

# Vibrant neighbourhoods attract startups

## Future tech talent drawn to the city for its buzz, lifestyle and ‘work, live, play’ offerings

CAPE Town features among the world’s top tech cities with its “vibrant urban environment” making it a hot choice for tech startups, according to a report by global property giant Savills.

The city is ranked number 22 in the report, which is titled *Tech Cities 2017*. The report explains the many diverse factors that make places a good location for the tech sector and also identifies the 22 global centres which are at the top of global shopping lists for tech companies looking for space.

Cape Town and other tech centres, such as Santiago in Chile and Buenos Aires in Argentina, were seen as “magnets for talent in their regions and have the potential to become global players”.

Among other factors, the 22 cities highlighted in the report were assessed for “buzz and wellness” (Cape Town ranked ninth), which includes health of the urban environment, quality of parks, crime rates, health care, pay equality and commuting times.

The firm notes these as factors that are likely to prove increasingly important to the tech industry in attracting future talent.

Nicky Wightman, director of

**‘There is a focus on hi-tech advancements with high-speed internet being rolled out in the province’**

Savills Worldwide Occupier Services, says: “Cities attract young tech talent who increasingly want to live in dynamic, healthy neighbourhoods within walking or cycling distance of the office. So, for the first time we’ve looked to specifically identify the cities that deliver what this demographic desires.”

The report states further: “With the margins between working and living increasingly blurred, young, educated employees want to live close to the office.

It is vibrant urban neighbourhoods that they favour.”

Dr Andrew Golding, CEO of the Pam Golding Property group, which is in association with Savills, says Cape Town certainly serves up on this.

“The city has successfully evolved into a leading and trendy



Young tech talent want to live in dynamic, healthy neighbourhoods close to the office. Cape Town offers this.

live, work, play destination attracting buyers from a cross section.

“Over the past decade, its central city has attracted huge investment in regard to residential, mixed-use and commercial property investments,” he adds.

The report also took into account property costs, such as the cost of renting commercial property for a “scale-up” and established tech company, and the cost of renting residential property for employees with Cape Town being a top value proposition for property investment – both residential and commercial.

According to the City of Cape Town’s Economic Performance Indicators Report, Cape Town is widely considered a tech and e-commerce hub within South Africa and, therefore, an appealing place from which to run an e-commerce business.

“There is also an ongoing focus on hi-tech advancements with a high-speed internet programme currently being rolled out in the Western Cape.”

The report’s release comes amid a concerted effort by Silicon Cape, the Cape Innovation and Technology Initiative, Wesgro the City of Cape Town and the Western Cape to market Cape Town as a tech centre internationally (See story, right) Rated top in the Savills report was Austin, Texas, offering the infrastructure, business environment, talent pool and lifestyle for a strong base for tech companies.

However, while US cities dominate the top of the Tech Cities rankings, the rest of the top 10 consists largely of “liveable” cities, such as Amsterdam in the Netherlands, Copenhagen in Denmark and Toronto in Canada.

These appear above traditional established global tech rivals, such as Hong Kong and Singapore.

This is because of the strong performance of these cities in terms of “buzz and wellness”, says Savills. Paul Tostevin, associate director of Savills World Research, adds: “Smaller cities tend to fare as well as ‘healthy’ cities, while crowded megalopolises, such as London, New York and Tokyo, offer a rich variety of retail, nightlife and cultural experiences which will always be attractive to some workers.

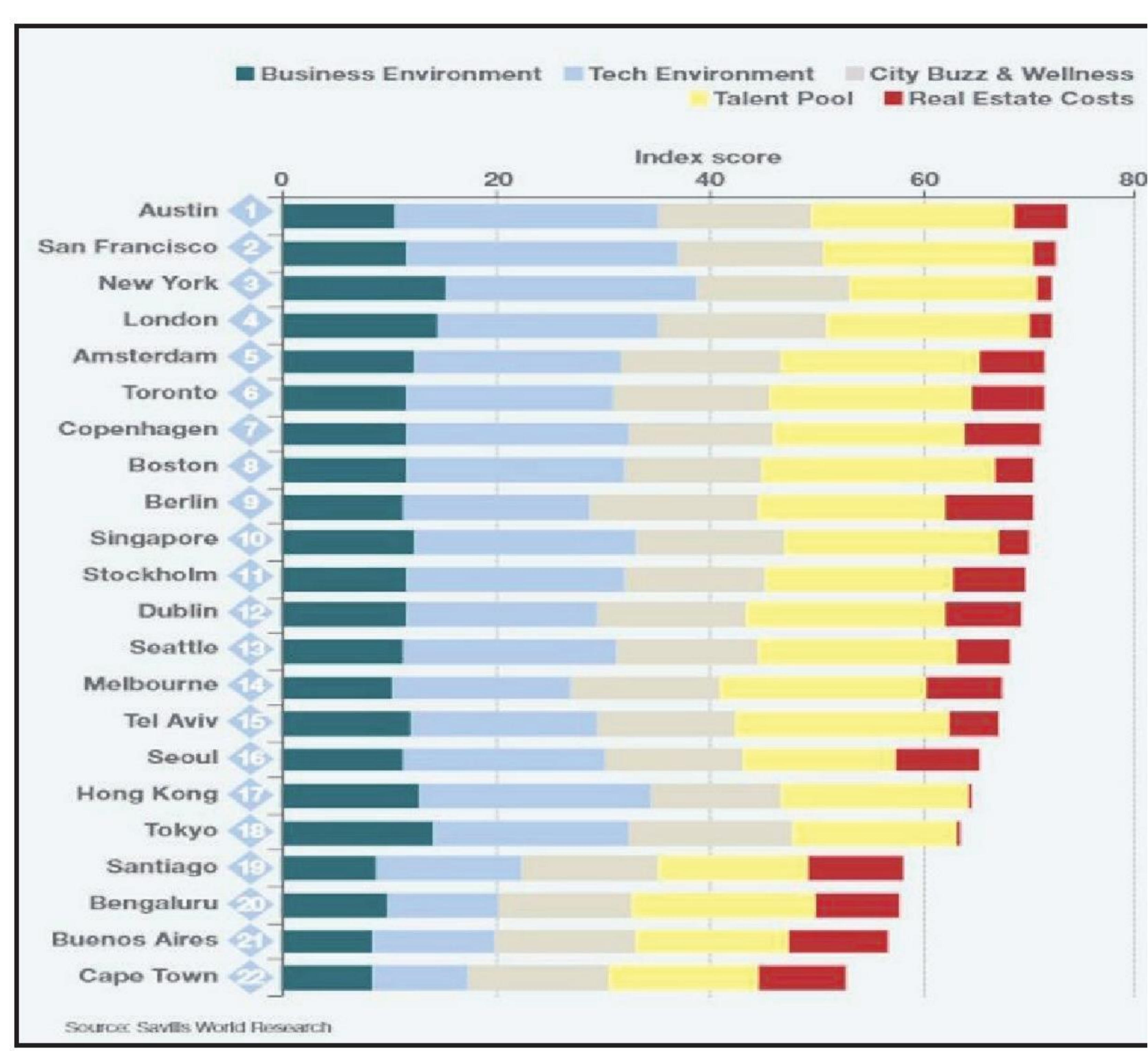
“But in the middle, there are cities such as Amsterdam, Toronto and Berlin which score well on both. These cities tend to mean shorter commutes, easier access to amenities and a better work-life balance, and we suspect they may move up the rankings as they drive the economy in a digital age.”

**COST OF A FLAT WHITE** Savills Flat White Index Café culture, or simply the ability to get a decent flat white coffee in an environment with free wi-fi, is a good barometer of a city’s functioning as a tech hub.

Coffee shops offer not only free workspace – although purchasing at least one cup is advisable – but a place for meetings, chance encounters and networking, states the report.

“They epitomise the importance of human encounters and interaction and the generation and dispersal of ideas in the digital age and are important to everyone.”

Savills’s index scores the availability, quality and popularity of cafés with tech users and the cost of a flat white. Cape Town ranked number 8 out of 22.



## Cape Town accelerating into a major global tech hub

CAPE Town has grown tremendously as a tech hub over the past few years, says Alex Fraser, director of Silicon Cape.

“We have a community of not only local but also many international entrepreneurs who have chosen to call Cape Town home, as well as numerous corporates, for example Barclays Africa and Thompson Reuters, selecting Cape Town as their innovation and acceleration hubs for the African continent,” she says.

This bodes well for the property market, with those relocating to Cape Town seeking homes.

While it is “a huge honour to be included on Savills’s list, and the only city in Africa, we are a fairly new ecosystem and still have much to do in order to compete with globally renowned tech hubs”, says Fraser.

However, Cape Town’s community, talent, relatively low cost of living and excellent quality of life are a good starting point, she says.

Cape Town is home to the largest number of co-working spaces, incubators and accelerators in Africa and attracted the majority of early-stage investors in South Africa to base themselves in the city and surrounds.

According to the latest South African Venture Capital and Private Equity venture capital survey, 58% of South Africa’s venture capital funds are located

in Cape Town and 75% of transactions were into companies headquartered in the Cape.

“We have also seen a number of startups select Cape Town as a base for their businesses both from overseas, for example Aaron Marshall from Over ,and from other parts of South Africa, like Alen Ribic and Aisha Pandor, co-founders of SweepSouth.

“Many entrepreneurs are attracted by the lifestyle that Cape Town has to offer, but many also choose to relocate to the city because of our strong startup community and ecosystem.

“We are focusing on marketing the tech sector internationally to attract more investors and businesses.”

Silicon Cape and The Cape Innovation and Technology Initiative are working closely with Wesgro, as well as the City of Cape Town and the Western Cape on this project.

“We have visited San Francisco, Singapore and Toyko in the past few months.

“The upcoming Geeks on a Plane Africa (a tour for startups, investors, and executives to learn about high-growth technology markets) and 500 Startups visit at the end of the month are examples of the type of outcome we would like to see more of.” – By Vivian Warby, Property Editor