



FOR SALE

GLA: 742m² | R13,000,000

Web Ref: CL29644

GLA	742m ²
Land Size (m ²)	900m ²
Title	Freehold
Zoning	Commercial
Security	True
Covered Parkings	24
Basement Parking	4

EXCELLENT EXPOSURE - MODERN STAND ALONE BUILDING IN SANDTON

Modern stand alone office building for sale on Sandton Drive providing maximum exposure and excellent signage. The 2 story building is fully alarmed with electric fence, networked and ready for fibre and VOIP and boasts a walk in safe, kitchen/canteen area with outdoor entertainment area. The basement has storage rooms and basement parking or additional storage. The ground floor comprises a reception and waiting area, meeting room, 3 management offices, a large office to seat 4 - 6 and an open plan area to accommodate an addition 10 - 15 staff. The first floor has an executive office/boardroom, 2 executive offices and an open plan area. Ideal for attorney's, agency, architects - an excellent...



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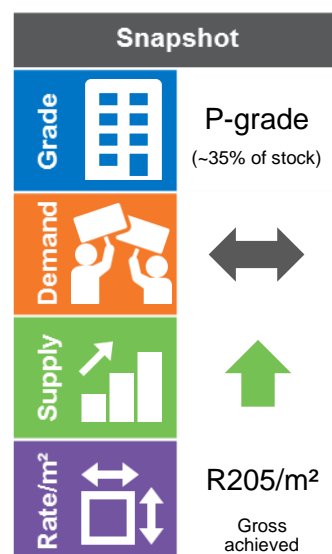
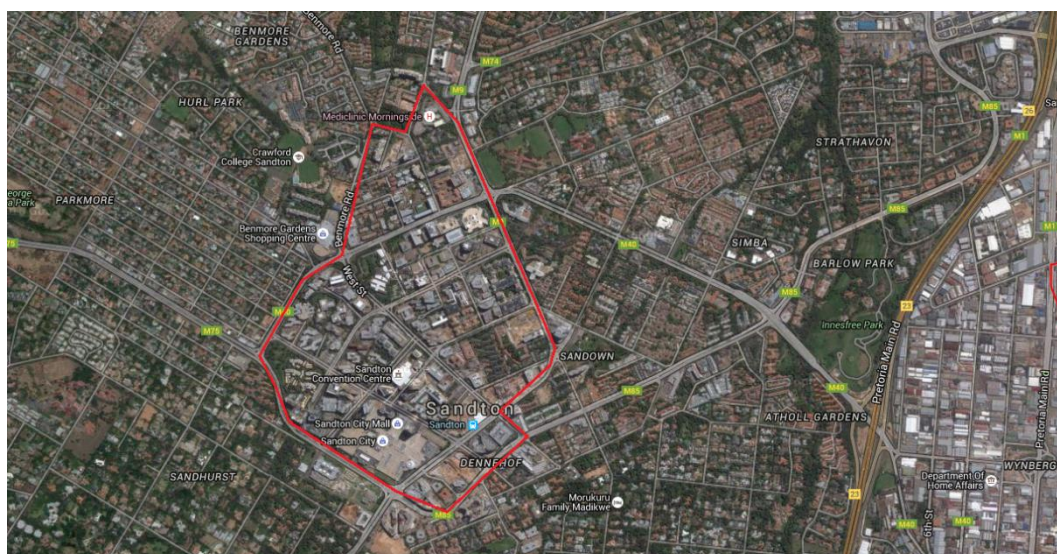
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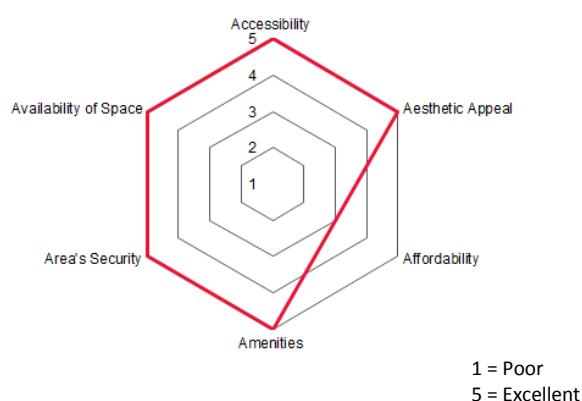
All rentals / prices quoted exclude V.A.T

Office Market Report June 2016

Sandton CBD, Gauteng



Broll Insight



• Accessibility

The node is accessible via Grayston Drive off the M1 as well as the Gautrain, from O.R. Tambo International Airport. However, Sandton is prone to traffic congestion during peak times.

• Aesthetic Appeal

The P- and A-grade stock is modern and well maintained with high end finishes.

• Affordability

P-grade: R205/m²/month gross achieved
A-grade: R175/m²/month gross achieved

• Amenities

Wide variety of retail, hospitality and convenience services.

• Area's Security

The Sandton Central Management District monitors aspects related to safety, security and hygiene.

• Availability of Space

P-grade vacancies are close to 5%, while A-grade units face higher vacancy rates, increasing from 15% to 18% over the last year.

Highlights

Trends

- Energy efficiency and modern design continue to be a trend in the office market with tenants showing increased interest in spaces with Green Star ratings.
- Rental pressure is expected on older buildings with the increase in new developments coming onto the market.

Take-up

- There is demand from smaller users for sectional title offices.
- Buildings with high parking ratios are being taken up faster than those with low parking ratios. The current demand is for buildings with 5 to 6 bays per 100m² GLA.
- In terms of unit sizes in demand, an increase has been noticed from smaller tenants for spaces up to 1,000m².

Tenants

Sandton is home to South Africa's top investment banks, financial consultants and legal firms, such as the Johannesburg Stock Exchange, EY, Webber Wentzel, Norton Rose etc.

Market Overview

Sandton is a mixed use node, offering premier office space, retail amenities as well as affluent medium rise townhouses and high rise residential apartments.

Traffic congestion tends to be a problem within Sandton. However, the Gautrain which has a station adjacent to Sandton City connects the node to the O.R. Tambo International Airport as well as to the greater Johannesburg and Pretoria areas. The success of the Gautrain has had a significant effect on the Sandton Central Business District, with the majority of demand being for offices located within walking distance from the station and Sandton City Shopping Centre.

New P-grade buildings make up approximately 35% of the office node with several older buildings being

redeveloped in order to create more A-grade spaces. 50% of the buildings are currently classified as A-grade buildings, while selected B-grade buildings have been (or soon will be) demolished to make way for new developments. The major demand is for prime grade offices with Green Star ratings (energy efficiencies).

It is anticipated that existing stock coming onto the market in the form of A and B-grade buildings will be available for letting in the next 12 to 18 months. Pressure on rentals is expected because of the number of existing older refurbished buildings becoming available which are likely to be cheaper than new developments.

P-grade offices in Sandton are marketed around R225/m²/month, achieving anything from R205/m²/month upward. The bulk of space, A-grade, has asking rentals of R185/m²/month with achieved rentals between R155/m²/month to R175/m²/month, depending on features such as parking ratios. Parking bays achieve rentals of between R800/bay/month to R950/bay/month.

Construction Activity

Sandton has recently experienced demand from smaller users for sectional title offices. Some 295,000m² of office developments are currently under construction, of which 52,000m² and an additional 25,000m² refurbishment on Katherine Drive are unlet, thus creating opportunities for tenants wanting to move into the node.

There are several P-grade buildings under construction including the following:

- Sasol's new head office: 67,000m²
- Discovery: 95,000m² (Phase 1); 20,000m² (Phase 2)
- Hogan Lovell: 15,000m²
- Werkmans: 12,500m²
- Bowman Gilfillan: 22,000m²

and will comprise of 60,000m² office space, 15,000m² retail and 8,000m² residential space.

Conclusion

The Sandton node continues to be South Africa's premier office location and is expected to grow cautiously and steadily. The increase in supply seen over the last few years is anticipated to continue and this may result in the contraction of rentals.

The Village Walk, a new mixed-use development, on Rivonia Road is scheduled for completion in mid-2019

Grade Overview

	Prime Grade	A-Grade	B-Grade
Space in demand (m ²)	10,000	5,000	2,000
Lease escalation	9%	9%	9%
Lease operating cost escalation	10%	10%	10%
Gross asking rentals (R/m ² /month)	225	185	125
Gross achieved rentals (R/m ² /month)	205	175	125
Length of lease (years)	10	5	5



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