

THE STATE OF CAPE TOWN CENTRAL CITY REPORT 2018

A YEAR IN REVIEW



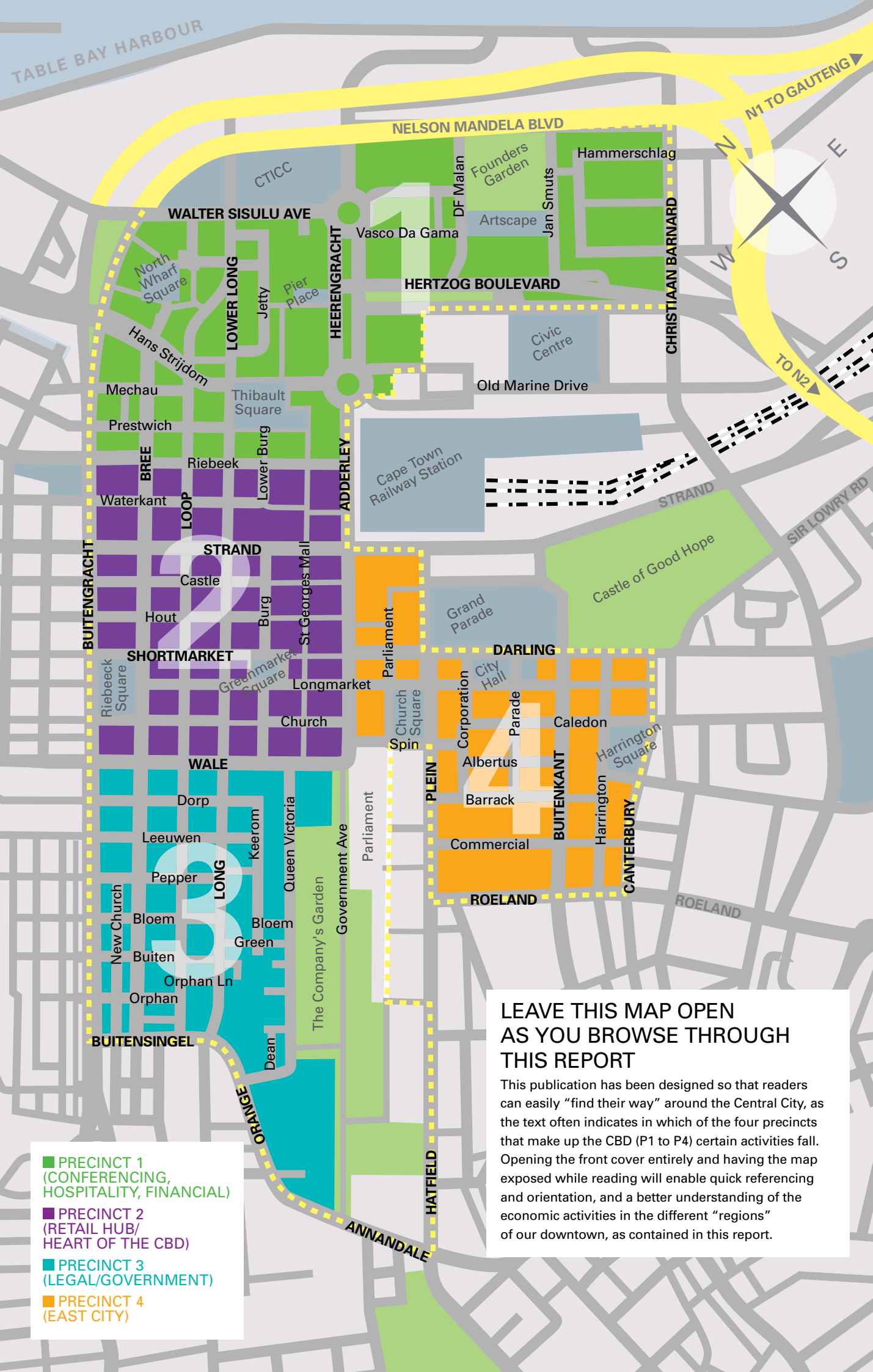
DEFINING THE CAPE TOWN CENTRAL CITY

For the purposes of this report, the Central City's geographical boundaries mirror the operational boundaries of the Cape Town Central City Improvement District (CCID) — a not-for-profit company mandated to manage and promote the Central City. The 1.62km² area is marked out by the yellow line on the map that appears on the inside front cover of this report.

The area is bordered to the north-east by Table Bay Harbour (the Port of Cape Town), including the V&A Waterfront; to the north-west by the largely residential suburbs known as the Atlantic Seaboard; the City Bowl, to the west and south; and District Six and Woodstock to the south-east. The area is divided into four precincts. Precinct 1, described as the conferencing, hospitality and financial precinct; Precinct 2, the retail hub and heart of the CBD; Precinct 3, the legal and parliamentary precinct; and Precinct 4, referred to as East City.

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





- 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.



Resilience is a word that has found its way into many of our discussions over recent months, and it has proved to be appropriate in discussing how Cape Town, its government structures, partners and our residents approach the challenges that we face.

Two decades ago, the City of Cape Town was turning into a grimy, crime-ridden and run-down city centre. Businesses were leaving and people no longer wanted to visit the CBD. By now, we all know about the amazing turnaround strategy to fix our city centre – and the critical role played by the introduction of the Central City Improvement District (CCID).

Business has returned, property prices are at record highs, and with the tremendous growth we have experienced over the last decade we are now finding ourselves faced with new challenges.

This city belongs to all of us, and we must be proud of what we have here. We must continue to look after our city and prioritise

inclusivity. I know our business sector is also mindful of this, and I am looking forward to all of us pulling together to ensure that Cape Town continues to be safe, caring, inclusive and a well-run city.

With partners like the CCID, I am confident that the City of Cape Town will continue to be one of the best-run cities in the world, continue to be the official festival and events capital of the world as named at last year's World Travel Awards, and continue to have the lowest unemployment in the country. The City and the CCID understand that crime evolves and that new strategies are required to ensure that the Central City remains a safe place to work, invest, play and live. We are increasing resources and adapting our strategies to respond to new challenges that have arisen and which require new solutions.

DAN PLATO,
Executive Mayor of Cape Town



There is more to Cape Town and the Western Cape than meets the eye. We are a beautiful place to visit but also a top business destination for new economy firms, and a rising economic powerhouse on the African continent.

Our city and province are leading the way. The Cape Town-Stellenbosch tech ecosystem employs more people than Lagos and Nairobi – our two major competitors in this sector – combined, making the Mother City Africa's tech capital.

We are also the location of the fastest growing green economy in Africa, with 70% of all South African renewable energy manufacturing taking place in the Western Cape.

And we are a global hub for business process outsourcing, with the Western Cape home to more than 60% of South Africa's international BPO seats.

This means that the industries that are poised for growth in the next decade are tackling the African market from here in our city and province. The future is right here.

But leveraging the opportunities of the future also requires managing risk in the present, and turning it into opportunity.

I am proud of what both businesses and residents in Cape Town achieved during the recent drought – the worst on record. By working together to reduce our water use, we helped build one

of the most water-resilient destinations in the world. This will make our city even more attractive to investment and tourism, as the world collectively faces the challenge of climate change.

As Cape Town and the Western Cape's official tourism, trade and investment promotion agency, Wesgro is working hard to build on our investment offer, and add to the 200+ major FDI projects that have landed in the Cape in the past decade, totalling US\$ 7.6 billion.

We cannot do this alone. Partnership and collaboration is the secret to our region's success. When the entire economic ecosystem works, Cape Town and the Western Cape succeeds.

On this note, I would like to thank the Cape Town Central City Improvement District (CCID) and its partners for all they do to ensure a world-class, well-maintained central business district in our city. Your efforts are a key ingredient to boosting tourism, and attracting investment now and into the future.

To the readers of this excellent publication, we encourage you to contact our Investment Promotion Unit and Investment One Stop Shop, so that we can help you build on your investment and the opportunity that our beautiful city presents.

We are honoured to be associated with the CCID and we look forward to working alongside you to grow our city's and province's economy.

TIM HARRIS,
Chief Executive Officer, Wesgro



The Greater Cape Town area has been recognised at the tech hub of Africa, with 450-550 tech start-ups in the region, which sit cheek by jowl with some of the world's largest tech companies who have made the decision to invest here.

The city has also recently overtaken Johannesburg as the leading financial centre in sub-Saharan Africa in the Global Financial Centres Index, proving that it really is a city of opportunity.

As the Western Cape Government, we are embracing technology, and the digital age as a way to develop and grow the economy. Our goal is to become a global tech hub, while at the same time developing digital skills and empowering young people.

The roll-out of broadband technology across the city and the province is helping connect our citizens to each other and to opportunities, too.

Cape Town is a dynamic city which goes beyond the idea of live, work and play to include eat, see and shop, too. By embracing innovation and building resilience to climate change through clean energy solutions, water management and sound environmental practices, Cape Town has the ability to become a world class smart city.

This is the future economy we are looking to build in which all of our citizens are able to participate.

MINISTER BEVERLEY SCHÄFER,
Minister of Economic Opportunities, Western Cape Government*
*(until May 2019)

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EXECUTIVE SUMMARY

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ROB KANE
Chairman, CCID



TASSO EVANGELINOS
Chief Executive Officer, CCID

Welcome to the 2018 edition of *The State of Cape Town Central City Report – A Year in Review*, which reflects on Cape Town's growth, development and challenges over the past 12 months.

Perhaps the most prominent theme to emerge from this year's report is that of resilience. According to the 100 Resilient Cities (100RC) network of cities – including Cape Town – urban resilience is defined as “the capacity of individuals, communities, institutions, businesses and systems within a city to survive, adapt and grow no matter what kinds of chronic stresses and acute shocks they experience”.

One such stress was the 2018 water crisis. The city successfully avoided running out of water (dubbed Day Zero) thanks to a concerted collective effort by people and businesses to reduce their water consumption. However, water restrictions remain in place, and a new water-saving culture needs to continue to ensure the city will never run out of water.

In addition, with national load-shedding affecting businesses and individuals, and a growing concern around waste management, there has never been a more appropriate time to consider how the city is able to respond to stresses and shocks, and to protect against similar or worse scenarios. Page 8 of this report explores the city's ability to do so and considers what steps are being taken by the public and private sector to do the same.

Another significant theme is that of Cape Town as a digital city. The city was the only African city ranked on the Savills Global Tech Cities Index, which measures various aspects, including the business environment, the tech environment, buzz and wellness, talent availability and real estate costs. Easily accessible broadband, co-working spaces and accessibility, among others, are all enablers for these index categories.

While the City's broadband implementation programme is under way, and steps are being taken to address the failing rail system and road congestion, there is still much to do. Pages 16, 17, 44 and 45 of the report explore these in more detail.

As in previous years, the report also considers the many other elements that make up the Cape Town CBD. The publisher, the Cape Town Central City Improvement District (CCID), is just one of many organisations working hard to ensure the Cape Town downtown area remains clean, safe, caring and open for business.

We extend our gratitude to every individual who contributed to this year's edition.

Most importantly, however, we thank the businesses, administrators, visitors and residents who work daily to ensure that Cape Town's Central City remains a vibrant, busy, thriving centre for people to work, live, visit and play.

ACCOLADES FOR CAPE TOWN 2018

1. Africa's top City of Opportunity, placed 24th out of 30 of the world's leading global centres of finance, commerce and culture (PwC).
2. Number one African city for hosting international association meetings, for the 10th consecutive year (International Congress and Convention Association).
3. In March 2019, credit rating Moody's changed its rating of the City of Cape Town from negative to stable, due to the City's management of the drought crisis.
4. Named the World's Leading Festival and Events Destination at the 2018 World Travel Awards.
5. For the second consecutive year, Cape Town International Airport was named the best in Africa.
6. Ranked 12th out of 15 World's Best Cities in 2018, a favourite destination for international travellers (*Travel & Leisure* magazine).
7. Named best-value long haul holiday destination in the UK's *Post Office Travel Money* 2018 Long Haul Holiday Report.
8. The University of Cape Town ranked 114th in the 2019 Best Global Universities Rankings, and top university in Africa.
9. Amazon announced that it would establish three data centres in Cape Town.
10. Africa's biggest tech hub, employing over 40 000 people – twice as many as Johannesburg (Cape Innovation and Technology Initiative, Wesgro and the Allan Grey Orbis Foundation).
11. City of Cape Town invited to submit a bid to host the World Rugby Sevens Series from 2019 to 2022 (SA Rugby Union).
12. Number one favourite city in Africa and Middle East, for the 17th consecutive year, and city with the best growth potential (*Travel & Leisure* readers' poll).

CAPE TOWN IN CONTEXT

The Cape Town Central City is an area 1.62km² in size and is the traditional downtown or central business district (CBD) of the Cape Town metropole located in the Western Province of South Africa. The following information offers a deeper overall understanding of the CBD, the Cape Town metropole and the Western Cape in the context of their relationship to the rest of South Africa.

GROSS DOMESTIC PRODUCT (GDP)

SOUTH AFRICA'S GDP:	WESTERN CAPE'S GDP:
R3 131 BILLION	R431 BILLION
(Q2 2018)	(Q2 2018)

71% Cape Town typically contributes around 71% of the provincial GDP. In 2017, South Africa's GDP per capita was R88 262, while the Western Cape's GDP per capita was R97 983. Cape Town's was R106 839.

In 2017, the city's highest gross value-added (GVA) sectors in its economy were:¹

SECTORS	CPT GVA
Finance and business services	+29.7%
Community services	+18.2%
Trade	+17.9%
Manufacturing	+14.4%
Transport	+11.9%

ESTIMATED POPULATION RATES 2018:²

SOUTH AFRICA:	WESTERN CAPE:	CAPE TOWN
56 521 948	6 510 312 [11.4%]	4 174 510



AIR TRAVEL

During the second quarter of 2018, 2 407 252 people passed through Cape Town International Airport – 27.0% of the total 8 918 395 passengers who moved through South Africa's three international airports.

CAPE TOWN WEATHER AVERAGES

ANNUAL TEMP:	ANNUAL PRECIP:	DAILY SUNLIGHT:	ANNUAL NUMBER OF RAINY DAYS:
17°C	475MM	8 HRS AND 11 MINUTES	101

LITERACY

National functional literacy rate:

86.3%

Cape Town's functional literacy rate:

99.0%

EMPLOYMENT AND UNEMPLOYMENT³

Employment in Cape Town increased to a record 1.6 million in the second quarter of 2018 – the eighth consecutive quarter of positive employment growth. The labour absorption rate (the percentage of the working-age population aged 15 to 65 years in employment) increased to 55.4% in the second quarter.

Cape Town's unemployment rate of 21.2%, recorded in the fourth quarter of 2018, is the lowest unemployment rate among South Africa's major metros. The city's expanded unemployment rate (including discouraged workers) was 22.0% in the second quarter, which is the lowest, compared with 37.0% in South Africa during the same quarter.

CARGO TONNAGE⁴

In the third quarter of 2018, 220 947 containers were handled at the Port of Cape Town, which accounts for 16.9% of all containers handled in South Africa. Currently, the Port of Cape Town is maintaining its position as the second largest container handling port. However, capacity constraints may impact this position in the short term. Transnet's approved plans for a multi-billion rand upgrade to the container-handling facilities should alleviate congestion problems in the medium term.

¹ SOURCE: Economic Performance Indicators for Cape Town, Q2 2018

² SOURCE: Mid-year population estimates 2018 (StatsSA)

³ SOURCE: Quarterly Labour Force Survey, Q4 2018 (StatsSA)

⁴ SOURCE: EPIC, Q3 2018



THE CENTRAL CITY IN NUMBERS

THE VALUE OF CENTRAL CITY PROPERTY

R42 860 981 211

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).

R2 798 000 000

The value of property, conservatively estimated and still to be officially assessed by the City, which has been completed in the Central City during the course of 2018.

R1 747 000 000

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

R4 296 000 000

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

R4 740 000 000

The value of property, conservatively estimated, that is currently proposed and is hoped to begin construction by 2020.

BUSINESS

A TOTAL OF 161 ACCOMMODATION AND TRAVEL BUSINESSES INCLUDING:

23

Embassies

3

airlines

39

Hotels

5

Student hostels

5

Car hires

60

Travel services



A total of 110 architecture, engineering and surveying firms

including the following:

61

Architecture

30

Engineering

17

Quantity surveying

2

Land surveying

21 BACKPACKER ESTABLISHMENTS

61

Conference and events venues

17

Co-working spaces

COMMERCIAL & RETAIL SPACE

1 062 023M²

Total commercial (office) space in the Central City:

11.8% Office vacancy rate as at Q4, 2018

266 478M²

Total retail space in the Central City

93% Retail occupancy rate as at Q4, 2018

A TOTAL OF 44 ARTISTIC STUDIOS

A TOTAL OF 101 COMMUNICATIONS, MEDIA AND ADVERTISING AGENCIES:

- 8 Advertising
- 4 Communications
- 7 Event management
- 31 Film and TV production
- 2 ICT (marketing)
- 9 Marketing and branding
- 11 Media
- 14 Printing and publishing
- 10 Public relations
- 5 Specialist/other

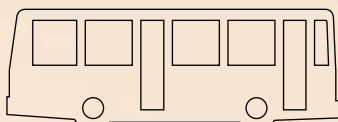
68 A TOTAL OF
CORPORATE
AND GENERAL OFFICES

A TOTAL OF 201 FINANCE, INVESTMENT,
INSURANCE AND BANKING OFFICES

A TOTAL OF 117 ICT AND TELECOMS BUSINESSES

A TOTAL OF 96 NGOs/NPOs & INDUSTRY COUNCILS

23 076 TOTAL
NUMBER OF
GOVERNMENT EMPLOYEES



29 335 NUMBER OF GENERAL
PUBLIC USING
GOVERNMENT FACILITIES DAILY

GOVERNMENT AND POLITICAL PARTY OFFICES

46

Government
agencies

25

Local
government

62

National
government

9

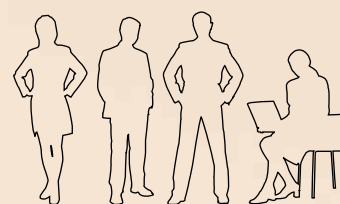
Parastatals

28

Provincial
government

12

Political
parties



RESIDENTIAL SPACE

61 The number of residential
complexes in the Central City

361 Number of units sold
(transferred to owners)
during 2018

R35 431M²

Average m² price transferred
during 2018

R2 100 000

Average price per unit transferred
during 2018

77.6M²

Average size of unit transferred
during 2018

A TOTAL OF 59 FREIGHT,
CUSTOMS BROKERING,
SHIPPING, IMPORT AND
EXPORT BUSINESSES:

10

Freight
forwarding and
customs
brokering

13

Import and
export

36

Shipping
companies

197

THE TOTAL OF
MEDICAL ENTITIES
IN THE CENTRAL CITY

MYCITI BUS RAPID TRANSIT

DURING 2018, A TOTAL
OF 3 168 313 PASSENGERS BOARDED
A MYCITI BUS WITHIN THE CENTRAL CITY,
WITH 3 159 467 ALIGHTING.

639 A TOTAL OF LAW FIRMS AND
ADVOCATES' OFFICES

02 DOING BUSINESS IN THE CENTRAL CITY

FROM RETAIL TO REMOTE WORKING

Building resilience for a prosperous future

This report is published by the Cape Town Central City Improvement District (CCID), a public-private partnership created in 2000 and the first city improvement district (CID) in Cape Town. The annual publication provides a comprehensive overview of the business of doing business in the Cape Town CBD.

The report analyses the state of the Central City, from property values to the diverse range of commercial sectors that have always supported its economy. It also considers other trends.

Cape Town is a recognised tourism and eventing destination, and a magnet for businesses operating across the retail spectrum. It has an active legal fraternity, a well-served financial services sector and is a creative centre for the communications and design businesses that operate within the CBD.

In recent years, Cape Town has also begun to make its mark as a digital

city. It is a recognised technology, business process outsourcing (BPO) and e-commerce hub, with reliable infrastructure, fast internet speeds and a commitment to supporting a young workforce.

The city is home to the most tech start-ups on the continent. The BPO sector supports call centres for global companies and online retailers, with a steady pipeline of call-centre employees.

Despite these positives, Cape Town's success hinges on the city's ability to prepare for, and guard against, the impact of climate change and its attendant consequences.

Most notably, Cape Town learned some significant lessons during the 2018 drought.

Capetonians rose to the challenge, averting Day Zero with globally recognised success. Businesses are also taking steps to manage their resources more effectively.



BREAKDOWN OF BUSINESS IN THE CENTRAL CITY

The following is an overall breakdown of the 3 090 businesses to be found in the Central City, as at the time of publication of this report.

1 038 Retail venues	110 Architecture, engineering & surveying	56 Property & real estate
639 Legal	101 Communications, media & advertising	59 Freight, customs brokering, shipping & import/export
201 Finance, investment, insurance & banking	94 Educational institutions & resources	44 Employment & recruitment agencies
197 Medical	96 Industrial councils & NGOs/NPOs	117 ICT & telecoms
161 Accommodation & travel	68 General corporate/head offices	44 Artistic studios
17 Co-working spaces		52 Specialised services



DESPITE SLUGGISH ECONOMIC GROWTH RATES AND RISING COSTS, THE CENTRAL CITY'S OCCUPANCY RATE HAS REMAINED STEADY



1 038 RETAIL VENUES
Retail is big business in Cape Town: out of the 3 090 private formal enterprises in the CBD, 1 038 were classified as retailers.



The city's success hinges on its ability to build resilience

As the city recovers from the drought, businesses, the City administration and individuals are transitioning from business as usual to a new normal of resource sensitivity.

Reflecting on the city's response to the drought, GreenCape, a not-for-profit organisation that helps Cape Town industries build resilience, suggested that, in building water resilience, businesses should first consider how they use water, and then assess how they can either reduce or reuse water on-site, or seek alternative water sources.

The organisation identified three key strategies for businesses to ensure they can build resilience in the face of shocks and stresses:

- Use partnerships and networks to drive collaboration;
- Prioritise and coordinate efforts;
- Drive initially short-term solutions, while building knowledge and capacity for long-term solutions.

In respect of energy security, the City of Cape Town is pushing for municipalities to be able to buy renewable energy directly from Independent Power Producers, enabling the city to mitigate against the failure of Eskom, the national power utility, to supply sufficient power to the nation. If this bid is successful, Cape Town residents will pay less for cleaner, more reliable power supplies.

GREEN ECONOMY

As one of the 100 Resilient Cities, Cape Town is increasingly being recognised as a leader in resilience. Energy and water constraints over the past years have forced City administrators and also private businesses to think differently about how they manage resources and about their ability to respond to future crises. Committing to reducing carbon emissions and mitigating the effects of climate change, planning for water security and reducing energy demands are all part of an important package that will ensure the city becomes resilient in the face of shocks and stresses such as the water crisis of 2018. These efforts to reform existing systems will facilitate future investments for the long-term sustainability of the city.

WATER: RECOVERY AND FUTURE-PROOFING

The unprecedented drought of 2018 brought into sharp focus the importance of changing mindsets around how the city consumes scarce resources.

At the height of the water crisis, in March 2018, Capetonians were restricted to using just 50 litres of water per person per day. This resulted in water consumption being reduced by more than half, from 1.2 billion litres per day in February 2015, to 516 million litres per day in February 2018. This is widely recognised as a world first. By contrast, it took Melbourne in Australia 12 years to achieve the same reduction after the “Millennium Drought” in 2000.

While Day Zero (when water supply ceases) was averted, the ongoing “new normal” of being a water-sensitive city has led individuals and businesses to reconsider how water is used, and to implement extensive water-saving measures.

The hot, windy summer of 2018 reduced dam levels slightly,





however the City of Cape Town reports¹ that water usage during the season remained conservative. Water restrictions were adjusted in March 2019 from Level 6 to Level 3 to support the city's recovery from the drought and as a precaution against uncertain rainfall in 2019 and 2020. The restrictions stipulate collective water usage of 650 million litres per day, equating to 105 litres per person per day. Despite these measures, and ongoing water-wise messaging, the drought had a knock-on effect on the economy. Cape Town's vital tourism industry reported a drop in tourist arrivals of between 15% and 20%, attributed to the drought. In December 2018, Cape Town Tourism reported that the industry was slowly recovering towards stability.

Crisis can lead to innovation. In September, the City of Cape Town launched a new rating system designed to encourage businesses to improve their water management practices.

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RESILIENCE CASE STUDY

Cape Town International Convention Centre²

For the Cape Town International Convention Centre, the construction of the second building, CTICC 2, not only increased the CTICC's hosting capacity but its physical footprint, which grew by 60%. As it expands its operations, water and waste management is critical.

Over the last year, it has reduced its water consumption by 30% and diverted 84% of its waste from landfill.

WATER: With various water-saving initiatives in place, in the last year its water consumption dropped from 42 500 kilolitres in 2016/17 to 29 600 – a 30.4% reduction (for CTICC 1 only). The organisation aims to become self-sustaining in the coming year, and it has commissioned a reverse osmosis desalination plant to help achieve that aim. The plant can produce 200 000 litres of non-potable water in 24 hours and store 400 000 litres – sufficient to meet the CTICC's maximum demand scenarios.

ENERGY: The CTICC experienced a 16.7% rise in delegate and visitor numbers during the last year, welcoming 486 314 people through its doors. Event numbers also rose, by 8.9%, from 482 in 2016/17 to 525 in 2017/18. This led to a 1.6% increase in energy consumption from primary sources (fuel) and energy generation to 31 657.7 total gigajoules. Despite the increase, consumption has been well-managed.

The CTICC's five-year strategy incorporates greater investments in generating electricity more sustainably and reducing consumption, using methods such as photovoltaic solar panels, solar water heating and heat pumps. Ensuring that building management systems always run at optimal levels is another key commitment.

WASTE: Waste produced in the last year increased by 22.8%, as CTICC 2 opened its doors, and with the increase in the number of events hosted. That said, 84% of waste was diverted from landfill to be recycled.

SUMMARY OF LEVEL 3 WATER RESTRICTIONS

- Overall city water-usage target: 650 million litres per day.
- Personal water-use limit: 105 litres or less per person per day.
- Watering with municipal drinking water using a bucket or watering can is allowed on Tuesdays, Thursdays and Saturdays before 09:00 or after 18:00 for a maximum of one hour on those days per property.
- Swimming pools may only be topped up or filled with municipal drinking water if the pool is covered with a non-permeable, solid pool cover when not in use; if backwash water is recovered; and if rainwater is used to top up the pool where practically possible.
- Vehicles, trailers, caravans and boats may be washed with municipal drinking water using a bucket.
- Commercial car washes may use municipal drinking water if industry best practice water conservation norms are applied and if at least 50% of the water used is recycled.
- Spray parks may operate with strict management to minimise water use.
- Tariffs lowered to Level 3 water and sanitation tariffs.

¹ <http://www.capetown.gov.za/Media-and-news/Cape%20Town%20keeps%20its%20average%20consumption%20for%20previous%20month%20under%20600%20million%20litres>

² <https://www.cticc.co.za/sites/default/files/brochures/CTICC%20Integrated%20Annual%20Report%202018%20FINAL.pdf>

(From page 9)

The tool considers water sources, how water is used, reduction measures and effluent management. The City has also amended water bylaws and introduced a Water Star Rating Certification system to help better manage water resources and future-proof the city for greater resilience.¹

The rating system is designed to encourage businesses, residential estates, health and education institutions and departments to manage, conserve and preserve water resources.

To date, the following entities have been certified:

ENTITY	STARS
Britos Investment Trust	1
Juno Corporation South Africa	1
Fusion Leather World (Pty) Ltd	1
TraX Interconnect	2
Aerosol and Cosmetics	2
Vital Health Foods	3
Vector Logistics Solutions	4
BG Servers	4
First Rand Group	4
Portside Body Corporate	4
SAB Newlands	5
Old Mutual Pinelands	5
Virgin Active Constantia	5
Astroenergy (Pty) Ltd	5

Businesses have also shifted their focus towards reducing water consumption, managing waste and better management of their energy resources in general. Some, such as Virgin Active, Woolworths and Growthpoint, have set targets towards net zero water, carbon neutrality and net zero waste.

ENERGY: REDUCING CARBON AND CONSUMPTION

Cape Town is building a culture of energy efficiency. According to the



City's 2018 *State of the Environment Report*, between 2012 and 2015, the City reduced its energy-related carbon emissions by 4.1%. The reduction is attributed to changing consumer behaviour, and also effective energy efficiency communication campaigns. That said, the City of Cape Town's *Cape Town Energy2040* report suggests that energy consumption and emissions would result in a tenfold

increase in energy costs to the Cape Town economy by 2040 if current consumption and emissions patterns continue as business as usual. This would erode the city's resilience and ability to resist external shocks and impacts. The City's *Energy2040* model presents its energy consumption and emissions targets for 2020, 2030 and 2040, including measures to achieve the targets within the residential, commercial and transport sectors.

¹ Key points of discussion centred around water and energy security, the amendments to the City's Water bylaw, its Water Star Rating Certification system, and its commitment to carbon neutrality targets.



CAPE TOWN'S CONSUMPTION (RELEVANT TO NATIONAL CONSUMPTION:)

TOTAL ENERGY:	PETROL AND DIESEL:	ELECTRICITY USE:
7%	10%	6%

CAPE TOWN'S CONTRIBUTION TO NATIONAL GDP:

11%

EMISSIONS BREAKDOWN BY SECTOR (RELEVANT TO CAPE TOWN):

TRANSPORT:	RESIDENTIAL:	INDUSTRIAL:	GOVERNMENT:	AGRICULTURE:
31%	24%	12%	3%	1%



RESILIENCE CASE STUDY: WOOLWORTHS

With its headquarters in the Cape Town CBD, Woolworths has a widely documented commitment to sustainability under its *Good Business Journey* platform, which focuses on various aspects of responsible business practices. Water, waste, energy and climate change form part of these focus areas, relevant to Cape Town's positioning as a resilient city.

Here's a summary of some of the steps the business is taking, and targets it has set towards a more resilient and sustainable future:

- To phase out single-use shopping bags by 2020
- All packaging to be reusable or recyclable by 2022
- Helping farmers prepare for water shortages
- Instituting a company-wide drive towards product traceability and ethical sourcing on key commodities
- Reducing the relative energy footprint by 50% by 2020
- Applying green design practices across all Woolworths facilities
- Installing rainwater harvesting and reuse systems at stores, head office and distribution centres in the Western Cape
- Tapping into an underground water supply that can provide 57% of water at head office
- Installing water pulse meters in 90% of its stores, to monitor water usage, detect leaks and curb wastage, resulting in a 56% reduction in relative consumption
- Helping the WWF to clear alien vegetation that captures up to 7% of South African water resources.

CLIMATE CHANGE: MEASUREMENT AND MITIGATION

In 2017, Cape Town was ranked among the top five out of 533 cities in the world for demonstrating leadership in climate disclosure, alongside Mexico City, Paris, Sydney and Vancouver. This measures annual energy and climate action data for the Carbon Disclosure Project. These achievements contribute to the goals set during the 2015 Paris Agreement, which committed cities across the world to reducing their emissions. The City measures its carbon footprint every year, and produces more in-depth reports every five years.

Under the C40 Deadline 2020 and the South African Buildings Programme, the City of Cape Town has committed to achieving carbon neutrality by 2050, including carbon neutral new buildings by 2030. These commitments align with the City's Climate Change Policy and resource efficiency programmes, and extend the City's Energy2040 programme, under which the City aims to achieve a 37% reduction in carbon emissions by 2040, or 13% by 2022. Voluntary programmes such as the Green Building Council of South Africa's Net Zero Certification, and policies and bylaws, will help to facilitate those commitments. Under a R12.7-million grant agreement with the US Trade and Development Agency, the City is also investigating the use of natural gas, methods to convert methane gas into energy, and the use of more energy-efficient lightbulbs to reduce carbon emissions.

This also influences the property sector, as the City considers plans for developing precinct-scale net zero development conditions and plans to retrofit existing buildings. Incentives to promote net zero carbon buildings and precincts will also contribute to the City's goals.

INVESTMENT PARTNERS

Several investment agencies operate in the Cape Town Central City, with a mandate to foster a strong economy, contributing towards the CBD's economic viability and future sustainability growth.

These partnerships, supported by relationships across the private and public sector, exist to enable businesses to thrive and attract sustainable investments that can secure the future of the CBD.

CAPE TOWN CENTRAL CITY IMPROVEMENT DISTRICT (CCID)

The CCID was established by local property owners with a vision for the Cape Town CBD to rise from the prevailing crime and grime to become a sought-after urban environment once again. Since inception, the CCID's primary mandate has been to keep the Central City safe, clean, caring and 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.

Like the 41 other city improvement districts in the metropole, the CCID 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.

Overseen by a board of directors, the CCID is made up of three operational departments – Safety & Security, Social Development and Urban Management. A Communications department collaborates across all three of these to promote the CCID's work and investment in the Central City.

A fifth department manages financial and HR-related administration. With a full-time staff of 22 people, the CCID oversees a total workforce of over

620 people who carry out the organisation's mandate to manage the spaces in between the buildings of Cape Town's traditional downtown or CBD area.

WHERE: 13th floor, 1 Thibault Square, Cnr Long St & Hans Strijdom Ave (Precinct 1)

■ www.capetownccid.org

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 Western Cape as a competitive business and leisure destination globally". The agency promotes economic activity in the province to facilitate job creation.

It does this 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.

WHERE: SA Reserve Bank Building, 60 St Georges Mall (Precinct 2)

■ www.wesgro.co.za

CAPE CHAMBER OF COMMERCE AND INDUSTRY

Established in 1804, and representing businesses of all sizes and in all sectors, the Cape Town Chamber of Commerce and Industry is mandated to serve, enable and lead business. This is achieved via a multitude of services, networking opportunities as well as robust advocacy on behalf of business.

WHERE: 4th floor, 33 Martin Hammerschlag Way, Foreshore (Precinct 1)

■ www.capechamber.co.za

THE WESTERN CAPE ECONOMIC DEVELOPMENT PARTNERSHIP (EDP)

The EDP is a non-profit company

1 080 tonnes of waste was swept off the streets of the CBD during 2018



established in 2012 as a collaborative intermediary organisation, to work with and between broad-based 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 goal to create a resilient, inclusive and competitive region, and to contribute 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 that had initially been 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.

WHERE: 24th floor, Atterbury House, 9 Riebeek St (Precinct 2)

■ www.wcedp.co.za

ACCELERATE CAPE TOWN

Accelerate Cape Town is a business leadership organisation representing top-tier corporates in Cape Town. Established in 2006, it provides a forum for business to connect and catalyse action to position Cape Town for growing economic success as a globally

recognised business destination in Africa. It achieves this by:

- Connecting business, government and higher education to grow relationships and catalyse action through its extensive networking and events.
- Conceptualising programmes and accelerating initiatives to provoke action-oriented discussion on topical issues.
- Providing a conduit for private sector participation in larger government-driven initiatives, as well as ensuring business continuity in the event of political upheaval.
- Advocating for policies that support economic growth and representing the views of business.

WHERE: 8th floor, MSC House, 1 Mediterranean St, Foreshore (Precinct 1)

■ www.acceleratecapetown.co.za

INVEST CAPE TOWN

In 2016, the City of Cape Town launched the Invest Cape Town initiative to continue to build the city's brand as a world-class investment destination.

By promoting the city'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 were opened in 2017 at the same time and in the same space as those of InvestSA Western Cape as a collaborative one-stop shop for investors into Cape Town and the province.

WHERE: Cape Sun Hotel, entrance on St Georges Mall (Precinct 2)

■ 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) was opened in the Cape Town CBD in September 2017. The office promotes investment specifically into the province by streamlining regulatory



994 NUMBER OF ROAD REPAIRS UNDERTAKEN IN 2018

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 registration, permits and licencing and regulatory matters.

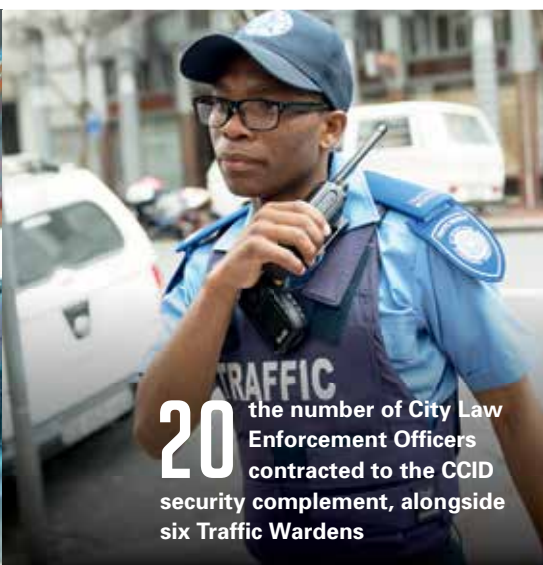
Representatives from government entities like the South African Revenue Service (SARS), departments of Home Affairs and Environmental Affairs, Eskom and the Companies and Intellectual Properties Commission, all operate under one roof in the office in St Georges Mall.

Wesgro has been appointed as the management entity. InvestSA is the primary shareholder in the One Stop Shop, in partnership with the Department of Trade and Industry (DTI) and the Department of Economic Development and Tourism (DEDAT).

Twelve governmental partners also operate from the provincial operation and a ministerial committee is in place to expedite regulatory blockages at ministerial level.

WHERE: Cape Sun Hotel, entrance on St Georges Mall side (Precinct 2)

■ www.investsa.gov.za



20 the number of City Law Enforcement Officers contracted to the CCID security complement, alongside six Traffic Wardens

SPOTLIGHT ON CALL CENTRES AN OFFSHORE OUTSOURCING HUB

The Western Cape's business process outsourcing (BPO) sector in numbers (2017):¹

54 864 PEOPLE

In the Western Cape, 54 864 people are employed in the sector, domestically and offshore

60.9% The Western Cape has cornered 60.9% of the country's international BPO market share

75.9% of BPO sector agents are permanently employed

In 2018, for the fifth year, the Global Sourcing Association (GSA) named South Africa *Global Destination of the Year*, ahead of competitor countries including Ukraine, Mauritius and Northern Ireland. The award entrenches South Africa's reputation as a sectoral pocket of excellence for the business process outsourcing (BPO), also known as business process services (BPS), sector. The sector is supported by a talented, scalable labour pool and the backing of government, which recognises the sector as a job creator for unemployed youth in the country, and which seeks to attract international outsourcing operators. The national offshore BPO market

has grown, on average, by 20% a year since 2012. The United Kingdom is the leading buyer of offshore services (67%), followed by Australia (21.5%), the United States and Europe.

In the Cape Town metropole, the BPO sector has been the leading contributor to job growth in the city during the past decade, hosting 60% of the country's BPO centres. This accounts for 51 000 jobs, including 20 500 international seats. The Cape Town CBD hosts 30 call centres, comprising 12 international and 18 local centres, servicing primarily inbound customer services and debt collection services. In 2017, financial services dominated the Western Cape's BPO sector, at 40.4%, followed by retail, at 17.2%. In January 2019, the Department of Trade and Industry introduced the Global Business Services incentives with the objective of creating employment through offshore services activities. In addition, the incentives are intended to create youth (aged 18 to 31 years) employment opportunities and to contribute to the country's export revenue.

Service functions performed by the BPO industry in the Western Cape:²

	2015	2016	2017
Inbound customer service	52.9%	55.3%	47.6%
Debt collection	14.0%	12.5%	16.4%
Outbound sales	9.7%	6.2%	14.4%
Inbound sales	8.1%	14.7%	9.1%
Legal Process Outsourcing (LPO)	-	2.5%	2.6%
Shared Services Centre	-	-	2.3%
Finance and Accounting (F&A)	-	0.2%	2.2%
Other back office processing	13.7%	6.7%	5.1%
Other	1.7%	1.9%	0.3%



1-3 SOURCE: BPESA BPS Key Indicator Report 2018



The BPO sector creates jobs for contact centre agents, but also skilled roles in human resources, training, sales and marketing, workforce management, finance, technical and information technology (IT), administration and facilities management.

Top international markets (offshore) serviced by the Western Cape:³

	2015	2016	2017
United Kingdom	62.0%	66.7%	62.1%
Australia	10.8%	17.1%	16.0%
US	12.9%	5.0%	1.0%
Germany	6.8%	5.5%	3.9%
France	1.7%	0.9%	1.7%
Netherlands	1.5%	0.9%	0.5%
Other	4.3%	3.9%	14.8%

Percentage of agents employed in the six top sectors in the Western Cape:

	2015	2016	2017
Financial Services	43.8%	25.7%	40.4%
Retail	11.6%	15.8%	17.2%
Telecoms	19.3%	30.6%	15.8%
Travel	-	-	4.9%
Energy	4.6%	7.6%	4.4%
IT	6.1%	4.2%	3.9%
Transport	4.4%	5.9%	2.7%

The City has created an enabling environment for the BPO sector to flourish.

It funds Business Process Enabling South Africa (BPESA), with a specific mandate to grow the sector in the city.

It has also prioritised other factors, such as energy security, clean governance, good air access, and a One Stop Shop for investors as part of a package to ensure the city remains investment-ready for the BPO sector.

In addition, with many call centres operating on international time zones, the BPO sector offers a significant opportunity for the development of Cape Town's night-time economy and is a driver for the case to create safe, reliable and affordable public transport after hours. In 2018, the GSA hosted the first Global Sourcing Summit organised by BPESA in Cape Town. The event attracted 240 global industry

leaders over four days, which resulted in a commitment to bring 1 000 new sector-related jobs to the city and to South Africa as a whole.

BPO operators with a presence in the Cape Town CBD:

- Lufthansa
- Buongiorno
- Pixelfaerie
- Simply Talk
- SA Commercial
- Direct Channel
- Izinga Call Centres
- MFS Tracker
- 118 Contact Centre
- Truworthe's Call Centre
- Global Media Services
- Teleperformance South Africa
- Wonga

The Brexit effect

Currently, the UK accounts for more than half of the South African call centre market. The impending divorce between Britain and European Union – set, at the time of writing, for 31 October 2019 – may be an advantage for the local BPO sector, as UK companies move their operations offshore. Some predictions suggest that these moves could cut costs by up to 60% below those in Australia and Britain. Webhelp, a South African BPO firm that employs 35 000 people around the world, has indicated that at least two new UK brands have shown interest in setting up shop in South Africa in 2019.



THE DIGITAL CITY

Cape Town is a recognised hub for technology development and innovation. According to a study conducted by the Cape Innovation and Technology Initiative (CiTi) and the Allan Gray Orbis Foundation,¹ Cape Town employs more people in the tech sector than anywhere else in Africa. As a tech hub, the city offers over:

40 000 JOBS IN THE INDUSTRY

This is significantly higher than other technology hubs such as Johannesburg (which employs 20 000), Lagos (9 000) and Nairobi (7 000).

According to a PWC report, 56% of emerging tech or tech-enabled companies are headquartered in the Western Cape, with the majority based in Cape Town. In particular, over the past decade, the city has become a leader in mobile software, revenue management and payment processes, with R4.7 billion of foreign direct investment (FDI) in software and IT services.

The report says the “lifestyle of Cape Town promotes creativity, innovation, and inspiration because of the mountains, ocean and nature ... People are coming here to be creative and

innovative. They’re drawn to it. There’s a tech culture that has boomed here, with technically innovative products.”

This supports the findings of research conducted by international property consultancy, Savills, whose Tech Cities Index ranks Cape Town at 30 out of 30 Tech Cities globally. Savills defines a Tech City as “important centres for tech in their region and [venture capital] hotspots. Vibrant cities in which to live and work, they are magnets for talent ... Tech Cities are outperforming other global centres. GDP across the 30 Tech Cities is forecast to rise by 36% in the next decade,



TECH SECTOR NEWS HIGHLIGHTS:



■ Luno, a crypto-wallet with nearly two million users, was started in Cape Town and now operates in more than 40 countries with over 250 employees around the world. It was named the UK’s fastest growing tech startup in 2018.

■ In October, Amazon announced plans to construct a new office complex in Cape Town, with eight locations under consideration, including the Foreshore precinct. The campus could accommodate up to 10 000 employees.

■ In March 2019, the City of Cape Town and the Department of Science and Technology hosted Africa’s largest tech conference, the inaugural Africa Tech Week.

¹ https://www.citi.org.za/wp-content/uploads/2018/07/CiTl_Cape-Town-Stellenbosch-Endeavor-Insight-Report.pdf



against a rate of 19% across other developed cities.” Cape Town is the only African city on the index.

The Savills Tech Cities Index measures cities against over 100 individual metrics in six categories, which are: Business Environment, Tech Environment, City Buzz & Wellness, Talent Pool, Real Estate Costs and Mobility. The metrics consider every aspect of a city, from how long it takes to start a business, to the cost of a flat white coffee.

Cape Town’s success as a digital city is driven by the presence of widely available information and communication technology (ICT) skills and an entrepreneurial culture, supported by an attractive working environment and appealing lifestyle. Other contributing factors include a strong supporting network of companies and institutions and e-commerce and tech-enabled business, such as payment gateways, tech incubators, co-working spaces and accessible broadband services. The availability of venture capital is also a factor: in 2015, the Western Cape hosted 75% of the country’s venture capital deals.

A diverse value chain and supportive ecosystem is also an attractive prospect for startups and tech businesses wanting to attract skilled talent, which is available through a pipeline of graduates from educational institutions in and around the city.

In the venture capital sector, the Western Cape remains the number-one province in the country for the number and size of deals, with 51.9% of deals originating from companies based

in the province. In terms of total deal value, the Western Cape accounted for 49% of value, compared against Gauteng, with 44.7%.

TECH AS AN ENABLER

Set to be completed in 2021, the City of Cape Town’s broadband project aims to provide a fully functional, municipal-owned fibre-optic network to serve the entire metropole. To date, over 950km of fibre-optic cables and 400 free Wi-Fi zones have been installed across the metro. Over 300 City-owned buildings have been connected.

The City’s Connect Pilot Project, launched in January 2018, seeks to provide affordable open access high-speed fibre connections to over 1 000 commercial buildings in the CBD. The pilot was initially designed to connect four city blocks, encompassing Loop, Long, Church, Longmarket, Burg and Wale streets.

Education group Curro is one example of the growing tech business landscape in the city. The JSE-listed group has launched a new tech-focused schooling model at its new campus located on the Foreshore. Providing learners with digital learning materials and laptops pre-loaded with software and textbooks, Curro’s technology-driven model seeks to create a new generation of learners who have the right skills for the future workplace.

StatsSA reports that 70.8% of residents in the Western Cape have access to an internet connection. Under a scheme instituted by the provincial government in December 2018,

residents in the province will receive three gigabytes of data on their devices every month by logging into free public Wi-Fi hotspots around the province.

The data distribution is part of a R3-billion programme to expand public Wi-Fi network access, and in particular, to provide broadband connectivity to schools, libraries, health clinics and offices.

In October, the City of Cape Town signed an agreement with cell phone operator Cell C to provide public connectivity using street light poles, city buildings and public transport infrastructure. This kind of connectivity is an enabler for business in general, but for tech-driven businesses in the CBD in particular. It will facilitate better service delivery, expand economic opportunities and provide better connectivity for visitors and residents in the Central City.

THIRD SPACES ARE THE NEW WORKPLACE

The digital city also facilitates a new way of working, in which a more mobile, connected, digital-savvy generation of freelancers, startups and entrepreneurs are no longer tethered to a single workplace. Rather, work happens in “third spaces” such as coffee shops, airline-style working lounges and co-working spaces supported by flexible availability, shorter contracts and leases, high-speed Wi-Fi connections, laptops and mobile devices and cloud computing. Desire to avoid traffic congestion and lifestyle choices are adding to the demand for more flexible working arrangements.

Co-working space operators such as Workshop 17, which has opened a new space in Harrington House, Barrack Street, and Cube Workspace and Ideas Cartel, which has buildings in Loop Street and Waterkant Street, are some examples of how traditional workplaces are evolving. Ideas Cartel offers private and shared offices, with meeting spaces and boardrooms, as well as smaller pods for individuals who want the connection of having other people around them, but the privacy of their own workspace.

Page 34 of this report examines the co-working trend in more detail.

RETAIL ECONOMY REPORTBACK

A TOTAL OF 1 038 ENTERTAINMENT & RETAIL ENTITIES BROKEN DOWN AS FOLLOWS:

9 Adult entertainment

4 Adult-themed shops

4 Theatres

51 Bars & clubs

21 SPORTING GOODS (EQUIPMENT & CLOTHING)

11 Barber shops

9 Opticians & eyewear

37 Hair salons

34 Health & beauty (incl spas)

8 Pharmacies

14 Gyms

9 BOOKSELLERS & PUBLISHERS

22 NUMBER OF CURIOS & MARKETS

12 CAR DEALERS
4 MOTORCYCLE DEALERS
21 MOTOR PARTS & REPAIR BUSINESSES
4 PETROL STATIONS

15 DISCOUNT SHOPS **1** FLORIST

42 FURNITURE, LIGHTING & DÉCOR

9 HARDWARE STORES

19 LAUNDRY, DRY CLEANING, SHOE REPAIRS & TAILORS



1 AUCTIONEER

26 ART GALLERIES

12 DEPARTMENT STORES



108

Clothing & shoes

8

Fashion accessories & handbags

43

Jewellery design & manufacturing

5

Vintage & secondhand

8 BAKERIES

3 BUTCHERIES

14 LIQUOR STORES & WINE MERCHANTS

153 RESTAURANTS

58 COFFEE SHOPS

76 TAKEAWAYS

41 MOBILE DEVICES (CELL PHONES)

19 ELECTRONICS, PHOTOGRAPHY & MUSIC

8 INTERNET CAFÉS



6 LOCKSMITHS & SECURITY

2 PLUMBING & SANITARYWARE

5 LUGGAGE & LEATHER GOODS

2 PAWN SHOPS

21 SPECIALITY SHOPS

22 SUPERETTES

7 SUPERMARKETS

|||||

7 Postage & courier

20 Printing, copying & lamination

3 Stationery & packaging



|||||





RETAIL OCCUPANCY RATES

Retail is big business in the Cape Town CBD: out of the 3 090 private formal enterprises to be found in the Central City, 1 038 (as at December 2018) were classified as retailers.

While growth rates and rising costs have placed household finances under continued pressure, the Central City's retail occupancy rate has remained steady at 93% in

December 2018 – unchanged from December 2017.

The East City, in particular, is becoming a retail and entertainment hub. According to the CCID's retail survey, several new retail and entertainment venues opened during the course of 2018. These are the two most prominent business sectors in the area.

Despite a lagging economy, a notable trend is the increase in artistic studios and art galleries in the CBD, influenced by an influx of buyers and collectors seeking to invest in South African and African artistic talent.

Another highlight in the CBD's retail environment is the rise of food retail, which has also surged in the last year. Research shows that 153 restaurants

PRECINCT 1

	DEC 2018	DEC 2017
Total retail space available in precinct (m ²)	45 552	47 956
Street-level retail space	45 552	47 956
Inside shopping centres (m ²)	N/A	N/A
Space occupied (m ²)	37 775	38 999
Occupancy as a %	83%	81%

COMMENTS ON PRECINCT 1:

Total retail space in P1 dropped by 2 404m² during the course of last year. The decline was largely due to renovations which resulted in retail space being absorbed into the new Netcare Christiaan Barnard Memorial Hospital.

PRECINCT 2

	DEC 2018	DEC 2017
Total retail space available in precinct (m ²)	93 757	92 756
Street-level retail space	81 147	80 146
Inside shopping centres (m ²):	12 610	12 610
■ Picbel Parkade		
Space occupied (m ²)	88 391	88 474
Occupancy as a %	94%	95%

COMMENTS ON PRECINCT 2:

P2 saw a slight increase in retail space available, resulting in a slight drop (1%) in occupancy year-on-year.



	TOTAL M ²	OCCUPIED M ²	VACANT M ²
P1	45 552	37 775	7 777
P2	93 757	88 391	5 366
P3	28 753	24 581	4 172
P4	98 416	95 800	2 616
TOTAL	266 478	246 547 (93%)	19 931 (7%)

are operating in the CBD, up from 114 in 2017. In line with international trends, there are also plastic-free grocery stores, established to help consumers reduce their use of plastic in their grocery shopping.



SUMMARY OF TOTAL OCCUPANCY OVERALL ACROSS ALL FOUR CENTRAL CITY PRECINCTS:

The total volume (m²) of retail space available across all four precincts of the Central City as at December 2018 amounts to 266 478m², a decline of 1 761m² from the 268 239m² recorded at the end of 2017.

There has been no change in the occupancy rates, which have remained steady at 93% (December 2018).

PRECINCT 3

	DEC 2018	DEC 2017
Total retail space available in precinct (m ²)	28 753	29 849
Street-level retail space	28 753	29 849
Inside shopping centres (m ²)	N/A	N/A
Space occupied (m ²)	24 581	26 588
Occupancy as a %	85%	89%

COMMENTS ON PRECINCT 3:

There has been a slight (3%) decrease in occupancy year-on-year within this precinct. Some retail space changes occurred during 2018 due to construction and businesses vacating their properties.

PRECINCT 4

	DEC 2018	DEC 2017
Total retail space available in precinct (m ²)	98 416	97 678
Street-level retail space	32 710	31 972
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)	95 800	95 212
Occupancy as a %	97%	97%

COMMENTS ON PRECINCT 4:

There has been no change in occupancy during the past year in this precinct. This is despite an increase in total retail space available (+738m²) that was matched by a similar increase in occupied space (+588m²). This precinct has the highest occupancy rate in the Central City.

RETAIL ECONOMY

CURRENT AND FUTURE TRENDS FOR THE RETAIL ECONOMY



There is still a great deal of scope for the development of retail offerings in the Cape Town Central City, not only in terms of new opportunities but also in embracing the direction in which this vibrant sector is moving. In this section we examine some of the more notable continuing and emerging trends.

GROWTH OF THE EAST CITY

The East City precinct has experienced significant growth, with many new developments and refurbishments in the area. This is a shift from the stagnation seen in the area during and after the 2008 economic crisis.

Residential accommodation has shifted from a largely transient market of rental properties to greater numbers of owner-occupiers, including many young professionals seeking the downtown lifestyle.

The night time and after-hours economy is growing, too, with several

new venues opening within the past year. The demand for commercial and retail space is also increasing, as tenants are seeking competitively priced CBD properties.

The East City is also home to several government departments with high staff and visitor volumes, as well as educational institutions that attract high student footfall. This increase in commuter and visitor population has also stimulated the development of retail establishments able to cater to the needs of the precinct's different communities.

Previously abandoned warehouses and storage facilities are being renovated to accommodate shops, office complexes, co-working spaces and entertainment venues. Ongoing construction and refurbishments will accommodate more outlets in the future.

Notable developments include the redevelopment of Harrington House

in Barrack Street, converted to a five-storey office block hosting design, fashion and creative businesses.

These above-ground businesses also employ hundreds of people. These employees then become retail customers who benefit other businesses in the area.

FOOD GLORIOUS FOOD

The most recent retail survey indicated that the number of coffee shops, restaurants and take-away outlets in the Central City increased last year. Restaurants increased from 114 in 2017 to 153 at the time of the survey. Coffee shops increased to 58 in 2018, up from 45; and takeaways/fast food outlets rose to 76 – up from 61 in 2017.

This reflects the growing number of people living and working in the CBD. It can also be attributable to the trend towards smaller and micro-apartments, with residents more likely to eat in



restaurants and coffee shops than to cook and eat at home.

The Central City's renowned food scene features a menu of culinary trends from Europe to Asia and Africa. Its café culture and artisanal food scene is also growing, with some downtown venues, such as *SeaBreeze Fish & Shell*, *La Tête* and *Truth Coffee*, featured in the South African 2019 *Eat Out 500 Best Restaurants* guide.

More vegetarian and vegan outlets are opening their doors, indicating a trend towards more health- and environmentally conscious consumers.

Aligned with this is a growing interest in botanical eating and drinking, foraging, health, and natural and fermented foods.

GETTING ACTIVE

The “play” part of the CBD's live, work, stay, play lifestyle not only incorporates entertainment venues

such as clubs and pubs: Gyms are a growing component, too, as people strive to get fit and stay healthy.

The Central City has a combined number of 35 gyms and sports shops according to the 2018 Retail Survey — up from 33 in 2017 — an indication of a more health-conscious city lifestyle.

PLASTIC-FREE SHOPPING

In line with global trends, “green” retailers in the CBD are ditching the selling of plastic and opening their doors to consumers who want to shop with a clear conscience. One example of this movement is *Nude Foods*, located in the East City. The bulk grocer offers a plastic-free shopping experience, selling 100% non-GMO products sourced from local suppliers, to customers who are encouraged to shop with their own containers to minimise waste.

SPOTLIGHT ON:

Art in the CBD

Cape Town's downtown hosts a vibrant, diverse, and expanding art gallery centre. The sector in the CBD is rapidly maturing, supported by the opening of two world-class museums on the outskirts of the city — the Norval Foundation in Steenberg and the Zeitz Museum of Contemporary Art Africa (MOCAA) at the V&A Waterfront.

Despite the sluggish economic conditions, local galleries and artists are attracting international attention, with a healthy flow of new collectors and clients seeking the diversity and innovation that characterises the work of local artists.

The most recent above-ground survey revealed an increase in the total number of artistic studios in the Central City, from 38 in 2017 to 44 in the last year. Just over half of these — 25 — are located in Precinct 2 and 12 are located in Precinct 4.

The growing popularity of First Thursdays in the Central City reflects a greater interest in art. On the first Thursday of every month, art galleries open until 21:00 or later, encouraging visitors to explore the CBD on foot and experience the cultural offerings in the downtown area.

One of the exciting exhibition trends last year included artist-led shows, held in unexpected spaces, and exhibitions addressing topical issues such as the #MeToo movement.



VISITOR AND EVENTING ECONOMY

WHAT TOURISM MEANS TO THE WESTERN CAPE ECONOMY

According to Wesgro, in 2017 the tourism sector in the Western Cape contributed over R38.6 billion towards the provincial economy and supported over 319 000 direct, indirect and induced jobs. Nationally, tourism supported over 726 000 jobs.¹

SUMMARISING TOURISM ARRIVALS TO THE WESTERN CAPE IN 2017:²

3.15 MILLION

the number of foreign and domestic tourist arrivals in the province

R24.7BN

expenditure by tourist arrivals

55% the percentage of overseas arrivals

45% the percentage of domestic arrivals

Leading international markets are the UK, Germany, USA, France & Namibia.

LONG-HAUL ARRIVALS BOOSTING NUMBERS

In 2018, despite the drought and other issues, Cape Town International Airport recorded 2.6 million long-haul international passengers – a 9.6% increase on the previous year.

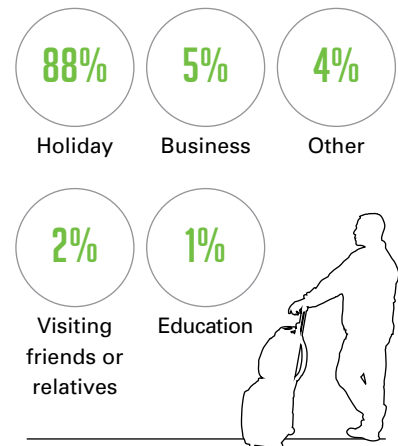
While the number of domestic passengers declined by 1.4%, overall, 10.8 million passengers passed through the airport (including people travelling for business and personal reasons, not only tourists), which is an increase from 2017 of 0.8%, or 84 000. These figures include repeat passengers.

The Cape Town Air Access Initiative is a partnership between the City of Cape Town, the Western Cape Government, Airports Company South Africa, Wesgro, Cape Town Tourism, South African Tourism and the private sector.

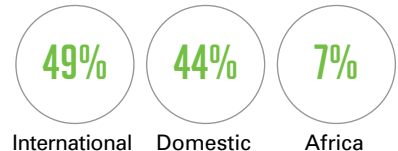
The initiative has helped attract 13 new routes through the airport, stimulating a R6-billion economic boost since 2015.

Top reasons why visitors come to Cape Town:⁶

DOMESTIC & FOREIGN: Purpose of visit



VISITORS TO CAPE TOWN BY REGION:



SPOTLIGHT ON: HALAL TOURISM

Halal tourism is on the rise, with an increase in Muslim travellers of nearly 30% since 2016,³ making this one of the fastest-growing tourism sectors. Globally, the value of the sector is set to rise from \$180 billion to \$300 billion within the next decade. Recognising this trend, with a rich Muslim history and large Muslim population, the City of Cape Town announced plans to reposition the city as a specialist destination for Islamic travellers.⁴ In 2017, over 81 000 tourists arrived from Middle Eastern markets, including the United Arab Emirates, Turkey and Doha. Wesgro estimates that the value of this opportunity will be around \$100 billion by 2025.⁵

In 2018, the annual MasterCard – Crescent Rating Global Muslim Travel Index (GMTI) ranked South Africa as one of the 10 most Muslim-friendly travel destinations among non-Organisations of Islamic Cooperation (PIC) countries.



¹ <https://www.iol.co.za/business-report/economy/sa-named-global-destination-of-the-year-17347336>

² SOURCE: Wesgro, Tourism in Cape Town and the Western Cape, Key Figures

³ <https://www.nytimes.com/2019/01/18/travel/the-rise-of-halal-tourism.html?action=click&module=Features&pgtype=Homepage>

⁴ <https://www.fin24.com/Companies/TravelAndLeisure/cape-town-western-cape-to-enhance-multi-billion-halaal-tourism-sector-20181015>

⁵ <https://www.iol.co.za/business-report/companies/huge-halaal-opportunity-for-the-cape-as-muslim-population-grows-17489106>

⁶ SOURCE: Cape Town Tourism

SPECIALISED OFFERINGS

Shifting segmentation offers an opportunity for specialised tourism offerings in the city. Wesgro identifies five different segments of visitors to the city:

Spontaneous Budget Explorers: Travel is a way to discover new people, places and adventures (aged 18-24).

New Horizon Families: Travel is a way to educate their children and provide an opportunity to broaden their perspectives. Quality family time and reward for hard work (aged 35 and older).

High-life Enthusiasts: Travel is a way to boost social status and to experience the finer things in life in new and different settings (aged 25-45).

Seasoned Leisure Seekers: Travel is a way of life and something of a necessity (aged 25-45).

Well-to-do Mzansi Families: Travel is all about escaping the city and spending time with family and friends in new and different locations (aged 25-45).



NEW BIG-BRAND HOTEL DEVELOPMENTS OPENED IN THE CAPE TOWN CBD IN THE PAST 18 MONTHS:

- 214-room Radisson Blu Hotel & Residence (Riebeeck Street)
- 504 rooms at Tsogo Sun SunSquare and StayEasy hotel complex (Buitengracht, Strand and Bree streets intersection)
- 32-room boutique hotel, Gorgeous George (St Georges Mall)

7 <https://www.capetownetc.com/news/economic-opportunity-cruises-into-cape-town/?fbclid=IwAR2rTF8uYiwylZGb8FugugP-nxeLs31Z51VfjAch9q4N198aOs7pJdfZFj8>



SPOTLIGHT ON: CRUISE LINERS

Cape Town's growing reputation has helped to stimulate robust growth for the cruise sector. In 2012, 6 050 passengers arrived at the Cape Town cruise terminal. Five years later, in 2017, 31 035 passengers disembarked from 19 vessels. This has a significant impact on the city's economy: one job is created for every 12 cruise tourists.

In terms of spending power, on average, international tourists spend R10 600 before their arrival, and around R8 400 when they arrive. Domestic tourists spend, on average, R1 280 per trip. According to Cape Town Tourism, between 2017 and 2027, the value of the cruise tourism industry is expected to be around R220 billion.

AVERAGE SPEND PER
DOMESTIC TRAVELLER
PER TRIP = R1 280⁷

RANGING FROM:

R2 780 for business
purposes

R2 290 for holiday
visitors

R1 740 for medical
treatment

AVERAGE SPEND OF INTERNATIONAL
TOURISTS PER TRIP:

BEFORE
ARRIVAL

R10 600

SPEND WHILE
IN CAPE TOWN

R8 400

LEISURE AND BUSINESS ACCOMMODATION IN THE CENTRAL CITY

There are currently 60 establishments in the CBD ranging from hotels to budget/backpacker venues.

Cape Town Tourism's monthly Accommodation Performance Review and Forecast Report provides the following occupancy and revenue per available room (RevPAR)¹ figures, comparing the past three years and tracking occupancy trends in the CBD versus the rest of the metro.

With a hotel RevPAR of R1 107.63 in 2017,² Wesgro reports that the Western Cape achieves the highest average revenue both across the provinces and nationally. The RevPAR in Cape Town was significantly higher than that recorded in any other metro market in the country.

Occupancies have fared less well. Hospitality researchers STR indicated that, between 2017 and 2018, hotel occupancies dropped by 6.5% to 65%; and revenues have declined by 1.7% to R1 765. Similarly, StatsSA research reflects a year-on-year decline in overseas tourists of 1.6% between January and November. PwC cites a stronger Rand and the water crisis as contributing factors for the decline.

Five new hotels have opened in the Central City over the past 18 months, adding an extra 2 000 rooms to the 11 000 existing rooms on the market. Some commentators have suggested³ that these additions have taken the city's hotel sector to saturation point, particularly in light of the drought and falling overseas visitor numbers.



HOTEL OCCUPANCY⁴

Cape Town lowest three occupancy months			Central City lowest three occupancy months		
2018	2017	2016	2018	2017	2016
Jun – 48%	Jun – 47%	Jun – 45%	Jun – 48%	Jun – 51%	Jun – 45%
Jul – 51%	Jul – 50%	Jul – 50%	May – 50%	Jul – 53%	Jul – 55%
May – 52%	Aug – 59%	May – 59%	Jul – 52%	Aug – 65%	May – 62%

Cape Town highest three occupancy months			Central City highest three occupancy months		
2018	2017	2016	2018	2017	2016
Feb – 82%	Feb – 90%	Feb – 89%	Feb – 83%	Feb – 87%	Nov – 88%
Nov – 76%	Mar – 83%	Mar – 84%	Nov – 79%	Nov – 85%	Feb – 87%
Mar – 73%	Nov – 81%	Nov – 84%	Mar – 77%	Oct – 80%	Mar – 87%



REVENUE PER AVAILABLE ROOM (REVPAR)

2018	Occupancy rate	Room Rate	RevPAR
Overall average Cape Town	64%	R1 654	R1 218
Overall average Central City	66%	R1 856	R1 423
2017	Occupancy rate	Room Rate	RevPAR
Overall average Cape Town	70%	R1 846	R1 289
Overall average Central City	72%	R1 943	R1 390
2016	Occupancy rate	Room Rate	RevPAR
Overall average Cape Town	71%	R1 698	R1 198
Overall average Central City	71%	R1 847	R1 314

¹ 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.

² SOURCE: Wesgro, Tourism in Cape Town and the Western Cape, Key Figures

³ <https://www.businesslive.co.za/fm/features/2019-02-07-is-cape-towns-hotel-market-headed-for-a-downturn/>

⁴ SOURCE: Cape Town Accommodation Performance Review & Forecast Report (Jan – Dec 2018)

ACCOMMODATION BY PRECINCT



CENTRAL CITY LEISURE ACCOMMODATION BY PRECINCT:

Precinct 2 has the largest number of hotels, at 14, followed closely by Precinct 1, with 13. However, Precinct 2 and 3 have the largest number of backpacker and budget establishments, with eight each.

As a result, Precinct 2 has the largest number of establishments, at a third of the total in the CBD. Precinct 4 has the fewest establishments, with just four hotels and four backpacker or budget hotels.

Hotels in the CBD comprise six 5-star, 18 4-star and 14 3-star hotels with only one 1-star hotel.

ACCOMMODATION IN THE CENTRAL CITY BY TYPE:

PRECINCT	# HOTELS	# BUDGET / BACKPACKERS	TOTAL
P1	13	1	14
P2	14	8	22
P3	8	8	16
P4	4	4	8
TOTAL	39	21	60

PRECINCT	5-STAR	4-STAR	3-STAR	1-STAR	BUDGET/ BACKPACKER
P1	2	8	2	1	1
P2	2	5	7	0	8
P3	2	3	3	0	8
P4	0	2	2	0	4
TOTAL	6	18	14	1	21

AT THE TIME OF WRITING,
THE HOTELS OPERATING
IN THE CBD INCLUDED:

6 FIVE-STAR	14 THREE-STAR
18 FOUR-STAR	1 ONE-STAR



FILM INDUSTRY

Traditionally, the Western Cape has been a popular destination for commercial productions: nationally, 62% of all shoot days were located in the province. However, Cape Town's water crisis had a direct effect on the film industry in 2016 and 2017. Wesgro believes that the negative messaging about the threat of Day Zero and the stringent water restrictions were responsible for a drop in both commercial and stills productions in the city. That said, the industry showed signs of recovery throughout 2018, assisted by the introduction of new industry incentives by the Department of Trade and Industry. Wesgro estimates that the industry contributes up to R6 billion to the provincial economy. The City of Cape Town has also frozen tariffs for the 2018/19 season, to encourage investment and job creation in the industry.



FILM CAPE TOWN LAUNCHED

In October 2018, the City of Cape Town, in partnership with Invest Cape Town, launched Film Cape Town, a new platform designed to support and promote the film and new media sectors, including commercial, film and television production, and animation and gaming studios. The portal was built as a reference point for production companies wanting to find local locations and talent, and relevant information relating to permits, visas and other incentives for filming in the province.



CAPE TOWN'S FILM AND NEW MEDIA INDUSTRY ACCOLADES:

- Cape Town Film Studios is the first custom-built, Hollywood-style film studio complex in Sub-Saharan Africa. Feature films including *Raider* and *Mad Max: Fury Road* have been filmed there.
- Cape Town hosts over 5 000 official locations owned by the City of Cape Town; and many other privately owned locations.
- Cape Town is the new-media hub of South Africa. More than half of the nationally registered gaming studios, and Africa's largest animation studios, are based here.

EVENTING, EXHIBITIONS AND CONFERENCES

Cape Town was named the World's Leading Festival and Events Destination at the World Travel Awards in 2018. Events are a significant economic driver, in terms of job creation, destination marketing, community building and seasonal inflow for the city.

The City of Cape Town issued 1 277 event permits and supported 180 events in 2018. Over the next year, just eight events will contribute more than R3 billion to the economy, creating over 20 000 temporary jobs.

ECONOMIC CONTRIBUTIONS DELIVERED BY MAJOR EVENTS HOSTED IN THE CITY

R408M Cape Town Cycle Tour

R600M Cape Town International Jazz Festival

R1.7 BILLION
OVER THE PAST SIX YEARS Design Indaba Conference

R674M HSBC World Rugby Sevens Series – Cape Town Sevens

R672M Old Mutual Two Oceans Race

R540M Volvo Ocean Race



For just the first six months of the 2018/19 financial year, Wesgro's tourism promotion unit, the Western Cape Convention Bureau, secured business events valued at R1 billion, arising from 24 bids expected to attract 32 080 delegates. These include several high profile events scheduled to take place over the next few years, most notably:

- Agricultural Technology Exhibition and Conference (Agritech 2020), attracting around 800 international exhibitors and delegates;
- General Assembly of the International Astronomy Union;
- International Hepato Pancreato Biliary Association World Congress;
- International Association for Paediatric Dentistry;
- Young Presidents Organisation (YPO), Edge and Global Leadership Conference (GLC).

The exhibition industry is a significant economic driver. Grant Thornton reports the sector contributed R66.5 billion to the national GDP between 2015 and 2016, adding R3 billion to the tax base and creating 135 100 sustainable jobs. Of that, trade exhibitions generated R4.95 million. Day visitors to exhibitions spend an average of R1 972 while non-local day visitors spend an average of R1 505.





SPOTLIGHT ON: CAPE TOWN INTERNATIONAL CONVENTION CENTRE

CTICC'S 2017/18 YEAR IN REVIEW¹

Contribution to GDP 2018:

R4.5 BILLION

Contribution to GGP* 2018:

R3.1 BILLION

Jobs created:

**8 553 DIRECT
AND INDIRECT**

REVENUE AND PROFITABILITY:

- **R246.3m revenue** (including other income)
- **+14.2% growth compared to the previous year**
- **R57.2m EBITDA*** (R32.9m or 135.4% above target of R24.3m)
- **85% Customer Satisfaction Index** (7% above target of 78%)

* Earnings before interest, taxes, depreciation and amortization.

ENVIRONMENTAL CONTRIBUTION:

30% reduction in water consumption
84% waste diverted from landfill

CORPORATE SOCIAL INVESTMENT:

R1.8m invested in community development support

THE CTICC'S ECONOMIC CONTRIBUTION

- R4.5 billion contribution to South Africa's national GDP
- R3.1 billion contribution to Western Cape GGP
- R40.8 billion cumulative contribution to South Africa's national GDP
- R35.1 billion cumulative contribution to Western Cape GGP
- 8 553 jobs created
- R288 million B-BEEE procurement (87% of net spend)
- 40% (of total supplier base) women-owned enterprise suppliers
- 49.5% women employed in the business (90 out of 182)

The Cape Town International Convention Centre (CTICC) celebrated its 15-year anniversary in 2018. In that time:

Cumulative economic contribution to the national GDP:

R40.8 BILLION

Cumulative contribution to the regional GGP:

R35.1 BILLION

DIRECT AND INDIRECT JOBS CREATED: 115 000

589

International events hosted

7 400

Events hosted

Value of SMME goods and services procured in the last decade:

R1 BILLION

CTICC visitors:

8.5 MILLION

Visitor days:²

17 MILLION

¹ SOURCE: CTICC 2017/18 Annual Report

*GGP = Gross Geographical Product

² Visitor days: the number of days delegates attend an event multiplied by the additional days they spend in the country as a result of that event, i.e. includes pre- and post-event stays, as well as stays of accompanying guests of delegates. (Grant Thornton definition, July 2018)

EVENTS AND CONFERENCING VENUES IN THE CAPE TOWN CBD

NAME	MAX.	ADDRESS
99 Loop P2	100	99 Loop St
African Pride 15 on Orange Hotel P3	696	Orange St
Artscape Theatre Centre P1	6496+	D F Malan St, Foreshore
Cameraland P2	50	68 Long St
Cape Diamond Hotel P4	80	Cnr Longmarket & Parliament streets
Cape Town Club P3	28	18 Queen Victoria St
Cape Town Lodge P3	718	101 Buitengracht St
Centre for the Book P3	500	62 Queen Victoria St
Central Methodist Mission P2	300	Greenmarket Square
City Hall (after renovation) P4	700	Darling St
Club 9 P2	300	Cnr Strand & Bree streets
Cocoon P1	200	2 Riebeek St
CTICC 1 P1	28990	1 Lower Long St
CTICC 2 P1	10104	Cnr Heerengracht & Rua Bartholome
Daylight Studio at Bree Street Studios P3	120	17 New Church St
District Six Museum P4	180	25A Buitenkant St
District Six Homecoming Centre P4	400	15A Buitenkant St
Fedisa (Cape Town Fashion School) P2	709	81 Church St
Hard Pressed P1	60	1 Bree St
Holiday Inn Cape Town P2	48	66 Strand St
Hollow on the Square Hotel P1	96	Cnr 9 Ryk Tulbagh Square & Hans Strijdom Ave
House of H P2	250	112 Loop St
Inner City Ideas Cartel P2	318	71 Waterkant St
Iziko Bertram House P2	60	Cnr Government Ave & Orange St
Iziko Old Town House P2	250	Greenmarket Square
Iziko Planetarium P3	140	25 Queen Victoria St
Iziko Slave Lodge P4	330	49 Adderley St
Iziko South African Museum P3	565	25 Queen Victoria St
Kings in Cape Town Hotel P2	30	33 Hout St

NAME	MAX.	ADDRESS
La Parada P2	150	107 Bree St
Martin Melck Courtyard P2	320	96 Strand St
Mavericks P4	120	68 Barrack St
Nasdak P1	298	Media24, 40 Heerengracht St
Pepperclub Hotel P3	276	Cnr Loop & Pepper streets
Park Inn P1	154	29 Heerengracht St
Pier Place P1	258	31 Heerengracht St
Protea North Wharf Hotel P1	60	1 Lower Bree St
Radisson Blu Hotel & Residence P1	362	22 Riebeek St
Southern Sun Cape Sun P2	1935	23 Strand St
Southern Sun The Cullinan P1	469	1 Cullinan St
Taj Cape Town P2	1568	1 Wale St
The Adderley P4	16	31 Adderley St
The Bank P3	590	54 Queen Victoria St
The Capetonian P1	250	Pier Place, Heerengracht St
The Castle P4	9830	Cnr Castle & Darling streets
The Carraway (Mutual Heights Building) P4	610	14 Darling St
The Crypt P3	125	1 Wale St
The Fugard Theatre P4	150	7 Caledon St
The Gin Bar (Upstairs) P2	100	64A Wale St
The Grand Daddy Hotel P2	216	38 Long St
The New Tulbagh Hotel P1	40	9 Ryk Tulbagh Close
The Townhouse Hotel P4	350	60 Corporation St
The Westin Cape Town P1	1516	Convention Square, Lower Long St
Touchstone House event space P1	100	7 Bree St
True Italic P1	60	15 Bree St
Tsogo Sun SunSquare & Stay Easy P2	380	23 Buitengracht St
Upstairs on Bree P2	85	103A Bree St
Youngblood Africa P2	300	70-72 Bree St
ZipZap Circus Dome P1	900	Founders Garden, Jan Smuts St



03 PROPERTY IN THE CENTRAL CITY



COMMERCIAL PROPERTY TRENDS

According to the South African Property Association (SAPOA) Q4 Office Vacancy Report (December 2018), the City of Cape Town continues to have the lowest office vacancy rate among the country's five largest metropolitan municipalities despite a 50 basis point increase during the quarter.

The SAPOA report analyses office vacancy rates by building size. At 4.3%, vacancy rates are the lowest in office buildings smaller than 1 000m², and larger than 20 000m² (6.4%). Vacancies are significantly higher in the middle tiers. During the final quarter of 2018, the highest vacancy rates were recorded for the 10 000 to 20 000m² and 5 000 to 10 000m² segments, at 15.25% and 14.3% respectively. Vacancy rates in office buildings sized between 1 000 and 5 000m² were 11.0%, across 1 555 properties.

Across the country, there has been an overall decline in developments under construction, which have fallen from 559 000m² in the third quarter to 426 000m² at the end of 2018. While development completions can account for this, the fall can also be attributed to the fact that developers have halted several speculative schemes in favour of the safety of tenant-driven development instead. Expressed as a percentage of existing market stock, development activity is currently at 2.3%, down from the 6.6% high in the

final quarter of 2007 – before the 2008 recession peaked – and below the long-term average of 4.4%.

On balance, the office sector in South Africa is still in its recovery phase with the overall vacancy rate remaining unchanged by the lack of growth drivers. Gross fixed capital formation by the business and financial services sector – a key leading indicator for office occupancy – declined during the final quarter of 2018. This lowers the probability that the vacancy rate will be meaningfully improved in the short term.

While inner city office vacancy rates are still higher than decentralised nodes, they have continued to converge since 2013. This reflects the previous two cycles, when vacancies were close to peak levels. The convergence appears to be caused by the fact that the CBD office vacancy rates typically decline before decentralised office vacancy rates. The decline is also driven in part by residential conversions that take office space off the market.

The majority of office development activity is concentrated in Gauteng: at the end of 2018, eight of the top 10 development nodes were located in that province. In Cape Town, the CBD is the only node ranked in the top 10 in terms of national office development activity, holding 8th place, with 4.8%.

SUMMARY OF RENTAL OFFICE SPACE IN THE CBD

(AS AT Q4 2018)

GRADE	TOTAL RENTABLE AREA (M ²)		AVAILABLE FOR LEASING		VACANCY RATE (%)		AVERAGE GROSS ASKING RENTALS (R/M ²)	
	2018	2017	2018	2017	2018	2017	2018	2017
Premium	52 000	52 000	3 520	5 512	6.8%	10.6%	185	185
A grade	388 383	361 883	48 350	21 567	12.4%	6%	150	145
B grade	513 786	515 262	57 972	53 733	11.3%	10.4%	116	110
C grade	107 854	118 878	15 845	23 231	14.7%	19.5%	95	85
TOTALS	1 062 023	1 048 023	125 687	104 043	11.8%*	9.9%*		

SOURCE: SAPOA Q4 2018 Office Vacancy Report

* Weighted averages

Total rentable space in the CBD increased by 14 000m² to 1 062 023m² at the end of 2018. This is a continuation of the gradual increase in available office space in recent years, despite the residential conversions that have taken office space off the market. Gradings explained on page 38.

The bulk of new office space added to the market over the past five years has been A-grade, while P-grade remained largely unchanged during this period. There is currently only one P-grade office building in the CBD – the Portside building in Buitengracht Street. A building must have a four-star green rating to be awarded P-grade status.

The office space removed from the market has primarily been C-grade. Available B-grade space has remained largely unchanged during the past five years (see below).

New buildings coming on to the market soon will have significantly higher asking rentals:

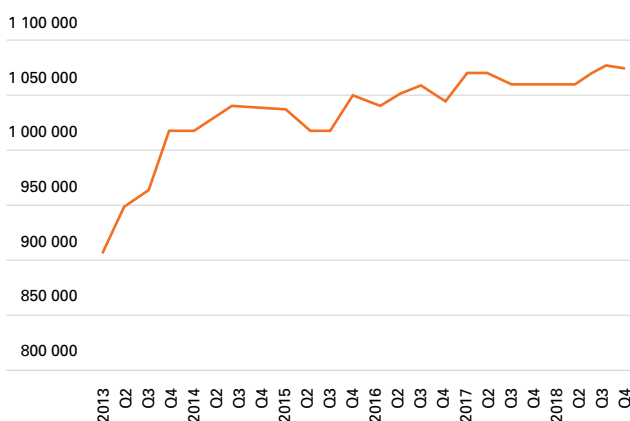
- 117 on Strand (Ingenuity), completion date Q2 2019, rental R220/m²
- 35 Lower Long (Abland), completion date end-2019, rental R266/m²

That said, these asking rentals may well decline during negotiations.

At best, developers anticipate that rentals will remain flat in 2019, given the sluggish economic growth rate.

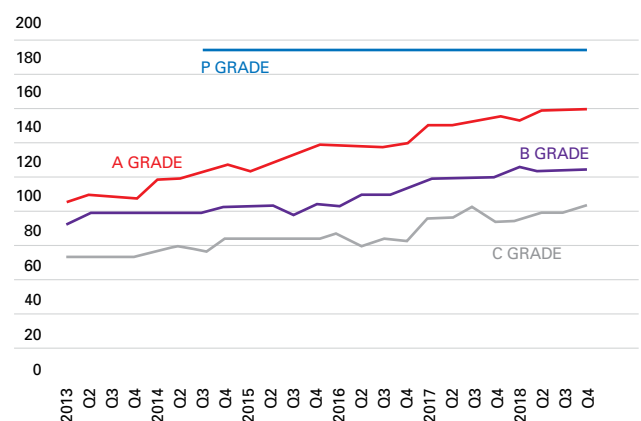


CAPE TOWN CBD: TOTAL OFFICE SPACE
2013 – 2018



SOURCE: SAPOA total rentable area (m²)

COMPARATIVE OFFICE RENTAL RATES
2013 – 2018



SOURCE: SAPOA Office Vacancy Report

SPOTLIGHT ON: FLEXIBLE AND CO-WORKING SPACES

One of the defining characteristics of a digital city is a highly connected, tech-savvy, mobile workforce. These characteristics present a shift in mindset, not only about how work is done, but where it is done. The research bears this out: in a survey of 18 000 professionals in 96 countries International Workplace Group (IWG) found that 70% of employees work away from the office for at least one day a week, and 50% work remotely for half of the week.

Co-working spaces, flexible office space and micro-office pods – a new arrival on the scene – have begun to disrupt the traditional workplace model, replacing long, restrictive leases with

pay-as-you-go, short-term or flexible leases and cost-effective rates. Shared meeting areas and business services offer greater flexibility for lower prices, enabling solo entrepreneurs, remote teams and small businesses to access the kind of office space they need, rather than settling for the only office space they can afford. Real estate consultancy JLL reports that around 20% of office space in London is flexible workspace, and trends in New York, Paris and Amsterdam reflect similar numbers.

WeWork, a major flexible office space operator valued at \$2 billion, is about to land its first site in Africa, in Johannesburg. The operator reports that 30% of its membership is made up of

large corporates employing more than 100 people – including IBM, which moved 600 employees into a WeWork building – indicating a demand in more traditional businesses for greater flexibility.

The trend is influencing local property developers, too, with players such as Growthpoint, Redefine and Investec Property offering offices-on-demand or shared space in key business hubs.

Co-working operator Ideas Cartel, which has buildings in Loop and Waterkant streets, is exploring the concept of micro-working pods, the SOLOffice, which offers small, private work pods located in shared, communal environments, providing both privacy and community for individuals.





CO-WORKING SPACES | NOVEMBER 2018

	NAME	LOCATION	WEBSITE
PRECINCT 1			
1	North Wharf	42 Hans Strijdom Ave	www.sharedofficespace.co.za
2	Pier Place	31 Heerengracht St	www.sharedofficespace.co.za
3	Work & Co	7 Bree St	www.workandco.co.za
4	Cube Workspace	24 Hans Strijdom Ave	www.cubeworkspace.co.za
5	Meeting Place on Long	1 Thibault Square, Long St	www.meetingplaceonlong.co.za
PRECINCT 2			
6	Cartel House	113 Loop St	www.cartelhouse.com
7	Spaces (Regus)	50 Long St	www.spaceworks.com
8	No 80 Hout Street	80 Hout St	www.coworkingcapetown.co.za
9	Inner City Ideas Cartel	71 Waterkant St	www.ideascartel.com
PRECINCT 3			
10	Akro Co-working Space	25 Wale St	www.akro.co.za
PRECINCT 4			
11	Open Innovation Studio	27 Buitenkant St	www.openinnovationstudio.co.za
12	The Carpentry	6 Spin St	www.thecarpentry.co.za
13	Workshop 17	50 Harrington St	www.workshop17.co.za
14	Seedspace	8 Spin St	www.seedspace.co.za
15	Chips	27 Caledon St	www.chips.capetown
16	Tiny Empire	37 Buitenkant St	www.tinyempire.co.za
17	Cape Town Office	62 Roeland St	www.capetownoffice.com



PROPERTY INVESTMENT UPDATE 2018



1 THE ONYX (P1)
RESIDENTIAL MIXED-USE
R700m DEVELOPER
Nedbank CIB/Signatura

2 THE LINK (P1)
COMMERCIAL & RETAIL
R300m DEVELOPER
Evolution Trust

**3 ARTSCAPE LIVE 20/20
(P1) THEATRE COMPLEX**
R1.5bn DEVELOPER
WC Government

4 TWINELL BUILDING (P2)
COMMERCIAL & RETAIL
R120m DEVELOPER
Kings Cross Properties

5 BEAUFORT HOUSE (P2)
GOVERNMENT R120m
DEVELOPER City of
Cape Town

**6 CPT CITY HALL
UPGRADE (P4)**
GOVERNMENT R27m
DEVELOPER City of
Cape Town

7 THE HARRINGTON (P4)
COMMERCIAL & RETAIL
TBC DEVELOPER Blend

**8 THE OLD GRANARY
UPGRADE (P4) NGO**
R31m DEVELOPER Tutu
Peace Foundation/
City of Cape Town

**9 35 LOWER LONG
ST (P1)**
COMMERCIAL & RETAIL
TBC DEVELOPER Abland/
Ellerine Brothers

**10 THE HALYARD
(KPMG) (P1)**
COMMERCIAL, RETAIL &
RESIDENTIAL MIXED-USE
R400m DEVELOPER FWJK

11 16 ON BREE (P1)
RESIDENTIAL MIXED-USE
R860m DEVELOPER
FWJK

**12 CAPETONIAN
(P1) HOTEL R200m**
DEVELOPER Raya Hotels

13 MIKE'S SPORTS (P2)
RETAIL & RESIDENTIAL
MIXED-USE REDEV TBC
DEVELOPER Gera Investment
Trust

14 URBAN ON BREE (P3)
RESIDENTIAL MIXED-USE
TBC DEVELOPER Urban On

**15 TUYNHUYTS (P3)
(52 KEEROM ST)**
RESIDENTIAL R50m
DEVELOPER Willbridge
Property

**16 IZIKO SA MUSEUM
EXPANSION (P3)**
NATIONAL MUSEUM R187m
DEVELOPER Iziko Museums
Trust

**17 TELKOM EXCHANGE
FORESHORE (P1)
(LOWER LONG ST)**
PARASTATAL TBC DEVELOPER
Telkom

**18 THE VOGUE (P1)
(BREE ST)**
RESIDENTIAL MIXED-USE
R1.1bn DEVELOPER FWJK

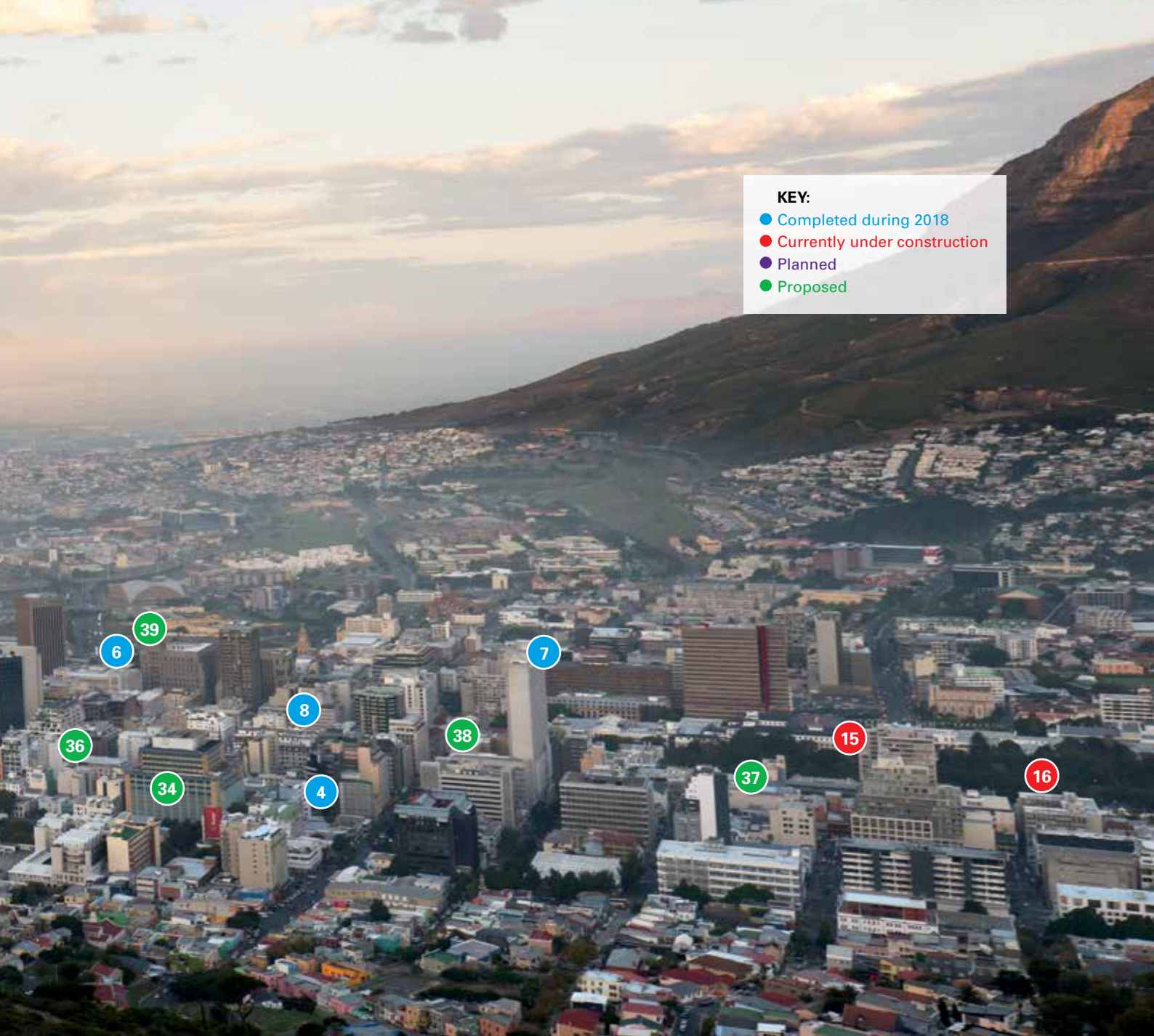
KEY:

● Completed during 2018

● Currently under construction

● Planned

● Proposed



19 **27 LOWER LONG ST**
(P1) COMMERCIAL
R476m DEVELOPER Ingenuity
Property

20 **THE ROCKEFELLER**
@ HARBOUR PL (P1)
RESIDENTIAL MIXED-USE TBC
DEVELOPER Narrative/
Ryan Joffe Properties

21 **THE RUBIK (19A LOOP**
ST) (P2) RESIDENTIAL
MIXED-USE TBC DEVELOPER
Abland

22 **THE MATRIX (P2)**
COMMERCIAL (OFFICE
REDEV) R800m DEVELOPER
Boxwood Property Fund

23 **14 LONG ST (P2)**
COMMERCIAL (OFFICE
REDEV) R350m DEVELOPER
Boxwood Property Fund

24 **THE BOX (P2)**
COMMERCIAL (OFFICE
REDEV) R570m DEVELOPER
Boxwood Property Fund

25 **142 BREE ST**
(AVANTGARDE) (P3)
TBC DEVELOPER Arctigen

26 **CAPE TOWN STATION**
DEV (P4) COMMERCIAL
& RETAIL R1bn DEVELOPER
Eris Property Group

27 **THE PINNACLE (P2)**
RESIDENTIAL MIXED-USE
TBC DEVELOPER TBC

28 **THE MODERN (P1)**
COMMERCIAL & HOTEL
R1.5bn DEVELOPER
Ingenuity Property

29 **CULLINAN SQUARE**
(P1)
HOTEL & RETAIL MIXED-USE
R860m DEVELOPER
Tsogo Sun

30 **6 JACK CRAIG**
(REEDS HOUSE) (P1)
COMMERCIAL R350m
DEVELOPER Ingenuity
Property

31 **MURRAY & ROBERTS**
BUILDING (P1)
COMMERCIAL & RESIDENTIAL
TBC DEVELOPER Accelerate

32 **5-STAR HOTEL (P1)**
HOTEL TBC DEVELOPER
TBC

33 **ZERO-2-ONE (P2)**
RESIDENTIAL & HOTEL
MIXED-USE R1.5bn DEVELOPER
FWJK

34 **CITY PARK**
(OLD C BARNARD) (P2)
RESIDENTIAL MIXED-USE TBC
DEVELOPER Rabie Properties

35 **58 STRAND ST (P2)**
OFFICE & RETAIL MIXED-
USE (OFFICE REDEV) R400m
DEVELOPER
Boxwood Property Fund

36 **THE HERIOT**
CITY CENTRE
APARTMENTS (P2)
RESIDENTIAL TBC DEVELOPER
Zahavi Group

37 **60 QUEEN VICTORIA**
ST (P3)
HOTEL TBC DEVELOPER
RDC Properties SA

38 **SPINDLE (P4)**
RESIDENTIAL MIXED-USE
TBC DEVELOPER
Robert Silke & Partners

39 **1 HARRINGTON (P4)**
RESIDENTIAL & MIXED-
USE R130m DEVELOPER
Nicro



VACANCY RATES

Vacancies drive rentals. When vacancies peak, rentals are at their lowest. Vacancy rates in the Cape Town CBD rose during the course of 2017 and 2018, with 30 000m² of new stock coming on to the market, including:

The Halyard (KPMG building)

>16 000m²

ENS building

6 500m²

Maserati building upgrade

3 000m²

Sub-letting of an additional

4 000m²

Stonehill's residential conversion of Triangle House took 28 000m² of office

space off the market. Office tenants in that building moved into other buildings in the CBD.

The Nedbank building on the Foreshore was relaunched as The Onyx, another conversion from commercial to mixed-use residential accommodation, which further reduced the available office space.

OFFICE GRADE DEFINITIONS (SAPOA):

- P-Grade: premium, top-quality, modern space.
- A-Grade: not older than 15 years, undergone refurbishments, high quality, modern finishes.
- B-Grade: generally older buildings, but modern standards from refurbishment and renovations.
- C-Grade: fair condition, but with older-style finishes, services, and accommodation.

OFFICE RENTAL RATES

JLL's *Cape Town City Report* suggests that rental rates in Cape Town have remained largely stable, which is likely to be the case in an economy that has had several successive years of sluggish growth.

Compared with the national picture, Cape Town's office market has outperformed other nodes. However, as tenants feel more of a financial squeeze, they will seek ways to reduce occupancy costs, leading to a reduced demand for office space.

Alternative rental models such as co-working and flexible office space will also have an impact on rentals.

Supporting this, SAPOA reports that A- and P-grade rentals remained unchanged in the final quarter of 2018.

GREEN STAR-CERTIFIED PROPERTY TRENDS

In June 2018, SAPOA conducted an analysis of Green star-certified property for the first time, assessing a sample of 2.8 million m² of Green star-certified office space. This equates to around 14% of gross lettable area (GLA) and 23% of P- and A-grade offices. In Cape Town 41% of P- and A-grade office GLA is Green star-certified, compared with other metros, which are recording 10% to 20%. By the end of June, vacancy rates for Green star-certified Prime and A-grade offices were 4.9%, versus 8.3% of all P- and G-grade offices. Green star-certified space also commanded a premium on asking rentals of 75%, which equates to R168/m² versus R96/m².

Renting is not just about rent

Other factors affecting the rental market include the cost of parking in the CBD, operating (and specifically labour) costs, as well as rental escalations.

Parking in the CBD is now R1 500 to R1 800 per month, level with parking rates at the V&A Waterfront, but higher than all other business nodes.

Operating costs will continue to increase, with the highest increases expected in labour-related costs, such as security and cleaning.

In 2017/18, rental escalations were recorded between 7.5% and 9%, with 8% the norm.



CONCLUSION

According to SAPOA, since 2011 the aggregate vacancy rate has, broadly, moved sideways; and, after its peak in Q4 2015, development activity has been steadily reducing. This places Q4 2018 below its long-term average in terms of total vacancy rate and development as a percentage of existing stock.

Ideally, the office market should now move to a situation where demand exceeds a healthy level of supply. However, vacancy rates dropped and development activity reduced during Q4 2018.

After consecutive above-inflation periods, asking rental growth has dipped below inflation again and remains negative in real terms on a three- and five-year view. This is indicative of the low-growth environment, coupled with excess market supply. Future improvement in the vacancy rate

and asking rental growth depends on stronger drivers to support demand. These include the growth of financial and business services employment and capital investment.

While still positive, capital investment into financial and business services dipped to just above zero, slightly raising the probability of another short-term deterioration in the vacancy rate. The current trend of economic and structural growth constraints makes it increasingly difficult to envisage a national office vacancy rate of mid-single digits within the next three years. That said, renewed business optimism in a changing political landscape could well be the much-needed medium-term catalyst that could unlock capital investment in the sector, driving employment growth and subsequent demand for office space.

TREND ALERT: ROOFTOP LEASING

The rooftop leasing business is said to be worth billions, but property owners have yet to fully maximise the potential. The concept is simple: property owners lease space on the rooftop of their building to operators, releasing an additional revenue stream for owners. Some of these arrangements are undertaken by operators seeking to install wireless spectrum devices. Other leases offer rooftop space for photo and film shoots. In one example, the rooftop at The Terraces (34 Bree St) has been converted into a high-quality lounge with panoramic views over the city that can be used for working, meetings, or leisure time. Inspired by the airport-lounge concept, guests can book the space while they are between meetings, or if they have time to spare before leaving the city. The space is also available to be hired for events.

RESIDENTIAL VALUES

The residential property market in the CCID precinct continues to grow as new developments – such as the Sentinel and the Onyx – attract new homeowners to the centre of town.

Just over a third of current homeowners in the CBD have owned their homes for 11 or more years, unusually low against the estimated national norm of 50%. This suggests either a relatively high turnover, or it is a reflection of the high number of new developments coming on to the market.

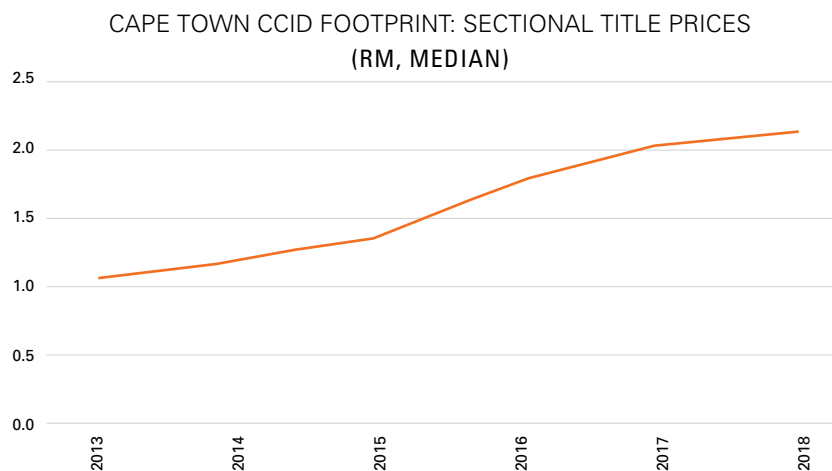
During 2018, just under a third of buyers were young adults (18-35 years), many of whom were likely to be first-time buyers. The largest age cohort of buyers (42%) last year were middle-aged (36-49 years), which suggests professionals moving to the CBD. The low number of first-time buyers could be attributed to the lack of affordable properties in the area. Given that the accommodation is almost entirely sectional title, the older age profile

suggests buyers are professionals who may not yet have started families, or out-of-towners investing in a city flat to use when working in the CBD.

The chart below shows the median price of sectional title properties sold in the CCID footprint.

This bespoke data series was created for the CCID by property research company Lightstone.

The median price of an apartment sold in the CCID area was R2.1 million, an increase of 97.6% over the past five years, when the semigration trend to Cape Town was accelerating strongly.



SOURCE: Lightstone CCID footprint

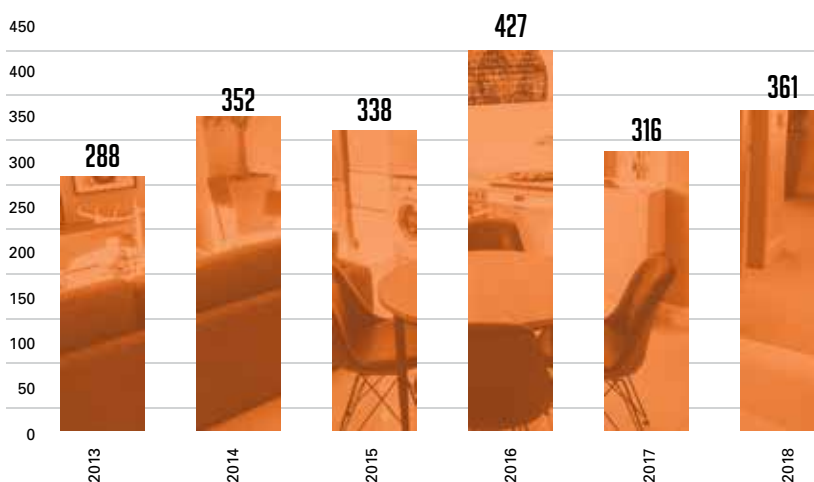
According to Lightstone, median apartment prices in the CCID area increased marginally in 2018, rising from R2.0 million in 2017 to R2.1 million in 2018, despite cooler conditions in the broader Cape Town metro market. Prices ran ahead of economic realities in recent years, shifting conditions from a seller's to a buyer's market, with buyers rather than sellers determining the price.

In addition, the semigration trend is tapering off, partly as a result of deteriorating affordability in recent years. This results in a weaker demand for properties in Cape Town.

According to Lightstone, 361 units were sold in the CCID area last year. While 15.5% below the recent peak of 427 units sold in 2016, Lightstone estimates that total unit sales rebounded somewhat last year.

Lightstone recorded a total of 361 units sold in 2018, while PropStats lists just 111 of these sales. PropStats estimates do not provide a comprehensive overview of the residential property market in the CCID footprint. Instead, they provide an indication of trends such as time on the market and cost per square metre.

CAPE TOWN CCID FOOTPRINT: SECTIONAL TITLE SALES



SOURCE: Lightstone CCID footprint



MONTHLY RENTALS IN THE CENTRAL CITY

At the time of writing (31 January 2019), a total of 223 units are listed as available for rent in the Central City. This is compared against 150 in 2017 and 115 in 2016. This excludes short-term rentals in terms of entities such as Airbnb. Most rentals were for long-term occupancy.

STUDIO/BACHELOR

units to rent: 24

Size range: from 30m² to 54m²

Average rental: R10 713 pm (down from R12 186 pm in 2017)

Highest: R14 500 for 54m²

Lowest: R8 500 for 44m²

ONE BEDROOM

units to rent: 115

Size range: from 32m² to 175m²

Average rental: R13 285 pm (down from R14 747 pm in 2017)

Highest: R22 000 for 95m²

Lowest: R8 500 for 35m²

TWO BEDROOMS

units to rent: 76

Size range: from 58m² to 240m²

Average rental: R20 927 pm (down from R24 967 pm in 2017)

Highest: R45 000 pm for 240m²

Lowest: R11 500 pm for 71m²

THREE BEDROOMS

units to rent: 8

Size range: from 190m² to 444m²

Average rental: R61 250 pm (up from R59 000 pm* in 2017)

Highest: R130 000 for 444m²

Lowest: R35 000 for 190m²

*Excluding a R125 000 pm penthouse



SOURCE: Property24

RANGE ACROSS R PER M²

In Stonehill Place, 22 Riebeeck St (Precinct 1), R18.5m was paid for a 218m², 3-bedroom, 3-bathroom unit with one parking bay, equating to R84 862 per m². The most expensive unit sold in 2017 was a unit of the same size in the same building.

Lowest R per m² paid

In the Icon Luxury Apartments, 24 Hans Strijdom Ave (Precinct 1) R2.1m was paid for a 157m², 1-bedroom, 1-bathroom unit with one parking bay, equating to R13 376 per m². The total price of the unit was 14.3% below its R2.45m listing price.



Summary per m² of 111 units sold

Price per m ²	Units sold (2018)
Less than R20 000/m ²	2
R20 000 – R29 999/m ²	26
R30 000 – R39 999/m ²	59
R40 000 – R49 999/m ²	19
R50 000 – R59 999/m ²	3
More than R60 000/m ²	2

SOURCE: PropStats

Number of units sold and median sales price

YEAR	Units sold	Median sales price (RM)	Year-on-year % increase
2014	352	1.18	+11.1%
2015	338	1.35	+14.4%
2016	427	1.75	+29.3%
2017	316	2.00	+14.6%
2018	361	2.10	+5.0%

SOURCE: Lightstone

Averages and ranges across the spectrum (2014 to 2018)

Year	Average size (m ²)	Average R/m ²	Year-on-year increase R/m ²	Ave % diff between selling & listing price
2014	80.73	R19 228		-4.4%
2015	82.97	R24 483	+27.3%	-4.8%
2016	71.00	R33 921	+38.6%	-2.5%
2017	51.92	R41 287	+21.7%	-4.3%
2018	77.64	R35 431	-14.2%	-8.8%

SOURCE: PropStats

UNIT PRICES AND SIZES

Largest unit transferred and highest unit price paid overall

A 315m² 3-bedroom, 3-bathroom unit with two parking bays in 15 on Orange, 19 Orange Street (Precinct 3) sold at R11.0m (R34 921 per m²), with transfer in April 2018. The selling price was just 3.1% below listing price and the apartment sold within one day of listing.

Smallest unit sold and lower unit price paid

A 31m² 1-bedroom, 1-bathroom with no parking sold in Hyde Park, 14 Jetty Street (Precinct 1), at R1.23m. Transfer took place March 2018. The unit was sold at 8.9% below its listing price of R1.35m (R39 677 per m²).

NUMBER OF DAYS IN WHICH UNITS STAYED ON THE MARKET IN 2018

SOURCE: PropStats

0-7 days

20

1-2 weeks

9

2-4 weeks

14

1-2 months

29

2-3 months

14

3-6 months

19

>6 months

7

RESIDENTIAL PROPERTY TRENDS



STUDENT ACCOMMODATION:

The 2018 *Best Student Cities Survey* ranked Cape Town as the preferred African city for students. With high rental prices in the city and limited spaces offered by the institutions themselves, students are seeking private accommodation options.

There are 94 educational establishments in the Central City and only seven buildings in the CBD providing student accommodation. The demand for additional, affordable accommodation of this nature remains extremely high. At the time of going to print, monthly rentals ranged from R3 280 for a double room (sharing) to R7 750 for a studio apartment.

TREND ALERT: MICRO-LIVING

Two buildings in the CBD, 106 Adderley and The Pinnacle, on Burg St, have been earmarked for so-called micro-living, which is targeted at students and young professionals. The micro-living concept offers small units of around 20m² to around 40m², in a building designed to encourage interaction between residents in communal spaces such as restaurants, retail, Wi-Fi hotspots, swimming pools and meeting rooms. The units are fitted for small-space living, with adaptable furniture that can maximise storage space. Rental prices at 106 Adderley start from R15 500.

EDUCATIONAL RESOURCES IN THE CENTRAL CITY

2

Early
Childhood
Development

1

Education
Resources

2

High Schools

17

Language
Schools

53

Professional
Development

19

Tertiary
Institutions

94

TOTAL



04 TRANSPORT IN THE CENTRAL CITY

The 2018 INRIX Global Traffic Scorecard found that Capetonians lose more than 162 hours a year while in congested traffic. Average car occupancy in Cape Town is 1.4 people per vehicle. A 2017 KPMG study suggests that congestion costs the economy at least R2.8 billion a year. One analyst has even suggested that Cape Town could be facing down a traffic Day Zero.

While the City of Cape Town has committed R481 million to fund construction projects to build new (and improve existing) roads to relieve traffic congestion, the level of congestion is not sustainable. Improving public transport and planning and governance principles are part of the solution. Adjusting commuter behaviour and enabling alternative methods of management are keys that could also potentially unlock the gridlock.

TRANSIT-ORIENTED DEVELOPMENT

In December 2018, the City of Cape Town adopted the Transit-Oriented Development (TOD) Strategic Framework, which seeks to facilitate

the provision of affordable housing close to public transport, work opportunities, schools, social amenities and social services. This strategy could help to relieve some congestion, by enabling people to live close to their workplace.

The cancelled Foreshore Freeway Precinct project would have been a significant catalyst in achieving this objective, with one scheme planning around 4 000 private and affordable housing units on the Foreshore.

Another City governance initiative, the 2018/19 Built Environment Performance Plan, also seeks to direct capital investment into projects such as public transport corridors.

AN AILING RAIL NETWORK

Arson, vandalism and cable theft have caused significant damage to the city's rail network, leaving the network able to carry only a third of its capacity.

When the train services are not performing at optimal levels, congestion increases as more people take to their cars for their daily commute. Just 48 train sets are working — half

3 168 313 During 2018, a total of 3 168 313 passengers boarded a MyCiTi bus within the Central City, with 3 159 467 alighting. This excludes the number of passengers alighting or disembarking outside the CBD.

The figures have dropped since 2017. While the MyCiTi strike would have had an impact, at the time of going to press, sources at the City of Cape Town were unclear what other factors could have contributed to the drop in numbers.



of the 88 sets required for a fully functioning service. In July last year, estimates suggested that rail capacity dropped from 630 000 passenger trips a day, to just over 500 000. If performing optimally, the network could carry 1.4 million commuters.

In October, the City, PRASA and the Western Cape Department of Transport and Public Works agreed to jointly fund the creation of a rail unit, with a mandate to protect rail assets and infrastructure and to ensure commuter

safety. This is already beginning to bear fruit, with arrests and confiscations of stolen property, and a re-signalling programme nearly complete.

MyCiTi BUS RAPID TRANSIT (BRT) SYSTEM

While the City of Cape Town's own transportation network grew steadily between 2014 and 2016, 2017 saw a slight decline due to a strike during the month of April that resulted in fewer passengers using the service in, out and around the Central City.

MyCiTi Bus Rapid Transit (BRT) system commuter information¹

YEAR	TOTAL BOARDING IN CBD	TOTAL ALIGHTING IN CBD
2014	2 858 452	2 737 276
2015	3 257 317	3 076 684
2016	3 698 110	3 746 968
2017	3 572 155	3 587 325
2018	3 168 313	3 159 467

GOLDEN ARROW BUS SERVICE

Approximately 53 000 commuters arrive daily in the CBD on the privately operated Golden Arrow Bus Service.²

MINIBUS TAXIS

The minibus taxi network is a well-entrenched public transport service that could provide an alternative to single-person private vehicles. Transport specialists have called for vehicles to be upgraded extensively as a way to attract commuters who would usually travel by car.

NON-MOTORISED TRANSPORT AND COMMUTER BEHAVIOUR

The City of Cape Town is encouraging commuters to use public transport and also urging employers to introduce flexible working hours, to help relieve the crush at peak times. In addition, the City is investing millions in upgrading facilities for pedestrians and non-motorised transport users. While these investments are allocated for areas beyond the Cape Town CBD, there are benefits to reducing congestion in outlying areas to reduce the volumes of traffic entering the city centre.

¹ SOURCE: Automatic Fare Collect (AFC) data

² SOURCE: 2018 Cordon Count Data

ONLINE RESIDENTIAL SURVEY

Each year, the CCID conducts surveys to gauge the opinions of residents who have made the Central City their home, as well as the opinions of retailers who have their businesses based here.

137 residents responded to the survey.

Most respondents – just over 20% – have lived in the Central City for five years or more. Nearly 60% of residents own the properties they live in, while nearly 25% are tenants living in rental properties. The remaining 15% own their property and rent to tenants.

43% Most residents (43%) live in the East City.

Reasons why people like living in the Central City:

63% proximity to their workplace

39% like the idea of a downtown lifestyle

22% good access to public transportation options

31% entertainment options

38% prime work location

RESIDENTS HAVE EXPRESSED A DESIRE FOR MORE OF THESE:

59%

Extended shopping hours

45%

Movie theatres

37%

Public toilets with changing facilities

24%

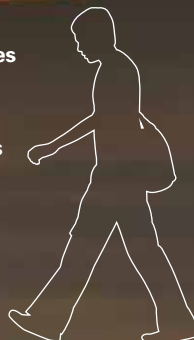
More child-friendly public spaces (e.g., parks with playgrounds)



The Company's Garden is the most popular public space: 85% go there to relax. St Georges Mall (41%) and Greenmarket Square (36%) are the next top favourites.

Most downtown residents are employed full time (63%) or are self-employed or freelancers (24%), and live within five kilometres of their work place. Primary occupations are:

- Media, marketing, communications, PR, advertising and publishing
- Creative industries (i.e., arts, animation, IT, design, film & TV, fashion, entertainment, sports, performing arts and music)
- Computer and ICT
- Architecture and engineering



69% eat out weekly, slightly less than the 73% reported in 2017

82% visit a coffee shop at least once a week

Most popular mode of transport to work or school
35% walk **41% drive**

MOST POPULAR RETAIL OPTIONS:

77% Grocery stores

70% Large chain retailers (such as Woolworths, Truworths & Edgars)

57% Takeaway outlets

44% Clothing shops

44% Small bespoke retailers (e.g. jewellery stores, designer boutiques, art galleries)

OF SURVEYS

WHAT IS YOUR FAVOURITE THING ABOUT THE CENTRAL CITY?

- 24.8%** proximity to work, restaurants, mountain and other areas
- 17.9%** the vibe/buzz
- 12.0%** the amenities available
- 10.3%** the diversity
- 7.7%** clean and safe
- 6.8%** walkability

WHAT IS YOUR TOP SUGGESTION FOR HOW WE COULD FURTHER IMPROVE THE CENTRAL CITY?

29.9%

tackle aggressive begging and rising homelessness

26.5%

improve security

7.7%

address traffic and parking issues

4.3%

more green spaces and child-friendly activities

3.4%

find ways to make the city more affordable/inclusive

3.4%

more bike lanes

RETAIL OPINION SURVEY

Since 2009, the CCID has conducted twice-a-year surveys to determine the economic climate of the retail sector in the CBD. The following are some of the highlights from the latest surveys released in May and October 2018. A sample group of 210 retailers participated in the survey.

Many of the survey results are in line with results from surveys conducted since 2012. During the course of last year, the percentage of businesses experiencing growth in business doubled from 9% (May 2018) to 18% (October 2018), while the percentage experiencing a decline in business fell from 40% during the same period.

OPINION ON CURRENT BUSINESS STATUS MAY 2018



OPINION ON CURRENT BUSINESS STATUS OCTOBER 2018

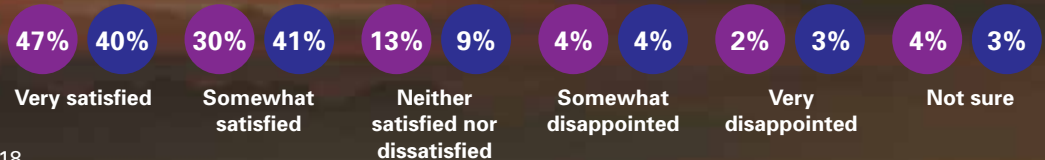


In May 2018, 17 retailers experienced an increase in revenue and 89 experienced a decrease. The slight improvements in October 2018 show that 40 retailers experienced an increase in revenue and 77 experienced a decrease.

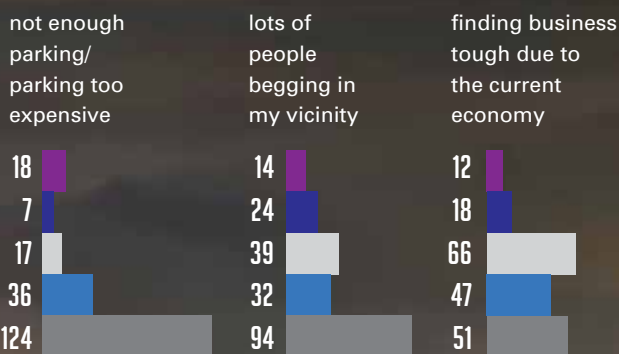


HOW SATISFIED ARE YOU WITH YOUR DECISION TO HAVE A BUSINESS IN THE CENTRAL CITY?

October 2018 (Purple) May 2018 (Blue)

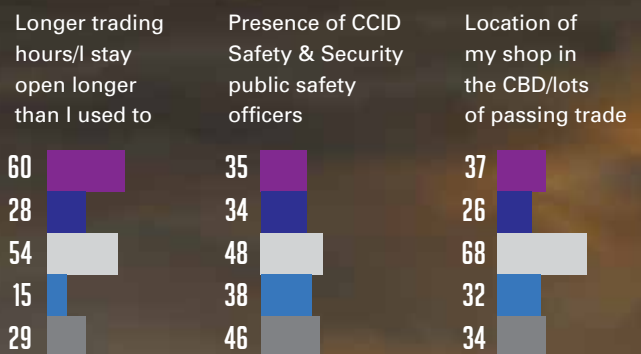


WHAT CHALLENGES ARE RETAILERS FACING IN THE CENTRAL CITY?



no challenge (Purple) small challenge (Dark Blue) fair challenge (Light Grey) fairly big challenge (Blue) big challenge (Dark Grey)

WHAT ARE THE BENEFITS AND OPPORTUNITIES AVAILABLE TO YOUR BUSINESS?



no benefit (Purple) small benefit (Dark Blue) neutral benefit (Light Grey) somewhat beneficial (Blue) big benefit (Dark Grey)

IN CONCLUSION

The 2018 edition of *The State of Cape Town Central City Report* is the seventh in the report series. As it does every year, the publication considers the big picture of property trends, commercial occupancies, retail vacancies and a breakdown of the business environment of the Central City. This year, it looks at the Cape Town CBD as an eventing and tourism city and as an enabling environment for the business process outsourcing (BPO) sector.

This year's report also considers the impact of the drought experienced in 2018, with a fall in tourism numbers and businesses focusing on measures to manage and preserve water supplies. While the city made global headlines for its ability to reduce water consumption sufficiently enough

to avert Day Zero, it also began to consider how to avoid a similar crisis in the future. Water, power and waste management are three key themes that will influence the city's ability to build resilience and mitigate the effects of climate change.

A more detailed view of the picture also presents Cape Town CBD's profile as a digital city that enables a digitally-savvy, mobile workforce untethered from the constraints of traditional office environments but connected to the world through high-speed broadband from co-working spaces and coffee shops.

Having considered the state of the city's downtown over the last year, the editorial team is now looking towards the future. As the world of work is evolving, so should the city,

to align itself with the new ways of living, working and playing in the CBD. One critical component in the city's economic toolkit is the night-time economy. The CCID has embarked on a project to analyse the city after dark, and to consider what would be required to support a 24-hour workforce, from transport to housing and more. The CCID will publish more detail about this study in due course.

This publication is always the result of the work of multiple collaborators. The editorial team closes off this year's edition with a note of gratitude to all of those who have participated in bringing together this year's edition. We look forward to another year in the Cape Town Central City, and reporting back in 2019.



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PHOTOGRAPH: Herman Strydom



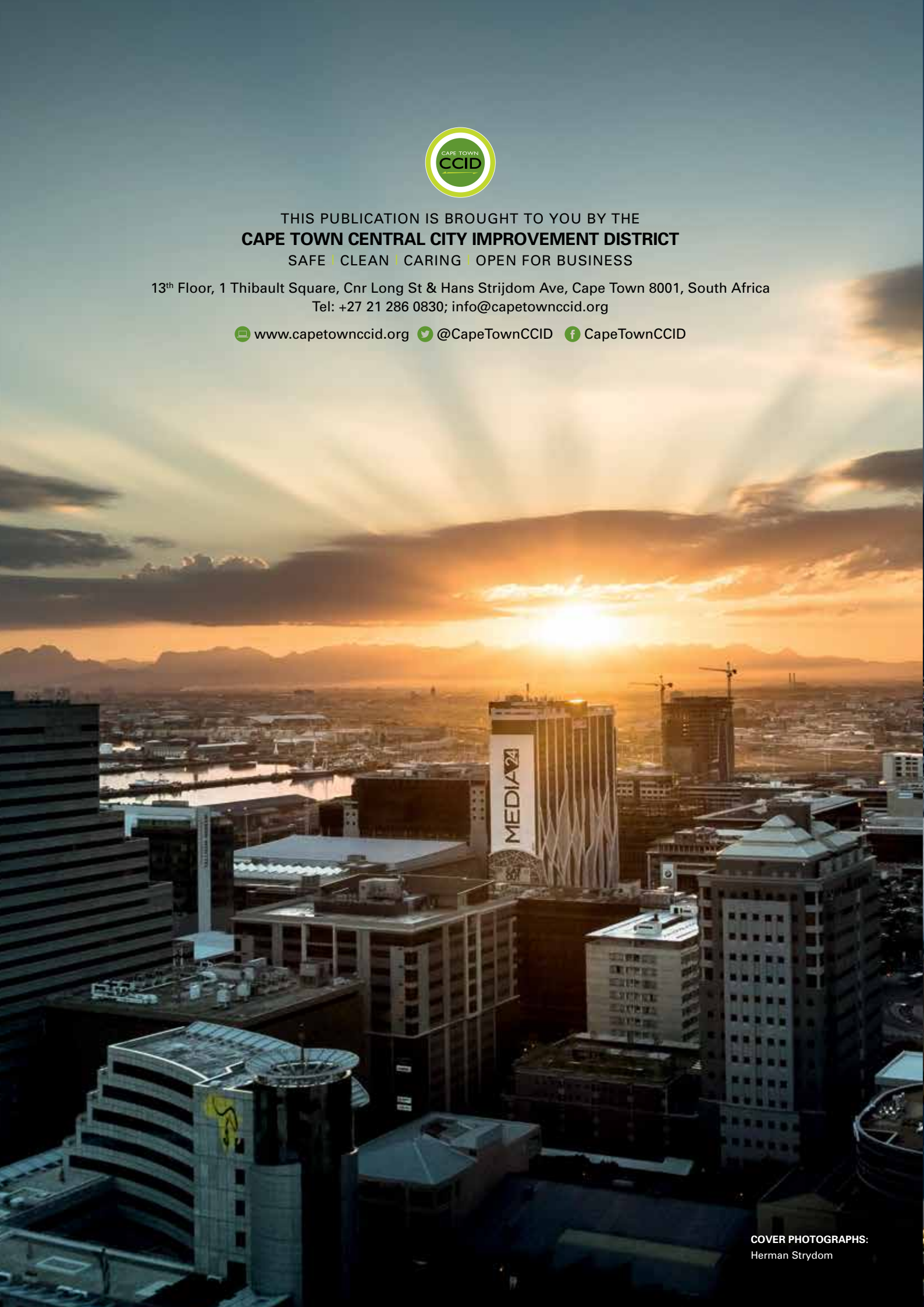
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