a world class African city

Johannesburg Development Agency

Inner City Transformation & Investment Trends

2009-2014

Disclaimer

All care has been taken in the preparation of this document and the information contained herein has been derived from sources believed to be accurate and reliable.

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This document provides an outline of a presentation and is incomplete without the accompanying oral commentary and discussion.

Research Team

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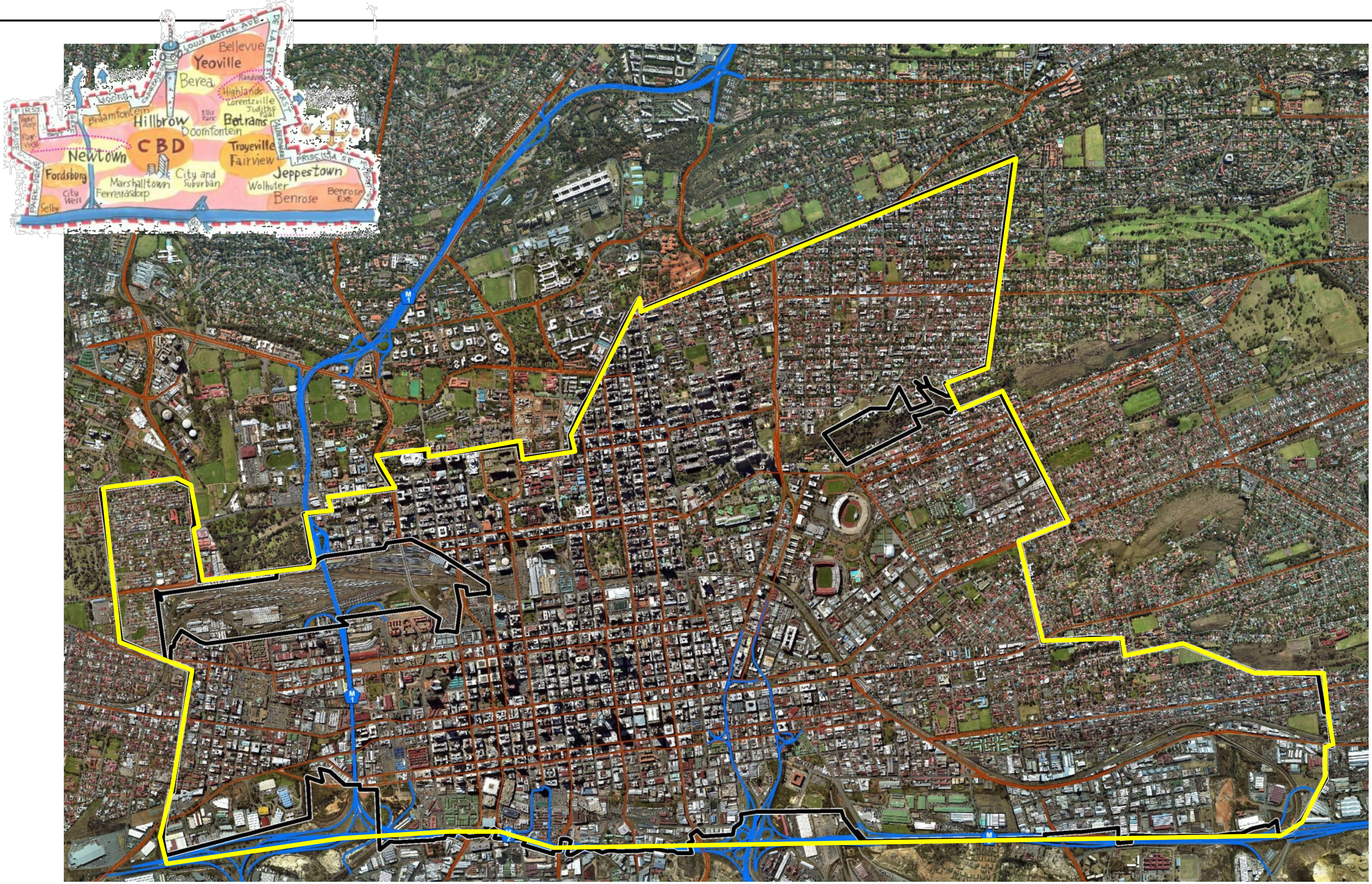
Version: Final

Date: 21 April 2015

Contents

Inner City in Context

Inner City: UDZ Boundaries



Inner City in Context

Role of the Inner City

Historically, Johannesburg's inner city functioned as the city's primary employment and retail node …

- This role has changed over the years and it is now one of many business nodes, in an increasingly polycentric city.
- However the inner city continues to serve a unique function within Johannesburg and remains the most intense mixed use centre as well as the primary entry point and transportation hub for most of the city's commuter population.

The inner city serves a number of crucial functions:

- Encapsulates the identity of Johannesburg in the minds of travellers and investors
- Functions as an important residential neighbourhood
- Hosts a diversity of office accommodation
- Acts as Johannesburg's key transportation hub
- Is local, regional and sub-continental retail node

Inner City in Context

Still faces Significant Challenges …

Despite more than a decade of private and public investment and many pockets of excellence, the inner city still faces significant challenges …

Institutional Concerns

- Fragmented planning and inadequate information
- Disengaged citizens and stakeholders
- Inadequate staffing for inner city management
- Administrative failures

Urban Management & Safety and Security Concerns

- Inadequate urban management
- Compromised safety and security
- Inefficient waste management
- Threatened heritage buildings

Urban Inefficiencies

- Inefficient water, sanitation, electricity and waste management provision
- Traffic congestion and a poor pedestrian environment
- Insufficient and inappropriate inner city housing (especially transitional)
- Insufficient, poorly maintained open space
- Inadequate educational, health and social amenity

Economic & Poverty Concerns

- Changing patterns of private investment
- Unbalanced economy
- On-going poverty and vulnerability amongst inner city residents
- Xenophobia

Inner City in Context

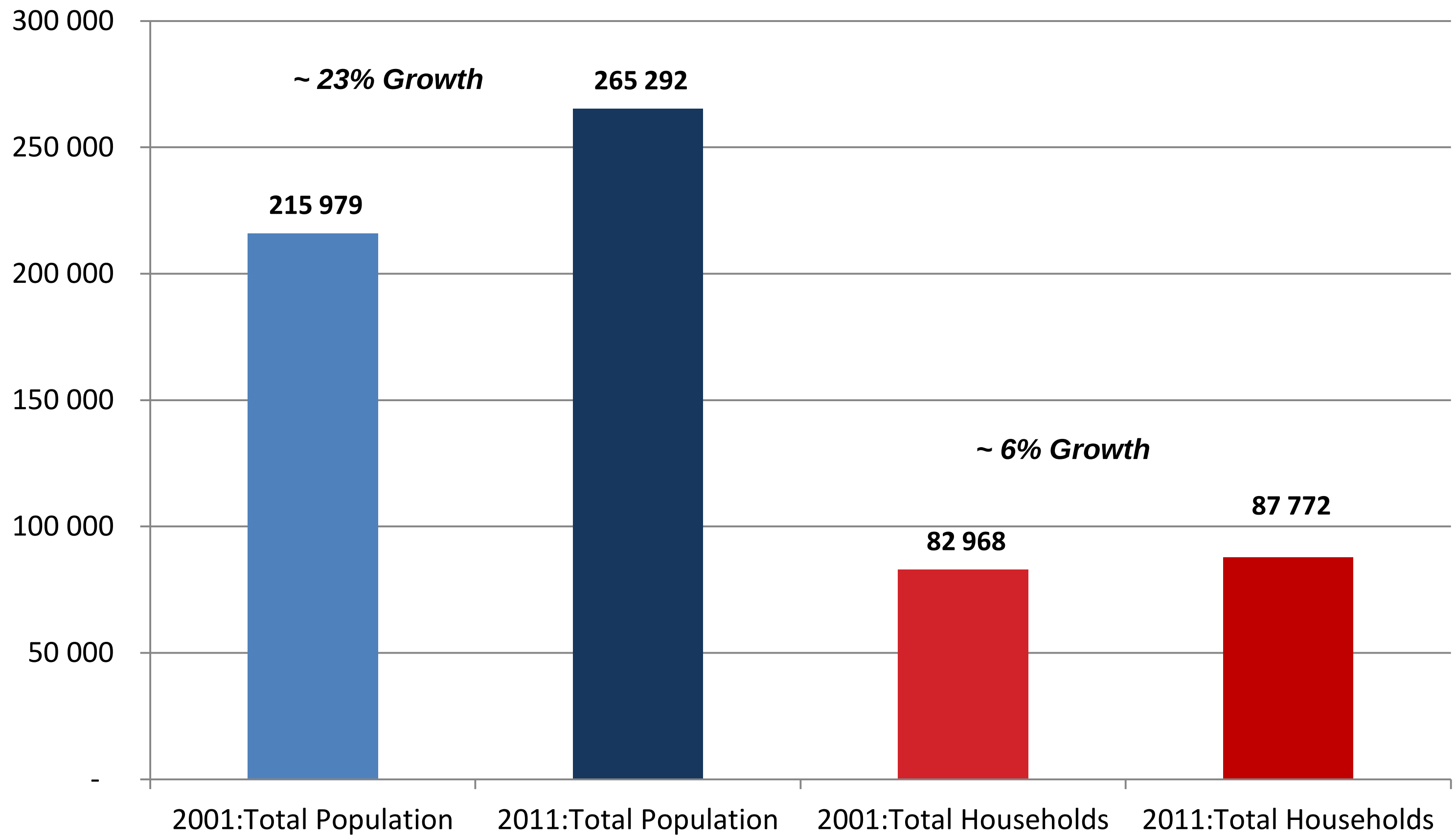
Requires renewed commitment to transformation …

The transformation of the inner city benefits all stakeholders in Johannesburg …

- For **local government** the regeneration of the inner city means an increased tax base enabling local government to improve its activities.
- The **private sector** has an interest in maintaining the inner city in order to maintain the value of their investments and to further investment opportunity.
- For **residents** within the wider city, a revitalized inner city offers cultural, tourism and entertainment amenity.
- For the **urban poor**, the agglomeration benefits of centres provide opportunities for seeking employment, markets for informal trade and a pool of civic, social and welfare resources. It is a place of intense informal trade and small business.

Inner City in Context
Significant Demographics Shifts

Inner City has seen significant growth in population and households …



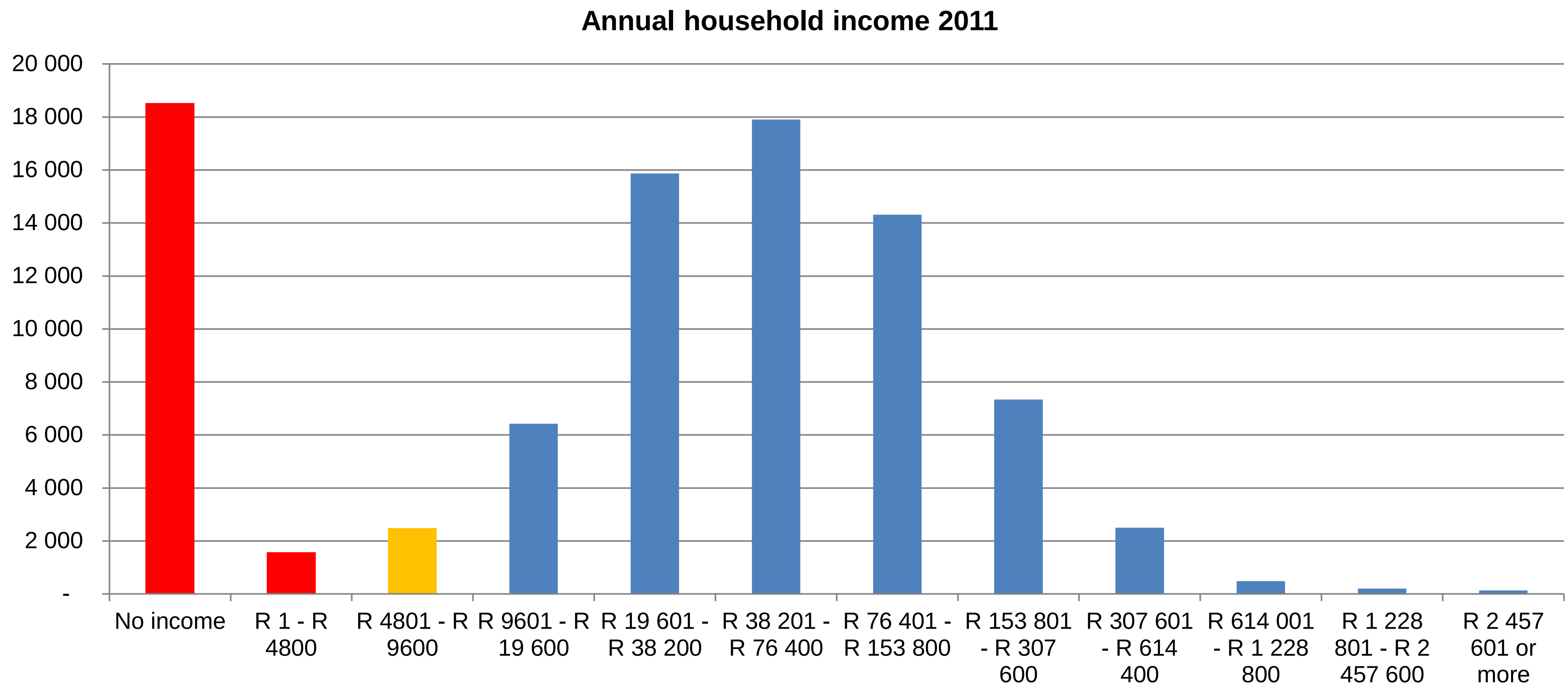
Source: StatsSA Census 2001 and 2001, own analysis

Notes: Includes - Bellevue, Bellevue East, Benrose, Berea, Bertrams, City and Suburban, Crown North, Denver, Doornfontein, Fairview, Ferreirasdorp, Fordsburg, Hillbrow, Jeppestown, Johannesburg SP, Judith's Paarl, Lorentzville, Marshalltown, New Doornfontein, Newtown, North Doornfontein, Pageview, Selby, Troyeville, Vrededorp, Wolhuter, Yeoville

Inner City in Context

Significant Demographics Shifts

Inner City population is increasingly lower-middle income and employed … but with a large number of very poor households



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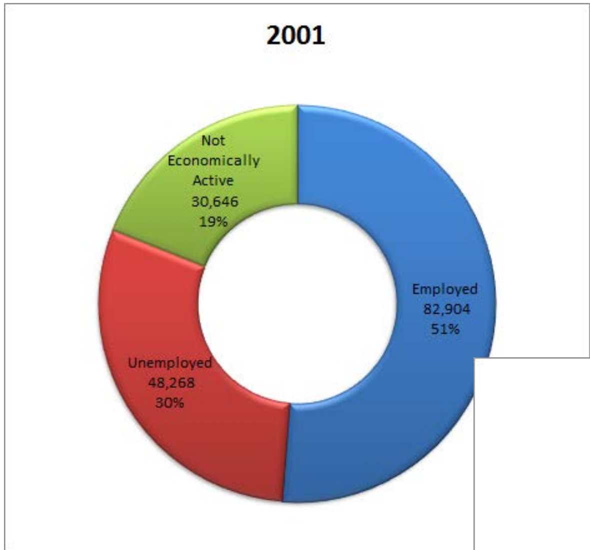
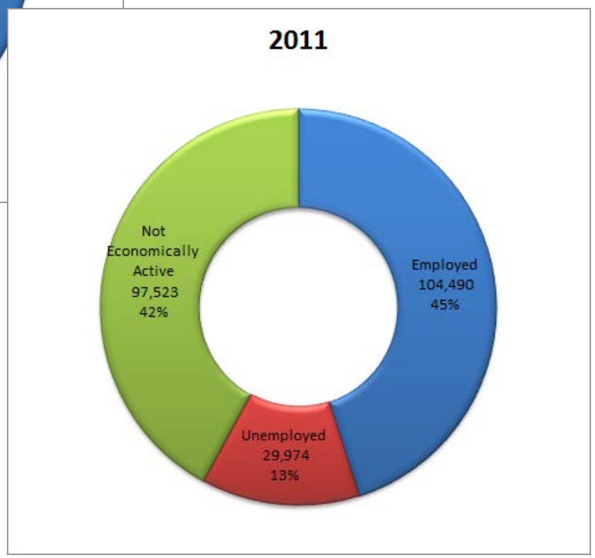
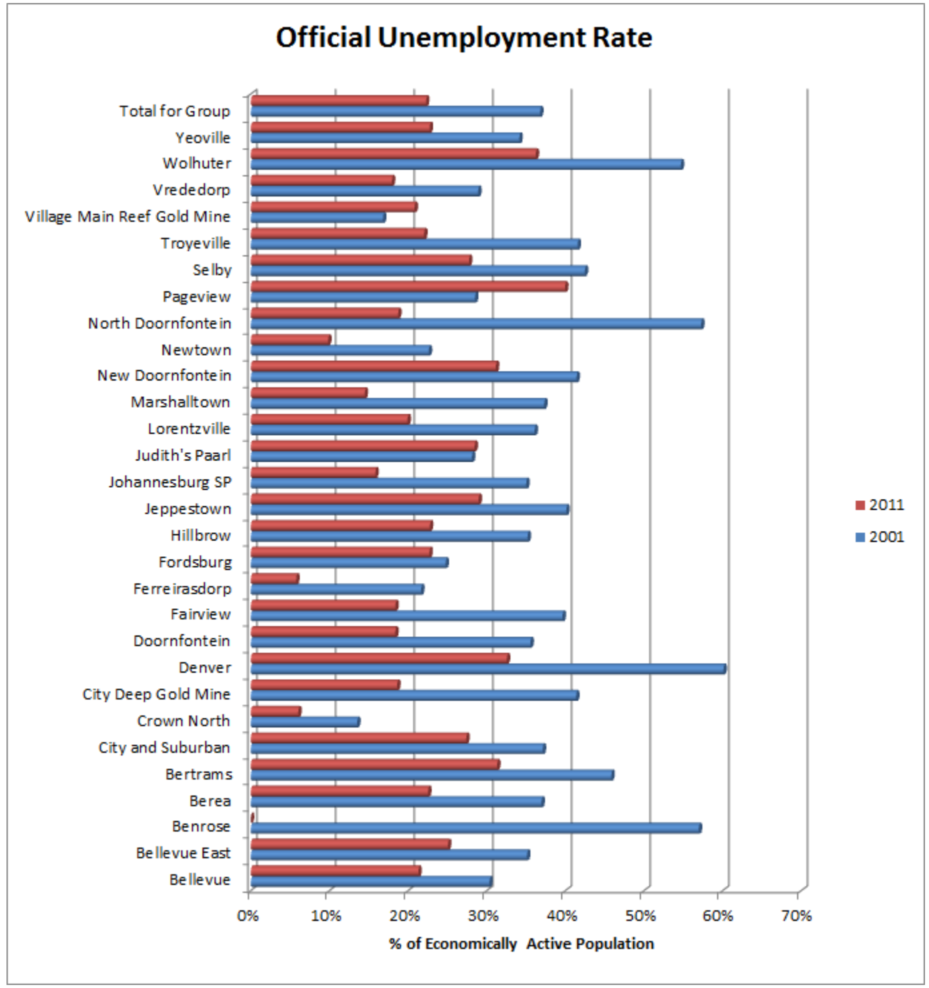
Inner City in Context
Significant Demographics Shifts

Characterised by declining unemployment, but growing not economically active population (suggesting a shift towards families rather than individual immigrants) …. data suggests that the inner city either attracts skilled work seekers or enables improved access to economic opportunity …





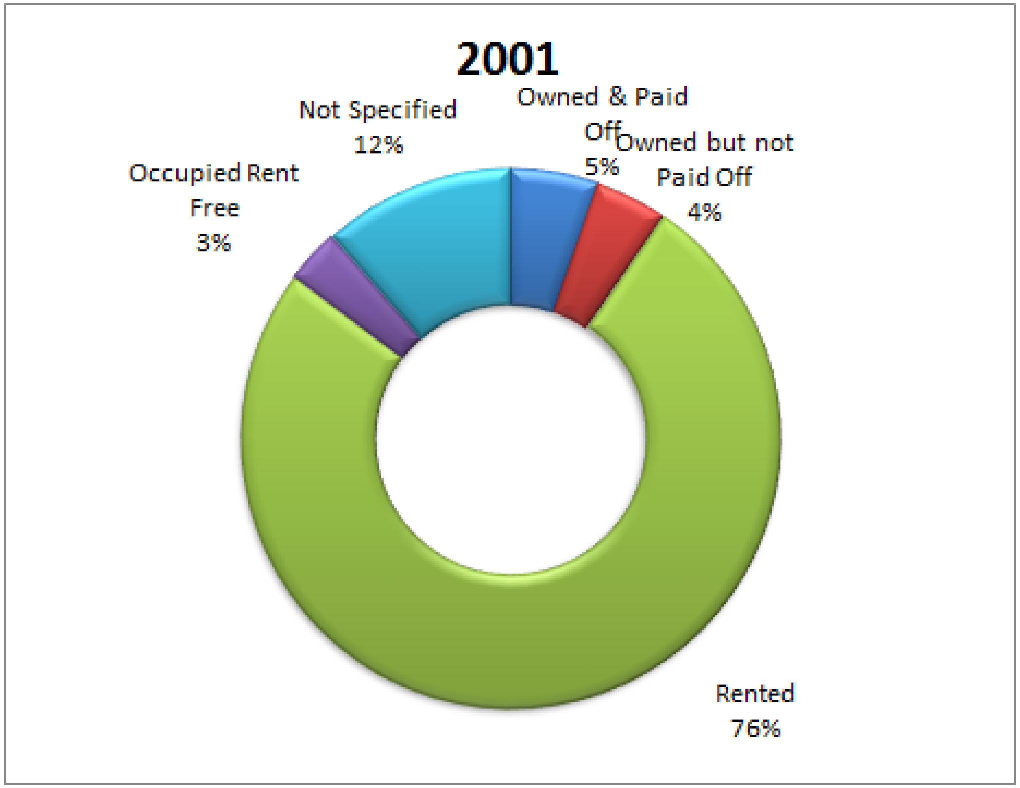


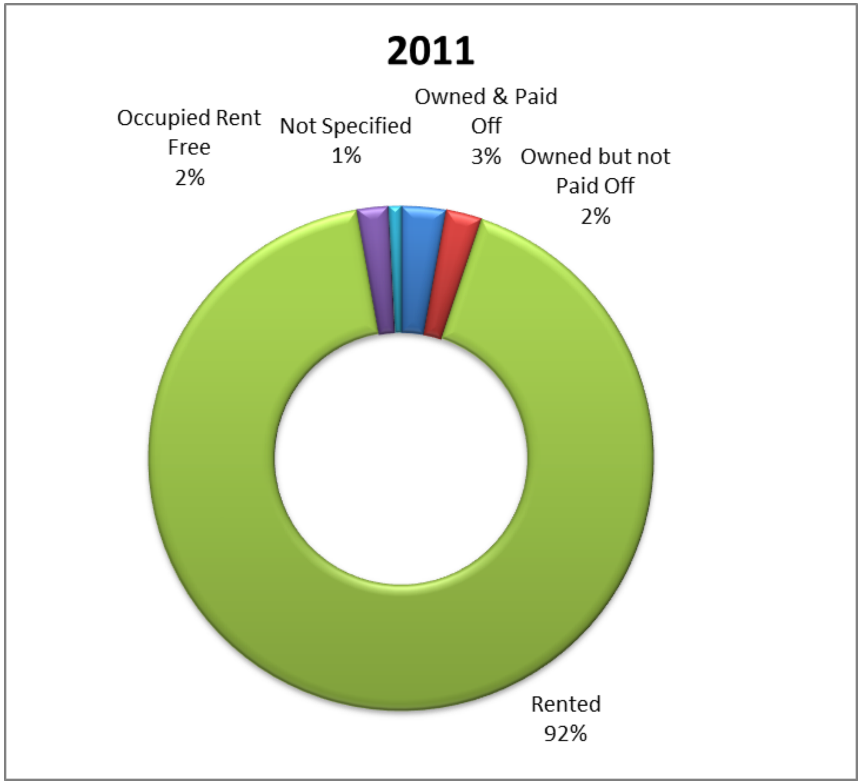
Source: StatsSA Census 2001 and 2001, own analysis

Inner City in Context

Predominately a Rental Housing Market

Inner city is an overwhelmingly rental housing market

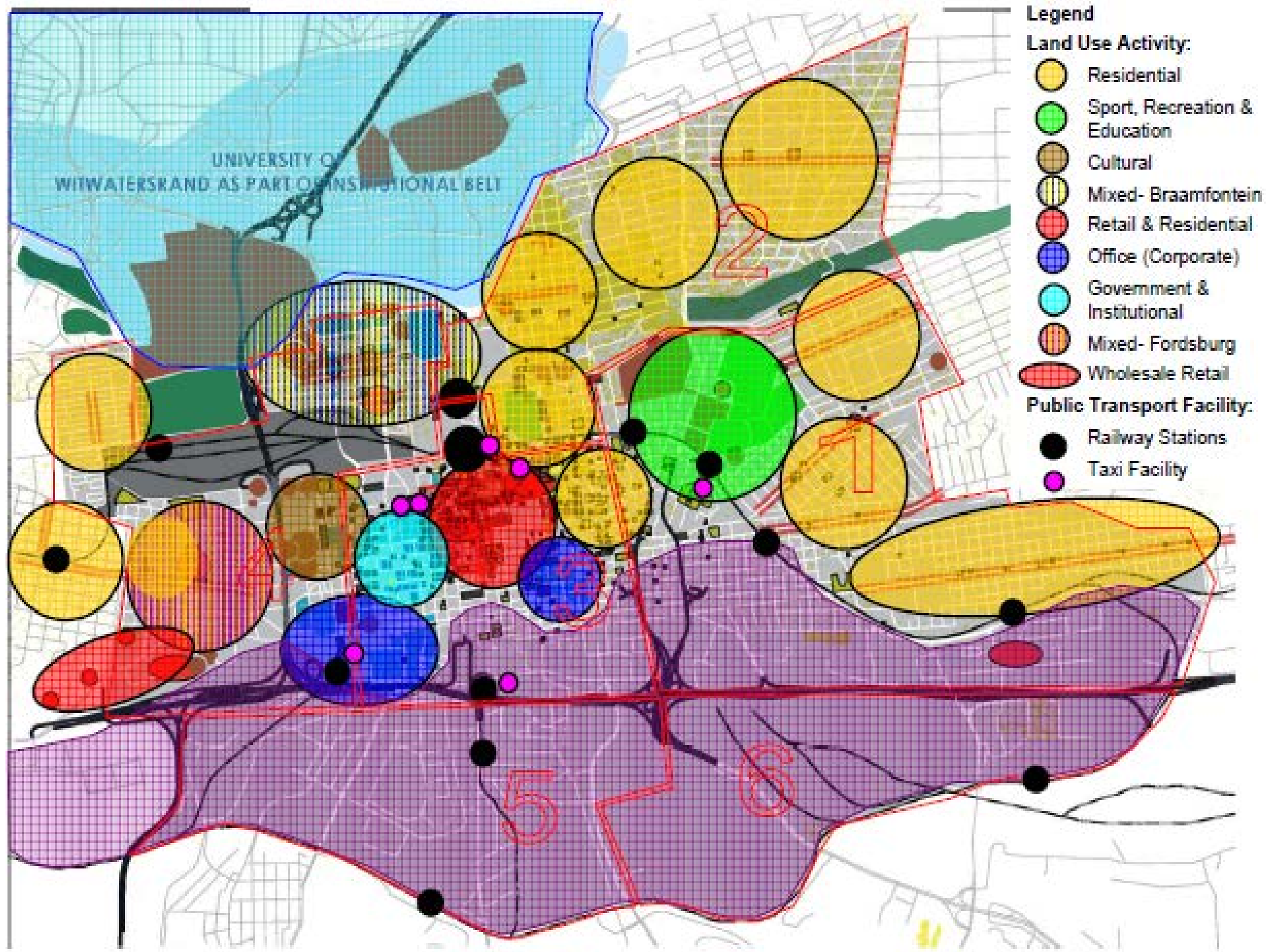




Source: StatsSA Census 2001 and 2001, own analysis

Inner City in Context
Existing Land Use

- Predominantly mixed use
- **Residential:** vibrant lower to middle income node; conversion of commercial into residential; lack of supporting social facilities; commercial values rising affecting residential conversion viability; developers considering converting industrial space; residential supports retail.
- **Retail:** “patchy” performance; serving different income groups - from formal retail, wholesale to street trading; have different space requirements, in particular lower end of the retail market – street traders.
- **Offices:** anchored by banks & institutions; affordable lower grade stock for small businesses; C-grade (and some A-grade) space is being converted to residential



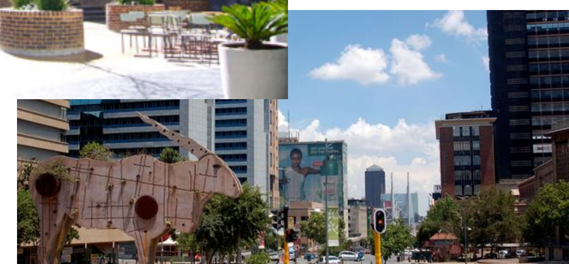
Existing land use activities
JDA Transportation Study 2010

Inner City in Context – Precincts Braamfontein

- Braamfontein is a mixed-use precinct. A & B-grade office space is interspersed with a strong residential component, convenience retail and entertainment facilities.
- Braamfontein's regeneration was initiated by the private sector. In 2002, the JDA followed with public environment upgrades, creating a quality pedestrian environment with safe, vibrant public spaces.
- The area now has vibrant retail and social activities, with public art, coffee shops, restaurants, art galleries and theatres as well as a weekend market patronised by both residents and visitors.
- Managed by a CID and is a restricted area in terms of informal trading.
- Public transportation dominates the extreme south of the precinct bordering the railway line, Park Station and the new Gautrain Station development.

Opportunities and challenges for future development include:

- Upgrading of the alleyways;
- Integration of student life into Braamfontein;
- Provision of more student accommodation together with necessary amenities;
- Incorporating cycling lanes along a corridor from Doornfontein UJ campus through to Wits and other UJ campuses in the west;
- Provision of more public open space to support growing commercial and residential densities;
- Exploitation of roof space for entertainment space and roof gardening;
- Provision of off-street parking and effective enforcement of on-street parking;
- The extension of the CID boundaries.



Inner City in Context – Precincts
Hillbrow / Berea / Yeoville

- Most densely populated neighbourhood in South Africa
- Busy retail activity, exotic restaurants, shebeens, clubs, hotels, education centres and thriving informal trade on the streets.
- The population in Hillbrow/Berea has increased 2,5 times within 20 years with no increase in building density.

Opportunities and challenges for future development include:

- The area's unique cosmopolitan character;
- A creative lower middle income working population that is generally well-educated;
- Marginalised area;
- Hijacked buildings & illegal slumlords
- The need for suitable 'decant' facilities and more transitional housing and integrated mixed use housing developments;
- Stressed infrastructure which is not adequately maintained;
- Stressed public environment due to pressure from increased densities and a lack of management;
- Deteriorating building stock;
- Excessive liquor outlets and illegal taverns;
- Inadequate recreation opportunities, particularly for children;
- The absence of a long-term maintenance plan for public environment upgrade;
- A lack of facilities to support residential use, particularly day care, ECD, primary and secondary schools.

Inner City in Context – Precincts
Yeoville & Belleview

- Mixed use - residential, retail and entertainment centres
- Low-rise apartments and houses, the precinct, has undergone physical degradation of the public environment and some residential blocks due to inappropriate land uses and illegal activities
- Mostly immigrants from rural South Africa, Nigeria, Ethiopia, DRC, Cameroon and other African countries
- A high level of crime pervades the area, mostly in the form of robberies, muggings and drug dealing

Opportunities and challenges for future development include:

- Promoting and celebrating the Afropolitan character of the area;
- Seeking and building upon economic development opportunities;
- Management of street trading;
- Grime and litter, lack of by-law enforcement;
- Illegal use of land, buildings and facilities including shebeens;
- Crime;
- Bad buildings and residential overcrowding in some areas coupled with the need to create integrated mixed use housing developments on vacant plots and in low-density areas;
- A lack of facilities to support residential use, particularly day care, ECD and primary and secondary schools;
- Scaling up of landlord and caretaker development programmes;
- Addressing the problem of permissive zoning;
- Maintenance and management of the new and upgraded facilities in which the City has invested.

Inner City in Context – Precincts

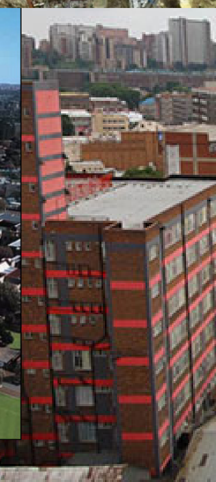
Greater Ellis Park, Doornfontein & New Doornfontein

- Manufacturing, sports precinct, education precinct, residential area
- The area is highly accessible, being well served by public and private transportation, rail, bus and taxis
- A number of residential conversions from old warehousing and office space.
- The area has seen large-scale public sector investment, driven by the FIFA 2010 Soccer World Cup with stadium development and significant public environment upgrades of taxi and rail transport infrastructure.

Opportunities and challenges for future development include:

- Fragmented land uses;
- Compromised heritage resources;
- Unmanaged small and informal trading;
- Significant safety and security issues;
- Poorly integrated and connected sports facilities;
- High demand for student accommodation;
- Underutilised manufacturing stock;
- Under provision of retail;
- Opportunity for artisanal training facilities and SETA programmes;
- Bad buildings and residential overcrowding in some areas suggesting the need for integrated mixed use housing developments on vacant plots and in low-density areas;
- A lack of facilities to support residential use, particularly day care, ECD and primary and secondary schools.





Inner City in Context – Precincts
Newtown

- Newly regenerated cultural precinct
- Newtown has been the subject of many urban renewal programmes - much of the land is owned by the City, enabling public-sector investment and renewal at scale.
- The precinct has three distinct areas: a corporate and institutional belt along the eastern boundary; a strong core of entertainment, live arts and heritage to the centre; and a mixed-use area to the west, including warehousing, light manufacturing, commercial use and recently converted loft apartments.
- Many buildings in Newtown have heritage value and have undergone adaptive re-use.

Challenges and opportunities for future development include:

- An absence of continuity with the Diagonal Street precinct to the east or to vibrant Fordsburg to the west;
- Slowing of development in the north of the precinct on Transnet land;
- Insufficient visitors to optimally utilize the large number of entertainment facilities and cultural attractions;
- Continuous funding of the CID to ensure constant and vigilant urban management;
- The need to introduce more mixed use to the area (similar to Number 1 Central Place) to ensure that the area is active 24-hours a day (including more green space);
- High entry levels for emerging creative industries in the form of high rentals, rates and taxes.






Inner City in Context – Precincts
South Western Precinct

- Offices with a corporate core
- High-rise corporate office blocks, with predominantly commercial land use, interspersed with some retail, upmarket residential and more recently, leisure uses.
- This is an area of significant private-sector investment in the public environment.
- A large portion of the precinct is under private urban management. The SWID (South Western Improvement District) attends to safety, cleaning, marketing and maintenance in this area.
- The southwest is well-served by public transport with major transport facilities including Faraday, Westgate, Gandhi Square and new BRT stations.
- Visible urban renewal interventions in the public environment such as the upgrade and development of the Gandhi Square bus terminus and the Main Street pedestrianisation project

Opportunities and challenges for future development include:

- ➢ Increasing the number of quality social, retail and recreational amenities available to support a growing residential population;
- ➢ Encouraging more mixed use throughout the precinct;
- ➢ Ensuring that growth and investment continues and is sustainable (addressed to a large extent through the CID);
- ➢ Addressing homelessness and social problems;
- ➢ Implementation of Westgate precinct developments.

Inner City in Context – Precincts
Fordsburg, Vrededorp and Pageview

- Heritage rich Indian enclave
- Many land claims await final settlement, hindering development and any attempts at urban renewal
- Fordsburg is a vibrant mixed-use area, home to a predominantly Indian and Pakistani residential and commercial population
- Vrededorp and Pageview are underdeveloped with low-density residential use occurring between vacant plots and decaying high streets

Opportunities and challenges for future development include:

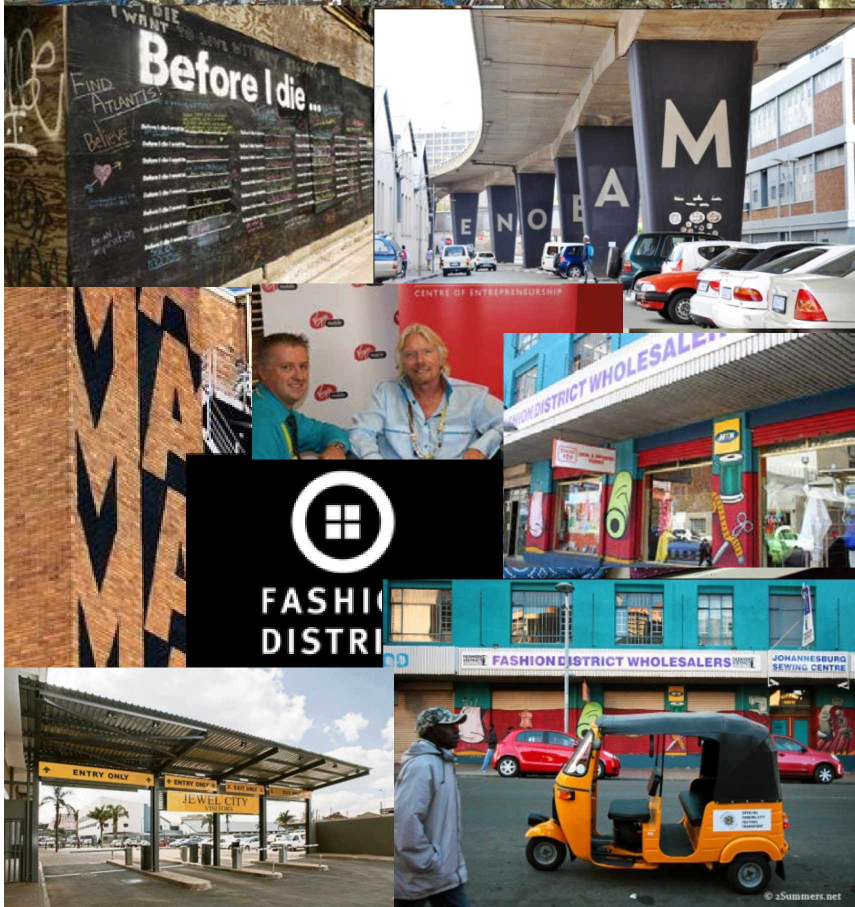
- ➢ Integration of the areas into the inner city, in terms of access and public transport, especially the new BRT system;
- ➢ Introducing mixed-income affordable and social housing into the area along with supporting amenities;
- ➢ Preservation of cultural and architectural heritage;
- ➢ Potential site for student accommodation (for Wits and UJ);
- ➢ Resolution of the land claims to enable progress on development;
- ➢ Investigation into economic development initiatives, together with further high street upgrades to encourage economic opportunities within Pageview and Vrededorp;
- ➢ Retention of informal recycling facilities;
- ➢ A lack of facilities to support residential use, particularly day care, ECD and primary and secondary schools;
- ➢ Retention of local residents during and after the renewal interventions, so as not to displace existing businesses and residents

Inner City in Context – Precincts
Eastern Core

- Characterised mainly by light manufacturing, automotive and commercial use. A mixed-use residential and industrial precinct is starting to emerge
- The Fashion District accommodates 1000+ SMMEs creatively involved in the manufacture and production of fashion-related items. Uses are mainly retail and light manufacturing, a small amount of dense residential, and dense informal sector activity selling fashion-related items along the streets
- The ABSA development covers three city blocks, and accommodates 3 580 staff. The campus provides its own private urban management
- Jewel City, a high security cluster, is a key site for diamond cutting and related beneficiation businesses
- Maboneng District is a privately initiated regeneration project. Cheap rentals and large warehouse-type space - this part of the city is attracting creative industries, acting as an incubator.

Challenges and opportunities for future development include:

- Linking existing interventions and initiatives which tend to be dispersed;
- A lack of public open space;
- Hijacked buildings and associated social problems, crime, grime and a lack of by-law enforcement;
- Limited connection to the Greater Ellis Park Precinct;
- Opportunities to redevelop vacant industrial stock for entry level housing;
- Supporting private-sector investment by upgrading and managing the public environment



Inner City in Context – Precincts
Central Core

- Mixed use with retail core - largest concentration of retail space
- Dense, busy, vibrant and subject to crime and grime
- There is intense informal street trading, large amounts of litter and severe congestion on the pavements
- Vehicular movement patterns are equally congested, and grid misalignment hampers traffic flow
- The Retail Improvement District provides private urban management over the central area of this precinct
- An intensely traded retail node, with retail activity often extending to the upper floors of former office buildings, is operated by Ethiopian immigrants – retail rentals are highest in province.

Challenges and opportunities for future development include:

- A lack of facilities to support residential use, particularly day care, ECD and primary and secondary schools;
- Poor provision of quality public open space and poor pedestrian environment;
- Effective management of street trading;
- Roll-out of integrated urban management programme;
- Enforcement of by-laws and regulation of illegal uses and public nuisances;
- The alleviation of traffic congestion due to a high concentration of mini-bus taxis;
- Vibrancy, well-established mix of uses, and mix of income levels amongst residents;
- Ethnic clustering.





Inner City in Context – Precincts
Bertrams, Jeppestown and Troyeville

- Low-rise high-density residential area
- Bertrams - predominantly residential (single dwelling units & three to four-floor walk-up apartment buildings), with a high street
- Troyeville is predominantly residential, semi-detatched & freehold. Strong community, creative class residents, immigrant population & heritage buildings
- Jeppestown East - an immigrant and transitional community. The area is home to a poor urban population and has undergone urban decay with shack farming, illegal occupation, overcrowding & slumlording.
- Jeppestown West - largely industrial buildings and warehousing - under threat with building invasion for residential use.

Challenges and opportunities for future development:

- The overcrowded and decayed urban fabric has resulted in declining property values;
- Overloaded and un-maintained infrastructure;
- High levels of violent crime and drug trafficking;
- Land under threat from property invasions;
- Illegal land use and social problems;
- Lack of urban management by-law enforcement;
- Opportunities for upgrading the high streets;
- Opportunities to link creative entrepreneurs by creating a cultural precinct in the area, particularly in Troyeville;
- Jeppestown station precinct development and improvement of Jules Street;
- Upgrading of existing and development of new public open spaces;
- Development of residential improvement districts.

Inner City in Context – Precincts
Industrial Belt

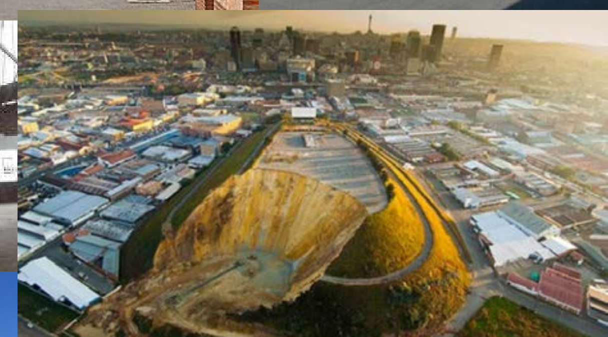
- Industrial area
- Runs east-west through the inner city, incorporates some of oldest industrial areas in Johannesburg, namely Selby, Benrose and Denver.
- The area today includes an amalgam of industrial, service, retail, and, in some cases, residential uses operating out of typically older industrial buildings in crowded conditions
- Substantial share of companies here are engaged in manufacturing - tend to be labour-intensive. As such, they are important economic anchors for the inner city, providing employment opportunities for people commuting from Soweto and areas to the south
- Private urban management in Benrose through a CID
- The mine dump that accommodated the famous Topstar Drive-In in Selby is currently being re-mined

Challenges and opportunities for future development:

- There is a requirement for industrial land near the inner city, suggesting that some industrial use should be retained.
- Potential for future expansion and densification







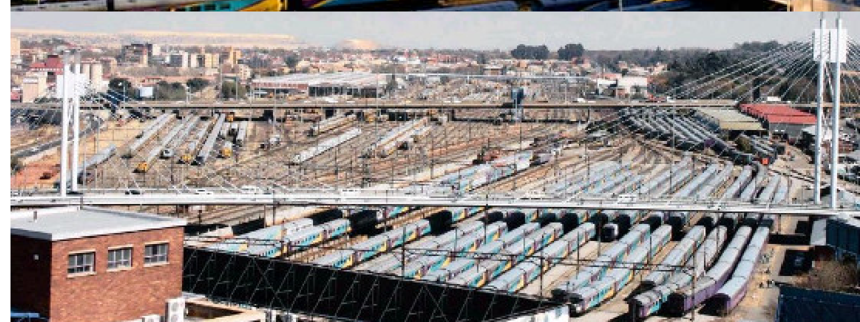
Inner City in Context – Precincts

The Railway Seam – Park Station & Surrounds

- Key gateway to the Inner City
- The railway tracks that separate Braamfontein from the core CBD are key to the vitality of the inner city, offering commuter and freight services that feed the city’s economy
- Commuter corridor with a wide variety of commuter services
- Suffers from haphazard arrangements of land use, poorly connected facilities, inadequate facilities to service the in-city and long distance commuter needs and underutilised opportunity for intensification of development

Challenges and opportunities for future development:

- Upgrading of Park Station into fully intermodal facilities
- Development of a metro park
- Upgrading of commuter walking pathways



Inner City in Context
Current Transportation Networks

The movement context around both buildings is characterized by:

- The most dominant form of transport being walking with high concentrations of pedestrian movement
- Fully utilized on street parking
- High concentrations of Informal Traders along pavements
- High degree of contestation for space along pavements and into streets
- High traffic congestion with increasing taxi modal share
- (Inadequate and poorly managed facilities – current backlog of 2 Jack Mincer sized facilities needed, lack of a facility in South Eastern Quadrant)
- The railway stations within the central quadrant and inner core form multi-modal transport hubs, serving a range of functions. The primary transport hub is Park Station, and the secondary ones are Westgate and Faraday stations

Diagram showing location of transportation network.
JDA transportation study 2010

Inner City in Context
Current Transportation Networks

Park Station multimodal transport interchange and hub:

- The largest and busiest station precinct in the country, serving local / metropolitan, national and international commuters and travelers
- In need of expansion, to accommodate increased passenger / commuter numbers.
- Haphazard expansion and development over time.
- Physical expansion constrained by having to deck railway line.
- Some areas within the precinct are underutilized and / or inefficiently used.
- Recommendations: Consider the possible relocation / consolidation of certain transport services and facilities to create opportunities for establishing supporting land use activities and improved / added transport services.
- Reconfiguration and redevelopment of the Park City taxi rank, to include a public square as forecourt with the station.

Massing model indicating, in dark blue, the development options west of Park Station to complement existing facilities such as Metromall (1) and Jack Mincer (2)

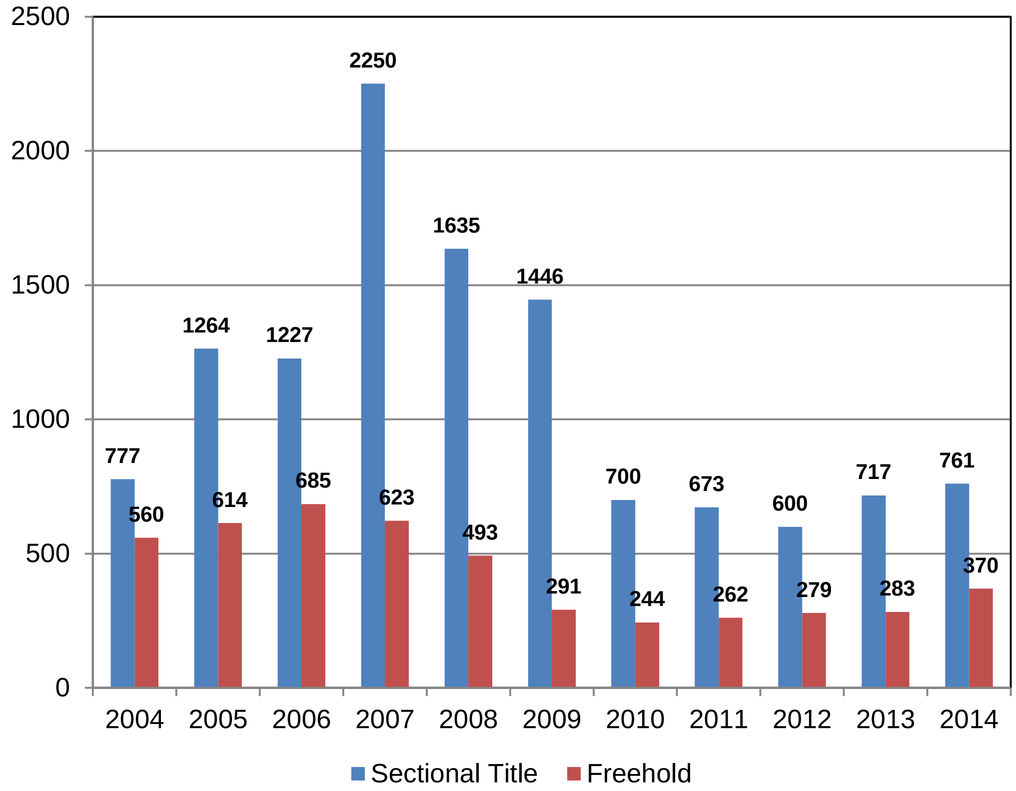
JDA transportation study 2010

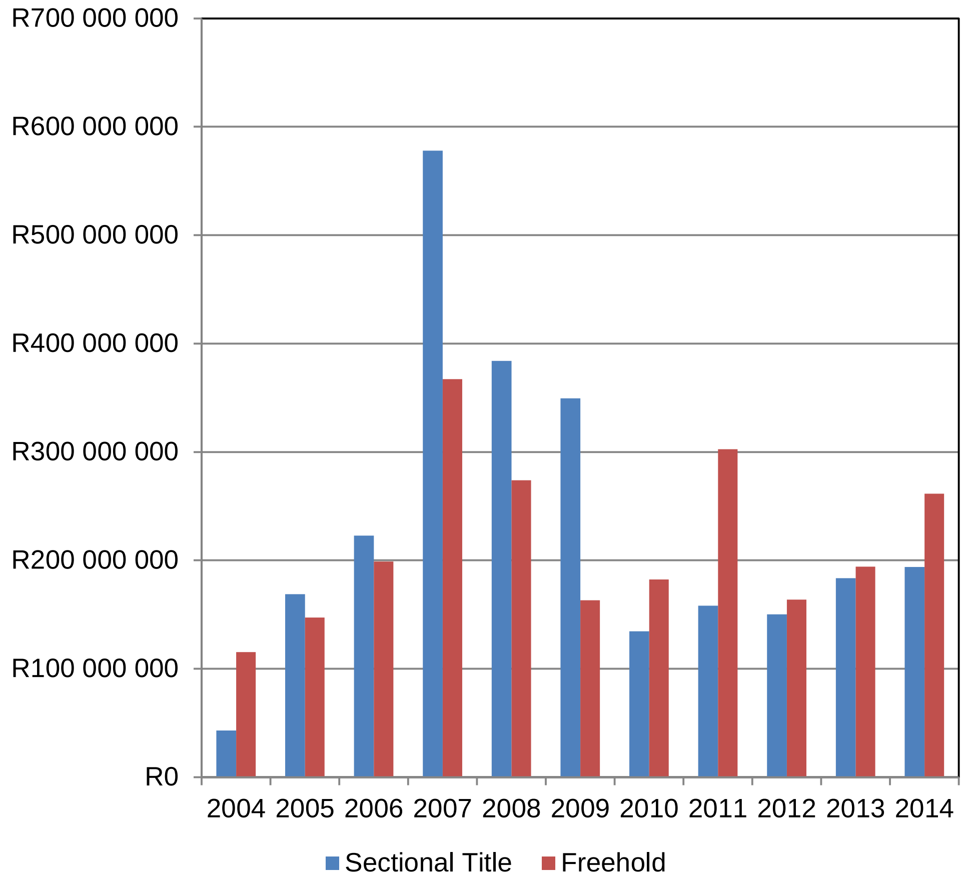
Contents

Property Market Trends

Deeds Data – Transactions 2004 - 2014

Volume and total value of transactions has declined since the 2007 peak - bulk of transactions are sectional title





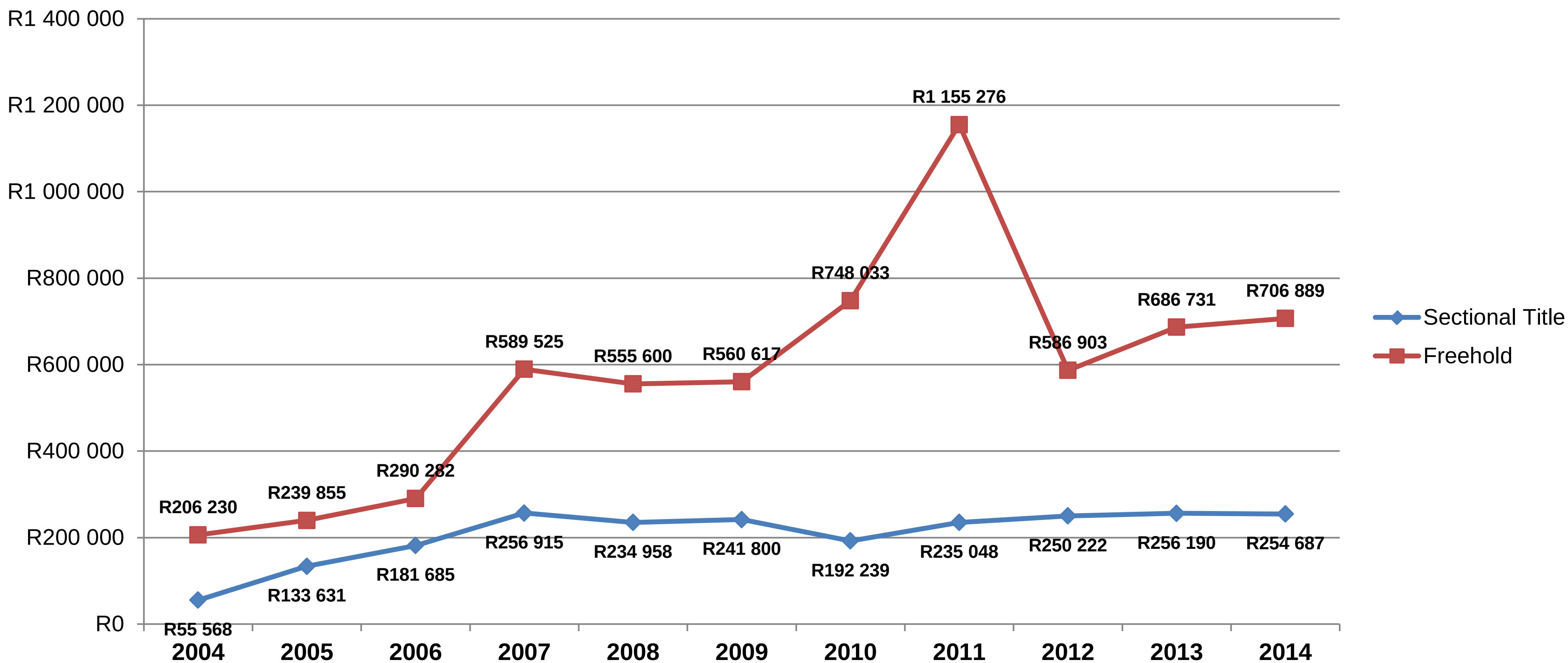
Source: Deeds Registry, own analysis

Notes: Includes - Bellevue, Bellevue Central, Bellevue East, Berea, Bertrams, Braamfontein, Braamfontein Werf, City & Suburban, Crown North, Denver, Fairview, Ferreirasdorp, Fordsburg, Highlands, Hillbrow, Jeppestown, Johannesburg Inner City (Johannesburg Central), Lorrentzville, Malvern, Marshalltown, Newtown, Pageview, Troyeville, Vrededorp, Yeoville

Property Market Trends

Deeds Data – Transactions 2004 - 2014

Average values per transactions continue to escalate in respect of freehold but have remained flat for sectional title transactions



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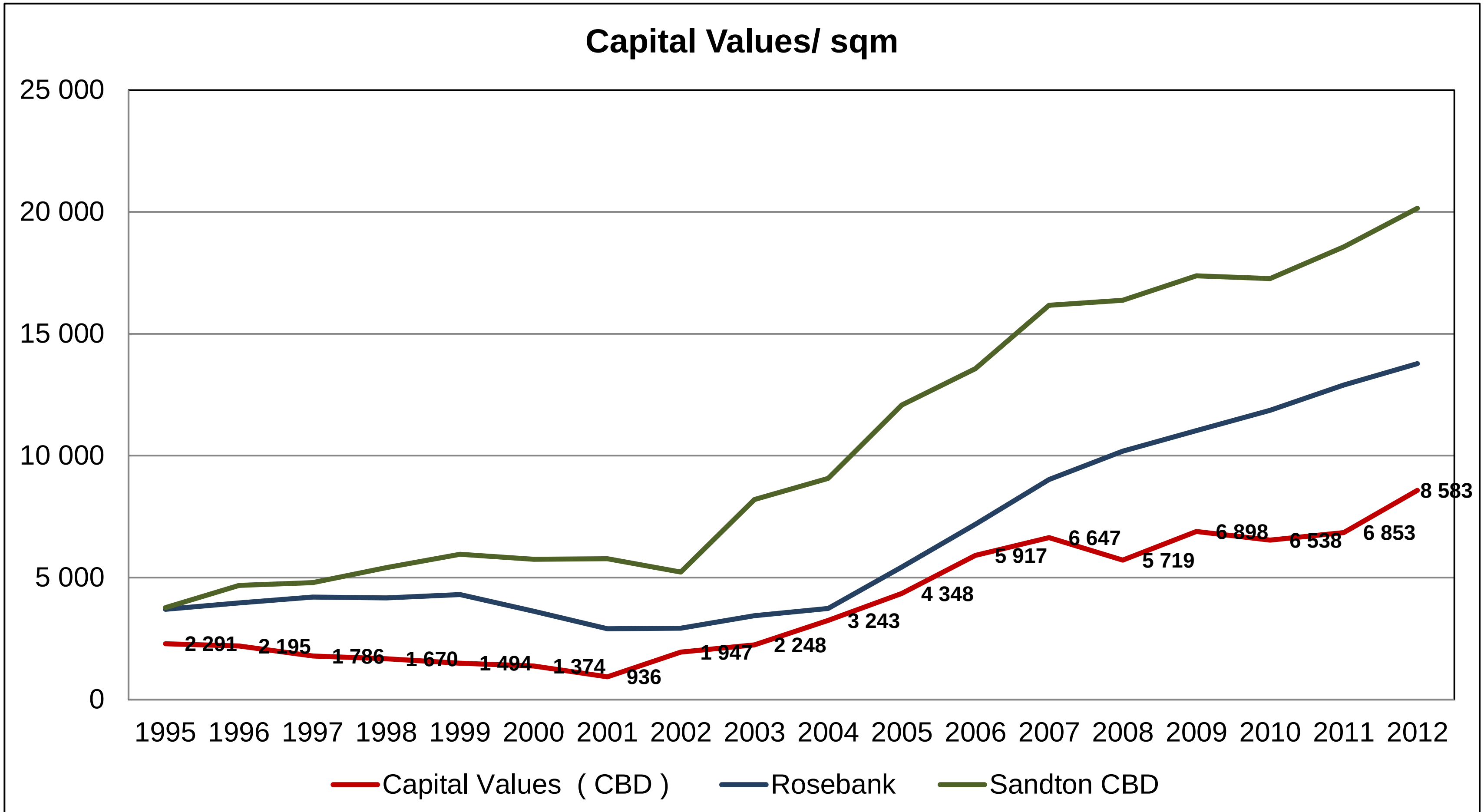
Property Market Trends

Overview

Inner city property market performance is best described as mixed … significant appreciation in capital values, but declining returns …

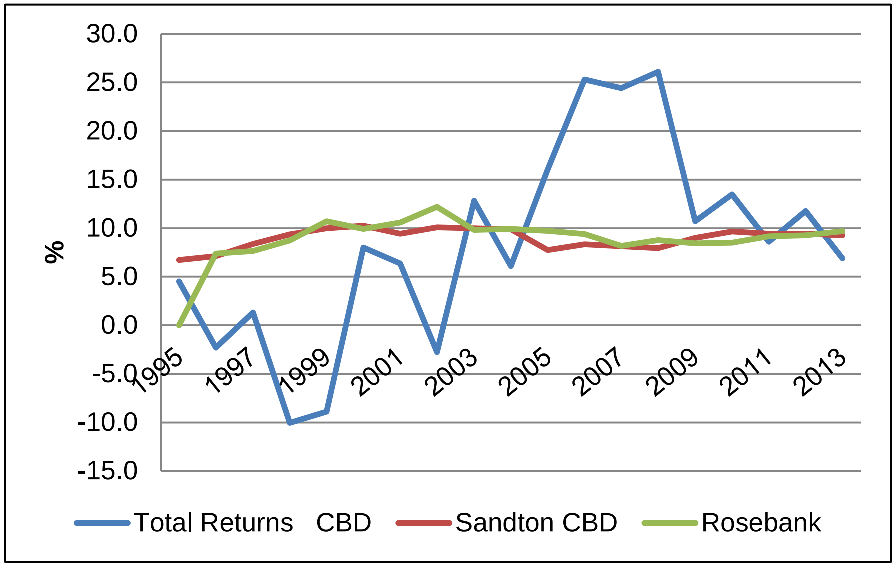


Source: IPD, Viruly analysis

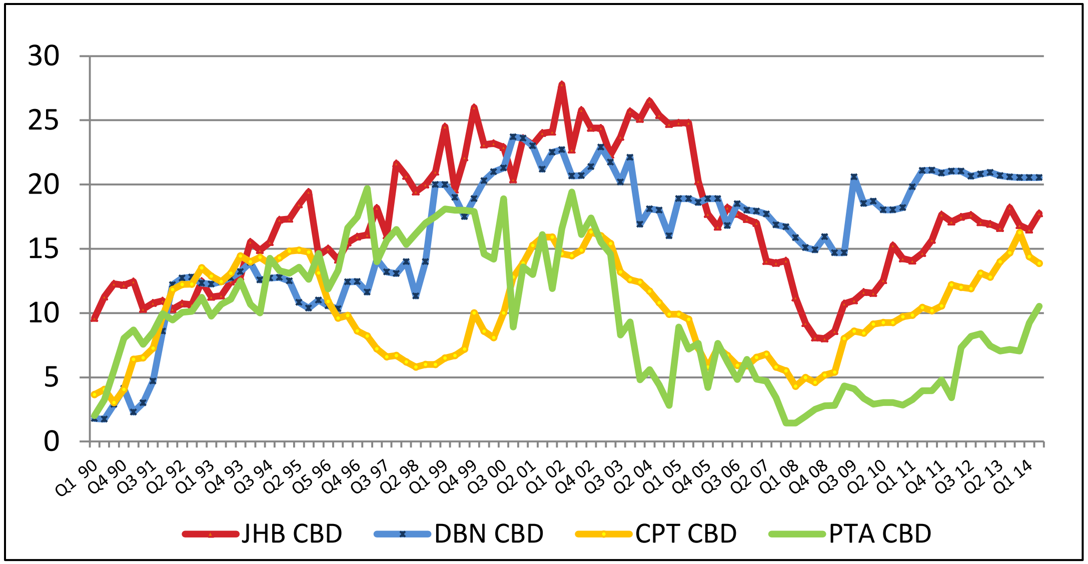
Property Market Trends
Inner City Commercial Sector

- The risk associated with the Johannesburg CBD - office capitalization rates in this market are 100-150 basis points higher in decentralized nodes.
- Total returns in 2011 and 2013 reflected a yield of +/- 8% and little capital growth, Highly volatile
- New supply has entered the market in the Maboneng precinct and in the Newtown Junction.
- In the short term, the property market will need to compete against an oversupplied decentralised Johannesburg property market.
- Ongoing conversion of commercial stock to residential

Office Total Returns (% per Annum)



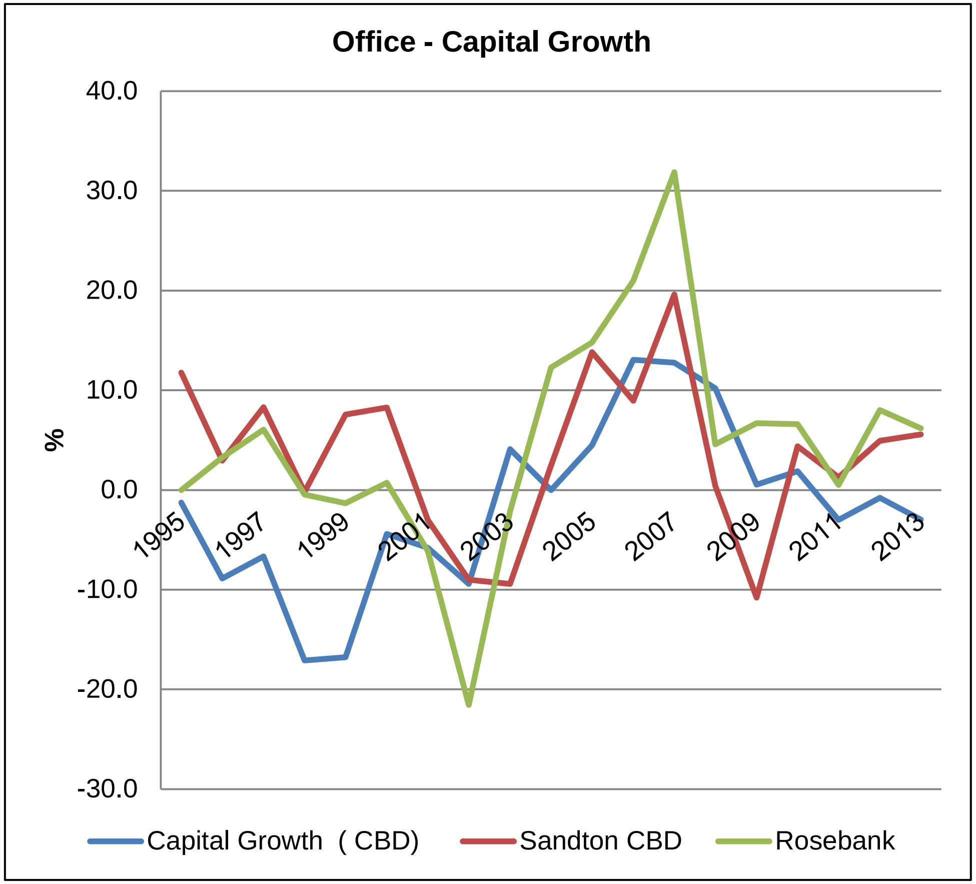
Offices Vacancy rates (A & B Grade)

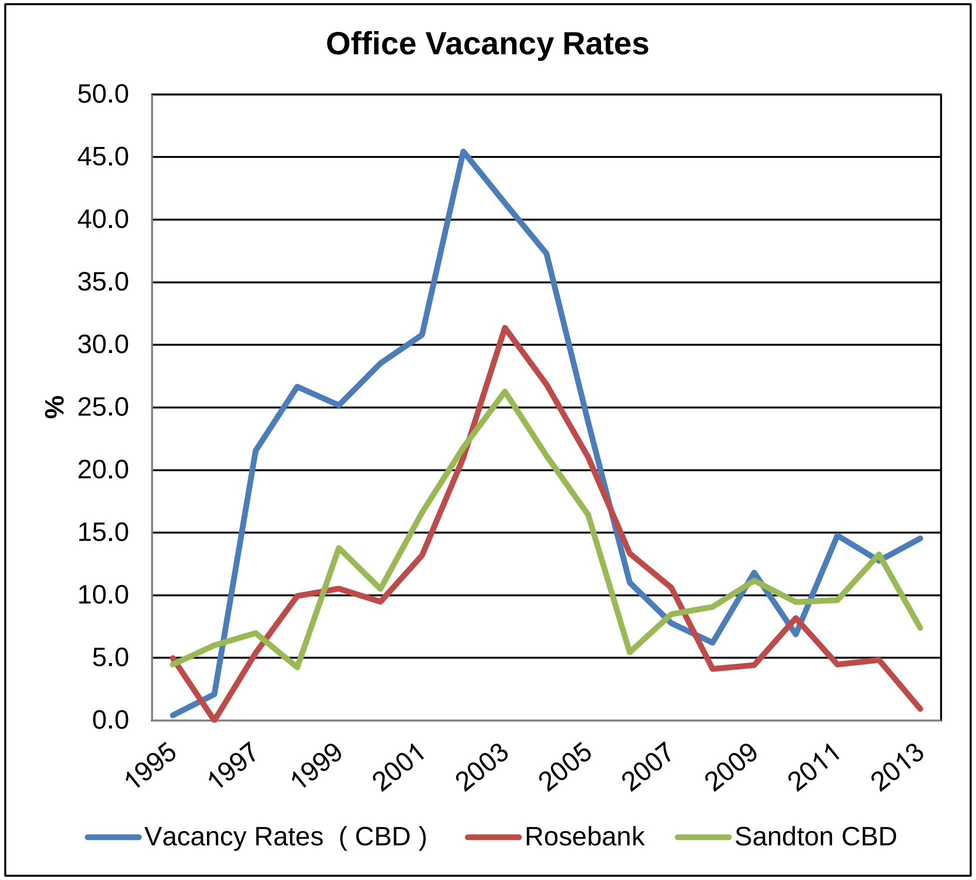


Source: IPD, Viruly analysis

Property Market Trends
Inner City Commercial Sector

Declining capital growth and growing vacancy rates …





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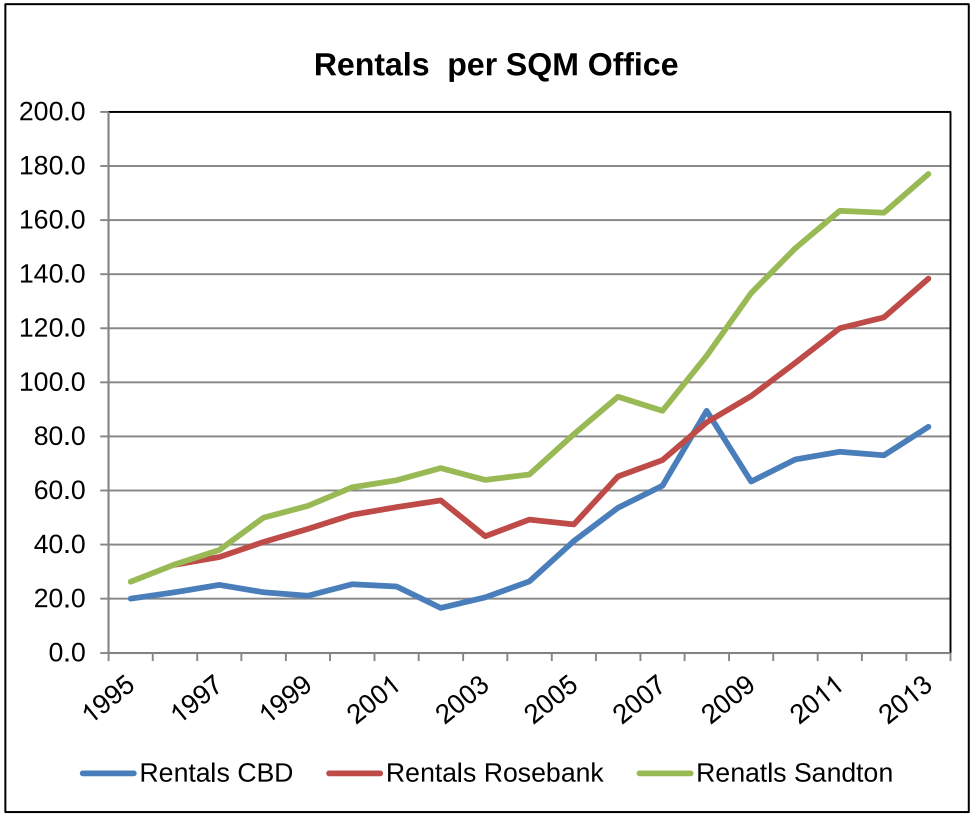
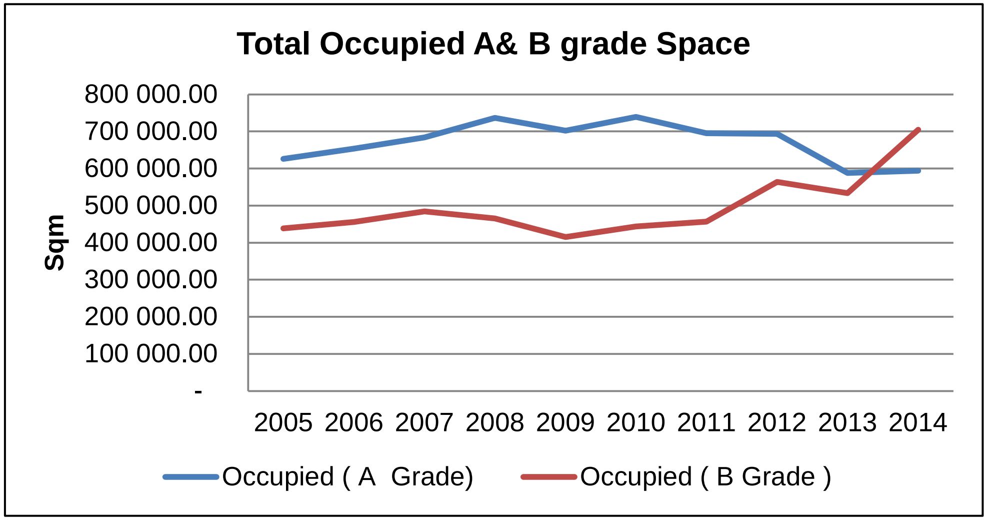
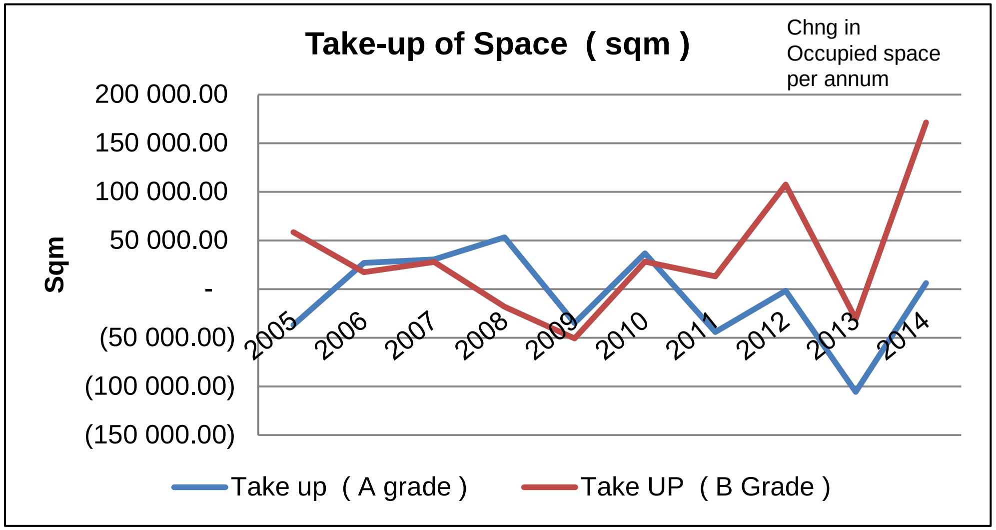
Property Market Trends
Inner City Commercial Sector

Lagging rentals ... Declining A Grade office space …



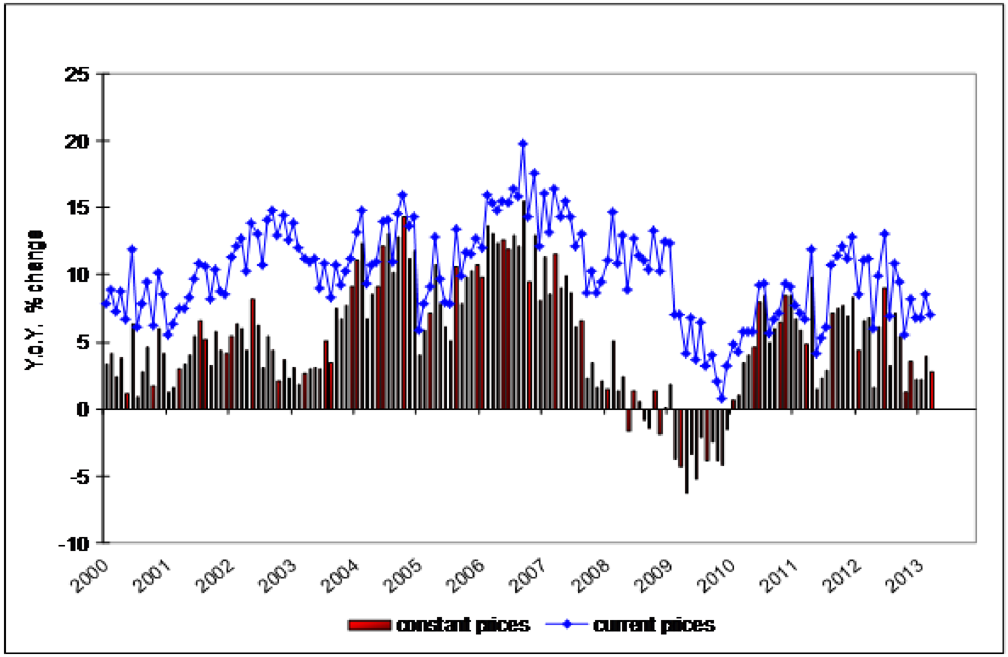




Source: IPD, Viruly analysis

Property Market Trends
Inner City Retail Sector

- The CBD continues to see strong retailing especially in the clothing sector.
- The strength of this market is illustrated by the fact that certain CBD buildings have been converted to retail use and that retailers such as Shoprite Checkers, Pick n Pay and Mr Price are increasing their footprint in the Johannesburg CBD.
- The strength of retailing in this node has also been underpinned by a growing inner city population.
- Retail space continues to show relatively strong growth driven by a relatively stable vacancy rate that implies that supply and demand are largely in equilibrium
- Currently retail is polarised into large-scale formal and smaller informal retail.
- Cross-border trade between Johannesburg and other African countries is not being adequately supported – benefits not adequately captured.



Retail expenditure nationally
BER in Viruly 2013

Property Market Trends
Inner City Residential Sector

- A contributing factor to the demand for residential in the Inner City is the current cost of transport from the suburbs and townships for households, an amount that can reach as much as a third of household income .
- Despite this demand developers in the sector argue that whilst there is enormous demand for the R1,500-R4,000 per month rental units, rentals above that amount do not have the same market, and some property developers have, for instance, battled to fill or sell high-end properties. Developers are generally taking a cautious view on properties valued above R 600 000.
- While the supply of residential units has slowed since 2008 reflecting more stringent lending criteria by banks, it should be underlined that the significant rise in capital values in the Johannesburg CBD office market has also reduced the affordability of converting offices into residential units. (While offices could be acquired from R1,000.00/sqm in 2002, present values are closer to R7,000.00/sqm)
- Of particular importance in the Inner City, is the provision of rental housing stock and the need to address the upgrading of numerous bad buildings that have been invaded and are poorly maintained.
- The focus in the Inner City is also to increase the number of social and transitional housing units that will require further investment in Transitional Housing by Provincial and National Housing Departments.

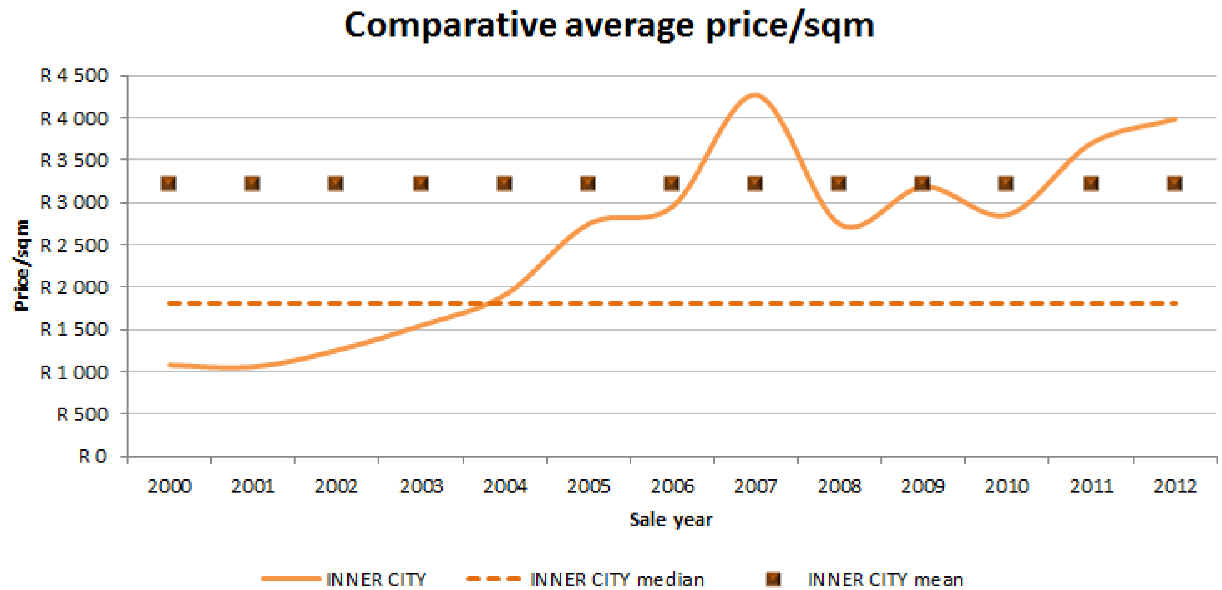
Property Market Trends
Inner City Residential Sector

Key trends …

- Residential vacancies are at an all time low in the IC, 0.5% (Trafalgar, Broll, South Point)
- The majority of properties affordable and suitable for conversion have been done. Now may be a wave of acquisition for demolition and purpose build.
- In 2005 building acquisition for conversion was around R800/m2, now at R2000/m2, prices up, yields are down.
- Yields down from 15% (2008) to 7% - 8% (2015)
- Conversion costs are R6000-R7000/m2
- Residential units currently trading at R3986/m2. Were as high as R4200/m2 in 2007
- Rentals vary between R1000/month – R5000/month
  - Rentals: two bedroom in HBY R3000 – R4500/month, IC R4500/month upwards
  - Rentals from R600 / month for social housing (JOSHCO, Madulamoho)

Property Market Trends
Inner City Residential Sector

- Despite the inner city market dipping significantly in 2008, prices are showing signs of recovery and have remained steady over 2012 - 2014
- Inner city apartments have outperformed an equivalent townhouse investment over 10 years (2002 to 2013) by 27%
- Only 40% of Inner City apartments are bonded.
- Compound annual growth rates of the inner city have been 11.5% (from 2000 to 2012
- Average Affordable Housing Unit Types / Rentals:
  - Studio / Bachelor R1750
  - 1 Bedroom R2500
  - 2 Bedroom R3500 – R4000



Average price per square metre; showing a dip in price performance in 2008 with a subsequent recovery in price/sqm since then. Median price is much less than mean, which indicates a greater proportion of lower-valued properties in this segment

Cityq 2013

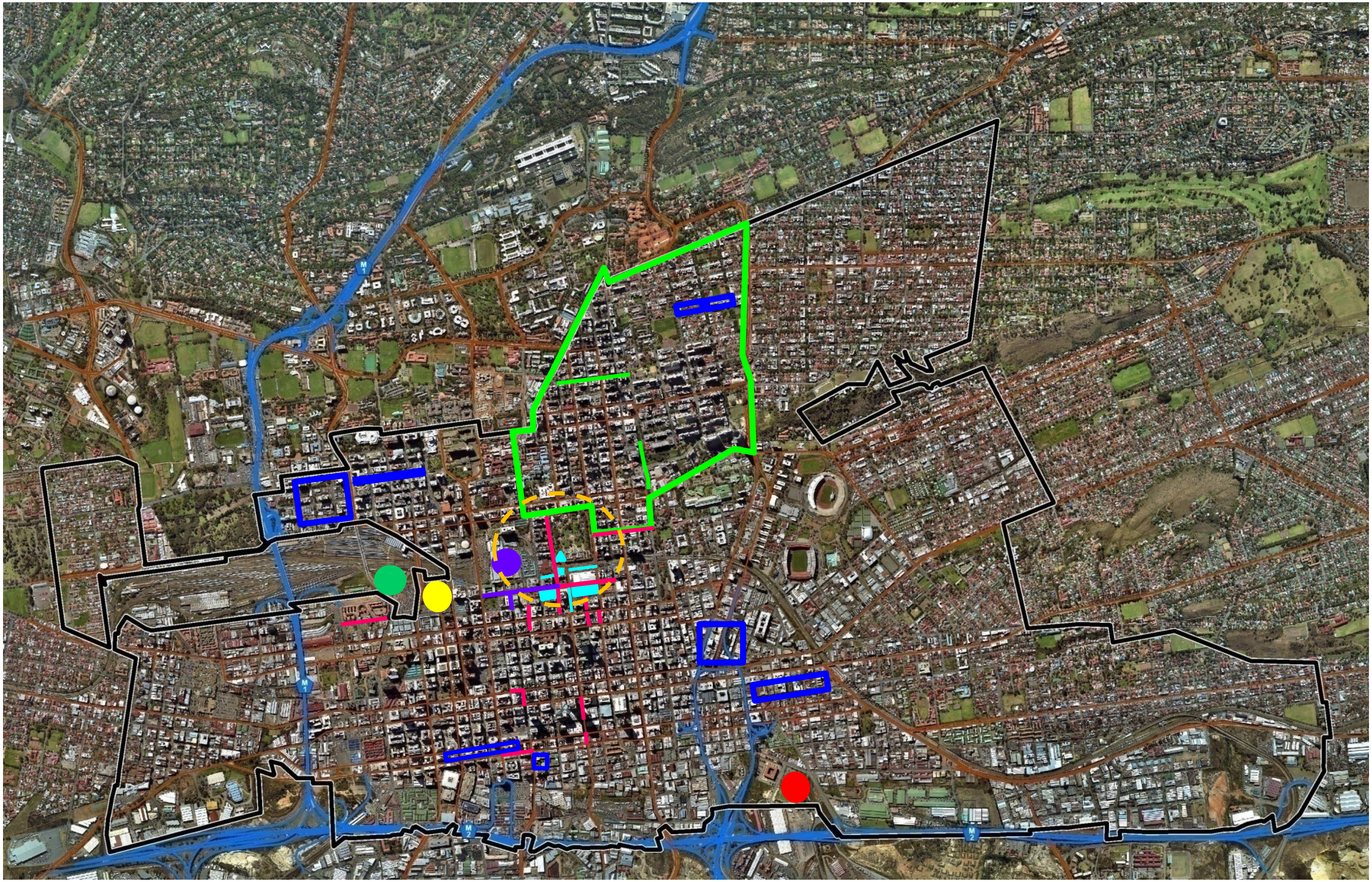
A key positive shift in the inner city is the listed property sector investing in the affordable residential market for the first time …

- Octodec Investments & Premium Properties, managed by City Property; R600m investment in residential stock in Johannesburg & Pretoria Inner Cities
- SA Corporate Real Estate Fund purchased AFHCO Group R953m – Residential-Focused Real Estate Investment Trust (Reit) to list
- Arrowhead purchased Jika Properties R406m, res portfolio now R550m – Residential-Focused Real Estate Investment Trust (Reit) to list

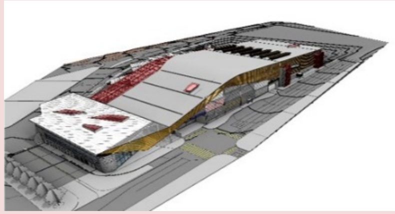
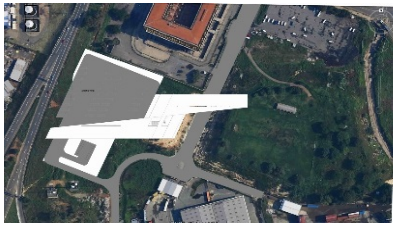
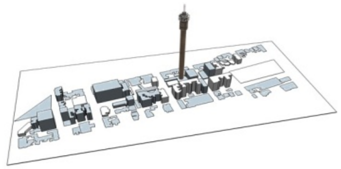
Contents

Public Sector Investment

Current Projects



Public Sector Investment
Current Projects

Facility	Investment Data	
Kazerne Taxi Facility	47940m^2 (3098m^2 retail, 1342m^2 offices, 43500m^2 vehicular) R403 m (incl VAT)	
Pikitup Depot (Westgate)	7037m^2 recycling, offices, training facility R100m (incl VAT)	
IC Commuter Links - public environment upgrades & Jack Mincer development	R50m Jack Mincer R131m Public environment R181m Total investment	
Hillbrow Tower Precinct	Public environment upgrade: Walkable environment Including Goldreich & Nugget St R50m	

Public Sector Investment
Current Projects

Facility	Investment Data	
Inner City Core Upgrades	Under construction (2010) & proposed R 25m (incl VAT)	
IC Public Places Challenge	New Doornfontein upgrade, Braamfontein Tshimolong, Stay City, Atkinson House R 20m	
Food & Culture Hub	Park Station, Eloff Street, De Villiers Street R 22m	
Housing property developments – Park Station Precinct	Park Station Precinct High density mixed use R 12m	

Public Sector Investment
Current Projects

Facility	Investment Data	
Inner City Metro Park phase 1 & phase 2	Newtown social & recreational space Corridors of Freedom initiative R 16m phase 1	

Public Sector Investment

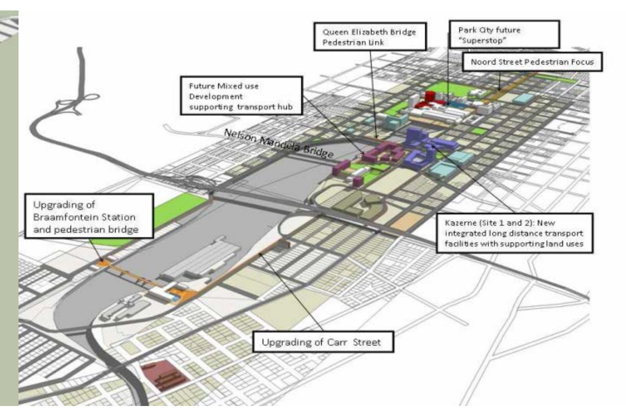
Future Transportation Network - Proposed Key Projects

Key transportation projects include:

- *Noord Street*: A key component of the central transport axis, is the envisaged development of Noord Street into a pedestrian-friendly corridor, connecting main transportation facilities and accommodating a range of conditions to support small business development and create a quality public environment.
- *Park City 'superstop*' and public open space / public square. Long-term project involving the relocation of Park City long distance taxis into Kazerne and restructure the space to accommodate a super stop transport facility with space for a large public square forming the forecourt to the Park Station concourse. On-street retail and mixed use centre could be accommodated north of the facility
- *Kazerne*: redevelopment of the existing Kazerne parkade into a multi-modal long distance taxi and bus facility with supporting mixed use, as well as extension of the facility onto adjacent Transnet land. Safe, convenient and comfortable pedestrian sidewalks are to be established along all street frontages, and physically integrated with the public parks and public squares, to form a well-designed public environment. Additional higher density residential development is to be considered.
- *Park Station*: Inner City Commuter Links (ITTC) project.

Noord Street corridor

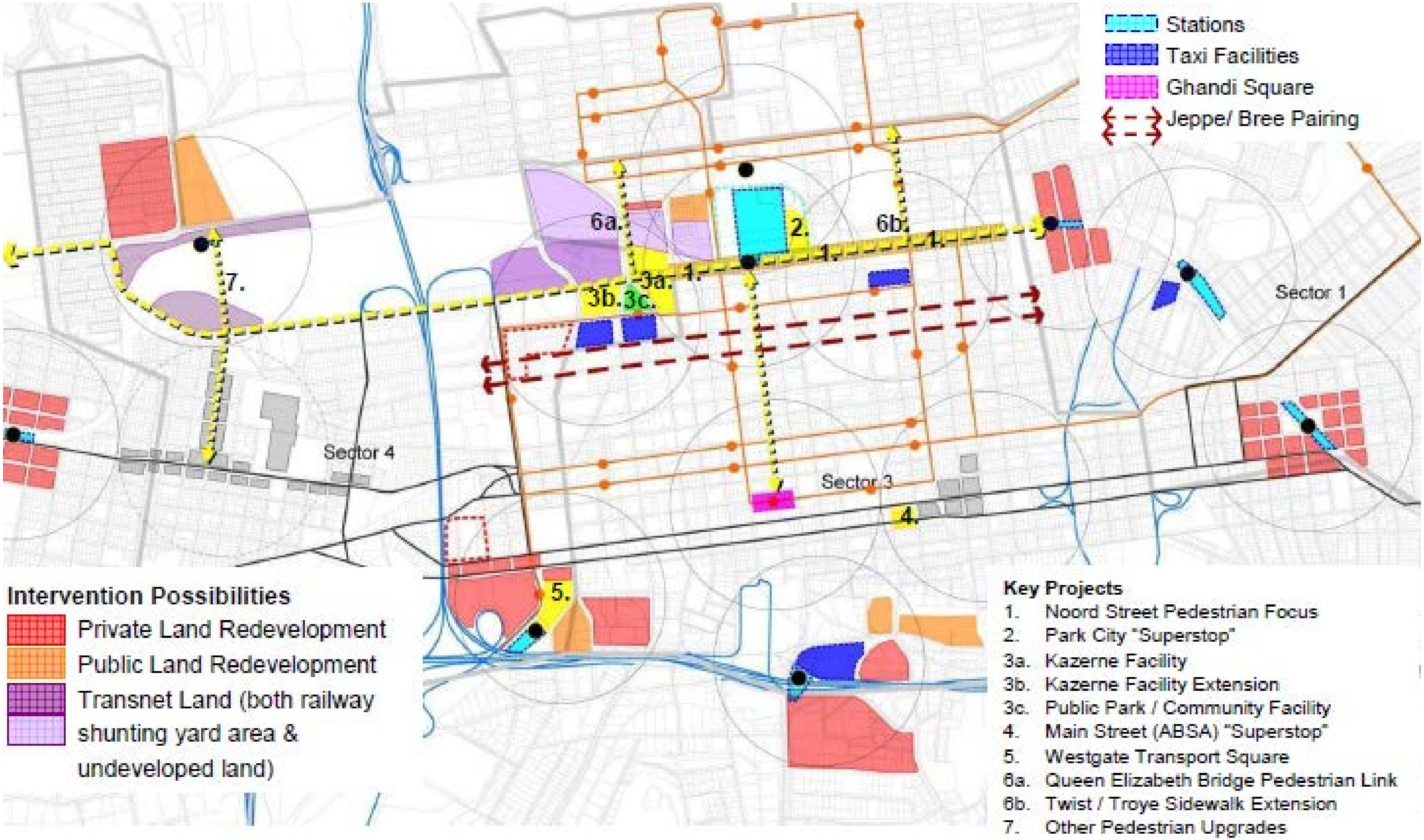
Kazerne extension , Park Station & Park City superstop



Key projects along E/W corridor

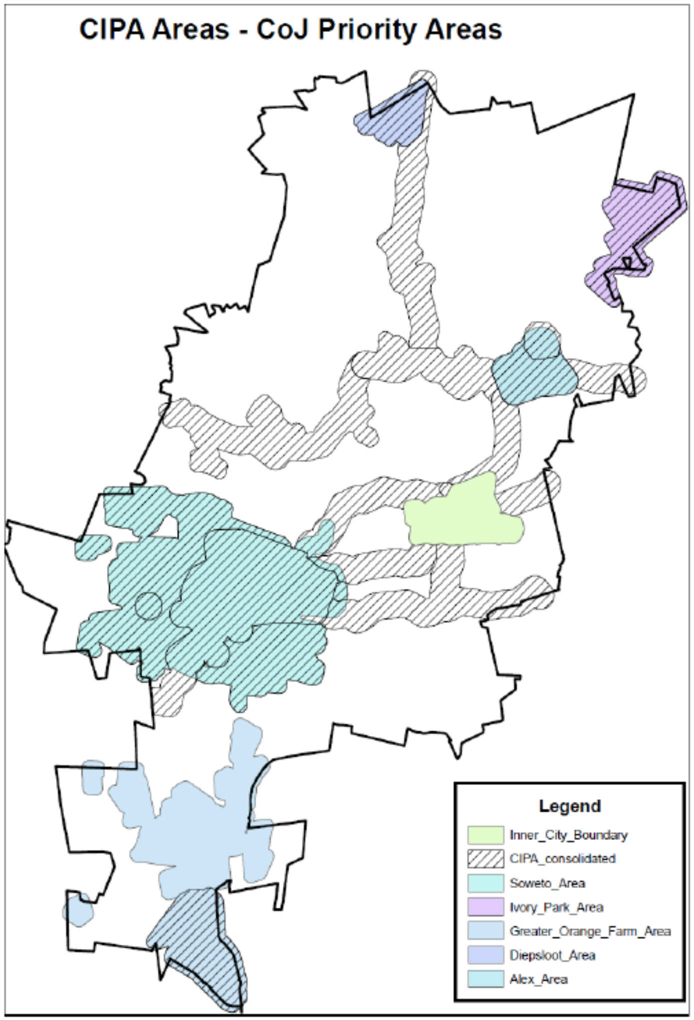
Public Sector Investment

Future Transportation Network - Proposed Key Projects

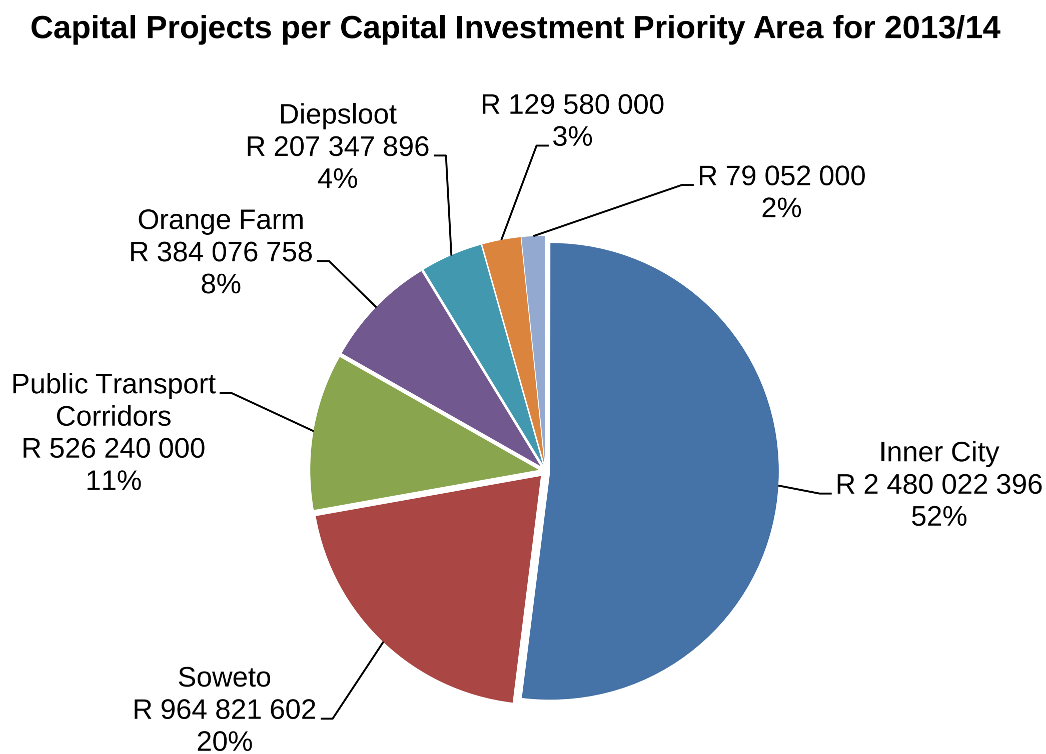


Public Sector Investment
City of Johannesburg Capex

The Inner City remains a priority capital investment area for the CoJ…



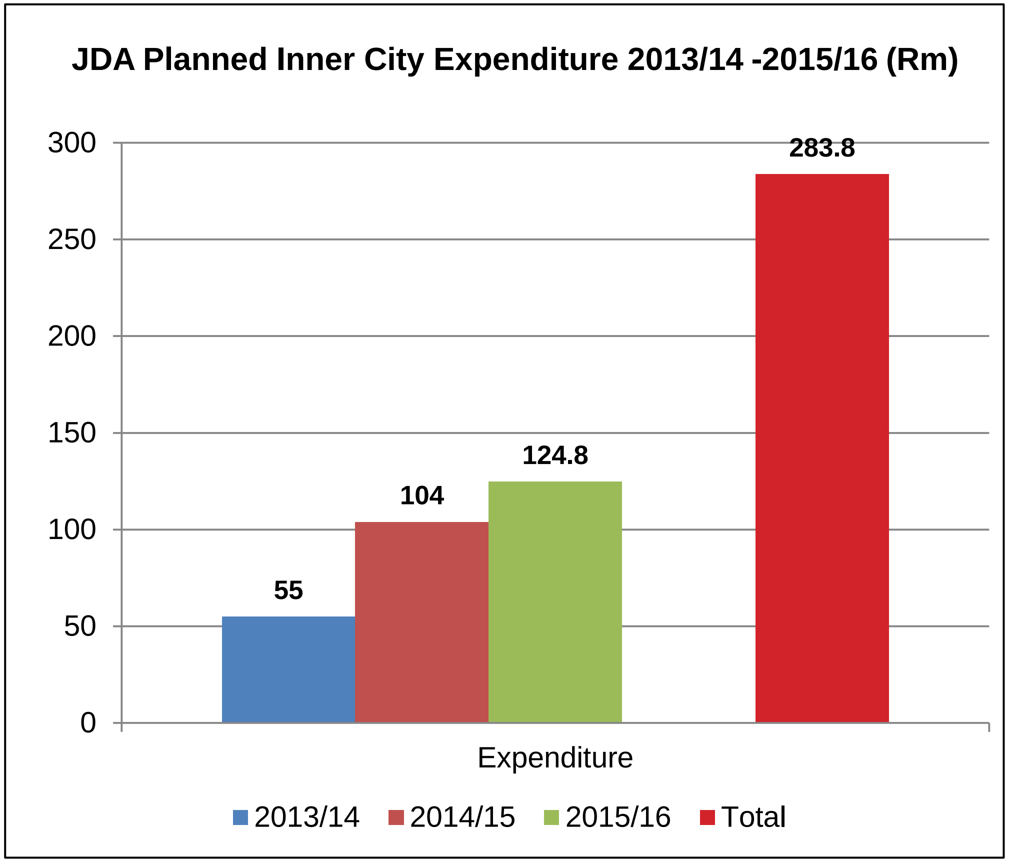
Source; CoJ 2012/16 Integrated Development Plan



Public Sector Investment

Johannesburg Development Agency

In addition to the CoJ capital expenditure, the JDA has earmarked some R 284 million over three years towards the inner city …



JDA Planned Inner City Projects

Node & Precinct Developments	
1.	Park Station Precinct • Inner city commuter links • African Food and Culture Hub • Housing property developments • Jack Mincer extension
2.	Westgate Station Precinct (Relocation of Selby Depot)
3.	Hillbrow Tower precinct
4.	Inner City core public environment upgrade (including Rea Vaya precincts) RID and Eastern Cross Border Trade precinct
Corridor and Link Developments	
5.	Eastern Gateway Precinct: Cyrildene, Bruma and orient city
Infill Regeneration	
6.	Public places partnership projects
7.	Housing implementation support (public environment upgrades in new housing neighbourhoods)
TA implementing agent assignments	
8.	Intelligent Operations Centre
9.	Beyers Naude Square monument
10.	Kazerne property development

Source: JDA, Programme 1: inner City Transformation Summary of Projects to be Implemented 2014/15 to 2016/17.

Public Sector Investment

Urban Development Zone (UDZ) Tax Incentive

The incentive takes the form of an accelerated depreciation allowance applicable to the value of new buildings and improvement to existing buildings.

- The original primary objective of the incentive was to promote urban renewal and inner-city rejuvenation through private sector property investment.
- Secondary objectives included broader economic development and job creation. This incentive came into effect in 2004 and was extended to 2014 in March 2009, upon expiry of the initial sunset period.

It is important to note that much private sector investment has taken place in spite of the UDZ – i.e. it would have occurred with no UDZ incentive

- A 2013 comparative economic analysis affirms that the presence of a UDZ does not guarantee or accelerate urban renewal.
- The most noticeable economic, labour and real estate value results were achieved where a combination of synchronised interventions was implemented and where municipal programmes clearly resemble a focus on the inner city. This is ultimately a reflection of, first and foremost, the monetary value allocated by for instance the City of Johannesburg through the JDA to the inner city and the concomitant private sector investment leverage effect created by these focused interventions.

Public Sector Investment

Urban Development Zone (UDZ) Tax Incentive

Since 2004, the UDZ has attracted cumulative investment worth in excess of R9 billion into the Inner City (CoJ UDZ Pipeline document, 2013 financial year (this value still needs to be audited).

Construction-related employment potential of the R9 Billion UDZ-related investment (up to the end of the 2011 financial year) was calculated to be 65,000 jobs.

Examples of projects & investors which / who have utilized the UDZ include:

- Bank City (FNB)
- Chancellor House
- Turbine Hall
- Southpoint: Braamfontein Student City
- Afhco
- City Property
- Johannesburg Land Company: Zurich Re Building
- Lionshare: group hotels
- Absa Bank: Absa Campus
- Standard Bank
- Anglo American Corporation
- BHP Billiton
- Mapungubwe Hotel

City has committed itself to continue to champion the UDZ through:

- Incorporating the following areas into existing UDZ (Given the transit orientated development focus the City wants to include various station precincts):
  - Railway lines from Fordsburg
  - Braamfontein Cemetry
  - Park Station
- Extending the deadline and timeframe to 2020
- Effectively market the incentive to the affordable housing market
- Using the UDZ as a leverage mechanism to develop station precincts – including Prasa and Gautrain Stations

Source: UDZ Anchored ICEDIP Mayoral Report, April 2012_Version 5

Contents

Private Sector Investment

Spatial Trends Pre 2009 (conceptual)

Pre 2009, Public and Private sector investment was scattered throughout the Inner City and included iconic / flagship projects:

- Northern Braamfontein
- Blue IQ investment in Newtown & Mandela Bridge
- Southern Precinct: Gandhi Square & Main Street
- Central IC housing conversions
- Ellis Park precinct
- HBY renewal interventions
- Con Hill & Hillbrow Health precinct
- Public transport interventions mainly taxi rank development: Kazerne, Metro Mall, Jack Mincer, Noord Street, Faraday
- Fashion District: east
- Rapid CID establishment to protect investments

Private Sector Investment

Spatial Trends: 2009 – 2015 (conceptual)

Post 2009 investment has been focused mainly in Newtown, the South Western Precinct, Maboneng and Southern Braamfontein.

Public sector investment has been mainly in public environment upgrades & Metro Park, lack of iconic projects:

- Zurich Re, Ussher Site, 1 Fox in the South West
- Maboneng to the East
- Braamfontein residential, retail & office upgrades
- Public transport interventions: Gautrain & BRT
- ABSA Campus
- CID expansion & legislation
- Newtown Junction, Mills, Site 6 etc

Private Sector Investment

Estimates 2009 - 2015: JPOMA, CIDs, Private Sector

- Commercial use has increased due to increased residential units
- JPOMA have invested more than R10 billion in the IC …
  - Split is 70% residential, 25% retail, 5% commercial
- 10% growth in inner city retail. Growth mainly seen within the improvement districts following upgrades & sustainable management
- CIDs all operational & sustainable. Currently applications for 5 new CIDs
- Estimate is that in the last 5 - 6 years more than **R25b total private investment has occurred**

Selected Private Sector Projects

IC Precinct	Pvt sector investment
Central Inner City (Gandhi Square & Main Street CID)	R100m
High Court Precinct	R20m
Newtown	>R1.3bn
Maboneng	R350m
New Doornfontein	R100m
Braamfontein	R20m
ABSA / Main Marshall CID	R20b

Private sector investment in the Inner City
Source: SAID & JPOMA, other 2015

Private Sector Investment

Current projects

Private Sector Investment

Current Projects

Project	Investment Data	
Newtown Junction	Atterbury, Attacq & JPC R900m R1.3b mixed use 40 000m^2 retail, 38 000m^2 offices, gym, 180 room hotel, 2400 parking bays 2 700 temporary construction jobs, 4 800 permanent jobs JPC & PHRAG support	
Mill Junction	Citiq R33m repurposing, R7 444/m^2 10 Silos into 400 units Energy & water efficient, fully let	
Majestic Building	Atterbury & JPC R57m CoJ 7 800m^2 Mixed use retail & corporate offices, Majestic Hotel	
1 Fox Street	Joburg Land Co & Double G Media Long term lease Thriving artisanal food market	

Private Sector Investment

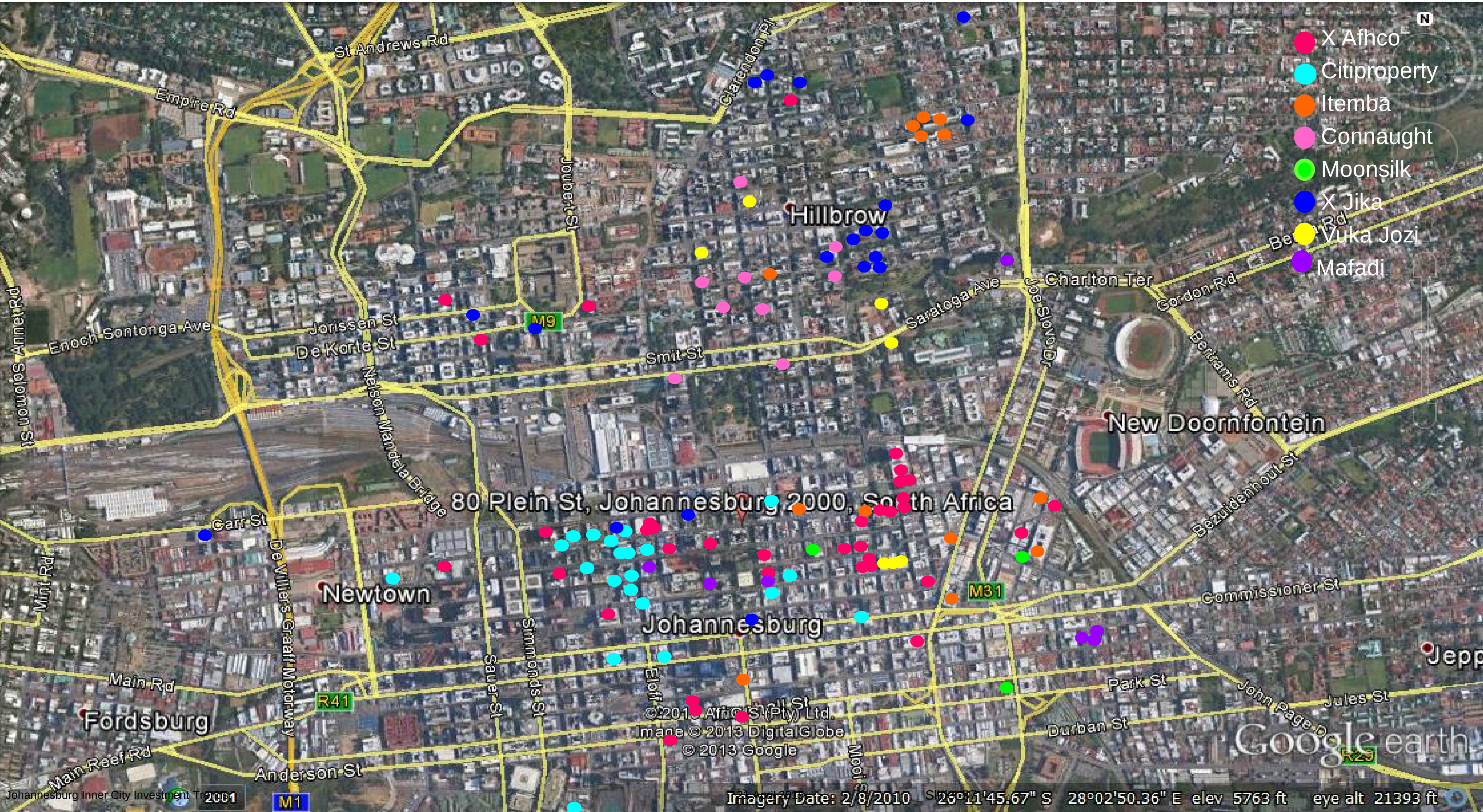
Current Projects

Project	Investment Data	
Site 6 Newtown	Crowie Projects R316m tender awarded Tenant driven development Mixed use, hotel, conference facilities, retail space	
ABSA Precinct	R1.8bn 50 000m^2 offices 10 000 staff dedicated taxi rank & CID Energy efficient, grey water system 2400 parking bays	
Stimela Square / Ussher Site	Abland & STD Bank 90 000m^2 offices 52m^2 retail R120/m^2 gross rental	
Maboneng	Propertuity, Futuregrowth R350m 38 buildings, mixed use precinct, residential, commercial, retail & markets	

Private Sector Investment
Current Projects

Project	Investment Data	
South Western Precinct	iProp, Johannesburg Land Co, 308 000m^2 bulk available for dev TOD Precinct. NB transport node. Mixed use – offices, retail & residential	
Neighbourgoods market & Braamfontein retail	Increased retail - Neighbourgoods Student accommodation node Rentals R65-R90/m^2 464475 m^2 office space Increased demand from start ups & NGOs due to transport & employing young graduates	
Tshimolong Precinct	IBM & Wits University R700m investment by IBM R10m – R40m other partners ICT research lab World class tech space	

Private Sector Investment
Affordable Housing



Private Sector Investment

Social & Transitional Housing

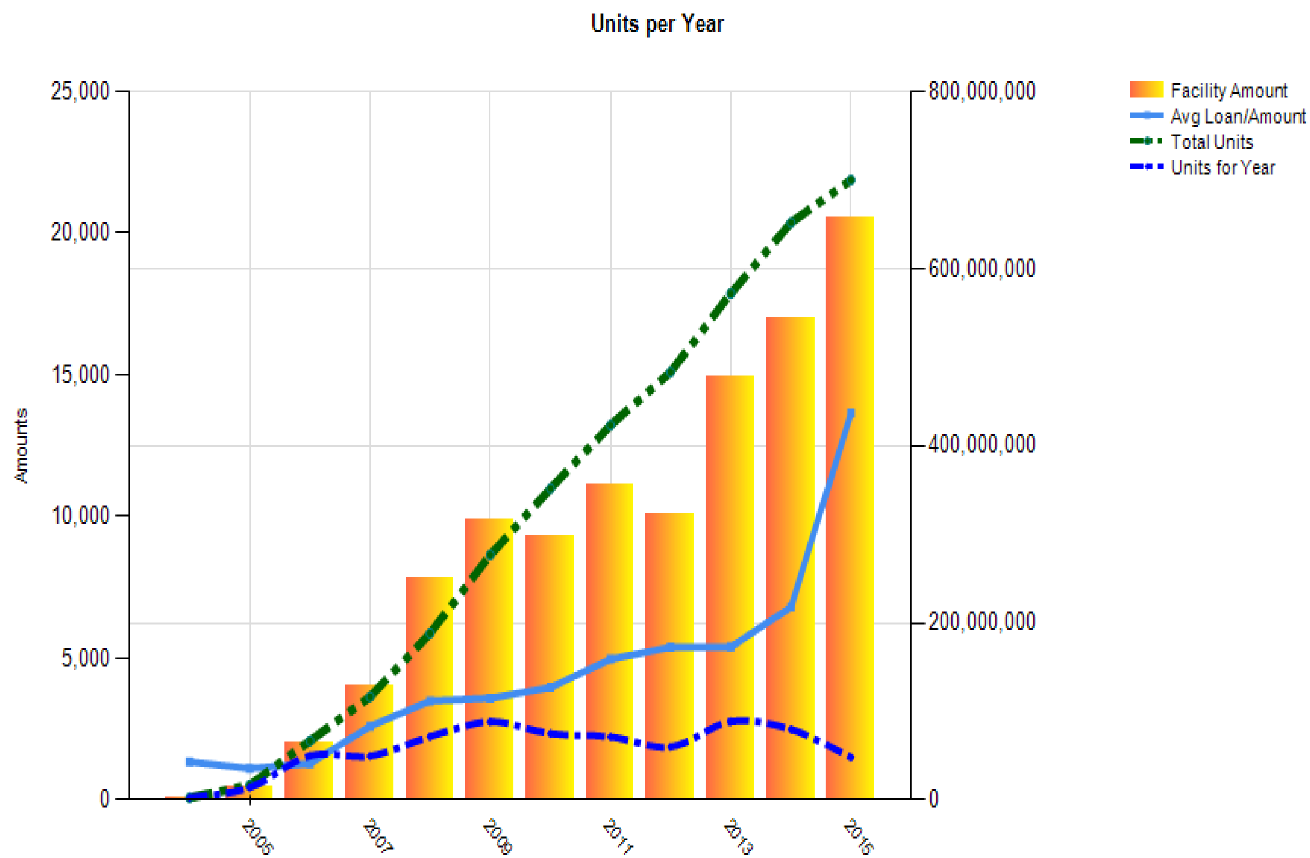
Private Sector Investment
Residential: TUHF

Commercial banks are risk averse & are selecting projects which have been funded by TUHF.

Investment by private sector has slowed down in traditional areas like the Joburg CBD, Yeoville, Berea, Hillbrow, Joubert Park and other peripheral suburbs. The prices are too high - not affordable.

The majority of investment is taking place in Maboneng followed by the western & northern Inner City.

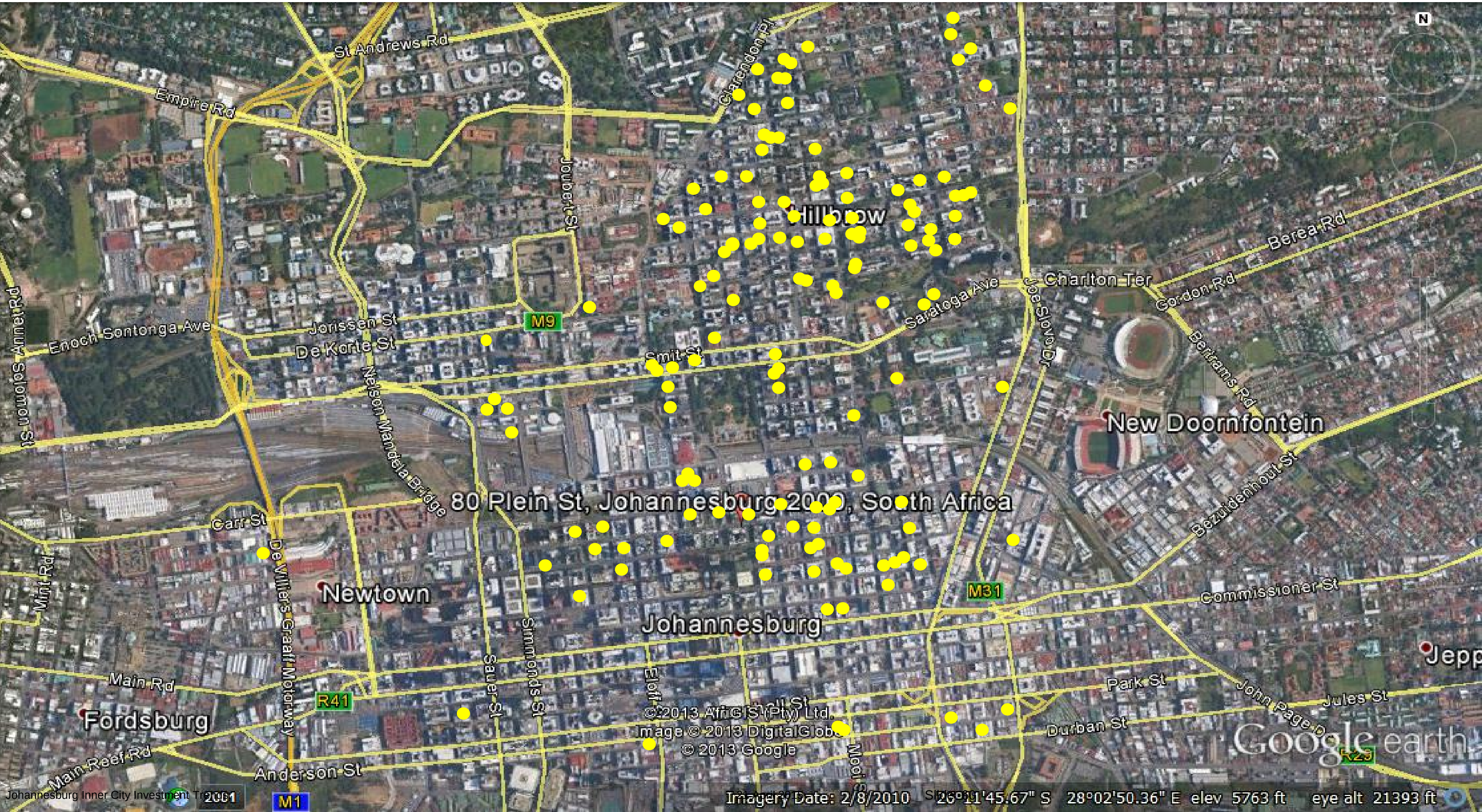
Scarcity of affordable stock is the main obstacle to further investment.



Unites per year approved
Source: TUHF 2015

Private Sector Investment

Current TUHF Projects



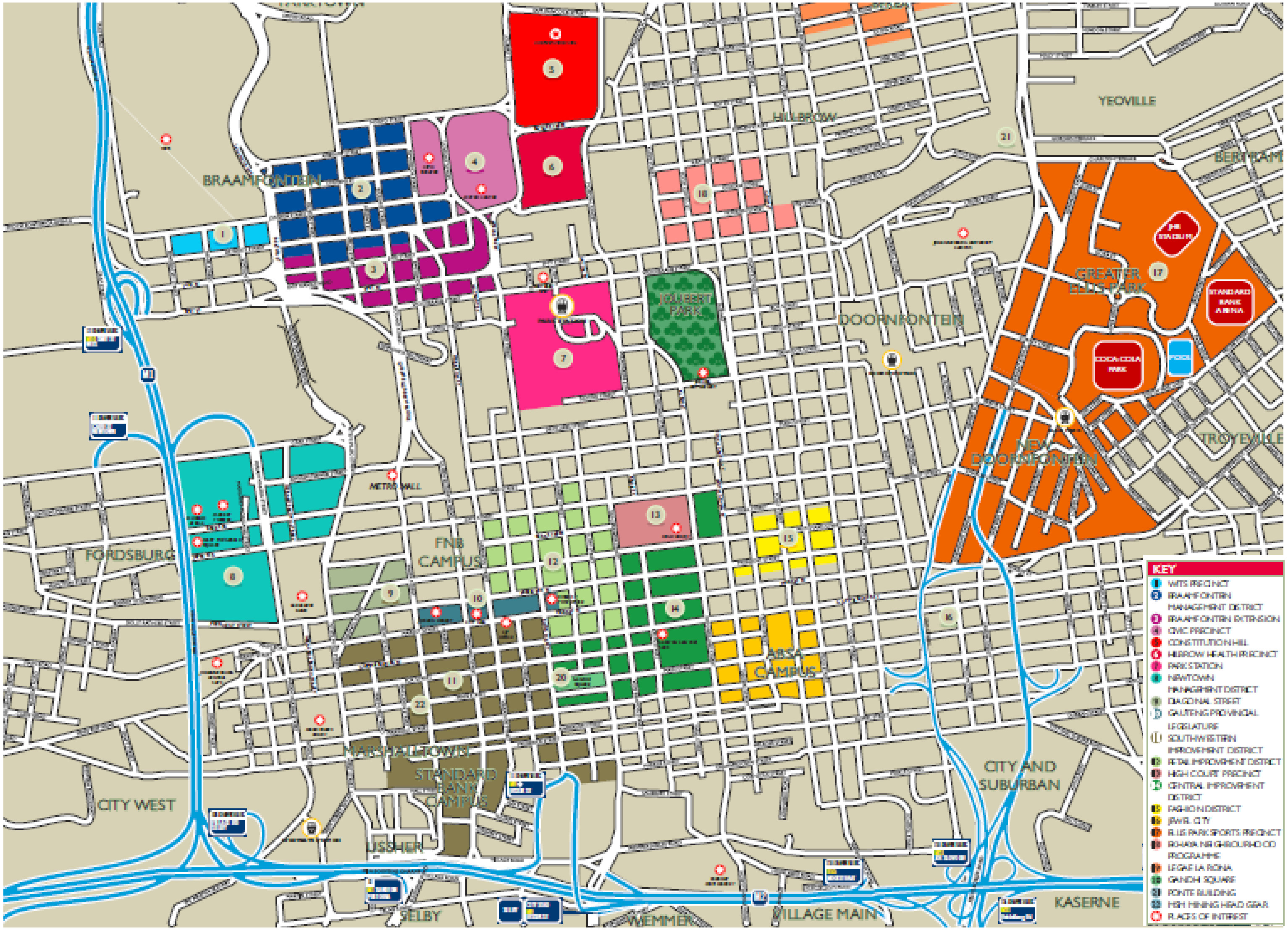
Johannesburg Inner City Investment Trends

Private Sector Investment

Private Management: City Improvement Districts

CIDs are geographically defined areas where property owners pay a ‘levy’ for urban management services supplementary to what the City provides. There are currently five legislated city improvement districts in the inner city: Braamfontein Improvement District (BID), Central Improvement District (CID), (incorporating Gandhi Square), Retail Improvement District (RID), Benrose Improvement District (BENID), South-Western Improvement District (SWID)
.

Main Street, Newtown, High Court Precinct, the Provincial Legislature, the Transnet Safety Corridor , Wits University, Civic Theatre, Constitution Hill and the Small Street Mall are all voluntary initiatives.
Johannesburg Central 2013



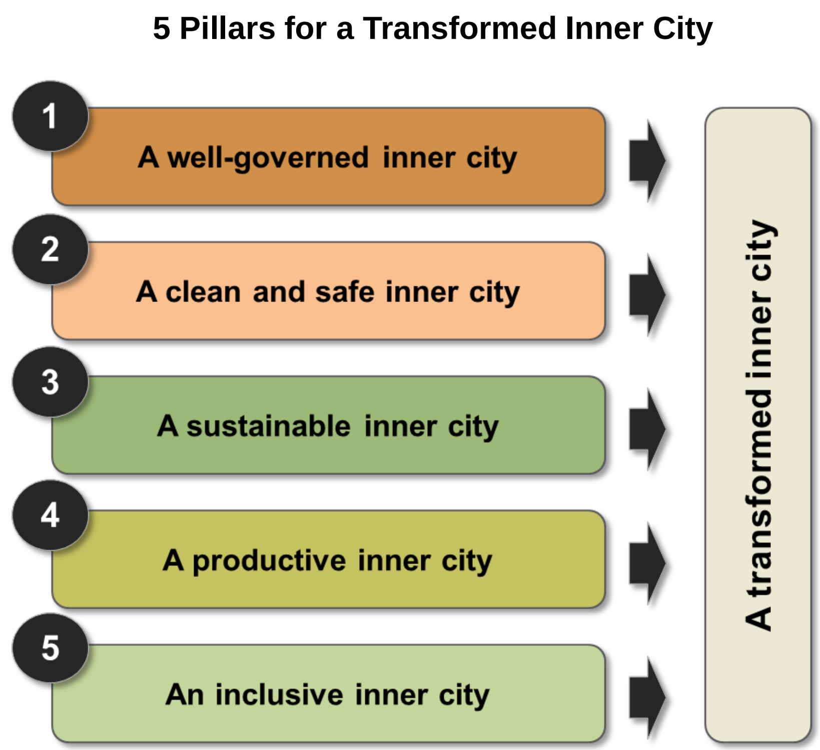
Contents

Inner City Roadmap
Vision and Objectives

Vision: A well-governed, transformed safe, clean and sustainable inner city of Johannesburg, which offers high quality, sustainable services; supports vibrant economic activity; and provides a welcoming place for all residents, commuters, workers, traders, investors and tourists.

Objectives ..

- be well-managed, clean and safe
- be developed in a balanced way to accommodate all people and interests;
- remain the vibrant business heart of Johannesburg as a whole, accommodating commercial, retail and light manufacturing development
- function as a key residential node where a diverse range of people from different income groups and backgrounds can live. The inner city will not be a dormitory for the poor, nor an exclusive enclave of loft-apartments, galleries and coffee shops;
- be a place first entry into Johannesburg, but also a place where people want to stay because it offers a high quality urban environment with readily available social and educational facilities, generous quality public open space, and ample entertainment opportunities;
- serve as a key transportation transit hub for the entire Gauteng Global City Region, but also as a destination point where people want to walk in the streets.



Inner City Roadmap
Outcomes

Outcomes for a well governed inner city

- Seven long-term outcomes relate to the City's vision of driving a caring, responsive, efficient institution focusing on progressive service delivery.
  - **Outcome: Accountable governance**
  - **Outcome: Responsive governance and active involved stakeholders**
  - **Outcome: Sound management, coordination and roll out of all programmes**
  - **Outcome: Inner city development is guided through effective planning frameworks**
  - **Outcome: Financially sustainable City functions**
  - **Outcome: Coordination of all inner city programmes of other spheres and actors**
  - **Outcome: Alignment of inner city activities with City planning and budgeting**

Priority programmes:

- *Establishing effective property rating and billings systems*

Outcomes for a clean and safe inner city

- Three long term outcomes are defined for the objective of ensuring a clean and safe inner city.
  - **Outcome: A safe and secure inner city**
  - **Outcome: Inner city urban management functions are well integrated**
  - **Outcome: A clean inner city**

Priority programmes:

- *Integrated public space management*
- *Increasing law enforcement and crime prevention*
- *Elimination of bad buildings*

Inner City Roadmap

Outcomes

Outcomes for a sustainable inner city

- Four long-term outcomes support the realization of a sustainable inner city.
  - **Outcome: Efficient and sustainable water, sanitation, electricity and waste services in the inner city**
  - **Outcome: An integrated, efficient transportation system in the inner city**
  - **Outcome: A sustainable, green inner city**
  - **Outcome: Liveable and walk able public environment**

Priority programmes:

- *Upgrading of out-dated infrastructure*
- *Saving resources and ensuring food security*
- *Establishing complete streets*

Outcomes for a productive inner city

- There are four long-term outcomes that will contribute to a productive inner city.
  - **Outcome: Increased private investment in the inner city**
  - **Outcome: A balanced mixed economy**
  - **Outcome: Well-supported small businesses**
  - **Outcome: Increased Employment**

Priority programme:

- *Revise a street trader policy incorporating livelihoods concerns with spatial and health and safety objectives*

Inner City Roadmap
Outcomes

Outcomes for an inclusive inner city

- There are eight long-term outcomes that must be realized to achieve an inclusive inner city.
  - **Outcome: An effective safety net is provided for inner city poor**
  - **Outcome: A well-housed inner city population**
  - **Outcome: A well-educated inner city population**
  - **Outcome: An inner city that is a beacon of diversity**
  - **Outcome: Heritage resources are protected and celebrated in the inner city**
  - **Outcome: Inner city is a cultural capital**

Priority programmes:

- *Providing entry level housing for the poor*
- *Providing additional social services*