



**273-unit flat site with direct access to high quality creche. Exceptional area for 60 & 80 sq m 2 & 3-bedroom units. Erf ready to start building.**

You would think that in these tough times there would be a dearth of buyers but blocks of flats remain popular. Smaller buildings are sort after by individual buyers and larger buildings by larger investors and companies. Currently we have investors looking for 50 plus flat buildings giving a normal around 10% net return subject to location, condition, age, and spread of unit types. They will look both at modern buildings and 1960s vintage properties.

When looking at this type of property to buy there are crucial factors to consider. Firstly, they look at current rental. If the rental is low compared to what is being obtained in similar buildings then the buyer will be prepared to pay a higher price (lower net return). Contrary buildings that have rentals that are very high with no room to increase rentals will usually attract lower prices because of the lack of potential.

Condition is important. A well-maintained property will tend to achieve a higher price because major repairs and maintenance such as painting and waterproofing can be delayed for some time. Major repairs such a rewiring or replumbing will make older buildings much less attractive to potential buyers.

Good positions are very important but possibly more important is the trend that is happening in that area. Areas that are improving will attract better prices as investors see a medium likelihood of increasing rentals over the norm, while deteriorating areas will attract lesser offers or no offers at all until the situation has stabilized.

Orientation is also a key factor when buying a block of flats as north facing flats receive day long sun in winter and are cooler in summer. South facing units are very cold and unattractive, though sea view would be in demand on the coast. If you know of any sized flat building for sale please contact Mike at 082 881 4711

# The Commercial Landlord

Newsletter for  
Commercial &  
Industrial Landlords



September 2017

## Good Buys Around

The economy in Bloemfontein is not hurting to the same extent as other parts of the country and there is so far, no major signs of large scale vacancies in the commercial rental properties

. Escalation rates have shaved but good letting properties are still scarce.

Now is the time for businesses to look at the potential to move from letting premises to their own premises. If you can afford the move now you will find it so much easier when the economy turns.

Owning premises takes away the risk of having to relocate, is a capital store for the business owner and allows for upgrades and alterations to be done to suit the business. In the medium/long term owning our own business property is far better than letting. Call me for an over coffee discussion on which way you should go.

# Talk Shop

by Platinum Global

## School Site Converted

The school sites at Vista Park have been converted to a shopping centre and the rezoning process has now been completed. The new site is just over 3 ha and was too small for schools. The schools will now be developed in phase II of Vista Park.

The sites are just right for a 14,000 sq m convenience centre. With high incomes in the area it offers an opportunity for a quality centre designed with a theme. There is little competition as the closest centres are more than 10 km away.

When completed the new centre will have the usual drawcards but will also be orientated to smaller individual shops that are cost effective for local tenants.

Parking will be designed to be effective and efficient with separate entrances and exits. Bays will be herring bone design which allows for easy parking and reversing out and will reduce parking delays and increase safety. The new centre will be the first fully green building in central South Africa.

## Need for Higher Densities

It is a national imperative that developments are based on higher densities than at present. It is simply uneconomical to have to develop roads, sewage, electricity, and the likes for low density 25 units per ha developments. Put in context normal erven with in the establish areas of Bloemfontein would all allow for a bulk of 1 i.e. same area as the erf as buildings. So a 1000 sq m erf could have 1000 sq m of building or about 12 x 60 sq m units (two bedrooms) or 120 unit per ha. Effectively this means fivefold cost increase when doing new suburb development.

There is a massive need for a new high-rise apartment suburb in Bloemfontein. Allowing retirees to move to more appropriate accommodation would not only create a new market and job opportunities but also put back into the market an equal number of conventional homes – at no building cost.

Hi density development will allow for special facilities to be developed such as high-speed transport which can make these areas even more pleasant to live in. Savings on service costs and land pro rata costs can be put into higher quality finishes and improved services on site. One to think about!

## WANTED - Site for Entertainment Centre

Out of town buyers for a major company are looking for a site to buy for an entertainment/training centre for a national company. Premises need to be 4000 sq m plus space for client parking likely for around 160 vehicles.

Location required up market northern suburbs or Langenhoven Park.

If you have anything suitable please let me know.

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We have also had enquiries for;

450 sq m for motor workshop for luxury cars.

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Motor parts installation depot for national company. 1000 sq m plus offices. Max rental R45,000 plus VAT. These clients have been excellent clients for the past ten years with Platinum Global.

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City centre shop for general dealers.

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Talk to us if you have these types of premises available.

## Use the Right Electricity Metering System

The best electricity metering systems can be slightly more expensive than Chinese junk, but if you put the wrong system in you will regret it. Inaccurate meters are a major concern and as many as 25% of cheap import will read outside reasonable limits. The best systems to install are those with high class meters that can be read electronically and give on line feedback to tenants on how much electricity they use, when, and what the cost is. Don't worry about installing fancy water meter systems as if well placed they are easy to read. Unpaid accounts would result in the water amount being added (deducted) to the electricity prepaid meter and will simply switch off electricity earlier.

A major problem is that of the outside meter reading company and electricity suppliers. While it appears to be an advantage to be able to buy electricity from many sources what happens in effect is that there are up to 12% extra charge levied and the electricity money from presales can take up to three months to arrive in the body corporates account. It is near impossible to reconcile the account. Having a prepaid system run by the managing agent is to be preferred as it is less costly, is more accurate, and means that the body corporate oversees their own money. A couple of recent developments have had to change over to the Scada system to be able to rectify their accounts.



**MASSIVE GROUND AND FIRST FLOOR SHOWROOM**  
 Available immediately. Can be let as top and bottom separately. Was previously car workshop can be reinstated for this purpose. Highly prominent position. Good customer parking. Would suit national tenant for motor orientated use. R45 sq m 5000 sq m.  
**Thabo 082 609 9711**



**WESTDENE OFFICES BUSY STREET R17,000 (VAT)**  
 New on the books, well positioned offices just come on the market. Easy to find offices on street front. Immediately available. Suitable for wide range of possible used. Contact us today to see what we have to offer.  
**Thabo 082 609 9711**



**OUR GIFT TO YOU – 3-YEAR-OLD PECAN NUT TREES.**  
 Ready to transplant to final position or into growing containers. About 250 still available. Large nut variety.  
**Mike Spencer 082 881 4711**



**ANTIQUE GUEST HOUSE AND CONFERENCE CENTRE**  
 Highly successful 27 roomed guest house and conference centre. Over three developable erven and can be sold separately. Contact Mike to view.



**IMMACULATE OFFICE BUILDING MODERN SPOTLESS**  
 Available 1<sup>st</sup> November. 5 offices, reception, spacious, neat, and light. 5 covered parkings. Good security. Wonderful set of up market offices at very reasonable price. Nothing needs doing just move in.  
**Call Mike 0828814711**



**1 HA INDUSTRIAL SITE READY TO BUILD**  
 Set in new factory area next to large scale factories. Large level site ideal for variety of manufacturing, warehousing, and dealerships. Zoning completed. R1.5 million per 1 ha site. Four available.  
**Call Mike 082 881 4711**

## **UNAUTHORISED USE OF SINGLE RESIDENTIAL PROPERTY AS A GUESTHOUSE.**

This is an interesting case where a guesthouse owner was taken to court by his neighbour for running a guesthouse without zoning approval DU TOIT V Coenoe 90 CC (1584/2017). This occurred in Bethlehem so is relevant to the Free State. The area was zoned "single residential", which means it can be used for a dwelling house. The use as a guesthouse fell outside the definitions allowed and was therefore illegal. Also, the Title Deed only allowed the for the property to be used according to the Town Planning Scheme. The court found that;

1. That neighbours were within their rights to ask for the court to intervene
2. Importantly they found that the guesthouse did not have the right to operate until AFTER they had obtained the required permission and could NOT operate as a guesthouse while they were awaiting approval from the Municipality! Such application had to include notices to neighbours and notice in local newspapers etc. Until proper approval had been approved the guest house was illegal and neighbours could obtain an interdict to stop it from operating – and claim damages for any nuisance caused.

Be warned that an analogous situation would arise when using homes as offices or shops – so be

## **WELL KNOWN GUESTHOUSE OWNER RETIRES – GUESTHOUSE FOR SALE**

It is perhaps just a co-incidence that this article on a local guest house For Sale should appear after an article about illegal guesthouses. The owner of this well-known guest house has been running it very successfully for over the past 10 years. The 27-room guest house has conference rooms, training rooms and huge open spaces for dining rooms, offices, and kitchens. It has a fabulous reputation as a top-quality establishment and has a large forward book of bookings. Very different to your normal guesthouse the main building was built in 1904 and it is full of antiques to match. Many people stay there in preference to other guesthouses, just to sample the atmosphere. Situated over three erven in a prominent position which is easy to find it has a very high occupancy rate. The properties can be bought together or separately pro-rata on the negotiable price of R9.3 million for all three properties – which is an excellent price for the properties alone. The business and properties are being sold lock-stock and barrel so there is no need to start from scratch. All three erven have or can get flat rights.

Sounds interesting? Contact Mike Spencer 082 881 4711 [mike@platinumglobal.co.za](mailto:mike@platinumglobal.co.za) to view.

## **Don't Forget!**

Platinum Global can help you with:

- ✓ Management and letting of all your commercial properties
  - ✓ Consultation about the practical management of your new developments
  - ✓ Marketing and sales of new sectional title & HOA developments
- With over 40 years of property experience we can offer sensible, practical, and well managed solutions to all your property needs.

# AGENTS WANTED

Yes, that could be you! Platinum Global is very successful with our Residential Sales department. We are looking for enthusiastic agents to sell flats, houses, and townhouses for us. We have an internal management list of some 2000 sectional title units as a source of potential sellers. Full training will be given. Not for the faint hearted but a satisfying career for those who like a challenge and are able to work in a team and on their own. You will need a car, a cell phone, and a huge heart. You are welcome to come and see what we have on offer. Contact Mike at 082 188 4711.

## Areas of Operation

We are looking for enthusiastic people to work in the following areas.

Langenhoven Park – Sectional Title and Houses

Fichardt Park & Universitas – Houses

Northern Suburbs – Houses and Sectional Title

Navalsig & Westdene – Sectional Title

General de Wet & Uitsig – Houses and Sectional Title

Smallholdings in the North and West