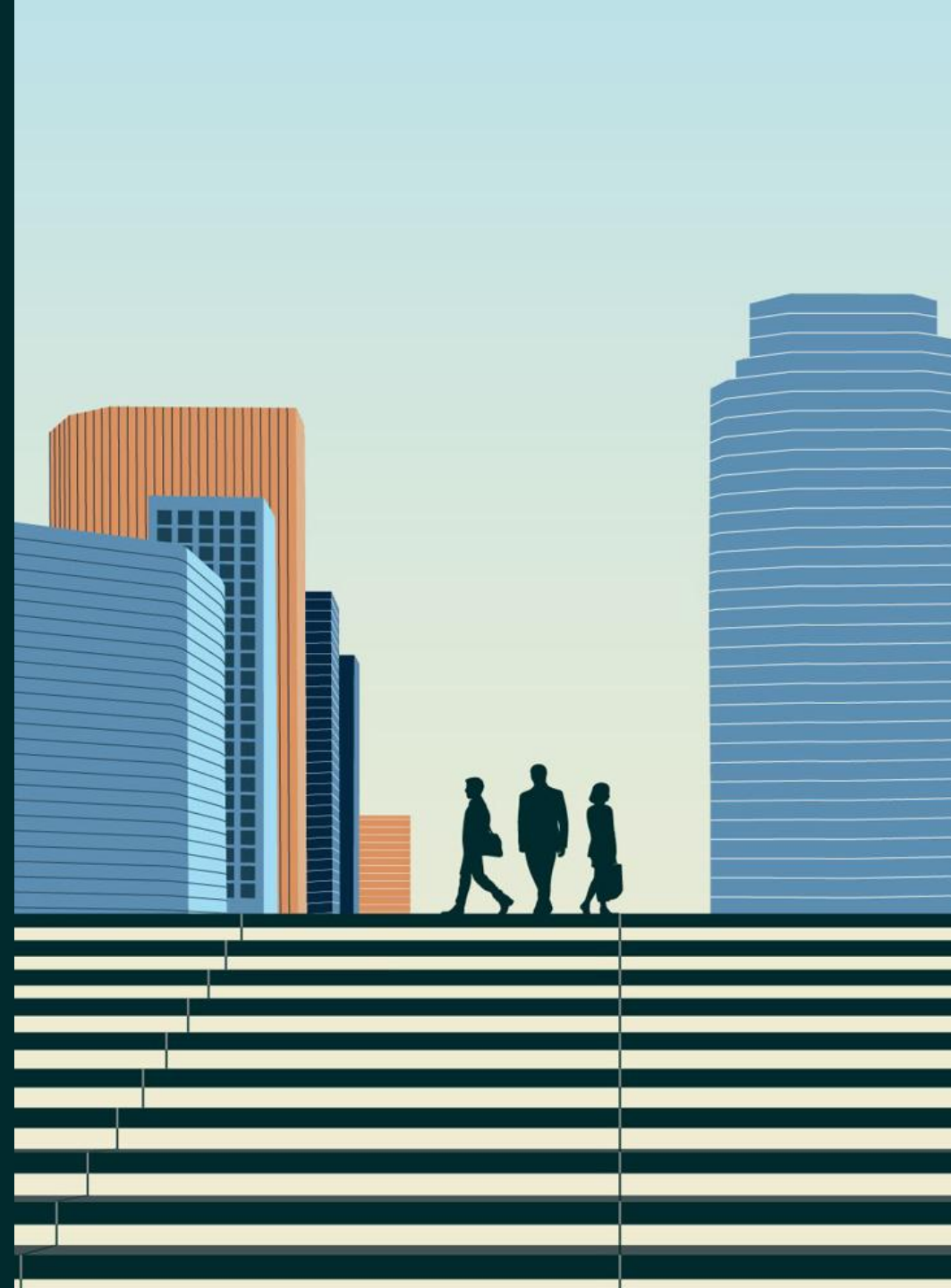


Cape Town Office Market Overview

Q3 2026

South Africa's tightest office market is supply-constrained in the decentralised nodes, while a softening CBD points to a two-speed city.



Cape Town remains the country’s tightest office market, but a softening CBD signals a two-speed city

2.79m m² Surveyed office stock (GLA) +23 783 m² q/q	▲ 6.9% Vacancy rate (SAPOA) +0.7 pp q/q · -6.1 pp vs Q2 22	▲ +3.1k m² Net absorption, like-for-like Q3 2026, excl. stock changes	▲ R337 Prime asking rent (R/m²/month) +5.0% q/q · SAPOA median	▲ R203 A-grade decentralised market rent Q3 26F · +8.3% y/y (Rode)	▼ 9.3% A-grade decentralised cap rate Q3 26F stable · pipeline 34 000 m²
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- Metro vacancy rose **70 bps q/q to 6.9%**, a second consecutive quarterly increase from a 5.7% low in Q3 2024. Cape Town is still the **tightest major metro**, 4.9 pp below the national rate of 11.8%.
- The increase is **entirely a CBD story**. CBD vacancy jumped to **14.0%** (Q2: 11.9%; Q4 2025: 10.0%) as occupied space fell by 34,500 m². Decentralised vacancy is just **2.7%**, and Rondebosch/Newlands (0.7%), the V&A Waterfront (0.8%) and Century City (2.0%) are effectively full. The CBD now holds **76% of the metro’s vacant space**.
- Like-for-like absorption has stalled at about zero over the past four quarters, down from +114,000 m² in the year to Q2 2023. That reflects a **shortage of space rather than weak demand**: there is little left to lease outside the CBD, and new stock that completes is absorbed almost immediately (Central: +30,000 m² delivered, +28,200 m² occupied in Q3).
- Rental growth leads the country by a wide margin. Rode A-grade decentralised rentals are projected at **R203/m² (+8.3% y/y)**, now **33% above 2019**. SAPOA prime asking rents rose to R337/m², and V&A Waterfront quotes reach R420/m².
- At a **9.3% cap rate**, just c.40 bps above long bonds, investors are pricing in continued rental growth. That makes valuations more sensitive than elsewhere to any slowdown, and Western Cape business confidence fell 9 points to 46 in Q3.

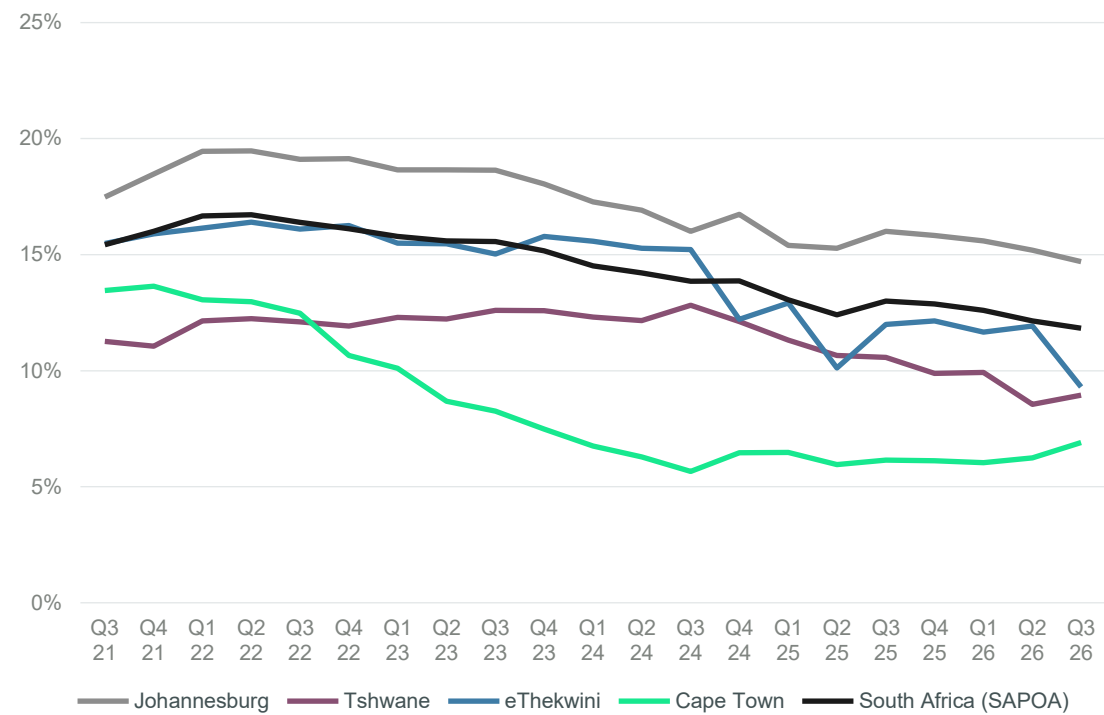
CBRE EXCELLERATE VIEW · NEXT 12 MONTHS

Vacancy	►	Decentralised stays at 2–4%; CBD drifts to 14–15% before stabilising, so metro vacancy holds around 6.5–7.5%
Prime rents	▲	High single-digit growth persists in the V&A, Claremont, Century City and Black River Park
CBD rents	►	Growth slows as landlords compete for tenants in older precincts
New supply	▲	34,000 m² under construction; the 10,500 m² speculative CBD scheme tests depth
Cap rates	►	Stable at 9.0–9.3%; little room for further compression

Cape Town remains the country’s **strongest landlord market**. However, we expect the gap between full decentralised nodes and a CBD with growing availability to widen. That gap will open a window for occupiers to secure CBD space on better terms than in 2024–25.

Still the national benchmark: Cape Town’s office cycle is about supply constraint, not demand weakness

Office vacancy rate by metro vs South Africa (%)



Cape Town has been the lowest-vacancy metro throughout the cycle. Its rise since Q2 2026 is driven by the CBD; decentralised nodes are at historic lows.

Cape Town has led the post-pandemic office recovery, cutting vacancy from 13.6% in late 2021 to a low of 5.7% in Q3 2024, the fastest improvement among the metros until Durban’s recent catch-up. The current 6.9% is a modest retracement from cyclical lows, not a turn in the cycle.

Demand drivers remain the strongest in the country: semigration of skills and corporates, a deep technology, financial services and BPO occupier base, and the best-performing provincial economy. Rode notes that **46% of national office construction** in Q2 was located in Cape Town and was largely pre-let.

There are early signs of fatigue. Western Cape business confidence dropped from 55 to **46** in Q3, and operating-cost escalations have risen to 8.5%. Affordability is becoming a constraint for some occupiers at current rental levels.

-0.2%

Real GDP, Q2 2026 q/q (Stats SA): first contraction after six quarters of growth

7.25%

SARB repo rate after a unanimous 25 bp hike on 23 September 2026 (prime 10.75%)

4.4%

Headline CPI, August 2026, still above the SARB’s 3% target

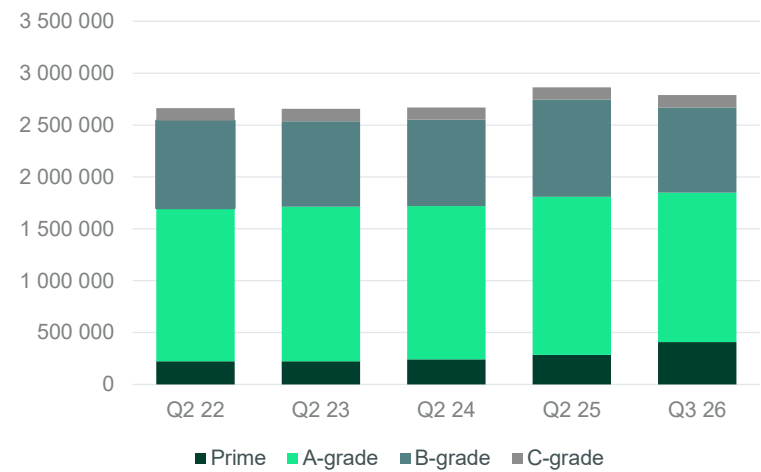
46

Western Cape business confidence, Q3 2026 (RMB/BER), down from 55 in Q2 but still the highest of the major provinces

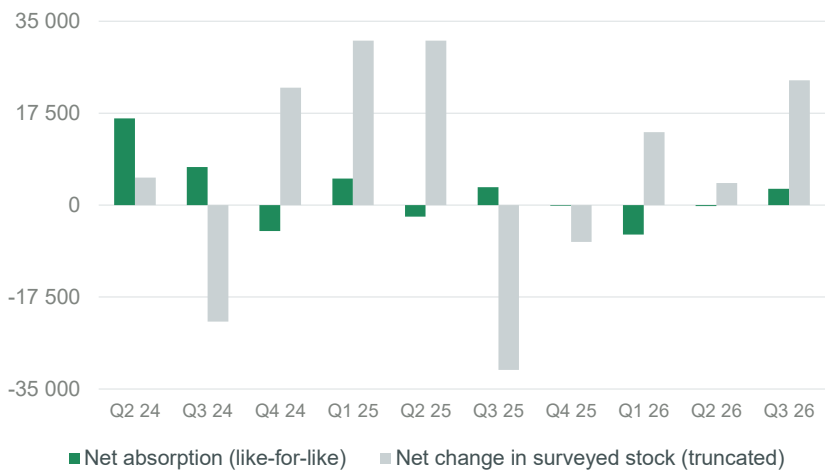
Source: SAPOA Office Vacancy Survey (Q3 2026); Stats SA; SARB; RMB/BER Business Confidence Index (Q3 2026); Rode Report 2026:2; CBRE Excellerate Research. Q3 2025 SAPOA readings interpolated (see methodology).

Little space is left to absorb outside the CBD, so new completions are taken up almost as soon as they arrive

Surveyed stock by grade (m² GLA)



Net absorption vs change in surveyed stock (m²)



Surveyed stock increased by **23,800 m²** to 2.79 million m². Completions in the Central node (+30,000 m²) and Century City (+7,900 m²) more than offset a 14,100 m² reduction in CBD stock.

Like-for-like absorption was **+3,100 m²** in Q3 and roughly flat over 12 months. In a market with 2.7% decentralised vacancy, flat absorption signals **constrained supply, not weak demand**. Occupiers cannot find suitable space, so expansions are deferred or channelled into pre-lets.

Quality is being upgraded fast. **Prime stock has grown 84% since 2022 to 408,000 m²** through new completions and refurbishments, while A- and B-grade stock has contracted slightly.

Development pipeline: under construction, SAPOA Q3 2026

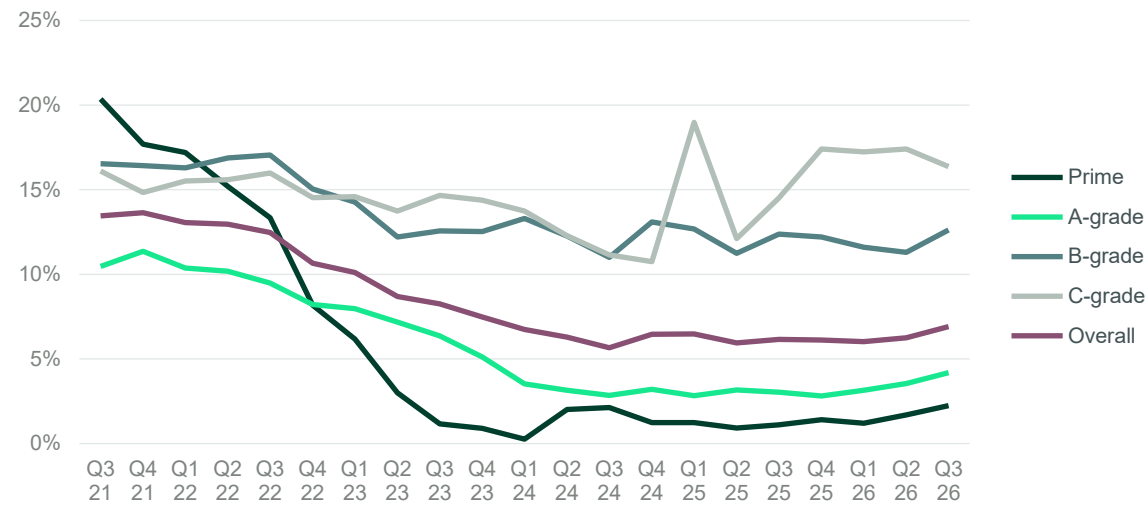
Node	GLA m²	Available m²	Pre-let	Asking
Central (Pinelands/Black River Park)	15 000	1 600	89%	R340
CBD Cape Town	10 500	9 177	13%	R295
Century City	8 500	—	100%	R285
Total under construction	34 000	10 777	68%	

34,000 m² is under construction (34% of the national pipeline), and 68% of it is pre-let. The Central node (Black River Park/Pinelands, 15,000 m² at R340/m²) and Century City (8,500 m², fully let) are tenant-led.

The **10,500 m² CBD scheme is 87% uncommitted** at a quoted R295/m². Its letting will test whether CBD demand can absorb new Prime space while older precincts lose tenants.

Prime and A-grade remain exceptionally tight; vacancy is building in older CBD B-grade stock

Vacancy rate by grade, Q3 2021 – Q3 2026 (%)

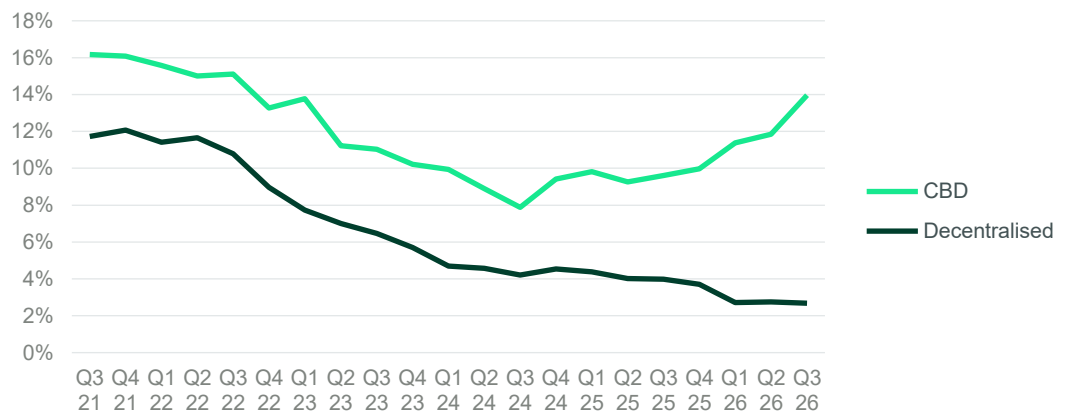


Prime vacancy is 2.2% and **A-grade 4.2%**, both well below national averages (4.7% and 9.5%). The q/q increases of 50–70 bps are modest and largely CBD-related; decentralised vacancy was unchanged at 2.7%.

B-grade vacancy rose 1.3 pp to **12.6%** and accounts for over half of vacant space. SAPOA's micro-market work shows the issue is concentrated: the precinct between Wale and Strand Streets is at **19.9%** and Wale–Hans Strijdom at **16.9%** (58,700 m² vacant), against just 7.6% on the western and peripheral edge.

The CBD/decentralised gap has widened to **11.3 pp**, the largest in the series. Occupiers are trading out of older CBD buildings into modern campus-style space in the southern suburbs, Black River Park and Century City.

Cape Town CBD vs decentralised vacancy (%)

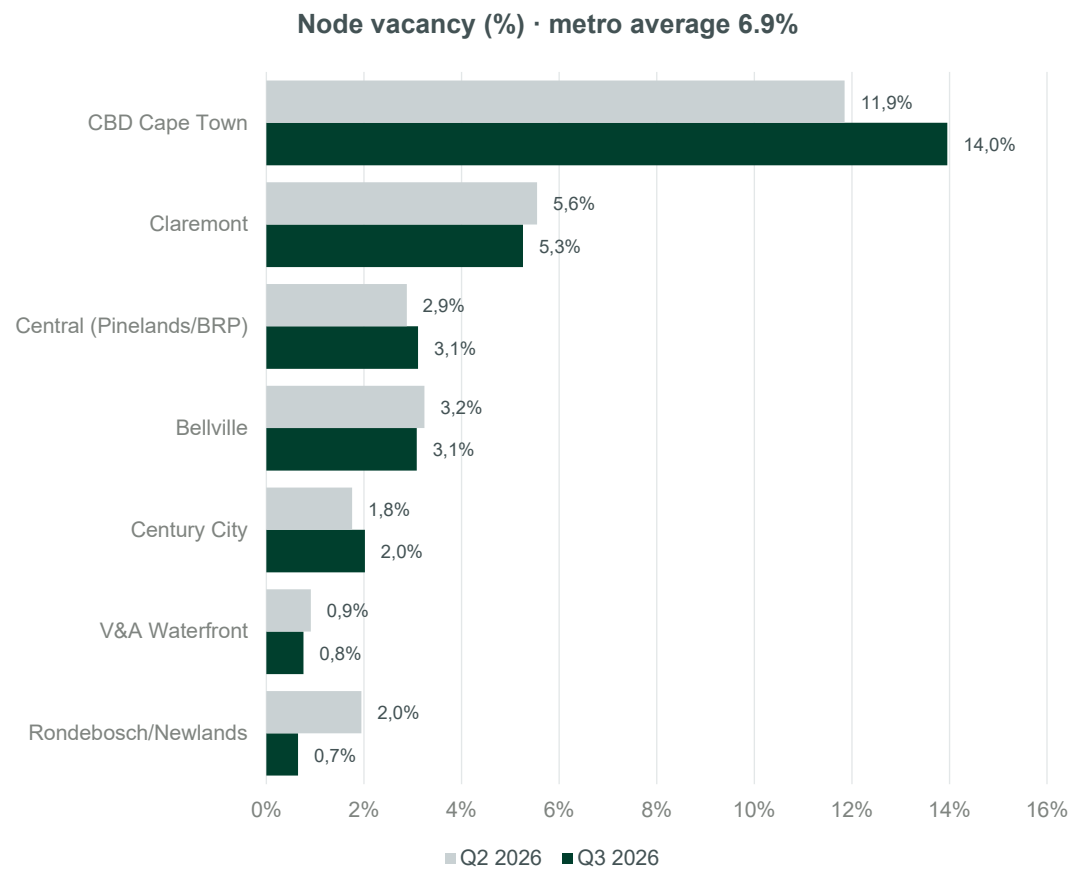


Q3 2026 vacancy by grade

Grade	GLA m²	Vacant m²	Vacancy	Δ q/q (pp)	Share of vacant
Prime	408 354	9 162	2.2%	+0.5	5%
A-grade	1 440 139	60 330	4.2%	+0.7	31%
B-grade	819 249	103 471	12.6%	+1.3	54%
C-grade	121 592	19 899	16.4%	-1.0	10%
Total	2 789 334	192 862	6.9%	+0.7	100%

Source: SAPOA Office Vacancy Survey (Q3 2026); CBRE Excellerate Research. Note (Q2 2026) decentralised vacancy for A+/A/B space: Cape Town decentralised 7.3% (A+ 4.6%, A 7.0%, B 8.9%), down slightly from 7.6% a year earlier.

Five of seven nodes are below 4% vacancy; the CBD is the only material source of availability



Node	GLA m²	Vacancy	Δ q/q pp	Δ vs Q2 22 pp	Media n ask	Top ask
CBD Cape Town	1 046 414	14.0%	+2.1	-1.0	R183	R310
Bellville	548 977	3.1%	-0.2	-4.8	R180	R240
Central (Pinelands/BRP)	399 716	3.1%	+0.2	-4.2	R208	R240
Century City	391 139	2.0%	+0.3	-17.6	R218	R300
Claremont	146 910	5.3%	-0.3	-8.8	R234	R360
V&A Waterfront	144 572	0.8%	-0.2	-9.3	R420	R420
Rondebosch/Newlands	111 606	0.7%	-1.3	-14.4	R224	R280

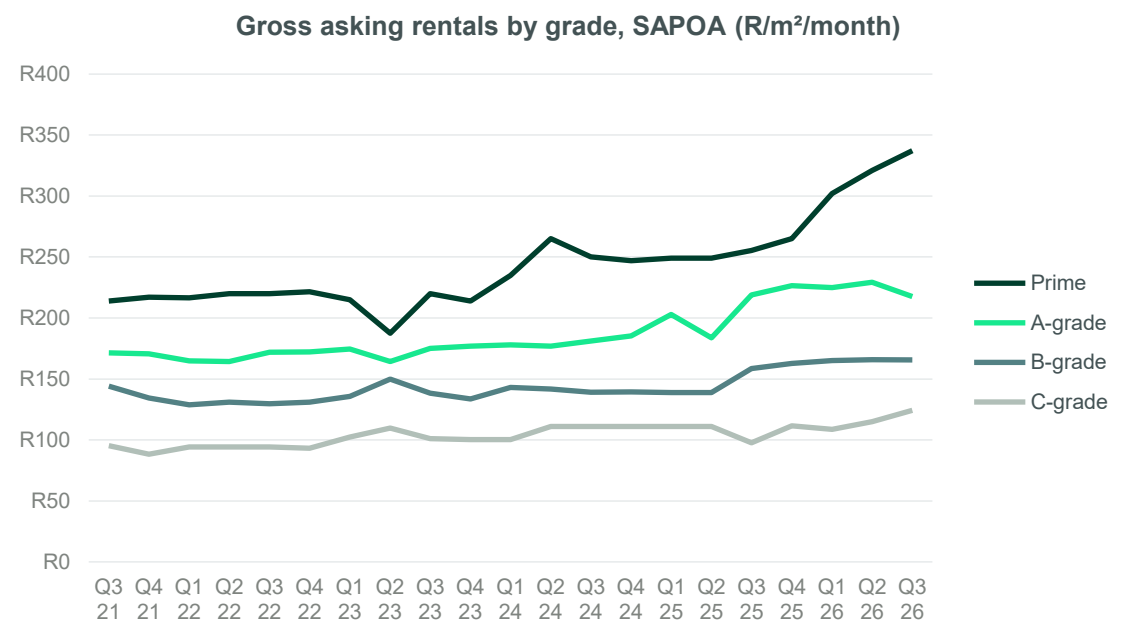
Decentralised nodes are close to full occupancy. **Rondebosch/Newlands (0.7%)**, the **V&A Waterfront (0.8%)**, **Century City (2.0%)**, Bellville and Central (3.1% each) all sit well below frictional levels.

Claremont (5.3%) has improved by 8.7 pp since 2022 and commands the highest median ask outside the V&A (R234/m²). Bellville has absorbed +20,400 m² over 12 months as cost-sensitive occupiers move north.

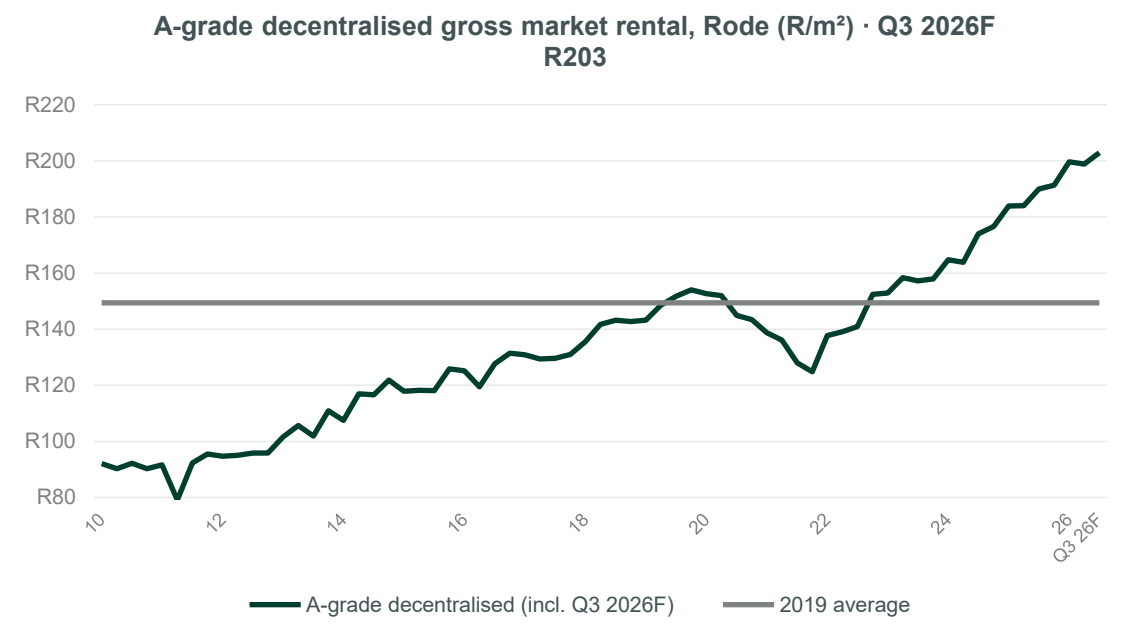
The **CBD (14.0%; 146,100 m² vacant)** is now the market's pressure point. Even so, its well-located Prime stock and the Foreshore/Waterfront edge continue to let at strong rentals, and Rode reports CBD A+ market rentals up 15.8% y/y.

Source: SAPOA Office Vacancy Survey (Q3 2026); CBRE Excellerate Research. Asking rents are gross, R/m²/month; median = GLA-weighted median asking rent across grades.

Rentals are 33% above 2019, and premium precincts are achieving double-digit growth



Grade	Q3 2026	Δ q/q	Δ vs Q4 25	Highest ask
Prime	R337	+5.0%	+27.2%	R420
A-grade	R218	-5.1%	-3.9%	R330
B-grade	R166	-0.1%	+1.8%	R289
C-grade	R124	+8.1%	+11.3%	R240



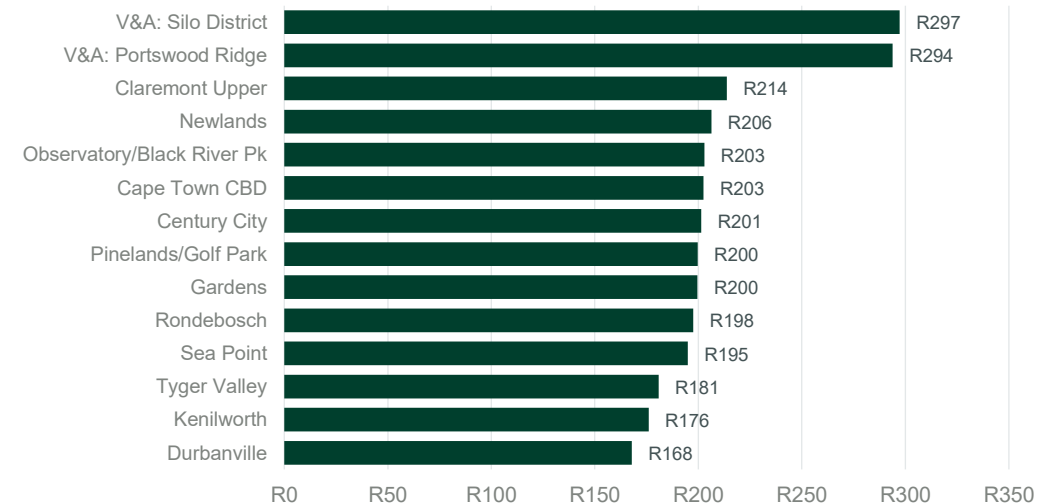
SAPOA prime asking rentals rose to **R337/m²** (+5.0% q/q; +27% since Q4 2025), helped by new high-specification space quoting in the CBD and Central nodes. Movements in A-grade quotes reflect changes in which buildings are marketed rather than weakness.

Rode's A-grade decentralised market rental is projected at **R203/m² in Q3 2026**, up 8.3% y/y. Growth is slowing from c.10% in 2025 but remains well above inflation, and Cape Town is the **only metro where real rentals are clearly above pre-pandemic levels**.

The V&A Waterfront sets a new national benchmark, and premium rentals are now pulling away from the suburbs

Node	A+ Q2	y/y	A+ Q3F	A Q2	y/y	A Q3F	Rent-free (mths)
V&A: Silo District	R312	+36.6%	R337	R277	+33.3%	R297	2.5
V&A: Portsworld Ridge	R303	+33.0%	R325	R274	+33.4%	R294	2.0
Granger Bay	R307	+51.7%	R340				
Cape Town CBD	R241	+15.8%	R250	R199	+8.1%	R202	1.8
Gardens	R214	+10.7%	R220	R194	+12.0%	R200	1.5
Sea Point	R254	+28.0%	R270	R191	+9.3%	R195	
Woodstock	R176	+0.3%	R176	R163	+1.1%	R164	2.0
Claremont Upper	R253	-8.1%	R248	R213	+1.4%	R214	1.0
Claremont Lower							
Rondebosch	R215	+10.8%	R221	R193	+9.2%	R198	0.9
Newlands	R245	+5.2%	R248	R205	+3.3%	R206	
Kenilworth				R176		R176	
Pinelands/Golf Park				R195	+10.0%	R200	0.9
Observatory/Black River Pk	R211	+22.0%	R222	R194	+20.4%	R203	
Century City	R244	+8.7%	R249	R198	+8.0%	R201	
Tyger Valley	R213	+1.0%	R214	R180	+1.5%	R181	1.2
Bellville CBD				R140		R140	0.9
Durbanville	R197	+1.5%	R197	R168		R168	
Westlake							

A-grade market rentals by node, Q3 2026F (R/m²)



V&A Waterfront precincts lead the country. Silo District A+ rentals are c.R312/m² (Q2) and Portsworld Ridge A-grade c.R274, up 33–37% y/y on very tight availability. Small samples amplify these moves, but the direction is clear.

A-grade rentals in Rondebosch (+9.2% y/y), Pinelands (+10.0%) and Observatory/Black River Park (+20.4%), at c.R193–198, are still growing strongly. Tyger Valley (+1.5%), Claremont Upper (+1.4%) and Newlands (+3.3%) are maturing as tenants push back on affordability.

Rent-free periods are shortest in Rondebosch and Pinelands (0.9 months). They are longest in the V&A Silo District (2.5 months), where landlords protect headline rents with incentives.

Cape Town is the only metro where market rental growth keeps pace with escalations, so reversions are neutral to positive

Market rental growth of 8.3% is broadly **in line with contractual escalations of 7.9%**, so renewals are not reverting downwards as they are in Gauteng. **Operating-cost escalations have risen to 8.5%** (from 7.9% a year ago), driven by municipal tariffs and security. Total occupancy cost is becoming the binding constraint for occupiers.

Cape Town has the **lowest office cap rates in the country at 9.3%** (Q1: 9.4%). The CBD and Century City are at 9.0% and Claremont at 9.1%, a spread of only c.40 bps over long bonds. That is thin compensation unless double-digit rental growth continues.

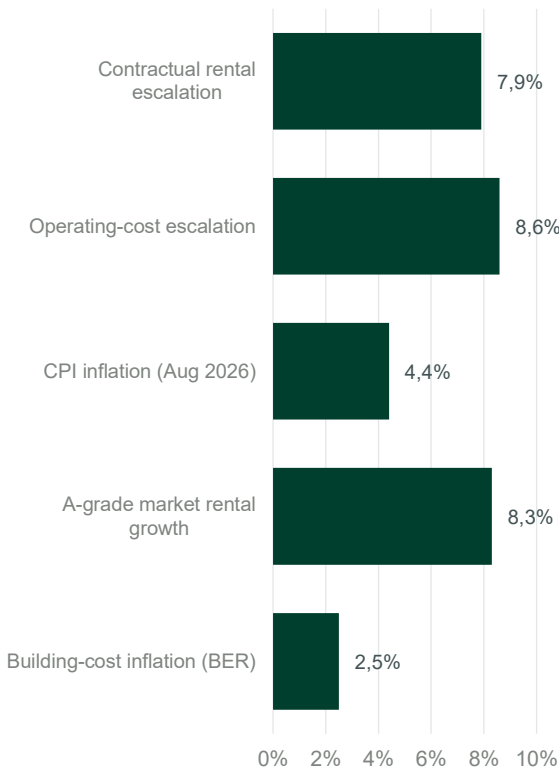
The pioneer rental of R342/m² is 72% above the A-grade mean. This keeps new development tenant-led, but the gap is narrowing faster than in any other metro.

-2%
Contract rent vs market rent after a 5-year lease at current escalation and market growth rates

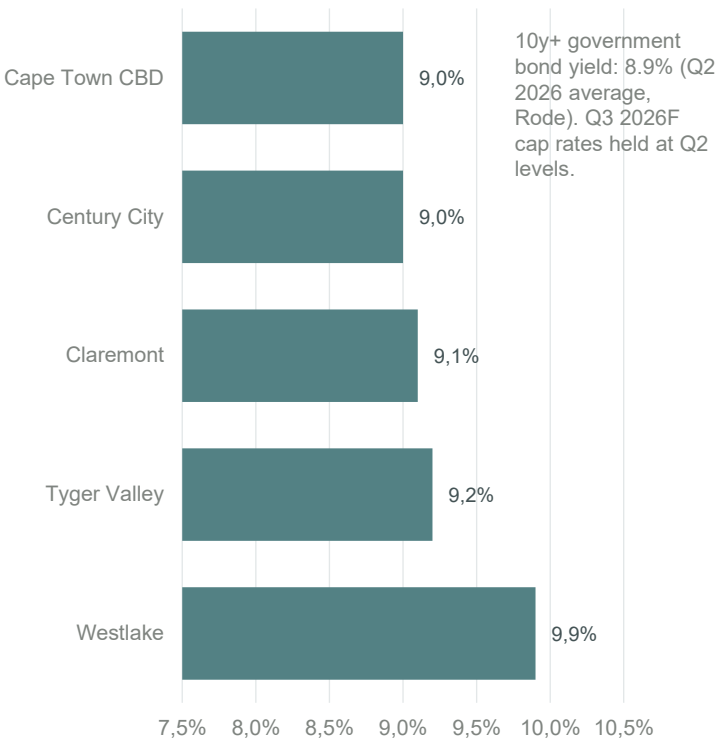
9.3%
A-grade decentralised cap rate (Q2 9.4% → Q3F 9.3%)

R342
Pioneer (new-build) rental vs R199 A-grade mean: 72% gap to development viability

Lease economics, Q3 2026F (% p.a.)



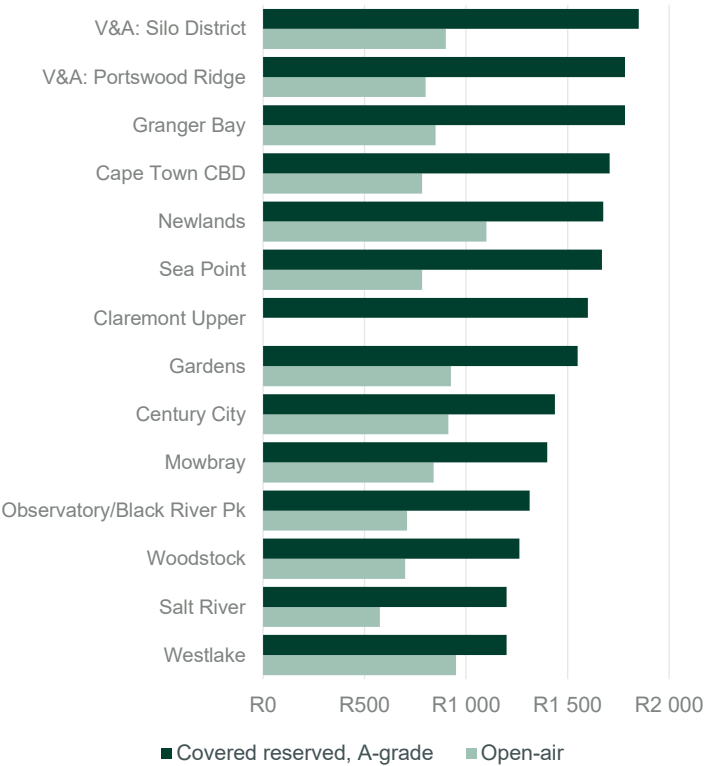
A-grade multi-tenant cap rates, Rode Q2 2026 (%) · metro avg 9.3%



Source: Rode Publications & Media, Rode Report 2026:2; CBRE Excellerate Research. Q3 2026F = CBRE Excellerate projection. Escalation rates are city averages of Rode grade-A node assessments. 10y+ bond yield = 8.9%, Q2 2026 average (Rode). CPI: Stats SA. BER Building Cost Index per Rode Report 2026:2.

Cape Town has the country’s most expensive parking: bays cost over R1,300 a month and add more than a quarter to occupancy costs

Market parking rentals by node, Q2 2026 (R/bay/month)



Node	Cov. A+	Cov. A	Cov. B	Open-air	A y/y	A Q3F	m² equiv.
V&A: Silo District	R2 050	R1 850	R1 650	R900		R1 850	6.7
V&A: Portswood Ridge	R1 950	R1 783	R1 600	R800	-9.2%	R1 741	6.5
Granger Bay	R1 950	R1 783	R1 650	R850		R1 783	
Cape Town CBD	R1 929	R1 707	R1 583	R783	+1.2%	R1 712	8.6
Newlands		R1 675		R1 100	+3.2%	R1 688	8.2
Sea Point	R1 910	R1 670	R1 540	R783	+0.2%	R1 671	8.8
Claremont Upper	R1 800	R1 600	R1 350		+0.2%	R1 601	7.5
Gardens	R1 717	R1 550	R1 467	R925	-4.2%	R1 534	8.0
Century City	R1 620	R1 438	R1 150	R913		R1 438	7.3
Mowbray		R1 400	R1 225	R840		R1 400	
Observatory/Black River Pk	R1 475	R1 313	R1 083	R710		R1 313	6.8
Woodstock	R1 367	R1 263	R1 175	R700	-17.8%	R1 202	7.7
Salt River	R1 317	R1 200	R1 083	R575		R1 200	
Westlake	R1 300	R1 200	R1 183	R950	+17.5%	R1 249	

R1 314

Median covered A-grade bay, Q3 2026F (Q2: R1 313; +0.2% y/y, median node)

R800

Median open-air bay, Q2 2026; covered bays carry a 68% premium

+26%

Parking uplift on A-grade decentralised gross rental at 4 bays per 100 m²

The median covered, reserved A-grade bay costs **R1,313/month** across 21 Cape Town nodes (open-air: R800), projected at c.R1,314 for Q3 2026. That is **almost double Gauteng** (c.R725–735) and 2.1× Durban (R619).

The V&A Waterfront sets the ceiling: **Silo District R1,850**, Portswood Ridge and Granger Bay R1,783, with A+ bays up to R2,050. The CBD (R1,707), Newlands (R1,675), Sea Point (R1,670) and Claremont Upper (R1,600) follow. The northern suburbs are markedly cheaper: Tyger Valley R1,000, Durbanville R975 and Goodwood R875.

Parking growth has not kept pace with rents. The median node with a time series recorded **+0.2% y/y** (nine nodes; the northern nodes have no history), against 8.3% office rental growth. A CBD bay still costs the same as **8.6 m²** of A-grade space (5.6 m² in Tyger Valley and Pinelands), and at four bays per 100 m² parking adds c.**26%** to A-grade decentralised gross rental. Scarce, costly CBD parking is a real friction for occupiers weighing a move from the suburbs.

Source: Rode Publications & Media, Rode Report 2026:2, Table 5.5 (market parking rentals, Q2 2026, R/bay/month excl. VAT) and Rode time series; CBRE Excellerate Research. y/y = two-quarter smoothed; Q3F = Q2 × (1 + y/y)^{1/4}. m² equiv. = covered A-grade bay ÷ node A-grade gross rental per m². Medians across all surveyed nodes in the metro.

Outlook: tight decentralised markets keep rents rising, while a softer CBD gives occupiers some leverage

OCCUPIERS

- Plan 18–24 months ahead in decentralised nodes, where pre-lets are often the only option for floors above 2,000 m².
- Use CBD softness to negotiate on older-precinct B-grade and secondary A-grade space: incentives are returning there.
- Model total occupancy cost: with operating costs rising 8.5% p.a., gross-rental comparisons understate the true cost increase.

LANDLORDS

- Decentralised owners hold pricing power, so prioritise lease-term extension and escalation integrity over incentives.
- CBD owners of B-grade stock should accelerate refurbishment or residential and hospitality conversion; the Wale–Strand precinct is most exposed.
- New Prime schemes should pre-let before construction; the speculative CBD scheme is the test case.

INVESTORS

- Cape Town remains the preferred office market for growth, but at 9.0–9.3% yields the buyer pays for that growth.
- Best relative value is in well-let Bellville/Tyger Valley assets, where yields of c.9.2% come with lower rental bases and room to grow.
- Avoid underwriting double-digit rental growth beyond 2027: affordability and rising costs are slowing it.

CBRE Excellerate forecast indicators

Indicator	Q3 2026	Q4 2026F	Q3 2027F
Overall vacancy (SAPOA)	6.9%	6.8–7.3%	6.5–7.5%
CBD vacancy (SAPOA)	14.0%	14–15%	13–14.5%
Prime asking rent (SAPOA, R/m²)	R337	R335–345	R350–365
A-grade decentralised market rent (Rode)	R203F	R206	R215–220 (+6–8% y/y)
A-grade decentralised cap rate (Rode)	9.3%F	9.3%	9.1–9.3%
Covered A-grade parking bay (R/month)	R1,314F	R1,310–1,330	R1,330–1,380

KEY RISKS TO THE VIEW

- Affordability: rents 33% above 2019 combined with 8.5% cost escalations could slow occupier expansion.
- A sharper fall in Western Cape business confidence (46 in Q3) feeding into BPO and technology hiring.
- Further CBD tenant migration if speculative completions coincide with lease expiries in older precincts.
- Upside: continued semigration and the global services export sector could re-tighten the CBD faster than expected.

Source: CBRE Excellerate Research. Forecasts are indicative house views based on SAPOA Q3 2026 and Rode 2026:2 data and the macro outlook as at October 2026; they are not guarantees of future performance.

Methodology, definitions and data notes

DATA SOURCES

SAPOA Office Vacancy Survey (Q3 2026). Building-level vacancy, GLA and gross asking rentals aggregated by node and grade; survey covers 2 789 334 m² of completed office GLA in Cape Town. Vacancy = available GLA ÷ completed GLA. Asking rentals are landlord quotes (gross, R/m²/month), averaged as the simple mean of node-grade medians, consistent with SAPOA national reporting.

Rode Report 2026:2. Panel-based survey (fieldwork May–June 2026) of achievable gross market rentals, escalations, rent-free periods, outgoings, vacancy (grades A+/A/B, smoothed) and capitalisation rates by node.

Q3 2026 PROJECTION OF RODE DATA

Rode data is published to Q2 2026. Q3 2026F values are CBRE Excellerate projections: **rentals** = Q2 2026 value × (1 + trailing two-quarter-smoothed y/y growth)^{1/4}; **escalations** = Q2 2026 value plus half the average quarterly change over the last year; **cap rates** held at Q2 2026 levels in line with Rode's sideways outlook, with upside risk following the SARB's 25 bp hike on 23 September 2026. Projections were cross-checked against SAPOA Q3 2026 asking-rental and vacancy movements.

DATA NOTES

Q3 2025 SAPOA readings contain anomalous availability values in several nodes; for trend charts and absorption these are interpolated as the mean of Q2 and Q4 2025. **Like-for-like absorption** isolates demand by excluding node-grade segments whose surveyed GLA changed in the quarter (completions, withdrawals, conversions, re-grading).

Definitions. Prime: top-quality, 4-star Green Star or equivalent; A-grade: high-quality modern; B-grade: older, refurbished to near-modern standard; C-grade: older, limited services. CBD and decentralised splits follow SAPOA node definitions.

Supporting data. All figures and charts are reproduced in the workbook [Office_Market_Overview_Q3_2026_Supporting_Data.xlsx](#).

Disclaimer: This report has been prepared in good faith based on CBRE Excellerate's current views of the commercial real estate market, using data from SAPOA and Rode Publications & Media. Although CBRE Excellerate believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond our control. Projections and forecasts are indicative and should not be relied upon as a guarantee of future performance. Figures may not sum due to rounding.

Thank you

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Gracias ধন্যবাদ Salamat धन्यवाद Obrigado 謝謝 Спасибо 감사합니다 Merci תודה شكره Danke ありがとう Terima Kasih شکرا

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