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LANDLORDS in the commercial real estate market have been encouraged to "think innovatively" and repurpose spaces to avoid properties standing vacant for long periods.

The demand for office space is unlikely to rebound to pre-pandemic levels because workers want flexibility, real estate experts say.

The national office vacancy rate stands at 20.7% and 5.5% for retail.

Last weekend the *Weekend Argus* reported on an increasing number of properties in the CBD standing vacant.

The V&A Waterfront, a major tourist attraction, currently has a retail vacancy rate of 1.6%.

"Entrepreneurial thinking may lead

PROPERTY

Office vacancy rate soars to 20%

to property owners finding innovative ways of avoiding their assets being underutilised or standing vacant," said spokesperson for the provincial Department of Transport and Public Works (DTPW), Jandre Bakker.

"For DTPW to consider conversion of (vacant properties), it would require purchasing these spaces," Bakker said, adding that property owners may rope in entrepreneurs or local government to repurpose vacant spaces.

"The DTPW currently does not have plans to purchase retail space for the purpose of conversion ... user departments may consider this in future and request the DTPW to act on their behalf, but no such requests and/or plans have been received to date," said Bakker.

CEO of the South African Property Owners Association, Neil Gopal, told the *Weekend Argus* that a collaboration to repurpose vacant spaces would require extensive research.

"It depends on the need or demand. It all sounds like good ideas. They would



ONE of the many empty office spaces in Cape Town. | LEON LESTRADE African News Agency (ANA)

have to do a study to determine the needs of the community. But developers will be careful about spending additional capital if the demand doesn't exist. Conversions are not cheap."

Growthpoint, one of the country's largest landlords, said recently that it was considering converting at least one lot of vacant offices into residential units.

The company also said vacancy rates in the South African retail and industrial sectors had decreased.

"It increased in the office sector ... vacancies at the V&A and Growthpoint Properties Australia also decreased. Tenant retention remains a priority and we are addressing it through various initiatives," read a report from the company.

Growthpoint said it expects the next financial year to be challenging too.

"We have a resilient business with the great strengths of skilled people, diversification and astute financial management that benefits from a track record of delivering value to our stakeholders through the cycle.

"This gives us cause for optimism about our prospects."

Real estate giant Balwin Properties bought a vacant building in Johannesburg that essentially became its new head office.

"The property is situated within the upmarket area of Melrose Arch, which

is a rapidly developing commercial and residential node," the company said on the JSE's news service, SENS.

"The property is highly visible from the M1 highway and is perfectly situated to capitalise on the advertising opportunities ... Given the need for additional office space in the group, Balwin initially concluded a head lease of the property for a period of 10 years."

Sirius Real Estate, owner and operator of branded business and industrial parks providing conventional space and flexible workspace in Germany and the UK, earlier this month highlighted that it saw a 2.4% increase in its annualised rent roll across Germany.

This is for the six months to September 30 and was driven by a 3.3% increase in the like-for-like rate per square metre to €6.53. In March this figure stood at €6.32.

Statistics SA said business liquidations soared 44.8% in the year to August while fewer businesses entered business rescue.