

# TTRI

## Training for Township Renewal Initiative



### Day 1 --- Overview of Township Markets

Illana Melzer: 19 October 2007

*This presentation is incomplete without the accompanying commentary*



**the dplg**

Department:  
Provincial and Local Government  
REPUBLIC OF SOUTH AFRICA

# Agenda

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1. Introduction

2. Income and LSM

3. Financial services

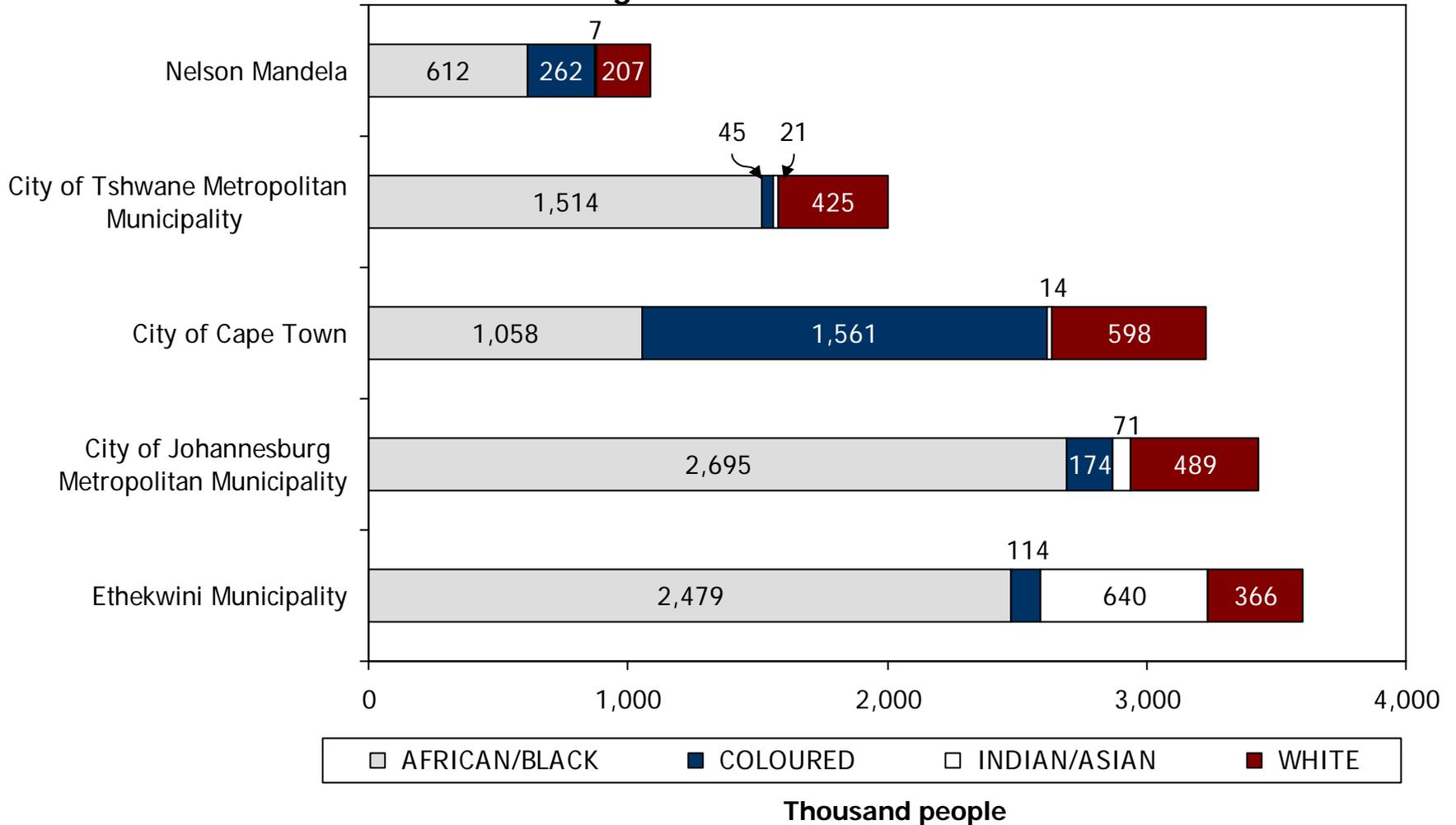
4. Housing

5. Shopping and entertainment

6. Crime

# What is a township?

**Largest Metros/urban areas: 2006**



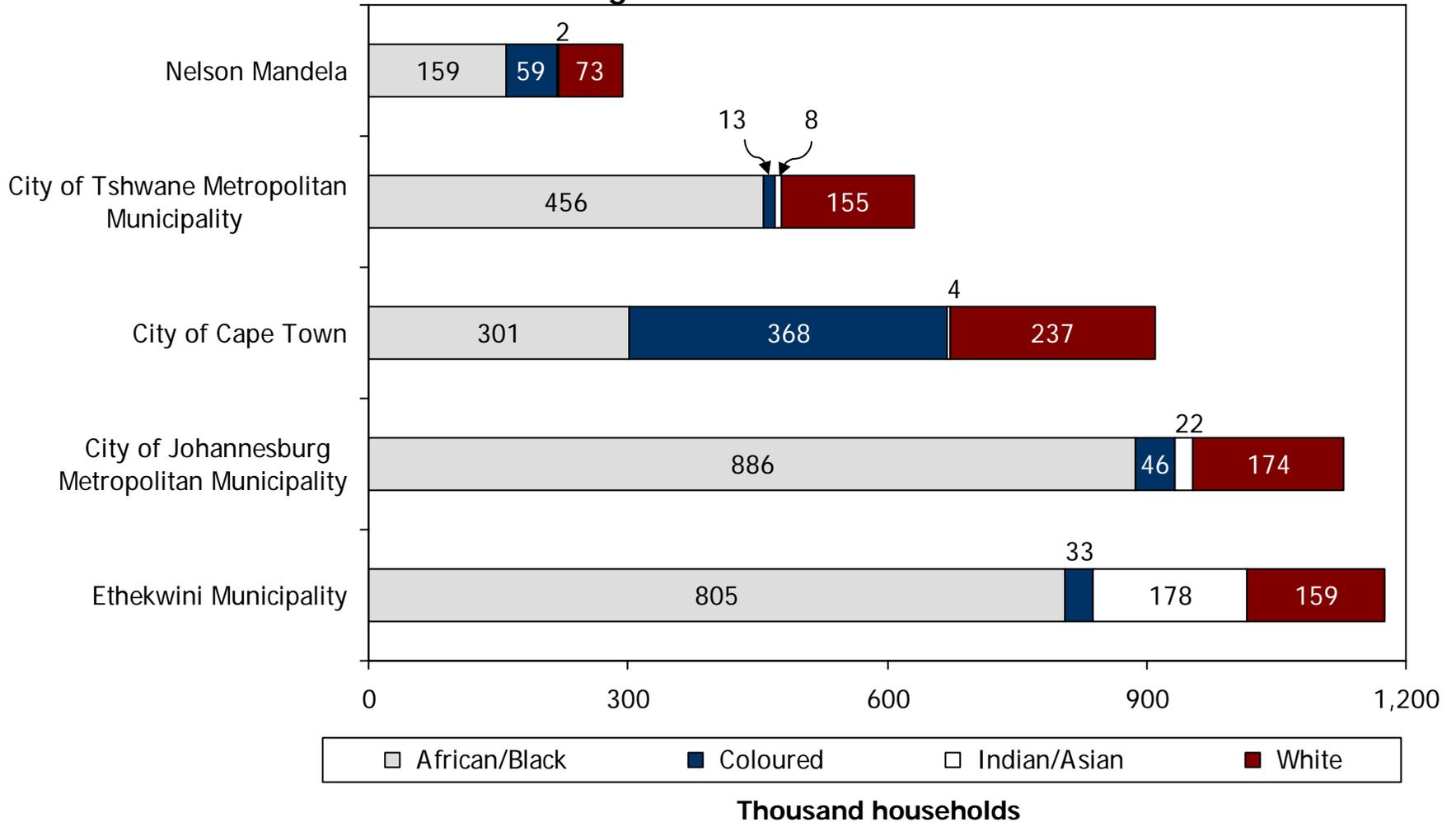
**Total estimated people in large urban areas: 13.4 million\* (28% of the population)**

Source: GHS 2006

\* 8.4 million black, 2.2. million coloured, 750 000 Indian and 2.1 million white people

# What is a township?

Largest Metros/ urban areas: 2006

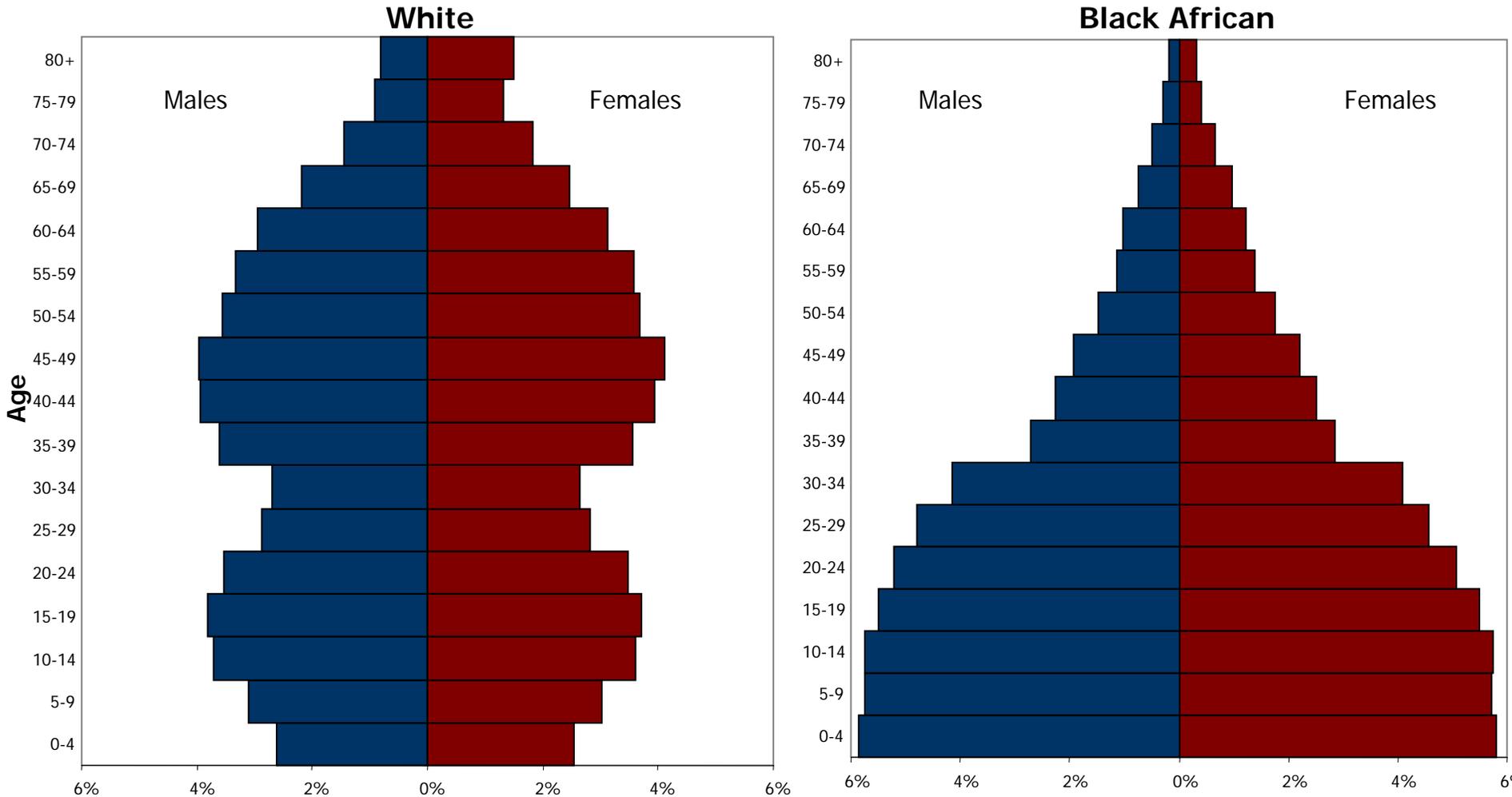


**Total estimated households in large urban areas: 4 million (32% of households)**

Source: GHS 2006

\* 2.6 million black, 520 000 coloured, 213 000 Indian and 798 000 white households

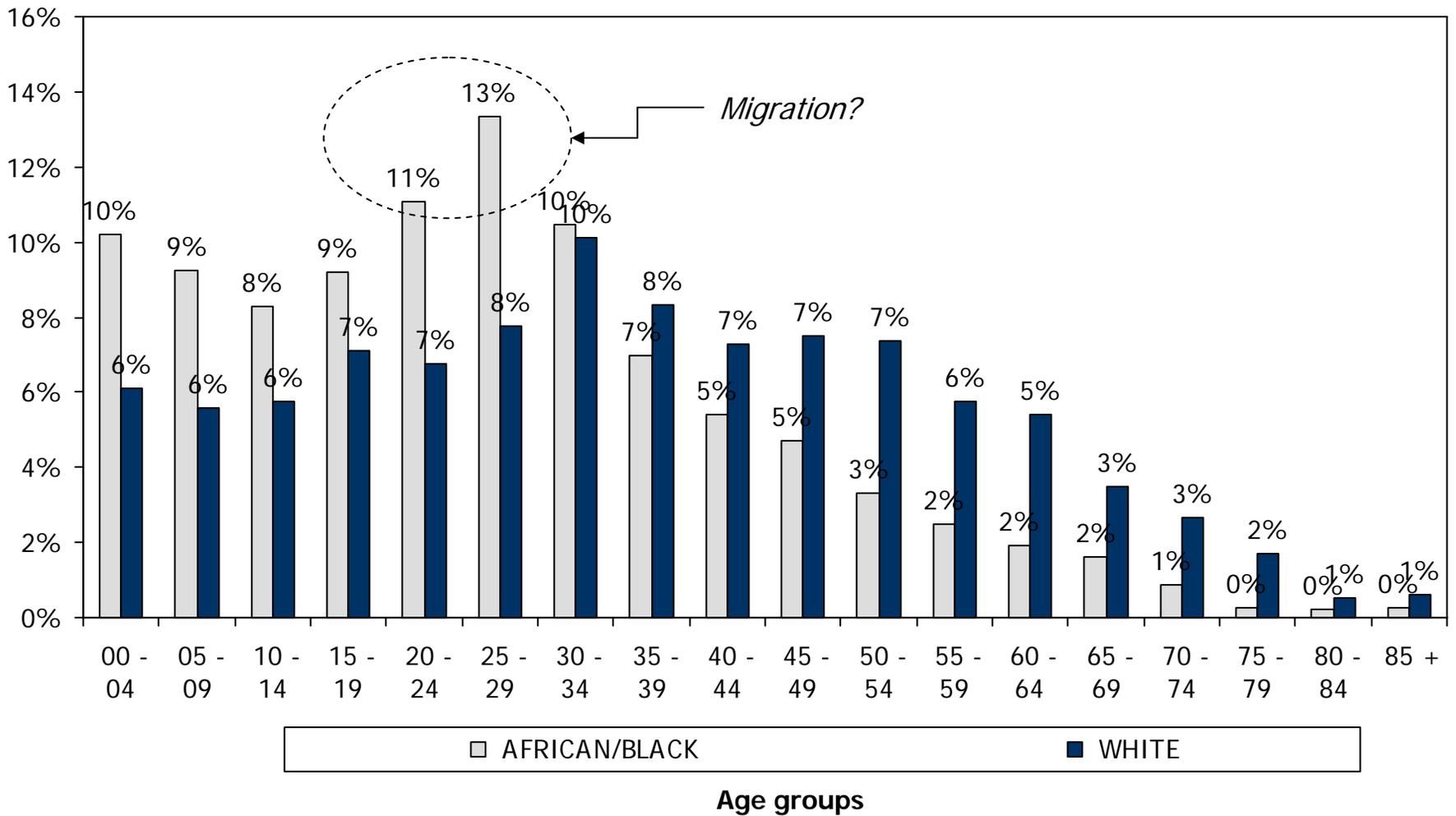
# There are significant differences in age distribution by race



Source: StatsSA Mid-year population estimates, South Africa 2005, Statistical Release P0302, LFS 2005 persons database  
 23% of the black population is under the age of 10. 13% of the white population is under the age of 10. 7% of the black population is over the age of 60. 17% of the white population is over the age of 60

# 44% of black people in large metros are between the ages of 15 and 34

Urban\*: Age distribution

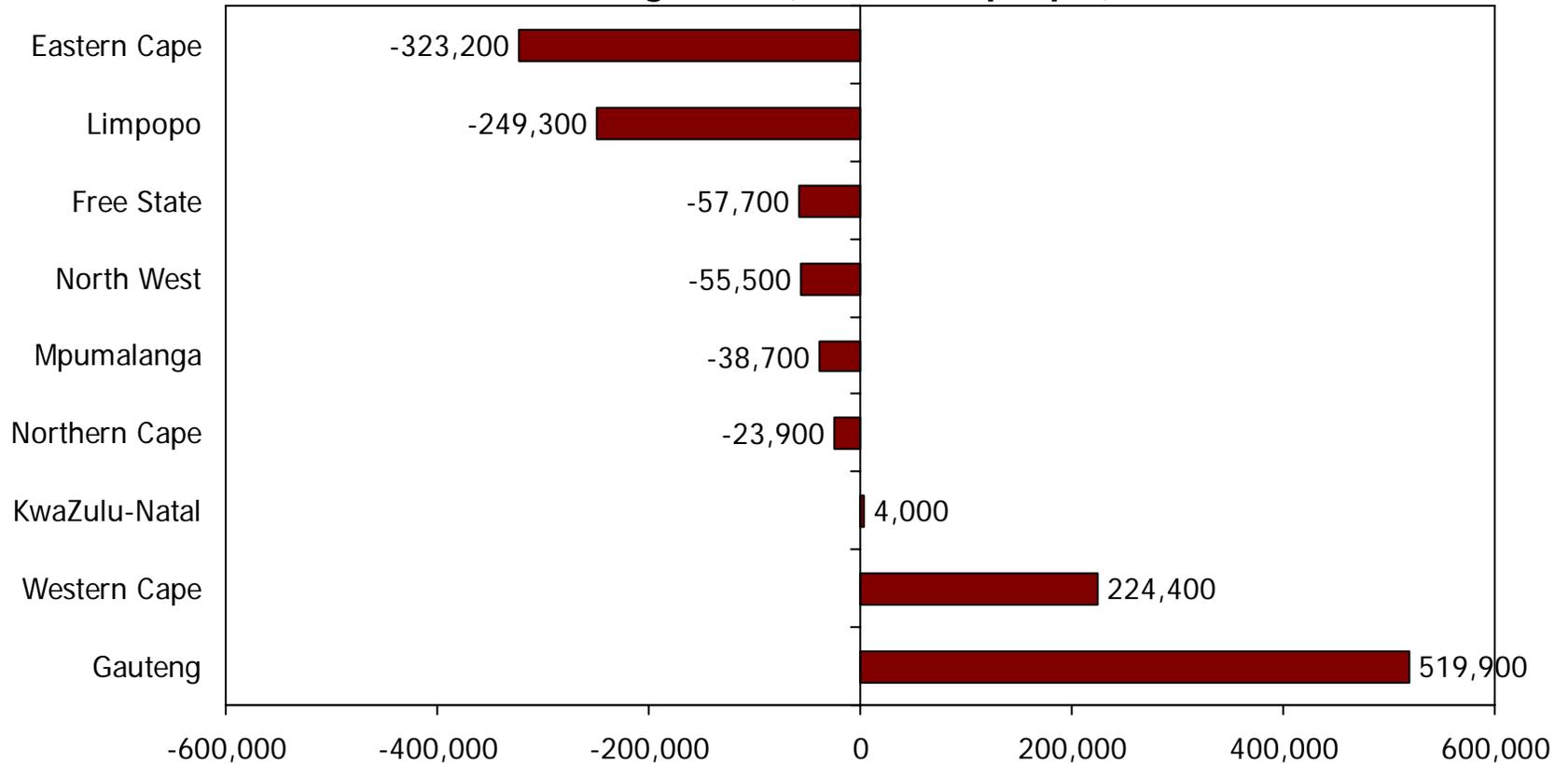


Source: GHS 2006 Persons database

\* 2006 – Big 5 metros: City of Cape Town, City of Johannesburg, City of Tshwane, Nelson Mandela, or eThekweni

# Key trend: migration and urbanisation - various factors drive migration

**Estimated net migration (number of people): 2001 - 2006**



**Key drivers**

*Economic opportunities and access to amenities*

*History of migration in a community*

*Household structure and composition (part of household's risk management)*

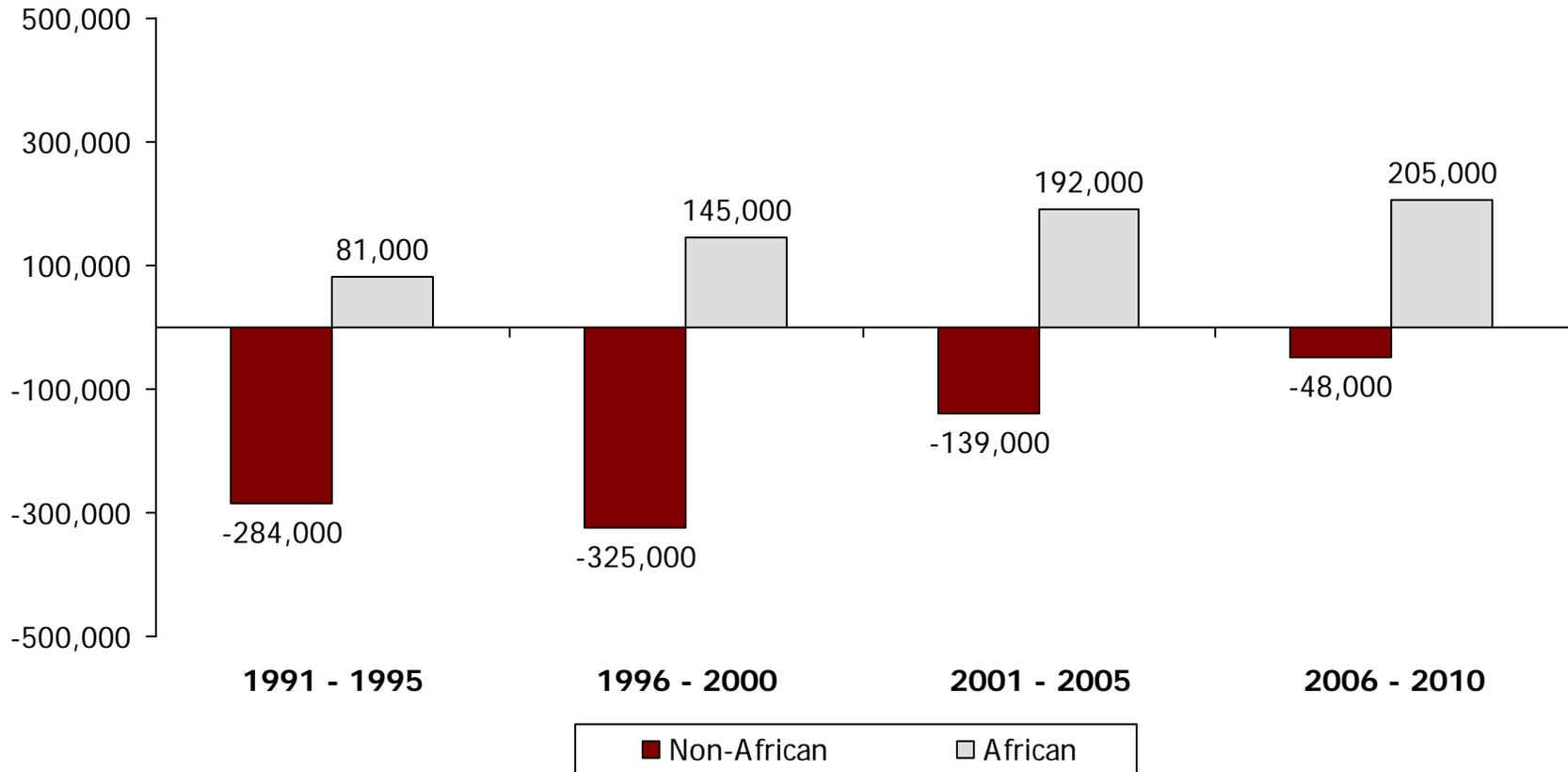
*Household assets (e.g. land)*

*Individual characteristics (e.g. age, marital status etc.)*

Source: Stats SA mid year population estimates, May 2005

## Key trend: International migration

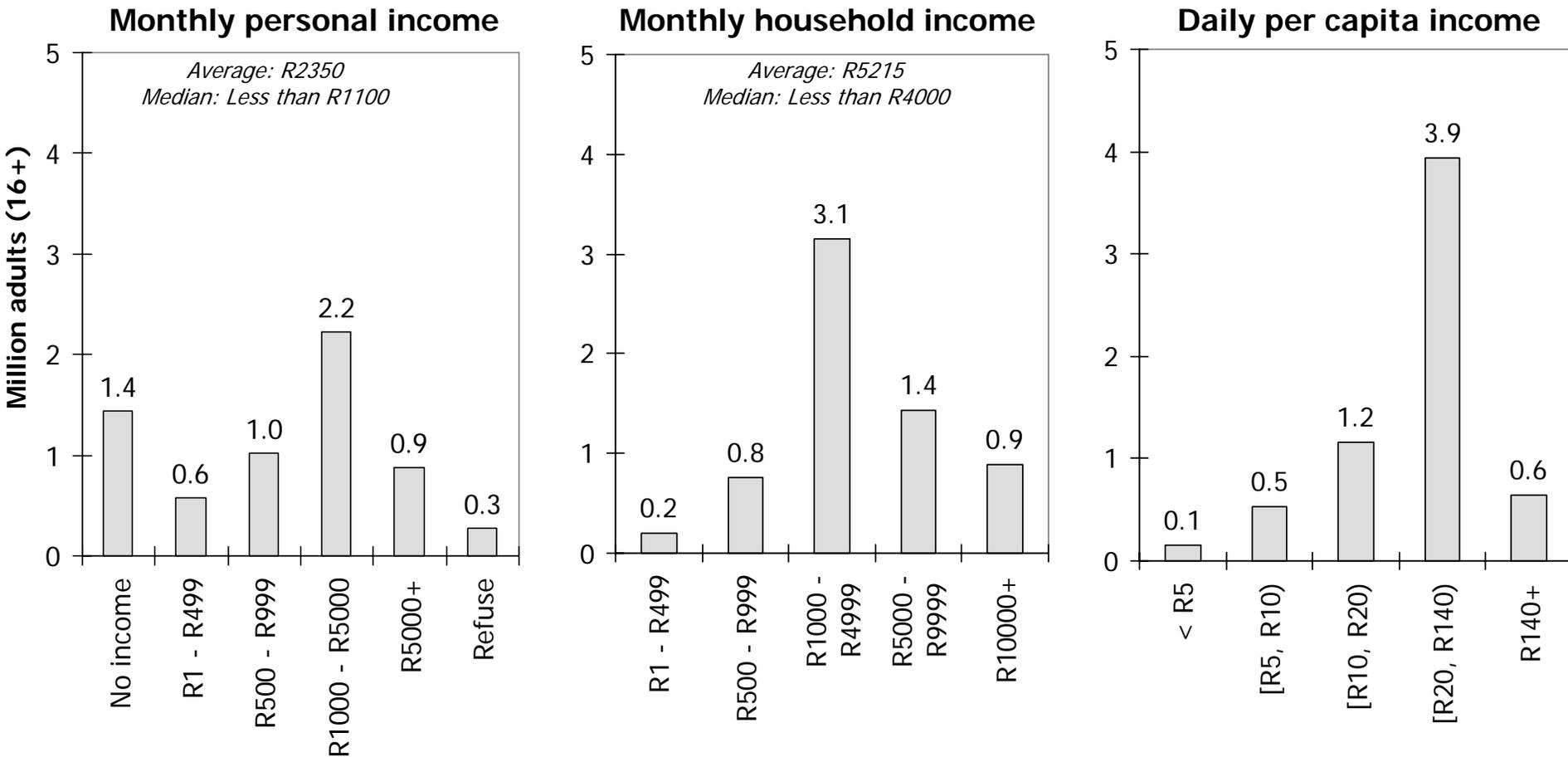
Estimated international migration (Official): 1991 - 2010



*Current estimate of lawful entry, lawful stay: 450 000 – 550 000*

**There are various income measures that can be used to segment the market. Using per capita income, around 29% of black adults in large urban areas are poor (Less than R20 per day)**

**TOTAL: 6.42 million black adults\***

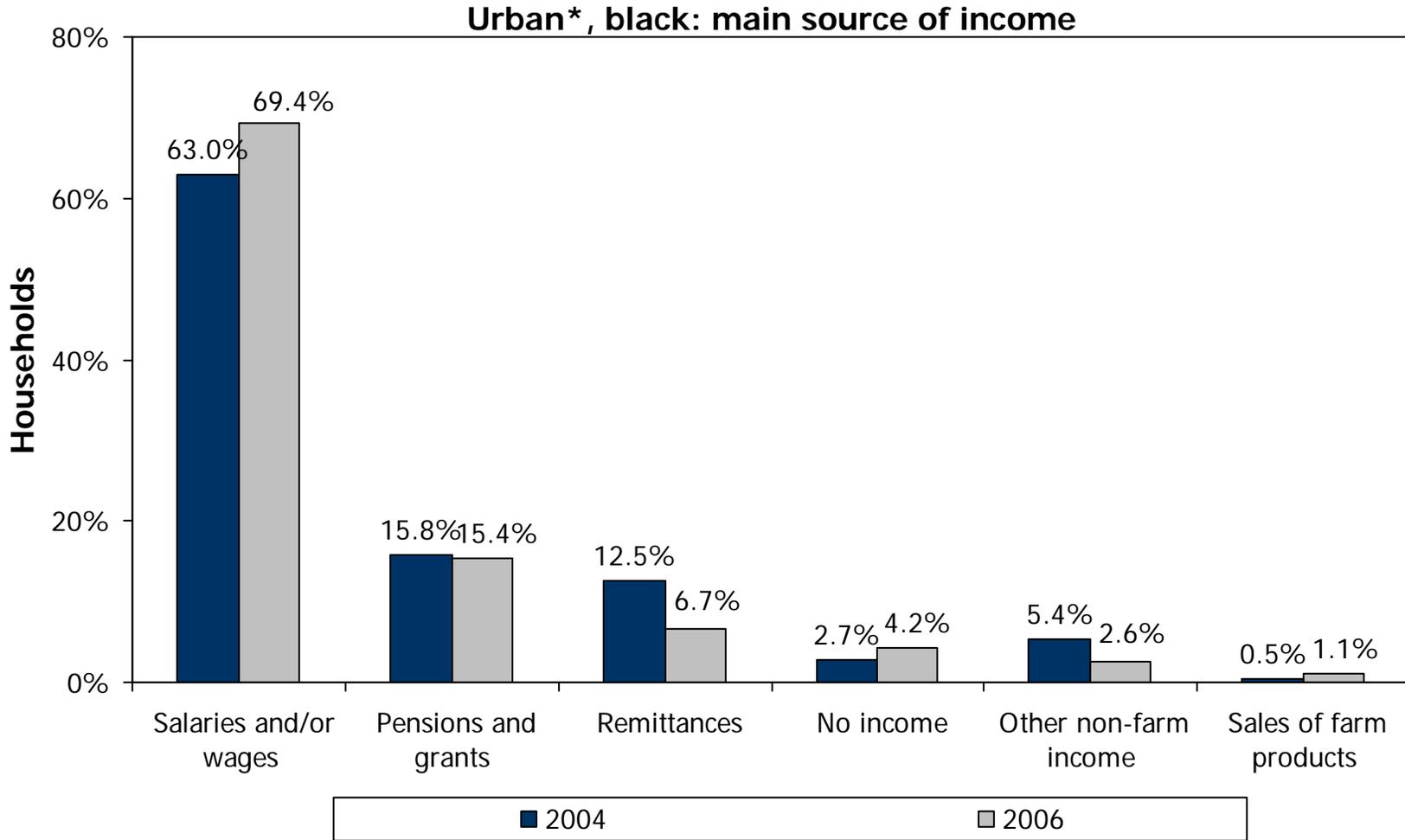


Source: AMPS 2007, Eighty20 analysis

\* Large urban areas – community size of 250 000 or more

Note: Average incomes exclude refuse / don't know categories. Per capita income calculated using the midpoint of the household income band divided by the number of adult equivalents in the household. Children under 10 are regarded as half an adult

# Main source of income – 2006 vs. 2004

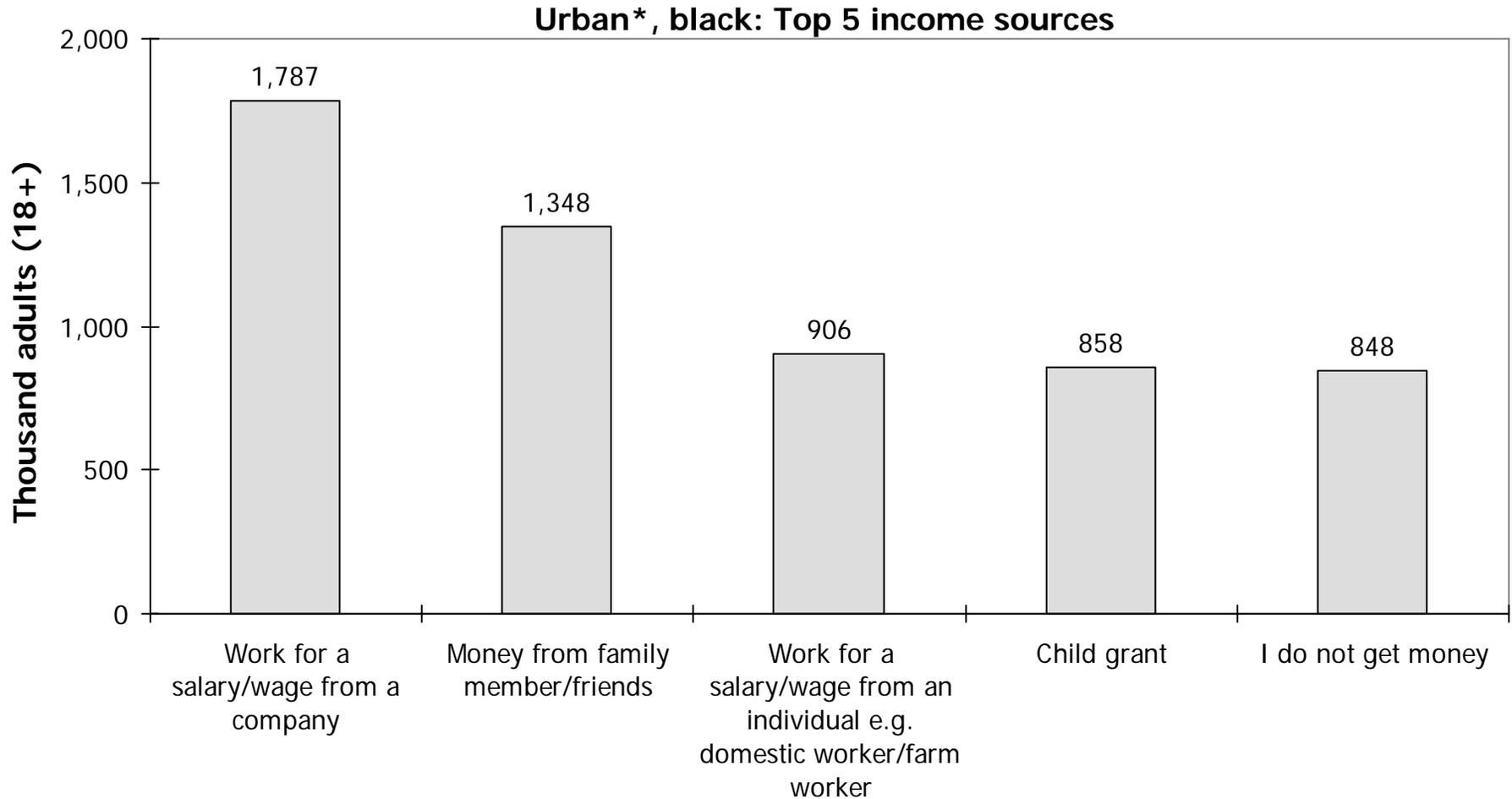


Source: GHS 2006 Household database

\* 2006 – Big 5 metros: City of Cape Town, City of Johannesburg, City of Tshwane, Nelson Mandela, or eThekweni

2004 – Urban areas

# Money from family / friends and government grants are significant income sources

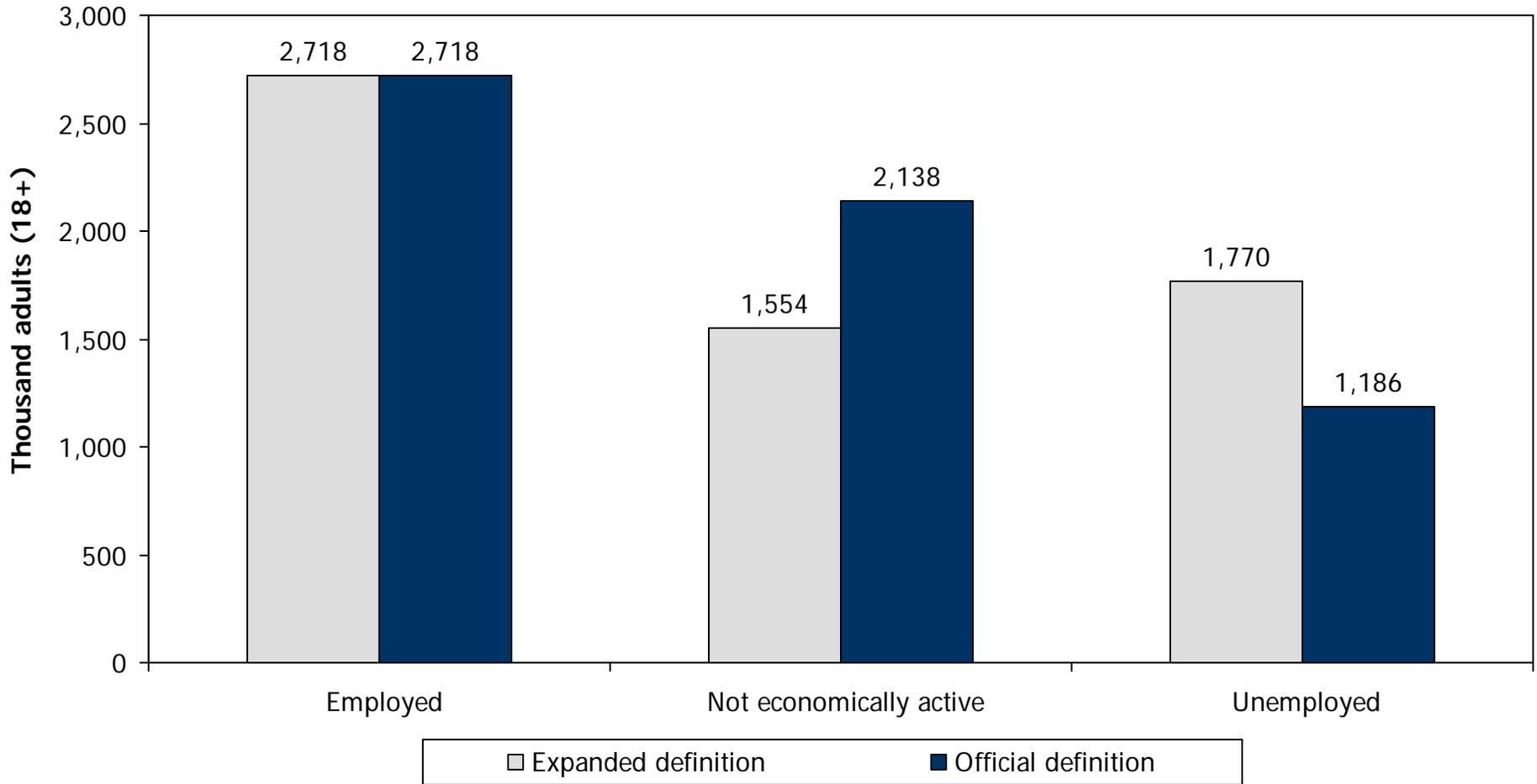


Source: FinScope 2006

\* Metro area

# 39% of economically active black adults in the five major metros are unemployed according to the expanded definition of unemployment

Urban\*, black: employment status



Source: Labour Force Survey 2006 September, workers database

\* Big 5 metros: City of Cape Town, City of Johannesburg, City of Tshwane, Nelson Mandela, or eThekweni

## Definition of unemployment (Official and expanded)

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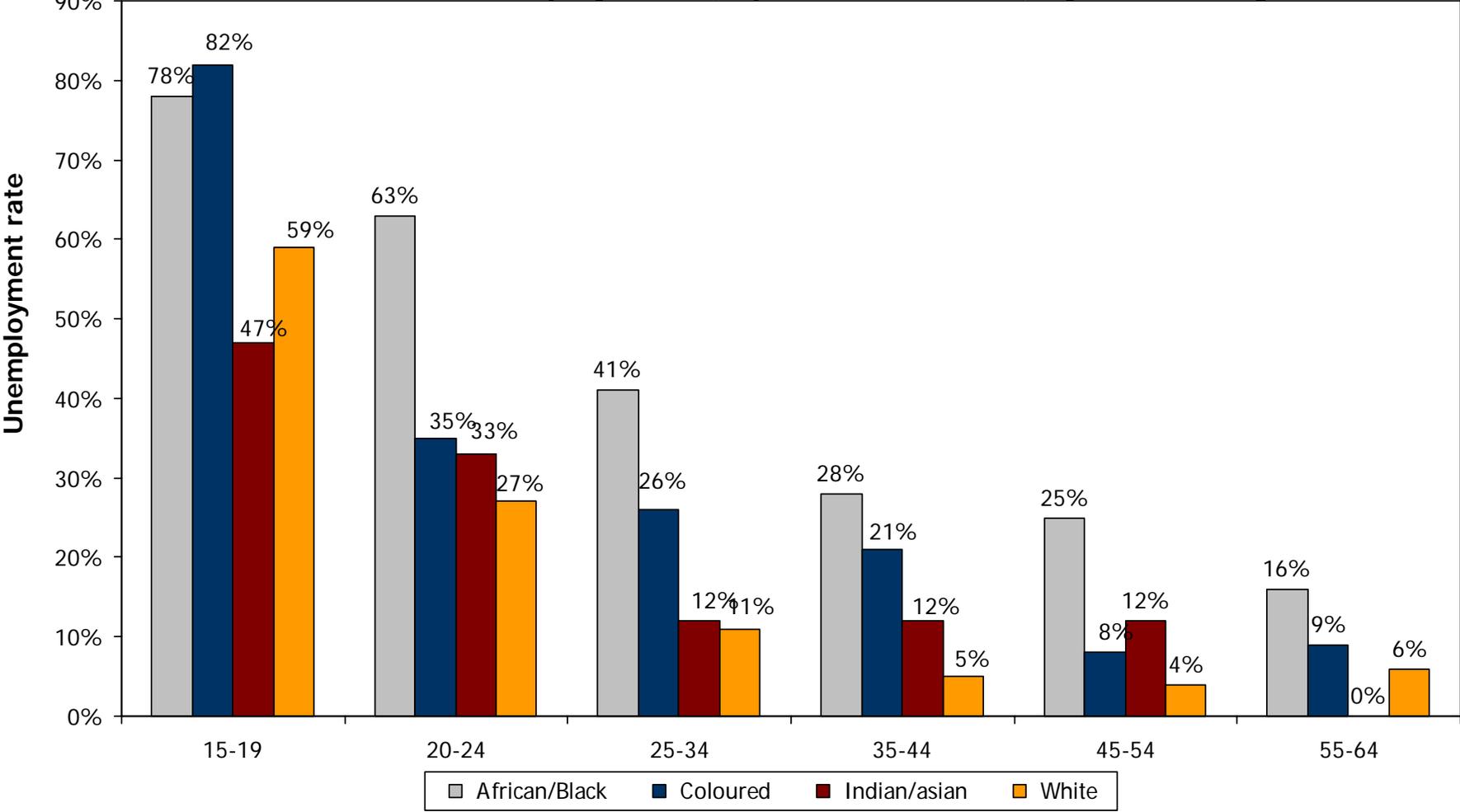
“The unemployed are those within the economically active population who:

- a) Did not work in the seven days prior to the interview
- b) Want to work and are available to work within two weeks of the interview and
- c) Have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview

(The expanded definition of unemployment excludes criterion c)” - StatsSA

# Unemployment among black adults is high in large metros. It is highest among the youth

Urban\*: Unemployment (expanded definition) by race and age



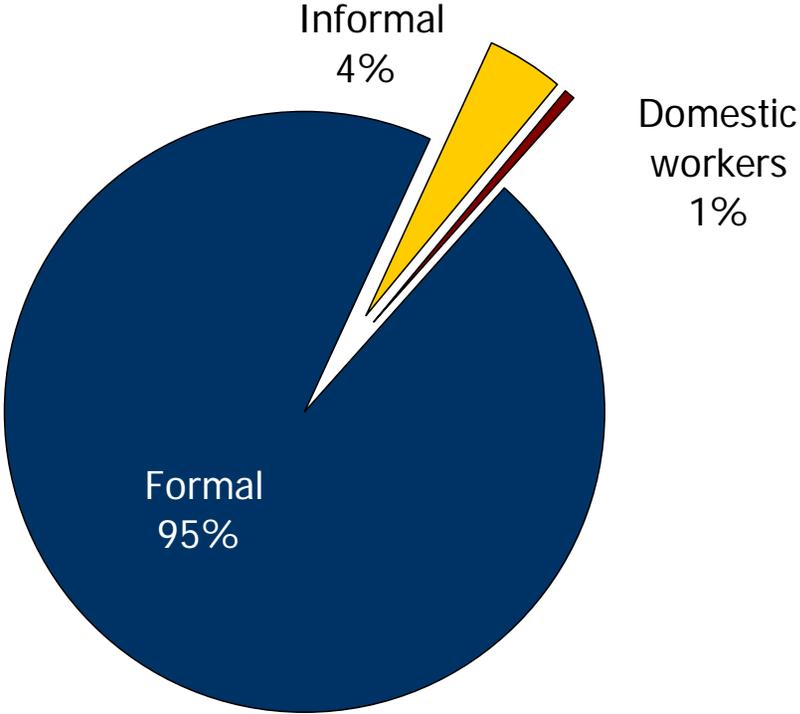
Source: Labour Force Survey, September 2006, workers database

\* Big 5 metros: City of Cape Town, City of Johannesburg, City of Tshwane, Nelson Mandela, or eThekweni

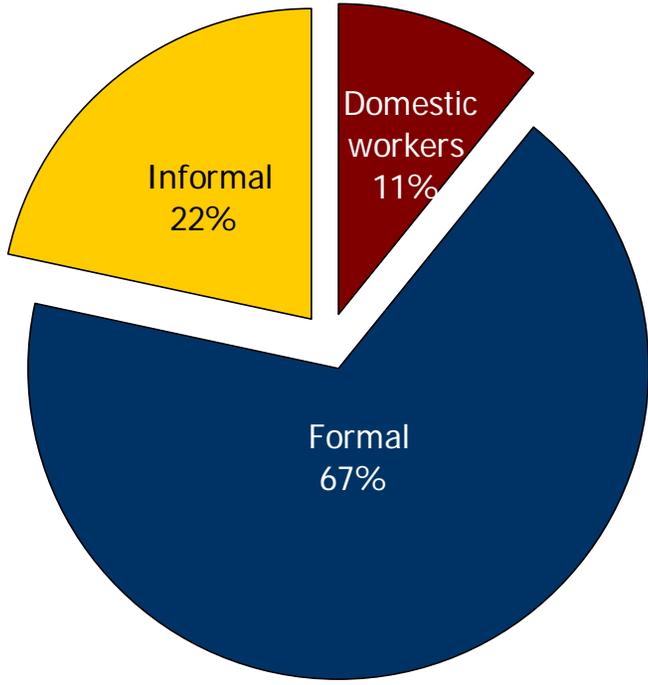
Note: Unemployment rate is calculated as the number of unemployed divided by the economically active population (employed plus unemployed)

# Of those who are employed, one third of black workers do not work in the formal sector

### White workers aged 15+ by sector of work



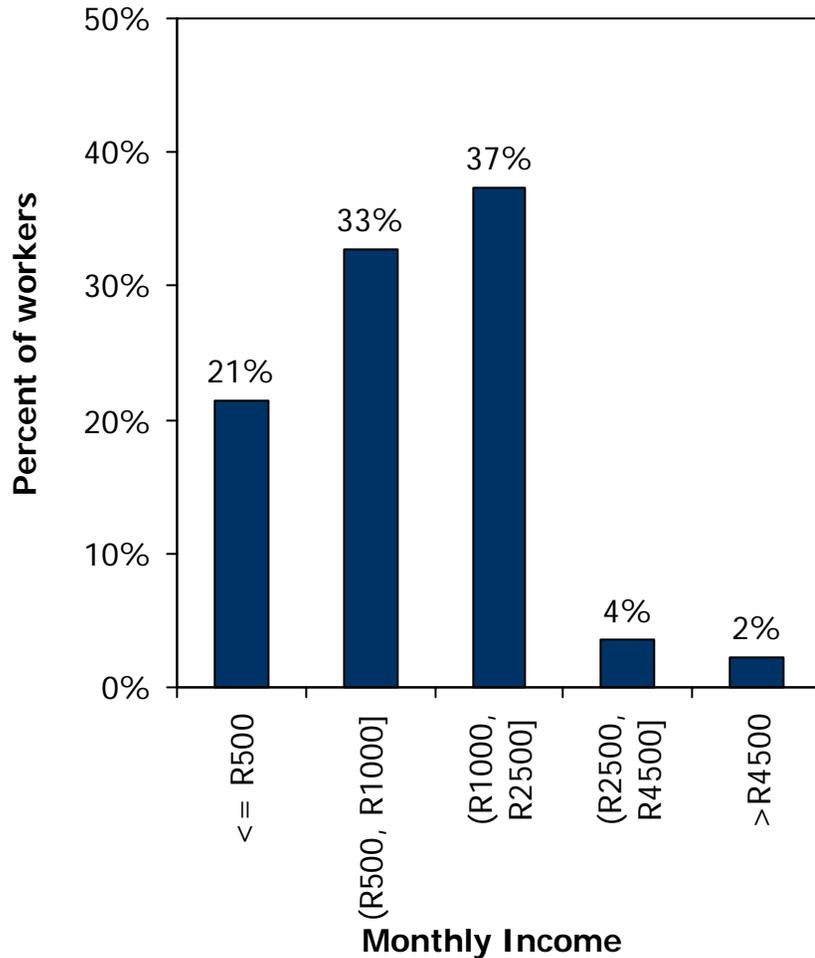
### Black workers aged 15+ by sector of work



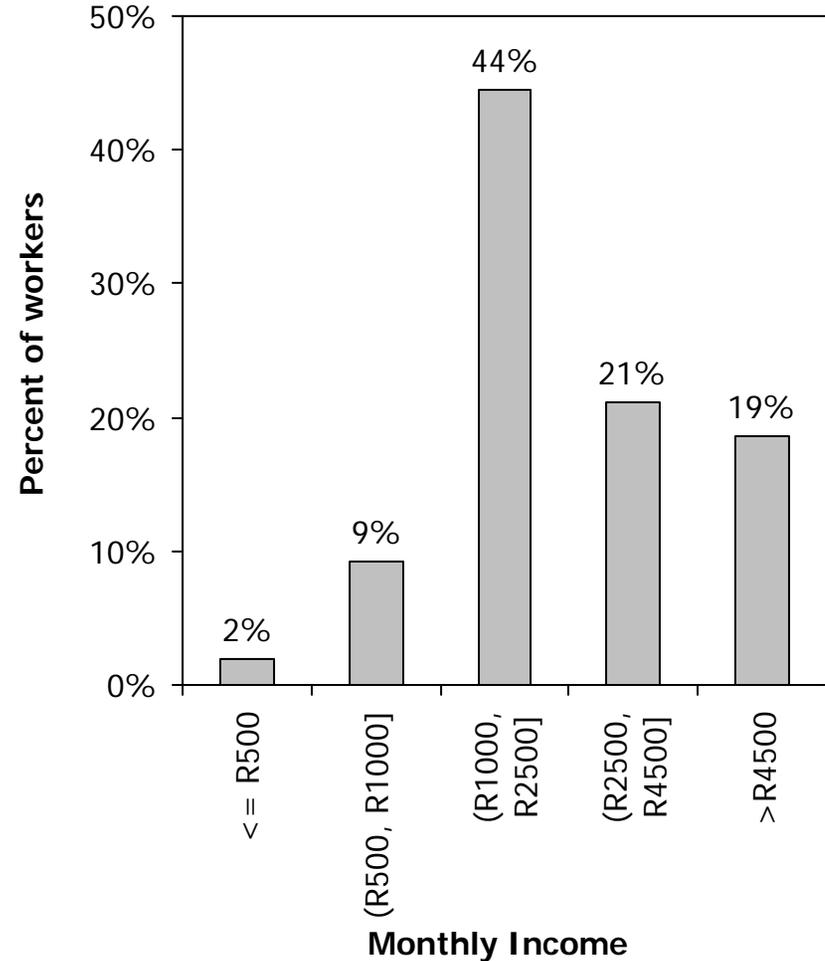
Source: Labour Force Survey, September 2006, workers database

# Wages for formal sector workers are significantly higher than those in the informal sector

**Urban\*, black, informal sector:  
Income distribution**



**Urban\*, black, formal sector:  
Income distribution**



Source: Labour Force Survey, September 2006

Note: Data for informal sector workers includes domestic workers. No wage data for 3% of informal and 5% of formal sector workers

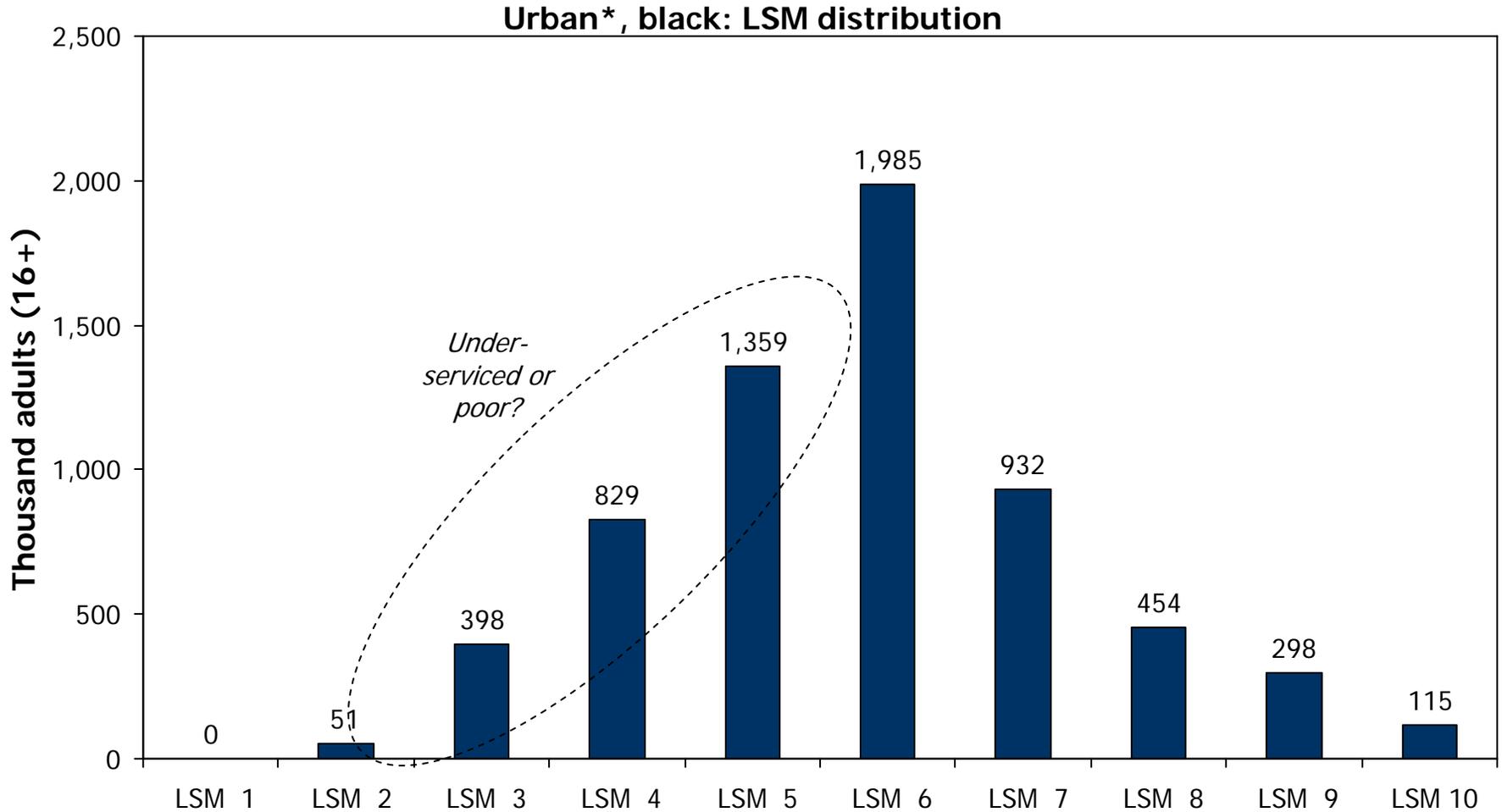
# LSM is calculated based on ownership of household assets, location and access to services

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## ■ Do you have / or is there a ... in your household?

- Hot running water
- Fridge/freezer
- Microwave oven
- Flush toilet in house or on plot
- VCR
- Vacuum cleaner/floor polisher
- Washing machine
- Computer at home
- Electric stove
- TV set(s)
- Tumble dryer
- Telkom telephone
- Hi-fi or music center
- Built-in kitchen sink
- Home security service
- Deep freeze
- Water in home or on stand
- MNet and/or DStv
- Dishwasher
- Metropolitan dweller
- Sewing machine
- DVD player
- House/cluster/ town house
- 1 or more motor vehicles
- No domestic worker
- No cell phone in household
- Only 1 Cellphone in household
- None or only one radio
- Living in a non-urban area outside Gauteng or the Western Cape

# According to AMPS 41% of black adults living in large urban areas are in LSM 2-5

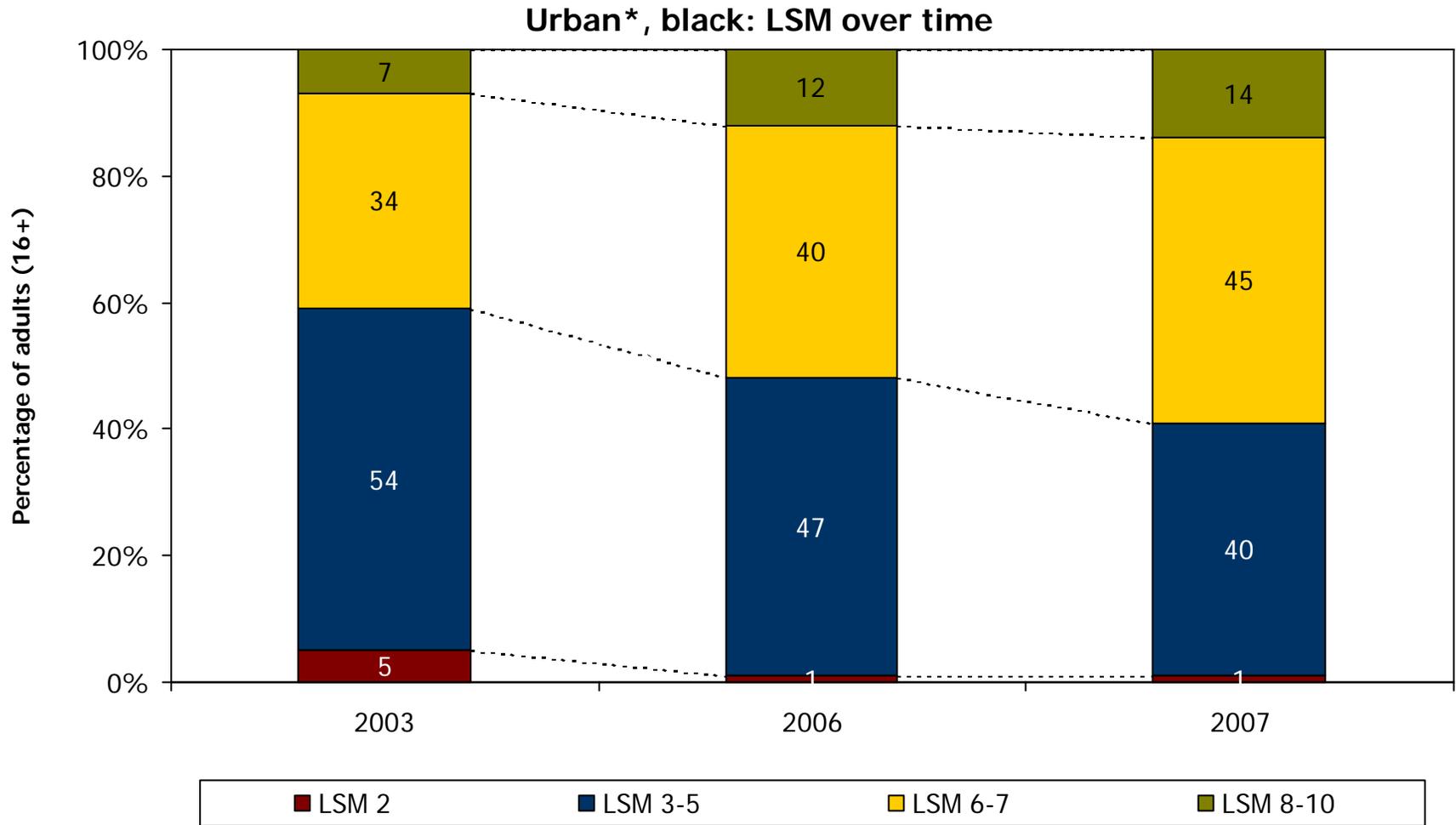


**Total black urban adult population 2007: 6.42 million**

Source: AMPS 2007

\* Large urban areas – community size of 250 000 or more

# Since 2003 there has been a noticeable decline in the percentage of black urban adults in lower the LSMs

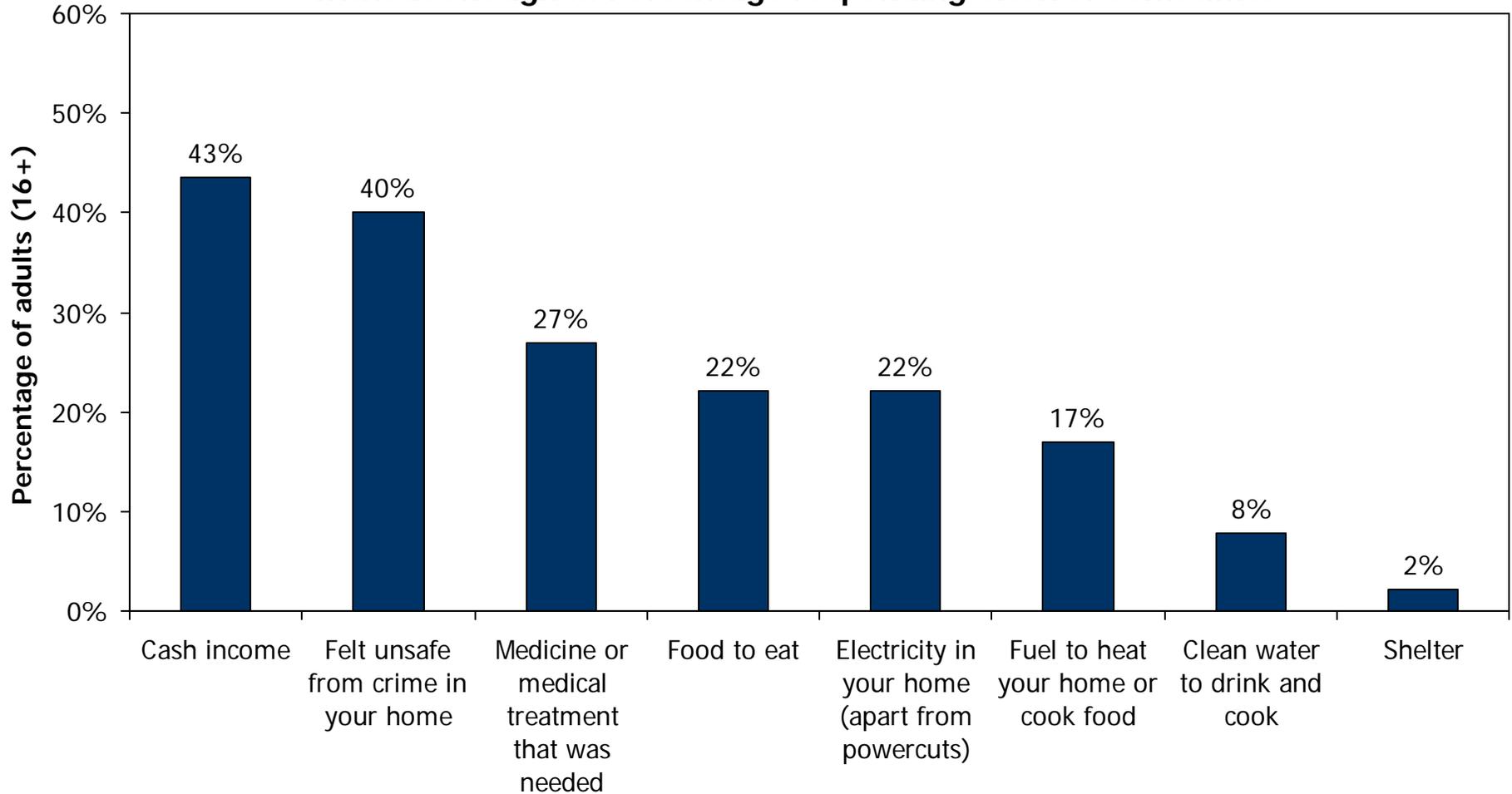


Source: AMPS 2003, 2006, and 2007

\* Large urban areas – community size of 250 000 or more

# Other measures may be more useful for assessing living standards

**Urban\*, black: In the last 12 months, how often has your family gone without enough ... Percentage responding often or sometimes**



Source: FinScope 2006

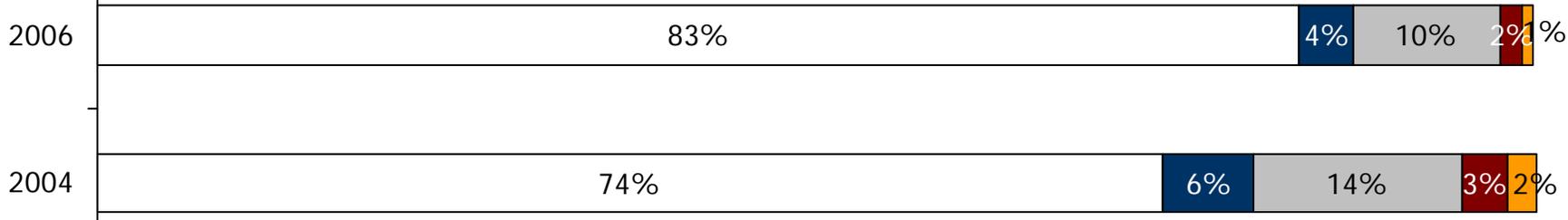
\* Metro area

# In terms of hunger, black urban households seem better off in 2006 than they were in 2004

## In the past 12 months how often have children in the household gone hungry

*(Black, urban\*)*

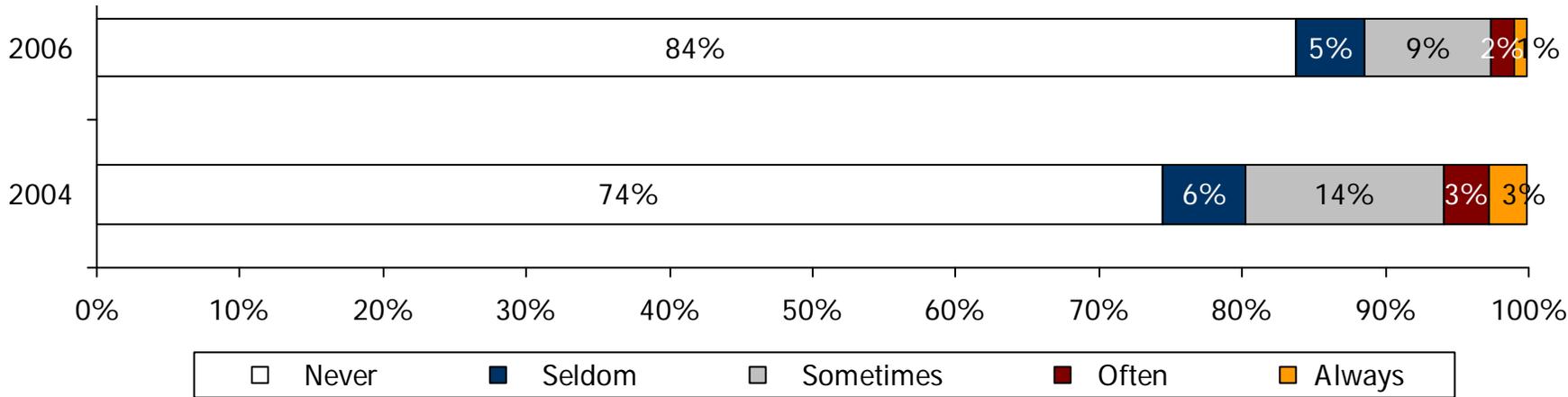
Children



## In the past 12 months how often have adults in the household gone hungry

*(Black, urban\*)*

Adults



Percentage of households\*\*

Source: GHS 2006 Household database

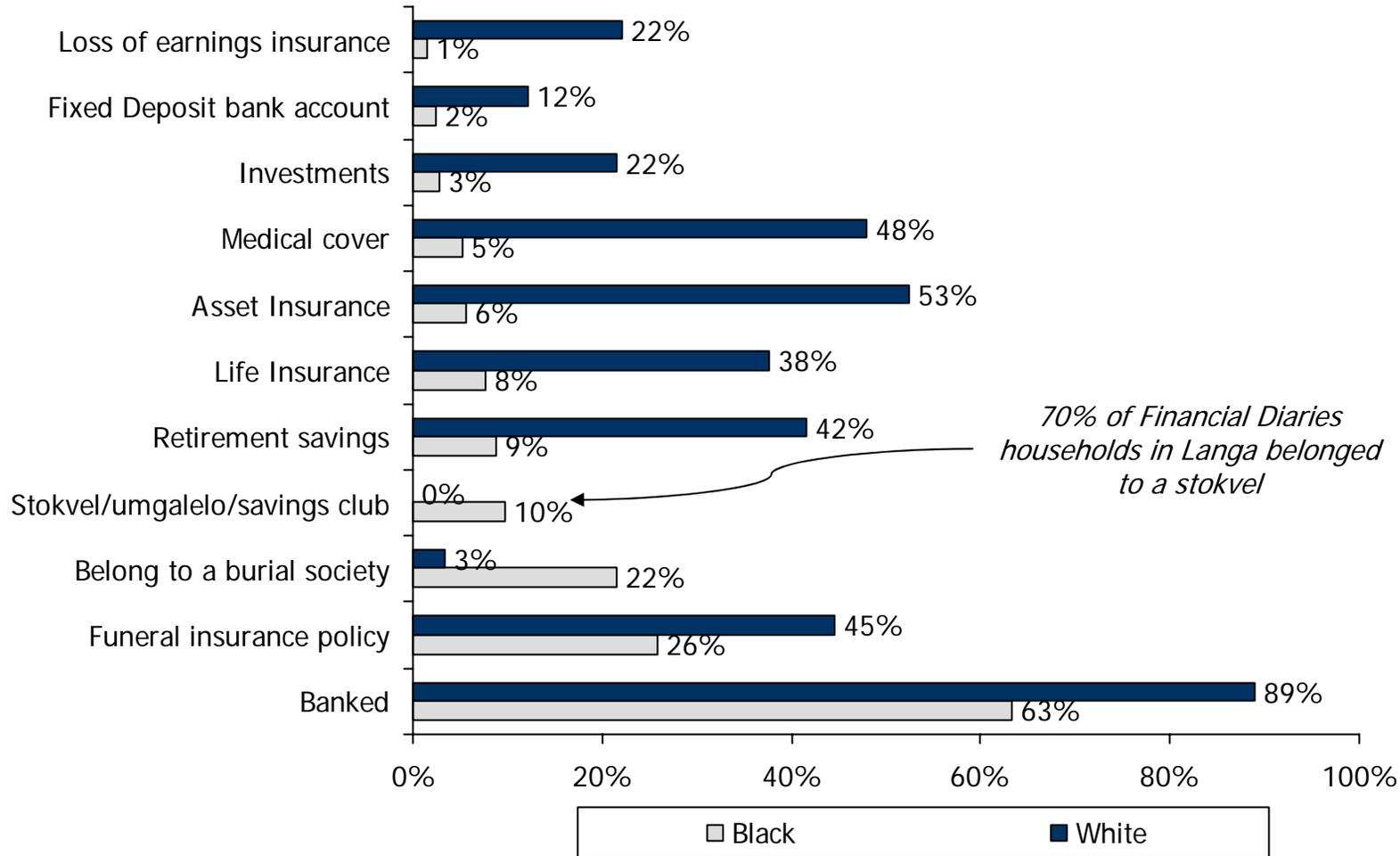
\* 2006 – Big 5 metros: City of Cape Town, City of Johannesburg, City of Tshwane, Nelson Mandela, or eThekweni  
2004 – Urban areas

\*\* Children – households include only those who have children (<18) in them

Adults – households include only those who have adults (18+) in them

# Penetration of financial products is very low in township markets

## Urban\*: Formal and informal financial products:

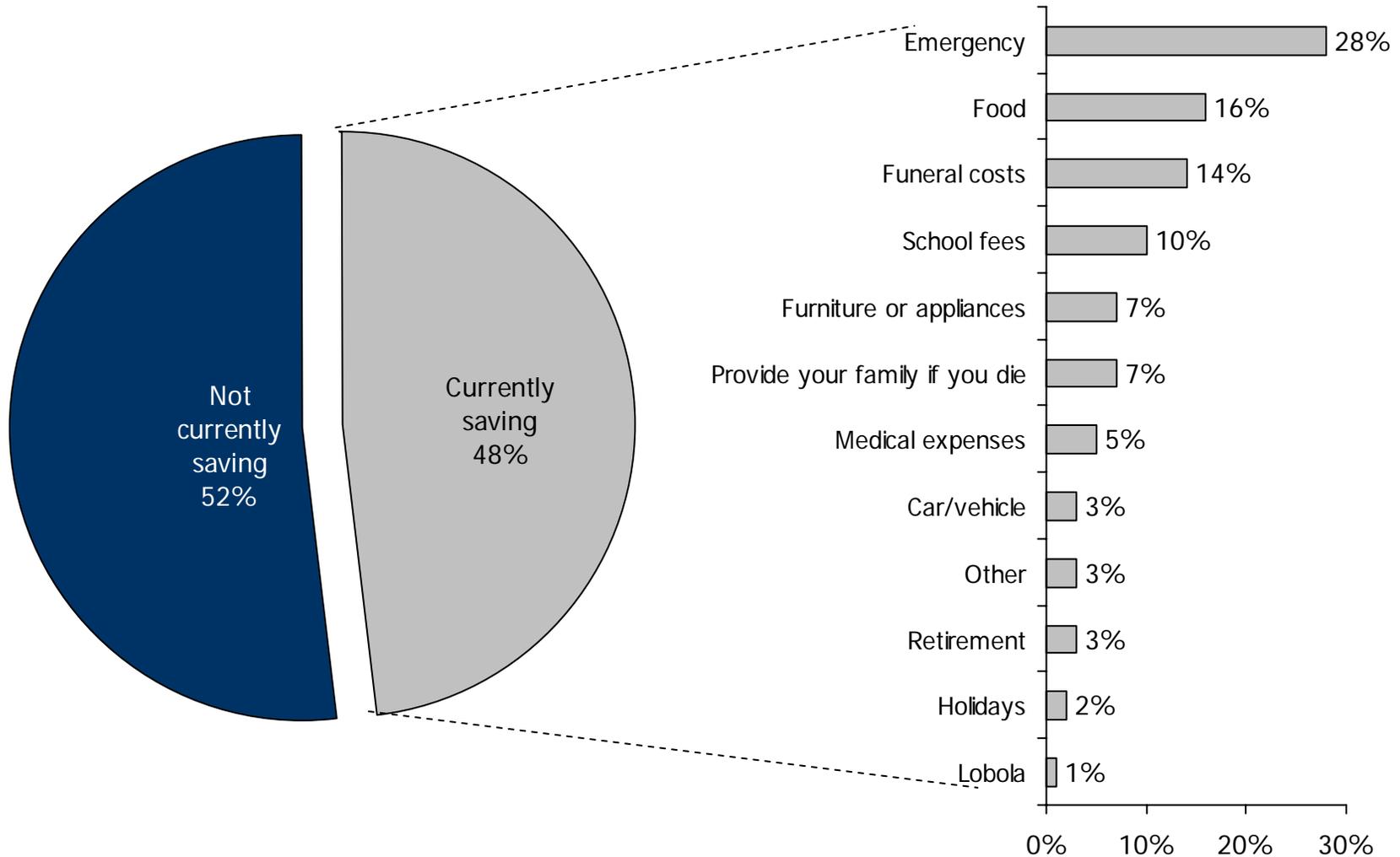


Source: FinScope 2006

\* Metro area

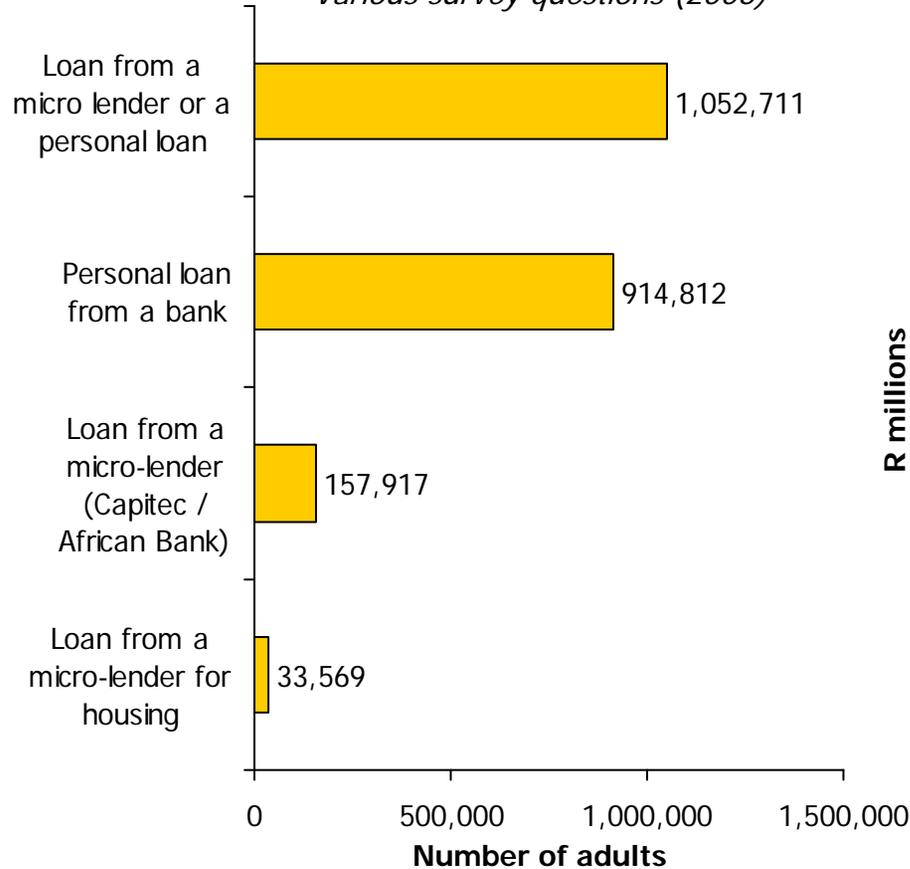
# Almost half of township adults are involved in some form of savings activity

Savings activity and reason for savings: Urban black (18+)

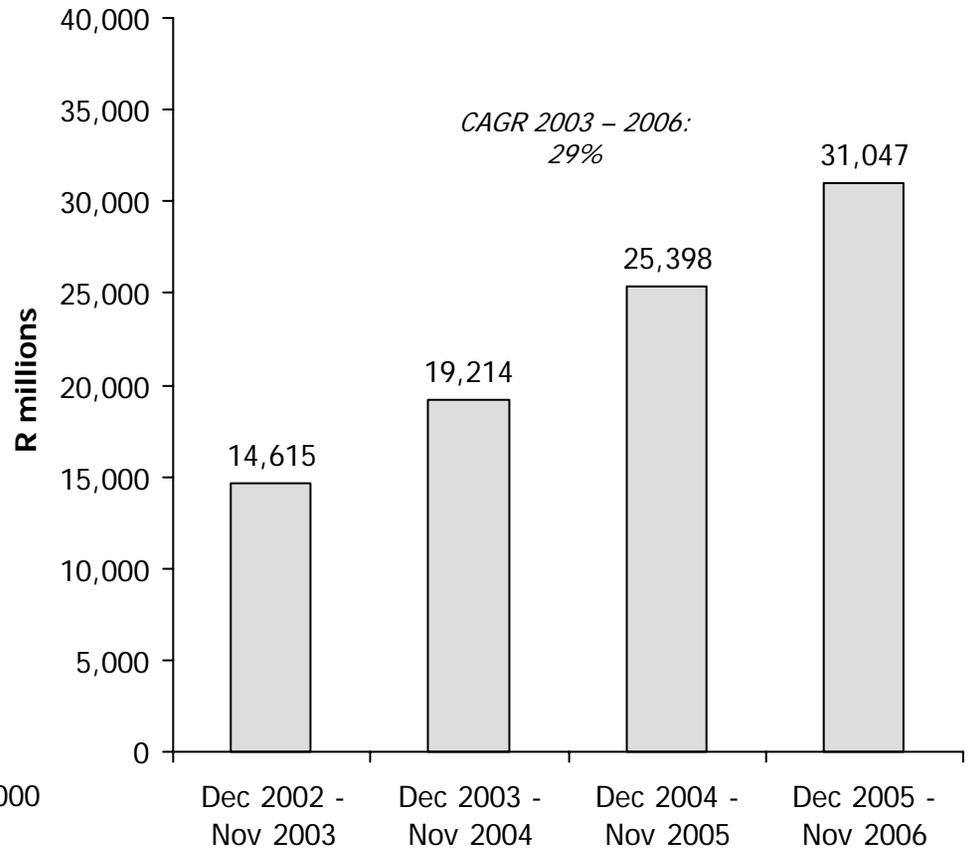


# Credit usage is significantly understated by surveys

**Stated loan usage: Have now**  
*Various survey questions (2006)*



**Annual disbursements**  
*SA micro lending industry (2003 – 2006)*



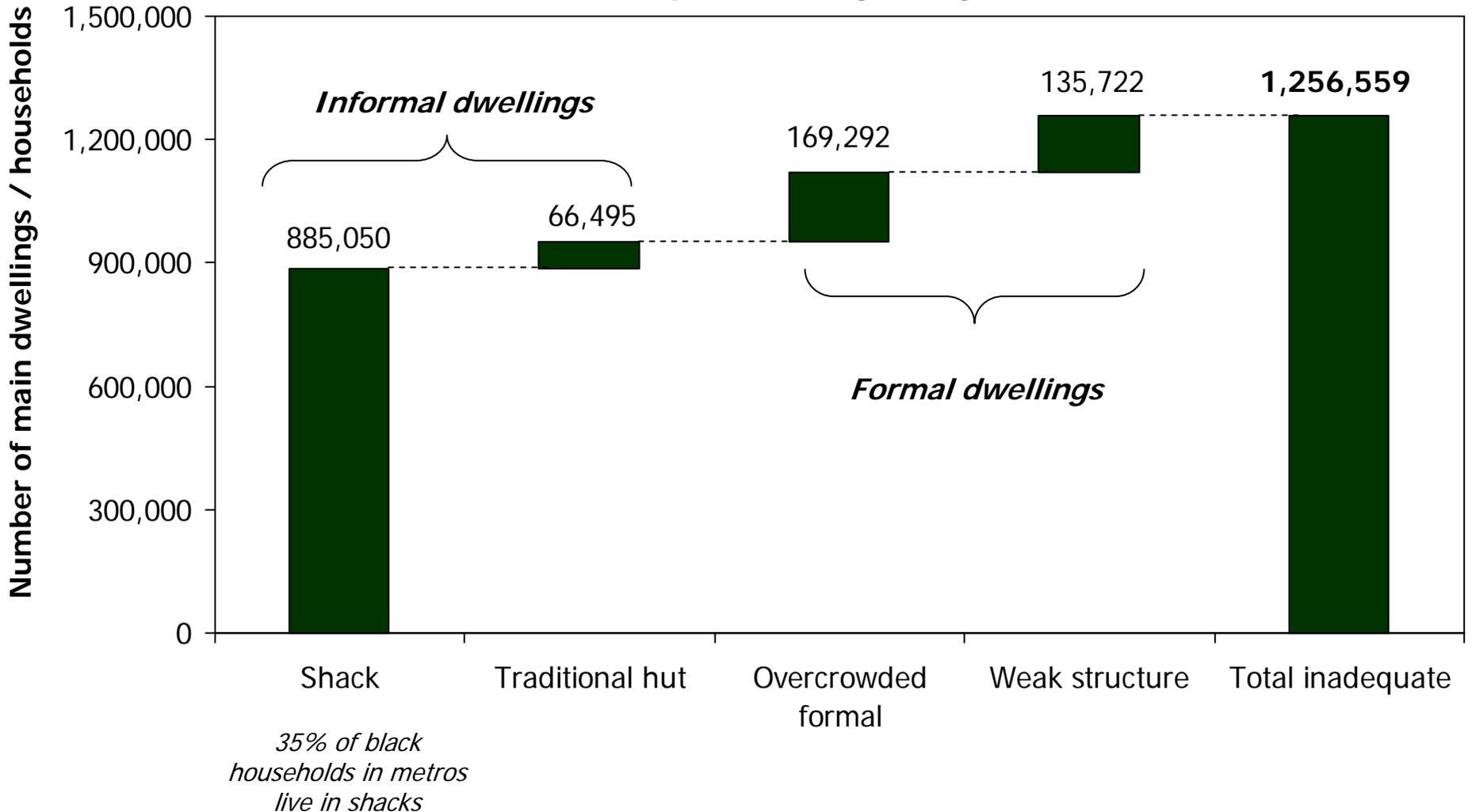
**Total loan book as at Feb 2007: R29.2 billion**  
**Total loan clients: 8.3 million**

Source: FinScope 2006, NCR, May 2007

CAGR: Compound Annual Growth Rate. Micro loans are defined as loans of R10 000 or less paid back over 36 months or less

# Of the 2.5 million black households in large metros, 50% live in inadequate dwellings

## Inadequate housing in large metros

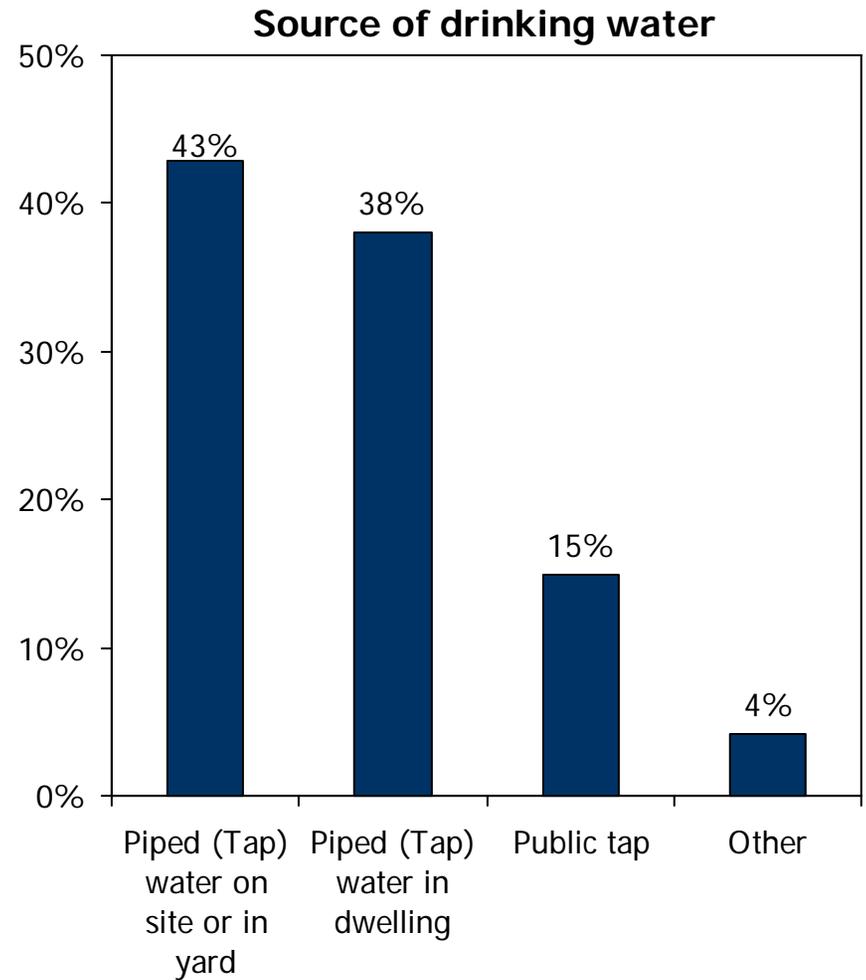
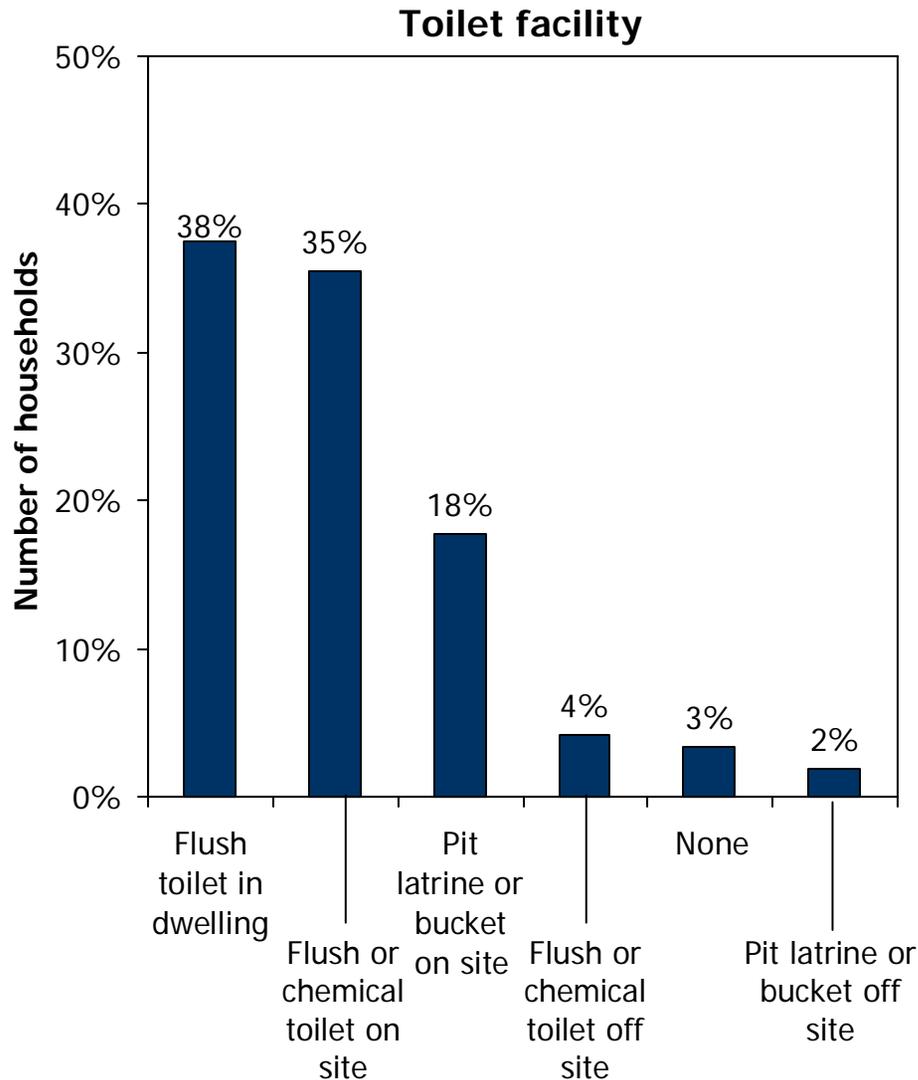


Source: General Household Survey 2005. Note there is no double counting. Categories are mutually exclusive

Note: Overcrowded dwellings are those with more than two people per room. Structurally weak houses are those where the condition of the walls or roof is weak or very weak

# Basic services: Black urban households

## Urban\*, black: Household characteristics



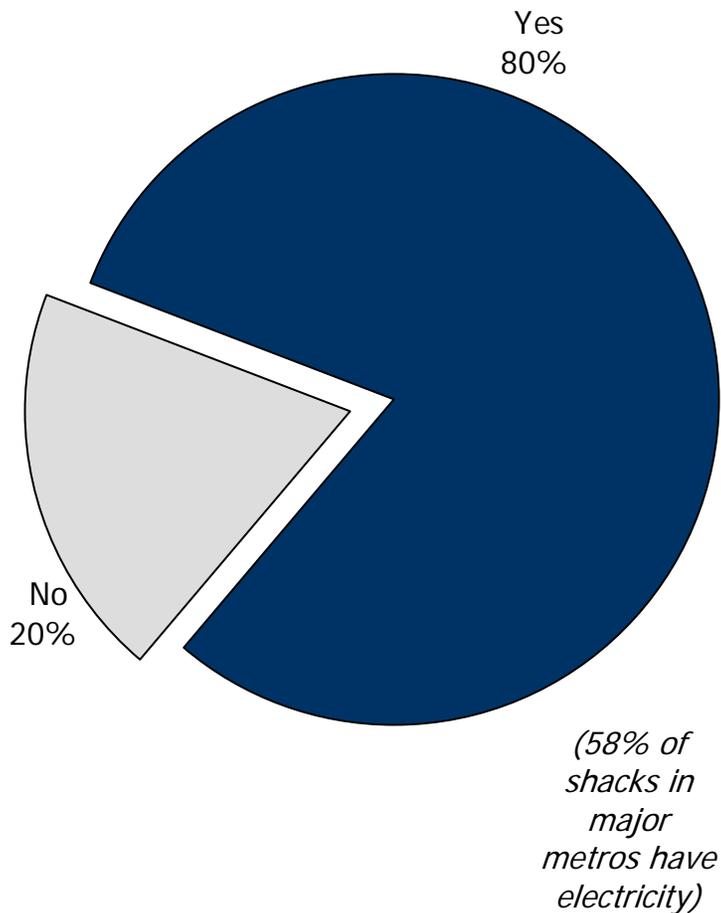
Source: GHS 2006 Household database

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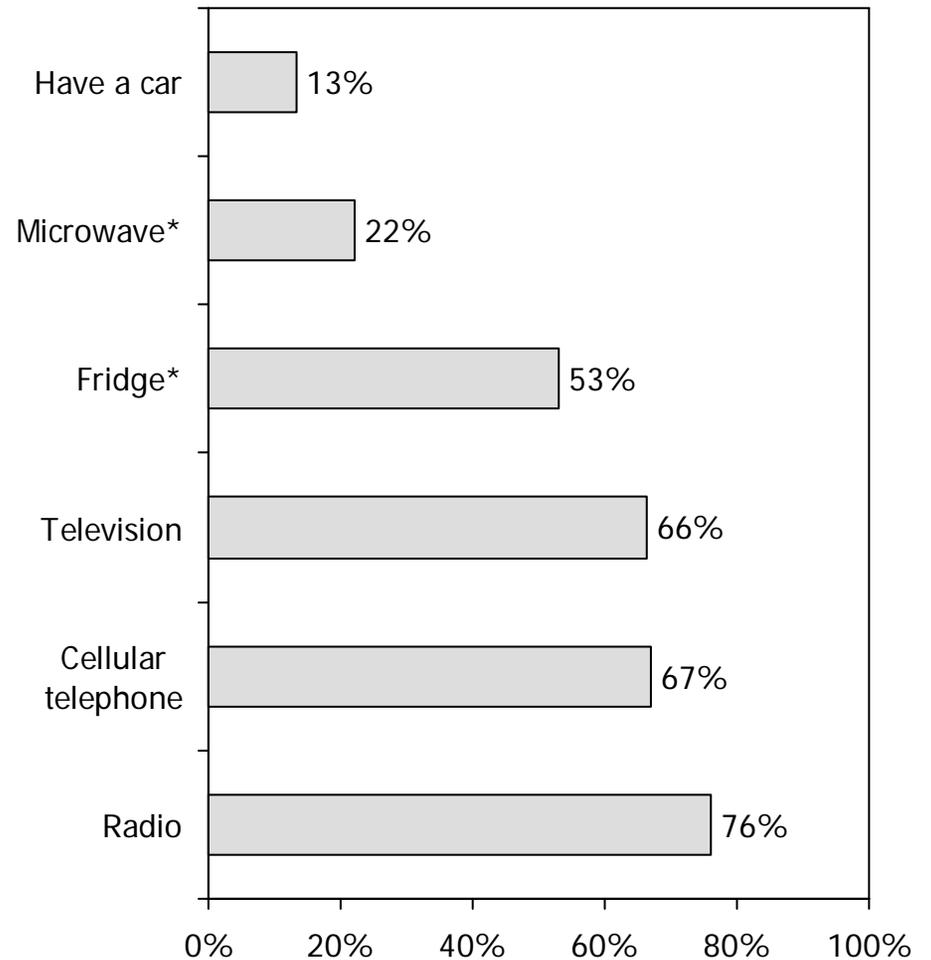
# Basic services: Black urban households

## Urban\*, black: Household characteristics

### Connected to mains electricity



### Household assets

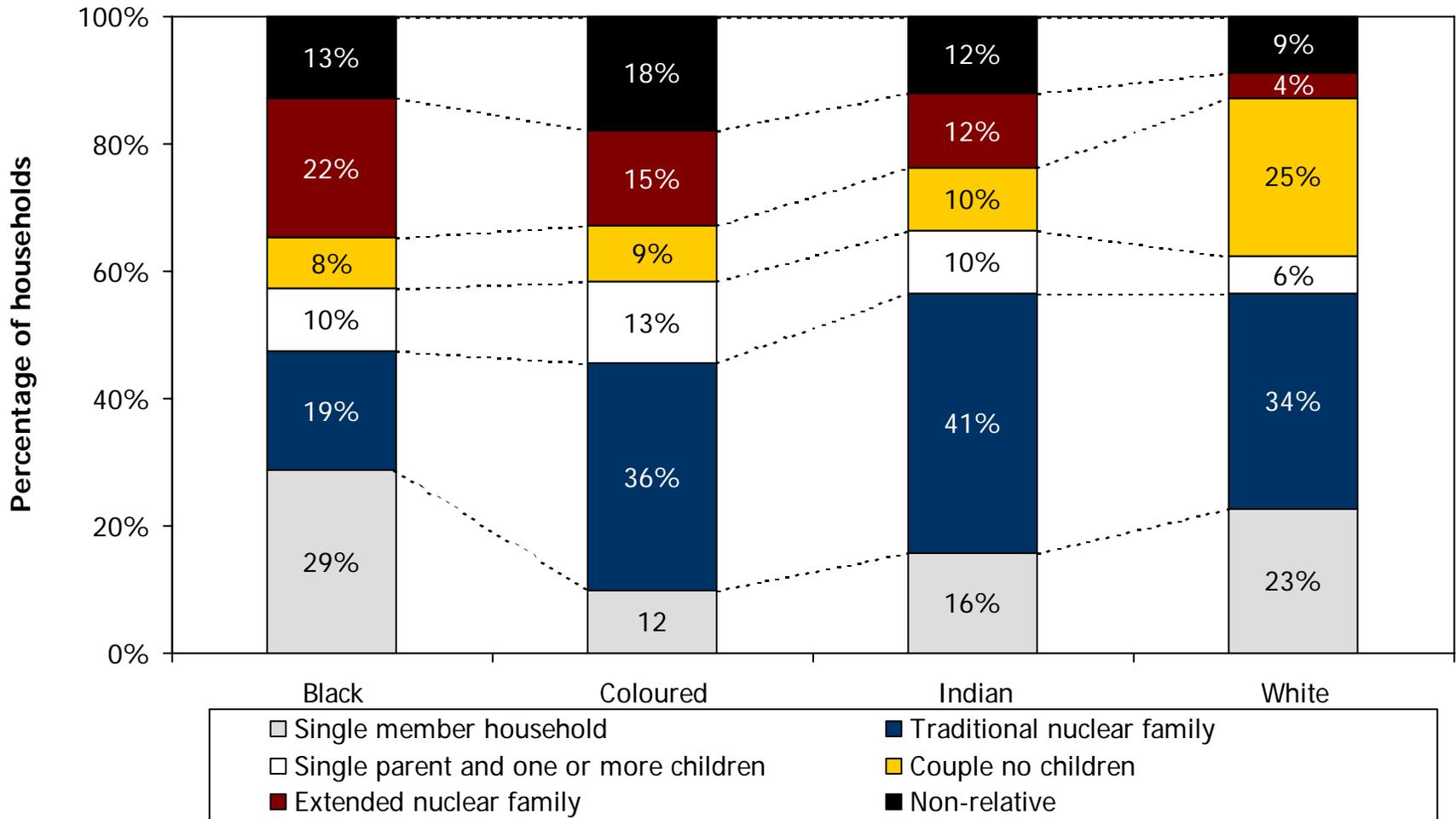


Source: GHS 2006 Household database, data for friges and microwaves from 2005 GHS

\* 2006 – Big 5 metros: City of Cape Town, City of Johannesburg, City of Tshwane, Nelson Mandela, or eThekweni

# There is a significant variance in composition of households in large urban areas across race groups

## Households in large urban areas by race

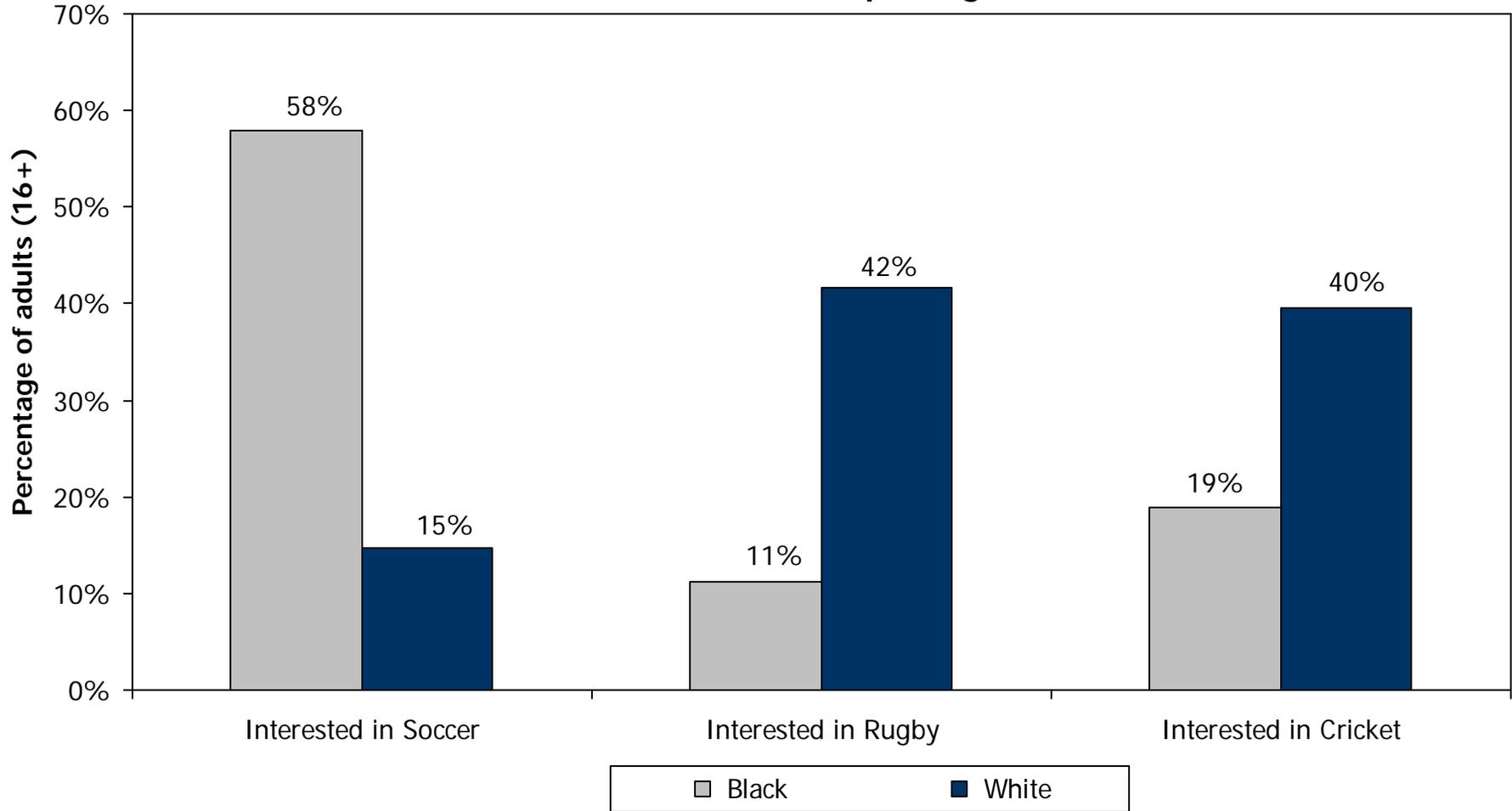


Source: GHS 2005

Note: A household is a nuclear household if and only if it consists of a household head, spouse and children. Extended nuclear families comprise siblings, grandchildren, grandparents, parents and other extended family of the head of the household

# Almost 60% of urban black adults are interested in soccer – compared to 15% of whites

Urban\*, black/white : Sporting Interests

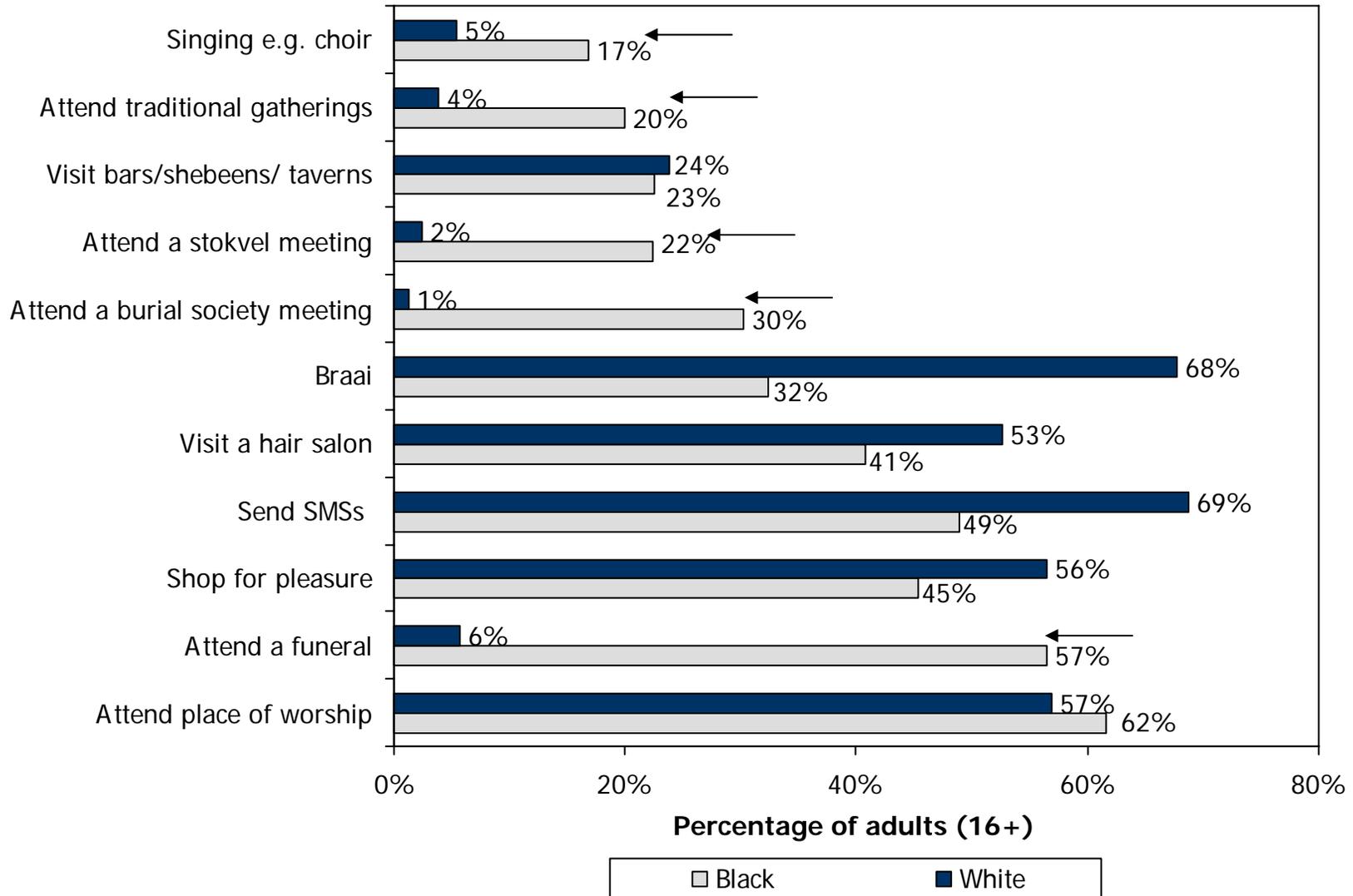


Source: AMPS 2007

\* Large urban areas – community size of 250 000 or more

# Funerals plays a dominant role in the lives of most black urban adults

Urban\*, black/white activities – weekly/monthly

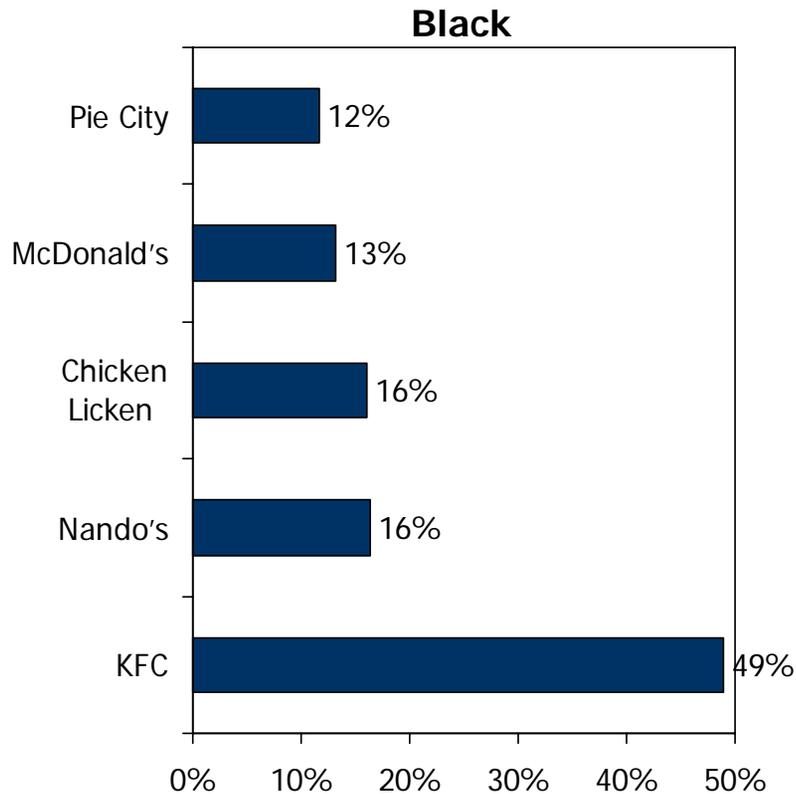


Source: AMPS 2007

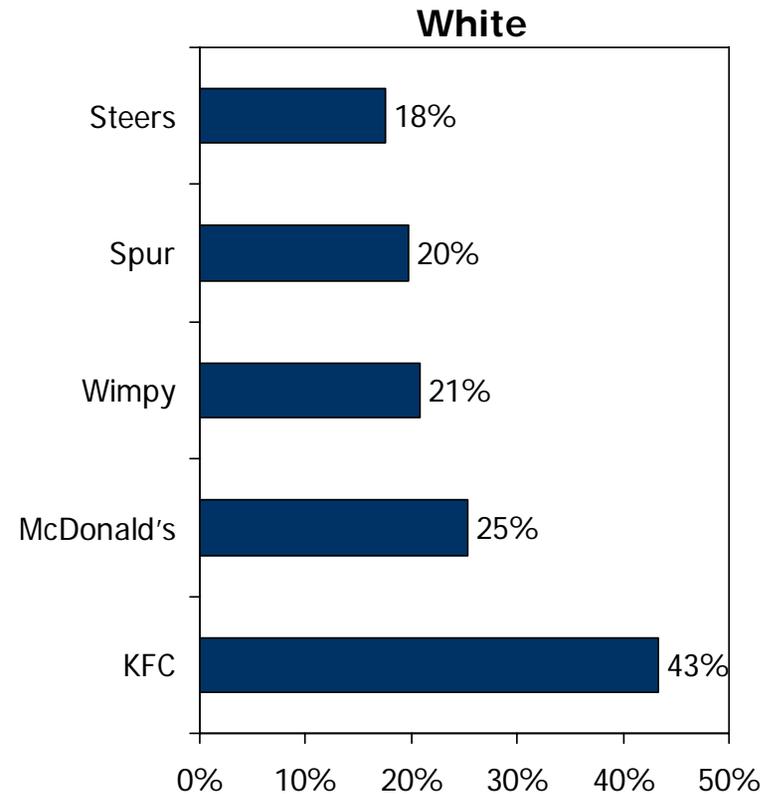
\* Large urban areas – community size of 250 000 or more

# Fast foods: Urban black vs. white

## Urban\*: Top 5 most frequented fast food outlets (past four weeks)



Percentage of adults (16+)

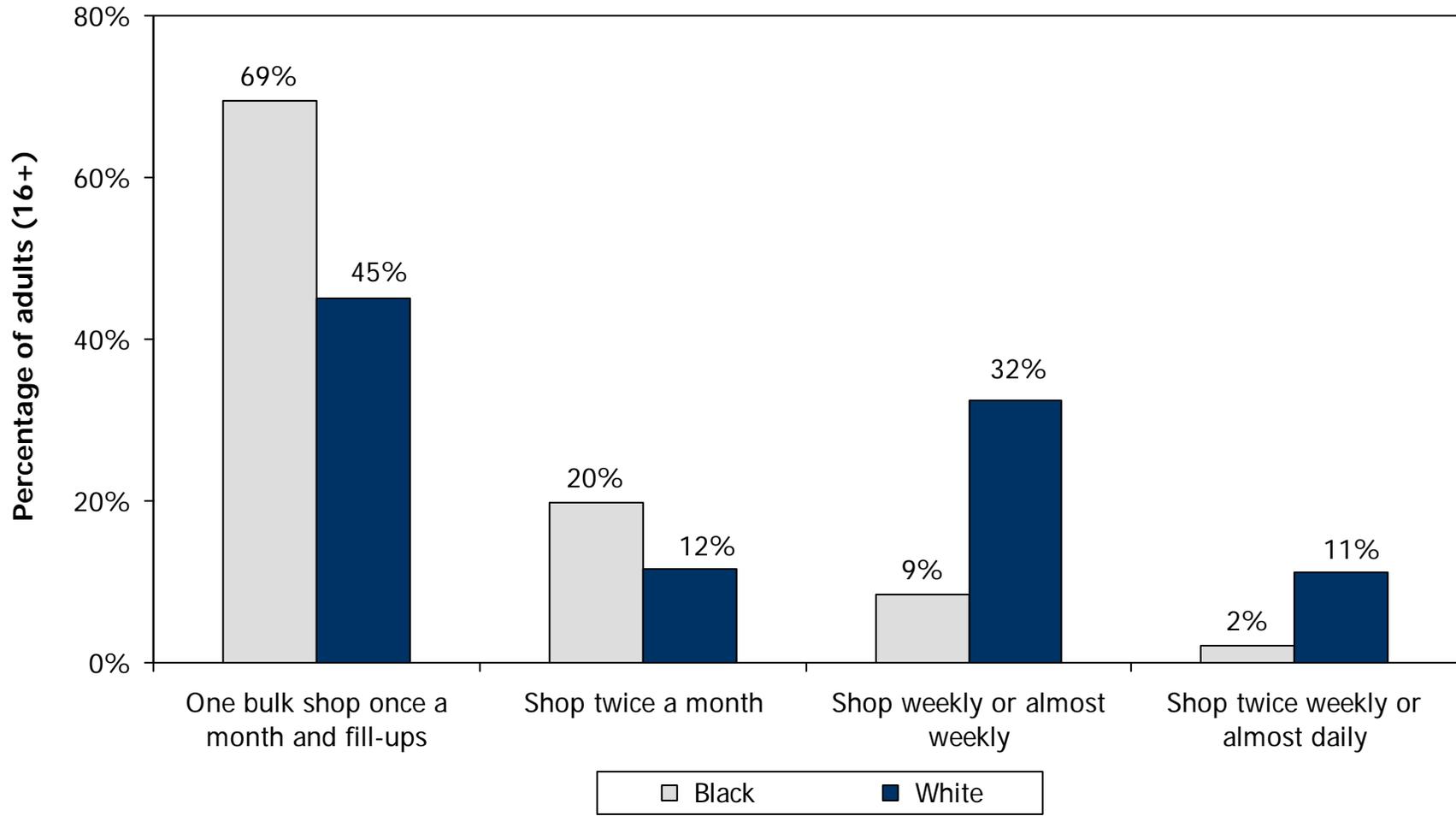


Percentage of adults (16+)

## Fried chicken: crossing the racial divide

# Shopping: Urban black vs. white

Urban, black/white: shopping patterns - if wholly or partly responsible

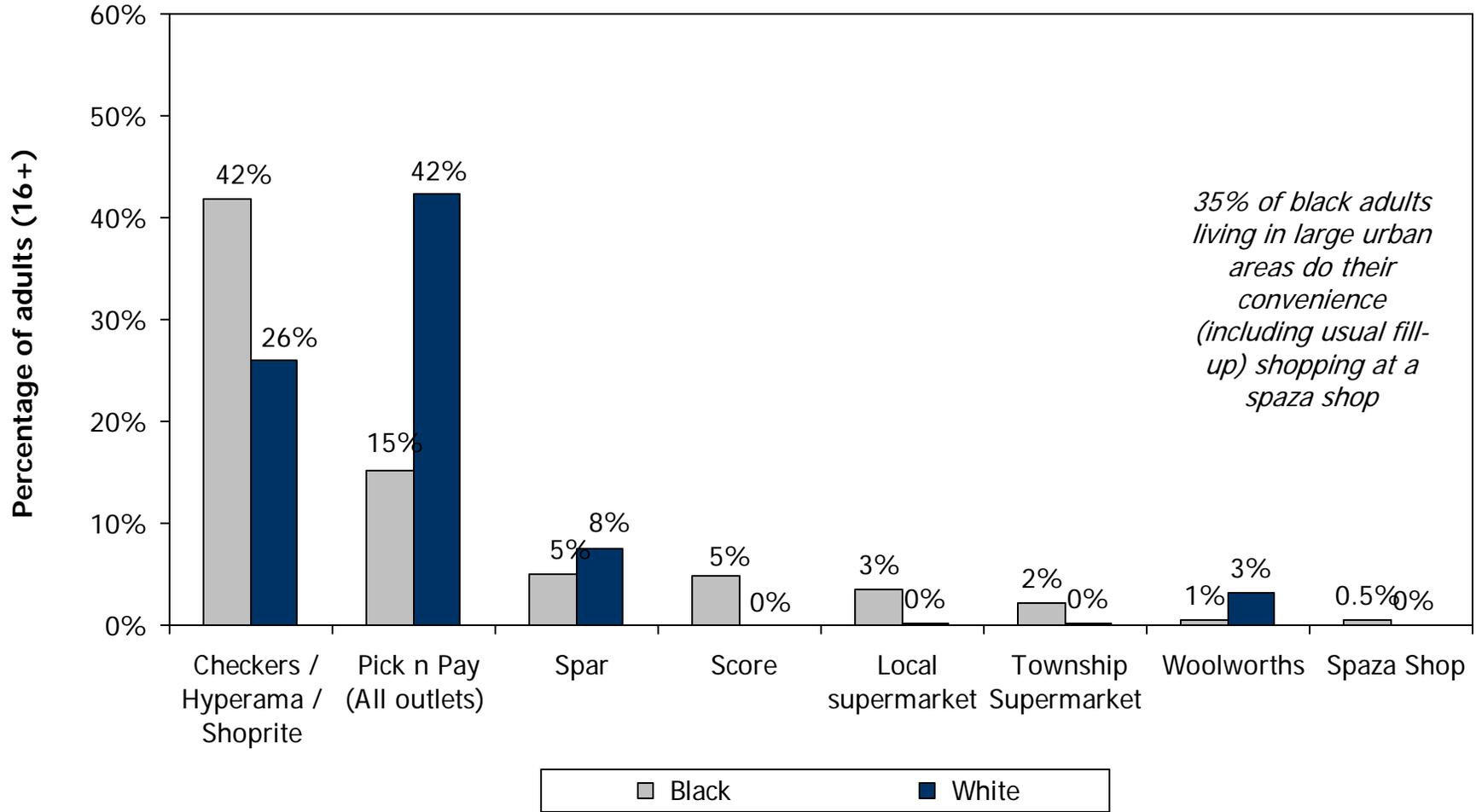


Source: AMPS 2007

\* Large urban areas – community size of 250 000 or more

# Shopping: Urban black vs. white

Urban\*, black/white : Groceries – spend most



Source: AMPS RA 2007

\* Large urban areas – community size of 250 000 or more

\*\* GHS 2006

## Key trend: Formalisation of retailing in townships

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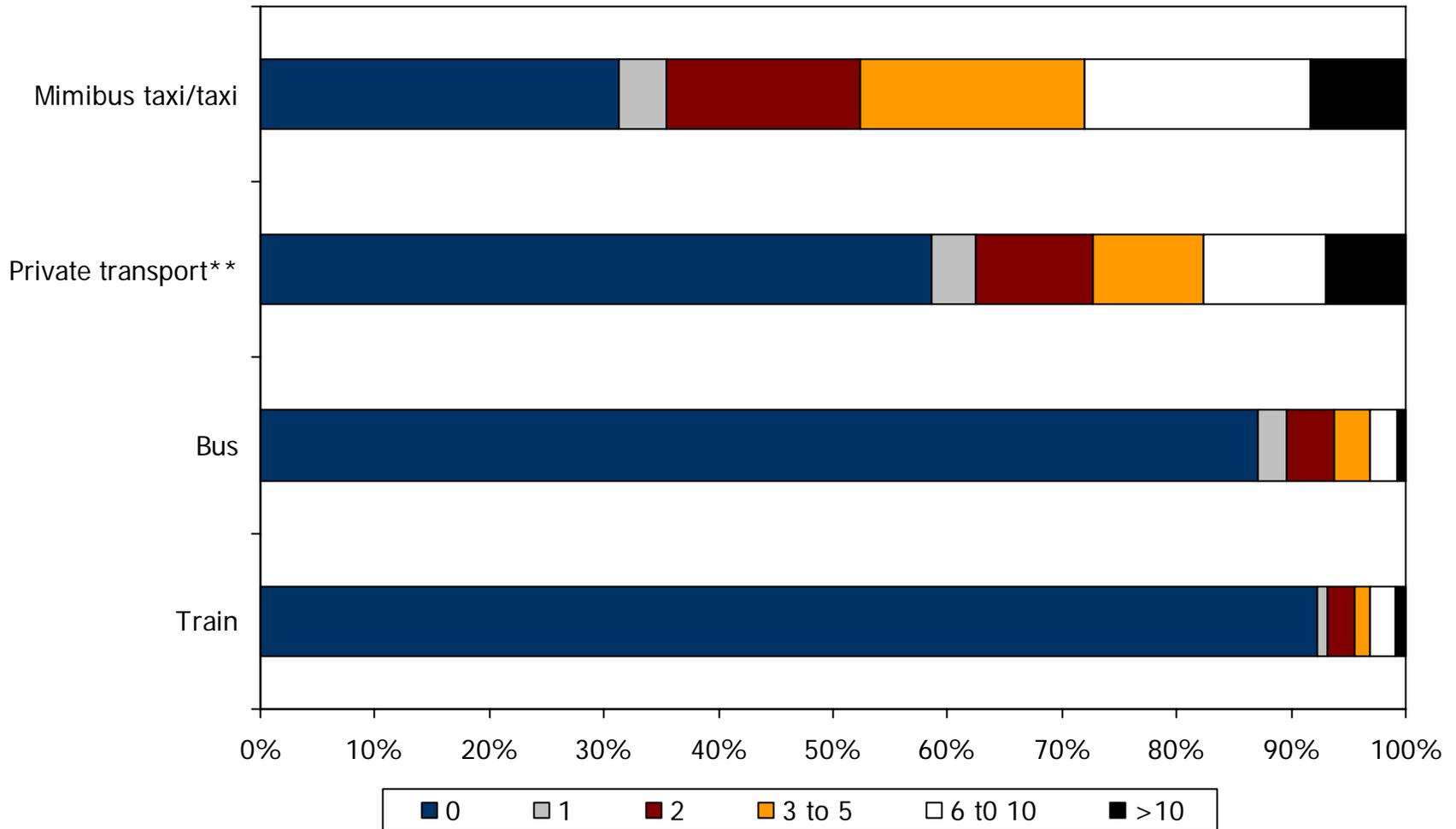
### Shopping centre development: Some examples

- Soweto
  - 65 000m<sup>2</sup>, R650 million Maponya Mall (2007)
  - Dobsonville shopping centre
  - R55 million Baramall shopping centre (2006)
  - R106 million Protea Gardens Mall (2005)
  - 45 000m<sup>2</sup>, R350 million Jabulani shopping complex
- Alexandra
  - R80 million, Alex Plaza (2005) – additional development planned
  - R250 million Alexandra shopping centre
- Cape Town
  - Nyanga Junction Mall
  - Westgate Mall
  - Towncentre complex
  - Vangate Mall
  - Khayelitsha Mall

**What impacts do malls have on local economies?**

# Transportation characteristics of black people living in large urban areas

Urban\*, black: On how many occasions in past 7 days have you used...?

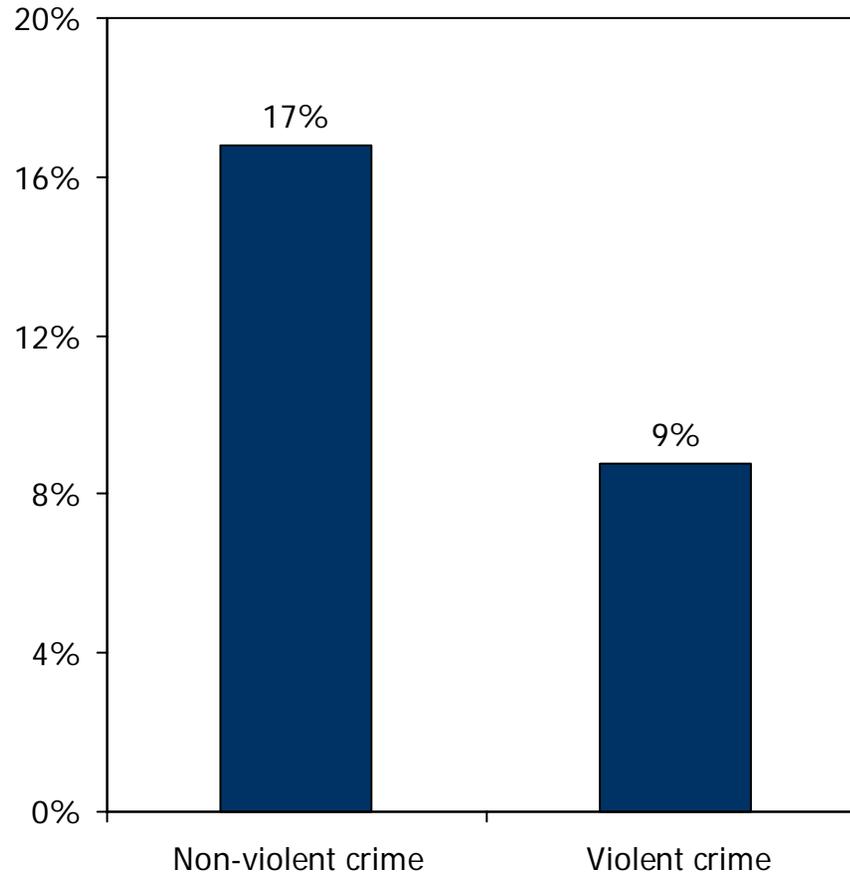


Source: AMPS 2007

\* Large urban areas – community size of 250 000 or more

\*\* i.e. yours or someone else's motor vehicle/motorbike

**Urban\*, black: During the past 12 months, personally been a victim of:**



## Contact details

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