REPORT PREPARED FOR:

April 2024

HARTLAND LIFESTYLE ESTATE

PRIVATE SCHOOL MARKET STUDY UPDATE

LEADERS IN ECONOMIC & REAL ESTATE MARKET INSIGHT

Market Studies
Retail Studies | Centre Repositioning | Consumer Surveys

Special Projects
Mixed Use Developments | Inclusionary Housing Projects | Economic Impact Assessments

Africa
Real Estate Feasibility Studies | Economic Assessments | Socio-Economic Surveys | Impact Assessments

Incorporating **GIS TECHNOLOGY** for Advanced Geo-Spatial Analysis

CONTACT US:
Dr. Hein du Toit
+27 12 460 7009
+27 12 346 5883
+27 82 8988 667
hein@demacon.co.za
www.demacon.co.za

SYNOPSIS

KEY INDICATORS

LOCATION PROFILE	**Site Rating**	**Sub**	**Moderate**	**High**	**Exceptional**
ECONOMIC INDICATORS	**Economic Character**	**Informal**	**Developing**	**Formal**	
	Sector Orientation	**Primary**	**Secondary**	**Tertiary**	
	Economic Growth	**Negative**	**Low**	**Moderate**	**High**
LABOUR PROFILE	**Skills Profile**	**Low-Skilled**	**Semi-Skilled**	**Highly Skilled**	
	Labour Absorption	**Low**	**Moderate**	**High**	
	Labour Character	**Informal**	**Evolving**	**Formal**	
SOCIO-ECONOMIC PROFILE	**Education Level**	**None**	**Primary**	**Secondary**	**Tertiary**
	SEM Profile	**Low**	**Moderate**	**High**	
	Income Profile	**Low**	**Moderate**	**High**	
	Population Growth	**Negative**	**Low**	**Moderate**	**High**
	Income Growth	**Negative**	**Low**	**Moderate**	**High**
PRIVATE EDUCATION SUPPLY & MARKET GAP	**Education Supply**	**Low**	**Moderate**	**High**	
	Effective Market Gap	**Low**	**Moderate**	**High**	

DEVELOPMENT OPTION AND AREA COMPATABILITY

	Indicators
Location rating	High
Economic Base & Drivers	Positive and Compatible
Labour Profile	Formal and Semi-Skilled
Socio-Economic Profile (Demand base)	Middle Income
Market Potential	Moderate to High
Market Gap	Moderate to High

Development Type	Effective Market Gap	Development Prospects
Private High School	✔	**Moderate to High**
Boarding Facility	✔	**Moderate**

DEVELOPMENT POTENTIAL

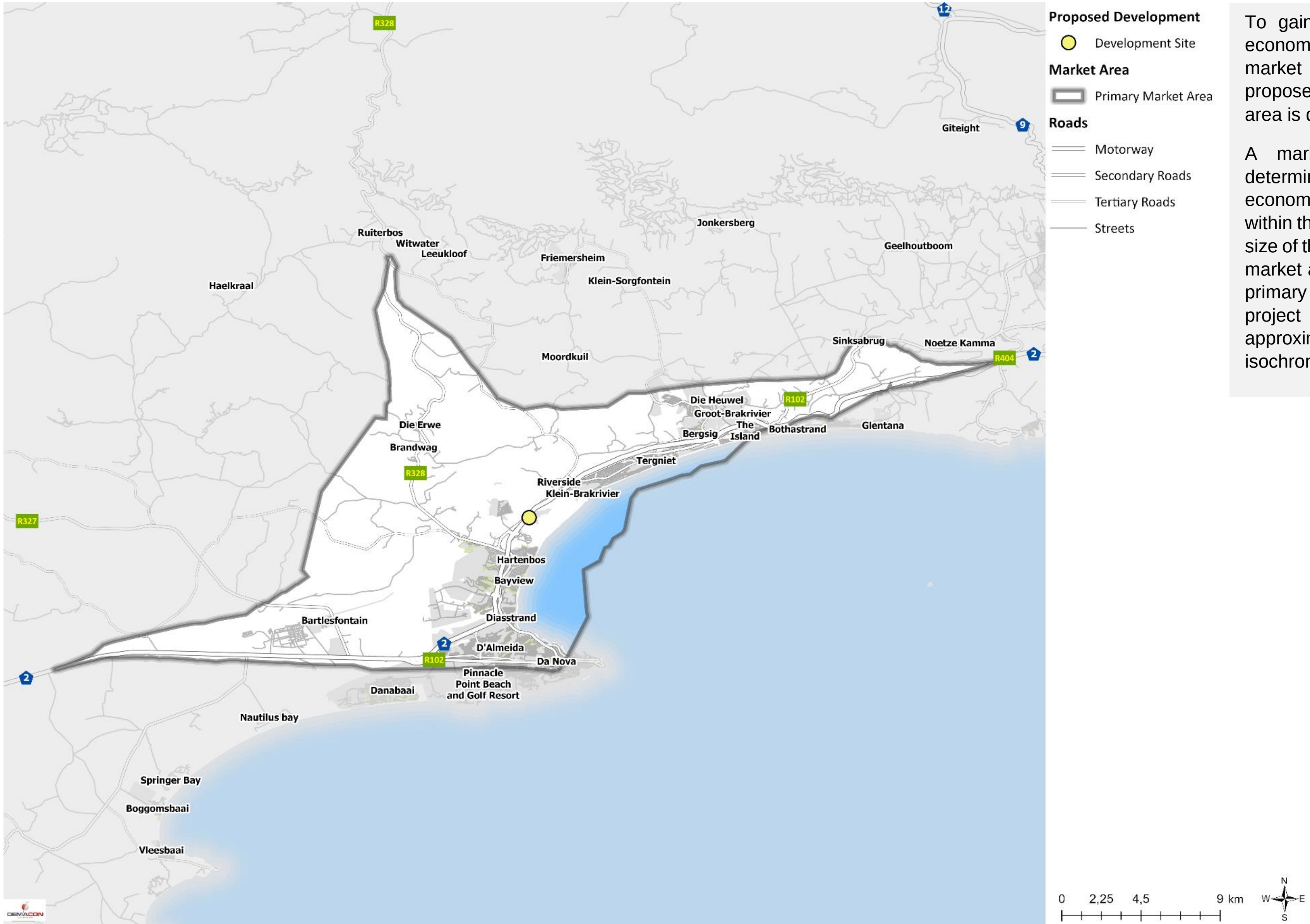
Market Gap	Yes
Development Prospects	Moderate to High for a high school Moderate for a boarding facility
Demand Modelling Results	Baseline Scenario – 300 – 350 high school students Optimistic Scenario – 400 – 450 high school students
Optimum Point of Market Entry	2025+

LOCATION ANALYSIS AND ASSESSMENT

This market study is an update of the 2022 Hartland Private School Market Study. The update focusses on an Afrikaans **high school and boarding facility**. The proposed school is located in Mossel Bay, which is located in the Mossel Bay Local Municipality within the Garden Route District Municipality – Western Cape.

The private school will form part of a larger proposed development concept, including a nature reserve, hiking trails, cycling routes, gated access to the beach, boutique hotel and spa, recreational facilities, office park, a convenience shopping centre retirement village with 500 units, and 2 000 units constituting houses and townhouses. The Hartland Lifestyle Estate is situated between Hartenbos and Klein Brak River, and near the Outeniquasbosch Wildlife Village. The entire development concept is 375 hectares in extent.

PRIMARY MARKET AREA (an approximated 20-minute drive time isochrone)



To gain insight into the socio-economic character of potential market participants to the proposed development, a market area is delineated.

A market area assists with determining the main socio-economic market characteristics within the market area. Due to the size of the development a primary market area was delineated. The primary market area for the project is based on an approximate 20-minute drive time isochrone.

SOCIO-ECONOMIC OVERVIEW – PRIMARY MARKET AREA

Population Size

123 760

PEOPLE IN THE **PRIMARY** MARKET AREA

44 331

HOUSEHOLDS

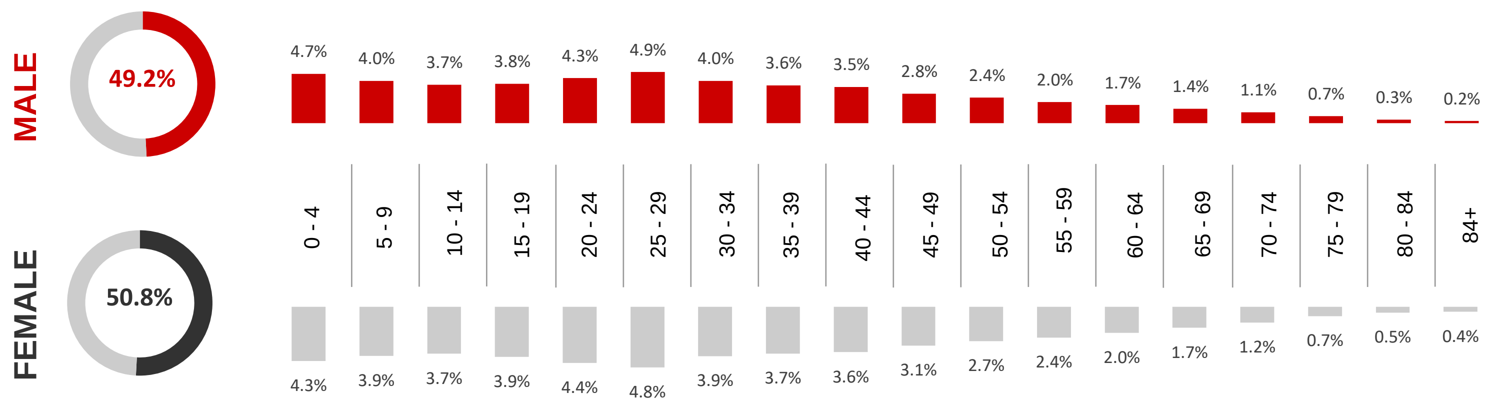
4.03%

Population
Average Annual **Growth Rate**

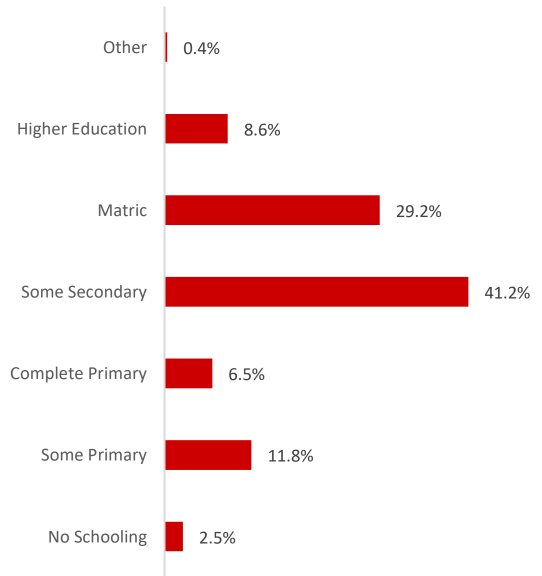
5.70%

Household
Average Annual **Growth Rate**

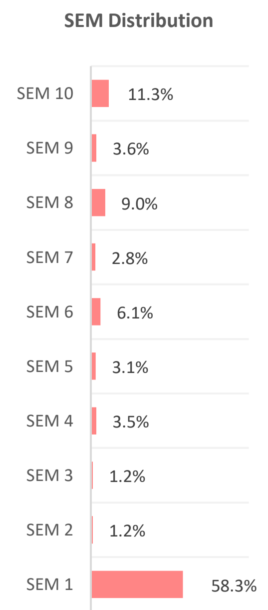
Age and Gender Profile

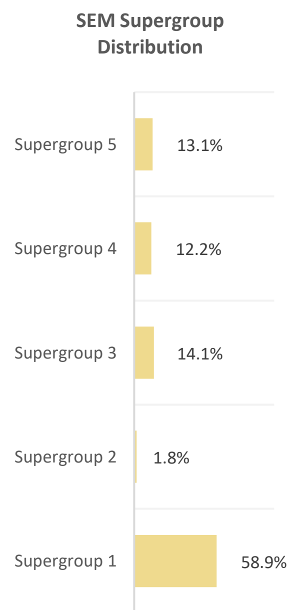


Highest Level of Education Obtained – Working Age Population (15 to 64)



SEM Profile





Household Income

Average annual household income for all SEM Supergroups (2024)

R126 649

Average annual household income for SEM 2+ Supergroups (2024)

R317 515

Average monthly household income for all SEM Supergroups (2024)

R10 554

Average monthly household income for SEM 2+ Supergroups (2024)

R26 460

LEADERS IN ECONOMIC & REAL ESTATE MARKET INSIGHT

DEMACON

LSM TO SEM

The discontinuation of the All Media Products Survey (by the South African Audience Research Foundation (SAARF)), on which the Living Standard Measure (LSM) classifications were based, gave way to a new measurement system called The Socio-Economic Measure model (SEM). The SEM model first released in 2018 is a more accurate reflection of South African society in terms of how people live and is not dependent solely on durables, as the historical LSMs have been. The new SEM offers marketers a statistical and technical solution that depicts how our citizens are living, not only what they have in their homes.

LSM vs SEM

LSM

LATEST VARIABLES:

- Hot running water
- Fridge/freezer
- Flush toilet in house/on plot
- VCR in household
- Vacuum cleaner/floor polisher
- Have a washing machine
- Have a computer at home
- Have an electric stove
- Have TV set(s)
- Have a tumble dryer
- Have a Telkom telephone
- Hi-Fi or music centre
- Built-in kitchen sink
- Home security service
- Have a deep freeze
- Water in home/on stand
- Have M-Net and/or DSTV
- Have a dishwasher
- Metropolitan dweller
- Have a sewing machine
- DVD player
- House/cluster/townhouse
- 1/more motor vehicles
- No domestic worker
- No cellphone in household
- 1 cellphone in household
- None or only one radio
- Living in a non-urban area

SEM

FINAL VARIABLES:

- Post office nearby
- Police office nearby
- Built-in kitchen sink
- Home security service
- Motor car
- Deep freezer which is free standing
- Microwave oven
- Floor polisher or vacuum cleaner
- Washing machine
- Floor material
- Water source
- Type of toilet
- Roof material
- Number of sleeping rooms

LIMITATIONS OF LSM

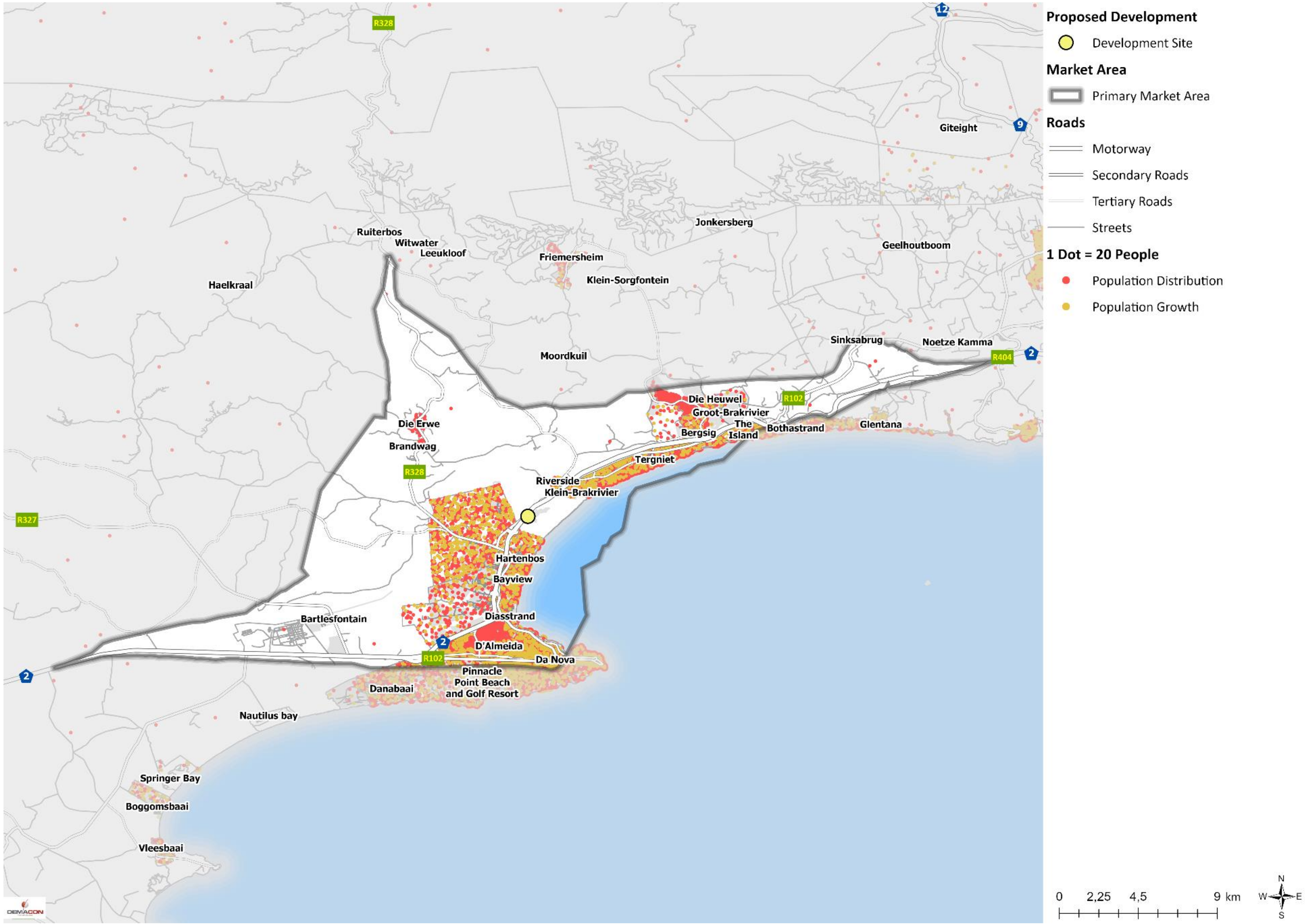
- LSM is not related to any specific brand or category
- LSM cannot accurately determine spending power
- Consumers have changed, LSM has not

ADVANTAGES OF SEM

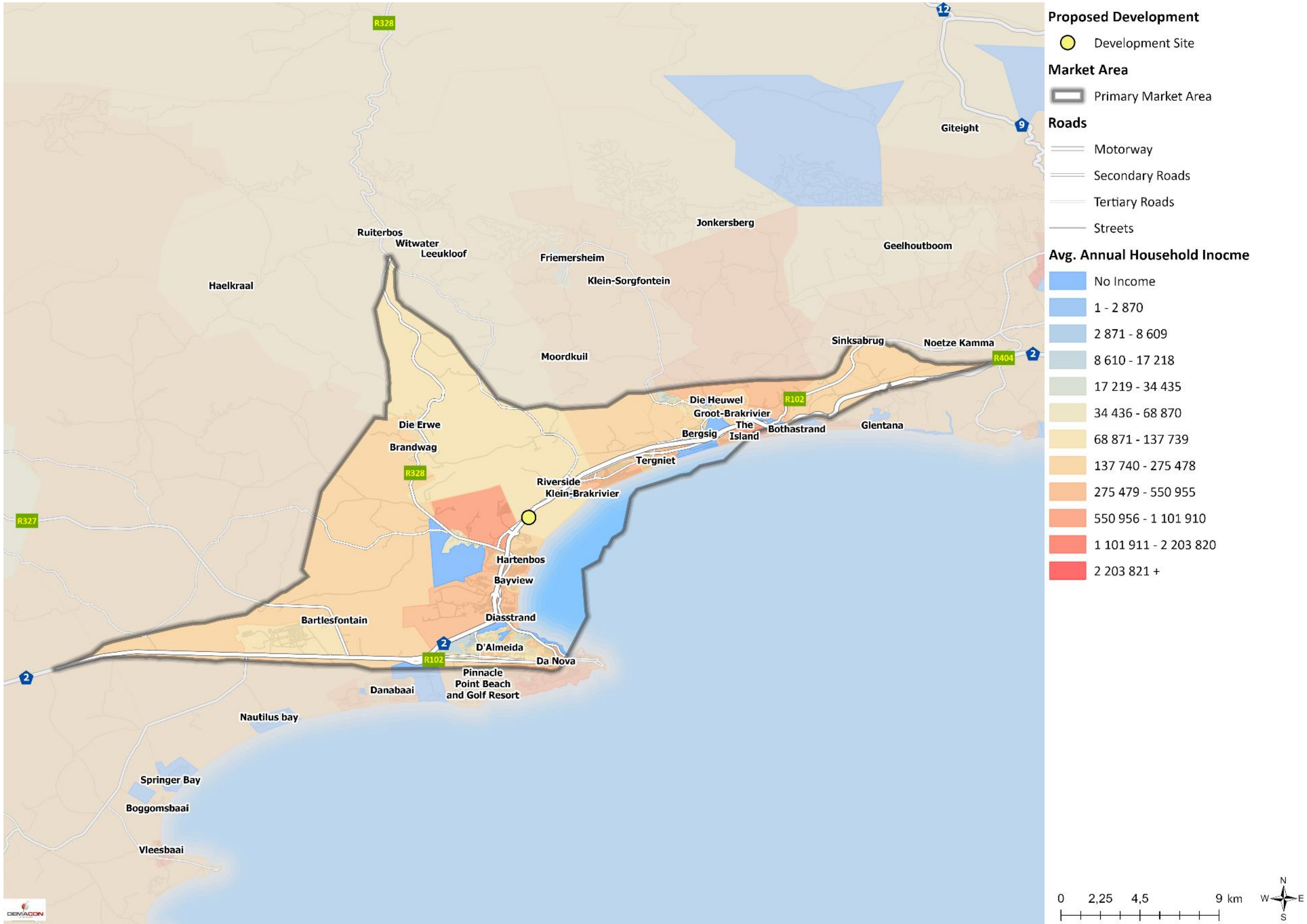
- Focus on structural items
- Low reliance on durables
- No reliance on technology items
- Short and easy to use

Note: Considering observations pertaining to residential growth and development, as well as aspects such as livestock ownership, shopping centre performance as well as quality and sizes of new homes / residential buildings (fuelled by community income and expenditure), it would appear that inspite of efforts, neither system (i.e. LSM or SEM) fully accounts for the levels of wealth prevalent in Tribal areas and township communities of SA.

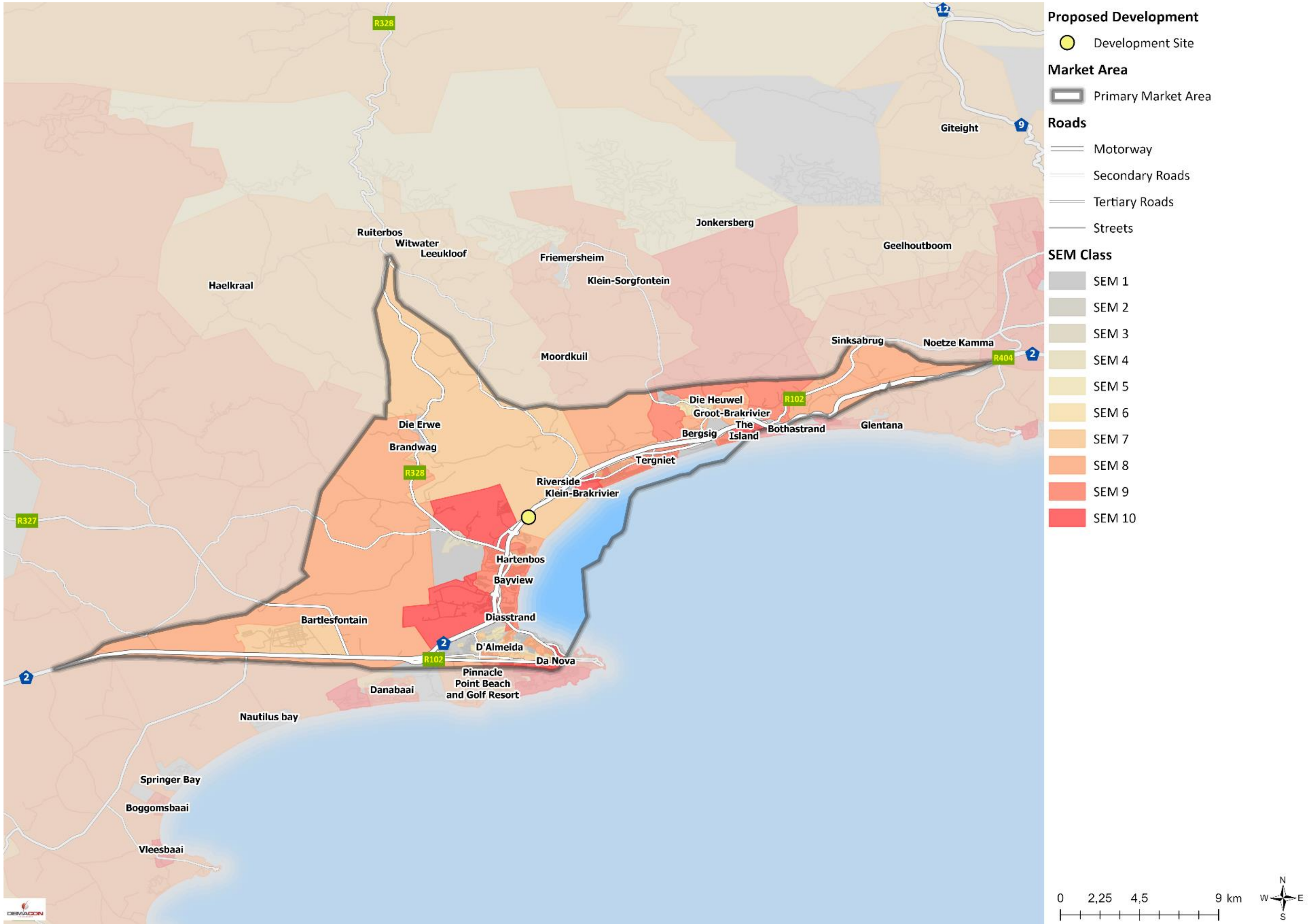
PRIMARY MARKET AREA POPULATION DISTRIBUTION AND GROWTH



PRIMARY MARKET AREA WEIGHTED AVERAGE ANNUAL HOUSEHOLD INCOME



PRIMARY MARKET AREA SEM PROFILE



SURVEY FINDINGS

CURRENT EDUCATIONAL SUPPORT & PREFERENCES

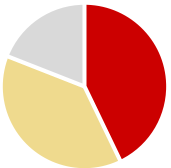
Majority of respondents either have children in high school or have children going to high school in the near future. Approximately 30% of respondents do not have either.

27% Children going to high school in the near future

30% None

43% Have high school children

Of the **70%** respondents that do have high school children or children going to high school in the near future, approximately **81%** would consider enrolling / transferring their child to a private high school in Hartenbos (specifically Hartland).

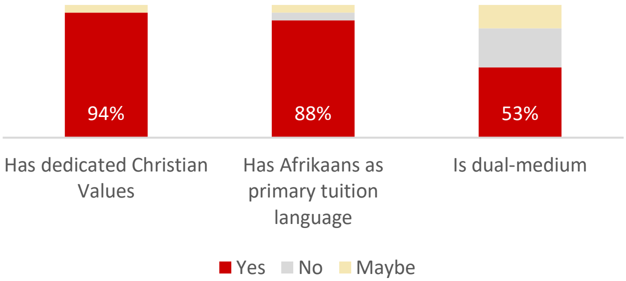


27% Yes

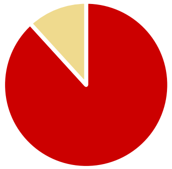
30% Maybe

43% No

Respondents indicated that they would transfer / enrol their child in a private high school that:



88% of respondents indicated that **there might be a demand** for an Afrikaans Christian High School in Mossel Bay and the surrounding areas, while **12%** indicated that there is **maybe** a demand.

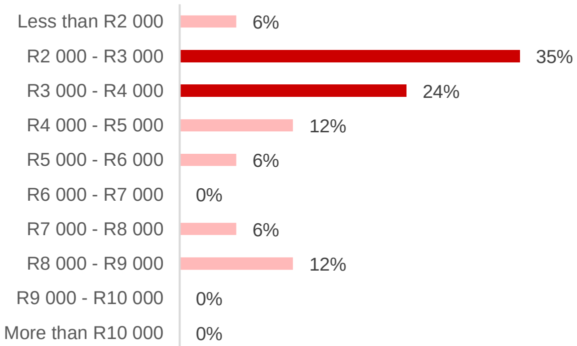


88% Yes

0% No

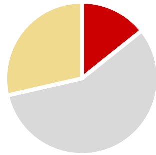
12% Maybe

59% of respondents indicated that they are willing to pay a monthly tuition fee of between **R2 000 – R4 000** for a high school (excluding a boarding facility).



BOARDING FACILITY PREFERENCES

Approximately **43%** of respondents would consider enrolling their child in a boarding facility if their child attends high school.

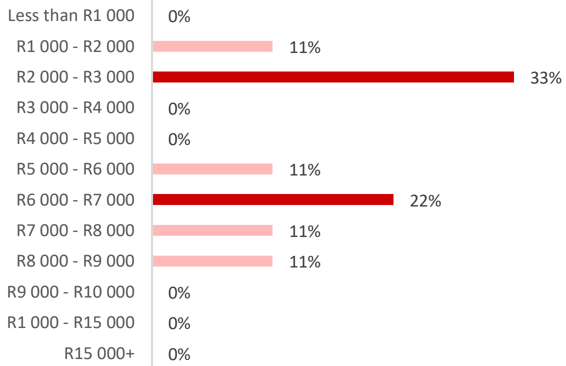


14% Yes

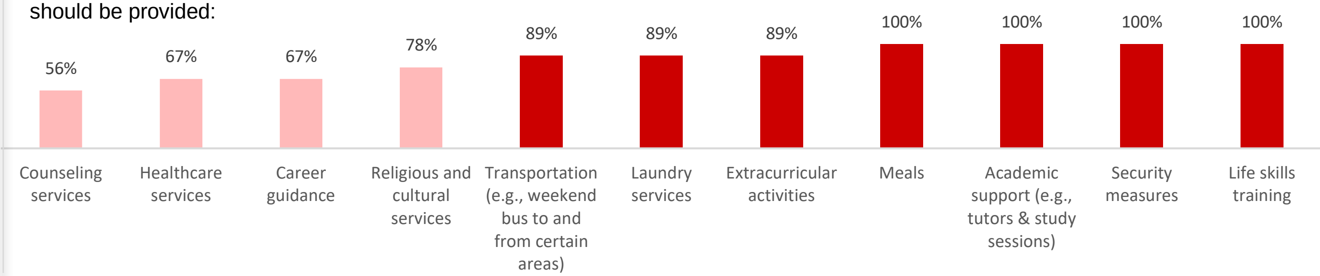
57% No

29% Maybe

33% of respondents indicated that they are willing to pay between **R2 000 – R3 000** per month for a boarding facility. However, approximately **22%** of respondents are willing to pay between **R6 000 – R7 000** per month for a boarding facility, reflecting a potential higher-income market segment.



Considering the monthly fees respondents are willing to pay for a boarding facility, respondents indicated that the following services should be provided:



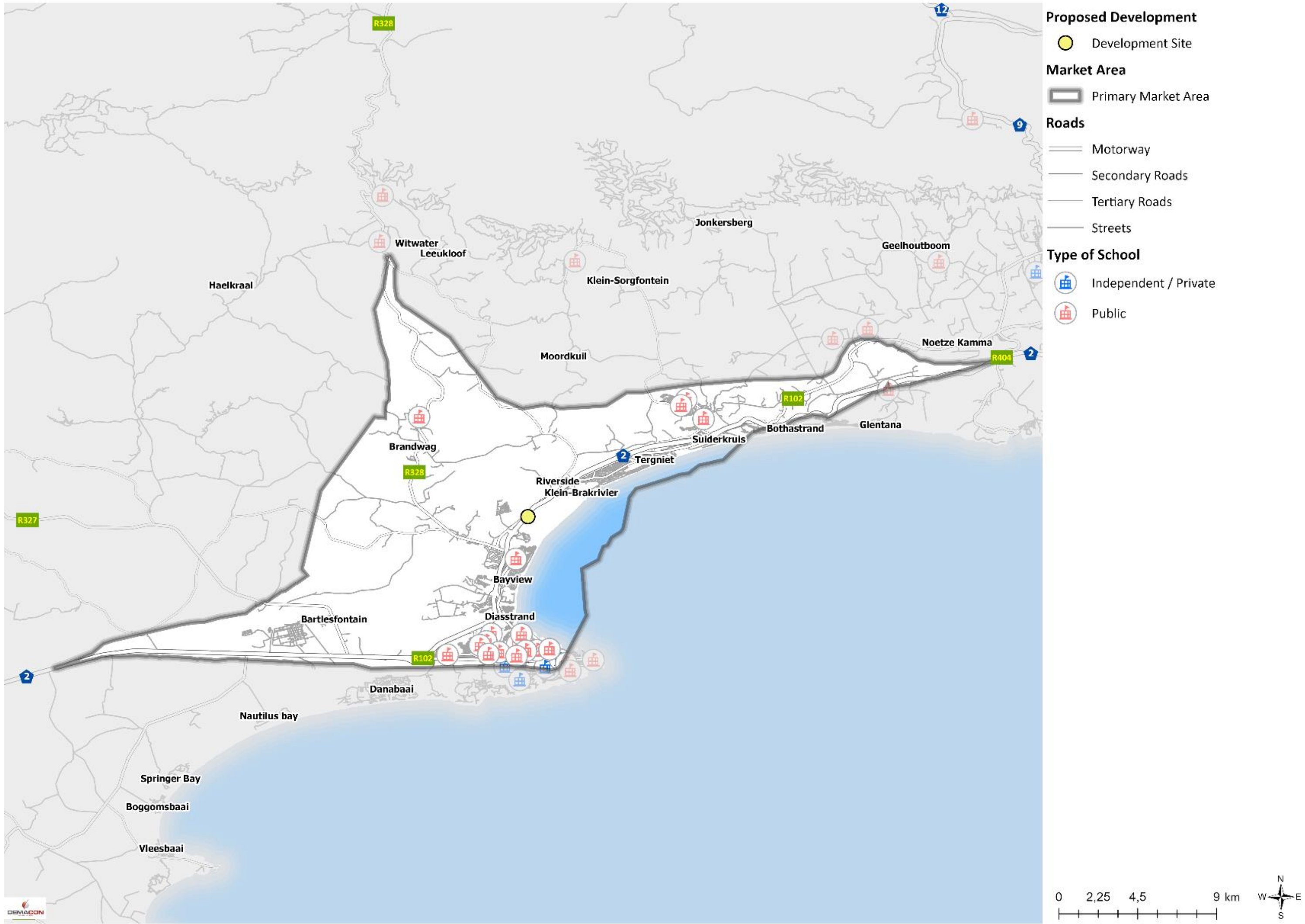
PRIVATE EDUCATION SUPPLY

SCHOOL SUPPLY

Within the primary market area of the proposed school, three private schools are present. These private schools cater to the combined, intermediate and primary market, and does not solely focus on high school students.

The data suggests that access to private schools in the market area is limited and that a potential market gap exists in the primary market area for a private school that could accommodate high school students.

	PUBLIC	PRIVATE
Combined School	1	1
Intermediate School	0	1
Primary School	13	1
Secondary School	3	0
TOTAL	17	3



DEMAND MODELLING

DEMACON's Demand Modelling results illustrate that the market can sustain a private school. In order to model the demand for a private high school that targets Christian and Afrikaans students, a baseline and optimistic scenario was modelled. The purpose of the scenarios is to consider differences in market attendance and market capture rates. Given the specific target market that the proposed private high school wishes to target, the model has been calibrated to account for the number of students that could potentially be Afrikaans speaking and Christian - approximately 86% of the population in the primary market area are Christian and Afrikaans speaking. Furthermore, the model has been calibrated to take into account the SEM profile of the primary market area (SEM 2 to 5 are considered) as well as the age groups applicable to high school attendance.

The baseline scenario factors a market capture rate of 15-25%, considering that 25% of the school-going children in the market area would attend a private school.

Baseline Private Education Demand Potential

BASELINE SCENARIO	2024	2029	2034	2039
Target Age Segment	4 049	4 369	4 715	5 088
Private School Attendance	1 012	1 092	1 179	1 272
Age 5 – 9	-	-	-	-
Age 10 – 14	163	175	189	204
Age 15 – 19	850	917	989	1 068
PROJECT MARKET CAPTURE				
Minimum	152	164	177	191
Maximum	253	273	295	318
Average	**202**	**218**	**236**	**254**
Secondary Injection	45	48	52	56
Total Demand	**298**	**321**	**347**	**374**

The optimistic scenario also factors a private school attendance of 30% with a market capture rate of 15-25%.

Optimistic Private Education Demand Potential

OPTIMISTIC SCENARIO	2024	2029	2034	2039
Target Age Segment	4 049	4 369	4 715	5 088
Private School Attendance	1 215	1 311	1 414	1 526
Age 5 – 9	-	-	-	-
Age 10 – 14	195	211	227	245
Age 15 – 19	1 020	1 100	1 187	1 281
PROJECT MARKET CAPTURE				
Minimum	182	197	212	229
Maximum	304	328	354	382
Average	**243**	**262**	**283**	**305**
Secondary Injection	76	82	88	95
Total Demand	**380**	**410**	**442**	**477**

Demand Modelling - Baseline Scenario

- The baseline scenario factors a market capture rate of 15-25%, considering that 25% of the school-going children in the market area would attend a private school.
- Under the baseline scenario, potential exists for the development of a facility catering to approximately 300-350 high school pupils over the short term to medium term, increasing to ±400 pupils over the long term.

Demand Modelling – Optimistic Scenario

- The optimistic scenario also factors a private school attendance of 30% with a market capture rate of 15-25%.
- Under the optimistic scenario, potential exists for the development of a facility catering to approximately 400-450 high school pupils over the short term to medium, increasing to ±500 pupils over the long term.

Recommendations – Private Afrikaans Christian High School

- The optimum point of market entry is estimated to be 2025+.
- It can be concluded that there is a demand for a private school, as previously eluded in the survey results (81% of the 70% of respondents that do have children in high school or have children going to high school in the near future would consider enrolling / transferring their child / children to a private school in Hartenbos, specifically Hartland).
- In the survey analysis, it is apparent that majority of respondents are willing to pay a monthly tuition fee of between R2 000 – R4 000 for a private school (excluding a boarding facility).
- It is suggested that reputable market operator is secured for the operation of the proposed private high school.

Recommendations – Boarding Facility

- Once the proposed private school gains traction and is well established, a boarding facility could be considered.
- A boarding facility represents a fixed asset that, if maintained, will appreciate in value over time. The cost-effectiveness of a boarding facility, however, depends on the school reaching maturity and generating sufficient interest to fill the majority of boarding opportunities available.
- In the survey analysis it is apparent that approximately 43% of respondents would consider putting their child in a boarding facility if their child is in high school. Therefore, in terms of the survey, there is a moderate demand for a boarding facility to form part of the development of a private high school.
- Considering the preceding, the survey results indicate that 33% of respondents are willing to pay between R2 000 – R3 000 per month for a boarding facility. However, approximately 22% of respondents are willing to pay between R6 000 – R7 000 per month for a boarding facility, indicating a possible higher-income market that could be tapped into.

TABLE OF CONTENTS

1

INTRODUCTION AND BACKGROUND

1 INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Chapter One of the report provides an introduction and concise roadmap for the market study update of a private school situated in the Hartland Lifestyle Estate. To understand the scope, objectives and outline of this document, Chapter 1 seeks to introduce the project brief and its intended outcomes and the outline of the remainder of the document.

1.2 PROJECT BRIEF AND APPROACH

DEMACON Market Studies have been appointed **by Dalmar Konstruksie (Pty) LTD** to perform an update of the 2022 Hartland Private School Market Study. The purpose of the of the updated study is to consider the market demand and development potential of an Afrikaans private high school that will also offer boarding facilities. The proposed school is located in Mossel Bay, which is located in the Mossel Bay Local Municipality within the Garden Route District Municipality – Western Cape. The private school will form part of a larger proposed development. The entire development concept is 375 hectares in extent.

The update of the Hartland Private School market study comprises the following main steps:

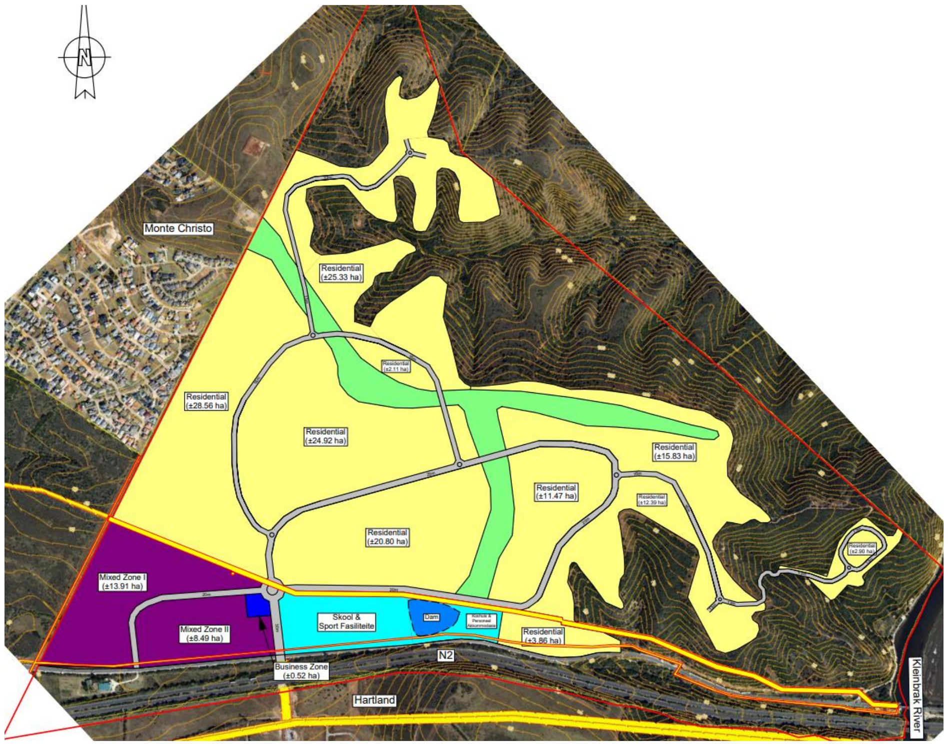
- Project inception
- Updated socio-economic analyses (including latest Census information)
- Supplementary household surveys
- Updated market potential modelling
- Updated conclusions & development recommendations.

DEMACON's approach is purely market based and we apply our extensive involvement as well as recent research and market intelligence on the subject matter to complement the market study.

In our experience, project viability, including optimum mix and take-up hinges on complex interplay between inter alia location, market potential, timing, practically utilisable rights, sensible bulk (FAR) factors – and branding. Given project locality and emerging development dynamics in the area, DEMACON's approach **moves beyond** a singular dimensional market potential analysis.

1.3 STUDY AREA DELINEATION & PROJECT OVERVIEW

The development site is situated in the Mossel Bay Local Municipality within the Garden Route District Municipality – in the Western Cape province. The private school will form part of a larger proposed development. The entire development concept is 375 hectares in extent.



1.4 REPORT OUTLINE

The remainder of the report is structured in terms of the following main headings.

.

Chapter 2: Socio-Economic Analysis

Demographic *status quo* and trends of the anticipated target market, including point of origin, affordability levels, etc.

Chapter 3: Consumer Survey Analysis

Conduct a random sample, perception survey in the surrounding area, which represents a large captive market for potential consumers

Chapter 4: Market Analysis

identify the supply and demand for identified use within the market area and determine the development potential

Chapter 5: Summary & Development Recommendations

Indicates the optimum development recommendations based on preceding market research and demand modelling.

SOCIO-ECONOMIC ANALYSIS

2

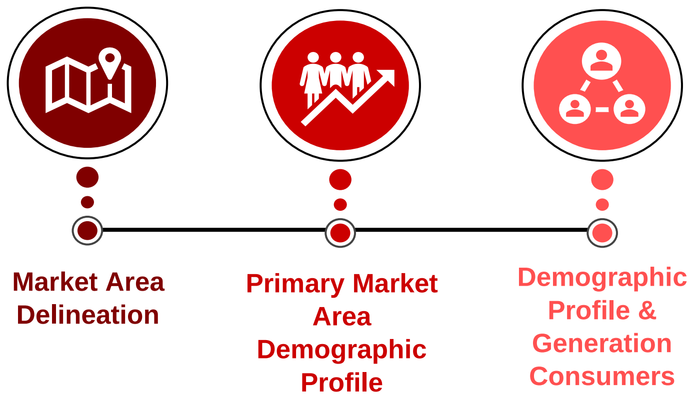
2 SOCIO-ECONOMIC ANALYSIS

2.1 INTRODUCTION

The following chapter seeks to provide information regarding the demographic and socio-economic characteristics of the resident market population influencing the proposed development location.

The consumer market profile is outlined in terms of the following headings:

Section Outline



2.2 MARKET AREA DELINEATION

To gain insight into the socio-economic character of potential market participants to the proposed development, a market area is delineated.

A market area assists with determining the main socio-economic characteristics within the market area. Due to the size of the development a primary market area was delineated. The primary market area for the project is based on an approximate 20-minute drive time isochrone.

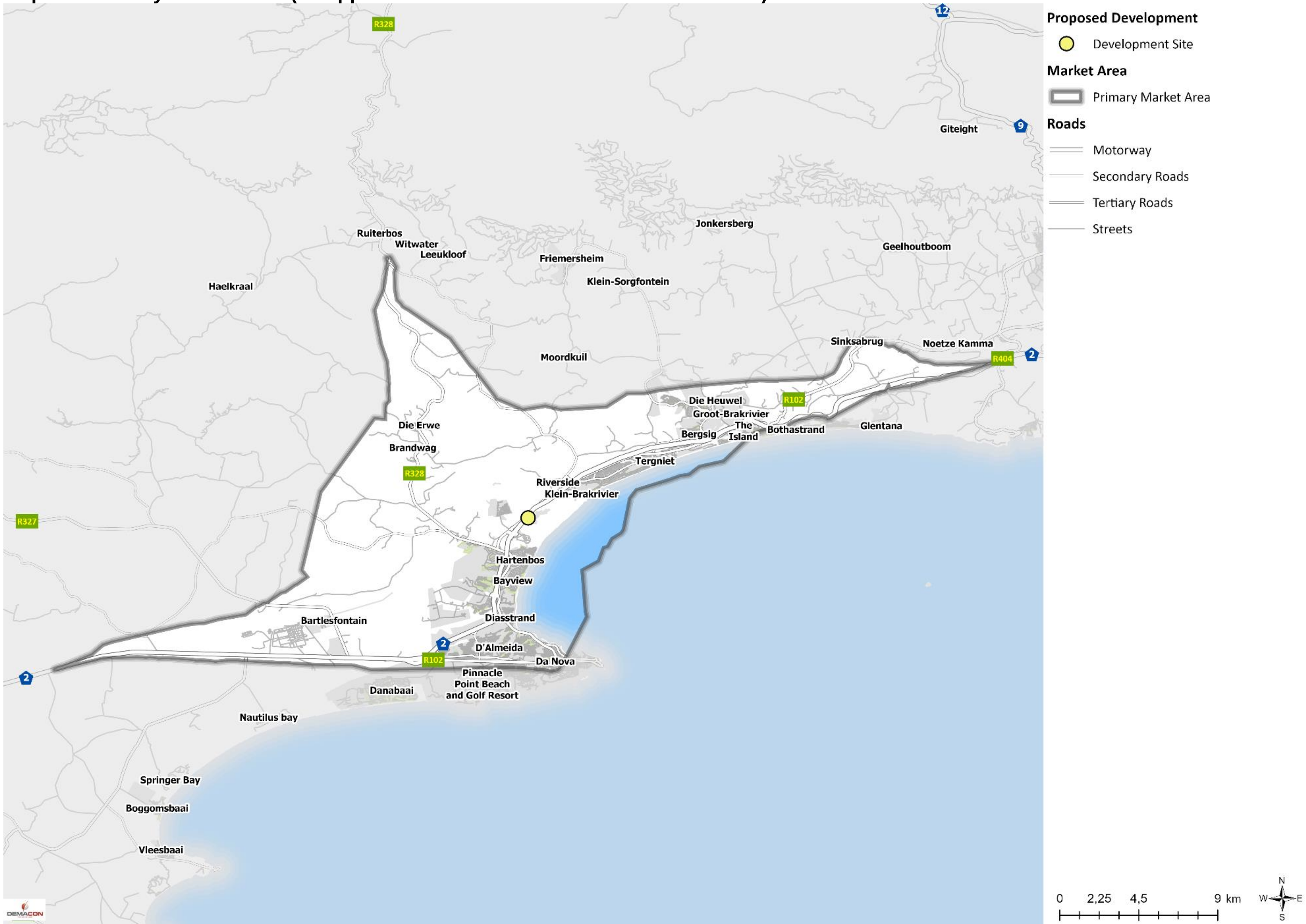
This chapter provides the key socio-economic indicators of the primary market, informed by general SACSC criteria, as well as the following:

- Consumer market behaviour and expenditure trends
- Regional and sub-regional levels of accessibility
- Geographic barriers
- General consumer mobility patterns and drive times.

2.3 PRIMARY MARKET AREA DEMOGRAPHIC PROFILE

The following section provides an analysis of the demographic profile of the primary market area of the proposed development. The demographic profile considers the primary market area and the demographic component that is resident to the market area.

Map 4.1: Primary Market Area (an approximated 20-minute drive time isochrone)



2.3.1 DEMOGRAPHIC SIZE AND COMPOSITION

POPULATION SIZE

123 760 PEOPLE IN THE **PRIMARY** TRADE AREA

Population Average Annual **Growth Rate**

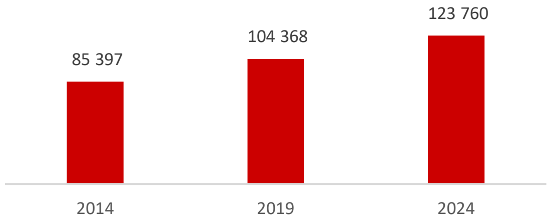
4.03%

44 331 HOUSEHOLDS

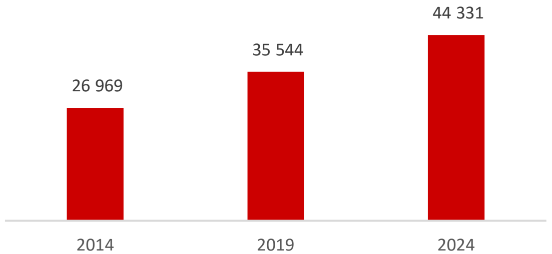
Household Average Annual **Growth Rate**

5.70%

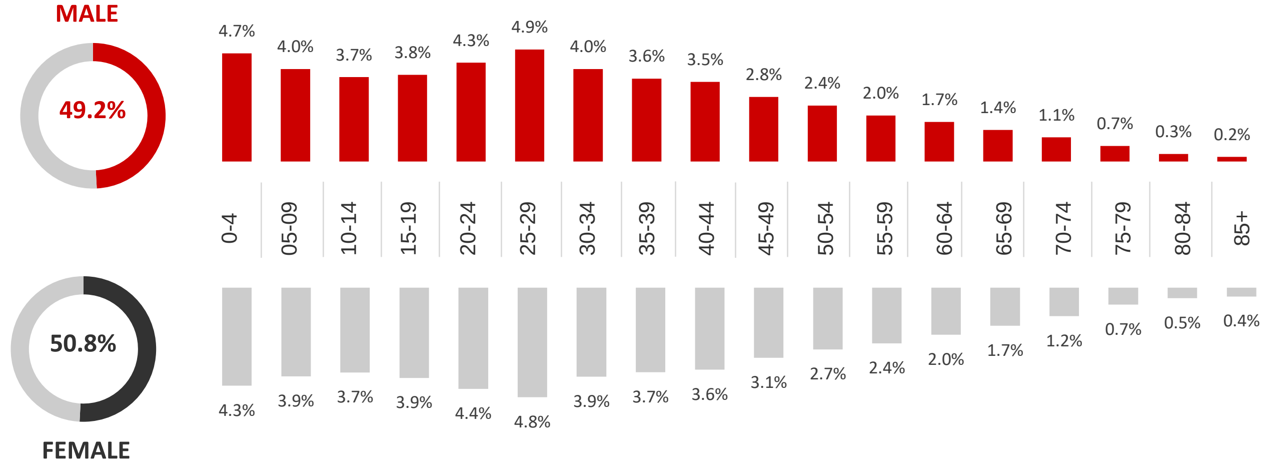
POPULATION GROWTH



HOUSEHOLD GROWTH



AGE AND GENDER PROFILE



POPULATION GROUP

Black African	**34.3%**
Coloured	**46.2%**
Indian / Asian	**0.5%**
White	**19.0%**

MIGRATION PROFILE

Data indicates that 26.8% of people migrated to the primary market area since 2011.

26.8%

25.9% of migrants are South African

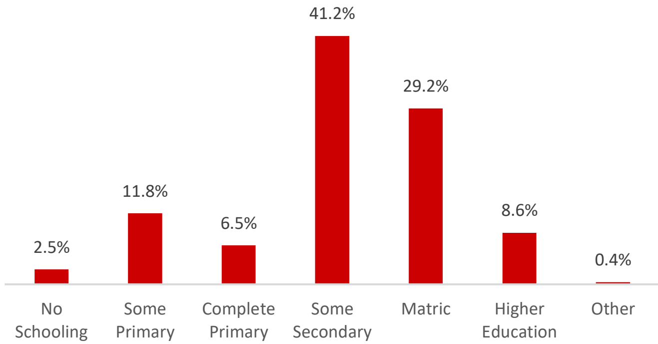
0.8% of migrants are from other countries

EDUCATION PROFILE

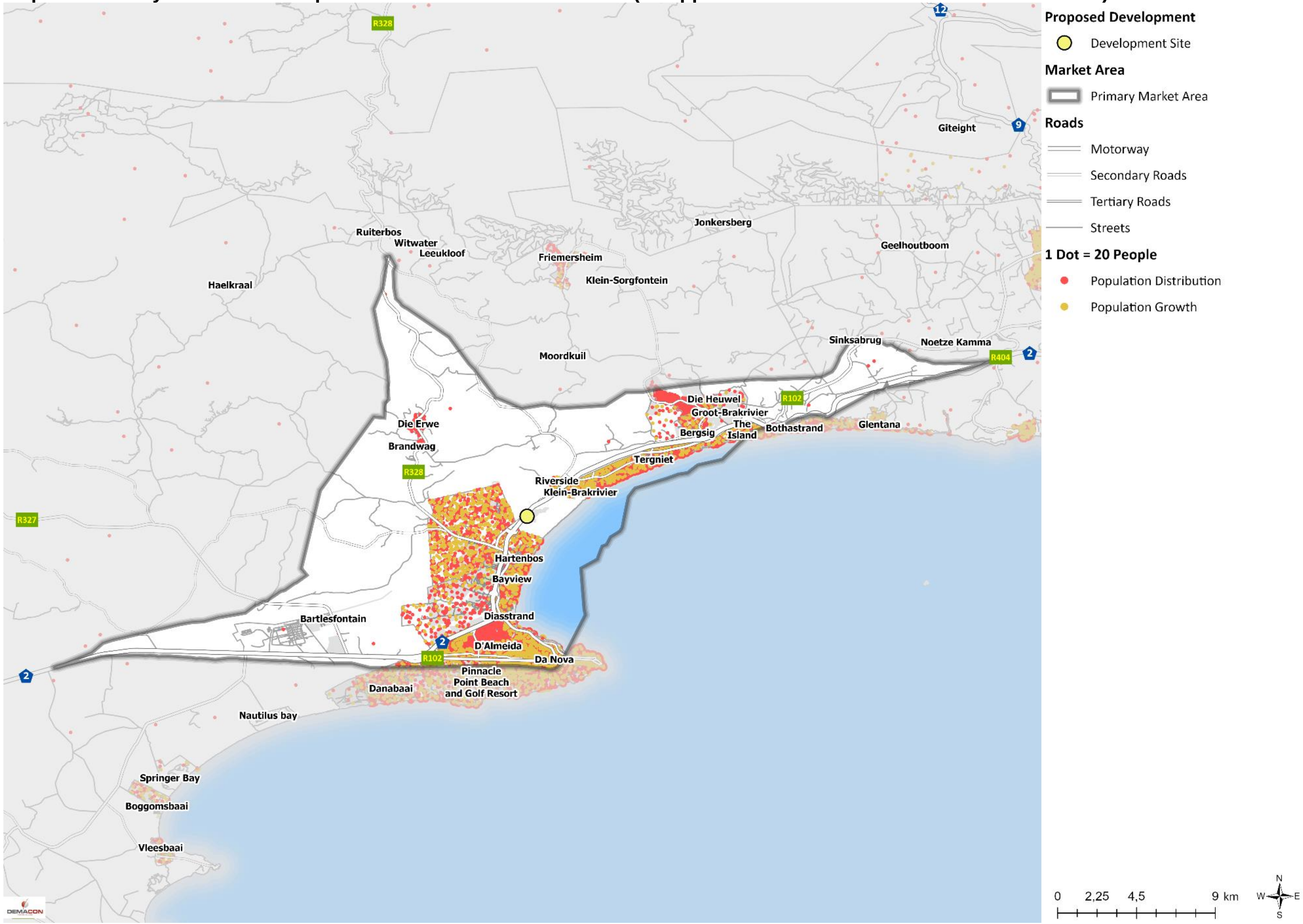
Education Institution Attendance by a Person Enrolled and Aged 20 and Older

29.6% attend a **University**	**21.4%** attend a **FET College**	**21.2%** attend an **Ordinary School**

Highest Level of Education Obtained – Working Age Population



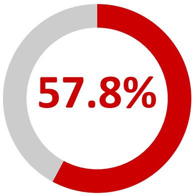
Map 2.2: Primary Market Area Population Distribution and Growth (an approximated 20-minute drive time isochrone)



2.3.2 LABOUR FORCE PROFILE

ECONOMICALLY ACTIVE SEGMENT

ECONOMICALLY
ACTIVE
Population

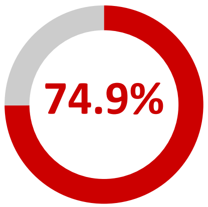


42.2% **Not Economically Active**

Economically active population refers to a person of working age 15 to 65 who are either employed or unemployed.

Not economically active population refers to a person of working age 15 to 65 who are unable to work, or are not looking for a job, i.e., students, homemakers, etc.

EMPLOYMENT PROFILE



Employed
Economically
Active

25.1% **Unemployed Economically Active**

Employed and unemployed persons are considered to be economically active and thus is a segment of the economically active percentage.

OCCUPATION PROFILE

Skilled Occupations
36.8%

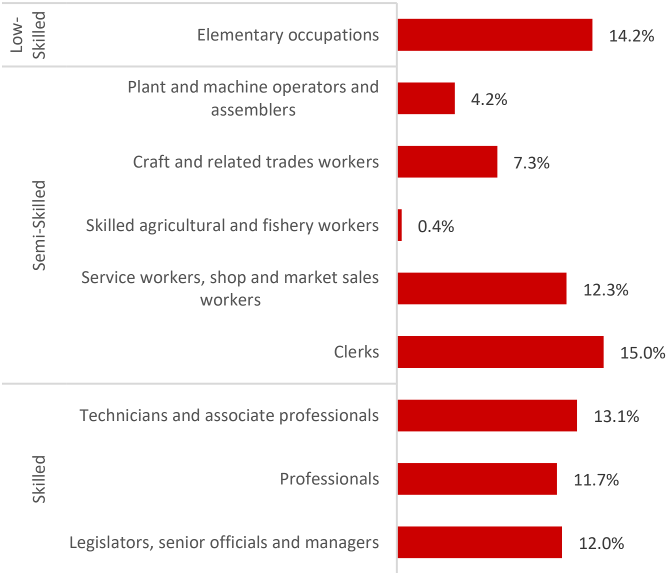
Clerks
Are most popular
15.0%

Semi-Skilled Occupations
39.3%

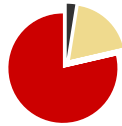
Elementary occupations
Are the second most popular
14.2%

Low-Skilled Occupations
14.2%

Technicians and associate professionals
Are the third most Popular
13.1%



EMPLOYMENT PER INDUSTRY

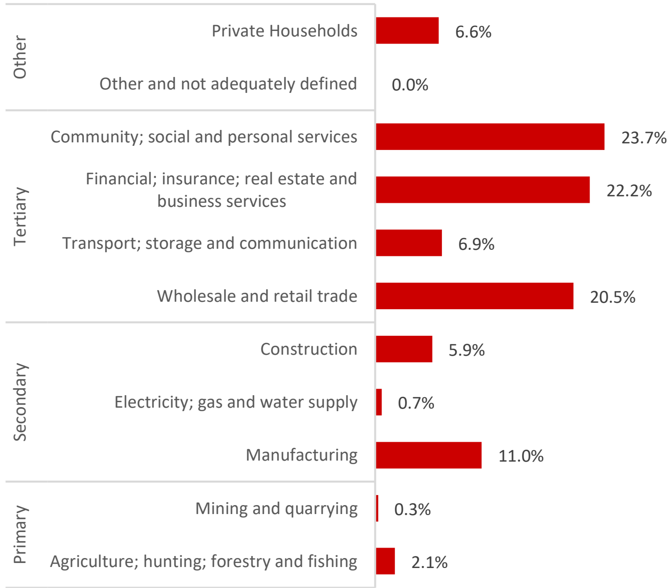


2.4%
Employed in the
Primary Sector

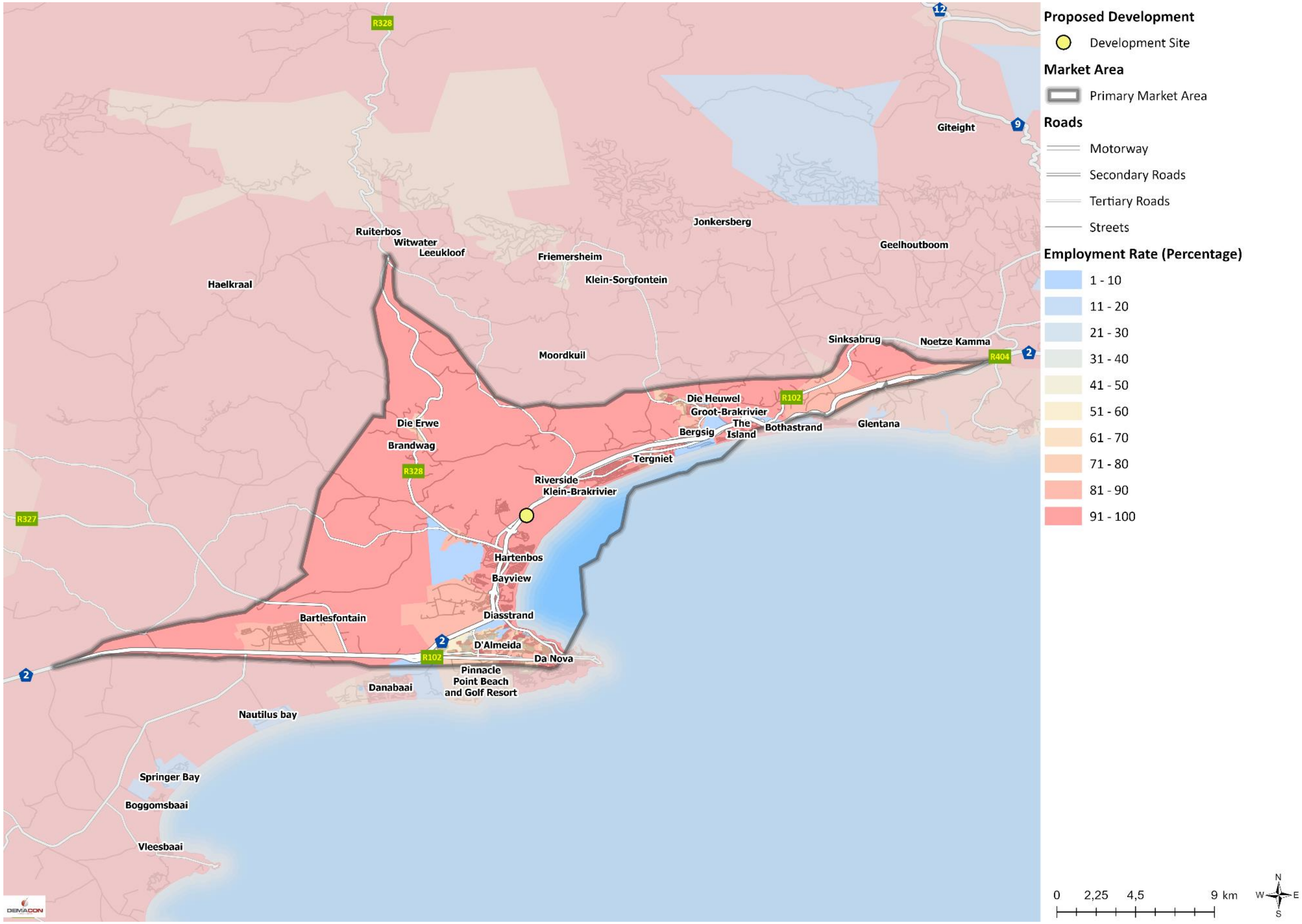
17.6%
Employed in the
Secondary Sector

73.4%
Employed in the
Tertiary Sector

23.7%	Community; social and personal services
22.2%	Financial; insurance; real estate and business services
20.5%	Wholesale and retail trade



Map 4.3: Primary Market Area Employment Profile (an approximated 20-minute drive time isochrone)



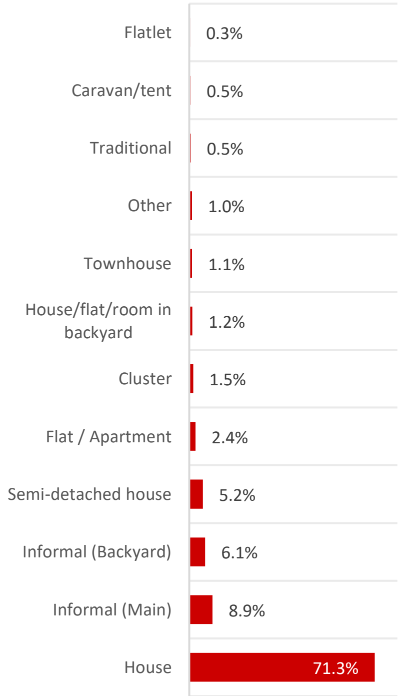
2.3.3 HOUSEHOLD PROFILE

DWELLING TYPOLOGY

Majority of Households Reside in a **Formal Dwelling** **84.2%**

15.2% of households reside in an **informal dwelling**

0.6% of households reside in a **traditional dwelling**



TENURE STATUS

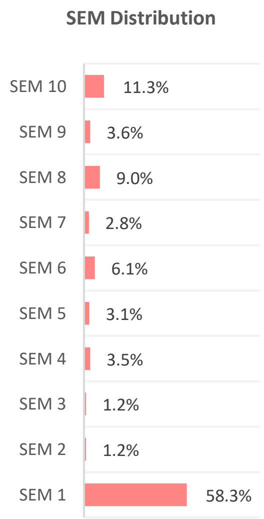
54.6% of households **own** and have **paid** for the property where they reside

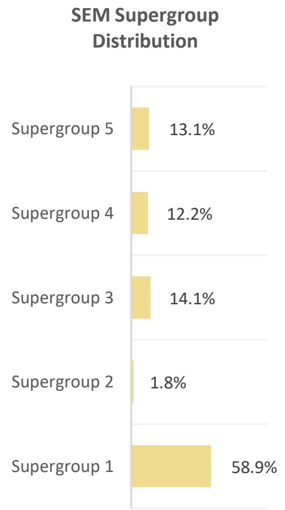
9.9% of households **own** but have **not finished paying** for the property where they reside

10.8% of households **occupy** the property where they reside **rent free**

24.7% of households **rent** the property where they reside

SEM





HOUSEHOLD INCOME PROFILE

Average annual household income for all SEM Supergroups (2024)

R126 694

Average annual household income for SEM Supergroups 2+ (2024)

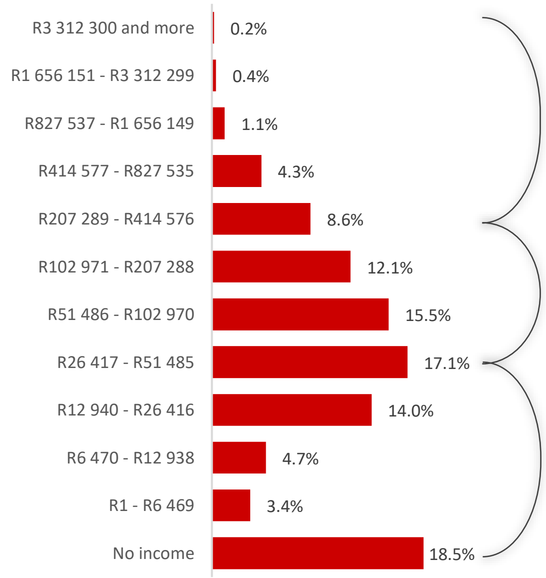
R317 515

Average monthly household income for all SEM Supergroups (2024)

R10 554

Average monthly household income for SEM Supergroups 2+ (2024)

R26 460



±14.6% of market area households are **high-income** households

±27.6% of market area households are **middle-income** households

±57.7% of market area households are **low-income** households

2.3.4 LSM TO SEM

The discontinuation of the All Media Products Survey (by the South African Audience Research Foundation (SAARF)), on which the Living Standard Measure (LSM) classifications were based, gave way to a new measurement system called The Socio-Economic Measure model (SEM). The SEM model first released in 2018 is a more accurate reflection of South African society in terms of how people live and is not dependent solely on durables, as the historical LSMs have been. The new SEM offers marketers a statistical and technical solution that depicts how our citizens are living, not only what they have in their homes.

LSM VS **SEM**

LATEST VARIABLES:

- Hot running water
- Fridge/freezer
- Flush toilet in house/on plot
- VCR in household
- Vacuum cleaner/floor polisher
- Have a washing machine
- Have a computer at home
- Have an electric stove
- Have TV set(s)
- Have a tumble dryer
- Have a Telkom telephone
- Hi-Fi or music centre
- Built-in kitchen sink
- Home security service
- Have a deep freeze
- Water in home/on stand
- Have M-Net and/or DSTV
- Have a dishwasher
- Metropolitan dweller
- Have a sewing machine
- DVD player
- House/cluster/townhouse
- 1/more motor vehicles
- No domestic worker
- No cellphone in household
- 1 cellphone in household
- None or only one radio
- Living in a non-urban area

FINAL VARIABLES:

- Post office nearby
- Police office nearby
- Built-in kitchen sink
- Home security service
- Motor car
- Deep freezer which is free standing
- Microwave oven
- Floor polisher or vacuum cleaner
- Washing machine
- Floor material
- Water source
- Type of toilet
- Roof material
- Number of sleeping rooms

LIMITATIONS OF LSM

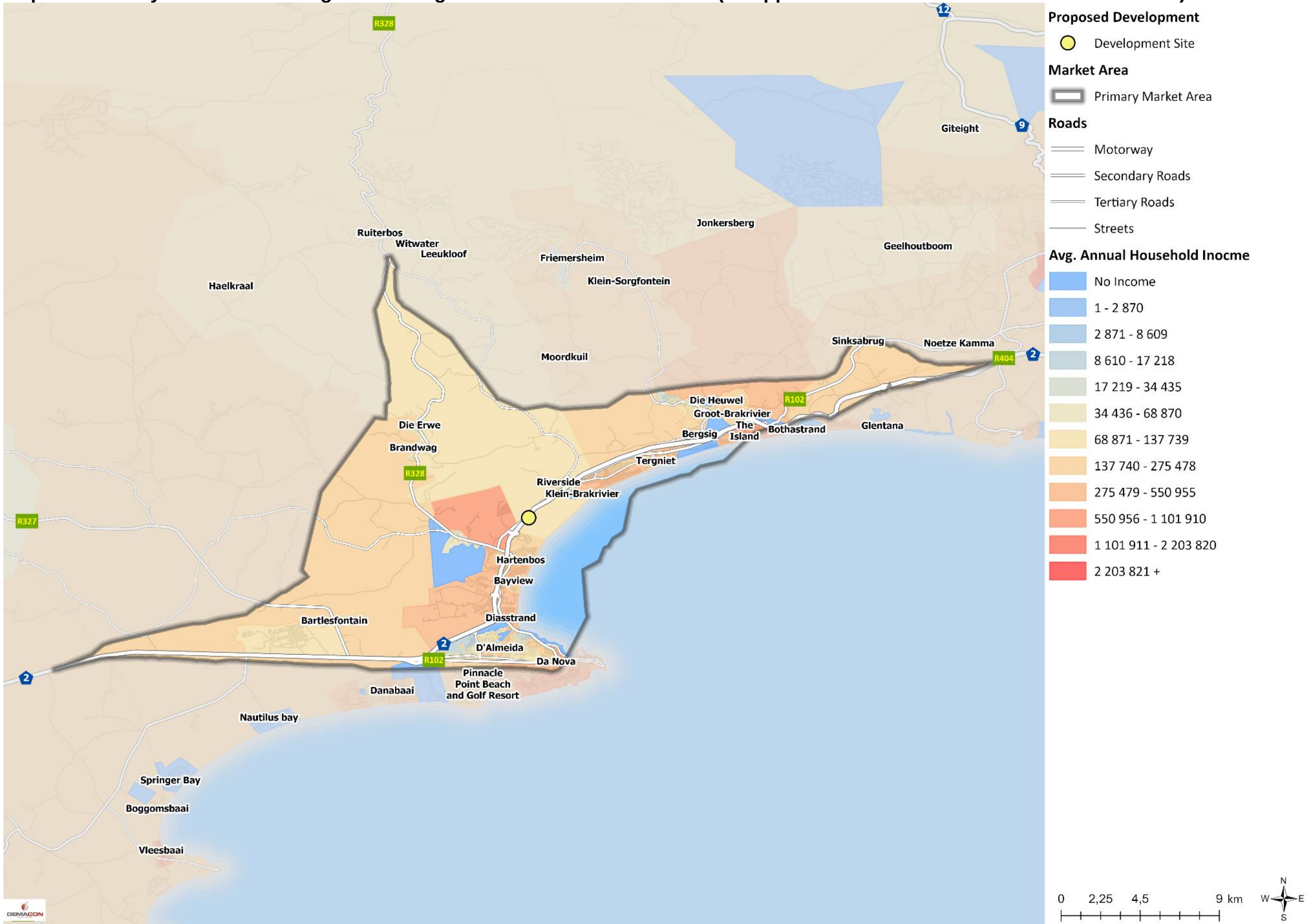
- LSM is not related to any specific brand or category
- LSM cannot accurately determine spending power
- Consumers have changed, LSM has not

ADVANTAGES OF SEM

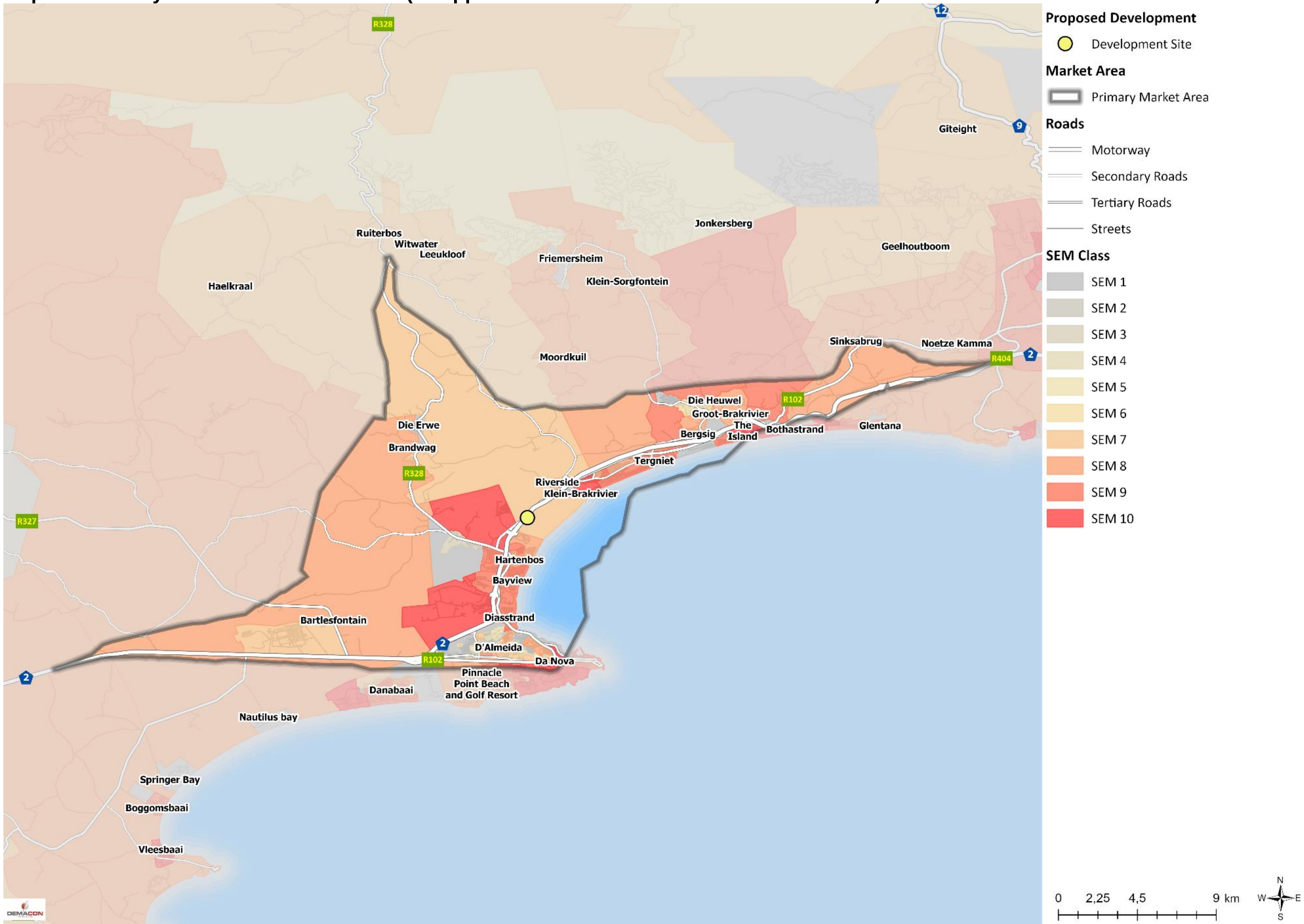
- Focus on structural items
- Low reliance on durables
- No reliance on technology items
- Short and easy to use

Note: Considering observations pertaining to residential growth and development, as well as aspects such as livestock ownership, shopping centre performance as well as quality and sizes of new homes / residential buildings (fuelled by community income and expenditure), it would appear that inspite of efforts, neither system (i.e. LSM or SEM) fully accounts for the levels of wealth prevalent in Tribal areas and township communities of SA.

Map 2.4: Primary Market Area Weighted Average Annual Household Income (an approximated 20-minute drive time isochrone)

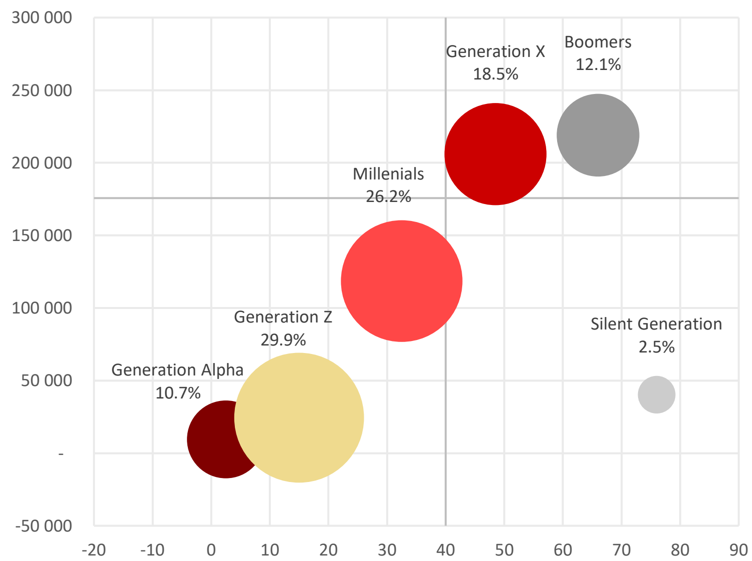


Map 2.5: Primary Market Area SEM Profile (an approximated 20-minute drive time isochrone)

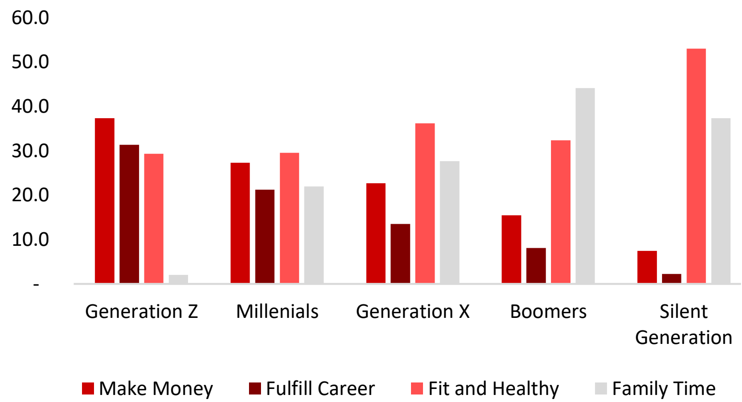


2.4 DEMOGRAPHIC PROFILE AND GENERATION CONSUMERS

CONSUMER MARKET SEGMENTS



MAIN ASPIRATIONS OF CONSUMER SEGMENTS



MARKET SEGMENTS DESCRIPTIONS

GENERATION ALPHA

Aged 0 To 5

Gneration Alpha is a growing and lucrative consumer market. They are expected to be the wealthiest, most highly-educated and technologically-connected group to date. Collectively, their spending power is huge. From a young age, Alphas would have been widely exposed to multiple digital platforms. Businesses will have to adapt to radically new ways of interacting and communicating with alphas, compared to their parents. Generation Alpha's consumer experience will have to be seamless and integrated, with personalised online experience. This will provide new opportunities for marketers.

GENERATION Z

Aged 6 To 24

The labels being attached to this generation include 'realistic', 'highly connected' and 'digital natives'. Generation Z s are seen to be wary with their money, having seen their parents lose jobs and their older siblings move back home because housing is so expensive. Via expert use of social media and the internet, they have already become demanding purchasers. They research diligently, are marketing savvy and are much less likely to make impulse purchases. They will find the best deals and will expect to test out products physically or virtually before they commit to buy. Generation Z will, apparently, want brands to show their long-term value.

MILLENIALS

Aged 25 To 40 Years

The majority of this generation has never known a world without mobile phones, laptops and cable television. This cohort is the one that tends to cop most criticism at the moment, with labels such as 'used to instant everything', 'believe they can separate effort from reward', 'do not live to work but work to live'. This segment is the most formally educated and most sophisticated of all the generations before it. Detailed research has shown that they are looking for brands that resonate with their peers. They are very image driven and so value, for example, electronic toys, piercings and tattoos. Other research shows that they pay less attention to quality than other generations.

GENERATION X

'Aged 41 To 56 Years

A bridging generation, which joined the workforce generally during periods of economic prosperity (the mid to late 1980s onwards). Generation X's are highly educated but more questioning of convention than the Baby Boomers. They are also generally more interested in balancing family, life and work, and much less inclined to sacrifice time, energy and relationships for career advancement like the Baby Boomers did.

BOOMERS

Aged 57 & 75

Now aged between 57 and 75 years. Influenced in their upbringing by strong economic growth and generally full employment, they are generally considered to be adaptive and flexible. Baby Boomers are regarded as having defined themselves largely by their careers, with a high proportion considered to be workaholics. They are increasingly moving into the retirement phase of their life, but many plan to continue working.

SILENT GENERATION

Aged 76 & older

Shaped by major influences including the Great Depression and two world wars. Not surprisingly, this cohort values savings, morals and ethics, and tends to be very patriotic. Family togetherness and conformity are also very important attributes for them.

Table 2.1: Generational Characteristics

	ALPHA GENERATION	GENERATION Z	MILLENIALS	GENERATION X	BABY BOOMERS	SILENT GENERATION
Current Age	**0-5 years**	**6-24 years**	**25-40 years**	**41-56 years**	**57-75 years**	**76+ years**
Percentage of Target Market	**11.5%**	**24.1%**	**43.0%**	**14.9%**	**5.6%**	**0.9%**
Characteristics	• Raised in homes with smart speakers & devices • Technology is built into everyday items • Many attend schools virtually – gravitating towards online schooling	• Flexible work environments • Clear directions & transparency • Seek personal growth in reaching performance goals • Value offline relationships and person-to-person interaction • Prioritise authenticity, truth & connectivity in their relationships & expect it from society	• Seek meaningful work • Want to grow and use creative skills • Technology savvy • Yearn to grow professionally • Skills training, mentorship & feedback necessary to stay at company • Self-confident • Not afraid to challenge the status quo/ management	• Laid back • Low-key & independent • Entrepreneurial spirit • Value friendly, flexible workplaces & productivity over hours spent at work • Seeks out efficiency & innovation • Value autonomy to make own choices • Create relationships with mentors • Effectively manage work-life balance	• Hardworking • Ambitious • Seek luxury status symbols in their personal lives • Take risks to pursue goals • Dedicated to their jobs • Attribute self-worth to their occupations • Finding work-life balance is challenging	• Traditional values • Financial prudence • Interpersonal respect • Determination • Resilience • Work ethic • Analog sensibilities • Loyal • Financially conservative
Social Media Channel of Choice	• Instagram, TikTok	• TikTok, SnapChat, YouTube	• Instagram, Facebook, Pinterest	• Facebook, LinkedIn	• Facebook	
Most responsive to	• Video, Influencers	• Video, Influencers	• Reviews, Blogs	• Word-of-mouth, E-mail, Marketing	• Traditional Advertising	• Traditional Advertising
Device of Choice	• Smartphones/ tablets & voice-demand devices	• Smartphones	• Multi-Device	• Desktop and Laptop	• Prefer in-person interactions	• Prefer in-person interactions
Shaping Events	• Global pandemic, social justice movement, Brexit	• Smartphones, social media, seeing financial struggles of parents	• The Great Recession, Technological Explosion of the Internet, Social Media	• End of the Cold War, Rise of personal computing, feeling lost between the two huge generations	• Post-WWII, Cold War, Hippie Movement	• World War II
Finances	• Digital natives that will expect fully integrated, personalised consumer	• Like GenX (their parents) in financial attitudes but wanting to avoid debt after	• Massive student debts delay major life purchases	• Carrying the highest debt load while still raising children and saving for retirement	• Managing retirement with life expectancies on the rise	• Retired & financially vulnerable • Lack of financial stability

	ALPHA GENERATION	GENERATION Z	MILLENIALS	GENERATION X	BABY BOOMERS	SILENT GENERATION
	experiences. It is expected that they will be one of the most educated and wealthy generations.	seeing Millennials'' struggles				• Think of finances in terms of the rest of their lives
Learning Behaviour	• Information is readily available and easily accessible for knowledge-seekers to engage independently. • Classroom experiences need to be meaningful, relevant, and skills-based allowing innovation. • Learning should be an active, student-led, hands-on process with integrated tools and technology. • Expected to be the most formally educated, digitally literate, longest-living, and globally connected generation. • Higher education will be very important. • Mostly using online learning.	• With greater awareness of supporting wellness across all facets of life, they expect to receive the holistic support to thrive. • Don't enjoy static and passive lectures. • Want to be actively engaged in their learning. • Prefers digital textbooks due to easy access on the same devices daily used. • Lectures with clear goals, feedback, and rewards. • Fast workers and know what they want. • Short attention spans due to the high use of technology enabling multi-tasking. • Wearable smartphones are the main communication method.	• Prefer a more constructivist learning environment. • More inclined to Google information than look it up in a book. • Prefer group activities and need instant feedback. • Have respect for authority but expect respect in return. • Schedules are important. • Strong desire to do more and make a change. • Prefer e-mail, text, and instant messages to communicate. • Considered the most independent generation	• Prefer a structured environment that includes some lectures and small group activities. • Gravitate towards self-directed educational opportunities to learn on own time. • Enjoy team-based work. • Higher education is very important. • Lectures need to include clear instructions and be straight to the point. • Brief, structured meetings, e-mails, or text messages for communication. • Expect a more intimate learning environment. • Prefer lectures that incorporate participation, reflection, and feedback.	• Enjoy reading books. • Enjoy group interactions and discussions. • Team orientated and value work. • Preferred communication method is meetings, telephones, and e-mail. • Education is not seen as an absolute necessity, but their formative years of higher education allowed slow-moving growth and careful planning for the future	• The Second World War impacted secondary education as male students were going to war, not school. • Enjoy instructor-driven lectures that is structured and predictable. • Hard workers and have respect for authority. • Did not have technology in a learning environment.

SYNTHESIS

POPULATION SIZE AND GROWTH

Approximately 123 760 people and 44 331 households reside in the delineated market area. The average household size is 2.7 people per household.

The average annual growth rate of the population is 4.03% per annum, while the average annual growth rate of households is 5.70% per annum.

AGE AND GENDER PROFILE

The age and gender profile reveal that:

- There are typically more females than males in the primary market area.
- Children, aged 0 to 14 represent 24.3% of the market area population.
- Youth, aged 15 to 34, represent 34.0% of the market area population.
- Adults, aged 35 to 64, represent 33.6% of the market area population.
- The elderly, aged 65 and older, represent 8.1% of the market area population.

Approximately 32.0% of the population is under the age of 19 and are considered as part of children of school-going age, while approximately 7.7% of the population are between the ages of 15-19 and could be considered as part of the population that is of high-school age.

RACIAL PROFILE

The population group profile of the delineated market area shows that the largest proportion of the population is Coloured (46.2%), followed by the Black African (34.3%) and White (19.0%) population groups. Proportionally, the smallest population group is Indian/Asian (0.5%).

MIGRATION PROFILE

Since 2011, the delineated market area has experienced an influx of population. Approximately 26.8% of the population moved to the market area in recent years. Approximately 25.9% of migrants to the market area are South African citizens, whilst the remaining 0.8% are international migrants.

EDUCATION PROFILE

Highest Level of Education Attained by Working Age Population (15 to 64)

The working-age population residing in the market area are somewhat educated whereby 41.2% of the population have obtained some secondary education. The second largest segment of the population obtained a matric certificate (29.2%), while 11.8% obtained some primary education and 8.6% have attained tertiary education.

Attendance at an Education Institution (Persons Aged 20 and Older)

Persons in the market area who are aged 20 years and older and are currently enrolled at an educational institution are mostly enrolled at a university, representing 29.6% of individuals. Individuals are also enrolled at a FET College (21.4%) and an ordinary school (21.2%).

EMPLOYMENT PROFILE

Economically Active Population and Employment

Approximately 57.8% of the population of the delineated market area are economically active, meaning that more than half of the population in the delineated market area are of working age and are actively participating in the economy or seeking employment.

The remaining 42.2% represent the population that falls outside the scope of the economically active population definition and represents children, youth, the elderly and disabled persons who are not able to be employed. This could be indicative of the number of students within the primary market area.

Of the economically active population, 74.9% are employed and 25.1% are unemployed.

Employment per Industry

Approximately 2.4% of employed persons are employed in primary economic sectors.

Approximately 17.6% of employed persons are employed in the secondary economic sectors. The manufacturing sector is the most prominent sector representing 11.0% of persons employed.

The tertiary economic sector proportionally represents the largest number of employed persons (73.4%) and is dominated by the community, social and personal services sector (23.7%), the financial, insurance, real estate, and business services sector (22.2%) as well as the wholesale and retail trade sector (20.5%).

Employment per Occupation

In the market area, approximately 36.8% of the employed population are employed in skilled occupations of which technicians and associate professionals are the most prominent (13.1%), followed by legislators, senior officials and managers (12.0%) and professionals (11.7%).

Semi-skilled occupations proportionally represent 39.3% of employed persons. Clerks (15.0%) are the most prominent followed by service workers, shop and market sales workers (12.3%).

Low-skilled occupations proportionally represent 14.2% of total employed persons. Elementary occupations are the most prominent (14.2%).

DWELLING TYPOLOGY

Households in the market area primarily reside in formal dwellings (84.2%). Approximately 15.2% of households reside in informal dwellings, while 0.6% reside in traditional dwellings. Of those residing in formal dwellings, approximately 71.3% reside in free-standing houses.

TENURE STATUS

Approximately 54.6% of households in the delineated market area own the dwelling/property in which they reside and have fully paid the bond registered to the property, while 9.9% of households have not yet fully paid the bond registered on their property.

Approximately 24.7% of households are renting the dwelling/property in which they reside. Approximately 10.8% of households occupy the dwelling in which they reside rent-free.

HOUSEHOLD INCOME PROFILE

Approximately ±57.7% of households can be classified as low-income households (monthly income less than R3 500 per month). Middle-income households represent ±27.6% of households (annual household income up to R264 000). High-income households (R264 001 and more) represent ±14.6% of households.

The average annual household income for the resident population for 2024 amounts to R126 649 per annum, which amounts to R10 554 per month for all SEM supergroups. For SEM supergroups 2 and higher, the average income is R317 515 per annum, which amounts to R26 460 per month.

SEM PROFILE

The discontinuation of the All-Media Products Survey (by the South African Audience Research Foundation (SAARF)), on which the Living Standard Measure (LSM) classifications were based, gave way to a new measurement system called The Socio-Economic Measure model (SEM). The newly released SEM model is a more accurate reflection of South African society in terms of how people live and is not dependent solely on durables, as the historical LSMs have been. The new SEM offers marketers a statistical and technical solution that depicts how our citizens are living, not only what they have in their homes.

Approximately 58.9% of households form part of the SEM supergroup 1, while 41.1% of households are categorised as SEM supergroup 2.

3

CONSUMER SURVEY ANALYSIS

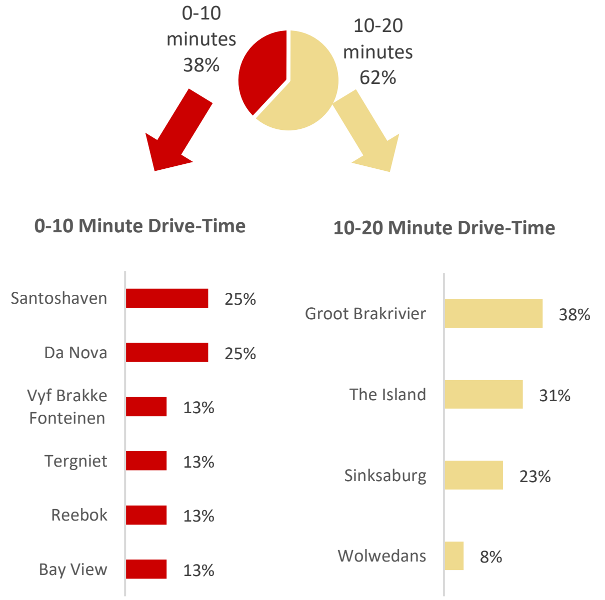
3 CONSUMER SURVEY ANALYSIS

3.1 INTRODUCTION

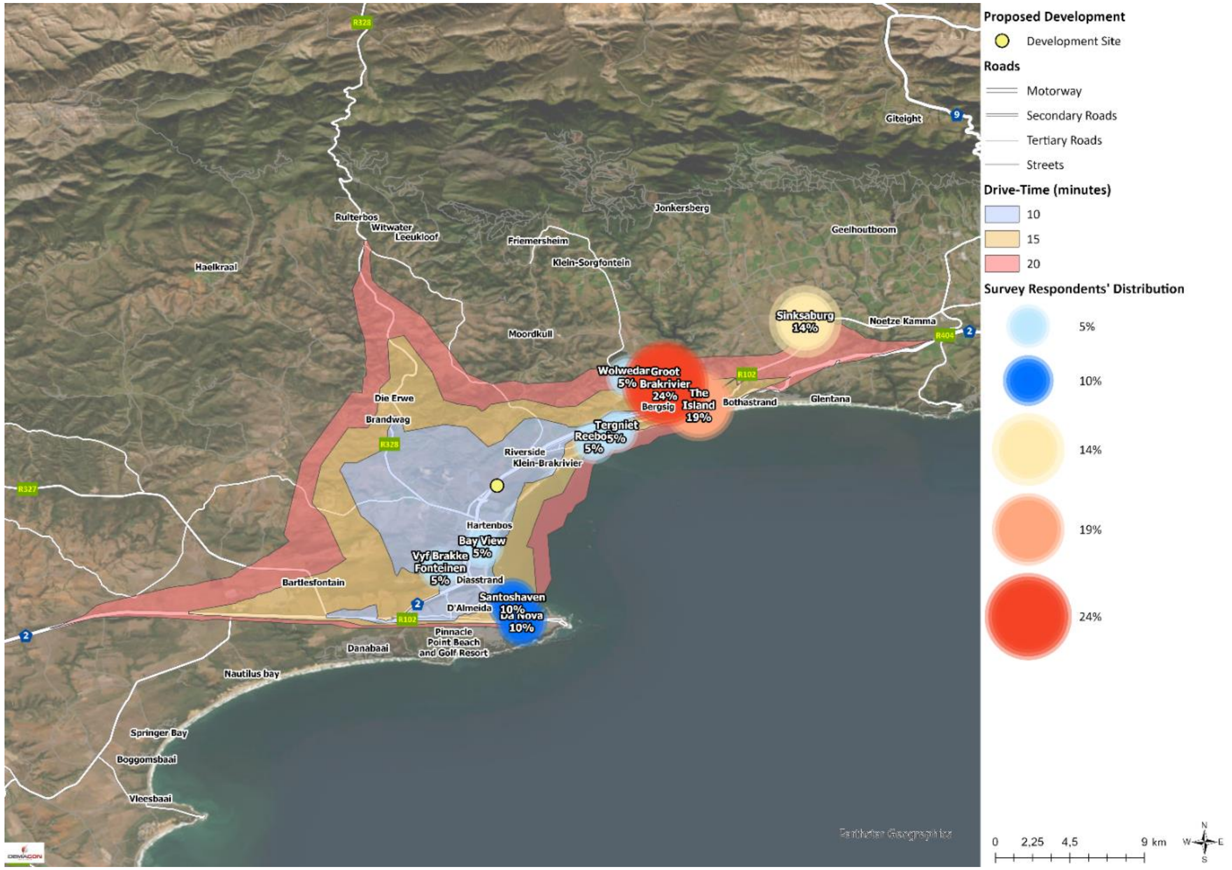
Subsequent paragraphs provide survey results to assess the potential for a private high school with a boarding house in the primary market area. A survey was conducted as part of the 2022 market study. For the 2024 market study update, the same respondents that were surveyed during the 2022 market study was called again, this time focussing on questions related to the desirability of a private high school and consumer preferences associated with the provision of such a service. The additional questions mainly focussed on determining the demand for a high school and boarding facility.

3.2 DISTRIBUTION OF RESPONDENTS

Map 5.1 illustrates the spatial distribution of survey respondents. Respondents mainly reside in a 10-20 minute drive time from the proposed development site.



Map 2.1: Spatial distribution of respondents



3.3 CURRENT EDUCATIONAL SUPPORT

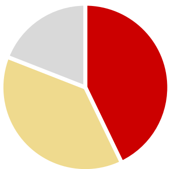
Majority of respondents either have children in high school or have children going to high school in the near future. Approximately 30% of respondents do not have either.

27% Children going to high school in the near future

30% None

43% Have high school children

Of the **70%** respondents that do have high school children or children going to high school in the near future, approximately **81%** would consider enrolling / transferring their child to a private high school in Hartenbos (specifically Hartland).



27% Yes

30% Maybe

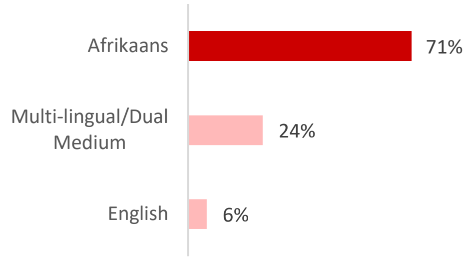
43% No

The 30% of respondents that do not have any high school children or children going to high school in the near future did, however, have additional inputs on the development of a private school in Hartenbos. Respondents had the following inputs:

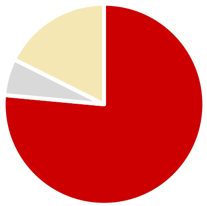
- A new high school would be a good contribution to the area, as most parents are on waiting lists for school placements for their children. The schools in the area cannot keep up with the influx of people.
- One respondent indicated that their child is in grade 3, and "hopes that the problem of overcrowded high schools will be solved before their child has to go to high school". They indicated that even the primary schools are under pressure.
- A new Afrikaans School of high quality is in high demand in Hartenbos.

3.4 EDUCATIONAL PREFERENCES

Majority of respondents **(71%)** indicated that **Afrikaans** is their preferred language for tuition at a high school.



Majority of respondents **(76%)** indicated that they do have religious preferences.



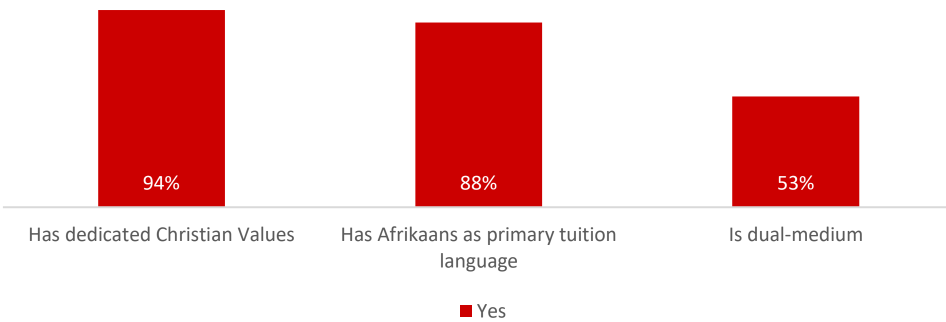
76% Yes

6% No

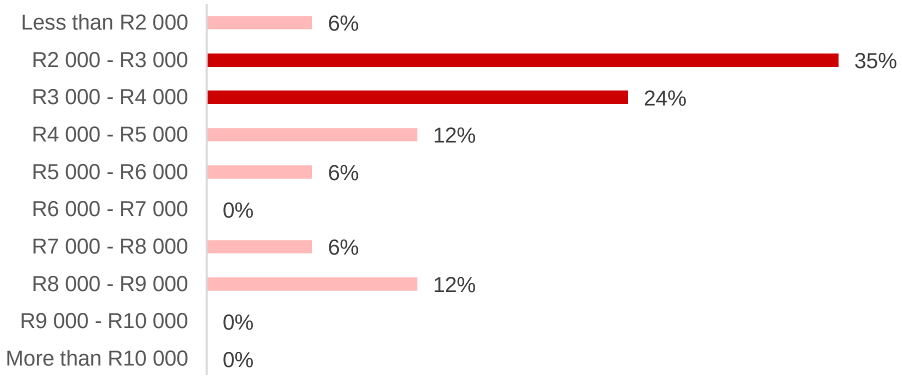
18% No Answer

100% of the respondents that indicated that they do have religious preferences are **Christians**.

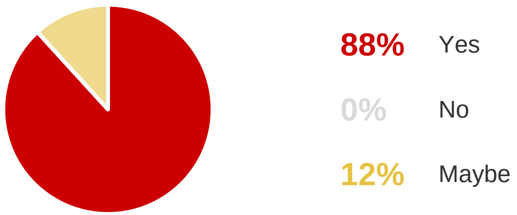
Respondents indicated that they would transfer / enrol their child in a private high school that:



59% of respondents indicated that they are willing to pay a monthly tuition fee of between **R2 000 – R4 000** for a high school (excluding a boarding facility).

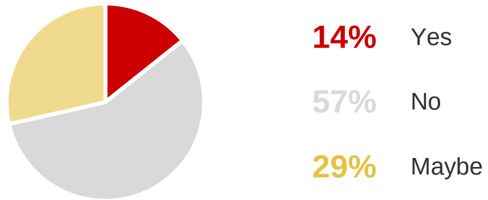


88% of respondents indicated that **there might be a demand** for an Afrikaans Christian High School in Mossel Bay and the surrounding areas, while **12%** indicated that there is **maybe** a demand.

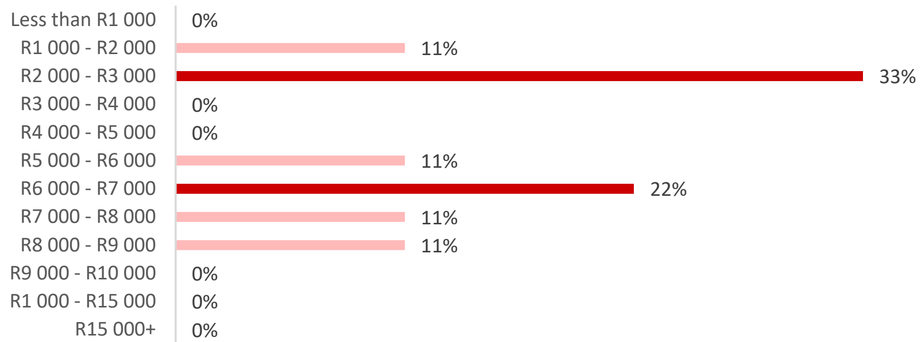


3.5 BOARDING FACILITY

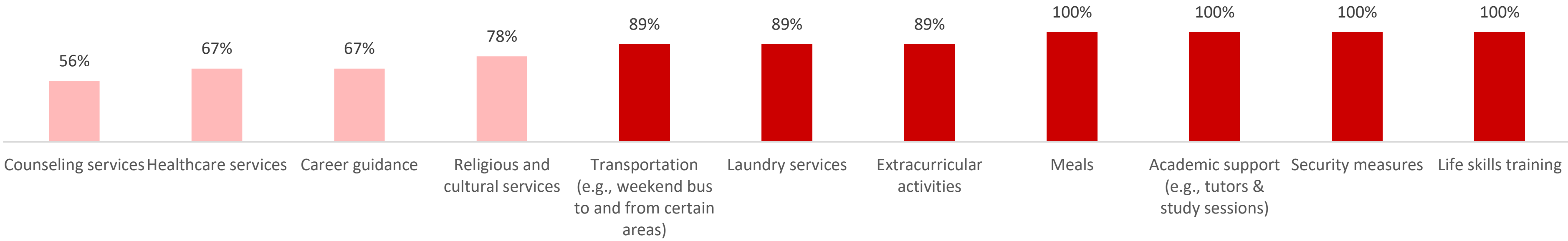
Approximately **43%** of respondents would consider enrolling their child in a boarding facility if their child attends high school.



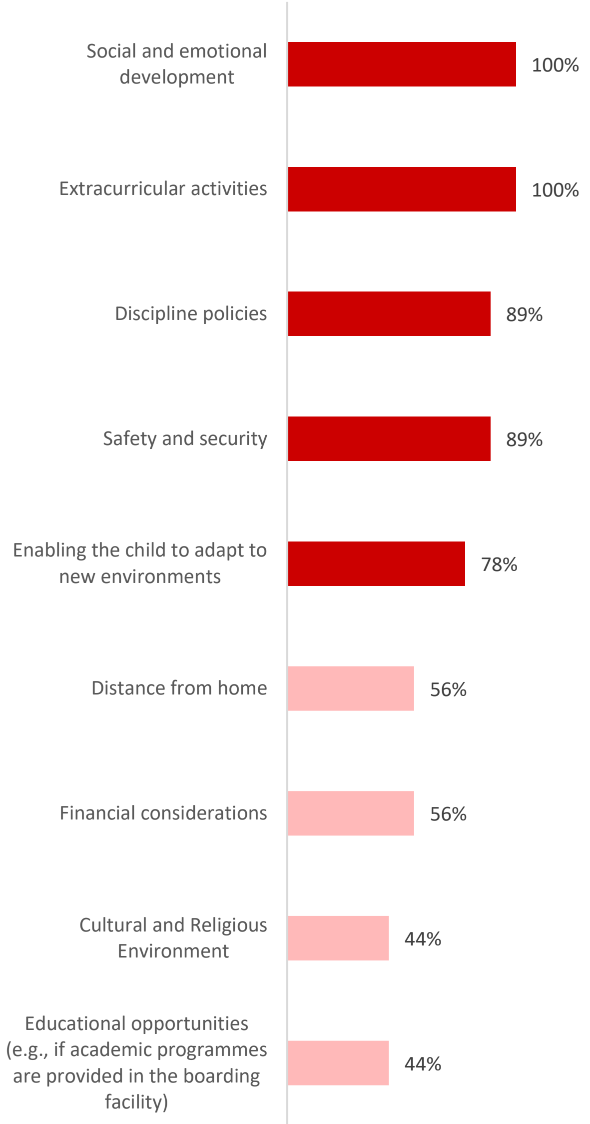
33% of respondents indicated that they are willing to pay between **R2 000 – R3 000** per month for a boarding facility. However, approximately **22%** of respondents are willing to pay between **R6 000 – R7 000** per month for a boarding facility, reflecting a potential higher-income market segment.



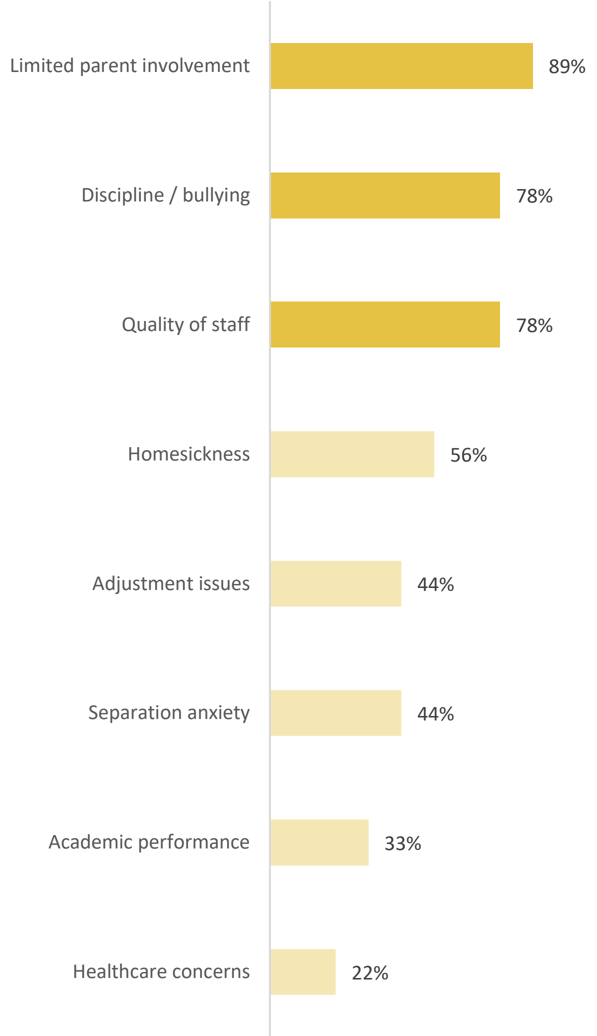
Considering the monthly fees respondents are willing to pay for a boarding facility, respondents indicated that the following services should be provided:



The following are the most important factors respondents would consider when deciding to put their child in a boarding facility or not:

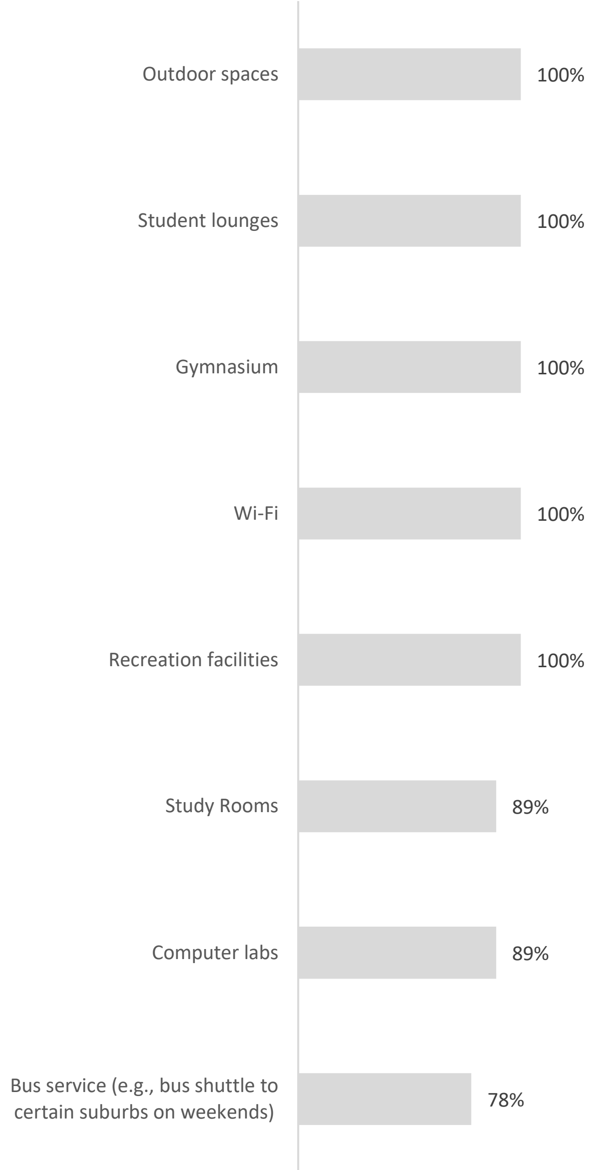


The following are concerns that respondents would have when sending their child to a boarding facility:



Another concern that was mentioned is having their child share a room with someone else.

Respondents indicated that the following amenities should be provided in a boarding facility:



3.6 GENERAL INPUTS

After the survey was completed, respondents were able to provide any general inputs they may have regarding the development of a private Afrikaans and Christian high school with a boarding facility in Hartland, Hartenbos. The following provides the general inputs of respondents:

- There is a high demand for a high school in the Hartenbos area. Various children are on waiting lists due to unavailability in high schools.
- The growing demand for a high school is due to the growing immigration of population in the Mossel Bay area.
- Some respondents indicated that a bus service would be more desirable than a boarding facility.
- Some respondents indicated that they would want to send their children to an all Afrikaans school dedicated to discipline and religion.
- It was also indicated that there is a demand for a primary school in the area.
- A demand for a high school in George were also suggested.
- Several respondents indicated that their children are going to high school in the near future and would want to enrol their children specifically in an Afrikaans High School in Hartland.
- If a boarding facility is developed, it is important to ensure high safety and security measures.
- Mostly positive feedback was obtained for a specifically Afrikaans high school in Hartland. Respondents indicated a high demand for ~~specifically~~ an Afrikaans school, as most schools are either dual-medium or English.

3.7 SYNTHESIS

The consumer survey identifies key characteristics and consumer preferences for the community. The consumer survey seeks to highlight stated consumer preferences with regard to the development of a private Afrikaans high school with a boarding facility in Hartland, Hartenbos.

Key outcomes from the survey include:

CURRENT EDUCATIONAL SUPPORT

- Majority of respondents currently have children attending high school (43%), while approximately 27% of respondents have children going to high school in the near future.
- Of the 70% of respondents that either have children in high school or have children going to high school in the near future, approximately 81% would consider enrolling / transferring their child to a private high school (specifically Hartland) in Hartenbos.

EDUCATION PREFERENCES

- Majority of respondents prefer Afrikaans (71%) as the primary language for tuition at a private school, followed by a multi-lingual approach (24%).
- Respondents would prefer to spend between R2 000 – R4 000 per month on tuition fees (59%), excluding a boarding facility.
- Approximately 76% of respondents do have a religious preference -100% being Christians.
- It is evident that respondents prefer an Afrikaans school with Christian values. 94% of respondents indicated that they would transfer / enrol their child in a private high school with Christian Values, and 88% of respondents indicated that they would transfer / enrol their child in a private high school with Afrikaans as the primary tuition language. Approximately 53% of respondents indicated that they would transfer / enrol their child to a private high school that is dual-medium.
- All respondents (100%) indicated that they believe there might be a demand for an Afrikaans Christian High School in the Mossel Bay area, whereby 88% of respondents are indicated that there is definitely a demand.

BOARDING FACILITY

- Only 43% of respondents indicated that they would consider enrolling their child in a boarding facility if their child attends high school.
- The mentioned 43% of respondents indicated that the following factors are most important when deciding to put their child in a boarding facility or not:
    - Social and emotional development
    - Extracurricular activities
    - Discipline policies
    - Safety and security
    - Enabling the child to adapt to new environments
- The following concerns of respondents were highlighted when considering sending their child / children to a boarding facility:
    - Limited parent involvement
    - Discipline / bullying
    - Quality of staff
- Majority of respondents (33%) indicated that they are willing to pay between R2 000 – R3 000 per month for a boarding facility.

- Respondents indicated that the following services should be provided in a boarding facility and should be covered by the indicated monthly premium of R2 000 – R3 000:
  - Life skills training
  - Security measures
  - Academic support (e.g., tutors & study sessions)
  - Meals
  - Extracurricular activities
  - Laundry services
  - Transportation (e.g., weekend bus to and from certain areas)
- It was indicated that the following amenities should be provided in a boarding facility:
  - Outdoor spaces
  - Study lounges
  - Gymnasium
  - Wi-Fi
  - Recreation facilities
  - Study rooms
  - Computer labs
  - Bus service

PRIVATE SCHOOL MARKET ANALYSIS

4

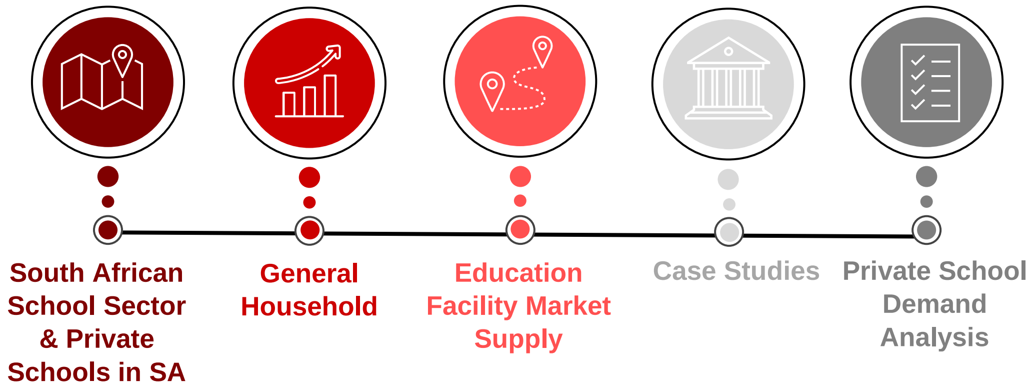
4 PRIVATE SCHOOL MARKET ANALYSIS

4.1 INTRODUCTION

This chapter focuses on the private school market with the objective of estimating the development potential within the designated market area. In order to reach this objective, the supply as well as demand drivers within the market area are assessed and incorporated into a private school demand model. The market is differentiated by a permanent daily population and an appreciable daily section of employees active in local markets, industries, and businesses, but who originate from beyond the primary captive market. Both these market segments are incorporated in the model.

This chapter is addressed under the following headings:

Section Outline



4.2 SOUTH AFRICAN SCHOOL SECTOR

The mandate of the Department of Basic Education (DBE) is to monitor the standards of the provision, delivery, and performance of education annually or at other specified intervals throughout South Africa, with the objective of assessing compliance with the provisions of the Constitution of the Republic of South Africa of 1996 and with national education policy.

The DBE department deals with public schools, private schools (also referred to by the department as independent schools), early childhood development (ECD) centres, and special needs schools. The public schools and private schools are collectively known as ordinary schools, which are roughly 97% of schools in South Africa.

The nine provinces of South Africa also have their own education departments that are responsible for implementing the policies of the national department and dealing with local issues.

The DBE officially groups grades into two "bands" called General Education and Training (GET), which includes grade 0 and grades 1 to 9, and Further Education and Training (FET), which includes grades 10-12 as well as non-higher education vocational training facilities.

The GET (General Education and Training band) is subdivided further into "phases" called the Foundation Phase (grade 0 and grade 1 to 3), the Intermediate Phase (grades 4 to 6), and the Senior Phase (grades 7 to 9).

The administrative structure of most ordinary schools in South Africa do not reflect the division of bands and phases, however. For historical reasons, most schools are either "primary" schools (grade R plus grades 1 to 7) or "secondary" schools, also known as high schools (grades 8 to 12).

4.3 PRIVATE SCHOOLS IN SOUTH AFRICA

4.3.1 DEFINING PRIVATE / INDEPENDENT SCHOOLS

In terms of the South African Schools Act (SASA) in 1996 a national schooling system was introduced and recognised two categories of schools: public and independent. Public schools are state controlled and independent schools are privately governed.

Within the public-school category, SASA created a sub-category of “public schools on private property” comprising state schools on private land owned by religious bodies, farmers, mines, and forestry companies. All private schools were included in the independent school category.

The South African definition of independent (private) schools is narrow compared to other developing countries, especially as it does not include the “public schools on private property”.

In terms of Section 29 of the Constitution of South Africa, everyone has the right to establish, at his or her own expense, independent educational institutions. These institutions may not discriminate on the basis of race, must be registered with the state, and must maintain standards not inferior to those of comparable public institutions. State subsidies to independent institutions are permitted, but not guaranteed.

4.3.2 ISASA GOVERNANCE STRUCTURES

The Independent Schools Association of Southern Africa’s (ISASA’s) General Council, which includes its office-bearers and delegates from its five regions, determines the Association's policy. The Executive Committee expedites policy decisions of the Council. Each region also has a Regional Committee, as well as a Chair and a Regional Director.

When ISASA was established in 1999, the heads' and the bursars' associations changed their names and constitutions to become constituent members of ISASA, as the Southern African Heads of Independent Schools Association (SAHISA) and the Southern African Bursars of Independent Schools Association (SABISA) respectively.

Prior to 2001, a national consultative body for all the independent school associations, known as the National Joint Liaison Committee (JLC) existed. At the end of 2000, the JLC drew up a constitution to cement the good working relationships between these associations and to facilitate interaction with government. The new body is known as the National Alliance of Independent School Associations of Southern Africa (NAISA).

4.3.3 THE SOUTH AFRICAN INDEPENDENT SCHOOL SECTOR

Since the collapse of the apartheid state and the advent of democracy in South Africa, dramatic changes have occurred in the private school sector. In 1990, there were approximately 550 registered independent schools in the country. The dominant public perception of independent schools at that time was “white, affluent and exclusive”. This perception was largely true.

According to a recent HSRC Quantitative Survey there are currently at least 1 290 independent schools in South Africa – more if primary and secondary schools are counted separately. Over 60% of all independent schools have therefore been established since 1990.

The sector now educates more than 400 000 learners. The annual cost of a public school is usually between R8 000 to R20 000. These fees are significantly cheaper than private schools, where fees are usually between R30 000 and R70 000, with additional costs for boarding. In the poorest areas of South Africa, parents are exempt from paying school fees.

The sector serves a wide range of different religions, philosophies, and educational approaches across the full socio-economic spectrum. Religious schools, at 43% of sector, are the largest subcategory of independent school.

Most independent schools arise out of a community need and have strong links to their community of origin. Over 64% of independent schools have community development programmes.

Private school network operators (e.g., Curro) aim to service the gap in the market, supplying a spectrum of quality education options with a 99.7% Independent Examination Board (IEB) and 93% National Senior Certificate (NSC) pass rate. They also achieved an 88.1% and 81.1% IEB and NSC university exemption pass rate compared to South Africa’s average university exemption rate of 22% for the past 5 years.

Independent private schools have a market share of 4.6% of students attending school in South Africa, leaving plenty of room for consolidation and growth. Given general discontent with state schools and assuming an improvement in the economy, we can expect the growth in private school students compared to public school students to continue in line with the 18-year compound annual growth rate of 4.3% since 2000.

Education is compulsory from the age of seven (grade 1) to the age of 15 (grade 9). The education system runs all the way from grade 0 (otherwise known as reception) to grade 12.

From grades 10 to 12, education is optional and is sometimes taught in specialist technical, community or private colleges, where they take a school-leaving exam known as the Matric.

Most independent schools are community schools. Another large category is not-for-profit religious schools: Christian, Muslim, Hindu and Jewish. There is a growing category of secular independent schools, which may be either not-for-profit or for-profit.

The different phases in a private school include:

- Pre-primary Phase: Grades 0000 – R
- Foundation Phase: Grades 1-3
- Intermediate Phase – Grades 4-6
- General Secondary Phase: Grades 7-9
- Further Education Phase: Grades 10-12
- Post Matric phase: Grade 13

The Department of Basic Education (DBE) oversees primary and secondary schools in South Africa. It stipulates the syllabus and assessments according to the National Curriculum Statement Grades R-12 (NCS).

It also categorizes education and training into three bands:

- General Education and Training (GET) – Primary and Secondary (Grade 0–9)
- Further Education and Training (FET) – Secondary (Grade 10–12)
- Higher Education and Training – Post-secondary (Universities and Vocational institutions)

4.3.3.1 SECONDARY SCHOOLS

The DBE oversees primary and secondary education in South Africa. It usually spans six years and divides into two phases or bands.

The General Education and Training (GET) Band covers the Lower Secondary or Senior Phase. It starts in the final year of primary school (Grade 7) up to Grade 9. This phase is compulsory for students typically aged between 12 and 13 to 15.

Subsequently, the Upper Secondary Phase or Further Education and Training (FET) Band includes the last three years of secondary school, Grades 10 to 12 (16–18), which are not compulsory. Students can choose to complete this phase at an academic or technical/vocational school. However, to access the Upper Secondary Phase, students must officially pass the ninth grade.

At the end of matric, students must sit the National Senior Certificate (NSC) to graduate high school. Students must obtain this qualification to gain university entrance.

International schools fall into the independent category. However, these institutions charge much higher fees and often have more stringent admissions processes and longer waiting lists. Independent schools often follow a different syllabus than the National Curriculum Statements (NCS) and offer other qualifications, such as the International Baccalaureate (IB) Diploma, British A-Levels, or the French baccalauréat.

In 2021, out of 24 900 schools, 2 154 were independent. These include primary and secondary education. Data also shows that only 4.7% of all secondary students attended independent schools.

Typically, private schools in South Africa combine primary and secondary education on the same site, which allows for a smooth transition from primary to high school.

Due to these schools' high tuition fees, most South Africans cannot afford private education for their children. However, trends are moving towards making private education accessible by establishing more affordable schools.

Many independent schools pride themselves on offering high-quality education, superior amenities, and small class sizes. Most are single-gendered, but a few can also be co-ed. Many enrol as day students, but some schools also have boarding facilities.

There are several types of private secondary schools in the country, including:

- **Religious Schools:** These schools focus on a spiritual or religious education while teaching an academic syllabus. For example, students will receive pastoral care from a Christian, Jewish, or Islam faith perspective alongside traditional subjects like maths and science.
- **Montessori Schools:** Although Montessori schools are popular for primary education, only some South African schools, including the Village Montessori School, offer secondary education. During high school, these institutions focus on analytical thinking and independence and encourage students to take an interest in current affairs and their community. Students tend to work at their own pace and shape their subject choices around their interests and abilities.
- **Steiner-Waldorf Schools:** Another popular education approach includes Steiner-Waldorf schools. This holistic teaching method follows the child's unique developmental stages and nurtures critical thinking, independent

working, creativity, and lifelong curiosity. Five schools in South Africa offer secondary education, including Constantia Waldorf School, Roseway Waldorf School, Michael Mount Waldorf School, Michael Oak Waldorf School, and Stellenbosch Waldorf School.

At many independent schools, students can graduate with an International Examinations Board (IEB) qualification. It claims to be a more rigorous academic program, equivalent to A-Levels, which prepares students better for international life and studies.

4.3.4 INVESTING IN PRIVATE SCHOOLS

Schools can make for decent investments as they have the potential for a strong brand leading to student retention and stable profitability. The potential to develop a strong brand/intangible asset is driven by a number of factors, but primarily by the school's curriculum, its performance over time, culture, and physical location.

Pricing power for successful schools is high as parent demand for quality education is price inelastic up to the limits of affordability. Once established, capital requirements to maintain schools are low and can lead to high and stable cash flows, albeit capped by the number of students the school can accommodate.

Clearly, there is a demand for quality schooling, but most South Africans are constrained by cost. It is estimated that the target market of students that could afford a more reasonably priced education is approximately 1.2 million learners, which means total independent learners could increase by 97.4%.

Setting up a school requires significant up-front capital to buy land in densely populated areas and fit out facilities. Once built, schools have a high fixed cost base with teachers' salaries accounting for approximately 70% of operating costs, 10% going towards educational expenses (i.e., books, materials, departmental expenses), 10% for administration costs, 7% for ground and maintenance expenses, with 3% remaining as a surplus. We estimate that approximately 60% of school costs are fixed.

This means that short- to medium-term risk is elevated by upfront costs, high fixed costs, and the potential for slow student inflows as a school proves its value. Schools generally make substantial losses in their first year as the fixed costs are not met by the initial revenue generated from the first intake of students. A new school will take at least seven years to reach a capacity utilisation of more than 80%, where it reaches full potential operating margins and creates large shareholder returns.

4.3.5 CIRRICULUMS FOR PRIVATE SCHOOLS IN SOUTH AFRICA

Making sense of the various curricular and graduation options available at schools can be overwhelming. Three common approaches are available, namely:

- CAPS
- IEB
- Cambridge

A school's curriculum provides guidance on the content a school teach, while it specifies the level at which that content should be mastered.

CAPS (National Curriculum and Assessment Policy Statement) is the national curriculum followed by public schools in South Africa. Many private schools also follow this curriculum. Some of these schools, however, are also "IEB" schools.

IEB does not refer to a stand-alone curriculum. IEB schools generally use the CAPS curriculum as a guide, but grade 12 students write an alternative matric examination that is administered by the IEB. In other words, students in CAPS and IEB schools will be taught similar content, but they will not write the same exam. Students from CAPS and IEB schools will all receive a National Senior Certificate when graduating from grade 12 – either the regular NSC or the IEB NSC. All South African assessment bodies (such as IEB) are monitored by Umalusi, which ensures that their curricula and assessments are appropriate.

Cambridge, on the other hand, is a stand-alone international curriculum. Cambridge qualifications are not monitored by Umalusi, but by Cambridge Assessment International Education, part of Cambridge University Press & Assessment. This is an organisation that provides world-leading academic research, learning and assessment globally, backed by the first-class teaching and research departments of the University of Cambridge. Students will usually complete their General Certificate of Secondary Education (IGCSE) by the time they are 16. After completing the IGCSE certificate students can graduate from matric with a varied combination of AS levels and A levels (equitable or, in some cases, surpassing CAPS grade 12 standards).

It is important to keep in mind that, despite differences, there is significant overlap among most curriculums, especially for sequential subjects like Maths and English. In other words, even though curriculums may vary with regards to when and how fractions are introduced and assessed, all curriculums will cover fractions.

4.3.6 SCHOOL SUBJECTS

Matric subjects are created to enable learners with the knowledge that will prepare them for university, college or find entry-level work. The following are subjects available for learners in Matric:

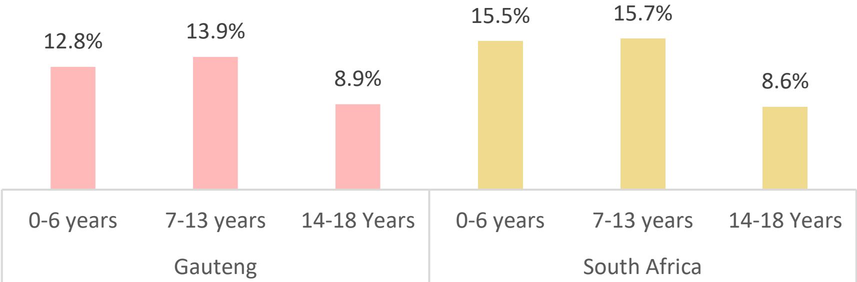
- Language Subjects
  - Afrikaans
  - English
  - IsiNdebele
  - IsiZulu
  - IsiXhosa
  - Sepedi
  - Sesotho
  - Setswana
  - Siswati
  - Tshivenda
  - Xitsonga
- Non-language subjects:
  - Accounting
  - Agricultural Management
  - Agricultural Science
  - Agricultural Technology
  - Business Studies
  - Consumer Studies
  - Dramatic Arts
  - Economics
  - Engineering graphics and design
  - Geography
  - History
  - Information Technology
  - Life Sciences
  - Mathematics
  - Mathematics Literacy
  - Music
  - Physical Sciences
  - Religion Studies
  - Visual Arts

There are subjects that are compulsory and need to be part of your subject list on Matric. From the compulsory subjects, four must be chosen. This must include Home Language, English First Additional Language, Life Orientation and one Mathematical subject.

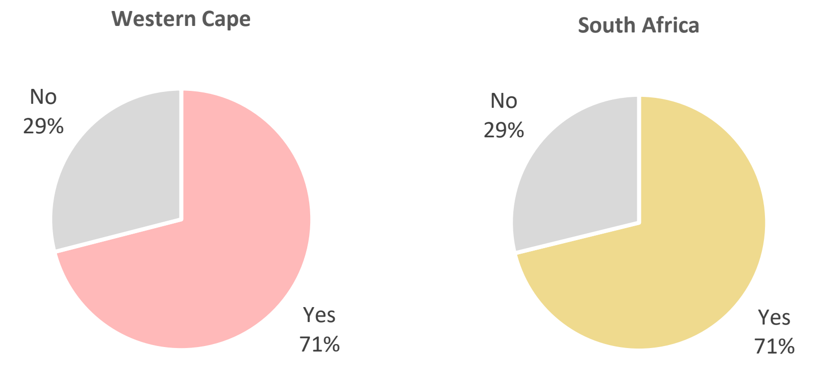
4.4 GENERAL HOUSEHOLD SURVEY, 2021: FOCUSSING ON SCHOOLING (WESTERN CAPE VS SOUTH AFRICA)

Population Segment of the Total Population that are Typical School-Going Ages (Ages 0 – 18)

Approximately 35.6% of the total population in Western Cape fall under the typical age of school-going children, which is less than the South African percentage of 39.9%.

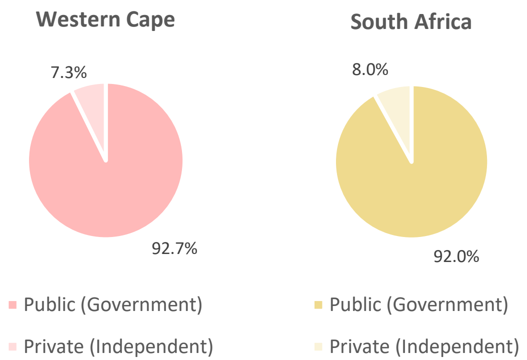


Population Between the Ages of 0 – 18 Years Attending Education Institution

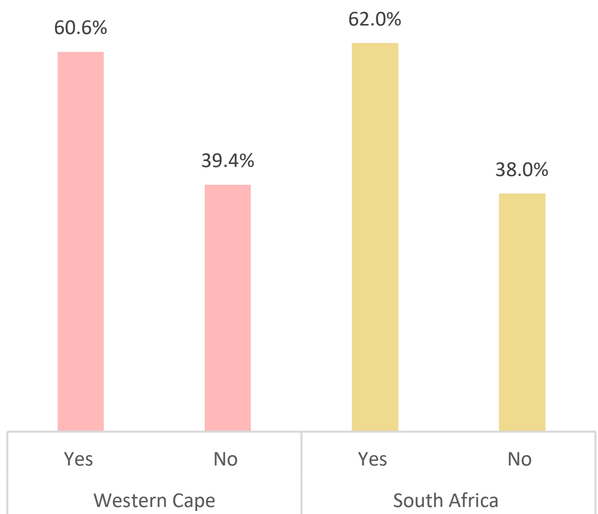


Public vs Private Institution Attendance

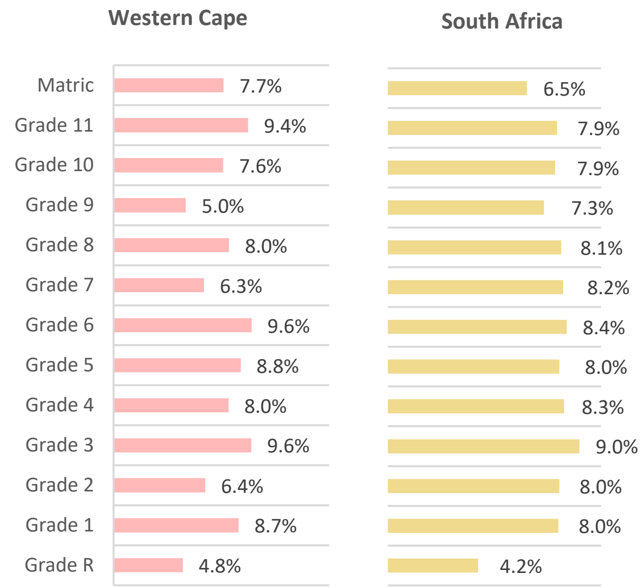
Of the population under the age of 18 that do attend an education facility in the Western Cape, only 7.3% attend a private school. The private school attendance in Western Cape Province is lower than that of South Africa, whereby 8% of school going children under the age of 18 attend a private school in South Africa.



Home Schooling Participation of School-Going Children Under the Age of 18



Current Grade of School-Going Children Under the Age of 18



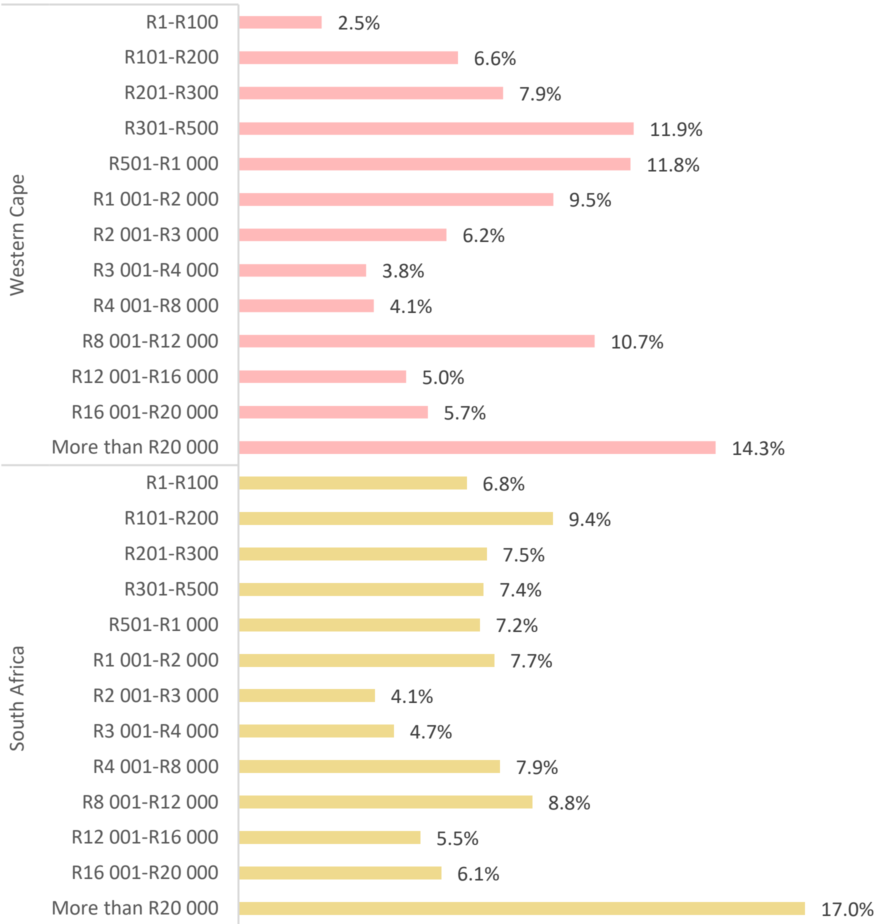
4.4.1 TUITION FEES – WESTERN CAPE VS SOUTH AFRICA

Educational Institution Tuition Fees

Within the **Western Cape** Province, **49.2%** of parents with children attending an education institution do not pay any tuition fee.

Within the entire **South Africa**, **65.6%** of parents with children attending an education institution do does not pay any tuition fee.

Of those that do pay tuition fees pay the following:

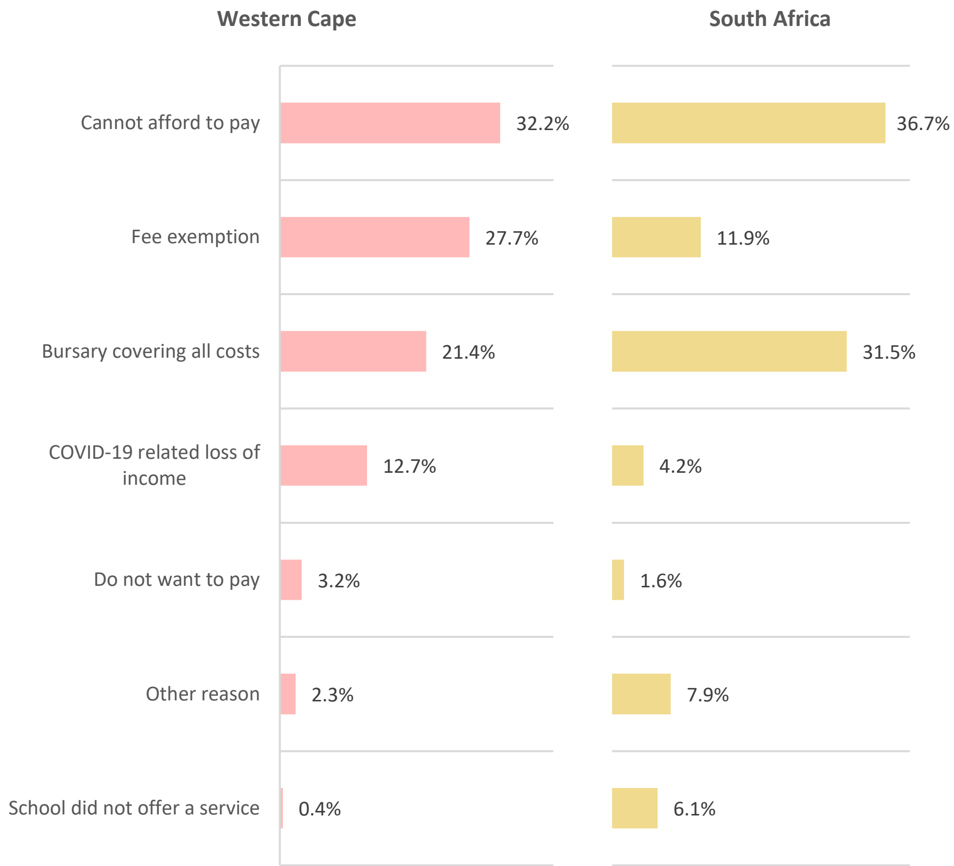


Reasons for Not Paying Tuition Fees

Within the **Western Cape** Province, **85.6%** of parents do not pay fees due to the school being a "no fee" school.

This is true for **95.0%** of parents in **South Africa**.

The remaining parents that do not pay school fees have the following reasons:



4.5 EDUCATION FACILITY MARKET SUPPLY

Within the primary market area of the proposed school, three private schools are present. These private schools cater to the combined, intermediate and primary market, and does not solely focus on high school students.

The data suggests that access to private schools in the market area is limited and that a potential market gap exists in the primary market area for a private school that could accommodate high school students.

Table 4.1: Number of Schools per Type and Phase

		PUBLIC	PRIVATE
	Combined School	1	1
	Intermediate School	0	1
	Primary School	13	1
	Secondary School	3	0
	TOTAL	**17**	**3**

Table 4.2: Primary Market Area School Supply

Institution Name	Learners 2022	Educators 2022	Quantile Level	Annual School Fees 2023/24	Language	Specialisation	2022 Pass Rate *	Boarding Facility
Combined School								
Public								
Groot-Brakrivier Sekondêre Skool	825	24	Q3	No Fees	Afrikaans	None	91.2%	No
Private								
Lighthouse Academy	102	8	Q2	Not made available	English	None	N/A	No
Intermediate Schools								
Private								
Love Walk Christian Academy Primary	22	3	Q2	Not made available	English	Christian School	N/A	No
Primary Schools								
Public								
Mosselbaai Ek Primêre Skool	51	6	Q4	Not made available	Afrikaans	None	N/A	No
St. Blaize Rk Primêre Skool	136	5	Q4	No Fee	Afrikaans	None	N/A	No
Diaz Primêre Skool	625	17	Q4	No Fee	Afrikaans	None	N/A	No
St. Luke'S (Ec) School	953	31	Q1	No Fee	English	None	N/A	No
Imekhaya Primary School	343	9	Q1	No Fee	English	None	N/A	No
Hartenbos Laerskool	942	31	Q5	No Fee	Afrikaans	None	N/A	No
Garden Route Primary School	1 115	47	Q1	Not made available	English	None	N/A	No
Erika Primary School	1 516	45	Q4	No Fee	English	None	N/A	No
T.M. Ndanda Primary School	1 291	40	Q2	No Fee	English	None	N/A	No

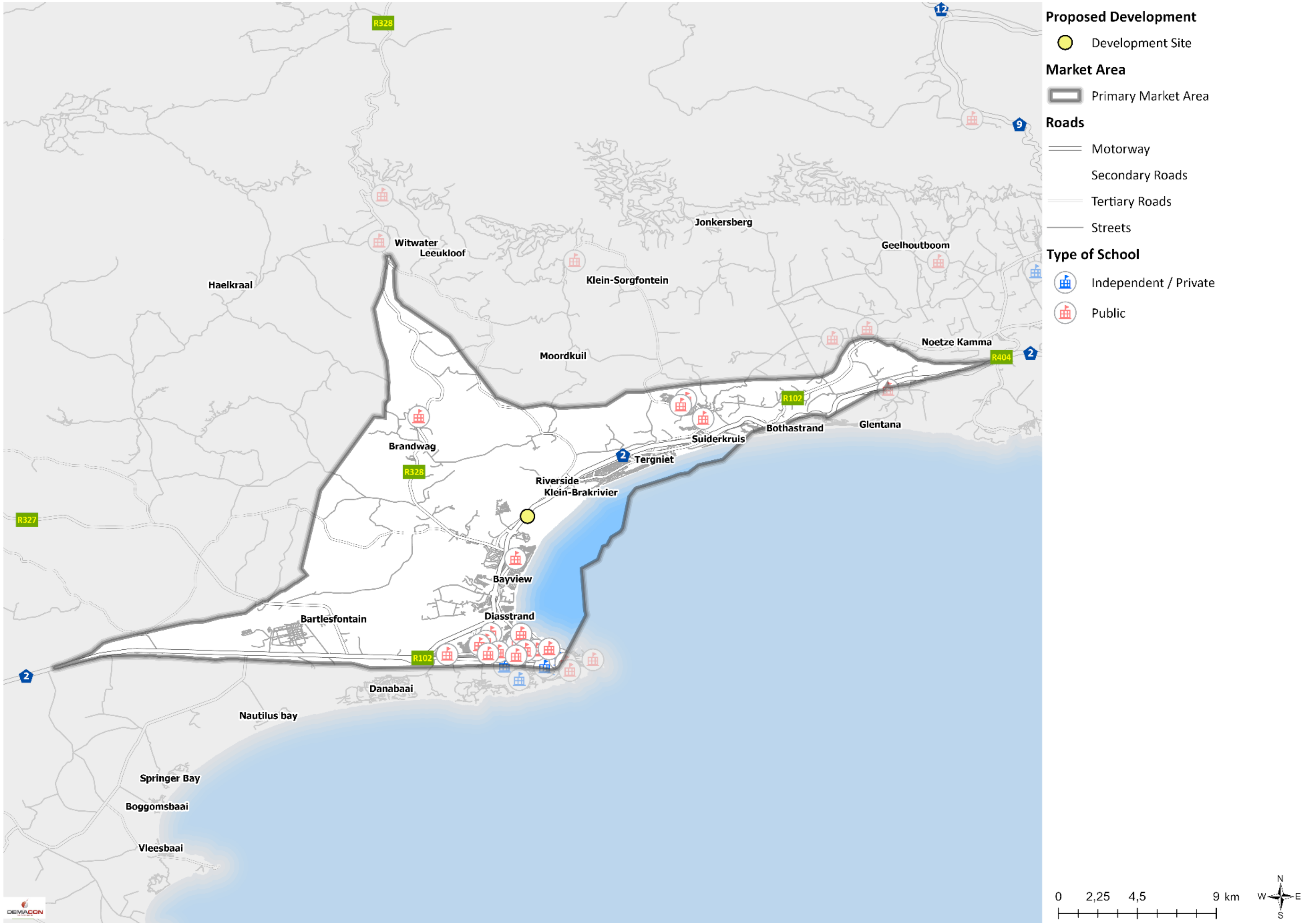
Institution Name	Learners 2022	Educators 2022	Quantile Level	Annual School Fees 2023/24	Language	Specialisation	2022 Pass Rate *	Boarding Facility
Isalathiso Primary School	302	12	Q2	No Fee	Double Medium	None	N/A	No
Vorentoe Laerskool	1 256	39	Q5	No Fee	Double Medium	None	N/A	No
Groot Brakrivier Primêre Skool	260	12	Q3	Not made available	Afrikaans	None	N/A	No
Ridgeview Primary School	934	29	Q4	No Fee	Double Medium	None	N/A	No
Private								
Kids Kingdom Pre And Primary School	51	6	N/A	R1 550 - R4 090	English	Christian School	N/A	No
Secondary Schools								
Public								
Hillcrest Sekondêr	1 388	39	Q4	Not made available	Double Medium	None	95.7%	No
Indwe Secondary School	1 680	46	Q1	No Fee	Double Medium	None	68.5%	No
Sao Bras Sekondêr	1 443	42	Q4	No Fee	Double Medium	None	84.0%	Yes

Source: DEMACON ex SA Dept of Basic Education

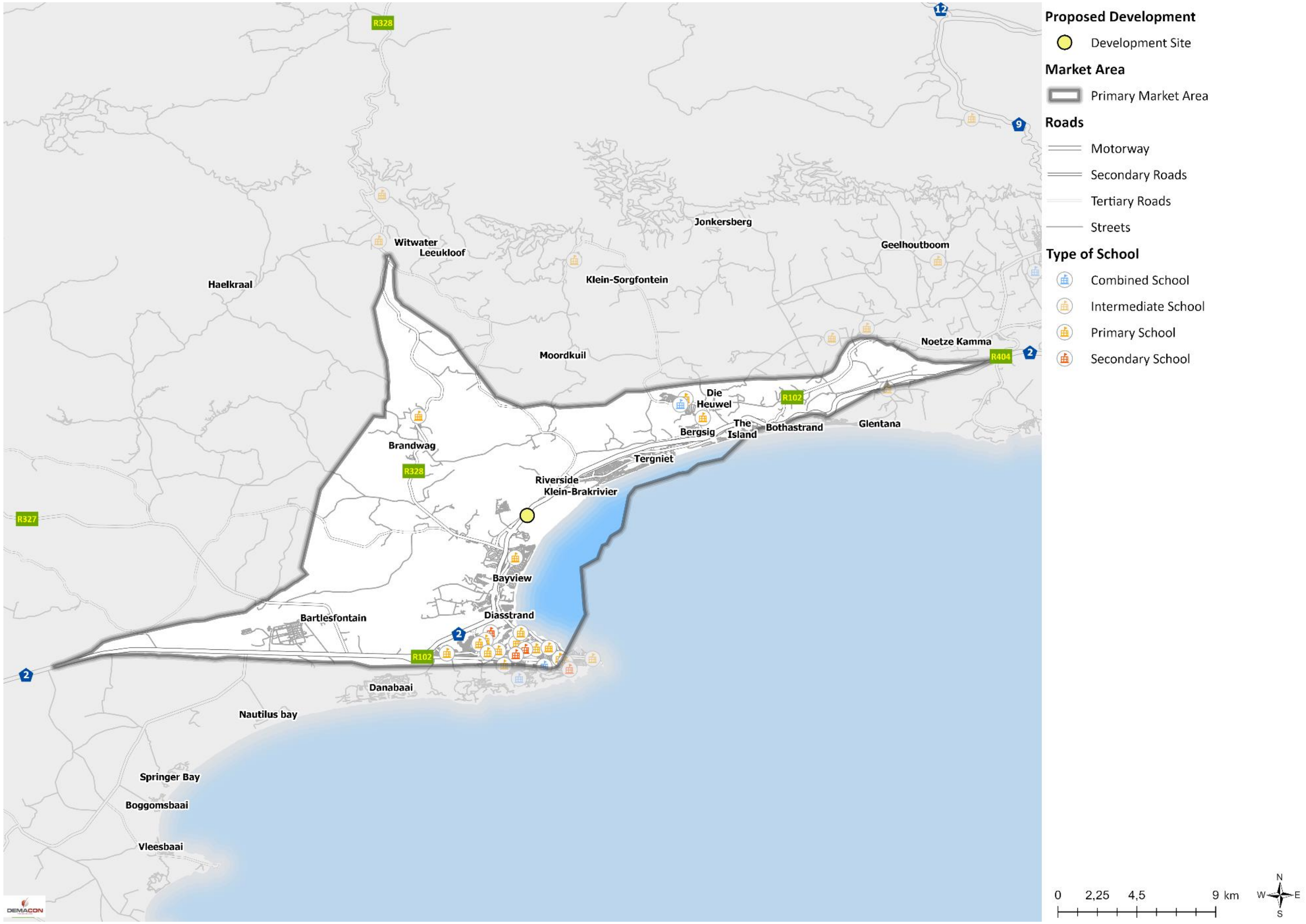
* 2022 Pass Rate only applicable for Secondary and Combined Schools

The No-fee Schools policy abolishes school fees in the poorest 40% of schools nationally for learners from Grade R to Grade 9. Schools that do not charge fees will be allocated a larger amount of funding from the national budget per learner to make up for the fees that would have been charged.

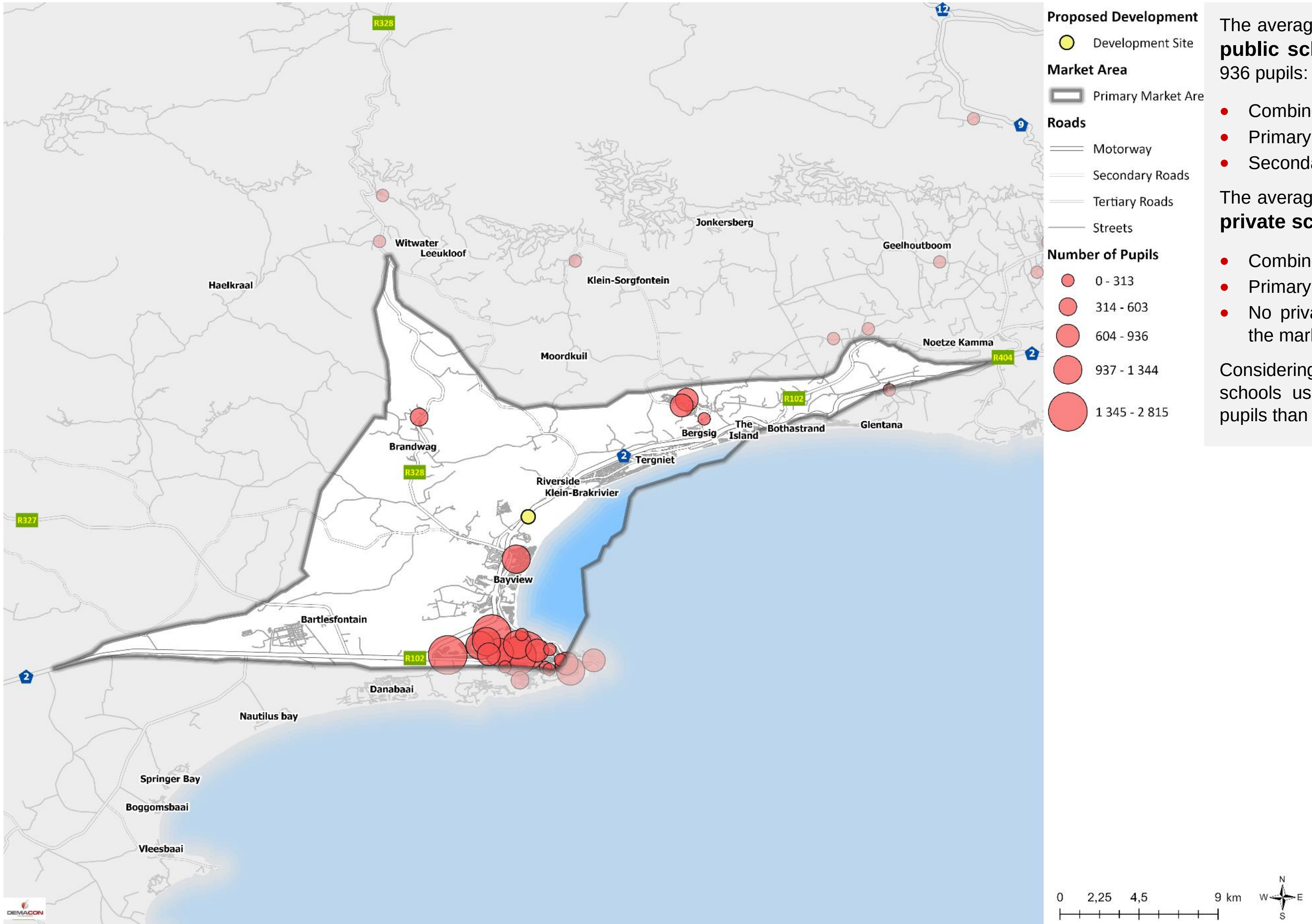
Map 4.1: Distribution of Education Facilities in the Primary Market Area



Map 4.2: Type of Schools in the Primary Market Area



Map 4.3: Number of Pupils in Education Facilities in the Primary Market Area



The average number of students per **public schools** are approximately 936 pupils:

- Combined Schools – 825 pupils
- Primary Schools – 814 pupils
- Secondary Schools – 1 504 pupils

The average number of students per **private schools** are 58:

- Combined Schools - 102 pupils
- Primary Schools – 51 pupils
- No private secondary schools in the market area

Considering the preceding, public schools usual cater to much more pupils than private schools.

4.6 PRIVATE SCHOOL DEMAND ANALYSIS

DEMACON's Demand Modelling results illustrate that the market can sustain a private school. In order to model the demand for a private high school that targets Christian and Afrikaans students, a baseline and optimistic scenario was modelled. The purpose of the scenarios is to consider differences in market attendance and market capture rates. Given the specific target market that the proposed private high school wishes to target, the model has been calibrated to account for the number of students that could potentially be Afrikaans speaking and Christian - approximately 86% of the population in the primary market area are Christian and Afrikaans speaking. Furthermore, the model has been calibrated to take into account the SEM profile of the primary market area (SEM 2 to 5 are considered) as well as the age groups applicable to high school attendance.

4.6.1 BASELINE SCENARIO

Key assumptions for the Baseline Scenario include:

- It is assumed that approximately 25% of the captive market would attend a private school.
- It is assumed that the project could capture approximately 15 to 25% of the captive market.

Table 4.3: Baseline Private Education Demand Potential

BASELINE SCENARIO	2024	2029	2034	2039
Target Age Segment	4 049	4 369	4 715	5 088
Private School Attendance	1 012	1 092	1 179	1 272
Age 5 – 9	-	-	-	-
Age 10 – 14	163	175	189	204
Age 15 – 19	850	917	989	1 068
PROJECT MARKET CAPTURE				
Minimum	152	164	177	191
Maximum	253	273	295	318
Average	**202**	**218**	**236**	**254**
Secondary Injection	45	48	52	56
Total Demand	**298**	**321**	**347**	**374**

Source: DEMACON, 2024

4.6.2 OPTIMISTIC SCENARIO

Key assumptions for the Optimistic Scenario include:

- It is assumed that approximately 30% of the captive market would attend a private school.
- It is assumed that the project could capture approximately 15 to 25% of the captive market.

Table 4.4: Optimistic Private Education Demand Potential

OPTIMISTIC SCENARIO	2024	2029	2034	2039
Target Age Segment	4 049	4 369	4 715	5 088
Private School Attendance	1 215	1 311	1 414	1 526
Age 5 – 9	-	-	-	-
Age 10 – 14	195	211	227	245
Age 15 – 19	1 020	1 100	1 187	1 281
PROJECT MARKET CAPTURE				
Minimum	182	197	212	229
Maximum	304	328	354	382
Average	**243**	**262**	**283**	**305**
Secondary Injection	76	82	88	95
Total Demand	**380**	**410**	**442**	**477**

Source: DEMACON, 2024

Development Implications:

- Under the baseline scenario, potential exists for the development of a facility catering to approximately 300-350 high school pupils over the short term to medium term, increasing to ±400 pupils over the long term.
- Under the optimistic scenario, potential exists for the development of a facility catering to approximately 400-450 high school pupils over the short term to medium, increasing to ±500 pupils over the long term.
- The optimum point of market entry is estimated to be 2025+.
- The modelling results indicate that demand potential exists for a private high school in the primary market area. The demand potential of a private high school is further supported by the consumer survey results that identifies that the majority of respondents that have, or will have, students attending high school (approximately 81%) would consider enrolling or transferring students to a private school in the Hartenbos area.
- Given the socio-economic profile of the primary market area and taking into account consumer preferences (as highlighted by the consumer survey results), the private high school could consider tuition fees between R2 000 and R4 000 per month.
- As part of the private school, a boarding facility can be considered. The establishment of a boarding facility is dependent on the school and its establishment of market share. It is suggested that a boarding facility be considered once sufficient market traction has been gained by the school as an established service provider that has reached critical mass. Boarding facilities at private institutions generally cater to households that reside a considerable distance from the school or are situated outside the primary market area and households where parents often have long work hours or who have to travel frequently for work purposes. Because of these factors, the establishment of the school would be beneficial in ensuring that sufficient interest is garnered for a boarding facility. Additionally, the cost implications of a boarding facility would need to be considered. The construction and operation of a boarding facility would require sufficient interest to allow for a sustainable financial operating environment. Alternative approaches could include the scaling of a boarding facility in line with the growth of interest and the establishment of the school.
- Given the preceding, the following considerations are applicable:
    - Based on the private school potential estimated previously under the baseline and optimistic scenarios, a private school accommodating approximately 400 students could, at maturity, include a boarding facility catering to between 40 and 80 students.
    - A boarding facility represents a fixed asset that, if maintained, will appreciate in value over time. However, the cost-effectiveness of a boarding facility depends on the school reaching maturity and generating sufficient interest to fill the majority of boarding opportunities available.
    - The consumer survey identifies that demand potential exists for a boarding facility at the private school. Consumer survey data shows that approximately 43% of respondents would consider placing their child in a boarding facility, of which 33% indicated that they would definitely consider placing their child in a boarding facility. However, the decision to place a child in a boarding facility depends on several factors, including the affordability of the facility, the services and amenities offered, and the quality and safety of the boarding facility's environment.
    - Consumer survey data identifies that an affordable boarding option is preferred, with pricing ranging between R2 000 to R3 000 per month for lodging. It is important to note, however, that considering typical operational costs and the repayment of capital costs required to build a boarding facility, the pricing of a boarding facility would generally range between R4 500 and R5 500 per month (or between R10 000 and R15 000 per term).
- It is suggested that reputable market operator is secured for the operation of the proposed private high school.

4.7 KEY CONSIDERATIONS FOR THE IMPLEMENTATION OF A BOARDING FACILITY

This section of the chapter analyses the feasibility of implementing a boarding facility.

4.7.1 BOARDING HOUSE

A secondary school boarding facility is an on-site facility that can provide accommodation for between 60 to 100 students. Each student has access to a 3.5 to 6m² space in a fully furnished bedroom, either sharing or single, with basic services (e.g., sanitation, water, electricity, connectivity, etc.) provided. Daily meals are also provided. According to the Department of Basic Education ("Department"), one of the key benefits of a boarding house is the safety and security that such a facility offers to learners attending a school. The Department also notes several other benefits that include, *inter alia*:

- Access to education

- Boarding facilities provide access to education for learners from remote rural areas and farming communities. Boarding facilities also provide learners with exposure to the world beyond the confines of their community. They provide a solution for learners living in areas where the state cannot provide schools, thus eliminating the difficulties of transport across significant distances, including cost, the dangers involved in it and the time being consumed. Boarding facilities also allow access to a choice of education (type and quality), and access to further education for learners whose local schools are limited to the lower grades.

- Curricular and language needs
  - Boarding facilities allow learners to pursue particular specialised curricular directions (such as technical and agricultural fields), not necessarily available to them at their local schools. Integrated hostels encourage language and cultural tolerance and respect.
- Academic and other forms of supervision
  - The advantages of academic supervision and of a disciplined environment constitute an important reason for providing boarding facilities. The benefits of such an environment for learners from, for example single-working-parent families, families in which the parents are compelled to travel extensively, or families which are unable to provide after-school supervision for learners. Boarding facilities create the space, time and conditions that are conducive to studying. Learners in boarding facilities have increased contact time with educators, academic support and are offered extra classes.
- Improved living conditions and opportunities
  - Boarding facilities provide learners with increased opportunities, facilities, and resources. Boarding facilities also provide many disadvantaged learners with an opportunity to enjoy better living conditions (and sometimes better care) than they would experience in their home environments – and that the relatively inexpensive living costs, as well as bursaries and subsidies awarded to some learners, make this possible. Access to basic amenities, such as electricity and shelter, as well as to more sophisticated facilities, such as television, computers, and media centres in some schools, facilitates some of the benefits gained by learners in these facilities. Related to the issue of improved living conditions, is that boarding facilities provide better nutrition than some learners might receive at home.
- Extra-curricular activities
  - By staying in boarding facilities, learners are able to participate in extra-curricular activities, including sport and cultural activities. Learners therefore receive a more holistic education as a result of living in these facilities.
- Safety, stability, and care
  - Boarding facilities provide a relatively safe environment for children living in informal settlements and townships and/or being without supervision for much of the day.
- Personal development
  - Boarding facilities also facilitate positive social development and the ability to accept others from different social or cultural backgrounds. The boarding facilities environment inculcates independence, self-discipline, and the ability to work as part of a team in learners.
- Cost
  - Provision of boarding facilities can be a cost-efficient measure in small, sparsely populated rural and farming communities. The cost of running small schools can be minimised by accommodating learners in a central place of learning. In most cases, the schools in these areas have low enrolment figures and sometimes there are multi-graded classrooms that make teaching and learning difficult.
- Learner pass rate
  - Better living conditions, which boarding facilities provide to disadvantaged learners or learners from rural areas, who have to travel long distances to school, provide learners with conditions that are conducive to learning and, resultantly, they facilitate an improved pass rate.
- Learner drop-out rate
  - Learners who have to travel long distances to school and back home are exposed to all kinds of challenges, like arriving late for school, being absent from school or being tired due to the long hours they have to spend on the road. Accommodation of learners in boarding facilities will eradicate all these challenges and reduce the drop-out rate at schools.

4.7.1.1 INFRASTRUCTURE GUIDELINES

The Department of Basic Education compiled guidelines for the implementation of a boarding facility. The following infrastructure guidelines refer to the provision of the necessary spaces, facilities and equipment required to make the environment conducive to learning.

Planning guidelines identify key elements that should be taken into consideration in the provision of infrastructure for boarding facilities. They are:

- Secondary school boarding facility will accommodate learners from Grades 8 to 12, from a minimum of 60 to a maximum of 300 learners.
- Average space per learner in a bedroom/dormitory refers to square meters that each learner will occupy in a bedroom or dormitory. The space per learner in a bedroom will range from a minimum of $3.5m^2$ to a maximum of $6m^2$.
- The minimum site size will be 4ha for secondary schools' boarding facilities, excluding sporting fields.
- Where possible, boarding facilities should be located adjacent to the schools they are serving.
- Learners must share sporting facilities with the school.
- Basic services should be provided, including sanitation, water, electricity, connectivity and safety and security.

Architectural Requirements

Architectural requirements define the spaces that are required in a boarding facility to make it an enabling, supporting educational environment. The spaces that could be provided in boarding facilities include:

- Bedrooms/dormitories
- Staff quarters.
- Administration space.
- Lounge
- Nutrition centre/Kitchen.
- Dining hall
- Laundry
- TV room
- Entertainment room
- Computer cubicles
- Study area
- Parking spaces
- Ablution blocks

4.7.1.2 MANAGEMENT

Each boarding facility requires an operating manager. Their responsibilities include (but are not limited to):

- To oversee and monitor the overall management of the boarding facility.
- To advise the head of an institution on all matters concerning the boarding facility or deliberate on matters referred to the boarding facility's council by the head of the institution.
- To exercise general supervision over the maintenance of the grounds, buildings, furniture, and equipment of the boarding facility.
- To manage the boarding facility's funds and ensure that proper procedures are in place and financial management guidelines followed.
- To determine boarding fees after consultation with the parents of learners.
- To determine a Code of Conduct for the boarding facility in a joint operation with the learners.

4.7.1.3 COST OF BUILDING A BOARDING HOUSE

- A fully operational all-inclusive boarding facility would cost each households enrolling a student within a boarding facility at the proposed school approximately R4 800 per month. This fee consists of monthly operational expenses of the boarding facility as well as the recuperation of construction costs/capital investments. The construction and operational costs are explained in subsequent points.
  - Building costs:
    - Market research suggests that at present it costs approximately R100 000 per bed to construct a boarding house.
    - Under the baseline scenario, potential exists for the development of a facility catering to approximately ±300-350 pupils over the short term to medium term, increasing to ±400 pupils over the long term.
    - On average, 10-20% of high school students at a school that offers a boarding facility, reside in a boarding house. For the purposes of this cost estimate, it is assumed that approximately 40 to 80 beds could be provided in a boarding facility over the long term. For the purposes of this calculation, a minimum of 40 beds is used as a baseline indication of construction costs.
    - A boarding facility could be expanded in the event that interest in such a facility exceeds general market

conditions. But this would be dependent on the ability of the proposed school to generate market share that will enable the school to reach critical mass.
    - Given the construction of a 40-bed facility, the total cost at present market construction costs could be approximately R4 million.
    - In order to recuperate construction costs (either the recuperation of personal capital spent or the repayment of a bank-loan), construction costs could add approximately R800 to the monthly boarding facility operational cost. Such a cost would be payable by households until such a time that all capital costs have been recuperated or repaid.
- Operational costs:
    - Operational costs include amenities (e.g., electricity and water), food, maintenance, salary of employees and operating managers, etc.
    - Market research of comparable schools suggest that, on average, households pay approximately R4 000 per month per child for lodging in a boarding house. It is anticipated that the proposed school would need to charge a similar operational cost in order to maintain operational efficiency in line with the Department's Guidelines for the Provision of Boarding Facilities in Public Ordinary Schools.

4.8 SYNTHESIS

This chapter provided an overview of the private education market trends underlining the source market area. The following summarise the findings of the educational supply and demand in terms of the private education and the net demand modelling.

4.8.1 PRIVATE SCHOOL SUPPLY

- The primary market area comprises 1 private combined school, 1 private intermediate school, 1 private primary school and no private secondary school.
- The primary market area comprises 1 public combined school, no public intermediate school, 13 public primary schools, and 3 public secondary schools.

4.8.2 GAP ANALYSIS

Development Type	Effective Market Gap	Development Prospects
Private High School	✔	**Moderate to High**
Boarding Facility	✔	**Moderate**

The above indicates that there is a moderate to high demand for a private school, with a moderate demand for a boarding facility.

4.8.3 DEMAND SUMMARY

Demand Model

- DEMACON's Demand Modelling results illustrate that the market can sustain a private school.
- In order to model the demand for a private high school that targets Christian and Afrikaans students, a baseline and optimistic scenario was modelled. The purpose of the scenarios is to consider differences in market attendance and market capture rates.
- Given the specific target market that the proposed private high school wishes to target, the model has been calibrated to account for the number of students that could potentially be Afrikaans speaking and Christian - approximately 86% of the population in the primary market area are Christian and Afrikaans speaking.
- The model has been calibrated to take into account the SEM profile of the primary market area (SEM 2 to 5 are considered) as well as the age groups applicable to high school attendance.

Demand Modelling - Baseline Scenario

- The baseline scenario factors a market capture rate of 15-25%, considering that 25% of the school-going children in the market area would attend a private school.
- Under the baseline scenario, potential exists for the development of a facility catering to approximately 300-350 high school pupils over the short term to medium term, increasing to ±400 pupils over the long term.

Demand Modelling – Optimistic Scenario

- The optimistic scenario also factors a private school attendance of 30% with a market capture rate of 15-25%.
- Under the optimistic scenario, potential exists for the development of a facility catering to approximately 400-450 high school pupils over the short term to medium, increasing to ±500 pupils over the long term.

Recommendations – Private Afrikaans Christian High School

- The optimum point of market entry is estimated to be 2025+.
- It can be concluded that there is a demand for a private school, as previously eluded in the survey results (81% of the 70% of respondents that do have children in high school or have children going to high school in the near future would consider enrolling / transferring their child / children to a private school in Hartenbos, specifically Hartland).
- In the survey analysis, it is apparent that majority of respondents are willing to pay a monthly tuition fee of between R2 000 – R4 000 for a private school (excluding a boarding facility).
- It is suggested that reputable market operator is secured for the operation of the proposed private high school.

Recommendations – Boarding Facility

- Once the proposed private school gains traction and is well established, a boarding facility could be considered.
- A boarding facility represents a fixed asset that, if maintained, will appreciate in value over time. The cost-effectiveness of a boarding facility, however, depends on the school reaching maturity and generating sufficient interest to fill the majority of boarding opportunities available.
- In the survey analysis it is apparent that approximately 43% of respondents would consider putting their child in a boarding facility if their child is in high school. Therefore, in terms of the survey, there is a moderate demand for a boarding facility to form part of the development of a private high school.
- Considering the preceding, the survey results indicate that 33% of respondents are willing to pay between R2 000 – R3 000 per month for a boarding facility. However, approximately 22% of respondents are willing to pay between R6 000 – R7 000 per month for a boarding facility, indicating a possible higher-income market that could be tapped into.

6

CONCLUSIONS AND RECOMMENDATIONS

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 DEMOGRAPHIC OVERVIEW

PRIMARY MARKET SUMMARY (delineated by an approximated 20-minute drive time isochrone)

- Approximately **969 577 people / 374 440 households** reside in the primary market area.
- The average annual growth rate of **population** is **2.66%** per annum, while the average annual growth rate of **households** is **4.30%** per annum.
- The profile shows a proportionally large contribution of the population aged 0-19 years (31.5%) indicating a large portion of children of the appropriate age to go to school. Further to this, approximately 7.7% of the population are of high-school age (ages 15-19).
- The racial profile of the primary market area shows that the largest proportion of the population are Black African (76.2%), followed by the White (22.1%) racial group.
- Approximately 70.1% of the population of the primary market area are economically active. Of the economically active population, **75.1%** are **employed** and **24.9%** are **unemployed**. The primary market area is characterised by fairly low unemployment levels, reflecting low dependency ratios.
- The primary dwelling type for households in the primary market area are **formal dwellings (76.2%).** The largest segment of formal dwellings are free standing houses on single erven (57.8%).
- Of households in the primary market area, 29.9% own the dwelling/property in which they reside and have fully paid the bond registered to the property with a further 18.5% of households in the process of paying off their bond.
- A large segment of households (31.6%) rent their current dwelling, whilst 19.9% occupy their current dwelling rent-free.
- The weighted average annual household income for the resident population for 2023 amounts to **R218 091 per annum**, which amounts to **R18 174 per month** for all SEM groups.
- For SEM groups 2 and higher, the average income is **R514 071 per annum**, which amounts to **R42 839 per month**.
- Approximately **53.3%** of the primary market area's households are classified within the **SEM Supergroup 1,** being the largest portion of the population. Approximately 46.7% of the households in the primary market area are classified within the SEM 2+ Supergroups.

5.2 SCHOOL SUPPLY

This section provided an overview of the education market supply in the market area. The following summarise the findings of the education supply:

- The primary market area comprises 1 private combined school, 1 private intermediate school, 1 private primary school and no private secondary school.
- The primary market area comprises 1 public combined school, no public intermediate school, 13 public primary schools, and 3 public secondary schools.

5.3 MARKET DEMAND SUMMARY

This chapter provided an overview of the private education market trends underlining the source market area. The following summarises the findings of the private high school demand in terms of the net demand modelling:

Demand Model

- DEMACON's Demand Modelling results illustrate that the market can sustain a private school.
- In order to model the demand for a private high school that targets Christian and Afrikaans students, a baseline and optimistic scenario was modelled. The purpose of the scenarios is to consider differences in market attendance and market capture rates.
- Given the specific target market that the proposed private high school wishes to target, the model has been calibrated to account for the number of students that could potentially be Afrikaans speaking and Christian - approximately 86% of the population in the primary market area are Christian and Afrikaans speaking.
- The model has been calibrated to take into account the SEM profile of the primary market area (SEM 2 to 5 are considered) as well as the age groups applicable to high school attendance.

Demand Modelling - Baseline Scenario

- The baseline scenario factors a market capture rate of 15-25%, considering that 25% of the school-going children in the market area would attend a private school.

- Under the baseline scenario, potential exists for the development of a facility catering to approximately 300-350 high school pupils over the short term to medium term, increasing to ±400 pupils over the long term.

Demand Modelling – Optimistic Scenario

- The optimistic scenario also factors a private school attendance of 30% with a market capture rate of 15-25%.
- Under the optimistic scenario, potential exists for the development of a facility catering to approximately 400-450 high school pupils over the short term to medium, increasing to ±500 pupils over the long term.

Recommendations – Private Afrikaans Christian High School

- The optimum point of market entry is estimated to be 2025+.
- It can be concluded that there is a demand for a private school, as previously eluded in the survey results (81% of the 70% of respondents that do have children in high school or have children going to high school in the near future would consider enrolling / transferring their child / children to a private school in Hartenbos, specifically Hartland).
- In the survey analysis, it is apparent that majority of respondents are willing to pay a monthly tuition fee of between R2 000 – R4 000 for a private school (excluding a boarding facility).
- It is suggested that reputable market operator is secured for the operation of the proposed private high school.

Recommendations – Boarding Facility

- Once the proposed private school gains traction and is well established, a boarding facility could be considered.
- A boarding facility represents a fixed asset that, if maintained, will appreciate in value over time. The cost-effectiveness of a boarding facility, however, depends on the school reaching maturity and generating sufficient interest to fill the majority of boarding opportunities available.
- In the survey analysis it is apparent that approximately 43% of respondents would consider putting their child in a boarding facility if their child is in high school. Therefore, in terms of the survey, there is a moderate demand for a boarding facility to form part of the development of a private high school.
- Considering the preceding, the survey results indicate that 33% of respondents are willing to pay between R2 000 – R3 000 per month for a boarding facility. However, approximately 22% of respondents are willing to pay between R6 000 – R7 000 per month for a boarding facility, indicating a possible higher-income market that could be tapped into.

5.4 GAP ANALYSIS

Development Type	Effective Market Gap	Development Prospects
Private High School	✓	**Moderate to High**
Boarding Facility	✓	**Moderate**

The above indicates that there is a moderate to high demand for a private school in the primary market area, with a moderate demand for a boarding facility.

Market Gap	Yes
Development Prospects	Moderate to High for a private high school Moderate for a boarding facility
Demand Modelling Results	Baseline Scenario – 300 – 350 high school students Optimistic Scenario – 400 – 450 high school students
Optimum Point of Market Entry	2025+