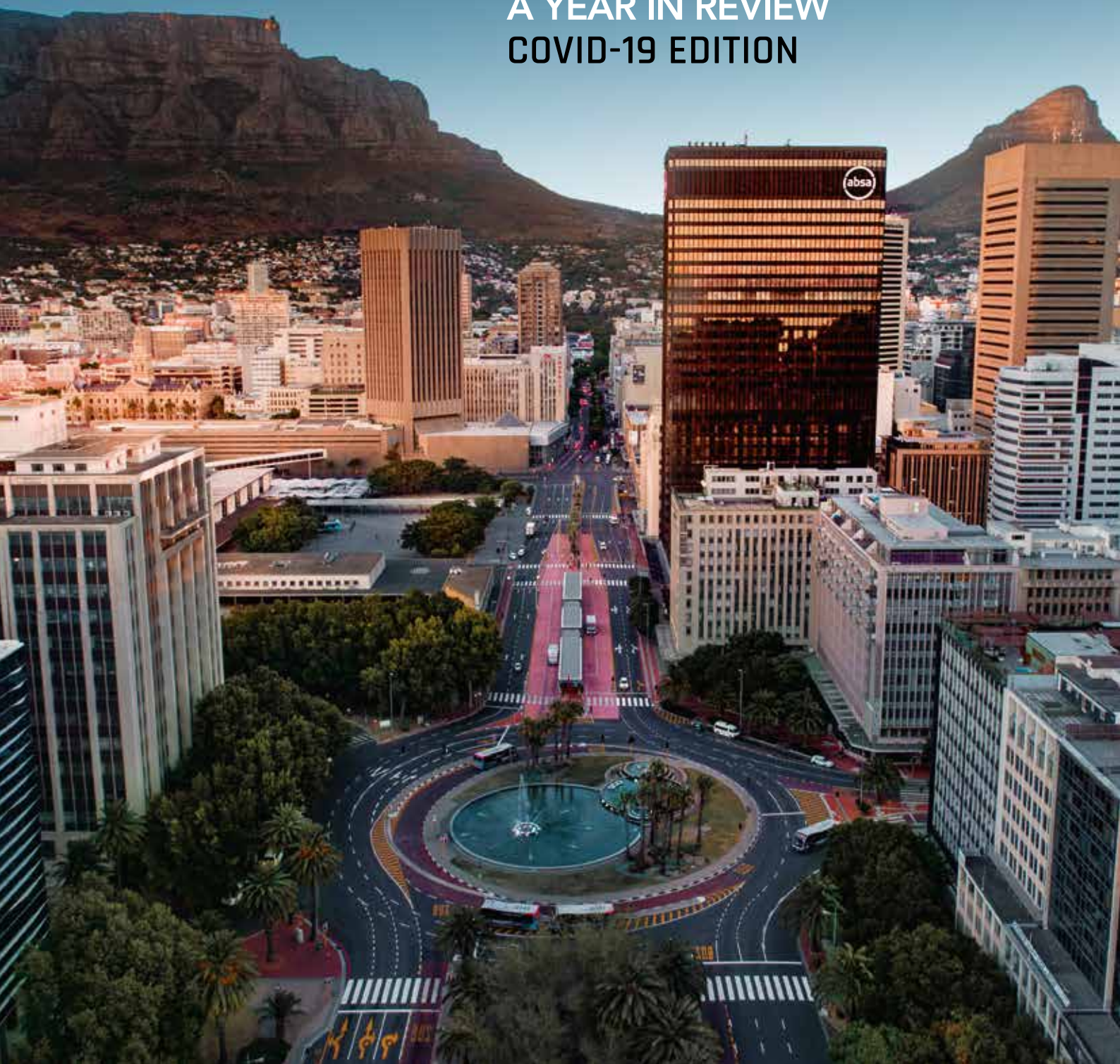


STATE OF CAPE TOWN CENTRAL CITY REPORT 2020

A YEAR IN REVIEW
COVID-19 EDITION



ABOUT THE CAPE TOWN CENTRAL CITY

The Cape Town Central City is the traditional Central Business District (CBD) or downtown of the Cape Town metropole. For the purposes of this report, its geographical footprint – an area of 1.6 km² – is identical to that of the Cape Town Central City Improvement District (CCID), a not-for-profit private-public company mandated by stakeholders to manage and promote the Central City.

The area is marked out by the broken yellow line on the map that appears on the inside front cover of this report. All the information contained in this report is therefore *only pertinent to this footprint*.

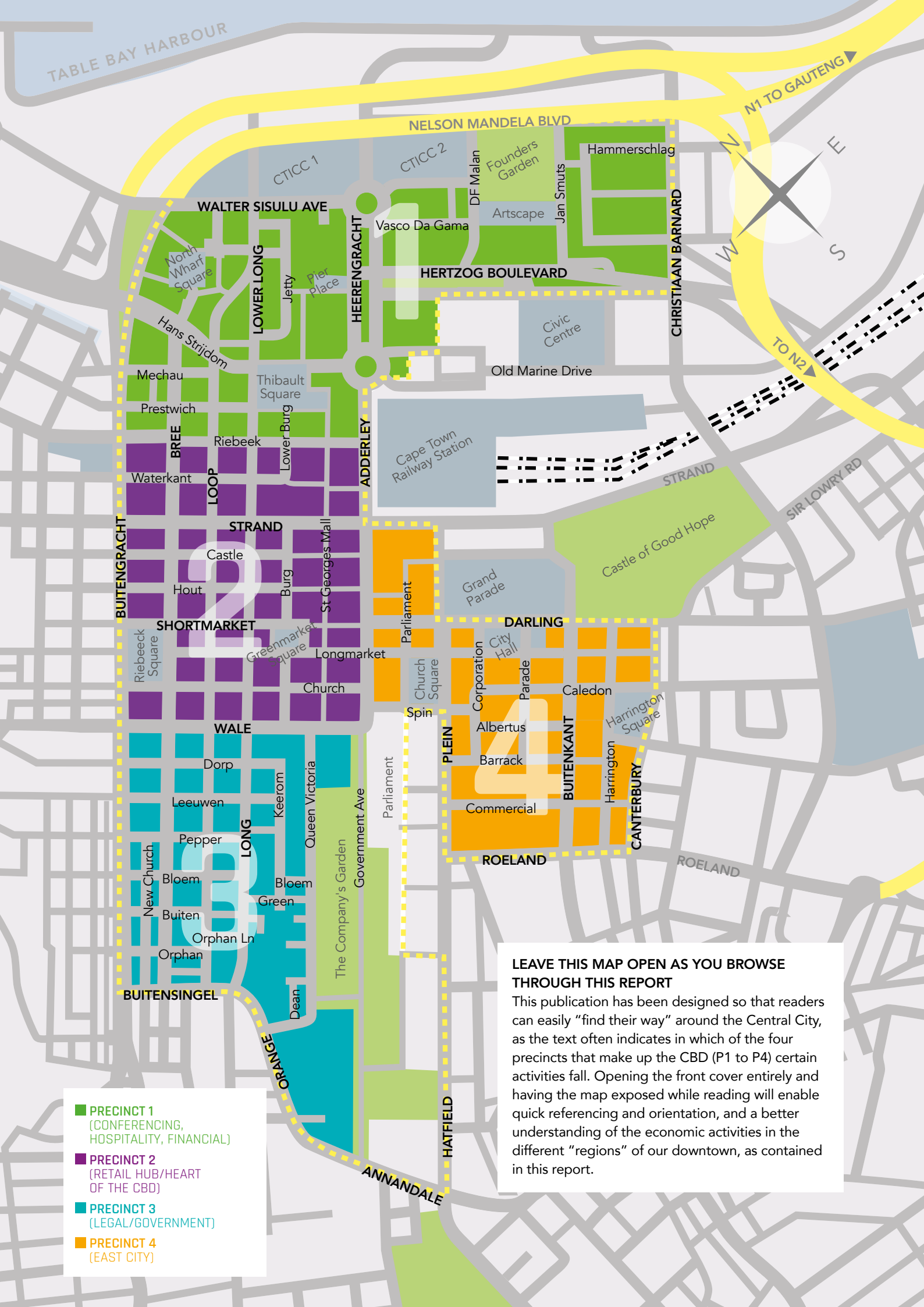
The area is bordered to the northeast by Table Bay Harbour (the Port of Cape Town), including the V&A Waterfront, and by the largely residential suburbs around the rest of the perimeter known as the Atlantic Seaboard (to the northwest), the City Bowl (to the west and south) and District Six and Woodstock (to the southeast).

The footprint of the CCID is divided into four precincts: Precinct 1 (the conferencing, medical and financial precinct); Precinct 2 (the retail hub and heart of the CBD); Precinct 3 (the parliamentary and legal precinct); and Precinct 4, referred to as the East City.

All main road and rail transportation links in the Western Cape province begin in the Cape Town CBD, including the N1 highway to the Gauteng province, and the N2 highway which travels along the southern coast of South Africa to the KwaZulu-Natal province and beyond. Cape Town International Airport lies on the N2, 19 km from the Cape Town Central City.

This economic report is published annually by the CCID.





- **PRECINCT 1**
(CONFERENCING,
HOSPITALITY, FINANCIAL)
- **PRECINCT 2**
(RETAIL HUB/HEART
OF THE CBD)
- **PRECINCT 3**
(LEGAL/GOVERNMENT)
- **PRECINCT 4**
(EAST CITY)

LEAVE THIS MAP OPEN AS YOU BROWSE THROUGH THIS REPORT

This publication has been designed so that readers can easily “find their way” around the Central City, as the text often indicates in which of the four precincts that make up the CBD (P1 to P4) certain activities fall. Opening the front cover entirely and having the map exposed while reading will enable quick referencing and orientation, and a better understanding of the economic activities in the different “regions” of our downtown, as contained in this report.



ALAN WINDE
Premier of the Western Cape

2020 was a year that no one will easily forget as the Covid-19 pandemic closed borders and shut down economies around the globe.

Unfortunately, Cape Town and the Western Cape were not left unscathed and a walk through the Cape Town CBD gives a sobering perspective on the impact, as many businesses have closed their doors.

Despite the difficulties, we are not without hope. During the lockdown we saw businesses and individuals stand together to save lives, whether it was our restaurants providing meals, or the Cape Town International Convention Centre (CTICC) opening its doors as a world-class field hospital.

The word “pivot” became a 2020 buzzword precisely because of the ways that businesses switched things up, innovated and changed to continue trading and save jobs.

The switch to a new way of working also presented the City of Cape Town with a number of opportunities. In 2021, Cape Town was named as one of the 50 best places for remote working by Big 7 Travel and local, shared workspace Workshop 17 took top honours in the Global Startup Awards. We are working to support our tourism industry by promoting this region to remote-working visitors who tend to stay longer, injecting more into our local economy.

The Western Cape and the City of Cape Town are firmly focused on economic recovery and job creation, and we are taking steps to ensure energy security in our future. This complements the work we have already done to improve our resilience and is integral to our economic recovery interventions.

The Western Cape and Cape Town remain excellent places to live, work and invest, and the **State of Cape Town Central City Report 2020 – A year in review (Covid-19 edition)** once again provides a treasure trove of information. Easy access to data like this helps to inform decisions by businesses, investors, property owners and residents alike, and represents a step towards bringing the life, energy and jobs back to our city, our CBD and our province.



DAN PLATO
Executive Mayor of
Cape Town

As we look back on 2020, it's clear that as the world grappled with primary health concerns created by the coronavirus pandemic, great uncertainty and confusion was evident in many aspects of our daily lives.

It is therefore reassuring to read the CCID's **State of Cape Town Central City Report 2020 – A year in review (Covid-19 edition)**, a document based on facts, figures and solid data that greatly assists with reliable forecasting and trend analysis.

We have shown countless times that Cape Town and its residents are resilient, and that we can weather many shocks and disruptions, and bounce back even stronger than before.

In the wake of Covid-19, the City of Cape Town put measures in place to support local businesses and stimulate Cape Town's economy. During the height of the pandemic in 2020, by working with strategic business partners, we were able to secure over R11 billion in investment. During the same period, we approved building plans worth over R5.2 billion, thereby ensuring that the construction industry, a major employer in Cape Town, would be able to return to work without delay once the national government lowered the initial lockdown levels. This speaks volumes about the trust and value that investors place in our beautiful city, its reliable infrastructure and our fantastic people.

We continue to experience challenges as we grapple with adapting to a new way of working and living. While a number of businesses have, sadly, had to close their doors, it is very reassuring that many others have found opportunities and have opened new doors.

I know that by working together, our vibrant, dynamic and ever-changing Central City will continue to be the economic and cultural heartbeat of Cape Town. With world-class conference facilities, countless art galleries, museums and creative spaces, a pedestrianised urban environment making access to restaurants and businesses even easier, and the friendliest people around, we are already seeing the foot traffic return to downtown Cape Town.

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SECTION 01 THE COVID YEAR



LETTER

FROM THE CEO + CHAIRPERSON OF THE BOARD



ROB KANE

Chairperson:
Cape Town
CCID



**TASSO
EVANGELINOS**

CEO: Cape Town
CCID

There is no denying that the past year has been one of the most testing in recent history. This is laid bare in the data presented in this ninth edition of our annual investment guide, *State of Cape Town Central City Report 2020 – A year in review (Covid-19 edition)*.

Like most downtowns globally, the Cape Town Central City has received a battering thanks to the unimaginable challenges presented to investors, property owners, residents, commercial landlords, and retailers by the coronavirus pandemic. The arrival of Covid-19 in South Africa, and the subsequent lockdowns instituted by the government from 27 March 2020 to stem its tide, effectively closed all businesses except essential services. It has been a very bumpy road since then.

2019 was already a difficult year, with stakeholders grappling with the aftermath of the 2018 water crisis, ongoing electricity blackouts and a flailing economy.

The biggest challenge for the Cape Town CBD has been the exodus of thousands of office workers from big corporates, civil servants and government workers, abiding by the National Disaster Act's decree to work from home (WFH). With over 2 800 large, medium and small business entities

in the Central City, of which 58 are general corporates & head offices, this has not only had drastic consequences for commercial landlords but for myriad retailers, who rely on footfall to keep their doors open.

At the time of writing, there is no date for a return to the office in sight, and it is clear that remote work is doable and has benefits. However, we believe a tipping point is approaching and the value of a central office will outweigh the reduced cost and the convenience of WFH.

We also believe a successful vaccination roll-out for the country to achieve herd immunity will contribute to a return to the office. We therefore look forward to welcoming our businesses back to town sooner rather than later.

On the upside, the Cape Town CBD has once again proved its resilience during 2020. While some businesses have closed, many others have survived, and done so with ingenuity. We applaud their tenacity and the courage of new businesses that have opened.

We are also pleased to report that the total value of property investments in the Central City (completed, under construction, planned or proposed) is R6.68 billion. While this is less than the

R13.83 billion recorded in 2019, the crushing impact of Covid-19 on the construction sector cannot be overlooked. It is encouraging, therefore, to note that the estimated value of developments *completed* in 2020 is R972 million, with those *under construction* are valued at R2.9 billion. What's more, Cape Town's CBD remains an excellent investment node for residential and commercial property investment: the City of Cape Town's 2018/19 property evaluation values property in the Cape Town Central City at R43.796 billion.

While compiling this report during Covid-19, we encountered stumbling blocks. Suffice to say the data collection was done under difficult circumstances but we are confident in its accuracy as far as is possible. To this end, when determining whether a business entity was still functioning, albeit remotely, we took into account whether the office was still furnished and equipped, or not.

The year under review has presented highlights, including the emergence of the cannabis economy and the performance of Cape Town's BPO sector.

2020 was a year like no other but we continue to believe in the value of the Central City to withstand the knocks of the ongoing pandemic.

YEAR IN REVIEW

There's no denying that 2020 was a watershed year, characterised by the chaos that swept the world due to the coronavirus pandemic. The South African economy, already in recession before the onslaught of Covid-19, buckled, and with it, the economies of its big metropolises. The Cape Town metropole, and the Cape Town Central City, proved more resilient than most. Here we give a brief economic review of 2020.

1. IN RECESSION

During the Alert Level 5 lockdown, economic activity slumped by almost 40 %, although the negative impact lessened as lockdown regulations gradually eased. Fiscal and monetary policy interventions – including temporary social grant payments and a 3 % cut in interest rates – helped to reduce the severity of the recession to an annual average of -7 %.

This was nonetheless the biggest economic contraction in a century.

StatsSA estimates that more than half a million people lost their jobs during 2020. As a result of the economic downturn, SARS faced a significant shortfall in tax revenue collection, causing a further deterioration in government finances.

Writing in *Financial Mail*, Claire Bisseker noted that while SA was fortunate to have had "substantial monetary policy and banking buffers in place at the start of the pandemic, apart from the Unemployment Insurance Fund ... the fiscal cupboard was almost bare".

2. INVESTMENT SLOWS DOWN

Investment spending slowed last year as the initial Level 5 lockdown halted all non-essential economic activity. Although activity gradually recovered during the second half of the year, uncertainty surrounding

the likely economic consequences of the pandemic saw business confidence plunge to levels last seen in the mid-1980s. This dampened companies' appetite for investment spending.

3. STRINGENT LOCKDOWN REGULATIONS

South Africa's harsh lockdown restrictions, considered one of the world's longest and strictest, played havoc on an already fragile economy. The country was in some form of lockdown for a total of 279 days in 2020. The alcohol industry estimated that it was at risk of shedding 200 000 jobs and had lost R36 billion in sales revenue as a result of the bans imposed by the government last year. The 20-week sales ban on tobacco products, deemed to be irrational by economic commentators, resulted in government losing about R5.8 billion in tax revenue.

4. IMPACT ON REAL ESTATE SECTOR

Vacancies and downsizing of businesses characterised 2020, with commercial landlords needing to step in to provide industry-wide assistance and relief packages to keep retail tenants afloat. While the office and retail sectors struggled with reduced business activity, the residential sector rebounded swiftly once lockdown regulations began to ease – as buyers took advantage

of the prevailing low interest rate environment and the widespread adoption of remote working, which allowed many homeowners to move from the city to the so-called "Zoom towns".

5. SECOND WAVE

The second wave of Covid-19 infections, which hit in Q4, were driven by a new, highly contagious variant of the SARS-CoV-2 virus. This resulted in a renewed tightening of lockdown restrictions in late-December, including an alcohol ban and the closure of the country's beaches. This led to further losses for the hospitality industry during the peak summer season.

6. WORLD OF WORK

The monumental shift in where people work – with the vast majority abandoning the office to work remotely – has had a huge impact on CBDs, including the Cape Town Central City. This has put pressure on companies, especially big corporates, to comply with lockdown regulations. A forced review of costs has led to companies reassessing how work is performed, with commercial landlords having to renegotiate lease agreements with tenants and implement rent-relief measures. The aim was, and still is, to keep retail tenants afloat as they grapple with a drastically reduced CBD footfall.



SOUTH AFRICA'S 2020 LOCKDOWN LEVELS

Level 5: 27 March – 30 April 2020

Level 4: 01 May – 31 May 2020

Level 3: 01 June 2020 – 17 August 2020

Level 2: 18 August 2020 – 20 September 2020

Level 1: 21 September – 28 December 2020

Level 3: 29 December 2020 – 28 February 2021

THRIVING IN A NEW GLOBAL ECONOMIC ORDER



TIM HARRIS
CEO: Wesgro

The impact of the Covid-19 pandemic on the local economy has been significant. From the devastation to the tourism and hospitality sector, to job losses, to diminishing economic demand, no aspect of the economy has been unaffected since March 2020. But within this devastation, we have increasingly witnessed not only a demonstration of incredible resilience, but an ability to adapt – and at times, thrive – in this new global economic order. We have seen unprecedented levels of innovation, transformation, and best practice by local businesses over the past year as they pioneered new ways of doing things better, both for now and the future.

One of the most significant outcomes of the pandemic has been the impact on innovation on a global scale, with technology playing an increasingly key role in enabling organisations to respond to disruption. What is evident is that the organisations which have successfully survived the months since March 2020 are those that had already embraced automation, digitisation, big data, and the use of collaboration platforms prior to the onset of the pandemic. This speaks directly to several companies in our city and province: the region attracted significant investment in the DigiTech space over the past 12 months despite exceptionally tough global business conditions, thanks to its world-class, well-established, and globally competitive tech ecosystem.

We have also seen tremendous development in the renewable

energy sector as the region successfully positions itself as a knowledge hub for technologies and advancements in greener economy operations. Local government's commitment to the Municipal Energy Resilience Project, which in essence will ultimately allow local municipalities to take advantage of the new energy resilience regulations to generate, procure and sell their own power and thereby become more energy secure, is a significantly positive development.

We at Wesgro continue to provide virtual support to our stakeholders and partners, with several of our units successfully migrating their offerings to virtual platforms. Our Export Unit has successfully led virtual missions to market since May 2020, with its dedicated Export Advancement Programme training available online. Further, reviving the local tourism sector is a critical priority, which we along with our partners, the City of Cape Town and Cape Town Tourism, hope to

achieve through a number of local initiatives, including the Digital Nomad initiative, which aims to encourage domestic (and ultimately international) audiences to consider Cape Town as a remote working destination. The recent short-listing of Cape Town as one of the “best cities for remote working” in early 2021 is a further win for the local tourism and hospitality industry, with the reality today being that technology traverses all geographical borders.

None of this would have been possible were it not for the Cape Town Central City Improvement District (CCID) and its partners' commitment to ensuring that our city centre remains a world-class CBD. We thank you for your unfaltering commitment to this.

While tough times undoubtedly still lie ahead and uncertainties remain, Cape Town and the Western Cape are well placed to take advantage of this new global order. We need to come back smarter, more innovative, more resilient, greener, and more inclusive.



OUT OF CHAOS COMES OPPORTUNITY



**PATRICK
BUTHELEZI**

Economist: Sanlam
Investments

In 2020, the economy recorded its sharpest contraction since the 1940s, leading to a massive loss in income for both households and businesses. A year on, the mood is more optimistic. South Africa's economy is expected to recover, supported by high commodity prices, a more buoyant global economy and accommodative global monetary policy. This is good news for the business sector, especially when bolstered by the vaccination programme, which has begun in earnest.

There's no doubt Covid-19 has had devastating consequences. In its April 2020 Business Impact Survey, Statistics South Africa found 85.4 % of participating businesses experienced lower turnovers, with 46.4 % indicating temporary closure or paused trading activity. From supply chain disruptions and loss of skilled personnel to reduced retail hours (due to curfew) and a very different operating environment, the challenges have been non-stop.

What's more, the ongoing energy crisis is exacerbating the difficulties, raising the cost of running businesses. Weak demand means that while input costs go up, firms are not always able to correspondingly raise prices.

Then, there are the challenges of remote working, with many employees experiencing a feeling of disconnection. Companies are having to redouble efforts to reinforce their cultures; exceptional leadership is imperative to keep teams connected, productive, and focused on their core purpose.

Some businesses have had to dramatically cut staff, and



joblessness is giving rise to other challenges, like theft and cybercrime. While the vaccination programme was heralded as a silver bullet, it's proving slow and uncertain. Currently, both developed and developing markets are grappling with the third wave of infections.

Against this context, it's easy to feel dispirited. But there is good news for the business sector.

Recently released consumer-related data shows confidence has improved, albeit off a low base, with households expecting the economy and their finances to recover.

Demand should increase, and tourism-related industries are expected to improve when tourists return. In addition, the government is planning to reduce corporate taxes in the coming fiscal year to support domestic businesses. These developments present opportunities for domestic economic activity.

Looking ahead, businesses should leverage the new African Continental Free Trade agreement, which should provide marketable opportunities, deepen integration, and raise exports of goods and services.

Out of the chaos comes opportunity. Businesses that are flexible and adaptable have the chance not only to survive but thrive. The use of technology should form an integral part of the strategy to increase competitiveness and improve productivity. Furthermore, employees must be equipped with the necessary skills to meet the changing needs, while laying the foundation for the fourth industrial revolution. Remote working must not destroy company culture.

Businesses will need to strengthen relationships within teams and put more effort into encouraging every team member to participate. Importantly, the pandemic has demonstrated that it is possible to work anywhere in the world and that skills can be accessed anywhere in the country. This provides for a more dynamic labour market.

Now is the moment to live with confidence and make courageous decisions. It's critical that corporates step up, take stock, and give back to their communities. In the current landscape, there's the chance to make a difference and use a position of influence to contribute to a positive narrative and coordinated action. We have the responsibility to foster greater financial inclusion – be it through Corporate Social Investment, job creation or something else. This is the best way to accelerate GDP growth and economic recovery at scale.



A CITY LANDSCAPE IN FLUX



**BRONWYN
WILLIAMS**

Trend Economist:
Flux Trends

The last 12 months have forced players in the public and the private sector to adapt to a new set of creative and financial constraints, and react to waves of accelerated changes, causing ripple effects across the global economy.

Cities, of course, are not exempt from the changes or the constraints. City planners and commercial property investors alike are having to respond to shifting societal demands and shrinking budgets.

In particular, the following trends are likely to both remain and amplify in the following years:

CHANGING SPACES

The massive global work-from-home experiment has resulted in a long-term shift in the usage of urban city centres. Affluent workers, who also tend to have more flexibility when it comes to remote work, are moving out of city centres towards more lifestyle-oriented areas. Blue chip companies are abandoning massive single-use office spaces in favour of flexible co-working spaces, or “satellite” office networks that allow employees to connect with each other closer to their places of residence. Likewise, retailers are reevaluating the costs and benefits of having physical vs digital landlords (i.e. paying Google and Amazon for clicks and eyeballs, instead of paying mall makers for foot count) as e-commerce becomes the norm. The result is a city landscape in flux.

Bellwethers: In March 2021, the University of Gloucester in the UK purchased a large Debenhams

department store to repurpose into lecture halls. Similarly, in January 2021, Epic Games (which owns Fortnite) purchased a 980 000 square foot mall in North Carolina in the USA to convert into its new corporate headquarters.

SMART CITIES

As with all corners of the economy, the fallout from the global Covid-19 crisis has accelerated the adoption of technology in cities and urban planning. In particular, citizens are becoming accustomed to more surveillance in public and private spaces, trading more personal data for freedoms, privileges, “nudges”, and perks.

Bellwethers: In 2021, Israel implemented a “freedom bracelet” tracking system to track vaccinated and unvaccinated citizens to limit access to public places, events and buildings. Similarly, pubs in the UK are rolling out facial recognition systems linked to a patron’s vaccination status.

SUSTAINABLE CITIES

Both economic and environmental concerns have accelerated the

pressure for local and national governments to focus on sustainability, in terms of the natural world (climate change) and our social structures (spatial and financial inequality).

Bellwether: Amsterdam announced in April 2020 that it is adopting Kate Raworth’s Doughnut Economics model that focuses on the twin goals of ensuring a basic social security safety net for all citizens (a living standards “floor”) and strict limits on sustainable environmental impacts (a resource use and abuse “ceiling”) to govern the local economy’s supply and demand.

PRIVATE CITIES

As overstretched governments look for ways to service increasing citizen demands with declining tax revenues, privatising elements of service delivery – or even entire cities – is emerging as a plausible, albeit problematic, option.

Bellwether: In February 2021, the state of Nevada in the USA announced plans to permit tech companies to found their own company cities and to impose their own taxes and make their own rules.



SECTION 02 OPEN FOR BUSINESS



CAPE TOWN IN CONTEXT

The Cape Town Central City is the traditional Central Business District of the metropole of Cape Town, situated in the Western Cape Province of South Africa. The information on these pages provides background to the context in which they each find themselves and provides a deeper understanding of downtown Cape Town.

GROSS DOMESTIC PRODUCT (GDP)

South Africa: R2.9 trillion (Q3 2020)
Western Cape: R408 billion (Q3 2020)
Cape Town typically contributes 72 % of the provincial GDP annually.

GROSS VALUE-ADDED SECTORS latest available data (EPIC Q3 2020)

In 2019, the city's highest gross value-added (GVA) sectors in its economy were:
Finance & other business +29.4 %
Community services +18.5 %
Trade +17.9 %
Manufacturing +14.6 %
Transport +11.6 %

GDP PER CAPITA (2019) latest available data (EPIC Q3 2020)

South Africa: R86 083
Western Cape: R101 098
Cape Town: R111 364

AIR TRAVEL

During 2020, 4 012 204 people passed through Cape Town International Airport. In total 13 107 540 passengers moved through South Africa's three international airports in 2020: Cape Town International, OR Tambo International and King Shaka International.

ESTIMATED POPULATION RATES (2020)¹

South Africa: 59 622 350
Western Cape: 7 005 741 (11.8 % of national population)
Cape Town: 4 488 546 (2019)

CARGO TONNAGE

The port of Cape Town handled **19.9 %** of all containers in South Africa in Q3 of 2020, with the Port of Durban remaining the largest container handling port in the country. The number of containers handled at the Port of Cape Town declined by **8.8 %** – to 206 699 twenty-foot equivalent units (TEUs) in Q3 compared with the previous year.



CAPE TOWN ACCOLADES FOR 2020

Cape Town International Airport was voted **Africa's Leading Airport** (World Travel Awards) for the fourth consecutive year and **Best Airport in Africa** (Skytrax World Airport Awards).

The City of Cape Town was awarded the title of **Africa's Leading Festival & Event Destination** (World Travel Awards) for the third consecutive year.

The Mother City was named **Best Destination in Africa** (World Tourism Awards) for the seventh time since 1998.

The University of Cape Town (UCT) was ranked **Top University in Africa** and 268th in the world in 2020 by the Center for World University Rankings.

The Silo Hotel was ranked 57th in *Travel + Leisure's* **Top 100 Hotels in the World**.

Groot Constantia Wine Estate's 2019 Sauvignon Blanc won the **International Sauvignon Blanc Trophy** at the 2020 International Wine Challenge.

Table Mountain was awarded **Africa's Leading Tourist Attraction** (World Travel Awards) title for the second consecutive year.



29.1 % According to the Quarterly Labour Force Survey, Cape Town had a broad unemployment rate³ of 29.1 % during the third quarter, the lowest among all South African metros

EMPLOYMENT²

The number of people employed in Cape Town decreased by 189 825 from year-earlier levels during Q3 2020 (latest available data), bringing the total number of people employed to **1.42 million**. Finance, real estate and business services created the most jobs (+29 635) in Q3, followed by construction (15 363) and private households (+14 840). Unsurprisingly, trade, hotels and restaurants accounted for the largest loss of employment (-31 486 jobs).

¹ Mid-year Population Estimates 2020, Statistics South Africa

² Invest Cape Town September 2020

³ Broad unemployment rate includes unemployed people not actively seeking employment

INVESTING IN THE MOTHER CITY

In 2020, in spite of Covid-19, the Cape Town economy proved to be resilient and ever-expanding, driving investment into what is arguably the most successful city centre in South Africa. Coupled with this are the myriad other reasons why Cape Town is an excellent investment destination.

LOCATION

Cape Town is situated in the Western Cape, home to some of the country's most beautiful scenery. The Western Cape has an abundance of natural assets, including world-renowned coastlines, the iconic Table Mountain National Park and Kirstenbosch National Botanic Garden and an abundance of orchards and vineyards. The province is also one of the most lucrative in the country, with established industries including tourism and agriculture, and is an inspiring industrial hub. This has encouraged a shift of certain economic activities to the Cape, enticing foreign firms and inviting new investment. Four top universities, including the University of Cape Town, and two globally recognised regional business schools, attract innovation and talent. These institutions have boosted Cape Town's status as the leader in African BPO (business process outsourcing) innovation and fields like business process management have been leading creators of jobs in Cape Town.

ACCESSIBILITY

Air Access

- Cape Town International Airport (CTIA) is Africa's third largest airport and considered to be the best on the continent.
- Located 20 km from the Central City, CTIA is integrated with other city transport infrastructures.
- The R7 billion upgrading and expansion of the CTIA, involving the refurbishment of the domestic and international terminals, and the construction of a new realigned runway worth R3.93 billion, will allow CTIA to accommodate larger aircraft and increase its per-hour landings and departures.
- Air passenger movements, impacted by Covid-19 travel bans and restrictions, continue to improve on a quarter-on-quarter basis. In Q3 of 2020, CTIA recorded 322 929 more passenger movements compared to the previous quarter.

Port Access

- The Port of Cape Town, the second busiest in South Africa, is strategically positioned and serves

cargoes (especially containers) moving between Europe or the Americas and the Middle East or Australia.

- Expansion is planned to allow it to accommodate larger vessels and an increase in annual throughput.
- The port also facilitates a growing cruise economy; a multi-million-rand Cruise Terminal at the V&A Waterfront opened in May 2018.

Road Access

Cape Town and the Western Cape are linked to the other provinces of South Africa by two major road networks, the N1 and the N2.

A HUB OF OPPORTUNITY

Home to the leading convention centre in Africa, the Cape Town International Convention Centre, the city is experiencing a tangible shift to a service-driven economy with an established business culture and a cluster of trusted financial institutions. There is huge confidence in the soundness of banks in the region, rated third in the world by the World Economic Forum.

ECONOMY & INFRASTRUCTURE

- Cape Town, a sub-Saharan African business hub, is an ideal destination for industry and innovation.
- In Q3 of 2020, the Western Cape accounted for R408 billion of the R2.96 trillion GDP generated by South Africa. During this period, the WC economy grew by 57.7 %, quarter-on-quarter, driven by the manufacturing and trade sectors and mirroring the national trend.
- Cape Town's service-driven economy has grown at a higher rate than the national average thanks to its competitive advantage in key industries and sectors, including manufacturing sub-sectors such as



electronic and electrical products, metal, steel and beverages.

- The city has a steadily growing DigiTech sector, rapidly expanding B2B and B2C e-commerce, increased exports and an improved trade balance.
- Surrounded by agricultural land, Cape Town acts as a processing, trade and retail hub for a wide range of export-quality produce.
- There is a globally recognised film and media production industry.

ENABLING BUSINESS

As a global mid-sized developing city, Cape Town facilitates the creation of an enabling business environment. Sectors poised for expansion are trade, manufacturing, telecommunications, information technology, and medical and research equipment.

The City of Cape Town's strategic approach aims to create the right conditions for growth, including reliable infrastructure and relief from Eskom power cuts. The City is focusing on specific sectors that will attract investment and create jobs.

In August 2020 the City facilitated access to investment incentives enabling Amazon Web Services to invest in Cape Town – the largest capital investment in South Africa since 1994.

Cape Town is also building a sound "green" reputation, allowing for development of an industry around the manufacturing and servicing



of electric vehicles, as well as the production of medical cannabis (see page 45). The founding of several renewable energy company head offices in the city is leading the way for the renewable energy and clean-tech industries.

RESPONDING TO COVID-19 Economic Action Plan

The City implemented an Economic Action Plan, with interventions to help businesses weather the coronavirus storm. This included relooking how its Strategic Business Partners in high-growth sectors, including Wesgro, Cape Town Tourism, GreenCape, the Craft and Design Institute and CapeBPO, spent funding to ensure businesses within their sectors received assistance. Between April and September 2020, they collectively facilitated R8.8 billion worth of investment, created 4 980 jobs and trained 1 366 people.

Relief and Support

The City made various forms of relief available, including:

- Lease deferments for commercial leases for City-owned properties;
- Rates relief in certain categories of tourism properties;
- Business retention and expansion initiatives, and
- Smart procurement and supplier development programmes.

A RESILIENCE STRATEGY

Cape Town's Resilience Strategy offers a roadmap for a 21st century metropolis. Exposed to extreme weather, and subject to extreme spatial divides brought on by Apartheid, the city has become vulnerable to weather-related shock events, in particular increased heat and decreased rainfall.

The Resilience Strategy was developed after the city emerged in 2018 from the worst drought in recorded history. Through a comprehensive societal response, the worst-case scenario – that the taps would literally run dry – was avoided. To enable it to survive chronic stresses and acute shocks, it has developed a resilience strategy to allow it not only to survive but adapt and thrive.

72% In the third quarter of 2020, the Western Cape accounted for R408 billion of the R2.96 trillion GDP generated by South Africa. Cape Town typically contributes around 72 % of the provincial GDP annually



INVESTMENT PARTNERS

Key partnerships in the Cape Town Central City across the private and public sector enable the fostering of a stable economy, promoting investment into the region and encouraging future growth.



CAPE TOWN CENTRAL CITY IMPROVEMENT DISTRICT (CCID)

Since its inception 20 years ago, the CCID has worked hard to ensure downtown Cape Town is free of crime, a clean urban environment, and most importantly, open for business. A map delineating its geographical boundaries and the four precincts that fall within it can be found inside the front cover of this publication. The CCID, like the other 40-plus city improvement districts in the Cape metropole, is a non-profit company that exists in terms of the

City Council's Municipal Property Rates Act, Section 22 [Special Rates Area (SRA)] and the SRA bylaw. It provides complementary top-up services within a specific geographical area, to support the primary agencies. In the case of the CCID, these primaries are the City of Cape Town and the South African Police Service (SAPS). Since 2016, the CCID has also nurtured a partner project in public safety with the Western Cape Government.

A public-private partnership which is overseen by a board of directors, the CCID has three operational departments – Safety

& Security, Urban Management and Social Development. Its Communications department collaborates across these three to promote the CCID's work and investment into the Central City. A fifth department manages financial and HR-related administration. With a full-time staff of 18+ people, the CCID oversees a total workforce of around 650+ people who carry out its mandate to manage the public spaces between the buildings of Cape Town's traditional downtown area.

📍 1 Thibault Square, cnr Long St & Hans Strijdom Ave (Precinct 1)

🌐 www.capetownccid.org

THE WESTERN CAPE ECONOMIC DEVELOPMENT PARTNERSHIP (EDP)

The EDP is a non-profit company established in 2012 as a collaborative intermediary organisation to work with, and between, broadbased stakeholder sectors in the Western Cape economic delivery system. It aims to improve the performance of the Cape Town and Western Cape economic development system, by creating and sustaining partnerships between economic stakeholders, in support of the goals of creating a resilient, inclusive and competitive region, and contributing to South Africa's national economic success.

Funded by national, provincial and municipal government, the EDP has played a unique role in bringing together the public and private sectors, academia and civil society, to focus on specific issues identified as key drivers of economic growth.

Today, it focuses on providing partnering solutions to improve the performance of the local and regional economic system.

📍 **Tannery Office Park, Belmont Road, Rondebosch**
🌐 www.wcedp.co.za

CAPE CHAMBER OF COMMERCE & INDUSTRY

The Cape Chamber of Commerce & Industry was established in 1804. Representing businesses in virtually all sectors, the Cape Chamber of Commerce & Industry is mandated to serve, enable and lead business. This is achieved via a multitude of services and networking opportunities as well as robust advocacy on behalf of business.

📍 **33 Martin Hammerschlag Way, Foreshore (Precinct 1)**
🌐 www.capechamber.co.za

WESGRO

As the official destination marketing, investment and trade promotion agency for the Western Cape, Wesgro's mandate is to "attract and retain foreign direct investment, grow exports and market Cape Town and the province as a competitive business and leisure destination globally". The agency promotes economic activity in the province to facilitate job creation by landing and keeping businesses in the Western Cape, and helping local businesses to export beyond South Africa's borders.

It looks to align the region to national priorities for economic growth, trade and investment promotion initiatives and facilitates the link between business and government decision-makers. It is often the first port of call for foreign buyers, local exporters and investors looking to take advantage of the region's potential.

📍 **SA Reserve Bank Building, 60 St Georges Mall (Precinct 2)**
🌐 www.wesgro.co.za

INVEST CAPE TOWN

Launched in 2016 by the City of Cape Town, Invest Cape Town aims to build the city's brand as a world-class investment destination. By promoting Cape Town's natural beauty and achievements as a tourist destination, along with sharing business success stories, Invest Cape Town exists to create employment, promote investment and funding, attract talent and help companies and entrepreneurs discover new opportunities in Cape Town.

The Investor Centre offices of the initiative were opened in 2017, at the same time and in the same space as those of InvestSA Western

Cape (see below), to function as a collaborative one-stop shop for investors into Cape Town and the province.

📍 **Media City Building, 1 Heerengracht, Foreshore (Precinct 1)**
🌐 www.investcapetown.com

INVESTSA WESTERN CAPE

The national Department of Trade & Industry (DTI) has established InvestSA offices in major South African centres. The Western Cape InvestSA One-Stop Shop (InvestSA OSS) opened in the Cape Town CBD in 2017. The office promotes investment specifically into the province by streamlining regulatory procedures and providing investors with services to fast-track projects and reduce government red tape when establishing a business.

The InvestSA Western Cape OSS focuses on the coordination and incorporation of the special economic zones, provincial investment agencies, local authorities and the relevant government departments involved in regulatory, registration, permits and licencing matters. Representatives from government entities like the South African Revenue Service (SARS), departments of Home Affairs and Environmental Affairs, Eskom and the Companies and Intellectual Properties Commission, all operate under one roof, with Wesgro as the management entity.

InvestSA is the primary shareholder in the One-Stop Shop, in partnership with DTI and the Department of Economic Development and Tourism (DEDAT).

📍 **46 St Georges Mall (Precinct 2)**
🌐 www.investsa.gov.za

THE CENTRAL CITY IN NUMBERS

The Central City, a complex and diverse area that is the traditional downtown of Cape Town, is made up of a diverse range of private and public enterprises. Here is a snapshot of the economic engine of the city as it stood at the end of 2020.



BUSINESSES IN THE CBD

There are **2 846** entities doing business in the Cape Town Central City. They operate in the following categories and sub-categories:



RETAIL & ENTERTAINMENT

There are a total of **1 126** retail and entertainment entities, broken down as follows:

RETAIL ECONOMY IN FIGURES (2020)

	P1	P2	P3	P4	TOTAL		P1	P2	P3	P4	TOTAL		P1	P2	P3	P4	TOTAL
Adult entertainment	1	7	1	0	9	Gyms	4	4	5	0	13	Pawn shops	0	2	0	2	4
Adult-themed shops	1	2	1	0	4	Hair salons	2	22	5	19	48	Petrol stations	1	0	5	0	6
Art galleries	0	15	4	1	20	Hardware	0	2	1	2	5	Pharmacies	1	4	0	3	8
Auctioneers	1	1	0	0	2	Health & beauty (incl. spas)	3	16	9	11	39	Plumbing & sanitaryware	0	2	0	0	2
Bakeries	0	1	0	2	3	Internet cafés	1	5	0	3	9	Postage & courier	3	2	0	1	6
Barber shops	2	4	6	4	16	Jewellery design & manufacturing	6	26	3	11	46	Printing, copying & lamination	2	11	1	6	20
Barrows & kiosks	1	5	0	3	9	Laundry, dry cleaning, shoe repair & tailors	4	5	2	14	25	Restaurants	15	69	31	25	140
Bars & clubs	7	20	20	4	51	Liquor stores & wine merchants	1	3	2	4	10	Speciality stores	3	8	8	13	32
Booksellers & publishers	0	5	2	1	8	Locksmiths & security	1	1	1	0	3	Sporting equipment & clothing	2	8	6	5	21
Butcheries	0	0	0	3	3	Luggage & leather goods	0	2	0	3	5	Superettes	7	24	8	16	55
Clothing & shoes	5	39	12	66	122	Mobile devices (cell phones)	3	30	2	24	59	Stationery & packaging	1	1	0	0	2
Coffee shops & cafés	9	20	9	18	56	Motor car dealers	6	2	2	0	10	Supermarkets	0	2	3	3	8
Curios & markets	0	16	4	0	20	Motorcycle dealers	2	3	1	0	6	Takeaways	12	23	10	35	80
Chain stores	2	9	0	14	25	Motor parts & repair businesses	1	4	7	3	15	Theatres	2	1	0	1	4
Discount stores	1	6	0	9	16	Opticians & eyewear	2	3	1	5	11	Vintage & second-hand stores	0	4	2	0	6
Electronics, photography & music	3	11	0	8	22							TOTAL	123	469	183	351	1 126
Fashion, accessories & handbags	1	3	1	2	7												
Furniture, lighting & décor	4	16	8	7	35												





COMMERCIAL AND RETAIL SPACE

1 038 707 m²

Total commercial
(office) space as
at Q4 2020

14.6 %

Office vacancy
rate as at Q4 2020

270 176 m²

Total retail space
in the Central City

11.5 %

Retail vacancy rate
as at Q4 2020

LEGAL SERVICES **622**

law firms
142

advocates
480

MEDICAL PRACTICES **224**

EDUCATIONAL INSTITUTIONS & RESOURCES **78**

FINANCE, INVESTMENT, INSURANCE & BANKING **160**

accountants
25

insurers
27

investment
companies
21

financial
services
87

ARCHITECTURE, ENGINEERING & SURVEYING **76**

architects
35

engineers
20

energy
companies
8

surveyors
10

land
surveyors
3

ACCOMMODATION & TRAVEL **127**

airlines 2

backpackers 26

car hire 6

embassies 18

hotels (including aparthotels) 42

student hostels 5

travel services 28

COMMUNICATIONS, MEDIA & ADVERTISING **65**

advertising 9

communications 5

film & TV production 15

marketing & branding 9

media 16

printing & publishing 8

specialised & other 3

ICT & TELECOMS **80**

information &
communication
technology 62
telecomms 18

INDUSTRIAL COUNCILS & NPOS **55**

GENERAL CORPORATES & HEAD OFFICES **58**

PROPERTY & REAL ESTATE **48**

commercial brokers 2

estate agencies 10

project management 12

investment brokers 4

property developers 11

other 9

EMPLOYMENT & RECRUITMENT **25**

FREIGHT, CUSTOMS BROKERING & SHIPPING **28**

SPECIALISED SERVICES **36**

ARTISTIC STUDIOS **22**

CO-WORKING SPACES **16**

RELIGIOUS SERVICES & FACILITIES * **20**

VALUE OF CENTRAL CITY PROPERTY

R43 796 205 831

The overall official nominal value of all property in the CBD, according to the City of Cape Town's 2018/19 property evaluation (provisional figure, calculated prior to the valuation objection phase).

R972 000 000

A conservative estimate of the value of property **completed** in the Central City during 2020 but which still has to be officially assessed by the City of Cape Town.

R2 943 000 000

The value of property, conservatively estimated, that is **under construction**.

R2 065 000 000

The value of property, conservatively estimated, that is currently in the **planning** phase.

R860 000 000

The value of property, conservatively estimated, that is currently **proposed** and is expected to begin construction within the next two years.

153 GOVERNMENT FACILITIES (PRE COVID-19) *

National government 47

Provincial government 51

Local government 21

Parastatals 8

Government agencies 26

Political parties 5

Total number
of government
employees **

23 076

Number of people
using government
facilities daily **

29 335

*Government facilities & religious services / facilities are not included in the count of entities doing business in the Central City.

**The number of people using government facilities and the total number of government employees have NOT been updated for 2020 due to Covid-19 as most people in this sector have been working from home.

DOING BUSINESS IN THE CENTRAL CITY

Each year this report analyses the sophisticated and diverse economies that make up the Cape Town Central City economy, identifying trends, patterns and shifts in the way business is being conducted.



In 2020, the largest sectors of the downtown economy – namely retail, legal services, medical practices, the finance, investment, insurance and banking sector and the accommodation and travel sector – continued to dominate. This follows on from the two previous issues of the *State of Cape Town Central City Report*.

All sectors were dealt a blow by the onslaught of Covid-19: in 2020 the number of entities doing business dropped from 3 321 to 2 846, with 475 businesses either closing their doors permanently or relocating elsewhere.

Harsh restrictions and lockdowns to curb the spread of Covid-19 affected the sectors differently.

Hardest hit was the accommodation and travel sector. Many of the city centre's hotels closed at the end of March 2020 and have yet to reopen.

The large retail sector – which comprises 1 126 of the 2 846 business entities operating in the Central City – was also compromised by ongoing curfews, restricted trading hours and the bans on the sale of alcohol and cigarettes. Over 400 retail and commercial entities are no longer in business in the CBD.

While the situation on the ground remains sobering, the Central City economy has proved resilient. In monthly Business Confidence Surveys undertaken by the Cape

Town Central City Improvement District from July to December 2020, participants across all sectors were asked if they believed their business was at risk of closing before year-end. In July 2020, only 22.6 % of participants believed their businesses were *not* at risk, but by December this had more than doubled, with 56.7 % of participants believing there was no risk of closure.

There was a steady recovery in business confidence from July to December, although it stalled in the last month of 2020 when the second wave of Covid-19 was at its peak and the prospect of the tightening of lockdown regulations loomed.

BREAKDOWN OF BUSINESSES IN THE CENTRAL CITY

In 2020, there were a total of **2 846** businesses operating in the Central City. For convenience we have listed them numerically in size from the largest to the smallest.

SECTORS	2019	2020	change
Retail	1 237	1 126	-111
Legal services	652	622	-30
Medical practices	213	224	11
Finance, investment, insurance & banking	213	160	-53
Accommodation & travel	169	127	-42
ICT & telecoms	120	80	-40
Education & resources	94	78	-16
Architecture, engineering & surveying	108	76	-32
Comms, media & advertising	107	65	-42
General corporates & head offices	69	58	-11
Industrial councils & NPOs	80	55	-25
Property & real estate	57	48	-9
Specialised services	56	36	-20
Freight, customs brokering & shipping	45	28	-17
Employment & recruitment	40	25	-15
Artistic studios	44	22	-22
Co-working spaces	17	16	-1
TOTAL	3 321	2 846	-475

SECTORS	2020
Retail	1 126
Legal services	622
Medical practices	224
Finance, investment, insurance & banking	160
Accommodation & travel	127
ICT & telecoms	80
Education & resources	78
Architecture, engineering & surveying	76
Comms, media & advertising	65
General corporates & head offices	58
Industrial councils & NPOs	55
Property & real estate	48
Specialised services	36
Freight, customs brokering & shipping	28
Employment & recruitment	25
Artistic studios	22
Co-working spaces	16
TOTAL	2 846



SECTION

03

PROPERTY FILE

TOTAL VALUE OF
PROPERTY INVESTMENT
R6 684 000 000

PROPERTY INVESTMENT MAP

Property investment into the Central City, valued at more than R6.7 billion, continued in spite of Covid-19. Here is a breakdown of projects completed, under construction, planned & proposed.

PROJECTS COMPLETED IN 2020

- C** 35 Lower Long **P1** R500 000 000
DEVELOPER Abland
- H** WINK Foreshore **P1** R75 000 000
DEVELOPER Flyt Property Investment
- R** The Duke **P1** R210 000 000
DEVELOPER Mosaic Group
- N** Iziko SA Museum expansion **P3**
R187 000 000
DEVELOPER Iziko Museums Trust
- H** Urban Oasis **P4** Value TBC
DEVELOPER Nawaal & Gerhart Wiencke



PROJECTS UNDER CONSTRUCTION IN 2020

- R** 16 on Bree **P1** R860 000 000
DEVELOPER FWJK
- R** Fleetway House **P1** R60 000 000
DEVELOPER HOMii
- H** Hotel Sky **P1** R400 000 000
DEVELOPER WBHO
- R** Foreshore Place **P1** R373 000 000
DEVELOPER HBW Group
- R** The Rockefeller at Harbour Place **P1**
R500 000 000
DEVELOPER Ryan Joffe Properties
- H** Old Bank Hotel **P2** Value TBC
DEVELOPER Lion Roars Hotels & Lodges
- R** BlackBrick Cape Town **P2** R107 000 000
DEVELOPER Ryan Joffe Properties
- C** The Box (formerly Atterbury House) **P2** R50 000 000
DEVELOPER Boxwood Property Fund
- M** The Barracks (Mike's Sports) **P2** R150 000 000
DEVELOPER Gera Investment Trust
- R** Neighbourgood Reserve **P2** R65 000 000
DEVELOPER Neighbourgood
- R** Uxolo **P3** R35 000 000
DEVELOPER 128 Developments
- R** The Harri **P4** R70 000 000
DEVELOPER Sepia & Silk
- M** Shiro Towers **P4** R138 000 000
DEVELOPER R + H Construction
- R** Kesler **P4** Value TBC
DEVELOPER HOMii
- M** 84 Harrington Street **P4** R135 000 000
DEVELOPER Wolf & Wolf Architects

PROJECT TYPES

R	C	M	H	N	P
Residential	Commercial	Mixed-use	Hotel/ aparthotel	National museum	Parastatal

In Section 5, from pages 48-71, we give a detailed breakdown of the developments in the four precincts of the CCID's footprint in the CBD.

PLANNED PROJECTS
TOTAL MINIMUM VALUE
PLANNED PROJECTS
R2.065 BILLION

PROPOSED PROJECTS
TOTAL MINIMUM VALUE
PROPOSED PROJECTS
R860 000 000



The Barracks

PROPOSED PROJECTS IN 2020

- C** Cullinan Square **P1** R860 000 000
DEVELOPER RAS Architects
- M** Murray & Roberts **P1** Value TBC
DEVELOPER Accelerate Property Fund

PLANNED PROJECTS IN 2020

- P** Telkom Exchange Foreshore **P1** Value TBC
DEVELOPER Telkom
- R** The Rubik **P2** R500 000 000
DEVELOPER Abland
- R** The Tokyo **P2** R130 000 000
DEVELOPER Rawson
- C** 58 Strand Street (Picbel Parkade) **P2** R40 000 000
DEVELOPER Boxwood Property Fund
- C** 14 Long Street **P2** R15 000 000
DEVELOPER Boxwood Property Fund
- M** City Park **P2** R1 300 000 000
DEVELOPER Ingenuity Property Investments
- M** The Pinnacle **P2** Value TBC
DEVELOPER Investicore
- M** 142 Bree Street (Avant Garde) **P3** Value TBC
DEVELOPER TwentyEightZeroTwo Architects
- R** Neighbourgood East City **P4** R80 000 000
DEVELOPER Neighbourgood



The Tokyo

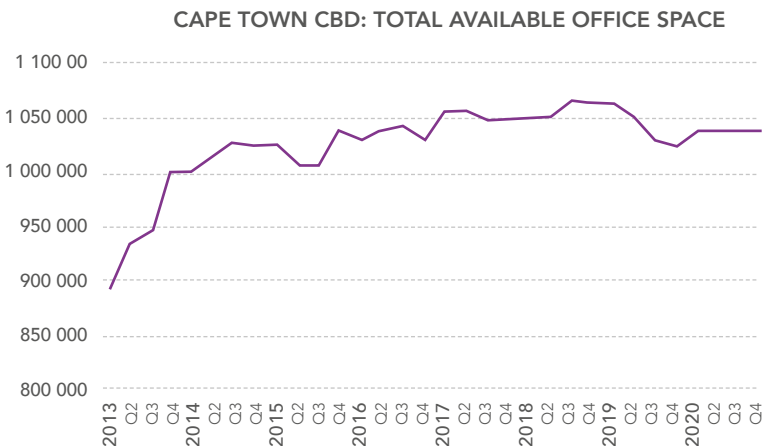
COMMERCIAL PROPERTY TRENDS

While new property developments stalled in 2020 due to the coronavirus pandemic, the completion of the R500 million Foreshore development 35 Lower Long changed the office market landscape in the Cape metropole.



35 Lower Long

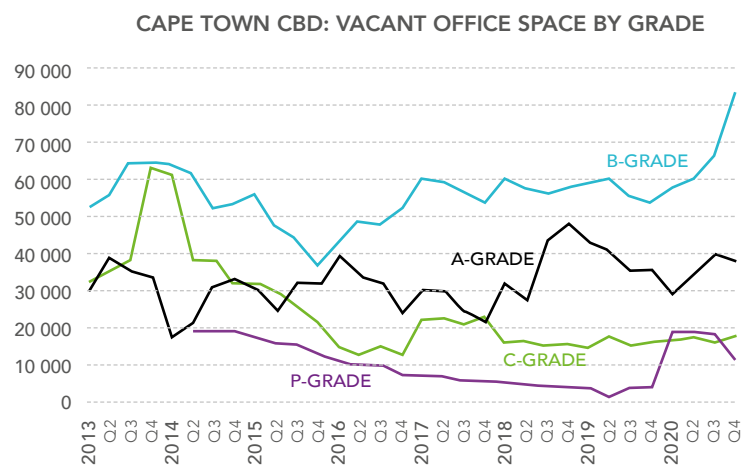
This commercial mixed-use development on the Foreshore was the only one of its kind to be completed in 2020. Its opening added 14 080 m² of prime office space to the CBD, bringing the total increase in office space in 2020 to just 15 180 m², with a total market stock of 1 038 707 m² in Q4 of 2020, according to SAPOA's Office Vacancy Report (Q4 2020).



SOURCE: SAPOA Office Vacancy Report (Q4 2020)

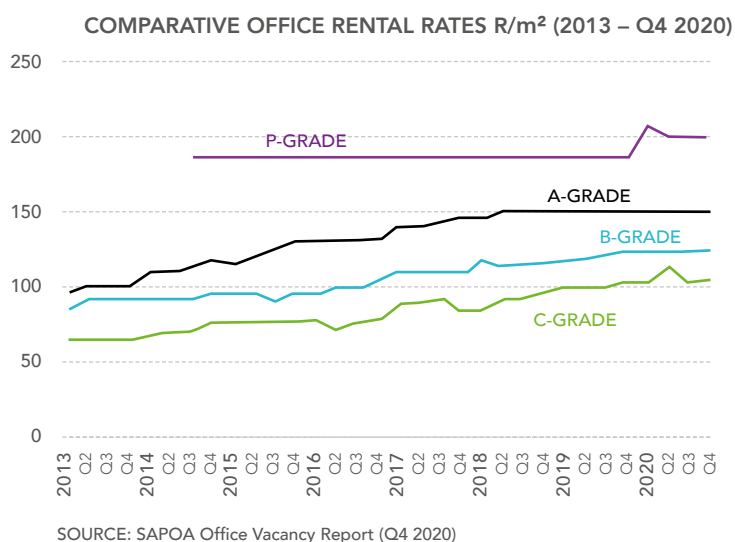


The office space available for rent increased by 41 208 m², led by a 29 981 m² increase in B-grade office space (see table on the right). According to SAPOA, B-grade office space is particularly vulnerable to economic shocks given the high proportion of SMMEs in its tenant base.



SOURCE: SAPOA Office Vacancy Report (Q4 2020)

Office rentals remained broadly unchanged during the past year – remaining below the prevailing consumer inflation rate of 3.3 % in 2020, indicating a decline in real (inflation-adjusted) rentals during 2020. SAPOA reports that while this indicates that landlords were not yet publicly cutting rentals, by the end of 2020 tenants were undoubtedly in a stronger negotiating position than at the start of the year.



SUMMARY OF RENTAL OFFICE SPACE IN THE CBD (as at Q4 2020)

Grade	Total rentable area (m ²)		Available for leasing		Vacancy rate (%)		Ave gross asking rental (R/m ²)	
	2019	2020	2019	2020	2019	2020	2019	2020
Premium	52 000	66 080	3 998	11 647	7.7 %	17.6 %	185	200
A-grade	367 623	367 623	36 151	38 348	9.8 %	10.4 %	150	150
B-grade	506 386	503 236	54 026	84 007	10.7 %	16.7 %	123	125
C-grade	97 518	101 768	16 385	17 766	16.8 %	17.5 %	103	103
TOTAL	1 023 527	1 038 707	110 560	151 768	10.8 %	14.6 %		

SOURCE: SAPOA Office Vacancy Report (Q4 2020)



Fleetway House

OFFICE DEVELOPMENT ACTIVITY

Office development activity remained depressed in Q4 of 2020, according to SAPOA. With the ongoing Covid-19 pandemic resulting in unusually high levels of economic uncertainty, office development activity is likely to remain constrained as landlords focus on retaining existing tenants and maintaining existing assets.

The structural shift towards working from home triggered by the pandemic suggests that lower demand for office space will persist, making partial or full conversions of office space to alternative uses increasingly likely in the years ahead.

Looking ahead, SAPOA cautions that increasing vacancy rates appear likely in the short- to medium-term, which could prompt a structural shift as the status of the office is reimaged.

By the end of 2020, there were an estimated 1.6 million more square metres of office space available than at the end of 2019. In contrast, the economy has only grown by a cumulative 10.5 % over the past decade. The resultant oversupply of office space that characterised the local office market pre-Covid-19 further exacerbates the situation.

While 14 080 m² of prime office space came on board in the CBD in 2020, Century City still has the largest stock of prime office space in the Cape metro at 69 310 m² (33.7 % of total) versus 66 080 m² (32.2 %) in the Central City. The V&A Waterfront has 51 000 m² (24.8 %) of the city's prime office space.

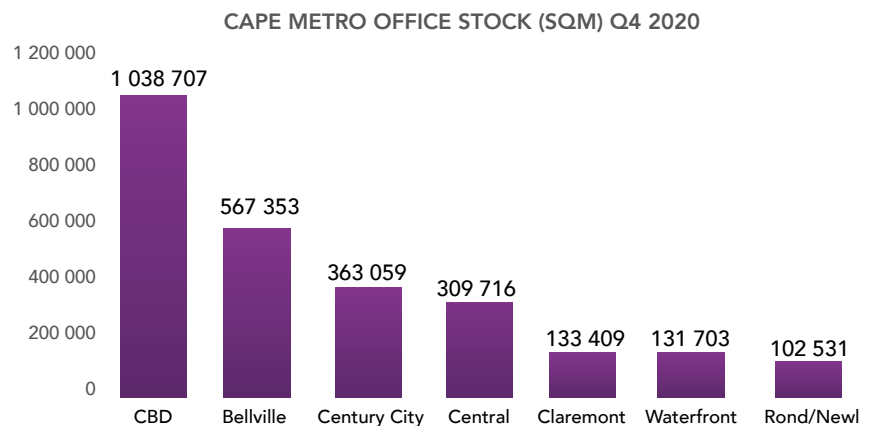
Cape Town and Century City offered the most competitively priced premium office space in Q4 of 2020 at R200 per m² – compared with R245 per m² in Claremont and R210 per m² in the V&A Waterfront.

The Central City, along with Bellville, is also the most competitively priced business node for A-grade office space, charging a median price of R150 per m² in Q4 of 2020.



OFFICE NODE (Q4 2020)	Median gross asking rentals (R/m ²)	
	P-grade	A-grade
Cape Town Central City	200	150
Bellville	208	150
Century City	200	160
Central (Pinelands)	-	160
Claremont	245	200
V&A Waterfront	210	200
Rondebosch/Newlands	-	190

SOURCE: SAPOA Office Vacancy Report (Q4 2020)



SOURCE: SAPOA Office Vacancy Report (Q4 2020)

Within the Cape metropole, the Central City has the largest share (39.2 %) of total office space, followed by Bellville (21.4 %). Even so, the CBD only has the second largest share of both the P-grade (32.2 %) and A-grade (24.8 %) office markets. Century City has the largest portion (33.7 %) of P-grade office space, while Bellville has the most (25.9 %) A-grade office space.

	P-GRADE		A-GRADE	
	SQM	% CoCT total	SQM	% CoCT total
CBD	66 080	32.2	367 623	24.8
Bellville	10 600	5.2	384 637	25.9
Century City	69 310	33.7	248 534	16.8
Central (Pinelands)	-	-	272 975	18.4
Claremont	8 400	4.1	65 136	4.4
V&A Waterfront	51 000	24.8	72 455	4.9
Rondebosch/Newlands	-	-	71 654	4.8

SOURCE: SAPOA Office Vacancy Report (Q4 2020)



COMMERCIAL PROPERTY VACANCY RATES

In 2020 Cape Town recorded the second lowest office vacancy rate in South Africa. With only one commercial development coming on stream in 2020, the Central City recorded a vacancy rate of 14.6 %.

At the end of 2020, the national office vacancy rate was 13.3 % – the highest since 2004 due to the weak economy and harsh Covid-19 lockdown restrictions. At the start of the pandemic in South Africa, there was an oversupply of office space, which further exacerbated the problem, reports SAPOA.

While Cape Town has recorded the lowest overall vacancy rate of the country's five largest metros for three consecutive years (2017 to 2019), Tshwane, at 9.9 %, had the lowest vacancy rate in Q4 of 2020. Cape Town, at 11.6 %, had the second lowest vacancy rate in Q4 of 2020 – still below the national average.

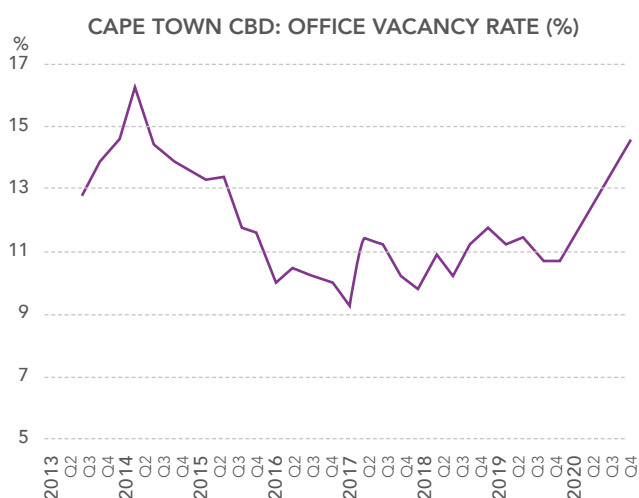
Office vacancy rates among the seven business nodes in the Cape

Town metropole measured by SAPOA ranged from just 4.4 % in Central (which encompasses the Pinelands office node and the Black River Park precinct) to 19.2 % in Century City, which has seen high levels of development for several years. The Central City, which accounts for the largest share of office space in the Cape metro, saw its vacancy rate rise to 14.6 % by the end of 2020. The vacancy rate rose steadily throughout 2020 from a low of 10.8 % at the end of 2019.

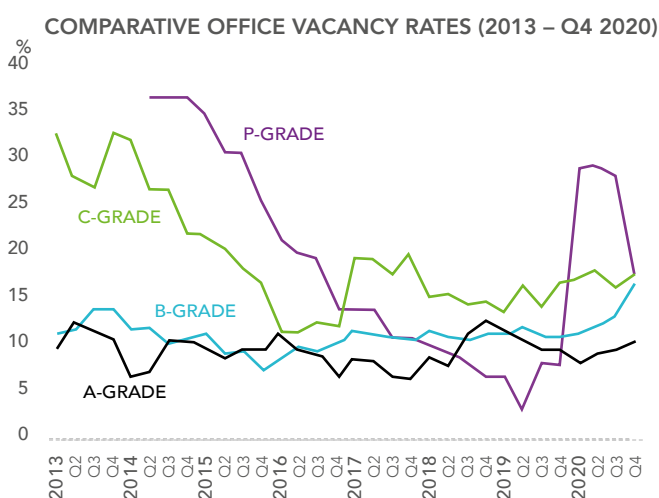
Total available office space in the Central City increased by 15 180 m² during 2020. The completion of 35 Lower Long added 14 080 m² of prime office space, resulting in a surge in the P-grade office vacancy rate from 7.7 % at the end of 2019

to 29.3 % in Q2 2020 – before declining to 17.6 % by year-end. A- and C-grade office vacancy rates rose by less than 1 % during 2020, while B-grade office vacancy rose sharply over the course of the year – increasing from 10.7 % at the end of 2019 to 16.7 % at the end of 2020. SAPOA notes that B-grade office space is particularly vulnerable to economic shocks as many of the tenants are SMMEs.

Given the structural changes the pandemic is inflicting on the office sector, the recovery is highly unlikely to resemble the traditional V or U-shape, with a return to a single-digit vacancy rate unimaginable without large-scale repurposing of obsolete space, according to SAPOA.



SOURCE: SAPOA Office Vacancy Report (Q4 2020)



SOURCE: SAPOA Office Vacancy Report (Q4 2020)

FUTURE OF THE OFFICE

In 2020, companies around the world were forced to send their workforces home, prompting a disruption of traditional office life. The economic effect on city centres has been far-reaching. While a new normal is on the cards, there is a lot to be said for a return to the office.

The rapid 2020 exodus from the office by the global workforce has had far-reaching implications. 2020 was a watershed year for employers. As offices emptied almost overnight, the devastating impact has been felt by city centres (and their landlords and tenants) the world over.

A year into the forced experiment, chief executives are getting tetchy and getting ready to call it a day. Certainly, banking bosses have started calling their US and UK workers back. James Gorman, Morgan Stanley chief executive, reportedly told New York colleagues that bankers learned their craft at the office, not at home. "That's where you build all the soft cues that go with having a successful career that aren't just about Zoom presentations," he said.¹

UNWINDING THE EXPERIMENT

However, it's clear that the office re-entry will prove trickier than last year's abrupt exit, reports *The Economist*. "As vaccination rates rise ... the work-from-home experiment is being unwound. But the speed of the unwinding and its scope has become a matter of hot debate among chief executives, and among them and their staff." And the emergent strategies will shape the future of office work.

There is evidence across many industries that people enjoy the flexibility of remote work – at least part of the time. A Prudential poll

of 2 000 adults revealed 87 % of those who worked from home wanted to continue doing so after restrictions eased, with 42 % declaring they would resign if asked to return to work full-time.

Global research commissioned by software company Citrix, which included 500 SA respondents, revealed that for all the challenges posed by Covid-19, office workers reported improvements in their personal lives and careers as a result of working from home.²

OFFICE, HYBRID OR HOME

It's most likely that for most large corporates around the world, the future is hybrid. Many companies – from consumer goods to technology – will never return to a five-days-a-week office pattern, while some might never again return to a central office.

But the benefits of bringing teams together in a communal

workplace is undeniable: it fosters collaboration and creative thinking, promotes camaraderie, builds corporate culture, and facilitates the training of young or new employees. It also counters the negative mental effects of working alone. The Citrix study revealed 31 % of respondents felt their mental health had worsened, and that a company culture that promoted physical wellbeing was important.

Flux Trends predicts many office workers will increasingly discover that working from home comes with "its own set of challenges" and that it is more preferable to separate work from home.³

"What a lot of workers have discovered over the past year is that having the option to work remotely can be good, but not having the option to go to the office at all can make a job much harder," says UK talent strategy consultant Natalie Douglass.



¹ Office, hybrid or home? Businesses ponder the future of work, *The Guardian* 18 June 2021

² SA workers want remote work policies regulated by government, www.itweb.co.za

³ Life after Covid-19, Part 1, Flux Trends

CO-WORKING HOLDS ITS OWN

The co-working sector held its own in 2020, proving to be resilient in the face of the pandemic and cementing a trend that gained traction in the Central City three years ago.



While employers and commercial landlords grappled with the great exodus of office workers from a centralised office as the coronavirus landed on South Africa shores, this decentralisation bolstered the co-working sector.

The unexpected success of remote working, and the fact that office workers spent the greater part of 2020 doing their jobs outside of the traditional workplace, ensured the survival of co-working hubs, where flexibility is key and equipment and amenities (and, inevitably, costs) are shared.

With agile business owners bending over backwards to meet clients' needs, and assuring a safe working environment, co-working spaces promoted camaraderie and provided a structured workspace and opportunities for networking – much-needed during the pandemic.

BEST OF BOTH WORLDS

Prior to the pandemic, commercial real estate leaders predicted that

by 2030, the flexible office and coworking industry in the United States would grow from 5 % to 30 % of the office market.¹ This all changed in 2020 with the pandemic catalysing a new future of work and impacting the office market in unprecedented ways.

Co-working represents the best of both worlds, offering a solution to companies whose employees are currently working from home but won't be doing so indefinitely. Co-working spaces offer flexibility when it comes to reconfiguring office spaces and dynamics, and meeting employees' demands for a hybrid office.

It also offers a solution to companies wanting to cut back on office space and adopt a so-called "hub-and-spoke" model, where they keep a centralised office with a series of satellite offices provided by co-working centres.

This bodes well for the industry as it meets the challenges posed by a post-Covid-19 return to the office.

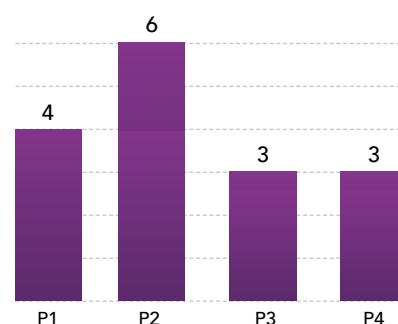
CENTRAL CITY CO-WORKING SPACES

While the sector has not escaped the economic downturn prompted by the pandemic, and has suffered the harsh effects of lockdown regulations causing office workers to flee from the CBD and getting used to working remotely, co-working entities fared reasonably well in the Central City in 2020.

By the end of 2020, there were 16 co-working spaces in downtown Cape Town – just one less than end-2019. While three co-working spaces closed due to a drop in demand and three others relocated elsewhere, they were replaced by new companies. These include the new Flexi Suites in the recently completed 35 Lower Long premium office development on the Foreshore.

With co-working evolving to meet the needs of workplace teams, and with the flexible office market predicted to account for more and more office space as companies re-evaluate their business models, the sector finds itself at the epicentre of the change wrought by Covid-19.

LOCATION OF CENTRAL CITY CO-WORKING SPACES



¹ www.upsuite.com/blog/how-has-covid-19-impacted-coworking-trends



FUTURE OF WORK

2020 was a torrid year for the world's workers. What will a post-pandemic labour market look like?

In 2020 Covid-19 destroyed millions of jobs around the globe. According to *The Economist*, it caused a drop in employment that was 14 times bigger than the one brought on by the financial crisis of a decade ago. Unemployment skyrocketed, with low-skilled workers bearing the brunt, as well as essential services workers who had to continue travelling to and from their workplaces even through the harshest lockdowns.

While the short-term consequences of this major disruption of the global labour market were severe and almost immediate – with millions of people either being furloughed or losing their jobs, or having to adjust to

working from home as offices closed – the long-term changes that Covid-19 may impose on work are less clear.

A special report by the McKinsey Global Institute¹ – which examines how the trends accelerated by the pandemic may shape work in the long term – explores changes through to 2030 across several work arenas in eight diverse countries that account for almost half the global population: China, France, Germany, India, Spain, the UK and the United States.

PHYSICAL PROXIMITY

Jobs that require a high level of physical proximity are most likely

to be disrupted or transformed and will trigger knock-on effects in other work arenas. Physical attributes of work include closeness to customers and co-workers, frequency of human interactions required, whether the work is indoors, and whether it requires an on-site presence. The report indicates that during the pandemic in 2020 the virus most severely disrupted these work arenas: medical care, personal care, on-site customer service in retail and hospitality, and leisure and travel.

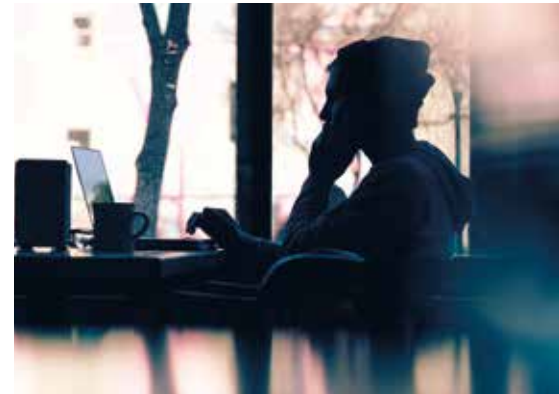
ACCELERATING TRENDS

The report notes that Covid-19 accelerated three “groups of trends” that may persist after the pandemic

¹ The future of work after Covid-19, McKinsey Global Institute



40 % A Microsoft survey revealed 40 % of the global workforce were considering leaving their jobs after reassessing their options.



recedes, disrupting where and how work is done. They are the shift to remote work and virtual interactions, the rapid rise in e-commerce, and the deployment of AI and automation.

Remote work and virtual meetings are likely to continue, causing repercussions in city centres, real estate and business travel. "The most obvious impact of Covid-19 on the labour force is the dramatic increase in employees working remotely ... which was supported by rapid deployment of new digital solutions such as videoconferencing, document-sharing tools and cloud-based computing capacity."

How much will "stick" remains to be seen but it is clear that remote work, at least for part of a working week, is here to stay. Its potential in more than 2 000 tasks was analysed in 800 occupations across eight of the focus countries with the following results: much more work could be done remotely than previously assumed (including

legal arbitration, doctor visits, classroom learning, expert repairs of machinery and real estate tours). "We also found that some work that technically can be done remotely is best done in person." Examples include online schooling, negotiations, brain-storming sessions, giving sensitive feedback and taking new employees on board. These are less effective when done remotely.

THE GREAT RESIGNATION

In early 2021 a global phenomenon started to emerge. Called the "Great Resignation", it describes the record number of people quitting their jobs. In the US in April 2021, close to four million workers resigned, prompting the *Wall Street Journal* to run a story with the headline "Forget Going Back to the Office – People are Just Quitting Instead."

Arianna Huffington, writing in inc.com says experts are predicting a wave of resignations not seen

since 2000, following a Microsoft survey that revealed 40 % of the global workforce were considering leaving their jobs after reassessing their options.² Burnout, as well as a "new kind of professional fearlessness" is given as the main reason for the exodus. Retraining was also a reason: a survey by Prudential revealed that if given the opportunity to retrain, 53 % of respondents would take a job in a new industry.

Huffington believes that what's at the heart of this "great awakening" is that people are redefining the meaning of success. Thanks to lockdown-inspired reflection, people are much less connected to the world's definition of success. "What we're seeing is a shift to living lives based on a more fulfilling, intrinsic and sustainable definition of success ... which includes resilience and being able to tap into our own inner peace, joy and wonder." People are not willing to give it up, and if their current job doesn't allow for it, they're willing to "look for one that does".

² People Aren't Just Quitting their Jobs. They're Redefining Success. By Arianna Huffington, www.inc.com

RESIDENTIAL PROPERTY TRENDS

Residential property developments dominated in 2020 in the Central City in spite of the construction sector being under significant strain. Flexibility was key, with mixed-use developments featuring micro-units, aparthotels and membership options.



Innovative residential offerings in the Cape Town Central City in 2020, coupled with low interest rates, continued to attract investor interest in the prospect of living in a vibrant and successful downtown, regardless of the sobering effects of Covid-19 on the economy and property and construction sectors.

Intent on luring young, upwardly mobile professionals and visitors to buy or rent in the Central City, developers responded with accommodation offering flexibility, ease of use and affordability, adding huge value to the CBD's property investment and hospitality offering.

The key trend to emerge in 2020 was the focus on community, with investors becoming members rather than simply owners or tenants, and co-living and co-working spaces being the order of the day.

Micro-living continued to dominate, with most developments being what is categorised as "mixed-use", with both residential and commercial components.

Of the five developments completed in the Central City in 2020, valued at R972 million, one was residential and two were hotel/aparthotels:

- the R210 million residential complex The Duke on the Foreshore
- Urban Oasis, a residential development with commercial components and an aparthotel
- WINK Foreshore, a R75 million aparthotel development

Of the 15 developments under construction in the Central City in 2020, at least 9 were residential developments valued at R2.07 billion.

MICRO-LIVING

The micro-living trend, which first emerged in 2017, continued to flourish in the Central City in 2020. In fact, the majority of developments either completed, under construction or planned, during 2020 bought into this trend to limit private space in complexes.

The R35 million, nine-storey, trendy Uxolo development, under construction just off Long St, offers buyers affordability as well. There are 35 units in three sizes, from 24 m² to 40 m², that are designed initially for short stays and to appeal to young professionals seeking an urban lifestyle. With Covid-19, long-let tenants are now snapping up the units, which start at R930 000.

With no transfer duties, they offer inner-city, pedestrianised living at an affordable price.

MIXED-USE

Flexible residential living options came to the fore in 2019 but were cemented in 2020 thanks to the weak economy and the Covid-19 factor. Property developers remained agile in their offering, with many presenting buyers and investors with an option to meet their needs. Very few new developments are purely residential or commercial. Generally, “mixed-use” means there is some commercial activity on street level or in the building itself.

Of the 15 developments under construction in 2020, nine were solely residential with three categorised as “mixed-use”.

APARTHOTELS

The Harri, a R70 million residential property development with 48 studios and lofts in the East City, joined a slew of other CBD properties going the aparthotel route in 2020, including WINKS

(Foreshore), Urban Oasis (P4) and BlackBrick Cape Town (P2). Other well-known CBD developments that are already operating as aparthotels include The Onyx and the Radisson Blu Hotel & Residence (both on the Foreshore), and the Pepperclub in P3.

Aparthotels allow property owners to tap into the property market and the hospitality market. They can choose to live in their unit when they need or choose to do so, and then add it to an existing pool of units should they wish to rent it out.

THE CLUB FACTOR

One of the interesting trends to emerge in 2020 was the club concept, with property investors not only having access to co-living and co-working spaces but becoming members of the development’s “club”.

Three developments to initiate this trend in the Cape Town Central City were BlackBrick Cape Town in Precinct 2 (under construction) and

Neighbourgood East City (P4) and Neighbourgood Reserve (P2) (the latter under construction in 2020 and the former planned).

BlackBrick Cape Town offers a combination of three interlinked uses, namely residential, hospitality and club membership benefits, which include use of a rooftop clubhouse and bar, workspaces, boardroom and café. Prices for units start at R895 000 with apartment sizes ranging from 23 m² to 36 m².

The unique Neighbourgood portfolio offers members the option to rent fully furnished co-living suites with fixed monthly costs and flexible lease terms (from R5 950 to R10 950 per month) with access to communal spaces, free commercial grade WiFi, shared work and kitchen spaces.

Members have access to facilities at other Cape Town properties in the portfolio, with organised community events open to all members, too.

BlackBrick Cape Town



TAX BENEFITS

Both BlackBrick Cape Town and The Harri offered tax perks to buyers. BlackBrick offered buyers a tax benefit in terms of the Urban Development Zone rebate, which allowed purchasers to deduct 30 % of the purchase price against their taxable income over a five-year period.

The Harri allowed investors to be part of a Section 12J tax investment scheme. In a bid to lure local buyers, The Harri partnered with a registered venture capital company and financial services provider to create a Section 12J fund allowing buyers at the highest marginal tax rate of 45 % to deduct the full amount of a new unit from their tax liability.

RESIDENTIAL VALUES & RENTALS

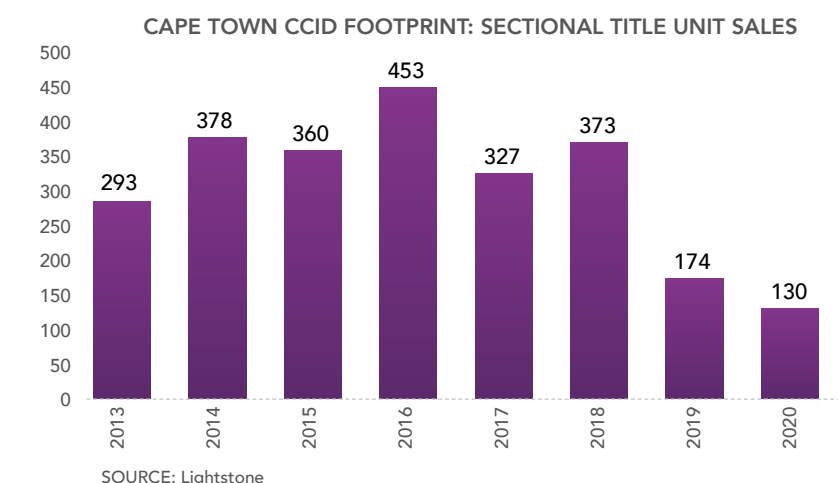
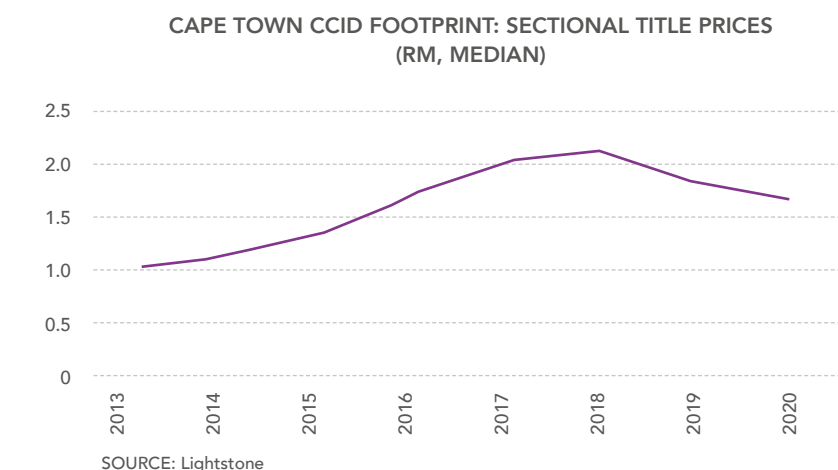
The residential property market bore the brunt of a difficult year, with apartment prices and unit sales dropping sharply.

The median price of apartments sold in the Central City in 2020 was R1.65 million; this is less than the R1.8 million median price reached in 2019 and the peak of R2.1 million reached in 2018. Unit sales also dropped – from 174 in 2019 to 130 in 2020.



Uxolo

The distribution of sales across the various price bands (rand per square metre) shifted from the most sales being recorded in the R30 000 – R39 999/m² category in both 2018 and 2019 to the most sales being recorded in the lower R20 000 – R29 999/m² price band. This can be attributed to the price correction in the national residential housing market in recent years which has brought house prices in line with the prevailing economic realities.



Kesler

SUMMARY PER M² OF 68* UNITS SOLD

Price per m ²	Units sold (2020)
Less than R20 000/m ²	2
R20 000 – R29 999/m ²	36
R30 000 – R39 999/m ²	19
R40 000 – R49 999/m ²	9
R50 000 – R59 999/m ²	1

SOURCE: PropStats

* See note on page 33

As in 2019, there were no sales recorded in the top price bracket of more than R60 000/m² in 2020, while two sales were recorded in this price band in 2018.

The median price of R1.65 million for sectional title units sold last year represents an 8.3 % decline relative to the median price achieved in 2019.

On a rand per square metre basis, the average price of apartments sold in the Central City last year also declined – falling by 9.2 % compared to the average price recorded in 2019. This follows a decline of just 3.6 % in 2019 and a more marked decline of 14.2 % in 2018.

In a further sign of the softening market conditions, PropStats data reveals that apartments sold for an average of 10.7 % less than asking price last year – the highest discount on asking price seen in recent years.

There were a total of **4 954** residential units in the CCID area at the end of last year, according to Lightstone. The majority of these are in P3 and P4 – which together account for 59.6 % of all residential units in the Central City.

There were a total of 130 sales in 2020, with the majority occurring in P4 (43 units sold in 2020) and P3 (38 units) – together accounting for 62.3 % of all sales registered last year, according to Lightstone.

NUMBER OF DAYS UNITS STAYED ON THE MARKET IN 2020

0 – 7 days	11
1 – 2 weeks	8
2 – 4 weeks	4
1 – 2 months	13
2 – 3 months	5
3 – 6 months	11
> 6 months	15

SOURCE: PropStats

NUMBER OF UNITS SOLD AND MEDIAN SALES PRICE

Year	Units sold	Median sales price (Rm)	Year-on-year % increase
2015	358	1.35	+17.4 %
2016	452	1.72	+27.4 %
2017	322	2.00	+16.3 %
2018	373	2.10	+5.0 %
2019	174	1.80	-14.3 %
2020	130	1.65	-8.3 %

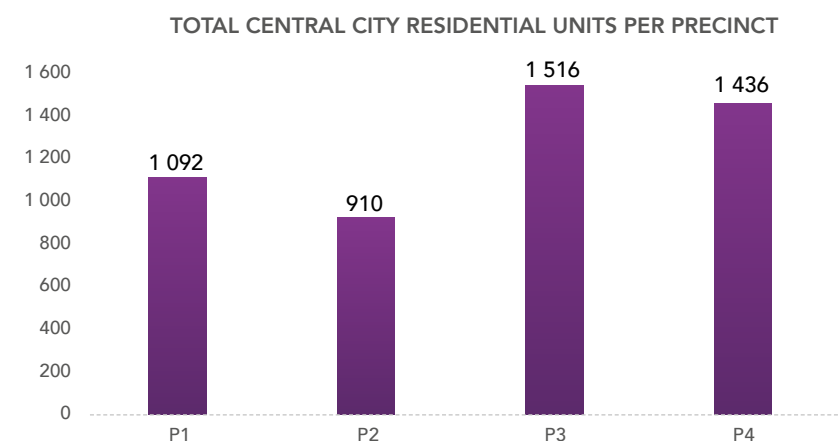
SOURCE: Lightstone



AVERAGES & RANGES ACROSS THE SPECTRUM (2015 to 2020)

Year	Average size (m ²)	Average R/m ²	Year-on-year change R/m ²	Discount to asking price (%)
2015	82.97	R24 483	+27.3 %	-4.8 %
2016	71.00	R33 921	+38.5 %	-2.5 %
2017	51.92	R41 287	+21.7 %	-4.3 %
2018	77.64	R35 431	-14.2 %	-8.8 %
2019	82.20	R34 142	-3.6 %	-9.5 %
2020	69.00	R31 000	-9.2 %	-10.7 %

SOURCE: PropStats



SOURCE: Lightstone

NOTE: Lightstone records all sales registered by the Deeds Office during a particular period, while PropStats depends on estate agents to voluntarily record their sales. As a result, the PropStats data is typically a sub-set of the total number of sales which actually took place during a particular period.

RANGE ACROSS R PER M²

Highest R per m² paid

In the recently completed development 16 on Bree (P1), R2.48 million was paid for a 43 m², one-bedroom, one-bathroom apartment with one parking bay, equating to R57 674 per m². The unit was sold at full asking price and listed for 77 days.

Lowest R per m² paid

In the Wellington Fruit Growers building, at 96 Longmarket St (P4), R3.2 million was paid for a 209 m², two-bedroom, two-bathroom unit with two parking bays, equating to R15 311 per m². The selling price was 18 % below asking price and the unit was listed for 487 days.

UNIT PRICES AND SIZES

Largest unit sold and highest selling price

The largest unit sold last year was in the Wellington Fruit Growers building, 96 Longmarket St (P4). It sold for R3.2 million (R15 311 per m²). The selling price was 18 % below asking price and the unit was listed for 487 days. The highest selling price achieved last year was R5.1 million which was paid for a 156 m² three-bedroom, three-bathroom unit in The PepperClub, 22 Bloem St (P3). Costing R32 692 per m², the unit was listed for 67 days and sold at 12.7 % below the listing price.

Smallest unit sold and lowest selling price

The smallest unit sold was a 35 m² one-bedroom, one-bathroom unit in 220 Loop St (Precinct 3) which sold for R1.6 million (R45 714 per m²). The lowest price paid for an apartment in the Central City last year was R1 million, for a 36 m² studio apartment in The Colosseum, 8 Adderley St (R27 778 per m²). The selling price was 16.7 % below asking price and the unit sold in 10 days.

MONTHLY RENTALS IN THE CENTRAL CITY

At the end of 2020 (end-January 2021), a total of 475 units were listed on Property24.com as available for rent in the Cape Town Central City.

All units falling outside the CCID footprint – as well as those advertised at a daily rate – were excluded. Duplicates have been removed (as far as is possible).

UNITS LISTED FOR RENTAL IN CENTRAL CITY

	Units
End-2018	223
End-2019	180
End-2020	475

SOURCE: Property24.com

There was a significant increase in available rental stock in 2020 as repeated lockdowns impacted the tourism industry – particularly during tighter restrictions when international and inter-provincial travel was banned. This has prompted numerous units – which had previously been available for short-term lets such as Airbnb – being added to the pool of units available for long-term rental.

This trend is likely to reverse once the vaccine roll-out helps to bring the pandemic under control, and local and global economic activity returns to normal.

STUDIO/BACHELOR

units to rent: 84

Size range: from 11 m² to 92 m²

Average monthly rental: R8 436

Highest: R15 000 for 40 m²

Lowest: R5 000 for an unspecified size

Five units at 106 on Adderley have been added to studios above, despite being listed as one-bedroom apartments. They range in size from 11 m² to 16 m².

ONE BEDROOM

units to rent: 217

Size range: from 27 m² to 178 m²

Average monthly rental: R10 880

Highest: R25 000 for 94 m²

Lowest: R5 900 for an unspecified size

TWO BEDROOMS

units to rent: 156

Size range: from 45 m² to 183 m²

Average monthly rental: R15 547

Highest: R33 000 for 164 m²

Lowest: R8 000 for 67 m²

THREE BEDROOMS

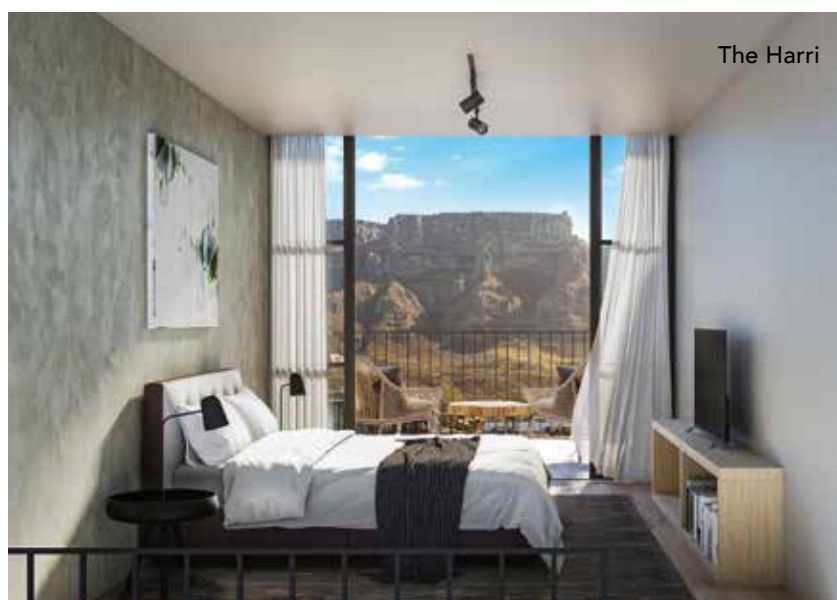
units to rent: 18

Size range: from 120m² to 444 m²

Average monthly rental: R31 133

Highest: R70 000 for 444 m²

Lowest: R17 500 for 141 m²





RESIDENTIAL SURVEY

The CCID conducts an annual dipstick survey to gauge the opinions and preferences of Central City residents. In 2020, the survey generated 640 responses, more than a third of them from people who live in the CCID's geographic footprint.

PROFILE OF RESIDENTS

40 % Nearly 40 % of current residents have lived in the Central City for three years or less, suggesting that new property developments are attracting an influx of new residents to the Central City.

Survey respondents were evenly split between owner-occupiers (46.6 %) and tenants (46.1 %). Owners who rented out their accommodation accounted for just 7.4 % of the respondents. While in 2019, 66.7 % of the own-to-rent properties were rented out on a short-term basis, in 2020 this had fallen to just 26.7 % as lockdown resulted in fewer foreign and local tourists.

45.6 % Nearly half (45.6 %) of respondents were South Africans, originally from outside the Western Cape; 33.3 % were Capetonians while 13.3 % were from overseas.

The largest percentage (28.2 %) of respondents were 25-34 years, while a further 23.1 % were middle-aged (35-44 years). Just over 6 % (6.2 %) were retirees.

The majority (74.4 %) of CCID residents did not have children.

MOST POPULAR ENTERTAINMENT SPACES

As was found in 2019, the three most popular entertainment destinations were:

Kloof Street — 65.1 %
Bree Street — 46.2 %
The East City — 31.4 %

MOBILITY

More than a third (35.9 %) of respondents walked to work or their place of study, while another third (33.2 %) got around by car.

REASONS FOR LIVING IN THE CENTRAL CITY

When asked why they chose to live in the Central City, more than half (56.9 %) of respondents said to be "close to work". More than half of the respondents (54.1 %) live within 1 km of their place of work or study. Other key reasons for living in the Central City were the "downtown lifestyle" (52.8 %) and the access to "great restaurants" (41.5 %).

While respondents reported a wide range of occupations, the most popular were:

Media & marketing (12.6 %)
Tourism (9.3 %)
58.1 %: the number of residents who worked full-time for a company
26.2% were self-employed or freelancers.

ARE THEY SATISFIED?

The majority (69.8 %) of respondents were "satisfied" or "very happy" with their decision to live in the Central City.

46.2 % the number of respondents who felt it was safer to live in the Central City than in the suburbs of Cape Town.

EATERIES

70.4 % visited a coffee shop at least once a week
53 % ate out at least once a week

Lockdown and the sluggish economy appeared to take a toll, with the percentage of respondents visiting a coffee shop at least once a week declining from 82 % in 2018 to 70 % in 2020. Similarly, those eating out at least weekly declined from 73 % in 2017 to 53 % in 2020.

When asked where they went when eating out, respondents living in the Central City indicated that they frequented restaurants within the City Bowl (63.2 %) and the Central City (55.7 %) – with the V&A Waterfront a distant third (44.3 %).

Just over 70 % ordered food online, a small increase from 2019 (66.7 %) given the restrictions of protracted lockdowns.



LIFE UNDER LOCKDOWN

Nearly two thirds (65 %) remained in the Central City during the hard lockdown. The vast majority (75 %) felt safe in the CBD during this period. Less than a third (31.1 %) indicated they were not working from home, at least part of the time.

Nearly two thirds (65.5 %) revealed that even if they could continue to work from home, they would still choose to live in the Central City – indicating that the appeal of the Central City lifestyle extends beyond proximity to work.

Encouragingly for retailers, 45.6 % indicated that, despite the pandemic, they would rather go to the shops than order their purchases online.



SECTION

04

CENTRAL CITY ECONOMIES



RETAIL ECONOMY TRENDS

The coronavirus pandemic changed consumer behaviour dramatically, causing a ripple effect in the Central City retail sector. Here we analyse the retail trends that emerged in 2020.

1. THE E-COMMERCE BOOM

Online retail sales more than doubled in 2020 compared with 2018, growing by 66 %, with a total of R30.2 billion being recorded in total online revenue.¹ The e-commerce boom was fuelled by demand for online shopping and home deliveries by consumers soared due to Covid-19 restrictions. According to Arthur Goldstuck,

World Wide Worx principal research analyst, retail reached a tipping point in 2020, with online outpacing traditional retail growth. According to a Mastercard South Africa study, 68 % of SA consumers are shopping more online since the start of the pandemic, while 52 % are spending more money on virtual experiences.²

2. BRICK-AND-MORTAR RETAIL

Physical retail slumped in 2020 thanks to ongoing lockdowns and a flailing economy, with retail sales falling by 4.2 % since 2018 to reach R1.05 trillion.³ However, while online outpaced traditional retail, it was off a low base. Says Goldstuck of the World Wide Worx study: "The fact that traditional retail sales were still over the trillion mark tells us that brick-and-mortar retail is

¹ Online Retail in South Africa 2021 report, World Wide Worx

² www.newsroom.mastercard.com/nea/press-releases

³ Online Retail in South Africa 2021 report, World Wide Worx

not going away, even though this is the true beginning of the e-tail revolution in SA.”

3. FOOD, GLORIOUS FOOD

- Restaurants were one of the first sectors to feel the effects of the global Covid-19 shutdown.⁴ Future analysts Flux Trends reports many restaurants pivoted to **dark kitchen** business models, offering delivery of prepared food, or DIY meal kits, as a means to survive. This was the case with scores of Central City restaurants, especially top-end establishments like FYN and Grub & Vine. Needless to say, Mr D Food (which has its head office in the Central City) thrived.
- The **“grocerant”** business model gained popularity in 2020, driven by health-conscious consumers’ changing attitude to food and shopping, reports Flux Trends.⁵ The blending of a restaurant with a grocery store to create an experiential food destination was seen in the Central City at Fideli’s in the East City and Local at Heritage Square in P2.
- Fast fine dining** emerged as a trend, with (relatively) cheap-but-good outlets offering often trendy meals that can be taken away or eaten in a slightly more stylish eatery setting than a takeaway joint.⁶ Examples in the Central City include The Sandwich Revolution at Local at Heritage Square and Urban Oasis in the East City.

4. CLICK & COLLECT

Click & collect services offering customers the convenient option of shopping and paying for items online, and then having the goods delivered or picking them up from a collection point rose in popularity in 2020. Central City eco-grocer Nude Foods, e-commerce market

leader Takealot, courier service Pargo and Barr’s Pharmacy in Long St, as well as established retailers like Woolworths, Pick n Pay and Dis-Chem, monopolised on this trend.

6. PIVOTING BRANDS

Agility was the name of the retail game in the Central City and

elsewhere in 2020, with retailers pivoting from their core business to survive the disruption caused by Covid-19. According to Flux Trends⁷, retailers were forced to adjust their business models to “deal with the new physical and economic constraints”. In the CBD, Beerhouse in Long St joined forces with Ladles of Love to make soup for those in need.

STATE OF RETAIL IN THE CENTRAL CITY IN 2020

A total of **111 businesses** closed during 2020. More than half of them were in P2.

CENTRAL CITY BUSINESS CLOSURES 2020

	P1	P2	P3	P4	Total
2019	162	543	199	333	1 237
2020	123	469	183	351	1 126
Difference	-39	-74	-16	+18	-111



Top seven retail sectors according to the number of business closures in 2020:

SECTOR	BUSINESSES CLOSED IN 2020
1 Clothing & shoes	-26
2 Coffee shops & cafes	-17
3 Bars & clubs	-14
4 Jewellery design & manufacturing	-14
5 Restaurants	-11
6 Art galleries	-9
7 Takeaways	-8

The **top seven** sectors accounted for **99 business closures** – or **89.2 %** of all closures in 2020.

The **top five** sectors accounted for **82 business closures** or **73.9 %** of the **111 retail businesses** that closed in 2020.

RETAIL CATEGORIES INCREASING IN 2020

Superettes **+29** Barbers **+5**

NOTE: Bars and restaurants which are **temporarily closed** due to the pandemic have been included as operating establishments.

⁴ Life after Covid-19 Part 1, Flux Trends

⁵ The New Rules of Retail, Flux Trends

⁶ Ibid.

⁷ Ibid.

RETAIL ECONOMY IN FIGURES

There are **1 126** retail and entertainment businesses in the Central City. Here we break them down precinct by precinct.

TOTAL NUMBER OF RETAILERS PER PRECINCT



 Adult entertainment <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>1</td><td>7</td><td>1</td><td>0</td></tr><tr><td colspan="4">TOTAL 9</td></tr></table>	P1	P2	P3	P4	1	7	1	0	TOTAL 9				 Adult-themed shops <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>1</td><td>2</td><td>1</td><td>0</td></tr><tr><td colspan="4">TOTAL 4</td></tr></table>	P1	P2	P3	P4	1	2	1	0	TOTAL 4				 Art galleries <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>0</td><td>15</td><td>4</td><td>1</td></tr><tr><td colspan="4">TOTAL 20</td></tr></table>	P1	P2	P3	P4	0	15	4	1	TOTAL 20				 Auctioneers <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>1</td><td>1</td><td>0</td><td>0</td></tr><tr><td colspan="4">TOTAL 2</td></tr></table>	P1	P2	P3	P4	1	1	0	0	TOTAL 2				 Bakeries <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>0</td><td>1</td><td>0</td><td>2</td></tr><tr><td colspan="4">TOTAL 3</td></tr></table>	P1	P2	P3	P4	0	1	0	2	TOTAL 3				 Barber shops <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>2</td><td>4</td><td>6</td><td>4</td></tr><tr><td colspan="4">TOTAL 16</td></tr></table>	P1	P2	P3	P4	2	4	6	4	TOTAL 16			
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 Barrows & kiosks <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>1</td><td>5</td><td>0</td><td>3</td></tr><tr><td colspan="4">TOTAL 9</td></tr></table>	P1	P2	P3	P4	1	5	0	3	TOTAL 9				 Bars & clubs <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>7</td><td>20</td><td>20</td><td>4</td></tr><tr><td colspan="4">TOTAL 51</td></tr></table>	P1	P2	P3	P4	7	20	20	4	TOTAL 51				 Booksellers & publishers <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>0</td><td>5</td><td>2</td><td>1</td></tr><tr><td colspan="4">TOTAL 8</td></tr></table>	P1	P2	P3	P4	0	5	2	1	TOTAL 8				 Butcheries <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>0</td><td>0</td><td>0</td><td>3</td></tr><tr><td colspan="4">TOTAL 3</td></tr></table>	P1	P2	P3	P4	0	0	0	3	TOTAL 3				 Clothing & shoes <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>5</td><td>39</td><td>12</td><td>66</td></tr><tr><td colspan="4">TOTAL 122</td></tr></table>	P1	P2	P3	P4	5	39	12	66	TOTAL 122				 Coffee shops & cafés <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>9</td><td>20</td><td>9</td><td>18</td></tr><tr><td colspan="4">TOTAL 56</td></tr></table>	P1	P2	P3	P4	9	20	9	18	TOTAL 56			
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 Curios & markets <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>0</td><td>16</td><td>4</td><td>0</td></tr><tr><td colspan="4">TOTAL 20</td></tr></table>	P1	P2	P3	P4	0	16	4	0	TOTAL 20				 Chain stores <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>2</td><td>9</td><td>0</td><td>14</td></tr><tr><td colspan="4">TOTAL 25</td></tr></table>	P1	P2	P3	P4	2	9	0	14	TOTAL 25				 Discount stores <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>1</td><td>6</td><td>0</td><td>9</td></tr><tr><td colspan="4">TOTAL 16</td></tr></table>	P1	P2	P3	P4	1	6	0	9	TOTAL 16				 Electronics, photography & music <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>3</td><td>11</td><td>0</td><td>8</td></tr><tr><td colspan="4">TOTAL 22</td></tr></table>	P1	P2	P3	P4	3	11	0	8	TOTAL 22				 Fashion, accessories & handbags <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>1</td><td>3</td><td>1</td><td>2</td></tr><tr><td colspan="4">TOTAL 7</td></tr></table>	P1	P2	P3	P4	1	3	1	2	TOTAL 7				 Furniture, lighting & décor <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>4</td><td>16</td><td>8</td><td>7</td></tr><tr><td colspan="4">TOTAL 35</td></tr></table>	P1	P2	P3	P4	4	16	8	7	TOTAL 35			
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 Gyms <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>4</td><td>4</td><td>5</td><td>0</td></tr><tr><td colspan="4">TOTAL 13</td></tr></table>	P1	P2	P3	P4	4	4	5	0	TOTAL 13				 Hair salons <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>2</td><td>22</td><td>5</td><td>19</td></tr><tr><td colspan="4">TOTAL 48</td></tr></table>	P1	P2	P3	P4	2	22	5	19	TOTAL 48				 Hardware <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>0</td><td>2</td><td>1</td><td>2</td></tr><tr><td colspan="4">TOTAL 5</td></tr></table>	P1	P2	P3	P4	0	2	1	2	TOTAL 5				 Health & beauty (incl. spas) <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>3</td><td>16</td><td>9</td><td>11</td></tr><tr><td colspan="4">TOTAL 39</td></tr></table>	P1	P2	P3	P4	3	16	9	11	TOTAL 39				 Internet cafés <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>1</td><td>5</td><td>0</td><td>3</td></tr><tr><td colspan="4">TOTAL 9</td></tr></table>	P1	P2	P3	P4	1	5	0	3	TOTAL 9				 Jewellery design & manufacturing <table><tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th></tr><tr><td>6</td><td>26</td><td>3</td><td>11</td></tr><tr><td colspan="4">TOTAL 46</td></tr></table>	P1	P2	P3	P4	6	26	3	11	TOTAL 46			
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Church Street



Laundry, dry
cleaning, shoe
repair & tailors

P1	P2	P3	P4
4	5	2	14

TOTAL **25**



Liquor stores &
wine merchants

P1	P2	P3	P4
1	3	2	4

TOTAL **10**



Locksmiths
& security

P1	P2	P3	P4
1	1	1	0

TOTAL **3**



Luggage &
leather goods

P1	P2	P3	P4
0	2	0	3

TOTAL **5**



Mobile devices
(cell phones)

P1	P2	P3	P4
3	30	2	24

TOTAL **59**



Motor car
dealers

P1	P2	P3	P4
6	2	2	0

TOTAL **10**



Motorcycle
dealers

P1	P2	P3	P4
2	3	1	0

TOTAL **6**



Motor parts
& repair
businesses

P1	P2	P3	P4
1	4	7	3

TOTAL **15**



Opticians
& eyewear

P1	P2	P3	P4
2	3	1	5

TOTAL **11**



Pawn
shops

P1	P2	P3	P4
0	2	0	2

TOTAL **4**



Petrol
stations

P1	P2	P3	P4
1	0	5	0

TOTAL **6**



Pharmacies

P1	P2	P3	P4
1	4	0	3

TOTAL **8**



Plumbing &
sanitaryware

P1	P2	P3	P4
0	2	0	0

TOTAL **2**



Postage &
courier

P1	P2	P3	P4
3	2	0	1

TOTAL **6**



Printing, copying
& lamination

P1	P2	P3	P4
2	11	1	6

TOTAL **20**



Restaurants

P1	P2	P3	P4
15	69	31	25

TOTAL **140**



Speciality
stores

P1	P2	P3	P4
3	8	8	13

TOTAL **32**



Sporting
equipment
& clothing

P1	P2	P3	P4
2	8	6	5

TOTAL **21**



Superettes

P1	P2	P3	P4
7	24	8	16

TOTAL **55**



Stationery &
packaging

P1	P2	P3	P4
1	1	0	0

TOTAL **2**



Supermarkets

P1	P2	P3	P4
0	2	3	3

TOTAL **8**



Takeaways

P1	P2	P3	P4
12	23	10	35

TOTAL **80**



Theatres

P1	P2	P3	P4
2	1	0	1

TOTAL **4**



Vintage & second-
hand stores

P1	P2	P3	P4
0	4	2	0

TOTAL **6**



Mungo



Skinny laMinx



Burger & Lobster

RETAIL OCCUPANCY RATES

Retail space in the Central City is in constant flux thanks to the continuous development and refurbishment of commercial buildings. The economic effects of Covid-19 resulted in the closure of hundreds of retail outlets, slightly outpacing the opening of new establishments – resulting in a decrease in the retail occupancy rate across the Central City.

SUMMARY OF TOTAL OCCUPANCY IN THE CENTRAL CITY

The total volume (m²) of retail space **available** across all four Central City precincts at the end of 2020 amounted to 270 176 m², marginally below the 274 605 m² recorded at the end of 2019. This was a decrease of -1.6 %.

The total retail space **occupied** across all four Central City precincts at the end of 2020 amounted to 239 099 m², a decline 9 597 m² from 248 696 m² recorded at the end of 2019. This was a decrease of -3.9 %.

Developments temporarily, or permanently, remove retail space, resulting in periods of vacancy while building is underway. This distorts the retail occupancy figure.

	Total m ²	Occupied m ²	Vacant m ²
P1	45 018	32 987	12 031
P2	100 595	90 114	10 481
P3	26 878	21 365	5 513
P4	97 685	94 633	3 052
TOTAL	270 176	239 099	31 077 (11.5 %)

11.5 % The total vacancy rate of retail space (31 077 m²) across all precincts amounted to 11.5 % of the total retail space available. In 2019, the total vacancy rate was 9.4 %.

RETAIL OCCUPANCY SUMMARY

PRECINCT 1

	DEC 2019	DEC 2020
Total retail space available in precinct (m ²)	44 635	45 018
Street level retail space (m ²)	44 635	45 018
Inside shopping centres (m ²)	N/A	N/A
Space occupied (m ²)	33 284	32 987
Occupancy as a %	75 %	73 %

The ongoing lockdown led to several businesses closing on the Foreshore during 2020, resulting in a slight increase in the precinct's vacancy rate.

PRECINCT 2

	DEC 2019	DEC 2020
Total retail space available in precinct (m ²)	100 114	100 595
Street level retail space (m ²)	87 504	87 985
Inside shopping centres (m ²)	N/A	N/A
Picbel Parkade	12 610	12 610
Space occupied (m ²)	94 723	90 114
Occupancy as a %	95 %	90 %

As the retail hub of the Central City, Precinct 2 was the hardest hit in terms of rising retail vacancies. There was a marginal increase in street level retail space during 2020 which, combined with numerous business closures, resulted in a marked increase in the precinct's vacancy rate.

PRECINCT 3

	DEC 2019	DEC 2020
Total retail space available in precinct (m ²)	26 780	26 878
Street level retail space (m ²)	26 780	26 878
Inside shopping centres (m ²)	N/A	N/A
Space occupied (m ²)	20 762	21 365
Occupancy as a %	78 %	79 %

The total retail space in P3 remained largely unchanged during 2020, as development in the area in recent years has remained limited to the expansion of the Iziko South African Museum and the Uxolo residential development. However, the occupancy rate improved marginally.

PRECINCT 4

	DEC 2019	DEC 2020
Total retail space available in precinct (m ²)	103 076	97 685
Street level retail space (m ²)	37 370	31 879
Inside shopping centres (m ²)		
Golden Acre	43 840	43 840
Grand Parade Centre	9 478	9 478
Grand Central	12 388	12 388
Space occupied (m ²)	99 927	94 633
Occupancy as a %	97 %	97 %

Total retail space in P4 declined by 5 391 due, in part, to a Game retail outlet being counted twice in 2019 – once as a street-level retailer and then as part of Grand Central mall. There are currently numerous property developments underway in P4. Their completion will result in an increase in available retail space. With approximately two thirds of all retail space located inside shopping centres in P4, there is a very low retail vacancy rate.

RETAIL CONFIDENCE SURVEY

As Central City retailers scrambled to absorb the impact of rolling lockdown restrictions, the CCID started conducting monthly surveys to gauge the mood on the ground – and the risk of businesses folding under the economic strain caused by Covid-19. Here are the results.

Three months after the government put measures in place to stem the tide of Covid-19 when the country was on Level 3 lockdown, the CCID conducted its first survey among CBD retailers. The aim was to gauge the mood on the ground: did business owners think they would survive the onslaught? What measures were they putting in place to adapt to lockdown regulations? Were they satisfied with business conditions? What impact had the coronavirus pandemic had on trading?

The first survey was conducted in July, the second in late August and then again in October, November and December, generating five sets of results with a minimum of 200 participants each. The sample was collected across all four precincts and included participants from all the major retail categories.

RISK OF CLOSURE

The first question in each survey was intended to estimate the risk of closure facing businesses across the CBD. In the July to November surveys, participants were asked if their business was at risk of closing before year-end. In the December survey, the date in the question was changed to mid-2021.

The results showed a clear easing of perceived risk of closure as the lockdown regulations eased. In July 2020, more than 75 % of businesses surveyed indicated that they felt

that there was some risk that their business might close before year-end, with only 22.6 % indicating there was “no risk” of closure. By December, the perception that there was no risk of closure had soared to 57 % (see chart below).

At the other end of the scale, in July 2020 14.4 % of respondents believed their risk of closure by year-end was “high”. However, by December this had fallen to slightly over 4 %.

THE NEW NORMAL

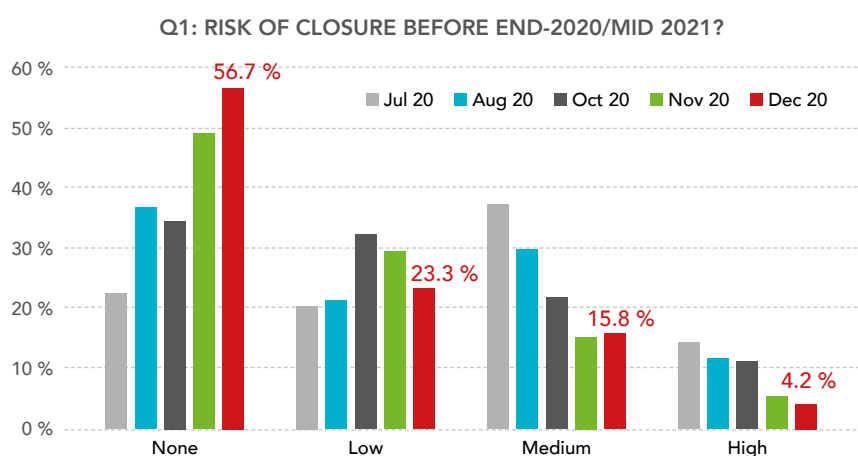
Businesses implemented various measures during the second half of 2020 as they adjusted to economic realities. In July, the most popular measures were “reduced trading hours” (45.9 %) and “increased use of e-commerce” (43.9 %). By October, the focus shifted to “reduce staff numbers” (30 %) and “reduce trading hours” (25.2 %).

By the end of the year, fewer businesses were still adopting additional measures but those that were remained focused on laying off staff and shortening their trading hours. Encouragingly, the December survey revealed that a growing number felt that things were “back to normal”. It is important to note, however, that this survey was conducted *before* the second wave of infections forced a renewed tightening of lockdown regulations.

SLOW BUT STEADY INCREASE IN CONFIDENCE

As per the national RMB/BER Business Confidence Indicator, the CCID survey takes the percentage of survey respondents who rate prevailing conditions as “satisfactory” as an indicator or proxy of business confidence.¹

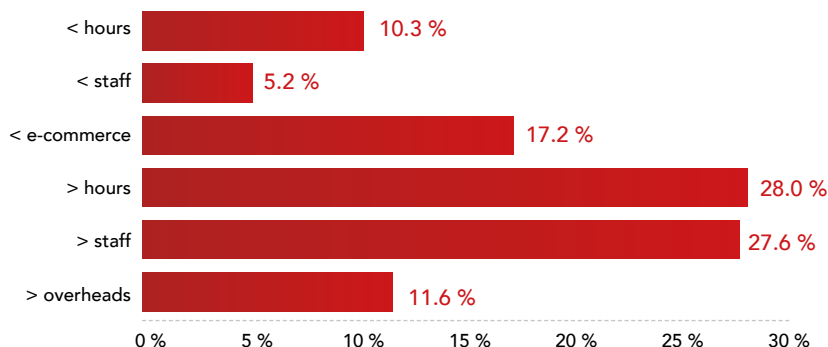
Surprisingly, almost a quarter of the businesses surveyed in July and



¹ RMB/BER Business Confidence Index <https://www.ber.ac.za/BER%20Documents/RMB/BER-Business-Confidence-Index>

Q2: HOW ARE YOU ADAPTING TO LOCKDOWN?

% of business owners



14.4 % In July 2020 14.4 % of the survey respondents believed that there was a “high risk” that their businesses would be forced to close by year-end. However, by December this had fallen to slightly over 4 % of the businesses surveyed.

August indicated that they were “satisfied” with trading conditions. These retailers included takeaway outlets, mobile phone stores, clothing stores and motor car and parts outlets.

While the percentage of respondents who were satisfied with business conditions remained at around 23 %, there was a marked improvement to 33 % in October, a few weeks after lockdown regulations were eased to Alert Level 1 on 20 September 2020.

Sentiment continued to improve in November, rising to 39.1 % of the businesses surveyed even though a large percentage of Central City office workers were still working remotely.

However, the pace of the recovery lost momentum in December, as businesses became concerned about the prospect of renewed lockdown regulations as the Western Cape was identified as a Covid-19 hotspot. The country eventually moved to adjusted Alert Level 3 from 29 December 2020.

The recovery in Central City confidence from 22.9 % in July to 40 % in December tracks the national RMB/BER Confidence Index which rose from 24 % in Q3 2020 to 40% in the final quarter.

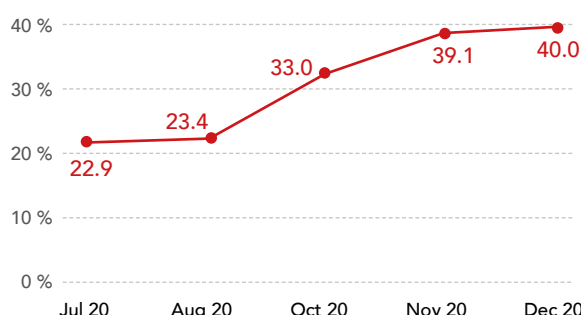
a few weeks after the easing of lockdown regulations to Alert Level 2 while the October survey was conducted after the easing to Alert Level 1. The November and December surveys were done while regulations remained at Alert Level 1. There was no tightening of regulations during the survey period.

The chart below shows that in

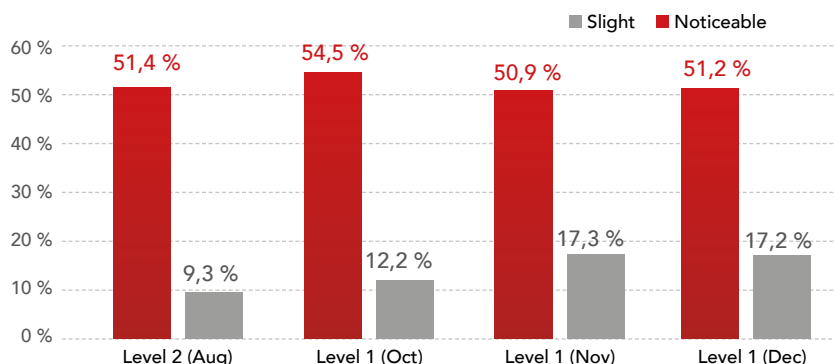
each survey more than half of the respondents noted a slight increase in footfall and/or business activity.

Those businesses experiencing a “noticeable increase” in footfall and/or activity rose from 9.3 % in August to 17.2 % in early-December – as life returned to the so-called “new normal” in the Cape Town Central City.

Q3: ARE YOU SATISFIED WITH CURRENT BUSINESS CONDITIONS?



Q4: HAVE YOU NOTICED AN INCREASE IN FOOTFALL/ACTIVITY IN THE PAST MONTH?



REGULATIONS START TO EASE

The July survey did not include a question about activity levels. The August survey was conducted

BPO DRIVES INVESTMENT

In 2020, the Business Process Outsourcing (BPO) sector was one of only two job-creating sectors in the Western Cape. This bodes well for the Central City, a BPO hub.

Fighting unemployment in the first year of Covid-19 seemed impossible. But thanks to Cape Town's world-class infrastructure and tech-enabling environment, the BPO sector secured over R1.2 billion in investments in the Cape Town metropole in the midst of the coronavirus pandemic in 2020.

The BPO or call-centre sector employs more than 60 000 people in Cape Town, with over 17 037 of them being employed in the last three years. The sector creates jobs for call centre agents and those in human resources, marketing, workforce management, finance, technical and information technology, administration and facilities management.

ENABLING ENVIRONMENT

The City of Cape Town has created an enabling environment for the industry to flourish, funding CapeBPO as a strategic business partner to help grow the industry, thereby investing in skills training so that Cape Town can compete on the world BPO stage.

Dubbed an "island of hope" by WC Minister of Finance and Economic Opportunities David Maynier, the BPO industry has proved to be resilient in spite of the challenges presented by Covid-19.

The province and the city are popular destinations for global BPO companies due to a highly skilled talent pipeline who offer niche domain skills, high empathy and cultural affinity. Add to that world-class infrastructure and enabling environments together with investment incentives and good quality of life.

According to James Vos, City of Cape Town Mayoral Committee Member for Economic Opportunities and Asset Management, more than 6 000 jobs were created in the province in 2020 in this sector.

BPO IN THE CENTRAL CITY

The resilience of the industry bodes well for the Cape Town Central City, which hosts 23 call centres comprising 11 international and 12 local centres that employ over 16 000 people.

National and international BPO operators in the Cape Town CBD include Capita, Amazon, Webhelp, Lufthansa InTouch, CallForce, Buongiorno, Simply Talk, Pixelfaerie, Engen, Truworths, Takealot, Media24 and MBD, working in the following industries: telecommunication, retail, financial services, travel, education, legal, debt collection, utilities and the public sector.



The Box

BPO FACTS & FIGURES

- In 2021 South Africa was ranked as the **top global destination for BPO** by the annual Ryan Strategic Advisory Front Office BPO Omnibus Survey, beating 53 other locations.
- **The Western Cape leads the BPO field in SA**, responsible for 65 % of the market.
- Cape Town's BPO sector has been a **key driver of investment, job creation and up-skilling of young people**.
- Between July 2018 and March 2021, the City of Cape Town **allocated R28.5 million towards skills development and training** in the BPO sector.

CANNABIS – A GROWING ECONOMY

The use of cannabis for medicinal and wellness purposes, and the production and selling of premium CBD goods, makes for a fledgling industry with huge economic potential.



The opening up of a legitimate cannabis industry unlocks economic opportunities across a multitude of sectors in Cape Town and the Western Cape (WC). The province is attracting significant investor interest in medicinal cannabis, based on its strength in agriculture and because Cape Town is becoming Africa's leader in pharmaceutical development, health tech and biotech, Wesgro reports. Good infrastructure, supportive local government and excellent connectivity to international markets have facilitated the WC and Cape Town's advantage in this new economy.¹

With the related health technology sector contributing an estimated R1,7 billion to the WC economy, and creating approximately 2 500 full-time jobs, the potential for the medicinal cannabis economy to grow is very promising. Wesgro confirms that production of medicinal cannabis has started in Cape Town.

The prospect of a legalised, regulated cannabis industry has propelled investor interest since February 2020, thanks to government regulating the commercial use of hemp products. While medicinal cannabis is still an emerging sector, projections from Wesgro's Investing in Cannabis in

South Africa, March 2021 report suggest that the global legal cannabis market is set to grow by 20 % per annum in 10 years. By 2023, Africa's legal cannabis market could be worth US\$7,1 billion per annum. Of this, South Africa's medicinal cannabis market is projected to reach US\$667 million by 2023 (The Africa Cannabis Report 2019).

In South Africa, medicinal cannabis production conforms to pharmaceutical conditions – to produce drug formulations prescribed by medical professionals – while cannabis complementary medicine products are industry-regulated but no prescription is required.

Warren Schewitz, CEO of Southern Sky Group, which launched South Africa's first CBD store in the Cape Town Central City, puts South Africa's cannabis industry on a similar trajectory to Canada and the US, two progressive markets.

Economist and trend analyst Bronwyn Williams believes South Africa should move fast to take advantage of the emerging, global cannabis opportunity. "We need to make sure regulation enhances the ability of the industry to compete: this market has the opportunity to create more jobs and a more inclusive economy."

THE GOODLEAF STORY

Goodleaf is a leading local retailer-manufacturer of products that contain cannabidiol (CBD) oil. The retail arm of Southern Sky Group, it launched Africa's first premium CBD store in the Central City in 2019. Euromonitor International's Cannabis SA Preliminary Report 2020 named Southern Sky Group the cannabis industry market leader, contributing about 40 % of the local CBD market.

Goodleaf products are made locally using hemp-derived CBD. Hemp and marijuana are different cultivars from the Cannabis sativa plant species. CBD is a cannabinoid found in the cannabis plant. Goodleaf uses an imported CBD extract but there is scope for a local agricultural sub-category.

Business showed positive 2020 growth despite the pandemic, with Goodleaf focusing on e-commerce for sales and communication. To save jobs, a live chat tool was developed, allowing customers to video-call Goodleaf herbalists.

Online sales spiked between April and September, peaking in June 2020 as Goodleaf increased trade reach without having a store in every city.

The value of WC agriculture and agri-processing exports in 2020 was R77.14 billion.²

¹ Karen Bosman, Wesgro

² Wesgro: Global Economic Priorities for Cape Town & Western Cape 2021

THE VISITOR ECONOMY

In spite of Covid-19, and the grim consequences for the visitor economy due to border closures and flight restrictions, two hotels were completed in the Central City in 2020 and several other accommodation developments, including aparthotels, were either under construction or being planned.

The devastating impact of the coronavirus was felt keenly in the hospitality industry, with hotels closing when the hard Level 5 lockdown started on 27 March 2020. This coincided with a dramatic drop in international visitors to SA. International arrivals at Cape Town International Airport in 2020 dropped from 1 194 042 in 2019 to a mere 374 555 in 2020¹. The total number of visitors to Cape Town via air travel was 1 973 494, with domestic arrivals accounting for 1 424 359 and regional arrivals 21 788.

This had a severe knock-on effect on the Central City's eventing and knowledge economy, with conference centres like the Cape Town International Convention Centre standing empty.

CENTRAL CITY HOTELS

The Central City's hotel industry is weathering the Covid-19 storm, but there have been casualties. Several Central City hotels closed temporarily due to ongoing lockdown regulations. These have been included in the estimates of hotels operating in the Central City.

HOTEL OCCUPANCY RATES

The Cape Town metro accommodation market registered negative growth in all three performance indicators in 2020 compared to year-earlier levels – which is unsurprising given the economic devastation caused by the repeated waves of local and international lockdowns in response to the ongoing Covid-19 pandemic.



LOCATION OF CENTRAL CITY HOTELS

	P1	P2	P3	P4	TOTAL
5-star	1	2	2	1	6
4-star	11	6	2	2	21
3-star	4	5	4	2	15
1-star	1	0	0	0	1
Backpackers	1	9	8	7	25
TOTAL	18	22	16	12	68



REVENUE PER AVAILABLE ROOM (REVPAR)²

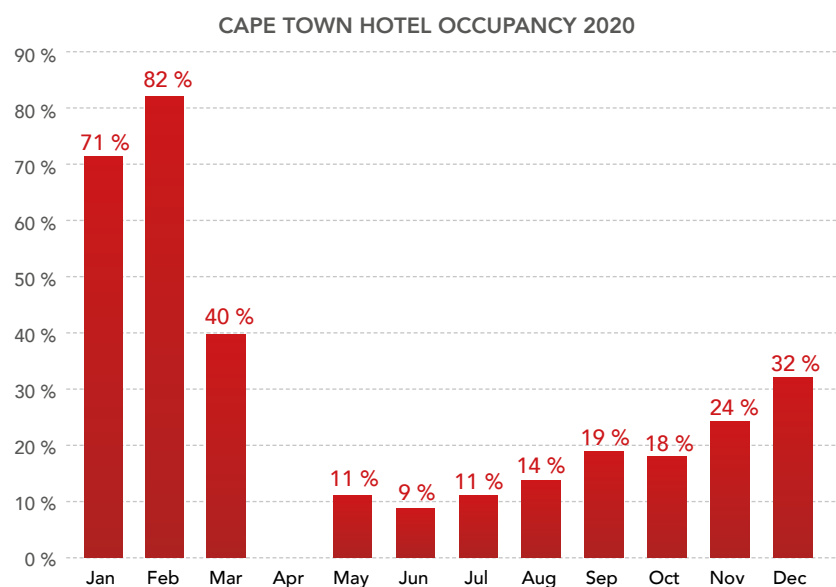
2020	Occupancy rate	Room rate	RevPAR
Overall average Cape Town	28.3 %	R1 266	R484
2019	Occupancy rate	Room rate	RevPAR
Overall average Cape Town	64 %	R1 844	R1 193
Overall average Central City	66 %	R2 191	R1 461

SOURCE: Cape Town Tourism

NOTE: Figures for the Central City in 2020 are not available due to limited data collection.

¹ Cape Town Tourism

² RevPAR is a performance metric in the hotel industry, calculated by dividing a hotel's total guestroom revenue by the room count and the number of days in the period being measured.



SOURCE: Cape Town Tourism



Fountains Hotel

HOSPITALITY REPORT

Globally the hotel industry suffered major setbacks in 2020. As the world went into lockdown in the first three months of 2020, occupancies plummeted as travel ceased and hotels closed.

As countries have learned to navigate the pandemic, more hotels are staying operational with an estimated 80 % of hotels (who report to global hospitality analysts STR) remaining open in Europe, for example, despite a second round of lockdowns. This is positive when compared to the first round of lockdowns when an estimated 66 % of hotels were closed. Continued resurgence in Covid-19 cases has required hoteliers to continually adapt, juggling inventory and staff depending on market demand.

The hospitality sector in Cape Town remains under significant pressure. Occupancy in the city declined 46.5 % compared with the end of 2019 (for open hotels only). Many hotels remain closed. Some Central City hoteliers have indicated that they open as and when demand dictates, with

staff being rotated to enable all employees to earn a level of income.

Most Central City hotels are pulling out all the stops to get domestic guests through their doors. This includes offering discounted rates for “staycations”.

Despite the challenging environment, the level of transactions in the market is encouraging with investors like Capital Hotel Group and Cresta Hospitality investing in the Cape Town market: Capital Group has taken a lease on 15 on Orange Hotel and will upgrade the

property, while the former Holiday Inn has been leased by Cresta Hotels and is now operating as the Cresta Grande hotel.

In the meantime, hoteliers and investors are preparing for the industry to recover. The UN World Tourism Organization posits three recovery scenarios. The most likely recovery for South Africa (and Cape Town) is the end of 2023/2024. By this time, levels of demand reached in 2019 are expected to be regained. This is realistic, given the global vaccine rollout.

ALLAN WANTENAAR: HTI CONSULTING



Cape Heritage Hotel

SECTION

05

CENTRAL CITY PRECINCTS

The Central City footprint of the CCID is divided into four precincts as indicated on the map on the inside front cover of this publication. Each precinct has its own personality and makes a unique contribution to the downtown economy. For investors, it is beneficial to understand the make-up of each precinct, and how each weathered the Covid-19 storm in 2020.

PRECINCT 1 The Foreshore

This map shows the clustering of the following types of activities in this precinct.

-  Developments
-  Hotels and accommodation
-  Residential complexes
-  MyCiti bus stations and stops



Formerly the Financial District, the Foreshore precinct or P1, is home to the most general corporates and head offices, as well as the most medical practices: 175 of the CBD's 224 medical practices are here. This follows the opening in 2017 of one of Cape Town's biggest private hospitals, Netcare Christiaan Barnard Memorial Hospital, as well as the opening in 2020 of a new day hospital, Medicross Foreshore Day Hospital.

The seat of the CBD's knowledge and eventing economy thanks to the Cape Town International Convention Centre (CTICC 1 + 2) being located here, the precinct also plays a crucial role in the visitor economy and hospitality sector. Many of the CBD's big hotels are here. With Cape Town's premier theatre, Artscape Theatre Centre, in this precinct, it also drives the creative economy. It goes without saying that Covid-19 struck the

very heart of P1. The cancelling of global events and conferences brought the CTICC and Artscape to a halt. Hotels closed their doors. Corporate buildings emptied. That said, the total value of investments in P1 is R3.8 billion, including the striking skyscraper 35 Lower Long, valued at R500 million. Other completed projects include two hotel/aparthotels, with the total value of projects under construction reaching R2.193 billion.



BUSINESS & RETAIL

The table below right shows the top 15 categories of business on the Foreshore, and how they compare to the top 15 overall in the Central City. The numbers in blue indicate the sectors in which P1 boasts the highest numbers overall in the CBD in any given category.

 **20.5 %**
583 (or 20,5 %) of the
2 846 businesses in the
 Central City are in P1.



Vida e Caffè



Media24

CATEGORY	P1	TOTAL
Retail **	80	799
Legal services	30	622
Medical practices	175	224
Financial services & banking	60	160
Restaurants	15	140
Takeaways	12	80
ICT & telecoms	21	80
Education	22	78
Architecture & engineering	18	76
Accommodation (incl. student)	19	73
Communication, media & advertising	8	65
General corporates & head offices	20	58
Coffee shops & cafes	9	56
Industrial councils & IPOs	11	55
Travel services	21	54

**** NOTE:** The retail figure of 799 is the total CBD retail figure (1 126) excluding restaurants (140), takeaways (80), coffee shops (56) and bars & clubs (51).

RETAIL BREAKDOWN

10 % Just **80** (10 %) of the CBD's **799** retail outlets (excl. restaurants, takeaways, coffee shops, bars & clubs) are in P1. Of these, the largest categories are:

8.8 %
Superettes

6.3 %
Clothing & shoes

7.5 %
Motor car dealers

5.0 %
Furniture, lighting & décor

7.5 %
Jewellery design & manufacturing



MYCITI

P1 has five MyCiTi bus stops including the BRT's main station for the city, situated at the Civic Centre. Other bus stops are Adderley, Thibault, Convention Centre and Foreshore.

1 156 568

the number of people who boarded buses in P1, while 918 556 alighted.

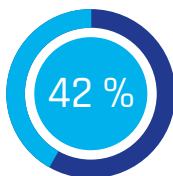
BUS STOP	BOARDED	ALIGHTED
Civic Centre	520 958	524 132
Adderley	575 725	353 436
Thibault Square	58 936	39 361
Convention Centre	869	1 485
Foreshore	80	142
P1 TOTAL	1 156 568	918 556



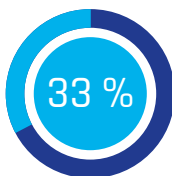
ENTERTAINMENT

14 % 7 (or 14 %) of the 51 bars and clubs in the Central City are in P1.

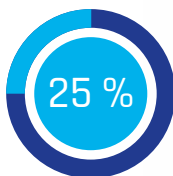
13 % 36 (or 13 %) of the 276 eateries (incl. the three categories below) in the Central City are in P1. Of these:



15
Restaurants



12
Takeaways



9
Coffee shops & cafes



EDUCATION

The Foreshore follows Precinct 2 with the second highest number of educational institutions.

22 of the 78 educational institutions in the CBD are in P1 (P2 has 28).



CO-WORKING SPACES

25 % Four (or 25 %) of the 16 co-working spaces in the CBD are in P1.

LOCATION	NAME	WEBSITE
42 Hans Strijdom Ave	North Wharf	sharedofficespace.co.za
7 Bree St	Work & Co	workandco.co.za
24 Hans Strijdom Ave	Cube Workspace	cubeworkspace.co.za
35 Lower Long St	Flexi Suites	flexisa.co.za

DEVELOPMENTS

Investment total Precinct 1:
R3 838 000 000

COMPLETED IN 2020

35 LOWER LONG

LOCATION 35 Lower Long St

TYPE Commercial

INVESTMENT R500 000 000

WINK FORESHORE

LOCATION 31 Heerengracht St

TYPE Hotel/aparthotel

INVESTMENT R75 000 000

THE DUKE

LOCATION Cnr Heerengracht
& Hans Strijdom Ave

TYPE Residential

INVESTMENT R210 000 000

TOTAL **R785 000 000**

UNDER CONSTRUCTION

16 ON BREE

LOCATION Cnr Bree
& Mechau sts

TYPE Residential

INVESTMENT R860 000 000

FLEETWAY HOUSE

LOCATION 21 Martin
Hammerschlag Way

TYPE Residential

INVESTMENT R60 000 000

HOTEL SKY

LOCATION Lower Long St

TYPE Hotel

INVESTMENT R400 000 000

FORESHORE PLACE

LOCATION 2 Riebeek St

TYPE Residential

INVESTMENT R373 000 000

THE ROCKEFELLER

LOCATION 12 Christiaan
Barnard St

TYPE Residential

INVESTMENT R500 000 000

TOTAL **R2 193 000 000**



PLANNED

TELKOM EXCHANGE FORESHORE

LOCATION Lower Long St

TYPE Parastatal

INVESTMENT TBC

TOTAL **TBC**

PROPOSED

CULLINAN SQUARE

LOCATION Lower Long St

TYPE Commercial

INVESTMENT R860 000 000

MURRAY & ROBERTS

LOCATION 736 Hertzog Blvd

TYPE Mixed-use

INVESTMENT TBC

TOTAL **R860 000 000**



The Duke



16 on Bree



The Onyx

ACCOMMODATION

RESIDENTIAL

13 % There are **nine** residential buildings (13 % of the total residential complexes in the Central City) in P1, housing a total of 1 092 residential units (22 % of the **4 954** units in the CBD). The three largest residential buildings in P1 are the Icon (227 units), The Onyx (224 units) and The Heriot (200 units). A total of 24 apartments were sold in P1 last year.

BUILDING	LOCATION	TOTAL UNITS	SALES 2020
Fifty Riebeek Street	50 Riebeek St	9	0
Fountains Suite	1 Hans Strijdom Ave	78	5
Hyde Park	14 Jetty St	34	4
Icon	Lower Long St	227	4
North Wharf	Dock Rd	72	4
Stonehill Place	9 Marine St	183	3
The Heriot	2 St Georges Mall	200	0
The Onyx	252 Roggebaai St	224	4
Trafalgar Centre	7 Hans Strijdom Ave	65	0
TOTAL		1 092	24



24

A total of 24 apartments were sold in P1 last year.

HOTELS & BACKPACKERS

26 % **18** (or 26 %) of the **68** hotel and backpacker establishments in the CBD are in P1.

Many of these are the largest hotel complexes in the Central City and are within walking distance of the CTICC and V&A Waterfront. They include the Westin, Radisson Blu, Park Inn, The Cullinan, Southern Sun Waterfront, Sun1 Foreshore and Protea North Wharf.

1
5-star

11
4-star

4
3-star

1
1-star

1
backpackers

TOTAL 18



The Westin

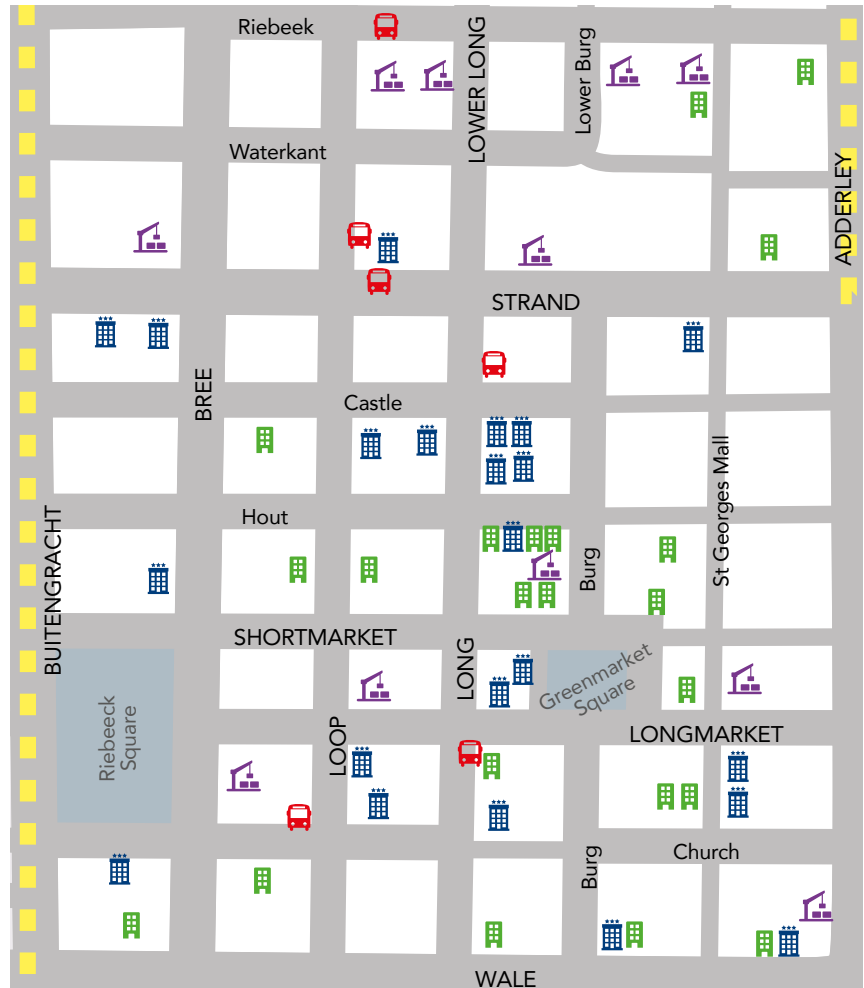
PRECINCT 2 The Inner City

With 32.7 % of all Central City businesses located here, Precinct 2 is the engine of the Central City economy. It has the most financial services & banking entities, communication, media & advertising businesses, education institutions, architecture & engineering firms, accommodation, and ICT & telecoms institutions in the Central City. It also has the most retail businesses, and restaurants and coffee shops.

Like the Foreshore, this precinct was also dealt a severe blow by the consequences of Covid-19 on the Cape Town and CBD economy. Its informal economy was also hard-hit in 2020, with traders in St Georges Mall and Greenmarket Square – two of the precinct's pedestrianised areas – having very few customers due to the absence of tourists and a hugely reduced footfall into the CBD due to Covid-19 restrictions and the fact that office workers have been working remotely.

However, this precinct is also home to the majority of ICT & telecoms businesses, with the BPO sector one of few to have held its own economically in 2020. Precinct 2 also has the most education institutions, and consequently the most student accommodation, in the Central City.

Property developments in P2 – the true downtown of the Central City – continued during 2020, with the total value amounting to R2.3 billion, comprising five developments under construction (valued at R372 million) and six in the planning phase (just under R2 billion). These include a hotel, mixed-use, commercial and residential developments.



This map shows the clustering of the following types of activities in this precinct.

- Developments
- Hotels and accommodation
- Residential complexes
- MyCiti bus stations and stops



Chefs Warehouse



Greenmarket Square



Youngblood Gallery



Longmarket St



Mozart on Church

BUSINESS & RETAIL

The table below right shows the top 15 categories of business in P2, and how they compare to the top 15 overall in the CBD. The numbers in purple indicate the sectors in which P2 boasts the highest numbers overall in the CBD in any given category.



32.7 %

931 (32.7 %) of the **2 846** businesses in the Central City are in P2.



I Love the Dough



Barnet Fair

CATEGORY	P2	TOTAL
Retail **	337	799
Legal services	83	622
Medical practices	12	224
Financial services & banking	71	160
Restaurants	69	140
Takeaways	23	80
ICT & telecoms	31	80
Education	28	78
Architecture & engineering	37	76
Accommodation (incl. students)	23	73
Communication, media & advertising	35	65
General corporates & head offices	18	58
Coffee shops & cafes	20	56
Industrial councils & IPOs	32	55
Travel services	23	54

**** NOTE:** The retail figure of 799 is the total CBD retail figure (1 126) excluding restaurants (140), takeaways (80), coffee shops (56) and bars & clubs (51).

RETAIL BREAKDOWN

42 % **337** (or 42 %) of the CBD's **799**

retail outlets (excl. restaurants, takeaways, coffee shops, bars & clubs) are in P2. Of these, the largest categories are:

11.6 %
Clothing & footwear

7.1 %
Superettes

8.9 %
Mobile devices

6.5 %
Hair salons

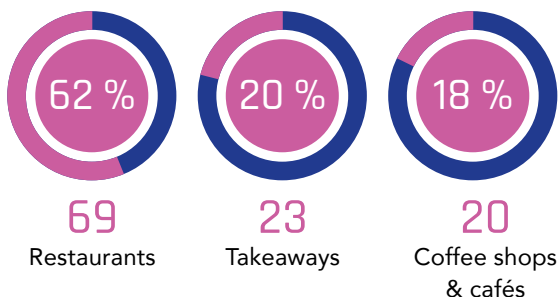
7.7 %
Jewellery design & manufacturing



ENTERTAINMENT

39 % 20 (or 39 %) of the 51 bars and clubs in the Central City are in P2.

41 % 112 (or 41 %) of the 276 eateries in the Central City are in P2. Of these:



EDUCATION

28 (36 %) of the 78 educational institutions in the CBD are in P2.

MYCITI

P2 has six MyCiTi bus stops: Church, Longmarket, Mid Long, Mid Loop, Riebeek and Strand.

25 941

the number of people who boarded a MyCiTi bus in P2, while 61 246 alighted.

BUS STOP	BOARDED	ALIGHTED
Church	118	433
Longmarket	1 174	1 944
Mid Long	807	1 117
Mid Loop	58	402
Riebeek	12 624	42 021
Strand	11 160	15 329
P2 TOTAL	25 941	61 246

SOURCE: City of Cape Town



Ideas Cartel

CO-WORKING SPACES

37.5 % Six (or 37.5 %) of the 16 co-working spaces in the CBD are in P2.

LOCATION	NAME	WEBSITE
113 Loop St	Ideas Cartel	ideascartel.com
106 Adderley St	106 BizzHub	106bizzhub.co.za
114 Bree St	Office & Co	officeandco.co.za
50 Long St	Spaces	spacesworks.com
80 Hout St	No. 80 Hout St	coworkingcapetown.co.za
80 Strand St	WeWork	wework.com



St Georges Mall

DEVELOPMENTS

Investment total Precinct 2:

R2 357 000 000

UNDER CONSTRUCTION

OLD BANK HOTEL

LOCATION 85 St Georges Mall

TYPE Hotel

INVESTMENT TBC

BLACKBRICK

LOCATION Cnr St Georges Mall

& Riebeeck St

TYPE Residential

INVESTMENT R107 000 000

THE BARRACKS

(MIKE'S SPORTS)

LOCATION 50 Bree St

TYPE Mixed-use

INVESTMENT R150 000 000

NEIGHBOURGOOD RESERVE

LOCATION 15 Adderley St

TYPE Residential

INVESTMENT R65 000 000

THE BOX

(FORMERLY ATTERBURY HOUSE)

LOCATION 3 Waterkant St

TYPE Commercial

INVESTMENT R50 000 000

TOTAL **R372 000 000**



The Barracks

PLANNED

THE RUBIK

LOCATION 19A Loop St

TYPE Residential

INVESTMENT R500 000 000

THE TOKYO

LOCATION 87 Loop St

TYPE Residential

INVESTMENT R130 000 000

58 STRAND STREET

(PICBEL PARKADE)

LOCATION 58 Strand St

TYPE Commercial

INVESTMENT R40 000 000



Neighbourgood Reserve

14 LONG STREET

LOCATION 14 Long St

TYPE Commercial

INVESTMENT R15 000 000

CITY PARK

LOCATION 111 Bree St

TYPE Mixed-use

INVESTMENT R1 300 000 000

THE PINNACLE

LOCATION 33 Burg St

TYPE Mixed-use

INVESTMENT TBC

TOTAL **R1 985 000 000**



Taj Cape Town

ACCOMMODATION

RESIDENTIAL

32 % There are **22** residential buildings (32 % of the total residential complexes in the Central City) in P2, housing a total of 910 residential units (18 % of the **4 954** units in the CBD). The three largest residential buildings in P2 are Mandela Rhodes Place (214 units), followed by The Decks (81 units) and The Colosseum (78 units). A total of 25 apartments were sold in these 22 residential buildings in 2020.

BUILDING	LOCATION	TOTAL UNITS	SALES 2020
34 St Georges	40 Strand St	73	4
5 St Georges	18 Adderley St	47	0
71 Loop Street	71 Loop St	16	0
74 Loop Street	74 Loop St	5	0
Castle Gate	83 Castle St	12	0
The Colosseum	12 Adderley St	78	3
De Oude Schuur	120 Bree St	52	0
Forty Two Burg Street	42 Burg Street	26	0
Glaston House	63 Church St	43	1
Greenmarket Place	54 Shortmarket St	51	1
Guarantee House	35 Burg St	12	0
Huys Heeren XVII	105 Long St	6	3
Impala House	27 Castle St	8	0
Kimberley House	34 Shortmarket St	8	0
Mandela Rhodes Place	Cnr Wale & Burg sts	214	10
Market House	1 Shortmarket St	51	0
Murray House	25 Hout St	10	1
Namaqua House	36c Burg St	25	1
St George's Street Chambers	118 St Georges Mall	11	0
Taj Cape Town	4 Wale St	25	0
The Decks	67 Long St	81	1
The Wale Street Chambers	36 Wale St	56	0
TOTAL		910	25



Old Bank Hotel

HOTELS & BACKPACKERS

32 % **22** (or 32 %) of the **68** hotel and backpacker establishments in the CBD are in P2.



TOTAL 22

PRECINCT 3 Legal, leisure & cultural hub

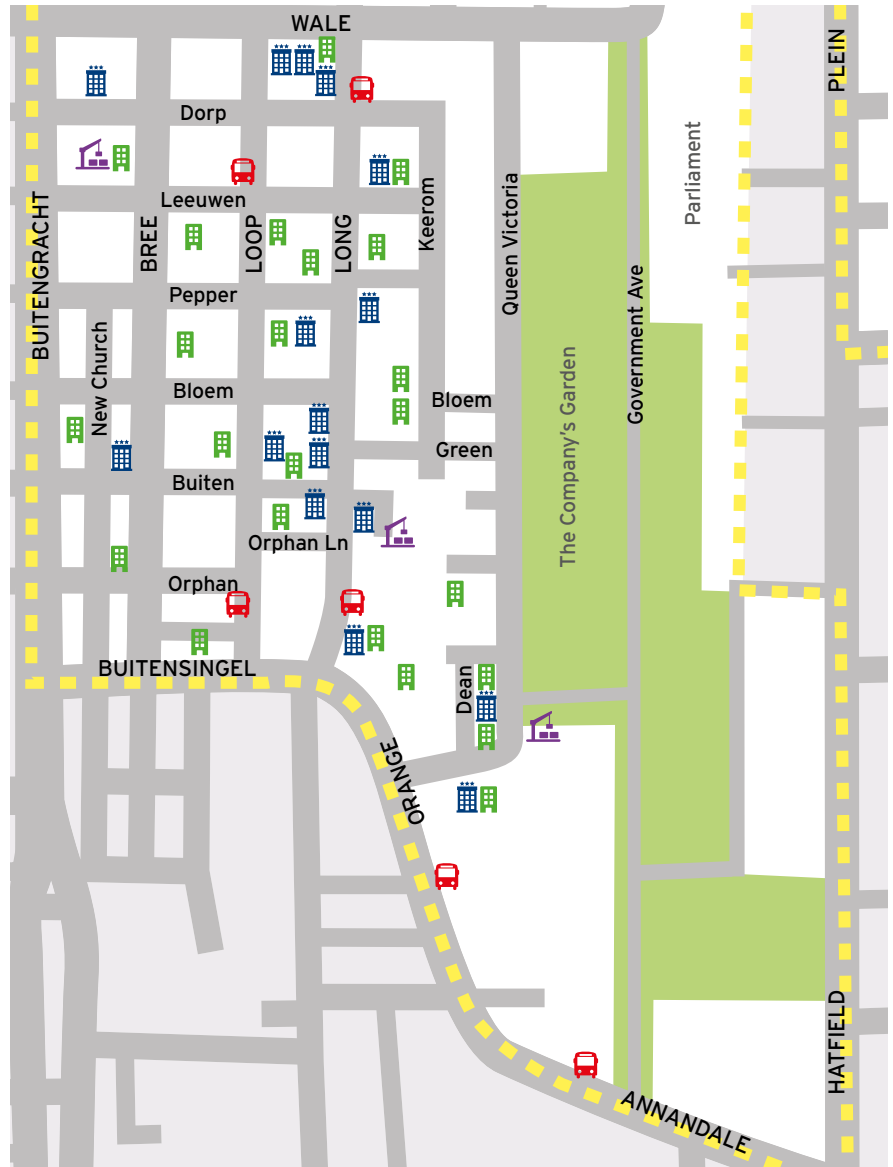
This precinct is home to the Central City's legal fraternity, with 489 of the 622 Central City legal services based here, along with the Western Cape High Court. It is also home to the offices of the Western Cape government, and the Houses of Parliament.

The historic Company's Garden, around which are clustered many of Cape Town's iconic cultural institutions including the Iziko South African National Gallery, the Cape Town Holocaust Centre, the South African Jewish Museum and the Iziko Planetarium, is also in this precinct.

The busy upper parts of two of the CBD's most famed streets, Long and Bree, with their concentration of late-night venues, also fall in P3. Covid-19 has taken its toll in P3 with nightclubs prohibited from operating and strict curfews curtailing the night-time economy.

This precinct has 23 residential buildings – the highest number in the Central City – and some of the oldest residential complexes are to be found here.

While property developments were thin on the ground in 2020 in P3, with total investment value in the precinct amounting to R222 million, it delivered one of the most quirky developments under construction in the form of the R35 million Uxolo, which buys into the micro-unit trend and prides itself on being affordable entry-level accommodation in the Central City.



This map shows the clustering of the following types of activities in this precinct.

- Developments
- Hotels and accommodation
- Residential complexes
- MyCiti bus stations and stops



Loop Street Mosque



BOCCA



Arch for Arch



The Station on Bree



Skinny laMinx

BUSINESS & RETAIL

The table below right shows the top 15 categories of business in P3, and how they compare to the top 15 overall in the Central City. The numbers in blue indicate the sectors in which P3 has the highest numbers overall in the CBD in any given category.



28.5 %

812 (28.5 %) of the **2 846** businesses in the Central City are in P3



Mama Africa



Ateljé

CATEGORY	P3	TOTAL
Retail **	113	799
Legal services	489	622
Medical practices	25	224
Financial services & banking	10	160
Restaurants	31	140
Takeaways	10	80
ICT & telecoms	12	80
Education	11	78
Architecture & engineering	16	76
Accommodation (incl. students)	16	73
Communication, media & advertising	8	65
General corporates & head offices	7	58
Coffee shops & cafes	9	56
Industrial councils & IPOs	2	55
Travel services	10	54

**** NOTE:** The retail figure of 799 is the total CBD retail figure (1 126) less restaurants (140), takeaways (80), coffee shops (56) and bars & clubs (51).

RETAIL BREAKDOWN

14 % 113 (or 14 %) of the CBD's 799 retail outlets (excl. restaurants, takeaways, coffee shops, bars & clubs) are in P3. Of these, the largest categories are:

10.6 %
Clothing & footwear

7.1 %
Furniture, lighting & décor

8.0 %
Health & beauty

7.1 %
Superettes

7.1 %
Speciality stores



Magenta

MYCITI

P3 has six MyCiTi bus stops: Dorp, Leeuwen, Michaelis, Upper Long, Upper Loop and Government Avenue.

25 117

the number of people who boarded a MyCiTi bus in P3, while 33 857 alighted.

BUS STOP	BOARDED	ALIGHTED
Dorp	15 475	13 468
Leeuwen	2 172	2 971
Michaelis	589	1 398
Upper Long	3 691	13 107
Upper Loop	2 549	1 690
Government Ave	641	1 223
P3 TOTAL	25 117	33 857



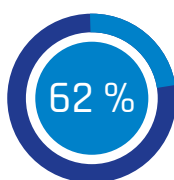
Bootlegger Coffee Company

SOURCE: City of Cape Town

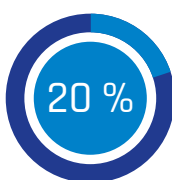
ENTERTAINMENT

39 % 20 (or 39 %) of the 51 bars and clubs in the Central City are in P3.

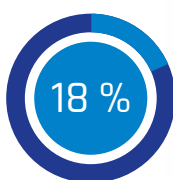
18 % 50 (or 18 %) of the 276 eateries (incl. the three categories below) in the Central City are in P3. Of these:



31
Restaurants



10
Takeaways



9
Coffee shops
& cafes



EDUCATION

11 (14 %) of the 78 educational institutions in the CBD are in P3.

The University of Cape Town's historic Hiddingh Campus, home to the Michaelis School of Fine Art, is in P3.

There are several language schools in this precinct.



CO-WORKING SPACES

19 % Three (or 19 %) of the 16 co-working spaces in the CBD are in P3.

LOCATION	NAME	WEBSITE
25 Wale St	Akro CoWorking	akro.africa/spaces
163 Bree St	Open Co-Workspace	opencity.co.za
51 Wale St	The Block: Inospace	inospace.com

DEVELOPMENTS

Investment total Precinct 3:
R222 000 000

COMPLETED IN 2020

IZIKO SA MUSEUM

LOCATION Paddock Ave

TYPE National museum

INVESTMENT R187 000 000

TOTAL **R187 000 000**

UNDER CONSTRUCTION

UXOLO

LOCATION 5 Vredenburg Lane

TYPE Residential

INVESTMENT R35 000 000

TOTAL **R35 000 000**

PLANNED

142 BREE STREET (AVANT GARDE)

LOCATION 142 Bree Street

TYPE Mixed-use

INVESTMENT TBC

TOTAL **TBC**



142 Bree Street (Avant Garde)



Uxolo



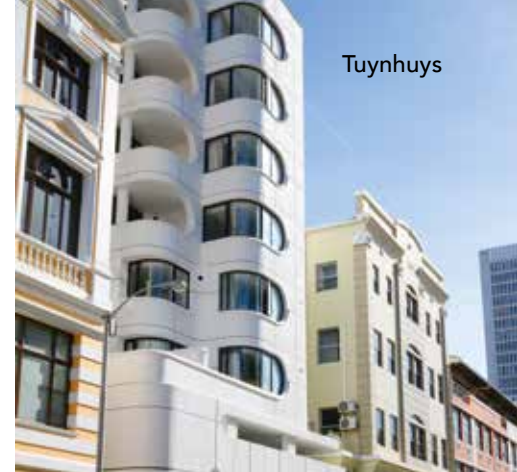
SA National Museum



Pepper Club



Elkay House



Tuynhuys

ACCOMMODATION

RESIDENTIAL

31 % There are **23** residential buildings in P3, housing a total of **1 516** residential units (31 % of the **4 954** units in the CBD – the highest in the Central City). The three largest residential buildings in P3 are St Martini Gardens (316 units), followed by the Pepper Club (221 units) and Manhattan Place (198 units). A total of 38 apartments were sold in the 23 residential buildings in 2020.

BUILDING	LOCATION	TOTAL UNITS	SALES 2020
134 Long Street	134 Long St	4	0
15 on Orange	Cnr Orange & Grey's Pass	21	1
155 Loop Street	155 Loop St	16	0
220 Loop Street	220 Loop St	94	2
6 on Pepper	6 Pepper St	22	0
Artois Court	6 Dean St	8	0
Elkay House	186 Loop St	13	0
Flatrock	8 Buiten St	47	0
Graphic Centre	199 Loop St	27	0
Holyrood	80 Queen Victoria St	39	1
Jodaca	183 Bree St	23	0
Lutomburg	18 Keerom St	12	1
Manhattan Place	130 Bree St	198	0
Metro House	36 New Church St	2	0
Montreux	90A Queen Victoria St	32	0
Pepper Club	Cnr Loop & Pepper St	221	1
Senator Park	66 Keerom St	169	8
St Martini Gardens	70 Queen Victoria St	316	17
Studios on Long	187 Long St	16	1
The Sentinel	27 Leeuwen St	103	1
Tuynhuys	54A Keerom St	47	1
Victoria Court	301 Long St	36	0
West Side Studios	139 Buitengracht St	50	4
TOTAL		1 516	38

HOTELS & BACKPACKERS

24 % **16** (or 24 %) of the **68** hotel and backpacker establishments in the CBD are located in P3. The Urban Chic Hotel (4-star) closed last year.

2
5-star

2
4-star

4
3-star

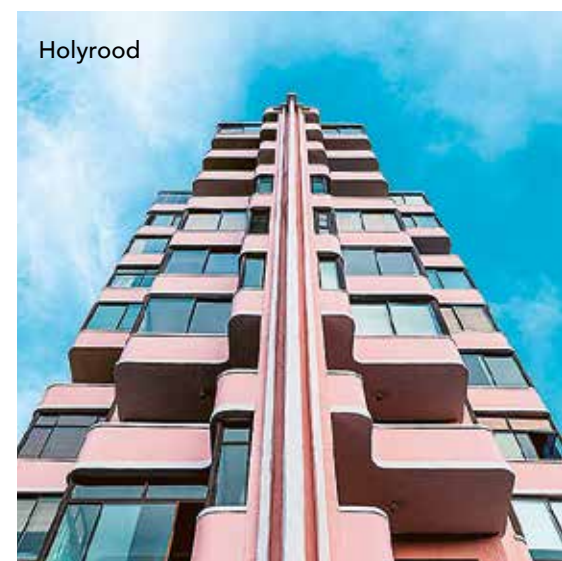
0
1-star

8
backpackers

TOTAL 16



15 on Orange



Holyrood

PRECINCT 4 The East City

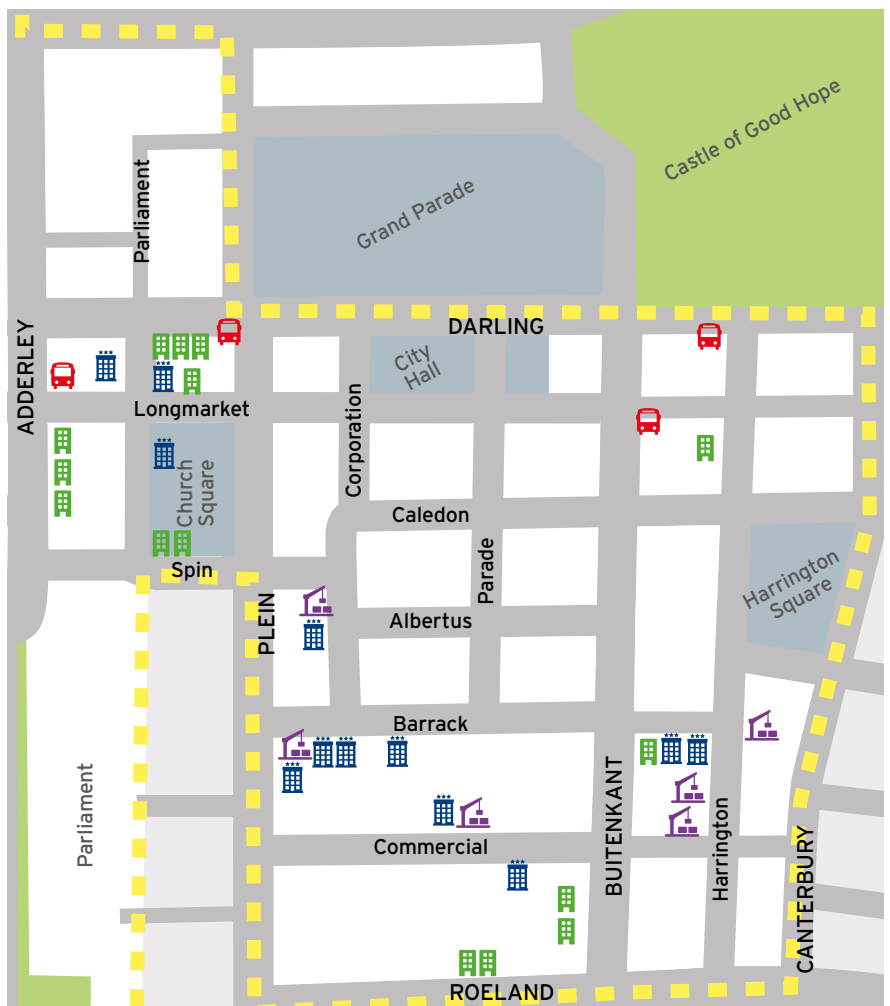
In spite of Covid-19, the Central City's most vibrant precinct continued to evolve. In the past four years, major property developments in trendy P4 vastly upped its investment value and potential. In 2020, this trend continued with the total investment value of developments in P4 standing at R423 million.

Four developments valued at R343 million in total were under construction in 2020, a remarkable feat given the economic and construction constraints of the pandemic. These include Shiro Towers, a R138 million mixed-use development. Neighbourgood has a residential development on the list of planned investments with its transformation of the former Townhouse Hotel into the community centric R80 million Neighbourgood East City development.

For many years P4 has been the heart of the design and craft economies of the Central City, and it is still the precinct people flock to at the weekend, presenting visitors with an interesting and diverse retail offering.

Sadly, Covid-19 put a dampener on the precinct's entertainment venues with the world-renowned The Fugard Theatre and historic City Hall (where the city's Cape Town Philharmonic Orchestra performs) standing empty for the entire year.

The precinct has 22 % of the residential complexes in the Central City, the third highest number after P2 and P3. The residential blocks have substantial numbers of owner-occupiers with young professionals buying into the downtown micro-living trend, of which the R70 million residential development The Harri (under construction) is a prime example.



This map shows the clustering of the following types of activities in this precinct.

- Developments
- Hotels and accommodation
- Residential complexes
- MyCiTi bus stations and stops



BUSINESS & RETAIL

The table below right shows how many of the top 15 categories of business in the CBD are located within the East City – indicating the mix and focus in this precinct. The figure in green indicates the sector in which P4 had the highest number overall in the Central City.



18.3 %

520 (18.3 %) of the **2 846** businesses in the Central City are in P4.



CATEGORY	P4	TOTAL
Retail **	269	799
Legal services	20	622
Medical practices	12	224
Financial services & banking	19	160
Restaurants	25	140
Takeaways	35	80
ICT & telecoms	15	80
Education	17	78
Architecture & engineering	5	76
Accommodation (incl. students)	15	73
Communication, media & advertising	14	65
General corporates & head offices	13	58
Coffee shops & cafes	18	56
Industrial councils & IPOs	10	55
Travel services	0	54

**** NOTE:** The retail figure of 799 is the total CBD retail figure (1 126) less restaurants (140), takeaways (80), coffee shops (56) and bars & clubs (51).

RETAIL BREAKDOWN

34 % **269** (or 34 %) of the CBD's **799** retail outlets (excl. restaurants, takeaways, coffee shops, bars & clubs) are in P4. Of these, the largest categories are:

24.5 %
Clothing
& footwear

5.9 %
Superettes

8.9 %
Mobile
devices

5.2 %
Laundry, dry
cleaning &
tailors

7.1 %
Hair salons

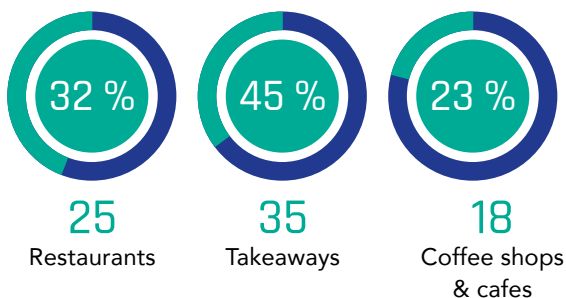
5.2 %
Chain stores



ENTERTAINMENT

8 % 4 (or 8 %) of the 51 bars and clubs in the Central City are in P4.

28 % 78 (or 28 %) of the 276 eateries (incl. the three categories below) in the Central City are in P4. Of these:



EDUCATION

17 (22 %) of the 78 educational institutions in the CBD are in P4.

MYCITI

P4 has four MyCiTi bus stops: Darling, Groote Kerk, Lower Buitenkant and Castle.

132 816

the number of people who boarded a MyCiTi bus in P4, while 171 838 alighted

BUS STOP	BOARDED	ALIGHTED
Darling	30 889	12 797
Groote Kerk	72 121	120 334
Lower Buitenkant	7 190	8 308
Castle	22 616	30 399
P4 TOTAL	132 816	171 838

SOURCE: City of Cape Town



Roamwork

CO-WORKING SPACES

19 % Three (or 19 %) of the 16 co-working spaces in the CBD are in P4.

LOCATION	NAME	WEBSITE
37 Buitenkant St	Tiny Empire	Tinyempire.co.za
27 Caledon St	CHIPS Co-Working	chips.capetown
50 Harrington St	Roamwork	roam.work



Harrington Cocktail Lounge



DEVELOPMENTS

Investment total Precinct 4:

R423 000 000

COMPLETED IN 2020

URBAN OASIS

LOCATION 91 Plein St

TYPE Hotel/aparthotel

INVESTMENT TBC

TOTAL **R000 000 000**

UNDER CONSTRUCTION

THE HARRI

LOCATION 75 Harrington St

TYPE Residential

INVESTMENT R70 000 000

SHIRO TOWERS

LOCATION Cnr Harrington & Commercial sts

TYPE Mixed-use

INVESTMENT R138 000 000

KESLER

LOCATION 53 Commercial St

TYPE Residential

INVESTMENT TBC

84 HARRINGTON ST

LOCATION 84 Harrington St

TYPE Mixed-use

INVESTMENT R135 000 000

TOTAL **R343 000 000**

PLANNED

NEIGHBOURGOOD EAST CITY

LOCATION 60 Corporation Street

TYPE Residential

INVESTMENT R80 000 000

TOTAL **R80 000 000**





Labotessa

ACCOMMODATION

RESIDENTIAL

22 % There are **15** residential buildings (22 % of the total residential complexes in the Central City) in P4, housing a total of **1 436** residential units (or 29 %) of the **4 954** units in the CBD. The three largest residential buildings in P4 are The Adderley (280 units), Four Seasons (205 units) and The Square (174 units). A total of 43 apartments were sold in the East City in 2020.

BUILDING	LOCATION	TOTAL UNITS	SALES 2020
4 Church Square	4 Church Square	45	2
Bijoux	31 Adderley St	26	0
Cartwrights Corner	19 Adderley St	126	8
Church Square House	19 Church Square	13	0
Four Seasons	43 Buitenkant St	205	4
Gold House	31 Harrington St	6	0
Hip Hop Plaza	39 Roeland St	37	2
Mutual Heights	19 Parliament St	161	4
Perspectives	37 Roeland St	176	3
Red Lion	111 Longmarket St	12	1
The Adderley	25 Adderley St	280	2
The Piazza on Church Square	37 Adderley St	102	3
The Square	64 Buitenkant St	174	12
The Wellington	22 Darling St	28	1
Wolroy House	37 Buitenkant St	45	1
TOTAL		1 436	43



Cartwrights Corner

HOTELS & BACKPACKERS

18 % 12 (or 18 %) of the 68 hotels and backpacker establishments in the CBD are in P4.



TOTAL 12



Piazza on Church Square

IN CONCLUSION

This ninth edition of the *State of Cape Town Central City Report 2020 – A year in review* is a special Covid-19 issue and also our largest one to date. It goes without saying that compiling it has been extremely challenging due to the restrictive, unique circumstances of gathering data in an ongoing pandemic.

It has also been sobering: downtown Cape Town has not escaped the economic devastation brought on globally by Covid-19. There were losses, for sure, but as the report shows, there were gains, too. The CCID is therefore proud to publish a bumper 72-page publication that is unwavering in its pursuit of accurate statistics and heartened by the overall economic position that the Central City found itself in in 2020.

The report is always the result of the work of multiple talented and committed collaborators, and the editorial team extends its grateful thanks to each and every individual, as well as the organisations, that have contributed to the success of the 2020 edition.



EDITORIAL TEAM

EDITOR Sharon Sorour-Morris

RESEARCHER Sandra Gordon

WRITERS Sandra Gordon,
Sharon Sorour-Morris

ART DIRECTOR Sean Robinson

MANAGING EDITOR Aziza Patandin

COPY EDITOR Renee Moodie

CONTRIBUTORS Kim Maxwell,
Allan Wantenaar

PHOTOGRAPHIC CONTRIBUTORS

Ryan Warneke (front, inside-front & back covers), Josh Rubin (pg. 2), Carmen Lorraine, Ed Suter, Scott Arendse, Sharon Sorour-Morris, Andrew Boraine, Boxwood Property Fund, Sean Robinson

REPRO Grant Mashonga

PRINTER Tandym Print South Africa

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13th Floor, 1 Thibault Square, Cnr Long St & Hans Strijdom Ave, Cape Town 8001, South Africa
Tel: +27 21 286 0830; aziza@capetownccid.org

 www.capetownccid.org  [@CapeTownCCID](https://twitter.com/CapeTownCCID)  [CapeTownCCID](https://www.facebook.com/CapeTownCCID)

