

A NEW CITY IS ARISING: WATERFALL CITY

VOL. 1 OF 2

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HOW HAS **MARKET RESEARCH** CONTRIBUTED TO THE DEVELOPMENT OF THIS NEW CITY?

The first landmark skyscraper office building in 40 years is being developed by Atterbury and owned by Attacq at Waterfall City in Midrand. The new head office of PWC will open in 2018 in this 26 storey building.



Another landmark building, the Mall of Africa, has just opened its doors. It is the largest retail development in Africa (131 000m²) developed in a single phase. More than 20 years ago the first attempt was made to develop a super regional centre in Midrand but it turned out to be premature. The market has changed dramatically and therefore the Mall of Africa is much more viable at this stage than 20 years ago.

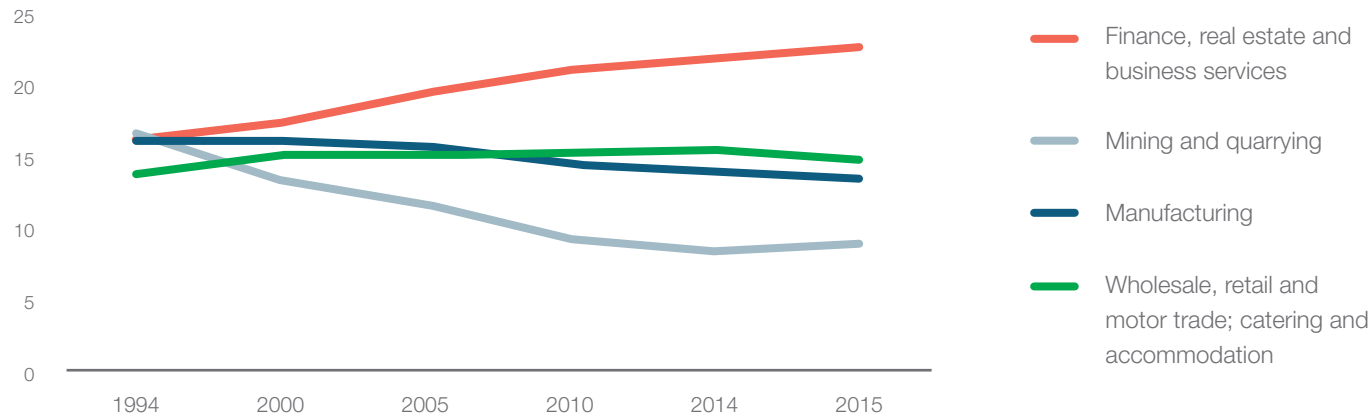
This new city is already characterised by a strong upmarket residential component, which will further develop with an additional 20 000 housing units over the next few years.

Waterfall City is also characterised by a number of office buildings, as well as distribution and warehouse facilities. There is already strong economic clustering, focusing on engineering, construction and energy industries, motor and transport

facilities, financial services as well as food and beverage industries. Well-known companies like PWC head office as well as Colgate Palmolive and Premier Foods have relocated to Waterfall City. Other sectors are also strongly represented in Waterfall City, including health, medical and pharmaceutical industries. The technology and telecommunication industries are also well established with Altec and Cell C, to only mention a few.

Waterfall City is developing during a period of low GDP growth and negative political sentiments. The financial, real estate and business services are the only economic sectors in South Africa showing major growth since 1994 during which time the four main industries contributed more or less the same proportions to the national GDP. Mining and manufacturing are showing a decrease, retail and wholesale remained on the same levels, with a very good increase in financial and business services. This new city will definitely contribute to further growth.

GDP - CONTINUED GROWTH IN THE OFFICE SECTOR 1994 - 2015



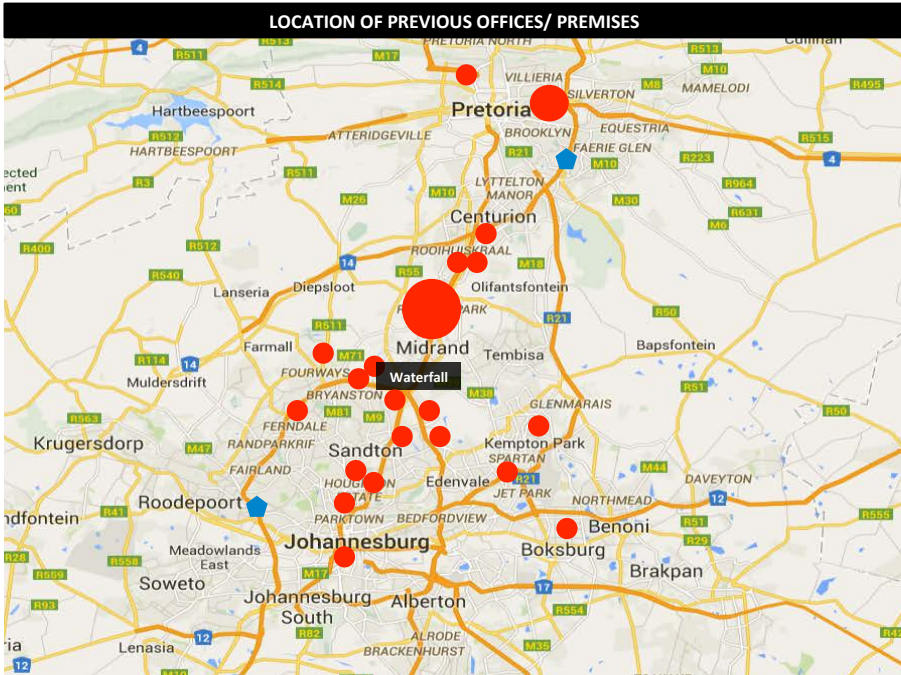
THE QUESTION CAN BE ASKED: Why is this Waterfall development emerging so fast and at such a successful rate? This question will be answered based on market research conducted among the CEOs and managing directors of businesses that have already moved into Waterfall City. Twenty two companies were included in this survey (Urban Studies, March 2015).



76% of these businesses moved their **head offices** to this precinct.

The area is already regarded as a head office location and a very important trend has been set which will definitely continue.

The majority of the companies who relocated to Waterfall are from Midrand, Pretoria, the northern suburbs of Johannesburg, Sandton, Parktown and Melrose Arch as well as a strong relocation from the East Rand/Ekurhuleni.



These companies left their previous addresses because of old office buildings, premises that are too small, facilities that are not up to standard, the need to consolidate their businesses and to be located closer to a talented workforce.

These companies mainly selected Waterfall City because of its very good central location, access to the highways, access to a good workforce, and high visibility along the N1 highway. Other reasons include aspects like a new and attractive business node with a strong corporate image and future prospects associated with the development of a new city.

In the interviews with the CEOs of the companies, the majority, were very positive regarding Waterfall City and future prospects. They were highly satisfied with a number of aspects at Waterfall City, while the lowest ratings were received for availability of public transport, access to the Gautrain station and availability of Gautrain buses.



The executives included in this survey made the following comments regarding their presence in Waterfall City:

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“ Globally we only consider cool sites for offices and employees to work at. ”
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“ Waterfall already has a strong corporate image. ”
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“ One of the most visible sites in South Africa, and there is additional room for future growth. ”
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“ It will be easier to attract new talent from the head office in Waterfall. ”
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“ Quality, multinational companies already represented at Waterfall. ”
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“ Waterfall is ideally located for us to consolidate our Johannesburg and Pretoria operations. ”
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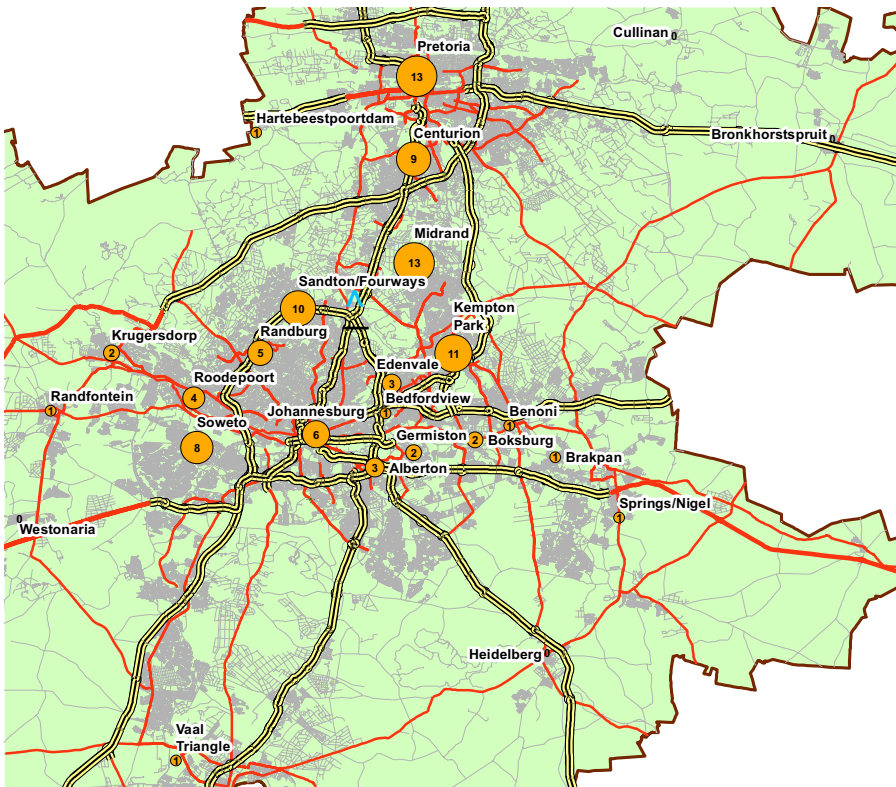
“ Mall of Africa will create a great vibe for employees and act as catalyst for further development. ”
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“ Safe environment for employees. ”
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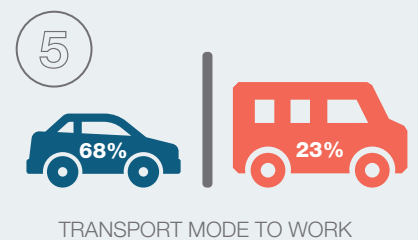
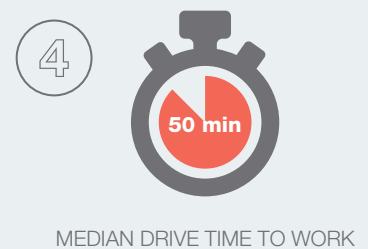
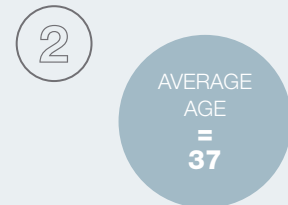
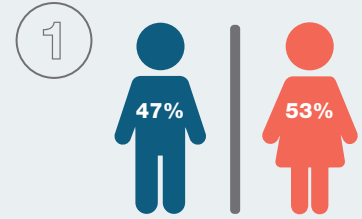
“ Atterbury goes the extra mile to assist clients. ”

There are currently more than 10 000 workers in the Waterfall City area. In a web-based Journey to Work Survey by Urban Studies amongst these employees during May 2015 the focus was to understand their trip to work and their views regarding their workplace. 30% of all the workers are from the broader Johannesburg and Sandton areas, 25% from Ekurhuleni, and 24% from Pretoria and Centurion. The workforce coming from Midrand is still much lower at only 13%, but will strongly increase over time.

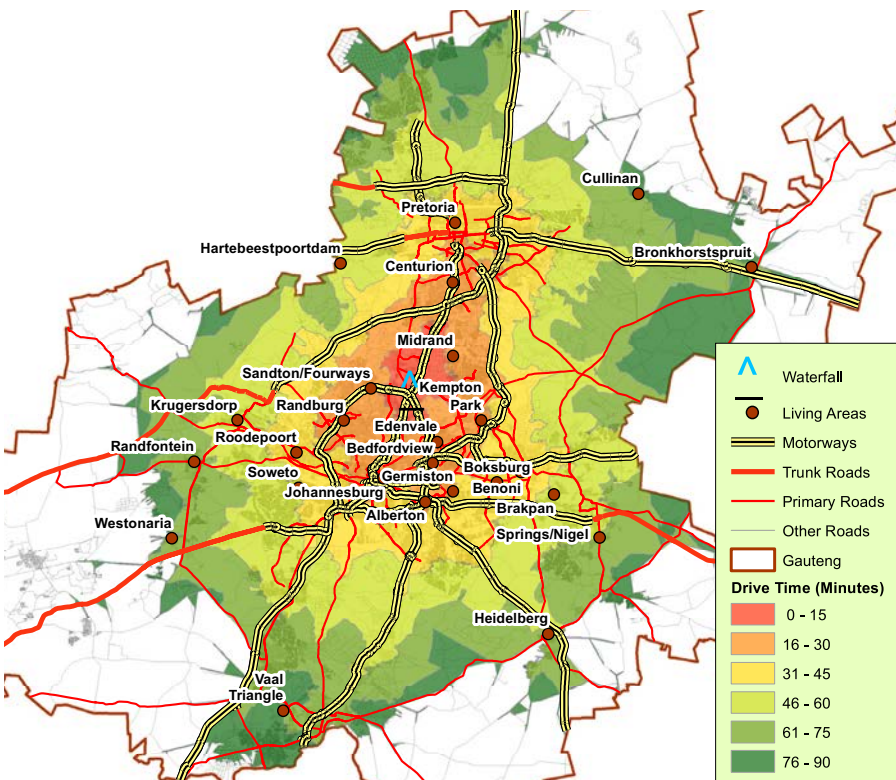
WATERFALL: Home address of workers



THESE WORKERS
HAVE THE
FOLLOWING
5
CHARACTERISTICS
AND TRAVEL
PATTERNS:



The average drive time to work at Waterfall City is just less than one hour. The central location is clearly shown on the drive time map below.



In the market survey, 22% of all respondents indicated that they will move closer to work over time, and this will further stimulate the demand for various types of housing facilities at Waterfall.

The Mall of Africa is already identified as another landmark with its high visibility and accessibility. There are more than 12 000 cars per hour passing this shopping centre on the N1.

IS THE MALL
OF AFRICA
DIFFERENT TO
ANY OTHER NEW
SHOPPING
CENTRE THAT
OPENED
RECENTLY?

In the market research conducted by Urban Studies, the approach for the Mall of Africa, was to regard this particular site and area as an infill development. There are a number of positive aspects associated with an infill development. The most important are that the centre is already surrounded by a large number of residential units (in the case of Mall of Africa more than 100 000 middle and affluent households), the infrastructure in terms of roads is already well established, and the centre is also located in an area where at least 30 000 new houses will be built within the next 10 – 15 years.

Shopping behaviour takes time to change, and in the case of a large super regional centre such as Mall of Africa, the change in shopping behaviour will take 3 to 5 years. During this period a large number of new businesses will be established at Waterfall City, and a large number of new housing units will also be completed and occupied.

The main challenges for Mall of Africa would be to attract and retain new shoppers to become loyal, dedicated Mall of Africa supporters. There is very strong competition around Mall of Africa, and a further challenge would be to offer something unique and to attract shoppers by offering a different shopping experience.

The main question to be answered is how successful will this new city be during the next major growth phase? The focus 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. The next Urban Studies Newsletter will focus on the residential market, growth prospects and the economic impact the development will eventually have on the local and national economy.

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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