

R4.3bn development at Century City

By [Joan Muller](#)

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Century City, the mixed-use precinct anchored by mega-mall Canal Walk near Milnerton in Cape Town, is undergoing a R4.3bn development boom, which will expand the live, work, stay, shop and play hub by 25%.



Rabie Property Group's John Chapman says the total development at Century City is worth R4.3bn. Image: Rabie Property Group

The Rabie Property Group, which bought Century City in 2004 when Nedbank off-loaded the property assets it inherited through its BoE acquisition, is involved in more than 40 new commercial, residential and infrastructure projects at the 250ha site that 15 years ago was deserted swampland.

Rabie Director John Chapman said that new projects, comprising about 200,000m² of additional space, will bring the total developed bulk at Century City to close to 1m square metres by the end of next year.

That will take the precinct's value to R21bn - more than eight times the R2.5bn that the development was worth when Rabie bought it 10 years ago and nearly double the R11bn value ascribed to Cape Town's V&A Waterfront, jointly owned by Growthpoint Properties and the Public Investment Corporation.

Chapman said the injection of billions of rand of new development at the mixed-use node has been driven by a recovery in residential and office demand after a three-year property slump triggered by the slowdown from the global financial crises.

Flagship development is The Square

"Five years ago we didn't have a single crane at Century City. By year-end, the precinct will have 10 cranes in operation," he said.

The flagship project under construction at Century City is called The Square. It is a R1bn mixed-use development in the Bridgeways precinct at the Ratanga Road entrance.

Chapman said the project, the single largest development undertaken by Rabie at Century City, will comprise five buildings anchored by a multifunctional square.

The project will include a 900-seat conference centre, an 8,800 m² office block with a ground-floor restaurant and retail space, motor showrooms, residential apartments and a 125-bedroom business hotel. This means Century City's will have five hotels and 540 rooms available.

Chapman said the last sizeable project undertaken at Century City was the R750m Crystal Towers hotel development, which was completed in late 2009.

Office blocks galore

Besides The Square, at least 13 more office blocks are either under construction or in the pipeline, in addition to another 10 recently completed office projects.

The question arises whether Rabie Property may be running the risk of creating an oversupply of stock, given the still high



One of the completed office blocks at Century City. Image: Rabie Property Group

office vacancies of 10%-plus in many of SA's commercial hubs.



Century City is currently more valuable than Cape Town's V&A Waterfront as Nedbank helps finance major building projects at the precinct. Image: Rabie Property Group

But Chapman said: "The office vacancy at Century City is at a comparatively low 6%, which is way below the 2008 peak of 13%. And we are confident that there is enough growth in demand to support new developments."

He noted that most of the country's office vacancies are in older nodes, which have been hit by a growing trend among corporate tenants to relocate to modern buildings in newer, safer nodes that adhere to green-building principles and offer an abundance of parking.

"Besides, banks won't just lend willy-nilly following the previous downturn. The fact that Nedbank is funding The Square is testament to their confidence in the market," Chapman said.

He ascribed the success of Century City to its central locality about 15 minutes' drive from Cape Town's central business district, the high standard of security, infrastructure and other services, the strong public transport infrastructure including MyCiTi buses along with a sense of community within the development.

Chapman said it could take another 10 years to fully develop Century City, which will eventually comprise a total of 1.25 - million square metres in bulk.

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