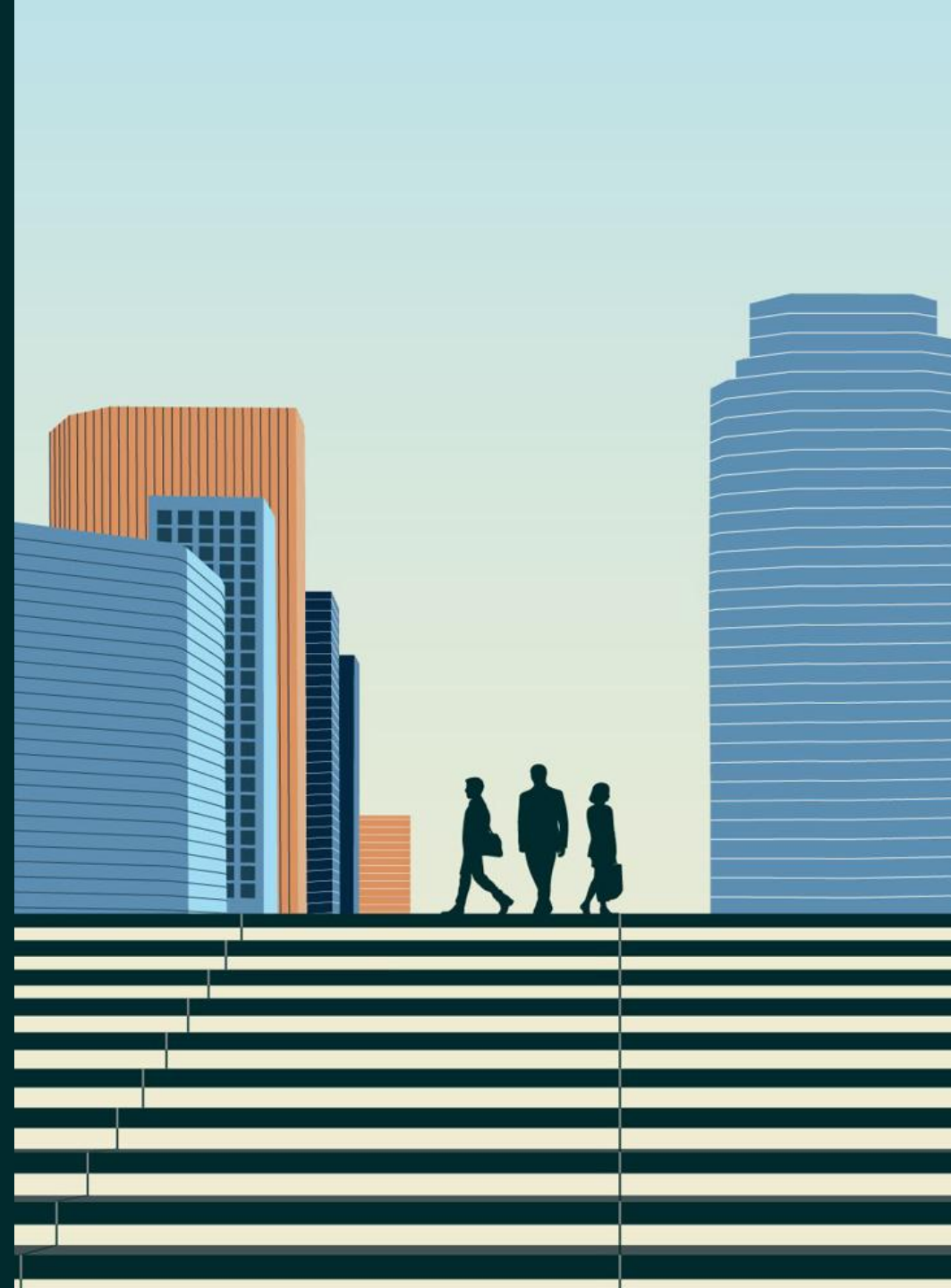


eThekweni Office Market Overview

Q3 2026

Headline vacancy falls to a series low, but stock withdrawal in the CBD did most of the work. Umhlanga/La Lucia remains the engine of demand.



eThekwini vacancy falls to 9.3%, but stock withdrawal did the heavy lifting; Umhlanga remains the engine of demand

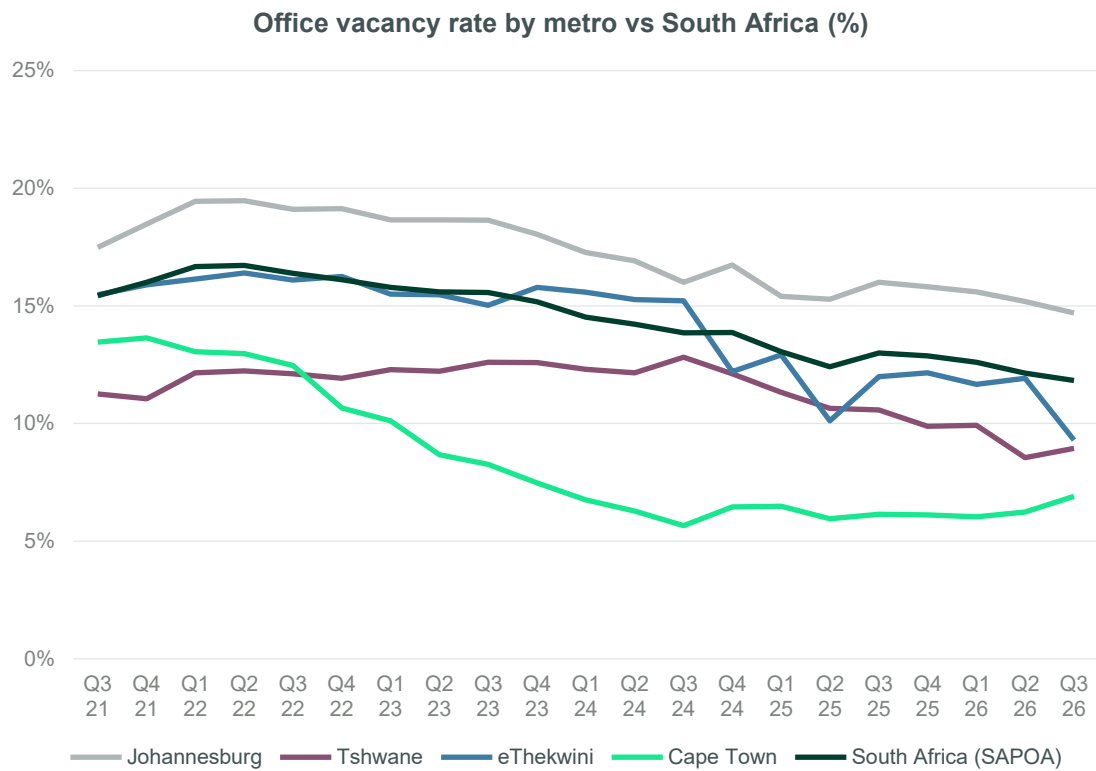
1.63m m² Surveyed office stock (GLA) -94 741 m ² q/q	▼ 9.3% Vacancy rate (SAPOA) -2.6 pp q/q · -7.1 pp vs Q2 22	▲ +3.0k m² Net absorption, like-for-like Q3 2026, excl. stock changes	▲ R220 Prime asking rent (R/m ² /month) +8.6% q/q · SAPOA median	▲ R166 A-grade decentralised market rent Q3 26F · +4.9% y/y (Rode)	► 10.6% A-grade decentralised cap rate Q3 26F stable · pipeline 2 548 m ²
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- Vacancy fell **2.6 pp q/q to 9.3%**, the lowest in the series and **7.1 pp below the Q2 2022 peak**. Durban has now recorded the largest improvement of any metro this cycle.
- The Q3 move is **almost entirely stock-driven**. About **90,000 m² of B- and C-grade space was withdrawn** from the CBD survey base (conversion, redevelopment or reclassification). Like-for-like absorption was a modest **+3,000 m²**, and total occupied space fell by 40,900 m² because the withdrawn buildings were partly occupied.
- The market is split. **Decentralised vacancy is just 4.4%**, led by **Umhlanga/La Lucia at 2.9%** (529,000 m²), while the **CBD stands at 15.7%** and holds 73% of vacant space.
- **Prime vacancy is just 0.7%**: only c.600 m² of Prime space is available in the entire metro. SAPOA prime asking rentals jumped to **R220/m²** (+8.6% q/q).
- Rode A-grade decentralised rentals are projected at **R166/m² (+4.9% y/y)**, 15% above 2019. The pioneer-rental gap is the **narrowest of the major metros (43%)**, which makes Umhlanga the most likely candidate for the next round of speculative development.

CBRE EXCELLERATE VIEW · NEXT 12 MONTHS		
Vacancy	▼	Further gradual improvement to c.8.5–9.0% as CBD conversions continue
Prime rents	▲	Strong growth in Umhlanga/La Lucia; Prime is effectively full
CBD rents	▼	Nominal declines continue in B- and C-grade CBD stock
New supply	▲	Pipeline only 2,500 m ² , but Umhlanga is nearing development viability
Cap rates	►	Stable at 10.6%; La Lucia below 10%

We expect eThekwini to remain a **landlord’s market in the northern nodes** and a **tenant’s market in the CBD**. Further improvement in headline vacancy will depend more on conversion of obsolete CBD stock than on leasing.

The biggest improvement of the cycle, driven by a decisive northward shift in occupier demand



Durban's Q3 step-down to 9.3% reflects c.90,000 m² removed from the CBD survey base. On an unchanged stock base, we estimate vacancy would have been broadly flat at c.11.7%.

Durban's office market has been reshaped by the northward migration of corporate occupiers to Umhlanga, La Lucia and the Dube TradePort corridor. Vacancy has fallen from 16.4% in mid-2022 to 9.3%, and SAPOA notes it has recorded the largest improvement of any metro since Q1 2022.

KwaZulu-Natal business confidence was unchanged at **40** in Q3 2026, well ahead of Gauteng (30). Port, logistics and manufacturing-linked occupiers remain cautious after the Q2 GDP contraction. Professional services and financial occupiers continue to drive demand in the north.

Rode's panel places Durban decentralised vacancy (A+, A and B) at **9.5% in Q2 2026**, up slightly y/y, with La Lucia Ridge/Umhlanga lowest at 7.1%. That is higher than SAPOA's 4.4% because the two surveys define nodes and grades differently, but both show the north outperforming.

-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%)

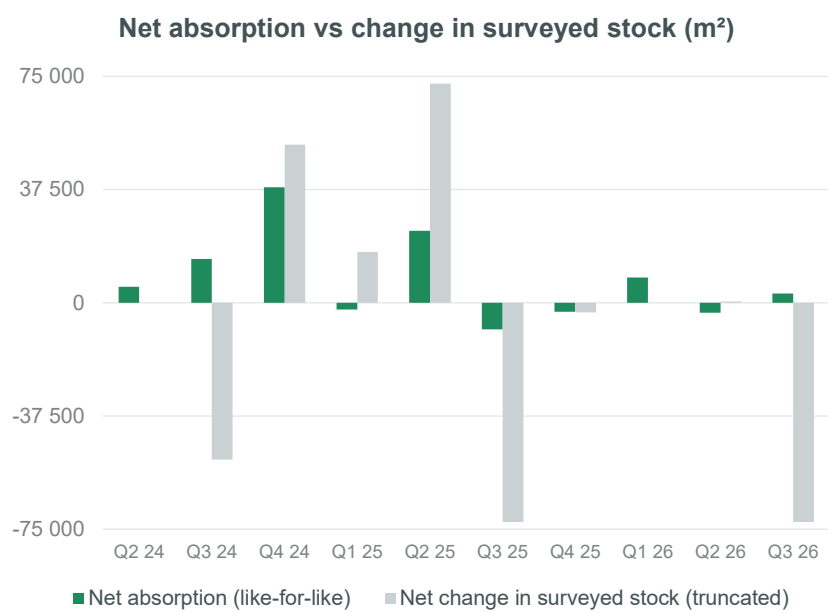
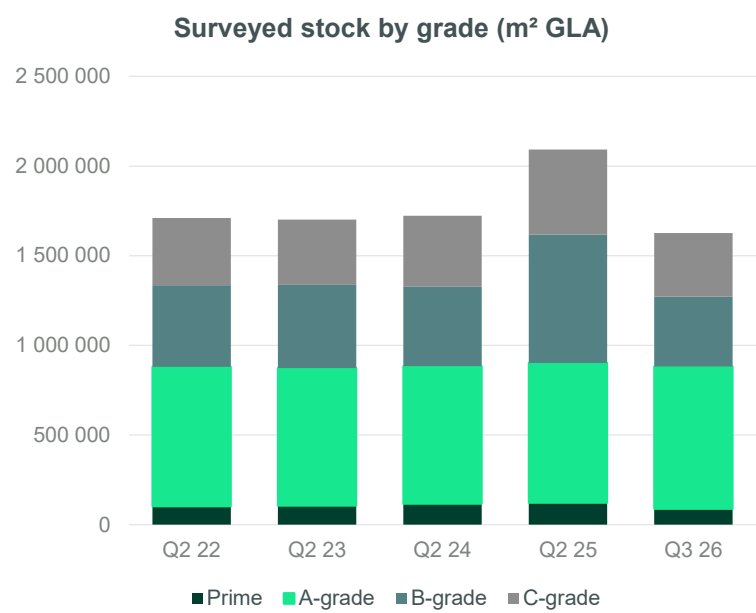
4.4%

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

40

KwaZulu-Natal business confidence, Q3 2026 (RMB/BER), unchanged from Q2

The Q3 drop in vacancy came from stock leaving the market; underlying demand was only modestly positive



Surveyed stock fell by **94,700 m² to 1.63 million m²**, almost entirely in the CBD: B-grade -50,900 m² and C-grade -39,200 m². Ballito also lost 4,900 m² of stock.

Like-for-like absorption was **+3,000 m²**, led by Umhlanga/La Lucia (+4,900 m²), and has been slightly positive over 12 months. The northern nodes keep absorbing, but there is little space left to absorb.

Since 2022 cumulative like-for-like absorption is c.+93,000 m² and net stock removals c.83,000 m², so the recovery is split roughly evenly between demand and stock attrition.

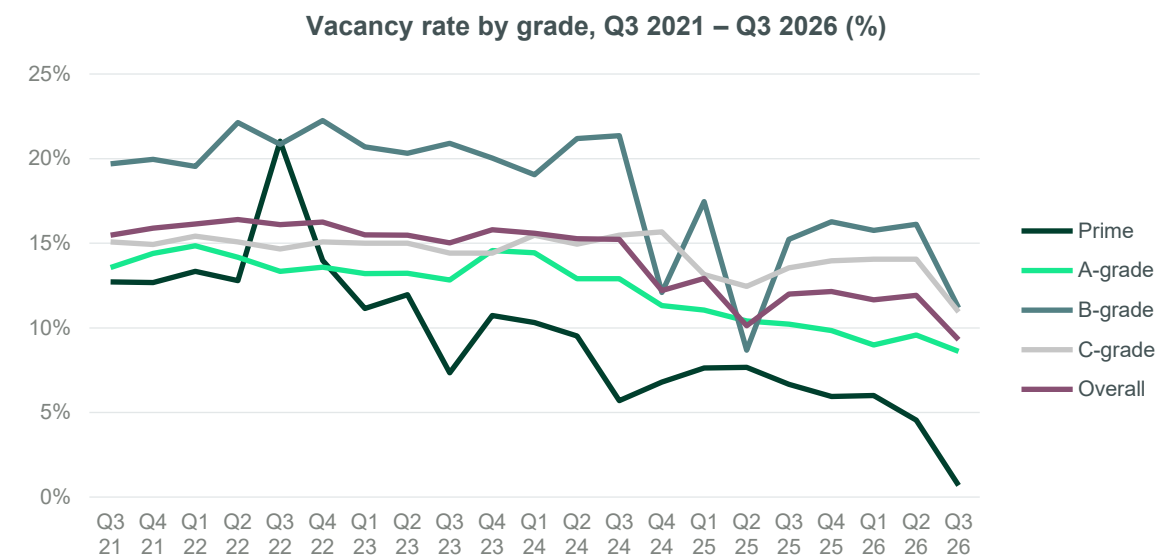
Development pipeline: under construction, SAPOA Q3 2026

Node	GLA m ²	Available m ²	Pre-let	Asking
Ballito	2 548	—	100%	R180
Total under construction	2 548	0	100%	

Only **2,548 m²** is under construction (Ballito, fully pre-let, R180/m²), the smallest pipeline of the four metros.

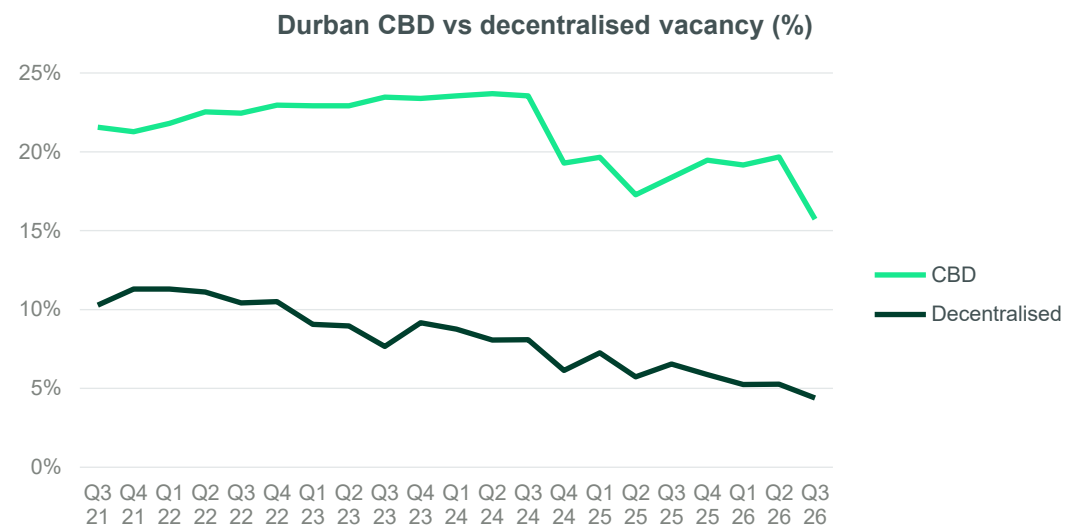
Rode's pioneer rental for Durban (**R235/m²**) is only 43% above the A-grade mean. Umhlanga A+ market rentals of c.R211 are already within 10–12% of it, so **Umhlanga is the closest of any decentralised node to development viability**. We expect announcements of new pre-let or partly speculative schemes in the north within 12–24 months.

Prime is full, A-grade is tightening, and secondary-grade vacancy fell sharply on stock withdrawal



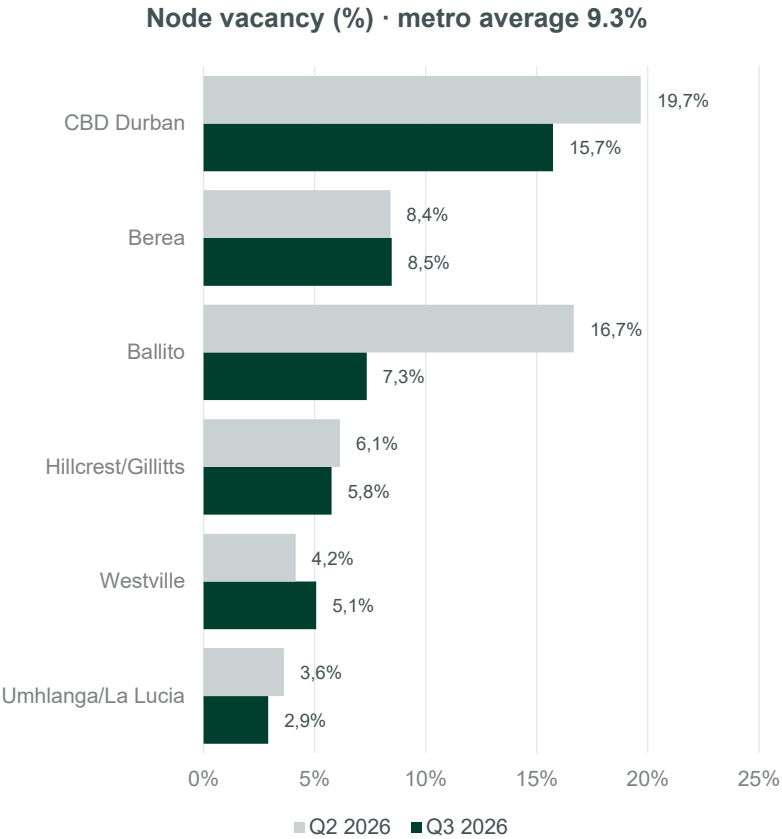
Q3 2026 vacancy by grade					
Grade	GLA m²	Vacant m²	Vacancy	Δ q/q (pp)	Share of vacant
Prime	88 310	610	0.7%	-3.9	0%
A-grade	794 253	68 386	8.6%	-1.0	45%
B-grade	388 591	43 467	11.2%	-4.9	29%
C-grade	355 126	38 834	10.9%	-3.1	26%
Total	1 626 280	151 297	9.3%	-2.6	100%

Prime vacancy of 0.7% (88,300 m² of stock) is the lowest of any metro, and Prime stock is down from 124,000 m² in 2025 after re-grading. **A-grade vacancy fell to 8.6%**, a series low, with 68,400 m² available, mostly in the CBD (39,000 m²) and Umhlanga/La Lucia (14,200 m²). B-grade (11.2%, from 16.1%) and C-grade (10.9%, from 14.1%) improved sharply, but this mainly reflects the removal of CBD buildings from the survey base rather than new leasing. The CBD/decentralised gap is **11.3 pp**. CBD vacancy of 15.7% is the lowest since the series began, but only because the denominator has shrunk.



Source: SAPOA Office Vacancy Survey (Q3 2026); CBRE Excellerate Research. Rode (Q2 2026) decentralised vacancy for A+/A/B space: Durban decentralised 9.5% (A+ 9.9%, A 8.6%, B 12.2%), up slightly y/y; La Lucia Ridge/Umhlanga 7.1%.

Umhlanga/La Lucia below 3% vacancy; the CBD remains the structural drag



Node	GLA m²	Vacancy	Δ q/q pp	Δ vs Q2 22 pp	Median ask	Top ask
CBD Durban	704 238	15.7%	-3.9	-6.8	R83	R160
Umhlanga/La Lucia	528 812	2.9%	-0.7	-6.9	R198	R290
Westville	189 386	5.1%	+0.9	-7.8	R140	R203
Berea	105 173	8.5%	+0.1	-6.3	R140	R218
Ballito	56 884	7.3%	-9.3	-7.7	R126	R250
Hillcrest/Gillitts	41 787	5.8%	-0.4	+2.3	R123	R135

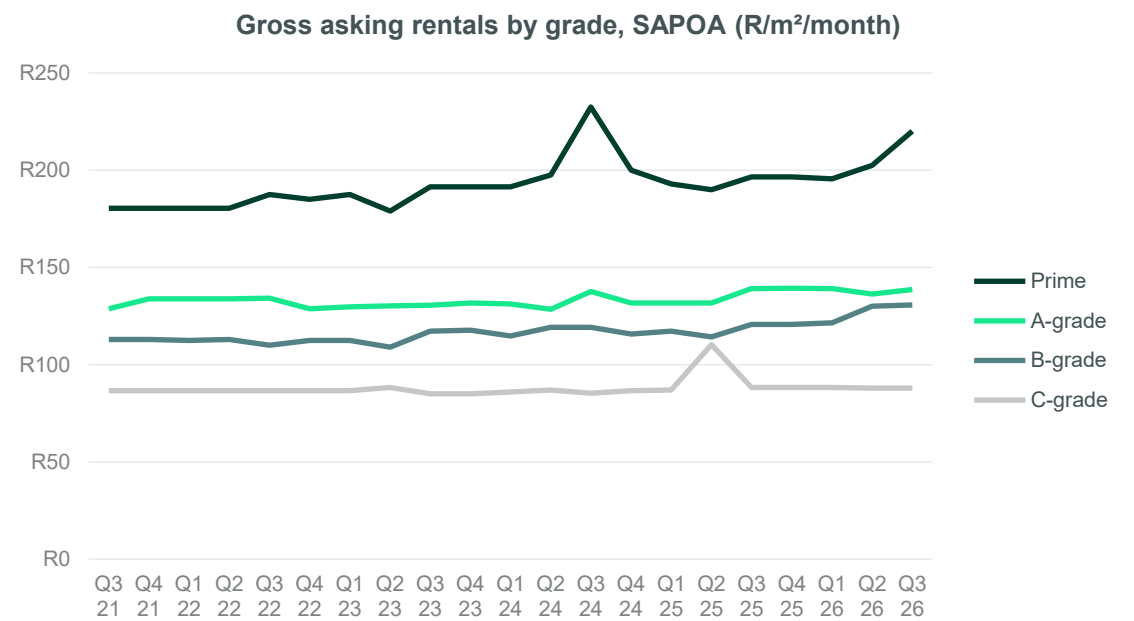
Umhlanga/La Lucia (2.9%) accounts for a third of metro stock and is effectively full, with just 15,400 m² available. It has absorbed +11,300 m² over 12 months and commands median asking rents of R198/m², with top quotes of R290/m².

Westville (5.1%) and **Hillcrest/Gillitts (5.8%)** remain healthy. **Ballito (7.3%)** improved 9.4 pp q/q, mostly through stock withdrawal. Berea (8.5%) is stable.

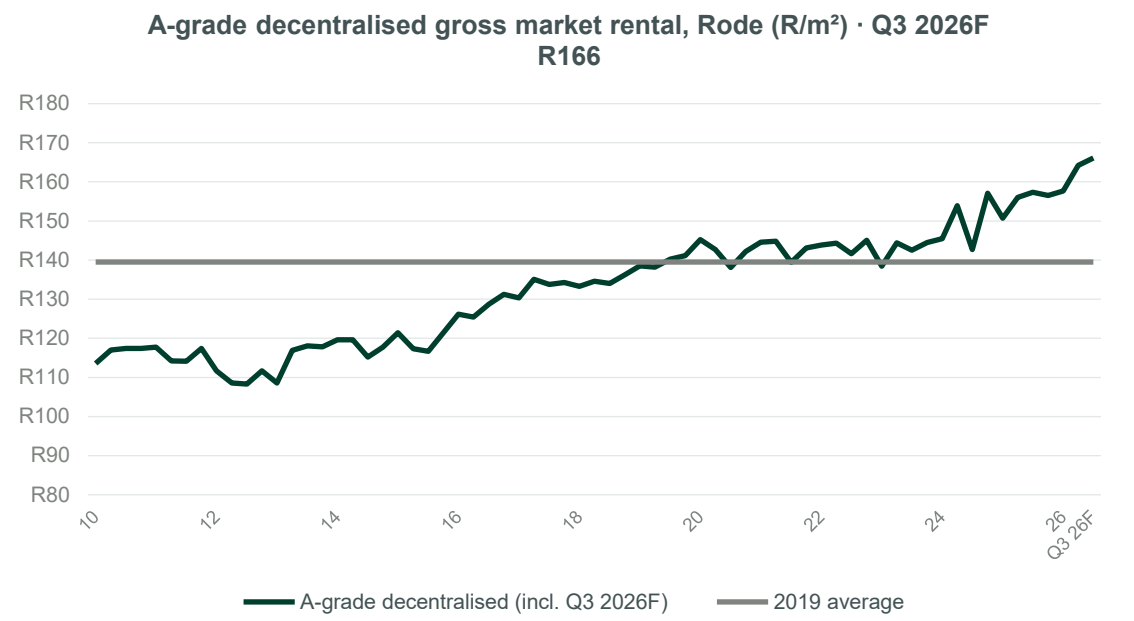
The **CBD (15.7%; 110,800 m² vacant)** continues to lose occupiers (occupied space down 54,900 m² over 12 months, including withdrawals). Asking rents of c.R83/m² are less than half those in Umhlanga.

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.

Prime asking rents jump as availability disappears; northern rentals are pulling away from the rest



Grade	Q3 2026	Δ q/q	Δ vs Q4 25	Highest ask
Prime	R220	+8.6%	+12.0%	R250
A-grade	R139	+1.8%	-0.4%	R290
B-grade	R131	+0.5%	+8.3%	R218
C-grade	R88	+0.0%	-0.3%	R124

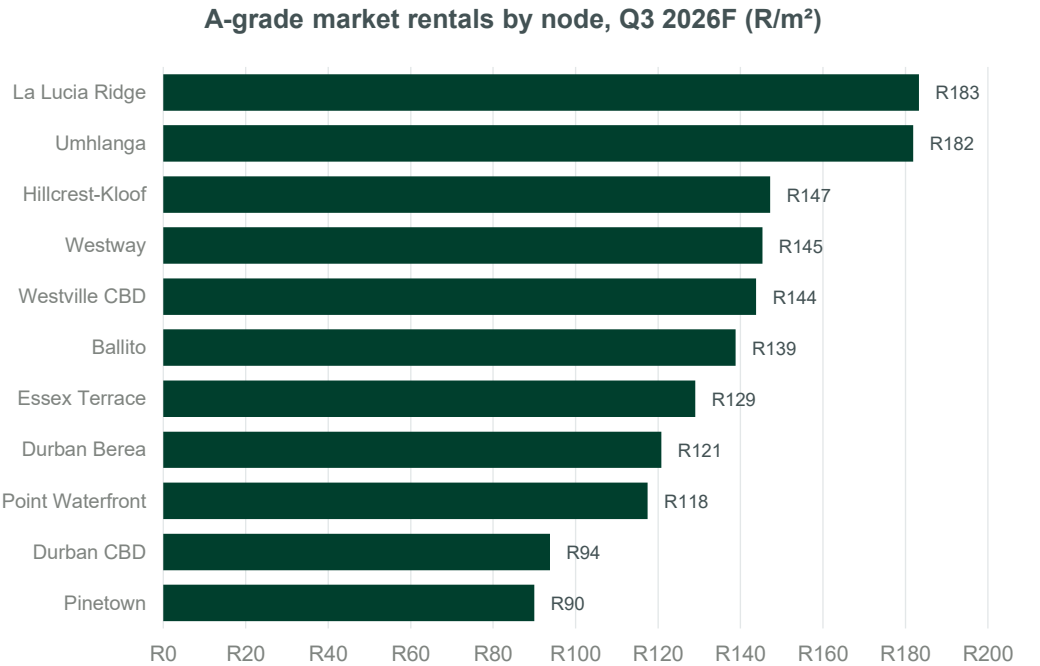


SAPOA prime asking rents rose to **R220/m²** (+8.6% q/q), the sharpest increase of the four metros, reflecting near-zero Prime availability. A-grade asks average **R139** and B-grade R131.

Rode's A-grade decentralised market rental is projected at **R166/m² for Q3 2026**, +4.9% y/y, accelerating from c.3% in Q1. Rentals are **15% above 2019**, the second-best recovery after Cape Town.

Umhlanga and La Lucia Ridge set the benchmark; CBD and Berea rentals are still declining

Node	A+ Q2	y/y	A+ Q3F	A Q2	y/y	A Q3F	Rent-free (mths)
Umhlanga	R211	+4.0%	R213	R180	+3.1%	R182	1.6
La Lucia Ridge	R204	+2.8%	R205	R181	+5.1%	R183	1.8
Ballito	R162	-1.5%	R162	R140	-3.4%	R139	1.7
Westville CBD				R142	+5.5%	R144	1.5
Westway	R155		R155	R146	-2.4%	R145	1.3
Essex Terrace				R129	+0.8%	R129	
Durban Berea				R121	-1.6%	R121	1.5
Hillcrest-Kloof	R158	+5.0%	R160	R145	+5.5%	R147	
Pinetown				R90		R90	
Point Waterfront	R140	+0.0%	R140	R118	+0.0%	R118	
Durban CBD				R95	-4.0%	R94	2.0



Umhlanga (A+ c.R213, A c.R182) and La Lucia Ridge (A c.R183, +5.1% y/y) lead the rental table. Westville (+5.5%) and Hillcrest-Kloof (+5.5%) are recovering well.

Durban CBD A-grade (c.R94, -4.0% y/y), Westway (-2.4%), Ballito (-3.4%) and Berea (-1.6%) are declining in nominal terms. The north-south rental divide is widening.

Rent-free periods range from 1.3 months (Westway, Hillcrest) to 2.0 months in the CBD.

Source: Rode Publications & Media, Rode Report 2026:2; CBRE Excellerate Research. Q3 2026F = CBRE Excellerate projection. Q3F = Q2 2026 × trailing smoothed y/y growth, compounded one quarter. Rent-free months: Rode Table 5.4 (Q2 2026).

Rental growth is approaching escalation levels in the north, and investors price La Lucia below 10%

Escalations average **7.5%** against market rental growth of 4.9%, which implies contract rents c.13% above market after five years. That is the smallest gap among the Gauteng and KZN metros, and in Umhlanga/La Lucia reversions are close to neutral.

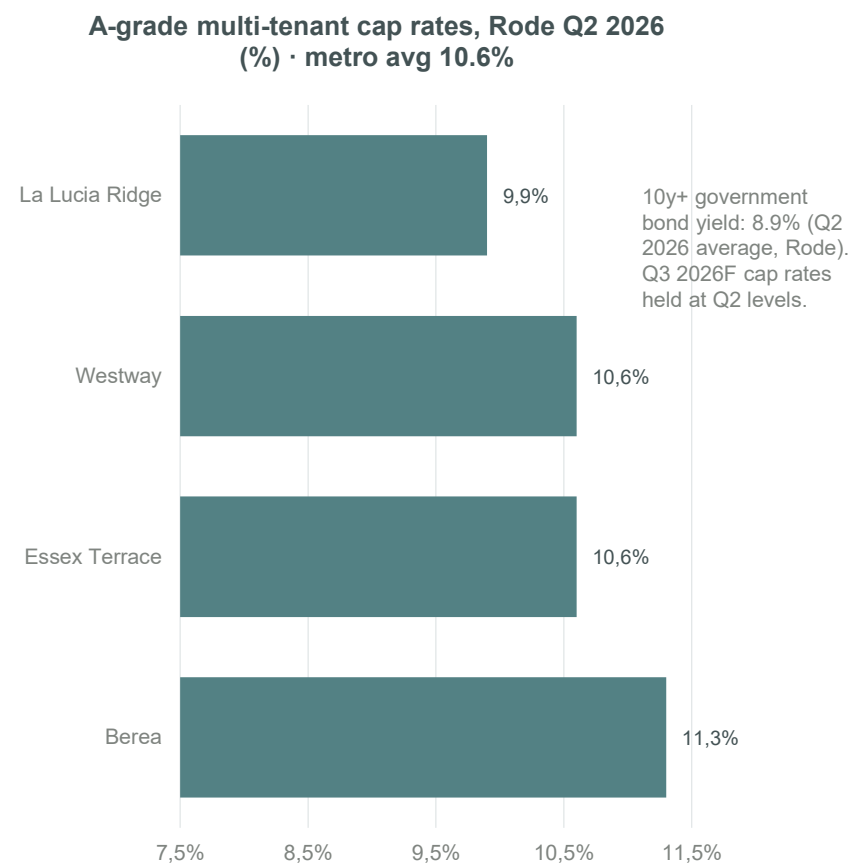
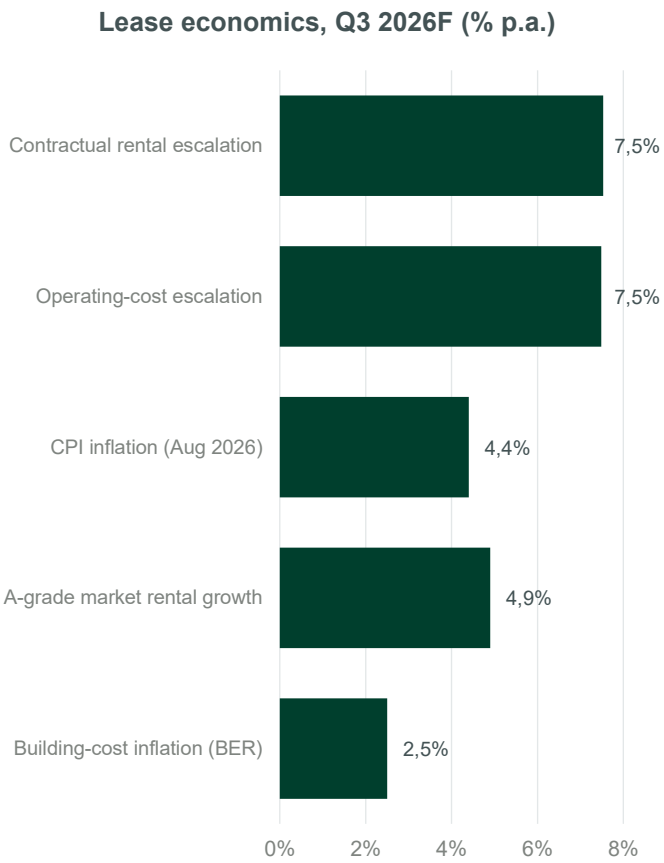
Decentralised A-grade cap rates are stable at **10.6%**. **La Lucia Ridge (9.9%)** is the only Durban node below 10%, compressing sharply since 2022 on falling vacancy. Berea (11.3%) carries a clear risk premium.

Gross outgoings of R38–45/m² in Westway, Westville and Berea are high relative to rents, which weighs on net income in secondary nodes.

+13%
Contract rent vs market rent after a 5-year lease at current escalation and market growth rates

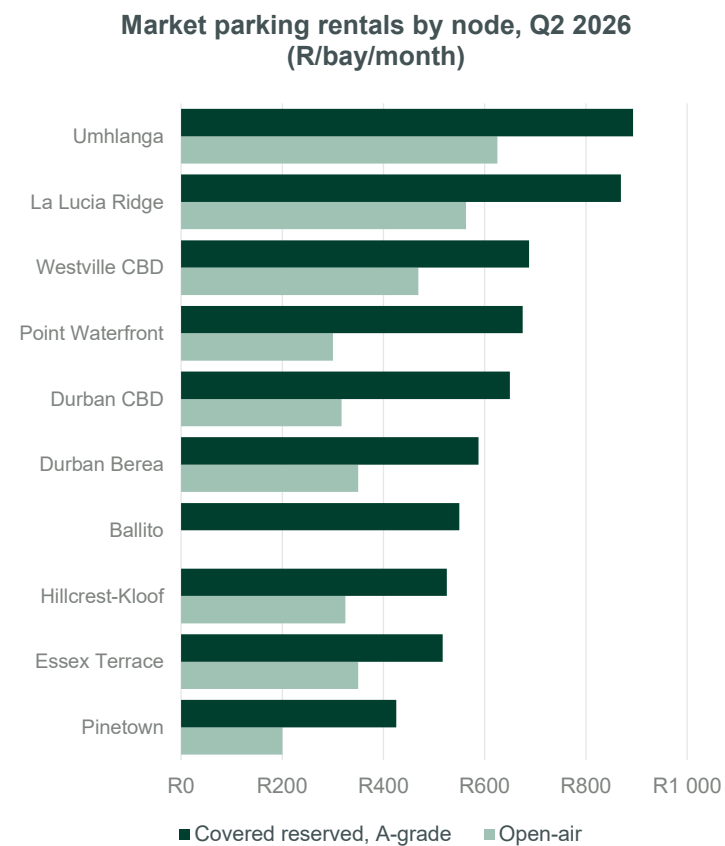
10.6%
A-grade decentralised cap rate (Q2 10.6% → Q3F 10.6%)

R235
Pioneer (new-build) rental vs R164 A-grade mean: 43% gap to development viability



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.

Durban parking is the cheapest of the four metros, but Umhlanga and La Lucia are re-pricing quickly



Node	Cov. A+	Cov. A	Cov. B	Open-air	A y/y	A Q3F	m² equiv.
Umhlanga	R975	R893	R667	R625	+15.6%	R926	4.9
La Lucia Ridge	R944	R869	R650	R563	+11.0%	R892	4.8
Westville CBD		R688	R533	R469	+3.9%	R695	4.8
Point Waterfront		R675	R450	R300	+10.2%	R692	5.7
Durban CBD		R650	R588	R317	-5.5%	R641	6.9
Durban Berea	R650	R588	R488	R350	-1.1%	R586	4.9
Ballito	R625	R550	R425		-11.4%	R534	3.9
Hillcrest-Kloof	R588	R525	R425	R325		R525	3.6
Essex Terrace	R600	R517	R450	R350	-10.8%	R502	4.0
Pinetown		R425	R350	R200	-3.0%	R422	4.7

The median covered, reserved A-grade bay costs **R619/month** across ten eThekweni nodes (open-air: R350), projected at c.R617 for Q3 2026. That makes Durban the cheapest major metro for parking, with the median node down **-1.1% y/y**.

The market is splitting. **Umhlanga (R893, +15.6% y/y)** and **La Lucia Ridge (R869, +11.0%)** are re-pricing in step with their tight occupancy. Ballito (-11.4%), Essex Terrace (-10.8%) and the CBD (-5.5%) are falling, and Pinetown is the cheapest at R425.

Relative to rent, a median bay costs the same as **4.8 m²** of A-grade space (6.9 m² in the CBD). At four bays per 100 m², parking adds c. **15%** to A-grade decentralised gross rental, the lowest burden of the metros. We expect Umhlanga parking charges to keep rising as bays become a constraint, so occupiers should lock parking rates and escalations into their leases.

R617

Median covered A-grade bay, Q3 2026F (Q2: R619; -1.1% y/y, median node)

R350

Median open-air bay, Q2 2026; covered bays carry a 62% premium

+15%

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

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: northern nodes approach development viability while the CBD needs conversion, not leasing

OCCUPIERS

- Requirements above 2,000 m² in Umhlanga/La Lucia will increasingly need pre-let or design-and-build solutions; engage developers early.
- Westville and Hillcrest offer quality A-grade space at a 20–25% discount to Umhlanga.
- In the CBD, tenants can secure long rent-free periods and low escalations.

LANDLORDS

- Northern-node owners can reduce incentives and test higher rentals: Prime is full and A-grade is tightening.
- CBD owners should pursue conversion (residential, hospitality, education); office reversion is not a credible base case.
- Ballito and Westway landlords face nominal rent declines, so retention and flexibility matter more than headline rent.

INVESTORS

- Umhlanga/La Lucia offers a rare combination of below-10% yields, rental growth and approaching development viability.
- Selective land and development exposure in the north offers upside as pioneer rents come within reach.
- Underwrite CBD assets on alternative-use value.

CBRE Excellerate forecast indicators

Indicator	Q3 2026	Q4 2026F	Q3 2027F
Overall vacancy (SAPOA)	9.3%	9.0–9.5%	8.5–9.0%
Decentralised vacancy (SAPOA)	4.4%	4.0–4.8%	4.0–5.0%
Prime asking rent (SAPOA, R/m²)	R220	R220–225	R230–240
A-grade decentralised market rent (Rode)	R166F	R168	R172–175 (+4–5% y/y)
A-grade decentralised cap rate (Rode)	10.6%F	10.6%	10.4–10.6%
Covered A-grade parking bay (R/month)	R617F	R615–630	R630–660

KEY RISKS TO THE VIEW

- Port and logistics disruption or manufacturing weakness dampening KZN occupier demand.
- Re-inclusion of withdrawn CBD buildings in the survey (if conversions stall) would reverse part of the Q3 improvement.
- Infrastructure risk (water, flooding, electricity) affecting occupier confidence in specific nodes.
- Upside: development of new pre-let schemes in Umhlanga would add quality stock and accelerate migration from the CBD.

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 1 626 280 m² of completed office GLA in eThekwin. 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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