

Braamfontein Business Node

2006

Location

The Braamfontein node is located on the northern periphery of the Johannesburg CBD, indirectly forming a boundary between the CBD and the northern decentralised nodes. The node's boundaries are the M1 freeway in the west, Smit and Leyds streets to the south, Rissik, Joubert and Clarendon streets to the east, and Sam Hancock, Hoofd and Ameshof streets to the north. The node has direct access from the M1 freeway via the Smit Street, Empire Road and Jan Smuts Avenue off-ramps.

General characteristics

The Braamfontein node, like Johannesburg CBD, is characterised by high-rise and high-density development, with good public transport infrastructure, especially at Park Station. It is a well-developed, mature, mixed-use node that is tenanted by a number of educational institutions, public sector organisations and civic amenities. Examples of these include the City of Johannesburg and the Civic Theatre. The University of Witwatersrand borders the node to the west, and the National School of the Arts to the north. There is also a strong Non-Governmental Organisation (NGO) and trade union presence in the node. Educational institutions and related uses have become the trend for Braamfontein. A number of private and smaller tertiary institutions have been attracted to the node ranging from business, colleges and training companies. Some of these include Damelin and Birnam Business College. Office decentralisation and perceptions of crime and grime has seen certain tenants relocating to the decentralised nodes, although companies such as Liberty Life, Sappi, SafMarine and Rennies remain. The prime location within Braamfontein is along Ameshoff Street, and on the Braamfontein Ridge. The office market in Braamfontein mainly attracts small and emerging businesses as well as the NGOs and the educational institutions. There is a residential component in the node, mainly serving students and lower-income workers.

Revitalisation strategies have been successfully implemented through the Braamfontein Regeneration Initiative, include the upgrade of the Sappi head office and the public infrastructure linkage with the Civic theatre, a City Improvement District, closed-circuit TV camera, and catalytic public sector projects such as Constitution Hill, Road and infrastructure upgrading, the Nelson Mandela Bridge.

As a result of the upgrade, the Civic Theatre's attendance has grown from 800 000 in 2001 to 1,4-million patrons in 2004.

The Heartland district south of Wits University, between Juta and Henri Streets, is next on the list for revitalisation. It has for years been known as Johannesburg's gay playground.

The launch of the Urban Development Zone — which awards investors tax breaks for the refurbishment or construction of buildings in SA's urban areas — has helped to attract developers into Braamfontein.

Nodal property market

eProp rentals average at just under R36/m², a growth of nearly 20% on a year earlier. OVS statistics show rentals ranging from R20 for C grade space to R60 for A grade.

Vacancies for A grade stock are at 5%, while vacancies across lower grade stock are well over 20%. Net take up has moved into positive territory which is an improvement on a year earlier. An initial yield of 10.2% is an improvement on 11.5% as reflected by IPD valuations a year earlier is on the lower end of the cap rate scale (12-14.5% as per Rode). Improvements to lower grade cap rates suggest that the market is demanding these assets. IPD values translate to over R5300/m².

No new or committed office developments are recorded though the area has undergone a significant amount of public upgrade including a supply of a number of new parking facilities.

Also, a number of developers have and continue to purchase office buildings in the area with the aim of converting to residential.

Retail space in the node attracts mainly smaller outlets. Take-away outlets and restaurants are common in the node - mainly driven by high demand from office workers and students. Retail space located on Jorissen and De Korte streets is considered to be prime. eProp retail rentals range between R40/m² for B grade street front shop type space to R90/m² for similar but better located space.

Concluding remarks

Braamfontein, like the Johannesburg CBD, has combated the threat of urban decay due to commercial decentralisation, crime and grime, and is now firmly on the road to a brighter future. The node's educational and government profile positions it clearly within the metropolitan marketplace. Public sector initiatives will benefit the node in the longer-term. Student accommodation is still the priority, but there is a growing need for family residential units to start supporting the retail and evening economy that is being nurtured