

THE STATE OF
CLAREMONT
REPORT

—
2018



David Stoll
CHAIRMAN, CLAREMONT
IMPROVEMENT DISTRICT

Abdul Kerbelker
EXECUTIVE MANAGER, CLAREMONT
IMPROVEMENT DISTRICT

FOREWORD AND INTRODUCTION

A WORD FROM THE CHAIRMAN

We are delighted to present the 2018 edition of the State of Claremont Report, our bi-annual analysis of the Claremont central business district (CBD).

A vibrant urban node is typically characterised by high levels of economic activity and growth in employment opportunities – which impacts positively on surrounding housing markets. The net influx of young people to the country's major metro areas – coupled with the semigration of older, more affluent homeowners to the Western Cape, suggests that housing markets in growth nodes across the Cape region will continue to flourish.

With effective transport links, decentralised centres like Claremont are becoming a more attractive destination. They are easier to get to and to get around; and people and

rates and property values. That, combined with a collective commitment to building a sustainable city centre, makes Claremont the destination of choice for commercial and residential investors alike.

The role of the improvement district becomes a critical element in this process. The Claremont Improvement District Company (CIDC) was established in 2000 to fulfil this role. The work we do is inextricably linked with the success of the CBD's growth and development. Everything we do is focused on ensuring that Claremont remains open for business.

While private property investors such as Growthpoint, New Property Ventures, Old Mutual and Redefine, among others, are investing in private buildings, the CIDC invests in the public spaces and streets of Claremont. The State of Claremont report offers us a moment to examine how our work and commitment has contributed to a bigger, macro picture of a thriving, vibrant well-managed business district where people want to live, work, play and invest.

With thanks to the Board, the Executive Manager and our staff for their work in helping to achieve this vision, and for their efforts to create this snapshot report.

David Stoll
CHAIRMAN, CIDC

MESSAGE FROM THE CIDC EXECUTIVE MANAGER

The improvement district model is recognised globally as a successful regeneration model in an increasingly urbanised world. The CIDC is one of the best practitioners of the model in South Africa. Our success, however, must be attributed to the strength of the partnerships we hold, and the dedication of the partners we work with.

In partnership with the City of Cape Town and SAPS, CIDC security, Straatwerk, The Chrysalis Academy, urban management and social development teams are on the ground every day, maintaining and securing the Claremont CBD at a micro level. The urban management teams remove dumping, clear up litter, repair pavements and remove graffiti. Our public safety and law enforcement partners ensure that people can move safely through the streets and public spaces; and our social development team ensures that the homeless and destitute are cared for.

The success of our CBD depends not only on how well we can deliver on our mandate, but also depends on the commitment of both our core team and our partners to delivering the best service within the resources available.

The CIDC cannot do this alone. Our work is ultimately made possible with the support of all our stakeholders and most importantly, the levy payers.

I would like to especially acknowledge the role that Securitas, SAPS, City of Cape Town, U-turn and The Haven have played, and continue to play, in helping us to achieve our goals. These partnerships and collaborations enable us to support the continued growth we have seen since the publication of our last report – and indeed, since our work began in 2000.

A NOTE ON THE FOCUS AREA

The report focuses on the properties and public spaces that lie within a clearly demarcated geographic boundary. This boundary is not arbitrary. While investment within this area benefits the whole of Claremont, the work the CIDC undertakes is limited to the area shown within that boundary.

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With effective transport links, decentralised centres like Claremont are becoming a more attractive destination for people who want to live, work, play and invest in well-run, vibrant business nodes.
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businesses are still able to access quality accommodation and diverse amenities, while avoiding the chronic congestion that chokes our cities.

We are beginning to see the effects of that decentralisation in Claremont in the form of low vacancy rates, rising rental



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01/ DAVID STOLL

Chairman representing Growthpoint Properties

02/ GAVIN HISCOCK

Independent

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Gardner Property Solutions

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New Property Ventures

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Draper Square Body Corporate

06/ GREGG HUNTINGFORD

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Excelerate Real Estate Services

WARD COUNCILLOR

CLLR IAN IVERSEN

THE STATE OF CLAREMONT CBD: AN OVERVIEW

Our 2016 State of Claremont report reflected that the Claremont CBD and surrounding suburbs were flourishing. The CBD was enjoying strong investment. Easy access to public transport, conveniently located well-established schools and proximity to the University of Cape Town (UCT) and the prominence of Cavendish Square as retail anchor, were significant factors.

Companies were locating their offices in the CBD, with particular emphasis on financial services and business process outsourcing sectors.

This edition of the report reflects a change that is notable not only for the benefits to Claremont, but is also a commentary on the sustainability of a city that relies on private vehicles as the primary mode of transport into and out of its economic centre.

In 2018, our research shows that the Claremont central business district (CBD) is transitioning from a predominantly retail hub to a business and residential node.

The reason for this is primarily the growing levels of congestion in Cape Town. According to the TomTom Traffic Index, Cape Town is the most congested city in South Africa, and the Cape Town CBD is the most affected. Congestion in the Cape Town metropole appears to have reached a tipping point, and businesses and individuals are seeking ways to mitigate the effects of that in their daily lives.

This transition is in line with national trends. Investors are opting for smaller, better located properties in decentralised business nodes, reducing commuting time, avoiding increasing congestion in



The lock-up-and-go lifestyle in active, 24-hour live-work-play business nodes is becoming a more attractive option.



Despite recent hike in VAT, increases in the fuel price, property investors in the Claremont CBD remain upbeat about the long term prospects and continue to invest in numerous developments.



Upper Claremont, for example, is reflecting among the highest values per square metre in the Southern Suburbs.

the Cape Town CBD and minimising utility and maintenance costs. There is a growing perception that the true cost of a home is the house itself plus the time and money required for the daily commute. The lock-up-and-go lifestyle in active, 24-hour live-work-play business nodes is becoming a more attractive option.

New developments within the Claremont CBD are predominantly mixed-use, with a growing proportion of space allocated to residential accommodation — increasingly, student accommodation; and office space, which is preferred over retail. That said, while retail sales have softened in the wake of the recent hike in VAT and repeated increases in the fuel price, property investors in the Claremont CBD remain upbeat about the longer-term prospects for the node and continue to invest in numerous developments.

Not only does this attract more businesses to the CBD but also makes the surrounding property more appealing. Upper Claremont, for example, is reflecting among the highest values per square metre in the Southern Suburbs.



Above:
18 on Cavendish



Ground floor retail activates street frontages



Right:
Dreyer Street market

CURRENT PROPERTY TRENDS

Global trends indicate a growing preference for decentralised , well-serviced business nodes that combine all the amenities required for 24/7 live-work-play lifestyles, minimising commuting times and reducing congestion.

DECENTRALISATION

Historically, metropolitan CBDs were primary magnets for office space. However, as suburbs began to expand, so decentralised business nodes began to develop, spurred by commuters' growing desire to reduce travel times and a need to avoid congestion. This trend is evident both globally and locally.

Erwin Rode, property economist at Rode & Associates describes South African cities as reflecting a two-nation economy. Poorer residents are congregating in traditional metro CBDs while the more affluent are drawn to decentralised growth nodes such as Umhlanga Ridge in KwaZulu-Natal, Sandton in Gauteng — and Claremont in the Western Cape.

While this caused CBDs around the country to decline, Cape Town CBD has been an exception to the trend.

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According to SAPOA, at R220/m², market rentals in Claremont are among the highest in Cape Town
”

1. MOTHER CITY'S CBD BUCKS TREND, PROPERTYTIMES, 15 AUGUST 2018

Decentralised nodes typically register lower vacancy rates than more centralised, inner-city nodes. According to the South African Property Owners' Association (SAPOA)¹, in the second quarter of 2018, nationally, centralised nodes were reporting vacancy rates of 13.8%, compared with that of 10.3% in decentralised nodes. The Rode Property Report 2018 reports that the decentralised areas of Rosebank (R190/m² a month gross) and Sandton CBD (R179/m²) in Gauteng — both located close to Gautrain stations — have recorded some of the highest market-related

In the second quarter of 2018, nationally, centralised nodes were reporting vacancy rates of **13.8%** compared with that of **10.3%** in decentralised nodes.



The only central node outperforming decentralised areas in South Africa is the Cape Town CBD.

A-grade rents. In Cape Town, the Silo District in the V&A Waterfront has achieved 220m². The ongoing development at the V&A Waterfront has added to the capacity to bring more office space to the market.

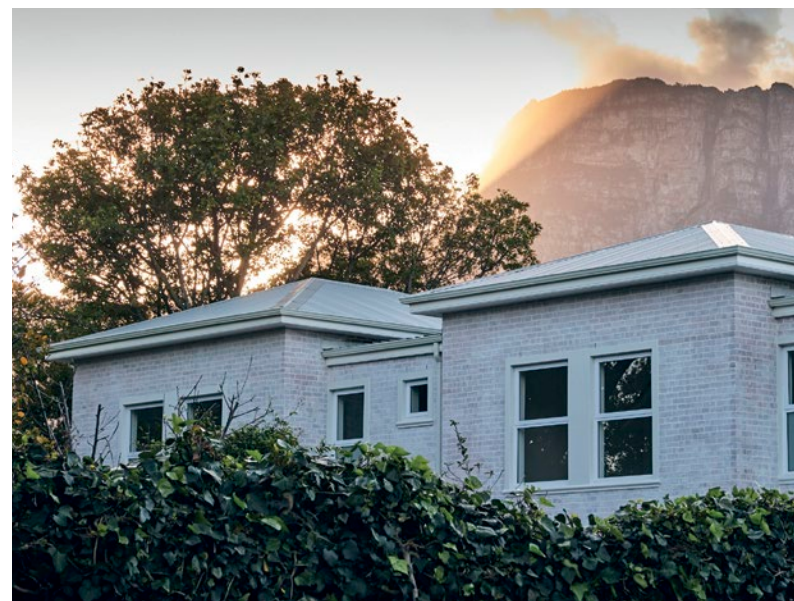
According to Rode, the only central node outperforming decentralised areas in South Africa is the Cape Town CBD. Rode attributes this to two factors:

1. The Cape Town CBD is edged by affluent residential areas, and many executives and professionals earning high incomes choose to live in those neighbourhoods



The Oval

Hugon Place



New development, Mariendahl of Aview

FIG. 1: NATIONAL COMPARISON VACANCY RATES AND A-GRADE RENTALS: Q2 2018

Location	Total Vacancy Rate (%)	A-grade gross asking rentals (R/m ²)
CITY OF JOHANNESBURG		
Johannesburg CBD	16.2%	93
Sandton	16.5%	145
Rosebank	5.0%	150
CITY OF CAPE TOWN		
Cape Town CBD	10.2%	150
Claremont	3.0%	220
V&A Waterfront	0.9%	190
eTHEKWINI MUNICIPALITY		
Durban CBD	19.4%	100
uMhlanga / La Lucia	6.4%	143
CITY OF TSHWANE		
Pretoria CBD	7.0%	65
Menlyn / Faerie Glen	8.5%	180

SAPOA OFFICE, Q2 2018 VACANCY REPORT

2. The Cape Town Central City Improvement District (CCID), established in 2000, helped to halt the decline and regenerate the CBD

The same can be said for Claremont, with high-income neighbourhoods bordering the CBD; and the existence of the CIDC, which has contributed to maintaining a well-managed urban environment.

SAPOA data indicates that in Claremont vacancy rates are lower and monthly rentals are higher.

According to SAPOA, at R220/m², market rentals in Claremont are among the highest in Cape Town. The V&A Waterfront records lower vacancy rates. However, with less congestion and similar rentals, Claremont remains an attractive investment option.



Student accomodation underway in Main Road, Claremont

FINDING THE SWEET SPOT:
LOW VACANCY, HIGH RENTALS

Fig. 1 illustrates the point. Cape Town CBD continues to perform well, but as a decentralised node, Claremont is currently outperforming Cape Town. This reflects similar trends for decentralised nodes in Gauteng and KwaZulu-Natal.

Market rental rates are a good way to assess the attractiveness of a node. In other nodes, such as Rondebosch, Newlands and the V&A Waterfront, where vacancy rates are lower than Claremont, gross asking rentals are also lower. Rental rates for new office space currently on the market in Claremont is higher. In just one example, office rentals at 20 Vineyard Road are currently being marketed at R255-260/m².

FIG. 5:
AVERAGE
VACANCY
RATE



FIG. 2: CITY OF CAPE TOWN COMPARISONS VACANCY RATE AND A-GRADE RENTALS: Q2 2018

Location	Total Vacancy Rate (%)	A-grade gross asking rentals (R/m²)
Bellville	4.5%	120
Claremont	3.0%	220
Cape Town CBD	10.2%	150
Rondebosch / Newlands	2.6%	190
Century City	10.1%	150
V&A Waterfront	0.9%	190

SAPOA, Q2 2018 OFFICE VACANCY REPORT

FIG. 3: CLAREMONT OFFICE VACANCY RATES

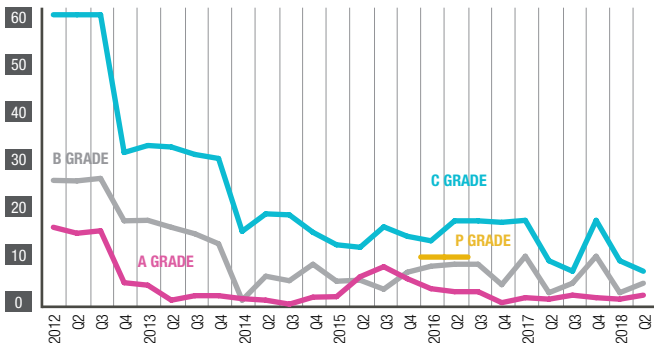
Grade	Vacancy rate (%)
P-grade	0%
A-grade	1.8%
B-grade	4.2%
C-grade	6.6%
TOTALS	3.0%

SAPOA OFFICE VACANCY REPORT, Q2 2018

The Beaumont



FIG. 4: CLAREMONT OFFICE VACANCY RATES % (2012 to Q2 2018)



All P-grade accommodation has been secured. No vacancies or asking rentals at the time of writing

Fig. 3 bottom left, from SAPOA reflects the decline in vacancy rates in the Claremont CBD in recent years. During the second quarter of 2018, the median vacancy rate in Claremont CBD was 3.0%, compared with 10.2% in Cape Town CBD and 10.1% in Century City. Claremont also commands median market rentals per square metre, at R220/m². In comparison, at the V&A Waterfront, A-grade office accommodation is R190/m²,

with a recorded second quarter vacancy rate of just 0.9%. Cape Town CBD recorded rentals of R150/m².

With the highest rental rate recorded in the second quarter of 2018, the Claremont CBD is currently positioned as one of the most attractive business nodes in South Africa.

COMMERCIAL PROPERTY TRENDS

In Claremont, over the past five years, total rentable office space has increased by 12 949m², with current totals at 123 601m².

The Citadel, which officially opened in October 2016, added 6 000m² to the gross built area of Claremont CBD. The six-storey, four-star green building accounts for nearly 5% of the total rentable office space. While The Citadel is officially classified as AAA-grade office space, SAPOA has classified it as P-grade².

Around 50.7% of the total office space in the Claremont CBD is A-grade office space (see Fig. 6, below).

During the past two years, Claremont has gained 6 000m² of P-Grade and lost 1 300m² of B-Grade office space. This is part of a broader trend towards converting B- and C-grade office space to

GROUND FLOOR RETAIL OFFERINGS INCLUDE:

35
pubs/clubs/
restaurants

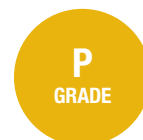
46
clothing stores

10
motor retail

19
malls/commercial
buildings

9
hotels and
apartments

2. GRADES EXPLAINED



PREMIUM, TOP
QUALITY, MODERN
SPACE



NOT OLDER THAN 15
YEARS, UNDERGONE
REFURBISHMENTS,
HIGH QUALITY,
MODERN FINISHES



GENERALLY OLDER
BUILDINGS,
BUT MODERN
STANDARDS FROM
REFURBISHMENT AND
RENOVATIONS



FAIR CONDITION, BUT
WITH OLDER STYLE
FINISHES, SERVICES,
AND ACCOMMODATION



Grove Exchange

FIG. 6: SUMMARY OF RENTAL OFFICE SPACE IN THE CLAREMONT CBD (Q2 2018)

Grade	Total rentable area (m ²)	Percentage of total office space	Available for leasing
P-grade	6 000	4.9%	0
A-grade	62 636	50.7%	1 146
B-grade	45 286	36.6%	1 917
C-grade	9 679	7.8%	637
TOTALS	123 601	100%	3 700

SAPOA OFFICE VACANCY REPORT, Q2 2018

50.7%
TOTAL OFFICE SPACE IN
THE CLAREMONT CBD IS
A-GRADE OFFICE SPACE

**A
GRADE**

THE CITADEL, WHICH
OFFICIALLY OPENED IN
OCTOBER 2016, ADDED
6 000m²
TO THE GROSS BUILT AREA
OF CLAREMONT CBD.

residential accommodation, which has been evident in the Cape Town CBD in recent years. In particular, the decline in B-grade office space in Claremont over the past year can be attributed to the conversion of the former Shoprite building into student accommodation. That, in itself is a notable trend, which we discuss later in this report.

NEW MIXED-USE COMING ONTO THE MARKET

At the time of writing, three new mixed-use developments are currently under construction. This represents at least 8 231m² of new use, of which 7 581m² of new office space, due for completion in early 2019, plus new student and residential accommodation.

The new office accommodation comprises 2 731m² at 20 Vineyard Road and a further 4 850m² at Draper on Main.

The Old Shoprite building is being converted into student accommodation. It will include 532 residential units to accommodate a total of 582 students, with retail space available on the ground floor.

A fourth development, Quadrant Gardens, which is discussed later in this document, will provide an additional 75 residential units.

Three of the four developments will also bring additional retail space to the market in the next year.

Seven additional developments are in the planning stages, five of which will include office and retail space.

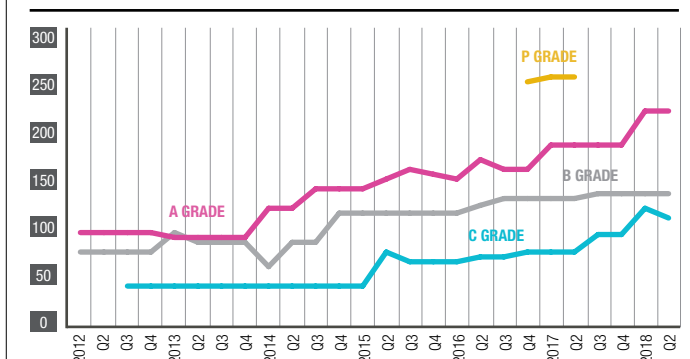
B-grade office rentals have remained largely unchanged in recent years, while A-grade rentals have increased steadily since late 2013. This indicates robust demand for quality office accommodation in Claremont (see Fig. 7).

Increasing commercial values have spurred the promotion of a live-work-play lifestyle, with apartments and smaller, compact homes being constructed within or on the periphery of the CBD.



The Citadel

FIG. 7: CLAREMONT OFFICE RENTAL RATES (2012 to Q2 2018)



RESIDENTIAL PROPERTY TRENDS

Before the 2008/09 recession and the resulting property slump, developments in Claremont Upper, which is incorporated within the CIDC precinct, primarily comprised large-scale developments.

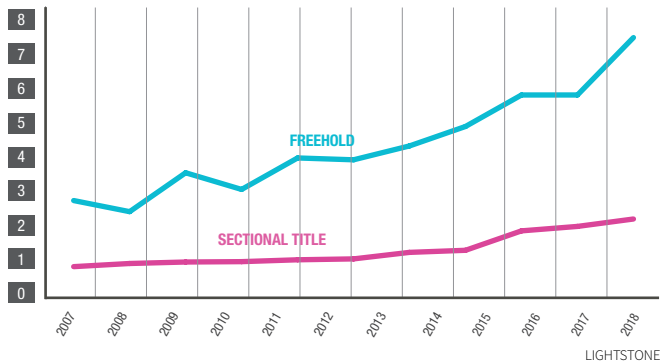
These were mixed-use developments in the heart of the Claremont CBD, responding to demand for high-density housing close to public transport and economic opportunities.

Key developments constructed during this period included MontClare Place, The Claremont and Seven Miles South (all completed in 2006) and Intaba (completed in 2007).

Over time, as the market recovered, developments in the area gradually regained momentum. These post-recession developments were primarily smaller, upmarket, residential-only developments located on the periphery of the Claremont CBD.

In 2018, this trend continues, in the form of smaller luxury developments that cater to more affluent buyers.

FIG. 8: CLAREMONT UPPER RESIDENTIAL PROPERTY PRICES (Rm, median)



The Claremont

“
Homeowners are downsizing, opting for smaller, upmarket, sectional title homes that offer reduced security and utility costs, and a lock-up-and-go lifestyle.
”



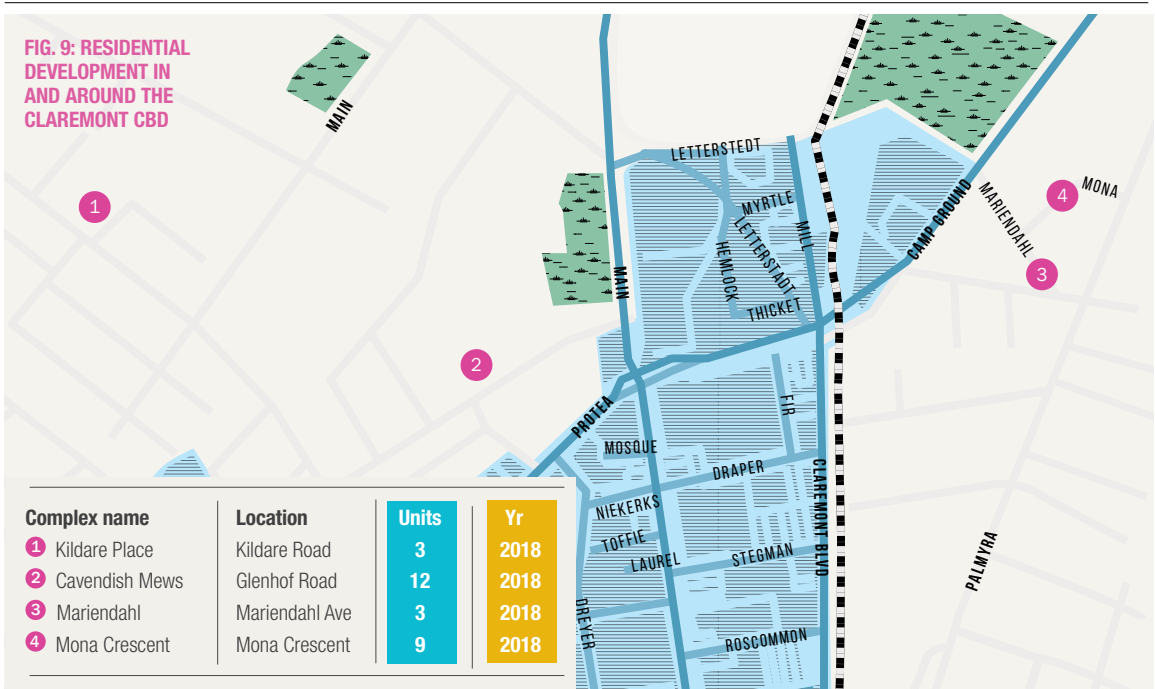
Post-recession developments were primarily smaller, upmarket residential developments on the periphery of the CBD. This trend continues in 2018.

These developments reflect a growing national trend. Homeowners are downsizing, opting for smaller, upmarket, sectional title homes that offer reduced security and utility costs, and a lock-up-and-go lifestyle. Increasing congestion into the Cape Town CBD also reinforces this trend: buyers are opting to be closer to work and to school.

PRICE PERFORMANCE

In Claremont Upper, sectional title properties dominate the market, accounting for nearly 63% of all homes in the area.

FIG. 9: RESIDENTIAL DEVELOPMENT IN AND AROUND THE CLAREMONT CBD



Even as the national and Western Cape housing markets slow in 2018, residential property prices in Claremont Upper continue to increase. While slower than previous years, activity in the Upper Claremont housing market remains fairly brisk. Prices for both freehold and sectional title homes have almost doubled over the past five years.

Sectional title properties also offer first-time homeowners a chance to gain a first foothold on the property ladder in a vibrant live-work-play environment. This trend is likely to continue, with an influx of young buyers entering the property market for the first time.



Even as the national and Western Cape housing markets slow in 2018, residential property prices in Claremont Upper continue to increase.

FIG. 10: MEDIAN PROPERTY PRICES FOR CLAREMONT RESIDENTIAL UNITS, 2018

CLAREMONT	Median price 2018 (Rm)	Five years 2013 – 2018 YTD YY%	Ten years 2008 – 2018 YTD YY%
Freehold	7.20	+84.6%	+157.1%
Sectional title	2.35	+87.9%	+126.6%



Mona Crescent

STUDENT ACCOMMODATION

A number of property developers across the country have identified a significant shortage of student accommodation in South Africa. Some estimates suggest a shortfall of 86 599 beds in the Western Cape alone. This offers a significant opportunity for developers, who are investing in student-focused mixed-use developments.



The Jammie Shuttle

The growth in student accommodation represents another significant shift in the Claremont Upper residential market. Rondebosch, Rosebank and Observatory were traditional student accommodation hubs. While accommodation continues to be developed in those areas, Claremont is becoming a more prominent, viable alternative student centre.

Given its location and good transport links, including the UCT Jammie Shuttle, Claremont is well positioned to serve this market.

One developer, Redefine Properties, is planning to develop 10 000 student accommodation units around the country, valued at around R6bn by the end of 2019. With an initial focus on Gauteng, the developer is expanding its footprint. Its 469-bed facility in Bloemfontein opened in early 2018.

In a shared venture with Respublica, Redefine is also developing the former Shoprite complex on Main Road in Claremont. The development comprises a 582-bed student accommodation facility across

“
Student accommodation remains profitable and its growth in Claremont represents another significant shift in the residential market.
”

532 single, sharing and studio apartments. Called Roscommon House, the facility is due to open in January 2019, and takes advantage of its location less than three kilometres from UCT and just 200m from Cavendish Square, with convenient public transport links.

Student accommodation remains profitable, and a more diverse population brings more inclusive growth into the area's social fabric. Depending on the facility, rentals range from R4 500 up to R9 000 a month. The student accommodation units can be fully equipped with free uncapped wifi, laundry, parking, entertainment and recreation facilities, study and computer centres, as well as biometric and 24-hour access control and CCTV surveillance.



Tiger's Milk, lower level of the SunClare building

FUTURE PROPERTY DEVELOPMENTS

During the past decade, the total value of both residential and commercial property within the Claremont CBD has risen from R2.7bn in 2008/09 to R6.9bn in 2018/19 – an increase of 157.3% or R4.2bn.

Having established the context of the overall valuation of property in the Claremont CBD, the picture can be broken down into residential vs non-residential trends. In the 2018/19 financial year, the total valuation of property in the Claremont CBD was estimated at R6.9bn, split between R1.6bn residential and R5.3bn non-residential. Note: the breakdown between residential and non-residential is only available from 2009/10 onwards.

The value of residential buildings in the Claremont CBD has trebled between 2009/10 and 2018/19, rising from R0.528bn in 2009/10 to R1.6bn in 2018/19. This represents an increase of R1.08bn or 203.8%. The step-like changes

82:18
% RATIO OF COMMERCIAL
TO RESIDENTIAL
PROPERTIES

in valuations arise from the City of Cape Town valuations being updated only every three years.

During the same period, the value of non-residential buildings increased from R2.5bn to R5.3bn – an increase of R2.8bn, or 110.2%.

The percentage ratio of commercial to residential properties has remained largely unchanged during the past nine years, at 82:18%. In 2009/10 this ratio was 83:17%.

FIG. 11: MUNICIPAL VALUATION OF PROPERTIES IN CLAREMONT CBD (RBN)

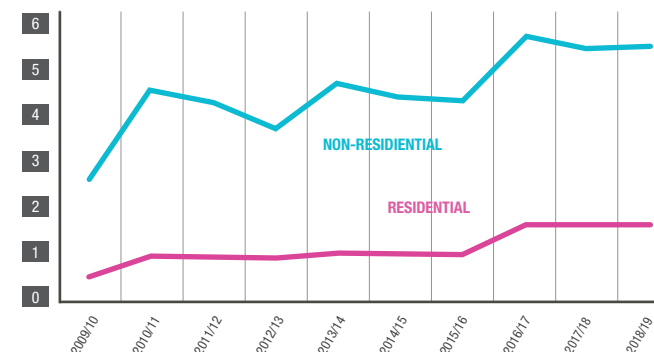
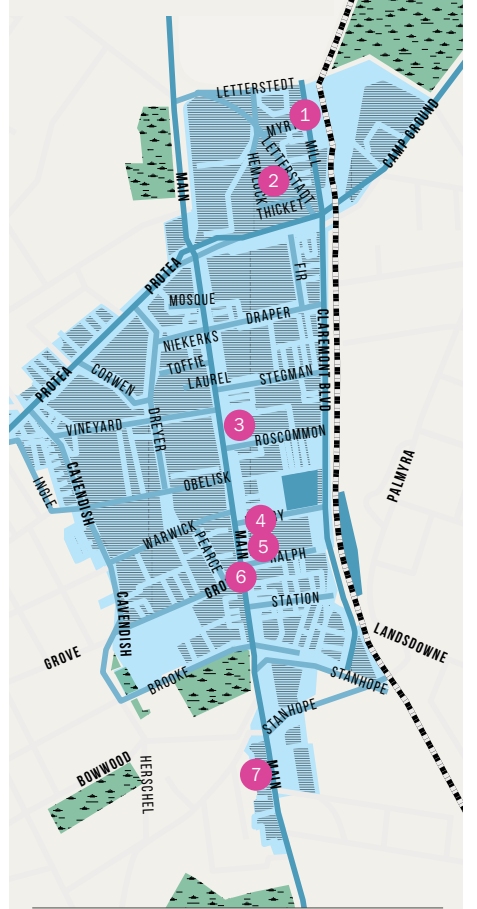


FIG. 12: FUTURE DEVELOPMENT MAP

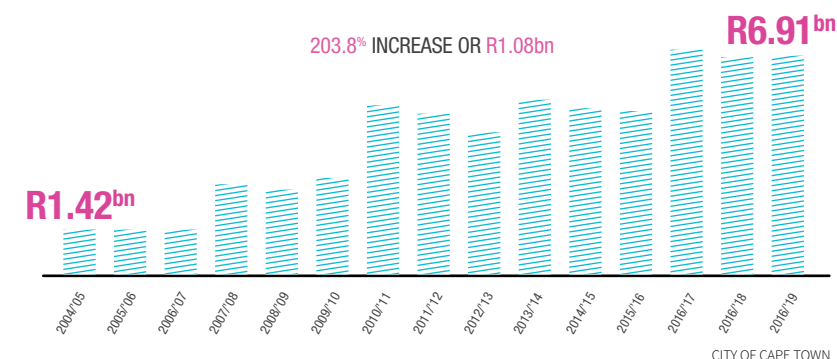


Complex name	Location
1 Mill Street Office Park	Mill Street
2 Mancosa Building	Thicket St
3 Stadium on Main	Main Rd
4 Werdmuller Centre	Cnr Main & Newry
5 McDonalds Site	Cnr Main & Ralph St
6 Marshall House	Cnr Grove & Main Rd
7 206 Main Road	206 Main Rd



Cavendish and Vineyard Road construction

FIG. 13: MUNICIPAL VALUATION OF PROPERTIES IN CLAREMONT CBD (RBN)



As described earlier, four developments are currently under construction in the Claremont CBD, three of which are due for completion in 2018 and the fourth in 2019. Three are mixed

use and one is a residential development aimed at the retirement market, located on the edge of the Claremont CBD.

FIG. 14: UNDER CONSTRUCTION

Location	Valuation/ bulk/units	Completion date	Type of developer	Developer
20 Vineyard Road (Old Food Lover's Market)	R85m	Dec 2018	Mixed use (office & retail)	Ingenuity
Draper on Main	5 500m ²	Dec 2018	Mixed use (office & retail)	Growthpoint
Old Shoprite Building (Cnr Main & Roscommon Rd)	300 units	Nov 2018	Mixed use (retail & residential)	Respublica with Redefine Properties
Quadrant Gardens (Wilderness Road)	75 units	May 2019	Residential	Corevest

CLAREMONT IMPROVEMENT DISTRICT

Draper on Main



20 VINEYARD ROAD

Located on the corner of Vineyard Road and Dreyer Street, 20 Vineyard Road comprises 2 731m² of office space and ground-floor retail space. Due for occupation on 1 January 2019, the mixed-use development is close to restaurants, banks, gyms and public transport. At the time of writing, office rentals are R255/m² to R260/m² (ex-VAT) while retail rentals are R270/m² (ex-VAT).

DRAPER ON MAIN

Draper on Main is an A-grade 5 500m² Green Star-rated mixed-use development located in the heart of the financial district. The development comprises 4 850m² of office space with balconies, and 650m² of retail space. It is located close to Cavendish Square and MontClare Place, and also has excellent public transport links. At the time of writing, office space is currently available at R223/m².

OLD SHOPRITE BUILDING

This mixed-used development will include 532 units for student accommodation. Rentals range from R4 500 up to R9 000 a month, depending on the type of facility².

QUADRANT GARDENS

Quadrant Gardens comprises 75 apartments in a retirement development catering for residents over 60. Studio, two- and three bedroom apartments range from R2m up to R6,5m, on a life rights basis. This offers owners secure lifetime tenure in a transaction that does not incur bond registration fees, transfer duties, nor VAT³.

“
Four developments are currently under construction in the Claremont CBD, three of which are due for completion in 2018 and the fourth in 2019.
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2. www.iol.co.za/business-report/companies/redefine-grows-its-presence-with-quality-new-digs-for-students-14857159
3. www.thenewspaper.co.za/latest-luxury-urban-retirement-claremonts-newly-launched-quadrant-gardens-now-selling/

PROPOSED

Main Road has long been a dividing line through the Claremont CBD, with dense and prosperous areas leading up the mountain side, and less developed areas on the railway side dominated by informal traders.

One of Claremont's crucial success factors has been the ongoing development of upmarket residential properties on the edge of the CBD. Claremont Upper is now one of the most expensive residential areas in the Southern Suburbs on a Rand per square metre basis. This is providing a fundamental underpinning for the Claremont CBD.

However, current developments are moving across the road, towards the railway line. This will bring significant benefits to the area, which has been underdeveloped for years.

WERDMULLER CENTRE (NPV PROPERTIES)

The proposal to redevelop the dilapidated Werdmuller Centre has received heritage approval. The current proposal reconsiders the original plans, and concedes that around 40% of the building had architecturally significant elements, and could be adapted for contemporary use, but suggested

FIG. 15: PROPOSED

Location	Valuation/ bulk/units	Completion date	Type of developer	Developer
Werdmuller Centre	28 000m ² R750m	Jan 2020	Mixed-use (office, retail & residential)	NPV
McDonalds Site (Cnr Main & Ralph St)	-	Jan 2020	Mixed use (office & retail)	Tony da Costa
Mancosa Building (Thicket St)	236 units	Jan 2020	Residential	Rawson Properties
Mill Street Office Park	8 868m ²	-	Mixed use (office & retail)	Eris
206 Main Road	28 units	-	Residential	Pan Africa Consulting
Marshall House (Cnr Grove & Main Rd)	6 000m ²	-	Mixed use (office & retail)	NPV Properties
Stadium on Main (Main Rd)	R65m	Jan 2019	Mixed use (office & retail)	NPV Properties

CLAREMONT IMPROVEMENT DISTRICT, NPV PROPERTIES & CITY OF CAPE TOWN

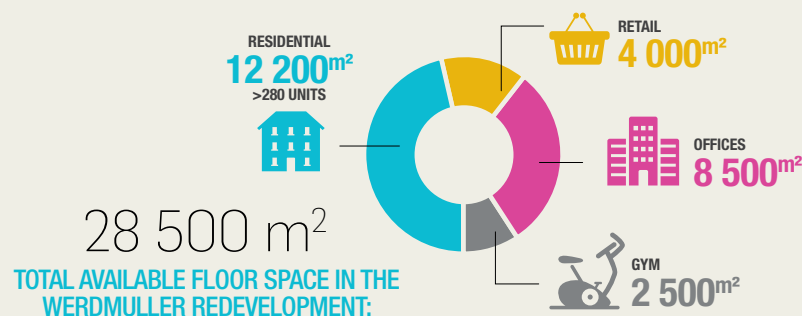
that remaining 60% was not architecturally significant nor could be adapted for use according to the existing scheme.

The plans allow for four levels of underground parking, ground-floor retail space and a residential and office tower at the front of the building. The back of the building will retain its original structure.

The residential units will be rented predominantly to students.

“
CLAREMONT UPPER IS NOW
ONE OF THE MOST EXPENSIVE
RESIDENTIAL AREAS IN THE
SOUTHERN SUBURBS ON A RAND
PER SQUARE METRE BASIS.
”

FIG. 16: PROPOSED WERDMULLER
CENTRE MIXED-USE REDEVELOPMENT



NEW PROPERTY VENTURES

At 60 metres, the R750m development will be Claremont's first tall building. The tallest existing buildings are just 35 metres high. The redesign increases the building to 28 000m² from the current 21 000m².

MCDONALD'S SITE

This redevelopment is being undertaken in conjunction with the Werdmuller Centre. The development will include two floors of retail space and two floors of A-grade office space. Office space will total 750m².

MANCOSA

Rawson Properties has lodged an application with Council to convert the Mancosa Building in Thicket Street, Newlands (opposite the Park Inn Hotel) into a residential block with 236 units. Development is likely to begin in two years' time.

MILL STREET OFFICE PARK

The project is not in its final stages yet, but primarily will be a commercial office building with retail/commercial on the ground floor and basement parking. The design ensures that the building interfaces positively within its neighbourhood context, activating the street edge enhancing the character of street life.

206 MAIN ROAD

Once completed, this residential development will include 28 units.

MARSHALL HOUSE

Plans are progressing on the redevelopment of Marshall House to create 6 000m² of offices and retail. Subject to City approval, the plans incorporate a large signature tower development that will complement the proposed tall tower element of the Werdmuller development nearby.

STADIUM ON MAIN (NPV PROPERTIES)

In recent years, the owners have focused on modernising the offices in this R60m redevelopment of this building. With the completion of the first phase, the focus shifts to the redevelopment of the three floors of retail.

At the time of writing, the lower floor tenants are focused on entertainment uses, with retail on the upper two floors. The Post Office and Telkom are the primary tenants on the upper floor, which will be converted to 3 500m² of A-grade office space.

A new entrance opened on the lower ground floor level will lead passengers from the public

THE
ESTIMATED
AREAS FOR
MILL STREET
OFFICE PARK
ARE (M²):

1 198

RETAIL/
GROUND FLOOR
COMMERCIAL

7 670

COMMERCIAL
FLOORS 1 TO 5



transport interchange, including the Jammie Shuttle, creating a 'people pipeline' between the interchange and Main Road. This keeps commuters undercover as they walk towards the Cavendish

Precinct. A food court will be created in the new lower ground level. Handover to tenants is scheduled for October 2019, in time to start trading on 1 December 2019.

Stadium on Main



DOING BUSINESS IN CLAREMONT

Businesses in Claremont cover the full spectrum of retail and commercial enterprises, from large corporates to smaller, independent traders, operating in high-end office buildings, ground-floor stores and shopping malls.

RETAIL: CAVENDISH SQUARE

Claremont’s anchor retail tenant, Cavendish Square, is well-regarded as a premier shopping destination in the Southern Suburbs. The centre contains over 250 high-end stores, various restaurants, 16 cinemas and five foreign exchange banks. Dreyer Street, which runs between the main centre and Cavendish Connect (formerly The Link), is a green hub and the heart of Cavendish café culture. A sky bridge connects the main centre with Cavendish Connect.

Cavendish Square attracts an average of 1.7m shoppers each month.

At the time of writing, the centre is undergoing its first refurbishment since it was built 45 years ago. The first phase was completed this year, and the second phase is underway. The first floor of the centre has been revamped, with new ceilings and new balustrades, pillars and tiling. The centre is also opening itself out more to the outside, with improved access to the centre.

NIGHT-TIME ECONOMY

A vibrant urban centre requires an active daytime and night-time economy. Six pubs and night clubs provide after-hours entertainment in the Claremont CBD. These are clustered around the corner of Main and Stegman Roads, and Dreyer



Informal trading in the Claremont CBD

“
Claremont anchor retail tentant, Cavendish Square contains over 250 high-end stores, various restaurants, 16 cinemas and five foreign exchange banks.
”

FIG. 17: BREAKDOWN OF SHOPPING MALL RETAIL IN THE CLAREMONT CBD ⁴

	Number stores	Gross lettable retail (sqm)	Parking bays	Anchor tenants
Cavendish Square & Cavendish Connect	233	43 517	1 800	Woolworths, Truworths, Exclusive Books & Ster-Kinekor
MontClare Place	16	8 087	500	Pick n Pay
Stadium on Main	Due for re-development in 2019			
Total	249	51 604	2 300	



Cavendish Square

FIG. 18: CLAREMONT CBD GROUND FLOOR RETAIL OUTLETS

Category	2018
Health / beauty / cosmetics	65
Clothing stores	46
Restaurants / fast food outlets & takeaways	29
Convenience stores	20
Malls / commercial buildings	19
Car dealerships & vehicle repairs	10
Hotels & apartments	9
Cellphone & computers	7
Furniture & appliances	6
Nightclubs / pubs	6
Banks	4
Religious institutions	4
Laundry services	3
Art suppliers / art gallery / music	3
Petrol stations	2
Florist	1
Other	60

and Corwen Streets. This hub caters well for the office worker and student population who live in the CBD. The clustering promotes surveillance and safety, and is seen as a safer option than individual venues operating separately from each other.

The popular outlet Tiger’s Milk has been one of the anchor tenants in this entertainment hub since 2015, located in the Sunclare building. Over time, the venue has grown in popularity — particularly with the addition of outside seating, which has had a positive effect, both on the popularity of the building, but also for the business operators. Since then, the coffee chain Bootlegger’s has opened up in the same area, adding greater appeal and all-day trading in the area.

Demand for office space has grown in the Claremont CBD, bringing with it a shift in occupant profile. This creates an incentive for commercial property developers as they develop new commercial accommodation: to create night-time venues that cater for office workers, moving away from nightclubs and more focusing on bars and restaurants.

This is becoming more prevalent on the railway line side of Main Road,

CLAREMONT
CBD HAS
65
HEALTH, BEAUTY
AND COSMETIC
RETAIL OUTLETS

which has, until now, been relatively under-developed.

INFORMAL TRADING

The City of Cape Town recognises informal traders as an important part of the formal economy. The sector makes a significant contribution to the national economy. The CIDC monitors informal traders throughout the Claremont CBD, and, while natural attrition has reduced the number of traders, the sector in Claremont is stable and well-managed. Traders are required to apply online for trading permits and are allocated bays when they become available. The CIDC, with the City of Cape Town, also focuses on the training and education of informal traders throughout the Claremont CBD.

CENTRE OF EXCELLENCE: BUSINESS FOCUS

With large building floor plates and diverse retail and hospitality options available to workers and executives alike, Claremont is a recognised centre of excellence for the business process management sector.

BUSINESS PROCESS MANAGEMENT

South Africa is a popular destination for global business process management (BPM) services companies, offering a large, skilled workforce that speaks English with a neutral accent. South Africa is also culturally aligned with the United Kingdom, Australia and the United States. The country has a business-friendly operating environment and

connectivity and infrastructure on a par with developed countries.

These factors make the cost of a full-time employee in South Africa 40%-50% lower the United Kingdom and Australia.

Currently, four large BPM and call centre operators operate in the Claremont CBD: Boomerang Marketing, the Selldirect Group, Webhelp South Africa and WNS Global Service SA — which, at the



South Africa is one of the most affordable destinations in the world for English language voice processes, with a favourable exchange rate and government incentives that support the BPM industry.

“ South Africa is a popular destination for global business process management (BPM) services companies, offering a large, skilled workforce that speaks English with a neutral accent. ”

time of writing, had renewed its 3 800m² lease for a further five years. Smaller operators — B-online and My Debt Assist are also located in the CBD, taking 600m² and 1 000m² respectively. Call centre accommodation requires a density of between six and eight metres per person.

While Century City and Bellville compete with Claremont in attracting BPM businesses, Claremont appeals to young professionals and BPM employees, with its access to a well-managed public transport interchange and extensive retail offerings, most notably Cavendish Square. Upper-income and senior executives in the BPM sector are attracted by the high-end residential suburbs around the Claremont CBD and access good quality educational institutions.

FINANCIAL SERVICES

At least 14 financial services companies are located in and near the Claremont CBD. In addition, financial retailers Old Mutual, Standard Bank, Capitec, Nedbank, First National Bank and Bidvest Bank each have branches in the area.

LEGAL SERVICES

The Claremont CBD also has a large concentration of legal firms: at least 11 companies offering legal services are located in and around the business node. The value of Claremont as a centre of excellence for the legal sector lies in its location. It is close to both Cape Town and Wynberg Magistrate’s Courts.



FINANCIAL SERVICES

Company name	Category
1 Fundhouse	Global investment advisers
2 Coronation	Fund managers
3 Kagiso Asset Management	Asset management
4 Leaf Capital	Financial planner
5 Private Client Holdings	Private wealth management
6 Wealth Planners	Financial planner
7 Cadiz Asset Management	Asset management
8 RECM	Asset management
9 AMAC Financial Mgmt. Services	Financial consultant
10 Citadel Investment Services	Wealth management
11 Simply Financial Services	Insurance
12 Tappan Financial Solutions	Financial planner
13 Velocity Trade	Multi-asset trading
14 Ipreo	Financial Technology

LEGAL SERVICES

Company name	Category
1 Brian Bacon Inc	Property Law
2 RD Becker & Associates	Sports & Entertainment Law
3 Carey Olson	Offshore Law
4 Dorrington Jesop Inc	Atto
5 Mennen Attorneys	Attorneys
6 De Klerk & van Gend Attorneys	Attorneys
7 STBB Smith Tabata Buchanan Boyes	Attorneys
8 Antonie van Wyk and Associates	Attorney
9 Danielle Kriel Attorney	Attorneys
10 William Booth Attorneys	Attorneys
11 Kantor-Fialkov Attorneys	Attorneys



Private Client Holdings

CENTRE OF EXCELLENCE: SUSTAINABILITY

The so-called heat island effect results in higher temperatures in built-up urban environments than in suburban areas. However, Claremont is well located to flourish, because of its close proximity to the mountain.

Claremont receives more rain and the high clay content in the soil allows for better water retention. The water table is also relatively high. As a result, the area remains relatively green even during droughts.

That said, when the Claremont Boulevard was constructed, trees were planted along its length in an attempt to offset the heat island effect. They also provide shade and bring nature into the urban environment. And as they mature, the trees will require less watering since they will reach their own water underground.

For building owners in Claremont, the recent drought emphasised the importance of planning for resilience and water security. Businesses in Claremont have also begun to retrofit and plan new infrastructure that will help them to better manage water and energy consumption. This is good business practice and supports Claremont as a sustainable urban centre. Some businesses are implementing various interventions, as they transition to more resource-efficient operations.

VINEYARD HOTEL

The Vineyard has developed a reputation for its overt commitment to sustainability, and continues to upgrade its resource management infrastructure as funding allows.

The hotel has been installing solar panels since 2015. Since the publication of the last State of Claremont report in 2016, the Vineyard has added 68 new, more space-efficient, photovoltaic thermal (PVT) panels to its existing bank of 80, to provide hot water and photovoltaic energy to the hotel. Solar only generates about 2% of the hotel's energy needs.

The hotel has reduced its water consumption by between 40% to 50%, through various interventions, including guest communication, removing bath plugs, installing aerators on the taps and training and awareness for staff, reducing garden irrigation and closing the swimming pool at peak times. A grey water system has been installed for 150 toilets.

The Vineyard has also become more self-sufficient in terms of water storage. It harvests rain water and is considering plans to treat its borehole water to be drinkable.

The hotel is also constantly improving its recycling processes. It recycles 90% of its waste, and seeks socially responsible ways to do so. Previously, for example, the hotel would donate used wine corks to a company which exported them to Europe to make cork flooring.

However, corks are now donated to a local community art project Kidz Positive Beadwork Project thus helping to create local jobs.

The hotel also has a strong focus on sustainable procurement, such as the use of certified environmentally friendly chemicals and using biodegradable packing for picnic baskets and other items. In terms of procurement, the Vineyard evaluates and purchases over 200 eco-friendly and locally sourced products. In sourcing food, the hotel uses Farmer Angus for meat and free range eggs as far as possible, despite the increased costs of doing so. It also cultivates a small herb garden.

In the garden, the hotel is replanting with indigenous vegetation and

“ THE HOTEL HAS REDUCED ITS WATER CONSUMPTION BY BETWEEN 40-50% THROUGH VARIOUS INTERVENTIONS. ”

the area along the river has been rehabilitated. The hotel also organises monthly clean-ups in its community; for example, clearing alien vegetation on Rondebosch Common, and clearing the Liesbeek River of litter, among others.

GROWTHPOINT

Growthpoint has five properties within the CIDC's boundaries. The organisation's Thrive Portfolio features substantial measures to reduce operating costs by reducing electricity and water consumption, improve air quality and increase productivity.

200 On Main, a 4-Star Green rated building, is also a Platinum Thrive building.

The Oval also has Platinum Thrive status together with a 4-Star Green rating with benefits very similar to 200 On Main.

Newlands on Main is currently

undergoing its Green Star certification and is expected to achieve a 4-Star rating. Montclare Place and Paramount Place are not currently rated in terms of Green Building certification, however they are being retrofitted with various technologies to further improve the consumption of electricity and water at these buildings.

Growthpoint has managed to reduce water consumption by almost 50% over the last 12 months. New technologies such as replacing lights with LED low energy fittings and highly efficient HVAC modifications are continuously being investigated.

Growthpoint has also installed large water-holding facilities and boreholes to safe-guarded against climate change and consequent drought conditions.

NEW PROPERTY VENTURES

New Property Ventures (NPV) is conducting an ongoing assessment of the resilience of its portfolio. Water management measures include introducing waterless urinals, controlled flow in bathrooms taps, dry soaps, multi-use toilets to reduce the number of flushes. To date, the company's approach has been reactive, rather than preventative: retrofitting buildings with resource-management facilities is expensive. However, NPV is committed to ensuring its new developments are more resilient. One development in particular, the long-awaited Werdmuller Centre, will be able to tap into the natural stream that runs underground, potentially taking the building off the water grid.

TSOGO SUN

While Southern Sun Newlands has had a borehole for a number of years, during the 2017/2018 drought in Cape Town, the hotel upgraded the borehole, installed water storage tanks and a filtration system, enabling it to operate off-grid. The group began its water efficiency preparations long before Day Zero became a possibility.



Gardens at the Vineyard Hotel

CLAREMONT RECEIVES MORE RAIN AND THE HIGH CLAY CONTENT IN THE SOIL ALLOWS FOR BETTER WATER RETENTION. THE WATER TABLE IS ALSO RELATIVELY HIGH. AS A RESULT, THE AREA REMAINS RELATIVELY GREEN EVEN DURING DROUGHTS.

WHEN THE CLAREMONT BOULEVARD WAS CONSTRUCTED, TREES WERE PLANTED ALONG ITS LENGTH IN AN ATTEMPT TO OFFSET THE HEAT ISLAND EFFECT.

These include, among others, installing low-flow showerheads and flow restrictors on taps on taps, dual-flush systems on toilets, replacing linen serviettes with good quality paper alternatives, and collecting and reusing left-over mineral water from conferences and bedrooms to be reused.

As a result, the hotel has achieved significant water reductions, with cohesive and consistent effort, without requiring significant capital investment.

“Saving water needs to become the new normal in South Africa as well as the rest of the world, and Tsogo Sun has been leading the way in this regard for the hospitality industry, and business at large.”

Tsogo Sun has also joined the global #nostraw campaign, eradicating the use of plastic straws across the entire group.

Southern Sun Newlands has implemented a vermiculture project, using a number of worm farms to convert organic kitchen waste into fertiliser. The hotel's waste management system ensures that glass, paper, plastic, metal cans, organic waste and electronic waste is sorted for effective recycling, while non-recyclable waste is sent to the Athlone waste-to-power plant. The hotel's Don't Waste services dashboard enables the hotel to

manage and track its waste disposal every month. The hotel also has a staff recycling incentive in place, which offers prizes to staff who have collected the most recyclables.

These initiatives have drawn positive responses from both staff and guests.

At a community level, Tsogo Sun group invests substantial resources into developing skills, supporting emerging businesses, nurturing communities and creating awareness about the importance of environmental preservation.

CAVENDISH SQUARE

Cavendish Square has implemented various measures to manage its water consumption specifically, but also to manage its power consumption more generally. A borehole supplies water for flushing toilets and waterless urinals have been installed in the men's bathrooms. Across the centre, 44 taps have been switched off and replaced with waterless hand sanitiser. The air conditioning system uses treated water, and the irrigation system uses recycled water.

In terms of general sustainability, Cavendish Square has installed large numbers of solar panels on its roof, to use less electricity from the municipal feed. These panels can generate up to a megawatt of energy.

FUTURE MAJOR DEVELOPMENT: PUBLIC TRANSPORT INTERCHANGE

To keep its people and its economy moving, a metropolitan area needs to be linked by well-managed affordable, reliable public transport options.

This requires political will and sufficient investment in upgraded and new transport infrastructure — such as that seen at the Claremont public transport interchange.

Ongoing traffic congestion curtails movement, and growing evidence shows that traffic considerations are beginning to impact on people's decisions about where to buy homes and where to locate their businesses.

Two major infrastructure developments have been introduced within the last decade: the R38m invested in the Claremont Public Transport Interchange and the construction of the Claremont Boulevard, which was a R46m partnership between the CIDC and the City of Cape Town. The Boulevard both relieves traffic congestion on Main Road, and also creates a safe and efficient interchange for public transport users.

Current reports estimate approximately 16 000 commuter trips flow in and out of Claremont each day — suggesting the influx of 8 000 commuters per day. Once completed, the MyCiTi bus is expected to significantly increase this number. It is also likely to change the profile of commuters, as it is one of the few modes of public transport supported by more affluent travellers.

In recent years, the City of Cape Town has provided substantial investment in the public transport interchange. However, the property

surrounding the interchange present untapped opportunities. It remains under-developed.

This will change in the near future, with the planned redevelopment of Stadium on Main and the development of the new Werdmuller Centre.

As described earlier, both are designed to incorporate 'people pipes', drawing pedestrian traffic flow through the buildings to Main Road, rather than navigating crowded pavements around the buildings.

The developments will offer mixed retail outlets catering for commuters moving to and from the transport interchange. The new Werdmuller Centre will cater predominantly for commuters using taxi and rail transport, while Stadium on Main is likely to serve commuters predominantly from the bus station and the Jamie Shuttle.

These developments are likely to create a ripple effect of development, along and on the other side of Main Road, contributing to the general upgrade of the area. This will also impact on the access to public services, such as health care, for people moving into and through the area.

PHASE 2A: MYCITI BUS

When complete, the R816m Phase 2A of the MyCiTi Bus service will serve an additional approximately 1.4 million residents from areas

DEVELOPMENTS IN SUMMARY:

Claremont
Public Transport
Interchange
R38m

Claremont
Boulevard **R46m**



MyCiTi Phase 2A
R816m

APPROXIMATELY
16 000
COMMUTER TRIPS FLOW IN
AND OUT OF CLAREMONT
EACH DAY

in the Metro South-east such as Khayelitsha and Mitchell's Plain, as well as the more established areas of Wynberg and Claremont.

According to the City of Cape Town, a more direct public transport service that operates with greater efficiency will stimulate greater economic opportunities and spur new developments. This urban renewal will have a positive impact for up to 35 communities located along the route, including Claremont.

Two trunk services make up phase 2A comprises. These are supported by a network of other routes in mixed traffic.

Some sections of the Phase 2A route are underway, and at least one section has been completed in 2018.

MyCiTi is becoming a more popular public transport alternative. In February 2018, an average of 1.7 million passenger journeys were taken on the service. During the morning weekday peak hour periods, an average of 72 070 passenger journeys were taken.

The new corridors - five in total - will serve at least five times more passengers than currently travel on the existing MyCiTi routes.

This offers a significant advantage for commuters from across all areas in the south-east, from both low-income communities currently excluded from accessing economic opportunities, as well as the more affluent areas affected by congestion in the city.

The routes are expected to be completed by 2032.

(Source: Business Report 6 April 2018)

OUR WORK IN NUMBERS

The CIDC provides top-up services to the City of Cape Town. Our work is seen on the streets of Claremont every day.

SOCIAL OUTREACH



2 297

Homeless interactions
for the year

432

Job opportunities for the homeless
via Straatwerk, EPWP programme
and the Chrysalis academy

18

relocations

14

Mentally ill patients admitted
to healthcare facilities

13

Homeless received their
I.D. document

DIGITAL & SOCIAL MEDIA



843 Facebook fans
14 821 #visitors p/year



98 Twitter followers
258 Tweets for the year

URBAN MANAGEMENT



624

BUSINESSES HAVE BEEN
VISITED TO DISCUSS
ILLEGAL DUMPING

120 cases
graffiti removed

1 692 drains
cleaned

1 200 cases
illegal dumping
attended

15 potholes
fixed

180 days
spent clearing weeds

60 road lines
painted

PUBLIC SAFETY



TOGETHER WITH
CIDC PARTNERS

58

arrests made

105

medical emergency
assistance

142

fire and rescue and
extinguishing fires

181

public and nightclub
interactions

86

joint operations with SAPS,
Law Enforcement

188

vehicle and pedestrian
accidents attended

63

jump start assistance
for vehicles

LAW ENFORCEMENT



6

arrests made

63

fines issued for by-law
infringements

3 563

vehicle-related fines
issued
(Rand value - R1 968 000)

