

# Office sector dominates investment growth in commercial real estate market in 2018

According to JLL Sub-Saharan Africa's recently released [2018 Investment Review](#), an annual analysis of investment activity in the South African commercial real estate market, investment activity recovered notably year-on-year, with transaction activity reaching R19bn from just R11.6bn in 2017. This is partly attributed to a marked improvement in investor confidence on the back of Cyril Ramaphosa's appointment as president of South Africa.



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Zandile Makhoba, head of research for Sub-Saharan Africa at JLL, noted: “While the growth in real estate investments displays improved confidence in the South African real estate market, 2019 may start off a bit slower in terms of activity with national elections taking place in May. Additionally, the industry needs greater clarity on the land reform policy and this may also delay potential transactions in the year ahead, as investors await the decision on land repatriation without compensation.”

## Gauteng dominates

Geographically, Gauteng dominated investment activity, as seen in previous years, with total investments of R11.3bn in 2018 from R3.1bn in 2017. However, while Gauteng saw investments more than double in comparison to 2017, the opposite was true in other provinces with the Western Cape recording a marginal 15.0% year-on-year increase in investments to R5.7bn. The remaining provinces, including KwaZulu-Natal, saw declines across the board.

In contrast to previous years, the retail sector recorded a 7.4% decline in total investment in 2018. Instead investment growth was dominated by the office sector which recorded R10.3bn in sales, almost triple the value recorded in the previous year. The average value per square metre for office was R12,233 in 2018, compared to a value of R11,360 in 2017, an increase of 8%.