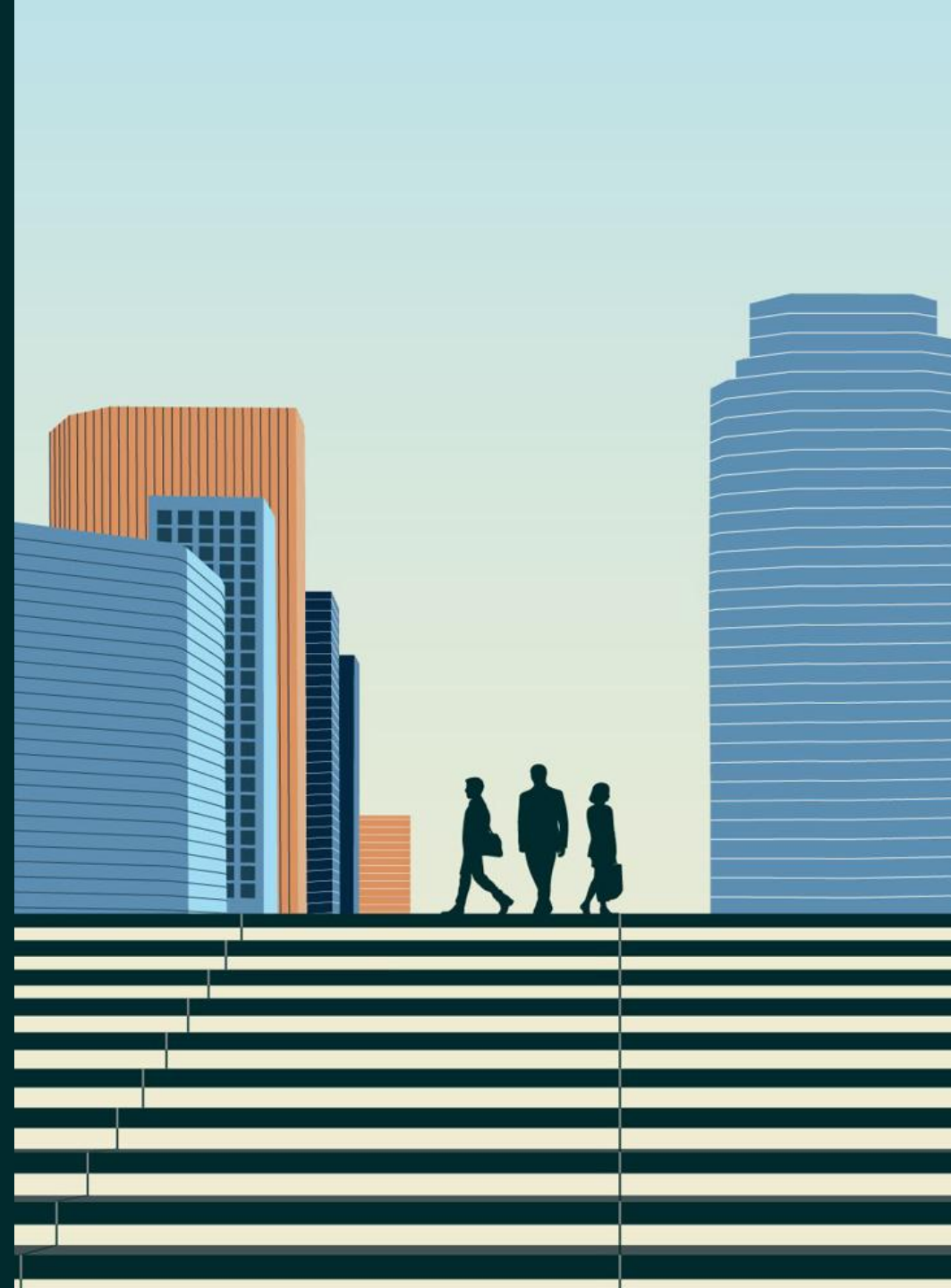


South Africa Office Market Overview

Q3 2026

The national recovery is broadening, but it is moving at two speeds. Quality, location and a near-absent development pipeline now decide performance more than the cycle does.



South Africa’s office vacancy falls to 11.8%, its lowest in over six years, as a supply drought meets selective, quality-led demand

18.94m m²

Surveyed office stock (GLA)
54 nodes · 5 metros

▼ 11.8%

National vacancy (SAPOA)
-0.3 pp q/q · -4.9 pp vs Q2 22

▲ c.69.5k m²

Net absorption (SAPOA)
LFL +15.6k m² excl. stock changes

▲ R234

Prime asking rent (R/m²/month)
+2.7% q/q · prime vacancy 4.6%

▲ R163

A-grade dec. market rent (Rode)
Q3 26F · +4.4% y/y

▶ 11.0%

A-grade dec. cap rate (Rode)
Pipeline 100 500 m² · 70% pre-let

- National vacancy eased **30 bps q/q to 11.8%**, **5 pp below the mid-2022 peak** of 16.8% and the lowest reading in more than six years. Around **920,000 m²** of available space has been removed since June 2022, through absorption, conversions and withdrawals.
- The recovery is **two-speed**. Cape Town (6.9%), Tshwane (8.9%) and eThekweni (9.3%) are below 10%, while Johannesburg (14.7%) and Gqeberha (15.7%) lag. Johannesburg holds **67% of the country’s vacant office space**, and nine of the ten weakest large nodes are in Johannesburg.
- Quality decides occupancy. **Prime vacancy is 4.6%** and A-grade 9.5%, against 15.9% for B-grade and 15.6% for C-grade. B- and C-grade buildings hold **62% of all vacant space**, and SAPOA prime asking rents rose to **R234/m²**.
- New supply has all but stopped. Only **100,500 m²** is under construction (0.5% of stock), **70.4% of it pre-let**. New-build rents of R235–342/m² sit 43–85% above market, so speculative development remains unviable almost everywhere.
- Rents are recovering in nominal terms only. Rode’s national A-grade decentralised rental is projected at **R163/m² (+4.4% y/y)**, 7.4% above 2019 but still below it in real terms. With escalations averaging **7.6%**, renewals outside Cape Town continue to revert downwards.

CBRE EXCELLERATE VIEW · NEXT 12 MONTHS

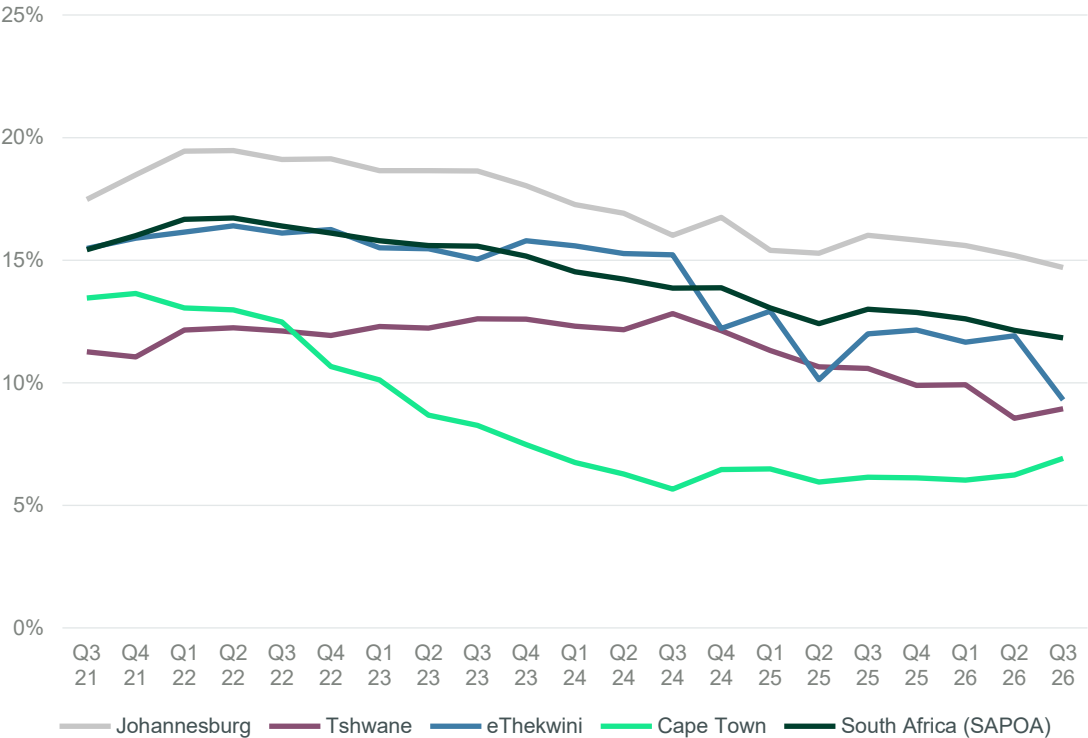
Vacancy	▼	Gradual compression to c.11.0% by Q3 2027, led by Prime/A-grade absorption and conversions
Prime rents	▲	Above-inflation growth where Prime vacancy is below 5%; widening Prime premium
Secondary rents	▶	Flat to falling in real terms; incentives persist in B/C stock
New supply	▶	Pipeline stays near record lows; pre-let schemes only
Cap rates	▶	Sideways at c.11.0% until rate cuts resume

We expect the national office market to **keep tightening slowly**, at different speeds by metro and grade. Landlords of well-located Prime and A-grade space are gaining pricing power, while the secondary market still needs conversion and repositioning to clear its surplus.

Source: SAPOA Office Vacancy Survey (Q3 2026); Rode Report 2026:2; CBRE Excellerate Research. Q3 2026F = CBRE Excellerate projection. National = all SAPOA-surveyed municipalities. SAPOA headline net absorption from the Q3 2026 Office Vacancy Report (includes completions).

The cycle has turned, but the surplus is still large and the macro backdrop has softened

Office vacancy rate: South Africa and the four major metros (%)



National = all SAPOA-surveyed municipalities, including Nelson Mandela Bay (Gqeberha). Q3 2025 readings interpolated (see methodology).

SAPOA's Q3 2026 survey covers 2,691 properties and almost **19.5 million m²** across 54 nodes. Of those nodes, vacancy improved in 23 and deteriorated in 21. The national rate has fallen steadily from the 2022 peak, supported by return-to-office policies and limited new supply.

The surplus remains large in absolute terms: about **2.24 million m²** is still available. That is more than in earlier cycles at similar vacancy rates, because the market is now far bigger.

The macro backdrop softened in Q3. GDP contracted in Q2, the SARB raised the repo rate to 7.25% in September, and business confidence held at **38** nationally (RMB/BER). The Western Cape (46) and KwaZulu-Natal (40) remain ahead of Gauteng (30), mirroring the office market's regional split.

-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

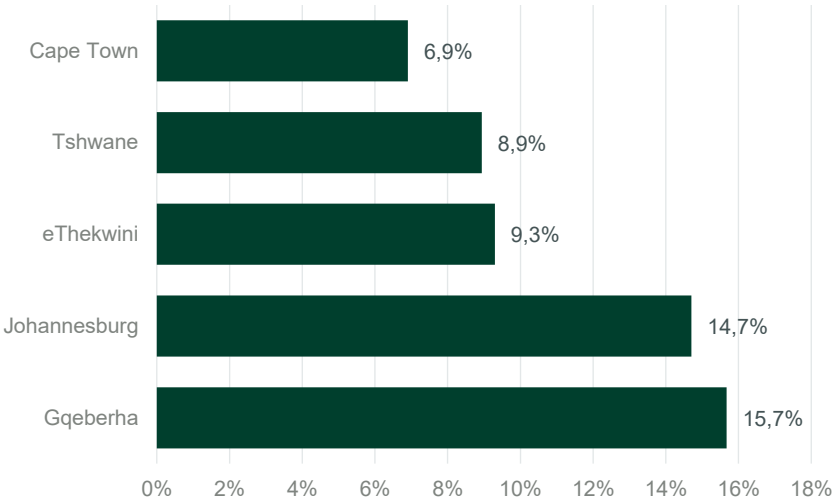
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RMB/BER business confidence, Q3 2026 (WC 46 · KZN 40 · Gauteng 30)

Metro scorecard: Cape Town leads, Gauteng diverges, and Johannesburg carries the national surplus

Metric	Cape Town	Tshwane	eThekwin	Johannesburg	South Africa
Surveyed stock (m²)	2 789 334	4 159 199	1 626 280	10 224 839	18 938 393
Vacancy, Q3 2026	6.9%	8.9%	9.3%	14.7%	11.8%
Δ q/q (pp)	+0.7	+0.4	-2.6	-0.5	-0.3
Δ vs Q2 2022 (pp)	-6.1	-3.3	-7.1	-4.8	-4.9
CBD vacancy	14.0%	3.5%	15.7%	20.8%	15.1%
Decentralised vacancy	2.7%	10.4%	4.4%	13.0%	10.9%
Prime vacancy	2.2%	8.2%	0.7%	4.4%	4.6%
Share of national vacant space	9%	17%	7%	67%	100%
Prime asking rent (R/m²)	R337	R216	R220	R207	R234
A-grade dec. rent, Q3F (Rode)	R203	R156	R166	R155	R163
Rental growth y/y (Rode)	+8.3%	+4.1%	+4.9%	+3.3%	+4.4%
A-grade dec. cap rate	9.3%	10.8%	10.6%	11.7%	11.0%
Under construction (m²)	34 000	5 743	2 548	58 212	100 503
Covered parking, Q3F (R/bay)	R1 314	R749	R617	R727	—

Vacancy by metro, Q3 2026 (%) · SA 11.8%

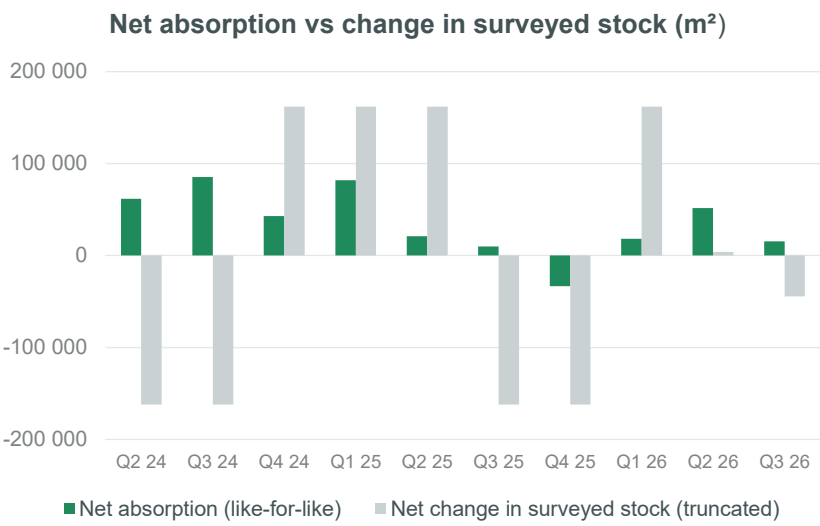
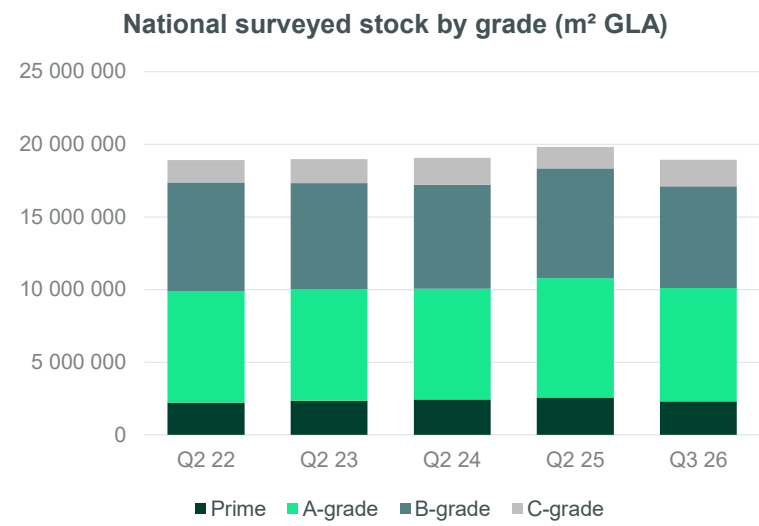


Cape Town is the tightest and fastest-growing market on almost every measure, but its CBD has softened to 14.0%. Tshwane and eThekwin are both below 10%. Tshwane is anchored by government occupation of its CBD, while eThekwin’s improvement owes much to CBD stock withdrawal.

Johannesburg has improved 4.8 pp since 2022 but remains the outlier. Its 1.50 million m² of vacant space is more than double the other three metros combined. Rental growth and cap rates rank the metros in the same order as vacancy: investors price the regional divergence directly.

Source: SAPOA Office Vacancy Survey (Q3 2026); Rode Report 2026:2; CBRE Excellerate Research. Q3 2026F = CBRE Excellerate projection. National CBD = the five SAPOA CBD nodes. Gqeberha = Nelson Mandela Bay.

Demand is positive but modest; the pipeline is near the smallest in the survey's history



Like-for-like net absorption was **+15,600 m²** in Q3 and c.+52,000 m² over four quarters. SAPOA's headline net absorption, which includes completions, was **c.69,500 m²**. Cumulative like-for-like absorption since mid-2022 is about **580,000 m²**.

Stock is shifting towards quality. Prime and A-grade space now forms 53% of surveyed GLA. B-grade stock is contracting through conversion to residential, student and hospitality use, especially in Johannesburg's CBD and fringe nodes.

Development pipeline by metro: under construction, SAPOA Q3 2026

Metro	GLA m²	Available m²	Pre-let	Share
Johannesburg	58 212	13 230	77%	58%
Cape Town	34 000	10 777	68%	34%
Tshwane	5 743	5 743	0%	6%
eThekweni	2 548	0	100%	3%
South Africa	100 503	29 750	70%	100%

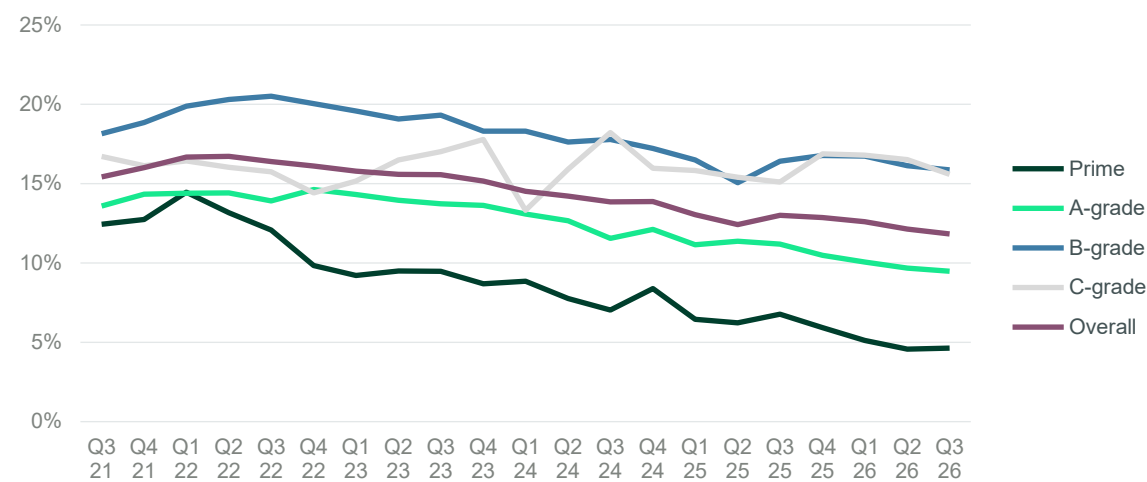
Development activity is at about **0.5% of stock**, far below previous cycles. Johannesburg (58%) and Cape Town (34%) account for almost the whole pipeline, which is led by Rosebank, Waterfall and Cape Town's Central node.

The **70.4% pre-let rate** (long-term average 55.3%) confirms that development is tenant-led. Speculative space is limited to Midrand, Bryanston, Highveld Technopark and a 10,500 m² Cape Town CBD scheme.

Source: SAPOA Office Vacancy Survey (Q3 2026); CBRE Excellerate Research. Like-for-like absorption = change in occupied space in node-grade segments with unchanged GLA.

Prime is effectively full nationally; the recovery is reaching secondary stock, slowly

National vacancy rate by grade, Q3 2021 – Q3 2026 (%)

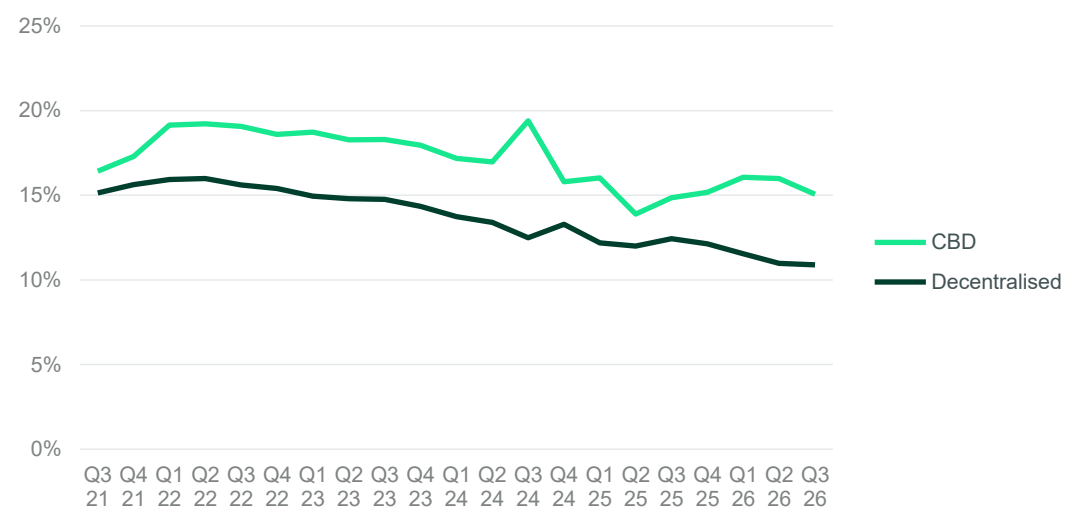


Prime vacancy of 4.6% is close to frictional levels and has been below 5% for two consecutive quarters. **A-grade (9.5%)** is at its lowest in the series. The flight to quality is now lifting good secondary stock, not only the best buildings.

C-grade recorded the largest quarterly improvement (–0.9 pp to 15.6%), partly through conversions that remove obsolete buildings from the stock. B-grade (15.9%) remains the largest single pool of vacancy at c.1.1 million m².

Decentralised nodes (10.9%) continue to outperform the CBDs (15.1%). Tshwane is the exception, where government occupation keeps the CBD at 3.5%.

CBD vs decentralised vacancy, national (%)

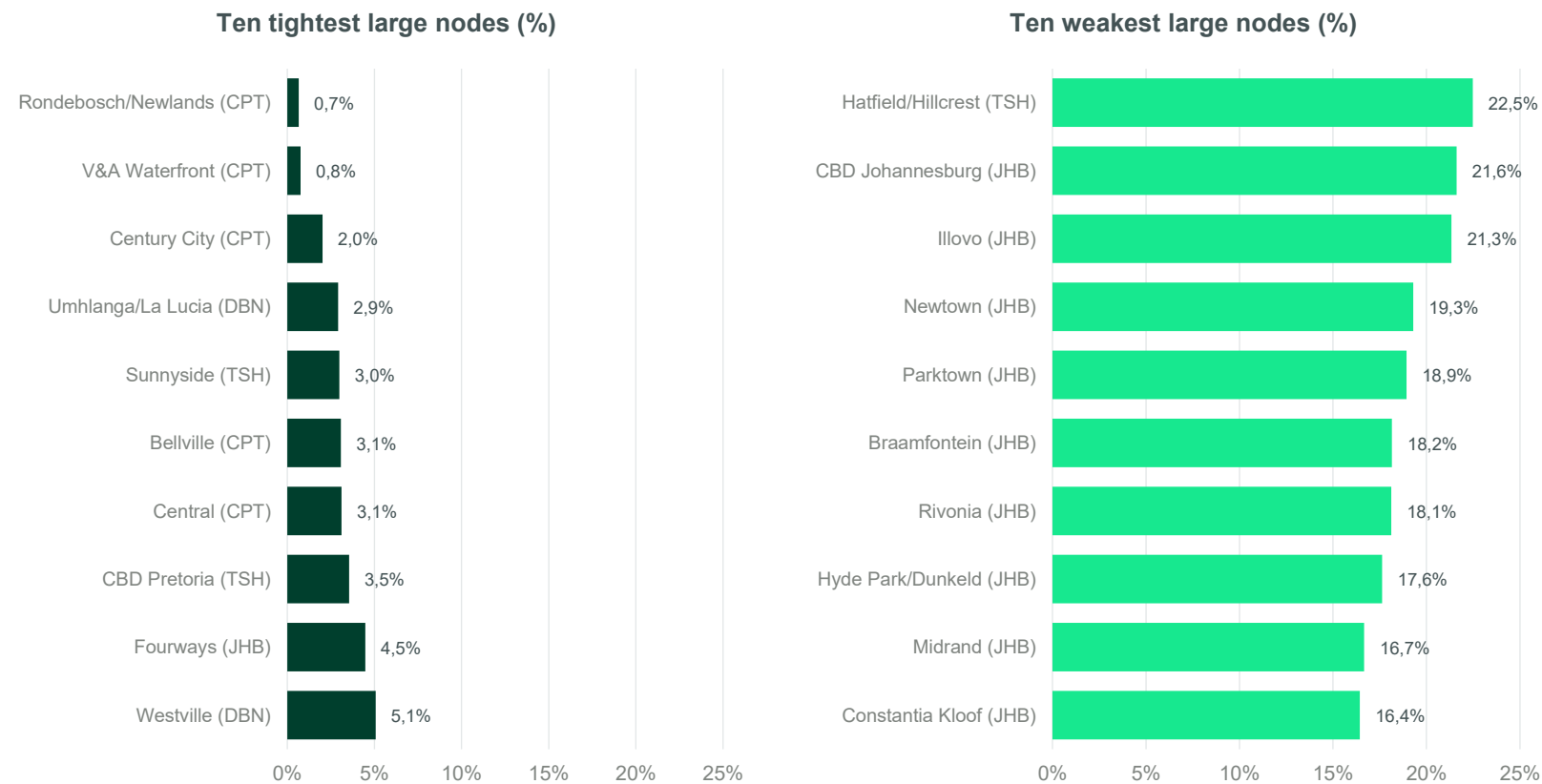


Q3 2026 vacancy by grade

Grade	GLA m²	Vacant m²	Vacancy	Δ q/q (pp)	Share of vacant
Prime	2 300 879	106 510	4.6%	+0.1	5%
A-grade	7 811 075	740 209	9.5%	-0.2	33%
B-grade	6 996 068	1 109 295	15.9%	-0.3	49%
C-grade	1 830 371	285 212	15.6%	-0.9	13%
Total	18 938 393	2 241 226	11.8%	-0.3	100%

Source: SAPOA Office Vacancy Survey (Q3 2026); CBRE Excellerate Research. Rode (Q2 2026) national decentralised vacancy for A+/A/B space: 11.6%.

Node league: Cape Town and Umhlanga dominate the tightest nodes; Johannesburg fills the weakest



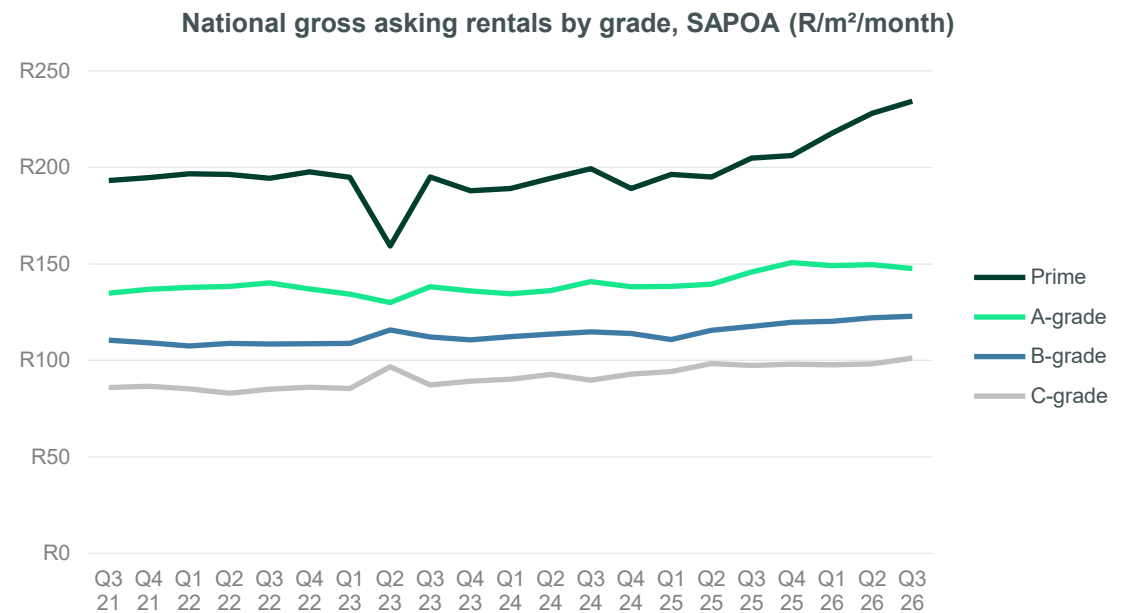
Of the ten tightest large nodes (over 100,000 m²), **five are in Cape Town**, led by Rondebosch/Newlands (0.7%), the V&A Waterfront (0.8%) and Century City (2.0%). Umhlanga/La Lucia (2.9%), Fourways (4.5%) and Westville (5.1%) also make the list.

Nine of the ten weakest large nodes are in Johannesburg, including the CBD (21.6%), Illovo (21.3%), Newtown, Parktown and Braamfontein. Tshwane’s Hatfield (22.5%) is the only exception.

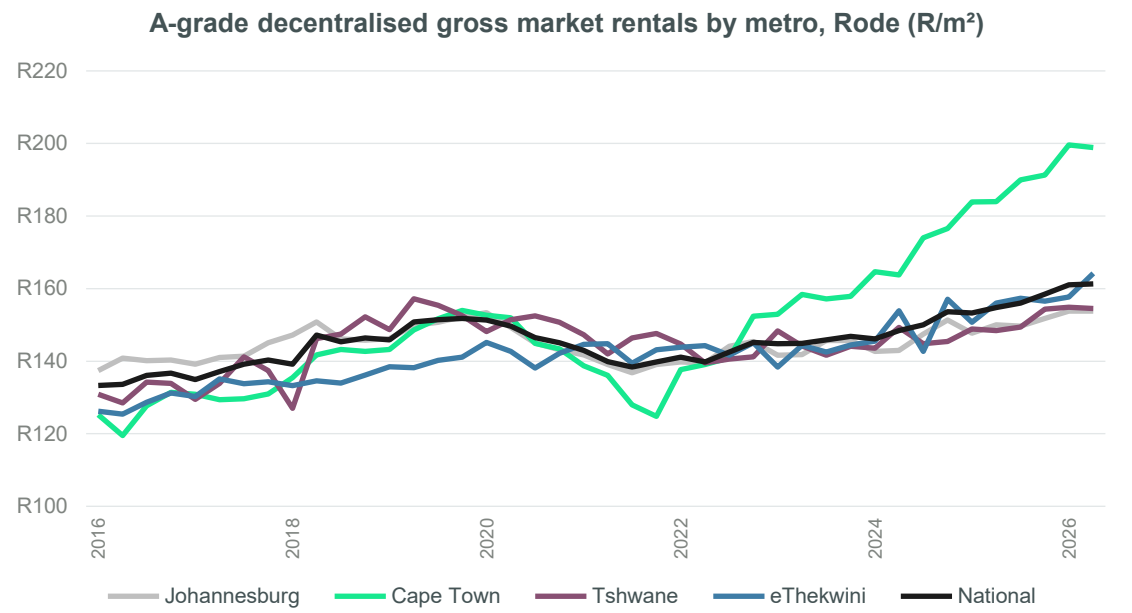
The spread between the best and worst large nodes is almost **22 pp**. Micro-location and building quality now matter more than the metro a building sits in.

Source: SAPOA Office Vacancy Survey (Q3 2026); CBRE Excellerate Research. League limited to nodes over 100 000 m² GLA; 54 nodes surveyed.

Asking rents are firming at the top, but achievable rents are only modestly ahead of 2019



Grade	Q3 2026	Δ q/q	Δ vs Q4 25	Highest ask
Prime	R234	+2.7%	+13.7%	R420
A-grade	R148	-1.3%	-2.0%	R330
B-grade	R123	+0.7%	+2.6%	R301
C-grade	R101	+3.0%	+3.3%	R240



SAPOA prime asking rentals averaged **R234/m²** in Q3 2026 (+2.7% q/q). A-grade asked R148, B-grade R123 and C-grade R101. The premium of Prime over A-grade has widened to almost 60%.

Rode's national A-grade decentralised market rental is projected at **R163/m²** for Q3 2026 (+4.4% y/y). It is 7.4% above 2019 in nominal terms but still below it in real terms. Cape Town (+8.3%) is the clear outlier, and Johannesburg (+3.3%) the laggard.

Source: SAPOA Office Vacancy Survey (Q3 2026); Rode Report 2026:2; CBRE Excellerate Research. Q3 2026F = CBRE Excellerate projection. National Rode growth as published (Rode Report 2026:2, Table 1.1).

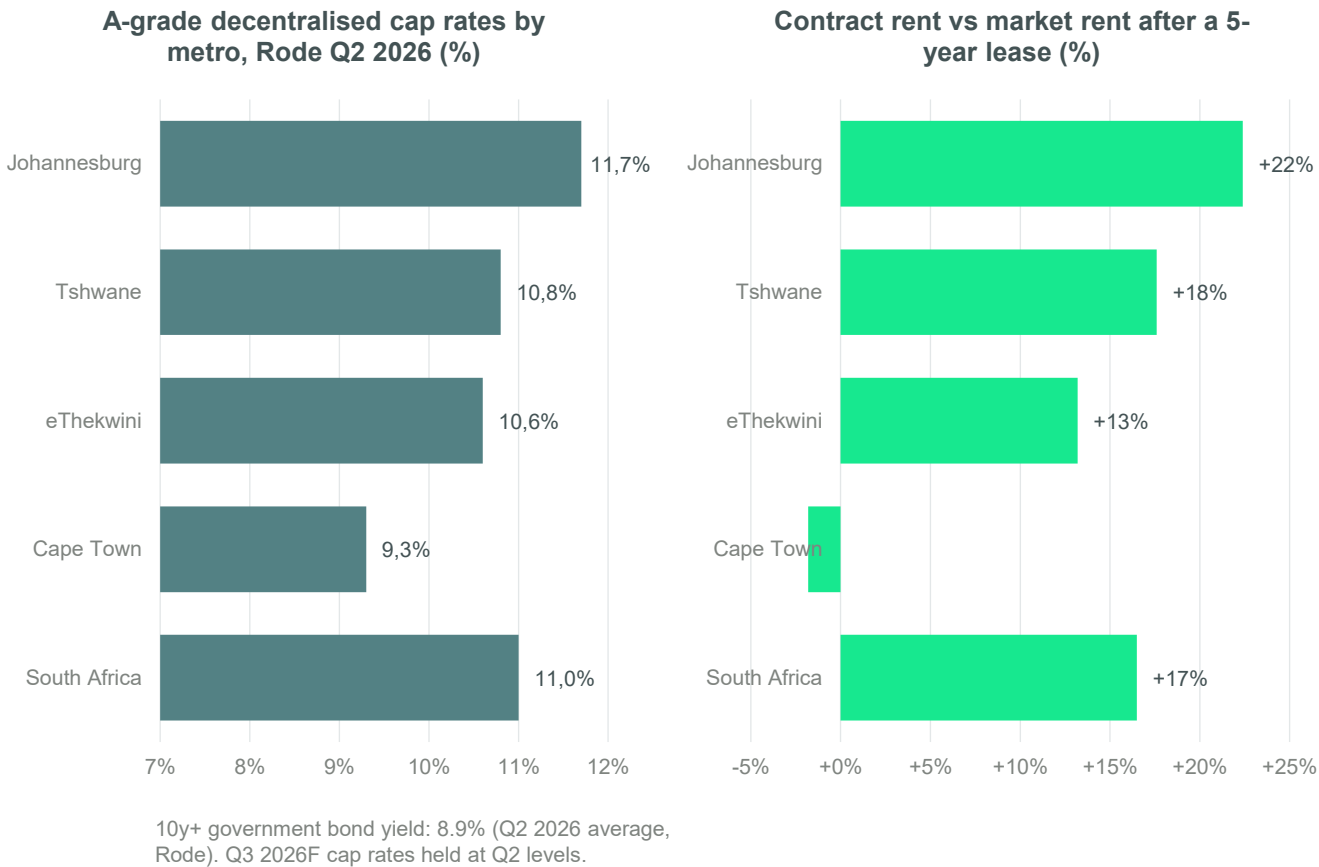
Escalations still outrun rental growth almost everywhere; cap rates price the regional divide

Contractual escalations average **7.6%** across the four metros, against national market rental growth of 4.4%. On a five-year lease, contract rent ends c.16% above market. Johannesburg (+22%) is the most exposed and Cape Town (~2%) the only metro where reversions are neutral.

Operating-cost escalations average 7.9% and are highest in Cape Town (8.5%), driven by municipal tariffs and security. Occupiers increasingly negotiate on total occupancy cost rather than base rent.

The national A-grade decentralised cap rate is **11.0%**, about 210 bps above long bonds (8.9%). Metro cap rates run from Cape Town (9.3%) to Johannesburg (11.7%). We expect them to move sideways until the rate cycle turns.

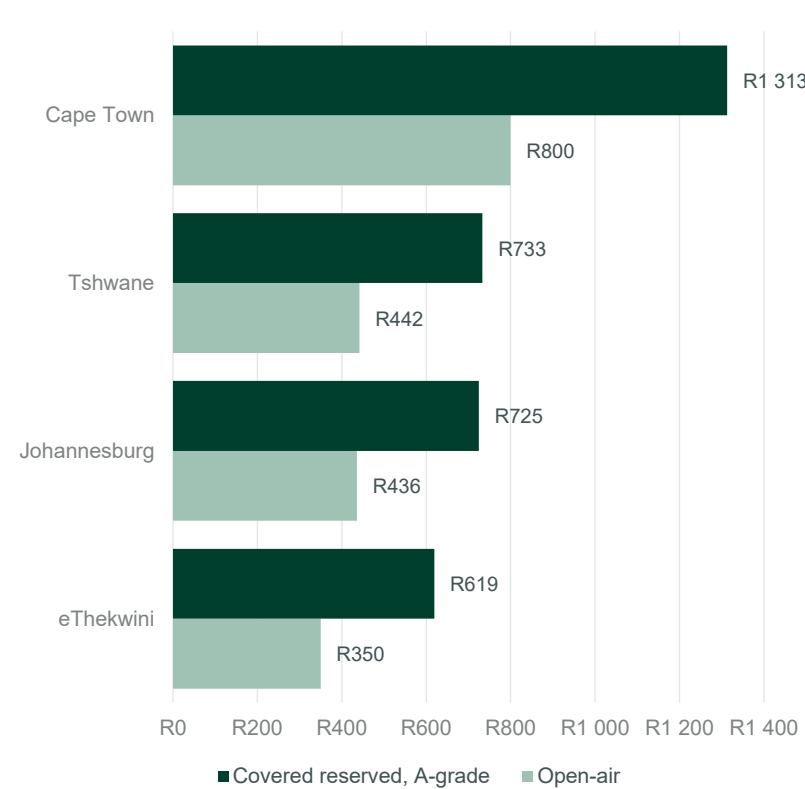
Metro	Escalation	Opex esc.	Rent growth	Cap rate	Pioneer
Johannesburg	7.6%	7.8%	+3.3%	11.7%	R285
Tshwane	7.5%	7.5%	+4.1%	10.8%	
eThekwini	7.5%	7.5%	+4.9%	10.6%	R235
Cape Town	7.9%	8.6%	+8.3%	9.3%	R342
South Africa	7.6%	7.8%	+4.4%	11.0%	



Source: Rode Publications & Media, Rode Report 2026:2; CBRE Excellerate Research. Q3 2026F = CBRE Excellerate projection. Escalations: city averages of Rode grade-A node assessments; national = simple average of four metros. 10y+ bond yield 8.9% (Q2 2026 avg).

Parking: Cape Town’s bays cost almost double Gauteng’s, and parking adds 15–26% to occupancy cost

Median market parking rentals by metro, Q2 2026 (R/bay/month)



Metro	Covered A	Open-air	y/y	Q3F	m² equiv.	Uplift	Most expensive node
Cape Town	R1 313	R800	+0.2%	R1 314	7.3	+26%	V&A: Silo District (R1 850)
Tshwane	R733	R442	+9.1%	R749	4.8	+19%	Lynnwood Manor (R925)
Johannesburg	R725	R436	+0.9%	R727	5.2	+19%	Sandton CBD (R1 002)
eThekwini	R619	R350	-1.1%	R617	4.8	+15%	Umhlanga (R893)

Rode’s Q2 2026 survey puts the median covered, reserved A-grade bay at **R1,313/month in Cape Town**, against R733 in Tshwane, R725 in Johannesburg and R619 in eThekweni. Open-air bays cost about 40% less.

Growth diverges. Tshwane’s median node is up 9.1% y/y, Johannesburg 0.9% and Cape Town 0.2%, while eThekweni is down 1.1%. Umhlanga and La Lucia are re-pricing by 11–16%.

At a typical four bays per 100 m², parking adds about **15% (eThekweni) to 26% (Cape Town)** to A-grade decentralised gross rental. Bundled or discounted bays remain one of the most common leasing incentives.

Source: Rode Publications & Media, Rode Report 2026:2, Table 5.5 and Rode time series; CBRE Excellerate Research. Medians across surveyed nodes; y/y = median node growth. Uplift on A-grade decentralised gross rental at 4 bays per 100 m².

Outlook: a slow, selective tightening; quality and location will keep separating winners from the rest

OCCUPIERS

- Outside Cape Town, use lease events to reset escalations to 6–6.5% and secure tenant installation allowances.
- Plan early for Prime requirements over 5,000 m²: vacancy below 5% and a thin pipeline mean pre-lets are often the only route.
- Benchmark total occupancy cost: parking alone adds 15–26% to A-grade gross rent, and operating-cost escalations now run at c.8%.

LANDLORDS

- Prime and A-grade owners in sub-7% nodes can reduce incentives and test rental growth.
- B- and C-grade owners face structural obsolescence; refurbishment or conversion beats waiting for the cycle.
- Protect occupancy where reversions are negative; retention is worth more than headline rent.

INVESTORS

- Cape Town offers growth but prices it in at 9.0–9.3% yields; eThekweni’s northern nodes offer the best balance of yield and growth.
- Johannesburg Prime (Sandton, Rosebank, Waterfall) offers recovery upside at 9.8–10.8% yields.
- Value secondary CBD stock on conversion and alternative-use value, not office reversion.

CBRE Excellerate forecast indicators

Indicator	Q3 2026	Q4 2026F	Q3 2027F
National vacancy (SAPOA)	11.8%	11.5–11.8%	10.8–11.3%
Prime vacancy (SAPOA)	4.6%	4.3–4.8%	4.0–4.8%
Prime asking rent (SAPOA, R/m²)	R234	R235–240	R245–255
National A-grade dec. market rent (Rode)	R163F	R164	R169–171 (+4–5% y/y)
National A-grade dec. cap rate (Rode)	11.0%F	11.0%	10.8–11.0%
Space under construction (SAPOA)	100,500 m²	95–110k m²	110–150k m², pre-let led

KEY RISKS TO THE VIEW

- A longer SARB tightening cycle delaying corporate expansion and pushing cap rates out.
- Renewed weakness in Gauteng business confidence, deepening the regional divide.
- Municipal service-delivery failures (water and power) raising operating costs and hurting affected nodes.
- Upside: faster residential conversion of obsolete stock would accelerate the fall in headline vacancy.

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). 2,691 properties across 54 nodes in Johannesburg, Cape Town, Tshwane, eThekweni and Nelson Mandela Bay. 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 survey (May–June 2026) of achievable gross market rentals, escalations, rent-free periods, parking rentals, vacancy and cap rates by node.

PROJECTIONS

Rode data runs to Q2 2026. Q3 2026F rentals = Q2 2026 × (1 + smoothed y/y growth)^¼ (national: Rode's published 4.4%); escalations = Q2 2026 + ½ of the past year's average quarterly change; cap rates held at Q2 2026. National escalation and parking figures are simple averages or medians of the four metros.

DATA NOTES

Q3 2025 SAPOA readings contain anomalous availability values in several nodes and are interpolated (mean of Q2 and Q4 2025). **Like-for-like absorption** excludes node-grade segments whose GLA changed in the quarter. **National CBD** = the five SAPOA CBD nodes.

Supporting material. Separate Q3 2026 overviews for each metro, and 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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