

The story of the Victoria and Alfred Waterfront Development

An African success story in the integration of water, working harbour, heritage, urban revitalisation and tourism development

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See also: "The new waterfront: a worldwide urban success story"
By Ann Breen, Dick Rigby

The Cape Town V&A Waterfront, from run down docks to a “world class gem”.



Table of Contents

Abstract	3
1. Introduction	3
2. International Context	3
3. Brief Historic Review	4
4. Development Programme and Progress.....	6
Development Goals and Objectives.....	6
Phase One.....	6
Phase Two	7
Phase Three.....	7
Phase Four.....	7
Phase Five	7
Phase Six	8
5. Project Budget and Financing.....	8
6. Assessing the Success of the V&A Waterfront Project.....	9
6.1 The Shareholders' Needs.....	9
6.2 The Needs of the Tenants and Operators	10
6.3 The Needs of the General Public and Visitors	11
7. Regional Economic Impact of the Project	12
8. Consulting and International Projects	13
9. Successful Waterfront Design Principles.....	14
10. Waterfront Development Lessons from Cape Town	15
11. Conclusion.....	16
References.....	17

Abstract

This paper gives an historical overview of the V&A Waterfront project and its cultural and social context in Cape Town, South Africa. It then describes how the new waterfront facilities for residential, commercial, retail and leisure uses have been developed, whilst retaining the character of the waterfront as a working harbour. It will also describe how old historic buildings and warehouses have been retained and, through adaptive re-use, restored to new life and vibrancy. The paper will conclude with some lessons learnt on the Cape Town waterfront project over the past fifteen years, which could be of benefit to other city and harbour authorities around the world for their own waterfront revitalisation projects.

1. Introduction

Over the past thirty years some of the world's most innovative real estate developments have taken place at waterfronts. From Boston, Baltimore, Vancouver and Toronto in North America, to Cardiff, London, Rotterdam and Barcelona in Europe, and Sydney, Melbourne, Singapore and Osaka in the Pacific Rim, waterfronts worldwide have become the new retail, leisure and entertainment destinations in port cities. Successful waterfront projects have re-established the rich cultural and historic links between land and water in many port and river cities across the globe.

Fifteen years ago, those who lobbied for what is today Cape Town's Victoria and Alfred Waterfront were regarded as idealistic dreamers. When the V&A Waterfront Company was formed and work started in 1989, most Capetonians said 'it will never happen'. Today, the project receives 22 million visitors annually and commercially it has been one of South Africa's biggest real estate success stories.

Furthermore, no financial institution was willing to provide finance for the project when it was initially announced. If it had not been for the backing of the State-owned South African Transport Services (later corporatised to become Transnet Ltd) who provided the initial funding tranches of South African Rand (ZAR) 205 million the project would also not have been brought to fruition.

The V&A Waterfront has given Capetonians a new sense of pride; it has exceeded expectations and it has earned its place as South Africa's most visited destination — bringing new meaning to the romantic description of Cape Town as the 'Tavern of the Seas'.

2. International Context

Situated at the southernmost tip of the African continent, South Africa covers an area of more than 1,2 million square kilometers, nearly five times the size of the United Kingdom. The terrain varies enormously from sun-scorched deserts, plains and mountains to lagoons and coastal wetlands. Climatic conditions vary from sub-tropical in Kwazulu-Natal to the Mediterranean-style climate of the Western Cape. Infrastructurally, South Africa is the most developed country on the African continent and is home to nearly 45 million people. The population comprises people from several different cultural and ethnic backgrounds, from indigenous Africans to Asians and people of mixed European ancestry. English, one of eleven official languages, is widely spoken throughout the country. Cape Town (with a metropolitan population of nearly 3 million people) is the legislative capital of South Africa. The City, also the capital of the Western Cape (which is one of the nine provinces of South Africa), is linked to the rest of the country by a modern infrastructure of road, rail and domestic air connections. The Western Cape has had a sustained 3% annual economic growth rate over the past decade. Tourism, textiles, viticulture and agriculture are the economic mainstays.

Cape Town's stunning scenery, pleasant climate, rich history and beautiful winelands make it a favourite for tourists. A predominantly first world city, many visitors are surprised at the leading edge technology available

in Cape Town, with advanced satellite links, cellular telephone and electronic banking facilities. State of the art film and video production facilities as well as recording studios have also recently been developed in the City in response to growing international demand to use Cape Town as a base for film production.

The V&A Waterfront lies on the shores of Table Bay and has a dramatic physical setting, located between two of the world's greatest urban icons — Table Mountain and Robben Island. With easy access to the central business district, Cape Town's two major freeway access routes and the Atlantic seaboard, the V&A Waterfront is favourably located for both successful businesses and convenience for residential and recreational purposes. The V&A Waterfront is easily accessible from most parts of metropolitan Cape Town and is within twenty minutes' drive from Cape Town International Airport.

South Africa receives around 6 million international tourists annually. The Western Cape receives 1,5 million foreign visitors per annum and 5,1 million domestic visitors. Tourism contributes over 9% to the Western Cape's Gross Regional Product, compared to tourism's estimated 8% contribution to South Africa's Gross Domestic Product.

3. Brief Historic Review

The developmental history of Cape Town's Foreshore and Waterfront has its origins in 1652, when the Dutch East India Company established a refreshment station at the Cape to serve its trading fleets en route to and from its colonies in Asia.

Table Bay is not a natural harbour. Although partially protected from the summer southeasterly gales, the winter north-westers drove hundreds of ships aground with periodic tragic loss of life. The first Dutch commander, Jan van Riebeeck, built the first small jetty that remained in use until well into the 19th century.

Another legacy from the Dutch period was the system of coastal fortifications constructed along the Table Bay coastline, to defend Cape Town against foreign invaders. Two of these fortifications, Chavonnes Battery (circa 1726) and Amsterdam Battery (circa 1794) were located within the area that now forms part of the V&A Waterfront site. The remains of these two fortifications have been the subject of extensive archeological investigations. These remains form an integral part of the Waterfront's cultural-historical landscape and are being incorporated as features into new development projects.

Although the first British occupation of the Cape in 1795 transformed the local economy, very little harbour development took place before 1860. In June 1858 serious winter storms wrecked over 30 vessels. As a consequence, Lloyds of London refused to cover ships wintering in Table Bay.

In 1859 plans were approved by the Cape governor, Sir George Grey, and the British Imperial Government for the construction of Cape Town's first harbour.

On a sunny September 17, 1860 nearly all of Cape Town's inhabitants gathered at the Waterfront. Amidst a carnival atmosphere, Midshipman HRH Prince Alfred, Queen Victoria's second son, tipped the first load of stone to start construction of the breakwater for Cape Town's first harbour. It was a day of incomparable celebration for the town's folk. Apart from the occasion of the first Royal visit to the Cape Colony, it was a significant day for Capetonians who had suffered the vexations, dangers and delays of the previously inadequate port facilities.

The Alfred Basin, the first of a number of basins providing shelter for shipping, was completed ten years later in 1870. However, almost immediately it was too small for the increasing fleets and growing size of the ships. Steam ships had replaced sail, while gold and diamonds had been discovered and the development of the South African hinterland had begun. A second basin, the Victoria Basin, was completed 35 years later and served as the gateway to Southern Africa until the mid-1930's.

Nobody anticipated that Cape Town would lose its gateway status with the growth of air transport, nor did anybody anticipate that by the mid-1940's the City's reclaimed Foreshore would, in effect, cut off the old City from the sea.

In 1937 the South African Parliament approved plans for a new deep water harbour basin to be constructed to the south of the Victoria and Alfred Basins, with an associated massive land reclamation project to create a new Cape Town Foreshore. Work started in 1938 and was completed in 1945, after being delayed by the Second World War. A 230ha tract of Foreshore land was created in the process for city expansion. Development of the Foreshore was extremely slow and by the 1970's much of the area remained as a treeless wasteland of sand and parked cars. The Foreshore Freeway road plans of the 1960's also added massive elevated freeways to the roads and traffic circles already separating the Foreshore from the Port. Cape Town had effectively been cut off from its historic coastal heritage and the public denied access to the water's edge.

Although the Victoria and Alfred Basins became the centre for Cape Town's fishing industry and smaller scale ship repair activities during the 1960's, the area was relatively isolated as a result of customs fences and became derelict and underutilised during the 1970's.

In 1984 the Mayor of Cape Town, Alderman Sol Kreiner, formed a Waterfront Steering Committee and started lobbying to re-establish the City's links with the sea. A group of enthusiasts organised a festival in the historic harbour precinct, to focus public attention on the area.

It was as a result of this that a committee was established in 1985 by the Ministers of Transport Affairs and of Environmental Affairs and Tourism to investigate the potential for greater public use of harbour areas. The committee was under the chairmanship of Arie Burggraaf, SA Harbours' Chief Engineer at the time. The Burggraaf Committee reported on Cape Town harbour in 1987, proposing that the historic docklands around Victoria and Alfred Basins be redeveloped as a mixed-use area focusing on retail, tourism and residential development with the continuing operation of a working harbour. The Cabinet of the South African Government accepted the recommendations in full in June 1988.

In November 1988, Victoria and Alfred Waterfront (Pty) Ltd ("V&AW") was established as a wholly-owned subsidiary by Transnet Ltd to redevelop the historic docklands around Victoria and Alfred Basins as a mixed-use area with a focus on retail, tourism and residential development, with the continued operation of a working harbour. The main planning motivation for the project was the re-establishment of physical links between Cape Town and its waterfront in order to create a quality environment; a desirable place to work, live and play; and a preferred location to trade and invest for Capetonians and visitors.

From an economic point of view, the historic part of the Port of Cape Town had become underutilised as a result of changing shipping technology and harbour expansion. A valuable land asset had to be converted to alternative uses in order to generate value and income for the landowner.

Extensive market research was undertaken, covering aspects such as retail demand, tourism opportunities, demand for hotel development and the state of the residential market along Cape Town's Atlantic seaboard.

4. Development Programme and Progress

After a year of public consultation and negotiations to obtain Cape Town City Council's urban planning approval, redevelopment started at the end of 1989 with the installation of new services infrastructure. This was a victory for the citizens of Cape Town, who had campaigned vigorously in the late 1970's and early 1980's to reverse the isolation of the City from its waterfront as a result of land reclamation, railway lines and freeway construction.

An important element in the V&AW's overall strategic development concept was the retention of the working elements of the harbour, which provide vitality and an exciting backdrop to new development. These working harbour features include the harbour tugs, the pilot and fishing boats, and shipping traffic to the Synchronlift and Robinson Graving Dock. Authenticity has been a key objective in the replanning and design of the area and the restored fabric provides a rich maritime experience for visitors.

Development Goals and Objectives

The corporate ethic adopted by the V&AW for its initial Urban Plan and Development Framework in 1989 was to make the historic harbour of Cape Town a very special place for Capetonians and visitors.

To fulfill this ethic, the following Project Goals were set:

- Create appropriate public places within the V&A Waterfront;
 - Develop the V&A Waterfront in ways which account for its special location, conditions & history; and
 - Achieve financial self-sufficiency and the maximization of value through development & management.
- The following specific Objectives were set to achieve these project goals:
- Create a rich and diverse environment;
 - Promote tourism and recreation;
 - Create residential development opportunities;
 - Create a viable business base;
 - Restore the historic link between the harbour and the City of Cape Town;
 - Conserve and enhance elements with cultural significance;
 - Improve public access to the waterside; and
 - Adopt a flexible development programme that can respond to changing market trends.

Phase One

Although the initial urban planning covered the entire 123-hectare site, the first development phase focused on the Pierhead Precinct. Within this precinct the original Port Captain's Offices, the City's first Electric Light & Power Station, the warehouses and numerous smaller buildings and dwellings had suffered through years of insensitive and inadequate maintenance, and industrial use. The general environment retained the elements of a working harbour, while the rich fabric of crafted granite quay walls and timber wharves and jetties offered one of the most romantic settings in the City. The refurbishment of these buildings for the new uses took place during 1990, and was largely completed by Christmas of that year.

The Pierhead became the initial public focus of the Waterfront project and the building restoration programme introduced new uses such as restaurants, taverns, speciality shops, the V&A Hotel, a theatre, an

arts and crafts market, and the national Maritime Museum into derelict harbour warehouses, workshops and stores. Some new marina moorings and hard and soft landscaping complemented the Pierhead's quayside ambience.

Phase Two

Phase Two of the project saw the completion of the 26 500m² Victoria Wharf speciality retail and entertainment centre at the end of October 1992. The additional restaurants, entertainment and speciality shopping provided the critical mass necessary to make the V&A Waterfront the most visited shopping and entertainment destination in the Cape Town downtown for locals, domestic visitors and international tourists alike.

The old Breakwater Prison was leased to and converted by the University of Cape Town into its new Graduate School of Business campus. This development included the 330- room Breakwater Lodge, as a commercial venture where accommodation not required for the Business School would be placed on the hospitality market. It has been a resounding success. During 1993 the Waterfront City Lodge hotel was opened and the Caltex service station and regional head office was also completed.

Phase Three

Phase Three of the project got underway in January 1994. During 1994 and 1995 the following major projects were completed: BMW Pavilion and IMAX theatre, Auto Atlantic BMW motor dealership, the Two Oceans Aquarium and the Granger Bay shore protection works.

Phase Four

Projects which were completed during 1996 and the first quarter of 1997 comprised an 18 000m² extension to Victoria Wharf shopping centre, the 120-room, five-star Cape Grace Hotel on West Quay where the New Basin had been flooded, and the 330-room, five-star Table Bay Hotel on Quay 6.

Phase Five

The planning approvals for Phase Five of the project were obtained from the Cape Town City Council during the latter half of 1999. This development phase had two major initiatives: Sector One of the V&A Marina residential development and a mixed use development in the Clocktower Precinct.

Upon completion the V&A Marina luxury housing project will comprise of some 550 apartments and 150 moorings for yachts and other recreational craft in the heart of the V&A Waterfront. Construction on the first phase got underway at the beginning of 2000. It has proved to be some of the most sought-after new residential accommodation in Cape Town, with the first phase virtually sold out off plan within less than seven months. The first residents moved in during the middle of 2001. Sector One of the V&A Marina, comprising of 10 construction phases with a total of 273 apartments, was completed in 2004.

The development of the Clocktower Precinct has seen the integration of fishing industry activities with new uses such as retail, offices and a public ferry terminal to service Robben Island. Used at various times as a hospital, leper colony and a military base, Robben Island gained international recognition as the site of the political prison where former President Nelson Mandela spent 18 years of his life. The Island, declared a World Heritage Site at the end of 1999, is currently being redeveloped by the State as a museum and public visitor attraction. Linking it with the V&A Waterfront has ensured a synergistic relationship between two of Cape Town's most important visitor attractions. The first stage of the Clocktower Precinct project also included a 25 000m² Corporate Headquarters for the Board of Executors. The ground floor of the office project incorporates the historic ruins of the Chavonnes Battery, the Dutch coastal fortification dating from

1726. The balance of the first phase comprises the Nelson Mandela Gateway to Robben Island, a 1 000-bay parking garage, a 5 600m² tourism centre, retail shops and restaurants, 3 800m² of offices and 2 500m² of fishing industry activities. The project was completed in mid-2002.

Phase Six

Phase Six of the V&A Waterfront Project is currently under construction and is due for completion at the end of 2006. This development phase comprises of the following projects: Sector Two of the V&A Marina residential development, Kerzner International's luxury 150-key One & Only V&A Waterfront Hotel, the 8 500m² Regional Headquarters of BP, a 6 000m² extension to Victoria Wharf Shopping Centre, a 1 250-bay parking garage, two office projects with a combined floor area of 10 000m² and an extension to the V&A Hotel. Development of Sector Two of the V&A Marina, consisting of 230 residential units, commenced with sales in 2003 and construction in 2004. The intended completion date of the entire V&A Marina project and the One & Only V&A Waterfront Hotel is at the end of 2006.

5. Project Budget and Financing

The launch of the V&A Waterfront project in 1988/89 took place at a very difficult time in South Africa's history. Although it was towards the end of the minority Government regime, it was still more than five years before the first democratically elected Government came into power in May 1994. South Africa was still politically very isolated from the rest of the world and the country was in a general economic recession.

There were no Government or Municipal subsidies to kick-start the V&A Waterfront project. It had to succeed commercially from the outset and had to be sustainable on the basis of the domestic support and acceptance of the project by the public of Cape Town.

The North American waterfront precedents were encouraging, but nothing like this had previously been attempted in South Africa. Urban conservation, a key aspect of the development plan, was regarded by many to be over-idealistic and costly.

The project has been self-sufficient in terms of all the development capital being raised on a commercial basis. ZAR 1 428 million has been invested in the project to date, with nearly ZAR 900 million thereof being invested by the Transnet Pension Funds and Transnet Ltd.

Approximately ZAR 246 million has been private investment in commercial projects, whilst ZAR 282 million has been private investment in residential projects. A further ZAR 1 600 million has been budgeted for further V&A Waterfront projects over the next five years. The following table summarises the project budget by phase and age:

Project Phase	Completion Date	Budget (ZAR million)
1	December 1990	65
2	October 1992	140
3	May 1997	528
4	December 2000	95
5	December 2002	312
V&A Marina Residential Sector One	December 2004	282
6	December 2006	570
V&A Marina Residential Sector Two	March 2007	1 008
Total		3 000

The sustained success of the early years is testimony of the support received from the V&AW shareholders, the competence of the V&AW management and the overwhelmingly positive response to the project from the Capetonians and visitors. There were also many pioneering tenants, operators and businesses that formed the core of the first new commercial enterprises that opened at the V&A Waterfront at the end of 1990.

6. Assessing the Success of the V&A Waterfront Project

The success of the V&A Waterfront project can be reviewed in terms of the differing needs of the three key stakeholder groups:

- The V&AW's shareholders
- The V&A Waterfront's tenants and operators
- The general public and visitors

6.1 The Shareholders' Needs

V&AW's shareholders are the three pension and provident funds that previously comprised the Transnet Pension Fund (a combined shareholding of 74%) and Transnet Ltd (26%). Transnet Ltd is the State-owned South African transport business conglomerate which controls, amongst others, Spoornet (the national rail carrier), the National Ports Authority of South Africa, South African Airways, Petronet (the national petroleum pipeline network) and Freight dynamics (a national road transport carrier).

The V&AW acts as the developer of the project and also as property manager – managing the site in terms of tenancing, security, cleaning, maintenance, marketing and administration. Tenants are secured by way of leases ranging from monthly to 99-year lease periods. The V&AW must ensure that real value is added with each investment and that there is continued overall growth in the total investment under management.

As with any investment, the primary reason for the four shareholders' ownership of the V&A Waterfront is to earn a return on the capital invested. All other benefits that may accrue, such as the restoration of the historic buildings, and the value of the Waterfront to the Cape Town economy, will be relevant only if they add value to the investment.

There are many factors that go towards making any property investment a success. Some of these factors are outside the control of the investor, being macro factors such as the state of the economy, while the investor can influence others. The following are a number of the more critical factors that have influenced the success of the V&A Waterfront from the shareholders' perspective:

The unique planning framework, with its flexible use rights. This allows the development plan to be altered to meet changing market demand.

The continued application of the original vision and the rejection of financial expediency which could sideline this vision.

The protection of the overall environment, such as, for example, the maintaining of the working harbour components as part of the redevelopment and the adaptive reuse of the historic buildings.

The retaining of the property as a single unit under the control of one owner. This has prevented any potential conflict that could have occurred if it had been split up and sold to several owners.

The diversity of uses within the one property. The V&A Waterfront has been developed with a view to creating a mixed-use property portfolio with residential, retail shops, offices, entertainment, hotels and industry all co-existing side by side in a controlled environment.

The careful monitoring of the pace of development and the fact that new buildings have been put up to meet market demand. The rate of development has not been governed by a capital expenditure budget, but by the dictates of the market as interpreted within the guidelines of the vision and overall development plan.

The high security and cleanliness standards that have been adopted by the V&AW.

The strong level of local support from Capetonians for the facilities at the V&A Waterfront.

The world-renowned success of the V&A Waterfront development and its attraction to foreign visitors.

The shareholders have committed themselves to ensuring that the V&AW's vision and the development plans are brought to fruition. Their return on investment is above its original expectations, and as long as the South African economy and the tourism industry continue to grow, it should see a good rate of growth in its return well into the future.

Waterfront property development, as most property development projects, is not a license to print money. It remains a highly risky business, subject to fierce competition for the discretionary spending of locals and tourists. The V&A Waterfront project in Cape Town has succeeded because it has been run as a business. No State or Provincial grants or subsidies have been made available for the project – all funding, including expenditure on infrastructure projects, has been raised on a commercial basis.

6.2 The Needs of the Tenants and Operators

For any commercial property venture to succeed requires strong and successful tenants. If Waterfront tenants make money, so will the project's investors. However, as anyone involved in property management will know, tenants also demand a lot of attention and "tender loving care" from the landlord.

Two important principles should ensure a relatively harmonious relationship between landlord and tenants:

- Retain very strict control in the user clauses in lease agreements
- Protect the tenants' income base by controlling over-trading in certain sectors and by being equitable in landlord rental charges.

These two principles point to the fact that, to be commercially successful, the waterfront development should ideally proceed under a single management structure.

It is essential that there be centralised control over the tenant mix and the variety of activities or uses.

The following are some of the critical success factors from the tenants' perspectives:

The V&AW has given preference to owner-operators, as opposed to group or franchised operations. This has ensured a unique mix of talent, vision and ideas from operators who put a personal stamp on their individual operations.

Careful attention has been given by the V&AW to ensure a mix of tenants that provide operations that are complementary as well as competitive. This allows the individual operator to position his establishment to best advantage by marketing it to a particular market segment.

A waterfront project must focus on niche markets because, unlike a regional shopping centre, it usually draws its custom from a far broader demographic spectrum.

A major benefit to traders in the V&A Waterfront has been the collective marketing and brand building undertaken by the V&AW for the overall project and on behalf of all categories of tenants. As a consequence, a strong international brand awareness of the V&A Waterfront has been created.

The focus on tenancing must be on establishing a high impact mix of entertainment facilities, which includes shops, restaurants, cinemas and museums, as well as special visitor attractions such as an aquarium, maritime museum and a science centre.

Extended trading hours of businesses and visitor attractions offer special visitor appeal and allow tenants such as restaurateurs to trade beyond the traditional lunch and dinner times. The minimum V&A Waterfront trading hours are from 09h00 to 21h00, seven days a week. This is strictly enforced in terms of the lease agreements.

The V&AW places a high premium on safety and security of property and visitors alike. For the operators and tenants this has tangible value, since it removes the need for more elaborate individual security measures within each establishment.

The V&A Waterfront attracts over 22 million repeat visits per annum. This high foot traffic translates directly into greater numbers of casual or impulse buyers or diners. The restaurateurs have the opportunity for multiple table turns in a single sitting, which increases turnover and smoothes out peaks and valleys in trading patterns.

6.3 The Needs of the General Public and Visitors

For any commercial property venture to succeed requires the sustained support and patronage of the general public and visitors alike. Public visitorship since the commencement of trading at the V&A Waterfront at the end of 1990 far exceeded the initial expectations. There has been a sustained growth in this visitorship over the past 14 years and the V&A Waterfront has now become one of Africa's most visited destinations, with an average annual visitation of over of 20 million people since 1997. During 2004 the visitation exceeded 21,5 million people. The V&A Waterfront strives not to be a tourist trap where Capetonians and local patrons feel alienated. Recognising the need to cater for both the local and tourist markets, the V&AW believes that visitors will seek out the places favoured and frequented by locals.

The veracity of this is confirmed by the annual market research and tracking surveys conducted by the V&AW. The V&A Waterfront's visitor profile is comprised of 65% local Capetonians, 21% foreign tourists and 14% domestic tourists. The two major markets for foreign visitors are the United Kingdom (30%) and Western Europe (40%). This visitor profile indicates immensely strong local support as well as international patronage. In April 1995, the V&A Waterfront was awarded the South African Tourism Board's prestigious Chairman's Award for its contribution towards the promotion of tourism in South Africa.

The V&A Waterfront's visitor statistics compares very favourably with some of the world's foremost waterfront projects, such as Pier 39 and Fisherman's Wharf in San Francisco, Faneuil Hall Marketplace in Boston, Inner Harbor in Baltimore and Darling Harbour in Sydney.

International best practice indicates that a crucial part of the enduring success of any waterfront development is the hosting of a sustained programme of entertainment and special events.

The V&A Waterfront hosts large-scale events like the series of weekly concerts during the summer season provided by the Cape Town Philharmonic Orchestra, as well as the annual Waterfront Jazz Festival held in January.

These free concerts are immensely popular and draw up to five thousand people who gather at the Waterfront Amphitheatre.

There are also regular choir performances as Cape Town has a tradition of choral singing, as well as jazz concerts and appearances by international and local artists.

Buskers, which include street musicians, dancers, acrobats, mimes, jugglers and magicians, also provide an important entertainment service.

They are initially auditioned by the V&AW and for those who qualify to perform, the V&A Waterfront has become a source of continued employment as well providing, in some cases, an opportunity for furthering their entertainment careers.

The V&A Waterfront, as a Western Cape tourism industry leader, strives to complement the Cape's other attractions by promoting assets such as the wine, flower and fruit industries, both in terms of annual special events and with appropriate speciality shops and restaurants. The annual Waterfront Wine Festival has become the biggest event of its kind in the Western Cape.

Successive annual visitor tracking surveys have found that the following were the key reasons why the general public and visitors come to the V&A Waterfront:

- The longer and more convenient shopping hours.
- High standards of safety and security
- Easy access and adequate public parking
- Good customer care and service excellence
- High standards of cleanliness and maintenance
- Ambience and multiple entertainment options

7. Regional Economic Impact of the Project

Five independent research studies on the job creation impacts of the V&A Waterfront project have been undertaken since 1992. The findings are an independent factual assessment of the project's contribution to Cape Town's regional economy.

The most recent (2004) survey shows that the total permanent employment at the V&A Waterfront, excluding the fishing industry and industrial activities, amounted to 11 1100 jobs. Over 80% of the jobs are newly created jobs. Therefore it represents real regional economic growth and not displaced growth. The fishing industry and industrial sector jobs within the V&A Waterfront is estimated at 4 220.

The cumulative permanent jobs at the V&A Waterfront is projected to grow to 12 270 by the completion of the development, excluding the jobs in the fishing industry and industrial sectors.

Employment in the V&A Waterfront's construction and development phases since 1990 amounted to about 15 850 equivalent annual jobs, of which 50% were in the entry-level category of labourer. Over the project's estimated 20-year development horizon, a cumulative total of some 21 000 jobs are likely to have been sustained at the V&A Waterfront through the project's development and construction activities.

The research indicated that an employment multiplier effect of 3,1 is applicable to V&A Waterfront employment creation – therefore, for every new job directly created at the Waterfront, up to 2,1 are created indirectly elsewhere in Cape Town's economy. Similarly, the multiplier for construction is estimated at 2,9.

In less than 15 years the V&AW became the biggest individual ratepayer in the City of Cape Town.

Furthermore, the V&A Waterfront project annually pays substantial municipal property taxes to the City of Cape Town, besides also paying full service charges for all municipal utilities such as water, electricity and sewerage. During the current (2004/05) budget year the V&AW will be paying nearly ZAR 30 million in

municipal property taxes – up from the initial payment of less than ZAR 1 million in 1990/91. In addition, a further estimated amount of ZAR 35 million will also be paid in the current financial year for municipal utilities. In less than fifteen years the V&AW has become the biggest individual ratepayer in the City of Cape Town.

8. Consulting and International Projects

The V&AW has had 15 years' experience in managing and operating a 123ha mixed-use waterfront and marina project in Cape Town. Through this experience, the V&AW management team has developed a successful track record and unique capabilities on waterfront and marina projects. Although the team has remained focused on the V&A Waterfront project in Cape Town, it has since 1993 also provided consulting and development services to other selected international waterfront projects. The following is a summary of these projects:

- Advisor to Mauritius Commercial Bank on its US\$ 36 million Caudan Waterfront Project in Port Louis, Mauritius (1993-1996).
- Consultant to the Berkeley Festival Waterfront Company Limited on a 44 000 m² mixed use retail and entertainment centre (total development cost GB£ 150 million) at the Gunwharf Quays Waterfront project in Portsmouth, England (1997-2000).
- Co-promoter and joint venture development partner for a US\$ 140 million waterfront and tourism gateway project in Libreville, Gabon (Since 1998).
- Consultant and advisor to the Lagos State Government, Nigeria, in doing prefeasibility and feasibility studies for a US\$ 400 million coastal rehabilitation and waterfront project at Bar Beach, Victoria Island, Lagos (2000-2001).
- Advisor to Pacific Investments Plc on the redevelopment of its 24 000 m² mixed use Maremagnum retail and entertainment centre in Port Vell Waterfront, Barcelona, Spain (2002).
- Consultant to the Krasnodar Krai and Gelendzhik Administrations in the Russian Federation for the preparation of an integrated tourism development strategy and framework plan for the resort town of Gelendzhik on the Black Sea (2003-2005).
- Consultant to the Thessaloniki Port Authority in Greece in doing an initial assessment study for the proposed Thessaloniki Waterfront Project (2003).
- Consultant and special advisor to the Oman Tourism Development Company on its 200ha "The Wave" mixed-use waterfront and marina resort project in Muscat, Sultanate of Oman (2004).

In participating in these international waterfront project opportunities, the V&AW tends to avoid "recipe" proposals, recognising that every city and every waterfront location is unique. However, there are key success factors and design criteria developed by the V&AW team on the Cape Town project that can be applied with success to any waterfront project opportunity. The last part of this paper will, in conclusion, summarise these design criteria and key success factors as they have been evolved on the V&A Waterfront project.

9. Successful Waterfront Design Principles

During the past four decades many towns and cities around the world have embarked upon waterfront revitalisation, marina and resort projects. Some have been quite successful, reaping profits for investors and developers and spurring the rehabilitation of surrounding areas. Other waterfront projects, however, have been costly disappointments. A key element which distinguishes enviable successes from severe disappointments is design.

The following design principles have proven to be critical components of successful waterfront projects:

- Build on a waterfront's unique qualities. A harbour site is different from an inland water body, which in turn is very different to a coastal resort. The development design must be based on and acknowledge these differences.
- Respect the water as a body of space. Design the development so that it emphasizes the shape and character of the water space.
- Maximize waterfront views. The design must strengthen the water's impact by preserving existing views and creating new views of both nearby and distant water activities.
- Focus on water-dependent and water-related uses. Create a balance of retail, residential, hotel, office and recreational uses, to bring residents and visitors to the waterfront for extended periods (24 hours a day, seven days a week).
- Create a wide variety of waterfront spaces. Variety will come from the integration of promenades, plazas and landscaped courts for a multiplicity of activities such as walking, jogging, shopping, dining, etc.
- Design waterfront spaces for public events and celebrations. Events are designed to attract locals and visitors to the waterfront on a year-round basis. In the planning of these spaces, provision should also be made for a space(s) that can accommodate big gatherings of people for celebratory events.
- Clearly define public access. Emphasize the line of the waterfront's edge with promenades and plazas that give the public continuous access along the water, whilst defining its physical boundary. Also identify edges that will have restricted public access and carefully plan and integrate these into the overall plan.

Whilst not a definitive list, these design principles have assisted the V&AW to create waterfront development projects that serve the water, the people and the developer's bottom line, whilst enhancing a unique sense of place that will benefit the city for generations to come. These principles have been applied with a high degree of success in Cape Town.

10. Waterfront Development Lessons from Cape Town

The V&A Waterfront project has been very successful in transforming the under-utilised historic part of the Port of Cape Town into the City's premier tourist, retail and entertainment destination.

The following have been the key success factors of the V&A Waterfront project over the past fifteen years:

Learn from pioneering waterfront developments around the world – in the early 1990's the V&AW benefited from visits to San Francisco, Boston, Baltimore, Vancouver and Sydney. Learning from the successes and failures of other waterfronts contributed to the V&A Waterfront being successful within a relatively short period of time. Today, the success of the V&A Waterfront project has made it one of the international benchmarks for waterfront projects.

Evaluate and develop each waterfront according to its unique location and local circumstances. Waterfronts, like cities, are unique and one cannot simply transfer key success factors.

The V&AW Company was established as a Special Purpose Vehicle specifically to develop and manage Cape Town's Waterfront – Management and staff are dedicated to the project's development and management success.

Formulate a sustainable planning and development vision that captures the unique selling features of the project and the location.

Create development and investment focus through anchor projects with critical mass that will collectively establish a high impact mixed-use development concept.

Employ multi-disciplinary project teams and specialists to establish a holistic design and development process. An additional advantage derives from having committed shareholders that understand the nature of capital investment in infrastructure. Strive for a unique design identity in the local vernacular style.

Obtain planning support from the local authority and establish a flexible urban planning framework – this is a critical factor during the project's initial start-up period, as well as for the ongoing development programme.

Retain the project area's unique working waterfront ambience – the authenticity of the working harbour and historic nature of the V&A Waterfront has been a key factor in avoiding a 'theme park' development. Cape Town's Waterfront is a real place.

Avoid random growth by concentrating the initial development – the V&A Waterfront's initial development was concentrated in the Pierhead Precinct and the project 'started small in the biggest possible way'. It grew from there in the most integrated and sustainable way possible.

The project must be market-driven in order to be commercially viable and economically sustainable – the V&AW has never had the benefit of any national or regional government subsidies or special project grants.

The project must be environmentally and culturally sensitive – in Cape Town the adaptive re-use of historic old dock buildings created special character and ambience.

Use a rigorous tenant selection programme and ensure a diverse and vibrant activity mix – this is essential in order to retain market share and sustained growth, leading to the financial success of the development.

Establish a sustained programme of special events and promotions – this is essential in order to retain market share and the repeat visitation of the local population, a requirement for sustained growth.

Target locals who visit year-round rather than just tourists and regulate for extended trading hours – although tourists are very important due to their higher than average per capita spending patterns, they will always have a preference to visit those places favoured and frequented by locals.

Ensure that there is good access, adequate public parking and excellent public safety and security.

Maintain high standards of maintenance and cleanliness – this contributes to an environment that is pleasing to visitors.

These lessons have been applied with great skill and expertise in Cape Town over the past fifteen years. The V&AW has also established an extensive network of international project associates and through regular contact and repeat visits to these projects the latest trends in waterfront and marina design, development and management strategies are monitored and incorporated into V&AW projects.

11. Conclusion

What was a loss-making asset for the landowner of the Port of Cape Town in 1988 has under the stewardship of the V&AW become a vibrant and profitable property development project that enjoys an enviable international profile. The V&AW has been responsible for the planning, development and management of the V&A Waterfront project in Cape Town since its inception.

The charter agreement between the V&AW and the City of Cape Town started with a simple goal: “To make the V&A Waterfront a very special place for all Capetonians”. Fifteen years after the adoption of this important developmental and civic goal, it is evident that the V&A Waterfront project has succeeded admirably in achieving it in a sustained manner.

The V&A Waterfront is not a theme park – it is a real working harbour, but with a difference. The dry dock and ship repair facilities, the fishing industry and the harbour operations, tugs and pilot boats all contribute to provide a theatre of movement for the visitors and assist in ensuring that it functions as a real peoples’ place. There are promenades, piazzas, squares and landscaped gardens which create vibrant spaces in between the pubs, restaurants, shops, cinemas, museums, offices, hotels and residential apartments.

The V&A Waterfront project is not without its occasional failings, and not all of it is to every taste. However, as a sustained piece of quality city-making it is without parallel in South Africa and there are lessons of all kinds to be learnt there. Although it has become South Africa’s top tourism destination, the V&A Waterfront has achieved much more than that – it has re-united Cape Town with its proud maritime heritage.

Moreover, the V&A Waterfront takes pride in being an African success story in the integration of water, working harbour, heritage, urban revitalisation and tourism development. Over the past fifteen years it has become an international benchmark as a successful waterfront projects. The success of the V&A Waterfront project has placed Cape Town on par with other international waterfront cities such as San Francisco, Boston, Baltimore, Vancouver and Sydney, all highly desirable tourist destinations.

References

The following is a selected reference list of publications and articles that assisted in the background context for this paper. These references are invaluable sources of information on the wide spectrum of issues that play a role in developing urban waterfront projects.

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