



## **MEDIA RELEASE**

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### **NEDBANK FINANCES CAPE TOWN'S CBD HOTEL COMPLEMENT**

Recent surveys show that Cape Town's central city is currently enjoying a regeneration which has partly been responsible for the city becoming recognised as a top tourism and business destination.

The city's tourism sector has shown impressive signs of growth in recent years. A study in 2013 by business services company Grant Thornton, which was commissioned by the city, showed that direct spend on tourism in Cape Town grew 5.6% a year from 2009 to 2012. As a result, occupancy rates in Cape Town's 87 hotels are around 67% – higher than the national average of sixty percent – according to a research report on the hotel industry in Cape Town that was commissioned by Wesgro, the province's agency responsible for marketing, investment and trade promotion. The same report said there was capacity for between 1 500 and 1 800 more hotel rooms, mostly in the three to four star category.

In line with this demand, Nedbank Property Finance recently provided R500 million finance for the development of a 303-room three star Stay Easy Hotel and a 202-room four star Sun Square Hotel, both of which will be operated by the Tsogo Sun Holdings Group. Situated on an entire city block between Buitengracht and Bree Streets, the hotels will be within easy walking distance of the CTICC, the V&A Waterfront and Cape Quarter, as well as the popular Bree and Long Street entertainment precincts.

The heritage façade will be retained and the Sun Square Hotel will offer a rooftop pool. Construction will commence in May 2015 and the hotels will open to the public in September 2017.

Driven by the Cape Town Central Improvement District (CCID), the revitalisation of Cape Town's 'downtown' precinct has been highly successful so far, according to the City of Cape Town's 2014 'State of Cape Town Central City Report'. 89% of survey respondents – including 235 business owners and managers, 293 residents and a random sample of 1620 CBD 'users' – rate the Cape Town CBD as the best in SA, and 93% of businesses operating in the city are happy with it as a location to do business.

Richard Thomas, Nedbank Property Finance's regional executive for the Cape, says this success can be attributed to a number of factors. "Much effort has gone into stimulating investment into Cape Town's inner city, such as declaring the CBD an Urban Development Zone which offers tax benefits to those investing in and developing those zones. In addition, there are a number of organisations, such as the CCID, the Cape Town Partnership, the Economic Development Partnership and the Cape Town Chamber of Commerce, working closely together to stimulate economic growth and job creation in Cape Town and the Western Cape as a whole."

Apart from its natural charm, Cape Town is also considered relatively safe compared to other cities in South Africa, and even globally, with 82% of respondents in the 2014 City of Cape Town report saying they feel safe during the day, and a surprising 85% at night. The whole city boasts a world class infrastructure, including safe, reliable public transport – the MyCiti system has proven to be hugely popular with 2.85 million passengers having been carried during 2014 – as well as well-designed pedestrian and bicycle access.

"From only around 750 residents a decade ago, the CBD's residential population is estimated now to be around 6 000 and the Central City is well on its way to achieving a true 24/7 live, work, play lifestyle," says Thomas. "As a result the CBD after hours has become a very vibrant night-time economy and we believe that this hotel development will greatly aid the City's economy by accommodating more visitors with the disposable income and time to enjoy the Central City 24/7, which will in turn stimulate growth."

"Nedbank Property Finance is proud to have been in a position to provide agile and relevant financial solutions that have realised this important and high profile opportunity for our client, as well as the City of Cape Town as a whole," concludes Thomas.