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MEDIA RELEASE

SAPOA Annual Convention 2024 Highlights Importance of Precinct Management in Boosting City Performance and Attracting Investment

At the South African Property Owners Association (SAPOA) Annual Convention 2024, a panel of experts discussed the critical role of precinct management in enhancing the functionality of South African cities.

With well-managed precincts driving economic growth, improving property values, and contributing to better service delivery, the panel highlighted practical solutions for cities to optimize urban management, attract investment, and improve the quality of life for residents.

Drawing from research conducted by Urban-Econ, the panel emphasized that well-managed precincts, such as those in Cape Town and Johannesburg, are essential to creating investment-friendly environments that support sustainable urban development.

Precinct Management Drives Economic Growth and Property Values

Werner Hermann Shulte, Property Economist at Urban-Econ, shared findings from their latest report on precinct management and its economic benefits. The report highlighted that well-managed precincts not only attract investors but also increase property values and elevate the profile of the area. "Precincts that are properly managed experience enhanced infrastructure, reduced crime rates, and better service delivery, which in turn drive up property values and attract new businesses," said Shulte. "For example, in Cape Town's central business district (CBD), the value of property has grown to R43 billion, a direct result of the city's effective precinct management strategies."

In Johannesburg, managed precincts such as Sandton and the Sandton Improvement District have seen similar success. Scott Thorburn, Chair of the Sandton Improvement Business District, noted that the improvement of pavements, installation of traffic signals

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linked to generators during load shedding, and investment in safety measures like security cameras have significantly boosted investor confidence. "Precinct management adds value to the city, and investors are willing to commit to areas where they see consistent performance," Thorburn stated.

Impact on Quality of Life and Investor Confidence

Alderman Eddie Andrews, Executive Deputy Mayor of Cape Town, highlighted the positive impact of precinct management on the quality of life for city residents. "Cape Town has a population of 5 million, and the city's partnership with property owners has helped improve service delivery and infrastructure. Our focus on safety, cleanliness, and responsive governance has made Cape Town a prime destination for both tourists and investors," Andrews said.

He emphasized that the city's commitment to service level agreements with private sector partners has created a cleaner, safer environment that benefits everyone. "We cannot manage the city alone, and these partnerships are essential for extending services and improving responsiveness."

According to Urban-Econ's report, managed precincts not only enhance quality of life but also create a ripple effect on the local economy. Areas with well-functioning precinct management attract more businesses, which leads to job creation and better opportunities for residents. This, in turn, strengthens municipal revenues through increased tax collection and service rates, allowing cities to reinvest in further improvements.

Investor Interest in Managed Precincts

Hilton Morgan, Industrial and Logistics Asset Manager at Fortress Real Estate Investments, echoed these sentiments, stating that clients are increasingly requiring their businesses to be located in well-managed city precincts. "We aspire to the Cape Town model, where well-maintained precincts offer a safe and conducive environment for business. This attracts high-value clients who expect top-tier infrastructure and service delivery," said Morgan. His comments reflect the growing trend among property investors to seek out precincts with proven management systems that ensure stability and ongoing development.



Michaela Fisher, an urban development expert, added that the success of precinct management is contingent on localized solutions that meet the unique needs of each community. "No property exists in isolation. Localized precinct management ensures that service delivery is aligned with the needs of residents and businesses, creating a cleaner, safer environment and improving overall city functionality."

Precinct Management's Role in Municipal Performance and Infrastructure Development

Precinct management also plays a key role in improving municipal performance. Well-managed precincts offer cities a blueprint for effective urban governance, enabling municipalities to streamline service delivery, optimize infrastructure investments, and address long-standing issues such as crime, waste management, and traffic congestion. With the support of the private sector, municipalities can extend service hours, improve maintenance efforts, and adopt more efficient procurement practices.

The panel underscored that cities like Johannesburg and Cape Town, which have embraced precinct management strategies, are seeing notable improvements in areas such as waste management, security, and infrastructure maintenance. These improvements have contributed to making the cities more attractive to international investors, with Cape Town alone seeing an influx of R43 billion in property investments due to its commitment to precinct management.

The SAPOA Annual Convention 2024 reaffirmed that well-managed precincts are essential to driving economic growth, improving property values, and enhancing the quality of life in South African cities. Panelists called for continued collaboration between municipalities and the private sector to create resilient, investment-ready urban environments that can support sustainable development.

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