



BREATHING LIFE INTO JOBURG'S INNER CITY

The fly-by-night developers with grandiose plans to build multimillion-rand penthouses have come and gone, but affordable work, live and play precincts are thriving in downtown Joburg

Revitalised: Maboneng may be on the up again

A stroll through Marshalltown's Gandhi Square and Fox Street shows no sign of the squalor typically associated with downtown Joburg. The pavements are litter free and freshly swept and shopfronts are fully tenanted, mostly by national retailers.

In fact, there's a waiting list of fashion brands, banks, grocers, fast-food outlets, pubs and clubs hoping to capture a piece of the spending power represented by the 250,000-odd feet that pass through Gandhi Square's bus terminals each day.

Retailers that have recently established a presence in the precinct include Dis-Chem and adidas. The latter opened a huge, 800m² concept store last year and is apparently doing a roaring trade. Fast-food chain McDonald's recently revamped its 400m² Gandhi Square outlet. It's now one of the biggest and busiest in the country.

And, unlike Sandton, where thousands of square metres of commercial space are currently standing empty, many of the blocks of renovated offices that line the streets of Marshalltown are virtually fully let.

The revival of this area in the south-western quadrant of Joburg's city centre, also known as the old financial district, didn't happen overnight. It's been a slow and steady process to bring back some of the area's former glory, says Gerald Olitzki.

The attorney-turned-developer has played no small part in reversing the deep decline that beset Marshalltown after a decades-long corporate exodus to the northern suburbs.

Olitzki bought his first property on Gandhi Square in 1989. Now known as Vusa House, it's the building in which he started his legal career as an articled clerk in the 1970s and where he later opened his own practice.

In the early 1990s, as more corporates fled to greener pastures and left mothballed buildings in their wake, Olitzki founded Olitzki Property Holdings (OPH), and slowly started to assemble a portfolio of derelict buildings on Gandhi Square and along Main Street and its surrounds.

"They were mostly squatter-occupied at the time,

so I could buy them for next to nothing," Olitzki says. He eventually paid the squatters to leave. "It gave me the opportunity to upgrade an area I loved and also make money over time," he tells the FM.

"So we took these dead buildings, completely gutted and resuscitated them, and slowly but surely filled them with retail and office tenants."

By the late 1990s, Olitzki had managed to persuade the local government to give him a 45-year private lease of Gandhi Square. And with the help of the Johannesburg Development Agency, he created SA's first central improvement district (CID).

By the early 2000s, the big mining houses had also joined revival efforts.

"We pioneered the concept of pooling resources to keep the city safe and clean. We had an incredibly successful private-public partnership at the time," Olitzki says.

Olitzki's track record at Gandhi Square enabled him to negotiate another 45-year lease for a portion of Fox Street in the early 2000s. This he paved, landscaped and pedestrianised to link the magistrate's court in the west to the Carlton Centre in the east.

Today, Olitzki is one of the biggest commercial landlords in Marshalltown, with a portfolio of several dozen buildings comprising office and retail space. OPH's offices offer a mix of smaller spaces – sized from about 30m² and let mostly to SMEs and one-man bands such as attorneys, accountants and the like – and multistorey buildings of 10,000m²–20,000m², many of which are occupied by big insurance and financial services firms such as Hollard and Old Mutual.

The CID, which is entirely funded by private landlords in the area, continues to keep Marshalltown litter and crime free. "This zone is now safer than Rosebank or Sandton," Olitzki says.

Though OPH isn't involved in residential projects, Olitzki says the turnaround of the retail and office sectors in Joburg's financial district kick-started the office-to-flat conversion trend that took off in the early 2000s, albeit mostly in the northern parts of the inner city.

While many developers were successful in bringing affordable housing opportunities to the city, he says there were plenty of fly-by-night operators who were

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Gerald Olitzki

Joan Muller

Commercial revival: Gandhi Square (above) and the Fox Street upgrade



Live, work, play: Jewel City



in it only to make a quick buck. They brought unrealistically priced multimillion-rand apartments to the market with big fanfare, but within a few years most of these projects had collapsed, leaving more empty buildings behind.

"These developers did damage and created the perception that Jozi's inner-city revival had failed. We all got tarnished by the same brush," he says.

For Olitzki, however, it's never been about coming in with a big, grand plan, or "reinventing the wheel". He says: "The CBD is still a [huge] central transport hub, and we're just trying to create a better environment for the thousands of people who come to the inner city anyway."

He remains bullish about Marshalltown as a property investment destination, and continues to invest in mothballed buildings. He's bought several so far this year, including the historic Harrison Street headquarters of Standard Bank, a heritage building that dates from the early 1900s.

"There's still enough opportunity to recycle old commercial stock in this part of town to keep us busy for the next 30 years," he says.

A few blocks to the east of Marshalltown, another successful inner-city revival project was recently completed in the Maboneng district – the R1.8bn redevelopment of Jewel City. It's a vibrant mixed-use housing, education and retail precinct.

Diversity Urban Property Fund, the developer behind Jewel City, entered the Maboneng precinct after original developer Propertyu went belly-up in 2018. Jewel City essentially extends Maboneng to the Absa precinct, across six city blocks.

Diversity, backed by Atterbury, RMH Property and Nedbank Property Partners, has also successfully redeveloped Towers Main, the 30-storey Absa building, into a mix of 518 affordable rental apartments and 9,000m² of offices.

The company focuses on creating mixed-use precincts in high-density urban areas. It's also involved in the conversion of Barloworld's old head office in Sandton into a 4,100 affordable apartment-led precinct.

The Jewel City area, which was deserted for decades after previously housing Joburg's precious metals and diamond trade, now boasts new residential stock of 2,700 rental apartments, as well as 20,000m² of

retail and commercial space, fronted by landscaped, pedestrianised walkways and lawned play areas.

Even though the precinct was launched during the worst of the pandemic in 2020, it is already 95% let. Apartments are aimed at low- and middle-income households that can afford rentals of R2,700-R6,000 a month.

Private education group Curro has brought its brand to the precinct, alongside a host of national retailers such as Clicks, Shoprite, Pep, McDonald's and Chicken Licken. There's a Capitec Bank branch as well as a health-care centre.

Diversity CEO Carel Kleynhans tells the FM that Jewel City's Shoprite clocks up higher trading densities (turnover per square metre) than the group's Bryanston and Sandton stores.

The redevelopment of Jewel City has revitalised Maboneng – a precinct that was threatening to become yet another example of developers unsuccessfully trying to create a trendy, high-end product in an area with little other basic infrastructure.

"The idea was great, but it was never going to be sustainable," says Kleynhans. "You're not going to convince affluent people from Sandton and Rosebank to move to an area where they can't even buy bread."

Though the northern suburb hipsters have moved on, Kleynhans notes that Maboneng is more successful than ever. He ascribes that to the "insatiable" demand for affordable and quality housing from the thousands of people who work in and around the inner city.

"Maboneng is thriving – its [target] audience just changed," he says.

Diversity and OPH remain committed to urban renewal in downtown Joburg, but the sustainability of inner-city precincts such as Marshalltown and Maboneng and its Jewel City extension comes at a huge cost to private property owners.

That's largely due to a lack of basic municipal service delivery. In fact, the CID's bill to keep Marshalltown's streets safe and litter free comes to about R500,000 a month.

"Unfortunately, you can't rely on the City of Johannesburg for cleaning and security, so property owners have to pay for it themselves," says Olitzki.

Kleynhans echoes the point, saying the lack of co-ordination between local government departments to enforce municipal bylaws and do timely maintenance on the city's ageing infrastructure is a key challenge.

"There are 500,000 people living in the city centre who deserve basic service delivery," he says. "Yet, sadly, it doesn't appear to be a priority for local government." x

