



THE VOICE OF COMMERCIAL PROPERTY

CAP AND DISCOUNT DATA SURVEY

NOVEMBER 2010

HEADLINE SUMMARY:

Across the board, the average market rental growth rate expectation is 5.23% which is marginally up on 6 months prior. The growth rate for property expenditure now averages 8.28% and is slightly down on the previous average. There are some markets where rental growth is expected to be as low as 0% and cost growth 8%; on average the rent: cost growth differential across all sectors/segments is 3%. Maximum discount rates of 18% occur in some CBD office markets as well as in the low grade industrial segment. Other than for shopping centres, the average cap rate employed is now generally above 10%. Of the 333 transactions recorded by respondents, 47% were offices, 28% industrial and 25% Retail. The three most active transaction segments are Johannesburg decentralised offices, followed by neighbourhood shopping centres and then industrial warehousing.

MARKET DISCOUNT RATE

	PROPERTY TYPE	MIN	MAX	MED	AVE
RETAIL	Super Regional Shopping Centre	12.00%	14.00%	13.13%	13.04%
	Regional Shopping Centre	12.00%	14.50%	13.88%	13.50%
	Community Shopping Centre	13.00%	15.50%	14.50%	14.33%
	Neighbourhood Shopping Centre	13.00%	15.50%	15.00%	14.56%
	Power Centre/Speciality/Warehouse	14.00%	15.50%	14.75%	14.83%
	Stand Alone Retail Unit	14.00%	16.00%	15.50%	15.11%
OFFICE	Johannesburg CBD Office	15.00%	18.00%	16.00%	16.22%
	Non CBD Prime Office	14.00%	15.50%	14.50%	14.58%
	Non CBD Secondary Office	15.00%	16.50%	16.25%	16.00%
	Pretoria CBD Office	15.00%	18.00%	16.00%	16.00%
	Non CBD Prime Office	13.50%	15.50%	14.50%	14.61%
	Non CBD Secondary Office	15.00%	16.50%	16.00%	15.83%
	Cape Town CBD Office	14.00%	16.00%	15.00%	15.00%
	Non CBD Prime Office	13.50%	15.00%	14.75%	14.45%
	Non CBD Secondary Office	15.00%	16.50%	15.50%	15.55%
	Durban CBD Office	15.50%	18.00%	16.75%	16.65%
	Non CBD Prime Office	15.00%	16.00%	15.50%	15.45%
	Non CBD Secondary Office	16.00%	17.00%	16.25%	16.38%
	Port Elizabeth CBD Office	16.00%	18.00%	17.00%	17.00%
	Non CBD Prime Office	14.50%	15.50%	15.25%	15.13%
	Non CBD Secondary Office	16.00%	17.00%	16.00%	16.33%
	East London CBD Office	16.00%	17.00%	16.50%	16.50%
	Non CBD Prime Office	15.00%	16.00%	15.50%	15.50%
	Non CBD Secondary Office	16.00%	17.00%	16.50%	16.50%
	Other CBD Office	15.00%	17.00%	16.50%	16.17%
	Non CBD Prime Office	15.00%	16.00%	15.50%	15.50%
Non CBD Secondary Office	15.00%	17.25%	16.50%	16.25%	
INDUSTRIAL	High-Tech Industrial	14.50%	15.50%	15.50%	15.17%
	High Grade Industrial	14.50%	16.00%	15.50%	15.33%
	Low Grade Industrial	15.00%	18.00%	16.25%	16.41%
	Warehousing	15.00%	16.75%	15.50%	15.69%
	Standard Units	15.00%	17.00%	15.63%	15.72%
	Other	14.00%	18.50%	15.63%	15.94%



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SOUTH AFRICAN CAP AND DISCOUNT SURVEY PROVIDED BY IPD.

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MARKET CAP RATE

	PROPERTY TYPE	MIN	MAX	MED	AVE
RETAIL	Super Regional Shopping Centre	6.50%	8.50%	7.50%	7.47%
	Regional Shopping Centre	6.75%	9.50%	8.00%	8.08%
	Community Shopping Centre	8.00%	11.00%	9.00%	9.04%
	Neighbourhood Shopping Centre	8.00%	11.50%	9.00%	9.46%
	Power Centre/Speciality/Warehouse	8.50%	11.00%	9.75%	9.69%
	Stand Alone Retail Unit	9.00%	12.00%	10.00%	9.98%
OFFICE	Johannesburg CBD Office	10.50%	12.00%	11.00%	11.29%
	Non CBD Prime Office	8.75%	10.50%	9.13%	9.50%
	Non CBD Secondary Office	9.50%	12.00%	11.00%	10.89%
	Pretoria CBD Office	10.00%	12.00%	11.25%	11.08%
	Non CBD Prime Office	8.50%	10.50%	9.50%	9.56%
	Non CBD Secondary Office	9.00%	12.00%	11.00%	10.86%
	Cape Town CBD Office	8.75%	11.00%	10.00%	10.04%
	Non CBD Prime Office	8.50%	10.25%	9.00%	9.25%
	Non CBD Secondary Office	9.00%	11.50%	10.75%	10.58%
	Durban CBD Office	9.50%	12.25%	11.00%	11.11%
	Non CBD Prime Office	9.00%	11.25%	10.00%	9.89%
	Non CBD Secondary Office	10.00%	11.75%	10.75%	10.88%
	Port Elizabeth CBD Office	11.00%	15.00%	11.50%	12.10%
	Non CBD Prime Office	9.00%	10.50%	10.00%	9.86%
	Non CBD Secondary Office	11.00%	12.00%	11.50%	11.50%
	East London CBD Office	11.00%	12.00%	11.00%	11.25%
	Non CBD Prime Office	10.00%	11.00%	10.00%	10.25%
	Non CBD Secondary Office	11.00%	12.00%	11.50%	11.50%
	Other CBD Office	10.00%	13.00%	11.50%	11.50%
	Non CBD Prime Office	10.50%	12.00%	11.00%	11.17%
Non CBD Secondary Office	11.50%	12.75%	12.00%	12.08%	
INDUSTRIAL	High-Tech Industrial	9.00%	11.50%	9.50%	9.83%
	High Grade Industrial	8.50%	11.00%	9.88%	9.86%
	Low Grade Industrial	10.00%	12.50%	11.50%	11.35%
	Warehousing	9.00%	12.00%	10.50%	10.54%
	Standard Units	9.00%	11.50%	11.00%	10.58%
	Other	9.00%	12.50%	10.63%	10.69%

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MARKET RENTAL GROWTH RATE

	PROPERTY TYPE	MIN	MAX	MED	AVE
RETAIL	Super Regional Shopping Centre	3.50%	6.00%	5.50%	5.19%
	Regional Shopping Centre	3.00%	8.00%	5.50%	5.36%
	Community Shopping Centre	3.00%	8.00%	5.75%	5.65%
	Neighbourhood Shopping Centre	2.00%	7.00%	5.50%	5.41%
	Power Centre/Speciality/Warehouse	3.00%	8.00%	5.50%	5.35%
	Stand Alone Retail Unit	3.00%	8.00%	5.50%	5.40%
OFFICE	Johannesburg CBD Office	2.50%	8.00%	5.00%	5.50%
	Non CBD Prime Office	3.00%	8.50%	5.50%	5.41%
	Non CBD Secondary Office	2.00%	8.00%	5.25%	5.06%
	Pretoria CBD Office	2.50%	8.00%	5.00%	5.08%
	Non CBD Prime Office	3.00%	8.00%	5.00%	5.21%
	Non CBD Secondary Office	2.00%	8.00%	5.00%	5.08%
	Cape Town CBD Office	5.00%	8.00%	6.00%	6.00%
	Non CBD Prime Office	5.00%	8.00%	6.00%	6.14%
	Non CBD Secondary Office	4.00%	8.00%	5.00%	5.60%
	Durban CBD Office	2.00%	6.00%	5.25%	4.67%
	Non CBD Prime Office	4.00%	6.50%	5.25%	5.17%
	Non CBD Secondary Office	3.00%	6.00%	5.50%	5.10%
	Port Elizabeth CBD Office	0.00%	5.00%	3.50%	3.00%
	Non CBD Prime Office	4.00%	8.00%	5.25%	5.58%
	Non CBD Secondary Office	5.00%	8.00%	5.00%	6.00%
	East London CBD Office	5.00%	6.00%	5.00%	5.33%
	Non CBD Prime Office	5.00%	8.00%	5.00%	6.00%
	Non CBD Secondary Office	5.00%	7.00%	5.00%	5.67%
	Other CBD Office	2.00%	5.00%	5.00%	4.00%
	Non CBD Prime Office	3.50%	5.00%	5.00%	4.50%
Non CBD Secondary Office	1.00%	5.00%	5.00%	3.67%	
INDUSTRIAL	High-Tech Industrial	4.00%	6.00%	5.50%	5.30%
	High Grade Industrial	4.00%	8.00%	5.50%	5.67%
	Low Grade Industrial	2.00%	8.00%	5.50%	5.36%
	Warehousing	3.00%	8.00%	5.50%	5.67%
	Standard Units	4.00%	9.00%	5.50%	5.44%
	Other	3.00%	6.00%	5.75%	5.13%

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PROPERTY EXPENDITURE GROWTH

	PROPERTY TYPE	MIN	MAX	MED	AVE
RETAIL	Super Regional Shopping Centre	5.00%	8.00%	7.50%	7.21%
	Regional Shopping Centre	5.00%	10.00%	8.00%	7.63%
	Community Shopping Centre	5.00%	12.00%	8.00%	7.83%
	Neighbourhood Shopping Centre	5.00%	12.00%	8.00%	7.85%
	Power Centre/Speciality/Warehouse	5.00%	12.00%	8.00%	7.81%
	Stand Alone Retail Unit	6.50%	12.00%	8.00%	8.17%
OFFICE	Johannesburg CBD Office	6.50%	12.00%	8.50%	8.82%
	Non CBD Prime Office	5.00%	12.00%	8.25%	8.25%
	Non CBD Secondary Office	6.50%	12.00%	8.75%	8.78%
	Pretoria CBD Office	6.50%	12.00%	8.88%	9.04%
	Non CBD Prime Office	5.00%	12.00%	8.50%	8.21%
	Non CBD Secondary Office	6.50%	12.00%	8.75%	8.88%
	Cape Town CBD Office	8.00%	10.00%	8.50%	8.90%
	Non CBD Prime Office	8.00%	10.00%	8.13%	8.71%
	Non CBD Secondary Office	8.00%	12.00%	8.50%	9.40%
	Durban CBD Office	8.00%	10.00%	8.00%	8.55%
	Non CBD Prime Office	8.00%	10.00%	8.00%	8.55%
	Non CBD Secondary Office	8.00%	8.50%	8.25%	8.25%
	Port Elizabeth CBD Office	8.00%	9.00%	8.25%	8.38%
	Non CBD Prime Office	5.00%	8.50%	8.00%	7.50%
	Non CBD Secondary Office	8.00%	8.50%	8.00%	8.17%
	East London CBD Office	8.00%	8.50%	8.00%	8.17%
	Non CBD Prime Office	8.00%	8.50%	8.00%	8.17%
	Non CBD Secondary Office	8.00%	8.50%	8.00%	8.17%
	Other CBD Office	8.00%	9.50%	8.50%	8.67%
	Non CBD Prime Office	8.00%	10.00%	8.50%	8.83%
Non CBD Secondary Office	8.00%	9.25%	8.50%	8.58%	
INDUSTRIAL	High-Tech Industrial	5.00%	9.00%	8.00%	7.47%
	High Grade Industrial	5.00%	12.00%	8.00%	7.95%
	Low Grade Industrial	5.00%	12.00%	8.00%	8.08%
	Warehousing	5.00%	12.00%	8.00%	7.95%
	Standard Units	5.00%	12.00%	8.25%	8.13%
	Other	7.00%	9.00%	8.25%	8.13%

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EXIT CAP RATE

	PROPERTY TYPE	MIN	MAX	MED	AVE
RETAIL	Super Regional Shopping Centre	7.00%	10.00%	7.75%	8.17%
	Regional Shopping Centre	7.25%	10.50%	8.50%	8.89%
	Community Shopping Centre	8.50%	11.50%	9.75%	9.90%
	Neighbourhood Shopping Centre	9.00%	12.50%	9.50%	10.11%
	Power Centre/Speciality/Warehouse	9.50%	11.50%	10.25%	10.43%
	Stand Alone Retail Unit	9.50%	12.50%	10.50%	10.94%
OFFICE	Johannesburg CBD Office	10.50%	13.50%	11.75%	11.83%
	Non CBD Prime Office	9.50%	12.50%	10.00%	10.39%
	Non CBD Secondary Office	11.00%	12.75%	12.00%	11.82%
	Pretoria CBD Office	10.50%	12.50%	11.00%	11.40%
	Non CBD Prime Office	9.00%	12.50%	10.50%	10.54%
	Non CBD Secondary Office	10.50%	12.50%	11.50%	11.70%
	Cape Town CBD Office	10.50%	11.75%	10.75%	10.94%
	Non CBD Prime Office	9.00%	12.00%	10.25%	10.38%
	Non CBD Secondary Office	10.50%	12.75%	11.50%	11.56%
	Durban CBD Office	10.50%	13.50%	11.50%	11.75%
	Non CBD Prime Office	10.00%	12.50%	11.50%	11.38%
	Non CBD Secondary Office	11.00%	13.25%	12.00%	12.06%
	Port Elizabeth CBD Office	11.50%	17.50%	12.00%	13.25%
	Non CBD Prime Office	9.50%	13.00%	10.50%	10.80%
	Non CBD Secondary Office	11.50%	13.00%	12.00%	12.13%
	East London CBD Office	11.50%	13.00%	11.75%	12.00%
	Non CBD Prime Office	10.50%	13.00%	10.75%	11.25%
	Non CBD Secondary Office	11.50%	13.00%	12.25%	12.25%
	Other CBD Office	10.50%	14.50%	12.00%	12.33%
	Non CBD Prime Office	10.50%	13.00%	13.00%	12.17%
Non CBD Secondary Office	12.00%	14.00%	12.50%	12.83%	
INDUSTRIAL	High-Tech Industrial	9.50%	12.00%	10.00%	10.56%
	High Grade Industrial	9.50%	13.00%	10.75%	10.88%
	Low Grade Industrial	11.50%	13.50%	12.50%	12.47%
	Warehousing	10.00%	12.75%	11.50%	11.53%
	Standard Units	10.50%	12.25%	11.75%	11.53%
	Other	9.00%	13.25%	11.50%	11.31%

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NUMBER OF TRANSACTIONS		
	PROPERTY TYPE	TOTAL
RETAIL	Super Regional Shopping Centre	2
	Regional Shopping Centre	6
	Community Shopping Centre	14
	Neighbourhood Shopping Centre	35
	Power Centre/Speciality/Warehouse	9
	Stand Alone Retail Unit	16
OFFICE	Johannesburg CBD Office	20
	Non CBD Prime Office	49
	Non CBD Secondary Office	26
	Pretoria CBD Office	12
	Non CBD Prime Office	16
	Non CBD Secondary Office	6
	Cape Town CBD Office	5
	Non CBD Prime Office	6
	Non CBD Secondary Office	12
	Durban CBD Office	0
	Non CBD Prime Office	0
	Non CBD Secondary Office	0
	Port Elizabeth CBD Office	0
	Non CBD Prime Office	2
	Non CBD Secondary Office	1
	East London CBD Office	0
	Non CBD Prime Office	0
	Non CBD Secondary Office	0
	Other CBD Office	0
	Non CBD Prime Office	0
Non CBD Secondary Office	0	
INDUSTRIAL	High-Tech Industrial	6
	High Grade Industrial	11
	Low Grade Industrial	22
	Warehousing	30
	Standard Units	24
	Other	3



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