



Communicare sells Foreshore building

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Social enterprise housing NPC, Communicare has sold its property on the Foreshore in Cape Town for R120 million.

The new owner, a foreign buyer operates in the leisure property market. They have been on the lookout for an ideal location for a five-star boutique hotel for some time and settled on the Communicare building on Walter Sisulu Avenue, opposite the Cape Town International Convention Centre.

The property is an ideal location for a development in the hospitality sector. It is in close proximity to the Civic Centre, Artscape Theatre, the harbour and the V&A Waterfront. The property enjoys good access from both the N1 and N2 highways and is close to the rail, taxi and MyCity bus route.

The five-storey building houses Communicare's head office on two floors, while the rest of the building is let for office space and a car park accommodating 78 vehicles.

The 1 294 m² site was purchased from the Foschini Group in the late 1980s for R300 000 and construction of the current building was completed in 1991 at a cost of about R10 million at the time. The development was funded by Communicare and the Cape Joint Pension Fund (CJPF) in a joint venture. Communicare, however, bought out CJPF's 50% share in 2001.

"We considered all options for the best use of the site, including the development of mixed-use social housing. The cost of such a development on this particular land was prohibitive. The land was reclaimed from the sea and has a high water table. The cost of piling, foundations and dewatering would have made the development of low cost social housing on this site unaffordable. The shape of the site also posed limitations for residential development, which would have further cost implications. Instead, we decided to sell the property and invest the proceeds in other rental and social housing developments in well-located parts of Cape Town," said Anthea Houston, CEO of Communicare.

Communicare is working on the development of more than 1 100 units this year. This includes 138 rental units under construction at Musgrave Villas in Diep River and 314 social housing units at Bothasig Gardens. The mixed-use development planned at Salt River Market is also one of several other developments being planned.

The growth of the V&A Waterfront and the opening of the Cape Town International Convention Centre sparked a flurry of property developments on the Foreshore with inner city residential accommodation, office buildings and hotels dotting the skyline.

“There is no compelling reason for Communicare’s offices to be located in the city centre. It may have been a good idea in the 90s, but its time has passed. I think it’s more appropriate and convenient to locate our office out of the hustle and bustle of the centre of town,” said Houston.

To maintain its current value, the 28 year old property now requires significant maintenance which we estimated at approximately R40 million.

“The sale of the building has been on our agenda for some time. I’m pleased that we have finally concluded this sale at an attractive price. I am convinced that the sale of the building is the right decision at the right time.

After 28 years on the Foreshore, it’s time to rotate our assets. The building has outlived its usefulness and the time had come to dispose of this asset.

The sale allows us to focus on our core business of providing housing and services to people in Cape Town who need it most. This is an exciting time for Communicare. We now have more options to gear our finances and fast track certain developments. Ultimately, the real beneficiaries are our current and future tenants who gain access to housing that is decent and more affordable.

I am pleased that, as a result of the sale, we can now offer pensioners concessions on their rent if the old age grant is their only income,” said Houston.

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Notes to editor:

1. More information on Communicare can be found at communicare.co.za
2. Photos of the building can be found here:
<https://www.dropbox.com/sh/yubkm6dsmrg8ljz/AABHDm9hYjLHVlxwdY4eoDp5a?dl=0>
3. Current Communicare developments and plans include:
Musgrave Villas, R118.4m
Bothasig Gardens, R176.3m
Salt River Market development, R842m

4. Communicare's new development pipeline in the Cape Metro in the next year:

Type of unit	Number of units	Household income to qualify
Social Housing	530	R1 500 – R15 000
Gap Housing	100	Up to R22 000
Middle income	548	Income starting at R22 500
TOTAL	1178	

Note: Gap housing is for people whose household income excludes them from the government's subsidised housing but who don't earn enough to qualify for a bond.

4. Town planning details of the site:

Location	5 Walter Sisulu Avenue, Cape Town
Erf	204 Roggebaai, City of Cape Town
Site Area	1 294 m ²
Zoning	General Business 7
Coverage	100%
Building line	0 metres
Height	60 metres
Floor Factor	12
Parking ratio	None