CIDC Chairman’s Report – Delivered by David Stoll

01 November 2018

Good Evening Ladies & Gentlemen

Welcome to this, the 18th Annual General Meeting of Claremont Improvement District Company.

Its gives me great pleasure to submit my **Chairman’s Report**

Once again as a general opening comment, I am pleased to report that the CIDC, during the last year, under the daily guidance of our Executive Manager, Abdul Kerbelker, has been operating as effectively & efficiently as it ever has.

You will see in his upcoming Report the extent to which he personally, and key members of his team, are extensively involved in the daily comings & goings in the Claremont area. This too is reflected in the **2nd Edition of our State of Claremont Report 2018** – which we are very excited about and which we officially release this evening. Abdul will be taking you through some of the highlights therein, in his presentation – suffice to say from my perspective the **Report** paints the continuing success story of the Claremont CBD, which is reflected in <u>increasing rentals, lower vacancies & continuing development activity</u>. **Please make sure that you take one home with you !**

Well, time flies – it certainly doesn’t seem like a year ago when I last addressed you.

Its good to see such a good attendance & so many familiar faces !

Our mission, in my opinion, is unchanged. Simply put – the job of an Improvement District is to address **Crime, Grime & Social issues** in any given precinct. **In Claremont**, Crime & Grime issues continue to be **our focus** – it is our responsibility to maintain and improve the environment which daily affects our Stakeholder’s ability to operate & thrive. This I believe we continue to do in an outstanding manner. In addition, we have had several well publicised successes on the social / homeless front, the plight of whom, continues to be a concerning issue of note.

Being a “numbers” man, I have a particular interest in the finances.

The Financial Statements for the year under review reflect a business on a solid footing with ample reserves. Being a **Non –Profit company**, it is our objective each year to minimise expenditure and match this with income raised by way of a levy on the Rates base. **In an**

ideal world, we should not make a profit. However, Income levied revolves around the City of Cape Town's Rating system and the collection thereof, the intricacies of which, is a difficult animal to forecast.

Currently we have an annual cash flow of R8.0 m which is focussed entirely on running costs of which in excess of 70% is spent on **Security & Cleaning (Crime & Grime**) – which is, I believe, as it should be.

Suffice to say that this year, we made a profit of R 747,792 (R 309,731), an increase on last year of R 400k, arising largely from the fact that this year, we had a larger contribution from the recovery of Retention Debtors (arrears) which we do not budget for. **This reflects the Claremont Ratepayers exemplary payment record & low incidence of Bad Debts**. A good performance in anyone's terms. So while we, the CIDC, pat ourselves on the back, you, the Ratepayers should also take a bow !

Our balance sheet is strong.

At year end, we have R5.0m in the bank.

You would think that the more reserves you have the better, however, as I inferred last year, if anything, this is perhaps where we are falling down at the moment. In an ideal world, our reserves should be equivalent to approx. 3 month's worth of levies (+/- R2m). So theoretically, at year end, we have approx R3m to invest in Capital Projects which upgrade or improve the Claremont CBD in some manner that will benefit all our Stakeholders.

For a number of years now, and sadly again with no success this year, our Project of choice has been to get the City to partner with us in upgrading Main Road, particularly between Campground Rd and Stanhope Rd – there is a need for traffic calming measures, pedestrian crossings, disable- friendly kerbs, more greenery, benches etc. This will continue to be a priority particularly with the various developments springing up on the railway side (EAST) of Main Road.

On the capital project success front, currently in progress, is the installation of LPR (Licence Plate Recognition) cameras into the CBD. This is a R250k project – and will further enable us to combat crime !

As mentioned last year, if any of you have any ideas in this respect, please bring them to our attention.

We see no reason to sit on a pile of cash earning interest – certainly that's not our function and not what our Stakeholders demand.

MOVING ON – the 2018 State of Claremont Report reveals that CLAREMONT, in many respects is booming. As I have said earlier, Vacancies are minimal, Rentals are increasing & Property Developments continue to come out of the ground.

As an 'Office' destination vacancies (per SAPOA) are minimal (3 %) 3,700m2 (Last year 2.9%) **and 'A' Grade asking rentals are R220 p/m2** (Last year R185 p/m2) **, pretty much the best in Cape Town, if not the country.** Certainly **our CBD** is being helped by the horrific traffic congestion being experienced in the City CBD & Century City, which is encouraging business owners living in the Southern Suburbs to relocate to Claremont, thus ensuring a shorter commute. However it should be said, that Cape Town office vacancies & rentals too, are vastly improved compared to a few years ago and up until recently, office conversions to residential have taken a lot of vacant space out of the office market.

I think it is still true that compared to the rest of the country, the Western Cape is in a bubble & continues to perform well.

As mentioned above "Developments continue to come out of the ground"

DEVELOPMENT ACTIVITY – is usually a good indicator of growth

Particularly but not limited to, the "railway side" (EAST) of Main Road, & I believe resultant of the access provided by the **Claremont Boulevard**, several developments are in various stages of planning / completion. In total I estimate R1.5 – 2.0 Bn worth of Developments are currently in various stages of development.

Growthpoint : Draper On Main R 160m / 5,500 m2 Offices – Completion expected June 2019

New Property Ventures : Werdmuller Centre R450m - recent press releases suggest this Development is over the Heritage based hurdles & shall be moving forward in the near future.

As I hoped last year it seems that common sense has prevailed & what is currently an eyesore on our landscape will be allowed to flourish into a genuine mixed use precinct offering Retail/ Office & Student Accommodation.

Redefine : Former Shoprite Building R230m – nearing completion – offering Street level Retail & / 532 units of Student Accomodation

Ingenuity : 20 Vineyard Rd (Old Food Lovers Market) – R100m / 2,731 m2 Offices – completion Dec 2018.

Rawson : Thicket St (Mancosa Building) – 324 Residential apartments / R500m (planning stage)

Plus, in the pipeline, a number of smaller residential / office developments / redeveloments – 206 Main Road, Marshall House, Stadium on Main, Mill St Office Park.

RELATIONSHIPS

Whilst we have excellent relationships with local law enforcement (SAPS) – real statistics are hard to come by (Abdul will talk to later). Also we value & we continue to partner & co-operate with the City of Cape Town , the Groot Schuur CID & our principal service provider, Securitas.

BUDGET 2019/20

Our 2019/20 Budget has been distributed in your AGM packs and reflects an 8% increase in gross levies, what that equates to will depend on the appropriate valuation. The budget has been attached for approval by the Meeting and any related questions can be dealt with then.

CLAREMONT BOULEVARD & THE ROAD BYPASS COMPANY

On the good news front, you will recall that the construction of Claremont Boulevard was a joint venture between ourselves & the City. Our contribution was financed by way of a loan from the DBSA (R 22m) in 2008, the repayments being funded by way of a separate levy on our Ratepayers. The loan has progressively been repaid and at 30 June 2018 stood at

R 10.1m.

As the Claremont Bypass Company at year end has R6m of cash reserves, we are planning to cease collecting this levy by March 2020, when we estimate we shall be able to repay the entire loan.

It is due to be fully repaid by no later than March 2023.

THANKS

Finally a few words of thanks :-

To the officials of the City with whom we deal with on a daily basis

To our service providers – particularly Securitas

To the SAP – Claremont branch in particular

Our genuine & sincere thanks for all you do to assist & help us.

Personally from myself –

Thanks to our CIDC staff – particularly our Exec Manager Abdul Kerbelker / our Admin Manager Karen Bailey & to our Accountant Janine vd Stok.

Thanks to Councillor Ian Iversen and Paul Williamson of the City of Cape Town AND last but not least, thanks to my fellow Directors.