



RESEARCH BRIEF

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Economic Value of the Cape's Beautiful Coast

A Study of the 'Amenity' Value of the Kogelberg, in South Africa

BY JANE K. TURPIE AND JOHN DE WET, EFD SOUTH AFRICA, DRB 15-30, DECEMBER 2015

The Kogelberg Biosphere Reserve is a 100 km long coastal stretch of towering mountains and craggy beaches about an hour's drive east of Cape Town. The dramatic landscape, rare botanical diversity and ocean 'playground' are big drawcards for tourists, and contribute to property values. A recent study of the 'amenity' value of this stretch of coastline shows that many local visitors regard it as more desirable to visit than other stretches of South African coastline, and many are return visitors. Homeowners are willing to pay a premium for properties with sea views or access. However, people said crime would drive them away. They were also concerned about beach litter, more coastal development, fishing management, and law enforcement relating to tourist activities.

The Cape coastline in South Africa is famous for the dramatic profile of its buckled and folded mountains which rear up over the nearby beaches. It also has one of the rarest and most diverse plant communities on the planet, known as the Cape Floral Kingdom. A recent study by environmental resource economists zooms in on one particular part of this coastline, the Kogelberg Biosphere Reserve, to see how these factors contribute to the local economy. The reserve is 100 000 hectares in size, includes 100 km of coastline, and has four small seaside villages which are popular tourism venues: Rooi Els, Pringle Bay, Betty's Bay, and Kleinmond.

The area is well known for its recreational opportunities, and its beautiful but unusual natural environment. According to the researchers, these contribute to a booming tourism industry and also push up property values. Their findings provide useful guidance for how the area's natural environment, tourism and coastal development are managed in the future in order to make the most of these benefits.

A new discussion paper, drawn up by the Environmental Policy Research Unit (EPRU) at

Key Points

- The natural beauty of the Kogelberg coastline near Cape Town, South Africa, contributes significantly to the value of property and is a tourist drawcard.
- This puts the 'recreational' value of this stretch of coast at about US\$27.2 million (272 million Rand or ZAR) annually.
- The value of coastal property is about US\$730 million (ZAR7.3 billion) and produces a yearly economic output of about US\$5.9 million (ZAR59 million).
- Peak tourism season is in the summer holiday period (Dec-Jan) and attracts local and international tourists, who use the area for fishing, water sports, boating, relaxing on the beach, whale watching, hiking, and more. Tourists spend up to US\$23.5 million (ZAR235 million) each year during their visits.
- People value clean beaches and safety in the water, as well as the beautiful mountains, vegetation, and marine life. Crime and litter were two things they said would put them off using the area.

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the University of Cape Town's School of Economics, shows that this 'amenity' value is around US\$27.2 million (272 million ZAR or South African Rand) annually.

EPRU director Dr Jane Turpie and Conservation International's John de Wet took a closer look at the Kogelberg area in 2008. They interviewed 715 people to get a sense of how much they valued the place because of its natural beauty and recreational options.

The researchers also gathered information on coastal properties, population, recreational activities and annual visitor numbers.

To calculate how many visitors come to the area annually, the number of days they spend there, and the number of people living in the area, they triangulated between visitor numbers recorded by the local tourism office, the botanical gardens, and the marine reserve.

Using aerial surveys over the summer holiday season (December and January) when the population in the area increases three-fold, they were able to see where visitors group together to get a sense of the preferred recreation spots.

Permanent residents made up 37% of the 715 people they interviewed, holiday home owners made up 15%, overnight visitors were 35%, and day visitors made up 13%.

Tourism

The population was broken down into groups: people who live here permanently, people who own homes in order to holiday here, overnight tourists, and day visitors. Most of the tourists were South African, and most came from within the province, saying they came specifically to visit the reserve. But 14% of day visitors and 9% of overnighing tourists were international, and in general were passing through as part of a bigger sight-seeing tour through the country.

Aerial surveys and interviews showed that most people like to be close to the sea while they're there, either using the shore, or being in the sea. Mostly, people were using the area for fishing from the shore (angling, and collecting mussels and rock lobsters, for instance), water sports (snorkeling, scuba diving, surfing and kiting, amongst others), boating, and playing along the beaches (such as relaxing on the beach or picnicking).

To work out the contribution of tourism to the local economy, researchers calculated what people spent while in the area (such as on accommodation, food, and tourism activities), what they spent travelling to the destination, and then the 'consumer surplus'. The 'consumer surplus' is a subjective measure of how much people would be willing to spend on their vacation, over and above the actual cost of being there.

The researchers calculated that the annual visitor days to the area were between 4.2 and 5.3 million. Day visitors spent about US\$5 (ZAR50) per person, per day. Overnight visitors spent slightly more – US\$7.7 (ZAR77) daily – owing to the additional accommodation costs. Homeowners spent about US\$5.9 (ZAR59) on themselves daily.

Sea views count

Of the 715 people interviewed, 37.5% were property owners who live here permanently, while 15% own homes in the area and visit during holiday periods.

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In addition to looking at municipal property value information, researchers asked homeowners about the location of their properties, the distance from the sea or estuary, and whether they have sea views. They were also asked for information on the number of bedrooms and bathrooms, and an estimate of the property value.

It became clear that, for smaller homes, a sea or estuary view, or proximity to the sea, had a significant bearing on the value of the property. But for houses that were six rooms or bigger, this didn't make much of a difference.

The Kogelberg of tomorrow

During the interview process, people were given ten future scenarios, where each related to a possible change in how the area is managed, and were asked to rank their most and least preferred future Kogelberg.

This information gave an indication of what people valued most about the area, what would threaten it, and what they'd be prepared to pay for in order to keep it the way they like it.

People rated the cleanliness of the coastline as very important to them, followed by the beauty of the mountains and the natural surroundings, and safety while swimming. Some also said they enjoyed the tranquility of the area and the friendliness of the people.

Dangerous sea conditions and the occasional presence of farmland were detractors for a few people, but the key issues that would discourage people visiting were litter and crime.

The fact that there is a marine protected area here, and a colony of extremely rare African penguins, didn't have much bearing on people's appreciation or use of the place, except for those who were keen coastal users.

The researchers recommend that management of the reserve and the towns, tourism, and coastal development – which include management and zoning activities – should bear these findings in mind, and consider where residents and visitors prefer to live and play in the area, so as not to undermine the recreational value of this area.

ABOUT THIS BRIEF

This research brief is based on 'Economic Value of the Kogelberg Coast, Western Cape, South Africa', by Jane K. Turpie and John de Wet, 2015, EfD Discussion Paper 15-30. The DRB series of research briefs is associated with the EfD Discussion Paper series.

FURTHER READING

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