

**SOUTH AFRICA:
HOUSING DEVELOPMENT IN AN EMERGING
ECONOMY (AND A BEAUTIFUL COUNTRY)**

by

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Affordable –Low Income Housing in South Africa

- A Fulbright Scholarship in Johannesburg
- A little SA history and Profile
- SA Assets and liabilities
- Housing markets
- Housing on the gold mine dumps research

South Africa History

- 13 or more native tribes and languages
 - Zulu
 - Xhosa
 - Tswana
- 2 white tribes
 - Africaners/Dutch
 - English
- Boer war about 1902
- Formal apartheid starting about 1948
 - Total separation of races
 - Unequal allocation of resources
- Active resistance to apartheid in 1960s-1990
- Peaceful end to apartheid in about 1993
- Socialist leadership ^{by Robert Mugabe} of apartheid



Source: US CIA website

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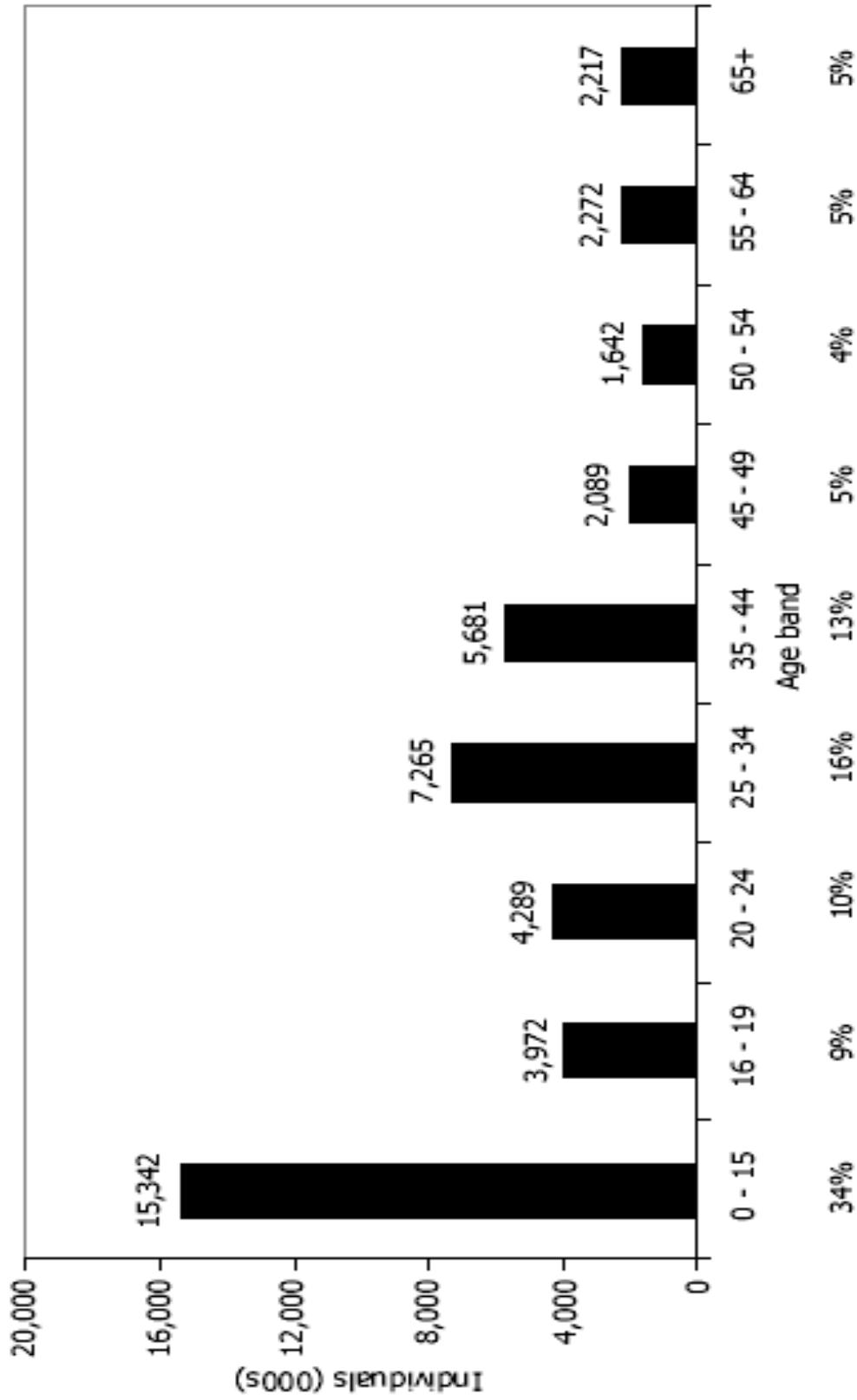
Social Profile of today's Republic of South Africa

- 45 million people
 - 5 million whites (about 1/2 English and 1/2 Africaans)
 - 2 million colored
 - 2 million Indian/east Asian
- 36 million Black African in 13 language groups
 - Zulu, Xhosa, Tswana, Sotho largest groups
- 4 main metro areas
 - Pretoria- 2 million administrative capital
 - Johannesburg 4 million –economic capital
 - Capetown- 3 million south coast - tourism center and legislative capital
 - Bloemfontein-judicial capital
- Durban –2 million- east coast Kwazulu/Natal capital
- Many Blacks live in rural homelands

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Chart 1. Age distribution of the population

South Africa



Source: Census 2001

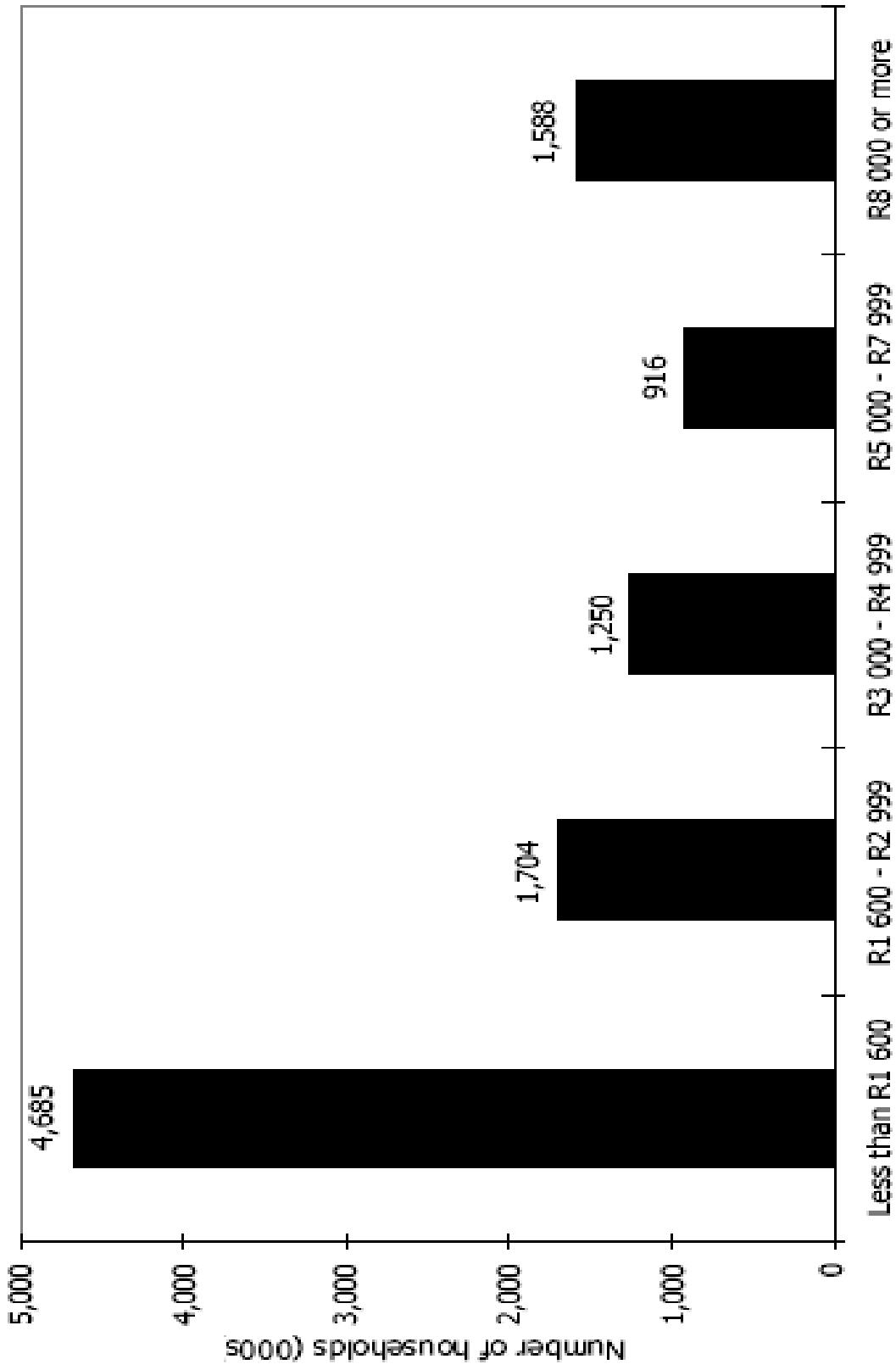
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Economic profile of RSA

- Very large income disparity, about 1/3 subsistence/less than \$400/month HH, 15% very well off
- Emerging Black middle class
- Minimum wage is 10 Rand/hour (about \$1.50)
- Official poverty level is about 80%
- Economic Magnet: A net importer of labor because economic growth is better than surrounding countries
- Crime rates are high
- Personal security a **big issue**

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Chart 3. Number of households by gross monthly household income: AMPS



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National Assets of RSA

- Diverse population, positive outlook and industrious
- Most Blacks have extended families-social network
- Connections to European capital
- Diamonds, Gold, and other minerals
- Very good infrastructure in developed areas
- Scenery is awesome
- Animals are even more awesome
- Weather is great
- Healthy vibrant democracy and press
- Political leadership is capitalistic, pragmatic

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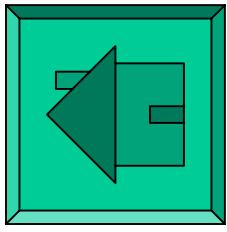
National Liabilities

- Extended family obligations and homeland anchor, with respect to economics
- AIDS –35% HIV infection rate in K/N provinces
- Income disparity/crime
- Tribal homelands are dirt poor
- Commuting distances to homelands
- Legacy of apartheid
 - Housing patterns
 - Education of Blacks
- Cities have shanty towns
- Cities are segregated, jobs not convenient
- Informal economy, low tax collection, weak stats
- County needs 5 million new housing sites in areas

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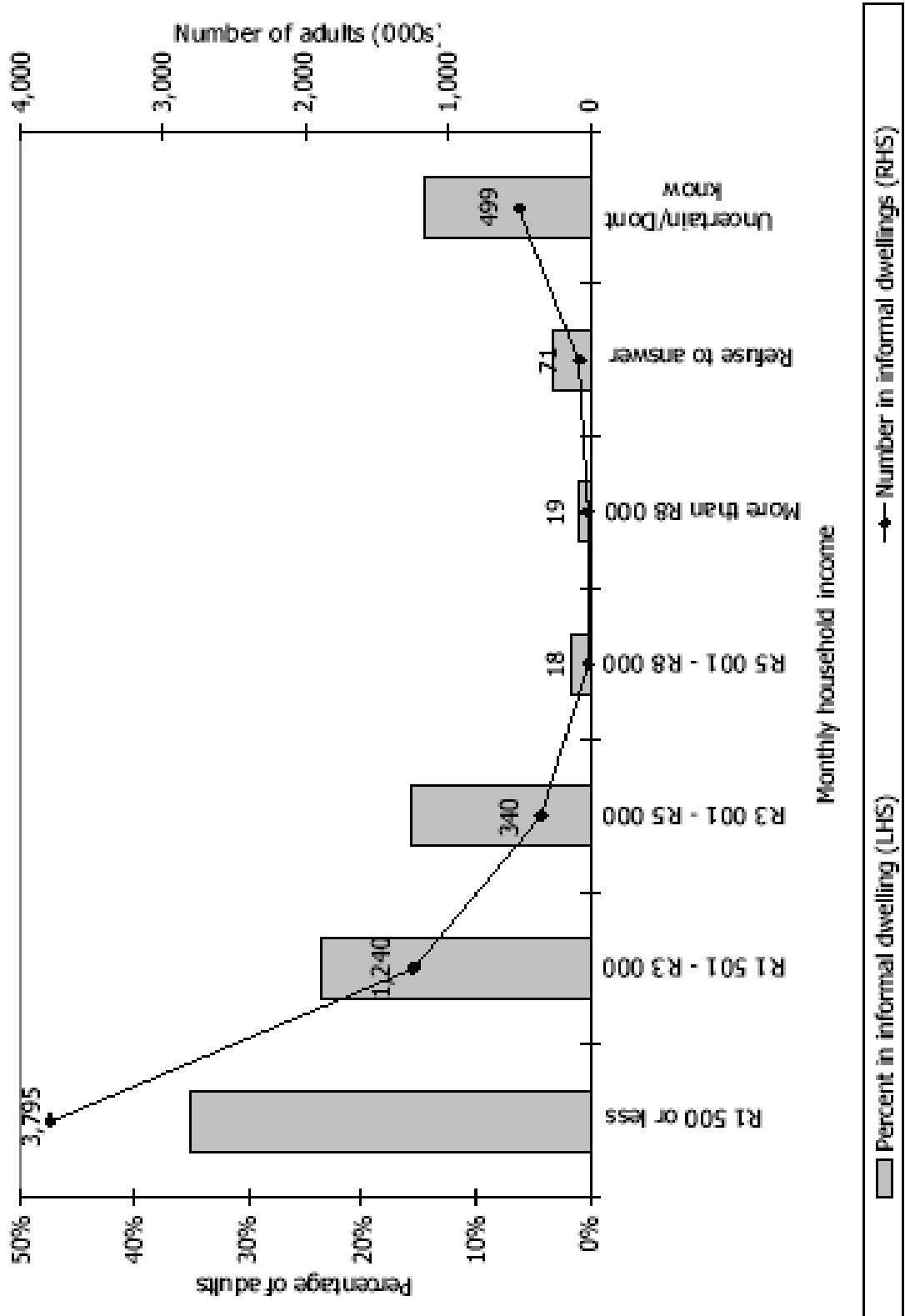
Housing markets in SA

- About 15% of DUs are informal, 25% traditional huts, 60% formal
- Shanties/shacks -\$500
- Elephant houses -\$3,000
- Sites and service -2,500 SF lot, 300 SF house RDP (new 500SF box w/utilities) \$3,500-\$7,000
- Lower middle \$5,000-10,000
- Middle class \$10,000-\$30,000
- Upper middle class \$35,000 and up
- Can get a nice suburban Jo'burg house for \$150,000, $\frac{1}{2}$ acre, 2,200 SF, heavy security
- 20% plus annual appreciation rates
- Top end houses are awesome



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Chart 6. Dwelling type by monthly household income



Source: FinScope™ 2004

Photos of Housing

- Lower End to middle class
- RDP owner housing
- Social housing (rental)













Cozying up to a muddy wall.







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RDP houses

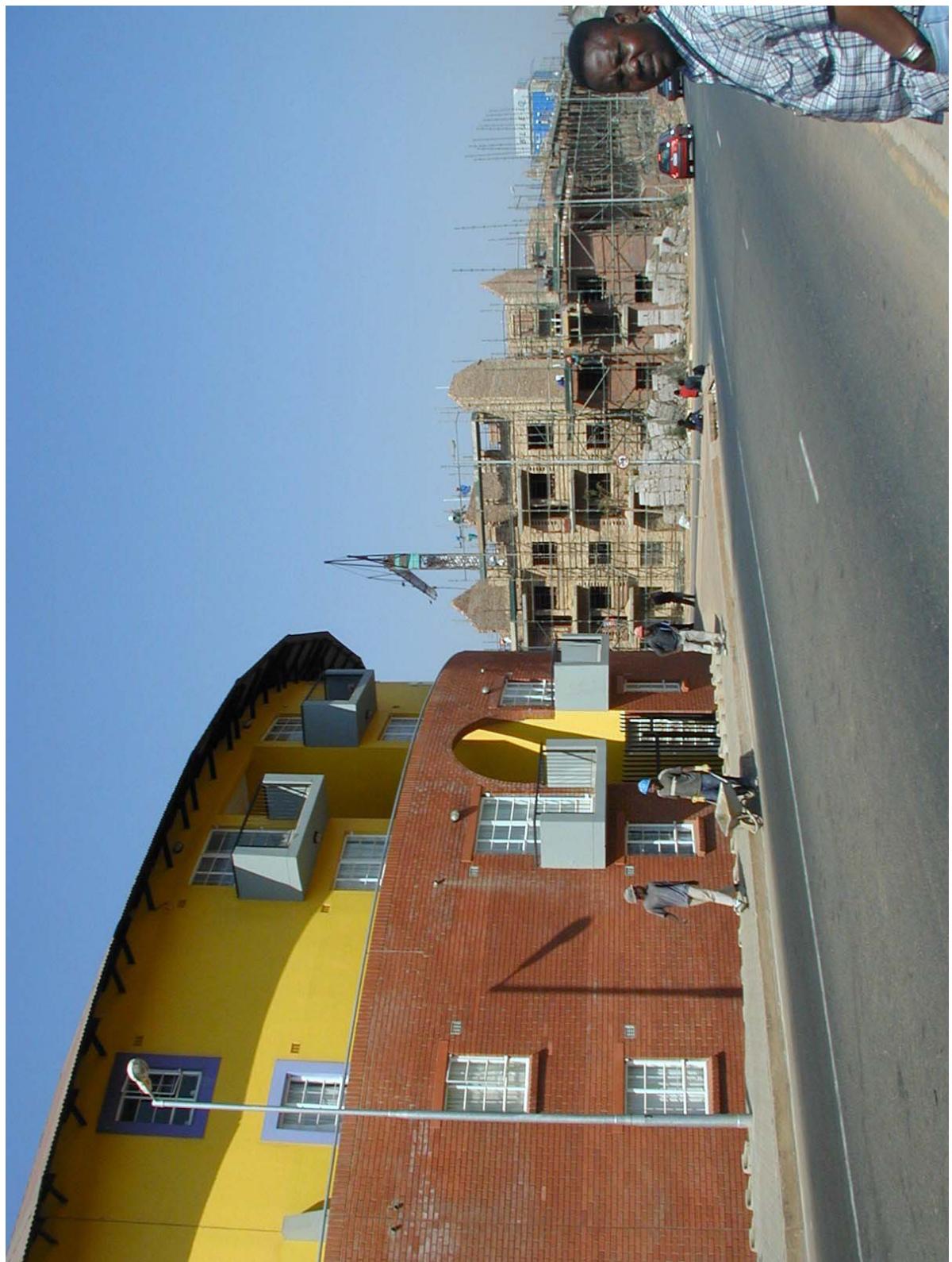


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General Conclusions

- Many opportunities for housing investment in SA
- Lower to middle end of the market growing fast, with Black middle class
- BEE (RSA's Affirmative Action) will accelerate Black empowerment
- People are friendly and try hard, very family oriented
- The Mandela Miracle
- South Africa is a great place to visit and do research