

Cape Town CBD Leisure Market Positioned for Growth

The Cape Town CBD is set to experience phenomenal growth in its visitor economy sector, according to the findings presented recently at the Cape Town Partnership's (CTP's) 8th Annual General Meeting.

Commenting on the CTP's 2007 Annual report, Chief Executive of the CTP, Andrew Boraine, noted that of the 45 750 beds currently available to visitors in the greater Cape Town region, more than 21 500 (47%) were located in and around the CBD, with many more scheduled to be a significant part of the R30-billion worth of both private and public sector investment planned for the next five years in the central city.

Referring to its growing popularity particularly with international tourists, Boraine says "Cape Town has undoubtedly become the safest central city in South Africa. Hence we have already seen the rapid development of new hotels such as The Adderley, Protea North Wharf, Urban Chic, Daddy Longlegs, Cape Diamond, and Protea Extreme, to name but a few."

Along with upgrades to hotels such as the Townhouse Hotel and additions to groups such as the Holiday Inn (with their new Holiday Inn Express), there are a number of other new projects in the CBD - all of which are either in the final stages of development or have broken ground. These include 15 on Orange (R500-million); the Oscar Pearse Hotel (R220m) and the Taj Palace Hotel (R500m) which will be part of the largest hotel group in Asia (Indian Hotels Company Ltd). The group, which operates the Taj Hotels Resorts and Palaces across the world, has partnered with local property development and investment group, Eurocape, to develop the 180-unit hotel, which will be situated next to Eurocape's recently completed Mandela Rhodes Place.

According to property economist, Erwin Rode, of Rode & Associates, an interesting new trend among many of the developers of the new hotels, is the number which are offering both fractional and sectional-title opportunities in their buildings - including both the Taj Palace Hotel as well as the Oscar Pearse Hotel.

According to the South African Association of Fractional Intermediaries (the SAAFI – the watchdog body of fractional ownership in South Africa), fractional ownership is currently the world’s fastest-growing property sector, achieving more than 150% year-on-year growth for the past three years in the USA alone.

Turning the focus back on to the leisure industry in Cape Town, Rode notes: “Fractional ownership, much like any property ownership, is dependent on the longer-term value of your investment. If you are thinking of investing in the fractional leisure market in the Cape Town CBD, ask yourself the simple, universal question: what is the exclusivity of your investment and how easily can the property be replicated?”