



- Spatial Proposals
- Economic Study
- Densification Strategy



GEORGE CENTRAL AREA (Including the CBD)

LOCAL STRUCTURE PLAN

February 2012

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ACRONYMNS USED REPORT

CBD	Central Business District as defined in this report
CBD SDP	Spatial Development Plan for the CBD of George
UEMS	Urban Economic Market Study by DemaconMarket Studies
MTBDE	Medium term business development edge as defined in the LSP and plans
MTHDRE	Medium term high density residential edgeas defined in the LSP and plans
GSDF	George Spatial Development Framework, 2009
PSDF	Provincial Spatial Development Framework, 2005
ERP	Economic Revitalization Policy
IBT	Interurban Bus Terminus
BR & E	Business Retention and Expansion
GLA	Gross Let able Area

DOCUMENTS COMPRISING THE CBD SDP

Document	Author
SDP report and plans	WM de Kock Associates
Urban Economic Market Study	Demacon Market Studies
Strategy for densification of the central area of George	Delplan

PLANS IN THIS DOCUMENT

Plan no GZM 200904A	Generalized zonings
Plan GCBD 1.1	Local Structure Plan / Spatial Development Plan
Plan GCBD 2.1	Precincts

Annexure: City Improvement Districts by Urban Genesis

1. INTRODUCTION

The Central Business District of George (hereafter called the CBD), has reached a critical state in maintaining its function as a business environment since the past few years. Not only has the crisis in the world economy had its influence on George in terms of the spending power of its residents, but other competitors such as the Garden Route Mall together with the need for a safe environment free from crime, made the CBD environment unpopular, unsafe and a difficult market for a business to survive in. New methods of marketing and offering products lead to new purchase patterns which further impacted on the CBD.

The Local Structure Plan for the CBD (hereafter referred to as the CBD LSP or just LSP) is compiled at a time when intervention from authorities as well as private enterprise is essential.

The point of departure is that business cannot carry on as usual, meaning that there are too many internal and external changes taking place which necessitate adjustment the way that the CBD is functioning. The main areas of intervention that is proposed are the spatial land use pattern, residential densification and economic strategies to ensure that the free market with facilitative government resources be achieved to ensure optimum use of limited resources in the local economy.

2. DOCUMENT OUTLINE AND STUDY AREA

The CBD LSP consists of the following **documents**:

- PART 1 - This main report on the LSP with plans included
- PART 2 - The report by Delplan on the densification of the central area of the town
- PART 3 - George CBD Economical Report – Concise update by Demacon Market Study (referred to as the UEMS Update)
- PART 4 - The Urban Economic Market Study by Demacon Market Studies (referred to as the UEMS)
- ANNEXURE – City Improvement Districts by Urban Genesis

The **study area** is the central part of George which comprises the area bordered by the railway line on the southern and eastern sides and the river on the northern side and the golf and tourist resort on the western side. The actual CBD is demarcated in this LSP within this area. The wider spatial context of the CBD within the town is kept in mind in the synthesis of the proposals, however.

3. CONTEXT OF CBD LSP IN TIME

As the economic reality in town is dynamic and changes from month to month, it is important to understand the findings and statements in the various reports in the CBD LSP in terms of the context of economic situation and information of the time in which it was written or researched.

The Growth Potential for towns in the Western Cape was written in 2010. The Hanekom reports, included in the George Spatial Development Framework (GSDF) referred to was written in 2006. The Urban Economic Market Study by Demacon was researched and written in 2008 and updated in 2009. The research on the status quo of the town in the George Spatial Development Framework was done in 2006 and the final proposals were formulated in 2009. The first draft of this LSP report is compiled in May 2009 and was updated in 2011. Due to the changing economic circumstances, nationally and locally, the Economic Market Study was updated early in 2012.

4. OBJECTIVE

The objective of the CBD LSP is to intervene in the current and future economic and spatial trends in the CBD to *ensure a central business node that is vibrant, consumer friendly and that attracts investment to ensure continued*

progress of the CBD. The point of departure is that certain governmental intervention in the economic positioning and development of the CBD is necessary to ensure its effective future functioning in the spatial economy of George but that both local authority and private sector should work together to achieve this objective.

5. LEGISLATIVE CONTEXT

The CBD LSP will be approved as a Local Structure Plan in terms of Section 4 (10) Ordinance 15 of 1985.

Planning documents that form a fundamental framework and context for the LSP are:

- Provincial Spatial Development Framework, 2009(PSDF)
- George Spatial Development Framework, 2009 draft (GSDF)

6. PLANNING PROCESS

The LSP is being processed according to the prescribed process for a Local Structure Plan in the Land Use Planning Ordinance (No 15 of 1985).

In 2009 public participation took place by means of a public notice and meeting where inputs were invited. Thereafter a voluntary work team, comprising of property owners and business men in the CBD, took part in a workshop. The local consulting Town Planners also took part in a few workshops where ideas were shared and scenarios for the future spatial pattern were considered. Demacon conducted a survey in which local spending patterns and opinions were captured.

Further public participation of this 2011 report is due to take place.

7. HISTORICAL DEVELOPMENT OF THE CBD

7.1 HISTORICAL GROWTH

From the angle of the urban morphology of the town the historical development of the CBD started in 1811 when Surveyor Voorman, on instruction of Landdrost van Kervel, produced the first layout of the town¹. The layout consisted of two parallel streets namely York street with a width of 60m and increasing to ± 100m at the top end and a narrower Meade Street. These two streets run into Courtenay Street in which the main public buildings dating back to the Colonial period were situated.

Perception, in their report, is of opinion that the excessive overall length of York and Meade streets militates against the possibility of creating intimate and interesting streetscapes along these public roads.

A plan of 1819 shows some 25 dwellings along York Street with elongated erven of similar portions along both sides of the street with smaller, rectangular erven along Meade Street. Throughout the 19th century dwellings had been widely spaced with erven generally 160m deep and with 45m street frontage. Perception states that this inhibited the spontaneous involvement of architecturally-coherent streetscapes.

In 1831 about 80 houses, and six shops, a milliner brewery, tannery and mill were recorded.

The CBD developed through the years at a fairly constant rate. The business zonings were confined to the central street blocks and the 'commercial' or light industrial area to the street blocks near the station. The midblock parking blocks were formalized with this plan and were developed accordingly.

¹ Perception Environmental Planning: Preliminary Heritage Study of George Central Business District, 2008

7.2 MORE RECENT DEVELOPMENTS

The first major ‘opposition’ to businesses in the CBD occurred with the location of Pick ‘n Pay in Courtney Street in the early 80’s.

The first Structure Plan for the CBD was started to be compiled in 1986 and approved in 1992. As a long term strategy for the extension of the business area, a number of streets were designated for the expansion of business sites. This opportunity was seized by owners either to sell or to convert dwelling houses to business or professional offices. The result was a low density spread out business area that developed over the past, almost 20 years. The extension of businesses for the whole length of York Street also occurred during this period.

The advent of the Garden Route Mall in 2008 forced all stakeholders think afresh about the functioning of the CBD.

7.3 CONSERVATION

A Heritage Study of heritage and conservation aspects in George is being conducted at the writing of this report which will grant official status on conservation worthy streetscapes and buildings in the CBD.

The official list of Provincial Heritage Sites, as compiled by the South African Heritage Resources Agency (SAHRA), includes the following properties located in the study area:

- Dutch Reformed Church Complex, Courtenay Street;
- Old Oak (“Slave tree”), Upper York Street;
- St Paul’s Church School, off Market Street.

In the Perception report emphasise several components of conservation areas in the CBD, i.e.:



7.3.1 BURIAL GROUNDS AND GRAVES

There are several such areas in the CBD, e.g. at the NG Moeder Church, St Mark’s Cathedral, Hope Street and Kerkhof Street.

7.3.2 HISTORIC STREETSCAPES

Perception reports that, as a whole, few attempts have been made to conserve former historic buildings in the George CBD, giving rise to the present situation where often little of the remaining streetscapes can still be viewed in its former local historic context. A few noteworthy streetscapes remain e.g.:

STRUCTURES OLDER THAN 60 YEARS
23 Cathedral
16 Meade
14 Upper York
10 Cradock
9 Mitchell
17 Merriman
26 Victoria
11 Hibernia
16 Market
2 Courtenay
Hope

7.3.3 HISTORIC PRECINCTS

For the sake of completeness the presence of the following distinct historic precincts within the study area should be taken in consideration:

- Dutch Reformed Church complex – Provincial Heritage Site (PHS),
- Courtenay Street;
- St. Paul's Church School (PHS);
- Old Town Hall, corner of York/ Market Streets;
- Buildings facing onto the former "Caledon's Square" (now "Unity Park");
- Upper York Street up to Cathedral Street;
- Bishopslea residence and attentive grounds;
- St. Mark's Cathedral following Cathedral Street and including Holy Cross;
- Convent school building complex;
- South Cape building complex, Cradock/ Hibernia;
- Former York High hostel (Market/ Cradock);
- George Station Precinct;
- Cathedral Street (Mitchell to Merriman);
- Victoria Street (York to Cradock);
- Market Street (York to Meade).



7.3.4 SIGNIFICANT TREES

While also considered as being part of the Historic streetscapes listed above, the following streets contain the highest number of attractive, mature trees:

- Cathedral Street
- Upper Cradock Street
- Upper Meade Street
- Upper Mitchell Street
- Victoria Street
- Lower Hope Street which may prevent the widening of the street.



Perception mentions that, although not all trees highlighted are older than 60 years, nor does each of these trees represent specific heritage significance in the same manner as the old Slave tree (Upper York Street), the ones listed are considered to be of significance insofar as it contributes to the overall visual qualities of historic structures, precincts and/or streetscapes within which it is located.

8. DEVELOPMENT PERSPECTIVE

The development and future existence of the CBD is dependent on the development perspective for George. The development perspective for George as explained in the GSDF is relevant to the functioning of the CBD as well. In

this respect the Hanekom reports^{2, 3} on the future spatial importance of George in the national and provincial context is particularly important. Chapter 6 in the GSDF describes the development perspective and objectives for George in which the CBD plays a vital role.

The objectives for the development perspective is based on the wider, overall objective of urban restructuring which is national and provincial policy. This role of George is further emphasized in the study⁴ on the growth potential of towns in the Western Cape where the development potential of the town profile scored very high.

In this regard it should be noted that the CBD is strategically placed as an economic driver in the spatial context of George as explained further hereunder. Against this background the Council has recently adopted an Economic Revitalization Policy (ERP) to encourage investment in certain areas. An incentive scheme for the CBD in which it is considered as a Special Investment Zone was introduced - see par 21.1.2.



9. SPATIAL CONTEXT OF THE CBD

George has several economic drivers in its space economy. These are the CBD, the industrial area, the new business node at the George Mall and a future economic node in the Hansmoeskraal area which will function as a special investment area for hi-tech industries. As mentioned, the municipality has formulated an incentive scheme to facilitate new business and expansion of existing business in the town. The aim of the incentive is to lower start-up costs and initial utility expenses of a new investment to improve cash flow and survival rate.⁵ The incentives for the CBD are discussed in par 19.1.

The above main nodes are serviced by the main road system of the town in which the bus transport system will play a major role in the mobility of the population. An objective of the GSDF is to strengthen certain of the main roads as corridors and activity streets.

The disadvantaged areas are situated centrally within the four main nodes as the diagram hereunder illustrates. Contrary to other towns where these areas are located on the outskirts of the town with the furthest travel distance to the nodes of work and services, the disadvantaged areas in George have relatively easy access to all the nodes provided the public transport system that is envisaged, is functioning.

² Hanekom, prof. F: The city of George within the Western Cape Provincial Spatial Development Framework, 2006 – Annexure A in the GSDF.

³ Hanekom, prof. F: An Interpretation of the growth and development potential of George within the South African Spatial System, 2006 – Annexure B in the GSDF.

⁴ DEADP: Revision of the 2004 Growth Potential of Towns in the Western Cape, 2010

⁵ Investment Opportunities in the George Municipality, Municipal report, 2011



10. UNIQUENESS OF THE CBD

In order to survive in a competitive economic environment, the unique functioning of the George CBD needs to be understood, defined, strengthened and maintained.

Preferably an in depth study with all role players would reveal the true role of the CBD in George and wider region, but there are certain obvious **functions** that are observed that would form the backbone of the aspects that make the CBD unique. These are:

ECONOMIC:

- Certain functions such as financing services and medical services are of a high order that serves a wide region, with visitors even from the Klein and Groot Karoo.
- A strong business and professional services sector that operates region wide are situated in the relatively compact and relaxed (e.g. not being in a rush in heavy traffic for appointments) CBD environment as opposed to the busy environment of a CBD in a city – the relaxed environment is conducive to quality business trade and working conditions.
- A large automotive sector that draws buyers from nearby towns.
- The various services rendered in the CBD already form distinctive precincts that give it a character and differentiate it from its competitors.



PHYSICAL:

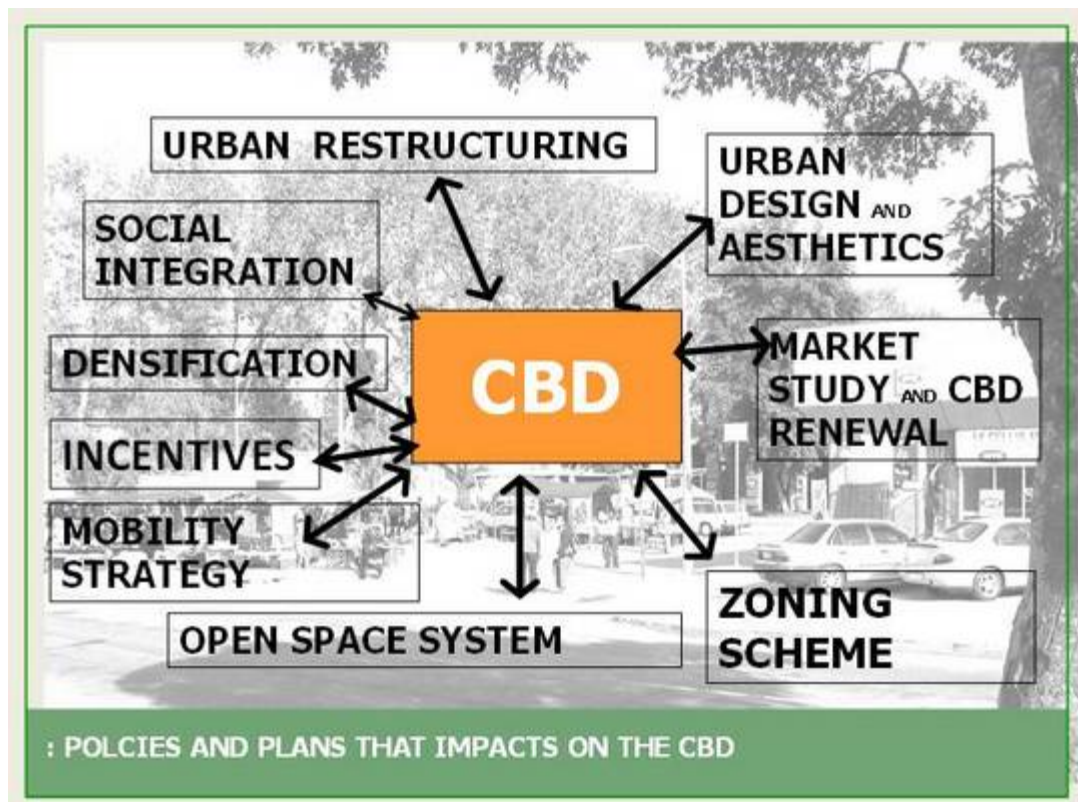
- The central location which makes it very accessible from all directions.
- The wide street reserves give opportunity for widening, sidewalks and other needs along the streets.
- The large blocks which give opportunity for redevelopment, open spaces and parking inside the blocks.
- The compact form of the CBD enables mobility within the area, e.g. movement from one business or service to another is relatively quick.

Taken as whole, these functions and attributes make the CBD unique in its functioning and location. These attributes should be strengthened and used as a point of departure for branding of the CBD as a unique place.

11. PLANNING CONTEXT – OTHER PLANNING INITIATIVES AND INFLUENTIAL FACTORS

This LSP is not a plan in isolation. There are also other planning initiatives that serve as inputs in the LSP. These initiatives are:

- The provincial policies of urban restructuring and social integration in the PSDF.
- The policy of densification of the town to give effect to the above policies which will change the residential component of the CBD – a densification strategy for the central area forms part of the GSDF that is integrated in this LSP.
- The George Mobility Strategy – the routes of the public transport system and location of the bus terminus in the CBD.
- The proposed Open Space System for George.
- The council initiatives to beautify the area.
- The location of a future office complex for government departments.
- The new integrated zoning scheme which could be used to achieve some of the objectives of the LSP.
- Architectural and Urban design guidelines.
- Economic Revitalization Policy for George Municipality.
- Efforts from business owners in the CBD to improve physical and economic conditions in their business environment.



12. LEVEL OF INTERVENTION

12.1 OPTIONS AND APPROACH TO INTERVENTION

In a declining situation in the business core of a town, there are three options to intervene and change the status quo in terms of guiding a future spatial pattern and the economic functioning of nodes:

A. Laissez fair – i.e. let the free market take its course with minimum intervention and control. This approach would lead to a continuation of the “mistakes of the past” by allowing a sprawl of the business uses into the residential areas and along main streets. Such a sprawl would in turn lead to a dispersal of businesses with divided customer support.

B. Protectionist intervention i.e. prevents any threat from outside competition to the CBD by refusing or limiting any development outside the CBD that is perceived as a threat or competition to the CBD. This implies that the status quo will be maintained in George and further nodal development will have to be turned down. This would exclude ‘new’ types of trades such as value marts, big box retail, corporate offices, etc. that need more space than the CBD could offer. These trades, that provide services not presently available in the South Cape and need to be taken into consideration, would then move to another town.

C. Controlled intervention i.e. limited control to prevent sprawl of the CBD and repositioning the functioning thereof to be competitive in the free market while at the same time positioning those business and commercial uses outside the CBD that cannot be accommodated in the CBD.

The important issue to note is that something has to be done to reposition the CBD in the light of the changing retail economic functioning of the town, regardless of whether more development is going to be approved in other nodes or not.

This LSP is not the forum to consider the desirability of enlargement of other nodes such as the Garden Route Mall, even though it may impact on the functioning of the CBD. The aim would be to make the CBD a place of attraction that should be visited regardless of other nodes, whether they will expand or not.

13. ROLE PLAYERS IN INTERVENTION

As explained in the UEMS, economists distinguish between the various approaches to intervention as the free market system (the Monetarists) and government intervention (the Keynesians). The spatial intervention according to the UEMS, could range between managerial (land use control and spatial and strategy formulation) to visual control (adding appeal to the area by the type of buildings, street furniture, landscaping, etc.).

The conclusion is made, after studying many examples both nationally and internationally, that there are two role players in CBD renewal, i.e. local government and the private sector and they have different roles to play. Unlike the simplistic view of economists, that either one of the two must drive the economy both have a role to play. The role of each sector is summarized below:

THE ROLE AND FUNCTIONS OF THE ROLE PLAYERS IN THE GEORGE CBD	
<i>Municipality</i>	<i>Private sector</i>
Provide an enabling environment a. Basic infrastructure	Identify opportunities in the market
Simplification of planning approvals, financial contributions and taxes	Invest in the local market a. Capital expenditure b. Employment opportunities are created
Branding and marketing of CBD	

Source: Urban Market Economic Study, Table 2.1

Intervention in the CBD of George is therefore focussed on a position towards facilitative government guidance (more monetarist than Keynesian) with both managerial and visual aspects of the spatial environment receiving attention. (UEMS, Figure 2.2). The working together of both local government and private sector is essential for results.

14. EXPERIENCE ELSEWHERE (CASE STUDIES)

Examples of urban renewal of the central business districts of towns and cities were studied by Demacon. It is therefore not necessary to start from a blank page to introduce revitalization in the CBD of George. Ample examples of positive and negative revitalization interventions exist from which applications could be drawn. It could not be argued that George is different from the larger cities because it is smaller, because investors from elsewhere in the country compare it with the opportunities in the larger cities and the same economic principles apply. The best practices that are learnt from national and international CBD revitalization projects are explained in Table 2.1 of the UEMS and applied to propose a model for George.

In short the **application of the CBD revitalization projects** explained in Table 2.1 of the UEMS is as follows:

CITY	POSSIBLE APPLICATION OF PRINCIPLES
<i>National</i>	
Port Elizabeth	<ul style="list-style-type: none"> - CBD should position itself to become a tourist destination - Reinvent the inner city to create an environment that promotes its further development - Identify precincts each with their own character where a concentration of specific businesses exist to create positive spill over and economies of scale - The image and branding of the CBD creates awareness of the area and attracts people creating economic activity. - Improve local development through new infrastructure, new initiatives, and encouragement of small businesses
Nelspruit	<ul style="list-style-type: none"> - A precinct plan will ensure focussed development and agglomeration of activities in a certain area. This ensures economies of scale and branding opportunities. - The current land uses in the CBD and the estimated potential future land uses should be analysed - By publishing positive CBD news the CBD could be promoted as a business environment and a destination - A positive image will be created by promoting the CBD as a leisure destination in terms of shopping, special precincts, dining cultural events and other programmes
<i>International</i>	
Atlanta	<ul style="list-style-type: none"> - The increase in uniformed security by co-operation between private security providers and the police will improve the perception of safety by their presence - More affordable housing in the CBD will increase the number of people and encourage after hour uses e.g. entertainment and create the demand for additional economic activity.
Baltimore	<ul style="list-style-type: none"> - Initiatives to retain businesses in the CBD e.g. identify and resolve short term issues and work towards long term goals - Assist small businesses wishing to locate in the CBD by providing personalised counselling seminars, small business loan guarantee program, an office and retail inventory, market and demographic information, referrals to financial sources and a link other services

Los Angeles	<ul style="list-style-type: none"> - Introduce retail and wholesale activity in the CBD to bring in a range of economic activities, e.g. retail and wholesale (such as textile) at street level and manufacturing on floors above.
Downtown New York	<ul style="list-style-type: none"> - Develop an economic renewal plan with focus on long term structural change, e.g. IT centre, encouraging growth in the retail sector, a free loop bus service, self-guided heritage walking trails, service for the homeless, streetscape improvement, security team, and a sanitation team. - An IT district with office space at reasonable rentals for media firms, ad agencies and film studios. - Encouraging growth in retail sector through marketing campaign and promotion activities.
Manhattan, New York	<ul style="list-style-type: none"> - Manage spatial environment through promotion of the free market mechanism, e.g. flexibility of the local property market.
Ontario	<ul style="list-style-type: none"> - Investors must know that the CBD is “pro-business” by streamlining government processes so that their businesses can open quickly.

15. CURRENT REALITY

15.1 PERCEPTIONS

The perception with both, business owners in and consumers /visitors to the CBD in 2008 is described in Section 5 of the UEMS. The situation has deteriorated since the survey as a number of businesses are suffering or closed down because of the economic slump. It could mean that present perceptions may be more negative than those reported in 2008.

The main findings of the 2008 survey show that there are positive and negative aspects of the CBD that are perceived by both owners and consumers. The survey indicated that aspects that are most liked by consumers are:

- The CBD is clean
- The CBD is in close proximity to residential areas
- The open air
- Friendly people
- Beautiful
- Goods are not costly
- Close to my work place
- Good services



Aspects that are least liked are:

- It is unsafe
- Overcrowded
- Traffic
- Unavailability of parking
- No entertainment
- Hawkers



Business owners recorded the following levels of satisfaction or dissatisfaction with the CBD in the survey:

Reasons for being satisfied:

- Visibility on the main road
- High volumes of customers
- Centrally located
- Ample space for growth
- Good access to the CBD
- Clean



Reasons for being unsatisfied:

- Unsafe / High crime
- High rent
- Traffic flow
- Insufficient parking
- No public toilets
- Not as clean



The UEMS recommends that a spatial and economic strategy for the CBD should be aimed at building on the strong points of the CBD and use that to attract the consumers while the eradication of the negative aspects should be targeted. The survey shows that more focus should be given to entertainment and specifically family entertainment, the lack of parking and ensuring that security in the CBD area provides for a safe, friendly retail and business environment. From a business point of view the above aspects should be regarded as positive and negative, impacting on the state of the business environment.

It is expected that the levels of dissatisfaction by consumers and businesses that still remain after the time lapse since the survey, may even be higher now. The trends observed in the aspects that were identified remain the same, however.

15.2 SPATIAL PATTERNS THAT DEVELOPED

There are also spatial realities that need consideration. The 1992 Structure Plan proposed certain areas for expansion of business uses but did not promote densification of the CBD. The result was that many dwellings were converted into office space or small commercial uses. This led to a sprawl of small businesses along the main streets while existing business properties were not utilized to their full potential.

The attached **Zoning Plan** shows a generalized pattern of businesses zonings granted in the CBD up to 2008. It is clear that a dispersed pattern of business sites is developing as the 'next one in the row' always has a good chance to be approved as well.

Even without measuring or calculating the existing bulk and coverage on each business erf, it is clear that many business sites are not developed to their fullest potential. By merely observing an aerial photo it could be safely stated that 50% or more of the business sites could still utilise more bulk and coverage on their premises.

16. OBJECTIVES AND FOCUS AREAS

In the complicated economic times of the day, a LSP for a CBD cannot merely be an allocation of space for expansion of the business area. There are complex market forces at work that determine the functioning and maintenance of the CBD that need to be factored in in the future strategies for the area. Based on all the principles that are involved in the growth strategy for George and the functioning of the CBD, the following **KEY OBJECTIVES** are formulated for the CBD that in turn identify the **focus areas** for intervention:

OBJECTIVES AND FOCUS AREAS FOR INTERVENTION

- *In order to strengthen urban restructuring of George, the CBD has to be part of the restructuring strategy which includes the densification thereof, social integration and the introduction of mixed uses.*
- *The George CBD forms one of the main economic generators of George and the Town Council will have to manage it as such. The Town Council must consider the renewal of the CBD as an economic project to be executed as part of their LED projects.*
- *The CBD has to be repositioned and regenerated to function effectively in the current market trends.*
- *The residential component of the CBD has to be strengthened considerably by means of densification.*
- *The CBD has to develop a branding of its own which will distinguish it from any other business node and which will make it desirable to visit.*
- *In order to achieve effective implementation the project must be driven by a suitable and formal vehicle such as a City Improvement District with a professional as the executive officer.*
- *In order to promote densification and other development initiatives by entrepreneurs the Council has to consider relief in the form of tax and tariff rebates.*

17. MARKET GROWTH CAPACITY

17.1 RESIDENTIAL

The densification study indicates that the central area could densify at a density of 80 units per ha to more than 24 000 units. The period over which this occupancy could occur, is uncertain due to the present slow residential market. In the UEMS Update it is estimated that about 1 000 units could develop in the central area up to 2017.

17.2 OFFICE SPACE

By means of space demand modelling the UEMS estimates that an additional 5 958m² to 8 937m² of office space is needed up to 2017 (Table 4 and 8 in UEMS Update). The figure could increase significantly if the proposed government office precinct is built in the CBD.

The location of the government office precinct must be carefully chosen within the strategies for the CBD in the LSP. It should complement the functioning of the CBD and not be situated in a remote location that would fragmentize movement patterns and that do not add to the encouragement of other businesses to render a service to workers – see par 19.3.3.3 below.

17.3 TRADE/RETAIL SPACE

The UEMS Update estimates an increase of the Gross Lettable Area (GLA) for retail trade space between 4 096m² to 6 144m² up to 2018 (Table 6 and 8 in UEMS Update). Space for the automotive trade is expected to increase to between 1 639m² and 2 458m² up to 2018 (Table 5 and 8 in UEMS Update).

17.4 SPATIAL BUDGET

The above estimates show that the total space requirement for the CBD over the next 10 years is between approximately 13 000m² and 16 000m² of GLA. Based on experience and trends elsewhere the UEMS estimates that up to 70% to 80% of the, so-called, nodal share will locate outside the CBD. The most realistic expectation of GLA in the CBD is therefore between 13 000 m² and 16 000 m² over the next 5 years (Tables 4 to 7 in UEMS Update) – see further in par 19.3.2.7. Over 15 years the GLA demand will be approximately 35 000m².



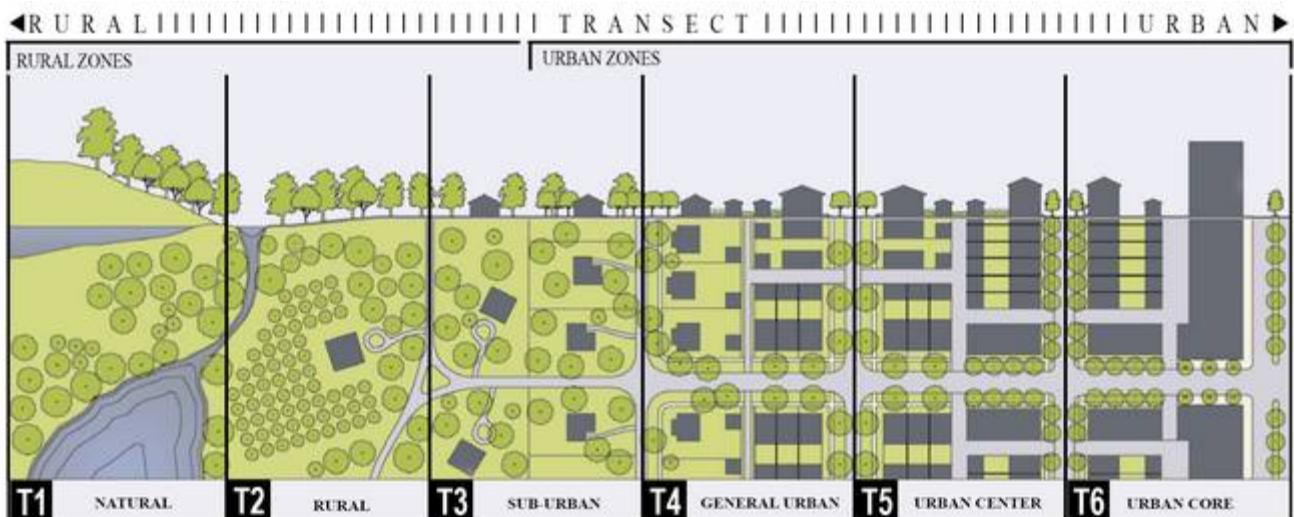
18. DEVELOPMENT CONTROL – A MEDIUM TERM BUSINESS DEVELOPMENT EDGE (MTBDE)

The current sprawl of business without any written policy to curtail them along certain pre-determined lines is a cause for concern. It is a general principle that a close and dense business environment is more conducive for healthy and competitive trade. Contrary to this principle, the present dispersed pattern of businesses in the CBD did not contribute to a healthy trading environment. The conclusion is that the market demand should be met at higher densities where businesses establish closer to each other.

A solution is to contain the business and office uses within a controlled development edge that would lead to a densification of retail space and curtail sprawl.

Similarly high density residential uses could gradually intrude single residential areas without regard to the interest of those residents staying in the single residential neighbourhood. The extent of high residential development should also be demarcated by a development edge.

The New Urbanism approach of Transect Areas could be applied to distinguish clearly between the various land-use areas that are identified, as explained by the attached sketch. The urban edge, among other objectives (as explained in the GSDF) is used to as a tool to sharply distinguish between the conventional urban area and the remaining area that is neither urban nor agriculture or strictly nature. It is used as a growth management tool and to contain a type of development over the medium term.



Applied to the CBD, the T6 edge line similarly demarcates the central or hard core of a town i.e. the central business district and the T5 represents the area in the centre of town earmarked for high density residential development. The implementation of these lines on an official basis would contain the business and high density residential uses to areas earmarked as such. Growth and expansion can then be managed according to the need for expansion without jeopardising the objectives of the LSP.

In par 19.3.2.2 to 19.3.2.5 the application of the medium term business edge (MTBDE) is discussed and indicated on Plan GCBD 1.1 with a red line. In PART 2 various residential densification edges are proposed with the outer densification edge, being the line within al residential densification should take place, indicated on Plan GCBD 1.1 with a yellow line.

19. PROPOSALS FOR RESTRUCTURING AND RENEWAL OF THE CBD

19.1 THE KEY PRINCIPLES

From the guidelines in national and provincial planning documents and the rational in this study, the following are the **KEY PRINCIPLES** on which the proposals for the CBD are based:

KEY PRINCIPLES FOR CBD PROPOSALS

- *The implementation of the proposals cannot be done by either the municipality or the private sector alone - a suitable vehicle, i.e. a City Improvement District or a formal business forum, needs to be created in which to drive the various actions needed for successful implementation.*
- *Appoint a professional person to drive the process of urban renewal within the vehicle created.*
- *Formulate the strategies for CBD improvement and compile a funding and implementation plan for them.*
- *With the uniqueness of the CBD identified, consider branding and marketing of the CBD as part of the strategies and task of all role players.*
- *Indicate the spatial aspects clearly on a plan that will contain policy about spatial issues, e.g. the medium term development edge that will limit expansion and limitation of the business uses, areas of high density, precincts etc.*
- *Demarcate typical precincts in the CBD and formulate policy to strengthen them.*
- *Formulate a policy with its spatial implications for the residential densification of the CBD and surrounding central area and limit the extent thereof by means of a development edge.*
- *Indicate space for future major land uses, such as the government office precinct and an open space system.*
- *Propose an implementation and action plan.*

19.2 STRATEGIC PROPOSALS

19.2.1 SPECIAL PURPOSE VEHICLE

The strategies and proposals for the CBD need to be driven and executed by a formal vehicle on which both the municipality and the business owners are represented. The role and function of the municipality to start and co-ordinate this process of finding such a special purpose vehicle such as a *Development Agency*, is discussed in par

21.1.1 below. The City Improvement District or a similar form of management of the area could be one of the functions of the Development Agency.

19.2.2 STRATEGIES FOR REPOSITIONING THE CBD

In the UEMS (par 9.5) four strategies are proposed that must be implemented in five year periods:

- **Defensive strategy (year 1 to 5)**
- **Turnaround strategy (year 6 to 10)**
- **Aggressive strategy (year 11 to 15)**
- **Diversification strategy (year 16 to 20+)**



In general George CBD is positioned between the Turnaround strategy and the Aggressive strategy. The UEMS recommends that “an aggressive stance towards growth and expansion of the node is undertaken”. Diagram 54.1 in the UEMS illustrates this land use life cycle well.

There are, however, areas that need urgent and direct intervention to ensure urban decay is prevented. The first three strategies therefore need simultaneous attention and there may be overlaps in the timing of the actions, meaning that certain actions in the first strategy may have to be undertaken in the third phase because of budget constraints and projects in the third phase may be moved forward to the first phase because of the low budget and immediate effects thereof (e.g. organizing events).

STRATEGIC PRIORITY PROJECTS AND INITIATIVES		
Strategy	Objective	Projects
Defensive	Re-establish nodal integrity	- Defining CBD entrances
		- Improving safety and security
		- Cleaning and greening of CBD
		- Upgrading of public ablution facilities
		- Creation of a positive pedestrian environment
		- Promote the development of family entertainment facilities
		- Business retention strategy and liaison protocol (involving corporate strategists)
		- Framework plan for integration of economic dead spots into the local economy
		- Investment brokerage: marketing repositioning programme and physical improvement projects
		- Implement a progress tracking mechanism, comprised of quantifiable indicators.
Turnaround	Risk reduction and business recruitment	- Residential densification implementation
		Maintain Phase 1 initiatives
		- Urban design framework
		- Implementation of detailed precinct plans
		- Ensure development takes place according to precinct plan
		- Parking improvement campaign

Aggressive	Aggressive growth and expansion	<ul style="list-style-type: none"> - Implement risk reduction strategies, i.e. incentivized building renovation and remodelling program. May include a redesign grant, rates and tax reductions (in terms of Property Rates Bill) - Investment brokerage: local business recruitment; marketing focused on predetermined sector targeting - Human resource development programs: promote SETA's among local businesses (most companies are ignorant to potential the benefits of this system)
	Market diversification	<p>Maintain Phase 1 & 2 initiatives</p> <ul style="list-style-type: none"> - Pedestrian CBD Improvement Program - Implementation of Informal sector development plan - Investment brokerage: increase market share and solidify position by means of foreign marketing campaign - Innovative new product development - Review business development and growth strategies to ensure sustained expansion <p>Maintain Phase 1 to 3 initiatives</p> <ul style="list-style-type: none"> - Revision and realignment - Diversify economic base: explore new markets - Build on strengths to facilitate development of new opportunities.

UEMS, 2008, par 9.6

The UEMS offers words of caution for all of these strategies in the sense that they have to be implemented with caution, taking into account the overarching long term strategic framework, as indicated below:

CAUTION IN APPLYING STRATEGIES

➡ Defensive strategy (year 1 to 5)

Defensive projects, such as cleaning and greening initiatives, often pay immediate, short term dividends. At this stage it is imperative to implement all initiatives within an overarching, long term strategic framework and not to lose sight of the ultimate vision.

➡ Turnaround strategy (year 6 to 10)

An assertive program should be launched to encourage building owners and corporate strategists to commit to the node and renovate privately owned building stock in order to ensure the attractiveness of the node.

➡ Aggressive strategy (year 11 to 15)

Successful marketing of the George CBD hinges on effective dissemination of relevant market information to a predetermined investment audience. Growth and development, however, relies on a more assertive approach termed investment brokerage.

➡ Diversification strategy (year 16 to 20+)

Continuous monitoring, refinement and realignment are required throughout the process. Ideally, key real estate market indicators should be monitored on a quarterly basis.

Source: UEMS, par. 9.6

19.2.3 RENEWAL AND REDEVELOPMENT

The CBD needs a major redevelopment project such as developing one of the midblock squares for business purposes and linking existing business buildings to it. Such a complex could function as an open air or even an enclosed mall where existing buildings could be linked and ample parking is provided either underground or in

storeys on top of the business floors. In such a way, a mall could be created that could form part of the positioning of the CBD with its unique branding.

Several blocks in the CBD could be considered for such a purpose as indicated on Plan CBD 1.1. Van der Stel Square is the street block which lends itself the best for redevelopment. On the one hand urban decay is visible that is a sign for renewal, but on the other hand, there are established buildings and businesses that lend themselves for the purpose of linking into a mall. A building with sufficient parking could be erected on the square with the surrounding buildings linked thereto.

Such a project requires the co-operation of all the property owners on the block. It should be marketed to attract the anchor tenants and be managed as a mall (over and above the CBD that is also to be managed as a 'mall'). The project must comply with the branding theme for the CBD.

Other blocks with potential for similar redevelopment are shown on Plan GCBD 1.1, i.e. Donnerail Square, St Mark's Square, the block with the horseshoe and Woolworths, the block with the present taxi rank and the block south thereof between Mitchell and Merriman Street.



19.3 SPATIAL PROPOSALS

19.3.1 SPATIAL STRUCTURE AND FORM

The spatial structure that is envisaged for the future is a densified form with a high density hard core and a lower, but still relatively high, density business area around it. Corridor streets are identified as main arterials to and from the CBD. High density residential areas will surround the CBD which will act as transition zones to the single residential areas. The structure and form is explained in detail in the Densification Strategy in Part 2.



19.3.2 BUSINESS USES

19.3.2.1 DENSIFICATION AS OPPOSED TO FURTHER SPRAWL

The trend of dispersed business uses are not conducive to the strengthening of the core of the CBD for a number of reasons, but mainly because an economy of scale cannot be reached. Furthermore, many of the present businesses premises are underutilized with low coverage and bulk. This is evident from the many vacant backyards in the core of the CBD which could still be utilized. It is noticeable that most of the businesses to the south of Cradock Street are situated in converted dwellings. Only in recent years have a few new buildings been erected in the southern part of the CBD.

To this end it is proposed that expansion of the business area be curtailed by means of the **business development edge** as explained in par 18, at least over the medium term, to encourage densification by the establishment of businesses close to each other and at a denser level.

It should also be guarded against subdivisions of relatively small erven into still smaller erven are granted, which would discourage consolidations and densification.

19.3.2.2 THE MEDIUM TERM BUSINESS DEVELOPMENT EDGE (MTBDE)

The MTBDE is seen as a growth management tool that will be used for curtailing expansion of business uses into residential areas and to encourage densification of the business area. It is a medium term edge which could be adjusted in course of time. Certain sections of the edge is considered as high priority and other sections are a low priority which means that it could be adjusted in the longer term provided certain conditions are met and the provision of business floor area in the CBD has reached such a level that further expansion is needed.

A high priority edge is shown in areas where no further expansion will be considered in the future, e.g. to the east in the Bo-dorp and to the north in Dormehlsdrift. **A low priority edge** is shown in the directions where future expansion may be considered at the right time and stage in the redevelopment of the CBD.

The MTBDE, together with the high and lower priority sections thereof, is shown on Plan GCBD 1.1.

19.3.2.3 DEMARCATION OF THE EDGE LINE AND EXCEPTIONS

The MTBDE includes most of the existing business zoned erven where they form a unified complex in a street block or part of a street block, except in the case of a few business properties that are located outside such a unified block. The latter properties will remain outside the MTBDE but can continue to function according to the rights granted to them. The fact that they are situated outside the MTBDE will not be considered as a sound reason for adjacent properties to use as motivation for the granting of business rights as well.

The edge follows the cadastral boundaries of properties. In certain cases where it shows the first row of erven as part of a corridor, it may be adjusted or extended provided that a consolidation of adjacent erven at the back of the edge line takes place for a more comprehensive development.

19.3.2.4 ADJUSTMENT OF THE MTBDE FOR THE EXPANSION OF THE CBD

Except for the above provision, adjustment should not be easily allowed, especially not for small, individual developments of single erven. However, there may come a time when the need arises for further expansion of the CBD. In the case of an application for rezoning which is relatively small in extent, the adjustment of the MTBDE will have to be motivated, not in terms of the proposed development only, but in terms of the status of the CBD at that stage, i.e. in terms of the following **CRITERIA** and questions to be addressed:

CRITERIA FOR THE ADJUSTMENT OF THE MTBDE

- *What is the level of densification in the CBD? Has it reached a sufficient level to justify expansion?*
- *What will the effect on the hinterland (the residential area beyond the proposed change to business) be? Will it cause pressure (or create a precedent) for further expansion?*
- *Could the rezoning be motivated in the interest of the overall objectives for the CBD without causing a trend for more applications based solely on the one that is approved?*

These criteria will apply to applications on individual erven or a number of erven that are relatively small in extent and the understanding is that such a rezoning will not be easily granted, unless a clear case could be motivated in terms of the criteria above. Adjustments of this nature have to be distinguished from the opportunities discussed below where a proposal will make a significant difference.

19.3.2.5 OPPORTUNITIES FOR INVESTMENT THAT WILL MAKE A POSITIVE IMPACT

While the MTBDE serves as a growth management tool with one of its objectives to encourage densification of the CBD, it will be unwise not to consider any development proposal outside the MTBDE because of this objective. There may be opportunities when a proposal for business development is made that could enhance the objectives and

functioning of the CBD. Examples of businesses uses of this nature are an office park or precinct or a business complex that would enhance one of the precincts of the CBD. Opportunities considered under this option, will have to be of a considerable size to make a difference in the CBD, i.e. not less than 5000m².

CRITERIA which must be applied when considering proposals with significant impact in the CBD are the following:

CRITERIA FOR CONSIDERING PROPOSALS WITH SIGNIFICANT IMPACT

- *Will the proposed development contribute towards urban restructuring and social and economic integration in the CBD?*
- *Will the proposed development contribute towards the economic functioning and repositioning of the CBD?*
- *Will the proposed development enhance one of the existing identified precincts in the CBD or, alternatively, will it create a new precinct of significance that will enhance the CBD as a whole?*
- *Will it contribute towards, and is it situated as such, that it will contribute towards the functioning of the public transport system?*

19.3.2.6 PRECINCTS

The UEMS proposes that future development of the George CBD should not deviate from current market trends. It is evident that trends in the CBD have naturally developed certain identifiable precincts throughout the CBD. The strengthening of these precincts, rather than developing new trends, is proposed. The objective of identifiable precincts is to create areas with identifiable character.



The land use pattern for the CBD is illustrated in Plan GZM 20904B. Development of the precincts is not limited to a specific land use, for example, the medical precinct should not only be restricted to only medical developments and as identified in the Residential Densification Strategy, land uses such as residential, office and retail should also be permitted, albeit to a lesser extent.

There are already distinguishable precincts in the CBD, e.g. the medical, office banking, retail and automotive precincts. These precincts are indicated on Plan GCBD 2.1.



19.3.2.7 MEETING THE SPATIAL BUDGET

The UEMS estimates that the nodal share of space demand for the CBD will be 20% - 30% of the total space demand (GLA in m²) of the town. The 70% - 80% of the demand will be located in all other business nodes and streets and the mall. This area includes retail, automotive and offices uses.

This trend occurs in other large towns in the country. In the case of George the current policy is to manage the office space in the CBD carefully by means of zoning scheme controls which prohibits offices in shopping centres outside the CBD. It is therefore unlikely that the space demand for offices elsewhere will be permitted to be as high as 70%. However, the UEMs figures and assumptions are used to avoid too many assumptions. It therefore caters for the most realistic, maximum scenario in terms of space demand in the CBD.

The UEMSUpdate estimates that the following space demand will be required in the CBD by 2017 and 2027 (rounded off figures). It is based on the 20%- 30 % assumption explained above. Parking space is added to these floor spaces.

SPATIAL BUDGET				
<i>Required GLA in m²</i>				
<i>Land use</i>	2017		2023	
	Minimum	Maximum	Minimum	Maximum
Offices	5 900	8 900	12000	19 400
Automotive	1 600	2 500	3 200	4 800
Retail trade	4 000	6 100	7 900	11 900
Total	11 500	17 500	23 100	36 100
<i>Parking (6 bays per 100m² at 30m²/bay)</i>				
At Maximum		31 500		64 980
Total space required		49 000		101 080

In the above calculations the usage of bulk (total floor area in all storeys) is included in the GLA. Parking areas are assumed to be on ground level.

The area available for business development within the business development edge (MTBDE) was calculated by adding the sizes of all properties situated within the edge and which could realistically be developed, i.e. excluding existing parking areas, church and school sites, etc. A total ground level area of **390 000m²** was calculated.

If the trend of expansion, based on the high growth forecast of the UEMS, in Part 4, is used, this space of 39ha would have been inadequate to use as ground floor space only. Densification by means of multiple storeys for business and parking decks would have become necessary by 2018.

However, at the reduced growth rate estimate according to the UEMS Update, the space within the MTBDE is adequate to accommodate the estimated 10ha up to 2023. It is however recommended that the 39ha as proposed remain in Plan GCBD 1.1 for the following reasons:

- The possibility of a Government Office Precinct
- Managing the office nodal share for more office space in the CBD
- More choice in locating within the MTBDE
- More opportunities for open space

19.3.3 MAJOR LAND USES WITH SPATIAL AND ECONOMIC IMPACT

19.3.3.1 BUS TERMINUS

Part of the George Mobility Strategy is a central bus terminus where five to six buses could be parked or stacked, at any given time to provide the bus service to the community. It will include inter-city buses to nearby towns. Louw and Dewar, for Aurecon, on behalf of the WC Department of Transport, produced an assessment⁶ of the location of alternative sites for the location of such a bus terminus. The evaluative criteria that play a role in determining the most favourable location of the site are:

- Accessibility (especially for the urban poor)
- Integration (reinforce the CBD and integrate with public transport)
- Development of value (increase surrounding land values and opportunities for small businesses)
- Environmental impact
- Liveability (potential to contribute positively to the public spatial environment)



⁶ P Louw and D Dewar Architects: Locational Assessment of sites for the inter-town bus terminus and the proposed provincial office complex, 2009

After evaluating several alternative sites, they came to the conclusion the 'horseshoe site' (the present taxi rank in Cradock Street) is the most suitable site that complies with these criteria.

It is important to realize that the typical passenger who uses the terminus is likely to dwell longer there and is seen off by family and friends. A quality land side facility and related business opportunities will therefore arise at the terminus.

Louw and Dewar explains in par 6.1 of the report that the bus terminus will impact the CBD on a wider scale and that it should be seen as part of an inner-city regeneration, diversification and intensification scheme along a corridor extending from York street to the station and between Cathedral and Market Street. The corridor should be structured around a mid-block pedestrian walk-way extending from York Street to the station. The initiative could include:



- The creation of the bus terminus
- The creation of a “family of dignified spaces”
- The creation of small business opportunities in vertically mixed-used projects
- The establishment of a mixed-use market, including a produce market within the existing kombi-taxi site
- The creation of a pleasant non-motorized transport system
- The infill of denser, more urban, forms of housing



The possibilities of the proposed produce market are described in detail in the Louw and Dewar report, par 6.1.

The bus terminus site together with the adjacent old hostel site and open space could form a major urban regeneration area in the CBD.

19.3.3.2 LONG DISTANCE INTER-CITY PUBLIC TRANSPORT FACILITIES

Long distance scheduled bus services through George use the railway station or St Mark's Square as a bus station. At both locations the facilities are considered as insufficient by the operators. NinhamShand⁷ is of opinion that, in the long run, long distance city to city buses operations will probably avoid entering George as and when the western bypass is in place and a direct access service station is provided outside town where the main roads meet. A bus station for this service will therefore not impact the CBD. The station site could be converted to a tourist precinct with an urban square.

19.3.3.3 GOVERNMENT OFFICE PRECINCT

The Western Cape Provincial Administration is considering consolidating its service offices in the region, currently scattered throughout the town into one single complex of about 20 000 m². The aim is to make the services more accessible to especially the urban poor. Louw and Dewar investigated various sites for this purpose as well, as part of their analysis of the location of the bus terminus.

⁷ NinhamShand: Report on transportation and traffic-related issues relating to the terminus and proposed office complex, 2009 – report attached to Louw and Dewar report

Although they came to the conclusion that a “pro-poor” approach would point to a site in Sandkraal Road next to the swimming pool, this location would not be conducive to the objectives of the CBD as set out in the LSP. To revitalize the CBD, the people who presently visit the CBD and work there, should remain there. Most of the present government offices are in the CBD and many workers, even from disadvantaged communities, work in these offices and make use of other services in the CBD. These people should remain in the CBD and not be ‘transferred’ to another node far from the CBD. The government offices are used by the whole community, and not only the poor, and even by visitors from other towns. Accessibility and a central location is therefore of importance. The envisaged public transport system will make it easily accessible for the poor, who would use the trip for other purposes in the CBD as well.

This LSP advocates a location for the office complex in the CBD, but a suitable location will have to be investigated further. A location that proposed at the Roads Camp in York Street is not seen as favourable to the CBD either. A location on the premises of the present York Hostel in Market Street is the best option in terms of the CBD objectives. It would be next to the bus terminus and would assist in revitalizing that part of the CBD. Another alternative would be to redevelop a number of erven in a block as a whole, if it could be done in a viable way with property prices as high as they are.

19.3.3.4 INFORMAL TRADING

The proposals in the LSP allow for the continuation of informal trading in the spaces where they are currently trading. However, the LSP aims at increasing pedestrian movement in the CBD. Informal trade relies on people passing by and the movement of people at the bus terminus and other public spaces that are envisaged will enhance this principle.

The development of the bus terminus and pedestrian routes to the station will create more market space and hence opportunities, for informal trading along this route. The envisaged activity streets open up more possibilities for informal trade.

19.3.4 RESIDENTIAL DENSIFICATION

A revitalized CBD cannot function without enough people who reside in it or close by and that use the facilities of the CBD.

According to the Provincial Spatial Development Framework (PSDF, 2005) residential densification must be pursued. The aim of the residential densification strategy is to allow higher densities in appropriate locations. The CBD is the area where the highest densities can occur. In the past urban sprawl dominated the landscape and deprived the CBD of residential development. This created the so-called doughnut pattern of development in our urban areas. With residential densification and growth of business activities in the CBD, this process will be turned around to create the so-called cupcake pattern of development.

This approach will strengthen the functions of the CBD. Residents of George will now have the opportunity to live in the CBD with a short travel distance to their place of work. Schools are located close by as well as other amenities. The retail function in the CBD will support the market requirement in this location.

Simultaneously residential densification would optimise the use of current infrastructure and land. The optimum use of public transport is then possible. This will also add to the viability of the public bus service proposed by the Provincial Government: Western Cape.

The affordability of housing is a serious issue that can be addressed to a large extent in the CBD and the abutting area as shown. It will create an opportunity for especially first time home owners.

PART 2 of this report contains the Residential Densification Strategy, compiled by Delplan in line with the provincial policy. It includes both proposals for the densification of the business core and high density residential areas.

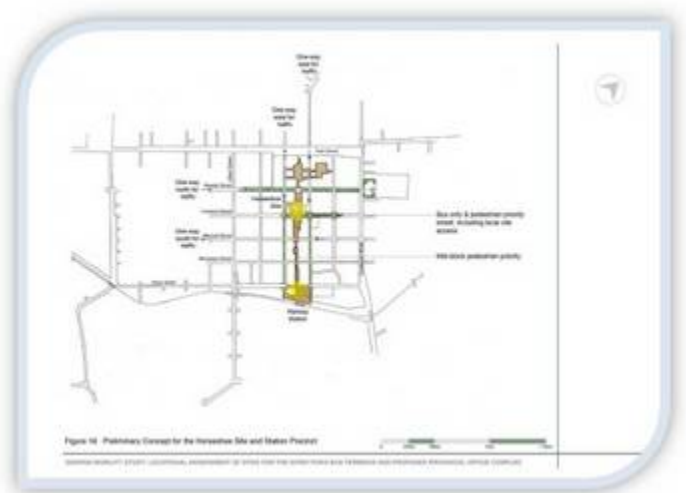
Aspects of the densification strategy that impacts on the structure of the CBD are the following:

- The height limit of seven storeys in the core area. This would enable large buildings that will impact the provision of retail, office and residential stock in the core of the CBD. The height will enable developers to provide parking in decks inside the buildings.
- Activity streets are identified as corridors (also as part of PSDF policy) of mixed development with heights up to four storeys. These streets are York, Wellington and Albert streets. The corridors will act as places of mixed commercial, residential and recreational activity. They are close enough to the CBD core to encourage interaction.
- The utilization of mid-block areas as public open spaces by means of a specific design approach.
- The possibility of developing the Correctional Services site and the 'Road Camp' site for mixed uses.

19.3.5 OPEN SPACE SYSTEM

An open system for the CBD is currently lacking. It is a main land use component of a balanced inner city with a high residential occupation. A **strategy** to create an open space system comprises of the following:

- All major developments should present a site development plan showing its open space, the extent to which it will be accessible to the public and the linkages to surrounding spaces.
- Redevelopment areas have the potential to 'open up' new space for passive and active recreational spaces.
- The possibility exists to create a 'green lung' from the Van der Stel Square to the railway station through the street blocks and redevelopment areas – see the architects' sketches in this regard.



In the 2008 report, George Open Space⁸, VRM Africa emphasises the importance of integrating open spaces throughout the town with functional linkages. General objectives for the urban open space in the CBD in this report are:

- To ensure that there is an integration of buildings and engineering infrastructure with the natural landscape to create a unified and visually appealing design.
- To create aesthetically pleasing landscape environments which will help to increase community enjoyment of everyday life and engender a greater sense of meaningful connection between people and the environment.
- To develop desirable community living environments through improved recreational, air and noise quality.
- To ensure the fulfillment of the recreational and social needs of the wider and evolving community that reflect the values of the surrounding regional community
- To create functional commuter linkages to assist in the minimization of energy consumption and carbon dioxide production.
- To create functional river corridors and wetlands to improve storm water management and quality.

⁸VRM Africa: Draft Proposed George Open System, 2008

- To ensure that ecological benefits are maximized through acknowledging wildlife habitat, soil conservation and enhanced biodiversity.
- To incorporate heritage values through the protection of landscapes with recognized special significance.
- To ensure that the open space system in George contributes to the economic vitality of the area and its environs by providing attractions that are based on ecologically sound economic development initiatives.
- To contribute to an increased commitment to the aim of George becoming a “Garden City” and the promotion of community environmental responsibility and ethics by providing viable, functional and safe open spaces.
- To increase community participation in planning and implementation
- To popularize and educate residents.

Existing parking areas should be redesigned to serve as multi-functional open spaces as well, e.g. such as the informal trading amidst the vehicles on Van der Stel Square. Of particular interest is the open area next to the old hostel site in Market Street which is covered with grown trees and could be developed into an urban square with a sense of place of its own.

Multi-functional uses should be sought for urban squares and spaces, e.g. for informal trading, markets such as the Saturday market at Donnerail Square and festive gatherings such as at Unity Park.

The Residential Densification Study in PART 2 makes certain proposals with regard to the creation of open spaces amidst high density development – see par 7 in PART 2.

19.4 TRAFFIC

19.4.1 GEORGE INTEGRATED PUBLIC TRANSPORT SYSTEM (GEORGE MOBILITY STRATEGY)

The concept of the *'Mobility Strategy'* is based on the Provincial Vision and Strategic Delivery Plan for the transformation of the public transport system in the Western Cape Province. Included in this concept are not only the principle of transforming public transport services, but also principles that address the social restructuring of local communities through the design and provision of 'dignified urban space' projects that are linked to the provision of public transportation infrastructure. It is the application and interpretation of such principles to specific local conditions (such as in the case of George) that will generate different and varying solutions.

The proposed bus system of George aims to increase the level of accessibility to a significant section of the population at a lower cost. NinhamShand⁹ explains that this should in turn lead to increased access to opportunities and lead to changes in the way land use investment decisions are made.

Short term management decisions as well long term planning in the CBD should take the functioning of the bus system and the effect thereof on land uses into account as it will impact on the location decisions of businesses and movement patterns.



19.4.2 ROAD SYSTEM

The road system that functions on the CBD should be understood against the background of the broader picture, i.e. the George Roads Master Plan¹⁰. A further traffic study by Vela VKE¹¹ lead to the implementation of the

⁹ NinhamShand: Report on transportation and traffic-related issues relating to the terminus and proposed office complex, 2009 – report attached to Louw and Dewar report

¹⁰ Kantey and Templer: George Roads Master Plan, 2005

Hibernia/Market Street one way couplet system. A further proposal for the Meade/Cradock street couplet was not implemented.

This road system has since been reinstated as two way roads on the request of businesses along the two streets.

The current CBD road network is characterized by a grid road system of large 300 x 200m and 200 x 200m street blocks which was historically derived from the earlier form of urban living in the centre of town. The result is that many of the intersections are difficult to manage and are controlled by four-way stops which, according to NinhamShand, are highly inefficient from a traffic operational perspective.

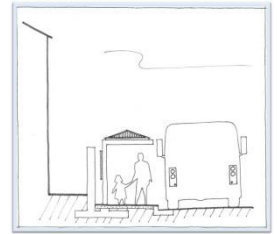
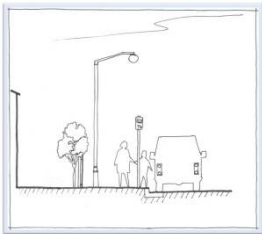
NinhamShand is of opinion that, with increased densification, the level of vehicular traffic congestion will steadily increase and will require:

- The public transport system development
- A clarification of vehicular movement corridors and implementation of controls to deal with this
- Increased attention to walkable access
- The implementation of improved traffic management procedures
- Increased constraints on vehicular traffic access and circulation.

Traffic circulation movement patterns in the CBD might change significantly after the public transport system has been operative for a while. At that stage consideration could be given to changes in the management of intersections and traffic flow directions.

19.4.3 EFFECT OF THE PROPOSED BUS TERMINUS ON CRADOCK STREET

The public bus service is planned to run nine local services along Cradock Street in both directions with the bus terminus as the main point of distribution. Buses will run with a frequency of between 5-20 minutes which will result in up to some 80 bus movements per hour. Bus activities between Market and Hibernia streets along Cradock Street will therefore have an impact on other vehicular traffic along this road in terms of the space required for large vehicles manoeuvring and to make this section of the road a bus/pedestrian priority area.

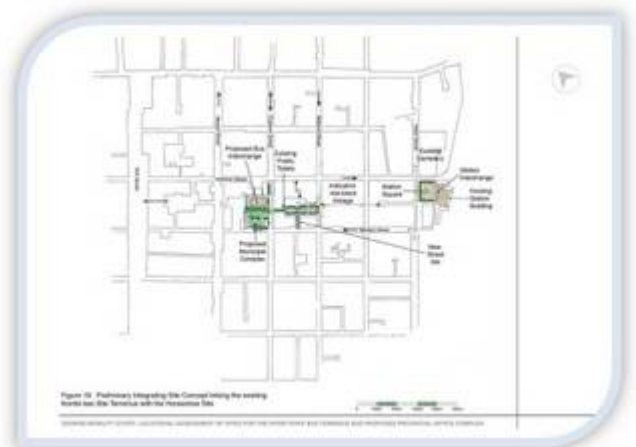


To address this change in the movement system, NinhamShand¹² proposes that:

Cradock Street be configured between Hibernia and Market streets that it systematically takes on the new role as a bus priority road way in the first instance, and secondly places increased emphasis on the pedestrian right-of-way.

The need of the Mead / Cradock Street one way system to be changed to a Meade / Mitchell Street one way system, only if the need arises in the future.

Cradock Street ultimately evolve to become a bus/pedestrian activity street from Albert Street through



¹¹ Vela VKE; George Central Business District: Traffic study, 2005

¹² NinhamShand, as cited, par 7 of the report

to Courtenay Street.

19.4.4 PARKING

Insufficient parking, or the lack of parking in the CBD, has been identified by both business owners and consumers as one the aspects that are least liked in the CBD or which is unsatisfactory. In order to attract visitors to a newly positioned CBD in the market place, sufficient parking is a vital ingredient of the total experience of the CBD.

George has been known as the town without parking meters in its CBD. However, this LSP points to a new approach to the positioning of the CBD in a competitive business and retail market. It also means that metered parking should be thought of afresh as one the factors that contribute towards a new experience of the CBD.

Metered parking increase turnover of vehicles in a specific space. Consequently there will be more space available for short periods over any given period of time. Available parking will minimize the negative experience of seeking parking in vain.

Metered parking should be introduced in a phased manner in the critical areas of perceived parking shortage. The parking needs of workers should also be kept in mind when allocating the meters. Space should be provided where the workers could park for the day, but it would have to be further from the work place than before, in the interest of easier access to their place of work by visitors.

A new study on the parking requirements and design of parking areas in the CBD is contemplated by the Engineering department and this study would eventually be incorporated in the LSP for the CBD as **PART 4**.

19.5 BRANDING AND MARKETING

George is already branded by its name and logo. The unique urban branding of a city can assist to differentiate the city from its competitors. Urban branding should not only be about beautification of the urban area, it should also include strategic urban identity redesign and strategic communication to the target markets. The branding of the CBD must form part of the branding of George.

The UEMS explains the objectives of branding the CBD as a unique place. The study, from which is quoted here, states that the main art of urban branding is to differentiate an urban area from any other urban area, creating awareness of mind of the area and then maintaining that position. Successful urban branding creates the perception that there is no product such as the George CBD, for example. Urban branding is not just about logos and slogans; it is about developing a unique face for the CBD node. Neither is it just about landscaping and beautifying an area, it is about presenting and marketing the CBD as a unique place to visit.

The image of a city/node is in most cases not due to coincidence but rather the result of a structured and managed process of enhancing and building on strengths and improving on the weaknesses of the node. Successful urban nodes are those that remain in the mind and memory of those people that relate to places which they enjoy visiting and revisiting.

Demacon, in the UEMS, explains that, If a node is to survive in an increasingly competitive marketplace, due to the great number of nodal developments, it needs to focus more on how to develop and communicate the value that constitutes the urban environment. If a city / node want to excel above others their future lies in the development and implementation of unique urban branding programmes.

Urban branding programmes are reliant on the enhancement of a 'sense of place'. It recognizes the importance of uniqueness in both the natural and built environment. The **benefits** in creating a unique urban brand are:

- It creates a distinct address resulting in a stronger presence in the global, national and regional urban landscape
- It increases investment loyalty

- It leverages a city's or node's strengths to create a unique brand
- It develops an intangible asset that generates identifiable equity in the long term
- It creates a sense of community that instils local pride and a sense of belonging.

The development of a brand master plan is explained by Demacon in the UEMS (Par 9.7.1 in the report). It can be addressed in three phases:

Phase 1 – Brand positioning strategy

Phase 2 – Brand design

Phase 3 – Brand communication

20. URBAN DESIGN AND AESTHETICS

The Municipality has expressed its serious intention to improve and maintain the aesthetical quality of the built environment and maintain the sense of place that George and surroundings is known for. This statement is undergirded by two draft documents that were compiled as guideline for design and management of the built environment, i.e.:

- **Landscape Characterization and Visual Resource Management Analysis by VRM Africa¹³ (LCVRMA)**
- **Architectural and Urban Design Guidelines for the George Municipality by The Matrix¹⁴ (AUDG)**

The LCVRMA emphasizes that the environmental integrity and “landscape character” of George should be preserved and enhanced at all costs starting with recognition of the importance of nature as an integral component of our urban framework. To encourage this outcome, the authorities need to send a strong deterring message to home owners and developers who are selfishly focusing on their own short term gains at the expense of the long term landscape heritage of George.

The report continues to say that the existing trees and open spaces need to be enhanced in order to unlock the potential of the open spaces and associated activities becoming an economic driver in the CBD. Applicable recommendations in the LCVRMA include:

- Appropriate green architecture needs to be incorporated into the planning for the urban areas and CBD. The structures need to be of a size and scale that the impact of the structures can be softened by large trees and not detract from the surrounding sense of place.
- The large trees in George are part of our cultural heritage which significantly adds to the George landscape character. These trees need to be identified, marked and then protected by legislation which allows authorities to implement large fines for those transgressing the law by damaging or destroying them
- Specific trees like palm trees are not suitable for this area and should be discouraged.

By imposing architectural and urban design guidelines in the proposed urban zone (industrial and mixed use area), the principle is clearly laid down that even a ‘harsh’ urban areas could create a certain sense of place that will give it a certain quality. These guidelines not only pertains to the design of building but also to the treatment of the areas surrounding the buildings such as parking areas, storage areas and fencing and signage.

The AUDG contains a number of principles and architectural and urban design guidelines that must be applied in this area. The principles that must be studied in the document and applied in this area are:

¹³ VRM Africa: Landscape Characterization and Visual Resource Management Analysis by VRM Africa, 2009

¹⁴ The Matrix: Architectural and Urban Design Guidelines for the George Municipality

- **Principle 01: The green theme (preservation of the ‘Garden City’ identity of the town)**
- **Principle 02: Hierarchy of spaces within the public realm**
- **Principle 03: Public – private interface**
- **Principle 04: Architectural expression**
- **Principle 05: Relationship between buildings and context**
- **Principle 06: Promoting the conservation of heritage**

The AUDG formulates architectural and urban design guidelines in the form of questions that relate to the sense of place, the natural and planned context, design and construction and heritage. The questions are:

SUMMARY OF QUESTIONNAIRE FOR ARCHITECTURAL AND URBAN DESIGN GUIDELINES

Q no	Question	Guidelines that apply	Applicability in zone	
			Urban and airport support zoned	Rural
1	Is the location of the development in a Primary, Secondary or Tertiary place?	A list of minimum spatial requirements for tertiary place	In site design	In site design and rural landscaping
2	Is the development on a site with a slope of less than 1:5?	Design guidelines for buildings flatter slopes. Wider and natural context is considered	In all areas	In all areas
3	Is the development on a site with a slope of equal or greater than 1:5?	Design guidelines for buildings on slopes greater than 1:5. Wider and natural context is considered	Guidelines for buildings along the Gwayang River bank	Along all slopes > 1:5 in area
4	Is the development along a water course or body of water?	Boundary treatment, public access and cut and fill guidelines	Guidelines for buildings along the Gwayang River bank	Guidelines for buildings along all river courses
5	How does the development respond to its immediate built context?	Step backs, height, bulk and mass, the relation to adjacent structures, and the character of the wider context	Site design to take into account surrounding context. Show on building plans	Wider context in rural area to be considered
6	How does the development respond to the street?	Position of active street frontages, public entrances to be on high order street, verandas and balconies to reinforce active streets, role of minor access roads in access	In site design for all sites	Apply to access design and service roads
7	What landscape strategy has been implemented?	Tree planting guidelines	On all sites	On all sites
8	How does the open or green space create a safe, accessible usable user-friendly environment?	Pathways, lightning, fencing, park spaces, trees, shading guidelines	On open spaces	Open spaces in landscape to be treated as part of development
9	How does the design incorporate features that reduce its environmental impact within the context of aesthetics?	Design and orientation to respond to prevalent climatic conditions, guidelines for solar shading lightning, mechanical plants green roofs etc.	On all sites	On all sites
10	How are services and infrastructure installed?	Guidelines for the integration of services into the buildings	On all sites	On all sites
11	How does the development contribute to the local architectural language?	Guidelines on architectural styles and foreign styles	On all sites	On all sites
12	How does the development incorporate appropriate form, proportion and scale?	Guidelines on form and scale of buildings in context of the site	On all sites	On all sites
13	How does the development utilise materials, texture and colour?	Guidelines on materials, colours, street facing boundary walls	On all sites	On all sites
14	How does the development impact on Heritage value?	Guidelines on impact of signage on existing heritage value	Not applicable	Heritage value of cultural land -scape to be taken into account
15	How is maintenance and preservation to heritage buildings to be carried out?	Guidelines on material and colours on existing buildings	Not applicable	Applicable if heritage building exists in area
16	How are reconstruction, restoration and adaptation to heritage buildings to be carried out?	Guidelines for reconstruction, restoration, and modifying heritage buildings	Not applicable	Applicable if heritage building exists in area

However, design in the CBD will have to go further than merely considering the design of buildings in isolation of the surroundings in which they are situated. Urban design principles will have to be applied that take the buildings, sites and places into account as a whole with the objectives for the CBD as a guide to the design. The following principles provide a guide for responsible design in the future (UEMS, par 9.4.3):

- a) **Community Places:** To ensure that the CBD node is regarded as a place where communities are welcome, it provides for safe and secure entrance of vehicles, pedestrians, cyclists and the disabled.
- b) **Access and parking:** Ensure effective flow of traffic and sufficient convenient parking to promote retail and business activity in the node.
- c) **Landscaping:** To ensure that landscaping and fencing enhance the amenity and aesthetic value of the node, without compromising safety and surveillance of the spaces. Landscaping should be used to enhance the environment of the street and node in creative ways to build the character and identity of the CBD.
- d) **Pavement treatment:** Pavements should ensure safety for vehicles, pedestrians, cyclists and the disabled. The pavement could affect the overall atmosphere of streets, making them appear more intimate, pedestrian friendly and encourage ownership of the local community.
- e) **Lighting:** To ensure that streets are perceived as safe and secure spaces at night through the provision of good quality lighting.
- f) **Service areas:** The node, especially the streets, should be kept clean and uncluttered for hygiene, community and safety reasons.

21. IMPLEMENTATION

21.1 THE ROLE AND CAPACITY OF THE MUNICIPALITY

It is believed that one of the Municipality's greatest development challenges is to accelerate development and equitably distribute (spatially and otherwise) economic development opportunities. This should be done especially through supporting rural and urban development initiatives. Local economic development efforts and the support of small and medium enterprises contribute significantly to job creation opportunities, well-being and prosperity of communities within the Municipality.

Several economic and investment opportunities in the Municipality have the potential and ability to create growth impetus. This situation is worsened by the fact that the Municipality lacks sufficient manpower to effectively implement prioritised LED projects and opportunities. The pressure on financial resources is of such a nature and extent that it cannot be expected that sufficient funds will be available to address all development needs simultaneously.

The programs and actions below will provide the impetus of growth and economic sustainability in the CBD.

21.1.1 CITY IMPROVEMENT DISTRICT (CID)

The attached **Annexure** contains a brochure by Urban Genesis describes the functioning of the City Improvement District in South African cities.

CIDs are described by Urban Genesis¹⁵ as geographic areas in which the majority of property owners determine and agree to fund supplementary and complementary services to those normally provided by the local authority. The objective is to maintain and manage the public environment at a superior level and in doing so enhance their investments. The local authority continues to provide their normal services. Supplementary CID services might include public safety ambassadorial services, pavement cleaning, litter collection, maintenance of public space, removal of illegal posters etc. Additional CID services may include place marketing and web-based communication, small capital

¹⁵ Urban Genesis Management: City Improvement Districts www.urbangenesis.co.za

projects, landscaping and special events to ensure a superior urban village lifestyle. Through legislation the cost of the provision of whatever services a CID is to provide is then spread on a pre-agreed equitable basis across all property owners within the geographic area. Funds contributed by the property owners may only be spent in the area in which they are collected, unlike rates.

Initially, the geographic extent and boundaries of the improvement district has to be defined. All property owners and major tenants within a defined area must be identified and exposed to the proposed intervention. A referendum has to be held and a pre-determined majority must be achieved in order to legally establish an improvement district. Whilst the application to the local authority to establish an improvement district may be made by 25% of property owners, final approval will not be considered unless more than 51% of relevant property owners are in agreement.

Once a district is authorised, 100% of property owners within a district have to contribute financially in the form of a monthly levy. In Gauteng, levies are traditionally calculated on the rateable value of the properties in the improvement district area. This appears to be the most equitable and acceptable approach, although exceptions can be made by the CID with regards to pensioners, undeveloped land and those experiencing temporary financial difficulties.

The improvement district utilises the revenue from levies to provide the necessary services within the legislated CID area. The extent of the services to be provided by the improvement district reflects the actual needs of the area as defined by the perception survey and members input.

21.1.2 ECONOMIC REVITALIZATION POLICY (ERP)

In order to accelerate the economic revitalization of the local economy, the Municipality has introduced incentive schemes for certain investment zones, one of which is the Urban Development Zone (UDZ) which more or less covers the area demarcated by the MTBDE in the CBD. The incentives include:

- Rebates on building plan costs
- Building plan approval for designated developments within 96 hours
- Pre-approved development rights for designated developments
- Lower parking ratios for mixed business
- Phased payment of capital contributions over the first five years
- Discount on services.

Qualifying criteria is a new or expansion of an existing business and that qualifies as a medium to large investment as defined in the National Small Business Amendment Act (2003).

21.1.3 BUSINESS RETENTION AND EXPANSION (BR&E)

The LED Department of the municipality is hosting a BR&E program which will be available as a project of the CID for businesses in the CBD. The purpose of a BR&E is to help existing businesses to survive and grow as it was found that more jobs are created by the growth of existing businesses than by creating new businesses. The goal is to stimulate local economic development and to create employment opportunities by retaining and expanding existing businesses. Such businesses need to contact the LED department to obtain assistance.

21.2 IMPLEMENTING THE PROPOSALS

The objectives for the CBD, guidelines and proposals in the LSP have to be taken ownership of. The municipality by means of all its departments, IDP and budget has to take responsibility for the ownership of the objectives of where the CBD should be heading in terms of the SDP. The private sector and the ward committees should understand the objectives and work in unity in achieving results for the projects identified.

The first step would be to investigate some form of vehicle for the City Improvement District. It should be found as a joint venture between the municipality and the private sector.

The new Integrated Zoning Scheme must reflect the building parameters that are envisaged for the CBD.

In the meanwhile, the municipality, in conjunction with the private sector, should market the CBD in a positive way by organizing events, and articles in the local paper explaining the objectives for the CBD.

21.3 IMMEDIATE ACTION

There are however, some actions that the municipality should start immediately as part of the Defensive Strategy, but also to show to the public that ‘something is happening”. In 2009 the business sector, in a workshop, identified the following as projects that could immediately be started with little capital outlay:

- Safety and communication with the police
- Improve parking and the service of the car watch
- Ensure neatness and a clean CBD
- Appoint a manager for the CBD
- Involve the ward councillors and the ward committees in the CBD objectives and the implementation of the LSP
- Better communication between the business owners and the council and municipal departments
- Start organizing regular events in the CBD - since the workshop weekly markets on the space next to Donneraile Square has been started.

22. CONCLUSION

In terms of national and provincial policy George is being restructured to become a more integrated and densified town. Services and facilities are to be made more accessible to all sectors of the community and the mobility strategy for public transport will play a key role in achieving this objective. The CBD should reflect the approach for the town as a whole and the SDP contains the principles and policies to achieve restructuring as far as the CBD is concerned, in context of the larger town.

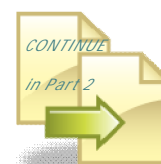
The CBD is one of the main economic drivers of George and very accessible to the disadvantaged communities. While it is realised that there are market forces at work that complicates its functioning more than in preceding years, the CBD and its functioning has to be repositioned to maintain its role in a competing market. The strategies proposed in the LSP and the Urban Economic Market Study aim to reposition the CBD to maintain a sustainable role in the economy of George.

One of the Municipality's greatest development challenges is to accelerate development and equitably distribute (spatially and otherwise) economic development opportunities. By declaring a CID the revitalization and management of the CBD in conjunction with the private sector could receive attention.

In the interim the ERP and the BR &E will contribute towards the process.

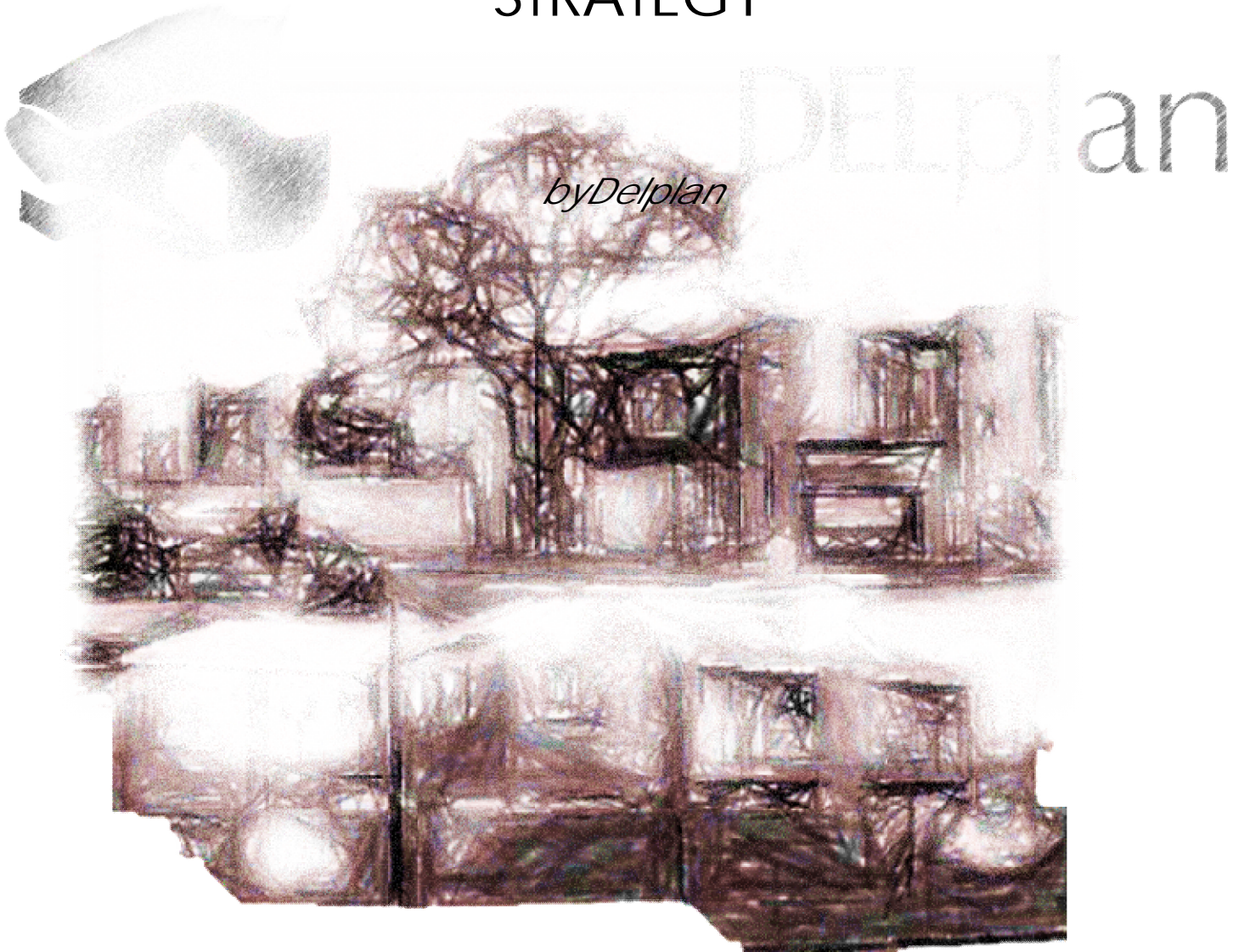
It is time for the local authority and the private sector to take joint responsibility for the CBD and also to think, within the parameters of the new approach to urban restructuring, in an innovative way about the future of the CBD.

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PART 2

RESIDENTIAL DENSIFICATION STRATEGY



George CBD Residential Densification Strategy



FOR: George Municipality: February 2012



D E V E L O P M E N T E N V I R O N M E N T L I N K

George CBD Density Strategy

GLOSSARY

- Density:** The urban density measured as dwelling units per hectare (du/ha)
- Height:** For the purposes of this plan height only refers to the number of storeys allowed. The zoning scheme defines the maximum and minimum height per storey.

1. INTRODUCTION

DELplan Urban & Regional Planning has been appointed as a sub consultant by the George Municipality as part of the George Spatial Development Framework (GSDF) for the greater George being prepared by *WM de Kock Associates*.

The GSDF process has already been in process for a number of years and has now been amended according to the latest provincial and other policies like the Western Cape Provincial Spatial Development Framework (WCPSDF) and Urban Edge Policy both dating back to December 2005.

The George Central Business District (CBD) Density Strategy is part and parcel of the GSDF in terms of determining current residential density, determining potential density and in so doing determining the current and future position of the urban edge.

The George Municipality is obliged in terms of Section 26(e) of the Municipal Systems Act, 2000 (Act No.32 of 2000) to prepare and adopt a Municipal SDF as part of its Integrated Development Plan (IDP). The IDP process is ongoing and being updated every year and informs the yearly budget and the implementation of projects. The Municipal SDF will also be approved as a credible SDF in terms of Section 4(6) of the Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985).

The CBD Density study forms a detailed subsection of the George Central Business District Local Structure Plan / Spatial Development Plan (George CBD SDP) and should be read in conjunction with the SDP and GSDF. It forms part of the package of plans that the GSDF encompasses. The SDP provides more detailed development guidelines for specific areas in the George CBD area.

The CBD of George needs consolidation and reinforcement to guide future development. The street blocks are large (approximately 200m x 200m) making pedestrian movement difficult. Mid-block connections have in some cases been provided but not fully implemented. This CBD Residential Density Strategy together with the CBD Spatial Development Plan will provide the guidance necessary to form the basis of sustainable residential and economic development.

2. **THE CONTEXTUAL BACKGROUND**

The CBD Density Strategy is informed by the following factors: the natural and built environment, national and provincial legislation and policy, input from interested and affected persons and local needs and opportunities as well as the Urban Economic Market Study by *Demacon*, 2008.

Inputs were gathered at public meetings that were held as part of the SDF process, meetings with the George Municipality Town Planners and members of the public.

3. **METHODOLOGY**

3.1. **Study Area and High Density Residential Edge**

The residential density strategy focussed on a study area larger than the existing CBD. The Rooi River forms a natural boundary between the CBD and the western parts of the greater George area. The eastern part of the northern boundary is determined by the railway line which forms a boundary of movement between the CBD and northern suburbs. The western part of the northern boundary was decided by using activity roads as rough boundaries. Union Street and the Correctional Services and P.W. Botha College form the southern boundary. The railway line divides the George South residential area from the George Industrial area and was identified as the eastern boundary.

Within this study area a *High Density Residential Edge* was identified. It is identified on the attached plan, spatially summarising the residential density strategy, as an orange line. The study area and the *Business Development Edge* are also indicated.

The CBD core, areas surrounding York, Courtenay and other identified activity streets and existing areas where higher density housing are found, were included within the *High Density Residential Edge*.

The higher residential densities will support the business function of the CBD. As stated in the *George CBD Economic Report* by *Demacon* (concise update February 2012) adding lower to middle income housing units (R450 000 to R650 000) will bring much needed consumers to the CBD, also after business hours. This will in time make it possible for businesses within the CBD to operate for longer hours.

Through residential density within the *High Density Residential Edge*, the CBD can become a destination for those who work and live here. It is also here where all roads leading to George and public transport converges. The soon to be implemented *George Mobility Strategy* will be most visible within this area of residential density within the CBD.

If the residential density area is too large, the figures will not have the desired strengthening impact on business in the CBD and the potential of the *George Mobility Strategy* will be limited.

The boundary of the residential intensification area should be assessed every 5 to 10 years to determine whether it should be expanded or not.

3.2. Densification Areas

The study area is divided in '9 densification areas' and '3 activity streets' that are suitable for different types of residential intensification, and to an extent business / retail and commercial development. The various densification areas were identified based on different considerations such as:

- Where areas have a similar character and where this character can be retained within certain densification goals;
- Where the current character allows for gradual intensification creating new denser areas that function in a different manner but still forms an urban unit;
- Where certain land-uses, density, height and coverage are necessary for the proper continuous functioning of an area in terms of views, circulation, access, traffic, public transport and pedestrian movement;
- Where intensification has taken place naturally due to available land for re-development.

The considerations above are all detailed under 'paragraph 5. Target Areas'.

3.3. Current Density

The measured density (dated December 2006) was calculated by dividing the study area into 27 grids. A land-use survey was then done to ascertain the land-use and thus the number of units per erf.

All planned, submitted applications, approved applications and development projects under construction were also included in the total number of units. Not all the units may materialise and some approvals have lapsed by now, but even so, it will not have a major effect on the density figure. Since these calculations were done in 2006, no big developments have been approved and implemented in the study area that could have dramatic impact on the figures.

3.4 Potential Density

The calculation of potential density is based on various variable factors, but care was however taken to determine a realistic potential density figure.

A relevant zoning was ascribed to the 9 densification areas and 3 activity streets. The development parameters were then used to calculate a maximum and minimum amount of units that potentially can be developed. The average figure was then adopted as the potential density. It relates to 24 917 dwelling units that imply a density of 80du/ha (2006).

4. RESPONDING TO A CHANGING CITY

4.1 Expediting Densification

Studies done as part of the WCPSTDF have identified George as a leader town. This means that George is well resourced and has a very high growth potential. It implies, as studies have shown, that people will and are moving from poor areas to financially stronger areas.

The WCPSTDF states that national and international research has shown that urban settlements significantly improve their urban performance at a density of 25du/ha. This however, does not mean that the entire George (or CBD) will have a density of 25du/ha, but that different areas will have different densities that is near or higher than 25du/ha overall. It is the purpose of this strategy to identify areas in the CBD where higher densities of 25u/ha or higher is appropriate and in fact necessary.

The current status quo (zoning scheme) and planning policy promotes densification, but not sufficiently to achieve the density that are required by the WCPSTDF.

The purpose of the George CBD densification strategy is to accelerate densification by allowing developers higher densities than currently allowed in appropriate locations. In theory, the CBD is the area where the highest densities should and can occur. Higher densities in the George CBD will help achieve an overall density of closer to 25u/ha for George as required by the WCPSTDF.

The George Municipal Council has now also published an incentive scheme to attract investors and make a positive contribution to accelerate the revitalisation of the local economy. Three key economic nodes have been identified of which one is the 'Urban Development Zone'. The aim of this zone is to revive the inner city through the creation of employment and attracting people to live and work in this area. It includes basically the area around and between York, Courtenay, Hope and Albert Street.

A range of incentives will be considered for development in this area. This includes amongst others building plan approvals within a shorter period, lower parking ratios and financial incentives. Full detail on this positive proposal is available from the Local Economic Development Section (LED) of George Municipality.

4.2 From Doughnut to Cupcake

The WCPSTDF uses the above simile to describe the development trends of our cities and towns in the past. No residential development took place in the urban core while low density residential sprawl were occurring on the edge of the urban settlement dominating the landscape.

This pattern of development is highly unsustainable and causes large infrastructure costs, accompanied by high transport cost and the ineffectiveness of public transport to name but a few problems.

Densification however of the central area of a city or town will have the following significant advantages:

- Optimisation of existing infrastructure and land
- Optimum use of public transport
- Viability of new bus service
- Close to employment, amenities & schools
- Opportunities for first time home owners
- Subsidy Housing

4.3 Creating Opportunity

Apart from the fact that densification provides additional choice to the housing market; it also stimulates economic and social opportunities by increasing the market for these opportunities in a certain area.

In providing higher densities around the hard CBD core opportunities and facilities are created within walking distance and a market for the facilities are created which will ensure the future viability and existence of the CBD.

4.4 Housing Needs

The one-house-fits-all scenario is not applicable to modern society anymore. Nuclear families are shrinking and different families have different needs. The affordability of housing is a serious issue that can be addressed to a large extent in the CBD and the abutting area as shown. It will create an opportunity for especially first time home owners.

4.5 Transportation

The increase of residential densities and a variety of mixed uses in close proximity to housing opportunities reduces the need to travel by car and increases the viability of public transport. The hard CBD core is envisaged as a pedestrian orientated area and the other target areas identified in the CBD plan is envisaged as areas where walking would also be the main form of movement, but where public transport should play a bigger role than in the hard CBD core. This will also add to the viability of the bus service (George Mobility Strategy) proposed by the Provincial Government: Western Cape together with the Department: Civil Engineering Services (George Municipality).

4.6 Areas suitable for densification

In George certain areas would be better suited to densification due to availability of land, transport routes, slope, location and sense of place to name but a few. In the CBD certain of these factors also informs areas within the CBD which are suitable for densification and certain areas would require different forms of densification than others.

The result is that the CBD will not have a uniform density in all the areas, which will achieve and in some instances retain sense of place and create choices to potential residents.

The location of employment opportunities near areas of high density is critical to the use of public transport and creating a pedestrian friendly environment. The location of employment and other opportunities in the CBD makes it especially suitable for residential densification.

4.7 Infrastructure

In some areas infrastructure capacity might not be sufficient to allow for increased densities and would need to be upgraded. This is especially the case with the increase of traffic in certain areas.

The cost of infrastructure capacity upgrading should however be weighted against providing new infrastructure in another location. It is argued that regardless of where the increase in population is located, new services would have to be provided for them.

5. TARGET AREAS

5.1 Area 1

AREA 1

West and East of York Street between Albert and Union Street

Objective

To create high density mixed developments that can sustain a public transport system and promote walking.



Lower York Street: Area of high accessibility and high potential for densification.

York Street: Example of new building in York Street of three storeys.

The area is suitable for higher density housing due to its location next to the highly accessible York Street transport axis.

The area already has a higher density residential character due to the location of flats next to York Street. The potential however exists to increase the current density. Owners of existing blocks of flats should be allowed to re-develop in terms of the new scheme regulations as well as owners of single storey business buildings.

5.1.1 Height

5.1.1.1 Two Storeys

Where the building will be adjacent to a single residential area, regardless whether there is a street between the development site and the residential area.

5.1.1.2 Three Storeys

Where the building is situated on a site that is either bordering York Street or another zoning except a single residential area.

5.1.1.3 Four Storeys

The development site is situated next to York Street.

It could imply business / office use on ground floor level at least, and an additional three floors of which any number is utilised for residential purposes.

5.1.2. Business / Office / Other land-uses

The emphasis on residential densification does not imply the preclusion of any other land use, especially business premises. Where a developer wishes to rezone to business premises for the sole use of business the residential densification strategy will not deter or prevent any developer from obtaining these development rights in residential densification area 1.

Land uses other than residential will however only be permitted on the York Street frontage.

5.1.3 Proposed Zoning

Business Zone 3 (B3): Medium Intensity Business
General Residential Zone 3 (GR3): Low Rise Apartments
See draft zoning scheme and zoning plan.

5.2 Area 2

AREA 2 Davidson Road between the Rooi River and York Street

Objective

To create high density mixed developments that can sustain a public transport system and promote walking.



Lower Davidson Road: Existing town houses

Upper Davidson Road: Existing flats of two storeys.

The vision for this road is to retain its character as a gateway road to the CBD. Higher density housing will be allowed with offices or tourist facilities interspersed.

5.2.1. Height

5.2.1.1. Two Storeys

Where the building will be adjacent to a single residential area, regardless whether there is a street between the development site and the residential area. In this area, only the residential area north of Davidson Road, outside the study area, will be relevant.

5.2.1.2. Three Storeys

Where the building is situated on a site that is fronting on Davidson Road.

5.2.2. Proposed Zoning

Business Zone 3 (B3): Medium Intensity Business

General Residential Zone 3 (GR3): Low Rise Apartments

See proposed zoning scheme and proposed zoning map.

5.3 Area 3

AREA 3 **Soft CBD Core - West of York Street (area between Davidson Road and Victoria Street)**

Objective

To create high density mixed developments along CJ Langenhoven Street that can sustain a public transport system and promote walking and high density residential developments that can support mixed use facilities and opportunities that are in close proximity.



Soft CBD Core: Area of high intensity mixed uses, higher density housing.

This area consists of mixed uses along CJ Langenhoven Street, higher residential land-uses north of CJ Langenhoven Street and a single residential area south of CJ Langenhoven Street. The area has a high potential for higher density residential development.

Recommendation: That an access management and traffic plan be drawn up by the municipality before any densification takes place. That landscaping on the pavements be improved to soften the impact of existing and future developments.

5.3.1 Height

5.3.1.1 Two Storeys

Where a building will be adjacent to a single residential area, regardless of whether there is a street between the development site and the residential area. In this area, only the residential area south of AREA 3 will be relevant.

5.3.1.2 Three Storeys

Three storeys will be permitted in the entire AREA 3, except along CJ Langenhoven Street where 4 storeys will be permitted.

5.3.1.3 Four Storeys

Four storeys will be allowed along CJ Langenhoven Street where the development site fronts on CJ Langenhoven Street.

5.3.2 Proposed Zoning

General Residential Zone 2 (GR2): Town houses

General Residential Zone 3 (GR3): Low Rise Apartments

Business Zone 1(B1): Intermediate Business

Business Zone 3 (B3): Medium Intensity Business

See proposed zoning scheme and proposed zoning map

5.4 Area 4

AREA 4 Hard CBD Core

Objective

To create a strong commercial centre.



Courtenay Street:
Four storeys are proposed for this area.



Meade Street: Seven storeys are proposed for this area.

The 'hard CBD core' is the area in which the highest level of activity and business facilities is found.

It is envisaged that this area should be the heart of intense business facilities and the highest residential density. In light of this, higher bulk and coverage will be allowed and up to seven storeys in height.

5.4.1 Height

5.4.1.1 Seven Storeys

Seven storeys will be permitted in the entire AREA 4, except where AREA 4 bounds on:

- Area 5
- The single residential area north of Courtenay Street;
- and along
- Courtenay Street
- Wellington Street

5.4.1.2 Four Storeys

Four Storeys will be allowed

- North of Courtenay Street between Area 10 and Mitchell Street
- Properties bounding on Wellington Street.

5.4.1.3 Three Storeys

Three storeys are allowed in the area north of Courtenay Street.

5.4.1 Proposed Zoning

Business Zone 1 (B1): Intermediate Business

Business Zone 3 (B3): Medium Intensity Business

Business Zone 4 (B4): High intensity Business

See proposed zoning scheme and proposed zoning map

5.5 Area 5

AREA 5 **Street Blocks along Wellington Street and between Mitchell Street, Railway Line and Stander Street**

Objective

To create a high density residential area that is close to schools, shops and employment opportunities



The area is still a fairly homogeneous residential area, but is highly suitable for residential densification.

Area 5 consists mainly of single residential premises, a few offices, medical facilities and blocks of flats. The area is in close proximity to Outeniqua High School and Mitchell Street which is a main distributor of traffic to Denneoord and George-East. Three storeys are proposed due to its excellent location in relation to access routes and schools but not four storeys to protect the surrounding single residential area. Wellington Street is discussed as a separate densification area (Area 10).

5.5.1 Height

5.5.1.1 Three Storeys

Three storeys are allowed in Area 5.

5.5.2 Proposed Zoning

General Residential Zone 2 (GR2): Town Houses
General Residential Zone 3 (GR3): Low Rise apartments
See draft zoning scheme and zoning plan.

5.6 Area 6

AREA 6 Greater Central Area

Objective

To create a high density residential area close to schools, shops and employment opportunities



Meade Street: Residential densification is already taking place in this street.

Street with medium intensity residential densification

The area can be described as a transitional area between the hard CBD and the single residential area of George South, as well as the hard CBD and the commercial / industrial area. Three storeys are proposed in this area, except where the area bounds on a single residential area, regardless of whether or not there is a road dividing the two areas. Four storeys are not proposed for this area to protect the single residential area to the south.

Businesses and offices are not preferable in Area 6. The intention is to locate businesses, offices and retail facilities in the hard CBD core to ensure a strong and viable CBD.

Area 6 excludes Albert Street (Area 11) and Victoria Street (Area 12).

5.6.1 Height

5.6.1.1 Three Storeys

Three storeys are proposed in Area 6, except where Area 6 bounds on Area 8 where only two storeys will be allowed.

5.6.2 Proposed Zoning

General Residential Zone 2 (GR2): Town Houses

General Residential Zone 3 (GR3): Low Rise Apartments

See draft zoning scheme and zoning plan.

5.7 Area 7

AREA 7 **Cradock Street (between Fichat and Laing Street)**

Objective

Develop this area as the higher density residential and business hub of the George-South residential area.



Cradock Street: Established business



Flats in Cradock Street

This area already forms a business node in the George-South residential area with the historical Watson's Butchery as its core and further potential exists to densify this area. A mixture of business and higher density residential development will be allowed with a maximum of two storeys to protect the surrounding single residential area.

5.7.1 Height

5.7.1.1 Two Storeys

Two storeys are allowed in Area 7.

5.7.2 Proposed Zoning

Business Zone 1 (BZ1): Intermediate Business
General Residential Zone 2 (GR2): Town houses
See draft zoning scheme and zoning plan.

5.8 Area 8

AREA 8 George-South

Objective

Densify the area by subdivisions and second dwelling units in order to still retain the single residential function of the area.



Union & Merriman Street: : Residential densification is already taking place in this street.



Mitchell Street: Some group housing developments are found in George-South

George-South falls in the CBD area, but is still a fairly homogeneous single residential area with group housing schemes interspersed. Properties are comparatively large and the potential exists for densification in terms of subdivisions and second dwelling units or granny flats. It is proposed that erven are allowed to be subdivided in accordance with Council policy. Second dwelling units should also only be allowed in accordance with Council policy.

Town housing and group housing can be considered along the main distributor roads in this area.

Recommendation: That an access management plan be drawn up by the Municipality for Hope Street before any densification takes place.

5.8.1 Height

5.8.1.1 Two Storeys

Two storeys are allowed in the entire Area 8.

5.8.2 Proposed Zoning

Single Residential Zone I (SR1): Low Density
General Residential Zone I (GR1): Group Housing
General Residential Zone 2 (GR2): Town Housing
See draft zoning scheme and zoning plan.

5.9 Area 9

AREA 9 Dormehlsdrift

Objective

Densify the area by subdivisions and second dwelling units in order to retain the single residential function of the area.



Dormehlsdrift: Fairly homogeneous single residential area. Only low intensity residential densification is proposed.

Dormehlsdrift is a homogeneous residential area and it is envisaged to maintain this area as the only single residential area in the CBD. Although it will retain its single residential character the potential exists to densify the area by allowing granny flats, duet houses, second dwelling units, and subdivisions. Subdivided properties are however not allowed to be smaller than what Council policy prescribes for this area.

5.9.1 Height

5.9.1.1 Two Storeys

Two storeys are allowed in the entire Area 9.

5.9.2 Proposed Zoning

Single Residential Zone I (SR1): Low Density
General Residential Zone I (GR1): Group Housing
General Residential Zone 2 (GR2): Town Housing
See draft zoning scheme and zoning plan.

5.10 Area 10

AREA 10 Wellington Street

Objective

Utilise the accessibility and proximity to the hard CBD core to promote residential, office and other mixed uses in the area.



Wellington Street: Residential and business densification is already taking place and further high potential exists for densification.

The area along Wellington Street has in recent years developed to business premises and flats due to its function as a distributor road from George central to the northern residential areas of George. Due to the intense activity along Wellington Street it is suitable for a mixture of higher density land-use and business. An access management strategy is however necessary to ensure the free flow of traffic.

Recommendation: That an access management plan be drawn up by the Municipality before any densification takes place.

5.10.1 Height

5.10.1.1 Four Storeys

Four storeys are allowed along Wellington Street

5.10.2 Proposed Zoning

Business Zone 3 (B3): Medium Intensity Business
General Residential Zone 3 (GR3): Low Rise Apartments
See proposed zoning scheme and proposed zoning map

5.11 Area 11

AREA 11 Albert Street (between York and Railway line)

Objective

To strengthen the transport axis function by establishing high density residential and business land uses.



Albert Street: Busy activity route with various mixed uses.

Business on ground floor and flats on 1st floor. This trend is already occurring along Albert Street

Albert Street is a main transport axis and activity corridor and has potential for high density developments and business activity and office space.

5.11.1 Height

5.11.1.1 Four Storeys

Four storeys are allowed along Albert Street

5.11.2 Proposed Zoning

Business Zone 3 (B3): Medium Intensity Business
 General Residential Zone 2 (GR2): Town Housing
 General Residential Zone 3 (GR3): Low Rise Apartments
See proposed zoning scheme and proposed zoning map

5.12 Area 12

AREA 12 Victoria Street

Objective

Retain the historic facades and office function and densify at the rear of properties



Victoria Street: Historical facades and old buildings used as offices.

In recent years Victoria Street has developed as an area where professional offices tend to situate. Many of the old historical dwellings have been restored and the street displays a pleasant visual and pedestrian character. New office and residential buildings must take cognisance of this and should strive to create or better the current streetscape. Original buildings that are conservation worthy should be retained. Residential or new office buildings will be allowed behind the existing restored buildings.

5.12.1 Height

5.12.1.1 Two Storeys

Two storeys are allowed where it is behind the existing historical buildings or if the original façade is retained.

5.12.2 Proposed Zoning

Business Zone 2 (B2): Low Intensity Business
 General Residential Zone 2 (GR2): Town Housing
 General Residential Zone 3 (GR3): Low Rise Apartments
See proposed zoning scheme and proposed zoning map

6. **DRAFT INTEGRATED ZONING SCHEME**

Council is in the process of adopting a new integrated zoning scheme that is based on the *Provincial Zoning Scheme Model By-Law* (October 2004). The proposed zonings that have been awarded to every densification zone are based on this draft integrated zoning scheme.

An Overlay Zone can be provided for the CBD to provide for special restrictions/incentives to accommodate the proposals of this densification strategy as well as the spatial plan for the CBD.

7. **PROVISION OF OPEN SPACES IN THE CBD**

The value of open spaces (public and private) within especially the CBD should not be ignored. It creates areas of social interaction where children can play and people can relax. It plays an important role in the creation of sustainable human settlements.

Buildings should form the edges of street blocks to open up the central sections of the street block to be utilised as an open space. The internal spaces between buildings can also make provision for parking. By providing parking behind buildings it turns the streetscape into a positive experience. Parking between the road surface and buildings should be kept to the minimum.

The street blocks of George are large (approximately 200m x 200m) making pedestrian movement difficult. This gives an area of approximately 41000m². Mid-block connections have always been provided but not fully implemented. It would be possible to utilise around 25% (\pm 10 000m²) of the mid-block area as open spaces without being detrimental to the provision of parking.

Buildings and parking will then form the edges of the central open spaces. To promote and support the creation of these open spaces between buildings, land use incentives should be granted to property owners participating in the drive to create sustainable open spaces. This could be included in an Overlay Zone for the CBD as stated in paragraph 6 above. Street and side building lines should be relaxed to 'pull' the buildings from the rear of the properties. Draft layout plans can be drawn up for every street block in the CBD to direct the individual planning of property owners. These plans will show proposed building lines in accordance with the coverage and bulk allowed for every property.

The *George Mobility Strategy (GMS)* has shown how the Railway Station can be linked for pedestrians through these mid-blocks. Attending to the provision of open spaces will create green lungs and improve the functionality and attractiveness of the CBD for all residents of the George Municipal area.

The sports fields of schools within the CBD area could also add to the open area available for recreation in the CBD. An agreement will have to be reached between the Municipality and the schools to allow for wider public when not used by the schools.

8. GENERAL MANDATORY REQUIREMENTS (Applicable to entire study area)

8.1 Sense of Place

8.1.1 Architecture

All development proposals are required to take heed of the historical and architectural character of the area. The CBD area is the heart of George and the area to which the people of George and visitors travel to on a daily basis and where many pedestrian trips take place. This requires an area of architectural quality where the human scale and pedestrian spaces should require precedence. The *Architectural and Urban Design Guidelines* for the George Municipal Area is available in draft and should be considered in every development proposal.

8.1.2 Parking

Parking should preferably not occur in the space between buildings and the street boundary. Ground floor parking is permissible, but only where units are placed on the street frontage with the ground floor parking behind it.

Where business/office/other land uses are provided at ground floor level, parking is allowed on the street frontage, but only for the sole use of the business/office/other land use.

An Overlay Zone for the CBD can be of great value to implement alternative parking arrangements.

8.1.3 Street Frontage

In creating densities, emphasise should also be placed on creating pedestrian friendly spaces and an environment that is aesthetically pleasing. The placing of solid walls on the street frontage of developments creates a dead and uninviting environment and which also decreases surveillance both from the inside and the surrounding area.

Balustrade fencing or solid walls interspersed with balustrade fencing is more preferable. Any design will be suitable as long as it provides an onlooker on the outside to discern activity on the inside. Again an Overlay Zone for the CBD will be of value.

- Higher density housing (General Residential Zone) will preferably be allowed where the development site is **1500m²** or more.

- It will necessitate developers to consolidate smaller properties before development can take place. It will ensure a higher quality and more functional design that are aesthetically more pleasing than ad hoc small scale flat developments and which is easier to manage in terms of traffic circulation, access and provision of municipal services. Incentives to promote consolidation can be included in an Overlay Zone.
- An **urban design plan** should accompany applications for development on sites of 1500m² and more in which pedestrian circulation from and to the site is addressed, including disabled access.
- Cars should theoretically not be necessary in higher density developments, especially in the CBD. Studies have shown that acceptable walking distances increase if the walking environment is pleasant. The plan should also make reference to pavement and development site landscaping and beautification.

8. ADDITIONAL DEVELOPMENT SITES

The old Road Camp and the Correctional Services site take up large tracts of land close to the CBD and other places of employment. In future it could be used for subsidised higher density mixed use developments.

The owners of these properties should be encouraged to re-develop these sites into mixed land use developments with a high density residential component.

The proposed re-development of the Tourist Resort is an excellent example of a mixed use development with a large high density residential component.

An audit should also be done of municipal, provincial and national government owned properties in and around the CBD. The potential of these properties should be investigated together with the needs of the relevant government department so as to create new business opportunities together with residential opportunities.

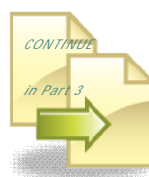
9. CLOSURE

We are of the opinion that if these proposed areas are densified properly as proposed it will form the basis of the future integrated City of George.

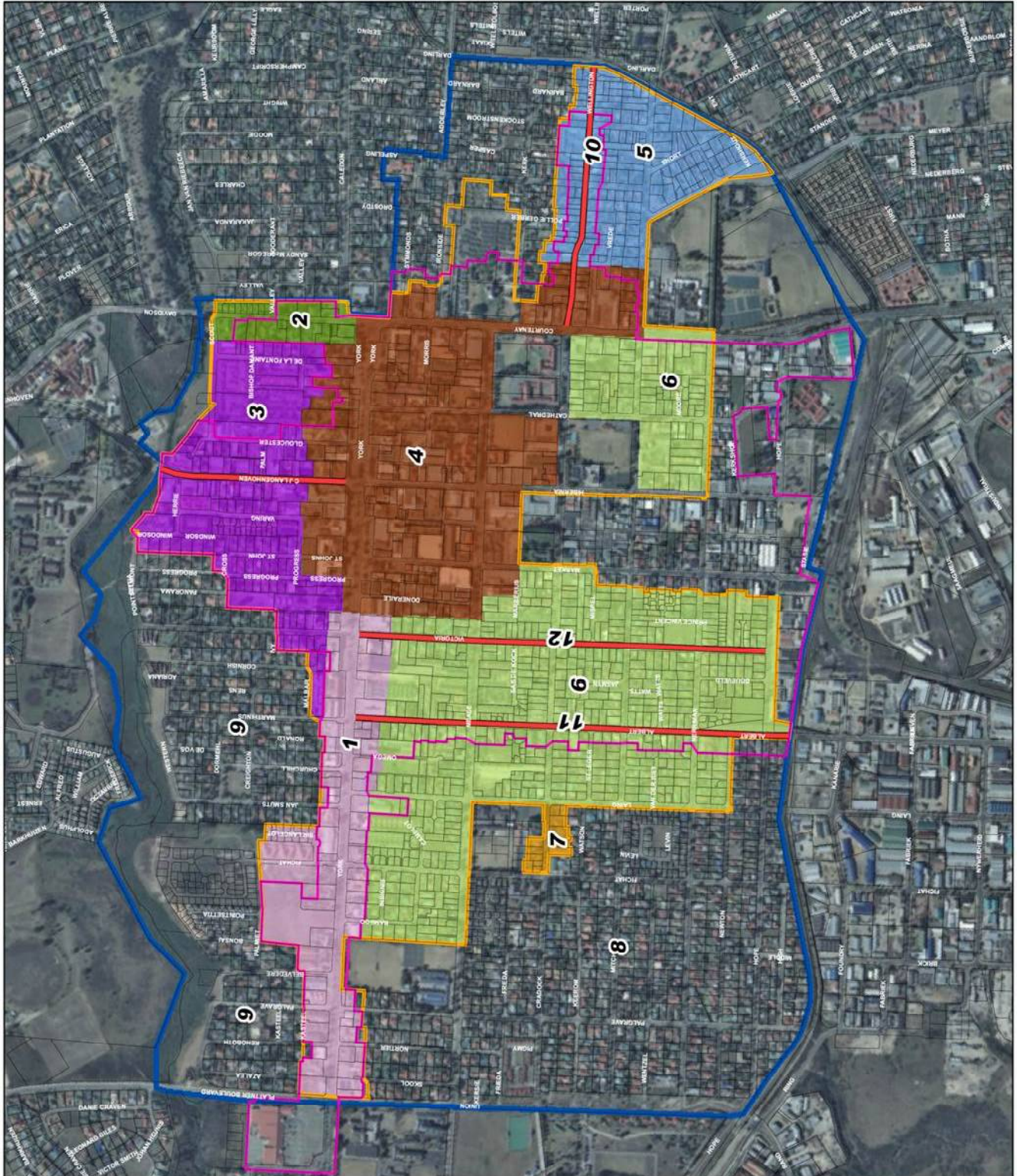
Only by means of densification in these areas can integration be achieved as well as the optimal use of services that will benefit the greater George, whilst maintaining its character.

Densification in the CBD area will allow for gradual extension of lower density development on the outskirts of town without the negative effects of urban sprawl.

FEBRUARY 2012



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PROJECT: George CBD	PROJEK: George CBD
DESCRIPTION: Residential densification strategy	BESKRYWING: Residential densification strategy
TITLE: Layout Plan	TITEL: Layout Plan
LEGEND: Study Area High Density Residential Edge Business Development Edge	LEGENDE: Study Area High Density Residential Edge Business Development Edge
A3 Scale: 1:10,000	A3 Scale: 1:10,000
DESIGNED: DV ONTWERP:	DESIGNED: DV ONTWERP:
DRAWN: MV GETEKEN:	DRAWN: MV GETEKEN:
DATE: FEB 2012 DATUM:	DATE: FEB 2012 DATUM:
PLAN NO: 405/GEO/06_GEO/CBD	PLAN NO: 405/GEO/06_GEO/CBD



February 2012

PART 3

GEORGE CBD ECONOMIC REPORT – CONCISE UPDATE





George CBD Economic Report – Concise Update

MARKET RESEARCH FINDINGS

&

RECOMMENDATIONS

February 2012

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The information contained in this report has been compiled with the utmost care and accuracy within the parameters specified in this document. Any decision based on the contents of this report is, however, the sole responsibility of the decision maker.

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ECONOMIC OVERVIEW

➤ PROJECT BRIEF

In 2008 Demacon Market Studies were commissioned by WM De Kock Associates to conduct an urban economic market research in order to provide specialist economic and market potential input into the **Spatial Development Plan for the Central Business District (CBD) of George**. This aim of this report was to identify market potential for the node in various land uses as well as strategies to regenerate the CBD into a vibrant economic node.

Since 2008 the world, national and local economies have been impacted by a recession, influencing development trends and opportunities throughout the national economy. As a result, an **update for the George CBD market potential** is necessary. The purpose of this **update is to identify the impact**, of the change in economic growth, **on the market potential** for the George CBD.

The same methodology will be used in this report as in the previous report dated (February 2009) with the main difference being a much more concise update of market potential for the George CBD. This report will firstly indicate the growth climate and economic context to understand the current economic climate. This will be followed by a revised market potential assessment and concludes with strategy recommendations. It is important to understand what has contributed to the change in the local economic trends and where the economy could be headed.

➤ ECONOMIC CONTEXT & GROWTH CLIMATE

The National Economy

External Economic Environment Beginning To Show Signs of Impacting on SA GDP Prospects

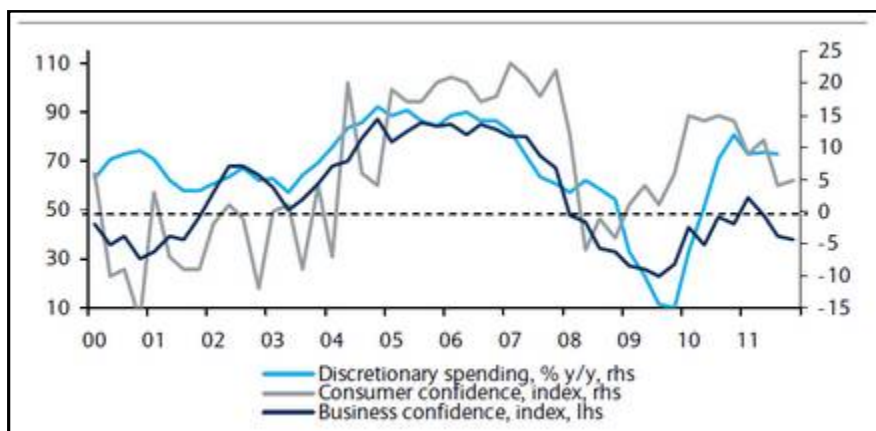
- ✓ In line with a further downward revision to global growth forecasts (**global growth** is expected to measure 3.3% in 2012 from 3.7% previously), Absa have pared South Africa's 2012 GDP growth forecast to 2.8% (from 3.4% previously).
- ✓ This is a meaningful change not only in magnitude but also in direction as Absa now believe that 2012 GDP growth will measure lower than the 3.0% they are now projecting for 2011.
- ✓ Thankfully, a support mechanism comes in the form of the consumer and here, fundamentals in the form of still relatively high nominal income growth (owing to high wage settlements) and low interest rates (leaving debt-servicing costs low) will be a big help to the economy in 2012.
- ✓ Against a still favourable expenditure-side dynamic however, Absa believes that the major risks to the economy in 2012 stem from the **investment and production side** of the economy and here business confidence is already more pessimistic.

Consumer Confidence

- ✓ The consumer is still the powerhouse of South Africa's GDP growth, and consumer confidence is key to discretionary spending in South Africa

- ✓ Looking to Q4, BER's most recent consumer confidence figures (see graph below) which showed a modest improvement to +5 (prior: +4) and remains above the index's longterm average. Given the view that consumer confidence is key to discretionary spending in the economy, this resilience in confidence is critical if the consumer is to remain the backbone of GDP growth going into 2012.

- ✓ The lacklustre momentum growth in the more durable components of household credit, is perhaps indicative of what remains an uncertain global and domestic economic climate and suggests some level of tentativeness on both households' and



financial institutions taking on/issuing significant amounts of new debt – a theme which is likely to carry through into 2012.

- ✓ The **resilience of household consumption** makes sense if one considers the consumer metrics of the economy. Despite a higher Q3 inflation rate (5.4%), the 193k jobs created in Q3 and subsequently higher nominal income levels were able to offset this and help steer real disposable income higher in the quarter (3.9% q/q).
- ✓ A still supportive interest rate climate also continues to lend a hand in so far as keeping debt service costs as a percentage of disposable income low (6.8% in Q3, down from 7.7% a year earlier).
- ✓ Despite this supportive consumption backdrop, the ability and **willingness of consumers** to take on significant amounts of new debt **remains constrained** however as evidenced by the still relatively subdued growth in household credit extension.

Business Confidence

- ✓ Supply-side sectors were the largest drag on Q3:2011 GDP, pulling the quarterly GDP growth print down by over a full percentage point. The mining sector was the most to blame here, contracting 17.4% q/q saar in Q3 and, concerningly, marking the third consecutive quarter of negative growth for this sector.
- ✓ Still **depressed levels of business confidence in supply-side** sectors also leaves us somewhat **sceptical on the outlook for the fixed investments** side of the economy going into 2012. Interestingly, despite the further contraction in mining and manufacturing activity in Q3 11, gross domestic fixed investment (GDFI) in machinery and equipment managed to rise 10.9% q/q saar in Q3 (prior: 9.8%) and pleasantly surprised is the resilience of GDFI growth across the private, public and government sectors.
- ✓ It is difficult to say what drove much of this improvement, however Absa thinks that for the private sector in particular, this could be a function of companies embarking on their replacement cycles rather than a look to expand capacity in the current climate.
- ✓ There is a bit of a silver lining however and this lies in the fact that a significant proportion of SA's manufactured exports also go to Asia and within Sub-Saharan Africa, while by far the largest proportion of our mining exports end up in Asia - both regions for which relatively healthy growth next year are projected (of 5.7% and 6.5% respectively). This could provide a helpful buffer to any protracted slowdown in European demand.

- ✓ The composite leading business cycle indicator increased by 0.3% in October 2011 compared with the preceding month.
 - ✓ Seven of the eleven component time series that were available for October 2011 increased, while four decreased.
 - ✓ The major positive contributors to the movement in the leading indicator in October were the twelve-month percentage change in job advertisement space and the BER's average hours worked in the manufacturing sector.
- The graph shows the Composite leading business cycle indicator index from 2006 to 2011. The y-axis represents the index value, ranging from 100 to 140, with a base of 100 in 2000. The x-axis shows the years from 2006 to 2011. The index starts at 100 in 2006, rises to a peak of approximately 128 in early 2007, then fluctuates with a significant dip to around 105 in late 2009, followed by a recovery to about 135 by early 2011, and ends at approximately 133 in October 2011.
- ✓ The largest negative contribution came from the twelve-month percentage change in the export commodity price index, followed by the number of residential building plans passed.

➤ IMPLICATIONS OF THE GROWTH CLIMATE ON THE ECONOMY

- ✓ The growth of the national economy is estimated at 2.8% for 2012, down from the 3.6% in 2011, indicating that the economic recovery is slower than anticipated
- ✓ The lower national economic growth is set to impact George with lower national economic confidence, affecting the local economic environment
- ✓ The current uncertain international economic sentiment, coupled with low national consumer and business confidence has minimised the investment in fixed infrastructure in the economy

The Local Economy

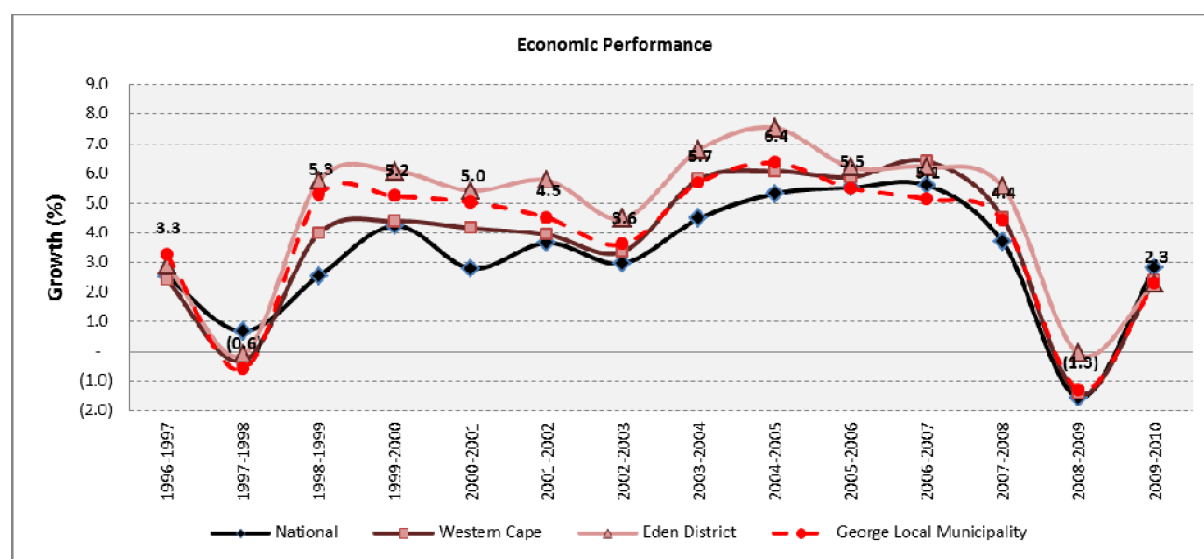
The Impact of the National Economic Recession is Evident in Local Economic Trends

Figure 1 provides detail on the growth performance of local economy in respect of the district, provincial and national economies between 1996 and 2010.

Findings: (Figure 1)

- ✓ The local economic growth rate of George seems to correlate somewhat to that of the district economy. However it differs from the provincial and national growth rates.
- ✓ It is evident that the **local economic growth trends follow the national trends** in consumer and business confidence. This is especially visible in 2008 and 2009 when consumer and business confidence was low and economic growth in George also decreased
- ✓ It further seems that during times of high economic growth the **local growth rate was higher, compared to the national economy**
- ✓ In times of negative growth the local economy was also **negative and lagged in the upswing of positive growth** in the national economy.

Figure 1: Local Economy Growth, 1996 to 2010 (GVA at basic prices)

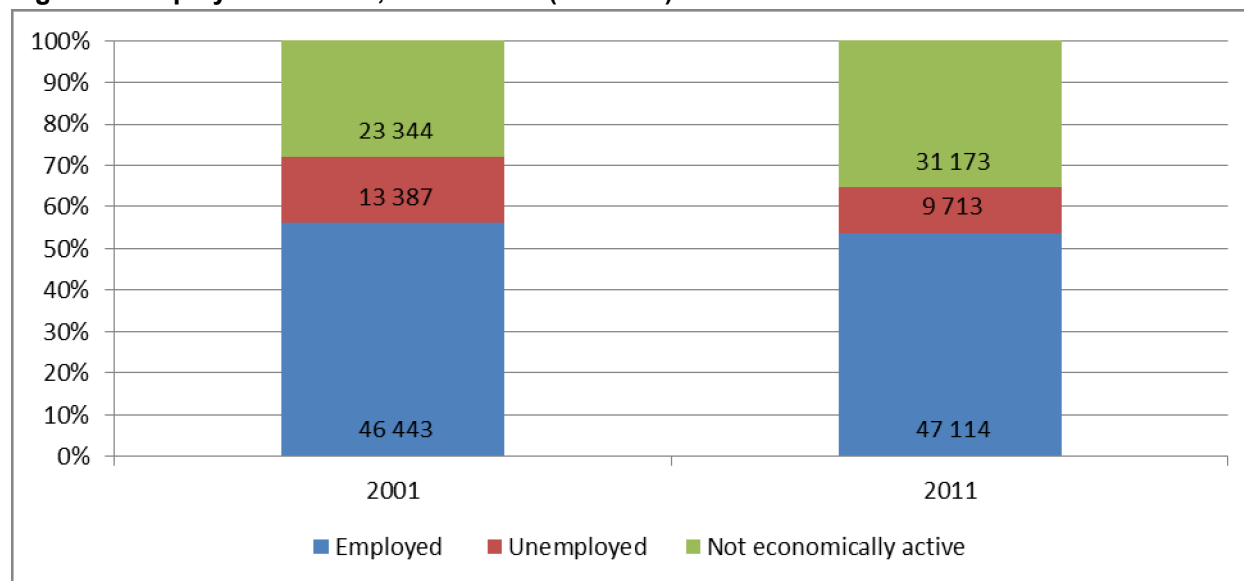


Source: Demacon Ex. Quantec, 2012 (the latest available local economic data is for 2010)

Change in the Employment Status of George

The following figure shows the employment trends in the local economy.

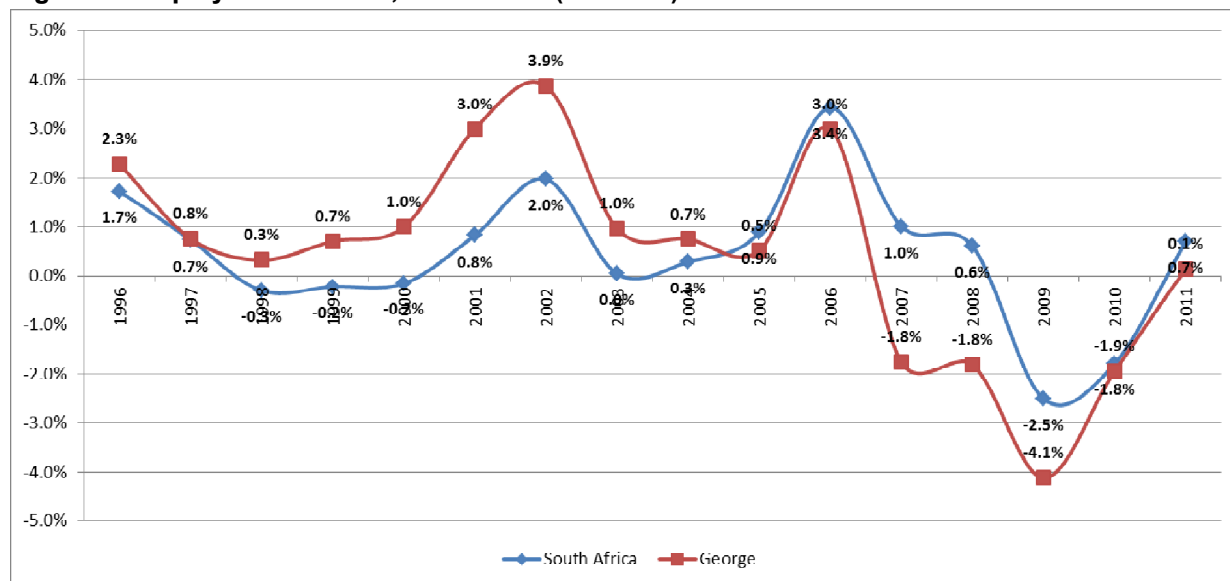
Figure 2: Employment status, 2001 – 2011 (estimate)



Source: Demacon&Quantec, 2012

Employment has increase at 0.14% or 67 jobs per annum since 2001. This is low compared to the national employment average of 0.7% average per annum. The growth in employment between 1995 and 2011 is indicated in the following figure.

Figure 3: Employment Growth, 1996 – 2011(estimate)



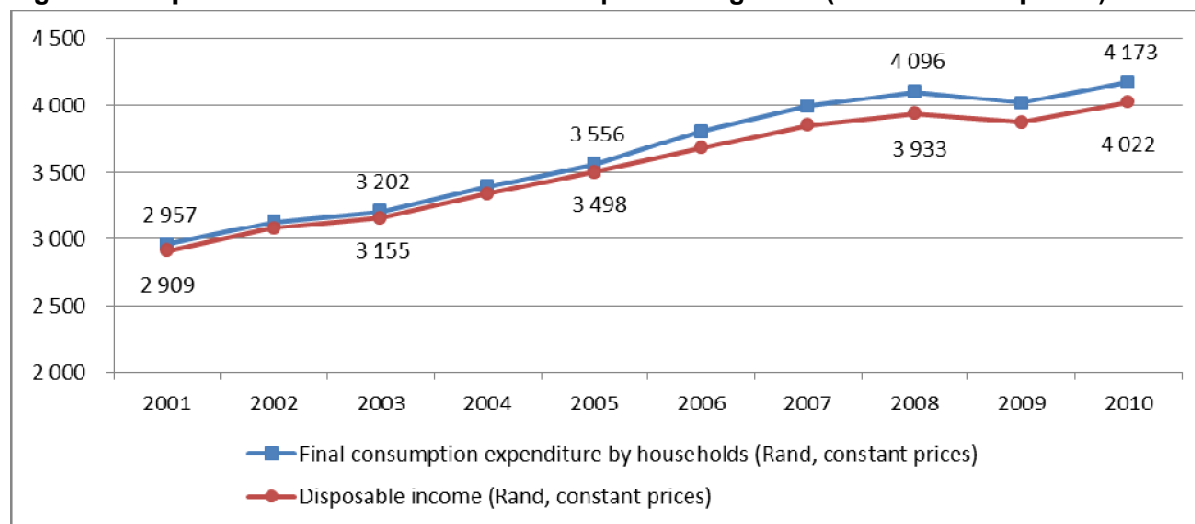
Source: Demacon&Quantec, 2012

Employment figures support the economic growth rate, where in strong growth years the local economy has strong growth in especially employment while in times of recession the local economy lags the national economy in improving.

Growth in disposable income for the local economy shows a marginal improvement

The following figure indicates the growth in disposable income and consumer expenditure by households.

Figure 4: Disposable Income and consumer expenditure growth (constant 2005 prices)



Source: Demacon&Quantec, 2012

On average the growth rate for both disposable income and consumption expenditure was positive since 2001. The figure illustrate that disposable income did not much increase since 2008 and this is attributed by the prevailing economic trends.

➤ IMPLICATIONS OF THE GROWTH CLIMATE ON THE GEORGE ECONOMY

- ✓ The George economy takes longer to show signs of sustained positive economic growth and lags the national economy when periods of negative growth are prevalent in the national economy
- ✓ Employment growth is correlated with economic growth. The local economy is showing signs of improved employment opportunities, however this is expected to be a slow process lagging the national employment trends
- ✓ Population and household growth in George has increased yearly, but at a lower rate up to 2008, from where it showed higher population growth rates. The increase in population and household numbers increases the market size and critical mass needed for continued development of a variety of mixed use economic activity
- ✓ In conclusion it seems as if it takes longer for confidence levels to be installed for investment in smaller towns, such as George, compared to the average i.e. whereas it is generally expected that markets will show active signs of recovery over the next 12 to 18 months, it may take smaller towns such as George twice as long.

➤ THE BUILDING INDUSTRY

No relief yet for building industry (*Rode, 2011:3*). The confidence of all role-players in the building industry remains low with respondents indicating that they expect poor conditions to continue in the wake of current economic conditions.

A modest rise in work volumes in non-residential sector was apparent according to the SARB with a growth rate of 4% compared to the same time (second period) in 2010. While residential buildings completed and buildings plans passed continued a downward trend and is as much as 28% lower than the comparative time in 2010. But that a growth in growth in building plans passed in the small house (smaller than 80m²) might be an indication of a possible movement to more affordable and high-density alternatives given the current economic environment.



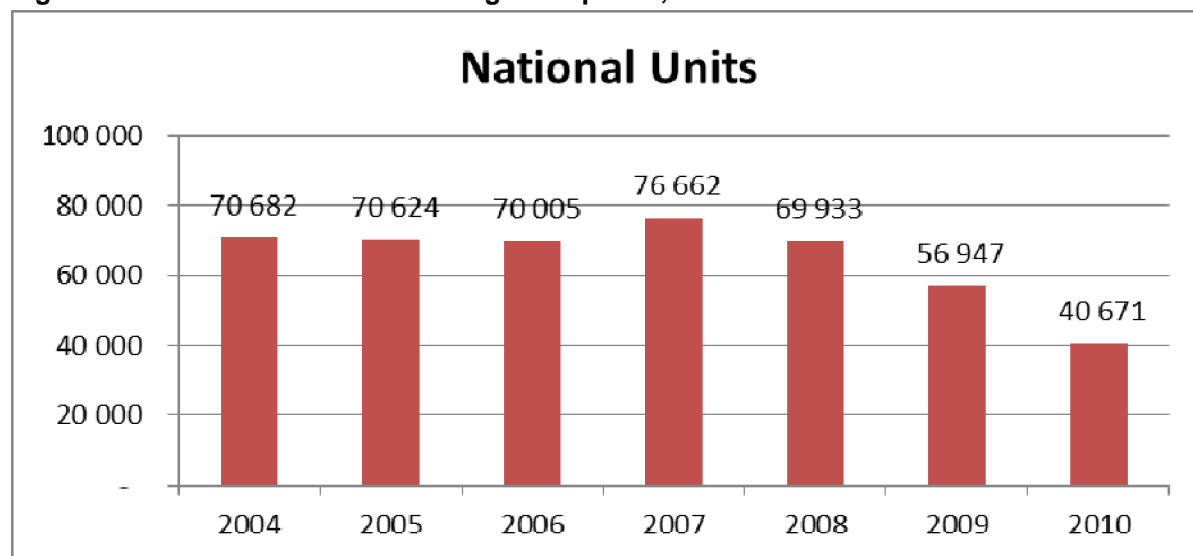
The following figure shows the building statistics for the national economy between 2004 and 2010.

Residential

Residential development up to 2006 was around 70 000 units in the national economy and in 2007 that increased to 76 000 units. The number of new residential units since 2007 has decreased up to 40 000 units in 2010. This clearly illustrates the decrease in fixed investment within the national economy since the 2008/2009 recession. Correlation between the optimism

and pessimism graph and the buildings completed in the graph below is evident and clearly indicate how optimism in the market influence fixed investment development.

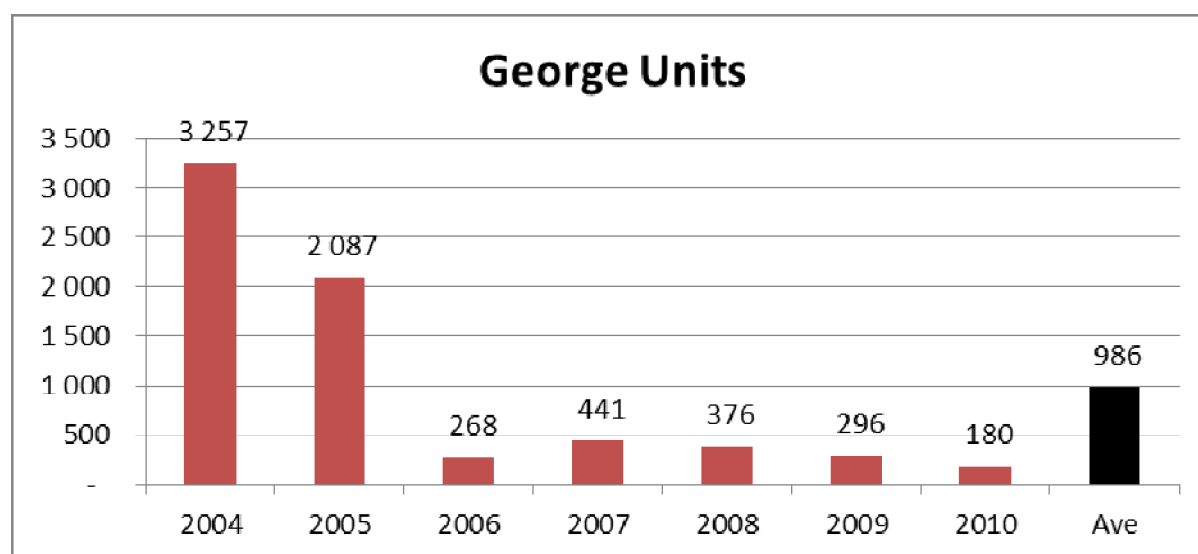
Figure 5: National Residential Buildings Completed, 2004 to 2010



Source: Stats SA & Demacon Calculations, 2012

The building statistics for the local economy follow the same trend, with strong growth in 2004 and 2005 and then a sudden decrease in residential units completed from 2006 to 2010.

Figure 6: George Residential Buildings Completed, 2004 to 2010



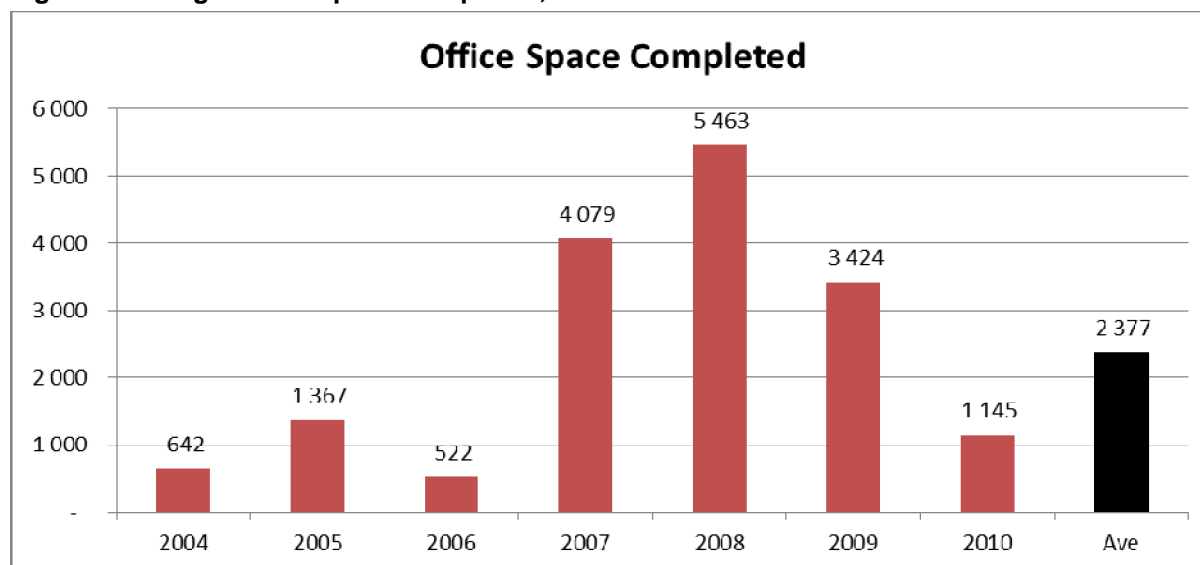
Source: Stats SA & Demacon Calculations, 2012

The average number of units completed over the 7 years is **986 units per annum**. The local market absorbed as much as **2 000 units per annum** during times of strong economic growth.

Office

The size of office space completed per annum in George since 2004 is shown in the following figure.

Figure 7: GeorgeOffice Space Completed, 2004 to 2010



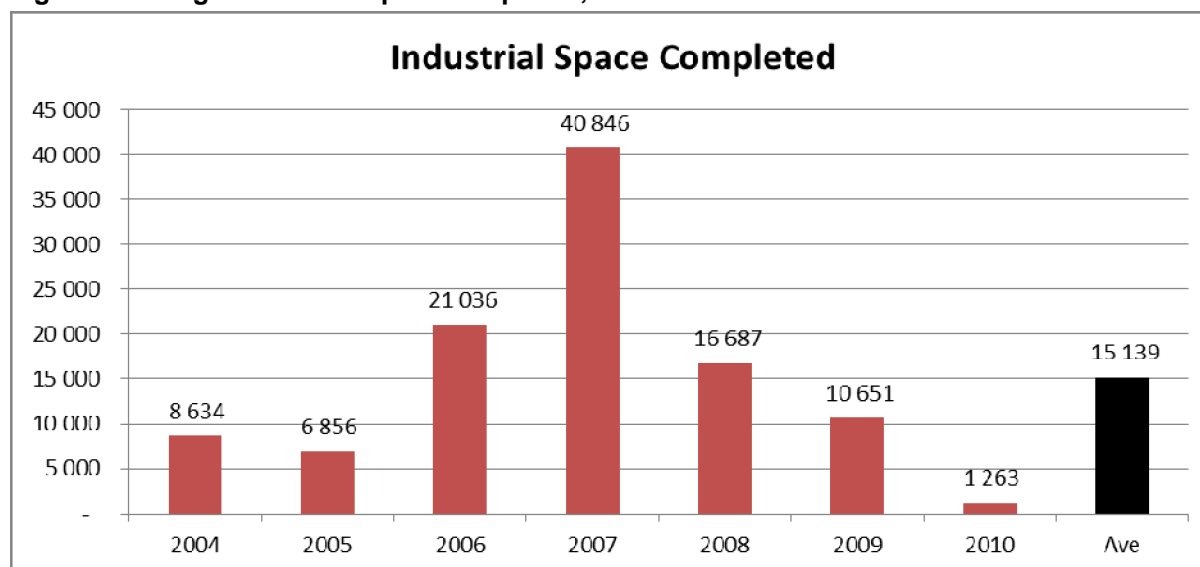
Source: Stats SA & Demacon Calculations, 2012

The 7 year average of office space completed within George amounts to **2 377m² per annum**. The office market peaked in 2008 with a total of **5 463m² office GLA completed**. *This figure only reflects a portion of market activity, since home-office conversions are not comprehensively reflected in this data.*

Industrial

The total number of industrial space completed within George is indicated in Table 8.

Figure 8: GeorgeIndustrial SpaceCompleted, 2004 to 2010



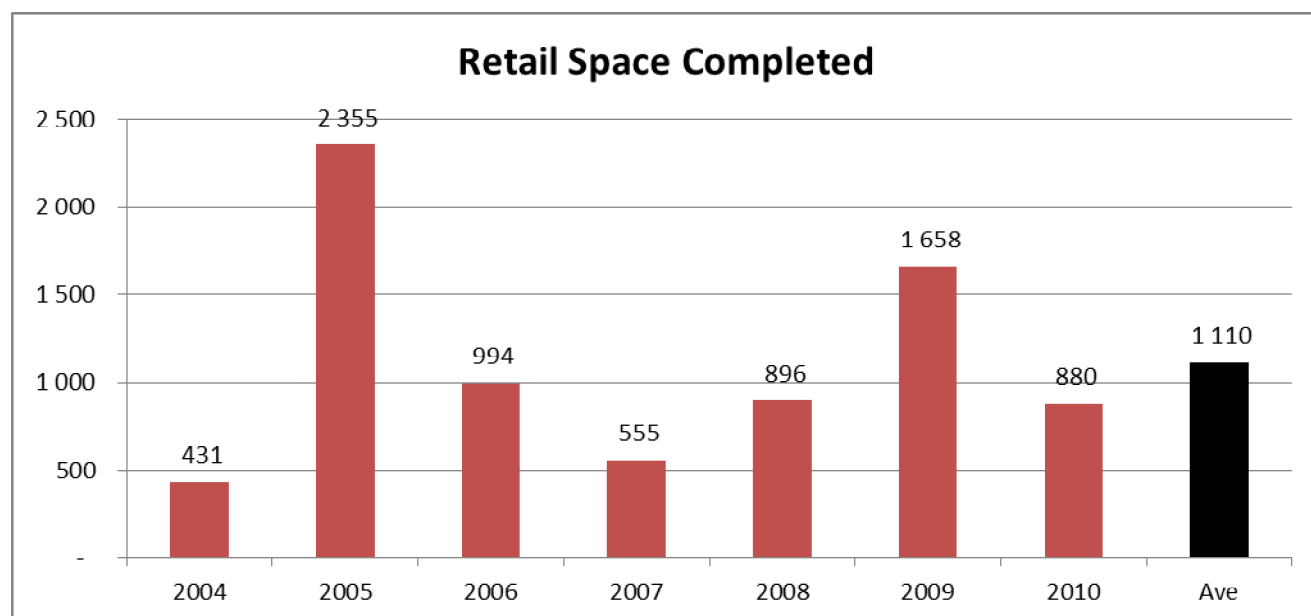
Source: Stats SA & Demacon Calculations, 2012

It is evident that the local economy experienced good growth in industrial activity with the 7 year average being **15 139m² of industrial floor space completed**. In 2007 alone a total of **40 846m² of industrial space** was completed.

Retail / Commercial

Figure 9 shows the retail space completed for George.

Figure 9: GeorgeRetail Space Completed, 2004 to 2010



The average retail space completed over the 7 year period is **1 110m²**. *Evidently, the commercial floor space data is rendered questionable in face of Garden Route Mall's completion (53 260m²) in 2005.*

➤ IMPLICATIONS OF THE BUILDING INDUSTRY ON THE GEORGE ECONOMY

- ✓ The national building industry indicates pessimism for the sector in the current and short term with little to no dramatic improvement in the near term. This is also evident in the George market where the number of residential completions has reduced notably since 2004/2005
- ✓ The cyclical demand for various land uses is evident in the local economy. Even though market trends and current demand in the building industry is low, it is evident in the figures above that these trends are cyclical and that improvement in the national and local economy will lead to a corresponding increase in demand for specific economic activity. *The local trend has a tendency to become increasingly pronounced due to the added beneficial inflow effect during good times – and lack thereof during tougher times.*
- ✓ Current market trends imply that the building activity across South Africa is stagnant and no dramatic changes are expected in the near future.

REVISED MARKET POTENTIAL ASSESSMENT

➤ MARKET GROWTH CAPACITY

The market potential assessment highlights a number of land uses that has potential to be developed within the George CBD.

➤ RESIDENTIAL MARKET

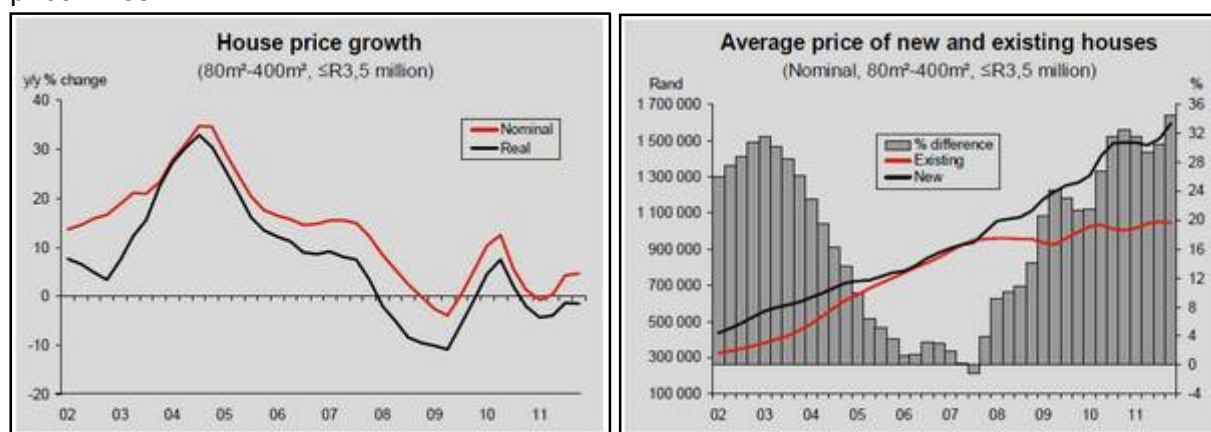
National Overview¹⁶

The slowdown in nominal year-on-year house price growth, evident towards the end of 2011, continued in January 2012. On a monthly basis nominal price growth remained in negative territory up to the first month of the year. In real terms, i.e. after adjustment for the effect of inflation, house prices deflated further up to December last year against the backdrop of a consumer price inflation rate of 6,1 year-on-year (y/y) at year-end.

The slowdown in the pace of house price growth can be attributed to the combined effect of the following factors, which affect consumers and eventually impact housing demand, growth in mortgage finance and house price trends:

- ✓ After interest rates were cut by 50 basis points in late 2008 and another 450 basis points in 2009, rates were lowered by a further 150 basis points in 2010. Last year saw interest rates remaining unchanged, not providing any further stimulus to the housing market
- ✓ Many consumers continued to experience some financial strain up to late 2011 against the background of a low level of household savings; rising consumer price inflation, impacting spending power; relatively high levels of household debt in relation to income; and damaged consumer credit records, affecting the accessibility of credit
- ✓ Employment remained under pressure in the first half of 2011, improving only slightly in the third quarter of the year
- ✓ Consumer confidence was relatively low in 2011 compared with 2010, especially in the second half of last year.

The lower growth expected this year will largely be the result of a slower pace of expansion projected for the world economy, which will impact South Africa's export performance. A weaker rand exchange rate compared with last year will, however, provide some support to the country's export earnings. Headline consumer price inflation, currently outside the inflation target range of 3%-6%, is forecast to remain above the 6% level throughout 2012. Inflation will be mainly driven by upward pressure on food prices, fuel prices (impacted by oil price and rand exchange rate movements), and property running costs such as municipal rates, taxes, levies and electricity price hikes.



¹⁶Source: ABSA – House Price Indices, 7 Feb, 2012

Based on the abovementioned expectations regarding the performance of the economy and inflation, interest rates are projected to remain at current levels until late this year before being hiked on the back of inflationary pressures.

With the residential property market expected to continue to reflect conditions and developments in the economy and the household sector, the average nominal price of houses in the middle segment of the market is forecast to show relatively low growth in 2012 after rising by only around 2% in 2011. In real terms house prices are set to **deflate further** this year, based on expected low nominal price growth and headline consumer price inflation to remain above the 6% level.

George CBD Potential

Discussions with local brokers revealed that the highest demand for residential units is especially high below R650 000, as these units are sought in the current economic climate. Additionally rental units are also in high demand. The following is preferred in the local market:

- Rentals at prices of R2800 for 2 bedroom unit
- Rentals at prices of R4500 for 3 bedroom house

Currently the market supply these units starting from R3 200 for a 2 bedroom unit and R5 000 for a 3 bedroom unit, much higher than the affordability of households in the local market area. The majority of these units are located in areas regarded as high income nodes and as a result have higher market values.

When the above aspects are taken into account the project specific residential recommendation is provided in Table 1.

Table 1: Summary of Residential Market Recommendations

TOTAL MARKET AREA			
Additional Households 2012 to 2018 ¹			5 515
Annualised Market growth (full housing spectrum)			919
Bonded & Finance-linked Segment ²			33.95%
Bonded & Financed-linked take-up per annum ³			312
Annual secondary market contribution (units / annum)		Min	175
		Max	233
Total new bonded & financed-linked housing demand ⁴		Min	487
		Max	546
PROJECT SPECIFIC			
Project Bonded & Finance-Linked Units ⁵			1 000
Forecast market share of total market sales		Min	20%
		Max	30%
Project forecast total annual take-up rate (units / annum)		Min	97
		Max	164
Years to 80% take-up (bonded & financed-linked units)		Min	6.1
		Max	10.3
		Avg	8.2

1 – Total number of additional households up to 2018 (permanent households, i.e. excluded the temporary employment injection)

2 – Reflects the percentage of the local population with incomes and affordability levels aligned to lower-end bonded & bonded units

3 – Total Annual take-up of market area in the bonded group

4 – Number of potential buyers through local secondary market transactions, eg qualifying local potential buyers selling existing homes to move to new project

5 - Project specific units

It is expected that with the potential to develop **1 000 new residential units** in the CBD and surrounds, with an expected take-up period of 8.2 years.

The CBD has a number of residential units available and these are renting well within the R2 500 to R4 500 price band. Given this trend of more affordable (R2 800 to R4 500) rent for units within the CBD, it is recommended that the CBD is an ideal location for the development and implementation of residential units that cater for the middle income residential market segment. The following table provides the market prices and configuration for the target market area. The highlighted area is the target market for the CBD residential development, targeting the unit prices between R450 000 and R650 000.

Table 2: Residential Target Market

Forecast midpoint	Income Distribution	House Price	Unit Size Estimate	
R 0	13.9	R 0	40.00	Subsidy
R 3 426	4.0	R 10 560	40.00	Subsidy
R 10 278	11.9	R 31 677	39.80	Subsidy
R 20 555	17.7	R 63 352	42.80	Subsidy
R 41 109	18.5	R 126 702	51.80	Subsidy
R 82 217	15.3	R 253 401	66.78	Credit Linked
R 164 434	10.9	R 506 800	81.76	Low-end bonded
R 328 866	5.5	R 1 013 598	126.62	Middle income
R 657 732	1.3	R 2 027 194	141.56	Middle-high income
R 1 315 463	0.4	R 4 054 385	423.42	High income
R 2 630 926	0.3	R 8 108 768	788.80	Elite
R 5 261 852	0.2	R 16 217 535	1033.68	Elite

A total of 31.7% of the market area can afford a residential unit between R250 and R1 million. The proposed configuration based on the above and on broker feedback is:

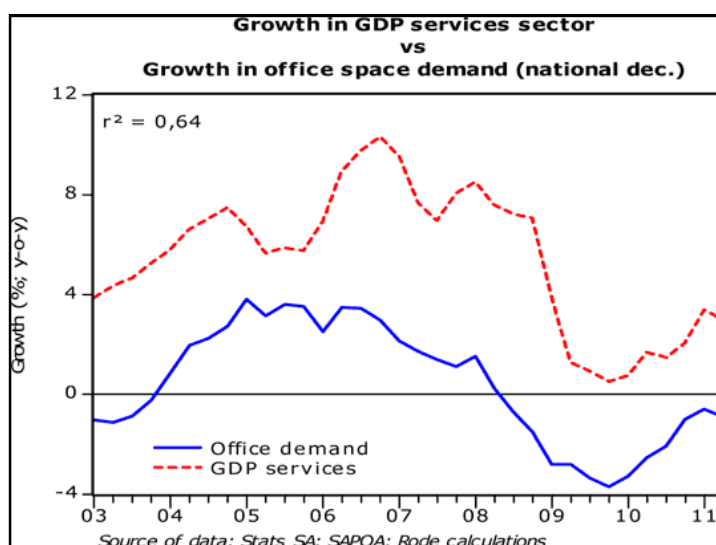
- 2 Bedroom Units at R2 800 – R3 000 rent or R450 000 – R550 000
- 3 Bedroom Units at R4 500 – R4 800 rent or R550 000 – R650 000

➤ OFFICE DEVELOPMENT

National Overview¹⁷

For now, no improvement in the demand for office space is detectable, this according to the latest issue of Rode's Report on the State of the South African Property Market (2011:3).

Uncertain economic conditions are obviously affecting business confidence and must be making firms think twice about expanding their premises or hiring new staff. The result will no doubt be a continued lacklustre demand for office



¹⁷Rode: Oct 20, 2011 & SAPO Office Vacancy Survey, 2011

space to rent and thus, for now, moderate growth in rentals remains the most likely outcome. Evidence in support of the importance of the services sector to the office market is illustrated in figure to the right.

The figure shows the robust tendency for the growth in output produced by the services sector and the growth in the demand for office space (net of the growth in stock) to move together over time. Evident from the graph is that net annual growth in demand for office space was still negative in the second quarter of 2011.

On aggregate the national office vacancy rate maintains an upward trajectory, having now increased over the past four quarters. The latest q-o-q results represent a further 13bp increase, thereby reaching a new cycle high of 10.37% as at Q4 2011. The increase represents a 166bp growth over two years ago and a 64bp increase over one year.



Over the past two years the rate of increase for national office vacancies has been relatively modest. That being said, given the economic outlook and leading economic indicators, office vacancies could still remain under pressure into 2012.

George CBD Potential

Office development in George has been limited to mostly home to office conversions adjacent the CBD, while Courtney and York Streets are the main nodes for offices as this provides good accessibility and is located on the main roads of the town.

The current office trends are shown in Table 4.6. The CBD area has a lower vacancy rate and higher rentals compared to the decentralised nodes in George. This could also be attributed to the two main roads that run through the George CBD and which is the preferred office nodes.

Table 3: George Office Trends

	George CBD	George Decentralised
Average Rentals	R65/m ²	R50/m ²
Vacancies	20%	25%
Preferred Size	Mostly small office space between 50m ² and 140m ²	

Source: Local Brokers, 2011

Growth in office rentals have been low over the past few years, coupled with relatively low demand for existing office space. The A grade office space is mostly in demand, but this is dependent on the rent and size of the available space. An example indicating the preference for A grade office space is where a company up-scaling by moving from C or B grade to A grade office space while renting at a higher price prefers to rent less space.

However, demand for all types of grade in George is low and this could be explained by low business confidence in the local economy that results in low take-up over the short to medium term.

Table 4: Office Space Demand Potential

Cumulative Additional Space Demand	Up to 2017	2022	2027
Finance & Insurance (<i>sqm GLA</i>)	5 713	14 101	20 769
Business services (<i>sqm GLA</i>)	24 079	50 551	77 885
TOTAL: George	29 792	64 652	98 653
CBD Nodal Share - Min	5 958	12 930	19 731
CBD Nodal Share - Max	8 937	19 396	29 596
Average	7 448	16 163	24 663

The space demand in George CBD is estimated at between **5 900m² GLA and 8 900m² GLA by 2016**. As current economic conditions continue, low business confidence will probably limit demand for additional large scale office space in the short to medium term. This trend is, however, expected to improve as business confidence recovers over the medium to long term.

The demand for office space is predominantly for **small, medium density, A-grade offices**, located adjacent or on the two major roads, York and Courtney within the George CBD area.

➤ TRADE / RETAIL SECTOR DEVELOPMENT

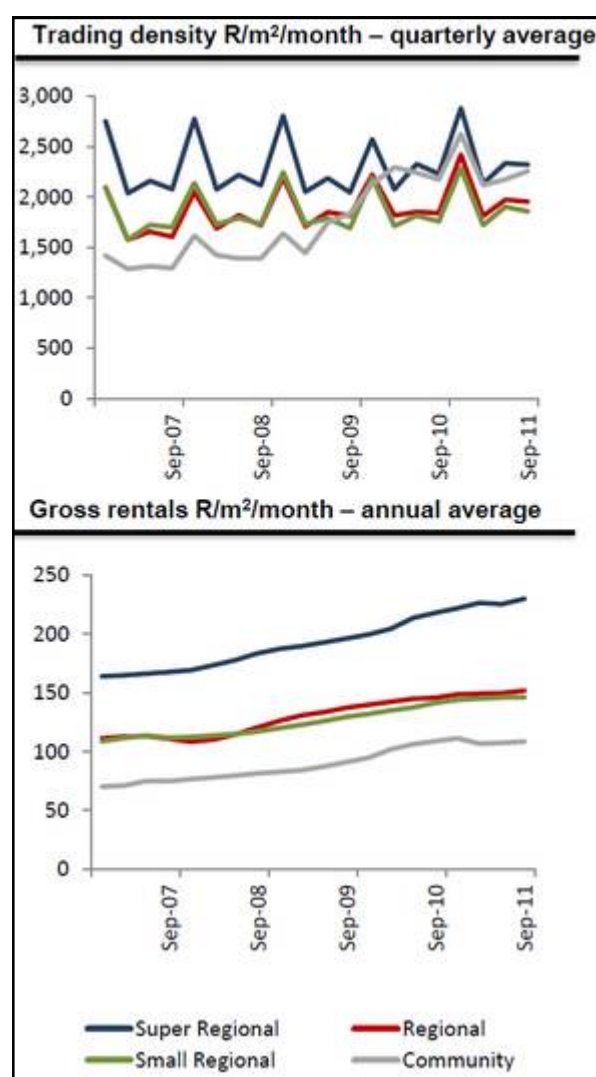
National Overview¹⁸

Traditionally and historically, retail as a sector has provided the best investment proposition through a combination of both the highest longterm average as well as the lowest volatility in returns. Retail also generally tends to lead the other sectors through the property cycle.

Average **trading density** growth remains relatively buoyant compared with the historical average; on an annualised basis this growth has tapered off from its recent peak in December 2010 – where a level of 13.6% was recorded – having steadily declined since then to reach a level of 6.7% as at September 2011 and only slightly higher than CPI inflation.

Trading density growth in **community shopping centers** has been particularly robust over the past eight years and although this has subsided over the past two quarters, the average annualised growth over the eight year period has been 11.1% which is roughly double that recorded for the larger retail formats.

Generally, the average **turnover per store** is growing across all retail segments and is presently particularly strong for neighbourhood centres. Although **gross rentals** continue to grow nominally, the rate of growth appears to be subsiding after a solid period of real growth



¹⁸SAPOA Retail Trends Report 2011:3

spanning 2008 to March 2011.

A marginal improvement in vacancies is helping to stave off the **eroding effects of property operating costs**, however the movement has been very slight – the overall vacancy rate for Q3 2011 is 2.7% compared to 3.0% in both the previous quarter and previous year.

Although current retail sales growth during the third quarter of 2011 is above inflation levels, it is nevertheless growing at a slower rate than anticipated by consensus forecasts. This no doubt reflects a certain degree of hesitation in consumer confidence and notwithstanding the improved debt servicing costs, a big theme remains the ‘de-gearing’ of consumer debt levels going forward, which in turn is likely to weigh on any significant improvement in the retail sales environment.

George CBD Potential

The following tables summarised the space demand modelling results for wholesale & retail trade, catering & accommodation as well as automotive sales.

Table 5: Synthesis of Automotive Space Demand Modelling Results (nodal potential) – m² GLA (constant values)

Cumulative Additional Space Demand	Up to 2017	Up to 2022	Up to 2027
Wholesale & Retail Trade (<i>sqm GLA</i>)	18 533	38 938	57 554
Catering & Accommodation (<i>sqm GLA</i>)	10 141	16 786	22 287
George Total	28 674	55 724	79 842
At 28.58% automotive	8 195	15 926	22 819
Market share (20% min)	1 639	3 185	4 564
Market share (30% max)	2 458	4 778	6 846
Cumulative – Average (m ²)	2 049	3 981	5 705

Table 6: Synthesis of Retail / Trade Space Demand Modelling Results (nodal potential) – m² GLA (constant values)

Cumulative Additional Space Demand	Up to 2017	Up to 2022	Up to 2027
Wholesale & Retail Trade (<i>sqm GLA</i>)	18 533	38 938	57 554
Catering & Accommodation (<i>sqm GLA</i>)	10 141	16 786	22 287
George Total	28 674	55 724	79 842
At 71.42% retail / trade	20 479	39 798	57 023
Market share (20% min)	4 096	7 960	11 405
Market share (30% max)	6 144	11 939	17 107
Cumulative – Average (m ²)	5 120	9 950	14 256

Table 5 shows that the average automotive space demand is approximately **2 049m²** up to 2017 and up to **3 981m²** in 2022 for the CBD area.

Table 6 shows that the average space demand for retail / trade will be at approximately **5 120m²** in 2017 and increasing to **9 950m²** in 2022. Table 9 shows the results of the space demand results. Total expected retail take-up, given *prevalent market conditions*, range between **30 000m² to 60 000m²** over the **medium to longer term (5-10 years)**.

Table 7: Space Demand Results - m² GLA (Average)

Forecast	Up to 2017	2017 – 2022	2022 - 2027
Automotive Square metre (m²)	2 049	3 981	5 705
Retail Trade Square metre (m²)	5 120	9 950	14 256

For the market modelling, the CBD with a market share of between 20% and 30% of new developments was applied. The rationale for the nodal share of 20% – 30% of new development in the CBD is based on SA trends elsewhere. Historically, the share was closer to 5%. However, in recent years, areas that offer attractive inner city investment opportunities have become increasingly attractive and hence, the CBD share of new investment has increased. This shift was not brought about by rigid policy, but rather by an increasingly appealing inner city investment climate. Certain inner city / CBD real estate investment realities include:

✓ **Constraints**

- Land assembly challenges
- Land cost & artificially inflationary and bargaining effect
- Road grid
- Site size & configuration
- Construction cost

✓ **Benefits**

- Existing landuse rights
- Existing bulk infrastructure.

The following section provides recommendations based on the abovementioned findings.

STRATEGY RECOMMENDATIONS

➤ INTRODUCTION

During the time the initial report was conducted in 2008, the world and national economy was in the initial stages of the recession, with no meaningful data to support a full-blown recession. With current economic data and four years on, it is evident that the market characteristics had changed in such a way that the market potential estimates needed an update.

The findings of the previous study will be compared with the findings of the updated study in order to identify the changes in the market potential in line with current economic trends.

➤ COMPARISON WITH 2008 REPORT FINDINGS

Table 8 indicates the market potential findings in the 2008 report. The findings illustrate the sudden change in market demand as a result of the recession and low consumer and business confidence in the national economy.

Table 8: Floor space take-up (Scenario up to 2017:2018)

Land use	Nodal share	2008 Findings (up to 2018)	2012 Findings (up to 2017)
Residential	Min:	2 840 units	1 000 units
	Max:	4 420 units	
Retail / Trade	Min:	30 000m ²	4 096 m ²
	Max:	45 000m ²	6 144 m ²
Automotive	Min:	12 000m ²	1 639 m ²
	Max:	18 000m ²	2 458 m ²
Office	Min:	34 000m ²	5 958 m ²
	Max:	50 000m ²	8 937 m ²

It is evident that demand for the above mentioned activities has reduced since the 2008 report and that the growth is not as high as anticipated. This is **mainly due to a world economy** that has deteriorated as a result of the 2008 financial market crises that **originated in the United States**. South Africa as a developing country is subject to these external economic shock as our economy and especially the export sectors were hit by lower international demand. This in turn had an impact on local demand and consumer and business confidence.

Improvement in the national and local economy is expected to be a slow process with external shocks, such as the Euro Zone economic problems, impacting our national economy and this will again have an impact on confidence levels on local business and consumers.

➤ CHANGE IN STRATEGY

Residential Development

The number of new residential completions has decreased over the past 6 years. The challenging national economic conditions is one of the reasons for this trend as debt levels of households is still high coupled with uncertain employment opportunities, households prefer to consolidate and limit additional spending.

Residential demand in George is predominantly in the lower to middle income units of which very limited supply is available within George. The George CBD provides an ideal location for these types of development catering for rental and full-title units in the R450 000 and R650 000 range. Existing rental units within the CBD that provide for this group is successful and renting well.

An added advantage will be that these residential developments within the CBD would bring much needed consumers to this area, especially after business hours. In the long term this would enable businesses within the CBD to operate longer hours, given the increased consumer activity.

Office Development

As a result of low business confidence within the national and local economy, take-up in office supply is expected to take longer over the short and medium term before recovering. During an economic recovery towns such as George lag the national economy in terms of business confidence and it might take as long as 12 to 18 months after the national economy has fully recovered for confidence to improve in smaller markets.

Demand for small, A grade office space is currently preferred in George along the two main roads, York and Courtney Streets.

Retail / Trade Development

This sector has seen some positive growth as trading densities have increased in various retail nodes. However, strong growth is limited to consumer confidence and it is expected that until that time, take-up will be slow.

Care should be taken not to see / interpret the aforementioned figures as rigid policy, but rather as expected baseline / worst case take-up given prevalent market conditions. Should market conditions improve, take-up will be closer to figures analysed in the 2008 report. **Real estate investment plays a vital role in economic recovery.** It may well be that large scale real estate investment in George re-instils business confidence and thereby catalyses growth. In all probability, an investment of such magnitude will be easier to facilitate in the vicinity of the Mall. There will, however, be large scale economic spin-off benefits. Numerous local municipalities have fallen prey to rigid policy application, thereby stifling development (and economic recovery). History has shown repeatedly that one of the best mechanisms to facilitate economic recovery is through flexible policy application.

PART 4

URBAN ECONOMIC
MARKET STUDY

by Demacon

