

COMMERCIAL PROPERTY TRENDS REPORT

QUARTER 2 - 2021

LOWVELD

MIDDELBURG

WITBANK

GAUTENG

COMMERCIAL
ORIPROPS
PROPERTY BROKERS



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QUARTERLY MARKET ANALYSIS

What a year this is turning out to be, with the economic difficulties that we in South Africa have been facing, including the Covid Pandemic causing lockdown restriction, the high unemployment figures and the recent looting mainly in KZN and Gauteng, the Commercial Property industry (in Nelspruit) is experiencing phenomenal growth, especially in sales.

An annualised quarter on quarter economic growth of 4.6% has been achieved during the first three months of this year, surpassing the projected 3.2%, shown by StatSA data. The economy is growing, and there is no better time to invest in the Real Estate Market, to either start building your Portfolio, or to Increase your existing Portfolio, and this is exactly what I am experiencing as a Commercial Property Broker in Nelspruit.

My experience in the Commercial Property Market in mainly in Nelspruit, one of the fastest growing cities and business Industries. Being ideally situated in the heart of Mpumalanga, and

the closeness to the borders of neighbouring countries like Mozambique and Swaziland, as well as being close to many of our great tourist attractions in our country, the property market is substantial.

I have experienced real growth in the independent business owner, who is wanting to own his own building and land now. I have also realized that the banks are favourably supporting bond finance for the independent business owner, and I am seeing great success in this area.. After the business owner has bought his first building for his own company, he generally starts doing some research in market to purchase a second building as an investment, starting and then growing his property portfolio. Therefore from my point of view, I foresee substantial growth, within the private sector in Commercial Real Estate acquisitions.

I have also experienced a great deal of cash sales during 2020 and 2021 from my investors, this shows me that there is still available capital and deals to be done. On a yield base I am seeing averages of 10% to 11.5% and depending on the

factors of the sale, I have achieved up to a 15% yield.

Let us not underestimate the rental market. Industrial rentals are at an all-time high, the market is hot, and if you see something that you like, take it, as it might not be there in a few days. I find a growing need for larger warehouses in the Nelspruit rental market with a definite under supply of stock.

Retail and Value retail is just as hot, value retail a bit more so than retail. I have also noticed that my bigger brand name Value Retail clients are expanding rental spaces or opening second branches. Value retail is growing at a tremendous speed in Nelspruit, with more and more big Brand names contacting us for retail premises.

I have been in this industry for the previous 10 years at Oriprops cc and have built up an excellent network of prospective tenant, on-going tenants, landlords and developers. In this Industry and economic climate, almost anything is achievable, so don't hesitate to contact me for expert, specialised commercial advice and service.

I am ending with the following inspiring words by Napoleon Hill – *"Within every adversity is an equal or greater benefit, within every problem is an opportunity."*

Estelle Van Der Walt

Commercial Property Specialist

Oriprops is a specialist commercial property sales and rentals agency with branches in Nelspruit, Middelburg and the East Rand. Contact one of our highly experienced, specialist commercial brokers for any assistance you may need. Our Business Sales division is equally able to assist with any disposals and/or acquisitions you may be considering. Feel free to review our quarterly trends report. These are actual figures we are seeing in the current market.

TRENDS

Below is market information as experienced by our brokers in our area of operation. These are not necessarily asking rates but are either from actual transactions or what our area specialist feels is achievable in the current market conditions. Where fields are left blank we either do not have available stock in that range or there are not enough transactions to form an informed opinion.

INDUSTRIAL PROPERTY

MBOMBELA	Actual market rentals achieved/sqm				Average Escalation Rate %	Vacant land price/sqm Zoned, serviced Contributions paid	Actual yields Achieved on Buildings sold
	Building Size						
	250	500	1000	2500+			
Nelspruit East	R55	R50	R45	R40	6,50%	R1 450	11%
Nelspruit West	R50	R50	R45	R40	6,50%		11%
Riverside Industrial Park	R55	R50	R45	R42	6,50%	R1 400	10%
Riverside Park	R65	R65	R60	R55	6,50%	R1 185	9.5%
Rocky Drift	R45	R40	R38	R35	6,50%	R600	13%

MIDDELBURG	Actual market rentals achieved/sqm				Average Escalation Rate %	Vacant land price/sqm Zoned, serviced Contributions paid	Actual yields Achieved on Buildings sold
	Building Size						
	250	500	1000	2500+			
Vaalbank	R57	R57	R48	R35	7%	R350	12%
SAE Business Park	R65	R60	R50	R35	7.5%	R525	9.5%
Central	R75	R70	R60	R0	6.5%	R400	10%

GAUTENG EAST RAND	Actual market rentals achieved/sqm				Average Escalation Rate %	Vacant land price/sqm Zoned, serviced Contributions paid	Actual yields Achieved on Buildings sold
	Building Size						
	250	500	1000	2500+			
Benoni	R40	R38	R38	R30	6%	R850	11%
Jet Park	R50	R50	R45	R45	7%	R1 100	10.5%
Bardene	R55	R55	R45	R38	7%	R1 200	10.5%
Pomona	R60	R60	R55	R55	8%	R1 150	10%
Isando	R50	R50	R48	R45	7%	R1 000	11%
Spartan	R45	R45	R43	R40	6%	R980	12%

OFFICE PROPERTY

MBOMBELA	Actual market rentals achieved/sqm				Parking Per Bay	Average Escalation Rate %	Vacant land price/sqm Zoned, serviced Contributions paid	Actual yields Achieved on Buildings sold
	Building Size							
	250	500	1000	2500+				
Nelspruit CBD incl. surrounds								
A-Grade	R120	R120	R105	R100	R480	7%		11%
B-Grade	R115	R110	R105	R75	R350	7%		12%
C-Grade	R85	R80	R75	R62	R350	7%		14%
Riverside Park								
A-Grade	R145	R145	R145	R140	R450	7%	R1 600	
B-Grade	R125	R130	R130		<300	6%	R1 600	
Nelspruit Other areas								
A-Grade								
B-Grade								

HIGHVELD	Actual market rentals achieved/sqm				Parking Per Bay	Average Escalation Rate %	Vacant land price/sqm Zoned, serviced Contributions paid	Actual yields Achieved on Buildings sold
	Building Size							
	250	500	1000	2500+				
Middelburg								
A-Grade	R95	R85	R60	R0	R180	7%	R1 100	9,50%
B-Grade	R70	R50	R40	R0	R110	7%	R1 050	10,00%
C-Grade	R30	R25	R25	R25	R0	6.5%		11,00%
East Rand								
A-Grade	R120	R115	R110	R100	R550	7%	R1 400	11%
B-Grade	R95	R95	R95	R90	R480	7%	R1 250	12%
C-Grade	R75	R75	R75	R65	R350	6%	R1 000	13%

CONTRIBUTING BROKERS

We, as a team, hope you found this information interesting and valuable to your property decisions.
Please feel free to contact any one of our team for further advice and information.

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