

The copyright act of 1978 (as amended) prohibits the reproduction of this copy IN ANY FORMAT, (See Clause 4 Terms and Conditions) without prior permission of the original publisher.



Publication		
JSE		
Page	Date	AVE (ZAR)
76-80	Mon 01 Jan 2024	124431.34



URBAN APPEAL

Property developers are rejuvenating inner cities to the benefit of residents and businesses alike

WHEN ANGLO AMERICAN HANDED OVER ITS HEAD-quarters at 45 Main Street in the Johannesburg CBD to the Maharishi Invincibility Institute on 4 August 2023, the latter's founder and CEO, Taddy Blecher, had his eye on something bigger. Not only would the 42 000 m² site - worth about R100 million - allow an extra 3 500 students to study at the institute, but it could also serve as a catalyst to regenerate the area by creating an education enclave in the CBD. Along with the building at No 45, the institute also owns a nearby property at 9 Ntemi Piliso Street - donated by Anglo in 2005. Together the buildings house facilities for 5 000 students, who are provided with on-the-job training and placed in sustainable jobs.

On receiving the keys to No 45, Blecher was quoted as saying that 'we don't need permission from the government to love a child. We, the people of South Africa, can take control of our cities'.

Anglo got on board with the idea. Chairperson Nolitha Fakude said Johannesburg's inner-city regeneration 'hinges on nurturing the potential of its young people, who represent the city's future'.

Growthpoint Properties CEO Estienne de Klerk also sees the potential for urban regeneration linked to providing students with quality accommodation near their place of education. 'The current shortage of purpose-built accommodation for university students creates an opportunity for urban revitalisation around these properties,' he says.

'The location of a student housing residence is crucial for ease of access to campus, but it is equally important to locate the residence in an area well suited to a student's lifestyle.'

One such example is Growthpoint's 13-storey Apex Studios in Braamfontein, which is located practically on the doorstep of Wits, no doubt a top selling point for its 901 student residents. Part of Growthpoint's Thrive Student Living portfolio, it won the Student Accommodation award at the recent SA Property Owners' Association (SAPOA) property awards. 'As part of its development, an existing heritage building that was on the site was restored externally and extensively refurbished internally to house all the unique common spaces such as the study centre, lounge areas, games room and gym,' says De Klerk. >

The developer's Peak Studios in Observatory, Cape Town, adopted a similar approach. A nine-storey contemporary build provides living space for 563 students within walking distance of UCT's medical school and with access to public transport. A neighbouring heritage building has been refurbished to house offices, study areas, a gym, laundry and communal room. The Peak development also came up trumps at the SAPOA awards, winning the Heritage award. Both residences opened to students at the beginning of 2023, with Apex reporting a 100% occupancy rate and Peak 98%.

De Klerk makes the point that not every inner-city area is ripe for regeneration. 'We need a city to be "investable" before it is feasible to consider creating, acquiring and upgrading real estate assets there,' he says. 'No respectable business is going to lease space where they can't attract quality employees, or where it isn't safe for their staff to work.'

While Anglo might have physically left the Johannesburg CBD, it has joined corporates such as Nando's, FNB, Standard Bank, Investec and Microsoft to support NPO Jozi My Jozi, which was formed in July 2023 as a coalition of the willing to rescue the inner city. Its vision correlates with Maharishi and Blecher's - to 'create an education precinct through knowledge and innovation supported by educational institutions'.

Jozi My Jozi co-director Adam Craker has indicated plans are also in the works for Wits Business School to possibly join the Maharishi campus in Marshalltown. Craker writes in the Daily Maverick that creating 'a safe and fully functioning CBD that is confidently leading the continent in the Fourth Industrial Revolution will be an act of economic rejuvenation that will ripple outwards and drive broader change and growth'.

Believing a 'well-functioning' city is critical to attracting investments and promoting economic growth, SAPOA, which represents close to 90% of SA's commercial and industrial real estate owners, has also thrown its weight behind the rejuvenation of the Johannesburg CBD. 'We believe that by pooling our expertise, we can address the city's infrastructure challenges and work towards a Johannesburg where businesses can operate fully and residents can lead secure and prosperous lives,' says SAPOA president Jackie van Niekerk.

According to SAPOA CEO Neil Gopal, the association's State of Infrastructure survey seeks 'to not only provide city decision-makers with industry sentiment but

also to encourage debate with the South African Local Government Association on plans to create new approaches to private investment, and for the industry to assist with the necessary engineering, finance, legal and other requisite skills which may be required at a local level'.

De Klerk says that 'when public spaces function well and safely, private spaces need fewer security measures and barriers, which encourages a more inclusive urban fabric in general'. He adds that property investors are increasingly taking on responsibility for providing power and water to their properties 'in the face of failing infrastructure and municipal service delivery'. Measures could include setting up renewable energy and ensuring buildings are energy and water efficient, lightening their environmental impact and taking the strain off existing state infrastructure.

While not every existing building can accommodate impactful green retrofits without incurring excessive costs, De Klerk counts Growthpoint's redevelopment of the building on Cape Town's Foreshore housing asset managers Ninety One among its successes. 'Sustainability goals, rather than appearances, have guided the design process for the refreshed building. So, while the green renovation will essentially result in a new building, most changes won't be visible from the exterior,' he says.

The developer became the first private firm to wheel clean green energy across the grid in Cape Town. Power generated by a solar installation at Constantia Village now powers Ninety One's building on the Foreshore. >



'We need a city to be "investable" before it is feasible to consider creating, acquiring and upgrading real estate assets there'

Estienne de Klerk
CEO
GROWTHPOINT PROPERTIES



LIVING ROOM

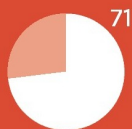
An overview of SA's urban housing market

40.7 million

In 2021, SA's urban population was estimated at 40.7 million

2%

The number of city dwellers has been growing by an average of 2% per year since 2012



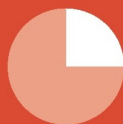
By 2030, 71% of SA's total population will be living in urban areas and cities

55 m²

The size of the cheapest, newly built house by a formal developer or contractor is 55 m², with a typical monthly rental of R4 734

9%

With an interest rate of 9% and no deposit, the monthly repayments would be R6 000 – affordable for a household with a monthly income of R20 000 plus a government subsidy



Latest estimates suggest more than a quarter of SA's urban citizens live in slums

SOURCE: CENTRE FOR AFFORDABLE HOUSING FINANCE AFRICA

Richard Dube, investment associate at Divercity Urban Property Group, says property owners and developers can be instrumental in bringing SA's inner cities back to life by providing well located, safe and affordable residential accommodation. Recognised as an IFC Edge (Excellence in Design for Greater Efficiencies) champion, Divercity's Jewel City in Johannesburg was launched on Heritage Day in 2020.

'Previously a precious metals trading location that needed regeneration next to the bustling Maboneng precinct, this redevelopment has converted Jewel City into the heart of a thriving, modern neighbourhood and is reviving inner-city living,' says Dube. Spanning seven inner-city blocks and offering

'The success of urban regeneration projects such as Jewel City will be transformative for the South African economy'

1 500 affordable residential apartments, it features an array of other amenities that are central to building thriving communities, including banks, supermarkets and pharmacies; a Curro school to accommodate 600 learners; sports facilities; a new urban park; and a pedestrian walkway.

'The success of urban regeneration projects such as Jewel City will be transformative for the South African economy while delivering various positive social returns for years to come,' says Dube.

Divercity is now taking its inclusive approach to Cape Town, where it is pursuing three projects in Salt River, only 2 km from the CBD with easy access to both the N1 and N2 motorways. There the property group is breaking ground on the 9 Hopkins mixed-use development, which will provide close to 400 affordable rental apartments. It will also feature street-level retail and leisure amenities for its tenants, and include green, open spaces where neighbours can mingle.

The development is notable because Cape Town has a severe shortage of rental housing at rates of less than R8 000 a month.

In fact, around the corner in Salt River – in Pickwick Street – the City of Cape Town has released land for what it calls 'the largest-ever social housing development in the inner city'. The development will reportedly offer 1 800 units – 840 social rental units for families earning less than R22 000 a month and 960 open-market units.

Another player in affordable inner-city housing is property financier TUHF, which since 2003 has financed R7.1 billion and 47 364 affordable rental housing units across more than 734 buildings in SA's cities. The company operates on the principle of 'making a difference – one neighbourhood, one city block, one community at a time', according to TUHF CEO Paul Jackson.

He says in an interview with BizCommunity that developing safe, quality and affordable rental housing is crucial to urban regeneration and densification. 'It allows people to move into the cities – closer to work, education, healthcare services, amenities such as grocery stores, and entertainment – and, in so doing, not only improves the quality of their lives but also stimulates inclusive growth in these micro economies.'

While buildings are important, the people who live, work or study in them should be at the heart of every development. As De Klerk says, 'when people thrive, our cities do too'. ■