WESTLAKE INDUSTRIAL ECONOMIC AREA PROFILE

TREND ANALYSIS 2012-2022





CITY OF CAPE TOWN ISIXEKO SASEKAPA STAD KAAPSTAD

Making progress possible. Together.

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ACKNOWLEDGEMENTS

SPATIAL PLANNING & ENVIRONMENT DIRECTORATE

Executive Director: Spatial Planning & Environment Directorate Rob McGaffin

> Director: Urban Planning & Design Department Erika Naude

AUTHORS

Metropolitan Spatial Planning and Growth Management Annelise de Bruin (Manager) Ashleigh Manyara, Haleem Tambay, Lance Boyd & Obey Vhuma

SUPPORTED BY

Policy and Strategy: Economic Analysis Paul Court, Kristoff Potgieter & Jodie Posen

Enterprise & Investment Faith Kolala, Pauline Van der Spuy & Gerschwin Williams

> **District Planning and Mechanisms** Nigel Titus & team across the 8 Districts

DATA CUSTODIANS

Valuations, Development Management & Policy and Strategy

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

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 SUSTAINABLE PLANNING

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 <u>three-phase recovery approach</u>.

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

- Southern DSDF Subdistrict 2: Bishopscourt Constantia Tokai :
 - District Development Guidelines (page 64)
 - o Subdistrict Development Guidelines (page 95)
 - Consolidated Subdistrict SDF (Figure 18: Subdistrict 2: Bishopscourt Constantia Tokai)

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 areabased 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 <u>Future.CapeTown@capetown.gov.za</u>.

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)

| | VALUE PROPOSITION | | HALLENGES TIVES TO ADDRESS | AREAS OF APPLIC | CATION | Policy & regulatory |
|------|--|---|---|---|-------------|--------------------------------|
| МΗΥ | infrastructure in support of economic growth and job Dete | | Growth Planning growth estimates): ermine where to nmodate non-res | Land Use Model 2050 update. Replacement of the static | | |
| | Supports internal and external collaboration around data and spatial intelligence. | Spat i Location | growth. ial intelligence: n-based supply and mand factors. | and dated ECAMP with an updated, automated economic analysis tool. Support: Business retention & expansion initiatives. | | Conceptual framework |
| | Supports the spatially differentiated investment rationale of the MSDF and DSDFs. | Enhanced spatial policy: Evidence-based analysis on Cape Town's space economy informing a policy framework. | | Data foundation behind MSDF Policy Statement 4. | | Introduction |
| | Supply, Demand & Pe | erforman | nce (S,D & P) | | | <u> </u> |
| WHAT | Building work under construction/complete d (S). Land use approvals (D). Property sales by sector (P). | | | | | |
| | Agglomeration and Co- agglomeration of major sectors/industries (S) | | | | | |
| | At a metro scale, econon | Rental rate nic areas | Cap rates (P) s per m² per sector (P) | | 9 X | Urban land markets |
| MOH | nodes can be characterised as being | e context space meration industrial further g either | sification | Specialised Industrial Commercial Entertainment | on hearth * | Agglomeration of industries |
| | specialised, mixed or Monofunctional. While the general understanding is that commercial nodes presents a more 'mixed use' environment, these nodes can be further characterised as being | | | ixed Industrial mercial Office & Retail Monofunctional Industrial | | Market performance |
| | unique to either retail entertainment, office & mixed (where 3 or more I has a significant amount area within an area). | retail or and uses | Commercial Commercial | | ≯ High | Performance & Potential |

contex

INTRODUCTION

Major Hazardous Installations Economic Areas Special Rated Areas 7 Urban Development Zone Development Focus Areas 6 Incentive Overlay Zone Transport Networks Existing Railway Stations Existing MyCiTi Stops/Stations Existing Goods Rail Existing Passenger Rail MyCiTi Network - Taxi Routes GABS Routes Primary and Secondary Roads Westlake Zoning General Industrial Popen Space 3: Special Open Space Single Residential 1 : Conventional Housing Transport 2 : Public Road and Public Parking Utility

WESTLAKE

Location

- The area is approximately 23km south of Cape Town's Central Business District and the Port of Cape Town. Furthermore, it is located 31km from Cape Town International Airport.
- It is also situated near the M3 highway and the M42 (Steenberg Road), allowing access to other areas across Cape Town.
- The area is serviced by GABS and taxis.
- Access to a skilled workforce from surrounding areas, includes the broader Steenberg, Kirstenhof, Lakeside and Tokai areas.

Zoning, land use and form

- The area is predominantly zoned for industrial purposes.
- The area is mainly characterised by light industrial uses, which include warehousing, storage, office and industrial parks.
- The average land parcel sizes in the area range between 1,000 5,000m², with a limited number of land parcels ranging beyond 5,000m².

Spatial planning mechanisms

• None

Key highlights of the area include:

- The area started to develop in the 1950s and has developed into an industrial economic area.
- Both the Westlake industrial area, including Westlake Business Park, provides a secure, access-controlled environment for a variety of industrial and commercial businesses.
- The 1950s saw a significant increase in the role of private industry, with university research becoming more influential, with False Bay TVET College located adjacent to this economic area.

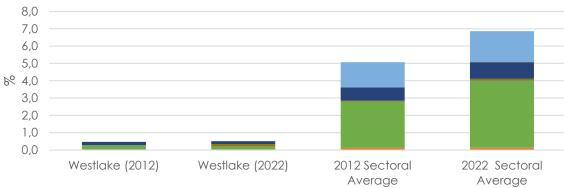


Conceptual framework

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, Westlake was primarily characterised by a greater propensity for manufacturing, transport & storage and arts & entertainment, 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 Westlake as a significant contributor for manufacturing, transport & storage and arts & entertainment, which performs lower 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, offices, warehousing, storage and industrial parks.



METROSCALE BENCHMARK

Wholesale and retail trade; repair of motor vehicles and motorcycles

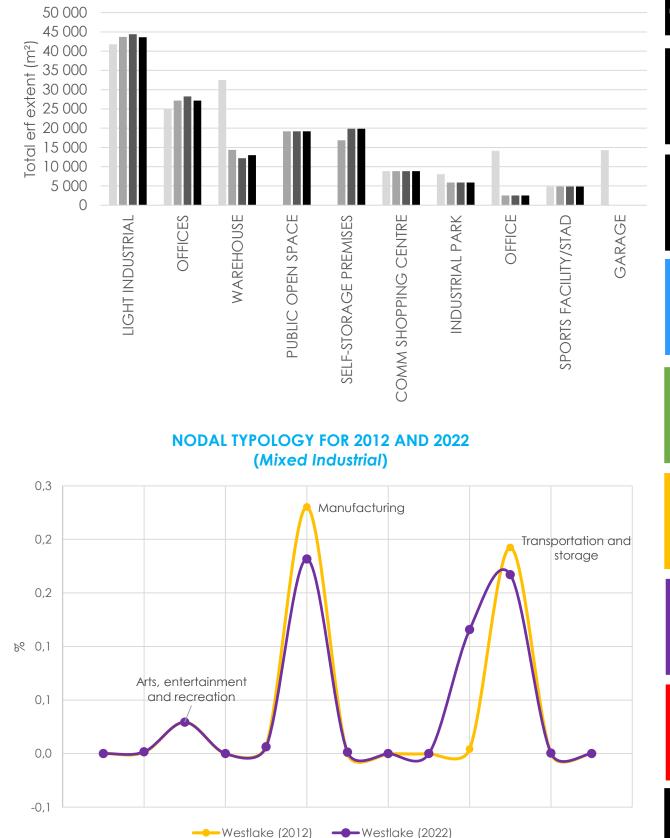
- ■Water supply; sewerage, waste management and remediation activities
- Transportation and storage
- Real estate activities
- Public administration and defence; compulsory social security
- Professional, scientific and technical activities
- Other service activities
- Manufacturing
- Human health and 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

2012 2015 2018 2022



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

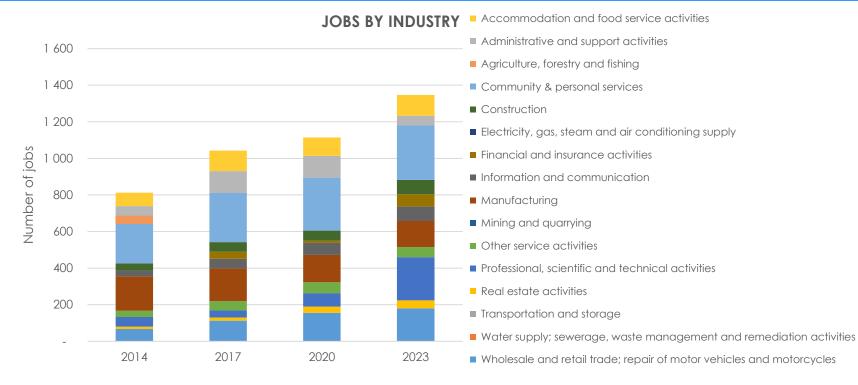
Agglomeratior of industries

Market performance

Conceptual framework

Introduction

EMPLOYMENT OVERVIEW & FIRM TYPOLOGIES







R0 - R3200

FULL TIME EMPLOYMENT BY WAGEBAND

R3201 - R12800

120

100

80

60

40

20

2014

2015

R25601+

2016

2017

Medium-to-Large Micro Small

2018

2019

2020

2021



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

Jobs/Firms

The number of job opportunities surrounding the Westlake area increased from 800 to 1,300 between 2014 and 2023. A gradual growth in jobs was experienced, with the majority of its jobs concentrated in community & personal services, professional services, wholesale & retail, manufacturing and accommodation & food services.

The total number of firms increased from 80 to 100 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

NUMBER OF FIRM TYPOLOGIES

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.

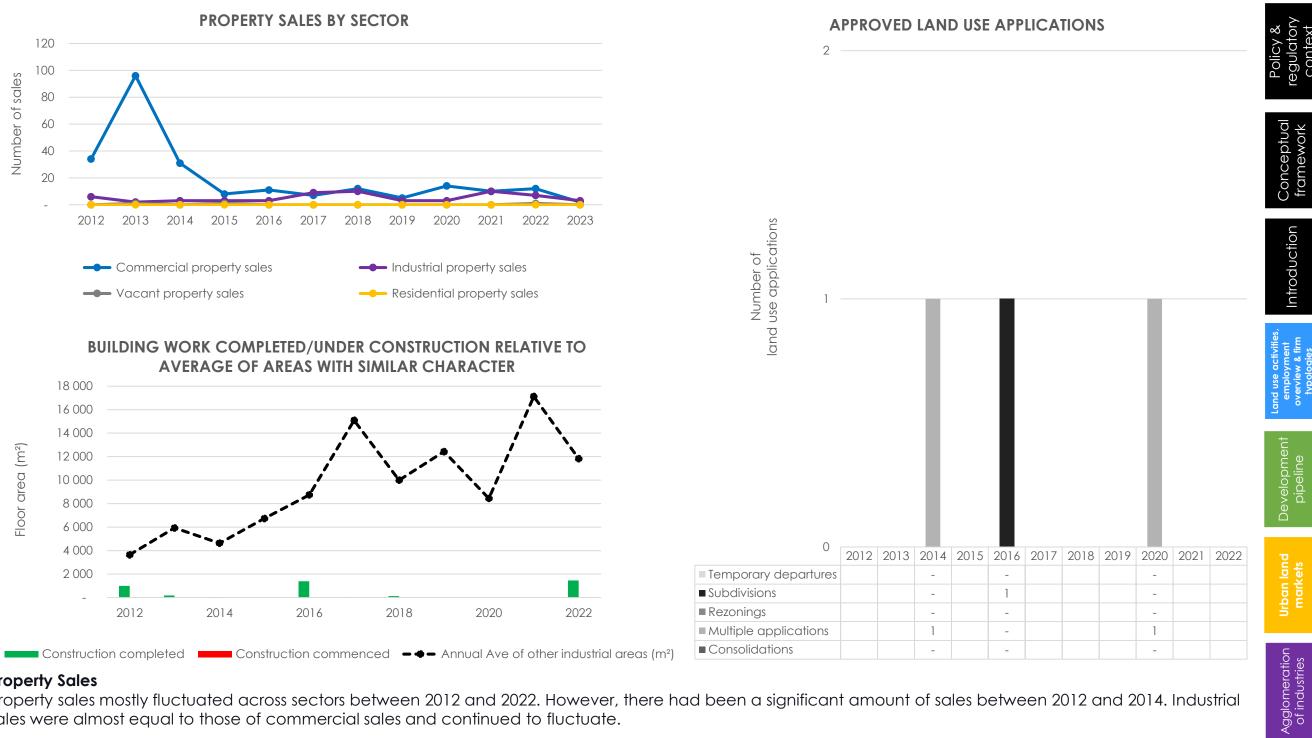


Spatial hexagons in which SARS data has been captured and overlaid with Westlake economic area.



²erformance & Potential

DEVELOPMENT PIPELINE



Property Sales

Property sales mostly fluctuated across sectors between 2012 and 2022. However, there had been a significant amount of sales between 2012 and 2014. Industrial sales were almost equal to those of commercial sales and continued to fluctuate.

Land Use Applications

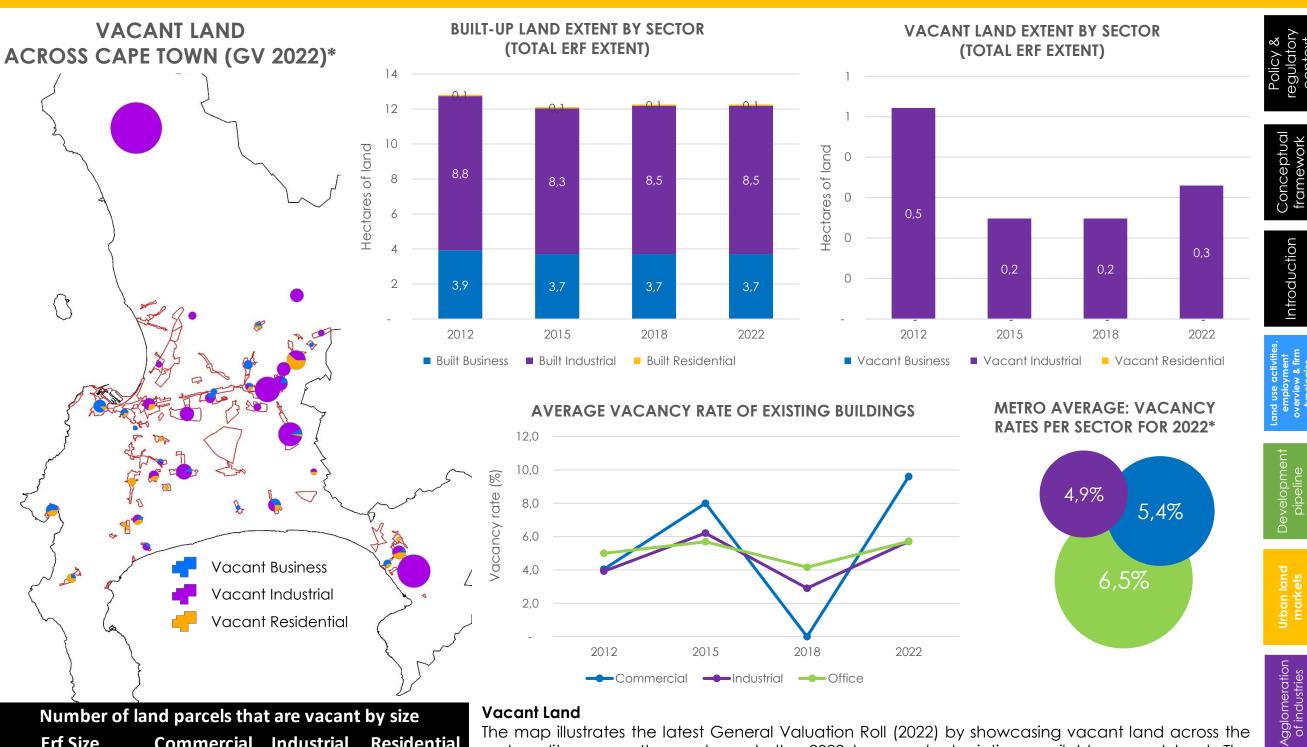
Minimal land use approvals were granted for Westlake, with only 3 approvals granted between 2012 and 2022.

Building Plans

Following on from property sales and land use approvals, building work activity has been minimal over the past decade, remaining below the metro's annual average when compared to other industrial areas.

Market performance

URBAN LAND MARKETS



| Number of land parcels that are vacant by size | | | | | | | | |
|--|------------|------------|-------------|--|--|--|--|--|
| Erf Size | Commercial | Industrial | Residential | | | | | |
| 1) 1-250m² | | | | | | | | |
| 2) 251-500m² | | | | | | | | |
| 3) 501-1000m² | | 1 | | | | | | |
| 4) 1001-2500m² | | 1 | | | | | | |
| 5) 2501-5000m² | | | | | | | | |
| 6) 5001-10000m² | | | | | | | | |
| 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, further 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

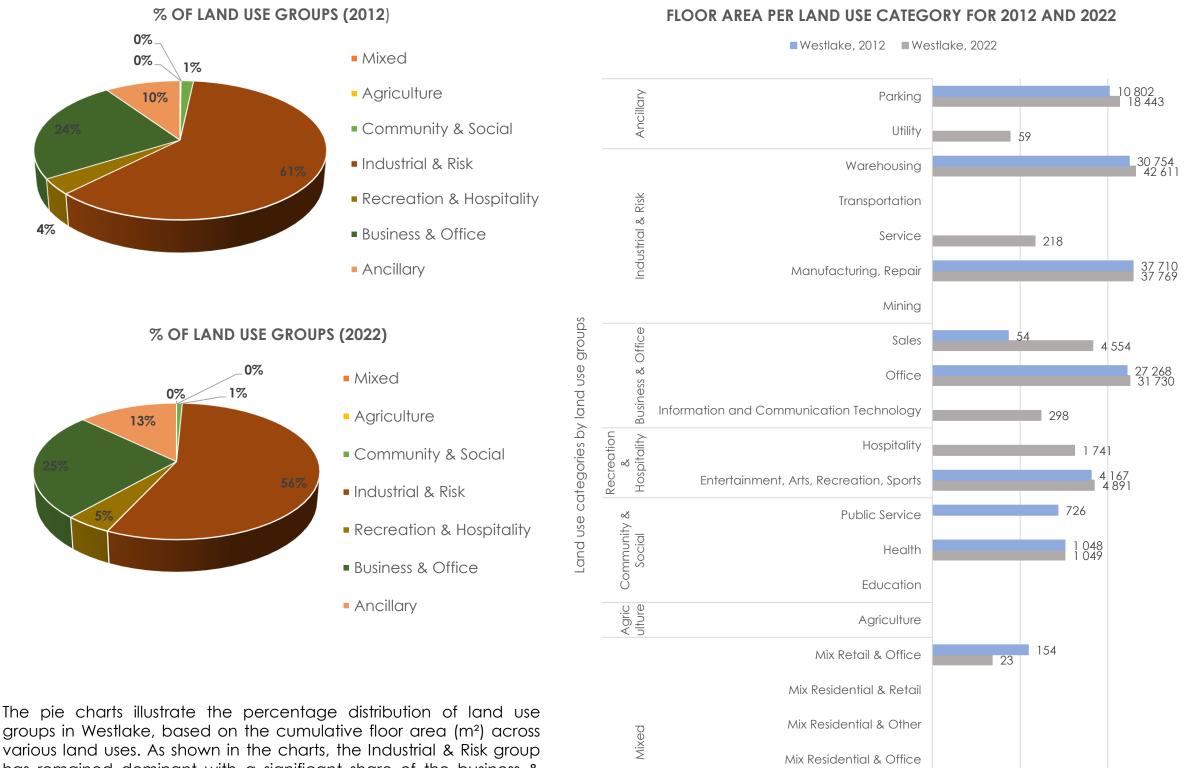
Alongside vacant land, the vacancy rates for existing buildings in the industrial sector increased 9,6% in 2022, while the office sector increased from 5% in 2012 to 5,7% in 2022.

Performance & Potential

Market performance

Source: City's General Valuation Roll and Market Reports

AGGLOMERATION OF INDUSTRIES



Mix Residential & Commercial

Mix Residential & Agriculture

groups in Westlake, based on the cumulative floor area (m²) across various land uses. As shown in the charts, the Industrial & Risk group has remained dominant with a significant share of the business & office group.

Additionally, the bar graph provides a comparative view of the coagglomeration of land use categories between 2012 and 2022 within each land use group. The data indicates that manufacturing, warehousing and office 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.

Agglomeratior of industries

Conceptual framework

Introduction

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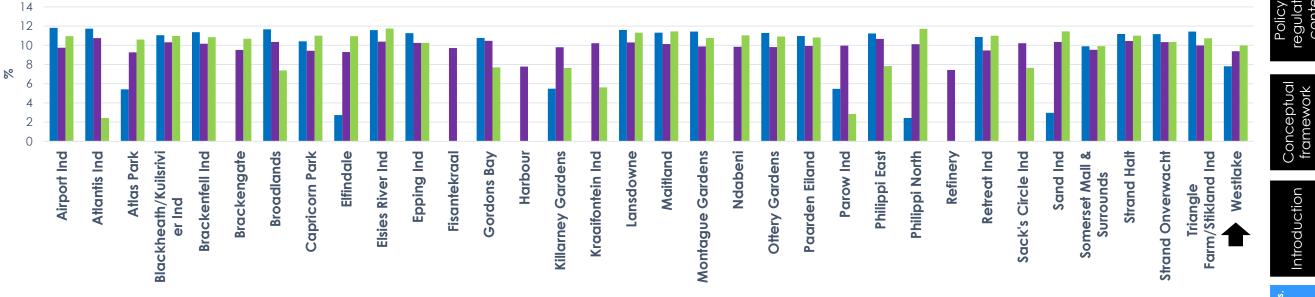
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100

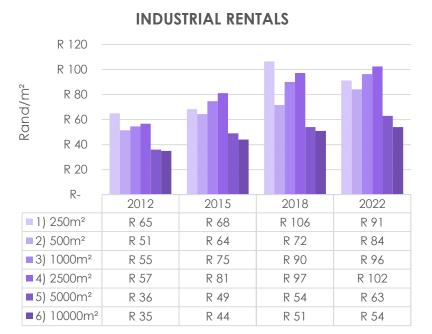
Floor Area (m²)

MARKET PERFORMANCE

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



Commercial Industrial Office



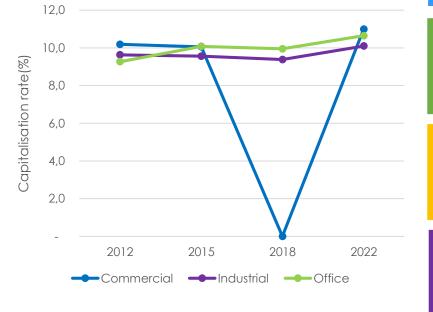
Rental Rates

Rental rates across all industrial spaces gradually increased from 2012 to 2022, with higher rentals observed in the smaller properties.

Both commercial and office rentals have increased between 2012 and 2022, with offices experiencing higher rentals.

COMMERCIAL AND OFFICE RENTALS R 300 R 250 R 200 Rand/m² R 150 R 100 R 50 R-2012 2015 2018 2022 R 37 R 90 Commercial R 118 Office R 106 R 88 R 204 R 255

CAPITALISATION RATES



Comparative view on capitalisation rates

The average capitalisation rates from 2012 to 2022 for the commercial, industrial and office sectors were 7,81%, 9,39%, and 9,98%, respectively and further indicate its competitiveness relative to other industrial areas.

Year-over-year, capitalisation rates for the industrial sector have slightly increased from 9,3% in 2012 to 10,1% in 2022. The office sector increased 9,3% in 2012 to 10,6% in 2022, while the commercial sector also increased from 10,2% to 11%.

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

Deve

Agglomeration of industries

Market performance

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.



| | | کم م |
|---|--|---|
| dicator | Description |)evelo |
| 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. | rban lan |
| 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. | 2 |
| 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. | marchio |
| • | 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. | |
| 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. | Acirkat |
| 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. | mance |
| 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. | Perfor |
| | Land Use Growth Job Growth Building Work Vacancy Rate Capitalisation Rate Proximity to Public Transport Vacant Land Vacancy Rate Incentive & Precinct | Land Use GrowthMeasures the growth of new floor area (m²) 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 GrowthMeasures 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 WorkMeasures building work activity (new and improved m²) 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 RateMeasures the percentage change in capitalisation 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 RateMeasures 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.Proximity to Public TransportAssess the accessibility of various public transport modes near an economic area of 2022, compared to other economic indicates higher potential. Source: City's UPD, spatial analysis.Vacant LandAssess the average vacancy rates for the commercial, industrial and residential sectors. A higher amount of vacant land across indicates higher potential. Source: City's UPD, spatial analysis.Vacancy Rate <td< td=""></td<> |

svelopment pipeline

Policy & regulatory context

> Conceptual framework

> > Introduction