

Summary of the forecasts

For ease of use, our forecasts for the period 2003-2008 are summarised in the following tables.

The accompanying table shows expected nominal growth rates for rentals and national house prices (Rode's House Price Index) for the forecast period (the nominal growth rates achieved in 2002 are also shown). In addition, the table gives forecast values for the BER Building Cost Index (BCI) and the Haylett formula (the latter as

compiled by Medium-Term Forecasting Associates (MFA).

Office vacancies reflect the average vacancy percentage as at year-end of grades A and B office space in the case of the CBD areas of Johannesburg, Pretoria and Durban, as well as Johannesburg decentralized, and A+, A and B office space in the case of Cape Town's CBD and decentralized areas. The information on capitalization rates summarises expected percentage point changes over the forecast period.

Forecast summary of the critical variables

Derived from panel of economists' May 2003 macroeconomic forecast
Nominal % growth per year (average for year, unless stated otherwise)

	2002	2003	2004	2005	2006	2007	2008	03-08
Consumer Price Index*	9,3	8,4	4,6	5,1	5,3	5,0	5,0	5,6
Rode's HPI	14,1	12,0	8,0	12,5	11,9	10,4	10,8	10,9
Flat rentals	12,2	8,0	6,0	8,0	10,0	11,0	12,0	9,2
BER BCI	15,1	11,0	8,9	10,1	8,8	10,6	12,6	10,3
Haylett**	11,8	7,0	5,3	6,3	5,5	7,0	9,0	6,7
Industrial rentals (ave. for year)								
Central Witwatersrand	1,6	2,6	3,4	7,0	7,5	10,2	13,3	7,3
Durban & environs	2,2	4,6	5,3	7,8	7,0	9,0	11,2	7,5
Cape Peninsula	-3,0	4,8	8,0	11,4	10,7	13,1	15,3	10,6
Port Elizabeth	4,9	8,2	9,2	13,3	13,9	16,1	19,7	13,4
Prime office rentals (ave. for year)								
National: CBD	5,3	5,0	5,0	8,3	7,6	10,1	12,8	8,1
Johannesburg CBD	5,2	4,4	4,0	6,7	6,6	8,9	11,8	7,1
Johannesburg decentralized	1,2	-0,4	1,0	5,5	7,7	8,8	11,1	5,6
Pretoria CBD	-1,1	0,0	2,2	6,5	6,9	10,0	12,9	6,4
Pretoria decentralized	5,5	7,0	7,9	11,3	11,2	13,6	16,4	11,2
Durban CBD	7,1	7,0	6,2	8,2	7,3	9,4	11,7	8,3
Durban decentralized	4,1	13,0	10,4	11,9	10,5	12,1	14,4	12,1
Cape Town CBD	7,2	6,5	6,8	11,0	9,3	12,0	14,7	10,1
Cape Town decentralized	0,6	-0,2	1,5	6,3	7,7	11,0	13,5	6,6

* CPI data for 2002 reflects the downward restatement of figures announced by Stats SA in June 2003. Forecast as per panel of economists

** Forecast as per Medium-Term Forecasting Associates

*** Non-CBD buildings

Forecast summary of the critical variables (continued)

Derived from panel of economists' May 2003 macroeconomic forecast
Nominal % growth per year (average for year, unless stated otherwise)

	2002	2003	2004	2005	2006	2007	2008	03-08
Office vacancy %: grades A+, A and B (at year-end)								
Johannesburg Central	21,9	24,5	26,0	27,5	28,0	28,5	29,0	27,3
Johannesburg dec.	13,2	13,0	11,0	9,0	7,0	7,5	7,5	9,2
Pretoria CBD	17,4	17,3	19,1	19,3	19,2	20,0	20,5	19,2
Durban CBD	21,4	21,0	22,0	23,0	24,0	25,0	25,5	23,4
Cape Town CBD	16,3	15,5	14,5	12,0	12,0	11,0	10,0	12,5
Cape Town dec.	10,3	11,0	10,0	8,0	7,0	6,0	6,0	8,0
Capitalization rates: % points change								
Industrial leasebacks	12,8	0,2	0,0	-0,2	-0,3	-0,5	-0,2	-0,2
Prime office buildings***	13,4	0,1	0,0	-0,2	-0,3	-0,5	-0,25	-0,2
Reg. shopping centres	11,9	0,1	0,0	-0,5	-0,25	-0,25	-0,2	-0,2
* CPI data for 2002 reflects the downward restatement of figures announced by Stats SA in June 2003. Forecast as per panel of economists								
** Forecast as per Medium-Term Forecasting Associates								
*** Non-CBD buildings								

Forecast of real growth

Rental series deflated

using Rode's forecast of the BER Building Cost Index as a deflator

Real % growth per year

	2002	2003	2004	2005	2006	2007	2008	03-08
Rode's HPI*	4,4	3,3	3,3	7,0	6,2	5,1	5,5	5,1
Flat rentals*	2,7	-0,4	1,4	2,7	4,5	5,7	6,7	3,4
Industrial rentals (average for year)								
Central Wits	-11,8	-7,6	-5,0	-2,9	-1,2	-0,4	0,6	-2,8
Durban & environs	-11,2	-5,7	-3,3	-2,2	-1,7	-1,4	-1,2	-2,6
Cape Peninsula	-15,8	-5,5	-0,9	1,1	1,8	2,3	2,4	0,2
Port Elizabeth	-8,9	-2,5	0,3	2,9	4,7	5,0	6,3	2,8
Prime office rentals (average for year)								
National: CBD	-8,5	-5,4	-3,5	-1,7	-1,1	-0,5	0,2	-2,0
Johannesburg CBD	-8,6	-5,9	-4,5	-3,1	-2,1	-1,6	-0,8	-3,0
Johannesburg decentralized	-12,1	-10,3	-7,2	-4,2	-1,0	-1,6	-1,4	-4,3
Pretoria CBD	-14,1	-9,9	-6,2	-3,3	-1,8	-0,5	0,3	-3,6
Pretoria decentralized	-8,4	-3,6	-0,9	1,0	2,2	2,7	3,3	0,8
Durban CBD	-7,0	-3,6	-2,4	-1,7	-1,3	-1,1	-0,8	-1,8
Durban decentralized	-9,6	1,8	1,4	1,5	1,5	1,3	1,6	1,5
Cape Town CBD	-6,9	-4,0	-1,9	0,8	0,5	1,3	1,9	-0,2
Cape Town decentralized	-12,6	-10,1	-6,8	-3,5	-1,1	0,3	0,8	-3,4
GDCF in buildings: **								
Residential	3,9	2,9	3,7	5,6	5,9	6,5	6,4	5,2
Non residential ***	0,6	5,5	4,0	6,0	3,0	5,0	1,4	4,2
* Deflated by CPI.								
** Gross domestic capital formation (i.e. building construction activity)								
*** Forecast as per BER								

**Average percentage change:
Past 5 years vs 6-year forecast**

	Nominal growth		Real growth**	
	Actual 1998-2002	Forecast 2003-2008	Actual 1998-2002	Forecast 2003-2008
Consumer Price Index*	6,5	5,6	-	-
Rode's HPI	8,1	10,9	1,5	5,1
Flat rentals	12,7	9,2	5,9	3,4
BER Building Cost Index	7,1	10,3	-	-
Haylett	6,7	6,7	-	-
Industrial rentals:				
Central Witwatersrand	3,4	7,3	-3,2	-2,8
Durban and environs	1,7	7,5	-4,9	-2,6
Cape Peninsula	3,1	10,6	-3,4	0,2
Port Elizabeth	4,4	13,4	-2,3	2,8
Prime office rentals:				
National	5,5	8,1	-1,3	-2,0
Johannesburg CBD	5,1	7,1	-1,7	-3,0
Johannesburg decentralized	7,1	5,6	0,3	-4,3
Pretoria CBD	2,8	6,4	-3,7	-3,6
Pretoria decentralized	10,4	11,2	3,3	0,8
Durban CBD	4,8	8,3	-2,0	-1,8
Durban decentralized	5,9	12,1	-0,9	1,5
Cape Town CBD	8,6	10,1	1,7	-0,2
Cape Town decentralized	7,0	6,6	0,2	-3,4
* Forecast based on panel of economists' macro-economic forecast of May 2003.				
** Deflator used: BER Building Cost Index, except Rode's HPI and flat rentals, where the CPI was used.				

The second table reflects the summary information, deflated by the forecast values of the BER Building Cost Index, in order to illustrate the anticipated real growth, as seen from the developer's perspective.

The last table gives comparative average growth rates (real and nominal) for actual and forecast values for the past five years and for the coming six years.

These forecasts are based on our expert

panel of economists' surveyed macroeconomic forecasts of May 2003, which are summarised in the table on page 7 in the Macroeconomic Forecast chapter.

Readers should note that these forecasts were done before Statistics South Africa's recent revision of consumer inflation data from January 2002. However, the impact of this on the panel of economists' forecasts is expected to be minimal, if indeed any impact is noticed. ■