

Post-lockdown commercial property trends - early indications

By [Org Geldenhuys](#)

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In the last week or so, my team has noticed a number of early trends emerging in the commercial property market as more and more companies prepare to get out of their lockdown state and start preparing to get back to work.



Image source: Gallo/Getty

The office market: Clients expressed a definite need to downscale their physical office space from pre-lockdown requirements. Work from home is now a reality for those who can do so and those who have to run an office component feel they can make do with a lot less space than before.

In our latest office space inquiries, we've seen the actual requirements dropping by 50% or more. There are even companies going as far as giving up their office space as they've become accustomed to the work-from-home phase, and it works for them.

The industrial market: Demand for warehousing, distribution, freight and logistics type of business is still in demand. It comes as no surprise as everybody was forced to start looking online for product purchases and product delivery for their daily needs.

It's too early to say what's going to happen in the manufacturing sector to understand the impact on their space requirements. Consumer demand might be muted to start off with and this will impact the production of goods.



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The retail market: Early indications are that smaller and neighbourhood types of retail will be the place where retailers and shop owners will be looking for space. Big retail is in for a difficult time.

The whole notion of buy locally and support local will be strong trends coming out of the travel restrictions and other protection measures promulgated against the pandemic. We are going to be living, working and shopping close to home for a long time!

Vacant land: There are lots of sellers at the moment with all sorts of land holdings up for sale. With lots of options to choose from, buyer demand for smaller residential development land earmarked for entry-level housing seems to be favoured.

Unzoned land in outlying areas has little or no chance of exchanging hands in the next while. Zoned industrial and commercial land will also be slow to change hands, and this will typically only happen when there are tenants lined up. Nobody is going to develop on spec or land bank.

Property sellers: The reality of the difficult times ahead in the property sector has not sunk in as yet. So far, sellers are still fixed on pre-lockdown selling prices. This will take some time, but soon everyone will realise that if you want to sell in this market, your pricing needs to be keen and realistic.

If you don't have to sell, it's better to wait this out and get back into the market in 12–18 months' time.



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Property buyers: This is obviously a buyer's market and everybody knows it. If you have access to cash or funding and the cash flow to carry a commercial property for the next year or so, you are in for some very good returns.

The current market conditions are uncharted territory for most, but these tough times will pass and the market will be buoyant again. It might just take a bit longer this time. Partnering with a commercial property brokering firm that has an understanding of all of this will go a long way in navigating the uncertainty.

ABOUT THE AUTHOR

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