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GENTRIFICATON IN THE FORMER BLACK TOWNSHIPS - THE CASE OF SOWETO IN SOUTH AFRICA

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A research report submitted to the Faculty of Engineering and Built Environment, University of the Witwatersrand, Johannesburg in partial fulfilment of the requirements for the degree of Master of Science in Building.

Johannesburg 2012

DECLARATION

I declare that this research report is my own unaided work. It has been submitted for the Degree of Master of Science in Building in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.

Signature of Candidate

30th day of August, 2012

ACKNOWLEDGEMENTS

To God Almighty for His guidance, strength and protection, I thank you.

My greatest gratitude goes to my supervisor, Mr. A.O.U. Ozumba for guiding me though this process. I would like to thank-you for your assistance, critical guidance and words of encouragement.

My gratitude goes to my friends and colleagues for their encouragement and support, Special thanks goes to Sis' Onica for giving me a tour of Soweto; and to Bridgette Webb- Skoni thank-you so much!

To my mother, my rock, my source of inspiration and pillar of strength- thank-you Mjabulase, Msutfu.

Finally, a big THANK-YOU goes to the people of Soweto who opened their hearts and homes to me. I would not have done this without you.

ABSTRACT

In South Africa, the term 'former black township' refers to areas that were designated for people who were classified as Africans, Coloureds or Indians under the apartheid regime. These areas were severely underdeveloped and were deliberately cut off from the mainstream economy. They were characterized by "racial segregation, exclusion and the marginal provision of services and economic opportunities". Since 1994, the democratic government of South Africa has initiated a number of developments to improve these areas and provide them with the same services and amenities previously found in the former 'white' areas (Lester et.al, 2009: 6). This has resulted in an increase in property prices and an influx of a black middle class. This raises a number of questions around the possibility of gentrification in the former black townships. It also raises questions around the possibility of a relationship between the increase in property prices, the influx of higher income people and the out-migration of original residents.

The research focused on a case study, Soweto Township, with the aim of investigating whether it is experiencing any of the characteristics associated with gentrification; and whether there is a link between urban renewal, increase in property prices, the in-migration of a middle class; and the out-migration of original residents. Findings from the research have shown that even though the township is experiencing all the above, there has been no evidence of a link that would suggest the occurrence of gentrification in the area. The township is merely experiencing urban regeneration, with the increase in property prices and the influx of higher income groups being ripple effects of the former. Furthermore, a link has not been established between these three variables and the out-migration of original residents.

KEYWORDS AND DEFINITIONS

GENTRIFICATION: is the process whereby dilapidated low-income areas are refurbished through urban renewal. This results in firstly, an increase in property values and secondly, an in-migration of higher-income residents who typically replace the original residents (Frias, 2006).

DISPLACEMENT: is the process whereby "… any household is forced to move from its residence by conditions which affect the dwelling or its immediate surroundings, and which: 1) are beyond the household's reasonable ability to control or prevent; 2) occur despite the household's having met all previously imposed conditions of occupancy; and 3) make continued occupancy by that household impossible, hazardous or unaffordable" Grier and Grier (1980) in Fantl (1989:28).

FORMER BLACK TOWNSHIPS: areas designated for Black people in the urban areas during the apartheid era (Dinner, 2006).

PROPERTY MARKET: describes the institutional arrangements through which real property is used, traded and developed, and the wide range of actors involved in these processes (D'Arcy and Keogh, 1999).

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CHAPTER ONE

INTRODUCTION AND PURPOSE OF STUDY

1.1. Background to the problem

Until recently, the South African residential property market was divided according to racial lines. The history owes itself to apartheid laws which restricted the previously disadvantaged population to 8% of South Africa's land and prevented them from purchasing land from white owners except in the reserves. Therefore, many black people lived in the homelands outside the urban areas. Between 1948 and 1993, the apartheid government pursued a housing program whereby the local governments provided housing stock in the homelands (Dinner, 2006; Creighton, 2003; Lester, N. et.al. 2009). When the democratic government was voted into power in 1994, the previously disadvantaged population was allowed to own homes (Dinner, 2006). The new dispensation has not deleted the distinct history of the former black townships which has had a direct impact on the nature of the residential property market in these areas. During apartheid, these areas operated as a closed market (Sisulu, 2004). The history of a closed property market has substantially fuelled the perception that former black townships are homogenous dormitory areas, made up of the working class people and characterized by poverty (Visser, 2002). The perception seems to be supported by a significant out-migration of the younger generation to the suburbs. However, many black suburbanites are now downscaling and either buying or renting property in these former black townships (Sogoni, 2009).

After 1994, many former black townships like Soweto were marked for urban renewal by the government. Following this, Soweto has experienced an upgrade of its local social and economic infrastructure (Dlamini and Sindane, 2006). Additional investments have come from other state entities such as the City of Johannesburg and the private sector. This urban renewal and redevelopment has resulted in an increase

in property prices in the Soweto residential market. Also, there is an influx of higher income earners; what recent research identify as an emerging black middle class (Sigonyela, 2006; South Africa. Info Reporter, 2006; Shapiro, 2007). The scenario describes some basic features of gentrification with some typical occurrences associated with its existence. Gentrification is defined as the process whereby dilapidated low-income areas are refurbished through urban renewal. This results in firstly, an increase in property values and secondly, an in-migration of higher-income residents who typically replace the original residents (Frias, 2006). Considering the above background and definitions, the following questions arise: are former black townships such as Soweto experiencing gentrification, as defined above? Secondly, has the increase in property prices and influx of wealthier residents led to the displacement of original residents or are there other factors causing the out-migration of residents?

In relation to a number of former black townships, particularly Soweto, certain facts stand out; over the past ten years, the township has undergone major renewal and redevelopment and an increase in property prices. It has also experienced an influx of wealthier residents and out-migration of original residents (the Economist, 2007:1; Needham, 2006; Sigonyela, 2006).

The above mentioned events have all taken place within the same time and geographical setting. Together they constitute the cause and effect elements within the description of the occurrence gentrification. The commonalities therefore point towards the existence or occurrence of gentrification in Soweto. Following this argument, there is a further suggestion of gentrification related displacement or out-migration of original residents from the area. In the past, the out-migration of residents had been linked to the search for a better life and amenities in the suburbs. However, the townships now have the same amenities as the suburbs and wealthier residents are moving back to the suburbs. In addition, the out-migration of original residents has continued. The current situation suggests a nexus between the out-

migration of the original residents, the influx of the black middle class and increase in property prices.

There are arguments with regards to the nature and sequence of gentrification related events. Existing literature suggests that gentrifying neighbourhoods tend to experience the displacement of original residents; however, there is minimal conclusive evidence to prove that this is solely or partly as a result of gentrification (Freeman and Braconi, 2004; Freeman, 2005). In the case of former black townships, specifically Soweto, there are no existing arguments in literature against the notion that gentrification and related events are occurring. The major focus of studies on gentrification in South Africa has been the inner city; yet the former black townships are also experiencing neighbourhood changes linked to urban renewal resulting in an increase in property prices, influx of the black middle class people and the out-migration of original residents (Visser, 2002).

Based on the events highlighted above there is good ground to investigate relationships between these events and to determine if gentrification is occurring in the former black township of Soweto.

1.2. Statement of the research problem

The former black township of Soweto is undergoing redevelopment which is resulting in an increase in property prices, an influx of black middle class people, and the out-migration of original residents.

1.3. Research questions

Research question one

What is the relationship between the increase in property prices and the out-migration of original residents in the former black township of Soweto?

Research question two

What is the relationship between the influx of black middle class people and the out-migration of original residents in the former black township of Soweto?

Research question three

Is Soweto experiencing gentrification?

1.4. Aim of the research

This research project aims to investigate the occurrence of gentrification in the former black township of Soweto and its relationship to the displacement of original residents particularly the low income residents.

1.5. Objectives of the research

The objectives of this research are as follows:

- To determine the relationship between the increase in property prices and the out-migration of original residents in Soweto.
- To determine the relationship between the influx of a black middle class and the out-migration of original residents in Soweto.
- To determine the possibility and nature of gentrification in Soweto.

1.6. Assumptions

There are direct and indirect factors influencing the out-migration of original residents in the former black township of Soweto; both groups of factors can be theoretically linked to gentrification.

1.7. Research methodology

A phenomenological approach was used for this study, employing a case study method and utilizing both qualitative and quantitative data.

1.8. Delimitations of scope

Three neighbourhoods were identified on which the study was focusing. They are Protea, Dobsonville and Diepkloof in Soweto, a former black township located in the Gauteng province of South Africa. This enabled the making of comparisons between these neighbourhoods. The study investigated those who have been displaced in these areas and the focus was on those who have been legal occupants in certain properties, but have moved. The population precluded those evicted from informal settlements. The research was limited by the current academic period of one year and the availability of financial resources. The study was undertaken during the 2010 and 2011 academic years.

1.9. Justification

Since 1994, former black townships have been the focus of public and private urban renewal and this has stimulated the residential property market. However, the change in the character of the residential property market in the former black townships is not well documented. For Soweto, a former black township, no studies have been undertaken to investigate gentrification. Furthermore, there has been no study to investigate the link if any, between the increase in property prices, the influx of a black middle class and the out-migration of original residents.

This study provides an insight into the existence and nature of the gentrification process in the former black townships, that is, the possibility of existence and nature of factors that could lead to gentrification in Soweto; thereby constituting a foundation for further research on the issue of gentrification and its nature in former black townships. A clear understanding of the gentrification process in the former black townships will assist policy makers in addressing its effect on low income groups or original residents, who may be affected by gentrification. Gentrification

tends to benefit the more affluent, to the detriment of the poor. Conclusions drawn from the study will assist policy makers to develop housing policies that will check the negative effects of gentrification, especially the displacement of original residents (Freeman and Barconi, 2004).

1.10. Structure of the report

Declaration

Acknowledgements

Abstract

Keywords and definitions

Chapter One: Introduction and purpose of study

It comprises of the introduction and background to the study. It highlights the research problem and further outlines the purpose of the research project.

1.1. Background to the problem
1.2. Statement of the research problem
1.3. Research questions
1.4. Aim of the research
1.5. Objectives of the research
1.6. Assumptions
1.7. Research Methodology
1.8. Delimitations of scope
1.9. Justification

Chapter Two: Literature Review

This chapter contains literature review on gentrification and gentrification-caused displacement. It also highlights the tension around the issue of the relationship between gentrification and displacement. This chapter also discusses the changes in the character of the Soweto residential property market and also in-migration, out-migration and the displacement of original residents.

2.1. Introduction
2.2. Theoretical framework
2.3. Literature review
2.4. The gentrification process
2.5. The different waves of the gentrification process
2.6. The negative effects of gentrification
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2.15. In-migration and out-migration dynamics in Soweto
2.16. Theories that apply to the Soweto case study
2.17. Conclusion

Chapter Three: Research Methodology

This chapter discusses the research methodology and methods used to gather the data and the reasons why they have been chosen.

3.1. Introduction
3.2. Research methodology for the study
3.3. Justification for the methodology
3.4. Units in the research
3.5. Methods of data collection
3.6. Sampling
3.7. Analysis
3.8. Conclusion

Chapter Four: Data Analysis and Findings

This chapter presents study audits, the data and discusses the findings.

4.1. Introduction

4.2. The case study

4.3. Data analysis

4.4. General information about the respondents

4.5. Responses to interviews and questionnaires (main findings)

4.6. Findings

Chapter Five: Conclusion

The final chapter of the research report will summarize the main arguments of the report.

5.1. Overview of the research

5.2. Addressing the research objectives

5.3. Limitations

5.4. Summary of findings

5.5. Implications

5.6. Recommendations

5.7. Further research

5.8. Conclusion

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter engages a purposive sample of relevant literature from various schools of thought on the process of gentrification. It will provide lenses through which the notion of gentrification can be explained. Gentrification is an inter-disciplinary field that is cited in urban studies and housing studies. Gentrification has allowed different disciplines to relate to each other and has also managed to blur these disciplinary boundaries. Academics that write on the subject of gentrification include geographers, sociologists, anthropologists, urban planners and policy analysts, within the fields of housing and urban studies (Lees et.al, 2010). The theoretical framework will cover the following parent disciplines: the housing market (the filtering theory), urbanization and urban renewal or urban regeneration. The discussion will be limited to consumption-side theories, production-side theories and globalization.

2.2. Theoretical framework

This is the structure which supports the theory of this research. It also presents the theory which explains why the problem under study exists (Khan, 2011). The parent and immediate disciplines will be discussed in the section below.

2.2.1. Parent Disciplines

Housing market- Filtering theory

The housing market refers to the number and type of houses and flats that are available in a particular area and their prices (Financial Times Lexicon, undated). The housing market is divided into a number of submarkets that are differentiated by the quality of housing (Galster and Rothenberg, 1991). Housing is regarded as a normal good. As the income of consumers increases, they move to the higher quality housing and their former units filter down to successively lower income groups. This is the process of filtering. (No author, undated).

Figure 1 below indicates the traditional filtering models. Determinates of this model are cross price elasticities for demand and the quality and quantity of new construction (Liu, undated).

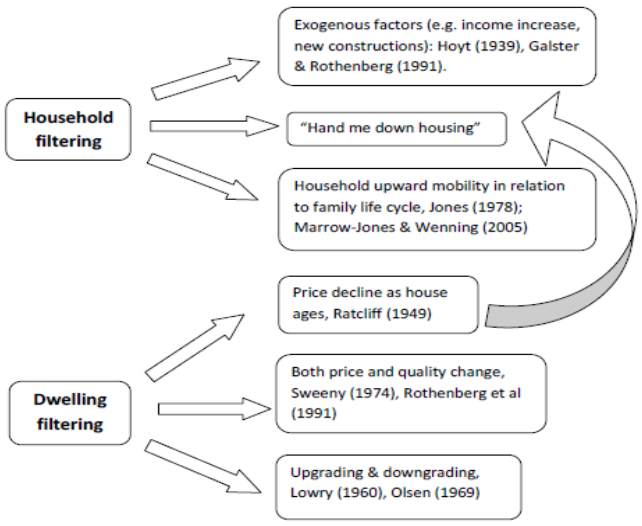


Figure 1: Counter-urbanisation, filtering, and dynamics changes in urban rural housing submarkets (Liu, undated).

Urbanization

The process of urbanization refers to the increase in the urban population of a country or area due to the following elements of urban population growth: (a) urban natural increase (b) urban net migration and (c) the reclassification of parts of the rural population into the category 'urban'. It is characterized by increasing size, increasing density and increasing heterogeneity of the immigrant population (Roux, 2009).

Urban regeneration

Urban regeneration is defined as the process of reversing physical decay where it has reached a stage whereby market forces alone are not enough. The aim is also to improve the economic, social and environmental conditions (Ngwabi, 2009; Mehta, undated). The understanding of the term urban regeneration varies according to the initiative being pursued. In some cases, the local communities and neighbourhoods are being regenerated whilst in others; the urban economies are being revitalized. The aim of the former is to improve the economic condition of the residents and to also to make the cities competitive. In other instances, the physical and commercial infrastructure is revitalized to make urban land economically productive again. Lastly, urban regeneration is used as a tool for marketing and/or branding cities (Porter and Shaw, 2009).

2.2.2. Immediate Disciplines

The research limits itself to three explanations and theorizations of gentrification, namely: production-side theories, consumption-side theories and globalization. The immediate disciplines will be discussed below.

Production-side theories

The production-side theories explain the emergence of the process of gentrification using production or supply-side arguments. The focus is on the rent gap, a Marxist explanation developed by Neil Smith in 1979. The rent gap showed how

disinvestment in the inner city opened up the opportunity for subsequent reinvestment of capital (Lees et.al. 2010).

Consumption-side theories

In terms of the consumption-side theories, the gentrifiers are the key players in the emergence of the process of gentrification. The process of gentrification is the result of their consumption preferences- this includes politics, desires, aesthetic ideologies and lifestyles (Lees et.al. 2010).

Globalization

There are a number of globalization definitions. Two of these are: globalization is the process of increasing the connectivity and interdependence of the world's markets and businesses (InvestorWords.com, undated). It is also defined as the system of interaction among the countries of the world in order to develop the global economy (Hubpages.com, undated).

2.2.3. The Gentrification Model

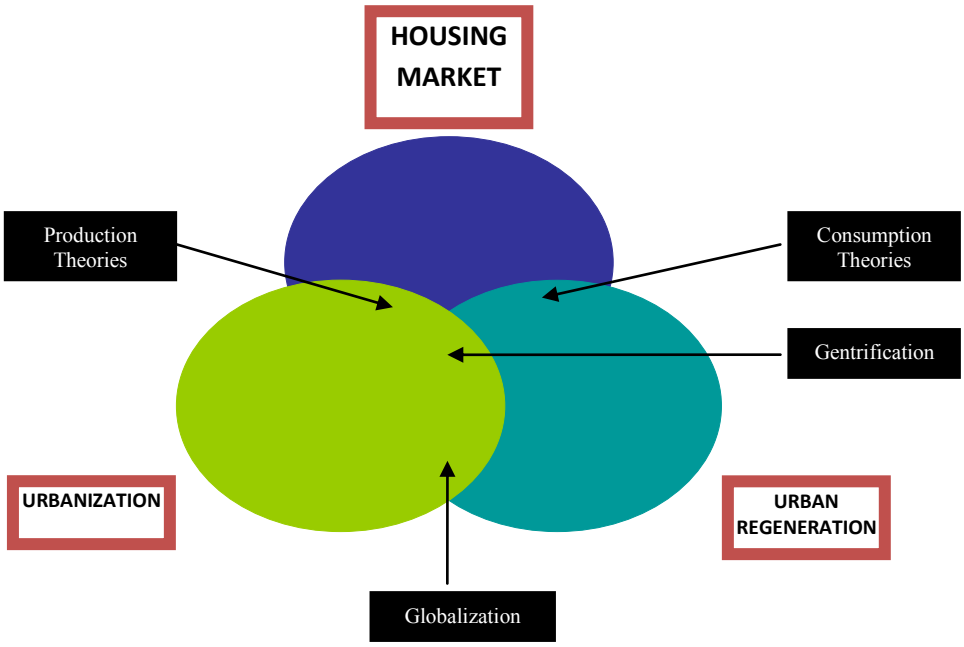


Figure 2: gentrification model

The model above shows the theoretical framework with the housing market, urbanization and urban renewal or regeneration being parent disciplines. The production-side theories, consumption-side theories and globalization are the immediate disciplines. The disciplines illustrated above contribute to the core subject of gentrification. The parent and immediate disciplines will be discussed in detail in the next section; furthermore, they will be linked to the core area of study, gentrification.

2.3. Literature review

As stated in the introduction, the section below will discuss in detail, the different theories through which the process of gentrification can be analyzed and explained.

The section will begin with an analysis of the parent and immediate disciplines and how they contribute to the process of gentrification. An in-depth analysis of the gentrification process will follow. This will cover the history of gentrification (the different waves of gentrification), secondly, the causes of gentrification and finally, the negative effects of gentrification, in particular gentrification-related displacement. The discussion will then be narrowed down to the South African context and what other researchers have said about the process of gentrification in South Africa. This will then be linked to a description of the South African property market. Next will be an analysis of the changes in the Soweto residential property market and an investigation of whether they can be linked to gentrification. Finally, there will be a discussion of findings thus far.

2.3.1. Housing Market- Filtering Theory

Filtering is a common urban process that takes place in many neighbourhoods. Initially, in the 1970s, gentrification was viewed as a counter-cyclical decline of the inner city residential market during recession. This conclusion came from the view that due to the recession and resulting economic conditions, the construction industry in the suburbs was unable to provide an adequate supply of new housing stock for young people starting new families. As a result, they moved to older houses and neighbourhoods in the inner city. Figure 3 below indicates the filtering theory of residential succession.

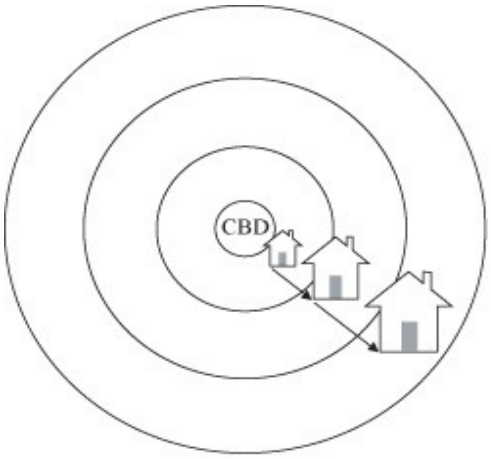


Figure 3: the filtering theory of residential succession (St. Cloud State University, undated)

Contrary to this initial view, research done by Berry (1985) in Chicago indicated that gentrification was in fact pro-cyclical, meaning that it was most widespread in the metropolitan areas with the quickest supply of new housing stock into the suburban areas. It is a result of the supply of new housing stock exceeding demand in the housing market. This housing stock can be viewed within the limits of a commodity chain system. New housing stock is at the top of this chain system. More affluent residents tend to be attracted to new housing stock, leaving the older housing to be occupied by residents occupying units further down the chain system. Filtering takes place when there is an excess of construction of housing stock over household growth. The excess supply (old housing stock) rests in the least attractive place (Berry, 1985). The increase in supply of housing stock in the suburbs meant that households were attracted to this area leaving the older housing stock in the inner city vacant and being replaced by lower income households. As the older households went down the commodity chain, the inner city became characterized by older and run down housing stock leading to vacancies and in some cases, abandonment (Berry, 1985).

In most cases, gentrification is preceded by filtering (Smith, 1979). Urban regeneration is used to reverse the downward filtering. Berry (1985) identified three

stages of this revitalization. The first stage involves a few households (single or childless couples) buying homes in the old and deteriorating neighbourhoods and begin renovating them for their own use. The costs of renovating are usually low due to the high vacancy rates and the low quality of the houses. There is also very little displacement of existing residents. The newcomers make use of their own capital and sweat equity investments. Informal community organizations also give them support (Berry, 1985).

After six months to a couple of years, news about the neighbourhood renewal begins to spread and other households with similar characteristics as the newcomers flock to the neighbourhood. They are usually upper-middle income earners or professionals and are regarded as risk-takers because although the area maybe appealing in terms of "price, investment potential, and neighbourhood cultural, architectural, and locational characteristics", the capital to develop in that area is still scarce as funders and developers are still wary of the neighbourhood's potential. However, estate agents begin to take interest in the area and take up small promotional activities. Small-scale developers also begin to do some renovations for speculation. The vacancy rate decreases and displacements begin to be witnessed in areas where low-income, elderly and temporary residents live. The media also takes note of this renewal. Unlike the first group of newcomers, the second group is not accepting of the cultural and class diversity leading to resentment amongst the original residents (Berry, 1985:44).

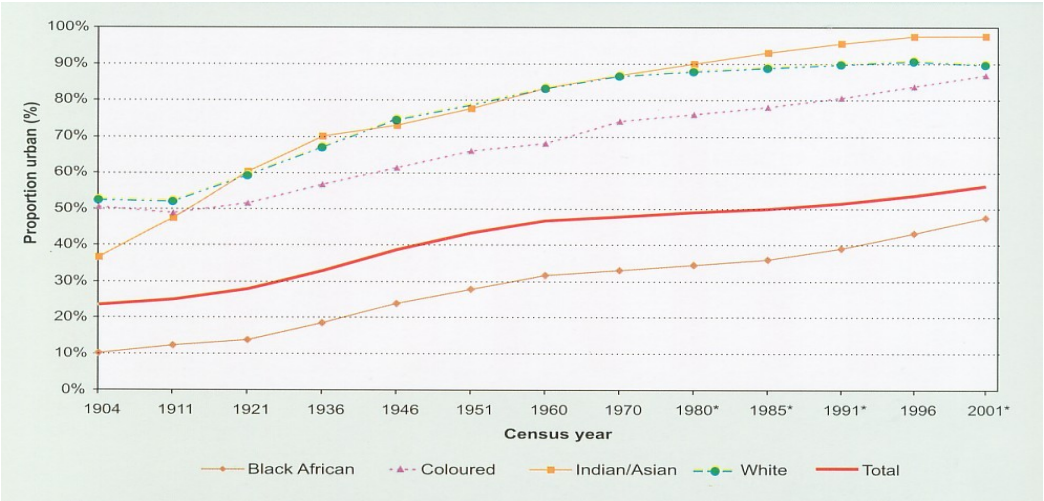
In stage three, the physical improvements are now visible. The media and government take keen interest on the neighbourhood. The government begins active involvement in the area. Developers start large-scale renovations, converting rental units to condominiums and bringing in commercial redevelopments. The result of this is an increase in property prices. Furthermore, banks and other funders make funding for development in the neighbourhood readily available, that is, greenlining the area. Higher income groups are attracted to the area and pay large amounts of money for property and displace the original residents. They dominate the neighbourhood and

effectively change the character and culture of the neighbourhood (Berry, 1985). All of this characterizes a gentrifying neighbourhood.

Berry (1985), defines gentrification as a form of private-market revitalization limited to housing markets whereby new construction significantly exceeds the supply of housing stock. In addition, scrappage (for example abandonment) should exceed the excess housing supply, resulting in a tight housing market, making the neighbourhood attractive.

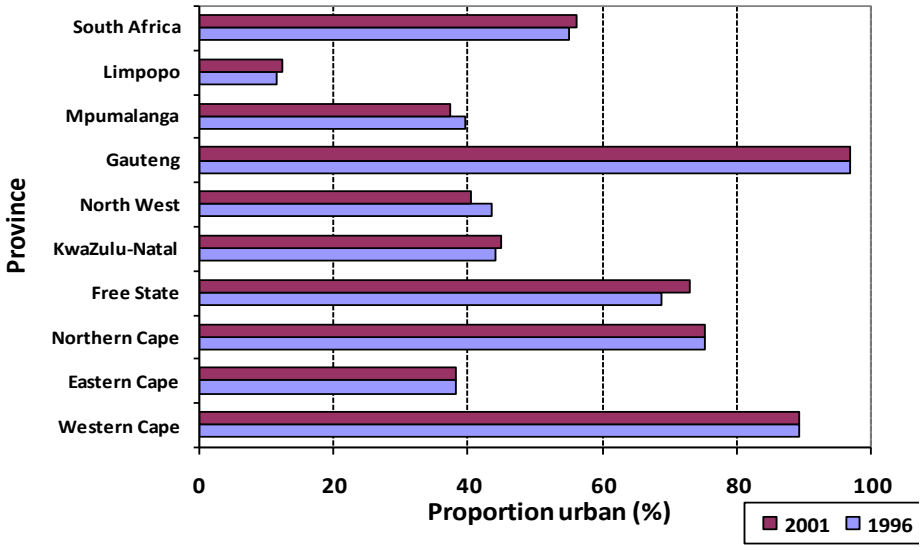
2.3.2. Urbanization

Urbanization is the driving force behind modernization, economic growth and development. The major causes of urbanization in Africa are natural population increase and migration. There are certain 'push' and 'pull' factors that cause urbanization in Africa. The push factors are "poverty, environmental degradation, religious strife, political persecution, food insecurity and lack of basic infrastructure and services in the rural areas" whilst the pull factors are the advantages and opportunities of the city, for example, education, electricity, water and other urban amenities (Nsiah-Gyabaah, undated). Graph 1 below shows South Africa's historical urbanization trends from 1994 to 2001.



Graph 1: South Africa's urbanization trends from 1904 to 2001 (Roux, 2009)

In the past, South African cities, in particular Johannesburg attributed the high level of urbanization to rural poverty as people flocked from the rural areas to the gold mines of Johannesburg in search for a better life. Rural to urban migration and natural increase are the main drivers of urbanization in South Africa. As long as a significant proportion of the population lives in rural areas, rural-to-urban migrant will continue to be a key driver of urbanization. However, when the number of people living in urban areas decreases natural increase rather than migration becomes the stronger driver for growth in the urban areas. This has been the case in Gauteng, whereby recent research shows that the main driver of urban growth today is natural increase. The study also indicates that 74% of population increase in Gauteng is due to natural growth. Natural increase is a function of fertility and mortality (Roux, 2009). The Gauteng province, where the City of Johannesburg and Soweto is located had the highest urbanization rate of 96% in the country in 2001. Graph 2 below indicates the urbanization levels in 2001 (Roux, 2009).



Graph 2: South Africa's urbanization levels in 2001 (Roux, 2009)

Gentrification can be understood from the urbanization perspective because as the level of urbanization rises, the demand for good land also rises therefore, leading to the high and low income groups competing over good and attractive pieces of land. Those with resources tend to win, therefore displacing the low income earners (process of gentrification). As long as there is urban growth, the contestation for attractive spaces will continue therefore leading to gentrification.

Since the late 1990s and early 2000s, gentrification is viewed as a global urban process. In the past, gentrification was thought to be limited to urban centers, because the new higher income households were attracted to them due to their 'urban' character. However, this has changed as the higher income households now seek, "sharply lowered population densities, fewer poor residents, less manufacturing activity and reliable plumbing, supermarkets with good produce, and a substantial cohort of middle-class residents" (Lees et.al, 2010: xvii). These are characteristics of suburban areas. The affluent want to be near to but not in the city (Lees et.al, 2010).

2.3.3. Urban Regeneration

As discussed in the introduction, urban renewal or urban regeneration is a process whereby older parts of towns or cities are rehabilitated and urban decay is reversed. Urban regeneration in contemporary cities is influenced by the competitive city theory and the world cities theory.

Urban regeneration is an important aspect of gentrification because gentrification involves affluent incomers (gentrifiers) or developers and in some cases, the state redeveloping a deteriorating area. This results in the increase of the attractiveness of the area to wealthier residents, therefore changing the demographic status of that area and also increasing the property values.

In some cases, urban regeneration tends to be a gentler or less direct way of describing gentrification. According to Porter and Shaw (2009), even though urban regeneration and gentrification may often be used in one sentence, they do not

necessarily mean the same thing. They occupy different spaces in urban change. Urban renewal only becomes gentrification when there is a displacement or exclusion of certain residents. On the other hand, urban regeneration can mark the beginning of the process of gentrification (Shaw and Porter, 2009). Governments also set off gentrification through major urban renewal projects (Beauregard, 1989).

Gentrification is regarded as one of the most controversial forms of urban renewal (Lees et.al, 2010). Contemporary debates on gentrification show that under the new 'third wave gentrification, gentrification is induced by local governments through their urban renewal and urban regeneration programmes (Visser and Kotze, 2008). This is true for Soweto as over the past 5 to 10 years, the City of Johannesburg has introduced a number of urban renewal initiatives which include the upgrade of Vilakazi Street (home to two Nobel Peace Prize winners- Nelson Mandela and Archbishop Desmond Tutu), the rebuilding of the FNB stadium for the 2010 FIFA World Cup, the development of the Kliptown Walter Sisulu Square of Dedication, the Bara Taxi and Bus Facility, the Soweto Empowerment Zone and the R1-billion Orlando Ekhaya project, amongst other projects (Davie, 2010). Although City of Johannesburg spearheaded the redevelopment of Soweto, other partners have been involved as well. They include the National Government, Gauteng Province and the private sector, which have all poured resources towards the redevelopment of Soweto Township.

The urban regeneration initiatives have created great contrasts between the haves and have-nots and between the old and new residents, with the millionaires living side-by-side with low-income earners. These contrasts can also be seen within the homes of residents, with some residents living in shacks whilst some are living in mansions (Siyabona Africa, undated).

2.3.4. Production-Side Explanations

The production-side explanations focused on the relationship between the flows of capital and the production of urban space (Visser, 2002; Briney, 2010). The

proponents of the production-side explanations argue that the institutional agents and capital are the key role players in the gentrification process not consumers. This theory focuses on the supply-side to explain gentrification (Freeman, 2006). According to this perspective, gentrification is caused by private and public investment of capital in certain land uses, followed by devaluation through use and disinvestment, which then results in the opportunity for profitable reinvestment (Smith and Williams, 1986). The production-side theory is associated with amongst other writers, geographer Neil Smith who attempted to explain the occurrence of gentrification after World War II. He argued that the low rents in the suburban areas led to the movement of capital into those areas rather than the inner cities. This resulted in the abandonment of the urban areas leading to the decrease of the land value, while the land value in the suburban areas increased. Smith also used the rent-gap theory to explain the gentrification process. The rent-gap theory describes the disparity between the price of land at its current use (actual ground rent capitalized at its present use) and the potential price a piece of land could attain under a higher and better use (potential ground rent level) (Briney, 2010; Smith, 1979). Smith argued that when the rent gap was large enough, then the developers saw the potential profit in redeveloping the inner city areas (Briney, 2010). Gentrification occurs when the rent-gap "is wide enough that developers can purchase shells cheaply, can pay the builders' costs and profit for rehabilitation, can pay interest on mortgage and construction loans, and can then sell the end product for a sale price that leaves a satisfactory return to the developer" (Smith, 1979:93). All or most of the ground rent is then capitalized resulting in the recycling of the neighbourhood and the start of a new cycle of use (Smith, 1979). Therefore, the profits received by developers close the rent-gap leading to increased rents, leases and mortgages. This increase in profits leads to gentrification (Briney, 2010).

According to this theory, valorisation and devalorisation are critical elements in the gentrification process. Valorisation refers to when an investor seeks to get returns or additional funding by investing in property. The investor gets the returns from rentals,

until the funds received are equal or surpass the invested capital. This usually takes years to achieve and in that period the properties remain tied up in that particular use, for instance, residential, therefore limiting other uses. As the property ages, it starts to lose its value. This is called devalorisation and is also characterized by changes in tenure and occupancy (occupants change tenure) and the physical conditions of the property (physical decline) due to amongst other reasons a reduction of capital set aside for maintenance. The upside of devalorisation is that it presents an opportunity for re-investment (revalorization) and also good gentrification opportunities (Van der Walt, 2001).

2.3.5. Consumption-Side Explanations

The main focus of this theory was on the characteristics of the gentrifiers and their patterns of consumption in the urban space (Visser, 2002). The gentrifiers, though hardly ever alone, are described as the "necessary agents and beneficiaries of gentrification". They provide the motivation for its occurrence and shape how it unfolds and they are the key role players in the existence of the gentrification process (Beauregard, 1986:41). The assumption underlying this explanation was that of 'consumer sovereignty' in the property market (Beauregard, 1986). The economic term 'consumer sovereignty' is used to refer to the rule of the consumer over the producer. It was formulated by Austrian economist Ludwig van Mises who described it as when the consumers ultimately dictate what is to be produced in a free market. Therefore, the more consumers demand a product with their purchasing power, the more the producers will bring that product into the market (Stolyarov II, undated). This theory attempts to explain gentrification from the demand-side (Freeman, 2006).

The consumer-side theory is associated with amongst other writers David Ley. He explains gentrification in terms of the characteristics of the gentrifiers and what they consume as opposed to the market. He argued that gentrifiers tend to be people performing advanced services (for example doctors and lawyers), people who enjoy arts and leisure, those who demand amenities in their areas and are concerned with

aesthetics in their cities. Gentrification therefore allows for such changes to occur and caters for this population (Briney, 2010). Some of the main factors that are taken into account in consumer-side explanations include gentrifiers' lifestyle changes, preference patterns and demographic changes (Smith and Williams, 1986). The gentrifiers are usually people of the same profession or interests, for example, academics may move into the same neighbourhood close to their institution. Other common gentrifiers include artists, young professionals or young and childless couples. The most common changes that occur in a gentrifying neighbourhood are the demographic changes because there is an influx of wealthier residents (typically middle class residents) who buy or rent newly built or renovated areas. The increase in middle class people or households leads to a decrease of the original residents. In addition, there tends to be a decrease in household size because the usually large low income families are replaced by young single people or couples (Briney, 2010).

2.3.6. Globalization

Globalization is linked to the third wave gentrification. The third wave gentrification is influenced by the competitive cities theory and the world class cities theory.

Competitive cities theory

The competitive cities theory is found within the globalization discourse that emerged in the 1960s and 1970s and dominated political and academic thought at that time. It originated from the debate that urban regions that are in a superior position tend to do better economically and socially than lower ranked urban regions. This theory can be linked to the emergence of neo-liberal policies which set out principles of the post-industrial city. There was a change from the dominance of manufacturing or industrial activities in the economy to tertiary and quaternary activities. Parallel to this, the global competition between industries also increased and what were previously places of production had to reinvent themselves to be places of consumption in order to attract investment and capital. "Globalisation of society aided by technological innovations, led to increased mobility of capital and an

intensification of localities. At the same time global investments were increasingly diversified and reflected the needs and preferences of customers" (Ngwabi, 2009:73).

Globalisation changed the spatial and social relationships of many cities because those areas dominated by the old industrial activities were devalued and became disused. That is when urban regeneration policies were introduced with the aim of making cities competitive on a local, regional and global scale. It is believed that a city's attractive image enables it to be suitably positioned in the face of global competition and to also achieve economic success (Ngwabi, 2009).

According to Harrison (2002), in Ngwabi (2009), the competitive cities theory is one of the pillars of post-apartheid planning. He added that the main role of the local state within this approach is to ensure that its constituency is optimally positioned to get maximum benefits from globalization. Therefore, the main aim of planning and urban management is to make the city attractive for capital. In line with this background, urban regeneration is a way of achieving global competitiveness. This is reflected in Johannesburg's Inner City Regeneration Strategy meant to boost Johannesburg's global position. The goal of this strategy is to raise and sustain private investment in the inner resulting in a rise in property values (City of Johannesburg, undated_b).

World cities theory

In terms of this theory, cities across the world occupy a place within the hierarchy of world cities and possibly climb their way up this hierarchy as their economies grow. The more investment a city attracts, the higher its position in this hierarchy and the higher the possibility of being given the status of being an international player. This phenomenon emerged as part of the Second World War economic restructuring that came with globalization. After the war, capitalistic organizations freed themselves from national limitations and began to organize global production and markets for their own inherent purposes. As a result, there was a need for multinational corporations to develop strategies to identify new markets and to organize world-scale production more profitably. Secondly, developed countries needed to develop

national policies that would improve their "future international competitive position (Ngwabi, 2009:78). Thirdly, developing countries needed to come up with national policies that would attract subsidiaries of multinationals (Ngwabi, 2009). Therefore, multinationals competed and positioned themselves in a way that shaped the economic map of the world. This led to the emergence of a global system of economic relations found in urban localities integrated in this global system. At the top of this global system hierarchy are a small number of large urban regions or cities called global or world cities. These cities are immensely connected with each other through decision making and finance and also dominate and control a large portion of the world's production and market expansion. They are also connected by information and computer networks and are therefore called 'smart cities'. Examples of world cities are New York, London, Tokyo and Paris (Ngwabi, 2009).

Johannesburg is the only city in Africa that is aspiring to be or regarded as being capable of being a world city (Ngwabi, 2009). The City of Johannesburg Metropolitan Municipality brands the city as 'a world class African city'.

Urban regeneration is one of the attempts of the Municipality to make Johannesburg globally competitive and achieve the vision of being a 'global city' and a 'smart city' (Ngwabi, 2009).

Globalization and third wave gentrification

There are a number of changes that have been identified and characterize the third wave of gentrification. Firstly, there is an expansion of the term gentrification. Secondly, there have been changes in the processes underlining its origin and development. Processes of gentrification are being linked to macroeconomic systems of capital accumulation other than the production and consumption arguments that were used in the traditional arguments. There is a strong relationship between globalisation, neo-liberalism and the changing role of the state in contemporary gentrification processes. Finally, the understanding of gentrification-caused displacement also includes processes whereby redevelopments make it impossible for

anyone but a range of middle-class or even wealthier residents to afford to live in those areas (Visser and Kotze, 2008).

The adoption of neo-liberal policies over the past two decades has led to local and regional governments wanting to be part of the global economy and want to be regarded as global cities. Municipalities encourage gentrification through their urban renewal and regeneration initiatives (Clarke, 2005; Visser and Kotze, 2008).

The next section will discuss the process of gentrification and how it can be linked to the parent and immediate disciplines.

2.4. The gentrification process

The term gentrification was first introduced by a sociologist named Ruth Glass in 1964 to explain the replacement of working or lower class individuals by middle class individuals in the inner city of London (Briney, 2010; Vandergrift 2006; Van der Walt, 2001). In the findings of her study she stated that, "one by one, many of the working-class quarters of London have been invaded by the middle classes ... Shabby modest mews and cottages ... have been taken over ... and become elegant, expensive residences. Larger Victorian houses, down-graded in an earlier or recent period ... have been upgraded again ... Once this process of 'gentrification' starts in a district it goes on rapidly until all or most of the original working-class occupiers are displaced and the whole character of a district is changed" (Glass, 1964: 33 cited in Phillips, 2008 and Lees et.al,. 2010).

Over the years and as this process became evident in different cities all over the world, a number of definitions were adopted to explain gentrification. Many of these definitions tend to include the main features of the original definition (Phillips, 2008). Even so, there is still contestation amongst writers on the definition and meaning of gentrification. Some researchers and writers argue that the original Ruth Glass

definition should be retained, whilst on the other hand there are those who are arguing for an expanded definition. The early definitions referred to gentrification as a process by which working class residential neighbourhoods in the city centre were rehabilitated by middle-class home buyers, landlords and professional developers. This resulted in capital reinvestment in the city centre and the displacement of the original working-class residents who were replaced by people of a higher class (Visser and Kotze, 2008). On the other hand, contemporary literature on gentrification argues that the meaning and extent of gentrification has changed considerably. Firstly, gentrification is now being experienced in cities further down the urban hierarchy and beyond the United Kingdom and North America where gentrification initially emerged. This is called the second wave of gentrification, the first being from the year 1964 (Visser and Kotze, 2008). Secondly, contemporary debates argue that the definition and process of gentrification has altered over time (Lees et.al, 2008 cited in Visser and Kotze, 2008). The gentrification process does not only happen in the inner city, but is now a process that involves changes in the population of residents with new residents being of higher socio-economic status than the previous residents. This goes hand-in-hand with changes in the built environment of an area resulting from reinvestment in fixed capital. This argument suggests that gentrification is not just a process restricted to the inner city but can be a large scale urban strategy, usually under the umbrella of urban regeneration or urban revitalization (Uitermark, Duyvendak and Kleinhans, 2007). The early definitions of gentrification are seen as too restrictive and therefore limit people's understanding of this phenomenon (Smith and Williams, 1986; Fyall, 1991).

The expansion of the term gentrification and its processes will enable the investigation of gentrification in the South African former black townships to be carried out by this study, relevant. The characteristics of the former black townships would not have met the criteria when analyzed through the lens of the original definition. The reason for this is that former black townships tend to be located on the outskirts of the town very far from the city centre (Lester et.al, 2009). For the purpose

of this study, the definition to be used is that: gentrification is the process whereby dilapidated low-income areas are refurbished through urban renewal. This results in firstly, an increase in property values and secondly, an in-migration of higher-income residents who typically replace the original residents (Frias, 2006).

The causes of gentrification

Gentrification is one of the most complex, highly dynamic and controversial forms of urban renewal or revitalization that has also proved difficult to explain (Visser and Kotze, 2008; Freeman, 2006; Fyall, 1991, Smith and Williams, 1986). The process involves the in-migration of affluent residents into low income neighbourhoods; the refurbishment of the areas resulting in an increase in property values and eventually the displacement of the original residents (Frias, 2006; Fyall, 1991; Van der Walt, 2001).

There are two types of literature on gentrification. On one hand, there is the empiricist tradition which relies on data to explain the gentrification process and on the other hand there is one that relies on theoretical analyses. There have been numerous attempts to explain gentrification. Some of the earliest attempts to explain the cause of gentrification have been through the production side and the consumption-side theories (Smith and Williams, 1986; Briney, 2010; Visser, 2002). In spite of this, the forces behind gentrification have not been fully exposed. There is no single theory or explanation for this complex process. Explanations of gentrification are very complex because it is affected by different theoretical and political underpinnings of those that conduct research into definitions and processes (Visser, 2002).

According to Clark (2005), the causes of gentrification cannot simply be explained in terms of either consumption-side theories or production-side theories because neither side is logical without the other. Both explanations complement each other. Writers like Lorretta Lees and Robert Beauregard argue that explanations should move

beyond the production vs. consumption debate and that no single theory can be able to explain the gentrification process.

2.5. The different waves of the gentrification process

The gentrification process in North America and Europe has undergone three waves of gentrification. They will be discussed in the section below.

First-wave gentrification: sporadic and state-led

This wave of gentrification was witnessed before the economic recession of 1973. The process was largely isolated in the older north eastern cities of USA, Western Europe and Australia. These traces of gentrification were largely funded by the public sector. This was a way of local and national governments trying to reverse the economic and physical decline of inner city neighbourhoods. The new developments catered for high income residents to the detriment of the working class (Hackworth and Smith, 2001).

Second-wave gentrification: expansion and resistance

One of the effects of the recession of 1973-1977 was that there was a significant fall in property values. As a result, many developers and investors were able to purchase many properties at a lower price in the devalorised neighbourhoods. Therefore, when the markets began recovering in the late 1970s, gentrification also increased. This process was started by developers and investors with new developments and also city governments who developed strategies to attract this form of investment. The second wave saw the integration of gentrification into wider range of economic and cultural processes at the global and national scales (Hackworth and Smith, 2001). This was especially true in New York City whereby around this time the city emerged as a global city. There was a significant increase of the property market and growing gentrification in areas like SoHo and the Lower East side, which emerged as internationally recognized artistic areas. In some areas like Tompkins Square there

was resistance to this process as residents believed that the increase in homelessness, evictions and the vulnerability of the poor was directly linked to gentrification (Hackworth and Smith, 2001).

Furthermore, the gentrification process was being witnessed in a growing number of cities down the urban hierarchy and outside the United Kingdom and North America (Visser and Kotze, 2008).

Third-wave gentrification: recessional pause and subsequent expansion

The third-wave of gentrification was preceded by the crash of the stock market in 1987, followed by the crash of the inner-city residential land markets in 1989 together with the rest of the US economy. During the early 1990s, gentrification was completely stopped or slowed in some neighbourhoods. In 1993, it resumed again, with investors started pouring capital into the inner city market again; and the third wave started. Under the third wave gentrification, the process is mostly driven by economic forces more than cultural forces. Investors are attracted to the disinvested inner-city areas and make re-investments there. The third wave differs from the previous waves in a number of ways.

Firstly, gentrification is expanding. It is no longer limited to inner city neighbourhoods but also remote neighbourhoods outside the city core (Hackworth and Smith, 2001; Visser and Kotze, 2008). Secondly, globalization and the restructuring of the property market have provided a platform for large developers to be involved in gentrifying neighbourhoods. In the past, large developers tended to follow 'pioneers' in neighbourhoods and did not instigate development in the older parts of the cities. This, however, has changed because they are now increasingly becoming the first to initiate reinvestment (Hackworth and Smith, 2001). Thirdly, there are changes in the processes underlining its origin and development. Processes of gentrification are being linked to macroeconomic systems of capital accumulation other than the production and consumption arguments that were used in the traditional arguments (Visser and Kotze, 2008). Fourthly, there is a strong

relationship between globalisation, neo-liberalism and the changing role of the state. The state is becoming increasingly involved in the process compared to the second wave (Visser and Kotze, 2008; Hackworth and Smith, 2001). Finally, the understanding of gentrification-caused displacement also includes processes whereby redevelopments make it impossible for anyone but a range of middle-class or even wealthier residents to afford to live in those areas (Visser and Kotze, 2008). This is called exclusionary displacement (Porter and Shaw, 2009).

2.6. The negative effects of gentrification

Current literature on the gentrification process presents a great debate on the positive and negative impacts of gentrification. Proponents of gentrification argue that it improves and revitalizes the city. Laska and Spain (1980) argue that any negative effects are outweighed by its benefits. The negative impacts may even be diminished by the benefits of the inner city urban renewal. Others argue that compared to the benefits, whatever displacement that occurs as a result of gentrification is insignificant (Marcuse, 1984; Frias, 2006). Urban renewal and in some cases, gentrification, impacts different parties differently. The city, real estate developers, the new residents and businesses that move into the newly refurbished areas benefit the most from gentrification (Marcuse, 1984).

City governments

City governments benefit the most from gentrification for a number of reasons. Firstly, there is an increase in property values of the redeveloped areas and this provides an increased tax base for the city to use in other local government projects. Secondly, there is a decrease in the crime rate, which means less police presence in these areas and therefore lower costs channelled towards policing in the city. Finally, there is greater economic activity in the area as a result of the opening of new businesses, new cultural institutions and increased number of tourists coming into the city (Frias, 2006; The Centre for Urban Research and Learning, 2002).

Private developers

Private developers also benefit from the redevelopment of an area as it leads to an increased return on their investment. Private developers tend to invest in an area that will give them maximum returns for their investment. A redeveloped area tends to provide this. For instance, a private developer will prefer to invest in luxury housing rather than low income housing for the poor because the former will give them a higher return (Frias, 2006; The Centre for Urban Research and Learning, 2002).

Current residents

The current residents tend to have the most at stake. They welcome the redevelopment because this means there will be reduced crime, creation of jobs from the new retail and restaurants that will be opened in the neighbourhood. The redevelopment of the neighbourhood will also result in an increase in property values which means that if they decide to sell their properties they will be guaranteed profit. On the other hand, tenants will want the rents to remain affordable after the renovation (Frias, 2006; The Centre for Urban Research and Learning, 2002).

New residents

The new residents will want to share the benefits that the current residents are getting. The new residents tend to be young professionals or higher income families (Frias, 2006; The Centre for Urban Research and Learning, 2002).

Existing businesses and new ones

Existing and new businesses will benefit from the purchasing power of the higher income residents. More people spend money in the area (Frias, 2006). There will also be an increased number of visitors into the area as it will be safer. Business people tend to prefer areas with low crime rates and more affluent residents to avoid financial loss from theft and vandalism (Frias, 2006; The Centre for Urban Research and Learning, 2002).

Other benefits of gentrification are that it often leads to people owning their homes rather than renting and can sometimes result in more stability for that area. It also leads to an increased demand for housing; therefore there is less vacant property (Briney, 2010; The Centre for Urban Research and Learning, 2002).

Not all writers support gentrification. Opponents of gentrification argue that it deprives low income groups and ethnic minorities of affordable housing. Secondly, city governments discriminate on people by using their powers to create zoning laws that will at times promote gentrification. At times, city governments even change the zoning laws that prevent certain developments to go through and therefore allow gentrification (Frias, 2006). Another criticism of gentrification is that the residential and commercial developments become too large after redevelopment. These big building footprints result in a loss of urban authenticity; the gentrified areas also become a boring monoculture with an architecture that is too uniform. The new large developments tend to dwarf any historic developments left (Briney, 2010). Finally, the most common and controversial negative effect of gentrification is the displacement of the original residents (Frias, 2006; Briney, 2010). This phenomenon will be discussed in the following section.

2.7. Gentrification-related displacement

Displacement is described as when residents voluntarily leave an area, or are forced to do so, due to economic reasons (Van der Walt, 2001). Grier and Grier (1980) in Fantl (1989:28) define displacement as "…when any household is forced to move from its residence by conditions which affect the dwelling or its immediate surroundings, and which: 1) are beyond the household's reasonable ability to control or prevent; 2) occur despite the household's having met all previously imposed conditions of occupancy; and 3) make continued occupancy by that household impossible, hazardous or unaffordable".

Displacement can take place in two ways. In the first instance, displacement occurs through the influx of higher-income groups taking over low income areas and

displacing those who cannot afford the cost of living in that area. As the property values increase, there is also an increase in property taxes and rates resulting in the original residents being unable to pay for them (Van der Walt, 2001; Fantl, 1989). Secondly, there is a displacement of people due to the unavailability of affordable housing in low-income neighbourhoods (Van der Walt, 2001). Displacement is the most serious negative result of gentrification (Fantl, 1989). Gentrification results in the displacement of original residents who are either unable or unwilling to resist the unequal distribution of costs and benefits resulting from the redevelopment of their neighbourhood (Beauregard, 1986 in Fyall, 1991). The people displaced by gentrification tend to be economically vulnerable and are usually lower income groups working in low wage jobs or retired senior citizens. They live in in-expensive housing in desirable areas. They also lack the economic muscle to resist displacement (Fantl, 1989:28; Zukin, 1987). Gentrification also results in the displacement of businesses, the disruption of neighbourhoods, destruction of their livelihoods and the inefficient use of existing services and infrastructure. After urban renewal, these areas become so expensive due to the increase in rentals and higher property prices that the original inhabitants cannot afford to live there and are therefore forced to move out (Fernandez, 2005; Marcuse, 1984; Minton, 1996; Frias, 2006; Zukin, 1987).

There are opposing views on displacement caused by gentrification. One view argues that gentrification automatically causes the displacement of lower income groups. This school of thought also describes gentrification as the displacement of low income households following the redevelopment of their neighbourhood (Marcuse, 1984; Freeman, 2005; Freeman, 2006). This group views displacement as a widespread and exceptional direct consequence of gentrification (Lees, Slater and Wyly, 2010).

The opposing view argues that there is not enough evidence to support this claim and that there are other factors that contribute to the displacement of original residents in these areas. Displacement is seen as a minor by-product of transformations in the

urban fabric. Displacement is rarely directly caused by gentrification (Lees, Slater and Wyly, 2010). The occurrence of displacement and demographic changes in gentrifying areas gave the impression that displacement is a widespread phenomenon and that it is the causal factor behind the demographic change in the gentrifying neighbourhoods. However, social scientists fail to find evidence that this is true. A study done by Freeman and Braconi (2004) that aimed to empirically show the amount of displacement caused by gentrification in New York City did not find evidence of a causal relationship between gentrification and displacement. They also found that the possibility of low income households moving due to gentrification was low (Freeman and Braconi, 2004; Freeman, 2005; Freeman, 2006).

2.8. Gentrification in the South African context

South Africa has not experienced 'classic' interpretations of gentrification processes until recently. A number of urban regeneration strategies and initiatives have been introduced in the inner cities of Johannesburg and Cape Town, which has created a favourable environment and opportunity for gentrification to occur (Visser and Kotze, 2008).

Gentrification processes in South Africa emerged in two phases. The first phase began in the 1980s to the early post-apartheid years, and the second phase witnessed since 2000. The first phase had the characteristics of the original or classic interpretation of gentrification, with the process being understood through the 'Ruth Glass' meaning, with the production-side and consumption-side explanations used to understand this process. This was especially evident in the City of Johannesburg (Visser and Kotze, 2008).

After the discovery of the Witwatersrand gold reef in 1886, Johannesburg was established as a temporary mining camp. By 1894, Johannesburg had become the largest city in sub-Saharan Africa (Beavon, 2000). Within the first ten years of its establishment, mining company headquarters, banks and finance houses had been set up in the inner city (Bremner, 2000). The Johannesburg inner city was regarded as the

national banking centre, housing 11 of the 16 leading banking institutions, the Johannesburg Stock Exchange and the National Reserve Bank (Bremner, 2000).

Apartheid policies of racial segregation and separate development had a great impact on the Johannesburg inner city. The Group Areas Act, No. 40 of 1950 stated that each racial group was to live in areas reserved exclusively for them. As a result, white people lived in the suburbs adjoining the inner city while the black working class was forced to live in Soweto, a township south west of Johannesburg. The majority, that is, approximately three million residents were forced to live in the periphery of the city, while the minority, that is approximately one million white residents lived close to the inner city (Bremner, 2000).

When the apartheid state and policies collapsed, the authorities and the city's infrastructure were not prepared for the large numbers that flocked into the city. Johannesburg experienced a large in-migration of people from the rural areas, townships and neighbouring countries searching for better economic opportunities and accommodation closer to areas of work. This influx of people led to the mass exodus of big businesses to the northern suburbs. They included De Beer, Gold Fields and the Johannesburg Stock Exchange. This led to the closure of service-oriented businesses like the Carlton Hotel. The big businesses were replaced by smaller businesses and the demand for accommodation grew enormously. Informal trade also ballooned. The inability of the built environment to accommodate these changes led to the physical decay of the Johannesburg inner city. Other factors that subsequently contributed to the decay include the lack of investor confidence, overcrowding, the neglect of buildings by both tenants and landlords, lack of social responsibility, to name but a few (Kihato, 1999). As the inner city declined, a number of nodes developed on the city peripheries and in decentralized suburban nodes in Johannesburg. Therefore, in the early 1990s, there was a considerable rent gap in Johannesburg therefore creating an opportunity for gentrification to take place (Visser and Kotze, 2008).

The second phase relates to a number of initiatives introduced by the state in urban redevelopment. Literature on the second phase of gentrification views this urban process through the lens of urban regeneration rather than gentrification and is associated with the urban policy frameworks and programmes introduced in South African cities after 2000. Global economic forces and urban redevelopment influenced these processes (Visser and Kotze, 2008). The second phase of gentrification shows characteristics of the third wave gentrification and therefore directly relevant to the South African context. The section below will apply these features to the South African context. The discussion will begin from the Gauteng Province, down to the City of Johannesburg and finally, the case study, Soweto.

Gauteng Province- Gauteng City Region

The case study, Soweto Township, is located within the City of Johannesburg Metropolitan Municipality, in the Gauteng Province. Gauteng, which means 'place of gold' in Sesotho, is the smallest province in South Africa yet it is home to approximately 8 million people. It is also the economic powerhouse of the country and contributes 40% to the national GDP. The skills levels of the workforce are also higher in Gauteng compared to the national average. It has highly developed infrastructure, with a good road system, an international airport, a telecommunications system and high-level financial and business support infrastructure. South Africa's stock exchange and central bank are located in this province (Gauteng Province, undated).



Map 1: Gauteng Province in South Africa (Gauteng Province, undated)

In 2008, the Gauteng province was launched as a city region. A strategy was also launched for municipalities within Gauteng to work together and align their development plans, share ideas and resources on ways to create wealth and eradicate poverty, and also avoid competitive behaviour. This vision was influenced by the growing centrality of cities in modern economies like London, New York, Paris and Tokyo. As a result, the Gauteng city region has positioned the province as a major metropolitan conurbation ranked in the world hierarchy of urban settlements. It is estimated that the Gauteng city region will become the 12th largest city in the world by 2015, and therefore become a 'global mega city' (Gauteng Province, undated). One of the major initiatives towards making Gauteng a global city region has been urban regeneration. The Gauteng Provincial Government has also been at the forefront and has initiated a number of initiatives to promote urban regeneration. The aim of provincial government is to make the province a 'smart city'. One organization that was established by the Gauteng Province which has been at the forefront of achieving this goal is Blue IQ. The Blue IQ has been very effective in promoting urban regeneration in the province (Visser and Kotze, 2008).

Blue IQ is an entity that is wholly owned by the Department of Economic Development (GDED). Its vision is to be "the premier partner in the development of strategic economic infrastructure for sustainable growth, improved job creation opportunities and facilitating socio-economic development, in the Gauteng Province of South Africa". The entity was mandated to unlock the economic potential of the province which would result in improved and sustainable economic growth and job creation. There is a quest towards making Gauteng a smart city (Blue IQ, undated).

It is clear that all these efforts are influenced by the global cities and world cities theories aiming to make the Gauteng region economically competitive and be counted amongst the international players dominating the world economy. Urban regeneration is one of the means of achieving this global competitiveness. It is also important to note that the state is a major force behind urban regeneration initiatives in the Gauteng Province as is characteristic of third wave gentrification (Visser and Kotze, 2008).

Johannesburg- world class African city

Efforts towards global competitiveness are clearly seen in Johannesburg's policies. The official strategy documents state that the aim of the municipality in the future is to become a 'world class African city'. When the new City of Johannesburg Metropolitan Municipality was formed in 2000, its vision was to become "an African world class city defined by increased prosperity and quality of life through sustained economic growth for all its citizens". This set the scene for all the municipality's policies, frameworks and strategies (Seedat and Gotz, 2006:1). In 2002, Joburg 2030, a long term economic development strategy for the municipality was adopted which also entrenched the aspirations to become a world class city. This strategy states that in future, the City would like to be "a world class city with service deliverables and efficiencies that meet world best practice". The municipality also developed the Growth and Development strategy in 2006 which also re-emphasized the aspiration of being a "world class African city for all" (Seedat and Gotz, 2006:1).

Johannesburg is regarded as southern and central Africa's only likely candidate for world class city status. This is due to its comparative advantages which include its scale, agglomeration economies and global linkages. Johannesburg is the hub of South Africa and the sub-continent's linkages to the global economy (Bernstein, 2002).

Urban regeneration is also at the core of the City of Johannesburg's policies towards making Johannesburg a 'world class African city'. This is especially evident in the inner city of Johannesburg whereby in response to the urban decline, the City of Johannesburg introduced the Inner City Regeneration Strategy. The Joburg 2030 vision- which proposed that by 2030, Johannesburg would be a world class city laid the foundation for the establishment of the Inner City Regeneration Strategy. The main goal of the Inner City Regeneration strategy was to attract and sustain private investment in the inner city, which would subsequently result in a steady rise in property values. In order to achieve this, the municipality had to clearly show that it would accommodate investor needs, whilst at the same time embracing responsive governance discussions which shifted the role of government from being only an administrator to becoming an active agent of economic development and growth (Winkler, 2009:26).

Some of the initiatives developed by the City of Johannesburg included the establishment of public/private partnerships, the creation of an Urban Development zone in the city (which is an 18km^2 area in the inner whereby smaller businesses could qualify for tax breaks, big businesses are given incentives to invest through physical interventions like refurbishments, catalytic projects and also the Better Buildings Programme whereby the municipality writes off debt on indentified bad buildings and transferring ownership to private developers for refurbishment) (Winkler, 2009).

However, Winkler (2009) fears that if these regeneration policies continue to be implemented, the vision and aspirations to become a 'world class African city' could

lead to gentrification and the exclusion of some residents socially, economically and politically (Winkler, 2009). The characteristics of third wave gentrification are highly evident in the regeneration of Johannesburg. Firstly, global city ambitions and neo-liberal policies have played a major role in shaping the regeneration processes. Secondly, the state is playing a leading role in these processes. All of this is central to third wave debates (Visser and Kotze, 2008).

Soweto Township- South Africa's iconic 'township'



Map 2: **Soweto Township in relation to the rest of Johannesburg**
(City of Johannesburg, 2012)

When the democratic government came into power in 1994, Soweto (Region D) was one of the townships that were given special attention in terms of urban renewal. Former Gauteng Premier Mr. Mbhazima Shilowa launched the 20 Priority Townships Programme in 2006 whereby the province undertook to spend R3 billion to improve former black townships across the province. Soweto was named one of the

beneficiary townships (Dlamini and Sindane, 2006). As a result, Soweto has undergone a major overhaul with a lot of funding channelled towards its renewal. A large amount of capital investment has gone into the area (I-Africa.com, undated). Over the past five years, City of Johannesburg has also poured major investment into Soweto. This has encouraged private developers to also do the same. The township has been a hive of activity for both private and public developments (Visser, 2008).

A number of developments have sprung up in Soweto over the past years. They include the following:

Retail development

The development of five malls in the township had a positive impact on the property market. All these malls were privately developed and owned. They include Bara Mall, Protea Gardens, Jabulani and Maponya Malls. Soweto residents no longer have to travel to Johannesburg or to the suburbs for shopping. A study by the BMR conducted amongst 690 households in Soweto showed that nine out of ten of the residents were now doing their shopping inside Soweto. Only 10.4% and 7.2% now shop at home enterprises and street vendors respectively (Visser, 2008; Pamgolding, 2008).

Residential development

The township has experienced a major change in the residential property market. A number of residential developments have been undertaken over the years. Notable high-density housing developments include the Jabulani precinct and the Orlando Ekhaya projects (Pamgolding, 2008). Demand for affordable housing in Soweto continues to outstrip supply. As a result, developers have responded by bringing in smaller units into the market, mostly 2 or 3 bedroom apartments. Most of them are new-build sectional title rental developments with rentals ranging between R2400 to R3000 a month. Protea Glen is one of the areas with this type of housing in Soweto.

The Soweto residential market has seen an increase in demand for affordable housing available for rental (Visser and Kotze, 2008; Brink, 2010).

Infrastructure and community facilities

There has been a major improvement in the infrastructure and community facilities in the township. Major projects include the tarring of all Soweto roads by 2005; the Baralink development (consists of a multi-million rand transport node and hospital upgrade); the refurbishment of the Orlando stadium and Soccer City; the upgrading of Soweto's ageing electricity and water infrastructure. Other important projects include the Soweto greening project and the rehabilitation of Thokoza Park and Moroka Dam (Visser, 2008).

Tourism

Over the years, Soweto has experienced an increase in the number of tourists visiting the township. Tourist attractions in Soweto include Vilakazi Street- where the homes of former President Nelson Mandela and Archbishop Desmond Tutu were located; Walter Sisulu Square of Dedication; and other numerous cultural and heritage attractions, shebeens, conference venues and places for accommodation (Visser, 2008).

Housing finance

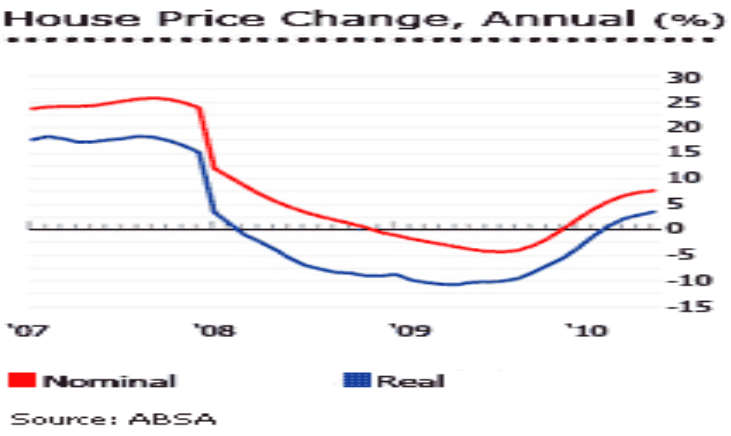
Another important factor that contributed to the changes in the Soweto residential property market is that after 1994, channels were opened for banks to start providing housing finance in Soweto again. The previously 'redlined' township now has all the major South African retail banks providing mortgage finance between R300K and R400K (Visser and Kotze, 2008).

All these developments can be linked to urban regeneration which sets the scene and provides a favourable environment for the occurrence of the gentrification process.

2.9. The South African Property Market

This section will discuss the South African property market over the past ten years. Furthermore, there will be a discussion on the residential property market and finally the township residential property market with emphasis on Soweto.

The South African property market experienced buoyant house price increases from 2002 to 2007. As a result of the global financial crisis, the property boom came to a halt in the first quarter of 2008. The house prices recovered quickly due to the low interests. The Reserve Bank cut the interest rates twelve times from December 2008 to 6% in September 2009. By early 2010, house prices began increasing again encouraged by South Africa being the host of the 2010 FIFA World Cup. Currently, property price growth is decreasing due to the waning soccer fever (Global Property Guide, 2010). Graph 3 below shows changes in the house prices in a period of three years.



Graph 3: Annual house price change over the last four years (Global Property Guide, 2010)

From 2002, the South African property market experienced rampant growth. During the third quarter of 2004, the boom continued, however the real estate professionals were a bit cautious. The property market appeared to be stabilizing. In the fourth quarter of the same year, the property market showed indications of slowed growth,

even though it remained positive. The market shifted from being a seller's to a buyers' market because sellers were willing to negotiate the price and the buyers were less willing to pay the exorbitant prices (First National Bank, 2004). In 2005, the property market continued to cool, even though the middle to lower market was not slowing down at the same rate as the upper end. The middle to lower market provided an opportunity for first time buyers to enter the market (First National Bank, 2005).

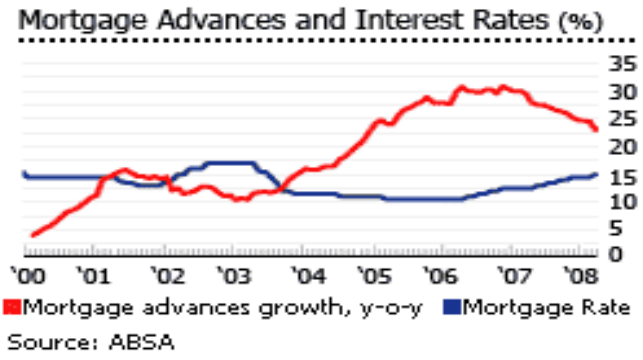
The first quarter of 2006 showed an upward shift in confidence in the overall South African property market. There were also increased levels of activity and optimism in the middle segment of the market. Furthermore, research in the townships especially those in Gauteng showed "impending growth potential with good affordability levels, realistic property prices being asked and decreased demand" (First National Bank, 2006a:1). Research into the old property stock in the townships (privately-owned and council houses) indicated that the activity levels in the privately owned houses were higher (7.6) compared to the council houses with activity levels of 5.9. A majority of agents interviewed operating in the township stated that the level of activity in the township was higher in 2006 compared to the previous year. This was due to high levels of demand. Properties in these areas were increasingly being viewed as desirable investment.

Another important headline trend in 2006 was the significant shift in sellers realizing their selling asking price. The FNB Residential Barometer of 2006 showed that 60% of sellers in national metropolitan areas were not realizing their asking price due to the excessive prices set by sellers and the fact that buyers now had more choice. On the other hand, only 10% of sellers in the townships were not realizing their asking price. The reason for this was that the sellers were setting realistic selling prices and demand for houses was high. Old stock properties were bought within three weeks (First National Bank, 2006a).

This was not a good year for rental properties. Property that is bought for letting decreased to 16% during the first quarter of 2006, from a high of 28%. The supply of

properties to rent decreased significantly especially in the upper market areas. The main reason for this was that investors were not getting their envisioned yields for their investments (First National Bank, 2006a). Overall, from the first to the final quarter of 2006, the South African property market remained buoyant with a 14.5% house price growth. Furthermore, the market in the previously disadvantaged townships was showing signs of good growth potential (First National Bank, 2006a).

In 2007, the South African Property Market experienced a slow down due to the implementation of the National Credit Act which introduced more stringent rules for borrowing. This Act is aimed at protecting borrowers from over-indebtedness and limits the amount of funds that can be borrowed (Global Property Guide, 2010). The speed at which home loans were approved slowed significantly (First National Bank, 2007a). The graph below shows the effect of interest rates on mortgage advances.



Graph 4: Mortgage advances and interest rates over a period from 2000-2008 (Global Property Guide, 2010)

The eleventh edition of the FNB Residential Property Barometer indicated that the township property market also experienced a decrease in activity levels during this period. The percentage of properties sold below the asking price in the Gauteng townships also increased from 8% to 21%. Research into the townships showed that properties were becoming more desirable due to affordability and the fact that social infrastructure was being upgraded. Furthermore, township property owners were

beginning to realize the value of investing in property and were renovating their homes to increase the value of their properties (First National Bank, 2007b).

In 2008, the South African property deteriorated due to a number of reasons namely: uncertainty regarding interest rates, inflationary fears, remnants of the implementation of the NCA and negative attitudes about the country leading to emigration (First National Bank, 2008a). The third quarter of 2008 showed further deterioration of the property market. Factors that were contributing to this included the high inflation rate and a slowing economy. Households were also experiencing financial strain. The United States economic crisis was also seen as a potential risk for the South African property market. Even though the country's property market did not have direct exposure to the US property, there was still a certain level of risk (First National Bank, 2008b). The fourth quarter of 2008 showed slight improvement in the general property market (First National Bank, 2008c).

In 2009, there was further improvement in the property market as the economy began recovering. Demand activity levels also began to rise (First National Bank, 2009a, b, c, and d). In early 2010, the property prices began rising again spurred by the 2010 FIFA World Cup. Currently, the property price growth has slowed again (Global Property Guide, 2010).

2.10. The Residential Property Market

Between 2000 and 2005, the South African residential property market experienced strong average property price growth of approximately 20% per year in nominal terms and about 14% per year in real terms. There were a number of factors that drove the market during this period. The first was that the country had the lowest inflation since the 1960s and the lowest interest rates in more than 10 years pushing house prices to increase to an all time high in 2005 (Global Property Guide, 2010).

Other forces that pushed property prices include firstly, the emergence of a financially stable middle class. After the demise of apartheid, black people in South

Africa were given new and previously denied economic and financial opportunities. This had an impact on the economy and housing demand. Furthermore, black households found themselves with more disposable income encouraged by a strong economy and tax reliefs for individuals. The country experienced GDP growth of 4% from 2000 and 2006, with real disposable income rising by an average of 4.7% over the same period (Global Property Guide, 2010).

Secondly, those South Africans who had invested money off-shore during apartheid were allowed to bring it back by September 2004. Much of this money was invested into property (Global Property Guide, 2010).

Finally, the Financial Sector Charter that was developed in 2003 encouraged mortgage loan growth. Financial institutions committed to providing R42 billon of housing finance to the low income housing market (Global Property Guide, 2010).

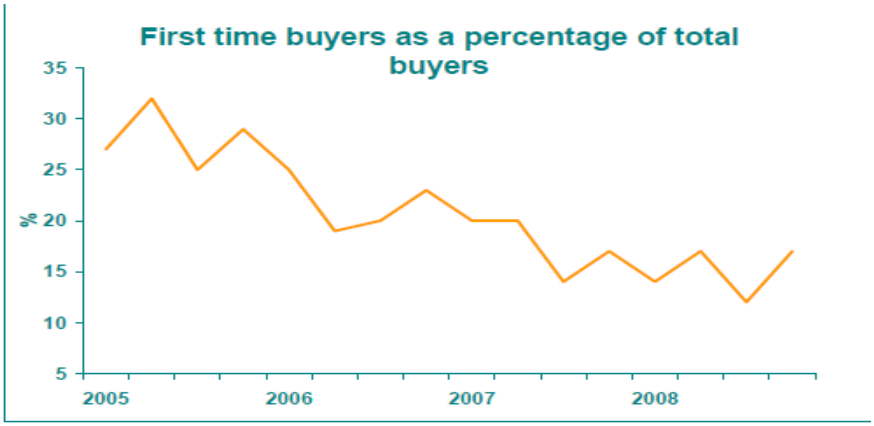
The South African residential property market- from boom to decline

As already discussed above, the residential property market experienced a boom from 2000 to 2005. In 2005, the residential property market became stable. The level of activity decreased in the market; however, activity in the middle to lower end of the market was not decreasing at the same rate as the upper end. This was due to the increased spending power available to middle to low income earners resulting from the lowered interest rates (First National Bank, 2005a and b). In 2006, the increased activity amongst lower to middle income market (R300 000 to R700 000) continued. The Black middle income market also continued to flourish. This was a result of the budget announcement that transfer fees would be lowered for properties and that there would be zero fees for properties under R500 000 (First National Bank, 2006b). In 2007, activity in the residential property market slowed considerably as a result of the implementation of the National Credit Act and hiking of interest rates. Also, there was a decline of first time home buyers entering the market. Many people struggled to get housing loans from financial institutions due to the stringent rules of the NCA.

Households were also beginning to experience financial pressure (First National Bank, 2007a).

In 2008, the residential property market experienced further decline. Some of the factors that contributed to this decline included further increases of interest rates, rising inflation and a slowing economy (First National Bank, 2008a).

First time home buyers declined significantly compared to the previous years. The graph below indicates the percentage of first time home buyers from 2005 to 2008 (First National Bank, 2008c).



Graph 5: first time buyers as a percentage of total buyers (First National Bank, 2008c)

The research conducted by the First National Bank on the residential property market, divided it into four segments- Top 10% of Metro suburbs (the top 10% of the market); secondly, High income areas (the next 30% down from the top 10%) ; thirdly (the following 30% of the market); and finally the Affordable areas (the lowest 30% of the market). During the fourth quarter of 2008, the top 10% appeared to be stabilizing which showed that the segment was the least sensitive to interest rates compared to the other segments. The Middle income market showed decline as by the fourth quarter of 2008 it recorded a decline of 1.7% from the previous year. The affordable segment was also deteriorating rapidly. One part of the market that was not adversely affected by the negative economic conditions was the affordable

market in the former black townships (First National Bank, 2008c). The table below shows estimated average house prices between 2005 and 2008.

ESTIMATED AVERAGE HOUSE PRICES

Major Metros	2003	2004	2005	2006	2007	2008	Q3-2008	Q4-2008
Top 10% Metro Suburbs	894,989	1,179,356	1,402,911	1,608,775	1,741,218	1,830,708	1,840,741	1,849,301
y/y % change	*39.9%*	*31.8%*	*19.0%*	*14.7%*	*8.2%*	*5.1%*	*5.0%*	*3.9%*
High income areas	504,303	680,069	862,430	1,000,965	1,122,414	1,170,365	1,170,439	1,162,366
y/y % change	*29.0%*	*34.9%*	*26.8%*	*16.1%*	*12.1%*	*4.3%*	*2.8%*	*0.2%*
Middle income areas	316,488	422,323	553,903	660,988	738,751	757,432	756,071	746,513
y/y % change	*27.0%*	*33.4%*	*31.2%*	*19.3%*	*11.8%*	*2.5%*	*1.0%*	*-1.7%*
Affordable areas	130,417	159,982	210,950	279,132	341,539	365,181	366,254	365,469
y/y % change	*13.9%*	*22.7%*	*31.9%*	*32.3%*	*22.4%*	*6.9%*	*5.0%*	*2.1%*
Total Major Metros	**375,819**	**497,862**	**629,768**	**744,658**	**836,405**	**872,543**	**873,510**	**868,887**
y/y % change	***29.2%***	***32.5%***	***26.5%***	***18.2%***	***12.3%***	***4.3%***	***3.1%***	***0.7%***
Major Provinces' Townships	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Q3-2008**	**Q4-2008**
Major Provinces' Townships	83,583	94,773	119,210	165,316	222,406	266,158	270,376	276,322
y/y % change	*5.7%*	*13.4%*	*25.8%*	*38.7%*	*34.5%*	*19.7%*	*17.6%*	*13.6%*

Table 1: Estimated average house prices (First National Bank, 2008c).

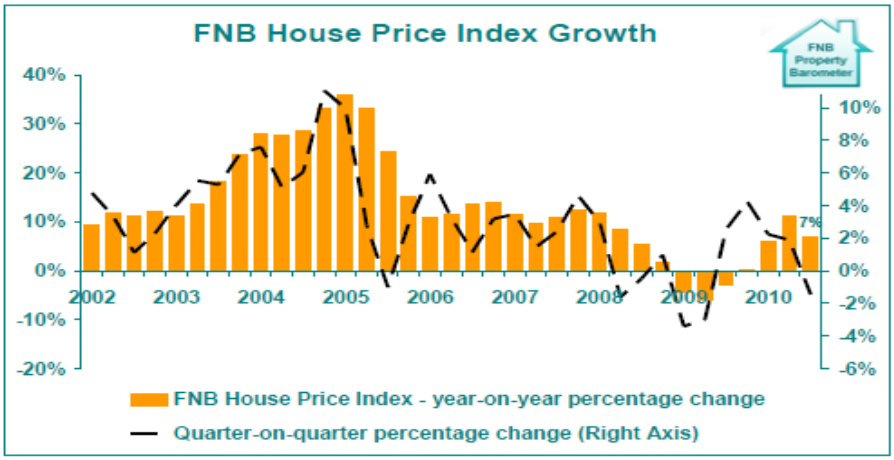
The table below indicates the estimated house prices in the City of Johannesburg Metropolitan Municipality.

City of Joburg Metro	2003	2004	2005	2006	2007	2008	Q3-2008	Q4-2008
Johannesburg	466,662	605,943	748,602	867,230	971,824	1,041,786	-	-
y/y % change	*31.2%*	*29.8%*	*23.5%*	*15.8%*	*12.1%*	*7.2%*	-	-
Sandton	725,501	940,790	1,106,806	1,251,939	1,423,894	1,489,844	-	-
y/y % change	*31.7%*	*29.7%*	*17.6%*	*13.1%*	*13.7%*	*4.6%*	-	-
Randburg	470,401	609,545	769,041	908,526	1,020,460	1,027,204	-	-
y/y % change	*31.6%*	*29.6%*	*26.2%*	*18.1%*	*12.3%*	*0.7%*	-	-
Midrand	440,003	605,433	730,859	816,278	910,585	978,032	-	-
y/y % change	*52.0%*	*37.6%*	*20.7%*	*11.7%*	*11.6%*	*7.4%*	-	-
Roodepoort	423,423	536,207	673,911	793,483	892,254	944,482	-	-
y/y % change	*26.6%*	*26.6%*	*25.7%*	*17.7%*	*12.4%*	*5.9%*	-	-
Soweto	87,590	94,694	126,473	189,602	253,778	294,156	-	-
y/y % change	*0.5%*	*8.1%*	*33.6%*	*49.9%*	*33.8%*	*15.9%*	-	-
Lenasia	131,533	156,877	186,611	258,421	330,079	368,086	-	-
y/y % change	*20.2%*	*19.3%*	*19.0%*	*38.5%*	*27.7%*	*11.5%*	-	-
City Of Joburg Metro	**473,805**	**614,441**	**752,712**	**872,860**	**985,858**	**1,040,729**	**1,042,824**	**1,042,741**
y/y % change	***29.3%***	***29.7%***	***22.5%***	***16.0%***	***12.9%***	***5.6%***	***4.2%***	***2.0%***

Table 2: Estimated house prices in the City of Johannesburg Metropolitan Municipality (First National Bank, 2008c).

In 2009, there was general improvement in the residential property market. Growth in the property market was slowly increasing. Property prices continued to rise at the beginning of 2010, encouraged by the hosting of the 2010 FIFA World Cup. In the third quarter of 2010, housing prices had increased by 7%, year-on-year compared to the 11.3% increase in the previous quarter. The demand for houses is low and this is due to slowed global and local economic growth which has a negative impact on the disposal income of households. Secondly, there has been a lack of interest stimulus since August 2009. As the end of 2010 draws near, the residential property is once

more declining after a mini-recovery from early- 2009 to early 2010. This may be attributed to the theory that the big property cycle has a span of 15-20 years, from peak to peak or bottom to bottom. These long cycles also have mini-recoveries which do not usually turn out to be strong and sustainable unless the underlying factors are solid. The graph below indicates the house price index growth between 2002 and 2010.



Graph 6: FNB House Price Index Growth (First National Bank, 2010)

2.11. The residential property market in the former black townships

The residential property market in the former black South African townships emerged in the early 1900s when South African towns began to be divided in terms of race. Until democracy in 1994, Black South Africans were forced to live in the homelands, that is, areas designated by the apartheid government outside the urban areas. However, due to the need for work opportunities located in the cities, a large number of Black South Africans lived in crowded townships outside the cities (Dinner, 2006). Over the years these townships have been characterized by the following: changing laws relating to land rights; poor social infrastructure and service delivery; poor and limited housing delivery; the emergence of informal settlements in spite of laws to regulate them; and the relocation of residents (Shisaka Development Management

Services, 2003). The residential property market in these townships is divided into the formal and informal markets.

The submarkets in the South African former black townships

This section will be discussing the four submarkets in the former black townships and their characteristics. They are namely, the old township stock, private housing stock, RDP housing stock and informal stock.

Old township stock

This refers to the formal housing units comprising of freestanding houses, row and semi detached houses and flats. They were developed between 1948 and 1960 by the government of that time to provide rental housing to Africans. The structure was usually a four roomed house commonly known as a 51/6 or 51/9 (with the toilet inside the house). After the fall of apartheid, the government transferred this stock to private ownership, during the period 1991 to 2003 (Shisaka Development Management Services, 2003).

Private housing stock

This type of stock refers to unsubsidized housing developed by the private sector. It can also be further subdivided into middle income and upper income housing sub-sectors. Usually, a private developer constructs the formal freestanding units and then sells them to buyers (Shisaka Development Management Services, 2003). The types of titles are usually long term leaseholds (99 years) or freehold title. The development of the private stock in the townships began in the first half of 1980s after Africans were allowed to own homes under the 99 year leasehold. This allowed for the transfer of ownership and access to housing finance, albeit limited (Dinner, 2006). Banks began to provide mortgage loans for people to buy these houses. However, towards the mid-1980s, lack of affordability and the defiance campaigns in the townships at the time led to default and non-payment of loans. As a result, banks redlined the townships and stopped providing loans to people wanting to buy properties there.

Later on, a number of initiatives were introduced to lure them back to the townships' market. These initiatives included the Home Loan Guarantee Company, the Record of Understanding, the New Deal, the National Finance Corporation and Nurcha. In spite of this, banks were still reluctant to participate in this market (Shisaka Development Management Services, 2003).

RDP housing stock

This type of housing stock is developed by the government through the national housing subsidy programme. This programme came into effect in 1994. The stock comprises of either a formal freestanding house developed for ownership or one for rental. Other dwellings include flats or clusters. At first, the private sector spearheaded the programme. However, changes in government policy have led to the programme being mainly undertaken by the public sector. Furthermore, low returns have prompted large private developers to pull out of this market (Shisaka Development Management Services, 2003).

Informal stock

This type of housing stock comprises of informal dwellings set up by the occupants themselves using non conventional building materials. The dwellings are either erected on land without the consent of the owner or can be site and service schemes where permission is sought by government from the owner (Shisaka Development Management Services, 2003). The informal property market in the former black townships was and is still significant. It comprises of informal settlements, backyard shacks and the informal sale of land and houses (Shisaka Development Management Services, 2003).

In the past, the formal residential property market was thin due to the following reasons:

Lack of effective demand

The first contributor to this was the lack of effective demand caused by high unemployment levels, the out-migration of those with higher income to the city centre or former white suburbs and low disposable income because low income households were unable to buy houses (Shisaka Development Management Services, 2003).

Financial exclusion

In the past, banks tended to shy away from offering mortgage loans to low income earners. They regarded the low income market as unprofitable and risky. Therefore, a majority of the residents in the townships did not qualify for mortgage loans and therefore could not purchase houses. This type of exclusion is called involuntary financial exclusion. The second type of financial exclusion is voluntary, whereby the demand for mortgage loans was low. Low income households did not want to commit themselves to long term debt (Shisaka Development Management Services, 2003).

The housing subsidy

Although the housing subsidy provided by government stimulated the primary housing market, it suppressed the secondary housing market because of a number of reasons. Firstly, poor households were unwilling to pay for a house when there was the possibility of getting a house for free. Therefore, they chose to await their turn in the housing subsidy waiting list. Secondly, the beneficiary of the housing subsidy could not sell the house until eight years had lapsed. This also distorted the secondary property market (Shisaka Development Management Services, 2003).

Land

Firstly, land identification and acquisition was difficult in these townships due to a lot of limitations and requirements, therefore resulting in delays and ultimately, high costs. Furthermore, there has always been a shortage of land in the townships.

Secondly, there were also major constraints in relation to land development and release. This is mainly due to the high capital costs of getting development approval and servicing. Thirdly, there was poor application of land regulation in the townships, leading to physical dilapidation and the devaluation of properties. Finally, there was a debate on whether the provision of formal land titles to the low income households would benefit them or not. Many of them did not have title deeds and this was necessary to stimulate the secondary property market and enable the poor to create wealth from their assets (Shisaka Development Management Services, 2003).

Shortage of low cost housing

The former black townships had a shortage of primary housing and new starts. This shortage was experienced in all the types of housing because there were no additions to the Old Township stock, the private sector housing was stagnated and the number of subsidy houses that were being constructed was reduced (Shisaka Development Management Services, 2003).

Legal impediments

This relates to the fact that many residents did not have title deeds for their properties and this meant that they could not resell their houses in the formal market. Therefore, they opted for the informal market which did not give them quality of benefits they would have received in the formal market (Shisaka Development Management Services, 2003).

Housing mobility

The general trend in the townships is that the wealthier residents were mobile and left the townships to go to the suburbs whilst the low income residents stayed behind in the dilapidating houses. Others chose to stay in the townships due to a sense of loyalty and personal history (Shisaka Development Management Services, 2003).

Housing as an asset

The thinness of the residential property market meant that the house was not viewed as an asset (Shisaka Development Management Services, 2003).

2.12. The changing face of South African townships

Research conducted by Futurefact shows that there are changes taking place within the townships and the perception of people regarding townships. In the past, the progression on where people desired to stay was as follows:



The progression on where people desired to stay (Shapiro, 2007

However, research indicates that this urban geography is changing. Recent surveys have shown that it is not all one way traffic to the suburbs. Previously, Black South Africans were forced to live in the townships. These areas were neglected and lacked the services and amenities found in the former white suburbs. Therefore, residents dreamt and aspired to live in the traditionally white suburbs which had an attractive environment, good facilities and amenities. However, this sentiment is now changing due to a number of reasons. Firstly, infrastructure in townships has been significantly upgraded. In Gauteng, this is especially evident in the 20 townships that benefitted from the province's 20 PTP programme whereby R3 billion was allocated towards providing decent schools, clinics, sports and recreational facilities and also tarring of roads. Nowadays, townships have the same facilities and amenities that were previously exclusively found in the traditionally white suburbs. Furthermore, shopping centres are being constructed in townships like Soweto (Shapiro, 2007). According to the FNB Township Property Barometer of 2008, the structural changes in the townships (infrastructure, retail, entertainment and services upgrades) have

played a major role in attracting people with higher disposable income to live there. The survey done in this barometer also indicated that in 2008, Soweto had the highest percentage of buyers being from the suburbs. In 2008, 31% of the township buyers in Gauteng were from the suburbs (First National Bank, 2008d).

Secondly, the residential property market is no longer dead in some townships. Over the past five years, townships like Soweto have experienced a property boom. Property values have risen significantly (Shapiro, 2007; First National Bank, 2008d). By 2007, property prices had increased by 30-40% compared to previous years (Shapiro 2007; Property24.com, 2010). During the fourth quarter of 2007, some townships experienced the following residential property price growth- in Gauteng, Tsakane (56%), Mamelodi (48%), Soshanguve (44%), Katlehong (41%) and Vosloorus (40%). In Cape Town, Khayelitsha (57%) whilst in Durban, Kwa-Mashu and Umlazi experienced price increases of 55% and 48% respectively (Property24.com, 2008). People that have bought properties in Soweto are now regarding them as assets and benefitting from their investment, giving them a sense of ownership. This is what the townships' market lacked in the past (Shapiro, 2007).

Thirdly, the affordability of properties compared to other areas also adds to the advantage of the townships' market. With the financial difficulties that came with the recent recession, came the need to downgrade by suburban sellers at the lowest end of that market and going back to the townships (First National Bank, 2008d).

Another factor that has contributed to the changes in the townships' market has been the changes in the economy of the country and the labour market. Many of the new entrants to the labour market are within the black population category and they are also first time home buyers. They usually enter the property market through the township market. Therefore, there are a higher percentage of first time home buyers in the townships compared to the suburbs (First National Bank, 2008d). It is envisioned that, "ongoing upgrades to infrastructure, and the 'natural' transition from being dormitory towns to being mixed use diversified economies with higher job

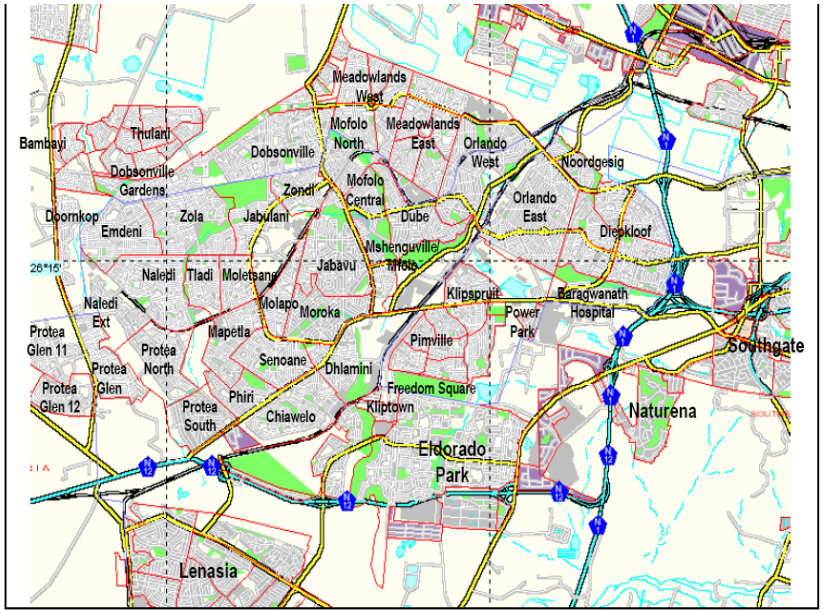
creating ability, could see many townships' residential markets showing longer term capital growth that beats the national average" (First National Bank, 2008d:1)

Cultural factors also play a role in these changes. People that have moved from the townships to the suburbs miss the sense of community found in the townships. That is why some people who own homes in the suburbs tend to go to the townships during the weekend and spend time there. Residents who live in the townships and those who have moved away have a strong emotional connection and attachment to the townships. The survey conducted by Futurefact in 2007 indicated that 77% of the residents currently living in the townships said they were happy about living there (Shapiro, 2007).

The research concluded that although a mass migration back to the townships from the suburbs has not been experienced yet, the emigration to the suburbs may change in future as the townships become similar to the traditionally white suburbs (Shapiro, 2007).

2.13. The Soweto residential property market

Soweto is the largest former black township in South Africa. It is located within the jurisdiction of the City of Johannesburg in the Gauteng province. The township is located 15 km south west of the Johannesburg CBD (Mokgata, 2003).



Map 3: Population distribution in Soweto Township (Palmer, 2004)

Origins

Similar to the origin of Johannesburg, the history of Soweto is entrenched in the discovery of gold in 1886. This attracted a large number of gold-diggers from within and outside South Africa hoping to make a fortune. Many black labourers from the rural areas also flocked into Johannesburg, with approximately 6000 labourers working in gold mines by the beginning of the 20th century. Within four years after the discovery of gold, Johannesburg had grown to be the second largest town in the country. All the people working in the mines lived in camps which were characterized by bad living conditions. This led to the outbreak of the bubonic plague in Coolie Town (present day Newtown and Burghersdorp) in 1904. In response, the authorities cleared the slum. Another motivation for the clearing of the slum was that the government wanted to implement a segregated housing policy and separate the poor whites from the blacks (Napier, 1995; Creighton, 2003; Mokgata, 2003).

The black people were moved to Klipspruit, approximately 15 km south west of Johannesburg which was declared an African township. It was solely created for the black labourers working in the mines and other industries in the city. By this time, the inner city was reserved for white residents. No African was allowed to live here except the domestic workers who lived in their employers' properties (City of Johannesburg, undated; Mokgata, 2003). The living conditions in Klipspruit were even worse than those in the camps. Some of the key problems were that it was a long distance from Johannesburg; secondly, it was close to a sewage farm therefore creating health problems for the inhabitants; thirdly, there was inadequate transport and; lastly the people had to live in temporary shelters made of corrugated iron (Napier, 1995). In spite of this, the residents were charged a levy (Mokgata, 2003).

Both workers and employers were unhappy with the location and workers preferred to live closer to the city even though there was shortage of housing. Later, the council gave out permits to employers to allow workers to stay in the compounds in the factories and mines' premises. White landlords also rented out shelters to black workers resulting in shanty towns. The Native Urban Areas Act was passed in 1923 with the aim of regulating the influx of people, specifically people of colour into the cities. However, it was difficult to enforce this law such that by 1940, 40 000 people were living in slums, whilst 27 000 were living in the compounds (Napier, 1995; Creighton, 2003; Mokgata, 2003).

As the shortage of housing escalated and overcrowding conditions worsened, the government bought 3000 acres of land on the farm Klipspruit No. 8. This township was proclaimed in the early 1930s and named Orlando after Councillor Edwin Orlando Leake, the chairman of a special committee that was responsible for Black people's affairs (Napier, 1995; Mokgata, 2003). The council built two and three bedroom houses which were of poor quality. They were referred to as 'matchbox houses' by the residents because of their small sizes and small yards. They had no foundation and not plastered inside (Mokgata, 2003). The houses were rented out to people. There was no electricity in the area and the bucket system was used for

sanitation. The township also lacked community facilities and amenities with inadequate parks, schools and sports facilities. The township was also far from places of work and a lot of people were unhappy about it. As time passed, the demand for housing increased. The government was forced to respond which led to the development of the townships of Tladi, Zondi, Dhlamini, Chiawelo and Senoane in 1956, followed by Jabulani, Phiri and Naledi in 1957. The apartheid government conducted forced removals from African townships in the west of Johannesburg including the western areas of Sophiatown, Newclare and Martindale and moved the people to Diepkloof and Meadowlands. The former townships had recently been declared white. All these townships were collectively named South Western Townships (Soweto) in 1963 (Napier, 1995; Creighton, 2003). During this time, black people were not allowed to own property and the small minority that could afford to, built their own homes on a 30 year lease hold basis. A number of these houses were built in Dube, which became known as a high-end township within Soweto. Unfortunately, this came to an end in 1968 when the apartheid government removed all leasehold rights. Even the wealthier residents were denied home ownership rights (Napier, 1995; Creighton, 2003).

After the Soweto uprisings in 1976, special attention was paid to Soweto in terms of improving facilities, services and also providing electricity. The government's attitude towards black people living in urban areas began to change (Napier, 1995). The government was pressurized by the Urban Foundation (formed by big business) to allow some form of land ownership to make it possible for the private sector to provide housing finance in the township. This led to the introduction of the 99-year leasehold system in 1978 (Creighton, 2003). This allowed the residents to sell, lease or inherit the property. However, the residents only had ownership rights over the structure and not the land. This presented difficulties when trying to get funding from building societies and banks as they were not comfortable to use leases as security for mortgage loans. In the period between 1980 and 1983, 6000 households in Soweto renovated and made additions to their homes (Mokgata, 2003).

The 99-year leasehold system targeted the middle class who had formal jobs, qualified for and could afford mortgage loans from building societies and banks. Diepkloof extension, Orlando West, the Proteas and Selection Park were some of the new areas that were opened up for private development. Developers used the plot and plan schemes whereby the developers serviced a site and then sold it under leasehold to applicants and the house was built after selection from different plans. In other cases, the applicant bought the land and hired their own builder. Diepkloof extension was known as an area for the wealthy in Soweto (Creighton, 2003). This led to the emergence of a new middle class. The move by government to relax some policies was created to establish a group with just enough stake in the economic system to support its measures of limited reform, was a response to the shortage of skilled labour and also to mitigate the growing resistance of the government from the townships. The black middle class concept was suggested by the Association of Chambers of Commerce of South Africa. They proposed that the black middle class should be provided with better transport systems, more urban amenities, that more resources should be spent on their housing, that the discriminatory laws should be reviewed , provide greater upward mobility and that the Black local authorities should be given more powers and functions (Mokgata, 2003:51).

Infill areas that were reserved for schools or other facilities were rezoned for residential purpose and more humble homes were developed for public servants like the police, teachers and nurses; people in well paying private sector jobs, self employed and professional people. The government also introduced the first time homeowners' subsidy scheme. The target group was people buying homes for the first time and not receiving an employee housing subsidy. This stimulated the demand for housing and affordability in the private sector (Creighton, 2003).

In 1986, the restrictions on Black people's property rights were removed allowing residents of Soweto to own their homes (Mokgata, 2003). When building societies and banks initially provided loans to Soweto residents, the level of repayment was good. However, this changed from the late 1980s into the 90s when South Africa

entered into the political transition phase. The economy went into a recession and the environment was unstable. Many workers lost their jobs when companies went out of business or were forced to retrench their staff. As a result, mortgage holders defaulted on their repayments and banks began re-possessing the properties. The community responded by supporting those who were faced with the repossession of their property and prevented the sheriff from carrying out evictions. Eventually the banks stopped the repossession process and also lending in the township. The term 'redlining' was used to describe this. By 1994, approximately 50 000 properties or non-performing loans were on the books of the banks and the Housing Trust (Creighton, 2003). The decision not to allow the residents of Soweto freehold tenure for a long period of time and the 'redlining' of the township by banks and building societies contributed to the lack of an active property market (Mokgata, 2003).

2.14. The change in the character of the Soweto residential property market

Over the past five years there has been a dramatic change in the character of the Soweto residential property market. Previously, the Soweto residential market had been described as stagnant and was called a dormitory town, but now Soweto has become an attractive area to buy property. The FNB Residential Property Barometer in 2005 indicated more property sales in Soweto compared to the former white suburbs in Johannesburg and Pretoria. Estate agents working in the area indicated a considerable increase in the level of activity. The survey also found that the demand for property was outstripping supply (Muller, 2008). Furthermore, the Soweto residential market has experienced an increase in property prices and the emergence of a black middle class (Sigonyela, 2006).

The changes in the Soweto residential property market have led to an influx of people wanting to buy or rent property in this township. Many of the property buyers that previously lived in the suburbs are now moving back to the townships. In 2008, estate

agents in Soweto reported that 38% of the buyers were coming from the suburbs (Mhlanga, 2008). According to a survey conducted by Futurefact, more black people are choosing to live in townships irrespective of their income. Their statistics show that the majority of people living in townships are black working class and middle class people, 37% of upper and middle class black adults live in townships. Also, the majority of people living in townships (69%) live there by choice (Shapiro, 2007). With the level of development taking place in many of the former black townships, the previously disadvantaged townships now have the same amenities and facilities as the suburbs, therefore attracting people with purchasing power (Shapiro, 2007). The research also indicated that in the past, the younger black generation aspired to move out of the township and live in the suburbs. However, this sentiment is changing now that all these facilities are available (Shapiro, 2007: 11). In some cases, households are downscaling due to the credit crunch and moving back to the township (Sogoni, 2009).

Although the area has been characterized by poverty and a black working class since the apartheid era, a new black middle class is emerging and various 'extensions' have been established to accommodate them. Analysts have identified more affordable housing and an emerging black middle class as the key drivers of the residential property market (South Africa. Info Reporter, 2006: 1; Sigonyela, 2006; SA Venues, undated). Some people are moving from other parts of Soweto to highly sought-after areas like Diepkloof extension and Protea (Mhlanga, 2008; Mokgata, 2003).

2.15. In-migration and out-migration dynamics in Soweto

Due to its past history of being a dormitory town and the fact that the residents could not own their properties, Soweto has always experienced a high level of in and out-migration. When the residents were given the right to own property, they were a given a sense of stability. After 1994, there was still a negative connotation associated with townships, therefore those who could, moved to the suburbs. This was especially common amongst the young generation who wanted a better life, amenities, facilities,

infrastructure and everything they could not get in the townships. Young people aspired to move out of the townships to the suburbs. Therefore in the 90s there was a high level of out-migration of young people from the township of Soweto to the suburbs (Shapiro, 2007). High-income households also moved to elite areas outside Soweto (Mokgata, 2003).

The capital investment injected by both the private and public sector into Soweto has led to the establishment of a vibrant property market. Previous studies have shown that people are beginning to move back to the township from the suburbs. Some people by choice because the amenities that they were seeking from the suburbs are now available in Soweto, and some because of their financial situation, they decided to downgrade, sell their houses in the suburbs and buy affordable houses in Soweto (Shapiro, 2007). Whatever the reason, the fact is that over the past five years, Soweto has experienced an in-migration of middle to high income households or individuals buying or renting property in the new or upgraded residential development in Soweto.

2.16. Theories that apply to the Soweto case study

Production-side theories vs. consumption side theories

The consumption- side theories can be applied to the case of Soweto in that the urban renewal in Soweto has resulted in an influx of people wanting to buy or rent property in this township. Many of the property buyers that previously lived in the suburbs are now going back to the townships. New development in these areas, together with the amenities and facilities is attracting people with purchasing power (Shapiro, 2007). Furthermore, the credit crunch has seen households downscaling and moving back to the townships (Shapiro, 2007; Sogoni, 2009). Soweto is experiencing demographic changes, which is characteristic of a gentrifying area.

In terms of production-side theories, the pouring in of capital through public and private investment has been the main catalyst for the changes that have occurred in the Soweto residential property market over the past five years. The government and

private sector have been the main catalysts to urban renewal in Soweto. However, it is difficult to apply the rent gap theory in the conventional way because the dynamics tend to be different. Firstly, Soweto is located kilometres away from the inner city. Secondly, the area did not experience revalorization and devalorisation which are critical elements in explaining the rent gap theory.

Classical vs. contemporary debates

Although there are certain elements of the original production-side and consumption-side elements that are applicable to the Soweto, the new gentrification debates especially the third-wave gentrification characteristics are applicable to Soweto due to a number of reasons. Firstly, this township is located many kilometres outside the Johannesburg inner city. The original processes of gentrification were limited to the inner cities. Secondly, it is clear that the state, in particular the Gauteng Province and the City of Johannesburg Metropolitan Municipality are driving the development initiatives in the township (Visser and Kotze, 2008). The redevelopment strategies in Soweto are in line with the vision of making Johannesburg a 'world class city'. The Joburg 2030 strategy states that one of the ways to make Johannesburg a world class African city will be to redevelop and upgrade the historically black townships, including Soweto. The aim was to create suburbs out of them and design them in a similar fashion like the historically white suburbs. The socio-economic status of the residents in the township was to be improved in order to have few poor communities. The townships would be designed in such a way that residences are closer to economic or business opportunities, shopping and public transport. There would also be an improvement of outdoor life with parks, rivers, dams and world-class outdoor relaxation amenities (City of Johannesburg, 2002). The municipality also identified catalytic or flagship projects. The aim of these projects was to generate other similar or associated projects that will support new economic growth immediately. "They are intended to change discriminatory decision-making practices in respect of where businesses are located". Former black townships were identified as one of the areas where these projects would be implemented (City of Johannesburg, 2002:8).

More importantly, the urban changes in Soweto are viewed through the lens of urban renewal rather than gentrification. All the programmes and projects being implemented are said to be aimed towards achieving urban renewal/urban regeneration.

Currently, the relationship between the new developments and the displacement of residents has not been determined by research. However, existing research shows the following: firstly, developers have been building two and three bedroom sectional units. Secondly the rentals are ranging between R2400 and R3000 per month. Thirdly, the rates exclude a majority of current residents in Soweto the township due to affordability (Visser and Kotze, 2008).

2.17. Conclusion

Literature examined thus far refers mostly to other societies and cultures. Nevertheless, there is enough room to question how the South African property market is responding, and whether changes in the Soweto property market are linked to gentrification. In addition, the study reveals a gap between various schools of thought with regard to the nature of gentrification, among other related issues. The existence of different views also points to a knowledge gap. There is also no existing study that is focused on Soweto. As such the research question stated in Chapter 1 remains relevant. Findings from the review of relevant literature suggest the likelihood of the occurrence of gentrification in Soweto. However, it is not viewed in the classical Ruth Glass definition but through the lens of urban regeneration. Therefore, the concept of urban regeneration is utilized as the research concept.

Therefore, the research objectives discussed in chapter 1 are pursued through the lens of urban regeneration in order to answer the research questions. The research methodology presented in chapter 3 was developed with the research concept stated above.

CHAPTER THREE

THE RESEARCH METHODOLOGY

3.1. Introduction

Research methodology is the approach taken when one is undertaking research. The research methodology also gives direction in so far as achieving an end-product, which is the research project (Leedy and Ormrod, 2010). Research methodology is the part of the research report that discusses research design, data collection methods, sampling techniques, fieldwork procedures, and data analysis approaches (Zikmund, 2003). In addition, there is the research concept which is the guiding principle of all parts of the research report listed above. The research concept for this research project was gentrification, based on the contemporary definition of gentrification, which views this process through the lens of urban regeneration or renewal whereby urban regeneration initiatives are introduced by local governments, thereby inducing gentrification.

This research project was guided by a research approach, which in turn steered the philosophical orientation, whose underpinnings are ontology, the study of existence, and epistemology, the study of the method of acquiring knowledge (Kumar, 2005). There are three approaches of a research project: phenomenological, positivist and post-positivist approaches. The phenomenological approach involves studying different complexities of a particular phenomenon and looking at characteristics that cannot be easily reduced to numbers, usually human situations. Its main aim is to get a deeper understanding of a situation and is associated with idiographic concerns (Leedy and Ormrod, 2010; Rubin and Babbie, 2005). Secondly, is the positivist approach which is more inclined towards quantitative research and the use of experiments, surveys and statistics (Neuman, 1994). Finally, is the post-positivist

approach which allows the use of both qualitative and quantitative methods of research. It brings together the characteristics of positivism and phenomenological approaches. The researcher has to be both objective and subjective (Nolan, 1997). From the research approach there needs to be a strategy. There are two types of strategies, the first being the quantitative strategy which relies primarily on assumptions from the positivist approach (Neuman, 1994). The second is the qualitative strategy which investigates characteristics of a phenomenon that cannot be reduced to numerical values. The qualitative researchers mainly use their observations to gather information and the method of studying is exploratory in nature (Leedy and Ormrod, 2010).

The merits and demerits of these philosophies are discussed below:

Subjective

This approach is usually used by qualitative researchers. Researchers interact vigorously with participants and the subject matter. One disadvantage of this approach is that the researcher is the measuring tool and at the same time human and therefore, will always have a degree of being biased. The disadvantage is that "subjectivity prevents researchers from drawing the general conclusions that are needed to expand scientific knowledge, and it is one reason why qualitative measurement alone cannot hold up to scrutiny" (Sewell, undated).

Objective

This approach is usually adopted by quantitative researchers. This method allows researchers to measure the set variables. The advantage of this approach is that the findings are unbiased because researcher tries to remain separated or removed from the subject. One disadvantage of this approach is that because the researcher is so detached from the participants or subject matter the findings sometimes cannot be generalized to more naturalistic settings matter (Sewell, undated; Leedy and Ormrod, 2005).

3.2. Research Methodology for the Study

Ontology of the research

Existing research indicates that former black townships undergoing redevelopment have experienced an increase in property prices, an influx of black middle class people, and an out-migration of original residents. Evidence gathered has shown that this is also the case in Soweto. This, therefore, raises a number of questions around the possibility of gentrification in the former black township of Soweto. It also raises questions around the possibility of a relationship between the increase in property prices, an influx of higher income people and the out-migration of original residents. This formed the ontological position of this research. The aim of the research was to find out how really things are on the ground, therefore, the ontological position was realist (Guba and Lincoln, 1994).

Epistemology of this research

The epistemology of this research was based on the ontology discussed above. The epistemological position of this research was that former black townships in South Africa, particularly Soweto are experiencing gentrification, albeit not in the classical sense but within the context of the contemporary definition. Furthermore, gentrification in these townships is the sole cause of the current out-migration of original residents. Due to the qualitative nature of the research, the epistemology of the research was subjectivist (Nolan, 1997).

Philosophy, strategy and time dimension of the research

Based on the ontology and epistemology, the philosophy of this research was a phenomenological approach. This approach is interpretative with an inductive approach for acquiring knowledge. Based on the philosophy of the research, the best suited strategy for this research was the qualitative research strategy. The cross-sectional study was used to deal with the issue of time dimension in this research.

When conducting cross-sectional studies, one undertakes an observation of a sample of a population or a phenomenon. This is done at one point in time (Babbie, 2010).

3.3. Justification for the methodology

The *ontology* of the research aimed to determine the truth about gentrification in the former black township of Soweto. The township is currently experiencing a number of characteristics that are associated with gentrification; therefore, the ontology of the research was to investigate the possibility of the occurrence of gentrification in Soweto.

The *epistemology* was determined by the ontological position of the research. The epistemology of this research was the research questions, whereby the truth is shaped by what is happening on the ground. It also covers the study of the methods of collecting data which were then used to determine the truth based on these questions.

The *philosophy* of the research was phenomenological because it involved studying different complexities of a particular phenomenon and looking at characteristics that could not be easily reduced to numbers- usually human situations. Its main aim is to get a deeper understanding of a situation and is associated with idiographic concerns (Leedy and Ormrod, 2010; Rubin and Babbie, 2005). The aim of this approach is to identify phenomena in terms of how they are perceived by different stakeholders in that situation. This approach was chosen for the purposes of this research because of a number of reasons which included; firstly, that the research problem itself is phenomenological and the research aimed to determine the existence of gentrification in Soweto. Gentrification is a complex phenomenon which has been studied in the past and is still being studied. There are still gaps and contradictions in literature which need to be further investigated. The phenomenological approach also relies on people's perceptions and observations, and was therefore suitable for this research project. The research project relied on the researcher's own observations and also those of the relevant stakeholders. This approach also involves the use of qualitative

research strategies and the use of subjective meanings and descriptions. Gentrification tends to be subjective; therefore, using this approach was suitable for this study.

A qualitative *research strategy* was used to gather data. Qualitative research begins with general research questions, a collection of a large amount of verbal data (in some cases, non-verbal data) from a small group of people. The data is then organized into a logical account of what has been studied. The qualitative researchers mainly use their observations to gather information and the method of studying is exploratory in nature (Leedy and Ormrod, 2010). They investigate characteristics of a phenomenon that cannot be reduced to numerical values. The aim of qualitative research is usually to study the different nuances and complexities of a certain phenomenon and to shed light on complex situations.

Although this strategy was best for this research, there are common problems associated with it which had to be overcome. Some of the problems include firstly, that the findings are mostly specific to a certain case and do not apply to other cases (Leedy and Ormrod, 2010). This research highlighted that the findings are specific to Soweto; however, some of the findings can be applied to other former black townships that are experiencing the same phenomena. The findings from this research can be a foundation for further research in these townships.

Secondly, it takes more time to collect data using the qualitative research strategy compared to the quantitative strategy. This challenge was addressed by setting aside adequate time for the collection of data.

Thirdly, the research results are easily influenced by the researcher's personal biases (University of South Alabama, undated). Although observations contributed to the findings, the conclusions were largely based on data collected from the research participants to avoid this.

The *research method* adopted was the case study method. The reasons why the case study method was deemed the best method to meet all the research objectives was

that it is used to conduct an in-depth study of a particular individual, program or event. In some cases, researchers focus on a single case to understand a phenomenon and in other instances, two or more cases to make comparisons. The case study method was suitable for this research as it is useful for learning more about a little known situation- which in this case is gentrification in the former black township of Soweto. This method is comprehensive and allows one to use various techniques to gather information like observations, interviews, documents and audiovisual materials (Leedy and Ormrod, 2010). The case study method enables the researcher to get information from one or more situation(s) that are similar to their problem situation. The primary advantage of the case study is that a situation can be investigated in-depth and ensures meticulous attention to detail (Zikmund, 2003). Therefore, one is able to gather as much information as possible. A researcher is also able to make an intensive analysis of many specific details that may be ignored by other methods (Kumar, 2005). The case study method makes use of various methods of data collection including observations, interviews and appropriate written documents and/or audiovisual material (Leedy and Ormrod, 2010).

3.4. Units in the research

Unit of observation

This is the unit on which data are collected. The unit of analysis is determined by the chosen analysis. It is the entity which is observed or about which the information is collected.

In relation to this research project, the units were as follows:

1. *Unit of study*: the former black township of Soweto.
2. *Unit of observation*: the residential property scenario in the three neighbourhoods of Soweto. Observation was focused on the demographics of residential property in the studied neighbourhoods. This was in relation to occupancy and migration of residents. In addition, the development status and property prices were observed.

The neighbourhoods were analyzed for characteristics of gentrification detected which were: an increase in property prices; influx of black middle class people and out-migration of original residents.

3. *Unit of analysis*: neighbourhoods in Soweto; specifically Protea and its extensions, Dobsonville and its extensions and Diepkloof and its extensions.

3.5. Methods of data collection

The methods of data collection were founded on the findings of the literature review and research concept which based gentrification on the contemporary definition of gentrification that views the process through the lens of urban regeneration or renewal. The sort of data required included data from interview extracts, questionnaire replies, observations and demographic data. Sources of data included new residents, remnants of the old residents, estate agents and developers for the interview extracts and questionnaire replies. The source of the field notes from observations was the physical environment in the three neighbourhoods. The sources of documents were the University of the Witwatersrand Libraries, City of Johannesburg Metropolitan Municipality and the Gauteng province offices and their websites. Documents relating to the changes in the Soweto residential property market were found in the offices of estate agents working in the area and also the websites of South African banks' housing loan units, for example, FNB and ABSA banks which produce quarterly reviews on the state of the South African property market. The demographic and migration data was collected from Statistics South Africa offices and website. Based on the required data, the three methods of data collection were field observation, interviews and a documents' study and analyses. They will be discussed in detail below:

3.5.1. Field observation

Field observation was used to obtain primary data on the residential property scenario within the case study. The three neighbourhoods observed in Soweto were Protea and its extensions, Dobsonville and its extensions; and Diepkloof and its extensions. The primary data was sourced to enable a comparison of the type and state of properties, between original residents and new residents; determine socio-economic status of both groups; and also determine the changes neighbourhoods have undergone in the past ten years. This data was collected by observing the physical environment and interacting with local residents. All this was recorded as field notes and photographs were also taken.

3.5.2. Interviews

Interviews were used to determine relevant stakeholders' views and perceptions on gentrification and gentrification-related displacement in Soweto. The line of questioning focused on identifying linkages between the residential property scenario over the years and the process of gentrification. The data collected was qualitative, mainly people's views and perceptions. The interviewees included new residents, old residents, estate agents and developers. The interview extracts were secured by conducting face-to-face and telephonic interviews.

3.5.3. Documents' study and analyses

The objective of this method of collection was to enable the researcher to deduce whether the urban renewal in Soweto has resulted in an increase in property prices and demographic changes in the Soweto residential property market; which are basic features of gentrification. The type of data collected from the documents was both qualitative and quantitative; however, it was all treated and presented qualitatively. The urban renewal documents were collected from the University of the Witwatersrand Libraries, City of Johannesburg Metropolitan Municipality and the Gauteng province offices and their websites. Documents relating to the changes in the

Soweto residential property market were found in the offices of estate agents working in the area and also the websites of South African banks' housing loan units, for example, FNB and ABSA banks which produce quarterly reviews of the state of the South African property market. The demographic and migration data was collected from Statistics South Africa offices and website.

3.6. Sampling

There are two main categories of sampling designs: probability sampling and non-probability sampling. With probability sampling, one can state in advance whether each section of the population will be represented in the sample. The sample is chosen randomly from a larger population. The random selection is conducted in such a way that each member of the population has an equal chance of being selected. On the other hand, with non-probability sampling, the researcher is in no position to guarantee that each segment of the population will be represented in the sample (Leedy and Ormrod, 2010). This research project made use of probability sampling, specifically cluster sampling. Cluster sampling is used in cases where the population being studied is spread over a large area and therefore making it impossible to make a list of everyone living in that area. The area is then subdivided into clusters or precincts. Within these clusters, a subset is randomly selected; therefore, the sample is made up of people within each of the chosen clusters (Leedy and Ormrod, 2010).

Cluster sampling was best suited for this research project because Soweto is a large township made up of 87 neighbourhoods (including the extensions); with a population of around a million people (City of Johannesburg, undated). Therefore, it made it impossible to investigate every household in this area. As a result, three neighbourhoods were chosen to represent clusters within Soweto and within these three clusters; a number of households were chosen on which the investigation focused. The three neighbourhoods are Diepkloof and its extensions, Dobsonville and its extensions and Protea and its extensions.

Reasons for choosing case study

The township of Soweto was chosen as a case study because of the following reasons: it is the largest former black township in South Africa and was characterized by poverty and inadequate infrastructure, services and amenities. When the democratic government came to power in 1994, Soweto was identified as one of the former black townships that were marked for urban renewal. As a result, Soweto has undergone a major overhaul with a lot of funding channelled towards its renewal. This has also attracted private funding which has resulted in a vibrant residential market. The changes in Soweto have led to the emergence of a black middle class. This is characteristic of a gentrifying area and therefore makes it an excellent case study for this investigation.

The three neighbourhoods- Diepkloof and its extensions, Dobsonville and its extensions and Protea together with its extensions, have been chosen because they have experienced a lot of residential property development over the past ten years. One of the estate agents operating in the area, Pam Golding, indicated that these areas have a vibrant residential market and have experienced an increase in property prices (Pamgolding, 2008).

3.7. Analysis

The analysis of data was guided by the research concept and questions relating to the relationship between the increase in property prices, the influx of a black middle class and the out-migration of original residents in the township.

Treatment of Data

***Research Question One*:** What is the relationship between the increase in property prices and the out-migration of original residents in the former black township of Soweto?

***Objective One*:** To determine the relationship between the increase in property prices and out-migration of original residents Soweto.

***Research Question Two*:** What is the relationship between the influx of a black middle class and the out-migration of original residents in the former black township of Soweto?

***Objective Two*:** To determine the relationship between the influx of a black middle class and the out-migration of original residents Soweto.

The data was treated in line with the following four elements of gentrification, which are urban renewal, increase in property price, influx of a black middle class and the out-migration of original residents:

Urban renewal

Two methods of data collection were used to extract data, that is, field observation and documents study and analyses. Field observation was used to make a comparison of the state, size and type of the properties of the old and new residents and also to determine changes that came with urban renewal. The main features of urban renewal were identified and whether this could be seen in Soweto. The data gathered was mostly descriptive. The documents that were analysed were those relating to urban renewal projects in Soweto. They were sourced from the Gauteng province, City of Johannesburg and other articles written about the urban renewal initiatives in Soweto. The data will be presented in a report form, which will include pictures of different properties and urban renewal projects in the area.

Increase in property prices

The method of data collection was documents' study and analysis. Documents relating to the changes in the property market over the past ten years, particularly changes in property prices were sourced. A comparison of property prices before and after urban renewal took place was made to illustrate these changes and identify trends. The data was also used to determine the average increase in property prices, both the year-on-year increase and the overall increase in prices in the period of ten years. The time frame for urban renewal was used to judge changes in the property prices. The data was mostly quantitative. The data was found in the offices of estate agents working in the area and also the websites of South African banks' housing loan units, for example, FNB and ABSA banks which produce quarterly reviews of the state of the South African property market. The data will be presented in table form, showing the changes in the property prices year-on-year.

Influx of a black middle class

The data for this element was mostly quantitative. The method of data collection was documents' study and analysis. The kind of information needed was demographic data which showed the in-migration patterns of the black middle class into Soweto, specifically the percentage increase in the middle class since the beginning of urban renewal in Soweto. The demographic and migration data was collected from the Statistics South Africa offices and website. The data will be presented in table form showing in-migration statistics.

Out-migration of original residents

The data for this element of gentrification was mostly quantitative. The method of data collection was the documents' study and analysis. The information required was demographic and migration data which showed the out-migration patterns of original residents from Soweto. The data was collected from Statistics South Africa offices

and website. The data will be presented in table form, illustrating the percentage out-migration.

A link between the four variables was then established.

Research Question Three*:* Is Soweto experiencing gentrification?
Objective Three**:** To determine the possibility and nature of gentrification in Soweto. It is based on the perception of different stakeholders in Soweto including original residents, new residents, estate agents and developers.

The method of data collection was interviews. The interviews were semi-structured, that is, both verbal and written. The interview revolved around some central questions. Some of the questions were in written form, with a checklist (Leedy and Ormrod, 2010).

The four elements of gentrification which discussed earlier were used to design the following interview questions:

Original residents

1. How old are you?
2. How long have you been living in Soweto?
3. What notable changes has your neighbourhood undergone in the period that you have lived here?
4. Has the value of your property increased over the years?
5. Has there been an out-migration of original residents over the years? What are the reasons for this movement?
6. Do you consider moving out of the township?

New residents

1. How old are you?
2. How long have you been living in Soweto?
3. Are you originally from Soweto, if yes- why did you decide to buy property and stay in Soweto whilst others were moving to the suburbs? If not, what made you decide to move into Soweto?
4. Did you replace anyone when moving into this property? If yes, why do you think the people moved?

Estate agents and developers

1. What made you want to develop/operate in this area? How long have you been working in this area?
2. Have you seen any changes in property prices in the period that you have been working in the area?
3. Are people moving out of the area and where are they moving to?
4. Are people moving into the area and where are they moving from?
5. What do you think is causing the in- and out-migration of residents?

The aim of the interviews was to determine the perception of the above stakeholders- to determine whether they saw characteristics of urban renewal, increase in property prices, an influx of new residents and the out-migration of original residents; and if they believed all these elements were linked.

Ethical considerations

Ethical considerations that have been made for this research report are the following:

Informed consent: all participants recruited in this research were told the nature of the study. They were given the choice to decide to either participate or not participate in

the study. Even if they agreed to participate they were given the right to withdraw from the study anytime they wished to (Leedy and Ormrod, 2010).

Right to privacy: the participant's right to privacy was respected. Unless permission is granted, the research findings will not be presented in such a way that others become aware of how a particular participant has responded or behaved (Leedy and Ormrod, 2010).

Honesty with professional colleagues: the findings will be presented in a complete and honest fashion without misrepresenting what they have done or intentionally misleading others about the nature of their findings. The data will not be fabricated (Leedy and Ormrod, 2010).

3.8. Conclusion

This chapter discussed the methodology used to gather research data. The research concept guiding this research was also explained. The research methodology chapter also discussed the philosophical underpinnings of the research. Furthermore, it explained why a case study method with a qualitative research strategy and a phenomenological approach was chosen for this research. Finally, the methods of analyzing the data were discussed. The next chapter will cover research findings of data collected from the field, data from the documents' study and analysis and the perception of new residents, remnants of old residents and estate agents collected during interviews.

CHAPTER FOUR

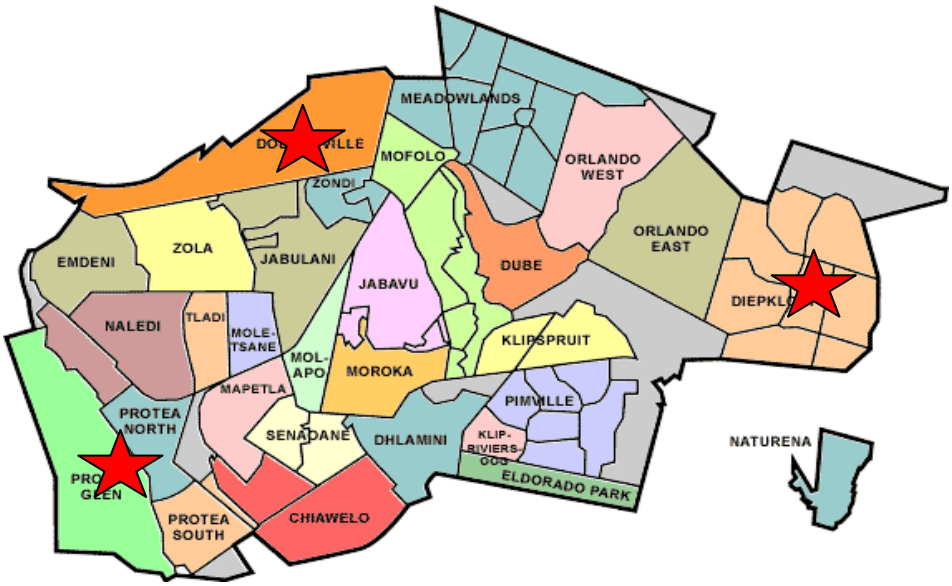
DATA ANALYSIS AND FINDINGS

4.1. Introduction

This chapter undertakes data analysis and presents the research findings. It is divided into four sections. The first section covers general information about the case study. The second section covers the analysis and presentation of data from the observations and documents' study methods in respect of research questions one and two. The data is analyzed according to the four elements of gentrification which are urban renewal, increase in property prices, the in-migration of a higher income group and the out-migration of original residents. The third section covers the analysis and presentation of data from interviews in respect of research question three. This section will first discuss the general information about the respondents and then the responses to interviews and questionnaires. The final section is a discussion of the findings and the conclusion.

4.2. The case study

As previously discussed, the area of study is Soweto Township. The study will focus specifically on Diepkloof and its Extensions, Protea and its extensions, and Dobsonville and its extensions. According to the City of Johannesburg statistics, this area has a population of approximately 232 015 people (City of Johannesburg, 2001). Map 3 below shows the different neighbourhoods in the area of study. The individual maps of these areas are in Appendix A.



Map 4: Soweto Township (City of Johannesburg, undated)

Diepkloof is located on the eastern part of Soweto. It comprises of four types of settlements that lie close to one another within a very small geographical area. The largest is the formal township and the smallest is the hostel area, followed by Motswaledi, an informal settlement that lies east of the Chris Hani Baragwanath Hospital. The second largest is a relatively wealthy area that is made up of Phase 1-3 (Mafukidze and Hoosen, undated). Diepkloof Phase 1-6 was established in 1959 as a dormitory resettlement township to accommodate black victims of forced removals mainly from Alexandra. Most of the residents are either landowners or tenants. The tenants are largely people born within Diepkloof, who are not keen to relocate to other areas. The reasons cited by the tenants are that Diepkloof is close to economic opportunities. However, a significant portion of the population comes from outside Diepkloof (Mafukidze and Hoosen, undated).

The whole of Diepkloof (including the old and new areas) has a population of approximately 104 000 people (City of Johannesburg, 2001). Diepkloof has a diverse range of income and ethnic groups (Satikge, 2006). The majority of the dwellings in

Diepkloof are houses of brick structure, with the exception of Diepkloof Zone 3 whereby the majority of the dwellings are informal shacks (City of Johannesburg, 2001). Diepkloof Extension and Diepkloof SP (the most affluent areas) have the highest percentage of houses of brick structure. In addition, these two areas also have the highest level of employment in Diepkloof, with 48.4% and 31.6% of the population in Diepkloof Extension and Diepkloof SP being employed, respectively (City of Johannesburg, 2001). On the other hand, Diepkloof Zone 3 and Diepkloof Zone 4 have the highest level of unemployment, with 42.4% and 37.9% of the population being unemployed, respectively (City of Johannesburg, 2001).

Protea is located on the south western part of Soweto. It is comprised of Protea North, Protea South and Protea Glen (with its extensions). The whole of Protea has approximately 72 200 people (City of Johannesburg, 2001). Protea has a varied range of income groups and this can be seen in the different dwelling types. Most of the dwellings in Protea are of brick structure except for Protea South where the majority of the dwellings are informal shacks. Protea Gardens has the highest percentage of houses made of brick (City of Johannesburg, 2001). In terms of employment and unemployment levels, Protea Glen Extension has the highest percentage of employed people at 52.9%, followed by Protea Gardens at 51.3%. Protea South and Protea Glen Extension have the highest levels of unemployment at 46.1% and 27.1% respectively (City of Johannesburg, 2001).

Dobsonville is located in the north of Soweto. This area has a population of approximately 63 000 people. Most of the dwellings in Dobsonville are houses of brick structure. Dobsonville Gardens only has formal structures (City of Johannesburg, 2001). In Dobsonville, 36.9% of the population is employed, whilst in Dobsonville Gardens, 48.3% of the population is employed. On the other hand, the unemployment rate in Dobsonville is 33.6%, whilst in Dobsonville Gardens, it is 25.1% (City of Johannesburg, 2001).

4.3. Data analysis

The data is analyzed in line with the three research objectives discussed earlier in the report. The aim of the **first and second research objectives** is to investigate a link between the four elements of gentrification, which are urban renewal, increase in property prices, the influx of higher income people and the out-migration of original residents.

Urban renewal

Observations and documents' study and analysis methods were used to collect data for this variable. Urban renewal is defined as a process of improving economical, physical, social and environmental conditions of an area (Mehta, undated). It is the process of reversing economic, physical and social decay in an area where it has reached that stage where market forces alone will not be sufficient (Ngwabi, 2009). Based on the literature review, the indicators of urban renewal are mainly physical improvements which include: large scale renovations, commercial redevelopments, redevelopment of deteriorating areas, new businesses, retail and restaurants, new cultural institutions and increased number of tourists. These are the indicators that the study was looking for which would be evidence of urban renewal.

In all three neighbourhoods, the study found that has been new residential developments and in some of the older areas residents have or are renovating their houses. Secondly, there is evidence of new retail development and malls. There also has been a major improvement in infrastructure and community facilities, including the tarring of roads and new sports facilities. There are also new cultural and tourism institutions.

In Soweto, infrastructure investment began in earnest from 1994. The City of Johannesburg developed the Soweto Development Initiative (SDI), which aimed to co-coordinate all of the municipal initiatives underway in Soweto, maximize public investment and encourage private investment (McKenzie, undated). The mission is to make Soweto, "a well-functioning residential area with business nodes attracting private sector investment". It covers the following sectors: economic sector support and business node development; infrastructure and services; planning, land use management and land release; social development, education, child care, arts and culture; safety and security; and natural environment (City of Johannesburg, undated_c).

Some of the major urban renewal projects include the tarring of all roads in Soweto by July 2005, Operation Gcin'amanzi, a R450-million water renewal project to replace old water and sanitation pipes and infrastructure and investment in electricity (McKenzie, undated: Visser, 2008).

The aim of the SDI was to revitalize different aspects of this township, unlock new opportunities and move away from the narrow focus on housing. During the apartheid era, Soweto was viewed as a dormitory town and was therefore developed as a place with housing but with almost no retail, commercial, recreational, tourism or industrial space. This trend continued even after 1994. This is the reason why the City of Johannesburg is now re-conceiving Soweto as a high-quality, mixed-use area. Major changes include development in Kliptown, with retail, tourism, leisure and conference facilities; the Baralink area, with a new taxi rank and a new fresh produce market, together with a Business Empowerment Zone. The Chris Hani Baragwanath Hospital also underwent a major upgrade (McKenzie, undated). The Orlando Ekhaya development is probably the highest profile and symbolically important project in the City's aim to transform Soweto from being a dormitory township to a suburb. This is a R400-million shopping and entertainment complex, developed to provide an opportunity to shop locally (McKenzie, undated; City of Johannesburg, undated_c).

There are also private developments including the Maponya Mall which was opened in 2008.

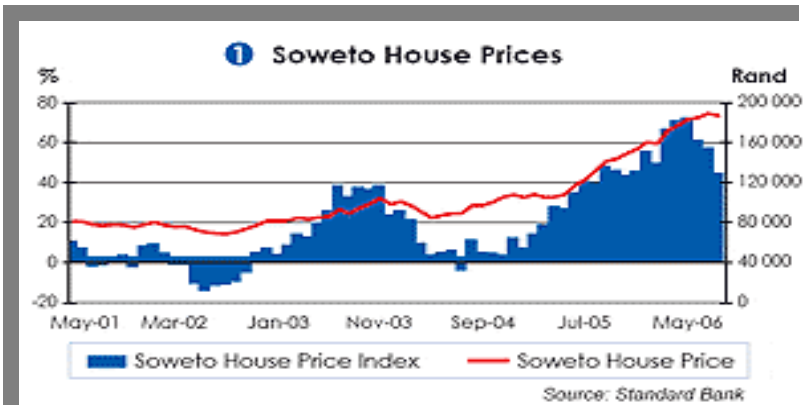
In addition to the above, other initiatives and projects were discussed in Chapter 2 of the report and are all evidence of urban renewal in Soweto. Some of these projects have been completed and others are still ongoing. The main features of urban renewal were identified in the township. The aim is to improve the economical, physical, social and environmental conditions of Soweto. Urban renewal initiatives began in 1994 and intensified in the 2000s. Therefore, the urban renewal timeline used for the purposes of this research will be from the year 2000 to date because urban renewal is still on-going (See Appendix C).

Increase in property prices

The method of data collection used for this variable was the documents' study and analysis. The kind of data that was sourced was that which showed changes in property prices over the years. The data in this section is presented in graphs and tables, and analysis will be done in the last section of this chapter. As indicated in the research methodology chapter, a comparison of property prices before and after urban renewal took place was made to illustrate these changes and identify trends.

The documents study shows that over the past five years, Soweto has experienced an increase in property prices. In 2006, the housing prices had increased by 39% from the previous year, which represented more than double the national average. There is a strong demand for housing which is a result of strong income growth in the lower segment of the market. The First National Bank's housing loans unit indicated that the residential property boom that had been characteristic of Johannesburg's wealthy and mainly white suburbs was now moving to the townships (The Economist, 2007: 1; Needham, 2006; Sigonyela, 2006; Shapiro, 2007; Visser, 2008). The graph below indicates Soweto house prices from the year 2001 to 2006. The graph indicates a significant increase in prices over that five year period (Schoeman, 2006).

The kind of data in the documents is in the form of graphs and tables.



Graph 7: Soweto House Prices (Schoeman, 2006)

Soweto experienced a property price increase of 102% in the first quarter of 2007 (Pamgolding, 2008). Even when property prices were slowing down due to the economic crisis, the township prices were still in good shape. The FNB Township Barometer (quarter 3 of 2008) indicated that the property market in the townships was slowing down as a result of general economic slowdown, inflation and interest rates. Despite this, the township market was still vibrant. The driving force behind the vibrant Soweto residential property market is the shortage of housing stock and the good infrastructure. For instance, the development of Maponya Mall has pushed up the property prices around that area (Mhlanga, 2008; Brink, 2010; Muller; 2008). Demand for housing in areas like Protea Glen, Diepkloof Extension, Dobsonville and Orlando West is driving up the property prices. Protea Glen is known for affordable 2 or 3 bedroom apartments; Diepkloof Extension has the most expensive properties in Soweto whilst Dobsonville and Orlando West have the most popular houses (Pamgolding, 2008).

A comparison of percentage changes in property prices in major metro former black townships and those in Soweto Township is illustrated below:

Year	2003	2004	2005	2006	2007	2008
Year-on-year % change	42.6%	14.6%	-6.7%	13.7%	4.8%	-23.3%

Table 3: Major metro former black townships- year-on-year percentage change (FNB, undated)

Year	2003	2004	2005	2006	2007	2008
Year-on-year % change	0.5%	8.1%	33.6%	49.9%	33.8%	15.9%

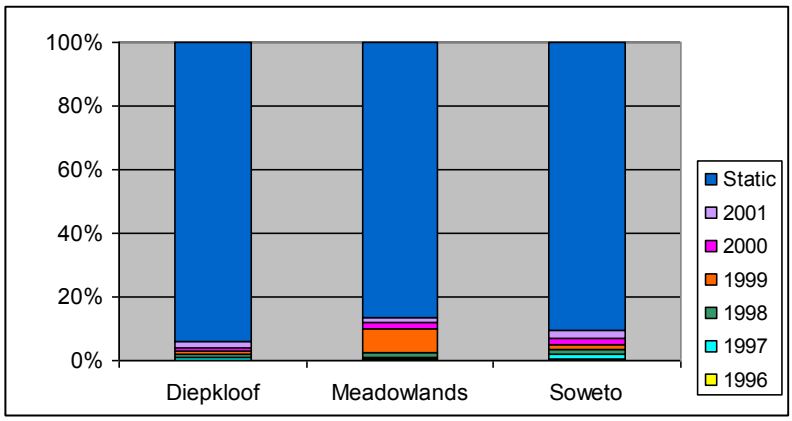
Table 4: Soweto estimated average house prices- year-on-year percentage change (FNB, undated)

Although the percentage property prices were fluctuating in major metro former black townships, Soweto Township experienced a steady increase in property prices in the period 2003-2008.

The following two sections will discuss the influx of a black middle class and the out-migration of original residents.

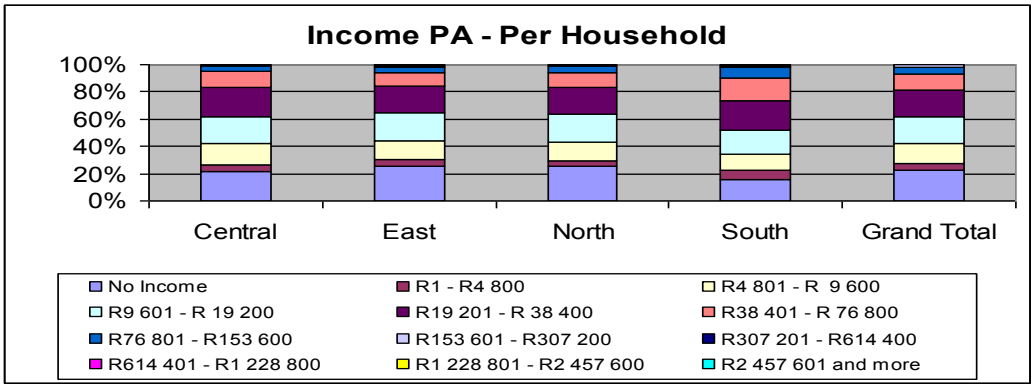
Influx of a black middle class

The method of data collection used for this variable was the documents' study and analysis. The middle class in South Africa is defined as families earning between R6,880 and R12,647 per month (Pennington, 2007). The graph below shows the movement of people into Soweto between 1996 and 2001. It makes a comparison of Diepkloof, Meadowlands and the greater Soweto. During this period, there was relative stableness of the area, with the most movement taking place in Soweto in 1999.



Graph 8: Movement of people into Soweto over the past 5 years (Palmer Development Group, 2004)

The migration of middle class households to the southern suburbs of Johannesburg began in the early 90s. The graph below shows income distribution in Soweto. The area is divided into four: central, east, north and south. Diepkloof lies in the eastern area, Dobsonville in the north, whilst Protea is in the South. Graph 9 and Table 5 below show income distribution in Soweto. From this information one can conclude that the township has experienced an influx of middle class households (Palmer Development Group, 2004).



Graph 9: Income per annum per household
(Palmer Development Group, 2004)

CATEGORY Census 2001	Categories MD	NO OF HOUSEHOLDS				
		Central	East	North	South	TOTAL
No Income	Less than R 499	14,408	20,623	25,321	8,258	68,610
R1 - R4 800	R 500 - R 799	3,165	4,357	4,356	3,603	15,481
R4 801 - R 9 600	R 800 - R 1,199	10,647	11,080	14,121	6,133	41,981
R9 601 - R 19 200	R 1,200 - R 1,499	13,602	16,893	20,134	8,965	59,594
R19 201 - R 38 400	R 1,500 - R 1,999	14,245	15,832	19,759	11,234	61,070
	R 2,000 - R 2,499					
	R 2,500 - R 2,999					
	R 3,000 - R 3,499					
R38 401 - R 76 800	R 3,500 - R 3,999	7,822	8,180	11,060	8,502	35,564
R76 801 - R153 600	R 4,000 - R 4,499	2,693	3,490	4,258	4,013	14,454
	R 4,500 - R 4,999					
R153 601 - R307 200	R 5,000 - R 5,999	470	1,030	1,033	846	3,379
	R 6,000 - R 6,999					
R307 201 - R614 400	R 7,000 - R 8,999	130	219	229	102	680
	R 9,000 - R11,999					
R614 401 - R1 228 800	R12,000 and more	24	60	42	60	186
R1 228 801 - R2 457 600		92	90	115	74	371
R2 457 601 and more		51	33	39	62	185
Total Households		67,353	81,896	100,469	51,850	301,568
INCOME CALCULATIONS						
Per month		**R 2,548.24**	**R 2,479.44**	**R 2,448.33**	**R 3,433.15**	**R 2,648.43**
Per Household R p.a		R29,308.16	R28,745.90	R28,386.85	R39,619.85	R30,621.61
Total Income R billion		R 1,973	R 2,353	R 2,852	R 2,054	R 9,234
Per Capita R. P.A.		R 7,311.52	R 5,884.79	R 5,703.88	R 7,924.28	R 7,892.61
2004 Level		R 3,269.49	R 3,181.23	R 3,141.30	R 4,404.87	R 3,398.04
Resident Survey		**R 4,573.00**	**R 3,405.95**	**R 3,771.11**	**R 3,717.23**	**R 3,880.58**
Shopper Survey		**R 3,485.00**	**R 4,735.00**	**R 3,763.00**	**R 5,703.00**	**R 4,285.00**

Table 5: Income levels (Palmer Development Group, 2004)

Out-migration of original residents

Province	***% of resident population born in the province***	***% of in-migrants (not born in the province)***	***% of out-migrants (born in the province)***
Eastern Cape	93,4	6,6	23,0
Free State	85,6	14,4	21,5
Gauteng	**58,1**	**41,9**	**15,3**
KwaZulu-Natal	93,5	6,5	9,4
Limpopo	93,6	6,4	22,9
Mpumalanga	76,3	23,7	20,0
Northern Cape	84,4	15,6	29,3
North West	76,9	23,1	16,6
Western Cape	71,7	28,3	8,1

Table 6: Migration Statistics (Statistics South Africa, 2007)

The table above shows that in 2007, the Gauteng province (where the Soweto province is located) had the highest percentage of in-migrants (41, 9%), whilst only 15, 3% of the population is out-migrants (Statistics South Africa, 2007). In the period between 1996 and 2001, 10% of the residents moved out of Soweto (Palmer Development Group, 2004). This is an indication that Soweto is experiencing out-migration.

Based on the two research questions, the objective was to determine a link between the four elements of gentrification: urban renewal, increase in property prices, the influx of a middle class and the out-migration of original residents. The analysis has managed to prove that Soweto is undergoing urban renewal, experiencing an increase in property prices, an influx of a middle class and the out-migration of original. All of this is happening over the same period, which is an indication of a possible link

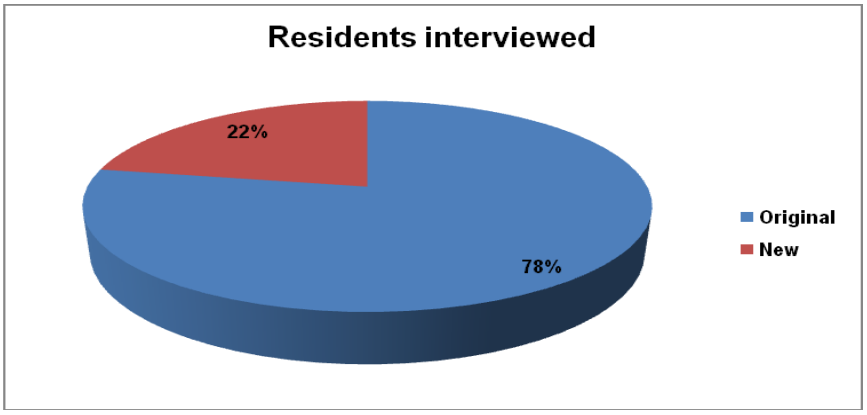
between the four elements of gentrification. Research objective three will serve to prove this link.

***Research Question Three**:* is Soweto experiencing gentrification?

The objective here was to respond to research question three based on the perception of different stakeholders in Soweto. Stakeholders were comprised of original residents, new residents and estate agents/developers. The method of data collection was semi-structured interviews.

4.4. General information about respondents

There are three groups of respondents namely, original respondents, new residents and estate agents or developers. The original residents are defined as people who have lived in Soweto for the past ten years (either transcending from the apartheid era to democracy, that is, around 1999). The group of new residents refers to residents who started living in Soweto from the year 2000 to date. Finally, the group of estate agents or property developers refers to those working in the Soweto area, specifically Protea and its extensions, Dobsonville and its extensions; and Diepkloof and its extensions. A total of seven (7) estate agents were interviewed. The original and new residents were chosen randomly from the case studies. A total of forty-five (45) residents were interviewed, that is, fifteen (15) residents per neighbourhood. As shown in Graph 10 below, 22% of these (10 residents) are new residents. Most of these new residents are located in Protea Glen where most of new residential developments are currently taking place.



Graph 10: **Original and new residents interviewed**

4.5. Responses to interviews and questionnaires (main findings):

As discussed above, the three groups of respondents that were interviewed are: estate agents/developers, original residents and new residents. Findings from the interviews are as follows:

Estate Agents

Of the seven (7) estate agents that were interviewed, three (3) estate agents began working in the area before 2000. One respondent began operating in the area in 1982. The first question posed was estate agents' reasons for operating in the area were. All respondents stated that they were drawn by the good potential of the residential property market in Soweto. They added that there was a high demand for houses and that it exceeded supply. One respondent operating in Protea Glen said that the houses were affordable to a majority of people and that most of their clients qualified for bonds.

Secondly, estate agents asked whether there has been an increase or decrease in property prices in Soweto over the years they have been operating in the area. All estate agents said the township has experienced an increase in property prices. Sibongile Dibhishi from Snooks Estates stated that when she began operating in the

area 13 years ago, the township was experiencing an increase in prices. However, since 2008, there has been a fall in property prices.

The third question posed to estate agents was whether they had seen an influx of new residents over the years. As in the previous question, all estate agents answered in the affirmative. Some estate agents stated that this included people who had left the township for the suburbs, and were now coming back to Soweto. According to estate agents, factors that were contributing to this were that the houses in Soweto were affordable, especially to professionals working in the South of Johannesburg and the Johannesburg CBD. Another cause for this was that people were experiencing financial difficulties and could no longer afford to live in the suburbs. Furthermore, Soweto Township has experienced major renewal and now has the same amenities and facilities which were previously exclusive to suburbs. Most of the individuals buying property in Soweto are middle class. Finally, some people love township life and the communal spirit found in the township, which was lacking in the suburbs. However, according to one respondent, areas like Diepkloof Extension were experiencing very few sales because residents there are not willing to sell.

The estate agents were then asked whether they had noticed an out-migration of original residents since the beginning of urban renewal and 71% of the respondents revealed that there has not been an exodus of original residents. The rest indicated that there have been very few cases of original residents leaving Soweto. Even in these cases, the increase in property prices has not caused the displacement of original residents. Rather, the cited reasons for moving include moving to better houses, movement to areas with good services and amenities (upgrading) and the search for stability.

All respondents revealed that there have been a lot of development changes in the area including road construction, new shopping centres, new houses, beautification of the area and general area renewal.

Original residents

A total of thirty-four (34) original residents were interviewed. Fourteen (14) residents were interviewed in Diepkloof and its extensions, twelve (12) residents in Dobsonville and its extensions and eight (8) original residents in Protea and its extensions. The respondents' ages range from twenty-three (23) years to ninety-one (91) years old. A majority of the residents live in freestanding houses.

The first question posed was whether the original residents had noticed developmental changes in the area. All respondents have witnessed varying notable changes in the period that they have lived in Soweto.

Respondents from Diepkloof

Depending on the part of Diepkloof the residents live in, all residents have observed varying degrees of neighbourhood changes. A majority of residents stated that the area is undergoing renewal. Road construction is top of the list in terms of the changes that the area has undergone. Respondents also indicated that they have also witnessed the construction of shopping centres and malls. In addition, all Diepkloof said that the municipality has put up street lights and new houses. Other changes include parks and Rea Vaya (the bus rapid system).

Respondents from Dobsonville

All Dobsonville residents have noticed varying degrees of development. Only one respondent indicated that they have not seen any renewal in the area. When asked whether they have observed any road construction, only one (1) respondent said there has not been any construction of new roads in the area. The development of shopping centres, putting up of street lights and the beautification of the area are top of the list in terms of changes that the area has undergone. Two (2) respondents said they had not seen the development of new houses in Dobsonville, whilst five (5) respondents said that there are no expensive houses in Dobsonville. Only two (2) respondents said that they have not seen the development of recreational centres in the area over the

years. Other notable changes according to Dobsonville original residents include parks, Rea Vaya bus terminals, the Dobsonville stadium, toilets, electricity and others.

Respondents from Protea

Of the eight (8) Protea original residents that were interviewed, only two (2) residents stated that they have not noticed general renewal of Protea over the past five to ten years. The same applies to road construction and the development of recreational centres, with two (2) respondents stating that they have not seen any road construction and development of recreational centres in Protea. With the exception of one (1) respondent, all respondents stated that they have observed the development of new shopping centres/malls, new houses, putting up of streetlights and the beautification of the area. Half of the residents that were interviewed believe that there are expensive houses in Protea. Other notable changes mentioned by respondents included the Rea Vaya bus terminals, schools and parks.

Secondly, respondents were asked whether there has been an increase in property prices in the area:

Respondents from Diepkloof

With the exception of four (4) residents, all Diepkloof respondents indicated that property prices have increased over the years. However, some of the residents did not seem to have knowledge of the value of their properties, especially those living in RDP houses.

Respondents from Dobsonville

All residents from Dobsonville indicated that there has been an increase in the value of their properties (with the exception of one (1) resident who lives in an RDP house and was not aware of the property value). The houses were originally worth tens of

thousands and are currently worth hundreds of thousands of rands. One house is worth R1.5 million and this is due to extensive renovation of the house.

Respondents from Protea

With the exception of one (1) resident, the respondents indicated that there has been an increase in the value of their properties. There also has been a significant increase in property values, with values now ranging between approximately R200, 000 to R500, 000.

The third question posed was whether they have noticed people leaving the area over the years.

Respondents from Diepkloof

Only four (4) residents indicated that they had noticed people leaving Diepkloof over the years. The people who have left the township include neighbours, relatives and friends. Respondents have known these people for a minimum of four years to a lifetime. The said people are moving to suburbs, areas in other provinces like Polokwane, Rustenburg and Botshabelo and also to other countries. Reasons for leaving ranged from a search for a better lifestyle, people moving out of their parents' homes, a need to be closer to places of work, sickness, employment and other reasons.

When asked if they would consider moving, three (3) residents responded to the affirmative. Reasons for this included the need to own a home, bad relations with neighbours and the need for a bigger house. The rest of the residents said they do not consider moving and that what would make them leave would be the escalation of crime and a chance to own a bigger property.

Respondents from Dobsonville

With the exception of one (1) resident, the respondents have noticed people leaving over the years, mostly neighbours, friends and relatives. The majority of the residents have known these people for more than 20 years. According to the residents, most of the people have moved to the suburbs (for better living conditions and improvement), some moved to other parts of Soweto, whilst others moved back to their original hometowns like Limpopo and the Eastern Cape for retirement.

Factors mentioned that caused people to move included: retirement, better living conditions, the need for bigger homes and crime in Soweto. When questioned whether they would consider moving, a majority of the respondents said they would never leave Dobsonville, whilst three (3) residents indicated their desire to leave. One (1) resident wants to move to the suburbs for a better quality of life, while another wants to move to Diepkloof- where there are bigger and more expensive houses.

Respondents from Protea

With the exception of one (1) resident, all original residents responded to the affirmative (that they have noticed people moving over the year) and that these people are mostly neighbours and relatives. Most respondents added that they have known these people for a long time- between 10 years to a lifetime. When questioned about where these people were moving to, they said mostly to the suburbs and that the reasons for leaving were a search for a better life, bigger houses and a change of lifestyle.

Only three (3) residents said they would consider moving. Reasons for moving included a need for bigger and more spacious houses. The rest of the residents said they would never leave the area because they love the environment and the sense of community found in the township. Furthermore, it is an affordable area to live in.

New residents

Of the forty- five (45) residents that were interviewed, ten (10) of these are new residents.

Respondents from Diepkloof

Only one (1) new resident was interviewed in this neighbourhood (in Diepkloof Extension). This resident began living in this area in 2008. The reason for moving was that the respondent is originally from another part of Soweto and did not want to move outside the township. The respondent bought a house in Diepkloof because the area is spacious, quiet and the environment is relaxed. It is similar to living in the suburbs. When asked if they had replaced anyone when moving into the area, the resident responded to the affirmative and that the reason why the predecessor left was to move to the suburbs.

Respondents from Dobsonville

Two (2) new residents were interviewed in Dobsonville. The first resident is aged 16 years, moved into Soweto in the event of the death of her parents and lives with relatives. The second resident began living in Soweto in 2000. The reason for moving into the house in Dobsonville was because it is close to places of work. The resident is originally from another part of Soweto. The resident said she found Soweto in particular Dobsonville, a more attractive place to live in, compared to other areas because transport is always available and that it is cheaper to buy property in the area.

The respondent also added that they had not replaced anyone when moving into the house, it was a new development.

Respondents from Protea

A total of seven (7) new residents were interviewed and a majority of them live in Protea Glen. Most of the residents stay in freestanding houses, followed by townhouses.

When asked if they were originally from Soweto, half of them said yes, adding that they had moved to Protea Glen due to a number of reasons like the affordability of the houses in Protea Glen; the spaciousness of the houses; the proximity to other members of their families living in other parts of Soweto; whilst others were placed by government through the housing programme.

The other half that is not from Soweto gave similar reasons for buying properties in Soweto, that is, affordability, proximity to workplaces and placement by government.

With the exception of one (1) resident, all residents stated that they had not replaced anyone when moving into their houses as they moved into new developments. The one resident that responded to the affirmative said that the individual they replaced had moved to the suburbs for a better quality of life.

4.6. Findings

Data from observations has shown that firstly, there have been a lot of developments occurring in the area. They include new roads, new shopping centres, amenities and facilities and general beautification of the area. These are characteristics of an area undergoing urban renewal (See Appendix B). Secondly, the houses in the original areas were smaller and had older designs compared to those in the extensions. The houses in the newer sections are in better condition compared to those in the older sections. The difference in conditions and sizes of the houses shows the diverse income groups in the area. By comparing the older and newer areas, one can establish that the area has undergone a lot of changes (See Appendix B).

Data from documents relating to urban renewal in Soweto has indicated that the township has undergone urban renewal. Data from banks and estate agents has shown that over the period that urban renewal begun, the township has experienced an increase in property prices. Furthermore, evidence from documents indicates that there have been demographic changes in the Soweto residential property market since

urban renewal began. There is also evidence that the township has experienced an influx of the black middle class especially in new areas like Protea Glen.

Responses from interviews from estate agents, original residents and new residents indicate that the township is undergoing urban renewal. There also have been major changes in the Soweto property market which include an increase in property prices, new residents buying and renting properties in Soweto, a majority of which is a black middle class; and also original residents leaving the area due to various reasons.

Based on the findings, urban renewal in Soweto has resulted in the increase in property prices and the in-migration of a middle class. However, there has not been a displacement of original residents because the new residents live in new areas called extensions. The township is experiencing urban regeneration, an increase in property prices and the influx of higher income groups. This however, cannot be linked to the out-migration of original residents, which is occurring as a result of other factors other than the three.

In conclusion, this chapter has shown that Soweto is experiencing urban regeneration; however, there is no evidence of a displacement or exclusion of certain residents due to the increase in property, therefore becoming unaffordable to a sector of the society which would have given conclusive evidence of the occurrence of gentrification in the township. Findings from the research show that there is an out-migration of original residents, however, it could not be linked to the occurrence of gentrification. The main research question was to determine if gentrification is occurring. Based on the indicators, there is an occurrence of urban regeneration, however, there is no conclusive evidence that gentrification is not taking place.

CHAPTER FIVE

CONCLUSION

5.1. Overview of the research

This study is an effort to investigate the occurrence of gentrification in South African former black townships, in particular Soweto. The aim of the study was to determine the link between the increase in property prices and out-migration of original residents; and also the link between the in-migration of higher income residents and the out-migration of the same residents. The study has shown that Soweto Township has experienced urban renewal for some time leading to the present; Firstly, the township is experiencing an increase in property prices and the out-migration of original residents. In order to effectively undertake the study, three research objectives were identified as indicated in the first chapter. Chapter two was an overview literature on gentrification and gentrification-caused displacement. It also discussed the changes in the character of the Soweto residential property market, in-migration of higher income groups and the out-migration of original residents. The research methodology chapter (chapter three) provided guidance on the methods that will be used to gather data. The data and its analysis were presented in chapter four.

5.2. Addressing the research objectives

The data was collected to address the following research objectives:

1) The first research objective was to determine the relationship between the increase in property prices and out-migration of original residents Soweto. This was done through a documents' study to determine the changes in property prices over the past five years. The out-migration of original residents was also investigated through

documents' study and analysis to determine the out-migration patterns in Soweto over the past years.

The study did not find a link between the increase in property prices and the out-migration of original residents. The increase in property prices was not identified as a cause of the out-migration of original residents.

2) 2) The second objective was to determine the relationship between the influx of a black middle class people and the out-migration of original residents in the former black township of Soweto. This was done through documents' study and analysis. The kind of information collected was demographic data which showed the in-migration patterns of the black middle class into Soweto, specifically the percentage increase in the middle class since the beginning of urban renewal in Soweto. The out-migration of original residents was also investigated through documents' study and analysis to determine the out-migration patterns in Soweto over the past years.

The study did not find a link between the influx of higher income people and the out-migration of original residents. The influx of higher income people was not identified as a cause of the out-migration of original residents.

3) To determine the possibility and nature of gentrification in Soweto. It is based on the perception of different stakeholders in Soweto including original residents, new residents, estate agents and developers.

This was done by investigating whether there is a link between the four elements of gentrification: *urban renewal*, *increase in property prices*, *influx of a middle class* and the *out-migration of original residents*. Findings from the interviews and questionnaires, observations and documents study have shown that the area is undergoing urban renewal and has been experiencing this phenomenon for a number of years. Secondly, evidence from the interviews/questionnaires and documents' study has indicated that the area has experienced an increase in property prices over

the years. In addition to this, there has been an influx of higher income residents, in particular a black middle class. Finally, the interviews/questionnaires and the documents study has shown the occurrence of out-migration over the years. Although there was a clear link between urban renewal, the increase in property prices and an influx of a middle class, the study could not establish a link between the out-migration of original residents and the other three variables.

5.4. Limitations

The major limitation when undertaking this research was the unwillingness of some residents in Soweto to partake in this research. Secondly, the unavailability annual in-migration and out-migration statistics for Soweto was a major hindrance.

5.5. Summary of findings- address research questions

Soweto Township is undergoing urban renewal. This has resulted in an increase in property prices. There also has been an in-migration of new residents and the out-migration of original residents. However, the out-migration of original residents has not been a direct result urban renewal, increase in prices and the in-migration of new residents. Therefore, there has not been a displacement of original residents. Based on the definition of gentrification used in this study, Soweto is not experiencing gentrification.

Other notable findings were that due to the development changes in the township, those who moved in the 1990s are now coming back to the township. Although the level of activity in the Soweto property market has increased, one estate agent bemoaned the fact that the secondary property market in the township is limited. This is particularly prevalent in the older areas, where houses are passed from generation to generation within the family and are rarely sold to outsiders.

Based on the summary of findings which are based on the research findings presented in chapter four, the answers to the research questions are as follows:

The answer to the first research question - the relationship between the increase in property prices and the out-migration of original residents in the former black township of Soweto is that the out-migration of original residents has not been a direct result of the increase in property prices.

The answer to the second research question - the relationship between influx of black middle class people and the out-migration of original residents in the former black township of Soweto is that the out-migration of original residents has not been a direct result of the influx of a black middle class.

Finally, the answer to the third research question, that is, whether Soweto experiencing gentrification is that based on the research findings and definition used in this study, the indicators do not conclusively confirm that gentrification is not taking place. The study established a link between urban renewal, increase in property prices and in-migration of new residents. However, a link could not be established between the three variables and the out-migration of original residents. Furthermore, there was no evidence of the displacement of original residents due to increases in property prices or the influx of higher income people. Instead, there are other factors which are largely responsible for the out-migration of original residents. Such factors include the need to upgrade to bigger houses, being closer to employment opportunities and high crime rates. In addition, despite urban renewal occurring, some residents aspire to move to the suburbs due to reasons such as social status.

5.6. Implications

The study has given insight to the changing dynamics in the Soweto residential property market. This is an area of study that is not well documented. The study will provide a platform for further investigation on gentrification issues in former black townships in general and also in the Soweto Township. Taking into account limitations due to time, research focus and the gentrification definition used in this

study, there is no evidence to show that gentrification is occurring in Soweto and more importantly the displacement of original residents due to the increase in prices and the in-migration of new residents. It is also important to note that findings from the Soweto Township may not apply to other former black townships.

5.7. Recommendations

As a result of the urban renewal in the township, the residential property market continues to grow. Findings have shown that the township is experiencing all but one characteristic of gentrification. In future, as the secondary property market improves, the township may be faced with the reality of displacement of original residents (because in some cases urban regeneration marks the beginning of gentrification- Shaw and Porter, 2009). Therefore, it is of importance for policy makers to understand the gentrification processes and how they affect low income groups. This will then assist policy makers to put measures in place to prevent the negative effects of gentrification, especially the displacement of original residents.

5.8. Further research

Based on findings from this study, areas for further research include:

- Township and suburb movement dynamics and how they are affected by socio-economic factors.
- Migration dynamics in Soweto.

5.9. Conclusion

In this chapter, an overview of the entire chapter has been given, covering all aspects of the research. In conclusion, notice is given to users of this document, that is should be read bearing in mind research focus and limitations. References used in this research will be presented in the next section.

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