

JLL South Africa releases Q2 2015 research reports

An overview of the Johannesburg and Cape Town property markets, including retail



The JLL South Africa research team has released its Q2 2015 research reports for the Johannesburg retail market, Johannesburg office market, Johannesburg industrial market and Cape Town office market with the following notable highlights:

In the Johannesburg retail market, the muted growth in consumption and household credit is likely to see demand for retail accommodation remain largely unchanged from current levels. Occupiers in super-regional malls can expect to see annual rental escalations averaging around 7.0%. Despite weak consumer confidence, the anticipation of new malls and the growing interest of international brands and retailers is indicative of the positive long-term outlook of the local retail sector.

The Johannesburg office vacancy rate saw an improvement to 11.3% in Q2 2015 from 11.9% in Q1 2015. The decline was driven mainly by take-up in Grade A accommodation.

Johannesburg continues to anticipate an additional 591,000m² of new developments, raising concerns of an over-supplied market. The average rental rate increased by a muted 2.9% y/y in Q2 2015. The subdued office market provides an opportune moment for restructuring and re-strategising business models for both occupiers and investors.

The industrial vacancy rate in Johannesburg has moved only slightly from Q1 2015, implying stable levels of industrial property demand attributable to trade activity.

The eastern and northern nodes are dominating the market at the moment, holding much of the newer and larger logistics units, which is an advantage for rental growth.

Construction and utilities, which have both seen moderate improvements in employment of late, could ease the pressure on trade performance as a driver of activity in the sector.

The Cape Town office market showed improvement in Q2 2015, partly driven by the conversion of Triangle House in the CBD to residential and hotel accommodation. The vacancy rate reduced to 8.1% in Q2 2015 from 9.2% in Q1 2015. This is the lowest vacancy rate in the South African metros surveyed by SAPOA. Rental rates improved by an overall average of 5.7% y/y with Grade A buildings driving much of the growth.

Download:

- [JHB Retail Market Overview Q2 2015](#)
- [JHB Office Market Overview Q2 2015](#)
- [JHB Industrial Market Overview Q2 2015](#)
- [Cape Town Office Market Overview Q2 2015](#)

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