

KZN sees improved property performance in commercial sector

According to Rob Moran, regional director for JHI property services group, various sectors of the commercial property market in key business nodes in KwaZulu-Natal are experiencing gradually improving market sentiment.



"From a retail perspective and in regard to centres managed by the group, we are finding that foot traffic is stable or up on last year, with traditionally strong shopping centres trading well and with tenancies having proven resilient in tough trading conditions. Our managed retail centres remain well tenanted and we have very few vacancies, with rental levels and growth remaining intact.

"It's positive to note that there is a high demand for retail space in the Durban CBD, with very few vacancies. The Berea/Morningside area is also experiencing a good demand, with little space available, while in the precinct around Gateway (i.e. not including Gateway shopping centre) tenanting is generally good but with pockets of vacancies. Rentals vary significantly, depending on size and location."

In the office sector, the group notes a slightly more positive sentiment in the market with lease renewals and new lets continuing. Its broker manager, Alan Dryburgh, says while interest remains focused mainly in the areas north of Durban, the centrally and conveniently located area of Morningside sees an ongoing, steady demand due to its position and thriving business component. Westville, with its easy access to the city centre and all major routes - is starting to see an increase in demand.

New airport increases demand

"There is no doubt that the development of thousands of square metres of commercial space in Umhlanga Ridge and La Lucia Ridge, as well as in Westville over the past five to 10 years has had a significant impact on leasing in the Durban CBD. These new developments are attractive, well designed, easily accessible, situated in secure, landscaped and well managed precincts and are extremely appealing to corporate tenants. The opening of the new King Shaka International Airport at La Mercy has undoubtedly also had a positive impact on development to the north of Durban," adds Dryburgh.

In the Umhlanga Ridge precinct the current demand is mainly for smaller units in the region of 80-200m², with asking rentals ranging from R90 to R120/m² per month.

Dryburgh says the stronger demand is for space in La Lucia Ridge - where developments are tenant driven - with most enquiries for smaller units, which attract rentals to a maximum of R135/m². In prestigious Umhlanga Ridgeside, presently under development, there is a strong demand for office rentals at R150/m².

"Closer to Durban in the Durban North area, where asking rentals tend to be close to the levels sought in nearby Umhlanga and La Lucia, we are seeing an ongoing trend towards rental space comprising mostly houses which have been converted into office accommodation. In busy Morningside pockets of office space are available and in Westville, where there has been an over-supply of stock, demand is starting to increase. Slightly further inland in Hillcrest, the group reports that enquiries are also picking up.

Commenting on the industrial property market Dryburgh says this sector is experiencing an upturn in enquiries with construction still taking place. "The successful RiverHorse Valley Business Estate is a good example. Here there is significant end-user development continuing, however with very little land remaining available for development this is seeing businesses beginning to look further north."

Just inland from Durban in the Pinetown/Westmead area there remains a good supply of industrial space, with a large development taking place in Rosmead, where 10 tracts of land are being developed for end-users. "Frame Industrial Park is currently being redeveloped and will offer an additional 150 000m² for occupation in 2011. Rentals are pitched competitively. In addition, more land along the N3 before the Toll Plaza has become available for development," he concludes.

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