

South Africa Industrial Market Overview

H1 2026

Industrial is South Africa's best-performing property sector, but the gains are regional. Cape Town is repricing, Gauteng is the deep volume market, and Durban is competing on cost.



South Africa’s best-performing property sector is growing at three speeds, set by land, not demand

▲ **R69.57**

National prime rental, 500m² (R/m²)
+6.9% y/y · Q2 2026 +7.6%

▲ **13.6%**

Industrial total return, 2025
Best of all property sectors

▼ **2.8%**

Industrial vacancy, 2025
Office 14.7% · retail 4.1%

▲ **175 of 208**

Metro nodes with rental growth
Median node +5.3% y/y

► **8.6–10.6%**

Prime leaseback cap rates
Cape Town to West Rand · SA 9.3%

▲ **>50%**

Industrial share of completions
Non-residential building, 2025

- Industrial delivered a **13.6% total return in 2025**, the best of any property sector, on vacancy of just 2.8%. Rents are accelerating: the national 500 m² average reached **R69.57/m² (+6.9%)** in H1 2026 and grew +7.6% in Q2.
- Three speeds.** Cape Town is repricing (+14.2%) on exhausted land. Gauteng is the deep, liquid volume market, where Johannesburg grew 7.7% and the East Rand 6.3%, but Tshwane (–3.8%) and the West Rand (–3.5%) went backwards. Durban (+5.2%) is constrained by costs.
- At node level, **175 of 208 metro nodes grew**, but the median rose only +5.3%, close to inflation. Outside Cape Town, real growth is concentrated in modern logistics parks.
- Land sets the pace. In Cape Town 63% of nodes have almost no serviced land; in Durban only 2% do. Yet land is cheapest relative to rent in **Gauteng (1.4–1.6 years of rent)**, where development viability is best.
- Capital is following performance: the Western Cape took almost **half the value of the 20 largest industrial sales** of 2025 on 2.3% of index weight.

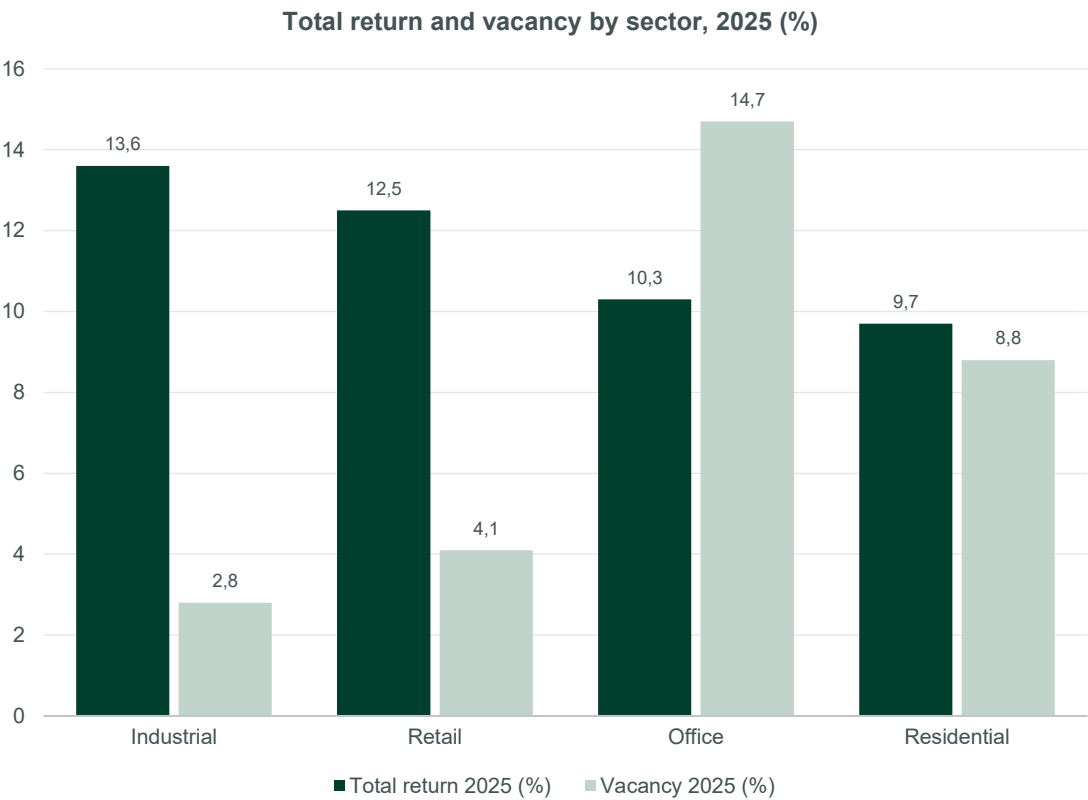
CBRE EXCELLERATE VIEW · METROS

Cape Town	▲ Growth slows to 7–10%; land-constrained
Johannesburg	▲ Modern logistics repricing; +6–8%
Ekurhuleni (East Rand)	▲ Airport logistics core; vacancy improving
Durban	► Flat in real terms; cost-led returns
Tshwane / West Rand	▼ Soft; occupiers hold leverage

We expect national industrial rental growth of **6–8%** over the next year. Modern logistics space in land-constrained nodes stays **landlord-favourable**; older and peripheral stock remains an occupier’s market.

H1 = average of Rode quarters 2026:1 and 2026:2. National = Rode national average. Node statistics cover 208 nodes with rental data in Cape Town, Johannesburg & Ekurhuleni, Tshwane and Durban. Source: Rode & Associates, Rode Report 2026:2 (industrial: rentals, vacancy and land indices, stand values, escalations, operating costs); Rode node-level panel data via the CBX industrial property database; SAPOA Industrial Property Trends Report 2025FY; CBRE Excellerate Research.

Industrial remains South Africa’s best-performing property sector, and returns are now income-led



- Industrial returned **13.6% in 2025**, ahead of retail (12.5%), office (10.3%) and residential (9.7%). Vacancy of **2.8%** is the lowest of any sector and a fifth of office’s.
- Returns are now **income-led**. Capital growth moderated after 2024’s revaluation gains, while net operating income per m² rose **10.7%**, ahead of base rent (+8.7%) and costs (+9.0%). The cost-to-income ratio improved to 36.3%.
- Dispersion is wide: the middle half of assets returned between 5.8% and 17.2%. Location, specification and cost exposure matter more than sector allocation. The rest of this report shows where those differences lie.

+10.7%

Industrial net operating income per m², 2025: rent growth plus higher recoveries

68%

Share of industrial operating costs from electricity (44%) and property rates (23%)

7.25%

Repo rate after September 2026’s 25 bp hike (prime 10.75%); CPI 4.4% in August

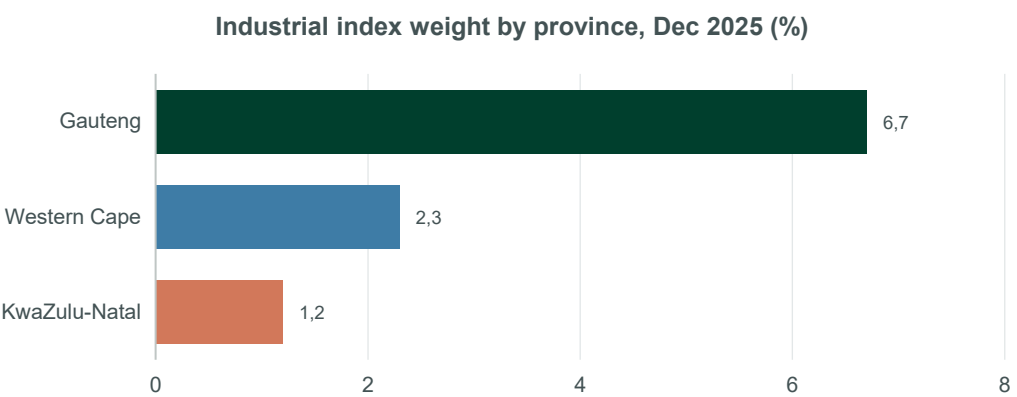
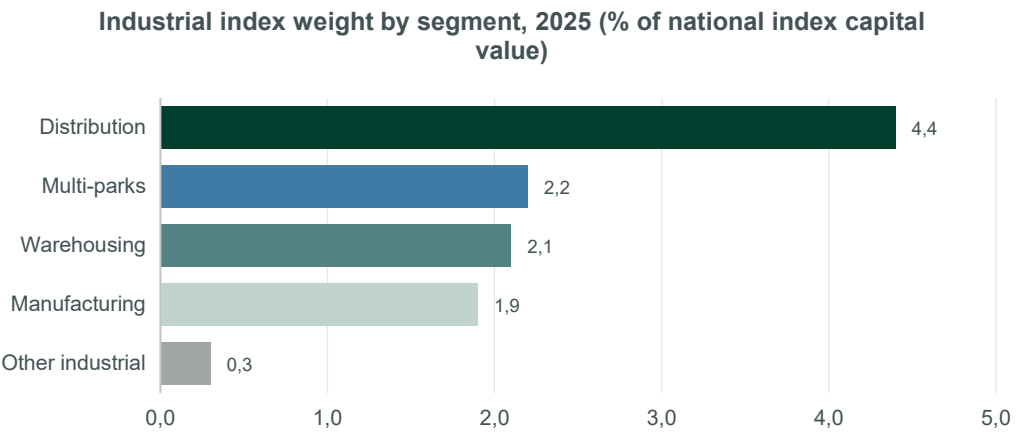
-0.2%

Real GDP, Q2 2026 q/q: occupier demand is resilient, but the cycle has softened

All Property total return 2025: 11.9%. Industrial interquartile range of asset returns: 5.8%–17.2%.

Source: SAPOA Industrial Property Trends Report 2025FY (May 2026), compiled with MSCI (headline figures); Stats SA; SARB; CBRE Excellerate Research.

Logistics, not manufacturing, is driving demand, and it is concentrating in the major metros



- **Distribution centres are now the largest industrial segment** in the national investment index, ahead of multi-parks and warehousing. Manufacturing exposure has declined steadily over two decades.
- Manufacturing remains subdued: capacity utilisation fell below 77% and output is still below pre-pandemic levels. Demand comes from **supply-chain modernisation, e-commerce and the shift from rail to road freight**. Online retail exceeded R90bn in 2025, and new fulfilment networks are expanding in Johannesburg and Cape Town.
- Development has followed: industrial accounted for **more than half of non-residential completions** in 2025, against 25–35% a decade ago, although building has moderated from the 2022–23 peak. Supply remains disciplined enough to keep vacancy low.
- Gauteng holds **6.7% of index capital value** in industrial, almost three times the Western Cape (2.3%) and over five times KwaZulu-Natal (1.2%).

<77%

Manufacturing capacity utilisation, end-2025

>50%

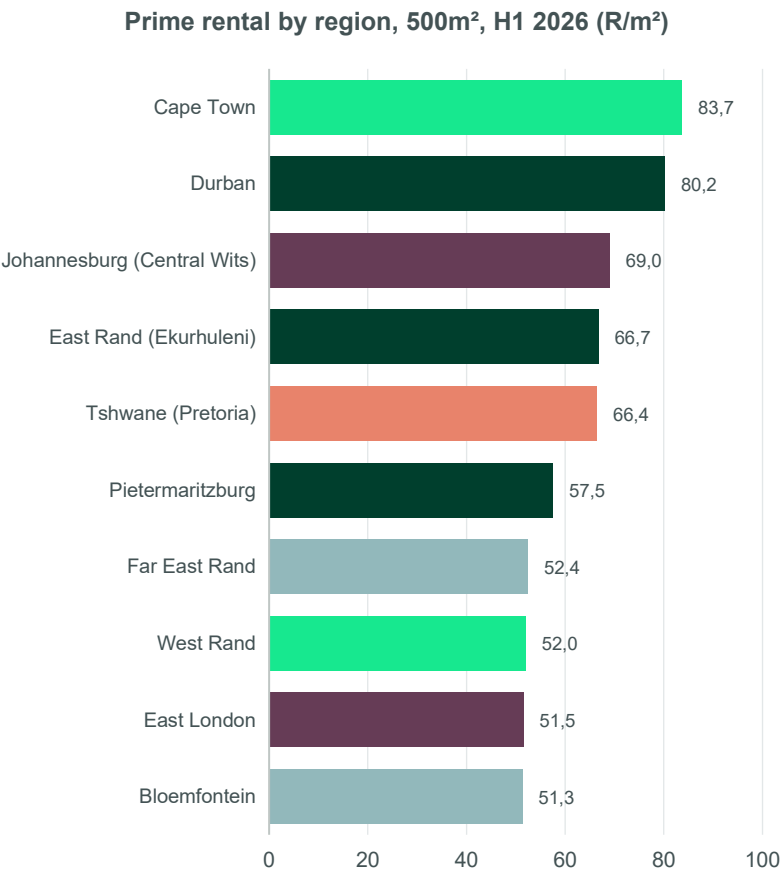
Industrial share of non-residential completions, 2025

>R90bn

Online retail sales, 2025: the fulfilment demand driver

Source: SAPOA Industrial Property Trends Report 2025FY (index weights by segment and province, completions, capacity utilisation, e-commerce and freight trends); CBRE Excellerate Research.

Cape Town leads on rent and growth; Tshwane and the West Rand are going backwards



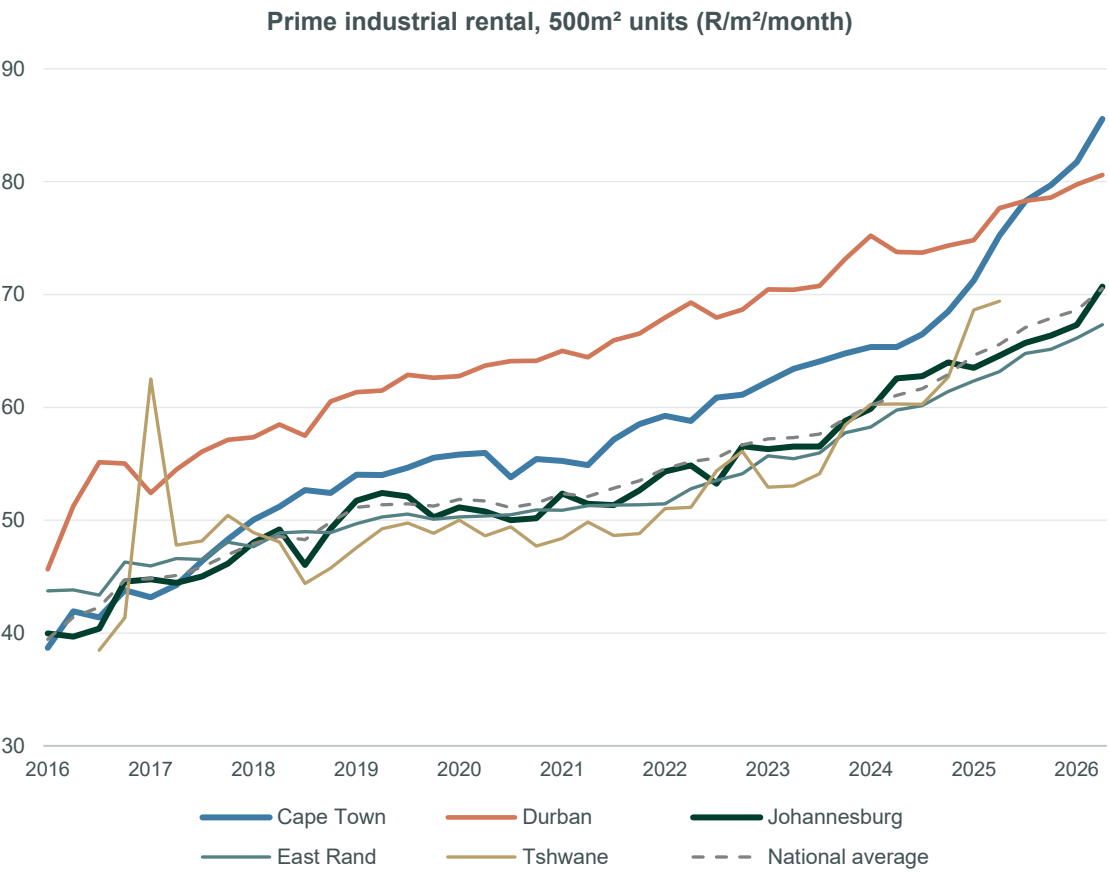
Region, H1 2026	Rent	y/y	5-yr p.a.	Vacancy idx	Land idx	Land 1,000m²	Escalation
Cape Town	R83.65	+14.2%	+8.7%	2.00	1.48	R2,039	7.75%
Durban	R80.17	+5.2%	+4.4%	2.55	2.25	R1,757	6.93%
Johannesburg (Central Wits)	R69.01	+7.7%	+5.9%	2.00	1.42	R1,212	7.34%
East Rand (Ekurhuleni)	R66.73	+6.3%	+5.5%	2.15	1.53	R1,033	7.44%
Tshwane (Pretoria)	R66.41	-3.8%	+6.2%	2.15	1.48	R1,128	6.83%
Pietermaritzburg	R57.50	+2.0%	+4.1%	2.90	—	—	7.00%
Far East Rand	R52.43	+8.8%	+5.8%	2.70	1.78	R770	7.01%
West Rand	R51.95	-3.5%	+2.3%	2.65	2.39	R1,007	7.48%
East London	R51.50	+2.7%	+5.9%	3.50	2.62	—	7.00%
Bloemfontein	R51.28	+2.5%	+5.2%	4.75	—	—	7.17%
National average	R69.57	+6.9%	+5.9%	—	—	—	6.80%*

- **Cape Town (R83.65)** has overtaken Durban (R80.17) as the most expensive metro and grew almost three times as fast. **Johannesburg and the East Rand** trade 17–20% below Cape Town; Johannesburg is now growing faster than the national average.
- **Tshwane** lost the gains of 2025 (–3.8%) and its vacancy index rose from 1.73 to 2.15; the **West Rand** fell 3.5%. Smaller centres (Pietermaritzburg, East London, Bloemfontein) let at R51–58/m² with vacancy indices of 2.9–4.8.

*National escalation = Rode prime industrial leaseback escalation, H1 2026.

H1 = average of Rode quarters 2026:1 and 2026:2. Rode metro averages; 500m² prime gross rental. Stand values for 1,000m² stands. Gqeberha, George and Richards Bay have no H1 2026 Rode metro average. Source: Rode & Associates via CBX industrial property database.

Development is viable only with a pre-let: new-build rents run 63–106% above market



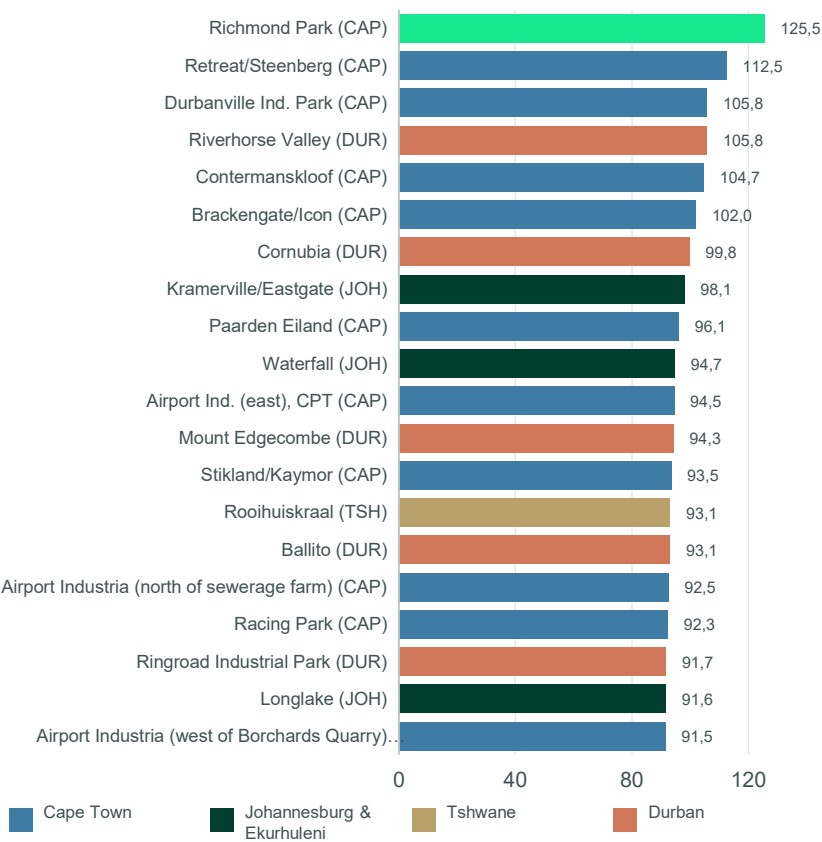
- National rents grew **+5.2% a year over ten years**, roughly in line with inflation. Over the past five years growth has picked up to +5.9% a year, led by Cape Town (+8.7%).
- Building-cost inflation has moderated, so **real rents have recovered**, and new development is viable again in Cape Town and Durban. In Johannesburg and the East Rand, real rents remain below historical peaks.
- New-build (pioneer) rentals show what a developer needs: **R118–135/m²**, or 63–106% above market. Development is therefore pre-let and tenant-led, which protects existing landlords from speculative oversupply.

Region, Q2 2026 (1,000m²)	Pioneer	Market mean	Premium
Durban	R135	R77	+75%
Cape Town	R133	R82	+63%
Johannesburg (Central Wits)	R120	R69	+73%
East Rand	R118	R66	+78%
West Rand	R105	R51	+106%

H1 = average of Rode quarters 2026:1 and 2026:2. Pioneer rental = highest gross rental achieved for new 1,000m² units (Rode Report 2026:2, Q2 2026). Source: Rode & Associates via CBX industrial property database.

Across 208 metro nodes, only Cape Town shows broad-based real rental growth

Top 20 nodes nationally, 500m² rental (R/m²)

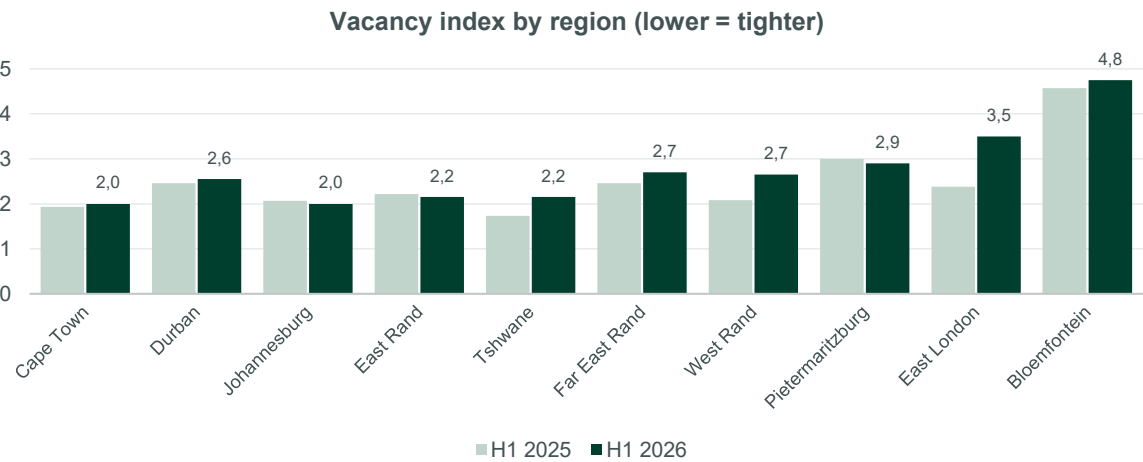


Metro	Nodes	Grew	Median y/y	Vac ≤2.0	Vac rose	Land scarce	Rent range	Land-to-rent
Cape Town	43	91%	+12.6%	72%	56%	63%	R50–126	2.2
Johannesburg & Ekurhuleni	101	88%	+4.7%	53%	42%	45%	R34–98	1.4
Tshwane	20	30%	+0.0%	67%	40%	67%	R35–93	1.6
Durban	44	93%	+4.4%	25%	61%	2%	R55–106	2.1
All four metros	208	84%	+5.3%	52%	49%	41%	R34–126	1.6

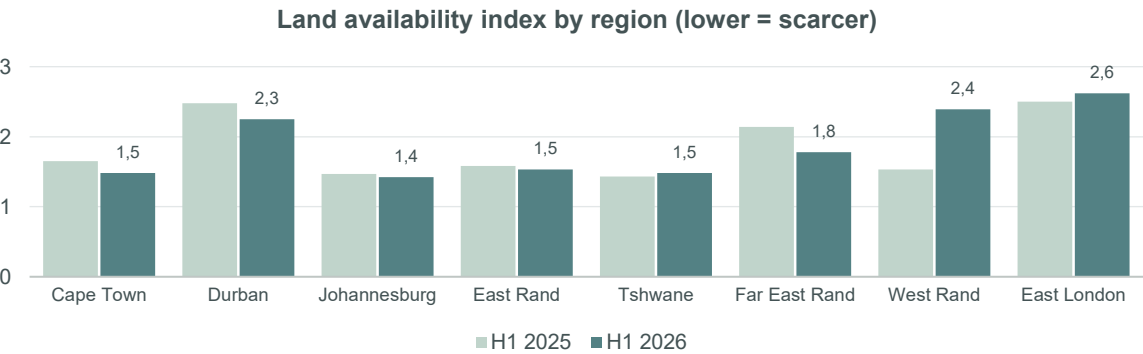
- **Cape Town’s growth is metro-wide:** 91% of nodes grew and the median node rose 12.6%. Eleven of the top 20 nodes in the country are in Cape Town, led by Richmond Park (R125.50).
- **Johannesburg & Ekurhuleni** is the largest and most varied market, with 101 nodes from R34 to R98/m². The median node grew 4.7%: modern parks (Kramerville, Waterfall, Longlake) and cheap southern nodes grew, while the middle stood still.
- **Durban** has the narrowest rent range but the softest occupancy: only 25% of nodes have a vacancy index of 2.0 or lower, and land is plentiful (2% scarce). **Tshwane** is the weakest: only 30% of nodes with data grew.
- “Land scarce” = share of nodes with a land availability index of 1.25 or lower. “Vac rose” = share of nodes where the vacancy index rose year on year.

H1 = average of Rode quarters 2026:1 and 2026:2. Node figures are averages of Rode panel quarters available per half-year; small panels can exaggerate node-level moves. Tshwane panel data are thin (many nodes unchanged). Source: Rode & Associates via CBX industrial property database.

Vacancy is low in the major metros but rising in Tshwane, the West Rand and the smaller centres



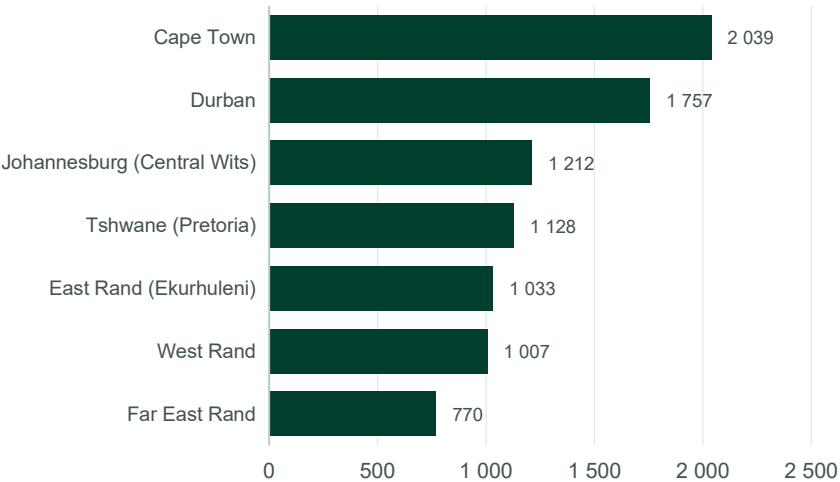
- The four large metros all have vacancy indices of **2.0–2.55**, consistent with national vacancy of 2.8%. Johannesburg and the East Rand tightened slightly; Cape Town and Durban edged up.
- The softening is concentrated in **Tshwane (1.73 → 2.15)**, the **West Rand (2.08 → 2.65)** and the smaller centres. East London jumped from 2.38 to 3.50, and Bloemfontein (4.75) and Pietermaritzburg (2.90) remain soft.
- Serviced land is scarcest in **Johannesburg (1.42)**, **Cape Town (1.48)** and **Tshwane (1.48)**, and most available in **Durban (2.25)**, the West Rand (2.39) and East London. Scarcity means different things, though: in Cape Town it is acute in established nodes; in Gauteng it coexists with cheap land on the periphery.
- Vacancy no longer explains rents everywhere. In Cape Town, node vacancy and rental growth are unrelated (land scarcity drives rents); in Johannesburg, tighter nodes still grow faster.



H1 = average of Rode quarters 2026:1 and 2026:2. Rode vacancy index and stand vacancy (land availability) index: 1–9 panel scales, lower = tighter / scarcer; not percentages. Source: Rode & Associates via CBX industrial property database.

Land is dearest in Cape Town and Durban, but cheapest relative to rent in Gauteng

Serviced stand value by region, 1,000m², H1 2026 (R/m²)

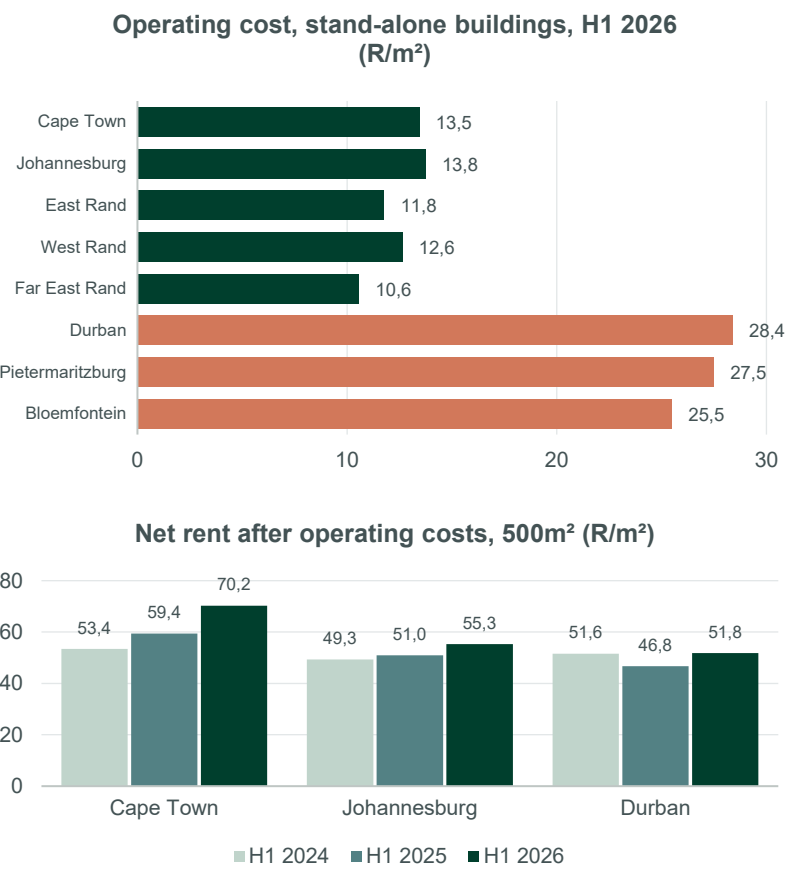


- **Cape Town land costs R2,039/m²** (1,000 m² stands), and the median node takes 2.2 years of rent to buy a square metre. Rents doubled over the decade while land rose about 40%, so the gap is closing, but established nodes such as Woodstock (R4,500) remain very expensive.
- **Durban is the paradox:** land is plentiful (index 2.25) yet costs R1,750–3,000/m² in established nodes, because developable land is held by a small number of large landowner-developers who have held back its release.
- **Gauteng land is cheap relative to income.** Johannesburg (R1,212/m²) and the East Rand (R1,033/m²) take 1.4–1.6 years of rent, and premium sites (Waterfall, Kramerville, Longmeadow) top out near R1,800/m². The constraint there is rental viability, not land.
- For developers, the best pre-let economics are in **Gauteng’s logistics corridors** and on **Cape Town’s N7 corridor**, where land costs about 1.5 years of rent. Durban’s northern corridor has land but slower absorption.

Metro (node medians)	Stand 1,000m²	Land-to-rent	Land scarce
Cape Town	R2,000	2.2 yrs	63%
Johannesburg & Ekurhuleni	R1,051	1.4 yrs	45%
Tshwane	R1,000	1.6 yrs	67%
Durban	R1,938	2.1 yrs	2%

Stand values = Rode market values for serviced stands, R/m² excl VAT, H1 2026. Land-to-rent = stand value ÷ annual 1,000m² rental (node medians; CBRE Excellerate analysis). Source: Rode & Associates via CBX industrial property database.

Costs now separate the metros: a third of Durban’s rent goes on operating costs



Metro	Escalation	Rent growth	Opex share	Reversi on*
Cape Town	7.74%	+14.2%	16%	+10%
Johannesburg	7.34%	+7.7%	20%	-2%
Durban	6.93%	+5.2%	35%	-6%
National leaseback	6.80%	+6.9%	—	—

*Lease signed H1 2024, renewing H1 2026.

- Escalations of **6.8–7.7%** are broadly aligned across the country. What differs is rental growth: in Cape Town it is far ahead, so renewals reset upwards; in Johannesburg and Durban, contract rents remain above market.
- Municipal charges drive costs: electricity is **44%** of industrial operating costs (+12.5% in 2025) and rates 23%. Recoverable variable costs rose about 15% nationally, so occupiers’ total occupancy cost is rising faster than rent.

R70.20
Cape Town net rent per m², up 31% in two years

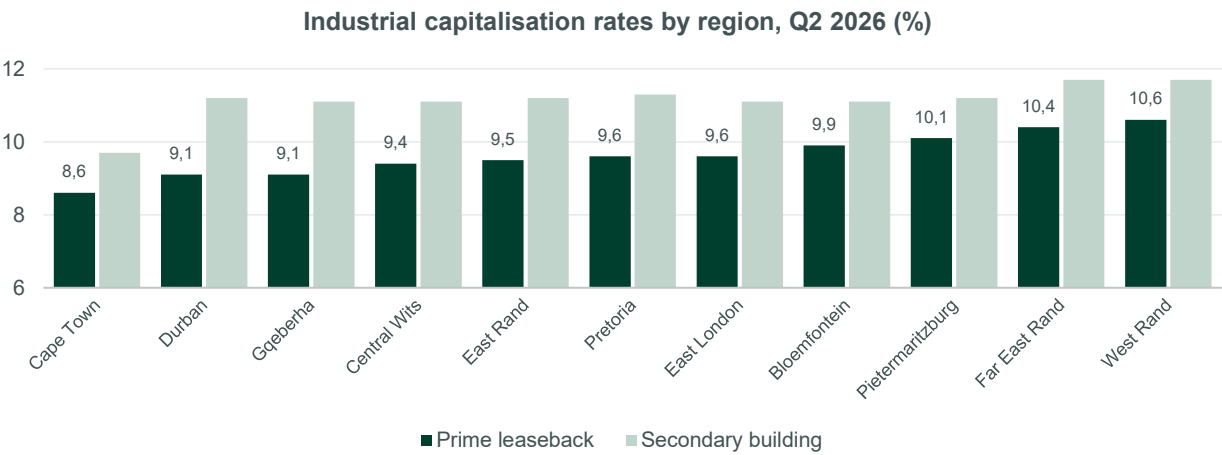
R55.30
Johannesburg net rent per m², up 12% in two years

R51.80
Durban net rent per m², unchanged in two years

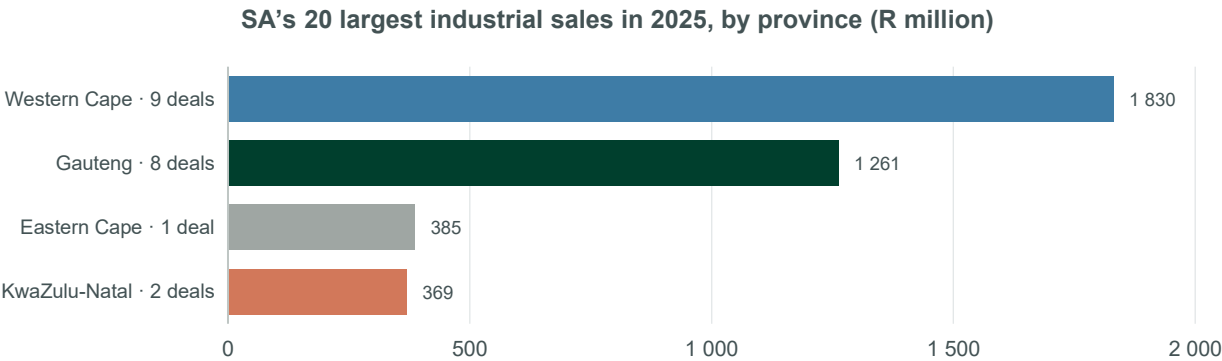
44%
Electricity’s share of industrial operating costs nationally

Source: Rode & Associates (operating expenses, escalations); SAPOA Industrial Property Trends 2025FY (cost structure). Net rent = 500m² gross rental less stand-alone operating cost. Reversion = H1 2026 market rent vs a lease signed in H1 2024 escalated at the current market escalation rate (CBRE Excellerate analysis).

Capital follows performance: the Western Cape drew half the value of the largest deals



- Prime industrial leasebacks trade at **9.3%** nationally, 40 bps above long bonds. Cap rates range from **8.6% in Cape Town** to 10.6% on the West Rand, and secondary buildings trade at 9.7–11.7% across the major regions. Investors price regional growth differences directly.
- Transaction activity was **selective**: single, well-located logistics assets rather than portfolios. The **Western Cape** accounted for almost half the value of the 20 largest sales (R1.83bn), on only 2.3% of index weight. Consani Industrial Park (R437m, Elsies River) was the largest.
- **Gauteng** recorded eight of the top 20 (R1.26bn), led by Lords View (R263m). PECS Coega in Gqeberha (R385m) was the second-largest sale nationally, and KwaZulu-Natal had two, both in Durban’s north-central core.
- **Private investors** remained net buyers and listed funds net sellers, a pattern that has persisted since 2020. A Cape Town-focused REIT was the exception, as the second-largest buyer nationally.



Source: Rode Report 2026:2 (capitalisation rates, means for Q2 2026); SAPOA Industrial Property Trends 2025FY (20 largest industrial sales, index weights, investor flows). Deal totals by province: CBRE Excellerate aggregation of the 20 largest sales.

Metro outlook: where we expect rents to keep outperforming, and where occupiers have leverage

Market	Rents	Vacancy	Our view	Where to look
Cape Town	▲	▶	Growth slows from 14% to 7–10% as affordability bites; land scarcity keeps the market landlord-favourable.	Northern N1 and N7 corridors, airport precinct
Johannesburg	▲	▶	Modern logistics parks keep repricing; older stock remains an occupier’s market. Median node growth near inflation.	Linbro–Longlake, Midrand, CBD fringe
Ekurhuleni (East Rand)	▲	▼	The OR Tambo logistics core: vacancy improving, rents growing above the Gauteng median; land values flat.	Jet Park, Spartan, Isando, Longmeadow
Tshwane	▼	▲	Rents fell 3.8% and vacancy rose; Centurion parks hold up, older northern and eastern nodes weaken.	Rooihuiskraal, Gateway, Louwlandia
West Rand / Far East Rand	▶	▲	Cheapest rents and land; the West Rand is softening, the Far East Rand growing from a low base.	Honeydew, Laserpark, Apex
Durban	▶	▲	Flat in real terms: the tight north-central core holds up, but costs cap net income and vacancy is edging up.	Riverhorse, Mount Edgecombe, Moveni
Secondary centres	▶	▲	Thin markets with rising vacancy (East London, Bloemfontein); port-linked Gqeberha and Richards Bay are the exceptions.	Coega, Richards Bay

CBRE Excellerate Research views based on Rode data to 2026:2 and the four metro reports in this series. Arrows refer to the next 12 months.

Outlook: a slower, more selective upcycle in which location and cost control decide returns

OCCUPIERS

- Expect renewals **above passing rent in Cape Town** (5–10%) but at or **below it in Johannesburg and Durban**; use lease events to reset escalations to 6.5–7%.
- Negotiate on **total occupancy cost**: recoverable costs rose about 15% nationally and absorb up to a third of rent in Durban.
- Large requirements: Gauteng offers the deepest choice of 10,000 m² space (R68–95/m²); Cape Town needs pre-lets.

LANDLORDS & DEVELOPERS

- Develop pre-let only: pioneer rents of R118–135/m² are 63–106% above market.
- Best development economics: Gauteng logistics corridors and Cape Town’s N7, where land costs about 1.5 years of rent.
- Move to full cost recovery and invest in solar and water resilience: electricity is 44% of operating costs.

INVESTORS

- Cape Town (8.6%) is priced for growth; Gauteng offers depth and an 80–100 bps yield premium with accelerating rents.
- With a 6–17% spread in returns, node selection matters more than sector timing: favour modern logistics in land-constrained nodes.
- Price secondary and peripheral stock (10.6–11.7%) on yield, not growth.

CBRE EXCELLERATE FORECAST INDICATORS

Indicator	H1 2026	H2 2026F	2027F
National prime rental, 500m ² (R/m ²)	R69.57	R71–72	R74–75
National rental growth y/y	+6.9%	+6–8%	+5–7%
Cape Town rental growth y/y	+14.2%	+10–13%	+7–10%
Johannesburg rental growth y/y	+7.7%	+7–9%	+5–7%
Durban rental growth y/y	+5.2%	+3–5%	+4–6%
National leaseback cap rate	9.3%	9.2–9.4%	9.0–9.4%
National leaseback escalation	6.80%	6.7–7.0%	6.7–7.0%

KEY RISKS TO THE VIEW

- Further interest rate hikes after September’s increase, slowing occupier expansion and pushing cap rates out.
- Weak manufacturing and Gauteng business confidence hitting older industrial nodes first.
- Municipal service failures and tariff increases raising costs, above all in Durban and the secondary centres.
- Upside: e-commerce fulfilment and third-party logistics absorbing modern space faster than the pre-let pipeline can deliver.

Forecasts are CBRE Excellerate Research views. F = forecast. Source: Rode & Associates; SAPOA Industrial Property Trends Report 2025FY.

Methodology, definitions and data notes

DATA SOURCES

Rode & Associates: prime industrial rentals by unit size, vacancy and land availability indices, stand values, escalations and operating expenses, by region and node, via the 2026 South Africa Industrial Property Database (CBX), quarterly to 2026:2; Rode Report 2026:2 (capitalisation rates, pioneer rentals).

SAPOA Industrial Property Trends Report 2025FY (May 2026), compiled with MSCI: sector returns and vacancy, index weights, cost structure, completions, largest sales and investor flows. Headline figures only.

Macro: Stats SA, SARB.

DEFINITIONS

H1 2026 = average of Rode quarters 2026:1 and 2026:2, vs H1 2025. **National** = Rode national average. **Johannesburg** = Rode Central Witwatersrand; **Tshwane** = Rode Pretoria.

Vacancy and land availability indices: Rode 1–9 panel scales (lower = tighter / scarcer), not percentages. National vacancy of 2.8% is the SAPOA/MSCI figure for standing investments.

Pioneer rental: highest gross rental achieved for new 1,000 m² units.

CBRE EXCELLERATE ANALYSIS

Node statistics: 208 nodes with H1 2025 and H1 2026 rental data across Cape Town, Johannesburg & Ekurhuleni (Central Wits, East Rand, Far East Rand, West Rand), Tshwane and Durban. Detailed node analysis is in the four metro reports.

Land-to-rent = stand value ÷ annual 1,000 m² rental. **Net rent** = gross rent less stand-alone operating cost. **Reversion** = market rent vs a lease escalated at the current market rate.

Supporting data: South_Africa_Industrial_H1_2026_Supporting_Data.xlsx.

Disclaimer: This report has been prepared in good faith based on CBRE Excellerate's current views of the industrial real estate market, using data from Rode & Associates, SAPOA and MSCI. Node-level panel data are based on small samples and can be volatile. Projections and forecasts are indicative only.

Thank you

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