

Cape Town CBD residential market recovers from lockdown-induced slump

Key property trends in the Cape Town CBD include more residential or mixed-use developments coming on stream and the conversion of commercial office blocks into mixed-use developments. This is according to the latest edition of the *State of Cape Town Central City Report 2021 - A Year in Review (SCCR)*.



Source: www.pixabay.com

Published by the Cape Town Central City Improvement District (CCID), the 10th edition reflects on the economic climate in the CBD across the previous year. According to the report, the estimated total value of all new property investments in the Cape Town CBD during 2021 is R5.717bn. This includes completed developments and redevelopments, as well as those under construction and in the planning phase.

Furnished apartment trend

A new trend emerged during 2021, namely the rise of furnished – and in some cases serviced – apartments as the primary type of apartment rental available in the CBD. It appears likely that this was largely attributable to the numerous apartments which normally attract short-term rentals being moved to the long-term rental market.

According to the report, more than half (57%) of the respondents of the annual CCID Residential Survey were tenants. As has been the case in recent years, the largest percentage (36.1%) of respondents were 25-34 years old – presumably young professionals attracted by the “downtown lifestyle” and flourishing night-time economy offered by the CBD.

These young professionals, along with the growing number of digital nomads, may well prefer the flexibility of renting a fully furnished – and possibly serviced – apartment. Increasingly, new developments in the CBD are offering buyers the option of furniture packages.



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Increase in number of residential apartments

By the end of 2021, the total number of residential apartments in the Cape Town CBD was 5,791, up from 4,954 at the end of 2020.

Although the largest number of sales were recorded in The Fynbos, the 689 units have not yet been added to the total as the development was still in the planning phase in 2021.

Apartment sales

On average, apartments sold last year were slightly larger than in 2020, and also 26.1% more expensive on a square metre basis at R39,102/m².

The report says there is no evidence that the size of apartments is declining in spite of the growing micro-unit trend and their availability in the CBD. Just over 40% of the sales recorded last year were apartments in 16 on Bree which were an average size of 42m², compared with the average micro unit size which is typically around half that size.



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Increase in rental stock

There was a significant increase in available rental stock in the Cape Town CBD in 2020, as repeated lockdowns during the first year of the Covid-19 pandemic impacted the tourism industry. The impact was particularly severe during periods of tighter restrictions when international and even, at one stage, inter-provincial travel was banned.

This trend appears to have been reversed during 2021, as the steady rollout of vaccinations and the “normalisation” of living with the pandemic saw a rise in domestic tourism – and later an increase in international tourists – resulting in increased demand in the short-term rental market and the removal of at least some of these units from the long-term rental pool.

As noted in the 2020 SCCR, the number of units listed for rental in the central city rose from 180 units at the end of 2019 to a high of 475 apartments at the end of 2020 – the first year of the pandemic. By the end of 2021, a total of 217 apartments

were listed on Property24.com as available for rent. This is less than half the 475 units listed at the end of 2020.

At the time of writing, this had declined to just 56 apartments. This is a particularly impressive achievement given the completion of both 16 on Bree and Foreshore Place during the course of last year which saw the addition of 562 new units to the central city residential market.



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Monthly rentals

Studio/bachelor apartments: Monthly rentals ranged from R5,500 for a 38m² unit to a maximum of R21,500 for 66m² with the average monthly rental set at R9,027. There were 37 units available to rent in 2021 ranging in size from 11m² to 66m².

One-bedroom apartments: Monthly rentals ranged from R4,250 for an unspecified size to a maximum of R25,000 for 94m², with the average monthly rental set at R11,124. There were 88 units available to rent in 2021, ranging in size from 23m² to 107m².

Two-bedroom apartments: Monthly rentals ranged from R9,000 for 66m² to a maximum of R42,000 for 180m², with the average monthly rental set at R17,768. There were 74 units available to rent in 2021, ranging in size from 66m² to 110m².

Three-plus bedroom apartments: Monthly rentals ranged from R10,000 for 98m² to a maximum of R95,000 for 444m², with the average monthly rental set at R40,314. There were seven units available to rent in 2021, ranging in size from 75m² to 444m².

Information pertains only to apartments that fall within the Cape Town Central City Improvement District's 1.6km² geographical footprint in the Cape Town CBD.

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