

PAARDEN EILAND INDUSTRIAL ECONOMIC AREA PROFILE

TREND ANALYSIS 2012-2022



Image source: City of Cape Town



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ACKNOWLEDGEMENTS

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DISCLAIMER:

The information contained herein is provided for general information only which is not intended to provide definitive answers and as such, is only intended to be used as a guide.

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POLICY & REGULATORY CONTEXT

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Conceptual framework

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Land use activities, employment overview & firm typologies

Development pipeline

Urban land markets

Agglomeration of industries

Market performance

Performance & Potential

For the past decade, the global and national economic context has required regional economies to prioritise their investment decisions in space for greater efficiency. The Economic Areas Management Programme (ECAMP), as it was introduced, has therefore been considered a valuable economic data tool that provides valuable insights into the performance of the space economy at an area-specific level.

This update of ECAMP is further aligned with the Urban Planning & Design Department's business strategy to leverage spatial intelligence to unlock value within Cape Town's space economy by:

- a) Tracking the performance and implementation of its spatial development framework policies
- b) Developing the evidence base to inform and adjust said spatial policy
- c) Supporting spatially targeted investment and decision-making
- d) Providing a spatial lens of economic data within the Cape Town context

The following strategic objectives and programmes support the update of ECAMP:



INTEGRATED DEVELOPMENT PLAN 2022-2027

- [Objective 1](#) (Increased jobs and investment in the Cape Town Economy): Targeted urban development programme
- [Objective 15](#) (A more spatially integrated and inclusive city): Spatial strategy monitoring and evaluation project

INCLUSIVE ECONOMIC GROWTH STRATEGY (2021)

- [Applying an economic lens to policy-making by integrating sustainable analysis into City Decision Making in alignment with the MSDF.](#)
- The primary and most immediate scope of work must centre around economic recovery. To this end, implementation of this Strategy will be in the form of a [three-phase recovery approach](#).

MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK (MSDF, 2023) POLICY & STRATEGY IMPLEMENTATION

- Table 5.1: Spatial strategy 1: Substrategies and policy guidelines ([Policy 2, 4 and 5](#))
- Table A2: Spatial strategy 1: Policy guidelines, strategic and implementation intent ([Policy 4,2 and 4,3](#))

DISTRICT SPATIAL DEVELOPMENT FRAMEWORK (DSDF, 2023): SUB DISTRICT GUIDANCE

- Table Bay DSDF - Subdistrict 2: City Bowl, Port and Surrounds:
 - District Development Guidelines ([page 66](#))
 - Subdistrict Development Guidelines ([page 99](#))
 - Consolidated subdistrict SDF ([Figure 23: Subdistrict 2: City Bowl, Port and surrounds](#))

CONCEPTUAL FRAMEWORK

Intended users

This profile provides a cohesive narrative to determine key trends across several data entry points to help inform decision-making. It also aims to help guide investment in cases where data is not readily available to the public.

Conceptual Framework

The reporting of updated time series microeconomic analysis on Cape Town's economic areas is informed by a conceptual framework, which aims to create spatial intelligence on *supply & demand factors according to the 5 themes* which have been identified. The 5 themes allow for an integrated narrative across area-based economic trends. The trends being reported throughout this profile are used to classify and assess the overall performance of Cape Town's economic areas.

Data preparation, sources, assumptions and limitations

The indicators reported in this profile feed off several automated data processes to add intelligence at a land parcel level which is then aggregated into economic areas. This profile draws across various datasets between 2012 and 2022 such as the General Valuation Roll, market reports, building plans, land use applications, property sales and SARS data. While many of the respective datasets are continuously refined over time, this profile will be updated as and when new data is available.

Contact details

Should you wish to make contact, please direct your feedback to the City of Cape Town's Metropolitan Spatial Planning and Growth Management branch via Future.CapeTown@capetown.gov.za.

MICRO-ECONOMIC DEMAND & SUPPLY FACTORS

This profile examines a range of micro-economic indicators to highlight trends in supply and demand specific to the economic area. The indicators include:

- Property sales per land use sector
- Building work completed
- Types of land use applications approved
- Vacant land per land use sector
- Built-up land and take up rate per land use sector
- Dominant land uses present in an area
- Building vacancy rate overtime
- Capitalisation rate over time
- Rental rate p/m² by land use sector
- Jobs per industry

MACRO-ECONOMIC REPORTS AND INDICATORS

For additional insights into the macro-economic factors affecting the regional economic condition, refer to the following reports for more information on macro-economic indicators related to Cape Town:

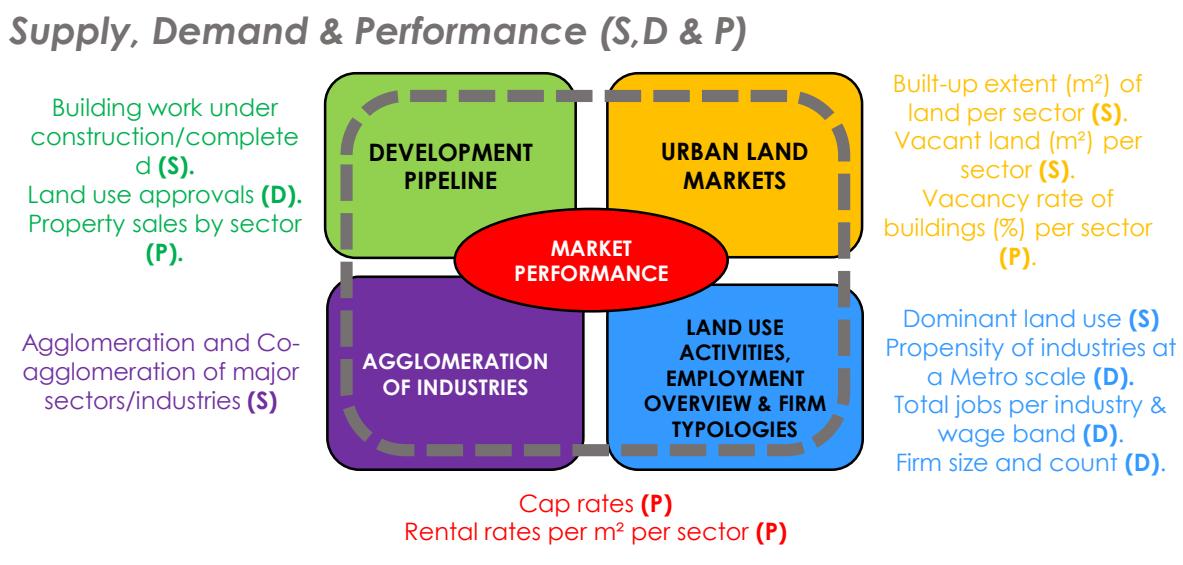
- [Economic Performance Indicators for Cape Town](#)
- [Regional Market Analysis and Intelligence 2023/24](#)
- [Provincial Economic Review and Outlook \(PERO\)](#)
- [Municipal Economic Review and Outlook \(MERO\)](#)

WHY

VALUE PROPOSITION	CHALLENGES /OBJECTIVES TO ADDRESS	AREAS OF APPLICATION
<p>Promoting economic infrastructure in support of economic growth and job creation.</p> <p>Supports internal and external collaboration around data and spatial intelligence.</p> <p>Supports the spatially differentiated investment rationale of the MSDF and DSDFs.</p>	<p>Urban Growth Planning (Non-res growth estimates): Determine where to accommodate non-res growth.</p> <p>Spatial intelligence: Location-based supply and demand factors.</p> <p>Enhanced spatial policy: Evidence-based analysis on Cape Town's space economy informing a policy framework.</p>	<p>Land Use Model 2050 update.</p> <p>Replacement of the static and dated ECAMP with an updated, automated economic analysis tool.</p> <p>Support: Business retention & expansion initiatives.</p> <p>Data foundation behind MSDF Policy Statement 4.</p>

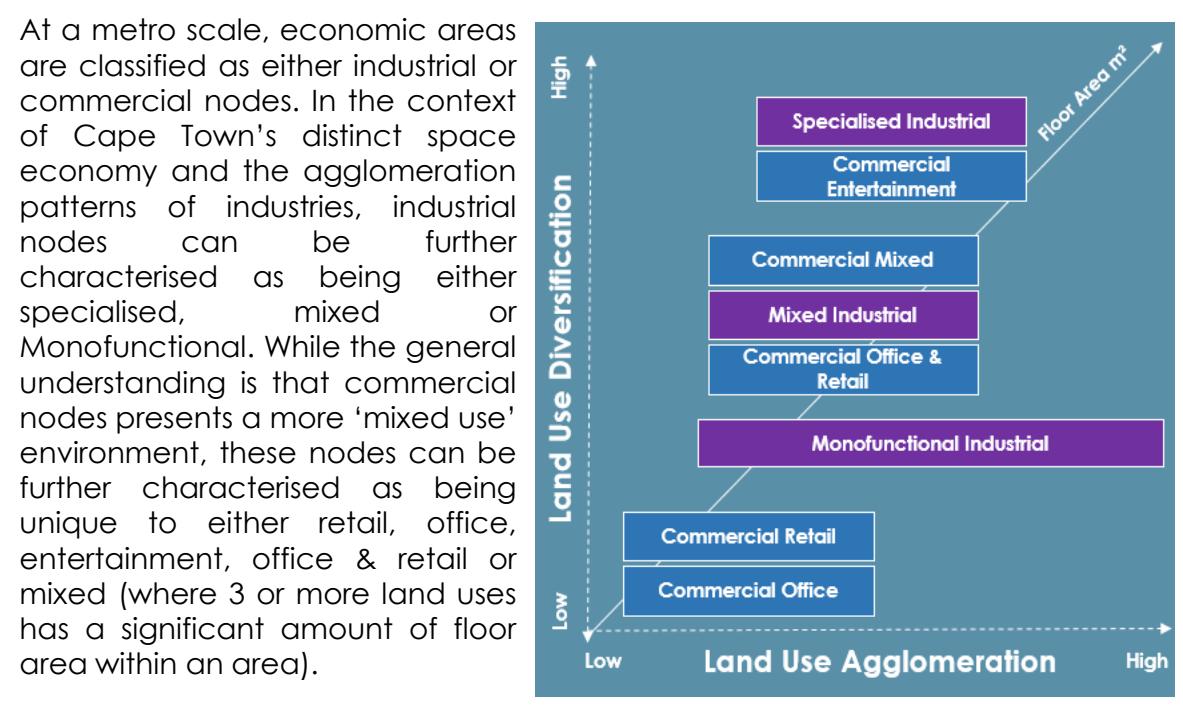
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WHAT



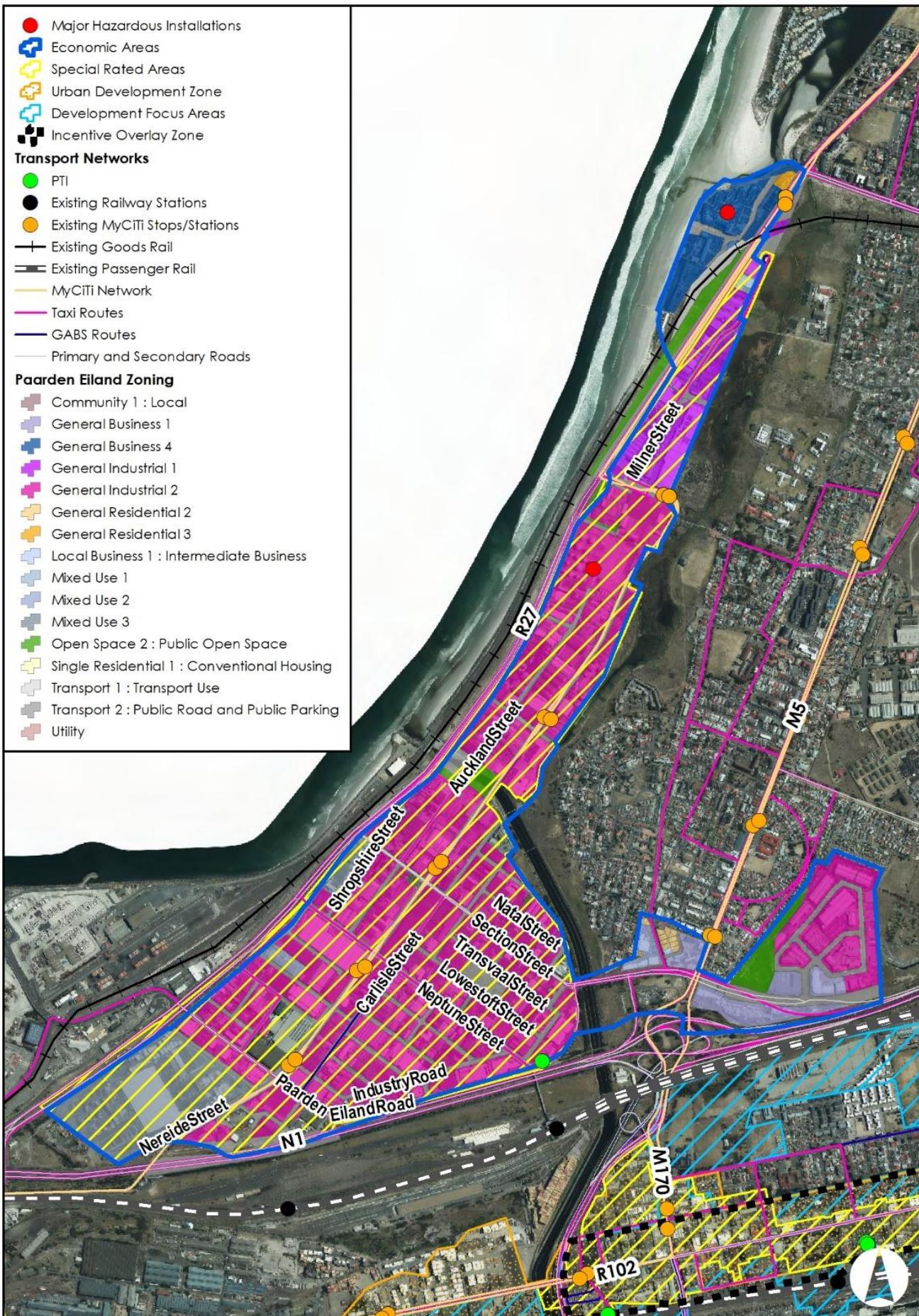
Land use activities, employment overview & firm typologies
Development pipeline
Urban land markets

HOW



Agglomeration of industries
Market performance
Performance & Potential

INTRODUCTION



PAARDEN EILAND INDUSTRIAL

Location

- The area is approximately 5km north of Cape Town's Central Business District and the Port of Cape Town. Furthermore, it is also located 18km from Cape Town International Airport.
- The area is known for its proximity to Cape Town Harbour and is accessible via major routes like the N1, N2 and R27 to allow connectivity to other areas across Cape Town.
- The area is serviced by GABS, taxis and MyCiti.
- Access to a skilled workforce from surrounding areas, includes the broader Milnerton, Brooklyn, Salt River and Woodstock areas.

Zoning, land use and form

- The area is predominantly zoned for industrial and commercial purposes.
- The area is mainly characterised by light and heavy industrial uses, which include warehousing, storage, sales, manufacturing, repairs, office and accommodation.
- The average land parcel sizes in the area range between 1,000 – 2,500m², with a limited number of land parcels ranging between 5,000 – 20,000m².

Spatial planning mechanisms

- Part of the area is serviced by a Central Improvement District.

Key highlights of the area include:

- Paarden Eiland was established in the 1940s as an industrial node.
- [Paarden Eiland City Improvement District](#) was established in 2006 to reverse the conditions of urban blight experienced at the time, which stifled investment.
- The area is a hub for the ocean economy.
- The Milnerton South Paarden Eiland framework has identified Paarden Eiland North as an area that can transition to mixed-use development.

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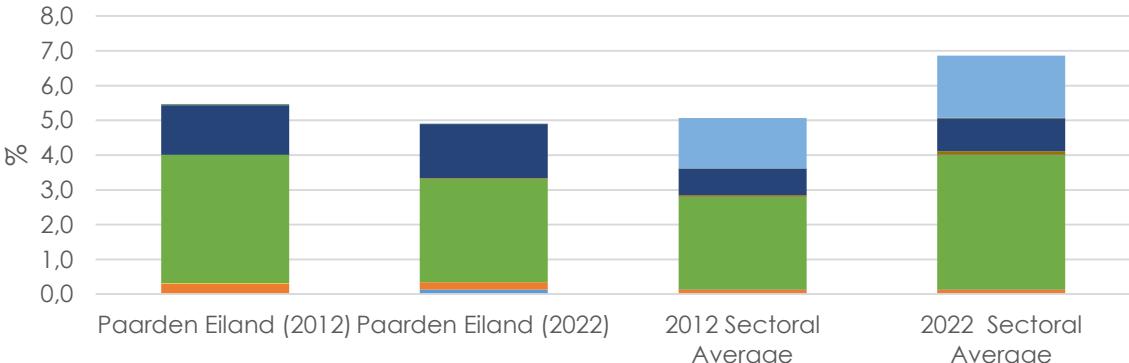
Performance & Potential

LAND USE ACTIVITIES

A recent analysis involved converting land use codes from the General Valuation Roll (GV Roll) into Standard Industrial Classification (SIC) codes. This was done to determine the prevalence of industries operating in areas with similar characteristics.

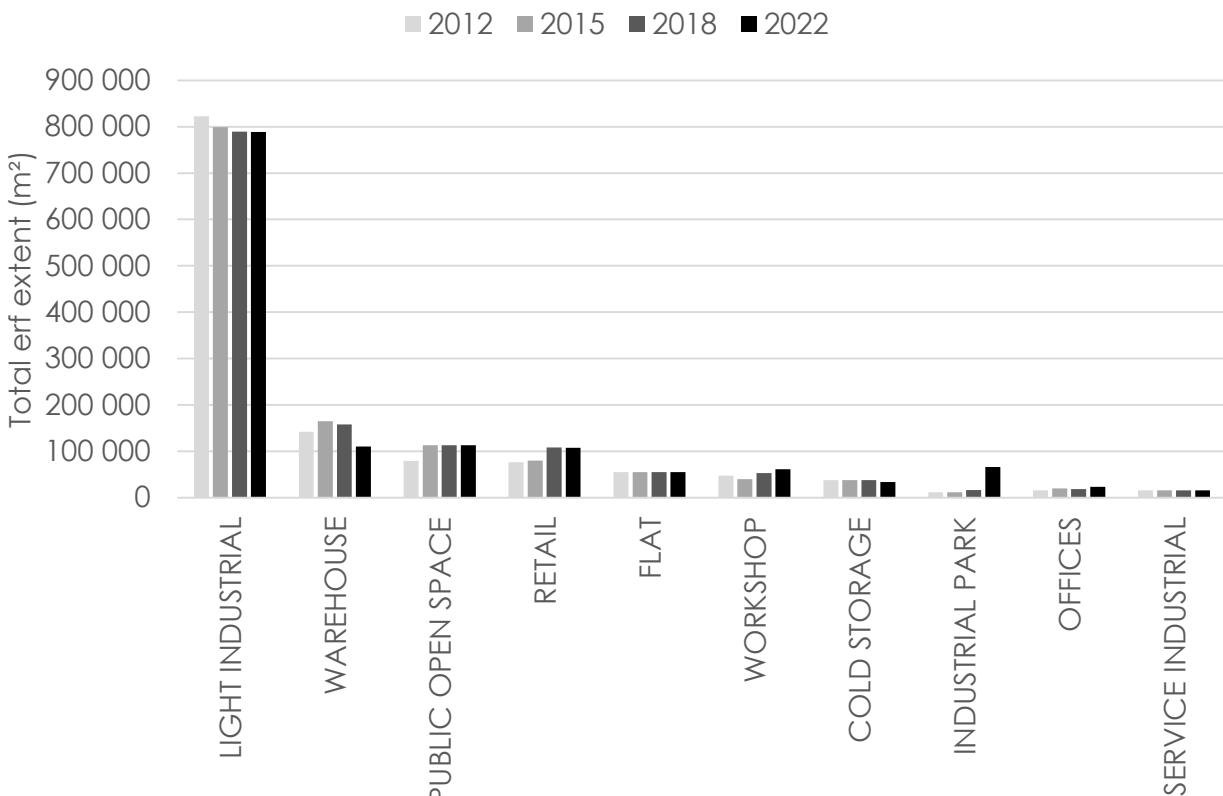
- Between 2012 and 2022, Paarden Eiland was primarily characterised by a greater propensity for manufacturing and transport & storage, as indicated by the **Nodal Typology**. This typology highlights the industries with the largest floor area (m²) operating within the economic area.
- The **MetroScale Benchmarking** positions Paarden Eiland as a significant contributor to manufacturing and transport & storage, which performs higher than the sectoral average when compared to other industrial areas across Cape Town.
- Additionally, the GV Roll supports the findings from the SIC data by showing the **dominant land use** over time. It details the cumulative floor area (m²) for light industrial and warehousing with a number of retail, cold storage and flats.

METROSCALE BENCHMARK

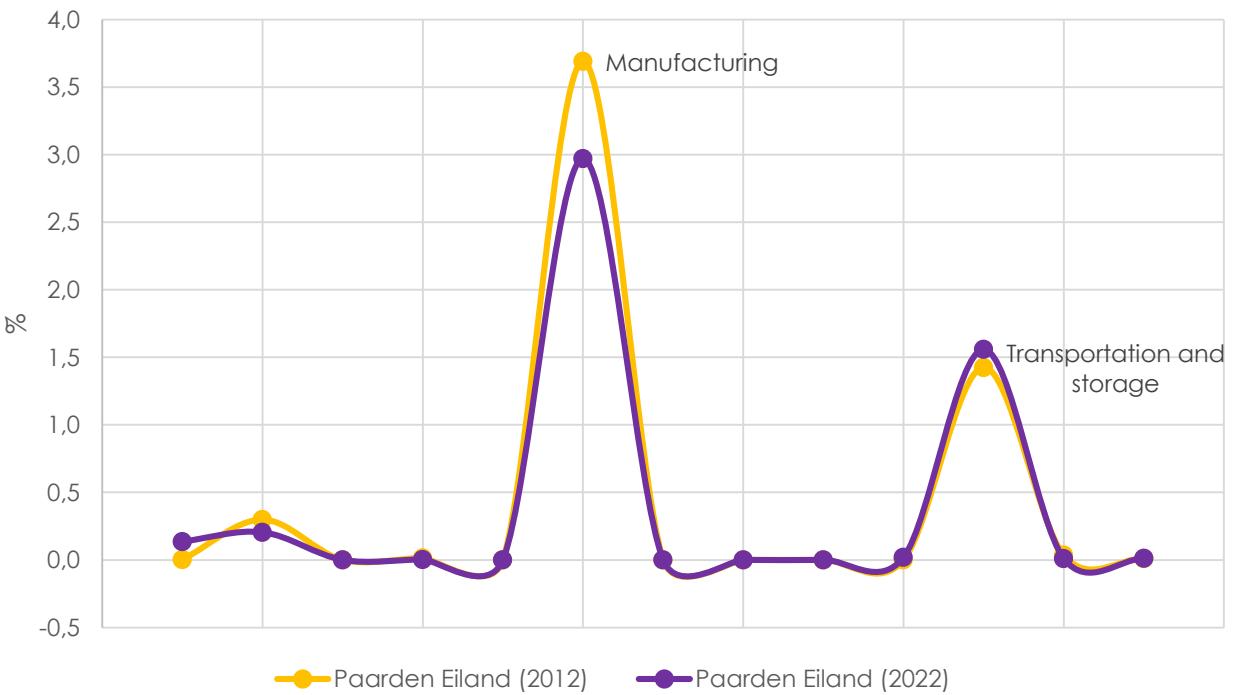


- Wholesale and retail trade; repair of motor vehicles and motorcycles
- Water supply; sewerage, waste management and remediation activities
- Transportation and storage
- Real estate activities
- Public administration and defence; compulsory social security
- Professional, scientific and technical activities
- Other service activities
- Manufacturing
- Human health and social work activities
- Financial and insurance activities
- Arts, entertainment and recreation
- Activities of households as employers; undifferentiated goods- and services producing activities of households for own use
- Accommodation and food service activities

TOP 10 MOST DOMINANT LAND USES BETWEEN 2012 AND 2022



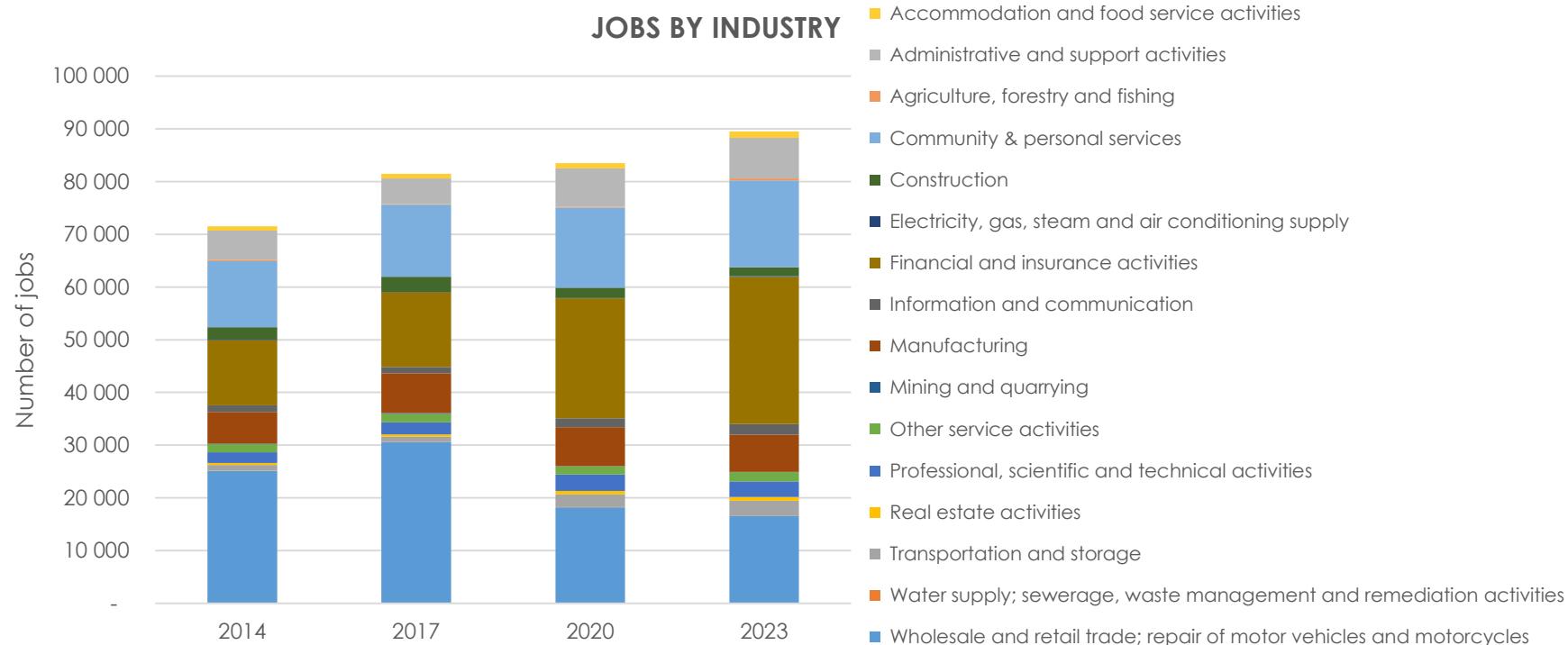
NODAL TYPOLOGY FOR 2012 AND 2022 (Mixed Industrial)



Source: 2012 – 2022 land use codes converted to SIC codes (May 2024 analysis)

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EMPLOYMENT OVERVIEW & FIRM TYPOLOGIES



Jobs/Firms

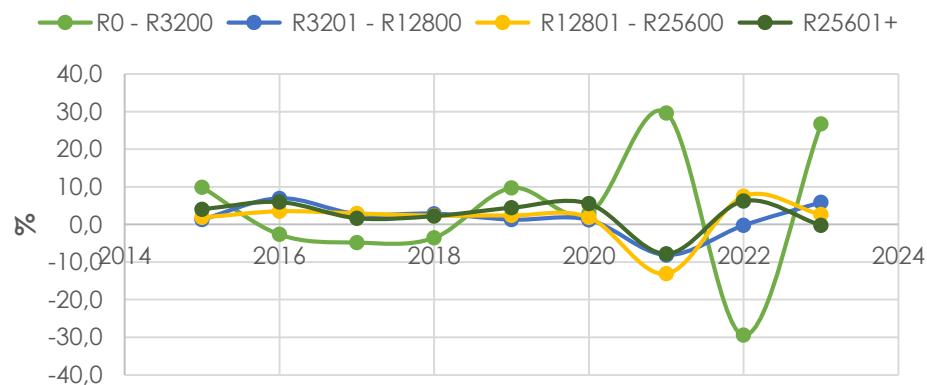
The number of job opportunities surrounding the Paarden Eiland area increased from 70,000 to 88,000 between 2014 and 2023. An overall and consistent growth in jobs has been experienced, with most jobs concentrated in financial & insurance services, community & personal services, wholesale & retail and manufacturing.

The total number of firms increased from 950 to 1,000 between 2014 and 2021. While small firms have been the most dominant, there is also a significant presence of medium-to-large firms, including micro firms.

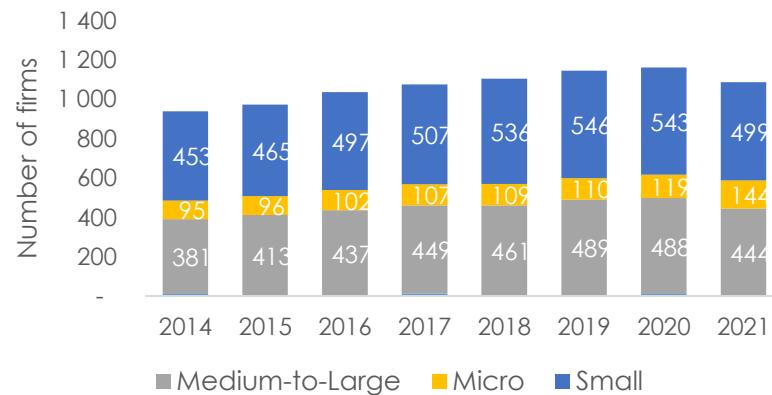
Income bands

The income bands indicate the skill levels of the employed workforce. The data suggests that a larger proportion of employees earn up to R12,800. However, there is also a considerable number of employees earning beyond R12,800.

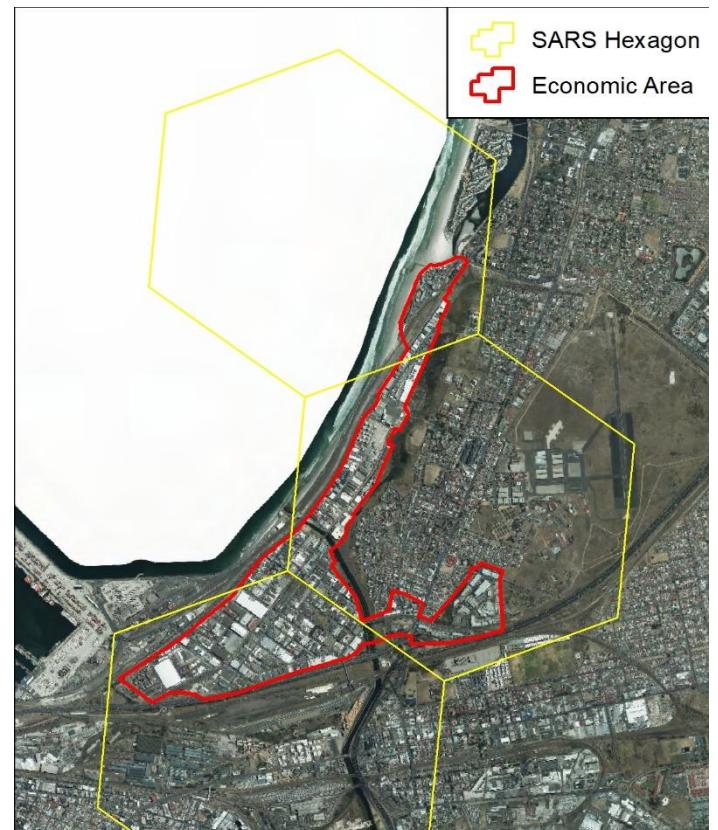
YEAR ON YEAR % CHANGE OF FULL TIME EMPLOYMENT WITHIN EACH WAGE BAND



NUMBER OF FIRM TYPOLOGIES



FULL TIME EMPLOYMENT BY WAGEBAND



Spatial hexagons in which SARS data has been captured and overlaid with Paarden Eiland industrial area.

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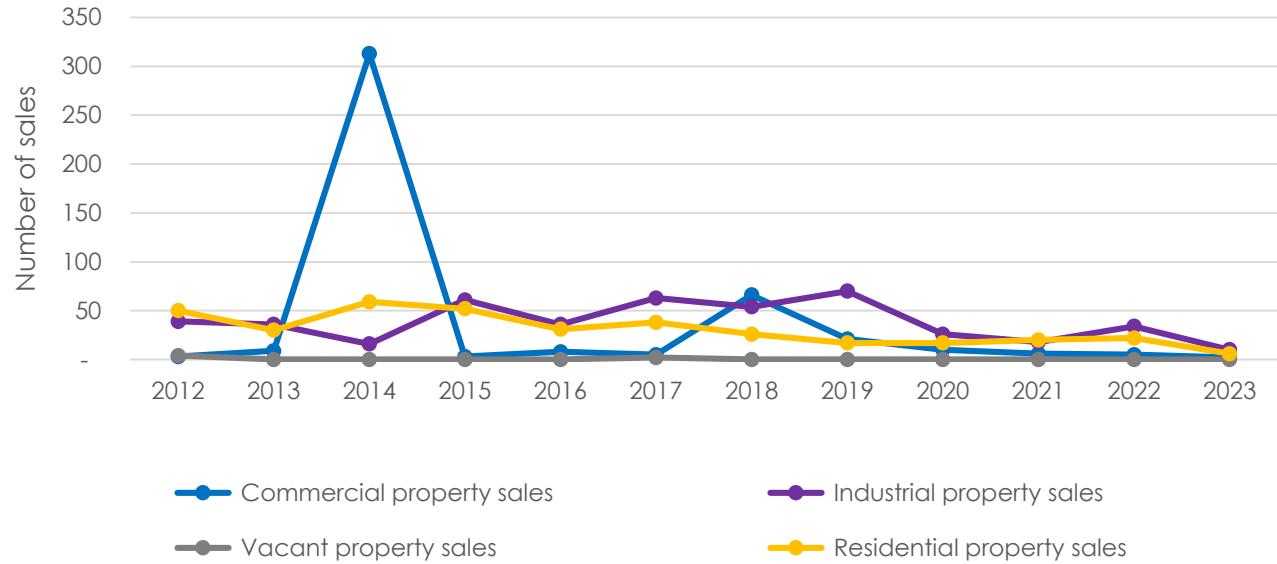
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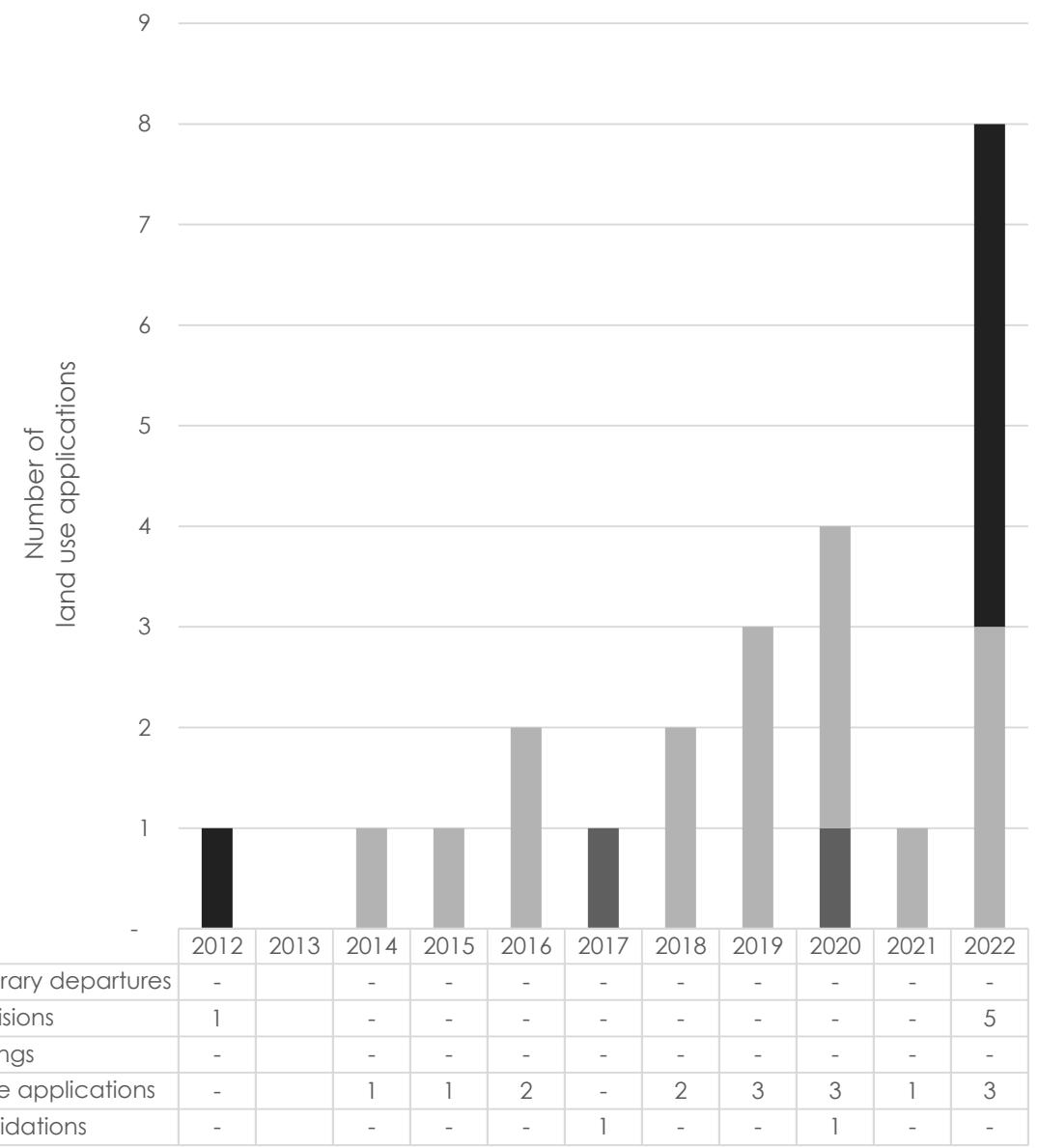
Source: SARS data extract for period between 2014 and 2023. Firm size data only available between 2014 and 2021.

DEVELOPMENT PIPELINE

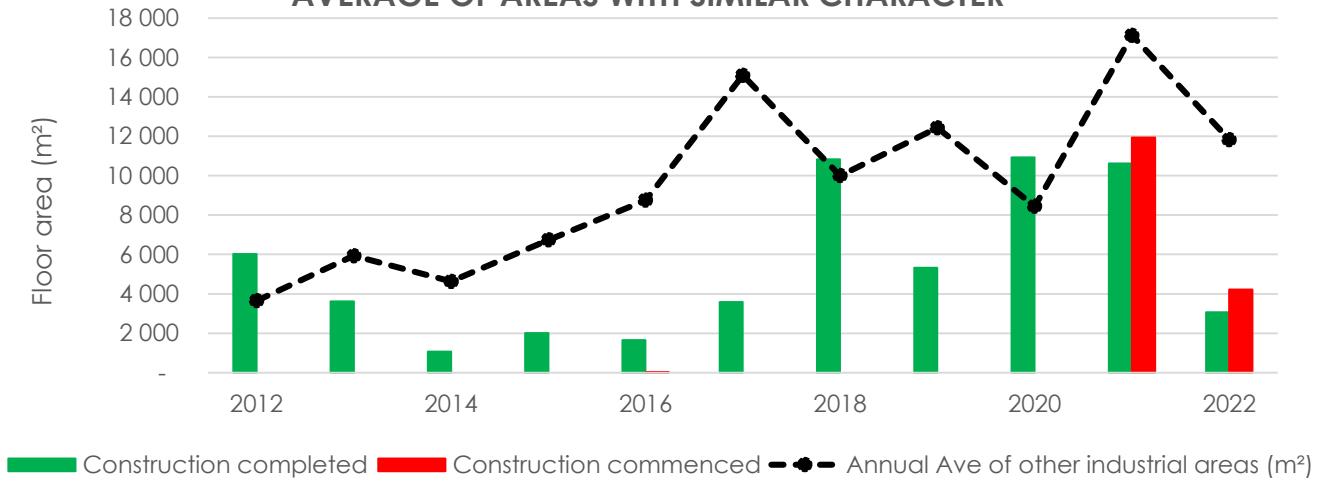
PROPERTY SALES BY SECTOR



APPROVED LAND USE APPLICATIONS



BUILDING WORK COMPLETED/UNDER CONSTRUCTION RELATIVE TO AVERAGE OF AREAS WITH SIMILAR CHARACTER



Property Sales

Between 2012 and 2022, property sales fluctuated equally between sectors, with a spike in commercial sales experienced in 2014. Sales in the industrial sector still showed higher, specifically between 2017 and 2019, with several residential sales also taking place between 2012 and 2015.

Land Use Applications

Most approvals during this period were highest for multiple applications, indicating diverse land use requirements to be in place for the area. Multiple applications may include a combination of the types seen in the graph. While approvals were reasonably steady between 2012 and 2021, an increase in approvals was seen in 2022.

Building Plans

In light of property sales and land use approvals, building work activity has been consistently ongoing over the past decade, although mostly remaining below the metro annual average when compared to other industrial areas, except for 2012 and 2020.

Source: City's DAMS (building plans and land use applications extract), General Valuation Roll.

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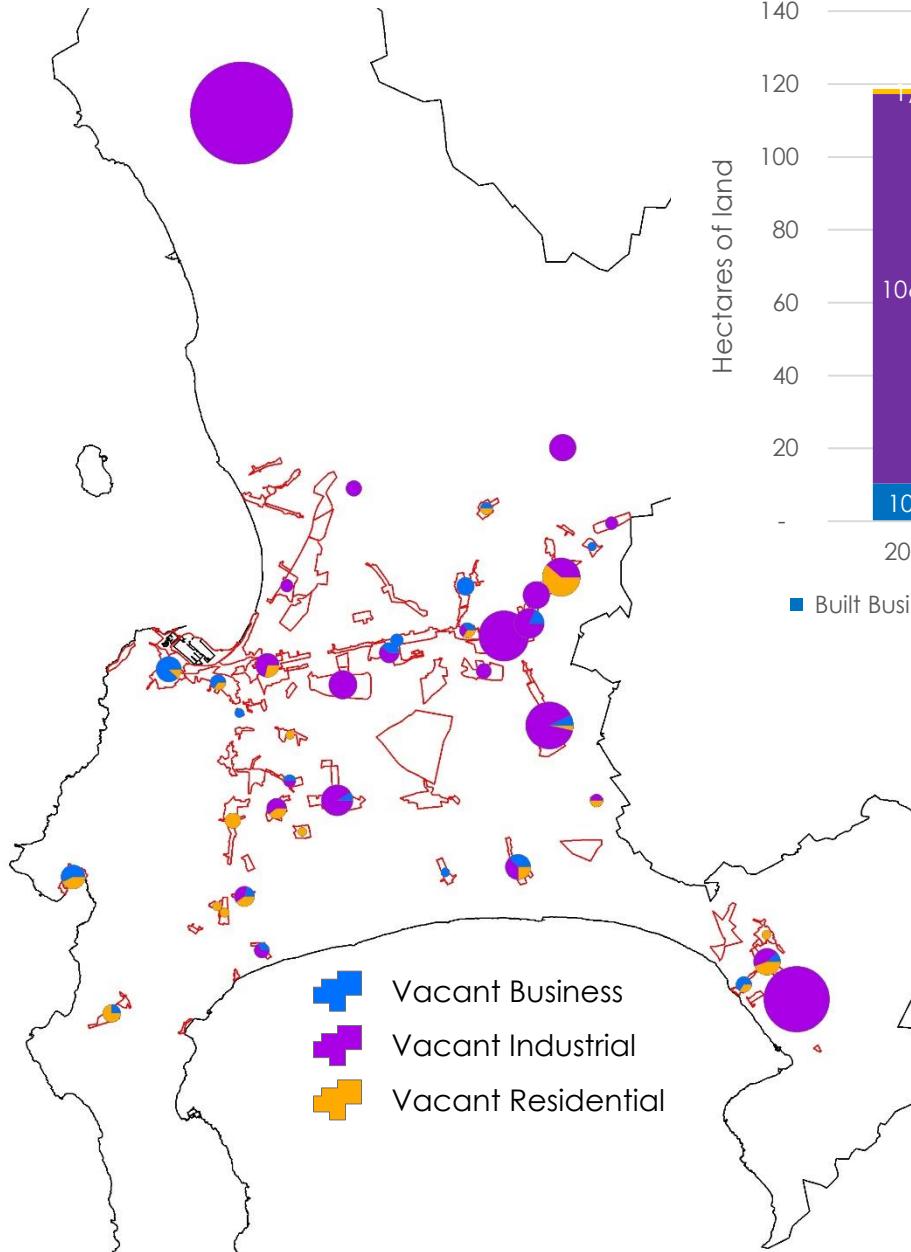
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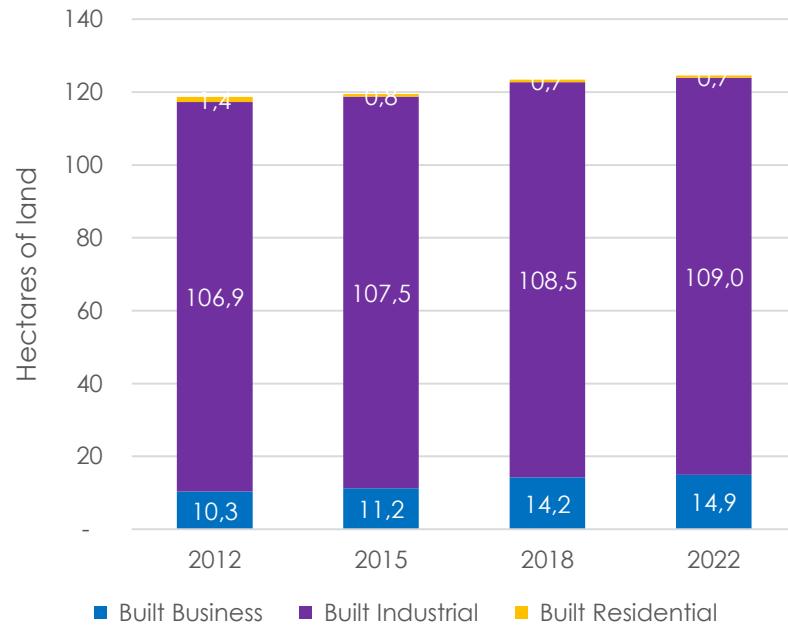
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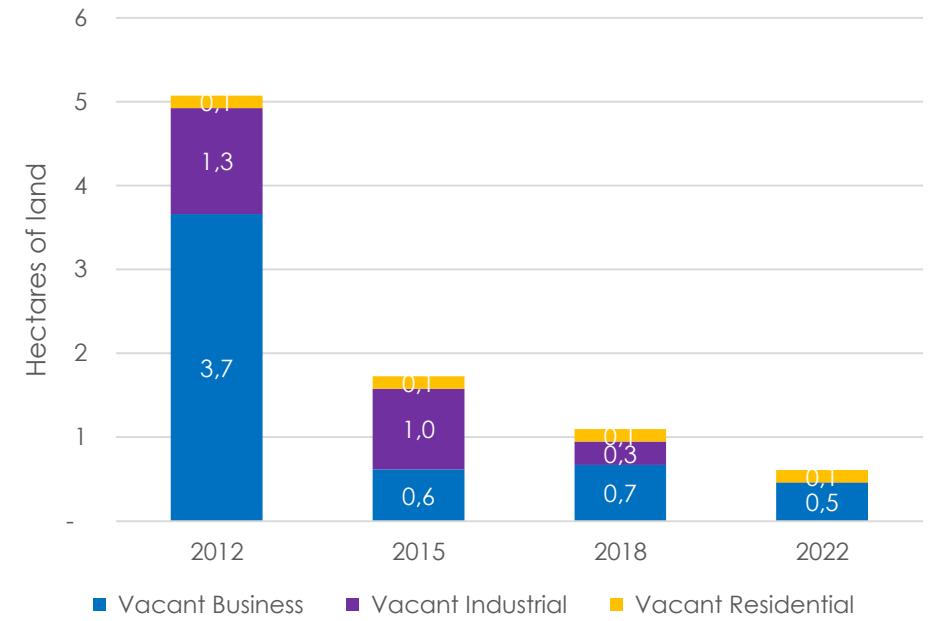
VACANT LAND ACROSS CAPE TOWN (GV 2022)*



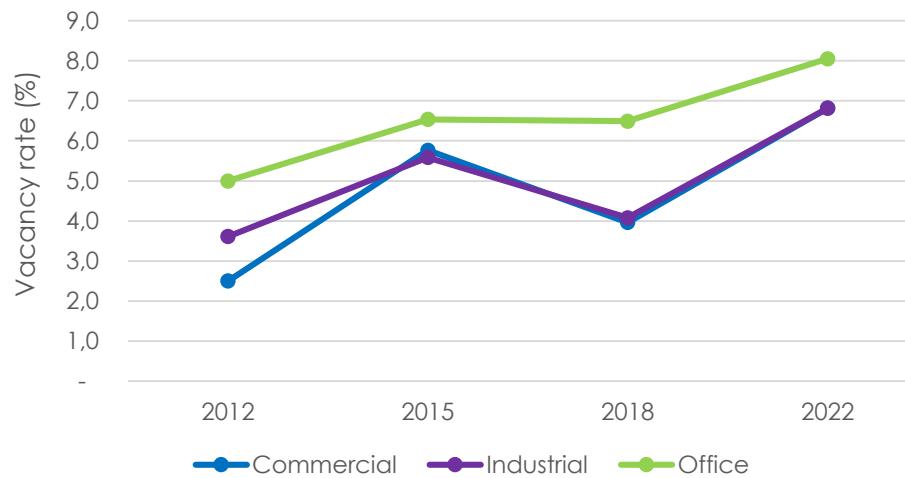
BUILT-UP LAND EXTENT BY SECTOR (TOTAL ERF EXTENT)



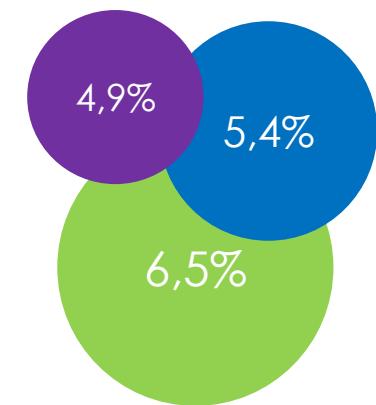
VACANT LAND EXTENT BY SECTOR (TOTAL ERF EXTENT)



AVERAGE VACANCY RATE OF EXISTING BUILDINGS



METRO AVERAGE: VACANCY RATES PER SECTOR FOR 2022*



Number of land parcels that are vacant by size

Erf Size	Commercial	Industrial	Residential
1) 1-250m ²		1	
2) 251-500m ²			
3) 501-1000m ²			2
4) 1001-2500m ²			
5) 2501-5000m ²	1		
6) 5001-10000m ²			
7) >10000m ²			

Vacant Land

The map illustrates the latest General Valuation Roll (2022) by showcasing vacant land across the metropolitan area. It complements the 2022 bar graph depicting available vacant land. The region has remained stable in terms of the built-up land, with very little vacant land available, as of 2022, indicating a developed industrial area. Additionally, the remaining vacant land is categorised based on the number and size of the land parcels, as reflected in the accompanying table.

Vacancy Rates

Alongside vacant land, the vacancy rates for existing buildings in the industrial sector increased from 3,6% in 2012 to 6,8% in 2022. The commercial sector has also increased from 2,5% in 2012 to 6,8% in 2022, while the office sector increased from 5% in 2012 to 8,1% in 2022.

*A metro view that provides further context relative to this economic area.

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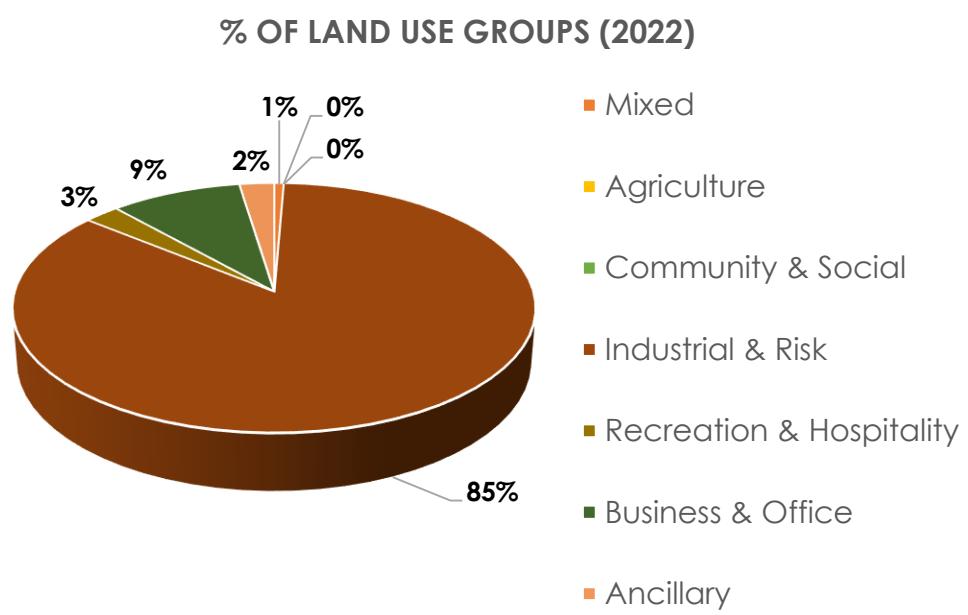
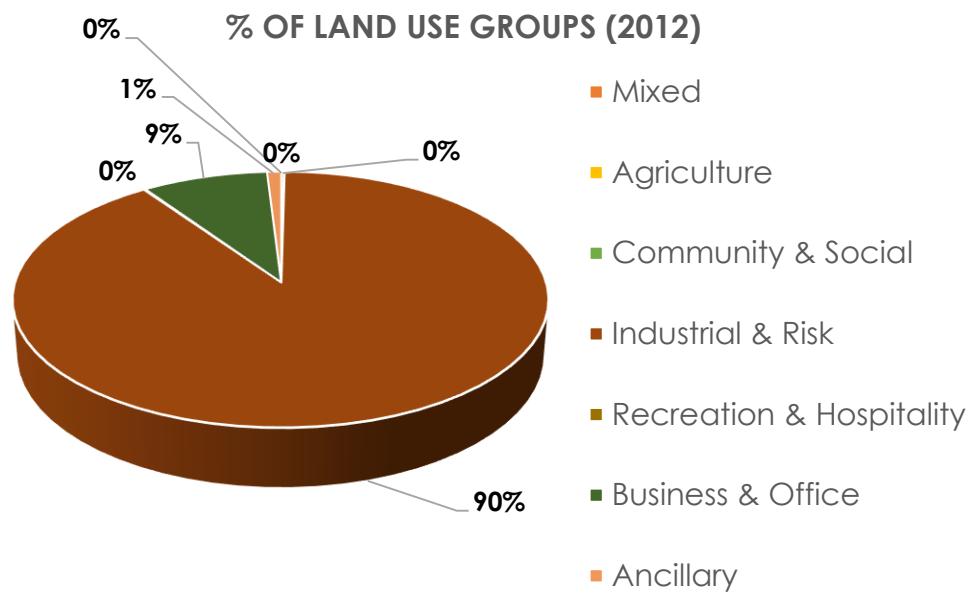
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AGGLOMERATION OF INDUSTRIES

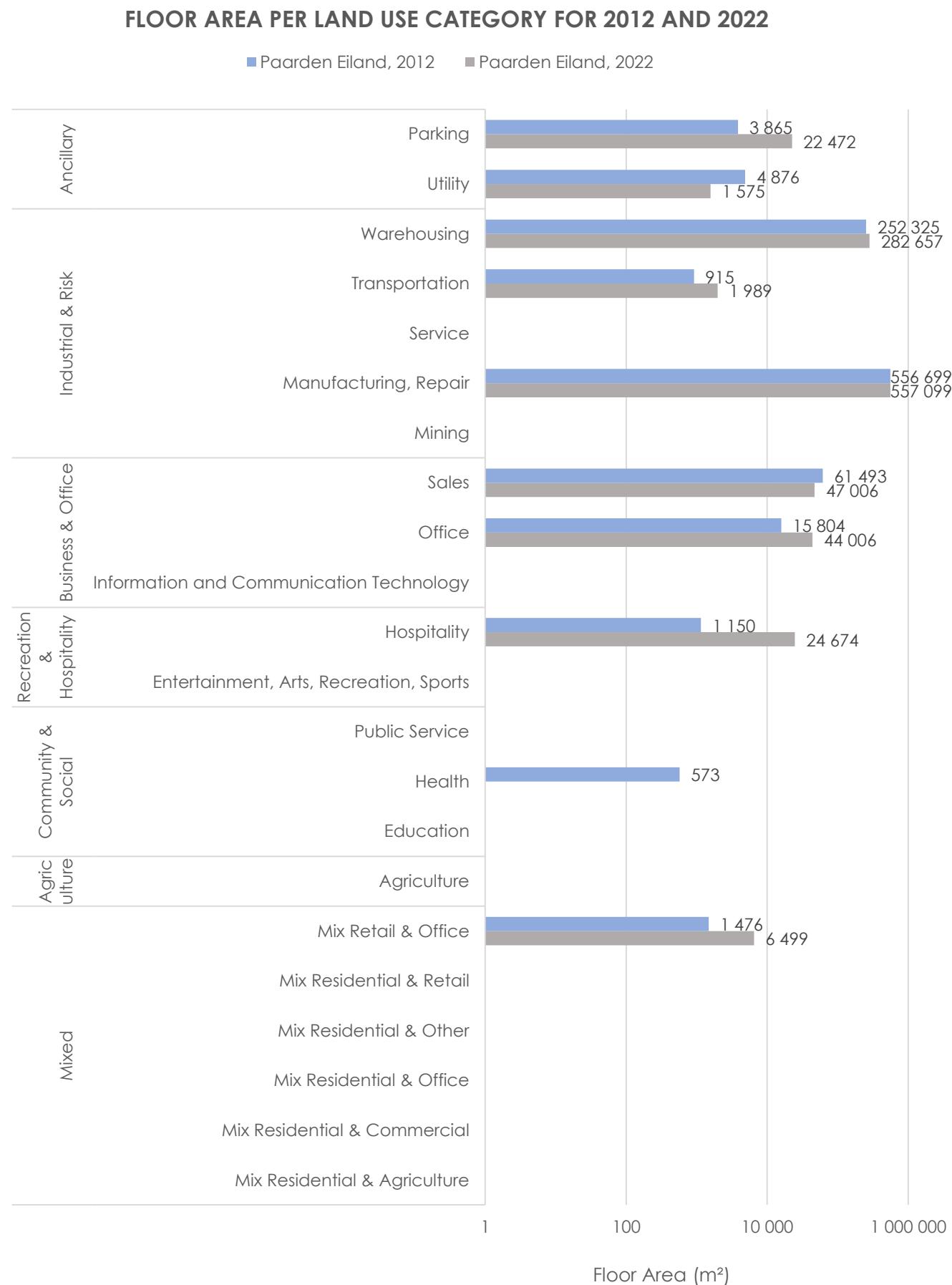
SECTORAL AGGLOMERATION AND CO-AGGLOMERATION RELATIONSHIPS



The pie charts illustrate the percentage distribution of land use groups in Paarden Eiland, based on the cumulative floor area (m²) across various land uses. As shown in the charts, the Industrial & Risk group has remained predominant in both 2012 and 2022. However, a decrease was observed from 90% to 85% in 2022, with an increase in the Recreation & Hospitality group over the same period.

Additionally, the bar graph provides a comparative view of the co-agglomeration of land use categories between 2012 and 2022 within each land use group. The data indicates that manufacturing and warehousing have maintained significant dominance. There is also a presence of other land uses, which can be seen to be in support of the most dominant land uses.

Land use categories by land use groups



Source: Analysis of GV data (May 2024)

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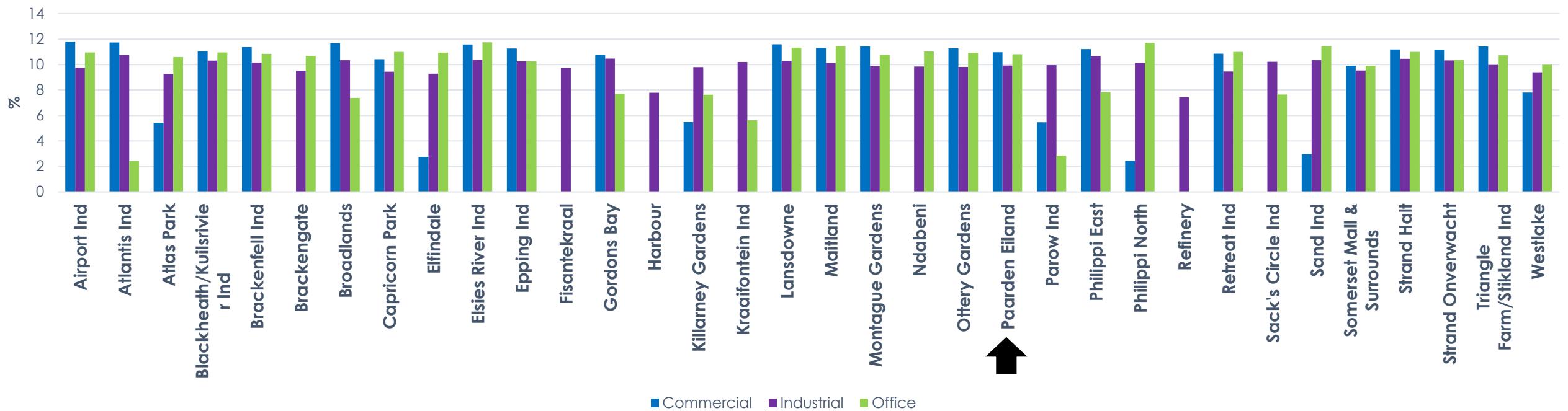
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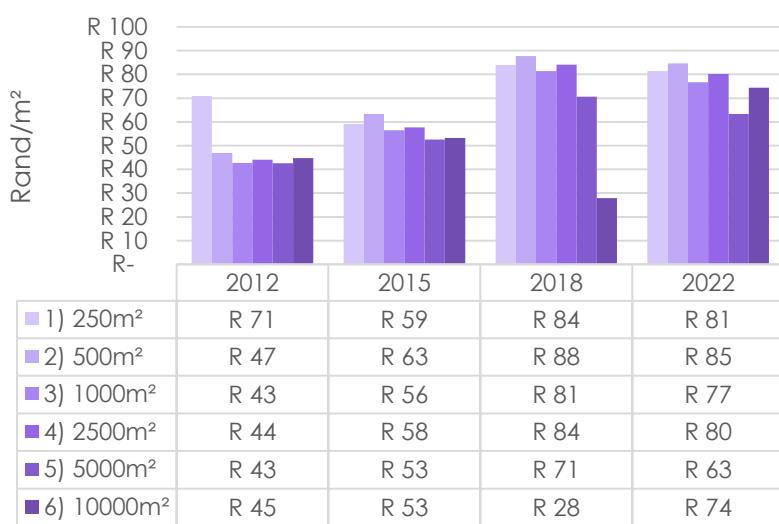
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AVERAGE CAPITALISATION RATE OF PAARDEN EILAND IN RELATION TO OTHER INDUSTRIAL AREAS FOR THE PERIOD BETWEEN 2012 AND 2022



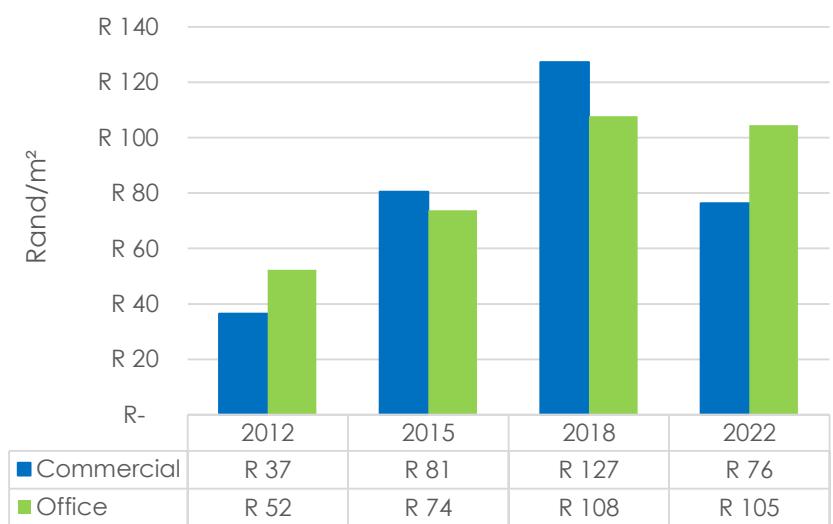
INDUSTRIAL RENTALS



Rental Rates
Rental rates across all industrial property sizes increased from 2012 to 2022, with a greater increase observed in the smaller properties.

Both commercial and office rentals have steadily increased between 2012 and 2018, with both decreasing in 2022.

COMMERCIAL AND OFFICE RENTALS

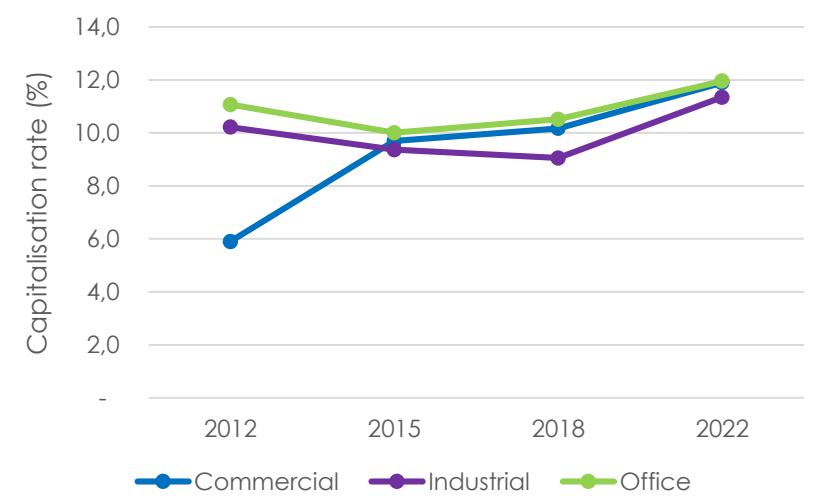


Comparative view on capitalisation rates
The average capitalisation rates from 2012 to 2022 for the commercial, industrial and office sectors were 10,96%, 9,92%, and 10,81%, respectively and further indicate its competitiveness relative to other industrial areas.

Year-over-year, capitalisation rates for the industrial sector have slightly increased from 10,2% in 2012 to 11,1% in 2022. The office sector also increased from 11,1% in 2012 to 12% in 2022, while commercial increased from 6% in 2012 to 11,9% in 2022.

- Higher cap rates = higher investment risk.
- Lower cap rates = lower investment risk.

CAPITALISATION RATES



PERFORMANCE & POTENTIAL

The scores provided below summarise the detailed information presented throughout this profile. The method used to calculate Performance and Potential is based on several measurable individual indicators. The **scoring system ranges from 0 to 5, where 0 indicates low performance or potential and 5 indicates high performance or potential**. This profile compares either to Cape Town CBD (Commercial) or Montague Gardens (Industrial), depending on the classification of the economic area, as these two areas have attracted the most new floor area between 2012 and 2022 within their respective classifications.

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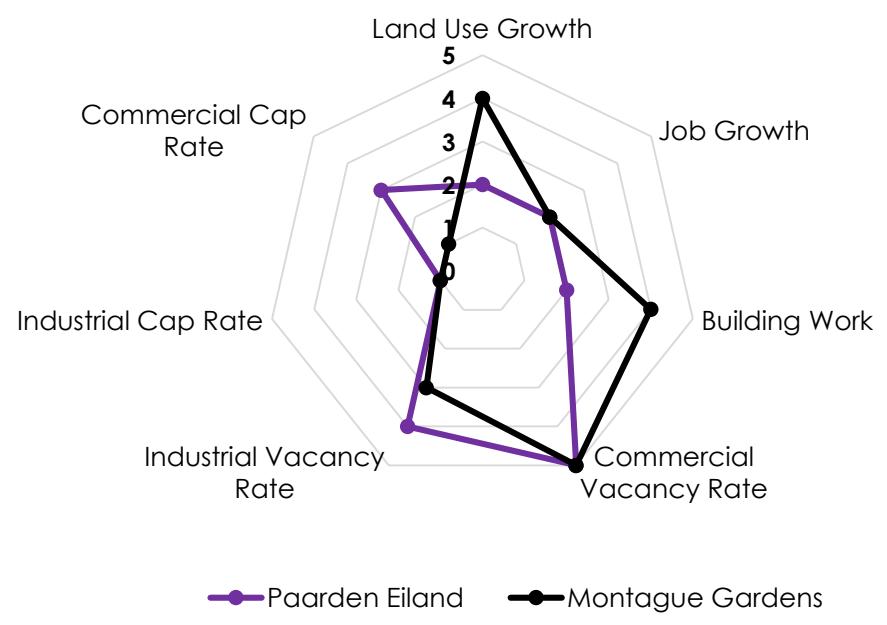
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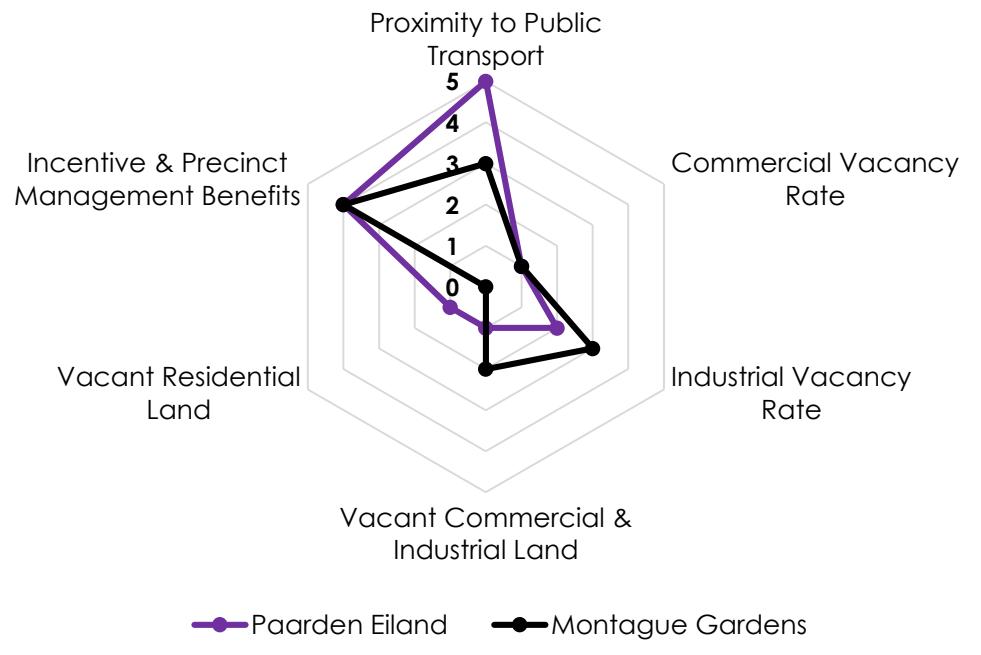
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PERFORMANCE



POTENTIAL



Indicator		Description
Performance	Land Use Growth	Measures the growth of new floor area (m ²) from 2012 to 2022 within an economic area, compared to other economic areas of similar classification. More growth indicates better performance. Source: General Valuation Roll.
	Job Growth	Measures the percentage change in jobs within an economic area from 2014 to 2023, comparing this data against other economic areas of similar classification. A higher job prevalence indicates better performance. Source: SARS as of May 2024.
	Building Work	Measures building work activity (new and improved m ²) within an economic area from 2012 to 2022, compared to other economic areas of similar classification. Increased building work activity indicates better performance. Source: City's DAMS.
	Vacancy Rate	Measures the average vacancy rates for the commercial and industrial sectors as of 2022, compared to other economic areas of similar classification. Lower vacancy rates indicate better performance. Source: City's Market Reports.
	Capitalisation Rate	Measures the percentage change in capitalisation rates for the commercial and industrial sectors during the years 2012, 2015, 2018, and 2022, comparing them to other economic areas of similar classification. A lower average percentage change between these periods indicates greater maturity and consequently, higher performance. Source: City's Market Reports.
Potential	Proximity to Public Transport	Assess the accessibility of various public transport modes near an economic area. Greater access to multiple transport modes indicates higher potential. Source: City's UPD, spatial analysis.
	Vacant Land	Assess the availability of vacant land in the commercial, industrial and residential sectors. A higher amount of vacant land across these three sectors as of 2022 indicates greater potential. Source: General Valuation Roll.
	Vacancy Rate	Measures the average vacancy rates for the commercial and industrial sectors as of 2022, compared to other economic areas of similar classification. Higher vacancy rates indicate greater potential. Source: City's Market Reports.
	Incentive & Precinct Management Benefits	Evaluate the spatial overlap, whether partial or complete, of incentive areas and established precinct management tools within each economic area. A greater degree of overlap suggests increased potential. Source: City's UPD, spatial analysis.