



E - N E W S

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**SPECIAL
POINTS
OF
INTEREST:**

JO'BURG'S COSMO CITY—A NEW HOPE

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A public-private partnership between the City of Johannesburg, the Gauteng provincial government and developers Codevco, Cosmo City is a R3,5-billion multifaceted urban mixed-land-use development. It brings together sectors of the country's population who would never have imagined living side by side. The first beneficiaries - from an informal settlement - took occupation of their houses in November 2005. By December 2006, 2 978 houses were occupied, a secondary school and two primary schools were completed. Other amenities are on the cards. By the end of this year the aim is to have 6 155 houses completed, a private-public clinic, three more public schools, a private school, four churches and a bus stop or taxi rank. Shopping centres, garages and a municipal multipurpose centre are also set to be built in the 1 105-hectare development, scheduled for completion in September 2009.

Codevco general manager Des Hughes said people were allowed to trade, but only in designated areas, some of which were still

being built. "It is illegal for people to trade from their homes, areas are being built, but it's a process," he said. People were also being taught to grow and nurture their own gardens, both for food and aesthetic purposes.

Crossing into Texas Street, where the bonded homes were located, one notes that the street names changed from the names of African states to that of American -- a point of some controversy, said Hughes.

It was thought that the African names of the streets lined with subsidised homes and the American names of the streets where the bonded or larger homes were found alluded to stereotypical associations of Africa with underdevelopment and the West with affluence. The houses on Texas, Tennessee, Chicago and Oregon Streets were fenced in, larger and more pleasing to the eye. Posh vehicles were parked outside, another indication of wealthier territory. Residents in these houses did not mind that their neighbours hailed from informal settlements.

City of Johannesburg spokesperson Nthathise Modingoane said

the government hoped that mixed developments would promote a reciprocal relationship between residents - with a nearby labour force, wealthier residents would provide employment for those needing it. The housing development allows people of different races and incomes to live nearby and interact with each other without fear.

The development addressed government's need to provide accommodations for the informal settlers of Zevenfontein and Riverbend who had been illegally occupying privately owned land in the north west of Johannesburg. In this way it was a departure from the tradition of relocating poor people to the fringes of South Africa's metropolitan areas, far removed from job opportunities and other city amenities, said Hughes.

Modingoane alluded to plans for similar developments in the south of Johannesburg in the near future. Housing remained one of the biggest challenges faced by government, especially in larger, economic centres like Gauteng.

ECONOMIC UPDATE

	2003	2004	2005	2006	2007 (f)	2008 (f)	2009 (f)	2010 (f)
Growth Data (updated 13 June 2007)								
GDP (%y/y)	3.1	4.8	5.1	5.0	4.5	5.0	4.9	5.5
Final consumption expenditure by households - FCEH (%y/y)	3.5	6.7	6.6	7.3	5.0	4.7	4.7	5.3
Gross fixed capital formation - GFCF (%y/y)	9.1	9.6	9.6	12.8	10.0	10.9	10.0	9.0
GDE (%y/y)	5.2	7.9	5.9	8.7	5.4	5.8	5.7	5.9
Current account balance (% of GDP)	-1.1	-3.2	-3.8	-6.4	-5.4	-5.7	-5.2	-5.1
Inflation data (updated 13 June 2007)								
Headline CPI (%y/y) annual average	5.8	1.4	3.4	4.6	6.3	4.0	4.6	4.5
CPIX (metro & other urban areas) annual average	6.8	4.3	3.9	4.6	5.7	5.5	5.0	4.7
PPI (%y/y) annual average	1.7	0.5	3.1	6.9	8.0	5.7	5.0	5.0
Prime rates (updated 13 June 2007)								
Prime (year end)	11.5	11.0	10.5	12.5	13.0	11.5	11.5	11.5
Prime (average)	15.0	11.3	10.6	11.2	12.8	12.1	11.5	11.5
Exchange rates (updated 18 June 2006)								
\$/R (average)	7.55	6.43	6.33	6.77	7.12	7.26	7.44	7.82
£/R (average)	12.25	11.74	11.50	12.51	14.09	14.21	14.39	15.00
R/¥ (average)	15.41	16.79	17.44	17.30	16.65	15.66	14.87	13.81
€/R (average)	8.53	7.97	7.83	8.52	9.55	9.63	9.47	9.76

COLLIERS LOOKS TOWARDS SA

One of the world's leading real estate groups has expanded its footprint into SA, offering a growth path for established residential real estate entrepreneurs. Colliers Residential, a division of Colliers SA, launched earlier in May at a gala cocktail party at Johannesburg's Montecasino. Colliers already has four property-related operations in SA, and it was the logical next step to expand into the residential real estate arena, says Ricky Fertig, chairman of Colliers RMS Holdings. We decided to introduce the residential arm when our international commercial clients started requesting local residential properties. We realised that a residential arm could bounce off other areas, and the buoyancy of the current South African market was further encouragement. As a truly international brand that operates at every level in real estate, we believe that we're providing a property solution that meets every need.

Colliers Residential has entered the market seeking partnerships with established real estate entrepreneurs. Four South African agents have already joined up with the brand Brian Falconer, Kathy Cohen, Tracy Roberts and Charlene Leibman, and the company plans to have 15 more agents signed up by the end of the year.

SA OFFICE RENT AT €12.90 P/SQ M

The prime South African office rents stood at 126 South African rand (\$17.3/12.9 euro) per sq m per month at the beginning of 2007 for the first time ever, the local online property news provider Eprop reported on June 8, 2007.

South African office rents which grow at about 20 pct annually are not rising as fast as in many cities worldwide because the local office market is still recovering after more than 30 years of decline since the 1970s. The local office rents were put at the bottom range among more than 200 cities in a latest global office survey by U.S. office real estate company CB Richard Ellis Group Inc. London, UK, has the world's highest rents at 1,569 rand (\$215/161 euro) per sq m per month and Jakarta, Indonesia, has the lowest prime office rents at 101 rand (\$13.8/10.4 euro) per sq m per month. Dave Alcock of CB Richard Ellis said building costs will be the main driver of office rents as South Africa competes with the world for skills and materials. The higher rentals will result in companies squeezing more staff into less space. Some tenants may also try to pass the increased costs onto their customers.

The local rents are expected to rise to 200 rand (\$27.4/20.5 euro) per sq m per month in the near future, according to David Green, CEO of South African real estate broker Pace Brokers.

LEADING MERCHANT BANK EXPANDS TO SA

Close Brothers (Cayman) Limited ("Close"), a subsidiary of Close Brothers Group plc which has its headquarters in London, recently opened a South African office to administer some of its international assets.

Close Brothers Group plc is the largest independent merchant banking group in the UK and is amongst the 150 largest companies (measured by market capitalization) listed on the London Stock Exchange. Its total assets exceed £4.8 billion. Founded in 1878, Close Brothers Group plc today employs more than 2,400 people in its offices in the Cayman Islands, Guernsey, the Isle of Man, Jersey, Switzerland, Spain, Germany, South Africa and the UK

Through its predecessors, Close Brothers has operated in the Cayman Islands for more than 30 years. The Cayman Islands' operation is a subsidiary of Close Brothers Group plc, a 129-year-old London-based investment bank.

Under the name Close Fund Services South Africa (Pty) Ltd., the Cape Town-based office will offer administration services for hedge funds, fund of funds, global equity and fixed income instruments, said a press release.

"The country has a well-run economy, sound infrastructure, a

similar time zone and is competitively priced," explained Chief Executive Officer Colin Keogh. "We specifically chose Cape Town because it is already a well-established location for fund administration and therefore offers us access to a large pool of skilled employees with the relevant experience."

Close Brothers administers international assets of more than \$20.4 billion. Its South African office currently employs 25 people with Andrew Cole as the unit's CEO. According to Mr. Cole, he sees the company growing by more than 100 people within the next two years.

"The opening of the office in South Africa is primarily to cater to our European fund administration business in Guernsey," explained Linburgh Martin, Managing Director of Close Brothers (Cayman) Limited. "However, it will be beneficial to Close Fund Services in the Cayman Islands by giving it greater strength and depth to cater to our expanding client base. It potentially gives our fund administration operation greater scale, depth of human capital and resilience as we compete in an ever changing and smaller world."

FIFA DISPELS WORLD CUP DOUBTS

FIFA president Sepp Blatter arrived in Johannesburg this month and immediately tried to dispel doubts over SA's ability to host the 2010 Soccer World Cup that were fuelled by comments attributed to him last month.

Blatter was quoted as saying there were other countries ready to host the World Cup if SA failed to meet deadlines.

But after the South African local organising committee gave him a video tour of the progress in all the host cities and then took him to Soccer City - the venue that will host the opening and closing ceremonies, as well as the final of the World Cup - he said he was confident that the event would be held in SA.

"There are people who still say they can organise a better World Cup elsewhere," he said. "But because SA's organisation has been so good, there is always going to be criticism .

"There is always going to be jealousy because the World Cup is coming here. If you (SA) were not good, you would not be getting so much criticism. You may rest assured that nothing will take this World Cup from Africa. Nothing but God."

Blatter, who is in SA to view first-hand whether SA's preparations for the 2010 Soccer World Cup are still on schedule, said he was happy with what he has seen so far after being taken through what remains of the old Soccer City -- also known as FNB Stadium.

He said he might have voiced concerns that the "picks and shovels" had yet to swing into action last year but after the tour of Soccer City, he was no longer worried about progress in SA.

"After what I have seen here today, I can say we are on track. I am very optimistic."

Blatter also travelled to Cape Town today to inspect the progress in the Mother City and also check first-hand

whether the Green Point stadium is still on schedule and is not affected by the many threats of legal action that threatened to stop the mammoth project.

The Mother City's troubled 2010 World Cup preparations have had to contend with threats from a local environment group opposed to the construction of the stadium over the past few months. But the organising committee has said that despite the distractions, progress was not affected and the city's preparations were actually ahead of schedule.

"I will be very happy to go to Cape Town and meet with mayor Helen Zille and speak about Cape Town. But I am sure that based on what I have seen (on video) and what I have been told, I do not expect any problems." Blatter -- who arrived with Confederation of African Football president Issa Hayatou, who was named chairman of the Fifa World Cup Organising Committee last month -- also announced that Cape Town would host some of the game's biggest names in a match to celebrate former president Nelson Mandela's 89th birthday next month.

Blatter said an Africa XI would play the Rest of the World XI at Newlands Stadium, in a match that will feature Brazilian star "Ronaldo and his friends".

"They will be here to pay tribute to an exceptional person who was able to rewrite history during his lifetime."

The Fifa boss also rejected suggestions that ticket prices for the 2010 World Cup might end up being beyond the reach of most South Africans.

He said figures quoted in various media were not correct as Fifa has yet to reach finality on how much it would cost to purchase one of the three million tickets that will be available for the tournament.

"But you can be sure that the tickets will be available to the greater population of SA."