

# Cape Town Foreshore Tower Block site up for auction

A 25,000m<sup>2</sup> bulk Tower Block development lease opportunity next to Cape Town's International Convention Centre, which is going under the hammer on 25 April 2024, is at the heart of a booming R40bn oceanside investment corridor being developed in the Mother City.



Source: Supplied.

The scale of investment in this small 5km<sup>2</sup> strip arguably makes it the most exciting and vibrant development node in South Africa, says High Street Auctions director Greg Dart, and an area that private equity investors can't ignore.

"Big groups such as Amdec and the V&A Waterfront are dominating the latest development drive in the narrow strip of seafront acreage that is to all intents and purposes the only remaining greenfields land in the immediate vicinity of Cape Town's CBD.

"These companies have sunk billions of rands into the area, because they recognise its value. If that isn't a banner headline for developers to fight for the Tower Block development lease - when High Street takes it to auction at the DHL Stadium in Green Point - I don't know what is!"

Dart says it wouldn't be an understatement to call Cape Town's Foreshore and immediate surrounds, the holy grail of South African real-estate locations, because the 5km<sup>2</sup> under discussion ticks every development-value box, including:

- Being the undisputed hub of Cape Town's multi-million-rand business tourism industry. This is anchored by the world-class CTICC and its cluster of luxury hotels and surrounding amenities that include the Christiaan Barnard Hospital, The Artscape Theatre Centre and fine-dining restaurants.
- The CTICC business tourism hub located just a short stroll away from the V&A Waterfront.
- The Waterfront itself being a global visitor attraction and South Africa's most popular tourist destination, with a footfall of 24 million a year.
- Growing status in lieu of offering the most attractive, modern and practical mixed-use developments in line with universal demand for live work and play communities that deliver in every respect.

High Street associate director Shawn van Jaarsveld says the area's investment potential has grown exponentially since 2000, and now appears to be reaching terminal velocity.



Source: Supplied.

"The latest surge started with The Yacht Club. After Amdec completed the R1.5bn mixed-use development in Roggebaai five years ago, the group began to roll out an ambitious R15bn plan for a six-tower precinct called Harbour Arch on what was hitherto 5.8ha of wasteland at Culemborg on the eastern edge of the Foreshore.

"In mid-2023 Tower One, which was fully-financed by Absa Bank, was taken to market. Amdec sets the value of the 80,000m<sup>2</sup> build at around R2.4bn, which includes 560 apartments, restaurants, retail spaces and more than 1,000 parking bays. The apartments' launch prices were between R2.1m and R8m."

Van Jaarsveld says Cape Town Central City Improvement District figures note that between 2014 and 2017, more than R5bn was invested in various Foreshore developments.

"What we've been seeing of late, though, is single developers committing triple, or even quadruple, that amount to projects that will forever change the skyline of that narrow oceanfront corridor between Culemborg and Granger Bay.

"After Harbour Arch's launch came the City of Cape Town's announcement that it would auction a 99-year-lease for a 25,000m<sup>2</sup> bulk Tower Block development nestled in the Foreshore precinct, adjacent to the CTICC.

"Shortly after that, the Waterfront said it hoped to start rolling out a R20bn development plan the following year, and was in the process of applying for an additional 440,000m<sup>2</sup> in development rights across its footprint, with most of the new builds planned for Granger Bay.

“Developments on this scale bode extremely well for the ongoing success of the area. It’s already thriving, and with all this new development the only way is up.”

## Critical importance: Tower Block

High Street Auctions managing director, James Dall says the Tower Block development site is of critical importance to developers looking to capitalise on Cape Town’s thriving economy and rapidly expanding tourism industry.

“The Foreshore’s greenfields development opportunities are rapidly disappearing. Land is scarce, and finding a willing seller, even harder. The moment to get into this very, very finite market is now.”

Dall says the Tower Block development lease auction date was shifted to 25 April from 27 March after numerous bidders requested additional time for technical site inspections and to complete internal due-diligence procedures.



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Ntandokazi Ntozakhe 2 Apr 2024



“The City of Cape Town and High Street Auctions are unequivocal in wanting a level playing field at the auction, so we were happy to make this accommodation.

“But while the auction has changed, the auction parameters have not. Registered bidders will enter bids reflecting the monthly rental [exclusive of Vat] they are willing to pay under a Triple Net Lease agreement encompassing all repair-, maintenance- and insurance costs.

“The initial lease period is 60 years, with a 20-year renewal opportunity followed by an additional 19-year optional extension. Cumulatively, the total lease option is 99 years.”

## Hospitality industry priority

Dall says that he believes by virtue of the location, that hospitality companies should be at the head of the auction bidding queue to snap up the Tower Block development lease.

“Those visionary entrepreneurs who could pull off a next-level luxury apart-hotel offering 24-hour concierge services, valet parking, limos on demand, personal shoppers on call – basically the whole nine yards – should also be jostling right alongside them, because it’d be a unique offering in the area.”

The Foreshore Tower Block lease will be one of two substantial City of Cape Town development opportunities going under the hammer at DHL Stadium in Green Point starting at noon (Central African Time) on 25 April.

The second is a sale auction of one of the few remaining development sites in the highly desirable Century City precinct with GB3 zoning and permissible bulk of approximately 25,000m².



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26 Jan 2024



The Century City site is located in the proximity of mixed-use developments combining office-, retail-, residential and leisure components in an integrated, stimulating and aesthetically pleasing urban environment.

The City's Mayoral Committee Member for Economic Growth James Vos said: "These sites form part of the City's property disposal pipeline to unlock private sector-led development opportunities.

"It will certainly have a ripple effect that will boost Cape Town's local economy, creating jobs and contributing significantly to the metro's GDP. The proceeds from these property transactions will be used for service delivery and related infrastructure investment across the city."

Dall says High Street's two-lot auction on behalf of the City of Cape Town starts at noon sharp Central African Time on 25 April at the DHL Stadium in Green Point, Cape Town.

"Our event on the 25th will be a hybrid live and digital live-stream auction, with bids in ZAR accepted in real time from the room and from online bidders around the world."

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