

Orlando Ekhaya Gearing up

Building and development opportunities are plentiful at the Orlando Ekhaya precinct in Soweto as the delayed project gears into motion, writes *Nicola Theunissen*.

When the mayor of Johannesburg, Amos Masondo, announced the launch of the ambitious Soweto Ekhaya project in February 2006, he said Soweto should become a place where people "go to", instead of a place where people "come from". However, delay of the development, located in a heritage-sensitive commercial space, has led to a slow start for the precinct. The five-year time lapse in getting the project to gain momentum was largely due the economic downturn. However, the recent completion of some central landmarks and the reignition of others have sparked the project into high gear again.

The Ekhaya precinct covers a 300 ha piece of land, identifiable by four prominent landmarks earmarked for greenfield and brownfield development: the University of Johannesburg's Soweto Campus, the redevelopment of the old power station into retail space, a massive mid-income residential roll-out and a new waterfront commercial zone.

Heart of the precinct to kick-off

The Mall of Soweto, a 32 000 m² retail development inside the decommissioned Orlando coal-fired power station, will form the foundation of the precinct. Construction of the mall was scheduled to commence in July 2009, but Soweto Power Station Mall – a consortium consisting of Old Mutual Investment Group, Linsela Holdings and other BBBEE partners – was placed on notice for breach of contract.

Based on the revised proposal, an agreement was reached with the Soweto Power Station Mall to cure the breach in order to guarantee construction by June 2011. According to Alan Dinnie, manager at Johannesburg Property Company (JPC), the company has been in several discussions to ensure the successful redevelopment of the mammoth industrial landmark. The consortium has entered into an agreement with the Mark Brown Group for the turnkey development of the mall and the project is going ahead as planned, says Dinnie.

In July 2010, the Soweto Power Station Mall proposed a revised scheme that addressed the initial feasibility problems. The new proposal included a re-engineered design of the building to ensure efficiencies, lowered construction costs through the

reuse of existing structural elements and lowering of the required rental costs inside the centre. The initial development agreement had already been signed in June 2007 between JPC and Soweto Power Station Mall.

Construction tender out

The architectural design for the mall was undertaken by TPS.P Architects, a wholly-owned subsidiary of TWP Holdings and creators of retail centres such as Maponya Mall and Sandton Square.

The dormant, high-volume facility is an architect's dream, but as a brownfield site with a height of more than 30 m (nine storeys), it might be challenging for civil building contractors and may require the input of some specialist trades. At the time of writing, the construction tender had been issued but not yet awarded.

The fact that the developmental plans for the Soweto mall are now secured acts as a catalyst and reassurance for other projects in the precinct to take off successfully.

Massive residential roll-out

One such project is the massive housing venture undertaken by private developer, Katavi Property. Katavi's project manager, Brian Hosking, says it is a chicken-and-egg situation: the residential component of the precinct needs the commercial leg to boost sales, whereas the commercial component needs the residential part to draw crowds.

He tells *Building Africa* that a total of 10 housing complexes will be built over a three-year period, five of which will contain sectional title units and the other five which will be higher-end cluster homes. In total, the development will comprise 1 100 units.

The developers will follow a phased approach. The first complex in the series of 10 will be built in three phases. "Construction of the first phase of 44 units is set to commence in March 2011, depending on the market," says Hosking. The second phase (another 44 units) will commence after the handover of the first phase in October 2011 and the final 44 units will start thereafter. "We will build the higher-end cluster homes in parallel with the sectional title units," Hosking informs.

Key players:

Johannesburg Property Company
Katavi Property
Mark Brown Group
Johannesburg Social Housing Company
The University of Johannesburg

Overview of opportunities:

- Part of the Johannesburg Property Company's portfolio, the Orlando Ekhaya precinct in Soweto is viewed as a strategic zone for development.
- The precinct's development was hampered by the economic downturn, but with full support from the City of Johannesburg and several key attractions supporting its growth, the Ekhaya precinct is now bustling with opportunities.
- Several developments, such as the R400-million upgrade of the University of Johannesburg's Soweto Campus, the construction of Heroes Bridge and the first phase of a social housing development, are being wrapped up.
- The biggest components of the project – a mega-million, upper-end residential roll-out and a conversion of industrial space in to shopping/retail space – will break ground shortly.

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Development opportunities



Johannesburg Property Company

Orlando Ekhaya precinct

The Orlando Ekhaya precinct covers a total area of 300 ha. The following projects have been identified inside the precinct and several development and building opportunities still exist:

- **R1-billion Katavi residential roll-out:**
10 phases over three years over 10 ha with the first phase breaking ground in March 2011. Contractors and subcontractors to be awarded shortly.
- **JOSCHO hostel conversion:**
first phase completed, second phase to be rolled out in 2011.
- **Two pockets of private land:**
out on tender for a proposed motor showroom and nursery.
- **A conference centre and hotel development:**
to be built on an area of land zoned for a recreational use; the tender for land is to go out by mid-2011.
- **The 32 000 m² Soweto Mall retail development:**
to break ground in July 2011, contractors yet to be awarded.
- **Waterfront park:**
development in conjunction with Johannesburg City Parks.
- **R400-million upgrade to Soweto Campus:**
a further residential development by Katavi to support the university's accommodation needs, in the process of rezoning, tender to go out in first quarter of 2011.
- **The R46-million Heroes Bridge:**
to be completed in January 2011.

Projects underway

Katavi residential roll-out



- The massive housing venture undertaken by Katavi Property comprises 10 complexes. Five complexes will be sectional title units and five will be higher-end cluster homes.
- The first show units of the Katavi Property residential project have been completed. The project will break ground in March 2011.
- In total, the residential development will comprise 1 100 units and cost R1-billion. The building contract will be renewed upon the completion of each complex.

UJ campus upgrade



Clubhouse

Student accommodation

- Construction of the R400-million upgrade to the University of Johannesburg's Soweto Campus is drawing to a close.
- The upgrade provided a significant boost for the rest of the Orlando Ekhaya precinct.
- The clubhouse is under construction and was due for completion last month.
- The student accommodation was built to include solar water heating.

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Connectivity priority

Connectivity is central to the precinct's development. The Bara Transport Link is already increasing accessibility and the new R46-million Heroes Bridge will further enhance the connectivity between Klipspruit and the Orlando East residential area.

Subcontractors yet to be appointed

From a technical perspective, Hosking says the residential component is an uncomplicated site to develop with no foreseeable building and construction challenges and there is a diverse and well-trained labour pool available. Although a contractor for the first phase had been identified at the time of writing, the contract had not yet been finalised. The building contracts will be renewed upon the completion of each individual phase and all subcontractors still had to be appointed at the time of writing.

"At the moment we are actively working on the establishment of the market," says Hosking, who adds that although there are some barriers that one needs to break through, buyers are starting to show significant interest in the precinct as a whole.

Private sector opportunities beckon

The JPC is making several other parcels of land available for private development. An area of land that has been zoned for a hotel and conference centre is set to be released by mid-2011 for the private sector to tender.

Additionally, the tender for the development of a motor showroom and nursery have recently been issued and will be awarded shortly.

The City of Johannesburg views the development of the precinct as a strategic and political cornerstone.

Public space upgrades around the waterfront, with an integration of land art sculptures, will act as a catalyst for the private sector to engage in the precinct's development, says Dinnie. "The JPC has partnered with Johannesburg City Parks to develop the area located between Orlando Dam and Chris Hani drive into a waterfront park".

The environmental record of decision for the park's development was obtained in October 2009, but the City is still in process of securing funding in order for the development to go ahead.

Educational hub

The University of Johannesburg's Soweto Campus forms another integral landmark inside the Ekhaya precinct. In terms of stage of advancement, the campus is a few steps ahead of the other developments inside the precinct as the majority of construction projects is already being wrapped up.

Building Africa's sister publication, *JFM Sports Facilities*, visited the campus in 2009. During a second visit in December 2010, the refurbishment to campus buildings, the construction of new lecture halls and development of world-class sports facilities and student residences was coming to a close.

According to Hosking, Katavi will build an additional private residential development on the campus to support the existing student accommodation. "The contract for the student accommodation is not awarded yet. We are busy with

rezoning and final planning and hope to go out to tender in February 2011," he says.

City support

According to Dinnie, the Orlando Ekhaya project is one of the largest and most ambitious precinct developments ever undertaken in the history of Soweto. It is expected to transform the area into a sought-after destination for investment and to achieve this, the City of Johannesburg through its management agency, the JPC, is providing its full support.

The R46-million Heroes Bridge, which includes a 580 m road linking Klipspruit with the Orlando East residential area, was to be completed last month. The tender for the construction of Heroes Bridge was awarded to Civilcon in March 2008. It is a symbolic remembrance of Soweto's freedom fighters, designed by artist and architect, Mphethi Morojele, and it will significantly enhance the connectivity and functionality of the precinct.

Given the precinct's strategic significance, Hosking says municipal support in terms of infrastructure and services are conducive for the private sector to take part in the precinct's development.

The city is also renovating publically owned buildings such as the dilapidated Orlando hostel. The Johannesburg Social Housing Company completed the first phase of the hostel conversion into 102 one- and two-bedroom social housing units in June 2010. The second phase will be rolled out shortly. A total of 206 units will be converted. It will be rented out to the public through a subsidised rental scheme.

Local spend pivotal

Throughout the project, the JPC encourages local spend for building contractors and for material supply as far as possible.

To date, over R56-million has been spent on local contractors and labour, says Dinnie. This is in line with the JPC's objectives to harness the city's property portfolio to stimulate economic growth and BBBEE.

Emerging market barriers

Private developers, especially for residential sites, have experienced some resistance from financial institutions to providing end-user finance to qualifying purchasers because of the belief that the units are over-valued for its location. Apart from the banks being exceptionally conservative because of the financial crisis, developers are also dealing with the negative perception that high-income residential complexes will be challenging to sell in Soweto.

Naturally, the area faces the typical emerging-market challenges. However, the billions of rands already invested in infrastructure and connectivity (including the construction of Soccer City and the Bara transport link), as well as the array of new developments in the pipeline, makes the precinct an attractive investment destination, with several opportunities for building contractors in the future. ■

Upcoming opportunities

More residential



Rezoning for residential

At the time of writing, a parcel of land next to the Soweto Campus was rezoned for a second residential component. This development will go out on tender in February/March 2011.



Student accommodation

Katavi will build an additional private residential development on the University of Johannesburg's Soweto Campus.

Mall and waterfront



Photographs by Nicola Theunissen

Shopping mall

- The redevelopment of the high-volume industrial space for use as a mall is expected to break ground in mid-2011.
- The project costs amount to R1-billion.
- The 30 m-high power station might pose a challenge for engineers and building contractors.



Around Orlando Dam

- The Johannesburg Property Company is making several other parcels of land available for private development.
- An area of land zoned for a hotel and conference centre, adjacent to the Orlando Dam, is set to be released by mid-2011 for the private sector to tender.
- Public space upgrades around the waterfront will act as a catalyst for the private sector engagement, but will only commence once funding has been secured.

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The Orlando Ekhaya project is one of the largest precinct developments ever undertaken in the history of Soweto. The City of Johannesburg, through the Johannesburg Property Company, provides support in terms of infrastructure provision and services to the precinct.



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