Unified buy-in for Durban vision

Property Review visited Durban for an overview of the latest developments and to follow up on the progress of key initiatives that aim to transform Durban into the “Riviera” of Africa and the business gateway to southern Africa

By Mark Pettipher

To put this roundup together, I visited Durban and spoke to six stakeholders: SAPOA’s Regional Chairperson and partner at Rokwil Property Development Bernadette Khumalo, eThekwini Deputy City Manager Phillip Sithole, Dube TradePort Corporation Chief Executive Officer Hamish Erskine, Invest Durban Head Russell Curtis, Cato Ridge Consortium Chief Executive Warwick Lord, and Tongaat Hulett Developments Planning Director Rory Wilkinson.

Continued relationships
My first conversation was with Bernadette Khumalo, who took over SAPOA’s regional reins from Edwin van Niekerk. “I’ve spent a number of years working with Edwin, which makes it easier for me to continue the relationships SAPOA has built up over time with the eThekwini Municipality and its developmental agencies,” said Khumalo. “It’s important for our members to get to know who’s responsible for the departments and to have good working relationships with them.

“Over the next three years, Durban will experience continued clean-up and infrastructure development. We’re seeing huge investment in the CBD, the Waterfront, the development of logistic hubs and the Aerotropolis, and mixed-use development along the northern coast and along the transport corridors to the west.

“SAPOA is being proactive in getting stakeholders – city officials, developers and service providers – together through open forums. We discuss and outline the city’s procedures, and work with ward councillors and businesses in the communities to bring about change in people’s lives. The initiatives help everyone deal with the issues key for collaboration and understanding of community associations – and look at fine-tuning structures to encourage development, employment opportunities and economic inclusion. We understand that inclusion needs to happen in the right way and are sympathetic to the changing phases of development. We look at ways in which SMEs can be included, up-skilled and trained, and to ensure that all paperwork is in order. As developers, we want to see SMEs commit to project opportunities.”

We spoke about the problems in the construction industry, with some of South Africa’s bigger companies going into liquidation and closing. Saddened by the demise of companies such as Basil Reed, Group Five and NMC, Khumalo has learnt lessons through observation. “In order to survive in South Africa’s current economic climate, we’re being careful with cash flow,” she said. “We have developed a company ethos, which includes the commitment to working closely with local communities and empowering them to be self-sustainable.

“Rokwil Property Development was founded by my business partner Rod Stainton. Before partnering with Rod, I was with Investec for just over three years, Ithala Development Corporation for four years, and Standard Bank for six. Rokwil is an entrepreneurial property development company with diverse specialties, including development of commercial, industrial and retail properties, property management and civils. When I partnered with Rokwil, I was thrown into an accelerated learning experience: for 10 months I lived and breathed the Keystone logistics development.”

Keystone Park is KwaZulu-Natal’s only custom-designed logistics, warehousing and light-industrial precinct on a 152-hectare greenfield site in the western corridor, 46km from Durban’s port on the N3. Making use of its unique location, Keystone is home to some of South Africa’s major retail store distribution centres, such as Mr Price, Pepkor, Malda Pack and Ackermans. It is also an intermodal hub, and will benefit from its proximity to the Cato Ridge break bulk intermodal hub.
Part of Rokwil's cash-flow monitoring is the division Rokwil Civils. “We realised the Keystone distribution hub was akin to a 'mining' operation, so it made sense to acquire the plant to move 1.4 million cubes of soil for the bulk infrastructure,” said Khumalo. “Fifty percent of our civil work comes from in-house projects. We follow the same strict approval processes, and have brought in the best know-how to prevent short cuts. Lessons learnt from the Keystone project are being put to good use. We are currently involved with Phase 2 earthworks of the Dube TradePort Aerotropolis development.”

The path to greater prosperity
After SAPOA's 2018 Annual Convention & Property Exhibition, we briefly spoke to eThekwini’s Deputy City Manager Phillip Sithole. This year he was able to outline the progress made since we last spoke.

As part of promoting Durban as an investment and tourism destination, eThekwini Mayor Zandile Gumede decided she needed a sounding board and established Team Durban – a 12-member council of business leaders, including representatives from pharma giant Aspen, FNB, ABSA and Toyota, among others – whose task is to advise city leadership, Invest Durban and the public sector on ways to improve the local investment environment. In August 2017, the city adopted the Durban Investment Promotion Strategy. The former Durban Investment Promotion Agency has evolved into Invest Durban, with the objective to promote and facilitate Durban as Africa’s premier investment destination. The advisory roles of Team Durban and Invest Durban’s “step change” strategy have begun in earnest, and according to Sithole, “The strategy will help generate new revenue streams for the city, and aid in job creation, skills development and economic transformation.”

Taxpayers’ money put to visible use
There are some major partnerships under way, says Sithole. “We have partnered with Tongaat Hulett on the Ntsongweni development, and R300-million is being provided by the council, which will be spent on Phase 1 infrastructure,” he says. “The Ntsongweni project is a 20-year development that commenced with the 85 000m2 Mall of the West, which will unlock the core for a high-intensity mixed-use development.”

“Almost R700-million has been set aside for the Midway Crossing Development; R250-million from the council, the rest by a private developer. This will establish a new township along the C3 North Durban Route and will encompass a Sizakala (Help) Centre, a GoDurban transport facility and a shopping centre. We have also formed a deeper inner-city partnership with a group of more than 2 000 business and community leaders, entrepreneurs who want to work with the city and private-sector companies who have an interest in rejuvenating the city centre. This initiative will ramp up participation in the Point Precinct and our Waterfront development programme.”

The Durban Point Waterfront project is a joint venture between the eThekwini Municipality, lead by Sithole’s Economic Development and Planning Cluster, including Invest Durban and the Catalytic Projects Unit, and headed by the Durban Point Development Company (DPDC) partnership with Malaysian property group UEM Sunrise. “Progress has been made with the installation and upgrading of the bulk infrastructure in response to the Point’s development and the greater inner-city regeneration plan,” says Sithole. “About 378 000m² of bulk infrastructure has been developed to date. A number of interested developers have approached the DPDC to purchase land for a hotel and a retail mall. Our Malaysian partners will soon be launching the first residential 29-storey tower. The Point development has an estimated value of R5.6-billion, which amounts to a construction value of R2.7-billion. Last year, the partnership sold 67 000m² of land to a BEE developer for prime offices near uShaka; we expect to see demand rise once the Promenade is completed and fully launched.”

“The construction of the first water and sewer reticulation works was completed in October 2017; plans are in place for a water-main upgrade along Anton Lombede Street and Mahatma Gandhi Road. This upgrade, with a budget of about R350-million, will see the replacement of ageing asbestos pipes with an 800mm-diameter steel pipe to service the development of densification in the inner city.”

“The Promenade is progressing well – R300-million has been spent and we are in Phase 2, which should be completed in time for the festive season. Part of the rejuvenation process is to pedestrianise the area around Mahatma Gandhi Road, River Town and the ICC and along the beachfront. A further R30-million is being spent on upgrading public facilities.”

To create a safer, more accessible city centre and beachfront, the city is increasing policing: 300 additional police service members have been employed, and 100 have been deployed to take care of the beachfront. A beachfront management company has been given a budget of more than R10-million for maintenance and upkeep. The city is also upgrading and repositioning CCTV cameras.

Addressing concerns over dilapidation and disintegration of buildings in certain areas of the inner city, an audit and analysis have been carried out, and the city has outlined the action that needs to be taken. Some buildings will be demolished, legal action will be taken against landlords, and illegal land use and illicit drug trade will be curbed.

Durban is increasingly able to attract new foreign direct investment (FDI) from international players – including Kerry Foods, Mara Group, CCI Contact Centres and others – as well as locally expanding giants such as Toyota, Unilever and agri-processing group Sappi. Heeding the call to increase FDI is one of the key pillars in Durban’s (and KZN’s) future.
Invest Durban: taking the lead

“Invest Durban, an initiative supported by the National Treasury and the World Bank, emerged from a strategic process housed in the National Treasury City Support Programme, which works with all eight metros and deals with public and private sector investment issues,” said Invest Durban Head Russell Curtis.

“A team of international advisers, skilled in investment and promotion facilitation and global best practices, was appointed; after two years, key recommendations were presented to Durban business leaders and the city’s leadership.

“The city needed to make a major ‘step change’, so a whole new strategy has been worked up and a new organisational structure identified. Invest Durban is set to more than triple in size to facilitate its resources and impact.

“Invest Durban works closely with the Department of Trade and Industry, Trade and Investment KZN, the Durban Chamber of Commerce and Industry, the KZN Growth Coalition, and state-owned enterprises such as Dube TradePort, the Development Bank of Southern Africa, and the Industrial Development Corporation. Key partners include South Africa’s largest banks, audit and advisory firms, and sector-based organised business bodies, all working together to promote investment in Durban. Similarly, the diplomatic community has been engaged, informed and partnered with for mutual investment benefits. These partnerships will be further formalised and implemented via the newly established Team Durban Advisory Forum. As an external advisory team, Team Durban will advise city leadership on how to attract investment and improve the cost of doing business.

“EThekwini has many advantages, including being home to one of the continent’s biggest ports. The port has been undergoing an optimisation programme and can take the largest vessels under construction. Transnet is matching its capital expenditure to global demand, and although there has been a slowdown, it has provided the time to deliver on requirements to that demand.

“Invest Durban covers the area from the Durban Metro all the way to Zimbalzi, Scottburgh and Cato Ridge – about 2 500km², which amounts to two-thirds of the entire provincial output – and has a four-part mandate:

1. Investment, promotion and marketing;
2. FDI identification, attraction and facilitation through to ribbon cutting;
3. FDI aftercare, retention and expansion, which includes the development of fourth-generation hybrid hard and soft services as set out by the Global Network of Investment and Promotion Agencies, put together by the United Nations and the World Bank; and
4. Investment policy and advocacy, feeding back into the system and developing market intelligence to build improvements to what will impact investments.

“As Invest Durban increases its capacity, it is proactively getting what Durban needs,” says Curtis. “Last year saw the largest ever business-and-government-led mission to the UK, where 45 executives had 65 face-to-face business meetings over four days. We have recently returned from the UAE, where we attended the 9th Annual Investment Meeting in Dubai and the Bloomberg Invest Abu Dhabi summit. We had two significant outcomes – a commitment by a leading Egyptian manufacturer willing to invest in South Africa, and a promise of a business mission visit through the Chamber of Commerce set to take place at the end of May.”

Logistics in the limelight

The September 2017 issue of Property Review carried an interview with Mduduzi Diamini about the development of Cato Ridge. This time around, we spoke to Warwick Lord, CEO of the Cato Ridge Consortium. “Logistically, KwaZulu-Natal is small compared to Gauteng, but it is punching above its weight,” he said. “The key focus is the Durban port, which is central to South Africa’s economy, and the main feeder logistic hub that services Gauteng and the SADC region. Because the port is working close to capacity and there is a high amount of congestion, there was a huge requirement for more warehousing and distribution facilities. This led to the development of the Cato Ridge intermodal logistic hub.

“Cato Ridge has been in planning for the past 15 years. We’re developing it as a private sector participation (PSP) project, which falls under the government’s Strategic Integrated Projects plan – the SIP2 Durban-Free State-Gauteng logistics and industrial corridor. We approached the government for help in facilitating the development of this hub. The aim of SIP2 is to strengthen the logistics and transport corridor between South Africa’s main industrial hubs and to improve access to Durban’s export and import facilities.

“As a PSP project, Cato Ridge’s longevity and intelligence lies with us as the developers. We are able to develop and aggressively attract investment, and create the technological overlay needed as the project proceeds. Because we are the master developer, we understand that real jobs and development come from client relocation. In order to attract like-minded participants, we have set out property guidelines, much like a ‘homeowners association’. Cato Ridge is a one-stop package, and potential participants are encouraged to buy into the full project. Transnet has already bought into the project and developed the CatCon terminal, which is proof of concept – but there are no storage facilities yet, and we are starting to extend the proof of concept to allow for commercial expansion.”

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Land security
“The footprint that we are developing is 850 hectares,” said Lord. “We have secured 385 hectares, and are in negotiations with landowners to purchase additional land on an incremental basis. We are set to break ground on 1 July, and have active government support. The KZN MEC is enthusiastic about the project, which will bring a much-needed economic boost and upliftment opportunities to the area. As the master developer, we look forward to being instrumental in providing employment and skills development. Because this is a 20-year project pipeline, we see the potential for an ongoing stream of labour opportunities, as well as for enhancing SMEs and entrepreneurship through collaboration with the local TVET College and the development of our own Skills College. Both educational institutions will service innovation and provide maintenance of both the rail and the logistic activities that will come out of this project.”

The future of logistics
“Technology is going to play a large part in the lifetime of this project, so we are looking at international best practices,” said Lord. “Speed and turnaround are going to be major factors in the success of the node. To this end, the consortium needs to be more than just a developer: we are morphing into a logistics company with a strong development base to bring a more efficient system to market. We are examining the logistic connectivity between Durban’s port, the route along the N3 and the rail pipeline (and ultimately through to Gauteng).”

“One big data is going to be key to our efficiency - we will have to make use of ‘smart port’ technology so we can track goods from as far away as possible, and tell a trucker that his slot for unloading or collection will be ready at a certain time. For this we are going to have to link into datasets that are outside our control - third-party data such as SANRAL’s toll system, and individual tracking systems such as those used by Amazon, DHL and other courier companies. We will need neutral data to give us pre-determined, calculated timing. Once a ‘box’ arrives it can be stacked, and drone technology can be used on pre-described routes to scan codes and determine where goods are.

“This logistics offering requires the use of forward-thinking technology. It needs us to be innovative and develop hi-tech distribution capabilities. We can leapfrog some of the problems that have been encountered in other parts of the world by observing their systems and procedures, and ‘cherry-picking’ and adapting them to South Africa’s needs.”

One-stop shop: Dube TradePort Corporation
According to the Dube TradePort Corporation (DTPC) CEO Hamish Erskine, the national government supported the establishment of the DTPC — and a new international airport — as a public-private partnership (PPP) as far back as 2004. The DTPC opened officially in 2012, and the first private sector investment into the Dube TradeZone was secured in 2013.

The DTPC website describes the TradePort as being strategically located on the east coast of South Africa, linked to two of Africa’s major seaports and major national roads, and home to King Shaka International Airport. Dube TradePort is thus positioned at the intersection of local and global intermodal transport routes. Dube TradePort’s master-planned airfreight and passenger hub consists of five business zones:

- Dube TradeZone - a prime, fully serviced industrial precinct of 77 hectares, growing to 300 hectares, for electronics, pharmaceuticals and aerospace manufacturing, assembling and distribution;
- Dube Cargo Terminal - a state-of-the-art cargo-handling facility with digital tracking and secure cargo flow through on-site statutory bodies, which prides itself on 0% cargo loss since inception in 2010;
- Dube AgriZone - an advanced agricultural precinct that provides world-class facilities and technical support for propagating, growing, packing and distributing high-value perishables and horticultural products through an efficient supply chain;
- Dube City - a 12-hectare premium business and hospitality precinct just three minutes from the passenger terminal; and
- Dube iConnect - a cutting-edge telecommunications platform and premier cloud-service provider, servicing the Dube TradePort precinct and KwaZulu-Natal’s only locally hosted cloud service, making it the premier offering for regional data recovery.

Durban Aerotropolis
Having attained Special Economic Zone (SEZ) status in 2016, Dube TradePort was involved in the formulation of integrated regional spatial planning and development for the Durban Aerotropolis, in conjunction with local land owners, municipalities and state entities. The master plan came out in January 2018.
In the DTPC’s strategic plan for 2015/2016, we see the thinking behind this development. “In a globalised world, the role of airports as attractors for growth and investment is increasing,” it states. “This has given rise to the concept of an Aerotropolis, which recognises the role airports play in driving growth. The KZN Provincial Growth and Development Plan, which was developed in response to and in alignment with the National Development Plan, has therefore listed the implementation of Durban’s Aerotropolis as a key intervention to facilitate the development of airports and achieve its strategic goal of providing infrastructure for the social and economic growth of KZN. This provides a framework for attracting FDI as well as national and local investment to maximise growth opportunities in the region.”

The DTPC is part of the government’s SIP2 mandate. The intention is to build a city using best practices, planning and the very best thinking. Land south of the airport was bought and consolidated to ensure land security for the project – and to increase the ability to drive investment.

The DTPC remains mindful of the environmental impact the development may have. To retain the integrity of the area’s ecosystem, the corporation worked with the eThekwini Municipality and Tongaat Hulett to develop a climate-resilience map projected to the next 100 years. This map will ensure that all development in the area can work from a common base.

Durban as a city has a population of more than 3.9 million. Projected numbers for the Aerotropolis indicate the new city will be home to about 1.5 million people. The global trend is densification and better utilisation of city infrastructure. The government has realised it cannot do it all and is encouraging PPPs as a way forward, to open up opportunities for local businesses to benefit from the economic growth in the region. The DTPC is the implementing agent for the Aerotropolis, and while it hasn't officially been launched, work is under way with the earthworks platform – the biggest of its kind in KZN and possibly South Africa.

Erskine encourages an open working environment, where planning together to address concerns and problems is the rule of thumb. The DTPC as the landlord doesn’t sell the land; it allows for long-term leases, which then puts sustainable revenue streams in place. He has also encouraged private-sector developers to take up opportunities within the zone to drive momentum and hopefully be part of South Africa’s economic recovery.

**Tonga Hulett:**

*KZN’s land-development catalyst*

Rory Wilkinson, Planning Director at Tongaat Hulett Developments, is aware that eThekwini’s population is expected to grow to 4.4 million by 2030. This growth continues to sustain demand in the residential sector across all income groups. The unprecedented migration of those seeking a better life through the urban promise underpins Tongaat Hulett’s principle of new city development – of creating compact, dense mixed-use environments that enable and promote economic, social and spatial inclusivity.

**Bridge City**

Tonga Hulett sponsored a city tour during last year’s Convention. This took in Bridge City, now a functional, vibrant new urban precinct that combines retail, commercial, business and residential uses with public-sector facilities, services and infrastructure in the heart of the Inanda, Ntuzuma, KwaMashu and Phoenix communities. Identified as a Presidential Project, Bridge City is now a thriving precinct established in partnership with the eThekwini Municipality.

**Cornubia**

Cornubia, spearheaded in collaboration with eThekwini Municipality, is located in the northern corridor of Durban. Transforming the landscape of the region, it consists of Cornubia Town Centre (370 000m² mixed-use), Cornubia Business Hub (170 000m² general business, retail and commercial), Cornubia N2 Business Estate (160 000m² commercial, warehousing and business), Cornubia Industrial and Business Estate (80ha industrial), Umlangla Hills (2 100 affordable homes, new schools), Blackburn (1 700 affordable new homes) and Marshall Dam (620 000m² mixed-use and 1 100-unit residential).

**Ridgeside**

Ridgeside is a four-precinct development that will complete Umhlanga Ridge. The 140-hectare site lies between Umhlanga Rocks Drive and the M4, and will link La Lucia Ridge, Umhlanga Ridge and Umhlanga Rocks. A ribbon of coastal forest runs along one boundary while a natural valley runs through the land – this asset is being preserved as green space for the benefit of the surrounding communities and users within Ridgeside. Precinct 1 houses FNB’s corporate HQ, Nedbank’s regional head office, Illovo’s head office and Holiday Inn Express. Precinct 2 is a mixed-use precinct that includes a 640-unit retirement village based on a life-rights ownership model, owned by Amdec and PSG. Precinct 3 is the Ridgeside Office Park, a fully sold-out business precinct.
and home to multinational and blue-chip companies such as Investec, Vodacom and Shepstone & Wylie. Precinct 4 is a 90-unit freehold private estate. (Phase 2 will see a further 500 apartments developed.)

**Sibaya Coastal Precinct**
Located between the natural boundaries of the Ohlanga and Mdloti river estuaries, and stretching from the N2 highway to the Indian Ocean, Sibaya Coastal Precinct incorporates seven nodes and spans more than 1,000 hectares of beach, forest, river and hilltop land, of which 600 hectares will remain open. Node 1 includes the Ocean Dune development and the soon-to-be-completed Pebble Beach and Coral Point apartment developments as well as Shoreline retirement housing and the exclusive Signature residential estate. Construction in Node 5 is progressing rapidly with the likes of Belize, Saxony, Gold Coast and new ADvTECH school in various stages of implementation.

**The airport region**
- OThongathi AeroDistrict (formerly Inyaninga) is an integrated human-settlement development. At its core lies a large-scale industrial/logistics platform with rail access, supported by business activities in conjunction with a range of residential, commercial and social facilities. Between 8,500 and 10,000 residential units in a range of types will be developed; a multi-modal 250-hectare industrial/logistics hub will complement 500,000m² of commercial floor areas.
- Compensation Industrial and Business Estate is one of the few tracts of large-scale flat land with direct rail and road access. The site has industrial and logistics potential close to the airport.

- Ushukela Drive is situated at the northern end of King Shaka International Airport’s 3.7km runway. With national- and provincial-road exposure and access, this site is superbly positioned for logistics, warehousing and business-park uses.

**Ntshongweni Urban Development**
Situated between low-density residential suburbs and formal and peri-urban settlements, it presents an opportunity to create a unique, integrated urban environment in a prime location to service an array of different communities in Durban’s under-resourced Outer West area. The first phase of development is the recently launched Mall of the West, an 85,000m² regional retail offering set to start construction this year that comes with substantial local-empowerment ownership.

**Tinley Town**
Tinley Town is aligned with the provincial government’s Tourism Master Plan, which calls for development of key iconic projects throughout KwaZulu-Natal. Given its strategic location and inherent natural assets, Tinley Town is perfectly positioned to present a significant opportunity for accelerated tourism and economic development on the KZN North Coast. “Tourism has been identified as both a national and provincial priority and, together with its associated ancillary economic activities, will have a significant impact on socio-economic growth and development in the region,” said Tongaat Hulett Developments Managing Director Michael Deighton in a press release. “To this end we have been working closely with the local and provincial government to present the opportunity to solicit national and international brands looking at opportunities to establish themselves in KwaZulu-Natal!”

The strategic objective of Tinley Town is to create enhanced value in the surrounding assets, which will benefit from proximity to the resort and higher pricing premiums as destination value takes hold in the area. Acting as an economic driver, Tinley will transform the region as real estate and other economic growth opportunities soar.