

# Commercial property sector fights back in 2022

The commercial property sector has fought back and is showing positive signs of growth and recovery for 2022, says Wesley Cowan, director of Galetti Corporate Real Estate. He believes the industry has weathered the worst of the storm in the short term.



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“The industry has transformed over the past few years and we are optimistic about the future,” says Cowan.

While high vacancies in the office sector cannot be denied, the logistics property sector is a firm frontrunner and has contributed to a large portion of the sector’s growth for 2022. “Demand from the logistics property sector for warehousing and vacant land in industrial areas is leading the way,” he comments.

## E-commerce driving demand

“Interestingly, there are few vacant industrial premises on offer – particularly in the Western Cape - giving rise to a seller’s market.” Cowan adds that the major uptake in space can be largely attributed to the growth of e-commerce. “As an example, Takealot.com has acquired an additional 35,000m<sup>2</sup> of space and has extended its existing premises by 15,000m<sup>2</sup>.”

Property developers have also noticed the uptick and are cashing in. “While developers still welcome the opportunity to develop warehouses for a confirmed tenant, there has been a notable upsurge in the development of speculative warehouses, and developers are filling these successfully prior to completion.”

Rode’s Report on the South African Property Market for Q3 2022 detailed a nominal rental growth of 5.3% for spaces of 500m<sup>2</sup> (compared to Q3 2021). The report further states that the market was boosted by low vacancies and demand for logistics warehousing.

“2020 was a defining year for industrial property and this trend continues. Today, we are going as far as to use industry

contacts to secure stock before they are listed,” says Cowan.

## Western Cape outperforming rest of SA



Wesley Cowan, director of Galetti Corporate Real Estate

While there is significant growth and uptake across the country, the Western Cape province has outperformed the rest. “With barely any industrial sites on offer, clients are clamouring for space. This creates a unique opportunity for investors and landlords.”

Rode’s Report seconds this, noting that, “Nominal rentals for prime space of 500m<sup>2</sup> is up by 6.7% from Q3 2021.”

### Large deals across major provinces

Cowan says that 2022 will forever be defined by some of the largest logistics property deals that the industry has experienced in recent history.

“In Gauteng, prominent brands such as Isuzu, Media24 and Crusader Logistics expanded and found new premises in 2022. In the Western Cape, Truworths, The Foschini Group and Media24 Logistics were some of the frontrunners in securing new premises, while in KwaZulu Natal, Zaccpack led the way.”

“Deals concluded in this sector equate to north of 500,000m<sup>2</sup> in 2022. We are pleased to be showing positive growth and I believe that the same can be said for majority of the industry at large,” Cowan concludes.

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