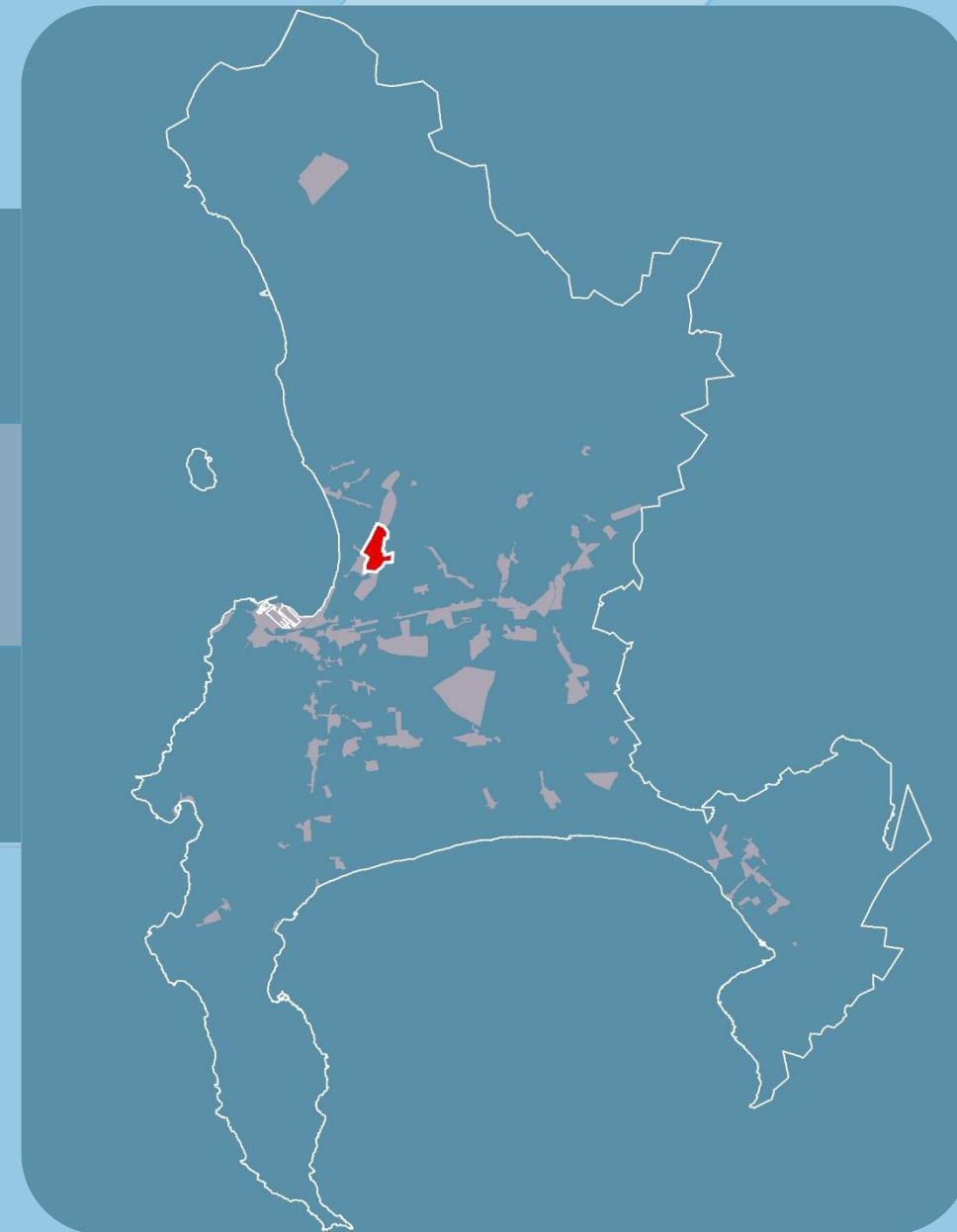


# MONTAGUE GARDENS ECONOMIC AREA PROFILE

TREND ANALYSIS 2012-2022



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

June 2024

Making progress possible. Together.

# 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.

Whilst we strive to provide the best information at our disposal and take reasonable measures to ensure that it is up-to-date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability of information for any purpose. Any reliance you place on the information is at your own risk.

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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 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

- Blaauwberg DSDF - Subdistrict 2: Montague Gardens and Koeberg Road Corridor:
  - Typologies and district elements – Development guidelines ([page 68](#))
  - Policy statements ([page 104](#))
  - New Development Areas ([page 110](#))
  - Consolidated subdistrict SDF ([Figure 18: subdistrict 2: Montague Gardens and Koeberg Road corridor](#))

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# 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](mailto:Future.CapeTown@capetown.gov.za).

## MICRO-ECONOMIC DEMAND & SUPPLY FACTORS

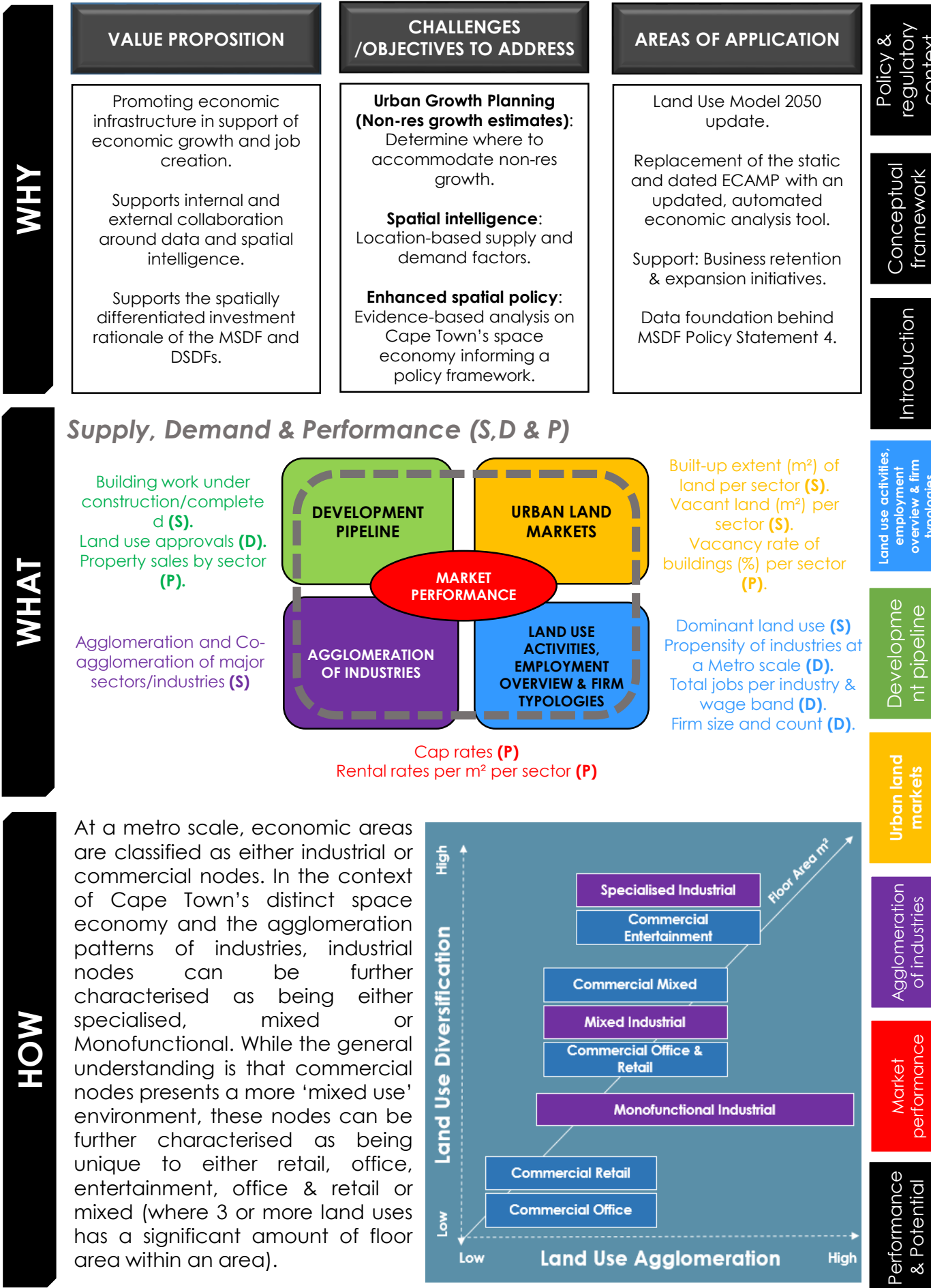
This profile examines a range of micro-economic indicators to highlight trends in supply and demand specific to the economic area. The indicators include:

- 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/m<sup>2</sup> by land use sector
- Jobs per industry

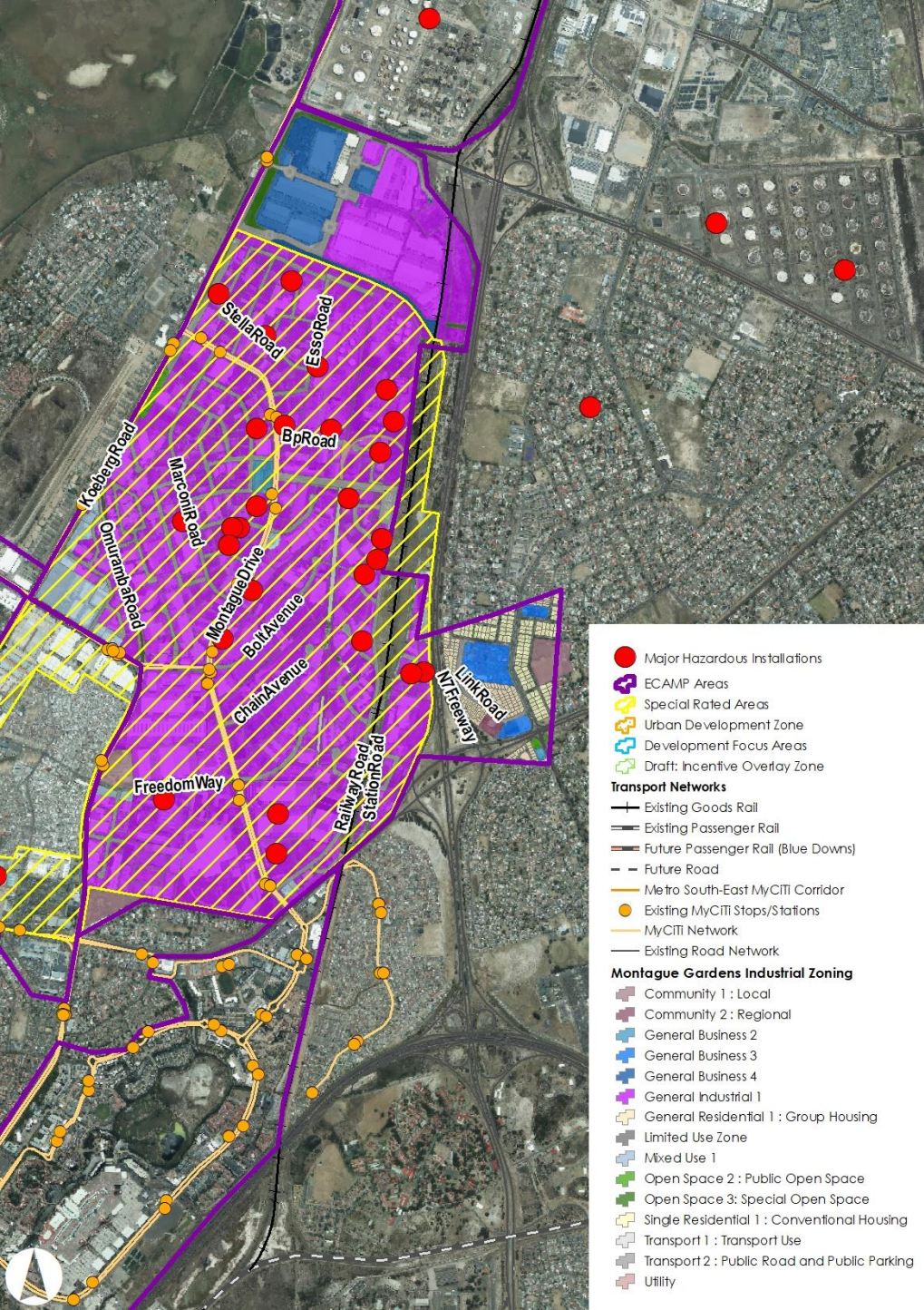
## MACRO-ECONOMIC REPORTS AND INDICATORS

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 \(MERO\)](#)







MONTAGUE GARDENS INDUSTRIAL

Location

- The area is approximately 15km north of Cape Town's central business district and Port of Cape Town.
- It is also located 20km from Cape Town International Airport, facilitating efficient import and export of goods.
- It is conveniently close to major roadways, including the N1 and N7 highways for easy overall transportation.
- The area is primarily serviced by GABS, MyCiTi buses and taxis.
- Additionally, it has access to a skilled workforce from the surrounding areas, including Bothasig, Sanddrift and the broader Milnerton area.

Zoning and Land Use

- The area is predominantly zoned for industrial use, which allows for activities such as manufacturing, warehousing and distribution.
- The area is currently characterised by light and heavy industrial use.
- The types of industries present include warehousing, storage, sales, manufacturing, repairs, office and retail.

Plot Sizes

- The average plot sizes in the area mostly vary between 2,000 – 4,500m² with a limited amount of plots ranging between 5,000 – 20,000 m².

Spatial planning and urban management instruments

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

Key highlights of the area include:

- The area began to establish itself in the 1980s which has developed into an attractive industrial economic area.
- Across all other industrial economic areas, Montague Gardens has experienced the most new floor area constructed between 2012 and 2022.
- [Montague Gardens & Marconi Beam Improvement District](#) was established in 2005.

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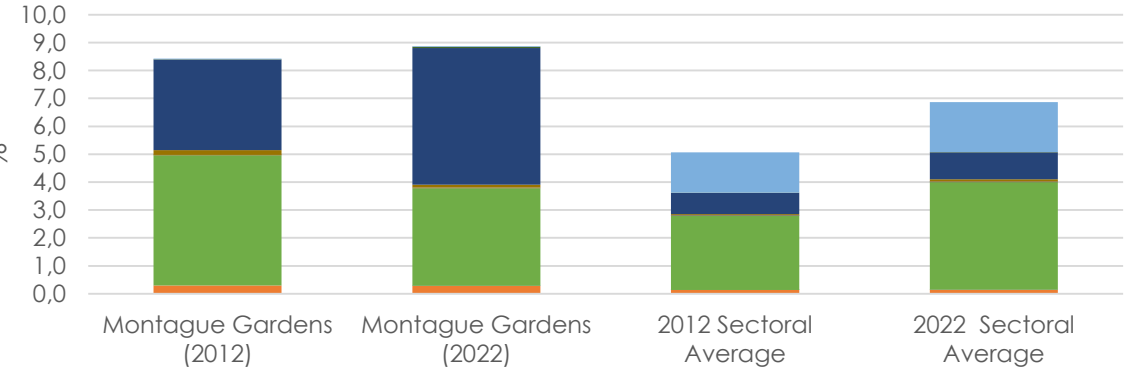
# LAND USE ACTIVITIES

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, Montague Gardens was mainly characterised by a higher tendency towards manufacturing and transport & storage as reflected in the **Nodal Typology**. This typology highlights the industries with the largest floor area (m²) operating in a specific economic area.

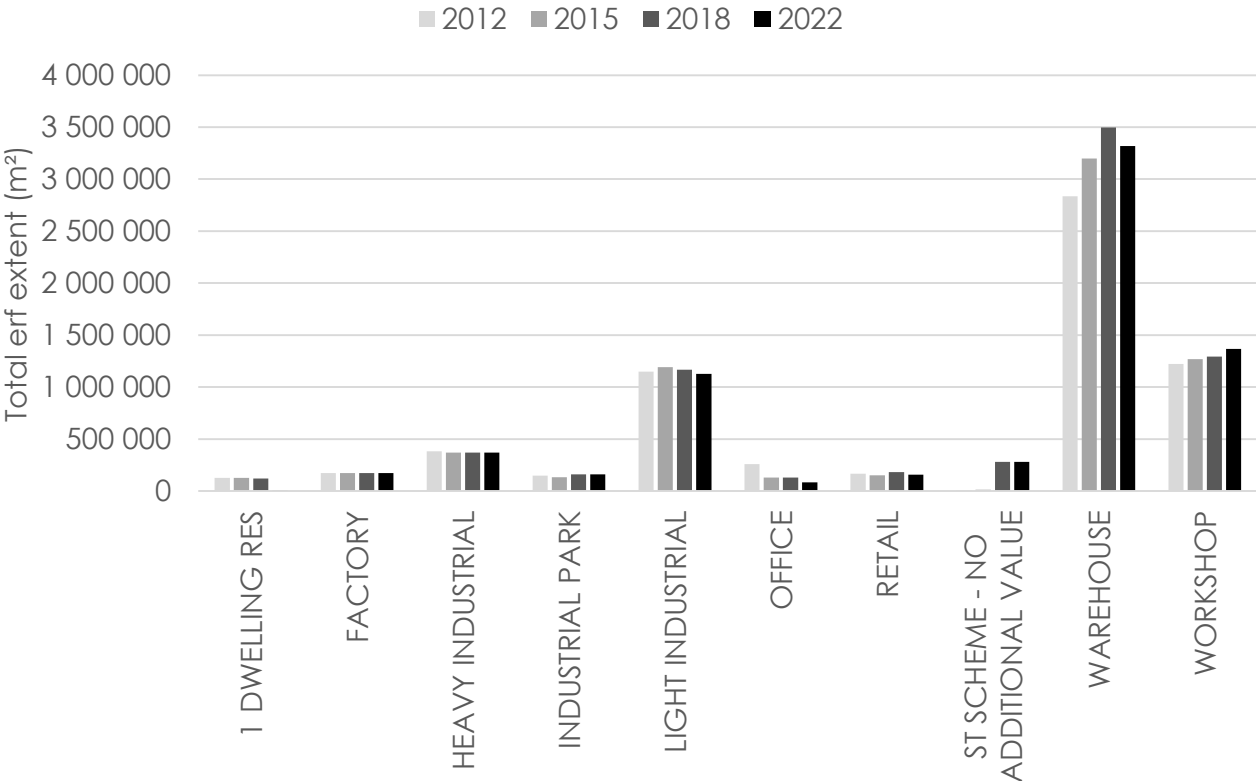
- The **MetroScale Benchmarking** positions Montague Gardens as a significant contributor to manufacturing, transport & storage, with levels higher than the sectoral average when compared to other industrial areas across Cape Town.
- Additionally, the GV Roll supports the findings from the SIC data by showing the **dominant land use** over time. It details the cumulative floor area (m²) for warehousing, light industrial, workshops with limited amount of other competing land uses.

## METROSCALE BENCHMARK

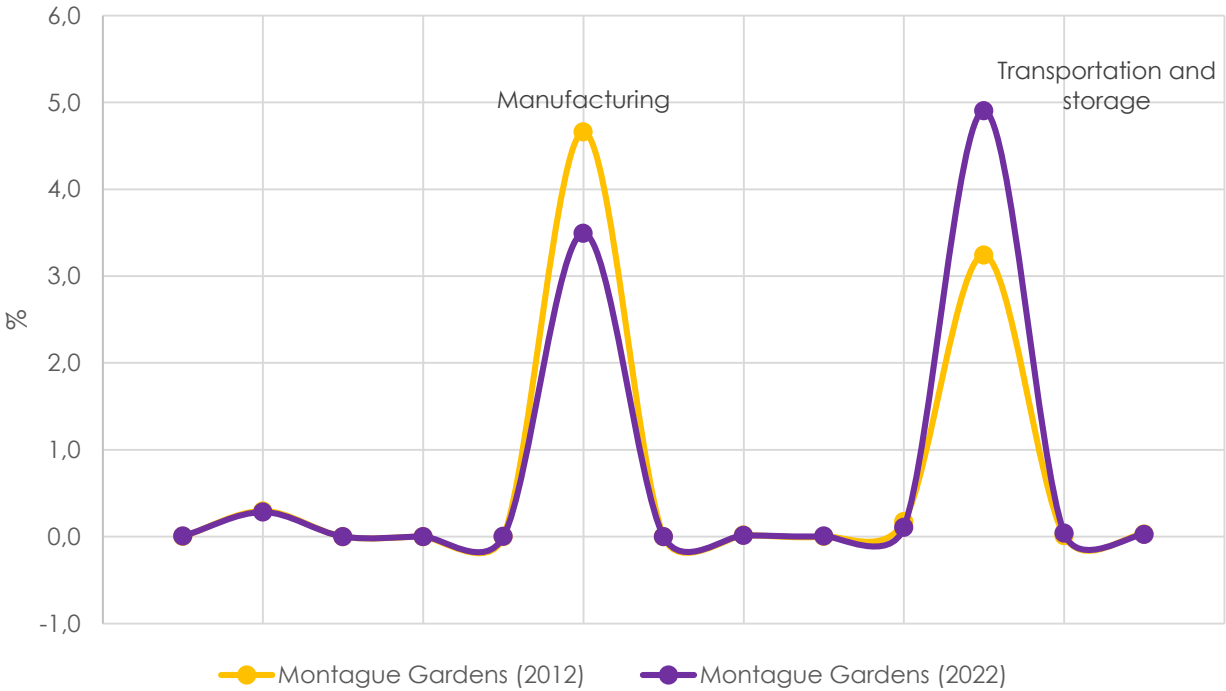


- Wholesale and retail trade; repair of motor vehicles and motorcycles
- Water supply; sewerage, waste management and remediation activities
- Transportation and storage
- Real estate activities
- Public administration and defence; compulsory social security
- Professional, scientific and technical activities
- 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

## CUMULATIVE EXTENT OF THE 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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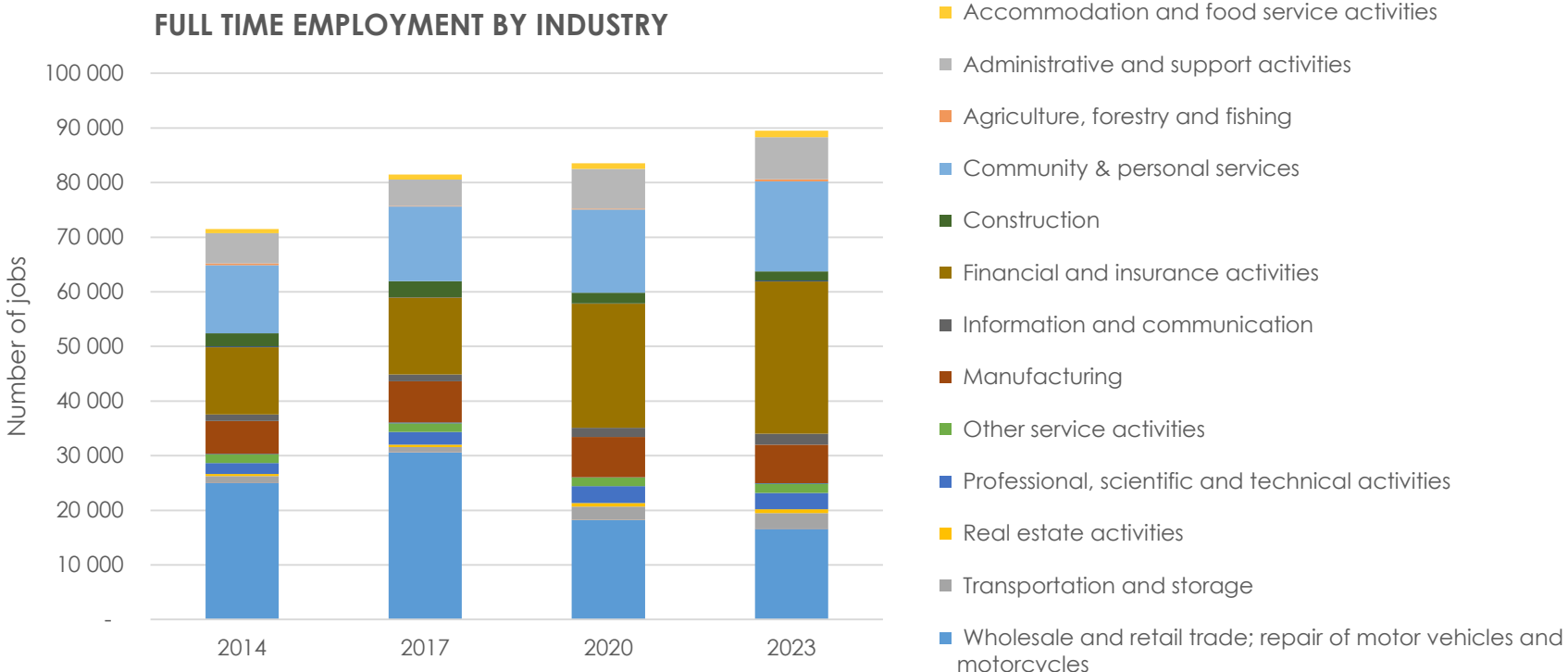
Market performance

Performance & Potential

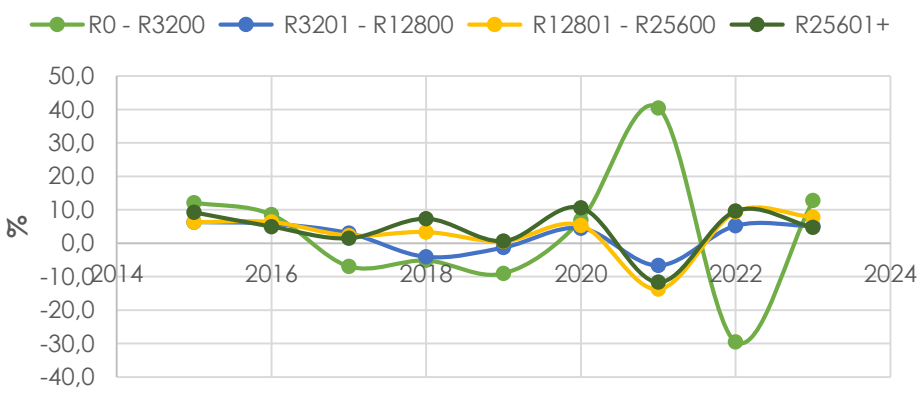


# EMPLOYMENT OVERVIEW & FIRM TYPOLOGIES

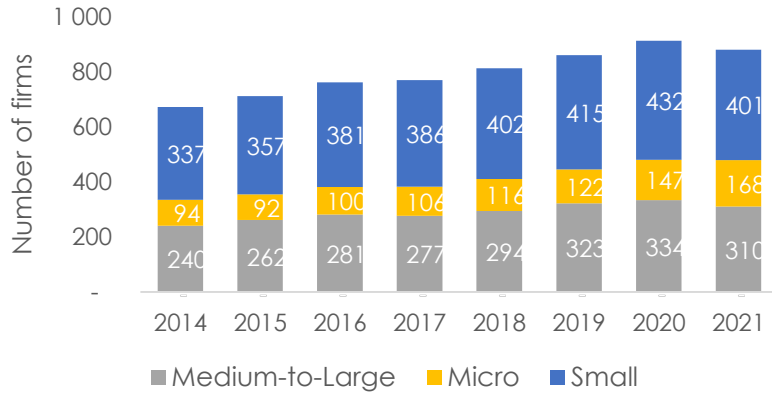
FULL TIME EMPLOYMENT BY INDUSTRY



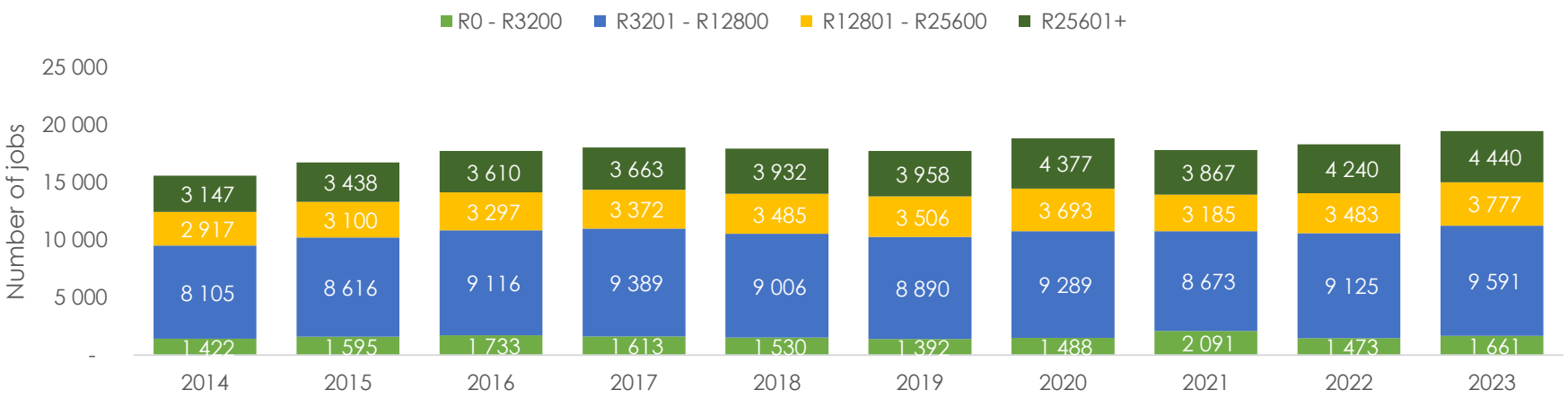
YEAR ON YEAR % CHANGE OF FULL TIME EMPLOYMENT WITHIN EACH WAGE BAND



NUMBER OF FIRM TYPOLOGIES



FULL TIME EMPLOYMENT BY WAGEBAND



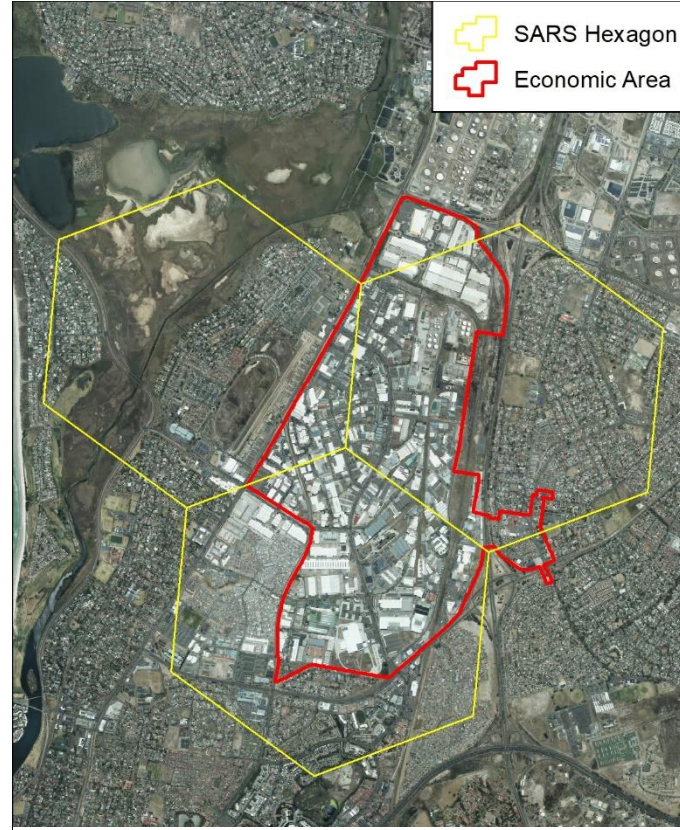
## Jobs/Firms

The number of job opportunities in the Montague Gardens area gradually increased from 13,000 to 17,000 between 2014 and 2023. Over time, the majority of these jobs have been concentrated in the wholesale, administrative support, and manufacturing industries.

The total number of firms in the area increased from 700 to 800 between 2014 and 2021. While small firms make up the majority, there is also a significant presence of medium to large businesses, as well as micro firms.

## Income bands

The income bands provide insights into the skill levels of employees in the area. The data indicates that a larger proportion of employees earn up to R12,800 per month; however, there is also a considerable number of employees earning above R12,800.

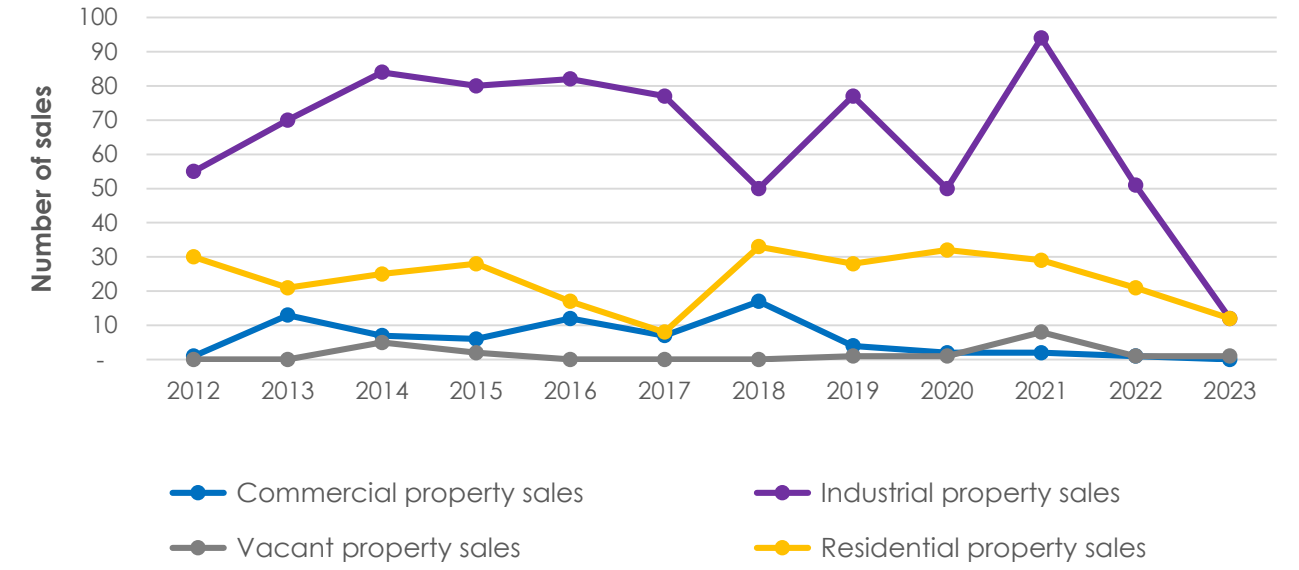


Spatial hexagons in which SARS data has been captured and overlaid with Montague Gardens area.

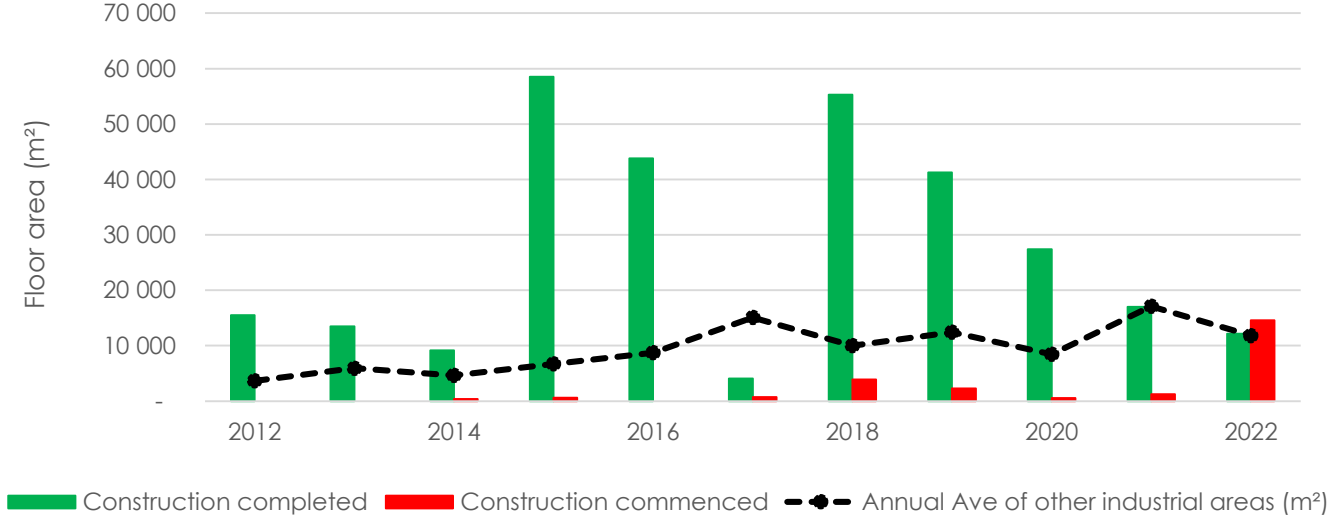
Source: SARS data extract for period between 2014 and 2022. Firm size data only available between 2014 and 2020.

# DEVELOPMENT PIPELINE

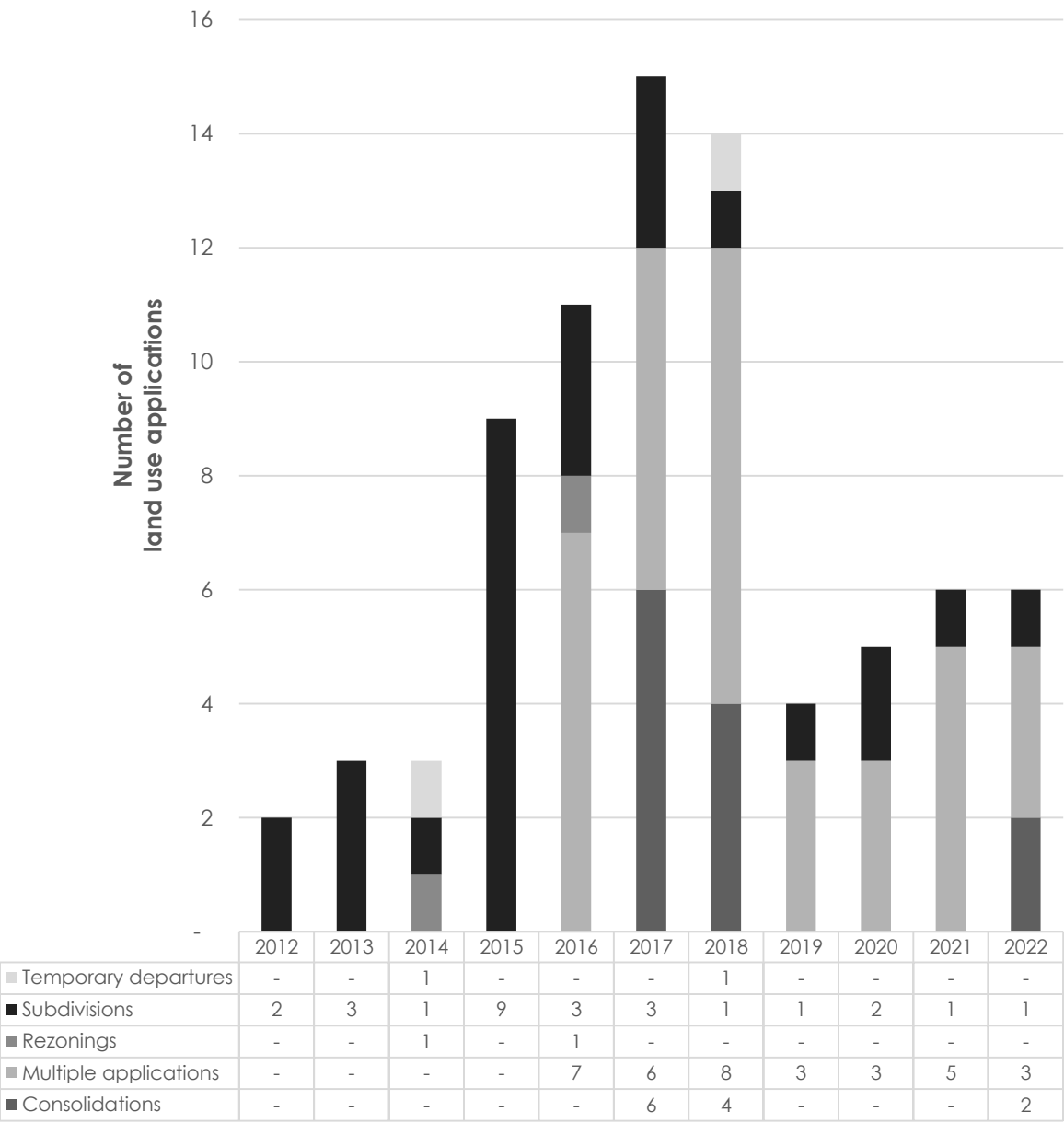
PROPERTY SALES BY SECTOR



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



APPROVED LAND USE APPLICATIONS



## Property sales

From 2012 to 2022, property transactions involving existing built-up industrial land have been markedly higher in the industrial sector compared to other sectors. This trend indicates a growing interest in acquiring industrial properties, underscoring their appeal for industrial use. While there have also been transactions for residential and commercial land parcels, they have not reached the same levels as those for existing built-up industrial land.

## Land use applications

Montague Gardens is predominantly zoned for industrial purposes. Between 2012 and 2022, most land use approvals were for subdivisions and multiple applications, suggesting a demand for specific property sizes. The approval of land use rights increased significantly starting in 2012, leading to completed building projects and ongoing construction, which highlights the area's attractiveness for investment.

## Building plans

In line with property sales and land use approvals, construction activity began shortly after the first land use approvals were granted in 2012. Significant building work commenced from 2015 onwards, with construction levels consistently exceeding the metro average across other industrial areas over the past decade.

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

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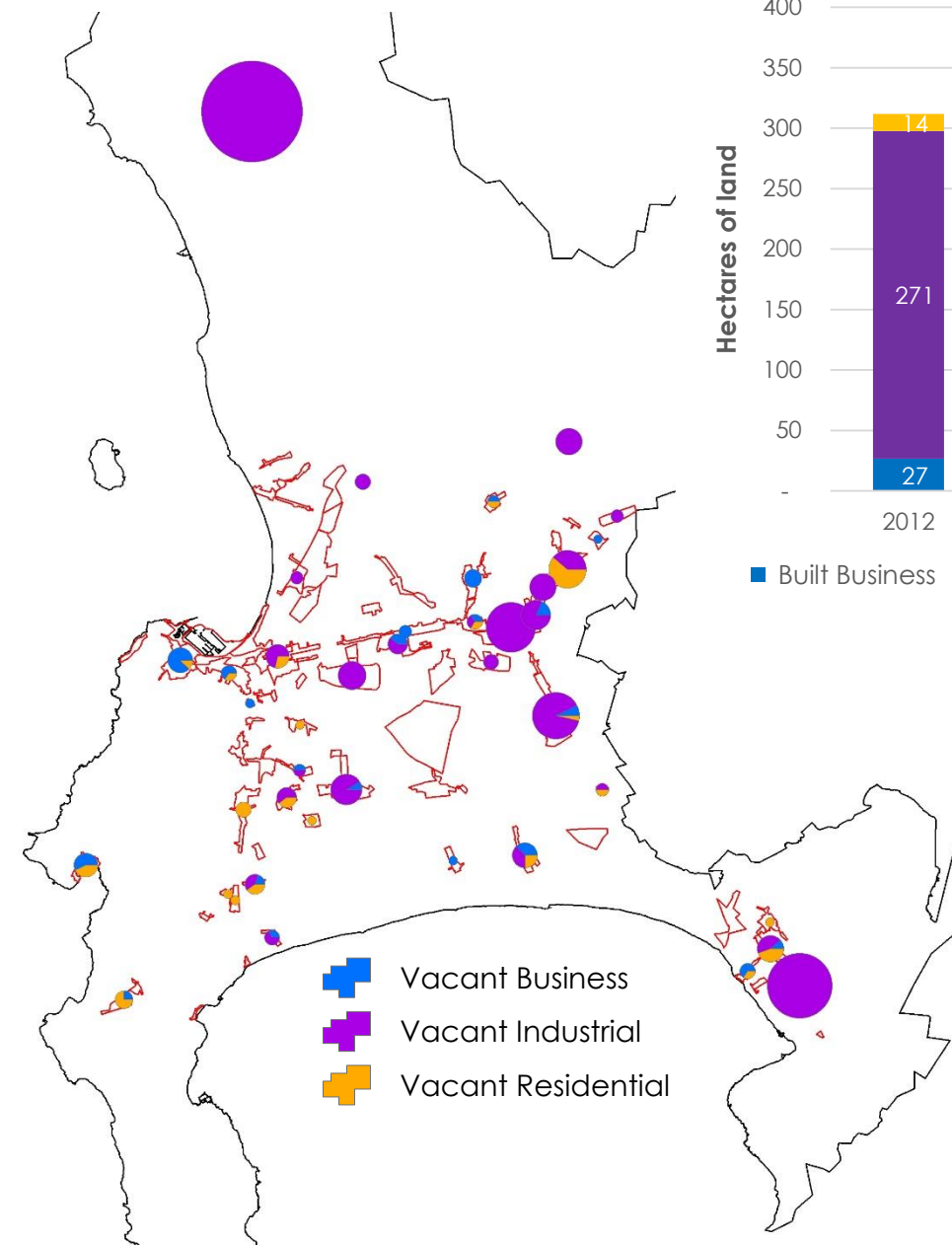
Agglomeration of industries

Market performance

Performance & Potential



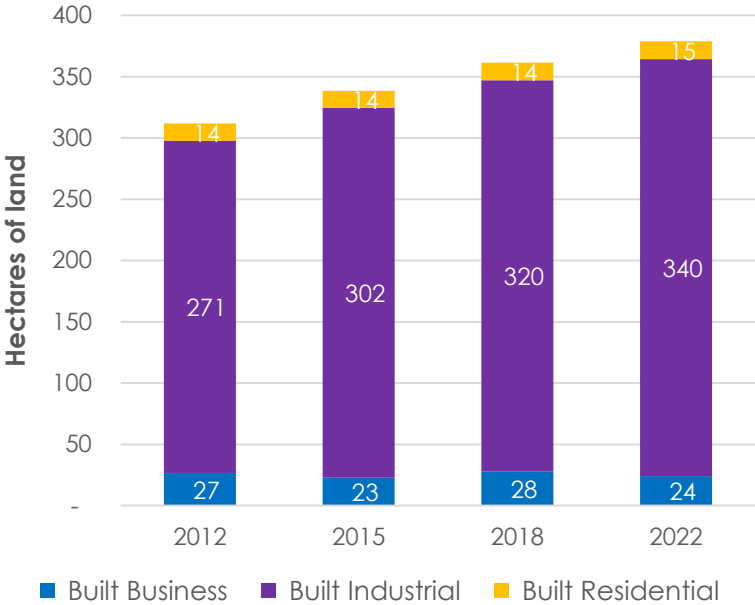
VACANT LAND ACROSS CAPE TOWN (GV 2022)



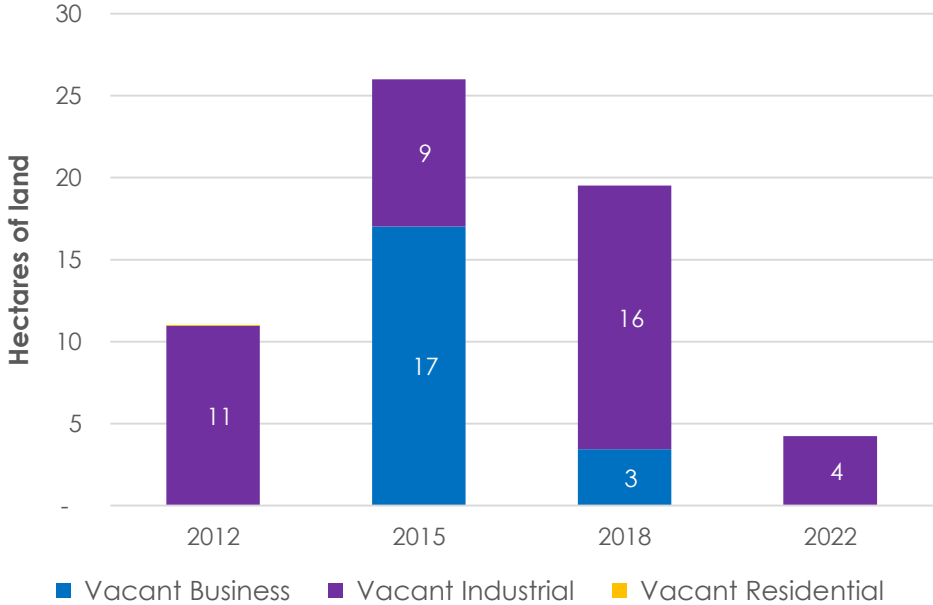
Number of land parcels that are vacant by size			
Erf Size	Commercial	Industrial	Residential
1) 1-250m²		1	
2) 251-500m²		2	
3) 501-1000m²		1	
4) 1001-2500m²		3	
5) 2501-5000m²			
6) 5001-10000m²		2	
7) >10000m²		1	

Source: City's General Valuation Roll and Market Reports

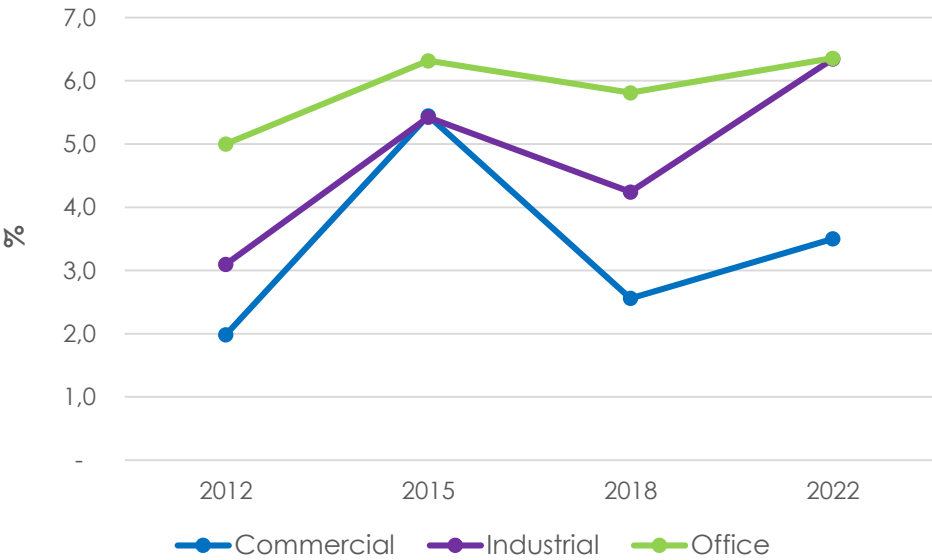
BUILT-UP LAND EXTENT BY SECTOR (TOTAL ERF EXTENT)



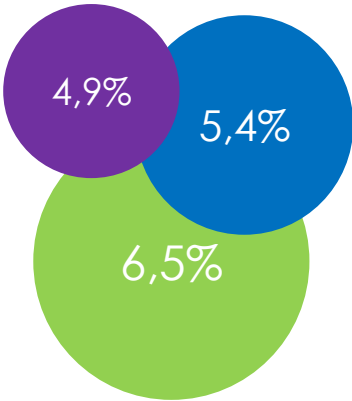
VACANT LAND EXTENT BY SECTOR (TOTAL ERF EXTENT)



VACANCY RATE OF EXISTING BUILDINGS



METRO AVERAGE: VACANCY RATES PER SECTOR FOR 2022



Vacant land

The map illustrates the latest General Valuation Roll (GV Roll) for 2022, highlighting the areas of vacant land throughout the metropolitan region. It complements the accompanying graph showing the amount of vacant land for the 2022 GV year. While the region has seen gradual growth in built-up land, the amount of vacant industrial and commercial land has decreased, indicating its attractiveness for investment. The take-up rate of vacant land aligns with the building work completed and the projects under construction between 2015 and 2022. Additionally, the available vacant land is categorized based on the number and size of land parcels.

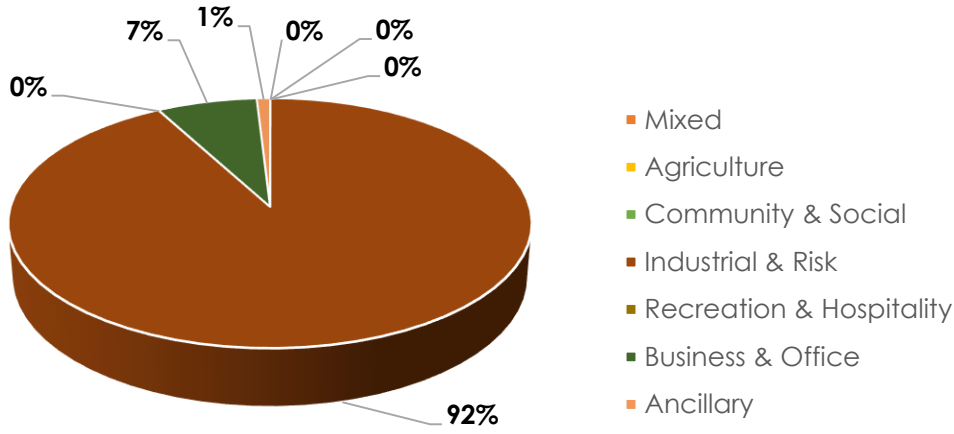
Vacancy rates

In addition to vacant land, the vacancy rates of existing buildings in the industrial sector ranged from 3.1% in 2012 to 6.3% in 2022, with an average of 4.8% over the years. Vacancy rates in the commercial sector rose from 2% in 2012 to 3.5% in 2022, while the office sector increased from 5% to 6.4%. Despite the overall rise in vacancy rates, these rates across the sectors still reflect a healthy demand for existing building space.

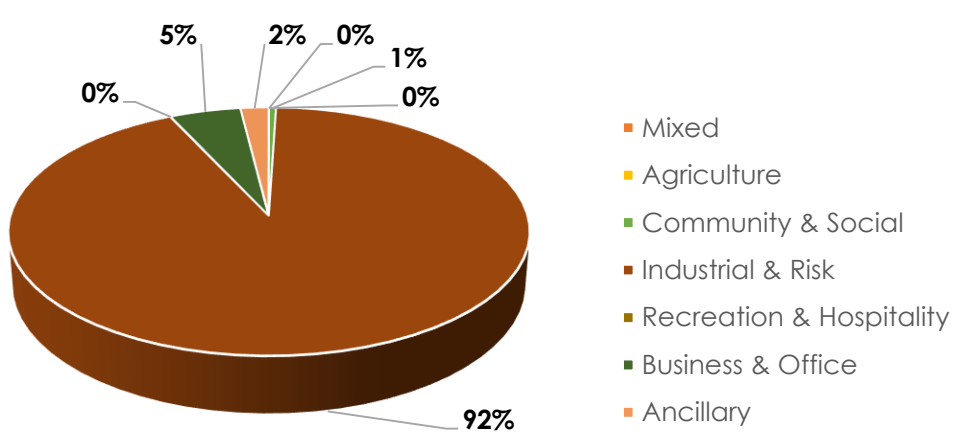
AGGLOMERATION OF INDUSTRIES

SECTORAL AGGLOMERATION AND CO-AGGLOMERATION RELATIONSHIPS

% OF LAND USE GROUPS (2012)



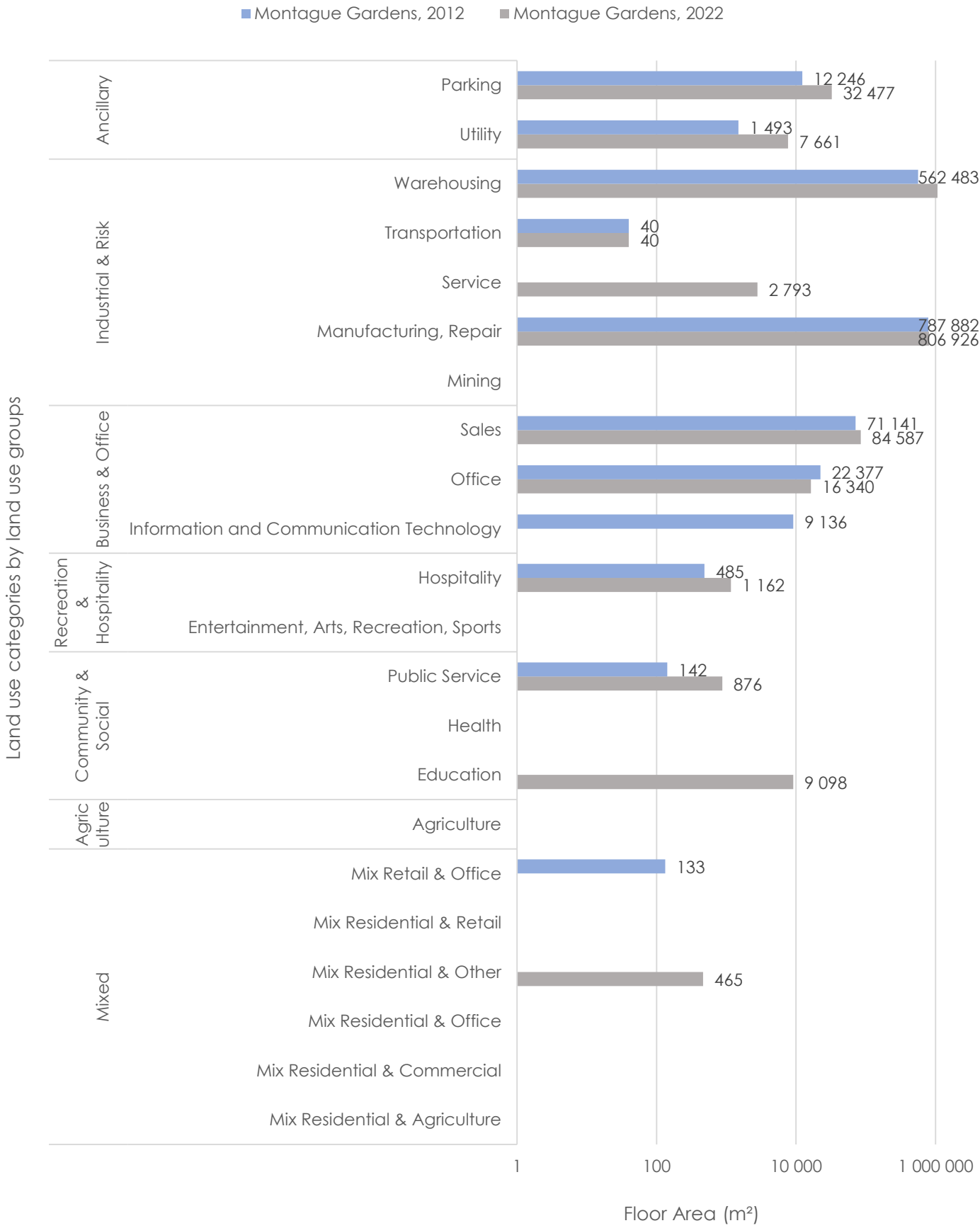
% OF LAND USE GROUPS (2022)



The pie charts illustrate the percentage distribution of land use groups in Montague Gardens, based on the cumulative floor area (m²) across various land uses. As shown in the charts, the Industrial & Risks group has consistently been the dominant category in both 2012 and 2022, with other groups primarily supporting this leading land use.

Additionally, the bar graph provides a comparative analysis of land use categories between 2012 and 2022, highlighting the co-agglomeration of these categories within each land use group. In particular, the manufacturing, repairs, and warehousing sectors have shown significant growth over this period. Notably, the warehousing sector has doubled in size, exceeding a floor area of 1 million m² by 2022. Other industrial and non-industrial land uses are also present, further supporting the most dominant land uses.

FLOOR AREA PER LAND USE CATEGORY FOR 2012 AND 2022



Source: Analysis of GV data (May 2024)

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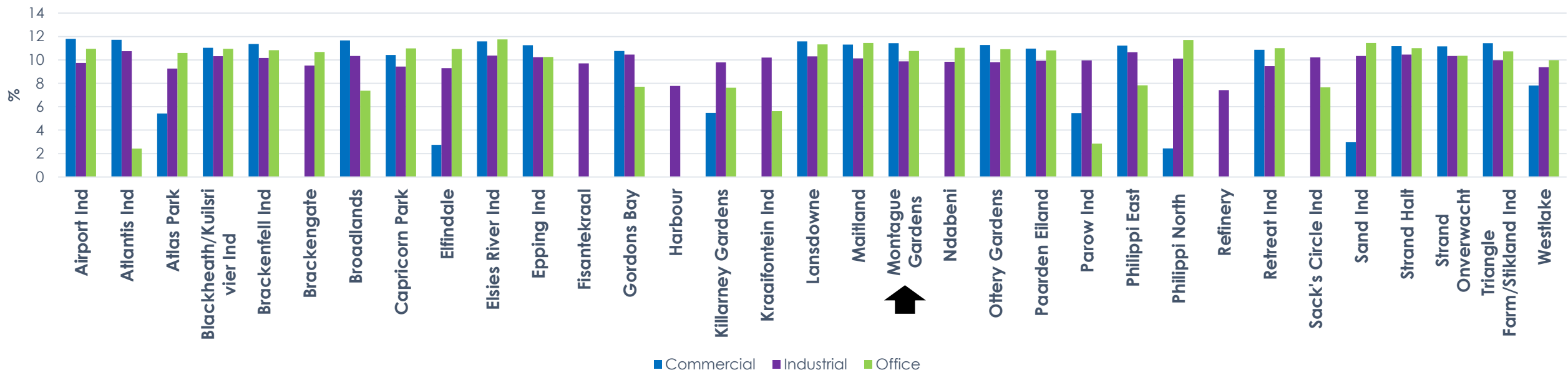
Agglomeration of industries

Market performance

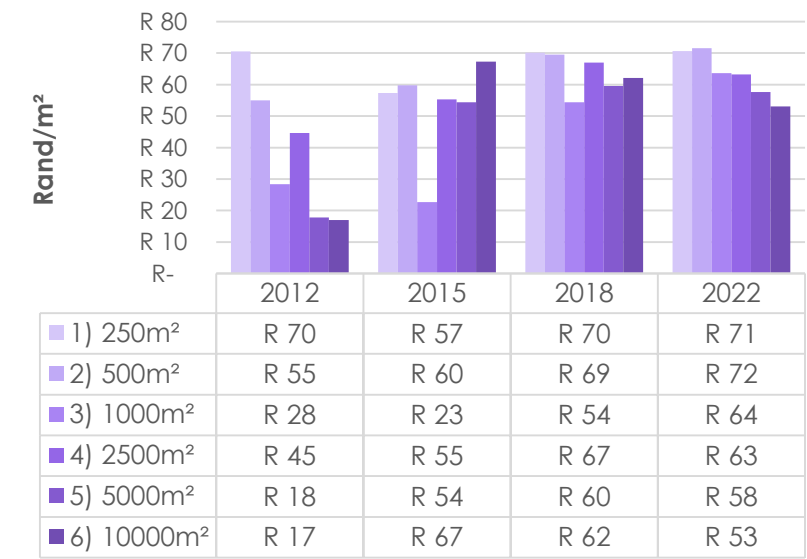
Performance & Potential



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



INDUSTRIAL RENTALS

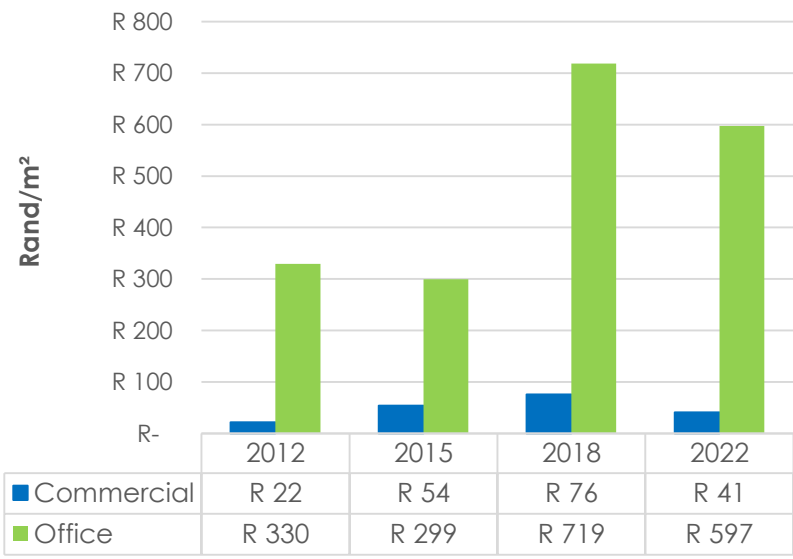


Rental rates

Between 2012 and 2022, rental rates for industrial properties measuring 5,000m² and 10,000m² increased. In contrast, rentals for smaller properties, specifically those between 250m² and 500m², fell in 2015 but rose again from 2017 to 2022. This trend indicates a decreasing demand for smaller industrial properties and an increasing demand for larger industrial spaces over the same period.

Additionally, office rental rates have also seen significant growth between 2012 and 2022, further demonstrating heightened demand in the area.

COMMERCIAL AND OFFICE RENTALS



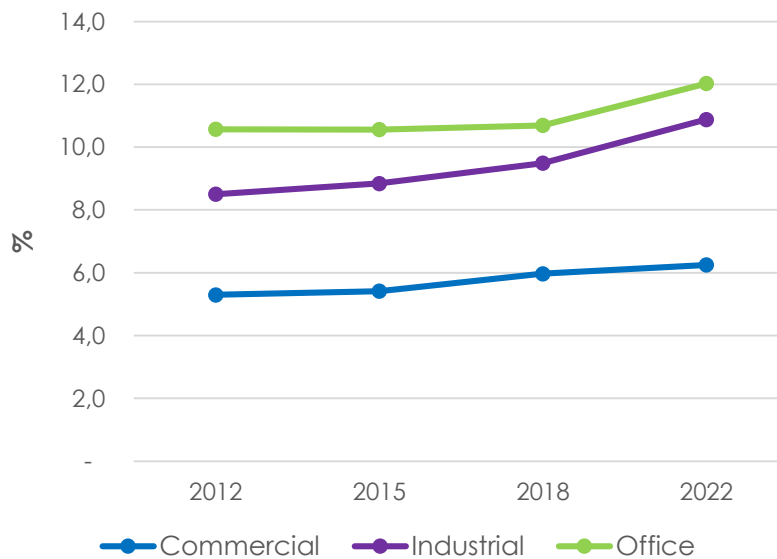
Comparative view on cap rates

The average capitalisation rate between 2012 and 2022 for industrial, office and commercial sectors were 9,43%, 11% and 5,75%, respectively and further indicating its competitiveness relative to other industrial areas.

Year-over-year capitalisation rates for the industrial sector rose from 8.5% to 11%, while the office sector also saw an increase from 10.6% to 12%. Additionally, the commercial sector experienced a rise in rates from 5.3% to 6.3%.

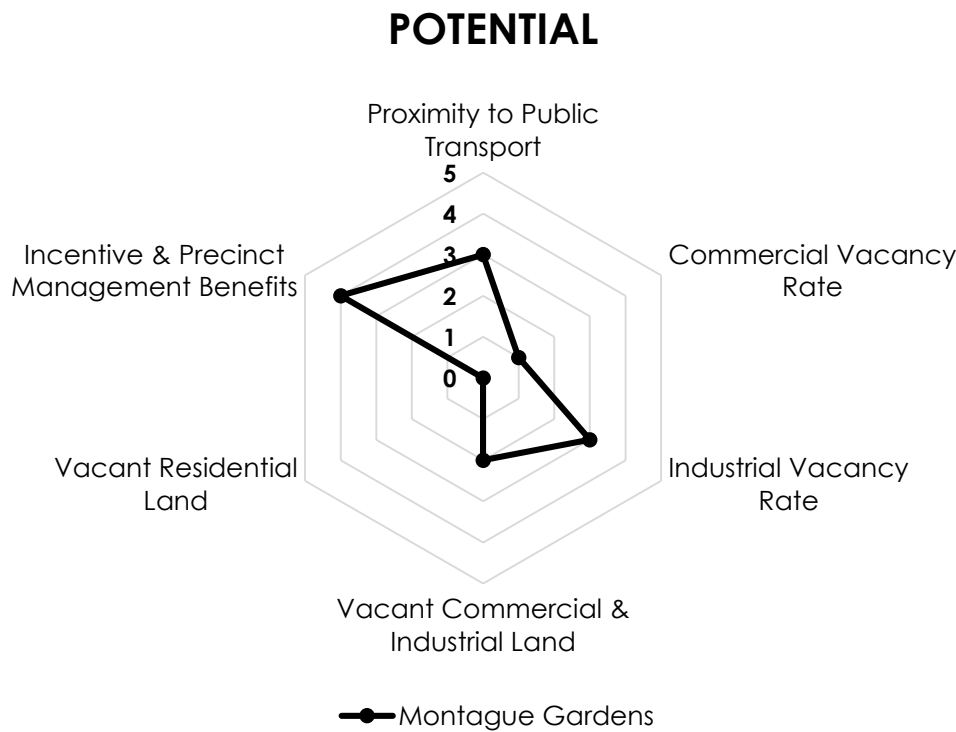
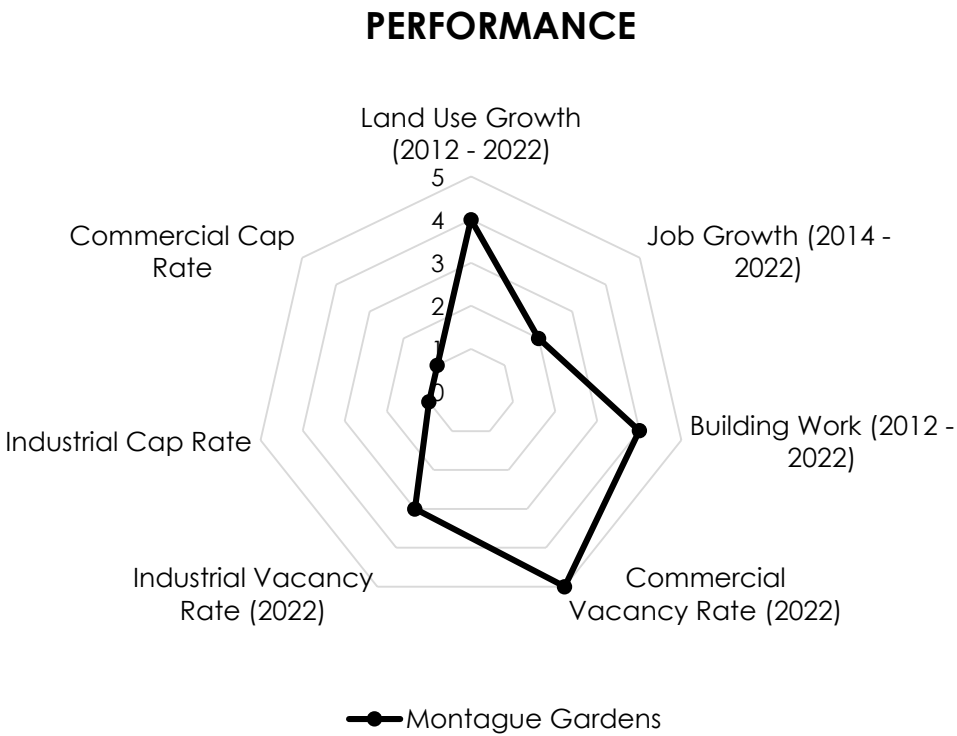
- Higher cap rates = higher investment risk.
- Lower cap rates = lower investment risk.

CAPITALISATION RATES



# PERFORMANCE & POTENTIAL

The scores provided below summarize the detailed information presented throughout this profile. The scoring method used to calculate Performance and Potential is based on several measurable individual indicators. The **scoring range is from 0 to 5, where 0 indicates low performance and potential, and 5 indicates high performance and potential**. Each indicator is scored individually. Depending on the classification of an economic area, the profiles are compared either to Cape Town CBD (Commercial) or Montague Gardens (Industrial), as these two areas have attracted the most new floor space between 2012 and 2022 for their respective classifications.



Indicator		Description
Performance	Land Use Growth	Measures the growth of new floor area (m²) between 2012 and 2022 within an economic area, compared to other economic areas. More growth indicates higher performance. (Source: General Valuation Roll)
	Job Growth	Measures the percentage change in job prevalence between 2014 and 2022 within an economic area, compared to other economic areas. A higher prevalence of jobs correlates with better performance. (Source: SARS as of May 2024)
	Building Work	Measures the activity of building work (new and improved m²) within an economic area from 2012 to 2022, compared to other economic areas. More building work activity indicates higher performance. (Source: City's DAMS)
	Vacancy Rate	Measures vacancy rates based on the latest 2022 market report across all economic areas. A low vacancy rate indicates higher performance. (Source: City's Market Reports)
	Capitalisation Rate	Measures % change in cap rate between 2012, 2015, 2018 and 2022 across all of the economic areas. The least % change between periods indicates greater maturity and in return, higher performance. (Source: City's Market Reports)
Potential	Proximity to Public Transport	Evaluate the economic areas that are close to public transport options. A higher number of transport modes indicates greater potential. (City's UPD, spatial analysis)
	Vacant Land	Assesses the availability of commercial, industrial, and residential vacant land. A greater amount of vacant land indicates higher potential. (Source: General Valuation Roll).
	Vacancy Rate	Measures vacancy rates according to the 2022 market report. Higher vacancy rates indicate greater potential. (Source: City Market Reports)
	Incentive & Precinct Management Benefits	Evaluates the overlap (partially or fully) of incentive areas and institutionalized precinct management tools within each economic area. A higher presence of incentive and precinct management tools indicates greater potential. (City's UPD, spatial analysis)

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