

Residential property sector on the rebound in the Cape Town CBD

Residential property put in a strong show in the Cape Town CBD in 2022 with an impressive line-up of cutting-edge developments dominating the property development scene in the city centre - and values and rentals also performing well post-Covid.



Source: ©Mrko Vitali via 123RF

Of the 22 property developments that came on stream in 2022, with a net worth of R3,555bn, eight were residential builds conservatively estimated to be worth R1.65bn.

These were among the key findings of the latest edition of the *State of Cape Town Central City Report 2022 – A Year in Review (SCCR)*, published annually by the Cape Town Central City Improvement District (CCID). The 11th edition of the report reflects on the economic climate in the CBD across the previous year and is a reputed investment tool for business and property investors.

With the overall value of all property in the Cape Town CBD set at R42.9bn according to the City of Cape Town's 2022 property evaluation, the new developments added to the ongoing dynamism of the city centre last year.

Rob Kane, CCID chairperson and chief executive officer of Boxwood Property Fund, says: "With the construction sector regaining its pre-Covid momentum in 2022, the CBD's skyline was punctuated by yellow cranes hovering over building

sites. This was unique to the Cape Town CBD, which remains the most economically successful central business district in South Africa and has recovered remarkably post-Covid-19.”

Kane says the new developments - which were completed last year, under construction, planned or proposed - added to the ongoing vibrancy and economic stability of the Cape Town CBD, which continued to open its doors to an increasing number of national and international visitors, including digital nomads, solo travellers, and so-called “semigrants” from other provinces.

Cutting-edge developments

With the residential market in town highly competitive, developers are ensuring their buildings offer potential residents a dynamic inner-city living experience characterised by maximum convenience, quality finishes and features, green credentials, flexible letting options and convenient co-living and co-working amenities.

The new developments are set to add thousands of new residential units to the central city’s residential market on completion. They have spearheaded a year-on-year increase in residential accommodation. In 2022, the number of residential units in town was 6,827, up from 5,791 recorded at the end of 2021 and 4,954 at the end of 2020.

Only one residential building was completed last year, namely Neighbourgood Reserve (R75m), which offers fully furnished loft apartments, co-living- and co-working amenities in a community-centric environment - while four others, with a combined value of R1,480bn, were under construction.



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They include Fleetway House - now called Vida d’Chette (R60m) which offers flexible and shared letting on the Foreshore - and two developments that are set to change the dynamic of Loop Street, namely The Tokyo (R150m) and The Carrington (R70m).

However, the stand-out residential build is the R1.2bn development going up in Upper Bree St called The Fynbos. Set to become Africa’s first biophilic building, The Fynbos incorporates nature in its design by offering occupants of each unit a “garden experience”. Thirty species of trees and 20 species of shrubs will be incorporated in the façade of the building.

Says Kane: “These new residential builds have the potential to change the character of inner-city precincts and will not only boost the retail economy in town but also prompt new business opportunities in the area as footfall increases.”

Mixed-use trend

The sharp decline in the demand for office space following the pandemic prompted Cape Town developers to repurpose commercial buildings into mixed-use properties that combine both residential and retail or commercial components.

In 2022, three striking mixed-use developments were under construction:

- **One Thibault** (R500,000m), the iconic former Standard Bank building on Thibault Square that is an example of a highly successful office-block conversion with the residential component offering both aparthotel and Airbnb-type accommodation.
- **The Barracks**, the R150m Bree Street development which comprises the redevelopment of a well-known CBD heritage landmark with the addition of a sleek modern residential component that will see 70 micro-units floating on top of an 18th-century former warehouse and military barracks.

- **The Rubik**, another impressive mixed-use build valued at R600m which will have premium residential units above 5,000m² of P-grade office space in a striking sleek skyscraper destined to change the city's skyline.

Apartment sales

The residential market in greater Cape Town performed well despite rising interest rates in 2022, with the CBD holding its own – despite falling sales and asking prices – recording more sales than before the onset of the pandemic. (*It's essential to note that the data available exclusively pertains to apartments situated within the Cape Town Central City Improvement District's 1.6km² geographical footprint within the Cape Town CBD.)

The median price of sectional-title properties sold in the CBD eased from R1.71m in 2021 to R1.47m in 2022, which amounts to a decrease of 13.8%.

With 648 units sold in the CBD in 2022, this is less than the bumper number of 750 units sold in 2021 – which was due in large part to the pandemic-induced rebound in housing market activity – but it still represents an elevated level of sales activity when compared to sales before Covid-19 hit.



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Monthly rentals in the Cape Town CBD

There were 57 apartments listed on Property24.com as available for rent in the central city at the end of 2022. This is significantly lower than the 217 units listed at the end of 2021, and the 475 units listed at the end of 2020 at the height of the pandemic.

Most of the units were listed fully or partially furnished, which is a growing trend in recent years to accommodate the digital nomad trend and may also have contributed to the increase in rentals in 2022.

Studio/bachelor apartments: Monthly rentals ranged from R7,000 for a 30m² unit to a maximum of R21,500 for 66m², with the average monthly rental set at R11,586 (compared with R9,027 a year earlier). There were 18 units available to rent in 2022.

One-bedroom apartments: Monthly rentals ranged from R9,500 for 26 m² to a maximum of R25,000 for 94 m², with the average monthly rental set at R14,233 (compared with R11,124 a year earlier). There were 18 units available to rent in 2022.

Two-bedroom apartments: Monthly rentals ranged from R13,500 for 55m² to a maximum of R42,000 for 180m², with the average monthly rental set at R24,750 (compared to R17,768 a year earlier). There were 16 units available to rent in 2022.

Three+ bedroom apartments*: Monthly rentals ranged from R40,000 for 210m² to a maximum of R150,000 for 262m², with the average monthly rental set at R71,667 (compared with R40,314 a year earlier). There were three units available to rent in 2022. *The average rental was distorted by the inclusion of a penthouse listed at R120,000 a month.