

# Retail in Cape Town CBD on promising road to recovery

Retail in the Cape Town CBD, which accounted for more than a third of the businesses operating in the city centre last year, has proved resilient despite ongoing Covid shocks. Of the 2,981 businesses operating in the central city last year, 39% were retail venues, with a total of 81 new retail stores opening in town during 2021.



Bootlegger Coffee. Credit: Carmen Lorraine

This is one of the encouraging numbers coming out of the latest [State of Cape Town Central City Report 2021 – A Year in Review](#) (SCCR), published recently by the Cape Town Central City Improvement District (CCID).

## New openings

With the added pressure of decreasing household income, job losses and the rising cost of living, the value of real spending in restaurants and coffee shops in 2021 was estimated at just three-quarters of pre-pandemic levels.

Although 44 retail stores closed during this period, the opening of 81 new retail stores meant that there was an overall net increase of 37 retail stores last year. This is a very encouraging number given the many challenges faced by businesses during 2021, states the CCID.

The recovery in the retail sector has continued this year, with a further net increase of 45 new retail businesses during the first nine months of the year. With a total of 1,208 retail and entertainment entities operating in the CBD at the end of the third quarter, the Central City's retail sector has almost fully recovered to its pre-Covid levels. It appears likely that the sector will have fully recovered by the end of 2022.

## Resilience of business owners

“Retail, which suffered the knocks of the pandemic keenly, rebounded in 2021 in several pockets of the Central City,” says CCID board chairman, Rob Kane. “This was illustrated by the many examples of how innovative and resilient business owners approached restrictive levels of lockdown to ensure business success. What’s more, they remained buoyant throughout this second year of Covid curveballs”.

Dominating the new retail businesses opening during the course of last year were coffee shops and cafes (14) as well as mobile device outlets (13). This was followed by barrows and kiosks (7), takeaways (6), bars and clubs (6), restaurants (5), hair salons (5), art galleries (3), and vintage and secondhand stores (3).

## Improved retail occupancy

Despite pandemic pressures, 2021 saw a marked improvement in retail occupancy on the Cape Town Foreshore due to the completion of four developments and the opening of 12 new retail outlets.

The East City, as one of the CBD's most vibrant precincts, still enjoys the highest occupancy rate. With 260 of the Central City's 805 retail businesses being located here, the area's reputation for destination establishments and niche retail entities continue to drive traffic to this area.

The inner city – the heart of the CBD retail economy which stretches from Riebeeck to Wale Sts – showed a marginal increase in street-level retail space during 2021, despite being hard-hit by the pandemic. The area's modest improvement can be attributed to 26 new businesses opening during 2021.

Meanwhile, the city's legal, leisure and cultural precinct, which takes in Upper Bree Street and the Company's Garden, displayed faster progress than in 2020. Assisting this growth was the easing of Covid-19 restrictions and curfews, with the largest share of the Central City's bars and clubs being located here.



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The total volume of retail space at the end of 2021 amounted to 271,040m<sup>2</sup>. This is an 0.3% increase on 2020 following the completion of new developments. The total retail space occupied at the end of 2021 was 244,293m<sup>2</sup>, compared with 239,099 m<sup>2</sup> recorded in 2020, amounting to a 2.2% increase.

The total vacancy rate of retail space, standing at 26,747m<sup>2</sup>, amounted to 9.9 % of the total retail space available. In 2020, the vacancy rate was 11.5%.

The report, now in its 10th year, reflects on the economic climate in the CBD across the previous year and has become an investment tool for investors, developers and retailers seeking to invest in Cape Town's CBD.

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