

### Key Facts

Demand	▲
Sales	◀▶
Supply	▼
Space in demand	>1 000m <sup>2</sup>
Cap rate	8-9%
Lease escalation	9%
Op cost escalation	10%

### Outlook (next 12 months)

Demand	▲
Sales	◀▶
Supply	◀▶
Cap rate	8-9%
Lease escalation	8-9%
Op cost escalation	10%

### Rentals:

#### Illovo Fricker Road

Premium New Built	R190
A-grade	R125
Length of leases	3-5 years
Vacancy rates	2%

### Rentals:

#### Illovo Oxford Road

Premium New Built	R140
A-grade	R110
Length of leases	3-5 years
Vacancy rates	2%

### Overview

Illovo is a prestigious mixed-use node in the northern development corridor of Johannesburg, equidistant between the landmark nodes of Rosebank and Sandton. The growth of the Illovo node resulted from a joint public-/private-sector initiative.

**Illovo - Fricker Road** is a prestigious location with a high-quality tenant profile. It's a well-managed precinct with its own infrastructure and good security. It comprises mainly A-grade space in a low-rise office-park environment, characterised by street-style coffee shops in an aesthetically-pleasing precinct.

**Illovo - Oxford Road** is a mixed-use node with high-quality retail and ribbon office development on Oxford Road. It's well positioned between Rosebank and Sandton, with good highway access on Corlett Drive. A redevelopment of the site on the corner of Oxford and Chaplin roads, which will be tenant driven, is scheduled while

the Thrupps Centre on Oxford Road has recently undergone a major refurbishment.

### General information

Illovo consists of high-quality offices and prestigious tenants such as Webber Wentzel, Impala Platinum, JP Morgan, Brait and Ethos. There is land available for development along Melville Road and the extension of Fricker Road towards the Illovo Point.

There's always interest in Illovo Boulevard, with a number of buildings undergoing tenant changes. The Illovo Boulevard Management District (IBMD) is a Section 21 company responsible for security, cleaning and preserving the attractive precinct environment.

While some companies are moving out of the area, other businesses are expanding their current premises and new tenants are grabbing up the space as it becomes available.

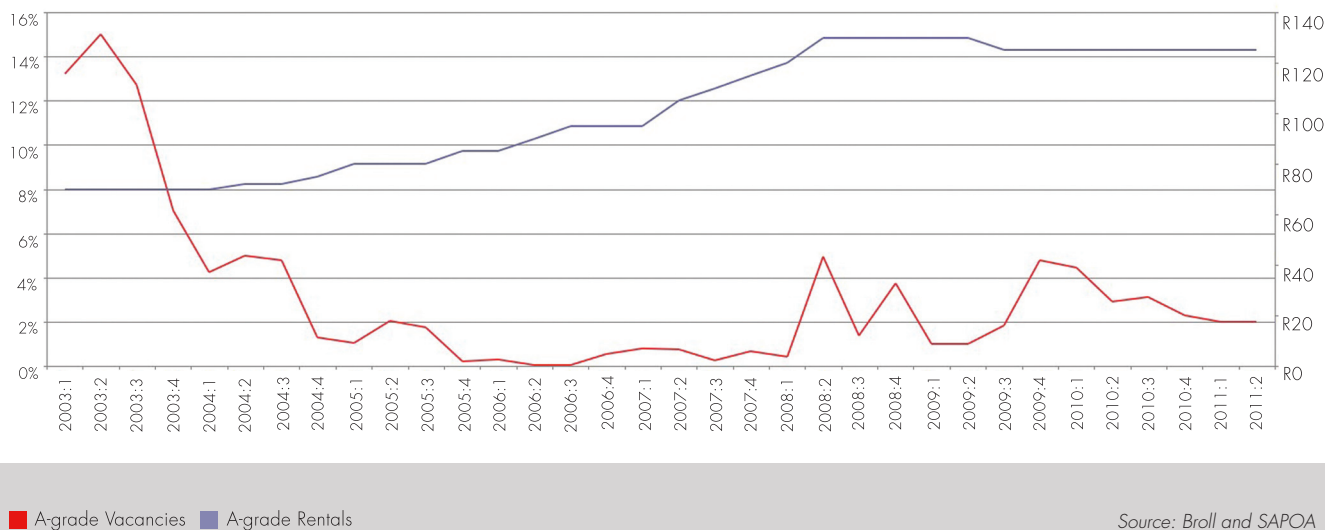


### Leasing

Rentals increased steadily until the first quarter of 2008, when they levelled off at R130/m<sup>2</sup>. In the third quarter of 2009, rentals dipped slightly to R125/m<sup>2</sup> and have been holding steady since.

Vacancies showed a sharp drop from a 15% high in the second quarter of 2003 to 4% in the first quarter of 2004. The general trend was then downward until the second quarter of 2008, when vacancies increased to 5%. In the last three years vacancies have dropped again and are currently holding steady at 2%.

Illovo A-grade gross rentals vs. Illovo vacancy rates



Demand is good, with larger tenants on Fricker Road, while the Oxford Road strip accommodates the smaller occupiers. Leases signed are for 3–5 years. Tenant installation costs are one month’s rent per year of lease. Committed new office developments of 12 000m<sup>2</sup> are in the pipeline.



**Featured property: Illovo Edge**

Illovo Edge is a new development at the northern end of Fricker Road and the corner of Harries Road. The architecture is

modern, and this ‘green’ building offers great energy efficiency, a dedicated auxiliary generator and an uninterrupted power supply.

Phase 1 is complete and has been both sold on sectional title and tenanted. It’s the new home of Bentel and Associates and there’s also a very trendy Nino’s coffee shop on the ground floor.

Phase 2, on the corner of Melville Road, is under construction. It’s a 4 000m<sup>2</sup> development, with larger floor plates. It’s being offered at R32 000/m<sup>2</sup> for purchase or for rental at R190/m<sup>2</sup> gross.



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