SHRA

March 2020

AFFORDABLE RENTAL HOUSING IN THE NORTH WEST PROVINCE

MARKET ASSESSMENT AND DEMAND STUDY

REPORT

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EXECUTIVE OVERVIEW

PROJECT BRIEF

DEMACON Market Studies were commissioned by the Social Housing Regulatory Authority (SHRA), in conjunction with the North West Department of Human Settlements (NWHS), to conduct an assessment and demand study in regard to social housing in the North West Province. More specifically, the assessment and demand study focuses on restructuring zones in the province, primarily distributed throughout the four districts of the province.

The market assessment and demand study thus seeks to inform key decisions that relate to the current and future direction of the social housing programme implemented by SHRA and the Province in defined markets areas. Thus broadly, DEMACON:

(1) Undertook a thorough market assessment of the identified regions – North West Province and its districts focusing on demarcated Restructuring Zones (RZ's) and catchments,

(2) Undertook a demand study for housing in the province with the objective to answer the question – what the demand is for social housing, and

(3) Compiled reports with recommendations.

It should be noted that the study functions as an informative baseline of the expected current and future sustainable demand for social housing in the North West Province. SHRA as the regulator and decision maker therefore uses this study as an information baseline to determine the potential and capability o f projects proposed in the Province. The study is also used to inform decision making regarding future focus and investment areas

SCOPE OF WORK AND METHODOLOGY

Project Inception
- Inception and briefing
- Internal team meeting and project planning
- Collection of relevant base data and documents

Macro and Micro Market Analysis
- Locational and contextual analysis of the market areas and GIS mapping
- Local economic profiling and trend analysis and GIS mapping
- Demographic indicators including household income and rental affordability

Supply Analysis
- Completion of supply and rental market analysis
- Social housing sector analysis

Market Potential / Demand Assessment
- Completion of market potential / demand modelling and interpretations

Conclusions and Recommendations
- Report finalisation by means of market-based and detailed conclusions
- Final meeting / presentation with client

STUDY AREA DEMARCATION AND RESTRUCTURING ZONES

STUDY AREA

The overarching study area for the market study consists of the North West Province. The Province consists of four district authorities that include:

- The Bojanala District Municipality
- The Dr Kenneth Kaunda District Municipality
- The Dr Ruth Segomotse Mompati District Municipality and
- The Ngaka Modiri Molema District Municipality

RESTRUCTURING ZONES

7
Under Assessment

- Boschoek Cluster
- Boipatong Cluster
- Rustenburg Cluster
- Flamwood
- Ellaton
- Miederpark
- Dassierand

8
Under Assessment

- Mahikeng
- Lichtenburg
- Pilansberg
- Platinum Heights
- Sunway Village
- Brits CBD
- Letlhabile
- Taung

6
Not Submitted

- Vryburg
- Schweizer-Reneke
- Wolmaransstad
- Makwassie
- Ventersdorp
- Zeerust

The primary focus of the market assessment and demand study is focused on restructuring zones in the North West Province. Within the North West Province, 21 RZ's are identified. Presently 7 of the 21 restructuring zones have been approved by the Minister, whilst 8 RZ's are under assessment and 6 RZ's have not yet been submitted for review.

Currently, 8 RZ's are present in the Bojanala District (3 approved), whilst 7 are present in the Dr Kenneth Kaunda District (4 approved). Three RZ's are present in the Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati Districts respectively (none approved).

MARKET AREA DELINEATION

For the purposes of extracting, analysing and reviewing socio-economic data, indicators and trends, market areas for each RZ is delineated. A market area serves the function of identifying potential target markets based on their geographic relationship with a proposed service or function. The market area also allows for the extraction of relevant socio-economic data that define consumers in the market area in order to isolate a target market.

Based on the preceding, market areas are delineated by making use of a 10- to 15-minute drive time isochrone. The drive time is based on the location of the existing or proposed RZ.

STRATEGIC AND SPATIAL DEVELOPMENT PERSPECTIVES

NORTH WEST PROVINCIAL SPATIAL DEVELOPMENT FRAMEWORK

IMPLICATIONS

For social housing, the implication of the NWSDF is that, a strong focus resides on the primary, secondary, tertiary and fourth order nodes of the province, coupled with strong development corridors.

The drive towards developmental focus in the primary nodes, coupled with strong urbanisation trends would place significant strain and focus on primary urban localities to supply residential opportunities to new and/or prospective residents.

Social housing thus becomes an important tool in achieving the supply of residential options whereby, affordable rental options may be limited due to the depressed nature of the provincial and local economy, as well as the faltering nature of the mining industry.

Inclusive and restructured towns and settlements is a key focus for the provincial SDF. By this means, social housing functions as another tool which can assist in the restructuring of urban areas by means of inclusionary housing options in well located land parcels close to employment opportunities, economic centres and social facilities.

Although demand for affordable housing options may exist in the province, the struggling economy may pose a risk to the sustainability of social housing projects, specifically because labour absorption may be limited.

NORTH WEST HUMAN SETTLEMENT MASTER SPATIAL PLAN

IMPLICATIONS

Municipal Priority for Catalytic Projects

These municipalities are prioritised for implementation of catalytic projects/ targeted investment and include: Rustenburg, Moses Kotane, Ventersdorp/Tlokwe, Mamusa, Ditsobotla, Tswaing, Ratlou, Ramotshere Moiloa, Greater Taung, Lekwa-Teemane, City of Matlosana, Kgetlengrivier, Madibeng, Maquassi Hill and Mahikeng.

Nodal Priority

At provincial scale investment in North West Province will be directed towards areas that optimise existing capacity in urban and rural settlements as defined in the North West SDF. This includes urban and rural nodes identified in the provincial SDF which represents areas with relative high potential for economic growth; areas which have a relatively high housing backlog and/ or population growth rate; and/ or areas which are strategically located as central places to remote rural areas or along provincial corridors.
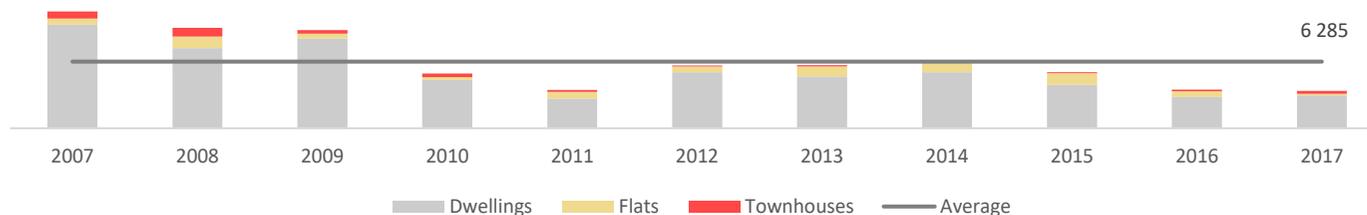
Local Area Priority

Priority areas identified by considering local spatial development frameworks as an indicator and guidepost to suitable housing development locations. In essence, priority housing development areas (PHDA) are to be identified and include: strategic development areas; expansion areas; infill areas; incremental upgrading areas; development corridors; activity nodes/areas; integration zones; urban renewal areas; and restructuring zones.

PHDA represent the most optimal locations within which subsidised housing projects should be located. These areas focus on infill and densification before considering greenfield expansion options may exist in the province, the struggling economy may pose a risk to the sustainability of social housing projects, specifically because labour absorption may be limited.

BUILING STATISTICS

Building Statistics is a publication by Statistics South Africa that outlines the results of a monthly survey of metropolitan and large local municipalities and the building plans that have been passed and buildings that have been completed. The purpose of this release is to provide an indication of the state of the economy and to assist in the formulation of economic policy. The results assist with the calculation of Gross Domestic Product and is also a useful tool used by the private sector. Thus, this data is reviewed as part of this study to provide understanding of the scope and context of development activities in the North West Province and the historical trends of development. The section reviews the total historic trends of buildings (residential and non-residential) completed in the North West Province.

RESIDENTIAL BUILDINGS COMPLETED

The preceding data shows that since 2007 the North West Province experienced a steady deceleration in the total number of residential units completed. On average, the province completes approximately 6 285 residential buildings, the majority of which (5 339) are free standing dwellings. On average, more dwelling units are completed in the Bojanala District (2 022 units) than in the remainder of the province.

The Dr Ruth Segomotsi Mompati District completes on average approximately 1 506 dwellings. On average 663 and 284 units are completed for flats/apartments and townhouses in the province respectively. The development of flats/apartments are primarily isolated in the Dr Kenneth Kaunda District, whilst townhouses are isolated in the Bojanala District.

NON-RESIDENTIAL BUILDINGS COMPLETED

The preceding data shows that between 2008 and 2011 the North West Province experienced a deceleration in the total non-residential space developed. Since 2011 the development of non-residential space increased and plateaued in 2015, after which development once again decelerated. On average, the province completes 92 570 m² of non-residential space. The continuous development of non-residential space can largely be attributed to the development of retail and shopping space, which

on average represents 61 614 m² of space per year. Between 2007 and 2017 shopping and retail space has largely been developed in the Dr Kenneth Kaunda and Bojanala Districts (33 396 m² and 24 839 m² on average yearly respectively). The development of industrial and warehousing space represents, on average, 17 922 m² of non-residential space developed per year. The development of industrial and warehousing space is primarily concentrated in the Bojanala and Kenneth Kaunda Districts, accounting for 16 838 m² of industrial and warehousing space per year. The development of office and banking space represents approximately 12 834 m² of space per year. Office and banking space almost exclusively are developed in the Bojanala and Dr Kenneth Kaunda Districts contributing 10 680 m² of office and banking space to the province each year.

SUPPORTIVE FACILITIES SUPPLY

RELEVANCE

The National Housing Code (2009) stipulates under the guiding principles for Government's social housing policy amongst others that:

- Social housing must promote urban restructuring through the social, physical, and economic integration of housing development into existing areas, and
- Social housing must foster the creation of quality living environments for low-income persons.

These guiding principles outline that social housing should occur in well located geographical areas and should create quality living environments. Under these principles, social facilities and amenities are important considerations as a primary objective of social housing in order to create liveable environments that have sufficient access to, amongst others, social amenities and facilities.

Thus, to consider the extent to which access to social facilities are relevant in the context of existing restructuring zones, the following section investigates the supply of social facilities within and adjacent to RZ's. The information provides a contextual basis in regard to accessibility and geographical relevance of RZ's in the North West Province. Social facilities considered includes: retail facilities, educational facilities, and social facilities.
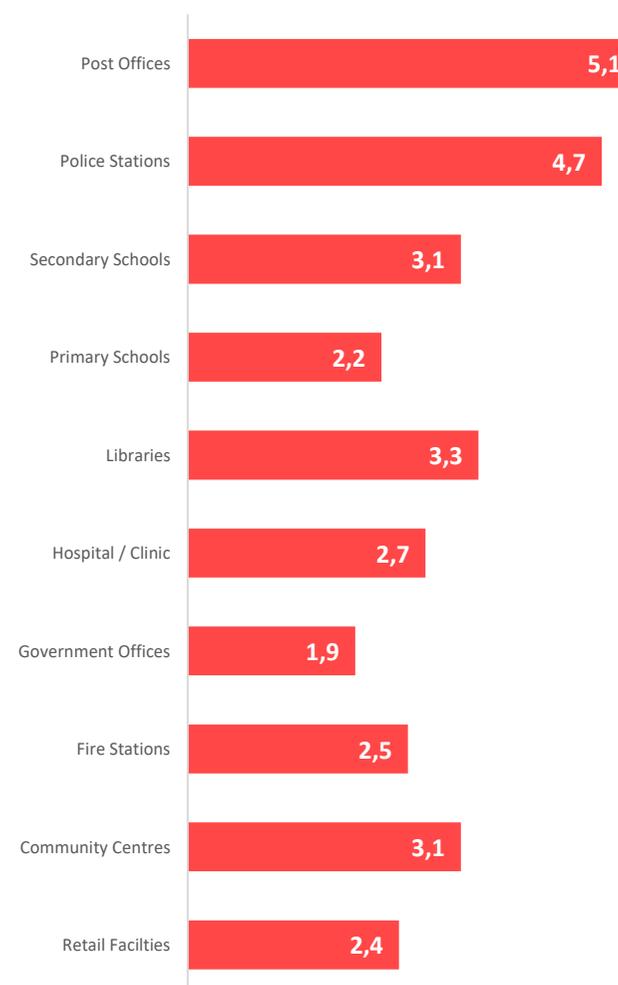
The review of social facility accessibility is based on the proximity of RZ's to various types of services. The analysis thus focuses on determining the average distance that facilities are located from a RZ so that ease of access can be determined.

OUTCOMES

The data shows that a RZ typically either has a supportive facility within its designated geographic area or is within 1 to 3 kilometers (walking distance) from a facility.

Seldomly it is found that a RZ does not have a supportive facility within its geographic designated area. Typically facilities such as hospitals/clinics, libraries and community centres are not found in RZ's, especially decentralised RZ's

AVERAGE DISTANCE (KILOMETERS)

Facility	Distance
Post Offices	5,1
Police Stations	4,7
Secondary Schools	3,1
Primary Schools	2,2
Libraries	3,3
Hospital / Clinic	2,7
Government Offices	1,9
Fire Stations	2,5
Community Centres	3,1
Retail Facilties	2,4

LOCATION ASSESSMENT

To fully assist in decision making and determining the market potential and options for the RZ's in the North West Province, location assessments are completed. The location assessment seeks to provide a description of the location of the RZ's and also an assessment of the applicability of a location based on location evaluation models.

The DEMACON © Site Evaluation Model for social housing firstly evaluates a site based on a 5-point scale, with five being the highest. Secondly, weights are attached to each factor, in order of importance (1 to 5, with 5 being the most important). A rating for each assessment factor is determine from where an overall site rating is calculated. The site rating is then interpreted based on a scale which provides insight into the fundamentals of the proposed site and its rating.

INTERPRETATION OF THE LOCATION ASSESSMENT SCORE

< 60 Site rating is insufficient and is not recommended for consideration

60 to 70 Site rating is enough, but some critical factors may be lacking but could possibly be addressed
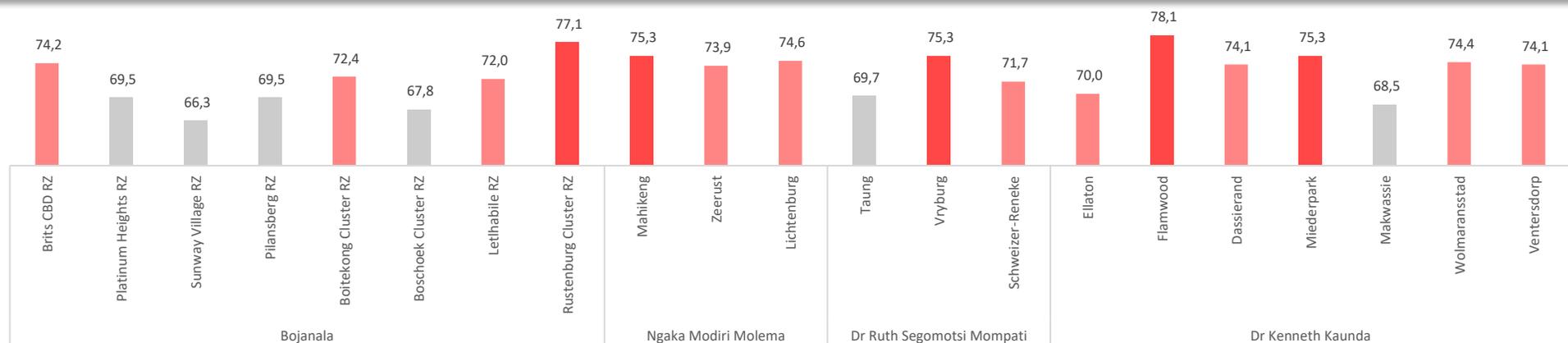
70 to 80 Site rating is high and indicates that the most important fundamentals for successful development are in place

> 80 Site rating is exceptional

INTERPRETATION OF THE LOCATION ASSESSMENT SCORE

The location assessments indicate that the majority of RZ's are well positioned to access existing social amenities and facilities. In the majority of cases, economic growth and labour absorption maintain steady low to moderate and moderate growth, which, if maintained or accelerated could enhance the sustainability of social housing projects

SUMMARY OF THE LOCATION ASSESSMENT OUTCOMES

Location	Score
Brits CBD RZ	74,2
Platinum Heights RZ	69,5
Sunway Village RZ	66,3
Pilansberg RZ	69,5
Boitekong Cluster RZ	72,4
Boschoek Cluster RZ	67,8
Letlhabile RZ	72,0
Rustenburg Cluster RZ	77,1
Mahikeng	75,3
Zeerust	73,9
Lichtenburg	74,6
Taung	69,7
Vryburg	75,3
Schweizer-Reneke	71,7
Ellaton	70,0
Flamwood	78,1
Dassierand	74,1
Miederpark	75,3
Makwassie	68,5
Wolmaransstad	74,4
Ventersdorp	74,1

Bojanala — Ngaka Modiri Molema — Dr Ruth Segomotsi Mompati — Dr Kenneth Kaunda

ECONOMIC PROFILING AND OVERVIEW

The purpose of Chapter 4 is to outline the salient features of the market area economy (reference is made to the North West Province and District Authorities) in terms of selected time series economic indicators, most notably the economic profile and growth trends within the economy.

MACRO-ECONOMY SIZE

South Africa
National Economy

R4 341.3 billion

North West
Provincial Economy

R278.4 billion

DISTRICT-ECONOMY SIZE

Bojanala
District Economy

R162.0 billion

Ngaka Modiri Molema
District Economy

R41.7 billion

Ruth Segomotsi Mompati
District Economy

R16.8 billion

Dr Kenneth Kaunda
District Economy

R57.9 billion

MACRO-ECONOMY CONTRIBUTION

6,4% contribution to the Provincial Economy

DISTRICT-ECONOMY CONTRIBUTION

58,2% contribution to the District Economy

15,0% contribution to the District Economy

6,0% contribution to the District Economy

20,8% contribution to the District Economy
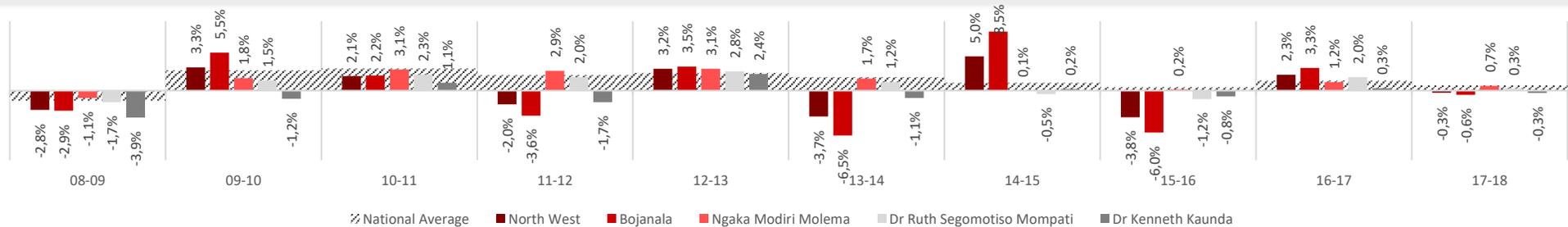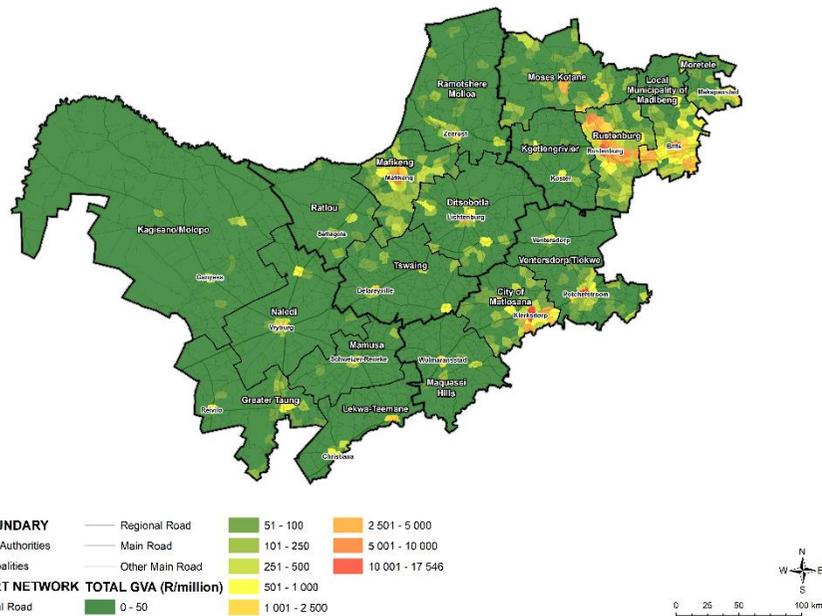
ECONOMY GROWTH – 10 YEAR HORIZON

1,5%

0,3%

■ Growth Rate

ECONOMY GROWTH – 10 YEAR HORIZON

0,2% 1,4% 0,9% 1,5%

-0,5%

■ National Average ■ Growth Rate
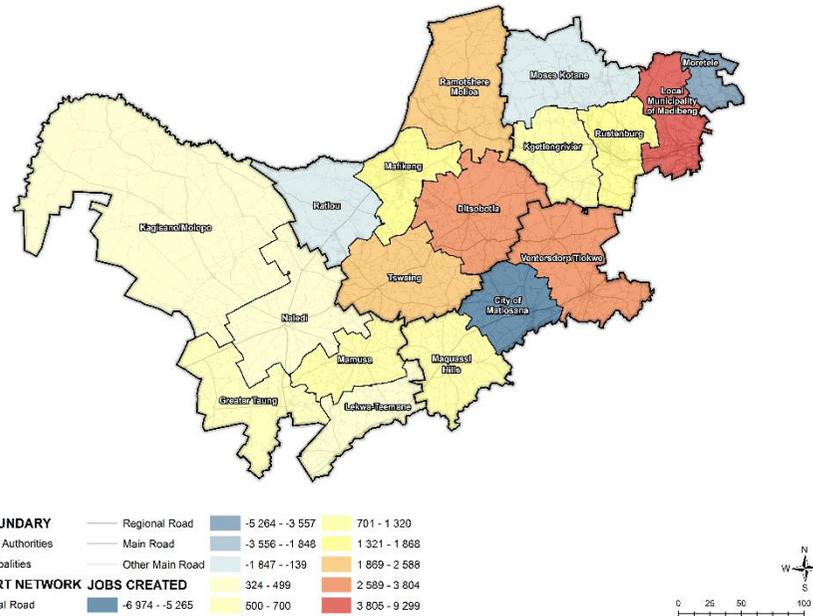
HISTORIC PROVINCIAL AND LOCAL ECONOMY GROWTH TREND

■ National Average ■ North West ■ Bojanala ■ Ngaka Modiri Molema ■ Dr Ruth Segomotiso Mompati ■ Dr Kenneth Kaunda

ECONOMIC PROFILING AND OVERVIEW

DISTRIBUTION OF ECONOMIC ACTIVITY

DISTRIBUTION OF JOB CREATION

The data indicates that the North West Province economy is highly dependent on the output of the mining sector as a driver of economic growth and labour absorption. It is noted that in the highly mining orientated district of the province, i.e. Bojanala and Dr Kenneth Kaunda, the mining sector has been depressed and has caused major shifts in the rate of economic growth and labour absorption. The City of Matlosana for instance shed more than 7 000 jobs as a result of the mining industry downturn, whilst areas such as Rustenburg and Madibeng have been supported by growth in tertiary and secondary economic sectors. Although the province has shown growth in job creation, and by extension labour absorption, the rate of employment growth is slow (mirrored by slow economic growth). The slow growth of economic opportunities hampers the rate at which local economies can support new development. The rate of urbanisation in the province, coupled with strong subsidised housing demand influences the sustainability of projects as self-sustaining and private sector investment generators.
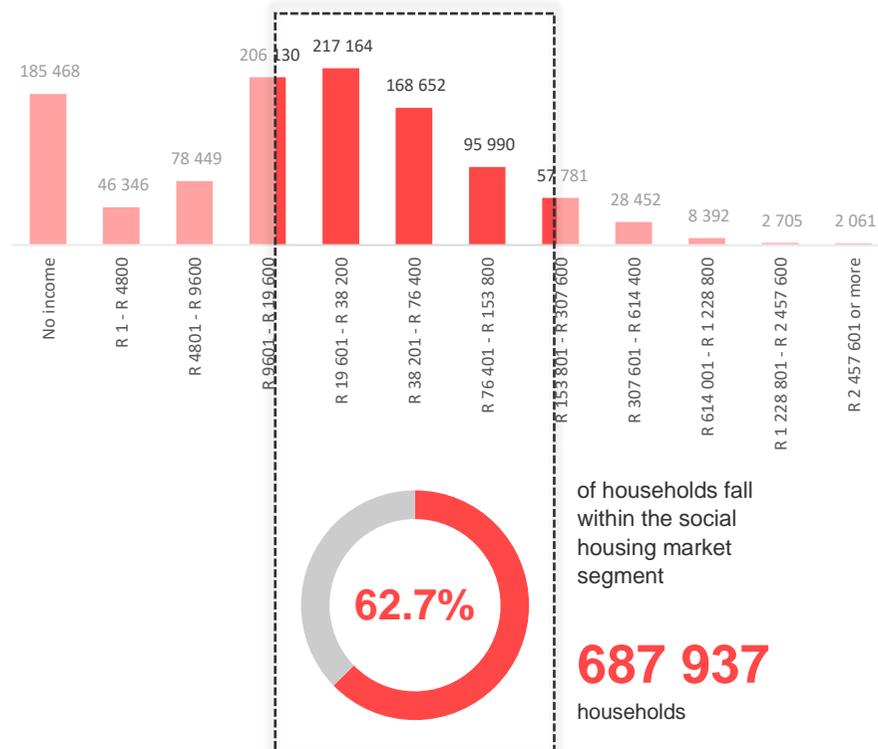
The most recent economic status of the country shows that the macro-economy of the country is in a recession and that the effects of the recession will be compounded by the Covid-19 pandemic as well as the 21-day lockdown of the country in an effort to stay the effects of the virus. The negative growth of the economy as well as the possible closure business due to the effects of the country's lockdown could mean that many people could become unemployed and so being will move from within the target market of social housing. A smaller and more depressed target market could mean that sustainability of social housing projects could become more difficult. The capability of target market households still employed to pay monthly rental rates can also become problematic in the sense that households could undergo depressed household income growth meaning that a household could have significantly less money to spend on rent and other necessities.

SOCIO-ECONOMIC ANALYSIS

The following section focusses on providing a concise overview of the analysis of the demographic component of the North West Province and its district authorities. The purpose is to highlight key indicators and current trends in the province and district authorities. The demographic analysis undertaken by the section also informs demand modelling

DEFINING THE TARGET MARKET

Social housing has a distinct target market because social housing focuses on a segment of the residential market that can support the payment of rental rates. According to SHRA, social housing's definition in the context of the South African rental housing sector is: "Rental units aimed at households with incomes of between R1,500 and R15,000 per month". Thus, social housing targets households with monthly incomes ranging from R1 500 to R15 000. In effect, the target market for this project is focused on households that fall within this income band. The following diagram provides a broad indication of the total number of households within the North West Province that form part of the core target market of social housing.
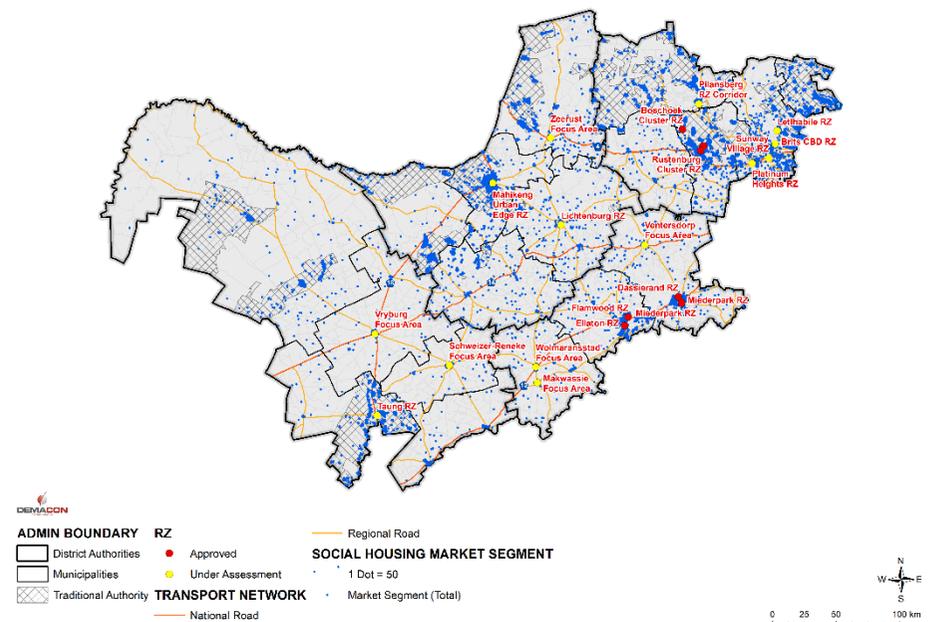

62.7%

of households fall within the social housing market segment

687 937

households

TARGET MARKET VERSUS MARKET AREA

The target market allows for:

- segmentation of the broader student market per key defining demographic attributes and
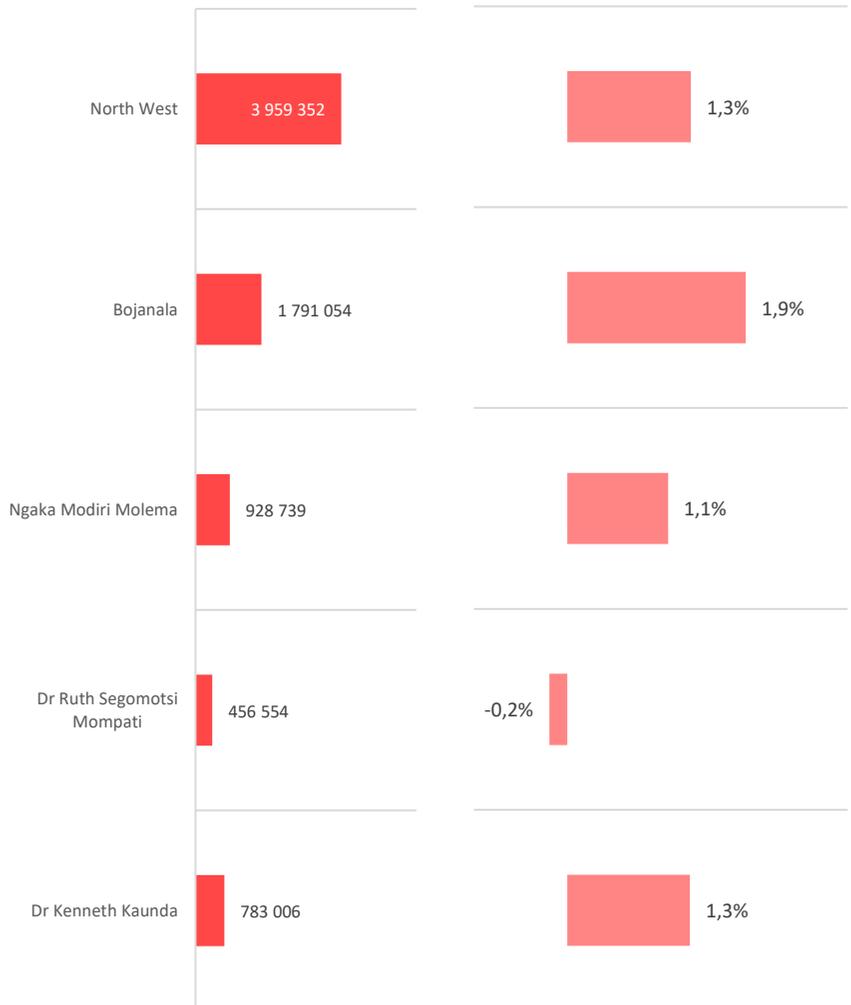- defining trends and indicators that can support demand modelling of the target market.

The market area allows for:

- definition of a geographic area of interest in the form of primary, secondary or tertiary market areas
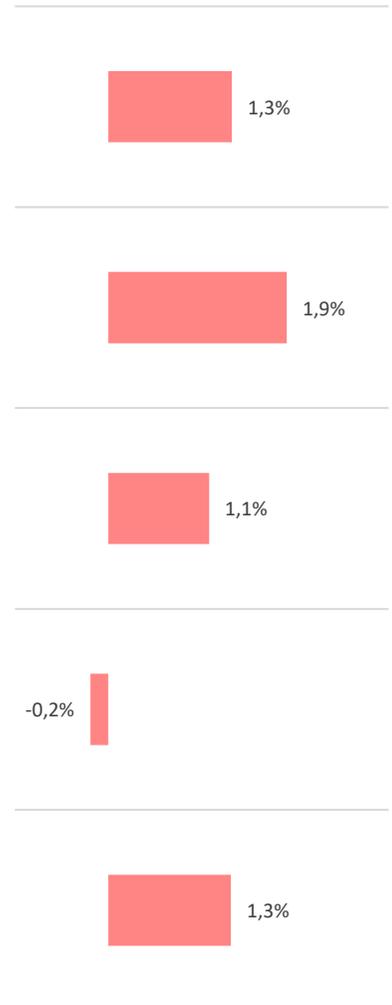
SOCIO-ECONOMIC ANALYSIS

TOTAL POPULATION

North West	3 959 352
Bojanala	1 791 054
Ngaka Modiri Molema	928 739
Dr Ruth Segomotsi Mompati	456 554
Dr Kenneth Kaunda	783 006

POPULATION GROWTH RATE

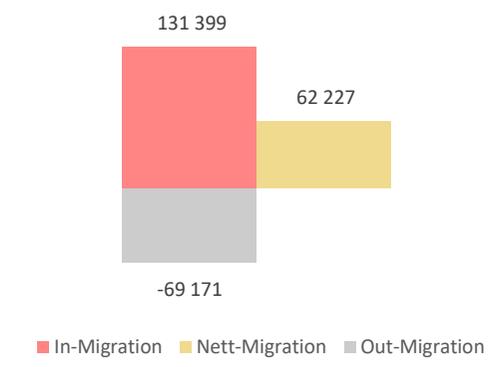|	
North West	1,3%
Bojanala	1,9%
Ngaka Modiri Molema	1,1%
Dr Ruth Segomotsi Mompati	-0,2%
Dr Kenneth Kaunda	1,3%

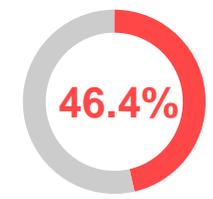## MIGRATION PROFILE

% In-Migrated

3,5%

Data indicates that 3.5% of the population migrated to the province since 2011.
Net-migration data shows that the province has experienced an influx of population
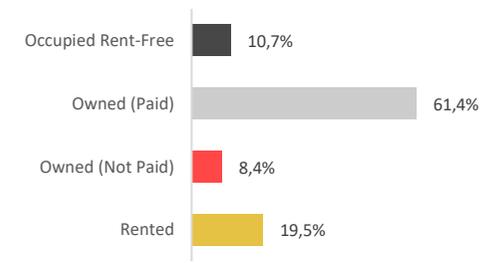
Net-Migration

131 399

62 227

-69 171

- In-Migration
- Nett-Migration
- Out-Migration

URBANISATION

46.4%

Data indicates that 3.5% of the population have urbanised.
Approximately 5.0% of population remain in farming areas compared to 48.5% of population that reside in a traditional authority
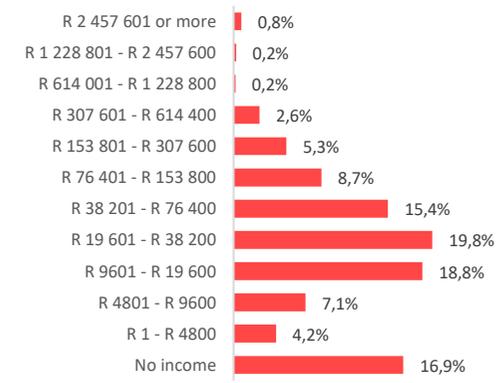
TENURE STATUS

Occupied Rent-Free	10,7%
Owned (Paid)	61,4%
Owned (Not Paid)	8,4%
Rented	19,5%

TENURE STATUS

R87 660

per year in the

North West

Province

Only the Bojanala and Dr Kenneth Kaunda DM have household incomes greater than the provincial average

R 2 457 601 or more	0,8%
R 1 228 801 - R 2 457 600	0,2%
R 614 001 - R 1 228 800	0,2%
R 307 601 - R 614 400	2,6%
R 153 801 - R 307 600	5,3%
R 76 401 - R 153 800	8,7%
R 38 201 - R 76 400	15,4%
R 19 601 - R 38 200	19,8%
R 9601 - R 19 600	18,8%
R 4801 - R 9600	7,1%
R 1 - R 4800	4,2%
No income	16,9%

RESIDENTIAL MARKET ANALYSIS

In the North West Province there exists, at present, four conditionally accredited social housing institutions, 2 institutions with unknown status and 2 other delivery agents. There are only 7 registered restructuring zones out of 21 and these RZs are located in the Bojanala and Dr Kenneth Kaunda Districts.

Although RZ's are present in the province, only one social housing project has been completed, contributing 1 168 social housing units to the market in the province, and more specifically to the City of Matlosana.

The SHRA's social housing target for the North West Province by the end of 2019 is 2 850 units. To date only 1 168 units have been implemented, with more than 1 370 proposed to be implemented by the end of 2019. The proposed units, according to the SHRA Quarterly Report for Quarter 3 of the 2019/20 Financial Year, could potentially not be implemented due to non-compliance and slow municipal administrative processes.

By considering the preceding, the SHRA anticipated shortfall for the North West Province in terms of social housing units targeted and those anticipated to be delivered is 305 units. When considering the potential for units to not be delivered by other projects not yet undertaking construction, a shortfall of 1 682 units can be expected by the end of 2019.

Nationally, the social housing sector implemented numerous projects. It was noted by the State of the Sector Report of 2017 that SHI's preferred to implement 1 to 2 and 3 to 4 storey buildings as a measure to minimize costs and expenses. Typically, the majority of social housing units rented for between R1 050 and R2 500 and more than R2 500 per unit per month on average. It should be noted that SHI's opted that 30% of units provided be allocated to the primary market, with the remaining 70% allocated to the secondary target market.

When considering the preceding social housing rental price in the context of current market rental trends, social housing units rent well below the market asking rental rate. At a provincial scale an apartment or flat, on average, could obtain a rental price of more than R5 100, whilst townhouses could achieve rental rates of R9 280. Houses on average are rented for R15 000 per month.

The highest average market rental rates according to current rental data in the province can be found in the Bojanala District, especially in Rustenburg and Hartbeespoort. The Dr Kenneth Kaunda District is well below the Bojanala District and is largely influenced by rental apartments marketed to students in the Potchefstroom area.

Besides rentals supplied by social hosing and the broader market, it is essential to consider rentals in the informal market. Although current data is not available for the market, Community Survey data from 2016 can act as an indicator for how the market responds to informal rental activity.

According to Community Survey Data from Statistics South Africa, in 2016 and on average, more than 90% of households that rent a primary informal dwelling in the province only pay up to R500 per month for the dwelling. In contrast, more than 80% of households that rent an informal backyard dwelling pay less than R500 per month.

The data thus indicates that, on average in the province, an informal dwelling can be rented for R297 per month, whilst an informal backyard dwelling can be rented for R411 per month. The highest rental rates are found in the Bojanala and Dr Kenneth Kaunda Districts.

STATE OF SOCIAL HOUSING SECTOR REPORT – TOTAL NUMBER OF UNITS MANAGED N SOUTH AFRICA
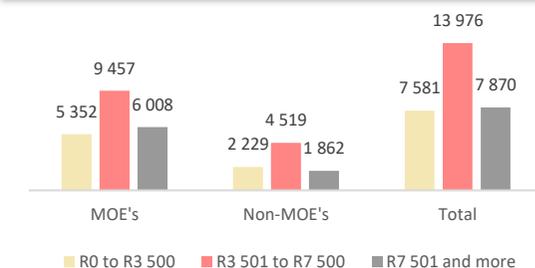
AVERAGE RENTAL PRICE OF A backyard INFORMAL DWELLING
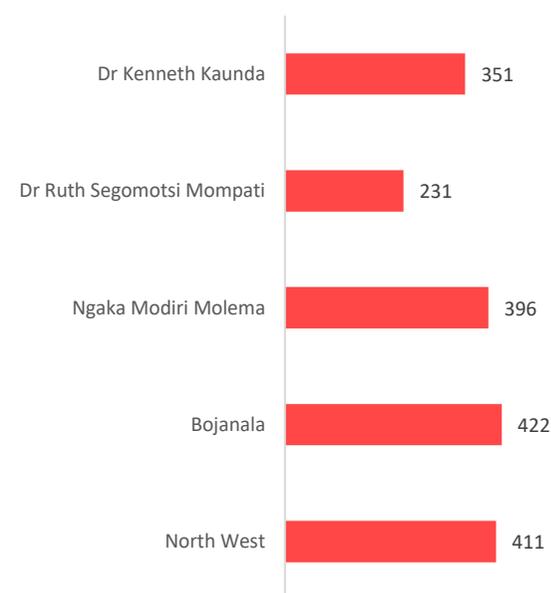
SOCIAL HOUSING MARKET DEMAND

The section focusses on the social housing residential market, with the objective of estimating the development potential within the various market areas of RZ's in the North West Province. To accomplish this, the supply and demand for residential facilities within the market segment should be identified and assed in light of current trends.

SUSTAINABLE LONG-TERM DEMAND

A multi-layered approach allows for estimating medium- to long-term sustainable demand. Sustainable demand refers to demand that may exist within the market area of a restructuring zone that would enable social housing institutions and projects to become sustainable over a medium- to long-term period, i.e capacity of a RZ market area and its associated economy to generate employment that in turn provides the target market with the capability to rent a social housing unit.

Economic factors influence the sustainability of semi-subsidised housing schemes, i.e. social housing. Social housing projects are dependent on a target market that has the ability to pay rental rates. Without income generated from rental rates, social housing projects would become financially unfeasible due to not having operational capital. It is thus important to consider the effects that economic factors such as economy size and growth trends; and labour absorption trends have on the social housing target market within a RZ market area.

In the context of the preceding, the growth of social housing market demand is calibrated by considering, not only long-term demographic growth attributes, but also considering economic growth trends and labour absorption capabilities of the local economy. The calibration ensures that demand estimations generated for social housing is sustained demand and not short-term high growth with medium- to long-term under performance.
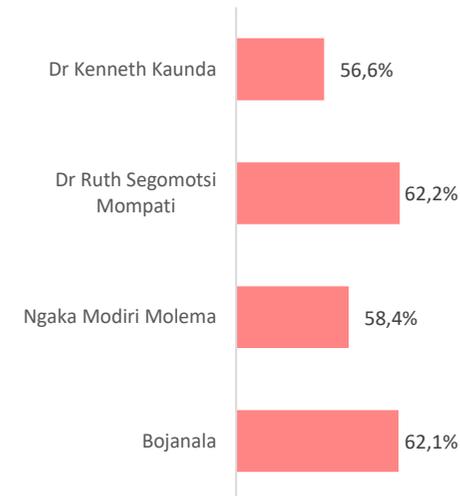
Total RZ Market Area Demand in the North West Province

Average Target Market Size per District Authority RZ Market Area
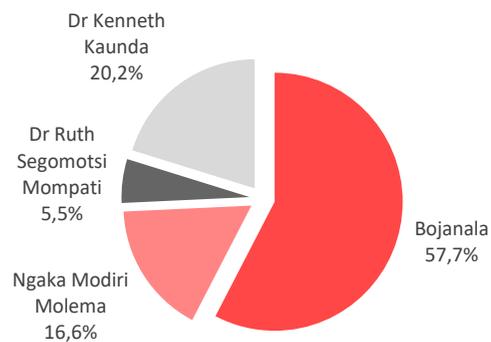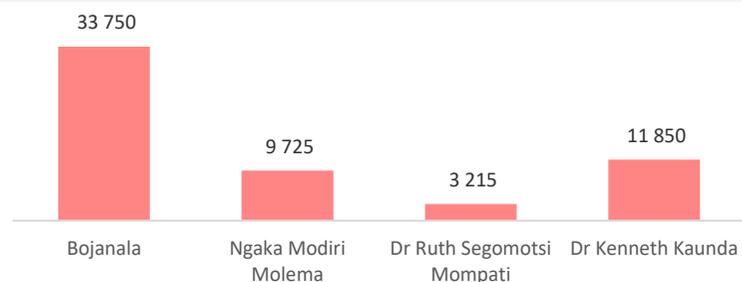
58 540

Units

Total Demand

Approximately 57.7% of demand for social housing in RZ market areas in the Province is concentrated in the Bojanala District, whilst one fifth of demand is positioned in the Dr Kenneth Kaunda District. It should be noted that although there are 7 RZ's in the Dr Kenneth Kaunda District (one less than in Bojanala), the RZ market areas are smaller than those in places such as Rustenburg, the service almost the entire urban population.

Total RZ Market Area Demand per District Authority

SOCIAL HOUSING MARKET DEMAND

BOJANALA DEMAND

Moses Kotane
- Pilansberg Corridor: 1 000

Madibeng
- Sunway Village: 300
- Platinum Heights: 5 800
- Letlhabile: 1 850
- Brits CBD: 4 400

Rustenburg
- Rustenburg Cluster: 8 900
- Boschoek Cluster: 2 000
- Boitekong Cluster: 9 500

NGAKA MODIRI MOLEMA DEMAND

Ditsobotla
- Lichtenburg: 2 850

Ramotshere Moiloa
- Zeerust: 375

Mafikeng
- Mahikeng Urban Edge: 6 500

DR RUTH SEGOMOTSI MOMPATI DEMAND

Greater Taung
- Taung: 365

Mamusa
- Schweizer-Reneke: 1 600

Naledi
- Vryburg: 1 250

DR KENNETH KAUNDA DEMAND

Maquassi Hills
- Makwassie: 250
- Wolmaransstad: 1 200

JB Marks
- Ventersdorp: 1 400
- Miederpark: 950
- Dassierand: 3 100

Matlosana
- Ellaton: 3 600
- Flamwood: 1 350
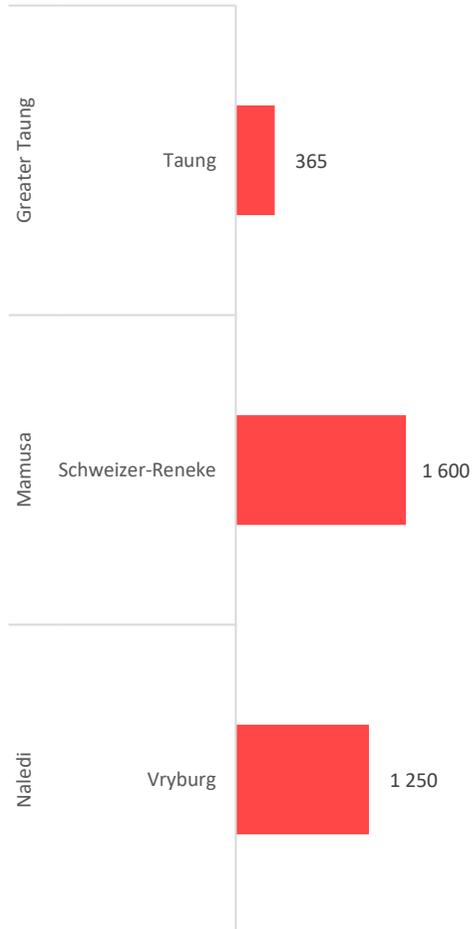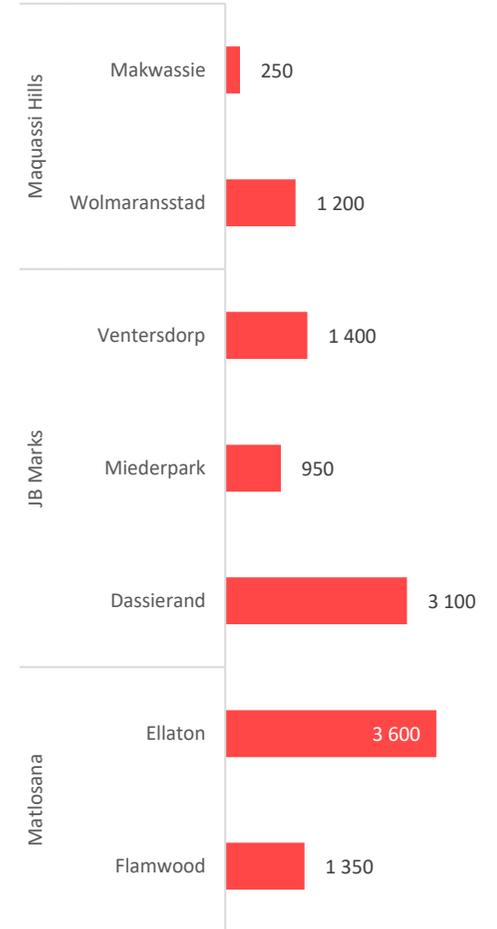
SPATIAL ANALYSIS OF DEMAND MODELLING OUTCOMES

The map provides a spatial representation of the market demand for social housing per RZ market area. The market demand quantified is represented by a point which varies in size due to the estimated size of social housing unit demand. The map shows that sizeable demand exists in RZ such as Boitekong, Rustenburg, Platinum Heights, Mahikeng, Brits CBD, Ellaton and Dassierand. The eastern, northern and southern restructuring zones have proportionally larger demand than RZ's in the western portions of the province. This is largely on account of the limited availability of target market segments and economic influential factors that limit sustainable future demand
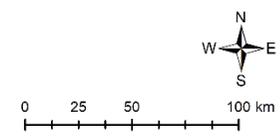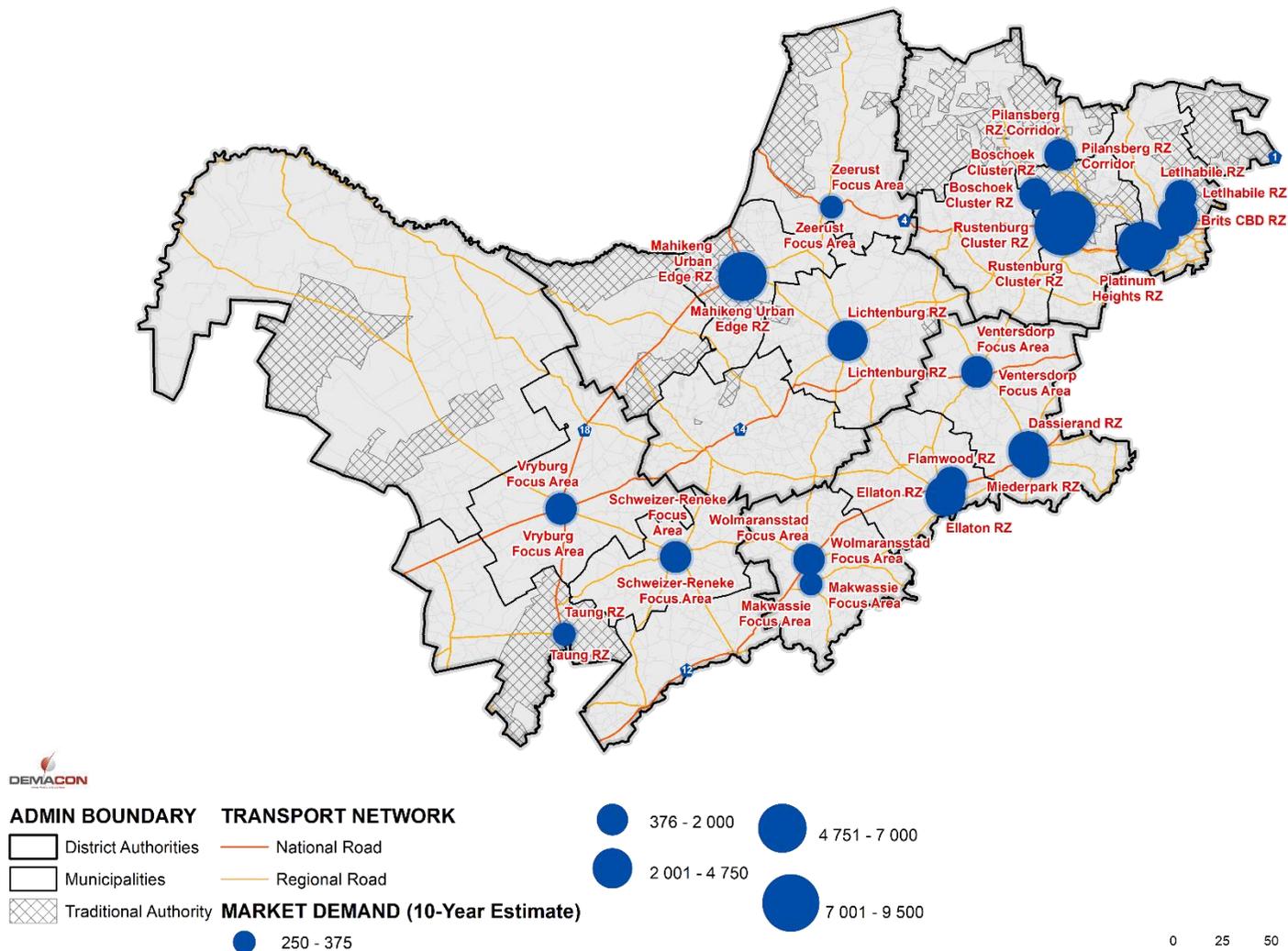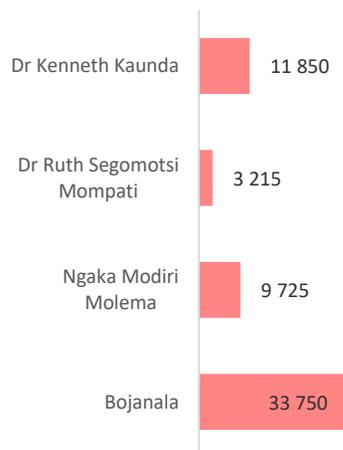
GAP ANALYSIS

The following provides an overview of the GAP analysis for each district's RZ's.

BOJANALA GAP ANALYSIS

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Rustenburg	Boitekong Cluster	9 500	72.4	Yes	Moderate to High	
Rustenburg	Boschoek Cluster	2 000	67.8	Yes	Low to Moderate	
Rustenburg	Rustenburg Cluster	8 900	77.1	Yes	High	
Madibeng	Brits CBD	4 400	74.2	Yes	Moderate to High	
Madibeng	Letlhabile	1 850	72.0	Yes	Moderate	
Madibeng	Platinum Heights	5 800	69.5	Yes	Moderate	
Madibeng	Sunway Village	300	66.3	Yes	Low to Moderate	
Moses Kotane	Pilansberg Corridor	1 000	69.5	Yes	Moderate	

In the context of the above, it is evident that there is a market for social housing in the Bojanala District. Moderate to high and high development prospects are found in the Rustenburg Cluster, Boitekong Cluster and Brits CBD RZ's. Moderate development prospects are found in the Letlhabile, Platinum Heights and Pilansberg Corridor RZ's, whilst low to moderate development prospects are found in the Boschoek Cluster and Sunway Village RZ's. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as access to employment and social facilities are also essential, especially in the case of Sunway Village and Boschoek Cluster RZ's.

GAP ANALYSIS

NGAKA MODIRI MOLEMA GAP ANALYSIS

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Mafikeng	Mahikeng Urban Edge	6 500	75.3	Yes	Moderate to High	
Ramotshere Moiloa	Zeerust	375	73.9	Yes	Moderate to High	
Ditsobotla	Lichtenburg	2 850	74.6	Yes	Moderate to High	

In the context of the above, it is evident that there is a market for social housing in the Ngaka Modiri Molema District. The RZ's of the district register moderate to high development prospects meaning that the most important fundamentals are in place for a successful development. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as the growth of the local economy and associated labour absorption should be considered.

DR RUTH SEGOMOTSI MOMPATI GAP ANALYSIS

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Naledi	Vryburg	1 250	75.3	Yes	Moderate to High	
Mamusa	Schweizer-Reneke	1 600	71.7	Yes	Moderate	
Greater Taung	Taung	365	69.7	Yes	Moderate	

In the context of the above, it is evident that there is a market for social housing in the Dr Ruth Segomotsi Mompati District. The RZ's of the district register moderate to high development prospects meaning that the most important fundamentals are in place for successful development. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as the growth of the local economy and associated labour absorption should be considered.

GAP ANALYSIS

DR KENNETH KAUNDA GAP ANALYSIS

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Matlosana	Flamwood	1 350	78.1	Yes	High	
Matlosana	Ellaton	3 600	70.0	Yes	Moderate	
JB Marks	Dassierand	3 100	74.1	Yes	Moderate to High	
JB Marks	Miederpark	950	75.3	Yes	Moderate to High	
JB Marks	Ventersdorp	1 400	74.1	Yes	Moderate to High	
Maquassi Hills	Wolmaransstad	1 200	74.4	Yes	Moderate to High	
Maquassi Hills	Makwassie	250	68.5	Yes	Moderate	

In the context of the above, it is evident that there is a market for social housing in the Dr Kenneth Kaunda District. The Flamwood RZ has a high development prospect, whilst RZ's such as Dassierand, Miederpark, Ventersdorp and Wolmaransstad have moderate to high development prospects. The remaining Ellaton and Makwassie RZ's have moderate development prospects. The data suggests that in all RZ's, except Makwassie, the most important fundaments for successful development are in place. For the Makwassie RZ, some elements are missing and should be addressed before considering implementation. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as the growth of the local economy and associated labour absorption should be considered

CONCLUSIONS

In accordance to demand potential for social housing per RZ market area, the location, spatial integration, economic and labour absorption reality and context of RZ's are essential for ensuring sustainable outcomes for future operations and public accessibility. Thus, based on the location analysis conducted for individual RZ's in the province, the following RZ's have the highest potential in regard to location analysis

TOP 10 HIGHEST POTENTIAL RESTRUCTURING ZONES BASED ON LOCATION ANALYSIS RATING

RZ	Location Analysis Rating
Flamwood	78,1
Rustenburg Cluster RZ	77,1
Mahikeng	75,3
Vryburg	75,3
Miederpark	75,3
Lichtenburg	74,6
Wolmaransstad	74,4
Brits CBD RZ	74,2
Dassierand	74,1
Ventersdorp	74,1

Source: DEMACON, 2020

The primary aim of social housing is to provide an alternative subsidised housing option for the low to middle income (primary sector up to R5 500 household income and secondary sector up to R15 000 household income), segment of households that are well-located in regard to economic and social opportunities and seek to enable restructuring of current spatial realities.

Based on the aim of social housing as well as the distribution of social housing demand and the location analysis of RZ locations, the highest potential RZ locations (as highlighted above) are best suited in regard to considerations of:

- Economic activity and employment potential - *areas representing concentrations of economic activity and/ or areas with potential for economic growth*
- Movement networks and public transport services - *areas where movement networks (motorised and/ or non-motorised) and public transport services are available/ planned in order to achieve local and regional access and accessibility*
- Availability of bulk infrastructure – *considerations of areas where bulk services are available, or the implication that the supply of bulk services will have on the implementation of projects*
- Promotion of social, economic, racial and cultural Integration – *areas which would provide the opportunity for citizens to share economic resources and social infrastructure (assets) to increase their quality of life and sustainable livelihoods*

CONCLUSIONS

The following table provides a possible range of individual unit accommodation as a generalised guideline to configuration of social housing projects based on demand and supply attributes:

POSSIBLE AVERAGE PRICING FOR RENTAL UNITS AT A DISTRICT SCALE

Target Market Median Rental Price Band	Bojanala		Ngaka Modiri Molema		Dr Ruth Segomotsi Mompati		Dr Kenneth Kaunda	
	% Distribution	Median Unit Rental	% Distribution	Median Unit Rental	% Distribution	Median Unit Rental	% Distribution	Median Unit Rental
Bachelor Apartment	17,8%	R305	29,6%	R268	31,9%	R262	26,3%	R263
1-Bedroom	28,3%	R604	31,3%	R531	34,3%	R518	30,4%	R520
2-Bedroom	34,8%	R1 186	21,4%	R1 044	20,5%	R1 018	23,8%	R1 023
3-Bedroom	19,0%	R2 393	17,7%	R2 107	13,3%	R2 055	19,6%	R2 063

Source: DEMACON, 2020

It should be noted that the information contained in the table above represents a district average and does not necessarily display RZ market area specific unit rental values.

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ABBREVIATIONS

SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
NWSDF	North West Province Spatial Development Framework
NWHSMSP	North West Huma Settlement Master Spatial Plan
IDP	Integrated Development Plan
SDF	Spatial Development Framework
NWHS	North West Department of Human Settlements
RZ	Restructuring Zone
SASQF	South African Statistical Quality Framework
LSM	Living Standard Measure
SIP	Strategic Infrastructure Projects
HDA	Housing Development Agency
MOE	Municipal Owned Entity
CRU	Community Rental Units
NHI	National Health Insurance
ASIDI	Accelerated School Infrastructure Delivery Initiative
SIBG	Schools Infrastructure Backlog Grant
IRP	Integrated Resource Plan
R&D	Research and Development
ICT	Information and Communication Technology
IDZ	Industrial Development Zone
GVA	Gross Value Added
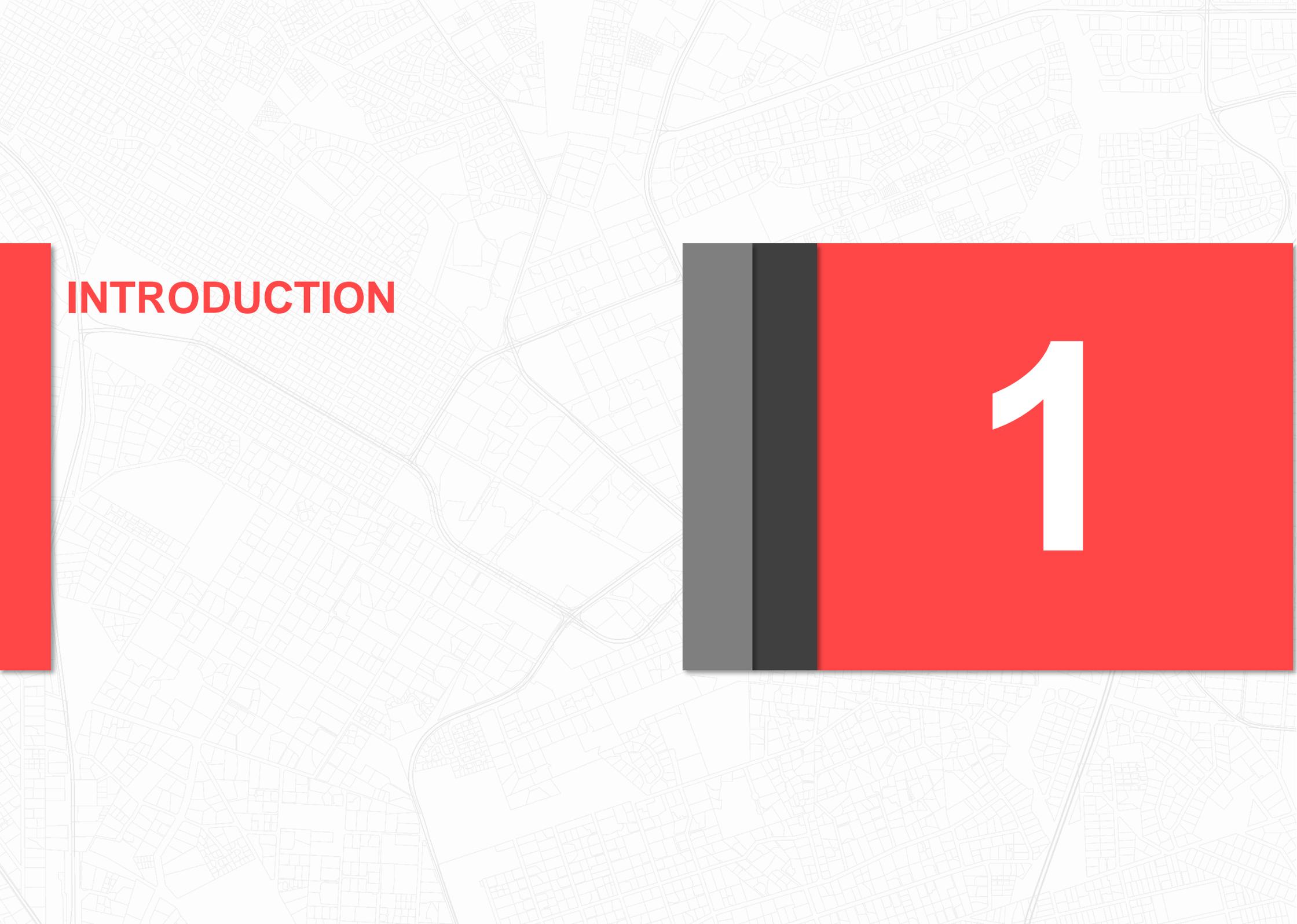
INTRODUCTION

1

1 INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Chapter One provides an introduction and concise roadmap of the market assessment and demand study for affordable rental housing in the North West Province. The market assessment and demand study specifically focuses on restructuring zones (RZ's) distributed throughout the four district municipalities of the North West Province. To understand the scope, objectives and outline of this document, Chapter 1 seeks to introduce the project brief and its intended outcomes and outline of the remainder of the report.

1.2 PROJECT BRIEF

DEMACON Market Studies were commissioned by the Social Housing Regulatory Authority (SHRA), in conjunction with the North West Department of Human Settlements (NWHS), to conduct an assessment and demand study in regard to social housing in the North West Province. More specifically, the assessment and demand study focuses on restructuring zones in the province, primarily distributed throughout the four districts of the province.

The four districts upon which the study focuses includes:

- The Bojanala District Municipality
- The Dr Kenneth Kaunda District Municipality
- The Dr Ruth Segomotse Mompati District Municipality and
- The Ngaka Modiri Molema District Municipality

The market assessment and demand study thus seek to inform key decisions that relate to the current and future direction of the social housing programme implemented by SHRA and the Province in defined markets areas. Thus broadly, DEMACON:

- Undertook a thorough market assessment of the identified regions – North West Province and its districts focusing on demarcated Restructuring Zones (RZ's) and catchments,
- Undertook a demand study for housing in the province with the objective to answer the question – what the demand is for social housing, and
- Compiled reports with recommendations.

In the context of the above, the scope of work includes:

Table 1.1: Scope of Work and Methodology

Step	Tasks
Project Inception	- Inception and briefing - Internal team meeting and project planning - Collection of relevant base data and documents
Macro and Micro Market Analysis	- Locational and contextual analysis of the market areas and GIS mapping - Local economic profiling and trend analysis and GIS mapping - Demographic indicators including household income and rental affordability
Supply Analysis	- Completion of supply and rental market analysis - Social housing sector analysis
Market Potential / Demand Assessment	Completion of market potential / demand modelling and interpretations
Conclusions and Recommendations	- Report finalisation by means of market-based and detailed conclusions - Final meeting / presentation with client

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

It should be noted that the study functions as an informative baseline of the expected current and future sustainable demand for social housing in the North West Province. SHRA as the regulator and decision maker therefore uses this study as an information baseline to determine the potential and capability of projects proposed in the Province. The study is also used to inform decision making regarding future focus and investment areas.

1.3 REPORT OUTLINE

The market assessment and demand study are structured to provide a provincial and district perspective of social housing. The reporting structure firstly focuses on providing an overview and concise review of the provincial perspective, taking due cognisance of market information for each district authority. Secondly, reporting is done on each district authority in order to provide a concise overview dealing with market demand specific to each district.

In essence, the provincial perspective report provides a collective outlook of the market assessment and demand study, whilst a complimentary breakdown of data for each district authority is provided as annexures to the report.

The following provides an outline of the reporting structure.
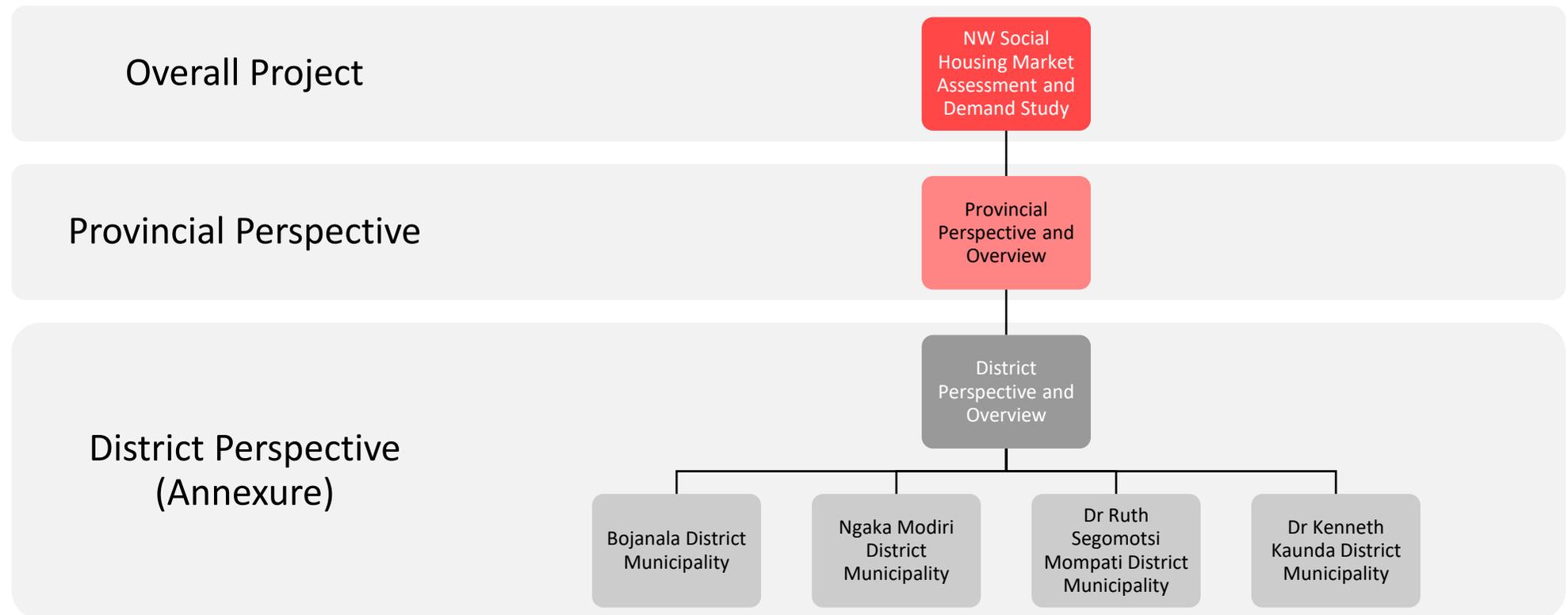
1.4 SOUTH AFRICAN STATISTICAL QUALITY ASSESSMENT FRAMEWORK (SASQAF)

DEMACON, in the context of the report, acknowledges the South African Statistical Quality Assessment Framework (SASQAF) as a guiding framework for statistical analysis by both public and private enterprises. The purpose of the framework is to provide a flexible structure for the assessment of statistical products, and can be used for:

- Self-assessment by producers of statistics
- Reviews performed by a DQAT in the context of the NSS work
- Assessment by data users (e.g. financial market participants) based on the producing agency's quality declaration
- Assessment by international agencies (e.g. the International Monetary Fund) based on the quality declaration

Data quality by the SASQF framework is defined as "fitness for use". In this context, the quality of data is based on eight dimensions. The eight dimensions are:

- Relevance – reflects the degree to which the data meet the real needs of clients. It is concerned with whether the available information sheds light on the issues of most importance to users.
- Accuracy – the degree to which the output correctly describes the phenomena it was designed to measure. Source data available provide an adequate basis to compile statistics.
- Timeliness – the delay between the reference point to which the information pertains and the date on which the information becomes available. It also addresses the periodicity and punctuality of production activities within the statistical value chain.
- Accessibility – the ease with which it can be obtained from the agency. This includes the ease with which the existence of information can be ascertained, as well as the suitability of the form or medium through which the information can be accessed.
- Interpretability – the ease with which users understand statistical information through the provision of metadata.

- Comparability and coherence – the ability to compare statistics on the same characteristic between different points in time, geographical areas or statistical domains.
- Methodological soundness – the application of international, national, or peer-agreed standards, guidelines and practices to produce statistical outputs.
- Integrity – values and related practices that maintain users' confidence in the agency producing statistics and ultimately in the statistical product.

1.4.1 DATA SOURCES

DEMACON makes use a varied number of established and qualified data sources in order to provide the most current, relevant and statistically accurate information.

The study sourced data from reputable sources such as:

- Statistics South Africa
- Quantec
- ESRI

Further information is sourced from other sources such as:

- The North West Department of Human Settlements
- Local authorities within the North West Province
- The Social Housing Regulatory Authority
- Chief Surveyor General
- ABSA
- Housing Development Agency
- Municipal Demarcation Board
- Office of the Premier for the North West Province

Statistical data collected from local authorities are used as an informative background to most recent official statistics gather from Statistics South Africa and Quantec. Therefore, local authority statistical data is used to provide background and context, whilst the most recent official statistics and data available are collected from various sources to inform the document.

PROJECT INFORMATION AND LOCATION

2

2 STUDY AREA DELINEATION AND RESTRUCTURING ZONE IDENTIFICATION

2.1 INTRODUCTION

Chapter 2 of the report seeks to delineate the study area for the market study. The purpose is to provide a spatial perspective of the study area in question, identify sub-focus areas and identify the positioning and distribution of restructuring zones throughout the North West Province.

The analysis provides a clear understanding of how restructuring zones are positioned in the province and provides an overview of how these restructuring zones interact with the broader district municipality.

The Chapter thus considers the following core themes:

Diagram 2.1: Chapter 2 Core Themes

STUDY AREA DELINEATION
Provincial overview

RESTRUCTURING ZONE
IDENTIFICATION
Identify restructuring zones

MARKET AREA DELINEATION
Market area informants

PROJECT INFORMATION AND LOCATION

2.2 STUDY AREA DELINEATION

The overarching study area for the market study consists of the North West Province. The Province consists of four district authorities that include:

- The Bojanala District Municipality
- The Dr Kenneth Kaunda District Municipality
- The Dr Ruth Segomotse Mompati District Municipality and
- The Ngaka Modiri Molema District Municipality

The districts in the Province have varying contexts, trends and developmental perspectives, especially when considering the distribution of population, economic activity and growth, market trends and directions and spatial development focus areas and directions.

In the context of South Africa, the North West Province is situated centrally in the country, bordered by the country of Botswana to the north, the Limpopo and Gauteng Provinces to the east, the Free State Province to the south and the Northern Cape Province to the west.

The province is traversed by multiple national transport corridors such as the N14 and N12 that traverse the province from east to west and connects the Gauteng Province to the Northern Cape Province. The N18 traverses in a north to south direction connecting Mahikeng to Warrenton in the Northern Cape. The N4 Highway traverses the eastern portions of the province, connecting Botswana to the Gauteng Province.

The Province is home to multiple mines, especially gold, diamond and platinum producers. Largescale mining activity is primarily located in the eastern, central and southern regions of the province, with nodes such as Rustenburg, Brits and Klerksdorp historically being the core urban nodes supporting mining activity.

The central and western regions of the Province are more rural localities largely characterised by farming communities. Traditional authorities can typically be found in the northern and western regions of the Province.

Key urban nodes for the Province includes: Mahikeng, Rustenburg, Klerksdorp, Potchefstroom and Brits.

Map 2.1: Study Area - North West Province

Legend

ADMIN BOUNDARIES **TRANSPORT NETWORK**

	North West		National Road
	District Municipality		Regional Road
	Local Municipality		
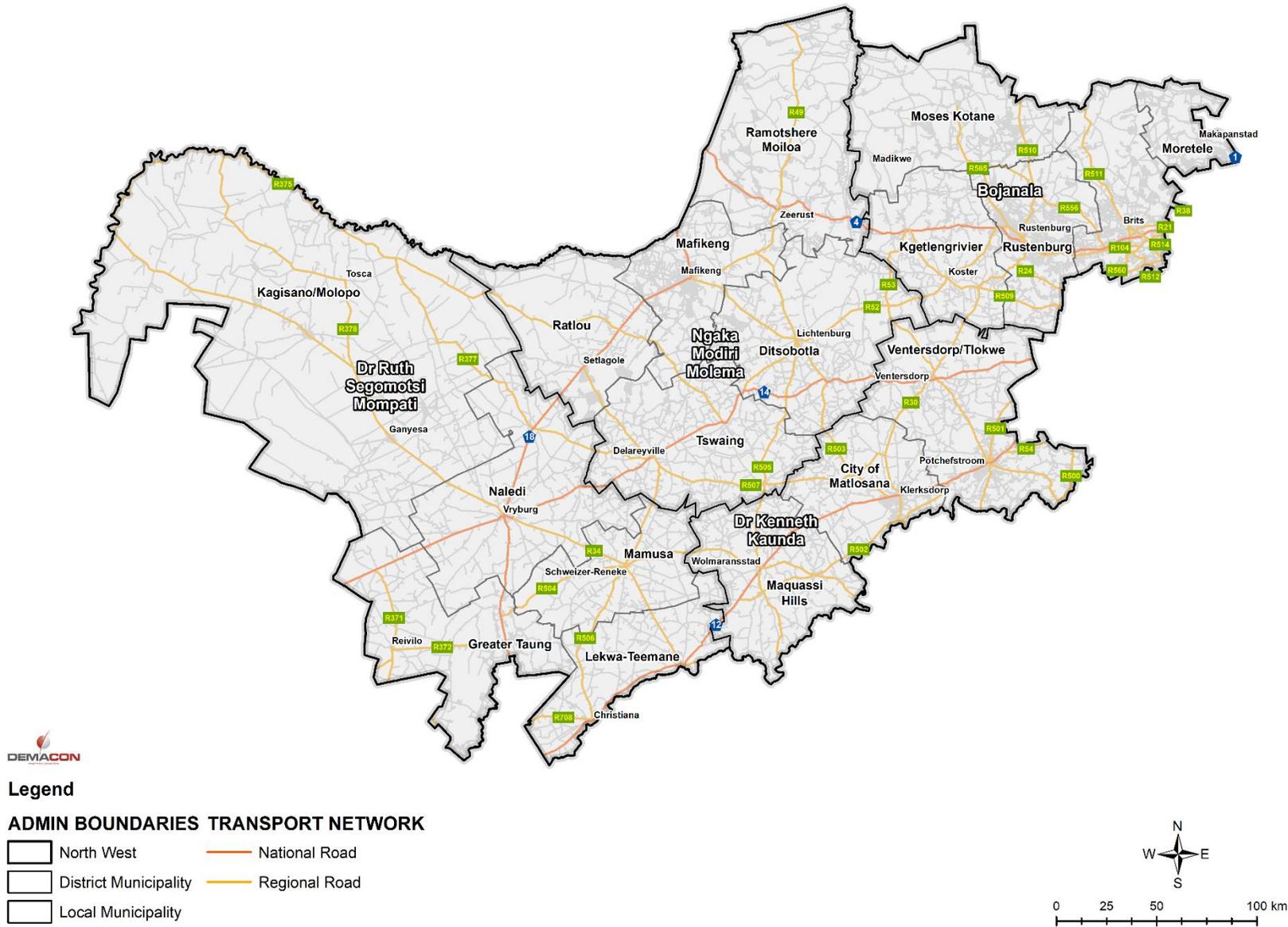
2.3 RESTRUCTURING ZONE IDENTIFICATION

The primary focus of the market assessment and demand study is focused on restructuring zones in the North West Province. A restructuring zone according to the Social Housing Act (16 of 2008) is a geographic area which has been:

- Identified by a municipality, with the concurrence of the provincial government, for the purposes of social housing, and
- Designated by the Minister in the Gazette for approved projects.

Within the North West Province, 21 RZ's are identified. Presently 7 of the 21 restructuring zones have been approved by the Minister, whilst 14 are under assessment.

Currently, 8 RZ's are present in the Bojanala District (3 approved), whilst 7 are present in the Dr Kenneth Kaunda District (4 approved). Three RZ's are present in the Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati Districts respectively (none approved).

Approved RZ's are located in the Rustenburg Municipality (Bojanala), City of Matlosana (Dr Kenneth Kaunda) and JB Marks (Dr Kenneth Kaunda) local municipalities. Local municipalities where a RZ is proposed typically have a single zone proposed, except the Maquassi Hills (2 RZ's) and Madibeng (4 RZ's) local municipalities.

Map 2.2: Restructuring Zones, Approved or Under Assessment, in the North West Province
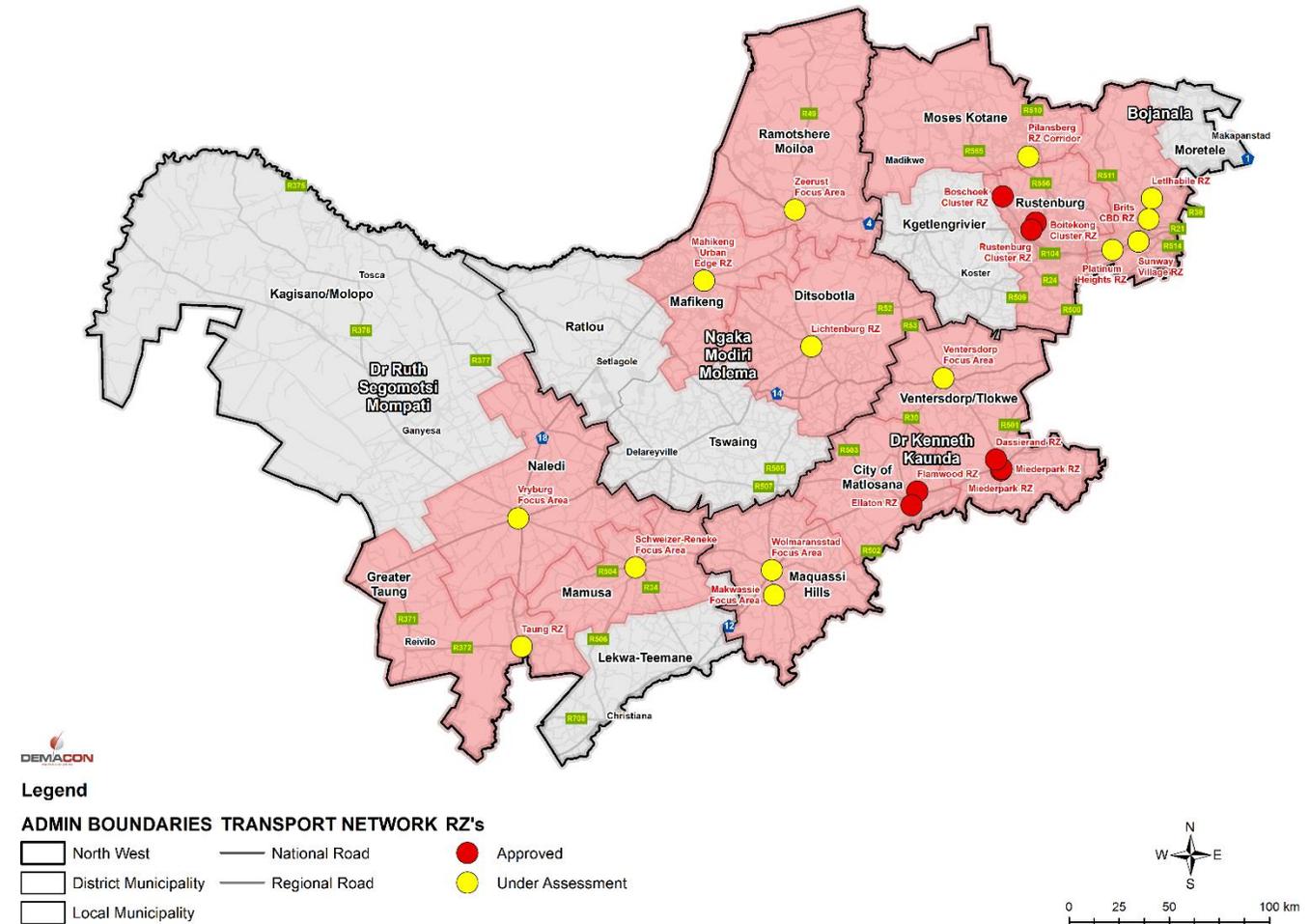
Source: DEMACON, GIS, 2020

2.4 MARKET AREA DELINEATION

For the purposes of definition and contextual review, the following section seeks to provide information in regard to the delineation of market areas for the Province's RZ's.

The purpose is to provide a clear understanding of the delineation of market areas for each RZ's in order to contextually define how market areas are established and to structure future discussions.

2.4.1 MARKET AREA INFORMANTS

For the purposes of extracting, analysing and reviewing socio-economic data, indicators and trends, market areas for each RZ is delineated. A market area serves the function of identifying potential target markets based on their geographic relationship with a proposed service or function. The market area also allows for the extraction of relevant socio-economic data that define consumers in the market area in order to isolate a target market.

Based on the preceding, market areas are delineated by making use of a 10- to 15-minute drive time isochrone. The drive time is based on the location of the existing or proposed RZ.

Drive-time is selected as an indicator for market area delineation because:

- a drive-time provides consistency when considering demand and supply factors related to each RZ
- a drive-time includes the largest proportion of adjacent urban areas and
- a 10- to 15-minute drive-time is within commuting distance of economic nodes, social facilities and social services

Map 2.3: Restructuring Zone Market Areas Overview

Source: DEMACON, GIS, 2020

Relevant socio-economic data and indicators are extracted based on the defined market areas of each RZ. The socio-economic indicators are essential in order to understand the composition and trends of each market area and informs market demand estimates.
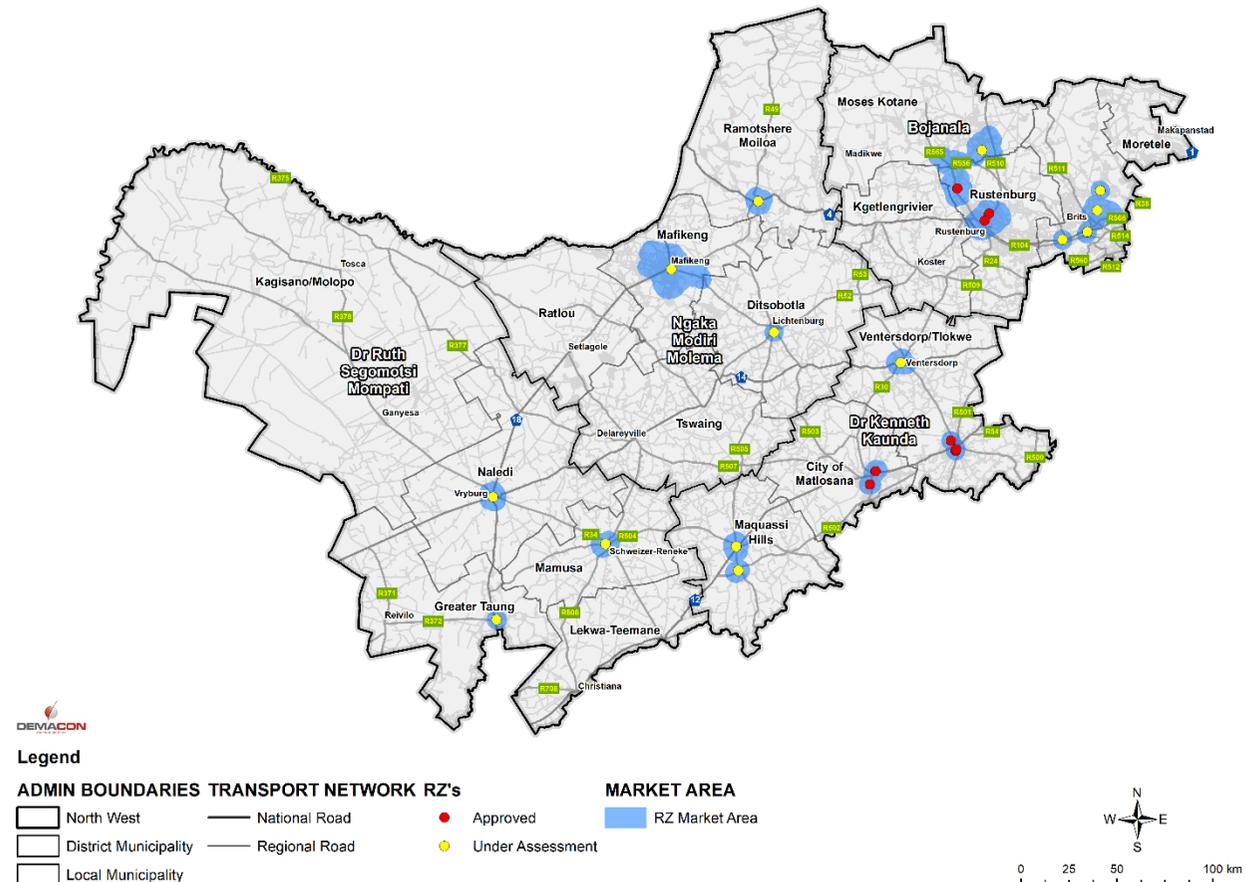
LOCATION ANALYSIS

3

3 LOCATION ANALYSIS

3.1 INTRODUCTION

As mentioned previously, the market assessment of social housing in the North West Province for this report focuses on RZ's distributed throughout the province, and so the following Chapter aims to provide an investigation into the general character, development frameworks and development trends evident in the province. The investigation seeks to provide greater insight into the underlying factors that could influence and inform development decisions.

The analysis conducted in the Chapter provides a basis from which location evaluation can be undertaken to outline specific location requirements based on a number of locational criteria. To this effect, a residential location evaluation model is utilised.

The Chapter thus considers the following core themes:

Diagram 3.1: Chapter 3 Core Themes

STRATEGIC DOCUMENTS
Spatial Framework
Human Settlements planning

BUILDING STATISTICS
Completed residential buildings
Completed non-residential buildings

LOCATION ANALYSIS
Supportive facilities supply
Location analysis

LOCATION ANALYSIS
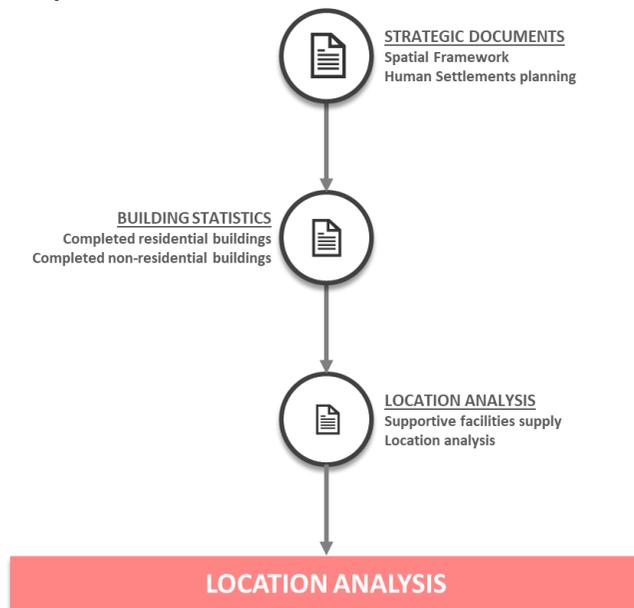
3.2 STRATEGIC DOCUMENTS

3.2.1 NORTH WEST PROVINCE SPATIAL DEVELOPMENT FRAMEWORK (2017)

The North West Province represents various levels of developmental activity, urbanisation, economic distribution and population concentrations. From a macro-perspective, the Province progresses from a more built-up and economic concentration character in the east, to a more rural and farming community character in the west.

The differentiation in developmental activity can, to a degree, be ascribed to the proximity of major nodes such as Rustenburg, Brits, Potchefstroom and Klerksdorp being located in close proximity to the highly developed economy and urban structure of the Gauteng Province in the east. Additionally, the numerous mining industries positioned in the east of the province and close to major urban nodes further enhance the developmental capacity and economic drive of the eastern regions.

The western region is largely focused on rural and agricultural communities whereby developmental activity is largely focused on local community growth and the servicing of said communities. Although a significant number of prospecting rights exist in the western portions of the Province, the development of mining activity largely remains dormant. Conflicts with agricultural resources in the central, southern and western portions of the Province further limit the capability of development activity due to the essential and critical biodiversity and food security elements of these areas.

POPULATION AND ECONOMIC CLUSTERS

A clear correlation between the distribution of economic activity and population concentrations can be observed in the Province. According to the NWSDF, the regional centres of Madibeng, Rustenburg, Mahikeng and Matlosana produce the majority of economic output in the Province and also have the highest concentration of population.

Similarly, for larger and medium sized population concentrations, such as those found in Moretele, Moses Kotane, Ditsobotla, Ramotshere, Taung, JB Marks, etc. produce a third of economic output and house approximately a third of the provincial population.

The NWSDF notes that economic growth is overshadowed by population growth whereby many regions in the Province are experiencing limited or negative economic growth whereas population growth is occurring at a rapid pace. The implications relate to sustainability whereby labour absorption is either limited or declining, therefore creating higher unemployment and stagnating social development.

NODES AND CORRIDORS

The NWSDF identifies that the nodal hierarchy of the Province consists of primary, secondary tertiary and fourth order nodes. The nodal structure of the Province closely correlates with development and activity corridors as proposed by the SDF.

The following nodes and corridors have been identified by the NWSDF.

Table 3.1: NWSDF Nodes

Primary Nodes	Secondary Nodes	Tertiary Nodes	Fourth Order Nodes
Rustenburg	Orkney	Taung	Setlagole
Klerksdorp	Lichtenburg	Bloemhof	Reivilo
Potchefstroom	Stilfontein	Zeerust	Setlopo
Mahikeng	Vryburg	Coligny	Leeudoringstad
Brits	Schweizer-Reneke	Koster	Lehurutshe
	Hartbeespoort	Ganyesa	Hartbeesfontein
	Marikana	Mooinooi	Jericho
	Wolmaransstad	Ottosdal	Makwassie
	Ventersdorp	Christiana	Stella
		Delareyville	Swartruggens
			Groot Marico
			Mogwase

Primary Nodes	Secondary Nodes	Tertiary Nodes	Fourth Order Nodes
			Ramokoka
			Ottoshoop
			Amalia
			Derby
			Bray

Source: DEMACON ex NWSDF, 2020

Table 3.2: NWSDF Corridors

Corridor	Description
Platinum (N4) Development Corridor	The Platinum Development Corridor, as transportation corridor linking Gauteng, the economic heartland of the South Africa with the Maputo harbour, is supported by the N4 and the Johannesburg- Mahikeng railway line, which traverses through the Bojanala and Ngaka Modiri Molema Districts.
Treasure (N12) Route Corridor	The Treasure (N12) Route Corridor serves the Kenneth Kaunda District linking the Maquassi Hills, Matlosana, Tlokwe, and Lekwa-Teemane Local Municipalities. The Treasure Corridor is supported by the Johannesburg – Cape Town railway line.
Western (N18) Corridor	The Western development corridor intersects with the Platinum and Treasure development corridors at Zeerust and west of Taung. The corridor also includes the local economies of Greater Taung, Naledi, Mahikeng and Ratlou.
N14 Route	The N14 route provides the link between Gauteng and the Northern Cape and is supported by the Johannesburg Vryburg railway line also joining up with the Johannesburg-Cape Town railway line in the west.

Corridor	Description
R503/N14/R53 Route	The R503/N14/R53 route links Tlokwe with Mahikeng, via Ventersdorp and Lichtenburg.
R510/R30/R53 Route (Eastern Development Belt)	The R510/R30/R53 route links Kgetlengrivier, Madibeng, Rustenburg, Matlosana, Tlokwe and Ventersdorp. These municipalities are situated on the western fringe of the economic hub of Gauteng and interact with the economy of Gauteng.
New National Corridor	The R503/N14/R53 route links Gaborone, Mahikeng, Lichtenburg, Klerksdorp, Potchefstroom, Parys and Sasolburg.

Source: DEMACON ex NWSDF, 2020

Spatial development initiatives along the primary corridors (includes initiatives such as Platinum Corridor, Treasure Route and Western Frontier) has substantial impacts for nodes along the corridor. Essentially, local authorities consider the presence of corridors and the benefits they present to be a platform from which existing nodes within their areas could grow. Additionally, potential development nodes could also arise as a result.

The NWSDF notes that each district authority in the province also has differentiating characteristics that drive economic and social development. These characteristics can support sustainable future development through the attraction of investment, drivers of economic growth, and centres of labour absorption.

The NWSDF thus identifies per district authority the competitive edge that authorities have.

Table 3.3: Bojanala District Competitive Edge

Bojanala District	
First Order Nodes	Rustenburg Brits
Second Order Nodes	Marikana Hartbeespoort
Development Corridors	N4 Platinum Corridor
Mining Focus Area	Rustenburg Marikana Madibeng
Primary Industrial Cluster	Rustenburg Madibeng
Agriculture Cluster	Koster Swartruggens Derby
Key Tourism Nodes / Clusters/ Attractions	The northwest of the region borders on the Madikwe Game Reserve, a haven to visitors who want to live the African experience: • Sun City • Hartbeespoort Dam • Hartbeespoort Aerial Cableway • De Wildt Cheetah and Wildlife Centre • Bush Babies Monkey Sanctuary

Bojanala District	
	• Magaliesberg Biosphere Reserve • Cradle of Humankind World Heritage Site • Kgaswane Game Reserve ☐ Madikwe Game Reserve ☐ Pilanesberg Game Reserve

Competitive Edge	The Eastern Limb of the Bushveld Complex is situated within Bojanala District Municipality
	
	Bojanala-Rustenburg region is covered in natural bushveld vegetation. With the added attraction of the Magaliesberg, this region has much to offer to the eco-tourist. It is a natural game area with a number of fine game parks.
	
	As a result of the linkage with Gauteng the majority of the provincial manufacturing activity (51%) takes place in the eastern part of the province, in the Bojanala Platinum DM.
	
	• Land
	   • Availability of resources
	   • Bulk service capacity
	   • Availability of land for spatial expansion
	   • Stability of utilities
	   • Spatial expansion capacity
	• Labour / demographics
	   • Labour supply & demand
	   • Availability of skills
	   • Physical mental aptitudes
	   • Labour absorption rate
	   • Downstream demand
	• Capital
	   • Capital formation
	   • Investment leveraging
	   • Attractive risk and return profile
	   • Capital growth, income stream growth
	   • Business formation
	   • Expansion capacity

Table 3.4: Dr Kenneth Kaunda Competitive Edge

Dr Kenneth Kaunda	
First Order Nodes	• Matlosana • Potchefstroom
Second Order Nodes	• Stilfontein • Orkney • Wolmaransstad

Dr Kenneth Kaunda	
	• Ventersdorp
Development Corridors	• N12 • N14
Mining Focus Area	• JB Marks • Matlosana • Maquassi Hills
Primary Industrial Cluster	• KOSH area – Klerksdorp / Orkney / Stilfontein / Hartbeesfontein
Agriculture Cluster	• JB Marks • Matlosana • Maquassi Hills
Key Tourism Nodes / Clusters/ Attractions	• Boskop Dam • Vredefort Dome • Klerksdorp Mine Tours • Sunwa Water Experiences • Vaal River • Wolwespruit Nature Reserve • Bona Game Farm

Competitive Edge	• Land
	  • Availability of resources
	  • Bulk service capacity
	  • Availability of land for spatial expansion
	  • Stability of utilities
	  • Stable business environment
	  • Security of tenure
	  • Spatial expansion capacity
	  • Labour / demographics
	  • Labour supply & demand
	  • Availability of skills
	  • Physical mental aptitudes
	  • Labour absorption rate
	• Capital
	  • Capital formation
	  • Investment leveraging
	  • Attractive risk and return profile

Dr Kenneth Kaunda	
	- Capital growth, income stream growth - Business formation - Expansion capacity - Entrepreneurship - Global competitiveness - Research & Development capacity - Energy - Job creation - Work ethic: focus on production – not industrial action - Profitable environment, minimal red tape - Human, intellectual & social capital formation

Table 3.5: Dr Ruth Segomotsi Mompati District Competitive Edge

Dr Ruth Segomotsi Mompati	
First Order Nodes	• None
Second Order Nodes	• Schweizer-Reneke • Vryburg
Development Corridors	• N18 • N14 • N12
Mining Focus Area	• Mining is limited
Primary Industrial Cluster	• Industrial activities are limited • A small amount of industries can be found in Vryburg
Agriculture Cluster	• The district is mainly rural with agricultural activities throughout the municipality. • Vryburg is known as the Texas of South Africa due to its cattle farming.
Key Tourism Nodes / Clusters/ Attractions	• Taung Heritage Route • Bloemhof Dam Nature Reserve • Molopo Game Reserve • SA Lombard Nature Reserve • Leon Taljaard

Dr Ruth Segomotsi Mompati	

Competitive Edge	• Land
	  • Availability of resources
	  • Availability of land for spatial expansion
	  • Security of tenure
	  • Spatial expansion capacity
	• Labour/demographics
	  • Labour supply and demand
	  • Downstream demand
	  • Social / cultural tolerance

Table 3.6: Ngaka Modiri Molema District Competitive Edge

Ngaka Modiri Molema	
First Order Nodes	Mahikeng
Second Order Nodes	• Mmabatho • Lichtenburg
Development Corridors	• N18 • N4 • N14
Mining Focus Area	• Mining is limited
Primary Industrial Cluster	• Lichtenburg • Mahikeng
Agriculture Cluster	• Largest part of Ditsobotla and Ramotshere Moiloa Local Municipalities
Key Tourism Nodes / Clusters/ Attractions	• Madikwe Game Reserve • Anglo Boer War Sites • Molemane Eye • Barberspan Bird Sanctuary • Botsalano Game Reserve • Disaneng Dam • Henk Joubert Game Reserve • Kortkloof Cultural Village

Ngaka Modiri Molema	
	• Leopard Park Golf Course • Mahikeng Game Reserve • Proposed Marico Biosphere Reserve
Competitive Edge	• Land • Availability of resources • Availability of land for spatial expansion • Spatial expansion capacity • Labour / demographics • Labour supply and demand • Availability of skills • Labour absorption rate • Downstream demand • Capital • Capital formation • Investment leveraging • Attractive risk and return profile • Capital growth, income stream growth • Business formation • Expansion capacity • Entrepreneurship • Global competitiveness • Research and development capacity • Job creation • Human, intellectual and social capital formation

Besides the competitive edge of each district, numerous other factors could influence growth and development throughout the province. The NWSDF notes that 13 of the national Strategic Integrated Projects (SIP's) will have an influence on the province. These SIP's include:

- **SIP 4: Unlocking Economic Opportunities in the North West**
  - Acceleration of investments in road, rail, bulk water, water treatment and transmission infrastructure.
  - Enabling reliable supply and basic service delivery.

- Facilitate development of mining, agricultural activities and tourism opportunities.
- Open up beneficiation opportunities in North West province.
- **SIP 6: Integrated municipal infrastructure project**
  - Develop national capacity to assist the 23 districts with the fewest resources (19 million people) to address all the maintenance backlogs and upgrades required in water, electricity and sanitation bulk infrastructure.
  - The road maintenance programme will enhance service delivery capacity thereby impacting positively on the population.

- **SIP 7: Integrated urban space and public transport programme**
  - Coordinate planning and implementation of public transport, human settlement, economic and social infrastructure and location decisions into sustainable urban settlements connected by densified transport corridors. This will focus on the 12 largest urban centres of the country, including all the metros in South Africa. Significant work is underway on urban transport integration.
- **SIP 8: Green Energy in support of the South African economy**
  - Support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the Integrated Resource Plan (IRP2010).
  - Support bio-fuel production facilities
- **SIP 9: Electricity generation to support socio-economic development**
  - Accelerate the construction of new electricity generation capacity in accordance with the IRP2010 to meet the needs of the economy and address historical imbalances.
  - Monitor implementation of major projects such as new power stations: Medupi, Kusile and Ingula.
- **SIP 10: Electricity transmission and distribution for all**
  - Expand the transmission and distribution network to address historical imbalances, provide access to electricity for all and support economic development.
  - Align the 10-year transmission plan, the services backlog, the national broadband roll-out and the freight rail line development to leverage off regulatory approvals, supply chain and project development capacity.
- **SIP 11: Agri-logistics and rural infrastructure**
  - Improve investment in agricultural and rural infrastructure that supports expansion of production and employment, small-scale farming and rural development, including:
    - Facilities for storage (silos, fresh-produce facilities, packing houses)
    - Transport links to main networks (rural roads, branch train-line, ports)
    - Fencing of farms
    - Irrigation schemes to poor areas
    - Improved R&D on rural issues (including expansion of agricultural colleges)
    - Processing facilities (abattoirs, dairy infrastructure)

- Aquaculture incubation schemes
- Rural tourism infrastructure.
- **SIP 12: Revitalisation of public hospitals and other health facilities**
  - Build and refurbish hospitals, other public health facilities and revamp 122 nursing colleges. The SIP contains major builds for six hospitals.
  - Extensive capital expenditure to prepare the public healthcare system to meet the requirements of the National Health Insurance (NHI) system.
- **SIP 13: National school build programme**
  - A national school build programme driven by uniformity in planning, procurement, contract management and provision of basic services.
  - Replace inappropriate school structures and address basic service backlog and provision of basic services under the Accelerated School Infrastructure Delivery Initiative (ASIDI).
  - Address national backlogs in classrooms, libraries, computer labs and admin buildings.
  - The Accelerated Schools Infrastructure Delivery Initiative (ASIDI) is funded from the Schools Infrastructure Backlog Grant (SIBG). Updates on the programme are available as:
    - School by school updates.
    - The asidi brief newsletter.
- **SIP 14: Higher education infrastructure**
  - Infrastructure development for higher education, focusing on lecture rooms, student accommodation, libraries and laboratories, as well as ICT connectivity.
  - Development of university towns with a combination of facilities from residence, retail to recreation and transport.
  - Potential to ensure shared infrastructure such as libraries by universities, FETs and other educational institutions.
  - Two new universities will be built - in Northern Cape and Mpumalanga.
- **SIP 15: Expanding access to communication technology**
  - Provide for broadband coverage to all households by 2020 by:
    - Establishing core Points of Presence (POPs) in district municipalities.
    - Extend new Infraco fibre networks across provinces linking districts.
    - Establish POPs and fibre connectivity at local level.

- – Penetrate the network into deep rural areas.
- – While the private sector will invest in ICT infrastructure for urban and corporate networks, government will co-invest for township and rural access, as well as for e-government, school and health connectivity.
- – The school roll-out focus is initially on the 125 Dinaledi (science and maths-focussed) schools and 1 525 district schools.
- – Part of digital access to all South Africans includes TV migration nationally from analogue to digital broadcasting.
- • **SIP 17: Regional integration for African cooperation and development**
- – Participate in mutually beneficial infrastructure projects to unlock long-term socio-economic benefits by partnering with fast-growing African economies with projected growth ranging between 3% and 10%.
- – The projects involving transport, water and energy also provide competitively priced, diversified, short and medium to long-term options for the South African economy. For example, electricity transmission in Mozambique (CESUL) could assist in providing cheap, clean power in the short-term whilst Grand Inga in the Democratic Republic of Congo (DRC) is long-term.
- – All these projects complement the Free Trade Area (FTA) discussions to create a market of 600 million people in South, Central and East Africa.
- • **SIP 18: Water and sanitation infrastructure**
- – A 10-year plan to address the estimated backlog of adequate water to supply 1.4 million households and 2.1 million households to basic sanitation. The project will involve provision of sustainable supply of water to meet social needs and support economic growth.
- – Projects will provide for new infrastructure, rehabilitation and upgrading of existing infrastructure, as well as improve management of water infrastructure.

Besides the influence of SIP's, the SDF identifies two key economic infrastructure projects. These include:

- • Mahikeng Airport and Logistics Hub integrated as part of the proposed Bojanala Industrial Development Zone could increase and open the logistical opportunities of the province into the broader African market. The IDZ on the other focuses on mineral beneficiation which in all essence could integrate with the logistics hub.
- • Cradle of Humankind World Heritage Site Buffer Zone whereby an additional buffer zone is proposed around the site in order to protect the area. The buffer zone could exclude development activity and influence future spatial planning in the province

EXISTING DEVELOPMENT PATTERN

The existing development pattern of the province is largely influenced by elements such as:

- • The distribution of mineral resources
- • The legacy of apartheid
- • Regional accessibility
- • A strong urbanisation trend and
- • Other urban structuring elements

The existing development pattern of the province largely conforms to the nodes and corridors of the province. In effect the settlement pattern consists of urban areas, dense rural settlements, scattered rural settlements and villages

The province can further be characterised by cultivated and natural grazing areas, mining activities, industrial activities in primary nodes, nature reserves, dams, airports, roads and railway lines.

The distribution of population is largely influenced by the distribution of traditional authorities, within which a sizeable population reside.

URBANISATION

According to the NWSDF, the province has been experiencing rapid urbanisation for the past two decades. Urbanisation in this instance shows that population had relocated to the primary towns and urban localities, but due to declining mining industry trends and added decelerating economic growth pressure, informal settlements appeared and created poverty pockets.

The SDF states that 67% of the province's population growth can be found in the Madibeng, Rustenburg, Mahikeng and Matlosana Municipalities (primary nodes). The urbanisation trend, has in effect, placed significant strain on the provision of services and coupled with slow economic growth has led to living standard decreases, poor living conditions, pressure on housing delivery and pressure on social services.

PROVINCIAL SPATIAL DEVELOPMENT SCENARIOS

The NWSDF has identified two potential growth scenarios in the development of the spatial perspective of the province. The scenarios are intended to provide possible future outcomes based on growth in the province that could facilitate or enhance future growth of the province.

The development scenarios are briefly highlighted below.

Table 3.7: NWSDF Baseline Growth Scenario

Baseline – Low Growth: inequitable Share

The main urban centres, immediate adjacent rural areas and the main transport corridors linking them are the areas where urban and peripheral urban growth can be expected over the next 15 to 20 years.

This scenario is expected to continue to fuel the following development impacts:

- It will result in more and more challenges affecting areas that are supposed to be conserved for future generations – biodiversity hot spots could be destroyed.
- In about 15 to 20 years valuable resources such as the forests and other precious resources will shrink and eventually vanish. Agricultural soils will be washed away, there will be no grazing land for rural households, poverty levels will increase, and rural land will continue to lose its value.
- If efforts are not made to improve the rural areas to ensure that migration is discouraged, the urban areas could become overpopulated resulting in the depletion of resources, breakdown of infrastructure, and lack of facilities to support them. This situation will result in government reaction rather than planning for future growth.
- Vacant and local commonage land resources will become fully developed with time. As the land release process is complex, it will be difficult for the urban areas to expand resulting in a lack of development. Property values will increase with resultant increased in rents. The costs of living will be pushed to very high levels.
- Peripheral urban settlement sprawl if unchecked would also result in government continuing to pour out resources for infrastructure in unsustainable settlements.
- Existing infrastructure will be overstretched in some of the towns with numerous negative implications as result.

- Infrastructure as well as some key roads has already outgrown their planned capacities.
- The imbalance between population, jobs and economic opportunities within the province will be sustained.
- Economic and employment growth will continue along its current trajectory, maintaining the joblessness cycle within the province.

Table 3.8: NWSDF High Growth Scenario

High Growth – Growth Intervention Development

The high road/ high growth scenario reflects a much more optimistic scenario. However, this scenario will require direct decisive interventions. The high-growth scenario will require exceptional growth rates of approximately 8.7%. It will require decisive and well thought through accurately aimed public sector interventions. There should be a refrain from following a "blanket approach" where politics determine expenditure. Future development should be bound by economic rationale – meaning that money should be invested in locations where it will have maximum impact.

This will result in an improved spatial development pattern, with:

- Strong private sector investment in high growth areas, supported by focused government infrastructure investment to optimise the growth effect and subsequent income-generating, revenue side of the tax equation (i.e. accelerate taxable / productive investment).
- Onus for infrastructure upgrade vests with government and is not shifted to private sector.
- Private sector responds, establishing higher confidence levels, which lead to greater investment propensity.
- More tax revenue is generated – creating more scope for social investment in low growth areas.
- Government investment in low growth / marginal markets should be highly focused and strategically aimed at high potential nodes and corridors – enhancing attractiveness for (income generating) private sector investment (multibillion Rand private sector investments have a much greater and more sensible job creation impact – and success rate – compared with relatively small scale, government-funded entrepreneurial projects).
- The emphasis will gradually shift from government investment in social services and non-revenue generating subsidy housing to new income generating commercial developments, job creation and concomitant tax base expansion – yielding a more equitable and sustainable overall development scenario.
- Focused economic development in the high population concentrations within Rustenburg, Madibeng, Mahikeng, City of Matlosana and Greater Taung activity nodes as Economic Focus Zones to be developed in tandem with the first order nodes.
- The aforementioned will stimulate broad based tax base growth; effectively rewarding private sector initiative; and ultimately reducing the tax burden on individual contributors.

DEVELOPMENT PHILOSOPHY

The development philosophy of the provincial SDF seeks to outline a vision for the future development of the province. The philosophy is inclusive of growth demand, economic considerations and ecological elements. The NWSDF states their development philosophy as:

"A sustainable urban and rural spatial development pattern focussed on a modern, ecologically sustainable economy, supported by a suitably skilled labour force and providing for quality of living "

Based on the development philosophy, the following strategic requirements must be addressed to give rise to the philosophy and the spatial development concept.

Harnessing the opportunities provided by urbanisation forces to achieve effective rural development.

- Adopting a flexible approach which suits the province and enables sustainable development rather than inhibits growth and development.
- Creating world class infrastructure, services and amenities to attract investment.
- Integrated infrastructure development planning responding to long term forecasted requirements.
- Pro-active planning which integrates aspiring economic activities into the mainstream economies and urban fabric.
- Safeguarding existing resources and creating opportunities for renewable energy development.
- Prioritise areas in the province to develop.
- Connecting the spatial frameworks to catalytic programmes in an implementation framework and plan.
- Creating opportunities for increased international, national, provincial and municipal connectivity, linked by strategic transportation routes in the province.
- Achieving improved quality of life in our settlements through formalisation, provision of planned amenities and consolidation of land uses.
- Gearing up of spatial planning capacity, skills, systems and procedures to achieve the vision.

The spatial development concept as represented by the map, is underpinned by the following development strategies.

Strategic Objective 1: Focus development on regional spatial development initiatives, development corridors, development zones and nodes

Focussed development involving:

- The integration of regional and sub regional spatial development initiatives, with the aim of leveraging bilateral investments to have an overall greater regional impact.
- The strengthening of development corridors, development zones and development nodes.

Strategic Objective 2: Protect biodiversity, water and agricultural resources

Developing and implementing strategies by all levels of government, that:

- Sustains biodiversity.
- Protect water resources and maximises the retention of valuable ecological infrastructure (including water retention areas; rivers etc).
- Adapts to the impacts of climate change.
- Protect high potential and unique agricultural resources.

Strategic Objective 3: Infrastructure Investment

To maintain a balance between investment aimed at meeting social needs of communities, and investment aimed at promoting economic development and job creation.

Basic Infrastructure.

- Ensure efficient supply of water, electricity and waste management services to sustain additional industry growth.
- Eradicate backlogs in water and sanitation, electricity, housing.
- Improve basic services.
- Provide green infrastructure e.g. water tanks, renewable energy (e.g. solar).
- Eradicate backlogs and maintain basic services.

Social Infrastructure.

- Social infrastructure/facilities include education, health and emergency services, social and cultural facilities, social services, civil services, and recreational infrastructure.
- Eliminate inequalities among and within communities.
- Improve the quality of life especially of poor communities, provide for law and order, and enhance the stability of a community.
- Promote equitable access to social services for all communities and contribute to the development of integrated and sustainable human settlements through the application of norms and standards for social infrastructure requirements.
- Ensure that sufficient land is reserved for these essential facilities.

Economic Infrastructure

- Focus on projects identified as Strategic Infrastructure Projects (SIPs)21.
- Concentrate investment in areas with potential for sustainable economic development.

Strategic Objective 4: Economic development and job creation supporting and guiding the spatial development pattern of North West

Spatial Development Strategies

- The synergistic development of agriculture, mining, manufacturing and beneficiation, tourism and cultural industries as economic drivers
- The adoption of different types of strategies to manage future growth.
- Minimising the spatial conflicts that exist between the various industries and biodiversity
- The distribution of economic activities as part of development corridors, development nodes, activity corridors and activity nodes
- The distribution of industrial areas in support of corridor development, (to strengthen the economy of nodes
- Reverse urban decay within all cities, towns and villages promoting investors' confidence and the economic regeneration of these nodes.

Strategic Objective 5: Balancing urbanisation and the development of rural areas within North West

This requires the following interrelated spatial development strategies:

- The development of sustainable cities and towns where people, jobs, livelihood opportunities and services are aligned creating more functionally integrated, balanced and vibrant urban settlements 1 and townships.
- The integration of urban and rural areas focusing on linkages between rural and urban areas thereby enhancing growth by facilitating the flow of resources to where they have the largest net economic and social benefits1.
- Reviving rural areas2 into vibrant, equitable and sustainable rural communities3 (including small towns (dorpies), settlements and villages).

IMPLICATIONS

For social housing, the implication of the NWSDF is that, a strong focus resides on the primary, secondary, tertiary and fourth order nodes of the province, coupled with strong development corridors.

The drive towards developmental focus in the primary nodes, coupled with strong urbanisation trends would place significant strain and focus on primary urban localities to supply residential opportunities to new and/or prospective residents.

Social housing thus becomes an important tool in achieving the supply of residential options whereby, affordable rental options may be limited due to the depressed nature of the provincial and local economy, as well as the faltering nature of the mining industry.

Inclusive and restructured towns and settlements is a key focus for the provincial SDF. By this means, social housing functions as another tool which can assist in the restructuring of urban areas by means of inclusionary housing options in well located land parcels close to employment opportunities, economic centres and social facilities.

Although demand for affordable housing options may exist in the province, the struggling economy may pose a risk to the sustainability of social housing projects, specifically because labour absorption may be limited.

Map 3.1: North West Spatial Development Framework Concept
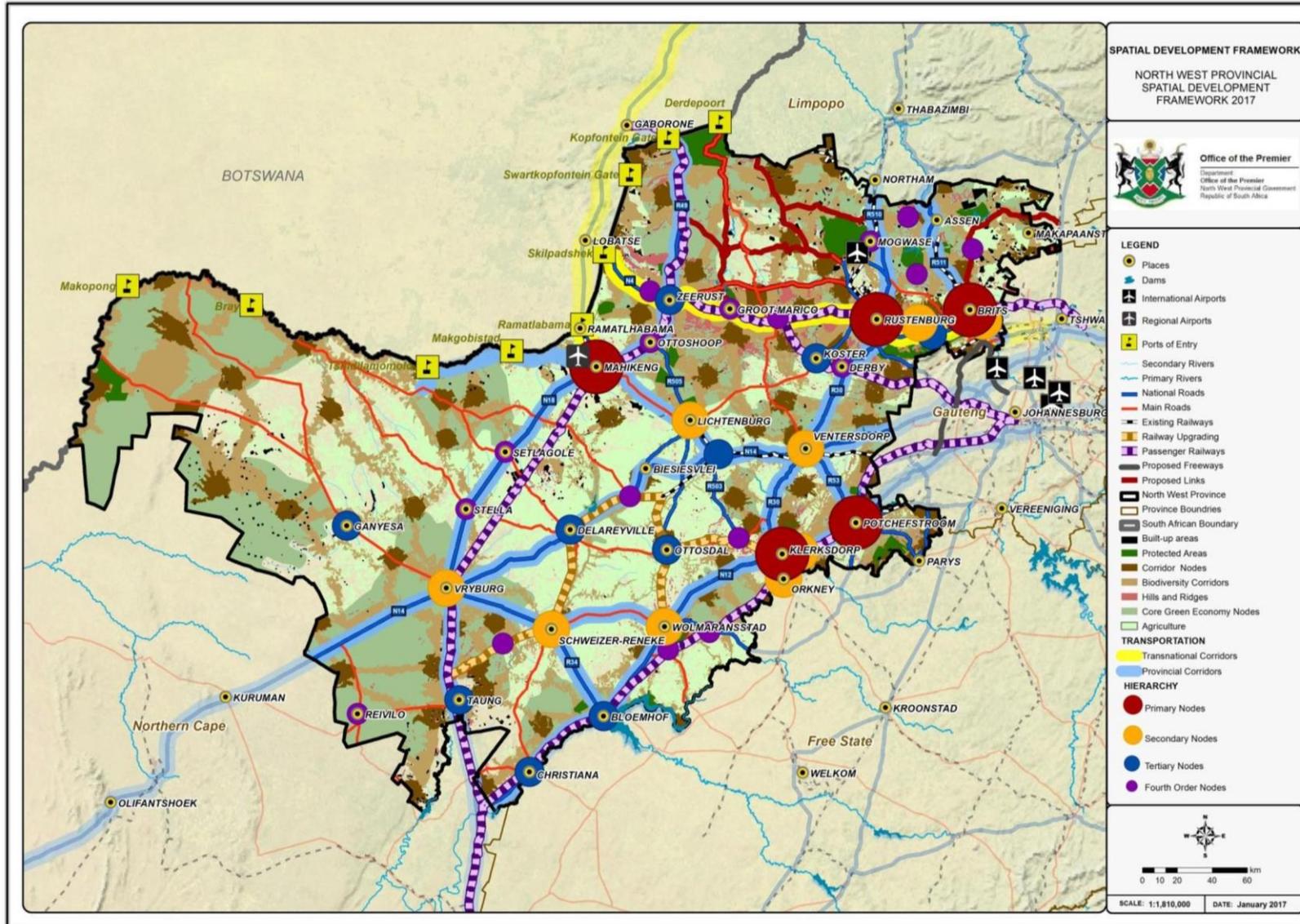
Source: DEMACON ex NW Spatial Development Framework, 2020

3.2.2 NORTH WEST HUMAN STTLEMENTS MASTER SPATIAL PLAN 2018

As identified by the Provincial Human Settlements Master Spatial Plan (PHSMSP), the purpose of the plan is to provide the North West Province and Housing Development Agency (HDA) with a plan that can assist with the making of informed decisions on human settlements planning, investment, financing/ spending and monitoring as well as streamlining processes to enable the implementation of strategic spatial interventions.

The plan specifically seeks to achieve:

- Create a spatial framework to guide investment by all state departments and state-owned companies and private sector actors in relation the human settlement sector.
- Provide guidance to the implementation of all MTSF targets in alignment with a spatial plan and approval of projects.
- Provide guidance to the implementation of strategically chosen catalytic interventions to achieve spatial transformation.
- Achieve a creative balance between spatial equity, economic competitiveness and environmental sustainability so as to overcome the legacy of apartheid spatial planning in line with the Spatial Development Principles contained in the Spatial Planning and Land Use Management Act 2013.

SPATIAL AND HUMAN SETTLEMENTS DEVELOPMENT VISION

According to the plan it is envisaged that:

"the future spatial landscape in North West Province would comprise managed human settlements clustered in settlement nodes and corridors alongside productive areas, managed ecological natural resource areas; and a network of strategic transportation routes, open to the global, national and provincial economy, and connecting the settlement nodes to one another".

The vision for human settlement development in the province is thus to create sustainable human settlements in the primary nodes and corridors in order to better locate households to economic activity centres and employment opportunities. The vision takes into consideration environmental and future logistical requirements to support economic and sustainable development.

SPATIAL TARGETING

Spatial targeting as implied by the plan focuses on sustainable support to specific geographic areas in the province where development of sustainable human settlements is to be promoted. Spatial targeting will thus seek to establish compact, connected and integrated settlements throughout the province.

The spatial targeting directives include:

- Compact Settlements which demonstrate:
  - Definition of urban extent (by way of Urban Development Boundaries as Growth Management Instrument).
  - Increased density in urban areas (at least 60 dwelling units per hectare) along public transport corridors which will result in viable public transport settlements).
- Connected Settlements which demonstrate:
  - Deliberately restructured/ spatially transformed settlement patterns.
  - Pedestrian and non-motorised prioritised environments which are energy efficient and represent places with character.
  - Transit orientated development with differentiated mobility routes which give people easy access to places of economic and social activity.
- Integrated Settlements which demonstrate:
  - Appropriate settlements types in different contexts (both urban and rural).
  - Mixed use environments comprising houses, economic activities/ jobs and public amenities.
  - Diversity and choice in housing options in every neighbourhood with freedom of movement.
  - Incorporation of natural environmental constraints and opportunities into any settlement layout (climate, topographic features, conservation, agricultural potential).
  - Socio-political objectives balanced with local needs.

GUIDING PRINCIPLES FOR LOCATING HOUSING INVESTMENT

According to the plan, all human settlement related investment in North West Province will be measured with due consideration to the following location factors:

Economic Activity and Employment Potential

Housing investment in North West Province will be located at areas representing concentrations of economic activity and/ or areas with potential for economic growth and where government investment programmes are aimed at promoting/ stimulating future private sector investment which will create much needed jobs for beneficiary communities.

Movement Networks and Public Transport Services

Housing investments in North West Province will be directed towards areas where movement networks (motorised and/ or non-motorised) and public transport services are available/ planned in order to achieve local and regional access and accessibility.

Housing investments along public transport and/ or development corridors will be promoted. Furthermore the aim will be to effectively integrate land use and transport planning in order to optimally utilise the mutual benefits to be derived and to enhance the financial viability of both the resident community (cheaper transport costs) and the public transport service (more users).

Availability of Bulk Infrastructure

This is one of the most important criteria towards deciding where to locate housing investment in North West Province. All residents of South Africa have a constitutional right to a minimum level and access to basic services (water, sanitation, energy etc.).

Hence, housing investment decisions must take this into consideration to avoid delays in delivery processes. The detailed bulk infrastructure analysis should form part of the Local Municipality Master Plans.

Promotion of Social, Economic, Racial and Cultural Integration

Housing investment will be promoted/ prioritised in areas which would provide the opportunity for citizens to share economic resources and social infrastructure (assets) to increase their quality of life and sustainable livelihoods.

SPATIAL RATIONALE

Three geographic levels of priority are identified by the plan as areas where housing investment is to be focused and prioritised.

Municipal Priority for Catalytic Projects

These municipalities are prioritised for implementation of catalytic projects/ targeted investment and include Rustenburg, Moses Kotane, Ventersdorp/Tlokwe, Mamusa, Ditsobotla, Tswaing, Ratlou, Ramotshere Moiloa, Greater Taung, Lekwa-Teemane, City of Matlosana, Kgetlengrivier, Madibeng, Maquassi Hill and Mahikeng.

Nodal Priority

At provincial scale investment in North West Province will be directed towards areas that optimise existing capacity in urban and rural settlements as defined in the North West SDF. This includes urban and rural nodes identified in the provincial SDF which represents areas with relative high potential for economic growth; areas which have a relatively high housing backlog and/ or population growth rate; and/ or areas which are strategically located as central places to remote rural areas or along provincial corridors.

Local Area Priority

Priority areas identified by considering local spatial development frameworks as an indicator and guidepost to suitable housing development locations. In essence, priority housing development areas (PHDA) are to be identified and include strategic development areas; expansion areas; infill areas; incremental upgrading areas; development corridors; activity nodes/areas; integration zones; urban renewal areas; and restructuring zones.

PHDA represent the most optimal locations within which subsidised housing projects should be located. These areas focus on infill and densification before considering greenfield expansion.

Map 3.2: North West Province Priority Housing Development Areas

Source: DEMACON ex Provincial Human Settlement Master Spatial Plan, 2020

3.3   BUILDING STATISTICS

Building Statistics is a publication by Statistics South Africa that outlines the results of a monthly survey of metropolitan and large local municipalities and the building plans that have been passed and buildings that have been completed. The purpose of this release is to provide an indication of the state of the economy and to assist in the formulation of economic policy. The results assist with the calculation of Gross Domestic Product and is also a useful tool used by the private sector.

Thus, this data is reviewed as part of this study to provide understanding of the scope and context of development activities in the North West Province and the historical trends of development. The section reviews the total historic trends of buildings (residential and non-residential) completed in the North West Province.

3.3.1.1   RESIDENTIAL BUILDINGS COMPLETED

The following figures show the extent of buildings completed in the North West Province and per district authority between 2007 and 2017. Complete data for 2018 and 2019 is not yet available.

Figure 3.1: Dwelling Houses, Flats and Townhouses Completed in the North West Province

6 285
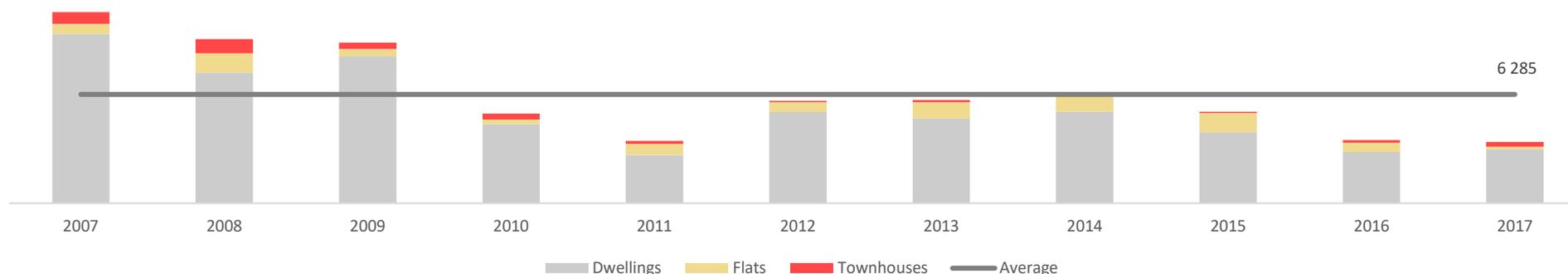
Source: DEMACON ex StatsSA, 2020

Table 3.9: Dwelling Houses, Flats and Townhouses Completed in the North West Province

Type	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Avg. Units per Annum
Dwellings	9 770	7 544	8 482	4 551	2 785	5 270	4 897	5 279	4 090	2 955	3 105	**5 339**
Flats	584	1 116	427	289	645	564	943	915	1 117	535	155	**663**
Townhouses	674	809	359	329	176	87	120	54	76	160	276	**284**
Total	**11 028**	**9 469**	**9 268**	**5 169**	**3 606**	**5 921**	**5 960**	**6 248**	**5 283**	**3 650**	**3 536**	**6 285**

Source: DEMACON ex StatsSA, 2020

Figure 3.2: Dwelling Houses, Flats and Townhouses Completed per Local Authority in the North West Province

Dwellings

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ Ngaka Modiri Molema	1 724	1 241	1 493	260	487	19	802	19	41	24	13
■ Dr Ruth SegomotsiMompati	1 914	1 040	1 700	1 185	322	1 186	2 689	1 644	2 197	1 205	1 893
■ Dr Kenneth Kaunda	581	1 593	1 723	669	1 296	456	313	369	1 417	1 070	373
■ Bojanala	5 551	3 670	3 566	2 437	680	3 609	1 093	3 247	435	656	826

Flats / Apartments

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ Ngaka Modiri Molema	-	36	-	52	-	-	14	-	-	-	-
■ Dr Ruth SegomotsiMompati	-	-	-	-	-	-	-	4	-	6	5
■ Dr Kenneth Kaunda	166	899	332	220	565	350	818	590	856	466	69
■ Bojanala	418	181	95	17	80	214	111	321	261	63	81

Townhouses

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
■ Ngaka Modiri Molema	-	-	8	22	4	-	-	3	-	-	2
■ Dr Ruth SegomotsiMompati	19	31	9	-	18	-	4	3	5	9	14
■ Dr Kenneth Kaunda	454	99	132	136	128	40	6	6	1	68	91
■ Bojanala	201	679	210	171	26	47	110	42	70	83	169

Source: DEMACON ex StatsSA, 2020

Map 3.3: Average Number of Dwellings Completed per Local Authority in the North West Province
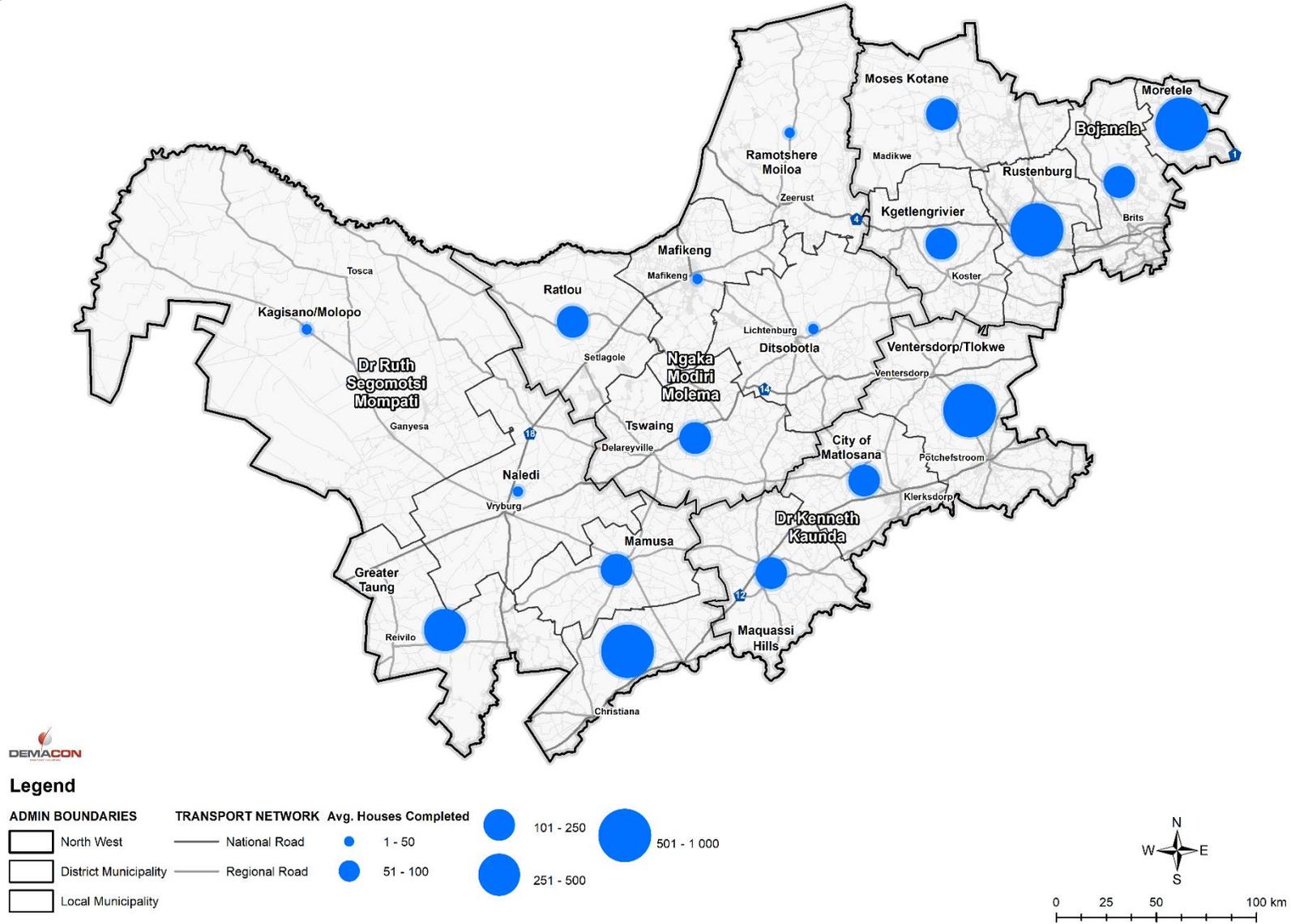
Source: DEMACON ex StatsSA, 2020

Map 3.4: Average Number of Flats / Apartments Completed per Local Authority in the North West Province
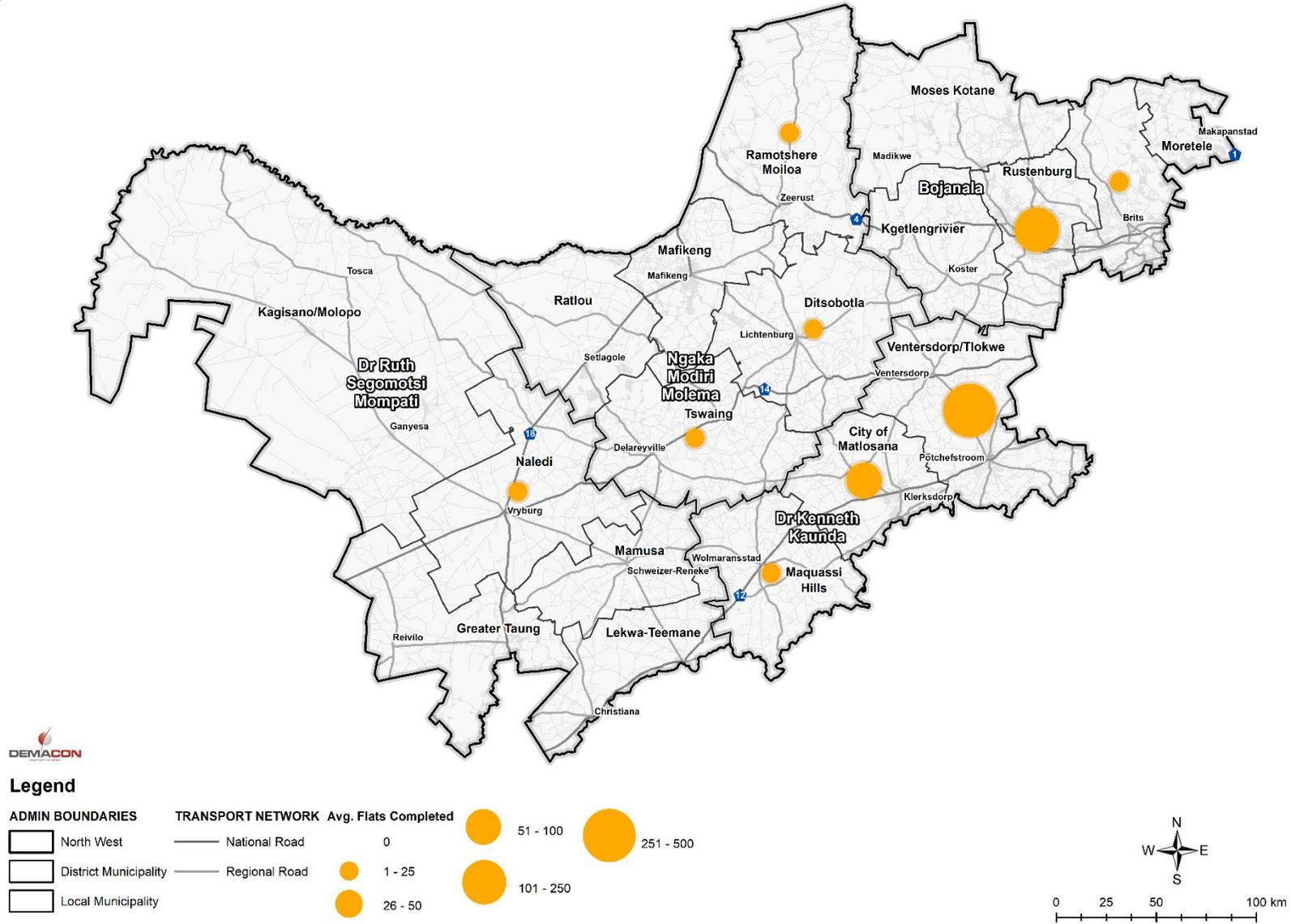
Source: DEMACON ex StatsSA, 2020

Map 3.5: Average Number of Townhouses Completed per Local Authority in the North West Province

Source: DEMACON ex StatsSA, 2020

The preceding data shows that since 2007 the North West Province experienced a steady deceleration in the total number of residential units completed.

On average, the province completes approximately 6 285 residential buildings, the majority of which (5 339) are free standing dwellings. On average, more dwelling units are completed in the Bojanala District (2 022 units) than in the remainder of the province. The Dr Ruth Segomotsi Mompati District completes on average approximately 1 506 dwellings.

On average 663 and 284 units are completed for flats/apartments and townhouses in the province respectively. The development of flats/apartments are primarily isolated in the Dr Kenneth Kaunda District, whilst townhouses are isolated in the Bojanala District.

3.3.1.2 NON-RESIDENTIAL SPACE COMPLETED

The following figures show the extent of non-residential space completed in the North West Province and per district authority between 2007 and 2017. Complete data for 2018 and 2019 is not yet available.

Figure 3.3: Office and Banking, Retail and Shopping and Industrial and Warehousing Space Completed in the North West Province
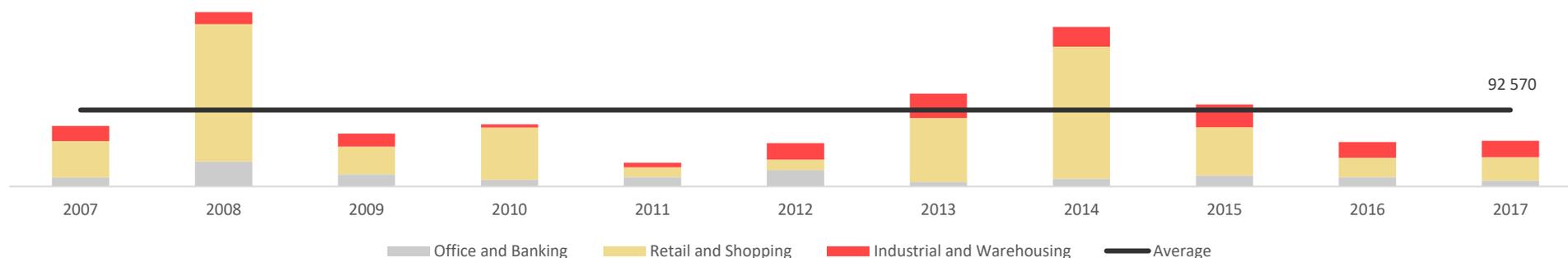
Source: DEMACON ex StatsSA, 2020

Table 3.10: Office and Banking, Retail and Shopping and Industrial and Warehousing Space Completed in the North West Province

Type	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Avg. Units per Annum
Office and Banking	10 998	30 164	14 471	8 187	11 410	19 554	5 409	9 450	13 257	11 289	6 983	12 834
Retail and Shopping	43 892	166 487	33 910	63 101	11 775	12 897	77 643	160 000	58 447	23 326	28 480	61 814
Industrial and Warehousing	18 447	14 393	15 751	3 786	5 351	19 918	29 531	23 581	27 568	19 055	19 756	17 922
Total	73 337	211 044	64 132	75 074	28 536	52 369	112 583	193 031	99 272	53 670	55 219	92 570

Source: DEMACON ex StatsSA, 2020

Figure 3.4: Office and Banking, Retail and Shopping and Industrial and Warehousing Space Completed per District Authority in the North West Province

Office and Banking

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ngaka Modiri Molema	2 170	-	2 484	5 765	1 000	1 881	-	-	-	-	-
Dr Ruth SegomotsiMompati	1 509	2 687	1 397	-	-	118	353	-	989	3 232	105
Dr Kenneth Kaunda	1 618	4 289	4 255	68	10 410	13 929	851	2 477	4 031	1 621	564
Bojanala	5 701	23 188	6 335	2 354	-	3 626	4 205	6 973	8 237	6 436	6 314

Retail and Shopping

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ngaka Modiri Molema	3 053	5 146	4 908	4 634	-	6 885	5 525	2 425	669	140	370
Dr Ruth SegomotsiMompati	518	1 658	1 617	2 069	-	166	17 178	-	330	-	-
Dr Kenneth Kaunda	14 451	100 689	14 865	8 970	6 275	2 894	22 144	116 703	28 200	13 329	19 890
Bojanala	25 870	58 994	12 520	47 428	5 500	2 952	32 796	40 872	29 248	9 857	8 220

Industrial and Warehousing

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ngaka Modiri Molema	445	-	5 000	-	-	479	672	-	-	352	-
Dr Ruth SegomotsiMompati	90	1 456	-	-	330	-	542	-	2 323	225	-
Dr Kenneth Kaunda	7 398	7 486	2 029	3 786	3 249	6 236	5 440	15 000	3 810	10 226	12 874
Bojanala	10 514	5 451	8 722	-	1 772	13 203	22 877	8 581	21 435	8 252	6 882

Source: DEMACON ex StatsSA, 2020

Map 3.6: Average Office and Banking Space Completed per Local Authority in the North West Province
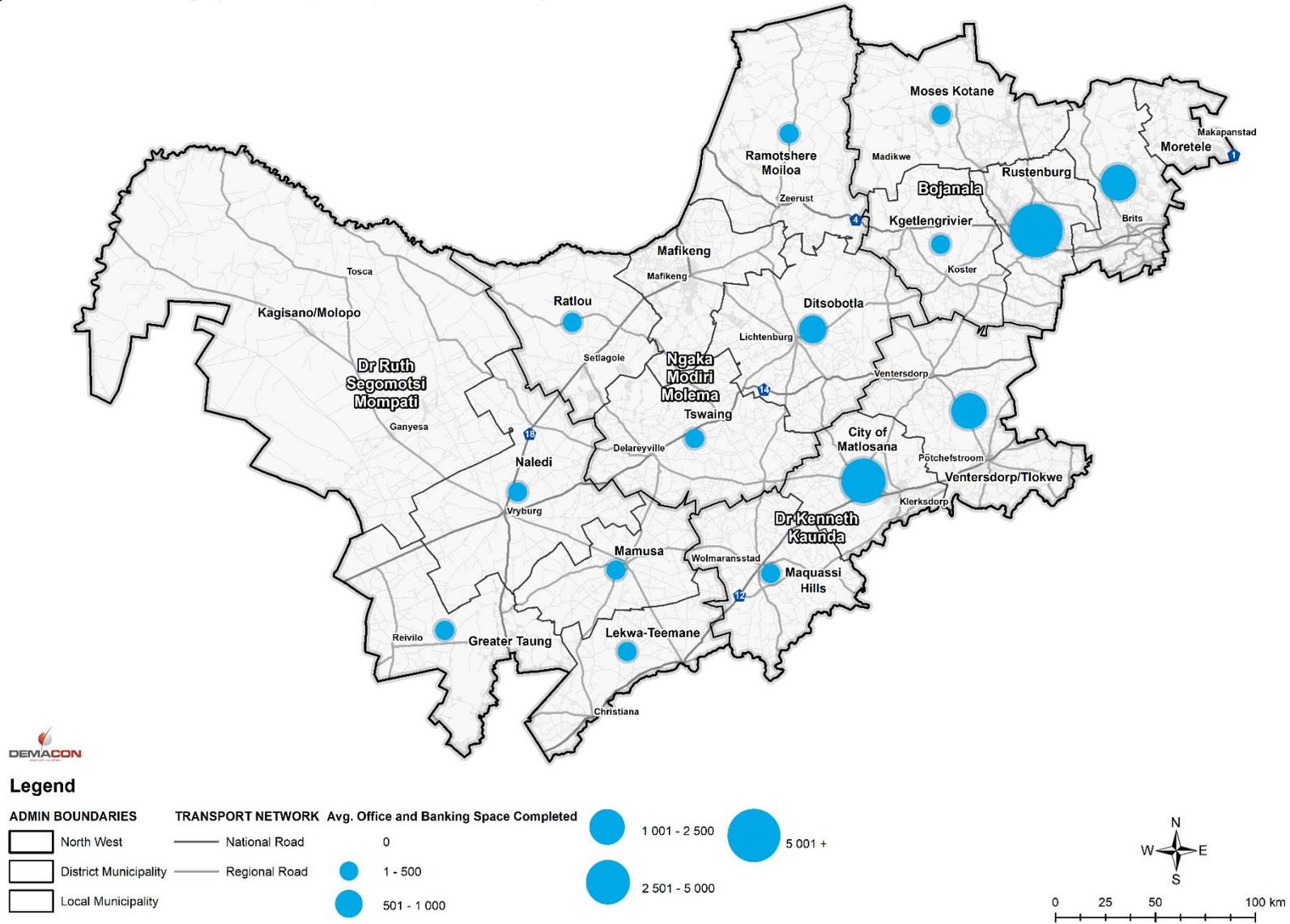
Source: DEMACON ex StatsSA, 2020

Map 3.7: Average Shopping and Retail Space Completed per Local Authority in the North West Province
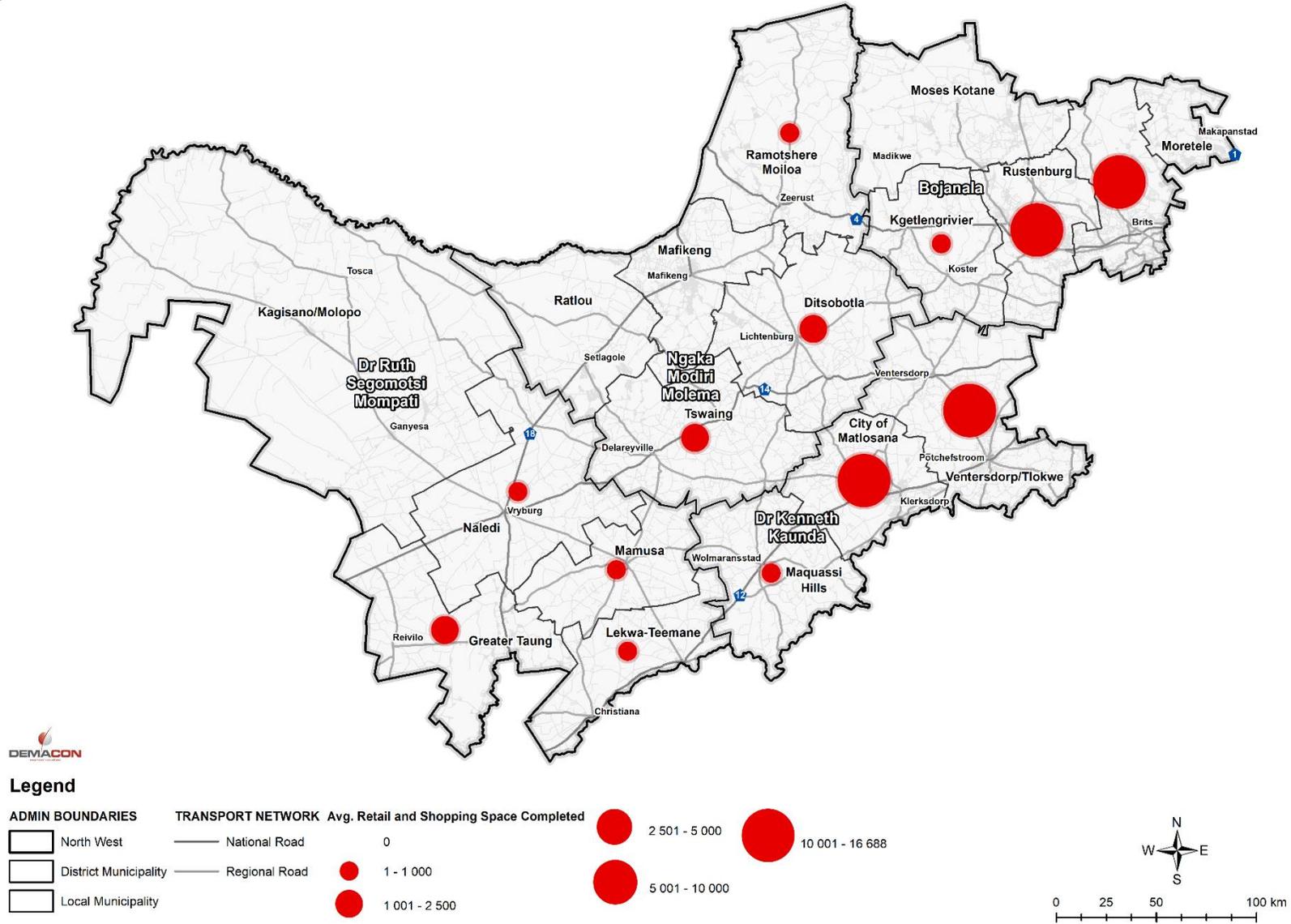
Source: DEMACON ex StatsSA, 2020

Map 3.8: Average Industrial and Warehousing Space Completed per Local Authority in the North West Province

Source: DEMACON ex StatsSA, 2020

The preceding data shows that between 2008 and 2011 the North West Province experienced a deceleration in the total non-residential space developed. Since 2011 the development of non-residential space increased and plateaued in 2015, after which development once again decelerated.

On average, the province completes 92 570 m² of non-residential space. The continuous development of non-residential space can largely be attributed to the development of retail and shopping space, which on average represents 61 614 m² of space per year. Between 2007 and 2017 shopping and retail space has largely been developed in the Dr Kenneth Kaunda and Bojanala Districts (33 396 m² and 24 839 m² on average yearly respectively).

The development of industrial and warehousing space represents, on average, 17 922 m² of non-residential space developed per year. The development of industrial and warehousing space is primarily concentrated in the Bojanala and Kenneth Kaunda Districts, accounting for 16 838 m² of industrial and warehousing space per year.

The development of office and banking space represents approximately 12 834 m² of space per year. Office and banking space almost exclusively are developed in the Bojanala and Dr Kenneth Kaunda Districts contributing 10 680 m² of office and banking space to the province each year.

3.4   SUPPORTIVE FACILITIES SUPPLY

The National Housing Code (2009) stipulates under the guiding principles for Government's social housing policy amongst others that:

- Social housing must promote urban restructuring through the social, physical, and economic integration of housing development into existing areas, and
- Social housing must foster the creation of quality living environments for low-income persons.

These guiding principles outline that social housing should occur in well located geographical areas and should create quality living environments. Under these principles, social facilities and amenities are important considerations as a primary objective of social housing in order to create liveable environments that have sufficient access to, amongst others, social amenities and facilities.

Thus, to consider the extent to which access to social facilities are relevant in the context of existing restructuring zones, the following section investigates the supply of social facilities within and adjacent to RZ's. The information provides a contextual basis in regard to accessibility and geographical relevance of RZ's in the North West Province. Social facilities considered includes retail facilities, educational facilities, and social facilities.

The review of social facility accessibility is based on the proximity of RZ's to various types of services. The analysis thus focuses on determining the average distance that facilities are located from a RZ so that ease of access can be determined. The inclusion of social facilities beyond the borders of the RZ serves to maintain continuity between designated market areas considered in Chapter 4 and 7.

3.4.1   PROXIMITY TO SUPPORTIVE FACILITIES

The following figures provides an indication of the average distance from a RZ to a supportive facility. The figures show that the average distance from a RZ to a supportive facility is:

- Retail facilities   2.4 kilometers
- Community centres   3.1 kilometers
- Fire stations   2.5 kilometers
- Government offices   1.9 kilometers
- Hospital / clinic   2.7 kilometers
- Libraries   3.3 kilometers
- Primary schools   2.2 kilometers
- Secondary schools   3.1 kilometers
- Police stations   4.7 kilometers
- Post offices   5.1 kilometers

The data shows that a RZ typically either has a supportive facility within its designated geographic area or is within 1 to 3 kilometers (walking distance) from a facility.

Seldomly it is found that a RZ does not have a supportive facility within its geographic designated area. Typically, facilities such as hospitals/clinics, libraries and community centres are not found in RZ's, especially decentralised RZ's.

Figure 3.5: Retail Facility Supply – Average Distance to Facilities (km)

Region	Location	Value
Dr Kenneth Kaunda	Makwassie	No facility present
	Ventersdorp	Facility in RZ
	Wolmaranstad	Facility in RZ
	Ellaton	4,2
	Flamwood	0,8
	Dassierand	3,2
	Miederpark	3,3
Dr Ruth Segomotsi Mompati	Schweizer-Reneke	Facility in RZ
	Vryburg	Facility in RZ
	Taung	1,5
Ngaka Modiri Molema	Zeerust	4,5
	Mahikeng	Facility in RZ
	Lichtenburg	1,7
Bojanala	Brits CBD	3,0
	Rustenburg Cluster	Facility in RZ
	Boschoek Cluster	7,2
	Boitekong Cluster	3,8
	Sunway Village	6,5
	Platinum Heights	4,8
	Letlhabile	2,0
	Pilansberg	0,1

Source: DEMACON GIS, 2020

Figure 3.6: Community Centre Facility Supply – Average Distance to Facilities (km)

Region	Location	Value
Dr Kenneth Kaunda	Makwassie	No facility present
	Ventersdorp	No facility present
	Wolmaranstad	No facility present
	Ellaton	5,5
	Flamwood	4,9
	Dassierand	3,7
	Miederpark	2,7
Dr Ruth Segomotsi Mompati	Schweizer-Reneke	No facility present
	Vryburg	Facility in RZ
	Taung	No facility present
Ngaka Modiri Molema	Zeerust	No facility present
	Mahikeng	Facility in RZ
	Lichtenburg	1,8
Bojanala	Brits CBD	0,5
	Rustenburg Cluster	1,5
	Boschoek Cluster	5,5
	Boitekong Cluster	6,4
	Sunway Village	7,2
	Platinum Heights	No facility present
	Letlhabile	No facility present
	Pilansberg	0,5

Source: DEMACON GIS, 2020

Figure 3.7: Fire Station Facility Supply – Average Distance to Facilities (km)

Dr Kenneth Kaunda
- Makwassie — No facility present
- Ventersdorp — Facility in RZ
- Wolmaranstad — No facility present
- Ellaton — 5,8
- Flamwood — 1,4
- Dassierand — 2,6
- Miederpark — 2,8

Dr Ruth Segomotsi Mompati
- Schweizer-Reneke — Facility in RZ
- Vryburg — Facility in RZ
- Taung — 0,4

Ngaka Modiri Molema
- Zeerust — No facility present
- Mahikeng — Facility in RZ
- Lichtenburg — 2,9

Bojanala
- Brits CBD — 0,1
- Rustenburg Cluster — Facility in RZ
- Boschoek Cluster — 7,4
- Boitekong Cluster — 4,4
- Sunway Village — 6,0
- Platinum Heights — 8,2
- Letlhabile — No facility present
- Pilansberg — 0,3

Source: DEMACON GIS, 2020

Figure 3.8: Government Office Facility Supply – Average Distance to Facilities (km)

Dr Kenneth Kaunda
- Makwassie — Facility in RZ
- Ventersdorp — Facility in RZ
- Wolmaranstad — 1,1
- Ellaton — 3,1
- Flamwood — 1,6
- Dassierand — 2,3
- Miederpark — 2,7

Dr Ruth Segomotsi Mompati
- Schweizer-Reneke — Facility in RZ
- Vryburg — Facility in RZ
- Taung — 2,5

Ngaka Modiri Molema
- Zeerust — Facility in RZ
- Mahikeng — Facility in RZ
- Lichtenburg — 2,3

Bojanala
- Brits CBD — 0,2
- Rustenburg Cluster — Facility in RZ
- Boschoek Cluster — 4,6
- Boitekong Cluster — 3,5
- Sunway Village — 5,7
- Platinum Heights — 9,9
- Letlhabile — No facility present
- Pilansberg — No facility present

Source: DEMACON GIS, 2020

Figure 3.9: Hospital/Clinic Facility Supply – Average Distance to Facilities (km)

Dr Kenneth Kaunda

Makwassie	No facility present
Ventersdorp	No facility present
Wolmaranstad	No facility present
Ellaton	4,7
Flamwood	1,5
Dassierand	3,2
Miederpark	3,4

Dr Ruth Segomotsi Mompati

Schweizer-Reneke	No facility present
Vryburg	Facility in RZ
Taung	3,6

Ngaka Modiri Molema

Zeerust	Facility in RZ
Mahikeng	Facility in RZ
Lichtenburg	No facility present

Bojanala

Brits CBD	No facility present
Rustenburg Cluster	Facility in RZ
Boschoek Cluster	No facility present
Boitekong Cluster	4,5
Sunway Village	No facility present
Platinum Heights	No facility present
Letlhabile	No facility present
Pilansberg	No facility present

Source: DEMACON GIS, 2020

Figure 3.10: Library Facility Supply – Average Distance to Facilities (km)

Dr Kenneth Kaunda

Makwassie	Facility in RZ
Ventersdorp	No facility present
Wolmaranstad	4,3
Ellaton	5,7
Flamwood	6,5
Dassierand	2,5
Miederpark	4,5

Dr Ruth Segomotsi Mompati

Schweizer-Reneke	Facility in RZ
Vryburg	Facility in RZ
Taung	No facility present

Ngaka Modiri Molema

Zeerust	Facility in RZ
Mahikeng	Facility in RZ
Lichtenburg	No facility present

Bojanala

Brits CBD	0,9
Rustenburg Cluster	0,9
Boschoek Cluster	No facility present
Boitekong Cluster	2,3
Sunway Village	8,1
Platinum Heights	No facility present
Letlhabile	No facility present
Pilansberg	2,6

Source: DEMACON GIS, 2020

Figure 3.11: Primary School Facility Supply – Average Distance to Facilities (km)

Source: DEMACON GIS, 2020

Dr Kenneth Kaunda
- Makwassie: 6,4
- Ventersdorp: 1,7
- Wolmaranstad: 2,2
- Ellaton: 3,8
- Flamwood: 1,4
- Dassierand: 2,8
- Miederpark: 3,4

Dr Ruth Segomotsi Mompati
- Schweizer-Reneke: Facility in RZ
- Vryburg: Facility in RZ
- Taung: 3,8

Ngaka Modiri Molema
- Zeerust: 1,2
- Mahikeng: Facility in RZ
- Lichtenburg: 3,6

Bojanala
- Brits CBD: 0,2
- Rustenburg Cluster: Facility in RZ
- Boschoek Cluster: 1,8
- Boitekong Cluster: 0,4
- Sunway Village: 6,5
- Platinum Heights: 3,9
- Letlhabile: 3,2
- Pilansberg: 0,1

Figure 3.12: Secondary School Facility Supply – Average Distance to Facilities (km)

Source: DEMACON GIS, 2020

Dr Kenneth Kaunda
- Makwassie: 5,9
- Ventersdorp: 4,3
- Wolmaranstad: 2,3
- Ellaton: 3,9
- Flamwood: 2,4
- Dassierand: 3,4
- Miederpark: 4,2

Dr Ruth Segomotsi Mompati
- Schweizer-Reneke: Facility in RZ
- Vryburg: 1,0
- Taung: 4,6

Ngaka Modiri Molema
- Zeerust: 0,0
- Mahikeng: Facility in RZ
- Lichtenburg: 3,3

Bojanala
- Brits CBD: 1,1
- Rustenburg Cluster: Facility in RZ
- Boschoek Cluster: 6,6
- Boitekong Cluster: 2,9
- Sunway Village: 7,9
- Platinum Heights: 4,7
- Letlhabile: 3,0
- Pilansberg: 1,7

Figure 3.13: Police Station Facility Supply – Average Distance to Facilities (km)
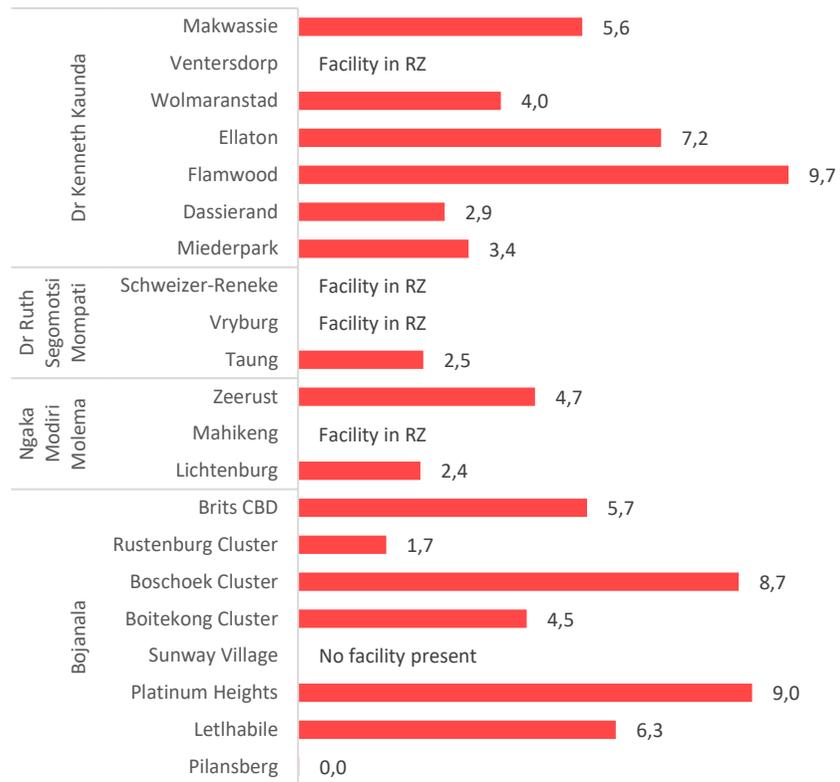
Source: DEMACON GIS, 2020

Figure 3.14: Post Office Facility Supply – Average Distance to Facilities (km)
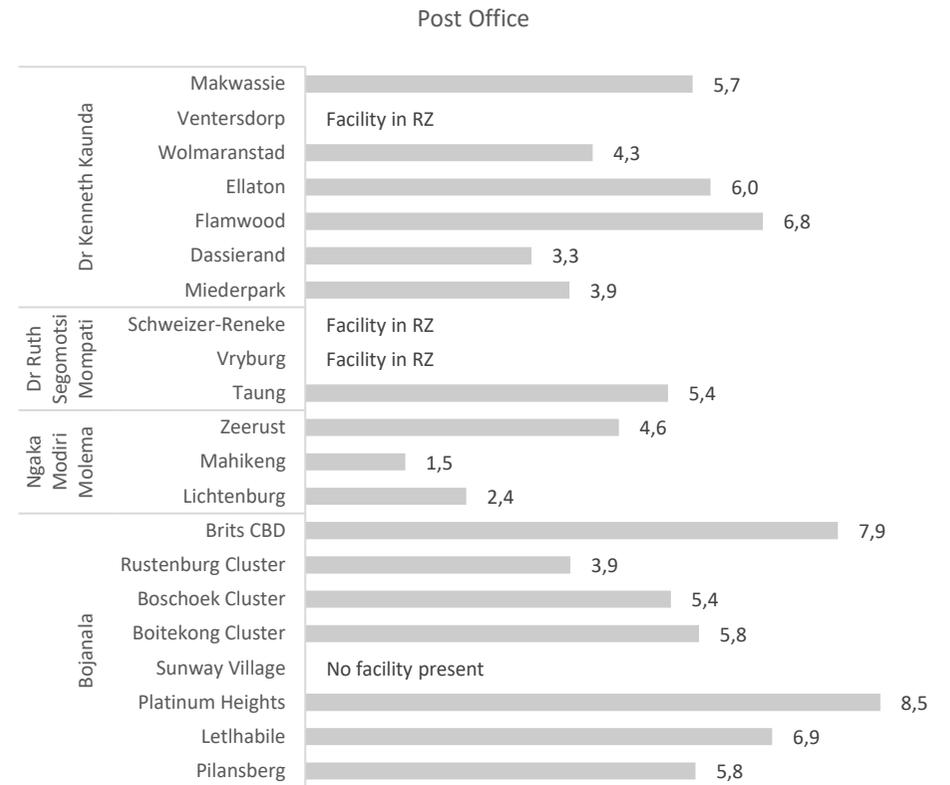
Source: DEMACON GIS, 2020

3.5   LOCATION ASSESSMENT

To fully assist in decision making and determining the market potential and options for the RZ's in the North West Province, location assessments are completed. The location assessment seeks to provide a description of the location of the RZ's and also an assessment of the applicability of a location based on location evaluation models.

The DEMACON © Site Evaluation Model for social housing firstly evaluates a site based on a 5-point scale, with five being the highest. Secondly, weights are attached to each factor, in order of importance (1 to 5, with 5 being the most important). A rating for each assessment factor is determine from where an overall site rating is calculated. The site rating is then interpreted based on a scale which provides insight into the fundamentals of the proposed site and its rating.

To illustrate the location assessment model and process, the following diagram is provided to outline the key components and meaning of the site evaluation model. Please note that the diagram is an example.

Diagram 3.2: Example of a Site Evaluation Model and Interpretation

Locational Factor		Grading from 1 to 10	Scoring of Locational Factor	Total Score	Score Rating	Interpretation
	Perceived Level of Safety and Security	7	**35**			**< 60** Site rating is insufficient and is not recommended for consideration
	Area Price Profile	7	**28**			
	Address Value	7	**28**			
	LSM Profile	7	**35**			
	Perceived Quality of Residential Environment	6	**24**			**60 to 70** Site rating is enough, but some critical factors may be lacking but could possibly be addressed
	Tempo of Residential Growth	7	**35**			
	Within direction of current and future growth	8	**40**			
	Perceived investment value	7	**28**	**437**	**74.1**	
	Access to main roads	9	**27**			**70 to 80** Site rating is high and indicates that the most important fundamentals for successful development are in place
	Proximity to workplace	7	**21**			
	Proximity to schools	8	**32**			
	Proximity to retail facilities	8	**32**			
	Proximity to social amenities	8	**24**			
	Proximity to public transport	8	**24**			**> 80** Site rating is exceptional
	Availability of land	8	**24**			

Source: DEMACON, 2020

3.5.1   LOCATION DESCRIPTION AND ASSESSMENT SCORE

The following section provides an indication of the location and general characteristics each RZ in question.

Brits CBD

The RZ is located east of the Brits CBD and stretches from Mamogaleskraal in the north to the R566 in the south, the Brits CBD and R511 in west to Motutlung in the east. The NWSDF identifies the Brits area as a primary node in the province whilst in the context of Madibeng Brits is considered to be a first order service delivery node. The geographic area contained in the RZ consists of varied land use typologies. The eastern portions consist of suburban and township localities, whilst to the north and central portions rural and agricultural land uses can be found. The western portions consist of formalizing township areas whilst the southern portions consist of the primary industrial area of Brits.

Social facilities are primarily clustered in and around Brits town, limiting accessibility in the northern and western portions of the RZ. Future urban development is directed towards the Letlhabile area which could provide opportunities for social housing.

Location Assessment Score — **74,2%**
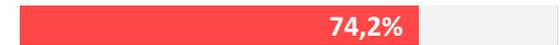
Platinum Heights

The RZ is located along the N4 Highway between Brits and Rustenburg and directly east of the Samancor TCS Chrome Smelter. The N4 Highway (Platinum Corridor) is a primary provincial and local corridor which links major economic and urban centres and functions as a main investment area. The RZ is located close to the Modderspruit/Bapong settlements which is a future urban development area for the Madibeng LM. The RZ, although well positioned in terms of the N4 Highway and adjacent mining activity, is disjointed from social facilities such as police stations, fire stations and healthcare facilities.

Even though future urban development is planned for the local area, it is limited by high agricultural potential and cultivated land. Development is also constrained by mining activities. Careful consideration should be given to the integration and supply of social amenities to support new and existing communities.

Location Assessment Score — **69,5%**

Sunway Village

The RZ is located south of Brits (Primary Node) and the N4 Highway and along the R566.The RZ creates an extension of the Sunway Village settlement. The RZ's location is not, according to the NWSDF and Madibeng SDF a future expansion or development area. The NWHSMSP also indicates that priority housing areas are clustered in and around the Brits and Hartbeespoort areas.

Even though the RZ is located approximately 10 km from Brits, the immediately surrounding area to the RZ has limited to no access to social facilities. The RZ is also disconnected from major economic nodes although mining activity does surround the RZ.

Location Assessment Score	66,3%

Pilansberg Corridor
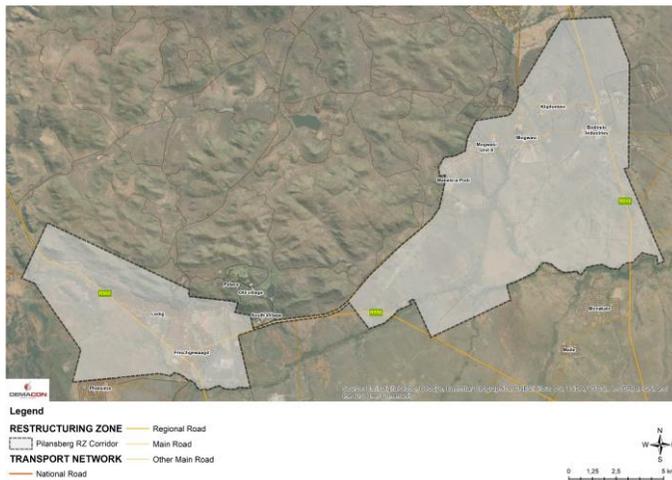
The RZ is located between the southern boundary of the Pilansberg Nature Reserve and the Rustenburg/Moses Kotane Municipal boundary. The RZ stretches from Mahobieskraal in the west to Mogwase in the east. The NWSDF considers Mogwase to be a Fourth Order Node meaning a local service delivery node for surrounding communities. The Moses Kotane IDP identifies that urbanization is a major trend in the municipal area and that not only urban localities, but rural and traditional areas ae experiencing rapid urbanization trends.

The NWSDF identifies that the area which contains the RZ is a development zone, whilst the NWHSMSP identifies pockets of strategic development areas in and around Mogwase and Ledig. The RZ has good access to social facilities but, as the NWSDF notes, the grouping of public facilities is an imperative to kick start development.

Location Assessment Score	69,5%

Boitekong Cluster

The RZ is located north-east of the Rustenburg CBD and northern suburbs. The RZ consists of township areas that include Boitekong, Meriteng and Sunrise Park. According to the NWSDF the area is considered to be part of the development zone of the municipality, whilst the NWHSMSP identifies numerous expansion infill and incremental development areas in the RZ.

The RZ and its broader area is considered to be a priority node in the Rustenburg context. The future developmental context of the area allows for the establishment of BRT along the R510, which will act as a development catalyst for high density and mixed-use development. Outside the high-density zone low to medium density development is proposed. The area is moderately well positioned in terms of social facilities. Planning documents suggest that urban should be minimised.

Location Assessment Score | **72,4%**

Boschoek Cluster
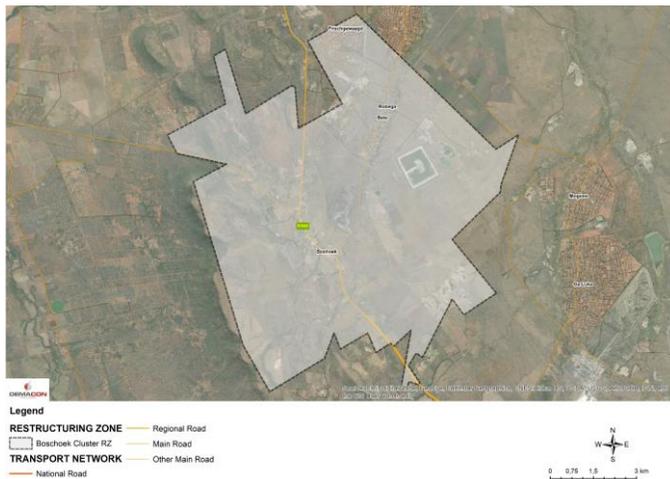
The RZ is located north-west of the Rustenburg CBD between Sun City and Rustenburg along the R565. The NWSDF does not identify the area is a provincial node but incorporates the area into the development zone of the municipality. The NWHSMSP also identifies that area settlements within the RZ have expansion potential. The Rustenburg aster Plan has identified Chaneng as a proposed integrated township with a proposed town centre. The area is to function as a satellite town with a tourism character.

Social facilities are limited within and around the RZ and are thus essential requirements for sustainable and integrated project development. The RZ is well positioned to access surrounding mining facilities, but primary economic and employment nodes, such as Rustenburg, are somewhat removed from the RZ.

Location Assessment Score | **67,8%**

Letlhabile

The RZ is located south of the Letlhabile settlement along Letlhabile Road. The area is not identified as a provincial node but does fall within the development zone of the municipality. The NWHSMSP acknowledges the area but does not prescribe any priority housing development areas.

The RZ is well positioned in terms of target market, the RZ also has access to numerous social facilities. The RZ is disconnected from the primary economic node of the municipality thus inhibiting labour absorption.

Location Assessment Score | **72,0%**
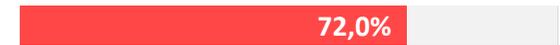
Rustenburg Cluster
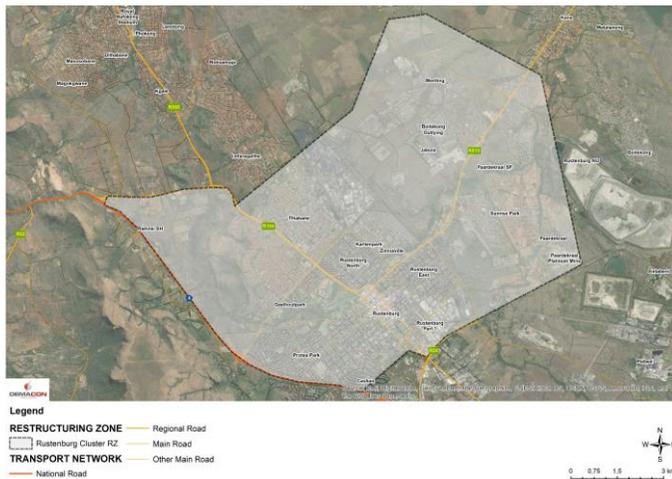
The RZ consists of the historic Rustenburg CBD, eastern suburbs, Protea Park, Geelhoutpark, and Tlhabane. The RZ further extends to Boitekong and the areas surrounding the Boitekong RZ up to the Kana settlement. The RZ does exclude the Waterfall area to the south.

The NWSDF identifies the area is a provincial primary node whilst the NWDSMSP identifies expansion areas to the south, north and east of the historic CBD of Rustenburg. The Rustenburg Master Plan identifies that the Rustenburg CBD is an area for redevelopment with BRT connectivity north and east of the CBD. To the north-west, north, east and south of the CBD, high density development is proposed.

The RZ is well positioned in terms of employment opportunities, social facilities and future densification areas.

Location Assessment Score | **77,1%**

Ellaton
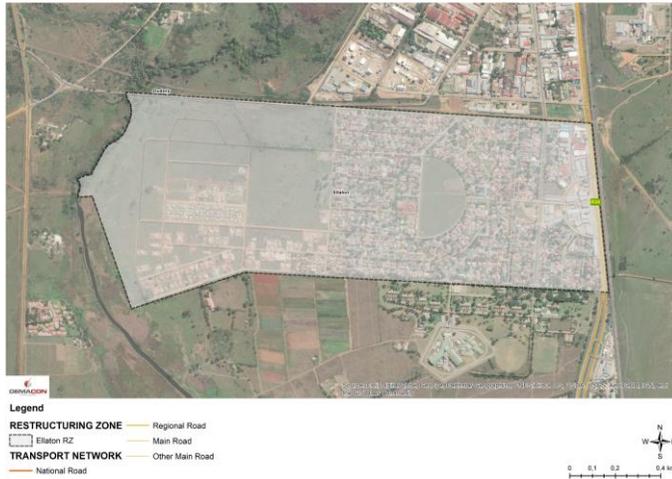
The RZ is located to the south of the Klerskdorp CBD, Neserhof suburb and Klerksdorp Industrial area. According to the NWSDF, Klerksdorp is considered to be a primary provincial node, whilst the NWHSMSP identifies that infill development should be located east of Ellaton and south of Boetrand.

The RZ is disconnected from social facilities, which are largely concentrated in the CBD of Klerksdorp. The RZ is well positioned in terms of economic and employment nodes such as the Klerksdorp Industrial area.

It is therefore necessary for social facilities to be incorporated to ensure sustainable and integrated project development.

Location Assessment Score — **70,0%**
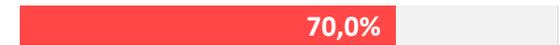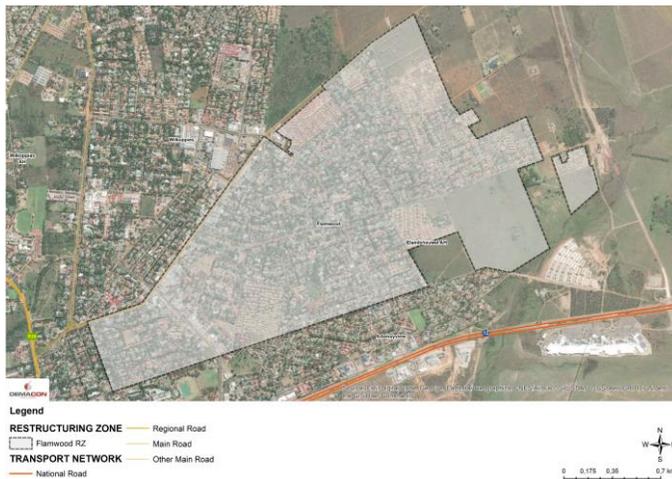
Flamwood

The RZ contains the Flamwood suburb of Matlosana. The RZ is located north of the N12 Highway and is bordered by the Buffelsdoorn Road to the north, the Irene Park suburb to the west and agricultural land to the east.

According to the NWSDF, Klerksdorp is considered to be a primary provincial node, whilst the NWHSMSP identifies that expansion could occur to the east of the RZ, with pockets of infill development throughout the suburb.

The RZ is well positioned to access social facilities due to their proximity to the RZ and the ease of access created by various transport routes. The RZ is also well positioned close to economic and employment nodes in the urban area and surrounding retail expansion areas. Future development surrounding the Matlosana Mall could further provide employment opportunities and social facilities.

Location Assessment Score — **78,1%**
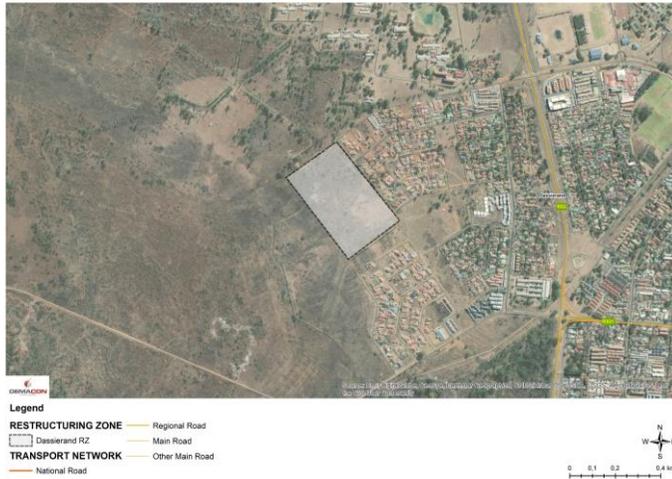
Dassierand

The RZ is located east of the Dassierand suburb. The RZ creates an extension of the existing urban fabric of the Potchefstroom town. The Potchefstroom town is a primary provincial node whilst the NWHSMSP identifies that the areas north of the RZ are suitable strategic development areas for human settlement development.

The RZ is slightly disconnected from social facilities, whilst being optimally located close to the NWU and its supportive facilities and retail amenities.

Location Assessment Score   **74,1%**
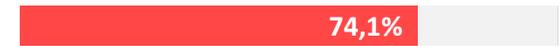
Miederpark

The RZ is located on vacant land parcels in the Miederpark suburb of Potchefstroom. The RZ is optimally located to act as infill development and densification in the Miederpark suburb. The Potchefstroom town is a primary provincial node whilst the NWHSMSP identifies that the areas south-west of the RZ are suitable for future expansion whilst areas to the east are suitable strategic development areas for human settlement development.

The RZ is slightly disconnected from social facilities but has good access via multiple transport routes. The RZ is also well positioned in terms of economic nodes and employment opportunities..

Location Assessment Score   **75,3%**
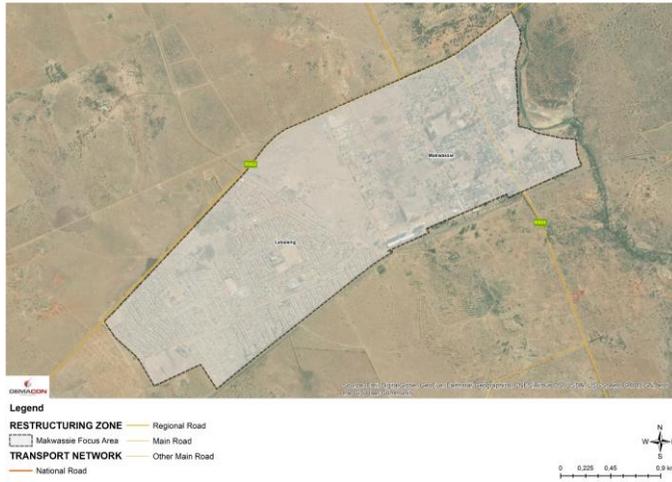
Makwassie

The RZ consists of the Makwassie town and settlement, located approximately 14 km from Wolmaransstad to the north. According to the NWSDF, Makwassie is a fourth order node which indicates that the area is a local service delivery node to surrounding communities. The NWHSMSP identifies that infill development should occur in the existing town, whilst expansion could occur to the north and between the town and the Lebaleng township.

The RZ does have access to social facilities, but these are limited. The RZ is also removed from primary economic and employment nodes. The locality of the RZ should consider the accessibility of social facilities and employment opportunities in order to ensure sustainable and integrated project development.

Location Assessment Score — **68,5%**
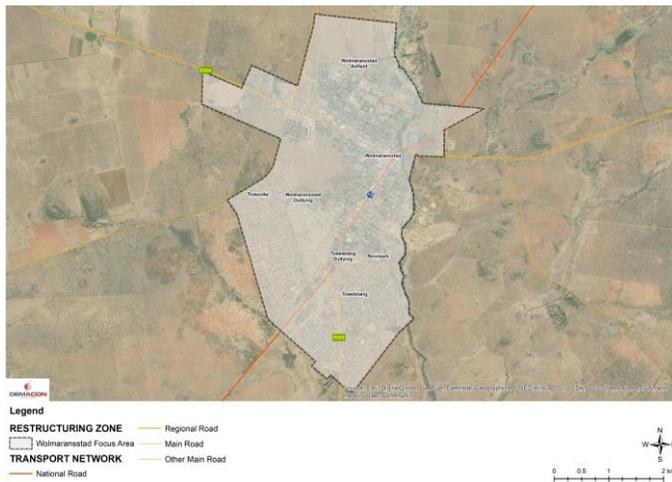
Wolmaransstad

The RZ consists of the Wolmaransstad, Trotsville and Tswelelang settlements. According to NWSDF, Wolmaransstad is a secondary provincial node that supports not only local but regional communities. The NWHSMSP identifies that expansion potential is located to the north, west and south of Wolmaransstad, while the area along the N12 highway could incorporate urban renewal and infill development.

The RZ is home to the primary social facility supply of the Maquassi Hills Local Municipality and thus has good access to social amenities and the major economic node of the local authority.

Location Assessment Score — **74,4%**
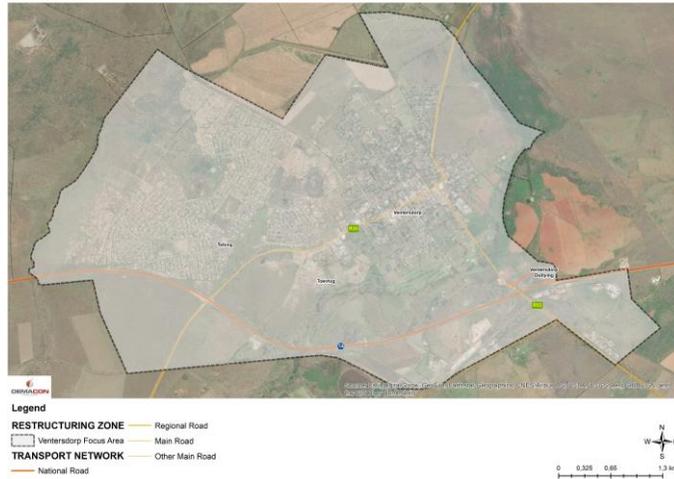
Ventersdorp

The RZ consists of the broader Ventersdorp town. According to the NWSDF Ventersdorp is a secondary node for the province, indicating its potential for economic output as well as service delivery to its surrounding communities. The NWHSMSP identifies the greater town area as a priority housing development area which ideally should focus on expansion and infill development on strategic located land parcels. The local SDF identifies the town as a key business node for the municipality.

Because of the historic administrative status of the town, numerous social facilities are located in the town, enabling greater access. The business capacity of the town provides for employment opportunities, whilst major transport routes provide sufficient movement to and from the RZ.

Location Assessment Score   **74,1%**

Mahikeng Urban Edge
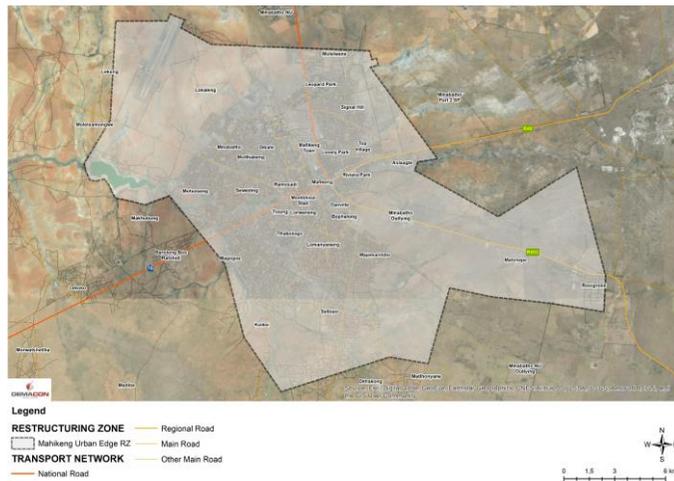
The RZ consists of the entire geographic area contained within the designated urban edge of the Mahikeng town. According to the NWSDF the town is considered to be a primary node in the province, largely on account of the administrative capacity of the town as well as the extent and size of the urban and economic environment. The NWHSMSP identifies the town as a priority housing development area which should ideally focus n strategic development of land parcels, development along corridors and development in the nodes of the town.

The RZ is well positioned to benefit from social facilities, employment nodes and infrastructure within the town.

Location Assessment Score   **75,3%**

Zeerust
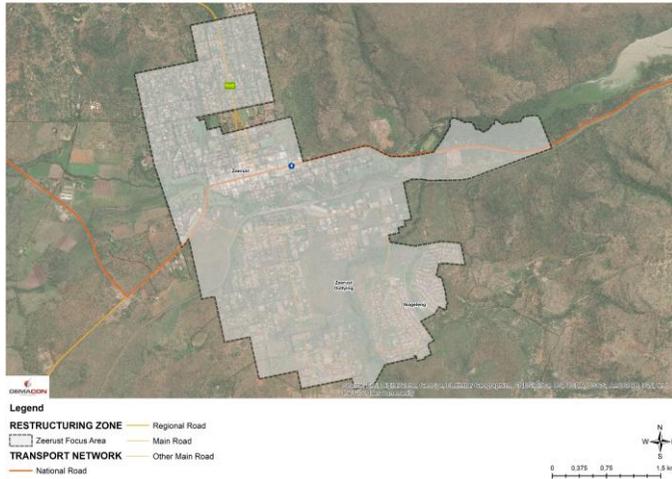
The RZ consists of the entire Zeerust town, including the Ikageleng township to the south-east of the town. According to the NWSDF, the town is considered to be a tertiary node in the province, meaning that the town supports a sub-regional area with services. The NWHSMSP identifies the town as a priority housing development area meaning that the town should be prioritized for future subsidized housing projects. Strategic development areas are located to the north, central and southern portions of the town, whilst the CBD is considered to be location for nodal development.

The town has good access to numerous social facilities and so supports current communities and could support future community growth. It would be necessary to review the capacity of social facilities to support local growth.

Location Assessment Score — 73,9%

Lichtenburg

The RZ is located in the southern suburb of the Lichtenburg town, north of the R503 between Dr Beyers Naude Drive and 1st Street. The RZ is located in Lichtenburg, which according to the NWSDF is a secondary node in the province, servicing a broader regional catchment of population. The NWHSMSP identifies Lichtenburg as a priority housing development area proposing that, strategic development occur to the east and west of the town, around the Boikutso township and south of Blydeville. Nodal development is proposed in the existing CBD and along Beyers Naude Drive.

The regional importance of the town has established a wide variety of services, thus positioning the RZ to benefit from its proximity to these services. The town is also an important economic and labour absorption node thus requiring the town to maintain economic growth to support social housing sustainability.

Location Assessment Score — 74,6%

Taung

The RZ is located to the east of the existing CBD of the Taung town. The RZ is located in and around an existing suburb of the town. According to the NWSDF, Taung is a tertiary node in the province and supports the sub-regional community surrounding the town. The town is further located in a priority rural development area. The NWHSMSP identifies the town as a priority housing development area, with infill development proposed to the east of the proposed RZ.

The RZ is moderately well positioned in terms of social amenities and facilities, with some facilities between 2 to 3 kilometers from the RZ. Although the town is an economic center for surrounding communities, low economic growth and labour absorption may hamper the sustainability of social housing in the RZ. Additionally, the built-up nature of the RZ may further cause issues related to available land for development.

Location Assessment Score — **69,7%**

Vryburg
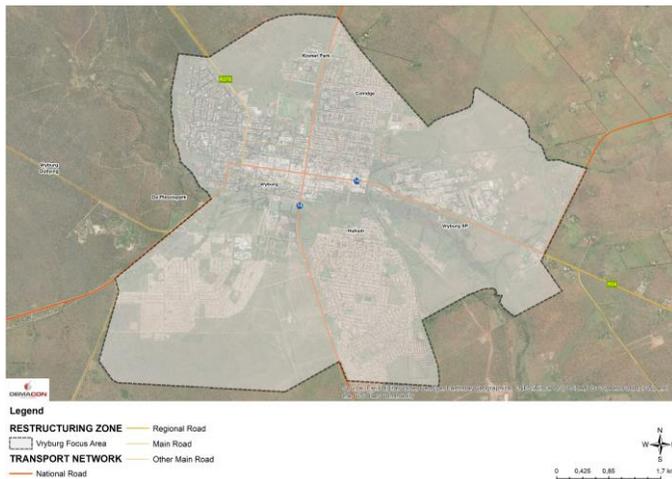
The RZ consists of the greater Vryburg town area, including Vryburg and Huhudi. The NWSDF identifies the town as a secondary node, supporting a larger regional catchment of communities. Likewise, the NWHSMSP identifies the town as a priority housing development area proposing, expansion areas to the north and south of the town, infill development north of the CBD and along the N18 highway and urban renewal in the CBD of the town.

The RZ has good access to social amenities and facilities but lags behind growth in the economy and labour absorption. It should thus be kept in mind that labour absorption in the area may remain low and so influence social housing sustainability.

Location Assessment Score — **75,3%**

Schweizer-Reneke
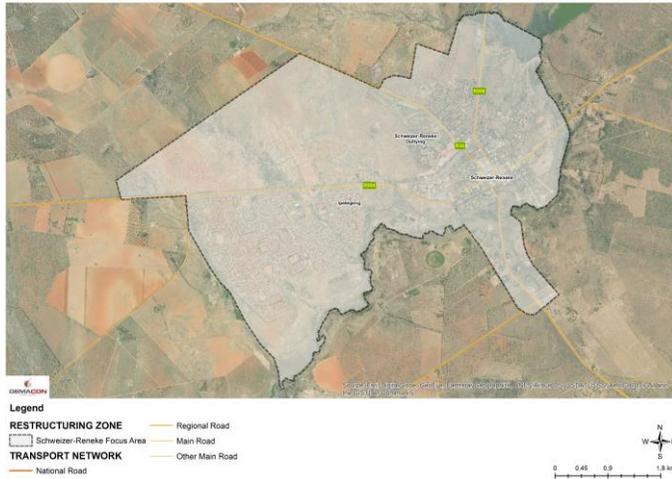
The RZ consists of the Schweizer-Reneke town and includes the Ipelegeng township to the west. The town is identified as a secondary node in the province, meaning that the town supports a wider regional catchment of communities with social and economic services. The NWHSMSP identifies the town as a priority housing development area. Proposals include expansion areas to the west and south of the town and Ipelegeng, infill development in and around the CBD, and corridor development along the R34 south of the CBD.

The RZ has access to a range of social facilities and has maintained moderate economic growth and low to moderate labour absorption. The economy provides an opportunity for social housing but would need to remain consistent to allow for sustainable social housing projects.

Location Assessment Score | **71,1%**
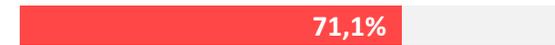
3.6 SYNTHESIS

NORTH WEST SPATIAL DEVELOPMENT FRAMEWORK IMPLICATIONS

For social housing, the implication of the NWSDF is that, a strong focus resides on the primary, secondary, tertiary and fourth order nodes of the province, coupled with strong development corridors.

The drive towards developmental focus in the primary nodes, coupled with strong urbanisation trends would place significant strain and focus on primary urban localities to supply residential opportunities to new and/or prospective residents.

Social housing thus becomes an important tool in achieving the supply of residential options whereby, affordable rental options may be limited due to the depressed nature of the provincial and local economy, as well as the faltering nature of the mining industry.

Inclusive and restructured towns and settlements is a key focus for the provincial SDF. By this means, social housing functions as another tool which can assist in the restructuring of urban areas by means of inclusionary housing options in well

located land parcels close to employment opportunities, economic centres and social facilities.

Although demand for affordable housing options may exist in the province, the struggling economy may pose a risk to the sustainability of social housing projects, specifically because labour absorption may be limited

NORTH WEST HUMAN SETTLEMENTS MASTER SPATIAL PLAN IMPLICATIONS

The NWHSMSP identifies that spatial targeting for human settlements should consider the compaction and structuring of settlements within a defined urban boundary, allowing for the development of mixed-use environments that support public transport and pedestrian movement, and allow for access to social amenities and facilities.

By implication the plan identifies that the guiding principles for human settlement location identification should consider economic and employment realities and

the positioning of human settlements in proximity to employment opportunities and economic activity areas; that human settlements should consider the positioning of human settlements close to transport corridors and movement networks that connect people to the wider region as well as employment, economic and social facilities and activities; to supply human settlements in accordance to the availability of bulk infrastructure and other services in order to allow beneficiaries access to basic services; and that human settlements should be cognisant of social amenities and facilities supply so that a project is close to existing services, or that new services be provided as necessary to support new communities.

In essence, social housing should align to the afore mentioned principles as the plan prescribes areas that would be best suited to support housing initiatives,

especially infill development areas; CBD renewal areas; nodal development areas and corridor development areas.

LOCATION ASSESSMENTS

The location assessments indicate that the majority of RZ's are well positioned to access existing social amenities and facilities. In the majority of cases, economic growth and labour absorption maintain steady low to moderate and moderate growth, which, if maintained or accelerated could enhance the sustainability of social housing projects.

Figure 3.15: Summary of Restructuring Zone Location Analysis

Source: DEMACON, 2020

Note: 80%+ indicates an exceptional site rating; a site rating of 70% to 80% is high and indicates that most important fundamentals for a successful residential development is in place; a rating of 60% to 70% indicates some critical factors may be lacking but could possibly be addressed; projects with a sub 60% rating are not recommended for consideration.

ECONOMIC PROFILING AND OVERVIEW

5

4 ECONOMIC PROFILING AND OVERVIEW

4.1 INTRODUCTION

An intricate, though well-defined relationship exists between the economy and urban real estate markets. The performance of specific economic sectors serves as proxy for the performance of these real estate markets. The purpose of Chapter 4 is to outline the salient features of the market area economy (reference is made to the North West Province and District Authorities) in terms of selected time series economic indicators, most notably the economic profile and growth trends within the economy.

As such, the Chapter provides insight into the composition and stability of the sub-region economy and hence, provides a more comprehensive assessment of medium- to long-term investment prospects than the conventional demographic analysis.

Diagram 4.1: Chapter 4 Core Themes

MACRO-ECONOMIC TRENDS
National economy trends

LOCAL ECONOMY TRENDS AND PERFORMANCE
Provincial overview
District overview
Local overview

SYNTHESIS

ECONOMIC PROFILING AND ANALYSIS
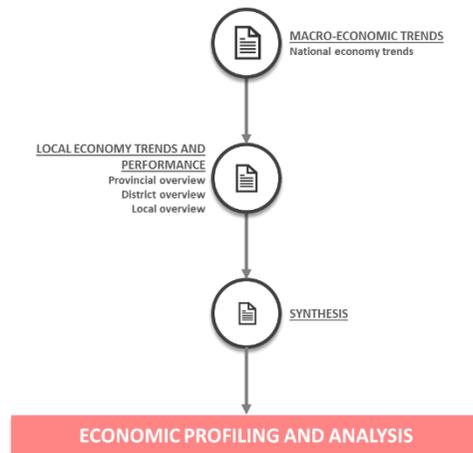
4.2 REFERENCE FRAMEWORK

The casual relationship between economic sector performance and property market performance is illustrated in Diagram 3.1.

Diagram 4.2: Casual Relationship between Economic Performance and Property Sectors

CASUAL RELATIONSHIP BETWEEN ECONOMIC PERFORMANCE & PROPERTY SECTORS

MACRO ECONOMIC VARIABLE	SECTORAL PERFORMANCE	PROPERTY MARKET PERFORMANCE
PRODUCTION INFLATION INTEREST RATES EXCHANGE RATES	Trade	Retail & Wholesale
	Business & Financial Services	Offices
	Transport	Warehousing & Distribution
	Manufacturing	Industrial
Personal Consumption Expenditure (Total Demand)	Other	Other

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4.3 MACRO-ECONOMIC TRENDS AND PERFORMANCE

Considering the economic trends and performance indicators, due consideration should be afforded to the macro-economy. The macro-economy refers to key national trends and performance indicators that define the current structure and short-term growth expectations of the South African economy.

Trends at a national economy level filter into local economies and thus is an essential consideration for analysis of economic functions.

Subsequent paragraphs highlight the main indicators for the macro-economy.

4.3.1 MACRO-ECONOMY FAST FACTS

MACRO-ECONOMIC FUNDAMENTALS

GDP forecasts have been cut sharply – 0.9% for 2020

Inflation has probably bottomed out but is likely to remain well contained within the 3-6% target

Fiscal policy is a huge problem for South Africa, with stuttering tax collections, and an apparent unwillingness of the government to cut the public sector payroll

Calling the SARB's decisions with a divided MPC is challenging given low inflation and growth, but big looming risks

The ZAR is likely to weaken back up to around 15 per USD

Eskom continues to be a major source of fiscal and general macroeconomic risk.

Structural reforms accelerated a little towards the end of last year, although progress overall has been slow, in part due to political contestation

South Africa's political functionality continues to be hobbled by the factional battle within the ANC

Further credit rating downgrades seem likely

COMPOSITE BUSINESS CYCLE INDICATORS

Composite Leading Business Cycle Indicator	↑	**INCREASED** **0.5%**
Composite Coincident Business Cycle Indicator	↑	**INCREASED** **0.5%**
Composite Lagging Business Cycle Indicator	↑	**INCREASED** **0.9%**

4.3.2 MACRO-ECONOMIC FUNDAMENTALS

The following information is sourced from the ABSA South Africa Quarterly Perspectives, Q1 of 2020.

Growth outlook is constrained by load shedding and persistently weak demand

Economic activity was characterised by a high degree of volatility in 2019. After rebounding from a 3.1% q/q saar contraction in Q1 with a 3.2% gain in Q2, real GDP declined again by 0.6% in Q3. From the production side, the Q3 fall was broad-based.

However, despite the disappointing headline GDP print in Q3, some encouraging signs emerged in the demand-side data. Household consumption expenditure showed further resilience, rising by 0.2% q/q saar in Q3 compared to 2.6% in Q2. Significantly, gross fixed capital formation rose by 4.5% q/q saar in Q3 after strong growth of 5.8% in Q2. Net exports also contributed positively to GDP growth in Q3 following some improvement in export growth.

However, from a demand perspective, a large inventory drawdown in the quarter offset contributions by other components, resulting in expenditure-side GDP (excluding the residual) falling by 0.3% q/q saar in Q3 19.

Figure 1: Broad-based contraction in GDP in Q3 19

% q/q saar	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
Agriculture	13.7	7.9	-16.8	-4.2	-3.6
Mining	-8.9	-3.8	-10.8	17.4	-6.1
Primary sector	-4.0	-1.1	-12.3	11.9	-5.5
Manufacturing	7.5	4.5	-8.8	2.1	-3.9
Utilities	0.8	0.2	-7.4	3.2	-4.9
Construction	-1.7	-0.7	-2.0	-1.4	-2.7
Secondary sector	4.9	3.0	-7.4	1.5	-3.8
Trade & accom.	3.4	-0.7	-3.6	3.4	2.6
Transport / comms.	6.8	7.7	-4.4	-0.3	-5.4
Finance, real estate	2.1	2.7	1.1	4.1	1.6
Personal svcs.	0.6	1.7	1.1	0.8	0.4
Gov't services	1.9	-0.6	2.4	3.2	2.4
Tertiary sector	2.9	1.7	-0.4	2.9	0.9
GDP	2.6	1.4	-3.1	3.2	-0.6

Source: Stats SA, Absa Research

Figure 2: Large inventory drawdown weighed on demand side GDP in Q3

Source: Stats SA, Absa Research

Inflation: still broadly contained but more uncertainty around future path

South Africa's recent inflation data have been quite muted, generally surprising the market to the downside. A year ago, the Thomson Reuters Econometer survey consensus forecast for headline CPI inflation for 2019 was 5.2%, but in fact CPI inflation averaged 4.1% in the first 11 months of last year, a bit more than a full percentage lower than expected at the start of the year.

One major factor that was not fully anticipated was the extent to which the weak demand environment and persistent spare capacity in the economy would filter through to firms' pricing behaviour. Across the CPI basket, most prices that are sensitive to competitive market forces have been broadly contained. This is most evident in core CPI inflation, which eased to just 3.9% y/y in November, the first sub-4% print since December 2011. Meanwhile, headline CPI inflation hit just 3.6% y/y, its lowest level in nearly nine years.

However, we believe the November print represents a low point in this cycle. Both core and headline CPI inflation are likely to increase modestly in the near term, but we think there is more uncertainty than usual around the longer-term path outlook.

Figure 10: Headline inflation has generally surprised to the downside

Source: Stats SA, Thomson Reuters, Absa Research

Figure 11: Fuel inflation set for a sharp but temporary rise in Q1 20

Contribution of fuel will rise sharply in Q1 due to temporary base effects

Source: Stats SA, Absa Research

Persistent current account deficit despite weak domestic demand

The merchandise trade balance has improved markedly in recent months as imports have contracted faster than exports (Figure 16). The resulting improvement in the monthly merchandise trade balance after the current account deficit came in at R62bn (equivalent to 3.7% of GDP after seasonal adjustment) in Q3 19 may see the seasonally adjusted deficit fall just below 3% in Q4, depending, of course, on the balance in the December merchandise trade data to be released at the end of this month, as well as the net balance on invisible flows (the data for which are only released quarterly). However, in general, we believe that South Africa's structural deficit with respect to invisible balance of payment flows (which arises more from income flows than service payments and receipts) will likely ensure that the current account deficit continues to average between 3% and 4% of GDP, despite weak domestic demand.

Figure 16: Imports are contracting faster than exports

Source: SARS, Absa Research

Figure 17: South Africa runs a persistently large deficit on income flows

Source: SARB, Absa Research

Fiscal position remains precarious

The Medium-Term Budget Policy Statement (MTBPS) in October forecast a main budget deficit outcome of 6.2% of GDP in FY19/20, rising to 6.8% of GDP in FY20/21, equivalent to a primary deficit of 2.6% of GDP, including financial support for Eskom amounting to about 1% of GDP (see South Africa 2019 MTBPS: Still waiting for the hard decisions, 31 October 2019 for more details).

However, with a real interest rate on government debt that is much higher than the real GDP growth rate, South Africa needs instead to run sizeable primary budget surpluses just to stabilise debt to GDP. We believe the government intends to implement some corrective measures in the 2020 Budget, which will be unveiled on 26 February, but their scale and exact modalities are still up in the air, especially with regard to the relative balance between reliance on expenditure cuts versus tax increases. In June last year, the National Treasury called for 5% mandatory cuts in baseline budgets from national and provincial government departments, but such large spending cuts were not embedded

into the MTBPS projections. The National Treasury has warned of the pressing need to curtail spending on public sector compensation, but with employee compensation accounting for 34% of total planned (consolidated) spending in FY19/20, we believe the scope for big cuts is limited, given that the government is in the middle of a multi-year pay deal with civil servants, which ends only in March 2021, and it has also promised not to implement any mandatory retrenchments. The ability of the government to use natural attrition and reboot its early voluntary retirement mechanism to downsize the public sector wage bill looks tenuous, while the idea of eliminating automatic notch progression for pay will need to be negotiated with unions as well. Other important components of total spending, such as social grants (over 9% of total spending) and the interest bill (11%), also cannot be cut, and there is a limit to how much the government's capital investment and its transfers to provinces and municipalities can be cut further without negatively impacting service delivery. The MTBPS already announced cuts of R20.3bn in transfers to the provinces over the three years commencing in FY20/21, while transfers to local government are to be cut by R20.5bn, in part to make room for extra funding for Eskom.

Furthermore, bailout demands from other troubled state-owned companies (SOCs) are likely to continue, with the government having subsequently announced a further R2bn for South African Airways. Overall, we assume roughly R20bn of additional spending cuts to be announced for the upcoming fiscal year. Instead, contrary to earlier hints from the National Treasury that there is little economic scope for further tax increases, we believe the fiscal adjustment effort will rely significantly again on the revenue side of the fiscus. The 2019 Budget announced R10bn in tax increases for FY20/21 with full details to be unveiled in the 2020 Budget, but we believe given Eskom's financial requirements and the urgency of action against South Africa's slippery debt dynamics, the 2020 Budget could go somewhat further. We forecast a 1ppt VAT increase to 16% and some recourse again to inflationary bracket creep on personal income taxes, plus a mix of smaller tax adjustments, for a total take of roughly R35bn or so. Our call of a VAT hike is perhaps a bold one, given the likely political fallout, but it is difficult to see what other options the government has. Further increases in personal income tax rates would likely damage the tax base. Over the longer term, the institutional rehabilitation of the South African Revenue Service (SARS) should serve to boost tax buoyancy, but this will take time to entrench.

We now are more bearish on the likely deficit outcome for the current fiscal year, given the weakness of GDP, and its knock-on consequences for tax collections. We forecast a main budget deficit of 6.9% of GDP in FY19/20 compared to the MTBPS projection of 6.2% of GDP. Positively, the pace of personal income tax collections has picked up again after a dip in Q3 19.

Looking into next year, our expectation that Finance Minister Mboweni and National Treasury will deliver some additional tax hikes and expenditure cuts in the 2020 Budget

translates into forecasts with somewhat lower main budget deficit and debt numbers in rand terms. However, our weaker outlook for nominal GDP leave the deficit and debt ratios quite elevated.

Monetary policy: a difficult balancing act but path will be highly data dependent

South Africa's monetary policy calculus has become a lot more complicated in recent years. This is not only because of the monetary policy committee's shift to prefer anchoring inflation expectations around the 4.5% mid-point of the target range and the uncertainty about the speed of adjustment in this regard, but also due to the increased need for the MPC to factor in hard-to quantify risks, both domestic and international. MPC members have not always agreed on how to balance these various factors, resulting in a number of split-vote MPC decisions. At its November 2019 meeting, the MPC decided to keep the repo rate on hold but 2 of the committee's 5 members preferred a 25bp cut while the rest preferred the repo rate to remain unchanged. The MPC statement for that meeting acknowledged the improvement in the inflation outlook but was still relatively hawkish in tone, stressing the risks of future market volatility and elevated uncertainty about the risks to the inflation outlook. However, since then further significant improvements in the inflation outlook and a deterioration in South Africa's growth prospects motivated the MPC to vote unanimously to cut the repo rate by 25bp to 6.25% at its January 2020 meeting. The shift from November underscores the high degree of data-dependency in the MPC's decisions from one meeting to another. Against this backdrop, forecasting the path of monetary policy, especially over long horizons have become a lot more difficult. Looking ahead, monetary policy decisions seem likely to continue to follow a meeting-by-meeting reassessment of risks rather than any clearly defined and communicated rate cycle.

One big risk factor that has clearly been of significant concern to the MPC is the deterioration in South Africa's fiscal imbalances. Linked to this is the risk that South Africa could lose its investment-grade credit rating with Moody's, lifting the risk premium and triggering portfolio outflows and exchange rate depreciation. Governor Kganyago has also been increasingly vocal on his concerns about fiscal dominance in speeches and recent MPC Q&A sessions. We believe that concerns about fiscal policy will remain top of mind for this MPC, particularly given that four of the current five members are former National Treasury employees. Thus, unless the National Treasury can produce a Budget that tables a credible path towards fiscal consolidation, the SARB MPC will likely continue to see fiscal policy as a constraint that necessitates caution. As we have argued, we believe that the 2020/21 Budget is likely to be underwhelming in terms of fiscal consolidation and we think the MPC will likely want to wait to see the Moody's ratings action, which is due a week after the March MPC meeting.

The ZAR is likely to weaken back up to R15 handle

We expect the ZAR to weaken to R15.16/USD by the end of Q1 20 and reach R16.13/USD by yearend. Both our structural ZAR model, which estimates the fair value of the exchange rates based on SA's current account balance and the country's interest rate differentials (See Strategy Insight: Our Structural model also implies the ZAR is too strong, 20 January), and our Peer model, which compares the ZAR to other high-yielding and commodity-based currencies, imply the ZAR is currently overvalued.

We expect the ZAR to be particularly vulnerable to capital outflows during the first half the year because we believe Moody's is likely to downgrade South Africa's local currency credit rating in March (which in turn will eject SAGBs from the World Government Bond Index) at the end of March, while JP Morgan is scheduled to further reduce South Africa's bond weighting within its emerging market bond index during the first half of 2020. The ZAR could actually weaken by more than we expect if the SARB cuts policy rates by more than the market currently expects and/or the economy falls back into recession. Conversely, the ZAR might prove to be more resilient than we believe if global volatility levels continue to subside on the back of reduced global trade tensions, which in turn could rekindle the ZAR's carry trade appeal. Any further improvement in South Africa's terms of trade might also support the ZAR.

Figure 27: Historical exchange rate trends

NEER represents nominal effective exchange rate. Source: Bloomberg, Absa Research

Figure 28: Comparative USDZAR projections
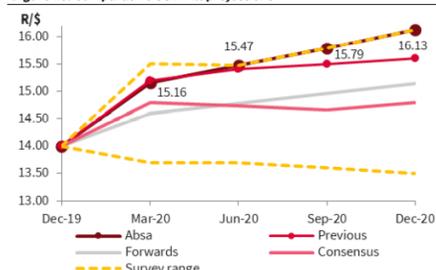
Source: Bloomberg, Absa Research

Eskom remains a huge weight on the fiscus and on the economy generally

The return of load shedding at the beginning of December (in an intense and extended way), and again in early January (so far moderately and briefly), is an unwelcome reminder that Eskom's ongoing operational challenges, especially in generation, remain a severe downside risk to Eskom's finances, the fiscus, and South Africa's growth prospects. Eskom's energy availability factor (EAF), which is the proportion of its theoretical generating capacity that is actually available at any given time, fell to new lows towards the end of 2019 as unplanned outages (breakdowns) mounted. With electricity

demand likely to ramp up sharply in the second half of January as businesses and factories return to work, the prospect of further load shedding remains high, until such time as Eskom makes a lot more progress in rehabilitating its existing plant and/or procuring new supply. However, Eskom's chief operating officer, Jan Oberholzer, said in early January that Eskom is mulling over a new maintenance strategy, to be considered by the board before the end of January, which would prioritise creating sufficient headroom for intensive maintenance over a couple of years, such that the utility could only deliver a minimum power supply of about 25,000MW, which is about 5000MW short of the current 'normal' demand, raising the risk of ongoing regular load shedding. However, even without this new 'stricter maintenance' strategy, there are ongoing risks of load shedding. Unplanned outages as of the morning of 17 January stood at 11,374MW, well above the 9,500MW level at which the utility says it can comfortably meet demand without having to resort to the emergency water and diesel reserves at its pumped storage and open cycle gas turbine generators.

Figure 29: Load shedding has resumed early in 2020
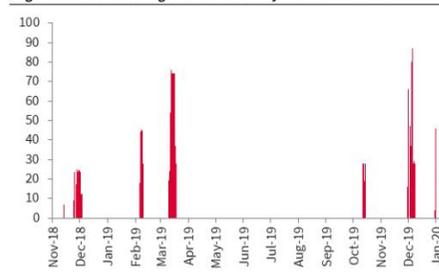
Source: Eskom, Absa Research

Figure 30: The energy availability factor fell sharply over 2020
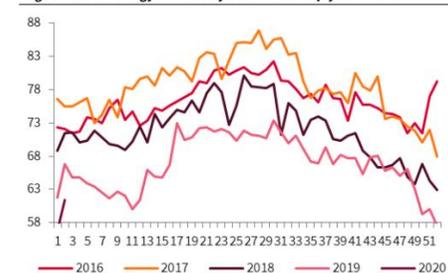
Source: Eskom, Absa Research

Some acceleration of structural reform at end-2019 but 'to-do' list is daunting

There is a widespread agreement that South Africa needs a range of structural reforms to improve the business climate, catalyse more investment and boost the country's stuttering growth rates. As we argued in the last Quarterly Perspectives, President Ramaphosa has made a fair amount of progress in strengthening the institutions of the state that were most corroded by state capture.

In particular, the additional funding announced for both South African Revenue Service and the National Prosecuting Authority (NPA) in the MTBPS should go some way to enabling the institutions to rebuild, after the new leadership was announced earlier in the year. Additionally, towards the end of last year, the NPA initiated a number of arrests, including some Eskom officials and linked businessmen, and a former state security

minister. We believe more arrests and prosecutions are likely in 2020, and this should help sentiment somewhat. However, we think that cleaner and more effective governance is likely a 'necessary but not sufficient condition' to lift South Africa out of the economic doldrums.

Fraught political dynamics to remain a key market consideration in 2020

South Africa's political outlook is likely to remain dominated by the factional divide within the governing ANC, with President Ramaphosa's efforts to roll-back state capture and strengthen constitutional governance meeting resistance from some segments within the party. There are a number of key political dynamics to watch in the coming quarters. The first is the potential parliamentary recall of the Public Protector, Busisiwe Mkhwebane, with the parliament having adopted rules for the procedure to remove the head of a Chapter 9 institutional head, such as the Public Protector, towards the end of 2019. How this proceeds will be an important test of President Ramaphosa's uncertain balance of support in the ANC parliamentary caucus. Another important parliamentary issue is the draft bill for a constitutional amendment to explicitly allow for land expropriation without compensation, with a target date of end-March after public consultation.

The parliament's consideration of the National Health Insurance (NHI) legislation will also be a hot political potato, given widespread concerns about how universal health coverage can be funded against a backdrop of strained fiscal circumstances. Outside of the parliament, all eyes will turn to the National Prosecuting Authority (NPA) to see whether it is able to accelerate progress against those guilty of corruption, and whether its actions will tilt the balance of power further in favour of Ramaphosa and his team of reformers. Towards the end of last year, there was a flurry of action, and the NPA head, Shamila Batohi, said that the Estina case, which aims at the heart of the state capture project, would be re-enrolled this year.

The parliament's decision to back the dismissal of two key Zuma allies from the NPA late last year should also strengthen the NPA, but further work needs to be done to properly staff and rehabilitate the institution. Former President Jacob Zuma's trial for corruption is also due to resume in April 2020. The Zondo commission of inquiry into state capture is also likely to continue to generate big headlines with expected appearances from President Ramaphosa and the ANC itself. The Zondo inquiry may also subpoena those implicated in state capture to appear before it. Its term is currently due to end in February, but Judge Zondo has said he plans to apply for an extension to December 2020 to appropriately conclude the work.

Finally, 2020 is the year for the ANC's National General Council (NGC), expected around mid-year. Contrary to some speculation, the NGC does not have the power to recall the president, but it does have the power to review the government's performance in implementing ANC policy resolutions. This could expose President Ramaphosa to a potentially negative review of his performance, which could damage his reputation (and his chances for a second term) if his opponents in the party are able to dominate the process of selecting delegates to the conference. Overall, we think that while President Ramaphosa has been able to make some headway in rehabilitating the institutions of the state and restoring proper governance, opposition from within the party and dysfunctionality in many parts of the bureaucracy will limit his ability to fix South Africa. We assess the balance of political power to have tilted somewhat in Ramaphosa's favour, but not sufficiently to ensure smooth sailing on South Africa's choppy political waters.

Further rating agency downgrades seem likely

Against this backdrop of weak growth, slow structural reform, electricity shortages and large fiscal deficits, further credit rating agency downgrades seem likely. The return of load shedding with its negative implications for growth and for Eskom's finances will also weigh on rating agencies' assessments. All three main credit rating agencies have South Africa on Negative Outlook. Towards the end of the year, both S&P and Moody's announced their biannual schedules for sovereign rating announcements, including South Africa. First up, Moody's, which rates South Africa's foreign currency and local currency debt at Baa3 and is thus the last rating agency with an investment grade rating for South Africa's local currency debt, is due to release its ratings reviews on 27 March and 20 November. S&P, which currently rates South Africa's foreign currency debt at BB and its local currency debt at BB-, will publish on 22 May and 20 November.

Fitch, which rates South Africa BB+ does not preannounce its dates. We believe the risk of downgrades in 2020 remains high. We are inclined to view Moody's as more likely than not to act on 27 March, absent a better-than-expected stance in the 2020 Budget or an unlikely pickup in growth momentum, but we think this is probably largely priced into markets already. S&P and Fitch, which moved more recently, could perhaps wait until the second half of the year.

Figure 32: Further downgrades more likely than not this year

	S&P	Moody's	Fitch
Foreign currency	BB	Baa3	BB+
Local currency	BB+	Baa3	BB+
Outlook	Negative	Negative	Negative
Date ratings changed	25-Nov-17	9-Jun-17	7-Apr-17
Date outlook changed	22-Nov-19	1-Nov-19	26-Jul-19
2020 scheduled review dates	22 May and 20 Nov.	27 March and 20 Nov.	Likely late May/early June and late Nov./early Dec.

Source: S&P, Moody's, Fitch, Absa Research

4.3.3 COMPOSITE BUSINESS CYCLE INDICATORS – SARB DECEMBER 2018

DEMACON believes the composite leading business cycle indicator is one of the most useful indicators to follow for the following reasons:

- Composite leading business cycle indicator of South Africa's major trading-partner countries: percentage change over twelve months
- Opinion survey of business confidence: Manufacturing, construction, and trade
- Net balance of manufacturers observing an increase in the average number of hours worked per factory worker (half weight)
- Net balance of manufacturers observing an increase in the volume of orders received (half weight)
- Number of new passenger vehicles sold: Percentage change over 12 months.
- Forward looking – i.e. indicative of future growth expected to materialize over the short to medium term, i.e. the next 12-18 months.
- It is a composite indicator – consists of various sub-indicators, including;
- Job advertisement space in the Sunday Times newspaper: Percentage change over twelve months
- Number of residential building plans passed for flats, townhouses and houses larger than 80m2
- Interest rate spread: 10-year government bonds less 91-day Treasury bills
- Index of prices of all classes of shares traded on the JSE
- Real M1 money supply (deflated with CPI): Six-month smoothed growth rate
- Index of commodity prices in US dollar for a basket of South Africa's export commodities
- Gross operating surplus as a percentage of gross domestic product

Note: The composite business cycle indicators were rebased to 2015=100

- The composite leading business cycle indicator increased by 0.5% on a month-to-month basis in November 2019. Six of the ten available component time series increased while four decreased. The largest positive contributions to the movement in the composite leading business cycle indicator in November came from an acceleration in the twelve-month percentage change in job advertisement space and an improvement in the BER's Business Confidence Index. The largest negative contributions came from a decrease in the number of residential building plans approved and a deceleration in the six-month smoothed growth rate in the real M1 money supply. The composite coincident business cycle indicator decreased by 0.4% on a month-to-month basis in July 2019.
- The composite coincident business cycle indicator increased by 0.5% on a month-to-month basis in October 2019.
- The composite lagging business cycle indicator increased by 0.9% on a month-to-month basis in October 2019.

Table 4.1: Component Time Series of the Composite Leading Business Cycle Indicator and their Contribution to the January 2020 Data Point

➕ Positive contributors	➖ Negative contributors	✖ Unavailable component
Job advertisements	Number of building plans approved	Gross operating surplus
Business confidence index	Real M1 (six-month smoothed growth rate)	
Composite business cycle indicator for South Africa's major trading-partner countries	Number of new passenger vehicles sold	
Volume of orders in manufacturing	Commodity price index for South Africa's main export commodities	
Average hours worked per factory worker in manufacturing		
Interest rate spread: 10-year government bonds minus 91-day Treasury bills		

Source: DEMACON ex SARB, 2020

Table 4.2: Composite Business Cycle Indicators

Indices: 2015 = 100	2019								
	Mar	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**
Leading indicator	105.1	105.5	103.9	103.3	103.9	103.9	103.2	103.9	104.4
12-month percentage change	*-1.7*	*-0.8*	*-1.8*	*-3.0*	*-1.6*	*-1.2*	*-1.8*	*-1.7*	*-0.9*
Coincident indicator	105.0	105.5	105.7	105.3	104.7	104.1	104.4	104.9	
12-month percentage change	*1.9*	*2.9*	*2.3*	*1.6*	*0.9*	*0.1*	*-0.1*	*-0.3*	
Lagging indicators	94.2	94.9	96.0	95.6	95.4	96.3	95.3	96.2	
12-month percentage change	*-0.4*	*0.4*	*1.8*	*1.2*	*1.0*	*2.2*	*1.1*	*2.8*	

Source: DEMACON ex SARB, 2020

*The composite business cycle indicators are revised continuously following revisions to underlying component time series data.

4.4 LOCAL ECONOMIC TRENDS AND PERFORMANCE

Diagram 4.3: Local / Regional Economic Context

As per the introduction of the Chapter, the following section is focused on the salient features that define and characterise the local and regional economies. The section seeks to geographically define local and regional economies, analyse the size and composition of the local economy compared to regional economies, outline growth trends and changes, the size and participation of the labour force, and the composition of the labour force as an indicator to current and future skills demand.

4.4.1 GEOGRAPHICALLY DEFINING THE LOCAL AND REGIONAL ECONOMY

The geographic context of a local or regional economy is an important characteristic that should be defined. The importance of defining the geographic extent of local or regional economies relate to:

- Clearly defining the geographic area which is incorporated as part of a local/regional economy
- Understanding the extent of economic functions that contribute to a local/regional economy's and
- Clearly understanding the spatial context and inter-relations between a local/regional economy and its surrounding areas and

Defining the geographic context of a local or regional economy thus enables targeted analysis and a clear understanding of how a local or regional economy could impact/influence social housing.

The following diagram provides a basic illustration of the geographic positioning of the Bojanala District in relation to national and provincial economies whilst the maps provide a more detailed expression of the local and regional economies.

Map 4.1: North West Economy Context

ADMIN BOUNDARY
- District Authorities
- Municipalities
- Traditional Authority

TRANSPORT NETWORK
- National Road
- Regional Road

Economic Nodes
- Mines

- Industrial
- Business and Retail Nodes
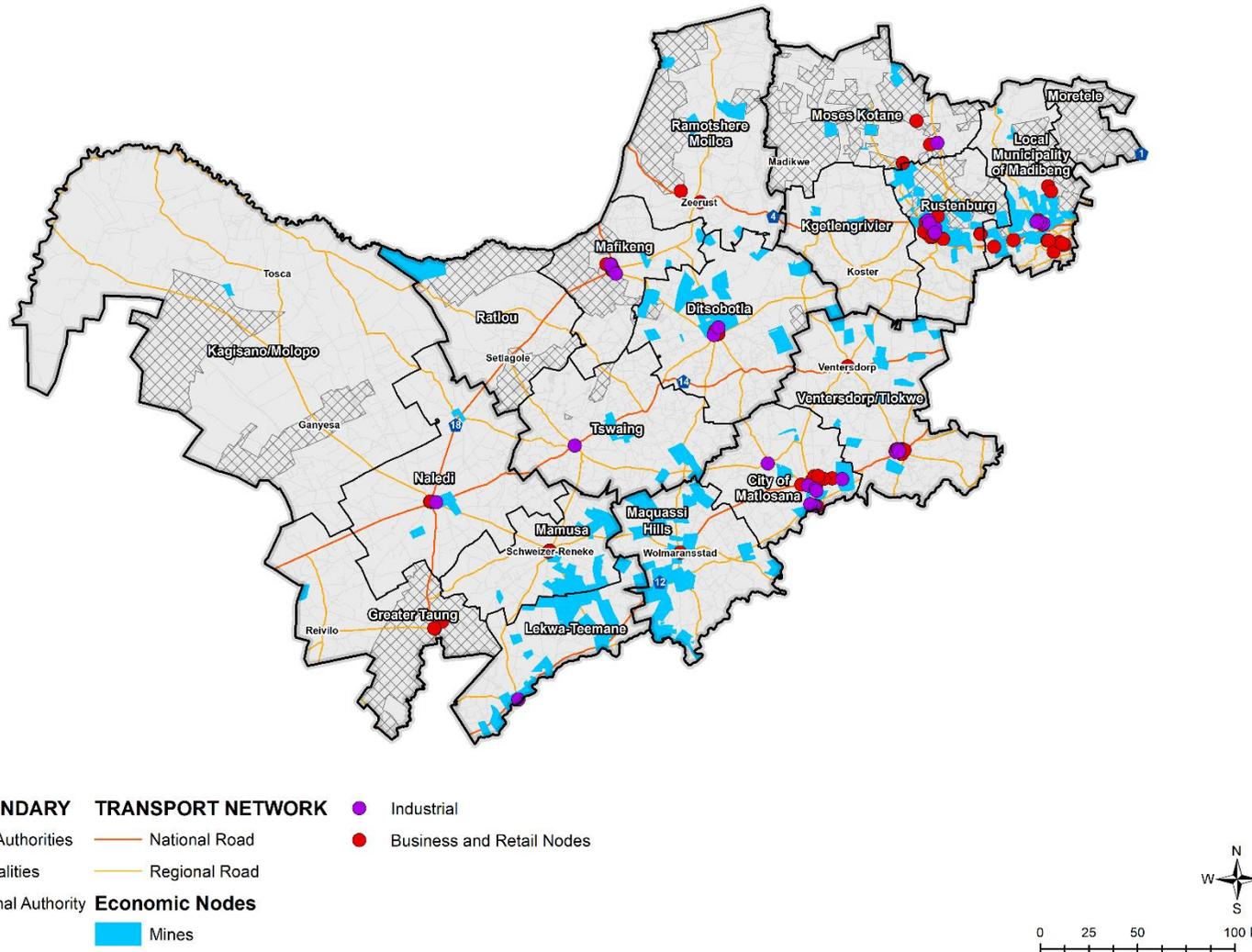
Source: DEMACON GIS, 2020

The following map provides an indication of the economic context of the North West Province. The map illustrates the distribution of major economic nodes such as industrial areas, business and retail localities and mining activities.

It is essential to consider the spatial context of the provincial economy because of the interaction between RZ's and labour absorption areas. RZ's, and more specifically social housing, must consider the potential for sustainability. Sustainability in this instance refers to the capability of a social housing project to generate sufficient income from residents to maintain optimal levels of service delivery and living standards.

With reference to the preceding it thus becomes essential to consider the proximity of social housing projects/RZ's to major economic and employment nodes. The potential of the economy to absorb labour is a priority for social housing because residents of social housing projects are required to pay rent and for services. Without households that have the capability to generate an income to support rent payments, social housing institutions cannot be sustainable.

Map 4.2: Bojanala District Economy Context
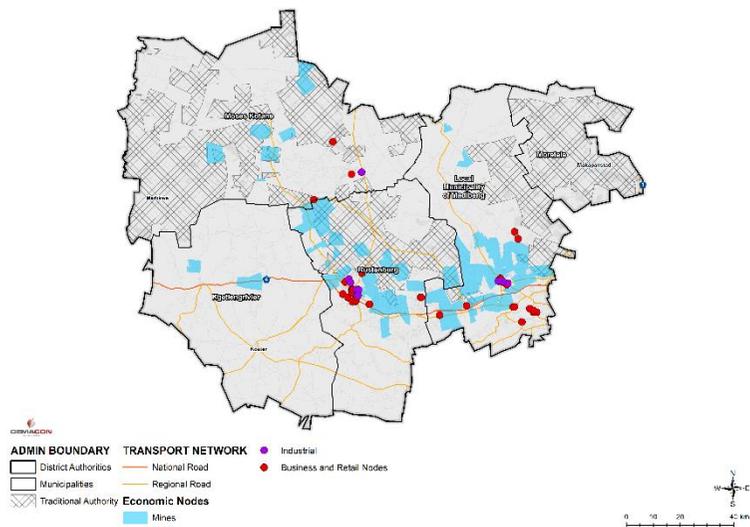
Source: DEMACON, 2020

Map 4.3: Ngaka Modiri Molema District Economy Context
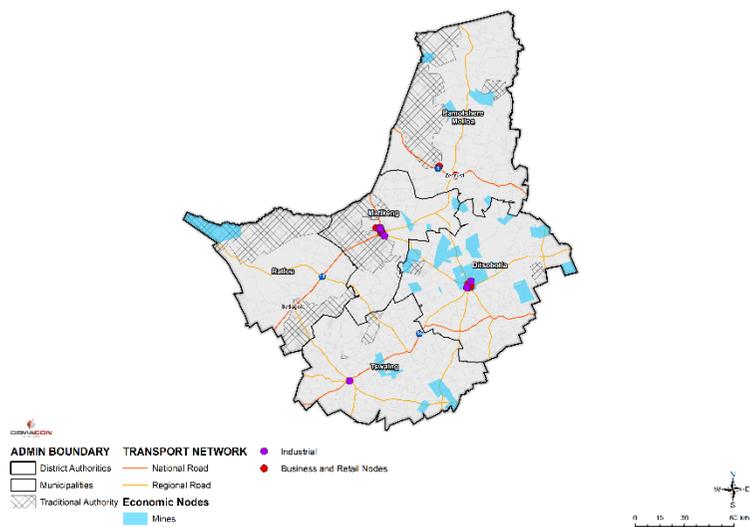
Source: DEMACON, 2020

Map 4.4: Dr Ruth Segomotsi Mompati District Economy Context
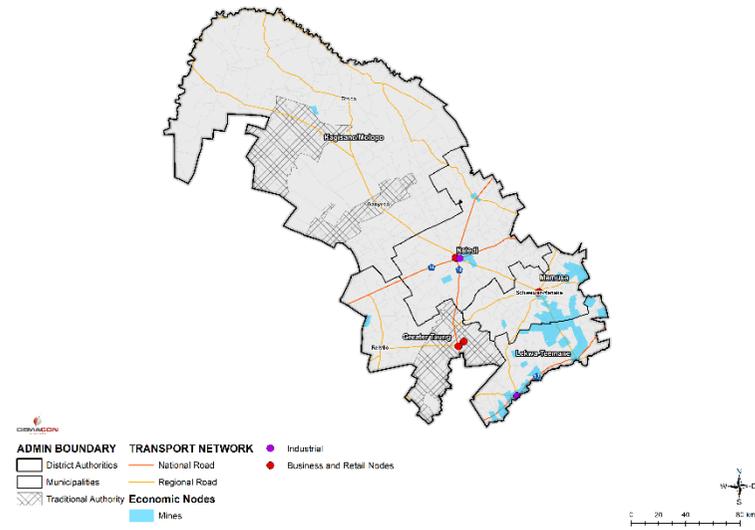
Source: DEMACON, 2020

Map 4.5: Dr Kenneth Kaunda District Economy Context
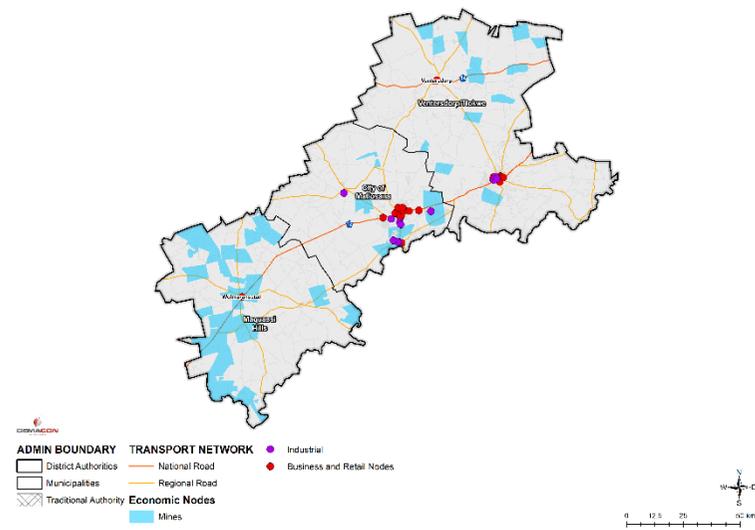
Source: DEMACON, 2020

4.4.2 ECONOMY SIZE AND GROWTH ANALYSIS

MACRO-ECONOMY SIZE

South Africa National Economy	North West Provincial Economy
R4 341.3 billion	**R278.4 billion**

DISTRICT-ECONOMY SIZE

Bojanala District Economy	Ngaka Modiri Molema District Economy	Ruth Segomotsi Mompati District Economy	Dr Kenneth Kaunda District Economy
R162.0 billion	**R41.7 billion**	**R16.8 billion**	**R57.9 billion**

MACRO-ECONOMY CONTRIBUTION

6,4% contribution to the Provincial Economy

DISTRICT-ECONOMY CONTRIBUTION

58,2%	**15,0%**	**6,0%**	**20,8%**
contribution to the District Economy	contribution to the District Economy	contribution to the District Economy	contribution to the District Economy

ECONOMY GROWTH – 10 YEAR HORIZON

1,5% 0,3%

■ Growth Rate

ECONOMY GROWTH – 10 YEAR HORIZON

0,2%   1,4%   0,9%   -0,5%

■ National Average   ■ Growth Rate

HISTORIC PROVINCIAL AND LOCAL ECONOMY GROWTH TREND

■ National Average ■ North West ■ Bojanala ■ Ngaka Modiri Molema ■ Dr Ruth Segomotiso Mompati ■ Dr Kenneth Kaunda

Map 4.6: Economy Size and Distribution
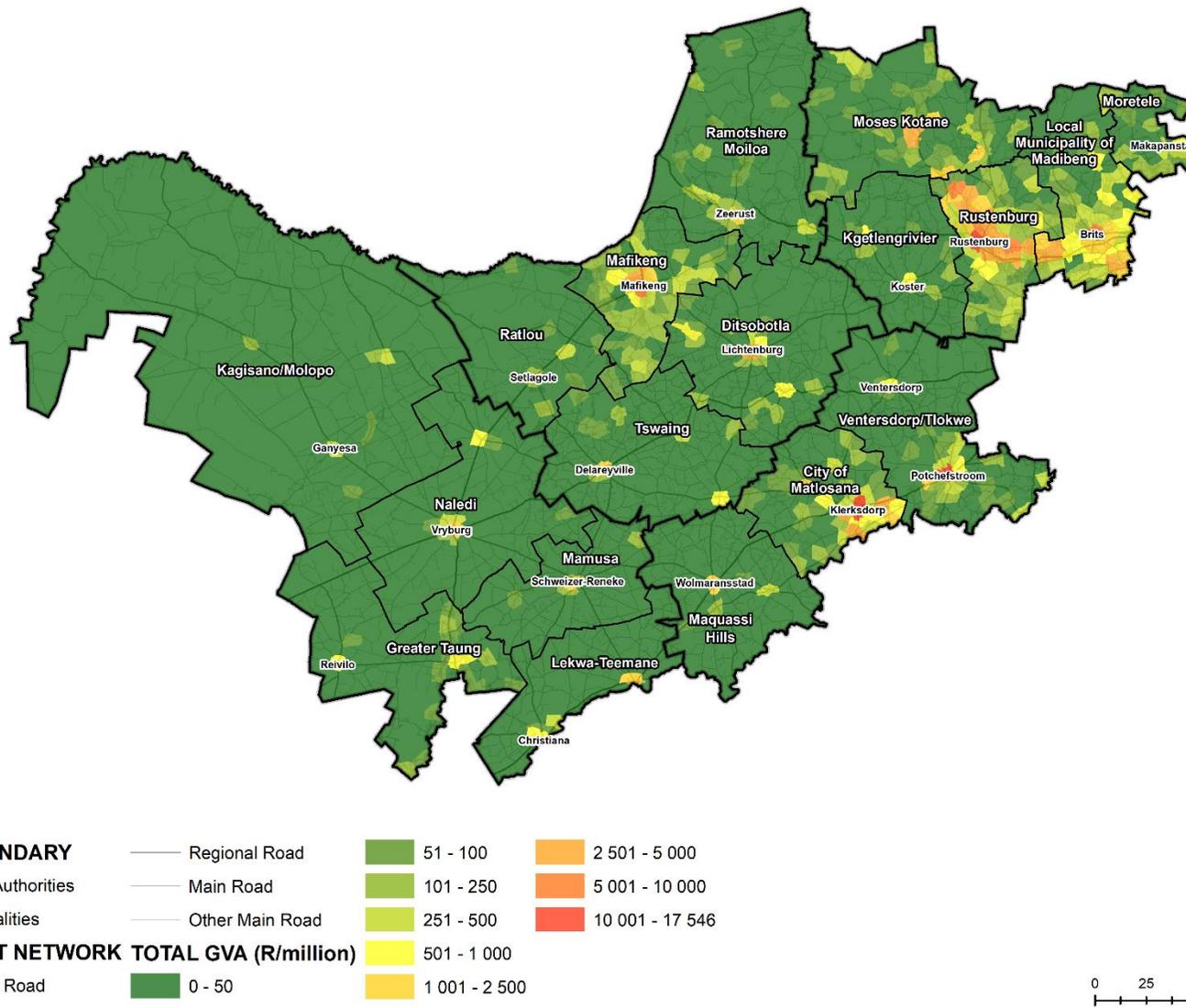
The data shows that the largest proportion of economic output in the North West Province is generated in the Bojanala District (58%), followed by the Dr Kenneth Kaunda District (20%).

The distribution of economic activity is primarily located in the Rustenburg, Madibeng, Matlosana, Mafikeng, JB Marks and Moses Kotane local municipalities. Combined these local authorities produce approximately 82.5% of economic output in the province.

It is evident from the map that economic output does cluster in and around the primary nodes of the province and primary output municipalities. Economic activity is clustered in and around mining centres, most notably along the N4 Platinum Corridor in the Bojanala District and in and around the greater Klerskdorp area.

Mahikeng for instance serves as an administrative capital and is largely centered around business and administrative economic functions, whilst the Potchefstroom area benefits from the North West University.

The Moses Kotane area is home to major tourist attractions as well as mining activity which drives economic output in the area.

ADMIN BOUNDARY
- District Authorities
- Municipalities

TRANSPORT NETWORK
- National Road
- Regional Road
- Main Road
- Other Main Road

TOTAL GVA (R/million)
- 0 - 50
- 51 - 100
- 101 - 250
- 251 - 500
- 501 - 1 000
- 1 001 - 2 500
- 2 501 - 5 000
- 5 001 - 10 000
- 10 001 - 17 546

Source: DEMACON GIS, 2020
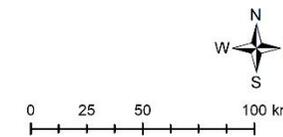
Map 4.7: Economy Growth Distribution

ADMIN BOUNDARY

	District Authorities
	Municipalities

TRANSPORT NETWORK

—— Regional Road
—— Main Road
—— Other Main Road
—— National Road

GVA GROWTH RATE (%)

▮	-0,99 - -0,50
▮	-0,49 - 0,00
▮	0,00 - 0,50
▮	0,51 - 1,00
▮	-1,00 +
▮	1,51 +
▮	1,01 - 1,50
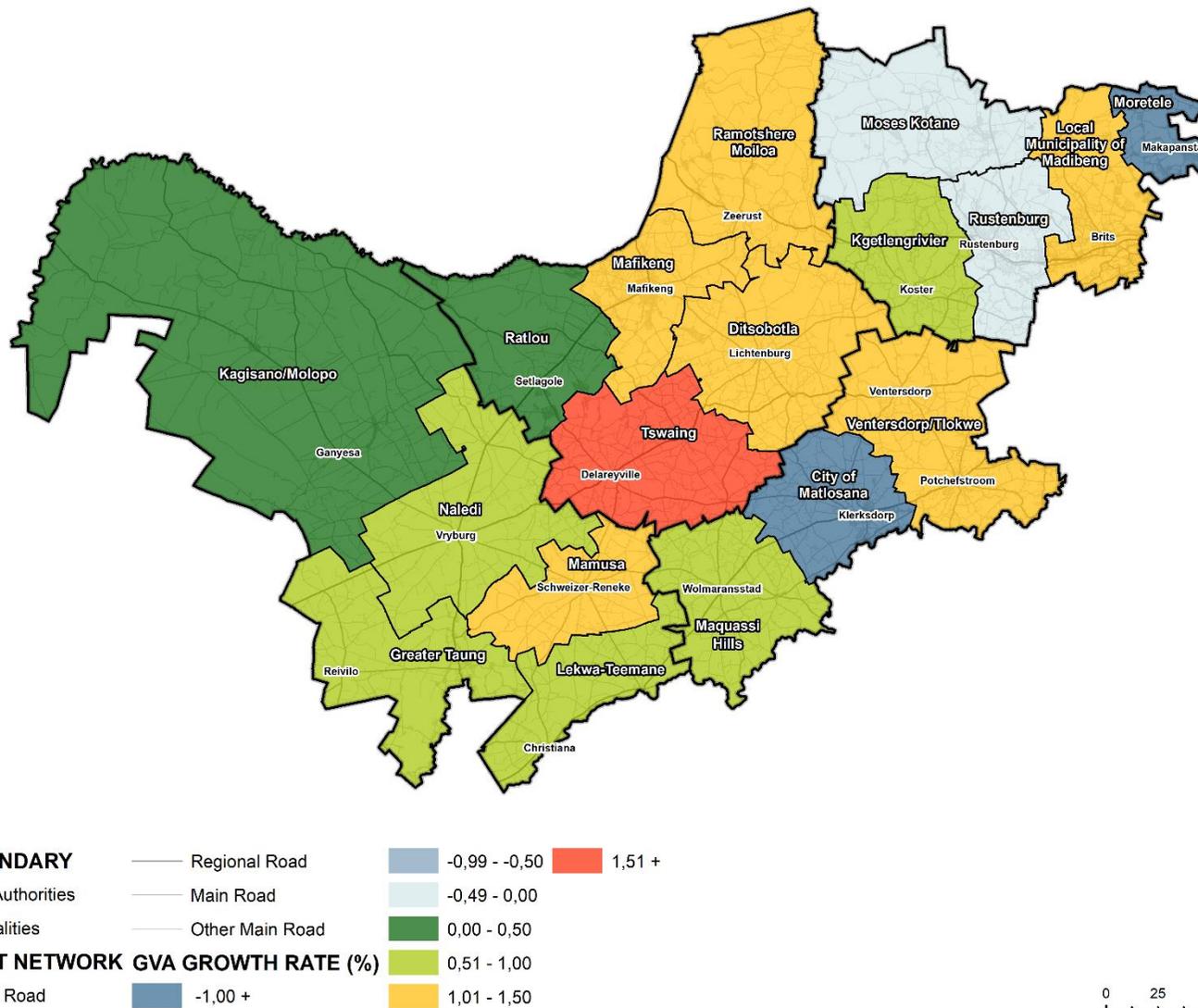
Source: DEMACON GIS, 2020

Nationally, the economy grew on average by 1.5% per year between 2008 and 2018. The North West Province as a whole grew at a rate substantially lower than the national average, achieving 0.3% annual growth during the same period.

From a district perspective, the Bojanala District grew at an average annual rate slower than the province, i.e. 0.2% per annum, with the Rustenburg and Moses Kotane municipalities showing continued contraction (-0.1% and -0.3% respectively).

The Ngaka Modiri Molema District grew at a rate faster than the province, i.e. 1.4%, with areas such as Tswaing, Ditsobotla, Mahikeng and Romtshere Moiloa achieving growth greater than 1%.

The Dr Ruth Segomotsi Mompati District grew at an average annual rate of 0.9% between 2008 and 2018. The Mamusa Municipality was the only local authority to achieve economic growth greater than 1%.

The Dr Kenneth Kaunda District economy experienced a contraction between 2008 and 2018, achieving -0.5% average annual growth. By and large this is as a result of the negative growth experienced by the Matlosana Municipality which grew at -1.4% per year. Other local economies such as JB Marks and Maquassi Hills maintained positive growth.

4.4.3 MACRO-ECONOMY STRUCTURE AND GROWTH ANALYSIS

ECONOMY STRUCTURE AND SIZE

South Africa
National Economy

Sectoral Growth Rate

Primary **0.2%**

Secondary **0.5%**

Tertiary **2.1%**

Agriculture 2,4% — Mining 8,1% — Manufacturing 13,2% — Utilities 3,8% — Construction 3,9% — Trade 15,0% — Transport 9,8% — Business Services 19,7% — Government 18,1% — Community 5,9%

Primary **10.5%** — Secondary **20.9%** — Tertiary **68.5%**

North West
Provincial Economy

Sectoral Growth Rate

Primary **-1.6%**

Secondary **0.2%**

Tertiary **1.5%**

Agriculture 2,7% — Mining 33,0% — Manufacturing 5,2% — Utilities 3,7% — Construction 2,5% — Trade 11,8% — Transport 6,4% — Business Services 13,2% — Government 13,6% — Community 7,9%

Primary **35.6%** — Secondary **11.4%** — Tertiary **53.0%**

ECONOMY SECTOR GROWTH ANALYSIS

Sector	South Africa	North West
Community	1,3%	1,0%
Government	2,3%	2,3%
Business Services	2,3%	1,7%
Transport	1,9%	1,3%
Trade	1,9%	1,0%
Construction	2,1%	0,8%
Utilities	-0,2%	-0,4%
Manufacturing	0,2%	0,2%
Mining	0,0%	-1,6%
Agriculture	1,0%	-0,9%

■ South Africa ■ North West
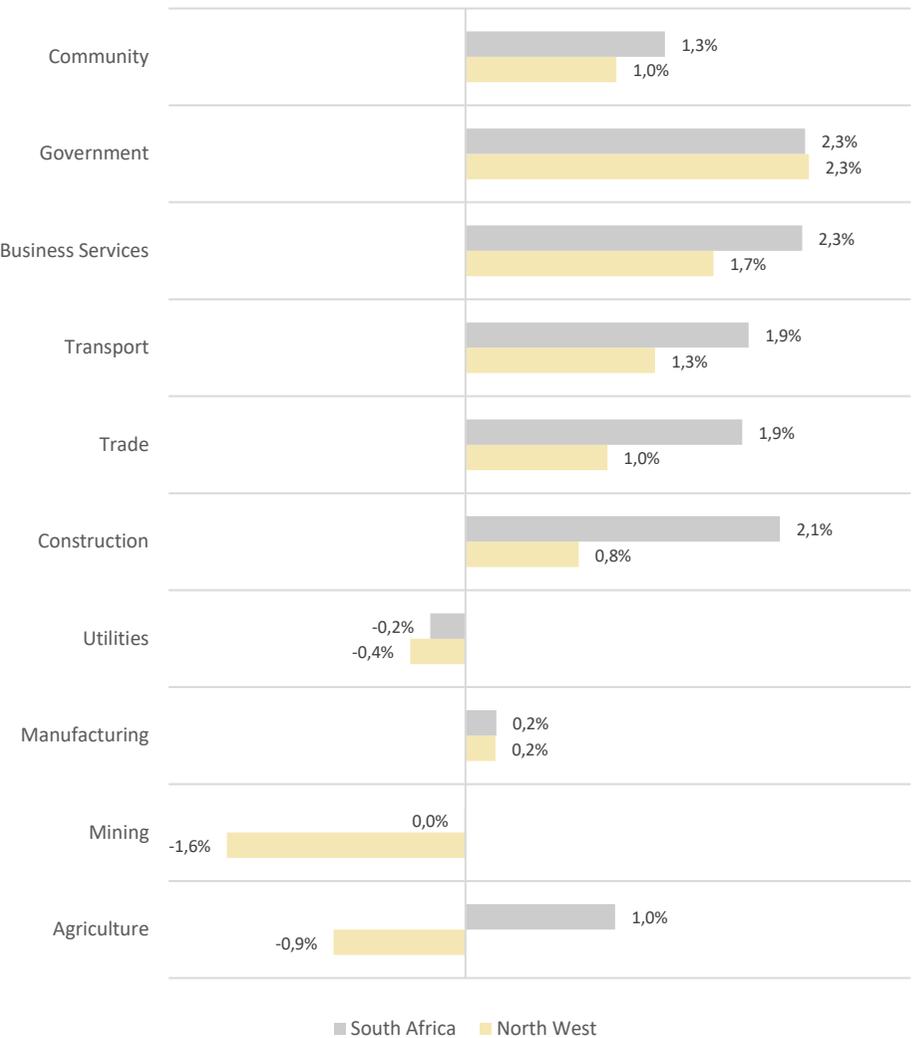
The national economy's structure is heavily concentrated in the tertiary economic sector, representing 68% of GVA output. In a similar fashion, the North West Province economy is primarily concentrated in the tertiary economic sector, whilst the primary economic sector plays a significant role in GVA output (35%).

The data shows that, whilst at a national level the economy is driven by sectors such as business services, trade, government and manufacturing, at a provincial level the North West economy is driven by and large by the mining sector. Other sectors of importance include business services, government and trade. At a national level manufacturing plays a prominent role in the output of the economy, whilst at a provincial scale manufacturing is one of the smallest economic sectors.

Even though mining is a dominant economic driver for the province, the sector has experienced negative growth between 2008 and 2018, whilst tertiary economic sectors have maintained moderate to rapid growth.

4.4.4 DISTRICT ECONOMY STRUCTURE ANALYSIS

DISTRICT ECONOMY STRUCTURE GROWTH

Bojanala District Economy

Community	5,8%
Government	7,8%
Business Services	9,7%
Transport	5,4%
Trade	10,0%
Construction	2,4%
Utilities	2,7%
Manufacturing	5,0%
Mining	49,9%
Agriculture	1,3%

Ngaka Modiri Molema District Economy

Community	11,2%
Government	25,4%
Business Services	20,5%
Transport	8,9%
Trade	15,3%
Construction	2,7%
Utilities	4,9%
Manufacturing	5,1%
Mining	1,2%
Agriculture	4,9%

Dr Ruth Segomotsi Molema District Economy

Community	12,7%
Government	24,4%
Business Services	14,8%
Transport	8,0%
Trade	15,3%
Construction	2,5%
Utilities	4,7%
Manufacturing	4,8%
Mining	3,9%
Agriculture	8,8%

Dr Kenneth Kaunda District Economy

Community	10,0%
Government	18,2%
Business Services	17,6%
Transport	7,2%
Trade	13,4%
Construction	2,9%
Utilities	5,0%
Manufacturing	5,9%
Mining	16,8%
Agriculture	3,1%

4.4.5   DISTRICT ECONOMY SECTORAL GROWTH ANALYSIS

DISTRICT ECONOMY STRUCTURE GROWTH
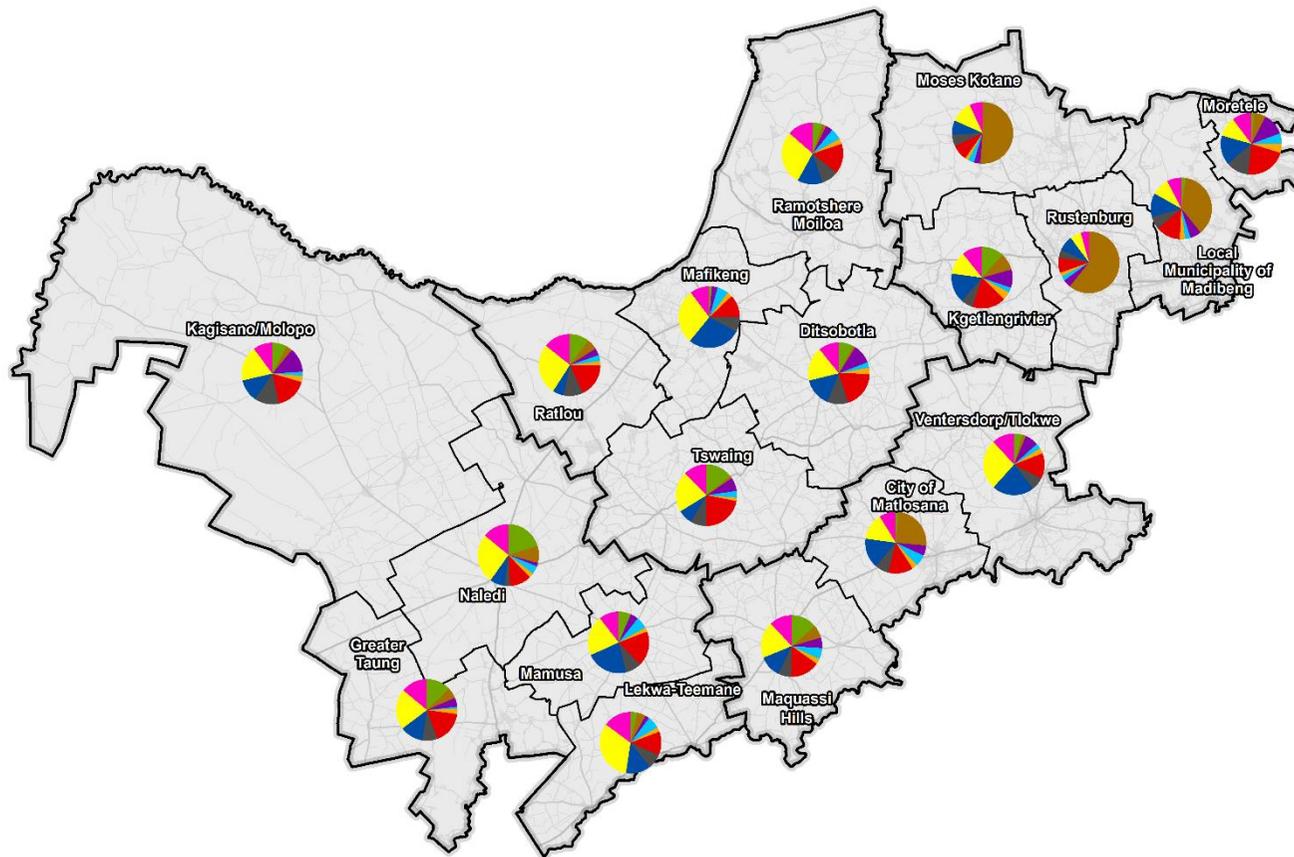
Bojanala District Economy

Community	1,4%
Government	2,4%
Business Services	1,4%
Transport	1,2%
Trade	1,3%
Construction	1,0%
Utilities	-0,5%
Manufacturing	-0,4%
Mining	-0,7%
Agriculture	-0,6%

■ North West

Ngaka Modiri Molema District Economy

Community	0,8%
Government	2,0%
Business Services	2,9%
Transport	1,0%
Trade	1,1%
Construction	0,0%
Utilities	-0,1%
Manufacturing	1,0%
Mining	-9,7%
Agriculture	-1,0%

■ North West

Dr Ruth Segomotsi Molema District Economy

Community	1,0%
Government	2,3%
Business Services	2,2%
Transport	1,5%
Trade	0,2%
Construction	-0,1%
Utilities	-0,5%
Manufacturing	1,3%
Mining	-7,0%
Agriculture	-0,9%

■ North West

Dr Kenneth Kaunda District Economy

Community	0,6%
Government	2,5%
Business Services	1,1%
Transport	1,6%
Trade	0,4%
Construction	1,0%
Utilities	-0,3%
Manufacturing	1,0%
Mining	-10,9%
Agriculture	-1,1%

■ North West

Map 4.8: Economy Structure
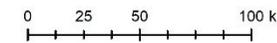
Source: DEMACON GIS, 2020

The largest influential factor for subdued growth in the North West Province is as a result of the contracting mining sector.

The mining sector in the province contributes approximately a third to the province's economic output, which makes the sector a core and key sector for economic growth and development.

Between 2008 and 2018 the mining sector at a provincial level contracted on average by -1.6% per year.

Although the Bojanala District experienced a contraction in mining sector economic growth, the district was not the fastest contacting district in the province. The Dr Kenneth Kaunda District's mining sector contracted on average by more than 10% per year (Bojanala – -0.7%) between 2008 and 2018.

Except for the Bojanala District, all other district's largest output sector is the tertiary economy, contributing between 65% and 82% to economic output per district. The Bojanala District's tertiary economic sector only contributes 38% to its economy's overall output.

It thus becomes apparent that economic drive and growth in the eastern parts of the province is highly dependent on the success of mining industries, compared to central and western parts where government, business and trade are essential.

4.4.6 MACRO-ECONOMIC LABOUR FORCE PARTICIPATION

	LABOUR FORCE PARTICIPATION RATE	FORMAL AND INFORMAL EMPLOYMENT	LABOUR ABSORPTION		ON AVERAGE
South Africa National Economy	**59.3%** of the labour force participate in the economy	**75.8%** of employed persons are employed in the **formal sector**	**3 342 178** people became **economically active** since 2008	**44.4%** found **employment** since 2008 Jobs Created 1 485 455 — Unemployed 1 856 723	**334 218** people become **economically active** per year **148 546** people find **employment** per year **185 672** people become **unemployed** per year
North West Provincial Economy	**57.8%** of the labour force participate in the economy	**74.8%** of employed persons are employed in the **formal sector**	**164 442** people became **economically active** since 2008	**11.3%** found **employment** since 2008 Jobs Created 18 522 — Unemployed 145 920	**16 444** people become **economically active** per year **1 852** people find **employment** per year **14 592** people become **unemployed** per year

The growth and success of the local economies directly translate into growth of employment opportunities. The extent of the local economy to produce new employment opportunities is an essential part of the success of households and their means to improve standards of living. In so far, social housing, which is semi-subsidised meaning that grants are not provided for occupation of units in projects and thus projects are dependent on residents to pay for rent and services, are dependent on local economies to generate employment opportunities to stabilise and grow demand for social housing.

Medium- to long-term sustainability of social housing projects require local economies that have stable economic growth and capacity to maintain current employment levels and/or generate new employment opportunities for people in their sphere of influence. The capacity of the local labour force to earn an income provides for their capacity to pay rent which in turn ensures that social housing projects can generate sufficient income to provide services and habitable environments.

When considering the labour force and their participation in the economy, at a national level only 59.3% of the labour force participate in the economy. The North West Province has an average labour force participation rate lower than the national average. Since 2008, approximately 18 500 employment opportunities have been created in the province, which is ± 11.3% of the total number of people who became economically active during the same period. In essence, more than 14 500 new economically active persons become unemployed in the province on average per year.

4.4.7   LOCAL-ECONOMIC LABOUR FORCE PARTICIPATION

LABOUR FORCE PARTICIPATION RATE	FORMAL AND INFORMAL EMPLOYMENT	LABOUR ABSORPTION

Bojanala District Economy

63.2% of the labour force participate in the economy

76.9% of employed persons are employed in the **formal sector**

112 045 people became **economically active**

6.3% of unemployed economically active found employment

Jobs Created 7 065 Unemployed 104 980

Ngaka Modiri Molema District Economy

48.1% of the labour force participate in the economy

71.6% of employed persons are employed in the **formal sector**

23 729 people became **economically active**

43.9% of unemployed economically active found employment

Jobs Created 10 418 Unemployed 13 311

Dr Ruth Segomotsi Mompati District Economy

47.0% of the labour force participate in the economy

68.4% of employed persons are employed in the **formal sector**

5 822 people became **economically active**

50.7% of unemployed economically active found employment

Jobs Created 2 954 Unemployed 2 868

Dr Kenneth Kaunda District Economy

61.2% of the labour force participate in the economy

74.6% of employed persons are employed in the **formal sector**

22 846 people became **economically active**

-8.4% of employment lost since 2008

Jobs Created -1 915 Unemployed 24 761

Map 4.9: Jobs Created

Source: DEMACON GIS, 2020

Three of the four districts in the province generated a net gain in employment opportunities since 2008.

The Bojanala District generated slightly more than 7 000 new employment opportunities, primarily in areas such as Madibeng, Rustenburg and Kgetlengrivier. The Moretele and Moses Kotane municipalities shed jobs during the same period.

The Ngaka Modiri Molema District generated more than 10 400 new employment opportunities across the district. Only the Ratlou municipality shed employment opportunities during the same period.

The Dr Ruth Segomotsi Mompati District created a net-gain of 2 954 new employment opportunities since 2008. No local authorities had a loss of employment.

The Dr Kenneth Kaunda District had a net-loss of 1 918 jobs between 2008 and 2018. Although the JB Marks and Maquassi Municipalities generated sizeable employment opportunities, the Matlosana Municipality shed nearly 7 000 jobs between 2008 and 2018.

ADMIN BOUNDARY
District Authorities
Municipalities

TRANSPORT NETWORK
National Road
Regional Road
Main Road
Other Main Road

JOBS CREATED
-6 974 - -5 265
-5 264 - -3 557
-3 556 - -1 848
-1 847 - -139
324 - 499
500 - 700
701 - 1 320
1 321 - 1 868
1 869 - 2 588
2 589 - 3 804
3 805 - 9 299

4.4.8   DISPOSABLE INCOME AND CONSUMPTION EXPENDITURE ANALYSIS

AVERAGE DISPOSABLE INCOME AND CONSUMPTION EXPENDITURE PER HOUSEHOLD

South Africa National Economy	North West Provincial Economy	Bojanala District Economy	Ngaka Modiri Molema District Economy	Dr Ruth Segomotsi District Economy	Dr Kenneth Kaunda District Economy
AVERAGE DISPOSABLE INCOME PER HOUSEHOLD					
R186 244 per household	**R179 833** per household	**R202 588** per household	**R133 750** per household	**R125 302** per household	**R198 952** per household
AVERAGE CONSUMPTION EXPENDITURE PER HOUSEHOLD					
R182 062 per household	**R175 753** per household	**R197 962** per household	**R130 781** per household	**R122 814** per household	**R194 255** per household

GROWTH RATES

	South Africa	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi	Dr Kenneth Kaunda
Income Growth	2,0%	2,8%	3,6%	2,2%	1,9%	1,7%
Expenditure Growth	1,9%	2,7%	3,5%	2,2%	1,8%	1,7%

■ Income Growth   ■ Expenditure Growth

HOUSEHOLD EXPENDITURE PER MAJOR CONSUMPTION CATEGORY

	South Africa	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi	Dr Kenneth Kaunda
Services	43,8%	41,3%	41,4%	39,9%	37,8%	43,1%
Non-Durable Goods	40,5%	42,7%	42,4%	43,4%	46,9%	41,7%
Semi-Durable Goods	8,2%	8,4%	8,5%	8,5%	8,6%	7,9%
Durable Goods	7,5%	7,6%	7,7%	8,2%	6,6%	7,2%

■ Durable Goods   ■ Semi-Durable Goods   ■ Non-Durable Goods   ■ Services

RENT AS A PERCENTAGE OF CONSUMPTION EXPENDITURE

South Africa	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi	Dr Kenneth Kaunda
10.2%	**8.4%**	**8.2%**	**6.6%**	**8.1%**	**8.6%**

Map 4.10: Disposable Income
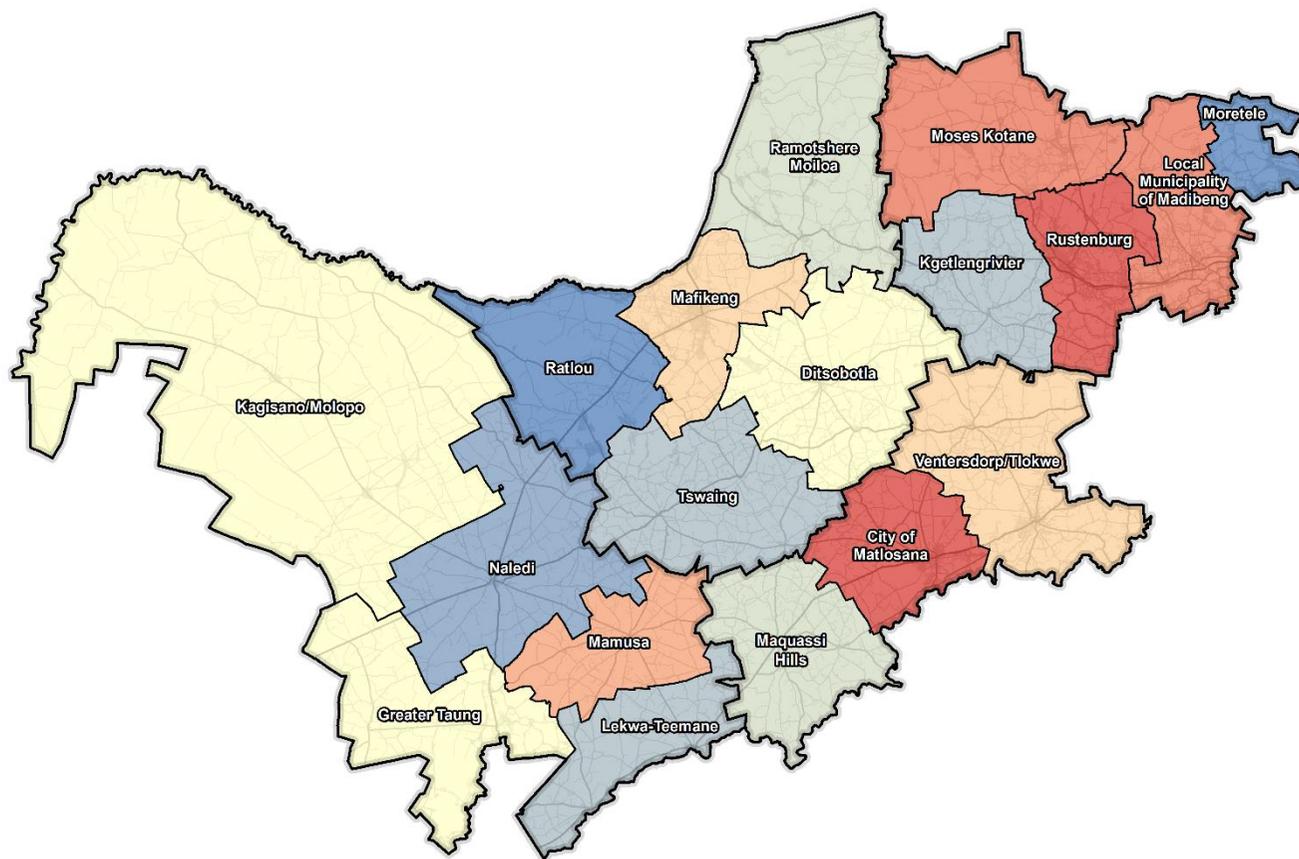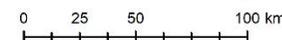
Source: DEMACON GIS, 2020

The average disposable income per household in South Africa is ± R186 200 per year. The North West Province has an average annual household disposable income of R179 800, slightly less than the national average.

District authorities with the highest average annual household disposable incomes are the Bojanala and Dr Kenneth Kaunda Districts with household disposable incomes greater than R190 000 per year.

The more rural districts of Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati have the lowest average annual household disposable incomes, ranging between R122 000 and R131 000.

Household expenditure is generally concentrated on non-durable goods and services. Items such as food, clothing, fuel and energy and rent are the highest expenditure items.

Within the context of South Africa, households on average spend approximately 10.2% of their disposable income on renting a residence. For the North West Province this is slightly lower at 8.4% of disposable income. Interestingly, households in rural districts (Dr Ruth Segomotsi Mompati and Ngaka Modiri Molema) on average spend less on rent than more urbanised districts (i.e. between 7% to 8.5% compared to 8% to 9%).

4.5 SYNTHESIS

The data indicates that the North West Province economy is highly dependent on the output of the mining sector as a driver of economic growth and labour absorption. It is noted that in the highly mining orientated district of the province, i.e. Bojanala and Dr Kenneth Kaunda, the mining sector has been depressed and has caused major shifts in the rate of economic growth and labour absorption. The City of Matlosana for instance shed more than 7 000 jobs as a result of the mining industry downturn, whilst areas such as Rustenburg and Madibeng have been supported by growth in tertiary and secondary economic sectors.

Although the province has shown growth in job creation, and by extension labour absorption, the rate of employment growth is slow (mirrored by slow economic growth). The slow growth of economic opportunities hampers the rate at which local economies can support new development. The rate of urbanisation in the province, coupled with strong subsidised housing demand influences the sustainability of projects as self-sustaining and private sector investment generators.

The most recent economic status of the country shows that the macro-economy of the country is in a recession and that the effects of the recession will be compounded by the Covid-19 pandemic as well as the 21-day lockdown of the country in an effort to stay the effects of the virus. The effect is that economic activity and growth will remain negative which could mean that many smaller businesses could close or scale-down. In a similar vein, bigger businesses and corporations also feel the effects of the shutdown as well as recession and therefore, job losses can be expected until the situation stabilises.

The negative growth of the economy as well as the possible closure business due to the effects of the country's lockdown could mean that many people could become unemployed and so being will move from within the target market of social housing. A smaller and more depressed target market could mean that sustainability of social housing projects could become more difficult. The capability of target market households still employed to pay monthly rental rates can also become problematic in the sense that households could undergo depressed household income growth meaning that a household could have significantly less money to spend on rent and other necessities.

Social housing should be considered in the context of the SHRA's locational considerations, the NWHSMSP's locational considerations and spatial targeting objectives, and the distribution of economic activity and the capacity of local economies to generate sustained economic growth and labour absorption.

Sustained economic growth and labour absorption generates sustainable demand in the sense that the target market for social housing would grow and maintain the capability to service rentals.

SOCIO-ECONOMIC ANALYSIS

6

5 SOCIO-ECONOMIC ANALYSIS

5.1 INTRODUCTION

The demand for economic and residential activities is, in part, based on demand generated by the demographic component of a specific market area or catchment. The current demographic composition in a market area coupled with past trends and future potential growth, impact on the current and future demand for economic and residential activities.

The purpose of this chapter is to provide analysis of the demographic component of the North West Province and its local authorities. The data can be considered alongside the economic profile to complete a demographic and economic perspective of interactions between population and their local economic conditions.

The chapter considers the demographic profile of the North West Province and includes a review of the demographic profile of each district authority within the bounds of the province. Later analysis also considers the demographic profile of each RZ and their respective market area within the province as a basis to understanding RZ market area demographic contexts within the broader socio-economic context of the district within which they are located.

The demographic profile outlines indicators that include:

- a market area delineation,
- population and household size and growth attributes,
- racial profile and migration characteristics,
- age and gender profile,
- highest level of education and education institution attended by persons aged 20 years and older,
- employment status and profile including employment per industry type and occupation,
- dwelling typologies, tenure status, average annual household income and LSM.

Based on the analysis of the demographic profile of each RZ grouping, combined with supply information and historical trends, demand modelling can be undertaken to determine the extent and demand for social/affordable housing per RZ in the North West Province.

It should be noted that due to the proximity of RZ's and their groupings, trade area overlap does occur. In light of demographic profiling, the trade area overlap is used as a considering factor and is utilised as an indicator when conducting demand modelling. It is further important to note that, for instance, population and household totals per RZ grouping shouldn't be summed to provide a total value due to the trade area overlap and market segmentation.

Diagram 5.1: Chapter 5 Core Themes

MARKET AREA DELINEATION AND TARGET MARKET
Delineation of market areas
Target market identification

DEMOGRPAHIC PROFILING
Size and growth
Urbanisation
Migration
Household income

RESTRUCTURING ZONE DEMOGRAPHIC PROFILING
Size and growth
Household income
Education profile
Age profile
Tenure
Dwelling typologies

DEMOGRAPHIC PROFILING
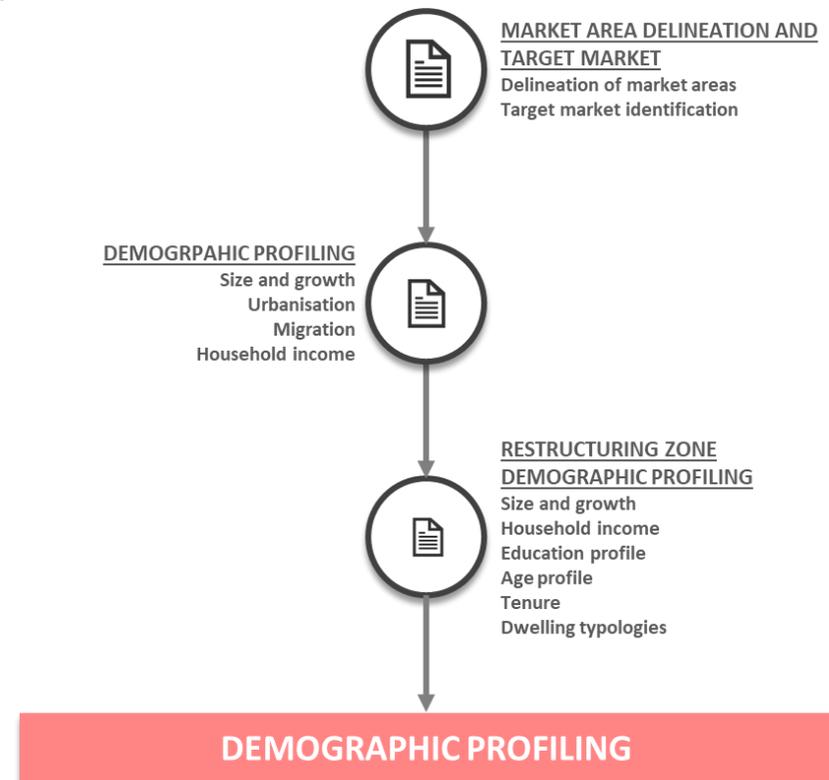
5.2 DEMOGRAPHIC CONTEXT

The following section focusses on providing an analysis of the demographic component of the North West Province and its district authorities. The purpose is to highlight key indicators and current trends in the province and district authorities in order to provide a contextual and information baseline of the review of RZ market area demographic profiles. The analysis undertaken by the section also informs demand modelling

5.3 MARKET AREA DELINEATION AND TARGET MARKET IDENTIFICATION

In order to purposefully analyse the demographic component of potential households that could benefit from social housing in the province, a target market must be identified and should be analysed in the context of a market area.

A differentiation between target market and market area is done because the focus of each concept differs in aspects of market segmentation. Target market in the context of this report focuses on segmentation of the broader market based on demographic characteristics that are best suited to the product offering of social housing. Market area on the other hand is purposefully focused on defining geographic areas from where the potential target market could originate.

The target market thus allows for:

- segmentation of the broader student market per key defining demographic attributes and
- defining trends and indicators that can support demand modelling of the target market.

The market area thus allows for:

- definition of a geographic area of interest in the form of primary, secondary or tertiary market areas
- isolating the target market audience in regard to key trends specific to the market area
- identifying competitor supply and
- identifying potential market area overlap.

5.3.1 DEFINING THE TARGET MARKET

Social housing has a distinct target market because social housing focuses on a segment of the residential market that can support the payment of rental rates. According to SHRA, social housing's definition in the context of the South African rental housing sector is: "*Rental units aimed at households with incomes of between R1,500 and R15,000 per month*".

Thus, social housing targets households with monthly incomes ranging from R1 500 to R15 000. In effect, the target market for this project is focused on households that fall within this income band.

The following diagram provides a broad indication of the total number of households within the North West Province that form part of the core target market of social housing.

62.7%

of households fall within the social housing market segment

687 937

households

Map 5.1: Distribution of Households that Fall Within the Target Market Income Bands
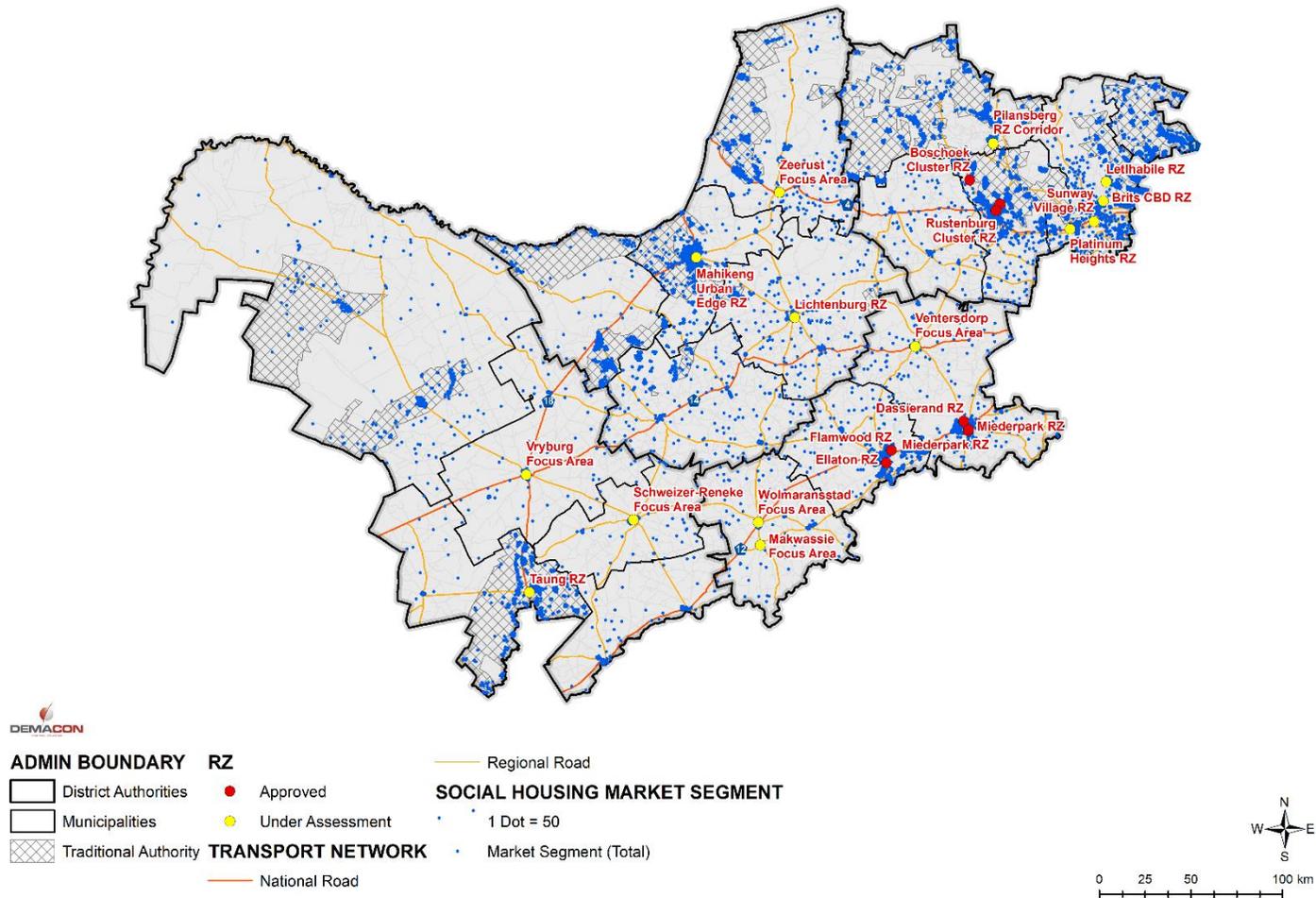
Source: DEMACON, 2019

5.4 DEMOGRAPHIC CONTEXT

The following section focusses on providing an analysis of the provincial, district and local authority demography. The purpose is to highlight key indicators and current trends in the broader provincial demarcation in order to provide a contextual and information baseline of the socio-economic trends influencing local market areas.

5.4.1 POPULATION SIZE AND GROWTH

Total Population	Total Households	Population Growth Rate	Household Growth Rate	Proportional Population Contribution
North West — 3 959 352	1 388 309	1,3%	2,6%	6,7% Contribution to the national population
Bojanala — 1 791 054	692 658	1,9%	3,1%	45,2% Contribution to the district population
Ngaka Modiri Molema — 928 739	305 080	1,1%	3,1%	23,5% Contribution to the district population
Dr Ruth Segomotsi Mompati — 456 554	127 155	-0,2%	0,0%	11,5% Contribution to the district population
Dr Kenneth Kaunda — 783 006	263 416	1,3%	2,3%	19,8% Contribution to the district population

Map 5.2: Distribution of Population per Local Authority in the North West Province
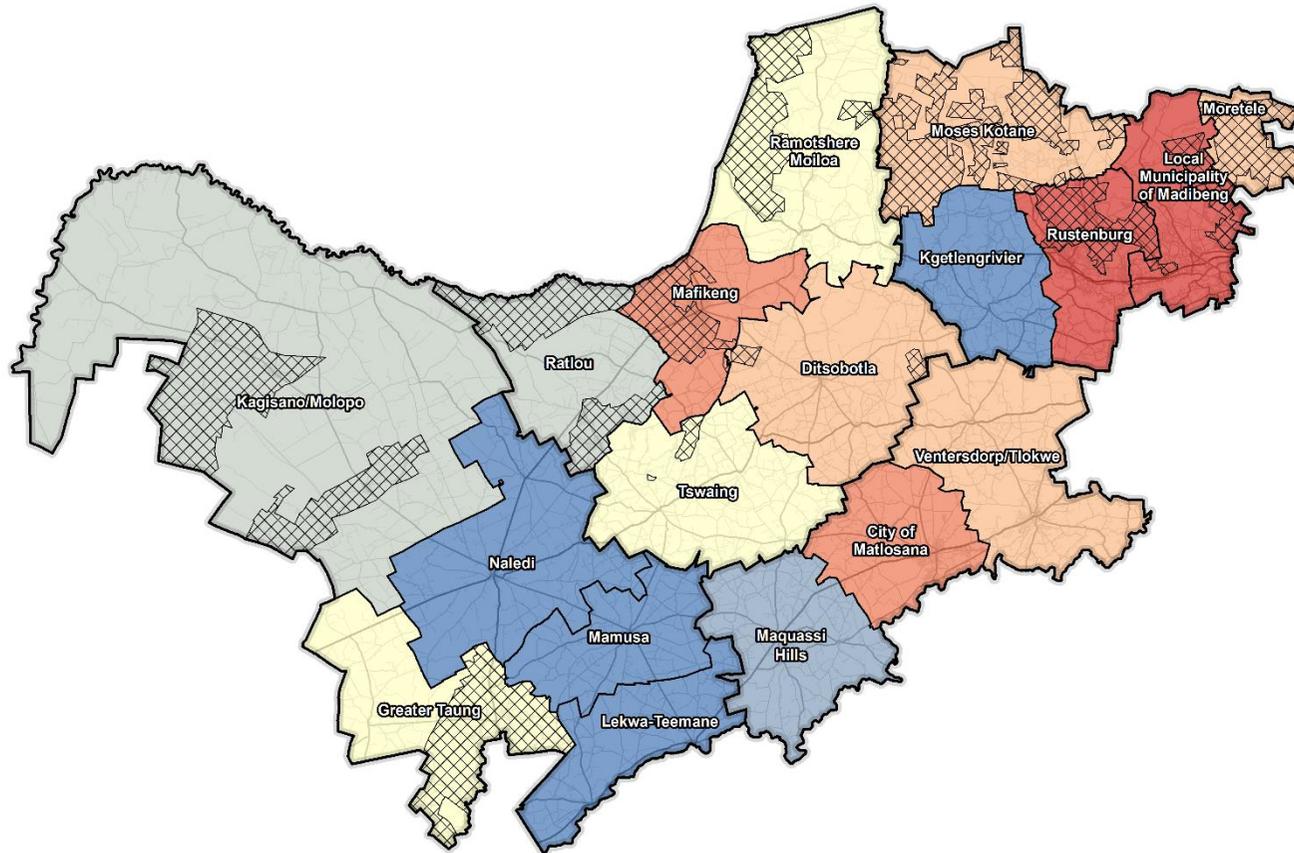
The data shows that 6.7% of the national population resides in the North West Province.

More than 45% of the province's population are found in the Bojanala District, followed by the Ngaka Modiri Molema (23.5%), Dr Kenneth Kaunda (19.8%) and Dr Ruth Segomotsi Mompati (11.5%) districts.

The most populous local authority in the province is the Rustenburg Municipality, containing more than 17% of the province's population. The Madibeng (14.9%) and Matlosana (10.9%) local authorities are the second and third most populous local regions in the province.

The least populous local authorities are the Kgetlengrivier (1.7%), Naledi (1.8%), Mamusa (1.7%) and Lekwa-Teemane (1.5%).
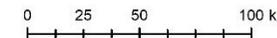
Source: DEMACON, 2019

Map 5.3: Spatial Distribution and Clustering of Population in the North West Province
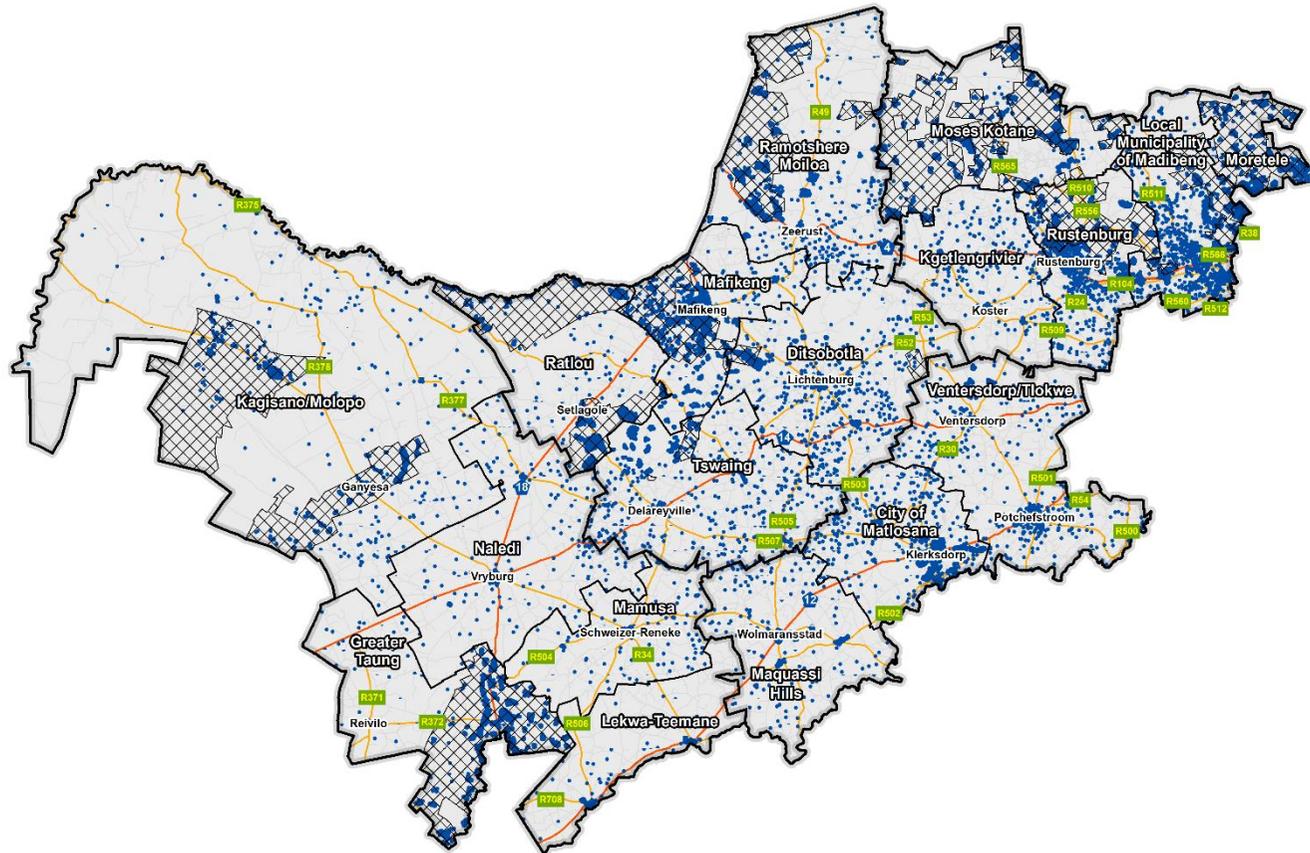
It is observed that, spatially, the distribution of population clusters in and around major urban nodes and towns, as well as in traditional authority areas.

Because of the sizeable nature of the regional economy in the Bojanala district, the clustering of population occurs along the primary N4 corridor and in close proximity to existing mines and economic activities. Likewise in Madibeng and Matlosana similar trends can be observed.

ADMIN BOUNDARY

District Authorities

Municipalities

Traditional Authority

TRANSPORT NETWORK

National Road

Regional Road

POPULATION DISTRIBUTION

· Population

· 1 Dot = 100
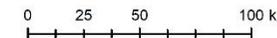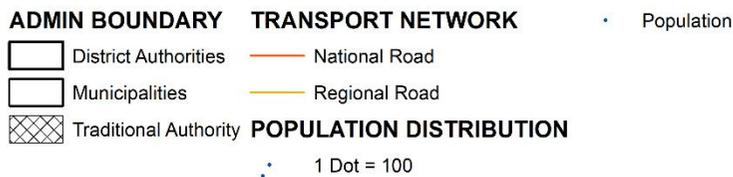
Source: DEMACON, 2019

Map 5.4: Population Growth Trends per Local Municipality in the North West Province
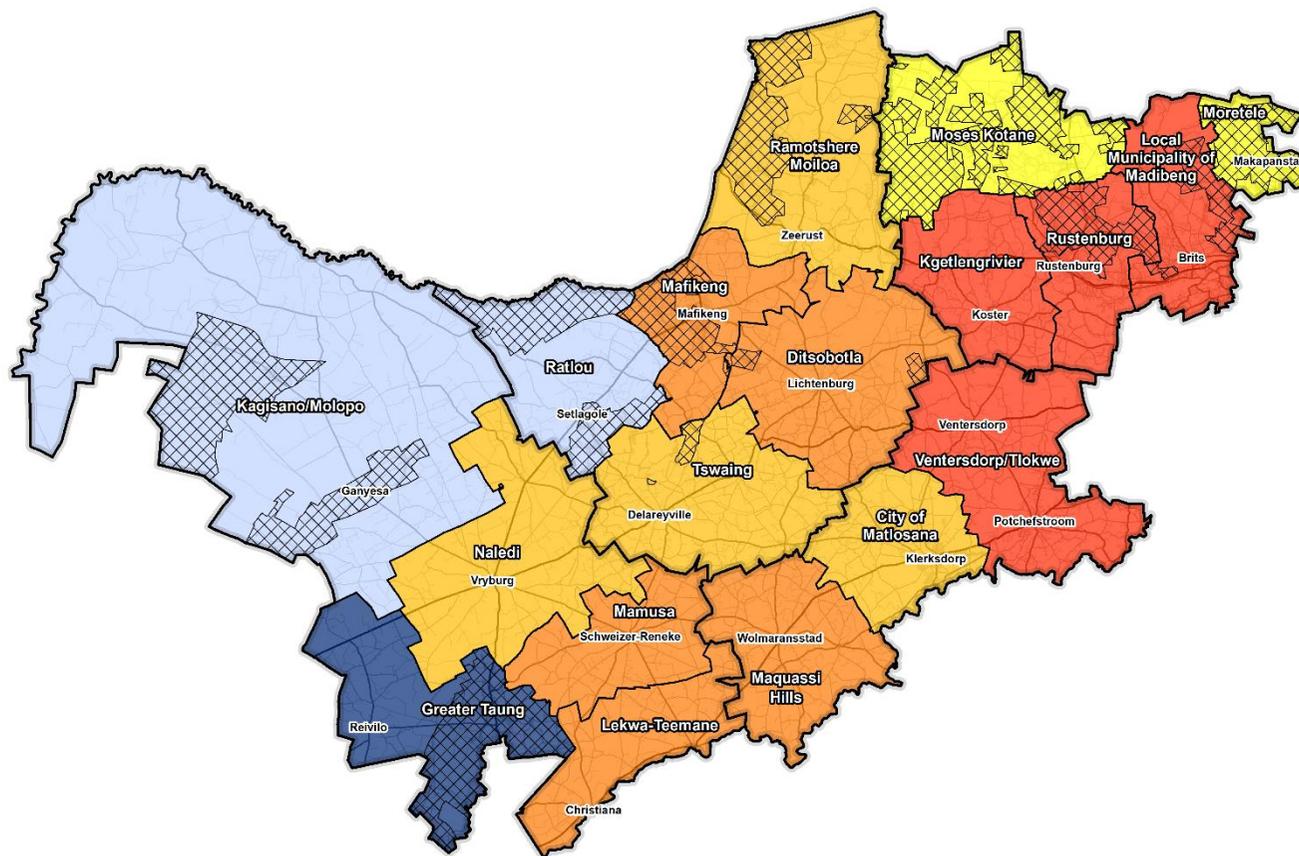
ADMIN BOUNDARY

- District Authorities
- Municipalities
- Traditional Authority

TRANSPORT NETWORK

- National Road
- Regional Road
- Main Road
- Other Main Road

POPULATION GROWTH RATE

- < -1.0
- -1.0 - -0.6
- -0.5 - 0
- 0.0 - 0.5
- 0.6 - 1.0
- 1.1 - 2.0
- > 3.0
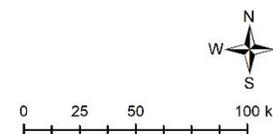
Source: DEMACON, 2019

The provincial population grows at an average annual rate of approximately 1.3%.

The Bojanala District exceeds the provincial growth rate and population expands by approximately 1.9% per annum. Population expands the fastest in the Rustenburg, Madibeng and Kgetlengrivier local municipalities.

The Ngaka Modiri District expands it population at approximately 1.1% per annum. The fastest growing local regions are the Mafikeng and Ditsobotla local municipalities and is followed by the Tswaing and Ramotshere Moiloa local authorities. The Ratlou local authority is the only authority to experience negative population growth.

The Dr Ruth Segomotsi Mompati District is experiencing negative population growth of 0.2% per annum. Although local regions such as Naledi and Mamusa show high population growth, regions such as Kagisano/Molopo and Greater Taung experience a loss of population.

The Dr Kenneth Kaunda District's population grows in line with the provincial average of 1.3% per year. The JB Marks and Maquassi Hills local authorities experienced the fastest population expansion rates, compared to the City of Matlosana.

Map 5.5: Population Growth Trends in the North West Province
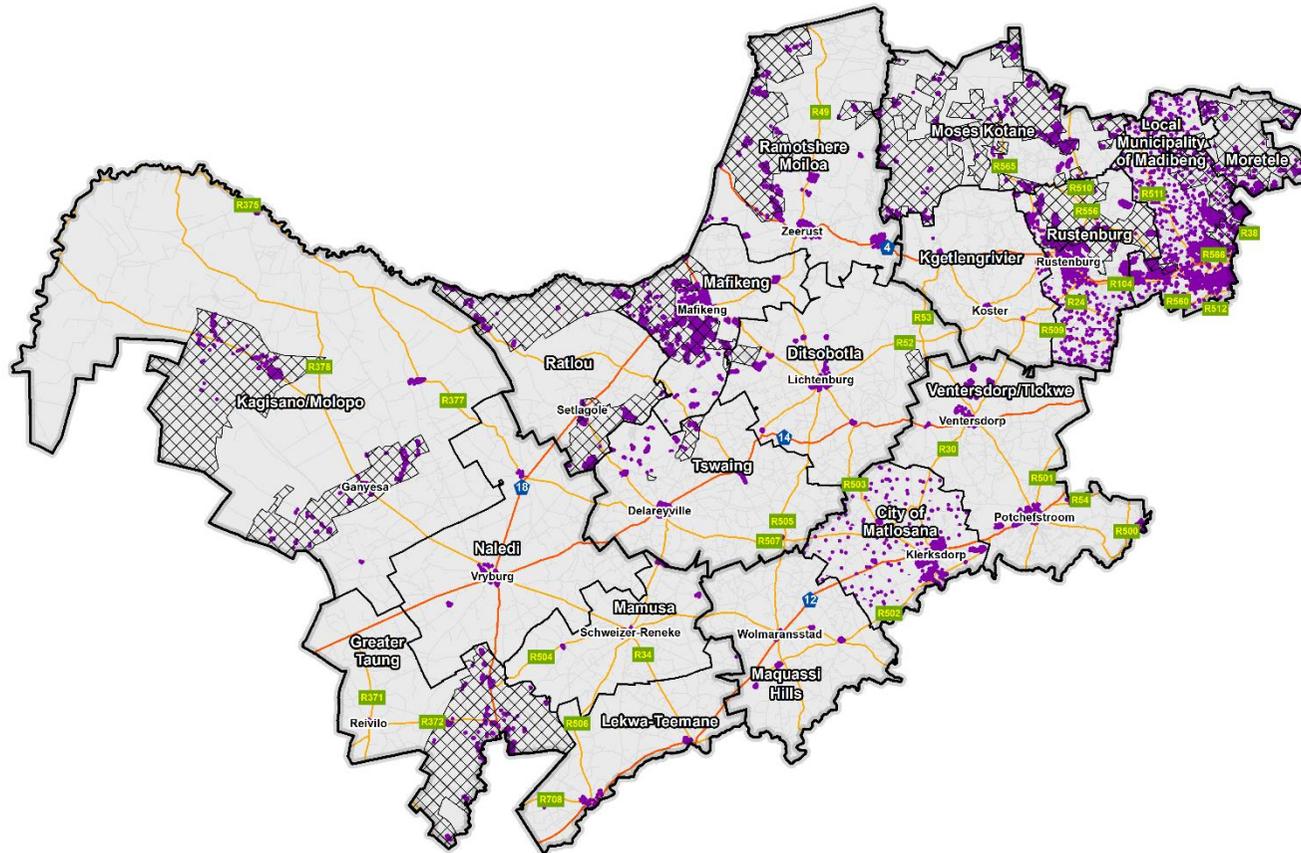
ADMIN BOUNDARY

☐ District Authorities

☐ Municipalities

▨ Traditional Authority

TRANSPORT NETWORK

— National Road

— Regional Road

POPULATION GROWTH

• 1 Dot = 25
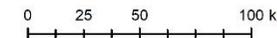
• Population Growth

Source: DEMACON, 2019

At a micro scale it is evident to see that the growth of population in the province has primarily clustered in the Bojanala District, especially in and around the Brits and Rustenburg areas, Bapong, Marikana, Letlhabile, Hebron and Mogwase towns and settlements and the farming/rural areas of Madibeng and Rustenburg.

In the Ngaka Modiri District population growth clusters in and around Mafikeng and Lichtenburg and other urban towns and localities. Growth especially concentrated in the traditional authorities of the district.

Although the Dr Ruth Segomotsi Mompati District experienced negative growth, areas such as Ganyesa, Morokweng, Vryburg, Schweizer-Reneke, Christiana, Bloemhof and Taung experienced positive growth. Other areas such as Pomfret, Amalia and the rural/agricultural areas of the district experienced negative growth.

In the Dr Kenneth Kaunda District Population primarily expanded in and around nodes such as Klerksdorp, Potchefstroom, Ventersdorp and Wolmaransstad. The rural;/farming areas of the Matlosana local authority also experienced positive population growth.

5.4.2   MIGRATION PROFILE

In-Migration Profile

North West Province

% In-Migrated

3,5%

Data indicates that 3.5% of the population migrated to the province since 2011. Net-migration data shows that the province has experienced an influx of population

Bojanala District

3.7%

Data indicates that 3.7% of the population migrated to the district since 2011

Ngaka Modiri Molema District

2.6%

Data indicates that 2.6% of the population migrated to the district since 2011

Dr Ruth Segomotsi Mompati District

3.2%

Data indicates that 3.2% of the population migrated to the district since 2011

Dr Kenneth Kaunda District

4.4%

Data indicates that 4.4% of the population migrated to the district since 2011

Net-Migration

131 399 / 62 227 / -69 171

■ In-Migration ■ Nett-Migration ■ Out-Migration

60 524 / 25 051 / -35 473

22 975 / 9 124 / -13 850

14 902 / 6 184 / -8 718

32 999 / 21 868 / -11 130
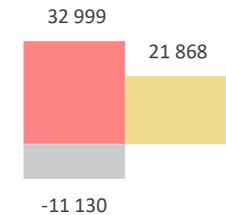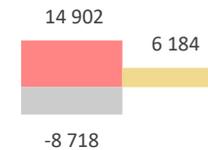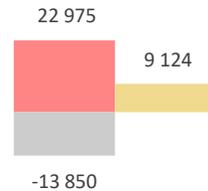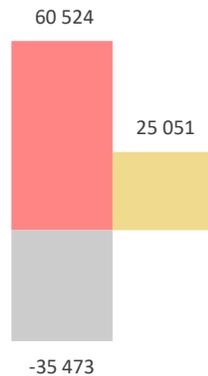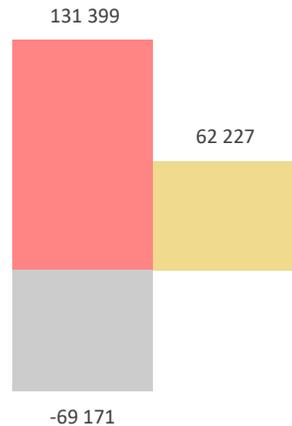
■ In-Migration ■ Nett-Migration ■ Out-Migration

Map 5.6: In-Migration Trends in the North West Province
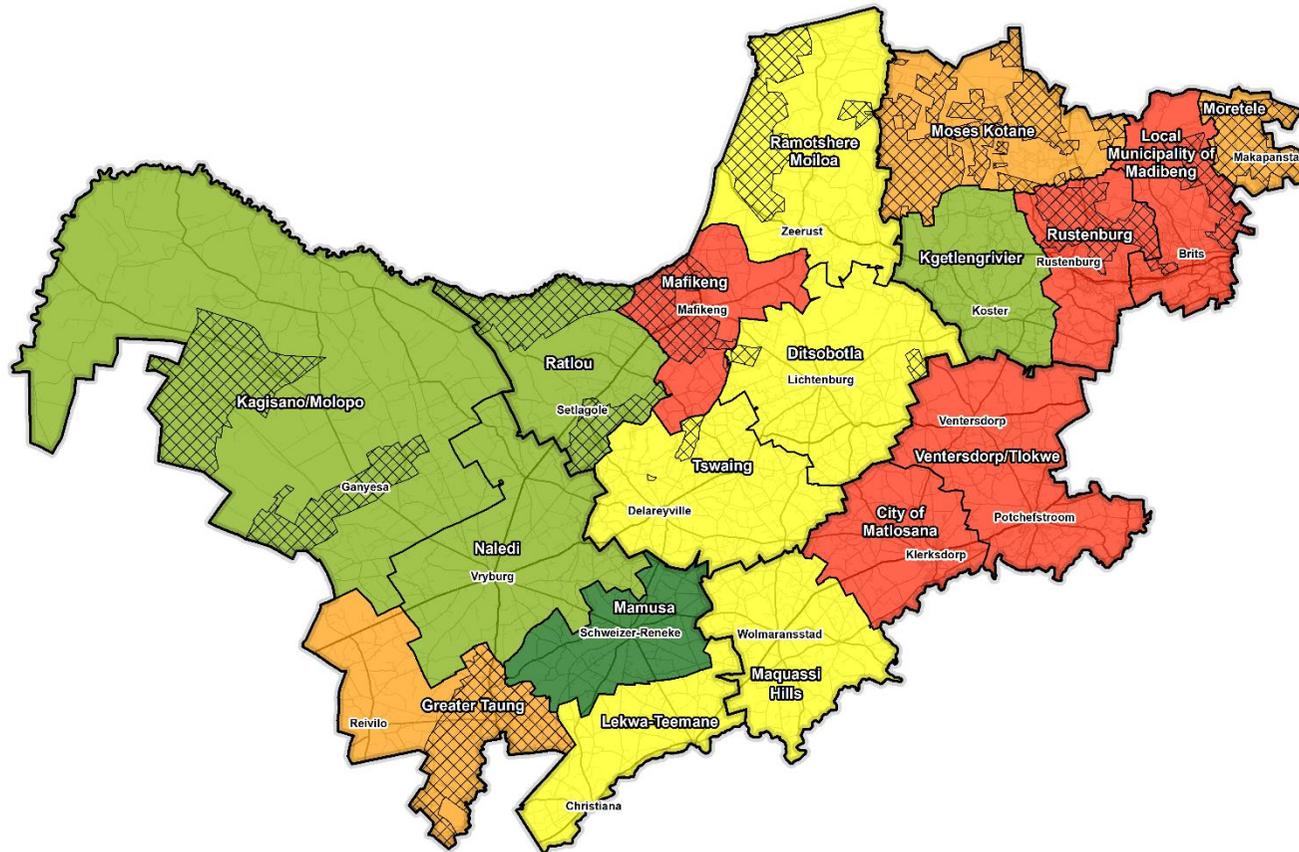
The data shows that between 2011 and 2016 the North West Province experienced in-migration. Approximately 131 399 people moved to the province between 2011 and 2016.

The majority of migrants into the province located in the Bojanala District (46.1%), followed by the Dr Kenneth Kaunda District (25.1%), Ngaka Modiri Molema District (17.5%) and Dr Ruth Segomotsi Mompati District (11.3%).

Migrants typically locate to the major economic centres of the province, i.e. Rustenburg, Madibeng, JB Marks, Matlosana, Mafikeng and Moses Kotane. Other areas that experienced high migrant inflows are the Moretele and Greater Taung areas.

At a provincial level, migrants in the province represent 3.5% of the total population.

The Dr Kenneth Kaunda and Bojanala Districts have the highest proportional number of migrants compared to the total population of the district (4.4% and 3.7% respectively).

Approximately 3.2% of the population of the Dr Ruth Segomotsi Mompati district are migrants compared to 2.6% in the Ngaka Modiri Molema District.

ADMIN BOUNDARY

- District Authorities
- Municipalities
- Traditional Authority

TRANSPORT NETWORK

- National Road
- Regional Road
- Main Road
- Other Main Road

IN-MIGRATION

- 1 - 1 000
- 1 001 - 2 500
- 2 501 - 5 000
- 5 001 - 10 000
- 10 001 +
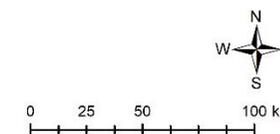
Source: DEMACON, 2019

Map 5.7: Out-Migration Trends in the North West Province
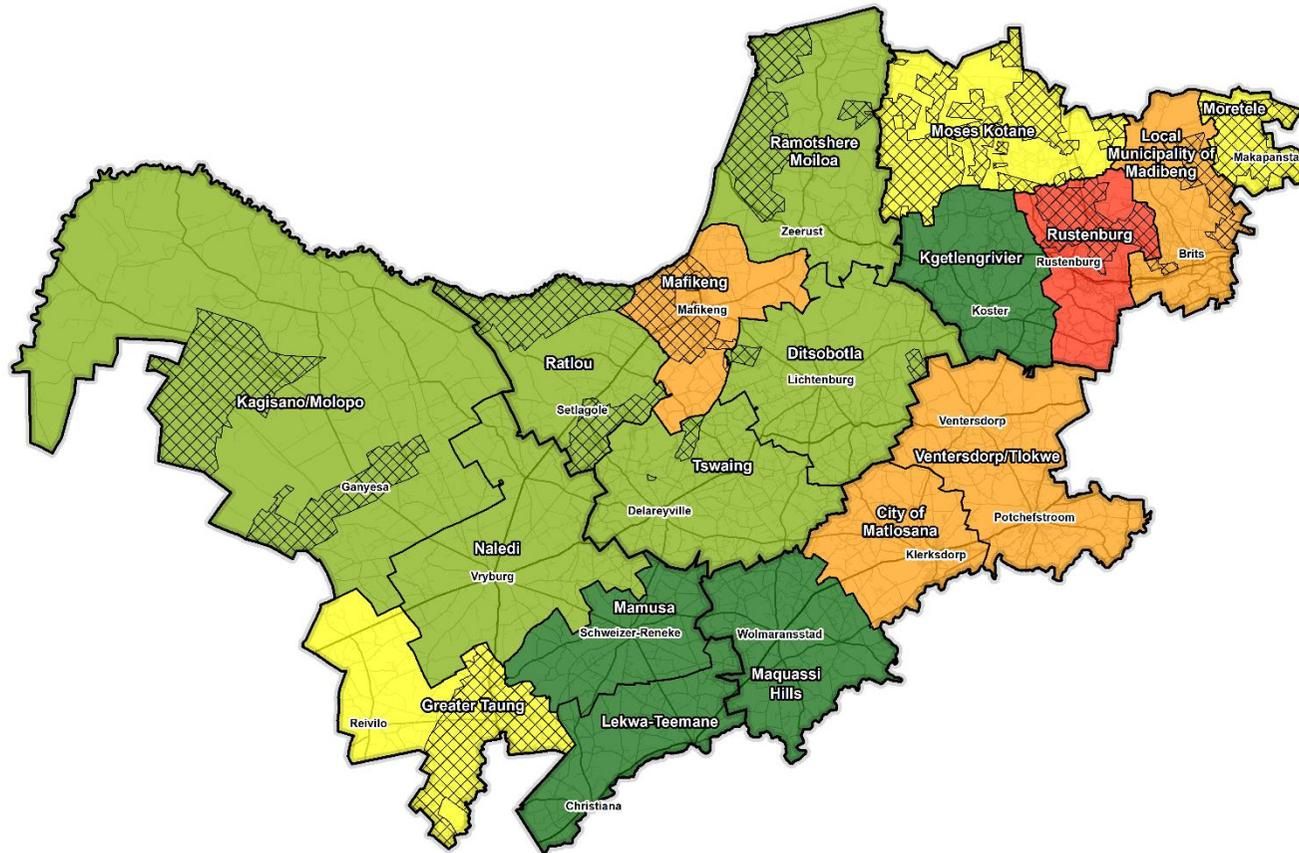
Out-migration from the province which doesn't include persons that move from one local authority to another in the North West Province, represents nearly 70 000 people between 2011 and 2016.

The Rustenburg, Madibeng, JB Marks, Matlosana and Mafikeng areas experience the highest rates of population out-migration.

On average, the province loses slightly more than 13 800 people per year, the majority from the Bojanala and Ngaka Modiri Molema districts.
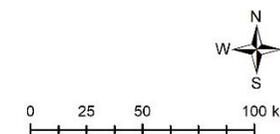
Source: DEMACON, 2019

Map 5.8: Nett-Migration Trends in the North West Province

Source: DEMACON, 2019
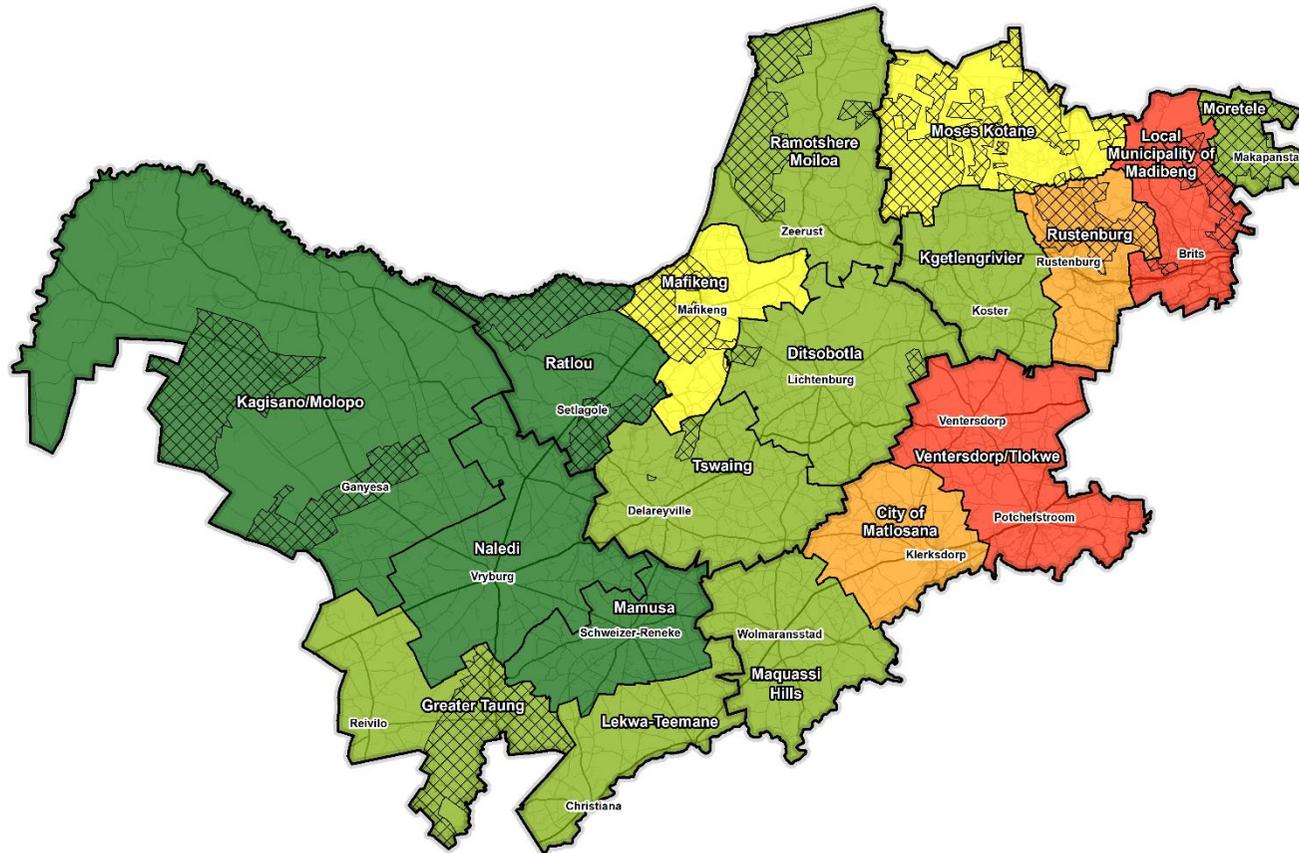
Overall the province experiences a net-migration gain. Although people migrate from the province, more people move to the province.

The data shows that highest net-migration gains are experienced by the main economic centres of the province, i.e. JB Marks, Madibeng, Matlosana, Rustenburg, Moses Kotane and Mafikeng.

The JB Marks area experiences significant in-migration due to the North West University campus in Potchefstroom which attracts population to the area. Out-migration is also largely the result of students moving from the area after studies.

The gain experienced by the primary economic areas of the province is, in part, as a result of economic opportunities. Job-seekers tend to relocate to the area in search of employment, especially in the proximity of mining activity.

Other reasons for relocation to the area includes households moving to be closer to employed persons in the province, the beneficiaries of subsidised housing projects that move to their new homes and students.
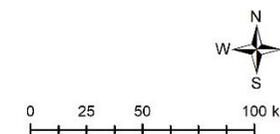
5.4.3   URBANISATION TRENDS

Urbanisation Profile

North West
Province

% Urbanised
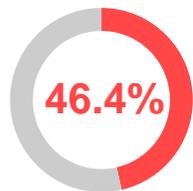
46.4%

Data indicates that 3.5% of the population have urbanised. Approximately 5.0% of population remain in farming areas compared to 48.5% of population that reside in a traditional authority

Bojanala
District

37.9%

Data indicates that 37.9% of the population have urbanised.

Ngaka Modiri Molema District

28.8%

Data indicates that 28.8% of the population have urbanised.

Dr Ruth Segomotsi Mompati District

38.3%

Data indicates that 38.3% of the population have urbanised.

Dr Kenneth Kaunda
District

91.7%

Data indicates that 91.7% of the population have urbanised.

Distribution between People Residing in Urban, Agricultural and Traditional Areas

North West: Urban 46,4% | Traditional 48,5% | Rural/Farming 5,0%

Bojanala: Urban 37,9% | Traditional 58,5% | Rural/Farming 3,7%

Ngaka Modiri Molema: Urban 28,8% | Traditional 66,4% | Rural/Farming 4,8%

Dr Ruth Segomotsi Mompati: Urban 38,3% | Traditional 56,3% | Rural/Farming 5,4%

Dr Kenneth Kaunda: Urban 91,7% | Traditional 0,2% | Rural/Farming 8,1%

■ Urban ■ Traditional ■ Rural/Farming
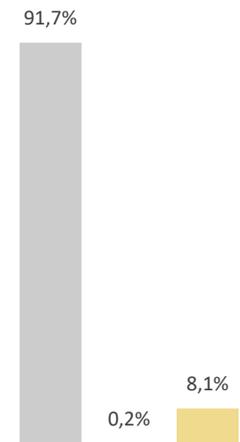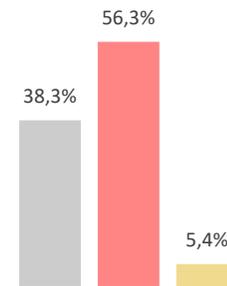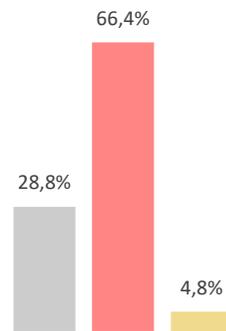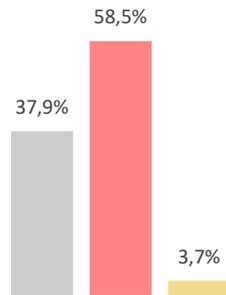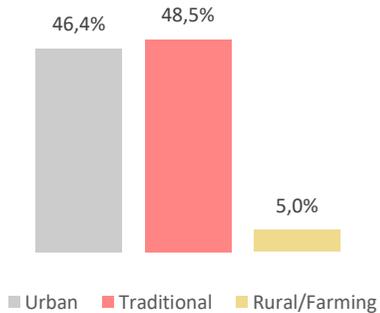
Map 5.9: Urbanisation Trends in the North West Province
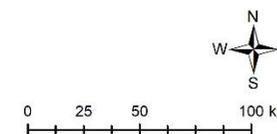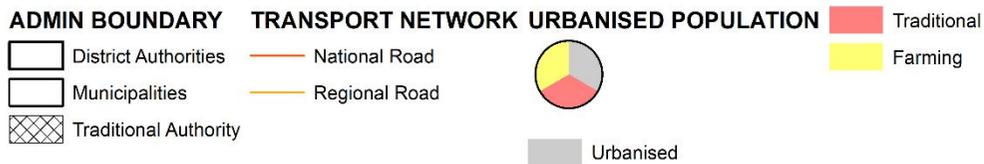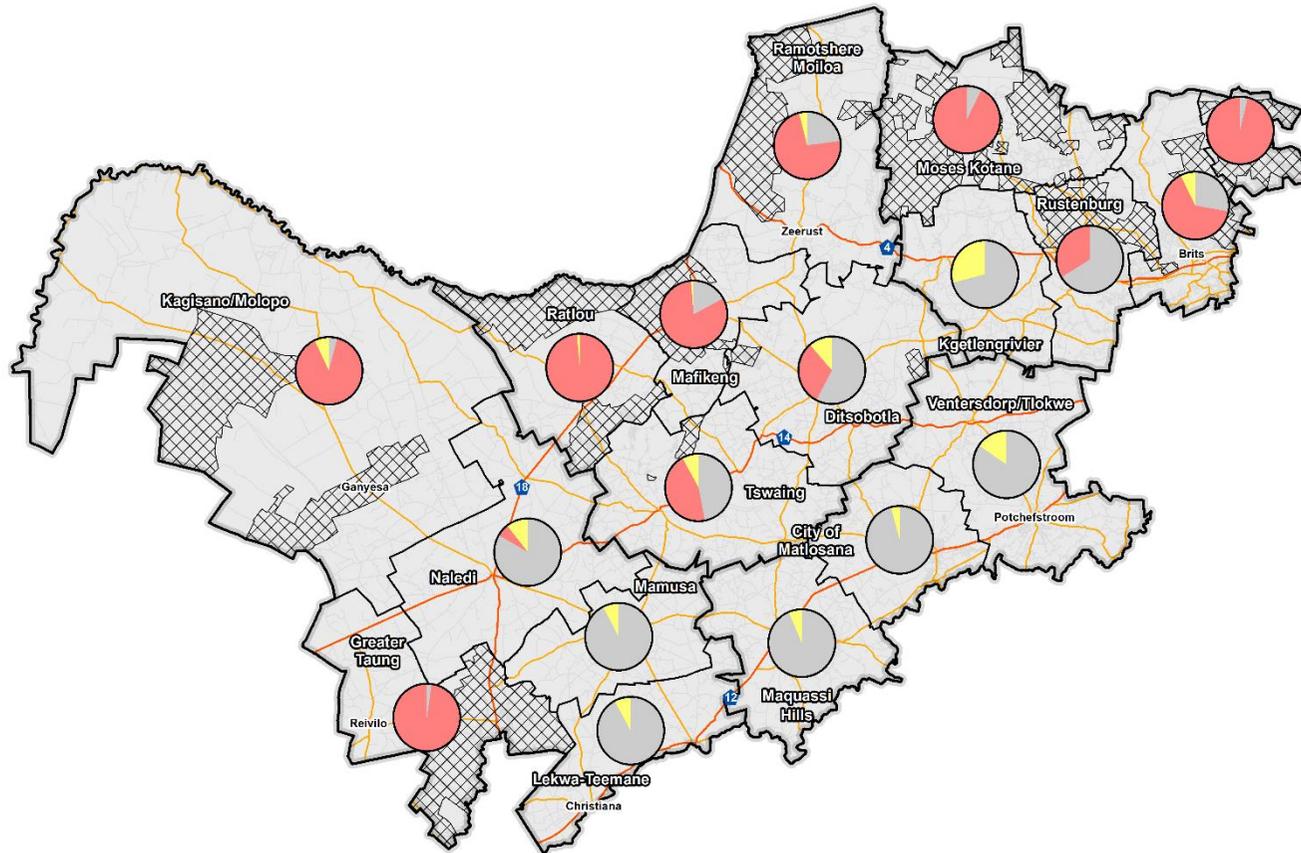
The urbanized population of the North West Province represents approximately 46.4% of the total population of the province.

Because of the abundance of traditional authorities in the province, more than 48% of the provincial population still reside in a traditional authority.

Rural / farming communities make up only ±5.0% of all people.

The most urbanized district in the province is the Dr Kenneth Kaunda District. More than 90% of the population in the district reside in an urban area.

The Dr Ruth Segomotsi Mompati and Bojanala Districts are the second and third most urbanized districts with nearly 38% of each district's population residing in an urban area.

The distribution of traditional authorities in the Bojanala and Dr Ruth Segomotsi Districts allows for more than 50% of each district's residents to reside in a traditional area.

The Ngaka Modiri Molema District is the least urbanized district in the province. Slightly more than 28% of the district's population reside in an urban area.

When spatially considering urbanization in the province it is clear that higher urbanization rates are found in local authorities to the south and south-east.

ADMIN BOUNDARY

District Authorities
Municipalities
Traditional Authority

TRANSPORT NETWORK

National Road
Regional Road

URBANISED POPULATION

Traditional
Farming
Urbanised

Source: DEMACON, 2019

5.4.4 DEMOGRAPHY COMPOSITION

Racial Profile of the Target Market

North West Province

Black African	**91.6%**
Coloured	**1.6%**
Indian / Asian	**0.4%**
White	**6.4%**
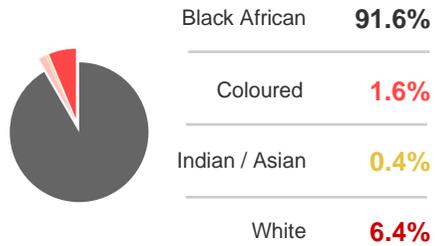
	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi Mompati	Dr Kenneth Kaunda
■ White	6,4%	5,3%	2,5%	5,2%	14,0%
■ Indian/Asian	0,4%	0,4%	0,5%	0,3%	0,7%
■ Coloured	1,6%	0,5%	1,3%	3,0%	3,7%
■ Black African	91,6%	93,8%	95,7%	91,5%	81,7%

Age and Gender Profile of the Bojanala District
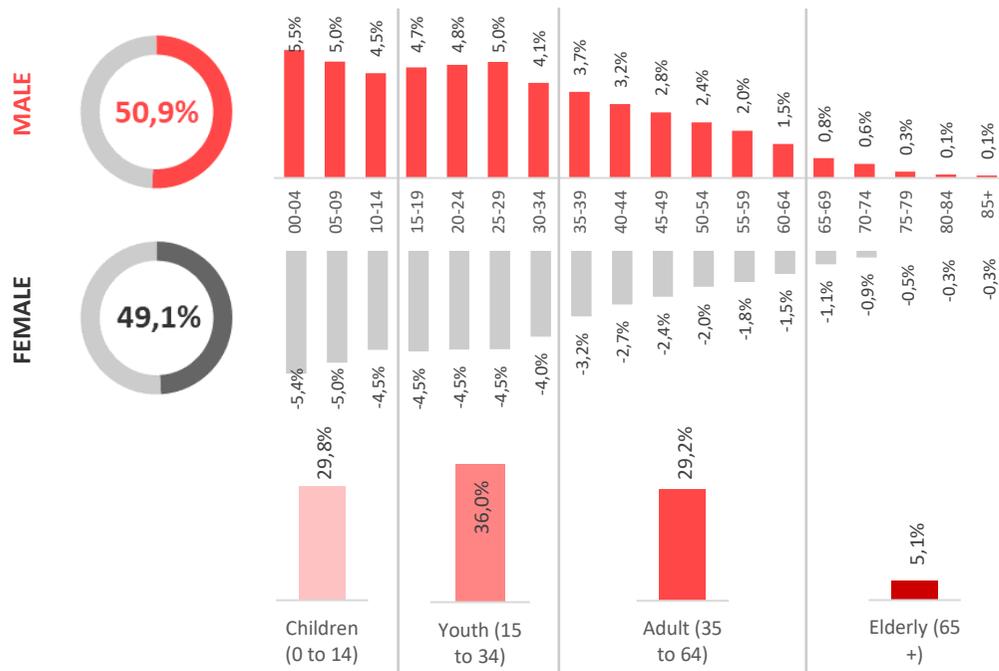
Age and Gender Profile of Local Authorities
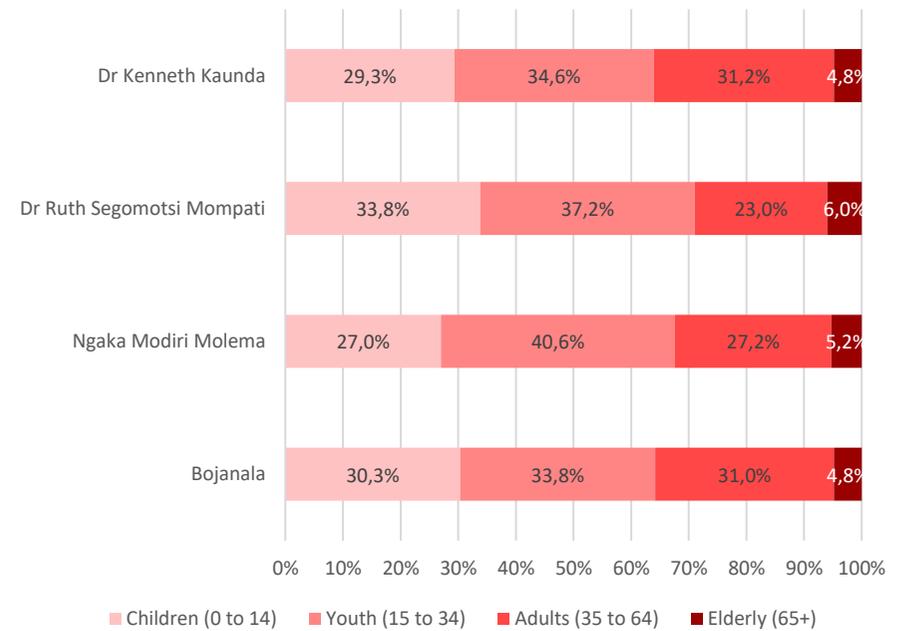
PROVINCIAL RACIAL PROFILE

The racial profile of the province shows that more than 90% of people residing in the province are Black African, compared to 6.5% White, 1.6% Coloured and 0.4% Indian / Asian. The profile is typical of all district authorities except the Dr Kenneth Kaunda District where approximately 14% of the district's population is White.

AGE AND GENDER PROFILE

Nearly 51% of the province's population is male. High concentrations of males are typically associated with predominantly mining areas. Labourers, in many instances, migrant labourers are men that travel to the area in search of employment opportunities or are employed at mines. This generally skews the population towards males and away from the national trend.

Children in the province (persons aged 0 to 14) represent nearly 30% of the population. This is typical for the districts of the province as well with the Dr Ruth Segomotsi Mompati and Bojanala Districts having proportions greater than the provincial average.

The youthful population, meaning persons aged between the ages of 15 and 34 represent 36% of the provincial population. The more rural districts of the province, meaning Ngaka Modiri Molema and Dr Ruth Segomotsi Molema, have proportionally large segments of the respective districts population that are considered to be youthful (between 37% and 41%). This is specifically true in areas such as Mafikeng, Ditsobotla, Ramotshere Moiloa, Naledi and Tswaing. The Dr Kenneth Kaunda and Bojanala Districts on the other hand have smaller segments of their respective populations that form part of the preceding cross-section.

The data shows that in the Dr Kenneth Kaunda and Bojanala Districts a larger proportional segment of the population fall within the adult age range (35 to 64 years of age) than other districts, although the segment of the population remains the second largest in their respective districts. This is typically associated with highly active economically active segments of the population. Elderly age groups on average represent only 5.1% of the population in the province. This is fairly similar in all districts of the province except the Dr Ruth Segomotsi Mompati Districts which has a 6% proportional share of the district's population that are older than 64 years of age.

The proportionally large segment of the population that fall within the 0 to 14 and 65 and older age categories show that a very high dependency ratio exists in the province. The provincial dependency ratio is estimated to be approximately 60.8%, meaning that more than 60% of the population is dependent on the potentially economically active for care, services and other necessities.

The Ngaka Modiri Molema District has the lowest dependency ratio of all districts (54.4%) with areas such as Mafikeng and Ditsobotla having dependency ratios of between 45% and 54%. This is the result of a very small 0 to 14 years of age cohort.

The Dr Kenneth Kaunda District has a dependency ratio of 59.2%, which is lower than the provincial average. The economic nodes of the district, namely Matlosana and JB Marks have dependency ratios below that of the district and province (i.e. 58% and 56% respectively) compared to the Maquassi Hills local authority which has a dependency ratio in excess of 70%.

The Bojanala District has a dependency ratio more than the province, 61.7%, with only the Rustenburg (50.4%) and Madibeng (59.2%) local authorities that have dependency ratios lower than the provincial average. The Moretele (88.9%), Moses Kotane (78.9%) and Kgetlengrivier (74.3%) local authorities have dependency ratios in excess of 70%.

The Dr Ruth Segomotsi District has the highest dependency ratio, 73.9%. The Naledi local authority (58.6%) is the only local authority with a dependency ratio less than the provincial average. The Greater Taung (80.5%), Kagisano / Molopo (78.7%) and Mamusa (74.3%) local authorities have dependency ratios higher than 70%.

5.4.5 EMPLOYMENT PROFILE

Employment Profile

North West Province
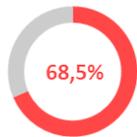
68,5% **Employed** Economically Active

31.5% Unemployed Economically Active

Bojanala District

69,3%

30.7% Unemployed

Ngaka Modiri Molema District

66,3%
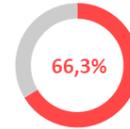
33.7% Unemployed

Dr Ruth Segomotsi Mompati District

64,2%
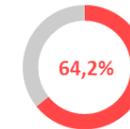
35.8% Unemployed

Dr Kenneth Kaunda District

70,3%

29.7% Unemployed

Labour Force Skill Level

North West Province

28,5%	Low-Skilled
53,1%	Semi-Skilled
18,4%	Skilled
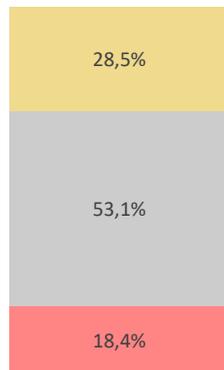
■ Skilled ■ Semi-Skilled ■ Low-Skilled

Bojanala District
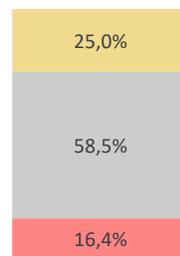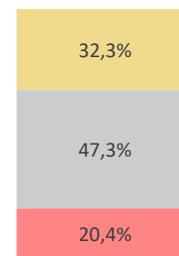
25,0%	
58,5%	
16,4%	

Ngaka Modiri Molema District

32,3%	
47,3%	
20,4%	

Dr Ruth Segomotsi Mompati District

36,2%	
44,3%	
19,5%	

Dr Kenneth Kaunda District

30,1%	
49,1%	
20,8%	
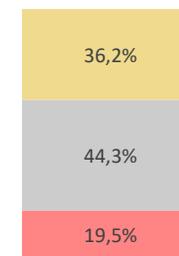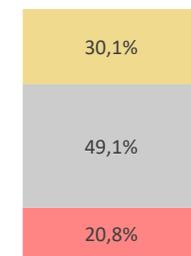
■ Skilled ■ Semi-Skilled ■ Low-Skilled

Map 5.10: Macro-Employment Perspective in the North West Province
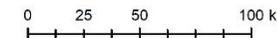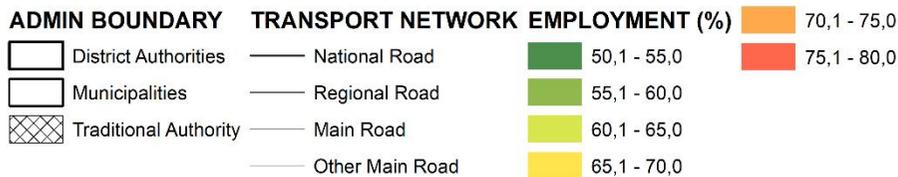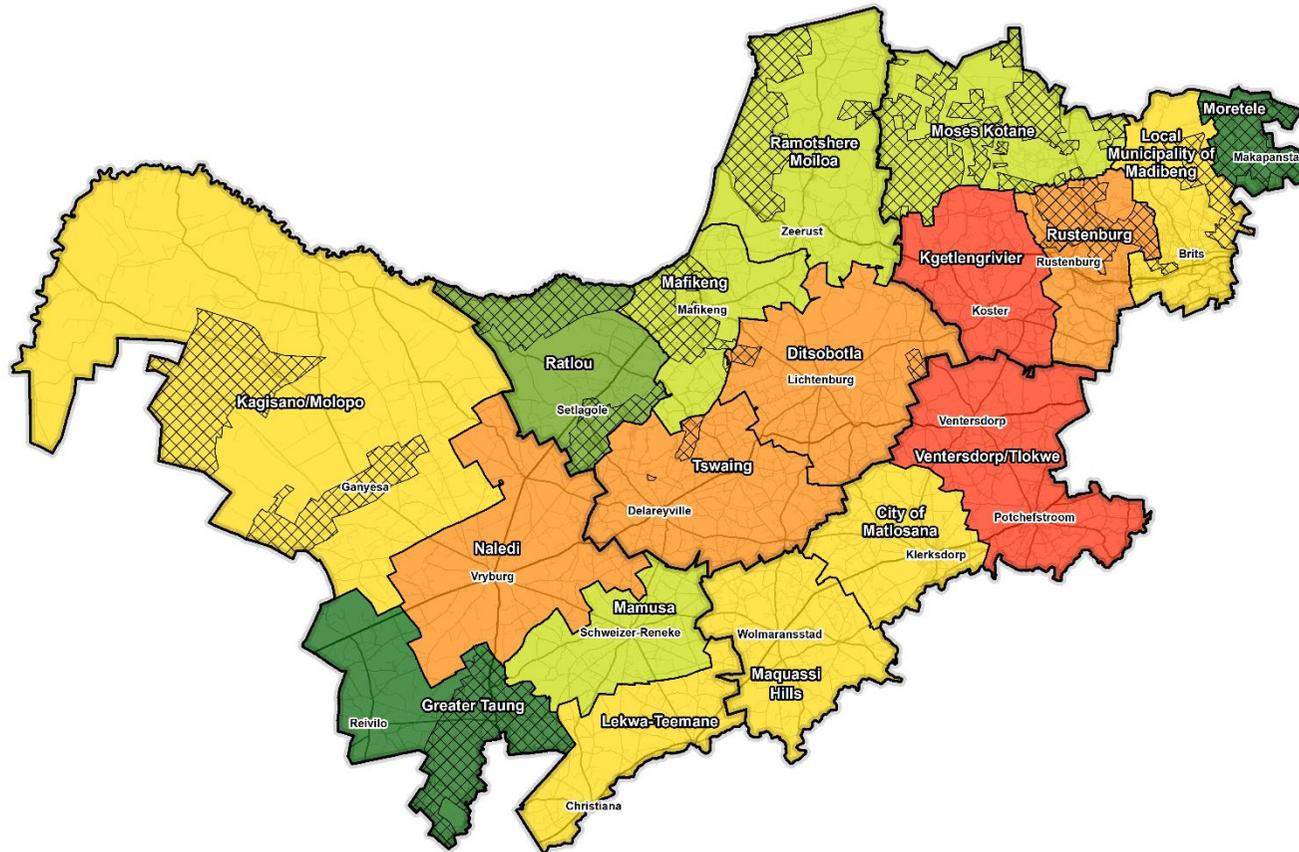
Source: DEMACON, 2019

At a provincial level, 68.5% of the population are employed.

The Dr Kenneth Kaunda District mains the highest proportion of economically active population that are employed, 70.3% of the district's economically active.

The Bojanala District maintains the second highest proportional rate of employed economically active with 69.3% of the district's population employed.

The Ngaka Modiri Molema and Dr Ruth Segomotsi Districts have proportional rates lower than the provincial average.

The highest employment rates are spatially located between Naledi and Madibeng - primarily long the N14 and regional roads linking to Rustenburg. The JB Marks municipality mains a high employment rate.

At a provincial level, more than 50% of the labour force are employed in semi-skilled occupations, compared to nearly 30% of the labour force that are low-skilled. Skilled labour represents 18% of the provincial labour force.

More than 45% of the province's skilled labour can be found in the Bojanala District, more specifically in the Madibeng and Rustenburg local municipality (combined represents more than 36% of the skilled labour force).

Map 5.11: Distribution of Employed Persons in the North West Province

ADMIN BOUNDARY

- ☐ District Authorities
- ☐ Municipalities
- ▨ Traditional Authority

TRANSPORT NETWORK

- ── National Road
- ── Regional Road
- ── Main Road
- ── Other Main Road

EMPLOYMENT (%)

- 0 - 10
- 11 - 20
- 21 - 30
- 31 - 40
- 41 - 50
- 51 - 60
- 61 - 70
- 71 - 80
- 81 - 90
- 91 - 100
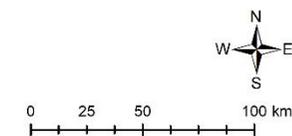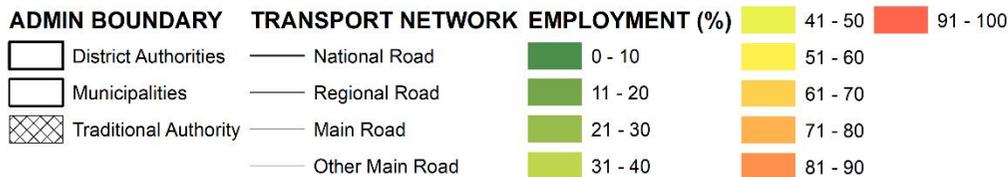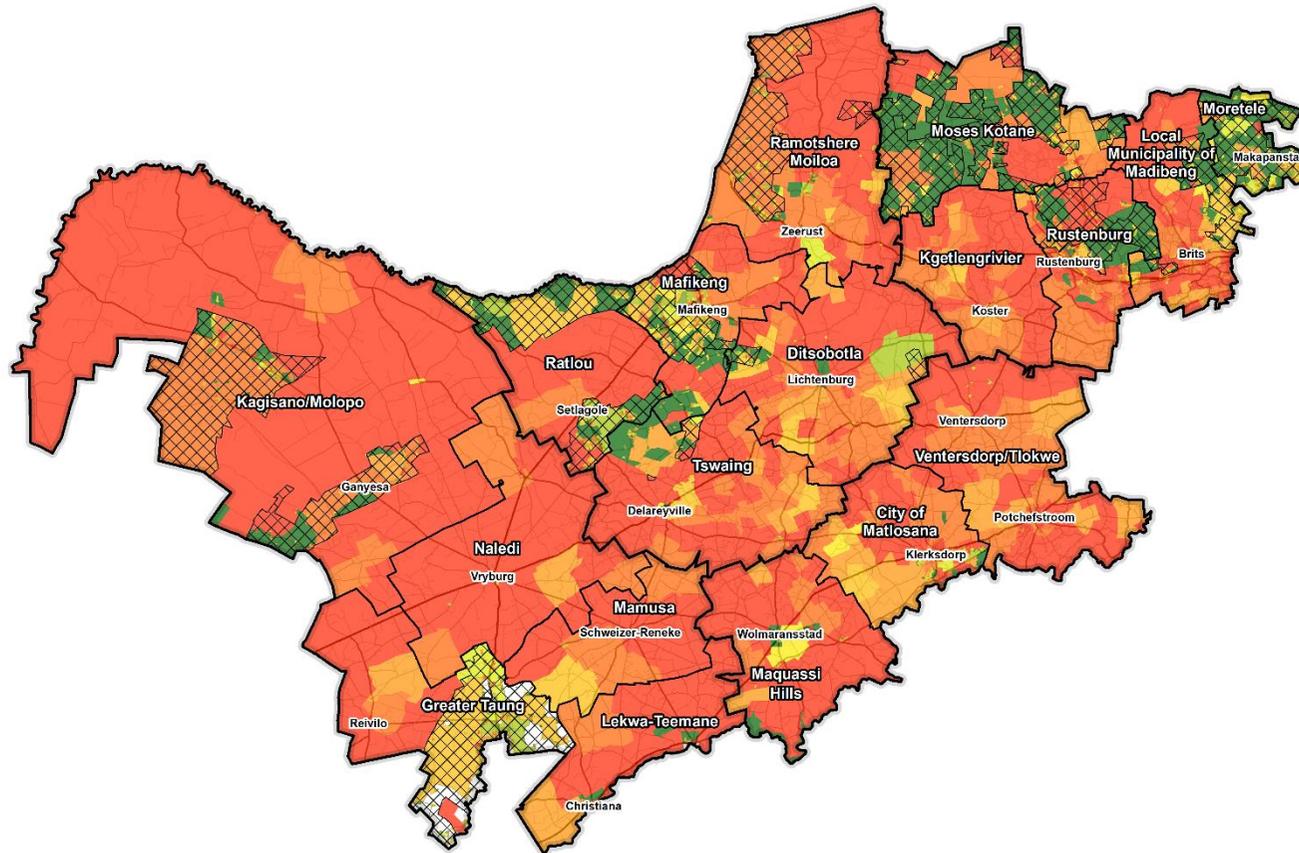
Source: DEMACON, 2019

Spatially it is important to note that a clear differentiation can be observed between levels of employment in traditional and non-traditional areas.

Generally, areas not within traditional authorities have, on average, higher employment rates than areas within traditional areas.

Generally this is the result of economic development clustering. Economic nodes and activities are typically located in major economic nodes such as Rustenburg, Madibeng, Potchefstroom and Klerksdorp. These areas generate employment opportunities to local and surrounding communities. Rural areas such as farms generally create employment opportunities for rural workers.

Historically, traditional authority areas have had low levels of investment into economic opportunities and job creation activities. This is largely as a result of tenure deficiencies and limited structured planning in traditional areas.

This has historically created a gap between growth of population, levels of investment and proximity to employment opportunities. Current trends suggest a move toward investment into traditional authority areas which could generate and unlock employment opportunities.

5.4.6   HOUSEHOLD DWELLING PROFILE

Dwelling Typology

	North West Province	**Bojanala** District	**Ngaka Modiri Molema** District	**Dr Ruth Segomotsi Mompati** District	**Dr Kenneth Kaunda** District
Formal Dwellings	**78.3%**	**70.7%**	**82.7%**	**89.9%**	**86.4%**
Informal Dwellings	**18.4%**	**26.8%**	**10.9%**	**7.4%**	**11.3%**
Traditional Dwellings	**1.9%**	**0.9%**	**5.0%**	**1.8%**	**0.7%**

	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi Mompati	Dr Kenneth Kaunda
Other	1,5%	1,6%	1,4%	0,9%	1,5%
Caravan/tent	0,0%	0,0%	0,0%	0,0%	0,0%
Room (Backyard)	0,7%	0,7%	0,7%	0,8%	0,7%
Informal	10,3%	15,1%	5,7%	4,2%	6,2%
Informal (Backyard)	8,1%	11,6%	5,2%	3,1%	5,1%
Dwelling (Backyard)	7,7%	9,9%	6,5%	5,1%	4,5%
Semi-detached house	0,4%	0,3%	0,3%	0,8%	0,8%
Townhouse	0,6%	0,6%	0,1%	1,1%	1,1%
Cluster	0,3%	0,4%	0,2%	0,1%	0,6%
Flat	1,4%	0,7%	0,8%	0,3%	4,4%
Traditional	1,9%	0,9%	5,0%	1,8%	0,7%
Dwelling	67,1%	58,2%	74,1%	81,7%	74,4%

Map 5.12: Distribution of Formal, Informal and Traditional Dwellings in the North West Province
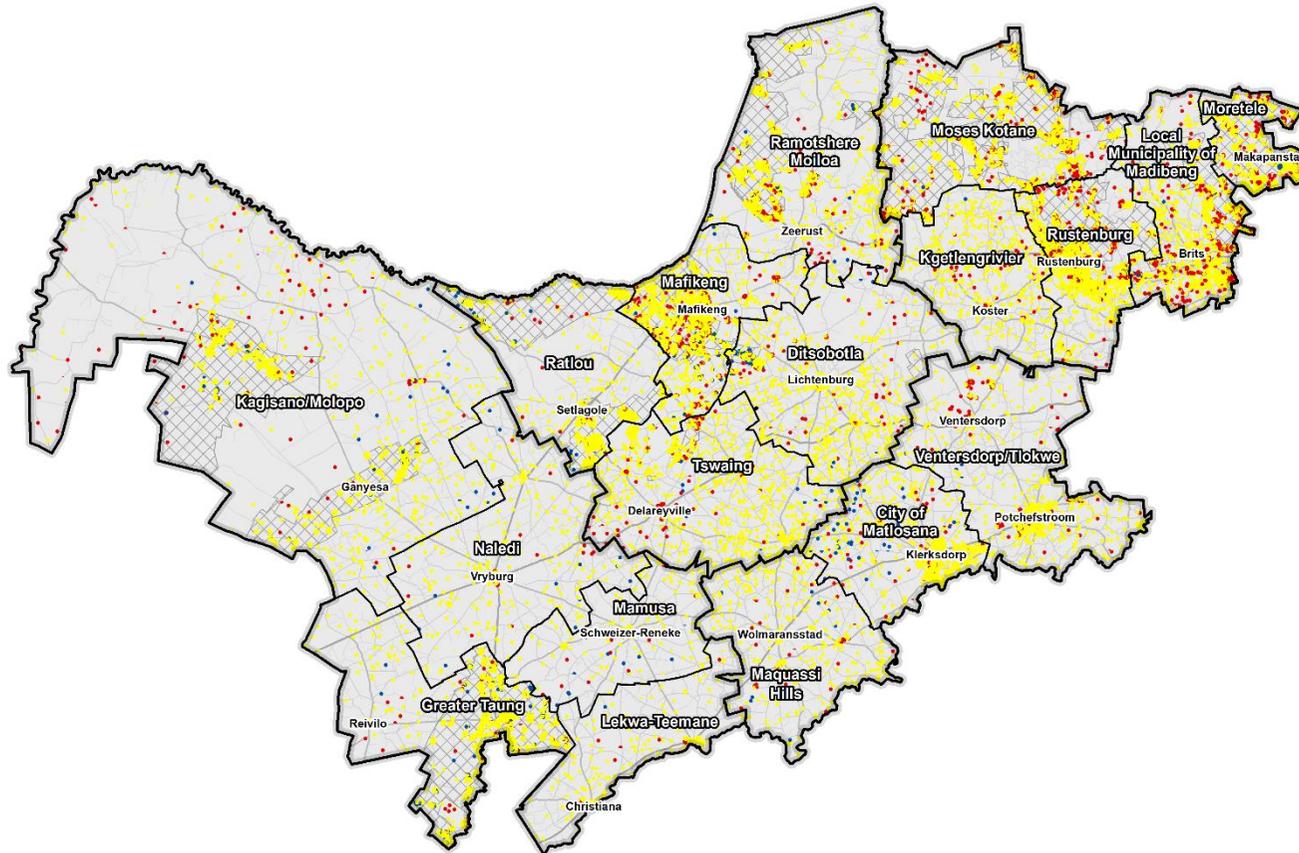
ADMIN BOUNDARY

☐	District Authorities
☐	Municipalities
▨	Traditional Authority

TRANSPORT NETWORK

—	National Road
—	Regional Road
—	Main Road
—	Other Main Road

DWELLING TYPOLOGIESS

1 Dot = 10

•	Formal Dwelling
•	Informal Dwelling
•	Traditional Dwelling
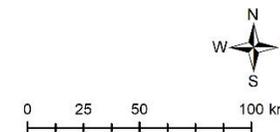
Source: DEMACON, 2019

In the North West Province, approximately 78.3% of households reside in a formal dwelling.

The Ngaka Modiri Molema, Dr Ruth Segomotsi Mompati and Dr Kenneth Kaunda Districts all have approximately more than 80% of their respective households reside in a formal dwelling.

In the Bojanala District only approximately 70.7% of households reside in a formal dwelling. Approximately 71.2% of the province's population that reside in an informal dwelling (be it primary or backyard), are found in the district – primarily in Rustenburg and Madibeng.

Nearly 27% of Bojanala Households reside in an informal dwelling, compared to 11.3% of households in Dr Kenneth Kaunda, 10.9% of households in Ngaka Modiri Molema and 7.4% of households in the Dr Ruth Segomotsi Mompati.

Only approximately 1.9% of households in the province reside in a traditional dwelling. More than 58% of households that reside in a traditional dwelling can be found in the Ngaka Modiri Molema district, which is followed by the Bojanala District with nearly a quarter of households.

A small but noticeable segment of households reside in formal backyard dwellings.

5.4.7 HOUSEHOLD TENURE STATUS AND LSM PROFILE

Tenure Status

	North West Province	Bojanala District	Ngaka Modiri Molema District	Dr Ruth Segomotsi Mompati District	Dr Kenneth Kaunda District
Occupied Rent-Free	10,7%	12,5%	7,4%	11,0%	9,4%
Owned (Paid)	61,4%	59,2%	69,6%	70,4%	52,9%
Owned (Not Paid)	8,4%	7,0%	11,1%	8,8%	9,0%
Rented	19,5%	21,3%	11,9%	9,8%	28,7%

LSM Profile

	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi Mompati	Dr Kenneth Kaunda
LSM 10	6,0%	6,0%	6,6%	4,2%	8,7%
LSM 9	2,4%	2,4%	2,1%	1,4%	2,6%
LSM 8	3,6%	3,6%	3,4%	2,9%	4,8%
LSM 7	7,0%	7,0%	6,1%	5,1%	7,9%
LSM 6	13,1%	13,1%	6,4%	6,2%	9,3%
LSM 5	6,8%	6,8%	8,7%	8,0%	7,8%
LSM 4	7,2%	7,2%	6,9%	7,3%	6,5%
LSM 3	7,2%	7,2%	6,9%	7,2%	6,5%
LSM 2	9,0%	9,0%	13,3%	13,8%	9,9%
LSM 1	37,8%	37,8%	39,5%	43,9%	35,9%

Map 5.13: Tenure Distribution in the North West Province
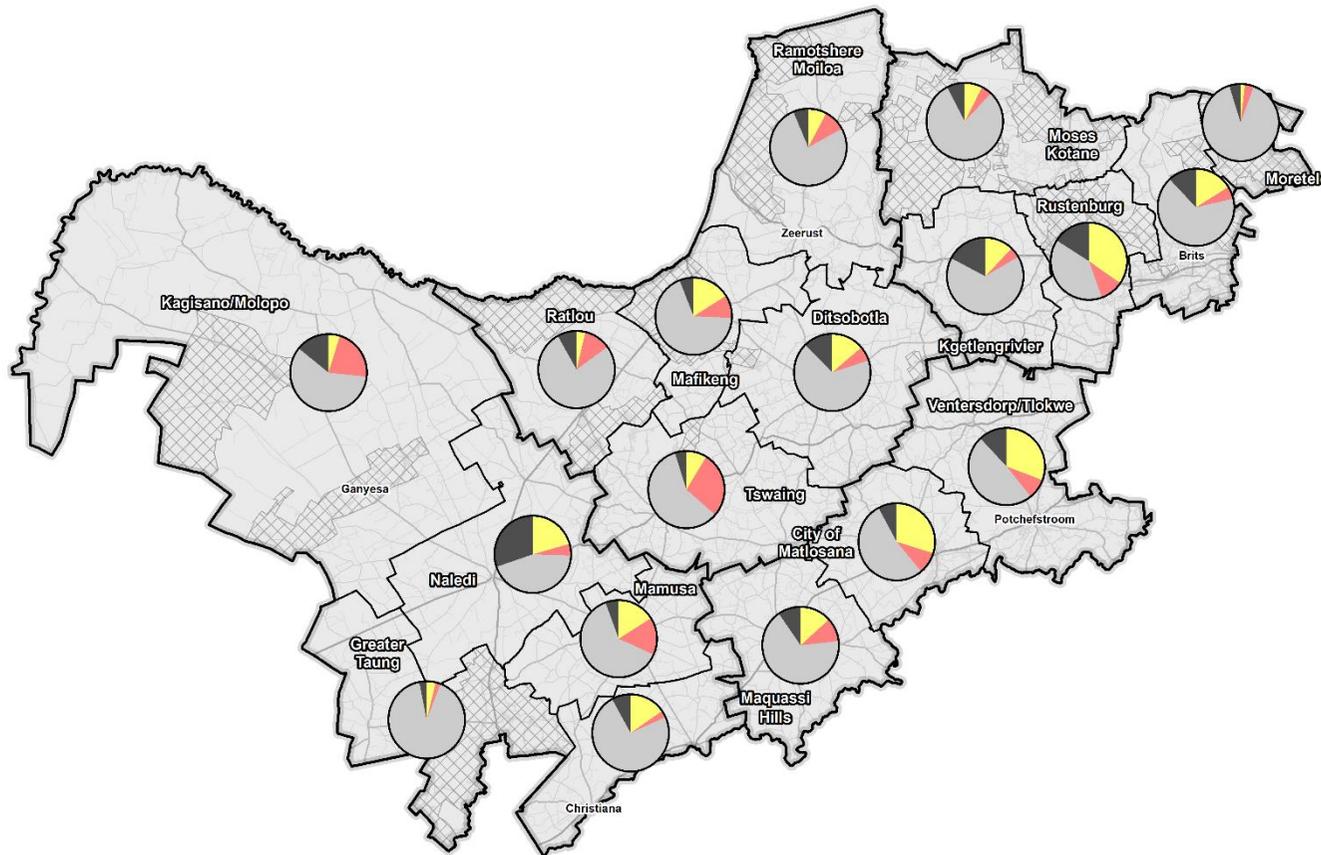
At a provincial level, more than 61% of households own and have full ownership of the property on which they reside.

Proportionally, the Bojanala and Dr Kenneth Kaunda Districts have a lower segment of households that have full ownership of their property, i.e. 59% and 53% respectively. The Dr Ruth Segomotsi Mompati and Ngaka Modiri Molema Districts have approximately 70% of households that have full ownership of their property.

Rental tenure in the North West Province represents more than 19% of households. Most prominently, nearly 60% of households in the province that rent a property or room, rent in the Bojanala District. Almost a quarter of households that rent can also be found in the Dr Kenneth Kaunda District.

Rented accommodation is highly attractive in the Bojanala and Dr Kenneth Kaunda Districts, and to some degree in the Ngaka Modiri Molema District.
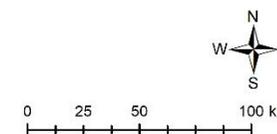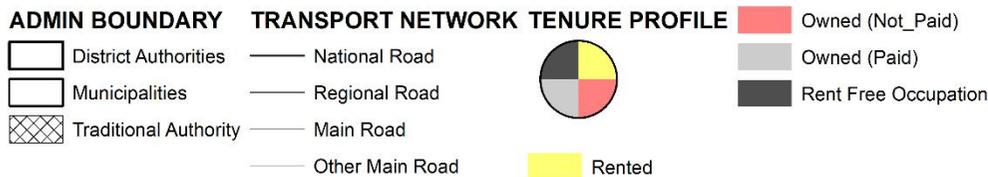
Source: DEMACON, 2019

Map 5.14: LSM Profile of the North West Province
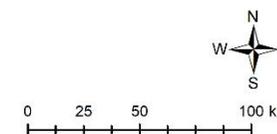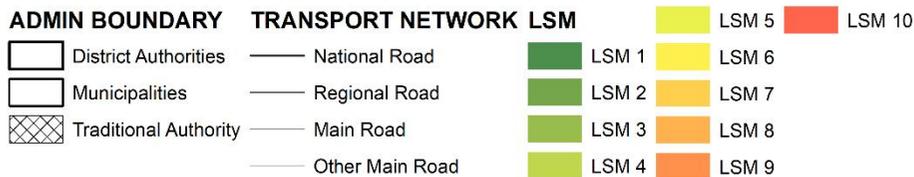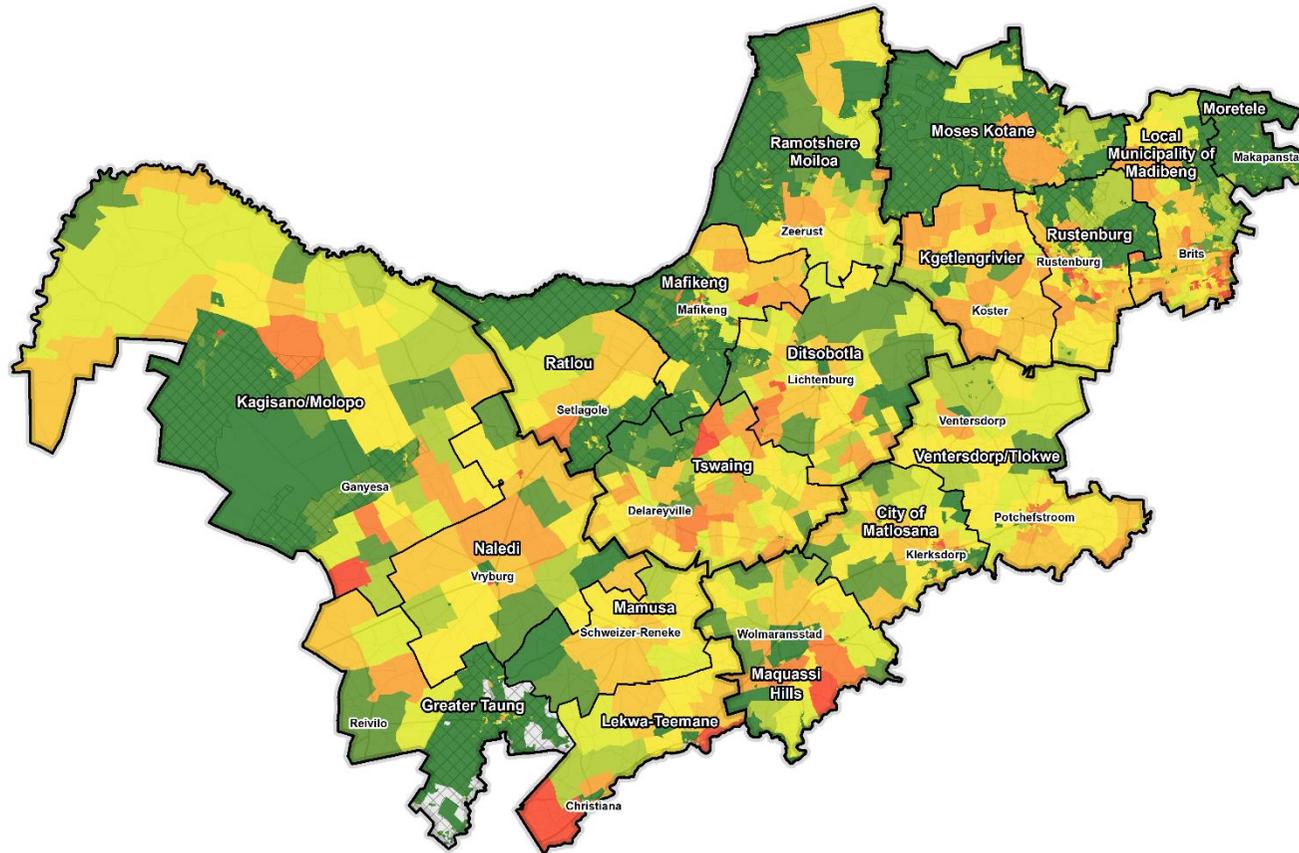
The LSM measure is an indicator of the capability of households to gain access to services and amenities that improve their quality of living. LSM 1 is the lowest level compared to LSM 10.

Nearly 38% of households in the Province can be classified according to LSM 1. This is widely similar for households per district as well, except the Kenneth Kaunda District where more than 44% of households are LSM 1.

Spatially, high LSM Levels can be observed in and around urban nodes and economic centres, especially in farming communities.

Source: DEMACON, 2019

5.4.8 HOUSEHOLD INCOME PROFILE

| **North West** Province | **Bojanala** District | **Ngaka Modiri Molema** District | **Dr Ruth Segomotsi Mompati** District | **Dr Kenneth Kaunda** District |

Average Annual Household Income

Income Category	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi Mompati	Dr Kenneth Kaunda
Average Annual Household Income	87 660	97 258	76 162	56 175	94 194
R 2 457 601 or more	0,8%	0,2%	0,2%	0,1%	0,3%
R 1 228 801 - R 2 457...	0,2%	0,3%	0,2%	0,1%	0,3%
R 614 001 - R 1 228 800	0,2%	0,8%	0,7%	0,4%	0,9%
R 307 601 - R 614 400	2,6%	2,7%	2,3%	1,4%	3,4%
R 153 801 - R 307 600	5,3%	5,2%	5,0%	3,6%	6,6%
R 76 401 - R 153 800	8,7%	9,9%	6,9%	5,7%	9,6%
R 38 201 - R 76 400	15,4%	19,1%	10,5%	9,9%	14,6%
R 19 601 - R 38 200	19,8%	18,7%	21,4%	21,8%	19,4%
R 9601 - R 19 600	18,8%	16,3%	22,8%	24,2%	17,2%
R 4801 - R 9600	7,1%	5,5%	9,5%	10,0%	7,0%
R 1 - R 4800	4,2%	3,5%	5,0%	5,5%	4,4%
No income	16,9%	17,7%	15,5%	17,3%	16,3%

Map 5.15: Distribution of Average Annual Household Income in the North West Province
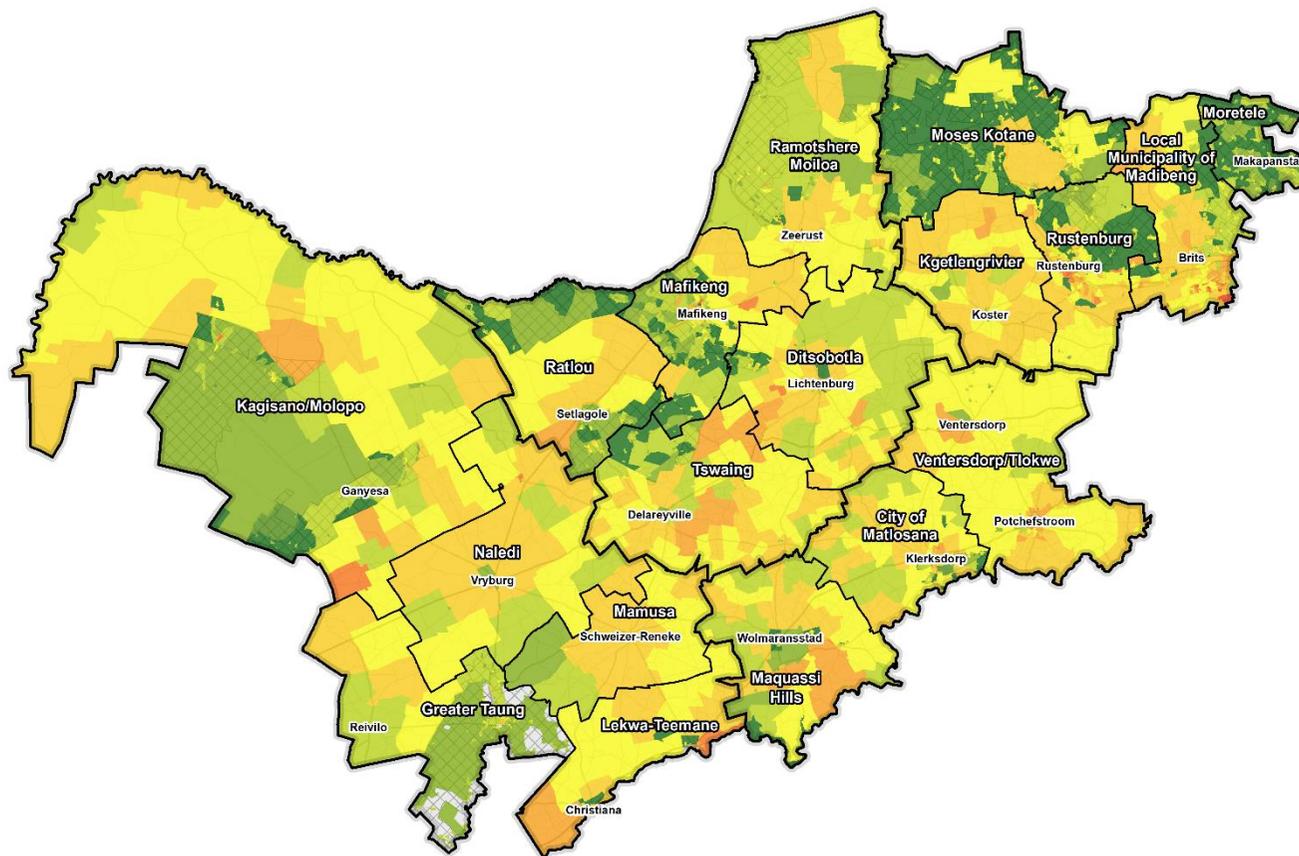
The average annual household income in the North West Province is approximately R87 660.

The Bojanala and Dr Kenneth Kaunda Districts have average annual household incomes greater than the provincial average – R97 258 and R94 194 respectively.

The Ngaka Modiri Molema District's households earn, on average, approximately R76 162 per year, compared to the Dr Ruth Segomotsi Mompati District where households earn on average each year only R56 175.

Spatially it is observed that higher household incomes can be found closer to established economic and urban nodes whilst traditional areas have typically lower annual household incomes.

The data suggests that the capability of households in more decentralized and traditional authorities are limited with regard to purchasing power, goods and amenities.

Source: DEMACON, 2019

5.5 SYNTHESIS

The data suggests that throughout the province population growth exceeds economic growth. As a matter of sustainability, the preferred scenario would be a situation where economic growth exceeds population growth, meaning that jobs are being created and that labour absorption is occurring at rates that decrease the unemployment rate of the province.

Population growth is largely clustered in the eastern, southern and traditional authority areas of the province, meaning that major economic nodes and traditional authorities are experiencing moderate to high levels of demographic growth which in turn strains service delivery and generates accelerated demand for affordable (rented and non-rented) housing options.

Migration and urbanisation further exacerbate the situation whereby the primary economic output areas of the province experience continued nett-migration gain and sustained urbanisation flows. In many instances these trends lead to increased demand for affordable housing and the development of informal settlements and backyard dwellings.

The average annual household income of households show that primary economic output areas as well as major urban growth centres typically have higher household incomes than the more rural areas of the province. The rental affordability profile of households, as will be seen in the demand modelling outcomes of the project, show that urban areas generally have rental affordability profiles leaning towards more expensive rental units, as appose to smaller urban areas in rural localities where predominantly low income earners generate more demand for cheaper rental units.

In essence the targeting of social housing should take into consideration the capability of the local economy to support demographic growth. Social housing is dependent on the capability of local economies to generate labour absorption and although areas do show high demand capability, economic conditions may not necessarily support take-up rates.

5.6   RESTRUCTURING ZONES SOCIO-ECONOMIC ANALYSIS

The following section provides an analysis of the socio-economic profile of individual RZ. The socio-economic profiles consider the demographic indicators as outlined above but is centred upon the delineated market area for individual RZ's. The purpose is to outline salient features as an informative baseline to demand modelling.

In the North West Province, 21 RZ's have been identified under the guidance of local authorities, the North West Province Department Human Settlements and the Social Housing Act. Presently, 7 of the 21 RZ's have been approved, whilst 8 RZ are under consideration and the remaining 6 RZ have not yet been submitted for approval.

5.6.1   DEFINING THE MARKET AREA

For the purposes of extracting, analysing and reviewing socio-economic data, indicators and trends, market areas for each RZ is delineated. A market area serves the function of identifying potential customers based on their geographic relationship with a proposed service or function. The market area also allows for the extraction of relevant socio-economic data that define consumers in the market area so that the target market can be isolated.

Based on the preceding, market areas are delineated by making use of a 10- to 15-minute drive time isochrone. The drive time is based on the location of the existing or proposed RZ.

Drive-time is selected as an indicator for market area delineation because:

- a drive-time provides consistency when considering demand and supply factors related to each RZ
- a drive-time includes the largest proportion of adjacent urban areas and
- a 10- to 15-minute drive-time is within commuting distance of economic nodes, social facilities and social services

Relevant socio-economic data and indicators are extracted based on the defined market areas of each RZ. The socio-economic indicators are essential in order to understand the composition and trends of each market area and informs market demand estimates.

A more detailed review of market areas for each RZ is provided as part of each district authority analysis.

Map 5.16: Restructuring Zone Market Areas

5.6.2   RESTRUCTURING ZONES SOCIO-ECONOMIC PROFILING SUMMARY

The socio-economic profiling of each RZ in the North West Province is done by considering the RZ's per District Authority. The purpose is to review district specific RZ's in the context of their respective district's socio-economic context.
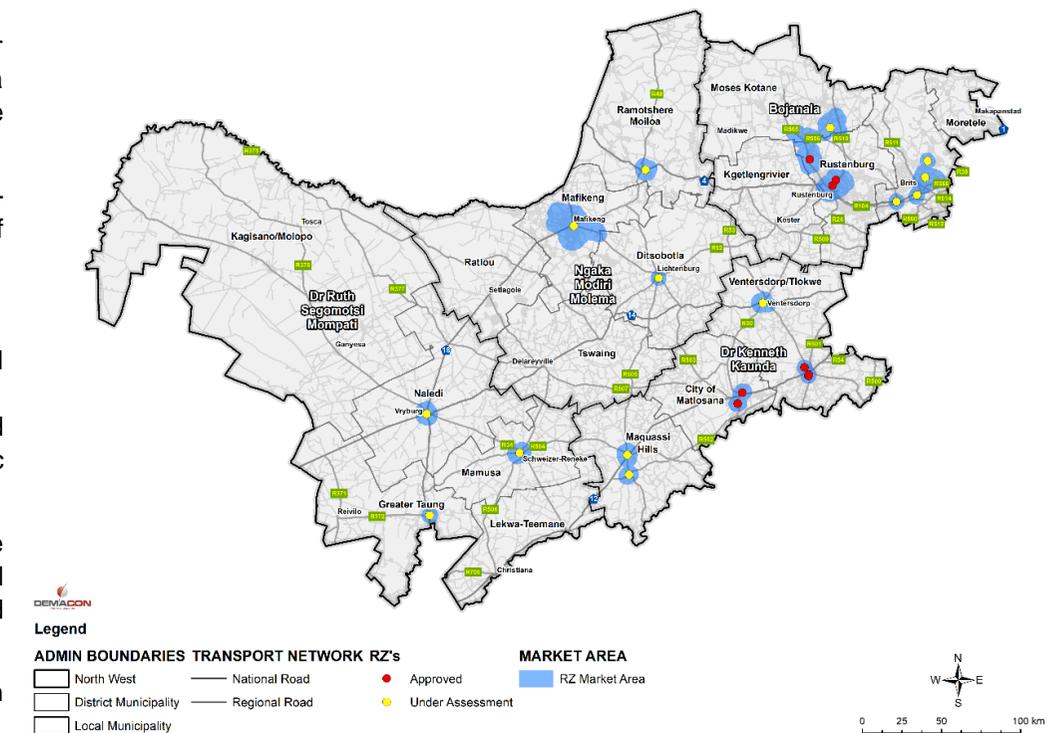
5.6.2.1 BOJANALA DISTRICT RESTRUCTURING ZONES SOCIO-ECONOMIC PROFILING

Map 5.17: Restructuring Zone Market Areas in the Bojanala District
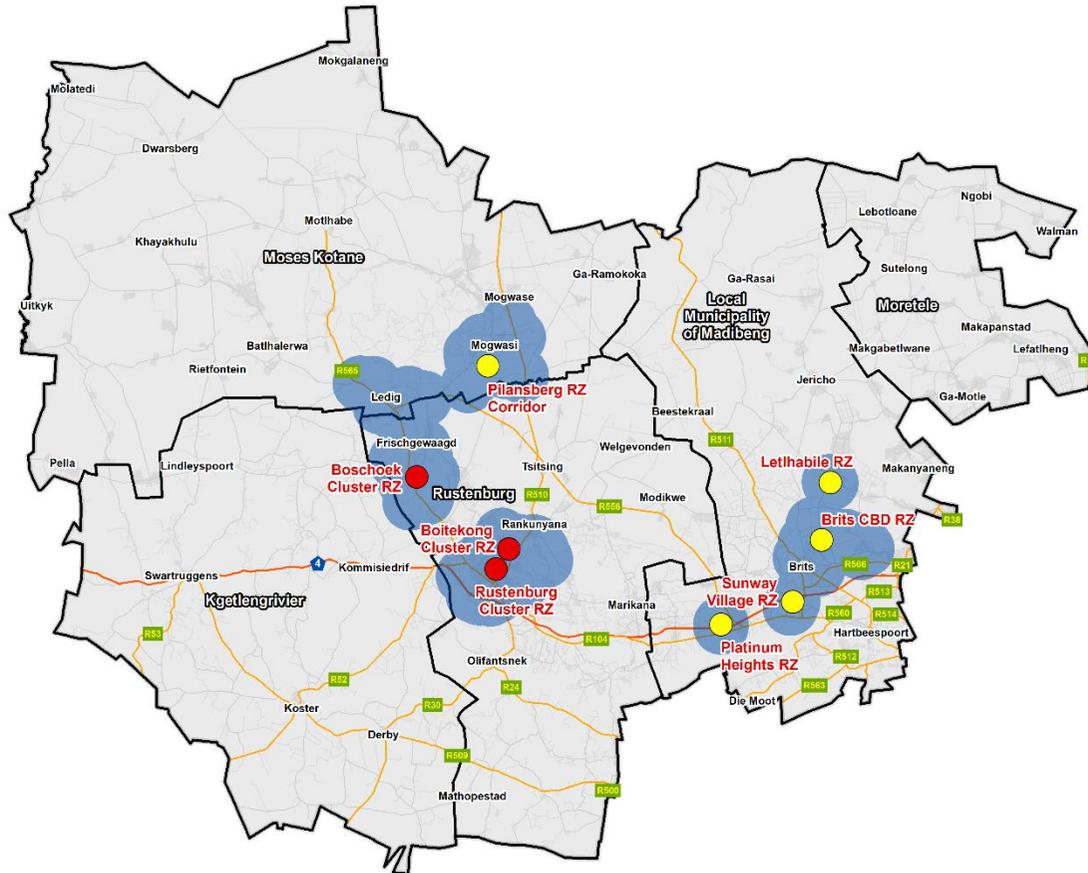
The Bojanala District contains the following restructuring zones:

Approved
- Boschoek Cluster
- Boitekong Cluster
- Rustenburg Cluster

Under Consideration
- Pilansberg Corridor
- Platinum Heights
- Sunway Village
- Brits CBD
- Letlhabile

Restructuring zones can be found in the Madibeng, Rustenburg and Moses Kotane Local Municipalities. Restructuring zones such as Brits CBD, Rustenburg, Boitekong and Pilansberg Corridor are located close to the primary urban locality of each municipality, whilst restructuring zones such as Sunway Village, Platinum Heights, Letlhabile and Boschoek are located in township or village localities
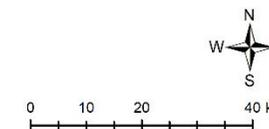
Source: DEMACON GIS, 2020

	Bojanala	Boitekong Cluster	Boschoek Cluster	Rustenburg Cluster	Sunway Village	Brits CBD	Letlhabile	Pilansberg Cluster	Platinum Heights
Population	1 791 054	169 968	38 754	319 388	6 687	112 285	60 112	58 999	81 110
Households	692 658	80 293	16 910	136 769	2 605	39 421	16 761	21 596	37 266
Population Growth	1.9%	4,6%	5,5%	4,7%	4,6%	3,4%	3,3%	-1,1%	5,3%
Household Growth	3.1%	7,0%	8,4%	6,7%	3,0%	3,7%	2,5%	0,1%	9,1%
Age Profile Children (0 to 14)	30.3%	23,6%	24,5%	23,8%	18,7%	25,8%	30,4%	27,4%	28,5%
Age Profile Youth (15 to 34)	33.8%	43,6%	39,9%	40,6%	49,7%	39,7%	37,4%	38,0%	41,3%
Age Profile Adults (35 to 64)	28.0%	31,2%	32,0%	32,9%	29,3%	30,2%	28,5%	30,6%	26,8%
Age Profile Elderly (65 +)	7.8%	1,7%	3,6%	2,7%	2,3%	4,3%	3,8%	4,0%	3,4%

	Bojanala	Boitekong Cluster	Boschoek Cluster	Rustenburg Cluster	Sunway Village	Brits CBD	Letlhabile	Pilansberg Corridor	Platinum Heights
Grade 12 Education	33.1%	21,7%	19,7%	24,8%	15,5%	21,1%	20,9%	21,4%	15,9%
Higher Education	11.9%	4,1%	3,1%	10,0%	3,6%	6,8%	5,9%	5,7%	1,4%
Economically Active	61.2%	69,0%	66,6%	70,1%	83,8%	66,5%	65,4%	60,6%	62,2%
Employed	69.3%	70,2%	74,1%	77,2%	76,6%	72,6%	56,8%	69,3%	72,6%
Formal Dwelling	70.7%	61,6%	62,4%	72,2%	38,0%	60,9%	77,8%	76,5%	56,1%
Informal Dwelling	26.8%	37,9%	37,2%	27,3%	61,2%	38,7%	21,9%	22,9%	43,4%
Traditional Dwelling	0.9%	0,5%	0,4%	0,5%	0,8%	0,4%	0,2%	0,5%	0,5%
Household Income	R97 258	94 459	91 286	196 060	80 583	125 455	87 349	93 299	78 802

The socio-economic profiling shows that sizeable population concentrations reside in the Rustenburg, Boitekong and Brits CBD RZ's. Similarly, the household distribution profile represents a similar profile. The Sunway Village RZ has a low concentration of population and households largely on account of its decentralised nature – i.e. the village is disconnected from major population concentrations and urban localities.

The growth of population in the RZ's are typically faster than that of the district. This can primarily be accounted for through in-migration to these areas. The RZ's are located in areas that are close to major employment nodes such as mines, major industrial areas and commercial hubs. The attraction power cause by persons in search of employment largely influences the rapid rate of growth. Subsidised housing projects also play major role in that newly built projects provide homes to persons that relocate to the area, similarly the prospect of housing further attracts opportunity seekers.

The RZ's show a moderate to high rate of dependency whereby between 20% and 30% of the population in RZ's are younger than the age of 14. The potentially economically active population (aged 15 to 64) represent between 65% and 80% of population in RZ's. interestingly, the youth section of the age profile (15 to 34), is the largest proportion of the population showing that a youthful population exists, typically associated with employees at mines and employment seekers.

Approximately 25% to 35% of residents in the market areas of RZ's have attained grade 12 or higher education. The disconnected RZ of Sunway Village shows that less than 20% of persons aged 20 and older have attained Grade 12 or higher education. Similarly, this is true for the Platinum Heights RZ as well which shows that 17% of the market area population attained a similar education level. The data thus shows that areas further removed from primary urban nodes have lower proportions of population with completed secondary or higher education.

In RZ's where a large proportion of the population are between the ages of 15 and 64, a greater proportion of economically active population reside. Typically, in RZ's the economically active segment of population, meaning employed and unemployed persons, ranges between 60% and 70%. In the Sunway Village RZ the economically active segment exceeds 80% of the population.

Whilst the Sunway Village RZ market area economically active segment represents more than four firths of the population, only approximately three quarters of the economically active population are employed. The unemployment rate in RZ market areas range between 20% and 30%, except in the Letlhabile RZ market area where unemployment exceeds 40%.

Restructuring zone market areas have a sizeable proportion of households that reside in informal dwellings. On average 36% of households reside in an informal dwelling, be it primary or backyard, compared to 63% of households that reside in a formal dwelling. Traditional dwellings represent a marginal proportion of households in RZ market areas, accounting for, on average, 0.5% of households. The Sunway Village and Platinum Heights RZ market areas represent areas with large contingents of households residing within informal dwellings (43% and 61% respectively), compared to urban areas such as Rustenburg and Pilansberg RZ market areas where 22% and 27% of households reside in an informal dwelling.

The average annual household income in RZ market areas is approximately R105 912 (R8 826 per month). The urban RZ market areas of Rustenburg and Brits have average annual household incomes of R196 060 and R125 455 respectively. RZ close to the historic centre of urban areas (Boitekong and Boschoek) market areas with an average annual household income of more than R90 000 per year. More decentralised RZ market areas such as Sunway Village, Letlhabile and Platinum Heights have average annual household income lower than more urban localities, ranging from R78 000 to R87 000. The Pilansberg Corridor RZ market area, which is a primary urban node for the Moses Kotane LM has an average annual household income of R93 000.

5.6.2.2   NGAKA MODIRI MOLEMA RESTRUCTURING ZONES SOCIO-ECONOMIC PROFILING

Map 5.18: Restructuring Zone Market Areas in the Ngaka Modiri Molema District
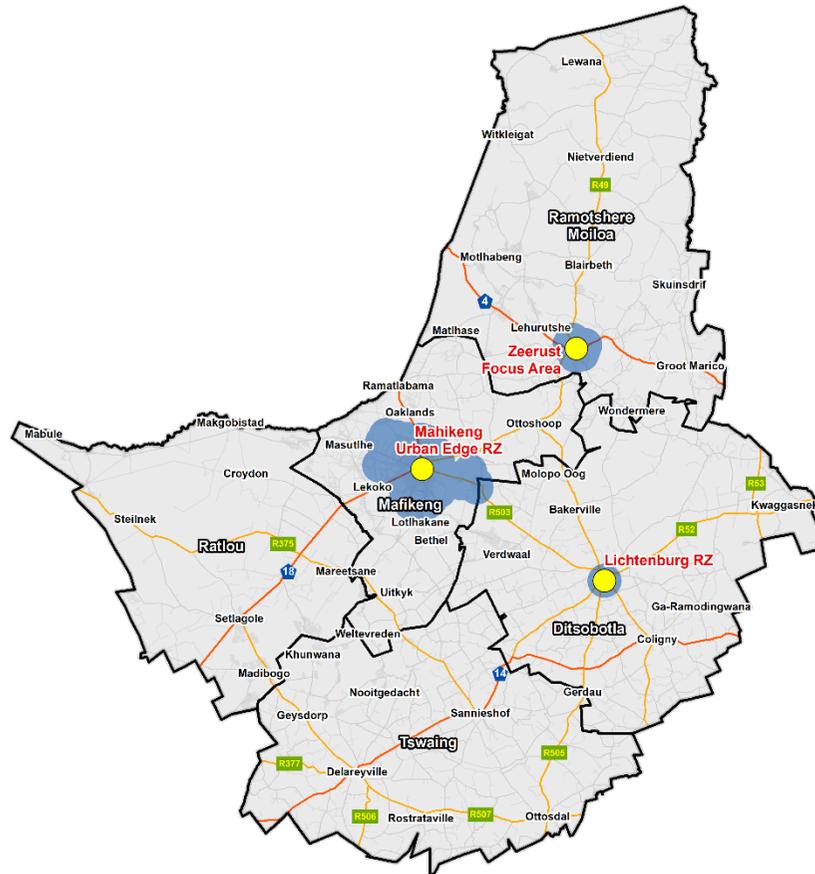
The Ngaka Modiri Molema District contains the following restructuring zones:

Under Consideration

- Zeerust
- Mahikeng Urban Edge
- Lichtenburg

Restructuring zones can be found in the Mafikeng, Ditsobotla and Ramotshere Moiloa Local Municipalities. The proposed restructuring zones of the district are all well positioned in terms of existing urban localities – i.e. Lichtenburg, Zeerust and Mahikeng.

Source: DEMACON GIS, 2020

		Ngaka Modiri Molema	Zeerust	Mahikeng Urban Edge	Lichtenburg
	Population	**928 739**	19 017	245 796	69 540
	Households	**305 080**	5 380	80 303	21 153
	Population Growth	**1.1%**	2,0%	1,1%	5,0%
	Household Growth	**3.1%**	2,3%	2,2%	5,9%
	Age Profile Children (0 to 14)	**27.0%**	27,4%	29,6%	30,7%
	Age Profile Youth (15 to 34)	**40.6%**	35,1%	38,0%	34,2%
	Age Profile Adults (35 to 64)	**24.2%**	32,4%	28,4%	30,4%
	Age Profile Elderly (65 +)	**8.2%**	5,1%	4,1%	4,6%

	Ngaka Modiri Molema	Zeerust	Mahikeng Urban Edge	Lichtenburg
Grade 12 Education	**25.9%**	21,2%	17,7%	15,8%
Higher Education	**7.4%**	8,8%	8,8%	6,9%
Economically Active	**44.0%**	54,7%	53,1%	58,0%
Employed	**66.3%**	83,9%	65,5%	76,9%
Formal Dwelling	**82.7%**	97,3%	89,2%	72,7%
Informal Dwelling	**10.9%**	2,5%	9,6%	27,2%
Traditional Dwelling	**5.0%**	0,1%	1,2%	0,1%
Household Income	**R76 162**	152 074	111 817	118 789
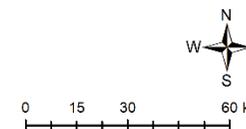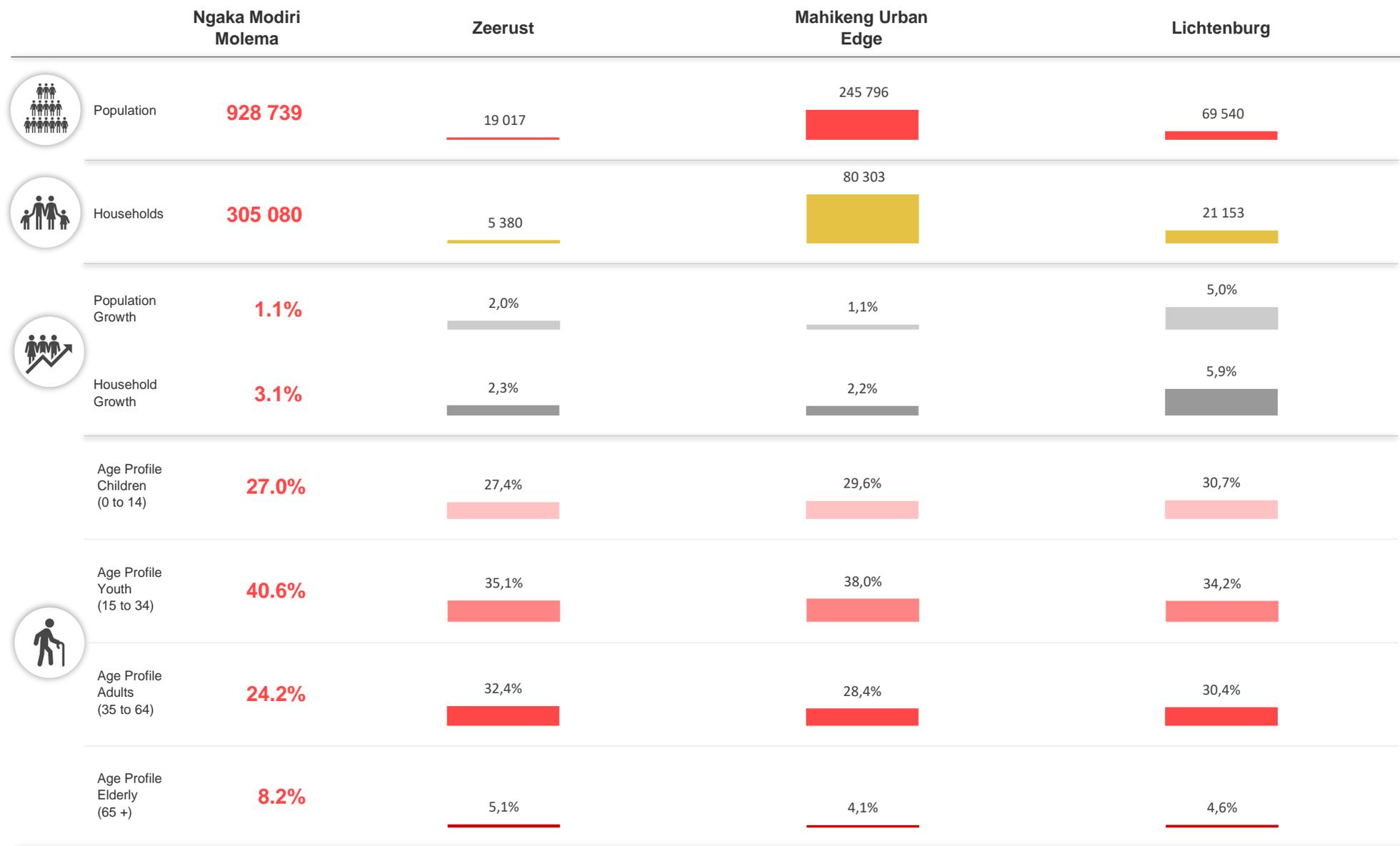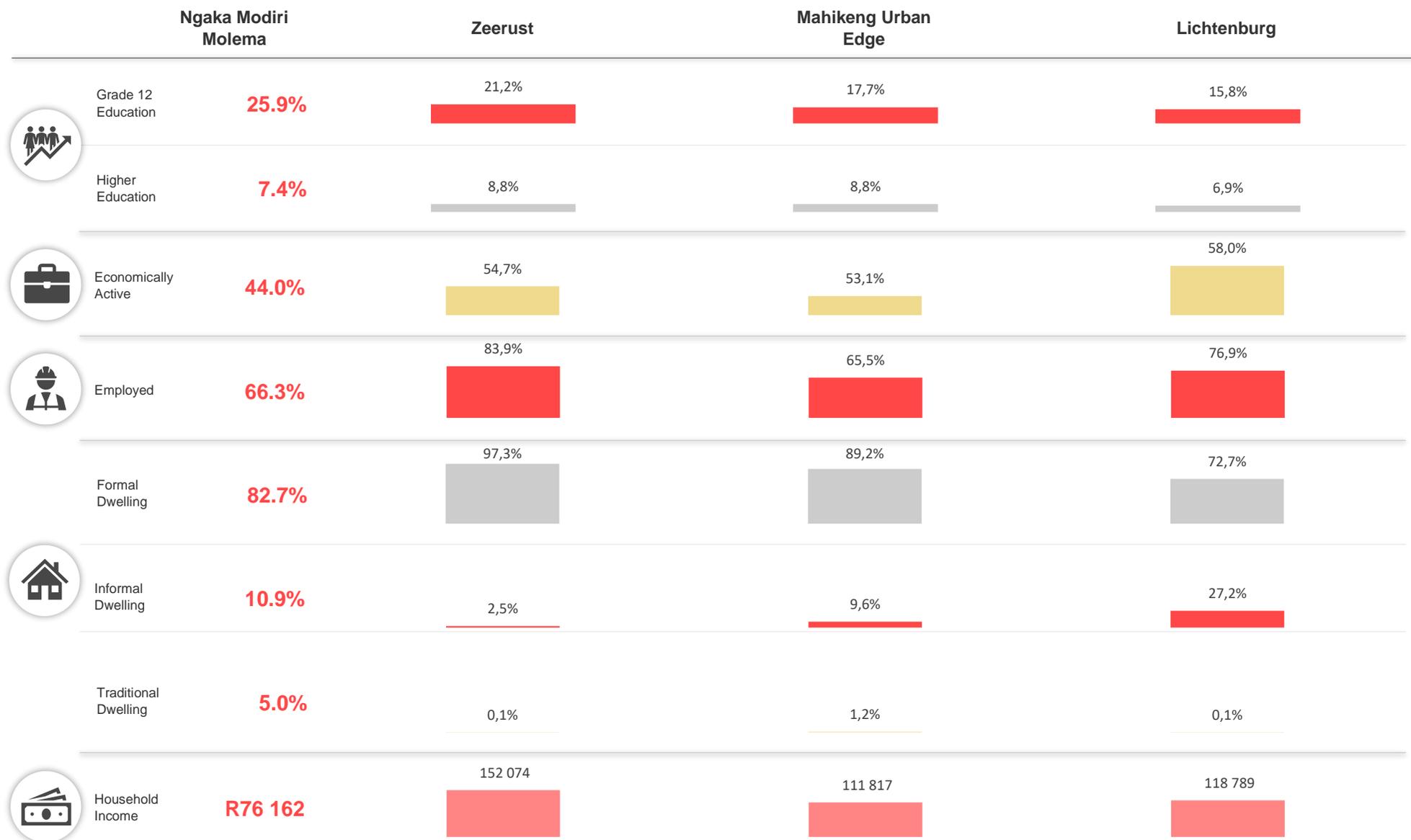
The socio-economic profiling shows that a sizeable population concentration resides in the Mahikeng RZ market area. The Lichtenburg and Zeerust RZ's have low population concentrations largely on account of the size of the respective market areas – i.e. the urban nodes are primarily the concentration centres for population in their respective regions with very little population residing beyond the urban edge of the towns.

The growth of population in the Zeerust and Lichtenburg RZ market areas are typically faster than that of the district, whilst the Mahikeng RZ market area maintains a population growth rate similar to that of the district. This can primarily be accounted for through in-migration to these areas. Although the Lichtenburg and Zeerust RZ market areas are located close to primary economic activity areas for the district, the growth of population is largely driven by opportunities created in part by subsidised housing. Numerous projects have been implemented in the areas since 2011 which has in effect attracted residents and prospective beneficiaries of subsidised housing projects. The Mahikeng RZ market area has experienced continued demographic growth because of the area's economic opportunities and subsidised housing projects.

The RZ market areas show a moderate to high rate of dependency whereby between 27% and 31% of the population in RZ market areas are younger than the age of 14. The potentially economically active population (aged 15 to 64) represent between 64% and 67% of population in RZ market areas. Interestingly, the youth section of the age profile (15 to 34), is the largest proportion of the population showing that a youthful population exists.

Approximately 22% to 29% of residents in the market areas of RZ's have attained grade 12 or higher education. The RZ market areas show that less than 10% of persons aged 20 and older have attained a higher education which, when taking into consideration the proportion of persons that have attained Grade 12, represent less than a third of the 20 years and older population cohort.

Typically, in RZ's the economically active segment of population, meaning employed and unemployed persons, ranges between 50% and 60%. The low proportion of economically active population indicates that labour force participation is very limited and that dependency ratio's in the market areas are high. Although job creation and economic growth have remained stable, the creation of disposable income in the RZ market areas remain limited.

Although a very low economically active population exists in the RZ market areas, high employment rates are present in the Zeerust and Lichtenburg Market Area (Greater than 70%). The Mahikeng RZ market area has an employment rate less than 70% and compared to the low economically active rate shows that high dependency exists in the area.

Restructuring zone market areas have a sizeable proportion of households that reside in informal dwellings. In the Zeerust RZ market area slightly more than 2% of households reside in an informal dwelling, compared to nearly 10% of households in the Mahikeng RZ market area. In the Lichtenburg RZ market area, more than 27% of households reside in an informal dwelling. Traditional dwellings represent between 0.1% and 1.2% of dwelling typologies in RZ market areas.

The average annual household income in RZ market areas is approximately R127 560 (R10 630 per month). The Zeerust RZ market area has the highest average annual household income (R152 074) compared to the Lichtenburg RZ market area's R118 789 annually. The Mahikeng RZ market area has an average annual household income of R111 817.

5.6.2.3 DR RUTH SEGOMOTSI MOMPATI RESTRUCTURING ZONES SOCIO-ECONOMIC PROFILING

Map 5.19: Restructuring Zone Market Areas in the Ngaka Modiri Molema District
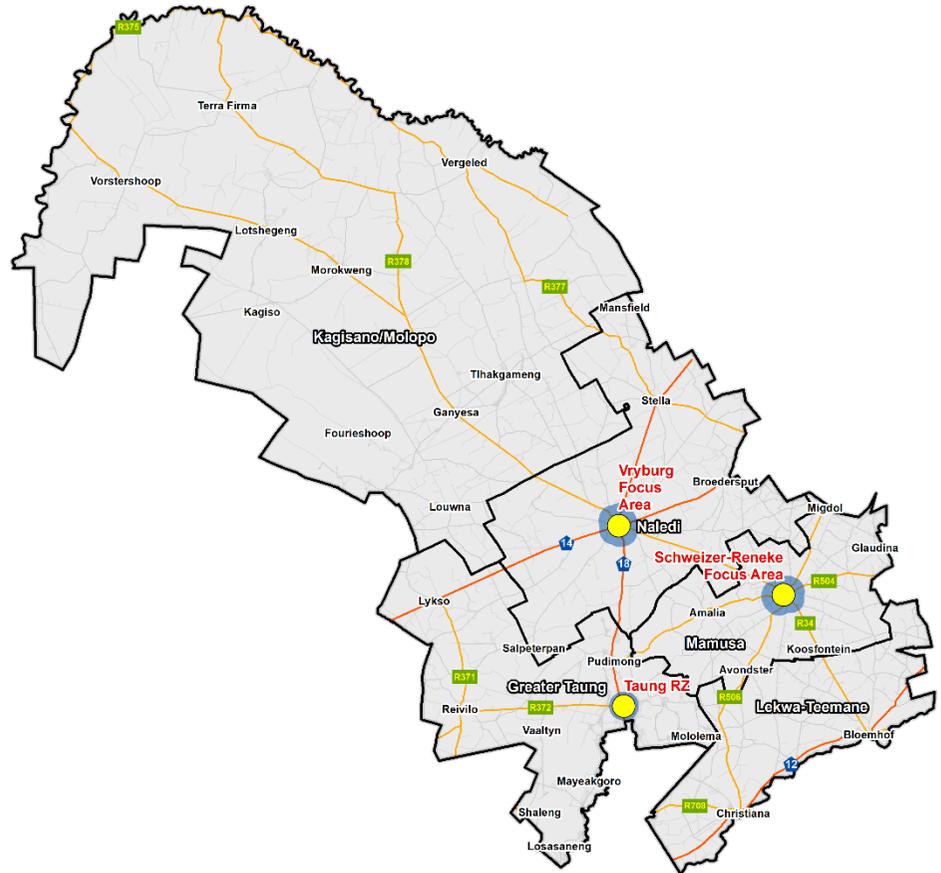
The Dr Ruth Segomotsi Mompati District contains the following restructuring zones:

Under Consideration

- Vryburg
- Schweizer-Reneke
- Taung

Restructuring zones can be found in the Naledi, Mamusa and Greater Taung Local Municipalities. The proposed restructuring zones of the district are all well positioned in terms of existing urban localities and primary nodes – i.e. Lichtenburg, Zeerust and Mahikeng.

Source: DEMACON GIS, 2020

	Dr Ruth Segomotsi Mompati	Vryburg	Schweizer-Reneke	Taung
Population	**456 554**	58 651	51 372	21 310
Households	**127 155**	18 220	13 096	7 039
Population Growth	**-0.2%**	2,6%	2,5%	0,1%
Household Growth	**-0.04%**	3,7%	3,2%	1,6%
Age Profile Children (0 to 14)	**33.8%**	30,8%	36,7%	30,9%
Age Profile Youth (15 to 34)	**37.2%**	34,3%	33,7%	34,3%
Age Profile Adults (35 to 64)	**20.3%**	29,7%	24,3%	27,8%
Age Profile Elderly (65 +)	**8.7%**	5,1%	5,3%	6,9%

	Dr Ruth Segomotsi Mompati	Vryburg	Schweizer-Reneke	Taung
Grade 12 Education	**22.9%**	16,3%	10,4%	15,4%
Higher Education	**4.8%**	6,2%	2,6%	6,1%
Economically Active	**41.3%**	57,8%	46,7%	51,2%
Employed	**64.2%**	68,7%	57,3%	53,4%
Formal Dwelling	**89.9%**	80,1%	85,4%	97,0%
Informal Dwelling	**7.4%**	19,8%	14,4%	2,0%
Traditional Dwelling	**1.8%**	0,2%	0,2%	1,0%
Household Income	**R56 175**	109 919	67 370	63 183

DEMACON
market studies
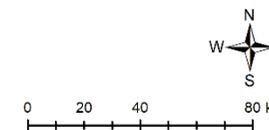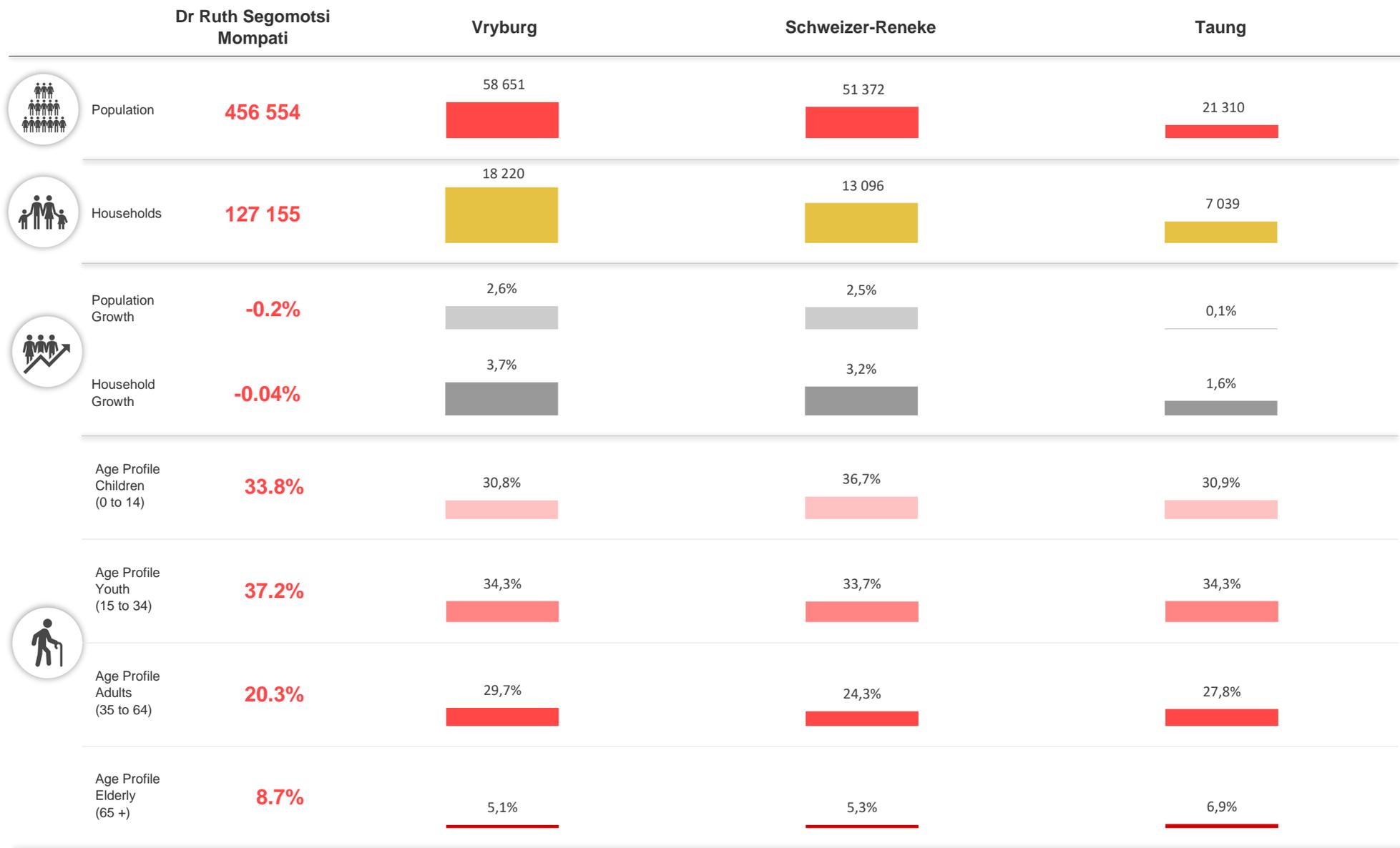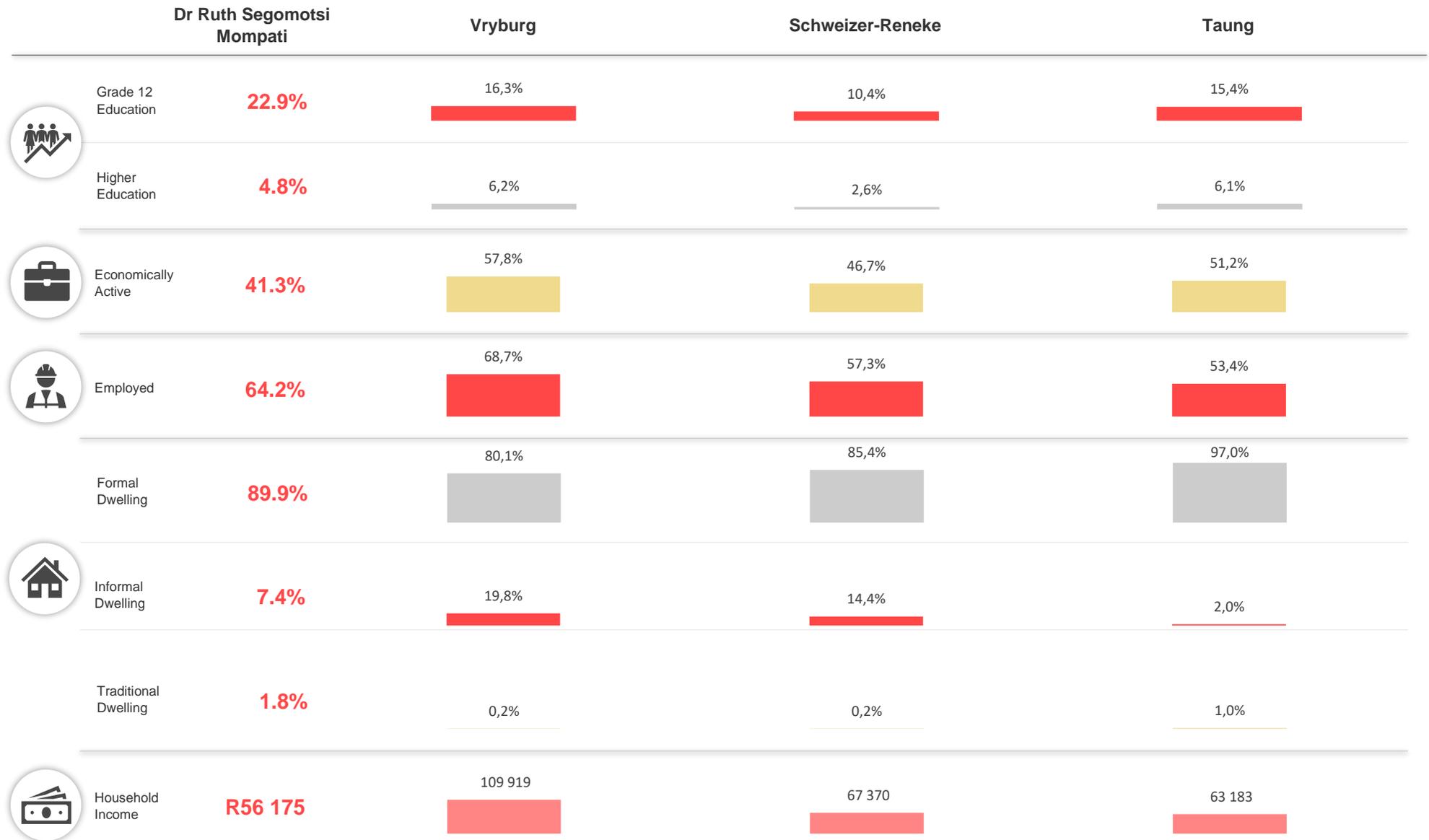
The socio-economic profiling shows that all RZ market areas in the district have sizeable population concentrations. The Vryburg and Schweizer-Reneke RZ market areas have larger population concentrations than the Taung RZ market area. The RZ market areas are generally restricted to the urban extent of the town with very limited demographic influence from surrounding rural areas.

Although the Dr Ruth Segomotsi Mompati District experienced negative demographic growth, RZ market areas have maintained steady positive growth rates. The Taung RZ market area experienced more subdued population growth than other market areas largely on account of the limited economic and urban development in the area. In-migration to the Vryburg and Schweizer-Reneke RZ market areas have assisted with continued growth this is largely as a result of urbanisation brought about by subsidised housing projects development in the areas since 2011. Urbanisation in search of employment opportunities have also spurred continued growth.

The RZ market areas show a moderate to high rate of dependency whereby between 30% and 40% of the population in RZ market areas are younger than the age of 14. The potentially economically active population (aged 15 to 64) represent between 58% and 64% of population in RZ market areas. Interestingly, the youth section of the age profile (15 to 34), is the largest proportion of the population showing that a youthful population exists.

Approximately 13% to 22% of residents aged 20 years and older in the market areas of RZ's have attained grade 12 or higher education. The RZ market areas show that less than 7% of persons aged 20 and older have attained a higher education which, when taking into consideration the proportion of persons that have attained Grade 12, which represent less than 17% of the 20 years and older population cohort.

Typically, in RZ's the economically active segment of population, meaning employed and unemployed persons, ranges between 45% and 60%. The low proportion of economically active population indicates that labour force participation is very limited and that dependency ratio's in the market areas are high. Although job creation and economic growth have remained slow to moderate, the creation of disposable income in the RZ market areas remain limited.

Very low economically active population exists in the RZ market areas and likewise low to moderate employment rates are present in all RZ market areas (less than 70%). In effect high dependency ratios, a small economically active and employed labour force and low to moderate economic growth inhibits local communities from obtaining greater household incomes and as a result could impact on the sustainability of RZ's in the district.

Restructuring zone market areas have a sizeable proportion of households that reside in informal dwellings. In the Vryburg RZ market area more than 19% of households reside in an informal dwelling, compared to more than 14% of households in the Schweizer-Reneke RZ market area. In the Taung RZ market area only 2% of households reside in an informal dwelling. Traditional dwellings represent between 0.1% and 1% of dwelling typologies in RZ market areas.

The average annual household income in RZ market areas is approximately R80 157 (R6 680 per month). The Vryburg RZ market area has the highest average annual household income (R109 919) compared to the Schweizer-Reneke RZ market area's R67 370 annually. The Taung RZ market area has an average annual household income of R63 183.

5.6.2.4 DR KENNETH KAUNDA RESTRUCTURING ZONES SOCIO-ECONOMIC PROFILING

Map 5.20: Restructuring Zone Market Areas in the Bojanala District
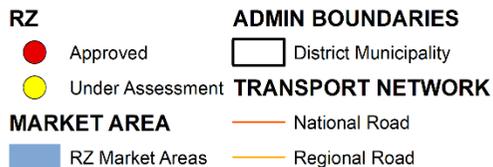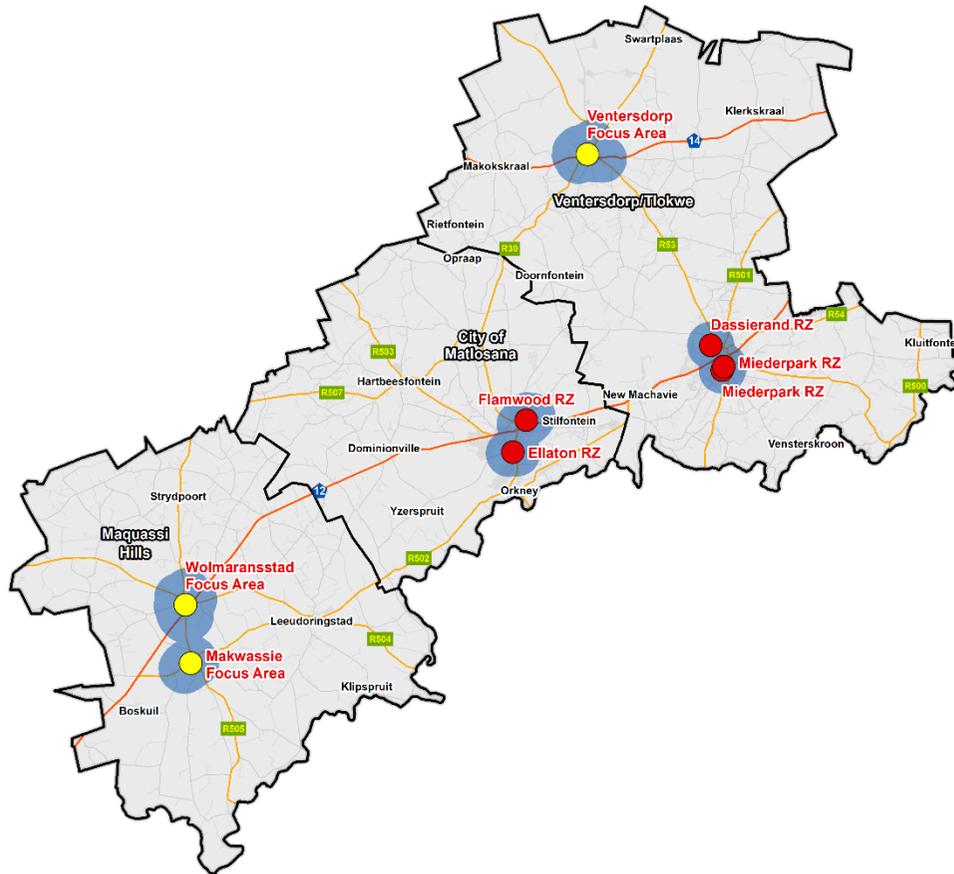
Source: DEMACON GIS, 2020

The Dr Kenneth Kaunda District contains the following restructuring zones:

Approved
- Flamwood
- Ellaton
- Miederpark
- Dassierand

Under Consideration
- Ventersdorp
- Wolmaransstad
- Makwassie

Restructuring zones can be found in the JB Marks, City of Matlosana and Maquassi Hills Local Municipalities. Restructuring zones such as Flamwood, Ellaton, Dassierand and Miederpark are located close to or in primary provincial economic nodes, whilst restructuring zones such as Ventersdorp and Wolmaransstad are located in second order urban nodes. The Makwassie RZ is located in a rural service node.
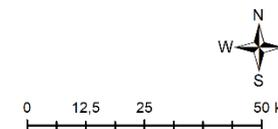
AFFORDABLE RENTAL HOUSING IN THE NORTH WEST PROVINCE - March 2020

	Dr Kenneth Kaunda	Flamwood	Ellaton	Dassierand	Miederpark	Wolmaransstad	Makwassie	Ventersdorp
Population	783 006	54 725	88 912	71 048	34 332	47 449	15 765	27 685
Households	263 416	17 991	30 266	27 851	15 725	12 766	3 765	9 107
Population Growth	1.3%	1,4%	1,2%	1,4%	0,0%	4,0%	1,9%	2,8%
Household Growth	2.3%	1,0%	2,1%	3,8%	2,9%	4,9%	1,9%	4,4%
Age Profile Children (0 to 14)	29.3%	18,1%	29,0%	24,5%	18,1%	33,4%	36,1%	32,6%
Age Profile Youth (15 to 34)	34.6%	31,2%	35,9%	38,6%	39,5%	35,5%	33,4%	33,4%
Age Profile Adults (35 to 64)	28.2%	39,5%	30,9%	31,0%	33,2%	26,5%	25,0%	27,8%
Age Profile Elderly (65 +)	7.9%	11,2%	4,2%	5,9%	9,1%	4,6%	5,5%	6,2%

	Dr Kenneth Kaunda	Flamwood	Ellaton	Dassierand	Miederpark	Wolmaransstad	Makwassie	Ventersdorp
Grade 12 Education	**31.2%**	32,9%	16,2%	23,7%	29,1%	13,1%	8,6%	12,3%
Higher Education	**10.2%**	21,0%	4,0%	11,0%	21,3%	3,2%	1,8%	3,2%
Economically Active	**57.4%**	68,6%	59,0%	57,9%	59,4%	44,1%	41,8%	50,8%
Employed	**70.3%**	92,4%	62,7%	75,5%	86,0%	56,1%	52,7%	67,6%
Formal Dwelling	**86.4%**	98,9%	75,3%	84,0%	96,9%	83,1%	76,6%	83,4%
Informal Dwelling	**11.3%**	0,7%	24,4%	15,8%	2,8%	16,7%	23,3%	16,5%
Traditional Dwelling	**0.7%**	0,3%	0,3%	0,2%	0,3%	0,3%	0,1%	0,1%
Household Income	**R94 194**	247 069	62 128	140 439	222 619	66 207	44 698	63 169

The socio-economic profiling shows that sizeable population concentrations reside in the Flamwood, Ellaton, Dassierand and Wolmaransstad RZ market areas. The household distribution profile represents a similar profile. The Ventersdorp and Miederpark RZ market areas have smaller population concentrations as the preceding RZ's. The Makwassie RZ market area has a low concentration of population and households largely on account of its decentralised nature – i.e. the settlement is disconnected from major population concentrations and urban localities.

The growth of population in the RZ market areas are generally similar to that of the district, except for market areas such as Wolmaransstad, Ventersdorp and Makwassie. This can primarily be accounted for through in-migration to these areas. The RZ's are located in areas that have had numerous subsidised housing projects developed recently, which also plays a major role in that, newly built projects provide homes to persons that relocate to the area, similarly the prospect of housing further attracts opportunity seekers.

The RZ market areas show a moderate to high rate of dependency whereby between 18% and 36% of the population in RZ market areas are younger than the age of 14. The potentially economically active population (aged 15 to 64) represent between 58% and 72% of population. Interestingly, the youth section of the age profile (15 to 34), is the largest proportion of the population showing that a youthful population exists, except in the Flamwood RZ market area where adults (35 to 64) are more prominent.

In established urban and economic nodes, RZ market areas (i.e. Flamwood, Dassierand, Miederpark) have high concentrations of Grade 12 and higher educated persons aged 20 years and older (ranging from 35% to 52%). In the Ellaton RZ market area, which is slightly disconnected from primary economic nodes Grade 12 and higher education population represent more than 20% of the population. In more rural and service centre localities such as Wolmaransstad, Ventersdorp and Makwassie, RZ market areas have between 10% and 16% of persons aged 20 and older that have attained a Grade 12 certificate or higher education.

In RZ's market areas in larger economic nodes such as Klerksdorp and Potchefstroom, the economically active segment of the labour force represents more than 50% of the potentially economically active. More rural localities such as Wolmaransstad and Makwassie, RZ market areas have economically active populations below 50%. RZ market areas in Klerksdorp and Potchefstroom have an average employment rate of 79.1%, compared to Wolmaransstad and Makwassie where RZ market areas have 52% and 56% employment rates. The employment rate of the Ventersdorp RZ market area is slightly more than 67%.

Restructuring zone market areas have a sizeable proportion of households that reside in informal dwellings. RZ market areas such as Ellaton and Makwassie have more than 20% of households residing in informal dwellings, compared to areas such as Dassierand, Wolmaransstad and Ventersdorp where approximately 16% of market area households reside in an informal dwelling. The Miederpark and Flamwood RZ market areas have less than3 % of households residing in informal dwellings. Traditional dwellings represent a marginal proportion of households in RZ market areas, accounting for, on average, less than 0.3% of households.

The average annual household income in RZ market areas is approximately R120 904 (R10 075 per month). The RZ market areas of Flamwood and Miederpark have average annual household incomes in excess of R220 000. The Dassierand RZ market area has an average annual household income greater than R140 000. The Ellaton, Wolmaransstad and Ventersdorp RZ market areas have average annual household incomes greater than R60 000 whilst the Makwassie RZ market area has an average annual household income of R44 000.

RESIDENTIAL MARKET ANALYSIS

7

6 RESIDENTIAL MARKET ANALYSIS

6.1 INTRODUCTION

Chapter 6 of the report is focused on the residential market, with the objective of estimating the development potential within the North West Province and its RZ's. In order to reach this objective, the supply and demand for residential facilities within the RZ market areas should be identified and assessed in terms of current trends.

The core themes of this chapter include:

Diagram 6.1: Chapter 6 Core Themes

SOCIAL HOUSING IN SOUTH AFRICA
Overview
Trends
indicators

RESIDENTIAL MARKET ACTIVITY
Development trends
Rental market activity
Informal rental market activity

SYNTHESIS

RESIDENTIAL MARKET ANALYSIS
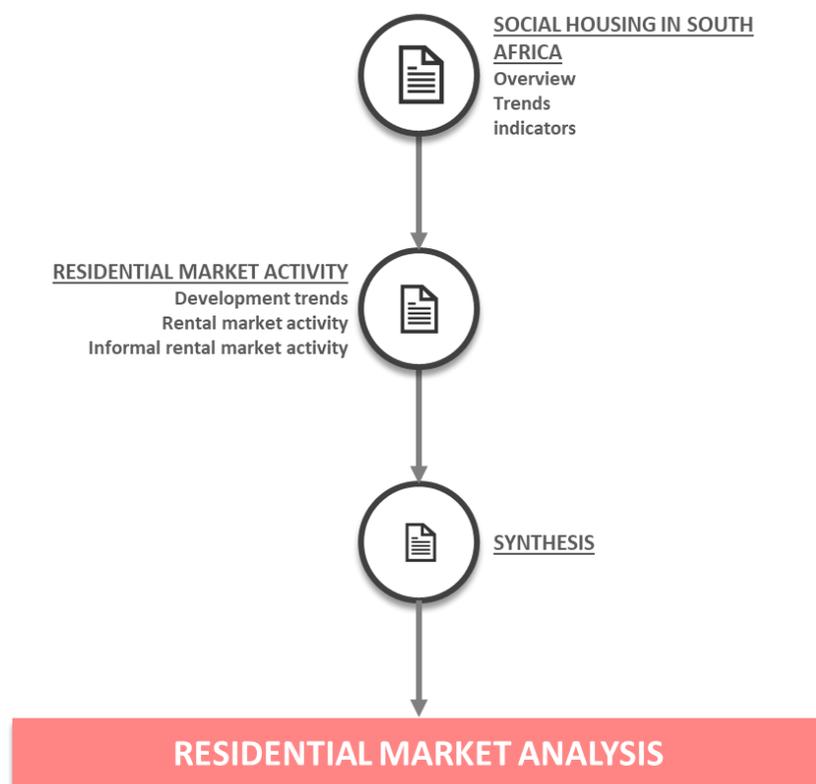
6.2 SOCIAL HOUSING IN SOUTH AFRICA

As part of reviewing affordable housing in a South African context, reference is made to the comprehensive plan for the development of sustainable human settlements, the diversity of housing programmes and instruments, and a focus on social housing.

This information is aimed at providing a concise and short overview of affordable housing in order to contextualise the background and concept of affordable and social housing and the implementation of affordable / social housing in South Africa.

6.2.1 COMPREHENSIVE PLAN FOR THE DEVELOPMENT OF SUSTAINABLE HUMAN SETTLEMENTS

The Comprehensive Plan for the Development of Sustainable Human Settlements has been adopted and implemented as a framework to allow for a shift in perspective and implementation of housing. Historical policies and plans sought to implement housing without considering factors such as sustainability, economic development and socio-economic conditions which, in the context of the new plan, is directed towards creating a sustainable environment in which housing, security of tenure, access to services and infrastructure and future economic prosperity can be achieved.

Based on the medium-term vision of the plan, the following objectives are sought to be achieved:

- Accelerating the delivery of housing as a key strategy for poverty alleviation
- Utilising the provision of housing as a major job creation strategy
- Ensuring that land and housing can be accessed by all as an asset of wealth creation and empowerment
- Leveraging growth in the economy
- Combating crime, promoting social cohesion and improving the quality of life for the poor

- Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy's property slump and
- Using housing delivery as an instrument for the development of sustainable human settlements, in support of spatial restructuring

The plan seeks to have a comprehensive approach to housing delivery in South Africa and has sought to support the entire residential housing market by covering the entire market, providing individual housing solutions, increasing private sector participation, effectively and efficiently provide housing financing and creating links between the primary and secondary residential property market.

Apart from housing programmes in action pre-2004, additional programmes have been introduced and includes the upgrading of informal settlements, enhanced range of housing typologies, better located housing projects, focusing on inner city areas, including social and economic infrastructure, and improving housing amenities.

The plan has also set out to improve the role and functions of local government in housing and the instruments, communication and financing of projects. The streamlining of governments role along with good governance, limiting maladministration, and improved planning and implementation are core elements which seek to enhance how housing delivery is done.

6.2.2   HOUSING PROGRAMMES AND INSTRUMENTS

The following table outlines current housing programmes and instruments utilised in the delivery of sustainable human settlements.

Diagram 6.2: Housing Programmes and Instruments

	Housing Programme	Description
	Integrated Residential Development Programme	The IRD programme facilitates the development of integrated human settlements in well-located areas that provide convenient access to urban amenities, including places of employment. The programme also aims to create social cohesion

	Housing Programme	Description
	Upgrading of Informal Settlements	The programme seeks to upgrade the living conditions of millions of poor people by providing secure tenure and access to basic services and housing
	Provision of Social and Economic Facilities	The funding mechanism seeks to providing funding for primary social and economic facilities in housing projects where funding is not available
	Housing assistance in Emergency Circumstances	The provision of emergency housing in the event of emergency or disaster situations. The housing provided is temporary
	Social Housing Programme	The programme seeks to address spatial inequalities by allowing secure tenure to households that prefer mobility as a result of rental accommodation. The programme is applicable to restructuring zones which are identified as areas of economic opportunity and where urban renewal / restructuring impacts can best be achieved
	Institutional Subsidies	The social housing programme is isolated to restructuring zones, whereas the institutional subsidy is aimed at providing affordable rental units in areas not part of restructuring zones
	Community Residential Units Programme	The CRU programme is aimed at affordable rental stock not covered by the social housing and institutional subsidies programmes. The programme considers the poorest market segment and provides residential options in government owned hostel facilities

	Housing Programme	Description
	Individual Subsidy Programme	This Programme provides access to state assistance where qualifying households wish to acquire an existing house or a vacant serviced residential stand, linked to a house construction contract through an approved mortgage loan. These properties are available in the normal secondary housing market or have been developed, as part of projects not financed through one of the National Housing Programmes
	Rural Subsidy: Communal Land Rights	The Programme thus deals with the rules for housing subsidies for housing development on communal land registered in the name of the state or which will be held by community members subject to the rules or custom of that community
	Consolidation Subsidy Programme	The programme provides for the completion of houses on the serviced sites
	Enhanced Extended Discount Benefit Scheme	To support decisions made regarding the transfer of pre-1994 housing stock and is intended to stimulate and facilitate the transfer of public housing stock to qualifying occupants
	Enhanced People's Housing Process	Assists households who wish to enhance their houses by actively contributing towards the building of their own homes. The process allows beneficiaries to establish a housing support organisation that will provide them with organisational, technical and administrative assistance. Training and guidance on how to build houses are also supplied

	Housing Programme	Description
	Farm Residents Housing Assistance Programme	Provides capital subsidies for the development of engineering services-where no other funding is available, and adequate houses for farm workers and occupiers in a variety of development scenarios. The Programme attempts to address the wide variety of housing needs of people working and residing on farms by providing a flexible package of housing models to suit the local context

Source: National Housing Policy and Subsidy Programmes, Department of Human Settlements, 2010

6.2.3   SOCIAL HOUSING – STATUS OF THE SECTOR REPORT

The following section is aimed at providing a concise overview of the extent to which social housing has impacted on the affordable and government sponsored housing context in South Africa. The information aims to provide background and a trend analysis of social housing as an active role-player in housing. The information also inter-relates to current social housing activities in the North West Province.

BROAD OVERVIEW AND DIRECTION

The importance of social housing as an active role-player in the context of South Africa's subsidised housing market has grown in recent history. The perception that social housing can be an active agent to address South Africa's ability to deal with urbanisation challenges is gaining traction. The idea that social housing can also contribute to resolving issues related to growing inequality, urban poverty and spatial fragmentation is key and cornerstone to the concept.

Within the context of other housing programmes in the country, social housing is the only delivery agent that can directly provide housing options at desired densities that enhance spatial transformation, public transport efficiency and urban inclusivity.

According to the SHRA State of the Sector Report 17/18, a demand shift is occurring in the country's urban areas whereby rental accommodation is sought after by market participants such as youth, the aged, single woman, migrant workers, foreigners, non-qualifiers of RDP and people on RDP waiting lists.

The shift, according to the report, is in part driven by factors such as: the country's low economic growth; city in-migration; inadequate supply of affordable housing; the cost of transport and an expanding youthful population.

POLICY CHANGES

According to the State of the Sector Report, two policy developments have arisen that impact on the role and function of social housing in South Africa. The first being the Integrated Urban Development Framework which identifies that affordable rental housing, specifically social housing, is important in terms of integrated investment into well-located areas to increase urban amenity access by low- and moderate-income households.

Inner-city investment thus becomes an important role-player, and by extension social housing as an affordable rental housing option.

In close collaboration with the IUDF, the New Africa Agenda focuses on the planning of cities and settlements so that they can be areas where inequality is reduced, inclusive and sustainable economic development is achieved, and protection of the environment is promoted.

Additionally, the South African housing programme is shifting towards a focus on informal settlement eradication, affordable housing and social housing. The purpose is to closely align to the principles of SPLUMA which considers well-located, integrated and sustainable developments linked to bulk and connector services and main transport arteries, and sound urban management.

The use of spatial development frameworks are thus also essential in urban management and the promotion of well-located land and areas that can support social housing activities. It thus becomes essential for local authorities to develop SDF's in line with the guidelines and principles of SPLUMA in order to effect greater change in affordable housing provision.

Other important policy and legislative changes include:

Rules made by the SHRA	The transfer of social housing stock is guided by the following principles: • The need to retain social housing stock to meet the current needs and the reasonable foreseeable needs for social housing • The rights and interests of the tenants must not be prejudiced by a transfer of social housing stock or rights and they should not be in a less favourable position as a result of the transfer and • A suitable SHI willing and able to take over the social housing stock must be identified The disposal of social housing stock will only be permitted if: • There is sufficient alternative social housing stock within a reasonable distance from the social housing stock to be disposed to meet the needs of the community, including qualifying tenants of social housing stock proposed to be disposed of • The economic rationale for the proposed disposal is that it is no longer economically viable for the social housing stock to be retained and maintained as such Entities applying to become a social housing institution will be accredited according to two levels, full or conditional accreditation
Adjustment of Restructuring Capital Grant (RCG) parameters and Income Bands	The RCG has been increased to R155 000 per unit The primary market income band has been raised to R5 500 household monthly income and the secondary market income band has been raised to R15 000 household monthly income
Rental Housing Amendment Act 35 of 2014	The amendment further elaborated on the responsibilities of landlord and tenant. It also required each province to establish a Rental Housing Tribunal, to adjudicate complaints between landlords and tenants relating to alleged unfair practices
Additional Restructuring Zones	Additional restructuring zones have been approved by the Minister. The inclusion of many new RZ's have occurred in smaller and secondary urban towns across the country

Relocation of Institutional Subsidy	Cabinet approved that, with effect from 1 April 2017, there should be a single social housing capital funding stream, which must be located at the SHRA. This has resulted in the top-up portion for social housing from the Institutional Subsidy ("IS") as contained within the Human Settlements Development Grant being shifted from the provincial departments responsible for human settlements to the SHRA.
Relocation of the Community Residential Units (CRU) Grants for New Build initiatives	The Human Settlements MINMEC resolved on 9 June 2017 to transfer the funding and programme management of the new build option under the CRU Programme to the SHRA.148 New build initiatives, catering for low income (earning R 1500 - R 3500) people, will now fall within the social housing programme, enabling accredited SHIs to exercise control and management over the stock. The intention is for CRU units to be fully funded by the CCG

SOCIAL HOUSING SECTOR PERFORMANCE

According to the State of the Sector Report, in 2017/18 a total of 83 SHI were registered with the SHRA, of which 13 met the seven accreditation criteria allowing the institutions to be fully accredited.

In January 2020, according to the Social Housing Institution (SHI) dashboard, 102 SHI's are registered with the SHRA, of which 12 are fully accredited.

The increase in SHI registering with the SHRA is noted as being the result of the revised quantum's generating more confidence in the sector; an appreciation of the demand for social housing products and slow economic growth driving businesses to seek opportunities in the subsidised sector.

During the publication of the report it was noted that SHI's are struggling to gain critical mass and lacks the necessary expertise in development management. Changes to quantum's and target market income bands could assist the SHI's to deliver more timeous units, whilst targeting other delivery agents to participate in social housing development may assist with greater delivery. According to the report only 27% of SHI's managed stock in the 2017/18 financial year.

Figure 6.1: Fully and Conditionally Accredited Social Housing Institutions in South Africa per Province
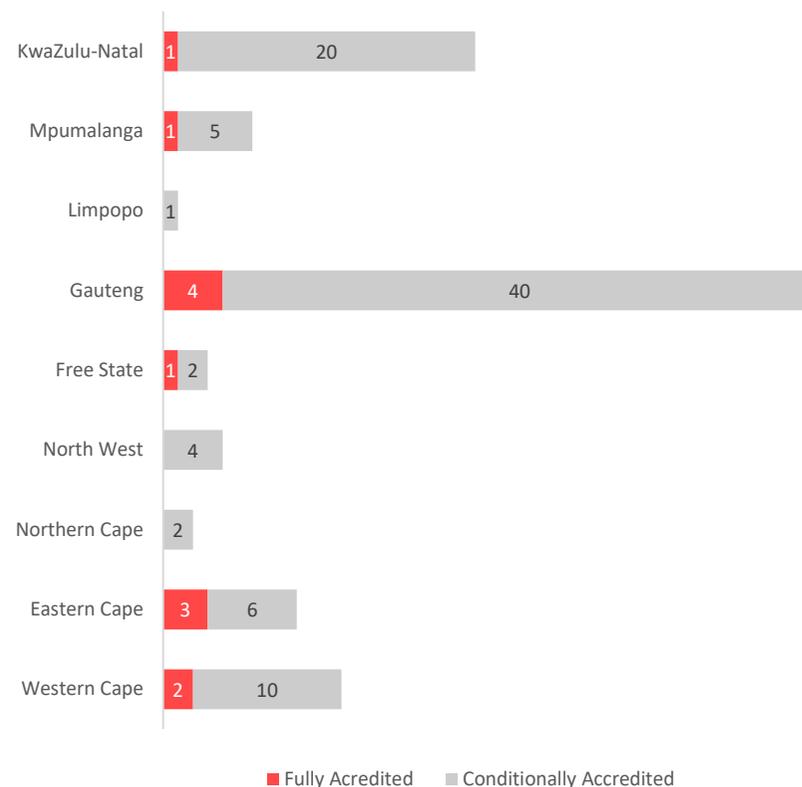
Up to the end of 2017/18, the sector has delivered 11 684 social housing units. Based on the target for delivery by the end of 2019 and the MTSF period, an additional 15 316 units are quired to achieve the target of 27 000 units.

According to the SOTS report, a shortfall of 259 units is anticipated in accordance to the planned MTSF target. Shortfall of delivery is expected in all provinces except the Eastern Cape and Gauteng where more than the targeted number of units per province is anticipated.

Table 6.1: MSTF Unit Target and Progress per Province (Quarter 3 2017/18)

Province	MSTF Target (Up to 2019)	Actual Number of Units Delivered	Units Approved (Yet to be Delivered)	Units Approved (Under Construction)	Units Approved (Planning or to be Delivered)	Total	Variance
Eastern Cape	1 960	840	2 750	1 525	1 225	3 590	1 630
Free State	1 935	1 119	771	771	0	1 890	-45
Gauteng	9 905	4 742	8 387	3 346	5 041	13 129	3 224
KwaZulu-Natal	3 085	2 582	20	20	0	2 602	-483
Limpopo	1 050	0	0	0	0	0	-1 050
Mpumalanga	1 545	104	0	0	0	104	-1 441
North West	2 850	1 168	1 377	801	576	2 545	-305
Northern Cape	565	0	0	0	0	0	-565
Western Cape	4 108	1 129	1 755	416	1 339	2 884	-1 224
Total	**27 003**	**11 684**	**15 060**	**6 879**	**8 181**	**26 744**	**-259**

Source: DEMACON ex SHRA (adapted), 2020

SOCIAL HOUSING SECTOR UNITS MANAGED

The report identifies that approximately 26% of social housing units managed by municipal owned (MOE) and non-municipal owned enterprises (Non-MOE) earn a monthly income below R3 500. Approximately 47% of units are occupied by residents that earn monthly incomes between R3 500 and R7 500, whilst the remaining 27% of units are occupied by households that earn more than R7 500 per month.

SHI's identified that household incomes have been increasing, especially in metropolitan regions. A disconnect is created between household incomes and qualifying social housing household income bands meaning that it is becoming increasingly harder to attract low income households to take-up units in social housing projects as they no longer fall within the R1 500 to R3 500 income bracket.

Figure 6.2: Number of Units Under Management (Q3 2017/18)
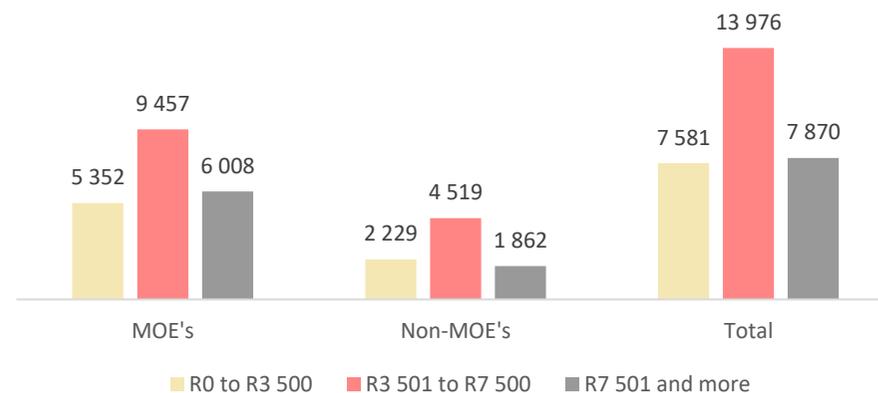
Source: DEMACON ex SHRA (Adapted), 2020

Accordingly, the building typology for social housing units as supplied by SHI is illustrated in the figure below.

Figure 6.3: Number of Units per Building Typology (Q3 2017/18)

According to the report, SHI had to contain costs, and by doing so opted for the development of 1 to 2 and 3 to 4 storey buildings. In essence these building types are the most common as part of social housing developments. It was also noted that 30% of units (typically smaller and cheaper) were allocated to the primary social housing market, whereas 70% of units (bigger units) were allocated to the secondary social housing market.

Operational costs of SHI's have generally been found to be more than operational cost benchmark of R1 350 per unit per month set by the SHRA. Approximately 68% of SHI's cannot contain costs below the SHRA benchmark. MOE's average operating cost per unit per month is approximately R4 031,

LESSONS AND TRENDS

compared to Non-MOE's whose average operating cost per unit per month is approximately R1 532. Municipal backed funding could be the indicator for why MOE's have higher operating expenditure than Non-MOE's. SHI noted that the SHRA benchmark is only obtainable if a larger stock of units is managed.

SOCIAL HOUSING UNIT RENTAL SEGMENTATION

The following shows the number of units provided per average rental price in social housing projects.

Figure 6.4: Number of Units per Rental Segmentation (Q3 2017/18)
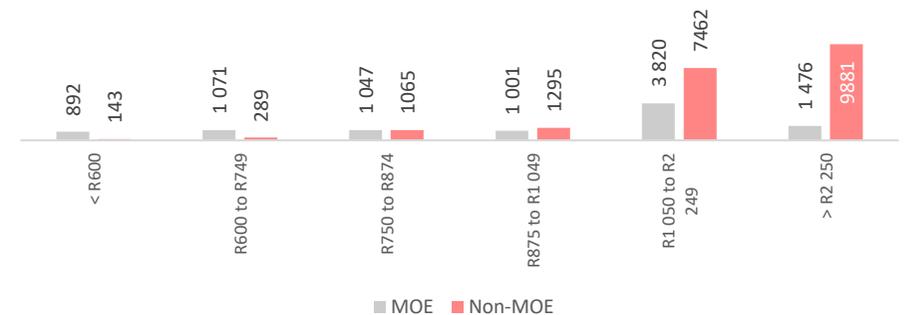
From the figure it is clear to see that social housing units are primarily rented more than R1 050 per month. Because of the infrequent change to qualifying income bands for primary and secondary social housing markets, the rental escalation of units on a yearly basis shifts the markets that can make use of social housing beyond the scope of the defined income bands.

Rental collection at social housing projects vary from institution. At a provincial level it determined that areas such as the Northern Cape and Limpopo Provinces have rental collection rates below 30% (13% and 28% respectively. The KwaZulu-Natal and Mpumalanga Provinces have rental collection rates of 65% and 68%, whilst the Gauteng and Free State Provinces have rates of 83% and 86%. The highest rental collection rates are in the Eastern Cape (93%) and Western Cape (100%).

Table 6.2: Lessons and Trends

Diverse Social Housing Project Location and Forms	Local Government Support	Government and Staffing	Growth Potential
• The recent adjustments to the social housing grant quantum and income bands may alleviate some of the locational and tenanting challenges for social housing projects; • Local government commitment to social housing and making land and buildings available for social housing in appropriate locations is critical for success within the sector; • Projects that are well-located have high demand. It is more difficult to attract primary market tenants to projects in suburbs owing to the lack of access to public transport and other social and economic amenities. As such, project location is key to achieving the developmental objectives of social housing; and • Integrated and well-located state subsidised human settlements projects offer opportunities to extend social housing.	• Municipalities to understand the nature, objectives and form of social housing, as well as how social housing financing works and how social housing can be supported by municipalities; • Municipalities to have clear social housing policies in place across municipal departments to enable the sector; • A need to engage further regarding the arguments for and against SHIs operating as municipal-owned-entities; and • Strong and accountable local government that creates an enabling environment for social housing through the provision of land and infrastructure and supporting financial provisions.	• The SHRA should consider providing training for SHI Boards to further promote good governance and accountability within the sector; • There is a need for peer-to-peer learning of governance best practices within the sector and to explore alternative means of building strong relations with the public sector to inviting representation on SHI Boards; • Passionate staff who understand and are committed to social housing play a significant role in meeting the desired outcomes of the sector; and • There may be opportunities for SHIs to share certain staffing services, such as legal services.	• The changing of the revised RCG subsidy quantum is unlocking investment within the social housing sector. However, in the absence of inflation-indexing the gains will be lost in the next few years. The anticipated payment of VAT will also undermine the gains made within the sector; • The lack of equity partners within the sector and the reliance on own resources for equity contributions by SHIs slows the pace of delivery within the sector; • A combination of seed funding, interest free and subsidised bridge funding, favourable finance from the NHFC, the subsidies and strong cost containment mechanisms are important to allow SHIs to develop a good quality product at a scale which enables them to invest its own equity into projects, allowing for continued growth; and • Appropriate land availability, particularly state land which can be made available on affordable terms is critical to unlocking growth within the sector.
Company Diversification	**Social Challenges**	**Project Land Availability**	**Project Planning Approvals**
• Cross subsidisation of private and social housing rentals is an innovative way to encourage private sector participation within the social housing sector; • SHI involvement in the private rental market has implications for corporate governance with some SHIs establishing separate company vehicles to implement their private sector initiatives; • A concern is that the SHIs may over time decrease their participation in the social housing sector and focus on the private rental market; and • The social housing financing model will play an important role in maintaining the attractiveness of the sector to participants.	• Social housing project planning needs to be evaluated in terms of the accommodation of social facilities and services; • The operational costs of SHIs need to factor in social services spend; • SHIs have demonstrated innovative approaches to mobilising public and private sector partnerships in addressing the social challenges; and • There is a need to monitor the provision or facilitation of social services by SHIs and to share best-practices.	• Well-located land for social housing is costly and the making available of publicly owned land at a subsidised cost or lease for projects is extremely beneficial and enhances the financial viability of both the projects and the SHIs; • Accessing, releasing and packaging land for social housing is time-consuming and this time needs to be factored into target setting and project planning; and • Local government support for land release for social housing is a critical success factor for projects within the sector.	• Metros that have adopted clear SDFs that prioritise social housing and social housing policies are in a stronger position to fast-track social housing development approvals; • The lengthy and costly project preparation phase places financial pressure on SHIs, with SHIs needing to be in a strong enough position to cope with these demands or partnering with private developers and municipalities to share this cost and risk; • The additional costs of green servicing standards on social housing projects should be calculated and factored into the social housing financing model; and • At the same time, however, embracing the green building certification programme may open new financing opportunities for SHIs.

Project Financing	Speed of Tenanting Projects	Sub-Letting	Tenant Evictions
• Social housing grants are critical to the existence of the sector. Participation in the sector is directly linked to the availability of the grants; • There seems to be a movement from SHIs being wholly dependent on public funding, to being able to raise some of their own equity, and securing additional private sector finance particularly amongst the more established SHIs that are already managing and developing new stock; and • Local government can successfully incentivise and enhance the feasibility of social housing with appropriate benefits such as rates rebates, discounted development contributions, subsidised land and crowding in of other development grants.	• Project tenanting is not identified as a major challenge by the case-study SHIs, except in instances where external factors (such as delays in the electrification of projects) delay project completion and therefore the speed of tenanting. In these instances, there are major financial implications for the SHI. The project approval process should be further strengthened to ensure all conditions precedent are met; • The reason for the linking of the final RCG payment to tenanting is understood by the SHIs. However, payment delays are easier to manage in phased projects where the SHI is receiving rental income from part of the project that assists with cash flow. It may be necessary to review the final RCG payment system to alleviate the financial pressures experienced by the SHIs; and • Criteria for qualifying for social housing are more easily met in the secondary than primary markets. The nature of the primary market is vulnerable, and the target set for this market may be unrealistic. The shifting of the income bands has addressed this problem to some extent.	• In these instances, the lease agreements may be signed by "front people" and not the actual tenant. This results in a problem where not all tenants should qualify for social housing. The SHI stated that: "There are all sorts of cars in the social housing complexes that don't belong there." Some research has proposed that more flexible practices around sub-letting should be allowed to enhance affordability in the inner-city areas, such as Johannesburg.30 The challenge with this approach is that the regulation over the sector delivering social housing units to the intended target markets will be weakened. One of the SHI's noted that it can provide for dual letting a unit between two parties, in this instance both parties are vetted by the SHI.	• Given the vulnerability of the social housing tenant (especially primary) market, developmental measures to assist tenants in need are necessary and should be a requirement of all SHIs; and • Given the necessity of evictions as a last resort instrument, legal services may be considered as a shared service for SHIs, possibly at provincial levels to achieve greater financial efficiency.

Community Support for Social Housing Projects
• There is a general need for community education on social housing; • SHIs and municipalities need to engage with the broader community in which a project will be located to address any concerns, highlight the benefits of such projects and facilitate the integration of the social housing project with the broader community; • SHIs who partner with developers who take responsibility for contractor and construction management can relieve the SHI of this burden; • Job allocation processes need to be both transparent and proactively managed to minimise potential community conflicts; and • The land allocation process for social housing projects by the municipality or SHI must be transparent.

Source: DEMACON ex SHRA (Adapted), 2020)

6.3 RESIDENTIAL MARKET ACTIVITY

The following section seeks to outline the core residential market activity related to the rental, and more specifically the social housing, market. The aim of the section is to describe current development trends in the North West Province, as well as conduct a concise analysis of the rental market of the each district based on current rental properties available, and to outline the salient features of social housing, with reference to Social Housing Institutions (SHI's) operating within the Province.

6.3.1   DEVELOPMENT TRENDS

PROVINCIAL PERSPECTIVE

From a provincial perspective, new residential and economic development (excluding subsidy housing projects) gravitate to the primary nodes of the province. Towns such as Rustenburg, Brits, Hartbeespoort, Klerksdorp, Potchefstroom and Mahikeng attract new development. Most prominently, the Rustenburg, Klerksdorp and Potchefstroom areas show high levels of residential development, whereas Brits has numerous developments but not to the sale of other nodes. The Mahikeng town has very limited suburban development but gains from subsidised housing projects and the organic growth of rural settlements to the east and west of the town.

The smaller urban nodes of the province, such as Lichtenburg, Zeerust, Vryburg, Wolmaransstad and Schweizer-Reneke have residential development, but the development is contained in the existing suburban areas of the town. Developments here are primarily single free-standing homes on vacant land parcels. In some instances, small complexes are developed that contain between 4 and 8 homes.

Subsidised housing projects are typically located close to or in primary urban nodes. Townships close to the nodes generally benefit from subsidy housing projects. The N4 corridor and areas surrounding Brits and the mining industry have numerous subsidy housing projects to support communities locating close to potential employment opportunities. Subsidised housing projects beyond the urban nodes of the province are generally rural projects focusing on rural communities and villages.

Villages and settlements in a traditional authority and not in a traditional authority typically grow at similar rates. Rapid expansion can for instance be observed in the Mogwase and surrounding traditional authority areas, the Moretele local municipality, which is largely traditional, has rapid expansion as well as a result of its proximity to the City of Tshwane and the Soshanguve/Mabopane economic area.

Traditional areas in the Dr Ruth Segomotsi Mompati district tend to expand at rates slower than traditional areas close to economic nodes and mining activities. The Taung node on the other has experienced significant growth over the past ten years, whereas settlements in the remaining traditional area have grown moderately.

Migration to the eastern parts of the province further drives the demand for new residential development.

Economic development primarily concentrates in the eastern parts of the province, specifically nodes such as Rustenburg, Brits, Klerksdorp, Potchefstroom and Mogwase. The development of large-scale retail and business activities are prominent in these areas, whilst new industrial development areas are not as prominent. Industrial development typically positions itself in existing industrial areas where vacant land parcels area available.

Although the mining industry is declining, economic development benefits from its proximity to mining. New mines proposed in the Moses Kotane area has spurred in-migration to the area and a focus on potential future economic opportunity development.

In some instances, retail development, such as malls and shopping centres, are developed in township and subsidy housing projects. This is generally true in the Rustenburg and Moses Kotane areas.

Economic development in the central and western portions of the province are typically found in the CBD's of towns and settlements. Generally existing commercial spaces are expanded, or new free-standing buildings are developed. But development is limited in comparison to the eastern portions of the province.

The following provides an overview of development trends per district authority.

BOJANALA DISTRICT PERSPECTIVE

Development in the Bojanala District largely gravitates to the primary urban nodes of Brits and Rustenburg. Residential expansion areas such as Waterval and Hartbeespoort have seen substantial new residential estates and townhouses developed.

Township areas such as Tlhabane, Boitekong, Oukasie, Letlhabile and Marikana have benefitted from subsidised housing projects, that have driven urbanisation and the attraction of population to the major towns of the district. Informal settlements have typically been constructed close to subsidy housing projects and mining areas, with areas such as Bapong and Elandsdrift experiencing moderate to rapid expansion as a result.

The future direction of development in the Rustenburg area is along the N4 highway towards Kroondal, where a number of new residential developments have been established. Development towards the north of Rustenburg continues to be driven by subsidised housing projects.

Traditional authority areas have continually experienced rapid organic growth of mixed residential typologies. Generally formal freestanding or informal dwellings are erected in these areas.

Economic development concentrated towards the primary nodes of Brits and Rustenburg, whereby a number of retail, office and industrial developments have occurred. Retail development in township areas have increased services to local communities.

- **Moses Kotane**

Development of the municipal area is concentrated in both formal and rural/traditional areas. The Mogwase nodal area has had a number of formal residential developments as well as subsidised housing projects have been, or are, being developed.

The traditional authority areas have experienced growth with the development of free-standing and informal dwellings. Areas such as Moruleng and Ledig have experienced an influx of population and as a result has seen the expansion of villages. Township retail developments are also taking place in the area.

A number of subsidised housing projects have historically been implemented in the area. A number of upcoming projects will further drive developmental growth of the area.

- **Moretele**

The villages and settlements located throughout the municipal area, and especially in traditional authority areas, have experienced expansion based on in-migration to the area and natural population growth. A mixture of formal and informal dwellings develops throughout the municipality generally in a hap

hazardous manner. Subsidised housing projects, especially in southern regions of the municipality has assisted with continuous growth of the area.

- **Madibeng**

The Madibeng LM is one of the primary development areas of the Bojanala District and Province. In areas such as Brits and Hartbeespoort new residential estates and townhouse developments have been built/established. Traditional authority areas have continued to expand with a mixture of formal and informal free-standing dwellings.

Historic township areas to the east of Brits have continued expansion and growth, much like the Oukasie and Letlhabile areas to the north of Brits. These areas have had continuous formal and informal development of free-standing dwellings. Subsidised housing projects have been driving formalisation in these areas.

Development in Mooinooi is largely the development of vacant land parcels, whilst the Elandsdrift area north of the N4 highway experienced rapid informal settlement development since 2009. Similarly, the Marikana area has expanded primarily as a result of informal settlement growth.

The Bapong and surrounding areas have also experienced growth and expansion, also primarily as a mixed housing typology between formal and informal dwellings.

Subsidy housing projects have primarily been located in and around Brits, Mothuthung, Letlhabile, Oukasie and east of Hartbeespoort.

The development of large-scale retail and business uses have primarily been isolated to Brits and Letlhabile, with smaller retail establishments (community type activities) being distributed throughout townships and villages.

Industrial development is largely concentrated in the Brits area, whilst mining is located to the west of Brits along the N4 highway.

- **Rustenburg**

The Rustenburg Municipality, much like Madibeng, is one of the primary development areas of the province. The Rustenburg urban node has experienced rapid development in recent history, especially in and around the Waterval node where a number of estate developments have been constructed. Development is also moving along the N4 highway towards Kroondal where a number of new residential developments have been established. The Boschendal area has also expanded with new residential suburbs developed.

The Tlhabane West area has undergone rapid expansion since 2004, with major subsidised housing projects constructed. Similarly, the Boitekong and Seraleng areas have undergone similar transformations. It should be noted that informal settlements have been expanding in these areas as well due to the prospect of formalised housing development and proximity to employment opportunities.

The traditional authority areas have experienced expansion, most prominently in the Freedom Park area where a massive 2 000-unit subsidised housing project was constructed. The remaining villages experience sprawling growth with formal and informal free-standing dwellings being constructed.

A number of new retail developments have been erected in the Rustenburg CBD and Waterval node, whilst the Boitekong area has also seen expansion of retail facilities. Office development primarily clusters in the Waterval node whilst industrial growth is located in existing industrial areas, especially towards the north of Rustenburg.

- **Kgetlengrivier**

Development in the primary urban areas of Swartruggens, Koster and Derby are largely as a result of single free-standing dwellings being constructed on vacant land parcels. The rate of development is slow due to limited private sector demand.

Demand from a subsidised housing perspective is higher, with subsidised housing projects constructed in the primary nodes of the municipality. The development of these projects has driven urbanisation and has, such as in the case of Borolelo (Swartruggens) led to informal settlement development on the periphery of the historic township area.

The municipality is largely rural, so development is outside the main urban nodes is limited. Economic development is sparse, limited and infrequent.

Table 6.3: Subsidised Housing Backlog - Bojanala

Local Authority	Backlog
Rustenburg	58 500
Moses Kotane	18 400
Moretele	10 110
Madibeng	42 748
Kgetlengrivier	15 521
Total	**145 279**

Source: DEMACON ex North West Human Settlements Master Spatial Plan, 2020

NGAKA MODIRI MOLEMA DISTRICT PERSPECTIVE

Developmental activity is primary located in primary urban nodes such as Mahikeng, Lichtenburg, Zeerust and Delareyville. Development is typically free-standing or townhouse developments on vacant land parcels in established suburbs.

Subsidised housing projects also concentrated in and around the primary urban nodes and seek to address informal settlements. These developments have expanded the urban extent of towns and in some case have attracted informal settlement development.

The Mahikeng town experiences organic growth as a result of semi-rural localities to the east and west of the town. Urban development is primarily as a result of the government precinct and university campus, which has encouraged suburban development north of Mahikeng.

Economic development is largely concentrated in the primary economic and urban nodes of the district. Very few large retail centres are developed and single free-standing retail, office and industrial spaces are developed.

Traditional authority areas typically undergo organic growth patterns, with intertwined formal and informal dwellings present. Many village and settlements have densified with limited outward expansion. Subsidised housing projects are present in these areas and typically focus on rural housing objectives.

- **Ramotshere Moiloa**

Zeerust, as the primary urban node of the municipality has experienced residential development south of the CBD. Development largely consists of single free-standing dwellings and sub-divisional townhouse developments constructed on vacant land parcels.

Subsidised housing projects have generated growth in townships not located in traditional authority areas. Subsidy projects in Zeerust and Groot Marico have expanded the urban footprint of these areas, and in some case have attracted the development of informal settlements (primarily in Zeerust).

The growth of villages in traditional authorities have been largely free-standing formal and informal dwellings. Subsidised housing projects in traditional authority areas are primarily rural in nature. The majority of housing projects are located in the Zeerust area.

The development of economic land uses is primarily contained in Zeerust with small shops along the primary road of Zeerust. Industrial development is limited and contained in Zeerust.

- **Mafikeng**

Mahikeng is the primary urban node of the municipality because of its legislative function and because of the presence of the North West University Campus.

The established suburbs of the town have experienced limited growth and expansion, as opposed to areas such as Imperial Reserve and southern Montshiwa where subsidised housing projects have expanded the suburban footprint of the town.

The government precinct in the north of Mahikeng has allowed for a suburban character to develop in the Mmabatho area along Setlogelo Drive. Subsidy housing projects in the area are also expanding the urban footprint of Mahikeng in a northern direction. Organic growth areas such as Motlhabeng, Signal Hill and Magogoe have generally densified with little to moderate outward expansion.

Very limited economic land use development has occurred in the town recently.

Traditional authority areas have shown organic growth in recent history, generally associated with formal or informal free-standing dwellings. Subsidised projects are typically rural housing projects. The majority of subsidy projects are positioned in and around Mahikeng, with select areas such as Ottoshoop and Rooigrond seeing the construction of subsidy housing or informal settlement upgrading.

- **Ditsobotla**

Lichtenburg is the primary economic and urban nodes of the municipality. New residential development has primarily focused and concentrated in the south-

eastern suburb of the town. Development has largely been focused on free-standing houses on vacant properties and small townhouse type developments of between 4 and 10 houses on vacant land parcels. The development indicates densification of the suburb. The Coligny urban node has experienced very little residential development in the suburban areas of the town, with select properties being developed to accommodate a single free-standing house.

Subsidised housing projects are primarily concentrated in and around the Lichtenburg, Coligny and Itsoseng areas. Although numerous subsidised housing projects exist in the Itsoseng area, these have been completed some time ago.

The traditional authority areas in the municipality has not expanded rapidly since 2011.

Economic development is largely contained in Lichtenburg, with new retail and industrial space being established in the past 10 years.

- **Tswaing**

Delareyville and Sannieshof are the primary urban nodes of the municipality. Residential development in these areas s largely based in the existing urban fabric of the town, utilising vacant land parcels for development.

Subsidised housing projects are primarily located in the primary towns of the municipality. Subsidy projects have formalised informal areas and extended the urban footprint of the town. Rural settlements in the municipality, traditional and not traditional, have expanded at a slow to moderate pace, largely focused on infill and densification than on expansion.

Economic development primarily occurs in the CBD of Delareyville as single new buildings and spaces.

- **Ratlou**

Households primarily reside in traditional authority areas in the municipality. Developmental trends are largely associated with subsidised housing projects developed close to Tlaping, Setlagole and Logageng. Expansion of villages are generally organic.

Table 6.4: Subsidised Housing Backlog – Ngaka Modiri Molema

Local Authority	Backlog
Tswaing	7 172
Ratlou	3 364
Ramotshere Moiloa	20 594
Mafikeng	18 615
Ditsobotla	12 100
Total	**61 845**

Source: DEMACON ex North West Human Settlements Master Spatial Plan, 2020

DR RUTH SEGOMOTSI MOMPATI DISTRICT PERSPECTIVE

The district is primary rural in nature with numerous traditional authorities. Developmental activity is largely concentrated in primary nodes such as Vryburg, Schweizer-Reneke, Bloemhof, Christiana and Taung. Development in established suburbs is largely on vacant land parcels or the redevelopment or expansion of existing homes.

Subsidy housing projects are a significant driver or=f urban development around primary urban nodes. Rural settlements in and out of traditional authority areas have densified instead of expanded, although some expansion can be observed. The Taung town has experienced significant growth as a result of rural and informal development close to the existing town.

Economic development primarily clusters in the primary towns and are small additions to the exiting CBD or industrial areas.

- **Kagisano / Molopo**

The municipality has a large segment of villages and settlements located in traditional authority areas. The character of the municipality is rural, with many of the villages and settlements conforming to a rural nature. Growth of these settlements are organic and typically consist of formal and informal dwellings. A limited number of subsidized housing projects occur in the municipality, primarily conformed to the Ganyesa settlement.

- **Naledi**

Vryburg is the primary urban node of the municipality. Residential development primary occurs in the existing urban fabric as either redevelopment or infill development. The development of vacant land parcels is a key focus for new residences.

The majority of subsidised housing projects are located in Vryburg and has caused the extension of the urban fabric in a southern direction. The development of subsidy housing in the town has also led to in-migration and urbanisation of the municipality.

Economic development is concentrates in the town, with vacant land parcels in the CBD used for development of new economic space. The industrial area is also the primary location for new industrial space.

- **Mamusa**

Schweizer-Reneke is the primary urban node of the municipality. The town is the primary location for developmental activity. New residential development primarily occurs on vacant land parcels in existing suburbs, with free-standing homes and a select number of townhouses developed.

Subsidised housing occurs to the south of the town and has extended the urban fabric in a south and western direction.

Economic development also concentrates in the town.

- **Lekwa-Teemane**

The Bloemhof and Christiana towns are the primary urban nodes of the municipality. Residential development in established suburbs largely consists of redevelopment and expansion of existing homes and the development of vacant

land parcels. Development along the Vaal River, close to Bloemhof Dam has also increased in recent history.

Subsidy housing projects are exclusively located in and around these two towns, specifically in Boitemelong and Utlwanang/Geluksoord. Subsidised housing in these areas have contributed significantly to development in the municipality and has extended the urban fabric of the towns.

Economic development is primarily contained in the towns and subsequent townships.

- **Greater Taung**

Taung is the primary town of the municipality. The town has over the past 10 years experienced rapid expansion. Between the river and the R372 a high concentration of informal and formal residences have been constructed organically, whilst bordering settlements such as Maokwane, Mhole and Manthathabe densified rather than expanses. Settlements in the traditional authority area south of Taung have maintain slow and subdued expansion.

Subsidised housing projects concentrate in the traditional authority area of the municipality, whilst economic developments such as retail cluster in Taking.

Small sections informal settlement development can be found south of the Revilo settlement.

Table 6.5: Subsidised Housing Backlog – Dr Ruth Segomotsi Mompati

Local Authority	Backlog
Lekwa-Teemane	6 750
Taung	6 839
Kagisano / Molopo	4 415
Mamusa	3 171
Naledi	3 671
Total	**24 846**

Source: DEMACON ex North West Human Settlements Master Spatial Plan, 2020

DR KENNETH KAUNDA DISTRICT PERSPECTIVE

The district is one of the primary role-players in the province regarding residential and non-residential development. Nodes such as Klerksdorp and Potchefstroom attract new estate, townhouse and flat developments, and accordingly also accommodates the majority of new retail, business and industrial development.

Smaller nodes such as Wolmaranstad, Leeuwofntein, Ventersdorp and Makwassie have limited development in the sense that residential development primarily occurs on existing vacant land parcels in established suburban areas. Residential developments in these areas are typically single free-standing homes of small complexes with between 4 or 8 houses.

Economic development primarily gravitates to the Potchefstroom and Klerksdorp nodes with many new retail, business and industrial developments constructed.

As a result, migration to the areas are a contributing factor to the concentration of subsidised housing projects. The decline of mining activity in the area has spurred economic transformation so employment opportunities gravitate towards the primary nodes. Townships close to the nodes have needed to expand to accommodate new residents. Subsidy projects have extended the urban fabric of the nodes, especially in Klerksdorp, Potchefstroom and Ventersdorp. Informal settlement development is present but is not an overwhelming factor of township areas.

- **Maquassi Hills**

Wolmaranstad is the primary urban node of the municipality. Residential development is concentrated in the existing suburban areas of the town and focuses on vacant land parcels and additions. Very limited new residential development occurs in the Leeudoringstad area., largely also focused on vacant land parcels in the town. Very limited new residential development occurs in the Makwassie town.

Subsidised housing projects are primarily concentrated in and around the three urban nodes of the municipality, with the majority of activity concentrated in Wolmaranstad. Subsidised housing is generating urban extensions and expanding the urban footprint of towns. Other subsidised housing projects are located in decentralised settlements such as Boskuil and Witpoort.

- **City of Matlosana**

The bulk of new residential development is concentrated in the Klerksdorp urban node. The node is the largest and most prominent urban concentration in the municipality. Residential development, excluding subsidy housing projects, occur to the north and east of the town, with select development to the west. Various vacant land parcels are used for townhouse developments, while suburban expansion areas occur north of Wilkoppies and east of Flamwood.

Development in Orkney is largely focused on the development of vacant land parcels. Even though some development occurs, the primary focus is the Klerksdorp area. Similarly, very limited activity is occurring in Hartbeesfontein and Stilfontein.

Subsidised housing projects are concentrated in the Jouberton, Manzilpark, Kanana, Tigane and Khuma townships. These areas are urban extension of the existing towns and have undergone rapid expansion over the last 10 years.

Economic development gravitates towards Klerksdorp, with new retail and business activities developed along the N12 highway and Wilkoppies node. Industrial development are also clusters toward the western and southern industrial areas of Klerksdorp.

- **JB Marks**

Potchefstroom is the primary urban node of the municipality. The majority of new residential development occurs in the town. New residential development, primarily houses, townhouses and flats developed to the east (Grimbeek Park and Baillie Park), north-east (Van Der Hoff Park), north (Vyfhoek, Mooivallei Park) and west (Dassierand). Development is moving in a north and eastern direction from the CBD, with the southern suburbs not experiencing new growth. The Ventersdorp town is the second urban centre of the municipality and it experiences limited growth in comparison to Potchefstroom. Potchefstroom has

a strong pull factor for investment largely on account of its business and tertiary education capability.

Subsidy housing projects are largely contained in the Potchefstroom area, followed by Ventersdorp. Informal settlement growth has remained a factor in Potchefstroom, whilst some informal settlement upgrading has occurred in Ventersdorp. Economic development largely gravitates to the Potchefstroom area with new retail, business and industrial development locating close to the university, along the N12 and in the Potchindustria area.

Table 6.6: Subsidised Housing Backlog – Dr Kenneth Kaunda

Local Authority	Backlog
Maquassi Hills	12 782
Matlosana	55 737
JB Marks	18 116
Total	**86 635**

Source: DEMACON ex North West Human Settlements Master Spatial Plan, 2020

Map 6.1: Development Perspective
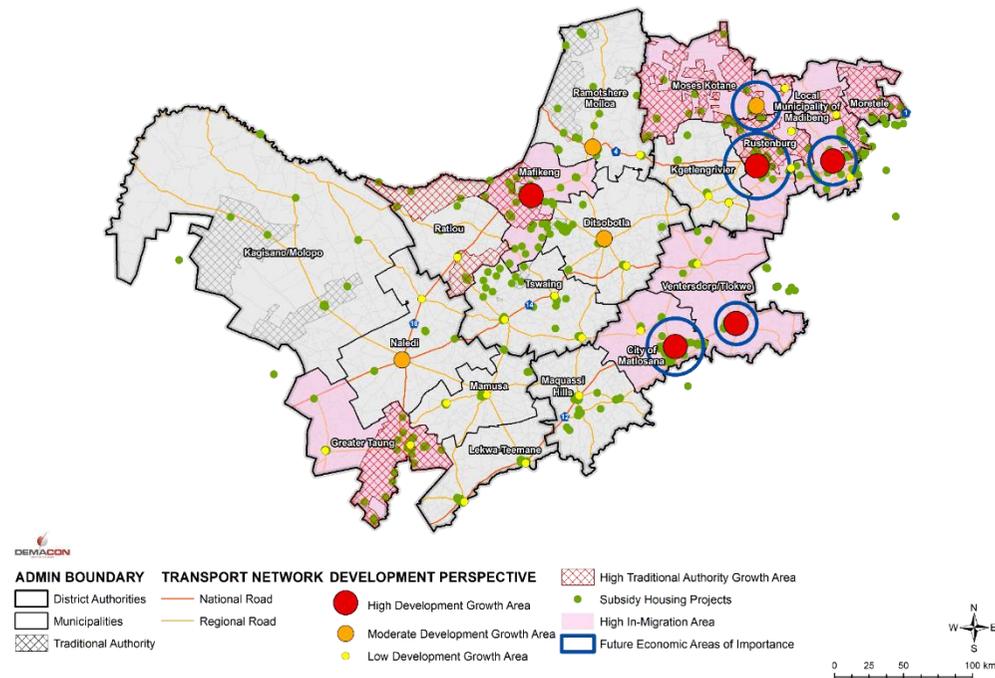
Source: DEMACON GIS, 2020

6.3.2 RENTAL MARKET ACTIVITY

To purposefully review the residential market, specifically in relation to the rental market, an analysis of current rental market supply is conducted. The supply referred to in this instance relates to private sector rentals. A review of this information assists in contextualising the rental market of the province and provides a holistic interpretation of rental opportunities currently available. The analysis further assists in identifying how these rental opportunities relate to the affordable / social housing market and distribution throughout the province.

The analysis is conducted for the entire province. It is identified that in many areas of the province very limited to no formal rental market activity occurs.

Although residential property sales are observed, many areas – especially rural localities – have a limited formal rental market.

With the preceding in mind, it should be noted that the informal rental market is an established and thriving sector, with many migrants and job-seekers locating to informal backyard dwellings whilst looking for employment. Formal data on the informal rental market, specific to each district and local authority is limited. Therefore, data is supplemented with information from Statistics South Africa in the form of their General Household and Community Surveys.

The data reported, is based on information gathered during January 2020.

Table 6.7: Residential Rental Market Activity in the North West Province per District Authority

Bedrooms	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi Mompati	Dr Kenneth Kaunda
Apartments / Flats					
1-Bedroom	R4 114	R4 475	R2 350	R3 586	R4 110
2-Bedrooms	R5 997	R6 961	R6 000	R4 622	R5 780
3-Bedrooms	R7 236	R7 425	No properties advertised	R10 000	R6 718
4-Bedrooms	R14 700	R14 700	No properties advertised	No properties advertised	No properties advertised
5+ Bedrooms	No properties advertised	No properties advertised	No properties advertised	No properties advertised	No properties advertised
Average Rental Price	**R5 114**	**R6 615**	**R3 250**	**R3 838**	**R4 779**
Townhouses					
1-Bedroom	R3 233	R3 100	No properties advertised	No properties advertised	R3 300
2-Bedrooms	R6 739	R6 700	R8 500	No properties advertised	R6 710
3-Bedrooms	R9 340	R9 188	No properties advertised	No properties advertised	R9 539
4-Bedrooms	R15 457	R15 457	No properties advertised	No properties advertised	No properties advertised
5+ Bedrooms	R18 600	R20 000	No properties advertised	No properties advertised	No properties advertised
Average Rental Price	**R9 286**	**R10 256**	**R8 500**	**-**	**R8 343**
Houses					
1-Bedroom	R3 905	R4 624	No properties advertised	No properties advertised	R3 374
2-Bedrooms	R7 146	R7 366	R4 400	No properties advertised	R6 926
3-Bedrooms	R10 702	R11 398	R4 857	R8 050	R9 731
4-Bedrooms	R17 404	R19 116	No properties advertised	R9 600	R12 477
5+ Bedrooms	R23 203	R25 324	No properties advertised	No properties advertised	R15 130
Average Rental Price	**R15 041**	**R17 361**	**R4 450**	**R8 227**	**R10 078**

Source: DEMACON ex Property 24, 2020

Figure 6.5: Average Rental Price Distribution

Average Rental Price - Houses (Percentage Distribution)

Average Rental Price - Townhouses (Percentage Distribution)

Average Rental Price - Apartments / Flats (Percentage Distribution)

Source: DEMACON ex Property 24, 2020

Table 8.1 and Figure 8.1 show that houses and apartments / flats are the most rented dwelling typologies in the North West Province. The residential rental market is most active in the Bojanala (Rustenburg and Hartbeespoort) and Dr Kenneth Kaunda (Klerksdorp and Potchefstroom) districts, accounting for 97% of residential rental properties advertised in the province.

HOUSES

At a provincial level, the average rental price for a house (includes all house configurations) is R15 041. The Bojanala District's R17 361 average rental price exceeds the provincial average largely as a result of higher end rentals available around the Hartbeespoort area. The average house rental price in the Dr Kenneth Kaunda District is R10 078, which is substantially lower than the provincial average. The cheapest average house rental price is found in the Ngaka Modiri Molema District, where rental prices average R4 450. It should be noted that rental properties in the Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati Districts are limited due to low levels of rental properties available for rent, or because the rental markets in these districts are not present to the degree of abundant supply.

At a provincial level, houses with a rental price in excess of R10 000 represent a proportional share of more than 53% of all rental houses. Houses with a rental price between R5 000 and R10 000 represent 36% of all rental houses. Rental houses up to R5 000 only represents approximately 10% of all rental houses.

TOWNHOUSES

At a provincial level, the average rental price for a townhouse (includes all house configurations) is R9 289. The Bojanala District's R10 256 average rental price exceeds the provincial average largely as a result of higher end rentals available around the Hartbeespoort and Rustenburg areas. The average townhouse rental price in the Dr Kenneth Kaunda District is R8 343, which is substantially lower than the provincial average. Townhouse rentals in the Ngaka Modiri Molema District, though limited, has an average rental asking price of R8 750. According to most recent data, the presence of rental townhouses on the market in Dr Ruth Segomotsi Mompati is not available. This may be as a result of the market not demanding townhouse rental properties, or that demand has been satisfied.

At a provincial level, townhouses with a rental price in excess of R10 000 represent more than a quarter of all rental townhouses. Townhouses with a rental price between R5 000 and R10 000 represents more than two thirds of all rental townhouses. Rental houses up to R5 000 only represents approximately 8% of all rental townhouses.

APARTMENTS / FLATS

At a provincial level, the average rental price for an apartment or flat (includes all house configurations) is R5 114. The Bojanala District's R6 615 average rental price exceeds the provincial average largely as a result of higher end rentals available around the Rustenburg area. The average apartment or flat rental price in the Dr Kenneth Kaunda District is R4 779, which is less than the provincial average. The cheapest average apartment or flat rental price is found in the Ngaka Modiri Molema District, where rental prices average R3 250. It should be noted that rental properties in the Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati Districts are limited due to low levels of rental properties available. This may be as a result of the market not demanding apartment or flat rental properties, or that demand has been satisfied.

At a provincial level, apartments or flats with a rental price in excess of R10 000 represent a proportional share of less than 2% of all rental apartments and flats. Apartments or flats with a rental price between R5 000 and R10 000 represents more than 48% of all rental apartments and flats. Rental apartments or flats up to R5 000 represents nearly half of all rental apartment or flats. The large proportion of cheaper apartments and flats for rent is as a result of accommodation targeting students in Potchefstroom. Although the majority of properties can be used by any household, the properties are specifically marketed to students.

INFORMAL RENTALS

From an informal perspective, the potential that the informal market has for satisfying demand for affordable rentals is a critical consideration. These are properties typically associated with backyard dwellings, rooms and other informal dwelling typologies not advertised for rent with established real estate agents or property managers.

It is thus important to consider the informal rental market as these rental typologies largely focus on the target market for social housing and its beneficiaries.

By making use of Statistics South Africa data (Community Survey 2016 and General Household Survey 2018) an indication can be provided regarding the extent of rental activity of informal and informal backyard dwellings in the North West Province.

According to Community Survey data approximately 11.2% of households residing in a primary informal dwelling, rents the dwelling, alternatively, households that rent a primary informal dwelling represent 1.2% of all households. Households that rent an informal backyard dwelling is more than double the primary informal dwelling rate at 28.5% of households, whilst households that rent a backyard informal dwelling represents 2.4% of all households. The data thus indicates that a significant portion of households reside in informal dwellings as well as rent these dwellings.

Primary Informal Dwelling

The data provided in Figure 8.2 shows that more than 92% of households in the province that rent an informal dwelling pay up to R500 per month. More than 6% of households pay up to R1 000 per month while only 0.4% of households pay up to R1 500 per month.

Similar profiles can be observed for the Bojanala and Dr Kenneth Kaunda Districts, with more than 90% of households renting an informal dwelling paying up to R500 per month. For the Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati Districts, between 67% and 71% of households pay up to R500 per month.

Interestingly, households renting informal dwellings in the Ngaka Modiri Molema and Ruth Segomotsi Mompati Districts pay higher average rental rates than their counter part districts. Between 10% to 25% of households rent informal dwellings at a price up to R1 000 per month, whilst in the Ngaka Modiri Molema District more than 17% of households pay between R1 000 and R2 000 per month. In the Dr Ruth Segomotsi Mompati District more than 8% of households pay up to R2 500 per month.

The average rental rate for a primary informal dwelling in the province is R297 per month. In the Bojanala and Dr Kenneth Kaunda Districts households pay less than the provincial average, i.e. R291 and R221 per month respectively. In the Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati Districts, households pay in excess of R500 per month, far above the provincial average.

Backyard Informal Dwelling

Data from Figure 8.5 shows that approximately 82% of households that rent an informal backyard dwelling, pay less than R500 rent per month, whilst approximately 17.2% of households pay up to R1 000 per month. Less than 1% of households pay more than R1 000 per month.

At a district scale, nearly 81% of households in the Bojanala District that rent an informal backyard dwelling pay up to R500 per month, whilst in the Ngaka Modiri Molema District only 77% pay up to R500 per month. In the Dr Kenneth Kaunda and Dr Ruth Segomotsi Mompati Districts, 89% and 100% of households respectively pay up to R500 per month.

Average rental rates in the Bojanala and Ngaka Modiri Molema Districts are, by virtue, higher than other districts because between 18% and 23% of households pay up to R1 000 per month, compared to between 1% and 9% in other districts.

In the Bojanala and Dr Kenneth Kaunda Districts rental rates above R1 000 per month represent between 0.8% and 1.8% of households. The remaining districts do not have rental rates exceeding R1 000 per month.

The provincial average rental rate for an informal backyard dwelling is R411 per month. Only the Bojanala District exceeds the provincial average (R422 per month). The second most expensive district is the Ngaka Modiri Molema District with an average monthly rental rate of R396. The Dr Kenneth Kaunda District is third most expensive district with an average monthly rental rate of R351, whilst the Dr Ruth Segomotsi Mompati District is the cheapest at R231 per month.

From the preceding data it is evident that a sizeable portion of households that reside in informal dwellings, rent the dwelling in which they reside. The rental rates are far below market rental rates and a more conducive choice for households with low incomes.

Figure 6.6: Comparison Between the Percentage Distribution of Household's Monthly Rental Price to Reside in an Informal Dwelling (Not Backyard)

	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi Molema	Dr Kenneth Kaunda
R2 501 and more	0,5%	0,5%	0,0%	0,0%	0,0%
R2 001 to R2 500	0,1%	0,0%	0,0%	8,6%	0,0%
R1 501 to R2 000	0,2%	0,0%	6,6%	0,0%	0,0%
R1 001 to R1 500	0,4%	0,1%	9,5%	0,0%	0,0%
R501 to R1 000	6,5%	6,3%	13,0%	23,8%	5,1%
Less than R500	92,3%	93,1%	70,8%	67,6%	94,9%

Average Rental Value

North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi Mompati	Dr Kenneth Kaunda
297	291	564	517	227

Source: DEMACON ex Statistics South Africa, 2020

Figure 6.7: Comparison Between the Percentage Distribution of Household's Monthly Rental Price to Reside in an Informal Dwelling (Backyard Dwelling)

	North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi Molema	Dr Kenneth Kaunda
R2 501 and more	0,0%	0,0%	0,0%	0,0%	0,0%
R2 001 to R2 500	0,1%	0,0%	0,0%	0,0%	0,6%
R1 501 to R2 000	0,1%	0,1%	0,0%	0,0%	0,6%
R1 001 to R1 500	0,6%	0,6%	0,0%	0,0%	0,6%
R501 to R1 000	17,2%	18,4%	22,5%	0,0%	9,1%
Less than R500	82,0%	80,8%	77,5%	100,0%	89,1%

Average Rental Value

North West	Bojanala	Ngaka Modiri Molema	Dr Ruth Segomotsi Mompati	Dr Kenneth Kaunda
411	422	396	231	351

Source: DEMACON ex Statistics South Africa, 2020
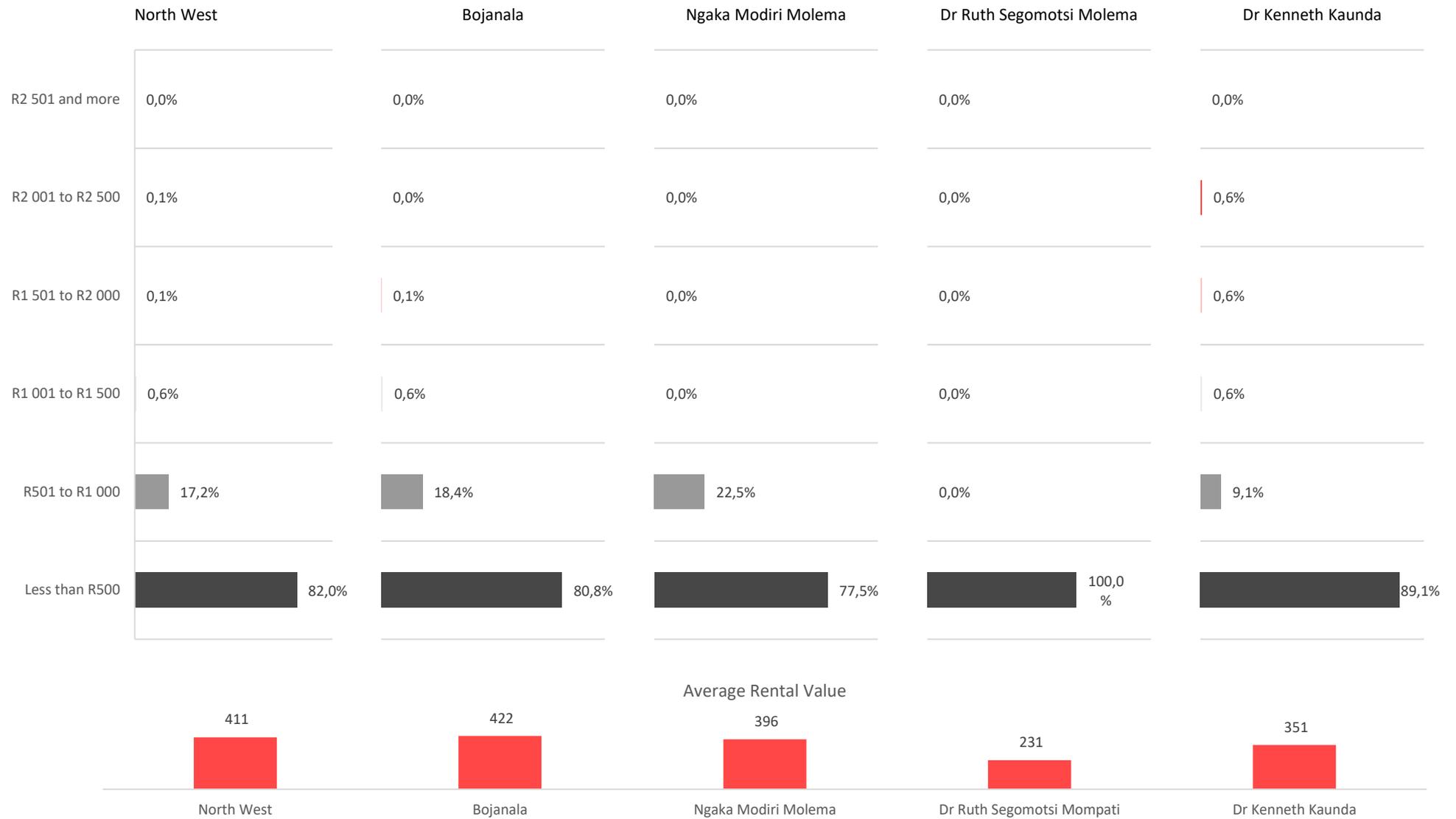
DEMACON
market studies

6.3.3 GOVERNMENT SPONSORED MARKET ACTIVITY

The following section considers the extent of social housing supply in the North West Province. The section specifically seeks to review social housing initiatives managed by social housing institutions in the province in order to understand the extent to which demand could be fulfilled.

Additionally, consideration is given to Community Residential Units (CRU). CRU's are government sponsored rental accommodation that target the lowest section of the affordable rental market spectrum – i.e. household incomes below R3 500 per month. CRU grants and administration is now part of the functions of SHRA and thus it is an important consideration in terms of affordable rental accommodation.

According to SHRA, four SHI's are conditionally accredited with the authority in the North West Province. Two other SHI's also exist in the province but for which their registration status is unknown. SHI's in the province include:

- Toro Property Management – Klerksdorp – (conditionally accredited)
- Realticon – Hartbeespoort – (conditionally accredited)
- Rehoboth Live Social Housing – Mafikeng – (conditionally accredited)
- Bokone Social Housing – Potchefstroom – (conditionally accredited)
- Manapendlo SHI – Matlosana – (Status unknown)

- Inkwili SHI – JB Marks – (Status unknown)

A number of Other Delivery Agents (ODA's) exist in the province as well. ODA's are entities not registered as SHI's that can undertake an approved project (excludes provincial and local authorities). ODA's in the province include:

- City of Life
- Gabonewe

Although the Province has seven approved RZ's, one social housing project has been implemented and two other projects are awaiting implementation (according to the SHRA Quarterly Report – Quarter 3 – FY 2019/20). Pipeline project for the district is shown in the table below.

Presently, only the Matlosana Gardens social housing project in Flamwood, Klerksdorp has been implemented successfully. The project yields 1 168 units and was completed by the end of the 2018/19 financial year (SHRA Quarterly Report – Quarter 4 – FY 2018/19).

The two projects awaiting implementation are the Ellaton (Klerksdorp) and Gaboweni Housing Estate (Moses Kotane). These projects have been halted by various aspects that include amongst others unmet financial closure repo and delays in turn-around time for statutory approvals. The status of the projects is highlighted below.

Table 6.8: Social Housing Projects Completed or with Challenges

Municipality	Site	Implementing Agent	SH Units	Comments / Status
Matlosana	Flamwood (Matlosana Gardens)	Instratin SHI	1 168	Project is complete and is tenanting
Moses Kotane	Gabonewe Housing Estate	Gabonewe	801	Gabonewe has not met financial closure and had requested that financial closure extension until end of November 2019. The request for extension of FC was declined by Exco. A non-compliance was issued and in response Gabonewe requested that they are afforded the opportunity to finalise the outstanding FC items, which should be achieved in the 4th quarter. Gabonewe has received a conditional building plan approval which allows them to proceed with works.
Matlosana	Ellaton	Manapendlo	576	Manapendlo have not met financial closure and was issued non-compliance notice. In their response Manapendlo requested the SHRA to give them until end of January to finalise the outstanding financial closure conditions. Site development plan and buildings plans have been approved. A potential exists for the project to be curtailed to at least 350 units for viability purposes.

Source: DEMACON ex SHRA Quarterly Report, Quarter 3, October to December 2019/20 Financial Year

The following table provides an overview of pipeline projects for the North West Province. These projects do include some the projects that are due to start, as outlined by the preceding table. These projects are included to illustrate the total number of new social housing units that could be implemented in the province.

The table shows that a total of 5 483 social housing units are planned for the province. The Bojanala District could gain 2 957 social housing units in the short to medium term, whilst the Dr Kenneth Kaunda District could gain an additional 2 376 units on top of the existing 1 168 units. In the Dr Ruth Segomotsi Mompati District 150 social housing units are planned.

Approximately 23.5% of planned social housing units for the Province are located in the Rustenburg Local Municipality, followed by the Madibeng Local Municipality with 15.8% of planned units. Approximately 14.6% of planned units are to be implemented in the Moses Kotane Municipality. In effect, 53.9% of all planned units in the North West Province is to be implemented in the Bojanala District.

Approximately 10.5% of all units are to be implemented in the Matlosana Municipality, whilst 32.8% of units are planned for JB Marks. The Dr Kenneth Kaunda District represents 43.3% of all units, whilst 2.7% of all units are to be implemented in the Dr Ruth Segomotsi Mompati District (Greater Taung Municipality).

No CRU units are planned as part of social housing projects.

Table 6.9: Pipeline Social Housing Projects in the Bojanala District

District	Municipality	Site	Implementing Agent	SH Units	CRU Units	Total Units
Bojanala	Rustenburg	Bokone SHI	Tlhabane West	700	0	700
Bojanala	Rustenburg	Realticon SHI	Boitekong	589	0	589
Bojanala	Madibeng	City of Life ODA	Letlhabile	750	0	750
Bojanala	Madibeng	Rehoboth Live SHI	Madibeng	117	0	117
Bojanala	Moses Kotane	Gabonewe ODA		801	0	801
Dr Kenneth Kaunda	Matlosana	Manapendlo SHI	Ellaton	576	0	576
Dr Kenneth Kaunda	JB Marks	Bokone SHI	Miederpark	600	0	600
Dr Kenneth Kaunda	JB Marks	Inkwili SHI	Dassierand	1200	0	1200
Dr Ruth Segomotsi Mompati	Greater Taung	Rehoboth Live SHI	Greater Taung	150	0	150
				5 483	**0**	**5 483**

Source: DEMACON ex North West Department Human Settlements, 2020

The following table provides an overview of the supply of CRU projects in the province. The table includes projects completed and proposed.

Table 8.3 shows that 9 CRU projects have been implemented in the province since 2013, amounting to 2 457 units. There are currently 9 applications that have been received for implementation (number of units are unknown).

Approximately 44% of CRU units are situated in the Bojanala District, whilst 48.6% of units completed are located in the Dr Kenneth Kaunda District. Nearly 8% of units are located in the Ngaka Modiri Molema District.

Table 6.10: Completed Community Residential Unit Projects in the Bojanala District – NW IDP Business Plan (2020/21)

District	Municipality	HSS Project Description	Project Type	Project Status	Start Date	End Date	Total Contractual Target	Delivery to Date (Units)
Bojanala	Moses Kotane	2016/17 Moses Kotane Cru	CRU Project	Approved by PHB	2016/06/08	2018/10/31	110	110
Bojanala	Rustenburg	Rustenburg Cru 100 Rigid	CRU Project	Approved by PHB	2013/04/01	2015/07/31	100	100
Bojanala	Rustenburg	Rustenburg Cru 100 Toro	CRU Project	Approved by PHB	2013/04/01	2014/03/31	100	100
Bojanala	Rustenburg	Rustenburg, Marikana Ext 2, Cru, 126, Motheo	CRU Project	Approved by PHB	2014/06/01	2018/03/31	126	126
Bojanala	Rustenburg	Rusternburg, Marikana Ext 2, cru,126, Andisa	CRU Project	Approved by PHB	2014/01/06	2018/03/31	126	126
Dr Kenneth Kaunda	Matlosana	Matlosana - Jouberton Hostel Renovation Sentha	CRU Project	Approved by PHB			527	527
Dr Kenneth Kaunda	Matlosana	Matlosana Cru 100 Proplan	CRU Project	Approved by PHB	2013/05/01	2017/10/21	100	100
Ngaka Modiri Molema	Mahikeng	Mafikeng Cru 100 Kentha	CRU Project	Approved by PHB	2013/03/22	2018/02/28	100	100
Total Completed								**1 289**

Source: DEMACON ex North West Department of Human Settlements, 2020

6.4 SYNTHESIS

In the North West Province there exists, at present, four conditionally accredited social housing institutions, 2 institutions with unknown status and 2 other delivery agents. There are only 7 registered restructuring zones out of 21 and these RZs are located in the Bojanala and Dr Kenneth Kaunda Districts.

Although RZ's are present in the province, only one social housing project has been completed, contributing 1 168 social housing units to the market in the province, and more specifically to the City of Matlosana.

The SHRA's social housing target for the North West Province by the end of 2019 is 2 850 units. To date only 1 168 units have been implemented, with more than 1 370 proposed to be implemented by the end of 2019. The proposed units, according to the SHRA Quarterly Report for Quarter 3 of the 2019/20 Financial Year, could potentially not be implemented due to non-compliance and slow municipal administrative processes.

By considering the preceding, the SHRA anticipated shortfall for the North West Province in terms of social housing units targeted and those anticipated to be delivered is 305 units. When considering the potential for units to not be delivered by other projects not yet undertaking construction, a shortfall of 1 682 units can be expected by the end of 2019.

Nationally, the social housing sector implemented numerous projects. It was noted by the State of the Sector Report of 2017 that SHI's preferred to implement 1 to 2 and 3 to 4 storey buildings as a measure to minimize costs and expenses. Typically, the majority of social housing units rented for between R1 050 and R2 500 and more than R2 500 per unit per month on average. It should be noted that SHI's opted that 30% of units provided be allocated to the primary market, with the remaining 70% allocated to the secondary target market.

When considering the preceding social housing rental price in the context of current market rental trends, social housing units rent well below the market asking rental rate. At a provincial scale an apartment or flat, on average, could

obtain a rental price of more than R5 100, whilst townhouses could achieve rental rates of R9 280. Houses on average are rented for R15 000 per month.

The highest average market rental rates according to current rental data in the province can be found in the Bojanala District, especially in Rustenburg and Hartbeespoort. The Dr Kenneth Kaunda District is well below the Bojanala District and is largely influenced by rental apartments marketed to students in the Potchefstroom area.

Besides rentals supplied by social hosing and the broader market, it is essential to consider rentals in the informal market. Although current data is not available for the market, Community Survey data from 2016 can act as an indicator for how the market responds to informal rental activity.

According to Community Survey Data from Statistics South Africa, in 2016 and on average, more than 90% of households that rent a primary informal dwelling in the province only pay up to R500 per month for the dwelling. In contrast, more than 80% of households that rent an informal backyard dwelling pay less than R500 per month.

The data thus indicates that, on average in the province, an informal dwelling can be rented for R297 per month, whilst an informal backyard dwelling can be rented for R411 per month. The highest rental rates are found in the Bojanala and Dr Kenneth Kaunda Districts.

SOCIAL HOUSING MARKET DEMAND

7

7 SOCIAL HOUSING MARKET DEMAND

7.1 INTRODUCTION

The Chapter focusses on the social housing residential market, with the objective of estimating the development potential within the various market areas of RZ's in the North West Province. To accomplish this, the supply and demand for residential facilities within the market segment should be identified and assed in light of current trends.

7.1.1 DEFINING MARKET DEMAND

The target market for social housing in South Africa ranges between R1 500 and R15 000 per month. The primary market targeted by social housing focuses on the poorer segment of households, meaning households with a monthly income.

between R1 500 and R5 500. The secondary market targeted by social housing represents, low-middle to middle income households earning between R5 500 and R15 000 per month.

The State of the Sector Report (2018) for social housing identified that, according to SHI's, household incomes have maintained steady growth, thus placing many households that are or could have benefitted from social housing outside the parameters of the target market. The reasoning is that the qualifying income brackets identified as the target market for social housing remains stagnant for numerous years, not adjusting to household income growth, thus limiting the potential of SHI's to capture households.

Demand for residential units can be stated as follows:

Diagram 7.1: Subsidy Housing Income Categories

Definition

The residential market refers to land uses associated with human habitation such as housing or dwelling units. Residential use can vary in typology, density, tenure, structure, layout and affordability. 'Residential' does not include hotels or guesthouses, which are defined as being 'short-stay' accommodation.

Defining Demand

Residential demand depends on a variety of factors. In this context, residential demand can be conceptualised as follows:

Dres. = f {Po; P%; Q; Pr; Pr%, ROI, I, Tx; Y; Hs; R; Ci; Hs; Hp}

Where:

Po	=	Population Size
P%	=	Population growth rate
Q	=	Existing quality of residential environment
Pr	=	House prices
Pr%	=	Growth in house prices
ROI	=	Return on investment
I	=	Interest rates
Tx	=	Rates and Taxes
Y	=	Household income
Hs	=	Household size
R	=	Rent
Ci	=	Cap Rates
Hs	=	Housing shortage
Hp	=	Housing preferences

In essence, market demand for social housing is a function of:

- Socio-economic characteristics (ex migrant population) – size, distribution, etc
- Socio-economic growth trends – distribution, rate of change, etc
- Household annual income profiles
- Current subsidised housing demand and backlogs
- Urban development trends
- Real estate market indicators – rental rates, supply, etc

In order to purposefully estimate demand for social housing, a multi-layer data analysis is undertaken – the purpose is to define the target market and its trends based on various data sources at designated points in time. This is done to understand the possible future direction of growth and market demand based on credible and substantiated historic data (such as Statistics South Africa) and considering any potenial trends that influence beneficiaries of the social housing product (market rental trends, development infuencers and economic climate).

SUSTAINABLE LONG-TERM DEMAND

The multi-layered approach allows for estimating medium- to long-term sustanable demand. Sustainable demand referes to demand that may exist within the market area of a restructuring zone that would enable social housing institutions and projects to become sustainable over a medium- to long-term period, i.e capacity of a RZ market area and its asociated economy to generate empoyment that in turn provides the target market with the capability to rent a social housing unit.

Economic factors influence the sustainabaility of semi-subsidised housing schemes, i.e. social housing. Social housing projects are depdent on a target market that has the ability to pay rental rates. Without income generated from rental rates, social housing projects would become financially unfeaseable due to not having operational capital.

It is thus important to consider the effects that economic factors such as economy size and growth trends; and labour absorption trends have on the social housing target market within a RZ market area.

In the context of the preceding, the growth of social housing market demand is calibrated by considering, not only long-term demographic growth attributes, but also considering economic growth trends and labour absorption capabilities of the local economy. The calibration ensures that demand estimations generated for social housing is sustained demand and not short-term high growth with medium- to long-term under performance.

Diagram 7.2: Sustainable Long-Term Demand Concept
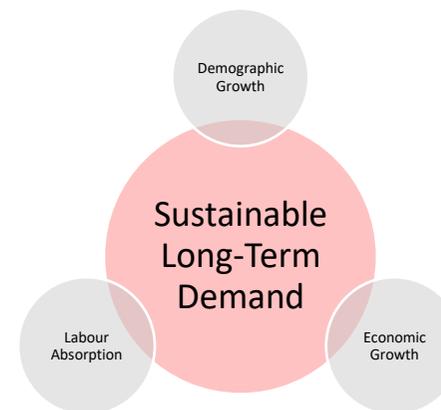
Source: DEMACON, 2020

7.2 SOCIAL HOUSING MARKET DEMAND

The following section is focused on providing an overview of the market demand analysis outcomes for RZ market areas in the North West Province. The key focus of the section is to provide a structured overview of the outcomes of market demand modelling and to highlight the key features that outline market demand.

The section firstly considers a concise overview of market demand outcomes from a provincial perspective in order to highlight the key outcomes that influence market demand throughout the province and its RZ market area. The section then seeks to provide, on a district basis, a more detailed account of market demand modelling outcomes per RZ market area.

The section thus focuses on providing information in regard to:

- Identifying the social housing market segment per market area
- Identifying the rental affordability profile of potential market participants
- The optimum distribution typology of units
- Estimated rental price per unit typology (median portfolio values) and
- Estimated demand and anticipated take-up of social housing units

As mentioned in Chapter 1 of the report, a degree of market overlap was identified for some of RZ's in the province. Market area overlap, where it may exist, is used as a factor which influences market share capacity and alters the degree to which a RZ market area could potentially attract and capture market participants specific to social housing.

The following section provides an overview of the provincial perspective of market demand for the social housing based on RZ market areas in the North West Province.

7.2.1 PROVINCIAL MARKET DEMAND PERSPECTIVE

Total RZ Market Area Demand in the North West Province

58 540
Units
Total Demand

Approximately 57.7% of demand for social housing in RZ market areas in the Province is concentrated in the Bojanala District, whilst one fifth of demand is positioned in the Dr Kenneth Kaunda District. It should be noted that although there are 7 RZ's in the Dr Kenneth Kaunda District (one less than in Bojanala), the RZ market areas are smaller than those in places such as Rustenburg, the service almost the entire urban population.

Average Target Market Size per District Authority RZ Market Area

Dr Kenneth Kaunda — 56,6%
Dr Ruth Segomotsi Mompati — 62,2%
Ngaka Modiri Molema — 58,4%
Bojanala — 62,1%

Total RZ Market Area Demand per District Authority

Bojanala — 33 750
Ngaka Modiri Molema — 9 725
Dr Ruth Segomotsi Mompati — 3 215
Dr Kenneth Kaunda — 11 850

Dr Kenneth Kaunda 20,2%
Dr Ruth Segomotsi Mompati 5,5%
Ngaka Modiri Molema 16,6%
Bojanala 57,7%
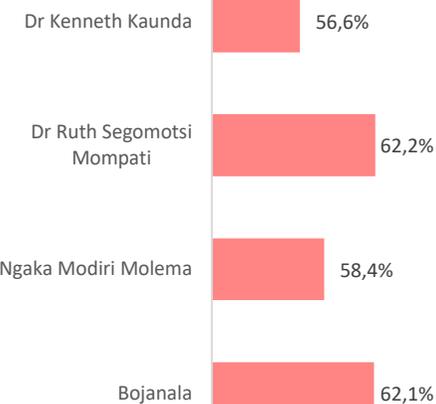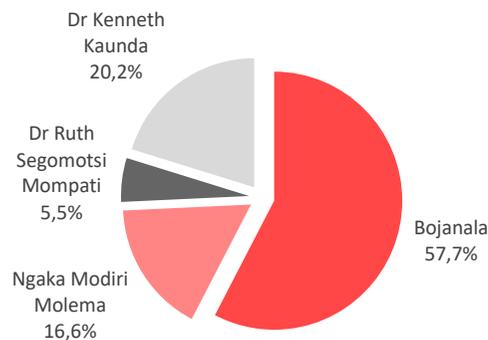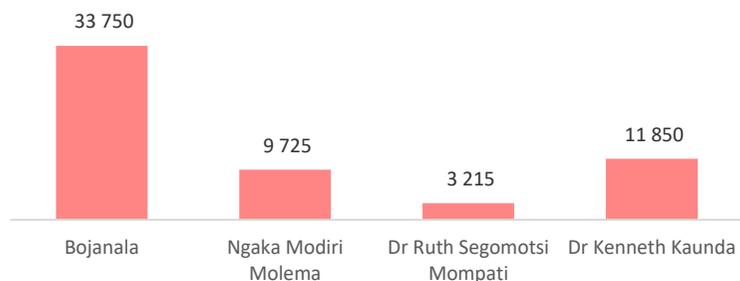
Figure 7.1: Spatial Distribution of Restructuring Zone Market Area Demand
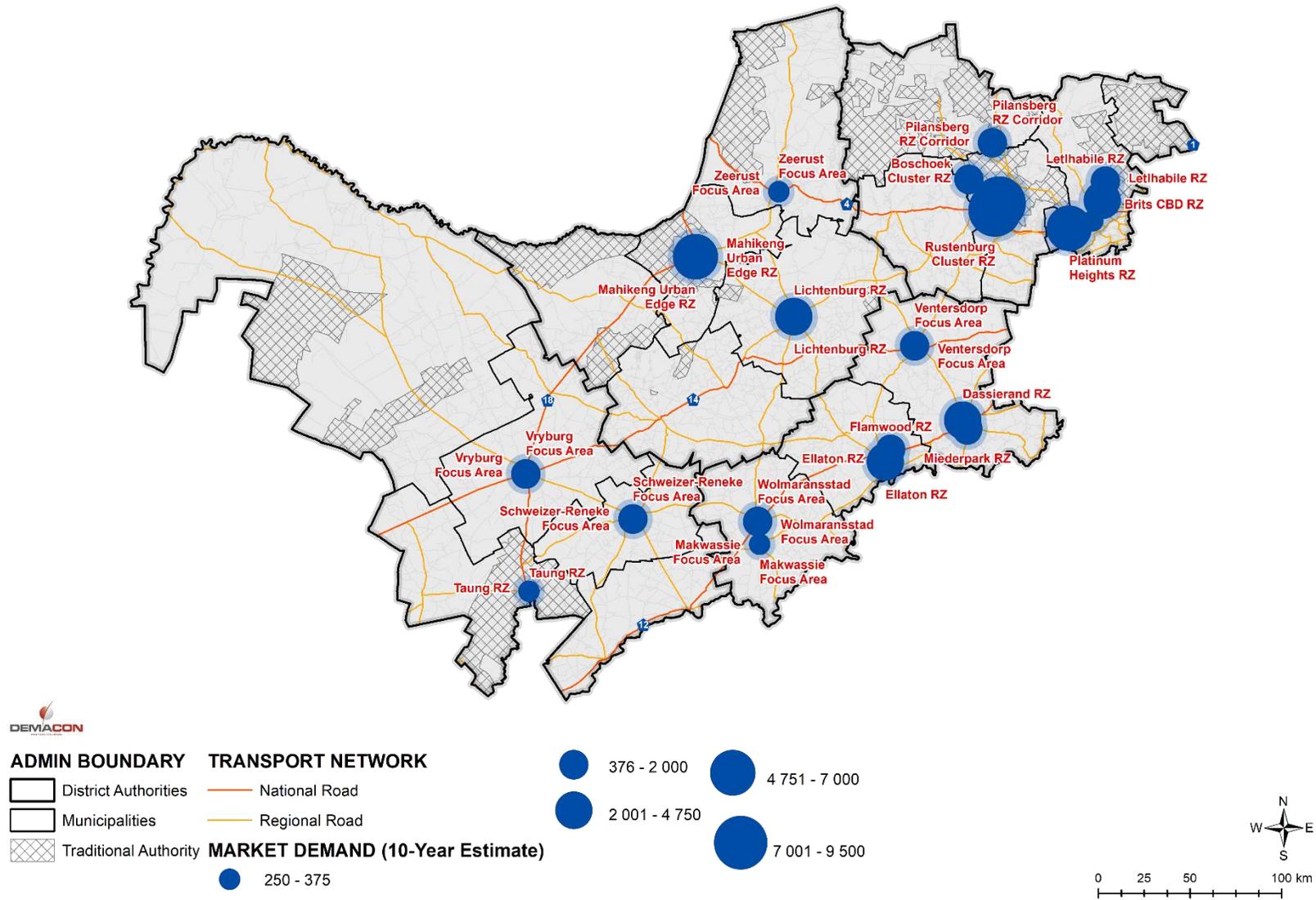
Source: DEMACON GIS, 2020

7.2.2   BOJANALA DISTRICT DEMAND PERSPECTIVE

The following map shows the market demand per RZ market area in the Bojanala District. The largest market demand is in the Boitekong and Rustenburg Clusters.

Map 7.1: Market Demand per RZ Market Area in the Bojanala District
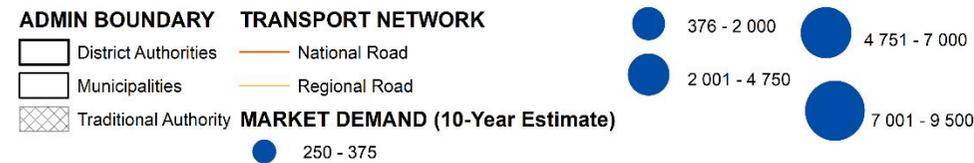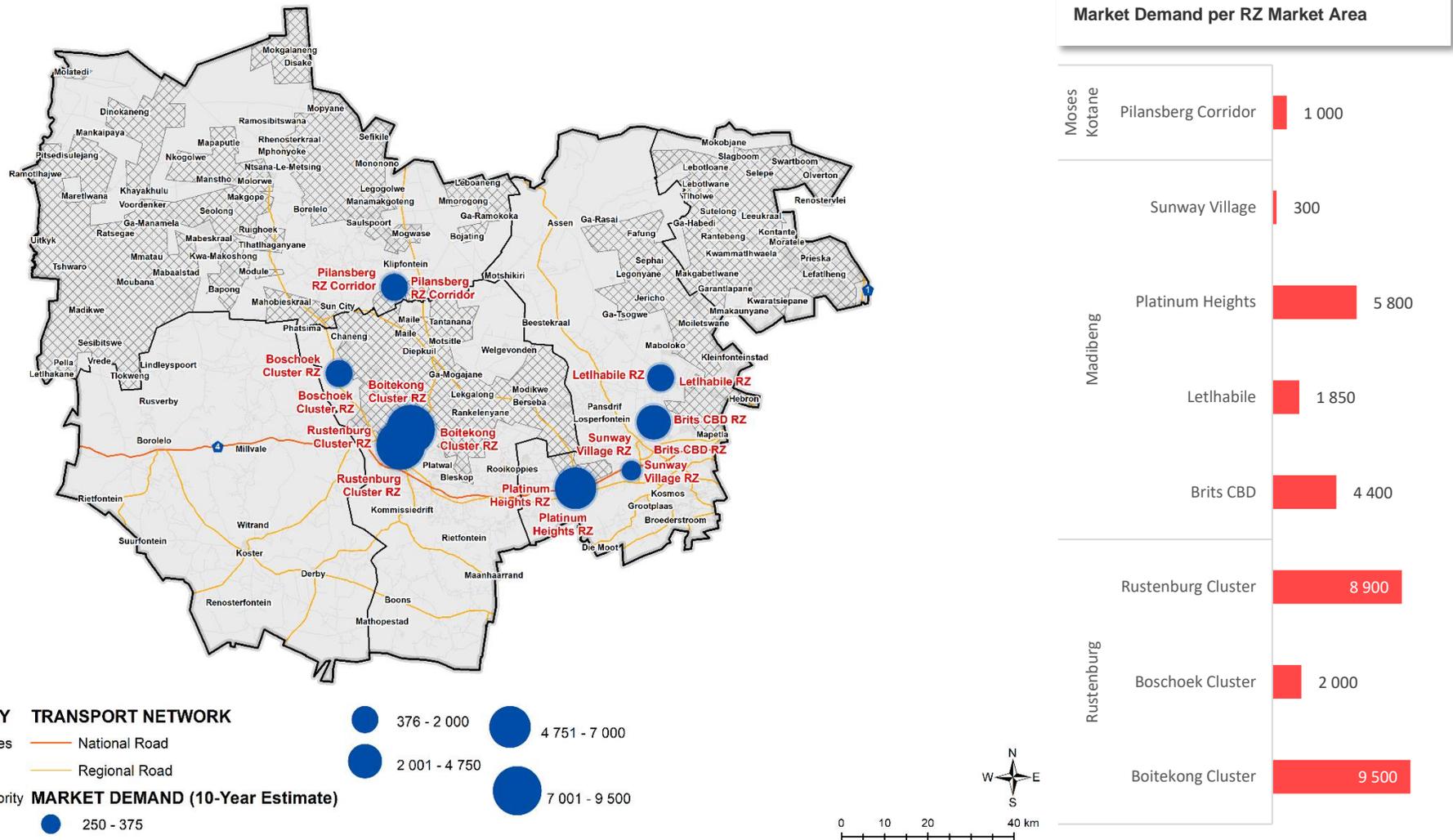
Source: DEMACON GIS, 2020

7.2.3 BOITEKONG CLUSTER SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

R5190 943	0,1%
R2595 472	0,1%
R1297 455	0,3%
R648 868	2,1%
R324 857	5,9%
R161 373	12,4%
R79 983	25,7%
R40 696	17,7%
R20 559	8,9%
R10 139	4,4%
R3 380	2,8%
R 0	19,6%

64.7% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Elite rentals	R146 804
Elite rentals	R73 402
High rentals	R36 693
Middle-high rentals	R18 350
Middle rentals	R9 187
Low-middle rentals	R4 564
Low rentals	R2 262
Very affordable rentals	R1 151
Subsidised rentals	R581
Subsidised rentals	R287
Subsidised rentals	R96
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

Additional Households: Base Year +10 Years		9 752	A
Annualised Market Growth (Full Housing Spectrum)		1 950	B
Social Housing Market Segment		64.7%	C
Social Housing Demand per Annum		1 020	D
Annual Secondary Market Contribution (Units / Annum)	Min	312	E
	Max	519	F
Total Social Housing Market Take-Up	Min	1 332	G
	Max	1 540	H

RZ MARKET AREA SPECIFIC

RZ Market Area Social Housing Units		**9 500**	I
Forecast Market Share of Total Market Sales	Min	60%	J
	Max	70%	K
RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	799	L
	Max	1 078	M
Years to 80% Take-Up (Social Housing Units)	Min	8.8	N
	Max	11.9	O
	Avg	10.4	P

OPTIMUM UNIT TYPOLOGY (UNITS)

Bar chart values:
- Low cost flats
- Low cost flats
- Low cost flats
- Low cost flats: 1 307
- Entry level flats / apartments: 2 605
- Standard flats / apartments: 3 769
- Standard flats / apartments: 1 820
- Standard flats / apartments
- Upmarket flats / apartments
- Upmarket flats / apartments
- Executive flats / apartments
- Executive flats / apartments

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

Bar chart values:
- R 0
- R 51
- R 152
- R 308: 13,8%
- R 610: 27,4%
- R1 200: 39,7%
- R2 421: 19,2%
- R4 873
- R9 733
- R19 462
- R38 932
- R77 864

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (64.7%) yields a take-up of 1 020 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 9 500 units, with a take-up of 799 to 1 078 units per annum (market share of between 60% and 70%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 13.8% of rental units at R308 per month,
  - 27.4% of rental units at R610 per month,
  - 39.7% of rental units at R1 200 per month, and
  - 19.2% of rental units at R2 421 per month.

7.2.4   BOSCHOEK CLUSTER SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R5190 943	0,1%
R2595 472	0,1%
R1297 455	0,5%
R648 868	1,3%
R324 857	4,2%
R161 373	12,9%
R79 983	29,6%
R40 696	24,0%
R20 559	10,6%
R10 139	3,5%
R3 380	2,1%
R 0	11,2%

77.0% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R146 804
Elite rentals	R73 402
High rentals	R36 693
Middle-high rentals	R18 350
Middle rentals	R9 187
Low-middle rentals	R4 564
Low rentals	R2 262
Very affordable rentals	R1 151
Subsidised rentals	R581
Subsidised rentals	R287
Subsidised rentals	R96
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Range
Elite rentals	1 000 – 2000
Elite rentals	780 – 1000
High rentals	420 – 750
Middle-high rentals	140 – 400
Middle rentals	120 – 140
Low-middle rentals	80 – 90
Low rentals	60 – 70
Very affordable rentals	50 – 60
Subsidised rentals	40 – 50
Subsidised rentals	40 – 50
Subsidised rentals	40 – 50
Subsidised rentals	40 – 50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	1 617	A
	Annualised Market Growth (Full Housing Spectrum)	323	B
	Social Housing Market Segment	77.0%	C
	Social Housing Demand per Annum	207	D
	Annual Secondary Market Contribution (Units / Annum)	Min 78	E
		Max 130	F
	Total Social Housing Market Take-Up	Min 285	G
		Max 337	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**2 000**	I
	Forecast Market Share of Total Market Sales	Min 60%	J
		Max 70%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 171	L
		Max 236	M
	Years to 80% Take-Up (Social Housing Units)	Min 8.5	N
		Max 11.7	O
		Avg 10.1	P

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (77.0%) yields a take-up of 207 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 2 000 units, with a take-up of 171 to 236 units per annum (market share of between 60% and 70%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 13.7% of rental units at R308 per month,
  - 31.1% of rental units at R610 per month,
  - 38.4% of rental units at R1 200 per month, and
  - 16.8% of rental units at R2 421 per month.

7.2.5   RUSTENBURG CLUSTER SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R5190 943	0,3%
R2595 472	0,6%
R1297 455	2,7%
R648 868	7,6%
R324 857	11,0%
R161 373	12,8%
R79 983	19,5%
R40 696	14,2%
R20 559	8,6%
R10 139	3,5%
R3 380	2,4%
R 0	16,8%

55.1% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R146 804
Elite rentals	R73 402
High rentals	R36 693
Middle-high rentals	R18 350
Middle rentals	R9 187
Low-middle rentals	R4 564
Low rentals	R2 262
Very affordable rentals	R1 151
Subsidised rentals	R581
Subsidised rentals	R287
Subsidised rentals	R96
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Low	High
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	11 864	A
	Annualised Market Growth (Full Housing Spectrum)	2 373	B
	Social Housing Market Segment	55.1%	C
	Social Housing Demand per Annum	1 003	D
	Annual Secondary Market Contribution (Units / Annum)	Min	301	E
		Max	452	F
	Total Social Housing Market Take-Up	Min	1 304	G
		Max	1 455	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units		**8 900**	I
	Forecast Market Share of Total Market Sales	Min	60%	J
		Max	70%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	782	L
		Max	1 018	M
	Years to 80% Take-Up (Social Housing Units)	Min	8.7	N
		Max	11.4	O
		Avg	10.1	P

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (55.1%) yields a take-up of 1 003 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 8 900 units, with a take-up of 782 to 1 018 units per annum (market share of between 60% and 70%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 15.6% of rental units at R308 per month,
  - 25.8% of rental units at R610 per month,
  - 35.4% of rental units at R1 200 per month, and
  - 23.3% of rental units at R2 421 per month.

7.2.6 BRITS CBD SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R5 157 366	0,2%
R2 578 683	0,3%
R1 289 062	1,2%
R644 671	4,2%
R322 756	7,1%
R160 329	10,5%
R79 465	16,4%
R40 433	20,0%
R20 426	15,7%
R10 074	4,9%
R3 358	3,2%
R 0	16,4%

62.5% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R145 854
Elite rentals	R72 927
High rentals	R36 456
Middle-high rentals	R18 232
Middle rentals	R9 128
Low-middle rentals	R4 534
Low rentals	R2 247
Very affordable rentals	R1 143
Subsidised rentals	R578
Subsidised rentals	R285
Subsidised rentals	R95
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Min	Max
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

Additional Households: Base Year +10 Years		3 779	A
Annualised Market Growth (Full Housing Spectrum)		756	B
Social Housing Market Segment		62.5%	C
Social Housing Demand per Annum		393	D
Annual Secondary Market Contribution (Units / Annum)	Min	148	E
	Max	246	F
Total Social Housing Market Take-Up	Min	541	G
	Max	639	H

RZ MARKET AREA SPECIFIC

RZ Market Area Social Housing Units		**4 400**	I
Forecast Market Share of Total Market Sales	Min	70%	J
	Max	80%	K
RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	379	L
	Max	512	M
Years to 80% Take-Up (Social Housing Units)	Min	8.6	N
	Max	11.6	O
	Avg	10.1	P

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (62.5%) yields a take-up of 393 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 4 400 units, with a take-up of 379 to 512 units per annum (market share of between 70% and 80%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 25.1% of rental units at R306 per month,
  - 32.0% of rental units at R606 per month,
  - 26.2% of rental units at R1 192 per month, and
  - 16.7% of rental units at R2 405 per month.
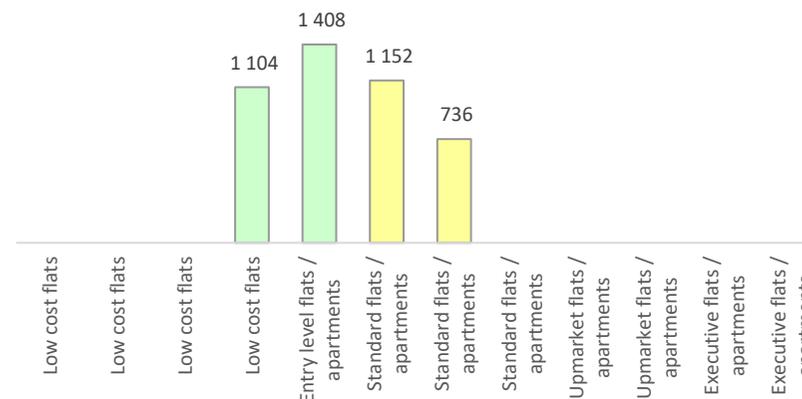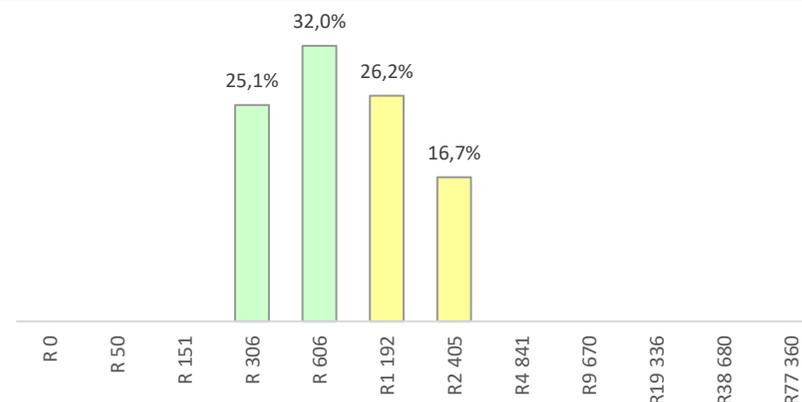
7.2.7 LETLHABILE SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R5 157 366	0,0%
R2 578 683	0,1%
R1 289 062	0,2%
R644 671	2,2%
R322 756	6,8%
R160 329	11,9%
R79 465	15,9%
R40 433	17,3%
R20 426	16,1%
R10 074	6,8%
R3 358	4,3%
R 0	18,3%

61.2% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Rental Price
Elite rentals	R145 854
Elite rentals	R72 927
High rentals	R36 456
Middle-high rentals	R18 232
Middle rentals	R9 128
Low-middle rentals	R4 534
Low rentals	R2 247
Very affordable rentals	R1 143
Subsidised rentals	R578
Subsidised rentals	R285
Subsidised rentals	R95
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Min	Max
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

👪	Additional Households: Base Year +10 Years	1 094	A
📊	Annualised Market Growth (Full Housing Spectrum)	219	B
🥧	Social Housing Market Segment	61.2%	C
⬆	Social Housing Demand per Annum	108	D
⋮	Annual Secondary Market Contribution (Units / Annum)	Min 103	E
		Max 205	F
⬇	Total Social Housing Market Take-Up	Min 210	G
		Max 313	H

RZ MARKET AREA SPECIFIC

🏢	RZ Market Area Social Housing Units	**1 850**	I
🥧	Forecast Market Share of Total Market Sales	Min 70%	J
		Max 80%	K
⬇	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 147	L
		Max 250	M
🧺	Years to 80% Take-Up (Social Housing Units)	Min 7.4	N
		Max 12.6	O
		Avg 10.0	P

OPTIMUM UNIT TYPOLOGY (UNITS)

Bar chart values: Low cost flats 486, Entry level flats / apartments 522, Standard flats / apartments 481, Standard flats / apartments 361

Categories: Low cost flats, Low cost flats, Low cost flats, Low cost flats, Entry level flats / apartments, Standard flats / apartments, Standard flats / apartments, Standard flats / apartments, Upmarket flats / apartments, Upmarket flats / apartments, Executive flats / apartments, Executive flats / apartments

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

Bar chart values: R 306: 26,2%, R 606: 28,2%, R1 192: 26,0%, R2 405: 19,5%

X-axis: R 0, R 50, R 151, R 306, R 606, R1 192, R2 405, R4 841, R9 670, R19 336, R38 680, R77 360
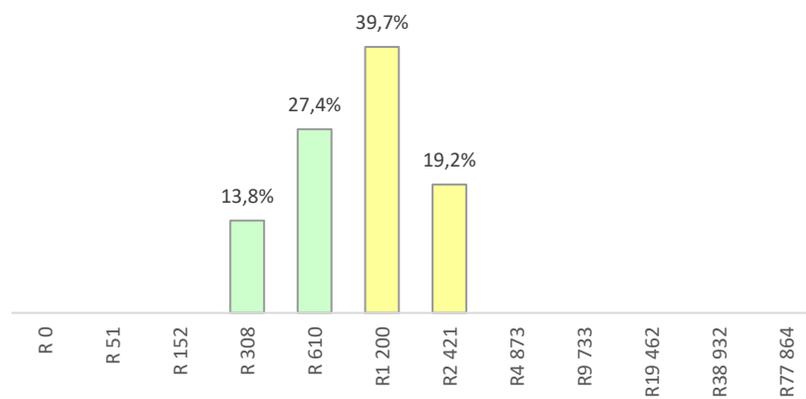
FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (61.2%) yields a take-up of 108 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 1 850 units, with a take-up of 147 to 250 units per annum (market share of between 70% and 80%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 26.2% of rental units at R306 per month,
  - 28.2% of rental units at R606 per month,
  - 26.0% of rental units at R1 192 per month, and
  - 19.5% of rental units at R2 405 per month.
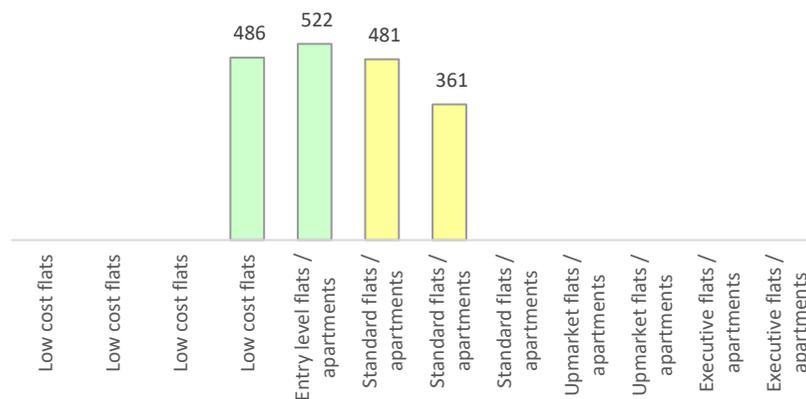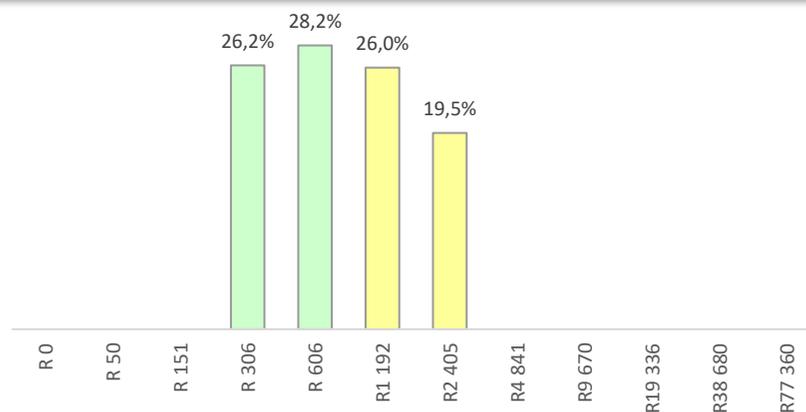
7.2.8   PLATINUM HEIGHTS SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

R5157 366	0,1%
R2578 683	0,1%
R1289 062	0,2%
R644 671	0,8%
R322 756	3,2%
R160 329	11,7%
R79 465	27,4%
R40 433	21,9%
R20 426	14,0%
R10 074	4,9%
R3 358	2,2%
R 0	13,4%

75.0% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Elite rentals	R145 854
Elite rentals	R72 927
High rentals	R36 456
Middle-high rentals	R18 232
Middle rentals	R9 128
Low-middle rentals	R4 534
Low rentals	R2 247
Very affordable rentals	R1 143
Subsidised rentals	R578
Subsidised rentals	R285
Subsidised rentals	R95
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	4 423	A
	Annualised Market Growth (Full Housing Spectrum)	885	B
	Social Housing Market Segment	75.0%	C
	Social Housing Demand per Annum	560	D
	Annual Secondary Market Contribution (Units / Annum)	Min	168	E
		Max	279	F
	Total Social Housing Market Take-Up	Min	727	G
		Max	839	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**5 800**	I
	Forecast Market Share of Total Market Sales	Min	70%	J
		Max	80%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	509	L
		Max	671	M
	Years to 80% Take-Up (Social Housing Units)	Min	8.6	N
		Max	11.4	O
		Avg	10.0	P

OPTIMUM UNIT TYPOLOGY (UNITS)
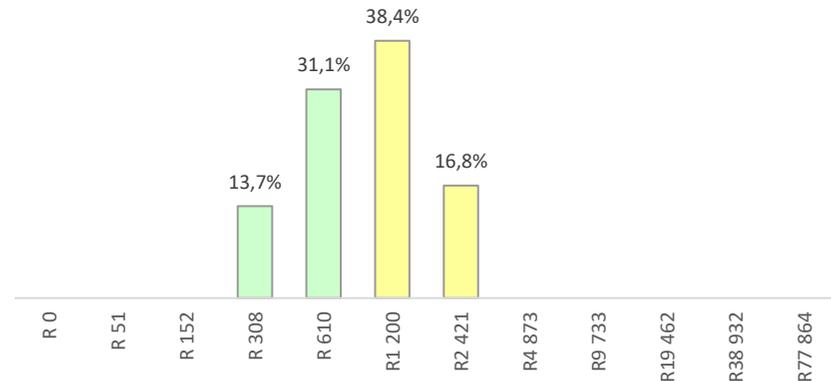

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (75.0%) yields a take-up of 560 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 5 800 units, with a take-up of 509 to 671 units per annum (market share of between 70% and 80%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 18.6% of rental units at R306 per month,
  - 29.2% of rental units at R606 per month,
  - 36.5% of rental units at R1 192 per month, and
  - 15.6% of rental units at R2 405 per month.
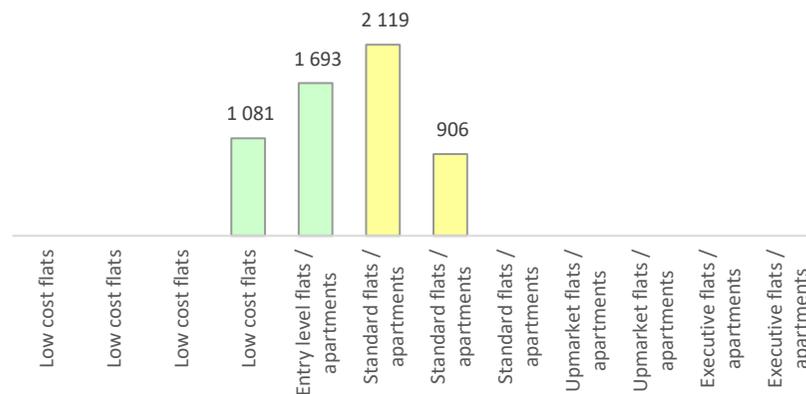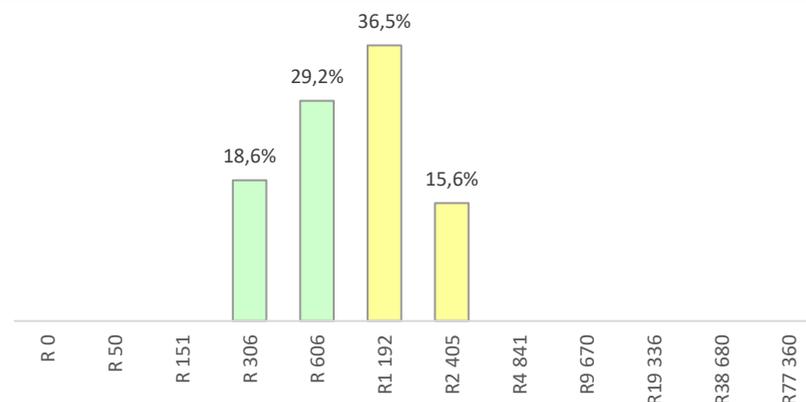
7.2.9   SUNWAY VILLAGE SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R5 157 366	0,1%
R2 578 683	0,1%
R1 289 062	0,5%
R644 671	2,1%
R322 756	4,5%
R160 329	5,3%
R79 465	15,0%
R40 433	24,8%
R20 426	23,0%
R10 074	6,0%
R3 358	2,8%
R 0	15,7%

68.1% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price Midpoint
Elite rentals	R145 854
Elite rentals	R72 927
High rentals	R36 456
Middle-high rentals	R18 232
Middle rentals	R9 128
Low-middle rentals	R4 534
Low rentals	R2 247
Very affordable rentals	R1 143
Subsidised rentals	R578
Subsidised rentals	R285
Subsidised rentals	R95
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Min	Max
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	199	A
	Annualised Market Growth (Full Housing Spectrum)	40	B
	Social Housing Market Segment	68.1%	C
	Social Housing Demand per Annum	25	D
	Annual Secondary Market Contribution (Units / Annum)	Min	11	E
		Max	18	F
	Total Social Housing Market Take-Up	Min	36	G
		Max	43	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**300**	I
	Forecast Market Share of Total Market Sales	Min	70%	J
		Max	80%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	25	L
		Max	34	M
	Years to 80% Take-Up (Social Housing Units)	Min	8.8	N
		Max	12.0	O
		Avg	10.4	P

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (68.1%) yields a take-up of 25 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 300 units, with a take-up of 25 to 34 units per annum (market share of between 70% and 80%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 33.7% of rental units at R306 per month,
  - 36.5% of rental units at R606 per month,
  - 22.0% of rental units at R1 192 per month, and
  - 7.8% of rental units at R2 405 per month.
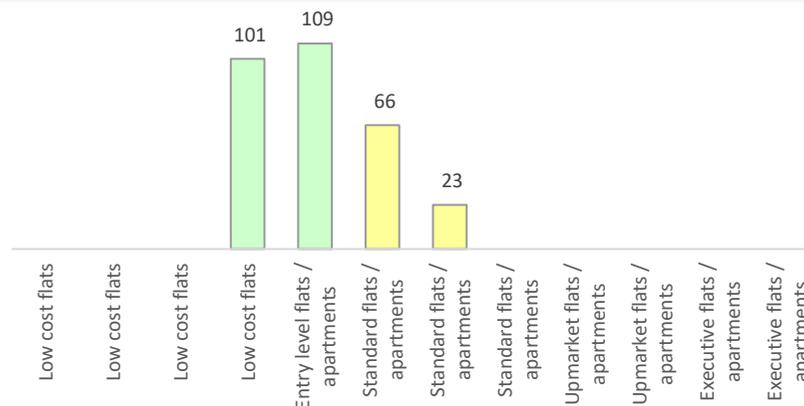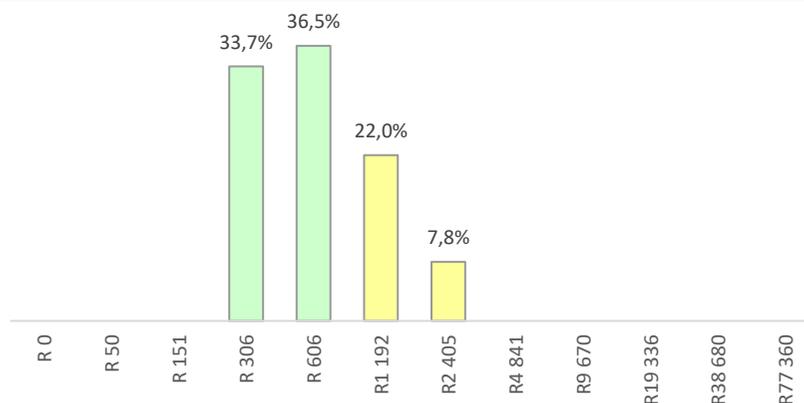
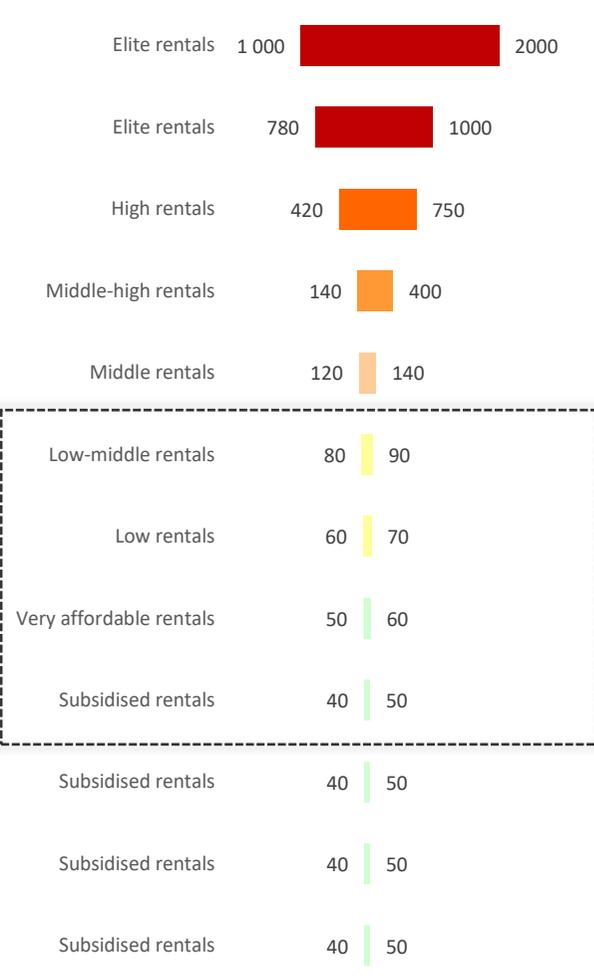## 7.2.10 PILANSBERG CORRIDOR SOCIAL HOUSING MARKET DEMAND
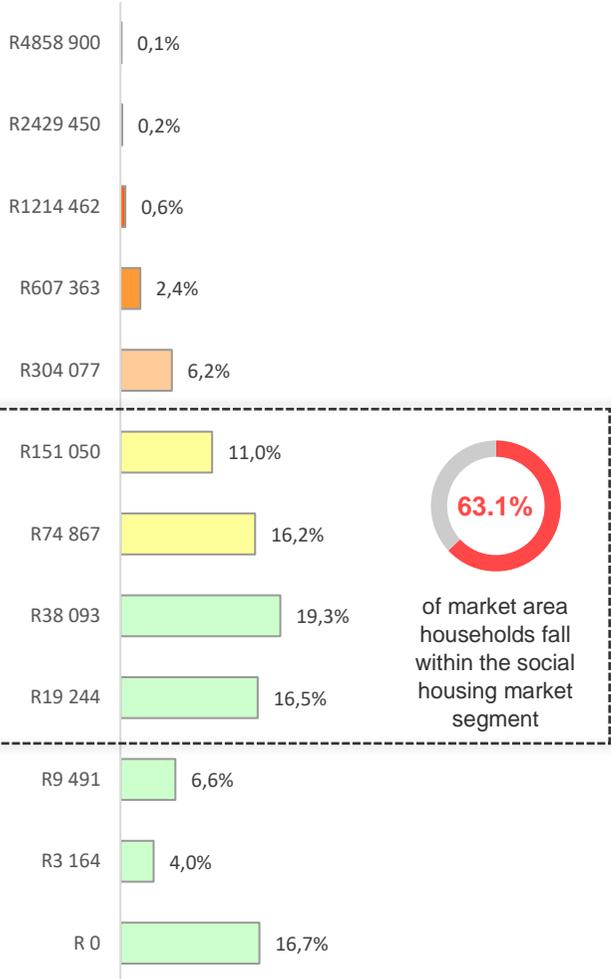
Social Housing Market Segment – Annual Household Income Midpoint		Rental Affordability Profile – Unit Rental Price Midpoint		Rental Affordability Profile – Generic Indicative Unit Size (m²)	
R4858 900	0,1%	Elite rentals	R145 854	Elite rentals	1 000 – 2000
R2429 450	0,2%	Elite rentals	R72 927	Elite rentals	780 – 1000
R1214 462	0,6%	High rentals	R36 456	High rentals	420 – 750
R607 363	2,4%	Middle-high rentals	R18 232	Middle-high rentals	140 – 400
R304 077	6,2%	Middle rentals	R9 128	Middle rentals	120 – 140
R151 050	11,0%	Low-middle rentals	R4 534	Low-middle rentals	80 – 90
R74 867	16,2%	Low rentals	R2 247	Low rentals	60 – 70
R38 093	19,3%	Very affordable rentals	R1 143	Very affordable rentals	50 – 60
R19 244	16,5%	Subsidised rentals	R578	Subsidised rentals	40 – 50
R9 491	6,6%	Subsidised rentals	R285	Subsidised rentals	40 – 50
R3 164	4,0%	Subsidised rentals	R95	Subsidised rentals	40 – 50
R 0	16,7%	Subsidised rentals	R0	Subsidised rentals	40 – 50

63.1% of market area households fall within the social housing market segment

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	136	A
	Annualised Market Growth (Full Housing Spectrum)	27	B
	Social Housing Market Segment	63.1%	C
	Social Housing Demand per Annum	14	D
	Annual Secondary Market Contribution (Units / Annum)	Min	82	E
		Max	136	F
	Total Social Housing Market Take-Up	Min	96	G
		Max	150	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**1 000**	I
	Forecast Market Share of Total Market Sales	Min	80%	J
		Max	90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	77	L
		Max	135	M
	Years to 80% Take-Up (Social Housing Units)	Min	7.4	N
		Max	13.0	O
		Avg	10.2	P

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (63.1%) yields a take-up of 14 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 1 000 units, with a take-up of 77 to 135 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 26.2% of rental units at R308 per month,
  - 30.5% of rental units at R610 per month,
  - 25.7% of rental units at R1 200 per month, and
  - 17.5% of rental units at R2 421 per month.

7.2.11 NGAKA MODIRI MOLEMA DISTRICT DEMAND PERSPECTIVE

The following map shows the market demand per RZ market area in the Ngaka Modiri Molema District. The largest market demand is in the Mahikeng Urban Edge RZ.

*Map 7.2: Market Demand per RZ Market Area in the Ngaka Modiri Molema District*

Source: DEMACON GIS, 2020
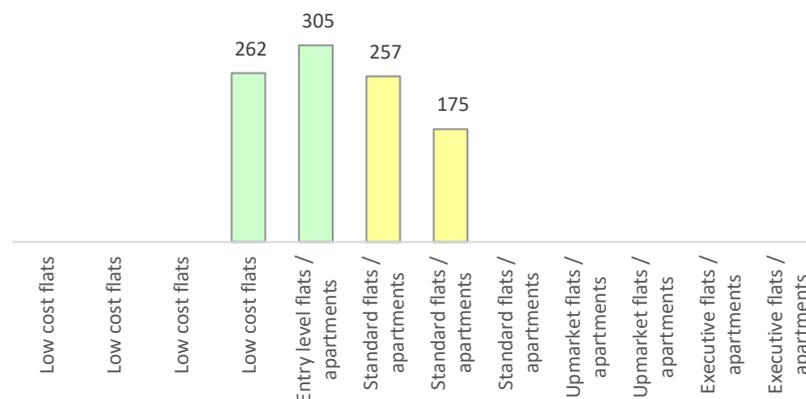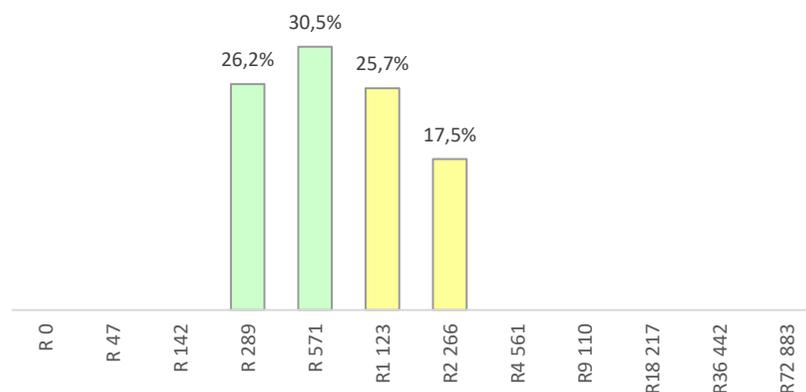
7.2.12 LICHTENBURG SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4491 280	0,2%
R2245 640	0,3%
R1122 577	1,4%
R561 410	4,9%
R281 071	8,4%
R139 622	10,5%
R69 202	14,8%
R35 211	21,4%
R17 788	16,6%
R8 773	7,4%
R2 925	3,6%
R 0	10,6%

63.2% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R127 017
Elite rentals	R63 508
High rentals	R31 747
Middle-high rentals	R15 877
Middle rentals	R7 949
Low-middle rentals	R3 949
Low rentals	R1 957
Very affordable rentals	R996
Subsidised rentals	R503
Subsidised rentals	R248
Subsidised rentals	R83
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Min	Max
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

👪	Additional Households: Base Year +10 Years	2 172	A
📊	Annualised Market Growth (Full Housing Spectrum)	434	B
🥧	Social Housing Market Segment	63.2%	C
⬆	Social Housing Demand per Annum	229	D
	Annual Secondary Market Contribution (Units / Annum)	Min 80	E
		Max 134	F
⬇	Total Social Housing Market Take-Up	Min 309	G
		Max 363	H

RZ MARKET AREA SPECIFIC

|			
🏢	RZ Market Area Social Housing Units	**2 850**	I
🥧	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
⬇	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 247	L
		Max 327	M
🧺	Years to 80% Take-Up (Social Housing Units)	Min 8.7	N
		Max 11.5	O
		Avg 10.1	P

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (63.2%) yields a take-up of 229 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 2 850 units, with a take-up of 247 to 327 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

- Pricing for rental units could range between the following:
  - 26.2% of rental units at R267 per month,
  - 33.8% of rental units at R528 per month,
  - 23.5% of rental units at R1 038 per month, and
  - 16.6% of rental units at R2 094 per month.
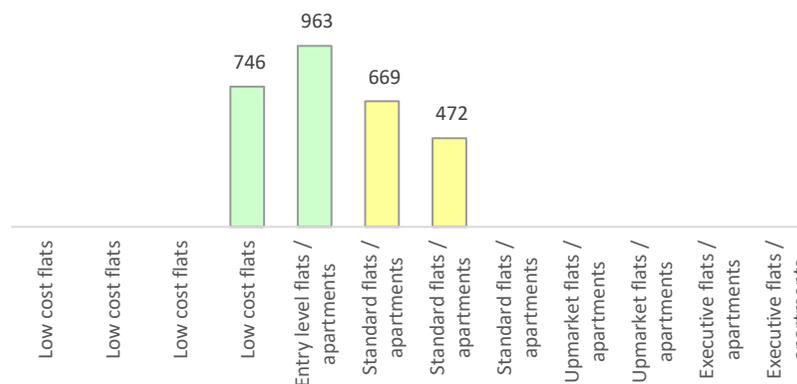
DEMACON
market studies
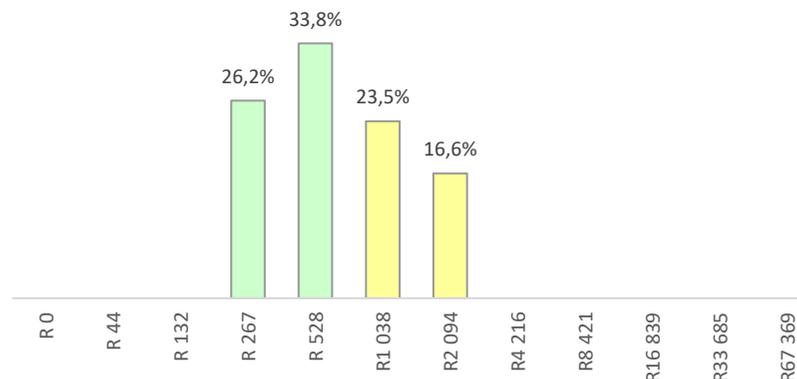
7.2.13 ZEERUST SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4 631 377	0,5%
R2 315 688	0,3%
R1 157 593	0,8%
R578 923	5,1%
R289 838	12,4%
R143 977	17,8%
R71 361	17,4%
R36 309	16,6%
R18 343	12,8%
R9 046	4,2%
R3 016	2,4%
R 0	9,6%

64.7% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R130 979
Elite rentals	R65 489
High rentals	R32 738
Middle-high rentals	R16 372
Middle rentals	R8 197
Low-middle rentals	R4 072
Low rentals	R2 018
Very affordable rentals	R1 027
Subsidised rentals	R519
Subsidised rentals	R256
Subsidised rentals	R85
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Min	Max
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	179	A
	Annualised Market Growth (Full Housing Spectrum)	36	B
	Social Housing Market Segment	64.7%	C
	Social Housing Demand per Annum	17	D
	Annual Secondary Market Contribution (Units / Annum)	Min 21	E
		Max 35	F
	Total Social Housing Market Take-Up	Min 38	G
		Max 52	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**375**	I
	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 30	L
		Max 46	M
	Years to 80% Take-Up (Social Housing Units)	Min 8.1	N
		Max 12.5	O
		Avg 10.3	P

OPTIMUM UNIT TYPOLOGY (UNITS)


UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (64.7%) yields a take-up of 17 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 375 units, with a take-up of 30 to 46 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 19.9% of rental units at R275 per month,
  - 25.6% of rental units at R546 per month,
  - 26.9% of rental units at R1 070 per month, and
  - 27.6% of rental units at R2 160 per month.
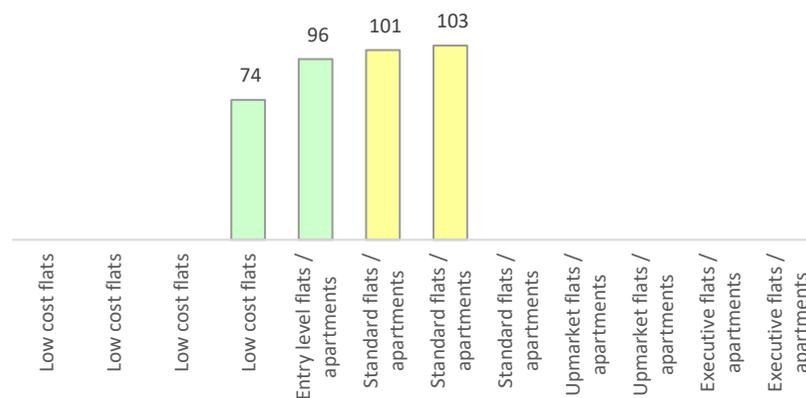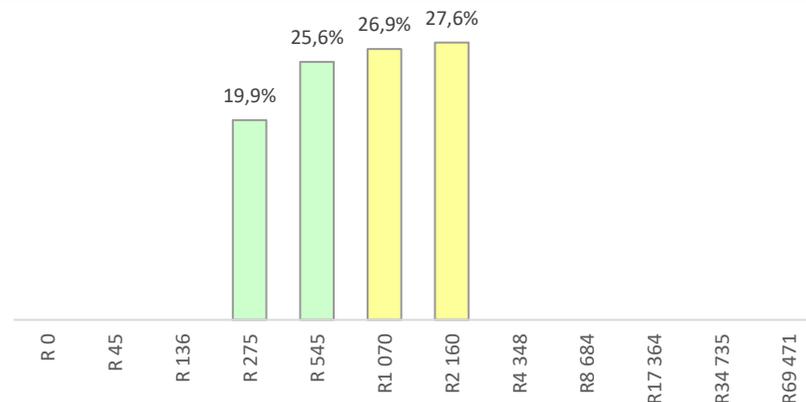
7.2.14 MAHIKENG URBAN EDGE SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4429 632	0,3%
R2214 816	0,4%
R1107 168	1,2%
R553 704	4,2%
R277 213	8,2%
R137 706	10,0%
R68 252	11,5%
R34 727	17,3%
R17 544	18,0%
R8 652	8,2%
R2 884	4,9%
R 0	15,9%

56.7% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R125 273
Elite rentals	R62 637
High rentals	R31 312
Middle-high rentals	R15 659
Middle rentals	R7 840
Low-middle rentals	R3 894
Low rentals	R1 930
Very affordable rentals	R982
Subsidised rentals	R496
Subsidised rentals	R245
Subsidised rentals	R82
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Min	Max
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

Additional Households: Base Year +10 Years	4 435	A
Annualised Market Growth (Full Housing Spectrum)	887	B
Social Housing Market Segment	56.7%	C
Social Housing Demand per Annum	415	D
Annual Secondary Market Contribution (Units / Annum) Min	273	E
Annual Secondary Market Contribution (Units / Annum) Max	456	F
Total Social Housing Market Take-Up Min	688	G
Total Social Housing Market Take-Up Max	870	H

RZ MARKET AREA SPECIFIC

RZ Market Area Social Housing Units	**6 500**	I
Forecast Market Share of Total Market Sales Min	80%	J
Forecast Market Share of Total Market Sales Max	90%	K
RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum) Min	550	L
RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum) Max	783	M
Years to 80% Take-Up (Social Housing Units) Min	8.3	N
Years to 80% Take-Up (Social Housing Units) Max	11.8	O
Years to 80% Take-Up (Social Housing Units) Avg	10.1	P

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (56.7%) yields a take-up of 415 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 6 500 units, with a take-up of 550 to 783 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

- Pricing for rental units could range between the following:
  - 31.7% of rental units at R263 per month,
  - 30.5% of rental units at R521 per month,
  - 20.2% of rental units at R1 024 per month, and
  - 17.6% of rental units at R2 066 per month.
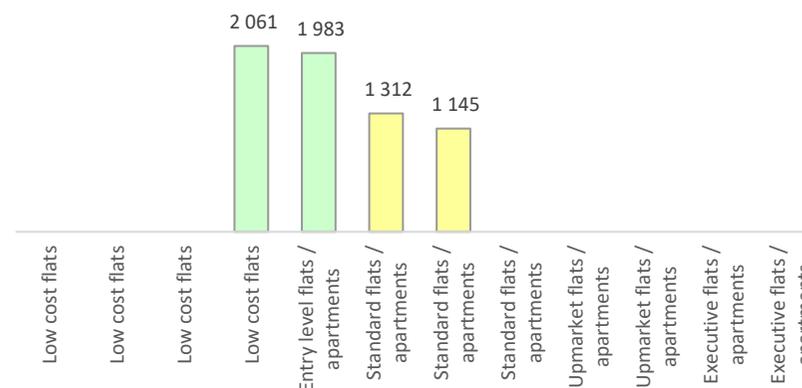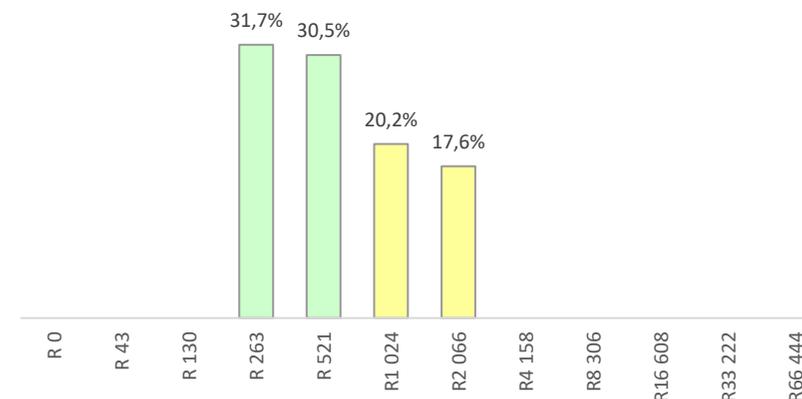
7.2.15 DR RUTH SEGOMOTSI MOMPATI DISTRICT DEMAND PERSPECTIVE

The following map shows the market demand per RZ market area in the Dr Ruth Segomotsi Mompati District. The largest market demand is in Schweizer-Reneke RZ.

Map 7.3: Market Demand per RZ Market Area in the Dr Ruth Segomotsi Mompati District
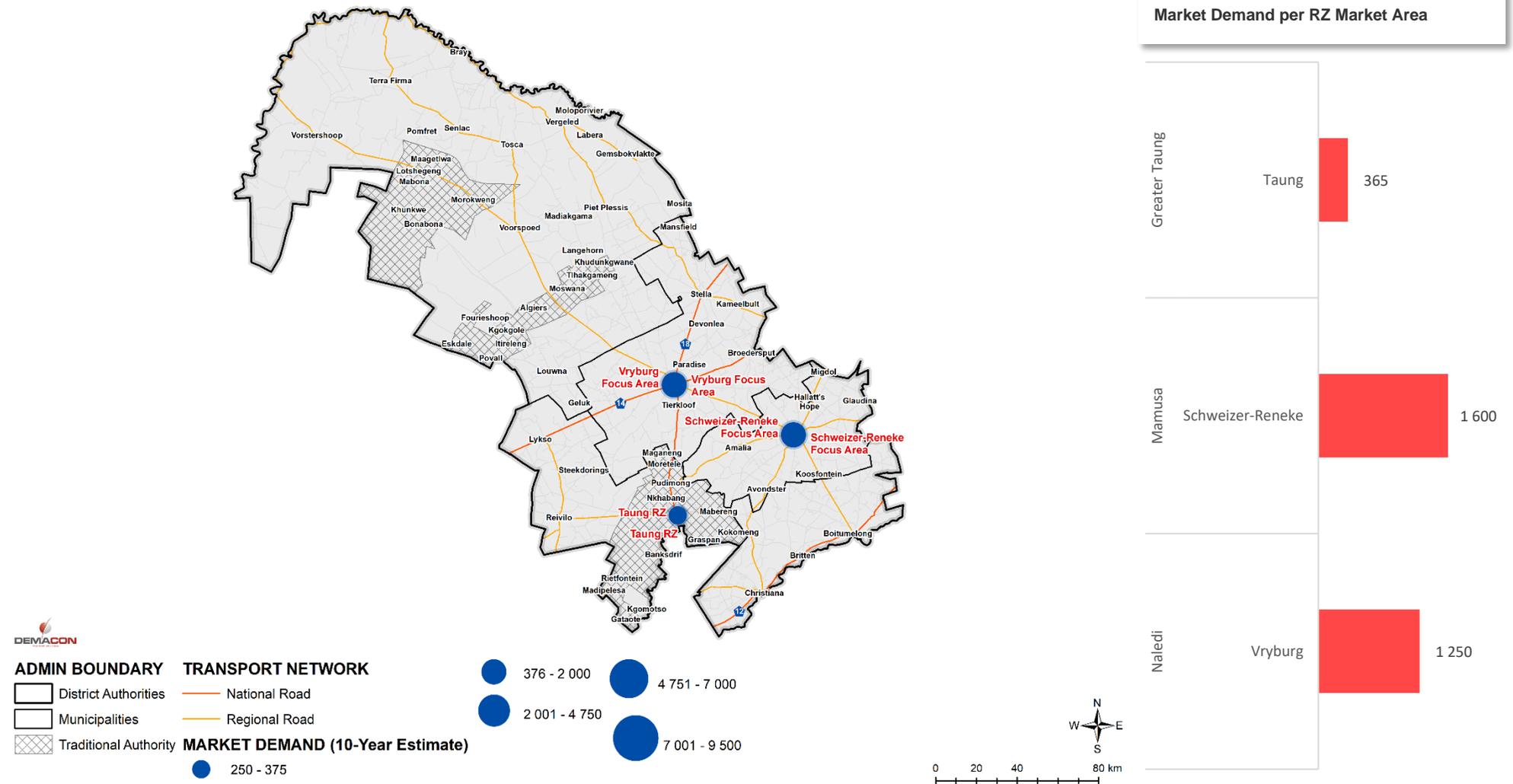
Source: DEMACON GIS, 2020

7.2.16 TAUNG SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4203 960	0,0%
R2101 980	0,1%
R1050 762	0,2%
R525 495	2,0%
R263 090	6,0%
R130 690	9,0%
R64 775	11,7%
R32 958	20,5%
R16 650	20,8%
R8 211	7,3%
R2 738	4,9%
R 0	17,4%

62.1% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R118 891
Elite rentals	R59 446
High rentals	R29 716
Middle-high rentals	R14 861
Middle rentals	R7 440
Low-middle rentals	R3 696
Low rentals	R1 832
Very affordable rentals	R932
Subsidised rentals	R471
Subsidised rentals	R232
Subsidised rentals	R77
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Low	High
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	97	A
	Annualised Market Growth (Full Housing Spectrum)	19	B
	Social Housing Market Segment	62.1%	C
	Social Housing Demand per Annum	10	D
	Annual Secondary Market Contribution (Units / Annum)	Min 26	E
		Max 44	F
	Total Social Housing Market Take-Up	Min 36	G
		Max 54	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**365**	I
	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 29	L
		Max 49	M
	Years to 80% Take-Up (Social Housing Units)	Min 7.5	N
		Max 12.5	O
		Avg 10.0	P

OPTIMUM UNIT TYPOLOGY (UNITS)


UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (62.1%) yields a take-up of 10 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 365 units, with a take-up of 29 to 49 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 33.6% of rental units at R250 per month,
  - 33.0% of rental units at R494 per month,
  - 18.9% of rental units at R972 per month, and
  - 14.5% of rental units at R1 960S per month.
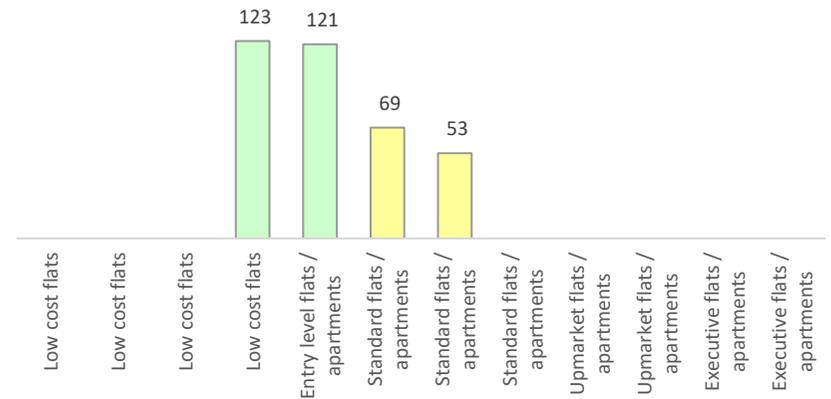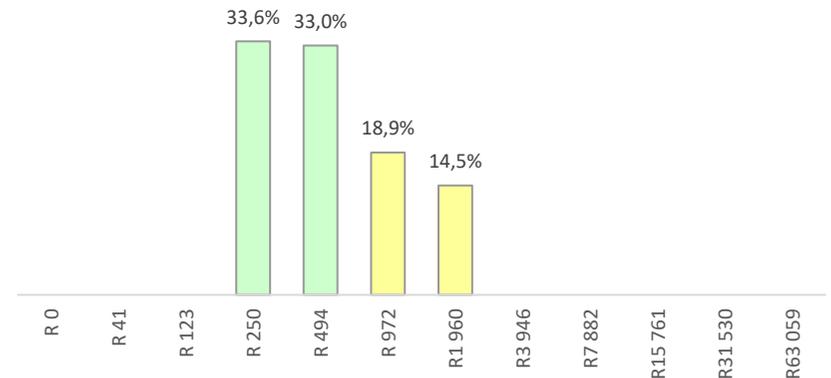
7.2.17 SCHWEIZER-RENEKE SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4470 434	0,2%
R2235 217	0,1%
R1117 366	0,3%
R558 805	1,6%
R279 766	4,2%
R138 974	6,5%
R68 881	11,9%
R35 047	21,6%
R17 706	22,1%
R8 732	10,5%
R2 911	5,5%
R 0	15,5%

62.0% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R126 427
Elite rentals	R63 214
High rentals	R31 600
Middle-high rentals	R15 803
Middle rentals	R7 912
Low-middle rentals	R3 930
Low rentals	R1 948
Very affordable rentals	R991
Subsidised rentals	R501
Subsidised rentals	R247
Subsidised rentals	R82
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Size range
Elite rentals	1 000 – 2000
Elite rentals	780 – 1000
High rentals	420 – 750
Middle-high rentals	140 – 400
Middle rentals	120 – 140
Low-middle rentals	80 – 90
Low rentals	60 – 70
Very affordable rentals	50 – 60
Subsidised rentals	40 – 50
Subsidised rentals	40 – 50
Subsidised rentals	40 – 50
Subsidised rentals	40 – 50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

👪	Additional Households: Base Year +10 Years	1 092	A
📊	Annualised Market Growth (Full Housing Spectrum)	218	B
🥧	Social Housing Market Segment	62.0%	C
⬆	Social Housing Demand per Annum	121	D
⋮	Annual Secondary Market Contribution (Units / Annum)	Min 49	E
		Max 81	F
⬇	Total Social Housing Market Take-Up	Min 170	G
		Max 203	H

RZ MARKET AREA SPECIFIC

|			
🏢	RZ Market Area Social Housing Units	**1 600**	I
🥧	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
⬇	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 136	L
		Max 182	M
🧺	Years to 80% Take-Up (Social Housing Units)	Min 8.8	N
		Max 11.8	O
		Avg 10.3	P

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (62.0%) yields a take-up of 121 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 1 600 units, with a take-up of 136 to 182 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

- Pricing for rental units could range between the following:
  - 35.6% of rental units at R266 per month,
  - 34.8% of rental units at R526 per month,
  - 19.2% of rental units at R1 033 per month, and
  - 10.4% of rental units at R2 085 per month.

7.2.18 VRYBURG SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4543 637	0,3%
R2271 818	0,3%
R1135 663	1,0%
R567 955	3,8%
R284 348	7,2%
R141 250	10,3%
R70 009	14,1%
R35 621	21,3%
R17 996	16,7%
R8 875	6,3%
R2 959	3,7%
R 0	15,0%

62.5% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R128 497
Elite rentals	R64 249
High rentals	R32 117
Middle-high rentals	R16 062
Middle rentals	R8 042
Low-middle rentals	R3 995
Low rentals	R1 980
Very affordable rentals	R1 007
Subsidised rentals	R509
Subsidised rentals	R251
Subsidised rentals	R84
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Low	High
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	569	A
	Annualised Market Growth (Full Housing Spectrum)	114	B
	Social Housing Market Segment	62.5%	C
	Social Housing Demand per Annum	59	D
	Annual Secondary Market Contribution (Units / Annum)	Min 68	E
		Max 114	F
	Total Social Housing Market Take-Up	Min 128	G
		Max 173	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**1 250**	I
	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 102	L
		Max 156	M
	Years to 80% Take-Up (Social Housing Units)	Min 8.0	N
		Max 12.2	O
		Avg 10.1	P

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

### FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (62.5%) yields a take-up of 59 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 1 250 units, with a take-up of 102 to 156 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 26.8% of rental units at R270 per month,
  - 34.1% of rental units at R534 per month,
  - 22.6% of rental units at R1 050 per month, and
  - 16.5% of rental units at R2 119 per month.
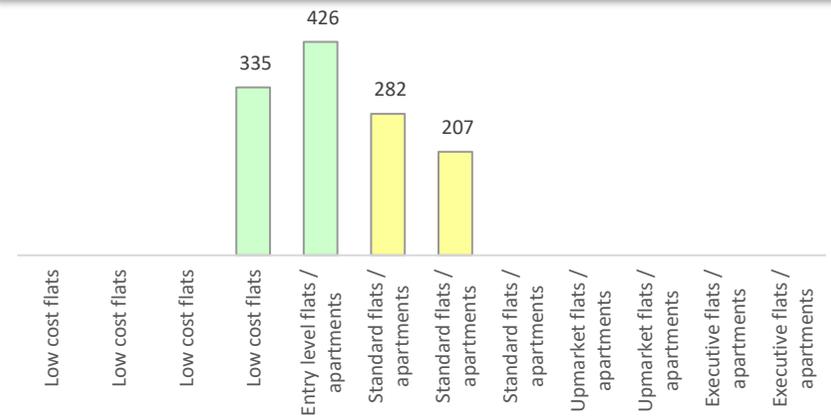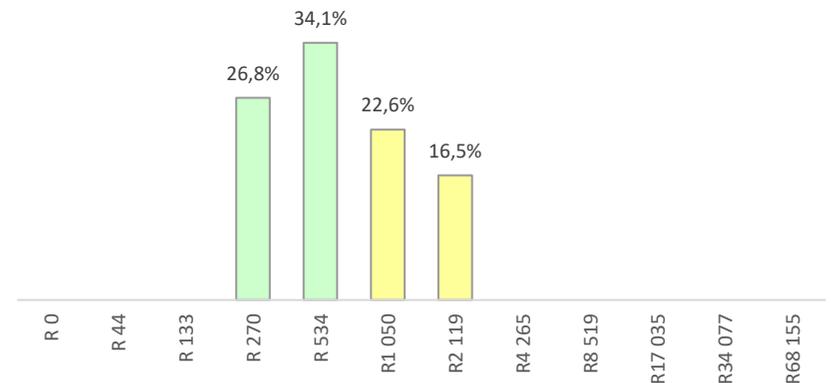
7.2.19 DR KENNETH KAUNDA DISTRICT DEMAND PERSPECTIVE

The following map shows the market demand per RZ market area in the Dr Kenneth Kaunda District. The largest market demand is in the Ellaton and Dassierand RZ's.

Map 7.4: Market Demand per RZ Market Area in the Dr Kenneth Kaunda District
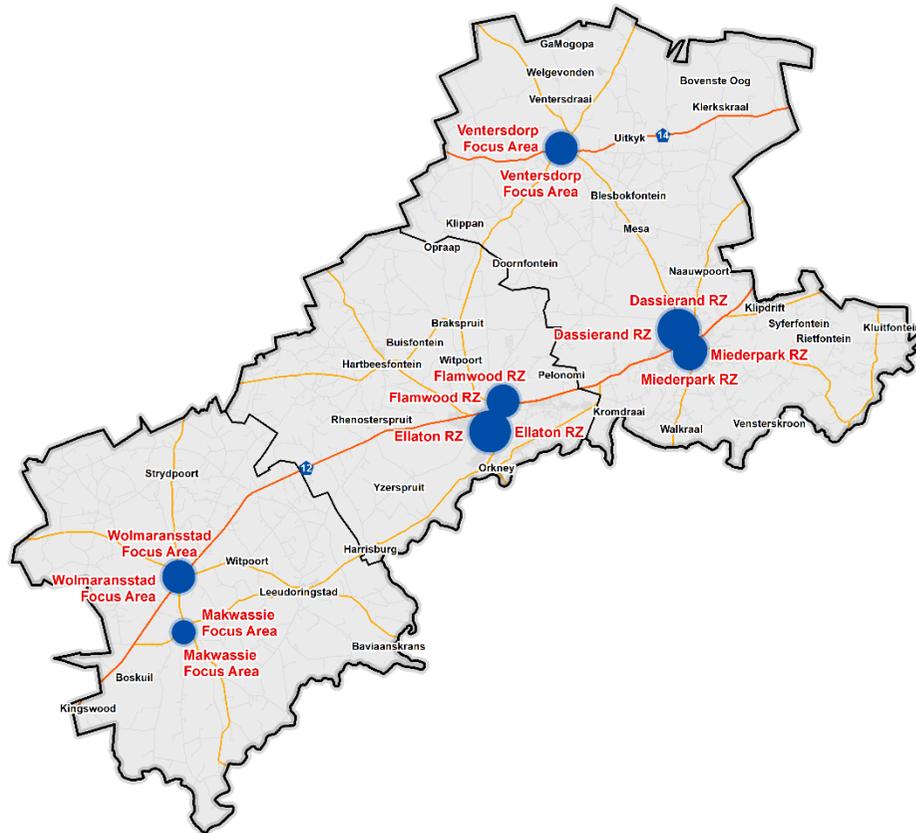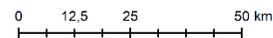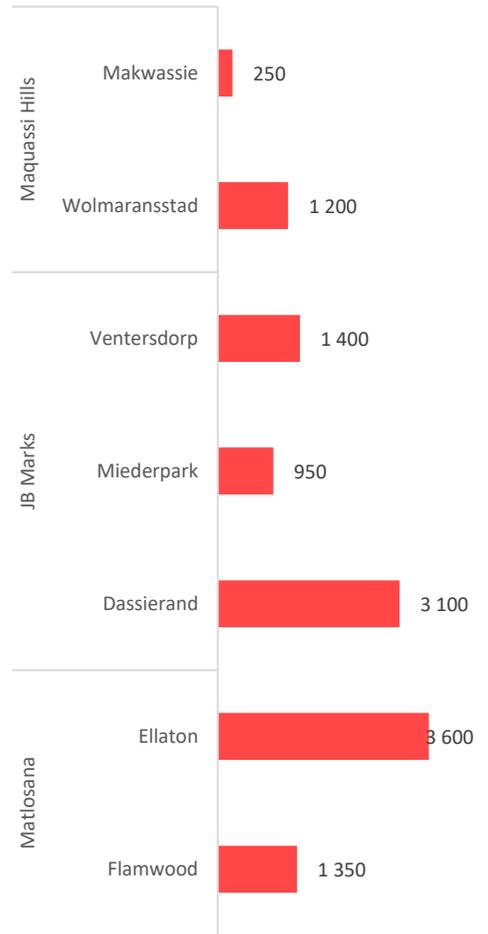
Source: DEMACON GIS, 2020

7.2.20 MAKWASSIE SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4444 675	0,1%
R2222 338	0,0%
R1110 928	0,1%
R555 585	0,9%
R278 154	2,3%
R138 173	5,7%
R68 484	9,2%
R34 845	23,8%
R17 604	23,1%
R8 682	12,5%
R2 894	7,0%
R 0	15,2%

61.9% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R125 699
Elite rentals	R62 849
High rentals	R31 418
Middle-high rentals	R15 712
Middle rentals	R7 866
Low-middle rentals	R3 908
Low rentals	R1 937
Very affordable rentals	R985
Subsidised rentals	R498
Subsidised rentals	R246
Subsidised rentals	R82
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	From	To
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	84	A
	Annualised Market Growth (Full Housing Spectrum)	17	B
	Social Housing Market Segment	61.9%	C
	Social Housing Demand per Annum	9	D
	Annual Secondary Market Contribution (Units / Annum)	Min 14	E
		Max 23	F
	Total Social Housing Market Take-Up	Min 23	G
		Max 33	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**250**	I
	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 19	L
		Max 29	M
	Years to 80% Take-Up (Social Housing Units)	Min 8.5	N
		Max 13.3	O
		Avg 10.9	P

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (61.9%) yields a take-up of 9 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 365 units, with a take-up of 19 to 29 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 37.3% of rental units at R264 per month,
  - 38.5% of rental units at R523 per month,
  - 14.9% of rental units at R1 027 per month, and
 - 9.3% of rental units at R2 073 per month.
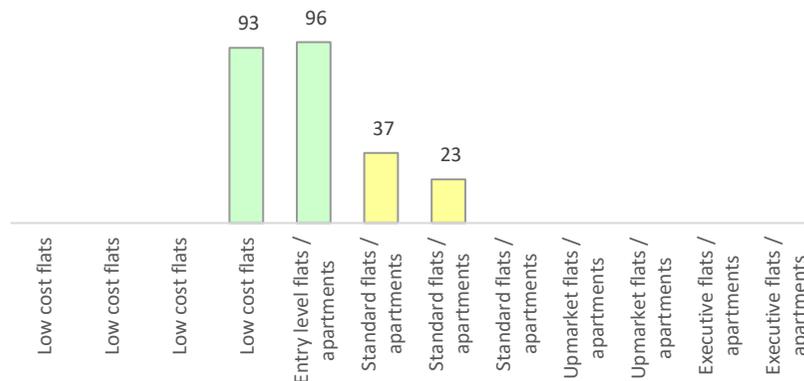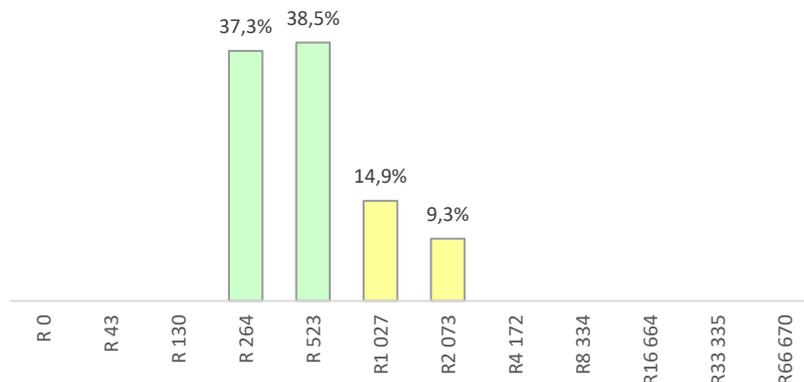
7.2.21 WOLMARANSSTAD SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint	
R4444 675	0,2%
R2222 338	0,1%
R1110 928	0,4%
R555 585	1,5%
R278 154	4,6%
R138 173	7,5%
R68 484	11,8%
R34 845	22,0%
R17 604	20,2%
R8 682	9,3%
R2 894	6,0%
R 0	16,4%

61.5% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint	
Elite rentals	R125 699
Elite rentals	R62 849
High rentals	R31 418
Middle-high rentals	R15 712
Middle rentals	R7 866
Low-middle rentals	R3 908
Low rentals	R1 937
Very affordable rentals	R985
Subsidised rentals	R498
Subsidised rentals	R246
Subsidised rentals	R82
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)		
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	723	A
	Annualised Market Growth (Full Housing Spectrum)	145	B
	Social Housing Market Segment	61.5%	C
	Social Housing Demand per Annum	78	D
	Annual Secondary Market Contribution (Units / Annum)	Min 47	E
		Max 79	F
	Total Social Housing Market Take-Up	Min 125	G
		Max 157	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**1 200**	I
	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 100	L
		Max 141	M
	Years to 80% Take-Up (Social Housing Units)	Min 8.5	N
		Max 12.0	O
		Avg 10.2	P

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (61.5%) yields a take-up of 78 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 1 200 units, with a take-up of 100 to 141 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 32.8% of rental units at R264 per month,
  - 35.8% of rental units at R523 per month,
  - 19.2% of rental units at R1 027 per month, and
  - 12.3% of rental units at R2 073 per month.
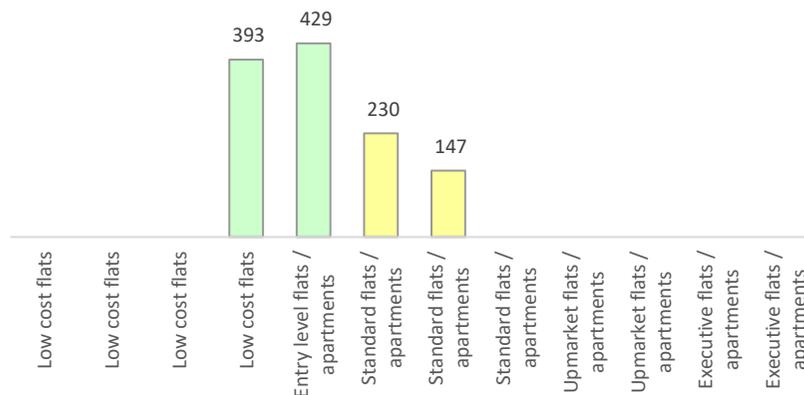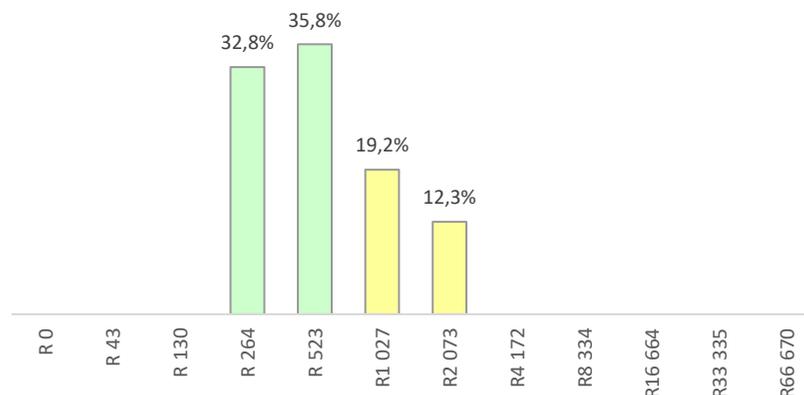
7.2.22 VENTERSDORP SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4817 976	0,0%
R2408 988	0,1%
R1204 233	0,1%
R602 247	1,7%
R301 516	3,8%
R149 778	7,7%
R74 236	13,5%
R37 772	22,0%
R19 082	21,2%
R9 411	9,1%
R3 137	5,9%
R 0	14,7%

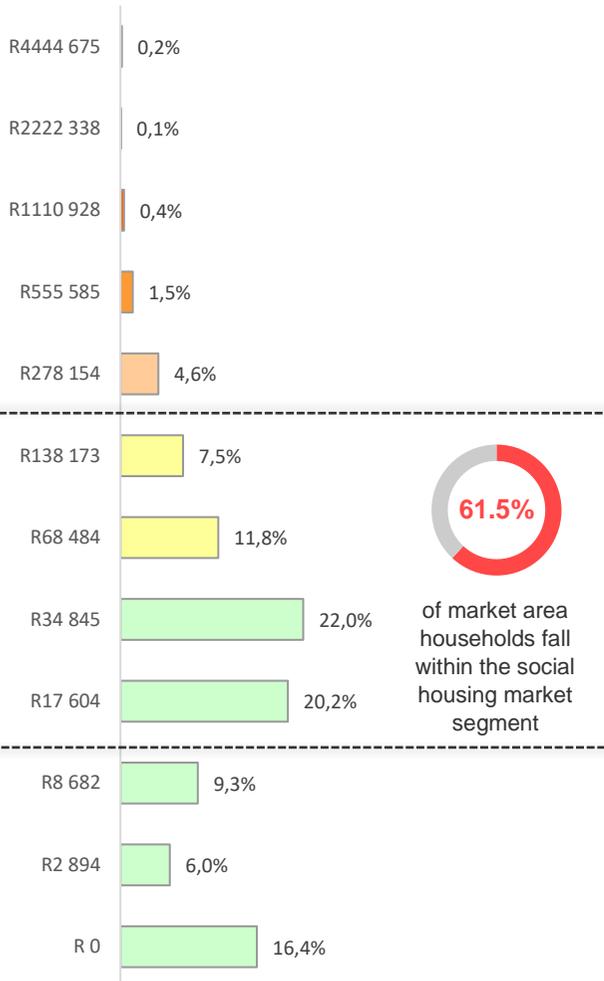**64.4%** of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R136 256
Elite rentals	R68 128
High rentals	R34 057
Middle-high rentals	R17 032
Middle rentals	R8 527
Low-middle rentals	R4 236
Low rentals	R2 099
Very affordable rentals	R1 068
Subsidised rentals	R540
Subsidised rentals	R266
Subsidised rentals	R89
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Low	High
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	1 038	A
	Annualised Market Growth (Full Housing Spectrum)	208	B
	Social Housing Market Segment	64.4%	C
	Social Housing Demand per Annum	118	D
	Annual Secondary Market Contribution (Units / Annum)	Min	35	E
		Max	59	F
	Total Social Housing Market Take-Up	Min	153	G
		Max	177	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**1 400**	I
	Forecast Market Share of Total Market Sales	Min	80%	J
		Max	90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	122	L
		Max	159	M
	Years to 80% Take-Up (Social Housing Units)	Min	8.8	N
		Max	11.4	O
		Avg	10.1	P

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (64.4%) yields a take-up of 118 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 1 400 units, with a take-up of 122 to 159 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

- Pricing for rental units could range between the following:
  - 32.9% of rental units at R286 per month,
  - 34.2% of rental units at R567 per month,
  - 21.0% of rental units at R1 114 per month, and
  - 11.9% of rental units at R2 247 per month.

LEADERS IN ECONOMIC & REAL ESTATE MARKET INSIGHT
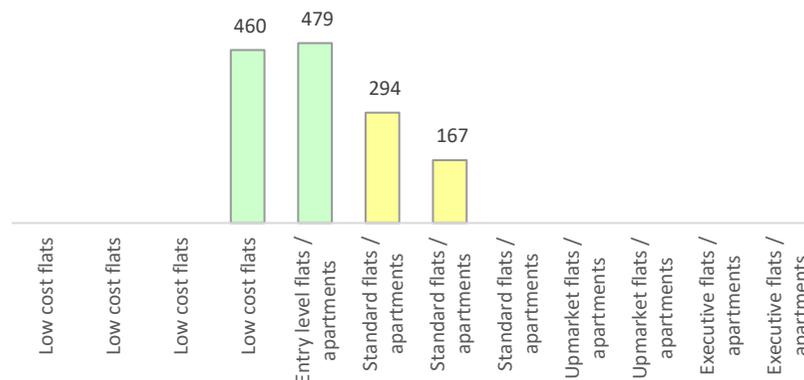
DEMACON
market studies
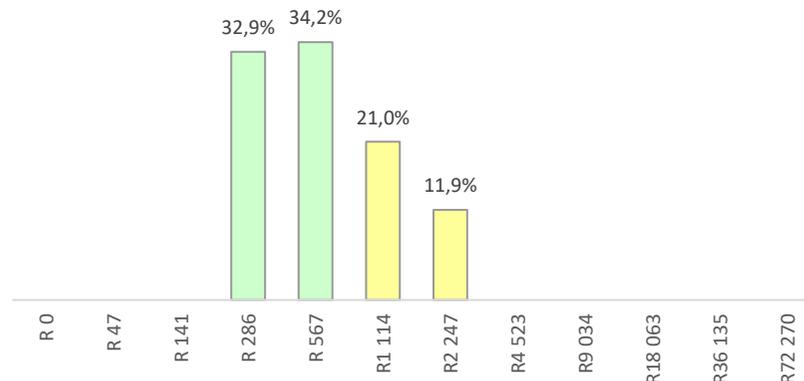
7.2.23 MIEDERPARK SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4448 280	1,0%
R2224 140	0,7%
R1111 829	3,4%
R556 036	9,3%
R278 380	13,6%
R138 285	13,9%
R68 540	11,9%
R34 873	12,0%
R17 618	9,9%
R8 689	2,1%
R2 897	1,3%
R 0	20,8%

47.8% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R125 801
Elite rentals	R62 900
High rentals	R31 443
Middle-high rentals	R15 725
Middle rentals	R7 873
Low-middle rentals	R3 911
Low rentals	R1 938
Very affordable rentals	R986
Subsidised rentals	R498
Subsidised rentals	R246
Subsidised rentals	R82
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Min	Max
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	728	A
	Annualised Market Growth (Full Housing Spectrum)	156	B
	Social Housing Market Segment	47.8%	C
	Social Housing Demand per Annum	53	D
	Annual Secondary Market Contribution (Units / Annum)	Min 45	E
		Max 75	F
	Total Social Housing Market Take-Up	Min 98	G
		Max 128	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**950**	I
	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 78	L
		Max 115	M
	Years to 80% Take-Up (Social Housing Units)	Min 8.2	N
		Max 12.1	O
		Avg 10.2	P

OPTIMUM UNIT TYPOLOGY (UNITS)

**UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)**

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (47.8%) yields a take-up of 53 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 950 units, with a take-up of 78 to 115 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 20.8% of rental units at R264 per month,
  - 25.2% of rental units at R523 per month,
  - 24.9% of rental units at R1 028 per month, and
  - 29.1% of rental units at R2 074 per month.
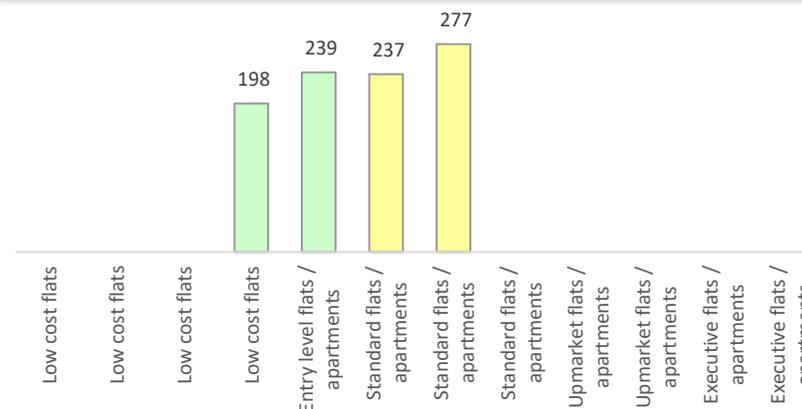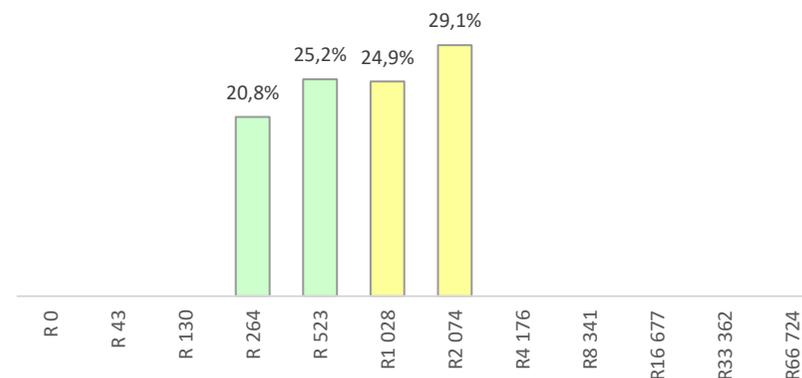
7.2.24 DASSIERAND SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4448 280	0,5%
R2224 140	0,5%
R1111 829	1,6%
R556 036	5,3%
R278 380	9,6%
R138 285	13,1%
R68 540	14,4%
R34 873	16,4%
R17 618	12,7%
R8 689	4,1%
R2 897	2,6%
R 0	19,3%

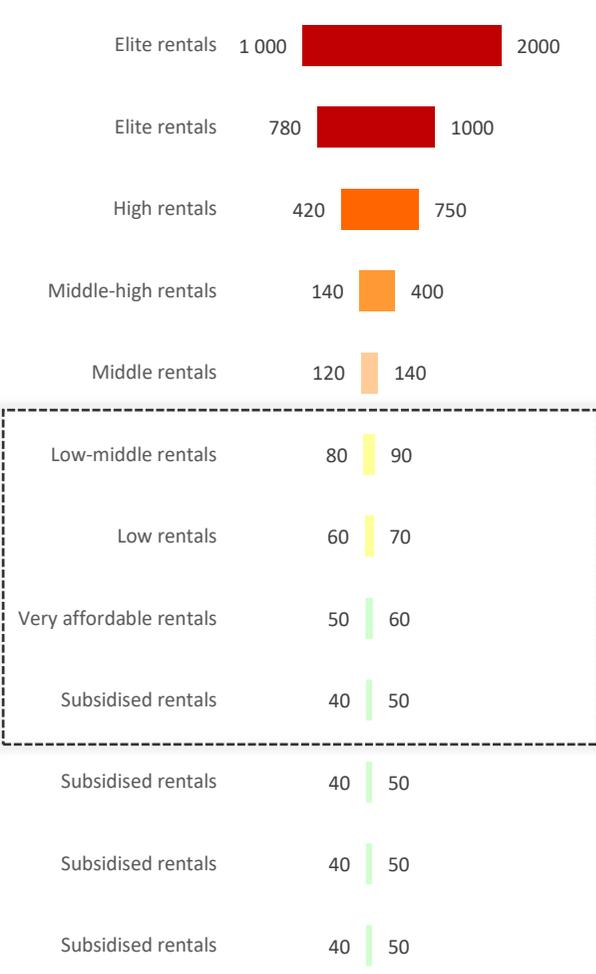**56.5%** of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R125 801
Elite rentals	R62 900
High rentals	R31 443
Middle-high rentals	R15 725
Middle rentals	R7 873
Low-middle rentals	R3 911
Low rentals	R1 938
Very affordable rentals	R986
Subsidised rentals	R498
Subsidised rentals	R246
Subsidised rentals	R82
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Lower	Upper
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	2 768	A
	Annualised Market Growth (Full Housing Spectrum)	554	B
	Social Housing Market Segment	56.5%	C
	Social Housing Demand per Annum	241	D
	Annual Secondary Market Contribution (Units / Annum)	Min 94	E
		Max 157	F
	Total Social Housing Market Take-Up	Min 335	G
		Max 398	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**3 100**	I
	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 268	L
		Max 358	M
	Years to 80% Take-Up (Social Housing Units)	Min 8.6	N
		Max 11.6	O
		Avg 10.1	P

OPTIMUM UNIT TYPOLOGY (UNITS)
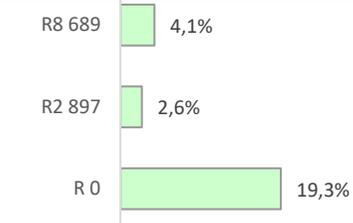

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (56.5%) yields a take-up of 241 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 3 100 units, with a take-up of 268 to 358 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 22.5% of rental units at R264 per month,
  - 29.0% of rental units at R523 per month,
  - 25.4% of rental units at R1 028 per month, and
  - 23.1% of rental units at R2 074 per month.

7.2.25 ELLATON SOCIAL HOUSING MARKET DEMAND
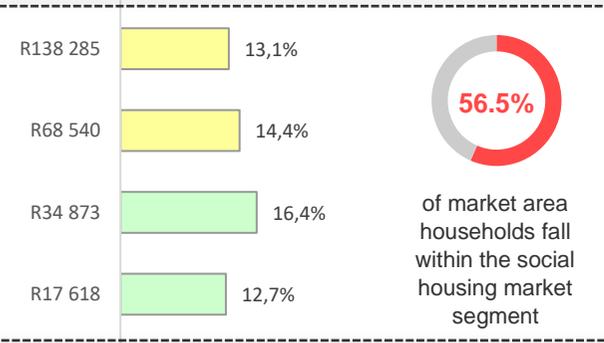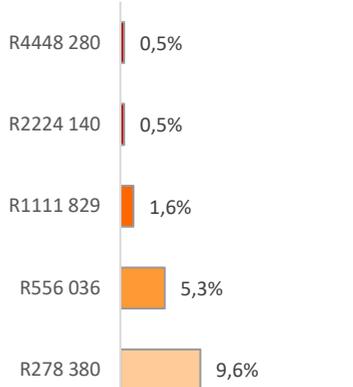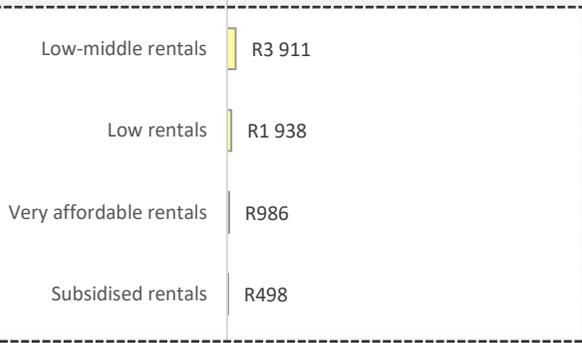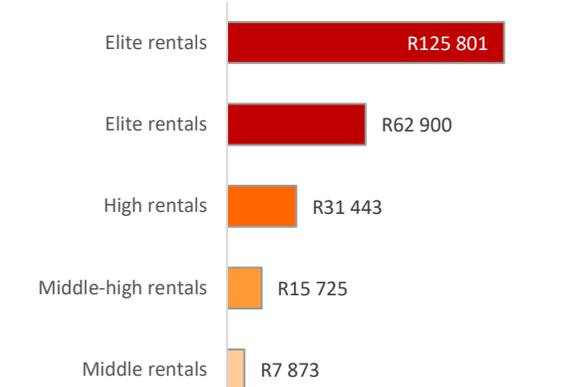
Social Housing Market Segment – Annual Household Income Midpoint	
R4185 683	0,1%
R2092 841	0,1%
R1046 194	0,3%
R523 211	1,9%
R261 946	4,6%
R130 122	8,0%
R64 493	14,5%
R32 815	20,4%
R16 578	17,5%
R8 176	9,3%
R2 726	5,6%
R 0	17,5%

60.5% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint	
Elite rentals	R118 374
Elite rentals	R59 187
High rentals	R29 587
Middle-high rentals	R14 797
Middle rentals	R7 408
Low-middle rentals	R3 680
Low rentals	R1 824
Very affordable rentals	R928
Subsidised rentals	R469
Subsidised rentals	R231
Subsidised rentals	R77
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)		
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

	Additional Households: Base Year +10 Years	1 647	A
	Annualised Market Growth (Full Housing Spectrum)	329	B
	Social Housing Market Segment	60.5%	C
	Social Housing Demand per Annum	173	D
	Annual Secondary Market Contribution (Units / Annum)	Min 183	E
		Max 366	F
	Total Social Housing Market Take-Up	Min 356	G
		Max 539	H

RZ MARKET AREA SPECIFIC

	RZ Market Area Social Housing Units	**3 600**	I
	Forecast Market Share of Total Market Sales	Min 80%	J
		Max 90%	K
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min 285	L
		Max 485	M
	Years to 80% Take-Up (Social Housing Units)	Min 7.4	N
		Max 12.6	O
		Avg 10.0	P

OPTIMUM UNIT TYPOLOGY (UNITS)

Bar chart values: Low cost flats 1 043; Entry level flats / apartments 1 215; Standard flats / apartments 864; Standard flats / apartments 478.

Categories: Low cost flats, Low cost flats, Low cost flats, Low cost flats, Entry level flats / apartments, Standard flats / apartments, Standard flats / apartments, Standard flats / apartments, Upmarket flats / apartments, Upmarket flats / apartments, Executive flats / apartments, Executive flats / apartments.

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

Bar chart values: R 249 – 29,0%; R 492 – 33,8%; R 967 – 24,0%; R 1 952 – 13,3%.

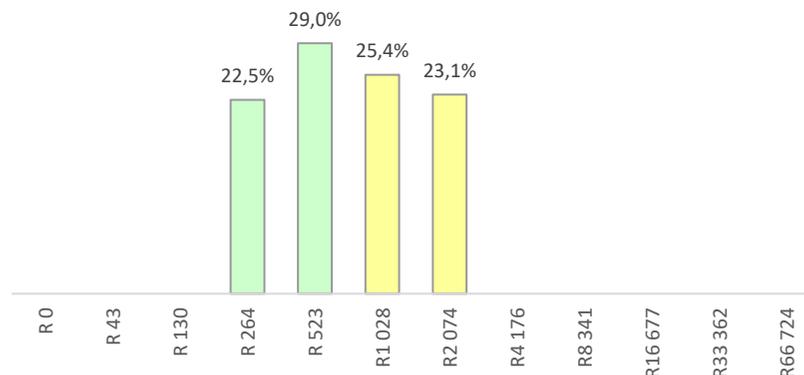X-axis: R 0, R 41, R 123, R 249, R 492, R 967, R1 952, R3 929, R7 848, R15 693, R31 393, R62 785.

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (60.5%) yields a take-up of 173 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 3 600 units, with a take-up of 285 to 485 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

- Pricing for rental units could range between the following:
  - 29.0% of rental units at R249 per month,
  - 33.8% of rental units at R492 per month,
  - 24.0% of rental units at R967 per month, and
  - 13.3% of rental units at R1 952 per month.
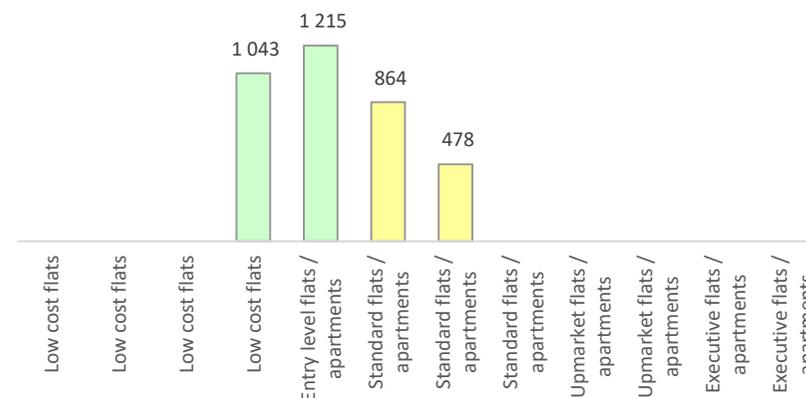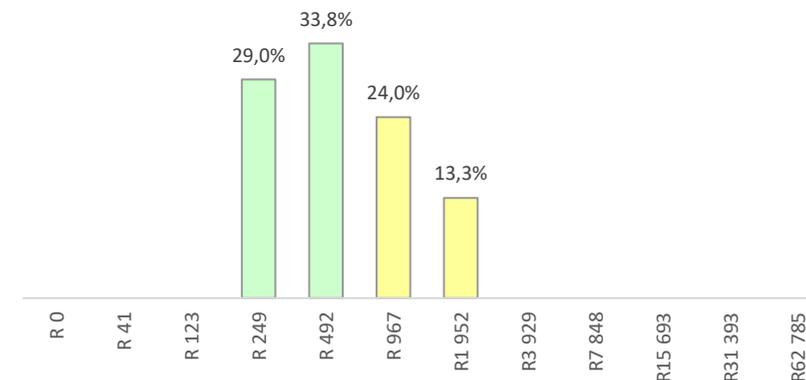
7.2.26 FLAMWOOD SOCIAL HOUSING MARKET DEMAND

Social Housing Market Segment – Annual Household Income Midpoint

Income Midpoint	Percentage
R4 185 683	0,8%
R2 092 841	1,1%
R1 046 194	4,1%
R523 211	13,8%
R261 946	20,0%
R130 122	18,1%
R64 493	13,1%
R32 815	8,7%
R16 578	8,2%
R8 176	1,4%
R2 726	0,7%
R 0	9,9%

48.0% of market area households fall within the social housing market segment

Rental Affordability Profile – Unit Rental Price Midpoint

Segment	Price
Elite rentals	R118 374
Elite rentals	R59 187
High rentals	R29 587
Middle-high rentals	R14 797
Middle rentals	R7 408
Low-middle rentals	R3 680
Low rentals	R1 824
Very affordable rentals	R928
Subsidised rentals	R469
Subsidised rentals	R231
Subsidised rentals	R77
Subsidised rentals	R0

Rental Affordability Profile – Generic Indicative Unit Size (m²)

Segment	Low	High
Elite rentals	1 000	2000
Elite rentals	780	1000
High rentals	420	750
Middle-high rentals	140	400
Middle rentals	120	140
Low-middle rentals	80	90
Low rentals	60	70
Very affordable rentals	50	60
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50
Subsidised rentals	40	50

PROJECT SIZE AND ANTICIPATED TAKE-UP

TOTAL MARKET

👪	Additional Households: Base Year +10 Years	760	A
📊	Annualised Market Growth (Full Housing Spectrum)	152	B
🥧	Social Housing Market Segment	48.0%	C
⬆️	Social Housing Demand per Annum	45	D
⋮	Annual Secondary Market Contribution (Units / Annum)	Min	75	E
		Max	149	F
⬇️	Total Social Housing Market Take-Up	Min	120	G
		Max	195	H

RZ MARKET AREA SPECIFIC

🏢	RZ Market Area Social Housing Units		**1 350**	I
🥧	Forecast Market Share of Total Market Sales	Min	80%	J
		Max	90%	K
⬇️	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	102	L
		Max	185	M
🧺	Years to 80% Take-Up (Social Housing Units)	Min	7.3	N
		Max	13.2	O
		Avg	10.3	P

FINDINGS

- The modelling portrays market-based take-up based on medium to long-term market growth trends
- The table shows the social housing market potential. Under present market conditions, this segment (48.0%) yields a take-up of 45 units per annum.

- The take-up forecast for social housing units is based on a maximum of 12 years. This calculation will lead to a feasible 1 350 units, with a take-up of 102 to 185 units per annum (market share of between 80% and 90%).
- The optimum point of market entry could be 2021+.

OPTIMUM UNIT TYPOLOGY (UNITS)

UNIT RENTAL ESTIMATE (MEDIAN PORTFOLIO VALUES)

- Pricing for rental units could range between the following:
  - 17.1% of rental units at R249 per month,
  - 18.0% of rental units at R492 per month,
  - 27.2% of rental units at R967 per month, and
  - 37.7% of rental units at R1 952 per month.
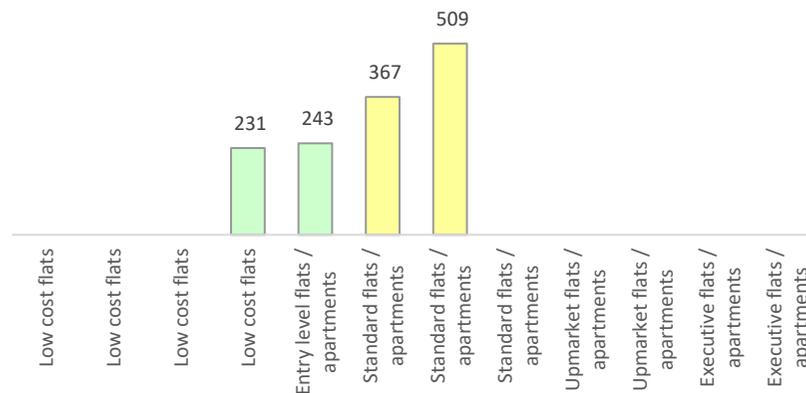
DEMACON
market studies
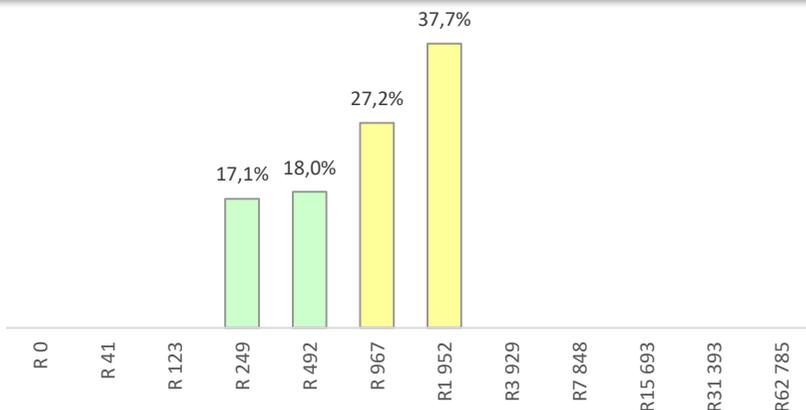
7.3 SPATIAL ANALYSIS OF DEMAND MODELLING OUTCOMES

In conjunction to the demand modelling outcomes outlined above, a spatial representation of social housing demand is provided. The spatial representation of the demand analysis provides further insights into the configuration and orientation of demand within the North West Province specific to RZ market areas.

The spatial analysis consists of the following elements:

- Spatially quantifying social housing market segments,
- Spatially quantifying social housing market demand,
- Representing social housing market demand in conjunction to economic and development nodes.

The following maps provide an analysis of the above mentioned.

7.3.1 SOCIAL HOUSING MARKET SEGMENTS

Map 7.5: Spatial Quantification of the Social Housing Market Segment
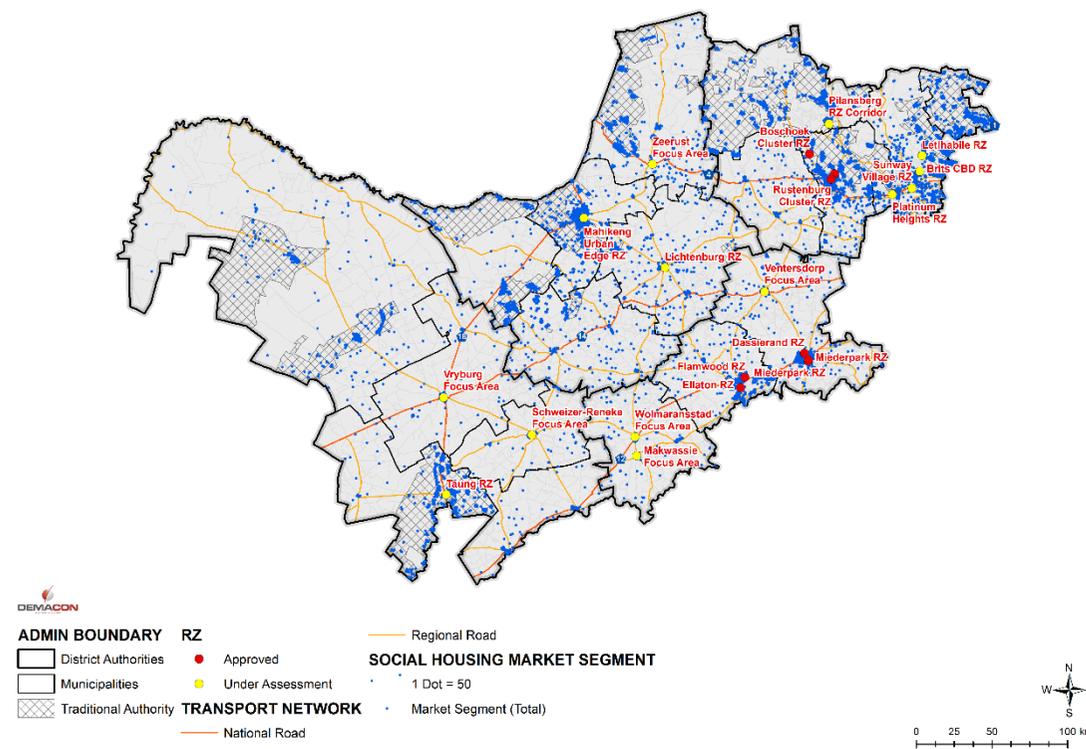
The following map shows the spatial distribution of the social housing market segment throughout the North West Province and in relation to RZ's and their respective market areas.

The map shows the distribution of the potential social housing segment of households throughout the North West Province. The social housing market segment is represented by means of a point, or dot, density. Each point, or dot, represents 50 households that form part of the social housing market segment (primary and secondary).

The map shows that as a result of the overwhelming proportion of the Provincial population residing in the Bojanala District, that the majority of the social housing market segment reside in the far eastern portions of the province, i.e. the Bojanala District. Most prominently, a sizeable portion of the target market segment reside in the Rustenburg and Madibeng local authorities.

Clusters of target market households are also found in or around primary nodes. These include areas such as Klerksdorp, Stilfontein, Orkney, Potchefstroom, Mahikeng, Mogwase and Taung.

A proportionally large segment of the target market also resides in traditional authority areas, especially in the Moses Kotane, Mafikeng, Ramotshere-Moiloa, Greater Taung, Ratlou and Moretele municipal areas.

Map 7.6: Spatial Quantification of the Social Housing Market Segment - Bojanala

Source: DEMACON GIS, 2020

Map 7.7: Spatial Quantification of the Social Housing Market Segment – Ngaka Modiri Molema
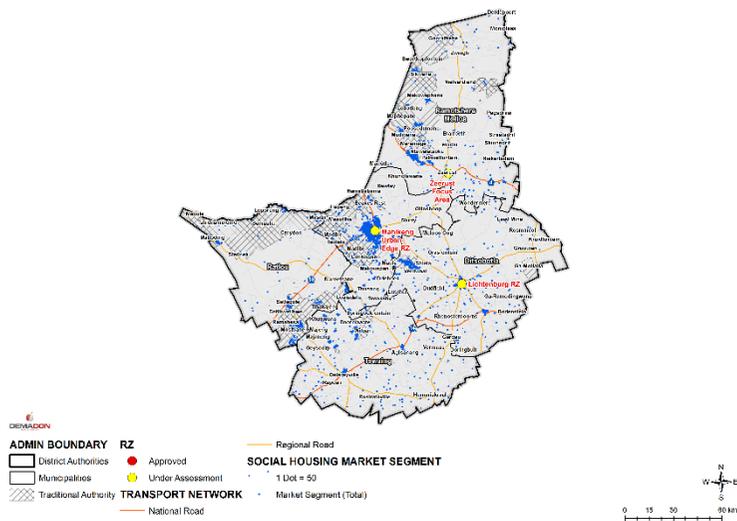
Source: DEMACON GIS, 2020

Map 7.8: Spatial Quantification of the Social Housing Market Segment – Dr Ruth Segomotsi Molema

Source: DEMACON GIS, 2020

Map 7.9: Spatial Quantification of the Social Housing Market Segment – Dr Kenneth Kaunda

Source: DEMACON GIS, 2020

7.3.2 SOCIAL HOUSING MARKET DEMAND

The following map shows the spatial distribution of social housing market demand throughout the North West Province and in relation to RZ's and their respective market areas.
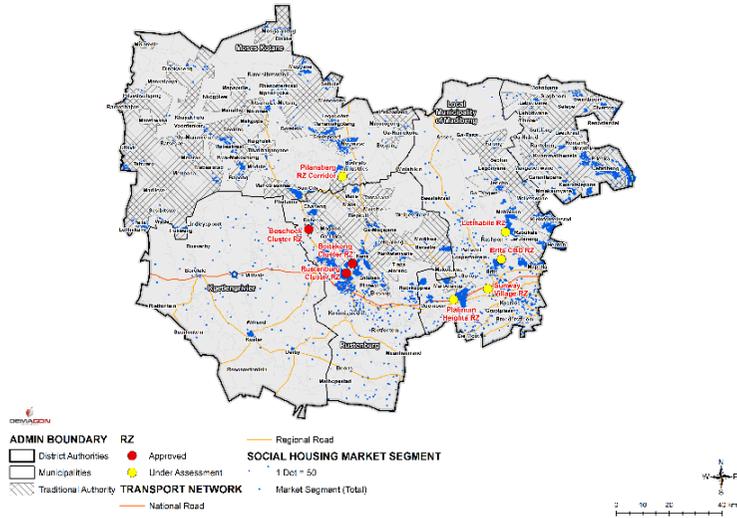
Map 7.10: Spatial Quantification of Social Housing Market Demand

The map provides a spatial representation of the market demand for social housing per RZ market area. The market demand quantified is represented by a point which varies in size due to the estimated size of social housing unit demand.

The map shows that sizeable demand exists in RZ such as Boitekong, Rustenburg, Platinum Heights, Mahikeng, Brits CBD, Ellaton and Dassierand.

The eastern, northern and southern restructuring zones have proportionally larger demand than RZ's in the western portions of the province.

This is largely on account of the limited availability of target market segments and economic influential factors that limit sustainable future demand.

Source: DEMACON GIS, 2020

Map 7.11: Spatial Quantification of the Social Housing Market Demand - Bojanala

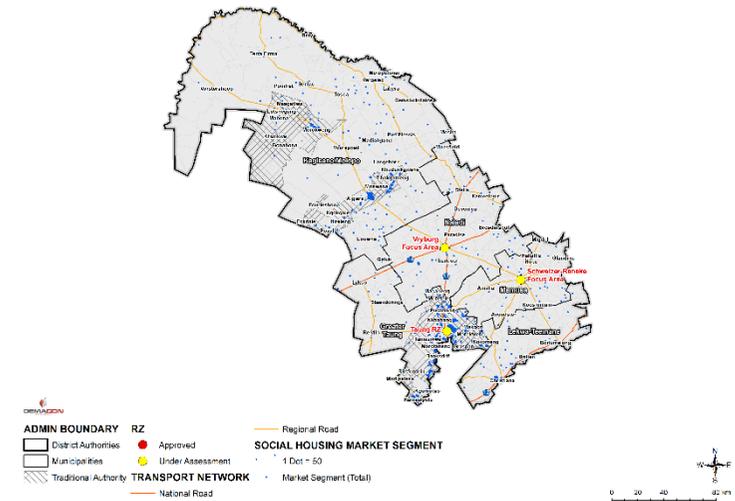*Source: DEMACON GIS, 2020*

Map 7.12: Spatial Quantification of the Social Housing Market Demand – Ngaka Modiri Molema
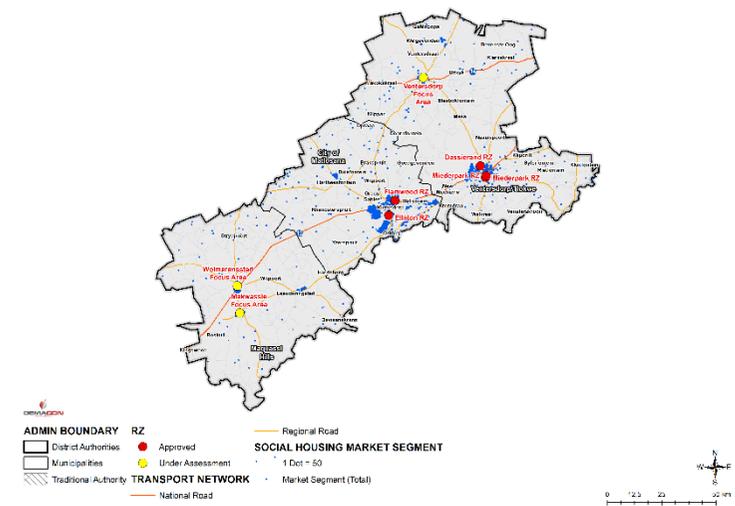

Source: DEMACON GIS, 2020

Map 7.13: Spatial Quantification of the Social Housing Market Demand – Dr Ruth Segomotsi Molema

Source: DEMACON GIS, 2020

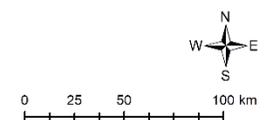*Map 7.14: Spatial Quantification of the Social Housing Market Demand – Dr Kenneth Kaunda*

Source: DEMACON GIS, 2020

7.3.3 SOCIAL HOUSING MARKET DEMAND AND PRIMARY ECONOMIC AND DEVELOPMENT NODES

The following map shows the spatial distribution of social housing market demand throughout the North West Province RZ market areas and their relationship to primary economic and development nodes.

Map 7.15: Relationship Between Social Housing Market Demand and Primary Economic and Development Nodes
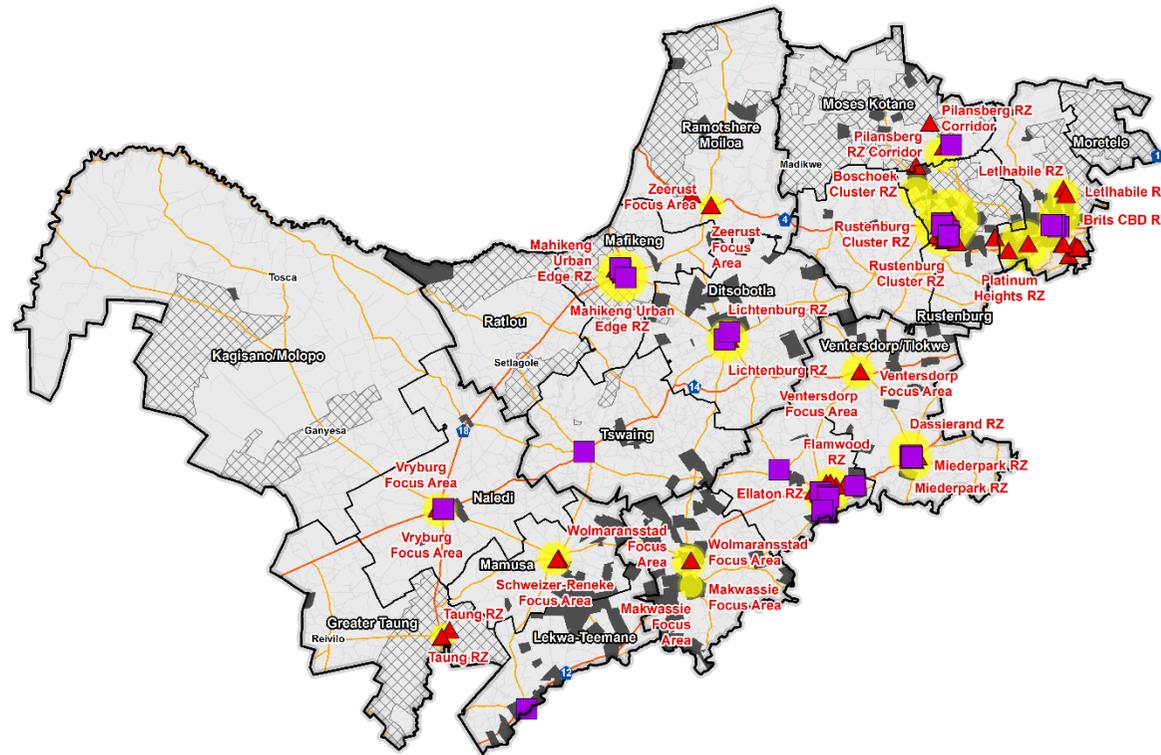
The map shows that RZ's and their market area are generally well aligned to primary economic nodes and output areas.

Major economic nodes such as Rustenburg, Brits ,Klerksdorp, Potchefstroom and Mahikeng provide sizeable access to employment opportunities and economic activities, whereas more rural nodes such as Vryburg, Ventersdorp, Zeerust and Taung provide more limited access and employment opportunities.
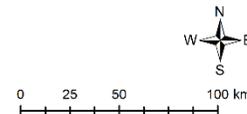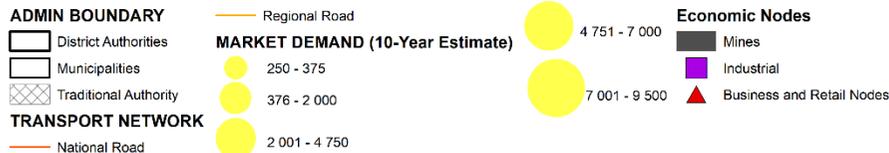
Source: DEMACON GIS, 2020

Map 7.16: Relationship with Economic Opportunity Areas - Bojanala
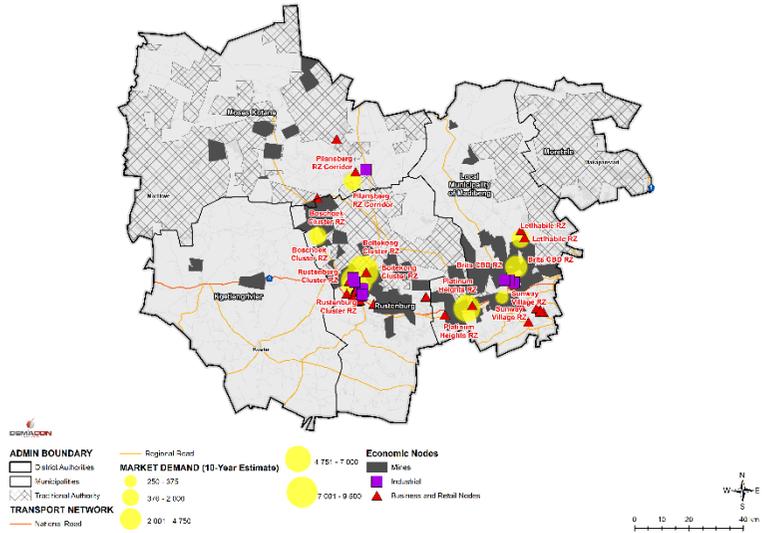
Source: DEMACON GIS, 2020

Map 7.17: Relationship with Economic Opportunity Areas – Ngaka Modiri Molema
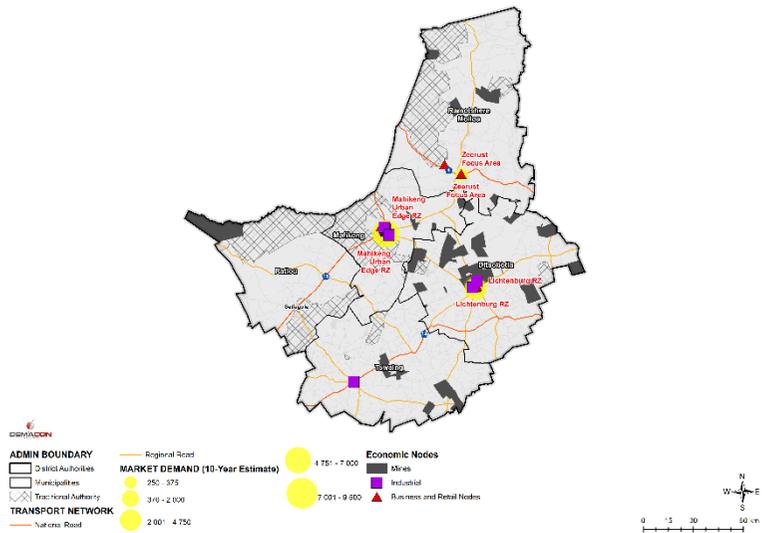
Source: DEMACON GIS, 2020

Map 7.18: Relationship with Economic Opportunity Areas – Dr Ruth Segomotsi Molema
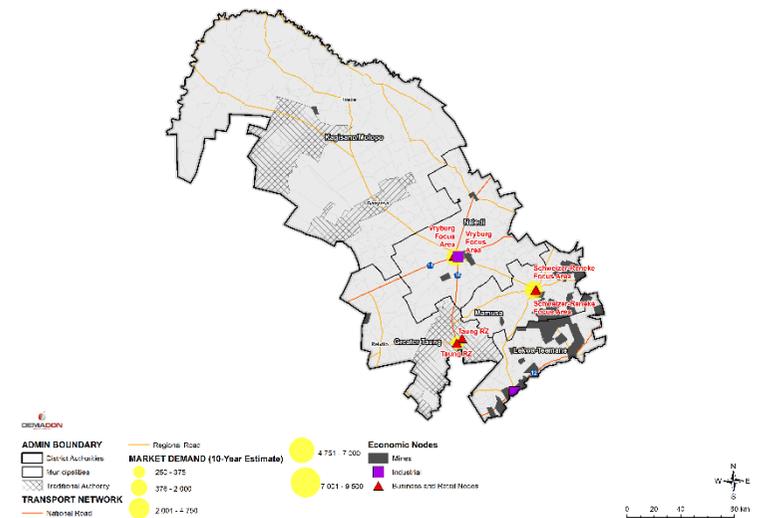
Source: DEMACON GIS, 2020

Map 7.19: Relationship with Economic Opportunity Areas – Dr Kenneth Kaunda
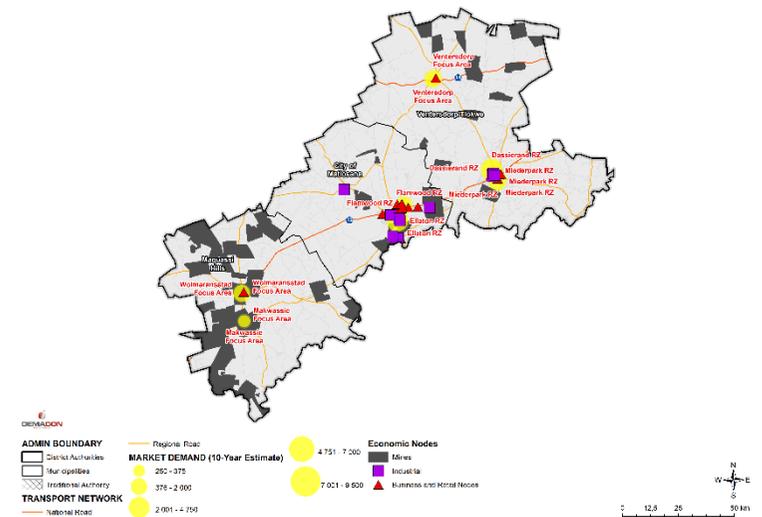
Source: DEMACON GIS, 2020

7.4   SYNTHESIS

The chapter provides an empirical assessment of the development potential of social housing within the North West Province and the potential take-up rate for social housing within each RZ market area. The synthesis section highlights the core outcomes of the demand modelling undertaken in the chapter and establishes whether a market gap exists to support social housing within the market areas of each RZ.

7.4.1   GAP ANALYSIS

The following table provides a gap analysis for social housing in the North West Province and RZ market areas.

BOJANALA DISTRICT MUNICIPALITY

Table 7.1: Gap Analysis for Restructuring Zone Market Areas in the Bojanala District

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Rustenburg	Boitekong Cluster	9 500	72.4	Yes	Moderate to High	
Rustenburg	Boschoek Cluster	2 000	67.8	Yes	Low to Moderate	
Rustenburg	Rustenburg Cluster	8 900	77.1	Yes	High	
Madibeng	Brits CBD	4 400	74.2	Yes	Moderate to High	
Madibeng	Letlhabile	1 850	72.0	Yes	Moderate	
Madibeng	Platinum Heights	5 800	69.5	Yes	Moderate	
Madibeng	Sunway Village	300	66.3	Yes	Low to Moderate	
Moses Kotane	Pilansberg Corridor	1 000	69.5	Yes	Moderate	

Source: DEMACON, 2020

In the context of the above, it is evident that there is a market for social housing in the Bojanala District. Moderate to high and high development prospects are found in the Rustenburg Cluster, Boitekong Cluster and Brits CBD RZ's. Moderate development prospects are found in the Letlhabile, Platinum Heights and Pilansberg Corridor RZ's, whilst low to moderate development prospects are found in the Boschoek Cluster and Sunway Village RZ's. There are, however, locational realities that need to

be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as access to employment and social facilities are also essential, especially in the case of Sunway Village and Boschoek Cluster RZ's.

NGAKA MODIRI MOLEMA DISTRICT

Table 7.2: Gap Analysis for Restructuring Zone Market Areas in the Ngaka Modiri Molema District

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Mafikeng	Mahikeng Urban Edge	6 500	75.3	Yes	Moderate to High	
Ramotshere Moiloa	Zeerust	375	73.9	Yes	Moderate to High	
Ditsobotla	Lichtenburg	2 850	74.6	Yes	Moderate to High	

Source: DEMACON, 2020

In the context of the above, it is evident that there is a market for social housing in the Ngaka Modiri Molema District. The RZ's of the district register moderate to high development prospects meaning that the most important fundamentals are in place for a successful development. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as the growth of the local economy and associated labour absorption should be considered.

DR RUTH SEGOMOTSI MOMPATI DISTRICT

Table 7.3: Gap Analysis for Restructuring Zone Market Areas in the Dr Ruth Segomotsi Mompati District

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Naledi	Vryburg	1 250	75.3	Yes	Moderate to High	
Mamusa	Schweizer-Reneke	1 600	71.7	Yes	Moderate	
Greater Taung	Taung	365	69.7	Yes	Moderate	

Source: DEMACON, 2020

In the context of the above, it is evident that there is a market for social housing in the Dr Ruth Segomotsi Mompati District. The RZ's of the district register moderate to high development prospects meaning that the most important fundamentals are in place for successful development. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as the growth of the local economy and associated labour absorption should be considered.

DR KENNETH KAUNDA DISTRICT

Table 7.4: Gap Analysis for Restructuring Zone Market Areas in the Dr Ruth Segomotsi Mompati District

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Matlosana	Flamwood	1 350	78.1	Yes	High	
Matlosana	Ellaton	3 600	70.0	Yes	Moderate	
JB Marks	Dassierand	3 100	74.1	Yes	Moderate to High	
JB Marks	Miederpark	950	75.3	Yes	Moderate to High	
JB Marks	Ventersdorp	1 400	74.1	Yes	Moderate to High	
Maquassi Hills	Wolmaransstad	1 200	74.4	Yes	Moderate to High	
Maquassi Hills	Makwassie	250	68.5	Yes	Moderate	

Source: DEMACON, 2020

In the context of the above, it is evident that there is a market for social housing in the Dr Kenneth Kaunda District. The Flamwood RZ has a high development prospect, whilst RZ's such as Dassierand, Miederpark, Ventersdorp and Wolmaransstad have moderate to high development prospects. The remaining Ellaton and Makwassie RZ's have moderate development prospects. The data suggests that in all RZ's, except Makwassie, the most important fundaments for successful development are in place. For the Makwassie RZ, some elements are missing and should be addressed before considering implementation. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as the growth of the local economy and associated labour absorption should be considered.

7.4.2 RZ MARKET AREA DEMAND AND ANTICIPATED TAKE-UP

Based on preceding data it is evident that a sizeable demand exists for social housing in the North West Province. Total demand estimated for the Province, based on demand per RZ market area amounts to 58 540 units over a 10-year time-period. At a provincial level the social housing market segment, when only considering the RZ market areas, represents 60.5% of households within RZ market areas.

Figure 7.2: Total Demand per Restructuring Zone (10-Year Period)

Source: DEMACON, 2020

It should be noted that foreign nationals in South Africa, meaning persons that migrated to South Africa from another country, can benefit from the social housing scheme if they are able to provide proof of work permit/visa. Based on this information, the demand for social housing could benefit from an additional 20% of secondary market injections.

The qualifying social housing market segment varies between RZ market areas but generally represents between 40% and 80% of households in individual market areas, with areas such as Flamwood and Miederpark – which is largely middle to high income households – containing a smaller social housing market segment than for instance Boschoek Cluster and Platinum Heights where lower average household incomes are present. Demand estimations also incorporated a degree of market area overlap. Market area overlap between RZ market areas represent areas where potential qualifying social housing households reside and could be influenced to participate in a number of market areas. Average pricing for rental units, at a district scale could range between the following:

Table 7.5: Average Pricing for Rental Units at a District Scale

Median Rental Price Band	Bojanala		Ngaka Modiri Molema		Dr Ruth Segomotsi Mompati		Dr Kenneth Kaunda	
	% Distribution	Median Unit Rental	% Distribution	Median Unit Rental	% Distribution	Median Unit Rental	% Distribution	Median Unit Rental
Band 1	17,8%	R305	29,6%	R268	31,9%	R262	26,3%	R263
Band 2	28,3%	R604	31,3%	R531	34,3%	R518	30,4%	R520
Band 3	34,8%	R1 186	21,4%	R1 044	20,5%	R1 018	23,8%	R1 023
Band 4	19,0%	R2 393	17,7%	R2 107	13,3%	R2 055	19,6%	R2 063

Source: DEMACON, 2020

It should be noted that the information contained in the table above represents a district average and does not necessarily display RZ market area specific unit rental values. The following tables provide a summary of the potential demand that exists for social housing in the North West Province per RZ market area.

Table 7.6: Summary of Potential Demand for Social Housing per Restructuring Zone in the Bojanala District

		Boitekong Cluster	Boschoek Cluster	Rustenburg Cluster	Brits CBD	Letlhabile	Platinum Heights	Sunway Village	Pilansberg Corridor
TOTAL MARKET									
Additional Households: Base Year +10 Years		9 752	1 617	11 864	3 779	1 094	4 423	199	136
Annualised Market Growth (Full Housing Spectrum)		1 950	323	2 373	756	219	885	40	27
Social Housing Market Segment		64.7%	77.0%	55.1%	62.5%	61.2%	75.0%	68.1%	63.1%
Social Housing Demand per Annum		1 020	207	1 003	393	108	560	25	14
Annual Secondary Market Contribution (Units / Annum)	Min	312	78	301	148	103	168	11	82
	Max	519	130	452	246	205	279	18	136
Total Social Housing Market Take-Up	Min	1 332	285	1 304	541	210	727	36	96
	Max	1 540	337	1 455	639	313	839	43	150
RZ MARKET AREA SPECIFIC									
RZ Market Area Social Housing Units		**9 500**	**2 000**	**8 900**	**4 400**	**1 850**	**5 800**	**300**	**1 000**
Forecast Market Share of Total Market Sales	Min	60%	60%	60%	70%	70%	70%	70%	80%
	Max	70%	70%	70%	80%	80%	80%	80%	90%
RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	799	171	782	379	147	509	25	77
	Max	1 078	236	1 018	512	250	671	34	135
Years to 80% Take-Up (Social Housing Units)	Min	8.8	8.5	8.7	8.6	7.4	8.6	8.8	7.4
	Max	11.9	11.7	11.4	11.6	12.6	11.4	12.0	13.0
	Avg	10.4	10.1	10.1	10.1	10.0	10.0	10.4	10.2

Source: DEMACON, 2020

Table 7.7: Summary of Potential Demand for Social Housing per Restructuring Zone in the Ngaka Modiri Molema District

		Lichtenburg	Zeerust	Mahikeng Urban Edge
TOTAL MARKET				
Additional Households: Base Year +10 Years		2 172	179	4 435
Annualised Market Growth (Full Housing Spectrum)		434	36	887
Social Housing Market Segment		63.2%	64.7%	56.7%
Social Housing Demand per Annum		229	17	415
Annual Secondary Market Contribution (Units / Annum)	Min	80	21	273
	Max	134	35	456
Total Social Housing Market Take-Up	Min	309	38	688
	Max	363	52	870
RZ MARKET AREA SPECIFIC				
RZ Market Area Social Housing Units		**2 850**	**375**	**6 500**
Forecast Market Share of Total Market Sales	Min	80%	80%	80%
	Max	90%	90%	90%
RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	247	30	550
	Max	327	46	783
Years to 80% Take-Up (Social Housing Units)	Min	8.7	8.1	8.3
	Max	11.5	12.5	11.8
	Avg	10.1	10.3	10.1

Source: DEMACON, 2020

Table 7.8: Summary of Potential Demand for Social Housing per Restructuring Zone in the Dr Ruth Segomotsi Mompati District

			Taung	Schweizer-Reneke	Vryburg
	TOTAL MARKET				
	Additional Households: Base Year +10 Years		97	1 092	569
	Annualised Market Growth (Full Housing Spectrum)		19	218	114
	Social Housing Market Segment		62.1%	62.0%	62.5%
	Social Housing Demand per Annum		10	121	59
	Annual Secondary Market Contribution (Units / Annum)	Min	26	49	68
		Max	44	81	114
	Total Social Housing Market Take-Up	Min	36	170	128
		Max	54	203	173
	RZ MARKET AREA SPECIFIC				
	RZ Market Area Social Housing Units		**365**	**1 600**	**1 250**
	Forecast Market Share of Total Market Sales	Min	80%	80%	80%
		Max	90%	90%	90%
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	29	136	102
		Max	49	182	156
	Years to 80% Take-Up (Social Housing Units)	Min	7.5	8.8	8.0
		Max	12.5	11.8	12.2
		Avg	10.0	10.3	10.1

Source: DEMACON, 2020

Table 7.9: Summary of Potential Demand for Social Housing per Restructuring Zone in the Dr Kenneth Kaunda District

		Makwassie	Wolmaransstad	Ventersdorp	Miederpark	Dassierand	Ellaton	Flamwood
TOTAL MARKET								
Additional Households: Base Year +10 Years		84	723	1 038	728	2 768	1 647	760
Annualised Market Growth (Full Housing Spectrum)		17	145	208	156	554	329	152
Social Housing Market Segment		61.9%	61.5%	64.4%	47.8%	56.5%	60.5%	48.0%
Social Housing Demand per Annum		9	78	118	53	241	173	45
Annual Secondary Market Contribution (Units / Annum)	Min	14	47	35	45	94	183	75
	Max	23	79	59	75	157	366	149
Total Social Housing Market Take-Up	Min	23	125	153	98	335	356	120
	Max	33	157	177	128	398	539	195
RZ MARKET AREA SPECIFIC								
RZ Market Area Social Housing Units		**250**	**1 200**	**1 400**	**950**	**3 100**	**3 600**	**1 350**
Forecast Market Share of Total Market Sales	Min	80%	80%	80%	80%	80%	80%	80%
	Max	90%	90%	90%	90%	90%	90%	90%
RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	19	100	122	78	268	285	102
	Max	29	141	159	115	358	485	185
Years to 80% Take-Up (Social Housing Units)	Min	8.5	8.5	8.8	8.2	8.6	7.4	7.3
	Max	13.3	12.0	11.4	12.1	11.6	12.6	13.2
	Avg	10.9	10.2	10.1	10.2	10.1	10.0	10.3

Source: DEMACON, 2020

CONCLUSIONS

8

8 CONCLUSIONS

8.1 INTRODUCTION

The following Chapter provides a conclusion of the preceding chapters of the report by highlighting key aspects of the analysis and social housing market segment. The chapter also provides development recommendations and guidelines for RZ market areas.

8.2 SUMMARY OF FINDINGS

8.2.1 RESTRUCTURING ZONES

The study area for the project is focused on the North West Province and its four district authorities (Bojanala; Ngaka Modiri Molema; Dr Ruth Segomotsi Mompati; Dr Kenneth Kaunda).

Within the North West Province, 21 RZ's are identified. Presently 7 of the 21 restructuring zones have been approved by the Minister, whilst 14 are under assessment.

Currently, 8 RZ's are present in the Bojanala District (3 approved), whilst 7 are present in the Dr Kenneth Kaunda District (4 approved). Three RZ's are present in the Ngaka Modiri Molema and Dr Ruth Segomotsi Mompati Districts respectively (none approved).

Market areas are delineated by making use of a 10- to 15-minute drive time isochrone. The drive time is based on the location of the existing or proposed RZ.

Drive-time is selected as an indicator for market area delineation because:

- a drive-time provides consistency when considering demand and supply factors related to each RZ
- a drive-time includes the largest proportion of adjacent urban areas and
- a 10- to 15-minute drive-time is within commuting distance of economic nodes, social facilities and social services

Relevant socio-economic data and indicators are extracted based on the defined market areas of each RZ. The socio-economic indicators are essential in order to understand the composition and trends of each market area and informs market demand estimates.

8.2.2 LOCATION ANALYSIS

NORTH WEST SPATIAL DEVELOPMENT FRAMEWORK IMPLICATIONS

For social housing, the implication of the NWSDF is that, a strong focus resides on the primary, secondary, tertiary and fourth order nodes of the province, coupled with strong development corridors.

The drive towards developmental focus in the primary nodes, coupled with strong urbanisation trends would place significant strain and focus on primary urban localities to supply residential opportunities to new and/or prospective residents.

Social housing thus becomes an important tool in achieving the supply of residential options whereby, affordable rental options may be limited due to the depressed nature of the provincial and local economy, as well as the faltering nature of the mining industry.

Inclusive and restructured towns and settlements is a key focus for the provincial SDF. By this means, social housing functions as another tool which can assist in the restructuring of urban areas by means of inclusionary housing options in well located land parcels close to employment opportunities, economic centres and social facilities.

Although demand for affordable housing options may exist in the province, the struggling economy may pose a risk to the sustainability of social housing projects, specifically because labour absorption may be limited

NORTH WEST HUMAN SETTLEMENTS MASTER SPATIAL PLAN IMPLICATIONS

The NWHSMSP identifies that spatial targeting for human settlements should consider the compaction and structuring of settlements within a defined urban boundary, allowing for the development of mixed-use environments that support public transport and pedestrian movement, and allow for access to social amenities and facilities.

By implication the plan identifies that the guiding principles for human settlement location identification should consider economic and employment realities and the positioning of human settlements in proximity to employment opportunities and economic activity areas; that human settlements should consider the positioning of human settlements close to transport corridors and movement networks that connect people to the wider region as well as employment, economic and social facilities and activities; to supply human settlements in accordance to the availability of bulk infrastructure and other services in order to allow beneficiaries access to basic services; and that human settlements should be cognisant of social amenities and facilities supply so that a project is close to existing services, or that new services be provided as necessary to support new communities.

In essence, social housing should align to the afore mentioned principles as the plan prescribes areas that would be best suited to support housing initiatives, especially infill development areas; CBD renewal areas; nodal development areas and corridor development areas.

LOCATION ASSESSMENTS

The location assessments indicate that the majority of RZ's are well positioned to access existing social amenities and facilities. In the majority of cases, economic growth and labour absorption maintain steady low to moderate and moderate growth, which, if maintained or accelerated could enhance the sustainability of social housing projects.

Figure 8.1: Summary of Restructuring Zone Location Analysis
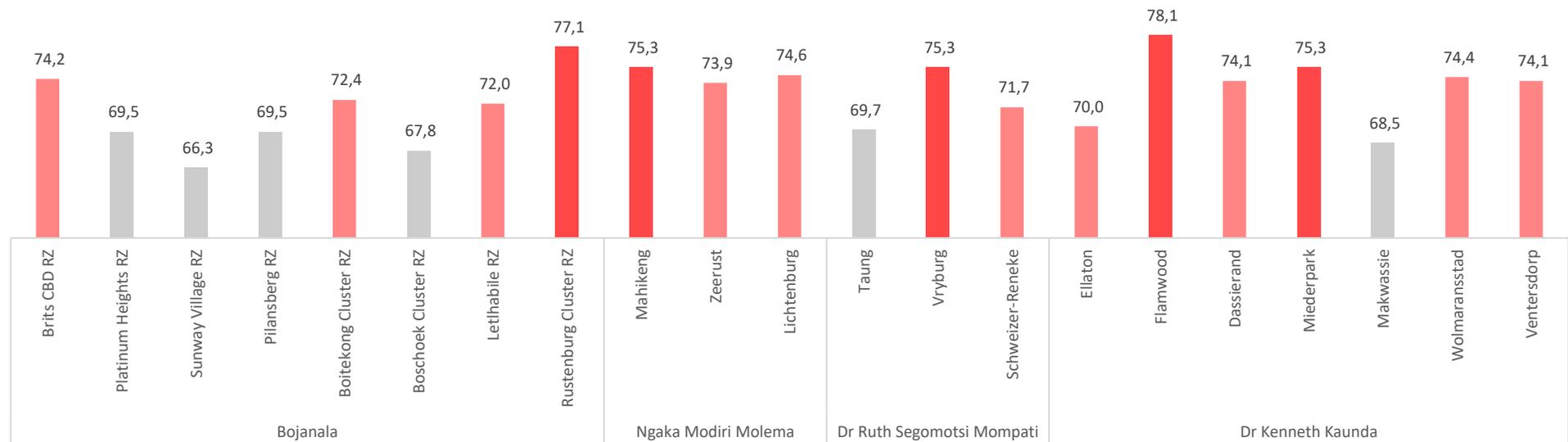
Source: DEMACON, 2020

Note: 80%+ indicates an exceptional site rating; a site rating of70% to 80% is high and indicates that most important fundamentals for a successful residential development is in place; a rating of 60% to 70% indicates some critical factors may be lacking but could possibly be addressed; projects with a sub 60% rating are not recommended for consideration.

8.2.3   ECONOMIC AND SOCIO-ECONOMIC ANALYSIS IMPLICATIONS

ECONOMIC IMPLICATIONS

The data indicates that the North West Province economy is highly dependent on the output of the mining sector as a driver of economic growth and labour absorption. It is noted that in the highly mining orientated district of the province, i.e. Bojanala and Dr Kenneth Kaunda, the mining sector has been depressed and has caused major shifts in the rate of economic growth and labour absorption. The City of Matlosana for instance shed more than 7 000 jobs as a result of the mining industry downturn, whilst areas such as Rustenburg and Madibeng have been supported by growth in tertiary and secondary economic sectors.

Although the province has shown growth in job creation, and by extension labour absorption, the rate of employment growth is slow (mirrored by slow economic growth). The slow growth of economic opportunities hampers the rate at which local economies can support new development. The rate of urbanisation in the province, coupled with strong subsidised housing demand influences the sustainability of projects as self-sustaining and private sector investment generators.

Social housing should be considered in the context of the SHRA's locational considerations, the NWHSMSP's locational considerations and spatial targeting objectives, and the distribution of economic activity and the capacity of local economies to generate sustained economic growth and labour absorption.

Sustained economic growth and labour absorption generates sustainable demand in the sense that the target market for social housing would grow and maintain the capability to service rentals.

SOCIO-ECONOMIC IMPLICATIONS

The data suggests that throughout the province population growth exceeds economic growth. As a matter of sustainability, the preferred scenario would be a situation where economic growth exceeds population growth, meaning that jobs are being created and that labour absorption is occurring at rates that decrease the unemployment rate of the province.

Population growth is largely clustered in the eastern, southern and traditional authority areas of the province, meaning that major economic nodes and traditional authorities are experiencing moderate to high levels of demographic growth which in turn strains service delivery and generates accelerated demand for affordable (rented and non-rented) housing options.

Migration and urbanisation further exacerbate the situation whereby the primary economic output areas of the province experience continued nett-migration gain and sustained urbanisation flows. In many instances these trends lead to increased demand for affordable housing and the development of informal settlements and backyard dwellings.

The average annual household income of households show that primary economic output areas as well as major urban growth centres typically have higher household incomes than the more rural areas of the province. The rental affordability profile of households, as will be seen in the demand modelling outcomes of the project, show that urban areas generally have rental affordability profiles leaning towards more expensive rental units, as appose to smaller urban areas in rural localities where predominantly low income earners generate more demand for cheaper rental units.

In essence the targeting of social housing should take into consideration the capability of the local economy to support demographic growth. Social housing is dependent on the capability of local economies to generate labour absorption and although areas do show high demand capability, economic conditions may not necessarily support take-up rates.

8.2.4   RESIDENTIAL MARKET ANALYSIS IMPLICATIONS

In the North West Province there exists, at present, four conditionally accredited social housing institutions and 3 other delivery agents. There are only 7 registered restructuring zones out of 21 and these RZs are located in the Bojanala and Dr Kenneth Kaunda Districts.

Although RZ's are present in the province, only one social housing project has been completed, contributing 1 168 social housing units to the market in the province, and more specifically to the City of Matlosana.

The SHRA's social housing target for the North West Province by the end of 2019 is 2 850 units. To date only 1 168 units have been implemented, with more than 1 370 proposed to be implemented by the end of 2019. The proposed units, according to the SHRA Quarterly Report for Quarter 3 of the 2019/20 Financial Year, could potentially not be implemented due to non-compliance and slow municipal administrative processes.

By considering the preceding, the SHRA anticipated shortfall for the North West Province in terms of social housing units targeted and those anticipated to be delivered is 305 units. When considering the potential for units to not be delivered by other projects not yet undertaking construction, a shortfall of 1 682 units can be expected by the end of 2019.

Nationally, the social housing sector implemented numerous projects. It was noted by the State of the Sector Report of 2017 that SHI's preferred to implement 1 to 2 and 3 to 4 storey buildings as a measure to minimize costs and expenses. Typically, the majority of social housing units rented for between R1 050 and R2 500 and more than R2 500 per unit per month on average. It should be noted that SHI's opted that 30% of units provided be allocated to the primary market, with the remaining 70% allocated to the secondary target market.

When considering the preceding social housing rental price in the context of current market rental trends, social housing units rent well below the market asking rental rate. At a provincial scale an apartment or flat, on average, could obtain a rental price of more than R5 100, whilst townhouses could achieve rental rates of R9 280. Houses on average are rented for R15 200 per month.

The highest average market rental rates according to current rental data in the province can be found in the Bojanala District, especially in Rustenburg and Hartbeespoort. The Dr Kenneth Kaunda District is well below the Bojanala District and is largely influenced by rental apartments marketed to students in the Potchefstroom area.

Besides rentals supplied by social hosing and the broader market, it is essential to consider rentals in the informal market. Although current data is not available for the market, Community Survey data from 2016 can act as an indicator for how the market responds to informal rental activity.

According to Community Survey Data from Statistics South Africa, in 2016 and on average, more than 90% of households that rent a primary informal dwelling in the province only pay up to R500 per month for the dwelling. In contrast, more than 80% of households that rent an informal backyard dwelling pay less than R500 per month.

The data thus indicates that, on average in the province, an informal dwelling can be rented for R297 per month, whilst an informal backyard dwelling can be rented for R411 per month. The highest rental rates are found in the Bojanala and Dr Kenneth Kaunda Districts.

8.2.5 GAP ANALYSIS

The following table provides a gap analysis for social housing in the North West Province and RZ market areas.

It is evident that there is a market for social housing in the Bojanala District. Moderate to high and high development prospects are found in the Rustenburg Cluster, Boitekong Cluster and Brits CBD RZ's. Moderate development prospects are found in the Letlhabile, Platinum Heights and Pilansberg Corridor RZ's, whilst low to moderate development prospects are found in the Boschoek Cluster and Sunway Village RZ's. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as access to employment and social facilities are also essential, especially in the case of Sunway Village and Boschoek Cluster RZ's.

BOJANALA DISTRICT MUNICIPALITY

Table 8.1: Gap Analysis for Restructuring Zone Market Areas in the Bojanala District

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Rustenburg	Rustenburg Cluster	8 900	77.1	Yes	High	
Madibeng	Brits CBD	4 400	74.2	Yes	Moderate to High	
Madibeng	Letlhabile	1 850	72.0	Yes	Moderate	
Madibeng	Platinum Heights	5 800	69.5	Yes	Moderate	
Madibeng	Sunway Village	300	66.3	Yes	Low to Moderate	
Moses Kotane	Pilansberg Corridor	1 000	69.5	Yes	Moderate	

Source: DEMACON, 2020

In the context of the above, it is evident that there is a market for social housing in the Bojanala District. Moderate to high and high development prospects are found in the Rustenburg Cluster, Boitekong Cluster and Brits CBD RZ's. Moderate development prospects are found in the Letlhabile, Platinum Heights and Pilansberg Corridor RZ's, whilst low to moderate development prospects are found in the Boschoek Cluster and Sunway Village RZ's. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as access to employment and social facilities are also essential, especially in the case of Sunway Village and Boschoek Cluster RZ's.

NGAKA MODIRI MOLEMA DISTRICT

Table 8.2: Gap Analysis for Restructuring Zone Market Areas in the Ngaka Modiri Molema District

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Mafikeng	Mahikeng Urban Edge	6 500	75.3	Yes	Moderate to High	
Ramotshere Moiloa	Zeerust	375	73.9	Yes	Moderate to High	
Ditsobotla	Lichtenburg	2 850	74.6	Yes	Moderate to High	

Source: DEMACON, 2020

In the context of the above, it is evident that there is a market for social housing in the Ngaka Modiri Molema District. The RZ's of the district register moderate to high development prospects meaning that the most important fundamentals are in place for a successful development. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as the growth of the local economy and associated labour absorption should be considered.

DR RUTH SEGOMOTSI MOMPATI DISTRICT

Table 8.3: Gap Analysis for Restructuring Zone Market Areas in the Dr Ruth Segomotsi Mompati District

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Naledi	Vryburg	1 250	75.3	Yes	Moderate to High	
Mamusa	Schweizer-Reneke	1 600	71.7	Yes	Moderate	
Greater Taung	Taung	365	69.7	Yes	Moderate	

Source: DEMACON, 2020

In the context of the above, it is evident that there is a market for social housing in the Dr Ruth Segomotsi Mompati District. The RZ's of the district register moderate to high development prospects meaning that the most important fundamentals are in place for successful development. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as the growth of the local economy and associated labour absorption should be considered.

DR KENNETH KAUNDA DISTRICT

Table 8.4: Gap Analysis for Restructuring Zone Market Areas in the Dr Ruth Segomotsi Mompati District

Local Municipality	RZ Market Area	Total 10-Year Market Demand	Location Assessment Rating	Effective Market Gap	Development Prospects	
Matlosana	Flamwood	1 350	78.1	Yes	High	
Matlosana	Ellaton	3 600	70.0	Yes	Moderate	
JB Marks	Dassierand	3 100	74.1	Yes	Moderate to High	
JB Marks	Miederpark	950	75.3	Yes	Moderate to High	
JB Marks	Ventersdorp	1 400	74.1	Yes	Moderate to High	
Maquassi Hills	Wolmaransstad	1 200	74.4	Yes	Moderate to High	
Maquassi Hills	Makwassie	250	68.5	Yes	Moderate	

Source: DEMACON, 2020

In the context of the above, it is evident that there is a market for social housing in the Dr Kenneth Kaunda District. The Flamwood RZ has a high development prospect, whilst RZ's such as Dassierand, Miederpark, Ventersdorp and Wolmaransstad have moderate to high development prospects. The remaining Ellaton and Makwassie RZ's have moderate development prospects. The data suggests that in all RZ's, except Makwassie, the most important fundaments for successful development are in place. For the Makwassie RZ, some elements are missing and should be addressed before considering implementation. There are, however, locational realities that need to be borne in mind. Sensible layout and design principles will have to be incorporated to ensure optimal functioning of the typologies. Other factors such as the growth of the local economy and associated labour absorption should be considered

8.2.6 RZ MARKET AREA DEMAND AND ANTICIPATED TAKE-UP

Based on preceding data it is evident that a sizeable demand exists for social housing in the North West Province. Total demand estimated for the Province, based on demand per RZ market area amounts to 58 540 units over a 10-year time-period. At a provincial level the social housing market segment, when only considering the RZ market areas, represents 60.5% of households within RZ market areas.

Figure 8.2: Total Demand per Restructuring Zone (10-Year Period)

Source: DEMACON, 2020

It should be noted that foreign nationals in South Africa, meaning persons that migrated to South Africa from another country, can benefit from the social housing scheme if they are able to provide proof of work permit/visa. Based on this information, the demand for social housing could benefit from an additional 20% of secondary market injections.

The qualifying social housing market segment varies between RZ market areas but generally represents between 40% and 80% of households in individual market areas, with areas such as Flamwood and Miederpark – which is largely middle to high income households – containing a smaller social housing market segment than for instance Boschoek Cluster and Platinum Heights where lower average household incomes are present. Demand estimations also incorporated a degree of market area overlap. Market area overlap between RZ market areas represent areas where potential qualifying social housing households reside and could be influenced to participate in a number of market areas.

The following tables provide a summary of the potential demand that exists for social housing in the North West Province per RZ market area.

Table 8.5: Summary of Potential Demand for Social Housing per Restructuring Zone in the Bojanala District

		Boitekong Cluster	Boschoek Cluster	Rustenburg Cluster	Brits CBD	Letlhabile	Platinum Heights	Sunway Village	Pilansberg Corridor
TOTAL MARKET									
Additional Households: Base Year +10 Years		9 752	1 617	11 864	3 779	1 094	4 423	199	136
Annualised Market Growth (Full Housing Spectrum)		1 950	323	2 373	756	219	885	40	27
Social Housing Market Segment		64.7%	77.0%	55.1%	62.5%	61.2%	75.0%	68.1%	63.1%
Social Housing Demand per Annum		1 020	207	1 003	393	108	560	25	14
Annual Secondary Market Contribution (Units / Annum)	Min	312	78	301	148	103	168	11	82
	Max	519	130	452	246	205	279	18	136
Total Social Housing Market Take-Up	Min	1 332	285	1 304	541	210	727	36	96
	Max	1 540	337	1 455	639	313	839	43	150
RZ MARKET AREA SPECIFIC									
RZ Market Area Social Housing Units		**9 500**	**2 000**	**8 900**	**4 400**	**1 850**	**5 800**	**300**	**1 000**
Forecast Market Share of Total Market Sales	Min	60%	60%	60%	70%	70%	70%	70%	80%
	Max	70%	70%	70%	80%	80%	80%	80%	90%
RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	799	171	782	379	147	509	25	77
	Max	1 078	236	1 018	512	250	671	34	135
Years to 80% Take-Up (Social Housing Units)	Min	8.8	8.5	8.7	8.6	7.4	8.6	8.8	7.4
	Max	11.9	11.7	11.4	11.6	12.6	11.4	12.0	13.0
	Avg	10.4	10.1	10.1	10.1	10.0	10.0	10.4	10.2

Source: DEMACON, 2020

Table 8.6: Summary of Potential Demand for Social Housing per Restructuring Zone in the Ngaka Modiri Molema District

		Lichtenburg	Zeerust	Mahikeng Urban Edge
TOTAL MARKET				
Additional Households: Base Year +10 Years		2 172	179	4 435
Annualised Market Growth (Full Housing Spectrum)		434	36	887
Social Housing Market Segment		63.2%	64.7%	56.7%
Social Housing Demand per Annum		229	17	415
Annual Secondary Market Contribution (Units / Annum)	Min	80	21	273
	Max	134	35	456
Total Social Housing Market Take-Up	Min	309	38	688
	Max	363	52	870
RZ MARKET AREA SPECIFIC				
RZ Market Area Social Housing Units		**2 850**	**375**	**6 500**
Forecast Market Share of Total Market Sales	Min	80%	80%	80%
	Max	90%	90%	90%
RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	247	30	550
	Max	327	46	783
Years to 80% Take-Up (Social Housing Units)	Min	8.7	8.1	8.3
	Max	11.5	12.5	11.8
	Avg	10.1	10.3	10.1

Source: DEMACON, 2020

Table 8.7: Summary of Potential Demand for Social Housing per Restructuring Zone in the Dr Ruth Segomotsi Mompati District

			Taung	Schweizer-Reneke	Vryburg
	TOTAL MARKET				
	Additional Households: Base Year +10 Years		97	1 092	569
	Annualised Market Growth (Full Housing Spectrum)		19	218	114
	Social Housing Market Segment		62.1%	62.0%	62.5%
	Social Housing Demand per Annum		10	121	59
	Annual Secondary Market Contribution (Units / Annum)	Min	26	49	68
		Max	44	81	114
	Total Social Housing Market Take-Up	Min	36	170	128
		Max	54	203	173
	RZ MARKET AREA SPECIFIC				
	RZ Market Area Social Housing Units		**365**	**1 600**	**1 250**
	Forecast Market Share of Total Market Sales	Min	80%	80%	80%
		Max	90%	90%	90%
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	29	136	102
		Max	49	182	156
	Years to 80% Take-Up (Social Housing Units)	Min	7.5	8.8	8.0
		Max	12.5	11.8	12.2
		Avg	10.0	10.3	10.1

Source: DEMACON, 2020

Table 8.8: Summary of Potential Demand for Social Housing per Restructuring Zone in the Dr Kenneth Kaunda District

			Makwassie	Wolmaransstad	Ventersdorp	Miederpark	Dassierand	Ellaton	Flamwood
	TOTAL MARKET								
	Additional Households: Base Year +10 Years		84	723	1 038	728	2 768	1 647	760
	Annualised Market Growth (Full Housing Spectrum)		17	145	208	156	554	329	152
	Social Housing Market Segment		61.9%	61.5%	64.4%	47.8%	56.5%	60.5%	48.0%
	Social Housing Demand per Annum		9	78	118	53	241	173	45
	Annual Secondary Market Contribution (Units / Annum)	Min	14	47	35	45	94	183	75
		Max	23	79	59	75	157	366	149
	Total Social Housing Market Take-Up	Min	23	125	153	98	335	356	120
		Max	33	157	177	128	398	539	195
	RZ MARKET AREA SPECIFIC								
	RZ Market Area Social Housing Units		**250**	**1 200**	**1 400**	**950**	**3 100**	**3 600**	**1 350**
	Forecast Market Share of Total Market Sales	Min	80%	80%	80%	80%	80%	80%	80%
		Max	90%	90%	90%	90%	90%	90%	90%
	RZ Market Area Forecast Total Annual Take-Up Rate (Units / Annum)	Min	19	100	122	78	268	285	102
		Max	29	141	159	115	358	485	185
	Years to 80% Take-Up (Social Housing Units)	Min	8.5	8.5	8.8	8.2	8.6	7.4	7.3
		Max	13.3	12.0	11.4	12.1	11.6	12.6	13.2
		Avg	10.9	10.2	10.1	10.2	10.1	10.0	10.3

Source: DEMACON, 2020

8.3 CONCLUSIONS

In accordance to demand potential for social housing per RZ market area, the location, spatial integration, economic and labour absorption reality and context of RZ's are essential for ensuring sustainable outcomes for future operations and public accessibility. Thus, based on the location analysis conducted for individual RZ's in the province, the following RZ's have the highest potential in regard to location analysis

Table 8.9: Top 10 Highest Potential Restructuring Zones based on Location Analysis Rating

RZ	Location Analysis Rating
Flamwood	78,1
Rustenburg Cluster RZ	77,1
Mahikeng	75,3
Vryburg	75,3
Miederpark	75,3
Lichtenburg	74,6
Wolmaransstad	74,4
Brits CBD RZ	74,2
Dassierand	74,1
Ventersdorp	74,1

Source: DEMACON, 2020

The primary aim of social housing is to provide an alternative subsidised housing option for the low to middle income (primary sector up to R5 500 household income and secondary sector up to R15 000 household income), segment of households that are well-located in regard to economic and social opportunities and seek to enable restructuring of current spatial realities.

Based on the aim of social housing as well as the distribution of social housing demand and the location analysis of RZ locations, the highest potential RZ locations (as highlighted above) are best suited in regard to considerations of:

- Economic activity and employment potential - *areas representing concentrations of economic activity and/ or areas with potential for economic growth*
- Movement networks and public transport services - *areas where movement networks (motorised and/ or non-motorised) and public transport services are available/ planned in order to achieve local and regional access and accessibility*
- Availability of bulk infrastructure – *considerations of areas where bulk services are available, or the implication that the supply of bulk services will have on the implementation of projects*
- Promotion of social, economic, racial and cultural Integration - *areas*
- *which would provide the opportunity for citizens to share economic resources and social infrastructure (assets) to increase their quality of life and sustainable livelihoods*

The following table provides a possible range of individual unit accommodation as a generalised guideline to configuration of social housing projects based on demand and supply attributes:

Table 8.10: Possible Average Pricing for Rental Units at a District Scale

Target Market Median Rental Price Band	Bojanala		Ngaka Modiri Molema		Dr Ruth Segomotsi Mompati		Dr Kenneth Kaunda	
	% Distribution	Median Unit Rental	% Distribution	Median Unit Rental	% Distribution	Median Unit Rental	% Distribution	Median Unit Rental
Bachelor Apartment	17,8%	R305	29,6%	R268	31,9%	R262	26,3%	R263
1-Bedroom	28,3%	R604	31,3%	R531	34,3%	R518	30,4%	R520
2-Bedroom	34,8%	R1 186	21,4%	R1 044	20,5%	R1 018	23,8%	R1 023
3-Bedroom	19,0%	R2 393	17,7%	R2 107	13,3%	R2 055	19,6%	R2 063

Source: DEMACON, 2020

It should be noted that the information contained in the table above represents a district average and does not necessarily display RZ market area specific unit rental values.

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ANNEXURE A: BOJANALA DISTRICT SUMMARISED PROFILE AND DEMAND OUTCOMES

ANNEXURE B: NGAKA MODIRI MOLEMA DISTRICT SUMMARISED PROFILE AND DEMAND OUTCOMES

ANNEXURE C: DR RUTH SEGOMOTSI MOMPATI DISTRICT SUMMARISED PROFILE AND DEMAND OUTCOMES

ANNEXURE D: DR KENNETH KAUNDA DISTRICT SUMMARISED PROFILE AND DEMAND OUTCOMES