

Growthpoint project the cherry on top

● *Large speculative developments unlikely for a while*

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SA's biggest property company Growthpoint's new office development in Rosebank, 144 Oxford, is large enough to contain six football fields and looks set to be the last premium-grade commercial building to open in the burgeoning node and its adjacent suburbs for at least the next five years.

Growthpoint Properties SA CEO Estienne de Klerk said the 38,000m² office building, worth about R1bn, will open in November. A large portion of it will have been "built on spec", but the company's other developments planned for this year and next will be driven by demand from specific tenants, he said.

He said property groups were avoiding building speculative developments while the economy was at its weakest point in more than a decade.

"We are operating in a very challenging environment, probably the toughest economic conditions that I have seen in my career. There is a hangover effect from a large number of offices being developed and then a slump in the economy," said De Klerk.

Offices were planned years in advance but it was "tricky to time the market perfectly."

"We continue to develop actively as we focus on providing the best products we can to tenants and are now focusing on tenant demand-driven work," he said.

The development, designed by Paragon Architects, contains two office towers, a centralised core and a multi-volume atrium. The project is Paragon's flagship



Premium: Growthpoint's new office development in Rosebank, 144 Oxford. /Alistair Anderson

development in Gauteng, head architect Taz-Wynne Superman said. His team of eight architects, including senior design architect Julian Almond, has focused on getting a five-star green rating for 144 Oxford.

"This development is one of the most exciting ones for Paragon in a very long time. We have managed to sustain an architectural language throughout the building and to get it to talk to the street, which often does not happen with developments of this size. In fact, the landscape terrace for the building is the biggest we have ever done," said Almond.

The development was unusual in that residents positioned behind the building were largely involved in its design.

"The Melrose Residents Association asked that the facade at the back of the building be soft and not imposing. The building also uses very advanced soundproofing technology. Our client, Growthpoint, and the residents have had a strong working relationship and it has enabled us to create a development which the resi-

dents can appreciate," said Superman.

Market commentators do not expect large speculative developments in the near future.

"Given the oversupply and weak economic environment, we are unlikely to see any major office schemes coming up and being built on a speculative basis," said Keillen Ndlovu, head of listed property at Stanlib.

Evan Robins of Old Mutual Investment Group said developers were wary of taking on "risky developments" in a slow economy. "After all the new stock came online in Rosebank in quick succession, I don't think you'll see as large a development as 144 Oxford for about five years," said Robins.

Office vacancies are high across SA's business nodes, with a national rate of 11% according to the SA Property Owners' Association (Sapoa).

Will Harris, CEO of real estate data provider Gmaven, said that Gauteng's premium office node, Sandton, had more office vacancies than the Johannesburg CBD.

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