

THE COMMERCIAL LANDLORD



Commercial Landlord and Tenant Newsletter

May 2016

Don't Dictate—Negotiate

Nobody will argue that the market is brilliant—it certainly is not, though we would suggest that it is not as bad as some believe. As a landlord myself I would love to dictate how much rent my tenants must pay but that is not the way that it works. Tenants, when looking for a new property, will compare one option with another and will choose the one that fits their needs best. While rental is important other factors would be location, condition of the property, lease conditions, visibility, parking for staff and customers, and whether the suburb is improving or going down.

Existing tenants will decide whether the new rental seems “fair” taking into account other rentals available and the inconvenience of moving. If other factors outweigh the increased rental the tenant will move.

Far too many Landlords believe that rental will always increase each year while the reality is that rental fluctuates mainly upwards but also downwards. Even if you have a five year lease with a 10% escalation each year, it may be to your advantage to agree to a one year hold back ie hold your rental the same for two years and be one year behind on your escalation for the rest of the year. Just doing this could keep your tenant rather than having to search for a new one. We sacrificed just 10% (the escalation) which is in effect equivalent to 1.2 months rental over the year. This means that if your tenant moved out and your property stood vacant for more than 1.2 months before you got a new tenant at the escalated rental—you have made a loss. More than that you are very likely to have tenant start up costs that are equivalent to one or two months. This is why it is always better to keep a good tenant rather than trying to look for a new one. The very reason why it is better to listen to your tenant when looking to increase rental

“ To rent commercial property all the time you need a balance between maximum rental and chasing your tenant away. If your tenant thinks your rental is too high they will simply leave ”

- Mike Spencer



Vista Park 2500 sq m business site. Ready to develop R1,500,000. Zoned for mini shopping center. Corner site on what will be the main road leading to 6500 homes to be built. Could be the local Post Office and post boxes. Lots of options and a good site to own.

In This Issue

- Don't Dictate Negotiate
- New Developments
- Are you Disincentivizing Your Letting Agent?
- Buying & Selling
- Flats & townhouses



OFFICE WITHIN AN OFFICE..R3,500 pm including assistance from receptionist. Existing phone/fax/internet lines available at small cost. Really high quality office for small start up business . Something very unusual and nice. Can also be used as a "when in town office" for those that need space while they are visiting Bloemfontein on a regular basis. Call Mike Spencer 082 881 4711 to view these offices.

Site for Serious Developers

Did you know that homes in Vista Park are selling from R750,000 to over R1 million. This is no slum area with income requirements to buy a property in Vista Park ranging from R25,000 to R35,000—and they are selling!

We have an opportunity to build 200 flats at a ground cost of R52,000 plus VAT per unit opportunity.

This is a great opportunity for developers to construct their next building. Recommended two bedroom unit of 60 sq m per flat and we can show you samples of similar very successful developments.

We are able to introduce you to top quality architects and the seller a Master Planner, has lots of super ideas for you.

Contact Mike 082 881 4711

Developing New Commercial

When you look around you will find quite a bit of new development taking place. Just look at Langenhoven Park, Wild Olive and Frans Kleinhans where a new Woolworths will be opened in 2017. What make a good commercial development.

A good example would be the new development outside Woodlands. It is modern and well planned but most importantly it is situated right next to a large area of up market housing with no internal shops or facilities. An ideal spot for a new commercial development—one that is almost impossible to fail in!

Choosing the right Spot

For your particular development it is vital to ensure that you have the right place to develop. Doing a residential townhouse scheme on a small holding on the far side of the airport has proved to be a very difficult one to succeed with and such a development will most likely never be successful or at the very least take an uneconomical time to complete and sell/rent.

Properly sited developments almost have to be very bad not to be successful and will often sell/let out very quickly even if they seem to be over expensive. Could this be the case with developments in Langenhoven Park and Woodlands? There are some excellent sites still available in the city.

Need Help with Your Developments

Platinum Global are not developers in their own right but they are able to offer sensible and practical advice to developers. We offer a consultation service to developers that includes assistance with layouts and amendment and creation of workable rules. Platinum Global are able to suggest suitable sites and work as part of the development team to get the very best result for you as the Developer. Associating a new development with a well known administration, sales, and body corporate management company will do much to enhance the reputation of your new development. Our services are available across South Africa

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



Vacant warehouse with offices and yard. Great place for storage or workshop. Large open workshop/storage. Good sized secure yard. High level roller door for full truck delivery.

Contact Mike 082 881 4711

Is your Lease Agreement too complicated?

Lease agreements have been around in different forms for hundreds of years. There have always been landlords and tenants!

Some lease agreements are quite short with only about 20 essential clauses written in simple language which both the landlord and tenant understand. Unfortunately some landlords still insist on using Victorian worded and legal language leases that are virtually unreadable or understandable.

Landlords essentially want tenants to pay the rental on time and settle the water and electricity accounts. In the tenant has a lease for a specific period at a specific rental (and escalation) in other words they have security of tenure for the period of the lease.

Everything else is detail. Detail should be kept to an essential minimum confirming the essentials. Where, when and how the rental must be paid. The escalation rate and date, what maintenance is the responsibility of the tenant and what happens when the tenant gives notice at the end of the lease. That's really about it.

Then why are some leases thirty pages plus long? Why are some leases full of legalise and Victorian wording. Check out your leases and see how they read.

A simple lease makes for a happy tenant.



Oranjesig R12,900 plus VAT. This is really a super place to have your business. Large spacious house with big garden yard plus outside undercover storage space plus cottage or outside workshop. Well situated in /Krause St. Vacant with immediate occupation. Call Mike 082 881 4711 mike@platinumglobal.co.za

Are you Dis-incentivizing Your Letting Agent?

The purpose of a letting agent is to find a suitable tenant for your property be it commercial or residential. Additionally most good agents will do a credit check of the proposed client to ensure that they are going to be able to pay.

The landlord can either chose a full service letting agent that will draw up the lease, do the take-on inspection, collect and keep the tenant's deposit, invoice and collect monthly rental, manage the building, undertake maintenance on behalf of the landlord and finally do the outgoing inspection and repay the deposit if everything is OK. For this service they pay around 7.5% plus VAT of the rental collected .

Other landlords just want the letting agent to find them a tenant. The Landlord organizes the lease agreement and collects rental etc . These type of landlords try to dictate what they will pay the letting agent – usually 5% of the first two years and 2.5% balance of the lease (plus VAT) as a one time payment. Some landlords try to pay one month's rental. What they often try to exclude are any escalations, lease renewals, extras that the tenant takes (extra space or parking) and often prohibit the letting agent from contacting them to let other premises to the tenantat the end of the lease.

Letting agents are in business of letting property. The more they let for the longest period the more income they receive. Having landlord trying to dictate low fees and excluding renewals etc does nothing to incentivize agents to let your property as they would far rather let to landlords that pay a more realistic fee. While the would agree to a lower fee when they don't have to attend to the day to day management of their letting cutting their fees to small portion of their potential earnings does nothing to encourage them to let your property. If you want them to take a one time fee there is obviously a risk that the tenant will not stay to the end of the lease, but this seldom happens with quality tenants. It would be far better to meet them somewhere in the middle. Perhaps a 5 % plus VAT fee for the period of the lease and any renewals but only payable on the anniversary of the take on date or any renewal. That way if the tenant absconds you only pay for the time when they paid.

Either way, as a landlord, you should be aware of your lettings agents frustration at dictatorial landlords who want to dictate what letting agents can earn and the effect that this has with letting agents trying to let the best clients their best properties before they take them to your property. Perhaps you would get more tenants letting your property more quickly if you were to offer a more reasonable fee for letting in your building.

The Property Market Place—Rentals (normally plus VAT)



Zastron St 124

Double storey offices open plan with managers office. Strong visibility position on major road. Large open offices ideal for call centre, insurance brokers and the like. Be seen by the World!

Thabo 083 593 6184



Hamilton Warehouse

Ware house (1500 sq m) and offices to let. Early occupation. R25,000 pm. Practical warehouse with main delivery bays. Large office accommodation.

Thabo 083 593 6184



Old Industrial Maroela St R14,000 pm

Proper workshop/warehouse. Strong building with own closed yard. Security gates. Small office section.

High riser delivery doors accommodates full sized trucks.

Thabo 083 593 6184



400 sq m Offices in Willows at affordable price

Need lots of space but don't want to pay a huge rental. Great set of offices for those that need space at an affordable price. Very large open plan offices with plenty of parking in secure rear yard.

Thabo 083 593 6184



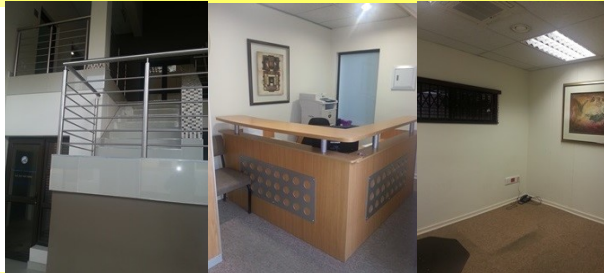
Willows Offices

Two sizeable offices available 1st March 2016. 60 sq m open plan offices with pre-paid electricity. R5,000 pm.

6 Office suite R10,000 pm own toilet and kitchen.

All offices airconditoined.

Thabo 083 593 6184



Westdene Reid Street

Opportunity of luxury in a super building at mouse sized rental R2950 pm. Single office within an office, include use of a receptionist.

Would suit start accountant, attorney, architect or similar business. Medium term lease available. Rental includes water and electricity. Plenty of parking for you and your clients.

Mike 082 881 4711



Westdene R15,000 pm + VAT

Landlord took our advice and fixed up this very nice building in Westdene. Lots of space inside on site and street parking in this busy "eating" area of the city.

Vacant early occupation available. Definitely a nice place to do business. Can be used for a variety of different types of businesses. Highly visible site.

Contact Thabo 082 609 9711 to find out more about this and other nice properties in Westdene.

The Property Market Place—Sales



City Building For Sale

Consisting of three spacious ground floor units. Rear workshop cum store. Two street front shops. Easy to find high visibility site close to main government building.

R3,500,000.

Mike 082 881 4711



City Shop R 1,200,000

Rare opportunity to own your own shop in the middle of town. Ground floor plus basement 261 sq. m. per floor.

Three phase electricity. Sectional Title Unit. High visibility.

Thabo 083 593 6184



Industrial Complex R 2,000,000

Workshops, large shop, stores,, scrapyard, fully let. Would be ideal for spray , painters, panel beaters, motor workshops. Own your own premises and collect rental to pay off your bond. Lots of space for everyone.

Contact Mike about this and other opportunities to own your own business premises.

Mike 082 881 4711



Westdene R2.8 m.

Nice Residential conversion to office complex. Main house offices, kitchen, bathroom, reception,.

Outbuildings three sets of offices. Lots of parking. Nice place.

Thabo 083 593 6184



Westdene Office Park

Own offices at the front, rental income from rear offices to offset your bond costs. Why pay rent when you can buy. 7 offices on two levels. 2 bathrooms. Lots of parking. Very well located.

Six outside offices to let out. For Sale for only R3,500,000.

Thabo 083 593 6184



East End Industrial R 3,100,000

2 Warehouse 2

The property is situated on 1900m2 site and has two warehouses. Of 800 and 400 sq m. Lots of parking and yard space. Front newly built.

Immediately available will let until transfer.

Thabo 083 593 6184



Westdene R2,750,000 + VAT

Three portion building with two top class tenants. Good condition converted houses plus new extension. Well positioned, easy to find, on site and street parking available.

Well maintained property managed by Platinum Global.

Really great building for attorney offices or similar. Tenant lease 18 months to go.

Mike 0828814711



Downstairs has been let but we have super upstairs offices just for you. Huge open plan offices plus two managers offices. May not look much from outside but well worth looking at inside. Very well priced for your office needs in a building that is easy to find in a well located area. For this and other offices

Contact Thabo 083 593 6185

Blocks of Flats and Town Houses

Our new and additional staff are working so well that we have space for managing of additional blocks of flats or townhouses. Currently we manage whole blocks for ABSA subsidiaries and for other national major property managers and would like to offer you the same level of service.

We are able to take over problem buildings and change them around into well run buildings in a short time. As a policy we run rental blocks on the same basis as sectional title schemes with their own bank accounts, individual detailed annual budgets and month to month itemized reports to the landlord..

Our qualified staff offer rental consultations to landlords and are selective about the tenants that we allow to move into your buildings.



Super Built-in Cupboards

At Super Prices.

Wonderful Prices



Kitchen Cupboards
Bedroom Cupboards

Office Cupboards

You name it

Freek will do it!

Tel Freek Oosthuizen

079 143 5314

BUILDING PROBLEMS?

SECURITY PROBLEMS?

Wain will help!

Just want a bit of painting, need a wall building, looking at an extension, need welding, fencing,?

Looking for security advice. Need guarding services?

Call Wain. 084 209 4022

THE 'BAD CLUB

Business mentoring for young business people.

Next event; 12th May 2016
12 to 2 pm

Liberty Life Building, Nelson Mandela Rd

Main event ; CHOOSING THE RIGHT VEHICLE FOR YOUR BUSINESS.

Contact Annelize 083 533 4194
Annelize.dv@bizzac.co.za

Back to Basics Gives the Right Answers!

Setting the right rental for your property is an art not a science. Never mind what your last tenant was paying or what you would like to get there is a reasonable and acceptable rental for your premises in the mind of a potential tenant. That rental will depend on what the tenant knows about rentals in general, what their affordable rental level is and how the value in your building compares to what else they have seen in the market. All being equal if your rental is more than your competitor the more likely that potential tenants will go to a cheaper place. Not quite so simple because what one tenant sees in your property may not be what turns another potential tenant off or on. However the cheaper rental, all else being the same the more likely that you place will be let first. The art is ensure that your property looks and feels better than your competitors for the same rental or to adjust your rental to take into account to good and bad things of your property.

I suggest that you look at you carefully look at what you want to let and make it as attractive as possible. Is it clean, is it in good condition, is it easy to find (simply putting a street number to make it easier to find could help to get it let). The better your property the easier it is to let so spend a little money on the small things like cleaning and taking away all the rubbish, making keys available etc. Do whatever you need to get it let.

If you want to let commercial or industrial property make sure you tell us about it. We cannot let your property is we don't know about it. Let us know early to give us a chance to find a good tenant for you. We are more than happy to view your property and give you professional advice on how to get it let quickly.

Wanted Commercial Properties to Sell and Let

The current market is far from exciting but there are still plenty of people looking to let or buy commercial and industrial properties.

Currently we have builders looking for a builders yard and offices. Others are looking restaurant space with quite a few people looking for small shops in the centre of town.

Do you have commercial property to let?

Contact Mike or Thabo at

mike@platinumglobal.co.za
agent@platinumglobal.co.za

082 881 4711
083 593 6185



NEW DEVELOPMENTS CONSULTATION

CARPET CLEANING

Platinum Carpet Cleaning
(not related to Platinum Global)

Dry you carpets after roof leaks and burst pipes.

Clean carpets when your tenant moves out.

Clean carpets when you drop items.

BROKEN WINDOW NEEDS TO BE FIXED?

SHOWER GLASS?

MIRRORS?

Get the professionals.

Marlow Glass

051 430 7325

ADVICE ON NEW DEVELOPMENTS

Making Rules Enforceable

The basic sectional title rules are not comprehensive and are difficult to enforce. By adjusting the rules on a new sectional title scheme before the rules are registered. Platinum Global offer a consultation for developers of new sectional title schemes.

Contact Mike Spencer 082 881 4711