



Rode

PROPERTY CONSULTANTS & VALUERS

RODE'S REPORT

2024:1

Tenants battle over industrial property in Cape Town – p. 1



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Industrial property steams ahead • The office market shows green shoots • Flat vacancies declined at the start of 2024 • House prices slow out of the blocks • Cap rates remain elevated • Listed property rally reverses as reality sets in

Rode's Report

on the South African Property Market

2024:1

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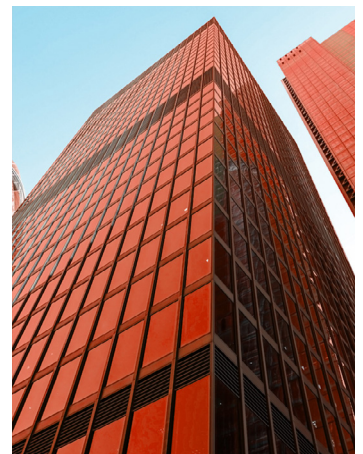
Rode Services

PROPERTY CONSULTANCY • REAL ESTATE VALUATIONS • REAL ESTATE ECONOMICS

Overview

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

- **Property journals** – Quarterly countrywide surveys which feed three research publications. One of the three publications contains 6-year forecasts of the crucial value-forming attributes of property in the major cities of South Africa. The forecasts are done using econometric models.
- **Time series database** – Over 7 000 property time series covering more than three decades. These time series are sourced from our quarterly surveys.
- **Property valuation** – Our valuations expertise cover retail, residential, commercial (including office buildings), industrial, agricultural and specialised properties such as hotels, hospitals, dormitories, self-storage facilities, airports, filling stations and the like
- **Property consultancy** – This covers a wide spectrum of areas.



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

GROUNDBREAKING RESEARCH

Over the years, *Rode's* research has led to ground-breaking 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.



Rode Valuations

As one of South Africa's large 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 2016.

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 owing 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 specialises in the valuation of farms and smallholdings and understands the value-drivers within this sector.

SPECIALIST PROPERTIES

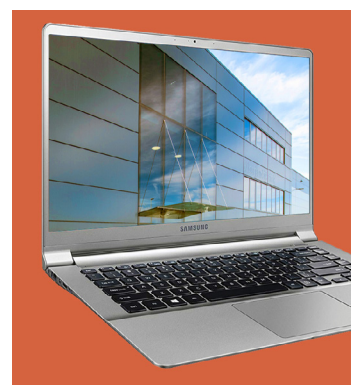
Rode Valuations has done pioneering research on several specialist-property typologies, and we regard ourselves as leading valuers with respect to hospitals, self-storage facilities, hotels, retirement villages, bare dominiums (leased fee estates in American parlance) and airports.

Rode Consult

Rode Consult renders property-related research services to the public and private sectors.

As consultants, *Rode & Associates* are often called upon to do difficult tasks. So, for instance in 1990 *Rode* analysed and forecast the property market in Maseru for the Lesotho National Development Corporation (LNDC). This project involved, *inter alia*, forecasting demand trends in Maseru. Another example is estimating the demand for housing, including retirement villages.

Studies often utilise econometric analysis to forecast trends.



Examples of other assignments include:

- Compiling a **macro overview** of the South African housing market for the national Department of Housing;
- **Demand forecasts** for specific office nodes, industrial townships, and flats markets;
- **Forecasts of rental levels** using econometric modelling;
- Property-portfolio analysis;
- **Long-term forecasts of property values** in South Africa;
- An analysis of the **property market in towns and municipalities**;
- Acting as an **expert witness** in arbitration and litigation;
- Assessment of **market potential for commercial property ventures** such as new or existing office complexes, retail centres, light industrial nodes, etc. To do this, property market indicators are identified and analyzed, e.g. supply and demand analysis (type & size), rentals (R/m²), selling prices, escalation rates (%), vacancies (%), take-up rates (%).
- **Advisory services** to implement the *Government Immovable Asset Management Act, Act 19 of 2007 (GIAMA)*;
- Research to determine the **highest and best use** for unused and underutilised government immovable assets.

Major recent clients of the division include: the City of Cape Town, the Western Cape Government, the Auditor-General of South Africa (AGSA), engineering firms and property developers.

Rode Publications

RODE'S REPORT ON THE SOUTH AFRICAN PROPERTY MARKET

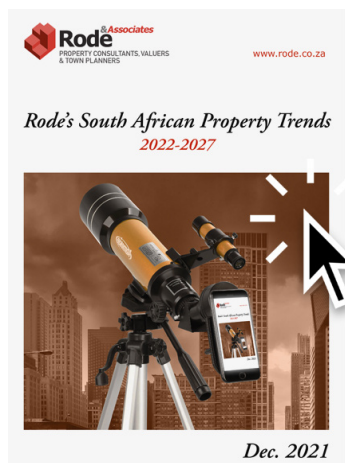
Rode's Report analyses and reports on most sectors of the property market in the metropolitan areas and some secondary cities. It covers, inter alia, rental levels per m² by property type, grade, size and node/township; capitalization rates by type of property, grade and location; building costs by type; 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 m² 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 crucial 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 biannually 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 more than three decades. The database includes key property time series like capitalization 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 7 000 property-related time series – many going back more than three decades. A must for the serious property analyst. *Time Series* is updated quarterly and available only in digital format (Excel).

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Panellist codes

Code	Company	Telephone number
AAG	Arden Avant-Garde	0106300375
ABA	Abacus Divisions	0123455555
ACU	Acumen Properties	0825574768
AN	Annenberg Property Group	0214657780
AP/OP	API Property Group/OfficePlace	0126440522
AP/OP	API Property Group/OfficePlace	0311008108
AP/OP	API Property Group/OfficePlace	0112341144
AP/OP	API Property Group/OfficePlace	0219112906
APG	Asset Property Group	0119741055
ARN	Arnie Katz Realty	0413731333
AV	5th Avenue Properties	0112346111
AWP	Andrew Wood Properties	0832363848
AX	Avron Properties cc t/a Montague Gardens Property	0215520001
BCR	Bedfordview Commercial Rentals (Pty) Ltd	0114500588
BLA	Black Pepper Properties	0114631909
BON	Bonnins Estates	0315629292
BPM	Blue Asset & Property Management	0829716402
BR	Broll Property Group	0514303008
BR	Broll Property Group	0114414108
BR	Broll Property Group	0413635559
BV	Boyd Valuations	0878094829
BVF	Boshoff Visser Property Group	0448732801
CA	Chas Everitt	0219154800
CAM	Camden Property Investments	0824056940
CAP	CapProp	0837845895
CAR	Carleon Properties	0117891007
CBR	CBRE Excellerate	0119118259
CIR	Circle Properties	0219813263
CM	Capitol Commercial Properties	0219141840
COM	Commercial Space	0216805380
COR	Core Property Group	0217972552
CPC	CarlPenn Commercial	0215696308
CPS	3Cube Property Solutions	0103006441
CR	Colliers International	0117832111
CRI	CRI Properties	0123467777
DD	Diamond Properties	0214340001
DE	Dedekind Real Estate	0366372297
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
ES	Eli Ströh	0152873300
ETC	Etchells and Young Property Brokers	0117915134
EXH	Executive Homes	0114855019
FUN	Fundation Property	0828723865
GAM	Granite Asset Management	0861177770
GB	Galetti Corporate Real Estate	0117831195
GB	Galetti Corporate Real Estate	0214186308
GI	Growthpoint Properties	0119446449
GI	Growthpoint Properties	0119446073
GI	Growthpoint Management Services	0315845100
GR	Grove Properties	0834561924
GRV	Garden Route Valuers	0762308680
GW	Goldswain Investments	0437222876
HN	Harcourts Patrick & Co	0333423340
HN	Harcourts Maritz	0126530386
HP	Horizon Capital	0214258586
IPC	IPC/Rob Lopes Rentals	0413630000
JA	Jawitz Properties	0217945500
JB	Jack Bass CRE	0210231301
JLL	Jones Lang LaSalle	0115072200
JR	J Margolius & Associates	0861825848
JUS	Just Property Winelands (Paarl)	0218721487
JUS	Just Property Atlantic Seaboard	0212017007
JUS	Just Property Helderberg	0218546372
KA	M.A. Krog & Associates	0832973140
KEL	Kellaprinse Property Group	0137544400
KWP	Keller Williams Prime Realty Group	0836351320
LA	Landlords "We do Rentals"	0219751770
LIB	Liberty 2 Degrees	0114485687
MAF	Mafadi Western Cape	0210013410
MAS	Massyn Acquisitions	0123452576
ME	Mendace Properties	0828998304
MO	Moolman Group of Companies	0152914700
MPR	Millar's Properties	0123420527
MPV	Masisizane Property Valuations	0834693555
MR	Marder Properties	0114531220
MUL	Multi Properties	0448746907

MX	Maxprop Holdings	0312517300
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
ORI	Oriprops	0137546562
OSO	Office Space Online	0115933111
PC	Propco (1985)	0315691334
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
PRS	ProperSell	0117816281
PRU	Properties R US	0218632046
PVN	Property Valuations Namibia	0026461241100
PVS	Premium Valuation Services (Pty) Ltd	0832290130
PW	Property Window	0538311319
PX	Pillay Properties	0216857710
QU	Quadrant Properties	0115309840
RA	Real Estate & Property Services	0110271400
REA	RealFMG	0118071760
RIO	RIO Property	0837082098
RIZ	Rize Property Professionals	0835567257
RNP	RNP Properties	0116262630
RO	Reef Property Consultants	0114501700
SA	Sarkhot & Associates	0318305434
SAF	Safcom Properties	0215528871
SC	Stockton Property Consultants	0114259857
SCM	Sotheby's Commercial	0217012446
SE	Stipec Eiendomskonsultante	0152954537
SF	Seeff Polokwane	0152971140
SF	Seeff Properties Amanzimtoti	0319031234
SH	Share-List Property	0317647101
SHP	Shalan Properties	0836527341
SPI	Spire Property Solutions	0216854020
SPS	Strategic Property Solutions	0315760387

SQ	Steer And Company	0214261026
SR	Sancus Realty	0218899759
SS	Six Squared Property Consultants	0823872234
SUM	Summerton Edelson Commercial	0415811768
SWI	Swindon Property Brokers	0112686315
TCP	Turnkey Commercial Properties	0833067916
TE	Trust & Estate Co.	0026461231224
TG	Theo Goosen Estate Agents	0152959014
TH	Trevor Hosiosky Investment Properties	0118035545
TI	Torva Property Investments	0117835370
TR	Trafalgar	0313017017
TR	Trafalgar	0112145200
TR	Trafalgar	0437266066
TR	Trafalgar	0413656840
TR	Trafalgar	0431250125
TR	Trafalgar	0214105500
TR	Trafalgar	0123265963
TR	Trafalgar	0214105531
TRD	3rd Storey (Pty) Ltd	0795171696
VP	Vermaak Properties	0215552495
WD	Webprop	0219100180
WHF	Warehouse Finder	0860009531
WP	Watprop	0118870473
WPM	Watchprop Property Management	0219819756
ZZ	Anonymous	

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2. AECOM for the use of its building-cost data for various building types.
3. All the panellists who so kindly gave of their time and expertise in responding to our surveys. The complete list of panellists who contribute to the RR, together with their codes, appears on p. xii. For each of the survey tables in the RR you will find, listed against every node or area, the codes for all the panellists who contributed information this quarter.
4. Loraine West, who has the task of making sure the grammar and style are up to scratch.
5. Other property practitioners throughout South Africa, experts in their fields, too numerous to mention individually. Without the generous assistance of these professionals, much of our research would be impossible.
6. Samantha Harkers, who manages the surveys and compiles the annexures, and Lynette Smit and Juwayra Januarie for their technical assistance.
7. The JSE Securities Exchange and Statistics South Africa for the use of their data.

Foreword

Dear Reader

Welcome to the first issue of *Rode's Report on the South African Property Market* (RR) for 2024, which reports on surveys conducted in the first quarter.

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



We appeal to all market participants who feel they have sufficient property-market knowledge to become a panellist, to please contact Lynette Smit. Her cell no. is 082 323 5799 and her email lynette@rode.co.za. It's for the benefit of everyone in the industry. As a panellist you will also get invaluable exposure.

If you want to communicate with a specific niche market, you can also contact Lynette for RR advertising rates.

Enjoy the read!

Kobus Lamprecht
Editor

26 April 2024

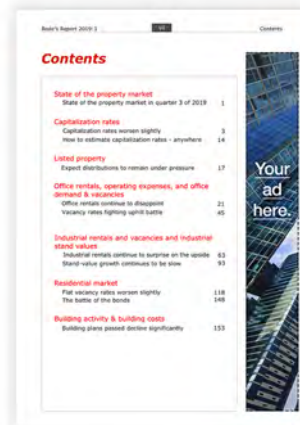
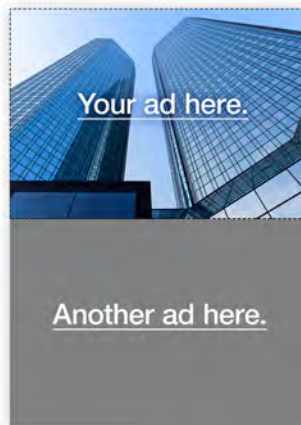
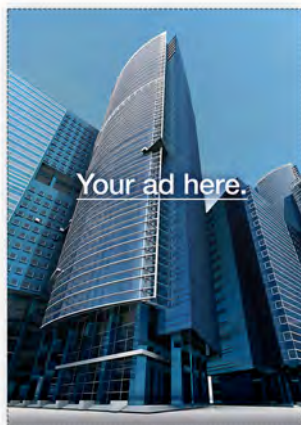
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Chapter 1: State of the property market

State of the property market in quarter 1 of 2024

The front page of this issue features the industrial property market, which continues to defy the odds with its low vacancies and strong rental growth.

In Cape Town, nominal rentals of industrial space are booming, with the first-quarter 2024 figure up about 20% compared to 2019 (that is before the pandemic). One of Rode's survey respondents said there is a severe shortage of industrial buildings and there have been rental wars because of multiple tenants looking to lease the same space. Another broker said a tenant was secured after only one day of advertising, without the tenant even viewing the property. However, is not only Cape Town that is shining. The other major industrial areas in South Africa, like Durban, are also showing robust growth. We report on this in **Chapters 7 and 8**.

In this issue, you will also read that the office market continues to recover. As far as the housing market is concerned, house prices remain under pressure, while flat rentals are looking relatively better.

Unfortunately, the spectacular rally in the share prices of listed properties pulled back in March and April as expectations of interest rate cuts have been dialled back. Another factor that has held back some buyers is uncertainty over the outcome of the SA elections and the numerous problems faced by SA Inc (see **Chapter 4**). That said, the world is also not as safe as before, given lower-than-usual economic growth and heightened geopolitical risks.

In such an uncertain environment, property companies are selling assets and holding back distributable income. The coming quarters will no doubt be a rough ride, considering the uncertainties about the local elections and the direction of interest rates.

A summary of the main findings by property type follows.

Quantitative overview of the property market

Tables 1.1 and 1.2 provide a snapshot of how the property market has performed over the past four quarters by comparing the latest information (quarter 2024:1) with data collected a year earlier.

Office market

As mentioned above, the recovery of the office market in South Africa continued in the first quarter of 2024, as evidenced by slowly growing nominal rentals and lower vacancy rates.

Rode found that the average national vacancy rate of grades A⁺, A and B space combined in *decentralized*¹ nodes was 13,9% in the first quarter of 2024, one percentage point better than the 14,9% average in the first quarter of 2023. This is based on the opinion of brokers active in nodes across the country. Looking at the bigger picture, the current national vacancy rate is still well above the pre-Covid level of 10,5% in 2019 and the historical long-term average of 9,3%, as per SAPOA data.

¹ Decentralized means all nodes in a metro lumped together, excluding the (old) central business district (CBD).

The Gauteng cities of Johannesburg and Pretoria are where vacancy rates are higher than the South African average. The coastal cities of Cape Town and Durban have performed comparatively better.

In the first quarter of 2024, weighted gross market rentals for *decentralized* grade-A space increased nationally by a measly 1% in *nominal* terms compared to the first quarter of 2023. All in all, rentals have improved from the big Covid declines, but are still about 2% below 2019 levels (that is before the pandemic). The market has been boosted by the return of some workers to offices since 2022, albeit in many instances in a hybrid way.

Cape Town has been the clear standout of the four major cities since 2022. Here nominal decentralized grade-A gross

rentals in the first quarter of 2024 rose by 6,5% compared with four quarters earlier. Rentals were about 10% higher than pre-Covid levels. That said, this was not enough to outpace the appalling building-construction inflation (BER BCI) of around 13%.

Nominal rental growth in decentralized Durban grew at the second-fastest pace in the first quarter of 2024 (+3,5%), while in Johannesburg nominal growth (+0,6%) managed to at least stay in positive territory.

This implies that rentals declined sharply in *real* terms in all the major cities, which makes most new developments unviable. Indeed, office building activity in the 12 months to February 2024 declined by 43% compared to the 12 months to February 2023.

Table 1.1
Office and industrial rentals: Performance as at quarter 2024:1
% change from four quarters earlier (on smoothed data)

	Nominal	Real*
A-grade decentralized office rentals		
Sandton CBD	-1,2	-12,6
Rosebank	-4,2	-15,3
Bryanston	-2,0	-13,3
Centurion	-3,3	-14,5
Hatfield	2,5	-9,3
Menlyn	5,6	-6,6
La Lucia/Umhlanga Ridge	3,4	-8,6
Berea	-4,1	-15,2
Tyger Valley	2,4	-9,6
Century City	6,9	-5,5
South Africa	1,0	-10,7
Prime industrial rentals (500 m² units)		
Central Witwatersrand	5,8	-6,5
East Rand	5,2	-6,9
Durban	6,7	-5,7
Cape Town	5,2	-6,9
South Africa	4,8	-7,3

*Nominal values deflated by BER Building Cost Index.

Industrial market

Nominal gross market rentals in South Africa for industrial space of 500 m² grew by 4,8% in the first quarter of 2024 compared to the first quarter of 2023. This is up from the pace of roughly 4% recorded over 2023. Rentals in the first quarter were up about 15% compared to the pre-pandemic levels of 2019. However, in *real* terms, rentals are still declining due to elevated building-cost inflation.

Regionally, all the major conurbations shone with strong nominal rental growth (5% to 7%) and low vacancies. Logistics properties continue to have ultra-low vacancy rates.

In the Central Witwatersrand, nominal rental growth averaged 6% amid very low vacancies. One of Rode’s panellists noted that since the last quarter of 2023 there has been a distinct sense that the industrial market is strengthening generally. It is no longer only logistics warehouses where landlords have leverage. Durban’s rental growth was also strong at 7%.

However, stand values did not perform as well as rentals.

Retail market

National retail sales, which include malls and street-front shops, increased by 3,4% year on year. This was slower than the 5,6% growth achieved in 2023. In *real* terms, national sales fell by 1,4%. This indicates that the market has generally been under pressure, which makes sense given the financial situation of consumers.

However, readers will note that in **Chapter 4** we report on the retail operating results of the listed property sector for 2023. These showed the malls performed relatively well. Indeed, rental reversion rates turned positive in some cases, while mall vacancy rates fell to 4,5% in the fourth quarter of 2023, based on MSCI/SAPOA data. Nevertheless, mall vacancy rates remain above pre-pandemic levels. Nominal trading densities also grew strongly, but did moderate from 2022 levels. *Unfortunately, no mall statistics are available for 2024 yet.*

We discuss the retail sector in detail in our sister publication *Rode’s Retail Report*.

Table 1.2
House prices and flat rentals: Performance as at quarter 2024:1
% change from four quarters earlier

	Nominal	Real*
House prices		
South Africa [#]	0,8	-4,6
Flat rentals		
South Africa	3,6	-1,8

* Nominal values deflated by the Consumer Price Index (CPI).
Please note that this data is for January and February as March was not available at the time of writing.

Residential market

Nominal **house** price growth in South Africa is still slow amid a weak economy and elevated interest rates. Indeed, expectations of interest rate cuts have been dialled back. Another factor that has held back some buyers is uncertainty over the outcome of the SA elections.

Nominal house prices grew by 0,8% over January and February 2024 compared to the same period in 2023, based on FNB data. This implies that prices in *real* terms have continued to fall significantly as the average consumer inflation (CPI) rate was 5,4%. Regionally, houses sold the quickest in the Western Cape in the first quarter of 2024.

Turning to our forecast, we still expect SA nominal house prices in 2024 to grow at a slower rate than 2023's average of 1,5% amid a weak economy and elevated interest rates. Rode has warned numerous times before that interest rate forecasts can change quickly, which has indeed happened. At the time of our last *Rode Report* in December, the market was optimistic that interest rates in the US and in South Africa would decline several times in 2024. So far, no cuts in the US and

locally have occurred due to sticky inflation, with many forecasts being pushed back to late in the year. When interest rates eventually do decline, the market would get some support, but do not expect fireworks. It is all about affordability.

Turning to **flats**, vacancy rates on a national level edged down to 7,9% in the first quarter of 2024 from 8,1% in the fourth quarter of 2023, according to Rode's residential survey data. Vacancy rates are still up from the average 2023 level of 7,2%.

Regionally, the Western Cape continues to stand out with its low flat vacancy rate of 2,3% in the first quarter of 2024, well below the national average. In contrast, vacancy rates in Gauteng and KwaZulu-Natal were much higher. On a positive note, flats were less empty in Johannesburg than at the end of 2023, while the trend was the opposite in Pretoria.

Official data from Stats SA shows that in the first quarter of 2024 nominal flat rentals in South Africa increased on average by 3,6% compared to a year earlier. But overall, house prices and rentals are still declining in *real* terms in most parts of the country. ■

Chapter 2: Capitalization rates

Cap rates remain elevated

Kobus Lamprecht

Rode's first-quarter 2024 survey results show that capitalization rates of directly held non-residential property have not changed much compared to the fourth quarter of 2023. One can argue that the slightly better property fundamentals have more or less balanced the impact of higher long-bond yields. However, the worst of the upward move in bond yields occurred after the February/early March survey period, which means cap rates could still worsen. But this is not a given, as cap rates and local bond yields do not necessarily move in sync as a significant portion of the problems of SA Inc is already priced in the cap rates.

Indeed, the operating environment for property owners remains tough in the face of slower-than-usual global economic growth and a weak domestic economy. In April, the IMF said it expects the world economy to grow by 3,2% in *real* terms in both 2024 and 2025, which is below the average of 3,6% over the past 20 years. The reason for the slow expected world growth is elevated interest rates and a withdrawal of fiscal support amid high debt levels. The developed world is now paying the price of its profligate monetary policies since the global financial crisis that occurred between 2007 and 2009.

Locally, the power and water supply disruptions, lack of service delivery, and rising rates and taxes are significant problems. Another negative factor is uncertainty over the outcome of the May 2024 elections.

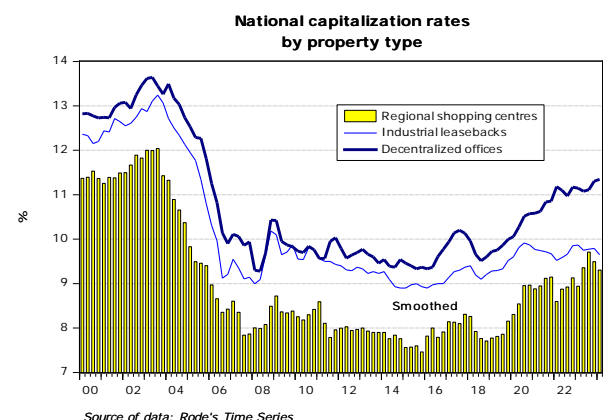
Returning to the survey results, cap rates of office, retail and industrial property in the first quarter of 2024 were still up compared

to pre-Covid levels. However, the data shows that cap rates of industrial and retail properties improved in the first quarter of 2024, while for office property they stayed the same.

The **office** property market still offers the worst income-growth expectations, as implied by its high capitalization rates. This reflects a sector that is still suffering from a serious oversupply, although less than before.

The **industrial** market is still fundamentally in the best position of the three major non-residential property types, thanks to its low vacancies and strong nominal rental growth. Brokers are generally of the opinion that cap rates of industrial property decreased (improved) slightly during the first quarter of 2024 (see the chart).

The **retail** property market is giving mixed signals, with a moderation in nominal retail sales growth but better vacancy rates in malls. However, mall vacancy rates remain above pre-pandemic levels. All in all retail cap rates remain elevated but have improved over the past few quarters (see chart).



Nationally, the weighted cap rates were 11,3% for grade-A multi-tenanted decentralized office properties, 9,7% for prime industrial leasebacks and 9,3% for regional shopping centres (see the chart above).

One, but not the only, predictor of capitalization rates is long-bond yields. Long-bond yields have failed to decline so far in 2024 as expected by many economists as expectations of interest rate cuts have again been delayed, among other factors. In fact, yields have increased sharply. We discuss this and the movement in cap rates of the different non-residential property types in detail in the text that follows.

Cap rate outlook

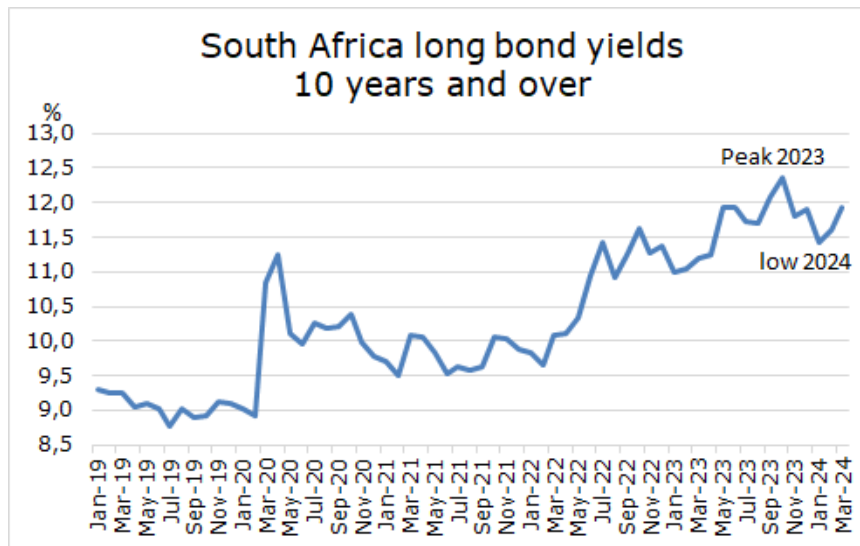
Interest rates in general can affect the income yields investors expect on property in three ways, viz. (1) the substitution principle (alternative, long-term investments like 10-year government bonds experience a change in yields), (2) changes in the cost of financial gearing (shorter-term interest rates), and (3) changes in the market's rating of listed property funds like REITs. The market's rating of REITs is especially important as REITs are normally significant 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). In fact, since the Covid-19 pandemic, REITs have been net sellers of properties, which goes a long way in explaining the rise in cap rates. The reason for this sell-off is the need to contain the loan-to-value (LTV) ratios in the light of declining market values. It underscores the risk of high financial gearing during periods of economic stagnation.

The outlook for the growth in income streams from directly held office property continues to be marred by poor property fundamentals, such as above-average vacancy rates and, therefore, weak *real* market rentals. This should generally affect capitalization rates negatively in 2024, meaning cap rates will tend to stay high, holding all other factors constant. The outlook for retail, and especially industrial property, is better.

As explained above, another predictor of capitalization rates is long-bond yields. The yield of SA's long-term bond (10 years and longer) rose strongly for most of last year, reaching a peak in October, as shown on the chart on the page below.

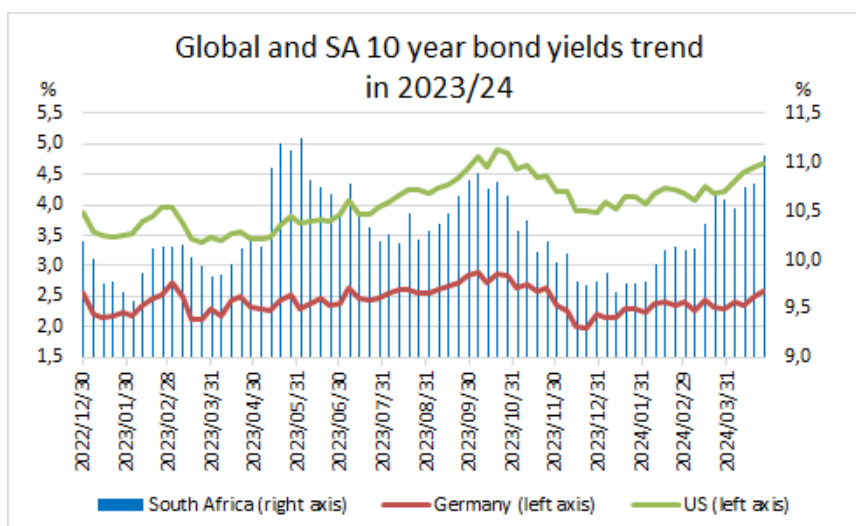
The trend then turned positive from November as financial markets became very optimistic regarding global interest rate cuts in 2024, especially in the US. At the time, some analysts even expected interest rate cuts in the US in March. This positive sentiment drove the SA long-bond yield to a low of 11,4% in January.



Source of data: IHS Markit

However, as we have warned numerous times in previous *Rode Reports*, the interest rate narrative can change quickly. Since February there has been a sharp increase in local long-bond yields, as shown on both charts. (Note: In the second graph, the SA long-bonds yields are on the right-hand axis.) We believe South Africa's added risk premium played a role due to meagre economic growth and uncertainty over the May elections, among other factors. The US long-bond yield has also risen sharply from March as it became clear that interest rates will stay higher for longer amid sticky inflation. In layman's terms, the latter means that inflation is declining slower than the market anticipated.

The higher oil price is one of the factors keeping inflation from declining at a faster pace, with the benchmark Brent price up by roughly 15% by 26 April compared to the end of 2023. The big driver of course has been the Israel/Hamas and Russia/Ukraine wars. Two new significant factors since the last *Rode Report* are Ukraine's attacks on Russian fuel refineries and Iran's direct attack on Israel on 13/14 April in retaliation for Israel's earlier bombing of Iran's embassy in Syria. The move by Iran has significantly lifted geopolitical tensions and risks a wider war, which will be detrimental to global economic growth. Petrol prices in South Africa in April were up by 8% compared to the end of 2023.



Source of data: Investing.com

All this means is that global bond yields are likely to remain elevated in the short term and might even rise more. This implies that cap rates of directly held non-residential property will also stay high longer, until it becomes clear that interest rates will in fact decline. Noteworthy is that inflation has been less sticky in Europe, which means interest rates there might decline before the US.

However, we must warn that assumptions regarding the movement of long-bond yields are uncertain as the outcome of the SA elections in May 2024 could have a significant effect on foreign perceptions. And, foreigners are significant players in the long-bond market.

Office capitalization rates

Nationally

Office capitalization rates of grade-A multi-tenanted decentralized properties in South Africa averaged a weighted 11,3% in the first quarter of 2024, unchanged from the fourth quarter of 2023.

Looking at the bigger picture, office cap rates are still well up from the pre-Covid (2019) level of just under 10%. This reflects a sector that is still suffering from an oversupply. We now discuss the trends by city in the text that follows.

Johannesburg

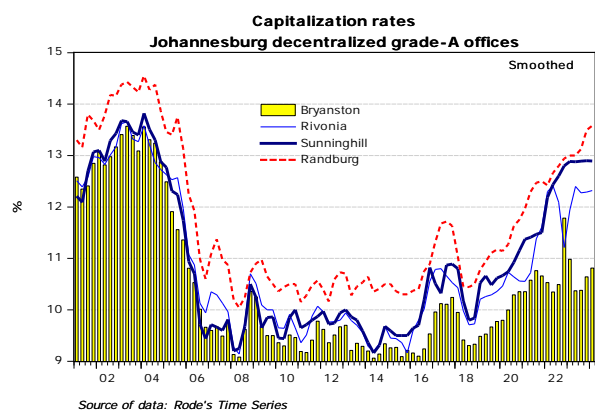
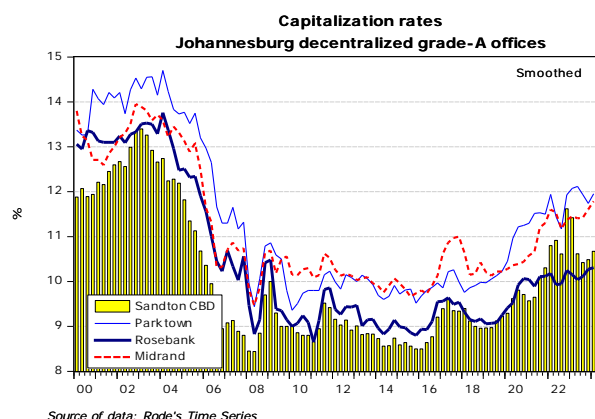
The office capitalization rate of grade-A multi-tenanted properties in Johannesburg decentralized edged up to 11,8% in the first quarter of 2024 compared to the fourth quarter of 2023. Cap rates remain significantly up from their pre-Covid (2019) average of 10%.

Fundamentals in Johannesburg decentralized have improved somewhat since the lows of the Covid pandemic, but have not had a material impact on cap rates as these are still poor. For example, the decentralized vacancy rate for grades A⁺, A and B office space combined has declined but was elevated at about 15% in the first quarter of 2024. It also remains above the weighted national average of 13,9% (see Rode's vacancy data discussed in **Chapter 6**).

Johannesburg decentralized grade-A nominal rentals in the first quarter of 2024 increased by 0,6% compared to a year earlier, in line with the growth in the fourth quarter of 2023. However, in *real* terms, rentals are down more than 10% (see **Chapter 5**).

In the first quarter, capitalization rates of grade-A multi-tenanted properties in Johannesburg decentralized ranged from 10,2% in Waterfall to as high as 13,6% in Randburg/Ferndale. From the two

accompanying graphs, it is clear which decentralized nodes are not investors' favourites (the nodes with the highest capitalization rate). They are Randburg, Sunninghill, Parktown and Midrand. Of course, there are others, but these are the ones that stand out on the two graphs.



The top office nodes (the nodes with the lowest cap rate) were Rosebank CBD and Waterfall, where grade-A cap rates of multi-tenanted properties averaged just above 10% in the first quarter of 2024. On the other hand, Sandton CBD, usually considered the top node, had an average grade-A cap rate of 10,7%, up slightly from 10,5% in the fourth quarter of 2023. But it is much improved from pandemic levels, in line with its better vacancy rate.

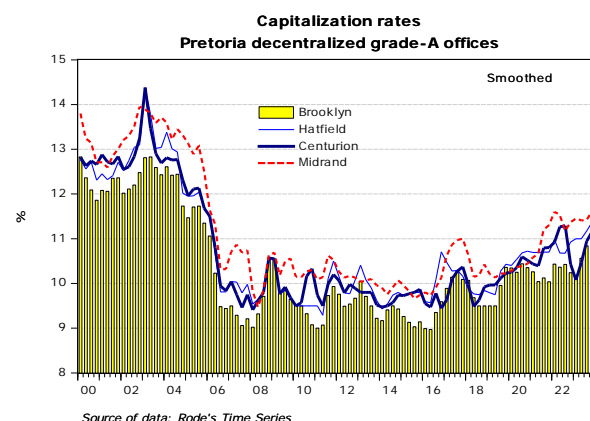
The differences in capitalization rates reflect the market's evaluation of these nodes. The higher the capitalization rate, the worse the

expected growth in income streams and/or the higher the perceived risk of the node (or individual property, as the case may be).

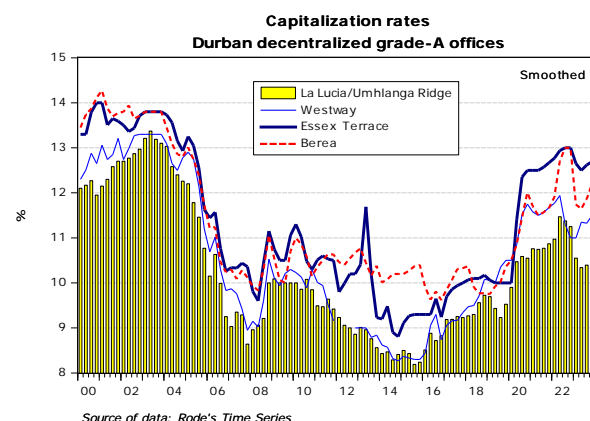
Thus, risk and expected growth in rentals are intimately linked. We also see this link in the way rating agencies like Standard & Poor's evaluate the creditworthiness of countries (high economic growth reduces risk of default even when the debt-to-GDP ratio is high).

Pretoria

Our respondents are of the opinion that investors currently require a minimum net income return of 11% to induce them to buy or sell prime multi-tenanted office properties in Pretoria decentralized.¹ This is down from 11,2% in the fourth quarter of 2023. However, we can discern a rising trend from as far back as 2016 (see chart).



Durban



¹ 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)**.

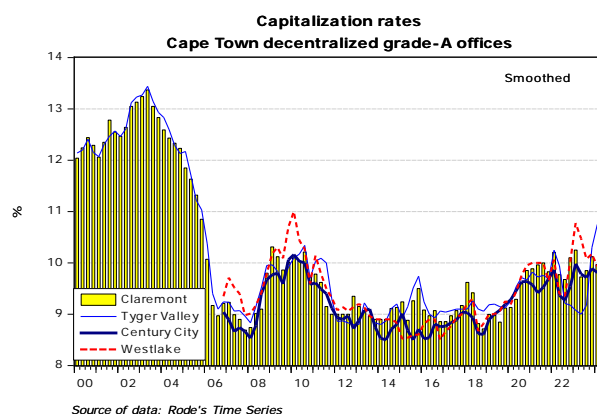
The average capitalization rate for grade-A Durban decentralized office property was 11,9% in the first quarter of 2024, up slightly from 11,8% in the fourth quarter of 2023. Durban's cap rate is still significantly higher than pre-Covid levels of close to 10%.

Cap rates – unsurprisingly – have remained the lowest in the flagship node of La Lucia/Umhlanga, where they have improved sharply from 2022 levels, thanks to lower vacancies and improving market rentals. However, they have trended up again over the past few quarters.

In contrast, minor nodes such as Berea and Essex Terrace have much higher cap rates. Similar to Pretoria decentralized, there has been a strong upward trend, starting in 2016. The uptrend is especially clear when excluding the distorting pandemic years 2020-2022.

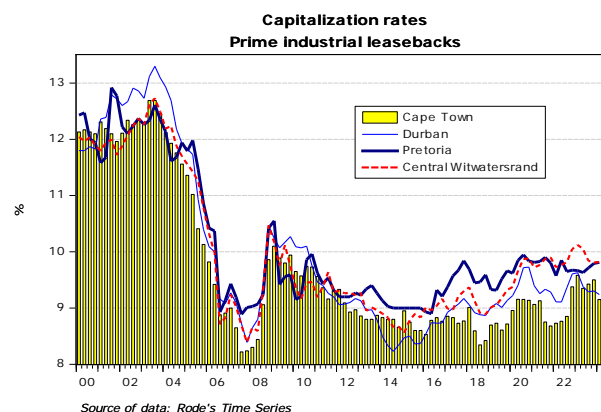
Cape Town

Grade-A capitalization rates in Cape Town decentralized averaged 10,1% in the first quarter of 2024, unchanged from the fourth quarter of 2023. This comes after cap rates worsened towards the end of last year, perhaps due to cooling rental growth. That said, the Mother City still has the lowest (best) office cap rate of the major cities. Cape Town's uptrend started only in 2019, three years later than the other cities.



Industrial capitalization rates

In the first quarter of 2024, capitalization rates of industrial leasebacks in the country's major industrial areas decreased (improved) compared to the fourth quarter of 2023. Our respondents believe that investors in prime industrial properties with a leaseback covenant require a minimum net income yield of 9,7% in the country's top cities and nodes. In today's market, this is a fair return, provided the tenant is of AAA quality. For comparative purposes, government bond yields of 10 years plus averaged 11,9% in March. Looking at the bigger picture, cap rates are lower than the average of 9,8% in 2023, but still slightly higher than the (pre-pandemic) 2019 figure of 9,4%.



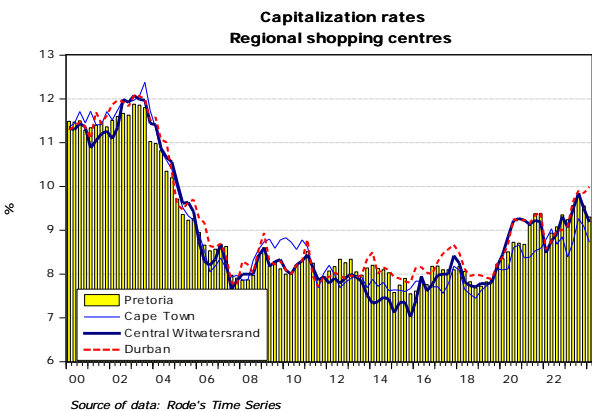
Regionally, industrial cap rates remain the lowest (best) in Durban and Cape Town. Cape Town saw a sharp improvement at the start of 2024 as it continues to see strong *nominal* rental growth and low vacancies thanks to solid demand. In Durban, rentals have been boosted by a low supply of industrial stock. Cap rates in the Central Witwatersrand – the heart of the SA economy – are notably higher than in Cape Town and Durban. But note we also report strong fundamentals for the latter conurbation in **Chapter 7**.

Shopping centre capitalization rates

The chart shows the capitalization rate trend of regional shopping centres in the major conurbations. Regional centres are the second-largest type of mall and have 50 000 to 100 000 m² of rentable space (see **Annexure 1** for shopping centre definitions).

Rode's survey results show that capitalization rates of regional shopping centres in South Africa averaged 9,3% in the first quarter of 2024, down from 9,5% in the fourth quarter of 2023. Most of the major cities surveyed by Rode saw lower (better) cap rates in the survey quarter. But overall, it is not a significant move as the first-quarter figure was in line with the 2023 average of 9,4%. Looking a few years back, national weighted *regional centre* cap rates remain well up compared to the 2019 average of 7,9%. This reflects the spending power of consumers who are under pressure, as well as the construction boom before the pandemic.

We found that, nationally, the capitalization rates for the smaller community and neighbourhood centres averaged 10% and 10,5% respectively, both lower (better) compared to the fourth quarter of 2023.



Retail property cap rates are currently still elevated relative to historical levels, although some improvement has been observed of late (see chart). Indeed, some indicators, like mall vacancy rates look promising. The average vacancy rate of all mall types declined to 4,5% in the fourth quarter of 2023 but is still slightly

up from the pre-pandemic level of 4% (based on SAPOA/MSCI data).

Other indicators are indicative of a market under pressure, such as retail sales. Retail sales showed growth of 3,4% over the first two months of 2024, after growth of 5,6% for the full 2023. In *real* terms, sales have fallen by 1,4% so far this year. This is no surprise, as consumers are struggling under the cost of living and stagnating incomes.

According to the BER at Stellenbosch University, retail confidence fell to only 34 index points in the first quarter of 2024 from 47 in the fourth quarter of 2023.

Rode's discussion on the performance of retail sales and trading densities, as well as vacancy rates by shopping centre size, is provided in our sister publication *Rode's Retail Report*.

Discount rates

The discount rate is traditionally calculated as the cap rate plus the expected constant growth rate of the cash flow in perpetuity.

The cap rate reflects the risk of the subject property, and the discount rate reflects the total return reasonably expected by the market. In good times (which are gone for a long time to come) a typical discount rate calculation looked like this:

Standard cap rate	9%
<u>Constant growth of cash flow p.a.</u>	<u>5%</u>
Discount rate	14%

But today, both the cap rate and the growth in cash flow have changed. The former is much higher and the latter much lower. Thus, an example would look something like this:

Standard cap rate	11%
<u>Constant growth of cash flow</u>	<u>1%</u>
Discount rate	12%

Note that a 'standard cap rate' assumes the property is fully let at market-rental levels.

Numerous valuers do not realize that we are now in a period of ultra-low cash-flow growth, say, 1% per year, and these valuers are still using, say, 14% as a discount rate. Using a lower discount rate when using the DCF valuation method would of course increase the value, holding all other factors constant. This is counter-intuitive, given today's depressing fundamentals. So, what is wrong?

The answer is that the first year's cash flow should, in our example, grow at 1% per year for, say, the first five years before capitalizing year 6's expected market net income in perpetuity at the end of year 5. A cash-flow growth rate of only 1% implies high vacancies and negative reversions at renewals. If the subject property has a AAA tenant with fixed escalations of 7% until the end of, say, year 5, then the cash flow for the first five years would not grow at 1% p.a. But, when capitalizing in perpetuity, the net *market* income of year 6 should reflect the 1% p.a. market growth rate during the first five years. Thus, the negative rental reversions, low market-rental growth and high vacancies will more than compensate for the market-boosting effect of the lower discount rate during the first five years.

The problem is that, in our experience, few valuers explain these cash-flow assumptions in their valuation reports. The reason for this omission could be that the valuer does not adjust the future cash flow during the discount period to reflect the tough times, meaning the property is overvalued.

This could explain why MSCI calculations show a yield on net operating income of only 8,3% for the full universe of properties it evaluates. Apart from perhaps the super regional malls there are few properties in SA that would currently sell at a yield of 8,3%.

But what about the smaller malls, the office properties that are graded A and B, not to mention the industrial properties in the MSCI universe. The reader is invited to compare the 8,3% net yield with the capitalization rates reported in this chapter.

In all SA's CBDs, except Cape Town, the capitalization rate is, say, 12%, while the expected growth in cash flow is, say, -2% per year (yes, minus 2). Thus, the discount rate is 10%, because that is the realistically expected total return over the next, say, five years! One can only wonder how many property portfolios are overvalued. Auditors should take note.

In our experience, many valuers get this wrong.

Leaseback escalation rates

Table 2.1 shows that the average leaseback escalation rate (on new or renegotiated leases) was 7,3% in the first quarter of 2024, unchanged from the fourth quarter of 2023. To give perspective, the average was 7,9% in 2019, before the Covid pandemic. The standard deviation of 0,8 percentage points in the first quarter of 2024 suggests escalation rates generally vary between 6% and 8%. One panellist noted that most asking escalation rates are at 8%, with 7% achievable on negotiation. 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. However, we argue the market's prognosis is far too optimistic, as the subscribers to our sister publication *Rode's SA Property Trends* know.

Note that we define a leaseback as a lease agreement with a prime tenant and which has, *inter alia*, a term at inception of 10 years or longer. These leases are typically triple net (NNN), which means the tenant pays for all operating costs, including internal maintenance.

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 at the time of negotiating the lease – and which is only *by chance* equal to the ruling market

rents at the inception of the lease. This is especially true in the current market, where new developments based on market-rental rates are hardly viable.

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

Table 2.1
Prime industrial leaseback escalation rates in South Africa
Quarter 2024:1

Mean	SD	n	Change 2024:1 less 2023:4	Panellist codes
7,3	0,8	24	0,0%	ARN,AWP,BV,CPS,EQV,GB,GRV,MAS,ME,ORI,OSO,PC, PPR,QU,REA,SCM,SH,SHP,SUM,TG,TH,WHF,WP,ZZ

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.

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 in these nodes is even more inefficient than elsewhere, which makes the valuation of these properties a rather hazardous exercise.

We are indebted to our expert capitalization rate panel, comprising 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 panellist codes can be found on **p. xii**.

Table 2.2
Survey of capitalization rates (%)
Office buildings
Means for quarter 2024:1

Best location	Grade A: Multi-tenant			Grade A: Leaseback			Grade B: Multi-tenant			Grade C: Multi-tenant		
	Mean	SD	n	Mean	SD	n	Mean	SD	n	Mean	SD	n
Johannesburg CBD	12,5	0,4	3	11,3	0,2	3	13,4	0,5	3	14,4	0,5	3
Braamfontein	12,5	0,7	3	11,4	0,5	3	13,3	0,6	3	14,4	0,5	3
Parktown	12,1	0,8	4	11,9	0,7	5	13,4	0,8	4	14,6	0,7	4
Rosebank	10,3	0,2	5	10,2	0,5	5	11,3	0,4	5	12,5	0,8	5
Bedfordview	12,4	0,7	4	11,8	0,6	4	13,0	0,8	4	13,7	0,4	4
Sandton CBD	10,7	0,7	5	10,3	0,4	5	11,8	0,5	5	13,1	0,8	5
Rivonia	12,3	0,7	5	11,8	0,8	6	13,2	0,7	6	14,3	0,7	6
Bryanston	10,8	0,4	5	10,2	0,3	5	11,8	0,6	4	12,3	0,2	5
Sunninghill	12,9	0,6	6	12,3	0,8	4	13,8	1,1	6	14,6	1,0	6
Randburg Ferndale	13,6	0,7	4	12,6	0,9	4	14,1	1,0	4	15,1	0,8	4
Midrand	11,8	0,5	6	11,1	0,4	6	13,0	0,6	6	13,8	0,9	6
Waterfall	10,1	0,5	5	9,7	0,7	5	-	-	-	-	-	-
Germiston CBD	13,3	0,2	3	12,4	0,5	3	14,3	0,2	3	15,2	0,5	3
Pretoria CBD	12,3	0,3	2	11,5	0,7	3	12,5	0,9	4	13,2	0,7	4
Hatfield	11,0	0,7	4	10,6	0,3	3	11,7	0,9	4	12,6	0,6	4
Brooklyn	10,8	0,2	3	10,8	0,5	3	11,4	0,7	4	12,3	0,4	4
Centurion	11,0	0,0	4	10,8	0,4	4	11,6	0,6	5	12,9	0,6	5
Nieuw Muckleneuk	11,1	0,7	3	10,7	0,3	3	11,4	0,5	3	12,6	0,4	4
Menlyn/Lynnwood	10,6	0,8	4	10,2	0,3	3	10,9	0,6	4	12,7	0,6	4
Vaal Triangle	13,3	0,8	3	11,7	0,3	3	13,4	0,5	3	14,4	0,5	3
Mbombela	11,1	0,4	6	10,9	0,1	3	12,1	0,4	6	12,8	0,7	6
Polokwane	12,1	0,1	3	11,2	0,2	4	12,6	0,6	4	13,1	0,6	4
Durban CBD	13,0	1,2	4	12,3	1,2	4	13,4	0,6	4	14,6	0,9	4
Berea	12,8	1,5	3	12,3	0,5	3	13,0	0,0	3	13,5	0,4	3
Essex Terrace	12,0	0,0	2	11,5	0,7	3	12,3	0,5	3	12,8	0,6	3
Westway	11,7	0,9	3	11,7	0,9	3	12,2	0,2	3	12,7	0,5	3
La Lucia Ridge	10,9	0,3	4	10,6	0,8	4	11,4	0,4	2	12,6	0,4	4
Pietermaritzburg	12,3	0,3	2	11,8	0,8	2	13,0	1,0	2	13,6	1,0	3
Cape Town CBD	9,8	-	1	9,6	0,1	2	11,0	-	1	12,0	-	1
Bellville CBD	10,7	1,3	2	10,6	1,2	2	11,7	1,6	2	12,3	1,7	2
Bellville Tyger Valley	10,8	-	1	10,8	-	1	11,3	-	1	12,0	-	1
Century City	9,8	0,3	2	9,6	0,4	2	11,5	-	1	12,0	-	1
Westlake	9,8	-	1	-	-	-	12,3	-	1	13,0	-	1
Claremont	9,9	0,1	2	9,9	0,1	2	10,6	0,4	2	11,5	0,5	2
Gqeberha CBD	10,3	0,3	2	10,6	0,1	2	11,7	0,9	3	12,5	1,1	3
Gqeberha dec.	10,3	0,6	4	10,3	0,7	4	11,8	1,1	4	12,8	1,5	4
East London CBD	11,8	-	1	11,0	-	1	12,4	0,4	3	12,9	0,7	3
East London dec.	11,6	0,6	2	11,3	-	1	12,9	0,9	2	13,4	0,6	2
Bloemfontein CBD	11,1	0,5	4	10,7	0,3	4	11,6	0,5	4	11,9	0,7	4
Bloemfontein dec.	11,0	0,8	4	10,7	0,5	4	11,6	0,8	4	11,9	0,9	4
George Central	9,3	0,9	4	8,9	0,4	2	10,1	0,9	4	10,7	1,1	4
George dec.	9,6	1,1	4	9,4	1,0	3	10,3	1,1	4	11,1	1,1	4
Windhoek	9,9	0,1	2	9,6	0,4	2	10,0	0,3	2	10,5	0,3	2

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 2024:1 less quarter 2023:4

Best location	Grade A: Multi-tenant	Grade A: Lease-back	Grade B: Multi-tenant	Grade C: Multi-tenant	Panellist codes
Johannesburg CBD	-0,3	-0,1	-0,3	-0,3	PVS,QU,TH
Braamfontein	0,1	0,1	-0,1	-0,3	PVS,QU,TH
Parktown	0,4	0,4	-0,1	-0,1	GB,OSO,PVS,QU,TH
Rosebank	0,0	0,2	0,0	-0,1	OSO,PVS,QU,SHP,TH
Bedfordview	0,3	0,0	0,4	-0,2	OSO,PVS,QU,TH
Sandton CBD	0,2	-0,1	-0,6	0,2	OSO,PVS,QU,REA,SHP,TH
Rivonia	0,0	-0,1	0,3	0,0	OSO,PVS,QU,REA,SHP,TH
Bryanston	0,0	0,0	-0,1	-0,1	OSO,PVS,QU,SHP,TH
Sunninghill	0,0	-0,2	0,1	0,1	OSO,PVS,QU,REA,SHP,TH
Randburg Ferndale	0,0	0,0	0,2	-0,2	OSO,PVS,QU,TH
Midrand	0,1	-0,1	0,1	0,2	OSO,PVS,QU,REA,SHP,TH
Waterfall	-0,2	-0,2	-	-	OSO,PVS,QU,SHP,TH
Germiston CBD	-0,4	-0,1	-0,3	-0,1	PVS,QU,TH
Pretoria CBD	-0,2	0,1	-0,6	-0,6	CRI,PVS,QU,TH
Hatfield	-0,4	-0,2	-0,3	-0,2	CRI,PVS,QU,TH
Brooklyn	-0,3	-0,1	-0,2	-0,4	CRI,PVS,QU,TH
Centurion	-0,2	-0,1	-0,5	-0,3	CRI,MAS,PVS,QU,TH
Nieuw Muckleneuk	0,1	-0,2	-0,1	-0,4	CRI,PVS,QU,TH
Menlyn/Lynnwood	-0,4	-0,2	-0,6	-0,3	CRI,PVS,QU,TH
Vaal Triangle	0,0	-0,2	-0,3	-0,1	PVS,QU,TH
Mbombela	0,1	-0,1	-0,1	0,1	KEL,KWP,MPV,ORI,PVS,QU
Polokwane	-0,2	-0,1	0,2	0,0	PVS,QU,TG,TH
Durban CBD	-0,3	-0,6	-0,9	-0,3	AWP,QU,TH,ZZ
Berea	0,5	0,3	0,0	-0,3	AWP,QU,ZZ
Essex Terrace	-0,7	-0,8	-1,3	-1,7	AWP,QU,ZZ
Westway	0,1	0,2	-0,4	-0,7	AWP,QU,ZZ
La Lucia Ridge	0,1	0,1	-0,6	-0,8	AWP,QU,TH,ZZ
Pietermaritzburg	-1,1	-0,9	-1,0	-0,9	QU,TH,ZZ
Cape Town CBD	-0,3	-0,2	-0,3	0,1	QU,TH
Bellville CBD	-0,6	-0,5	-0,4	-0,7	QU, SCM
Bellville Tyger Valley	-0,1	-0,1	0,4	0,3	QU
Century City	-0,3	-0,2	0,0	0,0	QU,TH
Westlake	-0,6	-	-0,4	-0,8	QU
Claremont	-0,3	-0,1	-0,4	-0,3	QU,TH
Gqeberha CBD	-0,3	-0,2	-0,1	-0,1	ARN,QU,SUM
Gqeberha dec.	-0,5	-0,4	-0,4	-0,1	ARN,BV,QU,SUM
East London CBD	-0,1	0,0	-0,2	-0,2	CAP,QU,TH
East London dec.	-0,2	-0,1	0,0	0,3	CAP,QU,TH
Bloemfontein CBD	-0,3	-0,2	-0,1	-0,2	EK,EQV,QU,TH
Bloemfontein dec.	-0,2	-0,2	-0,1	-0,1	EK,EQV,QU,TH
George Central	-0,4	-0,5	-0,3	-0,3	GRV,MUL,QU,TH
George dec.	-0,3	-0,2	-0,3	-0,2	GRV,MUL,QU,TH
Windhoek	0,2	0,0	0,2	0,2	PVN,QU

Table 2.4
Survey of capitalization rates (%)
Industrial buildings
Means for quarter 2024:1

Best location	Prime leaseback (AAA Tenant)			Prime quality non-leaseback			Secondary quality building			Prime industrial Park		
	Mean	SD	n	Mean	SD	n	Mean	SD	n	Mean	SD	n
Central Wits	9,8	0,7	9	10,2	0,6	9	11,6	0,7	9	10,8	0,8	9
West Rand	10,2	0,5	5	10,8	0,8	5	11,5	0,7	5	10,7	0,7	5
East Rand	9,5	0,5	8	10,2	0,7	8	11,1	0,8	8	10,4	0,9	8
Far East Rand	10,1	0,5	5	11,0	0,6	5	11,7	0,4	5	10,8	0,4	5
Pretoria	9,8	0,7	4	10,8	0,8	4	11,8	1,0	4	10,3	0,3	4
Vaal Triangle	10,7	0,6	3	11,4	0,8	3	11,9	0,4	3	11,0	0,7	3
Mbombela	10,3	0,3	2	10,7	0,4	6	11,9	0,5	6	9,9	0,4	6
Polokwane	10,3	0,5	4	11,1	0,7	3	11,6	0,9	4	10,7	0,5	4
Durban	9,2	0,5	6	10,0	0,6	5	11,1	0,6	4	10,3	0,9	6
Pietermaritzburg	10,9	1,1	2	11,4	1,1	2	11,8	1,3	2	10,9	1,1	2
Cape Town	9,0	0,0	2	9,6	0,1	2	10,1	0,1	3	9,4	0,3	3
Gqeberha	9,2	0,2	3	9,5	0,4	4	10,5	0,5	4	9,9	0,4	4
East London	10,1	0,3	3	10,5	0,4	3	11,7	0,3	3	11,1	0,7	3
Bloemfontein	10,6	0,4	4	10,8	0,2	3	11,3	0,2	4	10,8	0,3	4
George	9,5	0,7	4	9,8	0,8	4	10,4	0,6	4	10,1	0,8	4
Windhoek	9,3	0,0	2	9,6	0,1	2	10,1	0,1	2	10,0	0,3	2

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 2024:1 less quarter 2023:4

Best location	Prime leaseback	Prime non- leaseback	Secondary quality building	Prime industrial park	Panellist codes
Central Wits	0,0	-0,3	-0,3	-0,3	CPS,GB,OSO,PPR,PVS,QU,REA,SHP,TH
West Rand	-0,2	-0,2	-0,7	-0,7	OSO,PVS,QU,SHP,TH
East Rand	-0,2	-0,3	-0,6	-0,3	CPS,ME,OSO,PPR,PVS,QU,SHP,TH
Far East Rand	0,0	0,1	-0,4	-0,3	OSO,PVS,QU,SHP,TH
Pretoria	0,0	-0,1	-0,3	-0,3	MAS,PVS,QU,TH
Vaal Triangle	-0,1	0,0	-0,4	-0,2	PVS,QU,TH
Mbombela	-0,1	0,0	0,1	0,1	KEL,KWP,MPV,ORI,PVS,QU
Polokwane	-0,6	0,3	0,1	-0,1	PVS,QU,TG,TH
Durban	-0,1	0,2	0,0	0,5	AWP,PC,QU,SH,TH,ZZ
Pietermaritzburg	-0,8	-0,6	-0,9	-0,9	QU,TH
Cape Town	-0,5	-0,5	-0,7	-0,7	CPS,QU,TH
Gqeberha	-0,3	-0,2	-0,2	-0,2	ARN,BV,QU,SUM
East London	-0,2	-0,5	-0,3	-0,2	CAP,QU,TH
Bloemfontein	-0,2	-0,5	-0,6	-0,3	EK,EQV,QU,TH
George	-0,3	-0,4	-0,4	-0,4	GRV,MUL,QU,TH
Windhoek	-0,2	0,0	0,3	0,2	PVN,QU

Table 2.6
Survey of capitalization rates (%): Shopping centres
Means for quarter 2024:1

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

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 2024:1

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

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 2024:1 less quarter 2023:4

Best location	Super regional	Regional	Small regional	Community	Panellist codes
Witwatersrand	-0,2	-0,2	-0,1	-0,2	PVS,QU,TH
Pretoria	-0,2	-0,2	0,0	-0,3	PVS,QU,TH
Vaal Triangle	-	-0,2	-0,1	-0,3	PVS,QU,TH
Mbombela	-	0,3	0,1	0,1	KEL,KWP,MPV,ORI,PVS,QU
Polokwane	-0,2	-0,2	0,1	-0,1	PVS,QU,TH
Durban	0,6	0,3	0,3	0,1	AWP,QU,TH,ZZ
Pietermaritzburg	-	-	-0,1	-0,2	QU,TH,ZZ
Cape Town	-0,4	-0,4	-0,6	-0,5	QU,SCM,TH
Gqeberha-Kariega	-0,3	-0,3	-0,3	-0,3	ARN,BV,QU,SUM
East London	-0,3	-0,2	-0,4	-0,5	CAP,QU,TH
Bloemfontein	-0,4	-0,3	-0,2	-0,3	EK,EQV,QU,TH
Platteland	-	-0,8	-0,6	-0,4	BVF,EQV,MAS,QU,TH
Townships	-0,9	-1,0	-1,0	-0,9	QU,TH
George	-0,5	-0,5	-0,6	-0,4	BVF,GRV,MUL,QU,TH
Windhoek	-0,3	-0,5	-0,4	-0,2	PVN,QU

Table 2.7 (continued)
Change in capitalization rates (% points): Shopping centres
Means for quarter 2024:1 less quarter 2023:4

Best location	Neighbourhood	Local convenience	Big box/ Retailer warehouse	Panellist codes
Witwatersrand	-0,2	-0,1	-0,1	PVS,QU,TH
Pretoria	-0,2	0,0	-0,4	PVS,QU,TH
Vaal Triangle	-0,1	-0,2	-0,1	PVS,QU,TH
Mbombela	0,3	0,0	0,1	KEL,KWP,MPV,ORI,PVS,QU
Polokwane	-0,4	-0,3	-0,2	PVS,QU,TH
Durban	0,4	-0,1	0,1	AWP,QU,TH,ZZ
Pietermaritzburg	-0,1	-0,7	-0,1	QU,TH,ZZ
Cape Town	-0,9	-0,9	-0,7	QU,SCM,TH
Gqeberha-Kariega	-0,3	-0,4	-0,2	ARN,BV,QU,SUM
East London	-0,7	-0,3	-0,6	CAP,QU,TH
Bloemfontein	-0,2	0,0	-0,2	EK,EQV,QU,TH
Platteland	-0,4	-0,6	-0,5	BVF,EQV,MAS,QU,TH
Townships	-0,8	-0,7	-0,8	QU,TH
George	-0,4	-0,4	-0,5	BVF,GRV,MUL,QU,TH
Windhoek	0,0	0,0	0,0	PVN,QU

Table 2.8
Survey of capitalization rates (%): Street-front shops
Means for quarter 2024:1

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

n = Number of respondents
 - = Not available
 SD = See Glossary of terms and abbreviations in [Annexure 1](#).

Table 2.9
Change in capitalization rates (% points): Street-front shops
Means for quarter 2024:1 less quarter 2023:4

Best location	Metro CBD	Decentralized	Panellist codes
Johannesburg	-0,4	-	PVS,QU,TH
Pretoria	-0,2	-0,1	PVS,QU,TH
Vaal Triangle	-	0,0	PVS,QU,TH
Mbombela	0,0	0,0	KEL,KWP,MPV,ORI,PVS,QU
Polokwane	-0,5	-0,3	PVS,QU,TG,TH
Durban	-0,1	-0,1	AWP,QU,TH,ZZ
Pietermaritzburg	-0,9	0,2	QU,TH,ZZ
Cape Town	-0,7	-0,9	QU,SCM,TH
Gqeberha	-0,3	-0,2	ARN,BV,QU,SUM
East London	-0,5	-0,3	CAP,QU,TH
Bloemfontein	-0,1	0,1	EK,EQV,QU,TH
George	-0,3	-0,4	BVF,GRV,MUL,QU,TH
Windhoek	0,0	0,0	PVN,QU

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. For a definition of 'gross' market rent, see the Glossary in **Annexure 1**.

As the reader will see below, in this cross-sectional study,¹ 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 about a property are encapsulated in the ruling market-rental rate. Here we think of rental-level drivers such as:

- Location
- Typology (offices vs industrial property vs shopping centres, etc.)
- Risk (examples of varying risk profiles are a leaseback compared with a multi-tenanted property; the robustness of the covenant)
- Grade/age.

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

National equation for office buildings

In our regression analysis of office buildings, we use the market capitalization rates (dependent variable) and gross market-rental rates (predictor or independent variable) of grades A, B and C buildings in the areas surveyed by *Rode's Report* (RR). The source of the updated dependent and predictor variables is this issue of RR. The regression is based on 54 observations in decentralized nodes across the country.

The updated equation is:

$$\text{office capitalization rate \%} = 16,373 - (0,0377 * \text{gross rental})$$

where:

gross rental = the market gross rental rate per rentable m² per month for grade A, B or C office buildings in quarter 2024:1.

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 0,56 and n = 54.

¹ A cross-sectional analysis is a type of observational study that analyses data from a population, or a representative subset, at a specific point in time. This is in contrast to longitudinal analyses, for instance using historical trends to do forecasts.

Readers should note that it is not advisable to use this function for gross market-rental rates that fall much outside the range of R65/m²/month to R180/m²/ month.

Example:

If the market gross office rental rate is R150 per rentable m² per month, then the office capitalization rate % is:

$$= 16,373 - (0,0377 * 150) \\ = 10,7\%.$$

National equation for industrial properties

This national equation expresses the relationship between the capitalization rates and gross market-rental rates of prime non-leasebacks. Please note, gross market-rental rates *are those applicable to 1 000-m² 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:

$$\text{industrial capitalization rate \%} = 13,117 - (0,0472 * \text{gross rental})$$

where:

gross rental = the gross market rental per rentable m² per month as in quarter 2024:1 for prime non-leaseback industrial space of 1 000 m² in primary and secondary 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 0,37 and n = 14.

It is not advisable to use this function for gross market-rental rates that fall much outside the range of R31/m²/month to R74/m²/month. Also, remember to use the rental rate applicable to a notional floor area of 1 000 m² (even if the subject property's actual floor area is completely different).

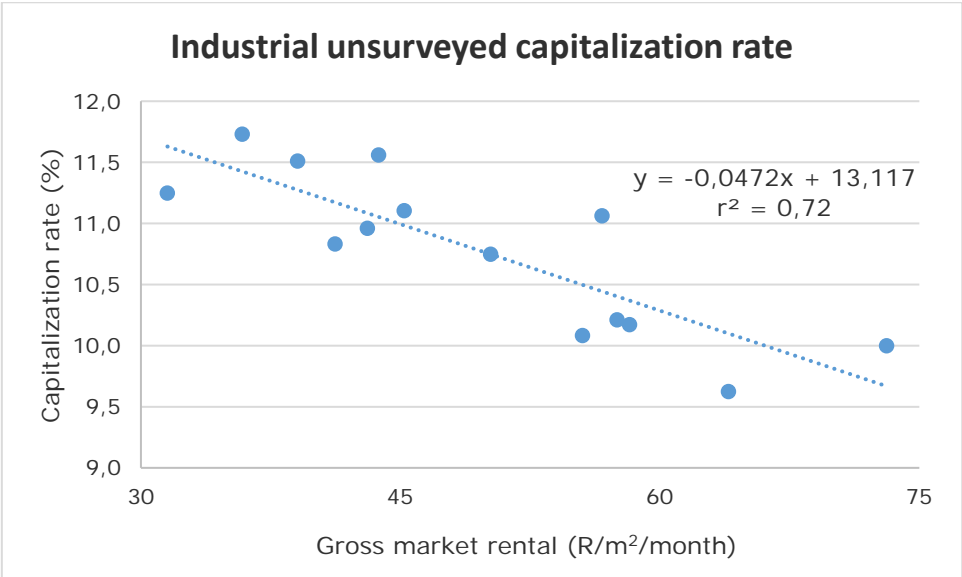
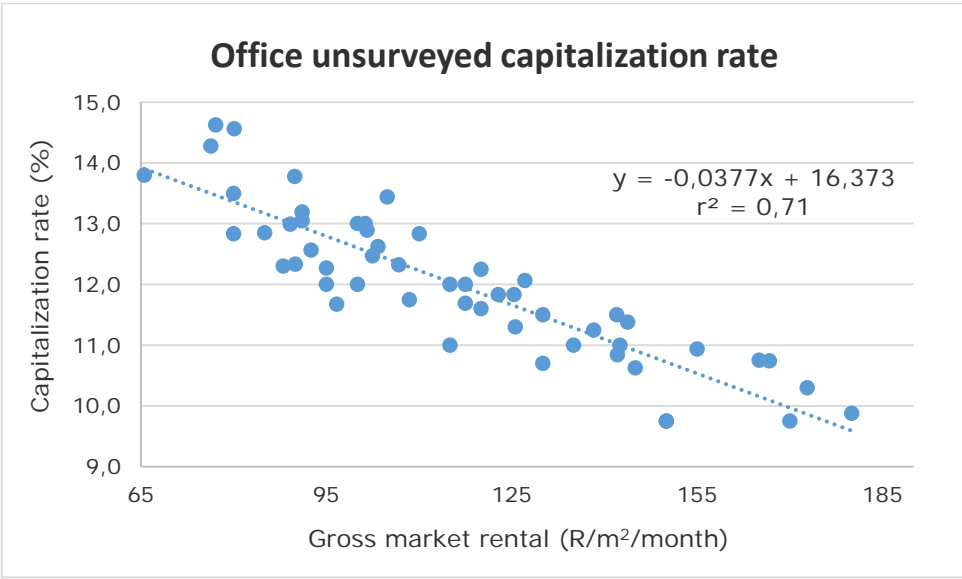
Example:

If the gross industrial rental for a 1 000 m² building, located in a primary or secondary city, is R50 per rentable m² per month, then the industrial capitalization rate % is:

$$= 13,117 - (0,0472 * 50) \\ = 10,8\%. \blacksquare$$

Warning:

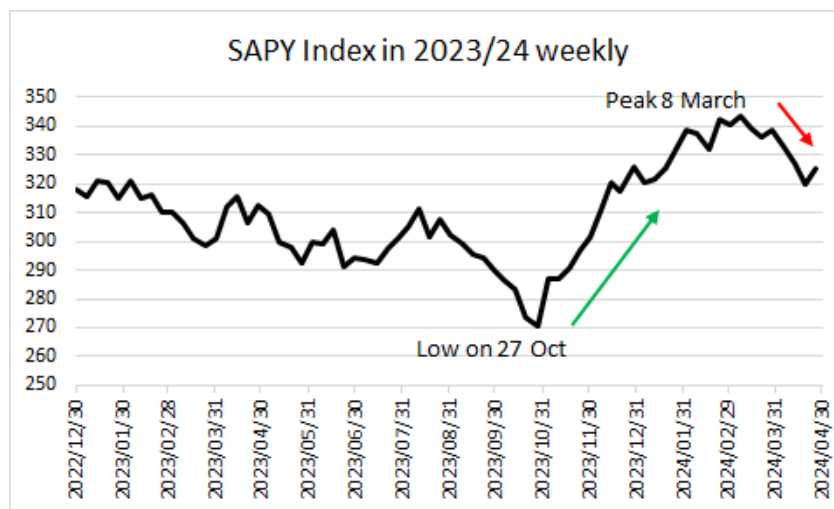
To reduce volatility in the latest survey data, the reader is advised *also* to consult the regression equation and its applicable rental rate in the previous issue of *RR*, and to consider using a two-quarter average capitalization rate (unsurveyed) if necessary.



Chapter 4: Listed property

Listed property rally reverses as reality sets in

Kobus Lamprecht



Source of data: S&P Global

The share prices of listed property continued to rally in the first few months of 2024, fuelled by hopes of several interest rate cuts later in the year. However, share prices have fallen back since 11 March as market participants realised they had become too optimistic about interest rate cuts, as shown on the chart.

Other factors, such as the financial results of property companies like Growthpoint and Hyprop, also contributed to lower share prices. This is despite the better operating results in 2023 by non-residential property, especially shopping centres. Nevertheless, REITs have held back cash due to several problems or risks. These are:

- A world economy that is growing slower than the long-term trend.
- Elevated geopolitical risks, especially after Iran's direct attack on Israel in March.
- An SA economy that is showing low growth. The BER at Stellenbosch University in April said it expects *real* GDP growth of 1,3% in 2024, up from 0,6% in 2023. The IMF in the same month pencilled in even lower growth of 0,9%. The IMF's medium-term forecast to 2029 is for annual growth of 1,3%. Yes, you read that correctly.
- Interest rates that will stay high for longer due to sticky inflation.
- Fast-rising operating costs, including rates and taxes.
- Poor municipal service delivery in most parts of SA.
- Unreliable and costly electricity. REITs are investing in alternative power,

which requires capital. A positive is that load shedding so far in 2024 has been substantially less, which is positive for costs (think generators).

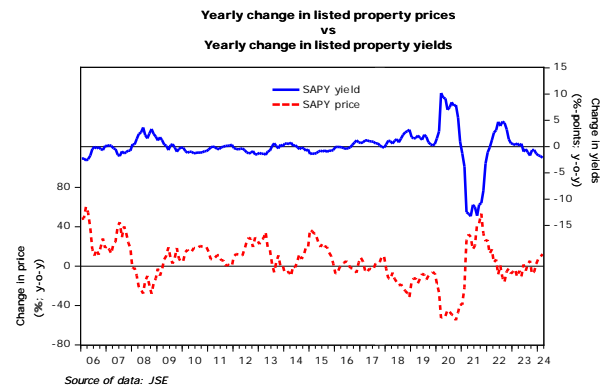
- Increasing water problems, like in Gauteng. This also means that REITs need to invest more and more to ensure water for their buildings.
- Uncertainty over the outcome of the May elections. The ANC is widely expected to obtain less than 50% of the votes. With whom will they partner to get an absolute majority?

After reading the local factors above, it makes sense that many REITs declared distributions that were lower than in 2022. This as cash is needed to keep companies operating and expanding, while keeping debt levels under control. Some continue to sell assets, but there are not always buyers at the asking price, as buyers are also influenced by the factors above.

Getting back to listed property prices: The SA Listed Property Index (SAPY) had risen by 5,4% on 8 March compared to the start of 2024 but then reversed its gains to be down 0,3% for the year by 26 April.

The first-quarter increase in listed property prices has led to slightly lower trailing income

yields (calculated on the latest available historical net income), as shown on the chart. However, looking at the bigger picture, the SAPY Index was still 10,5% below pre-Covid levels on 26 April, which means it is still under pressure.

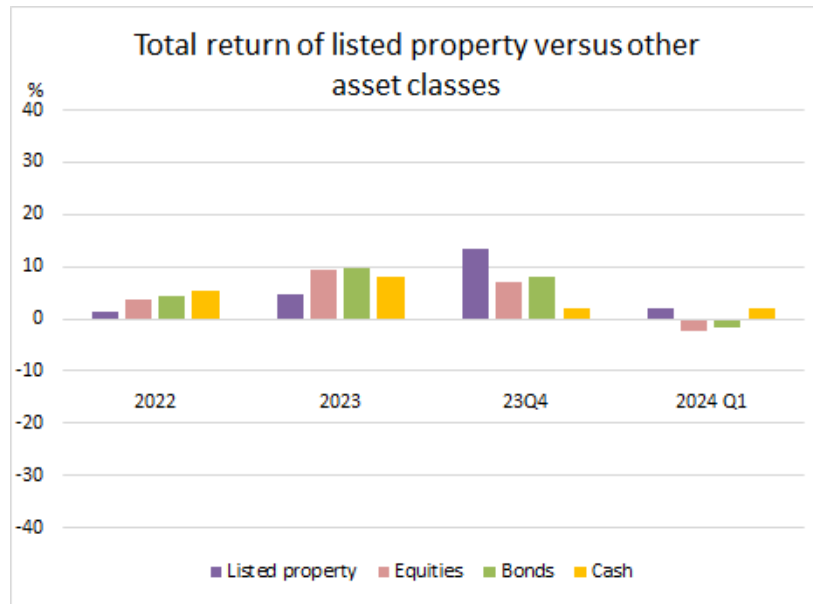


Listed property versus other asset classes

SA REITs, which excludes property developers and non-SA REITs, delivered a small *total return*¹ of 2% in the first quarter of 2024, as shown on the chart. This means that listed property, together with cash,² performed the best of the various asset classes, according to data published by the SA REIT Association. Equities and bonds both saw a negative total return of 2%. This implies all the asset classes saw a decline in total return in *real* terms, after deducting inflation.

¹ Income yield plus capital return

² The Alexander Forbes Short-term Fixed Interest (STeFI) Composite Index is a proprietary index that measures the performance of short-term fixed-interest or money-market investment instruments in South Africa. It is a benchmark index constructed by Alexander Forbes, calculated and published daily by the South African Futures Exchange (SAFEX), and has become the industry benchmark for cash-equivalent investments (i.e. up to 12 months).



Source of data: SA REIT Association; Merchant West Investments; SAFEX; S&P Global; Rode & Associates

Table 4.1
Total returns on listed property funds
Recent performance and past five years
Performance of individual stocks

	Jan-March 24	Jan-Dec 23	5 years to March 24*
Accelerate	-30,4%	-31,7%	-24,0%
Attacq	15,7%	31,6%	-1,0%
Burstone (Investec)	-5,9%	-5,1%	-2,9%
Delta Prop	-39,1%	-25,8%	-36,9%
Dipula-B	5,1%	10,1%	1,9%
Emira	1,5%	-2,0%	2,7%
Equites	-8,5%	-6,1%	0,7%
Fairvest-A	0,0%	14,6%	21,4%
Fairvest-B	7,0%	24,1%	3,6%
Fortress-B	13,5%	48,2%	0,3%
Growthpoint	-3,6%	-10,0%	-5,2%
Heriot	0,0%	27,6%	11,9%
Hyprop	-5,6%	3,3%	-7,2%
Octodec	2,6%	12,5%	-1,8%
Redefine	2,6%	3,5%	-8,1%
Resilient	4,7%	-9,5%	4,3%
SA Corporate	6,5%	8,3%	4,8%
Safari	-3,4%	10,6%	15,3%
Spear	0,1%	20,0%	6,9%
Stor-Age	3,8%	4,0%	9,8%
Texton	0,0%	2,8%	-2,7%
Vukile	7,5%	16,2%	4,3%

*Annualized

Source of data: SA REIT Association; Merchant West Investments

Performance of SA-focused JSE-listed property funds

In **Table 4.1** we show the individual performance of some JSE-listed property funds for the first three months of 2024, the full 2023 and the past five years, expressed as total returns (income yield plus capital return).

The total return delivered by funds in 2023 shows a mixed performance. However, the total return was mostly in positive territory in the first quarter of 2024, with Attacq and Fortress performing the best. *Please note that this excludes April, when share prices in general declined.*

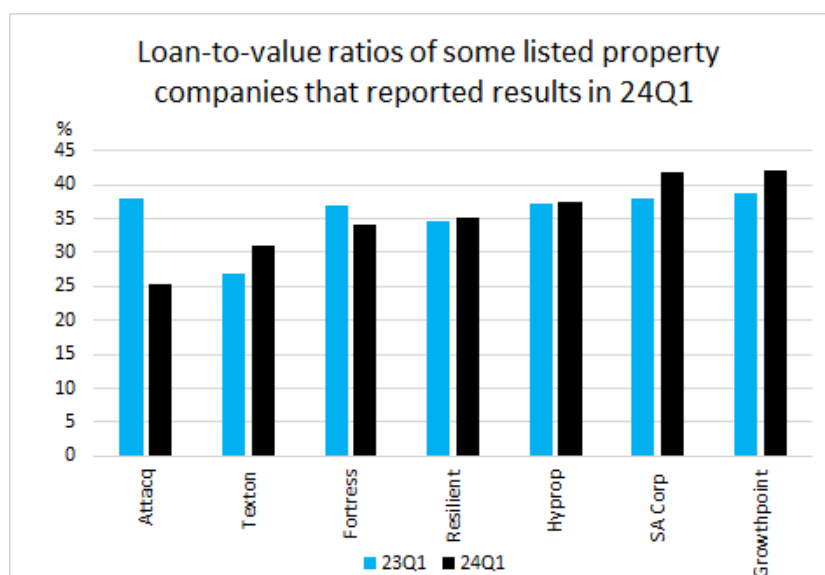
In **Table 4.2** we show the change in distributions of various SA listed property companies for the half- and full-year periods ended December 2023. We now delve into the company financial results.

Waterfall City owner, **Attacq**, stood out with the best total return (15,7%) over the first quarter of 2024. Indeed, it was the only REIT that declared a dividend (+3,4) higher than in 2022. Its malls shone with trading density (sales/m²) growth of 9% in the half-year ended December 2023 compared to the half-year ended December 2022, with Mall of Africa and Waterfall Corner performing the best (roughly +11%). Retail rental reversions were also positive. Attacq's gearing or LTV ratio declined sharply to 25,3%, boosted by the R2,7 bn investment from the Public Investment Corporation in Waterfall City. Attacq is also selling its remaining stake in MAS for R773 m. Talk about a cash injection! Attacq upgraded its expectations for distributable income growth to between 10,5% to 12% in the year ending June 2024 from 8% to 10% previously. Its share price by 26 April was up about 9,4% compared to end 2023.

Like several other property players, **Fortress** reported that its retail portfolio is performing well, with a vacancy rate of only 1,6% (by rental) in the half-year ended December 2023, with townships the lowest at 0,4%. Overall retail turnover growth was 6,9% in 2023, with townships shining with 10% growth. Its logistics portfolio in SA had a vacancy rate of about 1%, but a negative rental reversion rate of 5,6%. Encouragingly, Fortress opted to pay a dividend, after a few years of absence, which contributed to the company losing its REIT status. However, it said it is not aiming at becoming a REIT again anytime soon. Also, Fortress now has a simpler single-share structure as opposed to the previous complex dual-share structure, which will attract more investors. Fortress said it is investing in higher-growth markets (Central and Eastern Europe) to mitigate the challenge of low SA growth. Its strategy is to move more into defensive sectors (retail & logistics) out of low-growth sectors (office & industrial). What is interesting is that it aims focus on properties linked to logistics instead of older-generation industrial properties!

Another REIT that is expecting positive distribution growth is Vukile, which focuses on retail properties in SA and Spain. Vukile said in February that it expects distribution per share growth of more than 10% in the year ended March 2024. But for other REITs, such as Growthpoint and Hyprop, the story is not so bright.

Growthpoint, the largest (and very diversified) REIT on the JSE, said it expects its distributable income per share to decline by between 10% and 12% in the year ending June 2024. Growthpoint's LTV ratio worsened to 42% in the half-year ended December 2023, as shown on the chart. But note that for most companies that reported in the first quarter of 2024, the LTV ratios were higher than in the first quarter of 2023.



Source of data: Rode & Associates; Company financials

Growthpoint's total return was a negative 3,6% in the first quarter of 2024. It was hit by a lower share price and a decline in distributions. Its dividend decreased by 8,6% in the half-year ended December 2023 and is still about 45% below the pre-Covid level of 2019.

The net income of its SA *retail* portfolio increased on a like-for-like basis by 2,9%, up from the 1% growth a year ago, thanks to lower vacancies and fewer negative rental reversions. Its retail vacancy rate edged lower to 5,7%. Retail rentals fell by 3,2% at renewal, albeit better than the negative 13,1% in the previous period, while trading-density growth slowed.

Growthpoint's SA *industrial* portfolio performed reasonably well, with vacancy rates down slightly to 4,1% from 4,3%, boosted by low vacancies in KwaZulu-Natal (1,5%) and Cape Town (3,2%). Encouragingly, rentals on renewal fell at a slower rate. Net income on a like-for-like basis rose by 5,8% thanks to lower vacancies, boosted by improved letting and fewer bad debts.

Growthpoint's SA *office* portfolio is under the most pressure, with rental reversions on

new leases at -15,8%, albeit better than the 20,7% decline in the half-year ended December 2022. Its vacancy rate was still elevated but had improved further to 17,8% from 20,4%. Gauteng is still battling with a high vacancy rate of 22,2%. However, its office space in the V&A Waterfront in Cape Town was effectively fully let. Growthpoint said there has been a noticeable increase in tenants' staff returning to the office at the V&A Waterfront.

Growthpoint entered into a milestone Power Purchase Agreement with Etana Energy for 195GWh of renewable energy per annum for 10 years, starting July 2025. This equates to 32% of its energy consumption in the year ended June 2023. Electricity from wind and solar power will grow at the CPI rate and a fixed 5,5% for hydro. This is significantly less than the double-digit increases in electricity prices from Eskom.

Hyprop, a retail landlord, surprised the market by not distributing any income to shareholders. This comes despite solid retail results for SA, like a vacancy rate of only 1,3% and positive rental reversions. Its share price by 26 April fell by 9,4% compared to the end of 2023.

Hyprop highlighted several risks to justify its dividend decision, which include:

- The challenges facing SA retailers, like Pick n Pay.
- The potential default of the South African government on its financial commitments.
- Heightened political and economic risk in South Africa ahead of the May elections.
- The likelihood of interest rates remaining higher for longer.
- The significant depreciation of the Nigerian naira. Hyprop owns the Ikeja City Mall in that country.

In sum

The share prices of listed properties pulled back in March and April after a spectacular

rally since the end of October 2023. Indeed, expectations of interest-rate cuts have been dialled back. Another factor that has held back some buyers is uncertainty over the outcome of the SA elections and the numerous problems faced by SA Inc. That said, the world is also not as safe as before, given lower-than-usual economic growth and heightened geopolitical risks.

In such an environment, property companies are selling assets and holding back distributable income. However, there are always outliers, such as Attacq, where distributions are growing. The coming quarters will no doubt be a rough ride, considering the uncertainties about the local elections and the direction of interest rates.

Table 4.2
Change in distributions for half- and full-year periods ended December 2022/23

Company	Distribution change 2022	Distribution change 2023	Period
Attacq	27,3%**	3,4%	Half-year
Fortress-B	-*	-#	Half-year
Growthpoint	4,6%	-8,6%	Half-year
Hyprop	-*	-*	Half-year
Resilient	-3,2%	-7,3%	Full year
SA Corporate	5,5%	-4,0%	Full year
Texton	*	*	Half-year

* No distribution.

**Distributable income growth instead of distribution change as no dividend was declared in the previous period.

Fortress declared a dividend, but it can't be compared to the previous year's as no dividend was declared.

Source: Financial results of the various listed property funds

Chapter 5: Office rentals

The office market shows green shoots

Kobus Lamprecht

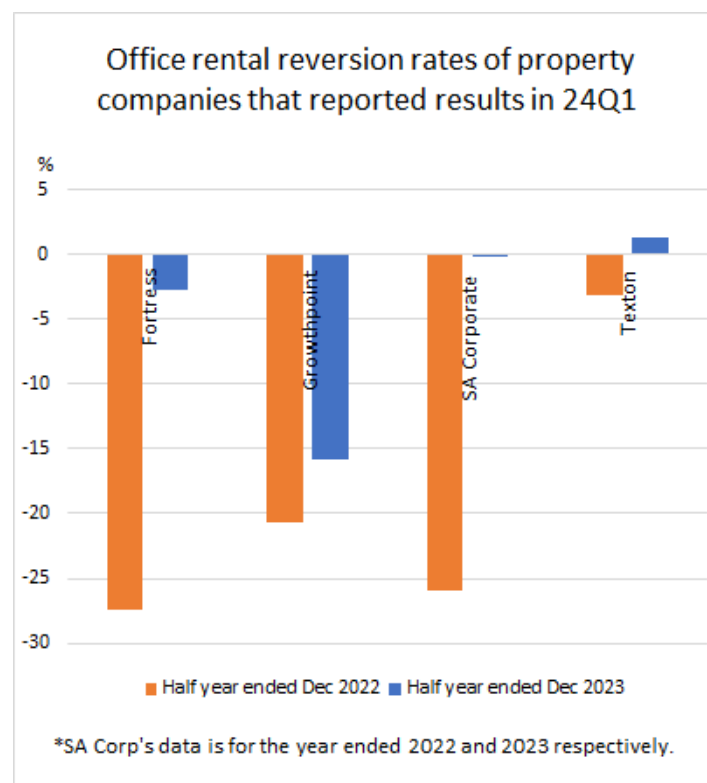
The office market recovery in South Africa continued in the first quarter of 2024 as illustrated by the lower vacancy rates reported in **Chapter 6** and the slowly growing nominal rentals below. However, the sector remains in the worst position of the three major non-residential property types due to its significant oversupply.

Rentals in *real* terms continue to look bleak but the other side of the coin is that there is enormous upside potential in the medium term from the current shattered levels.

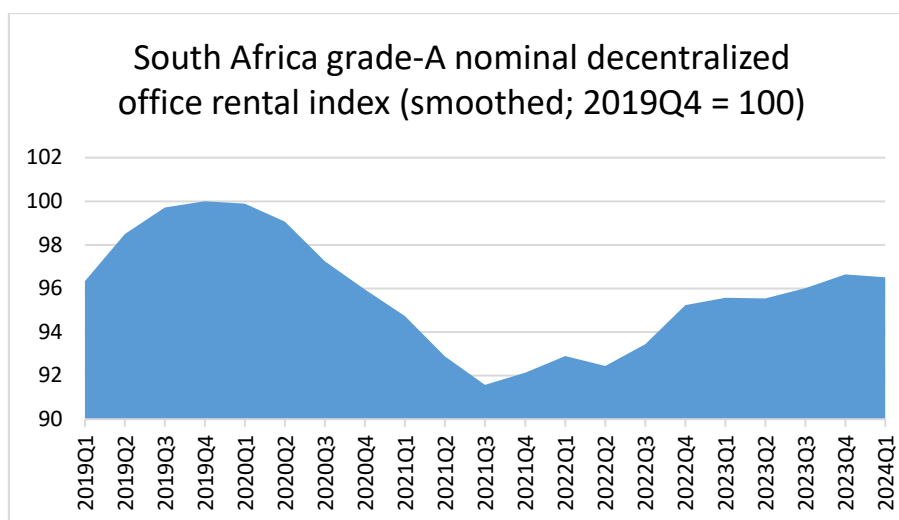
Listed property companies are still generally reporting negative office rental reversion rates as *contractual* rentals

have escalated by much more than market rentals, as shown on the chart. But note that the reversion rates are improving.

The market has been boosted by the return of some workers to offices since 2022, albeit in many instances in a hybrid way. Other dynamics that are boosting office worker numbers are load shedding and water problems at home. These have contributed to the higher cost of business in SA, which arguably may inhibit the growth of achievable rentals in the future as it is a question of affordability. On the other hand, a factor counting in favour of working from home is the rising cost of fuel.



Source: Financial results of the various listed property funds



Source: Rode's Time Series

In the first quarter of 2024, weighted gross market rentals for *decentralized*¹ grade-A space increased nationally by a measly 1% in *nominal* terms compared to the first quarter of 2023. This is somewhat slower than the 1,5% growth recorded in the fourth quarter of 2023. All in all, rentals have improved from the big Covid declines, but are still about 2% below 2019 levels (that is, before the pandemic), as shown on the chart.

In *real* terms, first-quarter decentralized rentals fell sharply, after deducting building-cost inflation (BER BCI) of around 13%. In fact, *real* rentals were the lowest since the start of Rode's *national* index in 1992. Below we provide an update on recent South African rental data. Note that all changes in rentals are calculated using a two-quarter weighted moving average (that is, we smoothed the data slightly).

National rentals

Before we deal with market rentals, a word about our survey method. The question put to the same panel every quarter includes the following instruction:

- "Nominal" rental assumes no leasing incentives like a rent-free period, short-term discounts, free parking and subsidised tenant installation (TI)

expenses, which do change in tandem with the rental cycle.

The practical implication is that with the current granting of incentives, our nominal market rentals reported below are on the optimistic side because they exclude these leasing incentives.

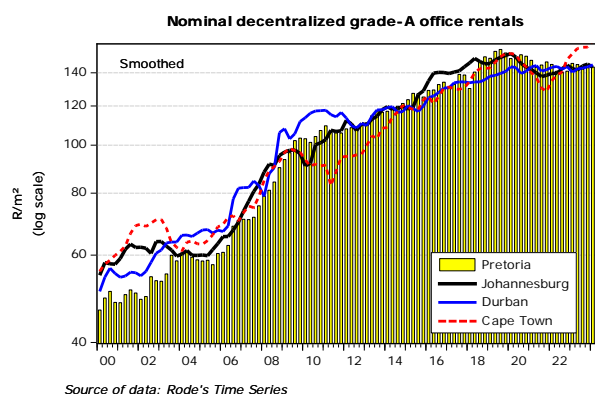
As noted above, nationally, nominal market rentals for grade-A office space in *decentralized* nodes in South Africa (outside the CBDs) increased by 1% in the first quarter of 2024 compared to a year ago, according to Rode's office market survey. Thus, in *real* terms, rentals continue to be in serious negative territory.

Rentals in the major decentralized nodes

Cape Town has been the clear standout of the four major cities since 2022, as shown on the chart below. Here nominal decentralized grade-A gross rentals rose in the first quarter of 2024 by 6,5% compared with four quarters earlier, up from 5,9% in the fourth quarter of 2023. Rentals were about 10% higher than pre-Covid levels. That said, this was not enough to outpace building-cost inflation, which is growing by double digits. Note also that Cape Town decentralized rentals are more volatile than the other cities.

¹ Decentralized means all nodes in a metro lumped together, excluding the (old) central business district (CBD).

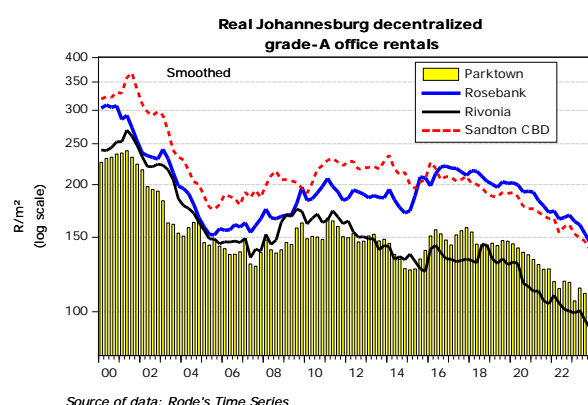
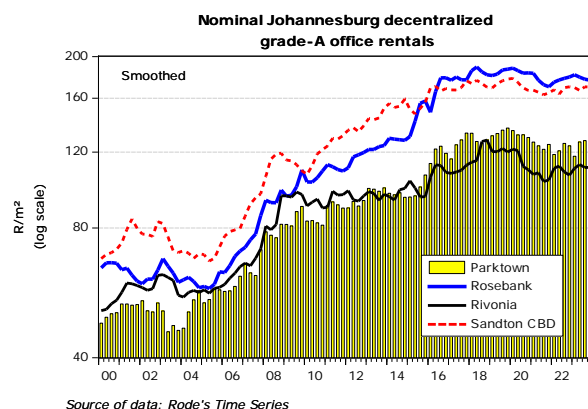
Nominal rental growth in decentralized Durban grew at the second-fastest pace in the first quarter of 2024 (+3,5%), while in Johannesburg nominal growth (+0,6%) managed to at least stay in positive territory. However, in Pretoria, nominal rentals fell by 1,7%. This implies that rentals declined sharply in *real* terms in all the major cities.



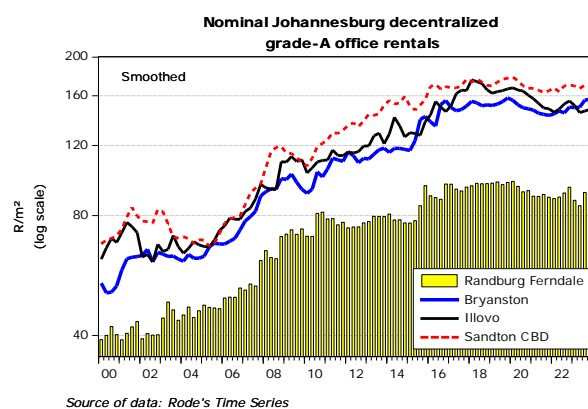
In Johannesburg, decentralized grade-A nominal rentals in the first quarter of 2024 increased by 0,6% compared to a year earlier – in line with the growth in the fourth quarter of 2023. Johannesburg decentralized is still under pressure given its elevated vacancy rate (around 15%), which is higher than the national average. That said, vacancy rates have improved, which could eventually support rental growth, if sustained.

Taking a historical view, Sandton and Rosebank have stood out since roughly 2008, gaining ground on nodes such as Parktown, Rivonia and Randburg (see chart).

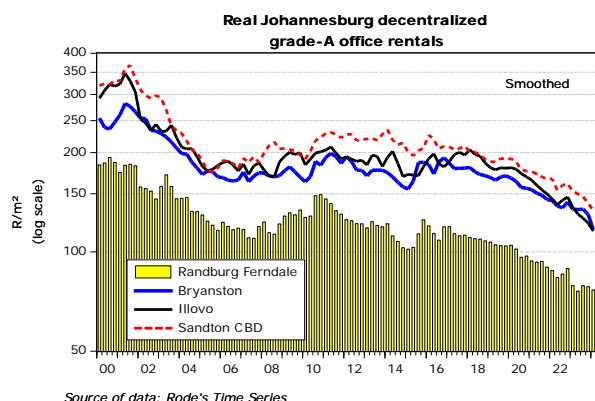
Nominal rentals in Sandton and Rosebank declined by 1% and 4% respectively compared to the first quarter of 2023, while rentals in nodes like Randburg/Ferndale and Parktown picked up from low levels. All in all, unlike Cape Town, rentals in Johannesburg decentralized remain below pre-Covid levels.



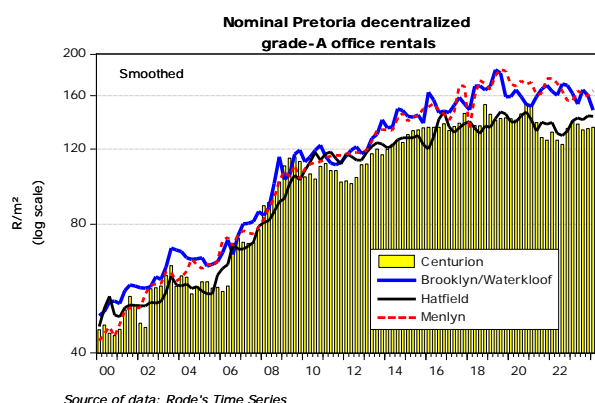
In *real* terms, the city's decentralized rentals are trending down, after deducting building-construction cost inflation. Note that when we use building-construction costs as a deflator, we look at the movement of rentals over time from a developer's point of view. The higher the rise in building cost, holding constant the change in nominal market rents and operating costs, the lower the viability of new developments.



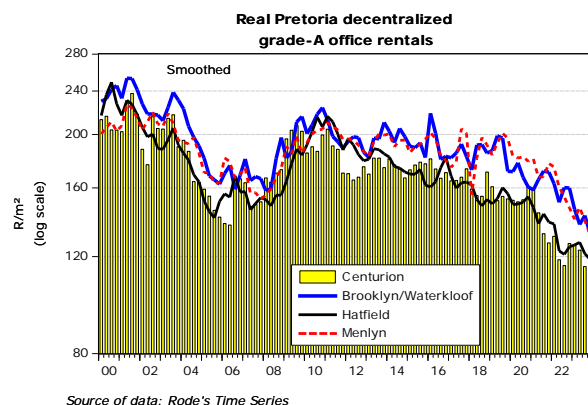
Declining *real* rentals indicate that new developments are becoming less viable, holding all other factors constant. Reflecting this reality, new developments have declined sharply on a national level over the past few years (see **Chapter 11** for more information on building activity).



Note that the above graphs have a log scale on the y-axis (vertical axis). The advantage of a log scale is that when the lines move parallel to each other, one can safely infer that the lines move at about the same rate.



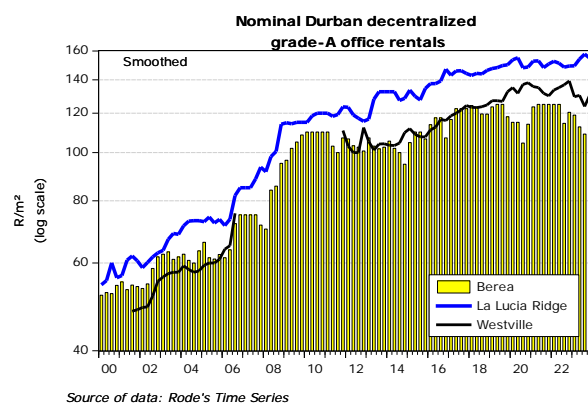
In Pretoria decentralized, *nominal* grade-A rentals decreased by 1,7% on a year earlier in the first quarter of 2024, reversing the gain in the fourth quarter of 2023. Rentals fell sharply in Brooklyn/Waterkloof and Centurion. Pretoria's office market is moving in the wrong direction again, with vacancies also rising (see **Chapter 6**).

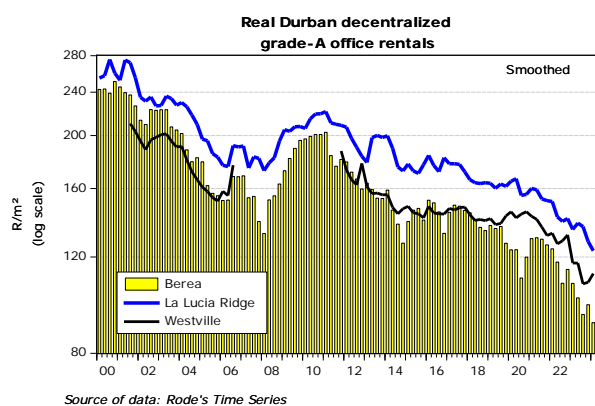


Durban decentralized grade-A rentals in the first quarter of 2024 increased by 3,5% on a year earlier, the fastest pace since the second quarter of 2020. The flagship node by far in Durban is La Lucia Ridge/Umhlanga, located in the north of the city, where grade-A rentals rose by 3,4% – boosted by lower vacancies (see **Chapter 6**).

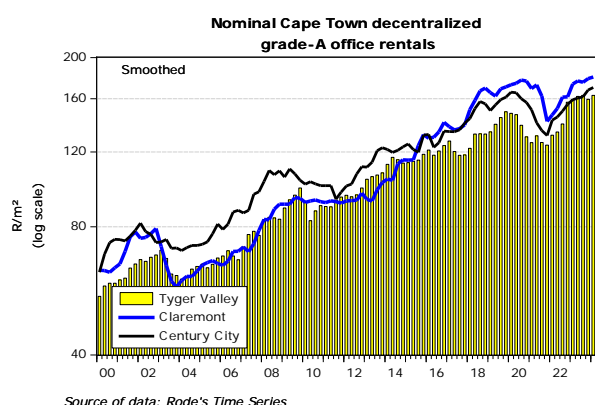
Rentals in Westville surprised on the upside, growing by 8,3%, compared to the first quarter of 2023. But note on the chart the low base from which this increase is coming.

In contrast, rentals in Berea remained under pressure, declining by 4,1% compared to the first quarter of 2023 – in line with higher vacancies. This implies that *real* rentals in decentralized Durban remain in negative territory. It seems Berea in Durban has become the Parktown of Johannesburg.



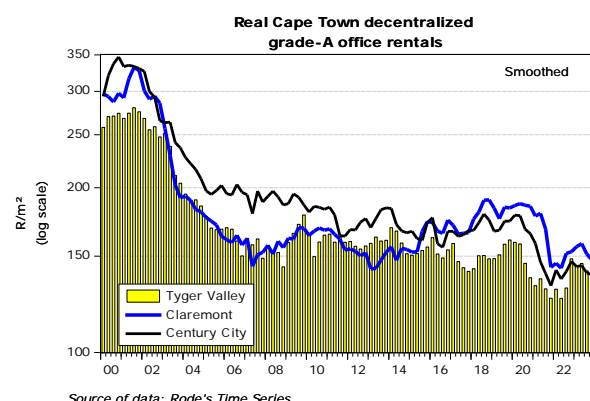


In the first quarter of 2024, nominal Cape Town decentralized office rentals increased by 6,5% year on year – the best performance of the major cities. This is line with its lower vacancy rate over the past year. That said, rental growth is cooling from the 2023 average of 10%. The cooling seems to suggest that the pent-up demand caused by the pandemic has now run its course.



Cape Town's office demand is being boosted by Cape Town's perceived better governance and lifestyle, and lower stages of load shedding. This has contributed to many

international BPO companies (or call centres) and others from the rest of SA establishing a presence in the city.



The BPO sector is booming and already employs at least 90 000 people in the Mother City. For example, Philippines-headquartered BPO firm, Sourcefit, opened its doors in De Waterkant in March this year and India's Wipro (Century City) in 2023. But not all of these centres are in office nodes as companies realise the high commuting cost for employees, with some located in Diep River, Mitchells Plain and Retreat where rentals are lower than in the office nodes. Cape Town's unemployment rate averaged 23% in 2023, down from 27,2% in 2022, according to Stats SA.

The chart above shows how rentals have performed after deducting building-construction inflation. We see that Cape Town's real rentals also plunged during the Covid pandemic but have performed better than the rest of the country since 2022.

How to interpret a log vertical scale (y-axis) on a graph

Most of the graphs in *Rode’s Report* show the natural logs of the data on the y-axis. When two lines on a vertical log scale run parallel, it means the two (rental) series are growing or declining at the same rate. A log scale is especially important to judge *relative* growth rates when the lines are far apart. (The horizontal axis is called the x-axis.)

Recap: nominal versus real rentals

The term “nominal” refers to money rentals, while the term “real” refers to nominal less inflation. See also the [Glossary](#).

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 for 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. 36](#). An explanation of the codes can be found on [p. xii](#).

Table 5.1			
Pioneer office rentals			
Highest nominal market gross rental rate achieved			
Quarter 2024:1			
Rands per rentable m², gross leases (excl. VAT)			
	Pioneer	Normal grade A mean	Inferred growth potential
Johannesburg dec.	R280	R143	96%
Pretoria dec.	R205	R144	43%
Durban dec.	R210	R146	44%
Cape Town dec.	R320	R165	94%

Pioneer rentals

Table 5.1 shows the difference between pioneer rentals and grade-A market rentals as in the first quarter of 2024. This the reader can use as a rough indicator of prospects for eventual market-rental growth should the *deus ex machina* come down from the skies and generate sustainable growth in the SA economy.

Pioneer rental levels often represent leases signed on newly erected on-demand buildings like leaseback developments, and these rentals inevitably reflect current or recent building and land acquisition costs as developers naturally expect a fair initial yield on their development costs. Typically, the lease is signed before construction starts. Thus, when the economy eventually climbs out of its current lethargy, market rentals will

shoot up to levels closer to these pioneer rentals.

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

Please note that the data could be erratic in some nodes due to small sample sizes. Therefore, readers are advised to use an average of at least the last two quarters to obtain the latest rate. ■

Table 5.2
Market rental rates for office buildings
Quarter 2024:1

Rands per rentable m² per month, gross leases (excl. VAT)

	Grade A ⁺ mean	Grade A mean	Grade B mean	Grade C mean	Panellist codes
Johannesburg CBD	-	108,15	96,65	55,58	BR,PVS,REA
Braamfontein	-	100,40	90,30	79,80	BR,PVS
Sandton CBD	227,31	166,68	125,34	91,06	BR,CBR,CPS,CR,GB,PVS,SHP,WP
Dunkeld West	173,95	138,59	109,99	91,83	BR,CPS,PVS,SHP,WP
Wierda Valley	152,60	128,50	105,85	91,80	BR,CPS,GB,PVS,SHP
Randburg Ferndale	106,20	96,68	74,50	59,73	BR,GB,NH,PVS
Rivonia	121,14	106,68	91,09	76,30	BR,CPS,GB,SHP,PVS,RA,REA
Rosebank	232,53	172,82	125,53	102,47	BR,CBR,CPS,CR,GB,REA,PVS,SHP,WP
Illovo	194,74	143,69	117,76	99,14	BR,CPS,GB,PVS,SHP,WP
Illovo Boulevard	189,03	139,55	113,23	-	BR,CPS,GB,PVS,SHP
Chislehurst	159,60	136,02	120,77	99,30	BR,CPS,GB,PVS
Parktown	156,61	127,09	104,86	80,10	BR,CPS,GB,PVS
Richmond/Milpark	-	115,20	90,88	75,15	BR,GB,PVS
Bedfordview	141,23	125,28	105,34	88,01	BR,CBR,GB,PVS,SS,WHF
Bruma	-	105,26	87,55	78,64	BR,GB,PVS,SS,WHF
Woodmead	144,29	131,08	102,84	84,85	BR,CPS,CR,PVS,REA,SHP,SS
Sunninghill	115,71	101,60	89,89	77,09	BR,GB,PVS,REA,SHP,SS
Bryanston/Epsom Downs	181,19	142,09	108,42	95,01	BR,CBR,CPS,CR,GB,PVS,SHP,TCP,WP
Fourways	184,13	144,50	105,36	90,73	BR,CPS,CR,GB,PVS,SHP,WHF
Houghton	-	138,50	102,10	90,30	BR,PVS
Melrose Arch	230,68	206,19	135,20	105,80	BR,CPS,CR,GB,PVS,WHF,WP
Hyde Park	154,40	133,10	107,15	-	BR,CPS,PVS
Eastgate/Kramerville	169,05	158,55	118,65	93,45	PVS
Ormonde	-	-	77,70	70,05	BR,GB,PVS
Midrand	167,21	122,83	89,16	65,54	BR,CR,PVS,REA,SHP,SS,TCP,WP
Hendrik Potgieter	-	113,50	90,00	-	BR,PVS,RA
Corridor (incl. Ruimsig)					
Waterfall	212,39	177,00	-	-	BR,CBR,CPS,CR,PVS,REA,SHP,SS,WHF,WP
Waverley/Bramley	171,03	139,03	110,18	-	BR,CPS,PVS
Constantia Kloof	-	138,35	123,93	101,85	PVS,RA
Morningside	138,90	132,35	110,70	88,97	CPS,GB,PVS
Greenstone	148,30	136,55	122,16	82,05	GB,PVS,SHP,SS,WHF
East Rand					
Germiston	-	-	95,00	85,00	MR
Benoni CBD	-	-	80,00	67,50	CPS,MR,SS
Benoni dec.	-	-	-	-	MR
Benoni (Lakeside Mall area)	-	150,00	120,00	100,00	MR,SS

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 5.2 (continued)
Market rental rates for office buildings
Quarter 2024:1

Rands per rentable m² per month, gross leases (excl. VAT)

	Grade A ⁺ mean	Grade A Mean	Grade B mean	Grade C mean	Panellist codes
Boksburg CBD	-	-	80,00	62,50	CPS,MR,SS
Boksburg North Springs	-	120,00	87,50	66,67	CPS,MR,SS
Pretoria CBD	-	110,00	79,00	70,00	AP,CRI,GB
Lynnwood Glen	160,00	138,33	120,00	92,50	ABA,AP,CRI,GB,WHF
Lynnwood	180,00	160,00	126,00	85,00	ABA,AP,CRI,GB,HN,WHF
Lynnwood Manor	197,50	160,00	120,00	110,00	ABA,AP,CRI,GB
Lynnwood Ridge	-	143,33	118,33	90,00	ABA,AP,CRI,GB,WHF
Faerie Glen	145,00	137,50	116,25	97,50	ABA,AP,CRI,GB,WHF
Val de Grace	-	-	120,00	80,00	AP,CRI
Menlyn	183,33	166,25	128,33	100,00	AP,CRI,GB,WHF
Menlo Park/Hazelwood	175,00	148,33	115,00	100,00	AP,CRI,GB
Brooklyn/Waterkloof	170,00	145,00	125,00	110,00	AP,CRI,GB,WHF
Nieuw Muckleneuk	160,00	138,33	125,00	100,00	AP,CRI,GB
Hatfield/Hillcrest	165,00	142,50	117,50	92,50	AP,CRI
Centurion	175,00	135,00	120,00	85,00	AP,CRI
Highveld Technopark	-	125,00	102,50	95,00	AP,CRI
Highveld Extensions	200,00	160,00	145,00	-	CRI
Sunnyside	-	-	-	62,50	AP,CRI,GB
Arcadia	-	95,00	79,00	62,50	AP,CRI,GB
Route 21 Corp. Park	147,50	142,00	122,00	101,67	ABA,AP,CRI,MAS,WHF
Silver Lakes/Die Wilgers	140,00	132,50	108,75	-	AP,CRI,GB,HN,WHF
Mbombela CBD	-	-	116,60	89,00	KEL,KWP,MPV,ORI,PG
Mbombela dec.	182,00	165,00	139,00	100,00	KEL,KWP,MPV,ORI,PG
Polokwane	-	143,75	111,25	86,67	ES,MO,SF,TG
Bloemfontein CBD	-	112,50	90,00	63,33	BR,EK,EQV
Westdene	150,00	131,67	97,67	77,33	BR,EK,EQV
Durban CBD	-	85,00	81,25	75,83	SA,WHF,ZZ
Durban Berea	-	110,00	101,25	80,00	SA,WHF,ZZ
Essex Terrace	120,00	100,00	90,00	80,00	ZZ
Westway	165,00	155,00	-	-	ACU,ZZ
La Lucia Ridge	181,67	155,00	143,75	103,33	CAM,GI,WHF,ZZ
Westville CBD	-	142,50	-	-	ACU,ZZ
Pinetown	100,00	90,00	75,00	60,00	ZZ
Hillcrest-Kloof (Upper Highway)	132,50	125,00	113,33	100,00	FUN,WHF,ZZ
Umhlanga	190,00	161,67	147,50	102,50	CAM,GI,WHF,ZZ
Ballito	170,00	130,00	100,00	90,00	AP,ZZ
Point Waterfront	140,00	120,00	100,00	80,00	ZZ

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 5.2 (continued)
Market rental rates for office buildings
Quarter 2024:1

Rands per rentable m² per month, gross leases (excl. VAT)

	Grade A⁺ mean	Grade A mean	Grade B mean	Grade C Mean	Panellist codes
Gqeberha CBD	-	80,00	66,25	53,33	ARN,SUM,TR
Greenacres: Parks	120,00	105,00	83,33	65,00	ARN,BV,SUM
Greenacres: Single	120,00	96,67	82,50	72,50	ARN,BV,SUM,TR
Walmer Park	121,67	111,25	93,75	81,67	ARN,BV,MY,SUM
Walmer, Main Road	152,50	120,00	95,00	78,33	ARN,BV,SUM
South End	90,00	81,25	65,00	55,00	ARN,SUM
Humeral/Humewood	148,33	121,67	103,33	92,50	ARN,BV,SUM
Newton Park/Cape Road	123,75	104,38	95,00	70,83	ARN,BV,IPC,MY,SUM,TR
East London CBD	-	-	-	72,33	CAP,GW,TR
Southernwood	-	85,00	80,00	75,00	CAP
Berea	-	-	-	97,50	CAP,TR
Chiselhurst	-	-	90,00	85,00	CAP
Beacon Bay	-	128,00	125,00	117,50	CAP,TR
Vincent	-	125,00	115,00	110,00	CAP,TR
Cape Town CBD	184,00	150,00	115,00	95,00	AN,DN,DW,SPI,VP,WHF,WPM,ZZ
Sea Point	155,00	140,00	122,50	100,00	AN,SPI,WPM
Waterfront: Portswood Ridge	165,00	155,00	-	-	AN,SPI
Waterfront: Silo District	170,00	150,00	-	-	AN,SPI
Granger Bay	160,00	130,00	-	-	AN,SPI,WHF
Gardens	180,00	160,00	120,00	100,00	AN,DN,SPI,VP,WPM
Salt River	160,00	140,00	120,00	100,00	DN,VP
Woodstock	150,00	136,00	98,33	90,00	DN,SPI,VP,WPM,WHF
Observatory/Black River	153,33	136,67	97,50	-	DN,SPI,VP,WHF
Mowbray	-	147,50	120,00	100,00	SPI,VP
Kenilworth (Racecourse)	-	-	-	-	
Rondebosch	-	-	-	-	
Newlands	-	-	-	-	
Wynberg	-	-	-	-	
Westlake	-	-	-	-	
Tokai	-	-	120,00	-	DW,AN
Claremont Lower*	-	-	-	-	
Claremont Upper	-	-	-	-	
Hout Bay	-	-	-	-	
Noordhoek (Sun Valley)	-	-	-	-	
Pinelands/Golf Park	-	160,00	120,00	-	SPI,VP
Athlone	-	-	-	-	
Milnerton	110,00	95,00	83,33	-	DW,SAF,VP,WPM
Panorama	-	-	-	-	
Table View/Parklands	-	-	110,00	-	WHF
Century City	191,67	170,00	142,00	-	DN,CPC,SPI,VP,WHF,WPM

*Claremont Lower: east of Main Road

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 5.2 (continued)
Market rental rates for office buildings
Quarter 2024:1

Rands per rentable m² per month, gross leases (excl. VAT)

	Grade A⁺ Mean	Grade A mean	Grade B Mean	Grade C Mean	Panellist codes
Maitland	-	-	-	-	
Goodwood (N1 City)	140,00	125,00	105,00	90,00	WPM
Tygerberg Hills/Platteklouf	-	170,00	-	-	CM
Bellville CBD	-	-	96,67	-	DN,CM,SCM,VP
Tyger Valley area	190,00	165,00	138,25	115,00	DN,CM,PN,VP,WPM
Durbanville	150,00	125,00	108,33	100,00	DN,CM,WPM
Mitchells Plain	-	-	-	-	
Airport	-	-	-	-	
Khayelitsha	-	-	-	-	
Kuils River	-	-	-	-	
Paarl	170,00	160,00	127,50	-	MAF,PRU
Wellington	-	-	-	-	
Stellenbosch	-	-	-	-	
The Vineyard	-	-	-	-	
Technopark	-	-	-	-	
Other	-	-	-	-	
Helderberg	-	-	-	-	
Gordon's Bay	-	-	-	-	
Somerset West CBD	-	-	-	-	
Somerset Mall area	-	-	-	-	
Strand	-	-	-	-	
George Central	-	170,00	100,00	77,50	GRV,MUL
George dec.	-	125,00	85,00	70,00	GRV,MUL
Pietermaritzburg Core CBD	-	-	85,00	65,00	HN
Peripheral CBD	-	-	120,00	80,00	HN
Pietermaritzburg dec.	155,00	140,00	125,00	90,00	HN
Richards Bay	-	-	-	-	
Empangeni	-	-	-	-	
Windhoek	200,00	175,00	145,00	125,00	PVN

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 5.3
Standard deviation of market rental rates for office buildings
Quarter 2024:1
Rands per month

	Grade A⁺	Grade A	Grade B	Grade C
Johannesburg CBD	-	1,85	0,85	5,58
Braamfontein	-	0,40	-	-
Sandton CBD	5,01	9,80	15,94	3,81
Dunkeld West	10,36	7,15	8,37	6,94
Wierda Valley	5,64	9,87	9,26	2,89
Randburg Ferndale	8,80	6,22	6,75	5,29
Rivonia	6,83	7,99	4,83	3,57
Rosebank	24,75	8,54	13,24	10,22
Illovo	13,87	11,69	12,29	11,35
Illovo Boulevard	15,16	4,55	18,40	-
Chislehurst	3,60	11,79	9,12	3,26
Parktown	16,44	9,82	11,00	12,37
Richmond/Milpark	-	6,37	8,26	5,47
Bedfordview	19,80	12,23	8,04	13,64
Bruma	-	8,08	5,37	2,11
Woodmead	10,38	10,57	17,48	22,36
Sunninghill	5,80	9,72	10,37	12,40
Bryanston/Epsom Downs	12,33	11,24	8,73	3,15
Fourways	15,93	8,43	13,33	6,81
Houghton	-	8,50	7,10	-
Melrose Arch	4,94	14,51	-	-
Hyde Park	4,40	13,10	9,65	-
Eastgate/Kramerville	-	-	-	-
Ormonde	-	-	2,29	0,05
Midrand	8,96	14,28	6,00	6,82
Hendrik Potgieter Corridor (incl. Ruimsig)	-	3,50	0,00	-
Waterfall	19,17	11,66	-	-
Waverley/Bramley	3,53	4,03	7,68	-
Constantia Kloof	-	2,35	1,08	-
Morningside	8,90	14,29	8,22	1,46
Greenstone	-	2,44	7,85	-
East Rand				
Germiston	-	-	-	-
Benoni CBD	-	-	25,00	27,50
Benoni dec.	-	-	-	-
Benoni (Lakeside Mall area)	-	-	-	-
Boksburg CBD	-	-	20,00	22,50
Boksburg North	-	-	17,50	22,48
Springs	-	-	-	-

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 5.3 (continued)
Standard deviation of market rental rates for office buildings
Quarter 2024:1
Rands per month

	Grade A⁺	Grade A	Grade B	Grade C
Pretoria CBD	-	-	1,00	7,07
Lynnwood Glen	-	8,50	5,00	7,50
Lynnwood	20,00	28,06	26,98	7,07
Lynnwood Manor	2,50	20,00	0,00	-
Lynnwood Ridge	-	12,47	16,50	-
Faerie Glen	15,00	13,46	8,20	2,50
Val de Grace	-	-	-	-
Menlyn	12,47	14,31	16,50	-
Menlo Park/Hazelwood	10,00	10,27	0,00	5,00
Brooklyn/Waterkloof	-	14,72	5,00	-
Nieuw Muckleneuk	-	10,27	5,00	-
Hatfield/Hillcrest	5,00	7,50	2,50	7,50
Centurion	-	-	-	-
Highveld Technopark	-	15,00	7,50	5,00
Highveld Extensions	-	-	-	-
Sunnyside	-	-	-	12,50
Arcadia	-	-	1,00	2,50
Route 21 Corp. Park	12,50	20,15	14,70	6,24
Silver Lakes/Die Wilgers	0,00	5,59	7,40	-
Mbombela CBD	-	-	0,80	2,00
Mbombela dec.	11,00	5,00	7,00	0,00
Polokwane	-	25,34	20,12	10,27
Bloemfontein CBD	-	12,50	12,25	4,71
Westdene	4,08	10,27	12,68	3,30
Durban CBD	-	-	6,25	12,30
Durban Berea	-	25,00	26,25	20,00
Essex Terrace	-	-	-	-
Westway	-	-	-	-
La Lucia Ridge	32,74	26,77	33,80	14,34
Westville CBD	-	17,50	-	-
Pinetown	-	-	-	-
Hillcrest-Kloof (Upper Highway)	12,50	15,00	16,50	17,80
Umhlanga	24,49	18,41	34,00	12,50
Ballito	30,00	10,00	0,00	10,00
Point Waterfront	-	-	-	-
Gqeberha CBD	-	5,00	1,25	2,36
Greenacres: Parks	0,00	10,80	11,79	0,00
Greenacres: Single	28,28	16,50	-	3,54
Walmer Park	10,27	11,39	8,93	2,36
Walmer, Main Road	17,50	10,00	10,80	6,24
South End	5,00	6,25	5,00	0,00
Humeral/Humewood	23,21	6,24	4,71	2,50
Newton Park/Cape Road	21,03	10,06	14,14	5,34

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 5.3 (continued)
Standard deviation of market rental rates for office buildings
Quarter 2024:1
Rands per month

	Grade A⁺	Grade A	Grade B	Grade C
East London CBD	-	-	-	8,81
Southernwood	-	-	-	-
Berea	-	-	-	2,50
Chiselhurst	-	-	-	-
Beacon Bay	-	-	-	2,50
Vincent	-	-	-	-
Cape Town CBD	31,37	26,93	12,65	5,00
Sea Point	5,00	10,00	2,50	0,00
Waterfront: Portsworld Ridge	-	15,00	-	-
Waterfront: Silo District	-	-	-	-
Granger Bay	10,00	-	-	-
Gardens	-	-	-	-
Salt River	-	-	-	-
Woodstock	10,00	24,37	18,41	-
Observatory/Black River Park	28,96	32,74	22,50	-
Mowbray	-	17,50	-	-
Kenilworth (Racecourse)	-	-	-	-
Rondebosch	-	-	-	-
Newlands	-	-	-	-
Wynberg	-	-	-	-
Westlake	-	-	-	-
Tokai	-	-	-	-
Claremont Lower*	-	-	-	-
Claremont Upper	-	-	-	-
Hout Bay	-	-	-	-
Noordhoek (Sun Valley)	-	-	-	-
Pinelands/Golf Park	-	0,00	-	-
Athlone	-	-	-	-
Milnerton	-	-	2,36	-
Panorama	-	-	-	-
Table View/Parklands	-	-	-	-
Century City	22,48	17,03	21,35	-
Maitland	-	-	-	-
Goodwood (N1 City)	-	-	-	-
Tygerberg Hills/Platteklouf	-	-	-	-
Bellville CBD	-	-	40,28	-
Tyger Valley area	8,16	4,08	5,40	5,00
Durbanville	-	28,58	26,56	-
Mitchells Plain	-	-	-	-
Airport	-	-	-	-

*Claremont Lower: east of Main Road

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 5.3 (continued)
Standard deviation of market rental rates for office buildings
Quarter 2024:1
Rands per month

	Grade A⁺	Grade A	Grade B	Grade C
Khayelitsha	-	-	-	-
Kuils River	-	-	-	-
Paarl	-	-	17,50	-
Wellington	-	-	-	-
Stellenbosch	-	-	-	-
The Vineyard	-	-	-	-
Technopark	-	-	-	-
Other	-	-	-	-
Helderberg	-	-	-	-
Gordon's Bay	-	-	-	-
Somerset West CBD	-	-	-	-
Somerset Mall area	-	-	-	-
Strand	-	-	-	-
George Central	-	30,00	20,00	12,50
George dec.	-	25,00	15,00	10,00
Pietermaritzburg Core CBD	-	-	-	-
Peripheral CBD	-	-	-	-
Pietermaritzburg dec.	-	-	-	-
Richards Bay	-	-	-	-
Empangeni	-	-	-	-
Windhoek	-	-	-	-

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 5.4
Typical rent-free period in months
Average periods on offer in quarter 2024:1

	Mean	SD
Johannesburg CBD	1,0	-
Braamfontein	-	-
Sandton CBD	3,0	2,8
Dunkeld West	2,0	0,8
Wierda Valley	3,5	3,3
Randburg Ferndale	1,5	0,5
Rivonia	1,8	0,8
Rosebank	1,3	0,5
Illovo	1,9	0,5
Illovo Boulevard	1,8	0,8
Chislehurst	1,5	0,7
Parktown	1,3	0,5
Richmond/Milpark	2,0	-
Bedfordview	1,3	0,5
Bruma	1,3	0,5
Woodmead	2,5	2,1
Sunninghill	1,8	0,7
Bryanston/Epsom Downs	2,4	0,9
Fourways	1,8	0,4
Houghton	2,0	-
Melrose Arch	1,4	0,5
Hyde Park	2,0	-
Eastgate/Kramerville	-	-
Ormonde	2,0	-
Midrand	2,6	1,6
Hendrik Potgieter Corridor (incl. Ruimsig)	5,0	-
Waterfall	1,8	0,8
Waverley/Bramley	1,5	0,5
Constantia Kloof	2,0	-
Morningside	2,0	1,0
Greenstone	1,3	0,5
East Rand		
Germiston	3,0	-
Benoni CBD	5,3	4,8
Benoni dec.	-	-
Benoni (Lakeside Mall area)	3,0	-
Boksburg CBD	5,3	4,8
Boksburg North	5,3	4,8
Springs	-	-
Pretoria CBD	1,0	0,0
Lynnwood Glen	1,3	0,4
Lynnwood	1,6	0,8
Lynnwood Manor	1,0	0,0

Table 5.4 (continued)		
Typical rent-free period in months		
Average periods on offer in quarter 2024:1		
	Mean	SD
Lynnwood Ridge	1,0	0,0
Faerie Glen	1,5	0,9
Val de Grace	-	-
Menlyn	2,0	0,8
Menlo Park/Hazelwood	1,0	0,0
Brooklyn/Waterkloof	1,0	0,0
Nieuw Muckleneuk	1,0	0,0
Hatfield/Hillcrest	1,0	-
Centurion	1,0	-
Highveld Technopark	1,0	-
Highveld Extensions	-	-
Sunnyside	1,0	-
Arcadia	1,0	-
Route 21 Corp. Park	1,9	0,7
Silver Lakes/Die Wilgers	1,3	0,5
Mbombela CBD	1,0	0,0
Mbombela dec.	1,2	0,4
Polokwane	3,1	2,8
Bloemfontein CBD	5,5	4,5
Westdene	5,5	4,5
Durban CBD	2,0	0,8
Durban Berea	2,5	0,5
Essex Terrace	2,0	-
Westway	-	-
La Lucia Ridge	2,3	0,8
Westville CBD	2,0	-
Pinetown	2,0	-
Hillcrest-Kloof (Upper Highway)	1,5	0,5
Umhlanga	2,3	0,8
Ballito	2,5	0,5
Point Waterfront	2,0	-
Gqeberha CBD	1,7	0,9
Greenacres: Parks	1,0	0,0
Greenacres: Single	1,0	0,0
Walmer Park	2,0	0,8
Walmer, Main Road	1,5	0,5
South End	1,5	0,5
Humeral/Humewood	1,5	0,5
Newton Park/Cape Road	1,8	0,8
East London CBD	3,0	-
Southernwood	2,0	-
Berea	2,0	-
Chiselhurst	3,0	-

Table 5.4 (continued)
Typical rent-free period in months
Average periods on offer in quarter 2024:1

	Mean	SD
Beacon Bay	2,0	-
Vincent	2,0	-
Cape Town CBD	1,5	0,5
Sea Point	2,0	-
Waterfront: Portsworld Ridge	2,0	-
Waterfront: Silo District	2,0	-
Granger Bay	2,0	-
Gardens	1,0	-
Salt River	1,0	-
Woodstock	1,0	-
Observatory/Black River Park	1,0	-
Mowbray	1,0	-
Kenilworth (Racecourse)	-	-
Rondebosch	-	-
Newlands	-	-
Wynberg	-	-
Westlake	-	-
Tokai	-	-
Claremont Lower*	-	-
Claremont Upper	-	-
Hout Bay	-	-
Noordhoek (Sun Valley)	-	-
Pinelands/Golf Park	1,0	-
Athlone	-	-
Milnerton	1,0	0,0
Panorama	-	-
Table View/Parklands	-	-
Century City	1,0	0,0
Maitland	-	-
Goodwood (N1 City)	-	-
Tygerberg Hills/Platteklouf	-	-
Bellville CBD	1,0	0,0
Tyger Valley area	1,0	0,0
Durbanville	1,0	-
Mitchells Plain	-	-
Airport	-	-
Khayelitsha	-	-
Kuils River	-	-
Paarl	1,0	0,0
Wellington	1,0	-

*Claremont Lower: east of Main Road

Table 5.4 (continued)
Typical rent-free period in months
Average periods on offer in quarter 2024:1

	Mean	SD
Stellenbosch	-	-
The Vineyard	-	-
Technopark	-	-
Other	-	-
Helderberg	-	-
Gordon's Bay	-	-
Somerset West CBD	-	-
Somerset Mall area	-	-
Strand	-	-
George Central	1,0	0,0
George dec.	1,0	0,0
Pietermaritzburg Core CBD	1,0	-
Peripheral CBD	1,0	-
Pietermaritzburg dec.	1,0	-
Richards Bay	-	-
Empangeni	-	-
Windhoek	-	-

Table 5.5
Market parking rentals
Rands per bay per month (excl. VAT)
as in quarter 2024:1

	Covered reserved parking				Shade net	Open-air
	Gr A ⁺	Gr A	Gr B	Gr C		
Johannesburg CBD	-	873	762	582	-	482
Braamfontein	-	900	775	610	593	490
Sandton CBD	1.135	916	790	649	669	522
Dunkeld West	848	765	593	443	495	382
Wierda Valley	779	661	621	526	484	395
Randburg Ferndale	501	433	408	348	371	295
Rivonia	651	589	519	463	437	349
Rosebank	1.138	856	663	547	617	491
Illovo	888	746	630	444	563	424
Illovo Boulevard	865	720	625	593	538	453
Chislehurst	736	672	610	593	474	373
Parktown	783	679	558	465	490	419
Richmond/Milpark	562	485	420	358	293	262
Bedfordview	659	554	508	470	493	413
Bruma	-	477	400	315	394	306
Woodmead	693	600	538	449	451	392
Sunninghill	638	540	486	433	417	363
Bryanston/Epsom Downs	784	698	583	524	503	411
Fourways	732	686	538	499	489	381
Houghton	1.028	848	475	-	560	415
Melrose Arch	1.132	1.108	845	635	560	505
Hyde Park	797	720	570	505	537	425
Eastgate/Kramerville	900	720	570	450	505	470
Ormonde	-	-	668	330	415	350
Midrand	764	655	544	441	462	399
Hendrik Potgieter Corridor (incl. Ruimsig)	-	590	327	-	267	198
Waterfall	988	891	-	-	606	531
Waverley/Bramley	765	720	585	-	695	565
Constantia Kloof	-	550	465	-	550	413
Morningside	785	695	645	560	595	417
Greenstone	692	629	575	527	461	394
East Rand						
Germiston	-	350	300	250	250	150
Benoni CBD	-	350	300	250	300	250
Benoni dec.	-	350	300	250	250	150
Benoni (Lakeside Mall area)	-	400	350	300	413	300
Boksburg CBD	-	-	200	150	250	225
Boksburg North	-	350	300	250	300	250
Springs	-	-	-	-	-	-

Table 5.5 (continued)
Market parking rentals
Rands per bay per month (excl. VAT)
as in quarter 2024:1

	Covered reserved parking				Shade net	Open- air
	Gr A ⁺	Gr A	Gr B	Gr C		
Pretoria CBD	-	750	700	575	575	450
Lynnwood Glen	750	700	525	415	450	333
Lynnwood	850	767	567	475	509	402
Lynnwood Manor	900	800	600	500	483	450
Lynnwood Ridge	817	780	600	467	463	388
Faerie Glen	725	675	513	410	475	388
Val de Grace	-	450	400	-	300	300
Menlyn	1.035	923	677	550	563	438
Menlo Park/Hazelwood	995	833	650	650	537	422
Brooklyn/Waterkloof	783	763	633	525	550	425
Nieuw Muckleneuk	750	690	650	650	610	450
Hatfield/Hillcrest	750	650	600	-	-	400
Centurion	913	725	650	650	581	450
Highveld Technopark	550	550	475	450	400	375
Highveld Extensions	700	600	500	-	400	373
Sunnyside	-	-	-	550	550	450
Arcadia	750	750	667	600	550	450
Route 21 Corp. Park	617	550	460	388	390	280
Silver Lakes/Die Wilgers	650	583	250	250	475	340
Mbombela CBD	-	-	420	440	288	200
Mbombela dec.	550	540	496	465	325	175
Polokwane	-	503	406	340	325	262
Bloemfontein CBD	-	363	313	265	240	135
Westdene	413	368	317	280	273	140
Durban CBD	-	575	475	375	250	200
Durban Berea	675	575	475	400	250	200
Essex Terrace	600	500	400	300	250	200
Westway	675	600	-	-	-	425
La Lucia Ridge	790	725	694	475	-	567
Westville CBD	-	600	450	400	-	400
Pinetown	450	400	350	300	250	200
Hillcrest-Kloof (Upper Highway)	525	500	475	450	375	300
Umhlanga	840	819	667	525	-	600
Ballito	575	475	350	325	275	250
Point Waterfront	600	500	400	350	300	250
Gqeberha CBD	-	400	350	300	350	275
Greenacres: Parks	450	433	383	325	367	292
Greenacres: Single	483	433	367	325	333	258
Walmer Park	450	425	375	325	283	220
Walmer, Main Road	550	475	375	325	300	238
South End	400	350	300	275	275	175
Humerail/Humewood	500	433	367	275	367	267
Newton Park/Cape Road	550	475	350	300	325	225

Table 5.5 (continued)
Market parking rentals
Rands per bay per month (excl. VAT)
as in quarter 2024:1

	Covered reserved parking				Shade net	Open-air
	Gr A ⁺	Gr A	Gr B	Gr C		
East London CBD	-	550	500	500	550	500
Southernwood	-	550	500	500	550	500
Berea	600	550	500	500	550	500
Chiselhurst	-	550	500	500	550	500
Beacon Bay	600	550	500	500	550	500
Vincent	600	550	500	440	550	350
Cape Town CBD	1.650	1.480	1.200	1.000	-	700
Sea Point	-	1.425	-	-	900	850
Waterfront: Portwood Ridge	-	1.575	-	-	-	-
Waterfront: Silo District	-	1.575	-	-	-	-
Granger Bay	-	-	-	-	-	-
Gardens	1.617	1.413	1.200	975	800	700
Salt River	1.100	775	-	-	-	350
Woodstock	1.325	1.233	1.050	-	950	-
Observatory/Black River Park	1.100	917	-	-	800	-
Mowbray	1.400	1.200	1.000	750	-	-
Kenilworth (Racecourse)	-	-	-	-	-	-
Rondebosch	1.400	1.250	1.100	-	-	-
Newlands	-	1.600	-	-	-	-
Wynberg	-	-	-	-	-	-
Westlake	950	-	-	-	900	800
Tokai	-	-	-	-	-	700
Claremont Lower*	-	-	-	-	-	-
Claremont Upper	-	1.350	-	-	-	-
Hout Bay	-	-	-	-	-	-
Noordhoek (Sun Valley)	-	-	-	-	-	-
Pinelands/Golf Park	-	1.100	-	-	-	850
Athlone	-	-	-	-	-	-
Milnerton	-	-	-	-	-	-
Panorama	-	-	-	-	-	-
Table View/Parklands	-	-	-	-	-	-
Century City	1.567	1.320	1.100	-	-	900
Maitland	-	-	-	-	-	-
Goodwood (N1 City)	1.000	885	700	-	-	-
Tygerberg Hills/Platteklouf	-	1.000	-	-	-	800
Bellville CBD	-	883	825	745	-	200
Tyger Valley area	1.138	888	813	725	683	488
Durbanville	1.100	900	-	-	-	-
Mitchells Plain	-	-	-	-	-	-
Airport	-	-	-	-	-	-
Khayelitsha	-	-	-	-	-	-

*Claremont Lower: east of Main Road

Table 5.5 (continued)
Market parking rentals
Rands per bay per month (excl. VAT)
as in quarter 2024:1

	Covered reserved parking				Shade net	Open- air
	Gr A ⁺	Gr A	Gr B	Gr C		
Kuils River	-	-	-	-	-	-
Paarl	350	350	325	300	250	200
Wellington	-	-	-	-	-	-
Stellenbosch	-	-	-	-	-	-
The Vineyard	-	-	-	-	-	-
Technopark	-	-	-	-	-	-
Other	-	-	-	-	-	-
Helderberg	-	-	-	-	-	-
Gordon's Bay	-	-	-	-	-	-
Somerset West CBD	-	-	-	-	-	-
Somerset Mall area	-	-	-	-	-	-
Strand	-	-	-	-	-	-
George Central	575	425	325	300	350	225
George dec.	550	400	300	250	325	200
Pietermaritzburg Core CBD	-	-	400	340	250	230
Peripheral CBD	-	-	420	360	300	260
Pietermaritzburg dec.	600	560	460	395	350	300
Richards Bay	-	-	-	-	-	-
Empangeni	-	-	-	-	-	-
Windhoek	1.450	1.200	950	700	450	300



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Table 5.6
Office rental escalation rates on new leases (%)
Average escalation rate on net rentals for quarter 2024:1

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

Table 5.6 (continued) Office rental escalation rates on new leases (%) Average escalation rate on net rentals for quarter 2024:1	
	Mean
Menlyn	7,7
Menlo Park/Hazelwood	7,5
Brooklyn/Waterkloof	7,5
Nieuw Muckleneuk	7,5
Hatfield/Hillcrest	7,5
Centurion	7,5
Highveld Technopark	7,3
Highveld Extensions	-
Sunnyside	7,0
Arcadia	8,0
Route 21 Corp. Park	6,8
Silver Lakes/Die Wilgers	7,1
Mbombela CBD	7,5
Mbombela dec.	7,4
Polokwane	6,3
Bloemfontein CBD	7,5
Westdene	7,8
Durban CBD	7,7
Durban Berea	7,0
Essex Terrace	7,0
Westway	-
La Lucia Ridge	7,3
Westville CBD	7,5
Pinetown	8,0
Hillcrest-Kloof (Upper Highway)	7,7
Umhlanga	7,3
Ballito	7,5
Point Waterfront	7,0
Gqeberha CBD	6,7
Greenacres: Parks	7,0
Greenacres: Single	6,7
Walmer Park	7,0
Walmer, Main Road	7,0
South End	7,0
Humeral/Humewood	7,0
Newton Park/Cape Road	6,8
East London CBD	7,5
Southernwood	7,0
Berea	7,0
Chiselhurst	7,0
Beacon Bay	7,0
Vincent	7,0
Cape Town CBD	7,8
Sea Point	7,0
Waterfront: Portswood Ridge	7,5
Waterfront: Silo District	7,0
Granger Bay	7,0

Table 5.6 (continued)
Office rental escalation rates on new leases (%)
Average escalation rate on net rentals for quarter 2024:1

	Mean
Gardens	8,0
Salt River	7,0
Woodstock	7,5
Observatory/Black River Park	7,5
Mowbray	7,5
Kenilworth (Racecourse)	7,0
Rondebosch	8,0
Newlands	-
Wynberg	-
Westlake	8,0
Tokai	8,0
Claremont Lower*	8,0
Claremont Upper	7,0
Hout Bay	-
Noordhoek (Sun Valley)	-
Pinelands/Golf Park	8,0
Athlone	-
Milnerton	8,5
Panorama	-
Table View/Parklands	-
Century City	8,3
Maitland	-
Goodwood (N1 City)	-
Tygerberg Hills/Platteklouf	8,0
Bellville CBD	8,0
Tyger Valley area	8,0
Durbanville	8,0
Mitchells Plain	-
Airport	-
Khayelitsha	-
Kuils River	-
Paarl	6,5
Wellington	-
Stellenbosch	-
The Vineyard	-
Technopark	-
Other	-
Helderberg	-
Gordon's Bay	-
Somerset West CBD	-
Somerset Mall area	-
Strand	-
<i>*Claremont Lower: east of Main Road</i>	

Table 5.6 (continued)	
Office rental escalation rates on new leases (%)	
Average escalation rate on net rentals for quarter 2024:1	
	Mean
George Central	7,5
George dec.	-
Pietermaritzburg Core CBD	6,5
Peripheral CBD	7,0
Pietermaritzburg dec.	7,0
Richards Bay	-
Empangeni	-
Windhoek	6,0

Table 5.7
Escalation rates on operating costs (%)
for quarter 2024:1

	Mean
Johannesburg CBD	7,5
Braamfontein	7,5
Sandton CBD	7,5
Dunkeld West	7,7
Wierda Valley	7,3
Randburg Ferndale	7,5
Rivonia	8,0
Rosebank	7,8
Illovo	7,1
Illovo Boulevard	7,5
Chislehurst	7,5
Parktown	8,0
Richmond/Milpark	8,5
Bedfordview	8,2
Bruma	8,3
Woodmead	7,3
Sunninghill	7,8
Bryanston/Epsom Downs	7,7
Fourways	7,8
Houghton	8,0
Melrose Arch	7,8
Hyde Park	7,5
Eastgate/Kramerville	-
Ormonde	8,0
Midrand	7,5
Hendrik Potgieter Corridor (incl. Ruimsig)	8,6
Waterfall	7,7
Waverley/Bramley	8,0
Constantia Kloof	10,0
Morningside	8,0
Greenstone	8,0
East Rand	
Germiston	7,0
Benoni CBD	7,0
Benoni dec.	-
Benoni (Lakeside Mall area)	7,0
Boksburg CBD	7,0
Boksburg North	7,0
Springs	-
Pretoria CBD	8,0
Lynnwood Glen	7,0
Lynnwood	7,0
Lynnwood Manor	8,5
Lynnwood Ridge	8,0
Faerie Glen	7,7
Val de Grace	-
Menlyn	8,0

Table 5.7 (continued)
Escalation rates on operating costs (%)
for quarter 2024:1

	Mean
Menlo Park/Hazelwood	8,0
Brooklyn/Waterkloof	8,0
Nieuw Muckleneuk	8,0
Hatfield/Hillcrest	8,0
Centurion	8,0
Highveld Technopark	7,8
Highveld Extensions	-
Sunnyside	7,0
Arcadia	8,0
Route 21 Corp. Park	7,0
Silver Lakes/Die Wilgers	6,3
Mbombela CBD	8,8
Mbombela dec.	9,0
Polokwane	6,8
Bloemfontein CBD	8,0
Westdene	8,0
Durban CBD	10,0
Durban Berea	10,0
Essex Terrace	10,0
Westway	-
La Lucia Ridge	8,3
Westville CBD	10,0
Pinetown	10,0
Hillcrest-Kloof (Upper Highway)	8,5
Umhlanga	8,3
Ballito	9,0
Point Waterfront	10,0
Gqeberha CBD	15,3
Greenacres: Parks	14,0
Greenacres: Single	14,0
Walmer Park	11,5
Walmer, Main Road	17,8
South End	14,0
Humeral/Humewood	15,3
Newton Park/Cape Road	15,0
East London CBD	8,5
Southernwood	9,0
Berea	9,0
Chiselhurst	9,0
Beacon Bay	9,0
Vincent	9,0
Cape Town CBD	8,3
Sea Point	7,0
Waterfront: Portswood Ridge	7,5
Waterfront: Silo District	7,0
Granger Bay	7,0
Gardens	8,0

Table 5.7 (continued)
Escalation rates on operating costs (%)
for quarter 2024:1

	Mean
Salt River	7,0
Woodstock	7,5
Observatory/Black River Park	7,5
Mowbray	7,5
Kenilworth (Racecourse)	7,0
Rondebosch	8,0
Newlands	-
Wynberg	-
Westlake	-
Tokai	-
Claremont Lower*	8,0
Claremont Upper	-
Hout Bay	-
Noordhoek (Sun Valley)	-
Pinelands/Golf Park	8,0
Athlone	-
Milnerton	8,5
Panorama	-
Table View/Parklands	-
Century City	8,3
Maitland	-
Goodwood (N1 City)	-
Tygerberg Hills/Platteklouf	8,0
Bellville CBD	8,0
Tyger Valley area	8,0
Durbanville	8,0
Mitchells Plain	-
Airport	-
Khayelitsha	-
Kuils River	-
Paarl	6,5
Wellington	-
Stellenbosch	-
The Vineyard	-
Technopark	-
Other	-
Helderberg	-
Gordon's Bay	-
Somerset West CBD	-
Somerset Mall area	-
Strand	-
George Central	6,0
George dec.	-
<i>*Claremont Lower: east of Main Road</i>	

Table 5.7 (continued) Escalation rates on operating costs (%) for quarter 2024:1	
	Mean
Pietermaritzburg Core CBD	7,0
Peripheral CBD	7,0
Pietermaritzburg dec.	7,0
Richards Bay	-
Empangeni	-
Windhoek	6,0

Table 5.8
Typical gross outgoing for prime office buildings
As reported by brokers
R/rentable m² per month: quarter 2024:1

	Mean	SD	n
Johannesburg CBD	-	-	-
Braamfontein	-	-	-
Sandton CBD	43,00	17,41	5
Dunkeld West	29,00	4,00	2
Wierda Valley	32,25	7,50	4
Randburg Ferndale	22,80	3,88	3
Rivonia	32,00	9,20	3
Rosebank	43,00	12,03	3
Illovo	33,75	2,28	4
Illovo Boulevard	32,50	2,50	2
Chislehurst	43,00	15,58	3
Parktown	20,00	5,00	2
Richmond/Milpark	18,75	3,75	2
Bedfordview	29,33	7,59	3
Bruma	19,63	9,50	4
Woodmead	37,50	7,50	2
Sunninghill	31,50	8,76	4
Bryanston/Epsom Downs	37,04	12,00	6
Fourways	36,10	13,11	5
Houghton	27,50	-	1
Melrose Arch	43,33	2,36	3
Hyde Park	32,50	-	1
Eastgate/Kramerville	-	-	-
Ormonde	12,00	-	1
Midrand	33,80	12,60	6
Hendrik Potgieter Corridor (incl. Ruimsig)	22,50	-	1
Waterfall	43,93	16,68	7
Waverley/Bramley	30,00	-	1
Constantia Kloof	-	-	-
Morningside	34,50	15,50	2
Greenstone	25,33	11,84	3
East Rand			
Germiston	-	-	-
Benoni CBD	8,00	-	1
Benoni dec.	-	-	-
Benoni (Lakeside Mall area)	-	-	-
Boksburg CBD	8,00	-	1
Boksburg North	8,00	-	1
Springs	-	-	-
Pretoria CBD	18,50	3,50	2
Lynnwood Glen	27,00	5,15	4
Lynnwood	32,67	10,83	6
Lynnwood Manor	37,25	10,96	4

Table 5.8 (continued)
Typical gross outgoings for prime office buildings
As reported by brokers
R/rentable m² per month: quarter 2024:1

	Mean	SD	n
Lynnwood Ridge	29,25	12,87	4
Faerie Glen	32,60	8,87	5
Val de Grace	-	-	-
Menlyn	44,88	7,94	4
Menlo Park/Hazelwood	38,33	9,43	3
Brooklyn/Waterkloof	23,00	-	1
Nieuw Muckleneuk	31,00	9,93	3
Hatfield/Hillcrest	31,50	6,50	2
Centurion	42,00	17,00	2
Highveld Technopark	31,25	6,25	2
Highveld Extensions	42,50	-	1
Sunnyside	22,00	-	1
Arcadia	22,00	-	1
Route 21 Corp. Park	39,64	16,12	4
Silver Lakes/Die Wilgers	31,83	7,64	3
Mbombela CBD	38,50	0,00	4
Mbombela dec.	43,00	0,00	4
Polokwane	27,95	3,26	3
Bloemfontein CBD	26,33	6,60	3
Westdene	29,67	4,50	3
Durban CBD	26,25	1,75	2
Durban Berea	25,00	5,00	2
Essex Terrace	45,00	-	1
Westway	-	-	-
La Lucia Ridge	49,67	20,01	3
Westville CBD	40,00	-	1
Pinetown	30,00	-	1
Hillcrest-Kloof (Upper Highway)	45,00	-	1
Umhlanga	53,67	19,70	3
Ballito	60,00	-	1
Point Waterfront	50,00	-	1
Gqeberha CBD	-	-	-
Greenacres: Parks	45,00	-	1
Greenacres: Single	40,00	-	1
Walmer Park	-	-	-
Walmer, Main Road	-	-	-
South End	-	-	-
Humeral/Humewood	-	-	-
Newton Park/Cape Road	-	-	-
East London CBD	28,50	0,50	2
Southernwood	29,00	-	1
Berea	29,00	-	1

Table 5.8 (continued)
Typical gross outgoings for prime office buildings
As reported by brokers
R/rentable m² per month: quarter 2024:1

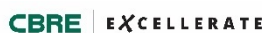
	Mean	SD	n
Chiselhurst	29,00	-	1
Beacon Bay	29,00	-	1
Vincent	29,00	-	1
Cape Town CBD	30,00	16,33	3
Sea Point	-	-	-
Waterfront: Portwood Ridge	35,00	-	1
Waterfront: Silo District	-	-	-
Granger Bay	-	-	-
Gardens	50,00	-	1
Salt River	40,00	-	1
Woodstock	35,00	5,00	2
Observatory/Black River Park	34,00	6,00	2
Mowbray	37,00	3,00	2
Kenilworth (Racecourse)	28,00	-	1
Rondebosch	38,00	-	1
Newlands	-	-	-
Wynberg	-	-	-
Westlake	-	-	-
Tokai	-	-	-
Claremont Lower*	36,00	-	1
Claremont Upper	-	-	-
Hout Bay	-	-	-
Noordhoek (Sun Valley)	-	-	-
Pinelands/Golf Park	32,50	2,50	2
Athlone	-	-	-
Milnerton	-	-	-
Panorama	-	-	-
Table View/Parklands	-	-	-
Century City	32,50	5,50	2
Maitland	-	-	-
Goodwood (N1 City)	-	-	-
Tygerberg Hills/Platteklouf	-	-	-
Bellville CBD	15,00	0,00	2
Tyger Valley area	24,00	6,00	2
Durbanville	23,00	7,00	2
Mitchells Plain	-	-	-
Airport	-	-	-
Khayelitsha	-	-	-
Kuils River	-	-	-
Paarl	11,60	2,60	2
Wellington	-	-	-

*Claremont Lower: east of Main Road

Table 5.8 (continued)
Typical gross outgoings for prime office buildings
As reported by brokers
R/rentable m² per month: quarter 2024:1

	Mean	SD	n
Stellenbosch	-	-	-
The Vineyard	-	-	-
Technopark	-	-	-
Other	-	-	-
Helderberg	-	-	-
Gordon's Bay	-	-	-
Somerset West CBD	-	-	-
Somerset Mall area	-	-	-
Strand	-	-	-
George Central	-	-	-
George dec.	-	-	-
Pietermaritzburg Core CBD	30,00	-	1
Peripheral CBD	26,00	-	1
Pietermaritzburg dec.	24,00	-	1
Richards Bay	-	-	-
Empangeni	-	-	-
Windhoek	30,00	-	1

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

Office vacancies improve further

Kobus Lamprecht

The office market continued to improve at the start of 2024 as illustrated by the lower vacancies reported in this chapter. The market has been boosted by the return of some workers to offices since 2022, albeit in many instances in a hybrid way.

A favoured model is 2 to 3 days per week at the office. Other dynamics that are boosting office worker numbers are load shedding and water problems at home. On the other hand, the high cost of fuel will again discourage some workers from going to the office.

Rode found that the average South Africa vacancy rate of grades A⁺, A and B space combined in *decentralized* nodes was 13,9% in the first quarter of 2024, one percentage point better than the 14,9% average in the first quarter of 2023. 'Decentralized' means all nodes in a metro lumped together, excluding the (old) CBDs.

The chart below shows that the national vacancy rate (excluding CBDs) peaked at about 18% in the fourth quarter of 2021 and has since improved. Looking at the bigger picture, the current national vacancy rate is still well above the pre-Covid level of 10,5% in 2019 and the historical long-term average of 9,3% (calculated on 23 years of SAPOA data).

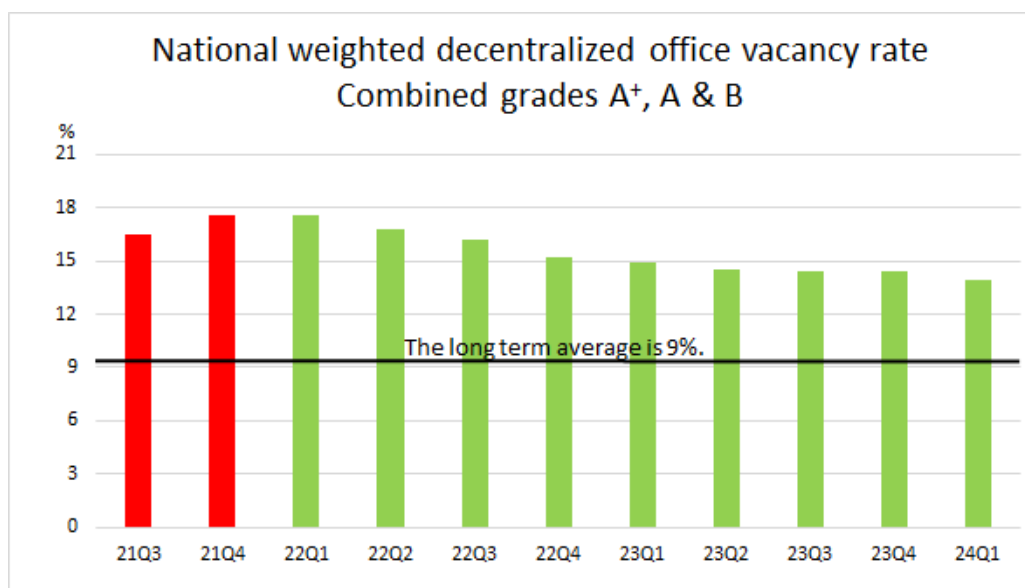
The important point for the office market is that economic growth, the fundamental demand driver, is generally expected to

remain lacklustre at below 2% per year over 2024 and 2025, which makes a return to normal vacancies unlikely. Therefore, for vacancies to see a sustainable turnaround, business confidence and economic growth will have to pick up.

The other significant factor is the work-from-home trend. There is currently a tussle between employers and employees as some CEOs are also pushing workers back to the office. In its *Southern African 2023 CEO Outlook*, KPMG found that 72% of Southern African CEOs said they support a return to in-person on-site work within the next three years. However, the remaining 28% of CEOs believe in hybrid or remote ways of working. For those looking for a middle ground, the hybrid model with 2 to 3 days at the office remains the best option, which means fewer days at the office than the traditional five days. This essentially means less demand for office space than before the pandemic.

The above 28% of CEOs who believe in remote or hybrid work means we are experiencing a structural shift in the demand for office space. So, this is not a normal slowdown in the demand for office space – and for that matter, in the economy in general.

Rode's forecast of office vacancies and market rentals over the next 6 years is provided in Rode's *Trends* publication.



Source of data: Rode's office market survey; SAPOA

In **Annexure 2** we explain how Rode calculates the office vacancy factors.

Vacancy rates on a national level

Turning to the results of the Rode survey for the first quarter of 2024, the national weighted decentralized vacancy rate for grades A⁺, A and B combined stood at 13,9%, down from 14,4% in the fourth quarter of 2023. This was also lower than the 14,9% average in the first quarter of 2023. As stated above, vacancies are still high as the historical long-term average is 9,3%, as per Rode's calculations of SAPOA data.¹

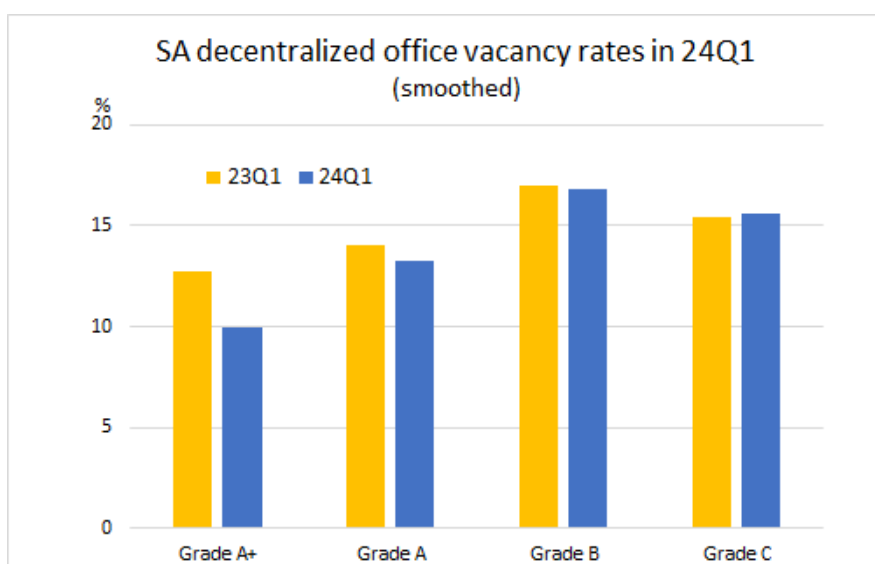
A long-term vacancy rate of 9% has an important implication when valuing prime office buildings. It is dead wrong to assume that even if an office building is nearly fully let at the time of valuation, this will persist in perpetuity. The rule is that the older the building (the lower the grade), the higher the typical vacancy factor. This is especially a

problem at present as tenants in grades C and B tend to upgrade to A or A⁺ office space because the market rentals of the newer space are exceedingly low in *real* terms (because of the current high building-construction costs relative to market rents).

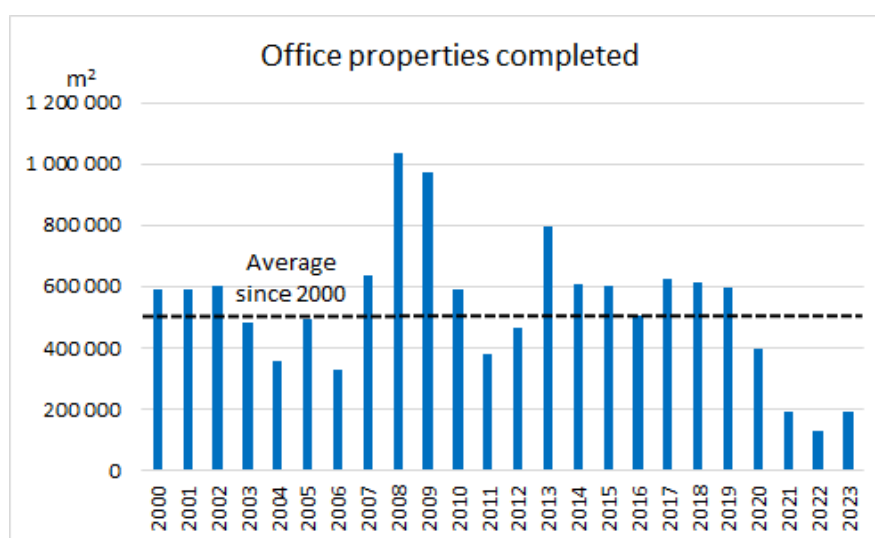
Apart from the cost factor, some tenants are relocating to newer offices because of their excellent amenities. In practice, this flight to quality means landlords generally experience higher vacancies in older buildings and lower vacancies in newer buildings. To illustrate this, look at the comparatively lower vacancy rates for newer space based on Rode's first-quarter data (see chart below). Also, note the relatively sharper decline in grade-A⁺ and grade-A vacancies over the past year in contrast to the moves seen in grades B and C vacancies.

Thus, you do not want to own old office buildings – unless you can buy them at a bargain-basement price with a view to conversion.

¹ The long-term average was calculated from 2000.



Source of data: Rode's office market survey



Source of data: Stats SA

Office construction activity remains at low levels

A positive for landlords is that the building of new offices fell significantly during the Covid pandemic and has remained low thereafter (see chart). The reason for the low building activity is high vacancies, caused by the work-from-home trend, over-building and slow economic growth. The total square metres of offices completed in 2023 was still 68% below the 2019 level, despite recovering somewhat in 2023 (see [Chapter 11](#)).

Conversions

Given the poor fundamentals of the office sector, landlords are either looking to sell older offices or to convert them to another use, such as residential or storage space. Conversion projects are not significant in number at this stage due to the high building costs and elevated interest rates. One must also consider the time it takes to plan and convert such a project, which reduces the return on investment, unless the buyer has negotiated a lagged payment with the seller.

Poor business confidence does not bode well for office demand

In the first quarter of 2024, only 30% of respondents in business surveyed by the BER were satisfied with prevailing business conditions. This was similar to the 31% during the fourth quarter of 2023 and remains well below the neutral level of 50%, where the number of respondents satisfied and dissatisfied with business conditions are equal. The weak business confidence makes sense given a local economy that is growing by only about 1% in *real* terms. No doubt the outcome of the May 2024 election is also adding to uncertainty.

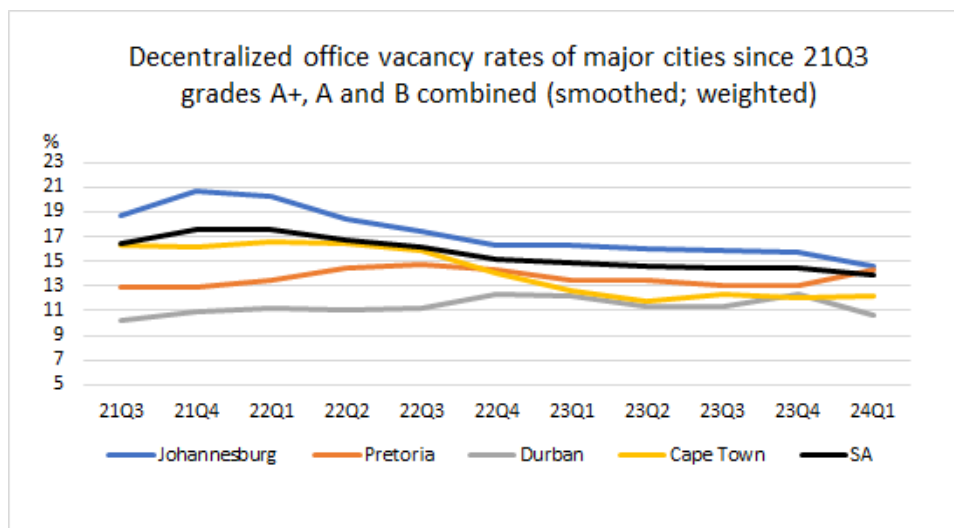
In this uncertain and poor economic and political environment, companies will generally remain hesitant to expand their

premises or hire new employees. This does not bode well for office demand.

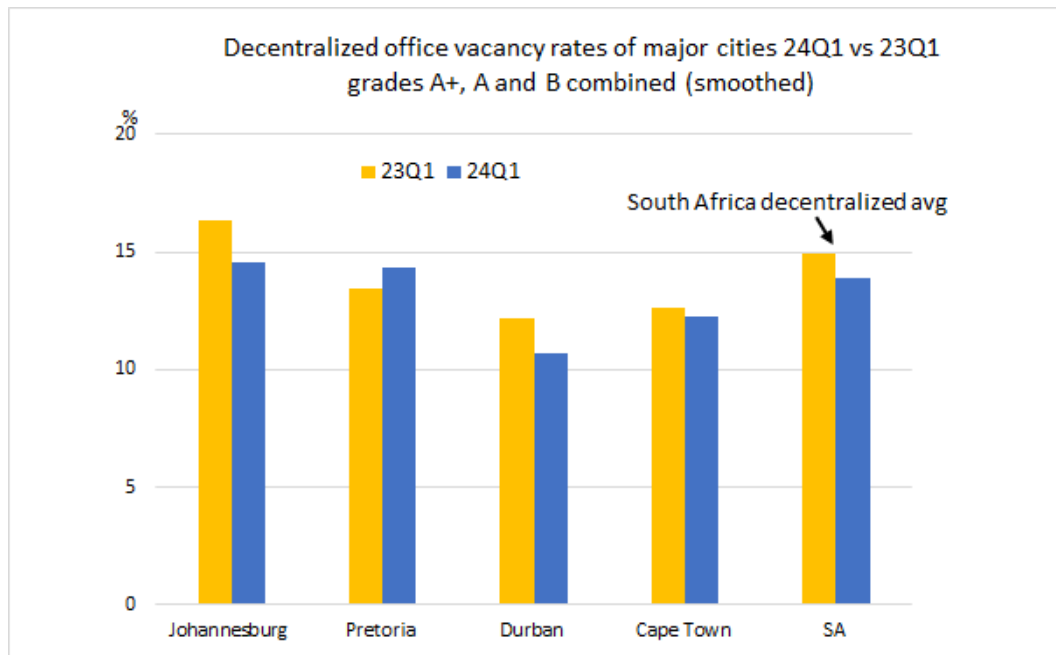
In the text that follows, we delve deeper into the latest vacancy rates on a city level.

Vacancy rates in the major cities

Vacancy rates across the major decentralized nodes in South Africa have generally improved after peaking close to the end of 2021, as shown on the first chart. This is based on the opinion of brokers active in nodes across the country. It is also evident that the Gauteng cities of Johannesburg and Pretoria are where vacancies rates are higher than the South Africa, with an average of 13,9% in the first quarter of 2024. The coastal cities of Cape Town and Durban have performed comparatively better.



Source of data: Rode's office market survey



Source of data: Rode's office market survey

Looking at the second chart showing the performance over the past year, it is evident that Pretoria decentralized bucked the improving trend of the other major cities. Also noteworthy is that the biggest improvement came from Johannesburg decentralized, but note the high base. We now delve deeper into the nodal trends within these cities.

Vacancy rates in **Johannesburg** central, which includes the CBD and Braamfontein, remain high at above 20% for grades A⁺, A and B space combined. In contrast, the average Johannesburg decentralized vacancy rate, which excludes the beforementioned nodes, improved further to 14,6% during the first quarter of 2024 from 16,4% in the first quarter of 2023 (see chart). Decentralized vacancy rates were also better than the fourth-quarter 2023 average of 15,8%, with about 80% of the major nodes showing improvement.

The largest decentralized node is Sandton, which carries a 26% weight in the Johannesburg average. Here brokers believe demand for office space has improved, with the vacancy rate for grades A⁺, A and B space combined down to 13% in the first quarter of 2024 from 17,2% a year ago.

Roughly 50% of Sandton's office space is grade A⁺, which had a vacancy rate of 10% and which is in higher demand than older grades B and C office space.

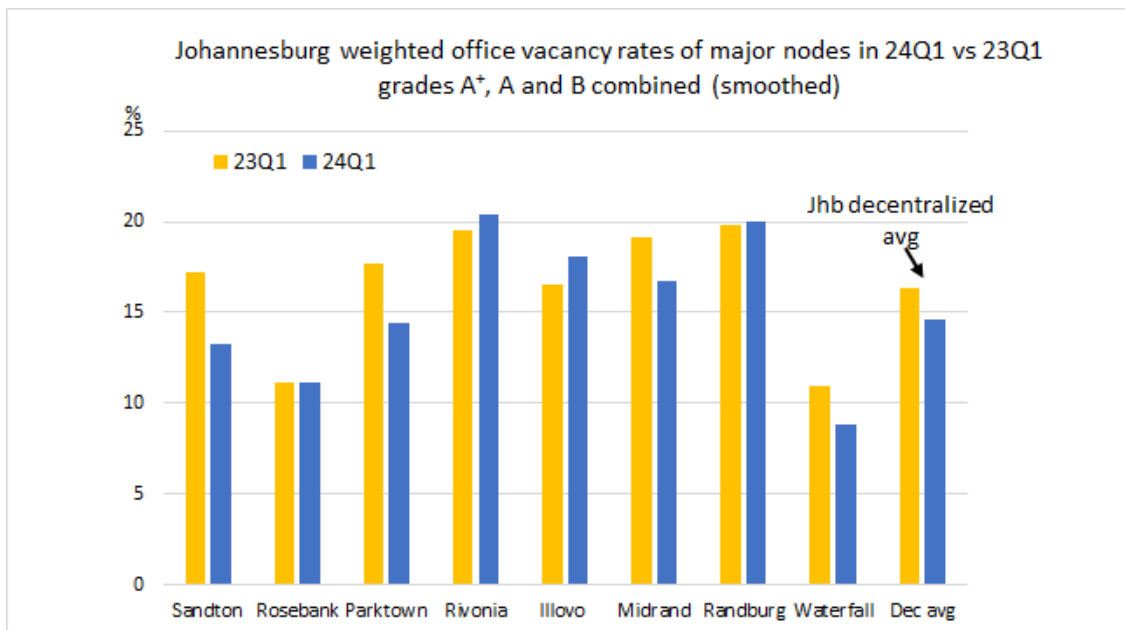
Note on the chart on the page below that Rosebank (11%) and Waterfall (9%) had the lowest vacancy rates of the major nodes in the first quarter of 2024.

Some of the decentralized nodes that are still struggling with high vacancy rates are Randburg, Rivonia, Sunninghill and Illovo. Parktown used to be seen in the same light but saw a surprise improvement to 14,5% at the start of 2024.

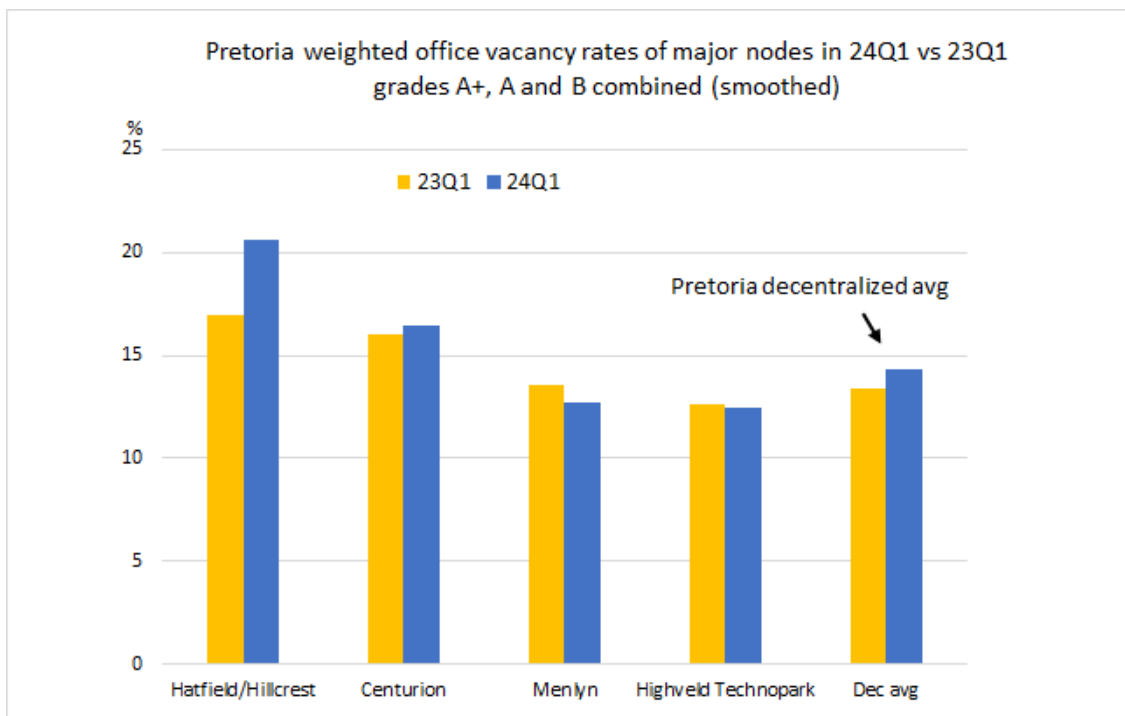
Water

The other factor to consider is the increasing water problems experienced in Johannesburg and eThekweni, which is also a factor in many other agglomerations and towns. For example, some parts of Johannesburg had more than 10 days without water in March. The mismanagement of water reticulation (and other services and utilities) will surely drive even more residents to consider semi- or full migration.

For more on Rode's office rentals and other office variables, see **Chapter 5**.



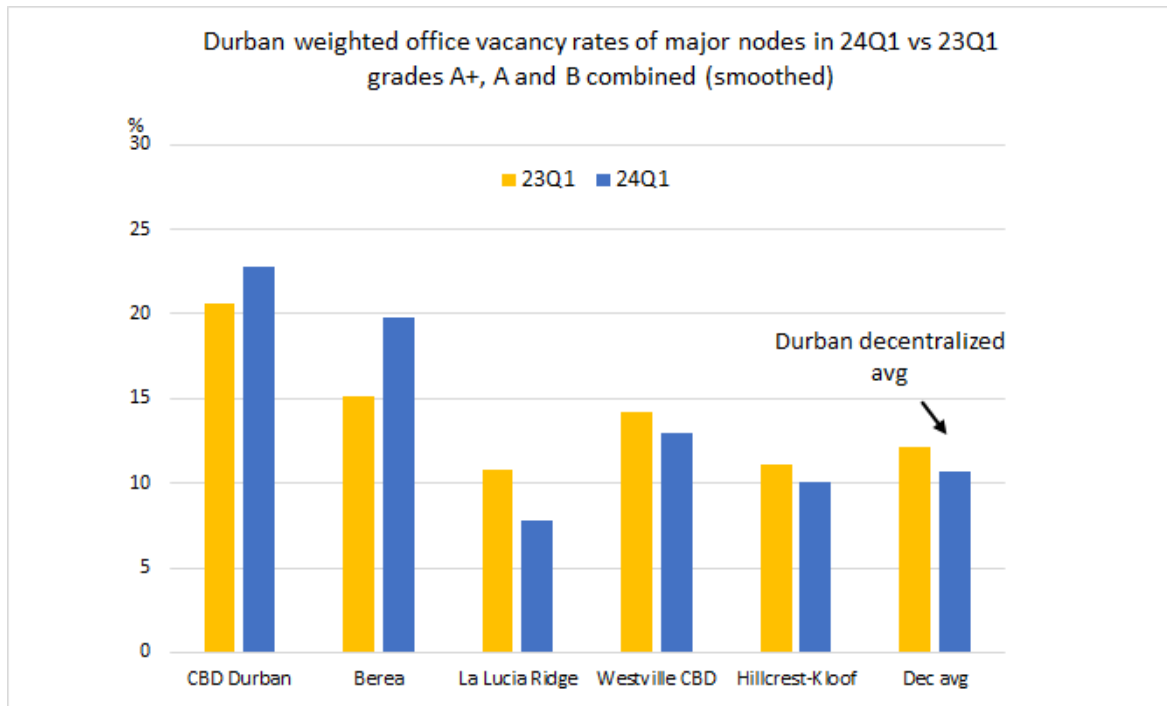
Source of data: Rode's office market survey



Source of data: Rode's office market survey

Staying in Gauteng, the **Pretoria** weighted decentralized vacancy factor of grades A+, A and B offices combined averaged 14,3% in the first quarter of 2024 – up from 13,4% in the first quarter of 2023. According to our panellists, most of the major Pretoria nodes had more vacancies compared to a year ago, as shown on the chart. Brokers are of the opinion that Hatfield/Hillcrest (21%) and Centurion (17%) are the worst. Vacancies in Menlyn and Highveld Technopark were slightly less than a year ago.

Turning to **Durban**, vacancy rates remain the highest in Durban CBD and Berea, as shown on the chart on the page below. These are nodes that struggle with a lack of investment due to crime and infrastructure decay. In contrast, the Durban weighted decentralized vacancy rate for grades A+, A and B office space combined averaged much lower at 10,7%, which was down from 12,1% in the first quarter of 2023. This was lower than the average vacancy rate of South Africa.



Source of data: Rode's office market survey

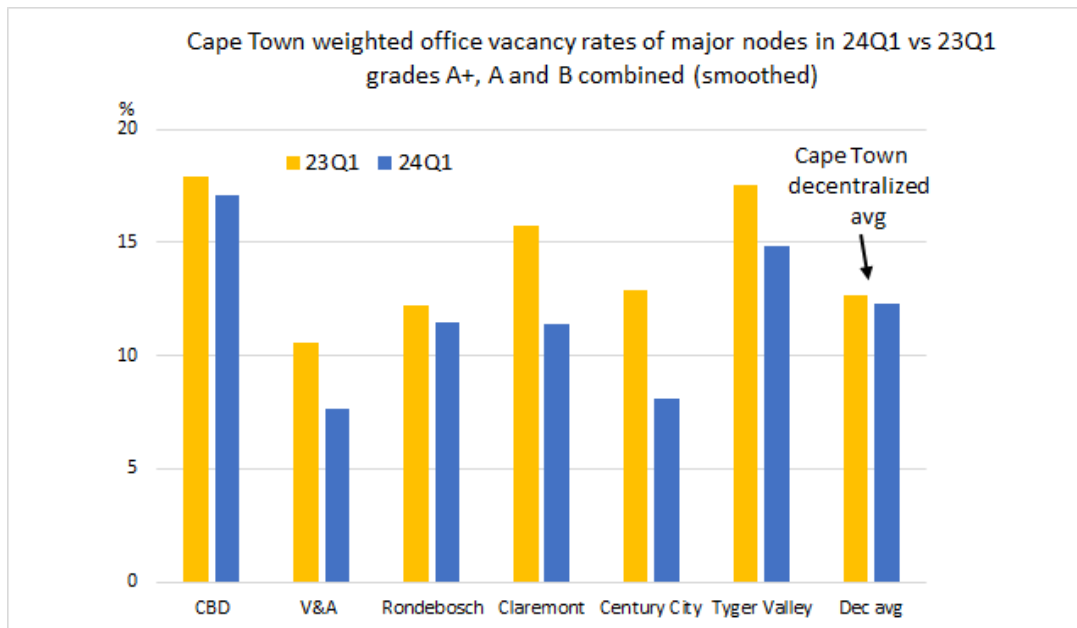
The largest decentralized node in Durban is La Lucia Ridge/Umhlanga (weight of 57%), where vacancy rates averaged 7,8% – a decline from 11,8% in the first quarter of 2023. Interestingly, Westville and Hillcrest/Kloof also saw lower vacancies compared to a year ago, but time will tell if these can be sustained.

The **Cape Town** weighted decentralized vacancy rate for grades A+, A and B office space combined in the first quarter of 2024 averaged 12,3%, slightly better than in the first quarter of 2023, as shown on the first chart below. Most of the major nodes saw lower vacancy rates when compared to a

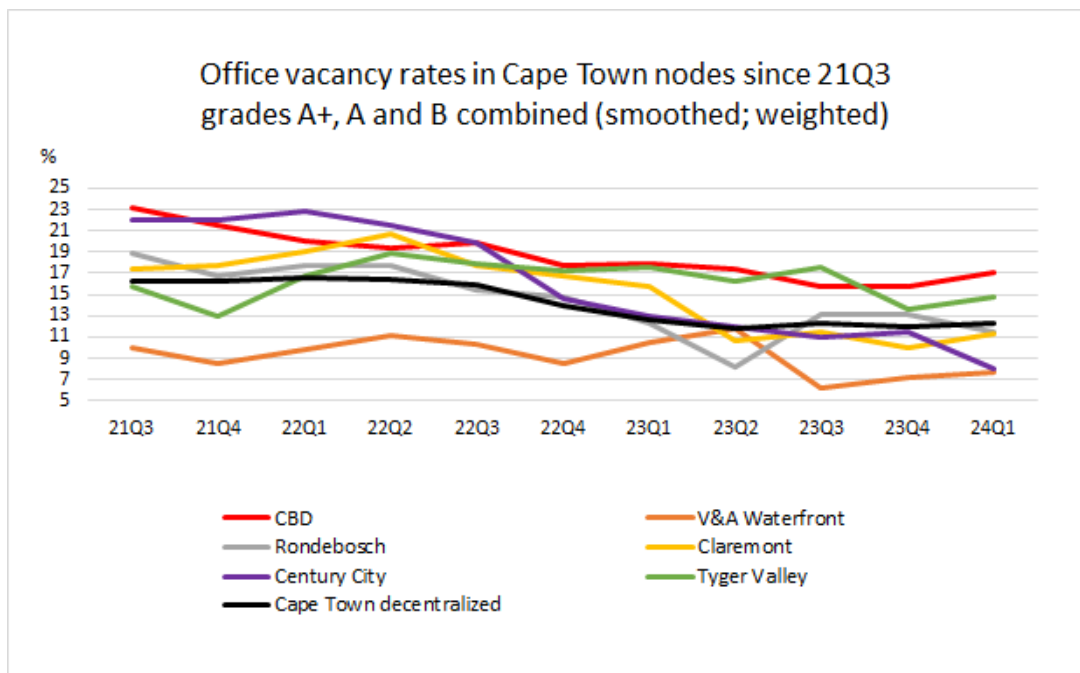
year ago. This helps to explain the strong rental growth discussed in **Chapter 5**.

Century City represents about a quarter of decentralized office space in Cape Town and has been a significant contributor to the overall vacancy-rate decline seen in the city. Its vacancy rate declined further to about 8% in the first quarter of 2024, down from 13% in the first quarter of 2023.

Another node that continues to stand out on the positive side is the V&A Waterfront. Its vacancy rate for grades A+, A and B office space combined was only 7,7%, down from 11% a year ago.



Source of data: Rode's office market survey

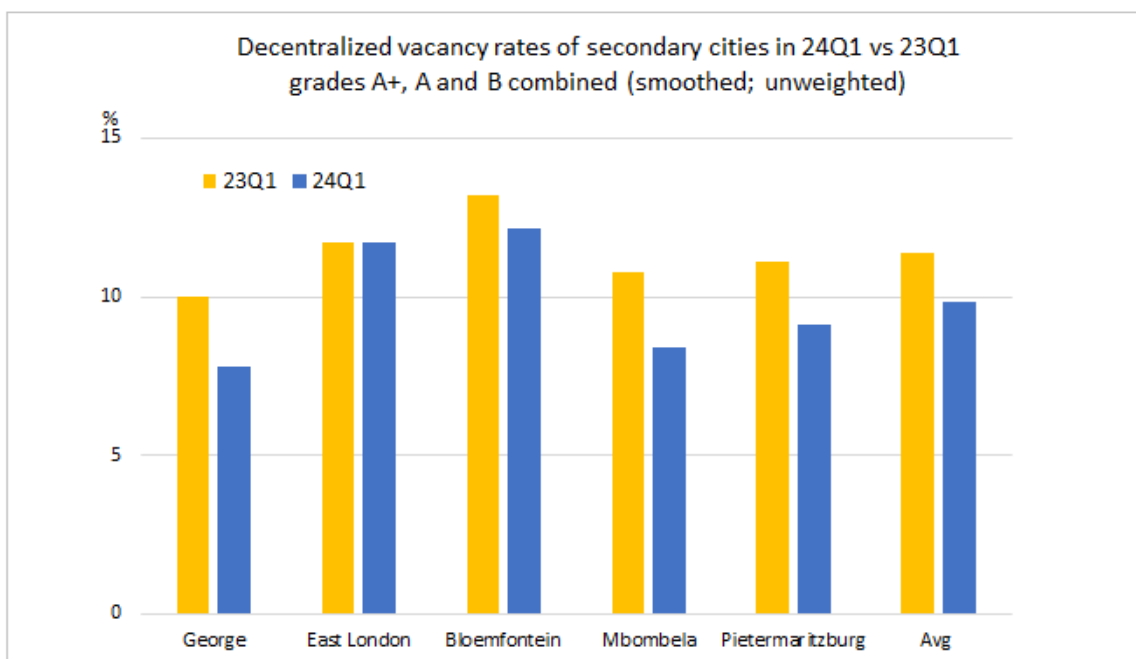
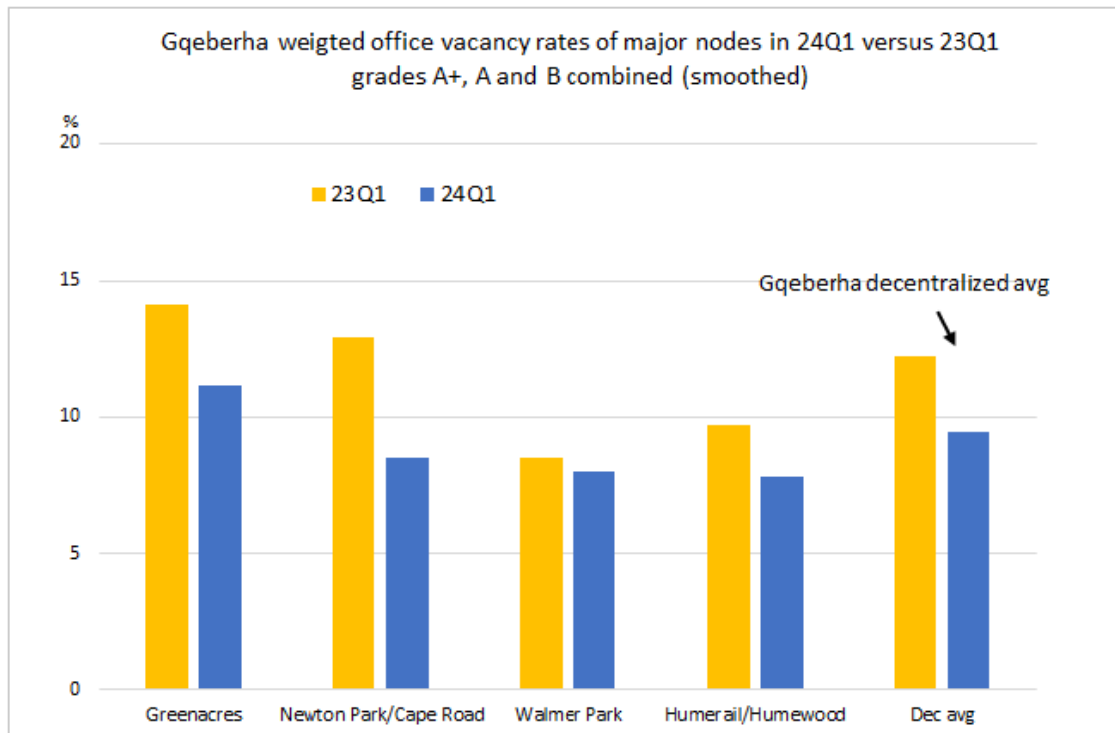


Source of data: Rode's office market survey

It is also worthwhile to look at the vacancy-rate trend in Cape Town since 2021, shown on the second chart. Firstly, note the high vacancy rates in 2021. Secondly, a general declining trend in vacancy rates can be observed since that time. Lastly, vacancy rates look to have stabilized of late and averaged slightly higher in the first quarter of 2024 when compared to the end of 2023. All in all, Cape Town's office vacancy rate is still better than a year earlier, but crept up at the start of 2024.

The **Gqeberha** (PE) decentralized vacancy

factor for grades A+, A and B office space combined in the first quarter of 2024 averaged 9,5%, lower than 12,2% in the first quarter of 2023. All the major decentralized nodes saw lower vacancy rates over the past year, as shown on the chart below. Greenacres represents roughly 50% of the total decentralised office space, which excludes the CBD, and has the highest average at just above 10%. In contrast, Humeral and Walmer boast the lowest vacancy rates at about 8%. Not shown on the chart is the Gqeberha CBD, where vacancy rates remain close to 20%.



Vacancy rates in the smaller cities

The *decentralized* vacancy rates for grades A⁺, A and B office space combined in secondary cities averaged 9,8% in the first quarter of 2024, down slightly from 11,4% in the first

quarter of 2023. Most of these cities saw lower vacancies over the period, with the biggest decline seen in the boom town of George and in Mbombela (Nelspruit). Of the secondary cities, Bloemfontein remains under the most pressure. ■

Table 6.1
Rode's office vacancy rates (smoothed)
Quarter 2024:1

	Grade A ⁺	Grade A	Grade B	Grade C	Panellist codes
Johannesburg CBD	-	18,2	30,0	20,0	JLL, REA
Braamfontein	-	18,3	23,3	13,3	JLL, OSO
Sandton CBD	9,7	14,7	19,8	16,3	BR, CPS, GB, JLL, MR, OSO, REA, WHF, WP
Dunkeld West	-	12,0	18,3	-	BR, CPS, MR, OSO, WP
Wierda Valley	9,8	16,4	14,8	16,0	CPS, GB, OSO, WP
Randburg Ferndale	13,3	16,8	20,7	18,2	GB, JLL, NH, OSO, WHF
Rivonia	13,6	17,5	21,1	23,0	CPS, GB, JLL, OSO, SHP, WHF
Rosebank	7,3	11,8	18,5	18,5	BR, CPS, GB, JLL, MR, OSO, REA, SHP, WHF, WP
Illovo	16,3	18,4	18,8	18,6	BR, CPS, GB, JLL, MR, OSO, SHP, WHF, WP
Illovo Boulevard	18,1	19,5	17,2	19,7	BR, CPS, GB, MR, OSO
Chislehurst	12,0	14,5	10,0	10,0	CPS, GB, OSO
Parktown	-	11,4	17,0	15,7	CPS, GB, JLL, OSO
Richmond/Milpark	-	12,7	10,0	13,3	GB, JLL, OSO
Bedfordview	13,8	14,1	19,4	11,1	GB, JLL, MR, SS, WHF
Bruma	-	13,0	13,6	-	GB, JLL, MR, SS, WHF
Woodmead	-	15,9	16,4	18,3	BR, CPS, GB, JLL, OSO, REA, SHP, SS, WHF, WP
Sunninghill	-	11,2	18,5	20,1	GB, JLL, OSO, REA, SHP, SS, WHF
Bryanston/Epsom Downs	10,4	13,1	19,8	18,2	BR, CPS, GB, JLL, OSO, SHP, TCP, WHF, WP
Fourways	15,0	15,0	19,5	17,8	BR, CPS, GB, JLL, OSO, SHP, WHF
Houghton	6,7	16,7	13,3	-	JLL, OSO
Melrose Arch	12,7	9,8	10,0	-	BR, CPS, GB, JLL, MR, OSO, WHF
Hyde Park	-	14,7	13,3	15,2	BR, CPS, JLL, MR
Eastgate/Kramerville	8,3	8,3	8,3	10,0	MR, WHF
Ormonde	-	-	8,7	9,7	GB
Midrand	11,0	12,9	19,0	19,3	BR, GB, JLL, MR, OSO, SHP, SS, TCP, WHF, WP
Hendrik Potgieter Corridor (incl. Ruimsig)	-	6,7	10,5	10,5	OSO, RA
Waterfall	9,3	7,8	-	-	BR, CPS, GB, JLL, MR, OSO, REA, SS, TCP, WHF, WP
Waverley/Bramley	17,0	20,0	13,5	20,8	CPS, OSO
Constantia Kloof	-	8,1	9,1	-	JLL, OSO, RA, WHF
Morningside	-	26,7	18,2	19,3	CPS, GB, JLL, WHF
Greenstone	-	9,2	-	-	GB, JLL, MR, SS, WHF
East Rand					
Germiston	10,0	6,7	16,7	12,0	MR, SS
Benoni CBD	-	-	13,3	11,0	MR, SS
Benoni dec.	10,0	3,3	13,3	13,3	MR
Benoni (Lakeside Mall area)	-	10,0	13,3	8,3	MR, SS
Boksburg CBD	-	-	14,5	13,5	MR, SS

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 6.1 (continued)
Rode's office vacancy rates (smoothed)
Quarter 2024:1

	Grade A ⁺	Grade A	Grade B	Grade C	Panellist codes
Boksburg North Springs	3,3 -	3,3 -	10,0 -	8,3 -	MR,SS
Pretoria CBD	-	10,0	13,3	16,7	AP
Lynnwood Glen	10,1	12,3	15,6	12,3	ABA,AP,CRI,GB,WHF
Lynnwood	7,9	9,7	14,8	18,2	ABA,AP,CRI,GB,HN,WHF
Lynnwood Manor	6,6	8,6	12,2	10,0	ABA,AP,CRI,GB,WHF
Lynnwood Ridge	10,7	9,4	9,3	8,2	ABA,AP,CRI,GB,WHF
Faerie Glen	14,3	12,4	16,7	15,1	ABA,AP,CRI,GB,WHF
Val de Grace	-	5,0	6,7	5,5	AP,CRI
Menlyn	12,7	11,7	13,4	16,7	AP,CRI,GB,WHF
Menlo Park/Hazelwood	7,4	12,0	12,3	-	AP,CRI,GB
Brooklyn/Waterkloof	13,9	17,6	14,6	18,8	AP,CRI,GB,WHF
Nieuw Muckleneuk	9,7	13,3	12,7	16,7	AP,CRI,GB
Hatfield/Hillcrest	10,3	18,8	22,1	21,1	AP,CRI,WHF
Centurion	15,3	17,3	16,1	13,4	AP,CRI,GB,WHF
Highveld Technopark	-	11,5	14,3	-	AP,CRI,GB
Highveld Extensions	12,3	15,2	17,2	-	CRI,GB
Sunnyside	-	-	-	25,7	AP,CRI
Arcadia	-	13,7	15,2	15,3	AP,CRI
Route 21 Corp. Park	9,0	9,8	10,3	11,8	ABA,AP,CRI,GB,MAS,WHF
Silver Lakes/Die Wilgers	-	13,8	10,8	14,1	ABA,AP,CRI,HN,GB,WHF
Mbombela CBD	-	-	15,4	16,7	KEL,KWP,MPV,ORI,PG,PM
Mbombela dec.	5,0	9,4	10,8	16,5	KEL,KWP,MPV,ORI,PG,PM
Polokwane	-	10,7	13,0	16,3	ES,MO,SF,TG
Bloemfontein CBD	-	11,1	18,2	25,1	BR,EK,EQV,PLA
Westdene	10,7	10,5	15,1	20,7	BR,EK,EQV,PLA
Durban CBD	-	21,0	24,3	28,5	SPS,WHF,ZZ
Durban Berea	-	17,7	23,8	22,8	SPS,WHF,ZZ
Essex Terrace	12,0	12,0	17,7	17,7	SPS,ZZ
Westway	11,2	12,7	16,7	17,7	ACU,WHF,SPS,ZZ
La Lucia Ridge	6,9	7,8	9,2	17,7	CAM,GI,SPS,WHF,ZZ
Westville CBD	-	10,2	14,6	17,7	ACU,GI,SPS,ZZ
Pinetown	17,7	17,7	24,3	30,0	ZZ
Hillcrest-Kloof (Upper Highway)	-	9,7	12,0	14,3	FUN,ZZ
Umhlanga	6,7	7,0	9,8	17,7	CAM,GI,SPS,WHF,ZZ
Ballito	14,2	15,3	13,0	15,3	AP,ZZ
Point Waterfront	12,0	17,7	23,3	-	ZZ
Gqeberha CBD	-	16,7	21,7	24,4	ARN,SUM,TR
Greenacres: Parks	11,7	10,0	12,2	15,0	ARN,BV,SUM
Greenacres: Single	8,9	10,0	11,1	15,6	ARN,BV,SUM,TR
Walmer Park	8,3	7,8	8,8	10,0	ARN,BV,SUM
Walmer, Main Road	5,6	5,6	7,8	10,0	ARN,BV,SUM
South End	6,7	6,7	7,8	10,0	ARN,BV,SUM
Humeral/Humewood	6,7	7,8	10,0	13,3	ARN,BV,SUM
Newton Park/Cape Road	7,8	10,0	11,6	14,3	ARN,BV,IPC,SUM,TR

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 6.1 (continued)
Rode's office vacancy rates (smoothed)
Quarter 2024:1

	Grade A ⁺	Grade A	Grade B	Grade C	Panellist codes
East London CBD	-	17,7	18,7	22,3	CAP,ERA,GW,TR
Southernwood	-	9,0	15,7	15,7	CAP,ERA
Berea	-	12,8	12,8	13,3	CAP,ERA
Chiselhurst	-	12,3	18,0	18,5	CAP,ERA
Beacon Bay	8,8	10,5	7,7	7,2	CAP,ERA,TR
Vincent	6,7	10,0	8,2	7,2	CAP,ERA,TR
Cape Town CBD	15,3	13,8	19,6	19,8	AN,DW,HP,JB,SPI,VP,WHF
Sea Point	6,7	11,9	15,3	16,2	AN,DW,HP,JB,VP,WHF
V & A Waterfront:	7,7	7,7	7,7	-	AN,SPI
Portsworld Ridge				-	
V & A Waterfront:	7,7	6,7	7,2		AN,JB,SPI,WHF
Silo District				-	
Granger Bay	8,2	8,3	8,3	-	AN,JB,SPI
Gardens	7,2	7,3	10,0	11,7	AN,HP,JB,SPI,VP,WHF
Salt River	12,8	15,0	15,7	16,7	DW,JB,VP,WHF
Woodstock	8,3	16,4	18,5	19,0	DW,SPI,VP,WHF
Observatory/Black River Park	12,6	15,7	15,5	18,3	DW,JB,SPI,VP,WHF
Mowbray	11,8	16,7	16,7	18,8	DW,SPI,VP
Kenilworth (Racecourse)	5,0	6,7	13,3	10,0	COR,DW,SPI
Rondebosch	10,0	12,2	6,7	6,7	COR,DW,SPI
Newlands	4,8	9,0	5,7	5,7	COR,DW,SPI
Wynberg	3,3	3,3	13,3	17,7	COR,DW
Westlake	11,0	13,3	7,7	10,0	AN,COR,DW,HP,SAF
Tokai	7,8	10,0	6,7	6,7	COR,DW
Claremont Lower	5,8	5,3	10,0	10,0	COR,SPI
Claremont Upper	5,0	16,5	16,0	16,0	COR,DW,SPI
Hout Bay	-	-	-	-	
Noordhoek (Sun Valley)	-	-	-	-	
Pinelands/Golf Park	10,0	13,8	7,8	11,8	COR,DW,HP,JB,VP
Athlone	-	-	-	-	
Milnerton	13,3	13,3	16,3	16,3	JB,SAF,VP
Panorama	3,3	3,3	16,7	16,7	DW
Table View/Parklands	6,7	13,3	16,7	10,0	AP
Century City	5,6	8,5	9,7	13,3	CPC,HP,JB,SPI,VP,WHF
Maitland	6,7	15,0	13,7	18,0	DW
Goodwood (N1 City)	13,3	11,1	11,1	13,7	DW
Tygerberg Hills/Platteklouf	11,0	11,0	14,4	13,3	DW,VP
Bellville CBD	-	20,0	15,7	11,0	DW,GR,VP
Tyger Valley area	5,6	16,1	12,4	9,5	DW,GR,PN,SPI,VP
Durbanville	5,0	6,7	15,0	15,0	DW,GR
Mitchells Plain	-	-	-	-	
Airport	-	-	-	-	

*Claremont Lower: east of Main Road

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 6.1 (continued)
Rode's office vacancy rates (smoothed)
Quarter 2024:1

	Grade A ⁺	Grade A	Grade B	Grade C	Panellist codes
Khayelitsha	-	-	-	-	OMN MAF,PRU
Kuils River	-	3,3	3,3	6,7	
Paarl	13,3	13,3	8,7	11,0	
Wellington	-	-	-	-	
Stellenbosch					
The Vineyard	-	-	-	-	
Technopark	-	-	-	-	
Other	-	-	-	-	
Helderberg					
Gordon's Bay	-	-	-	-	OMN
Somerset West CBD	13,3	16,7	3,3	16,7	
Somerset Mall area	-	-	-	-	
Strand	-	-	-	-	
George Central	6,7	6,7	8,3	16,7	GRV,MUL
George dec.	6,7	8,3	8,3	6,7	GRV,MUL
Pietermaritzburg Core CBD	-	-	16,7	16,7	HN
Peripheral CBD	-	-	11,0	13,3	HN
Pietermaritzburg dec.	7,7	8,7	11,0	13,3	HN
Richards Bay	-	-	-	-	
Empangeni	-	-	-	-	
Windhoek	9,0	9,5	12,3	12,3	PVN,TE

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Table 6.1 (continued)
Rode's weighted office vacancy rates (smoothed)
Quarter 2024:1

	Grade A ⁺	Grade A	Grade B	Grade C	Avg (without grade C)
Major cities					
Johannesburg decentralized	9,8	13,4	18,2	16,3	14,6
Pretoria decentralized	12,4	14,1	15,2	14,2	14,3
Durban decentralized	7,8	9,7	14,9	19,4	10,7
Cape Town decentralized	6,2	13,4	12,0	11,7	12,3
Gqeberha decentralized	8,2	17,3	16,7	15,0	9,5
National decentralized	10,0	13,2	16,8	15,6	13,9

For definitions, see Glossary of terms and abbreviations in **Annexure 1**.

Chapter 7: Industrial rentals and vacancies

Industrial property steams ahead

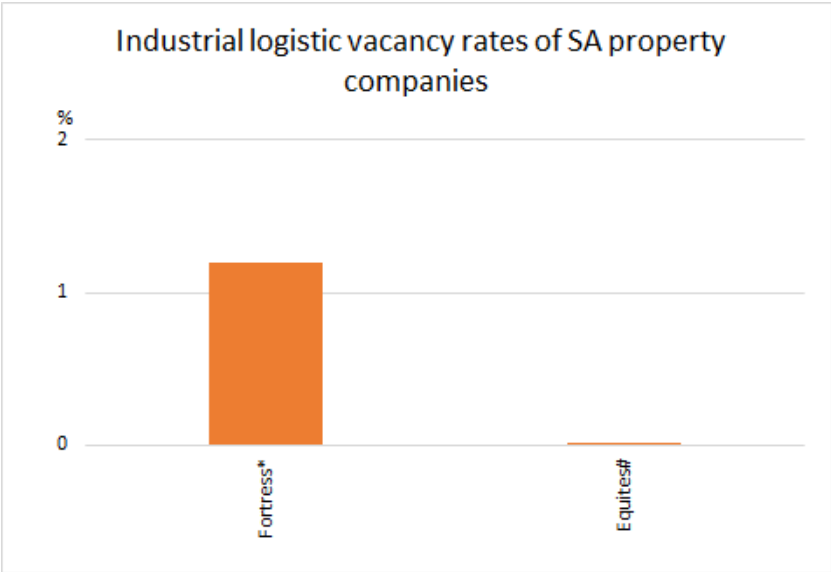
Kobus Lamprecht

The industrial property market started 2024 on a strong note, with sharp nominal rental growth amid continued low vacancy rates. This means industrial properties are still the best-performing category among the three major non-residential property types.

Nominal gross market rentals in South Africa for industrial space of 500 m² grew by 4,8% in the first quarter of 2024 compared to the first quarter of 2023. This is up from the roughly 4% pace recorded over 2023. Rentals in the first quarter were up about 15% compared to the pre-pandemic levels of 2019. Rentals of

industrial space of 1 000 m², which one can argue is probably more representative of the industrial market than 500 m² space, grew by a similar rate (+5,1%) in the first quarter of 2024. However, in *real* terms, rentals are still declining due to elevated building-cost inflation (as measured by the BER BCI).

Regionally, all the major conurbations shone with strong nominal rental growth (5% to 7%) and low vacancies. Logistics properties continue to have ultra-low vacancy rates as reported by major players Equites and Fortress (see chart).



* Half-year ended December 2023
The portfolio was fully let at 28 February 2024
Source: Financial results of the various listed property funds

But noteworthy is a comment from a Rode panellist in the Central Witwatersrand, who said that it is no longer only logistics warehouses where landlords have leverage. This implies a strong overall market. In Cape Town, one of Rode's survey respondents said tenants are engaging in "rental wars" amid a shortage of industrial space.

Note that the rentals in our survey do not include ultra-large premises like logistics warehouses of 20 000 m². This new generation of super-buildings is generally bespoke, meaning the rentals tend to be higher than market rents as the rent will be a function of construction and land costs and the initial return required by the developer. One would expect the sharp increase in building-cost inflation to continue to put upward pressure on new-build rentals.

In the text that follows, we first discuss the major factors influencing the market, before

delving deeper into the rental performance of major industrial conurbations.

Major factors impacting the industrial market

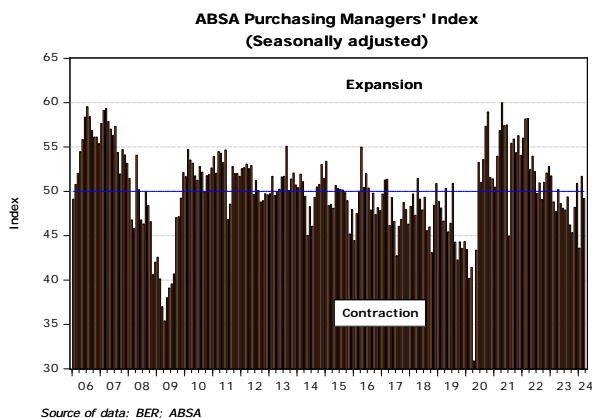
The key driver of industrial property is the performance of the manufacturing and retail sectors. The manufacturing sector underpins the demand for industrial space for manufacturing production purposes, while the retail sector underpins the demand for warehouse or distribution space (via local manufacturing and imports).

Manufacturing production started 2024 on a positive note, growing by 3,5% over January and February 2024 compared to the same period in 2023, as shown on the chart. That said, looking back a few years, production levels so far in 2024 are still 3,8% below the 2020 level – that is, before the Covid pandemic – which is indicative of the sector's underperformance.



Source of data: Stats SA

The second manufacturing chart shows the Absa Purchasing Managers' Index (PMI), which is used as a guideline on conditions in the manufacturing sector. Encouragingly, the PMI did manage to breach the important 50 index points level in February. This level separates expansion and contraction. However, it averaged 48,2 index points in the first quarter of 2024, which indicates that conditions in the sector remain tough. Slower global and South African economic growth, as well as power cuts, has weighed on output over the past few years. The flip-side of the coin is that imports that replace SA manufactured goods also need storage, which lessens the pain somewhat.



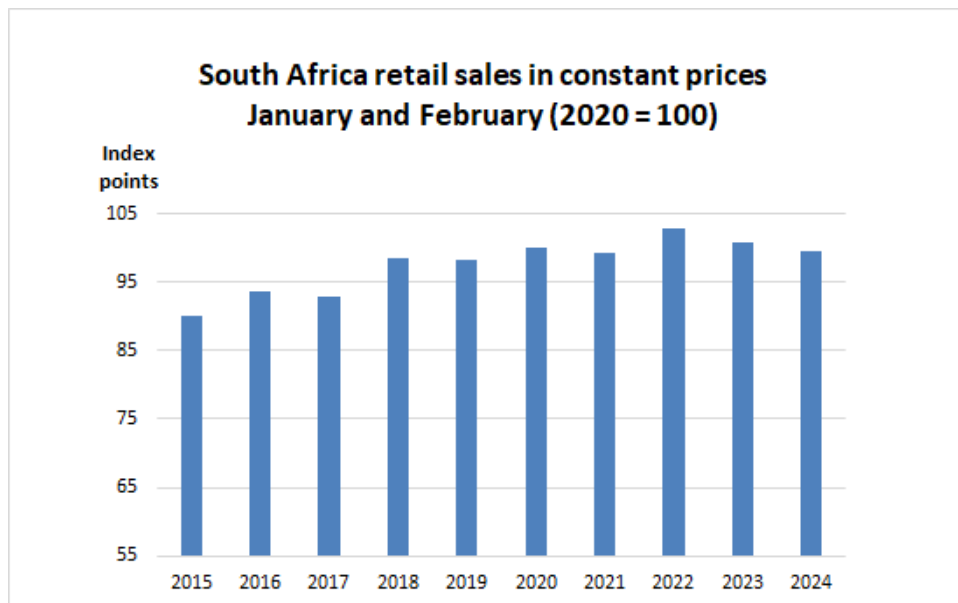
The latest business confidence figures published by the BER at Stellenbosch University also make for bleak reading.

In the first quarter of 2024, manufacturing confidence was exceptionally low at 21 index points, down from 26 in the fourth quarter of 2023. This means that roughly two out of ten businesses in the sector were satisfied with prevailing business conditions.

We expect the manufacturing sector to at best grow slowly over the medium term, held back by structural problems (like the high cost of labour¹ and costly electricity), continued electricity supply disruptions, and private consumption that is under pressure. Labour instability is also always a risk and as South Africans become poorer in *real* terms, strikes and political turmoil will accelerate. The ANC is widely expected to not get an absolute majority in the May elections, which means social instability would be a real risk.

As mentioned above, the industrial property market is also affected by the health of the retail sector. In real terms, national retail sales fell by 1,4% year on year in January and February of 2024 (see chart below). Reflecting concerns about the outlook for the sector, retail confidence fell to only 34 index points in the first quarter of 2024, from 47 in the fourth quarter of 2023, according to the BER. We discuss the retail sector in detail in our sister publication *Rode's Retail Report*.

¹ Labour is expensive relative to Asia and the rest of Africa.



Source of data: Stats SA

A key determinant of the industrial sector 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 15 metres possible, thus requiring a new generation of warehouses. This has the potential to make some existing distribution centres outdated. However, it is technically possible to increase the eaves height of existing buildings.
- Strongly growing online retail sales. These sales made up 4,7% of total retail sales in 2022, up from 4% in 2021 and 2,8% in 2020, according to the World Wide Worx's *Online Retail in South Africa 2022* study. This comes after growth of 30% in 2022. In developed markets, online retail sales make up a much higher percentage of total retail sales, which implies there is still room for growth in SA. Having said that, the SA society is socio-economically not comparable to those countries, which will make such a high level of online retail sales unrealistic. Nevertheless, many local retailers have embraced online retail. Local online sales are poised to get a boost from the

expected launch of Amazon Marketplace in the country this year. This is the largest e-commerce marketplace in the world and allows third parties to sell new or used products online directly to consumers at a fixed price.

- The continual reorganisation by retailers of their supply chains and distribution strategies.

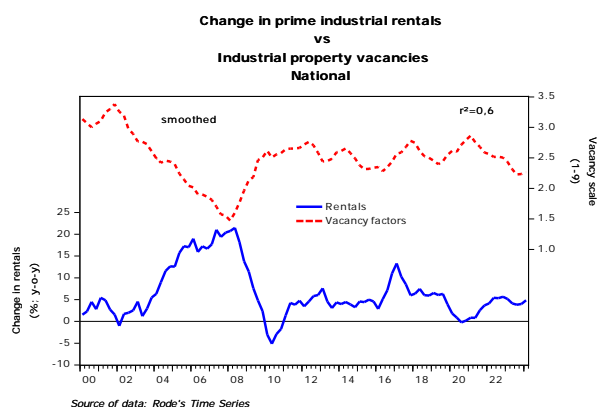
Another factor to consider is the impact of changes in business confidence (as measured by the RMB/BER Business Confidence Index) on industrial vacancy rates. Naturally, business decision makers can be expected to be hesitant to expand production capacity or storage space and to rent more space when they are dissatisfied with prevailing business conditions. Business confidence deteriorated significantly in 2023, averaging only 32%, compared to 41% in 2022. This means, on average, only 32% of business executives surveyed were satisfied with prevailing business conditions during the year. The latest figure was a still poor 30% in the first quarter of 2024.

The weak business confidence can be explained by the slower-than-usual global growth and a moribund local economy. We

found that there is a lag of five to six quarters between business confidence and the vacancy rate of industrial space.

Rode's national vacancy factor during the Covid pandemic rose to a peak of 2,87 points in the first quarter of 2021 but has trended down since then. The latest figure was 2,27 points in the first quarter of 2024, down from 2,44 points in the first quarter of 2023. This is considered 'low' on Rode's vacancy scale of 1-9, implying that 3,8% of industrial property was vacant at the time. Looking at the bigger picture, vacancies are lower than pre-Covid levels and below the long-term average of 4,2% since 2000. In contrast, the vacancy rates of the office, retail and residential property markets are still above their long-term averages, which showcases the resilience of industrial property.

However, given the lag between business confidence and vacancies, there is a risk of higher vacancies in the short term. Note that this is not due to excessive building activity, but rather weaker economic growth.



The chart shows the historical relationship between industrial vacancies and rentals. The better vacancy rates over the past few years have led to strong nominal market - rental growth of 4-5% per annum since 2022, as can be seen on the chart. But, as we have pointed out before, we report on nominal rentals, which exclude incentives like tenant installation allowances (in the case of offices) and the number of rental-free months after

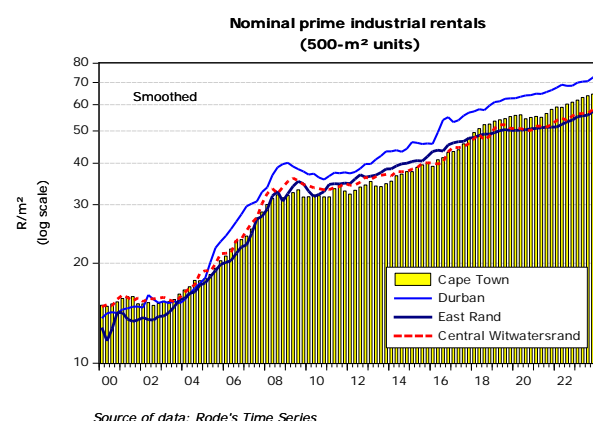
Inception of the lease. However, as mentioned earlier, there is also a real risk of higher vacancies and as a result slower rental growth in the short term, given the sustained level of lower business confidence.

Contractual escalation rates

In **Table 7.4** we show the average contractual rental escalation rates of *new* leases. It is important to distinguish between a market growth rate and an escalation rate. Rode defines a market growth rate as the percentage by which *market* values or *market* rentals (as the case may be) change over a given period based on market dynamics. A contractual *escalation* rate is 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 evidently rarely successful (see **Glossary**).

Rental performance

As stated above, in the first quarter of 2024 *nominal* industrial market rentals increased by 4,8% nationally for prime space of 500 m² compared to the first quarter of 2023 – slightly faster than the roughly 4% growth over 2023. In *real* terms, rentals continue to decline due to the double-digit increase (+13%) in building-construction-cost inflation. By using the BER Building Cost Index as a deflator, we look at real rentals from a developer's point of view.



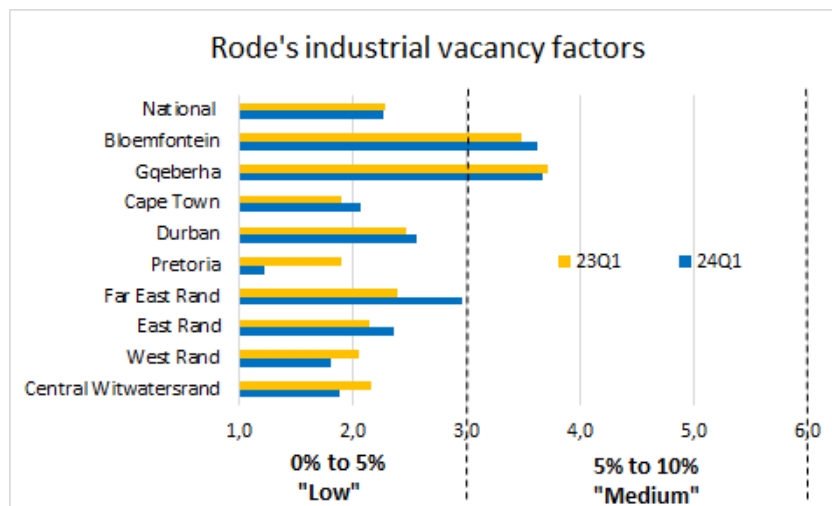
Regionally, nominal rental growth in the four major conurbations averaged between 5% and 7% in the first quarter of 2024. In the Central Witwatersrand, rental growth averaged 6% amid very low vacancies. In fact, it had the lowest vacancy rate of all the major conurbations (3,1%), as shown on the chart. One of Rode's panellists notes that "since the last quarter of 2023 there has been a distinct sense the industrial market is strengthening generally. It is no longer only logistics warehouses where landlords have leverage – the shortage of stock means even muted demand is causing upward pressure on rents right down to midi-unit-sized facilities".

In Cape Town, rental growth was solid at 5% boosted by its very low vacancy rate of 3,5%. Jack Bass Commercial Real Estate, a survey respondent, commented that "there is a severe shortage of industrial buildings in all areas and there have been rental wars as a result of multiple tenants looking to lease space". Spear, a Western Cape-focused REIT, said at the end

of February the greater consistency of electricity supply in Cape Town has become a competitive advantage.

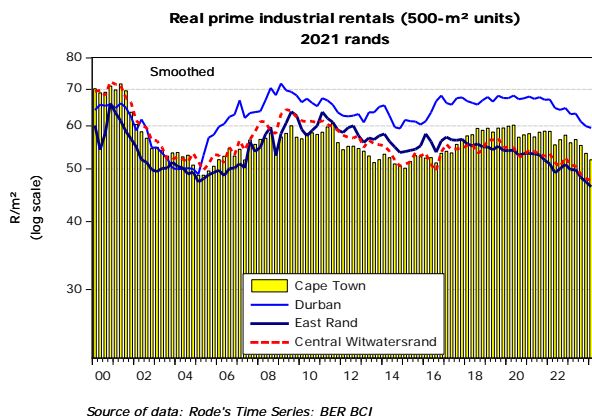
Durban's rental growth was also strong at 7% thanks to continued low vacancies. However, note that in *absolute* terms, Durban rentals per m² are by far the highest of the major cities. The probable reason is the undulating shape of the land, which means developers must first create level platforms before putting in services. An additional boost came with the demise of the largest developer in Durban.

Most conurbations in South Africa had low vacancy rates, averaging less than 5%, in the first quarter of 2024 (see chart). The exceptions have been Bloemfontein and Gqeberha, where vacancy rates average about 6%. Only a few conurbations, like Gqeberha and the Far East Rand, saw lower rentals compared to the first quarter of 2023. Note on the chart the sharp increase in the industrial vacancies in the Far East Rand.



Source of data: Rode's Time Series

It is also important to look at rentals from a *real* perspective, that is after construction-cost inflation. *Real* rentals remain in negative territory due to the sharp increase in building-construction cost (see **Chapter 11** for more on building costs and construction activity levels). Note that the Central Witwatersrand and East Rand have been trending down since the 2008 peak. What does this tell us about the business heart of SA?



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 m² (see **Table 7.1** on the next page). Pioneer rental levels often reflect (long) leases signed on newly erected on-demand buildings, and these rentals then reflect today's construction costs (in contrast to today's market rents), 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 sometime in the future.

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 tenant's own electricity, refuse removal, water and sanitation, which are always (assumed to be) 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. ■

The reference to *real* means that nominal prices have been deflated (that is, 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, that is 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 XVI.

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. 116](#). Furthermore, the vacancies are for all the unit sizes (250 m², 500 m², 1 000 m², 2 500 m², 5 000 m² and 10 000 m²) 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 m² units) Quarter 2024:1 Rands per rentable m², gross leases (excl. VAT)			
	Pioneer	Normal prime mean	Inferred growth potential
Central Witwatersrand	R105	R58	80%
West Rand	R105	R50	109%
East Rand	R95	R58	65%
Durban	R130	R73	78%
Cape Town	R114	R64	77%

Table 7.2
Mean prime industrial market rentals as in quarter 2024:1
 (R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Central Witwatersrand										
Cambridge Park	69,50	68,50	67,83	67,50	66,13	68,50	1,0	4,271	-0,007	0,34
Wynberg Proper	51,99	50,56	46,93	45,72	43,72	41,29	2,0	4,291	-0,061	0,98
Strijdom Park	61,19	60,26	58,28	54,63	54,35	50,41	1,9	4,410	-0,051	0,96
Kya Sand West	56,55	56,03	54,99	49,97	47,95	47,25	2,0	4,364	-0,056	0,94
Kya Sand East	50,71	48,69	46,91	45,87	45,83	45,17	2,5	4,072	-0,030	0,89
Lanseria Corporate Estate	70,09	69,20	72,66	73,20	70,80	71,50	1,5	4,216	0,007	0,20
Cosmo Business Park	66,11	66,11	68,15	70,20	70,88	70,52	1,8	4,070	0,022	0,89
Mostyn Park	64,30	63,43	63,43	64,78	64,31	65,08	2,7	4,127	0,005	0,41
Clayville/Olifantsfontein	62,80	63,13	61,80	61,43	61,43	59,07	2,7	4,230	-0,015	0,79
Chloorkop	60,64	59,01	57,75	59,11	55,49	55,15	2,2	4,233	-0,024	0,79
Amalgam	44,82	44,82	43,82	42,80	42,47	43,23	1,0	3,880	-0,014	0,75
Crown Mines	48,31	48,52	47,10	46,31	44,90	44,90	1,5	4,016	-0,023	0,93
Industria	47,02	42,68	42,02	41,02	40,35	40,40	3,0	4,007	-0,036	0,77
Booyens/Booyens Reserve/ Ophirton	44,84	43,59	41,33	40,04	39,15	37,14	1,5	4,074	-0,049	0,98
Village Main/Village Deep/New Centre	43,03	39,35	38,00	36,63	34,97	33,25	1,0	4,091	-0,064	0,97
Benrose	40,05	40,05	37,55	37,55	37,55	37,55	1,5	3,791	-0,020	0,68
Steeledale/Electron/Tulisa Park	50,78	47,78	46,42	45,40	43,20	42,35	3,0	4,171	-0,047	0,97
Aeroton	55,48	55,48	54,49	54,91	54,20	53,16	2,8	4,077	-0,010	0,80
Devland	41,53	36,53	35,53	34,03	34,03	34,03	-	3,929	-0,047	0,74
Nancefield	40,00	35,00	25,00	23,00	20,00	20,00	-	4,728	-0,199	0,91
Cleveland/Heriotdale	42,08	40,83	38,33	36,83	36,05	35,54	2,3	3,996	-0,048	0,96
Newlands/Martindale	46,78	46,78	41,78	41,78	39,28	36,78	-	4,219	-0,065	0,93
Kew/Wynberg East	39,28	38,87	36,66	35,83	34,08	32,79	1,5	3,958	-0,050	0,98
Bramley View/Lombardy West	41,88	41,88	39,52	36,80	35,13	34,43	1,5	4,086	-0,060	0,97

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Marlboro South (Alexandra)	53,80	53,80	50,65	48,55	48,55	48,55	1,0	4,168	-0,033	0,86
Halfway House: hi-tech strip	71,08	71,08	69,74	67,48	65,83	65,86	2,3	4,409	-0,025	0,94
Halfway House: Richards Drive	70,51	69,64	69,68	66,24	65,76	65,58	1,7	4,384	-0,023	0,90
Randjespark	70,60	70,43	69,93	69,93	70,27	69,90	1,5	4,267	-0,002	0,49
Corporate Park (Midrand)	71,68	72,81	71,24	70,24	70,38	71,53	1,9	4,304	-0,005	0,28
Commercia	61,08	60,04	58,79	61,29	61,29	60,10	1,5	4,092	0,001	0,01
Kramerville/Eastgate Ext12 & Ext13	87,38	86,15	84,73	79,90	78,69	78,08	1,3	4,664	-0,034	0,95
Linbro Park	78,41	77,68	77,26	76,75	76,58	75,75	1,9	4,407	-0,008	0,97
Longlake	83,52	82,19	82,82	81,45	81,20	79,91	2,1	4,482	-0,010	0,88
Wesco Park/Eastgate Ext3, Ext11, Ext6, Ext8/Malboro North (New)	66,30	66,20	64,13	63,43	63,10	61,73	1,8	4,304	-0,019	0,94
City Deep	52,67	52,48	52,25	50,10	49,94	49,32	1,4	4,081	-0,020	0,92
North Riding/Hoogland	72,55	72,20	70,33	69,25	67,73	70,00	1,3	4,363	-0,015	0,65
Samrand Centurion	73,26	72,76	75,58	75,77	75,66	73,33	2,5	4,273	0,005	0,13
Barbeque Downs	81,06	79,54	78,68	76,76	-	-	1,5	-	-	-
Selby Ext 12/13/15/19/20/24/ City West	45,43	41,75	40,40	39,40	37,73	36,68	1,0	4,082	-0,053	0,95
Selby Ext 5/10/14/18	42,31	39,55	38,79	38,79	37,04	36,25	1,0	3,926	-0,037	0,90
Selby Ext 11	43,59	40,83	39,81	39,81	37,80	37,28	1,0	3,965	-0,038	0,91
Selby Ext 3/4/6	41,53	38,76	38,26	38,26	36,25	35,58	1,0	3,909	-0,037	0,89
Denver (Old)	37,01	37,01	34,51	34,78	33,28	32,76	3,3	3,808	-0,035	0,90
Denver (New)	46,61	46,61	45,36	45,89	44,64	44,38	2,3	3,920	-0,014	0,83
Kyalami Business Park	78,79	78,28	77,75	79,80	75,75	-	1,0	-	-	-
Reuven	45,13	43,47	42,08	39,58	38,55	37,30	1,5	4,098	-0,052	1,00

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Selby (Old)/Selby Ext2/Park Central	39,53	38,28	37,28	35,51	35,35	33,73	2,6	3,902	-0,041	0,98
Robertsham	49,15	46,39	45,63	43,49	42,10	40,08	1,5	4,173	-0,052	0,99
Fordsburg/Newtown	36,53	36,53	36,53	36,53	33,90	32,85	-	3,778	-0,029	0,71
Waterfall	82,03	81,03	81,79	86,85	87,25	89,42	1,0	4,236	0,028	0,86
Lords View	74,74	74,96	73,35	76,48	76,98	78,17	1,0	4,229	0,013	0,67
Central Witwatersrand	60,56	59,88	58,23	58,16	56,49	54,10	1,8			
West Rand										
Lea Glen	51,71	51,71	49,94	50,95	51,70	48,90	1,4	3,998	-0,010	0,33
Honeydew X19/20/21/22	63,05	63,05	63,37	61,35	63,02	63,32	1,1	4,147	-0,001	0,01
Stormill	49,63	49,25	49,09	50,39	51,15	48,52	1,2	3,895	0,001	0,01
Chamdor	41,02	39,02	35,63	31,63	30,27	30,00	1,7	4,225	-0,094	0,96
Factoria	50,27	48,60	51,18	49,52	44,43	40,60	1,0	4,238	-0,052	0,66
Krugersdorp: Delporton	-	59,53	-	-	-	-	-	-	-	-
Randfontein: Aureus	43,30	-	-	-	-	-	-	-	-	-
Boltonia	44,35	44,35	44,35	44,35	45,40	45,40	-	3,748	0,007	0,68
Rodepoort: Technikon/Manufacta	38,05	38,05	38,05	38,05	38,05	38,05	-	3,639	0,000	0,00
Industria North	44,38	41,72	40,05	39,70	38,38	35,08	-	4,082	-0,054	0,92
Robertville	49,51	48,94	47,65	47,22	48,77	45,92	2,7	3,981	-0,015	0,57
Laserpark	65,07	65,06	65,05	64,65	62,79	63,54	2,2	4,230	-0,009	0,68
West Rand	51,40	51,64	50,20	49,65	48,97	49,10	1,8			
East Rand										
Elandsfontein	51,97	51,78	50,84	50,30	49,47	49,34	2,9	4,038	-0,016	0,97
Tunney/Greenhills	68,45	66,84	66,44	66,49	66,82	66,48	2,3	4,244	-0,005	0,45
Henville	50,63	51,46	49,29	49,13	51,31	51,64	1,9	3,900	0,003	0,04

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m²						Vacancy	a	b	r²
	250	500	1.000	2.500	5.000	10.000				
Hughes Bartletts Lilianton Comet Meadowbrook/Wilbart Sunnyrock Rustivia/Activia Park Eastleigh Sebenza Ext 14 Spartan Ext 16 (Sebenza Link) + Ext 1/3/7 Isando Isando 3 Jet Park Alrode & Xs Alrode South Alberton Aeroporto/Spartan Ext 2 Delville Roodekop Wadeville: Industrial zoning Route 24/Meadowdale Germiston S/Industries E Driehoek/Industries W Knights Spartan Proper	70,45	70,09	67,94	64,31	63,07	63,36	2,4	4,452	-0,035	0,93
	69,12	69,09	66,42	62,91	63,08	63,08	2,0	4,405	-0,030	0,87
	38,05	38,05	36,00	36,00	35,48	35,03	4,0	3,769	-0,024	0,87
	43,30	43,30	41,20	41,20	41,20	38,50	2,0	3,928	-0,028	0,81
	68,94	67,94	67,49	66,92	67,04	67,04	2,2	4,266	-0,007	0,78
	68,72	67,44	65,80	65,04	65,18	65,29	2,3	4,297	-0,014	0,78
	53,46	52,96	52,13	52,30	52,13	52,96	2,8	3,989	-0,003	0,22
	53,44	52,19	51,23	52,36	51,74	51,48	2,5	4,004	-0,007	0,42
	53,41	52,41	51,48	51,97	52,40	52,76	2,2	3,973	-0,002	0,04
	54,13	53,70	53,84	53,40	53,39	54,80	2,1	3,977	0,001	0,03
	56,01	55,91	55,13	54,75	54,61	54,86	2,8	4,062	-0,007	0,80
	57,43	56,33	55,56	55,24	55,13	55,00	2,9	4,101	-0,011	0,84
	62,20	61,66	60,88	61,11	63,14	63,45	2,7	4,079	0,007	0,30
	49,83	47,94	46,06	44,42	43,16	43,42	2,5	4,115	-0,040	0,94
	52,86	48,77	48,13	46,68	46,92	46,71	3,2	4,091	-0,029	0,73
	47,27	44,27	43,06	43,06	41,86	41,45	1,0	4,001	-0,031	0,85
	65,56	64,74	62,31	61,68	60,81	60,81	2,2	4,298	-0,022	0,91
	43,77	43,77	40,56	40,56	39,36	37,74	1,3	4,006	-0,040	0,92
	44,49	44,90	43,13	44,48	44,83	42,97	1,7	3,826	-0,005	0,14
	50,69	49,53	47,09	47,36	47,59	46,91	2,6	4,014	-0,019	0,70
64,78	64,04	64,40	63,02	63,02	62,23	2,4	4,229	-0,010	0,90	
44,23	43,61	42,23	40,22	39,34	38,46	2,9	4,018	-0,040	0,99	
50,68	49,81	49,43	47,11	46,10	44,29	2,7	4,136	-0,036	0,97	
39,43	39,43	37,65	37,65	37,65	37,65	1,3	3,771	-0,018	0,82	
54,83	54,32	52,87	52,06	51,55	51,00	2,5	4,115	-0,020	0,97	

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Founders View	63,71	62,93	62,14	61,04	60,77	60,48	1,6	4,232	-0,015	0,97
Longmeadow	78,09	77,89	77,91	76,99	75,43	75,07	1,8	4,428	-0,012	0,88
Pomona/Kempton Park	69,82	69,82	69,32	69,07	70,40	67,07	2,9	4,287	-0,007	0,31
Gosforth Park	71,09	71,09	69,84	70,08	68,85	69,97	2,2	4,299	-0,007	0,58
S&J Industrial Estate	73,73	73,73	72,34	72,23	71,97	72,22	2,8	4,336	-0,007	0,74
East Rand	58,96	58,26	57,53	56,86	56,69	56,28	2,4			
Far East Rand										
Boksburg North & East	46,83	45,95	45,43	43,69	44,91	46,43	2,7	3,863	-0,006	0,11
Benoni South	46,10	45,77	44,93	44,76	44,25	43,75	3,1	3,907	-0,014	0,97
New Era/Vulcania	42,09	38,83	38,56	35,82	35,01	33,76	4,0	4,035	-0,057	0,96
Nuffield	38,72	35,02	33,00	29,60	29,60	31,28	3,0	3,963	-0,064	0,74
Fulcrum	34,03	34,03	32,45	31,40	28,90	28,90	-	3,827	-0,051	0,93
Apex	52,37	51,97	49,96	49,54	47,93	46,91	2,8	4,131	-0,030	0,97
Labore Brakpan	45,20	45,20	39,15	36,53	34,03	33,50	4,0	4,334	-0,092	0,94
Morehill Ext 8 Benoni	47,27	46,43	46,08	43,06	41,24	41,24	2,5	4,100	-0,042	0,94
Far East Rand	45,54	44,43	43,08	41,25	40,33	40,47	3,0			
Pretoria										
Charlotte Maxeke	45,00	45,00	40,00	40,00	35,00	30,00	1,0	4,432	-0,105	0,89
Pretoria Industrial Township	45,00	45,00	40,00	40,00	35,00	30,00	1,0	4,432	-0,105	0,89
Koedoespoort	60,00	50,00	50,00	45,00	40,00	30,00	1,5	4,984	-0,160	0,90
Waltloo/Despatch	56,67	51,67	56,67	52,50	50,00	52,50	1,7	4,135	-0,022	0,36
Silverton/Silvertondale	62,00	60,40	52,40	46,67	45,00	45,00	1,7	4,674	-0,100	0,92
Samcor Park	55,00	55,00	50,00	50,00	45,00	40,00	1,0	4,500	-0,083	0,89
Sunderland Ridge	85,00	75,00	65,00	65,00	55,00	50,00	1,0	5,168	-0,135	0,96
Hermanstad	55,00	45,00	40,00	40,00	35,00	35,00	1,0	4,555	-0,114	0,87
Kirkney	-	-	-	-	-	-	1,0	-	-	-
Hennospark X15 & X7	82,50	80,00	82,50	70,00	-	60,00	1,0	-	-	-

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Gateway	76,00	70,60	67,50	63,75	60,00	58,33	1,5	4,709	-0,071	0,99
Rooihuiskraal	85,00	75,00	70,00	65,00	60,00	60,00	1,0	4,925	-0,095	0,95
Louwardia	78,00	77,75	76,75	77,80	75,00	77,20	1,9	4,385	-0,005	0,28
Lytelton Manor X4/X6	85,00	80,00	80,00	70,00	60,00	60,00	1,0	5,046	-0,105	0,93
Pretoria North	50,00	50,00	50,00	47,50	47,50	47,50	1,0	4,019	-0,018	0,81
Silvertondale X1	54,33	54,67	46,67	46,00	42,50	42,50	1,0	4,420	-0,076	0,89
Klerksoord	35,00	35,00	30,00	30,00	30,00	30,00	1,0	3,797	-0,047	0,68
Rosslyn	50,00	50,00	52,50	50,00	50,00	47,50	1,0	3,999	-0,012	0,28
Centurion	85,00	75,00	70,00	65,00	60,00	60,00	1,0	4,925	-0,095	0,95
Pretoria	63,22	60,27	56,35	52,33	48,04	46,40	1,2			
Polokwane										
Lebowakgomo	-	-	-	-	-	-	-	-	-	-
Superbia	52,50	37,50	30,00	28,50	-	-	3,5	-	-	-
Industria	60,00	45,00	42,50	30,00	-	-	1,0	-	-	-
Ladine	65,00	47,00	42,50	30,00	-	-	2,0	-	-	-
Futura	-	-	30,00	30,00	-	-	2,0	-	-	-
Laboria	45,00	40,00	32,50	39,33	50,00	-	1,7	-	-	-
Magna Via	75,00	65,83	55,00	55,00	-	-	1,0	-	-	-
Seshego	-	-	-	-	-	-	-	-	-	-
Polokwane	59,38	48,77	38,00	37,50	-	-	1,8			
Mbombela										
Mbombela East	63,00	57,60	58,00	52,00	-	-	2,6	-	-	-
Mbombela West	51,00	57,80	47,20	48,00	45,00	-	2,8	-	-	-
Rocky's Drift	42,20	45,00	44,00	43,60	45,00	-	2,2	-	-	-
Riverside Park	91,80	81,40	82,00	73,20	55,00	65,00	2,6	5,151	-0,115	0,77
Mbombela	62,00	60,45	57,80	54,20	48,33	-	2,6			

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Durban										
Springfield Park	83,57	79,75	78,38	78,33	76,33	73,83	2,1	4,569	-0,028	0,91
Mayville	72,67	68,67	66,33	65,00	60,00	60,00	4,3	4,565	-0,052	0,95
Phoenix	78,33	78,33	73,33	68,33	65,00	63,33	2,0	4,738	-0,065	0,97
Chris Hani Rd (North Coast/ Briardene)	82,50	80,00	78,64	76,86	76,67	78,00	2,4	4,488	-0,017	0,70
Briardene Industrial Park	91,43	87,14	86,14	80,50	78,33	77,50	2,0	4,765	-0,046	0,97
Umgeni Rd/Stamford Hill	73,00	72,00	71,00	68,75	68,33	66,67	3,3	4,428	-0,025	0,99
Umbilo/Sydney Rd/Magwaza	72,50	70,83	70,00	69,40	66,25	65,00	3,5	4,444	-0,029	0,94
Maphalala St (Gale)										
Jacobs	73,33	71,75	69,00	70,75	70,00	65,00	2,3	4,426	-0,024	0,68
Mobeni	74,67	72,50	69,60	70,75	70,00	66,00	2,0	4,450	-0,026	0,79
Clairwood Logistics Park	-	-	-	85,00	83,00	81,67	2,0	4,417	-0,031	0,99
Prospecton	73,60	73,60	69,33	67,43	65,50	67,00	1,8	4,478	-0,032	0,84
Ithala Industrial Estate	60,00	60,00	60,00	45,00	-	-	3,7	-	-	-
Pinetown Central	70,00	68,75	66,67	65,00	64,00	62,50	2,5	4,417	-0,031	0,99
New Germany	68,75	67,50	65,42	64,17	62,00	62,00	2,9	4,395	-0,030	0,97
Mountain Ridge	70,00	67,50	65,83	57,50	55,00	55,00	4,0	4,673	-0,075	0,94
Isipingo	58,33	58,33	55,00	53,33	48,33	46,67	4,3	4,452	-0,065	0,94
Rossburgh/South Coast Rd	73,75	73,75	71,25	70,00	67,50	66,25	3,0	4,483	-0,031	0,96
Edwin Swales Drive	80,67	79,00	75,67	71,25	70,00	66,67	2,0	4,687	-0,052	0,99
Glen Anil	84,17	83,75	80,00	78,33	77,00	77,50	1,7	4,576	-0,026	0,89
Felix Dlamini Rd (Brickfield)	77,50	77,50	70,00	70,00	67,50	62,50	4,5	4,672	-0,056	0,91
Verulam	62,50	62,50	57,50	57,50	52,50	45,00	5,5	4,625	-0,082	0,85
Canelands	65,00	65,00	60,00	60,00	60,00	45,00	3,0	4,648	-0,078	0,65

Table 7.2 (continued)

Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

[illegible]

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
 (R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Danskraal	25,00	20,00	15,00	10,00	8,00	6,00	7,0	5,405	-0,392	0,99821
Nambiti	25,00	20,00	15,00	10,00	8,00	6,00	7,0	5,405	-0,392	0,99821
Colenso	-	-	-	-	-	-	-	-	-	-
Ladysmith	25,00	20,00	15,00	10,00	8,00	6,00	7,0			
Cape Town										
Viking Place	70,00	60,00	50,00	45,00	45,00	-	-	-	-	-
Glosderry	100,00	-	-	-	-	-	-	-	-	-
Paarden Eiland/Metro	82,50	77,29	75,00	67,00	66,33	66,00	1,7	4,755	-0,065	0,93
Montague Gardens	73,89	73,30	71,50	71,30	70,71	70,83	2,2	4,365	-0,012	0,86
Marconi Beam	73,38	70,43	68,14	65,67	65,40	66,67	2,0	4,431	-0,028	0,78
Killarney Gardens	60,60	58,40	57,80	56,60	55,50	-	4,2	-	-	-
Richmond Park	-	-	110,00	110,00	-	95,00	1,5	-	-	-
Racing Park	50,00	47,50	47,50	45,00	45,00	45,00	1,0	4,052	-0,028	0,86
Atlantis	55,00	55,00	55,00	55,00	55,00	55,00	1,0	4,007	0,000	-
Woodstock/Salt River/ Observatory	75,00	68,33	63,33	62,50	-	-	1,5	-	-	-
Athlone 1 & 2	-	-	-	-	-	-	-	-	-	-
Lansdowne Nerissa	-	-	-	-	-	-	-	-	-	-
Sand Industria	-	-	-	-	-	-	-	-	-	-
Ottery Hillstar	-	-	-	-	-	-	-	-	-	-
Ottery Sunset	-	-	-	-	-	-	-	-	-	-
Diep River	94,00	-	-	-	-	-	-	-	-	-
Elfindale	85,00	-	-	-	-	-	-	-	-	-
Monwood/Philippi	-	-	-	-	-	-	2,0	-	-	-
Retreat/Steenberg	75,00	-	-	-	-	-	-	-	-	-
Capricorn Park	80,00	76,00	75,00	70,00	-	-	-	-	-	-

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Maitland	70,14	64,00	62,14	60,13	50,60	50,00	3,1	4,757	-0,092	0,93
Ndabeni	75,00	71,80	70,40	69,17	-	-	2,0	-	-	-
Epping 1 & 2	67,50	62,86	62,86	61,67	61,00	60,00	2,8	4,331	-0,026	0,82
WP Park	70,00	61,67	61,67	61,67	52,50	50,00	1,0	4,682	-0,082	0,87
Elsies River (excl. Central Park)	51,67	51,67	48,33	46,67	45,00	-	1,0	-	-	-
Parow Beaconvale	61,00	56,33	61,30	48,73	49,33	-	4,0	-	-	-
Tygerberg Business Park	60,00	55,00	55,00	55,00	50,00	-	-	-	-	-
Parow Industria	59,00	58,43	58,64	57,38	52,50	58,25	2,3	4,166	-0,016	0,26
Parow East	52,50	52,50	50,00	50,00	45,00	-	2,0	-	-	-
Bellville Oakdale	50,00	50,00	50,00	50,00	45,00	-	-	-	-	-
Bellville Stikland/ Kaymor	67,00	67,00	65,00	65,00	63,33	-	1,0	-	-	-
Bellville Triangle	57,50	56,25	55,50	51,67	50,00	50,00	1,0	4,296	-0,043	0,95
Bellville South/Sacks Circle	56,67	55,00	55,00	51,67	50,00	50,00	2,0	4,246	-0,037	0,94
Kraaifontein	57,50	55,00	53,50	40,00	40,00	-	2,0	-	-	-
Brackenfell Industria	65,83	65,00	64,29	63,33	63,75	60,00	2,0	4,307	-0,021	0,76
Everite Brackenfell	66,67	65,00	60,00	60,00	-	-	1,5	-	-	-
Kuils River	60,00	58,33	53,33	52,67	52,50	52,50	1,0	4,282	-0,038	0,78
Blackheath	55,50	54,50	52,00	50,00	47,50	47,50	2,0	4,279	-0,047	0,97
Saxenburg Industrial park	66,50	65,00	62,50	62,50	60,00	60,00	1,5	4,349	-0,029	0,93
Okavango	62,50	60,00	58,00	53,33	-	-	2,0	-	-	-
Brackengate/Icon Business Park	78,33	78,33	77,17	75,00	72,50	-	1,7	-	-	-
Paarl	75,00	65,00	55,00	50,00	45,00	45,00	2,0	5,055	-0,143	0,94
Wellington	-	-	-	-	-	-	-	-	-	-
Contermanskloof	-	-	-	-	-	-	-	-	-	-
Rivergate	85,00	75,00	75,00	-	-	-	3,5	-	-	-

Table 7.2 (continued)

Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

[illegible]

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
 (R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Tenantville Klapmuts	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Stellenbosch	-	-	-	-	-	-	-	-	-	-
Gqeberha										
Deal Party	45,83	38,13	37,50	37,00	35,00	32,50	4,2	4,174	-0,075	0,84
North End	40,00	39,38	38,13	35,00	32,50	26,25	5,0	4,325	-0,105	0,86
Korsten/ Neave/ Sidwell/ Sydenham	40,63	39,38	37,50	36,25	33,75	33,13	3,7	4,027	-0,058	0,98
South End Walmer	45,00	40,83	37,50	33,75	32,50	30,00	3,4	4,380	-0,107	0,99
Kariega: Volkswagen area/NMBLP	33,33	32,50	31,25	30,63	30,63	31,75	3,1	3,580	-0,017	0,50
Kariega: Hella/ Kruisrivier	30,00	30,00	30,00	28,75	27,50	33,17	6,0	3,348	0,007	0,02
Struandale	41,67	41,88	40,00	40,00	39,38	36,25	3,3	3,929	-0,033	0,80
Markman Township	35,83	35,00	33,75	31,88	29,38	28,50	4,8	3,959	-0,066	0,97
Perseverance	35,00	35,00	34,38	33,75	33,75	31,25	2,9	3,715	-0,026	0,77
Walmer	66,25	65,00	56,25	55,00	52,50	52,50	2,5	4,566	-0,069	0,88
Greenbushes	65,83	61,88	60,63	59,38	57,50	60,00	2,7	4,306	-0,027	0,68
Fairview	81,67	80,00	76,25	70,83	70,00	70,00	2,5	4,665	-0,048	0,93
Coega SDZ	-	55,00	55,00	65,00	60,00	57,50	2,5	-	-	-
Gqeberha	47,50	45,63	43,37	41,33	38,08	39,08	3,7			
East London										
Arcadia	50,00	49,00	47,00	45,00	-	-	2,0	-	-	-
Gately/Woodbrook	45,00	45,00	40,00	40,00	38,00	-	3,0	-	-	-
Wilsonia	45,00	45,00	40,00	40,00	38,00	38,00	2,0	4,089	-0,051	0,86428
Braelyn	45,00	45,00	40,00	40,00	-	-	3,0	-	-	-
Northend	45,00	40,00	40,00	-	-	-	3,0	-	-	-

Table 7.2 (continued)
Mean prime industrial market rentals as in quarter 2024:1
(R/m² p.m.; gross lease; excl. VAT)

	Area size leased in m ²						Vacancy	a	b	r ²
	250	500	1.000	2.500	5.000	10.000				
Chiselhurst	49,00	47,00	45,00	45,00	-	-	2,0	-	-	-
Meisies Halt	65,00	65,00	60,00	55,00	-	-	2,0	-	-	-
Beacon Bay Industrial	-	-	-	-	-	-	-	-	-	-
IDZ	-	-	-	-	-	-	-	-	-	-
West Bank Industrial Area	47,00	47,00	43,00	40,00	35,00	-	2,0	-	-	-
East London	48,88	47,88	44,38	43,57	37,00	-	2,4			
Bloemfontein										
Hilton	54,33	48,67	42,33	31,00	27,50	-	3,3	-	-	-
East End	53,00	51,33	43,33	34,50	27,00	-	4,0	-	-	-
Harvey Road	44,33	37,33	34,00	32,00	26,00	-	4,0	-	-	-
Old Industrial	53,67	47,33	41,33	37,33	25,00	-	3,5	-	-	-
Hamilton: Mill St	39,33	35,33	31,33	28,33	27,00	-	4,0	-	-	-
Hamilton: G Lubbe St	38,67	35,33	35,00	33,67	32,00	-	4,0	-	-	-
Estoire	48,00	52,67	48,67	47,00	43,50	-	3,8	-	-	-
Quaggafontein	64,00	61,50	60,00	57,50	55,50	-	2,3	-	-	-
Bloemfontein	48,78	45,52	41,22	36,95	33,33	-	3,6			
George										
George Central	80,00	100,00	80,00	70,00	-	-	1,5	-	-	-
Tamsui Industria	75,00	75,00	75,00	65,00	-	-	1,5	-	-	-
Pacaltsdorp Industria	65,00	65,00	65,00	65,00	-	-	1,5	-	-	-
George	73,33	80,00	73,33	66,67	-	-	1,5			
Pietermaritzburg										
Willowton	-	48,00	45,00	45,00	40,00	38,00	2,0	-	-	-
Mkondeni/Shortts Retreat	50,00	45,00	45,00	42,00	40,00	35,00	3,0	4,367	-0,084	0,93
Camps Drift	-	55,00	50,00	45,00	-	-	5,0	-	-	-

Table 7.2 (continued) Mean prime industrial market rentals as in quarter 2024:1 (R/m² p.m.; gross lease; excl. VAT)										
	Area size leased in m²						Vacancy	a	b	r²
	250	500	1.000	2.500	5.000	10.000				
Pietermaritzburg Central	70,00	70,00	65,00	60,00	-	-	2,0	-	-	-
Rosedale/Allandale	-	-	-	-	-	-	-	-	-	-
Howick	-	-	-	-	-	-	-	-	-	-
Pietermaritzburg	60,00	54,50	51,25	48,00	40,00	36,50	3,0			
Lower Umfolozi										
Empangeni	-	-	-	-	-	-	-	-	-	-
Richards Bay (Alton)	-	-	-	-	-	-	-	-	-	-
Richards Bay CBD (Dollar Drive)	-	-	-	-	-	-	-	-	-	-
Lower Umfolozi	-	-	-	-	-	-	-			
Windhoek										
North	60,00	50,00	50,00	40,00	40,00	-	1,0	-	-	-
Lafrenz	60,00	50,00	50,00	40,00	40,00	-	1,0	-	-	-
South	65,00	55,00	50,00	40,00	40,00	-	1,0	-	-	-
Prosperita	60,00	55,00	50,00	40,00	40,00	-	1,0	-	-	-
Windhoek	61,25	52,50	50,00	40,00	40,00	-	1,0			

Table 7.3
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Central Witwatersrand							
Cambridge Park	0,71	1,22	2,09	4,14	4,90	-	PVS,SHP,WP
Wynberg Proper	2,59	1,67	2,16	2,17	3,58	3,78	AP,KA,MR,PVS,SHP,WP
Strijdom Park	4,48	4,32	3,37	4,31	3,58	3,19	AP,AV,GI,MR,PVS,REA,SHP,WP
Kya Sand West	3,55	3,03	6,67	4,50	5,29	0,25	AP,AV,PVS,RA,SHP
Kya Sand East	4,34	5,35	3,58	2,76	1,18	3,66	AP,AV,PVS,SHP
Lanseria Corporate Estate	4,02	3,68	4,34	4,85	2,98	2,68	AP,AV,PVS,SHP
Cosmo Business Park	2,96	2,96	3,19	4,09	3,71	3,34	AP,AV,PVS,SHP
Mostyn Park	-	1,74	1,74	0,57	0,74	1,53	AP,BLA,PVS,SHP
Clayville/Olifantfontein	4,14	3,67	5,54	4,56	4,56	3,01	AP,CPS,GI,PVS,SHP
Chloorkop	7,50	8,00	6,81	5,74	4,97	4,10	AP,CPS,KA,ME,PVS,RO,SHP,SS,ZZ
Amalgam	3,46	3,46	2,76	2,08	2,23	3,23	AP,PVS,RO
Crown Mines	7,96	7,98	6,61	6,53	5,20	5,20	AP,GB,MR,PVS,RO
Industria	6,95	8,80	9,41	10,42	11,14	12,26	AP,PVS,SS
Booyens/Booyens Reserve/ Ophirton	7,08	5,42	3,80	3,54	1,02	1,25	AP,GB,PVS,RO
Village Main/Village Deep/New Centre	2,78	4,18	2,94	2,38	4,08	3,43	AP,PVS,RO
Benrose	3,41	3,41	2,37	2,37	2,37	2,37	AP,MR,PVS,RO
Steeledale/Electron/Tulisa Park	4,20	5,03	4,52	4,50	4,81	4,61	AP,PVS,RO,SS
Aeroton	12,14	10,12	8,14	8,55	8,30	7,51	AP,BLA,GB,GI,MR,PVS,RO,SS
Devland	3,48	1,53	2,53	4,02	4,02	4,02	AP,PVS
Nancefield	-	-	-	-	-	-	AP
Cleveland/Heriotdale	2,16	3,81	3,52	4,91	4,12	3,69	AP,PVS,RNP,RO
Newlands/Martindale	1,78	1,78	6,77	6,77	9,27	11,78	AP,PVS

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Kew/Wynberg East	3,68	3,54	3,82	4,77	5,90	5,31	AP,KA,MR,PVS,WP
Bramley View/Lombardy West	8,71	8,71	7,58	6,41	7,26	6,27	AP,MR,PVS,WP
Marlboro South (Alexandra)	-	-	-	-	-	-	AP,PVS
Halfway House: hi-tech strip	8,65	8,65	9,82	9,53	4,17	3,39	AP,CPS,GI,PVS,RO,SHP,WP
Halfway House: Richards Drive	7,80	8,50	7,95	5,47	4,57	4,25	AP,CPS,GI,MR,PVS,RO,SHP,WP
Randjespark	4,95	4,97	4,09	2,92	2,91	3,26	AP,CPS,MR,PVS,SHP,WP
Corporate Park (Midrand)	4,60	3,91	2,59	2,73	2,74	3,92	AP,CPS,MR,PVS,RO,SHP,WP
Commercia	4,00	3,95	4,51	8,38	8,38	-	AP,CPS,MR,PVS,SHP
Kramerville/Eastgate Ext12 & Ext13	12,13	12,72	11,33	12,92	11,20	11,42	AP,GB,MR,PVS,SHP,WP
Linbro Park	6,77	6,31	4,48	6,18	4,81	4,17	AP,CPS,CBR,GB,GI,KA,ME,MR,PPR,PVS,REA,RO,SHP,SS,WP
Longlake	9,15	8,19	8,31	7,93	7,92	5,71	AP,BLA,CBR,CPS,GB,ME,PPR,PVS,RO,SHP,SS,WP
Wesco Park/Eastgate Ext3, Ext11, Ext6, Ext8/Malboro North (New)	4,30	4,51	4,39	4,13	2,21	2,88	CPS,PVS,SHP
City Deep	2,69	2,48	3,58	1,30	1,17	1,17	AP,GI,MR,PPR,PVS,RA,RO
North Riding/Hoogland	5,75	5,83	4,48	4,53	0,27	-	AP,PVS,RA,SHP
Samrand Centurion	3,80	2,36	9,11	5,29	5,37	2,36	AP,CPS,GI,MR,PVS,REA,RO,SHP
Barbeque Downs	6,88	5,71	1,90	4,10	-	-	AP,CPS,KA,MR,PVS,SHP
Selby Ext 12/13/15/19/20/24/City West	1,94	5,32	4,12	3,13	5,48	4,99	AP,PVS,RO
Selby Ext 5/10/14/18	1,78	2,72	2,19	2,19	4,15	3,77	AP,MR,PVS,RO
Selby Ext 11	2,09	3,81	2,91	2,91	4,53	4,22	AP,MR,PVS,RO
Selby Ext 3/4/6	2,26	2,58	2,04	2,04	3,77	3,39	AP,MR,PVS,REA,RO
Denver (Old)	8,92	8,92	9,13	9,24	8,00	7,80	AP,MR,PVS,RO

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Denver (New)	2,04	2,04	0,63	1,54	3,04	2,72	AP,BLA,MR,PVS,RO
Kyalami Business Park	2,63	2,41	1,92	3,06	3,70	-	AP,GI,MR,PVS,SHP
Reuven	0,19	2,46	2,16	2,97	2,35	2,56	AP,GB,PVS,RO
Selby (Old)/Selby Ext2/Park Central	3,90	1,93	1,51	2,88	3,78	2,15	AP,BLA,PVS,RA,RO
Robertsham	6,82	5,89	6,22	4,98	5,93	4,18	AP,GB,PVS,RO
Fordsburg/Newtown	1,53	1,53	1,53	1,53	1,10	2,15	AP,PVS
Waterfall	7,81	5,61	5,40	11,69	11,48	7,48	AP,CPS,MR,PVS,SHP,SS
Lords View	8,79	7,44	6,11	8,28	7,96	7,43	AP,CPS,CBR,ME,PVS,RO,SHP
West Rand							
Lea Glen	4,06	4,06	5,84	6,34	8,24	10,40	AP,CPS,PVS,SHP
Honeydew X19/20/21/22	5,08	5,08	4,69	2,61	2,80	4,67	AP,PVS,SHP
Stormill	6,30	7,93	5,82	5,71	5,47	2,86	AP,CBR,CPS,GI,PVS,SHP
Chamdor	6,47	4,54	3,31	4,69	1,97	-	AP,PVS,RA
Factoria	11,92	9,93	2,76	0,68	4,16	0,60	AP,CPS,PVS
Krugersdorp: Delporton	-	0,48	-	-	-	-	AP,PVS
Randfontein: Aureus	-	-	-	-	-	-	AP,PVS
Boltonia	-	-	-	-	-	-	AP,PVS
Rodepoort: Technikon/Manufacta	-	-	-	-	-	-	AP,PVS
Industria North	3,23	2,32	4,08	4,10	6,25	5,07	AP,CPS,PVS
Robertville	5,66	4,49	4,45	4,34	3,42	5,92	AP,BLA,CPS,GI,MR,PVS,SHP,SS
Laserpark	3,17	4,08	4,17	2,84	2,25	3,17	AP,AV,PVS,SHP,WP
East Rand							
Elandsfontein	3,29	3,89	2,74	3,07	4,80	6,41	AP,BLA,CPS,KA,ME,MR,PPR,PVS,REA,RO,SHP,SS
Tunney/Greenhills	3,88	4,40	3,16	2,96	3,28	3,48	AP,BLA,CPS,KA,ME,MR,PPR,PVS,REA,RO,SHP

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Henville	2,78	3,18	3,73	3,08	7,10	9,42	AP,CPS,ME,PPR,PVS,RO,SHP
Hughes	5,86	6,55	4,56	4,82	6,03	4,90	AP,ME,MR,PPR,PVS,RA,RO,SS
Bartletts	5,86	6,71	3,54	5,08	5,25	5,25	AP,ME,MR,PPR,PVS,SS
Lilianton	0,00	0,00	1,00	1,00	0,48	3,03	MR,PVS
Comet	-	-	-	-	-	-	MR,PVS
Meadowbrook/Wilbart	5,73	4,76	4,71	4,33	5,24	4,57	AP,CPS,KA,ME,MR,PPR,PVS,RO, SHP,SS
Sunnyrock	5,63	5,28	3,90	4,33	4,35	4,46	AP,CPS,ME,MR,PPR,PVS,RO,SHP, SS
Rustivia/Activia Park	5,62	4,66	4,66	4,70	6,20	7,42	CPS,PPR,PVS,RO,SHP,SS
Eastleigh	7,18	7,18	3,29	7,82	8,69	6,96	AP,CPS,KA,ME,MR,PPR,PVS,RO, SHP,SS
Sebenza Ext 14	4,74	5,69	4,35	5,17	5,52	5,03	CPS,KA,ME,MR,PPR,PVS,SHP,SS
Spartan Ext 16 (Sebenza Link) + Ext 1/3/7	5,27	5,30	4,51	4,37	4,93	5,02	CPS,ME,MR,PPR,PVS,SHP,SS
Isando	4,63	4,40	1,78	2,54	3,14	4,81	AP,CPS,CBR,KA,ME,MR,PPR,PVS, RA,RO,SHP,SS
Isando 3	2,50	4,64	2,25	2,99	4,51	4,58	AP,CBR,ME,MR,PPR,PVS,RO,SHP, SS
Jet Park	6,05	5,52	3,51	3,47	4,28	4,49	AP,BLA,CBR,CPS,KA,ME,MR, PPR,PVS,RA,RO,SHP,SS
Alrode & Xs	5,85	4,92	4,72	6,38	6,47	7,83	AP,CPS,GI,MR,PVS,RO,SHP,SS
Alrode South	5,08	3,87	4,10	4,90	5,96	5,88	AP,CPS,MR,PVS,SHP,SS
Alborton	6,46	3,37	3,69	3,69	1,98	1,98	AP,CPS,MR,PVS,RO
Aeroporto/Spartan Ext 2	4,95	5,19	3,57	2,35	2,13	2,13	AP,CPS,ME,PPR,PVS,RO,SS
Delville	4,08	4,08	1,98	1,98	2,87	2,54	AP,MR,PPR,PVS,RO

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Roodekop	3,74	2,92	3,92	6,19	6,23	6,24	AP,MR,PPR,PVS,RO,SHP
Wadeville: Industrial zoning	3,30	3,29	3,76	3,60	4,01	5,12	AP,CPS,GI,KA,PPR,PVS,RO,SHP,SS
Route 24/Meadowdale	9,37	8,63	8,80	8,27	8,27	5,03	AP,CPS,ME,MR,PPR,PVS,RO,SS
Germiston S/Industries E	5,43	6,13	5,66	7,20	6,89	7,39	AP,CPS,MR,PPR,PVS,RNP,RO,SS
Driehoek/Industries W	5,58	6,45	4,78	4,46	5,00	5,91	CPS,GI,PPR,PVS,RNP,RO,SS
Knights	4,73	4,73	3,28	3,28	3,28	4,04	AP,PPR,PVS,RO
Spartan Proper	5,12	5,57	3,85	5,53	5,62	3,74	AP,CPS,ME,PPR,PVS,RO,SHP,SS
Founders View	7,65	7,11	6,24	6,69	7,76	7,94	AP,CPS,GB,ME,PPR,PVS,RO,SHP,SS
Longmeadow	4,39	4,14	4,43	4,94	4,86	4,69	AP,CBR,CPS,GB,KA,ME,MR,PPR,PVS,REA,RO,SHP,SS,WP
Pomona/Kempton Park	5,13	5,13	4,63	3,01	6,04	3,37	AP,BLA,CBR,CPS,ME,MR,PPR,PVS,RO,SHP,SS
Gosforth Park	5,48	5,48	4,46	4,04	5,06	4,09	AP,BLA,CPS,GI,ME,MR,PPR,PVS,RO,SHP
S&J Industrial Estate	4,84	4,84	4,26	4,51	4,51	4,34	AP,BLA,CPS,ME,MR,PPR,PVS,RO,SHP
Far East Rand							
Boksburg North & East	2,80	3,52	2,26	4,23	2,12	6,79	AP,CBR,CPS,MR,PVS,RA,RNP,RO,SHP
Benoni South	3,51	3,36	2,77	3,03	3,21	4,95	AP,MR,PVS,RO,SHP,SS
New Era/Vulcania	1,54	5,23	5,02	4,93	6,29	6,66	AP,BLA,MR,PVS,RO
Nuffield	1,92	2,47	4,32	2,79	2,79	1,81	AP,PVS,RO
Fulcrum	4,02	4,02	2,45	1,40	3,90	3,90	AP,PVS
Apex	3,91	3,50	2,47	1,89	2,19	2,02	AP,CPS,MR,PVS,RO,SS
Labore Brakpan	0,20	0,20	4,15	1,53	4,02	3,50	AP,MR,PVS
Morehill Ext 8 Benoni	5,50	5,41	5,33	3,69	1,94	1,94	AP,CPS,PVS,RO,SS

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Pretoria							
Charlotte Maxeke	-	-	-	-	-	-	AP
Pretoria Industrial Township	-	-	-	-	-	-	AP
Koedoespoort	-	-	-	-	-	5,00	AP,HN
Waltloo/Despatch	10,27	4,71	6,24	2,50	5,00	12,50	AP,GB,HN
Silverton/Silvertondale	7,48	7,06	11,84	6,24	10,00	10,00	ABA,AP,GB,HN,WHF
Samcor Park	-	-	-	-	-	-	AP
Sunderland Ridge	-	5,00	-	-	-	-	AP,GB
Hermanstad	-	-	-	-	-	-	AP
Kirkney	-	-	-	-	-	-	AP
Hennospark X15 & X7	2,50	0,00	2,50	-	-	-	AP,GB
Gateway	8,00	3,93	2,50	2,17	4,08	6,24	ABA,AP,GB,HN,MAS
Rooihuiskraal	-	-	-	-	-	-	AP
Louwlandia	6,68	5,26	6,06	6,88	7,07	10,55	AP,BLA,CPS,GB,MR,SHP
Lytelton Manor X4/X6	-	-	-	-	-	-	AP
Pretoria North	5,00	5,00	10,00	12,50	17,50	17,50	AP,GB
Silvertondale X1	4,92	4,50	4,71	4,32	7,50	7,50	ABA,AP,GB
Klerksoord	-	-	-	-	-	-	AP
Rosslyn	5,00	5,00	7,50	10,00	15,00	17,50	AP,GB
Centurion	-	-	-	-	-	-	AP
Polokwane							
Lebowakgomo	-	-	-	-	-	-	
Superbia	12,50	2,50	5,00	1,50	-	-	MO,TG
Industria	5,00	5,00	7,50	-	-	-	MO,TG
Ladine	-	3,00	7,50	-	-	-	MO,TG
Futura	-	-	-	-	-	-	MO

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Laboria	-	0,00	2,50	8,99	-	-	MO,NET,TG
Magna Via	-	1,18	-	10,00	-	-	ES,MO,NET,TG
Seshego	-	-	-	-	-	-	
Mbombela							
Mbombela East	4,00	3,80	9,00	6,00	-	-	KEL,KWP,MPV,ORI
Mbombela West	2,00	6,40	3,60	4,00	0,00	-	KEL,KWP,MPV,ORI
Rocky's Drift	1,40	-	2,00	2,80	-	-	KEL,KWP,MPV,ORI
Riverside Park	8,40	3,20	6,00	3,60	0,00	-	KEL,KWP,MPV,ORI
Durban							
Springfield Park	6,93	8,24	7,23	7,99	9,25	7,54	AP,AWP,BON,MX,PC,SPS,WHF,ZZ
Mayville	8,81	8,38	10,34	15,00	10,00	10,00	AWP,MX,ZZ
Phoenix	4,71	4,71	4,71	2,36	4,08	6,24	AP,AWP,ZZ
Chris Hani Rd (North Coast/ Briardene)	11,81	11,34	12,46	13,23	15,46	17,49	AP,AWP,BON,GI,PC,PVS,SPS,ZZ
Briardene Industrial Park	11,25	8,39	8,90	8,34	10,67	10,31	AP,AWP,BON,GI,PC,SPS,WHF,ZZ
Umgeni Rd/Stamford Hill	11,22	9,27	9,70	9,60	12,47	14,34	AP,AWP,MX,PC,ZZ
Umbilo/Sydney Rd/Magwaza	5,59	5,34	4,08	2,33	6,50	8,66	AP,AWP,MX,PC,SPS,ZZ
Maphalala St (Gale)							
Jacobs	6,24	6,18	4,20	4,38	4,42	5,00	AP,AWP,MX,PC,SPS,ZZ
Mobeni	4,50	5,32	3,26	4,38	4,42	4,32	AP,AWP,MX,PC,SPS,ZZ
Clairwood Logistics Park	-	-	-	0,00	10,30	11,06	AP,AWP,BLA,MX,SPS,ZZ
Prospecton	8,82	8,82	7,70	10,61	13,59	8,92	AP,AWP,GI,MX,PC,SF,SPS,ZZ
Ithala Industrial Estate	-	-	-	15,00	-	-	BLA,PC
Pinetown Central	4,63	4,02	4,71	5,77	8,00	8,04	AP,AWP,BLA,CBR,FUN,GI,PC,PVS,ZZ
New Germany	4,51	4,79	5,48	6,72	8,72	8,72	AP,AWP,CBR,FUN,PC,PVS,ZZ

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m ²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Mountain Ridge	7,07	7,36	9,20	7,50	10,00	10,00	AP,PVS,ZZ
Isipingo	6,24	6,24	4,08	6,24	6,24	8,50	AP,AWP,ZZ
Rosburgh/South Coast Rd	10,83	10,83	12,44	9,35	12,50	12,44	AP,AWP,MX,PC,ZZ
Edwin Swales Drive	3,30	1,41	4,19	4,15	4,08	4,71	AP,AWP,MX,PC,ZZ
Glen Anil	10,57	10,58	10,00	9,86	11,22	12,50	AP,AWP,BON,GI,PC,PVS,ZZ
Felix Dlamini Rd (Brickfield)	2,50	2,50	0,00	0,00	2,50	2,50	AWP,ZZ
Verulam	2,50	2,50	2,50	2,50	2,50	0,00	AWP,ZZ
Canelands	-	-	-	5,00	5,00	-	AWP,PC
Tongaat	2,50	2,50	0,00	4,08	4,71	2,50	AWP,PC,ZZ
New Westmead/Mahogany	5,83	6,07	5,08	7,61	8,93	10,00	AP,AWP,GI,PC,PVS,SPS,ZZ
Westmead	6,92	4,95	5,99	6,47	7,91	7,50	AP,AWP,FUN,GI,PC,PVS,SPS,ZZ
Alexander Park	4,15	4,15	5,00	5,00	6,24	10,00	AP,FUN,PC,ZZ
Surprise Farm	4,08	4,08	5,00	5,00	5,00	-	AP,FUN,PC
Mariann Park/Southmead	5,00	7,50	7,35	0,00	14,91	16,10	AP,AWP,GI,PC,ZZ
Queensmead Industria	10,00	10,00	7,50	10,00	12,50	12,50	AWP,ZZ
Maxmead	6,78	6,63	8,40	7,42	9,12	10,27	AP,AWP,FUN,PC,ZZ
Ringroad Industrial Park	-	-	-	-	-	-	PC
Avoca/Red Hill/Northgate	10,68	9,27	9,54	9,78	12,03	-	AP,AWP,BON,PC,PVS,ZZ
Falcon Park	3,30	3,30	4,92	6,00	8,50	11,00	AP,BLA,PC,ZZ
Riverhorse Valley Business Estate	8,98	7,45	8,98	8,54	7,31	7,49	AP,AWP,BLA,BON,PC,WHF,ZZ
Mount Edgecombe	12,44	10,90	11,58	11,83	10,89	6,50	AWP,GI,PC,PVS,WHF,ZZ
Umbogintwini/Southgate	16,50	17,50	15,00	-	-	-	AWP,PC,SF
Southgate Industrial Park	10,80	12,12	-	-	-	-	AWP,PC,SF
Umgeni Park	10,00	10,00	10,27	8,50	9,43	6,48	AWP,PC,ZZ
Hammarisdale	10,00	10,00	7,35	5,10	4,12	14,14	AP,AWP,PC,SH,ZZ
Cato Ridge	1,41	1,41	4,56	9,09	9,85	16,57	AP,AWP,PC,SH,SPS,ZZ

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m ²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Camperdown	-	-	-	-	-	-	AWP
Ballito	6,50	4,15	4,33	5,45	4,71	4,71	AP,AWP,PVS,ZZ
Dube Tradeport	-	-	-	-	-	-	AWP
Kingsburgh	4,00	-	-	-	-	-	AWP,SF
Cornubia	12,93	11,37	8,60	8,90	6,83	6,15	AWP,BLA,PC,PVS,SPS,WHF,ZZ
Ladysmith							
Ezakheni/Pieters	-	-	-	-	-	-	
Danskraal	-	-	-	-	-	-	DE
Nambiti	-	-	-	-	-	-	DE
Colenso	-	-	-	-	-	-	
Cape Town							
Viking Place	-	-	-	-	-	-	DN
Glosderry	-	-	-	-	-	-	AN
Paarden Eiland/Metro	8,04	8,28	9,13	5,10	2,62	2,94	AN,AX,CPC,JB,VP,WHF,WPM
Montague Gardens	3,93	8,78	8,67	11,32	14,25	10,57	AN,APG,AX,BLA,CPC,CPS,DN,JB,VP,WHF,WPM
Marconi Beam	5,22	8,43	8,58	10,27	14,92	9,43	APG,AX,BLA,CPC,CPS,DN,SAF,VP,WHF
Killarney Gardens	2,33	4,92	5,23	6,95	4,50	-	APG,AX,CPC,DN,VP,WHF
Richmond Park	-	-	-	-	-	-	AN,BLA
Racing Park	5,00	2,50	2,50	-	-	-	AN,VP
Atlantis	10,00	10,00	10,00	10,00	10,00	10,00	AN,VP
Woodstock/Salt River/Observatory	10,80	6,24	4,71	2,50	-	-	AN,WD,WHF
Athlone 1 & 2	-	-	-	-	-	-	
Lansdowne Nerissa	-	-	-	-	-	-	
Sand Industria	-	-	-	-	-	-	

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Ottery Hillstar	-	-	-	-	-	-	
Ottery Sunset	-	-	-	-	-	-	
Diep River	9,00	-	-	-	-	-	AN,SAF
Elfindale	-	-	-	-	-	-	SAF
Monwood/Philippi	-	-	-	-	-	-	BLA
Retreat/Steenberg	-	-	-	-	-	-	SAF
Capricorn Park	-	-	-	-	-	-	AN
Maitland	5,22	7,85	7,49	9,29	8,45	8,16	AN,APG,AX,DN,JB,VP,WHF,WPM
Ndabeni	6,45	5,19	6,05	6,72	-	-	AN,APG,AX,CPC,JB,VP
Epping 1 & 2	5,00	5,25	7,00	7,45	8,00	10,61	AN,APG,DN,DW,GAM,JB,VP,WHF,WPM
WP Park	4,08	6,24	6,24	6,24	2,50	-	AN,DN,VP
Elsies River (excl. Central Park)	4,71	4,71	2,36	2,36	5,00	-	AN,VP,WPM
Parow Beaconvale	11,05	10,66	4,19	13,83	8,99	-	DN,JB,SCM,WHF
Tygerberg Business Park	-	-	-	-	-	-	DN
Parow Industria	5,83	5,65	5,24	6,40	3,82	15,79	AN,APG,BMP,DN,JB,SCM,VP,WHF,WPM
Parow East	2,50	2,50	-	-	-	-	DN,VP
Bellville Oakdale	-	-	-	-	-	-	DN
Bellville Stikland/Kaymor	9,27	10,30	10,00	10,00	14,34	-	AN,CPS,DN,WD,WHF
Bellville Triangle	5,59	4,15	4,56	2,36	4,08	-	AN,CPS,DN,WD
Bellville South/Sacks Circle	6,24	4,08	4,08	4,71	4,08	-	AN,CPS,DN
Kraaifontein	7,50	5,00	3,50	-	-	-	CPS,DN,WD
Brackenfell Industria	4,49	7,07	10,83	12,47	10,83	-	AN,CPC,CPS,DN,WD,WHF,WPM
Everite Brackenfell	2,36	4,08	7,07	7,07	-	-	AN,CPS,DN
Kuils River	7,07	4,71	4,71	5,25	7,50	7,50	AN,CPS,DN

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m ²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Blackheath	4,27	2,87	3,46	3,54	2,50	2,50	AN,CPS,DN,WPM
Saxenburg Industrial Park	1,50	0,00	2,50	2,50	0,00	0,00	AN,CPS
Okavango	8,29	7,91	10,70	8,50	-	-	AN,CPS,DN,WHF,WPM
Brackengate/Icon Business Park	8,98	8,98	11,48	13,78	7,50	-	AN,CPS,DN,VP,WHF,WPM
Paarl	-	-	-	-	-	-	PRU
Wellington	-	-	-	-	-	-	
Contermanskloof	-	-	-	-	-	-	
Rivergate	10,80	4,08	-	-	-	-	AN,CPC,WHF
Airport Ind (north of sewerage farm)	-	-	4,71	10,80	-	-	AN,JB,VP
Airport Ind (west of Borchers Quarry)	0,00	0,00	0,00	0,00	-	-	AN,APG,VP
Airport Ind (east of Borchers Quarry)	0,00	0,00	-	0,00	-	-	AN,APG,VP
King Air Industrial Park	-	-	-	-	-	-	VP
Durbanville Industrial Park	-	-	-	-	-	-	
Northgate Industrial Park	-	-	-	-	-	-	WHF
Helderberg							
The Interchange	-	-	-	-	-	-	
Helderberg Industrial Park/Broadlands	-	-	-	-	-	-	
Gants	-	-	-	-	-	-	
Somerset Business Park	-	-	-	-	-	-	
Georges Park/Onverwacht	-	-	-	-	-	-	
Mansfield	-	-	-	-	-	-	
Firgrove Industrial Estate	-	-	-	-	-	-	AN

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Strand Halt	-	-	-	-	-	-	
Asla Park	-	-	-	-	-	-	
Stellenbosch							
Plankenbrug	-	-	-	-	-	-	
Devon Valley	-	-	-	-	-	-	
Tenantville	-	-	-	-	-	-	
Klapmuts	-	-	-	-	-	-	
Gqeberha							
Deal Party	1,18	2,07	2,50	4,00	0,00	2,04	ARN,BR,BV,SUM,TR
North End	0,00	4,46	4,80	3,54	5,59	1,25	ARN,BR,BV,SUM,TR
Korsten/Neave/Sidwell/Sydenham	3,70	3,70	1,77	2,17	2,17	2,07	ARN,BR,BV,SUM,TR
South End Walmer	0,00	1,18	2,04	3,75	2,50	-	ARN,BV,SUM,TR
Kariega: Volkswagen area/NMBLP	2,36	2,50	4,15	3,70	3,70	6,26	ARN,BR,BV,SUM
Kariega: Hella/Kruisrivier	2,50	3,95	3,95	3,75	5,30	6,33	ARN,BR,BV,SUM
Struandale	2,36	3,25	3,54	3,54	3,70	1,25	ARN,BR,BV,SUM
Markman Township	1,18	0,00	2,17	2,07	2,72	3,08	ARN,BR,BV,SUM
Perseverance	2,04	2,04	1,08	1,25	1,25	1,25	ARN,BR,BV,SUM
Walmer	13,40	15,41	14,31	10,80	2,50	2,50	ARN,BR,BV,SUM
Greenbushes	1,18	4,80	5,69	5,12	5,59	6,12	ARN,BR,BV,SUM
Fairview	2,36	3,54	4,15	1,18	-	-	ARN,BR,BV,SUM,TR
Coega SDZ	-	0,00	0,00	0,00	0,00	2,50	BR,SUM
East London							
Arcadia	-	-	-	-	-	-	CAP
Gately/Woodbrook	-	-	-	-	-	-	CAP
Wilsonia	-	-	-	-	-	-	CAP

Table 7.3 (continued)
Standard deviation from mean prime industrial market rentals
as in 2024:1

	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Braelyn	-	-	-	-	-	-	CAP
Northend	-	-	-	-	-	-	CAP
Chiselhurst	-	-	-	-	-	-	CAP
Meisies Halt	-	-	-	-	-	-	CAP
Beacon Bay Industrial	-	-	-	-	-	-	
IDZ	-	-	-	-	-	-	
West Bank Industrial Area	-	-	-	-	-	-	CAP
Bloemfontein							
Hilton	0,94	2,62	2,05	4,00	0,50	-	BR,EK,EQV
East End	5,35	6,60	6,34	1,50	0,00	-	BR,EK,EQV
Harvey Road	6,80	5,25	3,27	4,00	1,00	-	BR,EK,EQV
Old Industrial	4,50	8,99	7,72	10,50	0,00	-	BR,EK,EQV
Hamilton: Mill St	6,65	3,86	0,94	1,25	-	-	BR,EK,EQV
Hamilton: G Lubbe St	6,18	4,11	5,10	4,50	6,00	-	BR,EK,EQV
Estoire	5,10	3,77	3,86	5,00	5,50	-	BR,EK,EQV
Quaggafontein	9,00	11,50	13,00	15,50	17,50	-	BR,EK,EQV
George							
George Central	-	-	-	-	-	-	GRV,MUL
Tamsui Industria	-	-	-	-	-	-	GRV,MUL
Pacaltsdorp Industria	-	-	-	-	-	-	GRV,MUL
Pietermaritzburg							
Willowton	-	-	-	-	-	-	HN
Mkondeni/Shortts Retreat	-	-	-	-	-	-	HN
Camps Drift	-	-	-	-	-	-	HN
Pietermaritzburg Central	-	-	-	-	-	-	HN

Table 7.3 (continued)							
Standard deviation from mean prime industrial market rentals							
as in 2024:1							
	Area size leased in m²						Panellist codes
	250	500	1.000	2.500	5.000	10.000	
Rosedale/Allandale	-	-	-	-	-	-	
Howick	-	-	-	-	-	-	
Lower Umfolozi							
Empangeni	-	-	-	-	-	-	
Richards Bay (Alton)	-	-	-	-	-	-	
Richards Bay CBD (Dollar Drive)	-	-	-	-	-	-	
Windhoek							
North	-	-	-	-	-	-	PVN
Lafrenz	-	-	-	-	-	-	PVN
South	-	-	-	-	-	-	PVN
Prosperita	-	-	-	-	-	-	PVN

Notes to the industrial rental tables

1. The rentals are the achievable or market rates for the quarter shown in the table heading and apply to industrial and warehouse space for the floor 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⁺ vacancy
- 4 = medium⁻ vacancy
- 5 = medium vacancy
- 6 = medium⁺ vacancy
- 7 = high⁻ vacancy
- 8 = high vacancy
- 9 = high⁺ 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 2024:1

	5-year leases		
	Mean	SD	n
Central Witwatersrand	7,13	0,79	15
West Rand	7,07	0,73	12
East Rand	7,33	0,75	17
Far East Rand	6,83	1,07	11
Pretoria	7,42	0,73	6
Polokwane	6,25	0,83	4
Mbombela	7,40	0,20	5
Durban	7,33	0,51	15
Ladysmith	7,00	-	1
Lower Umfolozi	-	-	-
Cape Town	7,69	0,75	13
Helderberg	7,00	-	1
Stellenbosch	-	-	-
Gqeberha	6,80	0,40	5
East London	7,00	-	1
Bloemfontein	7,25	0,75	2
George	7,75	0,25	2
Pietermaritzburg	7,00	-	1
Windhoek	6,00	-	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.
2. SD = standard deviation (see **Glossary**).

Table 7.5
Indicative operating expenses
for industrial buildings
As in quarter 2024:1 in rands per m² per month

	Stand-alone			Park		
	R/m ²	SD	n	R/m ²	SD	n
Central Witwatersrand	11,50	3,22	11	13,56	2,81	11
West Rand	10,15	0,52	4	12,48	2,53	4
East Rand	10,69	1,71	12	12,63	2,51	11
Far East Rand	9,56	2,63	8	11,83	3,17	6
Pretoria	23,25	11,75	2	21,00	9,42	3
Polokwane	18,63	4,26	4	23,50	5,72	4
Mbombela	12,00	-	1	14,80	0,60	5
Durban	27,00	14,91	7	29,62	15,12	7
Ladysmith	7,00	-	1	-	-	-
Lower Umfolozi	-	-	-	-	-	-
Cape Town	11,58	3,89	5	12,17	4,26	6
Helderberg	12,00	-	1	15,00	-	1
Stellenbosch	-	-	-	-	-	-
Gqeberha	13,00	3,00	2	16,00	3,50	2
East London	-	-	-	30,00	-	1
Bloemfontein	26,00	1,41	3	28,33	4,78	3
George	16,00	9,00	2	17,50	7,50	2
Pietermaritzburg	19,00	-	1	22,00	-	1
Windhoek	27,50	-	1	27,50	-	1

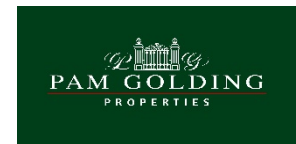
Notes: The operating expenses are estimates for the past 12 months and are as per our expert panellists in the various cities. The following items are included:

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 values start 2024 on poor note

Kobus Lamprecht

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 (construction costs plus 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.			

Stand or land values tend to track industrial rental trends, which implies that poor market-rental growth translates into very weak 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 land residual (developers’) approach. Note the sensitivity of stand values to changes in market rentals. The principle is the same as financial gearing.

Please note with “stands” we mean serviced and level stands zoned for industrial activities. Serviced implies the stands have water, electricity and sewerage connections and are ready to be sold.

Stand-value performance

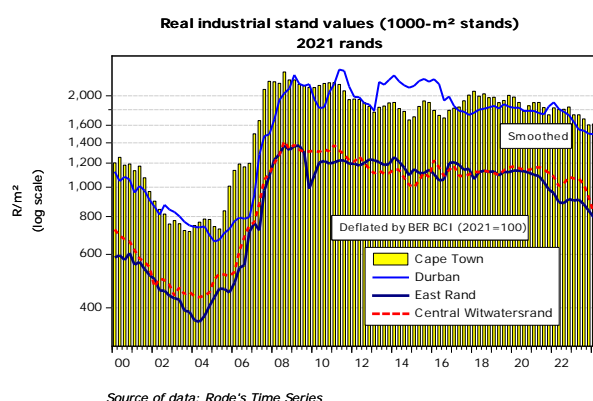
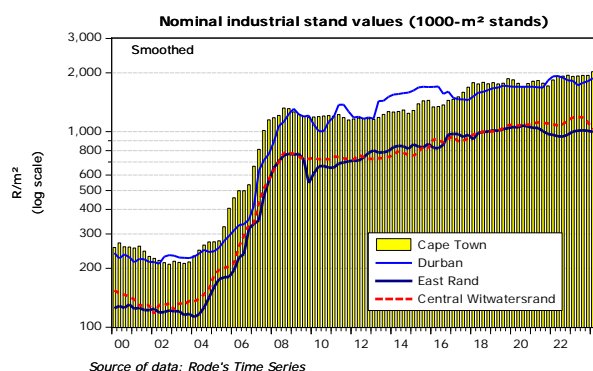
Nationally, the nominal value of serviced and level stands decreased by 0,6% in the first quarter of 2024 compared to a year earlier. This comes after values grew by 1,2% in 2023 compared to 2022.

This implies that stand values are in *real* terms still in negative territory, after adjustment for building-construction inflation as measured by the BER BCI.

Nationally, the decline in stand values in the first quarter was largely due to a sharp decline in the Central Witwatersrand. This is in contrast to the strong rental growth observed in **Chapter 7**. Stand values grew the strongest in Cape Town and Durban.

Note on the chart the significant disparity between serviced stand values in Durban and

Cape Town on the one hand and the Central Witwatersrand and the East Rand on the other. The reason for the high stand values in Cape Town is largely the scarcity of land, while in Durban a key landowner-developer has held back on new supply during the past few years.



These changes are calculated on smoothed data. Note also that 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 that the cities' stand values run nearly parallel, meaning their deflated market levels have been growing at similar rates since about 2009.

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 per m² and floor-area size is not linear; thus, straight-line interpolation is not recommended.

Normally, the larger an industrial stand, the cheaper the stand value per square metre, but we find this is not always the case, which is most likely due to a shortage or an oversupply in certain size categories. However, in the case of virgin land with industrial-development potential, one would expect a huge difference in the value per hectare depending on extent: larger tracks take longer to sell out once serviced, which dramatically pushes up the risk for the developer, which in turn means the present value per hectare of larger tracks will be lower – holding all other factors constant – because of the time value of money and the higher risk (resulting in a higher discount rate).

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

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**) or let us know.

Table 8.2
Mean market values for serviced and level industrial stands in quarter 2024:1
(R/m² excl. VAT)

	Area size in m²				Land availability	a	b	r²
	1.000	2.000	5.000	10.000				
Central Witwatersrand								
Cambridge Park	1.500	1.800	1.800	1.800	1,0	6,899	0,068	0,58
Wynberg Proper	1.750	1.800	1.800	1.800	1,0	7,403	0,011	0,58
Strijdom Park	1.188	1.200	1.238	1.225	1,0	6,969	0,016	0,76
Kya Sand West	1.000	1.000	950	950	1,0	7,099	-0,027	0,84
Kya Sand East	850	850	775	775	1,0	7,089	-0,048	0,84
Lanseria Corporate Estate	1.225	1.225	1.275	1.275	1,1	6,962	0,021	0,84
Cosmo Business Park	1.000	1.000	993	850	1,5	7,365	-0,062	0,61
Mostyn Park	950	950	883	825	1,3	7,317	-0,064	0,91
Clayville/Olifantsfontein	717	733	767	833	3,8	6,126	0,063	0,92
Chloorkop	1.002	875	900	960	2,2	6,934	-0,012	0,04
Amalgam	-	1.200	1.200	1.200	1,0	-	-	-
Crown Mines	-	900	883	850	1,3	-	-	-
Industria	-	-	-	-	-	-	-	-
Booyens/Booyens Reserve/Ophirton	750	750	725	700	1,0	6,844	-0,031	0,90
Village Main/Village Deep/New Centre	450	450	450	500	-	5,817	0,040	0,58
Benrose	750	750	750	750	1,0	6,620	0,000	-
Steeledale/Electron/Tulisa Park	-	873	923	1.120	1,0	-	-	-
Aeroton	1.100	1.100	1.083	1.067	2,0	7,103	-0,014	0,90
Devland	800	800	800	800	-	6,685	0,000	-
Nancefield	800	700	700	700	-	6,988	-0,050	0,58
Cleveland/Heriotdale	788	788	788	788	4,5	6,669	0,000	-
Newlands/Martindale	-	-	-	-	-	-	-	-
Kew/Wynberg East	650	650	500	500	-	7,454	-0,138	0,84
Bramley View/Lombardy West	650	650	500	500	-	7,454	-0,138	0,84
Marlboro South (Alexandra)	250	250	250	250	-	5,521	0,000	-
Halfway House: hi-tech strip	1.400	1.400	1.200	1.175	1,1	7,877	-0,089	0,88

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
(R/m² excl. VAT)

	Area size in m²				Land availability	a	b	r²
	1.000	2.000	5.000	10.000				
Halfway House: Richards Drive	1.025	1.025	1.020	1.030	1,2	6,924	0,001	0,08
Randjespark	1.125	1.125	1.117	1.117	1,3	7,053	-0,004	0,84
Corporate Park (Midrand)	1.175	1.175	1.125	1.125	1,0	7,231	-0,023	0,84
Commercialia	900	850	825	825	1,2	7,043	-0,037	0,84
Kramerville/Eastgate Ext12 & Ext13	1.700	1.700	1.650	1.650	1,0	7,550	-0,016	0,84
Linbro Park	1.533	1.533	1.431	1.360	2,1	7,733	-0,055	0,92
Longlake	1.583	1.583	1.550	1.550	1,6	7,447	-0,011	0,84
Wesco Park/Eastgate Ext3, Ext11, Ext6, Ext8/Malboro North (New)	-	-	-	-	-	-	-	-
City Deep	1.043	1.013	943	935	2,0	7,304	-0,051	0,95
North Riding/Hoogland	1.300	1.300	1.250	1.250	1,1	7,316	-0,021	0,84
Samrand Centurion	963	950	913	900	2,8	7,087	-0,031	0,97
Barbeque Downs	1.200	1.200	1.200	1.233	1,0	7,014	0,010	0,58
Selby Ext 12/13/15/19/20/24/City West	425	425	425	425	1,0	6,052	0,000	-
Selby Ext 5/10/14/18	425	425	425	425	1,0	6,052	0,000	-
Selby Ext 11	425	425	425	425	1,0	6,052	0,000	-
Selby Ext 3/4/6	425	425	425	425	1,0	6,052	0,000	-
Denver (Old)	392	392	392	390	1,0	5,982	-0,002	0,58
Denver (New)	692	692	692	692	1,0	6,539	0,000	-
Kyalami Business Park	1.500	1.500	1.400	1.400	1,0	7,570	-0,036	0,84
Reuven	750	725	725	700	1,0	6,794	-0,026	0,86
Selby (Old)/Selby Ext2/Park Central	425	425	425	425	1,0	6,052	0,000	-
Robertsham	683	667	650	650	1,5	6,677	-0,023	0,90
Fordsburg/Newtown	350	350	400	500	-	4,742	0,154	0,85
Waterfall	1.800	1.800	1.650	1.600	1,0	7,905	-0,057	0,91
Lords View	1.175	1.175	1.075	1.075	3,4	7,400	-0,047	0,84
Central Witwatersrand	1.004	995	987	980	1,6			

Table 8.2 (continued)							
Mean market values for serviced and level industrial stands in quarter 2024:1							
(R/m² excl. VAT)							
	Area size in m²				Land availability	a	b
	1.000	2.000	5.000	10.000			
West Rand							r²
Lea Glen	-	-	-	-	-	-	-
Honeydew X19/20/21/22	1.250	1.250	1.250	1.250	1,0	7,131	-
Stormill	1.100	1.100	1.000	950	3,0	7,500	-
Chamdor	500	500	445	400	1,3	6,944	0,92
Factoria	800	800	800	600	1,0	7,482	0,91
Krugersdorp: Delporton	600	600	600	600	-	6,397	0,58
Randfontein: Aureus	500	500	500	500	-	6,215	-
Boltonia	400	400	400	400	-	5,991	-
Roodepoort: Technikon/ Manufacta	500	500	500	500	-	6,215	-
Industria North	-	-	-	-	-	-	-
Robertville	900	900	925	833	1,2	6,990	0,31
Laserpark	1.283	1.283	1.217	1.217	1,2	7,356	0,84
West Rand	871	871	817	811	1,3		
East Rand							
Elandsfontein	800	800	775	775	2,2	6,803	0,84
Tunney/Greenhills	1.120	1.120	1.050	1.025	1,4	7,328	0,92
Henville	883	883	850	850	2,0	6,927	0,84
Hughes	-	1.113	1.113	1.113	1,3	-	-
Bartletts	1.100	1.088	1.088	1.088	1,3	7,029	0,58
Lilianton	-	-	-	-	-	-	-
Comet	-	850	850	850	1,0	-	-
Meadowbrook/Wilbart	1.175	1.175	1.133	1.130	1,3	7,212	0,87
Sunnyrock	1.167	1.167	1.133	1.100	1,5	7,253	0,90
Rustivia/Activia Park	883	883	817	817	2,1	7,076	0,84
Eastleigh	938	938	913	913	1,9	6,944	0,84
Sebenza Ext 14	967	967	933	933	1,3	7,005	0,84

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
 (R/m² excl. VAT)

	Area size in m ²				Land availability	a	b	r ²
	1.000	2.000	5.000	10.000				
Spartan Ext 16 (Sebenza Link) + Ext 1/3/7	1.000	1.000	967	967	1,3	7,034	-0,018	0,84
Isando	925	925	875	875	2,9	7,037	-0,029	0,84
Isando 3	1.067	1.067	1.033	1.033	1,0	7,091	-0,017	0,84
Jet Park	1.133	1.133	1.100	1.075	2,0	7,208	-0,024	0,92
Alrode & Xs	783	783	758	758	1,3	6,784	-0,017	0,84
Alrode South	750	733	683	667	1,8	7,003	-0,055	0,97
Alberton	750	750	713	713	1,2	6,811	-0,027	0,84
Aeroporto/Spartan Ext 2	1.138	1.138	1.113	1.113	1,3	7,119	-0,012	0,84
Delville	475	475	475	463	1,0	6,237	-0,010	0,58
Roodekop	625	625	600	563	1,6	6,769	-0,046	0,86
Wadeville: Industrial zoning	763	730	710	690	2,1	6,918	-0,042	0,98
Route 24/Meadowdale	1.188	1.188	1.090	1.090	1,7	7,399	-0,045	0,84
Germiston S/Industries E	583	583	583	595	1,5	6,314	0,007	0,58
Driehoek/Industries W	800	800	800	812	2,0	6,644	0,005	0,58
Knights	583	583	583	592	1,5	6,329	0,005	0,58
Spartan Proper	1.000	1.000	938	938	1,7	7,148	-0,034	0,84
Founders View	1.250	1.250	1.200	1.200	1,5	7,283	-0,021	0,84
Longmeadow	1.508	1.508	1.477	1.481	1,0	7,389	-0,010	0,78
Pomona/Kempton Park	1.033	1.033	1.033	1.000	3,0	7,031	-0,012	0,58
Gosforth Park	1.230	1.230	1.210	1.210	2,3	7,176	-0,009	0,84
S&J Industrial Estate	1.240	1.240	1.220	1.220	4,8	7,183	-0,009	0,71
East Rand	993	993	966	964	1,8			
Far East Rand								
Boksburg North & East	769	788	775	763	1,9	6,696	-0,006	0,17
Benoni South	633	633	617	600	1,3	6,626	-0,024	0,90
New Era/Vulcania	567	517	483	450	2,3	6,996	-0,096	0,99
Nuffield	500	400	350	350	1,0	7,219	-0,154	0,85

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
 (R/m² excl. VAT)

	Area size in m ²				Land availability	a	b	r ²
	1.000	2.000	5.000	10.000				
Fulcrum	500	400	350	350	1,0	7,219	-0,154	0,85
Apex	800	800	733	733	3,7	7,009	-0,046	0,84
Labore Brakpan	600	590	550	550	3,5	6,697	-0,043	0,90
Morehill Ext 8 Benoni	783	767	717	700	1,3	7,029	-0,052	0,97
Far East Rand	685	664	628	615	2,1			
Pretoria								
Charlotte Maxeke	800	800	750	756	-	6,903	-0,031	0,79
Pretoria Industrial Township	800	750	600	600	-	7,662	-0,141	0,91
Koedoespoort	950	950	800	750	-	7,675	-0,114	0,92
Waltloo/Despatch	1.000	1.000	-	1.000	1,0	-	-	-
Silverton/Silvertondale	-	-	1.000	-	1,0	-	-	-
Samcor Park	1.000	1.000	900	800	-	7,627	-0,099	0,89
Sunderland Ridge	800	800	750	750	-	6,925	-0,034	0,84
Hermanstad	800	800	750	750	-	6,925	-0,034	0,84
Kirkney	650	650	650	600	-	6,699	-0,030	0,58
Hennopspark X15 & X7	1.250	1.250	1.000	1.000	-	7,962	-0,117	0,84
Gateway	-	-	1.250	1.250	1,0	-	-	-
Rooihuiskraal	1.250	1.250	1.000	1.000	-	7,962	-0,117	0,84
Louwlandia	1.300	1.300	1.200	1.200	1,1	7,468	-0,042	0,84
Lyttelton Manor X4/X6	1.000	1.000	900	900	-	7,300	-0,055	0,84
Pretoria North	600	600	500	500	-	7,076	-0,096	0,84
Silvertondale X1	-	1.125	-	-	3,0	-	-	-
Klerksoord	450	450	450	400	-	6,436	-0,044	0,58
Rosslyn	-	-	-	850	2,0	-	-	-
Centurion	1.250	1.250	1.000	1.000	-	7,962	-0,117	0,84
Pretoria	-	997	915	898	1,4			

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
(R/m² excl. VAT)

	Area size in m²				Land availability	a	b	r²
	1.000	2.000	5.000	10.000				
Polokwane								
Lebowakgomo	-	-	-	-	-	-	-	-
Superbia	-	-	-	-	3,0	-	-	-
Industria	-	-	-	-	5,0	-	-	-
Ladine	-	1.200	-	-	3,3	-	-	-
Futura	-	-	-	-	2,5	-	-	-
Laboria	-	650	-	-	2,7	-	-	-
Magna Via	-	1.143	935	935	2,8	-	-	-
Seshego	-	-	-	-	1,0	-	-	-
Polokwane	-	-	-	-	3,0			
Mbombela								
Mbombela East	1.450	1.450	1.400	1.400	2,0	7,410	-0,018	0,84
Mbombela West	750	750	750	750	1,0	6,620	0,000	-
Rocky's Drift	800	800	800	800	3,0	6,685	0,000	-
Riverside Park	1.185	1.185	1.178	1.168	3,2	7,123	-0,006	0,87
Mbombela	1.116	1.116	1.105	1.099	2,8			
Durban								
Springfield Park	2.333	2.000	2.000	2.000	2,0	8,105	-0,058	0,58
Mayville	1.750	1.750	1.500	1.250	1,7	8,547	-0,149	0,89
Phoenix	2.167	2.083	1.767	1.583	1,8	8,688	-0,142	0,97
Chris Hani Rd (North Coast/Briardene)	2.500	2.333	2.333	2.300	1,5	8,021	-0,031	0,71
Briardene Industrial Park	2.750	2.500	2.488	2.425	1,6	8,225	-0,048	0,77
Umgeni Rd/Stamford Hill	2.000	1.800	1.500	1.250	1,7	9,024	-0,203	0,99
Umbilo/Sydney Rd/Magwaza Maphalala St	1.250	1.000	850	750	1,7	8,590	-0,216	0,98
Jacobs	2.500	2.500	2.375	2.250	1,8	8,165	-0,047	0,90
Mobeni	2.500	2.500	2.375	2.250	1,8	8,165	-0,047	0,90
Prospecton	2.250	2.125	1.938	1.938	1,4	8,476	-0,126	0,92
Ithala Industrial Estate	-	-	-	-	-	-	-	-

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Land availability	a	b	r ²
	1.000	2.000	5.000	10.000				
Pinetown Central	-	1.875	1.750	1.625	2,0	-	-	-
New Germany	1.950	1.950	1.625	1.500	1,8	8,476	-0,126	0,92
Mountain Ridge	1.250	1.250	875	750	3,5	8,886	-0,245	0,92
Isipingo	2.000	2.000	1.667	1.667	2,0	8,280	-0,096	0,84
Rosburgh/South Coast Rd	2.500	2.500	2.417	2.250	2,3	8,148	-0,045	0,82
Edwin Swales Drive	2.750	2.625	2.500	2.417	2,0	8,301	-0,056	1,00
Glen Anil	2.500	2.375	2.150	2.067	2,3	8,421	-0,086	0,99
Felix Dlamini Rd (Brickfield)	2.500	2.250	2.000	1.750	1,7	8,872	-0,151	0,99
Verulam	1.375	1.250	1.050	925	4,5	8,443	-0,175	1,00
Canelands	1.500	1.500	1.375	1.300	4,0	7,793	-0,067	0,92
Tongaat	1.025	900	800	725	5,0	7,939	-0,147	0,99
New Westmead/Mahogany	1.583	1.525	1.463	1.405	3,2	7,720	-0,051	1,00
Westmead	-	1.750	1.625	1.500	3,3	-	-	-
Alexander Park	-	-	1.625	1.500	3,0	-	-	-
Surprise Farm	-	-	2.000	2.000	1,0	-	-	-
Mariann Park/Southmead	1.375	1.250	1.200	1.083	3,3	7,878	-0,095	0,96
Queensmead Industria	-	-	-	-	-	-	-	-
Maxmead	-	-	2.000	2.000	1,0	-	-	-
Ringroad Industrial Park	-	-	-	-	-	-	-	-
Avoca/Red Hill/Northgate	2.150	2.150	2.025	1.900	3,0	8,073	-0,055	0,90
Falcon Park	2.200	-	-	-	1,0	-	-	-
Riverhorse Valley Business Estate	2.500	2.500	2.417	2.333	2,0	8,048	-0,031	0,90
Mount Edgecombe	2.750	2.375	2.067	1.983	2,0	8,884	-0,143	0,96
Umbogintwini/Southgate	2.000	2.000	1.500	1.500	2,3	8,672	-0,151	0,84
Southgate Industrial Park	-	-	2.000	2.000	2,0	-	-	-

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Land availability	a	b	r ²
	1.000	2.000	5.000	10.000				
Umgeni Park	2.500	2.250	2.000	1.750	3,0	8,872	-0,151	0,99
Hammarisdale	1.117	978	915	740	5,4	8,155	-0,164	0,94
Cato Ridge	1.167	1.033	950	850	5,6	7,959	-0,131	0,99
Camperdown	-	-	-	925	5,3	-	-	-
Ballito	2.375	2.000	1.833	1.438	4,0	9,161	-0,201	0,95
Dube Tradeport	-	-	-	1.600	4,0	-	-	-
Kingsburgh	1.500	1.250	1.100	1.000	2,0	8,468	-0,171	0,97
Cornubia	2.300	2.000	1.800	1.733	4,5	8,555	-0,122	0,95
Durban	1.903	1.874	1.759	1.630	2,7			
Ladysmith								
Ezakeni/Pieters	-	-	-	-	-	-	-	-
Danskraal	-	-	-	180	-	-	-	-
Nambiti	-	-	-	180	-	-	-	-
Colenso	-	-	-	-	-	-	-	-
Ladysmith	-	-	-	180	-			
Cape Town								
Viking Place	-	-	-	-	2,0	-	-	-
Glosderry	-	-	-	-	-	-	-	-
Paarden Eiland/Metro	2.700	2.333	2.325	2.300	1,3	8,276	-0,061	0,65
Montague Gardens	2.233	2.167	2.100	2.100	1,0	7,896	-0,028	0,90
Marconi Beam	2.000	1.900	1.850	1.750	1,0	7,971	-0,054	0,97
Killarney Gardens	1.883	1.788	1.733	1.500	1,6	8,175	-0,090	0,87
Richmond Park	-	-	-	-	-	-	-	-
Racing Park	400	400	400	400	4,5	5,991	0,000	-
Atlantis	250	250	250	250	6,0	5,521	0,000	-

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Land availability	a	b	r ²
	1.000	2.000	5.000	10.000				
Woodstock/Salt River/Observatory	4.500	4.250	-	-	1,0	-	-	-
Athlone 1 & 2	-	-	-	-	-	-	-	-
Lansdowne Nerissa	-	-	-	-	-	-	-	-
Sand Industria	-	-	-	-	-	-	-	-
Ottery Hillstar	-	-	-	-	-	-	-	-
Ottery Sunset	-	-	-	-	-	-	-	-
Diep River	1.800	1.800	1.800	1.800	2,0	7,496	0,000	-
Elfindale	-	-	-	-	-	-	-	-
Monwood/Philippi	-	-	-	-	-	-	-	-
Retreat/Steenberg	-	-	-	-	-	-	-	-
Capricorn Park	1.800	1.800	1.800	1.800	2,0	7,496	0,000	-
Maitland	2.100	1.750	1.550	-	1,3	-	-	-
Ndabeni	2.200	2.200	2.100	2.100	1,0	7,869	-0,024	0,84
Epping 1 & 2	-	-	-	2.250	1,5	-	-	-
WP Park	2.500	2.500	2.500	2.500	1,0	7,824	0,000	-
Elsies River (excl. Central Park)	1.200	1.200	1.200	1.200	1,0	7,090	0,000	-
Parow Beaconvale	2.950	3.200	3.900	-	1,0	-	-	-
Tygerberg Business Park	1.800	1.600	1.400	-	-	-	-	-
Parow Industria	3.050	3.400	4.050	-	1,0	-	-	-
Parow East	-	-	-	-	1,0	-	-	-
Bellville Oakdale	-	-	-	-	-	-	-	-
Bellville Stikland/ Kaymor	2.180	2.160	2.133	-	1,3	-	-	-
Bellville Triangle	1.725	1.713	1.733	1.650	1,0	7,561	-0,015	0,45
Bellville South/Sacks Circle	1.775	1.750	1.750	1.650	1,0	7,677	-0,027	0,73
Kraaifontein	1.700	1.700	1.400	-	1,0	-	-	-

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Land availability	a	b	r ²
	1.000	2.000	5.000	10.000				
Brackenfell Industria	1.900	1.900	1.800	-	2,3	-	-	-
Everite Brackenfell	2.075	2.075	2.075	-	1,0	-	-	-
Kuils River	1.900	1.900	1.900	1.700	1,0	7,858	-0,042	0,58
Blackheath	1.260	1.240	1.180	1.083	2,7	7,597	-0,064	0,91
Saxenburg Industrial park	1.933	1.933	1.867	-	1,0	-	-	-
Okavango	1.900	1.875	1.600	1.500	1,0	8,349	-0,112	0,94
Brackengate/Icon Business Park	2.500	2.433	2.367	-	1,0	-	-	-
Paarl	2.200	2.200	2.000	1.800	6,0	8,343	-0,089	0,90
Wellington	-	-	-	-	-	-	-	-
Contermanskloof	-	-	-	-	-	-	-	-
Rivergate	2.200	2.000	1.800	1.500	3,0	8,810	-0,159	0,96
Airport Ind (north of sewerage farm)	-	-	-	-	-	-	-	-
Airport Ind (west of Borchards Quarry)	2.400	2.000	2.000	-	1,0	-	-	-
Airport Ind (east of Borchards Quarry)	-	-	-	-	1,0	-	-	-
King Air Industrial Park	-	-	-	2.500	3,0	-	-	-
Durbanville Industrial Park	-	-	-	-	-	-	-	-
Northgate Industrial Park	-	-	-	-	-	-	-	-
Cape Town	2.063	2.013	1.945	1.695	1,6			
Helderberg								
The Interchange	-	-	-	-	-	-	-	-
Helderberg Industrial Park/ Broadlands	-	-	-	-	-	-	-	-
Gants	-	-	-	-	-	-	-	-
Somerset Business Park	-	-	-	-	-	-	-	-
Georges Park/Onverwacht	-	-	-	-	-	-	-	-
Mansfield	-	-	-	-	-	-	-	-

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Land availability	a	b	r ²
	1.000	2.000	5.000	10.000				
Firgrove Industrial Estate	-	1.500	-	1.450	1,0	-	-	-
Strand Halt	-	-	-	-	-	-	-	-
Asla Park	-	-	-	-	-	-	-	-
Helderberg	-	-	-	-	1,0			
Stellenbosch								
Plankenbrug	-	-	-	-	-	-	-	-
Devon Valley	-	-	-	-	-	-	-	-
Tenantville	-	-	-	-	-	-	-	-
Klapmuts	-	-	-	-	-	-	-	-
Stellenbosch	-	-	-	-	-	-	-	
Gqeberha								
Deal Party	613	588	500	500	2,0	7,113	-0,100	0,91
North End	533	533	500	500	2,0	6,519	-0,034	0,84
Korsten/ Neave/ Sidwell/ Sydenham	683	650	567	567	2,3	7,152	-0,091	0,92
South End Walmer	700	650	650	-	1,5	-	-	-
Kariega: Volkswagen area/ NMBLP	316	316	304	304	4,0	5,907	-0,021	0,84
Kariega: Hella/ Kruisrivier	229	229	223	223	4,8	5,536	-0,015	0,84
Struandale	-	638	613	550	2,3	-	-	-
Markman Township	388	363	350	325	5,3	6,447	-0,071	0,97
Perseverance	413	413	388	375	3,0	6,346	-0,045	0,92
Walmer	733	733	617	500	3,0	7,824	-0,169	0,89
Greenbushes	550	525	525	483	3,3	6,645	-0,048	0,83
Fairview	1.363	1.363	1.200	1.050	2,3	8,060	-0,117	0,90
Coega SDZ	-	-	-	-	-	-	-	-
Gqeberha	584	576	514	453	3,1			

Table 8.2 (continued) Mean market values for serviced and level industrial stands in quarter 2024:1 (R/m² excl. VAT)								
	Area size in m²				Land availability	a	b	r²
	1.000	2.000	5.000	10.000				
East London								
Arcadia	-	-	-	-	-	-	-	-
Gately/Woodbrook	-	-	-	-	-	-	-	-
Wilsonia	-	-	-	-	-	-	-	-
Braelyn	-	-	-	-	-	-	-	-
Northend	-	-	-	-	-	-	-	-
Chiselhurst	-	-	-	-	-	-	-	-
Meisies Halt	500	500	500	-	4,0	-	-	-
Beacon Bay Industrial	600	500	500	-	4,0	-	-	-
IDZ	-	-	-	-	-	-	-	-
West Bank Industrial Area	-	-	-	-	-	-	-	-
East London	-	-	-	-	-	-	-	-
Bloemfontein								
Hilton	-	-	-	-	1,0	-	-	-
East End	625	750	750	-	3,5	-	-	-
Harvey Road	900	800	450	-	1,5	-	-	-
Old Industrial	-	-	550	-	1,0	-	-	-
Hamilton: Mill St	-	-	350	-	1,0	-	-	-
Hamilton: G Lubbe St	-	-	300	-	1,0	-	-	-
Estoire	-	-	575	535	4,0	-	-	-
Quaggafontein	-	-	925	1.000	4,0	-	-	-
Bloemfontein	-	-	600	-	2,5	-	-	-
George								
George Central	-	1.000	900	750	1,0	-	-	-
Tamsui Industria	-	875	645	-	1,0	-	-	-

Table 8.2 (continued)
Mean market values for serviced and level industrial stands in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Land availability	a	b	r ²
	1.000	2.000	5.000	10.000				
Pacaltsdorp Industria	-	875	620	-	1,0	-	-	-
George	-	900	686	-	1,0			
Pietermaritzburg								
Willowton	-	600	600	580	2,0	-	-	-
Mkondeni/Shortts Retreat	-	580	520	480	4,0	-	-	-
Camps Drift	-	-	-	-	-	-	-	-
Pietermaritzburg Central	-	-	-	-	-	-	-	-
Rosedale/Allandale	-	-	-	-	-	-	-	-
Howick	-	-	-	-	-	-	-	-
Pietermaritzburg	-	-	-	-	-			
Lower Umfolozi								
Empangeni	-	-	-	-	-	-	-	-
Richards Bay (Alton)	-	-	-	-	-	-	-	-
Richards Bay CBD (Dollar Drive)	-	-	-	-	-	-	-	-
Lower Umfolozi	-	-	-	-	-			
Windhoek								
North	1.850	1.650	1.500	1.350	1,0	8,430	-0,132	0,99
Lafrenz	1.850	1.650	1.500	1.350	1,0	8,430	-0,132	0,99
South	2.500	2.000	1.750	1.500	1,0	9,255	-0,211	0,98
Prosperita	2.000	1.850	1.750	1.400	1,0	8,603	-0,142	0,88
Windhoek	2.050	1.788	1.625	1.400	1,0			

Table 8.3
Standard deviation from mean market values for serviced and level industrial stands
 in quarter 2024:1
 (R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Central Witwatersrand					
Cambridge Park	-	-	-	-	SHP
Wynberg Proper	250,00	200,00	200,00	200,00	AP,SHP
Strijdom Park	73,95	70,71	96,01	108,97	AP,MR,REA,SHP,WP
Kya Sand West	100,00	100,00	50,00	50,00	AP,SHP
Kya Sand East	150,00	150,00	75,00	75,00	AP,AV,SHP
Lanseria Corporate Estate	225,00	225,00	175,00	175,00	AP,CPS,SHP
Cosmo Business Park	100,00	100,00	82,19	50,00	AP,CPS,SHP
Mostyn Park	50,00	50,00	84,98	25,00	AP,CPS,SHP
Clayville/Olifantsfontein	102,74	84,98	62,36	23,57	AP,CPS,SHP
Chloorkop	196,00	75,00	104,88	159,37	AP,CPS,ME,PPR,RA,SHP
Amalgam	-	-	-	-	AP,RO
Crown Mines	-	318,85	295,33	282,84	AP,GB,MR,RO
Industria	-	-	-	-	AP
Booyens/Booyens Reserve/Ophirton	50,00	50,00	75,00	100,00	AP,GB,MR
Village Main/Village Deep/New Centre	-	-	-	-	AP
Benrose	50,00	50,00	50,00	50,00	AP,MR,RO
Steeledale/Electron/Tulisa Park	-	127,50	177,50	380,00	AP,RO
Aeroton	-	-	117,85	131,23	AP,GB,MR,RO
Devland	-	-	-	-	AP
Nancefield	-	-	-	-	AP
Cleveland/Heriotdale	12,50	12,50	12,50	12,50	AP,RO
Newlands/Martindale	-	-	-	-	

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Kew/Wynberg East	150,00	150,00	0,00	0,00	AP,MR
Bramley View/Lombardy West	150,00	150,00	0,00	0,00	AP,MR
Marlboro South (Alexandra)	-	-	-	-	AP
Halfway House: hi-tech strip	-	-	200,00	175,00	SHP,WP
Halfway House: Richards Drive	175,00	175,00	156,84	146,97	AP,CPS,MR,SHP,WP
Randjespark	275,00	275,00	192,93	192,93	CPS,MR,SHP
Corporate Park (Midrand)	325,00	325,00	275,00	275,00	MR,SHP
Commercia	-	50,00	25,00	25,00	CPS,SHP
Kramerville/Eastgate Ext12 & Ext13	300,00	300,00	287,23	287,23	AP,GB,MR,SHP
Linbro Park	197,20	197,20	274,93	180,83	AP,CPS,GB,ME,MR,PPR,SHP,WP
Longlake	195,08	195,08	206,16	206,16	AP,CPS,GB,ME,PPR,SHP,WP
Wesco Park/Eastgate Ext3, Ext11, Ext6, Ext8/ Malboro North (New)	-	-	-	-	
City Deep	33,97	10,21	85,67	78,21	AP,MR,RA,RO
North Riding/Hoogland	100,00	100,00	150,00	150,00	AP,CPS,SHP
Samrand Centurion	155,62	169,56	113,88	117,26	AP,CPS,MR,SHP
Barbeque Downs	300,00	300,00	216,02	169,97	AP,CPS,MR,SHP
Selby Ext 12/13/15/19/20/24/City West	25,00	25,00	25,00	25,00	AP,MR
Selby Ext 5/10/14/18	25,00	25,00	25,00	25,00	AP,MR
Selby Ext 11	25,00	25,00	25,00	25,00	AP,MR
Selby Ext 3/4/6	25,00	25,00	25,00	25,00	AP,MR
Denver (Old)	135,91	135,91	135,91	134,91	AP,MR,RO
Denver (New)	135,91	135,91	135,91	135,91	AP,MR,RO
Kyalami Business Park	-	-	-	-	MR,SHP

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Reuven	100,00	125,00	125,00	150,00	AP,GB
Selby (Old)/Selby Ext2/Park Central	25,00	25,00	25,00	25,00	AP,MR
Robertsham	169,97	164,99	163,30	163,30	AP,GB,MR
Fordsburg/Newtown	-	-	-	-	AP
Waterfall	-	-	50,00	-	CPS,MR,SHP
Lords View	43,30	43,30	129,90	129,90	AP,CPS,ME,PPR,SHP
West Rand					
Lea Glen	-	-	-	-	
Honeydew X19/20/21/22	-	-	-	-	AP
Stormill	-	-	-	-	AP
Chamdor	-	-	45,00	-	AP,RA
Factoria	-	-	-	-	AP
Krugersdorp: Delporton	-	-	-	-	AP
Randfontein: Aureus	-	-	-	-	AP
Boltonia	-	-	-	-	AP
Roodepoort: Technikon/Manufacta	-	-	-	-	AP
Industria North	-	-	-	-	AP
Robertville	187,08	187,08	75,00	143,37	AP,MR,SHP
Laserpark	23,57	23,57	23,57	23,57	AP,CPS,SHP,WP
East Rand					
Elandsfontein	35,36	35,36	55,90	55,90	CPS,ME,PPR,SHP
Tunney/Greenhills	97,98	97,98	50,00	43,30	AP,CPS,ME,MR,PPR,SHP
Henville	84,98	84,98	122,47	122,47	CPS,ME,PPR

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
in quarter 2024:1
(R/m² excl. VAT)

	Area size in m²				Panellist codes
	1.000	2.000	5.000	10.000	
Hughes	-	113,88	113,88	113,88	AP,CPS,ME,MR,PPR
Bartletts	100,00	143,07	143,07	143,07	AP,CPS,ME,MR,PPR
Lilianton	-	-	-	-	CPS
Comet	-	-	-	-	MR
Meadowbrook/Wilbart	43,30	43,30	47,14	87,18	CPS,ME,MR,PPR,SHP
Sunnyrock	47,14	47,14	47,14	81,65	AP,CPS,ME,PPR
Rustivia/Activia Park	84,98	84,98	84,98	84,98	CPS,PPR,SHP
Eastleigh	64,95	64,95	54,49	54,49	AP,ME,MR,PPR,SHP
Sebenza Ext 14	124,72	124,72	94,28	94,28	ME,PPR,SHP
Spartan Ext 16 (Sebenza Link) + Ext 1/3/7	81,65	81,65	47,14	47,14	ME,PPR,SHP
Isando	129,90	129,90	129,90	129,90	AP,CPS,ME,PPR,SHP
Isando 3	94,28	94,28	47,14	47,14	ME,PPR,SHP
Jet Park	94,28	94,28	81,65	82,92	CPS,ME,MR,PPR,RO,SHP
Alrode & Xs	201,38	201,38	182,95	182,95	CPS,MR,RO,SHP
Alrode South	187,08	169,97	143,37	124,72	CPS,MR,SHP
Alborton	180,28	180,28	143,07	143,07	AP,MR,RO,SHP
Aeroporto/Spartan Ext 2	138,63	138,63	113,88	113,88	AP,ME,PPR,SHP
Delville	75,00	75,00	75,00	62,50	MR,RO
Roodekop	134,63	134,63	127,48	129,30	MR,PPR,RO,SHP
Wadeville: Industrial zoning	89,27	102,96	86,02	96,95	AP,MR,PPR,RO,SHP
Route 24/Meadowdale	113,88	113,88	128,06	111,36	AP,CPS,ME,PPR,SHP
Germiston S/Industries E	143,37	143,37	143,37	163,45	AP,MR,RO
Driehoek/Industries W	40,82	40,82	40,82	27,79	AP,PPR,RO

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Knights	117,85	117,85	117,85	147,67	AP,PPR,RO
Spartan Proper	81,65	81,65	64,95	64,95	AP,ME,PPR,SHP
Founders View	111,80	111,80	70,71	70,71	AP,GB,ME,PPR,SHP
Longmeadow	136,68	136,68	112,72	113,69	AP,GB,ME,MR,PPR,RA,SHP
Pomona/Kempton Park	124,72	124,72	124,72	81,65	AP,CPS,ME,MR,PPR,RO
Gosforth Park	40,00	40,00	20,00	20,00	AP,ME,MR,PPR,RO,SHP
S&J Industrial Estate	37,42	37,42	24,49	24,49	AP,ME,MR,PPR,RO,SHP
Far East Rand					
Boksburg North & East	121,42	129,30	134,63	143,07	AP,CPS,MR,RA,RO
Benoni South	23,57	23,57	23,57	40,82	AP,MR,RO
New Era/Vulcania	47,14	84,98	102,74	108,01	AP,MR,RO
Nuffield	-	-	-	-	AP
Fulcrum	-	-	-	-	AP
Apex	81,65	81,65	117,85	117,85	AP,MR,RO
Labore Brakpan	100,00	90,00	100,00	100,00	AP,RO
Morehill Ext 8 Benoni	154,56	164,99	94,28	70,71	AP,MR,RO
Pretoria					
Charlotte Maxeke	-	-	-	-	AP
Pretoria Industrial Township	-	-	-	-	AP
Koedoespoort	-	-	-	-	AP
Waltloo/Despatch	-	-	-	200,00	AP,GB,HN
Silverton/Silvertondale	-	-	200,00	-	AP,GB
Samcor Park	-	-	-	-	AP

Table 8.3 (continued)						
Standard deviation from mean market values for serviced and level industrial stands						
in quarter 2024:1						
(R/m² excl. VAT)						
	Area size in m²				Panellist codes	
	1.000	2.000	5.000	10.000		
Sunderland Ridge	-	-	-	-	AP	
Hermanstad	-	-	-	-	AP	
Kirkney	-	-	-	-	AP	
Hennopspark X15 & X7	-	-	-	-	AP	
Gateway	-	-	250,00	250,00	AP,GB	
Rooihuiskraal	-	-	-	-	AP,MAS	
Louwlandia	300,00	300,00	300,00	300,00	AP,MR,SHP	
Lyttelton Manor X4/X6	-	-	-	-	AP	
Pretoria North	-	-	-	-	AP	
Silvertondale X1	-	175,00	-	-	AP,HN	
Klerksoord	-	-	-	-	AP	
Rosslyn	-	-	-	350,00	AP,GB	
Centurion	-	-	-	-	AP	
Polokwane						
Lebowakgomo	-	-	-	-		
Superbia	-	-	-	-		
Industria	-	-	-	-		
Ladine	-	-	-	-	TG	
Futura	-	-	-	-		
Laboria	-	-	-	-	TG	
Magna Via	-	207,50	-	-	NET,TG	
Seshego	-	-	-	-		

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
 in quarter 2024:1
 (R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Mbombela					
Mbombela East	-	-	-	-	ORI
Mbombela West	-	-	-	-	ORI
Rocky's Drift	-	-	-	-	ORI
Riverside Park	0,00	0,00	14,00	34,00	KEL,KWP,MPV,ORI
Durban					
Springfield Park	235,70	0,00	0,00	0,00	AP,AWP,BON,PC,ZZ
Mayville	-	-	-	-	ZZ
Phoenix	235,70	117,85	205,48	117,85	AP,AWP,ZZ
Chris Hani Rd (North Coast/ Briardene)	408,25	235,70	235,70	509,90	AP,AWP,BON,PC,ZZ
Briardene Industrial Park	250,00	0,00	447,74	491,81	AWP,BON,PC,ZZ
Umgeni Rd/Stamford Hill	-	-	-	-	ZZ
Umbilo/Sydney Rd/Magwaza Maphalala St	-	-	-	-	ZZ
Jacobs	-	0,00	125,00	250,00	AP,AWP,PC,ZZ
Mobeni	-	0,00	125,00	250,00	AP,AWP,PC,ZZ
Prospecton	250,00	414,58	369,75	369,75	AP,AWP,PC,ZZ
Ithala Industrial Estate	-	-	-	-	
Pinetown Central	-	125,00	250,00	375,00	PC,ZZ
New Germany	450,00	450,00	375,00	500,00	AP,PC,ZZ
Mountain Ridge	250,00	250,00	375,00	250,00	AWP,ZZ
Isipingo	0,00	0,00	235,70	235,70	AP,AWP,PC
Rosburgh/South Coast Rd	500,00	500,00	513,70	735,98	AP,PC,ZZ
Edwin Swales Drive	250,00	375,00	408,25	513,70	AP,PC,ZZ

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
in quarter 2024:1
(R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Glen Anil	0,00	125,00	308,22	418,99	AP,PC,ZZ
Felix Dlamini Rd (Brickfield)	-	-	-	-	ZZ
Verulam	125,00	250,00	200,00	175,00	AWP,ZZ
Canelands	-	-	125,00	200,00	AWP,PC
Tongaat	225,00	100,00	50,00	25,00	AWP,ZZ
New Westmead/Mahogany	311,80	476,31	540,11	595,04	AP,AWP,PC,ZZ
Westmead	-	250,00	375,00	500,00	PC,ZZ
Alexander Park	-	-	375,00	500,00	PC,ZZ
Surprise Farm	-	-	-	-	PC
Mariann Park/Southmead	125,00	0,00	216,02	311,80	AWP,PC,ZZ
Queensmead Industria	-	-	-	-	PC
Maxmead	-	-	-	-	
Ringroad Industrial Park	-	-	-	-	AP,ZZ
Avoca/Red Hill/Northgate	650,00	650,00	775,00	900,00	
Falcon Park	-	-	-	-	AP
Riverhorse Valley Business Estate	0,00	0,00	117,85	235,70	AP,BON,PC,ZZ
Mount Edgecombe	250,00	125,00	94,28	184,09	AWP,PC,ZZ
Umbogintwini/Southgate	-	-	0,00	0,00	AWP,PC
Southgate Industrial Park	-	-	-	-	PC
Umgeni Park	-	-	-	-	ZZ
Hammarisdale	277,89	163,61	130,10	159,37	AP,AWP,PC,SH,ZZ
Cato Ridge	235,70	164,99	147,20	184,39	AP,AWP,PC,SH,ZZ
Camperdown	-	-	-	75,00	AWP,PC

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
 in quarter 2024:1
 (R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Ballito	625,00	500,00	513,70	446,34	AP,AWP,PC,ZZ
Dube Tradeport	-	-	-	-	PC
Kingsburgh	-	-	100,00	-	AWP,SF
Cornubia	550,00	500,00	282,84	377,12	AWP,PC,ZZ
Ladysmith					
Ezakheni/Pieters	-	-	-	-	
Danskraal	-	-	-	-	DE
Nambiti	-	-	-	-	DE
Colenso	-	-	-	-	
Cape Town					
Viking Place	-	-	-	-	
Glosderry	-	-	-	-	
Paarden Eiland/Metro	141,42	235,70	192,03	0,00	AX,DN,JB,VP,WHF,WPM
Montague Gardens	169,97	169,97	141,42	200,00	AN,APG,AX,DN,VP,WPM
Marconi Beam	200,00	100,00	50,00	50,00	AX,SAF,VP
Killarney Gardens	84,98	143,07	188,56	100,00	AN,APG,AX,DN,VP
Richmond Park	-	-	-	-	VP
Racing Park	-	-	-	-	AN,VP
Atlantis	-	-	-	-	AN,VP
Woodstock/Salt River/Observatory	2000,00	2250,00	-	-	AN,WHF
Athlone 1 & 2	-	-	-	-	
Lansdowne Nerissa	-	-	-	-	
Sand Industria	-	-	-	-	

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
 in quarter 2024:1
 (R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Ottery Hillstar	-	-	-	-	SAF
Ottery Sunset	-	-	-	-	
Diep River	-	-	-	-	
Elfindale	-	-	-	-	
Monwood/Philippi	-	-	-	-	AN,SAF
Retreat/Steenberg	-	-	-	-	
Capricorn Park	0,00	-	-	-	
Maitland	0,00	150,00	50,00	-	
Ndabeni	-	-	-	-	AX,WHF,WPM
Epping 1 & 2	-	-	-	250,00	AX,WHF
WP Park	-	-	-	-	AN,JB
Elsies River (excl. Central Park)	-	-	-	-	AN
Parow Beaconvale	1350,00	1800,00	2500,00	-	AN
Tygerberg Business Park	-	-	-	-	DN,SCM,WHF
Parow Industria	1450,00	2000,00	2650,00	-	DN
Parow East	-	-	-	-	DN,SCM,VP
Bellville Oakdale	-	-	-	-	VP
Bellville Stikland/ Kaymor	430,81	440,91	249,44	-	AN,CPS,DN,WPM
Bellville Triangle	219,37	224,65	143,37	108,01	
Bellville South/Sacks Circle	25,00	50,00	50,00	50,00	AN,CPS,DN
Kraaifontein	300,00	300,00	-	-	CPS,DN,WD
Brackenfell Industria	100,00	100,00	0,00	-	AN,DN,JB,WD,WPM
Everite Brackenfell	275,00	275,00	275,00	-	AN,DN

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
 in quarter 2024:1
 (R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Kuils River	-	-	-	-	CPS
Blackheath	257,68	257,68	278,57	154,56	AN,CPS,DN,WHF,WPM
Saxenburg Industrial park	377,12	377,12	339,93	-	AN,CPS,DN
Okavango	100,00	125,00	-	-	AN,DN,WPM
Brackengate/Icon Business Park	0,00	47,14	94,28	-	AN,CPS,WPM
Paarl	-	-	-	-	PRU
Wellington	-	-	-	-	
Contermanskloof	-	-	-	-	
Rivergate	-	-	-	-	AN
Airport Ind (north of sewerage farm)	-	-	-	-	
Airport Ind (west of Borchards Quarry)	-	-	-	-	APG,DN
Airport Ind (east of Borchards Quarry)	-	-	-	-	APG
King Air Industrial Park	-	-	-	-	JB
Durbanville Industrial Park	-	-	-	-	
Northgate Industrial Park	-	-	-	-	
Helderberg					
The Interchange	-	-	-	-	
Helderberg Industrial Park/ Broadlands	-	-	-	-	
Gants	-	-	-	-	
Somerset Business Park	-	-	-	-	
Georges Park/Onverwacht	-	-	-	-	
Mansfield	-	-	-	-	
Firgrove Industrial Estate	-	-	-	-	AN

Table 8.3 (continued)
Standard deviation from mean market values for serviced and level industrial stands
 in quarter 2024:1
 (R/m² excl. VAT)

	Area size in m ²				Panellist codes
	1.000	2.000	5.000	10.000	
Strand Halt	-	-	-	-	
Asla Park	-	-	-	-	
Ggeberha					
Deal Party	113,88	143,07	81,65	81,65	ARN,BR,BV,SUM
North End	47,14	47,14	0,00	0,00	ARN,BV,SUM
Korsten/Neave/Sidwell/Sydenham	62,36	108,01	47,14	47,14	ARN,BV,SUM
South End Walmer	100,00	150,00	150,00	-	ARN,BV
Kariega: Volkswagen area/NMBLP	119,55	119,55	123,16	123,16	ARN,BR,BV,SUM
Kariega: Hella/Kruisrivier	79,72	79,72	86,35	86,35	ARN,BR,BV,SUM
Struandale	-	243,35	240,77	145,77	ARN,BR,BV,SUM
Markman Township	73,95	41,46	35,36	55,90	ARN,BR,BV,SUM
Perseverance	54,49	54,49	21,65	25,00	ARN,BR,BV,SUM
Walmer	188,56	188,56	102,74	0,00	ARN,BV,SUM
Greenbushes	40,82	55,90	55,90	62,36	ARN,BR,BV,SUM
Fairview	263,09	263,09	267,71	200,00	ARN,BR,BV,SUM
Coega SDZ	-	-	-	-	
East London					
Arcadia	-	-	-	-	
Gately/Woodbrook	-	-	-	-	
Wilsonia	-	-	-	-	
Braelyn	-	-	-	-	
Northend	-	-	-	-	
Chiselhurst	-	-	-	-	

Table 8.3 (continued)						
Standard deviation from mean market values for serviced and level industrial stands						
in quarter 2024:1						
(R/m² excl. VAT)						
	Area size in m²				Panellist codes	
	1.000	2.000	5.000	10.000		
Meisies Halt	-	-	-	-	CAP	
Beacon Bay Industrial	-	-	-	-	CAP	
IDZ	-	-	-	-		
West Bank Industrial Area	-	-	-	-		
Bloemfontein						
Hilton	-	-	-	-		
East End	125,00	-	-	-	BR,EQV	
Harvey Road	-	-	-	-	BR,EK	
Old Industrial	-	-	-	-	BR	
Hamilton: Mill St	-	-	-	-	BR	
Hamilton: G Lubbe St	-	-	-	-	BR	
Estoire	-	-	75,00	115,00	BR,EQV	
Quaggafontein	-	-	275,00	-	BR,EQV	
George						
George Central	-	-	-	-	MUL	
Tamsui Industria	-	125,00	205,00	-	GRV,MUL	
Pacaltsdorp Industria	-	125,00	180,00	-	GRV,MUL	
Pietermaritzburg						
Willowton	-	-	-	-	HN	
Mkondeni/Shortts Retreat	-	-	-	-	HN	
Camps Drift	-	-	-	-		
Pietermaritzburg Central	-	-	-	-		

Table 8.3 (continued) Standard deviation from mean market values for serviced and level industrial stands in quarter 2024:1 (R/m² excl. VAT)					
	Area size in m²				Panellist codes
	1.000	2.000	5.000	10.000	
Rosedale/Allandale	-	-	-	-	P/VN P/VN P/VN P/VN
Howick	-	-	-	-	
Lower Umfolozi					
Empangeni	-	-	-	-	
Richards Bay (Alton)	-	-	-	-	
Richards Bay CBD (Dollar Drive)	-	-	-	-	
Windhoek					
North	-	-	-	-	
Lafrenz	-	-	-	-	
South	-	-	-	-	
Prosperita	-	-	-	-	

Chapter 9: Flats market

Flat vacancies declined at the start of 2024

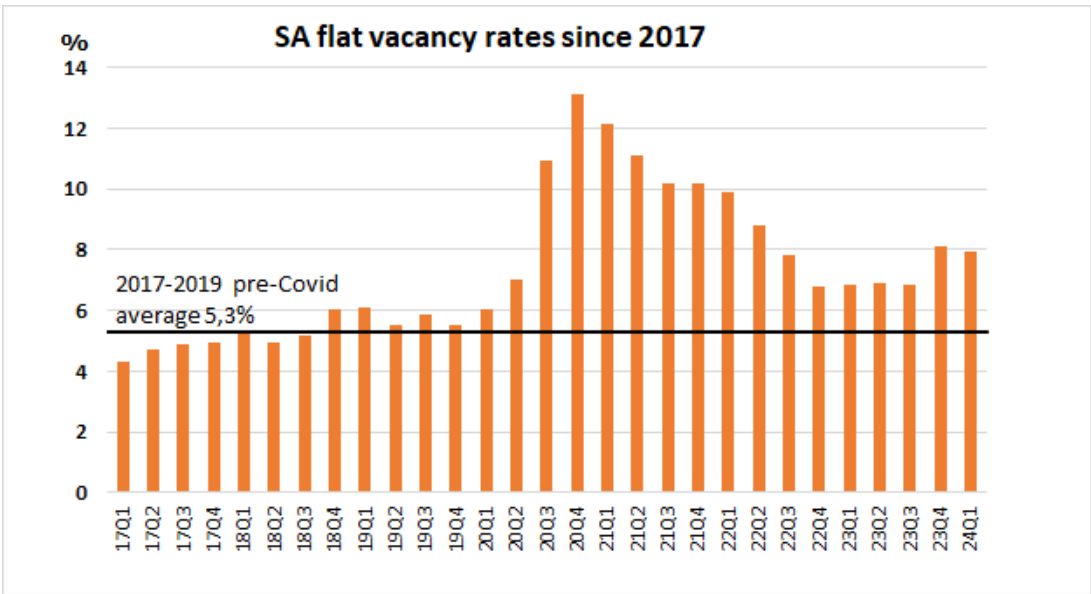
Kobus Lamprecht

Flat vacancy rates on a national level edged down to 7,9% in the first quarter of 2024 from 8,1% in the fourth quarter of 2023, according to Rode’s residential survey data (see the chart and **Table 9.1**). Looking at the chart, it is evident that vacancy rates are still up from the average 2023 level of 7,2%.

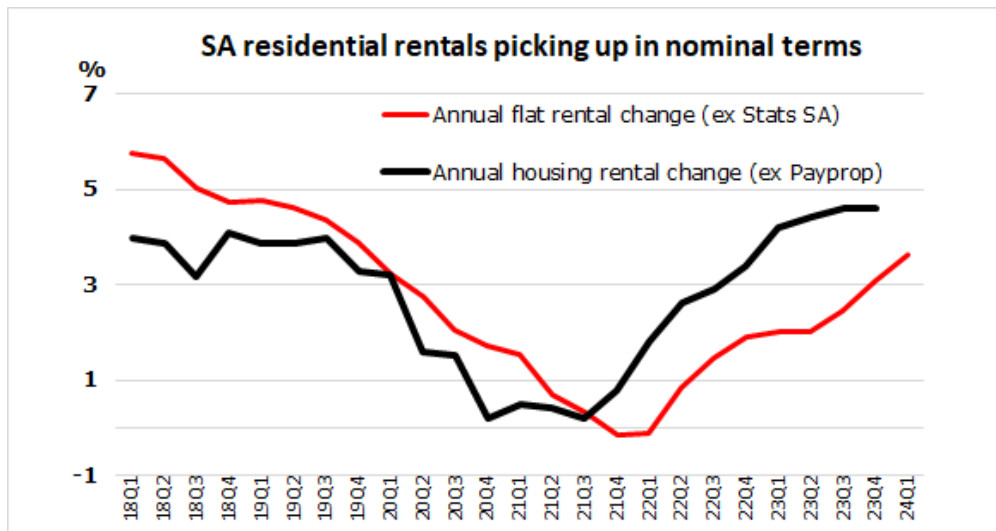
Regionally, the Western Cape continues to stand out with its low flat vacancy rate of 2,3% in the first quarter of 2024, well below

the national average. In contrast, vacancy rates in Gauteng and KwaZulu-Natal were much higher. On a positive note, flats were less empty in Johannesburg than at the end of 2023, while the trend was the opposite in Pretoria.

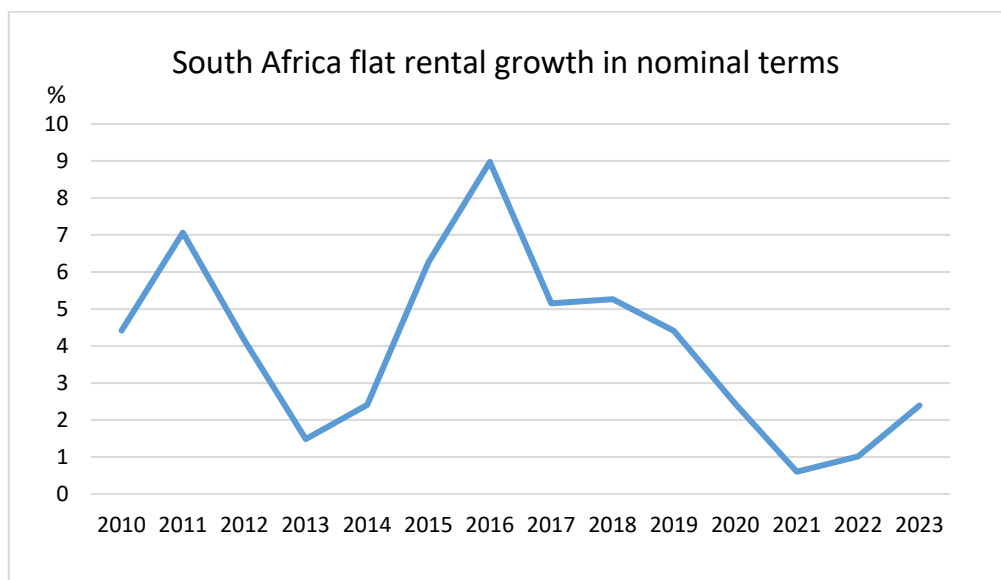
Please note that Rode calculates vacancy rates based on the number of flats vacant as a percentage of the total stock managed by managing agents.



Source of data: Rode's Time Series



Source of data: Stats SA; PayProp

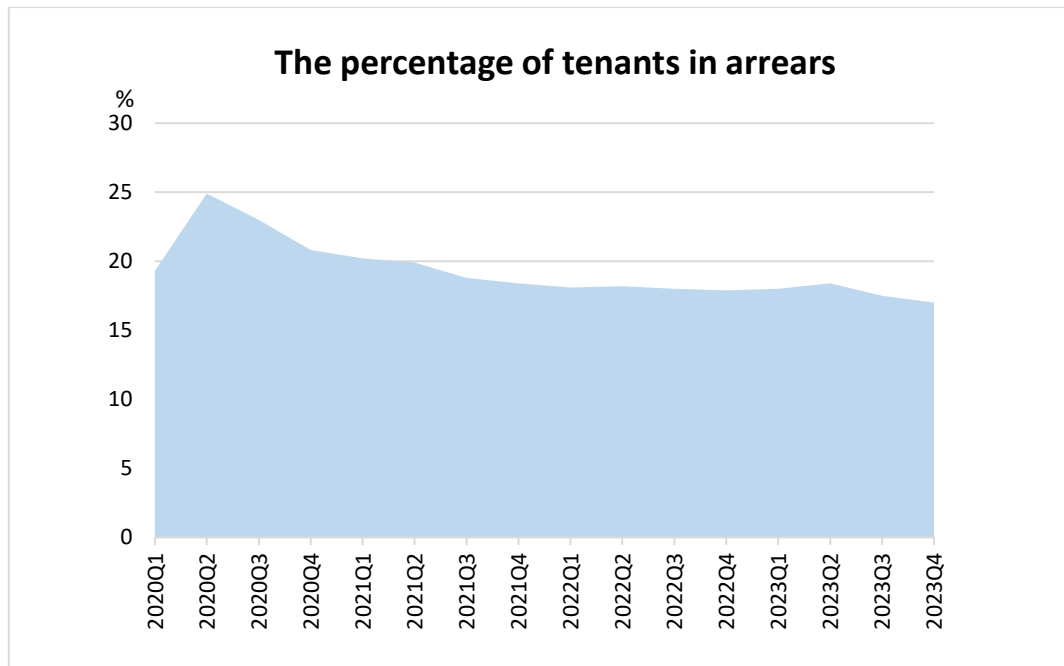


Source of data: Stats SA

The decline in national vacancy rates since their Covid peak has supported rental growth. Official data from Stats SA shows that in the first quarter of 2024 nominal flat rentals in South Africa increased by 3,6% compared to a year earlier (see the rental chart). The latest PayProp growth figure was for the fourth quarter of 2023 when rentals for housing grew by 4,6%. 'Housing' includes flats.

It is important also to look at the historical annual trend in rents as the bigger picture can

get lost in the quarterly data. The nominal *growth rate* of rentals in South Africa was on a slowing path between 2015 and 2021, in line with a stalling economy. A tiny recovery was seen in 2022 (+1%), with growth picking up further to 2,4% in 2023 versus 2022, as per Stats SA data shown on the chart. That said, rentals are still declining in *real* terms (after adjusting for inflation). This suggests that property owners or their managers have generally kept rental increases below inflation to prevent losing tenants.



Source of data: PayProp

The improvement in vacancy rates from their Covid high of above 10% and the resultant better rental growth can be partially explained by the improvement in tenant finances. The chart shows the number of tenants in arrears as a percentage of the total number of tenants on the PayProp system. Encouragingly, this number declined to 17% in the fourth quarter of 2023 from 17,5% in the third quarter. It is now well below the pandemic peak of 25%. This data might surprise readers, given the financial struggles of the consumer, but a possible explanation is that this is an improvement compared with the dire situation during Covid-19.

A positive factor for the rental market over the short term is still the elevated interest

rates, which will continue to sway some potential buyers to rather rent. Prospects for the economy over the next few years are not bright (low growth in household incomes) and although interest rates will likely decline, they will not drop again to the ultra-low pandemic levels. Thus, it will remain cheaper to rent than to buy over the short term and it would make sense – purely from a financial point of view – to rent and religiously save the difference between the rent and what the bond instalments would have been. After a few years of saving, a buyer could use the savings for a higher deposit to buy a home, which by then will probably be lower priced in *real* terms than now. The catch is that few households have the iron will to religiously save the difference between the rent and the instalment.

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

City/Province	23Q4	24Q1
Johannesburg	11,5	10,1
Pretoria	10,9	13,0
Gauteng	10,9	9,3
Durban	15,0	13,5
Pietermaritzburg	2,4	2,9
KwaZulu-Natal	12,6	11,2
East London	12,2	12,9
Gqeberha	3,6	3,6
Eastern Cape	9,8	10,4
Cape Town	2,9	2,5
Stellenbosch	1,3	0,0
George	0,0	0,0
Western Cape	2,8	2,3
Bloemfontein	7,0	6,1
National (weighted and smoothed)	8,1	7,9

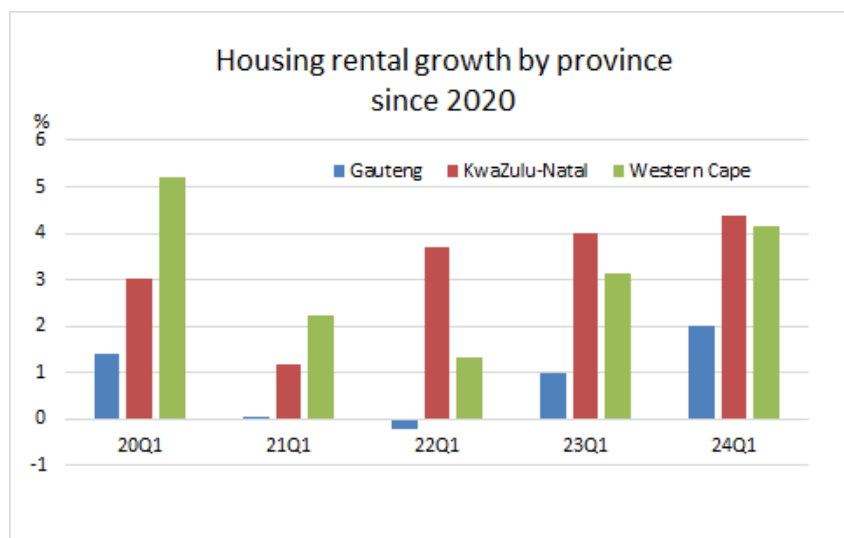
Source of data: Rode's Time Series

Vacancy rates and rentals at provincial and city levels

The vacancy rates in the provinces and cities have generally improved in the first quarter of 2024 compared to the fourth quarter of 2023, as shown in **Table 9.1**. Growth in residential rentals, which includes flat rents, was achieved in all provinces in nominal terms. However, in *real* terms, rentals were mostly in negative territory

after deducting consumer inflation of 5,4%.

The Western Cape shone again with a low flat vacancy rate of 2,3% in the first quarter of 2024, down from 2,8% in the fourth quarter of 2023. This is well below the national average of 7,9% and has led to a pickup in residential rental growth to 4,2% in the first quarter of 2024 (y-on-y), according to Stats SA data shown on the chart.



Source of data: Stats SA

Of course, semigration is boosting the demand for renting and buying properties in the Western Cape, which also has the lowest unemployment rate in the country. Cape Town's vacancy rate averaged 2,5% in the first quarter of 2024, with vacancies even less in Stellenbosch and George. The Western Cape also has the best tenants of all nine provinces based on fourth-quarter 2023 PayProp data, with only 14,3% of tenants in arrears – well below the national average of 17%.

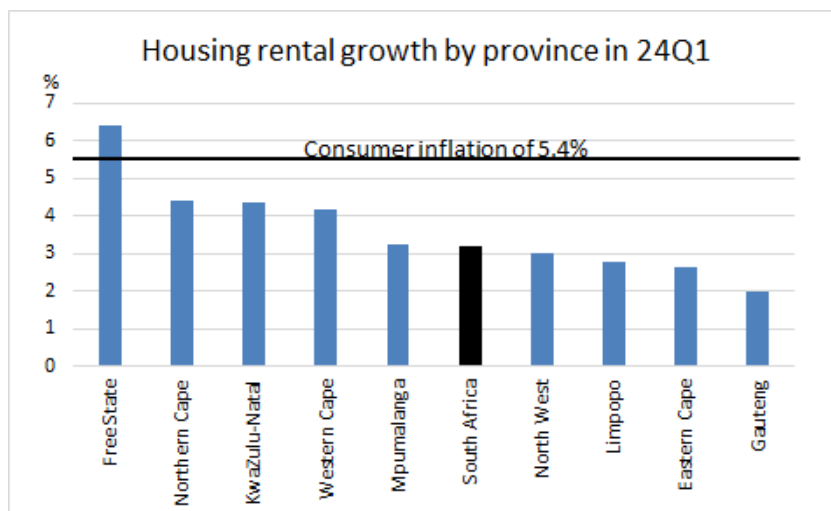
Surprisingly, nominal rental growth in KwaZulu-Natal was measured at 4,4% (y-on-y) in the first quarter of 2024, in line with Cape Town's growth. Flat vacancy rates are still in double digits in Durban, a city where service delivery and decaying infrastructure are major issues. This makes us believe that such solid rental growth is not sustainable.

In Gauteng, market-rental growth improved further to 2% (y-on-y) at the start of 2024 but was still the slowest growth rate of all nine

provinces – see the chart below. This is not surprising as flat vacancy rates remain high at 9,3%, albeit better than the 10,9% recorded in the fourth quarter of 2023. Gauteng is the economic hub of SA and households there are clearly also under duress.

The Free State stood out with nominal rental growth of 6,4% year on year in the first quarter of 2024, up from 4,5% in the first quarter of 2023. This means, it performed the best of all provinces and was also the only province where rentals managed to outpace inflation. However, being a landlord in the Free State comes with higher risk as this is the province with the most tenants who were behind with their rent (20,7%) and who owed the most.

To conclude, nominal rentals in the country are still picking up, but are growing at less than the inflation rate. As for flat vacancies, the trend was downwards at the start of 2024, but it remains higher than in 2023 and pre-Covid levels.



Source of data: Stats SA

Table 9.2 Flat rentals: Standard units Average rands per month as at quarter 2024:1										
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Johannesburg	-	-	-	-	-	-	-	-		
City Central	R3.009	R148	R3.858	R158	R4.558	R558	-	-	PPG,TI,TRD	
Yeoville/Bellevue/Highlands	R3.339	R339	R3.826	R840	R4.975	R975	-	-	NAN,PPG,TRD	
Jeppestown/Fordsburg/ Malvern/Kensington	-	-	-	-	-	-	-	-		
North-Eastern Suburbs	-	-	R6.800	-	R8.000	-	-	-	TRD	
Maraisburg/Crosby/Brixton	-	-	-	-	-	-	-	-		
Meldene (Melville, Westdene, Auckland Park)	-	-	-	-	-	-	-	-		
Killarney/Illovo	-	-	-	-	-	-	-	-		
Greenside/Victory Park/ Emmarentia/Linden	-	-	-	-	R8.800	-	-	-	TR	
Parkhurst/Parkview	-	-	-	-	R9.000	-	-	-	TR	
Rosebank	-	-	-	-	-	-	-	-		
Randburg: Ferndale/ Fontainebleau	R4.525	R475	R5.150	R850	R6.800	R200	-	-	CAR,TI	
Randburg & Suburbs	R4.500	-	R5.750	R50	R6.900	R100	R8.000	-	CAR,TI	
Windsor: East/West	R4.200	-	R5.000	-	R6.500	-	R8.000	-	TI	
Craighall/Craighall Park	-	-	-	-	-	-	-	-		
Sandton: North & Far North	-	-	-	-	-	-	-	-		
Sandton: South to Central	-	-	-	-	-	-	-	-		
Bedfordview	-	-	-	-	-	-	-	-		
Old South	-	-	-	-	-	-	-	-		
New South	-	-	-	-	-	-	-	-		
Waterfall	-	-	-	-	-	-	-	-		
CBD Maboneng	-	-	-	-	-	-	-	-		
Houghton Estate	-	-	R6.900	R0	R7.700	R0	-	-	TR	
Melrose (excl. Melrose Arch)	-	-	-	-	-	-	-	-		
Parktown	-	-	-	-	-	-	-	-		

Table 9.2 (continued)										
Flat rentals: Standard units										
Average rands per month as at quarter 2024:1										
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Germiston	-	-	-	-	-	-	-	-		
Primrose	-	-	-	-	-	-	-	-		
Germiston Central & South	-	-	-	-	-	-	-	-		
Germiston Southern Suburbs	-	-	-	-	-	-	-	-		
Elsburg	-	-	-	-	-	-	-	-		
Witfield	-	-	-	-	-	-	-	-		
Benoni	-	-	-	-	-	-	-	-		
Benoni Central	-	-	-	-	-	-	-	-		
Lakefield	-	-	-	-	-	-	-	-		
Westdene	-	-	-	-	-	-	-	-		
Farrarmere	-	-	-	-	-	-	-	-		
Morehill	-	-	-	-	-	-	-	-		
Rynfield	-	-	-	-	-	-	-	-		
Northmead	-	-	-	-	-	-	-	-		
Crystal Park	-	-	-	-	-	-	-	-		
Mackenzie Park	-	-	-	-	-	-	-	-		
Western Extension	-	-	-	-	-	-	-	-		
Pretoria	-	-	R5.744	-	R7.999	-	-	-		
Akasia	-	-	-	-	R5.836	R64	R6.707	-	PPG,TR	
Pretoria North/Dorandia/	-	-	-	-	-	-	-	-		
Florauna	-	-	-	-	-	-	-	-		
Anlin/Wonderboom/Sinoville/	-	-	-	-	-	-	-	-		
Montana	-	-	-	-	-	-	-	-		
Die Moot/Queenswood	-	-	R5.400	R141	-	-	-	-	MPR,RIZ,TR	
East Lynne/Eersterust	-	-	-	-	-	-	-	-		
Silverton/Meyerspark/La	-	-	R6.500	-	R9.320	-	-	-	RIZ,TR	
Montagne	-	-	-	-	-	-	-	-		

Table 9.2 (continued)
Flat rentals: Standard units
Average rands per month as at quarter 2024:1

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
East (Menlo Park/Ashlea Gardens/all Lynnwoods/Die Wilgers/Faerie Glen/Garsfontein/Constantia/Waterkloof Glen/Erasmuskloof)	-	-	R5.460	-	R9.500	-	R16.000	-	RIZ
Pretorius Park	-	-	-	-	-	-	-	-	-
Groenkloof/Brooklyn/Most Waterkloofs/Erasmusrand	-	-	R7.000	-	R10.000	-	R18.000	-	RIZ
Monument Park	-	-	R6.500	-	R9.000	-	R14.000	-	RIZ
South Eastern Suburbs	-	-	R5.500	-	R8.000	-	R12.000	-	RIZ
Sunnyside	-	-	R4.500	R1.000	-	-	R7.000	-	MPR,TR
Arcadia	-	-	R6.000	-	-	-	-	-	TR
Pretoria Central	-	-	R4.500	-	R5.500	-	R7.000	-	MPR,TR
Pretoria West	-	-	R5.500	-	-	-	-	-	TR
Kwaggasrand/West Park	-	-	-	-	-	-	-	-	-
Elandspoort/Danville	-	-	-	-	-	-	-	-	-
Atteridgeville/Laudium	-	-	-	-	-	-	-	-	-
Hatfield	R6.500	-	R7.000	R500	R9.000	-	R15.000	-	RIZ,TR
Centurion	-	-	R5.967	-	R6.500	-	-	-	-
Pierre van Ryneveld	-	-	-	-	R6.500	-	-	-	TR
Irene	-	-	-	-	-	-	-	-	-
Kloofsig/Lyttelton Manor/Doringkloof/Zwartkop	-	-	R5.700	-	R6.500	-	-	-	RIZ
Highveld and Extensions	-	-	R6.500	-	-	-	-	-	TR
Clubview/Eldoraigne/Wierda Park/Cranebrook/Bronberrick/Rooihuiskraal North	-	-	R5.700	-	R6.500	-	-	-	RIZ,TR

Table 9.2 (continued)
Flat rentals: Standard units
Average rands per month as at quarter 2024:1

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Rooihuiskraal/The Reeds	-	-	-	-	R6.500	-	-	-	R1Z,TR
Heuweloord	-	-	-	-	-	-	-	-	
Valhalla	-	-	-	-	-	-	-	-	
Polokwane	R3.783		R4.180		R5.750		R9.025		
Eduanpark/Welgelegen	R3.950	-	-	-	-	-	-	-	SF
Bendor/Bendor extension 1	-	-	-	-	R7.000	-	R14.000	-	SF
Ster Park	R3.400	-	R4.600	-	R5.500	-	R6.100	-	TG
Flora Park/Fauna Park/Capricorn	R4.000	-	R5.000	-	R7.250	-	R10.500	-	TG
Polokwane Central/Hospitaal Park	-	-	R3.775	R475	R4.500	R500	R5.500	-	ES,SF,TG
Annadale	-	-	R3.750	-	-	-	-	-	SF
Penina Park/Ivy Park	-	-	-	-	-	-	-	-	
Durban	R4.135		R6.135		R7.656		R8.165		
Upper highway: Kloof/ Hillcrest	-	-	-	-	-	-	-	-	
Pinetown area/Queensburgh	R4.270	-	R5.280	-	-	-	-	-	TR
Westville area	-	-	-	-	R9.455	-	-	-	TR
Central City	R3.300	-	R3.800	-	R4.850	-	-	-	TR
Berea/Morningside/Glenwood	-	-	R7.125	-	R7.950	-	-	-	TR
South and North Beach	-	-	R7.995	-	R8.975	-	-	-	TR
Durban North	-	-	R6.495	-	-	-	-	-	TR
La Lucia/Greater Umhlanga	-	-	R8.500	-	R9.500	-	-	-	TR
North (Dolphin) Coast/Ballito	-	-	-	-	R8.650	-	-	-	TR
Montclair/Yellowwood Park	-	-	R4.800	-	R6.000	-	-	-	TR
Bluff	R4.470	-	R5.220	-	R6.725	-	R7.330	-	TR
Amanzimtoti/Warner Beach	R4.500	-	R6.000	-	R6.800	-	R9.000	-	SF

Table 9.2 (continued)
Flat rentals: Standard units
Average rands per month as at quarter 2024:1

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Cape Town	R7.515		R8.472		R11.487		-		
Camps Bay/Clifton/Bantry Bay	R15.000	-	R20.000	-	R27.500	R12.500	R42.000	R18.000	JUS,TR
Sea Point/Green Point/Three Anchor Bay	R9.250	R250	R10.875	R2.219	R15.500	R2.525	R24.950	R2.050	JUS,MAF,SQ,TR
City Bowl (excl. Higgovale)	R8.000	-	R12.000	-	R15.000	R0	R18.000	-	SQ,TR
City Centre	R8.000	R500	-	-	-	-	-	-	SQ,TR
Waterfront	-	-	-	-	-	-	-	-	-
Woodstock/Observatory	-	-	R7.500	R0	R9.250	R750	R14.000	-	LA,MAF,SQ,TR
Rondebosch/Rosebank/Claremont	R7.750	R750	R9.000	R1.000	R11.875	R740	R13.500	-	JA,MAF,SQ,TR
Kenilworth/Wynberg/Plumstead	R7.000	-	R8.250	R1.250	R12.000	R816	-	-	JA,MAF,TR
Grassy Park	-	-	-	-	R8.000	-	-	-	TR
Muizenberg/Kalk Bay/Fish Hoek	R7.400	-	R8.000	-	R9.500	R500	-	-	JA,TR
Hout Bay	R10.000	-	R12.000	-	R15.500	R500	-	-	JUS,TR
Century City	-	-	-	-	-	-	-	-	-
Milnerton Sanddrift	-	-	-	-	-	-	-	-	-
Milnerton Royal Ascot	-	-	R8.500	-	R11.000	R1.000	R15.000	-	TR,VP
Milnerton Burgundy Estate	-	-	-	-	R12.000	-	-	-	TR
Tableview	R7.500	-	-	-	R10.000	-	-	-	TR
Parklands/Sandown/Sunningdale	-	-	R8.500	-	R10.415	R2.711	R11.500	-	PPG,TR,VP
Bloubergstrand	-	-	R9.000	-	-	-	-	-	TR
Melkbosstrand	-	-	-	-	-	-	-	-	-
Athlone	-	-	-	-	R8.500	-	-	-	TR
Garlandale	-	-	-	-	-	-	-	-	-
Rondebosch East/Crawford	-	-	-	-	R10.500	-	-	-	TR

Table 9.2 (continued)
Flat rentals: Standard units
Average rents per month as at quarter 2024:1

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Nuutgevonden Nooitgedacht Village Paradyskloof Klein Welgevonden Campus – Central Campus – West Campus – North La Colline	-	-	-	-	-	-	-	-	LA
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	R15.000	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	R8.000	-	-	-	
George	R5.700		R6.800		R9.186		R10.643		
Heather Park	-	-	-	-	-	-	-	-	GRV
Heatherlands	-	-	-	-	R14.000	-	R16.000	-	
King George Park	-	-	-	-	-	-	-	-	
Dormehl's Drift	R5.500	-	R6.500	-	R9.500	-	R11.000	-	BVF
George South	R5.500	-	R6.500	-	R7.500	-	R9.000	-	BVF
George Central	R5.500	-	R6.500	-	R7.500	-	R9.000	-	BVF
Bo-Dorp	R6.000	-	R7.250	R250	R8.400	R600	R10.000	R1.000	BVF,GRV
Denver Park	-	-	-	-	-	-	-	-	GRV
Loerie Park	-	-	-	-	R9.000	-	R9.500	-	
Protea Park	-	-	-	-	-	-	-	-	
Parkdene	-	-	-	-	-	-	-	-	-
Borchards	-	-	-	-	-	-	-	-	-
Lawaaiikamp	-	-	-	-	-	-	-	-	-
Ballot's View	-	-	-	-	-	-	-	-	-
Herolds Bay (excl. Oubaaï)	-	-	-	-	-	-	-	-	-
Oubaaï	-	-	-	-	-	-	-	-	-

Table 9.2 (continued)
Flat rentals: Standard units
 Average rand per month as at quarter 2024:1

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Gqeberha	-	-	-	-	-	-	-	-	
Summerstrand/Humewood/ South End	-	-	-	-	-	-	-	-	
Walmer	-	-	-	-	-	-	-	-	
Central/North End	-	-	R4.806	-	-	-	-	-	IPC
Newton Park	-	-	-	-	-	-	-	-	
Westering	-	-	-	-	-	-	-	-	
Kabega	-	-	R6.885	-	-	-	-	-	IPC
Algoa Park	-	-	-	-	-	-	-	-	
Lorraine	-	-	R4.860	-	-	-	-	-	IPC
Sherwood	-	-	-	-	-	-	-	-	
Fairview	-	-	-	-	-	-	-	-	
East London	R3.900		R5.018		R6.450		R7.371		
Southernwood/Quigney Beach/CBD	R3.900	-	R4.664	R624	R6.200	R648	R7.143	R857	ERA,PPG,TR
Berea	-	-	-	-	-	-	-	-	
Cambridge/Amalinda/Haven Hills	-	-	R4.600	-	R5.100	-	R5.500	-	TR
Beacon Bay	-	-	R6.500	-	R8.000	-	R9.700	-	ERA,TR
Gonubie	-	-	-	-	R7.000	-	-	-	ERA
Cove Rock	-	-	-	-	-	-	-	-	
Nahoon	-	-	-	-	-	-	-	-	
Vincent	-	-	-	-	-	-	-	-	
Bloemfontein	R3.750		R4.278		R5.150		R6.175		
Bloemfontein CBD	R3.350	R150	R3.750	R250	R4.550	R50	R5.500	-	NR,PLA
Westdene	R3.500	R200	R4.225	R125	R5.000	R0	R6.400	R400	NR,PLA
Willows	R3.650	R250	R3.900	R0	R4.475	R25	R5.900	R900	NR,PLA

Table 9.2 (continued) Flat rentals: Standard units Average rand per month as at quarter 2024:1									
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Navalsig	R4.000	-	R4.300	R200	R4.925	R425	-	-	NR, PLA
Arboretum	R3.825	R175	R4.400	R200	R5.225	R425	-	-	NR, PLA
Langenhovenpark	R4.200	-	R4.450	R250	R5.250	R450	R6.400	R1.200	NR, PLA
Bainsvlei	R4.000	-	R4.850	R650	R5.850	R850	R6.200	-	NR, PLA
Universitas	R3.900	-	R4.200	-	R5.750	R750	R6.500	R500	NR, PLA
Pentagon Park	R4.000	-	R4.500	-	R5.500	-	R6.500	-	NR
Kimberley	R3.900		R5.500		R7.400		R8.100		
Albertynshof	R3.500	-	R5.500	-	R7.000	-	R7.500	-	PW
Belgravia	R3.500	-	R5.500	-	R7.000	-	R7.500	-	PW
New Park	R3.500	-	R5.500	-	R7.000	-	R7.500	-	PW
Eltoro Park	R4.500	-	R5.500	-	R8.000	-	R9.000	-	PW
Hillcrest	R4.500	-	R5.500	-	R8.000	-	R9.000	-	PW
Pietermaritzburg	R3.725		R5.067		R6.367		R7.658		
Woodlands/Northdale/Bombay Heights/Orient Heights/Allandale	-	-	-	-	-	-	-	-	
Chase Valley/Oak Park/Chasedene/Northern Park	-	-	R5.400	-	R6.900	-	R8.800	-	HN
Wembley/Clarendon	-	-	R5.650	-	R7.000	-	R8.900	-	HN
Pietermaritzburg City	R3.600	-	R4.400	-	R5.800	-	R6.850	-	HN
Prestbury	-	-	R4.850	-	R6.100	-	R7.000	-	HN
Pelham/Scottsville/Richmond Crest/Bisley	R3.850	-	R4.700	-	R6.100	-	R7.000	-	HN
Hayfields/Lincoln Meade/Bellevue/The Meadows	-	-	R5.400	-	R6.300	-	R7.400	-	HN

Table 9.2 (continued)										
Flat rentals: Standard units										
Average rand per month as at quarter 2024:1										
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Vanderbijlpark	-		-		-		-			
Vanderbijlpark Central	-	-	-	-	-	-	-	-		
Vanderbijlpark CE	R4.280	-	R5.460	-	R6.100	-	-	-	DT	
Vanderbijlpark SE	-	-	-	-	-	-	-	-		
Vanderbijlpark SW	-	-	-	-	-	-	-	-		
Vanderbijlpark CW	-	-	-	-	-	-	-	-		

Table 9.3
Flat rentals: Upmarket units
Average rents per month as at quarter 2024:1

[illegible]

Table 9.3 (continued) Flat rentals: Upmarket units Average rand per month as at quarter 2024:1										
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Melrose Arch	-	-	-	-	-	-	-	-		
Melrose (excl. Melrose Arch)	-	-	-	-	-	-	-	-		
Parktown	-	-	-	-	-	-	-	-		
Germiston	-	-	-	-	-	-	-	-		
Primrose	-	-	-	-	R4.776	-	R5.775	-	PH	
Germiston Central & South	-	-	-	-	-	-	-	-		
Germiston Southern Suburbs	-	-	-	-	-	-	-	-		
Elsburg	-	-	-	-	-	-	-	-		
Witfield	-	-	-	-	-	-	-	-		
Benoni	-	-	-	-	-	-	-	-		
Benoni Central	-	-	-	-	-	-	-	-		
Lakefield	-	-	-	-	-	-	-	-		
Westdene	-	-	-	-	-	-	-	-		
Farrarmere	-	-	-	-	-	-	-	-		
Morehill	-	-	-	-	-	-	-	-		
Rynfield	-	-	-	-	-	-	-	-		
Northmead	-	-	-	-	-	-	-	-		
Crystal Park	-	-	-	-	-	-	-	-		
Mackenzie Park	-	-	-	-	-	-	-	-		
Western Extension	-	-	-	-	-	-	-	-		
Pretoria	-	-	-	-	-	-	-	-		
Akasia	-	-	-	-	-	-	-	-		
Pretoria North/Dorandia/Florauna	-	-	-	-	-	-	-	-		
Annlin/Wonderboom/Sinoville/Montana	-	-	-	-	-	-	R11.500	-	TR	

Table 9.3 (continued)										
Flat rentals: Upmarket units										
Average rand per month as at quarter 2024:1										
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Die Moot/Queenswood	-	-	-	-	-	-	-	-		
East Lynne/Eersterust	-	-	-	-	-	-	-	-		
Silverton/Meyerspark/La Montagne	-	-	-	-	-	-	-	-		
East (Menlo Park/Ashlea Gardens/all Lynnwoods/Die Wilgers/Faerie Glen/Garsfontein/ Constantia/Waterkloof Glen/ Erasmuskloof)	-	-	-	-	R12.000	-	R18.500	-	RIZ	
Pretorius Park	-	-	-	-	-	-	-	-		
Groenkloof/Brooklyn/Most Waterkloofs/Erasmusrand	-	-	-	-	R15.000	-	R20.000	-	RIZ	
Monument Park	-	-	-	-	-	-	-	-		
South Eastern Suburbs	-	-	-	-	-	-	-	-		
Sunnyside	-	-	-	-	-	-	-	-		
Arcadia	-	-	-	-	-	-	-	-		
Pretoria Central	-	-	-	-	-	-	-	-		
Pretoria West	-	-	-	-	-	-	-	-		
Kwaggasrand/West Park	-	-	-	-	-	-	-	-		
Elandspoort/Danville	-	-	-	-	-	-	-	-		
Atteridgeville/Laudium	-	-	-	-	-	-	-	-		
Hatfield	-	-	R8.000	-	R10.000	-	R20.000	-	RIZ	
Centurion	-	-	-	-	R8.375	-	-	-		
Pierre van Ryneveld	-	-	-	-	R8.500	-	-	-	TR	
Irene	-	-	-	-	-	-	-	-		
Kloofsig/Lyttelton Manor/Doringkloof/Zwartkop	-	-	-	-	R7.000	-	-	-	RIZ	

Table 9.3 (continued)
Flat rentals: Upmarket units
Average rents per month as at quarter 2024:1

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Highveld and Extensions	-	-	-	-	-	-	-	-	TR
Clubview/Eldoraigne/Wierda Park/ Cranebrook/Bronberrick/ Rooihuiskraal North	-	-	-	-	R9.000	-	-	-	
Rooihuiskraal/The Reeds	-	-	-	-	R9.000	-	-	-	
Heuweloord	-	-	-	-	-	-	-	-	
Valhalla	-	-	-	-	-	-	-	-	TR
Polokwane	-	-	-	-	-	-	-	-	
Eduanpark/Welgelegen	-	-	-	-	-	-	-	-	
Bendor/Bendor extension 1	-	-	-	-	-	-	-	-	
Ster Park	-	-	-	-	-	-	-	-	TG
Flora Park/Fauna Park/Capricorn	-	-	-	-	-	-	-	-	
Polokwane Central/Hospitaal Park	-	-	R4.700	-	R5.800	-	R7.250	-	
Annadale	-	-	-	-	-	-	-	-	
Penina Park/Ivy Park	-	-	-	-	-	-	-	-	TR
Durban	-	-	-	-	-	-	-	-	
Upper highway: Kloof/Hillcrest	-	-	-	-	-	-	-	-	
Pinetown area/Queensburgh	-	-	-	-	R7.400	-	-	-	
Westville area	-	-	-	-	-	-	-	-	TR
Central City	-	-	-	-	-	-	-	-	
Berea/Morningside/Glenwood	-	-	R8.150	-	R8.300	-	-	-	
South and North Beach	-	-	-	-	-	-	-	-	
Durban North	-	-	-	-	-	-	-	-	TR
La Lucia/Greater Umhlanga	-	-	-	-	-	-	-	-	
North (Dolphin) Coast/Ballito	-	-	-	-	-	-	R15.000	-	
Montclair/Yellowwood Park	-	-	-	-	-	-	-	-	

Table 9.3 (continued) Flat rentals: Upmarket units Average rand per month as at quarter 2024:1										
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Bluff	-	-	-	-	-	-	-	-		
Amanzimtoti/Warner Beach	R5.000	-	R7.000	-	R8.500	-	R11.000	-	SF	
Cape Town	-	-	-	-	-	-	-	-		
Camps Bay/Clifton/Bantry Bay	R35.000	-	R40.000	-	R75.000	-	R120.000	-	JUS	
Sea Point/Green Point/Three Anchor Bay	R12.000	-	R19.500	R5.500	R35.000	-	R55.000	-	JUS,TR	
City Bowl (excl. Higgovale)	R15.000	-	-	-	-	-	-	-	LA	
City Centre	-	-	R15.000	-	R24.000	-	-	-	SQ,TR	
Waterfront	-	-	-	-	-	-	-	-		
Woodstock/Observatory	-	-	-	-	-	-	-	-		
Rondebosch/Rosebank/Claremont	R8.500	-	R12.500	-	R14.000	-	R16.000	-	JA	
Kenilworth/Wynberg/Plumstead	R9.000	-	R11.000	-	R13.900	-	R15.750	-	JA	
Grassy Park	-	-	-	-	-	-	-	-		
Muizenberg/Kalk Bay/Fish Hoek	R9.000	-	R10.000	-	R15.000	-	R25.000	-	JA	
Hout Bay	R13.000	-	R14.000	-	R22.000	R2.000	-	-	JUS,TR	
Century City	-	-	-	-	-	-	-	-		
Milnerton Sanddrift	-	-	-	-	-	-	-	-		
Milnerton Royal Ascot	-	-	R9.500	-	R14.000	-	R17.500	-	VP	
Milnerton Burgundy Estate	-	-	-	-	-	-	-	-		
Tableview	-	-	-	-	-	-	-	-		
Parklands/Sandown/Sunningdale	-	-	R9.500	-	R10.800	-	R13.500	-	VP	
Bloubergstrand	-	-	-	-	-	-	-	-		
Melkbosstrand	-	-	-	-	-	-	-	-		
Athlone	-	-	-	-	-	-	-	-		
Garlandale	-	-	-	-	-	-	-	-		
Rondebosch East/Crawford	-	-	-	-	-	-	-	-		

Table 9.3 (continued) Flat rentals: Upmarket units Average rands per month as at quarter 2024:1										
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Mitchells Plain	-	-	-	-	-	-	-	-		
Bishop Lavis	-	-	-	-	-	-	-	-		
Montana/Belhar	-	-	-	-	-	-	-	-		
Pinelands	-	-	-	-	-	-	-	-		
Brooklyn/Rugby/Maitland	-	-	-	-	-	-	-	-		
Monte Vista/Goodwood/ Parow/ Bellville Central	-	-	-	-	-	-	-	-		
Tyger Valley area	-	-	-	-	-	-	-	-		
Durbanville	-	-	R9.000	-	R11.500	-	-	-	VP	
Brackenfell/Kuils River	-	-	-	-	-	-	-	-		
Somerset West	-	-	R9.000	-	R12.000	-	R17.000	-	MAF	
Strand	-	-	-	-	-	-	-	-		
Gordon's Bay	-	-	-	-	-	-	-	-		
Kraaifontein (excl. Buh-Rein)	-	-	-	-	-	-	-	-		
Buh-Rein Estate	-	-	-	-	-	-	-	-		
Paarl	R4.925	R1.075	R6.500	R0	R9.300	R200	R13.900	R1.900	JUS, PRU	
Wellington	-	-	-	-	-	-	-	-		
Stellenbosch	-	-	-	-	-	-	-	-		
Cloetesville	-	-	-	-	-	-	-	-		
Onder Papegaaiberg	-	-	-	-	-	-	-	-		
Simonswyk	-	-	-	-	-	-	-	-		
Idas Valley	-	-	-	-	-	-	-	-		
Uniepark	-	-	-	-	-	-	-	-		
Krigeville	-	-	-	-	-	-	-	-		
Dalsig	-	-	-	-	-	-	-	-		
Kleingeluk	-	-	-	-	-	-	-	-		

Table 9.3 (continued)
Flat rentals: Upmarket units
Average rents per month as at quarter 2024:1

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Nuutgevonden Nooitgedacht Village Paradyskloof Klein Welgevonden Campus - Central Campus - West Campus - North La Colline	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
George	R6.750		R8.000		R11.375		R14.667		
Heather Park	-	-	-	-	-	-	-	-	GRV
Heatherlands	-	-	-	-	R16.000	-	R18.000	-	
King George Park	-	-	-	-	-	-	-	-	BVF
Dormehl's Drift	R7.000	-	R8.500	-	R11.000	-	R14.000	-	
George South	-	-	-	-	-	-	-	-	GRV
George Central	-	-	-	-	-	-	-	-	
Bo-Dorp	R6.500	-	R7.500	-	R8.500	-	-	-	GRV
Denver Park	-	-	-	-	-	-	-	-	
Loerie Park	-	-	-	-	R10.000	-	R12.000	-	GRV
Protea Park	-	-	-	-	-	-	-	-	
Parkdene	-	-	-	-	-	-	-	-	
Borchards	-	-	-	-	-	-	-	-	
Lawaaikamp	-	-	-	-	-	-	-	-	
Ballot's View	-	-	-	-	-	-	-	-	
Herolds Bay (excl. Oubaa)	-	-	-	-	-	-	-	-	
Oubaa	-	-	-	-	-	-	-	-	

Table 9.3 (continued)
Flat rentals: Upmarket units
 Average rand per month as at quarter 2024:1

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Gqeberha	-	-	-	-	-	-	-	-	
Summerstrand/Humewood/ South End	-	-	-	-	-	-	-	-	
Walmer	-	-	R5.500	-	R6.250	-	-	-	IPC
Central/North End	-	-	R5.400	-	-	-	-	-	IPC
Newton Park	-	-	-	-	-	-	-	-	
Westering	-	-	-	-	-	-	-	-	
Kabega	-	-	-	-	-	-	-	-	
Algoa Park	-	-	-	-	-	-	-	-	
Lorraine	-	-	-	-	-	-	-	-	
Sherwood	-	-	-	-	-	-	-	-	
Fairview	-	-	-	-	-	-	-	-	
East London	-	-	-	-	-	-	-	-	
Southernwood/Quigney Beach/ CBD	-	-	R4.750	-	R7.000	-	-	-	TR
Berea	-	-	-	-	R7.500	-	-	-	TR
Cambridge/Amalinda/Haven Hills	-	-	-	-	R6.300	-	-	-	TR
Beacon Bay	-	-	R8.500	-	-	-	-	-	TR
Gonubie	-	-	-	-	-	-	-	-	
Cove Rock	-	-	-	-	-	-	-	-	
Nahoon	-	-	-	-	-	-	-	-	
Vincent	-	-	-	-	-	-	-	-	
Bloemfontein	R4.120		R4.689		R5.963		R7.233		
Bloemfontein CBD	R3.700	-	R4.100	-	R5.000	-	R6.000	-	NR
Westdene	R4.050	R250	R4.650	R150	R6.150	R650	R7.400	R400	NR,PLA

Table 9.3 (continued) Flat rentals: Upmarket units Average rand per month as at quarter 2024:1									
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Willows	R4.100	-	R4.450	R250	R5.400	R400	R6.000	-	NR,PLA
Navalsig	R4.200	-	R4.800	R100	R5.700	R200	-	-	NR,PLA
Arboretum	R4.200	-	R4.700	-	R5.750	R250	-	-	NR,PLA
Langenhovenpark	R4.400	-	R4.800	R300	R6.625	R125	R8.150	R150	NR,PLA
Bainsvlei	R4.100	-	R5.125	R625	R6.450	R450	R7.500	-	NR,PLA
Universitas	R4.100	-	R4.500	-	R6.000	-	R7.000	-	NR
Pentagon Park	R4.300	-	R4.700	-	R6.300	-	R7.500	-	NR
Kimberley	-	-	-	-	-	-	-	-	
Albertynshof	-	-	-	-	-	-	-	-	
Belgravia	-	-	-	-	-	-	-	-	
New Park	-	-	-	-	-	-	-	-	
Eltoro Park	-	-	-	-	-	-	-	-	
Hillcrest	-	-	-	-	-	-	-	-	
Pietermaritzburg	R4.500		R6.125		R7.200		R8.875		
Woodlands/Northdale/Bombay Heights/Orient Heights/Allandale	-	-	-	-	-	-	-	-	
Chase Valley/Oak Park/Chasedene/Northern Park	-	-	R6.500	-	R7.300	-	R9.700	-	HN
Wembley/Clarendon	-	-	R6.500	-	R8.000	-	R10.000	-	HN
Pietermaritzburg City	-	-	-	-	-	-	-	-	
Prestbury	-	-	-	-	-	-	-	-	
Pelham/Scottsville/Richmond Crest/Bisley	R4.500	-	R5.300	-	R6.600	-	R7.800	-	HN
Hayfields/Lincoln Meade/Bellevue/ The Meadows	-	-	R6.200	-	R6.900	-	R8.000	-	HN

Table 9.3 (continued)										
Flat rentals: Upmarket units										
Average rand's per month as at quarter 2024:1										
	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Vanderbijlpark	-		-		-		-			
Vanderbijlpark Central	-	-	-	-	-	-	-	-		
Vanderbijlpark CE	-	-	-	-	-	-	-	-		
Vanderbijlpark SE	-	-	-	-	-	-	-	-		
Vanderbijlpark SW	-	-	-	-	-	-	-	-		
Vanderbijlpark CW	-	-	-	-	-	-	-	-		

Table 9.4 (continued) Flat: Parking rentals Average rands per month as at quarter 2024:1										
	Open		Covered		Lockup		Basement		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
East Lynne/Eersterust	-	-	-	-	-	-	-	-		
Silverton/Meyerspark/La Montagne	-	-	-	-	-	-	-	-		
East (Menlo Park/Ashlea Gardens/all Lynnwoods/Die Wilgers/Faerie Glen/Garsfontein/Constantia/Waterkloof Glen/Erasmuskloof)	-	-	-	-	-	-	-	-		
Pretorius Park	-	-	-	-	-	-	-	-		
Groenkloof/Brooklyn/Most Waterkloofs/Erasmusrand	-	-	-	-	-	-	-	-		
Monument Park	-	-	-	-	-	-	-	-		
South Eastern Suburbs	-	-	-	-	-	-	-	-		
Sunnyside	-	-	-	-	-	-	-	-		
Arcadia	-	-	-	-	-	-	-	-		
Pretoria Central	-	-	-	-	-	-	-	-		
Pretoria West	-	-	-	-	-	-	-	-		
Kwaggastrand/West Park	-	-	-	-	-	-	-	-		
Elandspoort/Danville	-	-	-	-	-	-	-	-		
Atteridgeville/Laudium	-	-	-	-	-	-	-	-		
Hatfield	-	-	-	-	-	-	-	-		
Centurion	R250		R358		-		-			
Pierre van Ryneveld	R250	-	R375	-	-	-	-	-	TR	
Irene	-	-	-	-	-	-	-	-		
Kloofsig/Lyttelton Manor/Doringkloof/Zwartkop	-	-	-	-	-	-	-	-		
Highveld and Extensions	-	-	-	-	-	-	-	-		

Table 9.4 (continued)
Flat: Parking rentals
Average rands per month as at quarter 2024:1

	Open		Covered		Lockup		Basement		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Clubview/Eldoraigne/Wierda Park/ Cranebrook/Bronberrick/ Rooihuiskraal North Rooihuiskraal/The Reeds Heuweloord Valhalla	R250 - - - R250	- - - - -	R350 - - - R350	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	TR TR
Polokwane	-	-	-	-	-	-	-	-	
Eduanpark/Welgelegen Bendor/Bendor extension 1 Ster Park Flora Park/Fauna Park/Capricorn Polokwane Central/Hospitaal Park Annadale Penina Park/Ivy Park	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	
Durban	R259		R307		R475		-		
Upper highway: Kloof/Hillcrest Pinetown area/Queensburgh Westville area Central City Berea/Morningside/Glenwood South and North Beach Durban North La Lucia/Greater Umhlanga North (Dolphin) Coast/Ballito Montclair/Yellowwood Park Bluff Amanzimtoti/Warner Beach	- R225 - - R325 R325 R300 - - - R200 R218	- - - - - - - - - - - R88	- R315 - - R355 - - - - - - R250	- - - - - - - - - - - -	- - - - R450 - - - - - - R500	- - - - - - - - - - - -	- - - - - - - - - - R250	- - - - - - - - - - - -	TR TR TR TR TR SF,TR

Table 9.4 (continued)
Flat: Parking rentals
Average rands per month as at quarter 2024:1

	Open		Covered		Lookup		Basement		Panellist codes
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Bishop Lavis	-	-	-	-	-	-	-	-	SQ
Montana/Belhar	-	-	-	-	-	-	-	-	
Pinelands	-	-	-	-	-	-	-	-	
Brooklyn/Rugby/Maitland	-	-	-	-	-	-	-	-	
Monte Vista/Goodwood/ Parow/	-	-	-	-	-	-	-	-	
Bellville Central	R450	-	-	-	R700	-	-	-	
Tyger Valley area	-	-	-	-	-	-	-	-	
Durbanville	-	-	-	-	-	-	-	-	
Brackenfell/Kuils River	-	-	-	-	-	-	-	-	
Somerset West	-	-	-	-	-	-	-	-	
Strand	-	-	-	-	R700	-	-	-	
Gordon's Bay	-	-	-	-	-	-	-	-	
Kraaifontein (excl. Buh-Rein)	-	-	-	-	-	-	-	-	
Buh-Rein Estate	-	-	-	-	-	-	-	-	
Paarl	R300	R0	R350	R0	R525	R175	R400	R50	
Wellington	-	-	-	-	-	-	-	-	
Stellenbosch									
Cloetesville	-	-	-	-	-	-	-	-	
Onder Papegaaiberg	-	-	-	-	-	-	-	-	
Simonswyk	-	-	-	-	-	-	-	-	
Idas Valley	-	-	-	-	-	-	-	-	
Uniepark	-	-	-	-	-	-	-	-	
Krigeville	-	-	-	-	-	-	-	-	
Dalsig	-	-	-	-	-	-	-	-	
Kleingeluk	-	-	-	-	-	-	-	-	
Nuutgevonden	-	-	-	-	-	-	-	-	
Nooitgedacht Village	-	-	-	-	-	-	-	-	

Table 9.4 (continued) Flat: Parking rentals Average rands per month as at quarter 2024:1										
	Open		Covered		Lockup		Basement		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Paradyskloof	-	-	-	-	-	-	-	-		
Klein Welgevonden	-	-	-	-	-	-	-	-		
Campus - Central	-	-	-	-	-	-	-	-		
Campus - West	-	-	-	-	-	-	-	-		
Campus - North	-	-	-	-	-	-	-	-		
La Colline	-	-	-	-	-	-	-	-		
George	-	-	-	-	-	-	-	-		
Heather Park	-	-	-	-	-	-	-	-		
Heatherlands	-	-	-	-	-	-	-	-		
King George Park	-	-	-	-	-	-	-	-		
Dormehl's Drift	-	-	-	-	-	-	-	-		
George South	-	-	-	-	-	-	-	-		
George Central	-	-	-	-	-	-	-	-		
Bo-Dorp	-	-	-	-	-	-	-	-		
Denver Park	-	-	-	-	-	-	-	-		
Loerie Park	-	-	-	-	-	-	-	-		
Protea Park	-	-	-	-	-	-	-	-		
Parkdene	-	-	-	-	-	-	-	-		
Borchers	-	-	-	-	-	-	-	-		
Lawaaikamp	-	-	-	-	-	-	-	-		
Ballot's View	-	-	-	-	-	-	-	-		
Herolds Bay (excl. Oubaa)	-	-	-	-	-	-	-	-		
Oubaa	-	-	-	-	-	-	-	-		
Gqeberha	-	-	-	-	-	-	-	-		
Summerstrand/Humewood/ South End	-	-	-	-	-	-	-	-		
Walmer	-	-	-	-	-	-	-	-		

Table 9.4 (continued) Flat: Parking rentals Average rands per month as at quarter 2024:1										
	Open		Covered		Lockup		Basement		Panellist codes	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Central/North End	-	-	-	-	-	-	-	-		
Newton Park	-	-	-	-	-	-	-	-		
Westering	-	-	-	-	-	-	-	-		
Kabega	-	-	-	-	-	-	-	-		
Algoa Park	-	-	-	-	-	-	-	-		
Lorraine	-	-	-	-	-	-	-	-		
Sherwood	-	-	-	-	-	-	-	-		
Fairview	-	-	-	-	-	-	-	-		
East London	-	-	-	-	-	-	-	-		
Southernwood/Quigney Beach/ CBD	-	-	-	-	-	-	-	-		
Berea	-	-	-	-	-	-	-	-		
Cambridge/Amalinda/Haven Hills	-	-	-	-	-	-	-	-		
Beacon Bay	-	-	-	-	-	-	-	-		
Gonubie	-	-	-	-	-	-	-	-		
Cove Rock	-	-	-	-	-	-	-	-		
Nahoon	-	-	-	-	-	-	-	-		
Vincent	-	-	-	-	-	-	-	-		
Bloemfontein	R275		R325		R376		-			
Bloemfontein CBD	R200	-	R250	-	R250	-	R250	-	NR	
Westdene	R300	-	R350	-	R500	-	R500	-	NR	
Willows	R200	-	R250	-	-	-	-	-	NR	
Navalsig	R200	-	R250	-	-	-	-	-	NR, PLA	
Arboretum	-	-	-	-	R255	R145	-	-	NR, PLA	
Langenhovenpark	R300	-	R350	-	R450	-	R450	-	NR	
Bainsvlei	R350	-	R400	-	R450	-	-	-	NR	

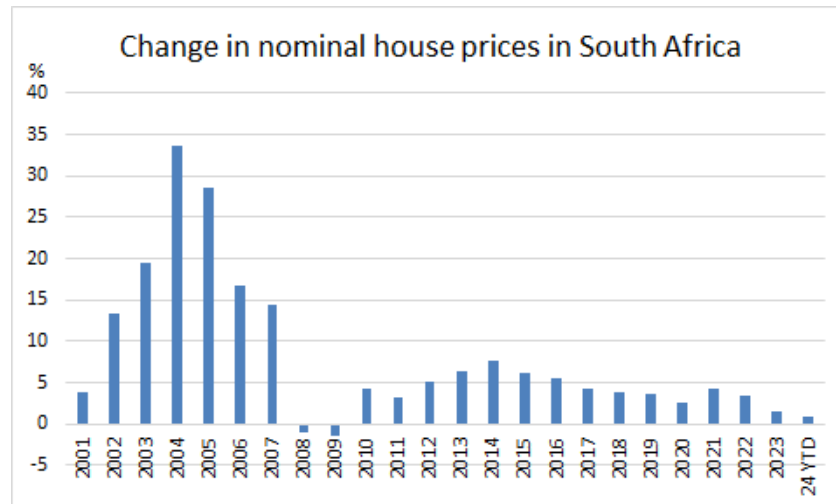
Our heartfelt thanks to the companies that contributed to the residential-market survey. By clicking on their logos, you will learn more about these panellists.



Chapter 10: House market

House prices slow out of the blocks

Kobus Lamprecht



Source of data: FNB

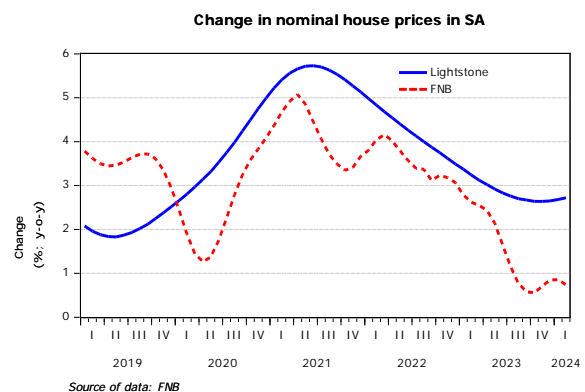
Nominal house price growth in South Africa remains slow amid a weak economy and elevated interest rates. Indeed, expectations of interest-rate cuts have been dialled back. Another factor that has held back some buyers is uncertainty over the outcome of the SA elections.

Nominal house prices grew by 0,8% over January and February 2024 compared to the same period in 2023, based on FNB data. This implies that prices in *real* terms have continued to fall significantly as the average consumer inflation (CPI) rate was 5,4%.

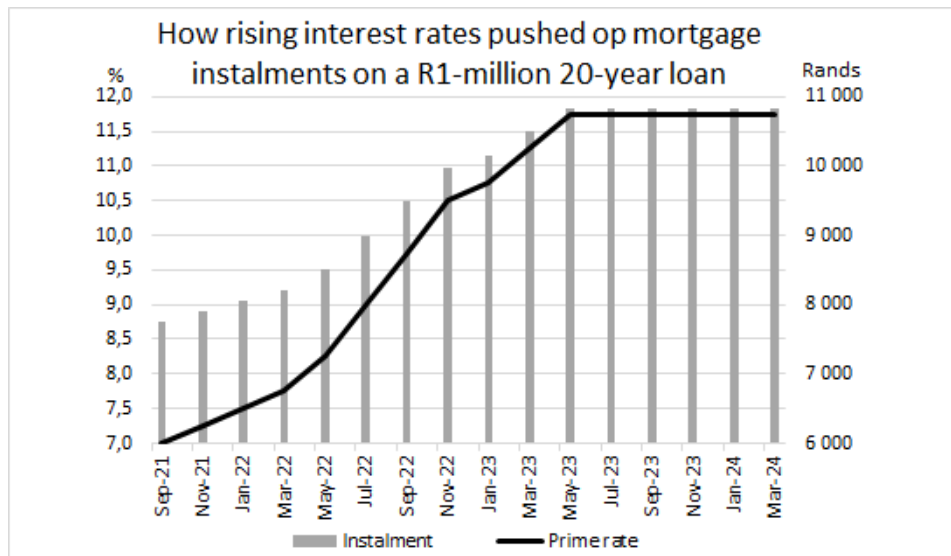
The chart above shows the house price trend, according to the aforementioned FNB index. Note the slowing trend. In fact, in *real* terms, this index fell for the eighth consecutive year in 2023.

The second chart shows the monthly changes in the FNB and Lightstone house-price indices

since 2019. Firstly, note that Lightstone has calculated growth at a much higher 2%-3% so far in 2024, but also note that the Lightstone indices are super-smoothed. Secondly, both indices saw their lowest growth rate during the fourth quarter of 2023. Therefore, it is fair to wonder whether we have seen the worst. From the mortgage data and FNB first-quarter survey results discussed later in this chapter, it does seem to be the case. But much can change, given it's an election year.



Source of data: FNB



Source of data: S&P Global, Rode & Associates calculations

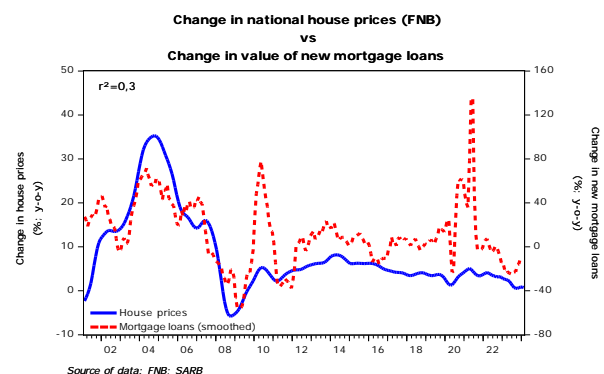
Furthermore, it is not certain that interest rates will in fact decline in 2024. Several analysts have already pushed out their forecast for interest rate cuts to late in the year, in line with Rode's view. The reason for the longer high interest-rate forecasts is that inflation is not yet at the central bank targets, despite declining. For example, the SARB believes consumer inflation needs to return to its 4.5% target, the midpoint of its 3% to 6% range, and be sustained at that level before policy can change. The CPI rate averaged 5.4% over the first two months of 2024, as mentioned earlier.

The chart shows how this increase in interest rates since November 2021 has pushed up monthly mortgage instalments. In rand terms, the instalment increase amounts to about R3 085 per month, based on a R1-million, 20-year loan. The positive is that the last interest rate hike was in May 2023, with a sideways movement thereafter.

In the text that follows, we briefly discuss the drivers of changes in house prices, before looking at how interest rates and the economy affect the housing market.

Drivers of changes in house prices

House prices correlate somewhat with the value of residential mortgages granted, with $r^2 = 0.3$, as shown on the chart. This means the value of mortgages granted explains about 30% of changes in house prices, without controlling for other determinants. The implication of this is that house prices tend to do better during periods of high churn (when estate agents and conveyancers also do well). The question is, what comes first: the higher number of sales (thereby accelerating mortgage bonds granted) or the accelerating prices?



From the chart, it seems it differs from time to time but on average they tend to coincide.

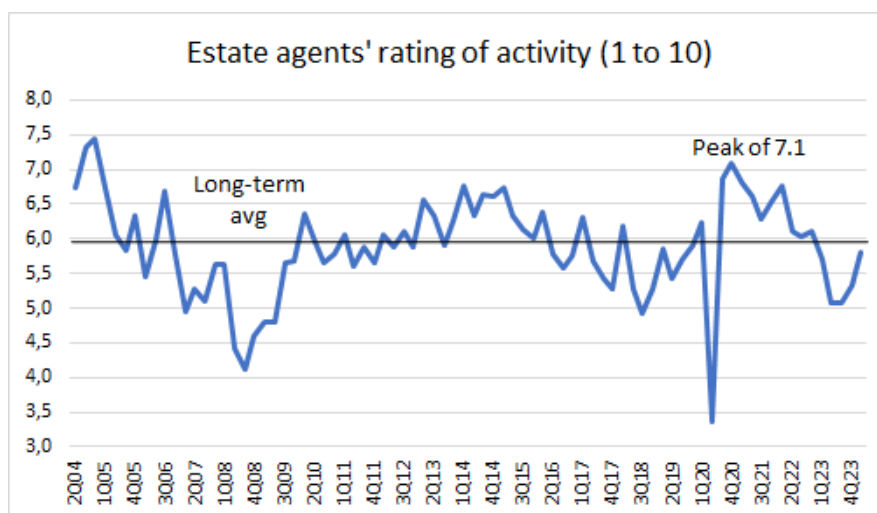
The nominal value of residential mortgages granted fell by 10,2% in the fourth quarter of 2023 compared to the fourth quarter of 2022. This took the decline for the full 2023 to 19,7%. But note on the chart the declines became smaller in the second half of 2023. This suggests that the market has stabilized at weak levels, probably as interest rates have also moved sideways since May last year.

Regarding the chart, note the spike in 2020/21 thanks to the drastic lowering of the prime interest rate to a record-low 7% and the release of pent-up demand after the Covid-related hard lockdown. Also note the spike in mortgage loans in 2010, which can also be attributed to a drastic lowering of interest rates. In 2009, the prime rate still averaged 11,7%, dropping to 9,8% in 2010. However, it was a sharp, short spike, with mortgage bonds granted plummeting into negative territory in 2011 but rising again to more normal territory from 2012 onwards, even though interest rates stayed at the new-low level of about 9%. A similar type of scenario is playing out now. Thus, the

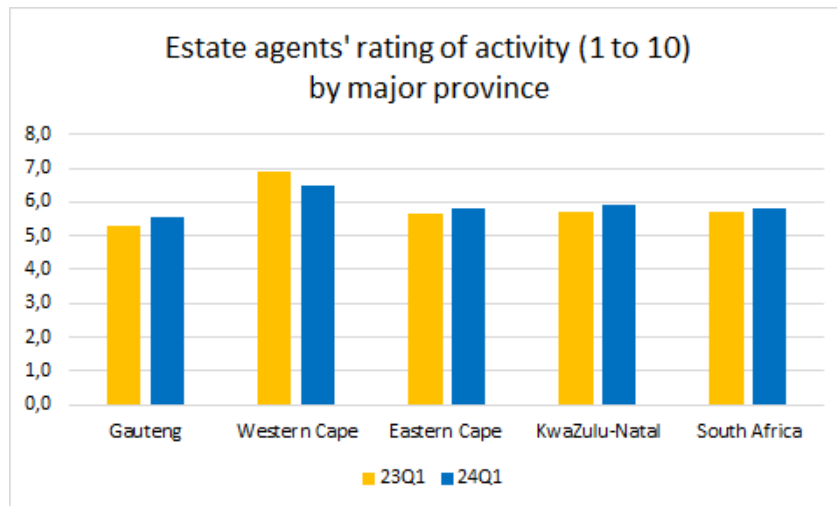
spikes in 2010 and 2020/21 can be attributed to pent-up demand being taken up fully in a short period.

It is worth looking at the results of FNB's first-quarter 2024 residential survey data. FNB asked estate agents to rate sales activity from 1 to 10. Based on this metric, activity in the residential market slowed from its pandemic peak of 7,1 in the fourth quarter of 2020 to 5,1 in the third quarter of 2023, as shown on the chart. This peak was of course created by the significant cut in interest rates, but the trend has reversed as the prime interest rate rose to 11,75%.

The activity rating picked up in the fourth quarter of 2023 and first quarter of 2024. However, note that it is still slightly below its long-term average level and significantly below the heights reached during the pandemic. This data, together with the SARB mortgages-granted data, indicates that the housing market has stabilized and even improved in some cases after the sharp downward trend in the first half of 2023.



Source of data: FNB



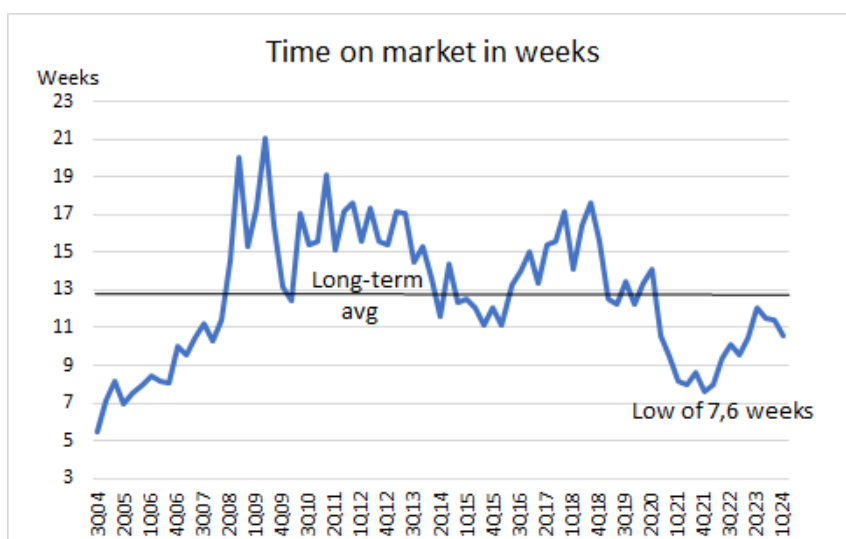
Source of data: FNB

Regionally, activity remained the highest in the Western Cape in the first quarter of 2024, albeit lower than a year ago. Noteworthy is that activity was perceived higher by brokers in all the other provinces surveyed by FNB.

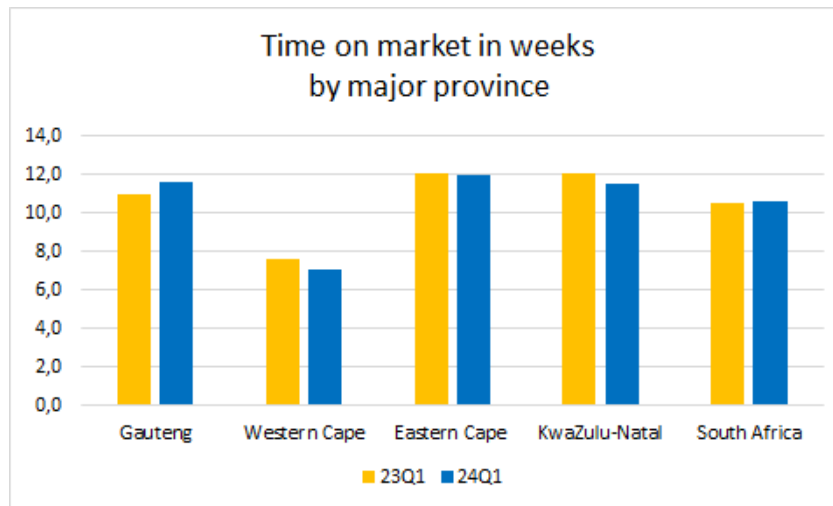
Another indicator that shows the residential market has seen some improvement over the past few quarters is the time that houses are on the market, which averaged 10,6 weeks (i.e. 10 weeks and 6 days) in the first quarter of 2024.

It is also below the long-term average of about 13 weeks. We found an inverse correlation of 30% between 'time on the market' and 'activity' (number of deals).

However, houses were on the market about the same length as in the first quarter of 2023, as shown on the chart below. Provincially, the Western Cape again stands out with houses here selling within 7 weeks, somewhat better than a year ago. In the other provinces the average is close to 12 weeks.

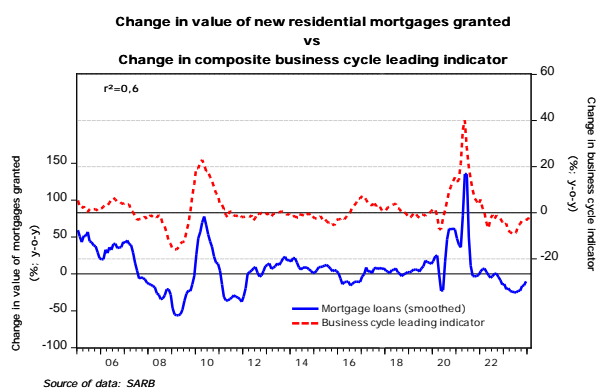


Source of data: FNB



Source of data: FNB

Turning to the **outlook** for the housing market, a significantly correlated variable of residential mortgages granted is the leading business cycle indicator of the SARB, with $r^2 = 0,6$. This indicator reflects early stirrings in the economy, thus confirming that the fundamental driver of house prices is 'the economy, stupid'. The indicator has declined since April 2022 (year on year) due to the electricity supply crisis, logistical bottlenecks, and central banks 'normalising' interest rates, among other factors. The downturn in this indicator does not bode well for mortgage demand in the near future.



However, taking an optimistic view, the indicator has also seen smaller declines of late. Let's remember that the general expectation is that 2024 will bring better growth. For example, the BER at Stellenbosch

University in April forecasted *real* economic growth of 1,3% for 2024, up from 0,6% in 2023. In the medium term, we expect the growth in the value of mortgages granted to be slow as effective demand from borrowers will be impeded by a weak economy.

The economy is expected to grow only slowly as it is negatively affected by the following factors:

- The risk of an unstable and/or radical coalition government after the coming elections
- The looming fiscal cliff
- Unreliable electricity supply
- Poor quality of education (a structural problem that will not go away any time soon)
- Too few taxpayers relative to the population
- Structurally high unemployment
- Mismanagement of the state's three tiers of government and SOEs, resulting in, among other things, the rail and port crisis and dysfunctional local authorities
- The brain drain (long term).

To this cocktail we can add short-term factors like elevated interest rates to combat

inflation and fast-rising utility costs, which erode household spending. One can argue the latter is more than a short-term factor.

Property buyers will generally shy away from cities and towns with dysfunctional municipalities, characterised by high debt levels and a collapse in service delivery. Imagine the impact of this factor on asset values in these towns.

Turning to our forecast, we still expect nominal house prices in 2024 to grow at a slower rate than 2023's average of 1,5% amid a weak economy and elevated interest rates. Rode has warned numerous

times before that interest rate forecasts can change quickly, which has indeed happened.

The market at the time of our last *Rode Report* in December was optimistic that interest rates in the US and in South Africa would decline several times in 2024. So far, no cuts in the US and locally have occurred due to sticky inflation, with many forecasts being pushed back to late in the year. When interest rates do in fact start to decline, the market would get some support, but do not expect fireworks. It is all about affordability.

Rode's six-year forecasts of house prices and flat rentals are provided in our sister publication *Rode's SA Property Trends*. ■

Chapter 11: Building activity and building-construction cost

Building-construction activity still low

Kobus Lamprecht

This chapter reveals that construction activity levels for non-residential property are still under pressure as they are well below their long-term average (since 2000) and 2019 levels (based on Stats SA data). The main drag over the past few years has come from **office** construction as it is fundamentally in the worst shape. It started 2024 feebly.

Industrial building activity surprised on the downside over the past year, but it was still in line with historical levels. This is after all the sector that is in the best shape. **Retail** construction has also been relatively low over the past couple of years but has started 2024 stronger. There are several malls and mall extension under construction, which will boost figures in the quarters to come.

In the **residential** sector, construction activity fell back over the past year as it was increasingly impacted by higher interest rates. Data on building plans passed is also showing a huge decline, reflecting the residential sector's sensitivity to interest rate movements.

Significant factors affecting all building activity are anaemic economic growth, unreliable power supply, weak property fundamentals, elevated interest rates and high building-cost inflation. Naturally, little new supply, if sustained, will ultimately lead to a rebalancing of demand and supply – unless the SA economy implodes à la Zimbabwe.

At the end of this chapter, we report on building contractors' profit margins that continue to look better as measured by the BER's building cost index (BER BCI). However, double-digit growth in the BCI will no doubt hold back future building activity as the BCI is outpacing by a wide margin the growth in market rentals, thereby undermining financial viability.

Our detailed discussion of trends in building-construction activity and costs follows.

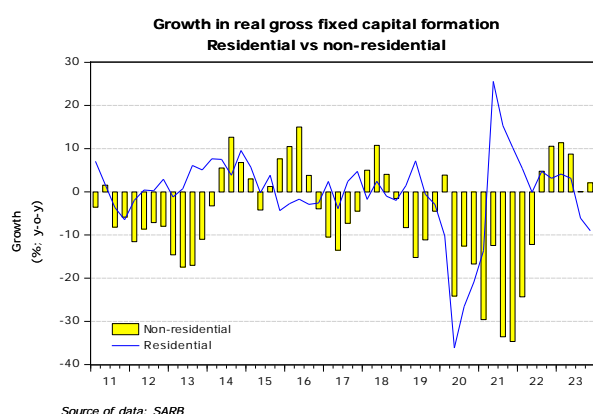
Building-construction activity

To analyse building activity, we delve deeper into the SARB's measure of gross fixed capital formation (GFCF) as well as building-construction data from Stats SA. The SARB's measure of GFCF reflects 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 in the fourth quarter of 2023 increased by 2,1% compared to the fourth quarter of 2022. This took growth to 5,5% for 2023 compared to the 2022 level – a welcome increase after building activity had fallen in every year since 2019. That said, activity in the fourth quarter of 2023 was still 36% lower than the 2019 level (before the Covid pandemic).

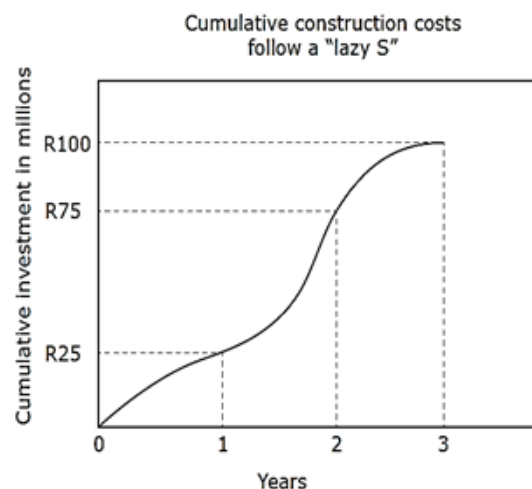
GFCF in the residential sector in the fourth quarter of 2023 fell by 9% year on year, taking the decline to 2,2% for 2023. Activity in the fourth quarter was still 18% lower than the 2019 average.

The GFCF data suggests that the residential sector fared worse than the non-residential sector in 2023 as it is more sensitive to interest rate fluctuations. This is also illustrated by the huge drop in residential building plans passed, as discussed later. The opposite trend occurred in 2021/22 when residential activity performed relatively better because of the ultra-low interest rates that prevailed during the pandemic.



Compare GFCF with 'buildings completed' (ex Stats SA), which reflects, at the date of completion, the total building costs expected at the time the building plans were passed by the municipality, which could be a number of years earlier. The progression of the cumulative building cost expended on a project over time reflects a lazy S-curve. For instance, a building worth R100 million completed in 2023 could reflect GFCF amounting to R25 million being put in

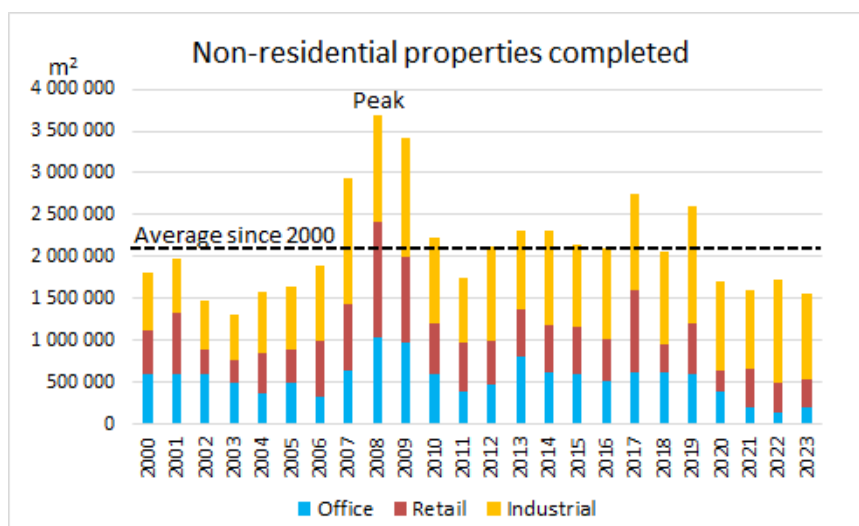
place in 2023, R50 m in 2022 and R25 m in 2021 (see the figure).



Source of data: Rode & Associates

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 2023 in the example above.

With this as background, we now turn to **Tables 11.1** and **11.2**, which reflect building plans passed and buildings completed in square metres as reported by local governments. The data are sourced from Stats SA.



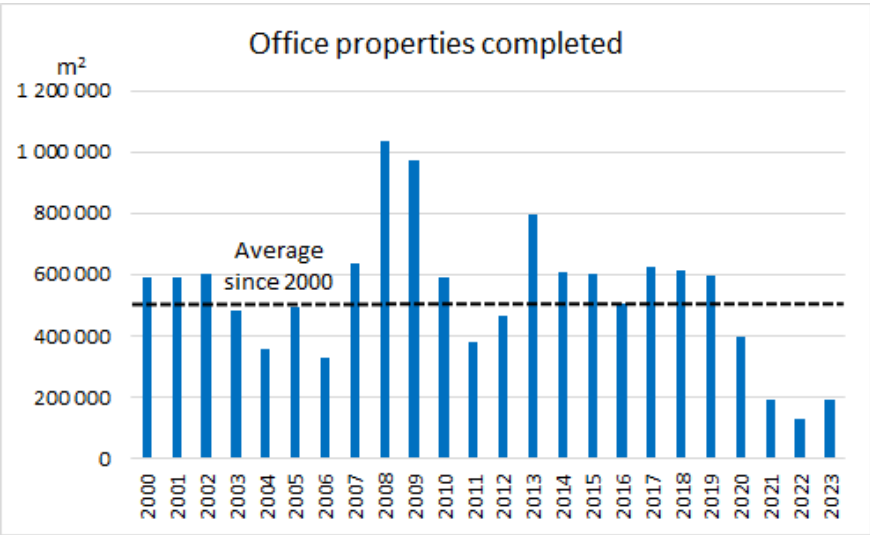
Non-residential buildings completed in square metres have effectively moved sideways since 2020, with activity below its long-term trend for the fourth consecutive year in 2023, as shown on the chart above. Note how the contribution from office construction to total non-residential activity has become smaller over time, while industrial activity has increased its share. Note also that a square metre of industrial construction is worth less than a square metre of mall or office building.

The latest data shows that non-residential activity started 2024 badly, largely due to a huge decline in office construction.

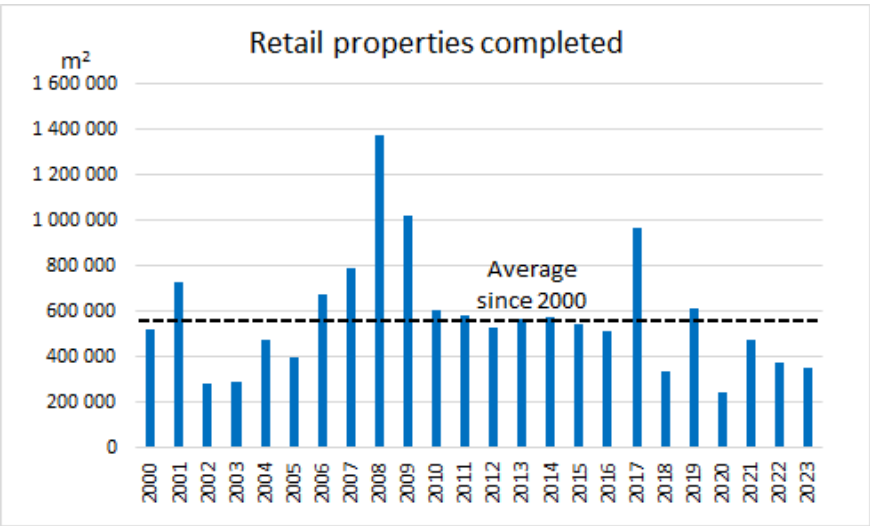
Non-residential activity in the 12 months to February 2024 was 14,1% lower compared to the 12 months to February 2023. Industrial construction also contributed to the decline, while retail bucked the trend (see **Table 11.1**).

In the text that follows, we delve deeper into the trends by property type.

The property type that is truly struggling is the office market. This is due to a significant oversupply, with space completed well below historical levels since 2019 (see chart). Office activity in the 12 months to February 2024 declined by 43% compared to the 12 months to February 2023.



Source of data: Stats SA



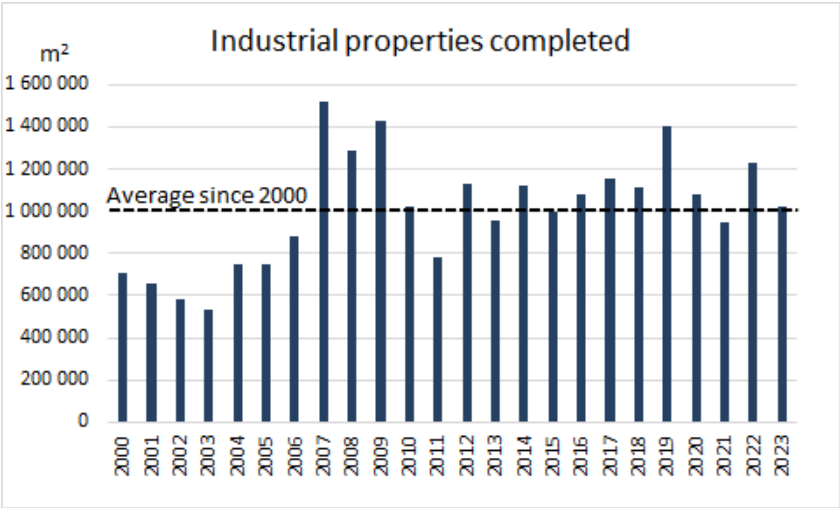
Source of data: Stats SA

Measured in square metres, **retail** space completed over the past few years has also been well below historical levels, as shown on the chart on the page above. However, the tide appears to be turning, with activity in the 12 months to February 2024 up 10% compared to the 12 months to February 2023. This comes after incorporating a strong start to 2024. We report on the outlook for building activity in 2024 and 2025 in our sister publication *Rode's Retail Report*.

Industrial space completed fell in 2023 but remained in line with its long-term average. This is in contrast to retail and

especially office property, both of which are below their long-term average levels. This reflects a country that has become increasingly consumption oriented over the years, requiring more warehousing and a next generation of warehouses with higher eaves. The sharp growth in online sales has also boosted the demand for distribution centres.

After incorporating the early 2024 data, industrial space completed fell by 16% year on year in the 12 months to February 2024. Note that by 'industrial market' we mean warehousing and manufacturing space.

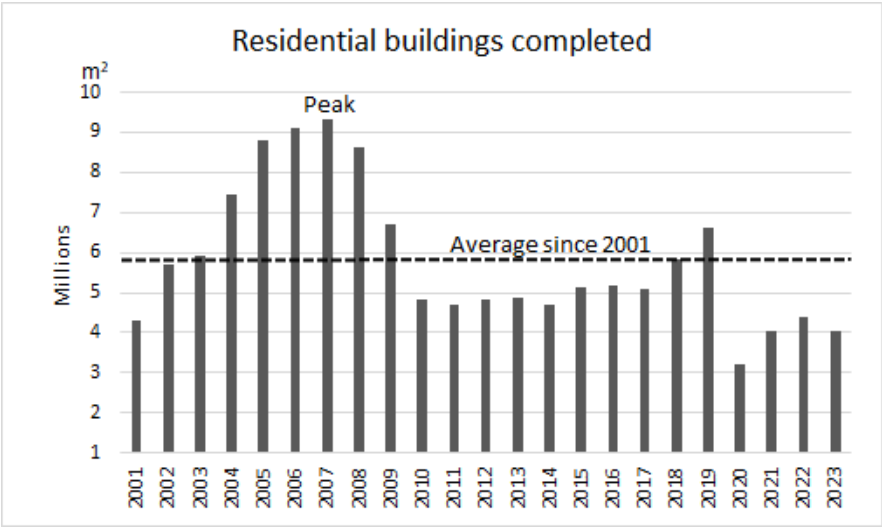


Source of data: Stats SA

Table 11.1 New non-residential buildings (private sector) (m²)				
	Offices	Shopping space	Industrial buildings	Total
12 months to February 2024 vs 12 months to February 2023 (% change)				
Completed	-42,8%	9,8%	-15,7%	-14,1%
Plans passed	-7,4%	16,0%	-13,1%	-7,2%
Source of data: Stats SA				

As for future non-residential activity, plans passed in square metres decreased by 7,2% in the 12 months to February 2024, as shown in **Table 11.1**. The office and industrial sectors both saw a decline in plans passed, while retail space increased.

Even so, few of these ‘plans passed’ will become ‘buildings completed’ in the next few years as the property downcycle continues. We discuss the long property cycle in our sister publication *Rode’s SA Property Trends*.



Source of data: Stats SA

Table 11.2 New residential buildings (private sector) (m²)				
	Dwelling houses smaller than 80 m²	Dwelling houses larger than 80 m²	Flats & townhouses	Total
12 months to February 2024 vs 12 months to February 2023 (% change)				
Completed	-19,6%	-10,3%	3,4%	-7,1%
Plans passed	-32,0%	-20,8%	-17,3%	-20,6%
Source of data: Stats SA				

Residential buildings completed continued to fall over the first two months of 2024, with activity down by 7,1% year on year in the 12 months to February 2024 (see **Table 11.2**). Plans passed declined by 21%. Activity is still below the long-term average, as shown on the chart on the page above. The data on plans passed confirms that residential activity is more sensitive to higher interest rates than non-residential activity.

Building-construction costs run away

Estimates by the BER at Stellenbosch University are that tender prices (as measured by the BER BCI)¹ increased by 12,1% year on year in the first quarter of 2024 after rising by 15,3% in the fourth quarter of 2023. The

“smoothed” increase came to around 13% for the first quarter (see **Annexure 6** for historical BCI data).

The increase in building costs was well above the estimated input cost increases of 5-6%, as measured by the Haylett Indices. This implies that builders started the year on a profitable note.

It must be pointed out that even where a building-construction contract has a ‘Haylett’ clause, the rise in input costs is partially for the account of the developer.

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*. ■

¹ Tender prices include input costs like fuel, labour and materials, and the profit margin of contractors.

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 Sapo 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 to plan and execute a building in accordance with the permissible Floor Area Ratio (FAR) 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 headlease: 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 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.

Exit capitalization rate: When valuing an income-producing property by discounting, say, the first five years' cash flow, the sixth year's expected net market rent must be capitalized in perpetuity at the end of year five and thereafter also discounted to year_0 (date of valuation). The capitalization rate at the end of year five is known as the exit capitalization rate. To provide for ageing, this rate is typically slightly higher than the year_0 capitalization rate.

Floor plate:

- (1) The **rentable area** of a single floor in a building.
- (2) The **total area** of a floor of a building measured from the exterior of the main wall of the floor level, **including voids** at the level of the floor, such as an atrium, mezzanine, stairwell, escalator, elevator, ventilation, duct or utility shaft.

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 free-hold 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^{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 $(6*7)$. The geometric mean of 6, 7 and 8 is the cube root of $(6*7*8)$; 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.

GBCSA: Green Building Council of South Africa.

Grey shell/box: Commercial space that is completely unfinished. That means it has unfinished floors, no interior (dry-)walls, no plumbing or electrical, and if it has AC, it may be without controls or ductwork. Source: <https://seacoastconstruction.net/whats-the-difference-between-a-gray-shell-and-white-box-in-the-commercial-sector/>
See also: **White-box finish**

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 (in-come 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:

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

The nine conditions above are *prerequisites* for space to be considered prime. However, a building may possess additional enhancements that could improve letability 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.

Last-mile logistics units are smaller industrial spaces used by businesses as distribution centres to deliver goods.

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 growth rate: The percentage by which property values or market rentals change over a given period based on market dynamics.

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 pacesetter 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 report on market rental rates by **node** (and grade).

Node: In real estate, a node is an area of intensified commercial activity, including shops and offices. In South Africa, industrial townships are also often called nodes, although this practise is not recommended.

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 measured- in rentable m².

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 and 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 beleggingsinstelling' (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

are 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 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**.

Perpetual vacancy – see **Vacancy – long-term**.

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 ‘condominium’ (condo) (also, *Eigentumswohnung* 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. Storefronts 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 m²; 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 m²; 150-250 stores; anchors in most cases two large supermarkets (more than 5.000 m²) or one large supermarket (8.000 m²); 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 m²; 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 m²); 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 (Gqeberha); Mimosa Mall (Bloemfontein); Langeberg Mall (Mossel Bay).
- **Community:** 12.000-25.000 rentable m²; 50-150 stores; offers a wider tenant mix than a neighbourhood centre; anchor tenant one or two large supermarkets bigger than 2.500 m²; 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 m²; 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 m²; 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 m²; 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 m²; air-conditioned, no ceiling, warehouse-like finishes, e.g. Makro, Builders Warehouse and Game.
- **Value centre:** Multi-tenanted strip centre; 10.000-50.000 m²; warehouse type finishes to deliver lower prices to consumers. Examples are Capegate Value Centre (Cape Town); Fourways Crossing (Johannesburg); Moffet Retail Park (Gqeberha).

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

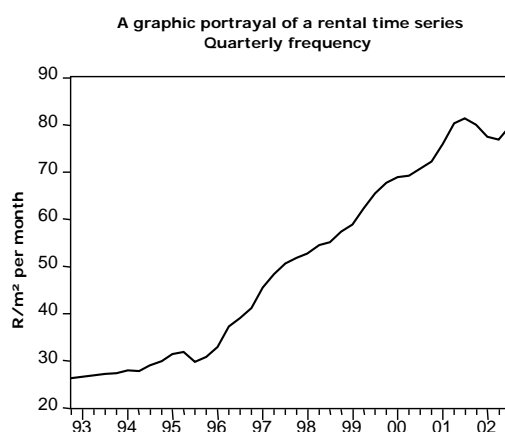
Standard capitalization rate: It is the expected net operating income for **year 1**, assuming the entire building is let at open-market rentals, divided by the purchase/transaction price, normally expressed as a percentage. This calculation ignores VAT, transfer duty and income tax, and assumes a cash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

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**.

Vacancy – long-term, also called **perpetual vacancy**. Mathematically, when capitalizing (turning an income stream into a current capital amount), the implicit assumption is that the income stream will extend into perpetuity. Thus, when capitalizing, the valuer should assume a perpetual vacancy, even if the building is currently fully let, because the building will have vacancies from time to time. The perpetual vacancy (measured in gross market rents) must be deducted from the *first year's* market-related income *before* capitalizing. The 'first year' could be Year_1, Year_6 or Year_11, etc, depending on when capitalization (in perpetuity) of the cash stream takes place. Of course, where there is a long-term lease on the whole building with a strong covenant, the long-term vacancy would only apply from the end of the long lease and would, therefore, be low at the valuation date.

Vacancy – short-term. Where the current vacancy is higher than the estimated **perpetual vacancy**, the difference must be subtracted from the capitalized amount (note: **after** capitalizing). This implies the valuer must estimate how long it will take to fill the short-term excess vacant space.

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.

White-box finish: Commercial space that comes partially complete with basic finishings. where the tenant only has to add final touches to make the space its own. Generally, this means it has walls that are ready to be painted, exterior walls, windows and doors, a finished ceiling with standard lighting, standard electrical, AC with ductwork and controls, a completed sprinkler system finished at ceiling height, and a finished restroom (if applicable as the restroom could be in the common area of the building). It excludes interior walls, paint and wall coverings, electrical fixtures, flooring, and tenant-specific equipment or office upgrades.

Source:

<https://seacoastconstruction.net/whats-the-difference-between-a-gray-shell-and-white-box-in-the-commercial-sector/>

See also: **Grey shell/box**

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 (the valuation date).

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

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 into 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 lease-backs):

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 m² excluding VAT?" The questionnaire also asks for the typical rent-free period in months, the gross

current-year operating costs per rentable m² and the predominant escalation rate on net & gross rentals, and operating costs.

‘Nominal’ rental means the panellist must 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 m² (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 m², 500 m², 1 000 m², 2 500 m² and 5 000 m². 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 m² (NOT asking price, NOT exception deals) for vacant, serviced level 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 m², 2 000 m², 5 000 m² and 10 000 m².

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 m².

How Rode obtains its office vacancy rates

It is important to understand how Rode's survey is constructed before digesting the data provided in **Chapter 6**. Rode asks panellists across the country to fill in a vacancy factor for the different office grades, using a scale of 1 to 9, as shown in the first table. For instance, if a broker is of the opinion that the vacancy rate in a given node is between 0% and 10% (low), a 1, 2 or 3 must be filled in, with 1 representing fully let or almost fully let and 3 indicating close to 10%. If vacancy rates are between 10% and 20% or medium, a 4, 5 or 6 must be filled in, with 6 representing close to 20%. The scale of 7 to 9 indicates vacancy rates are very high, between 20% and 30%.

Vacancy factors for office nodes			
Rode scale	1 2 3 Low to medium	4 5 6 Medium to high	7 8 9 Very high
Converted to % vacant	0% – 10%	10% – 20%	20% – 30%

Scale factor	1	2	3	4	5	6	7	8	9
% vacant	3,3%	6,7%	10,0%	13,3%	16,7%	20%	23,3%	26,7%	30,0%

Like SAPOA, Rode defines vacancies as the available floor area for leasing at any given time, irrespective of whether there is still a valid lease over the space.

The reader may wonder why we use a scale of 1 to 9 and not 1 to 10. The reason is that 1 to 9 has a whole-number median, namely 5. When you use a scale of 1 to 10, the median is an uncomfortable 5,5 – which is not a whole number. We use the same logic for the industrial vacancy scale.

To convert these vacancy factors to a percentage, the factor is multiplied by 3,333. The percentages that correspond with each vacancy factor are shown in the second table.

In **Chapter 6**, we report on the smoothed results of the vacancy survey, which were calculated by using a two-quarter moving average. The reason for smoothing the data is that it is dangerous to rely on one quarter's figure, as it might be an outlier owing to small sample sizes. This especially applies to small nodes.

*Importantly, Rode weighted the national decentralized vacancy rate by using SAPOA's office stock data per grade for the five major cities, namely Johannesburg, Pretoria, Durban, Cape Town and Gqeberha. The decentralized vacancy rates of these cities are also weighted based on the stock level per node. The weighted averages of the cities are provided in **Table 6.1**. ■*

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 m² 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 m². Use your financial calculator and proceed as follows:

Assume the following equation:

$\ln Y = 3,8855 - (0,2263 (\ln X))$ where $X = 750$ m².

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 m² 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 m². ■

Approximate building cost rates as at 1 July 2023

Source: AECOM Africa Property & Construction Cost Guide 2023/24

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

Rates are current to 1 July 2023, and therefore represent the average expected building cost rates for 2023. It must be emphasised that these rates are indicative only, and should be used circumspectly, as they are dependent upon a number of assumptions. The area of the building expressed in m² 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 areas, for example, are generally significantly higher than Gauteng due to the demand for this type of accommodation. However, these rates are 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. Specific costs for any region can be provided upon request by any AECOM office in that region.

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

Building rates

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

Offices

1.	Low-rise office park development with standard specification	/m ²	R10.000 – R12.300
2.	Low-rise prestigious office park development	/m ²	R12.900 – R19.200
3.	High-rise tower block with standard specification	/m ²	R14.500 – R19.200
4.	High-rise prestigious tower block	/m ²	R19.200 – R24.200

Note: Office rates exclude parking and include appropriate tenant allowances incorporating carpets, wallpaper, louvre drapes, partitions, lighting, air-conditioning and electrical reticulation.

Parking

1.	Parking on grade, including integral landscaping	/m ²	R700 – R900
2.	Structured parking	/m ²	R4.900 – R5.400
3.	Parking in semi-basement	/m ²	R5.400 – R7.300
4.	Parking in basement	/m ²	R5.700 – R10.000

Retail

1.	Local convenience centres (not exceeding 5.000m ²)	/m ²	R9.800 – R12.900
2.	Neighbourhood centres (5.000m ² - 12.000m ²)	/m ²	R10.800 – R14.200
3.	Community centres (12.000m ² - 25.000m ²)	/m ²	R11.800 – R15.000
4.	Minor regional centres (25.000m ² - 50.000m ²)	/m ²	R12.500 – R16.000
5.	Regional centres (50.000m ² - 100.000m ²)	/m ²	R13.200 – R16.000
6.	Super regional centres (exceeding 100.000m ²)	/m ²	R14.500 – R18.700

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 ²	R5.100 – R6.500
2.	Steel frame, brickwork to ceiling, steel cladding above and roof sheeting (heavy-duty)	/m ²	R5.700 – R8.200
3.	Administration offices, ablution and change room block	/m ²	R9.200 – R11.900
4.	Cold storage facilities	/m ²	R17.400 – R24.700

Residential

1.	Site services to low-cost housing stand (250m ² - 350m ²)	/site	R63.000 – R100.000
2.	RDP housing	/m ²	R3.000 – R3.200
3.	Low-cost housing	/m ²	R3.800 – R6.500
4.	Simple low-rise apartment block	/m ²	R9.100 – R12.700
5.	Economic duplex townhouse	/m ²	R9.100 – R13.000
6.	Prestige apartment block	/m ²	R17.800 – R26.000

7.	Private dwelling houses:		
	• Economic	/m ²	R7.000
	• Standard	/m ²	R8.700
	• Middle-class	/m ²	R10.500
	• Luxury	/m ²	R14.600
	• Exclusive	/m ²	R23.000
	• Exceptional ('super luxury')	/m ²	R34.000 – R70.000
8.	Outbuildings:		
	• Standard	/m ²	R6.500
	• Luxury	/m ²	R9.200
9.	Carport (shaded):		
	• Single	/no.	R5.600
	• Double	/no.	R11.300
10.	Carport (covered):		
	• Single	/no.	R8.800
	• Double	/no.	R17.200
11.	Swimming pool:		
	• Not exceeding 50kl	/no.	R110.000
	• Exceeding 50kl and not exceeding 100kl	/no.	R196.000
12.	Tennis court:		
	• Standard	/no.	R650.000
	• Floodlit	/no.	R810.000

Student residential

High rise tower block with standard specification /m² R14.100 – R15.500

Note: Student residential rates include allowances for furniture, fittings, and equipment (FF&E).

Hotels

1.	Budget	/key	R788.000 – R1.255.000
2.	Mid-scale (3-star)	/key	R1.255.000 – R1.884.000
3.	Upper-scale (4-star)	/key	R1.884.000 – R2.650.000
4.	Luxury (5-star)	/key	R2.650.000 – R3.550.000

Note: Hotel rates include allowances for furniture, fittings, and equipment (FF&E).

Studios

1.	Studios: dancing, art exhibitions, etc.	/m ²	R17.500 – R25.000
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Conference Centres

1.	Conference centre to international standards	/m ²	R32.000 – R40.000
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Retirement Centres

1.	Dwelling houses :		
	• middle class	/m ²	R10.300
	• luxury	/m ²	R14.500
2.	Apartment block :		
	• middle class	/m ²	R10.600
	• luxury	/m ²	R16.400

3.	Community centre :		
	• middle class	/m ²	R13.900
	• luxury	/m ²	R20.300
4.	Frail care	/m ²	R16.500

Schools

1.	Primary school	/m ²	R8.200 – R9.500
2.	Secondary school	/m ²	R9.800 – R10.500

Hospitals

1.	District hospital	/m ²	R34.000
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Note: Hospital rates exclude allowances for furniture, fittings, and equipment (FF&E).

Stadiums

1.	Stadium to PSL standards	/seat	R42.000 – R65.000
2.	Stadium to FIFA standards	/seat	R98.000 – R129.000
3.	Stadium pitch to FIFA standards	/pitch	R28.000.000 – R33.000.000

Prisons

1.	1.000 Inmate prison	/inmate	R733.000 – R779.000
2.	500 Inmate prison	/inmate	R756.000 – R872.000
3.	High/maximum security prison	/inmate	R1.165.000 – R1.540.000

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 = 6.800m ²)	/m ²	R6.900
2.	Code E stand (80m long x 65m wide = 5.200m ²)	/m ²	R7.300
3.	Code C stand (56m long x 40m wide = 2.240m ²)	/m ²	R9.300

Taxi lanes (incl. associated infrastructure)

1.	Code F taxi lane (101m wide)	/m	R231.000
2.	Code E taxi lane (85m wide)	/m	R194.000
3.	Code C taxi lane (49m wide)	/m	R115.000

Service roads

1.	Service road (10m wide)	/m	R23.000
2.	Dual carriage service road (15m wide)	/m	R29.000

Taxi ways (incl. associated infrastructure)

1.	Code F taxi way (70m wide)	/m	R172.000
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Runways (incl. associated infrastructure)

1.	Code F runway (3.885m long x 60m wide = 233.100m ²)	/m	R387.000
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Parking (excl. bulk earthworks)

1.	Structured parking	/bay	R237.000
2.	Basement parking	/bay	R355.000

Perimeter fencing/ Security gates

1.	Perimeter walls with perimeter intrusion detection (PIDS)	/m	R10.800
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Terminal & other buildings (excl. bulk earthworks, external site & services works)

1.	Terminal building (excl. baggage & X-ray, air bridges, seating & aircraft docking system)	/m ²	R38.000
2.	Telescopic air bridges	/unit	R14.260.000
3.	Aircraft Docking System	/unit	R2.053.000

Building services

The following rates are for building services (mechanical and electrical), which are applicable to typical building types in the categories indicated. Rates are dependent on various factors related to the design of the building and the requirements of the system.

In particular, the design, and therefore the cost of air-conditioning, can vary significantly depending on the orientation, shading, extent and type of glazing, external wall and roof construction.

Electrical installation

1.	Office buildings — standard installation	/m ²	R950 – R1.400
2.	Office buildings — sophisticated installation	/m ²	R1.400 – R1.750
3.	Office buildings — UPS, substations, standby generators	/m ²	R650 – R850
4.	Residential	/m ²	R850 – R1.400
5.	Shopping centres	/m ²	R1.400 – R1.800
6.	Hotels	/m ²	R1.500 – R2.000
7.	Hospitals	/m ²	R1.950 – R2.850

Electronic installation

1.	Offices — standard installation	/m ²	R450 – R650
2.	Offices — sophisticated installation	/m ²	R650 – R950
3.	Residential	/m ²	R400 – R650
4.	Shopping centres	/m ²	R900 – R1.200
5.	Hotels	/m ²	R850 – R1.200
6.	Hospitals	/m ²	R900 – R1.300

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).

Fire protection installation

1.	Sprinkler system including hydrants and hose reels (excluding void sprinkler)	/m ²	R400 – R500
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Air-conditioning installation

1.	Ventilation to parking/services areas	/m ²	R400 – R650
2.	Office buildings: console units	/m ²	R1.050 – R1.500
3.	Office buildings: console/split units	/m ²	R1.200 – R1.900
4.	Office buildings: package units	/m ²	R1.750 – R2.600
5.	Office buildings: central plant	/m ²	R2.150 – R3.350
6.	Residential: split units	/m ²	R1.200 – R1.900
7.	Shopping centres: split units	/m ²	R1.400 – R2.000
8.	Shopping centres: package units	/m ²	R1.750 – R2.600
9.	Shopping centres: evaporative cooling	/m ²	R1.100 – R1.650
10.	Hotels: public areas	/m ²	R2.150 – R3.350
11.	Hospitals: central plant	/m ²	R2.800 – R4.450
12.	Hotels: console units	/key	R27.000 – R36.750
13.	Hotels: split units	/key	R36.700 – R56.150
14.	Hotels: central plant	/key	R73.450 – R110.150
15.	Hospitals: operating theatres	/theatre	R800.000 – R1.350.000

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. However, these rates are 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. Specific costs for any region can be provided upon request by any AECOM office in that region.

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.

Awareness must be made of the effect that VAT has on cash flow over a period of time. This will vary according to the payment period of the individual vendor. However, in all cases, it will add to the capital cost of the project to the extent of interest on outstanding VAT for the VAT cycle of the 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."

Forecast date: March 2024

	2023			2024			2025			2026			2027			2028		
Month	Index	% ch		Index	% ch		Index	% ch		Index	% ch		Index	% ch		Index	% ch	
Jan	106,3	5,5		112,6	5,9		117,4	4,3		122,5	4,4		128,2	4,7		133,6	4,2	
Feb	108,0	6,4		113,9	5,5		118,4	3,9		123,6	4,4		129,0	4,4		134,4	4,1	
Mar	109,0	6,3		114,5	5,1		119,3	4,2		124,5	4,3		130,0	4,4		135,4	4,1	
Apr	109,0	5,3		114,4	5,0		119,6	4,5		125,0	4,5		130,6	4,5		136,0	4,2	
May	109,5	4,2		114,9	4,9		120,1	4,5		125,5	4,4		131,6	4,9		136,7	3,9	
Jun	109,1	3,3		115,1	5,5		120,2	4,4		125,8	4,7		132,2	5,1		137,3	3,8	
Jul	109,8	3,2		115,4	5,1		120,7	4,6		126,4	4,7		132,7	5,0		138,0	4,0	
Aug	110,2	4,1		115,6	4,9		120,9	4,6		126,5	4,6		132,8	5,0		138,3	4,2	
Sep	110,9	5,3		116,0	4,6		121,2	4,5		126,7	4,5		133,1	5,0		138,5	4,1	
Oct	111,1	6,0		116,2	4,6		121,5	4,5		127,0	4,5		133,0	4,8		138,5	4,1	
Nov	111,8	6,3		116,5	4,3		121,7	4,5		127,2	4,5		133,3	4,7		138,8	4,2	
Dec	112,1	6,5		116,7	4,3		122,0	4,5		127,6	4,5		133,6	4,7		139,1	4,1	
Avg.	109,7	5,2		115,1	4,9		120,2	4,4		125,7	4,5		131,7	4,8		137,0	4,1	
Source: Bureau for Economic Research (BER)																		

BER Building Cost Index

(non-residential tender prices)

Dec 2021 = 100

	First quarter	Second quarter	Third quarter	Fourth quarter	Average
2013	66,1	64,0	67,2	66,6	66,0
% ch	11,7	5,4	8,6	4,8	7,6
2014	66,2	71,6	73,1	75,2	71,5
% ch	0,1	11,9	8,7	12,9	8,4
2015	75,2	75,3	74,5	76,7	75,4
% ch	13,6	5,2	2,0	2,0	5,5
2016	73,9	79,8	81,5	80,3	78,9
% ch	-1,7	6,0	9,5	4,8	4,6
2017	80,5	82,8	82,3	84,7	82,6
% ch	8,9	3,7	0,9	5,4	4,6
2018	86,5	88,5	87,8	89,7	88,2
% ch	7,5	7,0	6,6	6,0	6,8
2019	90,3	93,4	90,9	93,8	92,1
% ch	4,3	5,5	3,6	4,5	4,5
2020	92,7	93,1	96,2	94,7	94,2
% ch	2,6	-0,4	5,8	0,9	2,2
2021	95,6	96,3	96,8	100,0	97,2
% ch	3,1	3,4	0,6	5,6	3,2
2022	101,0	109,0	105,4	106,0	105,3
% ch	5,6	13,2	8,9	6,0	8,4
2023	113,1	110,7	117,9	122,2	116,0
% ch	12,0	1,6	11,8	15,3	10,1
2024	126,8				
% ch	12,1				

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
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	7,75	7,25	7,25	7,00	7,00	7,00	7,00	7,00	7,00	7,71
2021	7,00	7,00	7,00	7,00	7,00	7,00	7,00	7,00	7,00	7,00	7,25	7,25	7,04
2022	7,50	7,50	7,75	7,75	8,25	8,25	9,00	9,00	9,75	9,75	10,50	10,50	8,79
2023	10,75	10,75	11,25	11,25	11,75	11,75	11,75	11,75	11,75	11,75	11,75	11,75	11,50
2024	11,75	11,75	11,75	11,75									
Source: S&P Global													

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