



# MANDELA BAY DEVELOPMENT AGENCY

## 2009 - 2014 Economic Barometer

- 
- Central
  - Helenvale
  - Kings Beach
  - New Brighton
  - North End
  - Richmond
  - Uitenhage

## INTRODUCTION

Since its establishment in 2003, the Mandela Bay Development Agency (MBDA) has strived towards promoting urban renewal in the Port Elizabeth CBD through various construction projects in the Central area. Beyond its involvement in urban renewal, the MBDA has also been instrumental in the redevelopment of the Uitenhage CBD, the upgrading of Kings Beach (Humewood) and the revitalisation of Helenvale. These projects, which over a ten year period were valued at over R 450 million, have had significant positive benefits on the surrounding areas both in terms of private sector investment and employment creation.

As the principle initiator of these projects, the MBDA has sought to quantify the impact that these capital investment projects have had on the respective areas. In order to achieve this, the MBDA undertook to develop an economic barometer which could be used by the agency to:

- 1) Measure the impact of the upgrades on business activity
- 2) Assess what impact the upgrades have had on people's perceptions of the targeted areas

This economic barometer had two components namely a formal economic impact assessment for the various projects undertaken by the MBDA (i.e. Govan Mbeki and Parliament Street upgrades, Strand Street redevelopment etc.); and two distinct surveys administered to businesses and residents in the various areas where projects had been undertaken.

These surveys and impact assessments were undertaken over a three year period (2009 – 2011), the objective being to, firstly, create a baseline data set and subsequently to assess any resultant residential/business perception trends due to the MBDA's interventions. Following this three year period, the MBDA has again undertaken to assess the impact of their various interventions, with the intention of comparing the initial results recorded between 2009 and 2011, with the 2013 to 2015 period. The following summary document seeks to:

- 1) Present key outcomes from the 2014 survey and compare and contrast to the results recorded between 2009 and 2013
- 2) Focus on those areas where the MBDA has undertaken upgrades to the built environment (i.e. Central, Uitenhage, Kings Beach, Helenvale)

## SURVEY SAMPLE<sup>1</sup>

This document presents the key outcomes of the 2014 MBDA Economic Barometer for the selected study areas. These outcomes have been extrapolated from several annual surveys undertaken by the MBDA over a five year process between 2009 and 2014.

The 2014 survey saw a significant increase in the number of surveys administered across the seven areas namely Central, Richmond Hill, North End, Kings Beach, Uitenhage, New Brighton and Helenevale. The outcomes from these surveys are used as baseline information to establish businesses and residents' current perceptions about the MBDA upgrades in the respective areas. In the case of the New Brighton, upgrades are currently underway and therefore future surveys will be particularly valuable as they will be able to compare the perceptions of businesses and residents both prior to, and following the MBDA upgrades in that area.

The table below highlights the number of surveys administered during the 2014 study year by area and by type.

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<sup>1</sup> It is important to note that given the length of time between the MBDA's initial upgrades of Central, certain questions that were asked in 2009 to 2011 were no longer applicable. Several questions were subsequently removed from the survey database and replaced with more current questions. For example between 2009 and 2011 businesses and residents were asked about the aesthetic and functional improvements of the Parliament Street upgrades. Given that these upgrades occurred between 2008/2009, the question has been replaced with how businesses and residents perceive the Trinder Square and Donkin Reserve upgrades.



# KEY FINDINGS OF THE 2014 MBDA ECONOMIC BAROMETER

June 2015

Area	Survey Type		
	Business	Residential	Outside Residential <sup>2</sup>
Central <sup>3</sup>	290	280	150
Richmond Hill	40	40	-
North End	60	183	75
Kings Beach	30	200	75
Uitenhage	80	150 <sup>4</sup>	-
New Brighton	20	236	-
Helenvale	20	220	-
<b>Total</b>	<b>540</b>	<b>1 309</b>	<b>300</b>

A representative sample was selected based on a survey size of between 5% and 15% of the total businesses and residents located in the broader area, using a margin of error of 5% and a confidence level of 95%. Consideration was also given to the following factors:

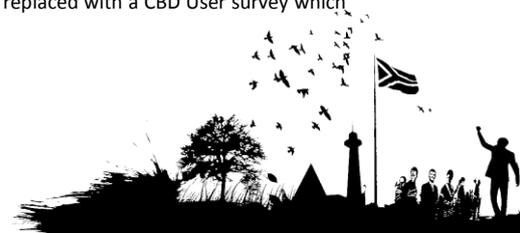
- Size and extent of MBDA project/s in the respective study area
- Total size of area of influence of the project/s
- Residential household population density of each study area
- Land-use mix of each study area (i.e. residential of business orientated)

Preference was given to interviewing businesses and households in close proximity to the relevant MBDA projects (i.e. adjacent property owners). The sample size therefore represents a significant percentage of the businesses and residents that are located/positioned adjacent to the capital investment projects. Sample size was also informed by the MBDA data requirements.

<sup>2</sup> The Outside residential surveys were those surveys that were conducted telephonically outside of the area where the MBDA had invested (e.g. for Central telephonic surveys were conducted in Summerstrand, Walmer, Motherwell, etc.). Survey respondents were asked about their perceptions of the MBDA activities in Central, North End and Kings Beach.

<sup>3</sup> Includes Belmont and Bird Street Precinct

<sup>4</sup> Given the absence of residential households in the Uitenhage CBD area, the residential survey is replaced with a CBD User survey which was administered to individuals that utilise the CBD on a daily basis.



## CENTRAL

Over the past several years the MBDA has been involved in a number of catalytic projects in the Central area including the upgrading of Govan Mbeki Avenue, Parliament Street, Strand Street, and more recently, the redevelopment of the Donkin Reserve, Athenaeum and Trinder square.

As the home of a number of historical buildings, a host of galleries and restaurants as well as the abundance of open space, Central is seen as the heart of Port Elizabeth. Several years of disinvestment by local property owners has seen a gradual decline in appearance of the area. The deterioration of the area has also led to an increase in crime both real and perceived. The initial objective of the MBDA was to address this deterioration.

Given the importance of the Central area, the MBDA has undertaken continuous research, in the form of surveys and economic impact assessments, in order to establish what impact the MBDA's capital investments in the Central area have had on both residential and business sentiment.

### Economic Environment

The tables below provide an overview of the social and economic dynamics that characterise the suburb of Central. These figures are based on the results of the 2011 Census as well as Quantec's standardised regional statistical database. Furthermore the information presented in these tables is also informed by the MBDA surveys conducted between 2009 and 2014. Economic statistics have been estimated based on the most recently available data.

SOCIO-ECONOMIC PROFILE	2012	2013
Population size	12 863	12 991
Annual population growth (2001 – 2013)		-1.4%
Households	6 102	6 057
Average number of people per household	2.1	2.1
Average monthly household income	R 14 743	R 15 583

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

ECONOMIC PROFILE, 2013	
GDP-R	<ul style="list-style-type: none"> <li>R 1.12 billion in 2013 (constant 2005 prices)</li> <li>Contribution to the NMBM GDP-R was 2.5%</li> <li>GDP-R per capita was R 86 650 in 2013</li> <li>Average economic growth between 2001 and 2013 was 1.8%</li> <li>This was above the NMBM growth rate of 1.4% over the same period</li> </ul>
Employment structure (2011) <sup>5</sup>	<ul style="list-style-type: none"> <li>86.0% employed</li> <li>14.0% unemployed</li> <li>4.6% of not economically active are discouraged workers</li> </ul>

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

As evident in the above tables, the socio-economic environment in Central, remained fairly static between 2012 and 2013. Almost 13 000 people live in the suburb accommodated in just over 6 000 households. The average weighted monthly income of these households was R 15 583 in 2013, almost 50% higher than the average for the rest of the NMBM which was R 10 399 in 2013. This higher value is likely attributable to the greater number of high to middle income earners located in and around Richmond Hill and St. Georges Park. It was estimated that the Central area's GDP-R increased by 3.9% in real terms between 2011 and 2013, to R 1.12 billion. This accounted for approximately 2.5% of the total GDP-R of the NMBM. The GDP-R per capita of R 86 650 for Central is well above the NMBM value of R 37 376.

<sup>5</sup> The 2011 Census provides the most recent available information for the Central area.



## Private Sector Investment

The outcomes of the 2014 primary research in respective of private sector investment indicated the following:

- **29.8% of businesses** within Central **made some form of improvements** to their property in **2014** compared to **39.1%** of business in **2013**.
- In comparison, **75.0%** of residents who indicated that they owned their properties made improvements in **2014** (2013: 50.0%). It should be noted that in the number of residential respondents that indicated that they own their property was very small (2014: 3.5% of sample; 2013: 2.3% of sample).
- **Only 6.6% of businesses who made improvements** in 2014 (2013: 12.1%) and **none of the residents who owned their property and made improvements** (2013: 42.8%) indicated that these upgrades were as a **direct result of the MBDA's investment** in the area.
- The average **value of improvements** made by businesses was **R 45 000** in 2014 (2013: R 62 115), while for residents it was **R 21 667** (2013: R 70 000).
- Based on the average value of improvements and the number of respondents that indicated that they made improvements to their property it is possible to estimate the total value of private sector investment in the area by **those businesses and residents that were surveyed**. These estimates suggest that **Central businesses invested R 3.4 million in 2014** (2013: R 7.2 million) while **residents invested R 130 002 in 2014** (2013: R 210 000).
- A sharp falloff in investment by Central businesses and residents has been evident since 2013. Engagements with businesses and residents in the area have indicated that the primary reason for this decline is the **poor overall economic environment** (i.e. slow growth in domestic consumption expenditure resulting in less revenue for upgrades and/or business expansion). Businesses, as evident by survey results, are also less confident about **future economic prospects, rising crime levels, and poor levels of service delivery (including maintenance)**.
- The total value invested by Central **businesses** into their properties between 2009 and 2011, as well as in 2013 and 2014 was **R 50.2 million**.

## Private Sector Employment Creation

The survey outcomes indicate the following in terms of employment creation in Central:

- **23.5%** of surveyed businesses indicated that they had **hired additional staff in 2014**, down from 40.4% of businesses in 2013.
- Central businesses **hired on average, 3.2** new staff members in 2014 (2013: 3.4)
- Using this average number, as well as the number of Central businesses that indicated that they had hired new staff, it is estimated that **193 new jobs were created in 2014, significantly lower** than 403 jobs created in 2013.
- Between 2010 and 2014 an estimated **1 709 new jobs have been created**.
- The businesses surveyed in 2014 employed approximately **1 360 people** (2013: 2 486). Of this total, **81.8%** were employed on a **permanent basis** (2013: 75.9%) and **18.2%** were employed on a **part-time/casual** basis (2013: 24.1%). The drop in employment between 2013 and 2014 is likely attributable to a decrease in the number of businesses that participated in the 2014 survey rather than a decline in overall employment.

## Business Trading Environment

The survey outcomes indicated the following key findings about the business trading environment within Central:

- *Business Start-ups*
  - **15.3% of businesses** surveyed (39) indicated that they had been operating for less than one year meaning that they only **started operating** in Central in **2014** (2013: 13.1%). New start-up businesses are a positive sign for the area as they are both an indicator of positive sentiment about the area and tend to **spend more money in the local area** as opposed to larger companies which tend to have central purchasing offices.
  - The majority of new businesses started in Central during 2014 were **apparel and personal care stores** (25.6%); **spaza shops** (10.3%); and **personal services** (12.8%).
  - Over 50% of new business start-ups are located in either **Govan Mbeki Avenue** (28.2%) or **Parliament Street** (23.1%). Other popular locations for new business start-ups were Rink Street, and Strand Street (both 20.5%).
  - New start-ups **employed fewer people on average** (3.2 per business) than those businesses that had been operating for longer than a year (5.7 per business).



- *Business confidence*
  - Businesses were asked how they would rate their overall confidence in the business environment in Central (i.e. prospects growth, trading conditions etc.). Almost **two thirds (62.7%) of businesses** surveyed indicated (2013: 55.6%) that they were either **extremely positive (7.1%; 2013: 18.8%)** or **positive (55.7%; 2013: 36.8%)** about the current Central operating environment. **Average business confidence** fell slightly in 2014 to **64.5%** from 65.9% in 2013.
  - Given the sensitive nature of requesting business turnover information, respondents were requested to indicate to what extent their 2014 turnover had changed relative to 2013. The **overwhelming majority (54.5%)** of respondents in 2014 indicated that they had experienced **no change in turnover** (2013: 36.7%). Positively, the number of respondents that indicated that their turnover had **risen either slightly or significantly increased notably** from 28.6% in 2013 to **35.3%** in 2014.
  - **5.5%** of businesses surveyed (14) indicated that they **planned to relocate from Central** in the next one to two years. The overwhelming majority (**53.3%**) of these respondents indicated that the primary reason for their relocation was to be in a **better aesthetic environment**. A further **11 businesses (4.3%)** surveyed indicated that they planned to **cease operating** in the next one to two years.
  - **48.9%** of businesses who owned their property indicated that they felt that their **property had increased in value relative to other areas** (2013: 39.1%) as a result of the MBDA's activities.
  - **UDZ awareness declined** for the fourth consecutive year with only **11.4%** of businesses in Central indicating that they knew about the UDZ in 2014 (2010: 28.5%; 2011: 17.4%; 2013: 15.8%). Although the percentage of businesses in 2014 that were aware of the UDZ was the lowest in four years, UDZ utilisation was the highest. Of the 29 businesses that indicated that they were of the UDZ in 2014, approximately **44.8% or 13 business** had **made use of its tax benefits** (2013: 8.5%)
- *Residential perceptions*
  - As part of the survey process residents living outside of Central were asked whether, subsequent to the MBDA upgrades, they spend more time and money in the area.
  - **38.9%** of these respondents indicated that they spend **more money** in Central than they did before the upgrades (2013: 42.5% ), while **50.9%** indicated that they spend **more time** in Central (2013: 45.0%).
- *Rental rates*
  - Average rental rates for Central, based on the survey sample, **declined by 6.1%** between 2013 and 2014, equating to an average annual decline of 4.4% per year over the period.
  - The average 2014 commercial rental rate of **R 97.34 per m<sup>2</sup>** is the second lowest over the recorded period (2009 – 2011; 2013 – 2014) as well as being below the 2009 figure (R 111.85).
  - The 2014 commercial rental rate is however in line with the **historical average of R 101.15** over the recorded period (2009-2011, 2013 – 2014).
- *Environmental factors*
  - In order to establish how successful the MBDA's activities in Central have been at addressing a range of environmental issues, respondents were required to rank an assortment of factors on a **scale of one to five**. A ranking of **one** on this scale indicated that the factor had **deteriorated** since the MBDA's activities, while a value of **five** indicated a **significant improvement** in that given environmental factor.
  - **Derelict Property** (2014: 3.40; 2013: 3.04)<sup>6</sup> and **Informal Trading** (2014: 3.36; 2013: 3.10) were the two environmental factors that had the highest average scores in 2014. This means that these were the two factors that 2014 respondents felt had shown the greatest improvement following the MBDA involvement in Central.
  - The rankings of the various environmental factors showed that amongst all survey respondents, the MBDA's upgrades had been **highly effective at addressing the number of derelict properties** in Central. This was evident by the fact that Derelict Properties was the factor that showed the greatest improvement between 2013 and 2014.
  - **Crime and illegal activities** in the Central area continue to be perceived as a **major problem** by both business and residential respondents. This was indicated by the fact that the average score for Crime fell from 2.86 in 2013 to 2.21 in 2014, while the average score for Illegal Activities fell from 2.63 to 2.09. Furthermore the Crime figures represent the lowest score since the surveys were first conducted in 2009, while the Illegal Activities figure is the lowest score since 2010.
- *Aesthetic improvements to Donkin Reserve, Athenaeum and Tinder Square*

<sup>6</sup> The numbers in parenthesis represent the average score for the respective environmental factor.



- Businesses and residents (both inside and outside of Central) view the aesthetic improvements to the **Donkin Reserve very positively**.
- **84.9%** of all respondents indicated that they were either **Positive or Extremely Positive** about them (2013: 75.0%). **Businesses** within Central were the most positive with **92.0%** indicating either a Positive or Extremely Positive response (2013: 48.5%).
- Respondents were **slightly less positive** about the upgrades of the **Athenaeum and Tinder Square**, with only **69.9%** (2013: 59.5%) indicating either a Positive or Extremely Positive response. Although this figure has improved year-on-year it is still lower than that of the Donkin Reserve. This is likely due to the fact that the Donkin Reserve aesthetic improvements are more visible to day to day traffic than that of the Athenaeum and Tinder Square.
- *Route 67 Art Journey*
  - **Over 50%** of all respondents (including businesses and residents) indicated that they were **aware of the Route 67**. Positively approximately 61.7% of residential respondents living outside of the Central area indicated that they were aware of Route 67 – the highest awareness level across all three surveys.
  - Equally **58.0%** of all respondents felt that **Route 67 had had a positive impact** on the area, with residents living within the Central area being most positive (65.8%).
  - Business and residential respondents also felt that Route 67 was very **effective at showcasing** the Nelson Mandela Bay Metro's **diverse heritage**.
  - Approximately **50.0%** of residential respondents (living both inside and outside of Central) had either **undertaken the Route 67 Art Journey** (36.0%) or knew someone who had (14.0%).
  - A further **17.9%** of residential respondents indicated that they had **participated in one of the events** held on the Donkin Reserve (e.g. Urban Run).
  - As a result of the development of Route 67 Art Journey, **82.5%** of all respondents (businesses and residents) indicated that they were now **more likely to visit the area**.



## HELENVALE

Helenvale is a suburb in the Northern Areas of Port Elizabeth. Helenvale, like the rest of the Northern Areas is a manifestation of the Apartheid legacy that uprooted and forcefully displaced people from South End, Fairview, Willowdene and other areas under the Group Areas Act.

This suburb, originally developed to accommodate 6 000 people, now provides tenancy for approximately 25 000 people and has experienced persistent under-development due to its compact size in terms of residential space and house sizes that varies between 25 and 30 m<sup>2</sup>. This has created an over-populated township and subsequent problems such as unemployment, crime, drugs, gangsterism and teenage pregnancy.

In an effort to address these of social issues that affect the area the Helenvale Urban Renewal Project (HURP) was launched in 2007. HURP seeks to address the aforementioned problems through a range of urban renewal projects spearhead by the MBDA.

### Economic Environment

The tables below provide an overview of the social and economic dynamics that characterise Helenvale. These figures are based on both the 2011 Census as well as forecasted estimates of economic activity.

SOCIO-ECONOMIC PROFILE	2012	2013
Population size	13 010	13 140
Annual population growth (2001 – 2013)		-0.2%
Households	2 458	2 439
Average number of people per household	5.3	5.4
Average monthly household income	R 2 773	R 2 931

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

ECONOMIC PROFILE, 2013	
GDP-R	<ul style="list-style-type: none"> <li>R 334.9 million in 2013 (constant 2005 prices)</li> <li>Contribution to the NMBM GDP-R was 0.8%</li> <li>GDP-R per capita was R 25 494 in 2013</li> <li>Average economic growth between 2001 and 2013 was 0.5%</li> <li>This was below the NMBM growth rate of 1.4% over the same period</li> </ul>
Employment structure <sup>7</sup>	<ul style="list-style-type: none"> <li>46.5% employed</li> <li>53.5% unemployed</li> <li>11.0% of not economically active are discouraged workers</li> </ul>

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

Helenvale is similar to New Brighton in that it is fairly populous (2013: 13 140 people) and has a high level of unemployment (46.5%) and discourage workers (11.0%). Households in Helenvale are considerably poorer than those in New Brighton and had an average monthly household income of R 2 931 in 2013, compared to R 4 846 for households in New Brighton.

Helenvale's GDP-R as well as its GDP-R growth rate between 2001 and 2013 are also lower than that of New Brighton at R 334.9 million and 0.8% respectively. Helenvale's GDP-R per capita of R 25 494 was however higher than that of New Brighton's (R 22 065).

<sup>7</sup> The 2011 Census provides the most recent available information for the Helenvale area.



## Private Sector Investment

The outcomes of the primary research in respect of private sector investment indicated the following:

- **65.0%** of the businesses surveyed in Helenvale indicated that they had **made improvements** to their property in **2014** (2013: 57.6%). In contrast only **29.1%** of Helenvale **residents** surveyed indicated that they had **made improvements** to their home over the same period (2013: 49.0%).
- The overwhelming majority of **residents** surveyed in Helenvale indicated that they **owned their property** (93.9%). The majority of business surveyed indicated that they own their property with only **40.0%** indicating that they **lease their premise**.
- **None** of the **business** (2013: 0.0%) respondents and a mere **9.0%** of **residential** (2013: 2.0%) respondents surveyed in Helenvale indicated that the **improvements** they had made were **linked to the MBDA's upgrades** in the area.
- The average **value of improvements** made by Helenvale **businesses** in 2014 was **R 31 154** (2013: R 9 546) compared to **R 19 851 for residents** (2013: R 46 364).
- Based on the average value of improvements and the number of respondents that indicated that they made improvements to their property it is possible to estimate the total value of private sector investment in the area. These estimates suggest that **Helenvale businesses invested approximately R 405 003 in 2014** (2013: R 105 000) while **residents invested R 1.3 million in 2014** (2013: R 990 011).
- The total value of investment by Helenvale **businesses** into their properties in 2013 and 2014 was **R 510 003**. This is compared to **R 2.3 million** by Helenvale **residents**.

## Private Sector Employment Creation

The survey outcomes indicate the following in terms of employment creation in Helenvale:

- The businesses surveyed in 2014 employed approximately **83 people**. Of this total only **47.0%** were employed on a **permanent basis** and **53.0%** were employed on a **part-time/casual** basis.
- Approximately **40.0%** of the **businesses** surveyed in Helenvale (2013: 21.1%) indicated that they had **hired additional staff in 2014**. It was estimated that these businesses hired on average **2.5 new staff**.
- Using this average number, as well as the number of Helenvale businesses that indicated that they had hired new staff, it is estimated that **20 new jobs were created in 2014** (2013: 10 new jobs).

## Business Trading Environment

The survey outcomes indicated the following key findings about the business trading environment within Helenvale:

- *Business Start-ups*
  - **15.0% of businesses** surveyed (3) indicated that they had **been operating for less than one year** (2013: 25.0%, 5 businesses). This means that they only started operating in Helenvale in 2014. New businesses' entering the area is a positive sign as it could suggest increased confidence in the area.
  - The majority of these new businesses were **spaza shops (66.7%)** and stores that sold groceries (33.3%).
  - These new start-ups **employed** approximately **9 people** with most being **sole proprietor**.
- *Business confidence*
  - In the 2013 Helenvale survey, a number of businesses indicated that the ongoing construction work would likely adversely impact their turnover in 2014. This observation was borne out in the 2014 surveys which indicated that **almost two thirds** of Helenvale businesses experienced either a **slight drop** (10.0%) or **significant drop** (55.0%) in their turnover. Positively, however, the number of businesses that indicated that they experienced either a **slight increase or significant increase** in turnover rose from 21.1% in 2013 to **35.0% in 2014**.
  - **Approximately seven business** respondent (**35.0%**; 2013: 5.3%) indicated that they **planned to relocate** from Helenvale in the next one to two years. The principle reason cited by this respondent for relocating was **safety concerns** followed by the **need for larger premises**.
  - **8.3%** of businesses who indicated that they owned their property felt that the **property's value had increased in relative to other areas** following the MBDA's upgrades in the area (2013: 10.0%).



- *Residential perceptions*
  - Although residents continue to be despondent about the conditions in Helenvale, the survey results indicate that they were less willing to relocate to another area than businesses were. This was reflected by the fact that only **8.3%** of Helenvale **residents** indicated that they **plan to relocate** to another area in the next one to two years (2013: 19.0%).
  - **73.7%** of these respondents indicated that the principle reason for **relocating was to in a safer area**. A further 10.5% indicated that they planned to move as they required additional space (i.e. a bigger unit)
- *Rental rates*
  - Based on the survey sample, the average rental rate for commercial property in Helenvale during 2014 was **R 89.58 per m<sup>2</sup>** (2013: R 38.91 m<sup>2</sup>) It should be noted that the **response rate** for this question was **37.5%**.
- *Environmental factors*
  - As was the case in Central, Helenvale respondents (both businesses and residents) were asked to rank an assortment of environmental factors on a **scale of one to five**. The average scores from these factors were then used to establish **how successful the MBDA's interventions** were at improving the Helenvale environment.
  - **Derelict properties (3.20)<sup>8</sup>** and **Lighting (3.18)** were the two environmental factors that had the **highest average scores** in 2014. This means that these were the two factors that 2014 respondents felt had shown the greatest improvement following the MBDA upgrades of Helenvale.
  - **Crime** was the environmental factor that had the lowest average score (**1.20**) followed by **Noise Levels (1.35)** and **Illegal Activities (1.45)**. These three factors are historically acknowledged as being the **principle issues facing Helenvale**, and these low scores should be interpreted in this context. It should be noted that the average scores for all these factors have declined since 2013 (1.32; 2.95; and 2.53 respectively) suggesting a significant deterioration in the environment.
  - As part of both the business and residential surveys conducted in Helenvale, respondents were asked whether or not they were satisfied with the overall security situation in the area. Based on the 2014 survey results only **10.0% of businesses**, and **30.4% of residents** indicated that they **were satisfied**.
  - This lack of satisfaction with the security situation in Helenvale was further reflected in the fact that **64.0%** of all respondents felt either **unsafe (46.9%)** or **very unsafe (14.4%)**, when outside and alone in a public place in Helenvale.
  - Residents in Helenvale indicated that the most frequently occurring crimes in the area in 2014 were **muggings (29.1%)** and **shootings (20.9%)**. Businesses likewise indicated that **muggings (40.0%)** and **shootings (20.0%)** were the most frequent crimes in the area.
  - Approximately **92.6% of residents** and **70.0% of businesses** indicated that their refuse was collected regularly. Furthermore, **36.8% of all respondents** indicated that there were **sufficient refuse bins** in the area.
  - These factors helped to contribute to the high level of satisfaction experienced by both businesses and residents in respect of the cleanliness of Helenvale. This was evident by the fact that they the overwhelming **majority of businesses (70.0%)** and **residents (60.9%)** indicated that they were satisfied with the cleanliness of Helenvale.
  - Most respondents (i.e. both businesses and residents) indicated that the degree of social harmony in the community was either **very satisfactory (20.8%)** or **satisfactory (22.4%)**. **Residential** respondents were however notably more positive, with **43.9%** indicating either a **very satisfactory (20.9%)** or **satisfactory (23.0%)** response.
- *Aesthetic improvements in Helenvale*
  - Both businesses and residents view the **aesthetic improvements** and new urban design elements in Helenvale in a **very positive** light.
  - **91.6%** of all respondents indicated that they were either **Positive (25.6%)** or **Extremely Positive (66.0%)** about them (2013: 92.4%). **Residents** in Helenvale were the **most positive** with 92.2% indicating either a Positive or Extremely Positive response (2013: 92.0%).

<sup>8</sup> The numbers in parenthesis represent the average score for the respective environmental factor.



## KINGS BEACH

The area surrounding and including Kings Beach, which includes the suburb of Humewood, is viewed as one of the Nelson Mandela Bay Metro's (NMBM) primary attractions for both domestic and international tourists. The area also has considerable potential, which can be developed so as to attract a greater number of visitors to the area, as well as the NMBM as a whole.

Given this potential, the MBDA requested proposals from specialist consultants in the fields of urban design, landscape architecture, civil engineering and transport planning to review the existing plans for the Kings Beach area and then prepare a new plan that would guide the redevelopment of the area. This consortium of consultants would also be responsible for implementing the plan once completed and approved by the MBDA and NMBM.

The overall intention of this process is to recreate this critical tourist asset so as to not only attract increased spending power from visiting tourists, but also to draw a greater number of NMBM residents to the area.

### Economic Environment

The tables below provide an overview of the social and economic dynamics that characterise Kings Beach and the greater Humewood area. These figures are based on both the 2011 Census as well as forecasted estimates of economic activity.

SOCIO-ECONOMIC PROFILE	2012	2013
Population size	3 677	3 713
Annual population growth (2001 – 2013)		-3.3%
Households	1 629	1 617
Average number of people per household	2.3	2.3
Average monthly household income	R 19 422	R 20 529

Source: Urban-Econ calculations based on Census (2011)

ECONOMIC PROFILE, 2013	
GDP-R	<ul style="list-style-type: none"> <li>• R 257.8 million in 2013 (constant 2005 prices)</li> <li>• Contribution to the NMBM GDP-R was 0.6%</li> <li>• GDP-R per capita was R 69 441 in 2013</li> <li>• Average economic growth between 2001 and 2013 was 1.3%</li> <li>• This was slightly below the NMBM growth rate of 1.4% over the same period</li> </ul>
Employment structure (2011) <sup>9</sup>	<ul style="list-style-type: none"> <li>• 92.0% employed</li> <li>• 8.0% unemployed</li> <li>• 0.2% of not economically active are discouraged workers</li> </ul>

Source: Urban-Econ calculations based on Census (2011)

The Kings Beach area which includes Humewood, is a relatively small geographic area dominated by high income residential properties and businesses involved in the accommodation, entertainment and leisure industries. The affluent nature of this area is highlighted by the average household income, which is almost double the average for the NMBM, and the high rate of employment (92.0%).

Although dominated by high income earners the GDP-R contribution of the area is low, only contributing 0.6% of the total GDP-R of the NMBM equivalent to R 257.8 million in 2013.

<sup>9</sup> The 2011 Census provides the most recent available information for the Kings Beach area.



## Private Sector Investment

The outcomes of the primary research in respect of private sector investment indicated the following:

- **83.3%** of Kings Beach businesses **made improvements** to their property in **2014**, **up 36.6%** from the 46.7% of businesses that they made improvements to their properties in 2013.
- Of those Kings Beach residents that own their property approximately **27.3%** (2013: 33.3%) indicated that they had **made improvements** to their home between 2013 and 2014. It is important to note that only **5.5% of residential respondents** (11 of the 200 respondents) indicated that they **owned** their property with the overwhelming majority indicating that they rent.
- A small percentage (**33.3%**) of **residential respondents** indicated that the improvements they had made to their properties were as a **direct result of the MBDA's interventions** in Kings Beach.
- The Kings Beach upgrades had considerable impact on the number of businesses that made improvements to their properties. This was evident by the fact that **over half of the businesses that made improvements** (52.0%) in 2014 **attributed** them to the **MBDA's Kings Beach interventions** (2013: 7.1%).
- The average **value of improvements** made by Kings Beach **businesses** in 2014 was **R 260 200** (2013: R 133 572) compared to **R 137 000 for residents** (2013: R 21 667).
- Based on the average value of improvements and the number of respondents that indicated that they made improvements to their property it is possible to estimate the total value of private sector investment in the area. These estimates suggest that **Kings Beach businesses invested R 6.5 million in 2014** (2013: R 1.8 million) while **residents invested R 685 000 in 2014** (2013: R 65 000).
- The total value invested by Kings Beach **businesses** into their properties in 2011 as well as in 2013 and 2014 was **R 12.7 million**. **Residents** in comparison only invested **R 855 000** over the same period.

## Private Sector Employment Creation

The survey outcomes indicate the following in terms of employment creation in Kings Beach:

- The businesses surveyed in 2014 employed approximately **349 people** (2013: 389 people). Of this total, **80.8%** were employed on a **permanent basis** and **19.2%** were employed on a **part-time/casual** basis.
- **56.7%** of surveyed businesses indicated that they had **hired additional staff in 2014 (2013: 53.3%)**. It was estimated that each one of these businesses hired an average of **2.8 new staff**.
- Using this average number, as well as the number of Kings Beach businesses that indicated that they had hired new staff, it is estimated that **48 new jobs were created in 2014** (2013: 90).

## Business Trading Environment

The survey outcomes indicated the following key findings about the business trading environment within Kings Beach:

- *Business Start-ups*
  - Similarly to Uitenhage the overwhelming majority of businesses in the Kings Beach area are well established and have been operating in the area for a number of year (average years of operation: **9.5 years**). The result was that **only two surveyed** (6.7%) business indicated that it had **started operating** in the area in the last year.
- *Business confidence*
  - Businesses were asked how they would rate their overall confidence in the business environment in Kings Beach (i.e. prospects growth, trading conditions etc.). The overwhelming majority of businesses were very positive about the Kings Beach business environment with an **average business confidence** of **86.7%** in 2014 slightly lower than the 90.0% recorded in 2013. This figure however has declined consistently since 2011, when overall business confidence was 91.3%.
  - The high levels of confidence by Kings Beach business owners is likely attributable to the positive trading environment that they are experience. This is reflected by the fact that **40.0%** of all **business** respondents in Kings Beach indicated that their turnover **had increased** (2013: 40.0%) either slightly (10.0%) or significantly (30.0%).
  - Conversely, approximately **16.7%** of businesses in 2014 indicated that they **planned on relocating** (2013: 0.0%) from the Kings Beach area in the next one to two years. Of the five businesses that indicated they



- planned on relocated, three (60.0%) cited a better aesthetic environment as the principle reason for relocating.
- **66.7%** of businesses who owned their property indicated that they felt that their **property had increased in value relative to other areas** as a result of the MBDA's activities (2013: 35.7%).
  - The Kings Beach area had the **greatest percentage** of business respondents that were **aware of the UDZ** and its associated tax benefits (40.0%; Central 11.4%). Utilisation of the tax benefits of the UDZ was equally high, with **nine respondent having made use of them** (75.0%).
  - *Residential perceptions*
    - As part of the survey process residents living outside of Kings Beach were asked what impact they felt that the Kings Beach upgrades had had on a range of factors including tourism growth, increased use of the area by locals, property values in the area etc.
    - Approximately **49.3%** these respondents felt that the Kings Beach upgrades had been highly effective at encouraging **increased utilisation of the area** (2013: 60.0%). Conversely **88.0%** of respondents felt that the Kings Beach upgrades had been highly **ineffective at preventing illegal activity** in the area (2013: 65.0%).
  - *Rental rates*
    - Based on the survey sample, the average rental rate for commercial property in Kings Beach during 2014 was **R 108.81 per m<sup>2</sup>** (2013: R 92.23 per m<sup>2</sup>).
  - *Environmental factors*
    - Applying a similar methodology as was used in Central, business and residential respondents in Kings Beach were asked to how effective the MBDA's upgrades of the area had been at promoting tourism growth; reducing crime; increasing property values; increasing business turnover; encouraging greater utilisation of the area; and preventing illegal activities.
    - Both business and residential respondents felt that the MBDA Kings Beach upgrades had been highly effective at **promoting tourism growth** in the area (2014: 3.90; 2013: 4.31)<sup>10</sup> and encouraging **greater utilisation of the area** by visitors (2014: 3.44; 2013: 4.16)
    - According to both businesses and residents the upgrades had been **ineffective at reducing the overall crime** levels (2014: 2.85; 2013: 3.18) as well as addressing **other illegal activities** (2014: 2.36; 2013: 2.75). These average scores however were notably higher than for other comparable areas (Central, Uitenhage, and Helenvale). This most likely indicates that the **incident and nature of the crime in Kings Beach is less severe** than the comparable areas.

<sup>10</sup> The numbers in parenthesis represent the average score for the respective environmental factor.



## NEW BRIGHTON

Singaphi Street is situated in the old township of Red Location, which now forms part of New Brighton, and is a strategic access route to one of the Nelson Mandela Bay Metros' important tourism attractions – the Red Location Museum. Given the street's strategic importance, the MBDA has undertaken an extensive public participation process with the local community in order to assist the agency in identifying the kind of environmental upgrades that should be undertaken.

Once completed, the Singaphi Street upgrades will include a newly surfaced road from Ferguson Road up to Olaf Palme Street. The environmental upgrading of the street will also include Public Art, Street Furniture, Children's Play Parks, Traffic Education Cycling Park a Sports Training Park as well as possibilities for vendor trading areas and landscaping.

The project has a total estimated budget of R 40 million, with Phase one of the project having a total budget of R 12 million. As one of the focuses of the upgrades, the MBDA will ensure that a number of small, previously disadvantaged local contractors will get a significant portion of the work.

### Economic Environment

The tables below provide an overview of the social and economic dynamics that characterise the suburb of New Brighton. These figures are based on the results of the 2011 Census as well as Quantec's standardised regional statistical database. Furthermore the information presented in these tables is also informed by the MBDA surveys conducted in the area in 2013 and 2014. Economic statistics have been estimated based on the most recently available data.

SOCIO-ECONOMIC PROFILE	2012	2013
Population size	26 612	26 924
Annual population growth (2001 – 2013)		-1.4%
Households	6 640	6 721
Average number of people per household	4.0	4.0
Average monthly household income	R 4 585	R 4 846

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

ECONOMIC PROFILE, 2013	
GDP-R	<ul style="list-style-type: none"> <li>R 594.0 million in 2013 (constant 2005 prices)</li> <li>Contribution to the NMBM GDP-R was 1.3%</li> <li>GDP-R per capita was R 22 065 in 2013</li> <li>Average economic growth between 2001 and 2013 was 1.8%</li> <li>This was above the NMBM growth rate of 1.4% over the same period</li> </ul>
Employment structure (2011) <sup>11</sup>	<ul style="list-style-type: none"> <li>49.9% employed</li> <li>50.1% unemployed</li> <li>18.7% of not economically active are discouraged workers</li> </ul>

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

New Brighton is one of the most populous (2013: 26 924 people) areas in the Nelson Mandela Bay Metro, accounting for just over 2% of the metro's total population in 2013. The area is also characterised by exceptionally high levels of unemployment, with over 50% of the working population being unemployed and a further 18.7% being classified as discouraged workers. The average monthly household income for New Brighton (R 4 846) is also, 53.4% below the metro figure (R 10 399)

New Brighton's GDP-R as well as its GDP-R growth rate between 2001 and 2013 are also notably than that of the Nelson Mandela Bay Metro at R 549.0 million and 1.8% respectively. Likewise, New Brighton's GDP-R per capita of R 22 065 was lower than that the metro's figure (R 37 376).

<sup>11</sup> The 2011 Census provides the most recent available information for the New Brighton area.



## Private Sector Investment

The outcomes of the primary research in respect of private sector investment indicated the following:

- **30.0% of businesses** surveyed in New Brighton **made some form of improvements** to their property in **2014** compared to **15.0%** of business in **2013**. In comparison only **20.7%** of residents who indicated that they owned their properties made improvements in **2014** (2013: 35.1%).
- The results suggest that the Singaphi Street upgrades have, **to date, had little impact** on either businesses or residents decisions to make improvements to their properties.
- The average **value of improvements** made by businesses was **R 272 500** in 2014 (2013: R 5 000), while for residents it was **R 24 896** (2013: R 6 923).
- Based on the average value of improvements and the number of respondents that indicated that they made improvements to their property it is possible to estimate the total value of private sector investment in the area by surveyed respondents. These estimates suggest that **New Brighton businesses invested R 1.6 million in 2014** (2013: R 15 000) while **residents invested R 1.1 million in 2014** (2013: R 90 001).
- The total value invested by New Brighton **businesses** into their properties in 2013 and 2014 was **R 1.6 million**, with **residents** investing a further **R 1.2 million** over the same period.
- Approximately **20.0%** of surveyed businesses indicated that they were **planning on making improvements** to their properties in the near future year (2013: 5.0%).

## Private Sector Employment Creation

The survey outcomes indicate the following in terms of employment creation in New Brighton:

- **15.0%** of surveyed businesses indicated that they had **hired additional staff in 2014**, down from 20.0% of businesses in 2013.
- New Brighton businesses **hired on average, 2.5** new staff members in 2014 (2013: 3.8)
- Using this average number, as well as the number of New Brighton businesses that indicated that they had hired new staff, it is estimated that **8 new jobs were created in 2014**, lower than 15 jobs created in 2013.
- The businesses surveyed in 2014 employed approximately **79 people** (2013: 54). Of this total, **87.3%** were employed on a **permanent basis** (2013: 92.5%) and **12.7%** were employed on a **part-time/casual** basis (2013: 7.5%).

## Business Trading Environment

The survey outcomes indicated the following key findings about the business trading environment within Central:

- *Business Start-ups*
  - **None** of the businesses surveyed indicated that they had **been operating for a year or less**. This, coupled with fact that the average years of **operation** was **8.7 years** (2013: 8.4 years), suggests that the businesses around Singaphi Street are well established and that few new businesses have opened in the area since 2013.
  - The businesses operating in New Brighton **employ, on average, four people** (2013: 2.8 people).
- *Business confidence*
  - Businesses were asked how they would rate their overall confidence in the business environment in New Brighton (i.e. prospects growth, trading conditions etc.). Just **under half (45.0%) of all businesses** surveyed indicated (2013: 26.3%) that they were either **extremely positive (25.0%; 2013: 0.0%)** or **positive (20.0%; 2013: 26.3%)** about the current New Brighton operating environment. **Average business confidence** rose slightly in 2014 to **49.0%** from 44.2% in 2013.
  - Given the sensitive nature of requesting business turnover information, respondents were requested to indicate to what extent their 2014 turnover had changed relative to 2013. The **majority (40.0%)** of respondents in 2014 indicated that they had experienced **no change in turnover** (2013: 90.0%). Of concern, was that the number of respondents that indicated that their **turnover had declined** either **slightly** or **significantly** in the last year, increased from 5.0% in 2013 to **30.0% in 2014**. Positively, the number of respondents that indicated that their turnover had **risen either slightly or significantly increased notably** from 5.0% in 2013 to **30.0%** in 2014.



- **15.0%** of businesses surveyed (three businesses) indicated that they **planned to relocate from New Brighton** in the next one to two years (2013: one business). These businesses cited a number of reasons for relocating including the need to be in a better aesthetic environment, to be closer to their customers, and the rental rates being too high. A further **two businesses** indicated that they planned to **cease operating** in the next one to two years.
- **25.0%** of businesses who owned their property indicated that they felt that their **property had increased in value relative to other areas** (2013: 8.3%) as a result of the upgrading of Singaphi Street.
- *Rental rates*
  - Based on the survey sample, the average rental rate for commercial property in New Brighton in 2014 was **R 18.04 per m<sup>2</sup>**. This is notably lower than the commercial property rental rates recorded in 2013 (R 49.44 per m<sup>2</sup>).
- *Business and Residential Perceptions*
  - Amongst both businesses and residents there is a **high degree of awareness** about the Singaphi Street development as evident by the **95.0%** (2013: 50.0%) of **business** respondents and **79.1%** (2013: 73.2%) of **residential** respondents surveyed in 2014 that indicated that they had heard of the upgrades.
  - Although awareness of the Singaphi Street upgrades had increased the overall **positive perception of the Red Location precinct** deteriorated in 2014. In 2014 only **54.7%** (2013: 88.5%) of **business and residential** respondents indicated that they were **positive (44.5%; 2013: 65.6%)** or **extremely positive (10.2%; 2013: 23.0%)** about the Red Location precinct development.
  - **Residential** respondents were the most **negative** about the development, with the number of these respondents that indicated either a positive or extremely positive response declining from **97.6%** in 2013 to only **54.3% in 2014**.
  - Businesses were asked how they would rate their overall confidence in the business environment in New Brighton (i.e. prospects growth, trading conditions etc.). Approximately **75.0% of businesses** surveyed indicated (2013: 70.0%) that they were either **extremely positive (25.0%; 2013: 5.0%)** or **positive (50.0%; 2013: 65.0%)** about the current New Brighton operating environment. **Average business confidence** rose slightly in 2014 to **68.8%** from 67.5% in 2013.



## NORTH END

North End, unlike the CBD and Central, is predominately an industrial area with a number of warehouses and other light industries. There is however also a notable middle to low income residential neighbourhood. These residential properties are confined to the areas adjacent to the Nelson Mandela Bay Stadium and the area west of Harrower Road (i.e. the suburb of Kensington).

The construction of the Nelson Mandela Bay Stadium prior to the 2010 FIFA World Cup resulted in a significant redevelopment of the greater North End area. This development included large parts of North End. These development included the introduction of urban design features such as trees, benches as well as traffic measures such as speed bumps, wider roads etc.

### Economic Environment

The tables below provide an overview of the social and economic dynamics that characterise the suburb of North End. These figures are based on the results of the 2011 Census as well as Quantec’s standardised regional statistical database. Furthermore the information presented in these tables is also informed by the MBDA surveys conducted in 2011 and 2013. Economic statistics have been estimated based on the most recently available data.

SOCIO-ECONOMIC PROFILE	2012	2013
Population size	9 323	9 416
Annual population growth (2001 – 2013)		0.0%
Households	2 646	2 627
Average number of people per household	2.5	3.6
Average monthly household income	R 14 903	R 15 738

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

ECONOMIC PROFILE, 2013	
GDP-R	<ul style="list-style-type: none"> <li>• R 714.3 million in 2013 (constant 2005 prices)</li> <li>• Contribution to the NMBM GDP-R was 1.6%</li> <li>• GDP-R per capita was R 75 862 in 2013</li> <li>• Average economic growth between 2001 and 2013 was 1.1%</li> <li>• This was below the NMBM growth rate of 1.4% over the same period</li> </ul>
Employment structure (2011) <sup>12</sup>	<ul style="list-style-type: none"> <li>• 85.8% employed</li> <li>• 14.2% unemployed</li> <li>• 4.5% of not economically active are discouraged workers</li> </ul>

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

As evident in the above tables, the socio-economic environment in North End, remained fairly constant between 2012 and 2013. The North End area consists of just over 2 600 households and accommodates a total population of 9 416, 1.0% higher than in 2013. The average weighted monthly income for households of R 15 738 in 2013, was 51.3% higher than the average household income for the rest of the NMBM (R 10 399). North End’s GDP-R was R 714.3 million in 2013, accounting for 1.6% of the total GDP-R of the NMBM.

Although the North End area only makes a small contribution to the total GDP-R of the greater NMBM, its GDP-R per capita of R 75 862, was significantly higher than that of the rest of the metro (R 37 376).

<sup>12</sup> The 2011 Census provides the most recent available information for the North End area.



## Private Sector Investment

The outcomes of the primary research in respect of private sector investment indicated the following:

- **33.3% of business** within North End **made some form of improvements** to their property in **2014** compared to **48.3%** of business in **2013**. In comparison, **33.7%** of North End residents who own their properties made improvements in **2014** (2013: 50.0%).
- Approximately **45.0% of businesses who made improvements** in 2014 (2013: 16.1%) and **9.4% of the residents who owned their property and made improvements** (2013: 41.7%) indicated that these upgrades were as a **direct result of the stadium development** and subsequent upgrades in the area.
- The average **value of improvements** made by businesses was **R 47 000** in 2014 (2013: R 65 690), while for residents it was **R 31 184** (2013: R 10 764).
- Based on the average value of improvements and the number of respondents that indicated that they made improvements to their property it is possible to estimate the total value of private sector investment in the area by surveyed respondents. These estimates suggest that **North End businesses invested R 940 009 in 2014** (2013: R 1.9 million) while **residents invested R 1.1 million in 2014** (2013: R 140 000).
- The total cumulative value invested by North End **businesses** into their properties in 2011, 2013 and 2014 was **R 4.3 million**, with **residents** investing a further **R 2.6 million** over the same period.

## Private Sector Employment Creation

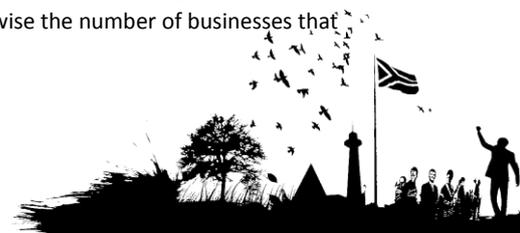
The survey outcomes indicate the following in terms of employment creation in North End:

- **23.3%** of surveyed businesses indicated that they had **hired additional staff in 2014**, down from 33.3% of businesses in 2013.
- North End businesses **hired on average, 3.4** new staff members in 2014 (2013: 3.4)
- Using this average number, as well as the number of North End businesses that indicated that they had hired new staff, it is estimated that **48 new jobs were created in 2014**, lower than 68 jobs created in 2013.
- The businesses surveyed in 2014 employed approximately **465 people** (2013: 736). Of this total, **91.2%** were employed on a **permanent basis** (2013: 94.8%) and **8.8%** were employed on a **part-time/casual** basis (2013: 5.2%).

## Business Trading Environment

The survey outcomes indicated the following key findings about the business trading environment within North End:

- *Business Start-ups*
  - **6.7% of businesses** surveyed (4) indicated that they had been operating for either one year or less than one year meaning that they only **started operating** in North End in **2014** (2013: 10.0%). New start-up businesses are a positive sign for the area as they are both an indicator of positive sentiment about the area and tend to **spend more money in the local area** as opposed to larger companies which tend to have central purchasing offices.
  - The majority of new businesses started in North End during 2014 were **vehicle sales and maintenance industry** (50.0%) in line with the business mix of the area.
  - New start-ups **employed fewer people on average** (4.0 per business) than those businesses that had been operating for longer than a year (8.0 per business).
- *Business confidence*
  - Businesses were asked how they would rate their overall confidence in the business environment in North End (i.e. prospects growth, trading conditions etc.). Just **over half (56.7%) of all businesses** surveyed indicated (2013: 40.0%) that they were either **extremely positive (3.3%; 2013: 9.2%)** or **positive (53.3%; 2013: 30.8%)** about the current North End operating environment. **Average business confidence** fell slightly in 2014 to **62.1%** from 71.7% in 2013.
  - Given the sensitive nature of requesting business turnover information, respondents were requested to indicate to what extent their 2014 turnover had changed relative to 2013. The **overwhelming majority (68.3%)** of respondents in 2014 indicated that they had experienced **no change in turnover** (2013: 6.7%). Positively, the number of respondents that indicated that their turnover had **risen either slightly or significantly increased notably** from 0.0% in 2013 to **11.7%** in 2014. Likewise the number of businesses that



- indicated that they had experienced a significant decline in turnover **fell** from 66.7% in 2013 to **5.0% in 2014**.
- **16.7%** of businesses surveyed (10) indicated that they **planned to relocate from North End** in the next one to two years. The overwhelming majority (**40.0%**) of these respondents indicated that the primary reason for their relocation was to be in a **closer to their customers**, while a further **30.0%** indicating that they need a **larger premises**. A further **10 businesses** indicated that they planned to **cease operating** in the next one to two years.
  - **51.7%** of businesses who owned their property indicated that they felt that their **property had increased in value relative to other areas** (2013: 38.3%) as a result of the stadium development.
  - **Awareness of the UDZ** and its associated tax benefits increased from 5.0% in 2013 to **16.7%** of surveyed businesses in North End during 2014. Of the 10 businesses that indicated that they were of the UDZ in 2014, approximately **30.0% or 3 business had made use of its tax benefits**. This is compared to the three businesses in 2013 that indicated that they were aware of the UDZ and had also made use of its tax benefits.
  - *Residential perceptions*
    - As part of the survey process residents living in other parts of North End (i.e. not adjacent to, or in close vicinity of, the Nelson Mandela Bay Stadium) were contacted telephonically and asked whether, subsequent to the stadium development, they spend more time and money in the area.
    - **21.3%** of these respondents indicated that they spend **more money** in North End than they did before the upgrades (2013: 40.0%), while **18.7%** indicated that they spend **more time** in End (2013: 25.0%).
    - Only **38.7%** of residents living in North End indicated that their **perceptions** of the area had **changed for the better** following the stadium development (2013: 70.0%)
  - *Rental rates*
    - Based on the survey sample, the average rental rate for commercial property in the North End was **R 31.60 per m<sup>2</sup>**. This is notably lower than the commercial property rental rates recorded in 2013 (R 50.30 per m<sup>2</sup>).
  - *Environmental factors*
    - In order to establish how successful the developments in North End have been at addressing a range of environmental issues, respondents were required to rank an assortment of factors on a **scale of one to five**. A ranking of **one** on this scale indicated that the factor had **deteriorated** since the stadium development while a value of **five** indicated a **significant improvement** in that given environmental factor.
    - **Crime** was cited by both businesses (**2014: 2.70**; 2013: 2.92)<sup>13</sup> and residents (**2014: 2.78**; 2013: 2.68) as the environmental factor with the lowest score. This indicates that both businesses and residents feel that the stadium development has had little impact on the overall crime situation in North End. Positively, however, the slight increase in the average score for **residents** indicates that they feel the **crime situation** has **improved** somewhat since 2013.
    - **Noise levels** (2014: 4.08; 2013: 3.30) and **Lighting** (2014: 4.07; 2013: 3.32) were the two environmental factors that had the highest average scores in 2014 amongst businesses. This means that these were the two factors that 2014 businesses felt had shown the greatest improvement following the stadium development in North End.
    - The rankings of the various environmental factors showed that amongst business respondents, the stadium developments had been **highly effective at addressing the noise levels** in North End. This was evident by the fact that noise was the factor that showed the greatest improvement between 2013 and 2014.
    - In comparison, residents cited **Lighting** (**2014: 4.01**; 2013: 3.43) and **Parking Provision** (**2014: 3.63**; 2013: 3.02) in North End as the two environmental factors that had shown the greatest improvements since the stadium development.

<sup>13</sup> The numbers in parenthesis represent the average score for the respective environmental factor.



## RICHMOND HILL

Richmond Hill is one of the Nelson Mandela Bay Metro's oldest suburbs, and has seen a significant redevelopment over the last five years. Driven exclusively by the private investment with the institutional support of the MBDA, small scale urban renewal has occurred which has seen the introduction of a number of new businesses into the area – particularly restaurants – focused in, and around Staley Street.

The introduction of these restaurants to the area, has also helped to stimulate the redevelopment of the surrounding residential area. Local residents have made a number of improvements to their properties, which has led to a corresponding increase in property values.

Richmond Hill, and Staley Street in particular, is now a premier destination for eateries in the metro and attracts a diverse range of visitors. The redevelopment of Richmond Hill has also seen the introduction of new events to the area such as the Richmond Hill Music Festival, which helps to make the area a more attractive destination to work and live in.

### Economic Environment

The suburb of Richmond Hill falls within the Central sub-place as delineated by the South African Demarcation Board. As such, the information presented in this section would be identical to that of the Central area profile.

### Private Sector Investment

The outcomes of the 2014 primary research in respect of private sector investment indicated the following:

- **68.3% of businesses** within Richmond Hill **made some form of improvements** to their property in **2014** compared to **44.4%** of business in **2013**.
- In comparison, **10.0%** of residents who indicated that they owned their properties made improvements in **2014** (2013: 31.3%). It should be noted that in the number of residential respondents that indicated that they own their property fell sharply in 2014 (2014: 25.0% of sample; 2013: 35.6% of sample).
- The average **value of improvements** made by businesses was **R 288 036** in 2014 (2013: R 189 750), while for residents it was **R 5 000** (2013: R 66 667).
- Based on the average value of improvements and the number of respondents that indicated that they made improvements to their property it is possible to estimate the total value of private sector investment in the area by **those businesses and residents that were surveyed**. These estimates suggest that **Richmond Hill businesses invested R 8.0 million in 2014** (2013: R 3.7 million) while **residents invested R 5 000 in 2014** (2013: R 400 000).
- The total value invested by Richmond Hill **businesses** into their properties in 2013 and 2014 was **R 11.8 million**, compared to **R 405 000 by residents**.

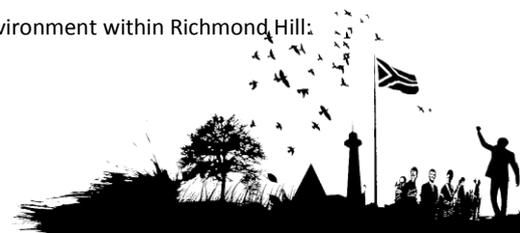
### Private Sector Employment Creation

The survey outcomes indicate the following in terms of employment creation in Richmond Hill:

- **36.6%** of surveyed businesses indicated that they had **hired additional staff in 2014**, significantly above the 17.8% of businesses in 2013.
- Richmond Hill businesses **hired on average, 2.8** new staff members in 2014 (2013: 4.1).
- Using this average number, as well as the number of Richmond Hill businesses that indicated that they had hired new staff, it is estimated that **43 new jobs were created by the surveyed businesses in 2014**, higher than 33 jobs created in 2013.
- The businesses surveyed in 2014 employed approximately **341 people** (2013: 287). Of this total, **80.4%** were employed on a **permanent basis** (2013: 83.6%) and **19.6%** were employed on a **part-time/casual** basis (2013: 16.4%).

### Business Trading Environment

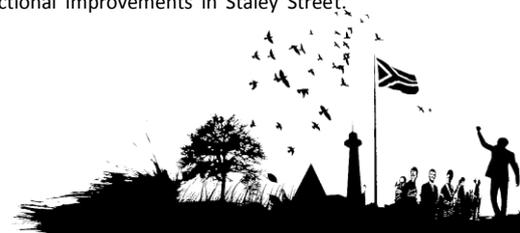
The survey outcomes indicated the following key findings about the business trading environment within Richmond Hill:



- *Business Start-ups*
  - **None** of the businesses surveyed indicated that they had **been operating for a year or less**. The average number of years that a business had been **operating in Richmond Hill** was **10.8 years** (2013: 6.2 years). Businesses located in **Stately Street**, however, had only been operating for an **average of 3.2 years** (2013: 3.1).
  - The businesses operating in Richmond Hill **employ**, on average, **8.3 people** (2013: 6.4 people).
- *Business confidence*
  - Given the sensitive nature of requesting business turnover information, respondents were requested to indicate to what extent their 2014 turnover had changed relative to 2013. The **overwhelming majority (41.5%)** of respondents in 2014 indicated that they had experienced **no change in turnover** (2013: 57.8%). Of concern is that the number of respondents that indicated that their turnover had **fallen either slightly or significantly increased notably** from 17.8% in 2013 to **34.1%** in 2014.
  - **29.3%** of businesses surveyed (12) indicated that they **planned to relocate from Richmond Hill** in the next one to two years. The majority (**33.3%**) of these respondents indicated that the primary reason for their relocation was to be in **closer to their customers** followed by **25.0%** who indicated that they **need a larger property**. A further **six businesses** surveyed indicated that they planned to **cease operating** in the next one to two years.
  - **UDZ awareness declined** in 2014 with only **11.4%** of businesses in Richmond Hill indicating that they knew about the UDZ (2013: 40.0%). Although the percentage of businesses in 2014 that were aware of the UDZ was low, UDZ utilisation was exceptionally high. Of the 10 businesses that indicated that they were of the UDZ in 2014, approximately **80.0% or 8 business** had **made use of its tax benefits** (2013: 0.0%)
- *Rental rates*
  - Based on the survey sample, the average rental rate for commercial property in the Richmond Hill was **R 113.81 per m<sup>2</sup>**. This is notably lower than the commercial property rental rates recorded in 2013 (R 85.93 per m<sup>2</sup>).
- *Environmental factors*
  - In order to establish how successful the MBDA's activities in Richmond Hill have been at addressing a range of environmental issues, respondents were required to rank an assortment of factors on a **scale of one to five**. A ranking of **one** on this scale indicated that the factor had **deteriorated** since the MBDA's activities, while a value of **five** indicated a **significant improvement** in that given environmental factor.
  - **Congestion** (2014: 3.35; 2013: 3.08)<sup>14</sup> and **Noise Levels** (2014: 3.26; 2013: 3.52) were the two environmental factors that had the highest average scores in 2014. This means that these were the two factors that 2014 respondents felt had shown the greatest improvement since the private sector development of Stanley Street.
  - The rankings of the various environmental factors showed that amongst all survey respondents, the private sector development of Stanley Street had been **highly effective at addressing the levels of congestion** in Richmond Hill. This was evident by the fact that congestion was the factor that showed the greatest improvement between 2013 and 2014.
  - **Crime and illegal activities** in the Richmond Hill area are perceived as a **major problem** by both business and residential respondents. This was indicated by the fact that the average score for Crime fell from 3.01 in 2013 to 2.64 in 2014, while the average score for Illegal Activities fell from 3.08 to 2.95.
- *Aesthetic improvements of Staley Street*
  - Businesses and residents view the aesthetic improvements of **Stanley Street very positively**.
  - **55.6%** of all respondents indicated that they were either **Positive or Extremely Positive** about them (2013: 68.9%<sup>15</sup>). **Businesses** within Richmond Hill were the most positive with **73.2%** indicating either a Positive or Extremely Positive response (2013: 68.9%).
  - Respondents were **slightly less positive** about the upgrades of **Stanley Street**, with only **37.5%** indicating either a Positive or Extremely Positive response.
  - Similarly to the aesthetic improvements, businesses and residents both viewed the functional improvements of the Stately Street area in a positive light. Approximately **92.7% of businesses** and **40.0% of residents** were either **positive or extremely positive** about the **functional improvements**.

<sup>14</sup> The numbers in parenthesis represent the average score for the respective environmental factor.

<sup>15</sup> In the 2013 survey, only businesses were asked their perceptions of the aesthetic and functional improvements in Staley Street. Subsequently (2014 onwards) businesses and residents were asked this question.



## UITENHAGE

Following from the successful upgrading of Govan Mbeki Avenue and Parliament Street, the MBDA embarked on a similar upgrade of the Uitenhage CBD in 2010.

Through a consultative process the MBDA identified four focus areas within the Uitenhage CBD for development. Due to the integral role that the Uitenhage's Market Square plays in the overall urban design of the area it was felt that this should be the first priority for redevelopment. Caledon Street, which acts as both a transport hub and the main Uitenhage shopping area, was also target as part of the upgrades. The intention being to merge these two functions into a single, integrated system.

The Uitenhage CBD development was also extended into Market and Chase Streets, where sidewalks were redeveloped and other environmental upgrades undertaken.

The overall aim of the upgrades was to transform the Uitenhage Market Square prescient from a parking area into a civic and pedestrian central place thereby rehabilitating and revitalising the area and allowing it to serve as a catalyst for private sector investment. Central to this vision was the recognition of the historical importance of the Market Square both as a civic venue and as a location of a number of important monuments.

The Uitenhage CBD was included in the MBDA's Economic Barometer assessment in 2011 following the completion of the upgrades. The Economic Barometer includes a business's survey administered to enterprises operating in and around Market Square as well as a CBD User survey.

### Economic Environment

The tables below provide an overview of the social and economic dynamics that characterise the Uitenhage area. These figures are based on both the 2011 Census as well as forecasted estimates of economic activity.

SOCIO-ECONOMIC PROFILE	2012	2013
Population size	5 676	5 726
Annual population growth (2001 – 2013)		-1.1%
Households	1 631	1 621
Average number of people per household	3.5	3.5
Average monthly household income	R 9 290	R 9 811

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

ECONOMIC PROFILE, 2013	
GDP-R	<ul style="list-style-type: none"> <li>• R 219.7 million in 2013 (constant 2005 prices)</li> <li>• Contribution to the NMBM GDP-R was 0.5%</li> <li>• GDP-R per capita was R 38 369 in 2014</li> <li>• Average economic growth between 2001 and 2013 was -2.2%</li> <li>• This was well below the NMBM growth rate of 1.3% over the same period</li> </ul>
Employment structure <sup>16</sup>	<ul style="list-style-type: none"> <li>• 87.9% employed</li> <li>• 12.1% unemployed</li> <li>• 6.6% of not economically active are discouraged workers</li> </ul>

Source: Urban-Econ calculations based on Census (2011) and Quantec Standardised Regional database (2015)

The Uitenhage study area largely includes the CBD and its surrounds and accordingly comprises relatively few residential households relative to the size of the area. Households within the Uitenhage study area are predominately low to middle income with an average monthly household income of R 9 811 (2011: R 9 290).

<sup>16</sup> The 2011 Census provides the most recent available information for the Uitenhage area.



The Uitenhage study area accounts for approximately 10.5% of the greater Uitenhage areas GDP-R, but only 0.5% of the economic output of the NMBM. The Uitenhage area has also the worst performing areas in term of GDP-R growth, with the area's economy contracting by an average annual rate of 2.2% between 2001 and 2013. This was significantly below the GDP-R growth of the NMBM which over the same period was 1.4%. The area however still offers good employment prospects, with 87.9% of the residents being employed.

## Private Sector Investment

The outcomes of the primary research in respect of private sector investment indicated the following:

- **Approximately 26.3% of businesses** within the Uitenhage CBD **made improvements** to their property in **2014** compared to only **16.5%** of business in **2013**. This almost 10% increase in the number of businesses that made improvements to their property is likely attributable an overall improvement in the business trading environment in the Uitenhage area.
- Positively **19.0% of businesses** that made improvements indicated that these improvements were as a direct result of the MBDA upgrades (2013: 16.7%). This indicates that the MBDA's investment in the Market Square has been effective at encouraging businesses to reinvest in their properties. Furthermore, it also indicates the effectiveness of leveraging public sector funding to promote private sector development.
- This positive businesses confidence in the area is further reflected in the **average value of improvements**. Based on the 2014 survey results the weighted average value of improvements made per business was **R 145 715**, significantly above the R 18 077 recorded in 2013. It is however important to note that a significantly fewer number of businesses made improvements in 2013 (12) as opposed to 2014 (21) thus impacting the average value of improvements in 2013.
- Using the same methodology applied for Central, it was estimated that the total investment by surveyed businesses in the Uitenhage CBD into their properties in **2014 was R 3.0 million** (2013: R 235 002).
- Total **cumulative investment** for 2011, 2013 and 2014 by surveyed Uitenhage CBD businesses was **R 4.1 million**.

## Private Sector Employment Creation

The survey outcomes indicate the following in terms of employment creation in the Uitenhage CBD:

- In total approximately **486 people were employed** by those businesses that were surveyed in 2014 (Average number of people employed per business: **6.0**). The overwhelming majority (**86.8%**) of these individuals were employed on a **permanent basis** (2013: 77.2%).
- **10.0%** of surveyed businesses indicated that they had **hired additional staff in 2014** (2013: 56.9%), with the average business **hiring 3.1 new staff members**.
- Using this average number, as well as the number of surveyed Uitenhage businesses that indicated that they had hired new staff, it is estimated that **25 new jobs were created in the study area during 2014** (2013: 113).
- It is estimated that **22** of these jobs were **permanent**, while 3 were part time/casual.

## Business Trading Environment

The survey outcomes indicated the following key findings about the business trading environment in the Uitenhage CBD:

- *Business Start-ups*
  - **2.5%** of businesses surveyed (2) indicated that they had been **operating** in the Uitenhage CBD for at **least one year** (2013: 12.6%). Of these two businesses only one indicated that they had started operating in 2014, suggesting that the Uitenhage CBD is dominated by established businesses with a low turnover rate. This is evident by the fact that the average businesses in the Uitenhage CBD has been **operating in the area for 8.5 years**.
- *Business confidence*
  - Businesses were asked how they would rate their overall confidence in the business environment in the Uitenhage CBD (i.e. prospects growth, trading conditions etc.). A sharp drop in business confidence was exhibited in 2014 with **only 58.8%** (2013: 78.5%) of businesses surveyed indicated that they were either **extremely positive** (5.0%) or **positive** (53.8%) about the current Uitenhage operating environment.



- Average **business confidence** in 2014 was **51.3%** (2013: 71.5%). Although this figure was significantly lower than the 2013 figure, it was more in line with the 57.2% recorded in 2011.
- **65.0%** of Uitenhage CBD businesses indicated that they had experienced **no change in turnover** in 2014 (2013: 46.8%). The number of respondents that indicated that their turnover had increased either slightly or significantly in the last year fell from 20.3% in 2013 to 15.0% in 2014.
- Only **5 businesses** (6.3% of the sample) indicated that they planned to **relocate** from the Uitenhage CBD in the next one to two years. The principle reason cited by these respondents was that they were seeking a **better aesthetic environment**. A significant percentage of respondents, however, indicated that they were unsure (50.0%). Only one business indicated that it was planning to cease operating in the next one to two years.
- **47.2%** of businesses who owned their property indicated that they felt that their **property had increased in value** relative to other areas (2013: 85.7%) as a result of the MBDA's activities. It should be noted that in both years the sample size was 36 (2013) and seven (2014).
- *CBD User perceptions*
  - **44.7%** of people that regularly use the Uitenhage CBD indicated that they now **spend more time** in the area because of the upgrades (2013: 57.5%). **39.3%** of CBD users also indicated that they spend **more money** in the area following the upgrades (2013: 57.5%).
  - **75.3%** of the CBD users that were surveyed indicated that the upgrades undertaken by the MBDA had been successful in **changing their perceptions of the Uitenhage CBD**. This was 5.3% higher than the figure recorded in 2013 (70.0%).
- *Rental rates*
  - Based on the survey sample, the average rental rate for commercial property in the Uitenhage CBD was **R 162.79 per m<sup>2</sup>**. This is notably lower than the commercial property rental rates recorded in 2013 (R 283.50 per m<sup>2</sup>).
- *Environmental factors*
  - Applying the same methodology that was used for Central, business respondents in the Uitenhage CBD were asked to how they would rate the changes in a set of environmental factors following the MBDA upgrades.
  - Respondents indicated that the **level congestion had deteriorated, consistently and significantly** since the MBDA upgrades. This is evident by Congestions overall ranking increasing from nine in 2011 (i.e. the factor with the lowest score) to one in 2014 (e. the factor with the highest score).
  - **Lighting** (2014: 2.01; 2013: 3.97) and **Noise Levels** (2014: 2.11; 2013: 3.67) by contrast have gone from rank one and two respectively in both 2011 and 2013 to rank eight and seven respectively in 2014. The average score for Lighting **declined by 1.96 points** (-49.3%), while the average score for Noise Levels **declined by 1.56 points** (-42.5%). The sharp drop in both these scores suggests that the lighting and the noise levels situation within the Uitenhage CBD requires urgent attention.
  - Although the rankings of certain environmental factors have changed, the average scores across all the factors all declined between 2013 and 2014. This was evident by the average score across all environmental factors declining from 3.07 in 2013 to 2.30 in 2014. This suggests a more negative attitude amongst businesses as well as a worsening operating environment.
  - The **lowest average score** in 2014 was for **Parking Provision (1.94)**. This fell sharply from the 2013 figure of 2.63. This low score suggests that Uitenhage CBD business owners feel that there is insufficient parking in the CBD and that the MBDA's upgrades in the area did little to address this.

