Laundry</li> <li>• Cleaning</li> <li>• Wifi</li> <li>• Garden</li> <li>• Braai area</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
5 Station Road	CPUT Groote Schuur Campus	1.6	21	R5 500 - R6 000 p/m	<ul style="list-style-type: none"> <li>• Wifi</li> <li>• Cleaning</li> </ul>	<ul style="list-style-type: none"> <li>• 2 Beds, 1 bath</li> <li>• 3 beds, 1 bath</li> </ul>
Queens Street	CPUT Groote Schuur Campus	1.6	24	R5 750 - R6 300 p/m	<ul style="list-style-type: none"> <li>• Furnished</li> <li>• Laundry</li> <li>• Cleaning</li> <li>• Wifi</li> <li>• Garden</li> <li>• Braai area</li> </ul>	<ul style="list-style-type: none"> <li>• 3 Beds, 1 Bath</li> </ul>
18 on William - Woodstock	CPUT District 6 Campus	1.7			<ul style="list-style-type: none"> <li>• Gym</li> <li>• Rooftop Pool</li> <li>• Deck</li> <li>• Bar</li> <li>• Wifi</li> <li>• Back-up UPS</li> <li>• Fully Furnished</li> <li>• Underground Parking</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>



Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
Neighbourhood Ravenscraig	CPUT Granger Bay Campus	1.7	24	R12 500 p/m	<ul style="list-style-type: none"> <li>• Shared Lounge</li> <li>• Co-working areas</li> <li>• Outdoor pool</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
The Glen	CPUT Groote Schuur Campus	1.7	9	R6 500 p/m	<ul style="list-style-type: none"> <li>• Wifi</li> <li>• Cleaning</li> <li>• Laundry</li> <li>• CCTV</li> <li>• Parking</li> <li>• Braai areas</li> </ul>	<ul style="list-style-type: none"> <li>• 2 Bed, 1 bath</li> <li>• 2 beds, 2 baths</li> </ul>
Salford House	CPUT Groote Schuur Campus	1.7	10	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Wifi</li> <li>• Braai areas</li> <li>• Laundry room</li> <li>• Parking</li> <li>• Garden</li> </ul>	<ul style="list-style-type: none"> <li>• 2 Bed, 1 bath</li> <li>• 2 beds, 2 baths</li> </ul>
24 Burns	CPUT Groote Schuur Campus	1.7	18		<ul style="list-style-type: none"> <li>• Laundry Facilities</li> <li>• Wifi</li> <li>• Water and electricity</li> </ul>	<ul style="list-style-type: none"> <li>• 2 beds, sharing bathroom</li> </ul>
Woodstock	CPUT Groote Schuur Campus	1.7		R5 800 - R7 000 p/m	<ul style="list-style-type: none"> <li>• Fully Furnished</li> <li>• Cleaning</li> <li>• Free electricity and water</li> <li>• Laundry</li> <li>• Braai area</li> <li>• Gym</li> <li>• Parking</li> <li>• Wifi</li> <li>• DSTV/Netflix</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> <li>• 2 Beds 1 Bath</li> </ul>
Neighbourhood Hill	CPUT Granger Bay Campus	1.8	64	R12 500 p/m	<ul style="list-style-type: none"> <li>• Co-working space</li> <li>• Café</li> <li>• Garden</li> <li>• Pool</li> <li>• Free parking</li> <li>• Restaurant</li> <li>• Room services</li> <li>• Braai areas</li> <li>• Wifi</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>

Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
The Roost	CPUT Groote Schuur Campus	1.8	66	R8 500 p/m	<ul style="list-style-type: none"> <li>• Wifi</li> <li>• Biometric Access</li> <li>• Storage space</li> <li>• Panel heater</li> <li>• Fully furnished</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath/shared bath</li> </ul>
Salt River	CPUT Groote Schuur Campus	1.8	50	R6 800 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Water included</li> <li>• Wifi</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
Charlton House	CPUT Groote Schuur Campus	1.8	22	R6 500 p/m	<ul style="list-style-type: none"> <li>• Wifi</li> <li>• Cleaning</li> <li>• Laundry</li> <li>• CCTV</li> <li>• Parking</li> <li>• Braai areas</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 bath</li> <li>• 2 beds, 2 baths</li> </ul>
CampusKey Rosebank	CPUT Groote Schuur Campus	1.9	70	R7 450 p/m - R13 000 p/m	<ul style="list-style-type: none"> <li>• Wifi</li> <li>• Monthly events</li> <li>• Laundry</li> <li>• Room cleaning</li> <li>• Fully furnished</li> <li>• Gym</li> </ul>	<ul style="list-style-type: none"> <li>• 4 Beds, 4 Baths</li> <li>• 1 Bed, 1 Bath</li> <li>• 2 Beds, 2 Baths</li> </ul>
Safe Gate Salt River	CPUT Groote Schuur Campus	1.9		R4 800 - R6 800 p/m	<ul style="list-style-type: none"> <li>• Fully Furnished</li> <li>• Cleaning</li> <li>• Free electricity and water</li> <li>• Laundry</li> <li>• Braai area</li> <li>• Gym</li> <li>• Parking</li> <li>• Wifi</li> <li>• DSTV/Netflix</li> </ul>	<ul style="list-style-type: none"> <li>• 0.5 Bed, 1 Bath</li> <li>• 1 Bed, 1 Bath</li> <li>• 2 Beds 1 Bath</li> </ul>
Neighbourhood Romney	CPUT Granger Bay Campus	2	20	R12 500 p/m	<ul style="list-style-type: none"> <li>• Bar</li> <li>• Lounge</li> <li>• Free Parking</li> <li>• Laundry</li> <li>• Outdoor Pool</li> <li>• Wifi</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
Nest	CPUT Groote Schuur Campus	2		R6 350 - R6 950 p/m	<ul style="list-style-type: none"> <li>• Gym</li> <li>• Outdoor Recreational area</li> <li>• Braai area</li> </ul>	<ul style="list-style-type: none"> <li>• 2 Beds, 1 Bath</li> </ul>

Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
					<ul style="list-style-type: none"> <li>• Wifi</li> <li>• Undercover parking</li> <li>• Laundry facilities</li> </ul>	
Cecil	CPUT Groote Schuur Campus	2	7	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Parking</li> <li>• Wifi</li> <li>• Water included</li> <li>• Cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>• 8 Beds, shared bathroom</li> </ul>
Hill House	CPUT Groote Schuur Campus	2	7	R4 800 - R6 850	<ul style="list-style-type: none"> <li>• Balcony</li> <li>• Laundry</li> <li>• Parking</li> <li>• Cleaning</li> <li>• Gardener</li> <li>• Fully Furnished</li> <li>• Wifi</li> <li>• DSTV</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
The Baobab - 6 Malleson Road, Mowbray	CPUT Groote Schuur Campus	2.1	11	R3 500 - R5 800 p/m	<ul style="list-style-type: none"> <li>• Transport</li> <li>• On-site laundry</li> <li>• Wifi</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, shared bathrooms</li> </ul>
Chapel	CPUT Groote Schuur Campus	2.3	16	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Parking</li> <li>• Wifi, Water included</li> <li>• Cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>• 7 Beds, shared bathroom</li> <li>• 9 Beds, shared bathroom</li> </ul>
Lyle 1	CPUT Groote Schuur Campus	2.5	28	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Parking</li> <li>• Wifi</li> <li>• Water included</li> <li>• Cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>• 5 Beds, shared bathroom</li> <li>• 7 Beds, shared bathroom</li> </ul>
Lyle 2	CPUT Groote Schuur Campus	2.5	12	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Parking</li> <li>• Wifi</li> <li>• Water included</li> <li>• Cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>• 0.5 bed, 1 bath</li> <li>• 5 Beds, shared bathroom</li> </ul>
Baxter Suites	CPUT Groote Schuur Campus	2.5	5	R5 800 - R7 000	<ul style="list-style-type: none"> <li>• Balcony</li> <li>• Laundry</li> <li>• Parking</li> <li>• Cleaning</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>

Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
					<ul style="list-style-type: none"> <li>• Gardener</li> <li>• Fully Furnished</li> <li>• Wifi</li> <li>• DSTV</li> </ul>	
Lyle House	CPUT Groote Schuur Campus	2.5	6	R4 800 - R5 500	<ul style="list-style-type: none"> <li>• Balcony</li> <li>• Laundry</li> <li>• Parking</li> <li>• Cleaning</li> <li>• Gardener</li> <li>• Fully Furnished</li> <li>• Wifi</li> <li>• DSTV</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
4 on Nursery - Rondebosch	CPUT Groote Schuur Campus	2.6			<ul style="list-style-type: none"> <li>• Gym</li> <li>• Rooftop Pool</li> <li>• Deck</li> <li>• Bar</li> <li>• Wifi</li> <li>• Back-up UPS</li> <li>• Fully Furnished</li> <li>• Underground Parking</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
Nursery Square Apartments	CPUT Groote Schuur Campus	2.6	204	R9 100 p/m	<ul style="list-style-type: none"> <li>• Furnished</li> <li>• Wifi</li> <li>• Cleaning</li> <li>• Water included</li> </ul>	<ul style="list-style-type: none"> <li>• 2 Beds, 1 Bath</li> </ul>
Nursery Square Houses	CPUT Groote Schuur Campus	2.6	10	R8 900 p/m	<ul style="list-style-type: none"> <li>• Furnished</li> <li>• Wifi</li> <li>• Cleaning</li> <li>• Water included</li> </ul>	<ul style="list-style-type: none"> <li>• 4 beds, 4 baths</li> </ul>
New York, Old York	CPUT Groote Schuur Campus	2.8	48	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Parking</li> <li>• Wifi</li> <li>• Water included</li> <li>• Cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>• 4 Beds, shared bathroom</li> <li>• 6 Beds, shared bathroom</li> </ul>
6 on Burg	CPUT Groote Schuur Campus	2.8	10	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Wifi</li> <li>• Braai areas</li> <li>• Laundry room</li> <li>• Parking</li> </ul>	<ul style="list-style-type: none"> <li>• 1 bed, 1 bath</li> <li>• 2 Bed, 1 bath</li> <li>• 2 beds, 2 baths</li> </ul>



Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
Highbury House	CPUT Groote Schuur Campus	2.9	11	R4 899 - R5 800	<ul style="list-style-type: none"> <li>• Garden</li> <li>• Balcony</li> <li>• Laundry</li> <li>• Parking</li> <li>• Cleaning</li> <li>• Gardener</li> <li>• Fully Furnished</li> <li>• Wifi</li> <li>• DSTV</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
Devonshire House	CPUT Groote Schuur Campus	3.1	10	R5 000 - R5 400	<ul style="list-style-type: none"> <li>• Balcony</li> <li>• Laundry</li> <li>• Parking</li> <li>• Cleaning</li> <li>• Gardener</li> <li>• Fully Furnished</li> <li>• Wifi</li> <li>• DSTV</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Bed, 1 Bath</li> </ul>
Highstead	CPUT Groote Schuur Campus	3.2	9	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Parking</li> <li>• Wifi</li> <li>• Water included</li> <li>• Cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>• 2 Beds, 1 Bath</li> <li>• 3 Beds, 1 Bath</li> <li>• 4 Beds, 1 Bath</li> </ul>
The ReZident	CPUT Groote Schuur Campus	3.3		R8 500 - R12 500	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Wifi and electricity</li> <li>• Wifi</li> <li>• Weekly cleaning</li> <li>• Gym, Laundry</li> <li>• Secure parking</li> </ul>	<ul style="list-style-type: none"> <li>• 0.5 Bed, 1 Bath</li> <li>• 2 Beds, 1 Bath</li> </ul>
Wiersma 2	CPUT Groote Schuur Campus	3.4	18	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Parking</li> <li>• Wifi</li> <li>• Water included</li> <li>• Cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>• 7 Beds, shared bathroom</li> </ul>
Grotto	CPUT Groote Schuur Campus	3.4	12	R6 500 p/m	<ul style="list-style-type: none"> <li>• Fully furnished</li> <li>• Parking</li> <li>• Wifi</li> <li>• Water included</li> <li>• Cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>• 0.5 Bed, 1 Bath</li> <li>• 5 beds, shared bathroom</li> </ul>

Student Accommodation	Target Campus (within 2km)	Distance from Target Campus (km)	Number of Beds	Pricing	Amenities / Facilities	Configuration
						<ul style="list-style-type: none"> <li>6 Beds, shared bathroom</li> </ul>
Wiersma 1	CPUT Groote Schuur Campus	3.5	18	R6 500 p/m	<ul style="list-style-type: none"> <li>Fully furnished</li> <li>Parking</li> <li>Wifi</li> <li>Water included</li> <li>Cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>6 Beds, shared bathroom</li> </ul>
Go Green	CPUT Groote Schuur Campus	3.9		R4 000 - R6 000 p/m	<ul style="list-style-type: none"> <li>Wifi</li> <li>DSTV</li> <li>Furnished</li> </ul>	<ul style="list-style-type: none"> <li>0.5 beds, 1 bath</li> <li>1 bed, 1 bath</li> </ul>
Ednam Place	CPUT Groote Schuur Campus	3.9	10	R6 500 p/m	<ul style="list-style-type: none"> <li>Fully furnished</li> <li>Wifi</li> <li>Braai areas</li> <li>Laundry room</li> <li>Parking</li> <li>Garden</li> </ul>	<ul style="list-style-type: none"> <li>1 Bed, shared bathrooms</li> </ul>
Roscommon House	CPUT Groote Schuur Campus	5.3	582	R6 538 - R8 978 p/m	<ul style="list-style-type: none"> <li>Shuttle service</li> <li>Wifi</li> <li>Laundry</li> <li>Cleaning</li> <li>Water and electricity</li> <li>Parking</li> <li>Computer labs</li> <li>Game rooms</li> <li>TV rooms</li> <li>Gym</li> <li>Study rooms</li> </ul>	<ul style="list-style-type: none"> <li>1 bed, 1 bath</li> <li>2 beds, 1 bath</li> </ul>
Aden Street	CPUT Groote Schuur Campus	5.4	22		<ul style="list-style-type: none"> <li>Laundry Facilities</li> <li>Wifi</li> <li>Water and electricity</li> </ul>	<ul style="list-style-type: none"> <li>2 beds, sharing bathroom</li> </ul>
<b>Total number of Beds</b>			<b>3 991</b>			

Source: DEMACON Research, 2023

## 8.5 MARKET DEMAND MODELLING

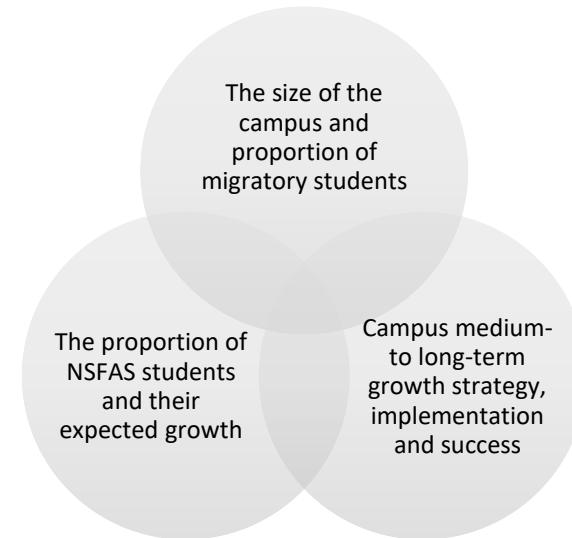
Demand for student accommodation is a function of the rate at which the student population of a target institution/s grows and the capability of the local market, which is inclusive of institutional and privately owned and operated student accommodation, to provide adequate student accommodation.

Existing market research on the perceived needs of students in terms of student accommodation reveal the following:

- Not all students attending a higher education facility prefer or can afford to live in on-campus or off-campus (private) accommodation. In some cases, especially where students have adequate access to flexible transport and whose parental home is within an acceptable driving distance of the university/college (or do not have access to funds to live away from the parental home), such students would prefer to live at their parental home. It is, however, an established notion that the majority of students enrolled at a higher education institution prefer student accommodation over home-based learning.
- As such, the student accommodation market seems to be primarily driven by students whose parental homes are not located in close proximity to a university/college, or students who prefer to live away from the parental home.
- In cases of private student accommodation, students prefer to be located in close proximity to a public transport stop or node where shuttle services are available to the university/college. Students have also indicated that student accommodation is preferred if it is within 2 km of a university/college.
- Proper security is of utmost importance for any student accommodation development. Biometric security systems and guarding services add to visible protection and are advised for such developments.
- Parking garages add value to a student accommodation development and may be a deciding factor for prospective students and investors.
- The most important facilities which need to be included in a student accommodation development include internet access, socialising and entertaining spaces and laundry services.

In light of the preceding, the following factors are considered in establishing the demand for a student accommodation development on the proposed development site:

**Diagram 8.3: Factors Considered in Establishing the Demand and Sustainability of Student Accommodation**



- The size of the campus and proportion of migratory students: the demand and sustainability of student accommodation is correlated with the size of the campus (i.e., the number of enrolments) and the proportion of migratory students (i.e., students that do not originate from the immediate area in which the campus is situated and thus needs to commute to the area on a daily basis) that requires accommodation.
- Campus medium- to long-term growth strategy implementation and success: The medium-to long- term demand for student accommodation will hinge on the successful implementation of the institution's long-term growth and expansion plan.
- Local socio-economic impact: the demand and financial viability of institutional student accommodation is impacted by the quantum of migratory students, but in turn also has an impact on the local private sector service providers from whom they currently rent accommodation. A structural market shift from other non-institutional and related

accommodation arrangements to institutional related accommodation is required.

### 8.5.1 STUDENT ACCOMMODATION MARKET POTENTIAL

The following section provides an overview of the market demand estimated for student accommodation as a land use opportunity for the proposed development. Market demand estimations are based on the prevailing market conditions of the market within which the proposed project is to operate.

In order to determine potential demand for student accommodation, and especially demand for private off-campus accommodation, several inputs and considerations must be identified and defined. The inputs and considerations are used to inform and calibrate the model to address the intended market demand calculation and serves as a baseline indication of the core attributes that define future demand.

The following key considerations are used to calibrate the student accommodation demand model:

- The institutions and campuses that could be targeted by the proposed development have approximately 32 677 undergraduate full-time enrolled students (2023 estimate) attending class on the campuses
- The target institutions attract a sizeable portion of their students from beyond the City of Cape Town catchment area.
- Data indicates that the total on-campus and institutionally owned and operated accommodation at target campuses amount to 11 204 beds
- All target campuses are expected to increase their student numbers at approximately 2.0% per annum largely on account of the high growth experienced by private higher education institutions
- The CPUT is classified by the Report on the Ministerial Committee for the Review of the Provision of Student Housing at South African Universities (2011) to be a Type 2 institution that should ideally accommodate a minimum of 50% of full-time contact students in student accommodation to meet the national minimum benchmark
- National planning targets all full-time enrolled students as part of its student accommodation and planning and therefore does not exclusively target commuting or migrant students only – for the purposes of this appraisal the same principle is be applied.

- Considering the above, we are of the view that an initial take-up rate in line with the current student take-up at the institutions and national targets be used as a baseline for student residence demand.

The following table provides an overview of the estimated student accommodation demand within the primary market area. The result is based on student demand generated by the target campuses and takes into account the preceding considerations, assumptions and indicators

It should be noted that the demand calculations provide an indication of the cumulative (i.e., individual modelled years do include prior year's demand as well) and annualised (i.e., individual modelled years do not include prior year's demand as well) market demand estimates.

### Demand Modelling Findings

- Given the latest student enrolment data, there are approximately 32 677 full-time undergraduate students are enrolled at target campuses and institutions
- Of these, approximately 34.3% (11 204 student beds) are currently accommodated in institutional and accredited private student residences.
- Accredited Private student accommodation is expected to annually increase by between 40 and 60 units (1% per annum).
- National student accommodation targets aim to accommodate between 50% to 80% of enrolled students in student accommodation over the next 10 to 12 years.
- Given a target of 60%, it is expected that approximately 23 844 students will have to be accommodated in student accommodation over the medium to long term, resulting in a demand of approximately 12 223 student beds (2033).
- The projections indicate an average annual demand for additional student accommodation of between 1 500 and 3 000 beds over a 10 to 12 years horizon.
- The local market area primarily consists of small student accommodation providers that typically offer 10 to 50 bed student residences. Furthermore, market data indicates that scaled student accommodation specific developments are lacking in the local market area (only six scaled and student accommodation specific developments










are present in the market). Given the low- to moderate-level of local market activity, as well as limited scaled student orientated development, the project could capture a portion of the local market demand.

- It is estimated that the project could capture between 120 and 240 beds per annum if the project were to be able to generate a 10% to 20% market share in the local market.

- Given the 2023 base year for the demand calculation and all other factors remaining equal, the project should achieve 90% and more take-up within 4- to 6-years – allowing sufficient time (12 to 18 months) for administrative processes (e.g., finalisation of rights, accreditation approvals, etc.) as well as construction and related activities (e.g., building design, building plan submission, building plan approval, site preparation, construction and issuing of occupation certificates).

**Table 8.4: Student Accommodation Development Potential**

	2023	2025	2027	2029	2031	2033
 Number of Students	32 677	33 856	35 137	36 535	38 063	39 740
 Student Accommodation (Institutional and Accredited)	11 204	11 284	11 366	11 450	11 535	11 622
 Percentage of Students Accommodated in Institutional and Accredited Accommodation	34.3%	33.3%	32.3%	31.3%	30.3%	29.2%
 Projected Market Gap (Cumulative)	21 473	22 571	23 771	25 085	26 529	28 119
<b>Target – Institutional and Accredited Student Accommodation</b>	<b>35%</b>	<b>40%</b>	<b>45%</b>	<b>50%</b>	<b>55%</b>	<b>60%</b>
<b>Target – Number of Students Housed in Institutional and Accredited Accommodation</b>	<b>11 437</b>	<b>13 542</b>	<b>15 812</b>	<b>18 267</b>	<b>20 935</b>	<b>23 844</b>
 <b>Demand Gap</b>	<b>233</b>	<b>2 258</b>	<b>4 446</b>	<b>6 818</b>	<b>9 400</b>	<b>12 223</b>
 <b>Project Specific Gap (Minimum – 10%)</b>	<b>23</b>	<b>226</b>	<b>445</b>	<b>682</b>	<b>940</b>	<b>1 222</b>
 <b>Project Specific Gap (Maximum – 20%)</b>	<b>47</b>	<b>452</b>	<b>889</b>	<b>1 364</b>	<b>1 880</b>	<b>2 445</b>

Source: DEMACON Demand Modelling, 2023

## 8.6 SYNTHESIS

This Chapter of the report focused on determining supply and demand attributes of the student accommodation market of the primary market area of the proposed development.

The preceding analysis shows that market demand exists for a student residence (500 bed development) in the immediate market area of public and private higher education providers (i.e., CPUT, TVET Colleges, private higher education institutions and private colleges).

Student accommodation in the primary market area is generally positioned to target demand generated by the established public university campuses located in the City Bowl and Salt River/Woodstock/Observatory areas.

Institutional purpose-built student accommodation is generally located close to higher education campuses and represents the bulk of student accommodation in the primary market area.

Private sector purpose-built student accommodation represents 35.6% of student accommodation beds in the primary market area. Private sector student accommodation generally clusters close to the CPUT campuses distributed

throughout the primary market area (more specifically within the City Bowl and Observatory).

Although more than 11 000 purpose-built institutional and private student accommodation beds are operational in the primary market area, slightly more than 35% of all full-time enrolled public and private contact students are accommodated in purpose-built student accommodation. The data therefore suggests that under-supply of purpose-built student accommodation exists within the primary market area.

Furthermore, it is important to note that although purpose-built student accommodation is active in the market area, only 8% of private providers have scaled facilities, i.e., facilities that house more than 100 students. Even though scaled purpose-built student accommodation represent a minority share of private facilities, scaled providers offer more than 73% of private off-campus beds. Market data, therefore, indicates that although scaled purpose-built student accommodation facilities are limited in the local market area, their supply represents the bulk of available beds and will ultimately act as the core competitors to a new high-density private student accommodation development. Given that the local market' growth of student accommodation is low to moderate, the project could generate market share in the primary market area.

The market demand analysis provides an estimation of student accommodation demand based on the project's capability to generate equitable market share. Estimates indicate that the project could capture between 120 and 240 beds per annum if the project were to be able to generate 10% to 20% market share in the local market. Given the 2023 base year for the demand calculation and all other factors remaining equal, the project could achieve 90% and more take-up within 4- to 6-years – allowing sufficient time (12 to 18 months) for administrative processes (e.g., finalisation of rights, accreditation approvals, etc.) as well as construction and related activities (e.g., building design, building plan submission, building plan approval, site preparation, construction and issuing of occupation certificates).

Therefore, a moderate demand for quality, affordable student accommodation exists within the market area. If the project could position itself as a competitive service provider that targets not only public sector institutions, but private higher education providers as well, the project could unlock latent demand and attract a portion of the under-supplied student market– position itself as a dominant

provider in the area. Even though the proposed development site is located between 1.5km and 1.8 km from CPUT campuses, a bevy of private higher education institutions and colleges are located within the immediate area of the development site (within 1 km) and therefore the project could target both public and private sector institutions as sources of student accommodation demand.

It is however important that a successful relationship be established with public and private institutions. Successful relationship with public universities and colleges assists the development with supplying quality affordable accommodation at scale whilst also meeting the requirements for NSFAS and accreditation. Successful relationships with private providers would assist with directing students requiring student accommodation and ensuring that quality accommodation is maintained. Therefore, the proposed project could create a balanced approach between public and private sector students and could enable a long-term sustainable development opportunity that caters to all market sections.

Development Type	Effective Market Gap	Development Prospect
Student Accommodation (NSFAS and Non-NSFAS)	Yes	Moderate

### 8.6.1 CONFIGURATION CONSIDERATIONS

The preceding section identifies that a new private sector purpose-built student accommodation residence could cater to both public and private higher education enrolled students given the location of the development site and the under-supply of student accommodation in the primary market area. The data suggests that both privately funded and NSFAS students could therefore be accommodated and targeted by the proposed development.

Given the preceding, the following configuration considerations are provided based on the overarching structure of student accommodation offerings in the competing market.

Student accommodation has, overtime, become a multi-dimensional product that is in touch with student wants and needs, especially considering that generation Z is now the dominant age segment attending universities. Student

accommodation should ideally be a mixed development that offers a range of configuration options and attends to students needs by offering services and amenities often not found close to a student residence.

Given the context of student accommodation offerings in the competing market area, the proposed project should ideally focus on a mixed product offering that accommodates variations in unit typology. The mixed-product offering can actively cater to NSFAS and non-NSFAS student markets and assist with dynamically addressing annual fluctuations in NSFAS student demand, student growth prospects, affordability and price range adjustments and changes in accreditation requirements.

Market data suggests that where possible unit configurations could focus on 1- and 2-bedroom units that offer either private or shared rooms. A mixture of shared and private bedrooms should be explored in order to accommodate a combination of student target markets and to allow for ranged options at affordable price scales.

Select 1-bedroom units could be positioned as premium apartments whilst the bulk of 1- and 2-bedroom units should be focused on private students, NSFAS students and the “missing middle” students.

The proportion of beds allocated to NSFAS students should ideally be informed by the financial model of the project and its breakeven and financial sustainability requirements. Market data suggests a split of between 30% to 50% of beds allocated to NSFAS students.

It should be noted that several risks have been identified with NSFAS that includes slow and arduous payment processes and a slow confirmation of the number of students that will be allocated NSFAS funding for a given year. The following provides a graphical representation of the preceding.

Market data suggests that NSFAS students are typically accommodated in 1- and 2-bedroom units. The units typically represent a shared option, i.e., 2 persons per room. NSFAS students can make use of all configurations so long as a single room does not house more than 2 students and that the configuration of a unit and building, and its services are aligned with the minimum norms and standards.

A mixture of units that offer shared and private facilities (i.e., bathrooms and kitchens) should also be considered. Private student accommodation providers

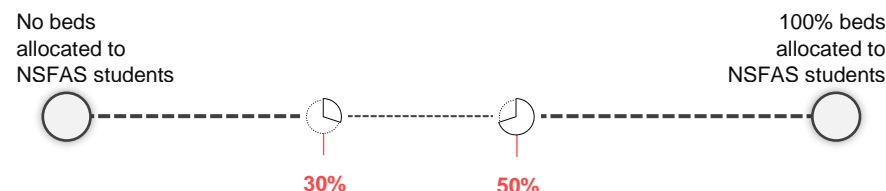
generally structure student residences to offer shared facilities at standard prices to NSFAS and non-NSFAS students. Unit options that offer private bathrooms and kitchens are premium options typically offered to non-NSFAS students.

**Diagram 8.4: Unit Configuration and NSFAS Student Indication**

**Percentage Range of Student Beds per Unit Configuration**



**Percentage Range of Student Beds at providers focused on NSFAS Students**



In addition to the preceding, the following items are typically included as part of rooms:

- Bed
- Curtains
- Study desk and chair
- Lamp and bedside table
- Lockable cupboards
- Wardrobe
- Heater
- Premium items (Kitchenette, Bathroom, TV)

In the case of shared rooms, many spaces and items are often shared. These include:

- Bathroom
- Kitchen

- Fridge
- Microwave

The following amenities are typically provided by student residences:

- Laundry services
- Entertainment areas
- Study room
- Convenience retail
- Free uncapped Wi-Fi
- DStv
- Bus/shuttle services
- 24-hour security
- Biometric access control

Market research of a variety of student markets has identified that a range of premium services and extras could be provided (these increase the price of accommodation). It is important that the provision of premium services should be weighed against the financial sustainability of the project, the local markets affordability profile and the range of NSFAS funded students that will occupy units.

- Backup power generation
- Rooftop entertainment
- Swimming pool
- Braai facilities
- On-site building manager
- Secure parking (at a premium)
- Gym




Another aspect that, in recent years, has become an essential component to student accommodation, and especially privately operated student accommodation, is the inclusion of a res-life programme at a residence. Res-life programmes aim to create social cohesion through the arrangement of social interactions between students in the form of socials, sporting events, academic support programmes, etc.

An important point to recognise is that, NSFAS as a government funding scheme requires that all new student accommodation (i.e., student accommodation built

post the implementation of the Minimum Norms and Standards for Student Housing at Public Institutions of Higher Learning) implemented and/or leased by institutions and new private sector accredited student accommodation conform to the prescribed minimum norms and standards or the appropriate accreditation guidelines of a public institution. It is, therefore, necessary to ensure that is NSFAS students are to be accommodated in a student residence that all appropriate guidelines, requirements and expectations are met to ensure continued accreditation.



Diagram 8.5: Unit Configuration Options

	1-Bedroom Unit	2-Bedroom Unit	NSFAS Student Unit
<b>Configuration Option</b>	<ul style="list-style-type: none"> <li>• Private bedroom accommodating 1 student</li> <li>• Shared bedroom accommodating 2 students</li> </ul>	<ul style="list-style-type: none"> <li>• Private bedrooms accommodating 2 students</li> <li>• Shared bedrooms accommodating 3 to 4 students</li> </ul>	<ul style="list-style-type: none"> <li>• Typically shared 1- and 2-bedroom unit configurations</li> <li>• NSFAS students can make use of all configurations so long as a single room does not house more than 2 students</li> </ul>
			
<b>Price Ranges (per bed)</b>	<ul style="list-style-type: none"> <li>• Private bedroom                             <ul style="list-style-type: none"> <li>○ R6 000 to R8 000</li> </ul> </li> <li>• Shared bedroom                             <ul style="list-style-type: none"> <li>○ R5 000 to R6 000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Private bedroom                             <ul style="list-style-type: none"> <li>○ R4 000 to R5 000</li> </ul> </li> <li>• Shared bedroom                             <ul style="list-style-type: none"> <li>○ R3 000 to R4 000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Shared bedroom                             <ul style="list-style-type: none"> <li>○ R3 000 to R4 500</li> </ul> </li> <li>• NSFAS cap of R45 000 per annum</li> </ul>
<b>Room/Unit Features</b>	<ul style="list-style-type: none"> <li>• Bed</li> <li>• Curtains</li> <li>• Study desk and chair</li> <li>• Lamp and bedside table</li> <li>• Lockable cupboards</li> <li>• Wardrobe</li> <li>• Kitchenette (premium option)</li> <li>• Heater</li> <li>• Bathroom (premium option)</li> <li>• TV (premium option)</li> </ul>	<ul style="list-style-type: none"> <li>• Bed</li> <li>• Curtains</li> <li>• Study desk and chair</li> <li>• Lamp and bedside table</li> <li>• Lockable cupboards</li> <li>• Wardrobe</li> <li>• Kitchenette (premium option)</li> <li>• Heater</li> <li>• Bathroom (premium option)</li> <li>• TV (premium option)</li> </ul>	<ul style="list-style-type: none"> <li>• Bed</li> <li>• Curtains</li> <li>• Study desk and chair</li> <li>• Lamp and bedside table</li> <li>• Lockable cupboards</li> <li>• Wardrobe</li> <li>• Heater</li> </ul>
<b>Shared Facilities (where applicable)</b>	<ul style="list-style-type: none"> <li>• Bathroom</li> <li>• Kitchen</li> <li>• Fridge</li> <li>• Microwave</li> </ul>	<ul style="list-style-type: none"> <li>• Bathroom</li> <li>• Kitchen</li> <li>• Fridge</li> <li>• Microwave</li> </ul>	<ul style="list-style-type: none"> <li>• Bathroom</li> <li>• Kitchen</li> <li>• Fridge</li> <li>• Microwave</li> </ul>
<b>Building Amenities</b>	<ul style="list-style-type: none"> <li>• Laundry services</li> <li>• Entertainment areas</li> <li>• Study room</li> <li>• Convenience retail</li> <li>• Free uncapped Wi-Fi</li> <li>• DStv</li> <li>• Bus/shuttle services</li> <li>• 24-hour security</li> </ul>	<ul style="list-style-type: none"> <li>• Laundry services</li> <li>• Entertainment areas</li> <li>• Study room</li> <li>• Convenience retail</li> <li>• Free uncapped Wi-Fi</li> <li>• DStv</li> <li>• Bus/shuttle services</li> <li>• 24-hour security</li> </ul>	<ul style="list-style-type: none"> <li>• Laundry services</li> <li>• Entertainment areas</li> <li>• Study room</li> <li>• Convenience retail</li> <li>• Free uncapped Wi-Fi</li> <li>• DStv</li> <li>• Bus/shuttle services</li> <li>• 24-hour security</li> </ul>

	1-Bedroom Unit	2-Bedroom Unit	NSFAS Student Unit
<b>Premium Services</b>	<ul style="list-style-type: none"> <li>• Biometric access control</li> <li>• Backup power generation</li> <li>• Rooftop entertainment</li> <li>• Swimming pool</li> <li>• Braai facilities</li> <li>• On-site building manager</li> <li>• Secure parking (at a premium)</li> <li>• Gym</li> </ul>	<ul style="list-style-type: none"> <li>• Biometric access control</li> <li>• Backup power generation</li> <li>• Rooftop entertainment</li> <li>• Swimming pool</li> <li>• Braai facilities</li> <li>• On-site building manager</li> <li>• Secure parking (at a premium)</li> <li>• Gym</li> </ul>	<ul style="list-style-type: none"> <li>• Biometric access control</li> <li>• Backup power generation</li> <li>• Rooftop entertainment</li> <li>• Swimming pool</li> <li>• Braai facilities</li> <li>• On-site building manager</li> <li>• Secure parking (at a premium)</li> <li>• Gym</li> </ul>

Source: DEMACON Research, 2023

### 8.6.2 RISK MITIGATION

#### Faltering Student Accommodation Demand

Purpose built student accommodation (PBSA) is a development typology and market asset that is typically not configured to be repositioned within the market should student demand not materialise. Discussions with major student accommodation suppliers revealed that risk mitigation in the form of repositioning a student accommodation property as a residential apartment development open to the public is not considered as an appropriate response. Discussion reveal that PBSA is a directly marketed product and at present investment into strategic locations such as Rondebosch, Mowbray and Observatory is considered to be a risk mitigating factor.

In the event that a student residence is to be repositioned as a residential property open to all sections of the market, careful consideration should be afforded to the sale of units within the building. A careful marketing strategy and appropriate price configuration should be considered. Repositioning is best suited to 1- and 2-bedroom apartments.

Present market conditions reveal the severe shortage of student accommodation locally and nationally and in the severe shortage risk can be mitigated through correctly placed and marketed product offerings.

#### Slow NSFAS Payments

Furthermore, the NSFAS payment scheme is a timely process which typically places a lot of financial pressure on providers in the first half of an academic year. Financial planning should be so structured to accommodate for late payments.

Also, the confirmation of the quantity of NSFAS students at an institution any given year is a timely process. Backup plans should be in place to ensure that should a shortfall of NSFAS students be available for accommodation that the proposed project put in place financial/payment agreements or can source alternative students.

#### Product Affordability

Affordability in the context of the “missing middle” is a key concept for Government. Price growth of student accommodation products are influenced by various factors that include utility expense escalations, inflationary pressures and operational requirements. Price growth of the student accommodation offering should keep trend with market inflation but should also be cognisant of the NSFAS premium and the capability of households to pay for student residences.

### 8.6.3 MINIMUM NORMS AND STANDARDS

The following provides a concise overview of the minimum norms and standards prescribed by the DHET for student accommodation. It should be noted that the norms and standards were drafted with a focus on university residences. Further to the preceding, the norms and standards are current under review and therefore the finalised version of the prescribed norms and standards may vary from the information outlined below.

Minimum Norms and Standards are included here as a guideline to assist with understanding the requirements that a higher education institution will be considering when reviewing an application for accreditation. According to the Norms and Standards Policy, which is informed by the High Education Act, accommodation that will host NSFAS students should, at a bare minimum

provide spaces, amenities and services in line with the minimum norms and standards – accreditation will also be done on these grounds.

### Basic Requirements

In order to qualify for accreditation a dwelling house or commune must at the minimum comply with the following requirements:

- Students sharing rooms should have their own lockable closets.
- There should be a maximum of two students per room.
- Rooms should be equipped with a single bed, cupboard, study desk, chair, and a bookshelf.
- No more than five students must share a bath or shower and toilet.
- Cooking facilities, with at the minimum a stove, a fridge, a sink, lockable cupboards, a microwave oven, and a workplace, to be used by a maximum of 15 students.
- Students are to clean their own rooms and the service provider must clean all communal areas.
- Rental charged per student is inclusive of water and electricity.
- Reliable and regular transport to the nearest university campus must be provided by the landlord in areas where the distance of the accommodation from such campus exceeds 3km.
- All off-campus accommodation facilities must be of a standard that is at least the equivalent of a university residence in terms of quality and appearance.

### Design of Residences

The following minimum design standards are applicable:

- Single rooms should be no smaller than 8m/9m<sup>2</sup>, and double rooms should be no smaller than 14m<sup>2</sup>.
- Rooms should be furnished and fitted as per the specifications detailed in the Minimum Standards for Student Housing room specification manual.
- Dormitory/hall type residence buildings should not exceed the following ablution facilities ratios:
  - Wash basins – 1 per 4 student residents.
  - Shower cubicles – 1 per 7 student residents.
  - Lavatories – 1 per 5 student residents.

- Shower and lavatory cubicles shall be designed in such a way that individual privacy is provided (i.e., no communal showers or toilets).

### Social Spaces

The following minimum social spaces should be provided:

- Large common/meeting room – 1m<sup>2</sup> per student resident.
- Smaller TV/meeting room – 0.5m<sup>2</sup> per student resident.
- Cooking inside student rooms shall not be permitted.
- Suitable food storage, preparation and kitchen space shall be provided, which shall be equipped in the following ratios which may not be exceeded:
  - Stove – 1 per 6 student residents.
  - Cold storage – 0.75m<sup>2</sup> lockable storage space per student.
  - Sink – 1 per 15 student residents.
- Lockable cupboards – 1 per student resident.
- Microwave oven – 1 per 15 student residents.
- Countertop space – sufficient for 15 students' simultaneous usage.
- Wireless and/or fibre optic cable internet access is required in all student rooms and social spaces

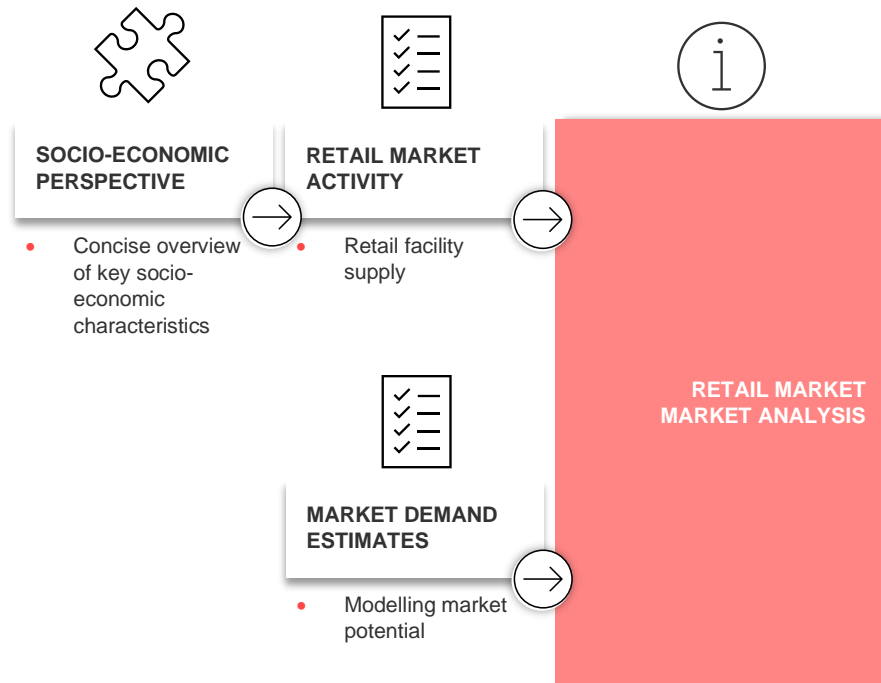
## 9 RETAIL MARKET ANALYSIS

### 9.1 INTRODUCTION

This section of the report focuses on the retail market, with the objective of estimating the development potential within the designated area. In order to reach this objective, the supply and demand for development within the market area should be identified and assessed in light of current trends.

The Chapter is discussed under the following core themes:

Diagram 9.1: Chapter 9 Core Themes



### 9.2 SOCIO-ECONOMIC PERSPECTIVE

The following provides a concise perspective of context-specific socio-economic attributes relevant to retail market developments<sup>5</sup>

**49 272**

**Households**  
(2023 market area estimate)

Average Annual Household Income

R291 862 R497 264

Data shows that households in the Table Bay economy spend on average **16% (R4 941)** of disposable income per month on convenience retail items

Distribution of Household Consumption Expenditure per Type of Product

Average Monthly Spend

Category	Product Type	Percentage	Average Monthly Spend
Services (56.3%)	Miscellaneous services	14.3%	4 429
	Recreational, entertainment and...	8.3%	2 560
	Transport and communication services	9.9%	3 063
	Medical services	7.9%	2 460
	Household services, including...	3.3%	1 013
	Rent	12.6%	3 908
Non-Durable Goods (27.9%)	Recreational and entertainment goods	0.8%	254
	Petroleum products	2.7%	848
	Medical and pharmaceutical products	2.7%	827
	Household consumer goods	1.6%	497
	Household fuel and power	4.1%	1 266
	<b>Food, beverages and tobacco</b>	<b>16.0%</b>	<b>4 941</b>
Semi-Durable Goods (6.3%)	Miscellaneous goods	0.3%	99
	Recreational and entertainment goods	0.6%	195
	Motor car tyres, parts and accessories	1.2%	368
	Household textiles, furnishings,...	0.9%	276
Durable Goods (9.6%)	Clothing and footwear	3.3%	1 007
	Other durable goods	0.7%	231
	Recreational and entertainment goods	1.9%	586
	Computers and related equipment	0.3%	94
	Personal transport equipment	4.9%	1 527
	Furniture, household appliances, etc	1.7%	520

<sup>5</sup> DEMACON ex Statistics South Africa Census and General Household Survey, 2023



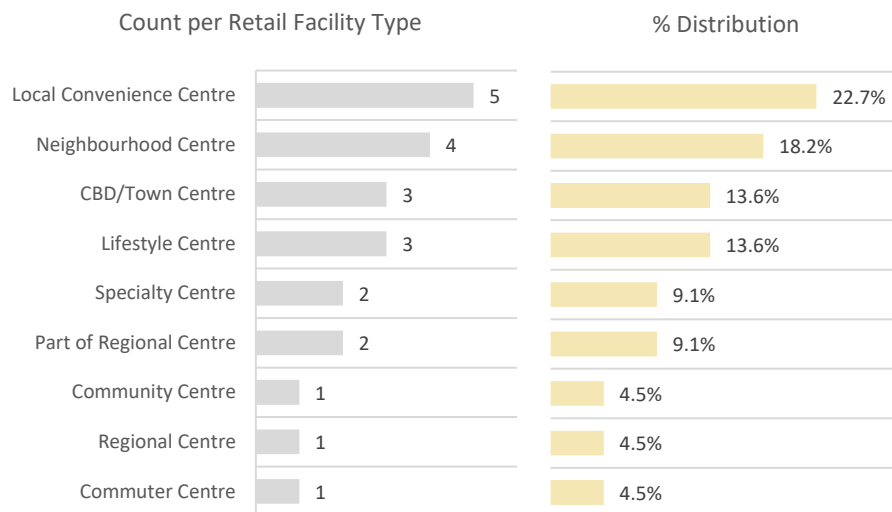
### 9.3 RETAIL SUPPLY PERSPECTIVE

The following section provides an overview of the retail market and its characteristics.

Diagram 9.2: Retail Supply Perspective

**22** retail facilities **PRESENT** in the primary market area

**2** retail facilities **PROPOSED** in the primary market area



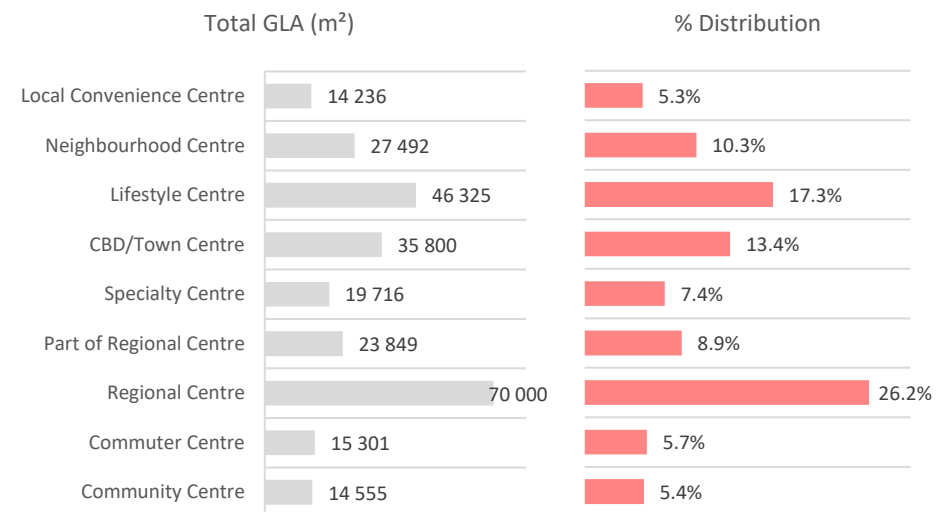
**1 163** retail businesses operate within the adjacent CBD area of which the majority operate within street front retail spaces

The data shows that the majority of retail facilities in the primary market area are local convenience centres catering to household convenience shopping needs. Neighbourhood centres play a similarly important role. Combine, these retail typologies represent nearly 41% of retail facility supply in the market area.

Street front retail space is a prominent feature of inner-city environments. The Cape Town CBD, according to the City Improvement District, is home to 1 163 retail orientated businesses who primarily operate within street fronting retail spaces

**267 273 m<sup>2</sup>** Gross Leasable Floor Area in retail facilities is available in the market area

**33 253 m<sup>2</sup>** of proposed Gross Leasable Floor Area will be added in by new retail facilities in the market area



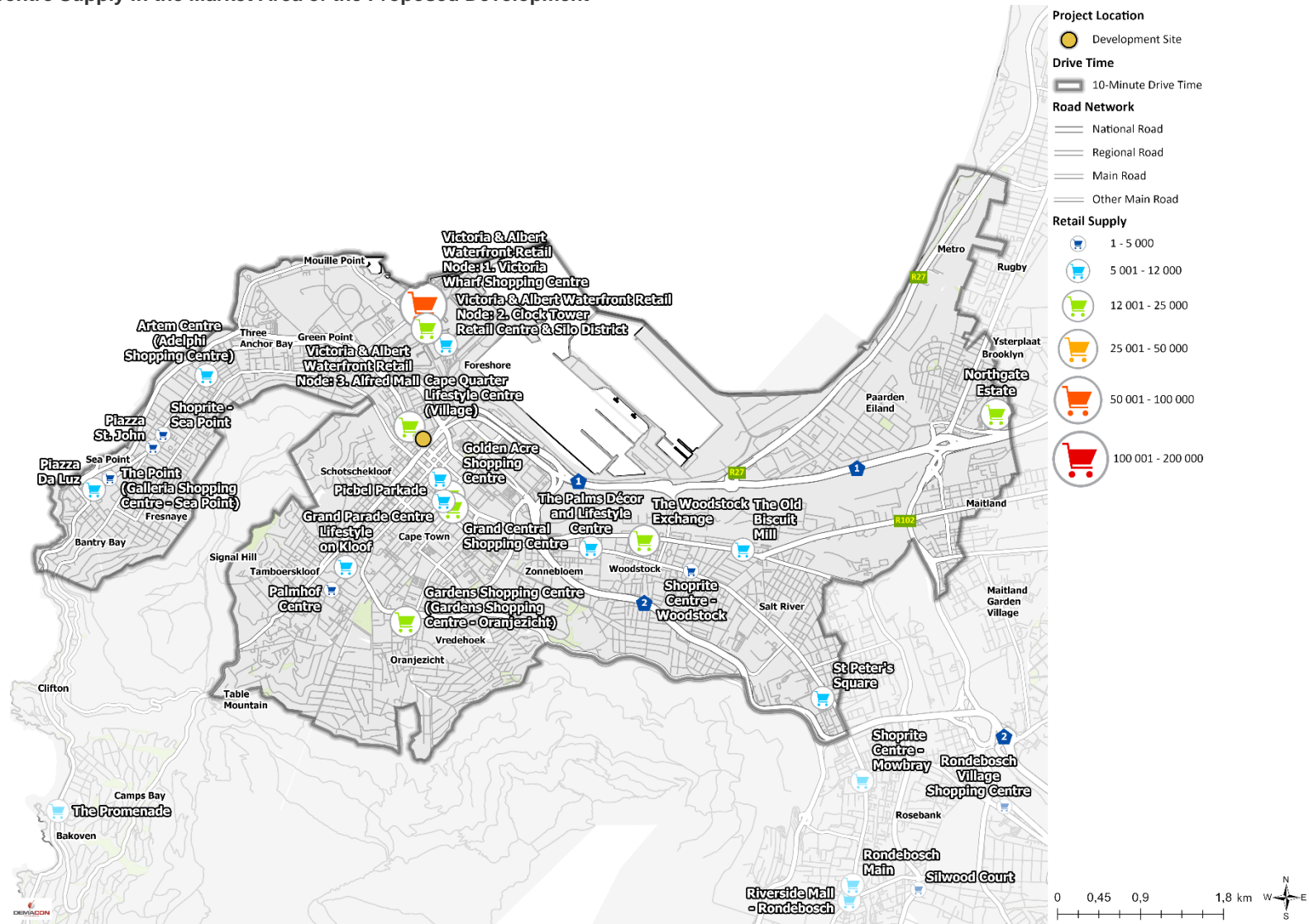
**192 724 m<sup>2</sup>** of street front orientated retail space is available in the CBD

The data shows that although local convenience centres are the most prevalent retail facility type in the market area, the centres only provide ±14 236 m<sup>2</sup> (5.3%) of retail GLA. Regional and Lifestyle Centres represent the largest contributors to retail GLA in the market area, contributing ±116 325 m<sup>2</sup> (43.5%) of retail space.

Even though retail facilities offer sizeable retail space in the primary market area, street front orientated retail space provide more than 190 000 m<sup>2</sup> of retail GLA in the Cape Town CBD.

The following map and table provide an overview of the existing retail supply within a 10-minute drivetime of the proposed development – providing the name of the shopping centre, type, size, year developed, parking, retail floors, number of shops and anchor stores.

**Map 9.1: Retail Centre Supply in the Market Area of the Proposed Development**



Source: DEMACON ex SACSC, 2023

**Table 9.1: Retail Centre Supply in the Market Aa of the Proposed Development**

Shopping Centre Name	Classification	GLA (m <sup>2</sup> )	Year Developed	Year Refurbished	Retail Floors	Parking (Open)	Parking (Covered)	Parking Total	Shops	Main Anchors
Artem Centre (Adelphi Shopping Centre)	Neighbourhood Centre	7 275	1974	2017	3	0	138	138	32	Pick n Pay, Clicks
Cape Quarter Lifestyle Centre (Village)	Lifestyle Centre	12 776	2003	2009	2	0	1080	1080	110	Spar, Zone Fitness, Bootleggers
Gardens Shopping Centre (Gardens Shopping Centre - Oranjezicht)	Community Centre	14 555	1972	2015	2	290	517	807	66	Pick n Pay, Woolworths, Clicks, Cape Union Mart, @Home, Hartlief Deli
Golden Acre Shopping Centre	Commuter Centre	15 301	1979	2009	4	193	644	837	100	Shoprite, Ackermans, Pep
Grand Central Shopping Centre	CBD/Town Centre	14 673	1989	1998	2	0	709	709	29	Game, Spar
Grand Parade Centre	CBD/Town Centre	10 438	1948	2009	2	0	0	0	21	Shoprite, OK Furniture, Total Sports
Lifestyle on Kloof	Neighbourhood Centre	5 875	2004	2017	2	0	271	271	30	Woolworths, Wellness Warehouse, Knead Bakery
Northgate Estate	Lifestyle Centre	25 000	2006	0	1	1000	0	1000	29	Builders Warehouse, Italtile, CTM, Franke, Zebbies, Complete Home Décor facility
Palmhof Centre	Local Convenience Centre	1 760	0	0	1	50	0	50	15	Checkers, Small Shops, Restaurants
Piazza Da Luz	Neighbourhood Centre	8 342	2009	0	2	0	120	120	20	SuperSpar, Tops at Spar, Woolworths Food
Piazza St. John	Local Convenience Centre	3 729	2004	2005	2	200	0	200	40	Woolworths Foods, Ocean Basket, Vida e Caffé
Picbel Parkade	CBD/Town Centre	10 689	1956	2010	2	0	808	808	28	Pick n Pay, Clicks
Shoprite - Sea Point	Local Convenience Centre	2 638	1980	0	1	50	0	50	6	Shoprite, Small Shops
Shoprite Centre - Woodstock	Local Convenience Centre	1 122	0	0	1	0	0	0	2	Shoprite, Small Shops
St Peter's Square	Neighbourhood Centre	6 000	1999	2010	2	200	120	320	31	Pick n Pay, Spur, Cash Crusaders
The Old Biscuit Mill	Specialty Centre	6 465	2010	2018	2	89	10	99	30	Independent Speciality Shops
The Palms Décor and Lifestyle Centre	Lifestyle Centre	8 549	2011	0	2	278	0	278	28	Coricraft, Earthcote, Whitehouse Linen, Bookery, B.O.N.E.S, Gosenhauser, Mulholland Interiors
The Point (Galleria Shopping Centre - Sea Point)	Local Convenience Centre	4 987	1995	2013	4	0	400	400	24	Checkers, Pick n Pay Clothing, Dis-Chem, Sportsmans Warehouse
The Woodstock Exchange	Specialty Centre	13 251	2011	0	1	0	0	0	15	Independent Speciality Shops

Shopping Centre Name	Classification	GLA (m <sup>2</sup> )	Year Developed	Year Refurbished	Retail Floors	Parking (Open)	Parking (Covered)	Parking Total	Shops	Main Anchors
Victoria & Albert Waterfront Retail Node: 1. Victoria Wharf Shopping Centre	Regional Centre	70 000	1992	2015	3	479	975	1454	270	Pick n Pay Super, Woolworths, Clicks, Edgars, Zara, H&M
Victoria & Albert Waterfront Retail Node: 2. Clock Tower Retail Centre & Silo District	Part of Regional Centre	9 349	2000	2017	2	712	1561	2273	30	Shimansky, Lindt Chocolate Studio, Virgin Active, Clicks, Vida e Caffè
Victoria & Albert Waterfront Retail Node: 3. Alfred Mall	Part of Regional Centre	14 500	1990	0	1	20	0	20	18	V&A Hotel, Chameleon Crafts, Specialty Stores

Source: DEMACON ex SACSC, 2023

## 9.4 MARKET DEMAND MODELLING

The demand-side dynamics within the market have been concisely described in preceding chapters, supported by a retail market growth assessment. An assessment of the net effective demand for additional retail floor space will be made in this chapter. A growth forecast, respectively for a five and ten-year horizon are provided based on economic, population and income growth prevalent in the market.

### 9.4.1 DEFINING MARKET DEMAND

Retail demand depends on a variety of customer-related aspects. It can be conceptualised as follows:

$$Dret = f \{Po; P\%; Q; Y; Re; Cp; Sf\}$$

Where:

- Po = Population size
- P% = Population growth
- Q = Existing quality of retail space
- Y = Household income
- Re = Household expenditure patterns
- Cp = Consumer preferences
- Sf = Seasonality factors

Retail demand modelling has become increasingly specialised over the past decade. One particular aspect that has changed is a notable shift away from broad based supply-demand estimations to multivariate, differentiated models. Contemporary models focus on specific expenditure patterns of selected SEM market segments. The demand and supply side of the retail market can be defined in terms of the following:

### 9.4.2 DEFINING MARKET SUPPLY

The supply of retail markets entails the following:

$$Sret = f \{Dret; GLAret; R; Sc; Cc; Lu; Ia; Sp; Vret \}$$

Where:

- Dret = Demand
- GLAret = Current rentable/useable area
- R = Rent/m<sup>2</sup>
- Sc = Competition
- Cc = Construction cost
- Lu = Surrounding land uses
- Ia = Infrastructure availability
- Sp = Speculative climate
- Vret = Vacancy

### 9.4.3 MARKET DEMAND MODELLING OUTCOME

The retail market is a derived demand. The primary demand drivers are community income and expenditure profiles. An important concept in retailing is the fact that different order size shopping centres cater to different consumer needs and hence, do not compete directly for market share. In this context, the objective of this sub-section is to assess the magnitude of retail development that can be sustained by the primary market area of the proposed project.

#### Retail Expenditure

The primary catchment population spends approximately **R5.4 billion per annum** (2023 net present value) on retail goods and services.

Table 9.2: Market Area Retail Expenditure (2023 to 2033)

Retail Category	2023 R/Annum	2028 R/Annum	2033 R/Annum
 Groceries, Butchery & Liquor	R1 545 371 727	R1 740 543 073	R1 953 212 445
 Fashion & Footwear	R612 783 307	R690 174 229	R774 503 610
 Furniture, Homeware & Interior	R487 473 357	R549 038 370	R616 122 976
 Hardware & DIY	R547 127 953	R616 226 990	R691 521 081
 Entertainment, Bookstores, Gadgets & Hobbies	R199 083 978	R224 227 111	R251 624 445
 Cell phone & Electronics	R683 556 955	R769 886 172	R863 955 208
 Restaurants, Coffee Shops & Takeaways	R325 805 871	R366 953 233	R411 789 650
 Health & Beauty	R561 776 862	R632 725 971	R710 036 000
 Sport & Outdoor Equipment	R281 019 036	R316 510 085	R355 183 073
 Other Personal Goods & Services	R162 126 367	R182 601 972	R204 913 311
<b>Total</b>	<b>R5 406 125 412</b>	<b>R6 088 887 206</b>	<b>R6 832 861 798</b>

Source: DEMACON Demand Modelling, 2023

The retail demand estimations are conducted based on prevalent population and income growth trends (all values: 2023 constant prices). The demand estimations are considered conservative and realistic. Subsequent paragraphs indicate the market potential analysis of the proposed development. The retail market estimations are based on a trade area-based technique.

The following tables summarise the current and forecast market expenditure and the retail floor space for retail facilities within the retail node. Demand values are presented for 2023, 2028 and 2033 (all values: constant 2023 prices).

#### Market Retail Floor Space Demand

The total demand threshold increases from 212 317m<sup>2</sup> GLA in 2023 to 231 256m<sup>2</sup> GLA in 2033.

Table 9.3: Market Area Retail Floor Space Demand (2023 to 2033)

Retail Category	2023 R/Annum	2028 R/Annum	2033 R/Annum
 Groceries, Butchery & Liquor	42 927	43 791	46 756
 Fashion & Footwear	19 767	20 165	21 530
 Furniture, Homeware & Interior	19 499	19 891	21 238
 Hardware & DIY	21 885	22 325	23 837
 Entertainment, Bookstores, Gadgets & Hobbies	7 110	7 253	7 744
 Cell phone & Electronics	24 413	24 904	26 590
 Restaurants, Coffee Shops & Takeaways	9 050	9 232	9 857
 Health & Beauty	20 063	20 467	21 853
 Sport & Outdoor Equipment	10 036	10 238	10 932
 Other Personal Goods & Services	5 790	5 907	6 307
Services	31 775	32 415	34 610
<b>Total</b>	<b>212 317</b>	<b>216 588</b>	<b>231 256</b>






Source: DEMACON Demand Modelling, 2023



## Market Area Demand Estimation

In the context of residual nodal capacity calculations, indications suggest, that the optimum centre size could ideally measure approximately  $\pm 5\ 372\text{m}^2$  GLA.

**Table 9.4: Recommended Centre Options**

	Rand or m <sup>2</sup>
 Total annual growth in the market	726
 Centre share of growth (sqm/a)	18
 Optimum point of market entry (OPME)	2024+
 Additional growth in demand for centre (sqm)	54
 Retail GLA at OPME	4 568
 Services GLA at OPME	804
 <b>OPME Centre Size (sqm)</b>	<b>5 372</b>
 On-site job creation	179
 Retail sales potential (2023 NPV)	157 399 351
 Total capital investment (2023 NPV)	102 067 839
 Parking bays required	215
 Parking infrastructure & landscaping cost	5 114 136

Source: DEMACON Demand Modelling, 2023

## Demand Modelling Findings

- In the context of the above calculations, indications suggest, that there is retail potential of approximately  $\pm 5\ 372\text{m}^2$  GLA
- Given the location of the proposed development site, size constraint and the probable high-density/high-rise configuration of the property, the potential GLA could be configured into convenience options that are either street facing and/or make use of the proclaimed heritage building on-site
- The optimum point of market entry for the centre could be 2024+
- In the event that the full retail capacity as calculated is constructed and operational, annual sales of approximately R157.4 million (based on

benchmark trading densities and the baseline analysis) could be achieved and  $\pm 179$  permanent on-site jobs could be created.

The following table provides a summary of the potential tenant composition and space utilisation based on the market demand outcome outlined by Table 9.4.

**Table 9.5: Ideal Tenant Composition**

Retail Category	Size in m <sup>2</sup> GLA
 Groceries, Butchery & Liquor	1 277
 Fashion & Footwear	588
 Furniture, Homeware & Interior	580
 Hardware & DIY	651
 Entertainment, Bookstores, Gadgets & Hobbies	212
 Cell phone & Electronics	726
 Restaurants, Coffee Shops & Takeaways	269
 Health & Beauty	597
 Sport & Outdoor Equipment	299
 Other Personal Goods & Services	172
<b>Total</b>	<b>5 372</b>

Source: DEMACON Demand Modelling, 2023

## 9.5 SYNTHESIS

This Chapter of the report focused on determining supply and demand attributes of the retail market of the primary market area of the proposed development.

The market area of the proposed development consists of a wide range of retail facilities at various scales and functionality. Approximately 22 retail facilities are operational in the market area whilst another two centres are proposed and could add to the regional profile in the medium-term. Convenience retail and local neighbourhood centres represent the bulk of retail facilities, i.e., 40.9% of retail facilities. The bulk of retail GLA however, is provided by regional, lifestyle and CBD situated retail centres (57.9% of bulk GLA).

The market area hosts more than 267 000 square meters GLA. Store front retail is a major retail space in the immediate environment of the proposed development site. Data shows that more than 192 000 square meter of street fronted retail space is available in the Cape Town CBD.

Except for larger retail facilities such as regional facilities (i.e., V&A Waterfront, etc.), convenience and neighbourhood facilities are distributed throughout the urban extent of the market area. Larger retail nodes are situated along primary transport routes and at prominent intersections.

Trends in vertical integration and higher density development show that the integration of multiple uses into a building is considered functional. Data suggests that high-density developments are focused on integrated functions and amenities and have started to broaden their scope beyond the traditional single typology development. Many developments now include a convenience retail component serving convenience needs.

In light of the contents of this Chapter and taking into consideration the outcomes of the supply analysis, the proposed development could focus on the inclusion of a retail facility that consists of:

- Convenience retail facilities that are:
  - integrated as part of a high-rise building/s
  - makes use of the existing heritage building

The gap analysis for the retail market show that a gap exists and that market entry for the convenience retail component could be 2024 onwards.

Development Type	Effective Market Gap	Development Prospect
Convenience Retail (Street Facing and Integrated)	Yes	Moderate to High

### 9.5.1 HIGH-LEVEL RECOMMENDATIONS

The following summarises the demand potential of retail space as part of the proposed development. The purpose is to highlight the opportunities and potential configurations that could be considered as development opportunities for the project.

- In the medium- to longer-term an opportunity for the development of retail floor space of approximately 5 372m<sup>2</sup>
- The retail development should form part of an integrated development approach that incorporates street level retail space with alternative high-rise uses such as residential
- The existing heritage building could be used to house several convenience and related retail spaces and services. This will allow retail components to be included into the integrated development whilst also making use of an existing building.
- The retail opportunity could focus on convenience and services elements such as:
  - Groceries
  - Food market and specialised wellness stores
  - Health and beauty services (hair salon, pharmacy, etc.)
  - Restaurants and coffee shops
  - Entertainment (exhibition areas, local watering holes, etc.)
- The optimum point of market entry is 2024+.
- Performance will be dependent on, inter alia, appropriate tenant composition
- Other considerations include:
  - Specialised traders
  - The layout should take cognisance of retailers / traders" demands in terms of visibility and accessibility.
  - Proper signage should contribute to the permeability of the retail spaces
  - should comply with modern design standards
  - should reflect a high quality in order to provide a pleasant experience
  - should portray a creative, vibrant image and branding – ideally to be aligned with the uniqueness of the local culture and environment.

The challenge will be to find a balance between market demand (as revealed by consumer income and spending patterns) and tenant demand (i.e., the expressed desire by tenants to occupy space in the centre) and investor demand (i.e., the need for capital growth).

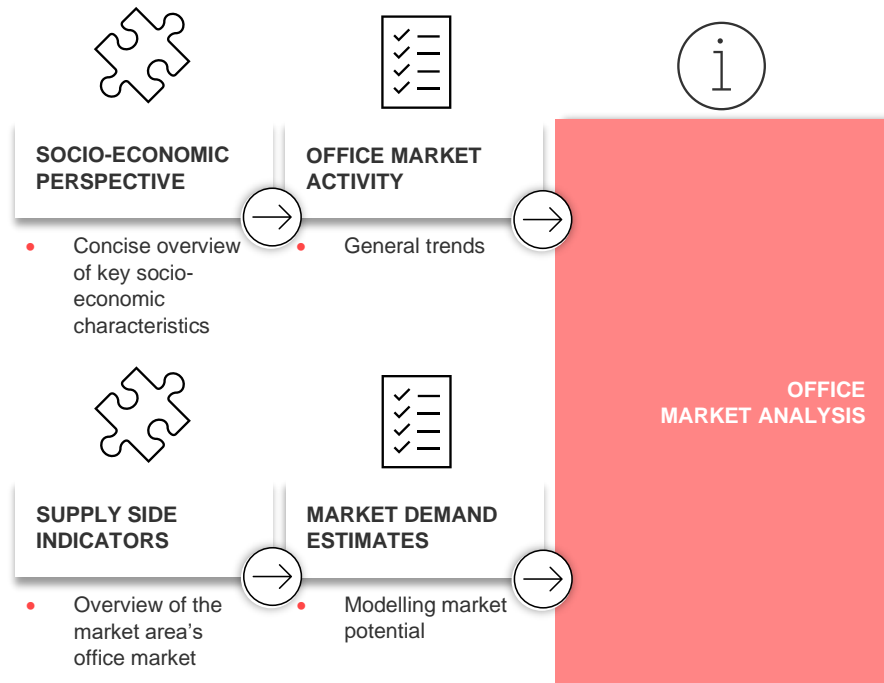
## 10 OFFICE MARKET ANALYSIS

### 10.1 INTRODUCTION

The following Chapter of the report focuses on the office market, with the objective of estimating the development potential within the designated market area. In order to reach this objective, the supply and demand for offices within the market area should be identified and assessed in light of current trends.

The Chapter is discussed under the following core themes:

Diagram 10.1: Chapter 10 Core Themes

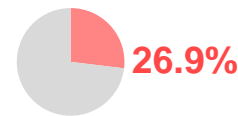


### 10.2 SOCIO-ECONOMIC PERSPECTIVE

The following provides a concise perspective of context-specific socio-economic attributes relevant to retail market developments<sup>6</sup>.

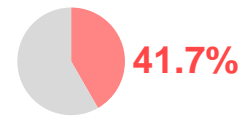
The **finance, insurance, real estate and business services sector** of the economy is considered to be the primary source of office related employment and consequently demand.

#### Market Area Economically Active Perspective



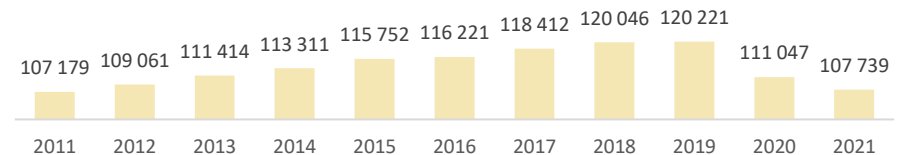
of the market area economically active **are employed in the finance, insurance, real estate and business services sector**. Although more than a quarter of the market area economically active are employed in this sector, places of work may be located beyond the geographical extent of the market area

#### Local Economy Job Creation Perspective



of the local economy's employment opportunities are provided by the **finance, insurance, real estate and business services sector**. The local economy's perspective shows that the creation of employment opportunities in this sector drives office demand in the local economy and market area

Table Bay Sub-Regional Economy Finance, Insurance, Real Estate and Business Services Sector Number of Jobs Trends



The total number of employment opportunities in the sector was decreased mainly as a result of lock-down regulations to curb Covid-19 infections during 2020. Since 2020 economic growth has stagnated and has placed downward pressure on sectors such as the finance, insurance, real estate and business services sector.

<sup>6</sup> DEMACON ex Statistics South Africa Census and General Household Survey, 2023

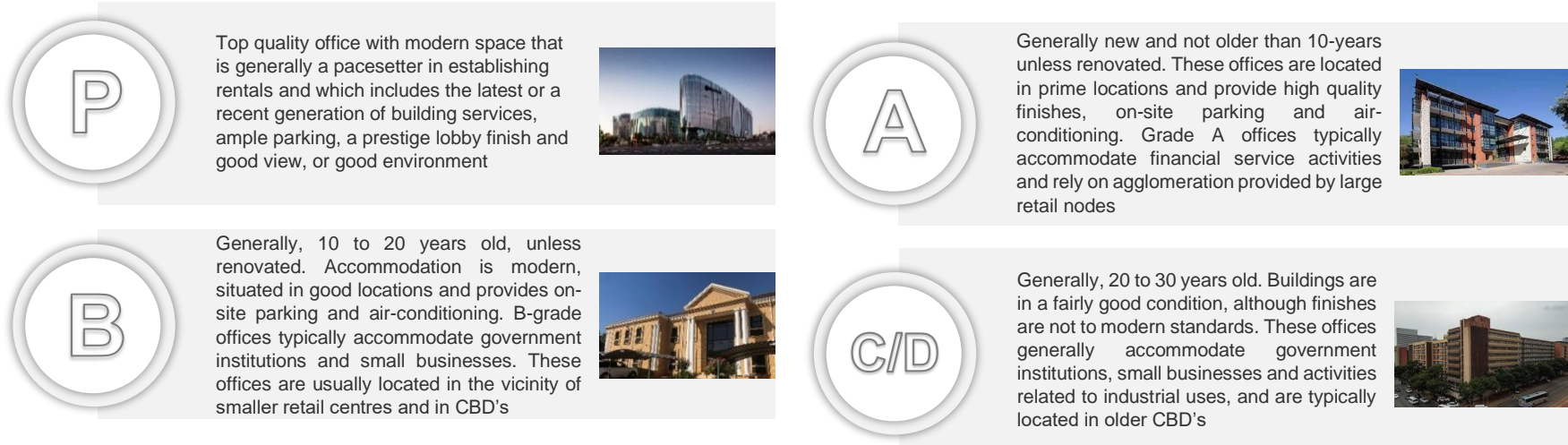
### 10.3 GENERAL OFFICE MARKET CONCEPTS

The following section provides an overview of general office market concepts. The purpose of the information contained in the section is to define core aspects of the office market in order to provide a basis from which office market supply and demand side aspects can be interpreted and understood.

#### 10.3.1 OFFICE SPACE GRADING













Office space is defined by the functions performed in them, the type of premises occupied, and the occupational sector accommodated within them. The function of offices can be described as personal services, administration and management of social and economic systems. Office space is generally classified according to four categories – Grade P, Grade A, Grade B and Grade C. These categories are based on the quality of space determined by, among other, building age, design, quality of finishing's, complementary features etc. The following Diagram provides a brief overview of office space grading in the South African market.

Diagram 10.2: Office Space Grading



#### 10.3.2 LOCATION CONSIDERATIONS

Location is by far the most important consideration in the development of an office park. Location is, in the first instance, linked to the accessibility to freeways and highways, which in turn improves the accessibility to major nodes, other residential areas and airports. A series of locational requirements are considered during office development considerations – see graphic (right).

	Accessibility		Directional Growth of the Area
	Functional & Complimentary Uses		Established Address / Monitored Node
	Address Value		Visibility
	Moderate to Higher SEM Profile		Emerging Commercial Node
	Proximity to Educated Labour Force		Proximity to Freeways / Major Routes
	Perceived Level of Security		Availability of Land

## 10.4 OFFICE MARKET TRENDS

This section of the report provides insight into general office market trends. The overview includes a few quick facts as introduction, followed by the impact of the Covid pandemic, the concept of flexible offices and the future of office space.

### 10.4.1 QUICK FACTS

The following section provides several quick facts regarding overarching office market trends.

Diagram 10.3: Quick Facts About the Office Market and Its Outlook



#### Office Market and Covid

- Commercial property sector was the hardest hit by the Covid -19 pandemic
- Retail and office space was most affected with industrial & warehousing space being the only exception
- Office market is still navigating the aftermath of hard-lockdown, social distancing and other Covid related regulations
- Significant change in doing business
- Office market was already affected by challenging economic conditions pre-covid and pandemic implication compounded the detrimental effects on the market
- Increasingly higher vacancy rates.



#### Business Impact

- Downscaling of office space
- Increased need for affordable office space options
- Change in the way of doing business
- Change in the traditional workplace set-up
- Increased reliance on digital technology



#### Market Outlook

- Low office construction levels expected to persist

- Increased conversion of office stock – especially more dated B and lower grade office stock.
- Conversion into residential, mixed-uses, educational and medical space – among other uses.
- Despite negative market sentiment, office space will always have a function
- Office space will not disappear entirely, but the look and function of traditional office space is set to change significantly
- New office space place significant focus on quality work environments and the health and wellbeing of employees.
- Increase move toward offering offices as a service as opposed to space. Also referred to as the “hotelling” of offices which essentially rents furnished and serviced offices space together with complementary facilities and amenities to individuals or companies.

### 10.4.2 COVID AND ITS IMPACT ON THE OFFICE MARKET

In light of the Covid-19 pandemic that historically impacted several facets of daily life, the response that general business has had to implement in order to balance continued operation as well as safety of personnel is immense. To this day the effect of the pandemic remains an aspect that has shaped the demand and functionality of office space. It is therefore important to take due consideration of the impact that Covid-19 has had on the office market and take note of business' response to maintaining operational integrity.



### Market Trends

Office transactions down by 60% on an annual basis by the end of 2020

Nationally, rentals for decentralised A Grade office space decreased by 6% (2021:Q3) – the fifth consecutive quarter of decline.

Cape Town (-11%) and Johannesburg (-6%) nodes recorded the highest rates of decline.

Low construction rates of office space expected.

High conversion rate of office space into other uses

### Impact on Doing Business

- Change in the traditional way of doing business – companies are embracing new business models and new flexible office options.
- Globally, it is predicted that by 2023, a third of staff will still be working from home.
- Rise in the presence of flexible office space – shared offices, co-working centres, private offices etc.
- Increased focus on cost-efficient and more affordable office space options.
- Increased reliance on digital technology – high speed internet, virtual meetings, digital equipment etc.
- Staggered working – employees work at the office during different times and / or days of the week to reduce concentration of people in one building.

### Business Response to Covid

The COVID pandemic has resulted in a significant change in the way of doing business given the implications of lockdown, social distancing and new occupational health and safety requirements. Businesses have been observed to respond to the challenges and opportunities brought about by COVID in various ways. In terms of business and office space needs, the market has revealed four primary responses or models – work from home, flex, core and flex and business as usual.



Work from Home

Various businesses have embraced the work from home model. In this model, businesses typically do not have a physical office address or headquarters and all staff work separately and remotely from their homes



Flex

Many businesses have chosen to cancel their leases or dispose of their offices to opt for flexible office space alternatives including coworking space, shared offices, private office suites etc. Businesses make use of one or more flexible office options and does not own the building but leases space from a flexible office space operator



Core and Flex

This model is characterised by a combination of remote working – either from home or flexible office space – as well as having a physical office building accommodating the core activities of the business. This model also manifests either as a permanent arrangement or as staggered work-days - employees work from home a few days during the week and go into the office for the remaining days of the week



Business as Usual

For some companies, given the nature of their core business activity, are bound to have a physical address and requires workers to come to a central place to perform their duties. There is, however, an implication for the traditional office space layout given health and safety precautions associated with Covid

The particular response will depend on the organisation type and structure with no one model fitting the needs of all business requirements. The type of response will depend on:

- Type of business and nature of services delivered.
- Size of the business
- Degree of flexibility required

### 10.4.3 FLEXIBLE OFFICE SPACE

Flexible office space refers to a variety of office space options aimed at providing adaptive and affordable office options. These options are usually based on the concept of space sharing and flexible leasing options. In light of the current office climate and changing needs of office workers and businesses, due consideration should be afforded to flexible office space options and opportunities. The following seeks to provide an overview of characteristics, benefits and types.

#### Characteristics of Flexible Office Space

- Mostly associated with being a shared space – shared among different organisations or different people
- Flexible spatial options – lease entire floor, leasing of one desk, coworking space etc.
- Flexible rental and lease agreements – hourly, daily, weekly, monthly options.
- Various types of flexible office space - co-working space, serviced offices, shared offices, hot-desk, hybrid etc.
- Facility can be characterised as either serviced or not serviced but will at minimum include furniture and access to internet.
- Access to high-speed internet, meeting rooms, boardrooms, soundproof pods, restaurant, coffee tea, business services (printing), reception etc. – depending on the level of service offered by the centre.
- Operated by co-working or flexible office space operators or landlords operate flexible space on their own. Partnerships – landlord and operator also often an option for property owners.

#### Benefit to Business Owners

- Lower business operating costs
- Scalability – easily accommodate growth and decline within the business and the associated need for workspace
- Furnished
- Sense of community
- Amenities, facilities, and services to choose from
- Minimises start-up capital required
- Custom offices pace with not or little cost to the tenant
- Affordable business address for small businesses and start-ups

#### Characteristics of Flexible Office Space

	Co-Working Space	Open plan workspace with desks or pods to rent. Clients rent a desk, pod or meeting room and those who make use of the facility are not necessarily from the same organisation. Includes options like dedicated desk or hot-desk (shared desks)
	Serviced Office Spaces	Open plan workstations with the majority of the floor utilised a private office space by a particular organisation. Ready to use workspace – furnished and cabled. Flexible contracts
	Shared Offices	Renting a desk within another organisation's building. An affordable option with access to a good address and serviced building
	Virtual Offices	Provides businesses with a physical address without owning property. Typically includes a phone number and access to meeting rooms when required
	Hybrid Centres	Combination of different types of flexible and adaptive office space

The extent of services offered at flexible office centres range significantly between facilities. At the most basic, coworking centres offer access to internet and office furniture

#### Typical Services and Amenities Offered:

- Reception
- Concierge
- Access to fast and reliable internet
- Meeting rooms
- Conferencing facilities
- Sound-proof booths / pods
- IT support
- Printing services
- Courier services
- Restaurant, cafeteria, canteen, coffee shops etc.
- Cleaning services

### 10.4.4 OFFICE SPACE CONVERSION

The office market is experiencing a trend whereby dated office stock is being converted into other uses, specifically into residential apartments.

#### Definition

Increasingly popular among commercial property owners given rising **vacancies** as well as **dated** and **underperforming** commercial **stock**

Conversion of dated stock into:

- Residential apartments
- Student accommodation
- Short-stay accommodation
- New shared & flexible office space

#### Conversion Trends

- Increased tendency for dated, underperforming and vacant B-grade office space to be converted for alternative uses including short-stay accommodation, residential, healthcare etc.
- Trend emerged due to increased pressure on the commercial property market and increasing vacancy rates
- This trend has experienced great success in the City of Johannesburg and several cases are already evident in the Pretoria CBD
- Conversion of defunct office space addresses a demand in the market among young professionals looking for residential options close to work and amenities
- Mid-market residential apartments in well-located areas are gaining favour among young professionals
- Unit offering differs depending on target market -could range from luxury apartments, mid-range apartments for the working professional to lower income options for those wishing to move closer to work.
- Builds on the work-live-play concept
- Selected markets have shown success in converting offices into apartment-style hotels
- Conversion of existing office stock into flexible office types – coworking space, serviced office space, hybrid office models etc.
- Contributes toward urban renewal and investment attraction

94 on Main - Marshalltown



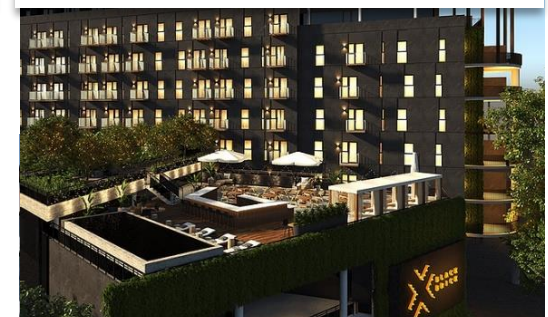
Rand President Apartments - Randburg



Reuben's Place – Pretoria Central



Black Brick Apartments - Sandton



The Onyx – Cape Town



The Bolton - Rosebank





#### 10.4.5 THE FUTURE OF OFFICE SPACE

The Covid 19 pandemic undoubtedly had a major impact on the office market. The performance of traditional office space is struggling as demand patterns change and vacancy rises. Office space will, however, always form an integral part of the urban fabric in cities, fulfilling a vital function for government and other institutions in need of a physical presence in the market.

Despite the challenges experienced by the commercial property sector, the office market is responding well to new opportunities presented by the change of doing business. Office space conversion, alternative uses and flexible office space present unique opportunities for office space to fulfil an adapted purpose in the built environment.

It is anticipated that flexible working arrangements will continue to grow in popularity and with it, the demand for flexible working space. The market has also reflected a definite shift towards office design that is employee focused – address new health and safety requirements, incorporating considerations for employee well-being and eco-friendly, green architectural design.

The only exception to prevailing office market conditions is the government sector. Most government departments operate on a rotational basis with building occupation not exceeding 50% at any time. Vacancy rates are comparatively lower in the Pretoria Node given the concentration of government offices in the Pretoria CBD. Given the mandate of government, it is anticipated that employees with return to office over the longer term and the need for adequate office space among government departments will continue to exist.

#### 10.5 OFFICE MARKET INDICATORS – 2023:Q4

The following section provides an overview of overarching office market trends impacting the office market as a whole.

##### 10.5.1 OVERARCHING TRENDS

The office market remains in the worst position of the three major non-residential property types due to its significant oversupply. However, fundamentals did improve somewhat over the past few quarters, with vacancy rates moving lower from high levels, while nominal market-rental growth also picked up from a low base. However, REITs are still generally reporting large negative rental reversion rates as rentals have escalated by much more than market rentals. Remember,

contractual rental escalation rates have averaged between 7% and 8% over the past few years and we all know that market rentals have not kept up.

The office market has been boosted by the return of workers to offices, albeit in many instances in a hybrid way, with the pandemic now firmly out of many people's minds.

However, fundamentals are still poor, and we advise to not get too optimistic about the future given the general expectation of slow economic growth and the remote-working trend, with hybrid working models proving popular. The electricity crisis has worsened prospects for the economy over the next few years, which will put downward pressure on the demand for office space as more businesses close.

The cost to keep the lights on during load shedding is enormous – Growthpoint, the largest SA REIT, for example, spent R47 m on diesel for its generators in the six months to December 2022. Growthpoint stated in March that it provides backup power to more than 70% of its office portfolio, or 1,2 million square metres of offices, through 233 generators.

In the remainder of office space in the portfolio most tenants have their own generators or are based in areas that do not experience significant load shedding. Growthpoint said that it recovers about 60% of its diesel cost from tenants. This means occupation costs have grown for tenants, which affects affordability, which may in future inhibit the growth of achievable rentals.

Nationally, weighted gross market rentals for decentralized grade-A space increased by 3,2% in nominal terms in the first quarter of 2023 compared to the first quarter of 2022. This comes after growth of 3,4% in the fourth quarter of 2022, which shows that rentals have bottomed out after falling by 5,2% in 2021 and by 1,2% in 2020. But to give perspective, the first-quarter nominal rental rate on a national level was still 3% below 2019 levels (i.e., before the Covid pandemic).

However, these are nominal rentals that do not incorporate the below-the-horizon generous incentives like subsidised tenant installation (TI) expenses, rent-free months and free parking. The practical implication is that our nominal market rentals reported below are on the optimistic side because they exclude these leasing incentives.

In real terms, first quarter rentals are still in negative territory after deducting the BER's roughly 6% estimate of building-cost inflation. The positive is that the cooling of building-cost inflation from the level of close to 10% in the second and third quarters of 2022 will generally result in a smaller decline in real rentals.

The impact of the work-from-home trend over the long term probably will not be as value destructive as expected as working completely from home will not work for many companies, especially large corporates, as humans need face-to-face interaction to build a company culture and morale. Hot-desking and open-plan offices have been with us for decades, and with hybrid policies these could grow in popularity.

### 10.5.2 OFFICE VACANCY TRENDS

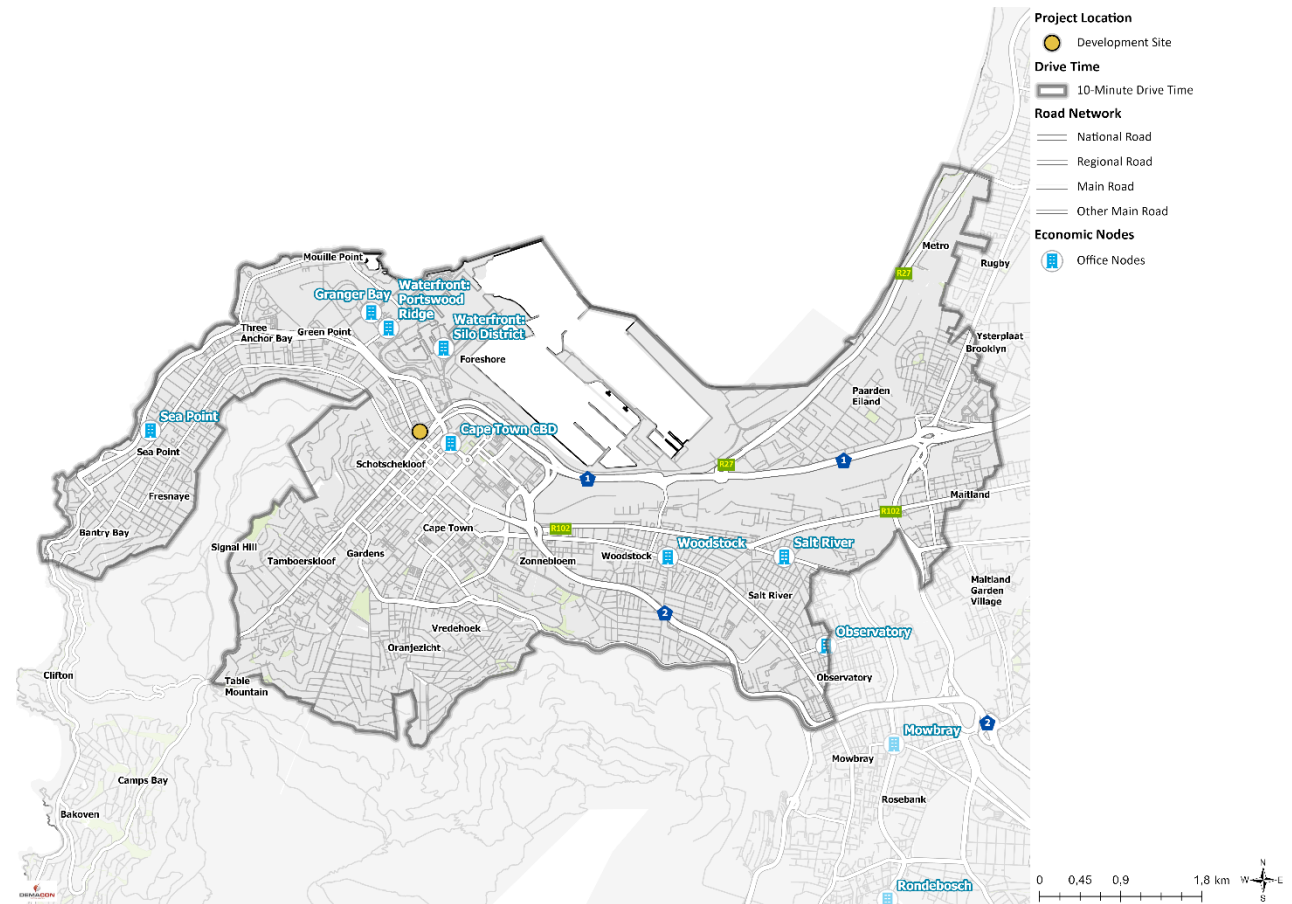
Grades A+, A and B space in South Africa improved slightly to 14,9% in the first quarter of 2023 compared to the fourth quarter of 2022, largely thanks to less vacant space in Cape Town. The latest national vacancy rate is also better than 2022's average of about 16%, which indicates somewhat better demand. But this is not the case everywhere in the country, as we explain later. Looking at the bigger picture, current vacancy rates are still well above the pre-Covid level of 10,5% in 2019 and the long-term average of about 9%, as per SAPOA data.

Office demand over the past year or so was boosted by the return of more workers to the office as Covid has become less of a factor. However, a proportion of those companies requiring their employees to return to the office favour flexible or hybrid working and more collaboration areas, implying less demand for space compared to before the pandemic. Two to three days a week at an office is a popular policy. This, together with renewed weakening in economic activity, notably pulled down by the power crisis, makes a return to normal vacancies over the next few years unlikely. A likely scenario is that the national vacancy rate could get worse, before improving.

### 10.5.3 LOCAL OFFICE MARKET INDICATORS

The following section is focused on providing an analysis of office space supply in the market area. The purpose is to understand the extent of the office market in the market area and the key characteristics that define the local market, i.e., rental rates, parking, vacancy, etc.

Map 10.1: Monitored Office Nodes in the Primary Market Area





**Diagram 10.4: Local Office Market Indicators**

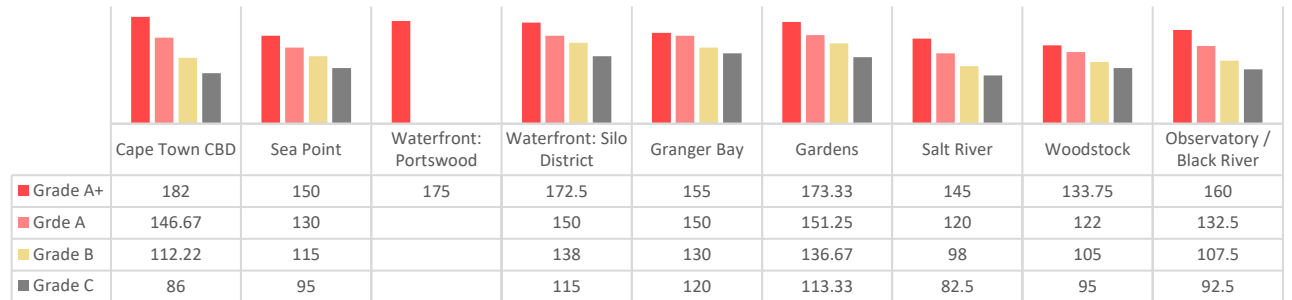
**Office Market Rental Rates for Office Buildings - Rand per Square Meter GLA (excl. VAT)**

The most expensive office nodes in the market area are:

- Cape Town CBD
- Waterfront Districts
- Gardens

Average office space rental rates for other monitored office nodes in the market area do not lag far behind more expensive office locations.

The nearest monitored office nodes to the proposed development are the Cape Town CBD and the Waterfront Districts.

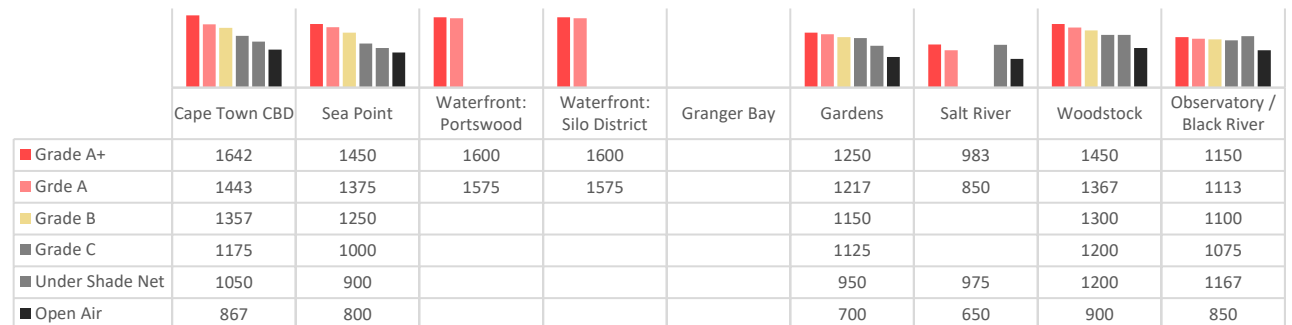


**Office Market Monthly Parking Rental Rates (Excl. VAT)**

The most expensive office nodes in the market area are:

- Cape Town CBD
- Waterfront Districts
- Gardens

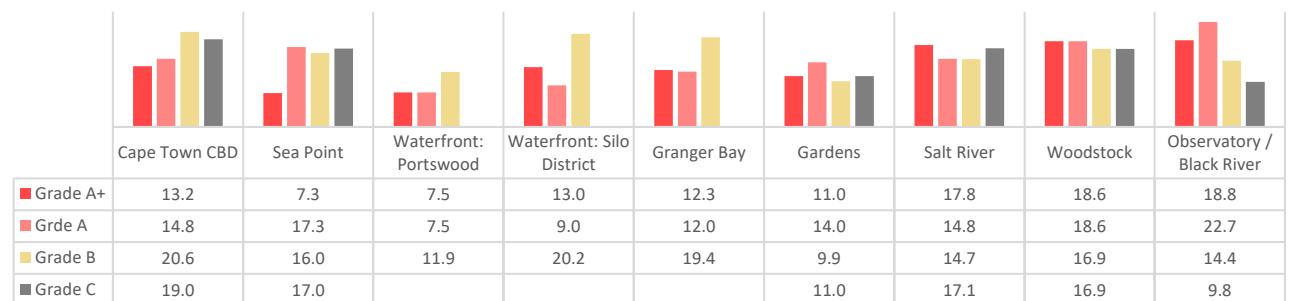
Salt River is the least expensive node.



**Office Market Vacancy Rates (%)**

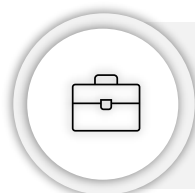
Data shows that the Waterfront Districts have the lowest vacancy rate of all monitored office nodes in the primary market area.

The Cape Town CBD, which is adjacent to the proposed development location, averages between 14% and 17% vacancy rates. Office nodes such as Gardens, Salt River, Woodstock, and Observatory show similar vacancy rates to that of the CBD. It should, however, be borne in mind that the CBD has continually experienced office space development since 2020 and therefore maintains a low vacancy factor in spite of continued office space growth.

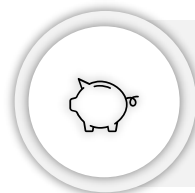


## 10.6 MARKET DEMAND MODELLING

The following section is focused on providing the outcome of the market demand modelling for office space in the primary market area of the proposed development. The following local economy attributes play a defining role in the demand for office space.



The finance and business services sector **contributes more than 29% to the total employment** of the Table Bay sub-regional economy. Between 2011 and 2021 the employment generated by the sector grew by **1.2% per annum**

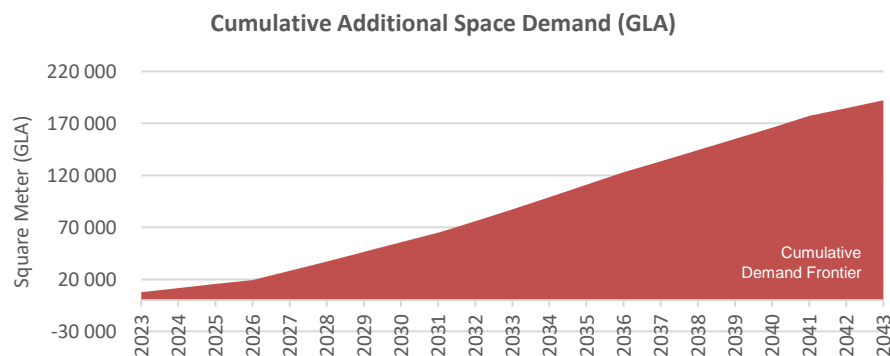


The finance and business services sector **contributes nearly 42% to the total GDP** of the Table Bay sub-regional economy. Between 2011 and 2021 the sector expanded by approximately **2.1% per annum**

### 10.6.1 CUMULATIVE DEMAND ESTIMATE

The following diagram provides an overview of the cumulative office market demand estimate for the Table Bay sub-regional economy.

**Figure 10.1: Cumulative Additional Office Space Demand (Table Bay Sub-Regional Economy)**



Source: DEMACON Demand Modelling, 2023

The following table summarises the space demand modelling results for the office sector.

**Table 10.1: Synthesis of Space Demand Modelling Results - m² GLA (Cumulative)**

Retail Category	Up to 2028	2033	2038	2043
Finance and Insurance (sqm GLA)	3 322	5 404	9 362	16 223
Business Services (sqm GLA)	33 830	82 072	134 852	176 015
<b>Total Table Bay Sub-Regional Economy</b>	<b>37 152</b>	<b>87 476</b>	<b>144 214</b>	<b>192 238</b>
Nodal Share – Min	1 858	4 374	7 211	9 612
Nodal Share – Max	2 972	6 998	11 537	15 379
<b>Site Share</b>	<b>2 415</b>	<b>5 686</b>	<b>9 374</b>	<b>12 495</b>

Source: DEMACON Demand Modelling, 2023

\* Note: the nodal shares and the average figures are cumulative

The following table provides an overview of the recommended office space options for the proposed development.

**Table 10.2: Recommended Office Space Options**

Variables	Medium to Longer Term
Capital Investment (2023 Constant Values)	R102 346 980
<b>Optimum Size (GLA)</b>	<b>5 686</b>
Employment (On-Site)	284
Parking Bays	227
Parking Infrastructure & Landscaping Cost (2023 Constant Values)	R5 413 018
Point of Market Entry	2024+

Source: DEMACON Demand Modelling, 2023

### Demand Modelling Results

- Market demand for office floor space in the sub-regional economy, increases cumulatively from 37 152m² GLA in 2028 to 192 238m² GLA in 2043

- Over the medium to longer term, the project could attract office take-up of approximately 5 686m<sup>2</sup> GLA
- Optimum point of market entry: 2024+
- This space includes GLA for offices and related facilities, but excludes parking, storage and basements
- Given the location of the proposed development in a prominent commercial node, taking into consideration the high-density and integrated development potential of the proposed development site and taking cognisance of current business and economic dynamics in terms of the use and need for office space, it is recommended that office space in the form of co-working and/or business facilities within an integrated mixed-use building is provided
- A floor in the lower levels of a high-rise building could be used to accommodate a co-working / business services area that caters to residents of the building or external SMME/NGOs
- Focussing on a select office offering could enhance the mixed-use value of the building whilst also integrating business services into the greater economic function of the cape town economy

## 10.7 SYNTHESIS

This Chapter of the report focused on determining supply and demand attributes of the office market of the primary market area of the proposed development.

The market area of the proposed development is situated in the Tale Bay sub-regional economy. The sub-regional economy is one of the core investment and growth locations of the City of Cape Town and represents a central employment generating economic region of the City – albeit not the largest, the sub-regional economy is a primary corporate, finance and business services centre. The sub-regional economy is tertiary in nature, of which the financial, business and real estate services sector is the largest GDP contributor. The sector also contributes more than 29% of the sub-regional economy’s jobs.

Office space is distributed throughout the market area of the proposed development. The market area consists of several prominent office nodes that includes the Cape Town CBD, V&A Waterfront, Granger Bay, Sea Point, Woodstock and Salt River.

Since the Covid-19 pandemic, the Cape Town CBD and its surrounding nodes have maintained stable vacancy rates even though several office space developments have been completed since 2020. Office nodes in the market area have maintained vacancy factors of between 14% and 17%. The stable nature of vacancy factors is attributable to the prominence and desirability of the monitored office nodes in the City of Cape Town.

In light of the contents of this Chapter and taking into consideration market trends, the proposed development could focus on the inclusion of an office space component that offers:

- Co-working / business lounge

In spite of the high concentration of office space in the Cape Town CBD and its surrounding office nodes, the gap analysis shows a gap for office space as part of an integrated mixed-use development. The proposed development should focus on including co-working space that provides open plan workspace with desks or pods to rent. The focus of the co-working environment could include tenants of the building residing in residential apartments and/or smaller SMME and NGO businesses.

Development Type	Effective Market Gap	Development Prospect
Co-Working / Business Lounge	Yes	Low to Moderate

### 10.7.1 HIGH-LEVEL CONSIDERATIONS AND RECOMMENDATIONS

Considering the preceding, the following considerations should be borne in mind when considering co-working space as a land use opportunity:

Configuration:

- Utilisation of 1 to 2 floors of the building to house coworking space. The first floor should ideally house reception, lounging and coffee shop or café functions, whereas the second floor should focus on open workspace hot-desking and dedicated desks which could include meeting areas.

- It is pivotal that the coworking space include a range of facilities and services such as printing, phonebooths, meeting spaces, coffee facilities, kitchen, locker area, social space and business support services.
- Co-working spaces:
  - Hot-desking / dedicated desks
  - Private Offices
    - 1-person office
    - 2-person office
  - Meeting Rooms - 4 to 6-seater meeting rooms
  - Remaining area is used to accommodate services such as reception, lounge, printing, kitchen, relaxation spaces, lockers, café, etc.



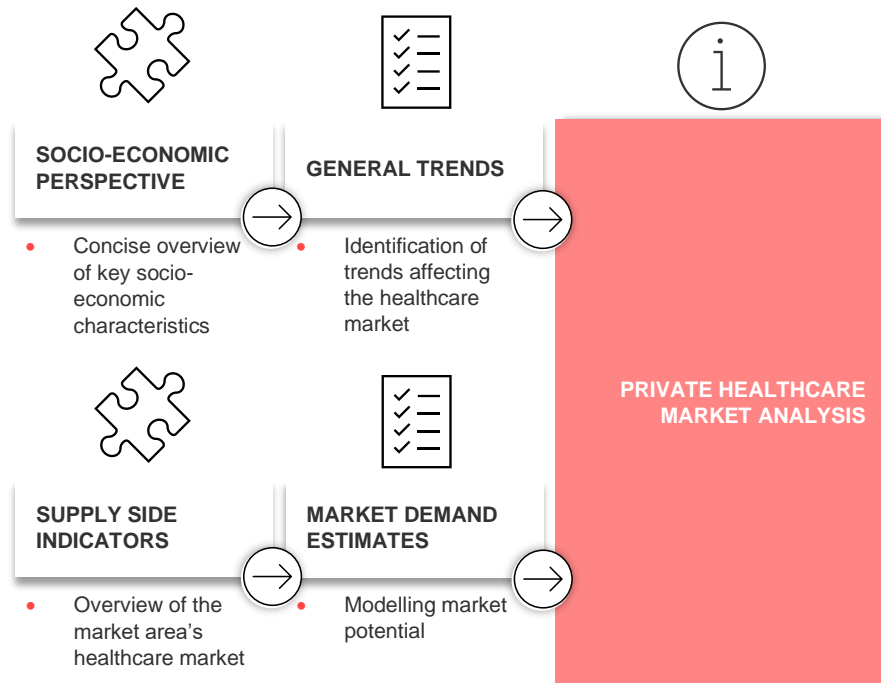
# 11 PRIVATE HEALTHCARE MARKET ANALYSIS

## 11.1 INTRODUCTION

The following Chapter of the report focuses on the private healthcare market with the objective of estimating the development potential within the designated area. In order to reach this objective, the supply and demand within the market area should be identified and assessed in light of current trends.

The Chapter is discussed under the following core themes:

Diagram 11.1: Chapter 11 Core Themes



## 11.2 SOCIO-ECONOMIC PERSPECTIVE

The following provides a concise perspective of context-specific socio-economic attributes relevant to private healthcare market developments.

**49 272**  
People  
(2023 market area estimate)

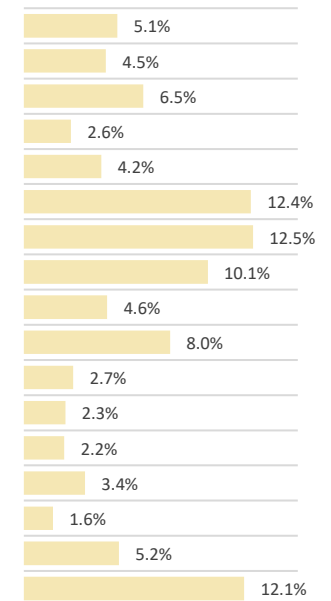
**49 272**  
Households  
(2023 market area estimate)

**26.2%**  
of people in the City of Cape Town have access to a Medical Aid

Percentage of Population per Geographic Area that have Access to a Medical Aid

Province	Area	Has Access	No Access
Other Provinces	Limpopo Non-Metro	8.2%	91.8%
	Mpumalanga Non-Metro	9.1%	90.9%
	North West Non-Metro	15.3%	84.7%
	Northern Cape Non-Metro	19.6%	80.4%
Gauteng	Non-Metro	20.5%	79.5%
	City of Johannesburg	19.9%	80.1%
	City of Tshwane	31.6%	68.4%
KwaZulu -Natal	Non-Metro	5.7%	94.3%
	eThekweni	19.7%	80.3%
Free State	Non-Metro	12.2%	87.8%
	Mangaung	26.7%	73.3%
Eastern Cape	Non-Metro	4.8%	95.2%
	Nelson Mandela Bay	25.7%	74.3%
Western Cape	Buffalo City	19.5%	80.5%
	City of Cape Town	26.2%	73.8%

Percentage Distribution of Total Persons with Access to a Medical Aid



■ Has Access ■ No Access

## 11.3 GENERAL HEALTHCARE TRENDS AND DEFINITIONS

Private hospitals play a significant role in the South African health system. Access to private hospital services, however, is still very limited largely because they cost significantly more than services in the public sector. Beneficiaries of medical schemes are the primary customers of the private hospital industry, although an increasing trend of self-funding patients has been reported.

The changing preferences of the medical scheme population have influenced a significant shift from utilisation of public hospitals to private hospitals since 1990. As a result, private hospitals have experienced substantial growth with the total number of private sector beds increasing by 32% since 1998 to the current estimated 27 500 beds.

Private hospitals, however, are concentrated in the major metropolitan areas with most hospitals found in Gauteng, KwaZulu-Natal and the Western Cape. Private hospital facilities are predominantly owned by three major hospital groups i.e., Netcare, Medi-Clinic and Life Healthcare. Collectively, these groups own and operate more than three quarters of all private sector beds and more than 80% of all private sector theatre facilities. The private hospital industry consistently attracts the attention of health care funders and regulatory authorities regarding its cost structures and pricing practices.

A perception prevails that the fee-for-service reimbursement mechanism implemented by medical schemes encourages over-servicing thus driving cost-escalation in the environment which makes private hospital services unaffordable for the majority of South Africans.

### 11.3.1 PUBLIC AND PRIVATE MEDICAL/HEALTHCARE

The public sector is primarily funded by national and provincial government and generally struggle with capacity, funding and acquiring adequate staff. Recruiting doctors and nurses for the public sector is often difficult since public healthcare facilities generally pay lower wages than the private sector and working conditions are often poor.

#### Public Sector medical/healthcare facilities:

*A unit delivering health services where the service provider is a government department. It is the employer of the staff providing the service that determines ownership – some government employees providing services is donated or lease*

*properties, or in hospitals under public private partnership arrangements are still public services.*

- Public hospitals
  - District
  - Regional
  - Provincial
  - Tertiary
  - National
  - Central
- Specialised hospitals (E.g., and psychiatric care)
- Public clinics
- Community health centres
- Community based services (including school health services, home based care etc.)
- Ambulance and patient transport services.

Private health care is provided by a large “for profit” sector and a small, but significant workplace-based health care system. Private “for profit” hospitals are predominantly located in urban areas and has expanded rapidly over the past ten years. Private Doctors are generally not employed by hospitals but operate as independent contractors with relatively loose affiliations to hospitals. Approximately 56% of doctors’ work in the private sector and is generally better qualified and more experienced (on average) than doctors in the public sector.

A wave of mergers between health insurers, pharmaceuticals, manufacturers and hospital groups have resulted in a significantly smaller group of companies controlling the majority of the private health care industry.

#### Private sector medical/healthcare facilities

*A unit delivering health services where the staff delivering the service is employed by any organisation that is not part of Government. Private medical/healthcare facilities may be for profit or not-for-profit in nature.*

- Private hospitals
- Private ambulances
- Private laboratories
- Radiologists
- Private medical and dental specialists

- Private general practitioners
- Private dentists
- Retail pharmacies
- Supplementary and allied health professionals (including dieticians, psychologists, optometrists, physiotherapist etc.)
- Complementary medicine practitioners (including homeopaths and chiropractors etc.)
- Services such as drug rehabilitation and hospice care.

Private medical/healthcare facilities can be categorised as for profit or not-for-profit facilities. Private for profit are facilities where the staff delivering health services are employed by the trade, partnership or registered business and the cost of the service are recovered from fees charged for the services rendered. Private not-for-profit includes facilities where the staff delivering health services is employed by a charitable or non-profit institute or organisation registered under Section 21 of the Companies Act.

### 11.4 MEDICAL/HEALTHCARE FACILITIES, VARIOUS LEVELS OF CARE AS WELL AS MEDICAL SERVICES AND SPECIALITIES

Medical facilities are classified according to the various types of services provides. Certain facilities provide basic care and others offer more specialised services. This section provides a brief overview of the various types of medical facilities, the various levels of care as well as the different services offered by medical/healthcare facilities.

#### 11.4.1 MEDICAL FACILITIES

The following Table provides a summary of the various healthcare facilities and a brief description of their facilities and services.

**Table 11.1: Medical Facility Classification and Description**

Facility	Description
Level 1 Hospital	A facility at which a range of outpatient and inpatient services are offered mostly within the scope of general medical practitioners. It has a functional operating theatre in which operations are performed regularly under general anaesthesia

Facility	Description
Level 2 Hospital	A facility that provides care requiring the intervention of specialists as well as general medical practitioner services. A hospital providing a single specialist service would be classified as a specialised level 2 hospital. A general level 2 hospital should provide and the staffed permanently in the following 6 basic specialties of surgery: <ul style="list-style-type: none"> <li>• Medicine</li> <li>• Orthopaedics</li> <li>• Paediatrics</li> <li>• Obstetrics</li> <li>• Gynaecology</li> <li>• Psychiatry</li> <li>• Diagnostic radiology and anaesthetics</li> </ul>
Level 3 Hospital	Provides specialist and sub-specialist care as defined for level 3 services. A specialised level 3 hospital will only have one or two specialties from group 1, 2 or 3 represented (e.g., cardiology and respiratory medicine plus associated anaesthetics and diagnostic facilities). A general level 3 hospital will have subspecialty representation in at least 50% of the range of the group 1 specialties listed in Table
Specialised Hospitals	There are a wide range of possible specialties that could be focused on hospital, the two most common being TB and Psychiatry, but they also include spinal injuries, maternity, heart, infectious diseases etc. These units may also provide either acute, sub-acute or chronic care for all of those levels of care.
Convalescent Unit	Cater for patients who need ongoing treatment requiring supervision or respite care. They will be staffed either by professions allied to medicine (physical rehab) or specialist nurses (psychiatric rehab) These specialised units may be on or off hospital site. Patients may be discharged from hospital into off site units.
Hospice Unit	These cater for terminally ill patients requiring palliative care or respite care. Allied professions and specialist nurses will staff them. These specialised units may often be on or off hospital site. Patients may be discharged from hospital into off site units
Transit Unit	These units cater for patients who are awaiting treatment from a hospital but do not require admission. They may also cater for patients who have been discharged from hospital but for social reasons cannot go home.

Facility	Description
Health Post	Room in a house or other structure in a community from which a range of elementary PHC services are provided
Mobile	Temporary service from which a range of PHC services are provided and where a mobile unit/bus/car provides the resources of the services. This service is provided on fixed routes and at a number of strategic points which are visited on a regular basis. Some visiting points may involve the use of a room in a building, but the resources (equipment, stock etc.) are provided from the mobile when the service is available and are not maintained at the visiting point.
Satellite Clinic	A facility that is a fixed building where one or more rooms are permanently equipped and from which a range of PHC services are provided. It is open for up to 8 hours per day and less than 4 days per week.
Clinic	An appropriately permanently equipped facility at which a range of primary health care services are provided. It is open at least 8 hours a day and at least 4 days a week
Community Day Centre	A facility which is not open 24 hours a day, 7 days a week but at which a broad range of primary healthcare services are provided. It also offers accident and emergency but not midwifery services or surgery under general anaesthesia
Community Health Centre	A facility which is open 24 hours a day, 7 days a week at which a broad range of primary healthcare services are provided. It also offers accident and emergency and midwifery services but not surgery under general anaesthesia
Specialised Health Centre	A facility that provides specialised care to particular groups of patients usually for less than 24 hours at a time. There are many possibilities for such units, but the most common are obstetric units and renal dialysis units
Independent Consulting Rooms	A facility that is not part of a hospital or clinic and is used by one or more independent practitioners to see ambulatory patients for consultation, examination, investigation, and treatment General practitioner consulting rooms – one or more professionals registered as medical practitioners and who are not registered as specialist deliver health services Specialist consulting rooms – one or more professionals register as medical practitioners and who are registered as specialists deliver health services Registered practitioner consulting rooms – where one or more professionals

Facility	Description
	registered in any of the allied health professions deliver health services
Traditional Health Practitioners Consulting Rooms	Where one or more professionals are registered as traditional health practitioners and deliver health services

### 11.4.2 VARIOUS LEVELS OF CARE

This section provides a brief overview of the various levels of care offered by different medical/healthcare facilities. The various levels of medical care are listed in the table together with a brief description.

**Table 11.2: Level of Care and Description**

Facility	Description
Ambulatory Care	Non-admitted care, generally includes consultations, interventions, or tests
Primary Care	A set of prescribed services, generally falling within the skill base of professional nurse, technician, mid-level worker, counsellor, community health worker, midwife, and emergency medical practitioner. These services may be first point of contact or for follow-up care
Referred Outpatient Care	Services provided by the requiring the skills of a general medical practitioner, a medical specialist or an allied health professional to which patients are referred, usually by appointment, for more specialised opinions or care. These will include referrals to general medical or surgical outpatients as well as the referrals to specialist clinics. They will also include referrals within a primary health care facility with or without appointment where the professionals deliver outreach services and/or where they provide services from private rooms or surgeries
Day Care	Treatment, observation, or assessment that requires an extended stay, usually beyond the treatment or consultation as an outpatient, but less than 1 day. Day-case patients do not get counted in midnight bed count

Facility	Description
Inpatient Care	<p>Patients are admitted to hospital for at least one night for diagnosis, investigation, or treatment</p> <p>Level 1 care Services which are within the skill base of a general medical practitioner and do not require the intervention of a specialist. Includes simple surgery requiring general anaesthetics</p> <p>Level 2 care (secondary) Services which at some time during the intervention are beyond the normal scope of a generalist and required the input of a registered specialist</p> <p>Level 3 care (tertiary) Services which at some time during the intervention are beyond the normal scope of a specialist and requires the input of a registered sub-specialist</p>
Acute Care	Care of conditions that may change within a few hours or days and that require prompt investigations, diagnosis, and treatment
Step-Down or Sub-Acute	Inpatient care that follows or forms the latter part of an acute episode in which the patient has been investigated, diagnosed, is in a stable condition and has a treatment plan but require ongoing inpatient nursing or rehabilitation care for less than 90 days
Chronic Care	Long term inpatient care and or treatment of patients relating to chronic conditions that require extended care over 90 days

### 11.4.3 SERVICES AND SPECIALITIES

The following Table provides an overview of assorted services classified as Group 1, Group 2, and Group 3 specialties. Specialty services are usually only offered by selective healthcare/medical facilities due to cost and availability of skilled and experienced individuals.

Table 11.3: Services and Specialities

Group 1 Specialities	Group 2 Specialities	Group 3 Specialities
Burns		

Group 1 Specialities	Group 2 Specialities	Group 3 Specialities
	<b>Cardiology</b> <ul style="list-style-type: none"> <li>Echocardiography</li> <li>Ultrasound</li> <li>Electrocardiography</li> <li>Stress testing</li> <li>ECH Holter</li> <li>Pacemaker follow up</li> <li>Catch lab</li> <li>Electrophysiology ablation</li> </ul>	<b>Cardiology</b> <ul style="list-style-type: none"> <li>Cardioverter defibrillator</li> <li>LV assist devices</li> </ul>
<b>Critical Care</b>		
<b>Dermatology</b>		
<b>Diagnostic Radiology</b> <ul style="list-style-type: none"> <li>Multi-slice CT scan</li> <li>Fluoroscope</li> <li>Mammography</li> <li>Colour Doppler US</li> <li>Interventional radiology</li> <li>Angiography</li> </ul>	<b>Diagnostic Radiology</b> <ul style="list-style-type: none"> <li>MRI</li> <li>Interventional neuroradiology</li> </ul>	<b>Diagnostic Radiology</b> <ul style="list-style-type: none"> <li>PET scan</li> <li>Cardiac imaging</li> </ul>
<b>Ear, Nose and throat</b> <ul style="list-style-type: none"> <li>General Surgery</li> </ul>	<b>Ear, Nose and throat</b> <ul style="list-style-type: none"> <li>Specialised services</li> </ul>	<b>Ear, Nose and throat</b> <ul style="list-style-type: none"> <li>Skull base surgery</li> <li>Cochlear implants</li> </ul>
<b>Gastroenterology</b> <ul style="list-style-type: none"> <li>Angiography</li> <li>AT scan</li> <li>Coronary care</li> <li>Echocardiography</li> <li>Stress ECG</li> <li>Endoscopy</li> <li>Proctoscopy</li> <li>Colonoscopy</li> </ul>		
	<b>Endocrinology</b>	
<b>General Surgery</b> <ul style="list-style-type: none"> <li>Complex and high acuity care</li> </ul>		<b>General Surgery</b> <ul style="list-style-type: none"> <li>Liver and pancreatic resections</li> <li>TME</li> </ul>
	<b>Geriatrics</b>	
	<b>Haematology</b>	<b>Haematology</b>



Group 1 Specialities	Group 2 Specialities	Group 3 Specialities
		<ul style="list-style-type: none"> <li>Bone marrow transplant</li> </ul>
		<b>Hepatology</b> <ul style="list-style-type: none"> <li>Specialist liver unit</li> </ul>
	<b>Human Genetics</b>	
<b>Infectious Diseases</b> <ul style="list-style-type: none"> <li>Tertiary infectious diseases</li> <li>Pathology</li> <li>Infection control</li> </ul>	<b>Infectious Diseases</b> <ul style="list-style-type: none"> <li>Clinical research</li> </ul>	<b>Infectious Diseases</b> <ul style="list-style-type: none"> <li>National institute for communicable diseases</li> </ul>
<b>Dietician</b> <ul style="list-style-type: none"> <li>Counselling services</li> <li>Social worker</li> </ul>		
	<b>Medical Radiation Oncology</b>	<b>Medical Radiation Oncology</b> <ul style="list-style-type: none"> <li>Bone marrow transplant</li> <li>IMRT</li> <li>Intra-operative radiation</li> <li>Stereotactic radiation</li> <li>PET scan planning</li> <li>Laminar flow</li> <li>Cryopreservation</li> <li>Stem cell harvesting</li> <li>T-cell depletion facilities</li> </ul>
<b>Mental Health</b> <ul style="list-style-type: none"> <li>Old age psychiatry</li> <li>Forensic psychiatry</li> <li>Substance abuse</li> <li>Liaison psychiatry</li> <li>Eating disorders</li> <li>Inpatient psychotherapy</li> <li>Social psychiatry</li> <li>Acute psychotic</li> <li>Acute non-psychotic</li> </ul>		

Group 1 Specialities	Group 2 Specialities	Group 3 Specialities
<b>Neo-Nathology</b> <ul style="list-style-type: none"> <li>Neo-natal intensive care</li> </ul>		
		<b>Nephrology</b> <ul style="list-style-type: none"> <li>Pancreas</li> <li>Kidney</li> <li>Liver</li> <li>Transplants</li> </ul>
	<b>Neurosurgery</b>	
	<b>Nuclear Medicine</b>	<b>Nuclear Medicine</b> <ul style="list-style-type: none"> <li>PET or gamma PET</li> </ul>
<b>Obstetrics and Gynaecology</b> <ul style="list-style-type: none"> <li>Foetal and maternal medicine</li> </ul>	<b>Obstetrics and Gynaecology</b> <ul style="list-style-type: none"> <li>Oncology</li> <li>Urogynaecology</li> <li>Reproductive medicine</li> </ul>	
<b>Ophthalmology</b>	<b>Ophthalmology</b> <ul style="list-style-type: none"> <li>Specialised</li> </ul>	<b>Ophthalmology</b> <ul style="list-style-type: none"> <li>Super specialised</li> </ul>
<b>Paediatrics</b> <ul style="list-style-type: none"> <li>Specialist paediatric medicine</li> <li>Surgery service</li> <li>Paediatric ICU</li> </ul>	<b>Paediatrics</b> <ul style="list-style-type: none"> <li>Paediatric cardiology</li> <li>Endocrinology</li> <li>Gastroenterology</li> <li>Haematology</li> <li>Oncology</li> <li>Nephrology</li> <li>Neurology</li> </ul>	<b>Paediatrics</b> <ul style="list-style-type: none"> <li>Organ transplant</li> <li>Epilepsy surgery</li> <li>Craniofacial surgery</li> <li>High cost/complex medical interventions</li> <li>Metabolic laboratory</li> <li>Bone marrow transplants</li> </ul>
	<b>Respiratory Medicine</b>	
<b>Plastic and Reconstructive Surgery</b>	<b>Plastic and Reconstructive Surgery</b> <ul style="list-style-type: none"> <li>Specialised</li> <li>General</li> </ul>	
<b>Rehabilitation Centre</b>	<b>Rehabilitation Centre</b> <ul style="list-style-type: none"> <li>Audiology</li> <li>Spinal injuries</li> <li>Stroke units</li> </ul>	

## 11.5 SUPPLY PERSPECTIVE

The following section focuses on an assessment of the existing healthcare supply in the market area of the proposed development. The information provides essential input into the market demand estimation and modelling process. The following map provides an overview of the distribution of healthcare facilities in the market area. The map is accompanied by select information defining supply attributes.

There are 3 private hospital facilities in the primary market area (see map), with a cumulative bed count of 372. However, the only hospital within a 2km radius is the Christiaan Barnard Memorial Hospital (Netcare).

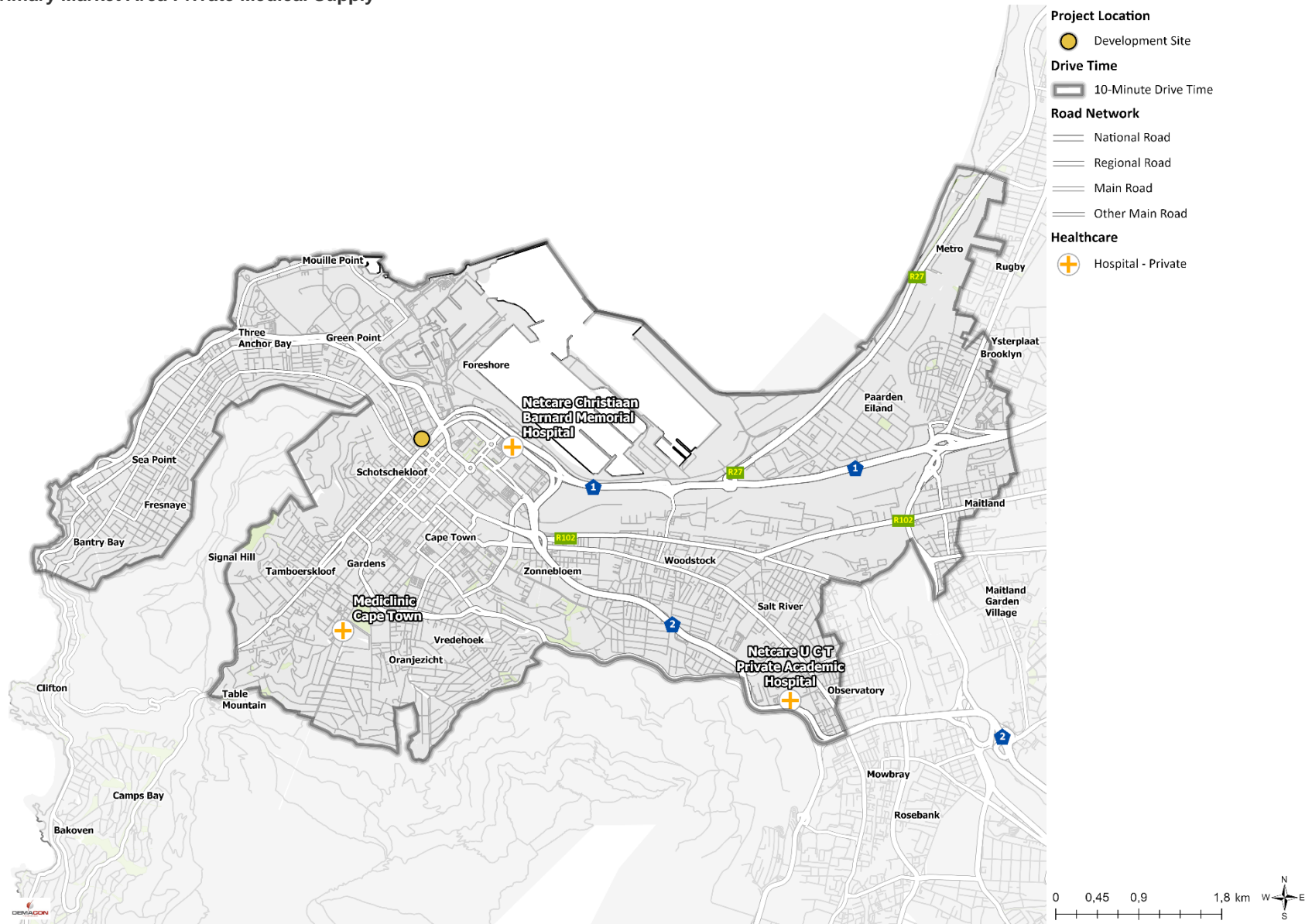
The following table provides an overview of the private hospital supply within the primary market area, indicating the number of beds and specialist services offered by these facilities.

**Table 11.4: Private Hospital Supply**

Medical Facilities	Netcare Christiaan Barnard Memorial Hospital	Netcare UCT Private Academic Hospital	Mediclinic Cape Town
Audiology & Speech Therapy	✓	✓	✓
Biokinetics	✓	✓	
Cardiology	✓	✓	
Clinical Genetics	✓		✓
Critical Care	✓	✓	
Dermatological		✓	✓
Ear, Nose & Throat Surgeon	✓	✓	✓
Endocrinology	✓	✓	
Gastroenterology	✓	✓	
General Surgery	✓	✓	✓
Gynaecology & Obstetrics	✓	✓	✓
Haematology	✓	✓	
Internal Medicine	✓	✓	✓
Maxillofacial & Oral Surgery	✓		✓

Medical Facilities	Netcare Christiaan Barnard Memorial Hospital	Netcare UCT Private Academic Hospital	Mediclinic Cape Town
Medical Oncology	✓	✓	
Neonatology	✓	✓	✓
Nephrology & Renal Dialysis / Unit	✓	✓	
Neurology & Neurosurgery	✓	✓	✓
Nuclear Medicine			
Occupational Therapy			
Ophthalmology	✓	✓	✓
Orthopaedic Surgery	✓	✓	✓
Paediatric Specialist (Cardiologist, Physiotherapy)	✓	✓	✓
Periodontology / Dentistry			
Plastic & Reconstructive Surgery	✓		✓
Podiatry			
Psychiatry	✓	✓	✓
Psychology		✓	
Pulmonology	✓	✓	
Proctology			
Radiation Oncology			
Radiology	✓	✓	✓
Radiology - Diagnostic	✓	✓	✓
Rehabilitation Unit	✓	✓	✓
Reproductive Medicine	✓	✓	✓
Rheumatology			
Sports Medicine		✓	
Thoracic Surgery			
Transplant Unit			
Urology	✓	✓	✓
Vascular Surgery	✓	✓	

Map 11.1: Primary Market Area Private Medical Supply



Source: DEMACON GIS, 2023








## 11.6 MARKET DEMAND MODELLING

The following section focuses on estimating the market demand that exists in the market area for a private healthcare facility.

The DEMACON market potential model is based on the 2023 medically insured population and annual growth rates over a ten-year forecast period. The residual / net demand technique provides an indication of overall market capacity, whereas the share technique provides a more accurate estimation of the number of sustainable / viable beds in demand for the particular private hospital under consideration.




The following Table indicates the market potential for a private medical facility.

**Table 11.5: Market Demand for Healthcare Facilities**

Demand	2023	2028	2033
<b>Primary Demand</b>			
 2023 Medically Insured Population (People)	55 426	61 903	69 136
 Additional Insured Lives per Annum		1 295	1 447
 Population Growth Rate (% / Annum – Compound Growth)	2.24%	2.24%	2.24%
 Private Beds in Demand (SEM 2 to 5)	266	297	332
<b>Secondary Demand</b>			
 Injection	50%	50%	50%
 Secondary Demand	55 426	61 903	69 136
 Private Beds in Demand (SEM 2 to 5)	266	297	332
<b>Total Market Demand</b>	<b>110 851</b>	<b>123 805</b>	<b>138 273</b>
<b>Number of Beds (Private Beds)</b>	<b>532</b>	<b>594</b>	<b>664</b>

Source: DEMACON Demand Modelling, 2023

**Table 11.6: Market Supply of Healthcare Facilities - 2023**

Supply	2023	2028	2033
 Netcare Christiaan Barnard Memorial Hospital	223	223	223
 Netcare UCT Private Academic Hospital	90	90	90
 Mediclinic Cape Town	30	30	30
<b>Total Competing Beds in the Primary Market</b>	<b>343</b>	<b>343</b>	<b>343</b>

Source: DEMACON Demand Modelling, 2023

**Table 11.7: Market Potential for a New Healthcare Facility**

Market Potential	2023	2028	2033
Net Effective Demand (Residual Market Capacity – Additional Beds)	189	251	321
<b>Market Share (Market Share of Total Beds per Medical Discipline)</b>			
Cardiology	4	5	5
Dermatologica	4	4	5
Ear, Nose & Throat Surgeon	4	4	5
Endocrinology	6	6	7
Gastroenterology	2	2	2
Gynaecology & Obstetrics	3	3	4
Haematology	5	6	7
Maxillofacial & Oral Surgery	1	1	1
Nephrology & Renal Dialysis / unit	5	5	6
Neurology & Spinal Surgery	3	4	4
Occupational Therapy	5	6	6
Medical Oncology	3	4	4
Ophthalmology	4	4	5
Periodontology / Dentistry	3	3	3
Orthopaedic Surgery	5	6	6
Paediatric Specialist (Cardiologist, Neurologist etc)	3	3	4
Physiotherapy	5	6	6

Market Potential	2023	2028	2033
Plastic & Reconstructive Surgery	4	5	6
Psychiatry	5	5	6
Psychotherapy	4	5	5
Psychology	3	3	3
Pulmonology	3	3	3
Podiatrist	2	2	2
Rehabilitation Unit	3	3	4
Rheumatology	2	2	2
Thoracic surgery	3	4	4
Urology	5	6	6
Vascular Surgery	2	3	3
<b>Market Potential (Total Number of Viable Beds for Facility)</b>	<b>101</b>	<b>113</b>	<b>126</b>
<b>Total Additional Area Requirement (m<sup>2</sup> floor space)</b>	<b>7 575</b>	<b>8 460</b>	<b>9 449</b>
<b>Model Calibration &amp; Sensitivity</b>			
<i>Beds/1 000 Total Population as Benchmark:</i>			
Population ('000)	110.9	123.8	138.3
National Average (Private Beds per 1 000 Population)	4.8	4.8	4.8
Study Area Private Beds per 1 000 Total Population (as per DEMACON Model)	4.0	4.0	4.0
<b>Model Accuracy (Under / Over Estimation)</b>	<b>83.4%</b>	<b>76.7%</b>	<b>70.6%</b>

Source: DEMACON Demand Modelling, 2023

\*Interpretation

<100% = Conservative market potential estimation

>100% = Liberal market potential estimation (likely to produce oversupply in the market)

### Demand Modelling Results

- There is approximately 55 426 medically insured persons in the primary market area, from a total estimate population of 129 106 - a total of 42.9% of the market population

- For demand modelling purposes, the number of private beds catering required to cater to the needs of the medically insured segment of the market is 4.8 private beds per 1 000 medically insured persons
- The above, with a secondary market injection of 50%, yields a total demand for 532 private beds in the market area (2023), increasing to 594 in 2028 and 664 in 2033
- Based on competitive supply and market demand, a private medical facility of approximately 100 to 130 beds can be developed as a standalone land use
- The optimum point of market entry for the private healthcare facility could be 2024+

### 11.7 SYNTHESIS

This Chapter of the report focused on determining supply and demand attributes of the private healthcare market of the primary market area of the proposed development.

The market area of the proposed development hosts several private healthcare facilities. These facilities are concentrated in the City Bowl and Observatory areas of the market area and typically locate at major intersections, within existing nodes or as part of higher education facilities. The largest private hospital in the market area is the Netcare Christiaan Barnard Memorial Hospital.

Findings of preceding sections, combined with the market supply analysis outcomes, have been integrated into an empirical assessment of the market potential for additional healthcare beds in the market area. The market area supply profiling exercise subsequently led to the identification of the following market gaps and concomitant investment opportunities. It is important to note that the gap analysis is based on medical facilities within the area.

Development Type	Effective Market Gap	Development Prospect
Private Hospital	Yes	Moderate



### 11.7.1 HIGH-LEVEL RECOMMENDATIONS

There is potential to develop a private hospital of approximately 100 to 130 beds over the medium to longer term. Optimum point of market area could be 2024+.

The following types of surgery could be performed at the hospital:

- Endoscopic procedures
- Hernia repairs
- Ear, nose, and throat
- General surgery
- Integumentary system
- Sterilisation
- Gynaecological procedures
- Eye surgery
- Dental and facio-maxilla
- Cosmetic & reconstructive surgery
- Urology
- Dermatology
- Orthopaedics

Supportive services:

- Pathologist
- Pharmacy
- Coffee shop
- Baby wise clinic
- Independent Consulting Rooms

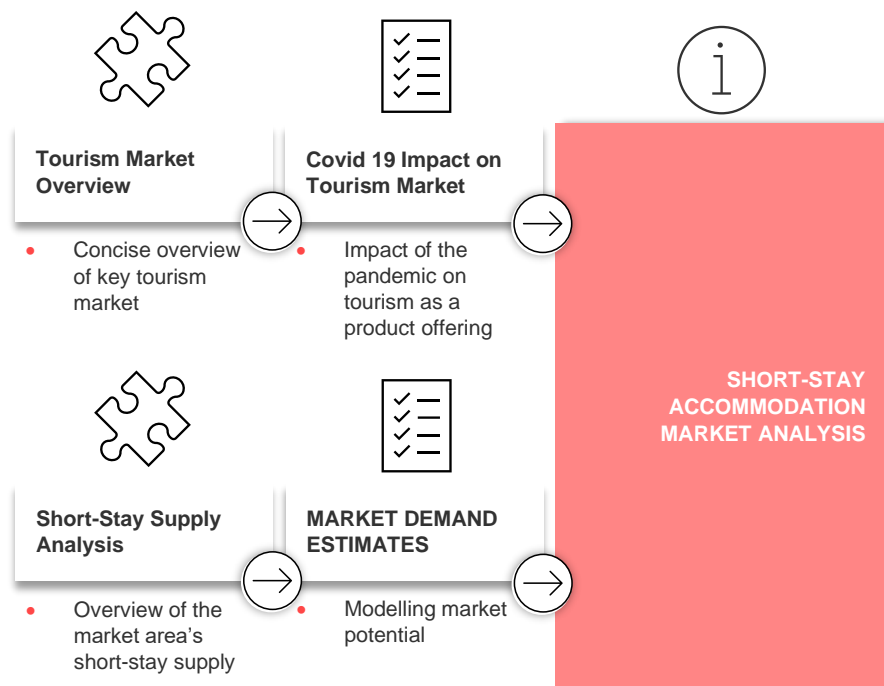
## 12 SHORT-STAY ACCOMMODATION MARKET ANALYSIS

### 12.1 INTRODUCTION

This Chapter focuses on the short-stay accommodation and conference market, with the objective of estimating the development potential within the designated area. In order to reach this objective, the supply and demand for short-stay accommodation and conference facilities within the market area should be identified and assessed in light of current trends.

The Chapter is discussed under the following core themes:

Diagram 12.1: Chapter 12 Core Themes



### 12.2 DEFINING THE TOURISM PRODUCT

Tourism is travel for recreational, leisure or business purposes. The World Tourism Organisation defines tourists as people who “travel to and stay in places outside their usual environment for more than 24 hours and not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.”

Tourism is an amalgam of visitors' consumption of goods and services which include transportation, accommodation, food and beverage, recreation and entertainment, travel and tour operations, and souvenirs. It is envisaged that tourism is becoming a global pillar of productive and sustainable source of national revenue, decent employment, and poverty reduction globally.

Tourism is the business of selling leisure as a destination or a place as a product. The characteristics of the product are:






- **Spatial Scale:** a place is inevitably one component in the hierarchy of a spatial scale, a characteristic unique to the 'place product'. A different structured hierarchy may create a different product.
- **Multi-sold:** The same destination, the same facilities etc. are sold to different groups of consumers for different purposes. The place is often viewed differently in tourist origin area and tourist destinations inclusive of travel in the former and exclusive of travel in the latter.

**A Tourism Product = Place Product + Travel**

A tourism product can therefore be defined as **a sum of the place product (destination tourism offering including accommodation and ancillary services) and the travel experience.**

For a tourism destination to be successful it should provide for the following factors as discussed in the following table.

**Table 12.1: The 5 A's of a Successful Tourism Destination**

	Accessibility	Most often when access is discussed in relation to destinations, it refers to how easily visitors can get to your place. However, accessibility can also refer to your destination's infrastructure, wayfinding, ability to cater to visitors with disabilities, ease of access to attractions that are off the beaten path, etc
	Accommodation	More and more often, visitors want to feel as though they are a part of your community when they visit, and accommodation play a big part in fostering feelings of belonging. Taking a page out of AirBnB's book, hotels have begun offering insider tips intended to help guests feel like locals, contributing to the overall industry shift towards "authentic" travel experiences
	Attractions	Consider leveraging your destination's unique attractions as a pillar of your marketing strategy to pique the interests of potential visitors. Attractions vary widely among destinations, and identifying your main attractors is the first step towards positioning your destination as a compelling travel option for your target markets. Attractors can be people, places, things, and/or experiences that attract visitors who value what those attractions represent. Becoming familiar with who your attractions appeal to and why is important for successfully marketing what makes your destination appealing to the right people
	Activities	Whatever activities your destination has to offer, always think in terms of how they will influence a visitor's overall travel experience. Market them in a way that not only supports your brand identity, but appeals to the desires of your target market(s) to experience something new, fresh and different
	Amenities	Amenities include (access to) basic facilities and services that help a visitor feel comfortable and secure in your destination. Sometimes referred to as the "pleasantness" of a place, they play an important role in shaping the visitor experience and include things like public restrooms, signage, connectivity, emergency services, postal facilities, roads, sidewalks, safe drinking water, etc. And while it can be tempting to take these elements for granted, ready access to them plays a major role in determining whether visitors will plan a return visit or recommend your destination to others

### 12.3 DEFINING TOURISM ACCOMMODATION

Accommodation or guest lodging is the hospitality sector in charge of overnight stays, whether that is one or many nights. It is a broad market, including anything from youth hostels to motels, economy to mid-market, luxury, long-stay hotels and serviced apartments, to resort hotels and professionally run AirBnB.

When it comes to the hospitality industry, we can differentiate between two types of accommodation: **serviced and non-serviced**.

- In **serviced accommodation**, the hotel staff is in charge of catering to the guest's needs throughout their stay. Therefore, housekeeping and catering services are to be expected. We can consider hostels and guest houses as some of the typical examples of serviced accommodations.

<b>Hotels</b>	Hotels are perhaps the typical type of accommodation in tourism within the serviced category. The sizes can vary, and they might be an extension of a popular hotel chain or perhaps an independent business. It is also possible for a hotel to be part of holiday resorts
<b>Guest Houses</b>	A guest house is all about cultural tourism. Sometimes, breakfast and other meals might be included in the pricing, but that's up to the owner. You may have access to the internet via Wi-Fi, professional staff, and certain types of interior décor, among many other services
<b>B&amp;B</b>	Accommodation offering bed and breakfast is usually in a private house. B&Bs normally accommodate no more than 6 guests and may or may not serve an evening meal
<b>Chalets</b>	Sometimes, people travel as groups and look forward to bonding together and experiencing most things with each other. In that case, a chalet is the best type of lodging to choose. Sports teams, corporate teams, and even families are some of the typical examples of people who stay at chalets
<b>Resort Hotels</b>	International resort hotel with a 5-star quality award has a range of leisure and sports facilities. These include an 18-hole golf course, swimming pool and leisure centre, and country pursuits
<b>Serviced Apartments</b>	Serviced apartments are essentially self-catering apartments where services such as cleaning are available. Meals and drinks may also be available, either to each apartment or in a restaurant and/or bar on site

<b>Lodge</b>	Lodge is a country house occupied in season for sports such as hunting, shooting, or skiing
<b>Hostel</b>	<p>A hostel is a building run by a private operator or non-profit membership organisation, where beds and sometimes meals and other services and facilities are provided</p> <ul style="list-style-type: none"> <li>In <b>non-serviced accommodation</b>, the guest has access to accommodation but not to certain services. For instance, cottages or camping facilities can enter this category.</li> </ul>
<b>Self-Catering</b>	Self-catering is a house, a cottage, an apartment, a chalet or similar accommodation, with self-catering facilities, which is let normally on a weekly basis to individuals, although shorter breaks may be available
<b>Cottage</b>	A cottage is a traditional and small house, typically found in rural or semi-rural areas. Cottages have become quite popular types of holiday accommodation due to the cultural background and inimitable character they have. You'll feel at home while you're staying at a cottage, as you will be able to do all of your daily activities as you would back at your place
<b>Apartments</b>	Apartments are available in towns and cities, among many other locations. The prices can vary depending on the size and the duration of your stay. Like a prefab office, you will have access to all the amenities you need to be comfortable during your trip
<b>Camping</b>	A camping park is for camping only

## 12.4 HOTEL ACCOMMODATION AND CLASSIFICATION

There are many different types of hotels. Most of us are familiar with the hotel classification system that ranges from one star to five stars, but there are other ways of classifying hotels. From types of guest rooms to the ownership structure, the different types of hotels and their categorisation can depend on a variety of factors.

### 12.4.1 HOTEL CLASSIFICATION

The classification of hotels and short-stay accommodation facilities can be done via a star grading system. The star grading system is a function of the Grading Council of South Africa who, based on a set of criteria, assign a star-grading classification to a hotel to indicate the level of services, functions and amenities available at the establishment.

- This is the most basic standard of hotel.
  - Usually independently owned.
  - Smaller in size.
  - The price of rooms in these types of accommodations reflect the quality and the types of services available in the hotel.
  - Usually no additional facilities in the hotel.
  - No type of room service.
  - One star hotel rooms may not have an en-suite bathroom, but shared toilet and shower facilities.
- 
- Usually come with an en suite bathroom.
  - Small to medium sized hotels.
  - Offer some food and beverage services.
  - Still relatively basic and low budget but the standards and services will be a slightly higher than one-star facilities.
- 
- Offer more services and facilities.
  - Offer all the basic amenities and services, without the extra trimmings.
  - Offer a variety of room types.
  - On-site facilities such as gyms and restaurants.
  - Offer some kind of room service.
  - Not budget options and therefore guests will expect high quality customer service.
- 
- Guests pay for a premium service.
  - Four-star hotels usually have a variety of room and hotel suite options.
  - 24-hour room service, and several in-house facilities such as swimming pools, spas, gyms, restaurant, meeting rooms, business centres and secure parking garages.
  - Four-star hotels are generally considered luxury hotels.
- 
- Offer luxury service to their guests.
  - Some services and features expected at five-star hotels include:
    - Concierge and reservations desk
    - Valet parking
    - 24-hour room service
    - A doorman or butler
    - Nightly turndown services
    - Laundry services
    - Shoe polishing services
    - Dry cleaning and ironing services
    - In-house fine dining establishments (usually multiple bars and restaurants)
    - Transfer services



- In-house childcare services
- Flat-screen smart TV with international programming and streaming services
- Fully stocked mini bar and fridge
- An array of spa facilities and treatments
- Luxury bedding
- Luxury en suite with multiple shower jet options
- Swimming pools
- Gym facilities
- Sauna.
- Every five-star hotel might not have every single one of these features, however they will all offer a high level of service and go the extra mile to provide a luxurious experience

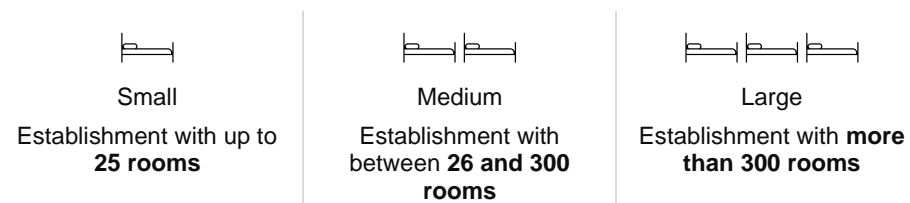
### 12.4.2 LEVELS OF SERVICES/FACILITIES

Hotels and short-stay accommodation providers can also be classified in accordance with the level of services they offer and the facilities on hand that patrons could make use of.

<b>Luxury</b>	<ul style="list-style-type: none"> <li>● Sometimes referred to as ‘world-class service,’ these types of hotel accommodation offer a luxurious experience for those who can afford to pay for it.</li> <li>● Similar to five-star hotels, luxury or world-class service hotels cater to the rich and famous, business executives and so on.</li> <li>● Luxury hotels and resorts should have many different types of suites on offer, along with several in-house facilities and services such as fine dining facilities, gyms, spas and swimming pools.</li> <li>● Guests have extremely high expectations when it comes to luxury accommodation.</li> </ul>
<b>Mid-Range</b>	<ul style="list-style-type: none"> <li>● Mid-range service hotels are the most common types of accommodation in the tourism industry.</li> <li>● Similar to three-star hotels, they offer all the comforts that the average traveller would expect from a hotel but without the luxurious add-on services.</li> <li>● Mid-range hotels are clean, safe and comfortable and offer reasonably expected hotel services including room service, Wi-Fi, in-room entertainment, and in-house facilities such as gyms, bars &amp; restaurants.</li> </ul>
<b>Budget</b>	<ul style="list-style-type: none"> <li>● Also referred to as ‘limited service’ establishments, budget hotels offer guests the basic necessities.</li> <li>● Guests at budget hotels will not expect any lavish services or facilities, but they will expect a clean, safe and quiet space to sleep for a low price.</li> </ul>

### 12.4.3 HOTEL SIZE AND NUMBER OF ROOMS

Hotels and short-stay facilities can also be classified in terms of the number of rooms they offer.



### 12.4.4 LENGTH OF STAY

Hotels and other short-stay facilities can be classified in accordance with the typical length of stay they offer.

<b>Commercial Hotels</b>	<ul style="list-style-type: none"> <li>● A commercial hotel that caters for business travellers.</li> <li>● Guests expect a certain level of service along with facilities such as business centres, conference rooms and high-speed internet connection</li> </ul>
<b>Transient Hotels</b>	<ul style="list-style-type: none"> <li>● An establishment where guest stay is generally considered short term (less than 30 days)</li> </ul>
<b>Semi-Residential Hotels</b>	<ul style="list-style-type: none"> <li>● Semi residential hotels are usually priced out on a nightly basis but there is no limit to the amount of time that a guest may book the accommodation.</li> <li>● Guests can book semi residential hotel rooms for months or even years at a time, but the amount will still be broken down on a daily basis</li> </ul>
<b>Apartment / Residential Hotels</b>	<ul style="list-style-type: none"> <li>● Residential hotels are usually for longer term stays and can be priced out on a monthly basis.</li> <li>● Residential hotels usually have self-sufficient rooms or apartments with kitchen facilities and self-serve laundry options.</li> <li>● Some large companies may even hire out a residential hotel unit for years at a time so that they can provide various employees with accommodation for business travel, pleasure, training and so on</li> </ul>
<b>Extended Stay Hotels</b>	<ul style="list-style-type: none"> <li>● Extended stay hotels are similar to serviced apartments in that they offer a self-sufficient space for guests to sleep, cook and relax.</li> </ul>



- The difference between extended stay hotels and serviced apartments, however, is that hotels usually offer services like reception, concierge and access to in-house facilities like gyms and swimming pools.
- Some serviced apartments might offer these too, but they are not a requirement

#### 12.4.5 HOTEL CLASSIFICATION BY GUESTS

Hotels and other short-stay accommodation facilities can also be classified in accordance with the type of guests they accommodate.

<b>Tourists</b>	<ul style="list-style-type: none"> <li>• Tourists come in all shapes and sizes. Some might want nothing more than a clean and quiet bed in the heart of the city whereas others might rely heavily on services like concierge and in-house facilities like spas and restaurants</li> </ul>
<b>Business</b>	<ul style="list-style-type: none"> <li>• Business travellers also have a variety of needs. Some might require executive suites whereas others just want a room with a desk space and high-speed internet</li> </ul>
<b>Families</b>	<ul style="list-style-type: none"> <li>• Some families might want a hotel resort with all the trimmings to keep everyone entertained, whereas others might be looking for safe and comfortable accommodation on a tight budget</li> </ul>
<b>Travellers / Nomads</b>	<ul style="list-style-type: none"> <li>• Backpackers and travellers generally don't require luxuries or lavish services. In fact, many might prioritise social and communal spaces over large or luxurious bedrooms</li> </ul>
<b>Delegates</b>	<ul style="list-style-type: none"> <li>• Delegates are usually in the area for a conference or event. Again, their needs can vary greatly. Some may just want a quiet and clean place to sleep whereas others might require five-star treatment</li> </ul>

#### 12.4.6 CLASSIFICATION OF HOTEL TYPES BY TARGET MARKET, TYPES OF HOTEL PROPERTIES AND CLASSIFICATION OF HOTEL TYPES BY LOCATION

Hotels and other short-stay accommodation facilities can be classified by the target market of the facility, the characteristics of the facility and by the location of the facility.

<b>Vacation Stays / Extended Stay Hotels</b>	<ul style="list-style-type: none"> <li>• Extended stay hotel offers long term accommodation for guests. They often combine the amenities of a serviced apartment with the basic services of a hotel.</li> <li>• The rooms or suites are therefore usually bigger and come with facilities such as kitchens and self-service laundry.</li> </ul>
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- Extended stay hotels can range from budget to luxury and the services, facilities and amenities will be reflected in the price

#### Resort Hotels

- Resorts are a full-service hotel facility primarily designed for relaxing.
- Hotel resorts vary in terms of luxury and service levels, but generally speaking they usually include a swimming pool, several dining facilities, a bar, a gym, recreational activities etc.
- There are also various types of hotel resorts. Some of these include:
  - Beach resort
  - Golf resort
  - Ski resort
  - Family resort

#### Serviced Apartments

- Serviced apartments are fully furnished and self-sufficient apartments that can be suitable for both short- and long-term stays.
- These can vary in terms of service levels.
- Some serviced apartments may be situated within a building that allows access to facilities such as gyms and swimming pools

#### Suite Hotel

- A suite hotel is an entire hotel made of hotel suites.
- Every guest in the hotel will therefore have access to a type of suite with multiple connected rooms.
- While suite hotels can vary in terms of star rating and service levels, they are generally considered upmarket and fall under the 'luxury' category.
- As such, suite hotels will often provide additional luxury services and facilities for guests

#### City / Business Hotel

- Although any traveller can use this kind of accommodation, these kinds of hotel rooms and wider establishments generally target business travellers as their main demographic.
- Priority services and facilities in these kinds of hotels will therefore include:
  - Conference rooms
  - Video conferencing capabilities
  - High speed internet access
  - Workspaces within the rooms
  - Communal workspaces or business centre
  - Executive suites
  - Access to transport

#### Airport Hotel

- Hotels that are located close to the airport.

- Catering to people who have a long layover, have missed their flight or need a place to sleep after a late arrival, they are mostly used for short stays.
- As proximity to the airport is the main factor for guests, many big hotels will offer various service levels within one building. So, in theory, the same hotel could offer five-star suites and services to some guests while also providing basic packages and room options for those travelling on a budget

**Boutique Hotel**

- They can vary in terms of luxury levels but generally speaking, they are usually above average and veer towards the higher end of the scale.
- Boutique hotels are generally smaller, have a strong sense of character and often have unique design features

**Green / Sustainable Hotel**

- Sustainable or Eco-friendly hotels are establishments that are built and / or operated in ways that minimise the hotel’s carbon footprint.
- From using only local produce and products to creating energy saving and water saving systems.
- These establishments can also vary in terms of their classification in the hotel industry

**Suburban Hotel / Inn**

- Suburban hotels are categorised purely on their location.
- The kinds of hotel rooms found in these establishments can vary.
- Suburban hotels don’t necessarily have to be intimate inns or boutique hotels, they can even be large chain hotels located outside of a city

**12.4.7 CLASSIFICATION OF HOTELS ON THE BASIS OF OWNERSHIP OR MANAGEMENT**

Hotels and other short-stay accommodation facilities can also be classified based on the ownership and management structure of the facility.

**Proprietary Ownership**

- Establishments that are independently owned and managed.
- This type of hotel business can range from residential facilities to commercial ones.
- Also known as ‘independent’ or ‘single owner’ hotels, these can often be family run businesses.
- The standard and size of hotels under proprietary ownership can vary.
- Whether it has 50 budget rooms or 1000 luxury suites, it can be included in this category as long as it is independently owned and is not part of a wider company or chain

**Management Contract**

- Under this kind of agreement, the owner (or owners) of the hotel will appoint a management company to take over the day-to-day operations of the hotel, usually on a long-term basis

**Franchise / Chains**

- Chains are owned and run by corporations. In these instances, the corporation owns the rights to the brand and all services & standards are regulated according to a corporate policy.
- Franchises on the other hand are operated by individual business owners who have bought the rights to operate under the broader brand name.
- Generally, the level of service and aesthetics of a certain hotel brand will be consistent across all locations regardless of whether it’s a chain or a franchise.
- However, in terms of finance management and operational procedures, a franchisee may pay fees to the corporation in exchange for advertising, reservation systems and other operational necessities

**Time-Share**

- A time-share is a property that is shared by various stakeholders.
- By buying into a timeshare, you share the cost of the property with others and therefore have guaranteed access to the property for a certain percentage of the year.
- There are many different types of time-share contracts, but the two major distinctions are whether they are deeded or leased.
- Shared deeded contracts means that the owners buy a portion of the property. They therefore share responsibility for maintenance and so on.
- Shared leased contracts means that you are effectively renting access to the property and the deed remains with the resort or owner

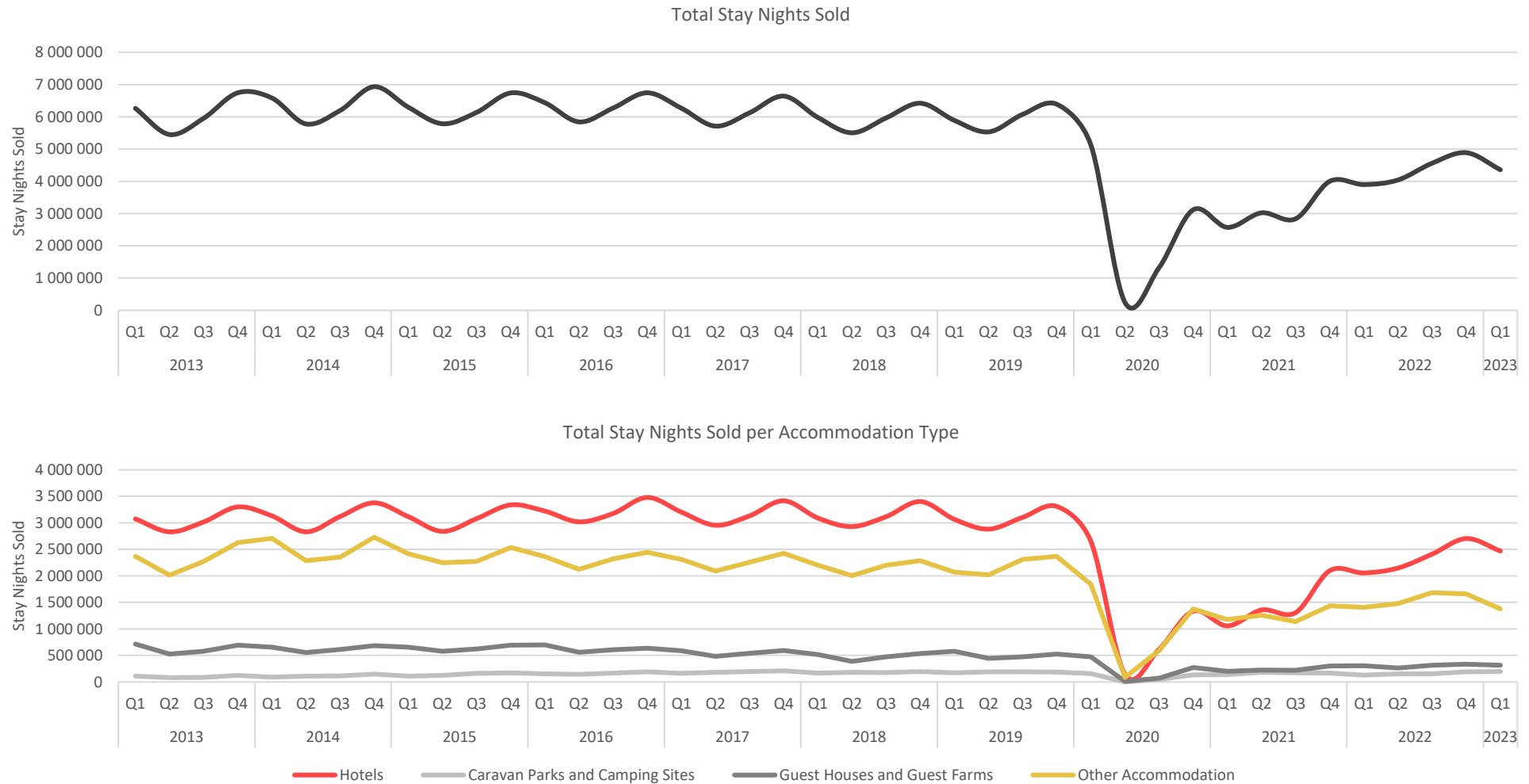
**Condominiums**

- A condominium is a building which is divided into several units that are separately owned, often with common areas that are jointly owned by owners or residents.
- A condominium hotel is a building that is legally considered a condominium but is operated as a hotel, providing short term rentals and front desk services.
- There are legal complexities as well as advantages and disadvantages to managing or owning a condominium hotel.
- However, they are generally considered on the luxury side of hotel room categories and can therefore be relatively lucrative

## 12.5 ACCOMMODATION INDUSTRY PERFORMANCE IN SOUTH AFRICA

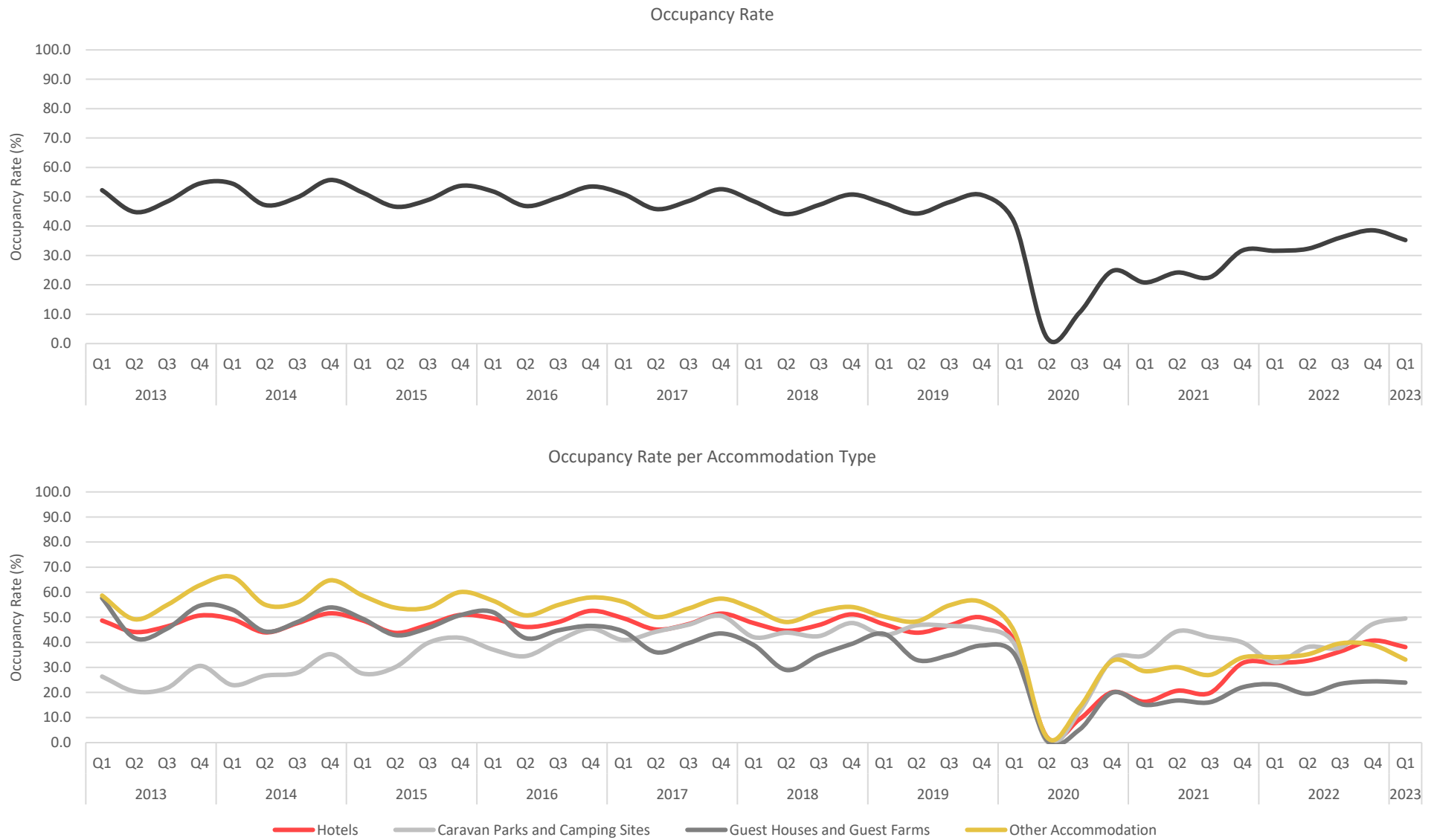
The following figures reflect on the accommodation industry performance within South Africa on a quarterly basis between 2012 and 2022. These figures indicate total stay unit nights sold, occupancy rates, average income per stay night and total income (with specific reference to hotel accommodation).

Figure 12.1: Stay Nights Sold 2013 to 2023



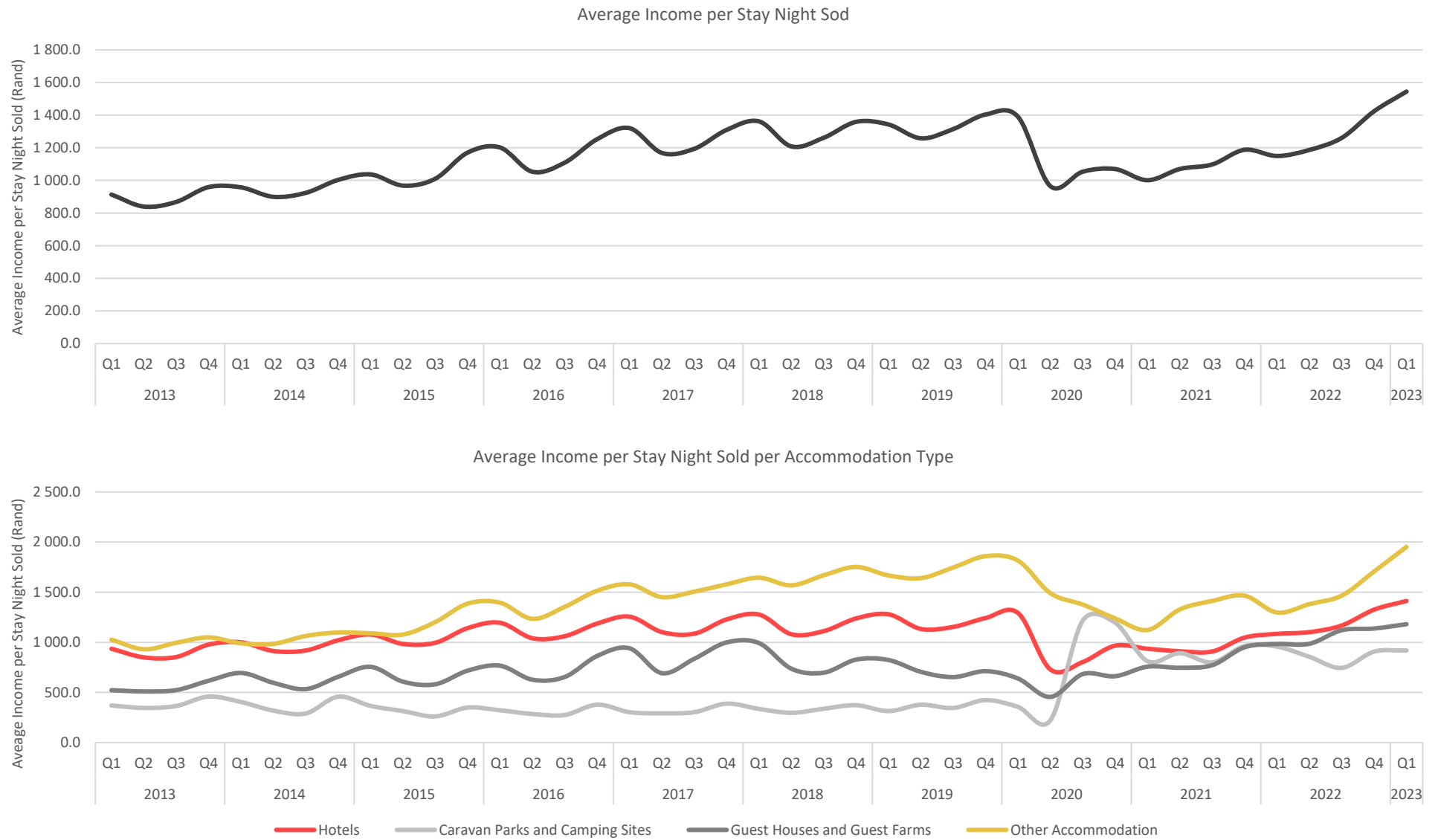
Source: DEMACON ex StatsSA, 2023

**Figure 12.2: Occupancy Rate (%) 2013 to 2023**



Source: DEMACON ex StatsSA, 2023

**Figure 12.3: Average Income per Stay Night Sold 2013 o 2023**



Source: DEMACON ex StatsSA, 2023



Definitions:

- Stay unit: The unit of accommodation available to be charged out to guests, for example, a powered site in a caravan park or a room in a hotel.
- Stay unit nights sold: The total number of stay units occupied on each night during the survey period.
- Other accommodation: Includes lodges, bed-and-breakfast establishments, self-catering establishments and 'other' establishments not elsewhere classified.
- Occupancy rate: The number of stay unit nights sold, divided by the product of the number of stay units available and the number of days in the survey period, expressed as a percentage.
- Average income per stay unit night sold: Average rate per stay unit (i.e., rate per room in a hotel or powered site in a caravan park) is calculated by dividing the total income from accommodation by the number of stay unit nights sold in the survey period.
- Income from accommodation: Income from amounts charged for stay units. 'Other' income is excluded (e.g., income from meals).
- Income from restaurant and bar sales: Income from meals, banqueting and beverages and tobacco sales.
- Other income: Income from casino gambling, laundry and telephone services, rentals and fees received for transport services, offices, shops, garages, etc.

Hotel Accommodation reflected the following trends between 2012 and 2022:

- Stay unit nights sold: Average per Quarter amounts to 5.3 million stay unit nights sold.
- Occupancy rate: Average per Quarter were 42.4%.
- Average income per unit night sold: Average per Quarter amounts to R1 148/unit night.
- Income from accommodation: Average per Quarter amounts to R2.0 billion.
- Income from restaurant and bar sales: Average per Quarter amounts to R562 million.
- Other Income: Average per Quarter amounts to R1.1 billion.

The accommodation industry is recovering from the impact of the COVID-19 Pandemic and is moving towards levels pre-2019.

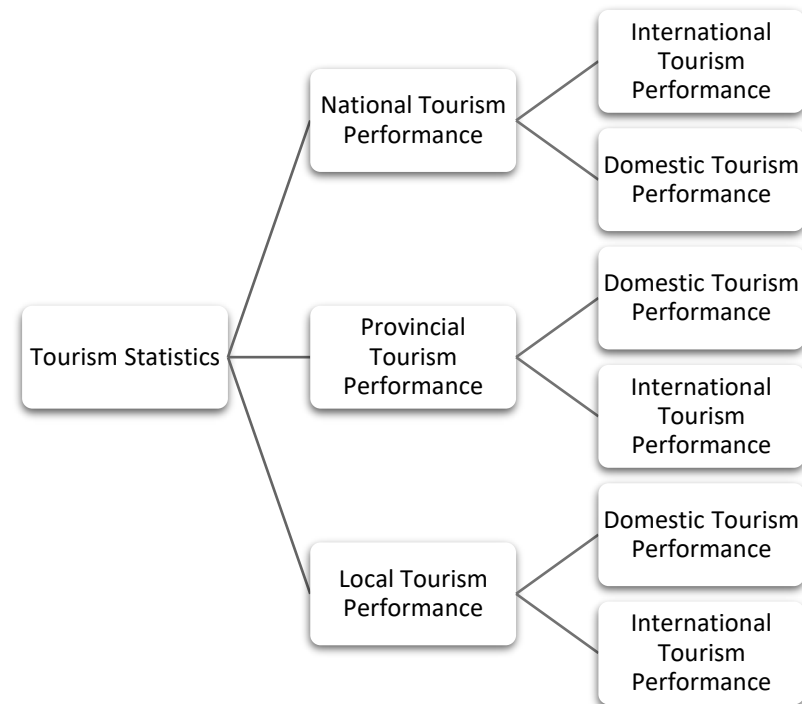
### 12.6 TOURISM STATISTICS

The following section provides an overview of tourism performance data for various geographies (i.e., national, provincial and local). The purpose of the data is to establish overarching tourism trends affecting the national tourism market and how these trends are affecting the regional and local tourism markets.

The effects of trends and changes to performance impact on the capacity of a proposed short-stay facility to compete for limited market share and influences the pace with which a project could potentially become sustainable over time.

The following diagram provides an overview of the contextual perspective that the following section seeks to provide.

Figure 12.4: Tourism Performance Contextual Outline

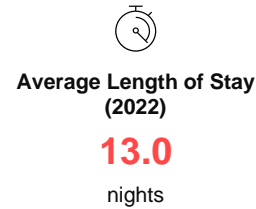


### 12.6.1 SOUTH AFRICA INTERNATIONAL TOURISM PERFORMANCE

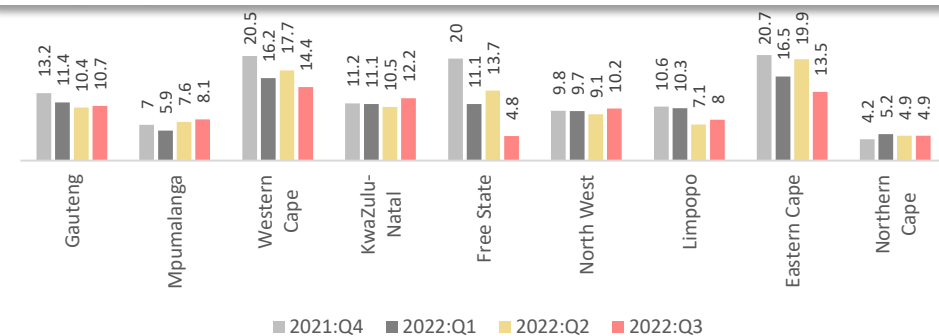
The following section provides an overview of the South African tourism market's performance with regard to international tourists.

#### Performance Indicators

	2021:Q1	2022:Q1	2022:Q2	2022:Q3
International Tourist Arrivals	0.8 million	1.0 million	1.2 million	1.6 million
Total Foreign Direct Spend	R8.0 billion	R10.4 billion	R11.1 billion	R15.5 billion
Length of Stay	15.2 nights	12.4 nights	12.7 nights	11.6 nights
Bed Nights	11.6 million	12.7 million	15.3 million	18.0 million



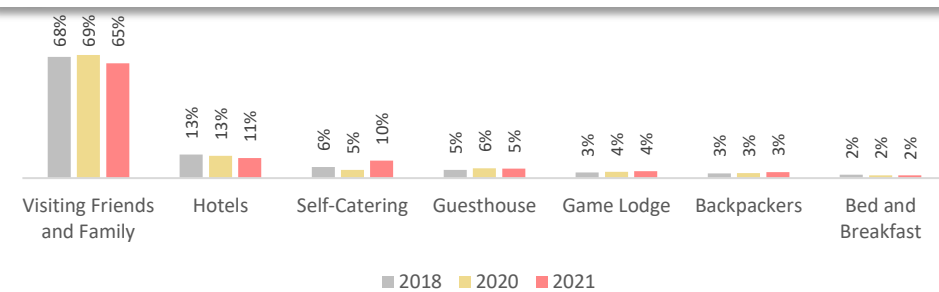
#### Average Length of Stay per Province



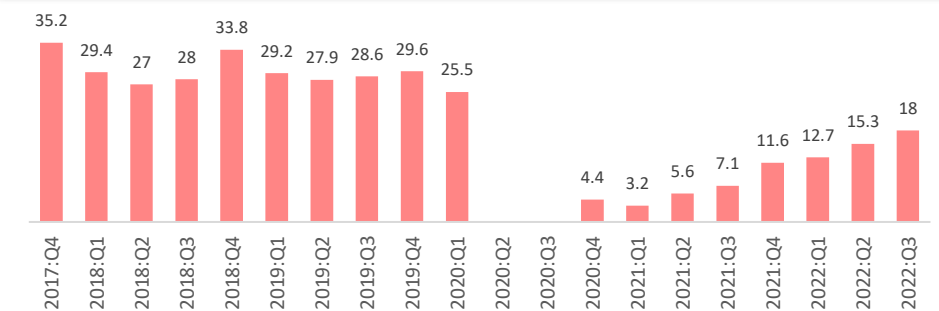
#### Arrivals



#### Type of Accommodation



#### Bed Nights (million)



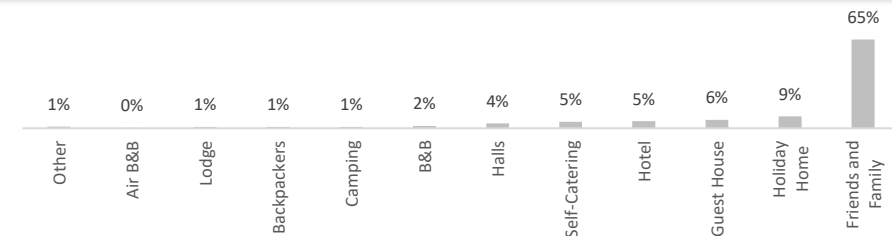
### 12.6.2 SOUTH AFRICA DOMESTIC TOURISM PERFORMANCE

The following section provides an overview of the South African tourism market's performance with regard to domestic tourists.

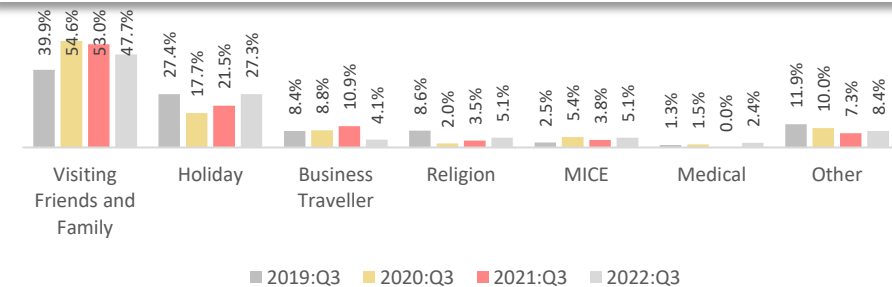
#### Performance Indicators

		2021:Q1	2022:Q1	2022:Q2	2022:Q3
	Domestic Trips	4.8 million	6.2 million	9.0 million	8.7 million
	Domestic Spend	R19.1 billion	R18.9 billion	R24.4 billion	R22.6 billion
	Average Spend per Trip	R3 966	R3 050	R2 710	R2 600
	Bed Nights	14.0 million	21.0 million	31.8 million	27.6 million
	Length of Stay	2.9 nights	3.4 nights	3.5 nights	3.2 nights
	Day Trips	20.1 million	35.2 million	47.6 million	48.1 million
	Day Trip Spend	R19.0 billion	R34.3 billion	R41.2 billion	R46.7 billion

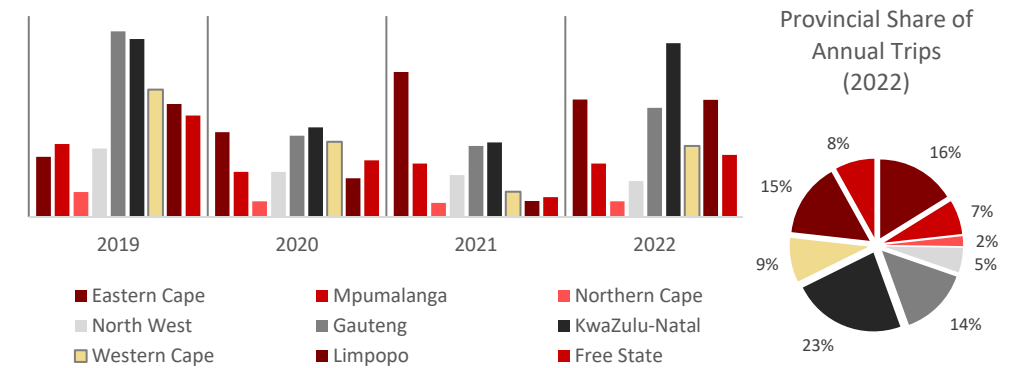
#### Type of Accommodation



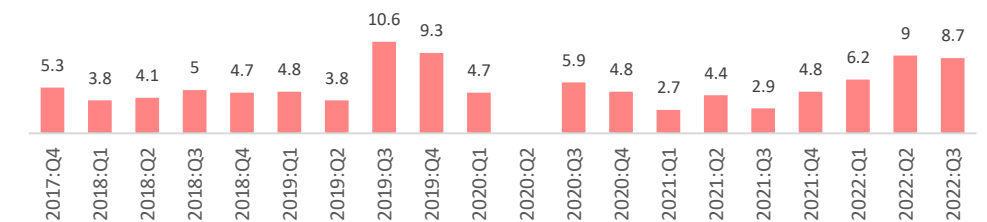
#### Purpose of Trip



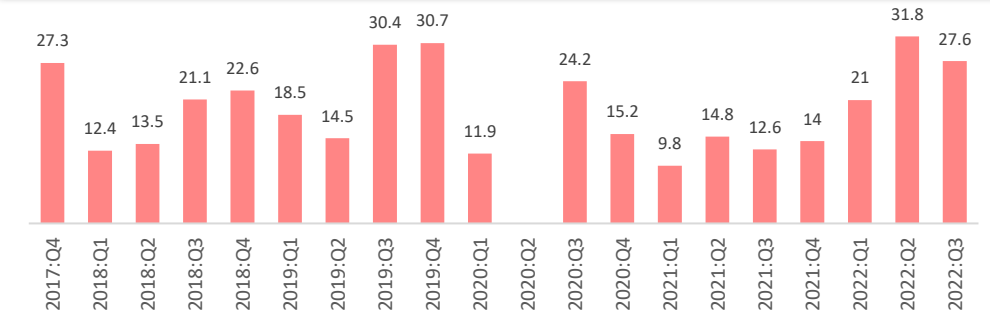
#### Number of Trips per Province



#### Domestic Trips (million)



#### Domestic Bed Nights (million)



### 12.6.3 WESTERN CAPE PROVINCE AND CITY OF CAPE TOWN TOURISM PERFORMANCE

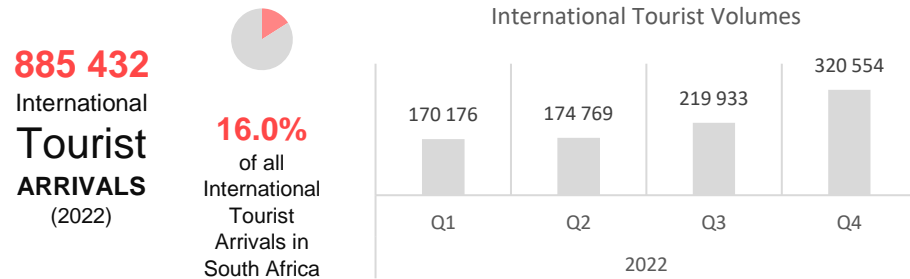
The following provides an overview of the key trends that influenced the Western Cape tourism market in 2022, with reference to changes in trends observed during the 2022.

- Mobile data provides an insight into the distribution and travel of tourists within the Western Cape Province. Data shows that in 2022, approximately 23% of all domestic and international travellers to the Western Cape Province travelled to the City of Cape Town. Of this tourist base between 60% to 70% of domestic visitors and 65% to 75% of international visitors in 2022 stayed overnight in the City for, on average 2 to 3 days, i.e., 1 to 2 nights. Approximately 50% of domestic visitors spend 2 nights whilst international travellers tend to stay for 3 nights.
- Between January and December of 2022, the largest proportion of travellers to the City of Cape Town originated from the international market (51.7%) and more specifically consisted primarily of travellers from the United States and United Kingdom (47.2%). The high proportion of international tourists provides an indication that the effects of the pandemic are easing on international travel and that tourist numbers are steadily recovering to pre-pandemic levels.
- In 2022 the City of Johannesburg, City of Tshwane, Ekurhuleni and Saldanha Bay were the City of Cape Town's top domestic source markets. Domestic traveller trends build upon trends established in 2021 that show similar origin location distributions.
- Over 47% of visitors travelled to the City of Cape Town for holiday and 28% visit friends and family. Approximately 8% of travellers undertook trips to Cape Town for business purposes. International tourists travelling for meetings, incentives, conferencing and exhibition purposes represented 7% of travellers.
  - Shopping and markets ranked as the top tourism activity enjoyed in the City, followed by natural attractions and bars and pubs. Activities related to visiting specific scenic areas, landmarks and walking expeditions had the longest dwell times.
- Hotel occupancy in the Western Cape remained limited during 2022 averaging 51% between January and February. Given the lingering effects of the pandemic and lockdown regulations on the tourism

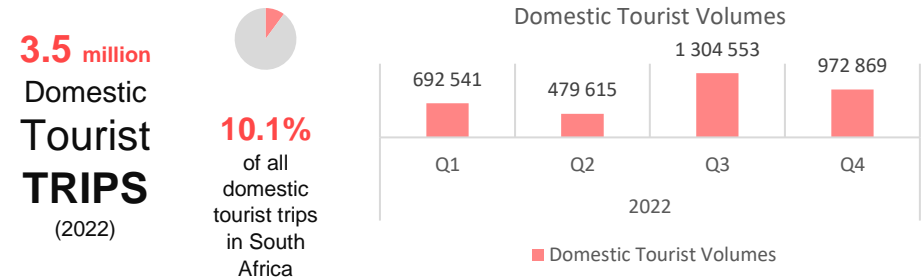
industry, occupation rates throughout the province remained moderate at the start of 2022. Since September 2022 hotel occupancy has started to increase achieving 58% in September and reaching 72% in December.

- The effects of low occupancy rates can be seen in the revenue per available room measure for the province. In 2022 the revenue per available room reached approximately R925, which is substantially lower than the average daily room rate of R1 659.

### International Tourist Arrivals in the Western Cape



### Domestic Tourist Trips to the Western Cape



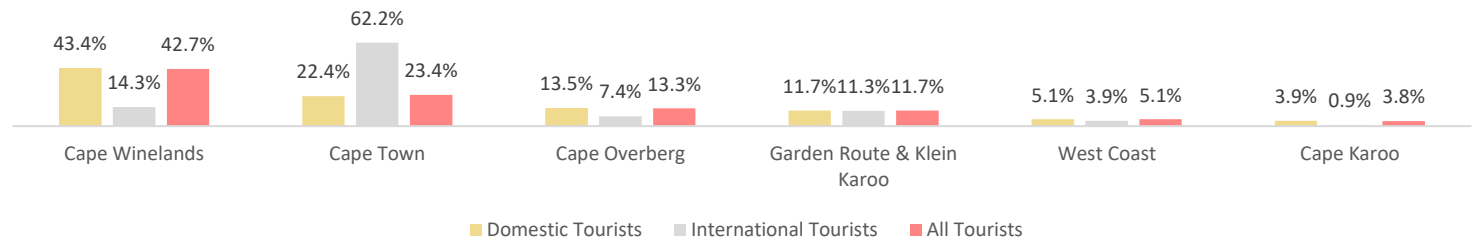
### Regional Capture Rate of Tourists in the Western Cape Province

Data shows that Cape Town captures, on average, approximately **23.4%** of all tourists in the Western Cape

The City attracts more than a **fifth of domestic tourists** and more than **three fifths of international tourists**.

The data suggests that Cape Town is a key international and domestic tourist destination in the Western Cape

### Distribution of Domestic and International Tourists per Destination District in the Western Cape

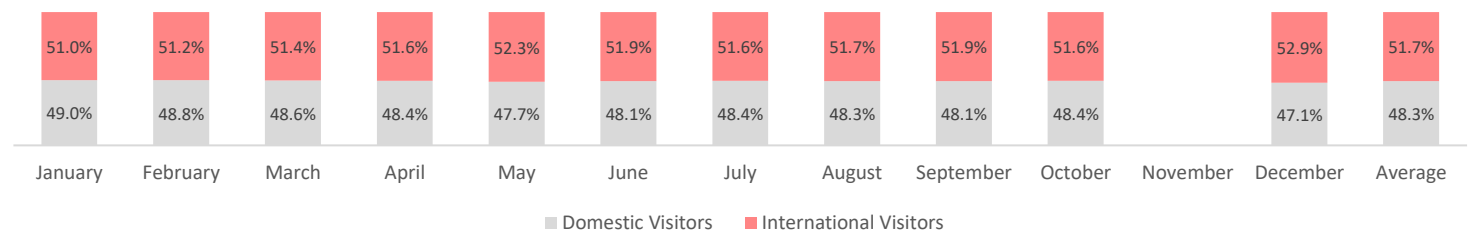


### Split between Domestic and International Tourists in the City of Cape Town

Data shows that approximately **51%** of tourists in the City of Cape Town are international tourists

The data therefore indicates that more international tourists are present in the City of Cape Town than domestic tourists

### Distribution of Tourists per Domestic and International Origin



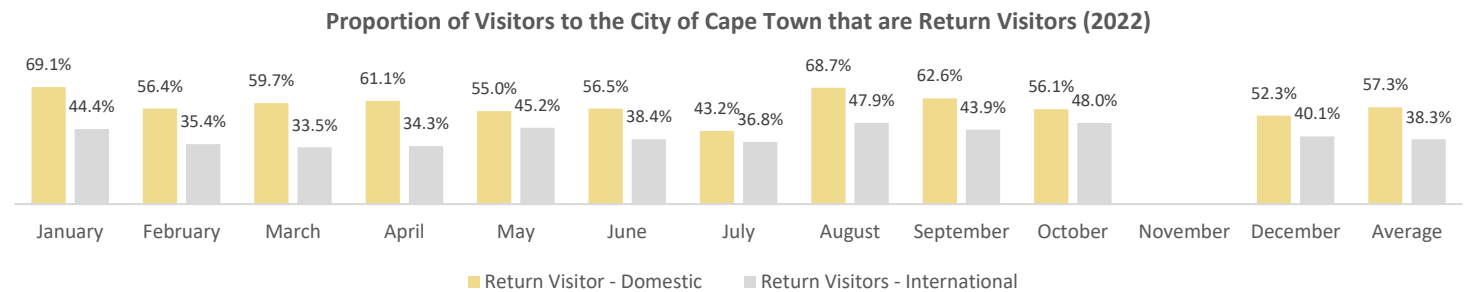


### City of Cape Town Return Visitor Capture Rate

On average more than **57%** of domestic visitors to the City of Cape Town are return visitors

Comparatively, nearly **40%** of international visitors are return visitors

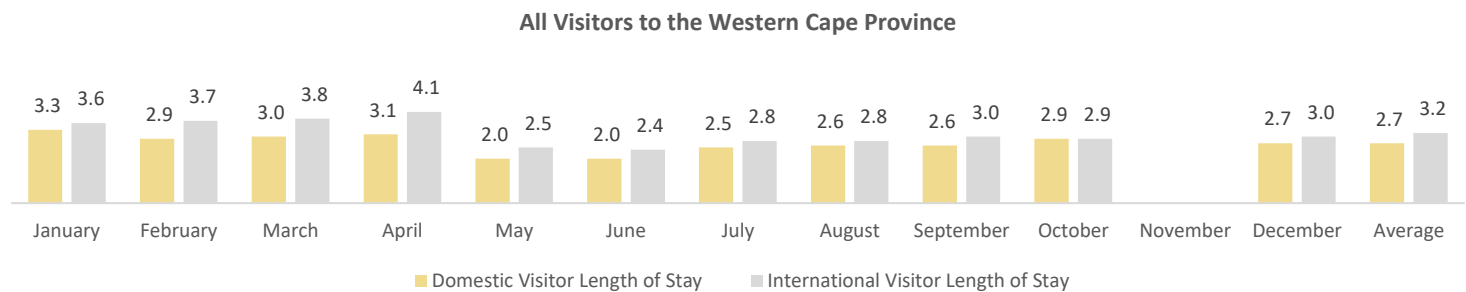
The data shows that the City of Cape Town maintains a high attractiveness level with international and domestic visitors



### City of Cape Town Average Length of Stay

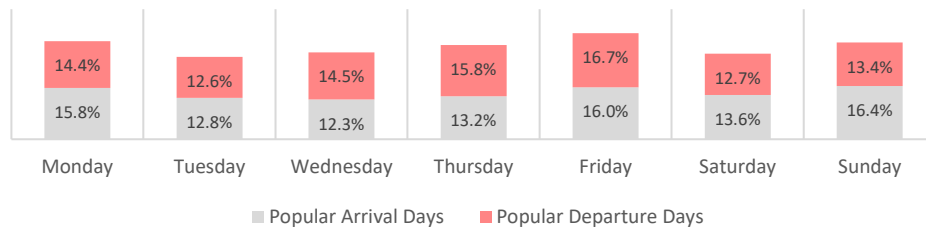
On average, domestic tourists stay **2.7 nights** in the City of Cape Town – peak stay periods are between October and April whilst the lowest stay periods are observed between May and September

International tourists stay on average **3.2 nights** which peaks between December and April.

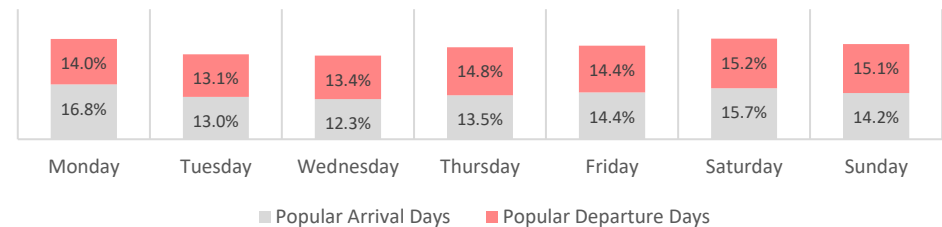


### City of Cape Town Popular Arrival and Departure Days

Popular Arrival and Departure Days in Cape Town for Domestic Tourists

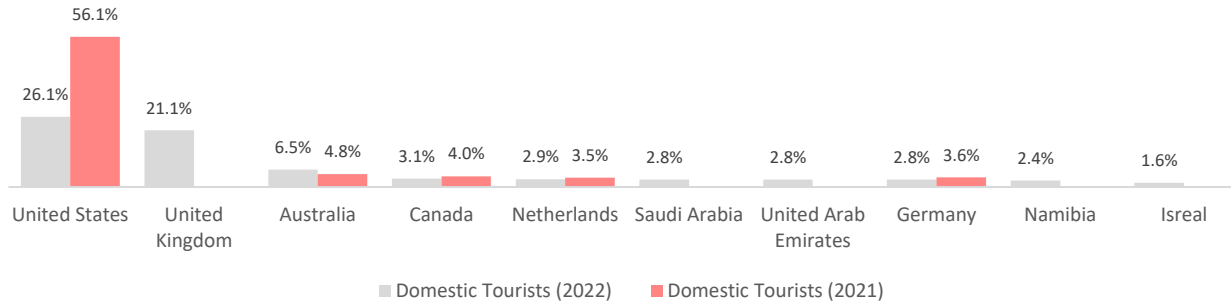


Popular Arrival and Departure Days in Cape Town for International Tourists

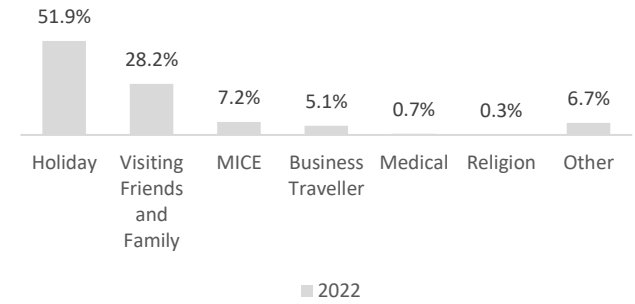


**Origin and Purpose of Visit of International Tourists**

**Origin of International Visitors**

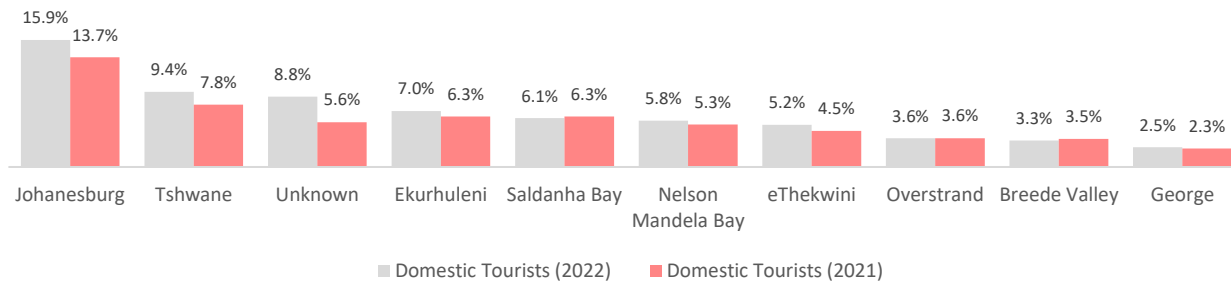


**Purpose of Visit (International Tourists)**

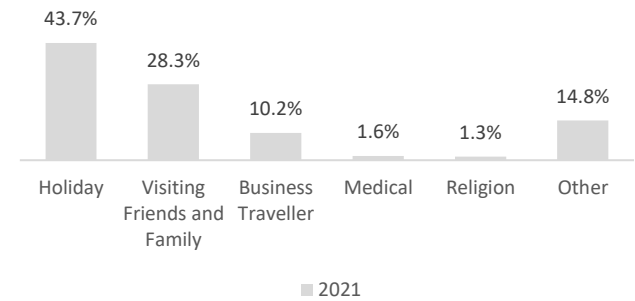


**Origin and Purpose of Visit of Domestic Tourists**

**Origin of Domestic Visitors**



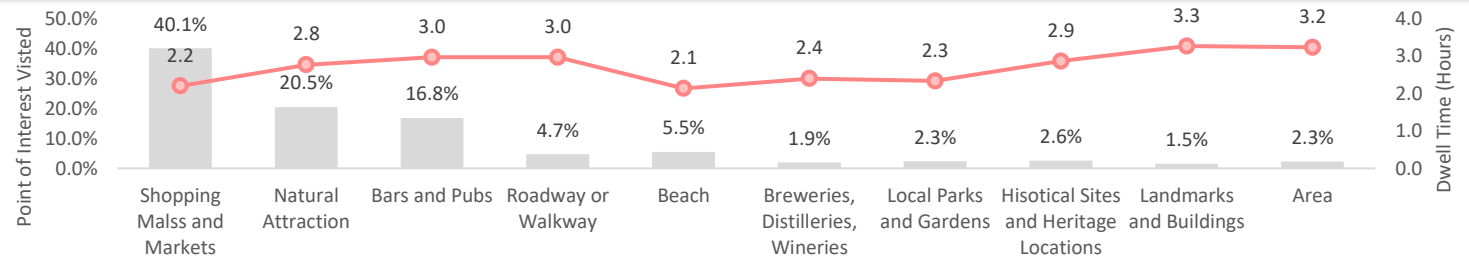
**Purpose of Visit (Domestic Tourists)**



**Points of Interest Visited by Tourists and their Dwell Times**

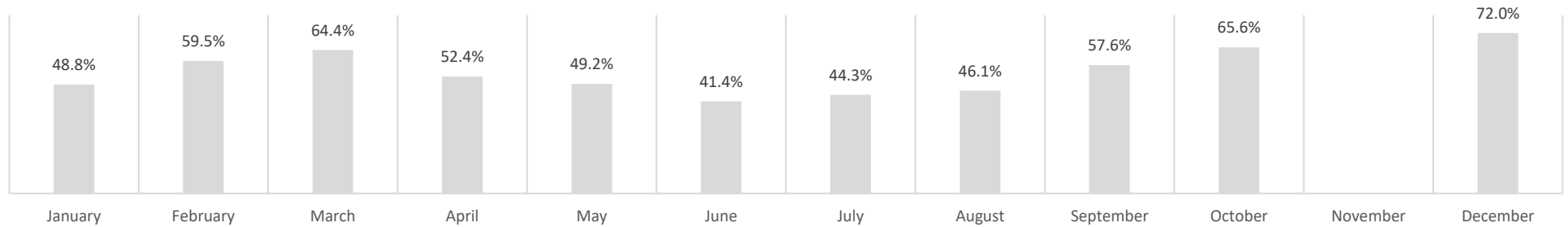
Shopping malls, natural attractions and bars and pubs are the most popular type of attractions visited by tourists

The longest dwell times occur at attractions such as Cape Point, Knysna Waterfront and in areas such as Cederberg, Wilderness and Stanford Valley to name a few.



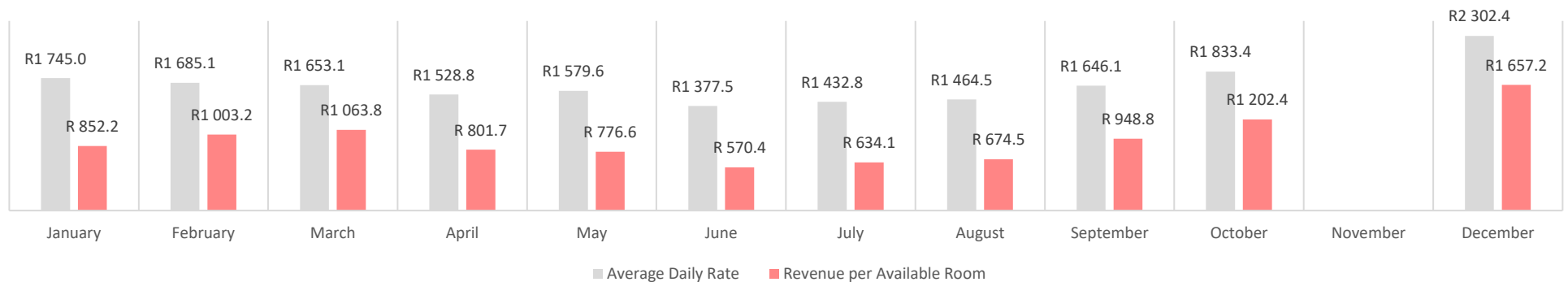
**Hotel Occupancy Rates in the Western Cape**

**Hotel Occupancy**



**Hotel Occupancy Rates in the Western Cape**

**Average Daily Rate and Revenue per Available Room**

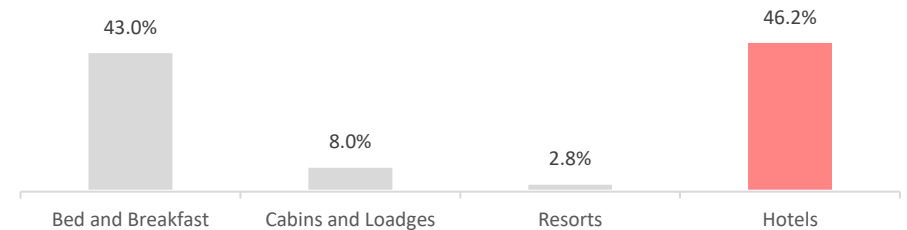


**12.7 PRIMARY MARKET AREA SHORT-STAY ACCOMMODATION SUPPLY**

The following section provides an overview of the distribution of hotel accommodation in the primary market area. The purpose of the section is to highlight the core characteristics that define the hotel market in the primary market area and assists with identifying potential gaps and opportunity areas that the development opportunity could consider.

Supply ide data shows that the bulk of short-stay accommodation facilities in the market area are hotel type providers that cater to a range of tourists.

**Figure 12.5: Distribution of Short-Stay Accommodation in the Primary Market Area**



Source: DEMACON Research, 2023

The following table provides an overview of the hotels available in the primary market area.

**Table 12.2: Hotel Facilities in the Primary Market Area**

Facility Name	Rooms	Grading	Hotel Type
Protea Hotel by Marriott Cape Town North Wharf	67	4	Apartment Hotel
Latitude Aparthotel by Total Stay	35	Not Graded	Apartment Hotel
Casa on Kei Apple by Total Stay	7	Not Graded	Apartment Hotel
First Group Riviera Suites	39	Not Graded	Apartment Hotel
Elements Luxury Suites by Totalstay	12	Not Graded	Apartment Hotel
Home Suite Hotels Sea Point	19	Not Graded	Apartment Hotel
Neighbourhood Hill Suites	33	Not Graded	Apartment Hotel
Romney Park Luxury Apartments	26	Not Graded	Apartment Hotel
Home Suite Hotels De Waterkant	13	Not Graded	Apartment Hotel
The Capital Mirage	75	Not Graded	Apartment Hotel
117 on Strand - Luxury Apartments	117	Not Graded	Apartment Hotel
Urban Artisan Luxury Suites by Totalstay	22	Not Graded	Apartment Hotel
The Onyx Apartment Hotel by NEWMARK	101	Not Graded	Apartment Hotel
The Rockefeller Hotel by NEWMARK	395	Not Graded	Apartment Hotel
Icon Luxury Apartments	27	Not Graded	Apartment Hotel
Blackbrick Cape Town Foreshore	31	Not Graded	Apartment Hotel
WINK One Thibault	98	Not Graded	Apartment Hotel
Queen Julie Lodge	10	Not Graded	Apartment Hotel
Mandela Rhodes	66	Not Graded	Apartment Hotel
Glaston House	3	Not Graded	Apartment Hotel
Neighbourhood East City	107	Not Graded	Apartment Hotel
Urban Oasis Aparthotel	31	Not Graded	Apartment Hotel
Daddy Long Legs Art Hotel	13	Not Graded	Art Hotel
Ellerman House	13	5	Boutique Hotel
The Clarendon	12	5	Boutique Hotel
Compass House Boutique Hotel	6	5	Boutique Hotel

Facility Name	Rooms	Grading	Hotel Type
Zest Boutique Hotel by The Living Journey Collection	14	5	Boutique Hotel
The Tree House Boutique Hotel by The Living Journey Collection	14	5	Boutique Hotel
DOck House Boutique Hotel and Spa by NEWMARK	5	5	Boutique Hotel
Labotessa Luxury Boutique Hotel	7	5	Boutique Hotel
Newkings Boutique Hotel	41	4	Boutique Hotel
O on Kloof Boutique Hotel & Spa	8	4	Boutique Hotel
O' Two Hotel	34	4	Boutique Hotel
Signal Hill Lodge	16	4	Boutique Hotel
Cape Cadogan Boutique Hotel	15	4	Boutique Hotel
Derwent House	10	4	Boutique Hotel
The Amalfi Boutique Hotel	43	Not Graded	Boutique Hotel
Atlantic Affair Boutique Hotel	12	Not Graded	Boutique Hotel
Home Suite Hotels Station House	44	Not Graded	Boutique Hotel
Pineapple House Boutique Hotel	9	Not Graded	Boutique Hotel
Hotel on the Promenade	8	Not Graded	Boutique Hotel
The Glen Boutique Hotel & Spa	24	Not Graded	Boutique Hotel
DysArt Boutique Hotel	10	Not Graded	Boutique Hotel
Sugar Hotel	6	Not Graded	Boutique Hotel
The Grey Hotel	13	Not Graded	Boutique Hotel
The Manor House at the Queen Victoria Hotel by NEWMARK	4	Not Graded	Boutique Hotel
NOAH House	10	Not Graded	Boutique Hotel
iGadi House Boutique Hotel	10	Not Graded	Boutique Hotel
Hippo Boutique Hotel	25	Not Graded	Boutique Hotel
Cloud 9 Boutique Hotel and Spa	55	Not Graded	Boutique Hotel
Camissa House	8	Not Graded	Boutique Hotel
Grand Daddy Boutique Hotel by BON Hotels	32	Not Graded	Boutique Hotel
InnsCape on Castle Hotel	19	Not Graded	Boutique Hotel
Cape Heritage Hotel	17	Not Graded	Boutique Hotel
Cape Diamond Boutique Hotel	19	Not Graded	Boutique Hotel

Facility Name	Rooms	Grading	Hotel Type
Long Street Boutique Hotel	12	Not Graded	Boutique Hotel
Cape Town Hollow Boutique Hotel	56	Not Graded	Boutique Hotel
The Silo Hotel	28	5	Hotel
Cape Grace Managed by Accor	120	5	Hotel
Queen Victoria Hotel by NEWMARK	35	5	Hotel
The Table Bay Hotel	329	5	Hotel
Pepperclub Hotel	210	5	Hotel
Mount Nelson, A Belmond Hotel Cape Town	188	5	Hotel
The Westin Cape Town	483	5	Hotel
Southern Sun Cape Sun	368	4	Hotel
Peninsula All Suite Hotel by Dream Resorts	110	4	Hotel
President Hotel	349	4	Hotel
Protea Hotel by Marriott Cape Town Sea Point	124	4	Hotel
aha Harbour Bridge Hotel & Suites	52	4	Hotel
Protea Hotel by Marriott Cape Town Waterfront Breakwater Lodge	188	4	Hotel
Victoria & Alfred Hotel by NEWMARK	94	4	Hotel
The Cape Milner	57	4	Hotel
Protea Hotel Fire & Ice by Marriott Cape Town	201	4	Hotel
KLoof Street Hotel	12	4	Hotel
SunSquare Cape Town Gardens	136	4	Hotel
Lagoon Beach Hotel & Spa	225	4	Hotel
DoubleTree by Hilton Cape Town Upper Eastside	183	4	Hotel
Southern Sun Waterfront Cape Town	537	4	Hotel
Southern Sun The Culinan	394	4	Hotel
HOTEL SKY Cape Town	540	4	Hotel
The Capetonian	169	4	Hotel
Cresta Grande Cape Town	242	4	Hotel

Facility Name	Rooms	Grading	Hotel Type
SunSquare Cape Town City Bowl	196	4	Hotel
Old Bank	44	4	Hotel
Cape Town Lodge Hotel	123	4	Hotel
The Commodore Hotel	234	4	Hotel
Hyatt Regency Cape Town	137	4	Hotel
Park Inn by Radisson Cape Town Foreshore	120	4	Hotel
Fountains Hotel	156	4	Hotel
The Hyde All Suite Hotel	36	4	Hotel
The One 8 Hotel	9	4	Hotel
City Lodge Hotel V&A Waterfront	207	3	Hotel
Garden Court Nelson Mandela Boulevard	292	3	Hotel
StayEasy Cape Town City Bowl	302	3	Hotel
Holiday Inn Express Cape Town City Centre, an IHG Hotel	173	3	Hotel
Garden Court Victoria Junction	172	3	Hotel
Bantry Bay Suite Hotel	40	Not Graded	Hotel
Mojo Hotel/Hostel & Market	47	Not Graded	Hotel
Premier Hotel Cape Town	130	Not Graded	Hotel
The Winchester Hotel by NEWMARK	76	Not Graded	Hotel
ANEW Hotel Green Point Cape Town	76	Not Graded	Hotel
Check Inn Hotel	44	Not Graded	Hotel
Old Foundry Hotel	24	Not Graded	Hotel
Signature Lux hotel by ONOMO Waterfront	87	Not Graded	Hotel
AC Hotel by Marriott Cape Town	188	Not Graded	Hotel
Radisson RED Hotel V&A Waterfront Cape Town	252	Not Graded	Hotel
Radisson Blu Hotel Waterfront	177	Not Graded	Hotel
The Ivy on Park	5	Not Graded	Hotel
Kensington Place	8	Not Graded	Hotel
Hollow on the Square City Hotel	56	Not Graded	Hotel

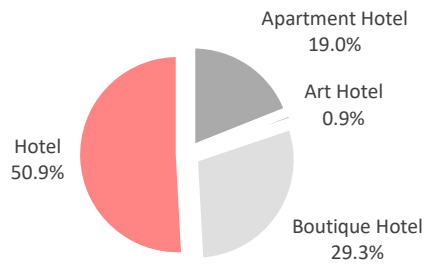


Facility Name	Rooms	Grading	Hotel Type
Signature Lux Hotel by ONOMO - Foreshore	157	Not Graded	Hotel
Innscape Classic Formerly The New Tulbagh Hotel	60	Not Graded	Hotel
Radisson Blu Hotel & Residence Cape Town	214	Not Graded	Hotel
ONOMO Hotel Cape Town - Inn on the Square	165	Not Graded	Hotel
Taj Cape Town	176	Not Graded	Hotel
The Capital 15 on Orange	129	Not Graded	Hotel

Source: DEMACON Research, 2023

The preceding table indicates that approximately 116 hotels are operational in the primary market area. The bulk of the hotel facilities are registered as traditional hotels whilst more than 29% of hotels target the boutique market. The rise of apartment hotels has positioned the concept as a key role-player in the local market whereby 19% of hotels are apartment hotel configurations and operations.

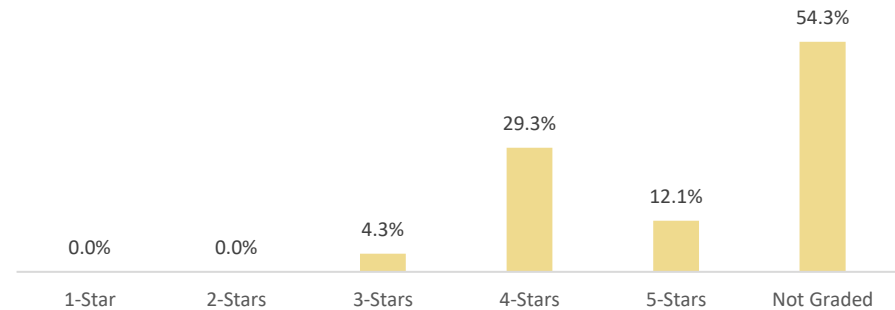
Figure 12.6: Distribution of Hotel Facilities per Type of Hotel



Source: DEMACON Research, 2023

Additionally, data from the Tourism Grading Council of South Africa shows that more than 50% of hotels in the primary market area are not graded with the council. Nevertheless, the bulk of hotels focus on 4- and 5-star accommodation facilities and services with only select facilities graded as 3-star accommodation. There are no 1- and 2-star graded accommodation in the primary market area.

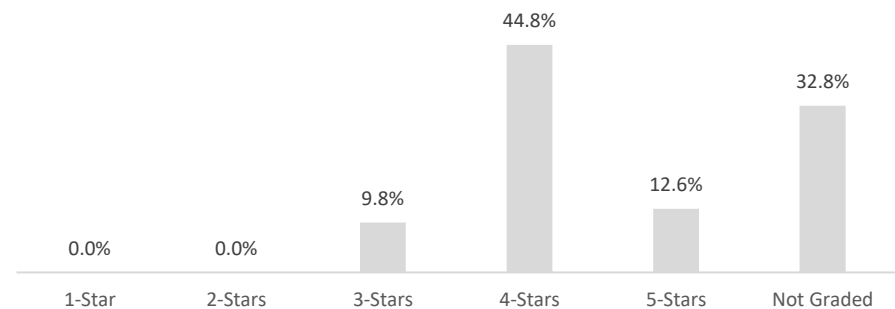
Figure 12.7: Distribution of Hotel Facilities per Star-Grading



Source: DEMACON Research, 2023

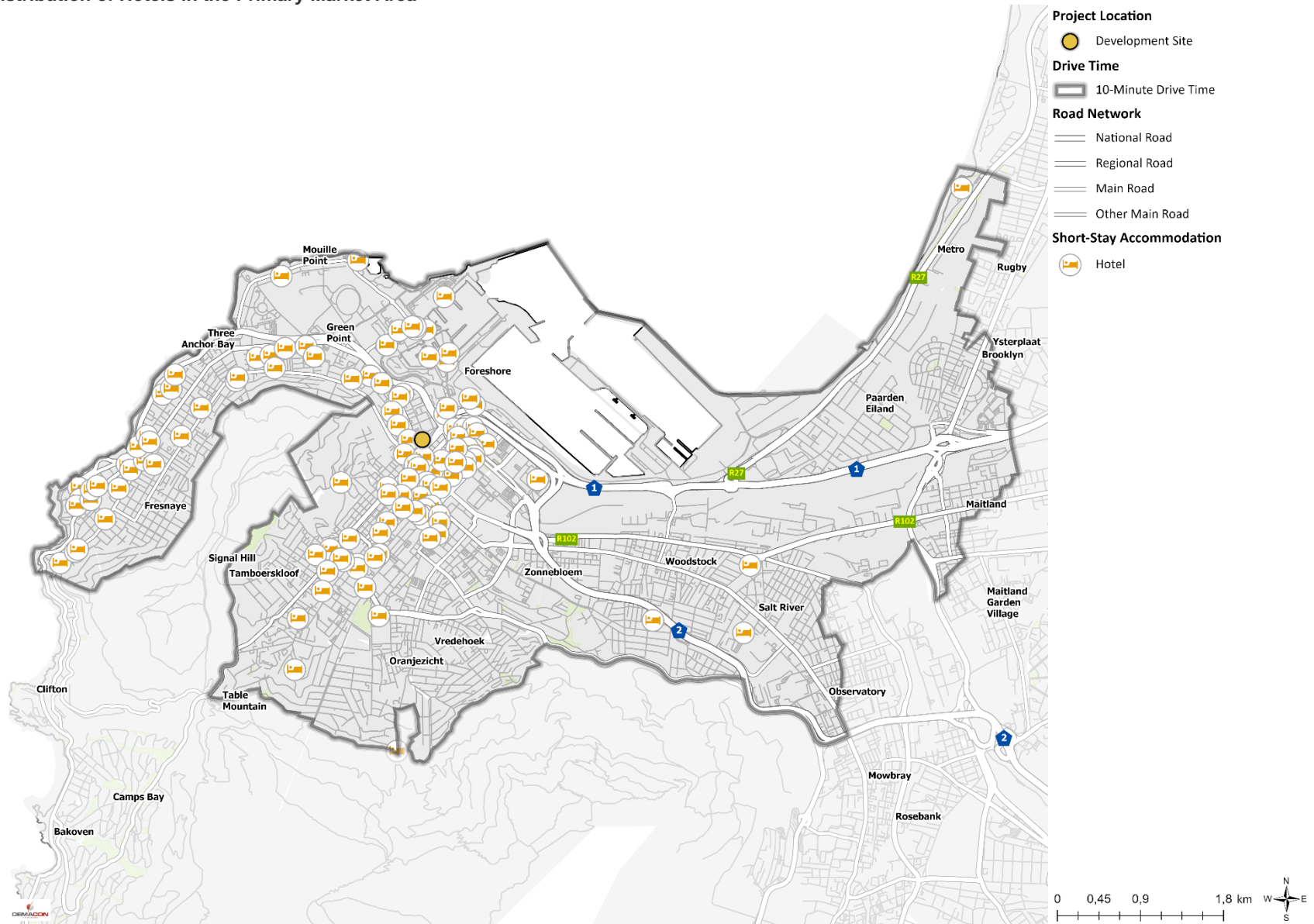
The distribution of hotel rooms per grading follows a similar structure to that of the distribution of facilities but highlights that most hotel rooms in the primary market area can be classified as 4-stars. 5-star rooms represent nearly 13% of accommodation whilst rooms not graded with the Council representing nearly a third of rooms available.

Figure 12.8: Distribution of Hotel Rooms per Star-Grading



Source: DEMACON Research, 2023

Map 12.1: Distribution of Hotels in the Primary Market Area



Source: DEMACON GIS, 2023

## 12.8 MARKET DEMAND MODELLING

The following section focuses on estimating the market demand that exists in the market area for a short-stay accommodation facility.

The market demand estimations are calculated for the hotel market and auxiliary facilities per market segment. The share analysis refers to the expected market share generated according to the capacity provided.

**Table 12.3: Western Cape Attractions of Bed Nights (Total Bed Nights)**

Bed Nights	2028	2033	2038	2043
 Foreign Bed Nights	27 140 493	33 815 623	46 813 869	64 808 457
 Domestic Bed Nights	10 205 102	12 835 455	17 937 533	25 067 679
<b>Total</b>	<b>37 345 595</b>	<b>46 651 078</b>	<b>64 751 402</b>	<b>89 876 137</b>




Source: DEMACON Demand Modelling, 2023

**Table 12.4: Western Cape Attractions of Hotel / B&B / Guest House Bed Nights**

Bed Nights	2028	2033	2038	2043
 Foreign Bed Nights	9 314 481	11 605 352	16 066 285	22 241 937
 Domestic Bed Nights	2 786 833	3 505 137	4 898 424	6 845 541
<b>Total</b>	<b>12 101 314</b>	<b>15 110 488</b>	<b>20 964 709</b>	<b>29 087 478</b>

Source: DEMACON Demand Modelling, 2023

**Table 12.5: Project Summary**

Bed Nights	2028	2033	2038	2043
 Table Bay Sub-Regional Economy Share (GVA & Employment)	7.5%	7.5%	7.5%	7.5%
 Table Bay Hotel Share (Bed Nights)	818 221	908 149	1 133 974	1 573 307
 Project Specific Share (Bed Nights)	6 955	7 719	9 639	13 373
<b>Demand</b>	<b>24</b>	<b>30</b>	<b>42</b>	<b>58</b>

Source: DEMACON Demand Modelling, 2023

**Table 12.6: Hotel Demand**

Bed Nights	2028	2033	2038	2043
Keys (65% Occupancy)	37	46	64	89
Restaurant Seats	74	93	129	178
Conference / Function Seats	63	79	109	152

Source: DEMACON Demand Modelling, 2023

### Demand Modelling Results

- Total tourist bed-nights in the Western Cape Province for 2028 is expected to amount to approximately 37.4 million
- This results in a demand of approximately 12.1 million hotel /guest house / B&B bed-nights for 2028 increasing to 29.1 million by 2043
- The Table Bay economy has a share of approximately 7.5%, resulting a demand of 818 221 bed-nights (2028), increasing to approximately 1.6 million bed-nights over the long term (2043)
- The project could attract approximately 6 955 bed-nights over the medium term and 13 373 bed-nights over the long term (2043)
- Ultimately a hotel with 30 keys can be developed over the medium to longer term, increasing to approximately 58 keys over the long term. As well as a restaurant with approximately 178 seats and a conference / function venue catering to approximately 152 people could be developed

## 12.9 SYNTHESIS

This Chapter of the report focused on determining supply and demand attributes of the short-stay accommodation market of the primary market area of the proposed development.

The market area, and specifically areas such as the City Bowl, V&A Waterfront and Atlantic Seaboard, is a prominent and core tourist destination for domestic and international tourists. Because of the tourism significance of the market area, short-stay accommodation is a prominent and highly competitive market. Supply data shows that within the market area approximately 116 hotels (does not account for bed and breakfasts, guesthouses, etc.) are present that offer more than 11 000 beds at primarily 4- and 5-star accommodation and facility levels.

Hotels are mostly found along the Atlantic Seaboard and within the Cape Town CBD and primarily cluster within the heart of the CBD, close to the International Convention Centre, the Foreshore, Waterfront area and the downtown (Gardens) area.

Tourism data shows that although international and domestic tourist volumes are approaching pre-covid levels, the occupancy rates of hotels have remained low during 2021. Since 2022 occupancy rates in Western Cape hotels have increased and in peak periods-maintained levels of between 50% and 60%. December 2022 tourism data shows that hotel occupancy levels surpassed 70%. The preceding data indicates that the hotel market in the Western Cape and the City of Cape Town is highly competitive especially given that the average length of stay for domestic and international visitors is between 1 and 2 nights.

Findings of preceding sections, combined with the market supply analysis outcomes, show that a marginal market gap exists for short-stay accommodation in the primary market area. Development prospect for a hotel or short-stay accommodation facility is low because of the highly competitive nature of the market area within which limited market share could be generated.

Alternatively, an apartment hotel configuration could be considered, aligning with recent development trends in the CBD and surrounding tourist destinations. This approach would tap into niche development opportunities explored by developers. It's important to note that the rise of Airbnb has affected the attractiveness of apartment hotels, as Airbnb offers flexibility in response to fluctuating market conditions, enabling property owners to switch between short- and long-term rental options. Nonetheless, apartment hotels remain a growing trend in South Africa. Recent data indicates that apartment hotels particularly benefit from business leisure tourists who extend their business trips to include family getaways, creating blended stays.

Overall, careful consideration should be given to choosing between a traditional 5- or 4-star hotel or an apartment hotel configuration, weighing the market dynamics and the potential impact of Airbnb on the local hospitality industry.

Development Type	Effective Market Gap	Development Prospect
Short-Stay Accommodation (Hotel)	Yes	Low

### 12.9.1 HIGH-LEVEL RECOMMENDATIONS

In the medium- to long-term, there is potential for the development of a boutique hotel with up to 60 rooms. The facility could also feature a restaurant accommodating approximately 178 seats, as well as a conference/function venue catering to approximately 152 individuals.

Considering the prominence of tourism in the Cape Town CBD and surrounding areas and taking into account that existing competitors mainly offer accommodations graded as 3- or 5-stars, establishing market share in the primary market area could be achieved by developing a 5- or 4-star hotel.

## 13 SYNTHESIS AND CONCLUSIONS

### 13.1 INTRODUCTION

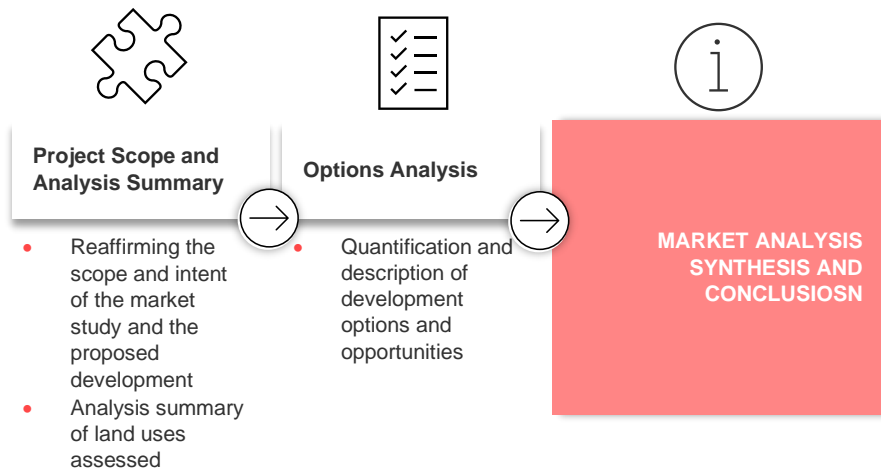
The following chapter aims to enhance the integration of findings from previous chapters, providing a concise summary of the analyses within the report. Moreover, it aims to identify potential development opportunities for the proposed location by analysing various land uses.

The purpose of this chapter is to identify development opportunities that can be implemented as part of an overarching development concept. To achieve this, we evaluated several land uses to determine their potential as viable development options. By reaffirming the intended outcome and focus of the development and market study, this chapter aims to provide relevant information that assists decision-making regarding the future development of the proposed site.

To pinpoint relevant development opportunities, the chapter primarily relies on key status quo informants who serve as guides and shape the identification process.

The Chapter is discussed under the following core themes:

Diagram 13.1: Chapter 13 Core Themes



### 13.2 PROJECT SCOPE AND INTENDED OUTCOMES

The purpose of the mixed-use market study is to conduct market research that aids in evaluating the potential for development and growth of a mixed-use project in the Cape Town Central Business District (CBD) area.

Through the study, we examined significant economic, socio-economic, and real estate data to gain insights into relevant development trends and factors that influence property development opportunities within the specific local property market context.

After conducting an initial assessment of the proposed project location, we identified and thoroughly investigated the following land uses as potential opportunities for stand-alone or integrated development:

 Market Based Residential	 Social housing
 Offices	 Short-Stay
 Student Accommodation	 Retail
 Private Healthcare	

### 13.3 ANALYSIS SUMMARY

The following section offers a condensed overview of the analyses conducted in the report. Its purpose is to provide a concise perspective on the key aspects and characteristics that define the primary market area of the development location. These attributes are crucial for understanding and defining the supply and demand dynamics of the market, particularly in relation to the proposed development and its configuration.

The following diagram provides a visual representation of the analysis summary.

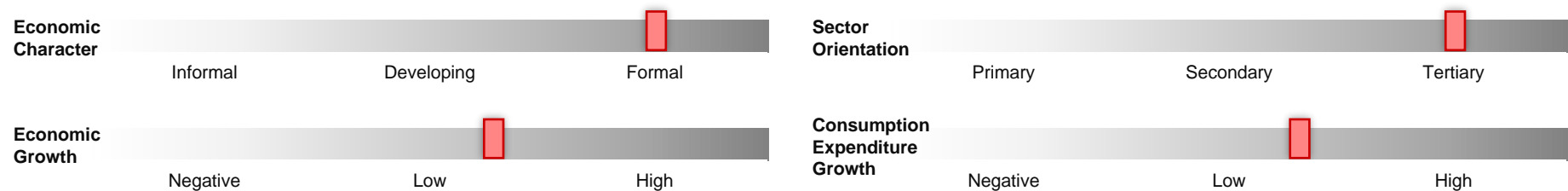


### Location Profile



The proposed development site is situated adjacent to the Cape Town Central Business District and forms part of the metropolitan spatial development framework’s Cape Town CBD Metropolitan Node. The site, according to the district development plan, is located in the district’s mixed-use intensification zone and should ideally seek to integrated complimentary uses as part of its product offering and services. The location assessment of the development site within the context of various land use reveals high to exceptional ratings and therefore highlights the development site’s potential to incorporate a mixture of well-located land use opportunities as part of an integrated development scheme.

### Economic Profile



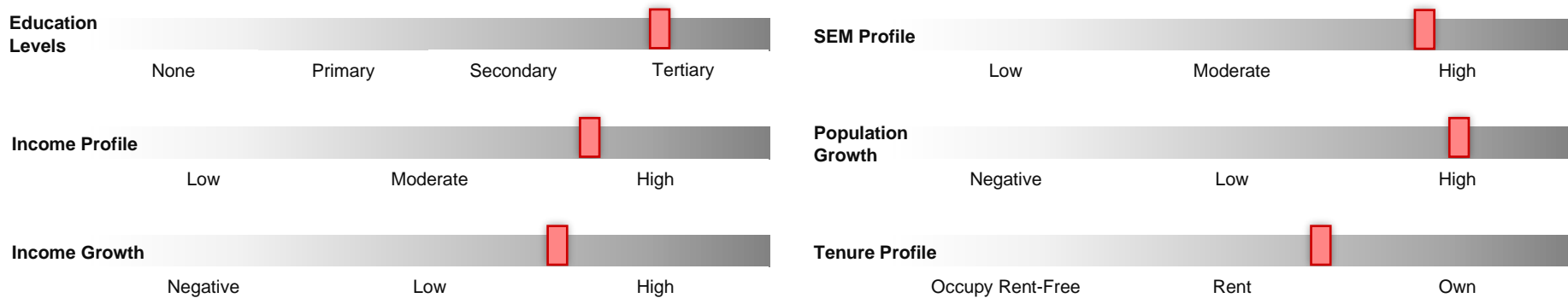
The Table Bay sub-regional economic growth trend decelerated since 2011 but nevertheless remained positive – consistent with the national and metropolitan trend. The sub-regional economy is the sixth largest in the City and is driven by growth in tertiary economic sectors especially the business, financial and real estate services sector.

### Labour Profile



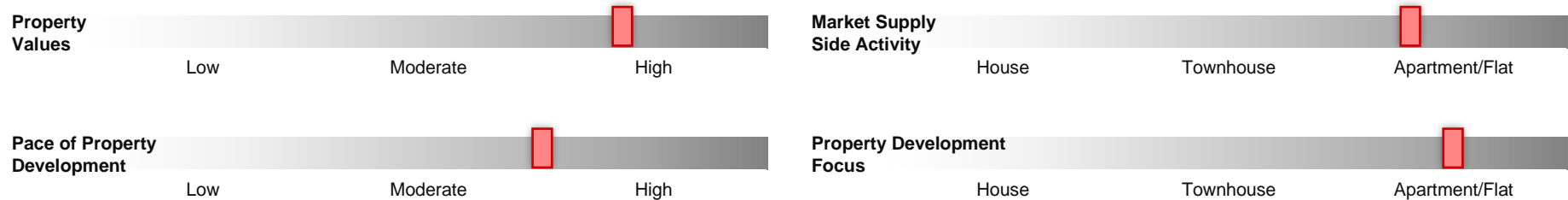
The Table Bay sub-regional economy has continuously generated formal employment opportunities in skilled and semi-skilled occupations. The sub-regional economy maintains a moderate to high labour force participation rate and is increasing formal in nature – informal employment has lost a sizeable share of its contribution to the overall employment in the sub-regional economy. The unemployment rate in the sub-regional economy has increased since 2016 because of moderate labour absorption.

### Socio-Economic Profile



The demography of the market area expands at a high rate of growth and is heavily influenced by migration into and out of the market area – largely on account of the pace at which urban development, inclusive of infill development and densification) occurs in the City Bowl, Sea Point, Green Point, District Six, Salt River and Woodstock areas. The demography of the market area consists of young adults that are highly educated, skilled and employed in tertiary economic sectors such as financial and business services, real estate, social and personal services. Occupations such as legislators, professionals, technicians, senior officials and managers make up the majority of professions in the market area. Furthermore, the market area is characterised as middle- to high-income. Income growth in the market area has been slow in the recent past and heavily influenced by the Covid-19 pandemic as well as macroeconomic challenges, electricity supply constraints and associated deterioration in business and consumer confidence.

### Market Based Residential Supply-Side Characteristics

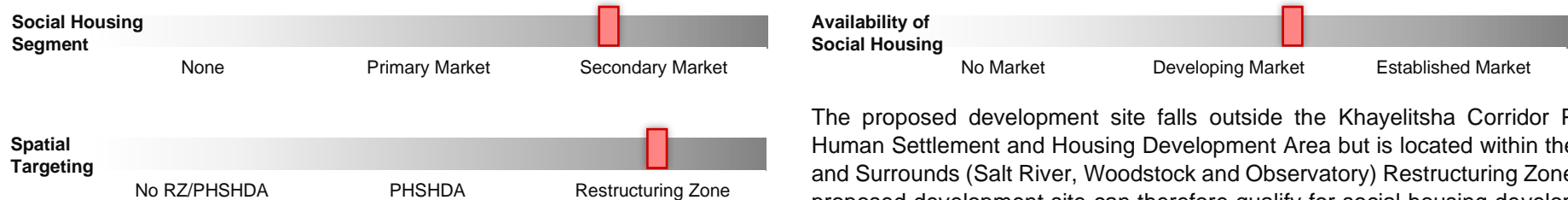


The proposed development site is located within the sub-region of De Waterkant, situated in the Cape Town CBD suburb. This location, along with other prominent areas such as Green Point, Sea Point, the Foreshore, and City Bowl, boasts comparatively high property values due to their association with upscale property activity. Market data indicates that, from 2014 to 2023, the average sales price of properties in the market area has been approximately 13.2% lower than the initial asking prices (listing), which is a common occurrence. Recent trends, however, show an increasing gap between the asking price and the actual sales price.

Despite this, average sales prices in the market area have remained relatively consistent at around R3.7 million since 2020, following a peak of approximately R5.0 million in 2018. Moreover, average rental prices in the market area are competitively positioned, particularly in De Waterkant and the Cape Town CBD, where moderate to high rental rates are achieved. The Cape Town CBD and its surrounding areas have consistently demonstrated development activity, as evidenced by new property registrations, establishing themselves as key infill and densification locations within the City of Cape Town.

In terms of the residential market within the primary market area, apartments and flats dominate due to the highly built-up nature of the region, particularly in areas like the Cape Town CBD, Green Point, Sea Point, and City Bowl. New residential developments primarily target high-density, high-rise buildings with various configurations and service offerings. Studio and 1-bedroom units are particularly popular among buyers and renters.

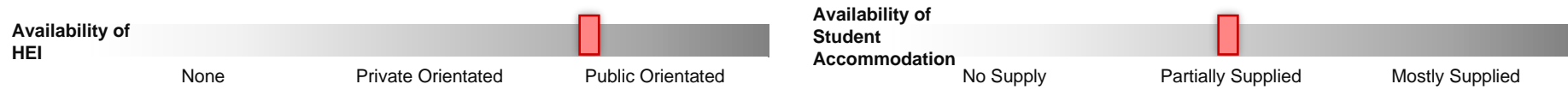
### Social Housing Residential Supply-Side Characteristics



The proposed development site falls outside the Khayelitsha Corridor Priority Human Settlement and Housing Development Area but is located within the CBD and Surrounds (Salt River, Woodstock and Observatory) Restructuring Zone – the proposed development site can therefore qualify for social housing development.

The social housing market of the City is developing whereby more than 50% of social housing units are either under construction or pipeline projects.

### Student Accommodation Supply-Side Characteristics



Public and private higher education institutions are present in the Cape Town CBD and along the eastern suburb corridor of Woodstock, Salt River and Observatory. The Cape Peninsula University of Technology is the most prominent public university in the primary market area (the University of Cape Town is located outside the primary market area), whilst a host of private colleges and higher education institutions are distributed throughout the CBD and are within 1 km of the proposed development site. Private and accredited student accommodation represents 30% of total supply in the market area of which more than 80% of beds are provided by only 8 scaled student accommodation providers.

### Retail Supply-Side Characteristics



The market area encompassing the proposed development comprises a diverse range of retail facilities with varying scales and functions. Currently, there are approximately 22 operational retail facilities in the market area, with an additional two centres proposed, which could enhance the regional profile in the medium-term. Convenience retail and local neighbourhood centres account for the majority of retail facilities, representing 40.9% of the total. However, in terms of gross leasable area (GLA), the bulk is provided by regional, lifestyle, and CBD-based retail centres, comprising 57.9% of the overall GLA. The market area boasts a substantial retail GLA of over 267 000 square meters. Notably, store front retail plays a significant role in the immediate vicinity of the proposed development site. Data indicates that there are more than 192 000 square meters of street-fronted retail space available within the Cape Town CBD.

### Office Market Supply-Side Characteristics



Office space is well-distributed across the market area of the proposed development, encompassing several prominent office nodes such as the Cape Town CBD, V&A Waterfront, Granger Bay, Sea Point, Woodstock, and Salt River. Despite the challenges posed by the Covid-19 pandemic and subsequent office market downturn, vacancy rates within the market area remain relatively stable, ranging between 14% and 17%. It is worth noting that the Cape Town CBD stands out with its low vacancy rates, even with the introduction of several commercial developments since 2020.

**Private Healthcare Market Supply-Side Characteristics**



The market area surrounding the proposed development is home to numerous private healthcare facilities. These facilities are primarily concentrated in the City Bowl and Observatory areas, strategically positioned at major intersections or within established nodes. Additionally, some private healthcare facilities are integrated within higher education institutions. Private hospitals within the market area provide a diverse range of services and specializations, catering to a community that largely possesses comprehensive medical insurance coverage.

**Short-Stay Accommodation Market Supply-Side Characteristics**



The market area encompassing the City Bowl, V&A Waterfront, and Atlantic Seaboard holds significant importance as a core tourist destination, attracting both domestic and international visitors. In this tourism-driven market, short-stay accommodations play a prominent role and face intense competition. Supply data reveals the presence of approximately 116 hotels within the market area, offering over 11,000 beds primarily at 4 and 5-star accommodation and facility levels.






Occupancy rates in Western Cape hotels have been increasing, reaching and maintaining levels of around 50% to 60% during peak periods. Notably, December 2022 recorded hotel occupancy levels surpassing 70%. These figures demonstrate the highly competitive nature of the hotel market in the Western Cape and the City of Cape Town, especially considering that the average length of stay for domestic and international visitors typically ranges between 1 and 2 nights.



**13.4 SUMMARY OF DEMAND ANALYSIS**

The preceding section highlighted key supply side considerations that impact on the various land use typologies assessed in this report. The preceding analyses lay the basis upon which the demand potential for each of the assessed land uses are estimated. The following table provides a summary of the demand potential each of the land uses assessed. The table identifies the proposed size that could be targeted by each land use, the development prospect of each land use given the overarching supply side and market trends data for the primary market area, the optimum point of market entry given the current and expected market context and additional notes and high-level configuration considerations.



**Table 13.1: Summary of Demand Analysis**

Development Prospects		Proposed Size	Development Prospects	OPME	Notes and High-Level Configuration Considerations
	Market Based Residential Analysis	125 units	High	2024+	<ul style="list-style-type: none"> <li>• High-rise apartment building</li> <li>• Upper floors used for residential apartments</li> <li>• Can include bonded and rental units</li> <li>• Various configurations that include:                             <ul style="list-style-type: none"> <li>○ Studio apartments</li> <li>○ 1-bedroom apartments</li> <li>○ 2-bedroom apartments</li> </ul> </li> <li>• Ancillary services can be incorporated for an integrated living environment (e.g., wellness centre, concierge, business facilities, retail, etc.)</li> </ul>
	Social Housing	125 units	Moderate to High	2024+	<ul style="list-style-type: none"> <li>• The project location is in a restructuring zone allowing the developer access to the Consolidated Capital Grant</li> <li>• Is primarily secondary market focused</li> <li>• Various configurations that include:                             <ul style="list-style-type: none"> <li>○ Bachelor/studio apartments</li> <li>○ 1-bedroom apartments</li> <li>○ 2-bedroom apartments</li> <li>○ 3-bedroom apartments</li> </ul> </li> <li>• Current market realities conform to the prescribed primary to secondary market ratio, rental quote average and average rental across all income groups</li> </ul>
	Student Accommodation	125 units	Moderate	2024+	<ul style="list-style-type: none"> <li>• The project has access to both public and private higher education institutions making it possible to accommodate both NSFAS and Non-NSFAS students</li> <li>• Configurations can focus on 1- and 2-bedroom units with shared and non-shared options at varying price ranges</li> </ul>
	Retail	5 372 m <sup>2</sup>	Moderate to High	2024+	<ul style="list-style-type: none"> <li>• Retail activities and services could focus on a convenience offering that is integrated as part of a high-rise building</li> <li>• The focus could be street fronting</li> <li>• The existing heritage building could be used to accommodate retail activities such as restaurants and related services</li> </ul>
	Office	5 686 m <sup>2</sup>	Low to Moderate	2024+	<ul style="list-style-type: none"> <li>• The development location is situated close to numerous established and active office nodes</li> <li>• Vacancy in these nodes has remained low post-pandemic and in light of new office buildings coming online</li> <li>• Office space could be incorporated as part of an integrated building development, making use of 1 to 2 floors</li> </ul>

Development Prospects	Proposed Size	Development Prospects	OPME	Notes and High-Level Configuration Considerations
				<ul style="list-style-type: none"> <li>A business services area / co-working environment could be established. The space could be made available to the residents of the building as well as SMMEs</li> <li>Given current low office space demand across the office space market, a standalone office building is not advised</li> </ul>
 Private Healthcare	100 to 130 beds	Moderate	2024+	<ul style="list-style-type: none"> <li>The market area has a high concentration of private medically insured people that, given current population and residential market growth trends, is expanding at a moderate pace</li> <li>Private healthcare could focus on a hospital offering a variety of services</li> </ul>
 Short-Stay Accommodation	40 to 60 keys	Low	2024+	<ul style="list-style-type: none"> <li>The market area has a high concentration of hotel accommodation (116 hotels offering more than 11 000 keys)</li> <li>Although tourist data is continuously improving, occupancy rates remain between 50% and 60% throughout the year</li> <li>The project could consider a stand-alone hotel facility or an apartment hotel configuration</li> <li>The local market is highly competitive with limited demand for additional hotel capacity and therefore a stand-alone short-stay accommodation facility is not advised</li> <li>An apartment hotel segment could be considered as part of a residential development, but the rapid growth of AirBnB could limit the potential of the apartment hotel market</li> </ul>

Source: DEMACON, 2023


### 13.5 SYNTHESIS AND DEVELOPMENT OPTIONS



The preceding report evaluated several land use opportunities for the proposed development site, which benefits from a strategic location in relation to numerous real estate markets and opportunity areas. With the availability of various land use options, there is potential to explore different configurations for the development.

Given the constraints of limited available land at the proposed development site and its location within a mixed-use intensification area, it is important to consider vertical mixed-use development opportunities. As a result, several configuration and development options have been identified and thoroughly examined.

To determine the most suitable use and opportunities for the proposed development location, it is recommended to apply the highest and best use principle. The diagram and accompanying table on the following page offer an overview of the recommended development options for consideration.



**Table 13.2: Quantifying and Describing Development Options**

Option	Development Option	Development Probability	Rationale	Development Potential
Option 1	<p><b>Integrated and Mixed-Use Apartment Building</b></p> 	<b>High</b>	<p>The development context of the market area has shown a continued focus on high density mixed-use buildings that integrates a combination of residential offerings, retail services, office or business spaces and personal service offerings.</p> <p>Furthermore, the development site is located within a mixed-use intensification zone that, according to the DDP should ideally focus on mixed and integrated development options (residential, retail, office, services) at higher densities as part of the development aspiration of the CBD and its immediate suburbs. The densification policy also identifies that the development location is so positioned that it could target densities of between 100 and 340 units per hectare.</p> <p>The development site is located close to existing high intensity development areas and forms part of prominent destination retail and office nodes. The CBD has access to a range of social amenities and services that can be accessed by the proposed development whilst also being located close to existing public transport networks.</p> <p>The potential of the property to act as a mixed-use development opportunity is regarded as the most suitable land use configuration for this location.</p>	<p><b>Market Based Residential Units</b></p> <ul style="list-style-type: none"> <li>• Apartment building (residential upper floors)</li> <li>• Potential for up to 125 units of bonded and/or rental stock</li> <li>• Studio, 1-bedroom and 2-bedroom apartments</li> <li>• Complementary facilities could include:                             <ul style="list-style-type: none"> <li>○ Concierge</li> <li>○ Storage rooms</li> <li>○ Parking</li> <li>○ Entertainment facilities (lounging, braais, rooftop facilities)</li> <li>○ Wellness/fitness centre</li> <li>○ Swimming pool</li> <li>○ Access control</li> <li>○ 24hr security</li> </ul> </li> <li>• Building support services could be housed in the heritage building</li> </ul> <p><b>Convenience Retail</b></p> <ul style="list-style-type: none"> <li>• Street front convenience retail with select services housed in the heritage building</li> <li>• Focus on convenience retail:                             <ul style="list-style-type: none"> <li>○ Groceries</li> <li>○ Food market and specialised wellness store</li> <li>○ Health and beauty services (hair salon/barber, pharmacy, etc.)</li> <li>○ Restaurants and coffee shops</li> <li>○ Entertainment (exhibition, local watering hole, etc.)</li> </ul> </li> </ul> <p><b>Office Space – Co-Working/Business Lounge</b></p> <ul style="list-style-type: none"> <li>• First and/or second floor</li> <li>• Could contain a business lounge or co-working spaces                             <ul style="list-style-type: none"> <li>○ Hot desking / dedicated desks</li> <li>○ 1- or 2-person offices</li> <li>○ 4- to 6-seater meeting rooms</li> <li>○ Remaining area is used to accommodate services such as reception, lounge, printing, kitchen, relaxation spaces, lockers, café, etc.</li> </ul> </li> </ul>

	Development Option	Development Probability	Rationale	Development Potential
Option ②	<b>Integrated and Mixed-Use Social Housing Building</b> 	<b>Moderate to High</b>	<p>The social housing market in the City of Cape Town is a developing market currently consisting of more than 4 400 units located in the eastern suburbs of the City. The development opportunity is situated within the Cape Town CBD and Surrounds (Salt River, Woodstock and Observatory) Restructuring Zone. Because the project is located in a restructuring zone the project conforms to the Social Housing Regulatory Authority and City of Cape Town spatial targeting principles. Furthermore, because the project is located in a restructuring zone, the project could gain access to the Consolidated Capital Grant.</p> <p>The primary market area, however, has no social housing projects. Two projects offering 447 are currently being constructed whilst pipeline projects could offer an additional 198 units over the medium to long-term. Social housing projects are however located in the Salt River and Woodstock areas and do not target the CBD and western suburbs.</p> <p>The data shows that a supply gap exists in the primary market area. Given the high property value of the primary market area, and especially the CBD and its immediate suburbs, the release of the property, or the development of the property by the City, could assist with increasing the financial viability of project.</p> <p>The potential of the property to act as a mixed-use social housing project opportunity is regarded as a secondary option to Option 1.</p>	<b>Social Housing Units</b> <ul style="list-style-type: none"> <li>• Apartment building (residential on the upper floors)</li> <li>• Potential for up to 125 rental units</li> <li>• Studio, 1-bedroom, 2-bedroom and 3-bedroom units targeting primary and secondary target markets</li> <li>• The majority of units will target the secondary market</li> <li>• Complementary facilities could include:                             <ul style="list-style-type: none"> <li>○ Kids play areas</li> <li>○ Secure parking</li> <li>○ 24hr security</li> </ul> </li> <li>• Building support services could be housed in the heritage building</li> </ul> <b>Convenience Retail</b> <ul style="list-style-type: none"> <li>• Street front convenience retail with select services housed in the heritage building</li> <li>• Focus on convenience retail:                             <ul style="list-style-type: none"> <li>○ Groceries</li> <li>○ Food market and specialised wellness store</li> <li>○ Health and beauty services (hair salon/barber, pharmacy, etc.)</li> <li>○ Restaurants and coffee shops</li> <li>○ Entertainment (exhibition, local watering hole, etc.)</li> </ul> </li> </ul>
Option ③	<b>Integrated and Mixed-Use Student Accommodation Building</b> 	<b>Moderate</b>	<p>The development location is within 2 km of public and private higher education institutions who, according to market supply data, are under-supplied in terms of student accommodation beds.</p> <p>Student accommodation as a proposed development market has high demand from public and private sector tertiary education providers and could act as a lucrative development opportunity. It is, however, important to note that the configuration and targeting of the building in terms of NSFAS versus non-NSFAS students, the affordability of accommodation and risk factors such as slow NSFAS payments and requirements for accreditation could influence the financial viability and</p>	<b>Student Accommodation</b> <ul style="list-style-type: none"> <li>• Apartment building (student beds on the upper floors)</li> <li>• Potential for up to 500 beds (125 units)                             <ul style="list-style-type: none"> <li>○ Up to 10% of units could be allocated to 1-bedroom units that could either be private or shared by two people</li> <li>○ Remaining units could be 2-bedroom units that could either be private or shared rooms (between 2 to 4 people per unit)</li> <li>○ Given the presence of NSFAS students, between 30% and 50% of beds could be allocated to NSFAS sponsored students (should be informed by the financial viability assessment of the project)</li> </ul> </li> <li>• Typically provided items per room include:</li> </ul>

Development Option	Development Probability	Rationale	Development Potential
		<p>sustainability of a student residence in a high-demand and high-value residential and development area. Furthermore, market research has shown that purpose-built student accommodation is not easily pivoted in the residential market given the diverging configurations applied to student accommodation and private residential apartments.</p> <p>The potential of the property to act as a mixed-use student accommodation project opportunity is regarded as a secondary option to Options 1 and 2.</p>	<ul style="list-style-type: none"> <li>○ Bed</li> <li>○ Curtains</li> <li>○ Study desk and chair</li> <li>○ Lamp and bedside table</li> <li>○ Lockable cupboards</li> <li>○ Wardrobe</li> <li>○ Heater</li> <li>○ Premium items (Kitchenette, Bathroom, TV)</li> <li>● Depending on configuration, bathrooms can either be shared or private</li> <li>● Amenities offered could include: <ul style="list-style-type: none"> <li>○ Laundry services</li> <li>○ Entertainment areas</li> <li>○ Study room</li> <li>○ Convenience retail</li> <li>○ Free uncapped Wi-Fi</li> <li>○ DSTv</li> <li>○ Bus/shuttle services</li> <li>○ 24-hour security</li> <li>○ Biometric access control</li> </ul> </li> <li>● Premium services (extra cost) could include: <ul style="list-style-type: none"> <li>○ Backup power generation</li> <li>○ Rooftop entertainment</li> <li>○ Swimming pool</li> <li>○ Braai facilities</li> <li>○ On-site building manager</li> <li>○ Secure parking (at a premium)</li> <li>○ Gym</li> </ul> </li> </ul> <p><b>Convenience Retail</b></p> <ul style="list-style-type: none"> <li>● Street front convenience retail with select services housed in the heritage building</li> <li>● Focus on convenience retail: <ul style="list-style-type: none"> <li>○ Groceries</li> <li>○ Take-aways and fast foods</li> <li>○ Printing and book shops</li> <li>○ Electronics and associated services</li> <li>○ Entertainment (exhibition, local watering hole, etc.)</li> </ul> </li> </ul>



	Development Option	Development Probability	Rationale	Development Potential
Option 4	<b>Private Healthcare</b> <b>Private Hospital</b> 	<b>Moderate</b>	<p>Demand estimations indicate that a demand gap for private healthcare beds exist in the primary market area.</p> <p>The demand gap is driven by the continued growth of population, especially population with access to private medical insurance, in the primary market area. The continuous growth of the local market could impose strain on the existing private healthcare market and as a result a private hospital could contribute to minimising the healthcare burden whilst also diversifying the local market's healthcare offering.</p> <p>The potential of the property to act as a standalone private healthcare opportunity is regarded as an alternative opportunity to Option 1.</p>	<b>Private Hospital</b> <ul style="list-style-type: none"> <li>• Approximately 100 to 130 beds over the medium to longer term</li> <li>• The following types of surgery could be performed at the hospital:                             <ul style="list-style-type: none"> <li>○ Endoscopic procedures</li> <li>○ Hernia repairs</li> <li>○ Ear, nose, and throat</li> <li>○ General surgery</li> <li>○ Integumentary system</li> <li>○ Sterilisation</li> <li>○ Gynaecological procedures</li> <li>○ Eye surgery</li> <li>○ Dental and facio-maxilla</li> <li>○ Cosmetic &amp; reconstructive surgery</li> <li>○ Urology</li> <li>○ Dermatology</li> <li>○ Orthopaedics</li> </ul> </li> <li>• Supportive services:                             <ul style="list-style-type: none"> <li>○ Pathologist</li> <li>○ Pharmacy</li> <li>○ Coffee shop</li> <li>○ Baby wise clinic</li> <li>○ Independent Consulting Rooms</li> </ul> </li> </ul>
Option 5	<b>Short-Stay Accommodation</b> <b>Hotel / Apartment Hotel</b> 	<b>Low to Moderate</b>	<p>In the market area, there is a notable abundance of hotel accommodation, with 116 hotels offering over 11,000 rooms. Despite ongoing improvements in tourist data, occupancy rates consistently hover around 50% to 60% throughout the year.</p> <p>When considering the project, two options are worth exploring: a standalone hotel facility or an apartment hotel configuration. However, it's important to note that the local market is fiercely competitive, and the demand for additional hotel capacity is limited. Consequently, establishing a standalone short-stay accommodation facility is not advisable.</p> <p>On the other hand, integrating an apartment hotel segment into a residential development could be an option to consider. Nonetheless, it's crucial to recognize that the rapid growth of Airbnb may potentially impede the success of the apartment hotel market.</p>	<b>Hotel (Short-Stay Accommodation)</b> <ul style="list-style-type: none"> <li>• The hotel could focus on a boutique hotel configuration specialising in distinct business, leisure and public sector travellers (4-Star).</li> <li>• Short- to medium-term accommodation options could be considered (4-Star).</li> <li>• The Hotel could offer:                             <ul style="list-style-type: none"> <li>○ Rooms: – Standard rooms (1 Bed – 20 m<sup>2</sup> to 30 m<sup>2</sup>)                                     <ul style="list-style-type: none"> <li>▪ Boutique Hotel – R1 500 per night</li> <li>▪ Hotel Apartment – R1 700 per night (Discounted rates for longer rentals)</li> </ul> </li> <li>○ Executive rooms (1 or 2 Beds – 30 m<sup>2</sup> to 40 m<sup>2</sup>)                                     <ul style="list-style-type: none"> <li>▪ Boutique Hotel – R2 000</li> <li>▪ Hotel Apartment – R2 200 per night (Discounted rates for longer rentals)</li> </ul> </li> <li>○ Restaurant</li> <li>○ Mini Conferencing/Meeting Room Facilities</li> </ul> </li> </ul>

**Appendix 3:**  
**ITS - Transport Inputs Letter**  
**(Chapter 4)**



NM & Associates (Pty) Ltd  
 4 Grove Walk  
 Claremont  
 Cape Town  
 7708

Email: nisa@visionplan.co.za

30 August 2023

Our Reference: 4580

**Attention: Nisa Mammon**

## PROVINCIAL PAVEMENT TESTING LAB (PPTL) PHASE 1: DRAFT CONCEPTUAL DEVELOPMENT PLANS AND GUIDELINE TRANSPORT INPUTS

Innovative Transport Solutions (Pty) Ltd was appointed alongside NM & Associates (Pty) Ltd as part of a team of specialist consultants to evaluate the expected transport impacts for the planned re-development of the Provincial Pavement Testing Lab (PPTL) site on Erf 734 and Remainder of Erf 738, in Cape Town.

Three development options were identified. This letter provides a summary of these three (3x) options, to be used to guide future decision-making on the implementation of this planned re-development. See Table 1 below for a summary of these three (3x) options.

*Table 1: Proposed Development Options*

	Option 1A	Option 1B	Option 2	Option 3	Option 3A
<b>Retail</b>	1 633m <sup>2</sup>	2 252m <sup>2</sup>	2 233m <sup>2</sup>	2 139m <sup>2</sup>	2 139m <sup>2</sup>
<b>Office</b>	1 558m <sup>2</sup>	1 558m <sup>2</sup>	1558m <sup>2</sup>	779m <sup>2</sup>	779m <sup>2</sup>
<b>Affordable Housing</b>	76	150	132	120	155
<b>Open Market Housing</b>	154	202	160	190	155
<b>Total Floor Area</b>	31 762m <sup>2</sup>	33 583m <sup>2</sup>	29 696m <sup>2</sup>	23 377m <sup>2</sup>	23 377m <sup>2</sup>
<b>Parking</b>	270 bays	87 bays	89 bays	8 bays	8 bays

**THINKING GLOBAL, ACTING LOCAL**

## Movement, access, and circulation (Vehicular and pedestrian / NMT)

Only one vehicular access is proposed for this development. This access will be via Prestwich Street. The minimum access spacing required between Buitengracht Street and the proposed access is 25m. This is based on the Road Access Guidelines<sup>1</sup>. For all three options, the spacing exceeds the minimum required spacing, and should therefore be sufficient.

The internal vehicular circulation and the parking structure for all three options are according to the City of Cape Town standards<sup>2</sup>. Loading bays will also be provided along Prestwich Street. An overflow loading area will be provided along Chiappini Street to ensure that the heavy vehicles do not obstruct or impact the traffic flow along Prestwich Street.

Pedestrian movements along Somerset Road are relatively high in the north/south direction. The proposed development will attract pedestrians from Somerset Road. To improve the safety of pedestrians crossing Somerset Road, some geometric changes are proposed to the Somerset Road/Chiappini Street intersection. These changes include reduced pedestrian crossing distances and increased pedestrian refuge areas (on median islands). A conceptual sketch/drawing of these proposed geometric changes is provided in Annexure A.

## Transport Summary

The expected trip generation for the three (3x) development options was calculated by applying the trip generation rates as provided in the Committee of Transport Officials TMH17<sup>3</sup> manual. The mixed-use and public transport adjustment factors were applied to all three development options. The low vehicle ownership adjustment factor was applied to the affordable housing units in option 1A. For options 1B to 3, where limited parking is proposed on-site, the low vehicle ownership was applied to all uses and very low vehicle ownership was applied to the affordable housing units. See Table 2 below for a summary of the vehicular trips, expected to be generated as part of these development options.

Table 2: Trip Generation per Option

Trip Generation	Option 1A	Option 1B	Option 2	Option 3	Option 3A
AM Peak Hour	164	146	127	94	94
PM Peak Hour	317	285	270	183	183

Option 3 will generate the least number of trips and option 1A will generate the most trips. The expected vehicular trips from Option 1A (i.e. the worst-case scenario) were used to determine the transport-related impacts on the surrounding road network.

<sup>1</sup> Provincial Administration of Western Cape, *Road Access Guideline*, May 2001

<sup>2</sup> City of Cape Town, *Standards and Guidelines for Roads & Stormwater*, October 2020

<sup>3</sup> Committee of Transport Officials, *South African Trip Data Manual*, TMH 17, September 2013

The four intersections surrounding the development were analysed for a five-year horizon period. These intersections are:

1. Buitengracht Street/Somerset Road
2. Somerset Road/Chiappini Street
3. Chiappini Street/Prestwich Street
4. Buitengracht Street/Prestwich Street

Weekday peak-period traffic surveys were done on Thursday, 18 May 2023 at these four study intersections. A growth rate of 1.5% per annum was applied to these existing (2023) traffic volumes to determine the expected future 2028 traffic volumes (i.e. a five-year horizon). This annual growth rate is in line with the growth rate applied in the Foreshore Gateway study<sup>4</sup>. The 1.5% growth rate per annum accounts for general traffic growth as part of further developments planned in this area.

The expected future 2028 intersection operations for Option 1A (i.e. the worst-case scenario) are summarised in Table 3.

Table 3: Future 2028 Intersection Operations

Intersections	Weekday AM Peak Hour			Weekday PM Peak Hour		
	LOS	Delay	V/C	LOS	Delay	V/C
<b>Buitengracht Street/Somerset Road</b>	C	24.9	0.73	C	26.7	0.78
<b>Somerset Road/Chiappini Street</b>	B	10.9	0.56	B	19.5	0.83
<b>Chiappini Street/Prestwich Street</b>	B	13.7	0.24	E	49.0	0.83
<b>Buitengracht Street/Prestwich Street</b>	B	13.2	0.43	C	16.7	0.62

Based on the 2028 capacity analyses as summarised above, the following intersection upgrades are recommended.

- Buitengracht Street/Somerset Road intersection
  - Westbound - Convert the through lane to a shared through and right-turn lane.
  - Westbound - Extend the right-turn storage lane from 70m to 120m.
  - Southbound - Convert through lane to a shared through and right-turn lane.
  - North- and southbound - Provide permitted/protected right-turn phases.
- Somerset Road/Chiappini Street intersection
  - Northbound - Convert through lane to a shared through and right-turn lane.
  - Northbound - Remove the right-turn lane to provide a wider median island.
  - Southern quadrants - Adjust bell-mouth radii of both Chiappini Street corners.
  - Westbound - Remove the slip lane's receiving lane and change to a yield sign.
  - Southeastern corner - Widen the island to allow for pedestrian storage before and after crossing the slip lane.

<sup>4</sup> HHO Consulting Engineers (Pty) Ltd, City of Cape Town Foreshore Gateway, June 2021



Refer to Appendix A for a conceptual sketch/drawing of the proposed upgrades at the Somerset Road/Chiappini Street intersection. All intersection upgrades as discussed above, are recommended for all three options. Although some options generate fewer trips, the Buitengracht Street/Somerset Road intersection upgrades are recommended to accommodate existing traffic constraints and the Somerset Road/Chiappini Street intersection upgrades are recommended to improve pedestrian safety.

The Foreshore Gateway study conducted by HHO in 2021<sup>4</sup> included the development of Erf 734 and the Remainder of Erf 738 in their future traffic scenarios. The maximum floor area of Erf 734 and the Remainder of Erf 738 that was included in the Foreshore Gateway study was 30 000m<sup>2</sup>. This floor area is less than Option 1 and more than Option 2 and 3's floor area. Even though the floor area included in the Foreshore Gateway study is less than Option 1's floor area, the road infrastructure upgrades recommended as part of the Foreshore Gateway will lead to a redistribution of traffic. The additional trips that can be generated by Option 1 will be marginal, and the road infrastructure upgrades as proposed as part of the Foreshore Gateway project should therefore be sufficient.

The PPLT site is located within a Public Transport (PT) Zone 2, which means that zero (0) parking is required on-site. However, note that some parking is proposed on-site, as part of each development option. Hence, parking should be sufficient.

The pros and cons of each option can be summarised as follows:

**Option 1A:**

*Pros:* Ample parking will be available for all land uses

*Cons:* An oversupply of parking is expected, and it would generate the highest number of development trips. Will require road upgrades.

**Option 1B:**

*Pros:* Sufficient parking would be available for retail and office land uses

*Cons:* Will require road upgrades

**Option 2:**

*Pros:* Sufficient parking would be available for retail and office land uses

*Cons:* Will require road upgrades

**Option 3:**

*Pros:* Expected to generate the least number of development trips

*Cons:* Insufficient parking, based on expected market demands. Will require road upgrades.

## High-level cost implications

A high-level cost estimate of the road upgrades recommended in this report is summarised in Appendix B. Based on this summary, these proposed road upgrades are estimated to amount to R1,52 million (Excl. VAT). This cost estimate will have to be adjusted in the future, as details of these upgrades are refined in the future.

## Conclusion and Recommendations

This report summarises an investigation of three options, for the planned re-development of the Provincial Pavement Testing Lab (PPTL) site on Erf 734 and Remainder of Erf 738, in Cape Town.

Based on this investigation, it is evident that road upgrades are required irrelevant of which option is chosen. An option with parking provided will be beneficial, especially for the office and retail components of the development. Therefore, it is recommended that Option 2 be considered from a transport point of view since it contains sufficient parking for the office and retail components and will generate the least number of trips when compared to Options 1A and 1B which also contain an adequate number of parking.

Yours sincerely,



**Hugo Engelbrecht**

Associate

**Appendix 4:**  
**Nadeson - Bulk Civil Engineering Services Report**  
**(Chapter 4)**



## PPTL Draft Conceptual Development

### 4.1.6 Bulk Civil engineering Services

#### 4.1.6.1 General

Bulk civil engineering services (foul sewer, potable water and stormwater reticulation) exist around the PPTL site. Existing foul sewer and water reticulation within the site connect directly to the bulk reticulation. Stormwater runoff is largely via surface conduits and overland flow to the bulk system.

The four possible development options have been evaluated in terms of civil engineering services requirements. Since the various options do not vary significantly in terms of access location and development requirements for civil engineering services the solution for all options remains the same.

#### 4.1.6.2 Option 1a High Bulk with parking above ground

##### a) Potable Water

Water demand for all options was evaluated according to the *Neighbourhood Planning and Design Guide developed by the Department of Human Settlements (version 1.1 2019 Section J: Water Supply)*. Domestic water requirements for Option 1a are estimated below.

WATER						
LAND USE	QUANTITY	WATER UNIT	WATER DEMAND PER UNIT (kl/day)	DAILY DEMAND (kl/d)	PEAK INSTANTANEOUS FLOW (l/s) *	MINIMUM PIPE DIAMETER (mm)
Affordable & Market 2 bedroom	103 No	kl/unit/day	0.35	36	1.67	Maximum pipe velocity 1,5m/s
Affordable & Market 1 bedroom	60 No	kl/unit/day	0.30	18	0.83	
Affordable & Market studio	67 No	kl/unit/day	0.25	17	0.78	
Retail Total	1633 m2	kl/100m2/day	0.65	10.61	0.49	
Business	1558 m2	kl/100m2/day	0.65	10.13	0.47	
<b>TOTAL</b>				<b>92</b>	<b>4.24</b>	60

\* Based on a peak factor of 4

There are 5 fire hydrants around the site perimeter making the area well served in this aspect for fire protection.

The PPTL site is surrounded by a water ring main connected to a well-established network. The existing 100mm connection to the site is from a 380mm main in Prestwich Street.

The whole area is supplied with water from the Molteno reservoir at a full water level of around 95m. The site elevation varies around 16m indicating suitable static water pressures between 7 and 8 bar.

The Foreshore Gateway Development Project report stated that there was sufficient water capacity to supply the precinct around the PPTL site.

The comments made on Option 1a for potable water supply are the same for all the options.

b) Sewerage

Sewerage requirements were similarly evaluated according to the *Neighbourhood Planning and Design Guide developed by the Department of Human Settlements (version 1.1 2019 Section K: Sanitation)* Average Annual Daily Discharge and peak instantaneous pipe flow is estimated as shown in the table below.

SEWER				
LAND USE	QUANTITY	WATER DEMAND PER UNIT (kl/day)	DAILY SEWER DISCHARGE (kl/d) 95% water	PEAK INSTANTANEOUS FLOW (l/s) *
Affordable & Market 2 bedroom	103 No	0.35	34	1.14
Affordable & Market 1 bedroom	60 No	0.30	17	0.57
Affordable & Market studio	67 No	0.25	16	0.53
Retail Total	1633 m2	0.65	10.08	0.34
Business	1558 m2	0.65	9.62	0.32
<b>TOTAL</b>			<b>87</b>	<b>2.89</b>

\* Based on a Peak Factor of 2.5

There is an existing 150mm diameter sewer pipe in Chiappini Street that connects to a 225mm main in Prestwich Street. The existing PPTL site discharges into the Prestwich street main.

Development as proposed by the Foreshore Gateway Development Project would not impact greatly on the sewer infrastructure. The surrounding foul sewer network has sufficient capacity to accommodate the estimated flows whilst the Green Point Outfall, to where regional sewage discharges, still has additional spare capacity.

Similarly, general comments made in option 1a for sewage handling apply to all options.

c) Stormwater

Underground stormwater pipes exist close to the site. A 525mm diameter pipe runs down Chiappini Street whilst a large 1575mm diameter culvert runs down Buitengracht Street. The roads around the site have sufficient grade to accommodate overland stormwater runoff.



The ground within the existing Provincial laboratory site is largely hardstanding promoting stormwater runoff. The City property bordering onto Buitengracht Street is largely landscaped grass and trees but the area is steep. Existing stormwater runoff from this section drains towards the Buitengracht / Prestwich Street corner. There is an existing catchpit at the corner. Existing stormwater runoff from the overall PPTL site drains onto the existing roads at various points through open channels, downpipes and kerb crossings.

Due to the existing hardstanding and topographical nature of the site, stormwater runoff is unlikely to increase or be affected in quality. There are no existing stormwater issues that require attention.

It is proposed that stormwater runoff in option 1a would discharge in similar positions from the existing soil lab building. A new stormwater connection would be required from Prestwich Street at the new road access position. This would accommodate surface water from the access road and other surface flow.

#### 4.1.6.3 Option 1b High Bulk with Basement Parking

##### a) Potable Water

The potable water requirements for this option are indicated in the table below as calculated according to the same details as in 4.1.6.2.

WATER						
LAND USE	QUANTITY	WATER UNIT	WATER DEMAND PER UNIT (kl/day)	DAILY DEMAND (kl/d)	PEAK INSTANTANEOUS FLOW (l/s) *	MINIMUM PIPE DIAMETER (mm)
Affordable & Market 2 bedroom	185 No	kl/unit/day	0.35	65	3.00	Maximum pipe velocity 1,5m/s
Affordable & Market 1 bedroom	81 No	kl/unit/day	0.30	24	1.13	
Affordable & Market studio	86 No	kl/unit/day	0.25	22	1.00	
Retail Total	2252 m2	kl/100m2/day	0.65	14.64	0.68	
Business	1558 m2	kl/100m2/day	0.65	10.13	0.47	
<b>TOTAL</b>				<b>135</b>	<b>6.26</b>	73

\* Based on a peak factor of 4

The water connection required would be as for option 1a.

##### b) Sewerage

The sewerage requirements for this option are indicated in the table below as calculated according to the same details as in 4.1.6.2.

SEWER				
LAND USE	QUANTITY	WATER DEMAND PER UNIT (l/day)	DAILY SEWER DISCHARGE (kl/d) 95% water	PEAK INSTANTANEOUS FLOW (l/s) *
Affordable & Market 2 bedroom	185 No	0.35	62	2.05
Affordable & Market 1 bedroom	81 No	0.30	23	0.77
Affordable & Market studio	86 No	0.25	20	0.68
Retail Total	2252 m2	0.65	13.91	0.46
Business	1558 m2	0.65	9.62	0.32
<b>TOTAL</b>			<b>129</b>	<b>4.28</b>

\* Based on a Peak Factor of 2.5

The sewer connection would be as for option 1a except that allowance would also be made for a sump in the basement to pump into the sewerage infrastructure.

#### c) Stormwater

As the basement may be lower than the surrounding road levels in parts gravity stormwater drainage from the entrance may not be possible. Similarly, subsurface drainage below the basement structure will not be able to gravitate and a centralised sump with control pump will be required. This would pump into the proposed stormwater connection in Prestwich Street.

General stormwater drainage from the buildings will discharge via gravity into the surrounding network.

### 4.1.6.3 Option 2 Medium Bulk with Basement Parking

#### a) Potable Water

The potable water requirements for this option are indicated in the table below as calculated according to the same details as in 4.1.6.2.

WATER						
LAND USE	QUANTITY	WATER UNIT	WATER DEMAND PER UNIT (kl/day)	DAILY DEMAND (kl/d)	PEAK INSTANTANEOUS FLOW (l/s) *	MINIMUM PIPE DIAMETER (mm)
Affordable & Market 2 bedroom	166 No	kl/unit/day	0.35	58	2.69	Maximum pipe velocity 1.5m/s
Affordable & Market 1 bedroom	33 No	kl/unit/day	0.30	10	0.46	
Affordable & Market studio	93 No	kl/unit/day	0.25	23	1.08	
Retail Total	2233 m2	kl/100m2/day	0.65	14.51	0.67	
Business	1558 m2	kl/100m2/day	0.65	10.13	0.47	
<b>TOTAL</b>				<b>116</b>	<b>5.37</b>	<b>67</b>

\* Based on a peak factor of 4

The water connection would be as for option 1a

b) Sewerage

The sewerage requirements for this option are indicated in the table below as calculated according to the same details as in 4.1.6.2.

SEWER				
LAND USE	QUANTITY	WATER DEMAND PER UNIT (l/day)	DAILY SEWER DISCHARGE (kl/d) 95% water	PEAK INSTANTANEOUS FLOW (l/s) *
Affordable & Market 2 bedroom	166 No	0.35	55	1.84
Affordable & Market 1 bedroom	33 No	0.30	9	0.31
Affordable & Market studio	93 No	0.25	22	0.73
Retail Total	2233 m2	0.65	13.79	0.46
Business	1558 m2	0.65	9.62	0.32
<b>TOTAL</b>			<b>110</b>	<b>3.66</b>

\* Based on a Peak Factor of 2.5

Handling of sewage would be as for option 1b taking the basement into consideration

c) Stormwater

Stormwater handling would be similar to option 1b.

**4.1.6.4 Option 3 Medium Bulk with Limited Basement Parking**

a) Potable Water

The potable water requirements for this option are indicated in the table below as calculated according to the same details as in 4.1.6.2.

WATER						
LAND USE	QUANTITY	WATER UNIT	WATER DEMAND PER UNIT (kl/day)	DAILY DEMAND (kl/d)	PEAK INSTANTANEOUS FLOW (l/s) *	MINIMUM PIPE DIAMETER (mm)
Affordable & Market 2 bedroom	164 No	kl/unit/day	0.35	57	2.66	Maximum pipe velocity 1,5m/s
Affordable & Market 1 bedroom	20 No	kl/unit/day	0.30	6	0.28	
Affordable & Market studio	126 No	kl/unit/day	0.25	32	1.46	
Retail Total	2139 m2	kl/100m2/day	0.65	13.90	0.64	
Business	779 m2	kl/100m2/day	0.65	5.06	0.23	
<b>TOTAL</b>				<b>114</b>	<b>5.27</b>	67

\* Based on a peak factor of 4

The water connection would be as for option 1a

b) Sewerage

The sewerage requirements for this option are indicated in the table below as calculated according to the same details as in 4.1.6.2.

SEWER				
LAND USE	QUANTITY	WATER DEMAND PER UNIT (l/day)	DAILY SEWER DISCHARGE (kl/d) 95% water	PEAK INSTANTANEOUS FLOW (l/s) *
Affordable & Market 2 bedroom	164 No	0.35	55	1.81
Affordable & Market 1 bedroom	20 No	0.30	6	0.19
Affordable & Market studio	126 No	0.25	30	1.00
Retail Total	2139 m2	0.65	13.21	0.44
Business	779 m2	0.65	4.81	0.16
<b>TOTAL</b>			<b>108</b>	<b>3.60</b>

\* Based on a Peak Factor of 2.5

Sewage handling would be similar to option 1b although the sewer sump could be omitted dependent on sewerage requirements in the limited basement.

c) Stormwater

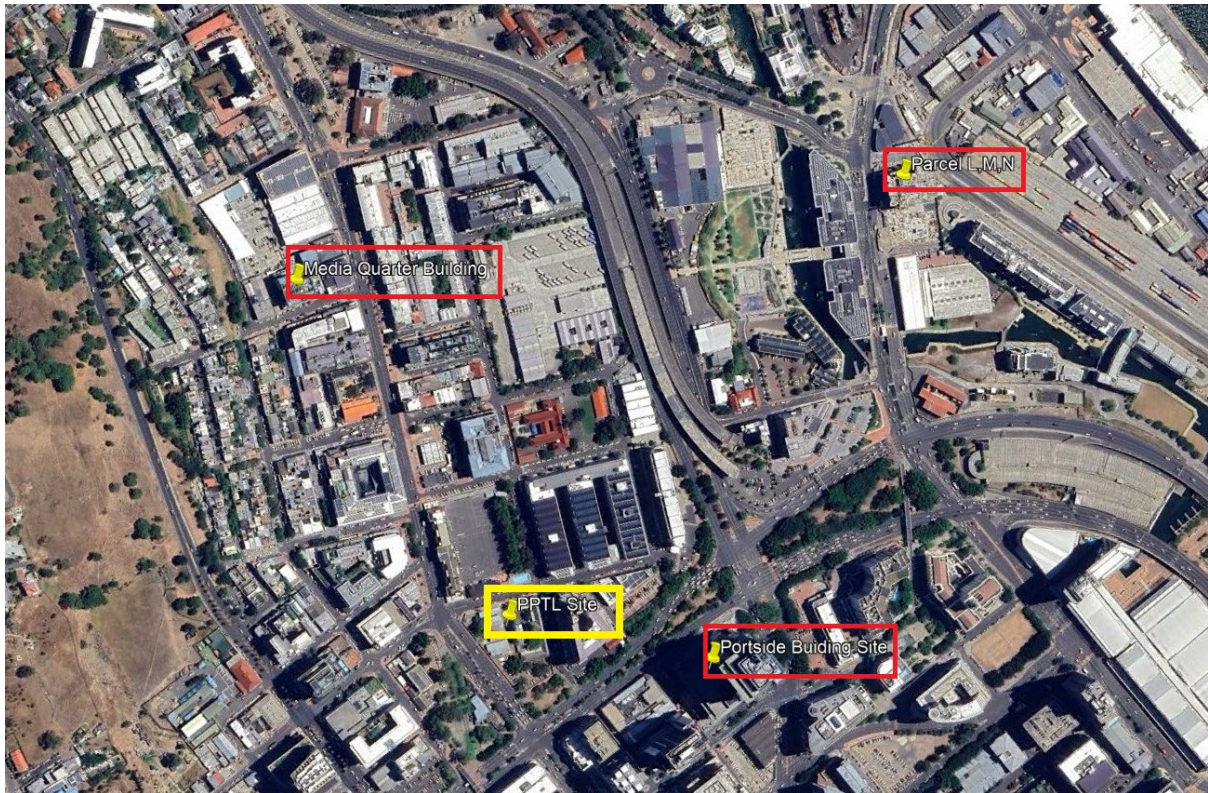
The stormwater handling would be the same as option 1a with a limited allowance for a sump in the basement. This would depend on the final design levels.

**4.1.6.5 Geotechnical Issues**

Geotechnical issues will be similar for all options. The following sources of information were consulted in the desktop evaluation of the following:

1. The 1:50 000 scale geological map of Cape Town
2. Report on geotechnical investigation for the Portside Development Cape Town 2007 (proximity 200m in direct line away).
3. Report on geotechnical investigations for the proposed 'Parcel LMN' Development Victoria And Alfred Waterfront Cape Town 2019 (proximity 600m in direct line away).
4. Information on structural founding from Media Quarter Building, de Smidt Street, off Somerset Road. Green Point 2019 (proximity 400m in direct line away).

The image below indicates the location of the various geotechnical information sources.



The data available describes that the total area is generally underlain by bedrock of the Tygerberg Formation of the Malmesbury Group. The rocks of this group consist of alternating beds, or layers, of grey phyllitic shale and siltstone and massively bedded medium to fine grained quartzitic greywacke. The beds vary from shallow thickness to greater than 3m.

The surface of the Tygerberg Formation has been completely weathered to clayey silt and silty clay soils. The degree of weathering decreases with depth until un-weathered rock is encountered. The depth of weathering is highly variable and can range from less than a metre to greater than 15m. The weathered clayey silt and silty clay soils are not suitable for structural fill.

A summary of the main factors from the various reports is shown in the table below;

Geotechnical information	Solid Rock Depth (m)	Water level depth (m)	Bearing Pressure kPa	Foundation	
				Depth (m)	Type
Portside	5	4.2	10000	5.5	Directly on rock
Parcel LMN	9	4.5	1000	9	Piles suggested
Media Quarter	7	Not stated	500	7	Directly on rock

All information indicates that excavation of the top 3 m into soft rock can be done with an excavator fitted with a rock bucket where required. The rock generally requires blasting but is dependent on the depth of basement proposed. As the PPTL



basement options are relatively shallow it is not anticipated that significant areas of hard rock will be encountered.

The three comparative sites all had deep basements constructed (from 6m to 9m deep). Lateral support was necessary against adjacent buildings and roads.

In all cases the water table is such that subsurface drainage and pumping is required below the basements.

The following is predicted for the PPTL site based on the geotechnical information available in the site proximity.

1. Excavation in the existing material should be manageable to at least 3m deep. Allowance for rock excavation should be made for deeper excavations.
2. The excavated material in at least the top 1m will not be suitable for structural fill and should be carted off site.
3. Founding can be made directly on competent rock but this is likely only to be intercepted at about 5m deep. At least shallow augered piling should be allowed for.
4. Allowance should be made for sub surface drainage and a sump below a basement.
5. The PPTL basement excavation levels would be to approximately 13.0msl. On the Somerset / Chiappini Street corner where the surrounding levels reach 18msl excavations would be 5m deep. Lateral support would be necessary during construction as a permanent retaining wall

#### **4.1.6. Proposals**

Following this evaluation the following proposals are made.

##### a) Potable Water

In all options, a new 100mm diameter potable water connection should be made onto the existing watermain in Prestwich Street. This connection would allow for both potable water and fire water service.

It is proposed that the water connection is aligned close to the vehicular access driveway into the site.

##### b) Sewerage

A new 150mm diameter sewerage connection is proposed into a new manhole on the existing 225mm diameter line in Prestwich Street. The connection should also be made in the vicinity of the proposed access into the site in all options.

It is proposed that the existing sewer connection from the existing PPTL building be retained. Whilst this is not critical it would prevent damage being done to the existing building through unnecessary excavations.

##### c) Stormwater

A stormwater connection is proposed into the existing underground system on the corner of Prestwich and Buitengracht Street. This would be specifically for the discharge of basement subsurface water from the sump and surface runoff collected in the open areas such as the access into the site and ground floor common area.

d) Geotechnical requirements

The following geotechnical issues should be taken into account:

- Excavated material from the top 1m should be removed from site
- Allowance for suitable imported material should be allowed below basement levels or surface beds where no basement will be provided.
- Allowance should be made for short augered piles in all cases (to 9m below existing ground level). Pile lengths would thus be less in basement conditions.
- Lateral support for development options with basements should be allowed against the boundary wall along Somerset Road and Chiappini Street and in the vicinity of the existing PPTL building that is to be retained.
- Basement subsurface drainage must be allowed





PRESTWICH STREET

CHIAPPINI STREET

SOMERSET ROAD

BUITENGRACHT STREET

RETAIN EXISTING SEWER CONNECTION TO SOIL LAB BUILDING

TIE INTO EXISTING WATER CONNECTION

TIE INTO EXISTING SEWER CONNECTION

TIE INTO EXISTING STORMWATER CONNECTION

SOILS LAB BUILDING GROUND FLOOR

PAVILLION

BUSINESS 363m<sup>2</sup>

BUILDING A BUSINESS 970m<sup>2</sup>

LANDSCAPED TERRACE

PROPOSED 100 $\phi$  WATER PIPE  
PROPOSED 150 $\phi$  FS PIPE

PROPOSED 300 $\phi$  SW PIPE

BUSINESS 475m<sup>2</sup>

BUILDING B

RES. LOBBY

BUSINESS

300 $\phi$  SW

380 $\phi$  WM

375 $\phi$  WM

225 $\phi$  FS

150 $\phi$  FS

225 $\phi$  WM

230 $\phi$  WM

150 $\phi$  FS

225 $\phi$  FS

300 $\phi$  SW

230 $\phi$  WM

225 $\phi$  FS  
1600 $\phi$  SW

230 $\phi$  WM

300 $\phi$  SW

1600 $\phi$  SW









**LEGEND**

- EXISTING STORMWATER ---
- PROPOSED STORMWATER ---
- EXISTING SEWER ---
- PROPOSED SEWER ---
- EXISTING WATER ---
- PROPOSED WATER ---



**NADESON**  
 CONSULTING SERVICES  
 Unit 304, Soho on Strand, 128 Strand Street, Cape Town, 8001  
 PO Box 51121, V&A Waterfront, 8002  
 T +27 21 443 2600  
 E capetown@nadeson.net

PROJECT  
**PRESTWICH PRECINCT**

DRAWING TITLE  
**PROPOSED SERVICES  
 OPTION 2**





**LEGEND**

- EXISTING STORMWATER ---
- PROPOSED STORMWATER ---
- EXISTING SEWER ---
- PROPOSED SEWER ---
- EXISTING WATER ---
- PROPOSED WATER ---



**NADESON**

**CONSULTING SERVICES**  
 Unit 304, Soho on Strand, 128 Strand Street, Cape Town, 8001  
 PO Box 51121, V&A Waterfront, 8002  
 T +27 21 443 2600  
 E capetown@nadeson.net

PROJECT	<b>PRESTWICH PRECINCT</b>
DRAWING TITLE	<b>PROPOSED SERVICES OPTION 3</b>



**PPTL DEVELOPMENT OPTIONS ORDER OF MAGNITUDE COSTS FOR CIVIL ENGINEERING COMPONENT**

Description	Unit	Rate	OPTION 1A		OPTION 1B		OPTION 2		OPTION 3	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>Site Clearance</b>										
Demolition of structures and removal from site	m2	R120.00	1000	R120 000.00	1000	R120 000.00	1000	R120 000.00	1000	R120 000.00
Clear site	m2	R25.00	7000	R175 000.00	7000	R175 000.00	7000	R175 000.00	7000	R175 000.00
Total				R295 000.00		R295 000.00		R295 000.00		R295 000.00
<b>Bulk Earthworks</b>										
Bulk excavation to spoil	m3	R150.00	2600	R390 000.00	13100	R1 965 000.00	13700	R2 055 000.00	4000	R600 000.00
EO for rock	m3	R600.00	390	R234 000.00	1965	R1 179 000.00	2055	R1 233 000.00	600	R360 000.00
Excavate to fill	m3	R60.00	600	R36 000.00	200	R12 000.00	200	R12 000.00	200	R12 000.00
Import fill	m3	R180.00	1200	R216 000.00	600	R108 000.00	700	R126 000.00	800	R144 000.00
Basement Layerworks below slab	m2	R400.00	0	R0.00	3300	R1 320 000.00	3850	R1 540 000.00	1070	R428 000.00
Dewatering allowance	Sum	R40 000.00	1	R40 000.00	2.5	R100 000.00	2.5	R100 000.00	1.5	R60 000.00
Total				R916 000.00		R4 684 000.00		R5 066 000.00		R1 604 000.00
<b>Water Supply</b>										
Council connection & water meter chamber	Sum	R150 000.00	1	R150 000.00	1	R150 000.00	1	R150 000.00	1	R150 000.00
Trenching and 100mm diameter pipeline	m	R1 000.00	30	R30 000.00	30	R30 000.00	30	R30 000.00	30	R30 000.00
Total				R180 000.00		R180 000.00		R180 000.00		R180 000.00
<b>Foul Sewer Connection</b>										
Trenching and 150mm diameter pipeline	m	R900.00	120	R108 000.00	120	R108 000.00	120	R108 000.00	120	R108 000.00
Manhole construction	No	R20 000.00	3	R60 000.00	3	R60 000.00	3	R60 000.00	3	R60 000.00
Repair roadway	m2	R1 500.00	10	R15 000.00	10	R15 000.00	10	R15 000.00	10	R15 000.00
Basement sump, pump and rising main	Sum	R150 000.00	0	R0.00	1	R150 000.00	1	R150 000.00	0	R0.00
Total				R183 000.00		R333 000.00		R333 000.00		R183 000.00
<b>Stormwater</b>										
Subsurface drainage in basement	m	R600.00	0	R0.00	400	R240 000.00	420	R252 000.00	150	R90 000.00
Pump and sump in basement	Sum	R200 000.00	0	R0.00	1	R200 000.00	1	R200 000.00	0.5	R100 000.00
Stormwater pipe connection	m	R1 000.00	60	R60 000.00	60	R60 000.00	60	R60 000.00	60	R60 000.00
Manhole construction	No	R20 000.00	2	R40 000.00	5	R100 000.00	5	R100 000.00	3	R60 000.00
Repair external roadway	m2	R1 500.00	30	R45 000.00	30	R45 000.00	30	R45 000.00	30	R45 000.00
Total				R145 000.00		R645 000.00		R657 000.00		R355 000.00
<b>External access way</b>										
Construct access way and embayment	m2	R3 000.00	30	R90 000.00	30	R90 000.00	30	R90 000.00	30	R90 000.00
Total				R90 000.00		R90 000.00		R90 000.00		R90 000.00
Total Civil Works				R1 809 000.00		R6 227 000.00		R6 621 000.00		R2 707 000.00
Add for P&G 18%				R271 350.00		R934 050.00		R993 150.00		R406 050.00
TOTAL				R2 080 350.00		R7 161 050.00		R7 614 150.00		R3 113 050.00
Allow 10% contingency				R208 035.00		R716 105.00		R761 415.00		R311 305.00
TOTAL CIVIL ESTIMATE				<b>R2 288 385.00</b>		<b>R7 877 155.00</b>		<b>R8 375 565.00</b>		<b>R3 424 355.00</b>

**Appendix 5:**  
**E2C - Electrical Engineering Services Report Rev A**  
**(Chapter 4)**



**PPTL Project  
L108 / 22**

**Draft Site Investigation and Development Options  
Report  
for  
Erven 734-RE and 738-RE and a Portion of Erven 735,  
737, 739, 9564 and 9565, Cape Town.**

**ELECTRICAL ENGINEERING  
SERVICES REPORT**

**Rev A**



AUGUST 2023

## **CONTENTS**

- 1. INTRODUCTION**
- 2. EXISTING SERVICES**
- 3. PROPOSED NEW DEVELOPMENT**
- 4. DEVELOPMENT OPTIONS**
- 5. CONTACT PERSONS**
- 6. ANNEXURES**



## **1. INTRODUCTION**

E2C were appointed by the Client representing Visionplan cc t/a NM & Associates Planners and Designers, to investigate the availability of Electrical & Telkom / Open Serve Services to Erven 734-RE and 738-RE and a Portion of Erven 735, 737, 739, 9564 and 9565, Cape Town located at Buitengracht Street, Somerset Road, Chiappini and Preswich Streets, Cape Town.

The final proposed development option is still subject to confirmation, but will comprise of mixed use (residentially-led) with a retail and small office component.

## **2. EXISTING SERVICES**

### **2.1 Electrical Incoming Supply**

- The Existing Electrical supply is off Prestwich Street via an external weatherproof Meterbox built into the site boundary wall.
- This meterbox is fed off a Municipal Pillar box located within the road reserve.
- Both erven are fed off this incoming metered supply (subject to CoCT comment)

### **2.2 Internal Distribution**

- An Electrical distribution Kiosk, fed from boundary meterbox is located midway along the access road.
- The Main Soils Lab building is fed off the CoCT meterbox.
- The Pre-fab buildings are fed off an Electrical distribution Kiosk located midway along the access road.
- The Prefab buildings are fed via an overhead ABC cabling (aerial bundled conductor) via timber poles and drop-down overhead feed to each building.

Standby Generator.

- An existing Standby Generator is located at the back of the main building. No visible signage or nameplate to indicate the generator capacity or if it is in use.
- The Main Emergency DB, located in Main building corridor still appears fairly new, but unsure whether it is in working order as switchgear has been removed.

Electrical Distribution Boards (DB's).

- DB's in Main Building: Basement - 2No wall DB's & Fire Pump Control Panel; Ground Floor: Emergency DB in corridor, Older MDB in ICT office, 2No smaller DB's in rooms.
- Prefab Buildings: Each Prefab Building has it's own local sub-DB.
- All Prefab buildings are fed off the Distribution Kiosk via an aerial bundled conductor line looped between galvanised poles.

### 2.3 Telkom

The Existing underground connection and kickpipe are visible at Chiapinni Street entrance.

- Existing Telkom DP located opposite entrance door.
- All Telkom services are fed from this Distribution Panel.
- Two timber Telkom poles and overhead lines, extend the internal cabling system to outbuildings.

### 2.4 Fibre Optic Service

- Existing Fibre services are supplied by Telkom / Open Serve.
- Existing Fibre panel is located above the Telkom DP.

## 3. PROPOSED NEW DEVELOPMENT

Electrical demand can only be established once a final design concept has been tabled and approved. However, allowance must be made for a 4 x 6m site, within the erf boundary for a Mini-Sub station.

The same applies for Telkom / Open Serve capacity.

## 4. PROPOSED DEVELOPMENT OPTIONS

The following Development Options have been considered in this report.

- 4.1. Option 1A High Bulk with 3 upper levels parking
 

Estimated GFA	31 700m <sup>2</sup>
Estimated Electrical demand	780kVA

CoCT has sufficient Electrical Network Capacity to supply this development via a dedicated MV substation located in the basement. Final electrical demand shall be determined by the retail / commercial component.
- 4.2. Option 1B High Bulk with basement parking
 

Estimated GFA	33 500m <sup>2</sup>
Estimated Electrical demand	1MVA

CoCT has sufficient Electrical Network Capacity to supply this development via a dedicated MV substation located in the basement. Final electrical demand shall be determined by the retail / commercial component or anchor tenant.

4.3. Option 2 Medium Bulk with basement parking

Estimated GFA 30 000m<sup>2</sup>

Estimated Electrical demand 950kVA

CoCT has sufficient Electrical Network Capacity to supply this development via a dedicated MV substation located in the basement.

Final electrical demand shall be determined by the retail / commercial component or anchor tenant.

4.4. Option 3 Medium Bulk with limited parking

Estimated GFA 28 0000m<sup>2</sup>

Estimated Electrical demand 900kVA

CoCT has sufficient Electrical Network Capacity to supply this development via a dedicated MV substation located in the basement.

Final electrical demand shall be determined by the retail / commercial component or anchor tenant.

It must be noted that:

- For all the Development Options, the final electrical demand shall be determined by the retail or commercial tenants.
- For all the Development Options, CoCT will only provide one Bulk Electrical supply which shall be for the owner, body corporate or managing agent's account. All electrical metering within the property shall be via a private Services Vendor.

## 5. CONTACT PERSONS

- City of City Town – Electrical Planning  
S Swartland 021 444 2177
- City of City Town – Drawing Office  
A Upton 084 4322 5650
- Telkom / Open Serve  
N Theimuili 083 353 9934

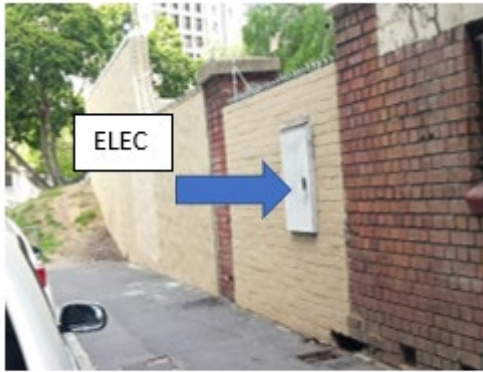
## 6. ANNEXURES ATTACHED TO THIS REPORT:

- **Site Photographs**
- **Site Diagram**
- **CoCT Record drawing**
- **Telkom Diagram**

Report compiled by A Ogier

# ANNEXURES

17 04 2023



CoCT Electrical supply



Telkom / Open Serve |



CoCT Meterbox



Distribution Kiosk



Outbuilding O/H line



Standby Generator

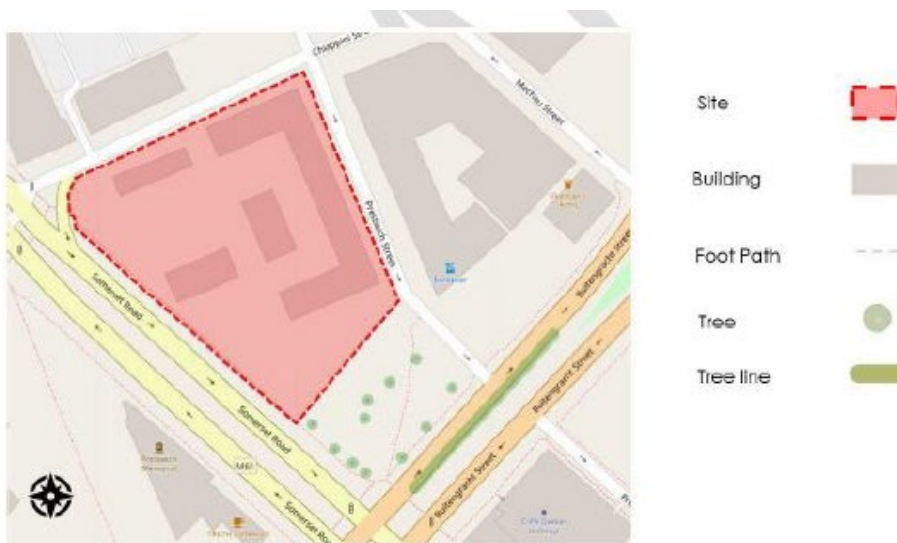


Telkom Distribution Panel



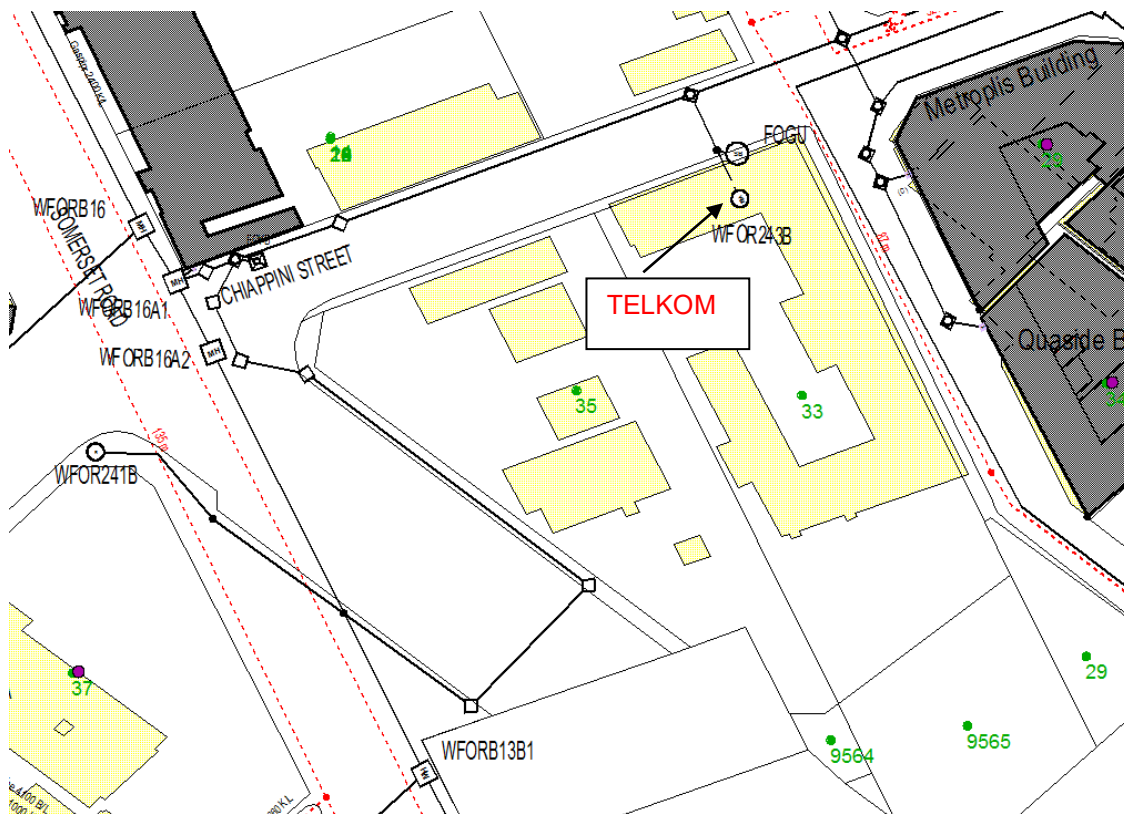
Fibre Optic Box

Site Diagram



Telkom Diagram





CoCT record drawing ref



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

ENERGY DIRECTORATE

André van Zyl  
Head: Drawing and Records Centre

T: 021 444 8339 F: M: 071 684 3731  
E: Andre.VanZyl@capetown.gov.za  
Ref: ERF 735, 738 & 739 Somerset Rd CBD

10 May 2023

E2C Ebrahim Engineering Consultants

Attention: Aslam Ogler / Tel: 021 6964599 / Email: [aslam@e2c.co.za](mailto:aslam@e2c.co.za)  
PROJECT: ERF 735, 738 & 739 SOMERSET RD CBD

Your email dated 09 May 2023 refers.

**REQUEST FOR SERVICES FOR PLANNING & DESIGN PURPOSES**

This Department's plans are issued for planning purposes subject to the following conditions: -

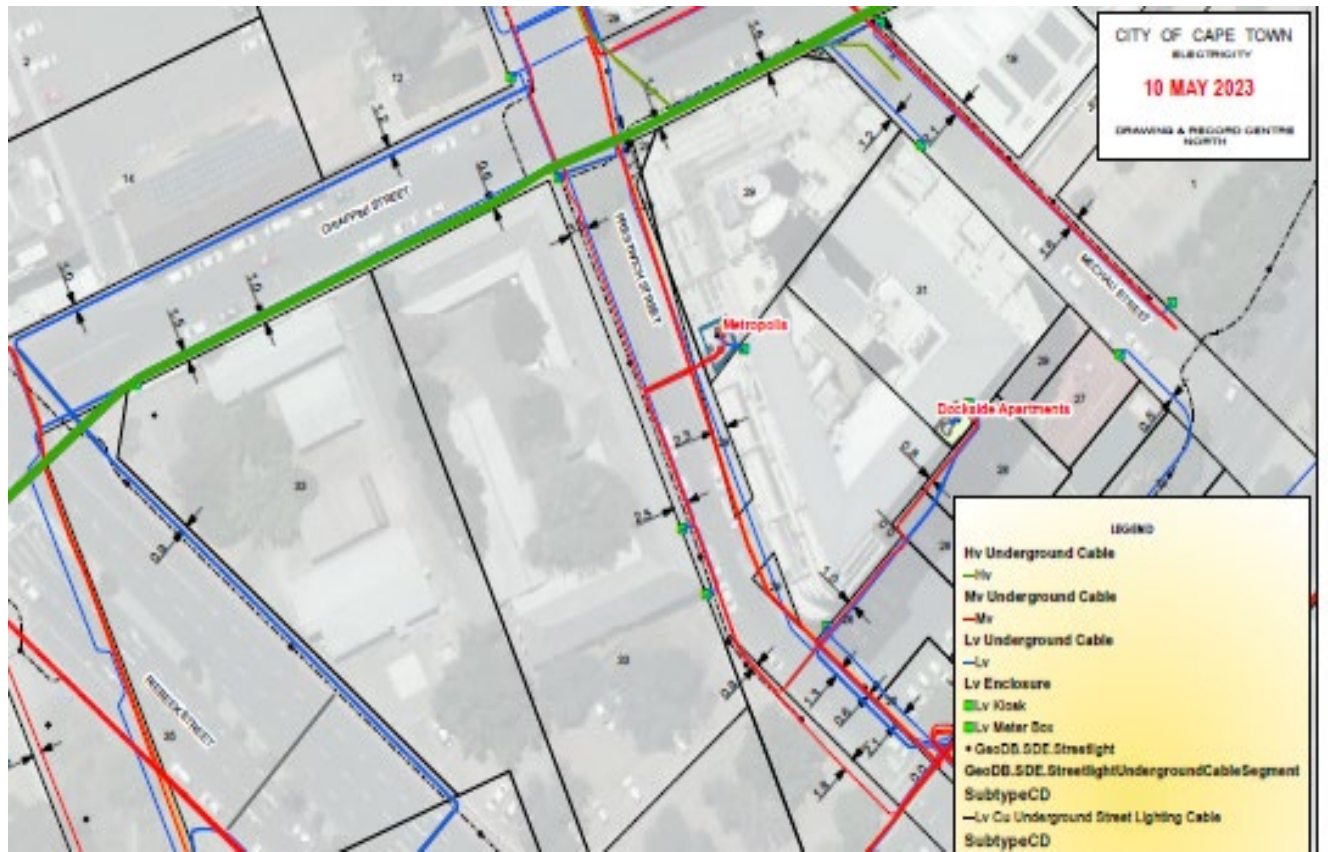
**THIS DEPARTMENT'S DRAWING: ERF 735, 738 & 739 Somerset Rd - Services**

- 1 The abovementioned drawings are issued for Planning Purposes Only and are not to be reissued or forwarded to third parties for excavation purposes or any other purpose.
- 2 The drawings are valid for a period of 60 days only.
- 3 All service details must be interpreted as approximate. Accurate positions can only be determined on site by inspection/careful hand excavation.
- 4 Connection and street lighting cables are not all shown on the drawings. (Further details may be obtained from the local Electricity Depot)
- 5 This Department reserves the right to alter or add any other conditions it may deem necessary and the applicant shall have no claim against this Department should this be done.

Yours faithfully

Andre van Zyl  
cn=Andre van Zyl  
2023.05.10 14:16:41 +02'00'

CoCT Electrical Record Drawing



**Contact Person**

Email: [Elizabeth.Coles@westerncape.gov.za](mailto:Elizabeth.Coles@westerncape.gov.za)

Tel: +27 21 483 2100

**Department of Infrastructure**

**Directorate: Special Programmes**

**Director: Lindelwa Mabuntane**

[www.westerncape.gov.za](http://www.westerncape.gov.za)



**Western Cape  
Government**