

Cape Town CBD boasts 93% retail occupancy rate - report

According to a new report, retail in the Cape Town CBD is flourishing in spite of the tight economy with the City's 2018 retail occupancy rate remaining steady at 93% - the same as that in 2017.



The latest edition of *The State of Cape Town Central City Report 2018 – A year in review*, published by the Cape Town Central City Improvement District (CCID), indicates that Cape Town's downtown continues to attract investors – not only in the retail sector but in the commercial and residential property sectors, too.

Growing number of food outlets

Of the 3,091 businesses in the Central City, 1,038 are retail venues, with the number of food retail outlets increasing substantially in the last year: research shows the number of restaurants increased from 114 in 2017 to 153 in 2018, coffee shops increased from 45 to 58, and takeaway outlets rose from 61 to 76.

Notes Rob Kane, chairman of the CCID: "This reflects a vibrant CBD economy that is geared to support the downtown lifestyle and as a result, a growing number of people are living and working in the Central City. It can also be attributed to a trend towards smaller apartments, so-called 'micro-living', targeted at students and young professionals which makes it more likely for residents to get a bite to eat in a restaurant rather than cook meals at home."



RESEARCH

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Steady occupancy rates

The East City, in particular, has grown significantly thanks to new developments and refurbishments. The CCID's retail survey indicates that several new retail and entertainment venues opened in the precinct during 2018.

The report reveals that while the total volume of retail space across the CCID's four precincts as at December 2018 amounted to 266 478 m² – a decline of 1761 m² from 268,239 m² in 2017 due to construction and businesses vacating their properties – there has been no change in occupancy rates, which have remained steady at 93%.

Other key findings of the report are:

- The overall value of properties in the Cape Town Central City has increased in 2018/19 to over R42.860bn, up from R30.628bn in 2016/17;
- Thirty-nine new developments are in the pipeline, which are either completed, currently underway, planned or proposed. 2018 completed projects were valued at R2.798bn; developments under construction were valued at R1,747bn, planned projects equate to R4,296bn and proposals on the table are valued at R4.740bn.
- Apartment prices in the CBD have increased by 97,6% in the last five years alone.

Says Kane: "While the overall value of properties is likely to change during the City of Cape Town's valuation objection phase, we are heartened by the increase in gross valuation for the CBD as the overall picture shows investors are confident in the development potential of downtown Cape Town."



MARKETS & INVESTMENT

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16 May 2018



The main themes emerging from the report are:

- According to the CCID, Cape Town is being recognised as a resilient city with its "commitment to plan for water security, reduce carbon emissions, mitigate the effects of climate change and reduce energy demands";
- The huge impact of the Business Process Outsourcing (BPO) sector on the city and the CBD's economy: the CBD hosts 30 call centres (12 international and 18 local) which also fuel the city's night-time economy;
- The city has emerged as a tech hub in Africa, offering over 40,000 jobs and attracting tech-enabling companies. The City of Cape Town's broadband project, set to be completed in 2021, seeks to provide a fibre-optic network to serve the entire metropole. Another project, the City Pilot Project, seeks to provide high-speed fibre connections to over 1,000 commercial buildings in the CBD.

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