



## TOP QUALITY, TOP POSITION, BOTTOM PRICE

Professional offices for medium to large sized company. Ideal for insurance, legal, and other quality companies. Great parking and additional development ground. Fully air conditioned plenty of parking (40). Would suit national client well.

Contact Jodi 081 315 4274/Mike 082 881 4711

### ADJUST RENTAL TO MEET MARKET EXPECTATIONS.

The commercial market for letting and selling varies across the board. There are regional differences and even differences between different parts of the same town and between one type of property and another. Some industrial properties are in good demand, especially for industries associated with the Covid 19 health task and in specialized areas such as courier services that seem to be doing a roaring trade. The effectiveness and efficiencies of these companies has improved by leaps and bound. Where previously their services were not in such demand, we are now not only using them to bring us off-line goods but also to transfer packages and important document, you would never have considered this method of communication before.

Although many people have gone back to work, we can see that the demand for real offices has declined and a far higher percentage of people are now working from home. Although our Platinum Global offices are fully operational, Jill and I work full time from home and only visit the company offices once or twice a week for a few minutes. Some of our staff also work from home, where they need to be in isolation or have contracted the virus. There is definitely a vacancy factor in the office market.

Landlords need to be clever. Real rentals have dopped back about two years and wise landlords are tending to forgo escalations on existing leases and keeping rental unchanged from the 2019 rental for renewals and new leases. The slight adjustment downwards seems to be working as we have managed to keep most of our offices full and even relet some long standing vacant premises.

While there is not a huge industrial market in Bloemfontein many of the industrial suburbs are mainly used for warehousing. There is a degree of vacancy, but well priced properties are still letting or keeping existing tenants. There are certainly fewer to let or for sale boards that one might expect at this time.

# The Commercial Landlord

Newsletter for  
Commercial &  
Industrial Landlords



Nov 2020

### YEAR END SECURITY STARTS NOW!

Believe it or not Xmas is around the corner. Year-end holidays start in less than 4 weeks' time!

Now is the time to make sure you have all your ducks in a row and security will be especially important this year.

With your commercial properties likely to be totally empty of tenants for nearly 2 months you need to make arrangements for good security. It may well range from two or three drive through visits of your premises at unpredictable times to full time armed security on site. You will know what is appropriate for your building. The worst that you can do is to leave your buildings unattended. Get on to your managing agent or security company and make the necessary arrangements now. It's too late when that break-in has happened. Enjoy the festive season.

Call Mike 082 881 4711

# Talk Shop

by Platinum Global

## DEVELOP IN THE RESIDENTIAL MARKET

Within Bloemfontein there must be a pent up demand for modern apartment buildings. Seeing as virtually no sites or development of flats has taken place for the past 50 years in the city, most of the existing flat buildings are over 60 years old, not in the best suburbs or in the best condition. Quite honestly, if I were coming to town and wanted a decent apartment to stay in for rental or buying, I would find it very difficult indeed to find anything even close to what I considered a decent place. There are a few townhouses available but no decent apartment buildings. Not everyone wants to rent a house or a town house, but there is literally nothing available at all.

In my mind there is a definite gap in the market for this sort of rental apartment, it is just the difficulty of finding a suitable site. There is space to build and develop individual rental apartments in good areas for the sizeable market that I believe is out there. Definitely a current market for 1000 units or so.

## BUY EXISTING ZONING AND DEMOLISH

For the developer the biggest challenge is to find a suitable site that they would like to build on, to get the services agreements for water and electricity in place and have the zoning corrected to allow the developer to do what he wants to do.

Looking for greenfield development (new ground) could be too long term, too expensive, and too uncertain. Why not look at buying in old buildings and demolishing them. An old block of flats must have flat right zoning, Same applies to a shopping centre, old office blocks and others.

You might want to develop a small holding out of town but when you consider you will pay R100 sq m towards a services contribution fee ie R1,000,000 per ha, then it makes sense to buy in an old property with the right zoning and services on site – no rezoning, no betterment fee, no waiting. Just put in your building plans and start building. Negotiating with sectional title unit owners can be a pain but you will get there in the end.

Buy, demolish, and rebuild, in the current market makes sense. You have a new building on an old site with all the rights, services, and amenities that you want already in place. A quick build.

## THE HOW, WHAT, WHERE AND WHEN OF BUYING COMMERCIAL PROPERTY.

**When you buy a home, you buy with your heart. When you buy an investment property you buy with your head.**

**An investment property without a net income has no value! The value of your property is created by what rental it can produce. But not just any rental – the net rental it can produce. That is the gross income less the running expenses and net rental is the basis upon which you set your asking price. You do not invest in a property that is not producing the net return that you need, the exception being when you are buying development ground where you calculate an expected profit from your own development.**

**Building for a broad market is far better than developing specialist properties. They are easier to sell and let. A building with a variety of size and rooms will let/sell more easily.**

## CHOOSING THE RIGHT MANAGING AGENT – NO YES MEN!

Managing Body Corporates and HOAs is getting every more difficult by the day. Most managing agents are way underpaid for the time and effort that they put into managing their properties correctly. Small schemes are a financial drain.

Choosing a managing agent is not easy. How do you know how knowledgeable your proposed managing agent is? Do they have the capacity to take on more work, are they able to sort out the current problems (which is why you are looking around), are they able to keep proper sets of books? Can they deal with contractors, can they report to the trustees and owners on the real financial state of your building? Do they really understand the difference between money in the bank and the money that is available for use? We are looking at financials that show that a building earned only R1,500 interest on R1 million in the bank. Even if only R800,000 was invested in a money market account at 7% interest then you should have received in the range of R56,000 interest for the year. The outstandings on the same financials are R1.2 million or a further loss of R 84,000 pa. And there is no analysis on who owes the money or for when. I am going to sit with a couple of owners of units in this scheme at their AGM tonight. Not having a competent Managing Agent can be an expensive exercise.





**WAREHOUSE WITH OFFICES & YARD – FOR SALE/LET**  
680 sq m warehouse, 220 sq m offices, Panttechnicon yard. Covered staff parking. Spray booth. High Security

Contact Getrude 084 590 3235



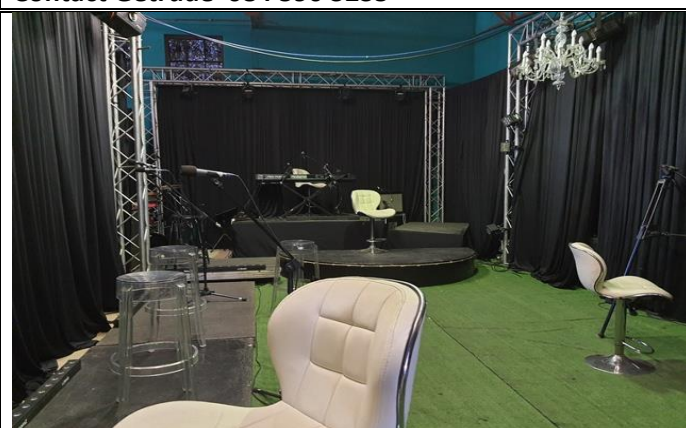
**BEAUTIFUL SET OF OFFICES FOR SMALL BUSINESS**  
For Sale or too let. Excellent quality, excellent area, at very reasonable price. Ready to occupancy.

Exceptional parking for size of offices. Call today.  
Contact Getrude 084 590 3235



**OFF CITY CENTRE OFFICES/WAREHOUSE R40,000 PM VAT**  
New listing - offices & warehouse in well known building. Great value for money with early occupation. Good premises with on-site sales opportunity.

Contact Jodi 082 315 4274



**RENT ONE BY ONE OR ALL TOGETHER**

3 Rental choices; Shop 363 m<sup>2</sup>; 587 m<sup>2</sup> warehouse or 542 m<sup>2</sup> first floor offices. The choice is yours. Separate facilities. Ideal for workshop or spares business.

Contact Getrude 084 590 3235



**IDEAL FOR COMPUTER TRAINING COLLEGE AND MORE**  
1,700 m<sup>2</sup> of buildings in large classroom style. Ideal for training schools and college or call centres. Would make great attorney offices. Lots of secure parking for sale or to rent. Very negotiable affordable price. Not a better buy – great value for money.

Contact Jodi 081 315 4274



**MODERN OFFICES & BOARDROOM. R12,975 + VAT**  
Own underground parking. Ex national tenant offices. Additional offices can easily be created to suit your needs. Bright, light and high quality to compliment your business. CCTV and airconditioning. Really nice offices set up and exceptionally good value for money.

Contact Getrude 084 590 3235