

# Plans to spread the Gautrain wealth

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Plans to extend the Gautrain's 80km network in Greater Johannesburg and Pretoria by another 140km should increase property demand and values in areas located close to the proposed new stations, industry commentators say.



Extending the Gautrain will spread wealth. Image: [Joburg](#)

Although the Gautrain has only been operational since June 2010, the rapid rail project has already been the catalyst for retail, commercial and residential property development worth billions of rand in major Gautrain hubs such as Sandton, Rosebank, Centurion and Hatfield.

About 300,000m<sup>2</sup> of new commercial development is either nearing completion, under construction or in the planning phase for Sandton and Rosebank alone, according to latest figures from Old Mutual Property.

The planned extensions to the network are bound to create additional money-making opportunities for developers and property investors over the next few years, Cannon Asset Managers' chief executive Geoff Blount said.

The Gautrain Management Company last week announced plans to extend the network from Sandton to Honeydew, west of Johannesburg, from Midrand (Samrand) to the east of Pretoria and Mamelodi and from Rhodesfield near the OR Tambo International Airport to the East Rand Mall and Boksburg.

## Building could start in about four years

Plans were still at an early stage with building possibly starting within four to five years.

Blount said it was a global phenomenon that rail transport stations in major world centres acted as key drivers of property values and development.

While it is too early for anyone to make specific investment decisions, Blount said residential property around the new transport nodes were likely to become more attractive.

"The ability to travel quickly and easily from Boksburg, Irene, Fourways, Roodepoort or Soweto to Sandton will impact on residential property prices in those areas."

He said regeneration will also take place along the new transport routes.

"We are already seeing the benefits of the existing Gautrain development in an area such as Braamfontein where gentrification is taking place on a commanding scale and new life is being breathed into the once tired suburb," Blount said.

## **Over-zealous developers**

There is concern that over-zealous developers may create an over-supply of new buildings in some Gautrain nodes - offices in particular.

Old Mutual Property investment analyst Niel Harmse said there was evidence that landlords were starting to take longer to pre-let new office developments in some Gautrain hubs.

But he said the only Gautrain node that could be considered "over-supplied" at this stage was Centurion, which was experiencing a combination of high vacancies, a low pre-let rate and a high level of development.

"This could put a bit of a damper on asking rentals in the short-term as landlords compete for blue chip tenants," he said

Harmse said office tenants are prepared to pay a premium for proximity to Gautrain stations. His research indicated that top-notch office space in the Gautrain nodes were letting at a 13% premium to other nodes.

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