SAPOA

RESEARCH

Office Vacancy SURVEY

IPD

An MSCI Brand

Report compiled by IPD

Q1 2014:

Key Findings

The office market is continuing on its gradual recovery path as occupancy rates stabilise in the low double digits. As at Q1 2014, the national office vacancy rate as measured by SAPOA stood at 11.0%.

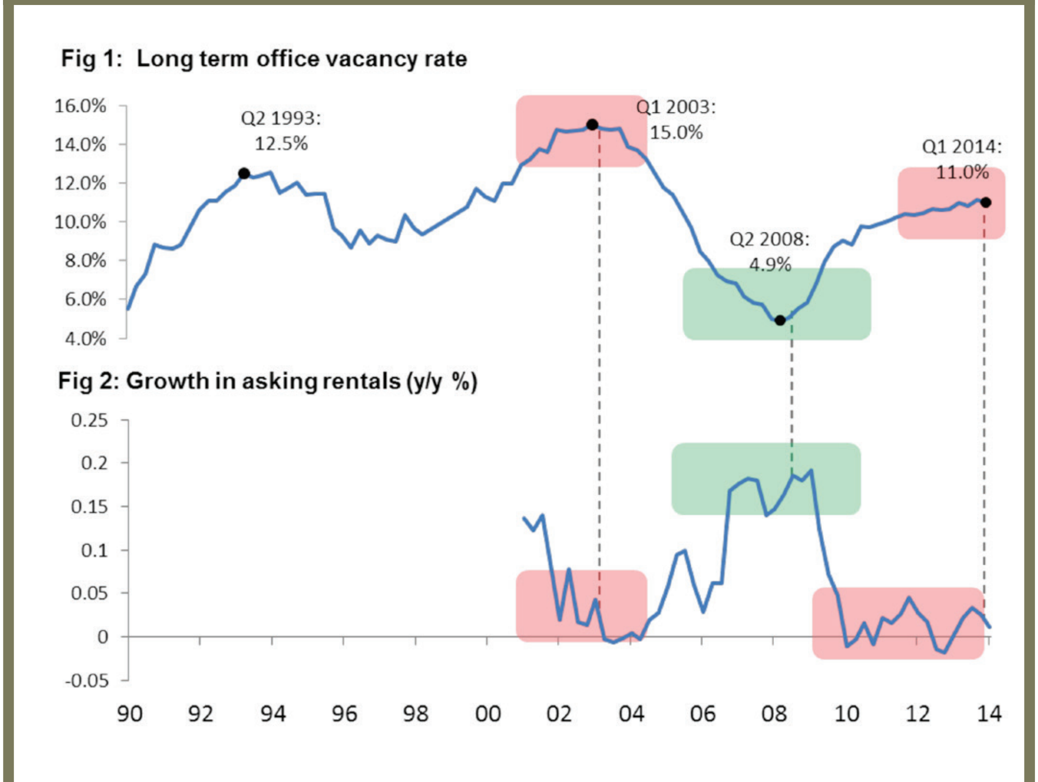
Among the 4 larger metros, Durban recorded the highest vacancy rate at 13.8% with Johannesburg following at 11.4%.). Inner City office vacancies, at 16.6%, are still significantly higher than that of city decentralized nodes at 9.7%

Since 2008 there has been a clear dislocation between prime and secondary offices with prime office vacancies continuing to be significantly lower than that of secondary offices.

The most significant move during the past quarter was the increase in P-grade vacancies which now stand at 7.1%.The move was almost entirely due to an increased prime vacancy in Sandton which now stand at 13.6%. – up from 0.9% a year ago.

FIGURE 1: LONG TERM OFFICE VACANCY RATE

FIGURE 2: GROWTH IN ASKING RENTALS (Y/Y %)



NOTES

- The Centurion and Highveld Technopark nodes have been redefined with the area around Centurion Lake being renamed as the Centurion CBD. Refer to updated area descriptions for new definitions.
- The Silver Lakes/The Willows office node has been split out from 'Other PTA Eastern Suburbs/R21 as its sample size now justifies it being surveyed as a standalone office node.
- There has been a re-grading of offices in the CTN sample which has the effect of reducing A-grade vacancies.

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Overview

The office market is continuing on its gradual recovery path as occupancy rates stabilise in the low double digits. As at Q1 2014, the national office vacancy rate as measured by SAPOA stood at 11.0%. While this is 20 basis points (bps) down from the quarter before, it is still up 40bps up from a year ago. The national office vacancy rate has essentially been moving sideways since June of 2011 and the current excess supply prevalent in the market is weighing on rental growth which is currently only marginally positive in nominal terms – negative if adjusted for inflation.

Encouragingly, the current level of vacancies and development activity are below the peaks of 1993 and 2003 when rates peaked at 12.5% and 15.0% respectively (Fig 5). However, the take-up of excess supply in the market is likely to occur at a slower pace relative to the previous 2 cycles when economic and employment growth were more robust. (Fig 3 & 4) Over the past 3-4 years slow private sector employment growth has been offset by solid growth in the public sector but this is also now flattening out.

FIGURE 3:
REAL GDP GROWTH – 1990-2013

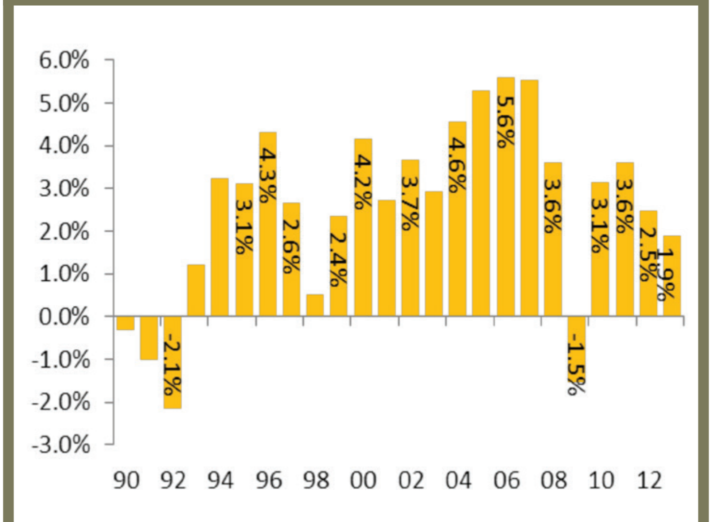


FIGURE 4:
EMPLOYMENT GROWTH – 1990-2013

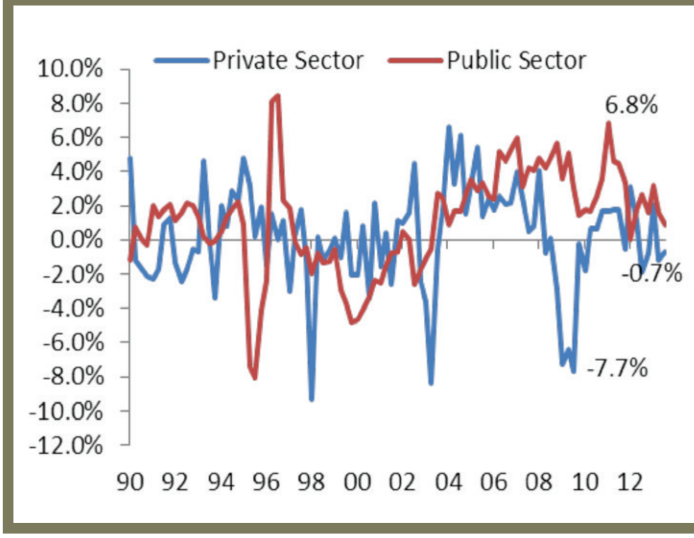
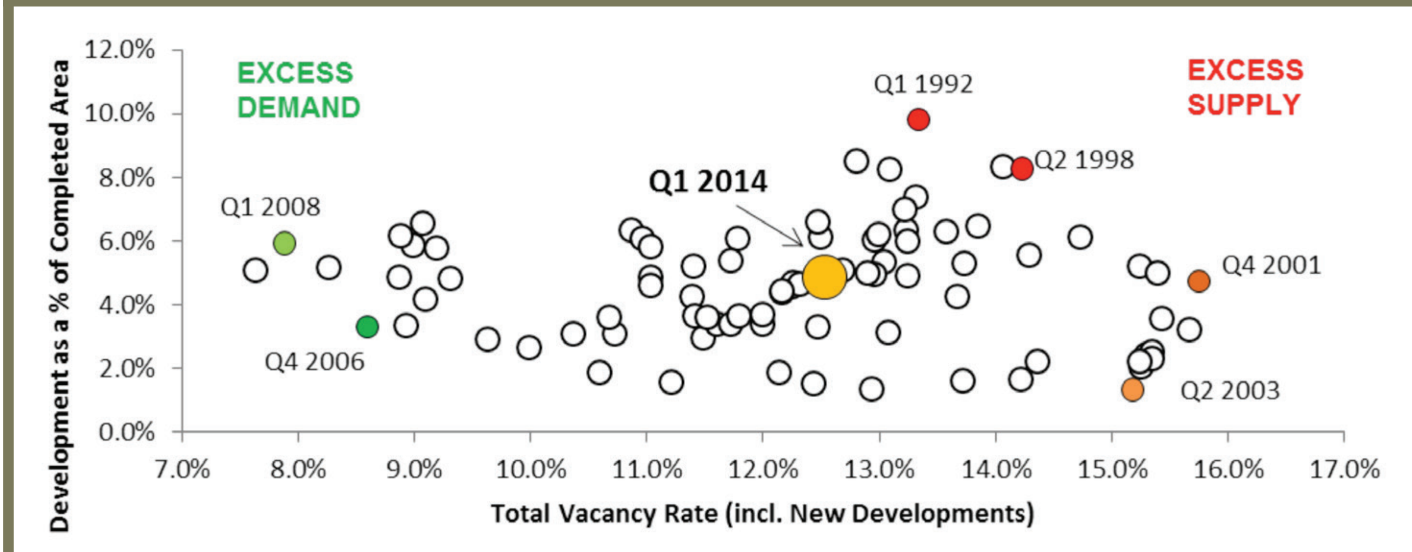


FIGURE 5:
CURRENT DEVELOPMENT AND VACANCY LEVELS RELATIVE TO PREVIOUS PERIODS



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Regional Trend

On a regional level, the highest vacancy rate of 16.5% at quarter end was recorded for the relatively small market of Port Elizabeth. Among the 4 larger metros, Durban recorded the highest vacancy rate at 13.8% with Johannesburg following at 11.4%. Cape Town & Pretoria outperformed with 10.2% and 9.1% respectively. (Fig 6). Inner City office vacancies, at 16.6%, are still significantly higher than that of city decentralized nodes at 9.7% (Fig 6.2).

There were year on year vacancy increases for Johannesburg & Cape Town while Pretoria & Durban registered improved occupancy rates. All the larger metro areas barring Johannesburg recorded positive growth in the average asking rental when compared to a year before. (Fig 7)

FIGURE 6.1:
OFFICE VACANCY TREND BY REGION

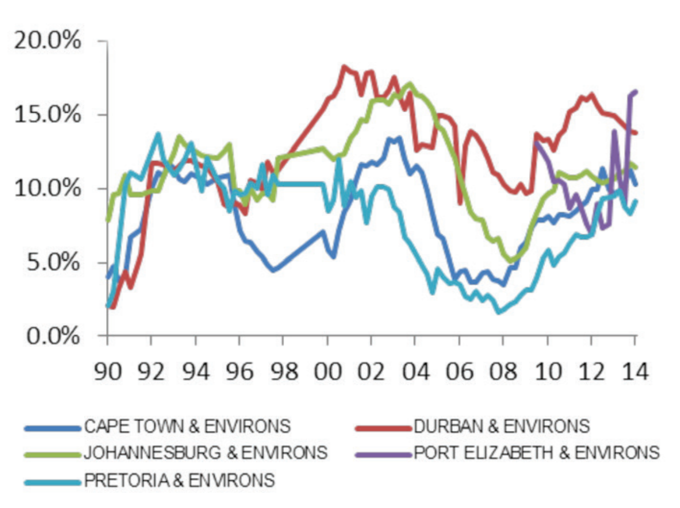


FIGURE 6.2:
OFFICE VACANCY TREND BY LOCATION

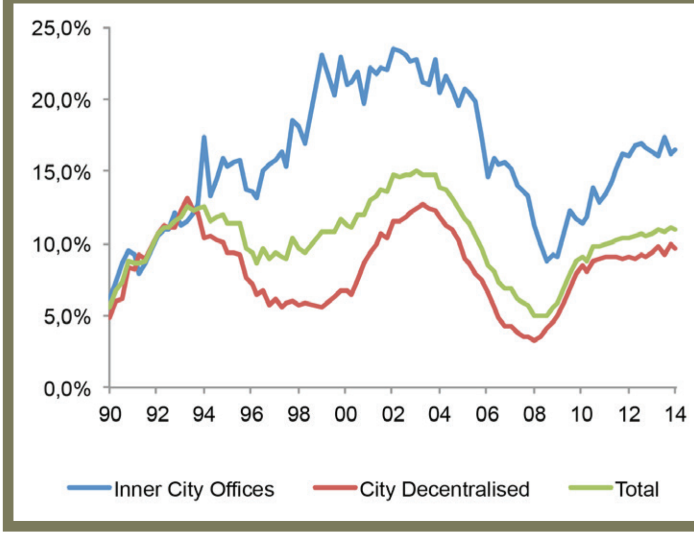
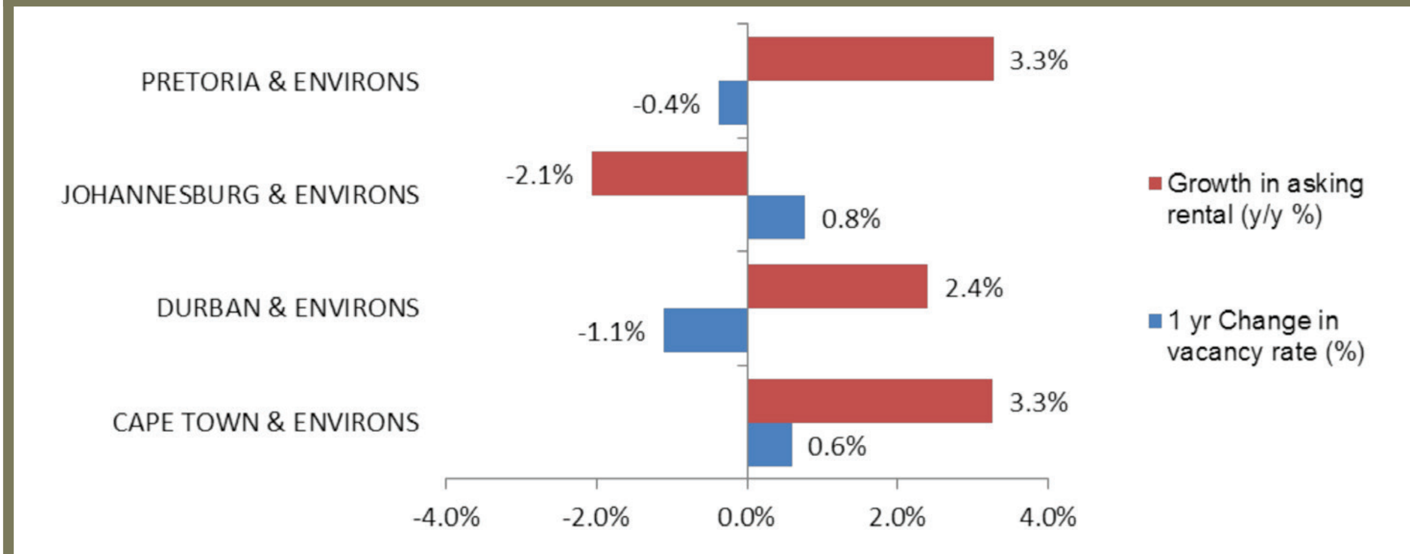


FIGURE 7:
REGIONAL PERFORMANCE OF 4 LARGER METRO AREAS - 1 YEAR



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Trend by Office Grade

Since 2008 there has been a clear dislocation between prime and secondary offices with prime office vacancies continuing to be significantly lower than that of secondary offices (Fig 8). As at Q1 2014, P & A-grade vacancies averaged 8% while the average vacancy rate of B & C-grade offices was double that.

The most significant move during the past quarter was the increase in P-grade vacancies which now stand at 7.1%. The move was almost entirely due to an increased prime vacancy in Sandton which now stand at 13.6%. – up from 0.9% a year ago. Over the past 12 months, the amount of un-let prime space in Sandton has increased from 2,000sqm to 54,000sqm.

Figure 9 below compares the country's 25 largest office nodes in terms of development activity and total vacancy rate (incl. un-let new developments). Apart from Sandton, the Highveld Technopark node is also likely to experience excess supply in the medium term and is already seeing downward pressure on asking rentals. For the year ending March 2014, A-grade asking rentals in the node has pulled back by 3.5%.

FIGURE 8:
VACANCY TREND BY GRADE

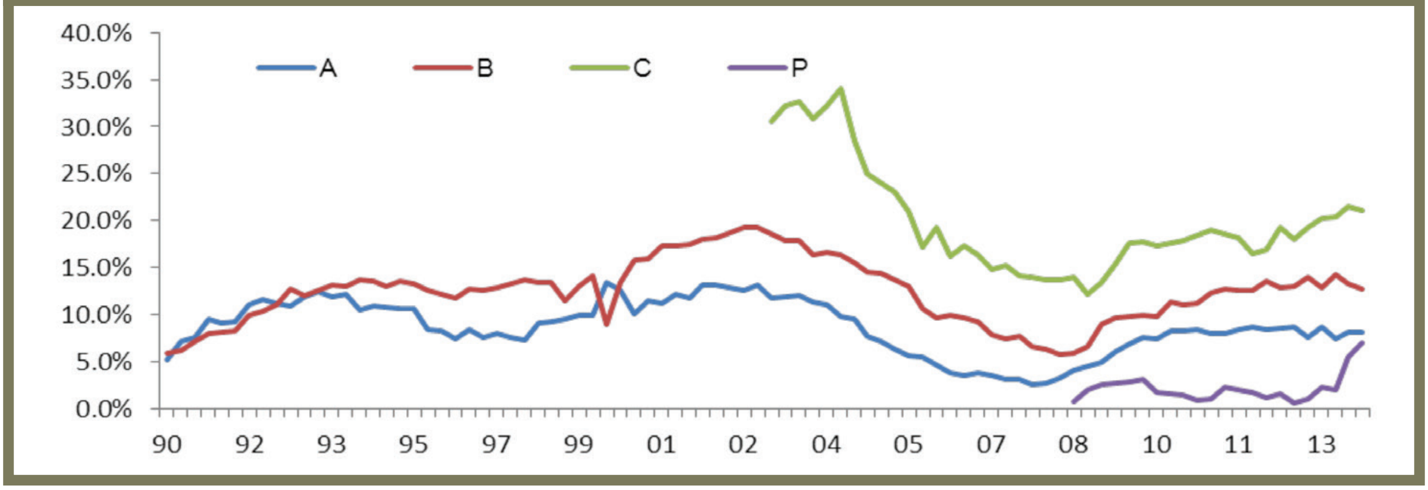
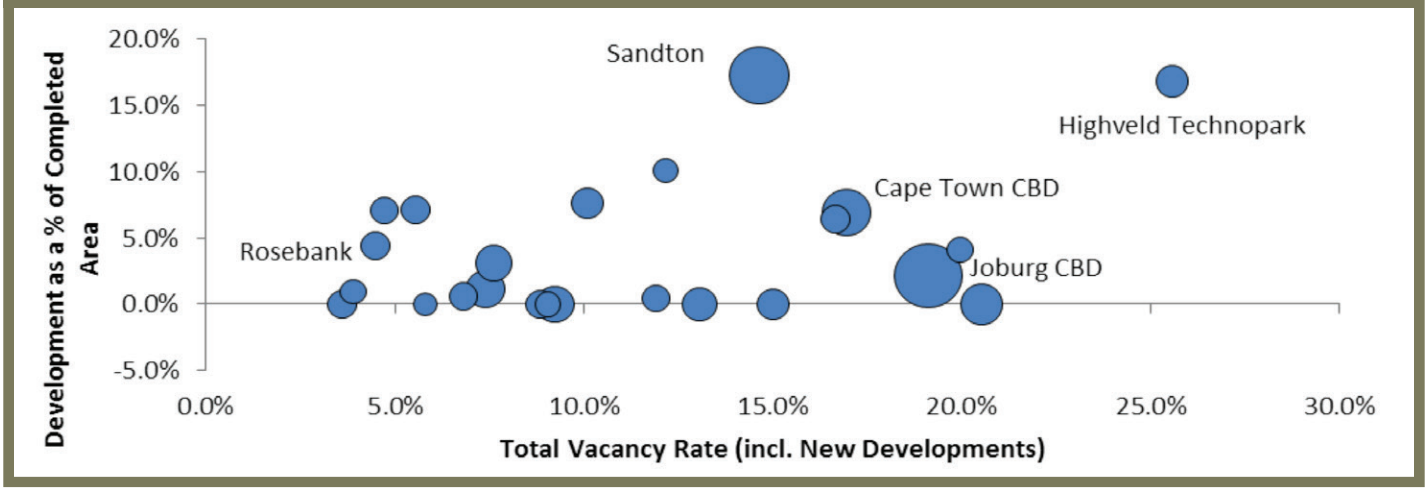


FIGURE 9:
SOME NODES UNDER PRESSURE



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Development Activity

As at Q1 2014, there was over 800,000sqm of office space under construction in the nodes surveyed by SAPOA - well off the lows of 2009/'10. (Fig 10). Calculated as a % of completed stock, development levels are currently at 4.9% which is fairly robust given the fragile economic environment. Development activity remains very concentrated with 3 nodes – Sandton, Cape Town CBD and Highveld Technopark – accounting for half of all development across the 52 nodes surveyed by SAPOA. The top 10 nodes account for 75% of all development.

Encouragingly, speculative development in the sector has declined with the pre-let rate of developments improving steadily over the last 3 years and was at 56% at quarter end. (Fig 11). Speculative development in the sector peaked in 2008 when only 22.5% of development space under construction was pre-let.

FIGURE 10:
DEVELOPMENT AS A % OF EXISTING STOCK

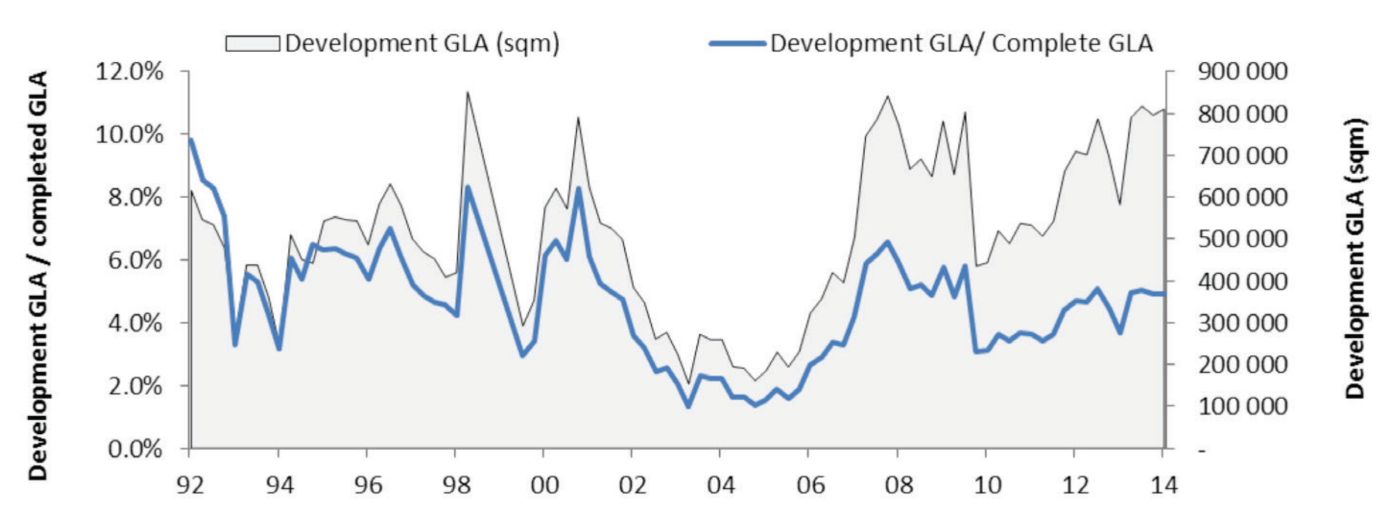

FIGURE 11:
DEVELOPMENT PRE-LET RATE

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JOHANNESBURG & ENVIRONS

	TOTAL RENTABLE AREA (M²)	AREA AVAILABLE FOR LEASING (M²)	CURRENT %	PREVIOUS MONTHS 3 %	PREVIOUS MONTHS 6 %	PREVIOUS MONTHS 9 %	GROSS ASKING RENTALS - RAND/M² MIN	GROSS ASKING RENTALS - RAND/M² MAX	GROSS ASKING RENTALS - RAND/M² MED	COMMITTED NEW DEVELOPMENTS TOTAL RENTABLE AREA (M²)	COMMITTED NEW DEVELOPMENTS AREA AVAILABLE FOR LEASING (M²)	COMMITTED NEW DEVELOPMENTS MEDIAN ASKING RENTAL
BEDFORDVIEW												
A	133,204	14,572	10.9	10.6	11.8	11.7	90.00	144.00	115.00			
B	69,794	11,369	16.3	17.2	17.2	17.2	85.00	110.00	90.00			
C	20,409	7,073	34.7	35.2	7.6	7.6	80.00	95.00	87.50			
TOTAL	223,407	33,014	14.8	14.9	13.1	13.1						
BRAAMFONTEIN												
A	226,121	40,121	17.7	17.9	15.7	18.4	63.00	95.00	90.00			
B	163,438	22,978	14.1	13.4	15.5	14.7	55.00	65.00	60.00			
C	103,816	1,308	1.3	5.7	5.7	5.7	50.00	50.00	50.00			
TOTAL	493,375	64,407	13.1	13.8	13.6	14.5						
BRUMA												
A	33,664	1,734	5.1	15.4	4.7	4.7	74.00	80.00	74.00			
B	51,701	16,089	31.1	35.6	21.0	21.0	58.00	110.00	75.00			
TOTAL	85,365	17,823	20.9	27.9	14.7	14.7						
BRYANSTON / EPSOM DOWNS												
A	533,984	37,099	6.9	8.7	7.5	8.4	85.00	195.00	112.50	17,601	6,505	155.0
B	34,984	1,069	3.1	6.8	9.2	12.8	65.00	118.00	83.50			
TOTAL	568,968	38,168	6.7	8.5	7.6	8.3						
CBD JOHANNESBURG												
P	20,000	0	0.0	0.0	0.0	0.0	-	-	-	40,000	40,000	120.0
A	548,166	5,267	1.0	0.0	0.0	1.0	75.00	75.00	75.00			
B	886,798	164,662	18.6	21.6	24.5	19.5	25.00	100.00	75.00			
C	418,986	155,856	37.2	37.2	37.5	36.7	20.00	85.00	50.00			
TOTAL	1,873,950	325,785	17.4	17.7	19.4	17.2						
CONSTANTIA KLOOF												
A	290,795	13,312	4.6	4.7	3.8	4.3	85.00	120.00	102.50	22,000	-	
B	21,743	2,484	11.4	8.7	9.4	8.6	60.00	95.00	95.00			
TOTAL	312,538	15,796	5.1	4.9	4.2	4.6						
CRESTA/BLACKHEATH TO RANDPARK												
P	75,000	0	0.0	0.0	0.0	0.0	-	-	-	31,300	31,300	105.0
A	51,999	1,400	2.7	5.8	6.8	7.7	117.00	117.00	117.00			
B	35,537	7,027	19.8	19.3	24.7	31.8	60.00	119.00	75.00			
TOTAL	162,536	8,427	5.2	6.1	7.6	9.5						
FOURWAYS												
P	10,000	0	0.0	0.0	0.0	0.0	-	-	-	10,800	5,663	140.0
A	144,526	22,546	15.6	15.6	17.2	15.1	90.00	147.50	120.00			
B	6,500	0	0.0	0.0	0.0	0.0	-	-	-			
TOTAL	151,026	22,546	14.9	14.9	16.5	14.4						

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GREENSTONE/EDENVALE/MODDERFONTEIN												
A	52,655	2,561	4.9	4.9	1.7	1.7	105.00	105.00	105.00	6,845	6,845	105.0
B	19,367	8,910	46.0	46.0	43.2	48.1	35.00	60.00	50.00			
TOTAL	72,022	11,471	15.9	15.9	13.0	14.6						
HOUGHTON/KILLARNEY												
A	102,908	3,912	3.8	1.9	3.5	3.5	110.00	176.00	123.00	3,672	3,672	-
B	2,100	-	0.0	-	0.8	0.8	-	-	-			
TOTAL	105,008	3,912	3.7	1.9	2.8	2.8						
HYDE PARK/DUNKELD												
A	37,570	7,675	20.4	28.3	24.6	41.3	120.00	160.00	134.00	5,600	5,600	150.0
B	66,178	4,410	6.7	13.2	9.3	9.0	110.00	150.00	118.00			
TOTAL	103,748	12,085	11.6	18.6	14.7	19.0						
ILLOVO												
P	10,300	0	0.0	0.0	0.0	0.0	-	-	-	4,000	1,000	200.0
A	164,655	2,081	1.3	1.6	1.4	2.7	130.00	140.00	135.00			
B	27,164	2,032	7.5	5.5	6.2	5.2	115.00	130.00	125.00			
TOTAL	202,119	4,113	2.0	2.1	2.0	2.9						
MELROSE/WAVERLEY												
P	92,000	1,244	1.4	3.2	3.2	1.1	210.00	210.00	210.00	24,000	-	-
A	33,878	1,040	3.1	1.2	1.8	2.1	99.00	130.00	114.50			
B	19,697	585	3.0	3.2	2.1	14.2	70.00	115.00	92.50			
TOTAL	145,575	2,869	2.0	2.7	2.7	3.1						
MIDRAND												
P	167,404	2,978	1.8	1.8	1.8	1.4	105.25	105.25	105.25	7,384	5,946	152.5
A	221,046	13,916	6.3	6.8	6.7	7.3	85.00	130.00	85.00			
B	236,992	23,531	9.9	7.3	5.1	4.3	50.00	121.00	85.00			
C	12,842	1,314	10.2	10.2	10.2	10.2	70.00	70.00	70.00			
TOTAL	638,283	41,739	6.5	5.7	4.8	4.6						
MILPARK												
A	27,900	0	0.0	0.0	0.0	0.0	-	-	-			
B	175,526	9,310	5.3	7.3	7.1	7.6	72.00	92.64	75.00			
C	18,012	0	0.0	0.0	0.0	0.0	-	-	-			
TOTAL	221,438	9,310	4.2	5.8	5.7	6.0						
MORNINGSIDE												
A	64,925	1,105	1.7	4.9	7.7	7.7	100.00	160.00	130.00	1,799	1,799	170.0
B	4,400	1,800	40.9	-	-	-						
TOTAL	69,325	2,905	4.2	4.9	7.7	7.7						

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				3 %	6 %	9 %	MIN	MAX	MED	TOTAL RENTABLE AREA (M²)	AREA AVAILABLE FOR LEASING (M²)	MEDIAN ASKING RENTAL
NEWTOWN												
A	61,859	0	0.0	0.0	0.0	0.0	-	-	-	30,000	-	-
B	50,900	21,656	42.5	42.5	44.5	44.2	70.00	95.00	75.00			
C	6,300	0	0.0	0.0	0.0	0.0	-	-	-			
TOTAL	119,059	21,656	18.2	18.2	19.0	18.9						
PARKTOWN												
A	113,091	1,379	1.2	3.7	3.4	3.4	100.00	120.00	105.00			
B	223,265	26,720	12.0	14.3	11.6	11.6	89.00	125.00	98.36			
C	17,970	3,223	17.9	17.3	17.3	17.3	60.00	90.00	75.00			
TOTAL	354,326	31,322	8.8	11.0	9.1	9.1						
RANDBURG												
A	52,167	4,543	8.7	7.9	5.4	19.5	70.00	86.00	75.00	32,000	-	
B	338,769	34,279	10.1	10.1	15.3	14.6	55.00	90.00	70.00			
C	30,799	7,015	22.8	22.8	21.1	17.5	35.00	80.00	49.00			
TOTAL	421,735	45,837	10.9	10.7	14.6	15.3						
RIVONIA												
A	83,391	15,296	18.3	18.3	18.2	18.2	85.00	115.00	95.00	11,579	4,579	-
B	191,901	38,543	20.1	19.8	16.3	16.3	65.00	105.00	90.00			
C	5,834	0.0	0.0	0.0	0.0	0.0	-	-	-			
TOTAL	281,126	53,839	19.2	19.0	16.5	16.5						
ROSEBANK												
A	199,673	5,666	2.8	6.2	7.8	6.6	120.00	200.00	150.00	16,294	7,294	215.0
B	151,612	4,246	2.8	4.1	3.7	3.3	100.00	141.50	120.00			
C	15,932	0	0.0	0.0	0.0	0.0	-	-	-			
TOTAL	367,217	9,912	2.7	4.8	5.4	4.7						
SANDTON & ENVIRONS												
P	403,421	54,965	13.6	10.6	2.6	4.5	163.50	210.00	190.00	258,000	45,000	145.0
A	844,346	144,688	17.1	15.9	9.5	11.3	95.00	205.00	145.00			
B	249,757	12,534	5.0	7.0	12.3	9.0	75.00	165.00	100.00			
TOTAL	1,497,524	212,187	14.2	13.0	8.5	9.6						
SUNNINGHILL												
A	359,044	40,464	11.3	9.9	9.9	10.1	79.00	125.00	94.00	23,191	23,191	107.5
TOTAL	359,044	40,464	11.3	9.9	9.9	10.1						
WOODMEAD												
A	358,070	17,288	4.8	6.6	6.7	8.3	88.00	135.00	110.00	26,703	-	-
B	17,800	5,063	28.4	28.4	28.4	33.7	88.00	88.00	88.00			
TOTAL	375,870	22,351	5.9	7.6	7.8	9.5						

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CAPE TOWN & ENVIRONS

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				3 %	6 %	9 %	MIN	MAX	MED	TOTAL RENTABLE AREA (M²)	AREA AVAILABLE FOR LEASING (M²)	MEDIAN ASKING RENTAL
BELLVILLE												
A	366,263	27,963	7.6	7.5	6.9	5.6	85.00	130.00	110.00	13,500	2,500	-
B	162,441	16,604	10.2	12.5	13.1	10.5	70.00	120.00	80.00			
C	25,581	7,466	29.2	25.6	25.7	26.5	35.00	95.00	67.50			
TOTAL	554,285	52,033	9.4	9.8	9.6	8.0						
CBD CAPE TOWN												
P	0	0		0.0	0.0	0.0	-	-	-	69,500	37,500	-
A	257,472	17,207	6.7	10.6	11.3	12.3	85.00	130.00	110.00			
B	547,557	64,442	11.8	13.7	13.7	11.7	70.00	110.00	90.00			
C	194,553	62,150	31.9	32.7	26.9	28.1	45.00	90.00	67.50			
TOTAL	999,582	143,799	14.4	16.2	14.7	14.0						
CENTURY CITY												
P	7,000	0	0.0	0.0	0.0	0.0	-	-	-	26,832	18,381	-
A	211,618	15,901	7.5	5.7	5.9	3.9	95.00	140.00	130.00			
B	47,663	1,362	2.9	7.4	7.4	7.4	100.00	120.00	100.00			
TOTAL	266,281	17,263	6.5	5.7	5.9	4.2						
CLAREMONT												
A	50,036	385	0.8	3.8	4.3	14.7	120.00	140.00	130.00			
B	54,586	8,398	15.4	16.8	16.7	25.2	60.00	120.00	95.00			
C	8,432	2,657	31.5	31.8	30.4	58.0	40.00	85.00	50.00			
TOTAL	113,054	11,440	10.1	11.2	11.3	21.5						
PINELANDS												
A	194,475	2,592	1.3	3.2	3.9	2.5	95.00	130.00	105.00	6,500	-	-
B	33,950	4,722	13.9	3.2	3.8	3.0	65.00	95.00	87.50			
TOTAL	228,425	7,314	3.2	3.2	3.8	2.5						
RONDEBOSCH/NEWLANDS												
A	70,254	7,008	10.0	9.7	6.2	6.9	115.00	135.00	127.50			
B	28,077	538	1.9	1.9	3.2	3.5	105.00	105.00	105.00			
TOTAL	98,331	7,546	7.7	7.5	5.3	5.9						
WATERFRONT												
P	18,000	0	0.0	0.0	0.0	0.0	-	-	-	-	-	-
A	65,055	1,196	1.8	6.0	1.8	1.6	165.00	170.00	167.50			
B	6,298	0	0.0	33.6	35.4	1.8	-	-				
TOTAL	89,353	1,196	1.3	5.6	3.7	0.9						

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DURBAN & ENVIRONS

	TOTAL RENTABLE AREA (M²)	AREA AVAILABLE FOR LEASING (M²)	CURRENT %	PREVIOUS MONTHS			GROSS ASKING RENTALS - RAND/M²			COMMITTED NEW DEVELOPMENTS		
				3 %	6 %	9 %	MIN	MAX	MED	TOTAL RENTABLE AREA (M²)	AREA AVAILABLE FOR LEASING (M²)	MEDIAN ASKING RENTAL
BALLITO												
P	3,632	0	0.0	0.0	0.0	0.0	95.00	95.00	95.00			
A	18,441	2,710	14.7	14.6	19.2	15.2	70.00	143.00	87.50			
B	7,496	549	7.3	8.4	7.4	10.0	60.00	100.00	67.50			
C	14,411	2,857	19.8	17.6	18.9	14.0	53.00	75.00	62.50			
TOTAL	43,980	6,116	13.9	13.3	15.5	12.7						
BEREA												
A	39,999	3,161	7.9	7.3	8.1	15.6	90.36	120.00	105.00			
B	33,303	6,648	20.0	13.5	14.8	13.1	65.00	110.00	95.00			
C	17,653	3,561	20.2	22.8	24.1	19.1	65.00	95.00	85.00			
TOTAL	90,955	13,370	14.7	12.6	13.7	15.3						
CBD DURBAN - NOT UPDATED THIS QUARTER												
A	151,063	30,420	20.1	20.1	20.5	20.6	65.00	115.00	100.00			
B	192,256	24,550	12.8	12.8	12.6	12.5	40.00	85.00	67.50			
C	394,866	96,556	24.5	24.5	24.6	24.7	25.00	75.00	45.00			
TOTAL	738,185	151,526	20.5	20.5	20.6	20.7						
HILLCREST/GILLITS												
P	5,467	287	5.2	9.9	9.9	10.0	75.00	105.00	100.00	400	400	-
A	16,548	53	0.3	0.2	2.6	3.1	85.00	100.00	92.50			
B	6,402	240	3.7	3.7	4.3	3.3	80.00	85.00	82.50			
C	879	500	56.9	0.0	0.0	0.0	80.00	80.00	80.00			
TOTAL	29,296	1,080	3.7	2.8	4.2	4.2						
UMHLANGA/LA LUCIA - NOT UPDATED THIS QUARTER												
P	4,706	100	2.1	2.1	2.1	2.1	85.00	85.00	85.00	2,500	2,500	145.0
A	239,710	7,183	3.0	3.0	3.0	3.5	90.00	135.00	135.00			
B	28,652	954	3.3	3.3	3.3	2.8	100.00	100.00	100.00			
TOTAL	273,068	8,237	3.0	3.0	3.0	3.4						
WESTVILLE												
A	84,394	3,508	4.2	5.2	3.5	6.5	109.00	140.00	120.00	14,000	10,000	-
B	105,492	4,590	4.4	7.1	9.8	9.9	75.00	120.00	92.50			
TOTAL	189,886	8,098	4.3	6.3	7.0	8.4						

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PRETORIA & ENVIRONS

	TOTAL RENTABLE AREA (M^2)	AREA AVAILABLE FOR LEASING (M^2)	CURRENT %	PREVIOUS MONTHS 3 %	PREVIOUS MONTHS 6 %	PREVIOUS MONTHS 9 %	GROSS ASKING RENTALS - RAND/M^2 MIN	GROSS ASKING RENTALS - RAND/M^2 MAX	GROSS ASKING RENTALS - RAND/M^2 MED	COMMITTED NEW DEVELOPMENTS TOTAL RENTABLE AREA (M^2)	COMMITTED NEW DEVELOPMENTS AREA AVAILABLE FOR LEASING (M^2)	COMMITTED NEW DEVELOPMENTS MEDIAN ASKING RENTAL
ARCADIA												
A	156,530	9,344	6.0	11.2	10.9	10.9	87.00	90.00	88.50			
B	92,820	3,333	3.6	3.5	1.5	0.0	65.00	85.00	75.00			
C	115,750	497	0.4	0.5	0.5	0.4	85.00	85.00	85.00			
TOTAL	365,100	13,174	3.6	5.9	5.7	5.3						
BROOKLYN/NIEUW MUCKLENEUK/GROENKLOOF/WATERKLOOF												
A	183,470	13,390	7.3	6.5	8.0	7.4	105.00	175.00	132.00	6,960	6,960	157.5
B	54,390	2,492	4.6	4.6	7.8	5.9	100.00	115.00	105.00			
TOTAL	237,860	15,882	6.7	6.1	8.0	7.1						
CBD PRETORIA												
A	97,480	1,789	1.8	1.8	1.8	1.8	65.00	65.00	65.00			
B	303,830	41,499	13.7	8.9	9.4	9.4	70.00	80.00	80.00			
C	213,570	13,512	6.3	6.8	6.4	6.1	60.00	70.00	70.00			
TOTAL	614,880	56,800	9.2	7.0	7.2	7.1						
CENTURION CBD												
A	202,470	15,427	7.6	8.3	8.0	7.5	120.00	184.00	130.00			
B	218,640	47,798	21.9	21.1	20.0	23.3	75.00	118.00	100.00			
TOTAL	421,110	63,225	15.0	14.6	14.1	15.6						
HATFIELD/HILLCREST												
A	118,330	10,014	8.5	12.1	11.7	13.2	115.00	175.00	120.00			
B	156,540	14,832	9.5	10.7	14.3	12.8	85.00	132.00	95.00			
TOTAL	274,870	24,846	9.0	11.3	13.1	13.0						
HIGHVELD TECHNOPARK & EXTENSIONS												
A	328,700	48,039	14.6	5.0	5.2	13.1	97.00	130.00	R 110.00	76,600	72,600	139.0
B	126,870	15,438	12.2	15.0	10.3	8.0	65.00	95.00	R 87.00			
TOTAL	455,570	63,477	13.9	7.7	6.5	11.7						
LYNNWOOD/MENLO PARK/PERSEQUOR PARK/HAZEL WOOD												
P	30,400	0	0.0	0.0	0.0	0.0	-	-	-	7,610	7,610	147.5
A	72,560	5,572	7.7	7.9	4.8	5.7	100.00	158.00	126.00			
B	115,370	5,933	5.1	5.4	10.8	9.5	75.00	118.00	93.00			
TOTAL	218,330	11,505	5.3	5.4	7.3	6.9						
MENLYN/FAERIE GLEN/ASHLEA GARDENS												
A	228,730	15,326	6.7	5.5	6.9	9.5	100.00	165.00	130.00	2,080	5	145.0
B	111,920	8,320	7.4	8.7	11.4	9.1	95.00	115.00	106.50			
C	6,050	117	1.9	4.4	4.7	4.7	65.00	65.00	65.00			
TOTAL	346,700	23,763	6.9	6.3	8.1	9.3						

	TOTAL RENTABLE AREA (M²)	AREA AVAILABLE FOR LEASING (M²)	CURRENT %	PREVIOUS MONTHS			GROSS ASKING RENTALS - RAND/M²			COMMITTED NEW DEVELOPMENTS		
				3 %	6 %	9 %	MIN	MAX	MED	TOTAL RENTABLE AREA (M²)	AREA AVAILABLE FOR LEASING (M²)	MEDIAN ASKING RENTAL

PRETORIA & ENVIRONS

SILVER LAKES/ THE WILLOWS												
A	244,240	14,143	5.8	5.5	6.9	9.5	80.00	145.00	110.00			
B	3,000	216	7.2	4.4	4.7	4.7	75.00	75.00	75.00			
TOTAL	247,240	14,359	5.8	6.3	8.1	9.3						

PTA EASTERN SUBURBS/ ROUTE 21												
A	151,520	18,169	12.0	9.7	10.9	14.9	74.00	115.00	96.00	1,300	550	155.0
B	138,390	16,738	12.1	11.9	12.2	11.8	65.00	115.00	90.00			
C	24,830	2,195	8.8	9.1	11.5	11.7	72.00	85.00	78.50			
TOTAL	314,740	37,102	11.8	10.4	11.4	13.5						

SUNNYSIDE												
C	72,700	1,454	2.0	1.9	2.1	2.3	55.00	65.00	60.00			
TOTAL	72,700	1,454	2.0	1.9	2.1	2.3						

PORT ELIZABETH & ENVIRONS

CENTRAL/PARK DRIVE												
B	8,541	2,587	30.3	30.6	19.3	22.4	80.00	100.00	90.00			
TOTAL	8,541	2,587	30.3	30.6	19.3	22.4						

GREENACRES												
P	3,545	0	0.0	0.0	0.0	0.0	130.00	135.00	132.50	2,000	2,000	135.00
A	9,753	170	1.7	1.7	0.0	0.0	95.00	125.00	103.00			
B	53,056	9,607	18.1	18.1	3.3	5.1	65.00	100.00	80.00			
C	747	0	0.0	0.0	8.7	8.7	-	-	-			
TOTAL	67,101	9,777	14.6	14.6	2.7	4.1						

NEWTON PARK												
P	16,621	800	4.8	4.8	4.8	4.8	135.00	136.00	135.50			
A	967	0	0.0	0.0	0.0	0.0	95.00	95.00	95.00			
B	3,514	1,177	33.5	11.3	11.3	11.3	75.00	75.00	75.00			
TOTAL	21,102	1,977	9.4	5.1	5.1	5.1						

WALMER/FAIRVIEW												
A	20,007	5,110	25.5	25.5	25.5	25.5	95.00	130.00	100.00	7,965	7,965	140.0
B	5,471	740	13.5	20.8	20.8	38.1	65.00	70.00	66.00			
TOTAL	25,478	5,850	23.0	24.5	24.5	28.2						

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NOTES TO THE SAPOA OFFICE VACANCY

Please note that the total rentable areas will change from time to time as new and revamped buildings come on stream. The Survey is dynamic and data will change as buildings are completed and are up- or down-graded.

Panelists continue to classify buildings more accurately and, in some areas, the values in the various grades have changed since the last survey.

The statistics only reflect actual occupation even though major leases may have been signed. The results are aggregated from data provided by individual buildings and the methodology ensures that there is no duplication of data .

Note: In general sublet activity does not form part of the official vacancy rate and this may impact on the actual space available in the market. The effect of sublet space may be more or less prominent depending on the prevailing market conditions.

SAPOA endeavours to ensure that all information published in this survey is as accurate as possible and SAPOA cannot be responsible for errors, omissions or interpretations thereof.

DEFINITIONS

1. OFFICE BUILDING GRADES

1.1 Grade P: Top quality, modern space which is generally a pace-setter in establishing rentals and which includes the latest or a recent generation of building services, ample parking, a prestige lobby finish and good views, or a good environment.

1.2 Grade A: Generally not older than fifteen years or which has had a major renovation; high quality modern finishes; air conditioning; adequate on-site parking, market rental near the top of the range in the metropolitan area in which the building is located. (The following should also be taken into account in determining whether the building is A-grade or not: consider whether the building has a good quality lobby finish, quality access to/from an attractive St environment and other similar factors, such as safety and security).

1.3 Grade B: Generally older buildings, but accommodation and finishes close to modern standards as a result of refurbishments and renovation from time to time, air-conditioned; on-site parking, unless special circumstance pertain.

1.4 Grade C: Buildings with older style finishes, services and building systems. It may or may not be air-conditioned or have on-site parking.

2. RENTABLE AREA

All areas referred to in this survey are rentable areas in conformity with the definition of rentable areas as set out in the SAPOA Method of Measuring Floor Areas in Commercial and Industrial Buildings. Essentially this covers the entire floor, excluding major vertical penetrations of the floor such as stairs, lift shaft, flues, pipe shafts and vertical ducts which serve more than one floor of the building. It includes additional services such as stairs, dumb waiters and lifts which exclusively serve a tenant occupying offices on more than one floor.

3. GROSS ASKING RENTAL

The full rental being asked including operating costs and municipal costs excluding parking, VAT, electricity/water consumption and internal cleaning.

AREA DESCRIPTIONS

JOHANNESBURG AND ENVIRONS

BEDFORDVIEW / BRUMA: Includes the offices around and adjacent Bruma Lake, Eastgate Shopping Centre and Bedford Shopping Centre. Also offices adjacent to Gillooly's Farm, Skeen Boulevard as well as along the R22 and R24 in the direction of OR Tambo International Airport.

BRAAMFONTEIN: Bounded by the M1 highway to the west, the railway line to the south, Joubert St to the east and the Braamfontein Ridge to the north including the Braampark development but excluding the University campus.

BRYANSTON / EPSOM DOWNS: This area adjacent to the intersection between the Western Bypass and William Nicol Dr, including Peter Place.

CBD JOHANNESBURG: Bounded by the M2 and M1 highways to the south and west respectively, the railway to the north and End St to the east.

CONSTANTIA KLOOF BASIN: Includes area either side of Hendrik Potgieter Road, including Monash University to the west with the Western bypass to the east.

CRESTA / BLACKHEATH: Includes offices in Cresta, Darrenwood, Blackheath and Northcliff & extensions and Randpark either side of Beyers Naude bounded by Milner Rd to the east and Christiaan de Wet/Northumberland to the west, and from Milner in the south up to the N1 in the north.

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FOURWAYS: Bounded by Uranium Rd to the north, Main Rd to the east, William Nicol intersection to the south and Waterford Estate to the west.

GREENSTONE / LONGMEADOW / MODDERFONTEIN / EDENVALE: Bounded by the N3 to the west, Peace St/ Modderfontein Rd to the north, Palliser Rd to the east and Aitken Rd to the south.

HOUGHTON / KILLARNEY: Included are the offices in Killarney and Houghton on either side of the M1 highway as well as the Houghton Isle development.

HYDE PARK / DUNKELD: The node of the intersection of Jan Smuts Ave and William Nicol Dr including Dunkeld West, Hyde Park and the upper part of Craighall Park.

ILLOVO: The office node in Rudd Rd, Oxford Rd and Illovo Boulevard areas.

MELROSE / WAVERLEY: The area enclosed by Corlett Dr, Oxford Rd, Glenhove Rd and Atholl-Oaklands/Scott St as well as the Waverley area across the M1 Highway.

MIDRAND: Includes buildings which are predominantly offices in the Midrand and Halfway House area.

MILPARK: Includes the Richmond/Sunnyside office development node, the Milpark developments west of Empire Rd, the SABC complex and surrounding offices.

MORNINGSIDE: Includes Morningside, Morningside Manor & Gallo Manor areas bounded by Kelvin Dr, Bowling Rd, South Rd and the Western Service Rd/M1.

NEWTOWN: Includes the area enclosed by Commissioner, West, Car and Queen Streets.

PARKTOWN: Includes the Parktown nodes adjacent to Jan Smuts Ave up to the ridge, Central Parktown and the office area around Anerley Rd and Sunnyside Park Hotel.

RANDBURG: The Randburg CBD and extending into Ferndale, north to Bond St, west to Malibongwe Dr and east along Bram Fischer Dr into Jan Smuts Ave adjoining Bordeaux, up to Republic Rd. Also continuing south along both sides of Bram Fischer until Conrad Dr in Blairgowrie.

RANDPARK/RANDPARK RIDGE: Bounded by N1 to the south, Randpark Ridge to the west, Boskruin/Bromhof to the east and Christiaan de Wet/Northumberland to the north.

RIVONIA: The office node along Rivonia Rd up to 12th Ave, bounded by Summit Rd to the west, Bowling Rd to the east and Cullinan Place to the south.

ROSEBANK: Bounded by Bolton Rd, Jan Smuts Ave, Oxford Rd and Jellicoe Ave, including sundry buildings in Parkwood and Parktown North along the major arterial Rds.

SANDTON AND ENVIRONS: The Sandton CBD & adjacent office nodes incl. Wierda Valley, Benmore & Sandown. Also included are the offices along Katherine Rd travelling towards the M1 highway.

SUNNINGHILL: Centrally contained in the well-defined commercial hub. The North boundary is the main residential portion of the suburb. The East boundary terminates at Woodmead Dr. The Southern boundary is all properties that are accessed directly from Witkoppen Rd until it intersects with Millcliff Rd which then provides its Western boundary. The exclusion in terms of commercial buildings are the small, owner occupied properties that were constructed at the northern end of Peltier Rd.

WOODMEAD: The node is contained by the M1 highway to the East, Maxwell Dr to the North and Kelvin Dr to the South. The bulk of the commercial buildings are located in the office parks located directly to the West of Woodmead Dr, up to and including those on the Country Club Johannesburg boundary.

CAPE TOWN AND ENVIRONS

BELLVILLE: Jip de Jager/Mike Pienaar to the West, Voortrekker Rd to the South, Old Oak to the East and Van Riebeeck Rd to the North.

CBD CAPE TOWN: Chiappini St to West, Gardens suburb to South, Tennant St to East and Harbour Freeway to North.

CLAREMONT: Highwick/Pine to the South, Protea/ Campground Rd to the North, Palmyra to the East and the M3 to the West.

PINELANDS: Settlers Way to the South, Jan Smuts to the North and East and Old Mill Rd to the West.

RONDEBOSCH / NEWLANDS: Protea/Campground Rd to the South, Woolsack Rd to the North, Campground Rd to the East and the M3 to the West.

WATERFRONT / CENTURY CITY: Self explanatory.

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DURBAN AND ENVIRONS

BALLITO: The main area of Ballito and surrounds, including Salt Rock.

CBD DURBAN: The area bounded by Victoria Embankment and Winder St to the south, the railway line, Cross St, First Ave and Stamford Hill Rd to the west, Argyle Rd to the north and Brickhill and Point Rds to the east.

DURBAN SUBURBS: Includes Berea, Umhlanga / La Lucia and Westville.

HILLCREST: A triangular shape bounded by King Cetshwayo Highway (M13) in the south, Kassier Rd to the west and a line from the intersection of Kassier Rd & the R103 (Main Rd) to the intersection of King Cetshwayo Highway (M13) in the north east. The survey has been extended to cover Gillitts in Q3 2011 and Kloof will be introduced in due course.

PRETORIA AND ENVIRONS

ARCADIA: Bounded by Du Toit St to the west, Hill St to the east, Schoeman and Park Sts to the south and Belvedere St to the north.

BROOKLYN/ NIEUW MUCKLENEUK/ GROENKLOOF/ WATERKLOOF: Bounded by the Fountains Circle, Lynnwood Rd, Brooklyn Rd, Dely Rd, Rigel Rd North and Sibelius St.

CBD PRETORIA: Is bounded by Potgieter St to the west, Boom St to the north, Scheiding St to the south and Du Toit / Van Boeshoten St to the east.

CENTURION CBD: Is bounded by John Vorster extension and Rabie Street to the west, Botha Avenue to the north and east and Alexandra Road and the N1 highway to the south.

HATFIELD / HILLCREST: Is bounded by Church St to the north, Duncan and Brooklyn Sts to the east, Festival St to the west and Lynnwood St to the south.

HIGHVELD TECHNOPARK / HIGHVELD EXTENSIONS: This area is bounded by the N1 highway to the north, Jean Avenue extension to the east, Nellmapius Drive to the south and the Ben Schoeman highway to the west.

LYNNWOOD/MENLO PARK/HAZELWOOD/PERSEQUOR PARK: Bounded by Brooklyn Rd to the west, the N4 Freeway to the north, General Louis Botha to the east and Garsfontein Rd to the south.

MENLYN / FAERIE GLEN / ASHLEA GARDENS: Bounded by Dely Rd to the west, Ingersol and Kelvin Sts to the north, General Louis Botha to the east and Garsfontein Rd to the south.

PRETORIA OTHER EASTERN SUBURBS / ROUTE 21: Comprises of small office nodes throughout the eastern suburbs of Pretoria which fall outside the boundries of all the other suburban nodes a wel as office developments along the R21 corridor.

THE WILLOWS / SILVER LAKES / TIJGER VALLEY: The area east of Lynnwood Ridge all along Lynnwood Road and extension passing through The Willows past Silver Lakes and extending to the Lombardy Office Park.

SUNNYSIDE: Is bounded by Park St to the north, Johnston St to the east, Walker St to the south and Du Toit / Van Boeshoten to the west.

PORT ELIZABETH AND ENVIRONS

CENTRAL/PARK DRIVE: The area bounded by Rink St to the East, Park Dr/Cape Rd to the South, Mount Rd to the west and Westbourne Rd to the North.

GREENACRES: The area bounded by Koningham Rd to the East, Westview Dr to the South, 2nd Ave to the West and Norvic Dr/Worricker St to the North.

NEWTON PARK: The area bounded by 2nd Ave to the East, Hurd St to the South, 7th Ave and to the West and King Edward St to the North.

WALMER/FAIRVIEW: The area bounded by 1st Ave to the East, Heugh Rd to the South, William Moffett Expressway and 17th Ave to the West and Main Rd to the North.

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Statistics were provided by the following member companies: