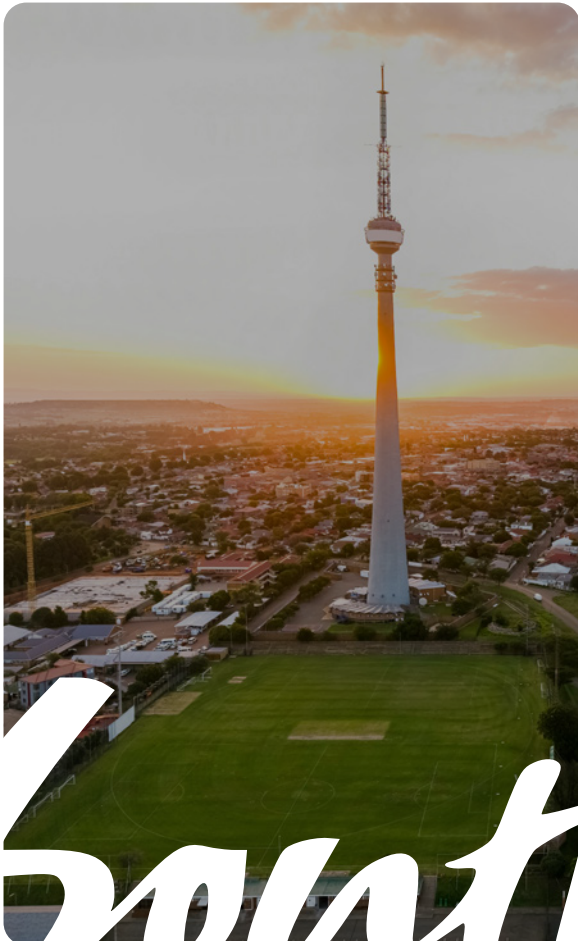




Real Estate & Urban Development Sector Report

Africa's Urban Investment Frontier



South Africa



EXECUTIVE SUMMARY

Africa's Most Advanced Property Market

SOUTH AFRICA'S REAL ESTATE SECTOR, VALUED AT ~R5 TRILLION IN 2025 (~6% OF GDP), is Africa's most advanced property market, combining liquidity, depth, and innovation. Urbanization reached ~67% in 2025, heading toward 70% by 2030, fueling demand for commercial, residential, and logistics assets. A 2.5 million-unit housing backlog drives affordable housing projects, while REITs delivered 30%+ returns in 2024 with market capitalization of ~R310 billion.

DEAL FLOW REACHED R27 BILLION+ IN 2024 (+34% YEAR-ON-YEAR), WITH ~R7 BILLION RECORDED IN Q1 2025. South Africa hosts over 30 listed REITs—Africa's largest and most liquid property market. Growthpoint operates 541 assets, Vukile manages a R40 billion portfolio. Flagship developments like Waterfall City (R16 billion investment, 86,000 jobs projected) and V&A Waterfront (24 million annual visitors) attract global corporates and tourists.

COMMERCIAL REAL ESTATE IS PROJECTED TO REACH US\$14.43 BILLION BY 2030 (7.63% CAGR). Logistics and industrial parks grew 15% in 2025, serving AfCFTA trade corridors and e-commerce demand, with vacancy rates as low as 3%. Over 1,000 GBCSA-certified green buildings lead Africa in sustainable real estate. Proptech adoption rose 20% in 2025, driven by AI valuations and IoT monitoring.

GOVERNMENT ALLOCATED R34.9 BILLION (2023/24) to housing, while National Treasury's R100 billion Infrastructure Fund supports smart cities like Lanseria (R340 billion pipeline). With ~500,000 direct jobs and projected 6-8% annual growth, South Africa cements its role as the continent's property hub.



EXECUTIVE SUMMARY

Sector Highlights

~R27T+

SECTOR MARKET VALUE
(~6% OF GDP)

~500,000

DIRECT JOBS

67%

URBANISATION
(70% BY 2030)

R27B+

DEAL FLOW (2024);
~R7B Q1 2025

R310B

REIT MARKET CAP;
30%+ RETURNS (2024)

2.5M+

HOUSING BACKLOG
BY UNIT

1000+

GREEN BUILDINGS
(GBCSA)





FULL SECTOR BRIEF

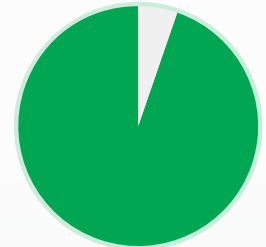
The Big Picture

South Africa’s real estate sector, valued at approximately R5 trillion in 2025 (~6% of GDP), is Africa’s most advanced property market. The sector employs ~500,000 people directly and supports millions more across construction, retail, logistics, and property services. Urbanization reached ~67% in 2025, projected to hit 70% by 2030, fueling demand for housing, commercial space, and logistics assets.

Deal flow reached R27 billion+ in 2024 (+34% year-on-year), with approximately R7 billion recorded in Q1 2025. South Africa hosts over 30 listed REITs with combined market capitalization of ~R310 billion in 2025, delivering 30%+ returns in 2024—outperforming equities and bonds. A 2.5 million-unit housing backlog drives affordable housing demand, while government allocated R34.9 billion (2023/24) to housing programs.

Commercial real estate is projected to reach US\$14.43 billion by 2030 (7.63% CAGR). South Africa operates over 2,000 shopping centers—Africa’s largest retail network. Logistics and industrial parks grew 15% in 2025, driven by AfCFTA trade corridors and e-commerce expansion, with vacancy rates as low as 3% in prime locations.

Over 1,000 GBCSA-certified green buildings position South Africa as Africa’s sustainability leader. Proptech adoption increased 20% in 2025, with AI-driven valuations, IoT building monitoring, and digital leasing platforms reshaping asset management. National Treasury’s R100 billion Infrastructure Fund and the Integrated Urban Development Framework support mixed-use precincts and smart cities.



~6%

SECTOR CONTRIBUTION
TO GDP

+34%

YEAR-ON-YEAR DEAL FLOW
GROWTH 2024

R34.9B

GOVERNMENT ALLOCATED
R34.9 BILLION (2023/24) TO
HOUSING PROGRAMS



FULL SECTOR BRIEF

Residential Real Estate: Addressing Demand

A 2.5 million-unit housing backlog ensures sustained residential demand. Johannesburg rental yields average 7-10%, while Cape Town's premium residential values exceed R13,400 per square meter, attracting domestic and international buyers. Affordable housing dominates volume demand, supported by government subsidies and NHFC (National Housing Finance Corporation) financing.

INVESTMENT OPPORTUNITY

Deliver social and gap-market housing.
2.5M-unit backlog.

Partner with NHFC and DBSA.

Government: R34.9B housing budget
(2023/24).





FULL SECTOR BRIEF

Flagship Developments: Precincts with Global Appeal

Waterfall City in Gauteng represents R16 billion+ in investment, integrating commercial offices (Deloitte, PwC headquarters), retail (Mall of Africa), residential estates, and logistics facilities. The precinct projects 86,000 jobs and positions as Africa's premier mixed-use development.

V&A Waterfront in Cape Town attracts 24 million visitors annually, blending heritage architecture with modern retail, hospitality, and residential components. Global brands anchor retail, while luxury residential and hotel developments serve international tourists and domestic buyers.

INVESTMENT OPPORTUNITY

Fund large-scale hubs like Waterfall City. Urbanization (~67%) drives integrated demand. Partner with Attacq and developers. Waterfall City: R16B investment, 86,000 jobs projected.





FULL SECTOR BRIEF

Affordable & Social Housing: Inclusive Growth

Government's R34.9 billion housing allocation (2023/24) supports mega-projects delivering thousands of subsidized and gap-market units. Founders Garden (2,340 units, 25-34% social housing allocation) demonstrates mixed-income integration.

NHFC provides financing for developers targeting households earning under R22,000 monthly—a market with massive unmet demand.

INVESTMENT OPPORTUNITY

Deliver social and gap-market housing. 2.5M-unit backlog. Partner with NHFC and DBSA. Government: R34.9B housing budget (2023/24).





FULL SECTOR BRIEF

Logistics & Industrial Parks: AfCFTA Catalysts

Logistics parks near Durban Port, Coega SEZ, and Gauteng industrial hubs grew 15% in 2025. AfCFTA trade protocols and e-commerce expansion (Amazon 2024 launch, Takealot scaling) drive warehouse demand. Prime logistics assets show 3% vacancy rates. Cold-chain facilities for agricultural exports and pharmaceutical distribution expand alongside last-mile fulfillment centers.

INVESTMENT OPPORTUNITY

Develop assets near ports and SEZs. AfCFTA lifted logistics demand 15% in 2025. Co-invest with REITs. Prime logistics vacancy: 3%.





FULL SECTOR BRIEF

Green Buildings & Proptech: Sustainability & Digitalization

Over 1,000 GBCSA-certified buildings—offices, retail, industrial, residential—position South Africa as Africa’s green building leader. Certifications align with global ESG investment mandates, reducing energy costs by 20-30% and improving tenant retention.

Proptech adoption rose 20% in 2025. AI-driven property valuations, IoT sensors for building management, digital lease platforms, and blockchain-based title registries modernize transactions and operations. Smart building systems integrate renewable energy, water management, and predictive maintenance.

INVESTMENT OPPORTUNITY

Invest in Lanseria Smart City and GBCSA retrofits. 1,000+ certified buildings; ESG mandates. Leverage R100B Infrastructure Fund. Lanseria: R340B pipeline.





FULL SECTOR BRIEF

Policy & Infrastructure Framework

The Integrated Urban Development Framework (IUDF) promotes inclusive, sustainable urbanization. National Treasury's R100 billion Infrastructure Fund finances catalytic projects, including smart cities and transit-oriented developments. PPP frameworks enable private capital deployment in housing, mixed-use precincts, and urban infrastructure.

Operation Vulindlela reforms streamline land release, building approvals, and municipal permitting, reducing development timelines. GNU (Government of National Unity, 2024) political stability reinforces investor confidence. AfCFTA logistics protocols boost industrial and warehouse demand.

INVESTMENT OPPORTUNITY

Buy JSE-listed REITs. 30%+ returns (2024), ~R310B cap (2025). Direct JSE exposure. Growthpoint, Vukile: high yields, liquidity.





LOOKING AHEAD

Investment Opportunities

1 MIXED-USE PRECINCTS
Fund large-scale hubs like Waterfall City. Urbanization (~67%) drives integrated demand. Partner with Attacq and developers.
Waterfall City: R16B investment, 86,000 jobs projected.

2 LOGISTICS & INDUSTRIAL PARKS
Develop assets near ports and SEZs.
AfCFTA lifted logistics demand 15% in 2025.
Co-invest with REITs. Prime logistics vacancy: 3%.

3 AFFORDABLE HOUSING
Deliver social and gap-market housing. 2.5M-unit backlog.
Partner with NHFC and DBSA. Government: R34.9B housing budget (2023/24).

4 HOSPITALITY & TOURISM REAL ESTATE
Develop hotels and mixed-use precincts. V&A Waterfront: 24M annual visitors.
PPPs with tourism boards. Cape Town hotel occupancy exceeded 70% (early 2025).

5 SMART CITIES & GREEN BUILDINGS
Invest in Lanseria Smart City and GBCSA retrofits.
1,000+ certified buildings; ESG mandates. Leverage R100B Infrastructure Fund.
Lanseria: R340B pipeline.

6 REITS
Buy JSE-listed REITs. 30%+ returns (2024), ~R310B cap (2025).
Direct JSE exposure. Growthpoint, Vukile: high yields, liquidity.



LOOKING AHEAD

Challenges & Fixes

- ✓ **INTEREST RATES ROSE** to 6-7% in 2025, raising financing costs—mitigated by REIT liquidity and foreign capital inflows.
- ✓ **CONSTRUCTION COST INFLATION PRESSURES MARGINS** addressed via PPPs and green financing spreading risk.
- ✓ **OFFICE OVERSUPPLY REMAINS** mitigated by conversions to residential and mixed-use.
- ✓ **CURRENCY VOLATILITY IMPACTS RETURNS** hedging and REIT diversification reduce exposure.
- ✓ **CLIMATE RISKS** addressed through GBCSA certifications, green retrofits, and ESG-linked finance.



IN SUMMARY

The Bottom Line

South Africa combines scale (~R5T market, ~6% GDP, 500,000+ jobs), liquidity (30+ REITs, ~R310B cap, 30%+ returns in 2024), urbanization momentum (67%, heading to 70% by 2030), infrastructure support (R100B fund, R340B pipeline), and sustainability leadership (1,000+ green buildings).

For investors, it's Africa's only property market offering institutional depth, transparent pricing, proven PPP models, and continental gateway positioning.

GET IN TOUCH WITH BRAND SOUTH AFRICA

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