



**Rode** & Associates  
PROPERTY CONSULTANTS, VALUERS  
& TOWN PLANNERS

*Rode's  
Report  
2020:1*

# *Falling economic activity bodes ill for property market*



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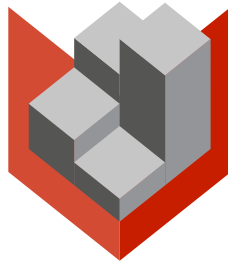
*Office market still plagued by oversupply • Industrial market losing its shine • Flat vacancy rates heading higher • Listed property prices under severe pressure • Capitalization rates continue to worsen*

# *Rode's Report*

## *on the South African Property Market*

### **2020:1**

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# Rode Services

PROPERTY CONSULTANCY • REAL ESTATE VALUATIONS • REAL ESTATE ECONOMICS • TOWN AND REGIONAL PLANNING

## Overview

As one of the largest independent property valuation firms in South Africa, *Rode & Associates* offers the property industry:

- **Real estate economics and research** – based on statistical models and regular countrywide surveys, which feed three research publications and over 5000 property time series covering more than three decades
- **Property valuation** – including retail, residential, commercial, industrial, agricultural and specialised properties such as hotels, hospitals, dormitories, self-storage facilities, airports, and the like
- **Property consultancy** – which includes forecasts, overviews, and expert analyses for corporates, government departments and private clients
- **Town and regional planning** – which covers spatial planning and land use management and property market assessments for human settlement development.



Based in Cape Town, *Rode* serves clients from all over South Africa and Namibia (Windhoek only).

## GROUNDBREAKING RESEARCH

Over the years, *Rode's* research has led to groundbreaking property models and methodologies. This includes the regular, rigorous surveying of market rental levels and capitalization rates through the expert-panel method of polling to provide more uniform and realistic market valuations. Other breakthroughs include:

- A unique econometric model to forecast the South African real estate market
- The statistical determination of standard capitalization rates
- Property demand forecasts
- The estimation of market rentals in shopping centres and for industrial premises of various sizes
- Special methodologies to value income-producing properties
- The development of regression models to estimate the capitalization rates of office properties, industrial properties and shopping centres
- The application of multiple regression techniques to value houses
- Rode's Valuation Method – also known as the opportunity cash flow (OCF) method – to value income-producing properties
- A further refinement to the valuation of land with residential township potential using the direct-comparison method
- A further refinement to the valuation of bare dominiums.



## RodePlan

*RodePlan* specialises in spatial planning, land use management and assessment of the property market. This includes:

- Land use management: rezoning, subdivision, departure, consent use, removal of title restrictions, land use management schemes
- Spatial planning: spatial development frameworks, urban development research
- Human settlement development: human settlement plan, housing sector plan
- Property market assessment: indicator development and monitoring, identification, acquisition and release of land, state of the market report
- Municipal integrated development plans, and
- Land audits

all supported by geographic information system (GIS).

*RodePlan* considers an in-depth understanding of the **social, economic, political and environmental elements** that underpin present-day society as fundamental to land development in order to complement economic growth and urban restructuring.

*Rode* also advises private clients on the development potential of specific properties and/or land disposal strategies. This is done in collaboration with our expertise as property economists. *RodePlan's* clients include property owners, developers, engineering companies and **government** e.g. Engen Petroleum Limited, Urban LandMark, Gauteng Provincial Government, Cape Winelands District Municipality, Bergrivier Municipality, Saldanha Bay Municipality, Umoya Energy (Proprietary) Limited, G7 Renewable Energies (Pty) Ltd, Plan 8 (Pty) Ltd, South Africa Mainstream Renewable Power Developments (Pty) Ltd, Solairedirect (SA), Windlab Systems (Pty) Ltd, Ventusa Energy, African Clean Energy Developments (Pty) Ltd, Ignite Advisory Services (Pty) Ltd, Nadeson Consulting Services and Aurecon.

Recent appointments include:

- To obtain land-use rights for renewable energy facilities in the Free State, Western, Eastern and Northern Cape
- To obtain land-use rights for all provincially operate borrow pits in the Western Cape as part of the provincial regravelling programme
- To complete a land audit and land assessment of municipal-owned vacant land in the Saldanha Bay municipal area.



## *Rode Valuations*

As one of South Africa's largest valuation firms, *Rode* annually values property portfolios which include shopping centres, agricultural property, residential, commercial and industrial property. *Rode* also undertakes municipal property valuations, as well as specialized valuations such as hotels, hospitals, bare dominiums, airports, etc. *Rode* has been the annual *overall top performer* in the pmr.africa awards since 2015.

*Rode's* property valuation services are underpinned by the rigorous surveying of, inter alia, market rental levels and capitalization rates. *Rode's* valuation services also rely extensively on techniques such as regression models, as well as the opportunity cash flow (OCF) method. This ensures uniform and realistic market valuations, and is *Rode's* competitive edge.



### SHOPPING CENTRES

In the retail field, *Rode* is considered South Africa's premier shopping-centre valuer due to the firm's technique of calculating market rentals and standard capitalization rates. The firm regresses actual rental rates of recently signed leases against their floor area size to determine the relationship between the market-rental rate and floor area. The latter is a useful tool which landlords can employ to their advantage when negotiating renewals.

## FARM VALUATIONS

Rode's agricultural valuation department specialises in the valuation of farms and smallholdings and understands the value-drivers within this sector.

## SPECIALIST PROPERTIES

Rode Valuations has done pioneering research on a number of specialist-property typologies, and we regard ourselves as leading valuers with respect to hospitals, self-storage facilities, hotels, retirement villages, bare dominiums (leased fee estates in American parlance) and airports.

# Rode Consult

Rode Consult provides forecasts, overviews and expert opinions for corporates, government departments and private clients on a wide range of property issues. Recent outputs include:

- Writing a macro overview of the South African housing market for the national Department of Housing
- Producing demand forecasts for specific office nodes and flats markets
- Producing forecasts of rental levels using econometric modelling
- Analysing property portfolios
- Producing long-term forecasts of property values in South Africa
- Development of a comprehensive policy framework for the identification and release of land for human settlements
- Analysing the property market in Bloemfontein and other Free State towns
- Acting as expert witness in arbitration and litigation
- Consulting for spatial and development planners and economists.



# Rode Publications

## RODE'S REPORT ON THE SOUTH AFRICAN PROPERTY MARKET

Rode's Report analyses and reports on most sectors of the property market in the metropolitan areas and some secondary cities. It covers, inter alia, rental levels per m<sup>2</sup> by property type, grade, size and node/township; capitalization rates by type of property, grade and location; building costs by type; building activity; etc. It excludes the retail property market. The publication is updated quarterly and available only in digital format.

## RODE'S RETAIL REPORT ON SOUTH AFRICA

Rode's Retail Report reports on the state of the retail property market by analysing the most recent retail sales and trading-density statistics. Retail property information includes street-front shop rentals per m<sup>2</sup> by size for about 120 street-front micro-locations in six metropolitan areas. The publication also reports on developments of new shopping centres and major extensions to existing shopping centres. The publication is updated quarterly and available only in digital format.



## RODE'S SOUTH AFRICAN PROPERTY TRENDS

*Trends* contains forecasts of various property variables like rentals and capitalization rates by city, six years into the future. The forecasts are updated every six months using econometric models and cover the major South African metropolitan areas, thus giving a complete framework for property investment planning and viability studies. The publication is updated semi-annually and is available only in digital format.

## TIME SERIES LITE

Use *Rode's* reliable historical data to aid your research, strategic decision making and presentations. This digital database provides online access to more than 2 000 property-related time series – many going back 31 years. The database includes key property time series like capitalisation rates, and office and industrial rentals. The data covers all metropolitan areas and some secondary cities. It is updated quarterly and available only in digital format.

## TIME SERIES PRO

This is an extension of *Rode's Time Series Lite* database and contains about 6 000 property-related time series – many going back 31 years. A must for the serious property analyst. *Time Series* is updated quarterly and available only in digital format.



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SQUARE  
METRE  
GOES THE  
EXTRA MILE.**

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## Panellist codes

| Code | Company   | Telephone number |
|------|---|------------------|
| ABA  | Abacus Divisions                                  | 0123455555       |
| ACU  | Acumen Properties                                 | 0825574768       |
| AI   | Aida Pretoria                                     | 0123483720       |
| AIR  | Airport Property                                  | 0213801111       |
| AKW  | Akwaba Africa Properties                          | 0837002675       |
| AN   | Annenberg Property Group                          | 0214657780       |
| ANV  | ANVIL Property Smith                              | 0872348000       |
| AP   | API Property Group/OfficePlace                    | 0112341144       |
| AP   | API Property Group/OfficePlace                    | 0126440522       |
| AP   | API Property Group/OfficePlace                    | 0219112906       |
| ARN  | Arnie Katz Realty                                 | 0413731333       |
| AS   | Airspace SA                                       | 0614725023       |
| AV   | 5th Avenue Properties                             | 0112346111       |
| AX   | Avron Properties cc t/a Montague Gardens Property | 0215520001       |
| BD   | Bruce McWilliams Industries                       | 0413961400       |
| BLA  | Black Pepper Properties                           | 0114631909       |
| BR   | Broll Property Group                              | 0114414108       |
| BR   | Broll Property Group                              | 0413635559       |
| BR   | Broll Property Group                              | 0514303008       |
| BR   | Broll Property Group                              | 0214197373       |
| BR   | Broll Property Group                              | 0114414288       |
| BVF  | Boshoff Visser Property Group                     | 0448732801       |
| CA   | Chas Everitt                                      | 0219154800       |
| CA   | Chas Everitt                                      | 0315615838       |
| CAP  | CapProp   | 0837845895       |
| CAR  | Carleon Properties                                | 0117891007       |
| CBR  | CBRE Excelerate                                   | 0119118259       |
| CG   | Currie Group                                      | 0117062553       |
| CHR  | Chris Batting Properties                          | 0435551002       |
| CIR  | Circle Properties                                 | 0219813263       |
| CM   | Capitol Commercial Properties                     | 0219141840       |
| COE  | Commercial Exchange                               | 0114677870       |
| COM  | Commercial Space                                  | 0216805380       |
| COR  | Core Property Group                               | 0217972552       |
| CPS  | 3Cube Property Solutions                          | 0102860777       |
| CR   | Colliers International                            | 0117832111       |
| CRE  | Commercial Realtor of Excellence                  | 0824413754       |
| CRI  | CRI Properties                                    | 0123467777       |
| CSP  | Cape Space Commercial Properties                  | 0877027595       |
| DAL  | Dalena Properties                                 | 0437404786       |
| DE   | Dedekind Real Estate                              | 0366372297       |
| DEA  | Deal Core Property Group                          | 0312667750       |
| DN   | David Newham Property Management                  | 0219480934       |
| DOR  | Dormehl Phalane Property Group Pietermaritzburg   | 0333425129       |
| DT   | Deltahof  | 0826022777       |
| DW   | Divaris Property Brokers                          | 0215311551       |
| ED   | Edric Trust                                       | 0514489431       |
| EK   | Ellenberger & Kahts                               | 0514301511       |
| EQV  | Equity Valuers                                    | 0514300907       |
| ERA  | ERA Sun Properties                                | 0437404556       |
| ERE  | Empire Real Estate                                | 0310300999       |
| ES   | Eli Ströh   | 0152873300       |
| ETC  | Etchells and Young Property Brokers               | 0117915134       |
| EXH  | Executive Homes                                   | 0114855019       |
| FAO  | Find An Office                                    | 0210350324       |
| FAW  | Find A Warehouse                                  | 0105550004       |
| FO   | Fosprops Properties/Homenet                       | 0357724011       |

|     |   |            |
|-----|---|------------|
| GAM | Granite Asset Management                            | 0861177770 |
| GB  | Galetti Corporate Real Estate                       | 0117831195 |
| GB  | Galetti Corporate Real Estate                       | 0214186308 |
| GI  | Growthpoint Properties                              | 0119446073 |
| GPI | Gradion Property Investments                        | 0110387100 |
| GR  | Grove Properties                                    | 0218250111 |
| GRV | Garden Route Valuers                                | 0448747404 |
| GW  | Goldswain Investments                               | 0437222876 |
| HN  | Harcourts Patrick & Co                              | 0333423340 |
| HN  | Harcourts Maritz                                    | 0126530386 |
| HOU | House of Realtors                                   | 0798008413 |
| HP  | Horizon Capital                                     | 0214258586 |
| IK  | Ikon Property Group                                 | 0214259496 |
| IKP | Ikon/Phoenix Consultants                            | 0825625547 |
| IPC | IPC/Rob Lopes Rentals                               | 0413630000 |
| JLL | Jones Lang LaSalle                                  | 0115072200 |
| JR  | J Margolius & Associates                            | 0861825848 |
| JUS | Just Property Atlantic Seaboard                     | 0212017007 |
| JUS | Just Property Amanzimtoti                           | 0319037434 |
| JUS | Just Property Helderberg                            | 0218546372 |
| KEL | Kellaprince Properties Nelspruit                    | 0137544400 |
| LA  | Landlords "We do Rentals"                           | 0219751770 |
| LG  | Lew Geffen Sotheby's International Realty Craighall | 0118868070 |
| LIB | Liberty 2 Degrees                                   | 0114485687 |
| MAS | Massyn Acquisitions                                 | 0123452576 |
| MHP | My House Properties                                 | 0218899759 |
| MO  | Moolman Group of Companies                          | 0152914700 |
| MP  | Monarch Rentals                                     | 0118494211 |
| MPR | Millar's Properties                                 | 0123420527 |
| MPV | Masisizane Property Valuations                      | 0834693555 |
| MR  | Marder Properties                                   | 0114531220 |
| MUL | Multi Properties                                    | 0448746907 |
| MY  | Mike Shefer Estates                                 | 0413738676 |
| NAN | Nangate Investments                                 | 0824113839 |
| NE  | Newbridge Property Services                         | 0219139131 |
| NET | Networth Group                                      | 0152988141 |
| NEX | Nexus Property Group                                | 0214183911 |
| NH  | Netwater Properties                                 | 0113261614 |
| NR  | National Real Estate                                | 0514059990 |
| NRG | SA National Realtors Group Commercial               | 0415822608 |
| OFC | One Fifty Capital                                   | 0873547529 |
| OMN | Omnigro   | 0212762000 |
| ORI | Oriprops  | 0137546562 |
| OS  | Osher Property Solutions                            | 0824668989 |
| OSO | Office Space Online                                 | 0115933186 |
| PC  | Propco (1985)                                       | 0315691334 |
| PCP | Port Commercial Properties                          | 0212047218 |
| PF  | Permanent Trust Property Group                      | 0219819756 |
| PF  | Permanent Trust Property Group                      | 0214418800 |
| PFP | Profile Property                                    | 0333472786 |
| PG  | Pam Golding Properties Nelspruit                    | 0137542300 |
| PH  | President Estate & General Agents                   | 0118738707 |
| PLA | Platinum Global                                     | 0514474711 |
| PM  | PDL Property Management                             | 0137527333 |
| PN  | Properagation Property Solutions                    | 0219146444 |
| PPG | Pulse Property Group                                | 0437000327 |
| PPR | Parallel Property                                   | 0110837171 |
| PPS | Protea Properties                                   | 0842087668 |
| PRI | Prime Property Musgrave                             | 0316120786 |
| PRS | ProperSell  | 0117816281 |
| PRU | Properties R US                                     | 0218632046 |
| PW  | Property Window                                     | 0538311319 |
| PX  | Pillay Properties                                   | 0216857710 |

|     |                                       |               |
|-----|---------------------------------------|---------------|
| RA  | Real Estate & Property Services       | 0110271400    |
| RES | Real Estate Services                  | 0832973140    |
| REW | Real Estate @ Work                    | 0836328011    |
| RIZ | Rize Property Professionals           | 0835567257    |
| RK  | Renprop                               | 0114636161    |
| RM  | Remax Border East London              | 0437485847    |
| RO  | Reef Property Consultants             | 0114501700    |
| RPB | Rand Property Brokers                 | 0832810712    |
| RR  | RealNet Stellenbosch                  | 0860222249    |
| RS  | Rawson Properties - Berea             | 0313093385    |
| SAP | SAProperty.com                        | 0214271600    |
| SC  | Stockton Property Consultants         | 0114259857    |
| SCM | Sotheby's Commercial                  | 0216731241    |
| SE  | Stipec Eiendomskonsultante            | 0152954537    |
| SF  | Seeff                                 | 0218642948    |
| SF  | Seeff Polokwane                       | 0152971140    |
| SF  | Seeff Commercial                      | 0319031234    |
| SF  | Seeff Properties Muizenberg           | 0217888279    |
| SH  | Share-List Property                   | 0317647101    |
| SHP | Shalan Properties                     | 0836527341    |
| SQ  | Steer And Company                     | 0214261026    |
| SUM | Summerton Edelson Commercial          | 0415811768    |
| SWI | Swindon Property Brokers              | 0112686315    |
| SWI | Swindon Property Brokers              | 0824056940    |
| TE  | Trust & Estate Co.                    | 0026461231224 |
| TG  | Theo Goosen Estate Agents             | 0152959014    |
| TH  | Trevor Hosiosky Investment Properties | 0118035545    |
| TI  | Torva Property Investments            | 0117835370    |
| TKC | Tim Kelleher Consulting               | 0846049150    |
| TR  | Trafalgar                             | 0413656840    |
| TR  | Trafalgar                             | 0123265963    |
| TR  | Trafalgar                             | 0313017017    |
| TR  | Trafalgar                             | 0112145200    |
| TR  | Trafalgar                             | 0437266066    |
| TR  | Trafalgar                             | 0214105500    |
| TR  | Trafalgar                             | 0214105531    |
| VAR | Vartrust Real Estate                  | 0871354450    |
| WD  | Webprop                               | 0219100180    |
| WHF | Warehouse Finder                      | 0860009531    |
| WK  | Wakefields                            | 0317090213    |
| WP  | Watprop                               | 0118870473    |
| ZZ  | Anonymous                             |               |

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# Foreword

Dear Reader

Welcome to the first issue of *Rode's Report on the South African Property Market (RR)* for 2020. The surveys for this issue were done in February 2020 – an important point in the light of the Covid-19 outbreak thereafter.

In this issue you will read that the property market has weakened further, while prospects are dim given the deteriorating economic outlook.



As usual, we report on the movements of several critical property variables, ranging from capitalization rates, market rentals, operating costs, escalation rates and land values to house prices.

If you want to communicate with a specific niche market, you can contact Lynette Smit on 082 323 5799 for RR advertising rates.

Lynette and Samantha Harkers-Kies are in charge of expanding our survey panel. We appeal to all market participants who feel they have sufficient property-market knowledge to become a panellist, to please contact Lynette or Samantha on 021 946 2480 — it's for the benefit of everyone in the industry. As a panellist you will also get invaluable exposure.

Stay safe!

**Kobus Lamprecht**  
Editor

28 March 2020



**Rode** & Associates

PROPERTY CONSULTANTS, VALUERS  
& TOWN PLANNERS

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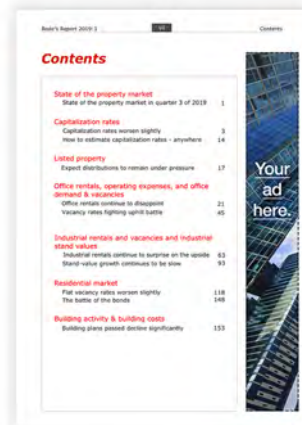
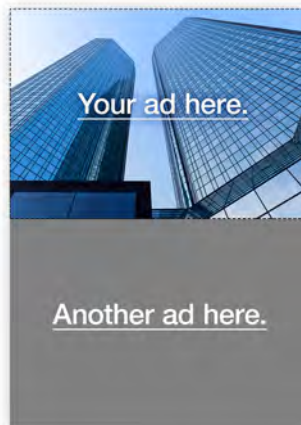
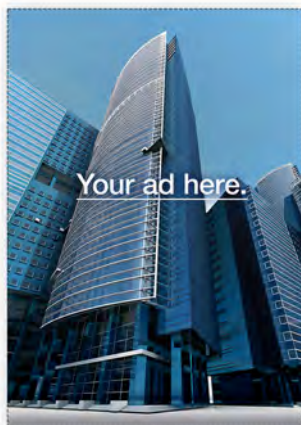
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## Chapter 1: State of the property market

# State of the property market in quarter 1 of 2020

After another tough year for the South African property market in 2019, some of us were hopeful for a better 2020. This looks highly unlikely given the weaker first-quarter Rode survey data and the growing negative impact of Covid-19 on the global and SA economies.

Please note that Rode's surveys for the first quarter were completed before the spread of the coronavirus (Covid-19) became a major crisis in the public mind. Thus, property values and rentals could come under severe pressure in the near term – possibility not reflected in this issue.

A summary of the main findings by property type follows.

### Quantitative overview of the property market

**Table 1.1** on the next page provides a snapshot of how the property market has performed over the past four quarters by comparing the latest information (quarter 2020:1) with data collected a year ago.

#### Office market

Nationally, nominal market rentals for grade-A office space in the first quarter of 2020 were roughly the same as in the fourth quarter of 2019. Rentals increased by 3,7% compared to a year ago, in line with the 4% year-on-year growth recorded at the end of last year. However, rentals continue to be in negative territory when measured in *real* terms, after accounting for building-cost inflation (BER BCI) of about 5%.

Over the past year, grade-A Cape Town rentals were the best performer (+7%).

Rentals grew by about 5% and 4% in Johannesburg and Durban respectively, while rentals failed to grow in Pretoria. This implies that only Cape Town managed to record above-inflation rental growth.

The office market remains worst placed of all the property types due to its significant oversupply. We expect 2020 to be a very tough year for the office market as demand will worsen, given the growing challenges facing the global and SA economies, now also related to Covid-19. In the short term, the virus will reduce office demand as some companies will be forced to close permanently due to financial losses, while "work-from-home" policies could also become common. Holding all other factors constant, the latter phenomenon will slow the demand for office space structurally, leading to even higher vacancy rates and weaker rentals.

#### Industrial market

Until 2019 the industrial market was the shining star of the South African property market but is now under increasing pressure as rental growth is slowing and vacancy rates rising.

Nominal industrial market rentals on a national level grew by 2% in the first quarter of 2020 – the second consecutive quarter of slower growth after rentals still expanded by 6% in the third quarter of 2019. Rentals have been significantly impacted by the weak economy, particularly the worsening performance of the manufacturing and retail sectors. This implies that rentals grew at a slower rate than building-cost inflation.

Nationally, nominal rental growth for prime industrial space of 500 m<sup>2</sup> was the fastest in Cape Town at about 4%, despite growth slowing from 5%. Rentals grew by 3% and 2% in Durban and the East Rand respectively, while rental levels stayed roughly the same in the Central Witwatersrand. Vacancy rates in most regions are showing an upward trend compared to last year.

### Residential market

The housing market remains under pressure, with national house price growth continuing to slow in early 2020. National house prices, as measured by FNB, grew by 3,1% in nominal terms in February 2020 compared to February 2019. This implies that prices have continued to decline in real terms, after adjusting for building-cost inflation.

The interest rate cuts of 2020 will be slight support – but by far not enough – to cancel out the deleterious effect of the recession, which has been exacerbated by Covid-19.

In the flat market, vacancy rates have increased to 6,1% in the first quarter of 2020 from 5,5 in the fourth quarter of 2019. High flat vacancy rates have led to slower rental growth, which averaged 3,8% on a yearly basis in the fourth quarter of 2019. This implies that rentals rose at roughly the same rate as consumer inflation, but lower than building-cost inflation. Flat vacancy rates will likely rise more in the short term as the shrinking economy, now aggravated by Covid-19, puts significant financial pressure on many tenants. A positive for the oversupplied market is that new completions are slowing, while developers are also planning to build less. ■

**Table 1.1**  
Rental performance as at quarter 2020:1  
% change from four quarters ago (on smoothed data)

|   | Nominal | Real* |
|---|---------|-------|
| <b>A-grade decentralized office rentals</b>               |         |       |
| Sandton CBD   | 5,3     | -0,1  |
| Rosebank  | 4,1     | -1,3  |
| Randburg Ferndale   | 1,0     | -4,2  |
| Centurion   | -2,5    | -7,5  |
| Menlyn  | 3,0     | -2,3  |
| Berea (Durban)  | -6,9    | -11,7 |
| La Lucia/Umhlanga Ridge                                   | 4,1     | -1,3  |
| Claremont Upper   | 4,4     | -1,0  |
| Tyger Valley  | 10,6    | 4,9   |
| Century City  | 10,4    | 4,7   |
| <b>Prime industrial rentals (500-m<sup>2</sup> units)</b> |         |       |
| Central Witwatersrand                                     | -0,1    | -5,3  |
| East Rand   | 1,5     | -3,7  |
| Durban  | 2,7     | -2,6  |
| Cape Peninsula  | 4,1     | -1,3  |

\*Nominal values deflated by BER Building Cost Index (2016 = 100)

## Chapter 2: Capitalization rates

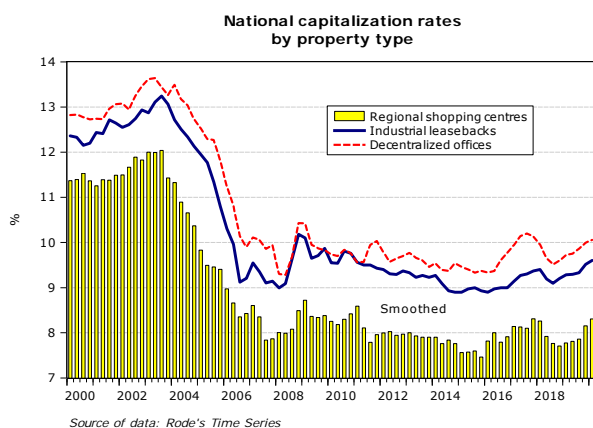
# Capitalization rates continue to worsen

Kobus Lamprecht

Capitalization rates of directly held non-residential property in South Africa in the first quarter of 2020 continued to head north (worsen) from previous-quarter levels. We ascribe this to gloomier expectations for the property market, which is not surprising given the terrible outlook for the economy.

The respective *national* capitalization rates were 10,1% for grade-A multi-tenanted office properties, 9,6% for prime industrial leasebacks and 8,3% for regional shopping centres (see the chart), all slightly worse compared to the end of 2019. All data series in this chapter are smoothed.

Please note that Rode's surveys for the first quarter were completed before the spread of the coronavirus became a major crisis in the public mind. Thus, capitalization rates could come under severe pressure in the short term, especially considering the jump in long-term bond yields discussed later – possibility not reflected in the cap rates reported in this issue.



Below, we first briefly discuss the outlook for capitalization rates, followed by the movement in capitalization rates for the different property types by region.

### Outlook for capitalization rates

Interest rates in general can affect the total returns (hurdle rates) and income yields investors expect on property in three ways, viz. (1) the substitution principle (alternative, long-term investments like 10-year bonds experience a change in yields), (2) changes in the cost of financial gearing (shorter-term interest rates), and (3) changes in the market's rating of listed property funds like REITs. These factors can all affect the profitability of purchasing directly held properties, but the market's rating of REITs (as argued above) is especially important as REITs are big buyers of institution-quality directly-held properties, and a poor rating of REITs (high forward yields) means these funds want to pay less for the same expected cash stream (thereby raising capitalization rates of directly held properties).

The outlook for the growth in income streams from directly-held non-residential property continues to be marred by poorly performing property fundamentals, such as above-average vacancy rates and, therefore, weak (prospective) rental growth. This should generally impact negatively on cap rates in the next year or two, meaning cap rates will tend to rise – holding all other factors constant.

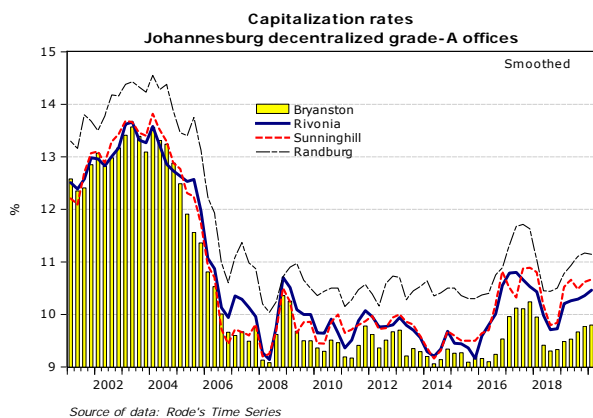
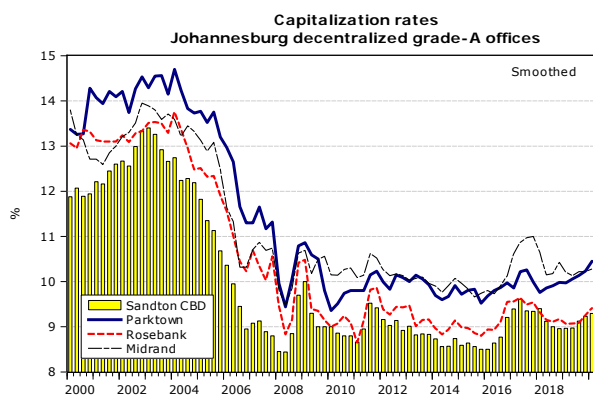
As explained above, another predictor of capitalization rates is long-bond yields. SA's 10-year bond yield has jumped sharply from just above 8% at the end of 2019 to as high as 12,9% on 24 March as investors flee from risky emerging-market countries amid global economic turmoil. The latest data at the

time of writing (27 March) shows that bond rates have moved lower again, but were still at a high 12%. This implies that cap rates are now significantly out of sync with bond rates and could jump in the quarters ahead.

### Office capitalization rates

#### Johannesburg

Office capitalization rates in Johannesburg decentralized averaged about 10,2% in the first quarter of 2020, up slightly compared to the fourth quarter of 2019. This is 1 percentage point (or 100 basis points) higher than in Cape Town, where cap rates are the lowest.



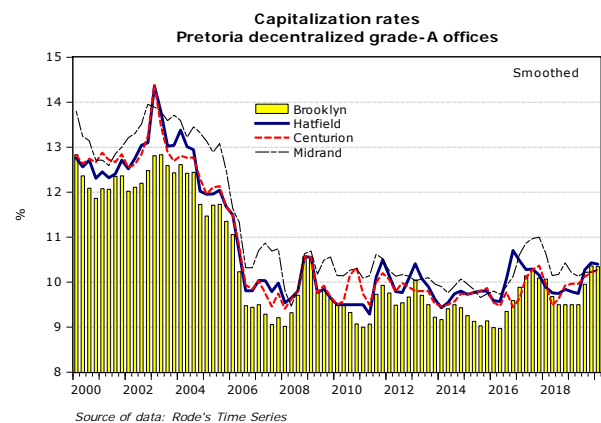
In the first quarter, capitalization rates on grade-A multi-tenanted properties in Johannesburg decentralized ranged from about 9% in Waterfall to as high as 11,1% in Randburg/Ferndale. Most nodes saw weakening capitalization rates in the first quarter, as shown in the two charts. The difference in capitalization rates can be used

as a guide to the market's perception of these nodes. The higher the capitalization rate, the worse the expected growth in income streams and/or the higher the perceived risk of the location.

Thus, risk and expected growth in rentals are intimately linked. We also see this link in the way rating agencies like Standard & Poor's evaluate the creditworthiness of countries (high economic growth reduces risk of default).

#### Pretoria

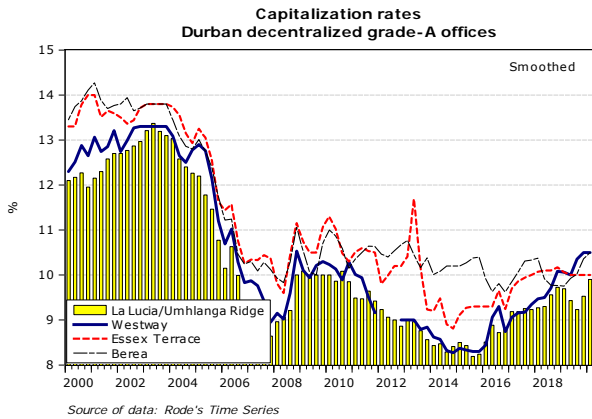
On smoothed data, capitalization rates in prime Pretoria decentralized office nodes were unchanged compared to the fourth quarter of 2019. Our respondents believe investors currently require a minimum net income return of 10,3% to induce them to buy or sell grade-A multi-tenanted property in Pretoria decentralized.<sup>1</sup>



#### Durban

The average capitalization rate for grade-A Durban decentralized office property worsened to 10,2% from 10,1% in the fourth quarter. The capitalization rate of La Lucia/Umhlanga increased again to about 10%, probably due to its higher vacancy rate (see [Chapter 6](#)). However, it is still the lowest in Durban as the market sees it as the Sandton of Durban. In addition, as opposed to Sandton, it has a 100% pre-let rate of office space under construction.

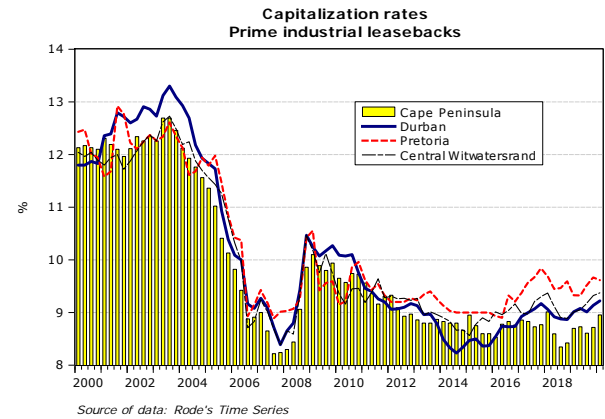
<sup>1</sup> Note that we report on *standard* capitalization rates. These assume the property is let at market-related rentals as distinct from escalated contractual rentals, which may be far higher than market levels. See the Glossary (Annexure 1).



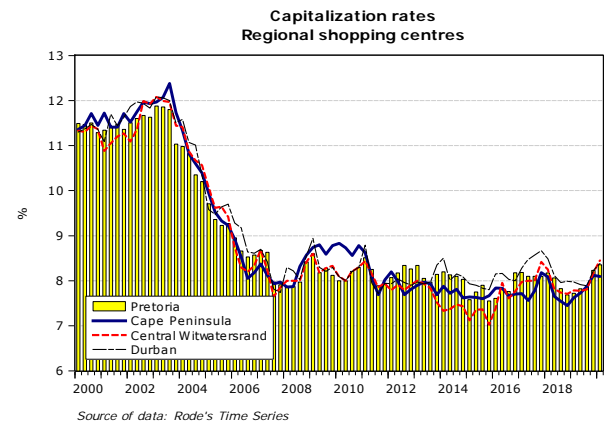
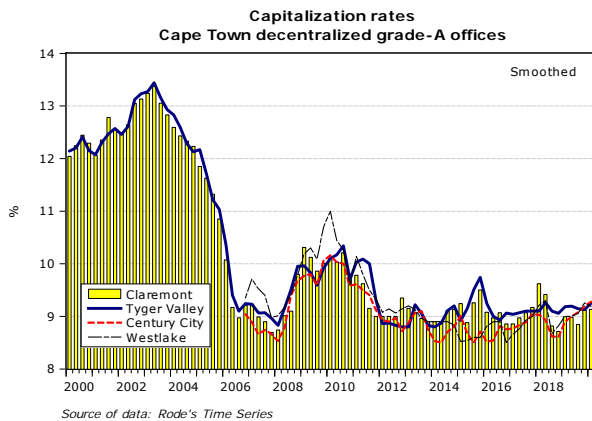
as shown in the chart. Cap rates remained the lowest in the Cape Peninsula at about 9%, despite weakening from 8,7%. Average capitalization rates in the Central Witwatersrand, Durban and Pretoria averaged between 9% and 10%.

**Cape Town**

Grade-A capitalization rates in Cape Town decentralized averaged 9,2% in the first quarter of 2020 – unchanged from the fourth quarter, but still comfortably the lowest in the country. This is in line with the Mother City's above-inflation rental growth and low vacancy rates. However, fundamentals could also worsen here given the severe economic downturn facing the country.



**Shopping centre capitalization rates**



**Industrial capitalization rates**

In the first quarter of 2020, capitalization rates on industrial leasebacks in the country's major industrial areas on average increased (worsened) compared to the fourth quarter of 2019. Our respondents believe investors in prime industrial property (with a leaseback covenant) required a minimum *net* income yield of 9,6% (9,5% in previous quarter) in the country's top cities and nodes.

Capitalization rates of shopping centres in the major conurbations generally increased in the first quarter compared to the fourth quarter of 2019, probably due to worsening prospects for the retail property market. The prospects for income-stream growth from shopping centres have weakened due to the bleak outlook for consumer spending as the economy is expected to struggle even more, compounded by the Covid-19 virus. South Africa is currently in a 3-week lockdown period up to 16 April, during which only essential stores, such as pharmacies and grocery shops, may operate. If virus-related cases do not slow down, shops could stay shut for longer. A weak outlook for the sector means investors will require higher returns when investing in shopping centres and, consequently, higher capitalization rates.

The capitalization rates of most major industrial conurbations surveyed by Rode increased compared to the previous quarter,



Cap rates of regional shopping centres worsened slightly to 8,3% from 8,2% in the previous quarter. Note that regional centres are the second-largest type of shopping centre and have 50 000 to 100 000 m<sup>2</sup> rentable space (see **Annexure 1** for shopping centre definitions).

We found that the national cap rates for the smaller community and neighbourhood centres averaged 9,4% and 9,9% respectively—also worse than in the previous quarter. Rode's discussion on the performance of retail sales and trading densities, as well as vacancy rates by shopping centre size, is provided in *Rode's Retail Report* publication.

### Leaseback escalation rates

**Table 2.1** shows that the average leaseback escalation rate (on new or renegotiated leases) in the first quarter of 2020 was about 8%. The small standard deviation of 0,5 percentage points suggests

escalation rates vary between 7% and 9% but are closely clustered around the mean. Thus, we can say the mode<sup>2</sup> is 8%.

The escalation rate is an (often unsuccessful) attempt by the market to forecast the average growth in market rentals until the expiry of the lease. Note that we define a leaseback as a lease agreement with a prime tenant that has, *inter alia*, a term at inception of 10 years or longer. The initial rental on a new *custom-built* property with a long lease and a single tenant should never be accepted as reliable market evidence. This is so because the developer would insist on an initial net yield that reflects the (high) building costs and land value, and which has hardly any relation to market-related rentals that are negotiated when the long lease expires or reverts to market levels.

This concludes our analysis of capitalization and escalation rates. The capitalization rate tables follow.■

**Table 2.1**  
**Prime industrial leaseback escalation rates**  
**Quarter 2020:1**

| Mean | SD  | n  | Change<br>2020:1 less 2019:4 | Panellist codes   |
|------|-----|----|------------------------------|---|
| 8,0  | 0,5 | 24 | 0,1%                         | ARN,BR,BVF,CAP,CG,CHR,COE,ED,EK,EQV,<br>GRV,IKP,MAS,MPV,MUL,PC,PJ,REW,SH,SHP,<br>SUM,TE,TG,TH,WHF |

**Interpretation tip:** *It is dangerous to rely on one quarter's figure, as it may be an outlier owing to small sample sizes. Instead, consider the trend or contemplate using the average of at least two quarters for a more accurate assessment. For this reason, the graphs accompanying this article are smoothed.*

<sup>2</sup> Mode = most often occurring number.

**A standard capitalization rate** (colloquially referred to as a cap rate) is the expected net operating income for year 1, assuming the entire building is let at open-market rentals, divided by the purchase price. This calculation ignores VAT, transfer duty and income tax, and assumes a cash transaction (not paper). All references in *Rode's Report* to "cap rates" and "capitalization rates" mean "standard capitalization rates".

**Capitalization rates for CBDs** (excluding the Cape Town CBD) are of little use because when office properties are sold, they are invariably converted to flats.

*The high standard deviation from the mean capitalization rate for office and industrial properties in some nodes, as reported in the accompanying capitalization rate tables, is indicative of the uncertainty prevailing in these nodes or areas. With few sales taking place, the evidence on ruling capitalization rates is thin and opinions vary more than in the more popular areas. This means the income-producing property market has become even more inefficient in these nodes, which makes the valuation of these properties a rather hazardous exercise.*

*We are indebted to our expert capitalization rate panel, comprising major owners and leading brokers who know their market segments intimately. This survey would not be possible without their invaluable contributions. Codes of those panellists who supplied information for this quarter's survey appear in the tables on the following pages. An explanation of the contributor codes can be found on p. xii.*

**Table 2.2**  
**Survey of capitalization rates (%)**  
**Office buildings**  
**Means for quarter 2020:1**

| Best location          | Grade A:<br>Multi-tenant |     |   | Grade A:<br>Leaseback |     |   | Grade B:<br>Multi-tenant |     |   | Grade C:<br>Multi-tenant |     |   |
|------------------------|--------------------------|-----|---|-----------------------|-----|---|--------------------------|-----|---|--------------------------|-----|---|
|                        | Mean                     | SD  | n | Mean                  | SD  | n | Mean                     | SD  | n | Mean                     | SD  | n |
| Johannesburg CBD       | 11,0                     | 0,4 | 4 | 10,3                  | 0,3 | 4 | 11,9                     | 0,3 | 4 | 13,3                     | 0,3 | 4 |
| Braamfontein           | 10,8                     | 0,5 | 4 | 10,2                  | 0,5 | 4 | 11,7                     | 0,3 | 4 | 12,9                     | 0,3 | 4 |
| Parktown               | 10,5                     | 0,6 | 3 | 9,9                   | 0,6 | 3 | 11,3                     | 0,5 | 3 | 12,9                     | 0,1 | 3 |
| Rosebank               | 9,5                      | 0,8 | 4 | 8,9                   | 0,7 | 4 | 10,3                     | 0,5 | 4 | 11,6                     | 0,5 | 3 |
| Bedfordview            | 10,7                     | 0,3 | 3 | 10,1                  | 0,6 | 3 | 11,0                     | -   | 1 | 11,8                     | 0,3 | 2 |
| Sandton CBD            | 9,3                      | 0,9 | 4 | 8,9                   | 0,7 | 4 | 10,0                     | 0,7 | 4 | 11,3                     | 0,4 | 3 |
| Rivonia                | 10,5                     | 0,4 | 4 | 9,7                   | 0,6 | 4 | 11,6                     | 0,5 | 3 | 12,6                     | 0,2 | 3 |
| Bryanston              | 9,8                      | 0,7 | 4 | 9,3                   | 0,5 | 4 | 10,7                     | 0,5 | 4 | 11,7                     | 0,2 | 3 |
| Sunninghill            | 10,7                     | 0,5 | 4 | 10,0                  | 0,7 | 4 | 11,5                     | 0,9 | 4 | 12,6                     | 0,5 | 4 |
| Randburg Ferndale      | 11,1                     | 0,7 | 4 | 10,5                  | 0,5 | 4 | 11,8                     | 0,6 | 4 | 12,9                     | 0,7 | 4 |
| Waterfall              | 8,9                      | 0,4 | 2 | 8,6                   | 0,6 | 2 | -                        | -   | - | -                        | -   | - |
| Midrand                | 10,3                     | 1,0 | 4 | 9,8                   | 0,9 | 4 | 11,3                     | 0,5 | 4 | 11,8                     | 0,7 | 4 |
| Germiston CBD          | 13,5                     | -   | 1 | 11,8                  | -   | 1 | 13,3                     | 0,9 | 3 | 14,4                     | 0,4 | 2 |
| Pretoria CBD           | 10,0                     | 0,0 | 3 | 9,7                   | 0,7 | 4 | 11,5                     | 0,5 | 4 | 12,8                     | 0,6 | 4 |
| Hatfield               | 10,4                     | 0,4 | 2 | 9,6                   | 0,6 | 2 | 10,9                     | 0,4 | 2 | 11,9                     | 0,4 | 2 |
| Brooklyn               | 10,3                     | 0,4 | 3 | 9,2                   | 0,6 | 3 | 10,2                     | 0,9 | 3 | 11,2                     | 0,9 | 3 |
| Centurion              | 10,3                     | 0,3 | 4 | 9,9                   | 0,3 | 3 | 11,1                     | 0,1 | 4 | 11,8                     | 0,4 | 3 |
| Nieuw Muckleneuk       | 10,3                     | 0,3 | 2 | 9,6                   | 0,6 | 2 | -                        | -   | - | 11,5                     | 0,5 | 2 |
| Menlyn/Lynnwood        | 9,8                      | 0,5 | 3 | 8,8                   | 0,4 | 3 | 10,7                     | 0,3 | 3 | 11,3                     | 0,4 | 3 |
| Vaal Triangle          | 11,6                     | 0,1 | 2 | 11,0                  | 0,0 | 2 | 12,1                     | 0,1 | 2 | 12,6                     | 0,1 | 2 |
| Nelspruit              | 10,0                     | 0,0 | 6 | 10,8                  | -   | 1 | 10,3                     | 0,7 | 7 | 11,7                     | 0,4 | 7 |
| Polokwane              | 11,3                     | 0,3 | 2 | 10,4                  | 0,4 | 2 | 11,8                     | 0,3 | 2 | 12,4                     | 0,4 | 2 |
| Durban CBD             | 11,0                     | 0,4 | 4 | 10,4                  | 0,3 | 3 | 11,3                     | 0,6 | 3 | 12,0                     | 0,8 | 3 |
| Berea                  | 10,5                     | -   | 1 | 10,1                  | 0,1 | 2 | 11,2                     | 0,2 | 2 | 11,5                     | 0,0 | 2 |
| Essex Terrace          | -                        | -   | - | -                     | -   | - | -                        | -   | - | -                        | -   | - |
| Westway                | -                        | -   | - | -                     | -   | - | -                        | -   | - | -                        | -   | - |
| La Lucia Ridge         | 10,0                     | 0,5 | 2 | 9,6                   | 0,6 | 2 | 10,0                     | -   | 1 | 11,2                     | 0,2 | 2 |
| Pietermaritzburg       | 10,1                     | 0,9 | 3 | 9,7                   | 0,6 | 3 | 10,0                     | 0,5 | 2 | 11,0                     | 0,8 | 3 |
| Cape Town CBD          | 9,1                      | 0,5 | 5 | 8,8                   | 0,5 | 4 | 9,6                      | 0,2 | 4 | 10,7                     | 0,3 | 5 |
| Bellville CBD          | 9,8                      | 0,4 | 3 | 9,4                   | 0,4 | 2 | 10,3                     | 0,3 | 2 | 10,8                     | 0,6 | 3 |
| Bellville Tyger Valley | 9,3                      | 0,4 | 3 | 9,1                   | 0,6 | 2 | 9,5                      | 0,0 | 2 | 10,6                     | 0,5 | 3 |
| Century City           | 9,3                      | 0,4 | 3 | 8,5                   | -   | 1 | 9,5                      | 0,0 | 2 | 10,8                     | 0,4 | 3 |
| Westlake               | 9,1                      | 0,1 | 2 | 8,5                   | -   | 1 | 9,3                      | 0,3 | 2 | 10,5                     | -   | 1 |
| Claremont              | 9,1                      | 0,7 | 3 | -                     | -   | - | 9,3                      | 0,3 | 2 | 10,2                     | 0,9 | 3 |
| Port Elizabeth CBD     | 10,9                     | 0,7 | 4 | 10,0                  | 0,7 | 4 | 11,9                     | 0,9 | 4 | 12,7                     | 1,0 | 4 |
| Port Elizabeth dec.    | 11,0                     | 0,4 | 3 | 10,2                  | 0,2 | 3 | 12,2                     | 0,5 | 3 | 13,1                     | 0,3 | 3 |
| East London CBD        | 10,5                     | 0,5 | 2 | -                     | -   | - | 12,0                     | 0,0 | 2 | 14,0                     | 0,0 | 2 |
| East London dec.       | 10,5                     | 0,5 | 2 | -                     | -   | - | 12,0                     | 1,0 | 2 | 14,0                     | 1,0 | 2 |
| Bloemfontein CBD       | 9,5                      | 0,5 | 4 | 9,5                   | 0,5 | 4 | 10,3                     | 1,1 | 4 | 11,3                     | 0,4 | 4 |
| Bloemfontein dec.      | 9,4                      | 0,5 | 4 | 9,4                   | 0,5 | 4 | 10,6                     | 1,1 | 4 | 11,3                     | 0,4 | 4 |
| George Central         | 9,2                      | 0,5 | 3 | 9,3                   | 0,3 | 2 | 9,8                      | 0,3 | 2 | 9,8                      | 0,3 | 2 |
| George dec.            | 8,5                      | -   | 1 | 9,0                   | -   | 1 | 8,5                      | -   | 1 | 8,5                      | -   | 1 |
| Windhoek               | 9,0                      | -   | 1 | 9,0                   | -   | 1 | 10,0                     | -   | 1 | 10,0                     | -   | 1 |

n = Number of respondents

- = Not available or fewer than two respondents

SD = See Glossary of terms and abbreviations in Annexure 1.

**Table 2.3**  
**Change in capitalization rates (% points)**  
**Office buildings**  
**Means for quarter 2020:1 less quarter 2019:4**

| Best location          | Grade A:<br>Multi-tenant | Grade A:<br>Leaseback | Grade B:<br>Multi-tenant | Grade C:<br>Multi-tenant | Panellist codes          |
|------------------------|--------------------------|-----------------------|--------------------------|--------------------------|--------------------------|
| Johannesburg CBD       | 0,1                      | -0,1                  | 0,5                      | 0,5                      | CBR,COE,REW,TH,WHF       |
| Braamfontein           | 0,2                      | 0,0                   | 0,1                      | 0,0                      | CBR,COE,REW,TH           |
| Parktown               | 0,3                      | 0,0                   | 0,0                      | 0,1                      | CBR,COE,TH               |
| Rosebank               | 0,1                      | 0,1                   | 0,0                      | 0,0                      | CBR,COE,TH,WHF           |
| Bedfordview            | -0,1                     | -0,3                  | 0,0                      | 0,0                      | CBR,TH,WHF               |
| Sandton CBD            | 0,1                      | 0,2                   | -0,1                     | 0,0                      | CBR,COE,TH,WHF           |
| Rivonia                | 0,1                      | -0,3                  | 0,0                      | 0,1                      | CBR,COE,TH,WHF           |
| Bryanston              | 0,0                      | 0,0                   | -0,1                     | 0,1                      | CBR,COE,TH,WHF           |
| Sunninghill            | -0,1                     | -0,4                  | -0,4                     | 0,0                      | CBR,COE,TH,WHF           |
| Randburg Ferndale      | 0,0                      | -0,3                  | -0,2                     | -0,1                     | CBR,COE,TH,WHF           |
| Waterfall              | 0,0                      | 0,0                   | -                        | -                        | CBR,TH                   |
| Midrand                | 0,1                      | -0,3                  | 0,2                      | 0,1                      | CBR,MAS,TH,WHF           |
| Germiston CBD          | 0,0                      | 0,0                   | -0,6                     | 0,0                      | CBR,TH,WHF               |
| Pretoria CBD           | -0,3                     | -0,2                  | -0,2                     | -0,1                     | CBR,COE,TH,WHF           |
| Hatfield               | 0,0                      | 0,0                   | 0,0                      | 0,0                      | CBR,TH,WHF               |
| Brooklyn               | -0,2                     | -0,3                  | -0,6                     | -0,6                     | CBR,TH,WHF               |
| Centurion              | 0,0                      | 0,0                   | 0,0                      | 0,0                      | CBR,MAS,TH,WHF           |
| Nieuw Muckleneuk       | 0,0                      | 0,0                   | -                        | 0,0                      | CBR,TH                   |
| Menlyn/Lynnwood        | 0,0                      | -0,1                  | 0,0                      | -0,1                     | CBR,TH,WHF               |
| Vaal Triangle          | 0,0                      | 0,0                   | 0,0                      | 0,0                      | CBR,TH                   |
| Nelspruit              | 0,0                      | 0,0                   | 0,0                      | 0,0                      | KEL,MPV,ORI,PG,PM,PPS,TH |
| Polokwane              | 0,0                      | 0,0                   | 0,0                      | 0,0                      | TG,TH                    |
| Durban CBD             | 0,2                      | -0,2                  | -0,2                     | -0,5                     | CBR,COE,TH,WHF           |
| Berea                  | 0,0                      | 0,0                   | 0,0                      | 0,0                      | CBR,TH                   |
| Essex Terrace          | -                        | -                     | -                        | -                        |                          |
| Westway                | -                        | -                     | -                        | -                        |                          |
| La Lucia Ridge         | 0,3                      | 0,2                   | 0,0                      | -0,3                     | CBR,TH                   |
| Pietermaritzburg       | 0,0                      | 0,3                   | -0,3                     | 0,0                      | CBR,PJ,TH                |
| Cape Town CBD          | 0,1                      | 0,0                   | 0,0                      | 0,0                      | CBR,COE,PF,TH,WHF        |
| Bellville CBD          | 0,3                      | 0,3                   | 0,5                      | 0,2                      | CBR,COR,TH               |
| Bellville Tyger Valley | 0,2                      | 0,2                   | 0,3                      | 0,2                      | CBR,PF,TH                |
| Century City           | 0,1                      | -0,3                  | 0,3                      | 0,3                      | CBR,PF,TH                |
| Westlake               | -0,2                     | -0,5                  | -0,4                     | 0,2                      | CBR,COR,IKP              |
| Claremont              | -0,2                     | -                     | -0,3                     | -0,1                     | CBR,COR,TH               |

**Table 2.3 (continued)**  
**Change in capitalization rates (% points)**  
**Office buildings**  
**Means for quarter 2020:1 less quarter 2019:4**

| Best location       | Grade A:<br>Multi-tenant | Grade A:<br>Leaseback | Grade B:<br>Multi-tenant | Grade C:<br>Multi-tenant | Panellist codes |
|---------------------|--------------------------|-----------------------|--------------------------|--------------------------|-----------------|
| Port Elizabeth CBD  | 0,4                      | 0,0                   | 0,4                      | 0,3                      | ARN,BR,NRG,SUM  |
| Port Elizabeth dec. | 0,3                      | 0,2                   | 0,2                      | -0,1                     | ARN,NRG,SUM     |
| East London CBD     | 0,5                      | -                     | 0,0                      | 0,0                      | CAP,CHR         |
| East London dec.    | 0,0                      | -                     | 0,0                      | 0,0                      | CAP,CHR         |
| Bloemfontein CBD    | 0,1                      | 0,1                   | 0,1                      | 0,1                      | ED,EK,EQV,NR    |
| Bloemfontein dec.   | 0,2                      | 0,1                   | 0,0                      | 0,1                      | ED,EK,EQV,NR    |
| George Central      | -                        | -                     | -                        | -                        | BVF,GRV,MUL     |
| George dec.         | -                        | -                     | -                        | -                        | MUL             |
| Windhoek            | 0,0                      | 0,0                   | 0,0                      | 0,0                      | TE              |

**Table 2.4**  
**Survey of capitalization rates (%)**  
**Industrial buildings**  
**Means for quarter 2020:1**

| Best location    | Prime leaseback<br>(AAA Tenant) |     |   | Prime quality<br>non-leaseback |     |   | Secondary<br>quality building |     |   | Prime industrial<br>park |     |   |
|------------------|---------------------------------|-----|---|--------------------------------|-----|---|-------------------------------|-----|---|--------------------------|-----|---|
|                  | Mean                            | SD  | n | Mean                           | SD  | n | Mean                          | SD  | n | Mean                     | SD  | n |
| Central Wits     | 9,4                             | 0,2 | 4 | 9,8                            | 0,5 | 5 | 10,8                          | 0,5 | 5 | 10,0                     | 0,4 | 5 |
| West Rand        | 10,1                            | 0,7 | 4 | 10,6                           | 0,1 | 3 | 11,5                          | 0,3 | 3 | 10,9                     | 0,1 | 3 |
| East Rand        | 9,3                             | 0,5 | 6 | 9,9                            | 0,5 | 6 | 10,9                          | 0,7 | 6 | 10,2                     | 0,3 | 6 |
| Far East Rand    | 10,4                            | 0,4 | 5 | 10,8                           | 0,5 | 5 | 11,3                          | 0,7 | 5 | 11,0                     | 0,8 | 5 |
| Pretoria         | 9,6                             | 0,5 | 4 | 10,0                           | 0,4 | 4 | 10,8                          | 0,5 | 5 | 10,2                     | 0,2 | 5 |
| Vaal Triangle    | 10,4                            | -   | 1 | 10,6                           | 0,1 | 2 | 11,3                          | 0,3 | 2 | 10,6                     | -   | 1 |
| Nelspruit        | -                               | -   | - | 9,4                            | 0,3 | 7 | 11,4                          | 0,4 | 8 | 9,5                      | 0,0 | 7 |
| Polokwane        | 9,7                             | 0,7 | 2 | 10,6                           | 0,1 | 2 | 11,4                          | 0,4 | 2 | 9,7                      | 1,2 | 2 |
| Durban           | 9,2                             | 0,4 | 4 | 9,5                            | 0,0 | 3 | 10,7                          | 0,2 | 3 | 10,1                     | 0,2 | 4 |
| Pietermaritzburg | 9,7                             | 0,5 | 3 | 10,0                           | 0,5 | 3 | 10,7                          | 0,6 | 3 | 10,0                     | 0,4 | 3 |
| Cape Peninsula   | 9,0                             | 0,5 | 3 | 9,3                            | 0,3 | 5 | 10,0                          | 0,8 | 4 | 9,4                      | 0,4 | 4 |
| Port Elizabeth   | 9,6                             | 0,4 | 4 | 10,0                           | 0,3 | 5 | 10,9                          | 0,3 | 5 | 10,2                     | 0,3 | 5 |
| East London      | 9,9                             | 0,4 | 2 | 10,0                           | 0,7 | 3 | 11,2                          | 0,5 | 3 | 10,6                     | 0,1 | 2 |
| Bloemfontein     | 10,9                            | 0,7 | 4 | 10,2                           | 0,3 | 3 | 11,8                          | 0,2 | 4 | 10,5                     | 0,4 | 4 |
| George           | 9,6                             | 0,6 | 3 | 9,5                            | 0,6 | 4 | 10,2                          | 1,0 | 4 | 9,9                      | 0,5 | 4 |
| Windhoek         | 9,0                             | -   | 1 | 9,0                            | -   | 1 | 9,0                           | -   | 1 | 10,0                     | -   | 1 |

n = Number of respondents

- = Not available - fewer than two respondents

SD = See Glossary of terms and abbreviations in Annexure 1.

**Table 2.5**  
**Change in capitalization rates (% points)**  
**Industrial buildings**  
Means for quarter 2020:1 less quarter 2019:4

| Best location    | Prime leaseback | Prime non-leaseback | Secondary quality building | Prime Industrial park | Panellist codes              |
|------------------|-----------------|---------------------|----------------------------|-----------------------|------------------------------|
| Central Wits     | 0,0             | 0,1                 | 0,2                        | 0,2                   | CBR,COE,REW,SHP,TH           |
| West Rand        | 0,2             | 0,1                 | 0,1                        | 0,0                   | CBR,SHP,TH,WHF               |
| East Rand        | -0,2            | -0,1                | 0,3                        | 0,1                   | CBR,CG,PPR,SHP,TH,WHF        |
| Far East Rand    | 0,3             | 0,2                 | 0,2                        | 0,3                   | CBR,CG,SHP,TH,WHF            |
| Pretoria         | -0,1            | 0,0                 | -0,1                       | 0,2                   | CBR,COE,MAS,TH,WHF           |
| Vaal Triangle    | 0,0             | 0,0                 | 0,0                        | 0,0                   | CBR,TH                       |
| Nelspruit        | -               | 0,0                 | 0,0                        | 0,0                   | CBR,KEL,MPV,ORI,PG,PM,PPS,TH |
| Polokwane        | 0,0             | 0,0                 | 0,0                        | 0,0                   | TG,TH                        |
| Durban           | 0,0             | 0,0                 | 0,2                        | 0,2                   | CBR,PC,SH,TH                 |
| Pietermaritzburg | 0,2             | 0,3                 | 0,4                        | 0,5                   | CBR,PJ,TH                    |
| Cape Peninsula   | 0,3             | 0,3                 | -0,1                       | 0,1                   | CBR,IKP,TH,WD,WHF            |
| Port Elizabeth   | -0,1            | -0,1                | 0,0                        | 0,0                   | ARN,BR,NRG,SUM,TH            |
| East London      | 0,0             | -0,3                | -0,1                       | 0,3                   | CAP,CHR,TH                   |
| Bloemfontein     | 0,1             | -0,3                | 0,1                        | 0,0                   | ED,EK,EQV,TH                 |
| George           | -               | -                   | -                          | -                     | BVF,GRV,MUL,TH               |
| Windhoek         | 0,0             | 0,0                 | 0,0                        | 0,0                   | TE                           |

**Table 2.6**  
**Survey of capitalization rates (%): Shopping centres**  
Means for quarter 2020:1

| Best location            | Super-regional |     |   | Regional |     |   | Small regional |     |   | Community |     |   |
|--------------------------|----------------|-----|---|----------|-----|---|----------------|-----|---|-----------|-----|---|
|                          | Mean           | SD  | n | Mean     | SD  | n | Mean           | SD  | n | Mean      | SD  | n |
| Witwatersrand            | 8,2            | 0,9 | 3 | 8,5      | 0,7 | 3 | 8,9            | 1,0 | 3 | 9,6       | 0,8 | 3 |
| Pretoria                 | 8,0            | 0,6 | 4 | 8,3      | 0,5 | 4 | 9,1            | 0,8 | 4 | 9,3       | 0,6 | 5 |
| Vaal Triangle            | 8,9            | -   | 1 | 9,3      | -   | 1 | 10,0           | -   | 1 | 10,5      | -   | 1 |
| Nelspruit                | -              | -   | - | 8,0      | 0,0 | 6 | 8,0            | 0,0 | 6 | 8,5       | 0,0 | 5 |
| Polokwane                | 9,0            | -   | 1 | 9,3      | -   | 1 | 10,0           | -   | 1 | 10,5      | -   | 1 |
| Durban                   | 8,1            | 0,8 | 3 | 8,4      | 0,7 | 3 | 9,0            | 0,9 | 3 | 9,7       | 0,7 | 2 |
| Pietermaritzburg         | 8,5            | 0,5 | 2 | -        | -   | - | 8,9            | 1,1 | 2 | 9,3       | 1,3 | 2 |
| Cape Town                | 7,6            | 0,6 | 3 | 8,1      | 0,5 | 4 | 8,8            | 0,7 | 5 | 9,1       | 0,4 | 4 |
| Port Elizabeth-Uitenhage | 8,7            | 1,0 | 4 | 9,1      | 0,3 | 4 | 9,5            | 0,5 | 2 | 9,6       | 0,5 | 4 |
| East London              | 9,4            | 0,4 | 3 | 9,6      | 0,1 | 2 | 10,3           | 0,2 | 2 | 10,7      | -   | 1 |
| Bloemfontein             | 8,6            | 0,6 | 2 | 9,3      | 0,3 | 4 | 9,7            | 0,5 | 3 | 9,7       | 0,6 | 5 |
| Platteland               | 9,5            | -   | 1 | 9,8      | -   | 1 | 10,2           | -   | 1 | 10,4      | 0,4 | 2 |
| Townships                | 9,0            | -   | 1 | 9,3      | -   | 1 | 10,0           | -   | 1 | 10,3      | -   | 1 |
| George                   | 8,4            | 0,4 | 3 | 8,4      | 0,4 | 3 | 8,8            | 0,6 | 3 | 9,1       | 0,6 | 3 |
| Windhoek                 | 9,0            | -   | 1 | 9,0      | -   | 1 | 9,0            | -   | 1 | 9,0       | -   | 1 |

n = Number of respondents

- = Not available

SD = See Glossary of terms and abbreviations in Annexure 1.

**Table 2.6 (continued)**  
**Survey of capitalization rates (%): Shopping centres**  
**Means for quarter 2020:1**

| Best location            | Neighbourhood |     |   | Local convenience |     |   | Big box/Retailer warehouse |     |   |
|--------------------------|---------------|-----|---|-------------------|-----|---|----------------------------|-----|---|
|                          | Mean          | SD  | n | Mean              | SD  | n | Mean                       | SD  | n |
| Witwatersrand            | 10,4          | 0,6 | 3 | 10,8              | 0,5 | 3 | 9,9                        | 0,4 | 3 |
| Pretoria                 | 9,7           | 0,7 | 5 | 10,5              | 0,8 | 5 | 9,8                        | 0,5 | 5 |
| Vaal Triangle            | 11,0          | -   | 1 | 11,4              | -   | 1 | 10,8                       | -   | 1 |
| Nelspruit                | 9,0           | 0,0 | 6 | 10,0              | 0,0 | 6 | 9,5                        | 0,0 | 5 |
| Polokwane                | 11,0          | -   | 1 | 11,4              | -   | 1 | 10,8                       | -   | 1 |
| Durban                   | 10,1          | 0,5 | 3 | 10,6              | 0,8 | 3 | 10,2                       | 0,3 | 3 |
| Pietermaritzburg         | 10,0          | 1,0 | 2 | 10,7              | 0,7 | 2 | 10,4                       | 0,4 | 2 |
| Cape Town                | 9,3           | 0,3 | 4 | 9,9               | 0,5 | 4 | 9,5                        | 0,5 | 4 |
| Port Elizabeth-Uitenhage | 9,9           | 0,7 | 4 | 10,5              | 0,5 | 4 | 10,3                       | 0,3 | 4 |
| East London              | 11,0          | 0,0 | 2 | 11,7              | 0,4 | 2 | 10,7                       | 0,2 | 2 |
| Bloemfontein             | 10,1          | 0,5 | 4 | 10,7              | 0,7 | 4 | 10,6                       | 0,4 | 3 |
| Platteland               | 10,5          | 0,5 | 2 | 11,3              | 0,3 | 2 | 10,4                       | 0,4 | 2 |
| Townships                | 10,5          | -   | 1 | 11,2              | -   | 1 | 10,8                       | -   | 1 |
| George                   | 9,5           | 0,7 | 4 | 9,9               | 0,6 | 4 | 9,6                        | 0,5 | 3 |
| Windhoek                 | 9,0           | -   | 1 | 9,0               | -   | 1 | 9,0                        | -   | 1 |

n = Number of respondents

- = Not available

SD = See Glossary of terms and abbreviations in Annexure 1.

**Table 2.7**  
**Change in capitalization rates (% points): Shopping centres**  
**Means for quarter 2020:1 less quarter 2019:4**

| Best location            | Super regional | Regional | Small regional | Community | Panellist codes          |
|--------------------------|----------------|----------|----------------|-----------|--------------------------|
| Witwatersrand            | 0,2            | 0,2      | -0,1           | 0,4       | COE,REW,TH               |
| Pretoria                 | -0,1           | 0,0      | -              | 0,3       | COE,MAS,REW,TH,WHF       |
| Vaal Triangle            | 0,0            | 0,0      | 0,0            | 0,0       | TH                       |
| Nelspruit                | -              | 0,0      | 0,0            | 0,0       | KEL,MPV,ORI,PG,PM,PPS,TH |
| Polokwane                | 0,0            | 0,0      | 0,0            | 0,0       | REW,TH                   |
| Durban                   | -0,1           | 0,0      | -0,9           | -0,1      | REW,TH,WHF               |
| Pietermaritzburg         | 0,2            | -        | 0,0            | 0,1       | PJ,REW,TH                |
| Cape Town                | -0,3           | -0,2     | -0,2           | 0,0       | AS,COE,REW,TH,WHF        |
| Port Elizabeth-Uitenhage | 0,4            | 0,0      | 0,0            | 0,0       | ARN,BR,NRG,REW,SUM,TH    |
| East London              | 0,3            | 0,0      | 0,0            | 0,0       | CHR,NRG,REW,TH           |
| Bloemfontein             | 0,0            | 0,3      | 0,0            | 0,0       | ED,EK,EQV,REW,TH         |
| Platteland               | 0,0            | 0,0      | 0,0            | 0,0       | EQV,MAS,TH               |
| Townships                | -0,5           | -0,4     | 0,0            | 0,2       | REW,TH                   |
| George                   | -              | -        | -              | -         | BVF,GRV,MUL,TH           |
| Windhoek                 | 0,0            | 0,0      | 0,0            | 0,0       | TE                       |

**Table 2.7 (continued)**  
**Change in capitalization rates (% points): Shopping centres**  
 Means for quarter 2020:1 less quarter 2019:4

| Best location            | Neighbourhood | Local convenience | Big box/Retailer warehouse | Panellist codes          |
|--------------------------|---------------|-------------------|----------------------------|--------------------------|
| Witwatersrand            | 0,7           | 0,8               | 0,8                        | COE,REW,TH               |
| Pretoria                 | 0,0           | -0,4              | 0,1                        | COE,MAS,REW,TH,WHF       |
| Vaal Triangle            | 0,0           | 0,0               | 0,0                        | TH                       |
| Nelspruit                | 0,0           | 0,0               | 0,0                        | KEL,MPV,ORI,PG,PM,PPS,TH |
| Polokwane                | 0,0           | 0,0               | 0,0                        | REW,TH                   |
| Durban                   | 0,2           | -0,3              | -0,1                       | REW,TH,WHF               |
| Pietermaritzburg         | 0,5           | 0,4               | 1,0                        | PJ,REW,TH                |
| Cape Town                | 0,1           | 0,1               | -0,3                       | AS,COE,REW,TH,WHF        |
| Port Elizabeth-Uitenhage | 0,0           | 0,0               | 0,0                        | ARN,BR,NRG,REW,SUM,TH    |
| East London              | 0,0           | 0,3               | 0,0                        | CHR,NRG,REW,TH           |
| Bloemfontein             | 0,0           | 0,0               | 0,0                        | ED,EK,EQV,REW,TH         |
| Platteland               | 0,0           | 0,0               | 0,0                        | EQV,MAS,TH               |
| Townships                | 0,3           | -0,4              | -0,6                       | REW,TH                   |
| George                   | -             | -                 | -                          | BVF,GRV,MUL,TH           |
| Windhoek                 | 0,0           | 0,0               | 0,0                        | TE                       |

**Table 2.8**  
**Survey of capitalization rates (%): Street-front shops**  
 Means for quarter 2020:1

| Best location    | Metro CBD |     |   | Decentralized |     |   |
|------------------|-----------|-----|---|---------------|-----|---|
|                  | Mean      | SD  | n | Mean          | SD  | n |
| Johannesburg     | 11,4      | 1,1 | 4 | 10,8          | 0,6 | 3 |
| Pretoria         | 10,6      | 0,7 | 4 | 10,2          | 0,7 | 4 |
| Vaal Triangle    | 11,9      | -   | 1 | 11,5          | -   | 1 |
| Nelspruit        | 12,0      | 0,0 | 7 | 11,1          | 0,2 | 7 |
| Polokwane        | 10,4      | 1,4 | 2 | 11,3          | 0,3 | 2 |
| Durban           | 10,9      | 0,9 | 2 | 10,7          | 0,7 | 2 |
| Pietermaritzburg | 10,7      | 1,2 | 2 | 10,8          | 0,8 | 2 |
| Cape Town        | 10,9      | -   | 1 | 10,4          | -   | 1 |
| Port Elizabeth   | 11,5      | 0,6 | 5 | 11,0          | 0,8 | 4 |
| East London      | 11,1      | 1,1 | 3 | 12,3          | 0,8 | 2 |
| Bloemfontein     | 10,2      | 1,0 | 4 | 10,4          | 0,6 | 4 |
| George           | 10,0      | 0,8 | 4 | 10,4          | 0,7 | 4 |
| Windhoek         | 9,0       | -   | 1 | 9,0           | -   | 1 |

n = Number of respondents

- = Not available

SD = Standard deviation. See Glossary of terms and abbreviations in Annexure 1.



**Table 2.9**  
**Change in capitalization rates (% points): Street-front shops**  
 Means for quarter 2020:1 less quarter 2019:4

| Best location    | Metro CBD | Decentralized | Panellist codes          |
|------------------|-----------|---------------|--------------------------|
| Johannesburg     | 0,3       | -0,2          | COE,REW,TH,WHF           |
| Pretoria         | -0,3      | -0,5          | COE,MAS,REW,TH,WHF       |
| Vaal Triangle    | 0,0       | 0,0           | TH                       |
| Nelspruit        | 0,0       | 0,0           | KEL,MPV,ORI,PG,PM,PPS,TH |
| Polokwane        | 0,0       | 0,0           | TG,TH                    |
| Durban           | -1,0      | -1,0          | TH,WHF                   |
| Pietermaritzburg | 0,1       | 0,4           | PJ,TH                    |
| Cape Town        | 0,8       | 0,4           | TH                       |
| Port Elizabeth   | 0,1       | 0,0           | ARN,BR,NRG,SUM,TH        |
| East London      | 0,5       | 0,0           | CHR,NRG,TH               |
| Bloemfontein     | 0,0       | 0,1           | ED,EK,EQV,TH             |
| George           | -         | -             | BVF,GRV,MUL,TH           |
| Windhoek         | 0,0       | 0,0           | TE                       |

### Chapter 3: Capitalization rate equations

# How to estimate capitalization rates – anywhere

Kobus Lamprecht

This chapter provides the reader with a handy, *updated* tool to estimate the market capitalization rates of office and industrial properties anywhere in South Africa, provided the valuer is confident about the subject property's gross market rental rate.

As the reader will see below, market rental rates are amazingly successful in explaining the level of capitalization rates. On reflection, though, this should not be all that surprising, considering that all the good and bad news pertaining to a property is encapsulated in the ruling market rental rate. Here we think of rental-level drivers such as:

- Location
- Risk (examples of varying risk profiles are a leaseback compared with a multi-tenanted property; the robustness of the covenant)
- Grade/age.

An important risk factor typically not reflected in a rental is the design of the building, as it affects its ability to be re-let. Here one thinks of purpose-built buildings.

Thus, the moderately strong relationship between market rental rates and capitalization rates allows the researcher to build a regression model with which to estimate the capitalization rate.

#### Office building equation

In our regression analysis of office buildings, we use the market capitalization rates (dependent variables)

and gross market rental rates (predictors or independent variables) of grade A, B and C buildings in the areas surveyed by *Rode's Report (RR)*. The source of the national equation given below is this issue of *RR*. The regression is based on 51 observations in mainly decentralized nodes.

The updated equation is:

$$\text{office capitalization rate \%} = 13,969 - (0,029 * \text{gross rental})$$

where:

gross rental = the market gross rental rate per rentable m<sup>2</sup> per month for grade A, B or C office buildings in quarter 2020:1.

The r-squared = 0,71 (which means the level of market rentals explains 71% of the variation in capitalization rates, without controlling for other predictors). The standard error (SE) is 0,57 and n = 51.

Readers should note that it is not advisable to use this function for gross market rental rates that fall much outside the range of R67/m<sup>2</sup>/month to R189/m<sup>2</sup>/month.

Example:

*If the market gross office rental rate is R140 per rentable m<sup>2</sup> per month, then the office capitalization rate % is:*

$$\begin{aligned} &= 13,969 - (0,029 * 140) \\ &= 10\%. \end{aligned}$$

### Industrial property equation

This national equation expresses the relationship between the capitalization rates and gross market rental rates of prime non-leasebacks and secondary industrial buildings. Please note, the gross market rental rates are those applicable to 1 000-m<sup>2</sup> units. The source of the data is this issue of *Rode's Report*. The industrial regression equation, which is based on 14 observations, includes most major primary and secondary industrial cities.

The updated equation is:

$$\text{industrial capitalization rate \%} = 13,619 - (0,0737 * \text{gross rental})$$

where:

gross rental = the gross market rental per rentable m<sup>2</sup> per month as in quarter 2020:1 for prime non-leaseback or secondary industrial space of 1 000 m<sup>2</sup>,

located in primary and secondary industrial cities.

The r-squared = 0,72 (which means market rental levels explain 72% of the variations in capitalization rates, without controlling for other predictors). The standard error (SE) is 0,35 and n = 14.

It is not advisable to use this function for gross market rental rates that fall much outside the range of R28/m<sup>2</sup>/month to R62/m<sup>2</sup>/month. Also, remember to use the rental rate applicable to a notional floor area of 1 000 m<sup>2</sup> (even if the subject property's actual floor area is completely different).

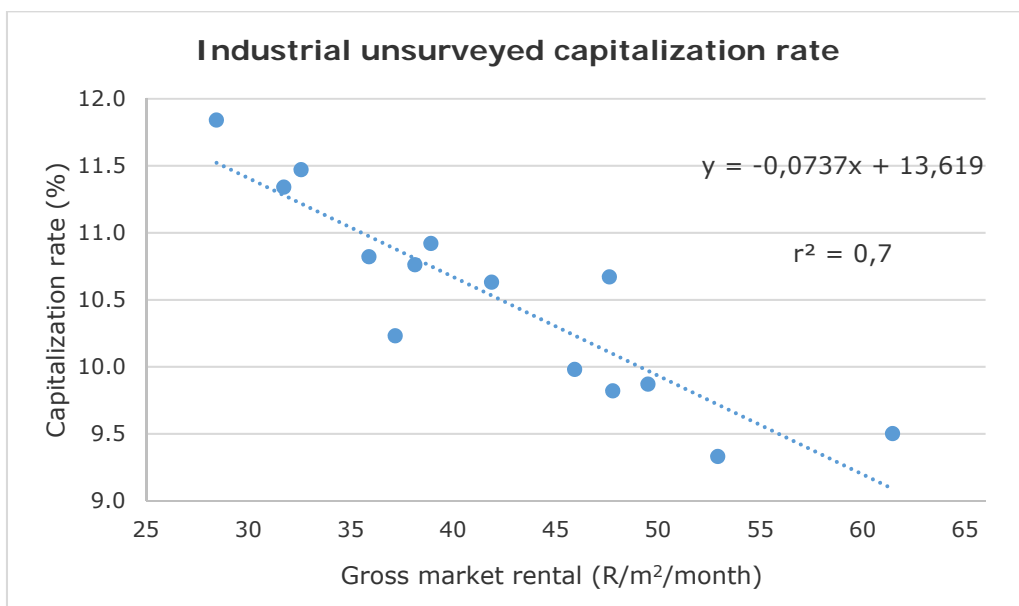
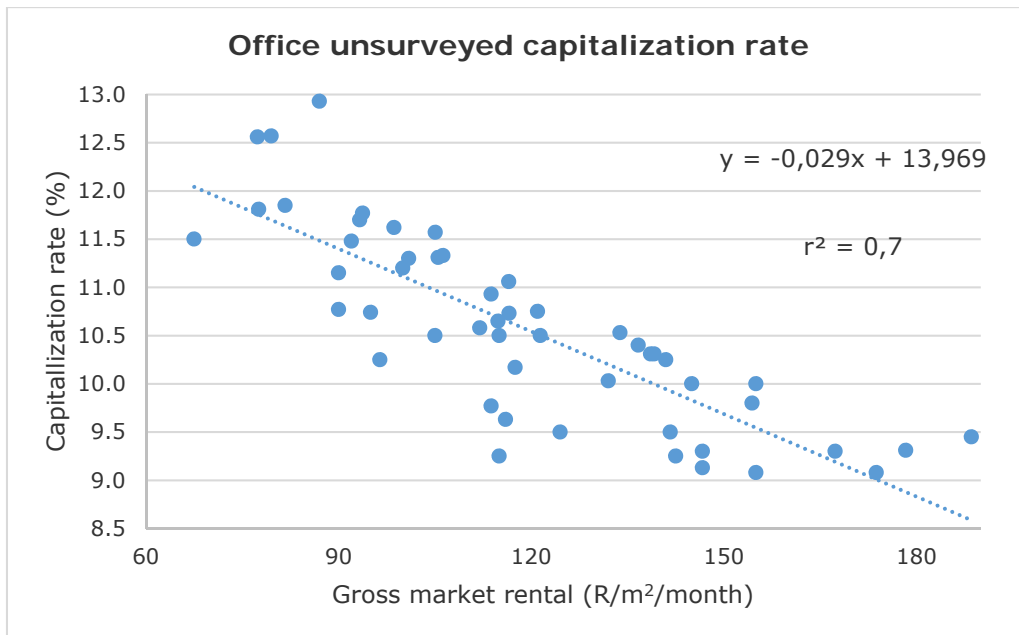
Example:

*If the gross industrial rental for a 1 000-m<sup>2</sup> building, located in a primary or secondary city, is R50 per rentable m<sup>2</sup> per month, then the industrial capitalization rate % is:*

$$= 13,619 - (0,0737 * 50) \\ = 9,9\% \blacksquare$$

#### Warning:

To guard against volatility in the latest survey data, the reader is advised *also* to consult the regression equation and its applicable rental rate in the previous issue of *RR*, and to consider using a two-quarter average capitalization rate (unsurveyed) if necessary.



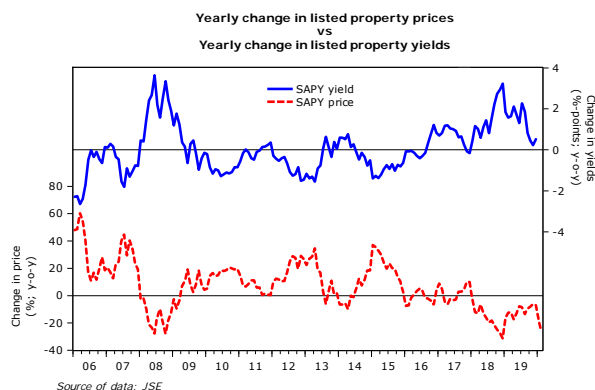
## Chapter 4: Listed property

# Listed property prices under severe pressure

Kobus Lamprecht

After another tough year for the South African property market in 2019 some of us were hopeful for a better 2020. This looks very unlikely as listed property prices fell further in the first quarter of the year, dragged down by weak company financials and the growing negative impact of Covid-19 on the global and SA economies.

By 25 March the SA Listed Property Index (SAPY) was 50% lower than at the end of 2019. In fact, since the beginning of 2018 the SAPY has declined in year-on-year terms every month, as shown in the chart. The declines have led to relatively higher trailing income yields,<sup>1</sup> which reflect gloomy earnings expectations.



In the first two months of 2020, listed property remained the worst performer among the traditional asset classes (see **Table 4.1**). The total return of both the

SAPY and All Property Index (ALPI) declined by about 18%. The JSE All Share Index, which performed the best in 2019, has also struggled so far in 2020, tracking declining global markets. March saw the sharpest dip as Covid-19 spread at an alarming rate in America and Europe, while the first local case was also revealed on 5 March. Bonds (+3%) and cash (+1,1%) were the top performers in the first two months of 2020.

In **Table 4.2** we show the individual performances of JSE-listed property funds for 2019 and the first two months of 2020, expressed as total returns (income yield plus capital return). Most companies have struggled so far in 2020, with only seven managing to deliver a positive total return. Safari (+10,5%), Exemplar (7,8%) and Transcend (+7,4%) were the top performers.

The worst performers during the first two months of 2020 were Rebasis (-80,3%), Intu Properties (-62,3%) and Dipula B (-41,4%). SA Corporate, a diversified REIT with mostly SA assets, also struggled with its total return a whopping negative 32% in the first two months of 2020. Its distribution declined by 10% in 2019 (see **Table 4.3**) as vacancies generally increased, notably in its office portfolio, to 16%. SA Corporate's residential portfolio bucked the rising trend, with its vacancy rate improving to 8,2% from 13,4%, but it is still high.

<sup>1</sup> A trailing yield is the distribution of the past financial year divided by the current price. A forward yield is the expected distribution of the next financial year divided by the current price. The latter is similar to the capitalization rate of directly held property, which is also forward looking.

**Table 4.1**  
**Asset class performance**  
**Total returns (including income yield and capital return)**

| Index                     | Jan-Dec 2019 | Jan-Feb 2020 |
|---------------------------|--------------|--------------|
| JSE All Share             | 12,1%        | -10,5%       |
| SA listed property (SAPY) | 1,9%         | -18,3%       |
| All property (ALPI)       | -0,4%        | -18,5%       |
| Cash                      | 7,3%         | 1,1%         |
| Bonds                     | 10,3%        | 3,0%         |

Source: Catalyst Fund Managers; RMB Credit Research

**Table 4.2**  
**Total returns on listed property funds**  
**2019 and beginning 2020**  
**Performance of individual stocks**

|                        | Jan-Dec 2019 | Jan-Feb 2020 |
|------------------------|--------------|--------------|
| Accprop                | -42,9%       | -24,9%       |
| Acsion                 | -40,9%       | -7,7%        |
| Arrowhead A            | 19,9%        | 0,0%         |
| Arrowhead B            | -25,3%       | -21,8%       |
| Atleaf                 | -1,7%        | -1,1%        |
| Attacq                 | -10,9%       | -25,1%       |
| Balwin                 | 34,4%        | -5,2%        |
| Capco                  | 14,8%        | -17,4%       |
| Capreg                 | 0,0%         | -29,0%       |
| Delprop                | -80,3%       | -40,9%       |
| Dipula-A               | 17,3%        | -11,5%       |
| Dipula-B               | -44,7%       | -41,4%       |
| Emira                  | -0,0%        | -10,9%       |
| Equites                | 10,7%        | -13,7%       |
| Exemplar               | -4,8%        | 7,8%         |
| Fairvest               | -0,2%        | -10,7%       |
| Fortress-A             | 13,9%        | -16,2%       |
| Fortress-B             | -36,2%       | -37,5%       |
| Globe Trade Centre     | 16,1%        | 0,0%         |
| Grit Real              | -8,8%        | 3,8%         |
| Growthpoint            | 4,1%         | -20,4%       |
| Hammerson              | 1,1%         | -27,1%       |
| Heriot                 | 7,8%         | 4,6%         |
| Hospitality-B          | -3,2%        | -27,1%       |
| Hyprop                 | -23,2%       | -20,4%       |
| IAPF                   | 26,1%        | -4,7%        |
| Indlu                  | -34,1%       | -12,8%       |
| Intuprop               | -70,4%       | -62,3%       |
| Investec Property Fund | 18,0%        | -21,7%       |
| Liberty 2D             | 3,1%         | -19,4%       |
| Lighthouse             | 31,1%        | -8,1%        |

Source: Catalyst Fund Managers

**Table 4.2 (continued)**  
**Total returns on listed property funds**  
**2019 and beginning 2020**  
**Individual stock performance**

|              | Jan-Dec 2019 | Jan-Feb 2020 |
|--------------|--------------|--------------|
| MAS          | -2,9%        | -13,2%       |
| Nepi Rock    | 17,7%        | -7,9%        |
| Octodec      | 1,0%         | -19,5%       |
| Polska Prop  | 0,7%         | -7,3%        |
| Putprop      | 11,5%        | -24,0%       |
| Rebosis      | -88,1%       | -3,1%        |
| Rebosis-A    | -79,5%       | -80,3%       |
| Redefine     | -12,6%       | -28,2%       |
| Resilient    | 30,2%        | -15,5%       |
| RI PLC       | 0,0%         | -4,1%        |
| SA Corporate | 3,2%         | -32,0%       |
| Safari       | -9,6%        | 10,5%        |
| Schroeders   | 15,0%        | 1,3%         |
| Sirius       | 48,8%        | -0,4%        |
| Spear        | 9,8%         | -8,6%        |
| Stenprop     | 41,9%        | 5,6%         |
| Stor-Age     | 27,8%        | -12,7%       |
| Texton       | -30,0%       | -20,0%       |
| Tower        | -7,3%        | -23,8%       |
| Tradehold    | 24,8%        | -20,6%       |
| Transcend    | 28,4%        | 7,4%         |
| Vukile       | 6,7%         | -24,4%       |

Source: Catalyst Fund Managers

In **Table 4.3** we show the change in distributions of various SA listed property companies for the half- and full-year periods ended December 2019.

Two SA-focused companies that continue to deliver above-market distribution growth are Fairvest and Attacq. Fairvest, which owns shopping centres in low-income areas, recorded distribution growth of 5,1% in the half-year ended December 2019 as its portfolio vacancy rate declined to 3,2% – a 5-year low. Attacq shone again largely due to strong trading-density growth in its malls (+5,7%) and its 20,7% stake in European shopping centre owner MAS.

MAS delivered stellar distribution growth of 12% buoyed by strong performances from its Eastern European malls. However, the company's distribution could come under pressure due to the forced shopping centre closures in March in Bulgaria and Poland to curb the spread of Covid-19. Spain-dominant Vukile saw its share price fall

significantly in March due to store closures for the same reason. Shop closures have also spread to other countries, including South Africa, where everything is shut except those providing essential services, such as grocery stores and pharmacies. This is a catastrophe for property funds, especially those heavily invested in malls.

Hyprop, owner of various large SA shopping centres, saw its latest distribution decrease by 20%. The company's distribution would have fallen 'only' 13% but was worsened by its decision to pay out just 92% of its distributable income compared to 100% previously. About R40 million of the distributable income it held back will be spent on improving generator capacity at Canal Walk in Cape Town.

Texton, a diversified fund with all its assets in South Africa and the United Kingdom, also decided to retain 50% of its distributable income to decrease debt to more sustainable levels. It reported a 55,5%

decrease in distributions, caused by weak property fundamentals locally and abroad.

Growthpoint, the largest South African REIT, said these are the toughest domestic conditions it has experienced in 20 years. It declared distribution growth of only 0,2% in the half-year ended December 2019.

However, not everyone is struggling in South Africa. Emira's SA portfolio is

performing better than the market, with its office and retail vacancy rates at only 4,6% and 2,4% respectively. It declared distribution growth of 1,7% in the half-year ended December 2019.

In sum, company distributions generally continue to disappoint, but there are some outliers. Prospects look dim, given the severe slowdown in the global and SA economies. No doubt, 2020 will be a very difficult year. ■

**Table 4.3**  
Change in distributions for half- and full-year periods ended December 2018/19, as well as 2020 guidance

| Company     | Distribution change 2018 | Distribution change 2019 | Expected change in distribution 2020.06* | Period    |
|-------------|--------------------------|--------------------------|--|-----------|
| Attacq      | 9,5%                     | 11,1%                    | 8,0% to 10,0%                            | Half-year |
| Emira       | 3,1%                     | 1,7%                     | N/A                                      | Half-year |
| Fairvest    | 8,3%                     | 5,1%                     | 4,0% to 6,0%                             | Half-year |
| Fortress-A  | 5,0%                     | 3,9%                     | N/A                                      | Half-year |
| Fortress-B  | -14,0%                   | -3,4%                    | N/A                                      | Half-year |
| Grit        | -13,4%                   | 0,0%                     | 3,0% to 5,0%                             | Half-year |
| Growthpoint | 4,5%                     | 0,2%                     | "If any, nominal"                        | Half-year |
| Hyprop      | 2,5%                     | -19,9%                   | -10,0 to -13,0%                          | Half-year |
| L2D         | 1,3%                     | 0,7%                     | "Equivalent to 2019"                     | Full year |
| MAS         | 40,0%                    | 12,1%                    | N/A                                      | Half-year |
| Nepi Rock   | 9,5%                     | 6,6%                     | 6,0%                                     | Full year |
| Resilient   | N/A                      | 1,6%                     | 5,0%                                     | Half-year |
| SACorp      | -6,0%                    | -9,9%                    | -3% to -6%                               | Full year |
| Texton      | -24,6%                   | -55,5%                   | -20,0%                                   | Half-year |
| Tower*      | -9,5%                    | -4,9%                    | "Slightly negative"                      | Half-year |

\* Tower's results are for the six months ended November 2018 and November 2019

Source: Financial results of the various listed property funds



## Chapter 5: Office rentals

# Office market still plagued by oversupply

Kobus Lamprecht

The office market is still battling to record above-inflation rental growth as vacancy rates remain at elevated levels (see **Chapter 6**) due to oversupply. Prospects look dim given the growing negative impact of the Covid-19 pandemic on the economy on top of the economic slowdown prior to Covid-19.

In the short term, the virus will reduce office demand as some companies will be forced to close permanently due to financial losses, while "work-from-home" policies could also become common. Holding all other factors constant, the latter phenomenon will slow the demand for office space structurally.

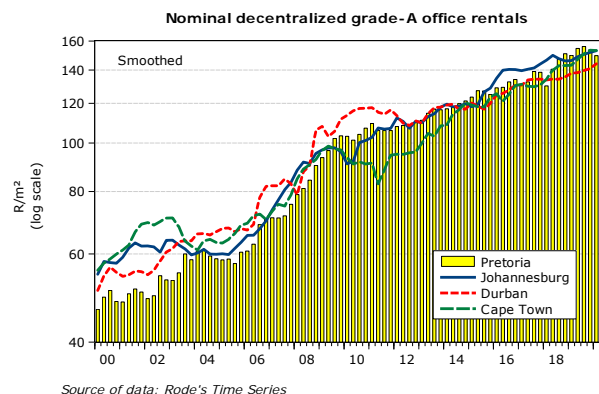
Below we first discuss the national rental performance before delving into trends in the major cities.

### National rental growth

Nationally, nominal market rentals for grade-A office space in the first quarter of 2020 were roughly the same as in the fourth quarter of 2019, according to Rode's office market survey. Rentals increased by 3,7% compared to a year ago, in line with the 4% year-on-year growth recorded at the end of last year. However, rentals continue to be in negative territory when measured in *real* terms, after accounting for building-cost inflation of about 5%.

Please note that Rode's surveys for the first quarter were completed before the spread of the coronavirus became a major crisis in the public mind. Thus, rentals could come under severe pressure in the near term – possibility not reflected in the rentals reported in this issue.

### Rentals in decentralized nodes



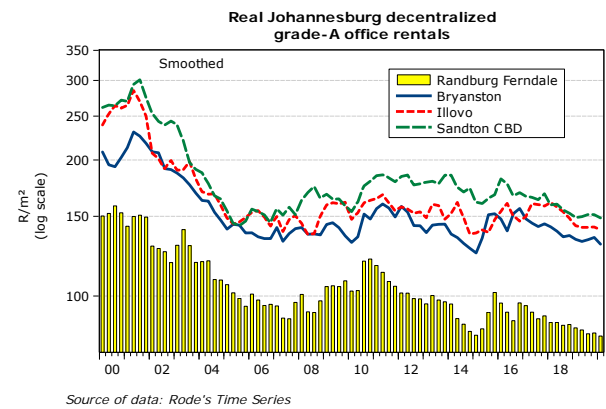
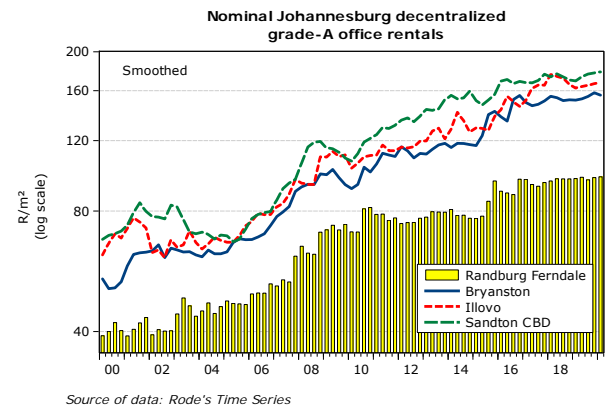
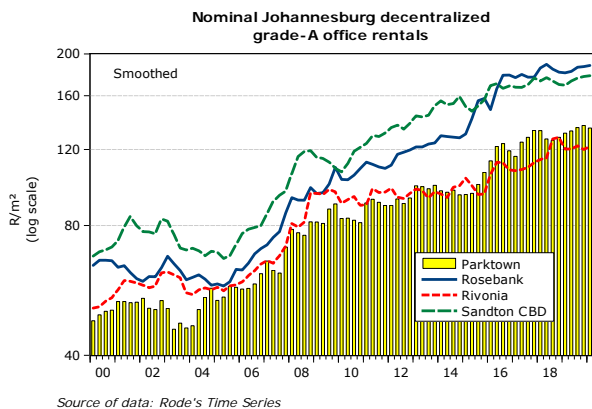
The graph that depicts nominal rentals in decentralized locations clearly shows that rental movements went onto a lower growth path from 2009 following the international financial crash. One wonders what would happen if the global economy enters a recession in 2020, which is increasingly likely. For South Africa, things would turn out much worse than was the case then, as we now do not have the luxury of a Keynesian stimulus because the fiscus has run out of ammo.

Over the past year, grade-A Cape Town rentals were the best performer (+7%). Rentals grew by about 5% and 4% in Johannesburg and Durban respectively, while rentals failed to grow in Pretoria. This implies that only Cape Town managed to record above-inflation rental growth. Below we discuss the trends in the different cities in more detail.

Johannesburg decentralized grade-A rentals increased by only 1,5% in 2019, but surprised by growing by 5% in the first quarter of 2020 compared to a year ago.

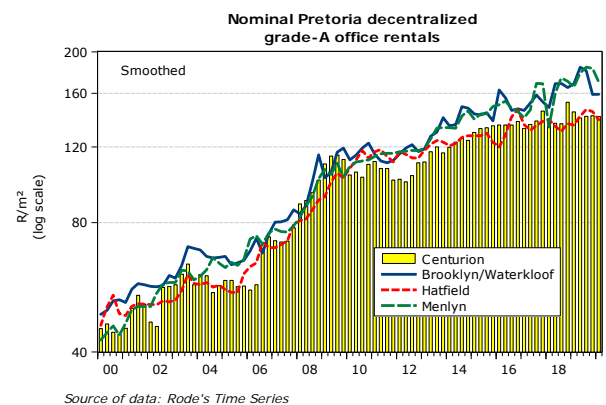
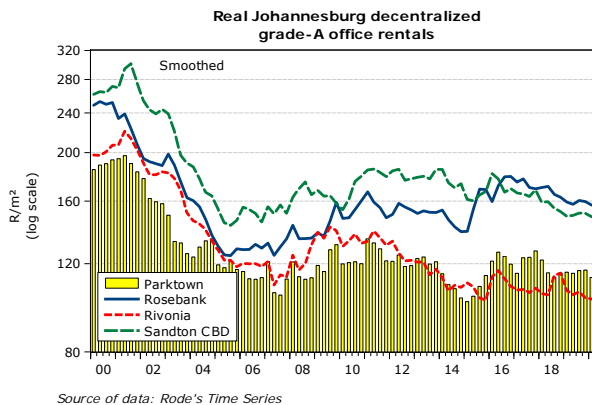
However, almost all nodes recorded rental growth below building-cost inflation of about 5%, which is not surprising given the high vacancy rates in general. Sandton and Rosebank saw rental growth of 5% and 4% respectively, picking up somewhat from the previous quarter, while rentals grew by only 1% in both Rivonia and Randburg/Ferndale. One node that stood out with above-inflation rental growth was Sunninghill, where grade-A rentals grew by around 10% in line with its vacancy-rate improvement to zero in the second half of 2019. However, the same cannot be said of grade-B space as rentals grew at a slower rate, with vacancy rates rising sharply to 18% in the fourth quarter. This supports the theory that tenants are upgrading to better-quality space to take advantage of low rental levels – low in relation to building costs.

pipeline have slowed in many parts of the country (see **Chapters 6 and 11** for more information regarding building activity).

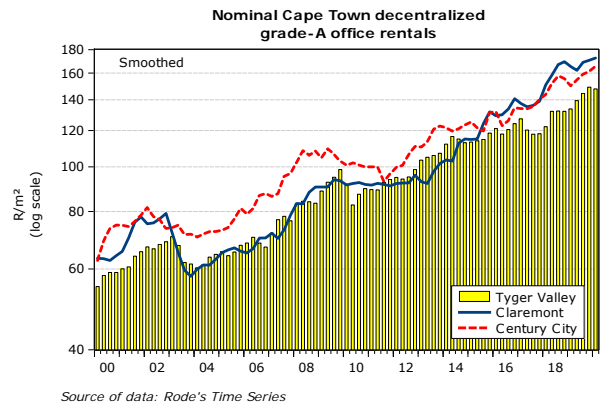
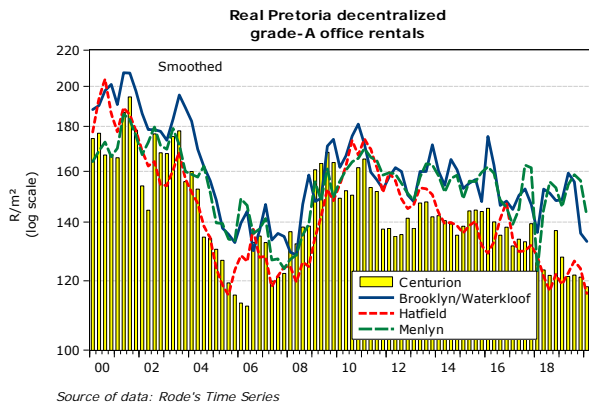


Note that when we use building costs as a deflator, we look at the movement of rentals over time from a developer's point of view.

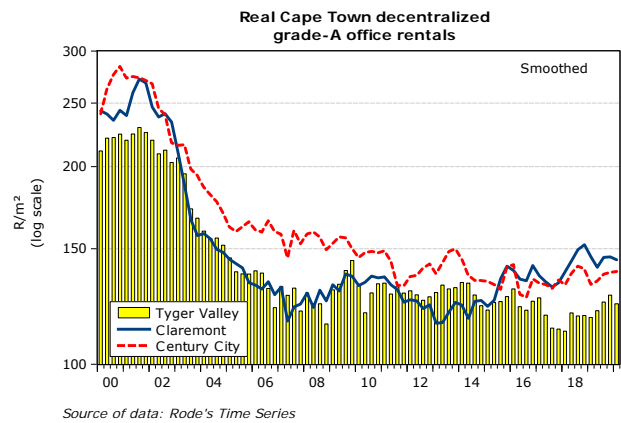
In Pretoria decentralized, nominal rentals in the first quarter of 2020 were unchanged compared to a year ago, continuing the slowing trend of the past year. This implies that rentals declined in *real* terms after adjusting for building-cost inflation. Most nodes in the capital city seem to be under pressure.



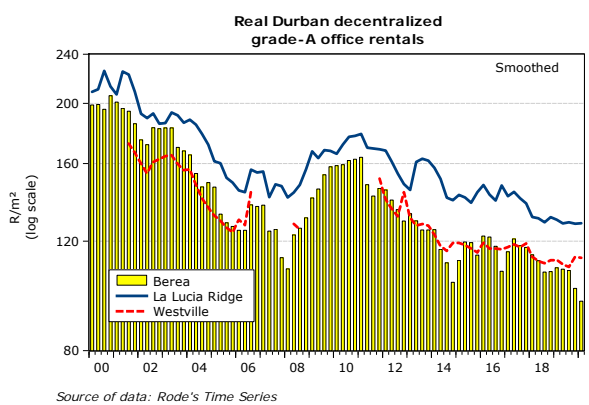
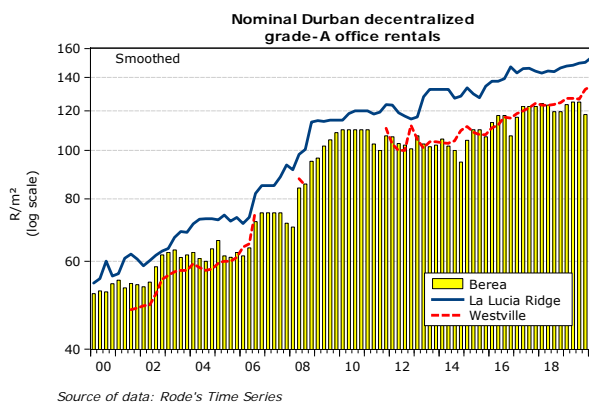
Declining real rentals indicate that new developments are becoming less viable, holding all other factors constant. Reflecting this reality, developments under construction and building plans in the



Durban decentralized rental growth stayed at 4% year on year in nominal terms. This implies that rentals again failed to outpace building-cost inflation. The La Lucia/Umhlanga node – the biggest decentralized node in the city – saw rental growth of 4%. The small node of Hillcrest/Kloof continued to record strong rental growth in line with its constant low vacancy rate of late (see **Chapter 6**). Durban decentralized office vacancy rates are generally under pressure, but the medium-term outlook is more promising as all 10 000 m<sup>2</sup> of office space under construction was already pre-let at the end of 2019.



In the first quarter of 2020, Cape Town decentralized office rentals grew by 7% year on year in nominal terms, in line with the growth recorded at the end of last year. The city's average rental is for the time being propped up by strong rental growth in Tyger Valley and Century City. Rental growth remained below inflation in Claremont, in line with the recent worsening of its vacancy rate. Rentals have also come under pressure in nodes like Rondebosch/Newlands, Salt River and Pinelands/Golf Park.



**Pioneer rentals**

**Table 5.1** shows the difference between pioneer rentals and grade-A market rentals as in the first quarter of 2020. This the reader can use as a rough indication of prospects for eventual market rental growth should the *deus ex machina* come down from the skies.

Pioneer rental levels often represent leases signed on newly erected on-demand buildings like leaseback developments, and these reflect today's building costs as developers naturally expect a fair initial yield on their development costs.

Thus, when the economy eventually climbs out of its current lethargy, market rentals will shoot up to levels closer to these pioneer rentals in the wake of renewed economic growth.

Note in **Table 5.3** that the standard deviations are higher than in normal market conditions. There are two possible reasons for this. Firstly, as the mean rents rise, it is to be expected that the standard deviation will grow in absolute terms. For this reason a case

can be made that one should rather track the coefficient of variation (the standard deviation divided by the mean). Secondly, with the significant amount of new space coming on stream in some nodes, often at pioneer-rental levels, the market is battling to find a stable mean for grade-A or grade-A+ space. Hence the widening spread between the highest and lowest grade-A rentals.

This concludes our section on office rentals. The office rental tables follow. ■

### **Recap: nominal versus real rentals**

The term "nominal" refers to money rentals, whereas the term "real" refers to nominal less inflation.

Rode mostly deflates *nominal* rentals using the Bureau for Economic Research's Building Cost Index (BER BCI) to arrive at *real* rentals. The rationale for using building costs as deflator is the substitution principle and because building costs can serve as a proxy for replacement costs. To illustrate, why would you buy a property at R110 when you could have it built (replaced) for R100? When rentals are low relative to replacement costs, the upside potential for rentals is great and vice versa. Thus high *real* rentals (relative to previous periods) may be an indication of a market that is vulnerable to a downswing, and low *real* rentals indicate great upside potential.

Our sincere thanks to our expert panellists for the information they supplied. Codes of the brokers and landlords who contributed to this quarter's survey appear in the table on p. 26. An explanation of the codes can be found on p. xii.

**Table 5.1**  
**Pioneer office rentals**  
**Highest gross nominal market rental rate achieved**  
**Quarter 2020:1**  
**Rands per rentable m<sup>2</sup>, gross leases (excl. VAT)**

|                | <b>Pioneer</b> | <b>Normal grade A mean</b> | <b>Inferred growth potential</b> |
|----------------|----------------|----------------------------|----------------------------------|
| Pretoria dec.  | 200            | 150                        | 34%                              |
| Durban dec.    | 205            | 144                        | 42%                              |
| Cape Town dec. | 250            | 153                        | 63%                              |

**Table 5.2**  
**Market rental rates for office buildings**  
**Quarter 2020:1**  
**Rands per rentable m<sup>2</sup> per month, gross leases (excl VAT)**

|                                | Grade<br>A+<br>mean | Grade<br>A<br>mean | Grade<br>B<br>mean | Grade<br>C<br>mean | Panellist codes                                   |
|--------------------------------|---------------------|--------------------|--------------------|--------------------|---|
| <b>Johannesburg CBD</b>        | -                   | 98,33              | 88,63              | 55,00              | AS,BR,FAW,GPI                                     |
| Braamfontein                   | -                   | 100,75             | 92,75              | 75,75              | ANV,AS,BR,FAW,GPI                                 |
| Sandton CBD                    | 231,85              | 178,33             | 132,00             | 100,92             | AP,AS,AV,BR,CBR,GB,GPI,MR,OSO,<br>SWI,TKC,WHF,WP  |
| Dunkeld West                   | 186,57              | 162,63             | 132,61             | 101,80             | ANV,AS,BR,GB,GPI,MR,OSO,SWI,<br>WHF               |
| Wierda Valley                  | 165,57              | 146,45             | 123,00             | 107,50             | AP,AS,BR,GB,GPI,MR,OSO,RO,SWI,<br>WHF             |
| Randburg Ferndale              | 104,00              | 97,33              | 83,00              | 66,75              | AS,BR,GPI,NH,PRS,SWI,WHF                          |
| Rivonia                        | 132,25              | 121,42             | 98,63              | 79,50              | AS,AV,BR,GB,GPI,MR,SWI,WHF                        |
| Rosebank                       | 235,58              | 188,56             | 138,59             | 105,06             | ANV,AP,AS,AV,BR,CBR,GB,GPI,MR,<br>OSO,SWI,TKC,WHF |
| Illovo                         | 216,00              | 167,50             | 140,15             | 114,00             | AS,AV,BR,GB,GPI,MR,OSO,SWI,TKC,<br>WHF            |
| Illovo Boulevard               | 215,92              | 167,14             | 146,00             | 117,00             | AS,BR,GB,GPI,MR,SWI,WHF                           |
| Chislehurston                  | 168,75              | 146,80             | 130,71             | 102,50             | AP,AS,BR,GPI,OSO,SWI,WHF                          |
| Parktown                       | 167,56              | 133,82             | 106,25             | 87,00              | ANV,AP,AS,AV,BR,GB,GPI,MR,OSO,<br>SWI,TKC,WHF     |
| Richmond/Milpark               | -                   | 120,83             | 90,38              | 66,25              | AP,BR,GPI,OSO                                     |
| Bedfordview                    | 150,75              | 139,50             | 111,10             | 86,33              | AS,BR,GPI,TKC,WHF                                 |
| Bruma                          | 127,50              | 106,25             | 91,75              | 81,67              | BR,GPI,TKC,WHF                                    |
| Woodmead                       | 150,67              | 135,38             | 109,15             | 90,88              | AP,AS,AV,BR,GB,GPI,MR,SWI,WHF,<br>WP              |
| Sunninghill                    | 130,25              | 114,83             | 92,00              | 77,36              | AS,AV,BR,GB,GPI,MR,SWI,WHF                        |
| Bryanston/Epsom<br>Downs       | 191,56              | 154,40             | 116,55             | 93,29              | AS,AV,BR,CBR,GB,GPI,MR,SWI,TKC,<br>WHF,WP,ZZ      |
| Fourways                       | 178,81              | 146,00             | 106,25             | 91,17              | AS,AV,BR,CBR,GB,GPI,TKC,WHF,WP                    |
| Houghton                       | 186,08              | 157,17             | 118,33             | 88,00              | AS,BR,GPI,MR,OSO,SWI,WHF                          |
| Melrose Arch                   | 229,00              | 209,14             | 163,00             | 136,00             | ANV,AS,BR,CBR,GB,GPI,MR,SWI,WHF                   |
| Hyde Park                      | 182,86              | 154,00             | 134,78             | 112,33             | ANV,AS,BR,GB,GPI,MR,SWI,TKC,WHF                   |
| Eastgate/Kramerville           | 146,00              | 123,67             | 100,00             | 70,67              | AS,GPI,WHF  |
| Ormonde                        | 83,00               | 78,00              | 73,25              | 61,50              | BR,FAW,GPI  |
| Midrand                        | 172,28              | 139,14             | 105,50             | 77,56              | AS,AV,BR,CBR,GB,GPI,OSO,RO,TKC,<br>WHF,WP         |
| Hendrik Potgieter<br>Corridor  | 139,00              | 118,83             | 103,33             | 95,00              | AP,BR,GPI   |
| Waterfall                      | 214,33              | 183,00             | -                  | -                  | AV,BR,CBR,GB,GPI,WP                               |
| Waverley/Bramley               | 161,30              | 142,40             | 117,10             | 93,00              | ANV,BR,GB,GPI,MR                                  |
| Constantia Kloof               | 133,00              | 121,00             | 111,00             | 101,00             | AP,AS,GPI   |
| Morningside                    | 163,25              | 134,25             | 111,50             | 98,25              | AP,GB,GPI,MR,SWI                                  |
| Greenstone                     | -                   | -                  | -                  | -                  |   |
| <b>East Rand</b>               |                     |                    |                    |                    |   |
| Germiston                      | -                   | -                  | -                  | -                  |   |
| Benoni CBD                     | -                   | -                  | -                  | -                  |   |
| Benoni dec.                    | -                   | -                  | -                  | -                  |   |
| Boksburg CBD                   | -                   | -                  | -                  | -                  |   |
| Boksburg North                 | -                   | -                  | -                  | -                  |   |
| Benoni (Lakeside Mall<br>area) | -                   | -                  | -                  | -                  |   |
| Springs                        | -                   | -                  | -                  | -                  |   |

For definitions, see Glossary of terms and abbreviations in Annexure 1 or visit [www.rode.co.za](http://www.rode.co.za).

**Table 5.2 (continued)**  
**Market rental rates for office buildings**  
**Quarter 2020:1**  
**Rands per rentable m<sup>2</sup> per month, gross leases (excl VAT)**

|                                    | Grade A+ mean | Grade A mean | Grade B Mean | Grade C mean | Panellist codes          |
|------------------------------------|---------------|--------------|--------------|--------------|--------------------------|
| <b>Pretoria CBD</b>                | -             | 96,67        | 73,33        | 60,00        | AP,BR,CRI                |
| Lynnwood Glen                      | -             | 145,00       | 102,50       | 76,67        | AI,AP,CRI,WHF            |
| Lynnwood                           | 182,50        | 151,25       | 100,00       | 83,33        | AP,BR,CRI,HN,WHF         |
| Lynnwood Manor                     | 190,00        | 180,00       | 137,50       | -            | AP,CRI,WHF               |
| Lynnwood Ridge                     | 182,50        | 148,33       | 137,50       | -            | AP,CRI,WHF               |
| Faerie Glen                        | 150,00        | 138,75       | 115,00       | 93,33        | AP,BR,CRI,WHF            |
| Val de Grace                       | -             | 137,50       | 97,50        | 90,00        | AP,CRI,RIZ               |
| Menlyn                             | 198,00        | 165,00       | 132,50       | 106,67       | AP,BR,CRI,RIZ,WHF        |
| Menlo Park/<br>Hazelwood           | 182,50        | 150,00       | 130,00       | 97,50        | AP,CRI,WHF               |
| Brooklyn/Waterkloof                | 193,33        | 162,50       | 132,50       | 96,67        | AP,BR,CRI,WHF            |
| Nieuw Muckleneuk                   | 165,00        | 155,00       | 122,50       | 100,00       | AP,CRI                   |
| Hatfield/Hillcrest                 | 188,33        | 136,67       | 113,75       | 81,67        | AP,BR,CRI,WHF            |
| Centurion                          | 168,00        | 140,96       | 116,50       | 93,75        | ABA,AP,BR,CRI,MAS,WHF    |
| Highveld Technopark                | 155,00        | 131,25       | 111,67       | 100,00       | ABA,AP,CRI,WHF           |
| Sunnyside                          | -             | -            | -            | 60,00        | AP,CRI                   |
| Arcadia                            | -             | -            | 90,00        | 72,50        | AP,CRI                   |
| Route 21 Corp. Park                | 131,75        | 121,60       | 111,25       | 98,33        | ABA,AP,CRI,MAS,WHF       |
| Silver Lakes/Die<br>Wilgers        | 167,50        | 146,67       | 123,33       | 105,00       | ABA,AP,CRI,HN,WHF        |
| <b>Nelspruit CBD</b>               | -             | -            | 104,17       | 71,25        | KEL,MPV,ORI,PG,PM,PPS    |
| <b>Nelspruit dec.</b>              | 180,83        | 160,00       | 125,00       | 85,00        | KEL,MPV,ORI,PG,PM,PPS    |
| <b>Polokwane</b>                   | 163,33        | 136,25       | 96,67        | 81,25        | ES,MO,SF,TG              |
| <b>Bloemfontein CBD</b>            | -             | 111,67       | 87,75        | 75,25        | BR,ED,EK,EQV,PLA         |
| Westdene                           | 135,60        | 119,17       | 92,17        | 78,40        | BR,ED,EK,EQV,NR,PLA      |
| <b>Durban CBD</b>                  | -             | -            | 75,00        | 62,50        | SWI                      |
| Durban Berea                       | -             | -            | 90,00        | -            | SWI                      |
| Essex Terrace                      | 145,00        | 135,00       | 120,00       | 110,00       | SWI                      |
| Westway                            | 162,50        | 140,00       | 127,50       | -            | ACU,SWI                  |
| La Lucia Ridge                     | 175,00        | 155,00       | 145,00       | -            | SWI                      |
| Westville CBD                      | 145,00        | 135,00       | 122,50       | -            | ACU,SWI                  |
| Pinetown                           | -             | 100,00       | 95,00        | 80,00        | SWI                      |
| Hillcrest-Kloof<br>(Upper Highway) | -             | 150,00       | 102,50       | 80,00        | SWI                      |
| Umhlanga                           | 195,00        | 167,50       | 135,00       | -            | SWI                      |
| Ballito                            | -             | -            | -            | -            |                          |
| Point Waterfront                   | -             | -            | -            | -            |                          |
| <b>Port Elizabeth CBD</b>          | -             | 72,50        | 64,13        | 46,25        | ARN,BR,NRG,SUM           |
| Greenacres: Parks                  | 121,25        | 113,33       | 91,25        | 70,00        | ARN,BR,NRG,SUM           |
| Greenacres: Single                 | 91,67         | 81,67        | 75,00        | 68,75        | ARN,BR,NRG,SUM           |
| Walmer Park 1, 2 & 3               | 124,00        | 107,00       | 89,00        | 78,75        | ARN,BR,MY,NRG,SUM        |
| South End                          | -             | 85,00        | 78,75        | 51,67        | ARN,BR,NRG,SUM           |
| Humeral/Humewood                   | 145,00        | 121,88       | 95,00        | 77,50        | ARN,BR,NRG,SUM           |
| Newton Park/Cape<br>Road           | 106,00        | 94,50        | 79,00        | 65,83        | ARN,BR,IPC,MY,NRG,SUM,TR |

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**Table 5.2 (continued)**  
**Market rental rates for office buildings**  
**Quarter 2020:1**

Rands per rentable m<sup>2</sup> per month, gross leases (excl VAT)

|                                 | Grade<br>A+<br>mean | Grade<br>A<br>mean | Grade<br>B<br>mean | Grade<br>C<br>mean | Panellist codes                   |
|---------------------------------|---------------------|--------------------|--------------------|--------------------|-----------------------------------|
| <b>East London CBD</b>          | -                   | 100,00             | 75,00              | 67,50              | CHR,GW                            |
| Southernwood                    | -                   | 100,00             | 75,00              | 55,00              | CHR                               |
| Berea                           | 140,00              | 130,00             | 98,50              | 75,00              | CAP,CHR                           |
| Chiselhurst                     | -                   | 110,00             | 85,00              | 60,00              | CHR                               |
| Beacon Bay                      | 145,00              | 120,00             | 90,00              | 80,00              | CHR                               |
| Vincent                         | -                   | 118,00             | 100,00             | 75,00              | CAP,CHR                           |
| <b>Cape Town CBD</b>            | 189,00              | 155,00             | 116,00             | 95,00              | AN,AS,BR,CSP,PF,ZZ                |
| Sea Point                       | 178,00              | 158,00             | 128,08             | 110,00             | AN,AS,BR,CA,PF,WHF,ZZ             |
| Waterfront:                     | 212,50              | 191,67             | 168,33             | -                  | AN,AS,BR,ZZ                       |
| Portsworld Ridge                |                     |                    |                    |                    |                                   |
| Waterfront: Silo<br>District    | 222,50              | 203,33             | 180,00             | 155,00             | AN,AS,BR,CSP,ZZ                   |
| Granger Bay                     | -                   | -                  | -                  | -                  |                                   |
| Salt River                      | 142,00              | 119,00             | 92,00              | 78,60              | AN,AP,AS,DN,SCM,WHF               |
| Woodstock                       | 163,75              | 140,83             | 111,67             | 91,00              | AN,AP,AS,BR,CSP,SCM,ZZ            |
| Observatory/Black<br>River Park | 142,50              | 130,00             | 105,00             | 93,75              | AP,AS,COR,DN,SCM                  |
| Mowbray                         | -                   | -                  | -                  | -                  |                                   |
| Kenilworth<br>(Racecourse)      | 160,00              | 145,00             | 117,50             | 102,50             | AP,AS,COR                         |
| Rondebosch                      | 175,00              | 158,50             | 128,75             | 112,50             | AP,AS,COR,DW                      |
| Newlands                        | 236,67              | 200,00             | 140,00             | -                  | AS,COR,CSP                        |
| Wynberg                         | -                   | -                  | -                  | -                  |                                   |
| Westlake                        | -                   | 146,67             | 115,00             | 105,00             | AN,AS,COR                         |
| Tokai                           | 125,00              | 117,50             | 110,00             | 90,00              | AN,AS                             |
| Claremont Lower*                | 172,50              | 145,00             | 122,50             | 100,00             | AP,AS,COR                         |
| Claremont Upper                 | 220,00              | 173,75             | 142,50             | 117,50             | AN,AP,AS,COR                      |
| Hout Bay                        | -                   | -                  | -                  | -                  |                                   |
| Noordhoek (Sun<br>Valley)       | -                   | -                  | -                  | -                  |                                   |
| Pinelands/Golf Park             | 150,00              | 120,00             | 100,00             | 90,00              | AS,COR,DW,GAM                     |
| Athlone                         | -                   | -                  | -                  | -                  |                                   |
| Milnerton                       | 160,00              | 130,00             | 105,00             | 97,50              | AP,WHF                            |
| Panorama                        | 162,50              | 135,00             | 122,50             | -                  | AN,AP                             |
| Table View /<br>Parklands       | -                   | -                  | -                  | -                  |                                   |
| Century City                    | 196,00              | 167,33             | 141,67             | 121,00             | AN,AP,AS,CSP,NE,PF,WHF            |
| Maitland                        | 145,00              | 115,00             | 97,50              | 90,00              | COR,CSP,SCM,WHF                   |
| Goodwood (N1 City)              | 152,50              | 131,25             | 112,50             | 93,75              | AN,AP,AS,PF                       |
| Tygerberg Hills/<br>Platteklouf | 160,00              | 147,50             | -                  | -                  | AN,NE,WHF                         |
| Bellville CBD                   | 125,00              | 113,75             | 96,43              | 90,00              | AN,AP,AS,CA,CSP,DN,OMN,PF,<br>WHF |
| Tyger Valley area               | 170,50              | 146,67             | 124,50             | 112,00             | AN,AP,CSP,DN,NE,PF,WHF            |
| Durbanville                     | 133,00              | 125,00             | 105,00             | 95,00              | AN,AS,CSP,DN,NE,PF,WHF            |
| Mitchells Plain                 | -                   | -                  | -                  | -                  |                                   |
| Airport                         | 122,50              | 115,00             | 95,00              | 80,00              | AS,WHF                            |
| Khayelitsha                     | -                   | -                  | -                  | -                  |                                   |

\*Claremont Lower: east of Main Road

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**Table 5.2 (continued)**  
**Market rental rates for office buildings**  
**Quarter 2020:1**

**Rands per rentable m<sup>2</sup> per month, gross leases (excl VAT)**

|                          | <b>Grade<br/>A+<br/>Mean</b> | <b>Grade<br/>A<br/>mean</b> | <b>Grade<br/>B<br/>mean</b> | <b>Grade<br/>C<br/>mean</b> | <b>Broker contributor codes</b> |
|--------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------------|
| Kuils River              | 100,00                       | 90,00                       | 77,50                       | 70,00                       | OMN,PF                          |
| Paarl                    | 177,50                       | 132,50                      | 92,50                       | 75,00                       | PRU,SF                          |
| Wellington               | -                            | 110,00                      | 60,00                       | 45,00                       | SF                              |
| Gardens                  | 193,33                       | 161,67                      | 116,67                      | 101,67                      | AN,AS,BR,ZZ                     |
| <b>Stellenbosch</b>      |                              |                             |                             |                             |                                 |
| The Vineyard             | -                            | -                           | -                           | -                           |                                 |
| Technopark               | -                            | -                           | -                           | -                           |                                 |
| Other                    | -                            | -                           | -                           | -                           |                                 |
| <b>Helderberg</b>        |                              |                             |                             |                             |                                 |
| Gordon's Bay             | -                            | -                           | -                           | -                           |                                 |
| Somerset West CBD        | -                            | -                           | 100,00                      | -                           | OMN                             |
| Somerset Mall area       | -                            | -                           | -                           | -                           |                                 |
| Strand                   | -                            | -                           | -                           | -                           |                                 |
| <b>George Central</b>    | 143,33                       | 121,67                      | 81,67                       | 68,33                       | BVF,GRV,MUL                     |
| <b>George dec.</b>       | 108,33                       | 93,33                       | 73,33                       | 60,00                       | BVF,GRV,MUL                     |
| <b>Pietermaritzburg</b>  | 120,00                       | 105,00                      | 85,00                       | 75,00                       | HN,PJ                           |
| <b>Core CBD</b>          |                              |                             |                             |                             |                                 |
| Peripheral CBD           | 127,50                       | 120,00                      | 102,50                      | 87,50                       | HN,PJ                           |
| Pietermaritzburg<br>dec. | 152,50                       | 137,50                      | 115,00                      | 90,00                       | HN,PJ                           |
| <b>Richards Bay</b>      | -                            | -                           | -                           | -                           |                                 |
| Empangeni                | -                            | 110,00                      | -                           | -                           | FO                              |
| <b>Windhoek</b>          | 200,00                       | 150,00                      | 130,00                      | 90,00                       | TE                              |

*For definitions, see Glossary of terms and abbreviations in Annexure 1 or visit [www.rode.co.za](http://www.rode.co.za).*



**Table 5.3**  
**Standard deviation of market rental rates for office buildings**  
**Quarter 2020:1**  
**Rands per month**

|                             | Grade A <sup>+</sup> | Grade A | Grade B | Grade C |
|-----------------------------|----------------------|---------|---------|---------|
| <b>Johannesburg CBD</b>     | -                    | 2,36    | 3,30    | 3,54    |
| Braamfontein                | -                    | 14,38   | 10,50   | 3,77    |
| Sandton CBD                 | 16,51                | 10,00   | 10,92   | 5,92    |
| Dunkeld West                | 15,75                | 12,83   | 15,35   | 7,28    |
| Wierda Valley               | 15,46                | 15,52   | 14,97   | 4,79    |
| Randburg Ferndale           | 4,24                 | 4,53    | 9,27    | 9,72    |
| Rivonia                     | 2,28                 | 6,59    | 7,47    | 3,32    |
| Rosebank                    | 13,98                | 12,95   | 18,68   | 9,29    |
| Illovo                      | 13,38                | 8,98    | 11,17   | 4,24    |
| Illovo Boulevard            | 15,33                | 7,00    | 2,00    | 4,95    |
| Chislehurst                 | 4,15                 | 10,24   | 6,23    | 5,59    |
| Parktown                    | 10,06                | 14,97   | 8,69    | 9,88    |
| Richmond/Milpark            | -                    | 6,56    | 15,06   | 1,25    |
| Bedfordview                 | 9,44                 | 6,95    | 10,09   | 2,62    |
| Bruma                       | 2,50                 | 4,15    | 7,36    | 6,24    |
| Woodmead                    | 6,87                 | 6,87    | 13,87   | 6,15    |
| Sunninghill                 | 3,19                 | 11,91   | 5,32    | 8,40    |
| Bryanston/Epsom Downs       | 9,69                 | 11,46   | 9,88    | 3,45    |
| Fourways                    | 11,01                | 6,57    | 11,11   | 6,07    |
| Houghton                    | 19,90                | 19,28   | 17,95   | 7,71    |
| Melrose Arch                | 18,35                | 9,19    | 21,13   | 4,32    |
| Hyde Park                   | 16,00                | 17,13   | 14,92   | 6,99    |
| Eastgate/Kramerville        | 2,94                 | 12,12   | 7,48    | 4,19    |
| Ormonde                     | -                    | -       | 4,25    | 13,50   |
| Midrand                     | 13,12                | 13,10   | 15,06   | 11,95   |
| Hendrik Potgieter Corridor  | 6,00                 | 7,92    | 12,47   | -       |
| Waterfall                   | 9,29                 | 4,24    | -       | -       |
| Waverley/Bramley            | 16,42                | 9,22    | 15,58   | -       |
| Constantia Kloof            | 2,16                 | 2,94    | 1,41    | 1,41    |
| Morningside                 | 23,70                | 10,69   | 8,90    | 7,69    |
| Greenstone                  | -                    | -       | -       | -       |
| <b>East Rand</b>            |                      |         |         |         |
| Germiston                   | -                    | -       | -       | -       |
| Benoni CBD                  | -                    | -       | -       | -       |
| Benoni dec.                 | -                    | -       | -       | -       |
| Boksburg CBD                | -                    | -       | -       | -       |
| Boksburg North              | -                    | -       | -       | -       |
| Benoni (Lakeside Mall area) | -                    | -       | -       | -       |
| Springs                     | -                    | -       | -       | -       |
| <b>Pretoria CBD</b>         | -                    | 18,41   | 11,79   | 0,00    |
| Lynnwood Glen               | -                    | 5,00    | 10,90   | 16,50   |
| Lynnwood                    | 12,50                | 13,40   | 8,16    | 8,50    |
| Lynnwood Manor              | -                    | 16,33   | 27,50   | -       |
| Lynnwood Ridge              | 7,50                 | 18,41   | 27,50   | -       |
| Faerie Glen                 | 0,00                 | 11,39   | 8,66    | 9,43    |
| Val de Grace                | -                    | 7,50    | 2,50    | -       |
| Menlyn                      | 8,12                 | 8,66    | 4,33    | 9,43    |
| Menlo Park/Hazelwood        | 7,50                 | 8,16    | 5,00    | 2,50    |
| Brooklyn/Waterkloof         | 10,27                | 10,90   | 4,33    | 4,71    |

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**Table 5.3 (continued)**  
**Standard deviation of market rental rates for office buildings**  
**Quarter 2020:1**  
**Rands per month**

|                                 | Grade A <sup>+</sup> | Grade A | Grade B | Grade C |
|---------------------------------|----------------------|---------|---------|---------|
| Nieuw Muckleneuk                | 15,00                | -       | 2,50    | -       |
| Hatfield/Hillcrest              | 6,24                 | 4,71    | 9,60    | 2,36    |
| Centurion                       | 23,37                | 10,17   | 15,53   | 4,15    |
| Highveld Technopark             | 5,00                 | 8,93    | 8,50    | 0,00    |
| Sunnyside                       | -                    | -       | -       | 0,00    |
| Arcadia                         | -                    | -       | 10,00   | 2,50    |
| Route 21 Corp. Park             | 6,65                 | 7,23    | 10,23   | 2,36    |
| Silver Lakes/Die Wilgers        | 2,50                 | 4,71    | 4,71    | 10,80   |
| <b>Nelspruit CBD</b>            | -                    | -       | 1,86    | 2,80    |
| <b>Nelspruit dec.</b>           | 0,37                 | 0,00    | 0,00    | 0,00    |
| <b>Polokwane</b>                | 20,55                | 13,86   | 9,43    | 11,39   |
| <b>Bloemfontein CBD</b>         | -                    | 2,36    | 7,76    | 8,23    |
| Westdene                        | 12,86                | 6,07    | 7,75    | 5,68    |
| <b>Durban CBD</b>               | -                    | -       | -       | -       |
| Durban Berea                    | -                    | -       | -       | -       |
| Essex Terrace                   | -                    | -       | -       | -       |
| Westway                         | 7,50                 | 0,00    | 2,50    | -       |
| La Lucia Ridge                  | -                    | -       | -       | -       |
| Westville CBD                   | -                    | 0,00    | 2,50    | -       |
| Pinetown                        | -                    | -       | -       | -       |
| Hillcrest-Kloof (Upper Highway) | -                    | -       | -       | -       |
| Umhlanga                        | -                    | -       | -       | -       |
| Ballito                         | -                    | -       | -       | -       |
| Point Waterfront                | -                    | -       | -       | -       |
| <b>Port Elizabeth CBD</b>       | -                    | 2,50    | 7,97    | 6,50    |
| Greenacres: Parks               | 6,50                 | 4,71    | 11,39   | 4,08    |
| Greenacres: Single              | 13,12                | 6,24    | 4,08    | 7,40    |
| Walmer Park 1, 2 & 3            | 13,56                | 9,80    | 9,17    | 14,31   |
| South End                       | -                    | 12,75   | 9,60    | 4,71    |
| Humerail/Humewood               | 5,00                 | 3,25    | 10,80   | 12,50   |
| Newton Park/Cape Road           | 10,68                | 9,27    | 8,00    | 5,34    |
| <b>East London CBD</b>          | -                    | -       | -       | 17,50   |
| Southernwood                    | -                    | -       | -       | -       |
| Berea                           | -                    | -       | 1,50    | -       |
| Chiselhurst                     | -                    | -       | -       | -       |
| Beacon Bay                      | -                    | -       | -       | -       |
| Vincent                         | -                    | 12,00   | -       | -       |
| <b>Cape Town CBD</b>            | 10,20                | 12,65   | 9,70    | 5,00    |
| Sea Point                       | 8,12                 | 7,48    | 12,11   | 10,95   |
| Waterfront: Portswood Ridge     | 27,50                | 20,14   | 8,50    | -       |
| Waterfront: Silo District       | 10,90                | 12,47   | 0,00    | 5,00    |
| Granger Bay                     | -                    | -       | -       | -       |
| Salt River                      | 15,68                | 13,56   | 11,66   | 12,32   |
| Woodstock                       | 2,17                 | 6,72    | 8,98    | 10,68   |
| Observatory/Black River Park    | 12,50                | 21,21   | 7,91    | 6,50    |
| Mowbray                         | -                    | -       | -       | -       |

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**Table 5.3 (continued)**  
**Standard deviation of market rental rates for office buildings**  
**Quarter 2020:1**  
**Rands per month**

|                                  | Grade A <sup>+</sup> | Grade A | Grade B | Grade C |
|----------------------------------|----------------------|---------|---------|---------|
| Kenilworth (Racecourse)          | 20,00                | 20,41   | 7,50    | 7,50    |
| Rondebosch                       | 15,00                | 8,50    | 26,55   | 22,50   |
| Newlands                         | 12,47                | 14,14   | -       | -       |
| Wynberg                          | -                    | -       | -       | -       |
| Westlake                         | -                    | 24,94   | 7,07    | 7,07    |
| Tokai                            | 15,00                | 7,50    | 0,00    | -       |
| Claremont Lower*                 | 12,50                | 5,00    | 2,50    | -       |
| Claremont Upper                  | 37,42                | 19,80   | 2,50    | 7,50    |
| Hout Bay                         | -                    | -       | -       | -       |
| Noordhoek (Sun Valley)           | -                    | -       | -       | -       |
| Pinelands/Golf Park              | -                    | 8,16    | 0,00    | 0,00    |
| Athlone                          | -                    | -       | -       | -       |
| Milnerton                        | -                    | -       | 5,00    | 2,50    |
| Panorama                         | 17,50                | 5,00    | 2,50    | -       |
| Table View/Parklands             | -                    | -       | -       | -       |
| Century City                     | 4,90                 | 5,68    | 6,87    | 6,63    |
| Maitland                         | 35,00                | 25,00   | 12,50   | 30,00   |
| Goodwood (N1 City)               | 2,50                 | 5,45    | 4,33    | 12,93   |
| Tygerberg Hills/Platteklouf      | 0,00                 | 2,50    | -       | -       |
| Bellville CBD                    | 7,91                 | 12,44   | 12,16   | 8,37    |
| Tyger Valley area                | 11,22                | 6,87    | 9,27    | 2,16    |
| Durbanville                      | 9,90                 | 5,00    | 8,66    | 3,54    |
| Mitchells Plain                  | -                    | -       | -       | -       |
| Airport                          | 2,50                 | 5,00    | 5,00    | 0,00    |
| Khayelitsha                      | -                    | -       | -       | -       |
| Kuils River                      | -                    | -       | 2,50    | -       |
| Paarl                            | 22,50                | 12,50   | 17,50   | 15,00   |
| Wellington                       | -                    | -       | -       | -       |
| Gardens                          | 9,43                 | 14,34   | 4,71    | 6,24    |
| <b>Stellenbosch</b>              |                      |         |         |         |
| The Vineyard                     | -                    | -       | -       | -       |
| Technopark                       | -                    | -       | -       | -       |
| Other                            | -                    | -       | -       | -       |
| <b>Helderberg</b>                |                      |         |         |         |
| Gordon's Bay                     | -                    | -       | -       | -       |
| Somerset West CBD                | -                    | -       | -       | -       |
| Somerset Mall area               | -                    | -       | -       | -       |
| Strand                           | -                    | -       | -       | -       |
| <b>George Central</b>            | 4,71                 | 2,36    | 2,36    | 4,71    |
| <b>George dec.</b>               | 8,50                 | 2,36    | 2,36    | 0,00    |
| <b>Pietermaritzburg Core CBD</b> | 20,00                | 15,00   | -       | 0,00    |
| Peripheral CBD                   | 17,50                | 15,00   | 7,50    | 2,50    |
| Pietermaritzburg dec.            | 12,50                | 7,50    | 5,00    | 0,00    |
| <b>Richards Bay</b>              |                      |         |         |         |
| Empangeni                        | -                    | -       | -       | -       |
| <b>Windhoek</b>                  |                      |         |         |         |
|                                  | -                    | -       | -       | -       |

\*Claremont Lower: east of Main Road

For definitions, see Glossary of terms and abbreviations in Annexure 1 or visit [www.rode.co.za](http://www.rode.co.za).

**Table 5.4**  
**Typical rent-free period in months**  
 Average periods on offer in quarter 2020:1

|                             | Mean | SD  |
|-----------------------------|------|-----|
| <b>Johannesburg CBD</b>     | 1,4  | 0,5 |
| Braamfontein                | 1,1  | 0,3 |
| Sandton CBD                 | 1,6  | 0,7 |
| Dunkeld West                | 1,5  | 0,5 |
| Wierda Valley               | 1,6  | 0,5 |
| Randburg Ferndale           | 1,2  | 0,4 |
| Rivonia                     | 1,6  | 0,5 |
| Rosebank                    | 1,4  | 0,5 |
| Illovo                      | 1,7  | 0,5 |
| Illovo Boulevard            | 1,6  | 0,5 |
| Chislehurst                 | 1,6  | 0,5 |
| Parktown                    | 1,6  | 0,7 |
| Richmond/Milpark            | 1,3  | 0,5 |
| Bedfordview                 | 1,3  | 0,5 |
| Bruma                       | 1,5  | 0,5 |
| Woodmead                    | 1,5  | 0,5 |
| Sunninghill                 | 1,5  | 0,5 |
| Bryanston/Epsom Downs       | 1,9  | 0,8 |
| Fourways                    | 1,7  | 0,5 |
| Houghton                    | 1,4  | 0,5 |
| Melrose Arch                | 1,5  | 0,5 |
| Hyde Park                   | 1,5  | 0,5 |
| Eastgate/Kramerville        | 1,3  | 0,5 |
| Ormonde                     | 1,5  | 0,5 |
| Midrand                     | 1,8  | 0,7 |
| Hendrik Potgieter Corridor  | 1,3  | 0,5 |
| Waterfall                   | 1,7  | 0,8 |
| Waverley/Bramley            | 1,6  | 0,5 |
| Constantia Kloof            | 1,5  | 0,5 |
| Morningside                 | 1,4  | 0,5 |
| Greenstone                  | 1,5  | 0,5 |
| <b>East Rand</b>            |      |     |
| Germiston                   | -    | -   |
| Benoni CBD                  | -    | -   |
| Benoni dec.                 | -    | -   |
| Boksburg CBD                | -    | -   |
| Boksburg North              | -    | -   |
| Benoni (Lakeside Mall area) | -    | -   |
| Springs                     | -    | -   |
| <b>Pretoria CBD</b>         | 1,3  | 0,5 |
| Lynnwood Glen               | 1,3  | 0,5 |
| Lynnwood                    | 1,2  | 0,4 |
| Lynnwood Manor              | 1,3  | 0,5 |
| Lynnwood Ridge              | 1,0  | 0,0 |
| Faerie Glen                 | 1,3  | 0,5 |
| Val de Grace                | 1,0  | 0,0 |
| Menlyn                      | 1,5  | 0,5 |
| Menlo Park/Hazelwood        | 1,3  | 0,5 |
| Brooklyn/Waterkloof         | 1,3  | 0,5 |
| Nieuw Muckleneuk            | 1,3  | 0,5 |
| Hatfield/Hillcrest          | 1,3  | 0,5 |

**Table 5.4 (continued)**  
**Typical rent-free period in months**  
 Average periods on offer in quarter 2020:1

|                                 | Mean | SD  |
|---------------------------------|------|-----|
| Centurion                       | 1,3  | 0,4 |
| Highveld Technopark             | 1,3  | 0,4 |
| Sunnyside                       | 1,0  | 0,0 |
| Arcadia                         | 1,0  | 0,0 |
| Route 21 Corp. Park             | 1,3  | 0,5 |
| Silver Lakes/Die Wilgers        | 1,0  | 0,0 |
| <b>Nelspruit CBD</b>            | 1,0  | 0,0 |
| <b>Nelspruit dec.</b>           | 1,0  | 0,0 |
| <b>Polokwane</b>                | 2,3  | 1,1 |
| <b>Bloemfontein CBD</b>         | 5,0  | 4,3 |
| Westdene                        | 5,0  | 4,3 |
| <b>Durban CBD</b>               | 1,0  | -   |
| Durban Berea                    | 1,0  | -   |
| Essex Terrace                   | 2,0  | -   |
| Westway                         | 1,0  | 1,0 |
| La Lucia Ridge                  | 2,0  | -   |
| Westville CBD                   | 1,5  | 1,5 |
| Pinetown                        | 1,0  | -   |
| Hillcrest-Kloof (Upper Highway) | 2,0  | -   |
| Umhlanga                        | 2,0  | -   |
| Ballito                         | 2,0  | -   |
| Point Waterfront                | -    | -   |
| <b>Port Elizabeth CBD</b>       | 1,1  | 0,2 |
| Greenacres: Parks               | 1,0  | 0,0 |
| Greenacres: Single              | 1,0  | 0,0 |
| Walmer Park 1, 2 & 3            | 1,4  | 0,8 |
| South End                       | 1,0  | 0,0 |
| Humerail/Humewood               | 1,0  | 0,0 |
| Newton Park/Cape Road           | 1,7  | 0,9 |
| <b>East London CBD</b>          | 0,5  | 0,5 |
| Southernwood                    | -    | -   |
| Berea                           | 0,8  | 0,3 |
| Chiselhurst                     | -    | -   |
| Beacon Bay                      | 1,0  | -   |
| Vincent                         | 1,0  | 0,0 |
| <b>Cape Town CBD</b>            | 1,4  | 0,5 |
| Sea Point                       | 1,7  | 0,9 |
| Waterfront: Portsworld Ridge    | 1,2  | 0,2 |
| Waterfront: Silo District       | 1,2  | 0,2 |
| Granger Bay                     | 1,0  | -   |
| Salt River                      | 1,2  | 0,2 |
| Woodstock                       | 1,3  | 0,4 |
| Observatory/Black River Park    | 1,0  | 0,0 |
| Mowbray                         | 1,0  | -   |
| Kenilworth (Racecourse)         | 1,5  | 0,5 |
| Rondebosch                      | 1,5  | 0,5 |
| Newlands                        | 1,5  | 0,5 |
| Wynberg                         | 1,0  | -   |

**Table 5.4 (continued)**  
**Typical rent-free period in months**  
 Average periods on offer in quarter 2020:1

|                                  | Mean | SD  |
|----------------------------------|------|-----|
| Westlake                         | 1,5  | 0,5 |
| Tokai                            | 1,0  | 0,8 |
| Claremont Lower*                 | 1,0  | 0,0 |
| Claremont Upper                  | 1,4  | 0,5 |
| Hout Bay                         | 1,0  | -   |
| Noordhoek (Sun Valley)           | 1,0  | -   |
| Pinelands/Golf Park              | 1,0  | 0,0 |
| Athlone                          | 1,0  | -   |
| Milnerton                        | 1,5  | 0,5 |
| Panorama                         | 1,0  | 0,0 |
| Table View/Parklands             | 1,0  | -   |
| Century City                     | 1,6  | 0,8 |
| Maitland                         | 1,0  | 0,0 |
| Goodwood (N1 City)               | 1,3  | 0,5 |
| Tygerberg Hills/Platteklouf      | 1,0  | -   |
| Bellville CBD                    | 1,0  | 0,6 |
| Tyger Valley area                | 1,7  | 0,9 |
| Durbanville                      | 1,3  | 0,5 |
| Mitchells Plain                  | 1,0  | -   |
| Airport                          | 1,5  | 0,5 |
| Khayelitsha                      | 1,0  | -   |
| Kuils River                      | 1,0  | 0,0 |
| Paarl                            | 1,0  | 0,0 |
| Wellington                       | 1,0  | -   |
| Gardens                          | 1,5  | 0,5 |
| <b>Stellenbosch</b>              |      |     |
| The Vineyard                     | -    | -   |
| Technopark                       | -    | -   |
| Other                            | -    | -   |
| <b>Helderberg</b>                |      |     |
| Gordon's Bay                     | -    | -   |
| Somerset West CBD                | 1,0  | -   |
| Somerset Mall area               | -    | -   |
| Strand                           | -    | -   |
| <b>George Central</b>            | 1,0  | 0,0 |
| <b>George dec.</b>               | 1,0  | 0,0 |
| <b>Pietermaritzburg Core CBD</b> | 1,5  | 0,5 |
| Peripheral CBD                   | 1,0  | 0,0 |
| Pietermaritzburg dec.            | 1,0  | 0,0 |
| <b>Richards Bay</b>              | -    | -   |
| Empangeni                        | -    | -   |
| <b>Windhoek</b>                  | -    | -   |

\*Claremont Lower: east of Main Road

**Table 5.5**  
**Market parking rentals**  
 Monthly parking  
 Rands per bay per month (excl. VAT)  
 as in quarter 2020:1

|                             | Covered reserved parking |       |       |      | Shade net | Open-air |
|-----------------------------|--------------------------|-------|-------|------|-----------|----------|
|                             | Gr A <sup>+</sup>        | Gr A  | Gr B  | Gr C |           |          |
| <b>Johannesburg CBD</b>     | -                        | 778   | 725   | 606  | 433       | 394      |
| Braamfontein                | -                        | 776   | 705   | 583  | 463       | 385      |
| Sandton CBD                 | 1.170                    | 917   | 781   | 629  | 596       | 521      |
| Dunkeld West                | 800                      | 744   | 600   | 521  | 511       | 415      |
| Wierda Valley               | 815                      | 717   | 633   | 550  | 491       | 401      |
| Randburg Ferndale           | 563                      | 480   | 430   | 422  | 357       | 291      |
| Rivonia                     | 656                      | 616   | 539   | 461  | 438       | 357      |
| Rosebank                    | 1.084                    | 923   | 700   | 606  | 575       | 467      |
| Illovo                      | 988                      | 825   | 675   | 590  | 557       | 450      |
| Illovo Boulevard            | 1.031                    | 830   | 700   | 638  | 583       | 450      |
| Chislehurst                 | 850                      | 750   | 633   | 617  | 531       | 412      |
| Parktown                    | 809                      | 694   | 606   | 529  | 506       | 407      |
| Richmond/Milpark            | 575                      | 517   | 425   | 367  | 375       | 300      |
| Bedfordview                 | 608                      | 533   | 467   | 450  | 450       | 383      |
| Bruma                       | 700                      | 488   | 400   | 400  | 400       | 300      |
| Woodmead                    | 750                      | 672   | 550   | 463  | 450       | 369      |
| Sunninghill                 | 600                      | 558   | 480   | 445  | 378       | 338      |
| Bryanston/Epsom Downs       | 888                      | 717   | 575   | 500  | 483       | 386      |
| Fourways                    | 790                      | 639   | 500   | 470  | 460       | 362      |
| Houghton                    | 950                      | 721   | 555   | 570  | 544       | 450      |
| Melrose Arch                | 1.204                    | 1.125 | 1.000 | 833  | 800       | 683      |
| Hyde Park                   | 775                      | 708   | 617   | 590  | 528       | 420      |
| Eastgate/Kramerville        | -                        | 650   | 550   | 450  | 350       | 250      |
| Ormonde                     | -                        | -     | 800   | -    | 513       | 375      |
| Midrand                     | 793                      | 619   | 569   | 487  | 463       | 333      |
| Hendrik Potgieter Corridor  | 650                      | 533   | 400   | 350  | 333       | 250      |
| Waterfall                   | 1.051                    | 920   | -     | -    | 588       | 544      |
| Waverley/Bramley            | 767                      | 700   | 580   | 550  | 550       | 450      |
| Constantia Kloof            | 700                      | 650   | 550   | 450  | 400       | 300      |
| Morningside                 | 867                      | 700   | 600   | 513  | 444       | 388      |
| Greenstone                  | 800                      | 700   | 600   | 600  | 500       | 400      |
| <b>East Rand</b>            |                          |       |       |      |           |          |
| Germiston                   | -                        | -     | -     | -    | -         | -        |
| Benoni CBD                  | -                        | -     | -     | -    | -         | -        |
| Benoni dec.                 | -                        | -     | -     | -    | -         | -        |
| Boksburg CBD                | -                        | -     | -     | -    | -         | -        |
| Boksburg North              | -                        | -     | -     | -    | -         | -        |
| Benoni (Lakeside Mall area) | -                        | -     | -     | -    | -         | -        |
| Springs                     | -                        | -     | -     | -    | -         | -        |
| <b>Pretoria CBD</b>         |                          |       |       |      |           |          |
| Lynnwood Glen               | 767                      | 750   | 650   | 650  | 525       | 450      |
| Lynnwood                    | 775                      | 733   | 600   | 483  | 425       | 364      |
| Lynnwood Manor              | 867                      | 838   | 633   | 557  | 450       | 417      |
| Lynnwood Ridge              | 800                      | 725   | 633   | 600  | 483       | 417      |
| Faerie Glen                 | 817                      | 700   | 600   | 517  | 423       | 300      |

**Table 5.5 (continued)**  
**Market parking rentals**  
 Monthly parking  
 Rands per bay per month (excl. VAT)  
 as in quarter 2020:1

|                                 | Covered reserved parking |       |       |       | Shade net | Open-air |
|---------------------------------|--------------------------|-------|-------|-------|-----------|----------|
|                                 | Gr A <sup>+</sup>        | Gr A  | Gr B  | Gr C  |           |          |
| Val de Grace                    | 650                      | 600   | 500   | 450   | 290       | 300      |
| Menlyn                          | 925                      | 800   | 663   | 550   | 483       | 388      |
| Menlo Park/Hazelwood            | 917                      | 717   | 650   | 500   | 525       | 400      |
| Brooklyn/Waterkloof             | 827                      | 800   | 625   | 550   | 481       | 391      |
| Nieuw Muckleneuk                | 850                      | 700   | 600   | 500   | 458       | 400      |
| Hatfield/Hillcrest              | 850                      | 717   | 600   | 550   | 533       | 450      |
| Centurion                       | 833                      | 725   | 613   | 533   | 525       | 386      |
| Highveld Technopark             | 707                      | 635   | 544   | 500   | 464       | 377      |
| Sunnyside                       | -                        | -     | -     | 450   | 450       | 400      |
| Arcadia                         | 810                      | 810   | 600   | 450   | 450       | 400      |
| Route 21 Corp. Park             | 550                      | 525   | 469   | 433   | 413       | 300      |
| Silver Lakes/Die Wilgers        | 625                      | 600   | 500   | 500   | 431       | 355      |
| <b>Nelspruit CBD</b>            | -                        | -     | 425   | 471   | 275       | 175      |
| <b>Nelspruit dec.</b>           | 500                      | 480   | 450   | 465   | 325       | 175      |
| <b>Polokwane</b>                | 523                      | 425   | 310   | 267   | 274       | 187      |
| <b>Bloemfontein CBD</b>         | -                        | 325   | 283   | 245   | 225       | 143      |
| Westdene                        | 385                      | 338   | 311   | 299   | 291       | 158      |
| <b>Durban CBD</b>               | -                        | 900   | 750   | 550   | -         | -        |
| Durban Berea                    | -                        | 500   | 500   | 500   | 400       | 400      |
| Essex Terrace                   | 700                      | 600   | 600   | 500   | 500       | 500      |
| Westway                         | 725                      | 725   | 600   | 600   | -         | 550      |
| La Lucia Ridge                  | 800                      | 700   | 650   | -     | 650       | 600      |
| Westville CBD                   | 600                      | 600   | 600   | 500   | 500       | 500      |
| Pinetown                        | 500                      | 500   | 450   | 400   | 400       | 400      |
| Hillcrest-Kloof (Upper Highway) | -                        | 750   | -     | -     | 250       | 150      |
| Umhlanga                        | 825                      | 700   | 675   | -     | 650       | 600      |
| Ballito                         | -                        | -     | -     | -     | -         | -        |
| Point Waterfront                | -                        | -     | -     | -     | -         | -        |
| <b>East London CBD</b>          | -                        | 650   | 450   | 263   | 400       | 250      |
| Southernwood                    | -                        | 350   | 250   | 100   | 250       | -        |
| Berea                           | -                        | 400   | 275   | 150   | 300       | 150      |
| Chiselhurst                     | -                        | 350   | 250   | 150   | 200       | -        |
| Beacon Bay                      | -                        | -     | -     | -     | -         | -        |
| Vincent                         | -                        | -     | -     | -     | -         | -        |
| <b>Port Elizabeth CBD</b>       | -                        | 400   | 319   | 167   | 300       | 258      |
| Greenacres: Parks               | 475                      | 433   | 375   | 267   | 388       | 275      |
| Greenacres: Single              | 463                      | 400   | 275   | 250   | 300       | 230      |
| Walmer Park 1, 2 & 3            | 483                      | 433   | 344   | 200   | 328       | 226      |
| South End                       | 350                      | 333   | 242   | 100   | 275       | 213      |
| Humerail/Humewood               | 500                      | 430   | 244   | 167   | 369       | 263      |
| Newton Park/Cape Road           | 550                      | 467   | 363   | 175   | 331       | 271      |
| <b>Cape Town CBD</b>            | 1.588                    | 1.470 | 1.300 | 1.100 | 900       | 775      |
| Sea Point                       | 1.375                    | 1.340 | 1.050 | 950   | 667       | 573      |
| Waterfront:                     | 1.750                    | 1.700 | 1.500 | 1.200 | 900       | 850      |
| Portswood Ridge                 |                          |       |       |       |           |          |
| Waterfront: Silo District       | 1.775                    | 1.713 | 1.500 | 1.200 | 900       | 850      |
| Granger Bay                     | -                        | 1.650 | -     | -     | -         | 950      |



**Table 5.5 (continued)**  
**Market parking rentals**  
 Monthly parking  
 Rands per bay per month (excl. VAT)  
 as in quarter 2020:1

|                                  | Covered reserved parking |       |       |       | Shade net | Open-air |
|----------------------------------|--------------------------|-------|-------|-------|-----------|----------|
|                                  | Gr A <sup>+</sup>        | Gr A  | Gr B  | Gr C  |           |          |
| Salt River                       | 1.065                    | 950   | 600   | 425   | 330       | 250      |
| Woodstock                        | -                        | 1.178 | 975   | 425   | -         | 550      |
| Observatory/Black River Park     | 873                      | 800   | 692   | 450   | 540       | 250      |
| Mowbray                          | -                        | 1.600 | -     | -     | 950       | 850      |
| Kenilworth (Racecourse)          | 950                      | 850   | 650   | 400   | -         | -        |
| Rondebosch                       | 1.050                    | 1.000 | 950   | 875   | 650       | 575      |
| Newlands                         | 1.583                    | 1.517 | 1.425 | 1.000 | 850       | 750      |
| Wynberg                          | -                        | -     | -     | -     | 700       | 550      |
| Westlake                         | -                        | -     | -     | -     | -         | -        |
| Tokai                            | -                        | -     | -     | -     | -         | 700      |
| Claremont Lower*                 | 933                      | 867   | 775   | 450   | 550       | 475      |
| Claremont Upper                  | 1.733                    | 1.517 | 1.383 | 953   | 800       | 717      |
| Hout Bay                         | -                        | -     | -     | -     | -         | -        |
| Noordhoek (Sun Valley)           | -                        | -     | -     | -     | -         | -        |
| Pinelands/Golf Park              | -                        | -     | -     | -     | 775       | -        |
| Athlone                          | -                        | -     | -     | -     | -         | -        |
| Milnerton                        | -                        | 900   | -     | -     | -         | -        |
| Panorama                         | -                        | 850   | 850   | -     | 650       | 550      |
| Table View/Parklands             | -                        | -     | -     | -     | -         | -        |
| Century City                     | 1.242                    | 1.096 | 945   | 767   | 750       | 655      |
| Maitland                         | 725                      | 650   | 575   | 500   | 400       | 308      |
| Goodwood (N1 City)               | 900                      | 800   | 700   | 600   | -         | -        |
| Tygerberg                        | 950                      | 950   | 600   | 420   | 650       | 517      |
| Hills/Platteklouf                |                          |       |       |       |           |          |
| Bellville CBD                    | 793                      | 753   | 575   | 550   | 483       | 297      |
| Tyger Valley area                | 1.097                    | 901   | 783   | 613   | 590       | 450      |
| Durbanville                      | 825                      | 743   | 657   | 475   | 400       | 253      |
| Mitchells Plain                  | -                        | -     | -     | -     | -         | -        |
| Airport                          | 850                      | 850   | 600   | 480   | 370       | 200      |
| Khayelitsha                      | -                        | -     | -     | -     | -         | -        |
| Kuils River                      | -                        | -     | -     | -     | -         | 150      |
| Paarl                            | 750                      | 550   | 400   | 250   | 500       | 350      |
| Wellington                       | -                        | 500   | 400   | 200   | 500       | 150      |
| Gardens                          | 1.600                    | 1.300 | 1.200 | 1.000 | 700       | 700      |
| <b>Stellenbosch</b>              |                          |       |       |       |           |          |
| The Vineyard                     | -                        | -     | -     | -     | -         | -        |
| Technopark                       | -                        | -     | -     | -     | -         | -        |
| Other                            | -                        | -     | -     | -     | -         | -        |
| <b>Helderberg</b>                |                          |       |       |       |           |          |
| Gordon's Bay                     | -                        | -     | -     | -     | -         | -        |
| Somerset West CBD                | -                        | -     | -     | -     | -         | 600      |
| Somerset Mall area               | -                        | -     | -     | -     | -         | -        |
| Strand                           | -                        | -     | -     | -     | -         | -        |
| <b>George Central</b>            | 407                      | 322   | 227   | 190   | 160       | 132      |
| <b>George dec.</b>               | 360                      | 323   | 217   | 187   | 150       | 120      |
| <b>Pietermaritzburg Core CBD</b> | 475                      | 450   | 390   | 335   | 340       | 250      |
| Peripheral CBD                   | 435                      | 390   | 335   | 300   | 305       | 255      |
| Pietermaritzburg dec.            | 575                      | 475   | 425   | 375   | 340       | 265      |

\*Claremont Lower: east of Main Road

**Table 5.5 (continued)**  
**Market parking rentals**  
 Monthly parking  
 Rands per bay per month (excl. VAT)  
 as in quarter 2020:1

|                     | Covered reserved parking |      |      |      | Shade net | Open-air |
|---------------------|--------------------------|------|------|------|-----------|----------|
|                     | Gr A <sup>+</sup>        | Gr A | Gr B | Gr C |           |          |
| <b>Richards Bay</b> | -                        | -    | -    | -    | -         | -        |
| <b>Empangeni</b>    | -                        | -    | -    | -    | -         | -        |
| <b>Windhoek</b>     | 800                      | 800  | 700  | 600  | 550       | 500      |

**Table 5.6**  
**Office rental escalation rates on new leases (%)**  
 Average escalation rate on net rentals for quarter 2020:1

|                             | Mean |
|-----------------------------|------|
| <b>Johannesburg CBD</b>     | 7,8  |
| Braamfontein                | 7,6  |
| Sandton CBD                 | 8,0  |
| Dunkeld West                | 7,8  |
| Wierda Valley               | 7,9  |
| Randburg Ferndale           | 8,1  |
| Rivonia                     | 7,7  |
| Rosebank                    | 7,9  |
| Illovo                      | 7,9  |
| Illovo Boulevard            | 7,8  |
| Chislehurst                 | 7,9  |
| Parktown                    | 7,8  |
| Richmond/Milpark            | 7,6  |
| Bedfordview                 | 7,9  |
| Bruma                       | 7,9  |
| Woodmead                    | 7,9  |
| Sunninghill                 | 7,9  |
| Bryanston/Epsom Downs       | 8,0  |
| Fourways                    | 8,0  |
| Houghton                    | 7,7  |
| Melrose Arch                | 7,9  |
| Hyde Park                   | 7,9  |
| Eastgate/Kramerville        | 7,7  |
| Ormonde                     | 7,7  |
| Midrand                     | 7,9  |
| Hendrik Potgieter Corridor  | 8,0  |
| Waterfall                   | 7,8  |
| Waverley/Bramley            | 7,6  |
| Constantia Kloof            | 7,9  |
| Morningside                 | 7,8  |
| Greenstone                  | 7,5  |
| <b>East Rand</b>            |      |
| Germiston                   | -    |
| Benoni CBD                  | -    |
| Benoni dec.                 | -    |
| Boksburg CBD                | -    |
| Boksburg North              | -    |
| Benoni (Lakeside Mall area) | -    |
| Springs                     | -    |
| <b>Pretoria CBD</b>         | 8,3  |
| Lynnwood Glen               | 8,0  |
| Lynnwood                    | 8,3  |
| Lynnwood Manor              | 8,3  |
| Lynnwood Ridge              | 8,3  |
| Faerie Glen                 | 8,0  |
| Val de Grace                | 8,3  |
| Menlyn                      | 8,5  |
| Menlo Park/Hazelwood        | 8,3  |
| Brooklyn/Waterkloof         | 8,3  |
| Nieuw Muckleneuk            | 8,3  |
| Hatfield/Hillcrest          | 8,0  |
| Centurion                   | 8,0  |
| Highveld Technopark         | 8,0  |
| Sunnyside                   | 8,0  |
| Arcadia                     | 8,0  |

**Table 5.6 (continued)**  
**Office rental escalation rates on new leases (%)**  
 Average escalation rate on net rentals for quarter 2020:1

|                                 | Mean |
|---------------------------------|------|
| Route 21 Corp. Park             | 7,7  |
| Silver Lakes/Die Wilgers        | 8,8  |
| <b>Nelspruit CBD</b>            | 7,5  |
| <b>Nelspruit dec.</b>           | 8,0  |
| <b>Polokwane</b>                | 6,6  |
| <b>Bloemfontein CBD</b>         | 7,7  |
| Westdene                        | 7,8  |
| <b>Durban CBD</b>               | 8,5  |
| Durban Berea                    | 8,5  |
| Essex Terrace                   | 8,5  |
| Westway                         | 7,8  |
| La Lucia Ridge                  | 8,5  |
| Westville CBD                   | 7,8  |
| Pinetown                        | 8,5  |
| Hillcrest-Kloof (Upper Highway) | 8,5  |
| Umhlanga                        | 8,5  |
| Ballito                         | -    |
| Point Waterfront                | -    |
| <b>Port Elizabeth CBD</b>       | 7,7  |
| Greenacres: Parks               | 7,8  |
| Greenacres: Single              | 8,0  |
| Walmer Park 1, 2 & 3            | 8,0  |
| South End                       | 8,0  |
| Humerail/Humewood               | 8,0  |
| Newton Park/Cape Road           | 7,6  |
| <b>East London CBD</b>          | 8,5  |
| Southernwood                    | 7,0  |
| Berea                           | 7,0  |
| Chiselhurst                     | 7,0  |
| Beacon Bay                      | 7,0  |
| Vincent                         | 7,5  |
| <b>Cape Town CBD</b>            | 8,2  |
| Sea Point                       | 8,0  |
| Waterfront: Portwood Ridge      | 8,3  |
| Waterfront: Silo District       | 8,4  |
| Granger Bay                     | 8,0  |
| Salt River                      | 8,1  |
| Woodstock                       | 7,9  |
| Observatory/Black River Park    | 8,0  |
| Mowbray                         | 8,0  |
| Kenilworth (Racecourse)         | 8,3  |
| Rondebosch                      | 8,3  |
| Newlands                        | 8,7  |
| Wynberg                         | 8,0  |
| Westlake                        | 8,3  |
| Tokai                           | 8,0  |
| Claremont Lower*                | 8,0  |
| Claremont Upper                 | 8,3  |
| Hout Bay                        | 8,0  |
| Noordhoek (Sun Valley)          | 8,0  |

\*Claremont Lower: east of Main Road

**Table 5.6 (continued)**  
**Office rental escalation rates on new leases (%)**  
 Average escalation rate on net rentals for quarter 2020:1

|                                  | Mean |
|----------------------------------|------|
| Pinelands/Golf Park              | 7,7  |
| Athlone                          | 8,0  |
| Milnerton                        | 8,0  |
| Panorama                         | 8,0  |
| Table View/Parklands             | 8,0  |
| Century City                     | 8,4  |
| Maitland                         | 8,0  |
| Goodwood (N1 City)               | 8,0  |
| Tygerberg Hills/Platteklouf      | 8,0  |
| Bellville CBD                    | 7,9  |
| Tyger Valley area                | 7,9  |
| Durbanville                      | 7,8  |
| Mitchells Plain                  | 8,0  |
| Airport                          | 7,8  |
| Khayelitsha                      | 8,0  |
| Kuils River                      | 8,0  |
| Paarl                            | 7,5  |
| Wellington                       | 7,5  |
| Gardens                          | 8,0  |
| <b>Stellenbosch</b>              |      |
| The Vineyard                     | -    |
| Technopark                       | -    |
| Other                            | -    |
| <b>Helderberg</b>                |      |
| Gordon's Bay                     | -    |
| Somerset West CBD                | 8,0  |
| Somerset Mall area               | -    |
| Strand                           | -    |
| <b>George Central</b>            | 7,7  |
| <b>George dec.</b>               | 7,7  |
| <b>Pietermaritzburg Core CBD</b> | 8,0  |
| Peripheral CBD                   | 8,0  |
| Pietermaritzburg dec.            | 8,0  |
| <b>Richards Bay</b>              | -    |
| Empangeni                        | 5,0  |
| <b>Windhoek</b>                  | 8,0  |

**Table 5.7**  
**Escalation rates on operating costs (%)**

|                             | Mean |
|-----------------------------|------|
| <b>Johannesburg CBD</b>     | 8,6  |
| Braamfontein                | 8,2  |
| Sandton CBD                 | 8,6  |
| Dunkeld West                | 8,1  |
| Wierda Valley               | 8,4  |
| Randburg Ferndale           | 7,9  |
| Rivonia                     | 7,8  |
| Rosebank                    | 8,4  |
| Illovo                      | 8,4  |
| Illovo Boulevard            | 8,5  |
| Chislehurst                 | 8,4  |
| Parktown                    | 8,1  |
| Richmond/Milpark            | 8,0  |
| Bedfordview                 | 8,5  |
| Bruma                       | 8,4  |
| Woodmead                    | 8,0  |
| Sunninghill                 | 7,8  |
| Bryanston/Epsom Downs       | 8,4  |
| Fourways                    | 8,4  |
| Houghton                    | 8,1  |
| Melrose Arch                | 8,3  |
| Hyde Park                   | 8,4  |
| Eastgate/Kramerville        | 8,5  |
| Ormonde                     | 8,0  |
| Midrand                     | 8,3  |
| Hendrik Potgieter Corridor  | 8,3  |
| Waterfall                   | 8,2  |
| Waverley/Bramley            | 7,8  |
| Constantia Kloof            | 8,7  |
| Morningside                 | 7,5  |
| Greenstone                  | 8,0  |
| <b>East Rand</b>            |      |
| Germiston                   | -    |
| Benoni CBD                  | -    |
| Benoni dec.                 | -    |
| Boksburg CBD                | -    |
| Boksburg North              | -    |
| Benoni (Lakeside Mall area) | -    |
| Springs                     | -    |
| <b>Pretoria CBD</b>         | 8,3  |
| Lynnwood Glen               | 8,0  |
| Lynnwood                    | 8,3  |
| Lynnwood Manor              | 8,3  |
| Lynnwood Ridge              | 8,3  |
| Faerie Glen                 | 8,0  |
| Val de Grace                | 8,3  |
| Menlyn                      | 8,5  |
| Menlo Park/Hazelwood        | 8,3  |
| Brooklyn/Waterkloof         | 8,3  |
| Nieuw Muckleneuk            | 8,3  |
| Hatfield/Hillcrest          | 8,3  |
| Centurion                   | 7,5  |
| Highveld Technopark         | 8,0  |
| Sunnyside                   | 8,0  |

**Table 5.7 (continued)**  
**Escalation rates on operating costs (%)**

|                                 | Mean |
|---------------------------------|------|
| Arcadia                         | 8,0  |
| Route 21 Corp. Park             | 7,5  |
| Silver Lakes/Die Wilgers        | 7,5  |
| <b>Nelspruit CBD</b>            | 8,0  |
| <b>Nelspruit dec.</b>           | 8,0  |
| <b>Polokwane</b>                | 7,8  |
| <b>Bloemfontein CBD</b>         | 8,0  |
| Westdene                        | 8,3  |
| <b>Durban CBD</b>               | 8,5  |
| Durban Berea                    | 8,5  |
| Essex Terrace                   | 8,5  |
| Westway                         | 8,3  |
| La Lucia Ridge                  | 8,5  |
| Westville CBD                   | 8,3  |
| Pinetown                        | 8,5  |
| Hillcrest-Kloof (Upper Highway) | 8,5  |
| Umhlanga                        | 8,5  |
| Ballito                         | -    |
| Point Waterfront                | -    |
| <b>Port Elizabeth CBD</b>       | 9,0  |
| Greenacres: Parks               | 10,0 |
| Greenacres: Single              | 8,8  |
| Walmer Park 1, 2 & 3            | 9,2  |
| South End                       | 9,0  |
| Humerail/Humewood               | 9,0  |
| Newton Park/Cape Road           | 9,3  |
| <b>East London CBD</b>          | 8,5  |
| Southernwood                    | 7,0  |
| Berea                           | 7,0  |
| Chiselhurst                     | 7,0  |
| Beacon Bay                      | 7,0  |
| Vincent                         | 7,5  |
| <b>Cape Town CBD</b>            | 8,7  |
| Sea Point                       | 8,2  |
| Waterfront: Portwood Ridge      | 8,3  |
| Waterfront: Silo District       | 8,6  |
| Granger Bay                     | 8,0  |
| Salt River                      | 9,0  |
| Woodstock                       | 8,3  |
| Observatory/Black River Park    | 9,0  |
| Mowbray                         | 8,0  |
| Kenilworth (Racecourse)         | 8,7  |
| Rondebosch                      | 8,7  |
| Newlands                        | 9,0  |
| Wynberg                         | 8,0  |
| Westlake                        | 9,0  |
| Tokai                           | 9,0  |
| Claremont Lower*                | 8,3  |
| Claremont Upper                 | 8,7  |
| Hout Bay                        | 8,0  |

\*Claremont Lower: east of Main Road

**Table 5.7 (continued)**  
**Escalation rates on operating costs (%)**

|                                  | Mean |
|----------------------------------|------|
| Noordhoek (Sun Valley)           | 8,0  |
| Pinelands/Golf Park              | 9,0  |
| Athlone                          | 8,0  |
| Milnerton                        | 8,0  |
| Panorama                         | 8,0  |
| Table View/Parklands             | 8,0  |
| Century City                     | 8,8  |
| Maitland                         | 8,7  |
| Goodwood (N1 City)               | 8,5  |
| Tygerberg Hills/Platteklouf      | 8,0  |
| Bellville CBD                    | 8,3  |
| Tyger Valley area                | 8,1  |
| Durbanville                      | 8,4  |
| Mitchells Plain                  | 8,0  |
| Airport                          | 8,5  |
| Khayelitsha                      | 8,0  |
| Kuils River                      | 8,0  |
| Paarl                            | 7,8  |
| Wellington                       | 8,0  |
| Gardens                          | 8,8  |
| <b>Stellenbosch</b>              |      |
| The Vineyard                     | -    |
| Technopark                       | -    |
| Other                            | -    |
| <b>Helderberg</b>                |      |
| Gordon's Bay                     | -    |
| Somerset West CBD                | 8,0  |
| Somerset Mall area               | -    |
| Strand                           | -    |
| <b>George Central</b>            | 8,5  |
| <b>George dec.</b>               | 7,8  |
| <b>Pietermaritzburg Core CBD</b> | 7,3  |
| Peripheral CBD                   | 7,3  |
| Pietermaritzburg dec.            | 7,3  |
| <b>Richards Bay</b>              | -    |
| Empangeni                        | -    |
| <b>Windhoek</b>                  | 10,0 |



Our heartfelt thanks to the companies that contributed to the office-market survey. By clicking on their logos, you will learn more about these panellists.





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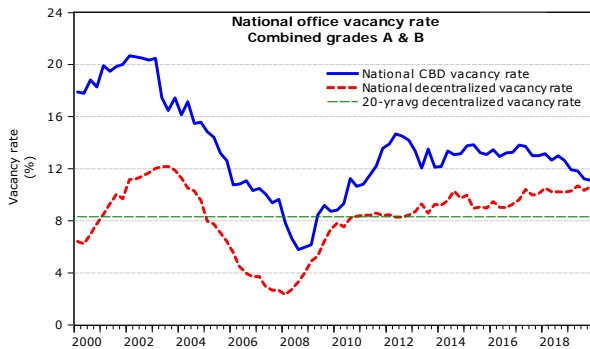


Chapter 6: Office demand and vacancies

# Vacancy rates moving up

Kobus Lamprecht

National decentralized vacancy rates for grades A and B offices combined averaged 10,6% in the fourth quarter of 2019, slightly up from the third quarter, bringing the average for 2019 to 10,5%. This implies that vacancy rates crept up from the 10,3% average of 2018, moving further away from their 8% long-term average, as shown in the accompanying chart. We expect 2020 to be a very tough year for the office market as demand should worsen given the growing challenges facing the global and SA economies, now also related to Covid-19.



Source of data: SAPOA; Rode calculations

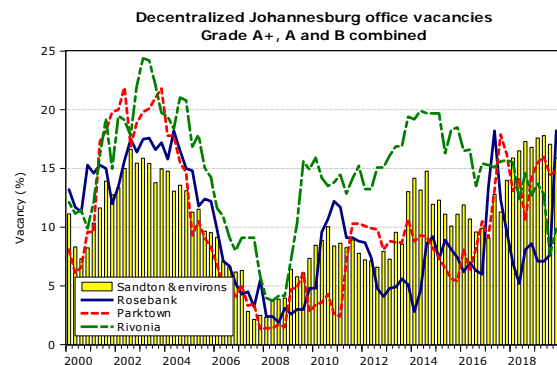
As for Covid-19, apart from its indirect impact through the global and SA economies, many an employer will find more of its employees can work from home – and will continue with this practice after the pandemic has run its course. This is another slight negative for the demand for office space.

The office market is still battling with oversupply, but a positive for landlords is that office space under construction is at its lowest level since the first quarter of 2006 (see **Table 6.3**), while office building plans passed are continuing to decline sharply (**Chapter 11**). Encouragingly, the pre-let rate of office space under construction has risen to 60% from 57% in the third quarter – this is also well above the long-term average of 52%, according to SAPOA. But then again, higher pre-let rates will likely come at the expense of older space that will be vacated.

Below we highlight the trends in the major cities.

## Vacancy rates in the major cities

The Johannesburg *decentralized* vacancy rate for grades A and B office space combined in the fourth quarter of 2019 increased to 12,2% from 11,7% in the third quarter of 2019. Vacancy rates have gradually worsened over the past four years, reaching 12% in 2019 compared to 9,5% in 2015.

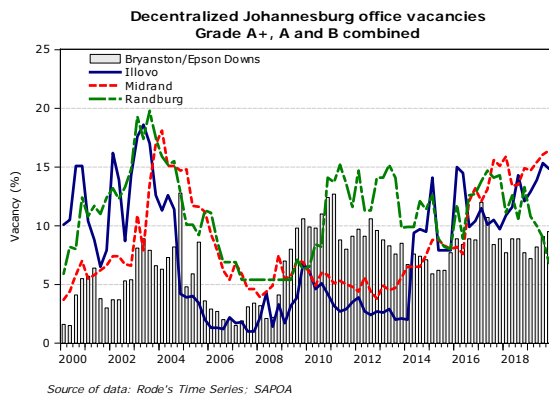


Source of data: Rode's Time Series; SAPOA

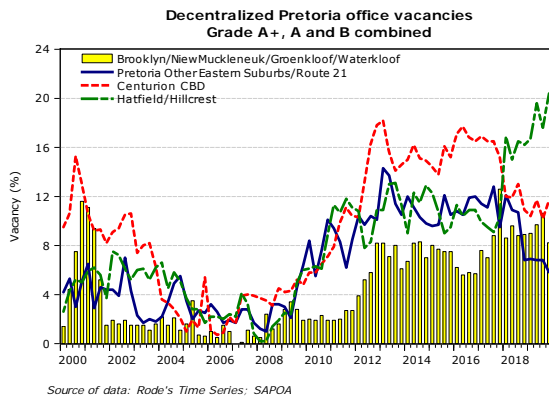
Sandton's average vacancy rate decreased to 15,9% in the fourth quarter of 2019, the second consecutive quarterly improvement. Encouragingly, developments under construction have fallen to only about 40 000 m<sup>2</sup> in the fourth quarter of 2019 – a far cry from the peak of 371 000 at the end of 2015. About 60% of this space was pre-let as at the fourth quarter. For more details on national office developments and pre-let rates, see **Table 6.3** at the end of this chapter.

Rosebank's vacancy rate spiked to 18,3% from 7,7% in the third quarter as a massive amount of unlet new space entered the market. Consequently, new office space under construction fell to 24 000 m<sup>2</sup>, 10% of national developments. The pre-let rate of this space is 73%.

The vacancy rate of the Waterfall node decreased slightly to 4,2%, the lowest in Johannesburg. New office space under construction here totals 58 000 m<sup>2</sup>, now the most in SA as construction activity has slowed in Sandton and Rosebank. The new Deloitte office (relocating from Woodmead and Pretoria) set to formally open April 2020 represents the biggest chunk of new Waterfall office space. Almost 90% of Waterfall space currently being built is already pre-let – an indication of its popularity with corporates that are often owner-occupiers.



The five Johannesburg decentralized nodes with the lowest vacancy rates, apart from Waterfall, include Constantia Kloof (4,8%), Milpark (5,9%), Newtown (5,9%), Cresta/Blackheath/Randpark (6,8%) and Randburg (6,8%). Randburg's vacancy rate improved strongly during 2019, but we have not seen a corresponding increase in rentals. Many of these nodes with low vacancy rates have seen little development activity over the past few years.

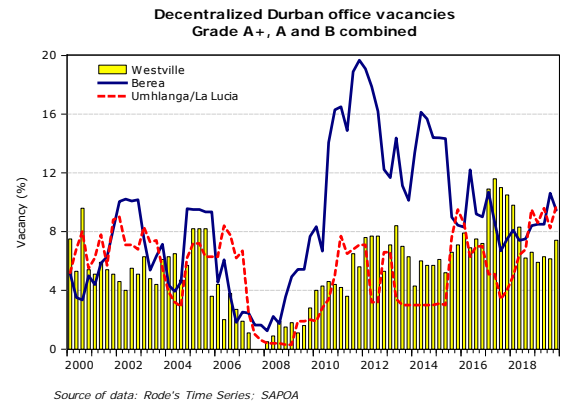


The Pretoria decentralized vacancy rate of grades A and B offices combined remained about 10% in the fourth quarter of 2019. The vacancy rates of Highveld Technopark (10,7%) and Centurion (11,6%), the two

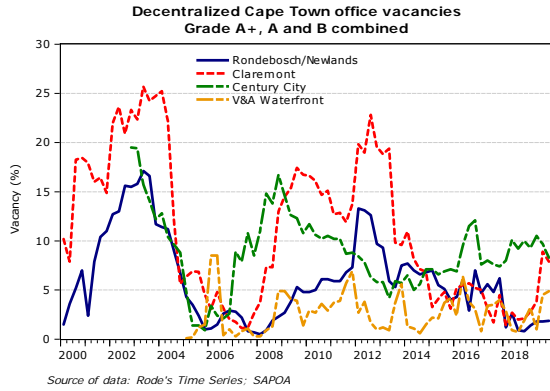
biggest decentralized nodes in Pretoria, both worsened from about 10%. Vacancy rates are the lowest in the small office node of Arcadia – its vacancy rate improved significantly to 3,3%. Hatfield's vacancy rate worsened to about 20%, the highest in the city by a considerable margin.

Vacancy rates in Durban decentralized averaged 8,8% in the fourth quarter of 2019, up from 7,8% in the third quarter. Vacancy rates in Durban decentralized are strongly linked to the Umhlanga/La Lucia node, which accounts for 57% of its office space. This node's vacancy rate worsened to 9,7% from 8,2%.

The vacancy rate of Westville, the second-largest decentralized office node in Durban, also increased to 7,4% from 6,2%. The vacancy rate of the small node of Hillcrest/Gillitts stayed stable at 4,2%, the lowest in Durban. A positive aspect about Durban is that the 10 000 m<sup>2</sup> space under construction (in Umhlanga/La Lucia and Westville) was already pre-let at the end of 2019.

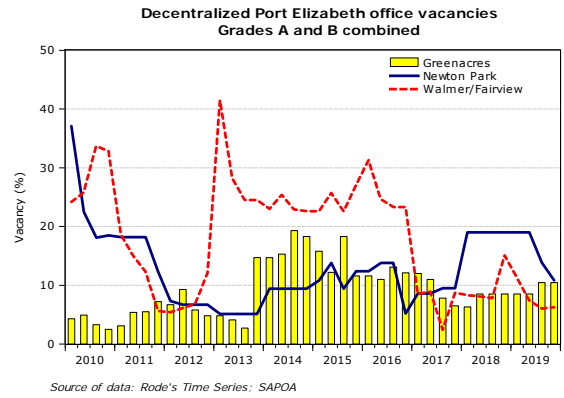


The vacancy rate of Cape Town decentralized decreased to 4,9% from 5,3% in the third quarter, to remain the lowest of the major cities. Most nodes have vacancy rates below 5%. The surprise over the last few quarters has been the higher vacancies in Claremont due to increases in supply – its vacancy rate stood at 8% at the end of last year, well above the 2,1% average of 2018. The vacancy rate of the V&A Waterfront increased to 5%, the second consecutive quarterly increase as grade-B vacancies rose. What is worrying is that developments under construction in Cape Town (44 000 m<sup>2</sup>; 18% of SA developments) had a pre-let rate of only 18% in the fourth quarter of 2019.



9% and 12%, except Walmer/Fairview (6,2%). ■

In the fourth quarter of 2019, vacancy rates in Port Elizabeth decentralized worsened slightly to 9,7% from 9,4%. All nodes in the Friendly City have vacancy rates between



**Table 6.1**  
**SAPOA office vacancy factors (%)**  
**Grades A+, A & B**

|                            | December<br>2018 | March<br>2019 | June<br>2019 | September<br>2019 | December<br>2019 |
|----------------------------|------------------|---------------|--------------|-------------------|------------------|
| <b>Johannesburg</b>        |                  |               |              |                   |                  |
| Bedfordview                |                  |               |              |                   |                  |
| Grade A+                   | -                | -             | -            | -                 | -                |
| Grade A                    | 7,5              | 5,3           | 4,2          | 5,5               | 5,8              |
| Grade B                    | 6,9              | 9,2           | 16,8         | 18,7              | 19,4             |
| <b>Total</b>               | <b>7,4</b>       | <b>6,3</b>    | <b>7,3</b>   | <b>8,8</b>        | <b>9,2</b>       |
| Braamfontein               |                  |               |              |                   |                  |
| Grade A+                   | -                | -             | -            | -                 | -                |
| Grade A                    | 5,5              | 5,2           | 6,9          | 6,8               | 6,0              |
| Grade B                    | 29,5             | 30,4          | 33,4         | 26,5              | 27,5             |
| <b>Total</b>               | <b>15,1</b>      | <b>15,2</b>   | <b>17,4</b>  | <b>14,2</b>       | <b>14,1</b>      |
| Bruma                      |                  |               |              |                   |                  |
| Grade A+                   | -                | -             | -            | -                 | -                |
| Grade A                    | 7,1              | 7,5           | 8,4          | 8,3               | 8,7              |
| Grade B                    | 19,2             | 21,5          | 22,9         | 16,7              | 17,5             |
| <b>Total</b>               | <b>10,3</b>      | <b>10,6</b>   | <b>11,7</b>  | <b>10,2</b>       | <b>10,6</b>      |
| Bryanston/Epsom Downs      |                  |               |              |                   |                  |
| Grade A+                   | 3,5              | 0,0           | -            | 5,2               | 0,0              |
| Grade A                    | 7,2              | 5,8           | 6,4          | 7,7               | 9,0              |
| Grade B                    | 8,6              | 9,4           | 10,6         | 11,0              | 10,7             |
| <b>Total</b>               | <b>7,7</b>       | <b>7,2</b>    | <b>8,2</b>   | <b>9,1</b>        | <b>9,5</b>       |
| CBD Johannesburg           |                  |               |              |                   |                  |
| Grade A+                   | -                | -             | -            | -                 | -                |
| Grade A                    | 2,9              | 2,9           | 3,1          | 3,1               | 3,1              |
| Grade B                    | 19,0             | 16,7          | 16,3         | 15,0              | 15,9             |
| <b>Total</b>               | <b>13,1</b>      | <b>11,5</b>   | <b>11,1</b>  | <b>10,5</b>       | <b>10,9</b>      |
| Constantia Kloof           |                  |               |              |                   |                  |
| Grade A+                   | -                | -             | -            | -                 | -                |
| Grade A                    | 3,7              | 6,1           | 5,2          | 4,8               | 4,6              |
| Grade B                    | 8,9              | 10,0          | 10,0         | 7,3               | 7,3              |
| <b>Total</b>               | <b>4,0</b>       | <b>6,3</b>    | <b>5,5</b>   | <b>5,0</b>        | <b>4,8</b>       |
| Cresta/Blackheath/Randpark |                  |               |              |                   |                  |
| Grade A+                   | 0,0              | 0,0           | 0,0          | 0,0               | 2,6              |
| Grade A                    | 5,4              | 5,5           | 10,5         | 7,8               | 9,8              |
| Grade B                    | 13,3             | 13,8          | 7,1          | 8,4               | 8,4              |
| <b>Total</b>               | <b>5,6</b>       | <b>5,8</b>    | <b>5,8</b>   | <b>5,5</b>        | <b>6,8</b>       |
| Fourways                   |                  |               |              |                   |                  |
| Grade A+                   | 0,0              | 0,0           | 0,0          | 0,0               | 0,0              |
| Grade A                    | 12,4             | 10,0          | 10,4         | 14,7              | 10,5             |
| Grade B                    | 10,4             | 11,3          | 10,9         | 11,0              | 11,4             |
| <b>Total</b>               | <b>10,0</b>      | <b>9,5</b>    | <b>9,4</b>   | <b>11,2</b>       | <b>9,7</b>       |
| Greenstone                 |                  |               |              |                   |                  |
| Grade A+                   | -                | -             | -            | -                 | -                |
| Grade A                    | 5,4              | 18,2          | 16,2         | 9,7               | 10,7             |
| Grade B                    | -                | -             | -            | -                 | -                |
| <b>Total</b>               | <b>5,4</b>       | <b>18,2</b>   | <b>16,2</b>  | <b>9,7</b>        | <b>10,7</b>      |
| Houghton/Killarney         |                  |               |              |                   |                  |
| Grade A+                   | -                | 100,0         | 100,0        | 100,0             | -                |
| Grade A                    | 13,0             | 9,3           | 9,1          | 9,4               | 9,2              |
| Grade B                    | 0,0              | 0,0           | 0,0          | 0,0               | 0,0              |
| <b>Total</b>               | <b>12,8</b>      | <b>11,6</b>   | <b>11,4</b>  | <b>11,7</b>       | <b>9,1</b>       |

Source of data: SAPOA

**Table 6.1 (continued)**  
**SAPOA office vacancy factors (%)**  
**Grades A<sup>+</sup>, A & B**

|                      | December<br>2018 | March<br>2019 | June<br>2019 | September<br>2019 | December<br>2019 |
|----------------------|------------------|---------------|--------------|-------------------|------------------|
| Hyde Park/Dunkeld    |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | -                | -             | -            | -                 | -                |
| Grade A              | 1,9              | 1,9           | 9,6          | 8,8               | 8,7              |
| Grade B              | 7,4              | 7,4           | 10,7         | 11,0              | 7,2              |
| <b>Total</b>         | <b>5,5</b>       | <b>5,5</b>    | <b>10,3</b>  | <b>10,2</b>       | <b>7,7</b>       |
| Illovo               |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | 12,3             | 1,2           | 3,1          | 17,7              | 17,7             |
| Grade A              | 11,8             | 14,4          | 16,3         | 15,2              | 14,6             |
| Grade B              | 14,2             | 12,7          | 9,2          | 14,0              | 14,0             |
| <b>Total</b>         | <b>12,1</b>      | <b>12,9</b>   | <b>13,9</b>  | <b>15,3</b>       | <b>14,9</b>      |
| Melrose/Waverley     |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | -                | 10,2          | 10,2         | 9,9               | 9,9              |
| Grade A              | 5,7              | 6,1           | 4,9          | 4,8               | 9,6              |
| Grade B              | 0,0              | 2,2           | 2,6          | 2,1               | 2,1              |
| <b>Total</b>         | <b>5,1</b>       | <b>6,0</b>    | <b>5,0</b>   | <b>4,8</b>        | <b>9,1</b>       |
| Midrand              |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | 0,0              | 0,0           | -            | -                 | -                |
| Grade A              | 14,8             | 14,9          | 14,5         | 15,3              | 15,0             |
| Grade B              | 15,7             | 14,9          | 17,4         | 17,7              | 19,4             |
| <b>Total</b>         | <b>14,9</b>      | <b>14,7</b>   | <b>15,4</b>  | <b>16,1</b>       | <b>16,4</b>      |
| Milpark              |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | -                | -             | -            | -                 | -                |
| Grade A              | 1,4              | 1,4           | 3,0          | 3,0               | 3,0              |
| Grade B              | 8,3              | 7,8           | 7,8          | 5,4               | 6,2              |
| <b>Total</b>         | <b>7,3</b>       | <b>6,9</b>    | <b>7,4</b>   | <b>5,2</b>        | <b>5,9</b>       |
| Morningside          |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | -                | -             | -            | -                 | -                |
| Grade A              | 8,5              | 11,3          | 13,7         | 13,1              | 16,4             |
| Grade B              | 5,4              | 7,0           | 7,0          | 7,0               | 7,0              |
| <b>Total</b>         | <b>7,4</b>       | <b>9,9</b>    | <b>11,5</b>  | <b>11,1</b>       | <b>13,3</b>      |
| Newtown              |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | -                | -             | -            | -                 | -                |
| Grade A              | 1,1              | 1,1           | 0,0          | 0,0               | 0,0              |
| Grade B              | 14,2             | 14,2          | 14,2         | 14,2              | 14,2             |
| <b>Total</b>         | <b>6,5</b>       | <b>6,5</b>    | <b>5,9</b>   | <b>5,9</b>        | <b>5,9</b>       |
| Parktown             |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | -                | -             | -            | -                 | -                |
| Grade A              | 3,7              | 4,8           | 4,2          | 2,2               | 2,0              |
| Grade B              | 22,1             | 23,5          | 25,9         | 24,7              | 25,6             |
| <b>Total</b>         | <b>14,2</b>      | <b>15,5</b>   | <b>16,0</b>  | <b>14,5</b>       | <b>14,8</b>      |
| Randburg             |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | 0,0              | 0,0           | 0,0          | 0,0               | 0,0              |
| Grade A              | 13,8             | 9,8           | 5,1          | 6,2               | 4,3              |
| Grade B              | 15,4             | 12,6          | 13,5         | 10,7              | 8,3              |
| <b>Total</b>         | <b>13,3</b>      | <b>10,8</b>   | <b>10,0</b>  | <b>9,0</b>        | <b>6,8</b>       |
| Rivonia              |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | -                | -             | -            | -                 | -                |
| Grade A              | 4,2              | 4,2           | 4,2          | 11,0              | 15,6             |
| Grade B              | 13,1             | 14,1          | 13,2         | 7,5               | 9,6              |
| <b>Total</b>         | <b>12,7</b>      | <b>13,7</b>   | <b>12,8</b>  | <b>7,7</b>        | <b>9,8</b>       |
| Rosebank             |                  |               |              |                   |                  |
| Grade A <sup>+</sup> | 1,9              | 1,2           | 0,5          | 0,9               | 26,7             |
| Grade A              | 12,7             | 8,4           | 9,4          | 9,2               | 10,4             |
| Grade B              | 9,4              | 11,1          | 11,9         | 13,7              | 15,4             |
| <b>Total</b>         | <b>8,6</b>       | <b>7,1</b>    | <b>7,1</b>   | <b>7,7</b>        | <b>18,3</b>      |

Source of data: SAPOA

**Table 6.1 (continued)**  
**SAPOA office vacancy factors (%)**  
**Grades A<sup>+</sup>, A & B**

|  | December<br>2018 | March<br>2019 | June<br>2019 | September<br>2019 | December<br>2019 |
|--|------------------|---------------|--------------|-------------------|------------------|
| <b>Sandton</b>   |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | 6,4              | 10,1          | 10,1         | 10,0              | 9,0              |
| Grade A  | 21,4             | 20,4          | 21,0         | 19,4              | 17,6             |
| Grade B  | 38,7             | 32,9          | 33,0         | 32,6              | 32,2             |
| <b>Total</b>   | <b>16,8</b>      | <b>17,6</b>   | <b>17,8</b>  | <b>17,1</b>       | <b>15,9</b>      |
| <b>Sunninghill</b>                                       |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | -                | -             | -            | -                 | -                |
| Grade A  | 26,0             | 26,0          | 8,1          | 0,0               | 0,0              |
| Grade B  | 6,7              | 3,2           | 16,8         | 15,3              | 17,7             |
| <b>Total</b>   | <b>15,6</b>      | <b>13,8</b>   | <b>16,3</b>  | <b>15,0</b>       | <b>17,4</b>      |
| <b>Waterfall</b>   |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | 3,0              | 5,2           | 4,8          | 4,8               | 3,2              |
| Grade A  | 0,0              | 0,0           | 3,5          | 4,5               | 5,5              |
| Grade B  | -                | -             | -            | -                 | -                |
| <b>Total</b>   | <b>2,0</b>       | <b>3,4</b>    | <b>4,2</b>   | <b>4,7</b>        | <b>4,2</b>       |
| <b>Woodmead</b>  |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | -                | -             | -            | -                 | -                |
| Grade A  | 3,6              | 6,4           | 16,0         | 6,2               | 11,3             |
| Grade B  | 7,5              | 5,1           | 11,3         | 11,4              | 6,1              |
| <b>Total</b>   | <b>5,9</b>       | <b>5,6</b>    | <b>13,1</b>  | <b>9,3</b>        | <b>8,1</b>       |
| <b>Cape Town</b>   |                  |               |              |                   |                  |
| <b>Bellville</b>   |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | 12,9             | 12,9          | 12,9         | 4,6               | 4,6              |
| Grade A  | 2,0              | 2,6           | 1,1          | 1,5               | 1,3              |
| Grade B  | 11,0             | 10,6          | 10,2         | 10,6              | 11,7             |
| <b>Total</b>   | <b>4,9</b>       | <b>5,1</b>    | <b>4,0</b>   | <b>4,2</b>        | <b>4,4</b>       |
| <b>CBD Cape Town</b>                                     |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | 6,8              | 6,7           | 3,2          | 8,1               | 7,7              |
| Grade A  | 12,4             | 11,3          | 10,7         | 9,9               | 9,8              |
| Grade B  | 11,3             | 11,3          | 12,0         | 10,9              | 10,7             |
| <b>Total</b>   | <b>11,5</b>      | <b>11,1</b>   | <b>11,0</b>  | <b>10,4</b>       | <b>10,2</b>      |
| <b>Central (Pinelands &amp; Black River Office Park)</b> |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | -                | -             | -            | -                 | -                |
| Grade A  | 1,2              | 1,8           | 1,7          | 2,1               | 1,6              |
| Grade B  | 8,1              | 8,1           | 4,5          | 5,6               | 4,5              |
| <b>Total</b>   | <b>2,0</b>       | <b>2,5</b>    | <b>2,0</b>   | <b>2,5</b>        | <b>1,9</b>       |
| <b>Century City</b>                                      |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | 8,0              | 2,2           | 0,0          | 0,9               | 0,9              |
| Grade A  | 10,8             | 10,8          | 13,5         | 12,6              | 10,4             |
| Grade B  | 8,2              | 11,0          | 8,8          | 6,0               | 7,0              |
| <b>Total</b>   | <b>10,0</b>      | <b>9,3</b>    | <b>10,5</b>  | <b>9,7</b>        | <b>8,3</b>       |
| <b>Claremont</b>   |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | 0,0              | 0,0           | 19,8         | 19,8              | 19,8             |
| Grade A  | 0,7              | 1,5           | 1,5          | 8,8               | 8,9              |
| Grade B  | 4,2              | 5,0           | 4,0          | 7,2               | 4,2              |
| <b>Total</b>   | <b>2,1</b>       | <b>2,8</b>    | <b>3,8</b>   | <b>8,9</b>        | <b>7,9</b>       |
| <b>Rondebosch/Newlands</b>                               |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                                     | -                | -             | -            | -                 | -                |
| Grade A  | 0,5              | 1,2           | 1,7          | 1,9               | 2,7              |
| Grade B  | 1,7              | 1,8           | 2,2          | 1,6               | 0,0              |
| <b>Total</b>   | <b>0,8</b>       | <b>1,4</b>    | <b>1,8</b>   | <b>1,8</b>        | <b>1,9</b>       |

Source of data: SAPOA



**Table 6.1 (continued)**  
**SAPOA office vacancy factors (%)**  
**Grades A+, A & B**

|   | December<br>2018 | March<br>2019 | June<br>2019 | September<br>2019 | December<br>2019 |
|---|------------------|---------------|--------------|-------------------|------------------|
| Waterfront  |                  |               |              |                   |                  |
| Grade A+  | 2,3              | 0,6           | 0,6          | 2,8               | 2,8              |
| Grade A   | 1,9              | 5,3           | 1,4          | 3,6               | 4,2              |
| Grade B   | 0,0              | 0,0           | 0,0          | 23,6              | 23,6             |
| <b>Total</b>  | <b>1,9</b>       | <b>3,2</b>    | <b>1,0</b>   | <b>4,5</b>        | <b>4,9</b>       |
| <b>Durban</b>                                       |                  |               |              |                   |                  |
| Ballito   |                  |               |              |                   |                  |
| Grade A+  | 1,3              | 1,3           | 2,0          | 2,0               | 7,9              |
| Grade A   | 13,5             | 6,9           | 16,7         | 12,6              | 9,2              |
| Grade B   | 6,4              | 6,4           | 2,0          | 3,5               | 5,1              |
| <b>Total</b>  | <b>8,6</b>       | <b>5,5</b>    | <b>9,7</b>   | <b>7,5</b>        | <b>7,7</b>       |
| Berea   |                  |               |              |                   |                  |
| Grade A+  | -                | -             | -            | -                 | -                |
| Grade A   | 4,8              | 4,9           | 4,9          | 4,6               | 3,6              |
| Grade B   | 14,6             | 14,6          | 14,6         | 17,6              | 19,1             |
| <b>Total</b>  | <b>8,4</b>       | <b>8,5</b>    | <b>8,5</b>   | <b>10,6</b>       | <b>9,5</b>       |
| CBD Durban  |                  |               |              |                   |                  |
| Grade A+  | -                | -             | -            | -                 | -                |
| Grade A   | 23,0             | 24,0          | 20,5         | 24,0              | 19,6             |
| Grade B   | 21,6             | 21,3          | 22,2         | 20,8              | 21,8             |
| <b>Total</b>  | <b>22,2</b>      | <b>22,6</b>   | <b>21,4</b>  | <b>22,3</b>       | <b>20,8</b>      |
| Hillcrest/Gillitts                                  |                  |               |              |                   |                  |
| Grade A+  | -                | -             | -            | -                 | -                |
| Grade A   | 11,7             | 8,5           | 3,7          | 3,7               | 3,7              |
| Grade B   | 10,1             | 10,1          | 7,2          | 7,2               | 7,2              |
| <b>Total</b>  | <b>11,4</b>      | <b>8,7</b>    | <b>4,3</b>   | <b>4,3</b>        | <b>4,2</b>       |
| Umlanga/La Lucia                                    |                  |               |              |                   |                  |
| Grade A+  | 24,5             | 24,2          | 25,0         | 22,8              | 24,1             |
| Grade A   | 6,6              | 5,6           | 6,7          | 5,1               | 6,7              |
| Grade B   | 7,8              | 7,9           | 7,5          | 7,5               | 7,5              |
| <b>Total</b>  | <b>9,5</b>       | <b>8,6</b>    | <b>9,6</b>   | <b>8,2</b>        | <b>9,7</b>       |
| Westville   |                  |               |              |                   |                  |
| Grade A+  | -                | -             | -            | -                 | -                |
| Grade A   | 7,1              | 7,1           | 7,6          | 7,6               | 3,8              |
| Grade B   | 6,3              | 5,3           | 5,7          | 5,4               | 9,2              |
| <b>Total</b>  | <b>6,6</b>       | <b>5,9</b>    | <b>6,3</b>   | <b>6,2</b>        | <b>7,4</b>       |
| <b>Pretoria</b>                                     |                  |               |              |                   |                  |
| Arcadia   |                  |               |              |                   |                  |
| Grade A+  | -                | -             | -            | -                 | -                |
| Grade A   | 7,6              | 7,6           | 7,6          | 7,6               | 3,8              |
| Grade B   | 5,5              | 4,5           | 5,4          | 2,9               | 2,9              |
| <b>Total</b>  | <b>6,6</b>       | <b>6,1</b>    | <b>6,5</b>   | <b>5,3</b>        | <b>3,3</b>       |
| Brooklyn/Groenkloof/<br>Nieuw Muckleneuk/Waterkloof |                  |               |              |                   |                  |
| Grade A+  | -                | -             | -            | -                 | 16,4             |
| Grade A   | 7,6              | 8,2           | 10,7         | -                 | 1,4              |
| Grade B   | 10,0             | 9,6           | 8,7          | -                 | 9,3              |
| <b>Total</b>  | <b>8,9</b>       | <b>9,0</b>    | <b>9,7</b>   | <b>-</b>          | <b>8,2</b>       |
| CBD Pretoria  |                  |               |              |                   |                  |
| Grade A+  | -                | -             | -            | -                 | -                |
| Grade A   | 0,0              | 0,0           | 0,0          | 0,0               | 0,0              |
| Grade B   | 4,3              | 4,3           | 4,2          | 4,2               | 4,2              |
| <b>Total</b>  | <b>3,2</b>       | <b>3,2</b>    | <b>3,1</b>   | <b>3,1</b>        | <b>3,1</b>       |

Source of data: SAPOA

**Table 6.1 (continued)**  
**SAPOA office vacancy factors (%)**  
**Grades A<sup>+</sup>, A & B**

|  | December<br>2018 | March<br>2019 | June<br>2019 | September<br>2019 | December<br>2019 |
|--|------------------|---------------|--------------|-------------------|------------------|
| Centurion CBD                                    |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                             | -                | -             | -            | -                 | 4,6              |
| Grade A  | 2,8              | 2,1           | 2,2          | 2,1               | 5,4              |
| Grade B  | 18,4             | 18,7          | 21,5         | 18,4              | 18,2             |
| <b>Total</b>                                     | <b>10,9</b>      | <b>10,4</b>   | <b>11,7</b>  | <b>10,2</b>       | <b>11,6</b>      |
| Hatfield/Hillcrest                               |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                             | -                | -             | -            | -                 | 44,6             |
| Grade A  | 30,3             | 27,8          | 34,8         | 32,5              | 27,3             |
| Grade B  | 9,1              | 11,2          | 11,9         | 10,2              | 15,7             |
| <b>Total</b>                                     | <b>16,2</b>      | <b>16,7</b>   | <b>19,6</b>  | <b>17,6</b>       | <b>20,4</b>      |
| Highveld Technopark &<br>Extensions              |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                             | -                | -             | -            | -                 | 10,0             |
| Grade A  | 12,0             | 15,7          | 10,2         | 10,0              | 10,1             |
| Grade B  | 9,9              | 9,7           | 10,9         | 11,0              | 11,9             |
| <b>Total</b>                                     | <b>11,3</b>      | <b>13,7</b>   | <b>10,5</b>  | <b>10,3</b>       | <b>10,7</b>      |
| Lynnwood/Menlo Park/<br>Persequor Park/Hazelwood |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                             | 1,2              | 1,2           | 0,9          | 12,8              | 23,6             |
| Grade A  | 10,8             | 9,2           | 7,1          | 13,3              | 5,8              |
| Grade B  | 13,5             | 12,8          | 12,9         | 11,9              | 4,0              |
| <b>Total</b>                                     | <b>10,3</b>      | <b>9,4</b>    | <b>8,6</b>   | <b>12,6</b>       | <b>9,0</b>       |
| Menlyn/Faerie Glen/<br>Ashlea Gardens            |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                             | 0,0              | 0,0           | 0,0          | 0,0               | 2,6              |
| Grade A  | 11,7             | 9,1           | 9,2          | 9,2               | 12,6             |
| Grade B  | 6,4              | 5,9           | 6,8          | 5,7               | 7,9              |
| <b>Total</b>                                     | <b>9,7</b>       | <b>7,9</b>    | <b>8,2</b>   | <b>7,8</b>        | <b>7,9</b>       |
| Pretoria other Eastern Suburbs/<br>Route 21      |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                             | -                | -             | -            | -                 | -                |
| Grade A  | 4,4              | 3,6           | 4,2          | 4,6               | 4,5              |
| Grade B  | 7,7              | 8,2           | 7,9          | 7,7               | 6,3              |
| <b>Total</b>                                     | <b>6,8</b>       | <b>6,9</b>    | <b>6,8</b>   | <b>6,8</b>        | <b>5,8</b>       |
| Silver Lakes/The Willows                         |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                             | -                | -             | -            | -                 | 25,3             |
| Grade A  | 5,0              | 5,2           | 5,6          | 5,4               | 6,2              |
| Grade B  | 5,6              | 5,1           | 7,4          | 7,4               | 6,9              |
| <b>Total</b>                                     | <b>5,2</b>       | <b>5,1</b>    | <b>6,1</b>   | <b>6,0</b>        | <b>7,2</b>       |
| <b>Port Elizabeth</b>                            |                  |               |              |                   |                  |
| Central/Park Drive                               |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                             | -                | -             | -            | -                 | -                |
| Grade A  | -                | 100,0         | -            | -                 | 100,0            |
| Grade B  | 0,0              | 0,0           | 0,0          | 0,0               | 0,0              |
| <b>Total</b>                                     | <b>0,0</b>       | <b>11,6</b>   | <b>0,0</b>   | <b>0,0</b>        | <b>11,6</b>      |
| Greenacres                                       |                  |               |              |                   |                  |
| Grade A <sup>+</sup>                             | 0,0              | 0,0           | 0,0          | 0,0               | 0,0              |
| Grade A  | 3,8              | 3,8           | 3,8          | 20,0              | 20,0             |
| Grade B  | 11,0             | 11,0          | 11,0         | 8,0               | 8,0              |
| <b>Total</b>                                     | <b>8,5</b>       | <b>8,5</b>    | <b>8,5</b>   | <b>10,4</b>       | <b>10,4</b>      |

Source of data: SAPOA

**Table 6.1 (continued)**  
**SAPOA office vacancy factors (%)**  
**Grades A<sup>+</sup>, A & B**

|                              | December<br>2018 | March<br>2019 | June<br>2019 | September<br>2019 | December<br>2019 |
|------------------------------|------------------|---------------|--------------|-------------------|------------------|
| Humeralil                    |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | 100,0            | -             | -            | -                 | 0,0              |
| Grade A                      | 4,6              | 4,2           | 4,6          | 9,8               | 9,8              |
| Grade B                      | -                | -             | -            | -                 | -                |
| <b>Total</b>                 | <b>12,1</b>      | <b>4,2</b>    | <b>4,6</b>   | <b>9,8</b>        | <b>9,1</b>       |
| Newton Park                  |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | 16,8             | 16,8          | 16,8         | 9,7               | 7,3              |
| Grade A                      | 0,0              | 0,0           | 0,0          | 32,0              | 7,1              |
| Grade B                      | 34,2             | 34,2          | 34,2         | 28,7              | 28,7             |
| <b>Total</b>                 | <b>19,0</b>      | <b>19,0</b>   | <b>19,0</b>  | <b>13,9</b>       | <b>10,8</b>      |
| Walmer/Fairview              |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | -                | -             | -            | -                 | -                |
| Grade A                      | 15,4             | 7,6           | 7,3          | 2,5               | 2,7              |
| Grade B                      | 12,3             | 31,9          | 8,2          | 18,6              | 18,6             |
| <b>Total</b>                 | <b>15,1</b>      | <b>11,3</b>   | <b>7,4</b>   | <b>6,0</b>        | <b>6,3</b>       |
| <b>Major cities</b>          |                  |               |              |                   |                  |
| Johannesburg central         |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | -                | -             | -            | -                 | -                |
| Grade A                      | 3,6              | 3,5           | 4,1          | 4,1               | 3,9              |
| Grade B                      | 20,3             | 18,5          | 18,6         | 16,4              | 17,4             |
| <b>Total</b>                 | <b>13,5</b>      | <b>12,2</b>   | <b>12,4</b>  | <b>11,2</b>       | <b>11,5</b>      |
| Johannesburg decentralized   |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | 5,1              | 7,9           | 7,8          | 8,1               | 10,3             |
| Grade A                      | 11,1             | 11,1          | 10,9         | 10,4              | 10,6             |
| Grade B                      | 15,1             | 14,0          | 16,0         | 15,0              | 15,0             |
| <b>Total</b>                 | <b>11,4</b>      | <b>11,6</b>   | <b>12,3</b>  | <b>11,7</b>       | <b>12,2</b>      |
| Pretoria decentralized       |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | 1,1              | 1,1           | 0,8          | 11,6              | 12,5             |
| Grade A                      | 10,2             | 10,3          | 9,4          | 9,5               | 8,6              |
| Grade B                      | 10,5             | 10,6          | 11,5         | 10,5              | 10,3             |
| <b>Total</b>                 | <b>10,1</b>      | <b>10,3</b>   | <b>10,2</b>  | <b>10,0</b>       | <b>9,8</b>       |
| Durban decentralized         |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | 22,5             | 22,1          | 22,5         | 20,8              | 22,6             |
| Grade A                      | 7,0              | 5,9           | 6,8          | 5,5               | 5,9              |
| Grade B                      | 8,0              | 7,4           | 7,3          | 8,4               | 10,2             |
| <b>Total</b>                 | <b>8,7</b>       | <b>7,8</b>    | <b>8,4</b>   | <b>7,8</b>        | <b>8,8</b>       |
| Cape Town decentralized      |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | 5,8              | 2,3           | 2,5          | 3,1               | 3,1              |
| Grade A                      | 3,6              | 4,2           | 4,1          | 4,7               | 4,1              |
| Grade B                      | 8,2              | 8,6           | 7,5          | 8,4               | 8,4              |
| <b>Total</b>                 | <b>4,8</b>       | <b>5,0</b>    | <b>4,7</b>   | <b>5,3</b>        | <b>4,9</b>       |
| Port Elizabeth decentralized |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | 18,1             | 13,4          | 13,4         | 7,9               | 5,6              |
| Grade A                      | 9,1              | 7,1           | 5,4          | 10,5              | 12,1             |
| Grade B                      | 10,9             | 12,2          | 10,7         | 9,0               | 9,0              |
| <b>Total</b>                 | <b>11,2</b>      | <b>10,3</b>   | <b>8,9</b>   | <b>9,4</b>        | <b>9,7</b>       |
| National decentralized       |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | 6,1              | 8,0           | 8,0          | 8,5               | 10,7             |
| Grade A                      | 9,3              | 9,4           | 9,1          | 8,9               | 8,8              |
| Grade B                      | 12,9             | 12,3          | 13,7         | 12,9              | 13,0             |
| <b>Total</b>                 | <b>10,2</b>      | <b>10,3</b>   | <b>10,7</b>  | <b>10,3</b>       | <b>10,6</b>      |

Source of data: SAPOA

**Table 6.1 (continued)**  
**SAPOA office vacancy factors (%)**  
**Grades A<sup>+</sup>, A & B**

|                              | December<br>2018 | March<br>2019 | June<br>2019 | September<br>2019 | December<br>2019 |
|------------------------------|------------------|---------------|--------------|-------------------|------------------|
| National CBDs                |                  |               |              |                   |                  |
| Grade A <sup>+</sup>         | 6,8              | 6,7           | 3,2          | 8,1               | 7,7              |
| Grade A                      | 8,3              | 8,0           | 7,7          | 8,0               | 7,2              |
| Grade B                      | 15,7             | 14,7          | 14,9         | 13,5              | 13,9             |
| <b>Total</b>                 | <b>12,6</b>      | <b>11,9</b>   | <b>11,8</b>  | <b>11,2</b>       | <b>11,1</b>      |
| <i>Source of data: SAPOA</i> |                  |               |              |                   |                  |

**Table 6.2**  
**SAPOA office stock (m<sup>2</sup>)**  
**Grades A<sup>+</sup>, A & B**

|                            | December<br>2018 | March<br>2019    | June<br>2019     | September<br>2019 | December<br>2019 |
|----------------------------|------------------|------------------|------------------|-------------------|------------------|
| <b>Johannesburg</b>        |                  |                  |                  |                   |                  |
| Bedfordview                |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       |                  |                  |                  |                   |                  |
| Grade A                    | 185 679          | 182 079          | 191 365          | 190 851           | 190 851          |
| Grade B                    | 57 919           | 63 249           | 63 799           | 63 799            | 63 799           |
| <b>Total</b>               | <b>243 598</b>   | <b>245 328</b>   | <b>255 164</b>   | <b>254 650</b>    | <b>254 650</b>   |
| Braamfontein               |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       |                  |                  |                  |                   |                  |
| Grade A                    | 215 721          | 215 721          | 215 721          | 215 721           | 215 721          |
| Grade B                    | 141 838          | 141 838          | 141 838          | 130 338           | 130 338          |
| <b>Total</b>               | <b>357 559</b>   | <b>357 559</b>   | <b>357 559</b>   | <b>346 059</b>    | <b>346 059</b>   |
| Bruma                      |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       |                  |                  |                  |                   |                  |
| Grade A                    | 66 769           | 66 769           | 65 809           | 65 809            | 65 809           |
| Grade B                    | 23 620           | 18 890           | 18 890           | 18 890            | 18 890           |
| <b>Total</b>               | <b>90 389</b>    | <b>85 659</b>    | <b>84 699</b>    | <b>84 699</b>     | <b>84 699</b>    |
| Bryanston/Epsom Downs      |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       | 15 630           | 15 630           |                  | 15 630            | 15 630           |
| Grade A                    | 298 575          | 298 575          | 315 418          | 299 333           | 299 333          |
| Grade B                    | 247 308          | 247 308          | 247 308          | 247 308           | 247 308          |
| <b>Total</b>               | <b>561 513</b>   | <b>561 513</b>   | <b>562 726</b>   | <b>562 271</b>    | <b>562 271</b>   |
| CBD Johannesburg           |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       |                  |                  |                  |                   |                  |
| Grade A                    | 558 173          | 558 173          | 558 173          | 558 173           | 558 173          |
| Grade B                    | 981 588          | 937 466          | 875 466          | 932 466           | 875 466          |
| <b>Total</b>               | <b>1 539 761</b> | <b>1 495 639</b> | <b>1 433 639</b> | <b>1 490 639</b>  | <b>1 433 639</b> |
| Constantia Kloof           |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       |                  |                  |                  |                   |                  |
| Grade A                    | 309 398          | 313 244          | 343 186          | 343 186           | 343 186          |
| Grade B                    | 21 743           | 21 743           | 21 743           | 21 743            | 21 743           |
| <b>Total</b>               | <b>331 141</b>   | <b>334 987</b>   | <b>364 929</b>   | <b>364 929</b>    | <b>364 929</b>   |
| Cresta/Blackheath/Randpark |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       | 75 000           | 75 000           | 75 000           | 75 000            | 80 931           |
| Grade A                    | 92 913           | 92 913           | 66 819           | 66 819            | 66 819           |
| Grade B                    | 58 200           | 58 200           | 91 009           | 91 009            | 91 009           |
| <b>Total</b>               | <b>226 113</b>   | <b>226 113</b>   | <b>232 828</b>   | <b>232 828</b>    | <b>238 759</b>   |
| Fourways                   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       | 25 000           | 25 000           | 25 000           | 25 000            | 25 000           |
| Grade A                    | 85 987           | 85 987           | 85 987           | 85 987            | 99 277           |
| Grade B                    | 107 905          | 107 905          | 107 905          | 107 905           | 102 849          |
| <b>Total</b>               | <b>218 892</b>   | <b>218 892</b>   | <b>218 892</b>   | <b>218 892</b>    | <b>227 126</b>   |
| Greenstone                 |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       |                  |                  |                  |                   |                  |
| Grade A                    | 70 614           | 54 275           | 54 275           | 54 275            | 54 275           |
| Grade B                    |                  |                  |                  |                   |                  |
| <b>Total</b>               | <b>70 614</b>    | <b>54 275</b>    | <b>54 275</b>    | <b>54 275</b>     | <b>54 275</b>    |
| Houghton/Killarney         |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>       |                  | 3 568            | 3 568            | 3 568             |                  |
| Grade A                    | 124 134          | 124 822          | 124 822          | 124 822           | 124 822          |
| Grade B                    | 2 200            | 2 200            | 2 200            | 2 200             | 2 200            |
| <b>Total</b>               | <b>126 334</b>   | <b>130 590</b>   | <b>130 590</b>   | <b>130 590</b>    | <b>127 022</b>   |

Source of data: SAPOA

**Table 6.2 (continued)**  
**SAPOA office stock (m<sup>2</sup>)**  
**Grades A<sup>+</sup>, A & B**

|                      | December<br>2018 | March<br>2019  | June<br>2019   | September<br>2019 | December<br>2019 |
|----------------------|------------------|----------------|----------------|-------------------|------------------|
| Hyde Park/Dunkeld    |                  |                |                |                   |                  |
| Grade A <sup>+</sup> |                  |                |                |                   |                  |
| Grade A              | 40 867           | 40 867         | 40 776         | 40 776            | 40 776           |
| Grade B              | 75 233           | 75 233         | 75 278         | 75 278            | 76 219           |
| <b>Total</b>         | <b>116 100</b>   | <b>116 100</b> | <b>116 054</b> | <b>116 054</b>    | <b>116 995</b>   |
| Illovo               |                  |                |                |                   |                  |
| Grade A <sup>+</sup> | 22 600           | 22 600         | 22 600         | 28 600            | 28 600           |
| Grade A              | 178 352          | 178 359        | 180 214        | 180 214           | 180 214          |
| Grade B              | 27 164           | 27 340         | 37 203         | 37 203            | 37 203           |
| <b>Total</b>         | <b>228 116</b>   | <b>228 299</b> | <b>240 017</b> | <b>246 017</b>    | <b>246 017</b>   |
| Melrose/Waverley     |                  |                |                |                   |                  |
| Grade A <sup>+</sup> |                  | 8 562          | 8 562          | 8 562             | 8 562            |
| Grade A              | 167 128          | 160 469        | 162 736        | 162 736           | 163 007          |
| Grade B              | 16 697           | 13 353         | 13 353         | 13 353            | 13 353           |
| <b>Total</b>         | <b>183 825</b>   | <b>182 384</b> | <b>184 651</b> | <b>184 651</b>    | <b>184 922</b>   |
| Midrand              |                  |                |                |                   |                  |
| Grade A <sup>+</sup> | 8 000            | 8 000          |                |                   |                  |
| Grade A              | 426 762          | 426 861        | 435 960        | 439 760           | 439 760          |
| Grade B              | 202 151          | 201 850        | 201 713        | 201 713           | 202 912          |
| <b>Total</b>         | <b>636 913</b>   | <b>636 711</b> | <b>637 673</b> | <b>641 473</b>    | <b>642 672</b>   |
| Milpark              |                  |                |                |                   |                  |
| Grade A <sup>+</sup> |                  |                |                |                   |                  |
| Grade A              | 27 900           | 27 900         | 13 400         | 13 400            | 13 400           |
| Grade B              | 169 326          | 169 326        | 169 326        | 162 642           | 162 642          |
| <b>Total</b>         | <b>197 226</b>   | <b>197 226</b> | <b>182 726</b> | <b>176 042</b>    | <b>176 042</b>   |
| Morningside          |                  |                |                |                   |                  |
| Grade A <sup>+</sup> |                  |                |                |                   |                  |
| Grade A              | 64 427           | 68 835         | 68 835         | 68 835            | 68 835           |
| Grade B              | 33 722           | 33 722         | 33 722         | 33 722            | 33 722           |
| <b>Total</b>         | <b>98 149</b>    | <b>102 557</b> | <b>102 557</b> | <b>102 557</b>    | <b>102 557</b>   |
| Newtown              |                  |                |                |                   |                  |
| Grade A <sup>+</sup> |                  |                |                |                   |                  |
| Grade A              | 109 683          | 109 683        | 109 683        | 109 683           | 109 683          |
| Grade B              | 77 700           | 77 700         | 77 700         | 77 700            | 77 700           |
| <b>Total</b>         | <b>187 383</b>   | <b>187 383</b> | <b>187 383</b> | <b>187 383</b>    | <b>187 383</b>   |
| Parktown             |                  |                |                |                   |                  |
| Grade A <sup>+</sup> |                  |                |                |                   |                  |
| Grade A              | 169 256          | 169 256        | 192 076        | 192 076           | 192 076          |
| Grade B              | 226 713          | 226 817        | 226 817        | 228 805           | 228 805          |
| <b>Total</b>         | <b>395 969</b>   | <b>396 073</b> | <b>418 893</b> | <b>420 881</b>    | <b>420 881</b>   |
| Randburg             |                  |                |                |                   |                  |
| Grade A <sup>+</sup> | 47 000           | 32 000         | 32 000         | 32 000            | 32 000           |
| Grade A              | 96 329           | 96 229         | 111 229        | 77 874            | 74 874           |
| Grade B              | 266 046          | 256 728        | 245 846        | 290 083           | 271 387          |
| <b>Total</b>         | <b>409 375</b>   | <b>384 957</b> | <b>389 075</b> | <b>399 957</b>    | <b>378 261</b>   |
| Rivonia              |                  |                |                |                   |                  |
| Grade A <sup>+</sup> |                  |                |                |                   |                  |
| Grade A              | 10 873           | 10 873         | 10 873         | 10 873            | 10 873           |
| Grade B              | 266 009          | 266 009        | 269 479        | 269 479           | 269 479          |
| <b>Total</b>         | <b>276 882</b>   | <b>276 882</b> | <b>280 352</b> | <b>280 352</b>    | <b>280 352</b>   |
| Rosebank             |                  |                |                |                   |                  |
| Grade A <sup>+</sup> | 116 159          | 116 159        | 139 798        | 139 798           | 188 127          |
| Grade A              | 167 690          | 170 959        | 154 609        | 154 609           | 160 609          |
| Grade B              | 111 330          | 114 160        | 115 172        | 114 812           | 117 162          |
| <b>Total</b>         | <b>395 179</b>   | <b>401 278</b> | <b>409 579</b> | <b>409 219</b>    | <b>465 898</b>   |

Source of data: SAPOA

**Table 6.2 (continued)**  
**SAPOA office stock (m<sup>2</sup>)**  
**Grades A<sup>+</sup>, A & B**

|  | December<br>2018 | March<br>2019    | June<br>2019     | September<br>2019 | December<br>2019 |
|--|------------------|------------------|------------------|-------------------|------------------|
| <b>Sandton</b>   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   | 983 884          | 934 677          | 934 677          | 962 507           | 967 604          |
| Grade A  | 595 634          | 647 358          | 648 812          | 673 295           | 670 105          |
| Grade B  | 342 536          | 334 650          | 334 604          | 336 836           | 336 868          |
| <b>Total</b>   | <b>1 922 054</b> | <b>1 916 685</b> | <b>1 918 092</b> | <b>1 972 638</b>  | <b>1 974 577</b> |
| <b>Sunninghill</b>   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   |                  |                  |                  |                   |                  |
| Grade A  | 168 617          | 168 617          | 24 557           | 6 370             | 6 370            |
| Grade B  | 195 754          | 195 754          | 339 814          | 358 001           | 357 123          |
| <b>Total</b>   | <b>364 371</b>   | <b>364 371</b>   | <b>364 371</b>   | <b>364 371</b>    | <b>363 493</b>   |
| <b>Waterfall</b>   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   | 98 897           | 98 897           | 97 751           | 102 251           | 102 251          |
| Grade A  | 52 442           | 52 442           | 66 826           | 66 826            | 66 826           |
| Grade B  |                  |                  |                  |                   |                  |
| <b>Total</b>   | <b>151 339</b>   | <b>151 339</b>   | <b>164 577</b>   | <b>169 077</b>    | <b>169 077</b>   |
| <b>Woodmead</b>  |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   |                  |                  |                  |                   |                  |
| Grade A  | 171 356          | 171 356          | 169 840          | 169 840           | 169 840          |
| Grade B  | 253 226          | 253 226          | 259 742          | 259 742           | 259 742          |
| <b>Total</b>   | <b>424 582</b>   | <b>424 582</b>   | <b>429 582</b>   | <b>429 582</b>    | <b>429 582</b>   |
| <b>Cape Town</b>   |                  |                  |                  |                   |                  |
| <b>Bellville</b>   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   | 10 600           | 10 600           | 10 600           | 10 600            | 10 600           |
| Grade A  | 375 497          | 375 497          | 375 497          | 384 637           | 384 637          |
| Grade B  | 161 641          | 161 641          | 161 641          | 161 641           | 161 616          |
| <b>Total</b>   | <b>547 738</b>   | <b>547 738</b>   | <b>547 738</b>   | <b>556 878</b>    | <b>556 853</b>   |
| <b>CBD Cape Town</b>   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   | 52 000           | 52 000           | 52 000           | 52 000            | 52 000           |
| Grade A  | 388 383          | 382 383          | 382 383          | 360 923           | 367 623          |
| Grade B  | 513 786          | 519 786          | 506 386          | 506 386           | 506 386          |
| <b>Total</b>   | <b>954 169</b>   | <b>954 169</b>   | <b>940 769</b>   | <b>919 309</b>    | <b>926 009</b>   |
| <b>Central (Pinelands &amp; Black<br/>River Office Park)</b> |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   |                  |                  |                  |                   |                  |
| Grade A  | 272 975          | 272 975          | 272 975          | 272 975           | 272 975          |
| Grade B  | 36 741           | 36 741           | 36 741           | 36 741            | 36 741           |
| <b>Total</b>   | <b>309 716</b>   | <b>309 716</b>   | <b>309 716</b>   | <b>309 716</b>    | <b>309 716</b>   |
| <b>Century City</b>  |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   | 62 480           | 62 480           | 62 480           | 62 480            | 62 480           |
| Grade A  | 250 928          | 247 653          | 247 653          | 248 299           | 248 299          |
| Grade B  | 41 931           | 45 215           | 45 215           | 45 215            | 45 215           |
| <b>Total</b>   | <b>355 339</b>   | <b>355 348</b>   | <b>355 348</b>   | <b>355 994</b>    | <b>355 994</b>   |
| <b>Claremont</b>   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   | 6 000            | 6 000            | 8 400            | 8 400             | 8 400            |
| Grade A  | 62 636           | 62 636           | 62 636           | 68 136            | 68 136           |
| Grade B  | 45 286           | 45 286           | 45 286           | 45 286            | 45 286           |
| <b>Total</b>   | <b>113 922</b>   | <b>113 922</b>   | <b>116 322</b>   | <b>121 822</b>    | <b>121 822</b>   |
| <b>Rondebosch/Newlands</b>                                   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>   |                  |                  |                  |                   |                  |
| Grade A  | 71 654           | 71 654           | 71 654           | 71 654            | 71 654           |
| Grade B  | 30 877           | 30 877           | 30 877           | 30 877            | 30 877           |
| <b>Total</b>   | <b>102 531</b>   | <b>102 531</b>   | <b>102 531</b>   | <b>102 531</b>    | <b>102 531</b>   |

Source of data: SAPOA

**Table 6.2 (continued)**  
**SAPOA office stock (m<sup>2</sup>)**  
**Grades A<sup>+</sup>, A & B**

|   | December 2018  | March 2019     | June 2019      | September 2019 | December 2019  |
|---|----------------|----------------|----------------|----------------|----------------|
| Waterfront                                      |                |                |                |                |                |
| Grade A <sup>+</sup>                            | 51 000         | 51 000         | 51 000         | 51 000         | 51 000         |
| Grade A   | 69 555         | 72 455         | 72 455         | 72 455         | 72 455         |
| Grade B   | 6 298          | 6 298          | 6 298          | 8 248          | 8 248          |
| <b>Total</b>                                    | <b>126 853</b> | <b>129 753</b> | <b>129 753</b> | <b>131 703</b> | <b>131 703</b> |
| <b>Durban</b>                                   |                |                |                |                |                |
| Ballito   |                |                |                |                |                |
| Grade A <sup>+</sup>                            | 7 144          | 7 144          | 8 644          | 8 644          | 8 644          |
| Grade A   | 15 215         | 15 215         | 18 869         | 16 669         | 16 669         |
| Grade B   | 10 593         | 10 593         | 8 374          | 9 374          | 10 374         |
| <b>Total</b>                                    | <b>32 952</b>  | <b>32 952</b>  | <b>35 887</b>  | <b>34 687</b>  | <b>35 687</b>  |
| Berea   |                |                |                |                |                |
| Grade A <sup>+</sup>                            |                |                |                |                |                |
| Grade A   | 59 991         | 60 191         | 59 991         | 59 991         | 59 991         |
| Grade B   | 34 983         | 34 983         | 34 983         | 52 317         | 36 383         |
| <b>Total</b>                                    | <b>94 974</b>  | <b>95 174</b>  | <b>94 974</b>  | <b>112 308</b> | <b>96 374</b>  |
| CBD Durban                                      |                |                |                |                |                |
| Grade A <sup>+</sup>                            |                |                |                |                |                |
| Grade A   | 209 267        | 209 237        | 209 237        | 209 237        | 209 237        |
| Grade B   | 237 147        | 237 147        | 237 147        | 237 147        | 237 147        |
| <b>Total</b>                                    | <b>446 414</b> | <b>446 384</b> | <b>446 384</b> | <b>446 384</b> | <b>446 384</b> |
| Hillcrest/Gillitts                              |                |                |                |                |                |
| Grade A <sup>+</sup>                            |                |                |                |                |                |
| Grade A   | 34 352         | 36 052         | 36 032         | 36 032         | 34 359         |
| Grade B   | 6 402          | 6 402          | 6 402          | 6 402          | 6 402          |
| <b>Total</b>                                    | <b>40 754</b>  | <b>42 454</b>  | <b>42 434</b>  | <b>42 434</b>  | <b>40 761</b>  |
| Umhlanga/La Lucia                               |                |                |                |                |                |
| Grade A <sup>+</sup>                            | 72 238         | 72 238         | 72 238         | 80 238         | 83 738         |
| Grade A   | 351 370        | 355 941        | 355 931        | 365 584        | 365 584        |
| Grade B   | 39 026         | 39 026         | 39 026         | 39 026         | 39 026         |
| <b>Total</b>                                    | <b>462 634</b> | <b>467 205</b> | <b>467 194</b> | <b>484 847</b> | <b>488 347</b> |
| Westville                                       |                |                |                |                |                |
| Grade A <sup>+</sup>                            |                |                |                |                |                |
| Grade A   | 65 221         | 65 221         | 65 221         | 65 221         | 65 221         |
| Grade B   | 135 424        | 135 424        | 135 424        | 135 424        | 135 424        |
| <b>Total</b>                                    | <b>200 645</b> | <b>200 645</b> | <b>200 645</b> | <b>200 645</b> | <b>200 645</b> |
| <b>Pretoria</b>                                 |                |                |                |                |                |
| Arcadia   |                |                |                |                |                |
| Grade A <sup>+</sup>                            |                |                |                |                |                |
| Grade A   | 125 570        | 125 570        | 125 570        | 125 570        | 119 070        |
| Grade B   | 120 740        | 120 740        | 120 740        | 120 740        | 120 740        |
| <b>Total</b>                                    | <b>246 310</b> | <b>246 310</b> | <b>246 310</b> | <b>246 310</b> | <b>239 810</b> |
| Brooklyn/Groenkloof/Nieuw Muckleneuk/Waterkloof |                |                |                |                |                |
| Grade A <sup>+</sup>                            |                |                |                |                | 46 900         |
| Grade A   | 120 450        | 120 450        | 120 450        | 121 584        | 78 810         |
| Grade B   | 133 144        | 135 198        | 135 198        | 135 198        | 136 712        |
| <b>Total</b>                                    | <b>253 594</b> | <b>255 648</b> | <b>255 648</b> | <b>256 782</b> | <b>262 422</b> |

Source of data: SAPOA



**Table 6.2 (continued)**  
**SAPOA office stock (m<sup>2</sup>)**  
**Grades A<sup>+</sup>, A & B**

|  | December<br>2018 | March<br>2019  | June<br>2019   | September<br>2019 | December<br>2019 |
|--|------------------|----------------|----------------|-------------------|------------------|
| <b>CBD Pretoria</b>                                      |                  |                |                |                   |                  |
| Grade A <sup>+</sup>                                     |                  |                |                |                   |                  |
| Grade A  | 134 580          | 134 580        | 134 580        | 134 580           | 134 580          |
| Grade B  | 378 272          | 378 272        | 378 272        | 378 272           | 378 272          |
| <b>Total</b>   | <b>512 852</b>   | <b>512 852</b> | <b>512 852</b> | <b>512 852</b>    | <b>512 852</b>   |
| <b>Centurion CBD</b>                                     |                  |                |                |                   |                  |
| Grade A <sup>+</sup>                                     |                  |                |                |                   | 37 230           |
| Grade A  | 233 479          | 251 979        | 258 779        | 251 979           | 216 790          |
| Grade B  | 250 027          | 250 027        | 250 027        | 248 677           | 246 680          |
| <b>Total</b>   | <b>483 506</b>   | <b>502 006</b> | <b>508 806</b> | <b>500 656</b>    | <b>500 700</b>   |
| <b>Hatfield/Hillcrest</b>                                |                  |                |                |                   |                  |
| Grade A <sup>+</sup>                                     |                  |                |                |                   | 15 700           |
| Grade A  | 99 170           | 99 170         | 99 170         | 99 170            | 79 770           |
| Grade B  | 197 810          | 197 810        | 197 810        | 197 810           | 198 930          |
| <b>Total</b>   | <b>296 980</b>   | <b>296 980</b> | <b>296 980</b> | <b>296 980</b>    | <b>294 400</b>   |
| <b>Highveld Technopark &amp; Extensions</b>              |                  |                |                |                   |                  |
| Grade A <sup>+</sup>                                     |                  |                |                |                   | 36 050           |
| Grade A  | 406 470          | 423 000        | 423 000        | 429 800           | 408 197          |
| Grade B  | 203 892          | 203 892        | 203 892        | 205 242           | 203 892          |
| <b>Total</b>   | <b>610 362</b>   | <b>626 892</b> | <b>626 892</b> | <b>635 042</b>    | <b>648 139</b>   |
| <b>Lynnwood/Menlo Park/<br/>Persequor Park/Hazelwood</b> |                  |                |                |                   |                  |
| Grade A <sup>+</sup>                                     | 44 680           | 44 680         | 44 680         | 44 680            | 64 222           |
| Grade A  | 99 180           | 99 180         | 98 430         | 98 430            | 67 806           |
| Grade B  | 115 186          | 115 186        | 115 186        | 115 186           | 143 366          |
| <b>Total</b>   | <b>259 046</b>   | <b>259 046</b> | <b>258 296</b> | <b>258 296</b>    | <b>275 394</b>   |
| <b>Menlyn/Faerie Glen/<br/>Ashlea Gardens</b>            |                  |                |                |                   |                  |
| Grade A <sup>+</sup>                                     | 4 730            | 4 730          | 4 730          | 4 730             | 109 165          |
| Grade A  | 245 765          | 245 765        | 245 765        | 244 985           | 123 650          |
| Grade B  | 135 100          | 135 100        | 135 100        | 135 880           | 103 970          |
| <b>Total</b>   | <b>385 595</b>   | <b>385 595</b> | <b>385 595</b> | <b>385 595</b>    | <b>336 785</b>   |
| <b>Pretoria other Eastern<br/>Suburbs/Route 21</b>       |                  |                |                |                   |                  |
| Grade A <sup>+</sup>                                     |                  |                |                |                   |                  |
| Grade A  | 87 434           | 89 950         | 89 950         | 89 950            | 87 320           |
| Grade B  | 214 909          | 214 909        | 214 909        | 220 189           | 244 397          |
| <b>Total</b>   | <b>302 343</b>   | <b>304 859</b> | <b>304 859</b> | <b>310 139</b>    | <b>331 717</b>   |
| <b>Silver Lakes/The Willows</b>                          |                  |                |                |                   |                  |
| Grade A <sup>+</sup>                                     |                  |                |                |                   | 5 062            |
| Grade A  | 71 249           | 71 249         | 71 549         | 71 549            | 76 939           |
| Grade B  | 30 425           | 30 425         | 30 425         | 30 425            | 39 325           |
| <b>Total</b>   | <b>101 674</b>   | <b>101 674</b> | <b>101 974</b> | <b>101 974</b>    | <b>121 326</b>   |
| <b>Port Elizabeth</b>                                    |                  |                |                |                   |                  |
| <b>Central/Park Drive</b>                                |                  |                |                |                   |                  |
| Grade A <sup>+</sup>                                     |                  |                |                |                   |                  |
| Grade A  |                  | 1 100          |                |                   | 1 100            |
| Grade B  | 8 366            | 8 366          | 8 366          | 8 366             | 8 366            |
| <b>Total</b>   | <b>8 366</b>     | <b>9 466</b>   | <b>8 366</b>   | <b>8 366</b>      | <b>9 466</b>     |

Source of data: SAPOA

**Table 6.2 (continued)**  
**SAPOA office stock (m<sup>2</sup>)**  
**Grades A<sup>+</sup>, A & B**

|                              | December<br>2018 | March<br>2019    | June<br>2019     | September<br>2019 | December<br>2019 |
|------------------------------|------------------|------------------|------------------|-------------------|------------------|
| Greenacres                   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         | 4 287            | 4 287            | 4 287            | 3 762             | 3 762            |
| Grade A                      | 18 608           | 18 608           | 18 608           | 16 620            | 16 620           |
| Grade B                      | 48 269           | 48 269           | 48 269           | 50 189            | 50 189           |
| <b>Total</b>                 | <b>71 164</b>    | <b>71 164</b>    | <b>71 164</b>    | <b>70 571</b>     | <b>70 571</b>    |
| Humeralil                    |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         | 1 200            |                  |                  |                   | 1 200            |
| Grade A                      | 14 161           | 15 461           | 14 161           | 15 361            | 15 361           |
| Grade B                      |                  |                  |                  |                   |                  |
| <b>Total</b>                 | <b>15 361</b>    | <b>15 461</b>    | <b>14 161</b>    | <b>15 361</b>     | <b>16 561</b>    |
| Newton Park                  |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         | 16 621           | 16 621           | 16 621           | 16 621            | 16 621           |
| Grade A                      | 967              | 967              | 967              | 967               | 967              |
| Grade B                      | 3 514            | 3 514            | 3 514            | 3 514             | 3 514            |
| <b>Total</b>                 | <b>21 102</b>    | <b>21 102</b>    | <b>21 102</b>    | <b>21 102</b>     | <b>21 102</b>    |
| Walmer/Fairview              |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         |                  |                  |                  |                   |                  |
| Grade A                      | 27 171           | 23 601           | 24 701           | 21 027            | 19 927           |
| Grade B                      | 2 800            | 4 210            | 4 210            | 5 800             | 5 800            |
| <b>Total</b>                 | <b>29 971</b>    | <b>27 811</b>    | <b>28 911</b>    | <b>26 827</b>     | <b>25 727</b>    |
| <b>Major cities</b>          |                  |                  |                  |                   |                  |
| Johannesburg central         |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         |                  |                  |                  |                   |                  |
| Grade A                      | 773 894          | 773 894          | 773 894          | 773 894           | 773 894          |
| Grade B                      | 1 123 426        | 1 079 304        | 1 017 304        | 1 062 804         | 1 005 804        |
| <b>Total</b>                 | <b>1 897 320</b> | <b>1 853 198</b> | <b>1 791 198</b> | <b>1 836 698</b>  | <b>1 779 698</b> |
| Johannesburg decentralized   |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         | 1 392 170        | 1 340 093        | 1 338 956        | 1 392 916         | 1 448 705        |
| Grade A                      | 3 681 385        | 3 718 728        | 3 638 107        | 3 598 249         | 3 611 620        |
| Grade B                      | 2 782 502        | 2 765 363        | 2 952 623        | 3 012 223         | 2 992 115        |
| <b>Total</b>                 | <b>7 856 057</b> | <b>7 824 184</b> | <b>7 929 685</b> | <b>8 003 388</b>  | <b>8 052 440</b> |
| Pretoria decentralized       |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         | 49 410           | 49 410           | 49 410           | 49 410            | 314 329          |
| Grade A                      | 1 488 767        | 1 526 313        | 1 532 663        | 1 533 017         | 1 258 352        |
| Grade B                      | 1 401 233        | 1 403 287        | 1 403 287        | 1 409 347         | 1 438 012        |
| <b>Total</b>                 | <b>2 939 410</b> | <b>2 979 010</b> | <b>2 985 360</b> | <b>2 991 774</b>  | <b>3 010 693</b> |
| Durban decentralized         |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         | 79 382           | 79 382           | 80 882           | 88 882            | 92 382           |
| Grade A                      | 526 149          | 532 620          | 536 044          | 543 497           | 541 824          |
| Grade B                      | 226 428          | 226 428          | 224 209          | 242 543           | 227 609          |
| <b>Total</b>                 | <b>831 959</b>   | <b>838 430</b>   | <b>841 134</b>   | <b>874 921</b>    | <b>861 814</b>   |
| Cape Town decentralized      |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         | 130 080          | 130 080          | 132 480          | 132 480           | 132 480          |
| Grade A                      | 1 103 245        | 1 102 870        | 1 102 870        | 1 118 156         | 1 118 156        |
| Grade B                      | 322 774          | 326 058          | 326 058          | 328 008           | 327 983          |
| <b>Total</b>                 | <b>1 556 099</b> | <b>1 559 008</b> | <b>1 561 408</b> | <b>1 578 644</b>  | <b>1 578 619</b> |
| Port Elizabeth decentralized |                  |                  |                  |                   |                  |
| Grade A <sup>+</sup>         | 22 108           | 20 908           | 20 908           | 20 383            | 21 583           |
| Grade A                      | 60 907           | 59 737           | 58 437           | 53 975            | 53 975           |
| Grade B                      | 62 949           | 64 359           | 64 359           | 67 869            | 67 869           |
| <b>Total</b>                 | <b>145 964</b>   | <b>145 004</b>   | <b>143 704</b>   | <b>142 227</b>    | <b>143 427</b>   |
| <i>Source of data: SAPOA</i> |                  |                  |                  |                   |                  |

**Table 6.2 (continued)**  
**SAPOA office stock (m<sup>2</sup>)**  
**Grades A<sup>+</sup>, A & B**

|                        | December<br>2018  | March<br>2019     | June<br>2019      | September<br>2019 | December<br>2019  |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| National decentralized |                   |                   |                   |                   |                   |
| Grade A <sup>+</sup>   | 1 673 150         | 1 619 873         | 1 622 636         | 1 684 071         | 2 009 479         |
| Grade A                | 6 860 453         | 6 940 268         | 6 868 121         | 6 846 894         | 6 583 927         |
| Grade B                | 4 795 886         | 4 785 495         | 4 970 536         | 5 059 990         | 5 053 588         |
| <b>Total</b>           | <b>13 329 489</b> | <b>13 345 636</b> | <b>13 461 291</b> | <b>13 590 954</b> | <b>13 646 993</b> |
| National CBDs          |                   |                   |                   |                   |                   |
| Grade A <sup>+</sup>   | 52 000            | 52 000            | 52 000            | 52 000            | 52 000            |
| Grade A                | 1 506 124         | 1 500 094         | 1 500 094         | 1 478 634         | 1 485 334         |
| Grade B                | 2 252 631         | 2 214 509         | 2 139 109         | 2 184 609         | 2 127 609         |
| <b>Total</b>           | <b>3 810 755</b>  | <b>3 766 603</b>  | <b>3 691 203</b>  | <b>3 715 243</b>  | <b>3 664 943</b>  |

Source of data: SAPOA

**Table 6.3**  
**SAPOA office space under construction (m<sup>2</sup>)**  
**Quarter 2019:4**

|                                       | Size           | % of new SA<br>developments | Pre-let rate  |
|---------------------------------------|----------------|-----------------------------|---------------|
| <b>Johannesburg</b>                   |                |                             |               |
| Waterfall                             | 58 022         | 23,4%                       | 88,7%         |
| Sandton                               | 40 500         | 16,4%                       | 58,0%         |
| Rosebank                              | 24 712         | 10,0%                       | 73,1%         |
| Midrand                               | 9 127          | 3,7%                        | 13,1%         |
| Fourways                              | 3 500          | 1,4%                        | 64,3%         |
| Bedfordview                           | 3 550          | 1,4%                        | 100,0%        |
| <b>Total</b>                          | <b>139 411</b> | <b>56,3%</b>                | <b>71,8%</b>  |
| <b>Pretoria</b>                       |                |                             |               |
| Menlyn/Faerie Glen/Ashlea<br>Gardens  | 27 400         | 11,1%                       | 56,2%         |
| Highveld Technopark & Ext             | 10 000         | 4,0%                        | 85,0%         |
| Silver Lakes/The Willows              | 7 772          | 2,8%                        | 0,0%          |
| Centurion CBD                         | 7 000          | 2,8%                        | 85,1%         |
| Pta Other Eastern<br>Suburbs/Route 21 | 1 700          | 0,7%                        | 0,0%          |
| <b>Total</b>                          | <b>53 872</b>  | <b>21,8%</b>                | <b>55,4%</b>  |
| <b>Durban</b>                         |                |                             |               |
| Umhlanga/La Lucia                     | 6 000          | 2,4%                        | 100,0%        |
| Westville                             | 4 000          | 1,6%                        | 100,0%        |
| <b>Total</b>                          | <b>10 000</b>  | <b>4,0%</b>                 | <b>100,0%</b> |
| <b>Cape Town</b>                      |                |                             |               |
| Cape Town CBD                         | 21 540         | 8,7%                        | 0,0%          |
| Century City                          | 14 700         | 5,9%                        | 0,0%          |
| Waterfront                            | 8 000          | 3,2%                        | 100,0%        |
| <b>Total</b>                          | <b>44 240</b>  | <b>17,9%</b>                | <b>18,1%</b>  |
| <b>Total South Africa</b>             | <b>247 523</b> | <b>100,0%</b>               | <b>59,8%</b>  |

Source of data: SAPOA

## Chapter 7: Industrial rentals and vacancies

# Industrial market losing its shine

Kobus Lamprecht

Until 2019 the industrial market was the shining star of the South African property market but is now under increasing pressure as rental growth is slowing and vacancy rates rising amid the very weak economy.

Below we first discuss the major factors impacting the market, before delving deeper into the rental performance by major industrial conurbation.

### Major factors impacting the industrial market

Nominal industrial market rentals in South Africa grew by 2% in the first quarter of 2020, according to Rode's survey data. This is the second consecutive quarter of slower growth after rentals still expanded by 6% in the third quarter of 2019. Rentals have been significantly impacted by the weak economy, particularly the worsening performance of the manufacturing and retail sectors. This implies that rentals increased at a slower rate than building-cost inflation (BER BCI), which grew at about 5% in the first quarter.

Please note that Rode's surveys for the first quarter were completed before the coronavirus (Covid-19) crisis started escalating in South Africa. Thus, rentals could come under more pressure in the near term.

Changes in rentals and vacancy rates are strongly linked to the performance of the manufacturing and retail sectors, as well as business confidence levels. The manufacturing sector underpins the demand for industrial space for manufacturing production purposes, whereas the retail sector underpins the demand for warehouse space and manufacturing.

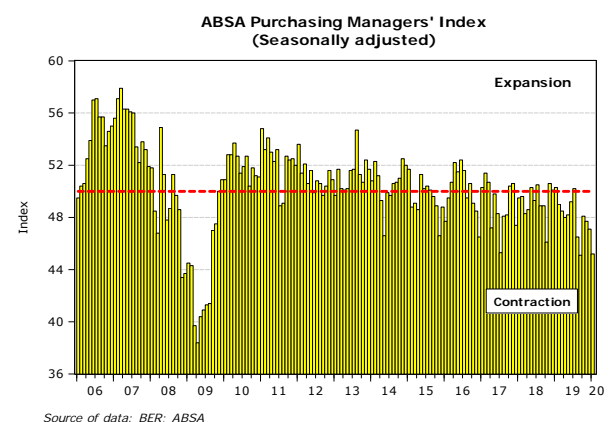
The manufacturing sector continues to disappoint, with official data from Stats SA

showing that production declined by 2% year on year in January 2020. This comes after production fell by about 1% in 2019. The sector is facing numerous challenges, most notably weak global and local demand and interruptions in power supply.

Worryingly, at the end of January 2020, Eskom said that the country should brace itself for more frequent power cuts over the next 18 months as the power utility steps up maintenance on its power stations.

The Covid-19 pandemic is also leading to plant closures – BMW said in March that it will shut its BMW plant in Pretoria for about a month to 19 April.

The Absa Purchasing Managers' Index (PMI) shown in the chart was mostly below 50 in 2019 and fell to 44,3 points in February this year – the weakest level since the second half of 2009. Note that when the PMI is below 50 points it is an indication that the manufacturing sector is in contraction territory.



As for the longer term, it is evident in the graph that we have had a declining trend since the peak of 2007. Put differently, over time fewer of the yellow bars are above the neutral line of 50. The long-term declining trend signals a structural malaise, which has

now cyclically been exacerbated by the Covid-19 virus. The same trend is noticeable in a graph of *real* GDP growth (not shown).

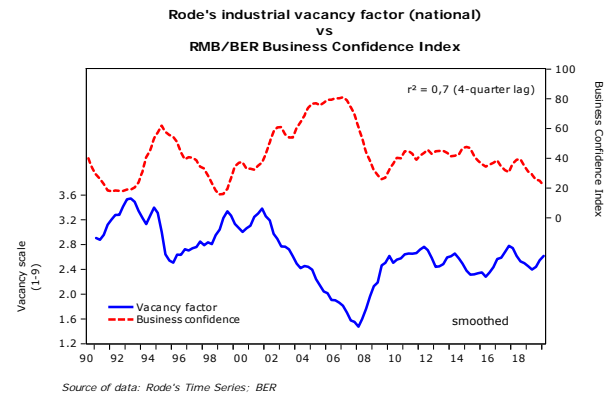
The retail sector is also struggling, with *real* sales in January 2020 up only 1,2% year on year due to subdued consumer spending. Sales also grew by a real 1,2% in 2019 – the worst annual performance since 2009. So, we are seeing a slowdown in sales growth in tandem with a weaker economy. The year 2020 will be another difficult year for the retail sector because consumer spending will come under significant pressure as the economy is expected to struggle even more, compounded by the Covid-19 virus. South Africa is currently in a 3-week lockdown period up to 16 April, during which only essential stores, such as pharmacies and grocery shops, may operate. If virus-related cases do not slow down, shops could stay shut for longer. It is likely that most consumers will use the lower interest rates to reduce debt rather than increase spending in the short term.

A positive for the industrial market is the ever-growing demand for new-generation warehouse or distribution space. The drivers are:

- Modern racking systems that make stacking heights of more than 12 metres possible, thus requiring a new generation of warehouses. This has the potential of making many existing distribution centres outdated.
- Online retail grew by 25% in 2018 to make up 1,4% of total retail sales, according to the findings of World-Wide Worx's Online Retail in South Africa 2019 study. Consumers could prefer online shopping due to the coronavirus crisis, which will be beneficial to logistic assets.

Another factor to consider is changes in business confidence, as measured by the RMB/BER Business Confidence Index. The accompanying graph shows the strong inverse correlation between industrial property vacancies (national) and business confidence. Naturally, business decision makers can be expected to be hesitant to expand production capacity or storage space by renting more space when they are dissatisfied with prevailing business conditions. The " $r^2=0,7$ " shown in the graph

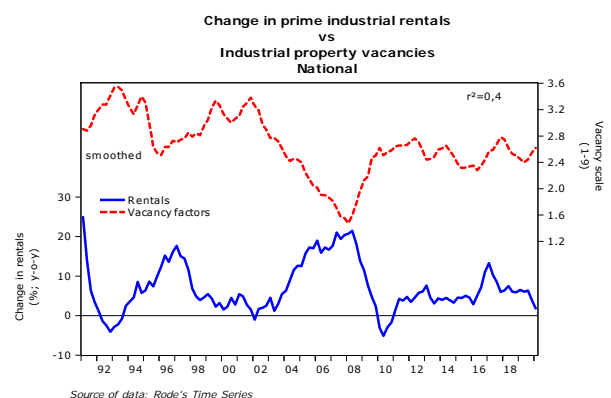
implies that about 70% of the change in industrial property vacancies can be explained by changes in business confidence levels, with a lag of about one year. However, if one were to include additional determinants of vacancies in a regression model, the contribution of business confidence to industrial vacancies would be lower than the 70%.



Rode's national vacancy factor increased to about 2,6 points in the first quarter of 2020 – the worst level since the second quarter of 2018. However, 2,6 points is still considered 'low' on Rode's vacancy scale of 1-9, implying that less than 5% of industrial property was vacant at the time. Therefore, we are seeing weakening vacancy rates from a low level.

In the first quarter of 2020, only 18% of respondents surveyed by the BER were satisfied with prevailing business conditions – a 21-year low. The implication is that continued super-low business confidence could result in increasing industrial vacancies in the short term.

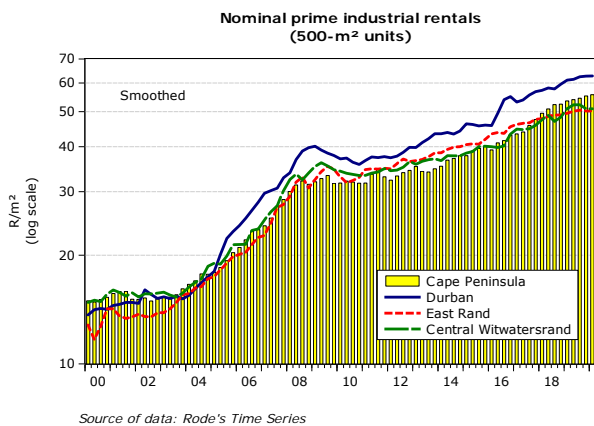
The higher vacancy rates led to weaker market rental growth of 2% in the first quarter of 2020, as can be seen in the chart.



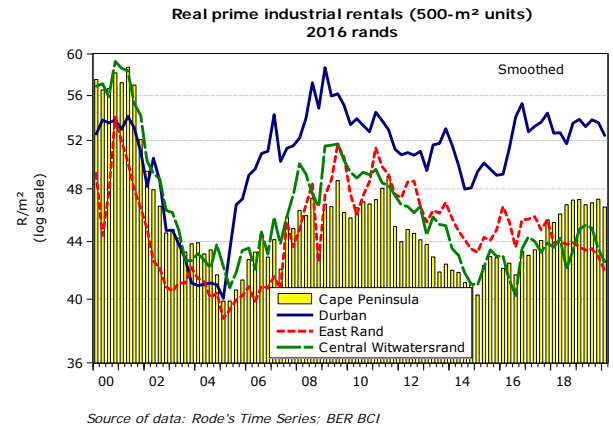
**Rental performance**

As stated earlier, nominal industrial market rentals grew by 2% year on year in the first quarter of 2020, slowing down from about 4% in the fourth quarter of 2019 due to rising vacancy rates. This implies that rentals grew by less than the rate of building-cost inflation. In other words, rentals decreased in *real* terms. We ascribe this to the very weak economy. Additional constraints are the electricity crisis and labour disruptions.

National nominal rental growth for prime industrial space of 500 m<sup>2</sup> was the fastest in Cape Town at about 4%, despite growth slowing from 5%. Rentals grew by 3% and 2% in Durban and the East Rand respectively, while rental levels stayed roughly the same in the Central Witwatersrand. Vacancy rates in most regions are showing an upward trend compared to last year, according to Rode's survey data.



Note in the graph that the East Rand and Central Witwatersrand have the lowest rental *levels*<sup>1</sup> of the four conurbations shown in the chart. The exceedingly high rental levels in Durban could possibly be ascribed to one developer that dominates the supply side and maybe is not supplying enough to the market. But in Cape Town, the outperformance must be attributed to the demand side. This is a fancy way of saying that the Cape Peninsula's industrial property market has been doing well because the economy here has been doing somewhat better than elsewhere.



As a yardstick of potential future growth in market rentals, we compare pioneer rentals with prevailing market rentals for prime industrial premises of 1 000 m<sup>2</sup> as in the first quarter of 2020 (see **Table 7.1** on the next page). Pioneer rental levels often represent (long) leases signed on newly erected on-demand buildings, and these rentals then reflect today's building costs, as developers naturally expect an immediate fair income return on their development costs.

Thus, these rentals are an early indicator of the eventual level market rentals will reach once demand catches up with supply in the wake of hoped-for renewed economic growth.

Operating expenses are also an important factor to consider when assessing the profitability or viability of a property (see **Table 7.5**). Note, as always, that gross operating expenses exclude utility charges like electricity, water and sanitation, which are always for the account of the tenant.

The remainder of this chapter includes:

- mean prime industrial rentals by township;
- the standard deviations from these mean rentals;
- indicative operating costs; and
- the predominant escalation rates.

This concludes our section on industrial rentals and vacancies. Note that our industrial tables follow. ■

<sup>1</sup> Levels as distinct from growth rates

The reference to *real* means that nominal prices have been deflated (i.e. adjusted for inflation). In this chapter, industrial rentals are deflated by the Bureau for Economic Research's Building Cost Index (BER BCI). By using building costs as a deflator, the reader can interpret the graphs from a developer's point of view, i.e. they can serve as a proxy for the viability of new developments over time, holding constant capitalization rates and operating expenses.

The industrial rental tables contain regression parameters to allow readers to interpolate rental rates for area sizes other than those given in the tables. These parameters are necessary because the relationship between rental rates and floor area is not linear. For more details on how to use these equations, refer to **Annexure 3** on annexure page XII.

Readers are reminded that the vacancy figures in the graph above are not actual vacancy percentages, but rather graduations on a 1-9 vacancy scale. For more information, see the notes to the industrial tables on p.92. Furthermore, the vacancies are for all the unit sizes (250 m<sup>2</sup>, 500 m<sup>2</sup>, 1 000 m<sup>2</sup>, 2 500 m<sup>2</sup> and 5 000 m<sup>2</sup>) combined, as surveyed by Rode. In reality, vacancies could differ across the different-sized units.

**Table 7.1**  
**Pioneer industrial rentals**  
**Highest gross nominal market rental rate achieved (1 000 m<sup>2</sup> units)**  
**Quarter 2020:1**  
**Rands per rentable m<sup>2</sup>, gross leases (excl. VAT)**

|                       | Pioneer | Normal prime mean | Inferred growth potential |
|-----------------------|---------|-------------------|---------------------------|
| Central Witwatersrand | 75      | 50                | 51%                       |
| West Rand             | 67      | 42                | 60%                       |
| East Rand             | 80      | 50                | 62%                       |
| Durban                | 85      | 61                | 38%                       |
| Cape Peninsula        | 80      | 52                | 53%                       |
| Port Elizabeth        | 80      | 42                | 91%                       |

**Table 7.2**  
**Mean prime industrial market rentals as in quarter 2020:1**  
 (R/m<sup>2</sup> p.m.; gross lease; excl. VAT)

|   | Area size leased in m <sup>2</sup> |       |       |       |       | Vacancy | a     | b      | r <sup>2</sup> |
|---|------------------------------------|-------|-------|-------|-------|---------|-------|--------|----------------|
|   | 250                                | 500   | 1.000 | 2.500 | 5.000 |         |       |        |                |
| <b>Central Witwatersrand</b>            |                                    |       |       |       |       |         |       |        |                |
| Cambridge Park                          | 66,50                              | 65,17 | 63,33 | 63,50 | 67,50 | 3,1     | 4,172 | 0,001  | 0,00           |
| Wynberg Proper                          | 47,65                              | 46,70 | 45,11 | 43,81 | 39,23 | 2,9     | 4,209 | -0,060 | 0,88           |
| Strijdom Park                           | 54,46                              | 53,34 | 52,32 | 48,61 | 49,57 | 3,0     | 4,206 | -0,038 | 0,87           |
| Kya Sand West                           | 47,74                              | 47,20 | 47,57 | 46,36 | 42,20 | 3,1     | 4,077 | -0,035 | 0,67           |
| Kya Sand East                           | 40,00                              | 45,00 | 47,50 | -     | 40,00 | -       | -     | -      | -              |
| Lanseria Corporate Estate               | -                                  | -     | 62,00 | 60,00 | -     | -       | -     | -      | -              |
| Cosmo Business Park                     | -                                  | 58,00 | 58,00 | 65,00 | 65,00 | -       | -     | -      | -              |
| Mostyn Park                             | -                                  | -     | -     | -     | -     | -       | -     | -      | -              |
| Clayville/Olifantsfontein               | 54,50                              | 52,75 | 54,75 | 50,60 | 48,50 | 3,0     | 4,212 | -0,037 | 0,74           |
| Chloorkop                               | 51,60                              | 49,50 | 47,00 | 48,33 | 47,43 | 3,1     | 4,057 | -0,024 | 0,61           |
| Amalgam                                 | 41,00                              | 38,33 | 38,00 | 36,50 | 35,67 | 1,0     | 3,934 | -0,043 | 0,93           |
| Crown Mines                             | 43,33                              | 43,50 | 41,67 | 40,00 | 41,00 | 2,0     | 3,916 | -0,026 | 0,75           |
| Industria                               | 41,00                              | 41,00 | 36,00 | 32,00 | 30,33 | 5,0     | 4,365 | -0,113 | 0,95           |
| Booyens/Booyens Reserve/<br>Ophirton    | 38,00                              | 35,00 | 33,67 | 27,75 | 28,25 | 1,0     | 4,243 | -0,110 | 0,92           |
| Village Main/Village Deep/New<br>Centre | 38,50                              | 37,50 | 35,00 | 34,00 | 31,00 | 2,0     | 4,045 | -0,070 | 0,95           |
| Benrose                                 | 37,33                              | 37,33 | 34,00 | 33,67 | 33,33 | 4,5     | 3,859 | -0,043 | 0,82           |
| Steeledale/Electron/Tulisa Park         | 42,00                              | 41,67 | 37,25 | 35,75 | 33,50 | 1,5     | 4,190 | -0,079 | 0,95           |
| Aeroton                                 | 47,00                              | 45,50 | 45,25 | 43,60 | 43,00 | 1,5     | 4,007 | -0,029 | 0,97           |
| Devland/Nancefield                      | 45,00                              | 40,00 | 35,00 | 30,00 | 25,00 | 2,0     | 4,880 | -0,192 | 0,99           |
| Cleveland/Heriotdale                    | 37,00                              | 37,00 | 36,67 | 36,67 | 36,67 | 1,0     | 3,630 | -0,004 | 0,73           |
| Newlands/Martindale                     | 42,50                              | 40,00 | 37,50 | 32,50 | 30,00 | 4,0     | 4,426 | -0,120 | 0,99           |
| Kew/Wynberg East                        | 43,33                              | 41,40 | 37,40 | 34,40 | 31,80 | 2,3     | 4,362 | -0,106 | 0,99           |
| Bramley View/Lombardy West              | 45,00                              | 40,00 | 32,50 | 27,50 | 22,50 | 1,0     | 5,099 | -0,231 | 0,99           |



**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
**(R/m<sup>2</sup> p.m.; gross lease; excl. VAT)**

|   | Area size leased in m <sup>2</sup> |       |       |       |       |     | Vacancy | a      | b    | r <sup>2</sup> |
|---|------------------------------------|-------|-------|-------|-------|-----|---------|--------|------|----------------|
|   | 250                                | 500   | 1.000 | 2.500 | 5.000 |     |         |        |      |                |
| Marlboro  | 37,50                              | 32,50 | 27,50 | 22,50 | 17,50 | 1,0 | 5,020   | -0,249 | 0,99 |                |
| Halfway House: hi-tech strip  | 60,79                              | 60,00 | 60,64 | 59,33 | 58,64 | 2,7 | 4,170   | -0,011 | 0,78 |                |
| Halfway House: Richards Drive   | 58,46                              | 55,33 | 55,86 | 55,43 | 54,67 | 3,6 | 4,144   | -0,017 | 0,63 |                |
| Corporate Park (Midrand)  | -                                  | -     | -     | -     | -     | -   | -       | -      | -    |                |
| Commercia   | 51,75                              | 51,00 | 50,00 | 50,00 | 49,25 | 1,6 | 4,028   | -0,015 | 0,92 |                |
| Kramerville/Eastgate Ext12 & Ext13                                    | 74,30                              | 71,00 | 63,00 | 60,60 | 58,75 | 2,0 | 4,752   | -0,082 | 0,93 |                |
| Linbro Park   | 68,50                              | 67,67 | 66,90 | 63,38 | 62,82 | 3,0 | 4,409   | -0,032 | 0,94 |                |
| Wesco Park/Eastgate Ext3,<br>Ext11, Ext6, Ext8/Malboro North<br>(New) | 68,75                              | 63,50 | 57,50 | 54,75 | 54,50 | 1,3 | 4,647   | -0,080 | 0,91 |                |
| City Deep   | 44,50                              | 44,10 | 43,50 | 42,40 | 41,80 | 1,0 | 3,919   | -0,022 | 0,99 |                |
| North Riding/Hoogland   | 60,13                              | 60,19 | 59,28 | 57,39 | 56,69 | 2,3 | 4,227   | -0,022 | 0,93 |                |
| Samrand Centurion   | 68,33                              | 68,20 | 67,25 | 66,20 | 64,25 | 4,6 | 4,343   | -0,020 | 0,91 |                |
| Barbeque Downs  | 69,20                              | 66,40 | 65,00 | 63,25 | 61,67 | 1,8 | 4,431   | -0,037 | 0,98 |                |
| Selby Ext 12/13/15/19/20/24/<br>City West                             | 42,00                              | 40,00 | 40,00 | 35,00 | 32,00 | -   | 4,257   | -0,090 | 0,92 |                |
| Selby Ext 5/10/14/18  | 42,00                              | 40,50 | 39,50 | 37,50 | 36,50 | 2,0 | 3,997   | -0,047 | 1,00 |                |
| Selby Ext 11  | 41,00                              | 40,00 | 38,00 | 36,50 | 34,00 | 2,0 | 4,061   | -0,061 | 0,97 |                |
| Selby Ext 3/4/6   | 41,00                              | 40,00 | 38,00 | 36,50 | 34,00 | 2,0 | 4,061   | -0,061 | 0,97 |                |
| Denver (Old)  | 25,67                              | 25,67 | 25,33 | 25,00 | 24,00 | 3,0 | 3,372   | -0,021 | 0,84 |                |
| Denver (New)  | 42,60                              | 43,00 | 42,20 | 41,80 | 41,80 | 3,0 | 3,806   | -0,009 | 0,74 |                |
| Kyalami Business Park   | 67,25                              | 65,75 | 63,75 | 63,75 | 62,67 | 2,0 | 4,324   | -0,022 | 0,90 |                |
| Reuven  | 40,50                              | 40,50 | 40,50 | 40,50 | 40,50 | 1,0 | 3,701   | 0,000  | 0,00 |                |
| Selby (Old)/Selby Ext2/Park<br>Central                                | 31,00                              | 30,50 | 30,00 | 28,50 | 28,00 | 1,0 | 3,639   | -0,036 | 0,97 |                |

**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
 (R/m<sup>2</sup> p.m.; gross lease; excl. VAT)

|                              | Area size leased in m <sup>2</sup> |              |              |              |              | Vacancy    | a     | b      | r <sup>2</sup> |
|------------------------------|------------------------------------|--------------|--------------|--------------|--------------|------------|-------|--------|----------------|
|                              | 250                                | 500          | 1.000        | 2.500        | 5.000        |            |       |        |                |
| Robertsham                   | 46,50                              | 40,00        | 38,00        | 37,50        | 35,00        | 1,0        | 4,242 | -0,082 | 0,86           |
| Fordsburg/Newtown            | 42,00                              | 41,00        | 41,00        | 38,50        | 38,50        | 2,0        | 3,915 | -0,032 | 0,90           |
| Waterfall                    | 73,50                              | 73,50        | 72,00        | 72,00        | 71,00        | 3,0        | 4,364 | -0,012 | 0,88           |
| <b>Central Witwatersrand</b> | <b>52,06</b>                       | <b>51,15</b> | <b>49,80</b> | <b>48,22</b> | <b>45,84</b> | <b>2,6</b> |       |        |                |
| <b>West Rand</b>             |                                    |              |              |              |              |            |       |        |                |
| Lea Glen                     | 36,50                              | 36,50        | 33,50        | 30,17        | 29,83        | 1,8        | 4,053 | -0,079 | 0,93           |
| Honeydew X19/20/21/22        | 56,60                              | 56,50        | 55,00        | 53,00        | 52,00        | 2,0        | 4,216 | -0,031 | 0,96           |
| Stormill                     | 43,20                              | 42,70        | 41,50        | 41,40        | 41,50        | 1,9        | 3,840 | -0,014 | 0,78           |
| Chamdor                      | 34,33                              | 31,67        | 29,33        | 28,33        | 27,50        | 2,0        | 3,912 | -0,072 | 0,94           |
| Factoria                     | 50,00                              | 40,00        | 38,00        | 35,00        | 30,00        | 1,0        | 4,693 | -0,151 | 0,93           |
| Krugersdorp: Delporton       | 30,00                              | 30,00        | 25,00        | 20,00        | 18,00        | 1,0        | 4,505 | -0,189 | 0,95           |
| Randfontein: Aureus          | 30,00                              | 30,00        | 25,00        | 20,00        | 18,00        | 1,0        | 4,505 | -0,189 | 0,95           |
| Boltonia                     | 35,00                              | 33,00        | 30,00        | 30,00        | 25,00        | 1,0        | 4,114 | -0,100 | 0,89           |
| Roodepoort:                  | 40,00                              | 34,50        | 33,50        | 27,17        | 27,50        | 2,0        | 4,387 | -0,131 | 0,93           |
| Technikon/Manufacta          |                                    |              |              |              |              |            |       |        |                |
| Industria North              | 36,00                              | 36,00        | 33,50        | 31,00        | 31,00        | 2,0        | 3,926 | -0,060 | 0,92           |
| Robertville                  | 41,80                              | 41,17        | 40,57        | 39,67        | 39,75        | 1,9        | 3,830 | -0,018 | 0,94           |
| Laserpark                    | 58,64                              | 56,93        | 55,57        | 52,83        | 51,60        | 3,0        | 4,314 | -0,044 | 0,99           |
| <b>West Rand</b>             | <b>45,60</b>                       | <b>43,99</b> | <b>41,88</b> | <b>39,18</b> | <b>37,89</b> | <b>1,9</b> |       |        |                |
| <b>East Rand</b>             |                                    |              |              |              |              |            |       |        |                |
| Elandsfontein                | 43,25                              | 42,73        | 42,10        | 41,65        | 41,75        | 3,2        | 3,833 | -0,013 | 0,89           |
| Tunney/Greenhills            | 59,63                              | 57,56        | 56,88        | 56,11        | 56,00        | 2,1        | 4,184 | -0,020 | 0,85           |
| Henville                     | 45,25                              | 45,50        | 45,00        | 45,00        | 44,25        | 1,3        | 3,858 | -0,007 | 0,71           |
| Hughes                       | 56,33                              | 56,57        | 56,00        | 54,00        | 52,50        | 2,0        | 4,183 | -0,025 | 0,87           |
| Bartletts                    | 58,25                              | 58,25        | 57,50        | 57,33        | 57,33        | 2,5        | 4,099 | -0,006 | 0,83           |
| Lilianton                    | 33,75                              | 33,75        | -            | -            | -            | 2,0        | -     | -      | -              |

**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
**(R/m<sup>2</sup> p.m.; gross lease; excl. VAT)**

|  | Area size leased in m <sup>2</sup> |       |       |       |       |     | Vacancy | a      | b    | r <sup>2</sup> |
|--|------------------------------------|-------|-------|-------|-------|-----|---------|--------|------|----------------|
|  | 250                                | 500   | 1.000 | 2.500 | 5.000 |     |         |        |      |                |
| Meadowbrook/Wilbart                          | 55,17                              | 56,86 | 55,70 | 53,75 | 52,14 | 2,2 | 4,161   | -0,023 | 0,67 |                |
| Sunnyrock                                    | 55,00                              | 53,67 | 53,44 | 52,67 | 53,00 | 1,6 | 4,066   | -0,012 | 0,77 |                |
| Rustivia/Activia Park                        | 44,75                              | 44,75 | 44,71 | 43,33 | 42,83 | 2,3 | 3,898   | -0,016 | 0,84 |                |
| Eastleigh                                    | 47,33                              | 44,00 | 42,75 | 42,00 | 40,80 | 3,1 | 4,081   | -0,045 | 0,90 |                |
| Sebenza Ext 14                               | 45,29                              | 45,33 | 45,25 | 43,69 | 44,40 | 3,2 | 3,875   | -0,010 | 0,59 |                |
| Spartan Ext 16 (Sebenza Link)<br>+ Ext 1/3/7 | 47,00                              | 47,10 | 46,50 | 46,00 | 45,57 | 3,0 | 3,917   | -0,011 | 0,93 |                |
| Isando                                       | 49,10                              | 48,72 | 48,80 | 48,67 | 47,13 | 4,0 | 3,957   | -0,011 | 0,66 |                |
| Isando 3                                     | 50,56                              | 49,93 | 49,86 | 47,50 | 46,20 | 3,2 | 4,102   | -0,031 | 0,91 |                |
| Jet Park                                     | 52,92                              | 52,75 | 53,41 | 52,36 | 52,28 | 3,1 | 3,996   | -0,004 | 0,38 |                |
| Alrode & Xs                                  | 41,30                              | 40,00 | 37,00 | 35,60 | 35,10 | 1,8 | 4,035   | -0,058 | 0,94 |                |
| Alrode South                                 | 41,00                              | 39,83 | 38,17 | 35,25 | 37,25 | 2,9 | 3,936   | -0,042 | 0,73 |                |
| Alberton                                     | 45,00                              | 42,33 | 39,00 | 36,67 | 37,67 | 2,0 | 4,147   | -0,066 | 0,86 |                |
| Aeroporto/Spartan Ext 2                      | 56,63                              | 56,71 | 55,29 | 54,21 | 53,17 | 3,2 | 4,169   | -0,023 | 0,95 |                |
| Delville                                     | 37,70                              | 36,50 | 33,50 | 33,17 | 31,25 | 3,0 | 3,966   | -0,061 | 0,94 |                |
| Roodekop                                     | 38,80                              | 37,60 | 34,33 | 33,30 | 33,00 | 2,9 | 3,972   | -0,058 | 0,91 |                |
| Wadeville: Industrial zoning                 | 40,71                              | 40,13 | 37,50 | 36,67 | 34,36 | 2,7 | 4,026   | -0,056 | 0,96 |                |
| Route 24/Meadowdale                          | 51,10                              | 50,70 | 51,30 | 50,58 | 52,17 | 3,3 | 3,900   | 0,005  | 0,24 |                |
| Germiston S/Industries E                     | 35,50                              | 35,50 | 33,17 | 32,83 | 30,83 | 1,7 | 3,842   | -0,047 | 0,91 |                |
| Driehoek/Industries W                        | 42,08                              | 40,75 | 39,40 | 37,20 | 36,88 | 1,7 | 3,997   | -0,047 | 0,98 |                |
| Knights                                      | 36,83                              | 36,83 | 33,75 | 33,75 | 31,25 | 2,0 | 3,918   | -0,054 | 0,88 |                |
| Spartan Proper                               | 50,00                              | 49,19 | 48,57 | 45,29 | 43,75 | 2,5 | 4,182   | -0,047 | 0,94 |                |
| Founders View                                | 60,57                              | 59,13 | 57,07 | 56,00 | 54,50 | 2,2 | 4,293   | -0,035 | 0,98 |                |
| Longmeadow                                   | 66,89                              | 66,90 | 65,90 | 65,17 | 64,44 | 2,9 | 4,280   | -0,013 | 0,96 |                |
| Pomona/Kempton Park                          | 60,40                              | 60,85 | 59,44 | 59,00 | 58,44 | 3,3 | 4,177   | -0,013 | 0,86 |                |

**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
 (R/m<sup>2</sup> p.m.; gross lease; excl. VAT)

|                              | Area size leased in m <sup>2</sup> |              |              |              |              |            | Vacancy | a      | b    | r <sup>2</sup> |
|------------------------------|------------------------------------|--------------|--------------|--------------|--------------|------------|---------|--------|------|----------------|
|                              | 250                                | 500          | 1.000        | 2.500        | 5.000        |            |         |        |      |                |
| Gosforth Park                | 64,25                              | 64,00        | 62,43        | 62,43        | 62,13        | 2,2        | 4,228   | -0,012 | 0,83 |                |
| S&J Industrial Estate        | 64,33                              | 64,33        | 62,50        | 62,50        | 62,67        | 1,0        | 4,221   | -0,011 | 0,68 |                |
| <b>East Rand</b>             | <b>50,66</b>                       | <b>50,28</b> | <b>49,52</b> | <b>48,36</b> | <b>48,03</b> | <b>2,6</b> |         |        |      |                |
| <b>Far East Rand</b>         |                                    |              |              |              |              |            |         |        |      |                |
| Boksburg North & East        | 44,50                              | 40,80        | 39,70        | 37,33        | 36,60        | 2,9        | 4,121   | -0,063 | 0,95 |                |
| Benoni South                 | 39,50                              | 37,60        | 37,00        | 33,75        | 33,00        | 2,0        | 4,020   | -0,062 | 0,97 |                |
| New Era/Vulcania             | 35,00                              | 35,00        | 25,00        | 25,00        | 25,00        | 3,0        | 4,271   | -0,131 | 0,73 |                |
| Nuffield                     | 35,00                              | 38,00        | 35,00        | 35,00        | 35,00        | 2,0        | 3,650   | -0,011 | 0,13 |                |
| Fulcrum                      | 23,00                              | 28,00        | 25,00        | 25,00        | 25,00        | 1,0        | 3,183   | 0,006  | 0,01 |                |
| Apex                         | 48,33                              | 46,25        | 43,33        | 43,33        | 38,33        | 3,5        | 4,261   | -0,069 | 0,89 |                |
| Labore Brakpan               | 40,00                              | 40,00        | 35,00        | 30,00        | 30,00        | 3,0        | 4,348   | -0,115 | 0,92 |                |
| Morehill Ext 8 Benoni        | 47,50                              | 47,50        | 45,00        | 42,50        | 40,00        | 1,0        | 4,214   | -0,060 | 0,95 |                |
| <b>Far East Rand</b>         | <b>42,00</b>                       | <b>40,65</b> | <b>38,14</b> | <b>36,26</b> | <b>34,72</b> | <b>2,5</b> |         |        |      |                |
| <b>Pretoria</b>              |                                    |              |              |              |              |            |         |        |      |                |
| Charlotte Maxeke             | 45,00                              | 40,00        | 28,00        | 25,00        | 25,00        | 2,0        | 4,957   | -0,215 | 0,88 |                |
| Pretoria Industrial Township | 35,00                              | 30,00        | 25,00        | 20,00        | 20,00        | 2,0        | 4,638   | -0,201 | 0,95 |                |
| Koedoespoort                 | 46,67                              | 42,50        | 43,33        | 37,50        | 28,00        | 4,0        | 4,724   | -0,152 | 0,82 |                |
| Waltloo/Despatch             | 53,33                              | 55,00        | 52,50        | 52,50        | 50,00        | 2,0        | 4,125   | -0,023 | 0,65 |                |
| Silverton/Silvertondale      | 48,33                              | 48,33        | 45,00        | 42,50        | 40,00        | 3,0        | 4,269   | -0,067 | 0,96 |                |
| Samcor Park                  | 55,00                              | 55,00        | 50,00        | 50,00        | 45,00        | 2,0        | 4,383   | -0,065 | 0,87 |                |
| Sunderland Ridge             | 55,00                              | 55,00        | 55,00        | 55,00        | 50,00        | 4,0        | 4,163   | -0,025 | 0,50 |                |
| Hermanstad                   | 45,00                              | 40,00        | 28,00        | 25,00        | 25,00        | 2,0        | 4,957   | -0,215 | 0,88 |                |
| Kirkney                      | 35,00                              | 30,00        | 28,00        | 24,00        | 20,00        | 2,0        | 4,527   | -0,177 | 0,98 |                |
| Hennospark X15 & X7          | 70,00                              | 65,00        | 65,00        | 62,50        | 60,00        | 1,0        | 4,484   | -0,046 | 0,92 |                |
| Gateway                      | 63,33                              | 62,33        | 56,67        | 55,00        | 55,00        | 3,0        | 4,440   | -0,053 | 0,87 |                |



**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
 (R/m<sup>2</sup> p.m.; gross lease; excl. VAT)

|  | Area size leased in m <sup>2</sup> |       |       |       |       |     | Vacancy | a      | b    | r <sup>2</sup> |
|--|------------------------------------|-------|-------|-------|-------|-----|---------|--------|------|----------------|
|  | 250                                | 500   | 1.000 | 2.500 | 5.000 |     |         |        |      |                |
| Phoenix                                      | 50,00                              | 50,00 | 50,00 | 52,50 | 52,50 | 2,0 | 3,793   | 0,020  | 0,79 |                |
| Chris Hani Rd (North Coast/Briardene)        | 67,50                              | 66,25 | 66,25 | 63,50 | 63,50 | 2,0 | 4,334   | -0,022 | 0,91 |                |
| Briardene Industrial Park                    | 68,33                              | 67,50 | 67,50 | 66,50 | 66,50 | 2,0 | 4,273   | -0,009 | 0,91 |                |
| Umgeni Rd/Stamford Hill                      | 60,00                              | 60,00 | 55,00 | 55,00 | -     | 3,0 | -       | -      | -    |                |
| Umbilo/Sydney Rd/Magwaza Maphalala St (Gale) | 60,00                              | 60,00 | 60,00 | 60,00 | 60,00 | 3,0 | 4,094   | -      | -    |                |
| Jacobs                                       | 55,00                              | 56,00 | 55,00 | 54,00 | 54,00 | 4,0 | 4,073   | -0,010 | 0,61 |                |
| Mobeni                                       | 55,00                              | 54,00 | 55,00 | 55,00 | 55,00 | 3,5 | 3,986   | 0,003  | 0,13 |                |
| Prospecton                                   | 61,25                              | 60,75 | 58,33 | 58,33 | 58,33 | 3,3 | 4,209   | -0,018 | 0,76 |                |
| Ithala Industrial Estate                     | 70,25                              | 70,25 | 70,25 | 70,25 | 67,75 | 6,0 | 4,311   | -0,010 | 0,50 |                |
| Phoenix                                      | 50,00                              | 50,00 | 50,00 | 52,50 | 52,50 | 2,0 | 3,793   | 0,020  | 0,79 |                |
| Pinetown Central                             | 55,00                              | 55,00 | 55,00 | 55,00 | -     | 3,0 | -       | -      | -    |                |
| New Germany                                  | 56,50                              | 56,50 | 56,50 | 55,00 | 55,00 | 3,0 | 4,100   | -0,011 | 0,79 |                |
| Isipingo                                     | 50,00                              | 50,00 | 50,00 | 50,00 | 50,00 | -   | 3,912   | 0,000  | 0,00 |                |
| Rosburgh/South Coast Rd                      | 55,00                              | 55,00 | 55,00 | 57,50 | 57,50 | 1,0 | 3,899   | 0,018  | 0,79 |                |
| Edwin Swales Drive                           | 55,00                              | 55,00 | 55,00 | 55,00 | 55,00 | -   | 4,007   | -      | -    |                |
| Glen Anil                                    | 69,17                              | 69,17 | 67,50 | 65,83 | 65,83 | 2,0 | 4,349   | -0,020 | 0,92 |                |
| Felix Dlamini Rd (Brickfield)                | -                                  | -     | -     | -     | -     | -   | -       | -      | -    |                |
| Verulam                                      | -                                  | -     | -     | -     | -     | -   | -       | -      | -    |                |
| Canelands                                    | -                                  | -     | -     | -     | -     | -   | -       | -      | -    |                |
| Tongaat                                      | -                                  | -     | -     | 38,00 | 35,00 | 2,0 | -       | -      | -    |                |
| New Westmead/Mahogany                        | 64,00                              | 64,00 | 64,00 | 62,50 | 62,50 | 3,0 | 4,217   | -0,010 | 0,79 |                |
| Westmead                                     | 60,00                              | 60,00 | 60,00 | 60,00 | 60,00 | 3,0 | 4,094   | -      | -    |                |
| Mariann Park/Southmead                       | -                                  | 55,00 | 55,00 | 55,00 | -     | 2,0 | -       | -      | -    |                |
| Maxmead                                      | 65,00                              | 63,50 | 63,50 | 62,50 | 62,50 | 2,0 | 4,236   | -0,012 | 0,86 |                |
| Ringroad Industrial Park                     | 65,00                              | 65,00 | 65,00 | 62,00 | -     | 2,0 | -       | -      | -    |                |

**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
 (R/m<sup>2</sup> p.m.; gross lease; excl. VAT)

|                                   | Area size leased in m <sup>2</sup> |              |              |              |              |              | Vacancy | a      | b    | r <sup>2</sup> |
|-----------------------------------|------------------------------------|--------------|--------------|--------------|--------------|--------------|---------|--------|------|----------------|
|                                   | 250                                | 500          | 1.000        | 2.500        | 5.000        |              |         |        |      |                |
| Avoca/Red Hill/Northgate          | 65,00                              | 65,00        | 65,00        | 60,00        | 60,00        | 60,00        | 4,369   | -0,032 | 0,79 |                |
| Falcon Park                       | 60,00                              | 60,00        | 60,00        | -            | -            | -            | -       | -      | -    |                |
| Riverhorse Valley Business Estate | 79,33                              | 79,33        | 77,67        | 75,00        | 73,33        | 73,33        | 4,541   | -0,028 | 0,94 |                |
| Mount Edgecombe                   | 71,33                              | 71,67        | 71,00        | 68,33        | 66,67        | 66,67        | 4,416   | -0,024 | 0,86 |                |
| Umbogintwini/Southgate            | 55,00                              | 55,00        | 55,00        | 52,50        | 52,50        | 52,50        | 4,121   | -0,019 | 0,79 |                |
| Southgate Industrial Park         | 62,33                              | 61,67        | 61,00        | 57,50        | 57,50        | 57,50        | 4,310   | -0,031 | 0,91 |                |
| Umgeni Park                       | 65,00                              | 65,00        | 65,00        | 61,00        | 61,00        | 61,00        | 4,329   | -0,026 | 0,79 |                |
| Hammersdale                       | 40,50                              | 40,50        | 38,67        | 38,67        | 39,33        | 39,33        | 3,772   | -0,014 | 0,49 |                |
| Cato Ridge                        | 48,00                              | 48,00        | 48,00        | 44,00        | 54,00        | 54,00        | 3,748   | 0,019  | 0,09 |                |
| Ballito                           | -                                  | -            | -            | -            | -            | -            | -       | -      | -    |                |
| Dube Tradeport                    | -                                  | -            | -            | -            | -            | -            | -       | -      | -    |                |
| Cornubia                          | 83,33                              | 77,50        | 75,83        | 73,17        | 73,17        | 73,17        | 4,628   | -0,042 | 0,86 |                |
| <b>Durban</b>                     | <b>63,54</b>                       | <b>62,78</b> | <b>61,47</b> | <b>59,58</b> | <b>59,82</b> | <b>59,82</b> |         |        |      |                |
| <b>Ladysmith</b>                  |                                    |              |              |              |              |              |         |        |      |                |
| Ezakheni/Pieters                  | -                                  | -            | -            | -            | -            | -            | -       | -      | -    |                |
| Danskraal                         | 20,00                              | 17,00        | 12,00        | 10,00        | 8,00         | 8,00         | 4,706   | -0,310 | 0,98 |                |
| Nambiti                           | 20,00                              | 17,00        | 12,00        | 10,00        | 8,00         | 8,00         | 4,706   | -0,310 | 0,98 |                |
| Colenso                           | -                                  | -            | -            | -            | -            | -            | -       | -      | -    |                |
| <b>Ladysmith</b>                  | <b>20,00</b>                       | <b>17,00</b> | <b>12,00</b> | <b>10,00</b> | <b>8,00</b>  | <b>8,00</b>  |         |        |      |                |
| <b>Cape Peninsula</b>             |                                    |              |              |              |              |              |         |        |      |                |
| Viking Place                      | 57,50                              | 52,50        | 52,50        | -            | -            | -            | -       | -      | -    |                |
| Glosderry                         | 75,00                              | 65,00        | 60,00        | 60,00        | -            | -            | -       | -      | -    |                |
| Paarden Eiland/Metro              | 66,25                              | 62,92        | 58,83        | 56,67        | 55,00        | 55,00        | 4,527   | -0,062 | 0,97 |                |
| Montague Gardens                  | 63,38                              | 60,56        | 55,88        | 55,43        | 53,43        | 53,43        | 4,445   | -0,056 | 0,92 |                |
| Marconi Beam                      | 61,83                              | 59,67        | 56,17        | 53,25        | 51,75        | 51,75        | 4,465   | -0,062 | 0,99 |                |

**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
 (R/m<sup>2</sup> p.m.; gross lease; excl. VAT)

|                                   | Area size leased in m <sup>2</sup> |       |       |       |       |     | Vacancy | a      | b    | r <sup>2</sup> |
|-----------------------------------|------------------------------------|-------|-------|-------|-------|-----|---------|--------|------|----------------|
|                                   | 250                                | 500   | 1.000 | 2.500 | 5.000 |     |         |        |      |                |
| Killarney Gardens                 | 51,79                              | 50,79 | 46,58 | 44,13 | 41,00 | 3,6 | 4,402   | -0,080 | 0,98 |                |
| Racing Park                       | 42,50                              | 40,75 | 37,50 | 34,50 | 37,50 | 4,0 | 4,034   | -0,055 | 0,66 |                |
| Atlantis                          | -                                  | -     | -     | -     | -     | -   | -       | -      | -    |                |
| Woodstock/Salt                    | 70,00                              | 65,00 | 62,50 | 56,67 | 50,00 | 2,6 | 4,848   | -0,107 | 0,97 |                |
| Athlone 1 & 2                     | -                                  | -     | -     | -     | -     | -   | -       | -      | -    |                |
| Lansdowne Nerissa                 | 50,00                              | 45,00 | 50,00 | 35,00 | 35,00 | -   | 4,660   | -0,130 | 0,75 |                |
| Sand Industria                    | -                                  | -     | -     | -     | -     | -   | -       | -      | -    |                |
| Ottery Hillstar                   | 65,00                              | 55,00 | 55,00 | 55,00 | 55,00 | 2,0 | 4,339   | -0,043 | 0,47 |                |
| Ottery Sunset                     | 65,00                              | 55,00 | 55,00 | 55,00 | 55,00 | 1,0 | 4,339   | -0,043 | 0,47 |                |
| Diep River                        | 80,00                              | 63,33 | 59,50 | -     | -     | 1,7 | -       | -      | -    |                |
| Elfindale                         | 85,00                              | 60,00 | 55,00 | -     | -     | 1,0 | -       | -      | -    |                |
| Monwood/Philippi                  | -                                  | -     | -     | -     | -     | -   | -       | -      | -    |                |
| Retreat/Steenberg                 | 65,00                              | 65,00 | 65,00 | 50,00 | -     | 2,0 | -       | -      | -    |                |
| Capricorn Park                    | 65,00                              | 64,17 | 60,00 | 58,75 | 57,50 | 2,0 | 4,416   | -0,044 | 0,94 |                |
| Maitland                          | 59,79                              | 53,86 | 51,88 | 49,19 | 46,88 | 2,0 | 4,482   | -0,075 | 0,95 |                |
| Ndabeni                           | 63,08                              | 61,83 | 57,50 | 57,50 | 56,67 | 1,5 | 4,343   | -0,037 | 0,84 |                |
| Epping 1 & 2                      | 58,75                              | 56,88 | 51,75 | 50,71 | 49,25 | 2,6 | 4,403   | -0,061 | 0,92 |                |
| WP Park                           | 55,00                              | 55,00 | 50,00 | 50,00 | 45,00 | 1,5 | 4,383   | -0,065 | 0,87 |                |
| Elsies River (excl. Central Park) | 46,25                              | 45,75 | 43,75 | 42,25 | 41,50 | 1,5 | 4,054   | -0,039 | 0,97 |                |
| Parow Beaconvale                  | 50,00                              | 46,67 | 48,33 | 45,00 | 40,00 | 2,3 | 4,272   | -0,064 | 0,80 |                |
| Tygerberg Business Park           | 57,50                              | 55,00 | 52,50 | 47,50 | 45,00 | 1,3 | 4,527   | -0,084 | 0,99 |                |
| Parow Industria                   | 53,80                              | 52,00 | 49,70 | 47,00 | 44,25 | 2,3 | 4,350   | -0,065 | 0,99 |                |
| Parow East                        | 55,00                              | 51,67 | 48,33 | 45,00 | 42,50 | 1,3 | 4,478   | -0,086 | 1,00 |                |
| Bellville Oakdale                 | 50,00                              | 47,50 | 42,50 | -     | -     | 2,0 | -       | -      | -    |                |
| Bellville Stikland/Kaymor         | 58,33                              | 55,83 | 52,50 | 50,60 | 50,00 | 2,5 | 4,350   | -0,053 | 0,95 |                |





**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
 (R/m<sup>2</sup> p.m.; gross lease; excl. VAT)

|                                    | Area size leased in m <sup>2</sup> |              |              |              |              |            | Vacancy | a      | b    | r <sup>2</sup> |
|------------------------------------|------------------------------------|--------------|--------------|--------------|--------------|------------|---------|--------|------|----------------|
|                                    | 250                                | 500          | 1.000        | 2.500        | 5.000        |            |         |        |      |                |
| Somerset Business Park             | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| Georges Park/Onverwacht            | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| Mansfield                          | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| Firgrove Industrial Estate         | 65,00                              | 60,00        | -            | -            | -            | 3,0        | -       | -      | -    | -              |
| Strand Halt                        | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| <b>Helderberg</b>                  | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| <b>Stellenbosch</b>                | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| Plankenbrug                        | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| Devon Valley                       | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| Tenantville                        | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| Klapmuts                           | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| <b>Stellenbosch</b>                | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| <b>Port Elizabeth</b>              | -                                  | -            | -            | -            | -            | -          | -       | -      | -    | -              |
| Deal Party                         | 42,50                              | 39,00        | 38,00        | 38,00        | 37,50        | 4,0        | 3,911   | -0,036 | 0,71 |                |
| North End                          | 42,50                              | 42,50        | 40,00        | 41,00        | 40,40        | 4,8        | 3,843   | -0,018 | 0,55 |                |
| Korsten/Neave/Sidwell/<br>Sydenham | 37,00                              | 36,50        | 36,50        | 36,40        | 36,40        | 4,0        | 3,631   | -0,005 | 0,65 |                |
| South End Walmer                   | 56,25                              | 56,25        | 51,88        | 50,00        | 45,00        | 3,5        | 4,464   | -0,074 | 0,92 |                |
| Uitenhage: Volkswagen              | 30,00                              | 30,00        | 30,00        | 30,00        | 30,00        | 6,2        | 3,401   | -      | -    |                |
| Uitenhage: Hella/Kruisrivier       | 28,13                              | 28,13        | 26,50        | 26,50        | 25,50        | 6,2        | 3,526   | -0,033 | 0,88 |                |
| Struandale                         | 37,50                              | 37,50        | 38,75        | 38,00        | 38,50        | 3,6        | 3,581   | 0,008  | 0,44 |                |
| Markman Township                   | 28,75                              | 28,75        | 29,00        | 29,00        | 29,00        | 6,3        | 3,340   | 0,003  | 0,73 |                |
| Perseverance                       | 38,13                              | 38,13        | 35,50        | 34,50        | 34,50        | 4,4        | 3,862   | -0,039 | 0,87 |                |
| Walmer                             | 59,58                              | 59,50        | 56,50        | 47,50        | 45,00        | 2,7        | 4,710   | -0,105 | 0,91 |                |
| Greenbushes                        | 52,50                              | 56,88        | 53,90        | 53,90        | 52,90        | 3,2        | 4,027   | -0,006 | 0,04 |                |
| Fairview                           | 71,00                              | 67,00        | 67,00        | 63,33        | 60,00        | 3,6        | 4,545   | -0,052 | 0,95 |                |
| <b>Port Elizabeth</b>              | <b>45,27</b>                       | <b>44,74</b> | <b>41,84</b> | <b>39,42</b> | <b>37,10</b> | <b>4,3</b> |         |        |      |                |

**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
 (R/m<sup>2</sup> p.m.; gross lease; excl. VAT)

|                           | Area size leased in m <sup>2</sup> |              |              |              |              |              | Vacancy    | a     | b      | r <sup>2</sup> |
|---------------------------|------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|-------|--------|----------------|
|                           | 250                                | 500          | 1.000        | 2.500        | 5.000        |              |            |       |        |                |
| <b>East London</b>        |                                    |              |              |              |              |              |            |       |        |                |
| Arcadia                   | 55,00                              | 45,00        | 40,00        | 30,00        | 30,00        | 30,00        | 1,5        | 5,156 | -0,214 | 0,95           |
| Gately/Woodbrook          | 50,00                              | 40,00        | 40,00        | 35,00        | 26,50        | 26,50        | 3,0        | 4,912 | -0,184 | 0,91           |
| Wilsonia                  | 35,00                              | 30,00        | 25,00        | 25,00        | 20,00        | 20,00        | 9,0        | 4,460 | -0,169 | 0,92           |
| Braelyn                   | 40,00                              | 35,00        | 35,00        | 30,00        | 25,00        | 25,00        | 5,0        | 4,494 | -0,144 | 0,93           |
| Northend                  | 50,00                              | 40,00        | 35,00        | 30,00        | 25,00        | 25,00        | 5,0        | 5,089 | -0,219 | 0,99           |
| Chiselhurst               | 45,00                              | 40,00        | 35,00        | 25,00        | 22,00        | 22,00        | 5,0        | 5,235 | -0,252 | 0,98           |
| Meisies Halt              | 60,00                              | 50,00        | 40,00        | 35,00        | 30,00        | 30,00        | 1,0        | 5,326 | -0,228 | 0,98           |
| Beacon Bay Industrial     | 50,00                              | 40,00        | 35,00        | -            | -            | -            | 1,0        | -     | -      | -              |
| IDZ                       | -                                  | -            | -            | -            | -            | -            | -          | -     | -      | -              |
| West Bank Industrial Area | 30,00                              | 25,00        | 25,00        | -            | -            | -            | -          | -     | -      | -              |
| <b>East London</b>        | <b>46,11</b>                       | <b>38,33</b> | <b>34,44</b> | <b>30,00</b> | <b>25,63</b> | <b>25,63</b> | <b>3,5</b> |       |        |                |
| <b>Bloemfontein</b>       |                                    |              |              |              |              |              |            |       |        |                |
| Hilton                    | 49,40                              | 45,40        | 38,20        | 32,00        | 28,67        | 28,67        | 3,1        | 4,962 | -0,190 | 0,99           |
| East End                  | 48,80                              | 46,20        | 38,80        | 34,75        | 28,67        | 28,67        | 3,8        | 4,896 | -0,177 | 0,97           |
| Harvey Road               | 42,60                              | 38,80        | 35,17        | 34,50        | 29,33        | 29,33        | 3,4        | 4,365 | -0,113 | 0,94           |
| Old Industrial            | 40,00                              | 36,75        | 35,80        | 31,00        | 25,75        | 25,75        | 4,5        | 4,482 | -0,139 | 0,93           |
| Hamilton: Mill St         | 35,40                              | 33,80        | 29,20        | 28,50        | 24,75        | 24,75        | 3,8        | 4,213 | -0,116 | 0,95           |
| Hamilton: G Lubbe St      | 34,75                              | 34,50        | 29,60        | 27,75        | 23,50        | 23,50        | 4,7        | 4,310 | -0,131 | 0,94           |
| Estoire                   | 49,20                              | 48,00        | 45,20        | 42,75        | 40,75        | 40,75        | 2,9        | 4,262 | -0,065 | 0,99           |
| Quaggafontein             | 50,00                              | 50,00        | 59,00        | 59,50        | 50,00        | 50,00        | 4,5        | 3,824 | 0,022  | 0,08           |
| <b>Bloemfontein</b>       | <b>43,41</b>                       | <b>41,31</b> | <b>37,18</b> | <b>34,90</b> | <b>29,58</b> | <b>29,58</b> | <b>3,8</b> |       |        |                |
| <b>George</b>             |                                    |              |              |              |              |              |            |       |        |                |
| George Central            | 42,33                              | 37,33        | 31,67        | 25,67        | 24,33        | 24,33        | 1,5        | 4,818 | -0,195 | 0,98           |
| Tamsui Industria          | 43,33                              | 39,00        | 33,33        | 26,33        | 25,00        | 25,00        | 1,2        | 4,866 | -0,197 | 0,98           |

**Table 7.2 (continued)**  
**Mean prime industrial market rentals as in quarter 2020:1**  
 (R/m<sup>2</sup> p.m.; gross lease; excl. VAT)

|                          | Area size leased in m <sup>2</sup> |              |              |              |              |            | Vacancy | a      | b    | r <sup>2</sup> |
|--------------------------|------------------------------------|--------------|--------------|--------------|--------------|------------|---------|--------|------|----------------|
|                          | 250                                | 500          | 1.000        | 2.500        | 5.000        |            |         |        |      |                |
| Pacaltsdorp Industria    | 36,67                              | 35,33        | 32,33        | 27,33        | 25,33        | 1,2        | 4,361   | -0,132 | 0,97 |                |
| <b>George</b>            | <b>40,78</b>                       | <b>37,22</b> | <b>32,44</b> | <b>26,44</b> | <b>24,89</b> | <b>1,3</b> |         |        |      |                |
| <b>Pietermaritzburg</b>  |                                    |              |              |              |              |            |         |        |      |                |
| Willowton                | -                                  | 45,00        | 40,00        | 35,00        | 30,00        | 3,0        | -       | -      | -    |                |
| Mkondeni/Shortts Retreat | -                                  | 37,00        | 33,00        | 30,00        | 28,00        | 5,0        | -       | -      | -    |                |
| Camps Drift              | -                                  | 50,00        | 45,00        | 40,00        | 35,00        | 7,0        | -       | -      | -    |                |
| Pietermaritzburg Central | 75,00                              | 70,00        | 65,00        | 60,00        | -            | 5,0        | -       | -      | -    |                |
| Rosedale/Allandale       | -                                  | -            | -            | -            | -            | -          | -       | -      | -    |                |
| Howick                   | -                                  | -            | -            | -            | -            | -          | -       | -      | -    |                |
| <b>Pietermaritzburg</b>  | <b>-</b>                           | <b>50,50</b> | <b>45,75</b> | <b>41,25</b> | <b>31,00</b> | <b>-</b>   |         |        |      |                |
| <b>Lower Umfolozi</b>    |                                    |              |              |              |              |            |         |        |      |                |
| Empangeni                | -                                  | -            | -            | -            | -            | 7,0        | -       | -      | -    |                |
| <b>Lower Umfolozi</b>    | <b>-</b>                           | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>   |         |        |      |                |
| <b>Windhoek</b>          |                                    |              |              |              |              |            |         |        |      |                |
| North                    | 60,00                              | 60,00        | 55,00        | 50,00        | 50,00        | 3,0        | 4,512   | -0,073 | 0,92 |                |
| Lafrenz                  | 60,00                              | 60,00        | 55,00        | 50,00        | 50,00        | 3,0        | 4,512   | -0,073 | 0,92 |                |
| South                    | 80,00                              | 80,00        | 65,00        | 65,00        | 55,00        | 3,0        | 5,097   | -0,125 | 0,89 |                |
| Prosperita               | 65,00                              | 65,00        | 55,00        | 55,00        | 48,00        | 3,0        | 4,753   | -0,101 | 0,89 |                |
| <b>Windhoek</b>          | <b>66,25</b>                       | <b>66,25</b> | <b>57,50</b> | <b>55,00</b> | <b>50,75</b> | <b>3,0</b> |         |        |      |                |

**Table 7.3**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|                                      | Area size leased in m <sup>2</sup> |      |       |       |       | Panellist codes                    |
|--------------------------------------|------------------------------------|------|-------|-------|-------|------------------------------------|
|                                      | 250                                | 500  | 1.000 | 2.500 | 5.000 |                                    |
| <b>Central Witwatersrand</b>         |                                    |      |       |       |       |                                    |
| Cambridge Park                       | 1,22                               | 3,66 | 2,49  | 1,50  | 1,50  | CBR,SHP,WP                         |
| Wynberg Proper                       | 1,86                               | 1,89 | 3,48  | 3,39  | 3,36  | AP,CBR,GB,OS,OSO,RES,SHP,WP        |
| Strijdom Park                        | 0,99                               | 2,55 | 5,12  | 3,87  | 2,98  | AP,AV,CBR,CPS,GI,OS,OSO,SHP,WHF,WP |
| Kya Sand West                        | 1,87                               | 2,13 | 3,26  | 3,39  | 3,86  | AP,AV,CBR,CPS,OS,SHP,WHF           |
| Kya Sand East                        | -                                  | -    | -     | -     | -     | CPS                                |
| Lanseria Corporate Estate            | -                                  | -    | -     | -     | -     | CPS                                |
| Cosmo Business Park                  | -                                  | -    | -     | -     | -     | CPS                                |
| Mostyn Park                          | -                                  | -    | -     | -     | -     |                                    |
| Clayville/Olifantsfontein            | 3,84                               | 1,92 | 3,56  | 0,80  | 2,29  | AP,CBR,GI,OSO,SHP                  |
| Chloorkop                            | 2,06                               | 0,76 | 1,90  | 6,13  | 6,72  | AP,CBR,CPS,OS,OSO,PPR,SHP,WHF      |
| Amalgam                              | 4,00                               | 2,36 | 2,00  | 1,50  | 1,70  | AP,CBR,RES                         |
| Crown Mines                          | 2,36                               | 1,50 | 2,36  | 3,56  | 4,00  | AP,AV,CBR                          |
| Industria                            | 2,94                               | 2,94 | 1,41  | 4,95  | 5,56  | AP,AV,CBR,RES                      |
| Booyens/Booyens Reserve/Ophirton     | -                                  | -    | 3,30  | 1,25  | 1,75  | AP,CBR,GI                          |
| Village Main/Village Deep/New Centre | 3,50                               | 2,50 | 3,00  | 4,00  | 4,00  | AP,CBR                             |
| Benrose                              | 3,77                               | 3,77 | 1,41  | 1,89  | 2,36  | AP,CBR,RO                          |
| Steedale/Electron/Tulisa Park        | 5,76                               | 2,36 | 3,11  | 3,11  | 3,77  | AP,CBR,CPS,GB,RO                   |
| Aeroton                              | 4,12                               | 3,64 | 3,56  | 1,96  | 1,90  | AP,AV,CBR,GB,WHF                   |
| Devland/Nancefield                   | 0,00                               | 0,00 | 0,00  | 0,00  | 0,00  | AP,CBR                             |
| Cleveland/Heriotdale                 | 3,56                               | 3,56 | 3,40  | 3,40  | 3,40  | AV,CBR,RO                          |
| Newlands/Martindale                  | 2,50                               | 5,00 | 7,50  | 7,50  | 5,00  | AP,CBR                             |
| Kew/Wynberg East                     | 4,75                               | 3,72 | 5,00  | 3,38  | 3,06  | AP,CBR,GB,OS,OSO,RES,WP            |
| Bramley View/Lombardy West           | 5,00                               | 5,00 | 2,50  | 2,50  | 2,50  | AP,CBR                             |
| Marlboro                             | 7,50                               | 7,50 | 2,50  | 2,50  | 2,50  | AP,CBR                             |
| Halfway House: hi-tech strip         | 4,16                               | 2,89 | 3,10  | 4,97  | 4,59  | AP,CBR,CPS,GI,OS,OSO,SHP,SWI,WP    |
| Halfway House: Richards Drive        | 2,02                               | 3,40 | 3,18  | 1,99  | 2,92  | AP,CBR,CPS,GI,OS,OSO,SHP,SWI,WP    |
| Corporate Park (Midrand)             | -                                  | -    | -     | -     | -     |                                    |

**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|   | Area size leased in m <sup>2</sup> |       |       |       |       | Panellist codes                                   |
|---|------------------------------------|-------|-------|-------|-------|---|
|   | 250                                | 500   | 1.000 | 2.500 | 5.000 |   |
| Commercia   | 1,92                               | 2,55  | 0,00  | 0,00  | 0,83  | AP,CBR,OSO,SHP,SWI                                |
| Kramerville/Eastgate Ext12 & Ext13                                      | 5,10                               | 10,28 | 6,78  | 7,31  | 5,45  | AP,CBR,GB,OS,OSO,SHP,WP                           |
| Linbro Park   | 2,06                               | 4,08  | 3,14  | 5,43  | 8,02  | AP,AV,CBR,CPS,GB,GI,OS,OSO,PPR,RES,<br>SHP,SWI,WP |
| Wesco Park/Eastgate Ext 3, Ext 11,<br>Ext 6, Ext 8/Marlboro North (New) | 3,77                               | 1,12  | 1,80  | 3,56  | 3,57  | AP,CBR,OSO,SHP                                    |
| City Deep   | 1,47                               | 1,56  | 1,78  | 3,07  | 2,64  | AP,CBR,GB,PPR,RO                                  |
| North Riding/Hoogland   | 2,80                               | 2,83  | 3,15  | 3,25  | 5,96  | AP,AV,CBR,CPS,OSO,SHP,SWI,WHF,WP                  |
| Samrand Centurion   | 4,71                               | 3,12  | 2,77  | 3,71  | 3,63  | AP,CBR,CPS,OSO,SHP,SWI                            |
| Barbeque Downs  | 2,32                               | 3,93  | 3,16  | 1,92  | 1,25  | AP,CBR,OSO,SHP,SWI,WP                             |
| Selby Ext 12/13/15/19/20/24/City<br>West                                | -                                  | -     | -     | -     | -     | CBR   |
| Selby Ext 5/10/14/18  | 0,00                               | 0,50  | 1,50  | 0,50  | 1,50  | AP,CBR  |
| Selby Ext 11  | 1,00                               | 1,00  | 3,00  | 1,50  | 4,00  | AP,CBR  |
| Selby Ext 3/4/6   | 1,00                               | 1,00  | 3,00  | 1,50  | 4,00  | AP,CBR  |
| Denver (Old)  | 3,30                               | 3,30  | 2,87  | 3,27  | 2,94  | AP,CBR,RO   |
| Denver (New)  | 2,24                               | 2,45  | 2,04  | 2,56  | 2,56  | AP,AV,CBR,OSO,RO                                  |
| Kyalami Business Park   | 2,28                               | 1,30  | 2,17  | 2,17  | 2,05  | AP,CBR,OSO,SWI,WP                                 |
| Reuven  | 0,50                               | 0,50  | 0,50  | 0,50  | 0,50  | AP,CBR  |
| Selby (Old)/Selby Ext2/Park Central                                     | 1,00                               | 0,50  | 0,00  | 1,50  | 2,00  | AP,CBR  |
| Robertsam   | 1,50                               | 2,00  | 2,00  | 1,50  | 0,00  | AP,CBR  |
| Fordsburg/Newtown   | 0,00                               | 1,00  | 1,00  | 3,50  | 3,50  | AP,AV   |
| Waterfall   | 1,50                               | 1,50  | 4,86  | 4,86  | 0,82  | AP,CBR,OSO,RES,SWI                                |
| <b>West Rand</b>  |                                    |       |       |       |       |   |
| Lea Glen  | 1,50                               | 1,50  | 1,50  | 3,06  | 2,66  | AP,CPS,SHP  |
| Honeydew X19, 20, 21 & 22   | 1,85                               | 1,84  | 0,00  | 1,90  | 2,76  | AP,AV,OSO,SHP,WHF                                 |
| Stormill  | 2,23                               | 1,66  | 1,95  | 1,85  | 2,50  | AP,AV,CPS,FAW,SHP,WHF                             |
| Chamdor   | 0,94                               | 2,36  | 0,94  | 2,36  | 4,33  | AP,GI,RES,WHF                                     |

**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|   | Area size leased in m <sup>2</sup> |      |       |       |       |      | Panellist codes                                   |
|---|------------------------------------|------|-------|-------|-------|------|---|
|   | 250                                | 500  | 1.000 | 2.500 | 5.000 |      |   |
| Factoria                                    | 10,00                              | -    | -     | -     | -     | -    | AP,CPS  |
| Krugsdorp: Delporton                        | -                                  | -    | -     | -     | -     | -    | AP  |
| Randfontein: Aureus                         | -                                  | -    | -     | -     | -     | -    | AP  |
| Boltonia                                    | -                                  | -    | -     | -     | -     | -    | AP  |
| Rodepoort: Technikon/Manufacta              | 5,00                               | 2,50 | 3,50  | 2,72  | 2,50  | 2,50 | AP,CPS,WHF  |
| Industria North                             | 1,00                               | 1,00 | 3,50  | 6,00  | 6,00  | 6,00 | AP,AV   |
| Robertville                                 | 2,32                               | 2,27 | 2,97  | 0,47  | 3,56  | 3,56 | AP,AV,CPS,GI,RES,SHP,WHF                          |
| Laserpark                                   | 3,73                               | 2,11 | 4,20  | 2,27  | 2,87  | 2,87 | AP,AV,CPS,OSO,SHP,WHF,WP                          |
| <b>East Rand</b>                            |                                    |      |       |       |       |      |   |
| Elandsfontein                               | 5,02                               | 3,60 | 2,51  | 2,49  | 2,28  | 2,28 | AP,CBR,CG,CPS,GB,MR,OS,OSO,PPR,SHP,WHF            |
| Tunney/Greenhills                           | 3,08                               | 3,13 | 2,09  | 3,75  | 3,16  | 3,16 | AP,AV,CBR,CG,CPS,GB,MR,SHP,SWI,WHF                |
| Henville                                    | 3,34                               | 3,50 | 3,08  | 3,08  | 2,86  | 2,86 | AP,CBR,CG,SHP,WHF                                 |
| Hughes                                      | 2,69                               | 2,56 | 2,00  | 3,74  | 2,50  | 2,50 | AP,CBR,CG,GB,MR,PPR,WHF                           |
| Bartletts                                   | 6,26                               | 6,26 | 2,50  | 5,56  | 5,56  | 5,56 | AP,CBR,MR,WHF                                     |
| Lilianton                                   | 6,25                               | 6,25 | -     | -     | -     | -    | AP,CBR,CG   |
| Meadowbrook/Wilbart                         | 2,91                               | 3,48 | 2,76  | 4,68  | 2,70  | 2,70 | AP,CBR,CG,CPS,MR,OSO,PPR,RES,SHP,SWI,WHF          |
| Sunnyrock                                   | 2,61                               | 2,46 | 2,06  | 2,71  | 2,12  | 2,12 | AP,AV,CBR,CG,CPS,GB,MR,OS,OSO,PPR,RES,SHP,SWI,WHF |
| Rustivia/Activia Park                       | 2,05                               | 2,05 | 2,19  | 1,89  | 1,77  | 1,77 | AP,CBR,CG,MR,OSO,PPR,SHP,WHF                      |
| Eastleigh                                   | 4,71                               | 2,24 | 2,63  | 1,73  | 0,98  | 0,98 | CBR,CG,CPS,OSO,PPR,RES,SHP,SWI,WHF                |
| Sebenza Ext 14                              | 2,19                               | 2,36 | 3,23  | 3,34  | 3,01  | 3,01 | AP,CBR,CG,CPS,GB,OSO,RES,SHP,SWI                  |
| Spartan Ext 16 (Sebenza Link) + Ext 1, 3, 7 | 1,90                               | 2,80 | 2,87  | 3,42  | 3,74  | 3,74 | AP,CG,CPS,GB,SHP,SWI,WHF                          |
| Isando                                      | 3,97                               | 3,68 | 4,53  | 2,05  | 3,33  | 3,33 | AP,AV,CBR,CG,CPS,GB,MR,RES,SHP,SWI,WHF            |
| Isando 3                                    | 3,22                               | 2,93 | 4,64  | 3,04  | 2,93  | 2,93 | AP,AV,CBR,CG,MR,SHP,SWI,WHF                       |
| Jet Park                                    | 4,99                               | 4,81 | 4,47  | 4,54  | 4,73  | 4,73 | AP,AV,CBR,CG,CPS,GB,MR,OS,PPR,RES,RO,SHP,SWI,WHF  |

**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|                              | Area size leased in m <sup>2</sup> |      |       |       |       | Panellist codes                             |
|------------------------------|------------------------------------|------|-------|-------|-------|---|
|                              | 250                                | 500  | 1.000 | 2.500 | 5.000 |   |
| Alrode & Xs                  | 1,33                               | 2,38 | 1,83  | 1,36  | 0,80  | AP,CBR,CPS,RO,SHP,WHF                       |
| Alrode South                 | 3,29                               | 3,02 | 4,49  | 5,10  | 4,49  | AP,CBR,CPS,SHP,SWI,WHF                      |
| Alberton                     | 3,56                               | 1,70 | 0,82  | 2,36  | 2,05  | CBR,SHP,WHF                                 |
| Aeroporto/Spartan Ext 2      | 2,69                               | 1,75 | 2,49  | 3,52  | 3,67  | AP,AV,CBR,CPS,MR,RES,SHP,SWI,WHF            |
| Delville                     | 3,99                               | 2,57 | 1,08  | 1,31  | 1,25  | AP,CBR,CPS,PPR,RO                           |
| Roodekop                     | 1,94                               | 1,62 | 0,94  | 1,89  | 2,12  | AP,CBR,CPS,PPR,RES,SHP,WHF                  |
| Wadeville: Industrial zoning | 2,05                               | 1,62 | 1,95  | 1,40  | 2,81  | AP,CBR,CPS,GB,MR,OSO,PPR,SHP,WHF            |
| Route 24/Meadowdale          | 4,97                               | 4,73 | 5,14  | 4,19  | 5,73  | AP,AV,CBR,CPS,GB,MR,OSO,PPR,RES,SHP,SWI,WHF |
| Germiston S/Industries E     | 3,10                               | 3,10 | 1,31  | 1,65  | 1,18  | AP,CBR,PPR,RO,WHF                           |
| Driehoek/Industries W        | 3,06                               | 1,57 | 1,71  | 3,59  | 4,80  | AP,CBR,CPS,PPR,RO,WHF                       |
| Knights                      | 3,17                               | 3,17 | 1,25  | 1,25  | 1,25  | AP,CBR,PPR                                  |
| Spartan Proper               | 4,53                               | 3,24 | 4,62  | 4,46  | 3,99  | AP,CBR,CG,CPS,MR,PPR,SHP,SWI,WHF            |
| Founders View                | 3,25                               | 3,02 | 4,31  | 4,47  | 0,87  | AP,CBR,CG,CPS,OSO,PPR,SHP,SWI               |
| Longmeadow                   | 3,00                               | 2,66 | 2,74  | 4,37  | 4,27  | AP,AV,CBR,CG,CPS,MR,OSO,PPR,RES,RO,SHP,SWI  |
| Pomona/Kempton Park          | 2,73                               | 3,16 | 5,50  | 3,83  | 2,78  | AP,AV,CBR,CG,CPS,MR,PPR,RO,SHP,SWI,WHF      |
| Gosforth Park                | 2,90                               | 2,45 | 2,32  | 2,32  | 2,52  | AP,AV,CBR,CG,CPS,GB,MR,PPR,RO,SHP           |
| S&J Industrial Estate        | 3,30                               | 3,30 | 2,50  | 2,50  | 3,77  | GB,PPR,RO,WHF                               |
| <b>Far East Rand</b>         |                                    |      |       |       |       |   |
| Boksburg North & East        | 3,10                               | 2,32 | 3,28  | 4,71  | 3,77  | AP,AV,MR,PPR,RES,SHP,SWI,WHF                |
| Benoni South                 | 3,64                               | 5,00 | 7,38  | 5,45  | 4,85  | AP,MR,RES,SHP,WHF                           |
| New Era/Vulcania             | -                                  | -    | -     | -     | -     | AP  |
| Nuffield                     | -                                  | -    | -     | -     | -     | AP  |
| Fulcrum                      | -                                  | -    | -     | -     | -     | AP  |
| Apex                         | 2,36                               | 4,15 | 2,36  | 2,36  | 2,36  | AP,MR,RES,WHF                               |
| Labore Brakpan               | -                                  | -    | -     | -     | -     | AP  |
| Morehill Ext 8 Benoni        | 2,50                               | 2,50 | 0,00  | 2,50  | 0,00  | AP,WHF                                      |



**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|                              | Area size leased in m <sup>2</sup> |      |       |       |       | Panellist codes |
|------------------------------|------------------------------------|------|-------|-------|-------|-----------------|
|                              | 250                                | 500  | 1.000 | 2.500 | 5.000 |                 |
| <b>Pretoria</b>              |                                    |      |       |       |       |                 |
| Charlotte Maxeke             | -                                  | -    | -     | -     | -     | AP              |
| Pretoria Industrial Township | -                                  | -    | -     | -     | -     | AP              |
| Koedoespoort                 | 6,24                               | 2,50 | 4,71  | 2,50  | 8,64  | AP,HN,WHF       |
| Waltloo/Despatch             | 2,36                               | 0,00 | 2,50  | 2,50  | 5,00  | AP,HN,WHF       |
| Silverton/Silvertondale      | 2,36                               | 2,36 | 0,00  | 2,50  | 5,00  | AP,HN,WHF       |
| Samcor Park                  | -                                  | -    | -     | -     | -     | AP              |
| Sunderland Ridge             | -                                  | -    | -     | -     | -     | AP              |
| Hermanstad                   | -                                  | -    | -     | -     | -     | AP              |
| Kirkney                      | -                                  | -    | -     | -     | -     | AP              |
| Hennospark X15 & X7          | 5,00                               | 0,00 | 0,00  | 2,50  | 5,00  | AP,WHF          |
| Gateway                      | 2,36                               | 3,77 | 6,24  | 8,16  | 8,16  | AP,MAS,WHF      |
| Lytelton Manor X4/X6         | -                                  | -    | -     | -     | -     | AP              |
| Pretoria North               | -                                  | -    | -     | -     | -     | AP              |
| Silvertondale X1             | 5,00                               | 2,50 | 0,00  | 2,50  | 5,00  | AP,WHF          |
| Klerksoord                   | -                                  | -    | -     | -     | -     | AP              |
| Rosslyn                      | -                                  | -    | -     | -     | -     | AP              |
| Centurion                    | 5,00                               | 0,00 | 0,00  | 2,50  | 5,00  | AP,WHF          |
| <b>Polokwane</b>             |                                    |      |       |       |       |                 |
| Lebowakgomo                  | -                                  | -    | -     | -     | -     |                 |
| Superbia                     | 5,00                               | 2,50 | 2,00  | 1,50  | -     | MO,TG           |
| Industria                    | 0,00                               | 2,50 | 0,00  | 1,00  | -     | MO,TG           |
| Ladine                       | 0,00                               | 0,00 | 2,50  | -     | -     | ES,MO,TG        |
| Futura                       | -                                  | 1,50 | 2,50  | -     | -     | MO,TG           |
| Laboria                      | 16,50                              | 4,08 | 1,50  | 15,00 | -     | MO,NET,TG       |
| Magna Via                    | 5,35                               | 4,71 | 10,00 | 12,68 | -     | ES,MO,NET,TG    |
| Seshego                      | -                                  | -    | -     | -     | -     |                 |

**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|  | Area size leased in m <sup>2</sup> |       |       |       |       | Panellist codes       |
|--|------------------------------------|-------|-------|-------|-------|-----------------------|
|  | 250                                | 500   | 1.000 | 2.500 | 5.000 |                       |
| <b>Nelspruit</b>                             |                                    |       |       |       |       |                       |
| Nelspruit East                               | 0,93                               | 2,05  | 1,30  | 0,00  | -     | KEL,MPV,ORI,PG,PM,PPS |
| Nelspruit West                               | 0,00                               | 0,93  | 0,93  | 0,93  | 0,00  | KEL,MPV,ORI,PG,PM,PPS |
| Rocky's Drift                                | 0,37                               | 0,00  | 0,00  | 0,00  | -     | KEL,MPV,ORI,PG,PM,PPS |
| Riverside Park                               | 1,86                               | 1,86  | 0,93  | 0,00  | 0,00  | KEL,MPV,ORI,PG,PM,PPS |
| <b>Durban</b>                                |                                    |       |       |       |       |                       |
| Springfield Park                             | 4,42                               | 4,42  | 3,12  | 5,42  | 4,71  | CA,PC,SWI             |
| Mayville                                     | -                                  | -     | -     | -     | -     |                       |
| Phoenix                                      | -                                  | -     | -     | 2,50  | 2,50  | CA,PC                 |
| Chris Hani Rd (North Coast/Briardene)        | 2,50                               | 1,25  | 1,25  | 1,50  | 1,50  | PC,SWI                |
| Briardene Industrial Park                    | 2,36                               | 2,04  | 2,04  | 4,42  | 4,42  | CA,PC,SWI             |
| Umgeni Rd/Stamford Hill                      | -                                  | -     | -     | -     | -     | PC                    |
| Umbilo/Sydney Rd/Magwaza Maphalala St (Gale) | -                                  | -     | -     | -     | -     | PC                    |
| Jacobs                                       | 5,00                               | 4,32  | 4,08  | 4,00  | 4,00  | JUS,PC,SWI            |
| Mobeni                                       | 5,00                               | 4,00  | 4,08  | 5,00  | 5,00  | JUS,PC,SWI            |
| Prospecton                                   | 4,15                               | 4,38  | 2,36  | 2,36  | 2,36  | CA,JUS,PC,SWI         |
| Ithala Industrial Estate                     | 10,25                              | 10,25 | 10,25 | 10,25 | 12,75 | PC,SWI                |
| Pinetown Central                             | -                                  | -     | -     | -     | -     | PC,SWI                |
| New Germany                                  | 1,50                               | 1,50  | 1,50  | 0,00  | 0,00  | PC,SWI                |
| Isipingo                                     | -                                  | -     | -     | -     | -     | SWI                   |
| Rosburgh/South Coast Rd                      | -                                  | -     | -     | 2,50  | 2,50  | PC,SWI                |
| Edwin Swales Drive                           | -                                  | -     | -     | -     | -     | SWI                   |
| Glen Anil                                    | 3,12                               | 3,12  | 2,50  | 5,14  | 5,14  | CA,PC,SWI             |
| Felix Dlamini Rd (Brickfield)                | -                                  | -     | -     | -     | -     |                       |
| Verulam                                      | -                                  | -     | -     | -     | -     |                       |
| Canelands                                    | -                                  | -     | -     | -     | -     |                       |



**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|                                   | Area size leased in m <sup>2</sup> |       |       |       |       | Panellist codes                |
|-----------------------------------|------------------------------------|-------|-------|-------|-------|--------------------------------|
|                                   | 250                                | 500   | 1.000 | 2.500 | 5.000 |                                |
| Paarden Eiland/Metro              | 4,02                               | 4,19  | 5,34  | 5,53  | 3,54  | AN,AP,AS,AX,CRE,WHF            |
| Montague Gardens                  | 2,18                               | 4,32  | 4,85  | 5,04  | 6,28  | AN,AP,AS,AX,CRE,CSP,DN,DW,WHF  |
| Marconi Beam                      | 6,20                               | 7,11  | 6,07  | 5,40  | 7,36  | AN,AP,AX,CRE,DN,WHF            |
| Killarney Gardens                 | 4,76                               | 4,84  | 1,97  | 2,01  | 2,94  | AN,AP,AS,AX,CRE,DN,WHF         |
| Racing Park                       | 2,50                               | 3,77  | 6,10  | 4,27  | 2,50  | AP,AX,DN,WHF                   |
| Atlantis                          | -                                  | -     | -     | -     | -     |                                |
| Woodstock/Salt River/Observatory  | 4,08                               | 4,08  | 2,04  | 2,36  | 0,00  | AN,AS,SCM                      |
| Athlone 1 & 2                     | -                                  | -     | -     | -     | -     |                                |
| Lansdowne Nerissa                 | -                                  | -     | 5,00  | -     | -     | AP,IKP                         |
| Sand Industria                    | -                                  | -     | -     | -     | -     |                                |
| Ottery Hillstar                   | 0,00                               | 0,00  | -     | -     | -     | AN,AP                          |
| Ottery Sunset                     | -                                  | -     | -     | -     | -     | AP                             |
| Diep River                        | -                                  | 4,71  | 5,50  | -     | -     | AN,DW,IKP                      |
| Elfendale                         | -                                  | -     | -     | -     | -     | IKP                            |
| Monwood/Philippi                  | -                                  | -     | -     | -     | -     |                                |
| Retreat/Steenberg                 | -                                  | 0,00  | -     | -     | -     | AN,IKP                         |
| Capricorn Park                    | 0,00                               | 1,18  | 4,08  | 6,25  | 7,50  | AN,AS,IKP                      |
| Maitland                          | 5,34                               | 6,92  | 8,64  | 9,16  | 5,56  | AN,AP,AS,AX,CSP,DN,SCM,WHF     |
| Ndabeni                           | 2,42                               | 2,67  | 3,82  | 4,57  | 2,36  | AN,AP,AS,AX,CRE,CSP            |
| Epping 1 & 2                      | 4,84                               | 5,56  | 4,86  | 5,62  | 4,79  | AN,AP,AS,CSP,DN,DW,GAM,SCM,WHF |
| WP Park                           | 5,00                               | 5,00  | 5,00  | 5,00  | -     | AN,DN                          |
| Elsies River (excl. Central Park) | 6,25                               | 5,75  | 3,75  | 4,25  | 3,50  | AN,AP                          |
| Parow Beaconvale                  | 8,16                               | 4,71  | 6,24  | 8,16  | 5,00  | AN,AP,DN                       |
| Tygerberg Business Park           | 7,50                               | 10,00 | 12,50 | 7,50  | 5,00  | AN,AP,DN                       |
| Parow Industria                   | 5,67                               | 5,10  | 6,35  | 5,10  | 7,19  | AN,AP,AS,DN,PF                 |
| Parow East                        | 8,16                               | 8,50  | 6,24  | 5,00  | 7,50  | AN,AP,DN                       |

**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|  | Area size leased in m <sup>2</sup> |      |       |       |       | Panellist codes        |
|--|------------------------------------|------|-------|-------|-------|------------------------|
|  | 250                                | 500  | 1.000 | 2.500 | 5.000 |                        |
| Bellville Oakdale                      | 0,00                               | 2,50 | 2,50  | -     | -     | DN,PF                  |
| Bellville Stikland/Kaymor              | 7,99                               | 8,86 | 8,54  | 9,35  | 9,78  | AN,AS,DN,PF,WD,WHF     |
| Bellville Triangle                     | 3,16                               | 4,00 | 3,16  | 4,15  | 3,77  | AN,AS,DN,PF,WD,WHF     |
| Bellville South/Sacks Circle           | 9,05                               | 8,92 | 8,66  | 11,14 | 11,54 | AN,AS,CSP,DN,PF,WHF    |
| Kraaifontein                           | 3,30                               | 5,56 | 5,00  | 4,08  | 2,36  | AN,AS,DN               |
| Brackenfell Industria                  | 5,83                               | 5,48 | 6,78  | 8,20  | 8,20  | AN,DN,PF,WD,WHF        |
| Everite Brackenfell                    | 4,71                               | 6,24 | 6,65  | 6,24  | 5,00  | AN,DN,WHF              |
| Kuils River                            | 0,00                               | 0,00 | 2,50  | 0,00  | -     | AN,DN                  |
| Blackheath                             | 2,00                               | 2,24 | 4,95  | 4,67  | 2,86  | AN,AS,CSP,DN,PF,WD,WHF |
| Saxenburg Industrial Park              | 4,08                               | 3,30 | 2,36  | 3,30  | -     | AN,CRE,PF              |
| Okavango                               | 4,90                               | 8,37 | 6,78  | 7,35  | 0,00  | AN,DN,PF,WD,WHF        |
| Brackengate/Icon Business Park         | 3,54                               | 5,59 | 7,07  | 4,08  | 2,50  | AN,CSP,DN,PF,WD,WHF    |
| Paarl                                  | 6,24                               | 2,36 | 2,50  | -     | -     | AP,PRU,SF              |
| Wellington                             | 2,50                               | 8,50 | -     | -     | -     | AP,SF                  |
| Contermanskloof                        | 0,00                               | 0,00 | 2,94  | 0,94  | 6,00  | AP,CSP,WHF             |
| Rivergate                              | 1,86                               | 2,75 | 3,44  | 2,17  | 3,30  | AN,AP,AS,AX,CRE,WHF    |
| Airport Ind (north of sewerage farm)   | 2,36                               | 2,36 | 4,08  | 4,08  | 4,08  | AN,SCM,WHF             |
| Airport Ind (west of Borchards Quarry) | 2,50                               | 4,15 | -     | 5,00  | 5,00  | AN,CSP,DW,SCM          |
| Airport Ind (east of Borchards Quarry) | 0,00                               | 2,36 | -     | 0,00  | 1,00  | AN,CSP,SCM             |
| Durbanville Industrial Park            | 2,36                               | 2,36 | 2,50  | 5,00  | -     | CSP,PF,WHF             |
| Northgate Industrial Park              | 0,00                               | 5,00 | 0,00  | 2,50  | 5,00  | AS,WHF                 |
| <b>Helderberg</b>                      |                                    |      |       |       |       |                        |
| The Interchange                        | -                                  | -    | -     | -     | -     | -                      |
| Helderberg Industrial Park/Broadlands  | -                                  | -    | -     | -     | -     | -                      |
| Gants                                  | -                                  | -    | -     | -     | -     | -                      |
| Somerset Business Park                 | -                                  | -    | -     | -     | -     | -                      |

**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|                                  | Area size leased in m <sup>2</sup> |      |       |       |       | Panellist codes      |
|----------------------------------|------------------------------------|------|-------|-------|-------|----------------------|
|                                  | 250                                | 500  | 1.000 | 2.500 | 5.000 |                      |
| Georges Park/Onverwacht          | -                                  | -    | -     | -     | -     |                      |
| Mansfield                        | -                                  | -    | -     | -     | -     | AN                   |
| Firgrove Industrial Estate       | -                                  | -    | -     | -     | -     |                      |
| Strand Halt                      | -                                  | -    | -     | -     | -     |                      |
| <b>Stellenbosch</b>              |                                    |      |       |       |       |                      |
| Plankenbrug                      | -                                  | -    | -     | -     | -     |                      |
| Devon Valley                     | -                                  | -    | -     | -     | -     |                      |
| Tenantville                      | -                                  | -    | -     | -     | -     |                      |
| Klapmuts                         | -                                  | -    | -     | -     | -     |                      |
| <b>Port Elizabeth</b>            |                                    |      |       |       |       |                      |
| Deal Party                       | 2,50                               | 4,90 | 4,85  | 4,62  | 5,30  | ARN,BD,BR,NRG,SUM    |
| North End                        | 4,47                               | 4,47 | 5,48  | 3,74  | 4,76  | ARN,BD,BR,NRG,SUM,TR |
| Korsten/Neave/Sidwell/Sydenham   | 4,00                               | 3,74 | 3,74  | 3,14  | 3,14  | ARN,BD,BR,NRG,SUM,TR |
| South End Walmer                 | 7,40                               | 7,40 | 5,96  | 7,07  | 0,00  | ARN,BR,NRG,SUM       |
| Uitenhage: Volkswagen area/NMBLP | 3,54                               | 3,54 | 3,16  | 3,16  | 3,16  | ARN,BD,BR,NRG,SUM    |
| Uitenhage: Hella/Kruisrivier     | 2,07                               | 2,07 | 2,00  | 2,00  | 3,32  | ARN,BD,BR,NRG,SUM    |
| Struandale                       | 2,50                               | 2,50 | 2,17  | 2,45  | 3,74  | ARN,BD,BR,NRG,SUM    |
| Markman Township                 | 1,25                               | 1,25 | 2,55  | 2,55  | 2,55  | ARN,BD,BR,NRG,SUM    |
| Perseverance                     | 2,07                               | 2,07 | 3,32  | 2,45  | 2,45  | ARN,BD,BR,NRG,SUM    |
| Walmer                           | 3,66                               | 4,00 | 7,00  | 5,59  | -     | ARN,BD,BR,NRG,SUM,TR |
| Greenbushes                      | 7,50                               | 4,10 | 6,99  | 6,99  | 6,37  | ARN,BD,BR,NRG,SUM    |
| Fairview                         | 7,35                               | 2,45 | 2,45  | 4,71  | -     | ARN,BD,BR,NRG,SUM    |
| <b>East London</b>               |                                    |      |       |       |       |                      |
| Arcadia                          | -                                  | -    | -     | -     | -     | CAP,CHR              |
| Gately/Woodbrook                 | -                                  | -    | -     | -     | 3,50  | CAP,CHR              |
| Wilsonia                         | -                                  | -    | -     | -     | -     | CHR                  |
| Braelyn                          | -                                  | -    | -     | -     | -     | CHR                  |

**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|                           | Area size leased in m <sup>2</sup> |      |       |       |       | Panellist codes     |
|---------------------------|------------------------------------|------|-------|-------|-------|---------------------|
|                           | 250                                | 500  | 1.000 | 2.500 | 5.000 |                     |
| Northend                  | -                                  | -    | -     | -     | -     | CHR                 |
| Chiselhurst               | -                                  | -    | -     | -     | -     | CHR                 |
| Meisies Halt              | -                                  | -    | -     | -     | -     | CHR                 |
| Beacon Bay Industrial     | -                                  | -    | -     | -     | -     | CHR                 |
| IDZ                       | -                                  | -    | -     | -     | -     |                     |
| West Bank Industrial Area | -                                  | -    | -     | -     | -     | CHR                 |
| <b>Bloemfontein</b>       |                                    |      |       |       |       |                     |
| Hilton                    | 6,74                               | 6,37 | 5,19  | 6,53  | 4,50  | BR,ED,EK,EQV,NR     |
| East End                  | 6,62                               | 4,87 | 3,71  | 3,56  | 4,50  | BR,ED,EK,EQV,NR     |
| Harvey Road               | 6,41                               | 6,62 | 7,65  | 3,64  | 4,03  | BR,ED,EK,EQV,NR,PLA |
| Old Industrial            | 0,00                               | 4,09 | 4,40  | 5,52  | 5,76  | BR,ED,EK,EQV,NR     |
| Hamilton: Mill St         | 7,06                               | 4,40 | 2,14  | 1,50  | 3,56  | BR,ED,EK,EQV,NR,PLA |
| Hamilton: G Lubbe St      | 4,32                               | 4,50 | 1,50  | 1,79  | 2,96  | BR,ED,EK,EQV,PLA    |
| Estoire                   | 4,79                               | 3,10 | 3,49  | 5,12  | 6,83  | BR,ED,EK,EQV,NR     |
| Quaggafontein             | -                                  | 0,00 | 9,00  | 9,50  | -     | BR,EQV,PLA          |
| <b>George</b>             |                                    |      |       |       |       |                     |
| George Central            | 2,05                               | 2,05 | 2,36  | 3,30  | 4,92  | BVF,GRV,MUL         |
| Tamsui Industria          | 2,36                               | 2,94 | 2,36  | 2,62  | 4,08  | BVF,GRV,MUL         |
| Pacaltsdorp Industria     | 4,71                               | 5,25 | 3,09  | 2,05  | 3,40  | BVF,GRV,MUL         |
| <b>Pietermaritzburg</b>   |                                    |      |       |       |       |                     |
| Willowton                 | -                                  | -    | -     | -     | -     | HN                  |
| Mkondeni/Shortts Retreat  | -                                  | -    | -     | -     | -     | HN                  |
| Campsdrift                | -                                  | -    | -     | -     | -     | HN                  |
| Pietermaritzburg Central  | -                                  | -    | -     | -     | -     | HN                  |
| Rosedale/Allandale        | -                                  | -    | -     | -     | -     |                     |
| Howick                    | -                                  | -    | -     | -     | -     |                     |

**Table 7.3 (continued)**  
**Standard deviation from mean prime industrial market rentals**  
**as in 2020:1**

|                       | Area size leased in m <sup>2</sup> |     |       |       |       | Panellist codes |
|-----------------------|------------------------------------|-----|-------|-------|-------|-----------------|
|                       | 250                                | 500 | 1.000 | 2.500 | 5.000 |                 |
| <b>Lower Umfolozi</b> |                                    |     |       |       |       |                 |
| Empangeni             | -                                  | -   | -     | -     | -     | FO              |
| <b>Windhoek</b>       |                                    |     |       |       |       |                 |
| North                 | -                                  | -   | -     | -     | -     | TE              |
| Lafrenz               | -                                  | -   | -     | -     | -     | TE              |
| South                 | -                                  | -   | -     | -     | -     | TE              |
| Prosperita            | -                                  | -   | -     | -     | -     | TE              |



### Notes to the industrial rental tables

1. The rentals are the achievable or market rates for the quarter shown in the table heading, and these apply to industrial and warehouse space for the area sizes indicated. The rentals are the means (averages) of the rates as per our panels of experts in the various cities.
2. The rental rates assume gross leases, market escalation rates and leases of 3 to 5 years.
3. In terms of a gross lease, the tenant in a stand-alone building typically pays for only his utilities, like refuse removal, water, sewerage and electricity, as well as internal maintenance and maybe increases in rates and taxes. He provides and pays for his own security. All other expenses are for the account of the landlord. In a park, the tenant pays, in addition to his gross rental, his *pro rata* share of security costs, security lighting and landscaping.
4. The rental rates also apply to the office portion, where this is less than 10% of the total building area. This means we quote 'through rates'. (See Glossary – **Annexure 1.**) For larger office portions, the office rental is, as a rule of thumb, about 150% of the industrial rental rate.
5. Prime space is space that is easily lettable because it satisfies each of the following quality criteria:
  - a. Generally, in a good condition
  - b. Satisfactory macro-access (i.e. access to freeway)
  - c. Satisfactory micro-access (i.e. from street to building)
  - d. Proper loading facilities
  - e. Eaves >6,0 m (excluding micro-/mini-units)
  - f. On ground level
  - g. Adequate three-phase electrical power
  - h. Wide clear span of trusses (few internal pillars)
  - i. Roof insulation.

However, a building may have additional enhancements that could improve lettability by increasing the size of the potential tenant pool. Such enhancements could include sufficient office accommodation, adequate parking, sprinkler systems, masonry up to sill height, adequate floor loadings and sufficient yard space.

6. Secondary space is space that is not classifiable as prime because it does not satisfy all nine prerequisites for prime space listed above. Such space is typically old buildings or structures that have been haphazardly renovated. They would have poor access, too little yard space or office accommodation, inadequate goods lifts, no three-phase power and obsolete electrics and ablution facilities. Such space is often (but not exclusively) found in highly urbanised areas.
7. Vacancy scale for industrial nodes. The vacancy levels are based on a scale of 1 to 9 as shown below:

|       |        |       |
|-------|--------|-------|
| 1 2 3 | 4 5 6  | 7 8 9 |
| Low   | Medium | High  |

The scale should be interpreted as follows:

- 1 = low vacancy
- 2 = low vacancy

- 3 = low<sup>+</sup> vacancy
- 4 = medium<sup>-</sup> vacancy
- 5 = medium vacancy
- 6 = medium<sup>+</sup> vacancy
- 7 = high<sup>-</sup> vacancy
- 8 = high vacancy
- 9 = high<sup>+</sup> vacancy

Where: low = <5% vacancy;  
medium = 5%-10% vacancy;  
high = >10% vacancy.

Please note that with effect from quarter 2 of 2019 we have changed the percentages corresponding with the vacancy factors. The previous percentages were:

low = <10% vacancy  
medium = 10-20% vacancy  
high = >20% vacancy.

- 8. For notes on how to use a regression equation to interpolate a rental rate, see **Annexure 3**.

**Table 7.4**  
**Predominant market escalation rates (%)**  
**for industrial leases**  
**Average as in quarter 2020:1**

|                       | 5-year leases |      |    |
|-----------------------|---------------|------|----|
|                       | Mean          | SD   | n  |
| Central Witwatersrand | 8,00          | 0,00 | 9  |
| West Rand             | 8,06          | 0,17 | 8  |
| East Rand             | 8,11          | 0,29 | 11 |
| Far East Rand         | 8,01          | 0,54 | 7  |
| Pretoria              | 6,33          | 0,47 | 3  |
| Polokwane             | 7,00          | 0,71 | 4  |
| Nelspruit             | 6,83          | 0,37 | 6  |
| Durban                | 8,00          | 0,00 | 4  |
| Ladysmith             | -             | -    | -  |
| Lower Umfolozi        | 6,00          | -    | 1  |
| Cape Peninsula        | 7,89          | 0,57 | 9  |
| Helderberg            | 8,00          | -    | 1  |
| Stellenbosch          | -             | -    | -  |
| Port Elizabeth        | 7,25          | 0,25 | 4  |
| East London           | 7,00          | 0,00 | 2  |
| Bloemfontein          | 7,75          | 0,43 | 4  |
| George                | 7,33          | 0,47 | 3  |
| Pietermaritzburg      | 8,00          | 0,00 | 2  |
| Windhoek              | 8,00          | -    | 1  |

**Notes:**

1. These are the averages of the predominant — i.e. most often achieved — market escalation rates as reported by our panel of experts.

**Table 7.5**  
**Indicative operating expenses**  
**for industrial buildings**  
**As in quarter 2020:1 in rands per m<sup>2</sup> per month**

|                       | Stand-alone      |      |    | Park             |      |    |
|-----------------------|------------------|------|----|------------------|------|----|
|                       | R/m <sup>2</sup> | SD   | n  | R/m <sup>2</sup> | SD   | n  |
| Central Witwatersrand | 10,41            | 3,39 | 9  | 11,20            | 2,35 | 9  |
| West Rand             | 10,87            | 3,09 | 8  | 11,28            | 2,47 | 9  |
| East Rand             | 9,01             | 2,66 | 12 | 10,65            | 2,09 | 12 |
| Far East Rand         | 7,29             | 1,48 | 7  | 9,05             | 2,35 | 7  |
| Pretoria              | 14,33            | 1,70 | 3  | 15,00            | 3,56 | 3  |
| Polokwane             | 14,35            | 2,40 | 4  | 18,50            | 4,09 | 4  |
| Nelspruit             | 11,00            | 0,00 | 6  | 12,00            | 0,00 | 6  |
| Durban                | 15,50            | 0,50 | 2  | 20,00            | -    | 1  |
| Ladysmith             | -                | -    | -  | -                | -    | -  |
| Lower Umfolozi        | 12,06            | -    | 1  | -                | -    | -  |
| Cape Peninsula        | 12,00            | 1,58 | 4  | 11,24            | 2,80 | 4  |
| Helderberg            | 8,00             | -    | 1  | 9,50             | -    | 1  |
| Stellenbosch          | -                | -    | -  | -                | -    | -  |
| Port Elizabeth        | 8,50             | 1,50 | 2  | 9,25             | 2,25 | 2  |
| East London           | 20,00            | -    | 1  | 25,00            | -    | 1  |
| Bloemfontein          | 16,25            | 4,15 | 4  | 19,50            | 9,39 | 4  |
| George                | 9,00             | 0,82 | 3  | 12,00            | -    | 1  |
| Pietermaritzburg      | 16,00            | 5,00 | 2  | 14,50            | 0,50 | 2  |
| Windhoek              | 35,00            | -    | 1  | 30,00            | -    | 1  |

**Notes:** The operating expenses are estimates for the past 12 months and are as per our expert panellists in the various cities. The following items are included:

stand-alone buildings: rates and taxes and insurance (incl. Sasria) and

park buildings: as above, plus security, security lighting, landscaping and management.

Our heartfelt thanks to the companies that contributed to the industrial-market survey. By clicking on their logos, you will learn more about these panellists.





Chapter 8: Industrial stand values

# Stand-value growth slows

Kobus Lamprecht

Stand or land values tend to track industrial rental trends, which implies that poor market-rental growth translates into very poor stand-value growth, and strong market-rental growth results in very strong stand-value growth.

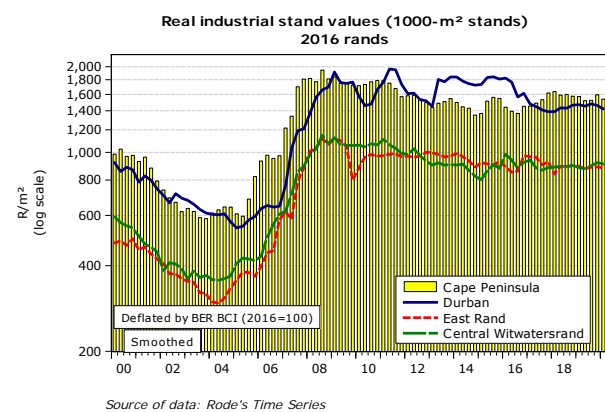
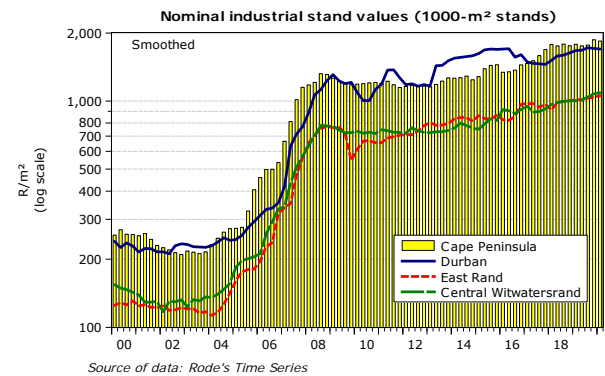
The explanation for this leveraging effect of rentals on stand values is demonstrated in the *pro forma* viability study depicted in **Table 8.1**. It shows how land values are estimated using the residual approach. Note the sensitivity of stand values to changes in market rentals. The principle is the same as financial gearing.

### Stand-value performance

In the first quarter of 2020, stand values grew nationally by a yearly rate of 4% in nominal terms, slowing from 5% in the fourth quarter of 2019. This implies that stand values declined in *real* terms after adjustment for building-cost inflation (BER BCI) of about 5%.

Regionally, the Central Witwatersrand recorded nominal stand-value growth of 9%, the best of the major industrial conurbations. However, its rental growth weakened at the beginning of 2020, after a stellar few quarters, which implies that stand values could slow eventually (see **Chapter 7**). Stand values rose by 3% in Cape Town, slower than the 6% pace at the end of 2019, while growing by 4% on the

East Rand. These growth rates are calculated on smoothed data. Note also the y-scale (vertical scale) of the graphs is in log form. The advantage of this is that we can now reliably compare the growth *rates* of the cities with each other. It so happens the cities' stand values run virtually parallel, meaning their trends (growth rates) have been about the same since circa 2009.



**Table 8.1**  
**Sensitivity of land value to changes in rent**  
 A simplistic viability study

|   | Scenario |      | % change |
|---|----------|------|----------|
|   | A        | B    |          |
| Market rent year 1 (net)                | R10      | R12  | +20%     |
| Capitalization rate                     | 10%      | 10%  |          |
| MV on completion (net rent capitalized) | R100     | R120 | +20%     |
| Construction costs                      | -R60     | -R60 | +0%      |
| Profit margin*                          | -R17     | -R20 | +18%     |
| Max value of land/stand†                | R23      | R40  | +74%     |

\* Assuming a constant profit margin of 20% of cost (i.e. construction costs and land costs)  
 † Thus, land value is a residual item in this viability study: it is the maximum the developer can afford to pay for the land.

The remainder of this chapter includes market values for level, serviced stands in named industrial areas. The tables showing industrial land values contain regression parameters to allow readers to interpolate land values for area sizes other than those given in the tables. This is necessary because the relationship between price and square metreage is not linear.

Normally, the larger an industrial stand, the cheaper the stand value per square metre. However, we find this is not always the case,

most likely due to a shortage or an oversupply in certain size categories.

For more details on how to use these equations, refer to **Annexure 3** (annexure page XII).

This concludes our chapter on industrial stand values. ■

PS: If you do not understand a term used in this article, please consult the Glossary (**Annexure 1**).



**Table 8.2**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                                      | Area size in m <sup>2</sup> |       |       |        | Land availability | a     | b      | r <sup>2</sup> |
|--------------------------------------|-----------------------------|-------|-------|--------|-------------------|-------|--------|----------------|
|                                      | 1.000                       | 2.000 | 5.000 | 10.000 |                   |       |        |                |
| <b>Central Witwatersrand</b>         |                             |       |       |        |                   |       |        |                |
| Cambridge Park                       | 1.300                       | 1.300 | 1.500 | 1.600  | 1,0               | 6,458 | 0,099  | 0,92           |
| Wynberg Proper                       | 1.600                       | 1.600 | 1.000 | 1.000  | 1,0               | 9,128 | -0,246 | 0,84           |
| Strijdom Park                        | 1.160                       | 1.160 | 1.160 | 1.160  | 1,3               | 7,056 | -      | -              |
| Kya Sand West                        | 800                         | 800   | 763   | 750    | 2,0               | 6,909 | -0,031 | 0,91           |
| Kya Sand East                        | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Lanseria Corporate Estate            | -                           | -     | -     | 942    | -                 | -     | -      | -              |
| Cosmo Business Park                  | -                           | -     | 700   | -      | -                 | -     | -      | -              |
| Mostyn Park                          | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Clayville/Olifantsfontein            | 650                         | 700   | 650   | 625    | 2,0               | 6,693 | -0,026 | 0,30           |
| Chloorkop                            | 867                         | 838   | 820   | 767    | 4,3               | 7,107 | -0,049 | 0,92           |
| Amalgam                              | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Crown Mines                          | 1.225                       | 1.225 | 1.225 | 1.225  | 3,0               | 7,111 | -      | -              |
| Industria                            | 1.050                       | 900   | 800   | 800    | 1,0               | 7,745 | -0,120 | 0,88           |
| Booyens/Booyens Reserve/Ophirton     | -                           | -     | -     | -      | 1,0               | -     | -      | -              |
| Village Main/Village Deep/New Centre | -                           | -     | -     | -      | 1,0               | -     | -      | -              |
| Benrose                              | 750                         | 750   | 750   | 750    | -                 | 6,620 | -      | -              |
| Steeledale/Electron/Tulisa Park      | 850                         | 850   | 725   | 725    | 1,0               | 7,338 | -0,083 | 0,84           |
| Aeroton                              | 1.050                       | 1.050 | 1.050 | 925    | 2,0               | 7,308 | -0,048 | 0,58           |
| Devland/Nancefield                   | 1.300                       | 1.300 | 1.000 | -      | 2,0               | -     | -      | -              |
| Cleveland/Heriotdale                 | 750                         | 750   | 750   | 750    | 1,0               | 6,620 | -      | -              |
| Newlands/Martindale                  | -                           | -     | -     | -      | 1,0               | -     | -      | -              |
| Kew/Wynberg East                     | 1.000                       | 1.000 | -     | -      | 1,0               | -     | -      | -              |
| Bramley View/Lombardy West           | 500                         | 500   | -     | -      | -                 | -     | -      | -              |
| Marlboro                             | 200                         | 200   | 150   | 150    | 1,0               | 6,370 | -0,151 | 0,84           |
| Halfway House: hi-tech strip         | 1.267                       | 1.267 | 1.150 | 1.023  | 1,3               | 7,830 | -0,095 | 0,89           |

**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|   | Area size in m <sup>2</sup> |              |              |            | Land availability | a     | b      | r <sup>2</sup> |
|---|-----------------------------|--------------|--------------|------------|-------------------|-------|--------|----------------|
|   | 1.000                       | 2.000        | 5.000        | 10.000     |                   |       |        |                |
| Halfway House: Richards Drive   | 1.233                       | 1.233        | 1.100        | 953        | 1,8               | 7,941 | -0,114 | 0,88           |
| Corporate Park (Midrand)  | -                           | -            | -            | -          | -                 | -     | -      | -              |
| Commercia   | 775                         | 775          | 800          | 825        | 1,3               | 6,449 | 0,028  | 0,90           |
| Kramerville/Eastgate Ext 12 & Ext 13                                  | 1.500                       | 1.500        | 1.500        | 1.300      | 1,1               | 7,710 | -0,054 | 0,58           |
| Linbro Park   | 1.476                       | 1.480        | 1.471        | 1.390      | 2,5               | 7,470 | -0,023 | 0,62           |
| Wesco Park/Eastgate Ext 3, Ext 11, Ext 6,<br>Ext8/Malboro North (New) | 2.500                       | 2.500        | 2.500        | -          | 1,0               | -     | -      | -              |
| City Deep   | 1.050                       | 1.133        | 1.133        | 1.133      | 1,5               | 6,783 | 0,029  | 0,58           |
| North Riding  | 1.093                       | 1.075        | 1.058        | 1.033      | 1,5               | 7,160 | -0,024 | 0,98           |
| Samrand Centurion   | 1.200                       | 1.200        | 1.200        | 1.200      | 3,0               | 7,090 | -      | -              |
| Barbeque Downs  | 1.100                       | 1.100        | 1.100        | 1.050      | 1,1               | 7,132 | -0,017 | 0,58           |
| Selby Ext 12/13/15/19/20/24/City West                                 | 700                         | 700          | 700          | 700        | -                 | 6,551 | -      | -              |
| Selby Ext 5/10/14/18  | -                           | -            | -            | 845        | 1,0               | -     | -      | -              |
| Selby Ext 11  | -                           | -            | -            | -          | -                 | -     | -      | -              |
| Selby Ext 3/4/6   | -                           | -            | -            | -          | -                 | -     | -      | -              |
| Denver (Old)  | 300                         | 300          | 300          | 300        | 2,0               | 5,704 | -      | -              |
| Denver (New)  | 850                         | 850          | 850          | 850        | 1,0               | 6,745 | -      | -              |
| Kyalami Business Park   | -                           | -            | -            | -          | -                 | -     | -      | -              |
| Reuven  | -                           | -            | -            | -          | 1,0               | -     | -      | -              |
| Selby (Old)/Selby Ext 2/Park Central                                  | -                           | -            | -            | -          | -                 | -     | -      | -              |
| Robertsham  | -                           | -            | -            | -          | 1,0               | -     | -      | -              |
| Fordsburg/Newtown   | -                           | -            | -            | -          | -                 | -     | -      | -              |
| Waterfall   | -                           | -            | -            | -          | -                 | -     | -      | -              |
| <b>Central Witwatersrand</b>  | <b>1.089</b>                | <b>1.083</b> | <b>1.063</b> | <b>992</b> | <b>1,6</b>        |       |        |                |
| <b>West Rand</b>  |                             |              |              |            |                   |       |        |                |
| Lea Glen  | 850                         | 800          | 800          | 765        | 1,0               | 7,007 | -0,040 | 0,85           |
| Honeydew Ext 19, 20, 21 & 22  | 950                         | 950          | 950          | 806        | 1,9               | 7,312 | -0,062 | 0,58           |

**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|   | Area size in m <sup>2</sup> |            |            |            | Land availability | a     | b      | r <sup>2</sup> |
|---|-----------------------------|------------|------------|------------|-------------------|-------|--------|----------------|
|   | 1.000                       | 2.000      | 5.000      | 10.000     |                   |       |        |                |
| Stormill                                  | 852                         | 824        | 812        | 812        | 2,5               | 6,878 | -0,020 | 0,81           |
| Chamdor                                   | 500                         | 450        | 400        | 345        | 1,0               | 7,303 | -0,157 | 0,99           |
| Factoria                                  | 800                         | 800        | 700        | 600        | 1,0               | 7,609 | -0,128 | 0,89           |
| Krugerdsorp: Delporton                    | 400                         | 400        | 350        | 290        | 1,0               | 7,010 | -0,141 | 0,87           |
| Randfontein: Aureus                       | 450                         | 400        | 350        | 320        | 1,0               | 7,122 | -0,148 | 1,00           |
| Boltonia                                  | 500                         | 500        | 450        | 390        | 1,0               | 7,004 | -0,109 | 0,88           |
| Roodepoort: Technikon/Manufacta           | 700                         | 700        | 600        | 600        | 1,0               | 7,125 | -0,081 | 0,84           |
| Industria North                           | 900                         | 800        | 800        | 800        | 1,0               | 7,070 | -0,044 | 0,58           |
| Robertville                               | 866                         | 845        | 840        | 813        | 1,4               | 6,932 | -0,025 | 0,91           |
| Laserpark                                 | 1.088                       | 1.058      | 1.020      | 1.025      | 1,9               | 7,177 | -0,028 | 0,88           |
| <b>West Rand</b>                          | <b>818</b>                  | <b>789</b> | <b>763</b> | <b>727</b> | <b>1,5</b>        |       |        |                |
| <b>East Rand</b>                          |                             |            |            |            |                   |       |        |                |
| Elandsfontein                             | 881                         | 882        | 862        | 806        | 1,4               | 7,050 | -0,037 | 0,77           |
| Tunney/Greenhills                         | 1.150                       | 1.137      | 1.070      | 1.010      | 1,2               | 7,459 | -0,058 | 0,95           |
| Henville                                  | 910                         | 890        | 820        | 770        | 1,0               | 7,343 | -0,075 | 0,97           |
| Hughes                                    | 1.300                       | 1.300      | 1.300      | 1.300      | 1,3               | 7,170 | -      | -              |
| Bartletts                                 | 1.250                       | 1.250      | 1.250      | 1.275      | 1,6               | 7,076 | 0,007  | 0,58           |
| Lilianton                                 | -                           | -          | -          | -          | -                 | -     | -      | -              |
| Meadowbrook/Wilbart                       | 1.160                       | 1.120      | 1.100      | 1.010      | 1,1               | 7,440 | -0,055 | 0,88           |
| Sunnyrock                                 | 1.160                       | 1.140      | 1.060      | 1.022      | 1,2               | 7,468 | -0,058 | 0,97           |
| Rustivia/Activia Park                     | 880                         | 880        | 840        | 786        | 1,1               | 7,137 | -0,049 | 0,87           |
| Eastleigh                                 | 1.013                       | 1.013      | 950        | 900        | 1,0               | 7,307 | -0,054 | 0,91           |
| Sebenza Ext 14                            | 1.100                       | 1.067      | 967        | 900        | 1,0               | 7,638 | -0,090 | 0,98           |
| Spartan Ext 16 (Sebenza Link) + Ext 1,3,7 | 900                         | 900        | 906        | 870        | 1,0               | 6,890 | -0,012 | 0,41           |
| Isando                                    | 1.000                       | 1.000      | 993        | 986        | 1,7               | 6,954 | -0,006 | 0,89           |
| Isando 3                                  | 1.000                       | 1.000      | 978        | 930        | 1,0               | 7,131 | -0,031 | 0,82           |

**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                              | Area size in m <sup>2</sup> |              |            |            | Land availability | a     | b      | r <sup>2</sup> |
|------------------------------|-----------------------------|--------------|------------|------------|-------------------|-------|--------|----------------|
|                              | 1.000                       | 2.000        | 5.000      | 10.000     |                   |       |        |                |
| Jet Park                     | 1.293                       | 1.293        | 1.264      | 1.200      | 1,4               | 7,393 | -0,031 | 0,81           |
| Alrode & Xs                  | 863                         | 850          | 736        | 667        | 1,3               | 7,602 | -0,118 | 0,94           |
| Alrode South                 | 696                         | 700          | 638        | 613        | 1,9               | 6,992 | -0,062 | 0,90           |
| Alberton                     | 883                         | 883          | 783        | 717        | 1,8               | 7,478 | -0,096 | 0,92           |
| Aeroport/Spartan Ext 2       | 1.250                       | 1.250        | 1.100      | 963        | 1,0               | 7,977 | -0,117 | 0,90           |
| Delville                     | 625                         | 580          | 625        | 625        | 1,0               | 6,330 | 0,011  | 0,09           |
| Roodekop                     | 800                         | 767          | 667        | 477        | 1,6               | 8,232 | -0,215 | 0,86           |
| Wadeville: Industrial zoning | 850                         | 827          | 700        | 550        | 2,3               | 8,096 | -0,188 | 0,91           |
| Route 24/Meadowdale          | 1.200                       | 1.200        | 1.075      | 1.050      | 1,5               | 7,565 | -0,067 | 0,90           |
| Germiston S/Industries E     | 600                         | 583          | 583        | 550        | 1,7               | 6,624 | -0,033 | 0,81           |
| Driehoek/Industries W        | 850                         | 850          | 800        | 775        | 1,0               | 7,059 | -0,044 | 0,92           |
| Knights                      | 550                         | 550          | 550        | 550        | 1,0               | 6,310 | -      | -              |
| Spartan Proper               | 1.190                       | 1.100        | 980        | 930        | 2,0               | 7,835 | -0,110 | 0,99           |
| Founders View                | 1.280                       | 1.280        | 1.240      | 1.100      | 1,1               | 7,605 | -0,062 | 0,75           |
| Longmeadow                   | 1.460                       | 1.460        | 1.400      | 1.353      | 1,5               | 7,536 | -0,035 | 0,91           |
| Pomona/Kempton Park          | 1.157                       | 1.171        | 1.050      | 991        | 3,6               | 7,593 | -0,074 | 0,88           |
| Gosforth Park                | 1.254                       | 1.254        | 1.246      | 1.246      | 3,8               | 7,159 | -0,004 | 0,84           |
| S&J Industrial Estate        | 1.325                       | 1.250        | 1.250      | 1.225      | 6,0               | 7,378 | -0,029 | 0,77           |
| <b>East Rand</b>             | <b>1.061</b>                | <b>1.053</b> | <b>990</b> | <b>934</b> | <b>1,6</b>        |       |        |                |
| <b>Far East Rand</b>         |                             |              |            |            |                   |       |        |                |
| Boksburg North & East        | 900                         | 825          | 750        | 700        | 2,7               | 7,546 | -0,108 | 1,00           |
| Benoni South                 | 650                         | 630          | 680        | 680        | 2,0               | 6,264 | 0,028  | 0,59           |
| New Era/Vulcania             | 550                         | 550          | 550        | 550        | 4,0               | 6,310 | -      | -              |
| Nuffield                     | 650                         | 550          | 550        | 550        | 4,0               | 6,856 | -0,063 | 0,58           |
| Fulcrum                      | -                           | -            | -          | -          | -                 | -     | -      | -              |
| Apex                         | 825                         | 800          | 750        | 725        | 4,5               | 7,120 | -0,058 | 0,99           |

**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                              | Area size in m <sup>2</sup> |            |            |            | Land availability | a     | b      | r <sup>2</sup> |
|------------------------------|-----------------------------|------------|------------|------------|-------------------|-------|--------|----------------|
|                              | 1.000                       | 2.000      | 5.000      | 10.000     |                   |       |        |                |
| Labore Brakpan               | 500                         | 500        | 450        | 450        | 2,0               | 6,607 | -0,055 | 0,84           |
| Morehill Ext 8 Benoni        | 800                         | 800        | 800        | 700        | 1,0               | 7,055 | -0,050 | 0,58           |
| <b>Far East Rand</b>         | <b>733</b>                  | <b>698</b> | <b>678</b> | <b>642</b> | <b>3,0</b>        |       |        |                |
| <b>Pretoria</b>              |                             |            |            |            |                   |       |        |                |
| Charlotte Maxeke             | 800                         | 800        | 800        | 800        | -                 | 6,685 | -      | -              |
| Pretoria Industrial Township | 500                         | 500        | 500        | 500        | -                 | 6,215 | -      | -              |
| Koedoespoort                 | 1000                        | 900        | 800        | 750        | 1,0               | 7,765 | -0,125 | 0,99           |
| Waltloo/Despatch             | 900                         | 850        | 850        | 825        | 1,0               | 7,015 | -0,033 | 0,82           |
| Silverton/Silvertondale      | 900                         | 800        | 650        | 700        | 4,0               | 7,638 | -0,125 | 0,77           |
| Samcor Park                  | 900                         | 900        | 900        | 750        | 1,0               | 7,308 | -0,068 | 0,58           |
| Sunderland Ridge             | 750                         | 750        | 700        | 700        | 6,0               | 6,877 | -0,036 | 0,84           |
| Hermanstad                   | 800                         | 800        | 800        | 800        | -                 | 6,685 | -      | -              |
| Kirkney                      | 500                         | 500        | 500        | 500        | 2,0               | 6,215 | -      | -              |
| Hennospark Ext 15 & Ext 7    | 1.385                       | 1.385      | 1.350      | 1.350      | 1,0               | 7,329 | -0,013 | 0,84           |
| Gateway                      | 1.250                       | 1.250      | 1.250      | 1.250      | 1,0               | 7,131 | -      | -              |
| Lytelton Manor Ext 4/Ext 6   | 600                         | 600        | 600        | 600        | -                 | 6,397 | -      | -              |
| Pretoria North               | 550                         | 550        | 550        | 550        | -                 | 6,310 | -      | -              |
| Silvertondale X1             | 900                         | 800        | 600        | 600        | 4,0               | 8,141 | -0,195 | 0,92           |
| Klerksoord                   | 500                         | 500        | 500        | 250        | 2,0               | 8,136 | -0,260 | 0,58           |
| Rossllyn                     | 650                         | 650        | 600        | 400        | 3,0               | 7,899 | -0,194 | 0,71           |
| Centurion                    | 1.250                       | 1.250      | 1.250      | 1.250      | 2,0               | 7,131 | -      | -              |
| <b>Pretoria</b>              | <b>901</b>                  | <b>878</b> | <b>842</b> | <b>817</b> | <b>2,2</b>        |       |        |                |
| <b>Polokwane</b>             |                             |            |            |            |                   |       |        |                |
| Lebowakgomo                  | -                           | -          | -          | -          | -                 | -     | -      | -              |
| Superbia                     | -                           | -          | -          | -          | 2,0               | -     | -      | -              |

**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|  | Area size in m <sup>2</sup> |            |            |            | Land availability | a     | b      | r <sup>2</sup> |
|--|-----------------------------|------------|------------|------------|-------------------|-------|--------|----------------|
|  | 1.000                       | 2.000      | 5.000      | 10.000     |                   |       |        |                |
| Industria                                    | -                           | 550        | 550        | -          | 2,0               | -     | -      | -              |
| Ladine                                       | -                           | 700        | -          | -          | 3,5               | -     | -      | -              |
| Futura                                       | -                           | -          | -          | -          | 2,0               | -     | -      | -              |
| Laboria                                      | -                           | -          | -          | -          | 2,0               | -     | -      | -              |
| Magna Via                                    | 935                         | 895        | 950        | 850        | 2,8               | 7,026 | -0,027 | 0,30           |
| Seshego                                      | -                           | -          | -          | -          | 4,0               | -     | -      | -              |
| <b>Polokwane</b>                             | -                           | <b>773</b> | <b>750</b> | -          | <b>2,7</b>        |       |        |                |
| <b>Nelspruit</b>                             |                             |            |            |            |                   |       |        |                |
| Nelspruit East                               | -                           | -          | -          | -          | -                 | -     | -      | -              |
| Nelspruit West                               | 430                         | 430        | 430        | 430        | -                 | 6,064 | -      | -              |
| Rocky's Drift                                | 450                         | 430        | 430        | 450        | 1,0               | 6,087 | -      | -              |
| Riverside Park                               | 1.185                       | 1.185      | 1.185      | 1.185      | 2,0               | 7,078 | -      | -              |
| <b>Nelspruit</b>                             | <b>809</b>                  | <b>808</b> | <b>808</b> | <b>809</b> | <b>1,9</b>        |       |        |                |
| <b>Durban</b>                                |                             |            |            |            |                   |       |        |                |
| Springfield Park                             | -                           | -          | -          | 2.000      | 1,0               | -     | -      | -              |
| Mayville                                     | -                           | -          | -          | -          | 1,0               | -     | -      | -              |
| Phoenix                                      | -                           | -          | -          | -          | 2,0               | -     | -      | -              |
| Chris Hani Rd (North Coast/Briardene)        | -                           | -          | -          | -          | 1,0               | -     | -      | -              |
| Briardene Industrial Park                    | -                           | -          | -          | -          | 1,0               | -     | -      | -              |
| Umgeni Rd/Stamford Hill                      | -                           | -          | -          | -          | 1,0               | -     | -      | -              |
| Umbilo/Sydney Rd/Magwaza Maphalala St (Gale) | -                           | -          | -          | -          | 1,0               | -     | -      | -              |
| Jacobs                                       | -                           | -          | -          | -          | 1,0               | -     | -      | -              |
| Mobeni                                       | -                           | -          | -          | -          | 1,0               | -     | -      | -              |
| Prospecton                                   | -                           | -          | -          | 1.600      | 1,0               | -     | -      | -              |

**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                                   | Area size in m <sup>2</sup> |       |       |        | Land availability | a     | b      | r <sup>2</sup> |
|-----------------------------------|-----------------------------|-------|-------|--------|-------------------|-------|--------|----------------|
|                                   | 1.000                       | 2.000 | 5.000 | 10.000 |                   |       |        |                |
| Ithala Industrial Estate          | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Pinetown Central                  | -                           | -     | 1.500 | 1.500  | 1,0               | -     | -      | -              |
| New Germany                       | -                           | -     | 1.500 | 1.500  | 1,0               | -     | -      | -              |
| Isipingo                          | -                           | -     | 1.200 | -      | 2,0               | -     | -      | -              |
| Rosburgh/South Coast Rd           | -                           | -     | -     | -      | 1,0               | -     | -      | -              |
| Edwin Swales Drive                | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Glen Anil                         | -                           | -     | -     | -      | 2,0               | -     | -      | -              |
| Felix Dlamini Rd (Brickfield)     | -                           | -     | -     | -      | 1,0               | -     | -      | -              |
| Verulam                           | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Canelands                         | -                           | -     | -     | 600    | 4,0               | -     | -      | -              |
| Tongaat                           | -                           | -     | -     | -      | -                 | -     | -      | -              |
| New Westmead/Mahogany             | -                           | -     | 1.600 | -      | 1,0               | -     | -      | -              |
| Westmead                          | -                           | -     | 1.600 | -      | 1,0               | -     | -      | -              |
| Mariann Park/Southmead            | -                           | -     | 1.400 | 1.400  | 3,0               | -     | -      | -              |
| Maxmead                           | -                           | -     | 1.650 | -      | 1,0               | -     | -      | -              |
| Ringroad Industrial Park          | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Avoca/Red Hill/Northgate          | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Falcon Park                       | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Riverhorse Valley Business Estate | -                           | -     | 2.500 | -      | 1,0               | -     | -      | -              |
| Mount Edgecombe                   | 2.000                       | 2.000 | 2.000 | 1.738  | 1,0               | 7,991 | -0,053 | 0,58           |
| Umbogintwini/Southgate            | 2.000                       | 2.000 | 1.750 | 1.500  | 2,5               | 8,525 | -0,128 | 0,89           |
| Southgate Industrial Park         | 2.500                       | 2.500 | 2.000 | 1.500  | 1,5               | 9,452 | -0,225 | 0,88           |
| Umgeni Park                       | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Hammersdale                       | -                           | 1.000 | 1.000 | 600    | 4,0               | -     | -      | -              |
| Cato Ridge                        | -                           | -     | 1.000 | 800    | 4,0               | -     | -      | -              |





**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                                   | Area size in m <sup>2</sup> |       |       |        | Land availability | a     | b      | r <sup>2</sup> |
|-----------------------------------|-----------------------------|-------|-------|--------|-------------------|-------|--------|----------------|
|                                   | 1.000                       | 2.000 | 5.000 | 10.000 |                   |       |        |                |
| Diep River                        | -                           | -     | -     | -      | 1,0               | -     | -      | -              |
| Elfindale                         | -                           | -     | -     | -      | 1,0               | -     | -      | -              |
| Monwood/Philippi                  | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Retreat/Steenberg                 | -                           | -     | -     | -      | 1,0               | -     | -      | -              |
| Capricorn Park                    | 1.700                       | 1.700 | 1.700 | -      | 1,0               | -     | -      | -              |
| Maitland                          | 2.100                       | 2.033 | 2.125 | 2.050  | 1,2               | 7,658 | -0,003 | 0,01           |
| Ndabeni                           | 2.500                       | 2.400 | 2.375 | 2.300  | 1,0               | 8,045 | -0,033 | 0,93           |
| Epping 1 & 2                      | 2.500                       | 2.500 | 2.000 | 2.000  | -                 | 8,655 | -0,117 | 0,84           |
| WP Park                           | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Elsies River (excl. Central Park) | 1.200                       | 1.200 | 1.150 | 1.150  | 1,0               | 7,249 | -0,022 | 0,84           |
| Parow Beaconvale                  | 1.633                       | 1.500 | 1.433 | 1.400  | 1,3               | 7,826 | -0,065 | 0,92           |
| Tygerberg Business Park           | 1.800                       | 1.700 | 1.500 | 1.400  | 1,0               | 8,283 | -0,113 | 0,99           |
| Parow Industria                   | 1.775                       | 1.650 | 1.600 | 1.600  | 1,7               | 7,762 | -0,044 | 0,81           |
| Parow East                        | 2.000                       | 1.800 | 1.500 | 1.200  | 1,0               | 9,138 | -0,219 | 0,98           |
| Bellville Oakdale                 | -                           | -     | -     | -      | -                 | -     | -      | -              |
| Bellville Stikland/Kaymor         | 1.888                       | 1.838 | 1.800 | 1.800  | 2,1               | 7,681 | -0,021 | 0,88           |
| Bellville Triangle                | 1.525                       | 1.525 | 1.500 | 1.467  | 2,0               | 7,454 | -0,017 | 0,88           |
| Bellville South/Sacks Circle      | 1.525                       | 1.525 | 1.500 | 1.450  | 2,3               | 7,485 | -0,021 | 0,83           |
| Kraaifontein                      | 1.450                       | 1.450 | 1.300 | 1.000  | 1,5               | 8,413 | -0,156 | 0,81           |
| Brackenfell Industria             | 1.830                       | 1.810 | 1.740 | 1.650  | 2,0               | 7,831 | -0,045 | 0,93           |
| Everite Brackenfell               | 1.900                       | 1.900 | 1.800 | 1.750  | 2,0               | 7,829 | -0,039 | 0,92           |
| Kuils River                       | 1.300                       | 1.250 | 1.000 | -      | -                 | -     | -      | -              |
| Blackheath                        | 867                         | 850   | 800   | 700    | 2,0               | 7,405 | -0,089 | 0,87           |
| Saxenburg Industrial Park         | 1.900                       | 1.850 | 1.750 | 1.600  | 1,0               | 8,066 | -0,073 | 0,94           |
| Okavango                          | 2.000                       | 2.000 | 1.800 | 1.800  | 2,5               | 7,993 | -0,055 | 0,84           |



**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                                  | Area size in m <sup>2</sup> |            |            |            | Land availability | a     | b      | r <sup>2</sup> |
|----------------------------------|-----------------------------|------------|------------|------------|-------------------|-------|--------|----------------|
|                                  | 1.000                       | 2.000      | 5.000      | 10.000     |                   |       |        |                |
| Klapmuts                         | -                           | -          | -          | -          | -                 | -     | -      | -              |
| <b>Stellenbosch</b>              | -                           | -          | -          | -          | -                 | -     | -      | -              |
| <b>Port Elizabeth</b>            |                             |            |            |            |                   |       |        |                |
| Deal Party                       | 650                         | 650        | 650        | 700        | 1,8               | 6,272 | 0,028  | 0,58           |
| North End                        | 800                         | 800        | 792        | 738        | 1,7               | 6,920 | -0,032 | 0,68           |
| Korsten/Neave/Sidwell/Sydenham   | 783                         | 783        | 725        | 700        | 2,3               | 7,049 | -0,054 | 0,92           |
| South End Walmer                 | 850                         | 850        | 850        | 825        | 1,1               | 6,828 | -0,011 | 0,58           |
| Uitenhage: Volkswagen area/NMBLP | 275                         | 275        | 250        | 283        | 8,0               | 5,625 | -0,003 | 0,00           |
| Uitenhage: Hella/Kruisrivier     | 210                         | 210        | 217        | 250        | 6,0               | 4,834 | 0,070  | 0,72           |
| Struandale                       | 550                         | 550        | 550        | 550        | 3,3               | 6,310 | -      | -              |
| Markman Township                 | 207                         | 217        | 250        | 233        | 7,0               | 4,882 | 0,067  | 0,65           |
| Perseverance                     | 400                         | 400        | 400        | 400        | 5,0               | 5,992 | -      | -              |
| Walmer                           | 1.033                       | 1.033      | 800        | 800        | 2,9               | 7,894 | -0,134 | 0,84           |
| Greenbushes                      | 450                         | 450        | 417        | 425        | 4,3               | 6,341 | -0,033 | 0,71           |
| Fairview                         | 1.000                       | 1.038      | 1.125      | 1.125      | 3,2               | 6,523 | 0,056  | 0,92           |
| <b>Port Elizabeth</b>            | <b>601</b>                  | <b>634</b> | <b>574</b> | <b>573</b> | <b>3,4</b>        |       |        |                |
| <b>East London</b>               |                             |            |            |            |                   |       |        |                |
| Arcadia                          | 1.150                       | 800        | 600        | 450        | -                 | 9,741 | -0,395 | 0,99           |
| Gately/Woodbrook                 | 550                         | 400        | 500        | 400        | 2,0               | 6,821 | -0,086 | 0,29           |
| Wilsonia                         | 200                         | 180        | 150        | 100        | 5,0               | 7,340 | -0,287 | 0,91           |
| Braelyn                          | 500                         | 400        | 300        | 200        | 1,0               | 8,917 | -0,387 | 0,98           |
| Northend                         | 550                         | 450        | 350        | 250        | 1,0               | 8,634 | -0,333 | 0,98           |
| Chiselhurst                      | 550                         | 500        | 400        | 300        | 1,0               | 8,155 | -0,261 | 0,96           |
| Meisies Halt                     | 750                         | 700        | 500        | 440        | 5,0               | 8,384 | -0,250 | 0,96           |
| Beacon Bay Industrial            | 750                         | 600        | -          | -          | 1,0               | -     | -      | -              |

**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                           | Area size in m <sup>2</sup> |            |            |            | Land availability | a     | b      | r <sup>2</sup> |
|---------------------------|-----------------------------|------------|------------|------------|-------------------|-------|--------|----------------|
|                           | 1.000                       | 2.000      | 5.000      | 10.000     |                   |       |        |                |
| IDZ                       | -                           | -          | -          | -          | -                 | -     | -      | -              |
| West Bank Industrial Area | -                           | -          | -          | -          | -                 | -     | -      | -              |
| <b>East London</b>        | <b>625</b>                  | <b>504</b> | <b>400</b> | <b>306</b> | <b>2,3</b>        |       |        |                |
| <b>Bloemfontein</b>       |                             |            |            |            |                   |       |        |                |
| Hilton                    | -                           | -          | 450        | 450        | 2,0               | -     | -      | -              |
| East End                  | 960                         | 975        | 750        | 680        | 2,5               | 8,080 | -0,168 | 0,90           |
| Harvey Road               | -                           | -          | 550        | 550        | 2,0               | -     | -      | -              |
| Old Industrial            | -                           | -          | 350        | 350        | 4,0               | -     | -      | -              |
| Hamilton: Mill St         | -                           | -          | 500        | 500        | 1,0               | -     | -      | -              |
| Hamilton: G Lubbe St      | -                           | -          | 500        | 500        | 1,0               | -     | -      | -              |
| Estoire                   | 1.000                       | 1.000      | 743        | 617        | 5,0               | 8,530 | -0,226 | 0,92           |
| Quaggafontein             | -                           | -          | 870        | 950        | 7,0               | -     | -      | -              |
| <b>Bloemfontein</b>       | <b>970</b>                  | <b>983</b> | <b>643</b> | <b>605</b> | <b>3,0</b>        |       |        |                |
| <b>George</b>             |                             |            |            |            |                   |       |        |                |
| George Central            | 467                         | 400        | 377        | 375        | 4,0               | 6,732 | -0,091 | 0,81           |
| Tamsui Industria          | 458                         | 410        | 370        | 350        | 4,0               | 6,917 | -0,116 | 0,98           |
| Pacaltsdorp Industria     | 448                         | 400        | 360        | 350        | 4,0               | 6,835 | -0,109 | 0,95           |
| <b>George</b>             | <b>458</b>                  | <b>403</b> | <b>369</b> | <b>358</b> | <b>4,0</b>        |       |        |                |
| <b>Pietermaritzburg</b>   |                             |            |            |            |                   |       |        |                |
| Willowton                 | 875                         | 850        | 675        | 600        | 2,0               | 8,025 | -0,176 | 0,95           |
| Mkondeni/Shortts Retreat  | 550                         | 525        | 475        | 425        | 4,0               | 7,097 | -0,112 | 0,97           |
| Camps Drift               | 500                         | 490        | 435        | 375        | 3,0               | 7,115 | -0,126 | 0,92           |
| Pietermaritzburg Central  | 1.100                       | 1.100      | 1.000      | 800        | 1,0               | 7,976 | -0,134 | 0,81           |
| Rosedale/Allandale        | 1.200                       | 1.100      | 850        | 700        | 1,0               | 8,786 | -0,241 | 0,98           |
| Howick                    | 500                         | 500        | 400        | 350        | 5,0               | 7,416 | -0,167 | 0,92           |
| <b>Pietermaritzburg</b>   | <b>739</b>                  | <b>714</b> | <b>602</b> | <b>517</b> | <b>2,8</b>        |       |        |                |

**Table 8.2 (continued)**  
**Mean market values for serviced and level industrial stands in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                       | Area size in m <sup>2</sup> |              |              |              | Land availability | a     | b      | r <sup>2</sup> |
|-----------------------|-----------------------------|--------------|--------------|--------------|-------------------|-------|--------|----------------|
|                       | 1.000                       | 2.000        | 5.000        | 10.000       |                   |       |        |                |
| <b>Lower Umfolozi</b> |                             |              |              |              |                   |       |        |                |
| Empangeni             | -                           | -            | -            | -            | -                 | -     | -      | -              |
| <b>Lower Umfolozi</b> |                             |              |              |              |                   |       |        |                |
| <b>Windhoek</b>       |                             |              |              |              |                   |       |        |                |
| North                 | 2.200                       | 2.200        | 2.000        | 1.700        | 1,0               | 8,502 | -0,111 | 0,85           |
| Lafrenz               | 2.100                       | 1.900        | 1.900        | 1.500        | 4,0               | 8,532 | -0,126 | 0,80           |
| South                 | 3.300                       | 3.300        | 2.800        | 2.600        | 1,0               | 8,919 | -0,114 | 0,92           |
| Prosperita            | 2.500                       | 2.500        | 2.300        | 1.800        | 1,0               | 8,814 | -0,136 | 0,78           |
| <b>Windhoek</b>       | <b>2.525</b>                | <b>2.475</b> | <b>2.250</b> | <b>1.900</b> | <b>1,8</b>        |       |        |                |

**Table 8.3**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                                      | Area size in m <sup>2</sup> |        |        |        | Panellist codes   |
|--------------------------------------|-----------------------------|--------|--------|--------|-------------------|
|                                      | 1.000                       | 2.000  | 5.000  | 10.000 |                   |
| <b>Central Witwatersrand</b>         |                             |        |        |        |                   |
| Cambridge Park                       | -                           | -      | -      | -      | SHP               |
| Wynberg Proper                       | 400,00                      | 400,00 | -      | -      | AP,OS,SHP         |
| Strijdom Park                        | 185,47                      | 185,47 | 185,47 | 185,47 | AP,AV,OSO,SHP,WHF |
| Kya Sand West                        | 141,42                      | 141,42 | 147,37 | 154,11 | AP,AV,SHP,WHF     |
| Kya Sand East                        | -                           | -      | -      | -      |                   |
| Lanseria Corporate Estate            | -                           | -      | -      | -      | CPS               |
| Cosmo Business Park                  | -                           | -      | -      | -      | CPS               |
| Mostyn Park                          | -                           | -      | -      | -      |                   |
| Clayville/Olifantsfontein            | -                           | -      | -      | -      | SHP               |
| Chloorkop                            | 102,74                      | 54,49  | 54,31  | 23,57  | AP,OS,PPR,SHP     |
| Amalgam                              | -                           | -      | -      | -      |                   |
| Crown Mines                          | 425,00                      | 425,00 | 425,00 | 425,00 | AP,AV             |
| Industria                            | 250,00                      | 100,00 | -      | -      | AP,AV             |
| Booyens/Booyens Reserve/Ophirton     | -                           | -      | -      | -      | AP                |
| Village Main/Village Deep/New Centre | -                           | -      | -      | -      | AP                |
| Benrose                              | -                           | -      | -      | -      | RO                |
| Steeledale/Electron/Tulisa Park      | 81,65                       | 81,65  | 25,00  | 25,00  | AP,GB,RO          |
| Aeroton                              | 200,00                      | 200,00 | 200,00 | 75,00  | AP,AV             |
| Devland/Nancefield                   | -                           | -      | -      | -      | AP                |
| Cleveland/Heriotdale                 | -                           | -      | -      | -      | RO                |
| Newlands/Martindale                  | -                           | -      | -      | -      | AP                |
| Kew/Wynberg East                     | -                           | -      | -      | -      | AP,OS             |
| Bramley View/Lombardy West           | -                           | -      | -      | -      | AP                |
| Marlboro                             | -                           | -      | -      | -      | AP                |
| Halfway House: hi-tech strip         | 84,98                       | 84,98  | 147,20 | 265,09 | AP,CPS,OSO,SHP,WP |

**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|   | Area size in m <sup>2</sup> |        |        |        | Panellist codes          |
|---|-----------------------------|--------|--------|--------|--------------------------|
|   | 1.000                       | 2.000  | 5.000  | 10.000 |                          |
| Halfway House: Richards Drive   | 94,28                       | 94,28  | 141,42 | 262,26 | AP,CPS,OSO,SHP           |
| Corporate Park (Midrand)  | -                           | -      | -      | -      | AP,SHP                   |
| Commercia   | 25,00                       | 25,00  | 0,00   | 25,00  | AP,OSO,SHP               |
| Kramerville/Eastgate Ext 12 & Ext 13                                  | 300,00                      | 300,00 | 300,00 | 200,00 | AP,AV,OS,OSO,PPR,RES,SHP |
| Linbro Park   | 74,19                       | 74,83  | 148,46 | 128,06 | AP                       |
| Wesco Park/Eastgate Ext 3, Ext 11, Ext 6,<br>Ext8/Malboro North (New) | -                           | -      | -      | -      |                          |
| City Deep   | 108,01                      | 131,23 | 131,23 | 131,23 | AP,AV,RO                 |
| North Riding  | 90,38                       | 90,14  | 99,59  | 98,33  | AP,AV,CPS,SHP,WHF        |
| Samrand Centurion   | 81,65                       | 81,65  | 81,65  | 81,65  | AP,OSO,SHP               |
| Barbeque Downs  | -                           | -      | -      | 50,00  | AP,SHP,WP                |
| Selby Ext 12/13/15/19/20/24/City West                                 | -                           | -      | -      | -      | AP                       |
| Selby Ext 5/10/14/18  | -                           | -      | -      | -      | AP                       |
| Selby Ext 11  | -                           | -      | -      | -      |                          |
| Selby Ext 3/4/6   | -                           | -      | -      | -      |                          |
| Denver (Old)  | -                           | -      | -      | -      | RO                       |
| Denver (New)  | -                           | -      | -      | -      | RO                       |
| Kyalami Business Park   | -                           | -      | -      | -      | AP                       |
| Reuven  | -                           | -      | -      | -      |                          |
| Selby (Old)/Selby Ext2/Park Central                                   | -                           | -      | -      | -      | AP                       |
| Robertsham  | -                           | -      | -      | -      |                          |
| Fordsburg/Newtown   | -                           | -      | -      | -      |                          |
| Waterfall   | -                           | -      | -      | -      |                          |
| <b>West Rand</b>  |                             |        |        |        |                          |
| Lea Glen  | 50,00                       | 0,00   | 0,00   | 15,00  | AP,SHP                   |
| Honeydew Ext 19, 20, 21 & 22  | 180,28                      | 180,28 | 180,28 | 284,51 | AP,AV,OSO,RES,SHP        |

**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|   | Area size in m <sup>2</sup> |        |        |        | Panellist codes             |
|---|-----------------------------|--------|--------|--------|-----------------------------|
|   | 1.000                       | 2.000  | 5.000  | 10.000 |                             |
| Stormill                                  | 114,09                      | 117,92 | 107,59 | 107,59 | AP,AV,FAW,SHP,WHF           |
| Chamdor                                   | 0,00                        | 50,00  | 50,00  | 45,00  | AP,WHF                      |
| Factoria                                  | -                           | -      | -      | -      | AP                          |
| Krugerdsdorp: Delporton                   | -                           | -      | -      | -      | AP                          |
| Randfontein: Aureus                       | 50,00                       | 0,00   | 0,00   | 30,00  | AP,WHF                      |
| Boltonia                                  | -                           | -      | -      | -      | AP                          |
| Roodepoot: Technikon/Manufacta            | -                           | -      | -      | -      | AP                          |
| Industria North                           | 100,00                      | 0,00   | -      | -      | AP,AV                       |
| Robertville                               | 73,65                       | 79,12  | 66,33  | 57,58  | AP,AV,FAW,SHP,WHF           |
| Laserpark                                 | 89,27                       | 82,94  | 110,45 | 108,97 | AP,AV,OSO,SHP,WHF           |
| <b>East Rand</b>                          |                             |        |        |        |                             |
| Elandsfontein                             | 68,82                       | 67,19  | 45,98  | 33,72  | CG,GB,PPR,SHP,SWI,WHF       |
| Tunney/Greenhills                         | 95,74                       | 73,41  | 74,83  | 111,36 | CG,MR,PPR,SHP,SWI,WHF       |
| Henville                                  | 80,00                       | 73,48  | 128,84 | 166,13 | CG,PPR,SHP,SWI,WHF          |
| Hughes                                    | 141,42                      | 141,42 | 141,42 | 141,42 | AP,PPR,WHF                  |
| Bartletts                                 | 70,71                       | 70,71  | 70,71  | 75,00  | AP,MR,PPR,WHF               |
| Lilianton                                 | -                           | -      | -      | -      |                             |
| Meadowbrook/Wilbart                       | 80,00                       | 74,83  | 63,25  | 128,06 | CG,PPR,SHP,SWI,WHF          |
| Sunnyrock                                 | 80,00                       | 48,99  | 80,00  | 119,73 | CG,PPR,SHP,SWI,WHF          |
| Rustivia/Activia Park                     | 67,82                       | 67,82  | 37,42  | 37,20  | CG,PPR,SHP,SWI,WHF          |
| Eastleigh                                 | 113,88                      | 113,88 | 35,36  | 35,36  | CG,PPR,SWI,WHF              |
| Sebenza Ext 14                            | 141,42                      | 124,72 | 47,14  | 0,00   | CG,MR,SWI                   |
| Spartan Ext 16 (Sebenza Link) + Ext 1,3,7 | 35,36                       | 35,36  | 42,24  | 24,49  | AP,CG,CPS,PPR,SWI,WHF       |
| Isando                                    | 0,00                        | 0,00   | 14,91  | 58,03  | AP,AV,CG,PPR,SHP,SWI,WHF    |
| Isando 3                                  | 0,00                        | 0,00   | 22,78  | 41,23  | AP,CG,SHP,SWI,WHF           |
| Jet Park                                  | 169,93                      | 169,93 | 148,12 | 191,49 | AP,AV,CG,MR,PPR,SHP,SWI,WHF |



**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                              | Area size in m <sup>2</sup> |        |        |        | Panellist codes                |
|------------------------------|-----------------------------|--------|--------|--------|--------------------------------|
|                              | 1.000                       | 2.000  | 5.000  | 10.000 |                                |
| Alrode & Xs                  | 81,97                       | 40,82  | 83,57  | 79,86  | AP,CPS,RO,SHP,SWI,WHF          |
| Alrode South                 | 136,03                      | 0,00   | 143,07 | 108,25 | AP,CPS,SHP,SWI,WHF             |
| Alberton                     | 84,98                       | 84,98  | 47,14  | 23,57  | SHP,SWI,WHF                    |
| Aeroport/Spartan Ext 2       | 50,00                       | 50,00  | 70,71  | 41,46  | AP,PPR,SHP,SWI,WHF             |
| Delville                     | 75,00                       | 88,13  | 75,00  | 75,00  | AP,CPS,RO                      |
| Roodekop                     | 70,71                       | 94,28  | 62,36  | 33,00  | SHP,SWI,WHF                    |
| Wadeville: Industrial zoning | 40,82                       | 52,49  | 40,82  | 40,82  | CPS,SHP,SWI,WHF                |
| Route 24/Meadowdale          | 70,71                       | 70,71  | 82,92  | 111,80 | CG,SHP,SWI,WHF                 |
| Germiston S/Industries E     | 108,01                      | 102,74 | 102,74 | 108,01 | AP,RO,WHF                      |
| Driehoek/Industries W        | 0,00                        | 0,00   | 0,00   | 25,00  | RO,WHF                         |
| Knights                      | 150,00                      | 150,00 | 150,00 | 150,00 | AP,RO                          |
| Spartan Proper               | 185,47                      | 126,49 | 22,37  | 40,00  | AP,CG,CPS,SHP,SWI,WHF          |
| Founders View                | 183,30                      | 183,30 | 149,67 | 63,25  | CG,RO,SHP,SWI,WHF              |
| Longmeadow                   | 48,99                       | 48,99  | 63,25  | 144,53 | AV,CG,MR,SHP,SWI,WHF           |
| Pomona/Kempton Park          | 142,50                      | 106,43 | 96,36  | 91,71  | AP,AV,CG,MR,RES,RO,SHP,SWI,WHF |
| Gosforth Park                | 58,48                       | 58,48  | 84,68  | 84,68  | AP,AV,CG,MR,RO,SHP             |
| S&J Industrial Estate        | 75,00                       | 0,00   | 0,00   | 25,00  | MR,RO                          |
| <b>Far East Rand</b>         |                             |        |        |        |                                |
| Boksburg North & East        | 0,00                        | 25,00  | 50,00  | 100,00 | AP,AV,MR,SHP,WHF               |
| Benoni South                 | -                           | -      | -      | -      | SHP,WHF                        |
| New Era/Vulcania             | -                           | -      | -      | -      | AP                             |
| Nuffield                     | -                           | -      | -      | -      | AP                             |
| Fulcrum                      | -                           | -      | -      | -      |                                |
| Apex                         | 75,00                       | 50,00  | 70,71  | 75,00  | AP,MR,RES,WHF                  |
| Labore Brakpan               | -                           | -      | -      | -      | AP                             |

**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                              | Area size in m <sup>2</sup> |        |        |        |        | Panellist codes |
|------------------------------|-----------------------------|--------|--------|--------|--------|-----------------|
|                              | 1.000                       | 2.000  | 5.000  | 10.000 |        |                 |
| Morehill Ext 8 Benoni        | -                           | -      | -      | -      | -      | AP,WHF          |
| <b>Pretoria</b>              |                             |        |        |        |        |                 |
| Charlotte Maxeke             | -                           | -      | -      | -      | -      | AP              |
| Pretoria Industrial Township | -                           | -      | -      | -      | -      | AP              |
| Koedoespoort                 | 0,00                        | 100,00 | 100,00 | 150,00 | 150,00 | AP,WHF          |
| Waltloo/Dispatch             | 0,00                        | 50,00  | 50,00  | 75,00  | 75,00  | AP,WHF          |
| Silverton/Silvertondale      | 0,00                        | 0,00   | 50,00  | 100,00 | 100,00 | AP,WHF          |
| Samcor Park                  | -                           | -      | -      | -      | -      | AP              |
| Sunderland Ridge             | 0,00                        | 0,00   | 50,00  | 50,00  | 50,00  | AP,WHF          |
| Hermanstad                   | -                           | -      | -      | -      | -      | AP              |
| Kirkney                      | -                           | -      | -      | -      | -      | AP              |
| Hennospark Ext 15 & Ext 7    | 135,00                      | 135,00 | 100,00 | 100,00 | 100,00 | AP,WHF          |
| Gateway                      | 0,00                        | 0,00   | 0,00   | 0,00   | 0,00   | AP,MAS,WHF      |
| Lyttelton Manor Ext 4/Ext 6  | 0,00                        | 0,00   | 0,00   | 0,00   | 0,00   | AP,WHF          |
| Pretoria North               | -                           | -      | -      | -      | -      | AP              |
| Silvertondale X1             | -                           | -      | -      | -      | -      | AP              |
| Klerksoord                   | -                           | -      | -      | -      | -      | AP              |
| Rosslyn                      | -                           | -      | -      | -      | -      | AP              |
| Centurion                    | 0,00                        | 0,00   | 0,00   | 0,00   | 0,00   | AP,WHF          |
| <b>Polokwane</b>             |                             |        |        |        |        |                 |
| Lebowakgomo                  | -                           | -      | -      | -      | -      | MO,TG           |
| Superbia                     | -                           | -      | -      | -      | -      | MO,TG           |
| Industria                    | -                           | -      | -      | -      | -      | MO,TG           |
| Ladine                       | -                           | 20,00  | -      | -      | -      | MO,TG           |
| Futura                       | -                           | -      | -      | -      | -      | MO,TG           |
| Laboria                      | -                           | -      | -      | -      | -      | MO              |

**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|  | Area size in m <sup>2</sup> |       |       |        | Panellist codes       |
|--|-----------------------------|-------|-------|--------|-----------------------|
|  | 1.000                       | 2.000 | 5.000 | 10.000 |                       |
| Magna Via                                    | -                           | 34,88 | -     | 100,00 | ES,MO,NET,TG          |
| Seshego                                      | -                           | -     | -     | -      | MO                    |
| <b>Nelspruit</b>                             |                             |       |       |        |                       |
| Nelspruit East                               | -                           | -     | -     | -      |                       |
| Nelspruit West                               | 0,00                        | 0,00  | 0,00  | 0,00   | KEL,ORI,PG,PM,PPS     |
| Rocky's Drift                                | -                           | -     | -     | -      | MPV                   |
| Riverside Park                               | 0,00                        | 0,00  | 0,00  | 0,00   | KEL,MPV,ORI,PG,PM,PPS |
| <b>Durban</b>                                |                             |       |       |        |                       |
| Springfield Park                             | -                           | -     | -     | -      | PC                    |
| Mayville                                     | -                           | -     | -     | -      | PC                    |
| Phoenix                                      | -                           | -     | -     | -      | PC                    |
| Chris Hani Rd (North Coast/Briardene)        | -                           | -     | -     | -      | PC                    |
| Briardene Industrial Park                    | -                           | -     | -     | -      | PC                    |
| Umgeni Rd/Stamford Hill                      | -                           | -     | -     | -      | PC                    |
| Umbilo/Sydney Rd/Magwaza Maphalala St (Gale) | -                           | -     | -     | -      | PC                    |
| Jacobs                                       | -                           | -     | -     | -      | PC                    |
| Mobeni                                       | -                           | -     | -     | -      | PC                    |
| Prospecton                                   | -                           | -     | -     | -      | PC                    |
| Ithala Industrial Estate                     | -                           | -     | -     | -      | PC                    |
| Pinetown Central                             | -                           | -     | -     | -      | PC                    |
| New Germany                                  | -                           | -     | -     | -      | PC                    |
| Isipingo                                     | -                           | -     | -     | -      | PC                    |
| Rosburgh/South Coast Rd                      | -                           | -     | -     | -      | PC                    |
| Edwin Swales Drive                           | -                           | -     | -     | -      | PC                    |
| Glen Anil                                    | -                           | -     | -     | -      | PC                    |

**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                                   | Area size in m <sup>2</sup> |       |        |        | Panellist codes |
|-----------------------------------|-----------------------------|-------|--------|--------|-----------------|
|                                   | 1.000                       | 2.000 | 5.000  | 10.000 |                 |
| Felix Dlamini Rd (Brickfield)     | -                           | -     | -      | -      | PC              |
| Verulam                           | -                           | -     | -      | -      | PC              |
| Canelands                         | -                           | -     | -      | -      | PC              |
| Tongaat                           | -                           | -     | -      | -      | PC              |
| New Westmead/Mahogany             | -                           | -     | -      | -      | PC              |
| Westmead                          | -                           | -     | -      | -      | PC              |
| Mariann Park/Southmead            | -                           | -     | -      | -      | PC              |
| Maxmead                           | -                           | -     | -      | -      | PC              |
| Ringroad Industrial Park          | -                           | -     | -      | -      |                 |
| Avoca/Red Hill/Northgate          | -                           | -     | -      | -      |                 |
| Falcon Park                       | -                           | -     | -      | -      |                 |
| Riverhorse Valley Business Estate | -                           | -     | -      | -      | PC              |
| Mount Edgecombe                   | -                           | -     | -      | 87,50  | CA,PC           |
| Umbogintwini/Southgate            | -                           | -     | 250,00 | -      | JUS,PC          |
| Southgate Industrial Park         | -                           | -     | 500,00 | -      | JUS,PC          |
| Umgeni Park                       | -                           | -     | -      | -      |                 |
| Hammersdale                       | -                           | -     | -      | 0,00   | PC,SH           |
| Cato Ridge                        | -                           | -     | -      | 200,00 | PC,SH           |
| Ballito                           | -                           | -     | -      | -      | PC              |
| Dube Tradeport                    | -                           | -     | -      | -      |                 |
| Kingsburgh                        | -                           | -     | 0,00   | -      | JUS,SF          |
| Cornubia                          | -                           | -     | -      | -      | PC              |
| <b>Ladysmith</b>                  | -                           | -     | -      | -      |                 |
| Ezakheni/Pieters                  | -                           | -     | -      | -      | DE              |
| Danskraal                         | -                           | -     | -      | -      | DE              |
| Nambiti                           | -                           | -     | -      | -      | DE              |

**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                                   | Area size in m <sup>2</sup> |        |        |        | Panellist codes |
|-----------------------------------|-----------------------------|--------|--------|--------|-----------------|
|                                   | 1.000                       | 2.000  | 5.000  | 10.000 |                 |
| Colenso                           | -                           | -      | -      | -      |                 |
| <b>Cape Peninsula</b>             |                             |        |        |        |                 |
| Viking Place                      | -                           | -      | -      | -      |                 |
| Glosderry                         | -                           | -      | -      | -      | IKP             |
| Paarden Eiland/Metro              | 605,70                      | 649,52 | 626,00 | 623,61 | AN,AP,AX,DN     |
| Montague Gardens                  | 205,48                      | 111,80 | 50,00  | 50,00  | AP,AX,DN,WHF    |
| Marconi Beam                      | -                           | -      | -      | -      | AX              |
| Killarney Gardens                 | 106,07                      | 138,63 | 100,00 | 100,00 | AN,AP,AX,DN,WHF |
| Racing Park                       | 50,00                       | 0,00   | 102,74 | -      | AP,AX,DN        |
| Atlantis                          | -                           | -      | -      | -      |                 |
| Woodstock/Salt River/Observatory  | -                           | -      | -      | -      | IKP             |
| Athlone 1 & 2                     | -                           | -      | -      | -      |                 |
| Landsdowne Nerissa                | -                           | -      | -      | -      | IKP             |
| Sand Industria                    | -                           | -      | -      | -      |                 |
| Ottery Hillstar                   | -                           | -      | -      | -      | IKP             |
| Ottery Sunset                     | -                           | -      | -      | -      |                 |
| Diep River                        | -                           | -      | -      | -      | IKP             |
| Elfindale                         | -                           | -      | -      | -      | IKP             |
| Monwood/Philippi                  | -                           | -      | -      | -      |                 |
| Retreat/Steenberg                 | -                           | -      | -      | -      | IKP             |
| Capricorn Park                    | 100,00                      | 100,00 | 100,00 | -      | AN,IKP          |
| Maitland                          | 294,39                      | 329,98 | 375,00 | 450,00 | AN,AP,AX        |
| Ndabeni                           | 500,00                      | 600,00 | 625,00 | 700,00 | AP,AX           |
| Epping 1 & 2                      | -                           | -      | -      | -      | AP              |
| WP Park                           | -                           | -      | -      | -      |                 |
| Elsies River (excl. Central Park) | 200,00                      | 200,00 | 250,00 | 250,00 | AN,AP           |
| Parow Beaconvale                  | 124,72                      | 81,65  | 47,14  | 0,00   | AN,AP,DN        |

**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|  | Area size in m <sup>2</sup> |        |        |        |                     | Panellist codes |
|--|-----------------------------|--------|--------|--------|---------------------|-----------------|
|  | 1.000                       | 2.000  | 5.000  | 10.000 |                     |                 |
| Tygerberg Business Park                | 0,00                        | 100,00 | 100,00 | -      | AP, DN              |                 |
| Parow Industria                        | 147,90                      | 165,83 | 0,00   | 0,00   | AN, AP, DN, PF      |                 |
| Parow East                             | -                           | -      | -      | -      | AN, AP              |                 |
| Bellville Oakdale                      | -                           | -      | -      | -      | AN, DN, PF, WD, WHF |                 |
| Bellville Stikland/Kaymor              | 224,65                      | 276,98 | 200,00 | 200,00 | AN, DN, WD, WHF     |                 |
| Bellville Triangle                     | 369,97                      | 369,97 | 408,25 | 410,96 | AN, DN, PF, WHF     |                 |
| Bellville South/Sacks Circle           | 108,97                      | 108,97 | 0,00   | 50,00  | AN, DN, PF, WHF     |                 |
| Kraaifontein                           | 50,00                       | 50,00  | 100,00 | -      | AN, DN              |                 |
| Brackenfell Industria                  | 87,18                       | 101,98 | 174,36 | 150,00 | AN, DN, PF, WD, WHF |                 |
| Everite Brackenfell                    | 100,00                      | 100,00 | 0,00   | 40,82  | AN, DN, PF, WHF     |                 |
| Kuils River                            | -                           | -      | -      | -      | PF                  |                 |
| Blackheath                             | 84,98                       | 70,71  | 40,82  | -      | AN, DN, PF, WD      |                 |
| Saxenburg Industrial Park              | -                           | -      | -      | -      | AN                  |                 |
| Okavango                               | 0,00                        | 0,00   | 216,02 | -      | AN, PF, WHF         |                 |
| Brackengate/Icon Business Park         | 205,48                      | 205,48 | 235,70 | 235,70 | AN, WD, WHF         |                 |
| Paarl                                  | 0,00                        | -      | -      | -      | AP, SF              |                 |
| Wellington                             | -                           | -      | -      | -      | SF                  |                 |
| Contermanskloof                        | 250,00                      | 250,00 | 0,00   | -      | AP, WHF             |                 |
| Rivergate                              | 125,00                      | 125,00 | 150,00 | -      | AN, AP              |                 |
| Airport Ind (north of sewerage farm)   | -                           | -      | -      | -      | AN                  |                 |
| Airport Ind (west of Borchards Quarry) | -                           | -      | -      | -      | AN                  |                 |
| Airport Ind (east of Borchards Quarry) | 100,00                      | 100,00 | 0,00   | -      | AN, DN              |                 |
| Durbanville Industrial Park            | -                           | -      | -      | -      | WHF                 |                 |
| Northgate Industrial Park              | -                           | -      | -      | -      |                     |                 |
| <b>Heiderberg</b>                      |                             |        |        |        |                     |                 |
| The Interchange                        | -                           | -      | -      | -      |                     |                 |
| Heiderberg Industrial Park/Broadlands  | -                           | -      | -      | -      |                     |                 |
| Gants                                  | -                           | -      | -      | -      |                     |                 |
| Somerset Business Park                 | -                           | -      | -      | -      |                     |                 |

**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                                  | Area size in m <sup>2</sup> |        |        |        | Panellist codes   |
|----------------------------------|-----------------------------|--------|--------|--------|-------------------|
|                                  | 1.000                       | 2.000  | 5.000  | 10.000 |                   |
| Georges Park/Onverwacht          | -                           | -      | -      | -      | -                 |
| Mansfield                        | -                           | -      | -      | -      | -                 |
| Firgrove Industrial Estate       | -                           | -      | -      | -      | AN                |
| Strand Halt                      | -                           | -      | -      | -      | -                 |
| <b>Stellenbosch</b>              |                             |        |        |        |                   |
| Plankenbrug                      | -                           | -      | -      | -      | -                 |
| Devon Valley                     | -                           | -      | -      | -      | -                 |
| Tenantville                      | -                           | -      | -      | -      | -                 |
| Klapmuts                         | -                           | -      | -      | -      | -                 |
| <b>Port Elizabeth</b>            |                             |        |        |        |                   |
| Deal Party                       | 50,00                       | 50,00  | 147,20 | 100,00 | ARN, NRG, SUM     |
| North End                        | 200,00                      | 200,00 | 135,91 | 137,50 | ARN, BR, NRG, SUM |
| Korsten/Neave/Sidwell/Sydenham   | 131,23                      | 131,23 | 125,00 | 100,00 | ARN, NRG, SUM     |
| South End Walmer                 | 0,00                        | 0,00   | 0,00   | 25,00  | ARN, NRG, SUM     |
| Uitenhage: Volkswagen area/NMBLP | 25,00                       | 25,00  | 40,82  | 62,36  | ARN, BR, SUM      |
| Uitenhage: Hella/Kruisrivier     | 40,00                       | 40,00  | 47,14  | 81,65  | ARN, BR, SUM      |
| Struandale                       | 50,00                       | 50,00  | 50,00  | 50,00  | ARN, NRG, SUM     |
| Markman Township                 | 73,64                       | 62,36  | 79,06  | 84,98  | ARN, BR, NRG, SUM |
| Perseverance                     | 70,71                       | 70,71  | 70,71  | 70,71  | ARN, BR, NRG, SUM |
| Walmer                           | 332,50                      | 332,50 | 50,00  | 50,00  | ARN, NRG, SUM     |
| Greenbushes                      | 0,00                        | 0,00   | 23,57  | 25,00  | ARN, BR, NRG, SUM |
| Fairview                         | 0,00                        | 96,01  | 129,90 | 129,90 | ARN, BR, NRG, SUM |
| <b>East London</b>               |                             |        |        |        |                   |
| Arcadia                          | -                           | -      | -      | -      | CHR               |
| Gately/Woodbrook                 | -                           | -      | -      | -      | CHR               |
| Wilsonia                         | -                           | -      | -      | -      | CHR               |

**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                           | Area size in m <sup>2</sup> |        |        |        | Panellist codes |
|---------------------------|-----------------------------|--------|--------|--------|-----------------|
|                           | 1.000                       | 2.000  | 5.000  | 10.000 |                 |
| Braelyn                   | -                           | -      | -      | -      | CHR             |
| Northend                  | -                           | -      | -      | -      | CHR             |
| Chiselhurst               | -                           | -      | -      | -      | CHR             |
| Meisies Halt              | -                           | -      | -      | -      | CHR             |
| Beacon Bay Industrial     | -                           | -      | -      | -      | CHR             |
| IDZ                       | -                           | -      | -      | -      |                 |
| West Bank Industrial Area | -                           | -      | -      | -      |                 |
| <b>Bloemfontein</b>       |                             |        |        |        |                 |
| Hilton                    | -                           | -      | -      | -      | BR              |
| East End                  | 56,57                       | 25,00  | -      | 41,23  | BR,ED,EK,EQV    |
| Harvey Road               | -                           | -      | -      | -      | BR              |
| Old Industrial            | -                           | -      | -      | -      | BR              |
| Hamilton: Mill St         | -                           | -      | -      | -      | BR              |
| Hamilton: G Lubbe St      | -                           | -      | -      | -      | BR              |
| Estoire                   | -                           | -      | 66,50  | 23,57  | BR,ED,EQV       |
| Quaggafontein             | -                           | -      | 80,00  | -      | BR,EQV          |
| <b>George</b>             |                             |        |        |        |                 |
| George Central            | 23,57                       | 0,00   | 20,55  | 25,00  | BVF,GRV,MUL     |
| Tamsui Industria          | 31,18                       | 14,14  | 21,60  | 0,00   | BVF,GRV,MUL     |
| Pacaltsdorp Industria     | 37,04                       | 16,33  | 14,14  | 0,00   | BVF,GRV,MUL     |
| <b>Pietermaritzburg</b>   |                             |        |        |        |                 |
| Willowton                 | 225,00                      | 250,00 | 125,00 | 100,00 | HN,PJ           |
| Mkondeni/Shortts Retreat  | 0,00                        | 25,00  | 25,00  | 25,00  | HN,PJ           |
| Camps Drift               | 0,00                        | 10,00  | 15,00  | 25,00  | HN,PJ           |
| Pietermaritzburg Central  | -                           | -      | -      | -      | PJ              |
| Rosedale/Allandale        | -                           | -      | -      | -      | PJ              |
| Howick                    | -                           | -      | -      | -      | PJ              |



**Table 8.3 (continued)**  
**Standard deviation from mean market values for serviced and level industrial stands**  
**in quarter 2020:1**  
**(R/m<sup>2</sup> excl. VAT)**

|                       | Area size in m <sup>2</sup> |       |       |        | Panellist codes |
|-----------------------|-----------------------------|-------|-------|--------|-----------------|
|                       | 1.000                       | 2.000 | 5.000 | 10.000 |                 |
| <b>Lower Umfolozi</b> |                             |       |       |        |                 |
| Empangeni             | -                           | -     | -     | -      |                 |
| <b>Windhoek</b>       |                             |       |       |        |                 |
| North                 | -                           | -     | -     | -      | TE              |
| Lafrenz               | -                           | -     | -     | -      | TE              |
| South                 | -                           | -     | -     | -      | TE              |
| Prosperita            | -                           | -     | -     | -      | TE              |

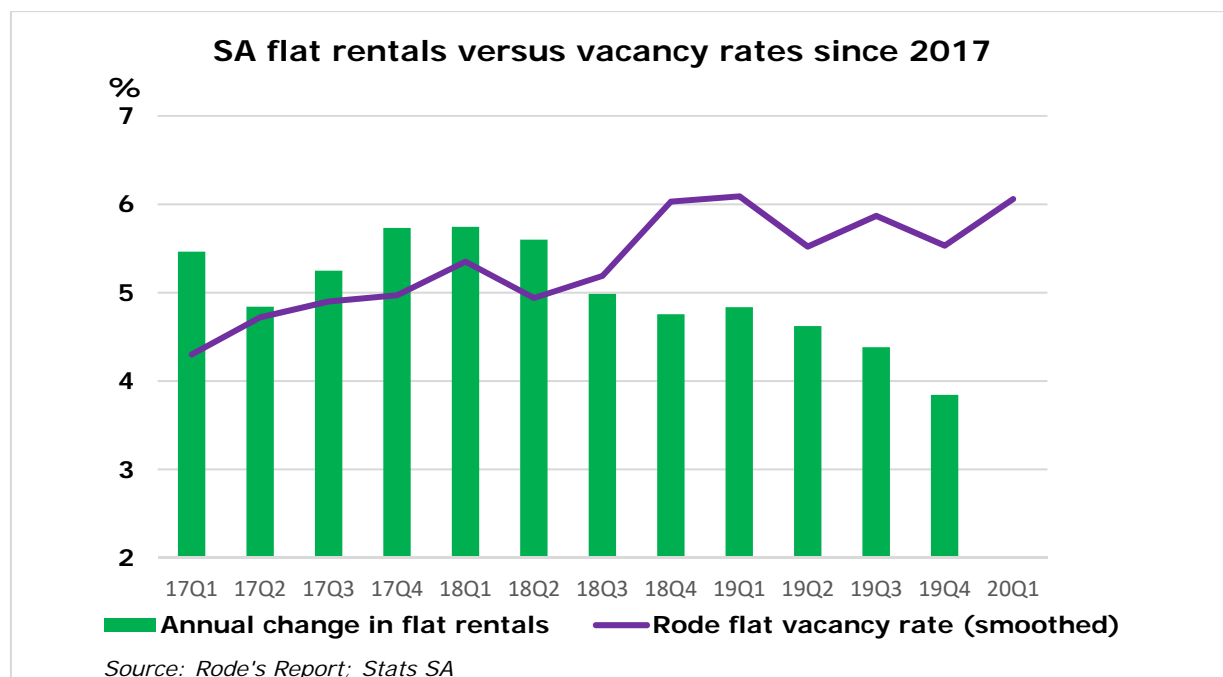
## Chapter 9: Flats market

# Flat vacancy rates heading higher

Kobus Lamprecht

Nationally, flat vacancy rates worsened to 6,1% in the first quarter of 2020 from 5,5% in the fourth quarter of 2019, according to Rode's residential survey data, summarized in **Table 9.1**. This is also higher than the 5,8% average vacancy rate recorded in 2019. High flat vacancy rates have led to slower rental growth, which averaged 3,8%

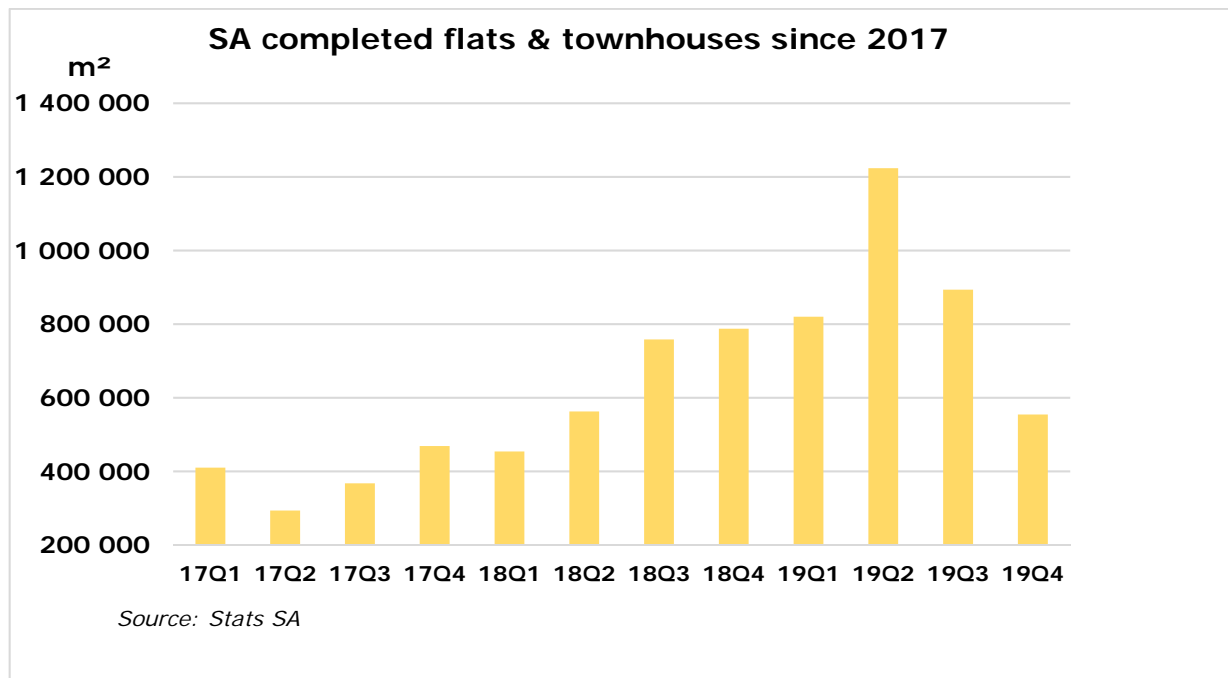
on a yearly basis in the fourth quarter of 2019 (see the first graph). This implies that rentals rose at roughly the same rate as consumer inflation, but lower than building-cost inflation. At the time of writing (28 March 2020), first-quarter rental data are not yet available from Stats SA.



**Table 9.1**  
**Flat vacancies by city (%)**  
Average for all grades  
(standard & upmarket combined)

| City                       | 19Q4        | 20Q1        |
|----------------------------|-------------|-------------|
| Johannesburg               | 4,8%        | 5,1%        |
| Pretoria                   | 7,6%        | 13,7%       |
| Cape Town                  | 6,5%        | 7,2%        |
| Durban                     | 8,2%        | 8,3%        |
| Bloemfontein               | 1,2%        | 1,0%        |
| East London                | 4,7%        | 5,1%        |
| George                     | 3,8%        | 0,0%        |
| <b>National (smoothed)</b> | <b>5,5%</b> | <b>6,1%</b> |

Source of data: Rode's Time Series



The reason for the lower rental increases is primarily a huge increase in new rental stock combined with weakening demand. A welcome sign for the oversupplied market is that new completions have declined considerably since the second quarter of 2019 (see figure), while developers are also planning to build less.

Flat vacancy rates will likely rise more in the short term as the shrinking economy, now exacerbated by Covid-19, puts significant financial pressure on many tenants. Tenants who have no extra funds and are directly impacted by a loss of income from the virus, will come under most pressure. Some

landlords and tenants could negotiate to delay rental payments, but landlords also have bonds to service, which will make such concessions difficult to negotiate. No doubt, rentals – in the wake of rising vacancies – will come under increasing pressure.

In the tables that follow we provide the specific rental levels in the suburbs for the various grades of flats. Please note that the flat-rental data tend to be erratic due to the small sample size. Therefore, readers are advised to use an average of at least the last two quarters to obtain the latest rental rate. ■







**Table 9.2 (continued)**  
**Flat rentals: Standard Units**  
 Average rands per month as at quarter 2020:1

|                                  | Bachelor   |          | 1-Bedroom     |          | 2-Bedroom     |          | 3-Bedroom      |          | Panellist codes |
|----------------------------------|--|----------|---------------|----------|---------------|----------|----------------|----------|-----------------|
|                                  | Mean   | SD       | Mean          | SD       | Mean          | SD       | Mean           | SD       |                 |
|                                  | Clubview/Eldoraigne/Wierda Park/Cranebrook/Bronberrick/Rooihuiskraal North | -        | -             | -        | -             | -        | -              | -        |                 |
| Rooihuiskraal/The Reeds          | -  | -        | -             | -        | -             | -        | -              | -        |                 |
| Heuweloord                       | -  | -        | -             | -        | -             | -        | -              | -        |                 |
| Valhalla                         | -  | -        | -             | -        | -             | -        | -              | -        |                 |
| <b>Polokwane</b>                 |  |          |               |          |               |          |                |          |                 |
| Eduanpark/Welgelegen             | R3.000   | -        | R4.200        | -        | -             | -        | R7.500         | -        | SF              |
| Bendor/Bendor extension 1        | -  | -        | R4.500        | -        | R6.000        | -        | -              | -        | SF              |
| Ster Park                        | -  | -        | -             | -        | -             | -        | -              | -        |                 |
| Flora Park/Fauna Park/Capricorn  | -  | -        | -             | -        | -             | -        | -              | -        |                 |
| Polokwane Central/Hospitaal Park | R3.000   | -        | R3.800        | -        | R4.750        | -        | R6.500         | -        | TG              |
| Annadale                         | -  | -        | R4.500        | -        | R5.200        | -        | -              | -        | SF              |
| Penina Park/Ivy Park             | -  | -        | R4.300        | -        | R5.500        | -        | R6.800         | -        | SF              |
| <b>Durban</b>                    | <b>R4.456</b>  | <b>-</b> | <b>R6.042</b> | <b>-</b> | <b>R7.542</b> | <b>-</b> | <b>R10.278</b> | <b>-</b> |                 |
| Upper highway: Kloof/Hillcrest   | -  | -        | -             | -        | -             | -        | -              | -        |                 |
| Pinetown area/Queensburgh        | R4.000   | R500     | R5.000        | R1.000   | R6.400        | R200     | R7.750         | R250     | TR,WK           |
| Westville area                   | -  | -        | R6.500        | -        | R7.000        | -        | -              | -        | TR              |
| Central City                     | R4.200   | -        | R5.300        | -        | R6.250        | -        | R7.000         | -        | TR              |
| Berea/Morningside/Glenwood       | R4.750   | R250     | R6.000        | R500     | R7.500        | R0       | R10.750        | R2.250   | PRI,TR          |
| South and North Beach            | R4.550   | R450     | R6.000        | R500     | R7.375        | R125     | R9.500         | R1.000   | PRI,TR          |
| Durban North                     | R5.000   | -        | R7.000        | -        | R8.000        | -        | R9.500         | -        | TR              |
| La Lucia/Greater Umhlanga        | -  | -        | R9.000        | -        | R14.000       | -        | R20.000        | -        | TR              |
| North (Dolphin) Coast/Ballito    | -  | -        | -             | -        | -             | -        | -              | -        | TR              |
| Montclair/Yellowwood Park        | -  | -        | R5.000        | -        | R6.000        | -        | -              | -        | TR              |
| Bluff                            | R4.300   | -        | R5.250        | -        | R6.750        | -        | -              | -        | TR              |
| Amanzimtoti/Warner Beach         | -  | -        | R6.500        | -        | R7.500        | -        | -              | -        | TR              |

**Table 9.2 (continued)**  
**Flat rentals: Standard units**  
 Average rands per month as at quarter 2020:1

|  | Bachelor |      | 1-Bedroom |        | 2-Bedroom |        | 3-Bedroom |        | Panellist codes |
|--|----------|------|-----------|--------|-----------|--------|-----------|--------|-----------------|
|  | Mean     | SD   | Mean      | SD     | Mean      | SD     | Mean      | SD     |                 |
|  |          |      |           |        |           |        |           |        |                 |
| <b>Cape Town*</b>                            |          |      |           |        |           |        |           |        |                 |
| Camps Bay/Clifton/Bantry Bay                 | -        | -    | R12.500   | R2.500 | R15.833   | R2.953 | R23.500   | R8.500 | JUS,PF,SQ       |
| Sea Point/Green Point/Three Anchor Bay       | R7.633   | R189 | R9.211    | R615   | R11.700   | R616   | R16.925   | R1.075 | JUS,PF,SQ       |
| City Bowl (excl. Higgovale)                  | R6.950   | R50  | R7.500    | -      | R9.250    | R2.250 | R12.750   | R4.750 | PF,PX,SQ        |
| City Centre                                  | R7.500   | -    | R9.500    | -      | R12.500   | -      | -         | -      | SQ              |
| Waterfront                                   | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Woodstock/Observatory                        | -        | -    | R3.675    | -      | R7.000    | -      | -         | -      | PX              |
| Rondebosch/Rosebank/Claremont                | R6.450   | R450 | R7.825    | R325   | R9.483    | R150   | R10.500   | R500   | PF,SQ           |
| Kenilworth/Wynberg/Plumstead                 | R4.500   | -    | R5.939    | R336   | R8.817    | R719   | -         | -      | PF,PX,SQ        |
| Grassy Park                                  | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Muizenberg/Kalk Bay/Fish Hoek                | R4.500   | -    | R5.500    | -      | R6.400    | -      | -         | -      | SQ              |
| Houtbay                                      | -        | -    | R6.600    | -      | R8.900    | -      | -         | -      | PF              |
| Milnerton Sanddrift                          | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Milnerton Royal Ascot                        | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Milnerton Burgundy Estate                    | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Tableview                                    | -        | -    | -         | -      | R8.500    | -      | -         | -      | SQ              |
| Parklands/Sandown/Sunningdale                | -        | -    | -         | -      | R6.600    | -      | -         | -      | PPG             |
| Bloubergstrand                               | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Melkbosstrand                                | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Athlone                                      | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Garlandale                                   | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Rondebosch East/Crawford                     | -        | -    | -         | -      | R7.500    | -      | -         | -      | PX              |
| Mitchells Plain                              | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Bishop Lavis                                 | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Montana/Belhar                               | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Pinelands                                    | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Brooklyn/Rugby/Maitland                      | R4.500   | -    | R5.500    | -      | R6.583    | -      | -         | -      | SQ              |
| Monte Vista/Goodwood/Parow/Bellville Central | R4.167   | R1   | R5.408    | R58    | R6.874    | R274   | R7.500    | -      | PF,SQ           |





| Table 9.2 (continued)                        |          |      |           |      |           |    |           |      |                 |  |  |  |
|--|----------|------|-----------|------|-----------|----|-----------|------|-----------------|--|--|--|
| Flat rentals: Standard units                 |          |      |           |      |           |    |           |      |                 |  |  |  |
| Average rands per month as at quarter 2020:1 |          |      |           |      |           |    |           |      |                 |  |  |  |
|  | Bachelor |      | 1-Bedroom |      | 2-Bedroom |    | 3-Bedroom |      | Panellist codes |  |  |  |
|  | Mean     | SD   | Mean      | SD   | Mean      | SD | Mean      | SD   |                 |  |  |  |
| <b>George</b>                                | R3.825   | -    | R4.308    | -    | R5.650    | -  | R6.531    | -    |                 |  |  |  |
| Heather Park                                 | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Heatherlands                                 | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| King George Park                             | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Dormehl's Drift                              | -        | -    | -         | -    | R6.000    | R0 | R6.625    | R125 | BVF,GRV         |  |  |  |
| George South                                 | R3.650   | R150 | R4.200    | R0   | R5.500    | R0 | R6.375    | R125 | BVF,GRV         |  |  |  |
| George Central                               | R3.900   | R100 | R4.350    | R150 | R5.500    | R0 | R6.625    | R125 | BVF,GRV         |  |  |  |
| Bo-Dorp                                      | R3.925   | R75  | R4.375    | R125 | R5.550    | -  | R6.500    | R0   | BVF,GRV         |  |  |  |
| Denver Park                                  | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Loerie Park                                  | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Protea Park                                  | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Parkdene                                     | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Borchards                                    | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Lawaaikamp                                   | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Ballot's View                                | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Herolds Bay (excl. Oubaai)                   | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Oubaai                                       | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| <b>Port Elizabeth</b>                        |          |      |           |      |           |    |           |      |                 |  |  |  |
| Summerstrand/Humewood/                       | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| South End                                    | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Walmer                                       | -        | -    | R4.100    | -    | -         | -  | -         | -    | IPC             |  |  |  |
| Central/North End                            | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Newton Park                                  | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Westerling                                   | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Kabega                                       | -        | -    | -         | -    | R5.500    | -  | -         | -    | IPC             |  |  |  |
| Algoa Park                                   | -        | -    | -         | -    | R4.200    | -  | -         | -    | IPC             |  |  |  |
| Lorraine                                     | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Sherwood                                     | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |
| Fairview                                     | -        | -    | -         | -    | -         | -  | -         | -    |                 |  |  |  |

**Table 9.2 (continued)**  
**Flat rentals: Standard units**  
 Average rands per month as at quarter 2020:1

|  | Bachelor |      | 1-Bedroom |      | 2-Bedroom |      | 3-Bedroom |        | Panellist codes |
|--|----------|------|-----------|------|-----------|------|-----------|--------|-----------------|
|  | Mean     | SD   | Mean      | SD   | Mean      | SD   | Mean      | SD     |                 |
| <b>East London</b>                       |          |      |           |      |           |      |           |        |                 |
| Southernwood/Quigney Beach/CBD           | -        | -    | R3.950    | -    | R4.750    | -    | R5.550    | -      | PPG             |
| Berea                                    | -        | -    | -         | -    | -         | -    | -         | -      |                 |
| Cambridge/Amalinda/Haven Hills           | -        | -    | -         | -    | -         | -    | -         | -      |                 |
| Beacon Bay                               | -        | -    | -         | -    | -         | -    | -         | -      |                 |
| Gonubie                                  | R3.300   | -    | R4.750    | -    | R6.000    | -    | R8.500    | -      | DAL             |
| Cove Rock                                | -        | -    | -         | -    | -         | -    | -         | -      |                 |
| Nahoon                                   | -        | -    | -         | -    | -         | -    | -         | -      |                 |
| Vincent                                  | -        | -    | -         | -    | -         | -    | -         | -      |                 |
| <b>Kimberley</b>                         |          |      |           |      |           |      |           |        |                 |
| Albertynshof                             | R3.500   | -    | R5.500    | -    | R6.500    | -    | R7.000    | -      | PW              |
| Belgravia                                | R3.500   | -    | R5.500    | -    | R6.500    | -    | R7.000    | -      | PW              |
| New Park                                 | R3.500   | -    | R5.500    | -    | R6.500    | -    | R7.000    | -      | PW              |
| Eltoro Park                              | R4.500   | -    | R5.500    | -    | R7.500    | -    | R8.500    | -      | PW              |
| Hillcrest                                | R4.500   | -    | R5.500    | -    | R7.500    | -    | R8.500    | -      | PW              |
| <b>Bloemfontein</b>                      |          |      |           |      |           |      |           |        |                 |
| <b>R2.927 - R3.640 - R4.400 - R5.854</b> |          |      |           |      |           |      |           |        |                 |
| Bloemfontein CBD                         | R2.575   | R225 | R3.300    | R600 | R3.900    | R300 | -         | -      | ED,PLA          |
| Westdene                                 | R3.000   | R0   | R3.850    | R350 | R4.700    | R200 | R6.000    | R0     | ED,PLA          |
| Willows                                  | R2.900   | R100 | R3.650    | R150 | R4.300    | R200 | R5.900    | R100   | ED,PLA          |
| Navalsig                                 | R2.600   | R400 | R3.550    | R350 | R3.900    | R200 | R5.500    | R0     | ED,PLA          |
| Arboretum                                | R3.250   | R250 | R3.550    | R350 | R4.400    | R100 | R5.400    | R400   | ED,PLA          |
| Langenhovenpark                          | R3.200   | R100 | R4.000    | R500 | R5.250    | R750 | R6.500    | R1.000 | ED,PLA          |
| Bainsvlei                                | R2.900   | -    | R3.800    | -    | R4.200    | -    | -         | -      | ED              |
| Universitas                              | R2.750   | -    | R3.500    | -    | R4.500    | -    | R5.500    | -      | ED              |
| Pentagon Park                            | R3.200   | -    | R3.500    | -    | R4.400    | R0   | R6.000    | R0     | ED,PLA          |

**Table 9.2 (continued)**  
**Flat rentals: Standard units**  
 Average rands per month as at quarter 2020:1

|  | Bachelor      |    | 1-Bedroom     |    | 2-Bedroom     |    | 3-Bedroom     |    | Panellist codes |
|--|---------------|----|---------------|----|---------------|----|---------------|----|-----------------|
|  | Mean          | SD | Mean          | SD | Mean          | SD | Mean          | SD |                 |
| <b>Pietermaritzburg</b>  | <b>R3.750</b> | -  | <b>R4.867</b> | -  | <b>R5.817</b> | -  | <b>R7.167</b> | -  |                 |
| Woodlands/Northdale/Bombay Heights/Orient Heights/ Allandale Chase Valley/Oak Park/ Chasedene/Northern Park Wembley/Clarendon Pietermaritzburg City Prestbury Pelham/Scottsville/Richmond Crest/Bisley Hayfields/Lincoln Meade/ Bellevue/The Meadows | -             | -  | R4.800        | -  | R6.500        | -  | R8.200        | -  | HN              |
|  |               |    | R5.500        | -  | R6.500        | -  | R8.100        | -  | HN              |
|  | R4.300        | -  | R4.500        | -  | R5.500        | -  | R6.500        | -  | HN              |
|  |               | -  | R4.500        | -  | R5.300        | -  | R6.500        | -  | HN              |
|  | R3.200        | -  | R4.800        | -  | R5.500        | -  | R7.000        | -  | HN              |
|  |               | -  | R5.100        | -  | R5.600        | -  | R6.700        | -  | HN              |
| <b>Vanderbijlpark</b>  |               |    |               |    |               |    |               |    |                 |
| Vanderbijlpark Central   | -             | -  | -             | -  | -             | -  | -             | -  |                 |
| Vanderbijlpark CE  | R3.420        | -  | R4.250        | -  | R4.750        | -  | -             | -  | DT              |
| Vanderbijlpark SE  | -             | -  | -             | -  | -             | -  | -             | -  |                 |
| Vanderbijlpark SW  | -             | -  | -             | -  | -             | -  | -             | -  |                 |
| Vanderbijlpark CW  | -             | -  | -             | -  | -             | -  | -             | -  |                 |
| *Cape Town's rentals in some cases may exclude parking rentals   |               |    |               |    |               |    |               |    |                 |







**Table 9.3 (continued)**  
**Flat rentals: Upmarket units**  
 Average rands per month as at quarter 2020:1

|  | Bachelor |      | 1-Bedroom |        | 2-Bedroom |        | 3-Bedroom |        | Panellist codes |
|--|----------|------|-----------|--------|-----------|--------|-----------|--------|-----------------|
|  | Mean     | SD   | Mean      | SD     | Mean      | SD     | Mean      | SD     |                 |
| Heuweloord                             | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Valhalla                               | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| <b>Polokwane</b>                       |          |      |           |        |           |        |           |        |                 |
| Eduanpark/Welgelegen                   | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Bendor/Bendor extension 1              | -        | -    | -         | -      | R8.200    | -      | R14.000   | -      | SF              |
| Ster Park                              | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Flora Park/Fauna Park/Capricorn        | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Polokwane Central/Hospitaal Park       | -        | -    | R4.500    | -      | R7.600    | -      | R12.000   | -      | TG              |
| Annadale                               | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Penina Park/Ivy Park                   | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| <b>Durban</b>                          |          |      |           |        |           |        |           |        |                 |
| Upper highway: Kloof/Hillcrest         | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Pinetown area/Queensburgh              | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Westville area                         | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Central City                           | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Berea/Morningside/Glenwood             | R6.000   | R500 | R7.500    | R0     | R8.750    | R250   | R13.750   | R2.250 | PRI,TR          |
| South and North Beach                  | R5.000   | -    | R6.500    | -      | R8.500    | -      | R12.625   | R2.375 | PRI,TR          |
| Durban North                           | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| La Lucia/Greater Umhlanga              | -        | -    | -         | -      | R18.000   | -      | R25.000   | -      | TR              |
| North (Dolphin) Coast/Ballito          | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Montclair/Yellowwood Park              | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Bluff                                  | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| Amanzimtoti/Warner Beach               | -        | -    | -         | -      | -         | -      | -         | -      | -               |
| <b>Cape Town*</b>                      |          |      |           |        |           |        |           |        |                 |
| Camps Bay/Clifton/Bantry Bay           | R11.500  | -    | R22.750   | R9.250 | -         | -      | -         | -      | JUS,PPG,SQ      |
| Sea Point/Green Point/Three Anchor Bay | R9.000   | -    | R13.450   | R3.550 | R20.500   | R7.000 | -         | -      | JUS,SQ          |
| City Bowl (excl. Higgovale)            | R9.500   | -    | R11.000   | -      | R16.000   | -      | -         | -      | LA,SQ           |



**Table 9.3 (continued)**  
**Flat rentals: Upmarket units**  
 Average rands per month as at quarter 2020:1

|                               | Bachelor |    | 1-Bedroom |    | 2-Bedroom |      | 3-Bedroom |        | Panellist codes |
|-------------------------------|----------|----|-----------|----|-----------|------|-----------|--------|-----------------|
|                               | Mean     | SD | Mean      | SD | Mean      | SD   | Mean      | SD     |                 |
| City Centre                   | R9.500   | -  | R11.000   | -  | R16.000   | -    | -         | -      | SQ              |
| Waterfront                    | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Woodstock/Observatory         | R7.500   | -  | R10.000   | -  | -         | -    | -         | -      | LA,SQ           |
| Rondebosch/Rosebank/Claremont | -        | -  | -         | -  | R12.200   | -    | R19.750   | R6.250 | LA,SQ           |
| Kenilworth/Wynberg/Plumstead  | -        | -  | -         | -  | R6.000    | -    | -         | -      | LA              |
| Grassy Park                   | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Muizenberg/Kalk Bay/Fish Hoek | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Houtbay                       | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Milnerton Sanddrift           | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Milnerton Royal Ascot         | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Milnerton Burgundy Estate     | -        | -  | -         | -  | R8.750    | R750 | -         | -      | LA,SQ           |
| Tableview                     | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Parklands/Sandown/Sunningdale | -        | -  | -         | -  | R7.000    | -    | -         | -      | LA              |
| Bloubergstrand                | -        | -  | R8.500    | -  | -         | -    | -         | -      | SQ              |
| Melkbosstrand                 | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Athlone                       | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Garlandale                    | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Rondebosch East/Crawford      | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Mitchells Plain               | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Bishop Lavis                  | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Montana/Belhar                | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Pinelands                     | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Brooklyn/Rugby/Maitland       | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Monte Vista/Goodwood/Parow/   | R5.000   | -  | R5.500    | -  | -         | -    | -         | -      | CIR,LA          |
| Bellville Central             | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Tyger Valley area             | -        | -  | -         | -  | -         | -    | -         | -      | -               |
| Durbanville                   | R4.000   | -  | R6.500    | -  | R8.000    | -    | -         | -      | LA              |
| Brackenfell/Kuils River       | -        | -  | -         | -  | R7.000    | -    | -         | -      | LA              |







**Table 9.3 (continued)**  
**Flat rentals: Upmarket units**  
 Average rand per month as at quarter 2020:1

|  | Bachelor |    | 1-Bedroom |    | 2-Bedroom |    | 3-Bedroom |    | Panellist codes |
|--|----------|----|-----------|----|-----------|----|-----------|----|-----------------|
|  | Mean     | SD | Mean      | SD | Mean      | SD | Mean      | SD |                 |
| Pelham/Scottsville/Richmond<br>Crest/ Bisley     | R3.500   | -  | R5.200    | -  | R6.200    | -  | R8.000    | -  | HN              |
| Hayfields/Lincoln Meade/<br>Bellevue/The Meadows | -        | -  | R5.800    | -  | R6.500    | -  | R7.100    | -  | HN              |
| <b>Vanderbijlpark</b>                            |          |    |           |    |           |    |           |    |                 |
| Vanderbijlpark Central                           | -        | -  | -         | -  | -         | -  | -         | -  | -               |
| Vanderbijlpark CE                                | -        | -  | -         | -  | -         | -  | -         | -  | -               |
| Vanderbijlpark SE                                | -        | -  | -         | -  | -         | -  | -         | -  | -               |
| Vanderbijlpark SW                                | -        | -  | -         | -  | -         | -  | -         | -  | -               |
| Vanderbijlpark CW                                | -        | -  | -         | -  | -         | -  | -         | -  | -               |

\*Cape Town's rentals in some cases may exclude parking rentals





**Table 9.4 (continued)**

**Flat: Parking rentals**

Average rands per month as at quarter 2020:1

|   | Open |     | Covered |    | Lockup |    | Basement |    | Panellist codes |
|---|------|-----|---------|----|--------|----|----------|----|-----------------|
|   | Mean | SD  | Mean    | SD | Mean   | SD | Mean     | SD |                 |
| <b>Pretoria</b>   |      |     |         |    |        |    |          |    |                 |
| Akasia  | -    | -   | -       | -  | -      | -  | -        | -  | TR              |
| Pretoria North/Dorandia/Florauna  | -    | -   | R250    | -  | R350   | -  | -        | -  |                 |
| Annlin/Wonderboom/Sinoville/Montana   | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Die Moot/Queenswood   | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| East Lynne/Eersterust   | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Silverton/Meyerspark/La Montagne  | -    | -   | R200    | -  | -      | -  | -        | -  | RIZ             |
| East (Menlo Park/Ashlea Gardens/all Lynwoods/Die Wilgers/Faerie Glen/Garsfontein/Constantia/Waterkloof Glen/Erasmuskloof) | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Pretorius Park  | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Groenkloof/Brooklyn/Most  | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Waterkloofs/Erasmusrand   | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Monument Park   | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| South Eastern Suburbs   | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Sunnyside   | R200 | R20 | -       | -  | -      | -  | -        | -  | PPG,TR          |
| Arcadia   | R175 | R5  | -       | -  | -      | -  | -        | -  | PPG,TR          |
| Pretoria Central  | R178 | R3  | -       | -  | -      | -  | -        | -  | PPG,TR          |
| Pretoria West   | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Kwaggasrand/West Park   | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Elandspoor/Danville   | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Atteridgeville/Laudium  | -    | -   | -       | -  | -      | -  | -        | -  |                 |
| Hatfield  | -    | -   | R200    | -  | -      | -  | -        | -  | RIZ             |



**Table 9.4 (continued)**  
**Flat: Parking rentals**  
 Average rands per month as at quarter 2020:1

|   | Open |      | Covered |      | Lockup |     | Basement |    | Panellist codes |         |
|---|------|------|---------|------|--------|-----|----------|----|-----------------|---------|
|   | Mean | SD   | Mean    | SD   | Mean   | SD  | Mean     | SD |                 |         |
| <b>Centurion</b>  |      |      |         |      |        |     |          |    |                 |         |
| Pierre van Ryneveld   | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Irene   | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Kloofsig/Lyttelton Manor/<br>Doringkloof/Zwartkop                                 | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Highveld and Extensions   | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Clubview/Eldoraigne/Wierda<br>Park/Cranebrook/Bronberrick/<br>Rooihuiskraal North | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Rooihuiskraal/The Reeds   | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Heuweloord  | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Valhalla  | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| <b>Polokwane</b>  |      |      |         |      |        |     |          |    |                 |         |
| Eduanpark/Welgelegen  | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Bendor/Bendor extension 1   | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Ster Park   | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Flora Park/Fauna Park/Capricorn   | -    | -    | -       | -    | -      | -   | -        | -  | -               | SF      |
| Polokwane Central/Hospitaal Park  | -    | -    | R210    | -    | -      | -   | -        | -  | -               |         |
| Annadale  | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Penina Park/Ivy Park  | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| <b>Durban</b>   |      |      |         |      |        |     |          |    |                 |         |
|   | R222 | -    | R272    | -    | R357   | -   | R500     | -  | -               |         |
| Upper highway: Kloof/Hillcrest  | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Pinetown area/Queensburgh   | R200 | -    | R250    | -    | R300   | -   | -        | -  | -               | TR      |
| Westville area  | -    | -    | -       | -    | -      | -   | -        | -  | -               |         |
| Central City  | R250 | -    | R300    | -    | R350   | -   | -        | -  | -               | TR      |
| Berea/Morningside/Glenwood  | R200 | R100 | R250    | R100 | R363   | R13 | R450     | -  | -               | PRI, TR |
| South and North Beach   | R250 | R50  | R288    | R38  | R413   | R38 | R550     | -  | -               | PRI, TR |









**Table 9.4 (continued)**  
**Flat: Parking rentals**  
 Average rands per month as at quarter 2020:1

|   | Open |    | Covered     |    | Lockup      |    | Basement    |    | Panellist codes |
|---|------|----|-------------|----|-------------|----|-------------|----|-----------------|
|   | Mean | SD | Mean        | SD | Mean        | SD | Mean        | SD |                 |
| <b>Bloemfontein</b>   | -    | -  | <b>R157</b> | -  | <b>R350</b> | -  | <b>R256</b> | -  |                 |
| Bloemfontein CBD  | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| Westdene  | -    | -  | R150        | -  | R300        | -  | R250        | -  | ED              |
| Willows   | -    | -  | R150        | -  | R350        | -  | R250        | -  | ED              |
| Navalsig  | -    | -  | R170        | -  | R350        | -  | R240        | -  | ED              |
| Arboretum   | -    | -  | R170        | -  | R350        | -  | R250        | -  | ED              |
| Langenhovenpark   | -    | -  | R150        | -  | R350        | -  | R250        | -  | ED              |
| Bainsvlei   | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| Universitas   | -    | -  | R150        | -  | R350        | -  | R250        | -  | ED              |
| Pentagon Park   | -    | -  | -           | -  | R400        | -  | R300        | -  | ED              |
| <b>Kimberley</b>  |      |    |             |    |             |    |             |    |                 |
| Albertynshof  | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| Belgravia   | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| New Park  | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| Eitoro Park   | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| Hillcrest   | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| <b>Pietermaritzburg</b>                                     | -    | -  | <b>R308</b> | -  | <b>R400</b> | -  | <b>R364</b> | -  |                 |
| Woodlands/Northdale/Bombay Heights/Orient Heights/Allandale | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| Chase Valley/Oak Park/Chasedene/ Northern Park              | -    | -  | R380        | -  | R480        | -  | R450        | -  | HN              |
| Wembley/Clarendon   | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| Pietermaritzburg City                                       | -    | -  | R320        | -  | R450        | -  | R410        | -  | HN              |
| Prestbury   | -    | -  | R280        | -  | R360        | -  | R300        | -  | HN              |
| Pelham/Scottsville/Richmond                                 | -    | -  | R280        | -  | R350        | -  | R320        | -  | HN              |
| Crest/ Bisley   | -    | -  | -           | -  | -           | -  | -           | -  |                 |
| Hayfields/Lincoln Meade/Bellevue/The Meadows                | -    | -  | R280        | -  | R360        | -  | R340        | -  | HN              |



Our heartfelt thanks to the companies that contributed to the residential-market survey. By clicking on their logos, you will learn more about these panellists.





## Chapter 10: House market

# House price growth slows further

Kobus Lamprecht

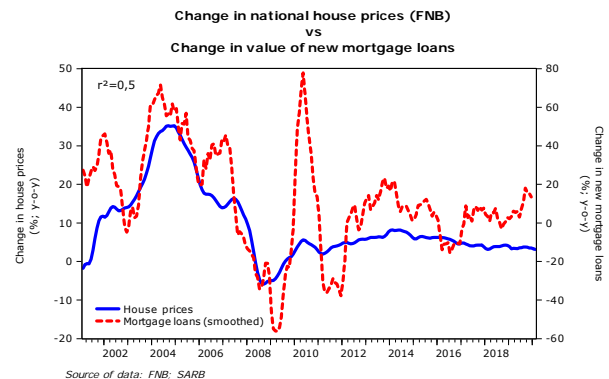
The housing market remains under pressure, with national house price growth continuing to slow in early 2020. FNB data show prices in nominal terms grew by 3,6% in 2019, the fifth consecutive year of slower growth, and by 3,1% in February 2020. Lightstone's index shows house prices grew at an even slower rate of 2% in the same month. This implies that prices have continued to decline in *real* terms (after having taken out inflation – whether measured by the BER Building Cost Index or the CPI). The market is still slightly oversupplied, most significantly at the high end of the market. The very-low end of the market is still looking healthier.

The interest rate cuts of 2020 will be slight support – but by far not enough – to cancel out the deleterious effect of the recession, which has been exacerbated by Covid-19.

Below we briefly discuss the drivers of changes in house prices, before looking at how interest rate cuts and Covid-19 will possibly impact the housing market in the near term. We also report on the latest house price statistics per value band at the end of this chapter.

### Drivers of changes in house prices

House prices correlate well with the value of residential mortgages granted over the long term, with  $r^2 = 0,5$ , as shown in the chart and explained in more detail in the text that follows. The nominal *value* of residential mortgages granted in 2019 increased sharply, after a strong second half of the year (see sharp jump in the chart).



Because of all the economic headwinds, the lift in mortgages granted has not really manifested in accelerated house price growth as seen in the chart. It is worth considering the mechanism that creates the relationship between house prices and the value of mortgages granted, which is probably twofold:

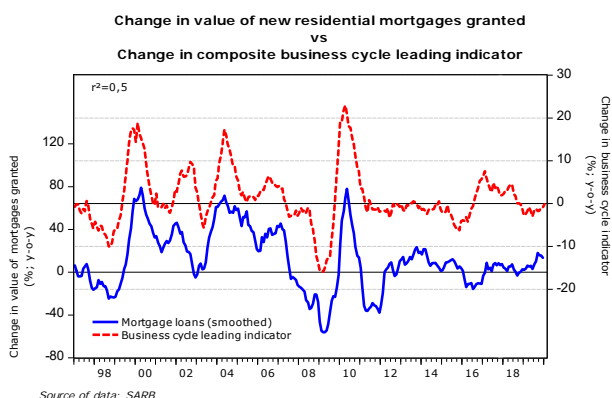
As house prices increase, the value of mortgages will rise, provided banks keep their loan-to-value policies constant. This would mean that house prices determine the value of mortgages granted, not the other way around.

On the other hand, an increase in the value of mortgages granted could mean banks have relaxed their credit criteria (loan-to-price policies), which *allows* prices to accelerate and could, in addition, lead to more sales being concluded (holding all other factors constant). This would also result in more mortgage bonds being registered. In this instance, one could argue that the determinant of house prices is not the value of mortgage bonds registered but rather the change in banks' credit policies.

This is where South Africa is:

We know mortgagees (banks) have been relaxing their loan-to-price policies, which – at least temporarily – is supporting house price growth from going negative. The loan-to-price ratio has gradually increased over the past two years. It reached 91,2% in the third quarter of 2019, up from 90,6% in the second quarter of 2019, according to FNB. This suggests that lenders are progressively asking for smaller deposits from prospective buyers amid strong competition to gain new home-loan business. Loans are also being granted at more favourable interest rates. In any case, the acceleration in mortgages granted is not sustainable – as explained later – as mortgage lenders (mortgagees) face huge short- to medium-term risks owing to the economy's precarious state.

A significantly correlated variable of residential mortgages granted is the leading business cycle indicator of the SARB, with  $r^2 = 0,5$ . This indicator reflects early stirrings in the economy, thus confirming that the fundamental driver of house prices is the economy. This indicator fell by 1% in January 2020 compared to January 2019 and has been in negative territory for 15 straight months. This is not a good signal for the housing market.



In the medium term, we expect the growth in the *value* of mortgages granted to be slow as effective demand<sup>1</sup> from borrowers will be impeded by several factors:

- 1) A very weak, junk-rated economy. The economy will contract in 2020,

dragged down even further by Covid-19 (think small and large businesses going under). Let's not forget that the country was already in recession before the pandemic started. The economy will be negatively impacted by cyclical factors (such as the dire SA fiscal situation and the tanking world economy) and structural problems (like the quality of education and too few taxpayers). Additional issues that will weaken economic growth include continued electricity supply disruptions/ constraints and the sharp electricity price increases. The Eskom crisis cannot be solved overnight – think five years rather than 18 months.

- 2) In the current cycle, it is unlikely that banks will relax their credit criteria further in respect of mortgage approvals. The reasons are:

- The weak economy – see (1).
- The still-high ratio of household debt to disposable income. This ratio was at 73% in the fourth quarter of 2019 – up slightly from 72,7% in the fourth quarter of 2018.
- Rising unemployment, worsened by the impact of Covid-19. Job prospects in the medium term are poor, given the subdued outlook for economic growth and the overpopulated SOEs and public sector.
- Rising utility costs that erode disposable incomes and the competitiveness of SA industry.

A boost for the residential property market is the 100 basis-points cut in short-term interest rates in March 2020 (prime rate lowered to 8,75% from 9,75%), which follows the 25 basis-points reduction in January.

This is the lowest prime rate since the 8,5% of 2013 and it is close to the lows of the

<sup>1</sup> Effective demand is a need the consumer can afford and is prepared to pay for.

early 1970s. Interest rates were lowered to provide support to the economy and the cuts were made possible by subdued local inflation and a worldwide trend of very accommodative monetary policy. *Real* interest rates (after inflation) are still quite high, which leaves room for further easing if required.

However, don't expect lower interest rates to turn the property market around for now. Usually, interest rate cuts will encourage consumers to take on new debt. However, given the very dismal economic outlook, especially now with the coronavirus crisis, it would be wiser for consumers to use this opportunity to keep their repayments on their existing debts up to date or to save for when interest rates rise again. Many people have seen their financial ability to purchase property reduced considerably due to the crisis, especially those unable to work during the 3-week lockdown and invested in the equity market.

The lockdown will have a serious spill-over effect on the registration of all property sales as the Deeds Office is closed. And house sales during this time will be minimal as few people will be prepared to buy a home online without having inspected the house. This will be catastrophic for many a real estate agency's cash flow.

The strongest segment in the house market remains the more affordable houses under R1 million, and where there is no transfer duty. Investors who are financially geared will benefit somewhat from the decline in interest rates, but that benefit will be offset by weaker rentals and rising vacancies in

the months to come. Also, in the medium term, the interest-rate risk is high for these investors, given South Africa's parlous fiscal position and the weak rand, because this is a recipe for cost-push inflation to rear its ugly head – a type of inflation that is not beneficial for property prices.<sup>2</sup>

On top of that, we must bear in mind that the fundamental/structural problems in the SA economy cannot be solved by interest rate tinkering. And the (residential) property market is inextricably linked to the economy.

To residential developers, the major risk is not so much the prices that can be achieved but rather the rate of sales. Well, the two are of course linked.

### House price growth by value band

**Table 10.1** shows the change in house prices by value band. Noteworthy is that the higher the price band, the lower the price growth. Houses worth between R700 000 and R1,5 million (*high* value band) managed to show year-on-year price growth of only 1,2% in January 2020, while prices of houses worth R1,5 million and above decreased by 1,5%.

Houses priced at below R250 000 stood out with sharp growth of 10%, but the reason for this is stellar growth is not clear-cut. Houses worth between R250 000 and R700 000 showed growth of 4%. Houses priced below R1 million (previously R900 000) are attractive to buy considering that there is now no transfer duty involved. ■

**Table 10.1**  
Change in nominal house prices by value band  
% change on a year earlier  
January 2020

| Value band | Price band     | % change |
|------------|----------------|----------|
| Low        | <R250k         | 9,6%     |
| Mid        | R250k to R700k | 4,1%     |
| High       | R700k to R1,5m | 1,2%     |
| Luxury     | >R1,5m         | -1,5%    |

Source: Lightstone

<sup>2</sup> Cost push inflation is caused by rising prices of imports (through a weak rand), giving rise to import-parity pricing in the local market, which lead to demands for higher wages.

Chapter 11: Building activity and building costs

# Bleak building activity outlook

Kobus Lamprecht

The outlook for building activity over the short term is poor as property fundamentals (like vacancy rates and rentals) will likely weaken further given the severe slowdown in economic activity expected in 2020. This makes new developments unviable or at best very risky. Our detailed discussion of trends in building activity and building-construction costs follows.

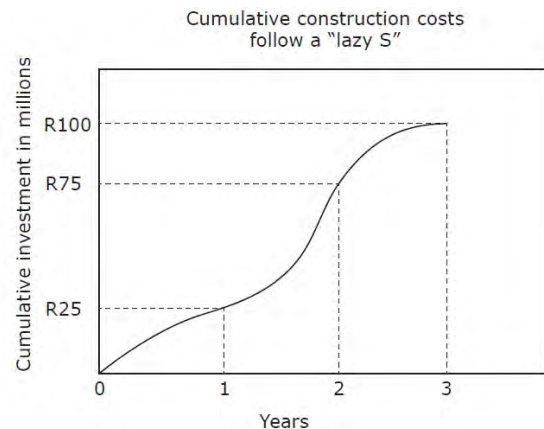
### Building activity

To analyse building activity, we delve deeper into the SARB's measure of gross fixed capital formation (GFCF) and building-construction data from Stats SA.

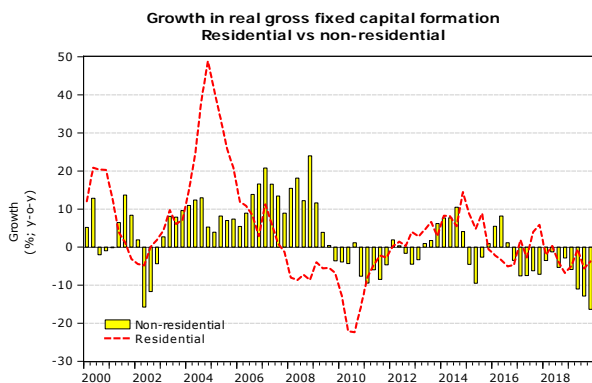
The SARB's measure of GFCF represents the real value of bricks and mortar being put in place in a given period like a quarter or a year. GFCF in the *non-residential* sector fell by 16% in *real* terms in the fourth quarter of 2019 compared to the fourth quarter of 2018 (see chart). Full-year GFCF fell by 12% – the third consecutive yearly decline and the largest drop since 1992.

As for *residential* building activity, in the fourth quarter of 2019 the *real* value of bricks and mortar being put in place decreased by 4% on a year-on-year basis. Activity also declined by 4% in 2019 as a whole – the second consecutive yearly decline.

Compare this statistic with buildings completed, which reflect, at the date of completion, the total building cost expected at the time when the building plans were passed by the municipality, which could be a few years earlier. For instance, a building worth R100 million completed in 2019 could reflect GFCF amounting to R25 million being put in place in 2019, R50 million in 2018 and R25 million in 2017 (see the figure). Thus the 'buildings completed' statistic is a lagging indicator – it reflects conditions and expectations in the property market that existed up to two or three years earlier. This is especially true of non-residential building construction. In contrast, GFCF reflects a more recent occurrence and is, therefore, less of a lagging indicator as it reflects only R25 million in 2019 in the example above.



Source: Rode & Associates



Source of data: SARB

With this as background, we now turn to **Tables 11.1** and **11.2**, which reflect building plans passed and buildings completed per square metre as reported by local-government institutions (ex Stats SA).

**Non-residential buildings completed** increased by 32% in the 12 months to January 2020. The rise was driven by an enormous 78% increase in shopping space completed (see **Table 11.1**).

Industrial space completed increased by 35%, while office space completed rose only slightly. Buildings completed are evidently a lagging indicator!

Looking at potential future **non-residential activity, plans passed** in square metres declined by 17% in the 12 months to January 2020, with office buildings (-29%) down the most. Plans passed for industrial space (-17%) and retail space (-5%) also decreased. This is a welcome sign for landlords of retail and office property, given the oversupply in these sectors. The large decline in industrial property plans passed implies a further slowing down of the demand for logistics space (very large warehouses) and smaller warehouses.

**Residential buildings completed** rose by 10% in the 12 months to January 2020 as shown in **Table 11.2**. By drilling down, we see that this increase was caused by a 32% rise in completed flats and townhouses. However, the increase slowed down significantly in the past six months as completed flats and townhouses declined by 16%. **Residential building plans** passed

decreased by 17% in the 12 months to January 2020.

The outlook for **residential** and **non-residential** building activity over the short term is poor due the serious slowdown in economic activity expected in 2020. This will likely lead to property vacancy rates rising further and activity declining even further.

### Building-construction costs

Tender prices (BER BCI), which include input costs (labour and materials) and the profit margin of contractors, increased by 5% year on year in the first quarter of 2020, according to the BER. (See **Annexure 6** for historical BCI data.)

Note that throughout this report we used a smoothed version of the BCI to cater for volatility in the index. The "smoothed" BCI increase was also about 5% in the first quarter of 2020.

Rode's six-year forecast of building activity and building-construction costs, as well as other property-related variables, is provided in our sister publication *Rode's SA Property Trends*. ■

**Table 11.1**  
**New non-residential buildings**  
**(private sector) (m<sup>2</sup>)**

|   | Offices | Shopping space | Industrial buildings | Total  |
|---|---------|----------------|----------------------|--------|
| <b>12 months ended January 2020 (year-on-year % change)</b> |         |                |                      |        |
| Completed   | 1,3%    | 78,1%          | 34,6%                | 32,1%  |
| Plans passed  | -28,8%  | -5,0%          | -16,7%               | -16,8% |

*Source of data: Stats SA*

**Table 11.2**  
**New residential buildings**  
**(private sector) (m<sup>2</sup>)**

|   | Smaller than 80 m <sup>2</sup> | Larger than 80 m <sup>2</sup> | Flats & townhouses | Total  |
|---|--------------------------------|-------------------------------|--------------------|--------|
| <b>12 months ended January 2020 (year-on-year % change)</b> |                                |                               |                    |        |
| Completed   | -15,5%                         | -5,4%                         | 32,0%              | 9,9%   |
| Plans passed  | -3,1%                          | -9,1%                         | -27,8%             | -16,5% |

*Source of data: Stats SA*

# ***Annexures***

# Glossary of property and related terms and abbreviations

**Arithmetic mean:** The most often used measure of central tendency. It is the simple average of several observations. Mathematically, it is equal to the sum of all values divided by the number of observations. For example, the arithmetic mean of 6 and 7 is  $(6+7)/2$ . The arithmetic mean of 6, 7 and 8 is  $(6+7+8)/3$ ; and so forth. Outlier observations may unduly affect the mean. In the Rode publications all references to the 'mean' or 'average' refer to the arithmetic mean, unless otherwise specified. See also **geometric mean** and **median**.

**BER BCI:** Bureau for Economic Research Building Cost Index. Measures pre-contract non-residential building-construction prices and as such it includes the profit margin of contractors. This index is one of the best indicators of the health of the building-construction industry. If it accelerates faster than input costs (measured by the **Haylett Index**), then contractors are stretching their profit margins as a result of sufficient work, and vice versa.

**Building construction:** the construction of buildings like houses, office blocks, factories, shopping centres, schools, hospitals. See also **civil construction**.

**Bulk:** Bulk square metres refer to the gross building area (GBA) of a building. According to *The Sapoa Method for Measuring Floor Areas in Commercial and Industrial Buildings*, GBA covers: "The entire building area, but it excludes patios, plant boxes, sun-screening, escape stairs, machine rooms, parking (basements or above ground), lift motor rooms, service rooms, caretakers' flats, etc. GBA is mainly used by planning consultants in order to plan and execute a building in accordance with the permissible Floor Area Ratio (F.A.R.) as derived from the zoning of the property. GBA is fixed for the life of the

building but it should be noted that different local authorities may interpret the National Building Regulations, which regulate the FAR definition, in a slightly different manner." The market value of office and shopping-centre land is generally expressed as the value per **bulk** square metre.

**Bulk head-lease:** A lease that is signed with one party, which then sublets the space to other tenants.

**Capitalization rate:** see **Standard Capitalization rate**

**CBD:** Central business district or downtown. This is an area of concentrated high economic activity. The user may want to differentiate between the metropolitan CBD (e.g. the Johannesburg CBD) and a decentralized CBD (like the Sandton CBD).

**Civils:** colloquial for **civil construction**.

**Civil construction:** the construction of physical infrastructure like roads, bridges, dams, the laying of storm water pipes, electricity and water reticulation. See also **building construction**.

**Cluster housing [trosbehuising]:** Attached or detached residences grouped together in a community, normally secured by a fence and a (guarded) gate. In the stricter sense of the word, to be called cluster housing, a complex has to have common recreation areas like a swimming pool or private nature area. This layout normally results in a higher density than would be attained through a conventional subdivision layout. Tenure could be either full title (managed by a homeowners' association) or sectional title (managed by a body corporate). See also **Estate housing**.

**Cyclical trend:** A short-term growth path of an economic variable. Normally refers to the business cycle, as distinct from a **secular trend**.

**Dec:** Decentralized. A Rode abbreviation. Town and regional planners differentiate between local decentralization (from the metropolitan CBD to the suburbs) and regional decentralization (to outlying areas of the country).

**Deflation:** Deflation occurs when prices are declining over time. This is the opposite of inflation and could be catastrophic. When the inflation rate (by some measure) is negative for a period, the economy is in a deflationary period. See also **disinflation**.

**Deseasonalized:** Seasonal fluctuations have been removed. In the case of retail sales, this is essential in order to be able to compare sales pertaining to different months of the year, as opposed to comparing sales of one quarter or month with the same quarter or month a year earlier.

**Discount rate:** The rate used to express an expected future cash stream in present-value terms. In most instances, the discount rate is equal to the **hurdle rate**. Mathematically, the hurdle rate of a property is the sum of its market **capitalization rate** plus the expected constant growth rate of its cash flow in perpetuity.

**Disinflation:** Disinflation occurs when the inflation rate is declining over time. See also **deflation**.

**Duet house:** Two attached single-family houses on one stand registered in terms of the Sectional Titles Act, which means the two units are sold and bought separately.

**Escalation rate:** The rate by which a rental is hiked once a year in terms of a lease. The ruling market escalation rate can be seen as an attempt by the market to forecast the growth in market rentals over the duration of the lease, but this attempt is obviously rarely successful. Thus, it is important to differentiate between an escalated rental and a **market rental**.

**Estate housing** [landgoedbehuising]: It is similar to **Cluster housing**, except that common-area leisure facilities are not a requirement of the definition; not necessarily

upmarket, although it does have an upmarket flavour.

**Forward (income) yield:** A bourse term, hence it is typically applied to listed properties. In the non-listed property market, its approximate equivalent is the **capitalization rate**. It represents the expected net income of **year 1** (the following 12 months) divided by the current price/value. It stands to reason that existing leases would largely determine the net income of **year 1**. See also **historic (income) yield**.

**Freehold title:** The owner of the land enjoys free ownership in perpetuity (no land rental payable to a landlord) and can use the land for any purpose, *albeit in accordance with the local regulations*. Cf. **Leasehold**.

**Full title (FT):** The house or other type of building is part of an **Estate** or **Cluster** scheme and is built on a separate erf registered at the Deeds Office. The scheme is governed by a homeowners' association rather than a sectional title body corporate. Thus, the term is used to distinguish it from **Sectional title (ST)**. In theory, full-title homes could be built on **Leasehold** or **Freehold** land, although the former is unlikely in SA. It is, therefore, wrong to call 'full title' 'freehold', when it could in fact be full title on leasehold land; also, most, if not all, sectional title schemes are built on freehold land.

**Fundamental value (FmV):** It is a subjective value based on the investor's own, subjective forecast of rentals and maybe the investor's unique or different in-house discount rate/capitalization rate. An FmV higher than the more objective market value (MV) is a buy signal to an investor.

The calculation of the FmV is especially indicated where the economy, or property market, changes gear, e.g. a secular change in inflation rate or the real-rental cycle bottoming out. These are instances where any market is notoriously poor at forecasting trends.

An alternative term is intrinsic value.

**Geometric mean:** A measure of central tendency calculated by multiplying the series of numbers and taking the  $n^{\text{th}}$  root of the



product, where  $n$  is the number of items in the series. The geometric mean is defined only for sets of positive numbers. For example, the geometric mean of 6 and 7 is the square root of  $(6 \times 7)$ . The geometric mean of 6, 7 and 8 is the cube root of  $(6 \times 7 \times 8)$ ; and so forth. See also **arithmetic mean** and **median**.

**Geometric mean return:** It is also called the time-weighted rate of return or the average compounded rate of return. It is calculated by taking the **geometric mean** of a portfolio's subperiod returns. Where there is a great variance in subperiod returns, this is a better return measure than the arithmetic mean return. Unlike the internal rate of return, it is not influenced by the timing and weights of money-flows.

**Haylett index:** A measure of the movement of all input costs in the building industry, most significantly material and labour costs. Other costs include plant and fuel. Designed to recompense the building contractor for in-contract rises in input costs. Does not include profit margins for contractors. Official designation: CPAP Haylett Formula (Work Group 180 & 181). Work Group 180 covers lump-sum domestic buildings and Work Group 181 entails industrial and commercial buildings. The Haylett index published in RR is obtained from the **Medium-Term Forecasting Associates** (MFA).

**Historic or trailing (income) yield:** A bourse term, hence it is typically applied to listed properties. It represents the net income of **year 0** divided by the current price/value. See also **forward (income) yield**. In a market of rising net incomes, the historic yield would be expected to be lower than the forward yield.

**Hurdle rate:** The minimum total return (income yield plus expected capital appreciation) required by potential investors to induce them to invest in a property. Also known as the **required rate**. As such this is normally the correct rate to use when doing discounted cash flow (DCF) analyses. This is a similar concept to a company's cost of capital, and it is not to be confused with the cost of money (say, overdraft interest rate). One way of measuring the **total return** on an investment, ex post or ex ante, is the **internal rate of return** (IRR) method. See also **discount rate**.

**Index:** Describes the method of standardizing the base for comparative data in a **time series**, usually equating the initial measure to 100 and then expressing all other data in exact relation to that base. For instance, the index for office rentals in any year by comparison with a base-year value of 100 might stand at 90 or 110, indicating a fall or rise of 10% respectively.

#### **Inclusionary housing:**

A housing programme that, through conditions attached to land-use rights approvals, requires private developers to dedicate a certain percentage of new housing developments to low-income and low-middle-income households, or to households that may not otherwise afford to live in those developments. Source: City of Johannesburg, *Inclusionary Housing: Proposed Amendments*, 2 August 2018

#### **Industrial-building grades:**

**Prime:** An industrial property (including warehouses and distribution centres) in which space is easily lettable because it satisfies each of the following prerequisites:

- a. Generally, in a good condition;
- b. Satisfactory macro access (i.e. access to freeway);
- c. Satisfactory micro access (i.e. from street to building);
- d. Proper loading facilities;
- e. Eaves >6 m (excluding micro/ mini units);
- f. Wide clear span of trusses (few internal pillars);
- g. On ground level;
- h. Adequate three-phase electrical power.
- i. Roof insulation

The nine conditions above are *pre-requisites* for space to be considered prime. However, a building may possess additional enhancements that could improve lettable through increasing the size of the potential tenant pool.

Such enhancements could include sufficient office accommodation, adequate parking, sprinkler systems, masonry up to sill height, adequate floor loadings and sufficient yard space.

- **Secondary:** This is industrial space which is not classifiable as **prime** because it does not satisfy all nine

prerequisites for **prime** space listed above. Such space is typically old buildings or structures, which have been haphazardly renovated. It would have poor access, too little yard space or office accommodation, inadequate goods lifts, no three-phase power and obsolete electrics and ablution facilities. Such space is often (but not exclusively) found in highly urbanised areas.

| Comparative grading nomenclature of industrial and office space |         |
|---|---------|
| Industrial  | Offices |
| Prime +   | A       |
| Prime   | B       |
| Prime -   | C       |
| Secondary   | D       |

**Industrial park:** An industrial park is a multi-tenanted complex of industrial buildings, typically surrounded by a security fence with access control and possibly some greenery.

**Initial yield:** The first year's expected net operating income (based on existing leases and other income reasonably expected) divided by the purchase price. Therefore, the initial yield and the **capitalization rate** are only the same in those rare cases where a building is let at open-market rentals.

**Internal rate of return (IRR)** [*interne rentabiliteit*]: A performance measurement that takes cognisance of the time-value of money. Technically, it is that rate which equates the inflows with the outflows of a cash flow. Also known as the money-weighted rate of return because the timing and weights of the money-flows influence the return. Cf. **geometric mean return**.

**JSE:** JSE Securities Exchange South Africa.

**Labour tenant:** A person who works on a commercial farm in exchange for the right to live on that farm without compensation, as well as the right to work a portion of that farm for himself.

**Leaseback:** A fully repairing and insuring lease (tenant pays all **operating costs**) for 10 years or longer (with typically 5-yearly rent reviews or fixed annual escalations) with a tenant with a strong covenant.

**Leasehold land:** The leaseholder (landlord) grants the **Lessee** a long lease on the

*land* (in South Africa, typically 40-99 years), in exchange for which the tenant pays a rent stream to the landlord. At expiry of the lease, the land (together with the improvements) reverts to the leaseholder. This type of tenure is not common in South Africa, but since 1994 the government seems to prefer it when disposing of state land. Cf. **Freehold**.

**Lessee:** A tenant to whom space or land is rented under a lease. Cf. **Lessor**.

**Lessor:** A landlord that lets space to another under a lease. Cf. **Lessee**.

**Market rental:** The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. [Source: International Valuation Standards, 2020]

**Market value:** The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. [Source: International Valuation Standards, 2020]

The MV is an objective value in that the crucial value determinants are largely derived from the marketplace. See also **price** and **fundamental value**.

**Mean:** See **arithmetic mean**; **median**; **geometric mean**.

**Median:** Midpoint of a series of observations when arranged in order of magnitude. Thus, it is a measure of central tendency that divides the data set into halves. Less affected by outlier observations than the **arithmetic mean**. For example, the median of 5, 6, 7, 8, 9 is 7. And for 5, 9, 15, 16, 17, 21, 23 the median is 16. Cf. **geometric** and **arithmetic mean**.

**Metro:** Metropolitan.

**MFA:** Medium-Term Forecasting Associates, building-construction economists located in Stellenbosch.

n: Number of respondents.

N/A: Not available — fewer than two respondents.

**NNN lease:** Also known as a triple-net lease. A fully repairing and insuring lease (tenant pays all operating costs). The commonest example is a **Leaseback**.

**Office-building grades defined by quality of finishes and facilities (not location):**

- Grade A+: Generally, new, top-quality, modern buildings; ample parking; a pace-setter in establishing rentals, a prestigious lobby finish. A minimum 4-star rating by GBCSA is a prerequisite.
- Grade A: Generally, not older than 10 years, unless renovated; high-quality finishes; adequate on-site parking; air-conditioning.
- Grade B: Generally, 10 to 20 years old, unless renovated; accommodation to modern standards; air-conditioning; on-site parking.
- Grade C: Generally, 20 to 30 years old, unless renovated; in fairly good condition, although finishes are not up to modern standards; may have some on-site parking; unlikely to be centrally air-conditioned.
- Grade D: A building reaching the end of its functional life but can be used for storage; old and in poor condition; near the bottom of the rental rate range; typically, no air-conditioning and no on-site parking; may have good location.

These grades might be further sub-divided into sub-grades, viz. A-, B+, B-, C+ or C- for purposes of fine-tuning market rental rates.

In every issue of *Rode's Report* (RR), we reflect rentals for the following sub-grades:

|                          |
|--------------------------|
| A+ Reported in RR tables |
| A Reported in RR tables  |
| A-                       |
| B+                       |
| B Reported in RR tables  |
| B-                       |
| C+                       |
| C Reported in RR tables  |
| C-                       |

Sub-grades not reported on, can be established by straight-line interpolation.

This schema has been appearing in *Rode's Report* since 1995. At a later stage, Sapoa

(following the Australian example) changed the name of grade A+ to P grade (for 'premium'). As the reader will see, the P-name does not fit in with the above schema, and for this reason, we did not follow the Sapoa nomenclature.

The vigilant reader will notice that, in contrast to Sapoa, we do not include 'location' as a determinant of grading. Our point of departure is that the grading should only reflect quality of finishes and facilities. However, location does of course play a role in determining market rental rates, which is why we in RR we report on market rental rates by **node** (and grade).

**Office demand:** **Office stock** less office space vacant (space on the market for renting irrespective of whether there is still a valid lease over the space). In other words, demand is office space occupied.

**Office stock:** Total rentable office space.

**Office take-up:** Change in **office demand**. Where take-up is positive, it can also be called the growth in demand.

**Office vacancies:** This is the floor area available for leasing at any given time, irrespective of whether there is still a valid lease over the space. Often expressed as a percentage of the stock in rentable m<sup>2</sup>.

**Operating costs:** See **outgoings**.

**Opportunity cash flow (OCF):** A valuation term introduced by Rode. The OCF quantifies the amount gained or foregone by the landlord in that the property is either over rented or under rented. More precisely, for each lease and the space that such a tenant occupies, it is, until expiry of such a lease, the present value (PV) of the contractual rental less the open-market rental (as at the valuation date) escalating at the open-market escalation rate (as at the valuation date).

**Outgoings (gross operating costs):** In the case of office buildings, the following items are included under total *gross* operating expenses, irrespective of who pays for these:

- Rates & taxes
- Cleaning of common areas
- External and common-area repairs & maintenance (normalized, i.e. averaged)
- Common-area electricity
- Security

- Management fee (excluding head office overheads)
- All leasing expenses: broker's commission and in-house payroll, advertising, net tenant alteration costs (normalized)
- Installation or relocation expenses (unless recovered), buyouts, etc
- Insurance (fire & SASRIA). In the case of self-insurance, the market average should be included
- Audit fees

#### THE FOLLOWING ITEMS ARE EXCLUDED:

- Head office overheads
- Tenants' own electricity, water, refuse and sewage tariffs
- Recovered tenant alterations or installations.
- VAT.

**Price:** The amount actually paid for an asset. Not the same as **market value**, because special circumstances may have applied when the transaction was concluded (cf. the definition of market value).

**PLS:** Property loan stock, also known as variable loan stock (VLS) (type of listed property fund). (historic)

**PUT:** Property unit trust (type of listed property fund). (historic)

**REIT:** A REIT is an entity that invests primarily in real estate and qualifies for special tax status in that there is single taxation at the end-investor (not the fund) level. The Dutch term 'fiscale beleggings-instelling' (FBI) stresses the tax characteristic. The FBI is the world's oldest fiscally transparent investment structure for property (since 1969). Source: <https://www.vastgoedmarkt.nl>, published 16/11/2017.

#### Rental:

- **Basic rental (base rental in the USA):** A set amount used as a minimum rent in a lease which also employs a percentage of turnover or other allocation for additional rent.
- **Gross rental:** The *total* rental payable by the tenant, *excluding VAT*, the tenant's own electricity and other utility charges, but *including* other operating costs (see **Outgoings**) recovered by the landlord, such as rates and taxes. In the case of case of shopping centres, promotion

expenses is included in the gross rental. See also **rental, net**.

- **Net rental:** The amount payable by the tenant, excluding **VAT** and excluding operating costs recovered by the landlord (if any). See also **rental, gross**.
- **Nominal rental:** This has a dual meaning:
  - o Firstly, it refers to rentals where the analyst or valuer assumes no incentives like a **rent-free period**, free relocation, cash upfront, or
  - o balance-of-installation allowance. It also excludes amortisation of tenant-installation costs.
  - o Secondly, it can also mean actual rental values (i.e. not deflated). See also **rental, real**.

#### Parking types:

- Detached open parking: parking bay is detached from the main building and with no cover
- Detached shade-net parking: parking bay is detached from the main building with shade-net cover
- Detached covered parking: parking bay is detached from the main building and has a solid roof
- Structured parking: parking forms inherently part of a structure (for instance, the main building). It could be in the basement, in an abutting parkade or on the rooftop (where it could be open or covered).
- **Pioneer rental:** The highest rental achieved – and could be a once-off outlier deal; hence "pioneer" is not "market". The difference between pioneer and the highest market rentals may be used as a blunt tool to gauge the prospects for market rental growth in the short term. If the differential is positive, it is an indication of growth prospects in the node. If the differential is negative, it is an indication that landlords are finding it difficult to find new tenants at the asking rental rate.
- **Real rental:** Deflated rental, typically observations (values) over time (a **time series**) from which the relevant inflation has been removed. See also **rental, nominal**.

**Rent-free period:** No rent is payable by the tenant for an initial portion of the term of a lease. It is offered by a landlord as a rental

concession to attract tenants. Measure the rent-free period at the start of beneficial occupation.

**Required rate of return:** see **hurdle rate**.

**Retail price:** In the context of property syndication, this means the price at which a property-holding company's shares are sold to the public or the price at which these shares trade. See also **wholesale value**.

**RR:** *Rode's Report on the South African Property Market*, a quarterly journal for the professional property practitioner.

**Sapoa:** South African Property Owners Association.

**SARB:** South African Reserve Bank (viz. the central bank)

**Sectional title:** A type of property ownership method whereby 'sections' of a building, or a complex of buildings, are created to allow for each 'section' of the building to be individually owned. In Australia it is known as 'strata title', and in North America and Europe as 'condo-minium' (condo) (also, *Eigentumswoh-nung* in Germany).

**Secular trend:** A long-term growth path of an economic variable, around which there might be short-term (business cycle) or other fluctuations. See also **cyclical trend**.

#### Shopping-centre configurations:

- **Mall:** Typically enclosed with common walkway between two facing strips of stores. This is the design mode for super regional, regional and most community shopping centres.
- **Strip centre:** Is an attached row of stores or service outlets managed as a coherent retail entity, with on-site parking, usually located in front of the stores. Store-fronts may be connected by open canopies, but there are no enclosed walkways linking the stores. Store configuration is either a straight line, "L" or "U" shaped. This is the design mode for most neighbourhood, convenience and value (USA: power) centres.
- **Street-front shop:** as the name implies, a shop that fronts on the street. In the UK known as a high-street shop.

#### Shopping centre types:

- **Super regional:** More than 100.000 rentable m<sup>2</sup>; more than 250 stores; comparison and specialised shopping very important; widest possible tenant mix with at least seven anchor tenants; large entertainment component such as cinema, electronic games, ice rinks. Examples are: Mall of Africa (Johannesburg); Menlyn Park (Pretoria), The Pavilion (Durban); Canal Walk (Cape Town).
- **Regional:** 50.000-100.000 rentable m<sup>2</sup>; 150-250 stores; anchors in most cases two large supermarkets (more than 5.000 m<sup>2</sup>) or one large supermarket (8.000 m<sup>2</sup>); significant entertainment component like cinema, electronic games/games arcade. Examples are: Mall of the South (Johannesburg); Forest Hill (Pretoria); Tyger Valley and N1 City Mall (Cape Town); Loch Logan Waterfront (Bloemfontein); Hemingways (East London); Garden Route Mall (George).
- **Small regional:** 25.000-50.000 rentable m<sup>2</sup>; 75-150 stores; generally serves as larger community centre; some of these centres also address needs of a specific market segment; anchor tenant is large supermarket (bigger than approximately 4.000 m<sup>2</sup>); up to two or three food anchors can be on offer in one centre; focus of the tenant mix is on comparative shopping in clothing and household items; entertainment mainly focused on cinemas. Examples are: La Lucia Mall (Durban); Walmer Park (Port Elizabeth); Mimosa Mall (Bloemfontein); Langeberg Mall (Mossel Bay).
- **Community:** 12.000-25.000 rentable m<sup>2</sup>; 50-150 stores; offers a wider tenant mix than a neighbourhood centre; anchor tenant one or two large supermarkets bigger than 2.500 m<sup>2</sup>; Dis-Chem and Clicks are popular tenants; some might have cinemas; Examples are: Cosmo Mall (Johannesburg); Middestad Mall (Cape Town); Mall@Lebo (Lebowakgomo, near Polokwane); Brandwag Centre (Bloemfontein); Beacon Bay Retail Park (East London).

- **Neighbourhood:** 5.000-12.000 rentable m<sup>2</sup>; 25-50 stores; anchor tenant is well-known food retailer - could also be a combination of two food retailers; other tenant types are convenience retailers, such as a pharmacy, butchery, hairdresser, dry cleaner, liquor store; hardware store, small clothing stores, restaurants and takeaways, independent stores run by residents. Examples are: Kyalami on Main (Johannesburg); Jean Avenue (Pretoria), Platteklouf Village (Cape Town).
- **Local convenience:** 1.000-5.000 rentable m<sup>2</sup>; 5-25 stores; caters mainly for daily milk and bread purchases; the principal tenant is a café or grocer like Kwik Spar/OK MiniMark; could include takeaway foods, local restaurants, DVD stores, banks and ATM facilities. Examples are: Kenilworth Corner (Cape Town); Amalinda Square (East London).
- **Lifestyle centre:** 15.000-50.000 rentable m<sup>2</sup>; not a popular format in South Africa; role is to offer a unique retail shopping and entertainment experience in a relaxed and attractive environment. Characteristics are: a variety of dining options, inviting public spaces including fountains and street furniture, an upmarket tenant mix. Examples are: Lynnwood Bridge (Pretoria); The Palms Décor and Lifestyle Centre (Woodstock, Cape Town) and Cape Quarter (Waterkant, Cape Town) and Willowbridge (South) in Tyger Valley (Cape Town).
- **Retail warehouse (big-box retailer):** Stand-alone; one or two tenants; 2.000-15.000 m<sup>2</sup>; air-conditioned, no ceiling, warehouse-like finishes, e.g. Makro, Builders Warehouse and Game.
- **Value centre:** Multi-tenanted strip centre; 10.000-50.000 m<sup>2</sup>; warehouse type finishes to deliver lower prices to consumers. Examples are Fourways Crossing (Johannesburg); Moffet Retail Park (Port Elizabeth); Capegate Value Centre (Cape Town).

**Smoothing:** Removal of shorter-term fluctuations in a **time series**, by e.g. moving averages, exponential smoothing, or curve fitting.

**Standard capitalization rate:** It is the expected net operating income for **year 1**, assuming the entire building is let at open-market rentals, divided by the purchase/transaction price, normally expressed as a percentage. This calculation ignores VAT, transfer duty and income tax, and assumes a cash transaction (in contrast to a paper-based sale).

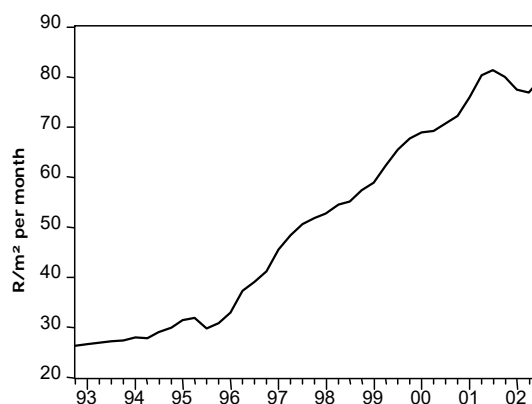
**Standard deviation (SD):** A measure of dispersion in a set of data. For instance, assume a normal distribution of observations and a **mean** of R10 and an SD of R1,50. This means there is a 68% chance the values will lie between R10-R1,50=R8,50 and R10+R1,50=R11,50.

**Stats SA:** Statistics South Africa, South African government's statistics department. Previously known as Central Statistical Services (CSS) and even earlier as the Department of Statistics.

**Through rate:** Where a property consists of various components (for example office and industrial space) the through [rental] rate is the weighted average rental rate of these components.

**Time series/data series [tydreeks]:** A set of observations for the same variable at regular intervals (see graph). The intervals or frequencies may be of any length, e.g. years or quarters for national-income or property data, monthly for prices, and weekly, daily, or even minute-by-minute for stock exchange prices.

A graphic portrayal of a rental time series  
Quarterly frequency



**Total return:** Normally measured over a year, in which case it is the income yield for the applicable year (net income in **year 1** divided by the purchase price or value in **year**

**0)** plus the change in capital value over that year. Also known as the combined return because it combines the income yield and capital return in one measure.

**Town house [*meenthuis*]:** A modern town house has a small footprint on multiple floors. In the UK it is known as a terraced house. Town houses are often found in **cluster** complexes. Historically, it was the (small) house of the landed gentry in town. Cf. in Afrikaans *tuishuis/dorpshuis*, a small house in town where farmers used to stay for *Nagmaal* (Communion).

**Triple-net lease:** see **NNN lease**.

**VAT:** value-added tax.

**WALE:** Weighted average lease to expiry. A metric to gauge the risk of a portfolio of

properties going vacant. Measured in years.

**Wholesale value:** In the context of property syndication, this means the estimated price that a share or shares of a syndicated property-holding company would fetch (excluding winding-up costs) should the holding company be dissolved, and the underlying property sold as a normal, non-syndicated property. See also **retail price**.

**Year-on-year (y-on-y) growth:** Rate by which a figure has changed compared to a year earlier.

**Year 0:** Refers to the year ended at the present time.

**Year 1:** Refers to the period from **year 0** to the end of the first year thereafter.

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#### References:

1. International Council of Shopping Centres
2. Bureau of Market Research, University of South Africa
3. Sapoa
4. International Valuation Standards, 2020

# Technical background to the Rode surveys

Rode has been surveying the crucial variables of the property market in South Africa since the beginning of 1988 using the expert-panel method. Broadly speaking, the researcher has two potential approaches available to him. These are:

- Track actual transactions, like the rental levels of lettings or the capitalization rates at which sales are concluded. Valuers (appraisers) call these 'comparables'.
- The expert-panel method of surveying, in which the surveyor regularly asks *the same* individual members of the panel for their expert *opinions*, which in turn will of course be based on actual deals of which the panellists are aware.

The cons of tracking actual transactions are:

- A paucity of transactions in most nodes, making statistical inferences impossible.
- Hence the danger of relying on outlier data (mainly the result of small samples)
- Dated transactions
- The cost
- The unwillingness of the parties to report the details of individual deals.

In contrast, through the expert-panel method of research, most of the above cons of the actual-transactions approach are addressed through opinion surveys. This results in cheaper, more accurate and timely information. Sample size is still (and will always be) a problem in some of the less active nodes, but to a lesser extent.

Below we give the reader some insight in our survey approach to determine the levels of the various property variables:

**Capitalization rate:** The Rode capitalization rate panel consists of two categories of panellist — major owners, and

leading investment brokers who know their market

segments intimately. This means that the latter's knowledge is based on actual sales. The question put to these carefully chosen panellists is:

*Owners/Brokers:* "In your opinion, what is presently the capitalization rate at which your organization is equally happy to buy or sell the properties in the cities below? (Assume a typical location and a cash sale, rather than paper.). For leasebacks, assume the escalation rate reported by you in this questionnaire."

**Escalation rate (for industrial leasebacks).** The question put to the panellists is:

*Owners/Brokers:* "In your opinion, what is the current prevalent (i.e. most often achieved) market escalation rate for prime industrial leasebacks (assume the market capitalization rate you provided in this questionnaire)?"

**Office rentals:** The Rode office rental survey asks respondents to supply average market rentals by grade (grades A+, A, B & C) for a specific office node.

The question put to the panellists is:

"In your opinion, what is presently the nominal gross *achievable/market* rental (not asking rent, not escalated contractual rents, not exceptional deals) per rentable m<sup>2</sup> excluding VAT?" The questionnaire also asks for the typical rent-free period in months, the gross current-year operating costs per rentable m<sup>2</sup> and the predominant escalation rate on net & gross rentals, and operating costs.

'Nominal' rental means the panellist has to assume no incentives like a rent-free period.

**Industrial rentals:** The question put to panellists is:



"In your opinion, what are the current gross *achievable/market* rentals per m<sup>2</sup> (NOT asking rent, NOT exception deals, NOT escalated contractual rents) for prime industrial buildings for the industrial nodes and floor-area sizes indicated below? (Exclude VAT.)"

The assumed floor area sizes are: 250 m<sup>2</sup>, 500 m<sup>2</sup>, 1 000 m<sup>2</sup>, 2 500 m<sup>2</sup> and 5 000 m<sup>2</sup>. Respondents are also asked to fill in their vacancy estimate for prime industrial space, using a scale of 1 to 9. See the table below for detail on the vacancy scale.

| Vacancy scale for industrial nodes |   |   |         |   |   |      |   |   |
|------------------------------------|---|---|---------|---|---|------|---|---|
| <5%                                |   |   | 5 – 10% |   |   | >10% |   |   |
| 1                                  | 2 | 3 | 4       | 5 | 6 | 7    | 8 | 9 |
| Low                                |   |   | Medium  |   |   | High |   |   |

Thus, the reported vacancies do not represent percentages.

**Industrial land values:** The question put to panellists is:

"In your opinion, what are the current market values per m<sup>2</sup> (NOT asking price,

NOT exception deals) for vacant, serviced levelled stands in the industrial nodes and for the stand sizes indicated below? Exclude transfer costs and VAT. Provided you are well informed, please give us your opinion even though you might not have concluded a sale for the exact sizes."

The information is required for stand sizes of 1'000 m<sup>2</sup>, 2'000 m<sup>2</sup>, 5'000 m<sup>2</sup> and 10'000 m<sup>2</sup>.

**Flat rentals:** The question put to panellists is:

"In your opinion, what are the current market rentals (not asking rent) for new lettings for uncontrolled standard and upmarket flats in the following categories and areas? The rental data required is for unfurnished flats, excluding water and electricity. Parking is typically included."

Respondents are asked to provide rentals for bachelor, 1-, 2- and 3-bedroom units. Note that the flat rentals are not quoted per m<sup>2</sup>.■

# How to interpolate industrial rental rates and land values

The industrial rental and land value tables in the body of the *RR* contain regression equations in natural log (ln) form in order to allow the reader to interpolate rental rates or industrial land values for area sizes other than those given in the tables. (All references below are to the industrial rental tables. However, they also apply *mutatis mutandis* to the industrial land value table.)

The regression equations are in natural log (ln) form because the relationship between the rental rates and area sizes leased, is curvilinear. This means that the rental rate for area sizes other than those quoted cannot be calculated by straight linear interpolation. In order to calculate the rental rate for an area size other than those quoted, use the following equation from the tables:

$\ln Y = a + b(\ln X)$ , where:

$\ln Y$  = the natural log of the rental rate, i.e. the value which we want to calculate.  $\ln X$  = the natural log of the applicable floor area in m<sup>2</sup> for which we want to calculate the market rental rate.

Note that  $a$  and  $b$  are given in the table. The coefficient of determination  $r^2$  is an indication of the goodness of fit of the curve, i.e. how much confidence we can

put in the interpolation we want to perform. An  $r^2$  close to 1 is a good fit.

An example:

Interpolate a rental rate for an area size other than those quoted in the table — e.g. for an area of 750 m<sup>2</sup>. Use your financial calculator and proceed as follows:

Assume the following equation:

$$\ln Y = 3,8855 - (0,2263 (\ln X))$$

where  $X = 750 \text{ m}^2$ .

Step 1:

Calculate the natural log of  $X$ , viz. the floor area for which you want to interpolate the market rental rate. The natural log of a floor area of 750 m<sup>2</sup> is 6,6201 (use the ln key of your financial calculator).

Thus:

$$\begin{aligned} \ln Y &= 3,8855 - (0,2263 (6,6201)) \\ &= 3,8855 - 1,4981 \\ &= 2,3874 \end{aligned}$$

Step 2:

In order to calculate  $Y$ , get the exponential of  $\ln Y$  (viz. of 2,3874) by using the  $e^x$  key on your financial calculator. The answer is R10,89 per m<sup>2</sup>. ■

# ***Approximate building cost rates as at 1 July 2019***

Source: AECOM AFRICA PROPERTY AND CONSTRUCTION COST GUIDE 2019/20

This section provides a list of approximate inclusive building cost rates for various building types in South Africa.

Rates are current to 1 July 2019, and therefore represent the average expected building cost rates for 2019. It must be emphasised that these rates are indicative only, and should be used circumspectly, as they are dependent on upon several assumptions. The area of the building expressed in m<sup>2</sup> is equivalent to the 'Construction Area' where appropriate, as defined in the '*Method for Measuring Floor Areas in Buildings, Second Edition*' (effective from 7 November 2007), published by the South African Property Owners Association (SAPOA).

Construction cost normally vary between the different provinces of South Africa. Costs in parts of the Western Cape and KwaZulu-Natal, specifically upper-class residential, for example, are generally significantly higher than in Gauteng due to the demand for this type of accommodation. Rates have, therefore, been based on data received from Gauteng, where possible. Be mindful that cost differences between provinces at a given point in time are not constant, and may vary over time due to differences in supply and demand or other factors.

Rates include the cost of appropriate building services, e.g. air-conditioning, electrical, etc. but exclude costs of site infrastructure development, parking, any future escalation, professional fees and value-added tax (VAT).

## Building rates

Rates include the cost of appropriate building services, e.g. air-conditioning, electrical, etc. but exclude costs of site infrastructure development, parking, any future escalation, professional fees and VAT.

### Offices

|    |  |                 |                   |
|----|--|-----------------|-------------------|
| 1. | Low-rise office park development with standard specification | /m <sup>2</sup> | R8.000 – R9.800   |
| 2. | Low-rise prestigious office park development                 | /m <sup>2</sup> | R10.300 – R15.300 |
| 3. | High-rise tower block with standard specification            | /m <sup>2</sup> | R11.500 – R15.300 |
| 4. | High-rise prestigious tower block                            | /m <sup>2</sup> | R15.300 – R19.200 |

### Parking

|    |   |                 |                 |
|----|---|-----------------|-----------------|
| 1. | Parking on grade, including integral landscaping and ground preparation | /m <sup>2</sup> | R500 – R600     |
| 2. | Structured parking  | /m <sup>2</sup> | R3.900 – R4.200 |
| 3. | Parking in semi-basement  | /m <sup>2</sup> | R4.200 – R5.800 |
| 4. | Parking in basement   | /m <sup>2</sup> | R4.500 – R7.000 |

### Retail

|    |   |                 |                   |
|----|---|-----------------|-------------------|
| 1. | Local convenience centres (not exceeding 5.000m <sup>2</sup> )        | /m <sup>2</sup> | R7.900 – R10.300  |
| 2. | Neighbourhood centres (5.000m <sup>2</sup> - 12.000m <sup>2</sup> )   | /m <sup>2</sup> | R8.500 – R10.900  |
| 3. | Community centres (12.000m <sup>2</sup> - 25.000m <sup>2</sup> )      | /m <sup>2</sup> | R9.300 – R12.000  |
| 4. | Minor regional centres (25.000m <sup>2</sup> - 50.000m <sup>2</sup> ) | /m <sup>2</sup> | R10.300 – R12.700 |
| 5. | Regional centres (50.000m <sup>2</sup> - 100.000m <sup>2</sup> )      | /m <sup>2</sup> | R10.900 – R13.200 |
| 6. | Super regional centres (exceeding 100.000m <sup>2</sup> )             | /m <sup>2</sup> | R11.500 – R14.900 |

**Note:** Super regional centres and regional centres are generally inward trading with internal malls, whereas convenience, neighbourhood and community centres are generally outward trading with no internal malls. Retail rates include the cost of tenant requirements and specifications of national chain stores. Retail costs vary considerably depending on the tenant mix and sizing of the various stores.

### Industrial

Industrial warehouse, including office and change facilities within the structure area:

|    |  |                 |                   |
|----|--|-----------------|-------------------|
| 1. | Steel frame, steel cladding and roof sheeting (light-duty)                             | /m <sup>2</sup> | R3.900 – R5.800   |
| 2. | Steel frame, brickwork to ceiling, steel cladding above and roof sheeting (heavy-duty) | /m <sup>2</sup> | R4.500 – R6.500   |
| 3. | Administration offices, ablution and change room block                                 | /m <sup>2</sup> | R7.400 – R9.400   |
| 4. | Cold storage facilities  | /m <sup>2</sup> | R13.800 – R19.600 |

### Residential

|    |  |                 |                   |
|----|--|-----------------|-------------------|
| 1. | Site services to low-cost housing stand (250m <sup>2</sup> - 350m <sup>2</sup> ) | /site           | R50.000 – R80.000 |
| 2. | RDP housing  | /m <sup>2</sup> | R2.000 – R2.300   |
| 3. | Low-cost housing   | /m <sup>2</sup> | R3.000 – R5.200   |
| 4. | Simple low-rise apartment block  | /m <sup>2</sup> | R7.300 – R10.100  |
| 5. | Economic duplex townhouse  | /m <sup>2</sup> | R7.300 – R10.400  |
| 6. | Prestige apartment block   | /m <sup>2</sup> | R13.900 – R21.500 |
| 7. | Private dwelling houses:   |                 |                   |
|    | • Economic   | /m <sup>2</sup> | R5.200            |
|    | • Standard   | /m <sup>2</sup> | R6.500            |

|  |                 |                     |
|--|-----------------|---------------------|
| • Middle Class                           | /m <sup>2</sup> | R7.900              |
| • Luxury                                 | /m <sup>2</sup> | R11.200             |
| • Exclusive                              | /m <sup>2</sup> | R17.600             |
| • Exceptional ('Super luxury')           | /m <sup>2</sup> | R27.000 – R56.000   |
| 8. Outbuildings                          | /m <sup>2</sup> | R3.700 – R5.300     |
| 9. Carport (shaded):                     |                 |                     |
| • Single                                 | /no.            | R4.400              |
| • Double                                 | /no.            | R8.600              |
| 10. Carport (covered):                   |                 |                     |
| • Single                                 | /no.            | R7.000              |
| • Double                                 | /no.            | R12.800             |
| 11. Swimming pool                        |                 |                     |
| • Not exceeding 50kl                     | /no.            | R93.000             |
| • Exceeding 50kl and not exceeding 100kl | /no.            | R86.900 – R153.000  |
| 12. Tennis court                         |                 |                     |
| • Standard                               | /no.            | R380.000 – R517.000 |
| • Floodlit                               | /no.            | R457.000 – R650.000 |

**Hotels**

|                         |      |                         |
|-------------------------|------|-------------------------|
| 1. Budget               | /key | R620.000 – R1.000.000   |
| 2. Mid-scale (3 Star)   | /key | R1.000.000 – R1.500.000 |
| 3. Upper scale (4 Star) | /key | R1.500.000 – R2.100.000 |
| 4. Luxury (5 Star)      | /key | R2.100.000 – R3.000.000 |

**Studios**

|  |                 |                   |
|--|-----------------|-------------------|
| 1. Studios: dancing, art exhibitions, etc. | /m <sup>2</sup> | R13.800 – R19.600 |
|--|-----------------|-------------------|

**Conference Centres**

|   |                 |                   |
|---|-----------------|-------------------|
| 1. Conference centre to international standards | /m <sup>2</sup> | R25.000 – R32.000 |
|---|-----------------|-------------------|

**Retirement Centres**

|                     |                 |         |
|---------------------|-----------------|---------|
| 1. Dwelling house   |                 |         |
| • middle class      | /m <sup>2</sup> | R8.200  |
| • luxury            | /m <sup>2</sup> | R11.500 |
| 2. Apartment block  |                 |         |
| • middle class      | /m <sup>2</sup> | R8.400  |
| • luxury            | /m <sup>2</sup> | R13.000 |
| 3. Community centre |                 |         |
| • middle class      | /m <sup>2</sup> | R11.000 |
| • luxury            | /m <sup>2</sup> | R16.100 |
| 4. Frail care       | /m <sup>2</sup> | R13.000 |

**Schools**

|                     |                 |                 |
|---------------------|-----------------|-----------------|
| 1. Primary school   | /m <sup>2</sup> | R6.500 – R7.500 |
| 2. Secondary school | /m <sup>2</sup> | R7.800 – R8.300 |

**Hospitals**

|                      |                 |         |
|----------------------|-----------------|---------|
| 1. District hospital | /m <sup>2</sup> | R26.900 |
|----------------------|-----------------|---------|

**Note:** Hospital rates exclude allowances for furniture, fittings and equipment.

**Stadiums**

|                             |       |                   |
|-----------------------------|-------|-------------------|
| 1. Stadium to PSL standards | /seat | R34.000 – R52.000 |
|-----------------------------|-------|-------------------|

|    |                                 |        |                              |
|----|---------------------------------|--------|------------------------------|
| 2. | Stadium to FIFA standards       | /seat  | R78.000 – R103.000           |
| 3. | Stadium pitch to FIFA standards | /pitch | R22.000.000 –<br>R26.000.000 |

**Prisons**

|    |                       |         |                       |
|----|-----------------------|---------|-----------------------|
| 1. | 1.000 Inmate prison   | /inmate | R582.000 – R619.000   |
| 2. | 500 Inmate prison     | /inmate | R619.000 – R693.000   |
| 3. | High/maximum security | /inmate | R924.000 – R1.238.000 |

**Infrastructure airport development costs**

Rates exclude any future escalation, loss of interest, professional fees, VAT and ACSA direct costs.

**Apron stands (incl. associated infrastructure)**

|    |  |                 |        |
|----|--|-----------------|--------|
| 1. | Code F stand (85m long x 80m wide =<br>6.800m <sup>2</sup> ) | /m <sup>2</sup> | R5.100 |
| 2. | Code E stand (80m long x 65m wide =<br>5.200m <sup>2</sup> ) | /m <sup>2</sup> | R5.400 |
| 3. | Code C stand (65m long x 40m wide =<br>2.240m <sup>2</sup> ) | /m <sup>2</sup> | R6.800 |

**Taxi lanes (incl. associated infrastructure)**

|    |                              |    |          |
|----|------------------------------|----|----------|
| 1. | Code F taxi lane (101m wide) | /m | R169.000 |
| 2. | Code E taxi lane (85m wide)  | /m | R143.500 |
| 3. | Code C taxi lane (49m wide)  | /m | R83.000  |

**Service roads**

|    |                                       |    |         |
|----|---------------------------------------|----|---------|
| 1. | Service road (10m wide)               | /m | R17.000 |
| 2. | Dual carriage service road (15m wide) | /m | R22.000 |

**Taxi ways (incl. associated infrastructure)**

|    |                            |    |          |
|----|----------------------------|----|----------|
| 1. | Code F taxi way (70m wide) | /m | R121.000 |
|----|----------------------------|----|----------|

**Runways (incl. associated infrastructure)**

|    |  |    |          |
|----|--|----|----------|
| 1. | Code F runway (3.885m long x 60m wide =<br>233.100m <sup>2</sup> ) | /m | R281.000 |
|----|--|----|----------|

**Parking (excl. bulk earthworks)**

|    |                    |      |          |
|----|--------------------|------|----------|
| 1. | Structured parking | /bay | R186.000 |
| 2. | Basement parking   | /bay | R283.000 |

**Perimeter fencing/ Security gates**

|    |   |      |         |
|----|---|------|---------|
| 1. | Security walls with perimeter intrusion detection<br>(PIDS), etc. | /m   | R8.600  |
| 2. | Security gate   | /no. | R16.200 |
| 3. | Super security gate   | /no. | R48.500 |

**Terminal & other buildings (excl. bulk earthworks, external site & services works)**

|    |   |                 |             |
|----|---|-----------------|-------------|
| 1. | Terminal building (excl. terminal building<br>baggage & X-ray)                              | /m <sup>2</sup> | R28.700     |
| 2. | Pier terminal building (excl. telescopic air<br>bridges, seating & aircraft docking system) | /m <sup>2</sup> | R30.100     |
| 3. | Telescopic air bridges  | /unit           | R11.000.000 |
| 4. | Aircraft Docking System   | /unit           | R1.620.000  |

**Building services****Electrical installation**

|    |  |                 |             |
|----|--|-----------------|-------------|
| 1. | Office buildings – standard installation | /m <sup>2</sup> | R575 – R800 |
|----|--|-----------------|-------------|

|    |   |                 |                 |
|----|---|-----------------|-----------------|
| 2. | Office buildings — sophisticated installation           | /m <sup>2</sup> | R800 – R1.050   |
| 3. | Office buildings – UPS, substations, standby generators | /m <sup>2</sup> | R375 – R525     |
| 4. | Residential   | /m <sup>2</sup> | R525 – R800     |
| 5. | Shopping centres  | /m <sup>2</sup> | R800 – R1.050   |
| 6. | Hotels  | /m <sup>2</sup> | R900 – R1.200   |
| 7. | Hospitals   | /m <sup>2</sup> | R1.250 – R1.700 |

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**Electronic installation**

|    |                                      |                 |             |
|----|--------------------------------------|-----------------|-------------|
| 1. | Offices - standard installation      | /m <sup>2</sup> | R375 – R525 |
| 2. | Offices – sophisticated installation | /m <sup>2</sup> | R525 – R750 |
| 3. | Residential                          | /m <sup>2</sup> | R325 – R500 |
| 4. | Shopping centres                     | /m <sup>2</sup> | R750 – R950 |
| 5. | Hotels                               | /m <sup>2</sup> | R700 – R900 |
| 6. | Hospitals                            | /m <sup>2</sup> | R750 – R950 |

**Note:** Electronic installation include access control, CCTV, public address, fire detection, data installation, WiFi, CATV, PABX (Private Automatic Branch Exchange) and Building Management Systems (BMS).

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**Fire protection installation**

|    |   |                 |             |
|----|---|-----------------|-------------|
| 1. | Sprinkler system including hydrants and hose reels (excluding void sprinkler) | /m <sup>2</sup> | R275 – R375 |
|----|---|-----------------|-------------|

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**Air-conditioning installation**

|     |   |                   |                     |
|-----|---|-------------------|---------------------|
| 1.  | Ventilation to parking/services areas       | /m <sup>2</sup>   | R425 – R575         |
| 2.  | Office buildings: console units             | /m <sup>2</sup>   | R800 – R1.000       |
| 3.  | Office buildings: console/split units       | /m <sup>2</sup>   | R950 – R1.400       |
| 4.  | Office buildings: package units             | /m <sup>2</sup>   | R1.275 – R1.900     |
| 5.  | Office buildings: central plant             | /m <sup>2</sup>   | R1.850 – R2.900     |
| 6.  | Office buildings: Variable Refrigerant Flow | /m <sup>2</sup> # | R1.700 – R2.900     |
| 7.  | Residential: split units                    | /m <sup>2</sup>   | R950 – R1.500       |
| 8.  | Shopping centres: split units               | /m <sup>2</sup>   | R1.050 – R1.500     |
| 9.  | Shopping centres: package units             | /m <sup>2</sup>   | R1.275 – R1.900     |
| 10. | Shopping centres: evaporative cooling       | /m <sup>2</sup>   | R800 – R1.175       |
| 11. | Hotels: public areas                        | /m <sup>2</sup>   | R1.850 – R2.900     |
| 12. | Hospitals central plant                     | /m <sup>2</sup>   | R2.400 – R3.750     |
| 13. | Hotels: console units                       | /key              | R20.000 – R27.500   |
| 14. | Hotels: split units                         | /key              | R27.500 – R42.000   |
| 15. | Hotels: central plants                      | /key              | R63.000 – R90.000   |
| 16. | Hospitals: operating theatres               | /theatre          | R525.000 – R850.000 |

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**Notes**

1. Regional variations: Construction costs normally vary between the different provinces of South Africa. Costs in the Western Cape and KwaZulu-Natal, specifically upper class residential, for example, are generally significantly higher than Gauteng due to the demand for this accommodation.
2. Value added tax (VAT): As the majority of developers are registered vendors in the property industry, any VAT on commercial property development is fully recoverable. Therefore, to reflect the net development cost, VAT should be excluded. Should the gross cost (i.e. after VAT inclusion) be required, the VAT at the ruling rate (currently 15%) should be added.

Cognizance should be taken, however, of the effect of VAT on cash flow over a period of time. This will vary according to the payment period of the individual vendor. In all cases, however, it will add to the capital cost of the project to the extent of interest on outstanding VAT for the VAT cycle of the particular vendor.

3. For guidance with regard to the cost of buildings rated under the Green Star South Africa rating tool system, see the latest edition of the AECOM publication entitled "Quick Guide to Green Design Attributes."



# Monthly forecast of in-contract building costs (Haylett formula)

Work group 180 Lump Sum Domestic Buildings (December 2016 = 100)

Forecast date: December 2019

| Month       | 2018         |            | 2019         |            | 2020         |            | 2021         |            | 2022         |            | 2023         |            |
|-------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
|             | Index        | % ch       | Index        | % ch       | Index        | % ch       | Index        | % ch       | Index        | % ch       | Index        | % ch       |
| Jan         | 104,9        | 4,6        | 108,1        | 3,1        | 114,0        | 5,5        | 119,9        | 5,2        | 127,8        | 6,6        | 134,9        | 5,6        |
| Feb         | 104,9        | 3,8        | 109,1        | 4,0        | 114,8        | 5,2        | 120,8        | 5,2        | 128,6        | 6,5        | 134,6        | 4,7        |
| Mar         | 105,0        | 3,7        | 110,4        | 5,1        | 116,0        | 5,1        | 122,3        | 5,4        | 130,2        | 6,5        | 136,0        | 4,5        |
| Apr         | 105,4        | 3,8        | 111,0        | 5,3        | 116,8        | 5,2        | 123,5        | 5,7        | 131,4        | 6,4        | 136,7        | 4,0        |
| May         | 105,5        | 3,0        | 111,2        | 5,4        | 117,5        | 5,7        | 124,5        | 6,0        | 132,4        | 6,3        | 137,7        | 4,0        |
| Jun         | 106,0        | 3,8        | 111,1        | 4,8        | 117,9        | 6,1        | 125,1        | 6,1        | 132,7        | 6,1        | 138,2        | 4,1        |
| Jul         | 107,3        | 5,0        | 111,6        | 4,0        | 118,2        | 5,9        | 125,4        | 6,1        | 132,8        | 5,9        | 138,3        | 4,1        |
| Aug         | 106,8        | 4,0        | 111,9        | 4,8        | 118,6        | 6,0        | 126,1        | 6,3        | 133,3        | 5,7        | 139,5        | 4,7        |
| Sep         | 107,8        | 4,3        | 112,7        | 4,5        | 118,6        | 5,2        | 126,0        | 6,2        | 134,0        | 5,6        | 139,3        | 4,7        |
| Oct         | 108,7        | 4,3        | 112,8        | 3,8        | 118,9        | 5,4        | 126,5        | 6,4        | 133,4        | 5,5        | 139,6        | 4,6        |
| Nov         | 109,1        | 4,0        | 113,6        | 4,2        | 119,6        | 5,3        | 127,5        | 6,6        | 134,1        | 5,2        | 140,5        | 4,8        |
| Dec         | 108,6        | 3,5        | 113,7        | 4,7        | 119,8        | 5,4        | 127,8        | 6,7        | 134,4        | 5,2        | 141,2        | 5,1        |
| <b>AVG.</b> | <b>106,7</b> | <b>4,0</b> | <b>111,4</b> | <b>4,5</b> | <b>117,6</b> | <b>5,5</b> | <b>124,6</b> | <b>6,0</b> | <b>132,0</b> | <b>5,9</b> | <b>138,0</b> | <b>4,6</b> |

Source: Bureau for Economic Research (BER)

# ***BER Building Cost Index (non-residential tender prices)***

2016 = 100

|             | First quarter | Second quarter | Third quarter | Fourth quarter | Average      |
|-------------|---------------|----------------|---------------|----------------|--------------|
| <b>2013</b> | 81,3          | 78,8           | 82,4          | 81,7           | <b>81,1</b>  |
| <b>% ch</b> | 11,6          | 6,1            | 7,4           | 4,2            | <b>7,2</b>   |
| <b>2014</b> | 85,2          | 88,7           | 90,9          | 92,4           | <b>89,3</b>  |
| <b>% ch</b> | 4,8           | 12,6           | 10,3          | 13,1           | <b>10,2</b>  |
| <b>2015</b> | 94,2          | 90,9           | 92,6          | 93,8           | <b>92,9</b>  |
| <b>% ch</b> | 10,6          | 2,5            | 1,9           | 1,5            | <b>4,0</b>   |
| <b>2016</b> | 92,7          | 98,1           | 100,6         | 99,2           | <b>97,6</b>  |
| <b>% ch</b> | -1,7          | 7,8            | 8,6           | 5,8            | <b>5,1</b>   |
| <b>2017</b> | 101,6         | 101,1          | 104,9         | 104,2          | <b>102,9</b> |
| <b>% ch</b> | 9,6           | 3,1            | 4,3           | 5,0            | <b>5,4</b>   |
| <b>2018</b> | 111,0         | 110,2          | 112,4         | 111,0          | <b>111,1</b> |
| <b>% ch</b> | 9,3           | 9,0            | 7,1           | 6,6            | <b>8,0</b>   |
| <b>2019</b> | 114,6         | 115,9          | 116,2         | 117,5          | <b>116,1</b> |
| <b>% ch</b> | 3,2           | 5,2            | 3,4           | 5,9            | <b>4,4</b>   |
| <b>2020</b> | 120,6         |                |               |                |              |
| <b>% ch</b> | 5,2           |                |               |                |              |

**Source:** The data is from the *Building Cost* Report of the Bureau for Economic Research (BER), tel. 021 808 9780, and is published with its permission.

# Prime overdraft rate at month-end (%)

(proxy for trends in mortgage rates\*)

| Year | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Year  |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1994 | 15,25 | 15,25 | 15,25 | 15,25 | 15,25 | 15,25 | 15,25 | 15,25 | 16,25 | 16,25 | 16,25 | 16,25 | 15,58 |
| 1995 | 16,25 | 17,50 | 17,50 | 17,50 | 17,50 | 17,50 | 18,50 | 18,50 | 18,50 | 18,50 | 18,50 | 18,50 | 17,90 |
| 1996 | 18,50 | 18,50 | 18,50 | 19,50 | 20,50 | 20,50 | 19,50 | 19,50 | 19,50 | 19,25 | 20,25 | 20,25 | 19,52 |
| 1997 | 20,25 | 20,25 | 20,25 | 20,25 | 20,25 | 20,25 | 20,25 | 20,25 | 20,25 | 19,25 | 19,25 | 19,25 | 20,00 |
| 1998 | 19,25 | 19,25 | 18,25 | 18,25 | 18,25 | 22,25 | 24,00 | 25,50 | 25,50 | 24,50 | 23,50 | 23,00 | 21,79 |
| 1999 | 22,00 | 21,00 | 20,00 | 19,00 | 19,00 | 18,00 | 17,50 | 16,50 | 16,50 | 15,50 | 15,50 | 15,50 | 18,00 |
| 2000 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 |
| 2001 | 14,50 | 14,50 | 14,50 | 14,50 | 14,50 | 13,75 | 13,50 | 13,50 | 13,00 | 13,00 | 13,00 | 13,00 | 13,77 |
| 2002 | 14,00 | 14,00 | 15,00 | 15,00 | 15,00 | 16,00 | 16,00 | 16,00 | 17,00 | 17,00 | 17,00 | 17,00 | 15,75 |
| 2003 | 17,00 | 17,00 | 17,00 | 17,00 | 17,00 | 15,50 | 15,50 | 14,50 | 13,50 | 12,00 | 12,00 | 11,50 | 14,96 |
| 2004 | 11,50 | 11,50 | 11,50 | 11,50 | 11,50 | 11,50 | 11,50 | 11,00 | 11,00 | 11,00 | 11,00 | 11,00 | 11,29 |
| 2005 | 11,00 | 11,00 | 11,00 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,63 |
| 2006 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 11,00 | 11,00 | 11,50 | 11,50 | 12,00 | 12,00 | 12,50 | 11,17 |
| 2007 | 12,50 | 12,50 | 12,50 | 12,50 | 12,50 | 13,00 | 13,00 | 13,50 | 14,00 | 14,00 | 14,00 | 14,50 | 13,17 |
| 2008 | 14,50 | 14,50 | 14,50 | 15,00 | 15,00 | 15,50 | 15,50 | 15,50 | 15,50 | 15,50 | 15,50 | 15,00 | 15,13 |
| 2009 | 15,00 | 14,00 | 13,00 | 13,00 | 11,00 | 11,00 | 11,00 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 11,71 |
| 2010 | 10,50 | 10,50 | 10,00 | 10,00 | 10,00 | 10,00 | 10,00 | 10,00 | 9,50  | 9,50  | 9,00  | 9,00  | 9,83  |
| 2011 | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  |
| 2012 | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,75  |
| 2013 | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  | 8,50  |
| 2014 | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,00  | 9,25  | 9,25  | 9,25  | 9,25  | 9,25  | 9,25  | 9,13  |
| 2015 | 9,25  | 9,25  | 9,25  | 9,25  | 9,25  | 9,25  | 9,50  | 9,50  | 9,50  | 9,50  | 9,75  | 9,75  | 9,42  |
| 2016 | 10,25 | 10,25 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,46 |
| 2017 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,50 | 10,25 | 10,25 | 10,25 | 10,25 | 10,25 | 10,25 | 10,38 |
| 2018 | 10,25 | 10,25 | 10,00 | 10,00 | 10,00 | 10,00 | 10,00 | 10,00 | 10,00 | 10,00 | 10,25 | 10,25 | 10,08 |
| 2019 | 10,25 | 10,25 | 10,25 | 10,25 | 10,25 | 10,25 | 10,00 | 10,00 | 10,00 | 10,00 | 10,00 | 10,00 | 10,13 |
| 2020 | 9,75  | 9,75  | 8,75  |       |       |       |       |       |       |       |       |       |       |

Source: IHS Markit

\*Individual mortgage rates will depend on the creditworthiness of the mortgagor.