

South Africa Investment Review 2023-2025

Outlook 2026

**Capital Repricing, Logistics
Expansion and the Return
of Market Liquidity**



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1. EXECUTIVE SUMMARY

Total commercial real estate investment volumes increased from approximately R32.3 billion in 2024 to approximately R49.8 billion in 2025. Transaction activity also nearly doubled to 1,447 transactions, signalling a clear recovery in market liquidity across sectors.

Industrial and logistics remained the leading investment theme nationally, accounting for approximately 36.7% of total investment activity in 2025. Demand was concentrated in established logistics corridors across Gauteng, Western Cape and KwaZulu-Natal, supported by supply-chain modernisation, e-commerce growth, limited prime supply and stronger occupier fundamentals. The Western Cape recorded the strongest industrial growth, supported by semigration, low vacancies and land constraints.

The office market stabilised in 2025, but recovery remained selective. Flight-to-quality continued to shape demand, with investors and occupiers focused on decentralised, mixed-use office precincts offering operational resilience, backup infrastructure and tenant amenities. Cape Town and selected decentralised Gauteng nodes outperformed, while secondary office stock remained under pressure.

Retail investment activity recovered in 2025 as investor confidence improved across dominant retail formats. Grocery-anchored neighbourhood centres, retail parks, convenience retail and dominant regional malls attracted capital due to resilient consumer demand, low vacancies and improving rental reversions. The Western Cape recorded strong retail investment growth, supported by semigration, tourism recovery and stronger household income dynamics.

The hospitality sector recorded a strong year-on-year recovery in 2025, supported by tourism demand, ADR-led revenue growth and renewed investor interest in leisure and lifestyle hospitality assets. The Western Cape remained South Africa's leading hospitality investment markets, while safari and experiential tourism destinations also attracted stronger interest.

Alternative and emerging real estate sectors gained further institutional relevance in 2025, particularly residential rental stock, mixed-use living environments, healthcare, later living and specialised real estate including Medical Centres and Fuel Stations. The high transaction count reflects growing investor diversification into demographic-led and operationally resilient income streams.

The main theme across the report is the concentration of capital in prime logistics corridors, mixed-use precincts, tourism-led markets and affluent consumer regions. Investors remain selective and prioritise assets with operational resilience, reliable infrastructure, strong tenant covenants and sustainable income.

Looking ahead to 2026, South Africa's investment landscape is expected to remain polarised. Prime institutional-grade assets in high-performing urban corridors are expected to outperform broader market conditions.

2. METHODOLOGY

This report reviews commercial real estate investment activity across South Africa from 2023 to 2025. Transaction data was extracted from the CMA Info Platform, a national property transaction database containing registered property transfer information.

The dataset was filtered to include commercial property transactions with recorded values above R20 million. Initial extraction focused on commercial and industrial property transactions across all South African provinces and municipalities. This produced a consolidated database of 3,210 data points.

Following the data extraction process, additional checks were completed to validate land-use classifications and identify non-core or anomalous transactions that could distort sector analysis. All transactions were manually reviewed and categorised according to underlying real estate asset class classifications, including:

- Industrial & Logistics
- Office
- Retail
- Hotels & Hospitality
- Alternatives & Emerging Sectors

The report should be read as a capital markets and investment activity review, not as a valuation or pricing benchmark. Some transaction-level metrics, particularly implied pricing per square metre, may be affected by mixed-use developments, land-inclusive transactions, redevelopment opportunities, portfolio sales or specialised property formats.

In addition to transaction evidence, the report draws on market intelligence and sector trends from CBRE Excellerate Africa research, SAPOA market reports, Rode publications, macroeconomic indicators and market participant engagement.

3. SOUTH AFRICA CAPITAL MARKETS REVIEW 2023–2025

South Africa Economic & Investment Climate Overview

South Africa's macroeconomic and investment environment remained challenging but improved in 2025. Moderating inflation, more stable interest-rate expectations, improved energy availability and stronger investor confidence after the formation of the Government of National Unity supported sentiment. Structural constraints, including logistics inefficiencies, municipal instability and infrastructure backlogs, continued to weigh on economic performance.

The real estate market operated in a higher-for-longer interest-rate environment for much of the review period. However, lower inflation and expectations of monetary easing supported improved transaction activity across several sectors in 2025. Institutional investors returned as pricing expectations stabilised and liquidity improved.

Energy reform and private-sector participation also supported investor confidence. Lower loadshedding intensity, growing private generation capacity and renewable energy investment improved operational resilience, particularly for industrial and logistics assets.

Semigration continued to reshape South Africa's investment geography. The Western Cape remained one of the country's strongest real estate markets, supported by population inflows, tourism growth, stronger municipal governance and demand for lifestyle and mixed-use investment opportunities.

Key risks remain, including port and rail inefficiencies, water security, municipal operating risk, weak economic growth and global uncertainty. Investors are therefore focused on assets with operational resilience, strong tenant covenants, good locations and sustainable income.

South Africa Capital Markets Review 2023–2025

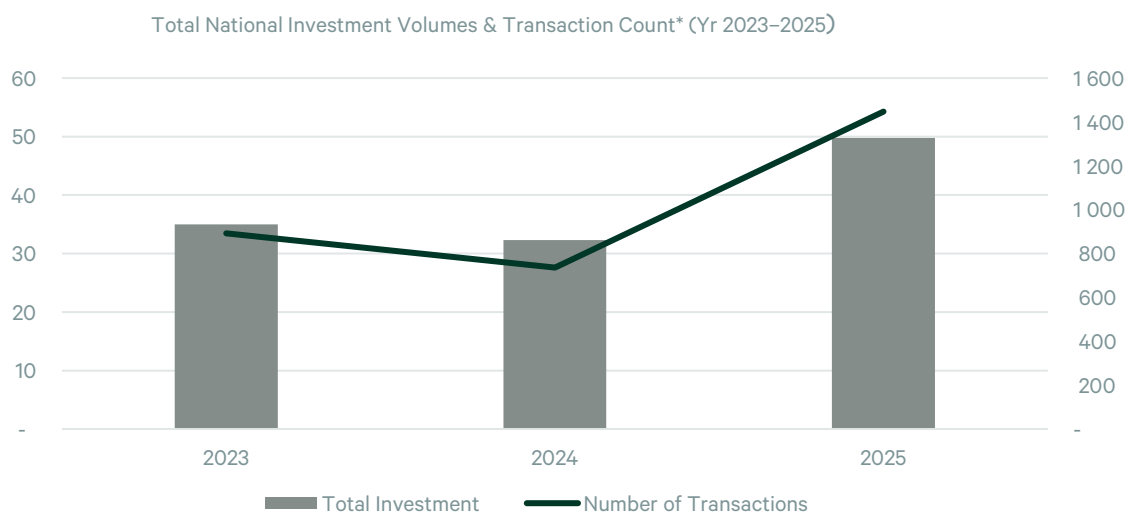
South Africa’s commercial real estate investment market strengthened in 2025 after a subdued 2024. Total investment volumes increased from approximately R32.3 billion in 2024 to approximately R49.8 billion in 2025, while transaction activity increased from 736 to 1,447 transactions.

The recovery was driven by improved liquidity, more stable pricing expectations, renewed institutional activity and demand for defensive sectors, including industrial, logistics, convenience retail and mixed-use assets.

Industrial and logistics assets remained the largest investment sector in 2025, accounting for approximately 36.7% of national investment volumes. Retail also recovered strongly, while the office market stabilised after several years of uncertainty.

Table 1: Total National Investment Volumes & Transaction Count (2023–2025)

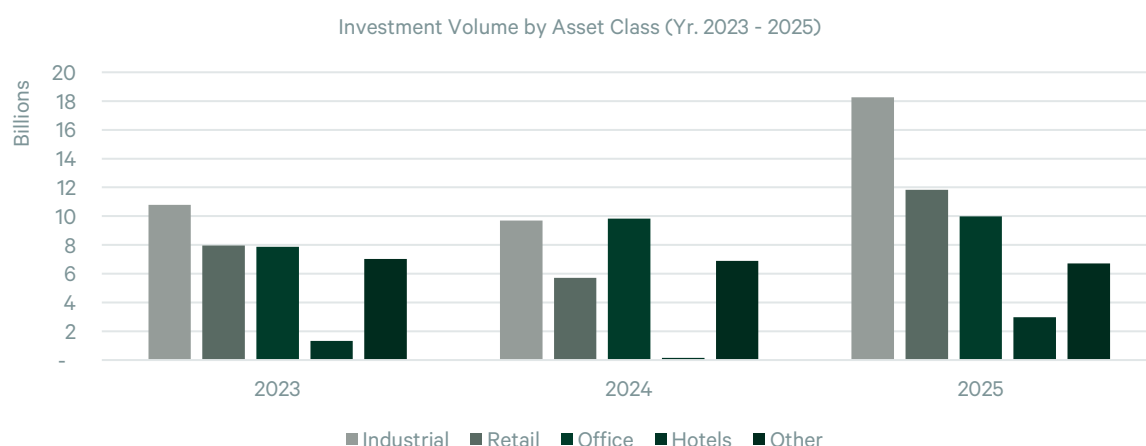
	Total Investment	Number of Transactions (Above R20 million)
2023	R 35 bn	892
2024	R32.2 bn	736
2025	R49.8 bn	1 447



*Transaction Count – all transactions recorded above R20 million.

Table 2: Investment Volume by Asset Class (2023–2025)

Total Investment Volume by Asset	2023	2024	2025
Industrial	R10.7 bn	R9.6 bn	R18.2 bn
Retail	R7.9 bn	R5.7 bn	R11.8 bn
Office	R7.8 bn	R9.8 bn	R9.9 bn
Hotels	R1.3 bn	R149 mil	R2.9 bn
Other	R7.0 bn	R6.8 bn	R6.7 bn

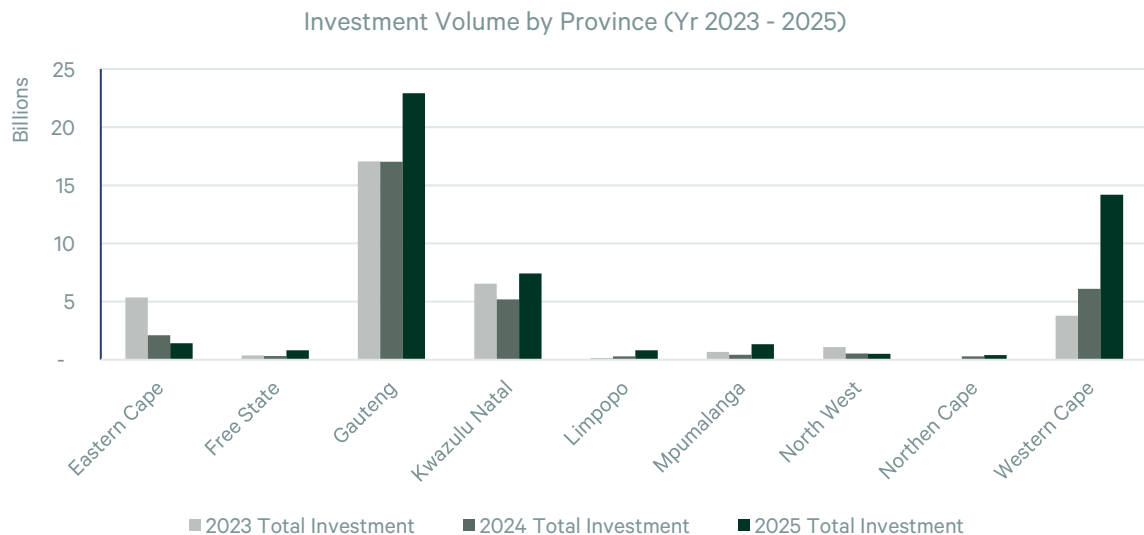


Gauteng remained South Africa's largest commercial real estate investment market in 2025, supported by its deep institutional market, large commercial stock base and role in the national economy. The Western Cape recorded the strongest relative growth, supported by semigration, tourism recovery, limited prime supply and stronger occupier fundamentals.

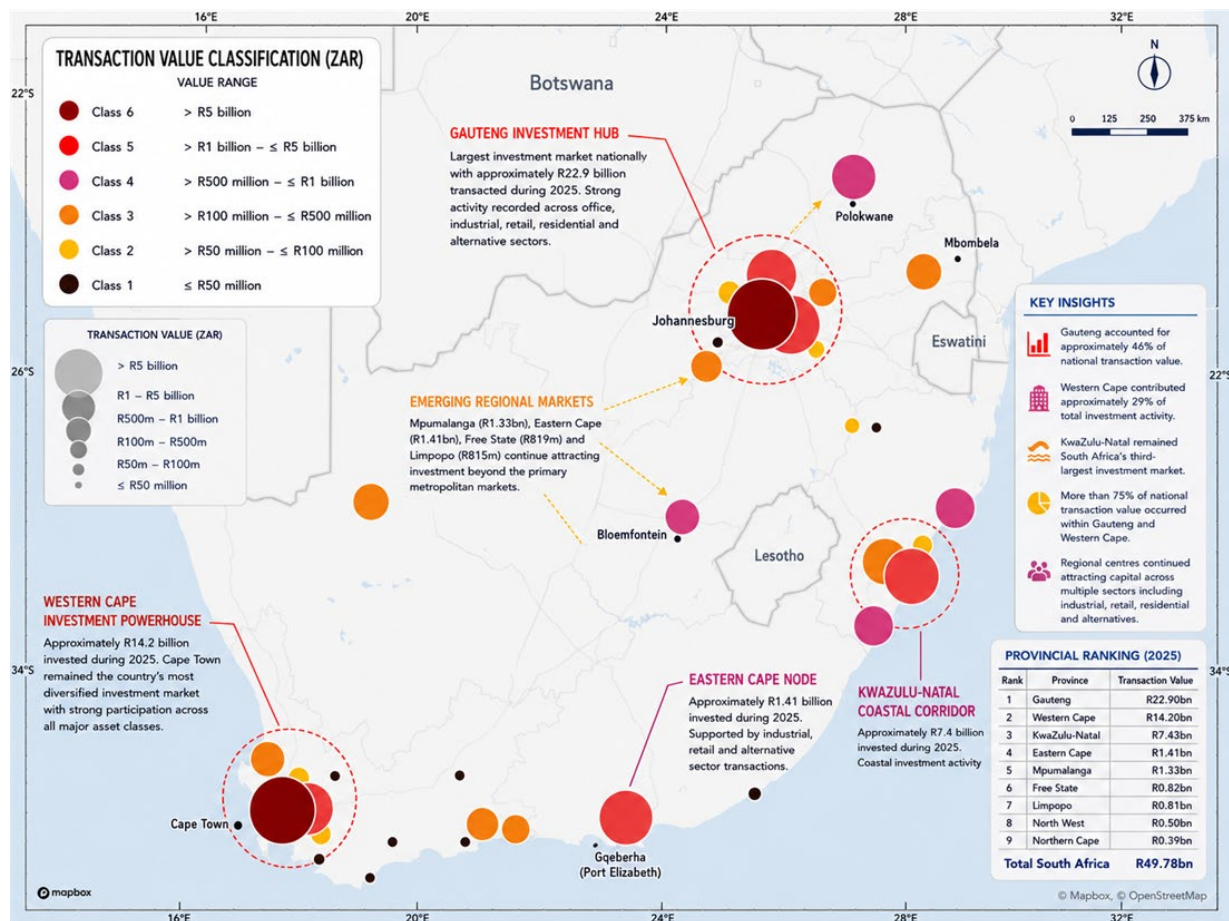
Capital is becoming more concentrated in established logistics corridors, mixed-use precincts, tourism-led markets and affluent consumer regions. This corridor-led investment pattern reflects investor preference for markets with resilient operations, better infrastructure and long-term occupier demand.

Table 3: Investment Volume by Province (2023–2025)

Province	2023 Total Investment	2024 Total Investment	2025 Total Investment
Eastern Cape	5 350 829 559	2 115 822 420	1 409 845 134
Free State	369 382 561	322 663 124	818 566 036
Gauteng	17 049 920 097	17 033 409 603	22 903 001 296
KwaZulu-Natal	6 526 904 119	5 178 039 266	7 425 887 217
Limpopo	149 560 000	284 107 250	814 887 000
Mpumalanga	661 541 272	424 755 775	1 328 471 841
North West	1 094 196 142	537 942 407	495 269 000
Northern Cape	23 000 000	301 600 000	386 375 000
Western Cape	3 782 235 405	6 104 133 761	14 197 708 577



Map 1: Geographic Capital Allocation 2025 Map



4. INDUSTRIAL & LOGISTICS

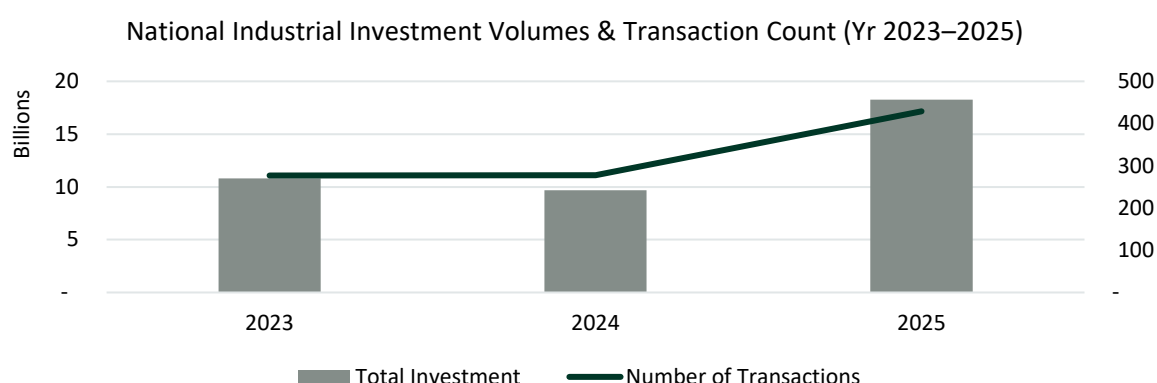
Industrial & Logistics: South Africa's Leading Investment Theme

The industrial and logistics sector strengthened its position as South Africa's leading commercial real estate investment sector in 2025. National industrial investment volumes increased to approximately R18.3 billion, up 88.4% from 2024, and accounted for 36.7% of

total national commercial real estate investment activity. Transaction activity increased from 278 transactions in 2024 to 429 in 2025, reflecting stronger liquidity and the sector's strategic role in South Africa's supply-chain economy.

Table 4: National Industrial Investment Volumes & Transaction Count (2023–2025)

Year	Total Investment	Number of Transactions
2023	10 791 895 856	277
2024	9 697 845 586	278
2025	18 270 037 888	429



Industrial and logistics real estate attracted institutional capital in 2025 due to income resilience, low vacancies, better rental growth prospects and stronger occupier fundamentals than several other commercial sectors. The sector also reflects the growing role of logistics real estate as economic infrastructure supporting consumption, distribution, manufacturing and import-export activity. The sector also reflects the growing role of logistics real estate as economic infrastructure supporting consumption, distribution, manufacturing and import-export activity. **Government-backed Special Economic Zones (SEZs) continue to support export-oriented manufacturing, logistics and industrial investment, reinforcing the long-term competitiveness of several strategic industrial corridors.**

Prime industrial and logistics fundamentals remained robust in 2025 relative to broader commercial property sectors. Rode's Q4 2025 industrial market research indicates that decentralised industrial vacancies across South Africa's major logistics markets remained relatively low at approximately 4.1% nationally, while prime industrial rentals continued strengthening gradually across key logistics nodes (Rode, 2025). Cape Town recorded some of the country's tightest logistics market conditions, with prime logistics vacancies in several established industrial nodes remaining below national averages due to constrained land availability and sustained occupier demand.

Investor and occupier demand remained concentrated within modern logistics environments capable of supporting operational efficiency, urban distribution requirements, and last-mile fulfilment activity. Demand from third-party logistics providers, retailers and e-commerce fulfilment operators continued to underpin investor confidence in large-format logistics facilities during 2025.

Facilities offering strong highway accessibility, proximity to major consumer markets, backup power infrastructure, ESG-aligned specifications, larger yard ratios, and modern warehouse configurations attracted the strongest levels of occupier and investor demand in 2025.

Industrial development activity remained disciplined in 2025. New logistics development was concentrated around pre-let and occupier-led projects rather than speculative construction. SAPOA market commentary indicates that demand for modern logistics facilities continued to exceed available prime supply in several major markets during 2025 (SAPOA, 2025). This was evident in Gauteng, Cape Town and Durban's major logistics corridors, where developers prioritised build-to-suit facilities and logistics campuses aligned to occupier demand. Limited prime industrial land, especially in Cape Town, supported rental growth, pricing resilience and investor competition.

The performance gap between modern logistics facilities and older industrial stock continued to widen during 2025. Occupiers increasingly favoured warehouses offering higher eave heights, larger yard depths, higher floor loadings, energy resilience and modern logistics specifications. Older industrial buildings with obsolete specifications are becoming progressively less competitive, creating opportunities for refurbishment, redevelopment and asset repositioning across established industrial precincts.

Provincial Investment Dynamics and Key Industrial Corridors

Gauteng retained its position as South Africa's largest and most liquid industrial investment market in 2025, recording approximately R9.2 billion in industrial transaction value across 200 transactions, equivalent to approximately 50.3% of national industrial investment volumes. The province remained the country's dominant logistics and distribution hub, supported by its strategic role within South Africa's national freight, warehousing, manufacturing, and retail supply-chain network.

Investor activity remained concentrated within established logistics and industrial corridors linked to OR Tambo International Airport and Gauteng's national transport infrastructure, including Isando, Chloorkop, Jet Park, Wadeville, Meadowdale, City Deep, and Halfway House. These markets benefit from strong occupier demand linked to FMCG distribution, e-commerce fulfilment, manufacturing activity, third-party logistics operators, and national retail supply chains. Gauteng's industrial market increasingly reflects the role of logistics real estate as nationally significant infrastructure supporting urban distribution and regional consumption.

The Western Cape recorded the strongest industrial investment growth nationally in 2025, with industrial investment volumes increasing from approximately R2.45 billion in 2024 to approximately R4.86 billion in 2025, representing year-on-year growth of approximately 98.5%. Transaction activity within the province also accelerated sharply from 61 transactions in 2024 to 117 transactions in 2025, highlighting rapidly strengthening investor demand for Cape Town's logistics market. Capital allocation within the Western Cape remained concentrated within Cape Town's established urban logistics corridor, particularly across Paarden Eiland, Epping Industria, Montague Gardens, Airport Industria, Blackheath, Stikland Industrial, and Brackengate. These markets benefit from semigration-driven population growth, expanding regional consumption, very low vacancy levels, and severe industrial land supply constraints. Rode's industrial market commentary indicates that Cape Town records

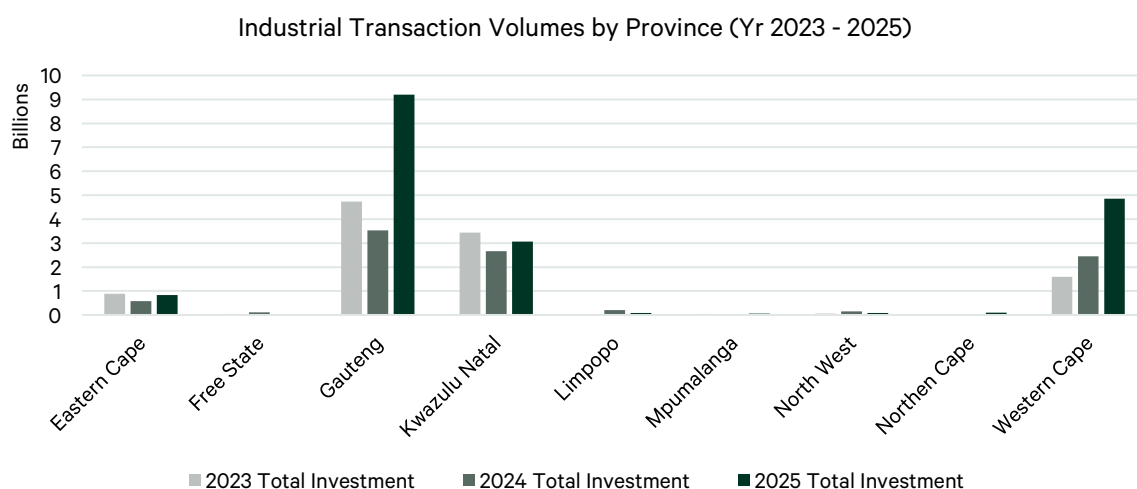
some of the country's strongest industrial rental growth performance, supported by sustained occupier demand and limited prime industrial supply (Rode, 2026).

KwaZulu-Natal remained a strategically important industrial investment market in 2025, recording approximately R3.06 billion in industrial investment volumes across 76 transactions. While broader logistics inefficiencies and port-related operational challenges continue affecting national freight performance, Durban and surrounding industrial corridors remain systemically important to South Africa's long-term supply-chain and manufacturing economy. Investment activity within KwaZulu-Natal remained concentrated within Durban's port-linked logistics and manufacturing corridors, including Riverhorse Valley, Mobeni, Prospecton, Congella, and surrounding logistics precincts linked to Durban Port operations. These markets benefit from automotive manufacturing activity, petrochemical industries, import-export logistics, cold storage demand, and regional distribution requirements linked to Southern Africa's busiest port infrastructure.

Looking ahead, ongoing freight rail reform, increased private-sector participation and the continued development of inland logistics hubs such as Cato Ridge are expected to strengthen KwaZulu-Natal's long-term industrial investment proposition, supporting future capital allocation beyond traditional port-linked logistics corridors.

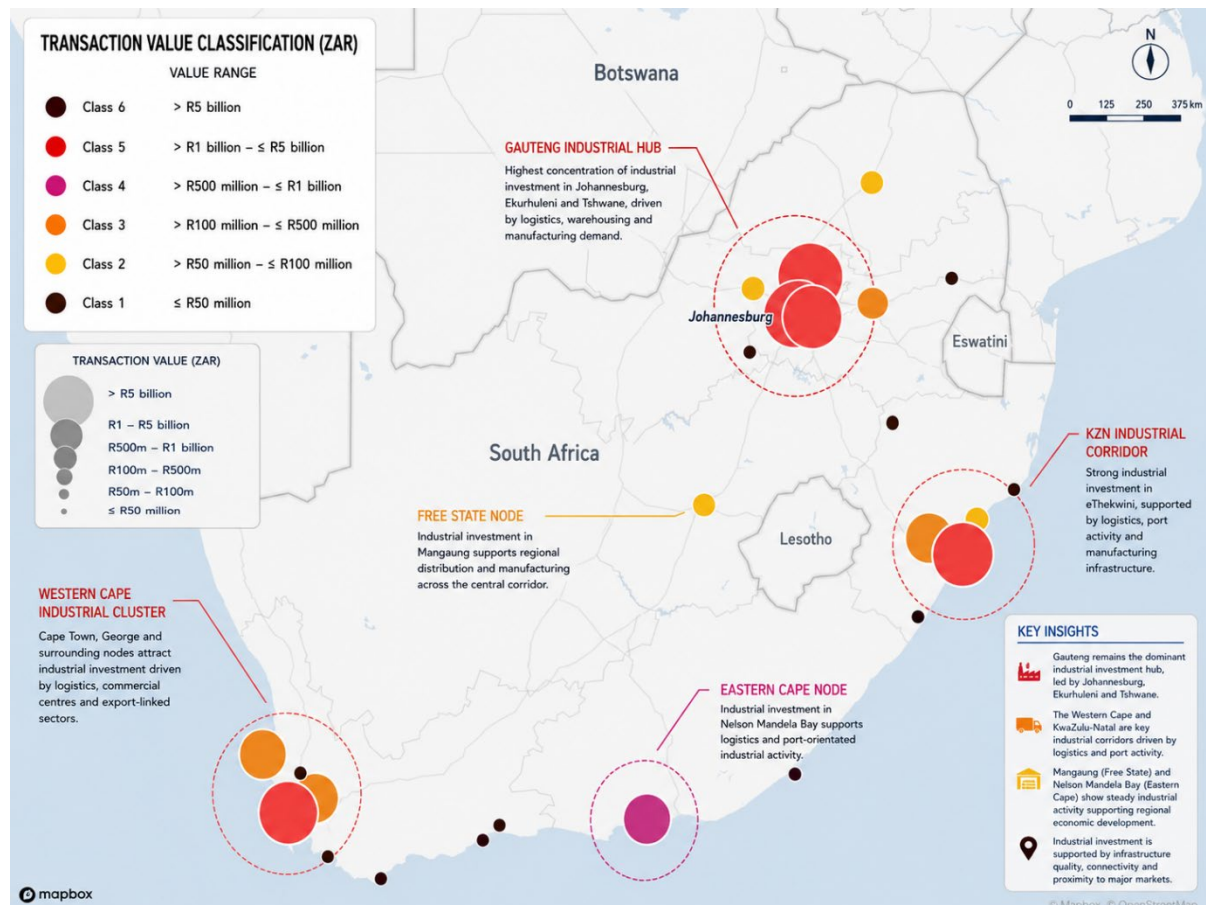
Table 5: Industrial Transaction Volumes by Province (2023–2025)

Province	2023 Total Investment	2024 Total Investment	2025 Total Investment
Eastern Cape	880 959 911	573 962 420	833 445 738
Free State	50 000 000	103 563 124	
Gauteng	4 730 138 824	3 533 707 432	9 195 358 664
KwaZulu-Natal	3 439 220 039	2 663 126 750	3 063 971 464
Limpopo		199 600 000	86 250 000
Mpumalanga	40 000 000	26 500 000	54 085 152
North West	62 495 000	149 493 487	83 633 000
Northern Cape			94 875 000
Western Cape	1 589 082 083	2 447 892 373	4 858 418 871



A key theme in 2025 was the concentration of industrial capital within established logistics corridors and supply-constrained urban nodes. Investors favoured locations with strong connectivity, resilient occupier demand, and proximity to major consumer markets. As a result, industrial and logistics real estate remained South Africa's preferred commercial property sector, supported by low vacancies, improving liquidity, limited new supply, and strong occupier fundamentals. The divergence between prime logistics corridors and secondary industrial locations is expected to remain a defining trend in 2026.

Map 2: Industrial Transactions Map 2025



Industrial Trends to Watch

- Industrial and logistics demand is expected to remain strong in 2026, driven by e-commerce growth, supply chain expansion, and continued demand from logistics, manufacturing, and distribution occupiers. Investors will continue to favour modern, well-located logistics facilities.
- Cape Town is expected to remain the country's strongest industrial market, supported by low vacancies, limited land availability, population growth, and strong investor demand. Prime logistics nodes are likely to continue recording above-average rental growth.
- New industrial development is expected to remain measured, with most projects being occupier-led or pre-let rather than speculative. Limited availability of prime industrial land, particularly in Cape Town and key Gauteng logistics corridors, will continue to constrain new supply.

- Market performance will remain uneven. Prime logistics nodes are expected to outperform, benefiting from stronger demand, lower vacancies, and rental growth, while secondary industrial locations may continue to experience weaker leasing activity.
- Operational resilience is becoming increasingly important. Features such as backup power, water security, and ESG-aligned building design are expected to play a greater role in occupier and investor decision-making, supporting demand for modern institutional-grade facilities.
- The performance gap between modern logistics facilities and older industrial stock is expected to widen further. Warehouses with low eave heights, limited yard depth and obsolete specifications are likely to face increasing competitive pressure as occupiers prioritise larger, more efficient and operationally resilient facilities.

5. OFFICE

Flight-To-Quality Continues to Reshape South Africa's Office Market

South Africa's office investment market stabilised during 2025, with transaction volumes increasing marginally from R9.84 billion in 2024 to R9.99 billion across 196 transactions. While investor confidence improved, activity remained concentrated within prime decentralised office markets, reflecting ongoing caution towards structurally weaker office assets.

The defining office theme of 2025 was the continued flight-to-quality. Investors and occupiers increasingly focused on modern office environments offering backup power, water resilience, ESG-aligned specifications, wellness-focused design, and mixed-use characteristics. Although many occupiers continued optimising space requirements, demand shifted towards higher-quality buildings that support hybrid working, employee retention, and workplace experience.

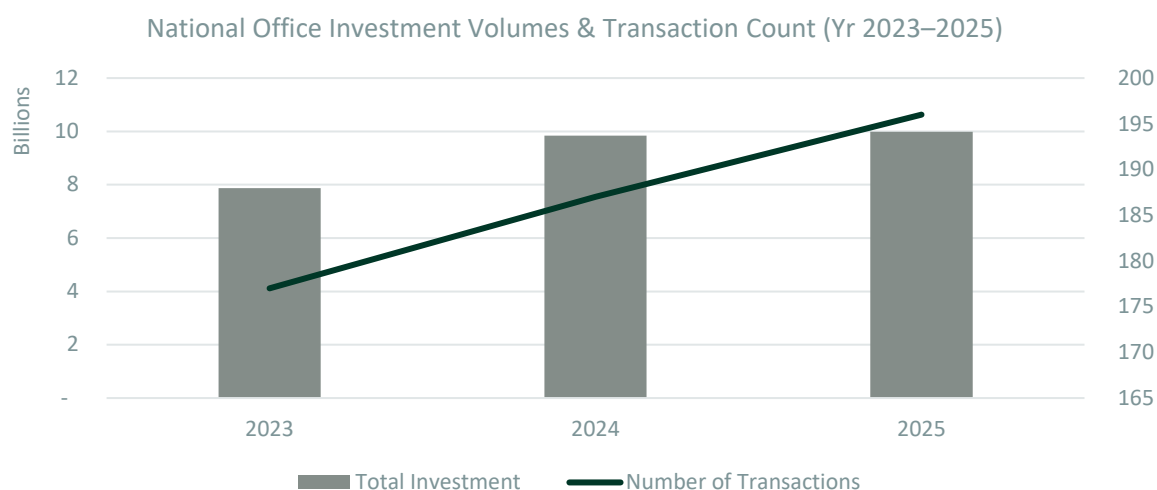
This trend supported improving fundamentals across leading office markets. Vacancy rates continued to decline within higher-quality office stock, while rental growth strengthened in selected prime locations. Cape Town remained the country's strongest-performing office market, benefiting from limited prime supply, strong occupier demand, and tightening vacancy levels. In contrast, secondary office markets and older freestanding buildings continued to experience elevated vacancies, weaker leasing activity, and growing functional obsolescence.

Prime decentralised office nodes, including Sandton, Rosebank, Waterfall, Umhlanga, Cape Town CBD, and Century City, attracted the majority of occupier and investment activity during the year. These locations continue to benefit from superior accessibility, lifestyle amenities, operational resilience, and a greater concentration of institutional-grade office stock.

Development activity remained highly disciplined throughout 2025, with limited speculative construction taking place across major office markets. Most new developments were pre-let or occupier-driven, contributing to the gradual stabilisation of vacancy levels across leading office nodes. At the same time, rising operating costs continued to place pressure on landlords, reinforcing the competitive advantage of buildings with strong operational efficiency, energy resilience, and cost recoverability.

Table 7: National Office Investment Volumes & Transaction Count (2023–2025)

Year	Total Investment	Number of Transactions	Extent
2023	7 875 522 314	177	723 801
2024	9 838 803 022	187	1 440 711
2025	9 985 227 000	196	1 152 824



Provincial Investment Dynamics and Key Office Markets

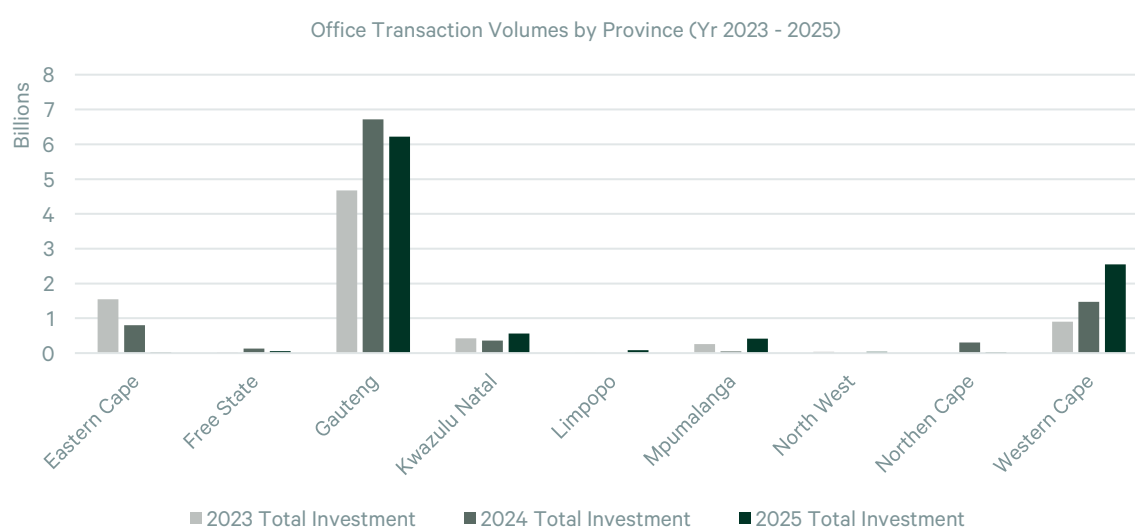
Gauteng remained South Africa's dominant office investment market, accounting for approximately R6.22 billion, or 62% of total national office investment volumes. Johannesburg alone contributed approximately R5.15 billion in transactions, reinforcing its position as the country's primary office capital market. Investment activity remained concentrated within established decentralised office nodes such as Sandton, Rosebank, and Waterfall, where stronger occupier demand and institutional-quality assets continue to support investor interest.

The Western Cape emerged as the country's fastest-growing office investment market, with transaction volumes increasing significantly over the review period. Cape Town continued to outperform national office market trends, supported by low vacancy levels, semigration-driven demand, constrained prime supply, and stronger rental growth. Demand from professional services firms, financial institutions, and technology occupiers continued to underpin market performance.

A notable emerging trend was the growing prominence of Stellenbosch as an office and mixed-use investment destination. Investor interest has been supported by the town's lifestyle appeal, education sector, mixed-use development activity, and growing business presence. KwaZulu-Natal's office market remained more selective, with investment activity concentrated primarily within Umhlanga and selected eThekweni office precincts.

Table 8: Office Investment by Province (2023–2025)

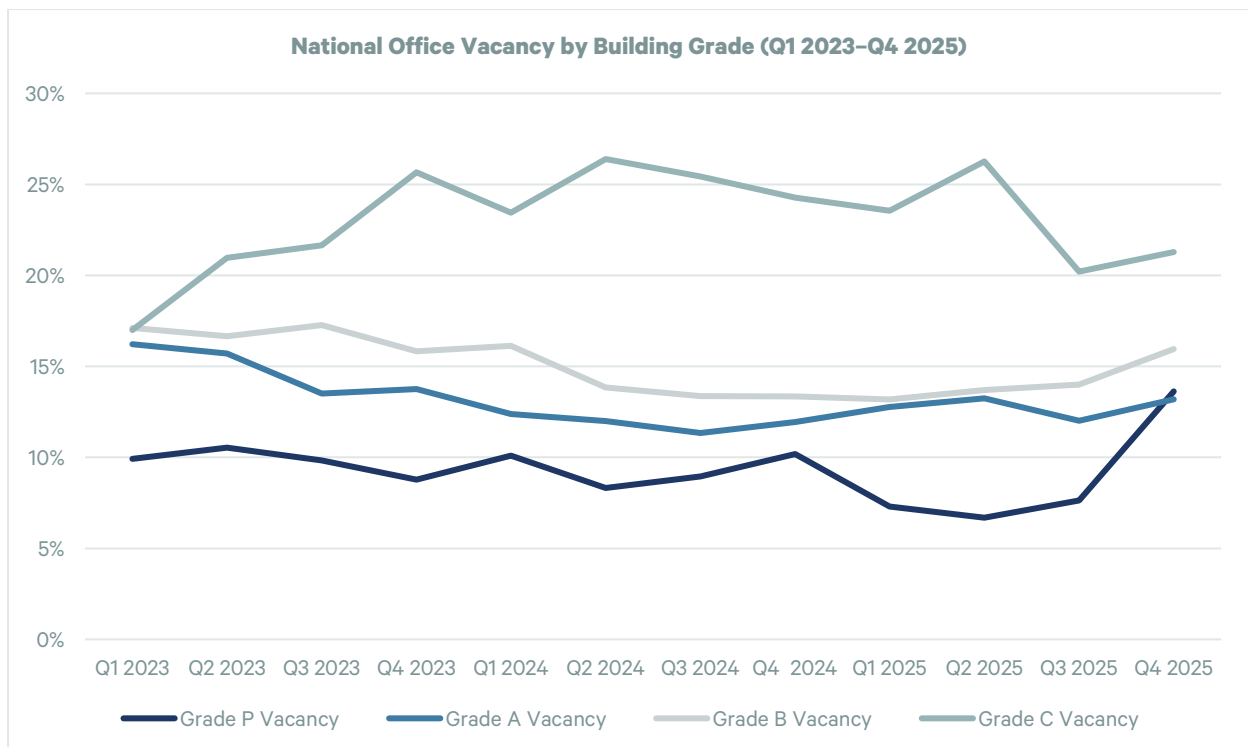
Province	2023 Total Investment	2024 Total Investment	2025 Total Investment
Eastern Cape	1 548 815 041	799 325 000	20 800 000
Free State	24 045 879	133 000 000	57 175 000
Gauteng	4 672 722 265	6 720 705 641	6 218 925 845
KwaZulu-Natal	427 779 496	362 094 728	565 850 343
Limpopo	3 550 584		83 520 000
Mpumalanga	256 349 740	46 000 000	413 369 008
North West	41 933 325		41 000 000
Northern Cape		301 600 000	32 200 000
Western Cape	900 325 985	1 476 077 652	2 552 386 804



Although office investment activity improved during 2025, liquidity remained below the industrial and retail sectors. Investors continued to focus on assets offering strong tenant covenants, secure income streams, operational resilience, and lower future capital expenditure requirements.

A key characteristic of the current office cycle is the widening performance gap between prime institutional-grade office assets and older secondary stock. National office market data indicates that lower-grade office buildings continue to experience consistently higher vacancy levels than Premium and Grade A assets, reinforcing the growing divergence in occupier demand. Capital therefore continues to concentrate within high-quality buildings located in well-managed decentralised precincts, while structurally challenged secondary assets face weaker leasing performance, elevated vacancy levels and ongoing valuation pressure.



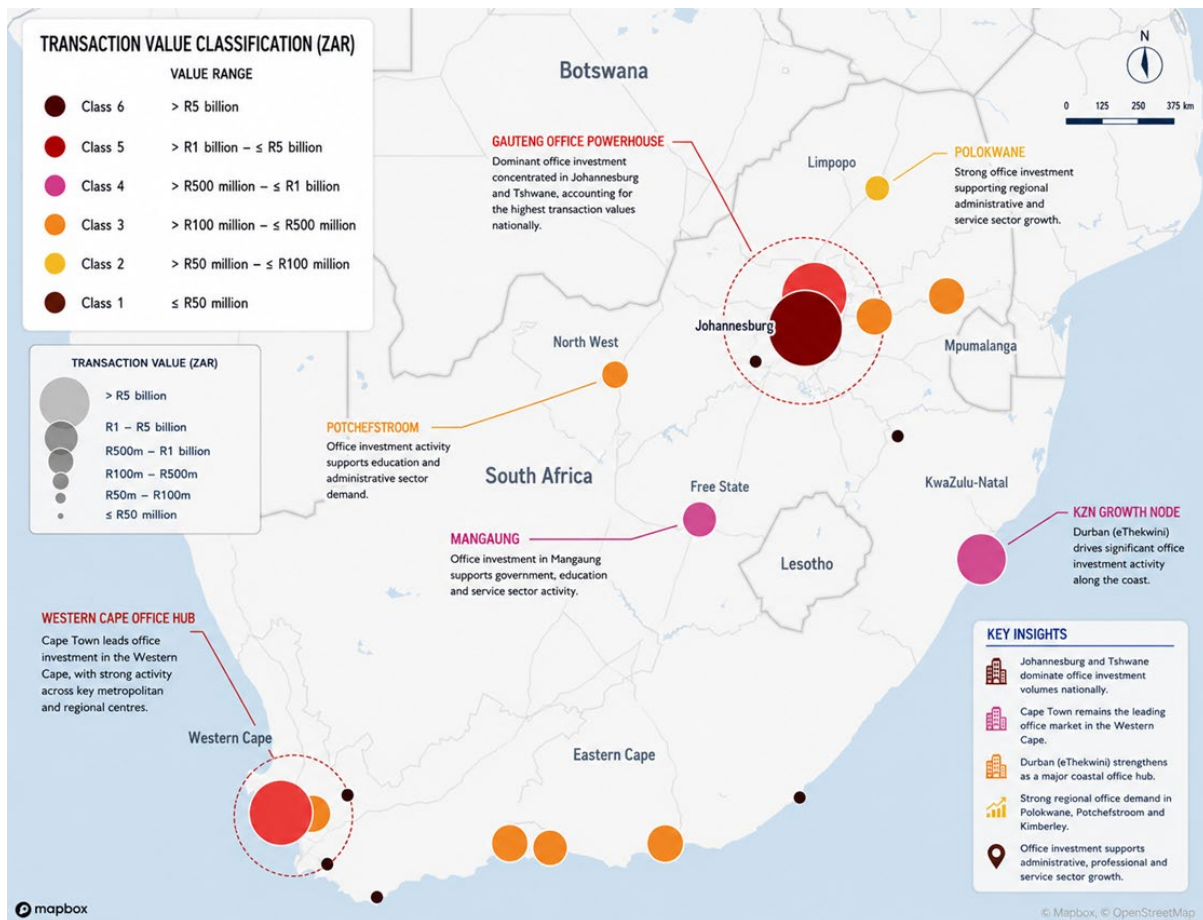


Premium and Grade A office buildings consistently outperformed lower-grade stock, reinforcing the widening performance gap between institutional-grade assets and secondary office space.

Overall, South Africa's office market is transitioning from cyclical correction towards selective recovery. However, this recovery remains concentrated within prime decentralised office markets where occupier fundamentals, rental performance, and investment demand continue to improve.



• Map 3: Office Transactions Map 2025



Office Trends to Watch

- South Africa's office market is expected to continue its gradual recovery during 2026, although growth will remain concentrated within prime decentralised office nodes offering stronger occupier demand, operational resilience, and mixed-use integration.
- Office development activity is likely to remain highly disciplined, with most new supply linked to pre-let or occupier-driven projects. Limited speculative development should continue supporting vacancy improvements across leading office markets.
- Flight-to-quality will remain a dominant trend, although rising occupancy costs may encourage some occupiers to consider well-located secondary decentralised nodes that offer better value and lower occupational costs.
- Prime office rentals are expected to strengthen gradually within Cape Town and selected Gauteng office nodes where vacancy levels continue to tighten and new supply remains constrained.
- Older and functionally obsolete office stock will remain under pressure, particularly where buildings lack modern amenities, energy resilience, or ESG credentials. This is expected to support further conversion and repurposing activity across several metropolitan markets.

6. RETAIL

Retail Repositioning and the Return of Liquidity

South Africa's retail property sector recorded a strong recovery in investment activity during 2025, supported by improving investor sentiment, easing interest rates, resilient consumer spending, and strengthening retail fundamentals. Retail investment volumes increased to approximately R11.84 billion, while transaction activity rose significantly from 129 transactions in 2024 to 365 transactions in 2025.

The defining retail theme of 2025 was the return of capital to dominant and defensive retail formats. Investors increasingly favoured regional shopping centres, grocery-anchored neighbourhood centres, convenience retail, retail parks, and mixed-use lifestyle precincts offering resilient footfall, strong tenant retention, and favourable demographic profiles.

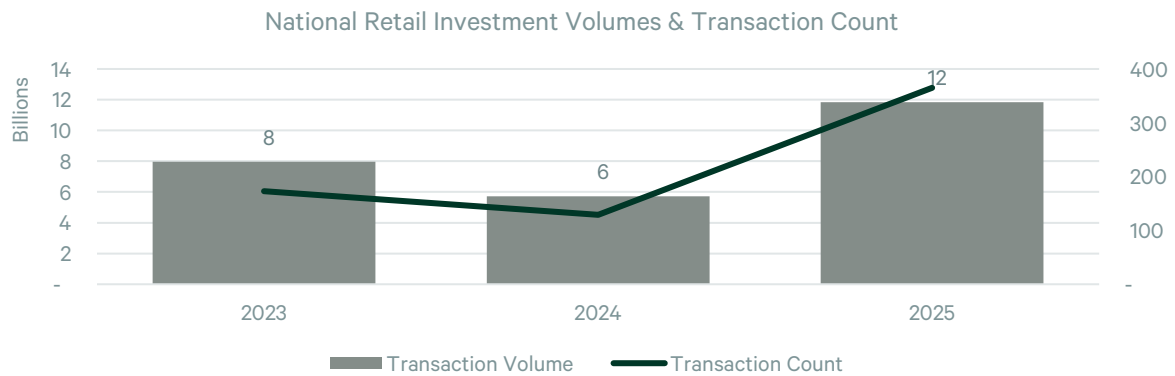
The recovery in investment activity was supported by improving operational performance across many of South Africa's leading retail assets. Several listed retail portfolios reported low vacancy levels, improving trading densities, and positive rental reversions during 2025. Hyprop reported South African retail vacancies of approximately 3.1%, while Attacq reported vacancies of approximately 2.2% across its retail portfolio, reflecting continued demand for dominant retail destinations.

Improving consumer conditions also supported retail performance during the year. Moderating inflation, easing interest rates, and improving household spending contributed to stronger retail sales growth across several categories, including furniture, appliances, clothing, and general dealer sales. However, consumer spending remained selective, and retail performance continued to vary across locations and asset types.

As a result, market performance became increasingly polarised. Prime regional malls, convenience centres, and grocery-anchored neighbourhood centres continued to outperform, while secondary retail assets faced weaker tenant demand, slower rental growth, and greater vacancy risk.

At the same time, elevated construction costs and relatively high funding costs continued to challenge the feasibility of new retail development, with achieving development yields above required return thresholds becoming increasingly difficult. Many retail projects currently under construction originated several years ago under different market conditions, reinforcing investor preference for acquiring well-located existing assets, value-add opportunities and dominant retail centres over speculative new development. The continued strength of grocery-anchored centres, supported by dominant food retailers generating resilient footfall, further reinforced investor demand for defensive retail formats. **Table 10: National Retail Investment Volumes & Transaction Count (2023–2025)**

Year	Total Investment	Number of Transactions	Extent
2023	R7 964 775 564	173	1 133 665 m ²
2024	R5 718 601 619	129	284 851 m ²
2025	R11 836 678 170	365	178 869 m ²



Provincial Investment Dynamics and Key Retail Markets

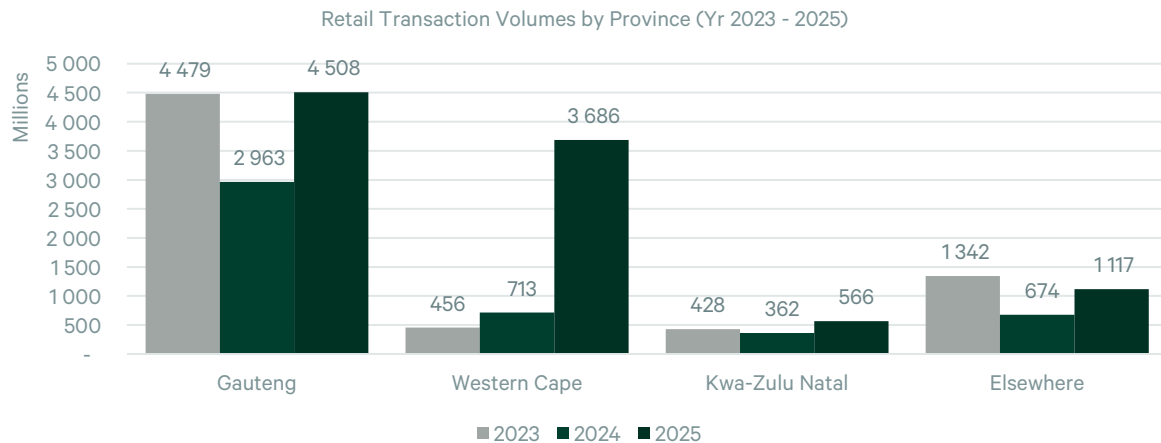
Gauteng remained South Africa's largest retail investment market during 2025, recording approximately R4.51 billion in retail investment activity. Johannesburg accounted for approximately R2.89 billion of total investment volumes, reinforcing its position as the country's largest retail capital market. Investor activity remained concentrated within dominant regional malls, convenience retail centres, and mixed-use precincts located along established urban growth corridors.

The Western Cape emerged as one of the country's strongest-performing retail investment markets, with investment volumes increasing from approximately R456 million in 2023 to approximately R3.69 billion in 2025. Cape Town alone accounted for approximately R2.85 billion in retail investment activity. Strong population growth, semigration, tourism recovery, and higher household income levels continued supporting both occupier and investor demand. The province also continued to command premium pricing relative to other regions, reflecting stronger retail fundamentals, constrained supply, and sustained investor competition for dominant retail assets.

KwaZulu-Natal recorded a notable increase in retail transaction activity during 2025, with investment concentrated primarily within eThekweni, Umhlanga, and selected coastal retail markets benefiting from tourism and lifestyle-driven demand.

Table 11: Retail Investment by Province (2023–2025)

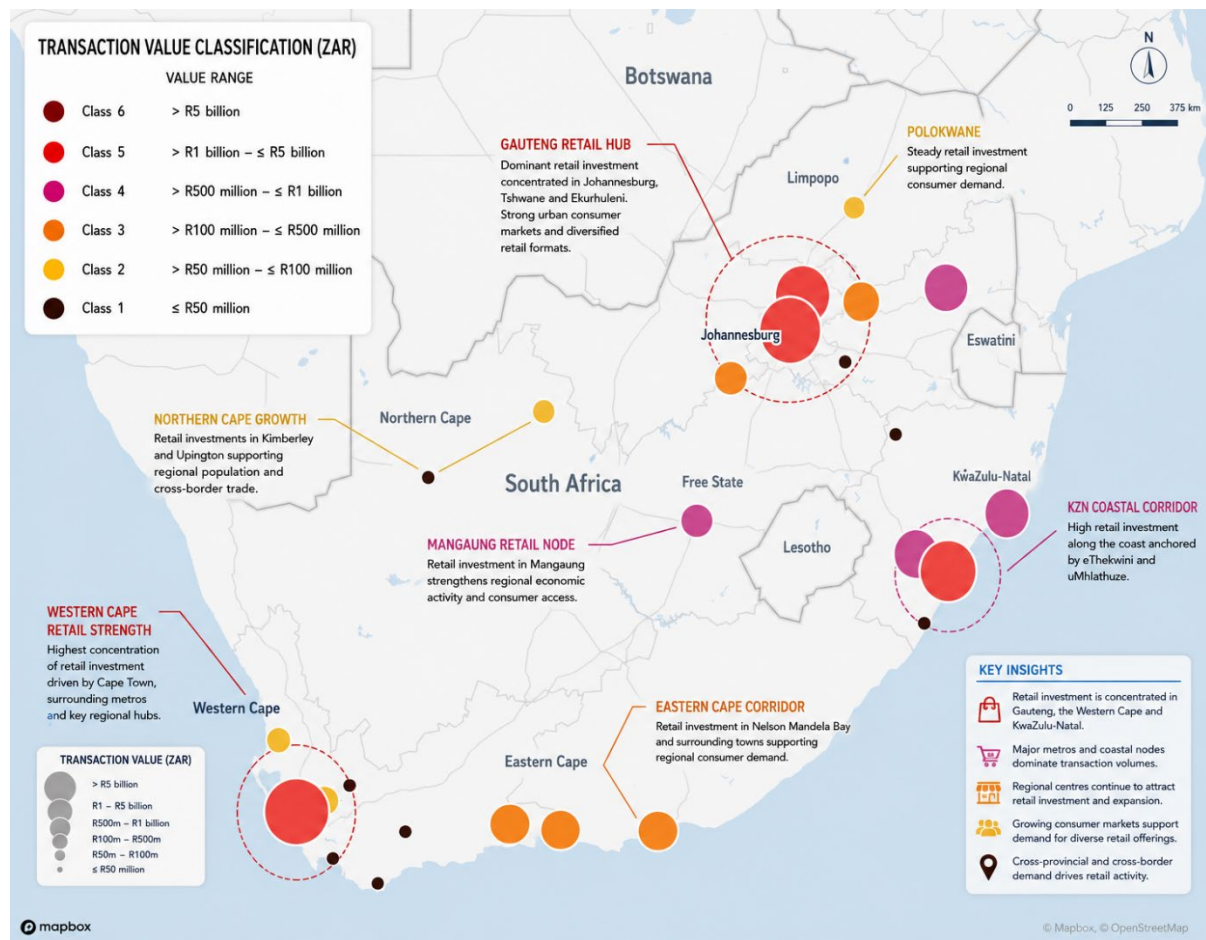
Province	2023 Total Investment	2024 Total Investment	2025 Total Investment
Eastern Cape	R704 823 641	R206 025 000	R127 474 640
Free State	R150 102 561	R16 100 000	R52 606 461
Gauteng	R4 478 672 798	R2 962 710 203	R4 507 761 152
KwaZulu-Natal	R1 688 164 157	R1 369 173 286	R2 526 017 423
Limpopo	R112 500 000	R26 200 000	R71 750 000
Mpumalanga	R83 447 953	R270 648 189	R720 846 905
North West	R279 500 000	R154 894 893	-
Northern Cape	R11 500 000	-	R144 400 000
Western Cape	R456 064 454	R712 850 048	R3 685 821 589



A notable trend during 2025 was the growing importance of tourism-linked and lifestyle-oriented retail markets. Locations such as George, Plettenberg Bay, Overstrand, Stellenbosch, Paarl, and selected coastal KwaZulu-Natal nodes attracted increasing levels of retail investment activity.

These markets continue to benefit from semigration, tourism growth, and rising demand for experiential retail environments that combine convenience, hospitality, lifestyle, and leisure offerings. The trend mirrors broader demographic and investment shifts currently shaping South Africa's residential, hospitality, and mixed-use property sectors. Overall, retail investment activity was increasingly concentrating within affluent consumer corridors, mixed-use lifestyle precincts, and tourism-driven regional markets.





Retail Trends to Watch

- Dominant regional malls, grocery-anchored neighbourhood centres, retail parks, and convenience retail are expected to continue outperforming broader market conditions.
- Prime retail vacancies are expected to remain low, particularly within high-growth urban markets and semigration-driven regions.
- Rental growth should strengthen gradually across dominant retail assets as improving trading performance and lower vacancies support positive rental reversions.
- Investor demand is expected to remain concentrated within defensive retail formats offering resilient income streams and strong demographic fundamentals.
- The Western Cape is likely to remain South Africa's strongest retail investment market, supported by population growth, tourism activity, and continued investor demand.
- Lifestyle, tourism-linked, and mixed-use retail environments are expected to attract increasing levels of capital as consumers continue favouring experiential retail destinations.
- Secondary retail assets located outside dominant consumer corridors are likely to remain under pressure, reinforcing the growing performance gap between prime and secondary retail stock.

7. HOTELS & HOSPITALITY

Tourism Recovery and Leisure-Led Capital Reallocation

South Africa's hotels and hospitality sector recorded a strong recovery during 2025, supported by improving tourism activity, strengthening hotel operating fundamentals and renewed

investor confidence. National hotel investment volumes increased to approximately R2.98 billion, compared with just R149 million in 2024, while transaction activity increased significantly from 6 to 73 transactions.

The recovery was underpinned by improving operating performance across South Africa's major hospitality markets. However, performance remained highly differentiated between leisure-led destinations and corporate-oriented markets. Premium leisure markets, particularly Cape Town and the Western Cape, continued outperforming business-focused destinations through stronger international tourism demand, higher average daily rates (ADR) and greater pricing power. By contrast, Gauteng's recovery remained more gradual as business travel, conferencing and corporate demand continued normalising.

Investor demand also remained highly selective, with capital increasingly directed towards institutional-quality, branded and experience-led hospitality assets capable of delivering resilient operating performance and sustainable long-term income growth.

The Western Cape remained South Africa's strongest hospitality market, recording occupancy of 65.0%, ADR of approximately R3,293, and RevPAR of approximately R2,146. The province's hospitality sector continues to benefit from international tourism, wine tourism, lifestyle travel and semigration, while its luxury and upper-upscale hotel market commands significantly higher room rates than most other regions of the country.

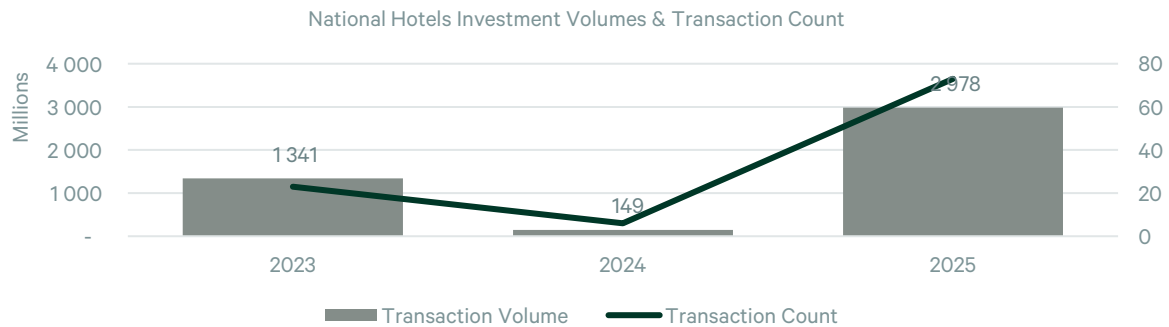
Gauteng remained South Africa's largest hotel market, with approximately 29,617 rooms in inventory. Although operating performance remained below that of the Western Cape, the province recorded occupancy of 58.7%, ADR of approximately R1,739, and RevPAR of approximately R1,018. Demand continued to be supported by business travel, conferencing and events, although corporate travel has recovered more gradually than leisure tourism, contributing to lower occupancy and pricing performance.

KwaZulu-Natal also recorded improving operating fundamentals, with occupancy reaching 60.7%, ADR of approximately R1,628, and RevPAR of approximately R980. Coastal tourism, domestic leisure travel and improving visitor activity across Durban and Umhlanga continued supporting market recovery. The North West similarly recorded strong operating fundamentals, benefiting from resort, gaming, safari and leisure-driven tourism demand.

Supporting these trends was the continued recovery in tourism activity. South Africa welcomed approximately 10.5 million international tourists during 2025, with regional African travel remaining the country's largest source market. International arrivals continued supporting demand across Cape Town, the Winelands, safari destinations and key coastal tourism markets, while domestic leisure travel remained an important contributor to occupancy across many regional destinations.

• **Table 12: National Hotel Investment Volumes & Transaction Count**

Year	Total Investment	Number of Transactions	Extent
2023	R1 340 503 559	23	74 693 m ²
2024	R149 274 000	6	16 824 m ²
2025	R2 978 305 357	73	11 972 952 m ²



Provincial Hospitality Investment Activity and Development Trends

Hospitality investment activity during 2025 reflected a sector transitioning from post-pandemic recovery towards selective growth. Improving tourism flows, stronger hotel trading performance and rising ADRs contributed to renewed investor confidence and significantly higher transaction activity.

The Western Cape dominated hospitality investment activity, recording approximately **R1.48 billion** in transaction value across **37 transactions**, equivalent to almost half of national hotel investment volumes. Cape Town alone accounted for approximately **R1.43 billion**, reinforcing its position as South Africa's leading hospitality investment market.

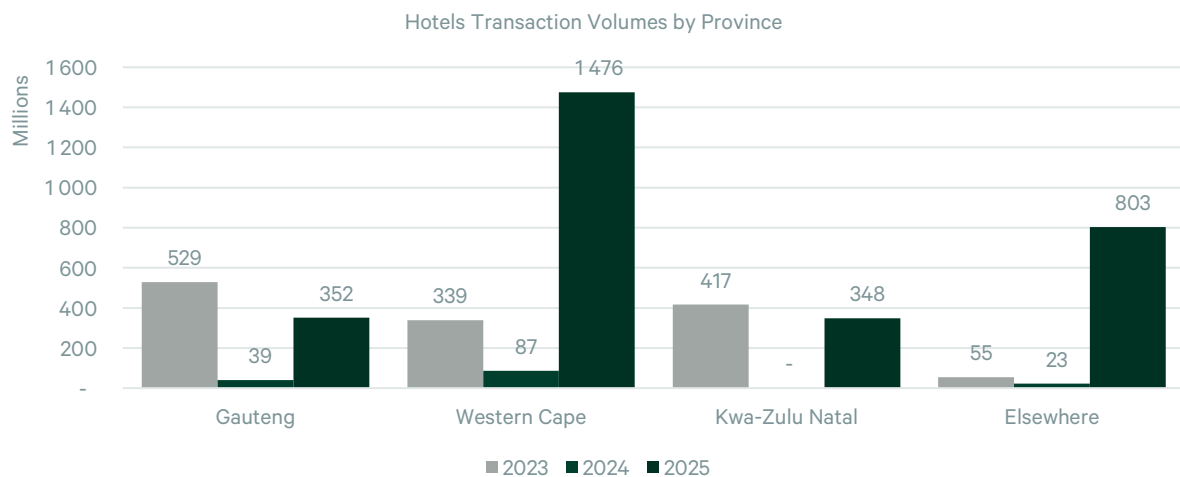
Gauteng recorded approximately **R351.5 million** in hotel investment volumes across **29 transactions**. While the province remains more reliant on corporate and business-travel demand, improving operating performance supported renewed investor activity during the year.

KwaZulu-Natal recorded approximately **R348.3 million** in hotel investment activity, benefiting from coastal tourism and leisure-led demand. Limpopo also attracted notable investment volumes of approximately **R573.4 million**, reflecting continued investor confidence in safari, eco-tourism and nature-based hospitality assets.

Investment demand increasingly concentrated within markets supported by clear tourism and experiential demand drivers. Cape Town and the Western Cape continued attracting capital linked to international tourism and lifestyle travel, while KwaZulu-Natal, Limpopo, Mpumalanga and the North West benefited from coastal tourism, safari, eco-tourism and experience-led travel demand. Gauteng remained supported by conferencing, events and corporate travel activity.

Table 13: Hotel Investment by Province, 2025

Province	2023 Total Investment	2024 Total Investment	2025 Total Investment
Eastern Cape			114 300 000
Free State	21 234 121		
Gauteng	529 332 775	39 384 000	351 508 004
KwaZulu-Natal	417 163 326		348 300 017
Limpopo	33 509 416		573 367 000
Mpumalanga		23 000 000	
Northern Cape			114 900 000
Western Cape	339 263 921	86 890 000	1 475 930 335
Eastern Cape			114 300 000



Development activity remained disciplined throughout 2025. CoStar/STR data indicates that approximately **1,270 hotel rooms** were under construction nationally as at December 2025, representing only a modest proportion of South Africa's existing inventory of approximately **88,019 rooms**. KwaZulu-Natal accounted for approximately **534 rooms** under construction, followed by the Western Cape with approximately **269 rooms** and Mpumalanga with approximately **150 rooms**.

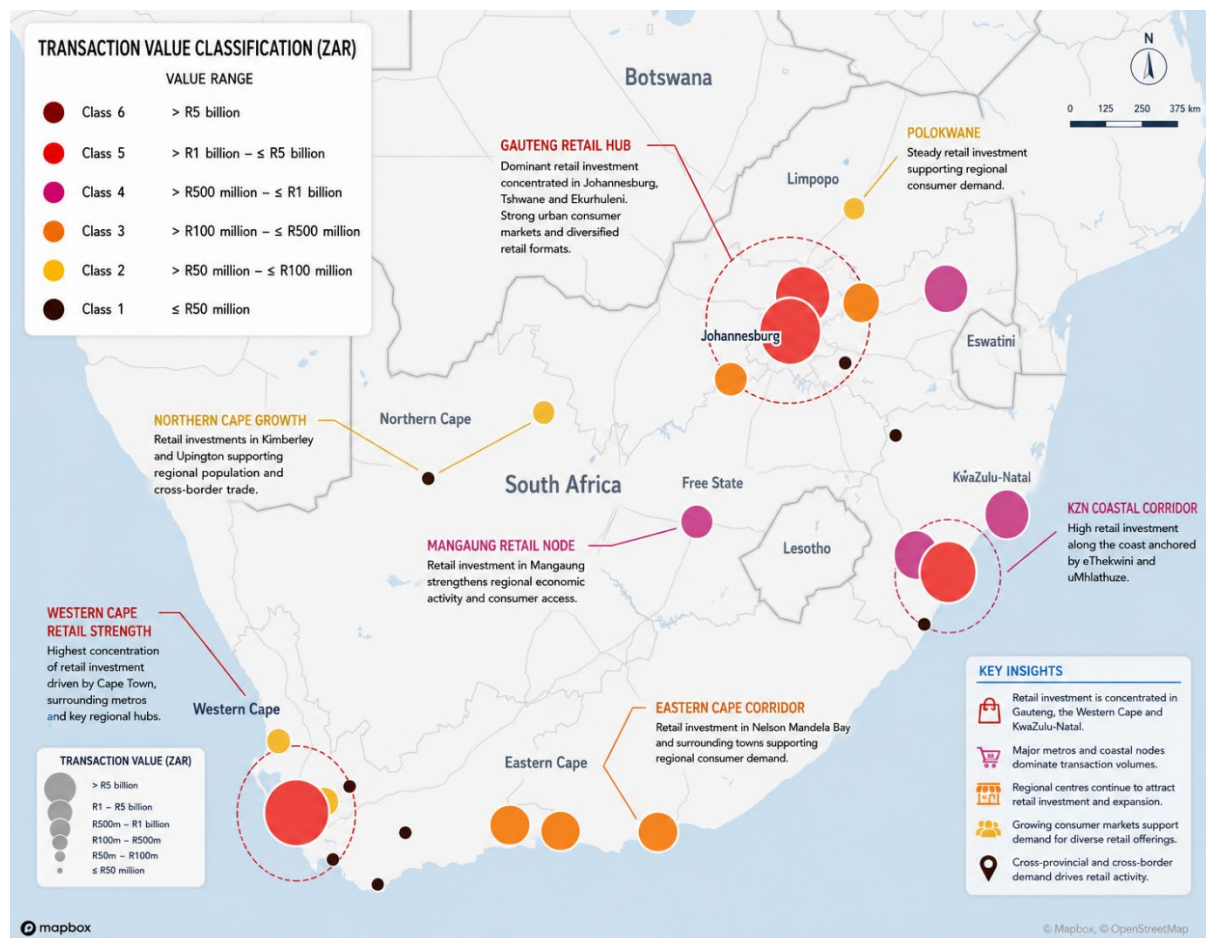
Elevated construction costs and financing constraints continued limiting new hotel development, with developers increasingly focusing on branded projects supported by proven demand fundamentals and operator requirements.

Unlike previous development cycles, new supply remains concentrated within **branded, premium, lifestyle-oriented and experiential hospitality concepts**, with development largely driven by proven demand fundamentals and operator requirements. This disciplined pipeline is expected to continue supporting occupancy stability and ADR growth across South Africa's major hospitality markets.

Overall, hotel performance and investment activity are becoming increasingly location-specific. Institutional-quality, branded hospitality assets and experience-led accommodation offerings continue to outperform secondary and undifferentiated hotel stock as investors focus on sustainable income growth, pricing power and long-term tourism demand.



Map 5: Hotels Transactions Map 2025



Hotels Trends to Watch

- ADR growth is expected to remain the primary driver of hotel revenue performance, particularly within premium leisure and tourism-driven destinations where operators continue demonstrating strong pricing power.
- Cape Town and the Western Cape are expected to remain South Africa's strongest hospitality investment markets, supported by international tourism demand, premium leisure positioning and strong operating fundamentals.
- Safari, eco-tourism and experiential travel markets across Limpopo, Mpumalanga and the North West are likely to attract increasing investor interest as demand for nature-based travel experiences continues to grow.
- Hotel development activity is expected to remain disciplined, with new supply concentrated primarily within branded, luxury, upper-upscale and lifestyle-oriented hospitality concepts supported by proven demand fundamentals.
- Business travel, conferencing and events activity within Gauteng are expected to continue recovering gradually, supporting further stabilisation of Johannesburg and Pretoria hospitality markets.
- Operational resilience, destination management, energy security and sustainability initiatives will remain increasingly important differentiators supporting long-term hotel competitiveness and investment performance.

8. ALTERNATIVES & EMERGING SECTORS

Alternative Sectors Gain Institutional Momentum

South Africa's alternative and emerging real estate sectors attracted growing investor interest during 2025 as capital continued diversifying beyond traditional office, retail, industrial, and hospitality assets. Demand was concentrated within residential rental housing, retirement living, mixed-use residential environments, healthcare and medical real estate, educational facilities, fuel stations, and other specialised property formats.

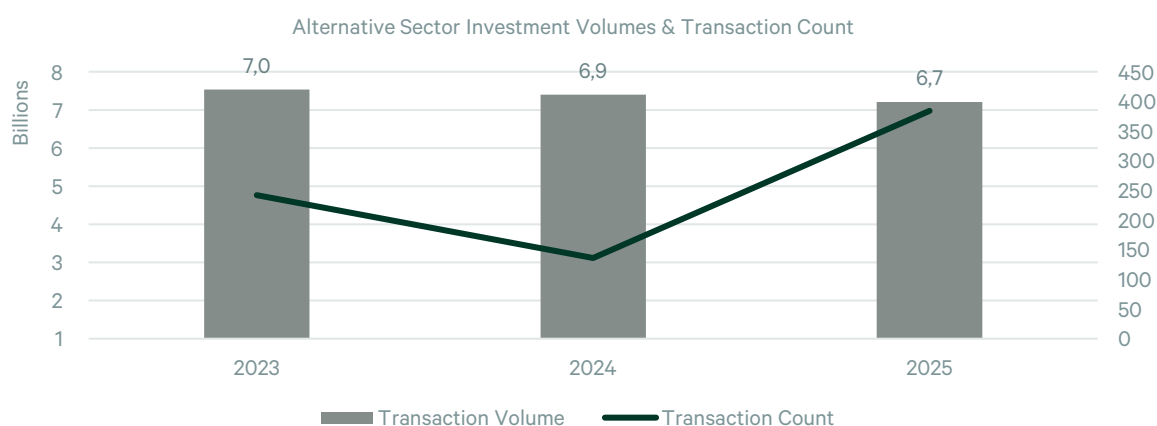
Alternative sector investment volumes reached approximately R6.71 billion across 384 transactions during 2025, representing one of the highest transaction counts across all property sectors. The high level of activity reflects growing liquidity, increasing institutional participation, and broader acceptance of alternative real estate within South Africa's investment landscape.

The data suggests that investors are increasingly targeting property sectors supported by long-term structural demand drivers rather than purely cyclical market conditions. Capital is flowing towards assets that offer defensive income characteristics, demographic resilience, operational stability, and exposure to long-term trends such as urbanisation, ageing populations, healthcare demand, changing lifestyle preferences, and semigration.

Unlike traditional office markets, many alternative sectors benefit from stronger demographic demand drivers, lower exposure to workplace disruption, and growing alignment with residential, healthcare, education, and convenience-led consumption patterns. As a result, alternatives are becoming an increasingly important component of institutional real estate portfolios.

Table 14: Alternative Sector Investment Volumes & Transaction Count (2023–2025)

Year	Total Investment	Number of Transactions
2023	R7 034 871 862	242
2024	R6 897 949 380	136
2025	R6 709 762 684	384



Key Alternative Investment Themes and Provincial Dynamics

The most notable trend during 2025 was the continued expansion of living-sector real estate. Residential-linked transactions accounted for the majority of activity within the alternatives category, particularly across Gauteng, the Western Cape, KwaZulu-Natal, and selected secondary cities. Investor demand continued to focus on multifamily rental housing, retirement living, student accommodation, mixed-use residential precincts, and lifestyle-oriented living environments. This growing allocation towards living-sector real estate reflects broader global investment trends, where residential assets are increasingly viewed as defensive, inflation-linked investments supported by long-term demographic demand. Within South Africa, semigration, affordability pressures, urban densification, and changing household preferences continue supporting demand for professionally managed residential environments.

Healthcare-related real estate also emerged as an increasingly important investment theme during 2025. Although transaction volumes remain relatively modest, medical centres, healthcare facilities and wellness-oriented developments continue attracting investor interest due to stable occupancy profiles, long lease structures, defensive income characteristics and growing private healthcare demand. Elevated construction costs and pressure on development feasibility have increasingly shifted investor preference towards acquiring existing operational healthcare assets rather than pursuing new developments. As a result, tenant covenant strength, asset quality and long-term income security are becoming increasingly important considerations in healthcare real estate investment decisions.

Educational real estate and fuel station assets also recorded selective investment activity, further demonstrating the increasing diversification of South Africa's commercial real estate investment market. While relatively small in scale, both sectors benefit from stable demand fundamentals and long-term structural growth drivers. Within the education sector, growing private-sector participation in tertiary education is creating increasing demand for purpose-built educational facilities. The continued expansion of private higher education institutions, including operators such as Stadio, reflects a broader structural shift towards privately funded education, reinforcing the long-term investment potential of educational real estate.

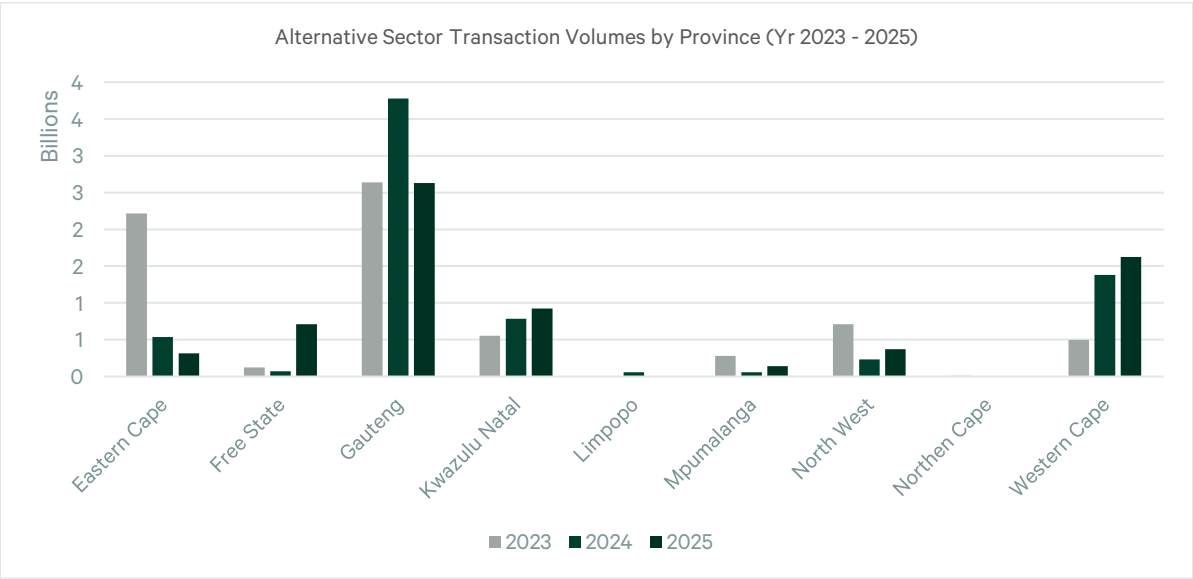
From a geographic perspective, Gauteng remained the largest alternative sector investment market, recording approximately R2.63 billion across 165 transactions. Johannesburg and Tshwane continued to dominate activity, supported by the province's large population base, diversified economy, and significant residential and mixed-use development demand. Residential-linked transactions accounted for approximately 127 transactions within Gauteng, highlighting growing institutional participation in living-sector real estate.

The Western Cape emerged as one of the strongest-performing alternative investment markets nationally, with investment volumes increasing from approximately R497 million in 2023 to approximately R1.63 billion in 2025. Residential-linked transactions alone accounted for approximately R1.04 billion, reflecting strong investor demand for semigration-driven residential developments, retirement living, lifestyle estates, and mixed-use precincts.

KwaZulu-Natal also recorded strong growth, with investment volumes reaching approximately R922 million across 21 transactions. Residential and mixed-use developments remained the primary drivers of activity, while the Free State recorded a notable increase in investment volumes, supported largely by residential and healthcare-related transactions.

Table 16: Alternative and Emerging Sectors Investment by Province, 2025

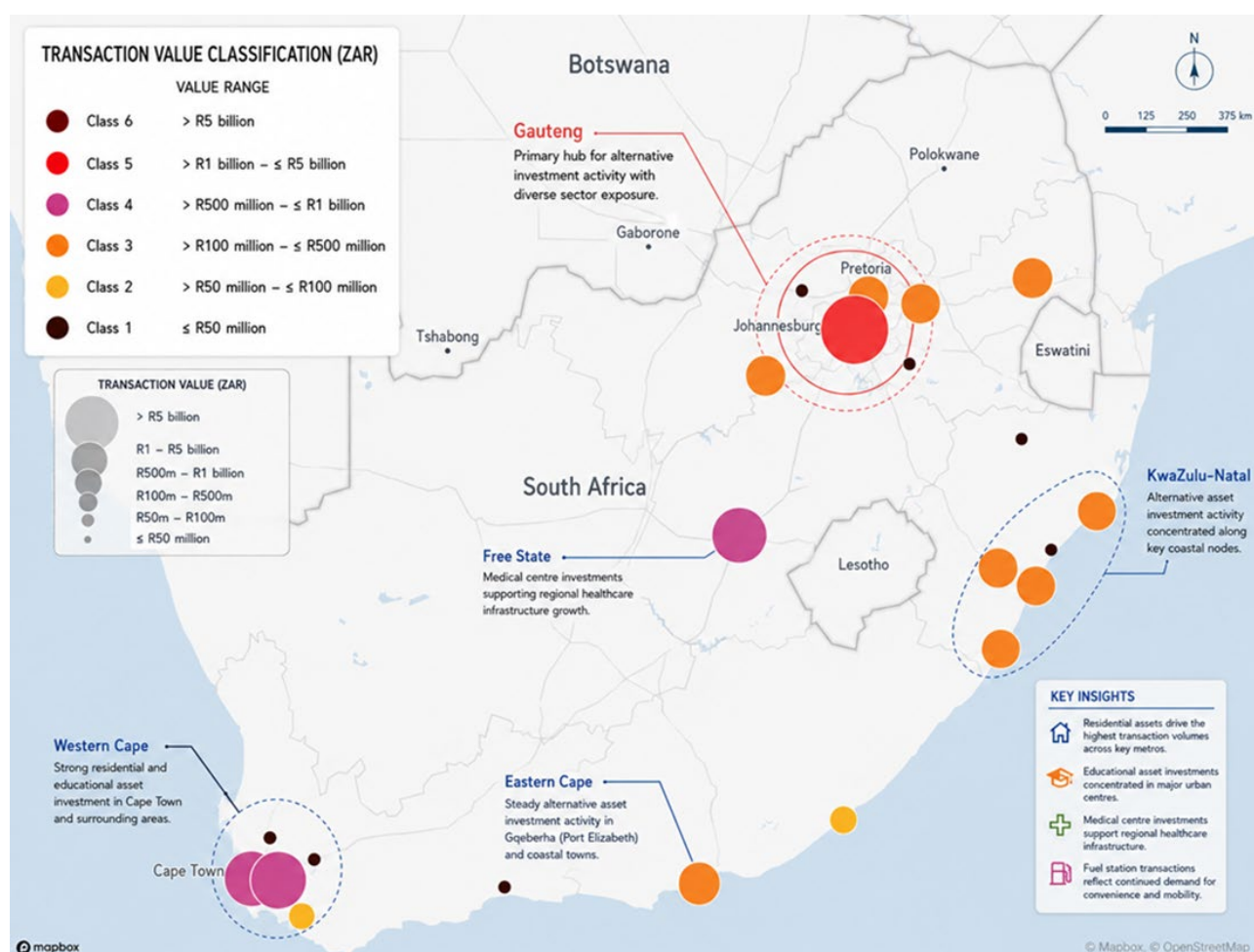
Province	2023 Total Investment	2024 Total Investment	2025 Total Investment
Eastern Cape	2 216 230 967	536 510 000	313 824 756
Free State	124 000 000	70 000 000	708 784 574
Gauteng	2 639 053 435	3 776 902 327	2 629 447 631
KwaZulu-Natal	554 577 102	783 644 502	921 747 970
Limpopo		58 307 250	
Mpumalanga	281 743 579	58 607 586	140 170 776
North West	710 267 817	233 554 027	370 636 000
Northern Cape	11 500 000		
Western Cape	497 498 962	1 380 423 688	1 625 150 978



Overall, the alternatives market increasingly reflects a broader shift towards demographic-led real estate sectors and operationally resilient assets that benefit from long-term lifestyle, healthcare, education, and residential demand trends.



Map 6: Alternatives & Emerging Sectors Transactions Map 2025



Alternatives & Emerging Sectors Trends to Watch

- Residential rental housing, multifamily developments, retirement living, and mixed-use residential precincts are expected to remain among South Africa's fastest-growing alternative real estate sectors.
- Institutional investment into living-sector real estate is likely to accelerate further as investors continue seeking inflation-linked income streams and defensive long-term demand drivers.
- Healthcare and medical-related real estate are expected to attract increasing levels of capital due to favourable demographic trends, growing healthcare demand, and resilient income characteristics.
- Lifestyle-oriented mixed-use precincts integrating residential, retail, hospitality, wellness, and convenience components are expected to outperform traditional single-use property formats.
- Alternative sectors linked to social infrastructure and demographic demand are expected to gain a larger share of South Africa's overall real estate investment market.
- Secondary cities and semigration-driven regional markets are likely to attract increasing levels of investment, particularly across residential, retirement, lifestyle, and mixed-use developments.

9. SUSTAINABILITY

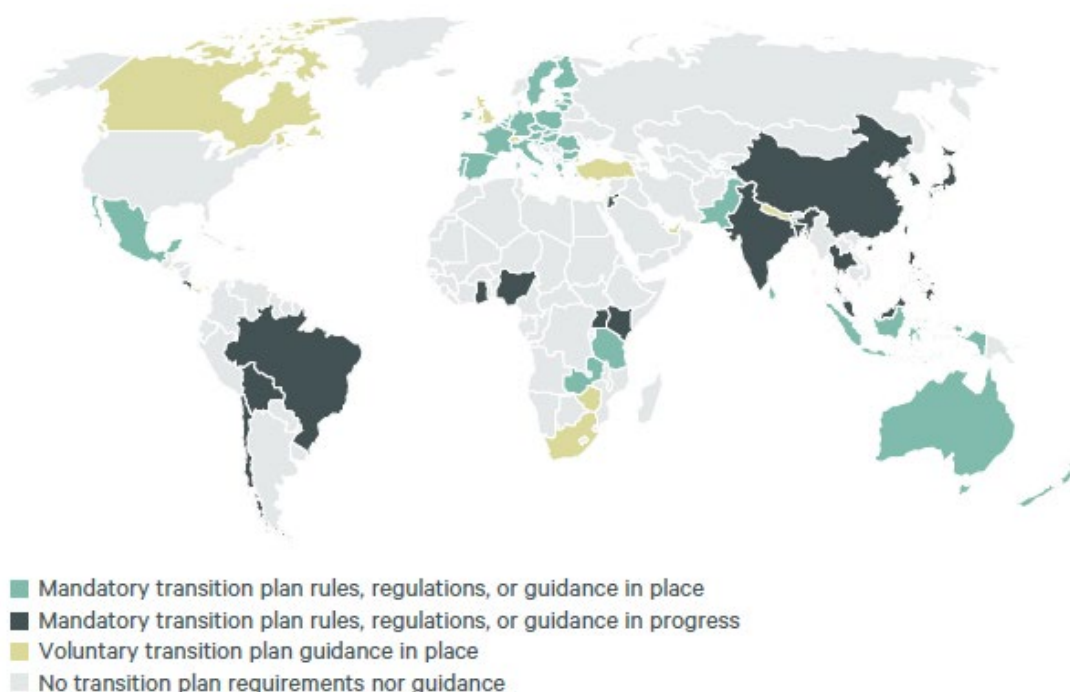
South Africa currently remains within the voluntary transition plan guidance category, but global sustainability requirements are influencing local real estate markets through investor mandates, lender requirements, multinational occupier standards and asset performance expectations.

Transition plans are emerging as a practical tool for property owners and investors to future-proof portfolios against rising operating costs, climate risk and changing market expectations. In real estate, a transition plan sets out how an owner will reduce emissions, improve resource efficiency, manage climate risk and align capital expenditure with long-term asset performance.

Although South Africa has not introduced mandatory transition planning requirements, multinational occupiers are already applying global ESG standards to local leasing decisions. This is increasing demand for buildings with energy efficiency, backup power, water resilience, green certification and transparent environmental performance data.

Older buildings without energy resilience, sustainability credentials and modern building systems face higher risks of vacancy, declining competitiveness and future capital expenditure. Transition planning should therefore be viewed as an asset management tool, not only a compliance exercise.

The main driver of sustainability adoption in South Africa is unlikely to be regulation alone. Capital markets, occupier demand and asset performance will play a larger role. Buildings that reduce operating risk, improve cost control and support tenant ESG requirements are expected to remain more competitive in 2026 and beyond.



Source: ITPN - International Transition Plan Network

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Thank You

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