South Africa Investment Review 2025/2026

Capital is selective, not scarce

2025 reset the baseline and cleared the distress

Full-year 2025 — executive summary

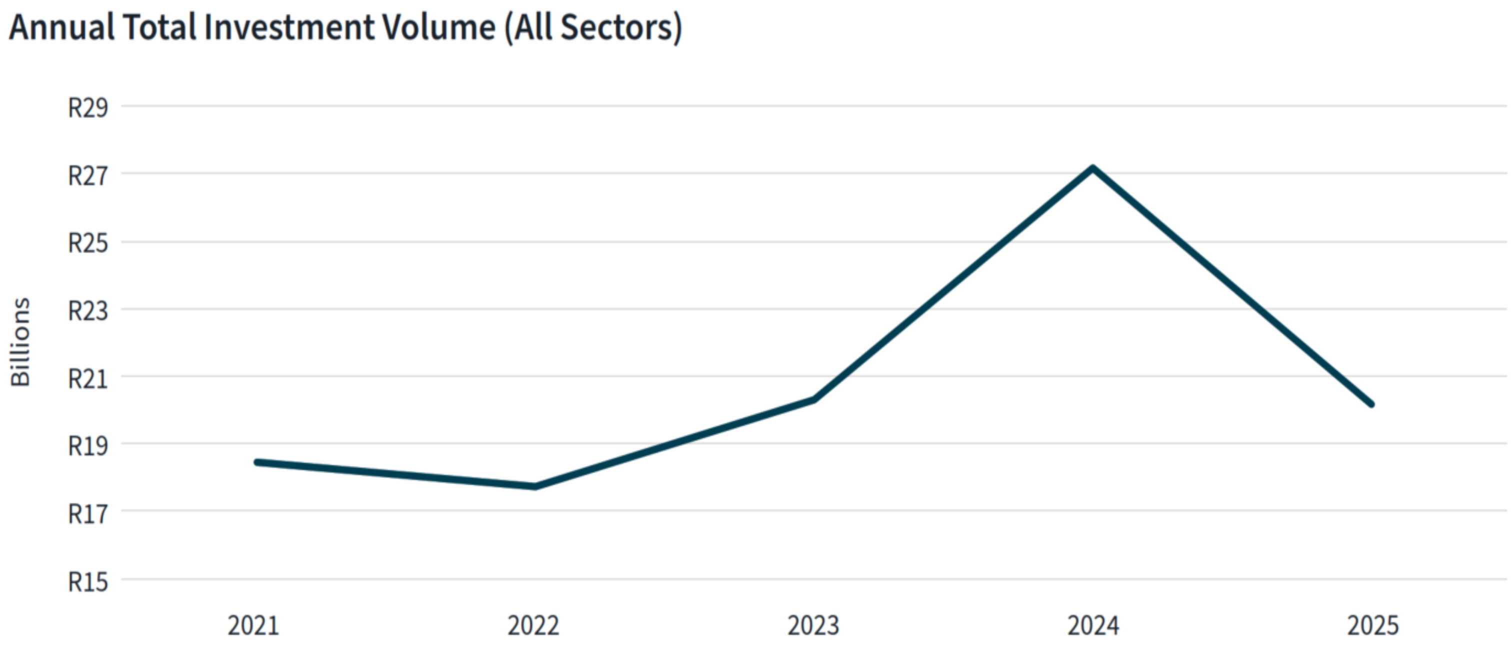
Highlights

Total investment
R20.15bn — down from R27bn in 2024

244 transactions above R20m — 291 in 2024, 226 in 2023

Distressed sales just **3%** (R620m), down from **22%** (R6bn) in 2024

Internal restructuring of R3.04bn, broadly flat on 2024 (R2.8bn)



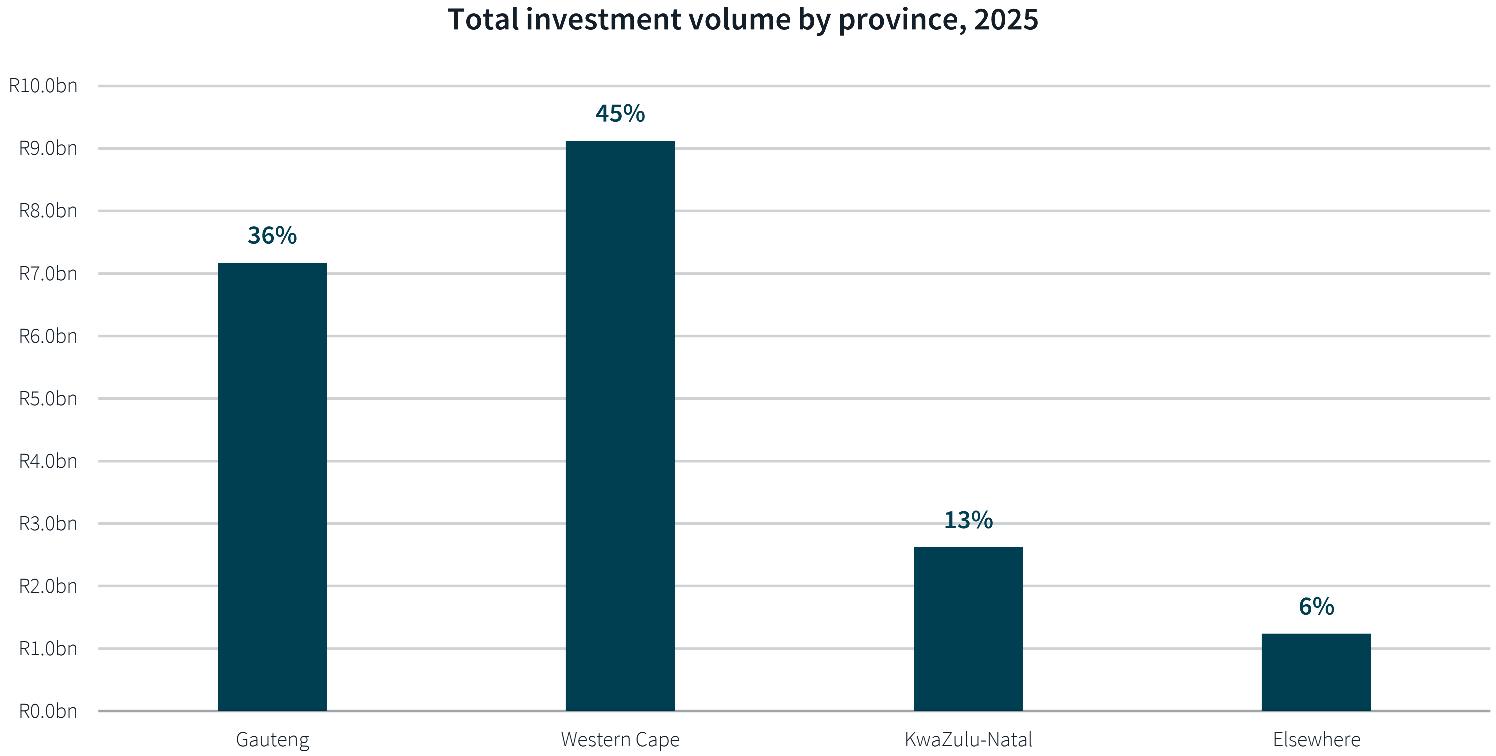
Market shift: quality over quantity — bigger average deals, a healthier market

The Western Cape shift is structural, not cyclical

R9.12bn and 45% of national volume in 2025, from under 20% as recently as 2023

Volume by province, 2025

- Western Cape: R9.12bn (45%) — first time at number one in 10 years of tracking
- Gauteng: R7.17bn (36%) — lost its lead, despite an economy two and a half times the size
- KwaZulu-Natal: R2.62bn (13%) — stable
- Other provinces: R1.24bn (6%) — stable



What drove it

✓ Infrastructure that works — stable power, municipal delivery you can plan around

✓ Local government spending on infrastructure, not waste

✓ Sustained semigration of economically active families

40% of Gauteng's GDP, 45% of the investment. That gap is what makes this a relocation of capital, not a good year.

Gauteng has retaken the lead in H1 2026

R8.27bn across 110 transactions — first-half executive summary

Highlights

Total investment

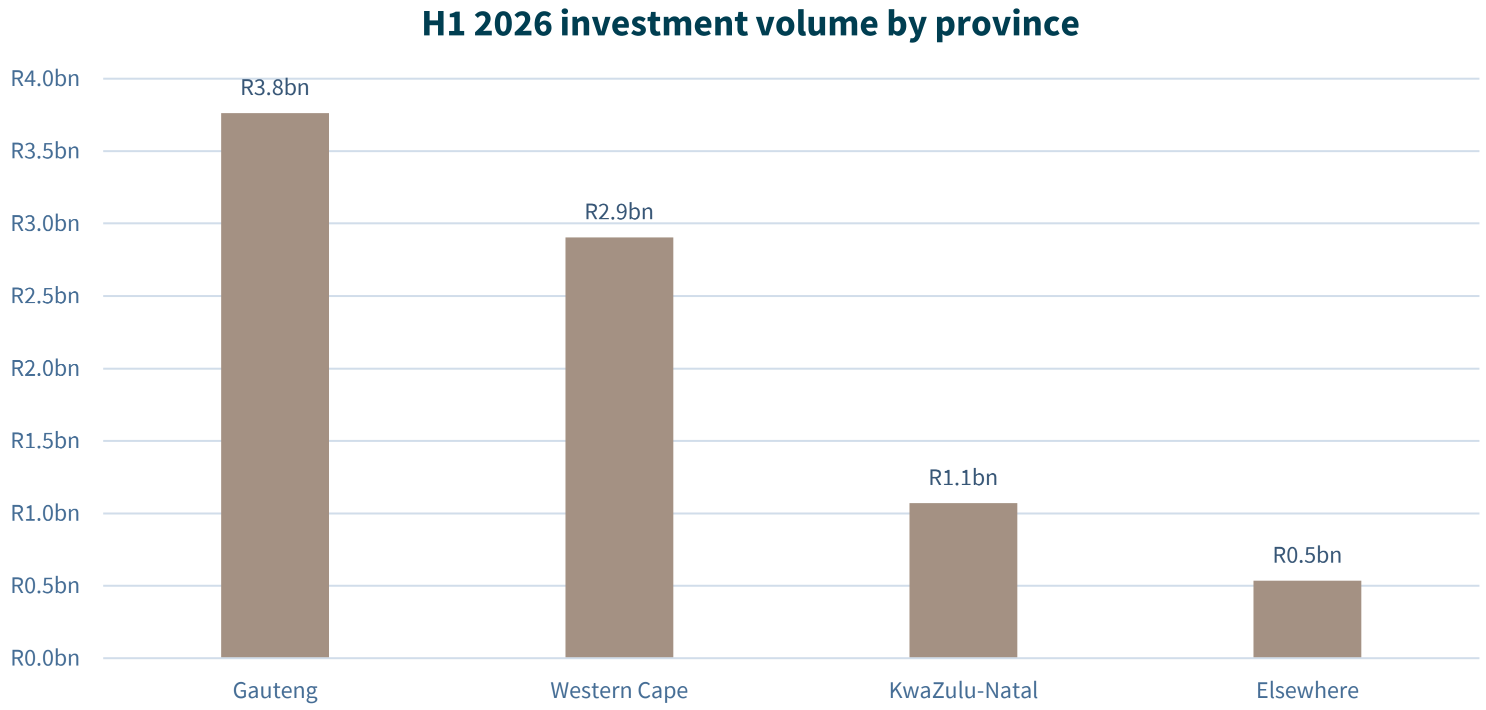
R8.27bn — 41% of the full-year 2025 total

110 transactions above R20m — 244 in full-year 2025

Gauteng 45% of H1 volume, up from 36% in 2025

Western Cape 35%, down from 45% — the rotation in two numbers

* Transactions registered in the Deeds Registry to 25 June 2026

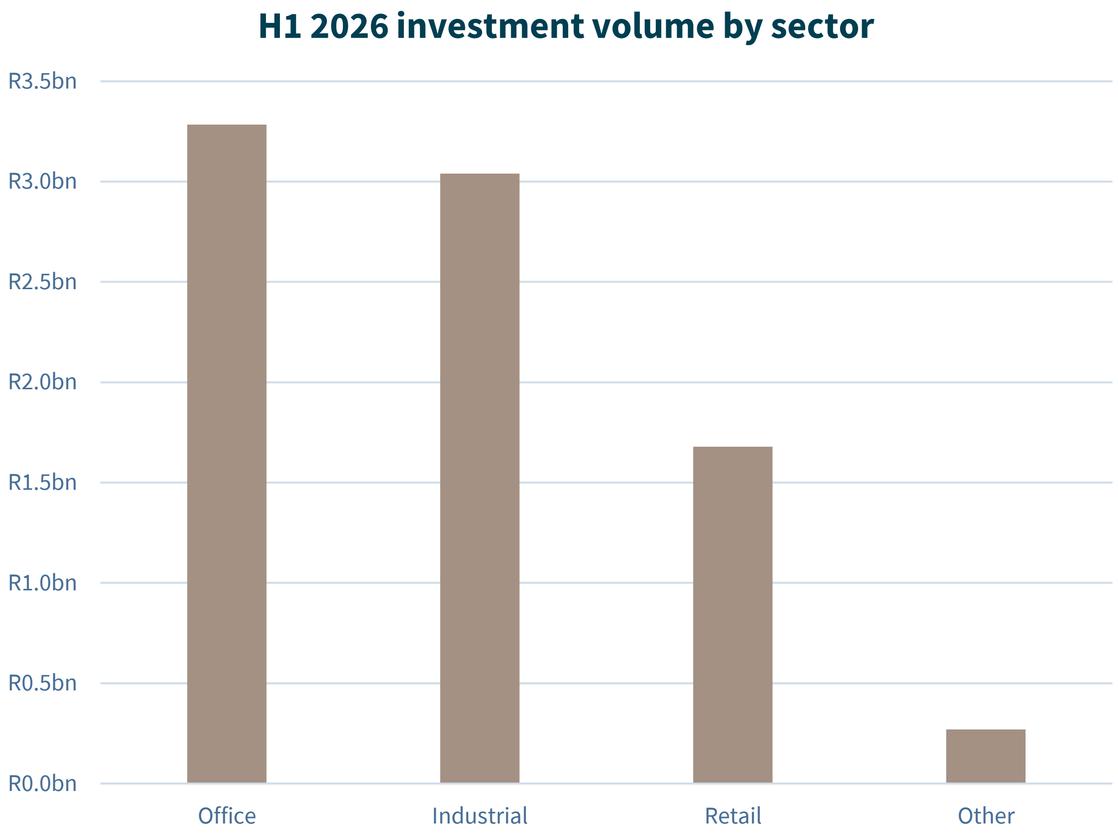


Office led H1 2026 — a first in this cycle

Sector mix, H1 2026 against full-year 2025

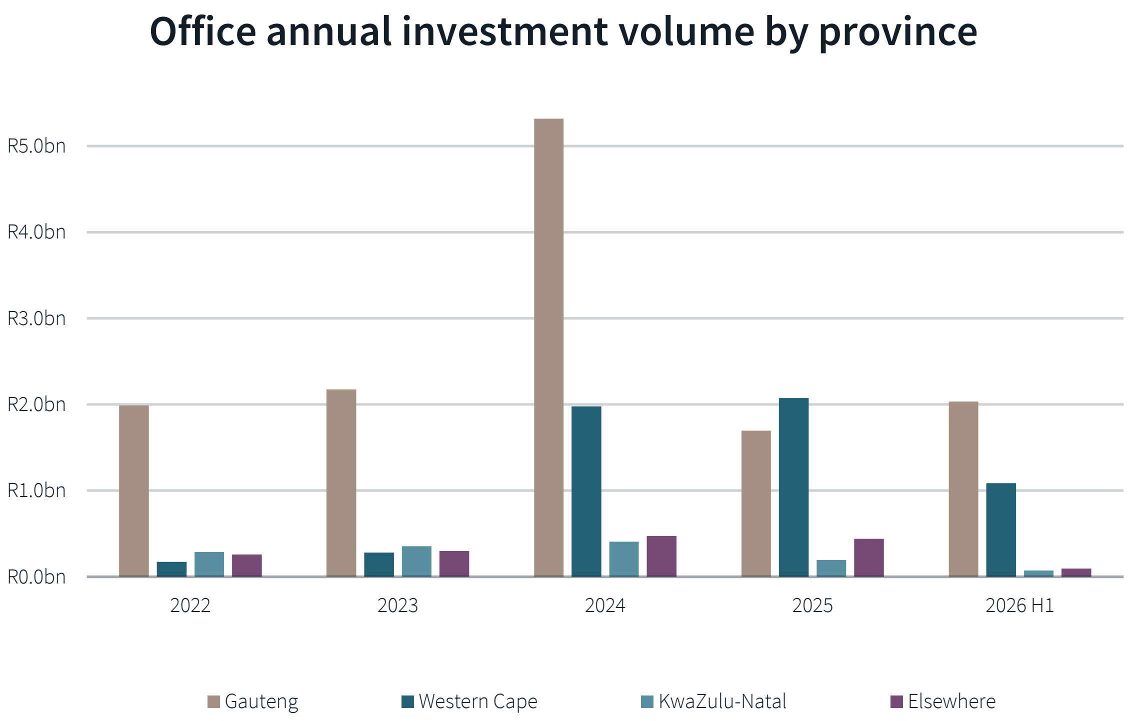
Sector	Volume	Market share	Deals	Avg size
Office	R3.28bn	40%	29	R113m
Industrial	R3.04bn	37%	50	R61m
Retail	R1.68bn	20%	25	R67m
Other (hospitality and healthcare)	R269m	3%	6	R45m

Full-year 2025 shares: industrial 42%, retail 23%, office 22%. Office has moved from third to first in six months.



Office has surprised on the upside

H1 2026: R3.28bn and 40% share — already 74% of the full 2025 year
Full-year 2025: R4.41bn and 22% share



What's driving it

- **R113m** average deal — the largest of any asset class — across **29 deals**.
- Western Cape led by the 50% share acquisition by Penalten Investments (Cavaleros) of Portside Offices from Accelerate Property Fund, **R580m** — the largest office deal of 2026 so far.
- Gauteng led by the internal transfer of Ballyoaks Office Park by Redefine of **R451m**, the province's largest.
- Six further Gauteng office sales between **R150m and R250m**
- Gauteng office transfers in H1 2026 have already passed the full 2025 total.

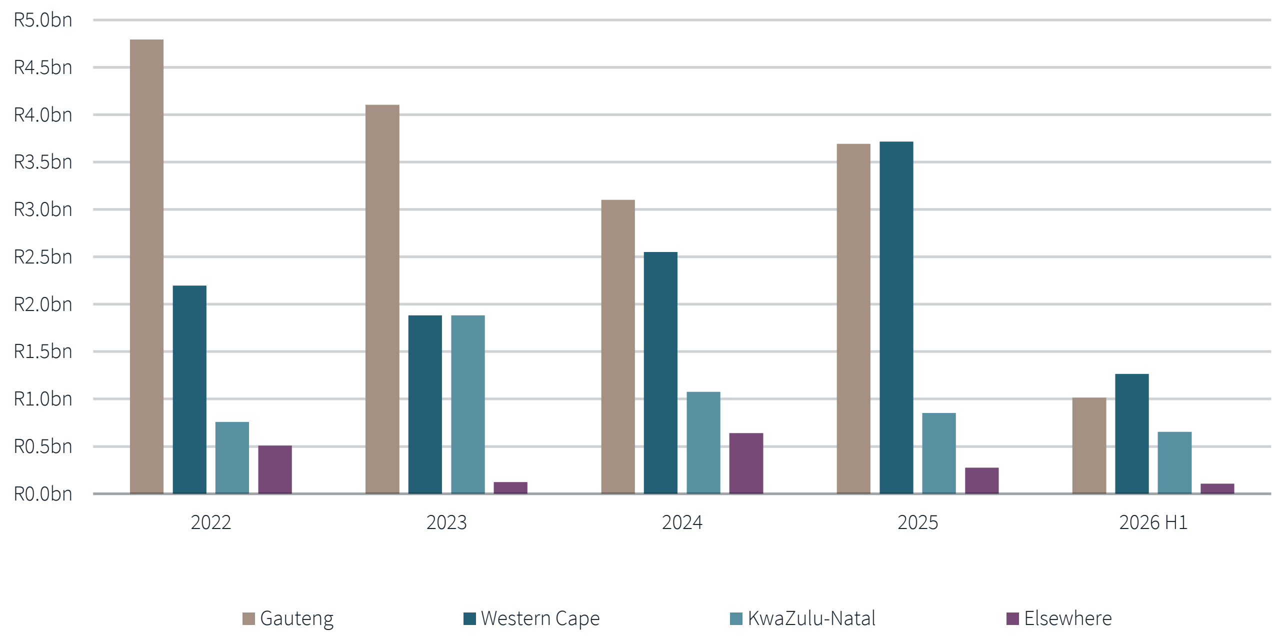
Industrial is holding its core position

H1 2026: R3.04bn and 37% share across 50 deals — the busiest sector
Full-year 2025: R8.53bn and 42% share

What's driving it

- Average deal size **R61m.**
- **50 transactions — more than any other sector** in SA.
- Share has barely moved: **37% in H1 2026 against 42% for full-year 2025**.
- **Western Cape still ahead of every other province** — industrial remains the province's preferred asset class.
- Growthpoint acquired the PPC Cement factory in Montague Gardens for redevelopment.

Industrial annual investment volume by province

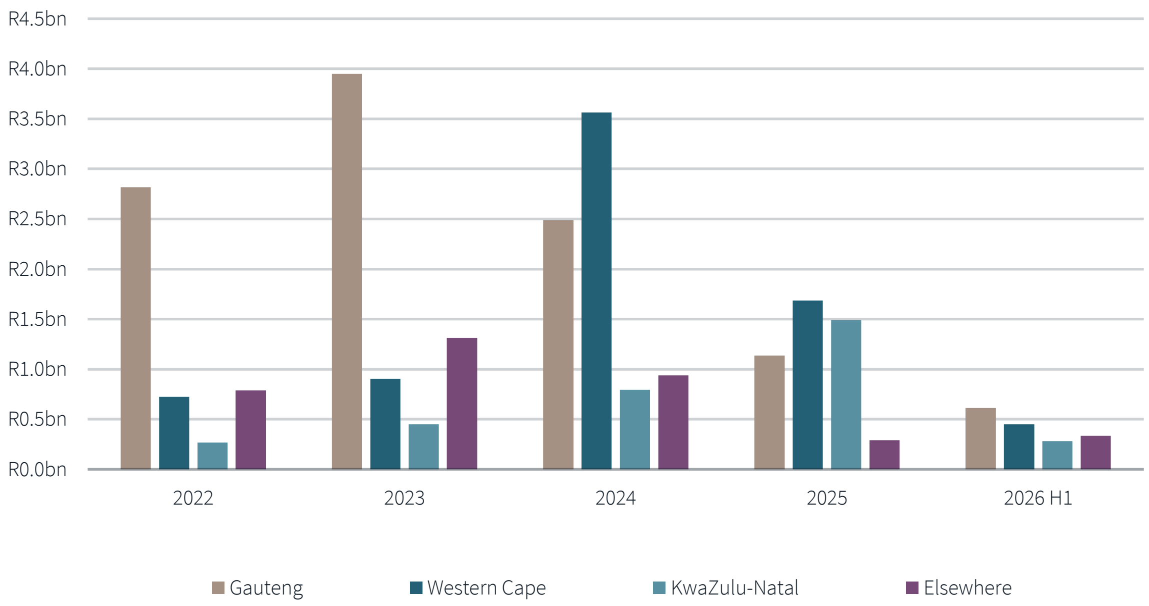


2026 outlook
Continued strength — supply-chain localisation and infrastructure investment

Retail is stable, but only dominant centres trade

H1 2026: R1.68bn and 20% share across 25 deals
Full-year 2025: R4.61bn and 23% share

Retail annual investment volume by province



What's driving it

- Average deal size **R67m** — share broadly unchanged on 2025.
- In 2025, three regional centres accounted for 63% of all retail value.
- Gauteng now ahead of the other provinces.
- Driven by the 50% share sale of **Morningside Shopping Centre** by Flanagan and Gerard from Grapnel Property Fund, taking them to full ownership.
- In the Western Cape, a former retail property at **108 Main Road, Green Point** sold to Berman Brothers Group for residential redevelopment — Atlantic Seaboard residential demand is driving investment.

Private capital is now the engine of demand

Buyer profile — H1 2026 transactions above R20m

Buyer category	Deals	Value	Share
Private property capital	74	R4.91bn	59%
Owner occupier	20	R1.16bn	14%
Developer	9	R1.15bn	14%
REIT / listed property	5	R856m	10%
Public sector	2	R201m	2%

Within private property capital: other private investment vehicles R4.20bn (86%), private companies R617m (13%), private funds R89m (2%).

What private capital wants

- **59% of all H1 acquisition value** — the dominant source of demand, and the pool we have to reach
- **Broadest appetite** — it buys across all five asset classes, led by industrial
- **The others are narrower** — REIT buying is office-led, developers sit in office and retail

Source: JLL analysis of transactions registered in the Deeds Registry through 25 June 2026. Includes confirmed internal/group transfers; these are flagged separately and should not be interpreted as third-party market transactions.

REITs are net sellers — but they are buying again

Seller profile — H1 2026 transactions above R20m

Seller category	Deals	Value	Share
Private property capital	78	R4.75bn	57%
REIT / listed property	15	R2.15bn	26%
Developer	8	R866m	11%
Owner occupier	9	R504m	6%

Within private property capital: other private investment vehicles R4.75bn (100%).

Still net sellers, but buying again

- **26% of seller value against 10% of buyer value** — the widest gap in the data
- **Recapitalised and re-entering** — five listed funds now sit on both sides of the Commission register
- **Rotation, not exit** — and it is where our stock comes from
- **Private buyers still dominate at 59%.** Six internal transfers (R934m) are not third-party liquidity

Source: JLL analysis of transactions registered in the Deeds Registry through 25 June 2026. Includes confirmed internal/group transfers; these are flagged separately and should not be interpreted as third-party market transactions.

A stronger second half, but a stable year — not a record

45 deals cleared at the Competition Commission since March 2026 — the H2 and 2027 indicator

Sector view, and what the filings signal

Sector	H2 2026 and 2027	What the filings point to
Retail	Strong — the surprise	14 of 45 filings. Five regional-format centres; Gauteng carries six
Office	Selectively improving	10 filings. Western Cape A and P grade, six of the ten
Industrial	Steady core	Light industrial and logistics distribution; Gauteng and Western Cape
Living sectors	Emerging fast	Student housing two of five; retirement and rental portfolios
Hotels	Recovery broadening	All four filings since June; multi-province 4-star and resort portfolios

The retail uptick is the real surprise

- **Centres are trading below replacement cost** — development costs have outrun values, so buying beats building
- **It is happening despite consumer pressure** — conflict-driven inflation is squeezing households, yet retail still clears
- **Read that as relative sector strength**, not exuberance

What the filings signal

- **Regional format is back** — Midlands, Mams, Kalahari Village, Whale Coast
- **Gauteng leads retail, Western Cape leads office**
- **Student housing has institutionalised** — two platform deals announced
- **REITs are re-entering** — still net sellers, but five funds appear on both sides of the register

Volume: stable, not spectacular

- **H1 annualises to R16.5bn** — below 2025's R20.15bn and far below 2024's R27bn. The year started slowly and has not recovered the pace
- **Reaching R18bn to R20bn needs H2 to beat H1 by 18% to 42%**. The market entered 2026 more buoyant than it is now — Middle East conflict and inflation have taken the edge off

Capital is selective, not scarce

Conclusion — five themes from 2025 and the first half of 2026

01

Capital has relocated
Western Cape took 45% of 2025 with **40% of Gauteng's GDP**. Gauteng retook H1 on **office alone**

02

The distress is done
R20.15bn in 2025, with distressed sales down to just 3%

03

Office has turned
R3.28bn and 40% share in H1 — already 74% of the full 2025 year

04

Industrial is the core
R8.53bn in 2025 and 37% share in H1 2026 across 50 deals — the busiest sector

05

REITs are buying again
Still net sellers at 26% of selling against 10% of buying — but recapitalised and re-entering. Private buyers still lead on 59%

The bottom line

2026 will be a stable year, not a record one. The market entered it more buoyant than it is now.
But capital is not scarce — it is selective: 45 deals cleared since March, retail the largest block, over R6bn from two alone.

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