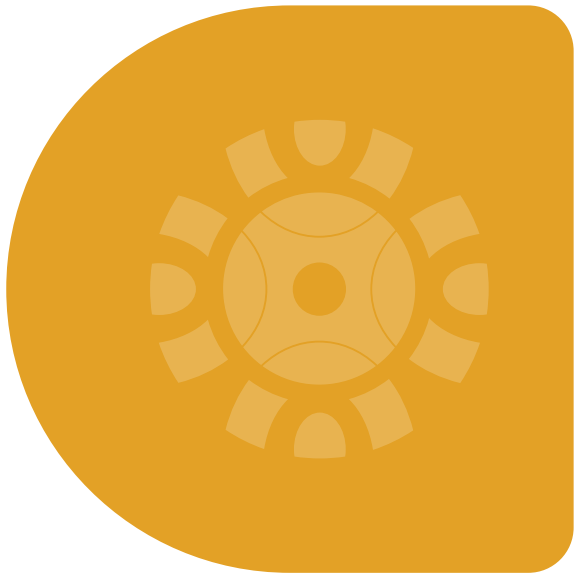# MBDA Economic Impact Study 2.0

Gqeberha CBD   Schauderville-Korsten   South End-St Peters

May 2024

20YeArs

mandela bay
DEVELOPMENT AGENCY

Renew · Revive · Inspire

Introduction

Since its establishment in 2003, the Mandela Bay Development Agency (MBDA) has sought, through its operations, to act as the primary institution behind the revitalisation of key locations within the greater Nelson Mandela Bay (NMB). This has entailed the MBDA undertaking several capital investment projects throughout the NMBM.

To quantify the impact of these projects, the MBDA appointed a service provider in 2009 to develop an economic barometer for the Agency. The purpose of this economic barometer was twofold. Firstly, it sought to quantify the economic impact that the Agency's various capital projects on local business activity, GDP, and employment. Secondly, it sought to, via means of a survey administered to businesses and residents, determine what impact the MBDA's activities had on people's perceptions of the areas where these projects occurred.

This survey was conducted for a three-year period, covering four areas namely: Gqeberha (Port Elizabeth) Gqeberha CBD; North End; King's Beach, and Kariega (Uitenhage) CBD. This survey was again conducted between 2014 and 2016 and expanded to include business and residential respondents in Helenvale and New Brighton.

The MBDA now wishes to readminister this economic barometer in the near future. This high-level economic assessment study focusses on building on previous research and providing a snapshot impact assessment for the areas of Gqeberha CBD, Korsten/Schauderville-Korsten, and South End- St Peters.

The scope of this study is to:

- Identity suitable quantitative and qualitative impact criterion that can measure the direct and indirect consequences from the MBDA's investment and management initiatives within the greater Baakens River Valley area.
- Compile a data collection tool that will be administered to a targeted set of property and/or business owners in the area to test sentiment regarding the MBDA's initiatives.
- Obtain capital expenditure data from the MBDA and local property owners and use this to run an economic impact modelling analysis to quantify direct, indirect, and induced impacts that have resulted from the MBDA's involvement in the area.
- Develop a concise report presenting the results of the quantitative and qualitative impact criterion, based on the outcomes of the data collection processand economic modelling.

The following document seeks to present a summary of the key outcomes of the surveys conducted in Gqeberha CBD, Schauderville-Korsten, and South End- St Peters.
In some instances, the snapshot results from these surveys have been compared to the outcomes of the 2023 Baakens River Valley Economic Barometer Pilot Study.

Kind Regards, Anele Qaba – MBDA CEO
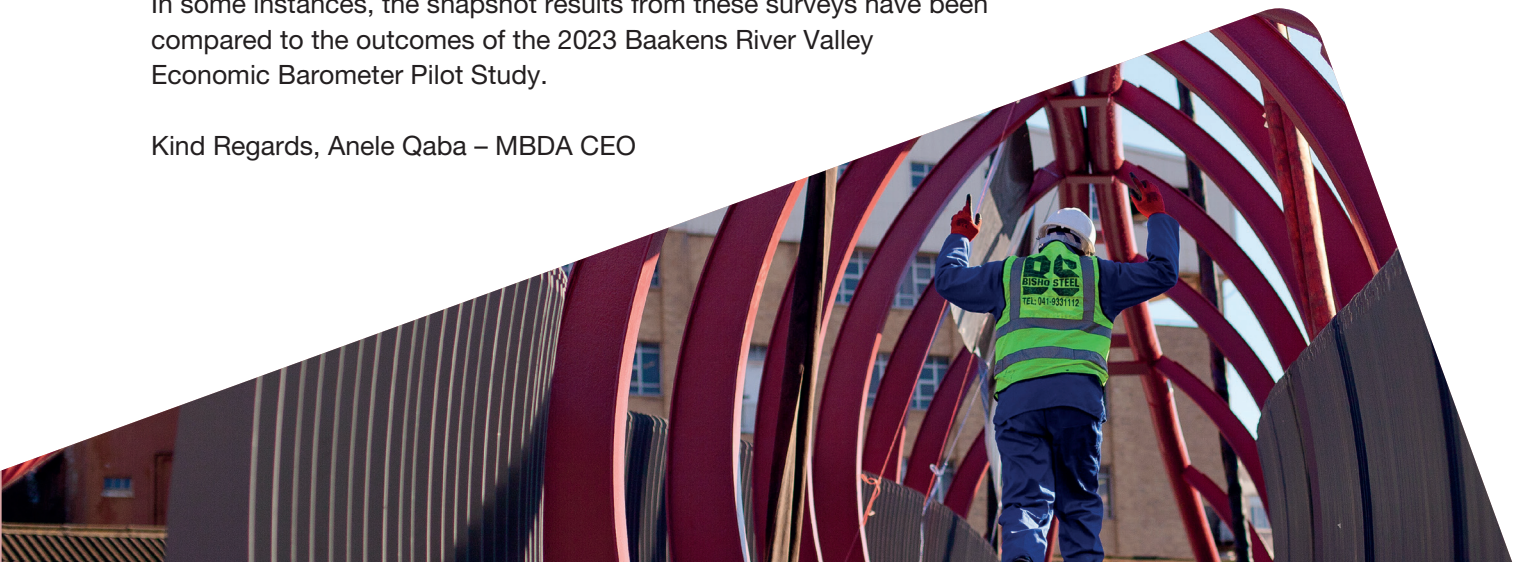
Methodology

The study commenced with a review of the business survey used in the 2023 Baakens River Valley Economic Barometer Pilot Study and a review and update to the 2016 Economic Barometer Residential Survey.

Given that the focus of the study was to generate a snapshot of business and residential perceptions within the respective areas, no formal sampling was undertaken to obtain a statistically significant sample size. Instead, the study targeted a set number of randomised households and businesses of varying typographies within close proximity to the MBDA's investments in each of the three areas.

Based on this approach, a total of **75 responses** were targeted across the three areas. This comprised 30 respondents in Gqeberha CBD split equally between businesses and residents, 20 residential respondents in South End- St Peters, and a further 25 residential respondents in Korsten/ Schauderville-Korsten. This was not intended to be a statistically significant sample, but rather to provide a snapshot of the view of the MBDA's activities in the respective areas through targeted inputs.

Following the updates and revisions to the survey, and the sample specification, the questionnaire was administered in the three selected areas.

The next step was to seek to quantify the economic impact of the MBDA's various interventions in the three areas based on the Agency's capital and operational expenditure. This impact was quantified by means of a Social Account Matrix (SAM) Model for the Eastern Cape, which estimated the impact of the MBDA investment on production, GDP, and employment. These results were supplemented with investment data derived from the various surveys.

The final step in the methodology was the compilation of a report setting out the key outcomes. This report profiled the businesses and residents surveyed, quantified the investment undertaken in the areas by the MBDA; outlined the perceptions of businesses and residents about the area; and indicated what the economic impact of the investment in the respective areas had been.

Focus Area 1

Gqeberha CBD is the historical heart of the Gqeberha (Port Elizabeth) and features several prominent tourist/cultural attractions including The Campanile, Fort Frederick, and Route 67 amongst others.

The suburb covers just over 1 000 hectares and is characterised by a mix of both commercial and residential land uses. Business enterprises are scattered throughout the area with strong concentrations in the CBD, Parliament Street, Rink Street, Westbourne Road, and Stanley Street.

The principle residential areas within Gqeberha CBD stretch between Russell Road and Cuyler Street but also include the suburbs of Richmond Hill, and the area around St. George's Park.

R536 million

Estimated GDP generated by the Gqeberha CBD area in 2022, representing **less than 1%** of the NMB's total

8% increase

In the estimated size of the area's GDP between 2010 and just prior to COVID-19

R191 million

Generated by the finance and business services sector, equivalent to **36%** of the area's GDP

Business Profile

13 000

Estimated number of people permanently living in Gqeberha CBD in 2022, equivalent to just over 1% of the NMB's population

This population reside in approximately **6 550 households** which are typically multiple storey formal dwellings. This typography means that average household density is well above the NMB figure.

The **average household** size, at **2 people** is also well below the NMB average of 3.5.

87%

Indicated that they rent the property that they are staying in

While most respondents were **long-term residents of Gqeberha CBD**, less than 15% owned their property they were currently staying in.

The average respondents had been living in Gqeberha CBD for over 8 years, with only a **third** having been in the area for **five years or less**.

Business Types

There are a wide variety of businesses in Gqeberha CBD, however, the area is dominated by retailers, and personal care services – especially hair salons and nail care. Retailers include a mix of both established retailers such as Spar, and owner-operated spaza shops. These spaza shops offer a mix of food, vegetables, and non-perishable goods.

There are also several clothing retailers in the area. The overwhelming majority of these are independently operated and include altering/ tailoring services.

Repair businesses focus mainly on the fixing of cellphones and computers. Many of these businesses also include an internet café element. While not reflected in the survey sample Gqeberha CBD also includes several food services businesses, especially restaurants and bars.

Personal Care	31%
Retailers & Spaza Shops	31%
Clothing & Accessories	15%
Repairs	15%
Other	8%
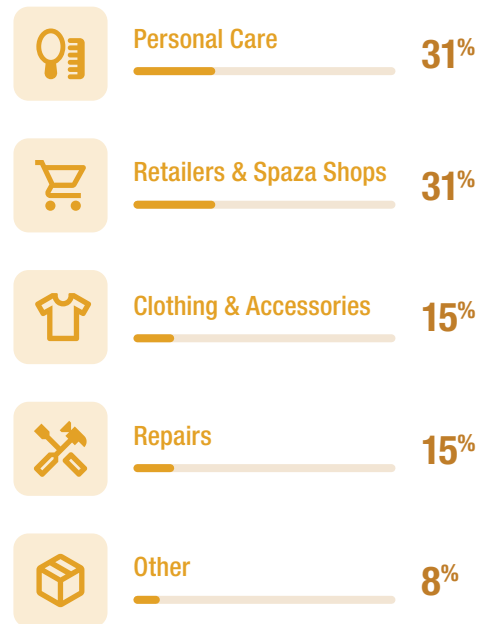
6 Years

Average number of years a business has operated in the area

Most businesses have longstanding operations in the area, with just **27%** indicating they had been in the area for two years or less. The majority of respondents (**64%**) reported being in the area for more than 5 years.

Performance

37 Employees

*Total number of people employed by surveyed businesses of which **all are permanent***

The area is characterised by small, independent owner-run and operated businesses and as such employment is typically low. On average, each surveyed person employed just **2 people**, with one being the owner.

36% of businesses indicated that their staff numbers had changed over the last 5-years

Gqeberha CBD businesses proved more resilient to the COVID-19 pandemic than firms operating in the Baakens River Valley. The result was that **7% of Gqeberha CBD businesses have retrenched** workers since the pandemic compared to just 11% in the Baakens River Valley area. The survey sample suggests that **employment** amongst Gqeberha CBD businesses has **risen by 6%** since the pandemic began. Personal care firms in Gqeberha CBD were the most likely to have increased employment.

67%

Of surveyed business have hired between **1 & 4 staff** over the last 5 years

33%

Of surveyed business have reduced their staff numbers over the last 5 years

The trends in employment growth were also borne out of businesses turnover. **Almost two thirds (62%) of** businesses indicated that their **turnover had increased** either slightly (54%) or significantly (8%) over the last five years – even after considering the impact of COVID-19.

Businesses attributed the improvements in turnover to **increased foot traffic** to the area post lockdown and **word of mouth recommendations** from other customers.

Similarly to businesses in the Baakens River Valley, the most cited reason for firms seeing a reduction in their turnover was because of **load shedding**, and the high cost of living which impacted customers' ability to spend. **Crime and the safety** of customers was also cited as a possible reason for the reduction in turnover.

Change in Turnover

⊕ **62%** increased

⊖ **15%** decreased

A further **23%** of businesses indicated that they had experienced **no change in their turnover** over the last five years.

Property Improvements

29%
Made improvements

71%
Did not make improvements

Firms that had made some form of improvement to their premises in the **last five years**. **No Gqeberha CBD residents** had **made improvements** to their property. This can be attributable to the fact that all respondents indicated that they rented their property.

75% *Of the business that made improvements spent **less than R50 000** in total*
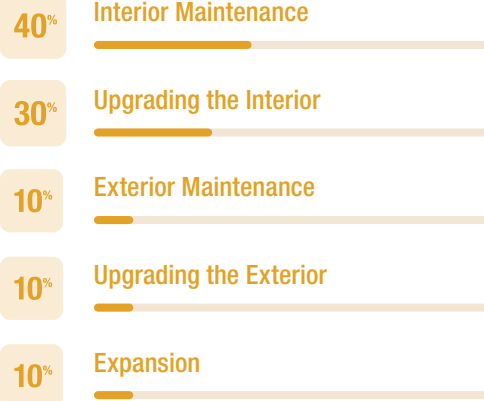
R56 251 *Average value of improvements made*

R225 000

*Estimated value of all improvements made by surveyed businesses in the Gqeberha CBD area over the last 5 years, equating to approximately **R11 250 per surveyed business** per year, in line with expectations given the high proportion of businesses that rent their property.*

Nature of Improvements

Given that all but one of the businesses surveyed indicated that they rented the premises from which they operated, it is unsurprising that **40% of all improvements** made over the last five years were to the interior of the business's property.

40%	**Interior Maintenance**
30%	**Upgrading the Interior**
10%	**Exterior Maintenance**
10%	**Upgrading the Exterior**
10%	**Expansion**

Comments expressed by businesses when asked what motivated them to invest in the area:

" Our target market is mostly in Gqeberha CBD, and we wanted to attract more customers."

" "I saw a gap in the area for my services, so jumped at the opportunity and invested.

The work of the local barbers wasn't very good, and I thought I could do better." "

50% Of surveyed businesses indicated that they plan to **make future improvements** to their property over the next five years. In comparison, 60% of the firms interviewed in the Baakens River Valley indicated that they planned to make property improvements over the same period. **None of the businesses surveyed** in Gqeberha CBD indicated that the reason for the historic upgrades to the property were linked to the activities of the MBDA in the area. This is compared to 46% of respondents in the Baakens River Valley, that indicated that the MBDA had influenced their upgrade decision.
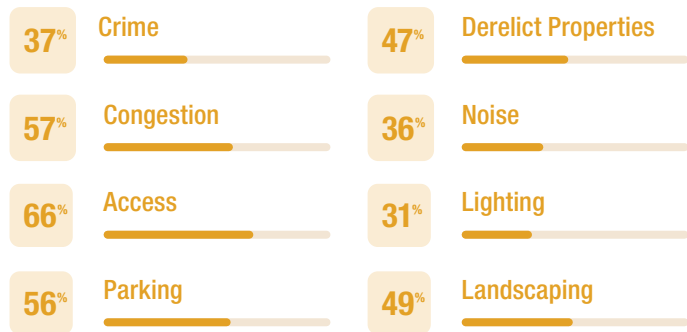
Business Perceptions

⊕ **69%** *Rental values have increased*   ⊙ **31%** *Rental values have decreased*

Perceptions of businesses about rental and property value trends in the Gqeberha CBD area over the last **five years**
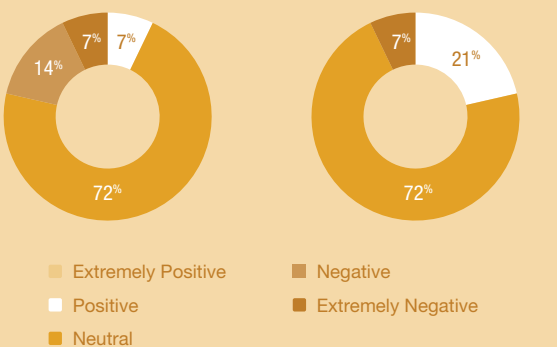
Environmental Factors

To establish how businesses feel about changes in various factors over the last two years, they were asked to rank key issues on a scale of one to five. A ranking of one (1) indicated no improvement, while a five (5) indicated significant improvement. These were then converted to a percentage.

37%	Crime	47%	Derelict Properties
57%	Congestion	36%	Noise
66%	Access	31%	Lighting
56%	Parking	49%	Landscaping

Businesses felt that aspects such as congestion and access had improved, while lighting, noise levels and crime have all deteriorated.

Permanent Security   Permanent Street Cleaners

Permanent Security: 7%, 7%, 14%, 72%
Permanent Street Cleaners: 7%, 21%, 72%

- Extremely Positive
- Positive
- Neutral
- Negative
- Extremely Negative

Businesses were also asked how they perceive the MBDA's permanent security and cleaners in the area.

Sentiments were overwhelmingly neutral for street cleaning, with **some businesses (21%) viewing this positively**. Businesses were less confident about the security, with 21% viewing them negatively.

Types of interventions that businesses want for the area:

🤝 **100%** Business Support   ✈ **93%** Tourism Development

💵 **100%** Investment Promotion   🔗 **86%** Crime & Safety

🎓 **100%** Youth Development   📦 **36%** Other

⚙ **100%** Skills Training

Business support, investment promotion, youth development and skills training were far the most desired interventions for firms in Gqeberha CBD. Other types of interventions requested include: urban renewal (86%); facilities management (86%); cleaning and recycling (64%) arts, culture, events, and sports (57%); and heritage celebration (29%).
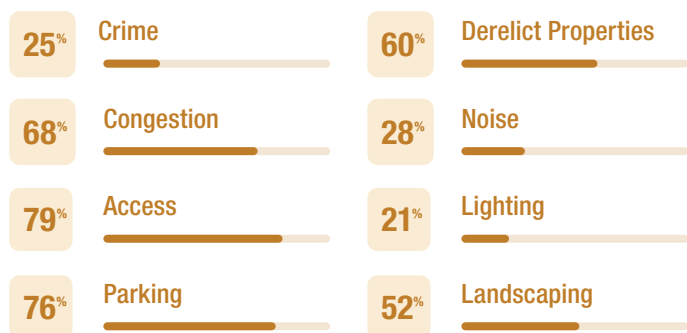
Residential Perceptions

↑ 79% *Rental values have increased*   **↓ 21%** *Rental values have decreased*

Perceptions of residents about their trends in rental rates in Gqeberha CBD over the last **five years**

Environmental Factors

To establish how residents feel about changes in various factors over the last two years, they were asked to rank key issues on a scale of one to five. A ranking of one (1) indicated no improvement, while a five (5) indicated significant improvement. These were then converted to a percentage.

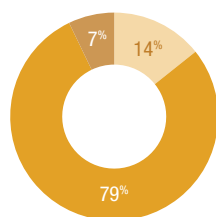|			
25%	Crime	60%	Derelict Properties
68%	Congestion	28%	Noise
79%	Access	21%	Lighting
76%	Parking	52%	Landscaping

Like businesses, residents saw the least improvements in lighting, noise levels, and crime. Access and parking were the two areas that residents felt had exhibited the greatest improvement.

Permanent Security
14% · 22% · 64%
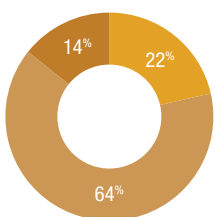
Permanent Street Cleaners
7% · 14% · 79%

Legend:
- Extremely Positive
- Positive
- Neutral
- Negative
- Extremely Negative

Residents were also asked how they perceive the MBDA's permanent security and cleaners in the area.

Sentiments were overwhelmingly neutral about the street cleaning with **some residents (14%) viewing them positively**. Residents were less confident about the security, with 78% viewing them negatively.

Types of interventions that businesses want for the area:

100% Urban Renewal   **93%** Youth Development

100% Crime & Safety   **86%** Cleaning & Recycling

100% Skills Training   **36%** Other

100% Facilities & Area Management

Gqeberha CBD residents universally expressed a desire for **urban renewal, crime prevention, facilities management, skills training**, and **youth development interventions**. There was an equally strong desire for cleaning and recycling related interventions. Other types of interventions requested include: business support (93%); investment promotion (87%); tourism development (87%) arts, culture, events, and sports (87%); and heritage celebration (27%).

Economic Impact

An economic impact is defined as an exogenous change in the local economy that has either a positive or negative effect on economic activity. In the Gqeberha CBD area, this exogenous change has taken the form of the several operational programmes funded by the MBDA focussing on security and cleaning. These economic impacts are once-off and only arise for the duration of the construction period.

To quantify the anticipated direct, indirect, and induced impact on an exogenous change, several econometric models can be applied. For this study, the SAM-Leontief model was used. The SAM-Leontief model uses social accounting matrices as the underlying database. Coefficients are taken from the SAM and are used to calculate the open and closed Leontief inverses which are multiplied by the exogenous change to obtain direct, indirect, and induced impact on production. The change in production is then multiplied by direct multipliers to obtain specific impacts on GDP, employment, and income.

Using this approach, the total economic impact of the **R1.5 million incurred in the operation of the MBDA's various programmes in Gqeberha CBD**, has been quantified.

R5 million
*Total additional **production** generated owing to the investments in the area*

R2 million
*Increase in national **GDP** owing to the investments*

5 FTEs
*Number of **employment opportunities (FTE)** created as a result of investments in the area*

R600 000
Rise in total household income due to the investments

Contribution of the area to municipal rates revenue

Using the growth trends in household numbers for NMB published by Stats SA and data from the Census, it was possible to **estimate** the total **number of households in Gqeberha CBD**.

Data from the Gqeberha CBD Residential Survey was then applied to this figure to determine the estimated number of households in the area that own their property. The survey data was also used to calculate an estimated monthly rates payment per Gqeberha CBD household (**R2 125**).

By using these two figures it was then possible to estimate the total **annual rates paid** by residential property owners to the NMB. This value – **R167 million** in 2022 – includes both property rates income as well as revenue derived by the NMBM from the sale of services (i.e. water and electricity).

R167 million
Estimated total annual property rates generated by residential properties in Gqeberha CBD in 2022

Focus Area 2

Schauderville-Korsten was established in 1935 and is one of the oldest suburbs in the Northern Areas. The area is also closely linked to the historical development of Korsten – the adjacent suburb.

Colloquially referred to as Schauder, the area is predominantly a low-income residential area. Many of the residents living in Schauderville-Korsten work in the Neave Industrial area and the businesses located around the North End Lake.

The suburb covers approximately 187 hectares and extends from Highfield Road in the north to Alexander Road in the south, and is bounded by the N2 to the west. The suburb features several schools and includes the private Mercantile Hospital.

R1.1 billion

Estimated GDP generated by the Schauderville-Korsten area in 2022, representing
just 1% of the NMB's total

6% increase

in the estimated size of the area's GDP between 2010 and just prior to COVID-19

R330 million

Generated by the manufacturing sector, equivalent to **28%** of the area's GDP

Residential Profile

14 331

Estimated number of people permanently living in Schauderville-Korsten in 2022, equivalent to just over 1% of the NMB's population

The residential population in Schauderville-Korsten is comparably small. The established nature of the suburb means that population growth has been stable. Over the 2012 to 2022 period, Schauderville-Korsten's estimated **population increased by just 2% in absolute terms**.

The population density, at **7 680 people per km²**, remains higher than the rest of the NMB.

3 277

Number of households estimated to be located in Schauderville-Korsten in 2022

This population resides in approximately **3 277 households** which are typically single storey free standing homes. This typography means that average household density is well above the NMB figure.

The estimated **average household** size, at **4.4 people**, well above the NMB average of 3.5. Despite this, only **9%** of surveyed households indicated that they had **3 or more bedrooms**.

96% *Indicated that they own the property that they are staying in*

Most respondents were **long-term residents of Schauderville-Korsten**, having lived in the area for more than a decade, and **two-thirds** having stayed in the area for over 20 years. This meant that property ownership was high, with almost **all (96%) of respondents owing** their home, against just **4% that rented**.

74% *Of property owners paid less than R2 500 per month in rates*

The weighted **average** municipal **rates** paid by respondents that owned their home is **R2 164**, compared to an average monthly **rental** of **R3 751** paid by those residents that rented their property.

R5.8 million

Estimated annual rental paid by Schauderville-Korsten renters to property owners

By applying the ownership typograph and the weighted average rental rates paid per surveyed households to the total number of households, it is estimated that Schauderville-Korsten generates **R5.8 million in rental** annually to property owners.

32 Years

Average duration surveyed residents have lived in the area

Most residents have been living in the area for a long time - just **8%** indicating they had been in the area for 5 years or less. The majority of respondents (**64%**) reported being in the area for more than 20 years.

Property Improvements

33%
Made improvements

67%
Did not make improvements

Percentage of Schauderville-Korsten residential respondents that owned their property, and which had made some form of improvement to it over the **last five years**.

50% *Of the residents that made improvements spent **less than R50 000** in total*

R87 501 *Average value of improvements made*

R700 000

*Estimated value of all improvements made by surveyed residents in the Schauderville-Korsten area over the last 5 years, equating to approximately **R17 500 per surveyed household** per year, in line with expectations given the high proportion of residents that undertook upgrades to their properties.*

Nature of Improvements

Over two-thirds (69%) of the improvements made by residential respondents that owned their property, were for upgrading their property – either the interior or the exterior. Only one respondent indicated that they had expanded their property over the last 5 years.

46% **Upgrading the Exterior**

23% **Upgrading the Interior**

15% **Interior Maintenance**

8% **Exterior Maintenance**

8% **Expansion**

Comments expressed by residents when asked what motivated them to invest in the area:

" I wanted to add value to my property so I invested in it."

"I did not feel secure as the area is very unsafe so I spent money on upgrading my security so I could feel protected. "

" We simply wanted to increase the value of our property."

50% Of surveyed residents who owned their property indicated that they plan to **make future improvements** to their property over the next five years. Approximately **13% of the residents** in Schauderville-Korsten who had made improvements to their property indicated the MBDA's activities in the area had **some influence** on their decision. Equally positive was that **58%** of Schauderville-Korsten residents that owned their property felt that its value had increased either **slightly (21%)** or **significantly (38%)** over the last 5 years.
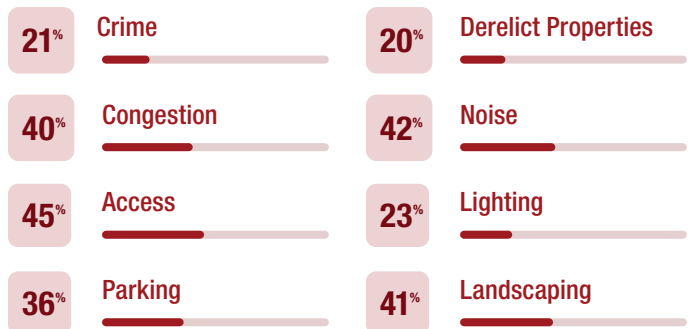
Residential Perceptions

⬆ **60%** *Rental/Property values have increased*

⊜ **32%** *Rental/Property values were unchanged*

Perceptions of residents about their trends in property/rental rates in Schauderville-Korsten over the **last five years**

Environmental Factors

To establish how residents feel about changes in various factors over the last two years, they were asked to rank key issues on a scale of one to five. A ranking of one (1) indicated no improvement, while a five (5) indicated significant improvement. These were then converted to a percentage.

21% Crime

40% Congestion

45% Access

36% Parking

20% Derelict Properties

42% Noise

23% Lighting

41% Landscaping

Residents saw the greatest improvements in landscaping, access, and congestion, but limited improvements in the number of derelict properties, crime, and lighting.

Multi-Purpose Recreational Park

12%

17%

71%

☐ Extremely Positive
■ Positive
■ Neutral
■ Negative
■ Extremely Negative
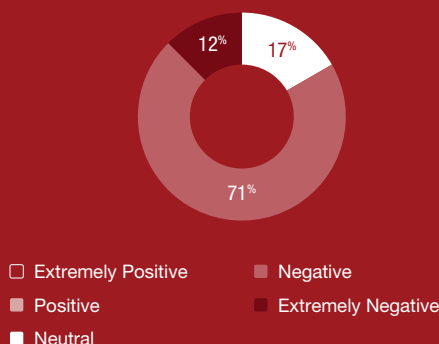
Residents were also asked how they perceive the MBDA's upgrades of the multi-purpose park in Schauderville-Korsten.

Sentiments were **overwhelmingly negative**, with no residents expressing positive sentiment about the development mainly due to the lack of maintenance and gym equipment.

Types of interventions that businesses want for the area:

100% Youth Development

100% Skills Training

92% Urban Renewal

92% Facilities & Area Management

92% Cleaning & Recycling

92% Crime & Safety

44% Other

Youth development and **skills training** are by far the most desired interventions for the Schauderville-Korsten area, followed closely by cleaning and recycling, urban renewal, area management, and crime and safety interventions. Other types of interventions requested include: business support (92%); arts, culture, events, and sports (92%); tourism development (84%).

Economic Impact

An economic impact is defined as an exogenous change in the local economy that has either a positive or negative effect on economic activity. In the Schauderville-Korsten area, this exogenous change has taken the form of a capital investment project undertaken by the MBDA that sought to uplift the local community. These economic impacts are once-off and only arise for the duration of the construction period.

To quantify the anticipated direct, indirect, and induced impact on an exogenous change, several econometric models can be applied. For this study, the SAM-Leontief model was used. The SAM-Leontief model uses social accounting matrices as the underlying database. Coefficients are taken from the SAM and are used to calculate the open and closed Leontief inverses which are multiplied by the exogenous change to obtain direct, indirect, and induced impact on production. The change in production is then multiplied by direct multipliers to obtain specific impacts on GDP, employment, and income.

Using this approach, the total economic impact of the estimated **R11 million incurred in developing a multi-purpose recreational park**, has been quantified.

R31 million
*Total additional **production** generated owing to the investments in the area*

R9 million
*Increase in national **GDP** owing to the investments*

36 FTEs
*Number of **employment opportunities (FTE)** created as a result of investments in the area*

R4 million
*Rise in **total household income** due to the investments*

Contribution of the area to municipal rates revenue

Using the growth trends in household numbers for NMB published by Stats SA and data from the Census, it was possible to **estimate** the total **number of households in Schauderville-Korsten**.

Data from the Schauderville-Korsten Residential Survey was then applied to this figure to determine the estimated number of households in the area that own their property. The survey data was also used to calculate an estimated monthly rates payment per Schauderville-Korsten household (**R2 164**).

By using these two figures it was then possible to estimate the total **annual rates paid** by residential property owners to the NMB. This value – **R82 million** in 2022 – includes both property rates income as well as revenue derived by the NMBM from the sale of services (i.e. water and electricity).
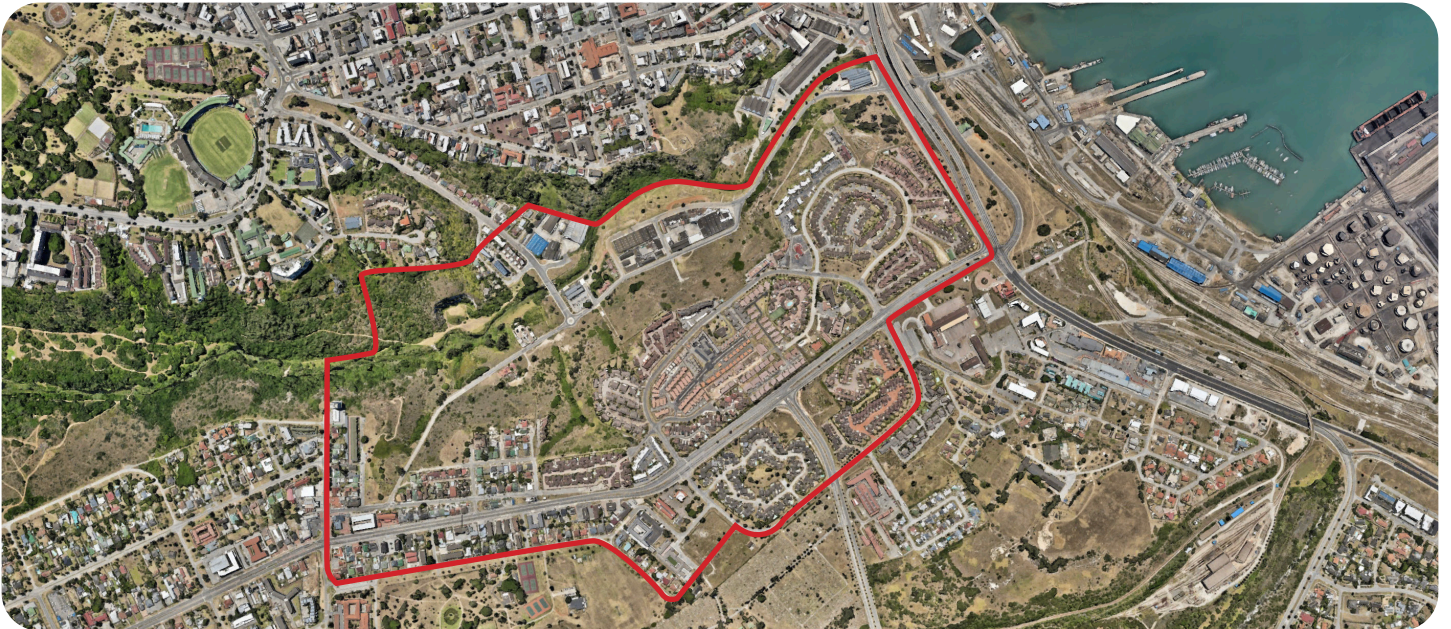
R82 million
Estimated total annual property rates generated by residential properties in Schauderville-Korsten in 2022

Focus Area 3

South End- St Peters is one of the oldest suburbs in Gqeberha (Port Elizabeth). Historically, the suburb was a racially diverse neighbourhood, comprising predominantly working close households. During Apartheid, however, those designated as non-white were forcibly removed from the area and relocated to other parts of the city. The area's diversity was strongly reflected in its religious institutions, and was home to 12 religious buildings, spanning Christian Churches, Mosques, and a Hindu Temple. One such building was St. Peter's Church. The suburb remains predominately a residential area, but includes several business clusters in the Baakens River Valley area, along the beachfront, and at the lower end of Heugh Road.

R456 million

Estimated GDP generated by the South End- St Peters area in 2022, representing **just 1%** of the NMB's total

8% increase

In the estimated size of the area's GDP between 2010 and just prior to COVID-19

R159 million

Generated by the finance and business services sector, equivalent to **36%** of the area's GDP

Residential Profile

3 278

Estimated number of people permanently living in South End- St Peters in 2022, equivalent to just over 1% of the NMB's population

The residential population in South End- St Peters is comparably small. The established nature of the suburb means that population growth has been static. Over the 2012 to 2022 period, South End- St Peters's estimated population **increased by just 2% in absolute terms**.

The population density, at **1 235 people per km²**, remains higher than the rest of the NMB.

1 511

Number of households estimated to be located in South End- St Peters in 2022

This population resides in approximately **1 511 households** which are typically single or double storey formal dwellings in a secure complex. This typography means that average household density is well above the NMB figure. The estimated **average household** size, at **2.2 people**, well below the NMB average of 3.5. The latter figure correlates closely with the surveyed respondents, with **63%** of households having two or fewer bedrooms.

65%
Indicated that they own the property that they are staying in

Most respondents were **long-term residents of South End- St Peters**, having lived in the area for more than a decade.

This meant that property ownership was high, with almost **two-thirds of respondents owning** their home, against just **35% that rented**.

83%
Of property owners paid less than R2 500 per month in rates

The weighted **average** municipal **rates** paid by respondents that owned their home is **R4 251**, compared to an average monthly **rental** of **R4 822** paid by those residents that rented their property.

R30 million

Estimated annual rental paid by South End- St Peters renters to property owners

By applying the ownership typograph and the weighted average rental rates paid per surveyed households to the total number of households, it is estimated that South End- St Peters generates **R30 million in rental** annually to property owners.

14 Years

Average duration surveyed residents have lived in the area

Most residents have been living in the area for a long time - just **16%** indicating they had been in the area for 5 years or less. The majority of respondents (**63%**) reported being in the area for more than 10 years.

Property Improvements

23%

Made improvements

77%

Did not make improvements

Percentage of South End- St Peters residential respondents that owned their property, and which had made some form of improvement to it over the **last five years**

**100%** *Of residential improvements were valued at less than R50 000 in total*

R25 000 *Average value of improvements made*

R750 000

Estimated value of all improvements made by surveyed residents in South End- St Peters over the last 5 years, equating to approximately **R5 000 per surveyed residents** *per year. This is in line with expectations given the high proportion of respondents that indicated that they undertook routine maintenance.*

Nature of Improvements

Approximately two thirds (**66%**) of the improvements made by residential respondents that owned their property, were for **routine maintenance**. This was either to the interior or the exterior of the property. Only one respondent indicated that they had made an upgrade to their property over the last 5 years.

Interior maintenance

Upgrading the exterior

33% **33%**

33%

Exterior maintenance
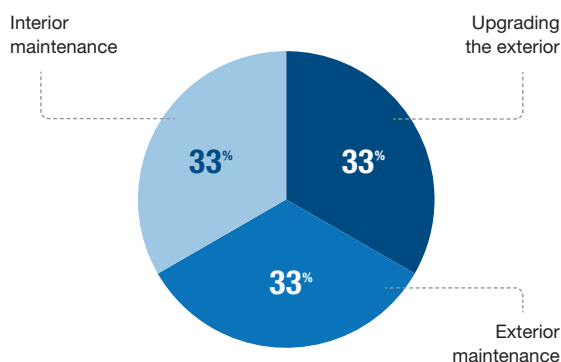
Comments expressed by residents when asked what motivated them to invest in the area:

" I needed to paint my exterior gate and fence as it was starting to look untidy."

"The complex where I stay needed to be repainted. "

" We built a boundary wall around our property to improve security."

31%

Of surveyed residents who owned their property indicated that they plan to **make future improvements** to their property over the next five years. **None of the residents** surveyed in South End- St Peters indicated that the reason for the historic upgrades to the property were linked to the activities of the MBDA in the area. Despite this 60% of South End- St Peters residents that owned their property felt that its value had increased by between 1% and 5% over the last 5 years.
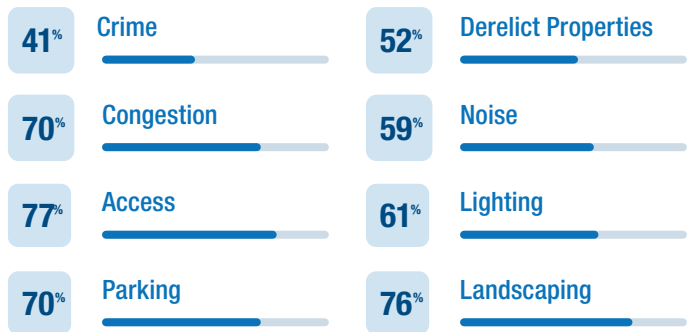
Residential Perceptions

↑ 65% *Rental/Property values have increased*

≡ 30% *Rental/Property values were unchanged*

Perceptions of residents about their trends in property/rental rates in South End- St Peters over the **last five years**

Environmental Factors

To establish how residents feel about changes in various factors over the last two years, they were asked to rank key issues on a scale of one to five. A ranking of one (1) indicated no improvement, while a five (5) indicated significant improvement. These were then converted to a percentage.

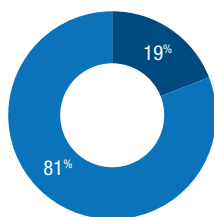|			
41%	Crime	**52%**	Derelict Properties
70%	Congestion	**59%**	Noise
77%	Access	**61%**	Lighting
70%	Parking	**76%**	Landscaping

Residents saw the greatest improvements in landscaping, access and parking, but limited improvements in crime, the number of derelict properties, and noise levels.

St Peters Church Upgrades

33% / 67%
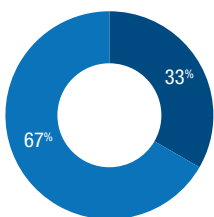
Baakens Functional Improvements

19% / 81%

- ■ Extremely Positive
- ■ Positive
- ■ Neutral
- ■ Negative
- ■ Extremely Negative

Residents were also asked how they perceive the MBDA's upgrades of St Peter's and the functional improvements to the Baakens River Valley. Sentiments were overwhelmingly positive, with no residents expressing negative sentiment to either development. The St Peter's upgrade was seen as particularly successful.

Types of interventions that businesses want for the area:

100% Crime & Safety

90% Urban Renewal

81% Facilities & Area Management

71% Tourism Development

71% Youth Development

67% Arts, Culture & Events

25% Other

Crime and safety; **urban renewal** interventions such as street and infrastructure upgrades; and **facilities/area management** are by far the most desired interventions for the South End- St Peters area. Other types of interventions requested include: tourism development (71%); youth development (71%); arts, culture, events, and sports (67%).

Economic Impact

An economic impact is defined as an exogenous change in the local economy that has either a positive or negative effect on economic activity. In the South End- St Peters area, this exogenous change has taken the form of the several capital investments projects funded or undertaken by the MBDA. These economic impacts are once-off and only arise for the duration of the construction period.

To quantify the anticipated direct, indirect, and induced impact on an exogenous change, several econometric models can be applied. For this study, the SAM-Leontief model was used. The SAM-Leontief model uses social accounting matrices as the underlying database. Coefficients are taken from the SAM and are used to calculate the open and closed Leontief inverses which are multiplied by the exogenous change to obtain direct, indirect, and induced impact on production. The change in production is then multiplied by direct multipliers to obtain specific impacts on GDP, employment, and income.

Using this approach, the total economic impact of the estimated **R12 million incurred in upgrading St Peter's Church**, has been quantified.

R32 million
*Total additional **production** generated owing to the investments in the area*

R9 million
*Increase in national **GDP** owing to the investments*

38 FTEs
*Number of **employment opportunities (FTE)** created as a result of investments in the area*

R4 million
*Rise in **total household income** due to the investments*

Contribution of the area to municipal rates revenue

Using the growth trends in household numbers for NMB published by Stats SA and data from the Census, it was possible to **estimate** the total **number of households in South End- St Peters**.

Data from the South End- St Peters Residential Survey was then applied to this figure to determine the estimated number of households in the area that own their property. The survey data was also used to calculate an estimated monthly rates payment per South End- St Peters household (**R4 251**).

By using these two figures it was then possible to estimate the total **annual rates** paid by residential property owners to the NMB. This value – **R50 million in 2022** – includes both property rates income as well as revenue derived by the NMBM from the sale of services (i.e. water and electricity).

R50 million

Estimated total annual property rates generated by residential properties in South End- St Peters in 2022

Mandela Bay Development Agency

Corporate Services Executive

1st Floor, Tramways Building
Corner of Valley and South Union Street
Gqeberha, 6000

Tel: +27 (0)41 811 8200
E-mail: luvuyo.bangazi@mbda.co.za
mbda.co.za

Disclaimer

While every reasonable effort has been made to ensure that the information compiled and/or collected in this report is accurately reflected, Urban-Econ Development Economists (Pty) Ltd (the "service provider"), its directors and employees make no representation or warranty, express or implied, regarding the accuracy, completeness, correctness, or suitability for any purpose of the information contained in this report. Consequently, none of the aforementioned parties accept liability for any direct or indirect losses, damages or costs that may arise as a result of the use of this report or reliance thereon, for any interpretation, decisions, or actions based on the data presented in the report.