

A NEW CITY IS ARISING: WATERFALL CITY

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WHAT DOES **THE NEXT FIVE YEARS** HOLD FOR THE DEVELOPMENT OF WATERFALL CITY?

The previous Urban Studies Newsletter was completed before the opening of Mall of Africa at the end of April 2016. Very high awareness and interest was created by local and international media. The curiosity factor played a major role resulting in more than 1.5 million visitors during the first month. The most important is the fact that 40% of these visitors/shoppers are already return visitors. This will remain the main challenge for the Mall during the next two years.

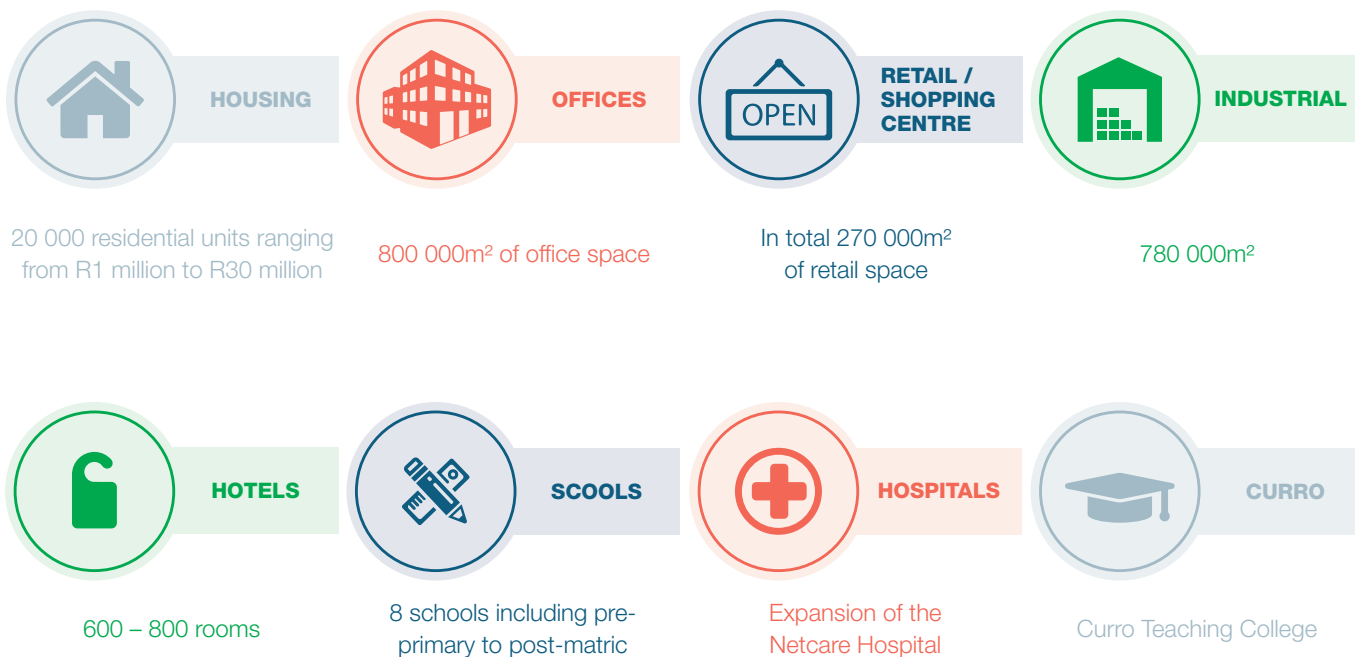
Property development in Waterfall City already contributed R19 bn in terms of construction and investment. This is reflected in the map below showing strong residential and commercial growth since 2008 when the land was acquired.

NEW COMMERCIAL AND RESIDENTIAL GROWTH IN WATERFALL CITY - 2008 VS 2016



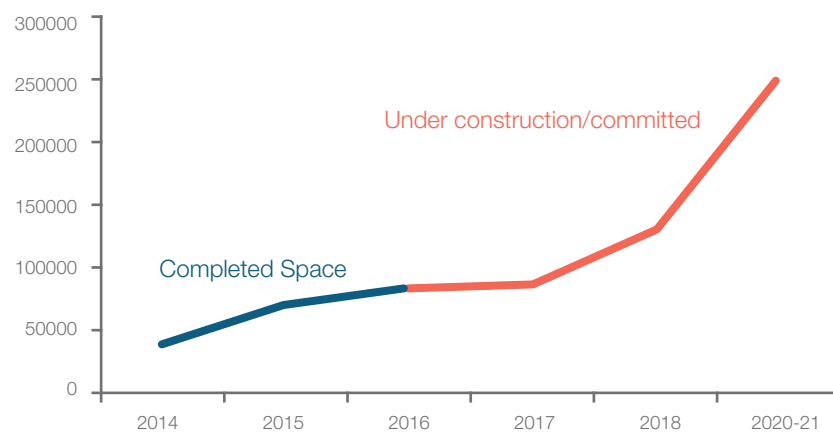
After the successful opening of Mall of Africa the main question to be answered is what could be expected of this new city during the next 5 to 10 years? The emphasis will be to strengthen the residential sector, grow the office market and ensure that retail tenants go through a steep initial growth phase much quicker.

What are the future plans and how sustainable is the whole development? Waterfall City is planned to be fully developed by 2025/2030 and will consist of the following:



The projected office growth in Waterfall City will increase by almost 30% per annum until 2020/21 based on projects already committed. Accelerated growth will happen with the opening of the PwC building with a total floor area of 40 000m². The node will quickly grow to 250 000 m² reliant on prevailing economic and political conditions.

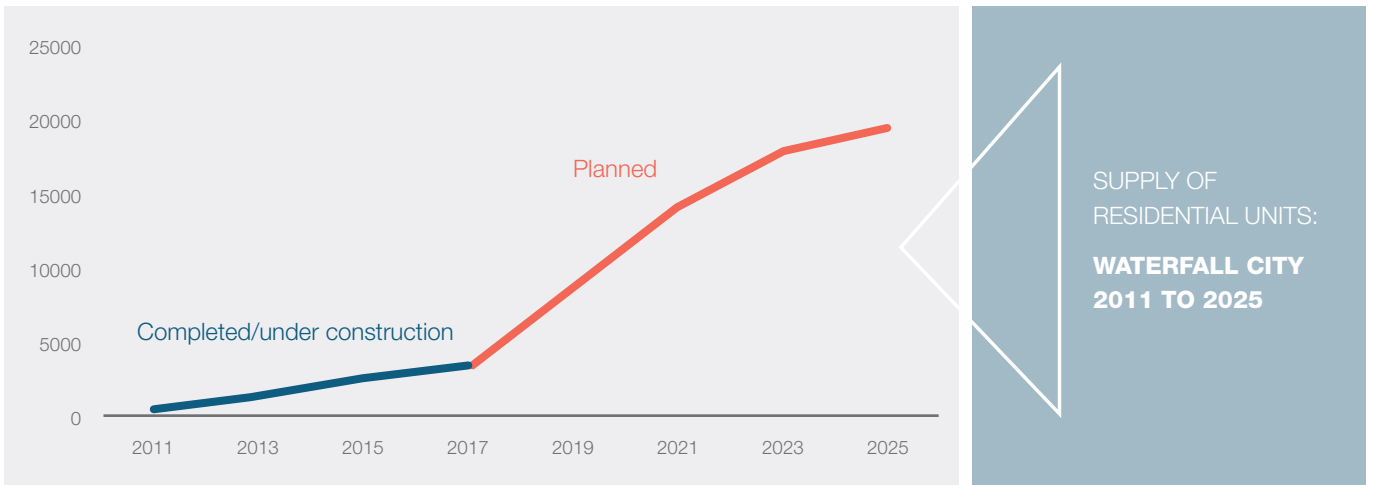
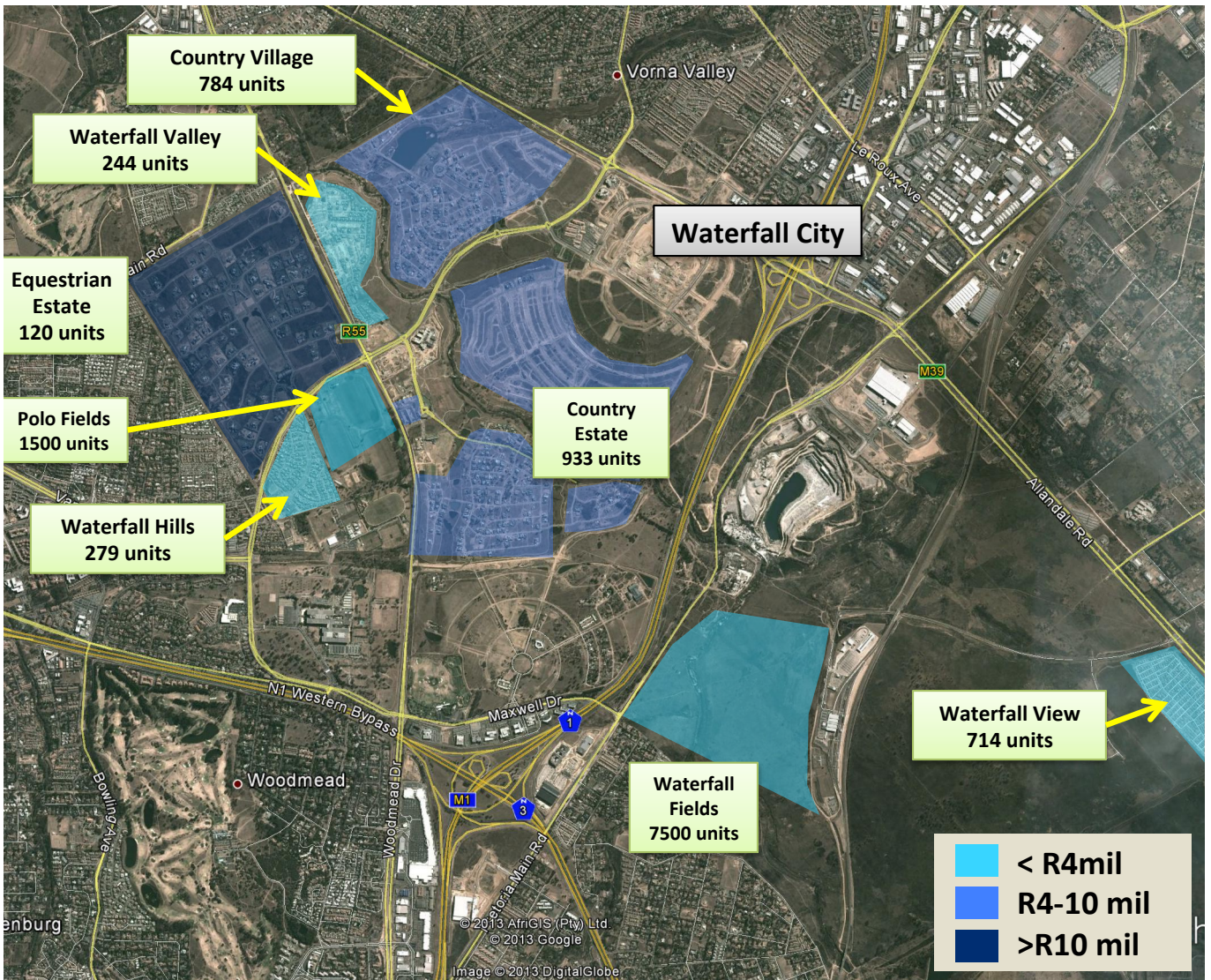
SUPPLY OF OFFICE SPACE (m²): WATERFALL CITY 2014 TO 2021



The office sector and the newly established Mall of Africa will also act as catalysts for further retail, residential and commercial activities. It is important to provide the necessary community facilities to satisfy the needs of households moving into the area. Possible future developments may include a Skytrain link with the Gautrain station, or a Gautrain station forming part of the broader development. The research findings by Urban Studies indicated that the Skytrain or the Gautrain station would be viable once a critical number of potential commuters have been reached.

Average house prices vary from less than R1 million to more than R30 million and almost 2 500 units have already been occupied. Map 2 shows the average house prices per area. Quicker growth in the residential market will only commence after 2017/2018 when two large portions of land will become available on the eastern side of the N1. All will grow to form a new city of close to twenty thousand housing units.

WATERFALL ESTATE: RESIDENTIAL DEVELOPMENTS - AVE PRICE PER ESTATE



A new city, new skyscrapers, new super regional shopping centres, and exclusive high-end residential units. What are the lessons learned so far?

- There is vast development potential for a well located precinct. The Waterfall precinct is the most central within the entire Gauteng Province. This precinct will soon move into the top three development nodes in South Africa based on the Urban Studies Market Attractiveness Score (MAS).
- Quality local and international tenants have converted this area into a head office location.
- All the research findings of different projects culminated in a good understanding of the area, the decision-makers and the workforce.
- Together with a good location, the image established early in the development process will drive further interest. An excellent business and residential address has been established.

In spite of the fact that this is regarded as a *new* city, the current and future economic impact is already substantial. In different impact studies conducted by Urban Studies, the economic contribution for the total Waterfall development can be summarised as follows:



TOTAL ECONOMIC IMPACT = R90 BILLION (CURRENT PRICES)
AND R135 BILLION INCLUDING THE MULTIPLIER EFFECT



70 000 JOB OPPORTUNITIES IN DEVELOPMENT PHASE
(14 000 BY END 2015)
86 000 JOBS IN OPERATIONAL PHASE (19 000 BY END 2015)



APPROXIMATELY R1 BILLION IN PROPERTY TAX CONTRIBUTION

Future **research will focus on understanding the perceptions of executive decision-makers who have moved** into the area subsequent to the 2015 survey, to understand the employees, and to track further satisfaction ratings from executives and workers.

Future research will also focus on the shoppers supporting the Mall of Africa. It is of utmost importance to understand their shopping behaviour and to indicate where the Mall of Africa will fit into their existing shopping patterns. Market research has and will play a major role in the understanding of this unique market in future and to guide strategic decision making.

Thank you to Atterbury, Attacq and Waterfall Investment Company for allowing Urban Studies to use these research findings. The partnership is much appreciated.

REFERENCE LIST:

- Urban Studies, 2013: Retail Market Potential for Mall of Africa.
- Urban Studies, 2015: Waterfall Journey to Work Survey Amongst Workers Already in Waterfall.
- Urban Studies, 2015: Executive Survey Amongst Companies Already Established in Waterfall.
- Urban Studies, 2016: Waterfall Economic Impact Study.



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