

Property Terminology

AAMSA	Refer to " Federation of Architectural Aluminium Manufacturers of South Africa "
AACE	Refer to " Association for Advanced Cost Engineering "
AAQS	Refer to " Africa Association of Quantity Surveyors "
ABA	Refer to " African Builders Association "
AC or A/C	Air conditioning
ACPM	Refer to " Association of Construction Project Managers "
ACTRP	Refer to " Association of Consulting Town and Regional Planners of South Africa "
Africa Association of Quantity Surveyors	(AAQS) An association of national institutions, associations or societies promoting the interests of quantity surveyors practising in Africa
African Builders Association	(ABA) An association with voluntary membership serving the interest of black builders operating in South Africa
A grade offices	Refer to " Grade A offices "
Alienation	The legal transfer of title of ownership of property to another party
Anchor	As in "anchor" tenant. A major tenant in a retail centre which will usually draw large numbers of shoppers to the centre, thus also benefiting the smaller tenants
Arithmetic mean	Refer to " Mean "
ASAQS	Refer to " Association of South African Quantity Surveyors "
Association for Advanced Cost Engineering	(AACE) An international association with voluntary membership serving the interests of cost estimators, cost engineers, schedulers, project managers and project control specialists
Association of Construction Project Managers	(ACPM) An association with voluntary membership serving the interests of construction project managers in South Africa

Association of Consulting Town and Regional Planners of South Africa	(ACTRP) An association with voluntary membership serving the interests of consulting town and regional planners practising in South Africa
Association of South African Quantity Surveyors	(ASAQS) An association with voluntary membership serving the interests of quantity surveyors practising in South Africa
Back of house	The service areas, usually in an hotel, such as kitchens, cold rooms, laundries, staff canteen, etc
BCAWU	Refer to " Building Construction and Allied Workers Union "
BCI	Refer to " Building cost index "
BEP	Refer to " Built environment professions "
BESA	Refer to " Bond Exchange of South Africa "
BER	Refer to " Bureau for Economic Research "
B grade offices	Refer to " Grade B offices "
BMS	Refer to " Building management system "
Bond	Refer to " Mortgage "
Bond Exchange of South Africa	(BESA) An independent licensed exchange, constituted as a public company and responsible for operating and regulating the debt securities and interest rate derivatives markets in South Africa
Breach	Violation of any legal obligation either by commission or omission
Built environment professions	(BER) Professional consultants operating in the built-environment such as construction project managers, architects, quantity surveyors, civil and structural engineers, mechanical and electrical engineers, landscape architects, town planners, etc
Building component	A sub-division of a building element eg "roof coverings" and "roof structure" are components of the element "roofs" in a building. Refer also to "Building element"
Building construction	The construction of building works such as offices, flats (apartments), industrial buildings, shopping centres, etc. Refer also to "Civil construction"

Building Construction and Allied Workers Union	(BCAWU) A union of construction and allied workers employed in South Africa
Building cost index	(BCI) Usually referring to the “building cost index” of the Bureau for Economic Research (BER) at the University of Stellenbosch, South Africa. This building cost index is in fact a tender price index indicating the movement of tender prices in selected regions of South Africa
Building element	A sub-division of a building eg “structural frame”, “external facades” and “floor finishes”. Building elements are in turn subdivided into building components
Building line	A fictitious line on a map, usually established by the local authority demarcating the area beyond which no building construction may take place
Building management system	(BMS) A computer based control system installed in buildings which controls and monitors the building’s mechanical and electrical equipment such as ventilation, lighting, power, fire and security systems
Bulk	The total construction area which the local authority will allow a developer to build on a site, in many instances indicated by a factor which relates to the total site area. This factor is also referred to as the FSR (floor space ratio) or the FAR (floor area ratio) or the PAR (plot area ratio). The various local authorities have different interpretations of the “total construction area”
Bureau for Economic Research	(BER) The Bureau for Economic Research was established in 1944 and is attached to the Stellenbosch University in South Africa. It provides economic and forecasting services for the South African economy and <i>inter alia</i> publishes the “BER building cost index” and, in association with Medium-Term Forecasting Associates, forecasts the movement of the “BER building cost index” and the “JBCC CPAP indices”
CAD	Refer to “ Computer aided design ”
Cap rate	Refer to “ Capitalisation rate ”
Capital gains tax	(CGT) A tax levied by governments on the increase in value over time of property and other assets such as shares from purchase date to date of sale

Capitalisation rate	(Cap rate) Initial (first year) rate of return (percentage) at which an investor is prepared to purchase property. The “cap rate” is also used to calculate the value of property when the net income of the property for the ensuing year can be estimated or is known
CBD	Refer to “ Central business district ”
CBE	Refer to “ Council for the Built Environment ”
Central business district	(CBD) (or downtown). This is an area of concentrated high economic activity, be it the metropolitan CBD (eg the Johannesburg CBD) or a decentralised CBD (such as the Sandton CBD)

Acknowledgement : Rode’s Report

CESA	Refer to “ Consulting Engineers South Africa ”
CET	Refer to “ Continued education and training ”
C grade offices	Refer to “ Grade C offices ”
CGT	Refer to “ Capital gains tax ”
CIDB	Refer to “ Construction Industry Development Board ”
Civils	Refer to “ Civil construction ”
Civil construction	The construction of civil works such as roads, bridges, pipelines, dams, etc

Common area is defined as follows for the various building types:

Offices:

Is an area to which the tenant has access and/or use and is part of the rentable area. Primary common area (all rentable area on a given floor that is not useable area together within remote common area such as entrance foyers, plant and service rooms or any other portion of rentable area not located on the given floor) of the building is apportioned to tenancies *pro rata* to the useable area of the tenancy. Secondary common area (areas beyond primary common area giving access to multiple tenancies) is apportioned only to the tenancies that it serves

Retail:

Primary common area comprises all building areas that are not rentable areas and are not charged to tenants and includes parking areas. Secondary common areas are areas such as access passages, plant rooms, toilets, loading docks, etc.

Industrial:

An area to which the tenant has access and/or use, and is part of the rentable area. Primary common areas comprise all rentable areas on a given floor that is not useable area as well as remote common areas which comprise areas such as entrance foyers, plant and service rooms or any other portion of rentable area not located on the given floor. Secondary common area is an area such as an access passage, plant room, toilets, loading docks, etc to which the tenant has access and/or use and includes parking areas demarcated for the use of the tenant

Residential:

These are non dwelling areas for the use of one flat/apartment such as lift foyers, lobbies, corridors, stairwells, pools, tennis courts, etc. Common areas may be stated separately for example as stipulated in the Sectional Titles Act (South Africa). However, the measurement of the individual residential units shall exclude common areas

Acknowledgement: SAPOA

Community shopping centre

10,000 to 30,000 rentable m² of shop space; principal tenant is typically a variety store (eg Clicks) or a discount department store (eg Dion or Game); approximately 30 to 60 shops. Examples are Sunnypark (Pretoria); Musgrave Centre (Durban); Middestad Mall in Bellville, Meadowridge, Goodwood Mall, Constantia Village (Cape metro); Constantia Centre (Port Elizabeth); Brandwag Centre (Bloemfontein); Beacon Bay Retail Park (East London)

Acknowledgement : Rode's Report

Comparable sales

A term used by property valuers to indicate sales of property which the valuer considers to be comparable with the subject property (property to be valued) in one way or another

Component	Refer to " Building component "
Compound interest	Where interest on interest is taken into account. Thus R100.00 at 10% per annum compound interest will accumulate to R110.47 over one year. The effective interest is therefore R 10.47
Computer aided design	(CAD) The use of computer technology for the design of buildings and objects
Construction	The construction of services and structures (civil construction) and buildings (building construction)
Construction Industry Development Board	(CIDB) A statutory body established in South Africa to promote a regulatory and development framework for the construction industry to deliver on social and economic growth and set standards that are globally competitive. The CIDB is <i>inter alia</i> entrusted with the establishment of a roster for both contractors and consultants providing services for the built environment
Construction area	This covers the entire building area and is the total sum of the areas measured at each covered floor level over the external walls, including parking within, ground floor lobbies, corridors, basements, mezzanine floors, stairwells, lift shafts, duct spaces, machine room floors and lift motor rooms, etc
Consulting Engineers South Africa	(CESA) An association with voluntary membership serving the interest of consulting engineers in South Africa
Consumer price index	(CPI) A measure estimating the average price of consumer goods and services purchased by households. CPI measures the rate of change in prices of a basket of goods (inflation)
Continued education and training	(CET or CPD) Refer to " Continued professional development "
Continued professional development	(CPD or CET) The term used by professional associations / institutions to indicate the learning process subsequent to any academic qualification being attained during the period when a consultant practises as a professional consultant

Contract price adjustment provisions	(CPAP) The system whereby contractors are compensated for escalation in building costs during the construction period. One such system used in South Africa is the Haylett formula. Another, mainly used for civil engineering works is the Baxter formula
Convenience shopping centre	300 to 1,200 rentable m ² of shop space; principal tenant is a café or grocer like Kwik Spar; 5 to 15 shops <u>Acknowledgement</u> : Rode's Report
Cost of capital	Interest on money expended on a building development up to completion. This may be opportunity cost on own funds and/or interest on loan finance. "Cost of capital" is sometimes referred to as "interim interest"
Council for Scientific and Industrial Research	(CSIR) A scientific and technology research, development and implementation organisation situated in South Africa. It undertakes directed research and development for socio-economic growth
Council for the Built Environment	(CBE) A statutory body established in South Africa to regulate transformation of the professions in keeping with the racial composition of the country, act as intermediate between government and the built environment professions, ensure growth of the professions and to create a dynamic built environment
Coverage	The maximum area of the building at ground floor level, usually promulgated by the local authority. Coverage may be expressed as a percentage of the site area
CPAP	Refer to " Contract price adjustment provisions "
CPD	Refer to " Continued professional development "
CPI	Refer to " Consumer price index "
CSIR	Refer to " Council for Scientific and Industrial Research "
DCF	Refer to " Discounted cash flow return " and " Internal rate of return "
Deed of transfer	A legal document recording the transfer of property from its legal owner (the seller) to another party (the purchaser)

Density	The extent of development on land eg 20 residential units per hectare, usually promulgated by the local authority
Department of Public Works	(DPW) A government department which procures property or building works on behalf of the government. In South Africa the government operates national and provincial departments of public works
Discount centre	A cluster of retail outlets where most of the outlets are bulk/factory shops which offer goods at lower prices than those that are available in regular shopping centres. Refer also to " Value centre " and " Value mart "
Discounted cash flow return	Refer to " Internal rate of return "
Discount rate	The rate used to express an expected future cash flow stream in present value terms. In most instances, the discount rate is equal to the " hurdle rate ". Mathematically, the hurdle rate of a property is the sum of its market capitalisation rate and the expected constant growth rate of its cash flow in perpetuity
	<u>Acknowledgement</u> : Rode's Report
Dominant face	With reference to the measurement of floor areas in accordance with the "Method for Measuring Floor Areas in Buildings" as published by SAPOA, is for offices and industrial buildings that portion of the inside finished surface of the permanent outer building wall which is 50% or more of the vertical floor-to-ceiling elevational area of each panel measured at the lowest point of the dominant face. The dominant face shall apply to each panel (between lateral changes of direction) of floor-to-ceiling elevation as viewed from the interior of the building. Structural elements, non-typical decorative recesses or protrusions, joinery fixtures, air-conditioning units, bulkheads, skirtings, etc between regular windows or panels shall be ignored
DPW	Refer to " Department of Public Works "
Effective return	The net return (yield) of a property over a specified period of time (eg 6 or 20 years). Refer also to " Internal rate of return "
EIA	Refer to " Environmental impact assessment "
Element	Refer to " Building element "

Elemental estimating	Estimating the construction cost of a building development using an elemental system of estimating. Refer to “Building element” and “Building component”. The “Guide to Elemental Estimating & Analysis for Building Works 2003” is published and is recommended for the preparation of such estimates of construction cost by the Africa Association of Quantity Surveyors (AAQS)
Environmental impact assessment	(EIA) A study of the possible impact (positive or negative) that a development may have on the environment which includes natural, economic and social aspects
Environmental management plan	(EMP) Details how environmental matters will be managed during a development
Equity	The value of the owner’s interest in a development (own capital)
Escalation	In the building industry this usually refers to the increase (positive or negative) in building cost during the construction period. The term “fluctuation in cost” is used to indicate that building cost may increase or decrease
EMP	Refer to “ Environmental management plan ”
FAR	Refer to “ Floor area ratio ”
Federation of Architectural Aluminium Manufacturers of South Africa	(AAMSA) An organisation with voluntary membership serving the interests of the architectural aluminium manufacturers in South Africa
FIDIC	Refer to “ International Federation of Consulting Engineers ”
Financial design criteria	A term generally used by quantity surveyors to denote design factors which may improve value
Floor area ratio	(FAR) Refer to “ Floor space ratio ” and “ Bulk ”
Floor space ratio	(FSR) The ratio of the total floor area (as defined by the local authority) to the land area expressed as a percentage or factor. It should be noted that different local authorities may interpret the floor space ratio in a slightly different manner. Refer also to “ Bulk ”

Freehold	A perpetual right in property as opposed to leasehold where ownership reverts back to the original owner when the lease period expires
FSR	Refer to " Floor space ratio "
Full title	Full ownership rights in a property
GAMA	Group of African Member Associations of FIDIC
GBA	Refer to " Gross building area "
GDP	Refer to " Gross domestic product "
Gearing	The use of debt (loan finance) to supplement investment, also known as leveraging. The investor's own cash investment (equity) is reduced. Theoretically the return on the investor's own capital is increased (gearing) but could also be decreased (reverse gearing)
General sales tax	(GST) A tax (usually expressed as a percentage of the sale price) levied on specific goods and services. In most countries this has been replaced with value added tax (VAT)
GLA	Refer to " Gross leasable area "
Grade A offices	Generally not older than fifteen years or which has had a major renovation; high quality modern finishes; air conditioning; adequate on-site parking; market rental near the top of the range in the metropolitan area in which the building is located. Consider also whether the building has a good quality lobby finish, quality access to/from an attractive street environment and other similar factors such as safety and security

Acknowledgement : SAPOA

Grade B offices	Generally older buildings, but accommodation and finishes close to modern standards as a result of refurbishments and renovation from time to time, air conditioned; on-site parking, unless special circumstances pertain
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Acknowledgement : SAPOA

Grade C offices

Buildings with older style finishes, services and building systems. It may or may not be air conditioned or have on-site parking

Acknowledgement : SAPOA

Grade P offices

Top quality, modern space which is generally a pace-setter in establishing rentals and which includes the latest or a recent generation of building services, ample parking, a prestige lobby finish and good views or a good environment

Acknowledgement : SAPOA

Gross building area

(GBA) The total of all areas of a building measured on plan at each covered floor level over the external walls or external lines at the outermost vertical enclosing planes or, where applicable, the centre line of party walls between buildings. The following items are included:

- internal stairwell and staircase areas,
- lift shaft areas,
- duct space areas,
- mezzanine floor areas,
- finished floor areas in attic spaces,
- floor areas to penthouses, staff quarters, lift motor rooms, etc,
- all open but covered porches, balconies and balcony corridors within the enclosing planes of the main building
- floor areas to attached sheds, carports, etc and all partially completed rooms, porches, balconies, etc provided that the relevant areas are covered and have at least two of their walls not less than two thirds of the storey height on which they occur

The following items are excluded:

- external steps and paved areas,
- areas of projecting roof overhangs, hoods, canopies and the like
- enclosed open areas (light or ventilation wells and courtyards),
- areas of open covered walkways and carports, etc,
- areas of unenclosed fire escapes,
- areas on plan of small projections such as pilasters, attached piers, fins, chimney breasts, etc

Acknowledgement: Guide to Elemental Cost Estimating and Analysis for Building Works 2003 published by the Africa Association of Quantity Surveyors (AAQS)

Gross domestic product	(GDP) Value of all final goods and services produced within a country over a specific period, usually a calendar year. A measure of a country's economic activity / output
Gross leasable area	(GLA) Usually the overall area measured to the inside of the external walls. Refer also to " Rentable area "
GST	Refer to " General sales tax "
Haylett formula	A formula used to compensate building contractors for escalation (fluctuation) in building cost over the construction period
Head lease	A lease to a party who will grant sub-leases to tenants
High rise	Tall buildings containing multiple storeys. Normally more than ten storeys
Highest and best use	A term used in property valuation where the value of the property is directly related to the use of that property. The highest and best use is the reasonable probable use that will produce the highest property value
Hurdle rate	The minimum rate of return over the lifespan of the investment which a developer will require before starting a development project or purchasing an existing property development. Refer to " Discount rate "
ICEC	Refer to " International Cost Engineering Council "
ILASA	Refer to " Institute of Landscape Architects of South Africa "
Improvements	Permanent buildings or structures on a property, which would tend to increase the value of the property
Income capitalisation	The methodology used for determining the market value of property by either discounting at a suitable interest rate the future net cash flow income over an assumed lifespan of the investment in order to arrive at a present value (the current market value of the property) <u>or</u> the capitalisation at a suitable percentage of the potential net income of a property during the first year subsequent to the date of valuation of a property in

order to arrive at the current market value of the property

Inflation The rise in the general level of prices of goods and services in an economy over a stated period of time eg the inflation rate is 3% year on year

Initial return The first year return on an investment, calculated as follows:

$$\frac{\text{net income}}{\text{total capital investment}} \times \frac{100}{1}$$

The “net income” may be taken as the actual net income during the first income producing year or may be taken as the potential net income based on potential rentals without allowance for vacancies

Institute of Landscape Architects of South Africa (ILASA) An organisation with voluntary membership serving the interests of landscape architects practising in South Africa

Interim interest Refer to “[Cost of capital](#)”

Internal rate of return (IRR or DCF return) The effective return over the lifespan of an investment with the terminal value usually taken into account. Refer also to “[Effective return](#)”. Also known as discounted cash flow (DCF) return

International Cost Engineering Council (ICEC) An international organisation with voluntary membership serving the interest of cost engineering, quantity surveying and project management associations

International Federation of Consulting Engineers (FIDIC or Fédération Internationale des Ingénieurs – Conseils) An international association of national bodies representing private practice consulting engineers. FIDIC publishes a suite of building / construction agreements and client / consultant agreements

IRR Refer to “[Internal rate of return](#)”

JBCC Refer to “[Joint Building Contracts Committee](#)”

JCT Refer to “[Joint Contracts Tribunal](#)”

Joint Building Contracts Committee (JBCC) A committee comprising constituents from various stakeholders in the construction industry with the aim to compile building agreements with an equitable distribution of contractual risk

Joint Contracts Tribunal	A United Kingdom tribunal comprising constituents from various stakeholders in the construction industry with the aim to compile contract documentation with an equitable distribution of contractual risk
JSE	Refer to " JSE Limited "
JSE Limited	(JSE) Formally the "Johannesburg Securities Exchange" and the "Johannesburg Stock Exchange." A bourse where equities and other financial instruments may be purchased and sold
Lease expiry profile	The amount by which a property portfolio's income will reduce due to expiry of leases, expressed as a percentage of the total income over a given period of time (usually 5 years). It is a method of indicating the risk to investors due to the expiry of leases
Leasehold	The right to possession and use of a property for a given period of time for a given price without transfer of ownership (lease contract). The price may be an initial lump sum or a monthly or annual amount
Line shops	Smaller retailers (as opposed to large or anchor tenants) in retail centres
Listed property	In the South African context, property listed on the JSE Limited (JSE) whether direct or in a property vehicle such as a property loan stock (PLS) or property unit trust (PUT)
Loan finance	That portion of the finance required for the acquisition or development of a property which is acquired from a financial institution. Such loan is usually secured by registering a mortgage against the title deed of the relevant property
Low rise	Buildings containing under ten storeys
Majors	Large retailers being for instance Woolworths or Edgars in the South African context as clothing majors, or any large supermarket group as food majors
Major vertical penetration	With reference to the measurement of rentable and useable areas in accordance with the "Method of Measuring Floor Areas in Buildings" as published by SAPOA are stairs, lift shafts, flues, pipe shafts, vertical ducts and the like, and their enclosing walls, exceeding 0.5m ² in area. Where an unenclosed landing and lift lobby are integral, the landing shall be considered to be a "major

vertical penetration”. Where a landing provides access to toilets, kitchens, etc it shall nevertheless be considered to be a “major vertical penetration”

Any “major vertical penetration” created at the specific request of and for the exclusive use of the tenant shall be considered to be “rentable area”. Where pipe shafts, duct cupboards, etc exceeding 0.5m² in area are laterally sealed at each floor, they shall not be considered to be “major vertical penetrations” for the purposes of this definition

Acknowledgement : SAPOA

Master Builder’s Association	(MBA) An association with voluntary membership serving the interests of contractors and employers in the building industry in South Africa
MAQS	Signifying that an individual is a member of the Association of South African Quantity Surveyors
MBA	Refer to “ Master Builder’s Association ”
Mean	Arithmetic average of a number of numerical observations eg the arithmetic mean of 11, 12 and 16 is $(11+12+16) / 3 = 13$ Outlier observations may distort the mean
Median	Midpoint of a series of observations when arranged in order of magnitude. This is a measure of central tendency that divides the data set into halves. Less affected by outlier observations than the arithmetic mean. For example, the median of 5, 6, 7, 8, 9 is 7 and of 5,9,15,16,17,21,23 the median is 16

Acknowledgement : Rode’s Report

Medium-Term Forecasting Associates	(MFA or MTFA) A South African organisation which provides economic and forecasting services for the South African economy which <i>inter alia</i> publishes forecasts for the “BER Building Cost Index” and “JBCC CPAP indices”
MFA	Refer to “ Medium-Term Forecasting Associates ”
Mineral rights	Rights in property to exploit, mine, and/or produce any or all of the minerals below the surface of a property
Mortgage	A loan registered against the title deed of a property

MTFA	Refer to " Medium-Term Forecasting Associates "
Multi tenant	More than one tenant per building or per floor in a building
National Department of Public Works	(NDPW) The national government department which procures property or building works on behalf of the national government
National Home Builders Registration Council (Pty) Ltd	A non-profit making company established in South Africa in terms of the Housing Consumer Protection Measures Act 1998 (Act 95 of 1998). The main objective was to establish an indemnity fund to finance the rectification of defects in housing units in circumstances where contractors were either unable or unwilling to do so
NDPW	Refer to " National Department of Public Works "
Neighbourhood shopping centre	3, 000 to 10, 000 rentable m ² of shop space; principal tenant is a supermarket; 15 to 40 shops <u>Acknowledgement</u> : Rode's Report
Net present value	(NPV) The present value of the future net cash flow taking into account the initial investment. The present value is calculated by discounting the future cash flow at a selected discount rate
NHBRC	Refer to " National Home Builders Registration Council (Pty) Ltd "
NPV	Refer to " Net present value "
Operating expenses	All costs related to the operation and management of a property after the initial construction phase which <i>inter alia</i> includes costs and charges related to local authority charges, management cost, rent collection, cleaning and maintenance, replacement funds, insurance and sundry outgoings. It is fairly common for the landlord to pay all operating expenses except the cost of electricity consumption and in some cases the cost of water consumption, which costs are recovered from the tenant. In industrial buildings the cost of security is in many cases also recovered from the tenant. Operating expenses is sometimes also referred to as " outgoings "
Option	The right, usually fixed for a period of time, to buy or sell property at an agreed price. This right may be given free of charge or it may be given upon payment of an option price which charge may be forfeited should the option not be

exercised. The option amount may be offset against the purchase price should the option be exercised

Outgoings	Refer to " Operating expenses "
Panhandle	A property with no street frontage located behind another property with street frontage and with narrow access alongside the other property from the street
PAR	Refer to " Plot area ratio "
Parking ratio	The ratio of parking bays to the rentable area of a specific type of building eg 6 per 100m ² of rentable area for retail centres
P grade offices	Refer to " Grade P offices "
Plan scrutiny fee	A fee payable to the local authority for the approval of building plans
Plot area ratio	Refer to " Floor space ratio " and " Bulk "
PLS	Refer to " Property loan stock "
Potential rental	A term used in property valuations which refers to the rental which a property could attract if fully let at market related rentals
PMAQS	Professional Member of the Association of South African Quantity Surveyors
PPI	Refer to " Production price index "
Pre-qualification of tenders	A first round of tendering to select the appropriate tenderers for the next round of tendering. This is generally the basis for establishing the capability of the tenderers in order that they may be allowed to participate in the second round of tendering
Price and detail development	A sum of money allowed in estimates of construction cost or in building agreements to absorb unforeseen escalation in building rates (prices) and for future detail development of drawings and / or requirements
Prime industrial building	An industrial property in which space is easily lettable because it satisfies each of the following prerequisites : <ul style="list-style-type: none">• Generally in a good condition• Satisfactory macro access (ie access to freeway)

- Satisfactory micro access (ie from street to building)
- Proper loading facilities
- Eaves > 4m (excluding micro / mini units)
- Clear spans
- On ground level
- Adequate three phase electrical power

Acknowledgement : Rode's Report

Principal agent

The entity appointed by the client (developer) to manage and administer the contract(s) ie the agreement entered into and between the client and contractor for the execution of the project (development) or part thereof

Acknowledgement : PROCSA

Principal consultant

The entity appointed by the client (developer) to manage and administer the services (duties and responsibilities) of the principal consultant and all the other professional consultants acting on behalf of the client (developer) and who are providing professional or specialist services on any aspect of the project (the development)

Acknowledgement : PROCSA

Probability limit

The limit of probability, for instance, the upper and lower limits of probability of a construction cash flow. The area between the upper and lower limit of probability is sometimes referred to as the "Californian envelope"

PROCSA

Refer to "[Professional Consultants Services Agreement](#)"

Production price index

(PPI) An index of wholesale and manufacturing price changes often viewed as an indicator of future retail price changes published by Statistics South Africa

Professional Consultants Services Agreement

(PROCSA) A suite of documents prepared by the PROCSA committee to be used to formalise the agreements between clients (developers) and their professional consultants (project managers, architects, quantity surveyors and the like)

Property loan stock

(PLS) A company that invests solely in property where stock is issued in return for a loan. A linked unit in a property loan stock comprises part share and part debenture (or loan)

Property unit trust	(PUT) A collective investment scheme in property which invests in a portfolio of investment grade properties that is held for its rental income and capital appreciation
Proven cost	The actual cost of services and/or disbursements eg compensating a contractor for fluctuation in the cost of labour and / or materials at proven cost
PrQS	Designation for a quantity surveyor registered as a professional quantity surveyor with the South African Council for the Quantity Surveying Profession
PUT	Refer to " Property unit trust "
QS	Quantity surveyor
R/U ratio	Rentable/usable area ratio: $R/U = \frac{\text{Rentable area}}{\text{Useable area}}$
Rational fire design	(RFD) The detailed design of fire safety and prevention mechanisms and strategies in a building in order to comply with the local authority and National Building Regulations where prescriptive deemed-to-satisfy rules cannot be applied
RCI	Refer to " Resort Condominium International "
RFD	Refer to " Rational fire design "
RFP	Refer to " Request for proposals "
Record of decision	A record of the local authority decision regarding the development of a property
Regional shopping centre	30,000 to 100,000 rentable m ² of shop space; principal tenant(s) are one or more major department stores; approximately 40 to 250 shops. Examples are: Westgate, Fourways Mall, Cresta (Johannesburg); Brooklyn Mall (Pretoria); The Pavillion (Durban metro); Sanlam Centre in Parow, Tyger Valley, Kenilworth (Cape metro); Greenacres (Port Elizabeth); Mimosa Mall (Bloemfontein); Vincent Park Shopping Centre (East London)

Acknowledgement : Rode's Report

Rentable area	<p>With reference to the “Method of Measuring Floor Areas in Buildings” as published by SAPOA is defined as follows:</p> <p>Offices :</p> <p>The total revenue producing area of the building enclosed by the dominant face, adjusted by deducting major vertical penetrations. No deductions shall be made for columns. The “rentable area” shall have a minimum floor-to-ceiling height of 1.5m. The “rentable area” comprises “usable area” plus “common area” and excludes “supplementary area” which may produce additional revenue</p> <p>Retail:</p> <p>The total revenue producing area dedicated to the use of the tenant. The “rentable area” excludes “supplementary area” which may produce additional revenue</p> <p>Single tenant industrial buildings :</p> <p>The entire “construction area” being the sum of the areas measured at each covered floor level over the external walls to the external “finished surface”, without any deductions</p> <p>Multi tenant industrial buildings :</p> <p>The total area of the building enclosed by the “dominant face” as defined, adjusted by deducting “major vertical penetrations”. No deductions shall be made for columns. The “rentable area” comprises “useable area” plus “common area”</p> <p><u>Acknowledgement</u> : SAPOA</p>
Replacement cost	The amount an entity would have to pay to replace an asset at the present time
Request for proposals	(RFP) An invitation to contractors or consultants to submit proposals for a specific project or service
Residual land value	A land value derived from the difference between the capital investment (excluding land value) and the capitalised net income

Resort Condominium International	(RCI) A company which provides leisure travel services to businesses and consumers and provides, in addition, vacation exchange services
Restitution of land rights	A South African act of parliament which provides for the restitution of rights in land to persons or communities dispossessed of such rights after 19 June 1913 as a result of past racially discriminatory laws or practices and to establish a Commission on Restitution of Land Rights and a Land Claims Court
Retail warehouse	Stand-alone; single tenant; > 10, 000 m ² ; air conditioned, no ceiling, warehouse-like finishes, eg Makro, Hypermarket, Game, Dion <u>Acknowledgement</u> : Rode's Report
Return on investment	(ROI) Return (yield) on the capital investment. It may be expressed as initial return, effective return or internal rate of return
RFP	Refer to " Request for proposals "
RICS	Refer to " Royal Institution of Chartered Surveyors "
ROD	Refer to " Record of decision "
Rode	A firm specialising in real estate economics, property research and property consultancy and which publishes various opinion surveys eg the quarterly Rode's Report
ROI	Refer to " Return on investment "
Royal Institution of Chartered Surveyors	(RICS) An international organisation with voluntary membership serving the interest of property, land and built environment professions (including building surveyors, quantity surveyors, project managers, etc)
SAACE	Refer to " South African Association of Consulting Engineers "
SABTACO	Refer to " South African Black Technical and Allied Careers Organisation "
SACAP	Refer to " South African Council for the Architectural Profession "

SACPCMP	Refer to " South African Council for the Project and Construction Management Profession "
SACSC	Refer to " South African Council of Shopping Centres "
SACQSP	Refer to " South African Council for the Quantity Surveying Profession "
SAIA	Refer to " South African Institute of Architects "
SAICE	Refer to " South African Institution of Civil Engineering "
SAPOA	Refer to " South African Property Owners Association "
SASRIA	Refer to " South African Special Risks Association "
SARACCA	Refer to " South African Refrigeration and Air Conditioning Contractors "
SARB	Refer to " South African Reserve Bank "
SDP	Refer to " Site development plan "
Secondary Industrial building	This is industrial space which is not classifiable as "prime" because it does not satisfy all eight prerequisites for "prime" space (refer to "Prime industrial building"). Such space is typically old buildings or structures which have been haphazardly renovated. It would have poor access, too little yard space or office accommodation, inadequate goods lifts, no three phase power and obsolete electrics and ablution facilities. Such space is often (but not exclusively) found in highly urbanised areas

Acknowledgement : Rode's Report

Sectional title	A title (deed) established under South African Law related to part of a building eg a flat (apartment) in a block of flats (apartments)
Servitude	Registered right that a person or entity has over the immovable property or another
Simple interest	Interest that is calculated on the principal amount only. No interest accrues on interest earned during the relevant period
Single tenant	One tenant in a building or floor

Site development plan	(SDP) A drawing with supporting documents showing, as required by the local authority, the proposed improvements in developing a given property and includes information such as location, size and orientation of structures, roads and parking, landscaping, etc
South African Association of Consulting Engineers	(SAACE) An association with voluntary membership serving the interests of consulting engineers practising in South Africa
South African Black Technical and Allied Careers Organisation	(SABTACO) An organisation with voluntary membership serving the interests of black technical and professional persons
South African Council for the Quantity Surveying Profession	(SACQSP) The statutory regulatory authority for the quantity surveying profession
South African Council of Shopping Centres	(SACSC) An organisation with voluntary membership serving the interests of companies and individuals involved in one form or another with shopping centres
South African Council for the Architectural Profession	(SACAP) The statutory regulatory authority for the architectural profession
South African Council for the Project and Construction Management Profession	(SACPCMP) The statutory regulatory authority for the project and construction management professions
South African Property Owners Association	(SAPOA) An association with voluntary membership serving the interests of property owners and investors
South African Institute of Architects	(SAIA) An association with voluntary membership serving the interests of architects and associated service providers
South African Institution of Civil Engineering	(SAICE) An association with voluntary membership serving the interests of civil engineers
South African Refrigeration and Air Conditioning Contractors	(SARACCA) An association with voluntary membership serving the interests of refrigeration and air conditioning contractors
South African Special Risks Insurance Association	(SASRIA) An insurance association which underwrites risks of a political nature, such as damage due to riots, strikes, etc
South African Reserve Bank	(SARB) South African Reserve Bank ie the central bank of South Africa
Standard deviation	A measure of dispersion in a set of data. For instance, assume a mean of R 10.00 and a standard deviation of R 1.50. This

means that there is a 68% chance that the values will be between R 8.50 (R 10.00 – R 1.50) and R 11.50 (R10.00 + R 1.50)

Acknowledgement : Rode's Report

Super regional shopping centre

More than 100,000 rentable m² of shop space; substantial comparison-shopping; principal tenants are three or more major department stores; more than 250 shops. Examples are: Eastgate and Sandton City (Johannesburg); Menlyn Park (Pretoria); Gateway (Durban metro); Canal Walk (Cape metro)

Acknowledgement : Rode's Report

Tenant installation

(TI) The internal fitout of a tenant within the "[useable area](#)"

Tender price index

An index indicating the movement of tender prices

TI

Refer to "[Tenant installation](#)"

Transfer duty

A tax levied by government on the transfer of land

Transfer fee

A fee payable to a conveyancer for documentation and services provided in the legal transfer of ownership in property

Turnover rental

A rental calculated on the turnover (gross income generated) of a tenant, usually expressed as a percentage of the gross sales

Unit cost

The cost per unit of measurement eg plastering at Rx per m² of plastered area

Useable area

With reference to the "Method of Measuring Floor Areas in Buildings" as published by SAPOA, is defined as follows:

Offices :

Area capable of exclusive occupation by the tenant. The total area of the building enclosed by the "[dominant face](#)" adjusted by deducting all "[common area](#)" and "[major vertical penetrations](#)". No deduction shall be made for columns

In the case of single tenancy per floor, "secondary common area" shall be deemed to be "useable area" and useable area is measured to the inner "finished surface of the common area" or "[major vertical penetration](#)" enclosing walls

On a multi-tenancy floor this principle remains, but “useable areas” of tenancies are measured to the centre line of partition walls shared by adjacent tenants and to the inner “finished surface” of the other internal enclosing walls, or where an access passage exists, to the inner “finished surface” of the partition wall defining the access passage

“[Rentable area](#)” comprises “[useable area](#)” plus “[common area](#)”

Retail :

Area capable of exclusive occupation by the tenant. The total area enclosed by the lease line, the demising walls and external walls, whether or not a shop front is erected behind the lease line

Any area outside of the lease line capable of exclusive use by the tenant shall be measured to the outside extreme dimensions. Measurements shall be made to the centre line of demising walls or to the inside finished surface of an external wall

Useable area excludes :

- “[Major vertical penetrations](#)” unless serving only one tenant
- Columns or enclosed penetrations which are isolated irrespective of size
- Projections in demising or external walls not more than 0.25m²

Rentable area comprises “useable area” plus “secondary common area”

Multi-tenant industrial buildings :

Area capable of exclusive occupation by the tenant. The total area enclosed by the “[dominant face](#)”, adjusted by deducting all “[common areas](#)” and “[major vertical penetrations](#)”. No deduction shall be made for columns. Measurements shall be made to the centre line of demising walls or to the finished surface of an external wall

Rentable area comprises “useable area” plus “[common area](#)”

Acknowledgement: SAPOA

Usufruct	A legal right to use and generate profit from property owned by another person or entity, with the express provision that the property shall not be damaged in any way
Value added tax	(VAT) A tax levied on the added value that results from the exchange of goods and services
Value centre	Multi-tenanted strip centre; > 10,000 m ² ; warehouse type finishes in order to deliver lower prices to consumers. Refer also to " Discount centre "
	<u>Acknowledgement</u> : Rode's Report
Value mart	Refer to " Value centre "
VAT	Refer to " Value added tax "

