

How SA's youth are reclaiming the inner-city property market

While the Covid-19 pandemic has seen some working professionals take advantage of flexible work-from-home policies and flee the city for smaller towns, millennials and Gen Zs aged between 20 and 35 have moved in to take their place and revitalise the central business districts (CBDs).



Justine Adriaanzen, commercial real estate consultant for Galetti Corporate Real Estate

“This age group typically has more disposable income and therefore greater spending power, and they are choosing to inject that cash into the inner-city,” says Justine Adriaanzen, commercial real estate consultant for Galetti Corporate Real Estate.

Positive knock-on effect

Adriaanzen explains that renewed interest in the country’s major CBDs from a younger demographic will have a positive knock-on effect on the economy and property market at large.

“Property developers are capitalising on this new market by converting old and/ or abandoned buildings into trendy mixed-use developments,” she adds.

“More local businesses, such as clothing boutiques, homeware stores, artisanal retailers, upmarket bars and restaurants, are now opening to cater to these residents and office tenants. Renewed investment and activity have also motivated city officials to ramp up crime prevention to revitalise key CBDs – such as the launch of Operation Buya Mthetho which has deployed 1,800 JMPD officers to help fight crime in the Johannesburg CBD.”



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Cape Town CBD

Cape Town’s CBD is most in demand due to the combined support of wealthy, young millennials, and the Central City Improvement District (CCID) – a taskforce established in 2000 to provide essential top-up safety and cleaning services in the city centre.

Two decades of dedicated improvements have paid off as the valuation of property in the CBD now stands at more than R44bn – up from just R6bn in 2000.

“New developments, such as The Rubik by Abland Property Developers and refurbishments such as One Thibault, East City, Neighbourgood’s all-inclusive living and co-working buildings and The Barracks are specifically designed to appeal to millennials and Gen Zs. These are set to see increased demand as semigration continues to gain traction,” says Adriaanzen.

“These exciting developments and refurbishments combine residential and commercial space with the future of co-working

and co-living in mind. Residents are able to eat, shop, play, live and work all without leaving their thoughtfully designed and modern mixed-use building.”

Johannesburg CBD

The country’s largest city has struggled to reclaim its former glory in recent years as the pandemic and mass exodus of offices only exacerbated pre-existing issues of high crime rates, poor service delivery and dilapidated buildings. However, Adriaanzen is still cautiously optimistic about the potential for millennials to revitalise the area.

“Johannesburg CBD neighbourhoods Maboneng and Braamfontein have established themselves as a haven for creatives and movers-and-shakers with popular food and craft markets and art galleries. The success of apartment buildings in these areas, such as Sontonga Lofts and Jewel City, indicate that there are still opportunities for investors to lure young South Africans back to the inner city.”

Johannesburg CBD recently received a cash injection from eight of the country’s biggest private investors, including Absa, Standard Bank, FNB, Atterbury and Olitzki Property Holdings. These business giants are upgrading retail inner-city districts by paying for security, cleaning, and maintenance in the area.

“From our own experience in selling commercial property in the CBD and surrounding neighbourhoods, including the prestigious Media Mill building in Milpark, we have noted high levels of confidence from both investors and prospective tenants regarding the development potential of these once-neglected areas,” Adriaanzen adds.



Conversion of commercial property into residential units has accelerated in the Covid years

Malusi Mhuli 28 Mar 2022



Factors influencing the millennial move to the inner city

Much of what makes the CBD attractive to the younger demographic is the fast-paced and creative lifestyle it offers.

“Savvy property developers are noticing the demand and are fulfilling this age groups’ desire to move to the CBD,” says Adriaanzen.

She shares the key factors influencing millennial’s choices to move to the inner city:

- **Proximity to offices:** While many young South Africans are working from home, the easing threat of Covid-19 has many offices reopening and young employees are looking to be close to work and avoid the long commute.
- **Public transport:** With parking at a premium in the city and the petrol price increasing, many are choosing to ditch their cars and take advantage of bus routes and trains to get around. Developments near MyCiTi bus stops in Cape Town and the Gautrain Park Station in Johannesburg’s CBD stand to benefit.
- **Trendy restaurants and bars:** Young people are looking to be close to the action of the city and to patronise popular restaurants and coffee shops.
- **On-site lifestyle amenities:** “Millennials and Gen Zs prioritise convenience and lifestyle in their living space, and developments with gyms, co-working facilities and even retail stores on-site are in high demand.
- **Modern design:** “Fast Wi-Fi, city views, smart TVs and sleek finishes in apartments have proven to be popular with this age group as they are even willing to choose these features over greater square footage.
- **Noise prevention and safety:** An inevitable feature of inner-city living is street noise, so developers are encouraged to implement noise-blocking features such as double-glazed windows in their units. Another huge consideration in these areas is safety and a 24-hour security guard, biometric access and CCTV cameras are security measures that most millennials will be unwilling to compromise on.

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