

The influence of residential desegregation on property prices in South Africa: The Pietersburg case study

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OPSOMMING

Die opheffing van die Groepsgebiedewet in 1991 het gedurende die afgelope agt jaar 'n aansienlike verandering in die voormalige apartheidsstede in Suid-Afrika help teweegbring. Die geskiedenis van Pietersburg, die hoofstad van die Noordelike Provinsie, het definitief die segregasieproses in daardie stad beïnvloed. Hierdie opname handel oor residensiële veranderinge in hierdie stad tussen Junie 1991 en Desember 1996. Die residensiële plasing van swart mense in die voorheen wit, kleurling- en Indiëgebiede in Pietersburg is gekarteer. Die opname toon dat die waarde van eiendomme in die middel en hoër ekonomiese status-buurte aanvanklik stabiel gebly het, maar na 1995, toe die persentasie swart huiseienaars in sommige gebiede tot 20% en selfs hoër gestyg het, het die pryse van eiendomme in hierdie buurte begin daal. 'n Resegrasieproses (sosiale hergroepering in hierdie woonbuurte) is ook besig om in hierdie stad na vore te tree.

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INTRODUCTION

In South Africa the policy of apartheid had a profound influence on the physical, social and economic landscapes of the country. The implementation of this policy centred to a large extent around control of the residential location of the different South African population groups. Separate residential areas were provided for the different race groups by legislation (Soni, 1992:41), and racial segregation in all urban residential areas was enforced by the Group Areas Act 36 of 1966. In the period after 1950 the populations of cities and towns were reorganised through rezoning, and black people in particular were moved further away from the central business district (CBD) (Christopher, 1988). Man-made or physical barriers (buffer zones) that served as boundaries separated the population groups in South African cities and towns.

Within the space of eight years, the repeal of the Group Areas Act on 30 June 1991 brought about definite changes in the spatial settlement patterns of people in the former apartheid cities of South Africa. A survey was initiated to study the desegregation process and to report on changes in community settlement patterns in the residential neighbourhoods of Pietersburg, the capital of the Northern Province.

The empirical investigation looked into the following issues:

- ♦ The spatial evolution of residential desegregation
- ♦ The settlement patterns of other race groups in the previously white, Indian and Coloured neighbourhoods of Pietersburg between June 1991 and December 1996
- ♦ The influence of this desegregation process on property values in the residential areas of Pietersburg.

STUDY AREA AND RESEARCH METHODS

Although previously labelled a conservative white city, Pietersburg has undergone a metamorphosis. To a certain extent the schools have opened their doors, sports and recreation facilities have been integrated, and residential areas have been desegregated (Kotze & Donaldson, 1996). By November 1995 the process of transition in South Africa has produced a multicultural municipality for Pietersburg as well as for other cities and towns in the country.

Pietersburg, the capital and economic heartland of the Northern Province, is a classic example of Davies's (1981) apartheid city model. Most traditional white residential areas lie to the east of the CBD, and the residential areas with the highest property values are located on the north-eastern periphery of the city.

However, there are three exceptions: Annadale (to the north of the CBD), Ivy Park (to the west) and Penina Park (to the south). These neighbourhoods have lower property values and are closer to the CBD. The Indian and Coloured residential areas are located to the west, with Superbia, the city's light-industry area, and a strip of open land between these areas and the "white" CBD. To the north there are two more industrial areas, Ladine and Industria, which separate Annadale from the rest of the city (see Figure 1). The nearest black residential township, Seshego, is located 12 kilometres north-west of the city in the now

defunct homeland of Lebowa (Kotze & Donaldson, 1996).

Two data sources were used, namely the property data roll of the municipality of Pietersburg and the records of the deeds office which handles the transfer of properties to new owners. The property data roll contains information on the owners, the location of properties and the sizes of the stands. This information was used to determine where and to what degree desegregation occurred. The second source, the records of the deeds office at the municipality, contained information on buyers and sellers as well as the prices of and the types of properties that changed hands, and this information was used to determine the average selling price per neighbourhood per year for residential properties sold in all the residential areas of Pietersburg between 1993 and 1996. Data on the period preceding 1993 had unfortunately either been destroyed or mislaid in the municipal office.

PATTERNS OF DESEGREGATION IN PIETERSBURG

The history of Pietersburg has influenced the desegregation process in the city. Pietersburg, a high-order regional service centre of long standing, was founded in 1884 and was officially named after General Piet Joubert in 1886 (Heyns, 1939). The initial land-use plan for Pietersburg made no provision for a non-European section of the population, but in 1890 land was made available for an Asian location to the north-west of the town (Donaldson & Van der Merwe, 1998). In the following year this area was subdivided artificially into adjoining Asian and black locations.

In the 1930s blacks were offered an opportunity to buy their own properties in a residential area called New Pietersburg, but this never materialised. However, the majority of black people remained in the town's location until they were all forcibly removed to the homeland border township of Seshego in the 1970s (Donaldson, 1996). There was consequently no black township closer than 12 km from the city.

In 1995 Pietersburg became the capital of the Northern Province.

The first surveys of the desegregation process in Pietersburg were conducted in previously white-only neighbourhoods of the city in September 1992 and in May 1993. These two surveys revealed that there were respectively 1% and 3,1% black home owners in the residential areas. These low percentages indicate the slow rate at which desegregation started in Pietersburg (Kotze & Donaldson, 1996). In December 1996 15% of the home owners in the previously white, Coloured and Indian neighbourhoods in Pietersburg were black. The percentage of black home owners in the whites-only neighbourhoods of the apartheid years was 14%, in the Indian suburb, Nirvana, it was 5%, and the Coloured suburb of Westenburg had 33% black home owners (see Table 1).

The high percentage of black home owners in the previously whites-only neighbourhoods of Flora Park (29%), Penina Park (28%) and Ivy Park (22%) merely reflects the continuation of a process that started in 1991 when these neighbourhoods were vigorously promoted by estate agents among potential black buyers (see Figure 2). Annadale, which still has the lowest percentage of black home owners (3%), was at the time labelled an area of white conservative support and still seems to be perceived as such (Kotze & Donaldson, 1996).

Westenburg, the Coloured neighbourhood during the apartheid era, experienced the greatest influx of black people (33%). One reason may be the lower property prices in this neighbourhood. The low percentage of black home owners in Nirvana (5%), the Indian neighbourhood, can probably be attributed to the unwillingness of a Moslem community to allow people of other religious groups to live among them. This assumption is based firstly on the way the influx of black people took place and the fact that the new residents are mainly concentrated in one street. Secondly, this same phenomenon is observed in the Bo-Kaap, a residential area in Cape Town (Kotze, 1998:160).

Although desegregation is incontrovertible in Pietersburg, a form of social segregation or resegregation (social regrouping within neighbourhoods) is evident in some of the neighbourhoods where the black population seems to be concentrated in certain streets or areas. In Westenburg 42% of the new black residents bought properties in three streets, the Nile, Missouri and Rio Grande, where respectively 77%, 94% and 100% of the new home owners are black. In Nirvana 42% of the black home owners bought properties in one street, Mugal Avenue, where 69% of the residents are already black.

In the previously whites-only neighbourhoods of Pietersburg the concentration of black home owners in specific areas is not as clearly defined as in Westenburg and Nirvana. However, in Fauna Park 27% of the black home owners bought properties in a relatively small area of 0,09 km² (east of Du Preez Street), where blacks currently occupy 55% of the properties. An area with a concentration of townhouse developments separates this area from the rest of the neighbourhood. In Bendor Park 20% of the black people who moved into this neighbourhood bought properties in two streets, The Crescent and Van Waverent Street, with concentrations of 36% and 33% respectively. In Ster Park 38% of the black people bought properties in two streets, Orion Street with 33% and Juno Street with 25% new black home owners. In the central city Indians bought 1% of the residential properties to the west and north-west of the CBD, perhaps in anticipation of expansion of the CBD of Pietersburg into this older residential area.

THE INFLUENCE OF DESEGREGATION ON PROPERTY PRICES

TABLE 1: DESEGREGATION PER NEIGHBOURHOOD IN PIETERSBURG IN TERMS OF NUMBER OF NEW RESIDENTS AND PERCENTAGE DESEGREGATION (December, 1996)

Neighbourhood classificatin	Neighbourhood	Number of new residents	% Desegregation
MW	Flora Park	335	29,2
MW	Penina Park	990	27,7
MW	Ive Park	46	22,3
MW	Fauna Park	137	17,0
HW	Bendor Park	75	13,2
HW	Ster Park	42	12,5
HW	Silwerkruin	8	9,1
MW	Central City	73	5,4
MW	Hospitaal Park	15	5,4
HW	Welgelegen	14	5
MW	Capricorn	6	3,9
HW	Eduan Park	8	3,3
LW	Annadale	15	2,5
I	Nirvana	26	4,9
C	Westenburg	242	32,8
Total		1 132	14,9

HW = High-class white, MW = Middle-class white, LW = Low-class white, I = Indian, C = Coloured

TABLE 2: AVERAGE PROPERTY PRICES AND PERCENTAGE INCREASE* IN PRICES OF PROPERTIES SOLD PER NEIGHBOURHOOD PER YEAR

Neighbourhood	Classification	1993	1994	1995	1996
Flora Park	MW	R162285	R182 111 (12,2)	R187 918 (3,2)	R189 705 (1,0)
Penina Park	MW	R143 368	R152 167 (6,1)	R205 000 (34,7)	R181 182 (-11,6)
Ivy Park	MW	R148 855	R177 150 (19,0)	R188 773 (6,6)	R187 500 (-0,7)
Fauna Park	MW	R149 840	R175 430 (17,1)	R186 045 (7,8)	R211 154 (13,5)
Bendor Park	HW	R226 864	R251 705 (10,9)	R255 485 (1,5)	R266 548 (4,3)
Ster Park	HW	R213 545	R241 705 (13,2)	R 264 386 (9,4)	R288 374 (9,1)
Silwerkruin	HW	R239 000	R256 000 (7,1)	R 237 400 (-7,3)	R306 667 (29,2)
Central City	MW	R177 984	R178 150 (0,1)	R229 684 (28,9)	R223 938 (-2,5)
Hospitaal Park	MW	R 156 930	R185 625 (18,3)	R216 435 (16,6)	R245 000 (13,2)
Welgelegen	HW	R 219 714	R247 333 (12,6)	R281 385 (13,8)	R308 000 (9,5)
Capricorn	MW	R137 000	R170 000 (24,1)	R211 000 (24,1)111	R221 000 (4,7)
Eduan Park	HW	R185 890	R191 500 (3,0)	R 233 111 (21,7)	R262 500 (12,6)
Annadale	HW	R111 800	R122 522 (9,6)	R148 735 (21,4)	R160 625 (8,0)
Nirvana	I	R111 670	R137 5000 (23,1)	R154 735 (12,5)	R192 000 (24,1)
Westenburg	C	R91 600	R95 700 (4,5)	R96 166 (0,5)	R109 738 (14,1)

HW = High-class white, MW = Middle-class white, LW = Low-class white, I = Indian, C = Coloured

* (% of increase in brackets)

TABLE 3: THE INFLUENCE OF DESEGREGATION ON THE PRICES OF PROPERTIES SOLD

Neighbourhood	Classification	% Desegregation	% Price increase in 4 years
Westenburg	C	32,8	19,8
Flora Park	MW	29,2	16,9
Penina Park	MW	27,7	26,4
Ivy Park	MW	22,3	26,0
Fauna Park	MW	17,9	40,9
Bendor Park	HW	13,2	17,5
Ster Park	HW	12,5	35,0
Silwerkruin	HW	9,1	28,3
Central City	MW	5,4	25,8
Hospitaal Park	MW	5,4	56,1
Welgelegen	HW	5,0	40,2
Nirvana	I	4,9	41,8
Capricorn	MW	3,9	61,3
Eduan Park	HW	3,3	43,1
Annadale	LW	2,5	43,8

HW = High-class white, MW = Middle-class white, LW = Low-class white, I = Indian, C = Coloured

The initial higher demand for residential properties in Pietersburg after the repeal of the Group Areas Act had a positive influence on property prices. However, there are indications that the rate of increase in the property prices of previously whites-only neighbourhoods of Pietersburg with more than 20% black home owners have declined since 1995 (see Table 2). In Flora Park, with 29% black home owners, there was a decline in the average growth rate of property prices from 12% in 1994 to only 1% in 1996. In Penina Park, with 28% black home owners and in Ivy Park with 22%, there has also been a decline in the average prices of property sold in 1996.

The neighbourhoods with fewer than 20% black home owners, with the exception of Bendor Park and Silwerkruin (13% and 9% respectively), have experienced substantial price increases of 30% or more in the three-year period since 1993 (see Table 3). The lower growth rate of the prices of properties sold in these two neighbourhoods may be due to the smaller housing units which were developed for home owners in the higher socioeconomic groups. These smaller housing units are known as duets, a type of semidetached development that consists of two housing units on the same stand.

The negative growth in property prices in the central city area during 1996 may be seen as a reaction to the extremely high prices that business people paid for dilapidated housing units around the CBD after Pietersburg became the capital of the Northern Province in 1994. These high prices were paid in anticipation of the growth and expansion of the city's CBD.

In Nirvana, the Indian neighbourhood, the property price increase was even higher than in the whites-only neighbourhoods. This is in keeping with other areas in Pietersburg with fewer than 5% black home owners. On the other hand, the higher prices of properties sold in Westenburg (the Coloured neighbourhood) which has 33% black home owners, were more in keeping with tendencies in Flora Park, Penina Park and Ivy Park, previously whites-only areas in the city.

In ascertaining whether desegregation had any influence on the prices of residential properties sold, the product-moment correlation coefficient was calculated to measure the relationship between the percentage desegregation per neighbourhood in 1996 and the average property price increase from 1993 to 1996 for the fifteen residential areas in Pietersburg (see Table 3). A value of $-0,69$ was obtained. This indicates that there is a relatively strong negative correlation between the two sets of data. However, more research on this phenomenon is required over a longer period to determine the extent to which property prices are influenced by desegregation in Pietersburg and in the rest of South Africa.

CONCLUSIONS

Although the initial desegregation process in Pietersburg after the repeal of the Group Areas Act proceeded more slowly than anticipated, the rate of change seems to have increased considerably since the city became the capital of the Northern Province. In the previously whites-only areas the highest per-

centage of desegregation took place in the middle and higher socioeconomic neighbourhoods, while An-nadale, the neighbourhood with the lowest values for properties sold in the "white" areas, has the smallest number of black home owners. On the other hand, the highest percentage of desegregation occurred in Westenburg, the Coloured neighbourhood during the apartheid era, but is also the area with the lowest property prices in the city.

A second process, namely re-segregation (a concentration of black home owners in parts of neighbourhoods), is manifesting itself in some of Pietersburg's residential areas. This process seems more prominent in Westenburg and Nirvana, the previously Coloured and Indian areas, and to a lesser extent in the former white neighbourhoods of Fauna Park, Bendor Park and Ster Park.

Whether this is the beginning of a process of invasion and succession (a process that may cause a decline in property values) in Pietersburg still has to be tested.

Although the study was conducted over a period of four years only, there are indications that the percentage desegregation per neighbourhood as well as the resettlement patterns (the concentration of black home owners in certain streets of the residential areas) have had some influence on the prices of properties sold in the city. This was more evident in the neighbourhoods with more than 20% black residents. The relatively strong negative product-moment correlation coefficient between the percentage desegregation and the percentage price increase in properties sold per neighbourhood enhances this perception. A

further supporting finding is that some of the previously white neighbourhoods with the lowest property values still have very few black residents although property prices in these areas increased by more than 40%.

The desegregation in Pietersburg reflects the changes that have taken place in South African communities and urban areas in the space of six years after the repeal of the Group Areas Act in 1991. This process has transformed the cities of the past into post-apartheid cities in a new democratic South Africa.

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