

Cape Town Continues to Reap Benefit of Urban Regeneration

Urban decay and the resultant disinvestment by landlords who choose to move to decentralised areas is a problem in many countries around the world. South African cities have not been exempt from this degeneration however a number of organisations in various areas are working to reverse this trend. Karen Kuhlcke spoke to Andrew Boraine, chief executive of the Cape Town Partnership, to find out how urban regeneration in the Cape Town CBD has resulted in increased investment in the City. The work of the Cape Town Partnership (a multi-stakeholder forum) and the Central City Improvement District (CCID) has been instrumental in tackling the crime and grime and turning the tide in Cape Town .

How much investment has the Cape Town Partnership (CTP) indirectly or directly been able to attract to city?

When we talk about the Partnership, I don't necessarily mean the 25 people who actually work here – I mean all of the public and private partners that belong to the CTP. We have attracted between R17 billion and R20 billion worth of investment into this area, retained businesses (which is as important) and furthermore we have enabled property-owners to recover all the value lost during the preceding 10 years.

Have you actively gone out and marketed Cape Town as an investment destination?

We initially spent some time on international marketing. We went to MIPIM (a big property trade fair in Cannes) every March for three years. However it is hellishly expensive, you have to go with other partners to share the cost, as one stand costs about R1 million. We don't have that sort of budget and we decided that unless you go there with big model of your city with flashing lights (like the Russian cities literally do) – we can't compete at that level.

We used to take out some ads in publications like the Financial Times but again that is not cost-effective for us.

80% of the re-investment into the Cape Town central city is domestic. We haven't relied on foreign investment although it has been great that some of the buildings have been done by international investors. The best form of international marketing has been when they have reported back to their shareholders and investors on their own experiences because they are doing it 'warts and all' and it is credible 'word of mouth' advertising.

We actually target locals now because when locals believe in their city centre then the word travels. We have had a bit of success targeting Johannesburg-based business. We lost the big institutional investors at one stage but I am pretty comfortable that the top 10 property investors in the country are here now.

What are the development plans for central Cape Town?

We are doing something called the Central City Development Strategy with the City Council. We're taking the area from Mouille Point to Salt River as the area of planning and asking where we want to take that area for the next 20 years. We will focus on financial and business services, creative and cultural industries, the visitor economy and government services plus a certain amount of wholesale and retail with the experience economy (nightlife etc). We then ask what built environment reinforces that. For example, if you want the experience economy you don't knock down the heritage buildings.

Do you think the current economic situation and rising interest rates are going to dampen property-related investment in CT? If so, to what extent?

There are a range of factors which could cause a slowdown but investors are definitely not pulling out. It is not a lack of confidence in the area at all - more of a "let's hold that decision for six months" and not the cancellation of projects.

What other investments/projects are lined up for Cape Town?

On the private side, some key hotels are being finished off now, e.g. 15 on Orange and the Taj Palace. The District is being completed in Woodstock – this is a commercial space with some residential developments. 11 on Adderley is being finished off (a new commercial/retail space).

In terms of plans; there is Strand on Adderley (worth R2.2 billion), the Liebenberg and Stander building has just been demolished and Old Mutual is considering the development of the current Brian Porter site. The Liberty Life building in Long Street is undergoing refurbishment to the value of R80 million. So there is enough activity to keep us going for the next 2 – 3 years apart from the 2010 operations plans.

There is huge growth in creative industries so you need to look not just at buildings but what is going in them. A lot of small businesses in the creative sector are here now – everyone wants to be here – I think because it is a nice place to work from. It is quite creative, there is a coffee/cafe culture, with wifi networks etc.

What about public-sector investment?

There is a lot more public sector investment in this area than there ever was – certainly more than in the last 10 years. Initially the private sector led the way and now the public sector is coming to the party and in a sense, picking up a bit of slack as the private market goes a bit soft. A lot of it is 2010 driven.

These investments include:

- the phase-one station upgrade (R330 m project),
- a bus rapid transport system (phase 1 which is equivalent to R1.2 bn in investment),
- 2010 transport projects,
- upgrades to pedestrian areas,
- an upgrade to the Grand Parade which starts next month (R220 m project),
- harbour expansion (R4.2 billion expansion)
- phase 2 of the expansion of the Cape Town International Convention Centre and
- the stadium construction (which is worth R3.5 billion).

If you put all that together – that's a lot of public sector investment.

In terms of a general message to investors looking at Cape Town – is there anything new that people can look out for, or any shift in terms of development?

Yes, a few years ago residential conversions were all the rage but I think development has shifted firmly back to commercial (but commercial/mixed-use developments with retail space on the ground floor).

The trend is towards the space between the buildings, as much as the buildings themselves and how to build a functional city at streetscape level. That's exciting because it makes for a liveable, walkable, useable city and turns what can be bleak CBDs into very exciting areas by day and by night. I think that trend will continue and if you are in to that type of city, then this is the place to be.