

## **Wave of Opportunity as Jeffreys Bay Development Takes Shape**

**Construction has begun on the R3,5 billion Fountains Estate commercial and residential development in Jeffreys Bay that is revolutionizing South Africa's fastest growing coastal town**

A R2 billion plan becomes a R3,5 billion reality as commercial demand far outstrips researched planning.

The extent of market demand was under estimated when the Fountains Estate was in planning, and what was announced in 2005 as a R2 billion neighbourhood development has materialized into a R3.5billion mega project.

The 600ha mixed use development, among the largest in South Africa has virtually doubled in size and scope following aggressive demand for business opportunities on the Garden Route over a period of just 24 months.

Demand for a commercial node was originally identified by Oswald Buchner the then owner of the Fountains Farm in 1985 and it was acknowledged by the Planning Authorities. Now, 20 years later demand is no longer for a local node but for a regional all embracing commercial, retail, industrial and residential new town that will inject R3,5 billion into the Jeffreys Bay economy.

The planned 12 000m<sup>2</sup> local Shopping Centre has become Regional Mall of 40 000m<sup>2</sup> with 80% national tenants including Pick'nPay, Woolworths, Edgars and Game.

- \* An industrial Park has become justified;
- \* A Motor city has been added;
- \* Demand has surfaced for a Value Mart;
- \* A Lifestyle Nursery World has been added to the Shopping Centre;
- \* Approval has been granted for an Equestrian Estate.

“Jeffreys Bay has come of age, and the Fountains Estate project has become an all embracing regional growth point – a centerpiece on the Garden Route stage”, says Buchner.

On a 600ha site construction on the 40 000sqm shopping centre and services, including roads, sewage and water, are well advanced.

Total sales on the Fountains Estate has exceeded R 300 million. Twenty six percent of sales has been for commercial property with the balance residential.

More than R50m has already been spent on services to the residential and commercial sectors of the development.

Fountains Regional Mall (the Shopping Centre) will officially open in October 2008, with major national tenants like Pick n Pay, Edgar's, Woolworths and Game.

Research shows that shopping centres are a major catalyst for economic growth. Besides massive job creation for the area, surrounding property prices soar on the back of these developments. Property around Gateway in Durban as an example increased 400% over six years, Buchner says.

Reality outstrips market research

“Since we launched two years ago our initial plans have been radically outstripped by demand and the vision and plan for Fountains Estate has multiplied in scope,” says Buchner Propvest CEO Oswald Buchner.

Buchner Propvest developed Lonehill in Sandton, Aston Manor and Blue Saddle Ranches in Johannesburg as well as nationally acclaimed Marina Martinique in Jeffreys Bay.

Buchner said “Fountains Estate would do to the Garden Route what the V&A did to Cape Town, Gateway did to Durban and Sandton did to Johannesburg.”

“Unprecedented sustained growth in the Jeffreys Bay area has positioned it not only as South Africa's fastest growing coastal town but among South Africa's most lucrative property investment opportunities.”

“The region, but Jeffreys Bay in particular, is exploding”, Buchner says.

“Similar capital injections around the country have caused property prices to rise by 400% over a six year period and the Fountains Development is bringing new prosperity to the region.”

Jeffrey’s Bay has not yet caught up with the wave of escalating property prices experienced elsewhere on the Garden Route, but shrewd investors will need to move swiftly to gain early mover advantages, Buchner said.

“Five years ago you could get a beach house at Jeffreys Bay for R200 000, now the same house in Jeffreys Bay goes for R2m and in Plettenberg Bay the same house will sell for R5m.”

“Jeffreys Bay will not continue to exist in isolation very long as the Southern Cape Coast and the Eastern Cape, including Port Elizabeth continue to revel in a substantial property boom,” Buchner said.

“The scale of development and the demand for space from national chains points to the strategic location of Fountains Estate as a commercial and industrial hub for the whole Kouga region which includes Patensie, Hankey, Loerie, Thornhill, Humansdorp, St. Francis Bay, Cape St. Francis, Oyster Bay and the Langkloof towns of Kareedouw, Joubertina, Tsitsikamma along with the village of Eersterivier,” says Buchner.

Example of public/private partnership

Buchner Propvest MD Dries du Plessis highlighted the contribution of the development to Jeffreys Bay’s strained infrastructure.

In terms of agreement between the developers and the Kouga Municipality R47m will be invested directly in infrastructure and services that will support the surrounding town, including R12m to roads, R10.4m to electrical infrastructure, R8 to bulk water supply and R10 on sewage, among others.

“The partnership between the developers and the Kouga Municipality is an example of how problems can be solved through co-operation,” Du Preez said.