

**SOCIO-ECONOMIC  
PERSPECTIVE ON  
DEVELOPMENT OF  
PORTION 21 OF FARM  
195 KRAAIBOSCH  
GEORGE**

**CONTRIBUTION REPORT FOR BAR**  
*Revised data from Planning report*



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## 1. INTRODUCTION

The development of Portion 21 of Farm 195 in Kraaibosch, known as the Pieterkoen project, will have a significant impact on the socio-economic environment of the town. This report highlights the main issues that will benefit the urban environment and the community.

Cognicance is taken of the pertinent questions in the various guideline documents from Environmental Affairs which are aimed at addressing the potential problem areas which may occur in a development. The solutions to these questions are dealt with as a whole throughout the discussion. Other areas of impact such as a sustainable environment and the impact on available infrastructure, are dealt with elsewhere in the BAR.

This report must be read together with the planning report for the Rezoning and Subdivision application out of which sections were copied for consistency.

## 2. SPATIAL CONTEXT

Spatial planning and development must conform to and apply the national directives in the Spatial Planning and Land Use Management Act, Act 16 of 2013, (SPLUMA). These principles were taken up in the Western Cape planning documents, i.e. the WC Provincial SDF and the WC Land Use Planning Act, Act 3 of 2014 (LUPA) as well.

The site is inside the urban edge of the George Municipality Spatial Development Framework (GMSDF).

The spatial principles must provide the framework for decision-making. These are briefly listed below together with their applicability to the proposal concerned:

Principle	Criteria	Compliance
<b>Spatial Justice</b>	Historic segregation to be eliminated and uneven allocation of public resources to be rectified.	Not directly applicable to one site only, as the principle has to be applied on a town-wide scale to have an effect. The project will provide housing opportunities for a variety of income groups for which there is a demand.
<b>Spatial Sustainability</b>	Sustainable urban living patterns that do not damage the natural environment are promoted.	Sustainability will be ensured through the EIA process where conditions will be imposed.

<b>Spatial Efficiency</b>	Optimizing the use of existing resources, infrastructure and land is one of the objectives of spatial efficiency. Integrated cities form part of this strategy.	The proposed development seen in the context of the Kraaibosch residential area, contributes toward the optimum use of land and supplies in the market demand.
<b>Spatial Resilience</b>	Flexibility in spatial plans and land use management systems must ensure sustainable livelihood in communities most likely to suffer the impacts of economic and environmental shocks.	The proposal is in line with the GMSDF and Zoning By-law and its resilience must be evaluated in the context of the neighborhoods in this area. Some concerns about safety and escape routes in the area occurred during a recent fire. This is addressed by the improvement of the main access road and the construction of the planned distributor roads in Kraaibosch.
<b>Good Administration</b>	The requirements of any law relating to land development and land use must be met timeously. All decision-making must be aligned with sound policies in terms of national, provincial and local policies.	The process prescribed by the municipal by-laws will be followed for approval.

The GMSDF defines the urban strategy for George city area in terms of concepts and strategies that emphasize a future compact city through densification, corridors and nodes. The urban edge is the managing tool to contain growth and to achieve the goals of densification and a compact city. The urban development projects in Kraaibosch within the urban edge all aim to achieve this concept. Portion 21 forms part of this area and is surrounded by urban development within the urban edge.

The GMSDF describes the various types of nodes as a spatial element in para 4.4. It includes Category C nodes (neighborhood centre) and Category D nodes (local convenience centre). The latter node will be applied to the proposed convenience centre in the project. By following the design approach to provide community facilities (see para 6), the focus is on providing day-to-day products and essential services for residents in the surrounding estates. The building may accommodate residential opportunities above ground, for example, flats.

### 3. HISTORICAL CONTEXT

The Heritage Impact Assessment (HIA) found that it is evident that the property and the farm werf has significant heritage value, related to the architectural significance of the historic werf buildings, the history of the site and the rarity of surviving farm werfs in the George area. With regard to contextual significance, the werf in its rural setting with front garden, would have been of significance as a rare remaining farm complex, but this context has already been compromised by the very intensive urban development to the south of the property, across from Glenwood Avenue and will in future be further impacted by development of the properties to the east and west of the property.

Accordingly, the werf itself, including the homestead, barn buildings and front garden are graded as IIIA, whilst the remaining land is regarded as ungradable, given that it has already been earmarked for urban development.

The overall potential impact of the proposal is assessed to be of medium to high significance reducing to medium to low if mitigation measures are imposed and as landscaping matures over time.

The Pieter Koen Trust, as present owners of the property, wish to preserve the rich cultural history of the farm and honour the legacy of three generations of Branfords having lived there. They have the vision of preserving and integrating the old to complement the new. This approach in the design of the layout and buildings, together with the recommendations for the restoration of the historical buildings and further guidelines in the HIA, contribute to the quality of the visual environment and sense of place of the area.

### 4. THE RESIDENTIAL MARKET IN GEORGE

The GMSDF (2023), together with a Housing Market Study (2022) conducted by the WC DEA&DP, contain several findings about the residential supply and demand in George. These findings give important guidance for decision-making in the residential market.

- The GMSDF promotes a compact city with limited outward expansion. It encourages infill and take up of latent development rights to prevent urban sprawl and unutilized land within the city boundaries.
- Policy Guideline D1 states that all market segments must be catered for, including high-end and luxury markets to be accommodated on infill sites in mixed typologies.
- Policy Guideline D5 acknowledges functional property markets. The Housing Market Study reflects the preference for estate living within the luxury market.
- The George Municipality's population is projected to grow by 16% to 2035, that is, from 210 000 / 221 550 (lower/upper estimate) in 2021 to 245 8509 / 258 304 in 2035.

- In the past five to eight years there has been a significant increase in the erection of dwellings in the upper price bracket segment of the market and in particular in the estates – an indicator of the market trend and demand, supported by the trend of semigration of the higher income group to the Southern Cape.
- Sufficient area is available in the City Area to absorb 82% - 90% of the formal demand for residential units (backlog and growth) over the next 10 years at graded densities that support a compact city.
- An analysis of the Deeds Office data shows that 27% of freehold properties transacted at over R 1,2 million of which 97% are in the estates.
- The rate of increase in the uptake of medium and higher income, bonded units is an indication of an increased demand, meaning investment from elsewhere.
- The above policies and market research data confirm that the proposed residential supply of residential erven and units will contribute towards the demand for these chosen market segments in the town. It is known from observations that the buyers of properties in some of these chosen market segments are significant economic contributors in the workforce, being professionals, business entrepreneurs, investors, and those in managerial positions.

The Market Study indicated that the need is for housing at an entry level purchase price of R 1 600 000. The shortage in town is for housing at this price.

The municipality has a comprehensive housing plan and they have identified restructuring and intensification nodes and corridors for social and gap housing in their various spatial plans. The housing shortage should therefore be considered holistically to determine whether it is receiving attention. It cannot be solved by targeting individual projects one by one but by addressing it across the town by implementing a policy for the provision of middle-income housing – such as the municipality is doing.

The municipality is addressing social or rental housing by developing a project of 500 rental units at the Crocodile Farm site and is planning another 100 opportunities Sweetpea Road.

## 5. RESIDENTIAL OPPORTUNITIES IN THE PIETERKOEN PROJECT

The developers assessed the residential market in George as described above and plan a variety of residential typologies that will supply in the housing demand in a viable way.

The following residential opportunities are being planned in the project:

321 “Single Residential Zone II” (Estate Housing) erven consisting of the following:

- 44 Town housing erven
- 79 Dwelling house erven
- 105 Group housing erven

- 1 Flat erf for 84 Units
- 1 Flats and business erf with 9 flats

To provide in the gap market, the 88 flats in different blocks as part of the project will be priced between R 1 600 000 to R 1 900 000. It should be noted that a project of this nature is cost-sensitive in terms of its cash flow and timing to get on the market with its product, especially with units at these prices. Any number less than the proposed 88 will have a severe impact on the viability of the project and so would an increase in the number as well.

## 6. IMPACT ON THE LOCAL ECONOMY

The developer, with his financial and marketing advisors, studied the George property market within its spatial, current and projected economical timeframe. The conclusions that they came to enabled them to establish the viability of the project as well as the positive socio-economic impact that the project could have. A summary of this assessment is provided below and could be expanded upon if required.

A capital injection (CAPEX) will be projected for each of the development activities. These include direct and indirect economic impacts. The construction of the Pieterkoen residential development will have the following estimated impacts on the economy in the study area:

- Additional new business sales
- Additional employment (direct and indirect)

The total capital turn-over in the construction phase of the Pieterkoen residential development is estimated at **R 924 000 000**.

The economic impact is determined by the level of economic activity generated because of the increase in market demand in the affected sectors. It is estimated that the Pieterkoen residential development will generate this demand over a certain number of years. The demand will be operational and direct, indirect and induced.

The ongoing impacts can be measured according to new business output in the area (turnover), additional people employed and the resulting increase in GGP contribution. The impact calculated will indicate the potential economic effect that ongoing, sustained economic activity in the study area can have on the total local economy. Because of the new businesses, which will result as part of the commercialization, namely the residential units, the administrative offices, the maintenance unit, the restaurant, the deli, the gym, the spa, convenience shopping and essential services, it can be estimated that the study area will be able to eventually sustain a substantial number of new employment opportunities.

Besides the ongoing contributions to rates and taxes, water and electricity usage, the employment opportunities, that will be generated will be permanent jobs in categories such as management, professional, recreational, sales and marketing, production, technical, clerical, administrative and maintenance.

## 7. JOB CREATION

The construction of the Pieterkoen residential development will lead to the expansion of business sales for existing businesses located within the area. For example, materials used in construction such as bricks, pipes, concrete, etc. will be purchased, as well as services such as engineers, plumbers, electricians etc. These changes will be measured in terms of new business sales, i.e. new sales that will be generated in the economy as a direct result of the capital investment in the development. Business sales will be generated because of capital investment by the developer for each of the development activities which is said to take place as mentioned above.

Constructing the Pieterkoen residential development will result in direct jobs being created for the construction of the various facilities. Indirect jobs are also created in industries that provide goods, materials and services. For example, an additional amount of goods used in the construction sector will be required from businesses and industries related to the construction sector. This could lead to an increased number of jobs being created in these businesses, i.e., to increase the output of these businesses.

The number of jobs created during the development phase, i.e. capital investment by the developers of the Pieterkoen residential development is:

Total direct jobs created by civil construction (over 12 months) = 204

Total direct jobs created by housing construction (over 48 months) = 206

Total permanent jobs created by restaurant, deli, gym and spa operations (long term) = 36

It is generally known that after the construction of a development or facility, ongoing economic impacts (expenditure and output) will be experienced following the commencement of the economic activities on site. This expenditure expands the markets for goods and services and increases the labour market and services as an impetus for new commercial development.

## 8. CONCLUSION

It is concluded that the development will have positive socio-economic effects in the following ways:

- A supply of residential opportunities that will cater for the market demand.
- New money injection during the construction phase and an additional monthly injection during the commercialization phase of the proposed development.
- The unemployment rate will decrease, as an additional **410 jobs** will be created during the construction phase (4-5 years) and during the commercialization phase, the development will create **36 job** opportunities.
- The job opportunities during the construction phase will be temporary but the job opportunities, that will be created during the commercialization phase, will be permanent.

In addition, the proposed residential development:

- will have a positive impact on the property market in the chosen market segments;
- complies with the planning principles of SPLUMA; and
- will attract new residents to George with economic skills that will contribute to the local economy and job creation.

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