



High Visibility – Easy Find – Multi-Tenant Centre

Exceptional investment opportunity. Multi-tenant centre to reduce your risk. High visibility - to increase your rent and easy find to increase your let ability. It could not be a better investment opportunity. Call now before it is too late.

Contact Jodi 081 315 4274

BUSINESS PLANS CHANGING – WE COME TO YOU - NOT YOU COME TO US

The way of doing business may well be changing for ever. This may just be an acceleration of an underlining trend but may also be a totally new direction for business. Working from home has certainly received a boost. Not only can it be a more effective and efficient way to work, think Johannesburg and 2 hours each way each day stuck unproductively in traffic, but it is also a major cost saving. Less office space is required, you get more work time out of your staff, there is less cost of travel (savings on fuel, servicing, tolls). With new work ways, your customers are also able to make easy contact with you without visiting your offices. Set up properly the customer experience can even be enhanced! Just this morning, Jill, my wife, is having a video Zoom meeting with our letting staff and our office manager. Everyone can see everyone else, but nobody has moved out of their home – thankfully with our -8 deg. C this morning!

Will this require new office and warehouse accommodation types? I think that it will. For warehouses especially things will change, with more customers receiving goods at home. Conventional shops will shrink, with central distribution via couriers of non-perishable goods. If you order paint from DIY it will be sent from their Johannesburg distribution centre. Perishable goods, especially food will still require local warehousing even down to sub provincial level. Woollies for example is still likely to have a distribution warehouse in Bloemfontein and Kimberley and Welkom. But the design of warehouses will change dramatically, being especially designed for bulk receiving and breakdown courier deliveries. This could well mean that existing warehousing is obsolete and totally newly built and designed premises will be needed. Courier services could well become the next growth industry. For non-perishable goods, especially electronics, sellers may not even keep stock at all but rather buy in when they receive orders with direct courier delivery from manufactures on demand. Yes, the world of the future is unlikely to be much like the world of the past.

The Commercial Landlord

Newsletter for
Commercial &
Industrial Landlords



July 2020

VALUATION OF PROPERTY FAR MORE DIFFICULT

Property valuation is essentially the quantifying of the likely price that a willing buyer will pay a willing seller at a given time in a given market. It is important for a variety of factors from loan security, to estate and business planning. But with the current pandemic and the likely changes to business ways of workings, it may be very difficult for Valuers to be sure of current values.

There is no doubt that the value of business has dropped considerably, and this will affect property values. Rentals that tenants pay will go down as will prices and nobody knows when business will be in full swing again. During the lockdown and just afterwards it is going to be especially difficult to set property values until the market settles down again to a new norm.

Talk Shop

by Platinum Global

DEVELOPMENT GETS GOING

Despite the setbacks to the property market in general, the development market has taken a decided upswing. As already announced the first of two new family accommodation buildings are ready to go in Vista Park. A 45 unit building split between 1 & 2 bedroom flats is about to build in this coming quarter.

The same suburb is due to see a further similar building starting before the end of the year and a massive 240 unit property not long after.

In town we have offers on a large flat building to buy all the sectional title units for demolition and rebuilding as a large scale student housing complex. With more than 400 rooms, this complex will allow for internal superette, gym, and coffee shop.

With the increase in demand for student accommodation, this is pushing families out of conventional flats resulting in a demand for new family flat accommodation in outer suburbs. Development of this accommodation could boost the building industry and provide jobs.

Lower Interest Rates are Encouraging the Market

Times are tough and lots of people are on short time or out of work, but the commercial market remains active. Developments are quite active but for some reason the owners of potential development ground are being difficult about selling. A R23 million offer for an incredibly old block of flats on a development site did not proceed because, although the offer was well ahead of the true value of the individual units, some of the owners thought that they could go it alone. Other developments are now proceeding.

There is still a demand for sites to build flats on rather than townhouses. Townhouses are aimed at the individual owner market whereas apartment developments are more aimed at the single building long term letting market. It would seem that Vista Park, a middle class black market suburb is likely to see further development of quality family flats and some especially designed high quality student accommodation on a scale that allows for the inclusion of on site facilities such as coffee shops, superette, gym, and club house, making these very attractive places to live in.

Transfers Starting to Roll Out

After a three month gap transfers are now starting to roll. Although there are still delays caused mainly by inactivity from Metro in issuing clearance certificates for water and electricity, transfers of all types of property seems to coming through at a reasonable pace.

The reduction of interest rates has been quite dramatic, and we can all remember even quite recently when interest rates were around 16%. They have now essentially halved and this is an encouragement for many people to want to own their own properties. If one analyses the cost of renting v the cost of buying the point is fast approaching that it will be as cheap or cheaper to own rather than rent – and this applies equally to commercial and industrial properties. This could be a good sign for those who have vacant properties as it would allow the owner to consider selling as opposed to letting their buildings. It is possible that further small reductions can be expected before the end of 2020.

REALISM NEEDS TO RETURN TO THE COMMERCIAL MARKET

Nobody wants to see the value of their property drop, but especially in the commercial and industrial market, value (price) is set by one thing only – the net return on your investment. If the net annual income is R100,000 on a let property after paying all the costs of owning a property and you are looking for a 10% net return then the value of that property to you is R1,000,000. If you want to get a higher price for the property you must show extra income or a reduction in the costs of holding the property. Across the board prices that are being asked for all types of property are in many cases absurd! In the residential market I would guestimate an average family income in Bloemfontein at R40,000 pm. If we consider a bond rate of 8% and 30% of income affordability, then the average selling price of property in Bloemfontein should be R1.4 million. While that would be the average selling price, in my opinion the bulk of buyers by far would be below this price. But we see that sort of prices being asked for plain ordinary homes in plain ordinary areas. Far too many properties are being offered for sale in the R2 to R4 million market where I would suggest there are very few buyers indeed. Commercial is no difference. Asking R3 million plus for an ancient property in Oranjesig just does not make sense to me. Buyers buy by comparison so putting your commercial property in at unrealistic prices won't help you at all.



**Another Commercial Property Sold
by Platinum Global!**

Contact Mike 082 881 4711



Unique Opportunity – Motor Industries
Modern open plan building in high visibility location.
Useable by wide range of businesses. For sale or to Let
Contact Jodi 081 315 4274



GROENVLEI WAREHOUSE PLUS MODERN OFFICES
Great position to do business from. Useable as storage (250 sq m) and offices. Also useable for clean light industry. Would make good sales offices and stock storage. Accessible from north and Langenhoven Park

Call Mike 082 881 4711 mike@platinumglobal.co.za



NORTHERN SUBURBS R10,000 SMALL SHOP
53 sq m shop previously used as hairdressers. Affordable rental R10,500 plus VAT. Close to busy local centre enables you to attract clients. Close to school. Large residential population within walking distance. Early Occupation.

Contact Jodi 081 315 4274



MODERN OFFICES IN SUPERB SURROUNDINGS

Available 1st October. 132 sq m 6 offices, reception, Kitchen and 2 bathrooms. 2 covered parkings plus extra available. Generator available. Garden surrounds with garden are. Top quality offices at affordable R16,000 plus VAT rental. A lovely set of offices.

Contact Jodi 081 315 4274



GREAT LITTLE WAREHOUSE 265 SQ M. PLUS 100 SQ M MEZZANINE

Ooseinde, popular light industrial area. Full truck height roller doors. Secure yard and open parking. Bathrooms and workers changing room. Well situated for use as a warehouse, light industry and manufacturing, storage and more.

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