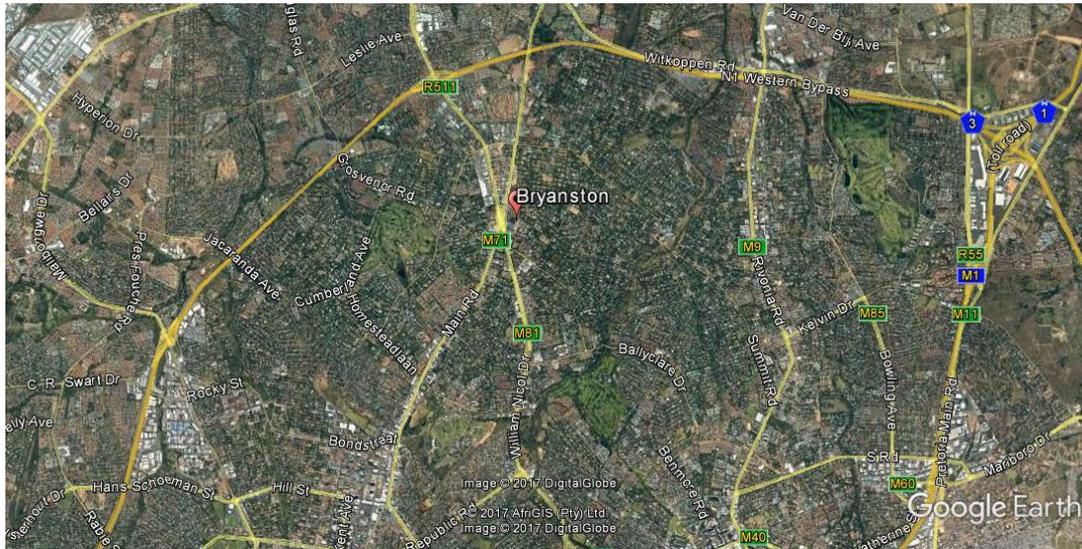


Office Market Report June 2017

Bryanston, Gauteng



Snapshot

Grade		A-grade (~48% of stock)
Demand		
Supply		
Rate/m ²		R145/m ² Gross achieved

Broll Insight

• Accessibility

Located in the northern suburbs of Johannesburg, Bryanston enjoys ease of access to and from the greater Sandton area and is serviced by public transport facilities such as the Gautrain buses, metro buses as well as taxis.

• Aesthetic Appeal

The node offers sought after new, modern, medium rise buildings in secure office parks.

• Affordability

P-grade: R180/m²/month gross achieved

A-grade: R145/m²/month gross achieved

B-grade: R105/m²/month gross achieved

• Amenities

Bryanston has several shopping centres, hotels and conference facilities and is in close proximity to the privately owned Lanseria International Airport, which services both domestic and international flights. Additionally, as a result of the Gautrain

buses which service the node, ease of access to the Gautrain Sandton Station is also provided which allows for connectivity to surrounding nodes and to the O.R. Tambo International Airport.

• Area's Security

Though no CID exists, most buildings have private security with boom controlled access.

• Availability of Space

As at Q1:2017 the Bryanston node recorded an overall vacancy rate of 12%, with P-grade buildings only 3% vacant, A-grade buildings being roughly 86% let and B-grade stock averaging a 10% vacancy rate.

Highlights

Trends

Bryanston is a popular office node with many occupiers wanting to avoid the high traffic volumes evident in nearby nodes such as Sandton and Fourways.

Take-up

- Recent leasing activity has taken place within new builds such as Main Straight Office Park and The Crossing situated just off William Nicol Drive and Main road.
- Listed companies have been active in the area with a number of buildings having been recently sold and/or purchased.

Tenants

- Bryanston is still experiencing steady demand with new occupiers entering the node, some of which are trying to escape denser and busier surrounding nodes such as Sandton.
- In certain instances, existing tenants are seeking improved efficiencies and parking ratios. This has resulted in increased pressure on the B-grade market, where landlords have had to invest significantly in building upgrades so as to secure tenants and increase interest, even at lower rental rates.

Market Overview

Bryanston, a prosperous residential area in Johannesburg North, has seen steady growth over the years with many new commercial and residential developments being released into the market. The area is characterised by affluent cluster townhouses and upmarket medium rise serviced apartments, while still consisting of a number of older, luxury, free-standing homes on large spacious plots. The office sector in Bryanston is located mostly alongside William Nicol Drive and Main Road. Approximately 96% of this stock is roughly equally distributed between A- and B-

grade, with the remainder comprising of P- and C-grade stock.

Lease agreements within the node range from 1 to 3 years for B-grade offices, 3 to 5 years for A-grade and between 5 to 8 years for P-grade space. Vacancy levels in A- and B-grade stock are 14% and 10% respectively, while P-grade vacancies are around 3%.

Office parks in Bryanston tend to be significantly more “green” and spacious in comparison to neighbouring nodes, resulting in higher parking ratios, primarily with regards to open air bays. Monthly parking rentals range from R450 to R650/bay/month for premium covered bays, while open air bays are much more affordable, starting at R300 to R350/bay/month.

Bryanston hosts large corporate tenants such as Microsoft, Dimension Data, Tiger Brands, Facebook, Google, The Media Shop, Samsung, The City Lodge Hotel Group and Internet Solutions. Additionally, new space is expected to come onto the market in the near future, offering both P- and A-grade space, which is envisioned to add to the attractiveness of the node.

Construction Activity

Over the past 12 months, Bryanston has seen a steady supply of P- and A-grade offices with certain buildings currently under construction.

- The completion of buildings A and B at the Main Straight Office Park, which offer 500m² to 4,000m² of P-grade space, both to let and for sale have been evident. With the development of buildings C and D set to commence soon.

- The Crossing, situated just off William Nicol Drive and Main Road, has been completed and has recently been fully let.
- Construction of the first phase at Knightsbridge is underway which will offer P-grade space. Block C, where WSP Parsons Brinckerhoff will open its doors for business in September 2017, is nearing completion. While construction has also commenced on the KFC and Pizza Hut head offices.
- The second phase of 4 on Anslow, which is a 4-star green rated development, has commenced

with 7,000m² of space available for rental and/or sale.

Concluding Remarks

Affordable rental prices within the Bryanston node continue to be a draw card for many tenants looking for modern space in large, spacious, secure office parks with sufficient parking bays.

Grade Overview

	Prime Grade	A-Grade	B-Grade
Space in demand (m ²)	2,000 – 3,000	1,500 – 2,500	100 – 1,000
Lease escalation	8% – 8.5%	8 – 9%	9 – 10%
Lease operating cost escalation	8% – 8.5%	8 – 9%	9 – 10%
Gross asking rentals (R/m ² /month)	185	155	115
Gross achieved rentals (R/m ² /month)	180	145	105
Length of lease (years)	5 – 8	3 – 5	1 – 3



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