

Developers Buy into Soweto

With 13 massive property development projects under way or starting in 2008, South Africa's biggest township is offering fantastic returns to the adventurous investor looking for a new beat.

Soweto, Johannesburg is no longer the unwanted stepchild. In the last seven years this region has outgrown its baby shoes and looks set to become a happy, well-adjusted adult.

During an investor tour of Soweto on 13 November, 40 developers were in awe of what has already taken place in an area many people consider simply a nasty legacy left over from apartheid.

During the tour, Region D manager Roger McCulloch was quick to dish out a challenge. "We are publicly declaring that we are in competition with Sandton."

"We want to showcase development over the last 10 years and instil some confidence [in developers]," confirmed the region's manager for programmes and strategy, Lali Mohlabane.

What's up down under

About five years ago, the City of Johannesburg embarked on an intensive investment focus on Soweto which is now starting to bear fruit. This, in turn, has encouraged private developers to jump on board, with both private and public projects now sprouting with the abundance of fresh shoots on a winter-dry branch.

The latest private development, Maponya Mall, opened its doors in September; it is but one of five malls in the area, all privately developed and owned. It is situated close to the massive Baralink development, consisting of a multi-million rand transport node and hospital upgrade.

Property prices increased by 102 percent in the first quarter of 2007, the latest First National Bank property barometer found. According to Standard Bank, property prices in some parts of Soweto have increased by an average of 16 percent a year since 2000, outstripping the average national price increase.

And the City of Johannesburg is throwing more than bricks and mortar Soweto's way. Through its Soweto Greening Project it has already planted a million trees and greened soccer fields and open spaces in the township. The Klipspruit / Klipriver is being rehabilitated, and tree planting and environmental upgrades will continue unabated over the next few years.

In 2003 the City rehabilitated Thokoza Park and Moroko Dam, thereby increasing the value of properties in that precinct and instilling a sense of community pride. It developed the award-winning Diepsloot Memorial Park, a cemetery and conservation area, and built the first environmental education centre in a township, the Dorothy Nyembe Centre, in 2005.

By 2005 all Soweto roads were tarred, while upgrades to the township's ageing water and electricity infrastructure are ongoing.

Soweto also became the first township to have its own cycle path, developed by the Johannesburg Roads Agency.

Soweto's own CBD

Home to almost a million people, Soweto is set to grow even more. About 43 percent of Johannesburg's population resides in Soweto and, with several high-density housing developments such as the Jabulani precinct and Orlando Ekhaya projects starting in 2008, its numbers are set to grow exponentially.

One of the biggest, mixed-use developments kicking off in the new year is the proposed Jabulani precinct.

The tender for the development of almost 35 hectares will close in February 2008. The successful bidder will have to develop the area in its entirety and will have to fulfil unique bid specifications.

The urban design framework stipulates the development of a R60-million performance arts venue, "developed at own cost and donated back to the City as an offset to the cost of the land", Alan Dinnie, a project manager at the Johannesburg Property Company (JPC), said at a pre-tender briefing.

The Soweto Theatre, a 2010 Fifa World Cup legacy project, will form part of this venue and will be set in a three-hectare public park facility. Delivery on the theatre must take place by December 2009, Dinnie said.

Because the area needs to be developed into a precinct, only a single developer or a consortium will be awarded the tender. A development facilitation fee of 1.5% of the cost will also be payable.

The urban design framework would have to be adhered to as closely as possible, Dinnie confirmed. Any deviation from the framework would have to be justified by the developer. A city improvement district (CID) will be established once the precinct is up and running.

The framework proposed a unique development that would bring a new identity to Soweto, urban designer Annemarie Loots said. "Soweto is generally very monotonous, [whereas] the proposed land use will be vertical mixed-use, of high intensity and density, with retail on the ground floors and housing integrated into the design."

It also suggests other specifications, including pushing buildings towards the streets and creating buildings with great corner definition and landmark features; a pavement design that focuses on encouraging a pedestrian environment; and underground, off-street parking in parkades.

Buildings will be arranged around open spaces and the use of fencing will be strongly discouraged. Instead, safety features must be integrated into the design of the building.

"Developers must think differently in terms of design ethos; from dead public spaces to lively public/private interfaces, from monotonous to identity building and locale."

The managing director of the JPC, Gugu Mazibuko, said the company would look in detail at the broad-based black economic empowerment compliance of consortiums and "encouraged developers to form partners with Orlando Ekhaya developers, especially small and medium black developers and enterprises".

On the rental component, a 30-year standard lease is offered while the residential component will be up for purchase.

A flagship theatre

Steven Sacks, the director of arts and culture in the City, gave developers a taste of what was expected of the proposed theatre. Joburg hoped to create a flagship venue, unique and grounded in the ethos of its locality.

"We are not asking you to make an architectural statement with the theatre. [Instead] we want all of the money to go into the interior – for lighting, staging."

What the City did not want was another Civic or Roodepoort theatre, Sacks said.

It must allow for highly flexible and creative uses, with bleacher seats, moveable partitioning and lighting fixtures and must be accessible to people with disabilities. "We hope to encourage diverse audiences."

The City would help to fund operational requirements through a subsidy of R14-million, while 20 percent of the income would be derived from ticket sales. In addition, the Jabulani precinct will get its own district hospital, one of three planned for Soweto.

Tourism

Since Soweto's inauspicious birth in the early 1900s, residents have not had much to smile about. It was a place of turmoil, hardship and poverty, and the scene of some of the bloodiest clashes between police and civilians, the most famous being the 16 June 1976 school uprising. But today this township is an international tourist draw card.

Soweto Tourism says there are 147 tourism products in the area, including heritage and cultural attractions, shebeens, tour operations, conference venues and accommodation establishments. In 2003, about 840 000 visitors visited its townships, according to South African Tourism.

In Vilikazi Street, two houses were the homes of Nobel peace prize winners – Nelson Mandela and Desmond Tutu. The one painted pigeon-grey, the other putty-brown face brick, both still carry the matchbox appearance of deprivation of Soweto's yesteryears.

But even bigger things were in store for Vilikazi Street, earmarked to become a high street with tourist accommodation, restaurants, shops and bars in the same vein as Melville's Seventh Avenue, according to Mohlabane. Already there were 16 bed-and-breakfasts and a number of restaurants in the area.

At the site where the Freedom Charter was drawn up over 50 years ago, there is now a world-class international hotel, the Holiday Inn Soweto, which opened its doors in November 2007. It overlooks the buzzing informal markets of Union Street on one side and the Walter Sisulu Square of Dedication on the other, giving visitors a first-hand taste of real Kliptown living.

"Now is the time to invest in Soweto." Mohlabane's words sum up the general Sowetan sentiment. "The intention is not that you come to see Soweto, but that you come back to spend your money here. Everything about Soweto is exciting."

Other developments

Soweto Empowerment Zone

Situated at the Gateway to Soweto, the Soweto Empowerment Zone, or SEZ, will be delivered by the City's department of economic development. It will consist of serviced and managed premises with business support facilities to assist small and emerging entrepreneurs. Five sectors have been identified for the first phase – furniture and homeware; home improvements, DIY and building; motor repairs and services; medical; and printing.

Diepsloot hostel upgrade

The hostel will be upgraded to provide about 2 500 family units of various densities. A row of new units has been completed.

Chris Hani Baragwanath Hospital upgrade

The hospital upgrade will include a new casualty centre, an out-patient clinic and hospital pharmacy as well as a centre of excellence.

Bara Public Transport Facility

This R100-million project is in its final phase. Consisting of long and short distance taxi and bus ranks, the area is a major transport node. It includes various formal and informal retail spaces, offices and ablutions facilities. This area alone is estimated to yield R1-billion a year.

Bara Central

This five-hectare city centre node will be rejuvenated through a mixed-use development that will be put out to tender in 2008. Bara Bridge (Hero's Bridge), consisting of 130 metres of bridge and road, will be developed into a landmark gateway feature. It will link Orlando to Kliptown over Old Potch Road. About 14 000 people cross this bridge each day. The bridge development is out on tender.

Orlando Ekhaya

This is the single biggest tourism development in Soweto and forms part of the Baralink framework. More than 100 hectares of vacant land will be developed, with phase one consisting of residential development of 800 townhouses, the Isango Waterfront Mall, Orlando Towers Extreme Adventure Centre, South Shore Park and the permanent events venue, Sontonga Hills. The second phase will be out on tender in 2008 and includes hotel, conferencing and entertainment venues and office development. Orlando Dam will become the permanent venue for the annual Soweto Beach Party. Development agreements have been signed and work will start in March 2008.

University of Johannesburg

Additional land has been made available for a R500-million upgrade to the university, including a Business School, which will take student numbers to 10 000.

DK3 Centre

The DK3 Centre consists of a retail centre, 50 townhouses out on tender early in 2008, and a 20-bed hospice, which is already completed.

Erf 1956, Senoane

This erf will be rezoned to allow for a three-storey mixed-use development that includes retail, residential, public worship, social, sport and recreational. The site is bounded by two major arterials, Koma Street and Old Potch Road. The property is available for development on a long-term lease of 30 years, at an initial minimum rental amount of R20 000 a month.

Jabavu Stadium

It is situated in the centre of Soweto, an area that is densely populated but lacks sport, tourism and cultural facilities. The intention is to create an economically viable community node with residential, business and recreational facilities. Tender documents are expected by June 2008.

Others

A number of mixed-use developments are coming up for tender in 2008. These include Meadowlands West Circle, Meadow-Point Precinct, Orlando West and Dhlamini Extension 2. In addition, Pimville Zone 7 has been out on tender for townhouse development, with documents to be evaluated in January 2008.

Attractive investment There are a number of aspects that make Soweto an attractive investment opportunity:

- * It has an emerging housing market;
- * Weekend sojourners into Soweto are on the increase;
- * Migration flight is declining;
- * There is a reduction in crime;
- * The City is committed to the area, both strategically and in terms of capital investment; and
- * It will attract almost a million tourists by 2008.