



# The Commercial Landlord

For Landlords , Owners , Investors and Tenantsof Commercial & Industrial Property

## Install the Right Meters When Building

I attended a presentation on water meters by Elster Kent who supply the Metro with all their water and electricity meters. There are some dramatic changes due to happen in all parts of the country in the near future. Most importantly water is set to become more expensive – much more expensive - and now is the time to start making sure that you are collecting the right amount from your owners and tenants.

It is a fact that water meters become inaccurate with age, from a management point of view usually short reading. This could well be why you are only collecting 50 or 60% of your municipal account. I was surprised to hear that water meters in Europe have a life span of as little as 6 years and are replaced by law over this period. Water meters in South Africa go on for ever! My house meter was recently replaced and I have lived here since 1975. The house was built in 1960 so the meter was 53 years old! Most buildings have water included as part of their levy (body corporates) and the rental for let units. This just allows tenants to waste water without consequences. Platinum Global are steadily replacing water meters by new ones and making water as an extra not inclusive. It is amazing how our water bills have dropped – in some cases by half! Apart from the reduction we are now able to charge owners and tenants based on actual usage and are thus stopping the previous cross subsidisation.

Reading of all water and electricity meters is an expensive and time consuming exercise. Most landlords and Body Corporates pay dearly for the service. Installing electronically read meters not only reduces the time and cost of meter reading but is far more accurate. Owners and tenants can view their usage patterns and confirm their accounts on the internet – a great dispute solver. Time of Use electricity meters are in full use in Bloemfontein and are due to become the norm in all areas in the country. There is serious discussion that water will also be sold on the same basis! There is no doubt that there are strong positives in installing electronic meter reading especially as it can be configured to create pre-paid systems that protect the landlord and body corporate from non-payment.

## Slowdown in Office Demand – Caused by Illegal Building?

Like the economy the demand for office space in all areas has definitely dropped. Not that it is a major problem at the moment but there has definitely been fewer enquiries of late. It is obvious that many tenants are battling to pay their rental – often caused by the government not paying or not paying on time. Potential tenants have more choice but seem incapable of making decisions on which property to let and seem to fade away. This is being reported by a number of commercial letting agents.

But the question is how far is this down trend and vacancy factor being affected by the massive amounts of illegal offices that are springing up all over town with impunity? I believe that owners of correctly zoned properties are being severely prejudiced by this flurry of illegal office buildings. They are paying high rates, taxes and commercial water and electricity tariffs but are forced to compete with domestic premises and domestic costs. These illegal premises have not even gone to the expense (quite considerable) of the actual rezoning. Come on city fathers put things right and protect the rights of those that are paying your salaries. While there is a need to review a very outdated town planning scheme don't kill the goose that lays the golden egg!

Having said that it is quite apparent that zoned properties in the older suburbs of the city are not offering the quality of offices that are being offered illegally. Buildings are seldom rebuilt and modernised, parking is poor or limited and rentals don't always reflect the quality of what is being offered. The Metro needs to level the playing field by enforcing the rules and there would be far less vacancy in properly zoned premises - the Metro must simply do their job properly.



## Rode Breakfast – Great Success

Last month's Rode Breakfast was a great success and those people who attended came away educated and entertained.

Erwin Rode of Rode & Associates is the creator of the Rode Report which is the handbook of commercial and industrial rentals and costs. He is a knowledgeable and informative speaker. Dawie Roodt MD of Efficient Group is able to put complicated economic theory and reality into an entertaining, easy to understand half hour.

Keep an eye open for next year's breakfast. Don't forget you get 2 CET points as a bonus!



### **BRANDWAG PARK OFFICE SUITE**

Full set of 5 offices with reception. Kitchen toilets and open parking. Across from Brandwag Shopping Centre centrally accessible, close to UFS, Mimosa Park etc.

Vacant occupation of desirable property  
Call Mike Spencer 082 881 4711

### **AFFORDABLE CITY OFFICES – NOW AVAILABLE**

Centre city offices are in good demand and very seldom come into the market. They are used mainly by emerging businesses that need to be close to their clients for ease of access and are usually limited in their ability to pay high rentals.

A set of two offices is available for R2000 pm water and electricity included in the NG Kerk Building in Bastion St.

A 400 sq m open plan office is available in Prophet Building in Harvey Rd for around R3,500. Although fairly basic this office can be used as a general office, dance studio or church (afters and weekends). This office has its own pre-paid meter. Contact Mike Spencer 082 881 4711 [mike@platinumglobal.co.za](mailto:mike@platinumglobal.co.za)

### **Small Suite Affordable Westdene Offices**

Set of four interlinking offices with good parking. Available immediately. Very reasonable rental. Negotiable electricity, water and data. Good start up offices for small company. Easy walking distant from eating places to entertain your clients.

Call Mike 082 881 4711 [mike@platinumglobal.co.za](mailto:mike@platinumglobal.co.za)

### **NATIONAL CLIENT WANTS PURPOSE BUILT OFFICE/WORKSHOP**

Well known national client is looking for new long term purpose built workshop/offices. Will sign 10 year lease plus option. Fitting workshop for 20 cars plus supporting offices for 15 people. Must be high visibility easy find site but can be situated in most areas of the city. This client has 1 year remaining on their current lease and needs to move because business is booming. If you have suitable sites available please contact.

Mike Spencer at [mike@platinumglobal.co.za](mailto:mike@platinumglobal.co.za)



VIEW IN OPEN COURTYARD TOWARDS THE WEST

PROPOSED ARBORETUM OFFICE  
BLOEMFONTEIN

Looking for top quality offices? Multi-tenant office park with variety of offices sizes. Offices can be designed to tenant's requirements. Good parking ratios. Modern light big windowed design which offers light open plan offices

Building will commence shortly. Call Mike and be introduced to the developer so that you can have these offices tailor made to fit your requirements.



**Westdene – Modern Offices**

## Clean – Modern – Great Parking

Available 1<sup>st</sup> December 2013. Full suite of offices with good parking. Really well laid out modern style property which would suit architects, insurance brokers, estate agents, general offices plus 5 offices plus large open plan, first class kitchen Handicapped compliant toilets (separate ladies/gents). Reception/entrance. R16,000 plus VAT (very reasonable rental for such a nice property). Contact Mike Spencer 082 881 4711

### INVESTOR CORNER

Investing in Commercial and Industrial property is not of the light hearted. You need to know what you are doing. Commercial properties are as a matter of fact far bigger and more capital intensive than individual residential investments. The whole profile of commercial and industrial property is totally different from residential investment and you need to know what you are doing. Risks are higher and harder to alleviate. But returns are better when you have a tenant. Commercial properties require a higher cash injection as banks are only prepared to lend about 50 to 60% of the purchase price. Having a 10 year lease with a national company is great but what happens when they move out. You must have deep pockets when your property stands vacant for lengthy periods. Buying Commercial and Industrial property is easy – it's the selling that can be hard. In this market timing is everything. Buy at the bottom of the cycle and earn a fortune. By at the top and see your arse. Whatever you do ensure, when you buy, that there is a valid and long term lease in hand with a tenant of standing. Try to get them to agree to an extended long term lease when you take over, it just gives piece of mind

Contact Mike Spencer at  
mike@platinumglobal.co.za.  
082 881 4711



## CHEAP OFFICES

14 Offices –R30,000 (VAT) make an offer. Big air-conditioned rooms. Over 400 sq m.

Take all or pick and choose. Big spacious classroom like rooms.

Phone Mike Spencer 082 881 4711

## SPECIAL PROPERTIES

### READY TO BUILD TOWNHOUSE SITE

Zoned for 23 townhouses on stand with streets on three sides –easy access. Single or double storey townhouses can be built. Price R137,000 per stand. Will sell quickly.

### SHANNON SMALLHOLDING DEVELOPMENT SITE

Choice of 2 approved development sites. Opportunity to become your own developer. 76 sites including commercial. Duet possibility per stand.

### OFF CITY CENTRE 3750 m2 DEVELOPMENT SITE

Zoned group of individual erven to be redeveloped or used as is. Some business zoning, some office zoning, some residential but area dictates that full business rights could be applied for. R17,000.000

### NATIONAL QUALITY DEVELOPMENT SITE

Top end office, showroom, hotel, clinic, site for sale - 13 ha. Will sell whole site or undertake JV. Zoning on point of approval – services available. High visibility site. R70,000,000 package.

### CHOICE OF TWO OFFICE SUITES.

110 to 124 sq m 4/5 offices. Airconditioned. Vacant occupation R10,000 to R12,000 (VAT)

### SUBURB FLAT/SHOP BUILDING FOR SALE

Well maintained older building fully let. Full information on income and expenses available. Make an offer round R6.5 million, Serious Seller.

### SITE UNDER CONSTRUCTION COMMERCIAL

Northern suburb commercial office site with coffee shop. High activity area. Basic design not set in stone. Ideal for landlord owner and development of high level office park.

### WESTDENE TWO ROOMED OFFICE COTTAGE

Selected tenants only. Vacant occupation R1750.00 plus VAT.

### ESTORIE INDUSTRIAL STAND 1.1 HA

3 subdivisions for sales with industrial rights. Vacant industrial plot for sale R1.75 million.

**STOP LOOKING FOR SOMEBODY TO LOOK AFTER YOUR OFFICE OR SHOP BUILDING – YOU HAVE FOUND THEM. Talk to us about our unique way of handling property that gives you full financial control.**

## New developments 101

We have previously talked about getting the rules right in a Body Corporate before you start selling. We have spoken about making the rules part of the sales contract too. Here are a couple more pointers to a quiet life. Ensure that all the rules in the house rules are contained the main rules. It does make it more difficult to change the main rules but does mean that when action is taken in court the rules are in the right sections. Unfortunately it does not help to get to court to enforce rules only to find they are in the wrong annexure. Work with your managing agent not against them – we have found developers have changed the rules without consulting the managing agents to be. Adding in cats to make it easier to sell does nothing to give you a good reputation with the owners when cats are a problem. Take care with your wording to make rules clear and concise. Contact [mike@platinumglobal.co.za](mailto:mike@platinumglobal.co.za) for more insight.