

## **It's R1billion Boom–Time in Buffalo City**

An unprecedented building boom pushed the value of building plans passed by the Buffalo City Municipality last year to over R1billion for the first time in history.

Property experts say the boom has been fuelled by new housing and shopping centre developments as well as investment flowing into the East London Industrial Development Zone.

The total value of 2006's plans was a touch over R1 billion compared to 2005's R708 million. And they predict more to come this year.

Explaining the 41 percent increase over 2005, BCM mayor Zintle Peter said the city was experiencing a period of positive growth not seen in decades.

"There are many factors responsible for the building boom, including a stable macro–economic environment and low interest rates, but I am heartened by the people of Buffalo City who are now confident to invest in the property market," she said.

Some of the big property investments over the last year included seven new companies investing R395 million in the IDZ and a R150 million mini–mall in Gonubie.

June saw the highest amount of building plans passed at R187 million, followed by October with R180 million.

Border–Kei Chamber of Business executive director Les Holbrook expects this year's approvals to be "way more" than last year.

"Especially if you consider that the 2006 figures do not include the new Hemingway's Mall ? that alone is higher than R1 billion.

"What is very exciting is that the city's construction has grown swiftly over the last three years. In 2003, only R384 million worth of plans were passed."

Holbrook said the property boom is the result of business confidence in the city from local, national and international investors who have realised the city provided a "solid investment return".

And municipal manager Gaster Sharpley suggested there was more to come with the awarding of tenders for the vacant beachfront properties, including the Sleepers Site, by the Buffalo City Development Agency within the next few months, the expansion plans of the tertiary education institutions and the municipality's own roll-out of RDP housing projects.

The biggest challenge for the city, he said, was that private and public sector projects would have to compete with so many developments scheduled for completion before the 2010 World Cup.

"Major new infrastructure projects such as Eskom's increase in generation capacity and Gautrain, as well as the building of new stadia in host cities, will impact on the city to sustain the boom," he said.

"The critical issue is to ensure that, as the municipality, we maintain our existing infrastructure and respond to the demands to expand infrastructure networks."

East London contractor Pieter Booysen, from PBC Projects, said the company battled to find qualified workers in East London to fill vacancies in their business, which had grown 50 percent per annum on the back of the construction boom.

"Next month (April) we will employ three new professional people and we are still looking for more. We actually had to employ people from Johannesburg."

Booyesen said he had detected a trend: "There seems to be a new industrial expansion to the coast that never existed before," he said. "This is probably the result of new investment and expansion in the automotive industry encouraging related industries to follow."

Booyesen said the new industries had also attracted "a whole new population" to the coast who, in turn, fuelled housing and shopping centre developments.

"I think the pattern will continue in the Eastern Cape beyond 2010. There is also big growth in Mthatha which will support development in the BCM region," he said.

BCM has maintained an economic growth rate of 5,7 % over the past two years against neighbour Port Elizabeth's four percent.

The BCM is planning to host a City Development Strategy conference next month to discuss future city developments.