

introduction

The V&A Waterfront is the most visited destination in South Africa, attracting locals, out-of-towners and tourists alike. But it is more than simply a destination: it is an experience. It connects the City of Cape Town to the sea; it is a slice of Cape Town's rich and colourful history; a bustling working harbour; a place in which people live, work and play; and, above all, a thriving business.

To quantify the growing importance of the V&A Waterfront and its economic contribution to Cape Town and the country, the V&A Waterfront Management Company appointed Stratecon (formerly EIS) in 2011 to undertake an economic impact assessment.

The first report tracked the economic impact of the property between 2002 and 2012, with periodic updates undertaken every two years since then. This report compares the 2014 report with new 2016 data and also estimates the expected future contribution between 2017 and 2026.

The findings have shown the V&A Waterfront's continued positive impact on job creation, economic stimulus and tourism revenue. More than that, they continue to tell a story of success – for the V&A Waterfront itself, as well as for Cape Town and South Africa.

The effect on tourism numbers and revenue, and the impact on property prices were not updated in this research.



key findings

The V&A Waterfront makes a significant ongoing economic contribution to the City of Cape Town, the Western Cape and the country through the contribution to GDP, household income and taxes.

It employs thousands of people, who would otherwise be without jobs, and hundreds have benefited directly from the remarkable enterprise development projects. Thousands have benefited indirectly through increased property values – and the City has been able to access some of this through potentially higher rateable income.

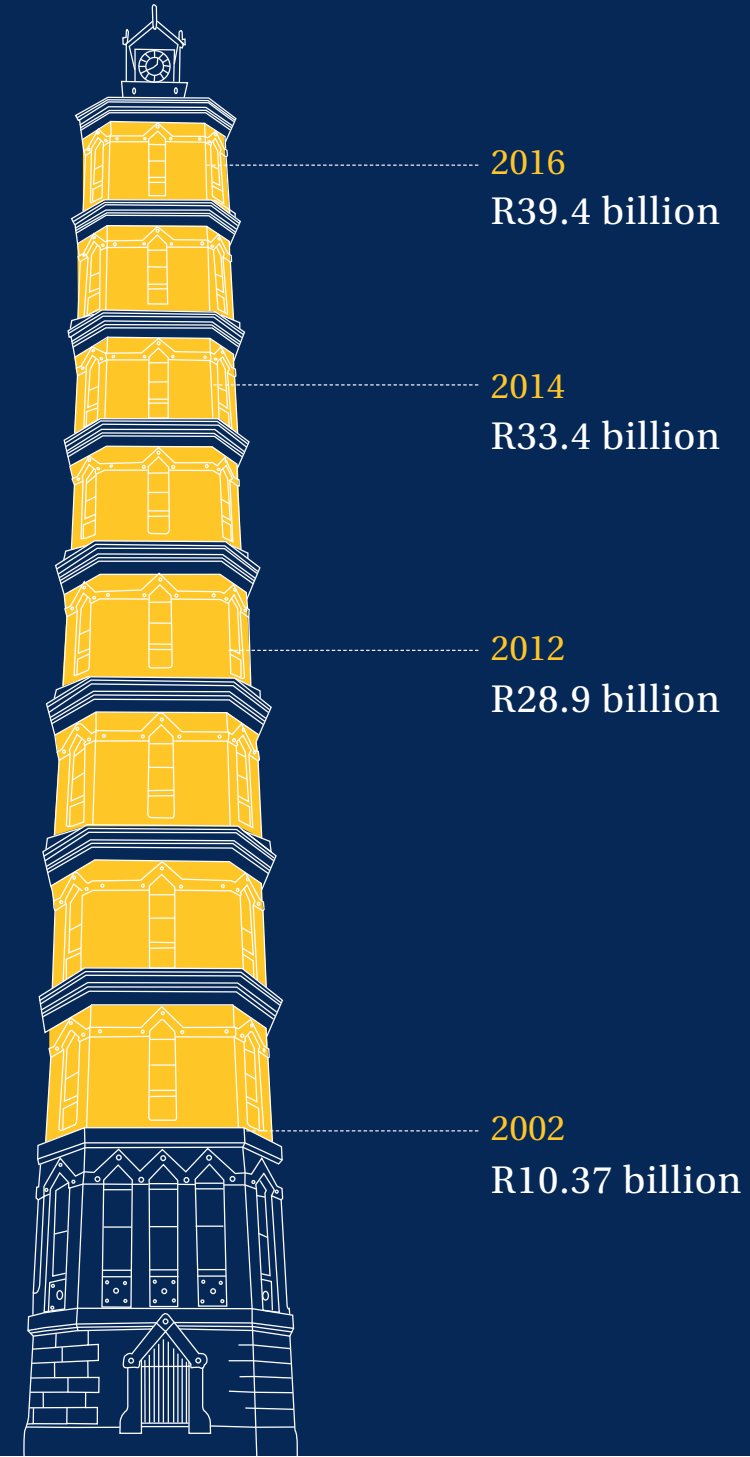
Ongoing evolution and development has seen the V&A Waterfront become less reliant on tourism, while the tourism industry continues to benefit and grow from the tourist magnetism of the V&A Waterfront.

The research showed that the V&A Waterfront’s strong growth trajectory from previous years continued unabated between 2014 and 2016, with increases across all segments of the business.

In 2016 the V&A Waterfront contributed:

- R39 billion to GDP;
- R34 billion to GGP;
- To sustaining 21 790 direct jobs and 17 516 indirect jobs in the Western Cape; (39 306 in total in the Western Cape) and 57 616 jobs nationally.

Contribution by the V&A Waterfront	2002	2012	2014	2016
GDP (nominal)	R 10.37 billion	R28.9 billion	R33.4 billion	R39.4 billion
GGP (nominal)	R8.99 billion	R25.5 billion	R29.3 billion	R34.3 billion
Sustaining direct jobs	12 958 jobs	16 155 jobs	19 269 jobs	21 790 jobs
Sustaining indirect jobs (province)	9 687 jobs	16 263 jobs	16 894 jobs	17 516 jobs
Enterprise development (tenants)	Not measured	140	181	294



GDP (nominal)

contribution to the national gross domestic product (gdp)

The contribution to GDP is the most far-reaching measure of economic contribution, not just because it measures income, but because income has the capacity to add wealth. In 2016 this contribution by the V&A Waterfront to GDP rose by a real 4.5% – a contribution of R39.4 billion.

This is set against a national economic growth where the V&A Waterfront out-performs nearly all sectors of the economy.

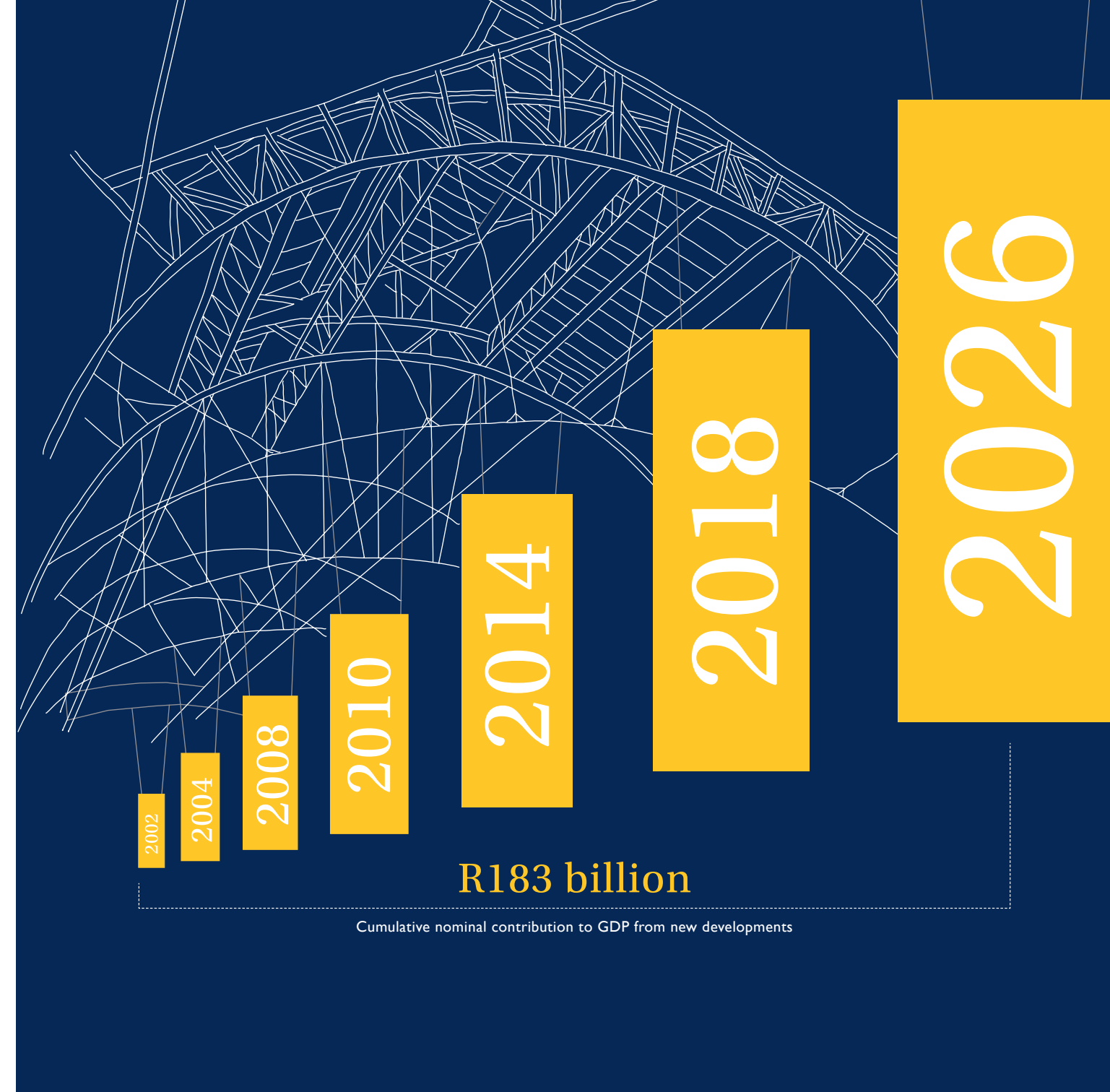
A number of factors contributed to this increased economic activity, including:

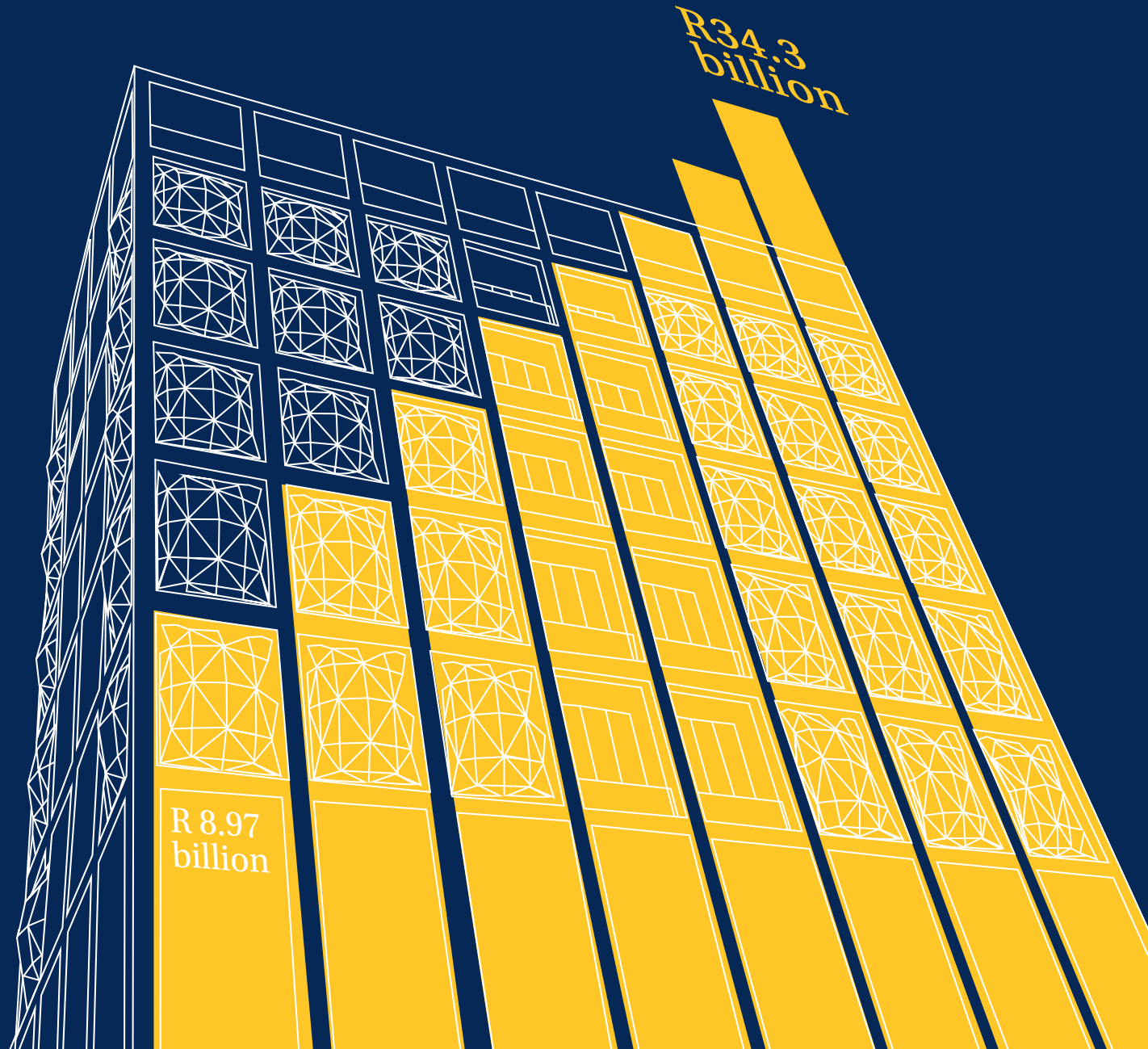
- A 4.2% increase in visitor numbers
- Double-digit growth in turnover of tenants (for whom turnover is known)
- The recovery of hotel occupancy
- New international tenants H&M and Hamleys
- The growth in fixed rental contributions from the Breakwater residential property

To put this into perspective, on average, between 2003 and 2015, the V&A Waterfront's contribution to GDP grew by 4.5%, whereas the Western Cape provincial economy grew by 3.5% and the national economy grew by 3.1%.

Since 2002, the accumulated nominal contribution by the V&A Waterfront to GDP has been estimated at R335 billion.

It is estimated that the new developments at the V&A Waterfront could make an additional cumulative nominal contribution to GDP of R183 billion by 2026.





contribution to the provincial gross geographic product (ggp)

GGP is the provincial equivalent of national GDP. The total contribution to the Western Cape GGP by the V&A Waterfront in 2016 increased from R8.97 billion in 2002 to R34.3 billion in 2016.

The contribution to GGP by the V&A Waterfront in 2016 comprised of:

- R1.26 billion from capital expenditure
- R1.3 billion from operating expenditure
- R36.4 billion from the business activity of tenants

job creation

The V&A Waterfront continued to create two kinds of jobs. Firstly, direct jobs are created as a result of ongoing operations and capital expenditure, while, secondly, indirect jobs result from the multiplier effects of capital, operating expenditure and tenant turnover.

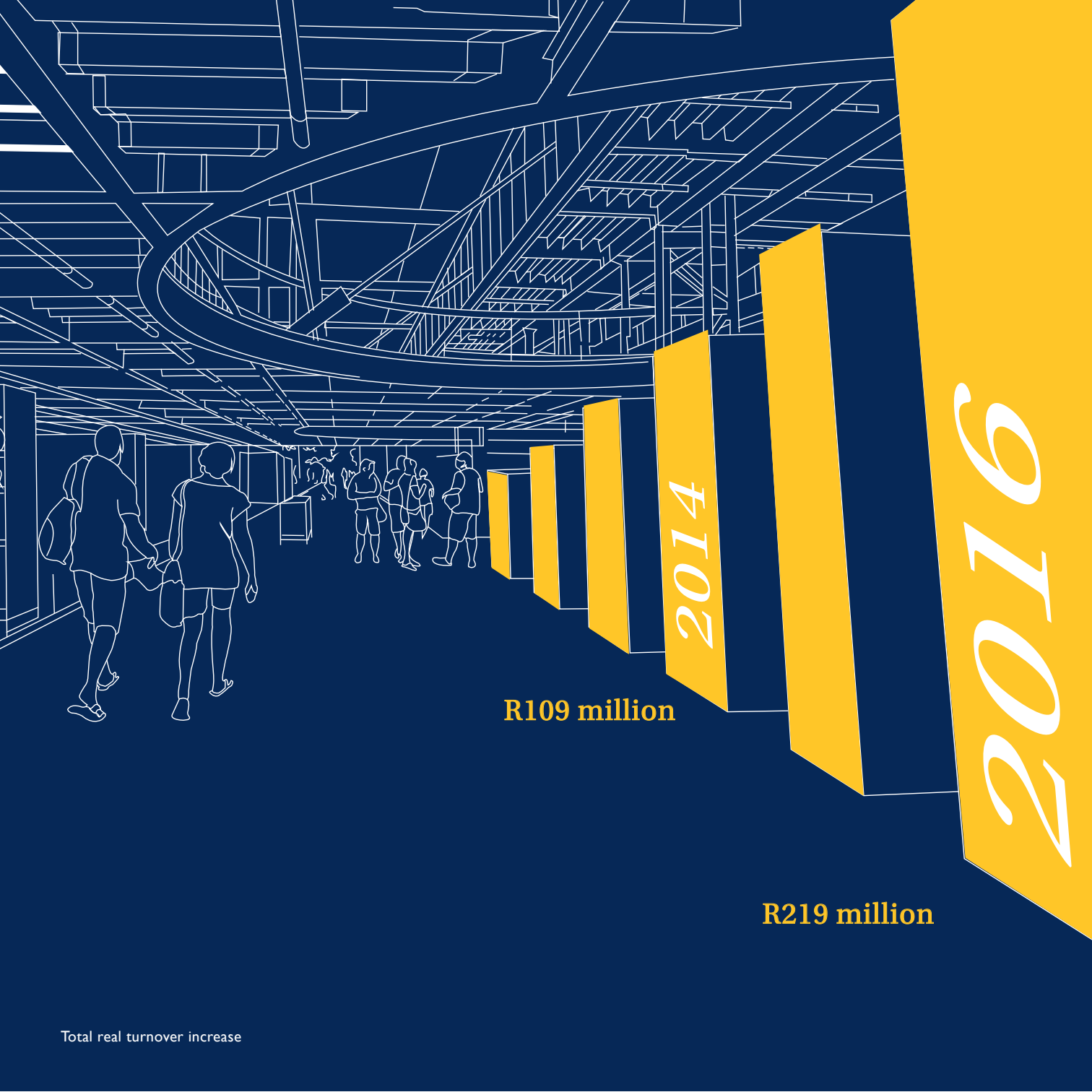
In addition, the V&A Waterfront creates jobs not just in the Western Cape, but nationally too.

	2002	2016
Direct Jobs	12 958	21 790
Indirect Jobs in Western Cape	9 687	17 516
Total Jobs in Western Cape	22 645	39 306
Total Jobs in Country	33 378	57 616



2016
57 616

2002
33 378



Total real turnover increase

enterprise development

The V&A Waterfront is committed to driving meaningful growth in entrepreneurs and enterprise development, and this sits at the very heart of its plans for growth and development.

Through the allocation of Barrows at the Victoria Wharf Shopping Centre, shops within the Watershed Craft Market and Wellness Centre, the Market on the Wharf and the Oranjezicht Farmers Market, the V&A Waterfront has created an environment in which previously disadvantaged entrepreneurs and small-business owners can flourish.

Along with giving these entrepreneurs access to potential customers at the most visited destination in the country, the V&A Waterfront also allows them to tap into the expertise of the V&A Waterfront management who guide new crafters with merchandising and display, salesmanship, customer service, product quality and new product development.

Today there are 294 permanent enterprise development tenants, consisting of:

- 164 Watershed tenants
- 49 Market on the Wharf traders
- 21 barrow traders
- 60 Oranjezicht Farmers Market traders

Between 2014 and 2016:

- Total enterprise development jobs increased from 829 to 1 132
- Average real tenant turnover increased from R603 094 to R936 522
- Total real turnover increased from R109 million to R219 million

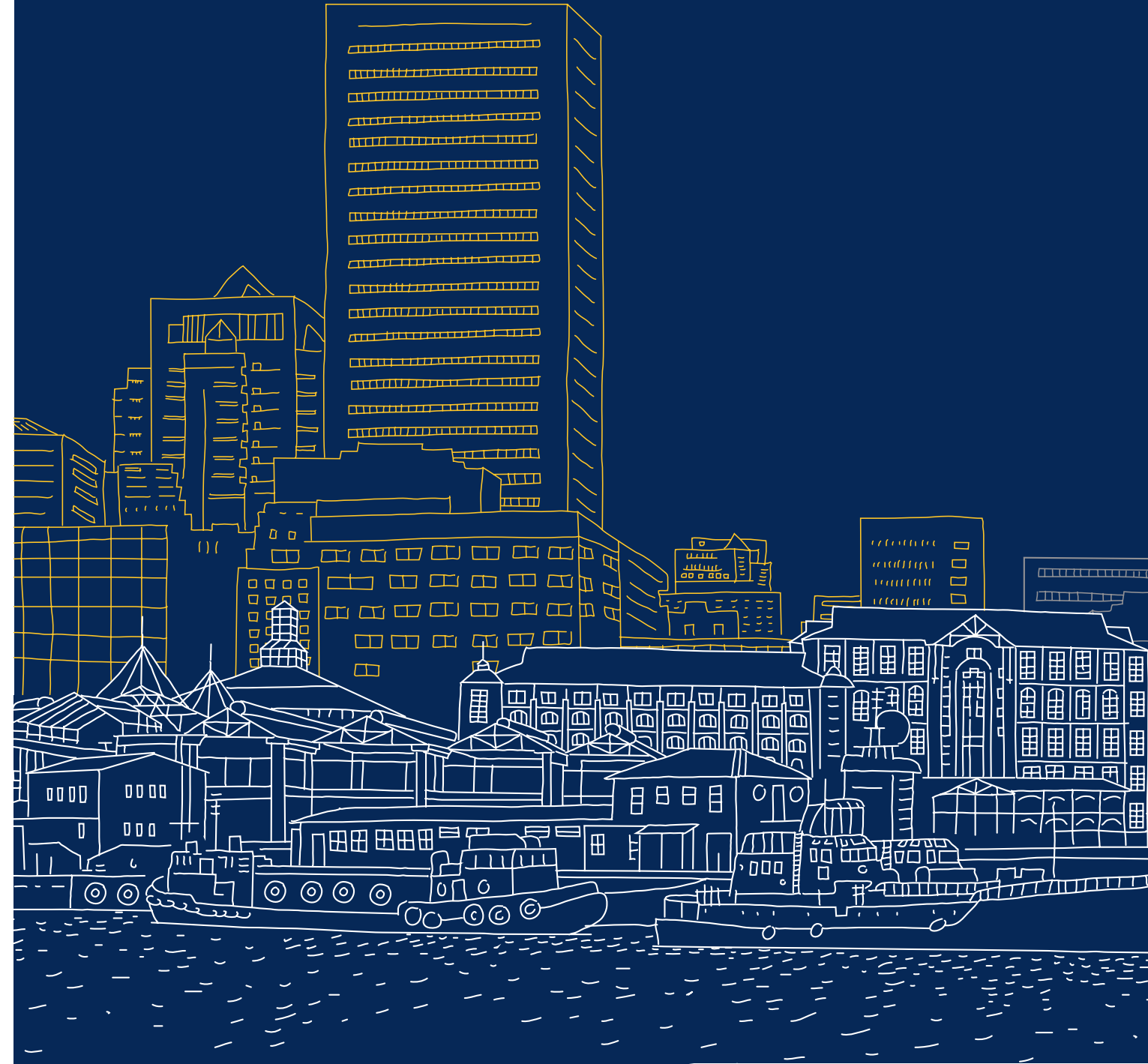
These businesses not only add to the vibrancy and colour of the V&A Waterfront, but also continue to grow in popularity.

In addition, the V&A Waterfront is home to a hugely successful buskers programme which plays a role in creating vibrant and culturally enriching public spaces across the property. The programme also serves as a platform for budding artists to develop and refine their craft, build a supporter base and to earn an income.

- 96% of the 130 buskers rely on the earnings as their primary source of household income
- Buskers are selected through an audition process conducted every 6 months
- The success of the programme has seen some of our buskers go on to gain recognition locally and on the international stage

development timeline

- Led by the discovery of gold and diamonds in South Africa, construction begins in Cape Town's working harbour to extend the Alfred Basin to include the Victoria Basin. **1860 - 1920**
- The V&A Waterfront is established by state-owned transport corporation Transnet Limited. **1988**
- Ferryman's begins trading at the V&A Waterfront. **1989**
- Official commercial trading commences at the V&A Waterfront. **1990**
- The Pierhead Precinct (later renamed the Pierhead District) is added to the V&A Waterfront property. It includes restaurants, taverns, speciality shopping, the V&A Hotel, a theatre, arts and craft market, as well as the National Maritime Museum.
- The Victoria Wharf Shopping Centre opens, following completion of the first section of the retail and entertainment centre. **1991 - 1992**
- The UCT Graduate School of Business also opens, and building of the Ulundi parking garage and Portswood Ridge offices commences.
- Portswood Square Office Park is completed. The BMW Pavilion, Two Oceans Aquarium, Portswood Hotel, Commodore Hotel and City Lodge open on V&A Waterfront property. **1994 - 1995**
- The Victoria Wharf Shopping Centre extension is completed, and the Table Bay Hotel and Cape Grace Hotel open to the public. **1995 - 1996**
- The Clock Tower Precinct (later renamed the Clock Tower District) is completed. This new district includes the BoE (later Nedbank) offices, the Nelson Mandela Gateway, and the Clock Tower retail and office complex. **1999 - 2000**
- Phase One of the V&A Marina residential development opens.
- The South African head office for BP, extensions to Pick n Pay and Edgars retail space, and Phase Two of the Marina residential development are completed. **2003 - 2006**
- The V&A Waterfront's new fashion wing is launched at the Victoria Wharf Shopping Centre. **2006 - 2009**
- The Breakwater parking garage, Dock House Hotel, and the One&Only Hotel open to the public.





- 2011** The boutique five-star Queen Victoria Hotel opens in June.
- The Clock Tower Shopping Centre refurbishment is completed in August, and includes a refreshed retail offering and triple-A office space.
- Construction begins on No. 1 Silo, which becomes the head office of Allan Gray.
- 2012** A large-scale redevelopment of the Food Court in the Victoria Wharf Shopping Centre is completed.
- 2013** Commercial and residential development on No. 1 and No. 2 Silo are completed.
- The redeveloped Pick n Pay opens in the Victoria Wharf Shopping Centre. Reconfiguration of the old Pick n Pay space begins, with Cotton On and Mr Price moving in.
- Refurbishment of the old Blue Shed Craft Market begins, and is renamed 'The Watershed', intended to be the home of African craft and design at the V&A Waterfront.
- 2014** The extension of the Two Oceans Aquarium is completed, which includes a new 1.5-million litre seawater tank for larger scale exhibitions at the aquarium.
- The Watershed opens.
- Construction begins on converting the historical grain silo at the V&A Waterfront into the Zeitz Museum of Contemporary Art Africa (Zeitz MOCAA), which is to be the largest museum of contemporary art from Africa and its diaspora in the past 100 years.
- Renovations on Ports Edge apartments are completed.
- The V&A Waterfront announces the Silo District, a new mixed-use district that will include residential, commercial and retail space.
- 2015** Redevelopment of Kings Warehouse within the Victoria Wharf Shopping Centre is completed, making space for two international retailers, Hamleys and H&M, both of which are the first stores in South Africa for the brands.
- The V&A Waterfront's second phase of rental residential units, The Breakwater, is launched.
- A multi-use innovation hub, Workshop17, is completed at The Watershed.
- The V&A Waterfront is awarded operating rights for the Cape Town Cruise Terminal.
- The V&A Waterfront also announces the Canal District, a new mixed-use district on the property, which will be home to the head offices of British American Tobacco Southern Africa and EY.

The Virgin Africa Classic Health Club, housed in No. 4 Silo, opens to the public. 2016

PwC and Werkmans move into No. 5 Silo in the Silo District.

The Quayside Terraces project is completed, bringing new, permanent, glass-and-steel designed structure to the popular outdoor restaurants at Victoria Wharf Shopping Centre.

Waterway House opens with anchor tenant, British American Tobacco, in October, signalling the opening of the Canal District.

Further development of the Cape Town Cruise Terminal is announced in November.

Completion of the Silo District is planned for the end of 2017. 2017

After four years of development, Zeitz MOCAA (Museum of Contemporary Art Africa) will open to the public in September 2017.

The Radisson Red Hotel, housed in No. 6 Silo, is scheduled to open in September.

contact details

V&A Waterfront Head Office,
19 Dock Road, V&A Waterfront, Cape Town
Tel: +27 (0) 21 408 7500