

Spec office developments target Sandton

In a bullish sentiment, unique to Sandton central, commercial property developers are bringing speculative office developments to market for the first time in several years.

Fran Teagle of Broll says that this financial hub of Africa has a deep-rooted appeal as a prime business address. "New speculative property developments coming to market include the 20,000m² 15 Alice Lane, 10,000m² Athol Towers and 20,000m² at 85 Grayston. This shows new confidence is entering the market, certainly for Sandton."

However, while there are some speculative office developments underway, Teagle confirms that most developments still only get the green light from owners and funders once a major tenancy is confirmed for most of the building.

Rezoning could add 1.5 million square metres

Central Sandton has lots of rezoned land, which means that older buildings all have the potential to be redeveloped to around double their present size. "Should the older buildings be redeveloped to new heights of 20 or 25 floors, there's potential for around 1.5 million square metres of available bulk in Sandton CBD. However, it's unlikely all will be built."

Parking is still a major factor for companies when choosing office space. "Most demand five parking bays to every 100m² of office space and Sandton's zoning allows in some cases up to six basement parking levels."

Besides prime offices to let, Sandton also offers sectional title offices such as Katherine & West. "There's a demand for sectional title units and a shortage of stock in the present market. There is also a big demand for investment stock. There's little available in Sandton, which means that new development is the only way to gain this."

Driving demand is the fact that Sandton central is a district that really works for business. With excellent conferencing, hotels, retail, restaurants and the Sandton Gautrain Station, with its direct link to OR Tambo International Airport, the area offers all the essential facilities, on a scale that support business.

"The city centre is now expanding more strongly beyond the border of Katherine Drive, with new high-rise rights."

Move from Rosebank

With its strong business appeal, there is a pronounced movement into Sandton, even from nearby business nodes such as Rosebank and Illovo. Companies such as Webber Wentzel Attorneys are moving to Redefine Properties 90 Rivonia Road in Sandton. Broll facilitated the deal for Ernst and Young's move to Sandton. A new head office of some 65,000m² is also under construction for Sasol in Sandton. This will see an increase in Rosebank office vacancies.

However, there is also new movement into Rosebank, notably Standard Bank, which is consolidating several divisions in its new Rosebank campus.

The demand for prime grade offices in Sandton is also driving new green star rated office developments in the area.

"Businesses, especially large local and international blue-chip companies, seeking premium grade offices expect their properties not only to be green, but to be green star rated. Tenants of this calibre expect measured environmental efficiencies and the associated operational costs savings to be integrated into prime offices," concludes Teagle.

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