



# TRUP



## Property Market Analysis:

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# Research Methodology



## Analysis

Mega Trends

National Trends

Metro Trends

Catchment Area

Site:  
SWOT Analysis

## Focus

STEEPP

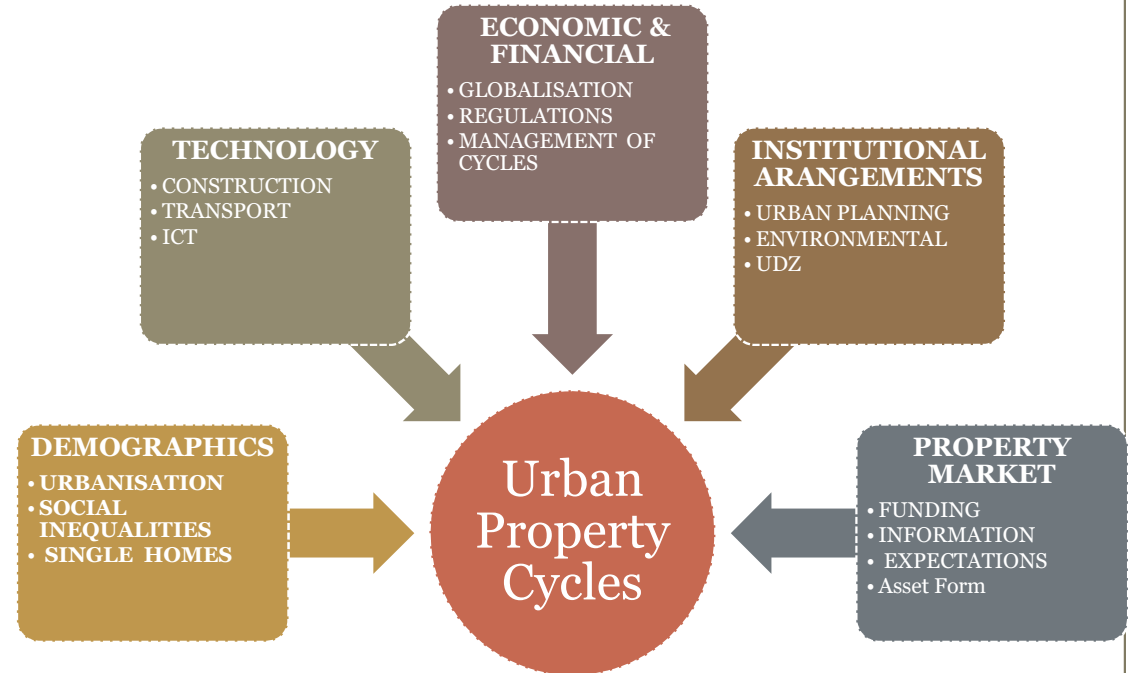
Property Cycle  
NDP

IDP,SPF  
Economics and Demographics Base  
Align Development with Policy

Market Dynamics  
Sociological Changes

Marketability Study  
Unlock Site Complexity  
Sustainable Finance

# What's Next in the South African Property Market;

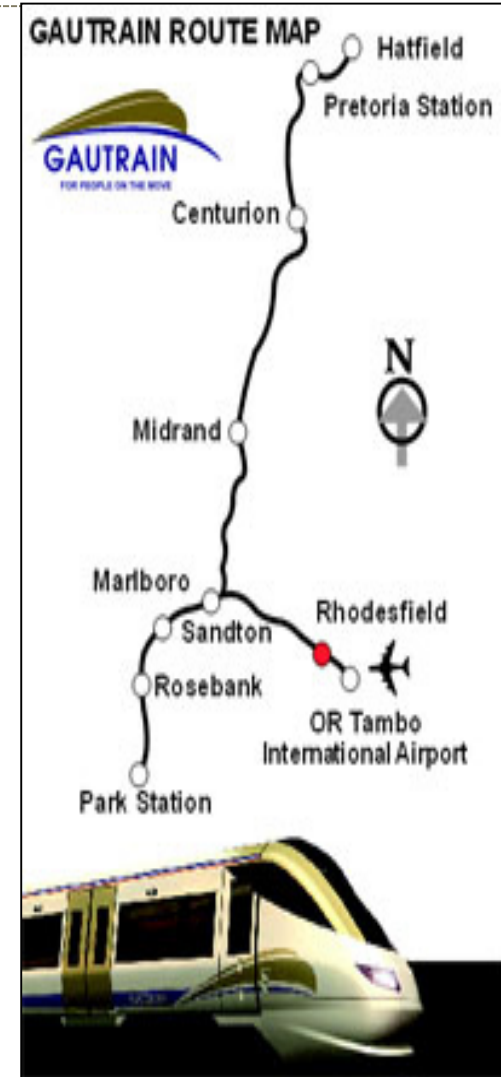


# CHANGING DEFINITION OF SPACE





# Linking Transport to Real Estate Outcomes..



# Some guiding Principles



City Wide Analysis

Built environment can promote LED

Connect Social Initiatives with economic benefits

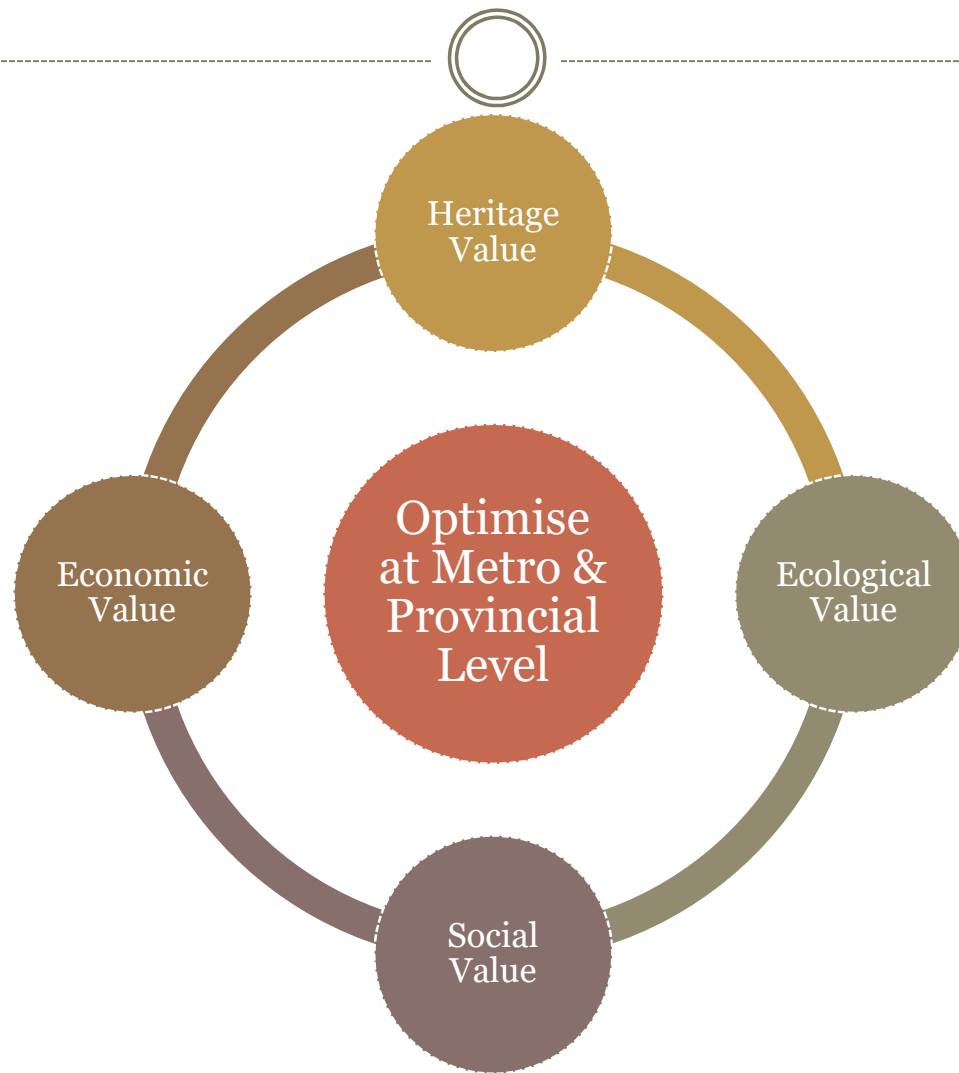
Recognise the Wider dependency of economic & place based strategies

Compact City Benefits

Maintain a focus on the CBD

Harness Movement Economy

# Optimizing Value



# Understanding Urban Trends



## **SOCIAL**

- Urbanisation
- Household size
- Spatial location

## **INFRASTRUCTURE (TECHNOLOGY)**

- Definition of uses
- Inclusionary

## **ECONOMIC**

- The new economy
- Formal/informal

## **ENVIRONMENTAL**

- What we expect from our built environment

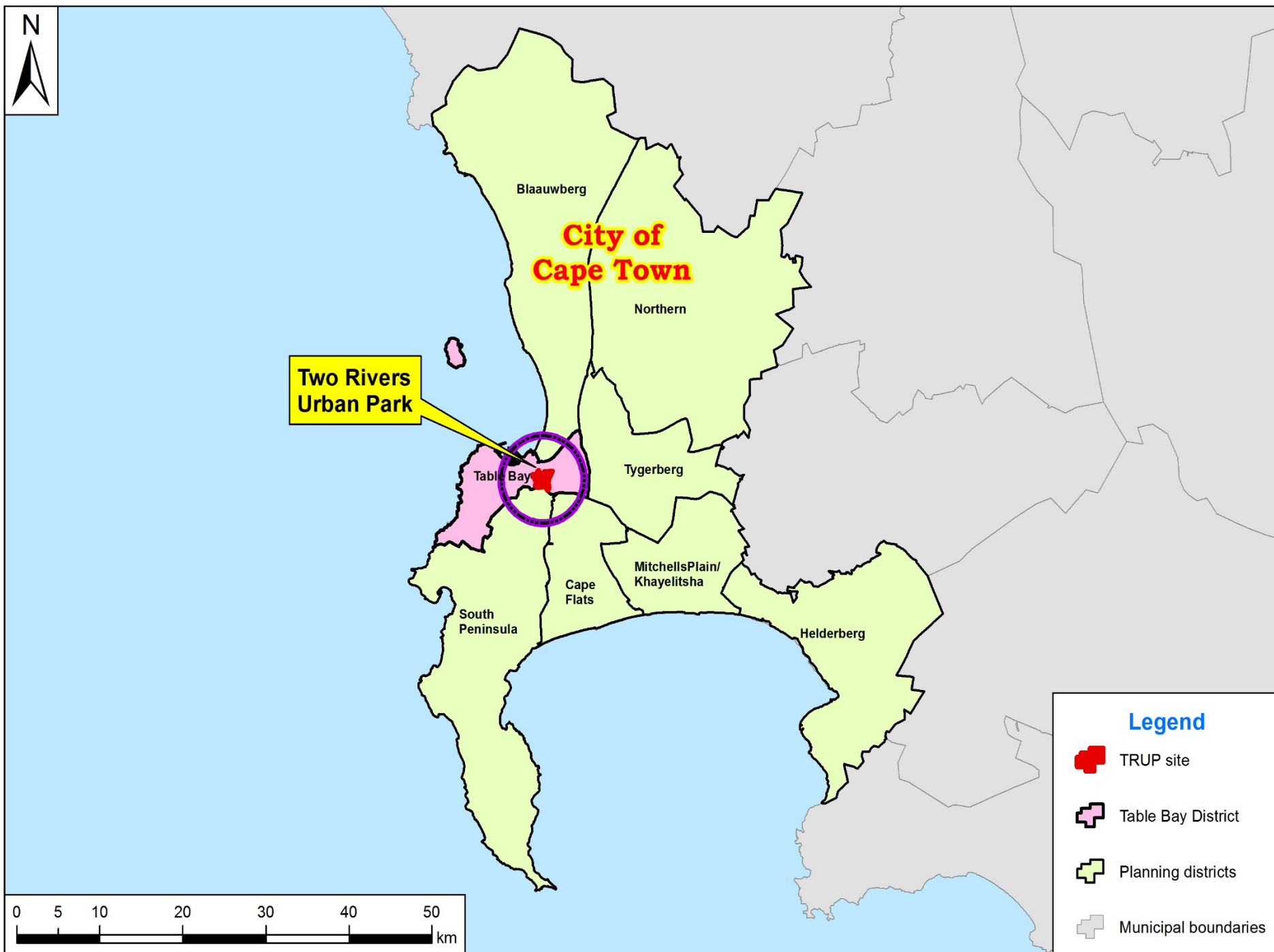
## **POLITICAL**

- Local government policies
- National spatial programmes

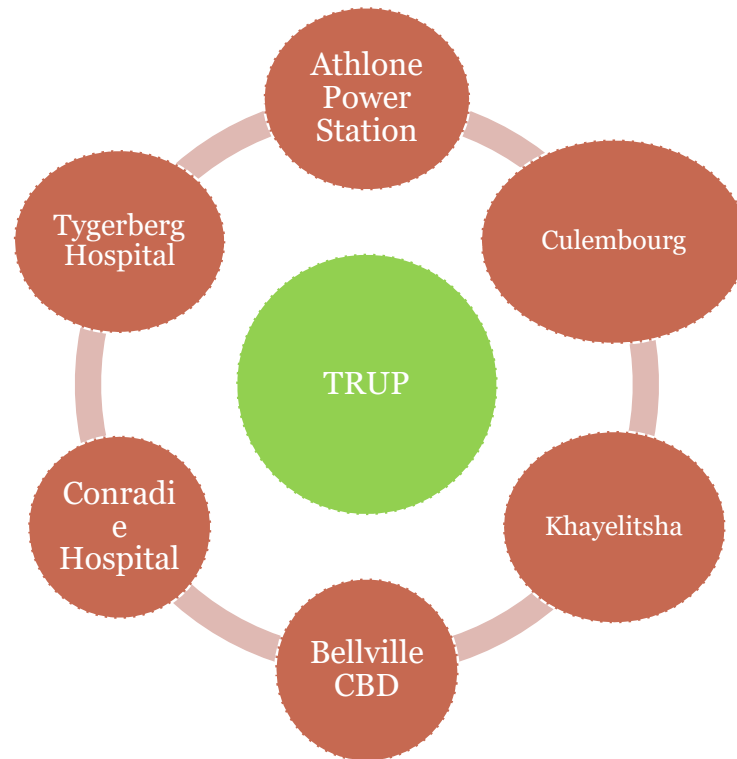
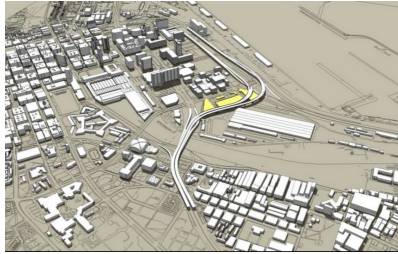
## **PHYSICAL**

- The urban platform
- Existing properties





# Other Catalytic Projects



# The Spatial Economy of Cape Town



(Office)



(Industrial)

- A growing movement northwards of industrial space
- Focus on Activity Corridors
- Decentralisation strengthens

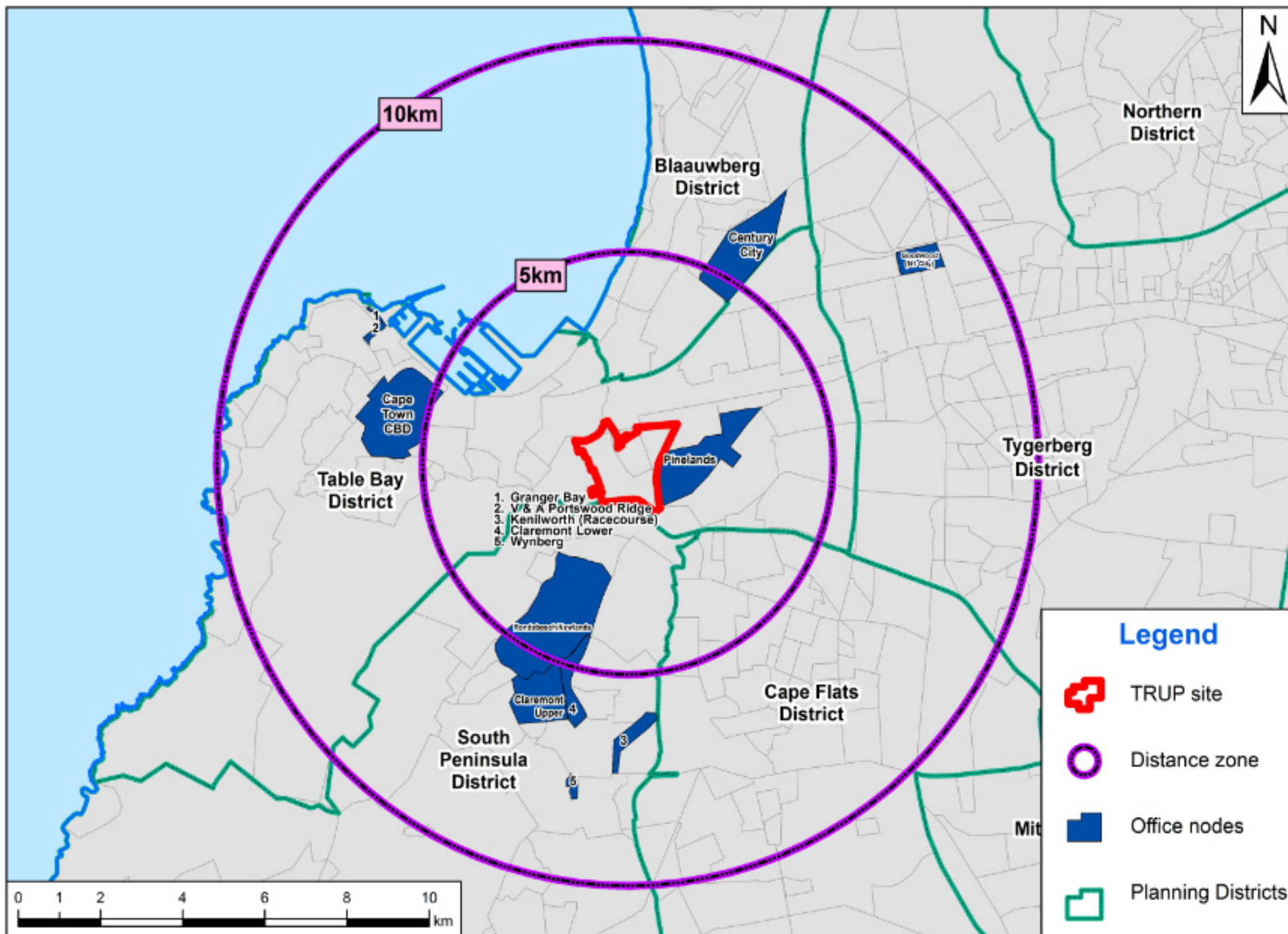


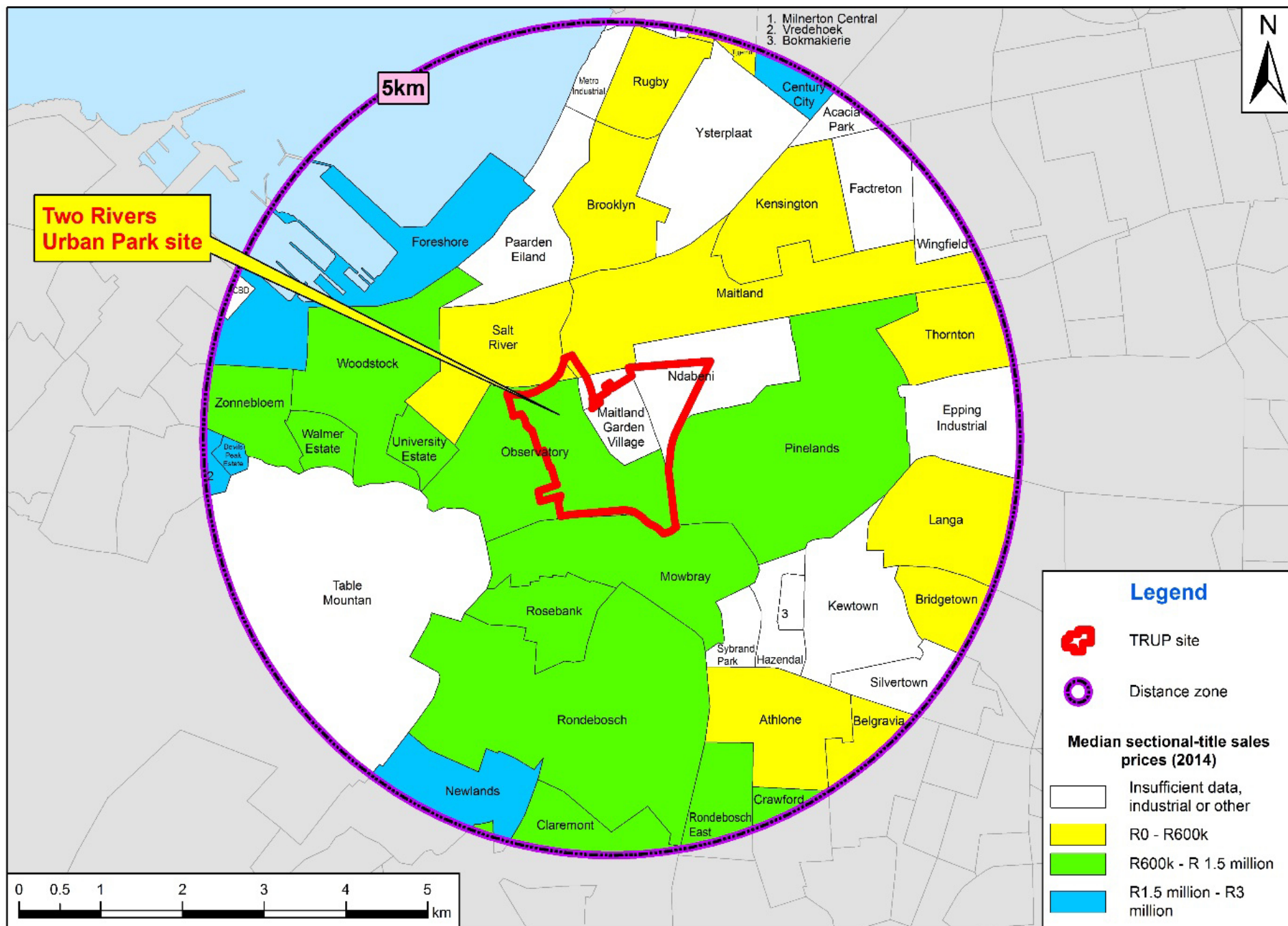
(Retail)

(ECAMP, CoCT)











# Demand and Supply Households, and Residential Properties

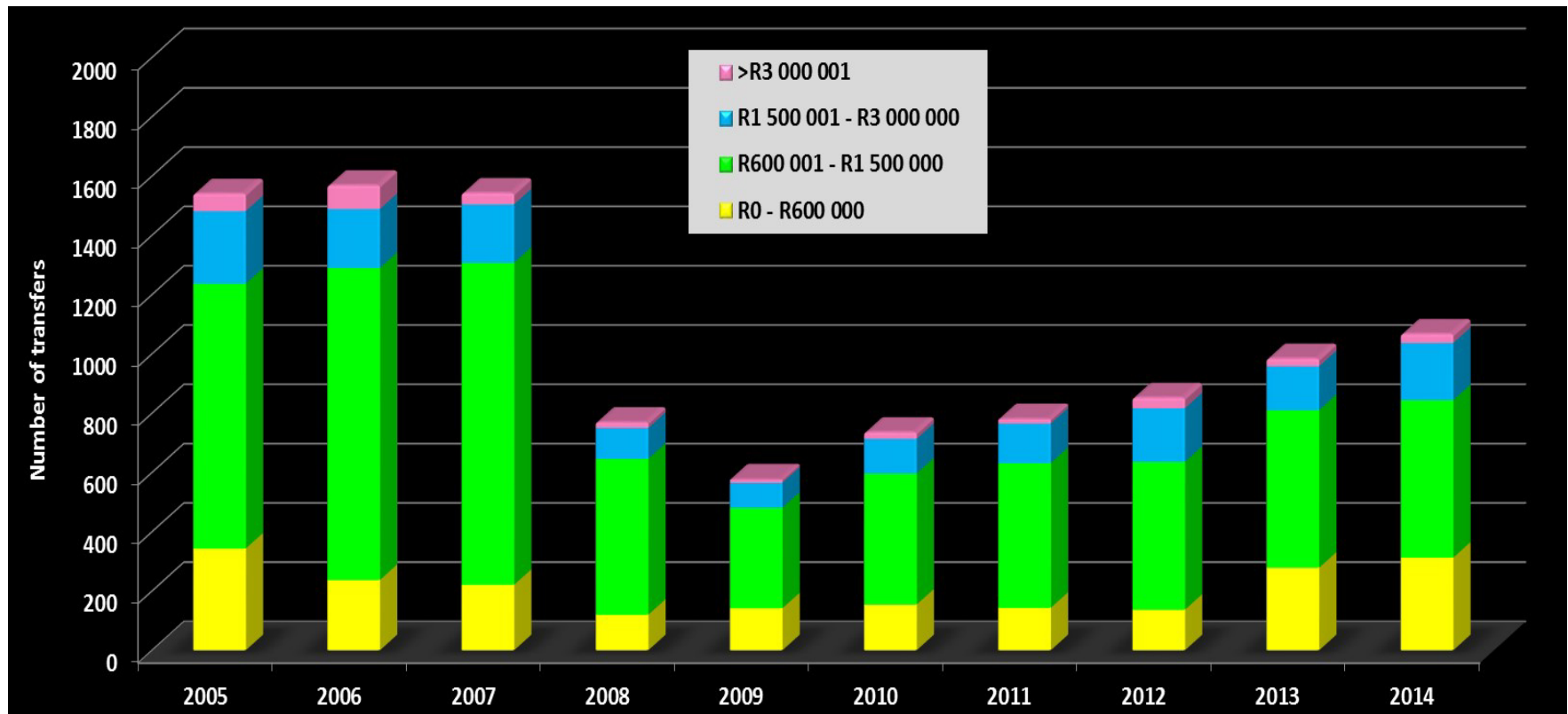


Demand: Households				Supply: Residential Properties				Shortage/Surplus <sup>1</sup>	
Income Category	No. Households	% of Total		Value Category	No. Properties	% of Total		No. Properties	% of Total Stock
R 0	146 517	13.71%		R 0	0	0.00%		-146 517	-22.02%
R 1 to R 400	29 373	2.75%		R 1 to R 11 514	0	0.00%		-29 373	-4.41%
R 401 to R 800	42 418	3.97%		R 11 515 to R 23 028	0	0.00%		-42 418	-6.37%
R 801 to R 1 600	113 277	10.60%		R 23 029 to R 46 055	0	0.00%		-113 277	-17.02%
R 1 601 to R 3 200	170 824	15.99%		R 46 056 to R 92 111	48 354	7.27%		-122 470	-18.40%
R 3 201 to R 6 400	154 427	14.45%		R 92 112 to R 184 222	52 021	7.82%		-102 406	-15.39%
R 6 401 to R 12 800	139 348	13.04%		R 184 223 to R 368 443	131 106	19.70%		-8 242	-1.24%
R 12 801 to R 25 600	126 625	11.85%		R 368 444 to R 736 886	172 874	25.98%		46 249	6.95%
R 25 601 to R 51 200	92 860	8.69%		R 736 887 to R 1 473 772	160 284	24.08%		67 424	10.13%
R 51 201 to R 102 400	38 018	3.56%		R 1 473 773 to R 2 947 545	70 919	10.66%		32 901	4.94%
R 102 401 to R 204 800	9 748	0.91%		R 2 947 546 to R 5 895 089	22 880	3.44%		13 132	1.97%
R 204 801 and up	5 066	0.47%		R 5 895 090 and up	7 075	1.06%		2 009	0.30%
<b>TOTAL</b>	<b>1 068 501</b>	<b>99.99%</b>			<b>665 513</b>	<b>100.00%</b>		<b>-402 988</b>	<b>-60.55%</b>

CoCT

# TRUP: Main Findings – Number of Transfers

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StatsSA

# Developing Appropriate Housing Projects



# **TRUP: Possible Take-up Scenarios**

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## **Office**

- **About 2,800 m<sup>2</sup> per annum**

## **Residential**

- **About 10,000 m<sup>2</sup> per annum (160 opportunities)**

## **Retail and Urban Manufacturing**

- **Neighbourhood Shopping 10,000 m<sup>2</sup> over 5 years**

# TRUP: SWOT analysis

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	Strengths	Weaknesses	Opportunities	Threats
Office	Close proximity to existing office nodes	Potential incompatibilities	Link to universities and hospital	Competing private and public sector developments
	Locational attributes	Low opportunities to benefit from economies of scale	Public sector initiatives and the use of government leases	Short to medium term low take-up rates
	Highway frontage	Traffic access	Space for smaller users of space	
	Close to educational institutions	Environmentally sensitive area	Call centres (business process outsourcing)	
	Close to recreational facilities		Inter-dependence with other nodes	

	Strengths	Weaknesses	Opportunities	Threats
Retail	Catchment area poorly served with modern retailing	Potential scale of development	Strong growing middle class	Changing retail environment
	Strong growing middle-class catchment area	Scale could be too small to become a destination	Provide a different retail expenditure	Competing retail offering

	Strengths	Weaknesses	Opportunities	Threats
Industrial (warehousing)	Industrial space in close proximity	Site characteristics	Urban manufacturing	Competition from other developments
		Environmental/ecological attributes	E-commerce	High land values
		Land value		

# TRUP: SWOT analysis

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	Strengths	Weaknesses	Opportunities	Threats
1. Residential (market related)	Physical environment	Residential sector will need to compete against other uses	High-density offering	Lower income demand
	Located in residential node	Infrastructure	Complements southern suburbs/Claremont offering	Traffic
	Access to Economic educational facilities			
2. Residential (social/affordable)	Close proximity to low-income suburbs	Land value	Mixed-income environment	Oversupply of space at a metropolitan area.
	Close to social amenities	Social facilities	Scale of development attracting investors	Sector is sensitive to macro-economic environment
	Good access to CBD			Lack of end-user financing
3. Residential (GAP/RDP)	Well-located	Land value	Create a mixed-income environment	Value movement risk
	Close to employment opportunities	Competing land uses	Large-scale housing development	Reduces opportunities to optimise land value

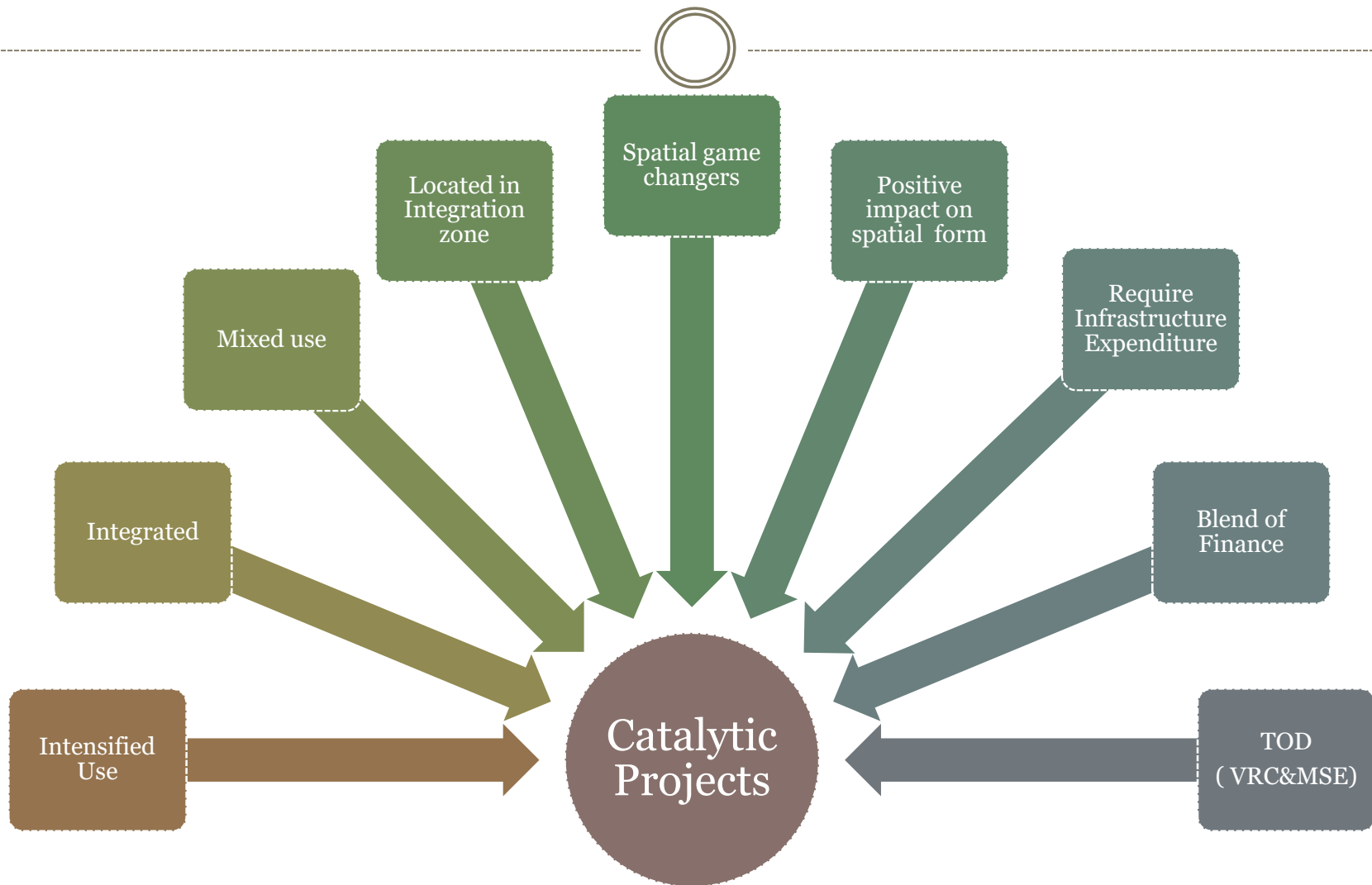


# TRUP: SWOT Analysis

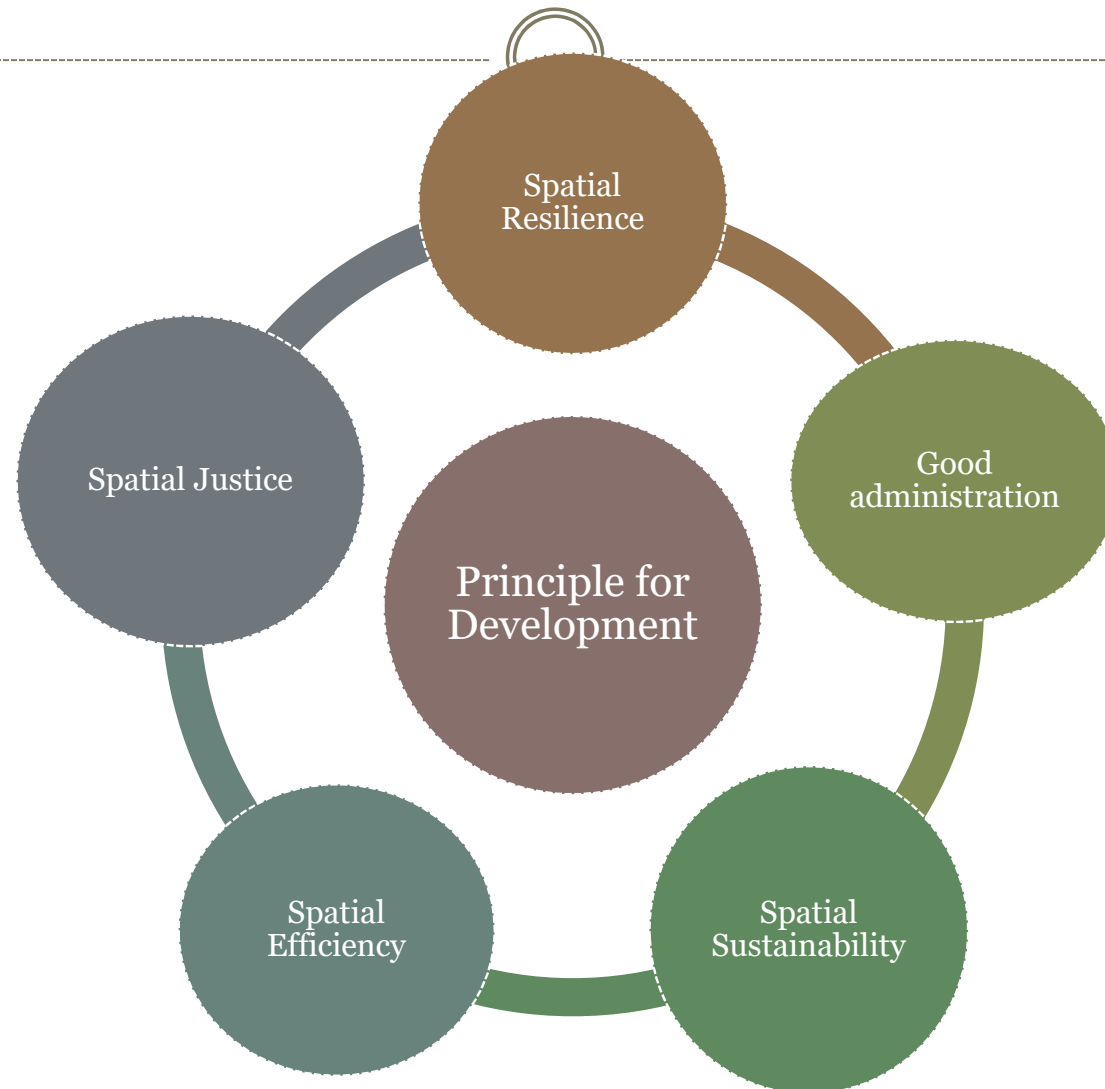


Other Uses (Low Real Estate Impact)	Strengths	Weaknesses	Opportunities	Threats
	Historical and Ecological Characteristics	Competition from other uses	Growing Density requires a different urban environment	Demand for land
	Demand For leisure	Land not used for economic highest and Best Use	Demand for Open Space	Pressure to Develop
			Ensure Financial Sustainability	

# Catalytic Projects ( BEPP)



# SPLUMA(Spatial Planning and Land Use Management Act)- Chapter 2 ( Property Developments )



# **TRUP: Main Findings**

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**The following are the main findings:**

- 1. Focus on the affordable housing market in the R 600,000 – R 1,500'000 range .**
- 2.Optimise the use of the site from a metropolitan perspective, make it inclusionary from a metro perspective.**
- 3.Keep the commercial component of the project focussed on the public sector – link into education and medical care sectors as “kick-off” projects .**
- 4. Take a broader perspective which includes other developments e.g. APS**