

Sandton, Rosebank lead with new developments

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13 Nov 2012

The third quarter has seen a slight increase in take-up of space in Johannesburg, driven by demand for prime buildings in attractive nodes such as Melrose, Rosebank, Bryanston and Sandton.

But older buildings are taking a knock as tenants move between nodes, leaving older buildings for new ones with quality finishings.

According to the latest South African Property Owners Association-Investment Property Databank office vacancy report, despite the lack of notable new completions in the quarter, office stock in Johannesburg increased by 51,000m² to 8.6m².

The Jones Lang LaSalle Johannesburg real estate overview for the third quarter echoes these findings, saying demand for office space continues to be focused on prime space, with an increase in prime rents this quarter, although pressures prevail elsewhere.

The report shows that the industrial market is moderating, characterised by reduced take-up, prime rent reduction, increased vacancies, minimum additional industrial stock as well as lack of tenant-driven developments.

Jones Lang LaSalle's head of research, Ndibu Motaung, said last week the third quarter saw a slight increase in rentals in key nodes.

She said big deals concluded during the quarter include Samsung signing a lease for 6,000m² in Bryanston, Software AG taking up of 2,000m² in Bryanston, Alstom taking up 1,000m² of space in Woodmead, Tronox taking up 1,600m² in Sandton, as well as Alan Gray taking up 1,000m² in Rosebank.

"One of the biggest deals is Ernst and Young's planned move from Wanderers Office Park to Sandton, where it will take up about 16,000m² some time in 2014."

New developments are driven by big companies - notably Standard Bank, Ernst and Young, KPMG, MultiChoice, Cell C and Alexander Forbes - moving to new and quality buildings. These firms took up the bulk of the new office space.

Motaung said Sandton and Rosebank continued to be nodes with the most developments, benefiting from their infrastructure, location and accessibility by different modes of transport.

Some of the developments that are planned for completion in the next quarter include the 65,000m² Standard Bank building

in Rosebank, the 36,000m² Alexander Forbes building in Sandton as well as the 22,000m² KPMG building in Parktown.

Source: *Business Day* via I-Net Bridge

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