

Trends to expect in the township development, office, retail spaces



By [Herbert Seabelo Theledi](#)

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As the fight against Covid-19 rages on, the property sector shows a bag of mixed results with some parts of the sector showing signs of growing demand and growth prospects while others are on their knees.



Seabelo (Herbert) Theledi, founder and managing director, Nthwese Developments

As the situation currently stands, South Africa is in national lockdown, interest rates are considerably low, which has led to a housing market boom with first-time buyers dominating. With fears of a third wave, the scramble for a vaccine and an uncertain economic trajectory, it is uncertain how long it will take for the property market to fully rebound.

Here are some trends we expect to see in 2021:

A focus on rural and township development

There is a huge demand for property developments in both rural areas and the townships. Over the past decade, the development of townships into more economically sustainable communities has been a growing subject of interest in South Africa. The middle-class population is increasing daily in townships, which necessitates spaces that enable business activity. Young people are looking for job opportunities and retail property development is providing thousands of jobs across the board.

For example, despite the ongoing global pandemic and tough property market this year, Nthwese Property Developments is expanding and redeveloping the existing Bushbuckridge shopping centre to address the social-economic challenges in the area. The community of Bushbuckridge is experiencing exponential growth and the current infrastructure provided is not sufficient. The project will create a total of 1,763 jobs for the community.



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Vacant office space will be converted into residential units

With economic uncertainty, people working from home and small and medium-sized businesses struggling, office buildings have become more and more vacant. I believe that this year some of those properties will be converted into residential units. Factors such as urbanisation and the booming housing market, especially for first-time buyers, shows the demand is there for more residential properties to be built in cities. Therefore, I foresee property developers taking advantage of this opportunity to convert existing buildings to make them viable again.

A bigger focus on tenant mix analysis

The year 2020 taught us that in retail shopping centres, achieving the right balance in tenant mix is paramount. Shopping

centres are a one-stop shop for food, entertainment, fashion, medication, and luxuries. However, to keep the shopping centres viable, we must achieve the right tenant mix. Conducting a tenant mix analysis will be essential in gauging property performance and it will allow for adjustments to be made to meet the ever-changing consumer needs and drive more sales.



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Increased focus on health and safety measures in property

Using sanitisers and practising the highest standards of hygiene is a habit that we should carry with us, even after Covid-19. Entry into buildings cannot revert to touch systems, especially after we have experienced the worst pandemic to ever occur in modern times. Now that we know better, we should do better. I foresee a trend where sanitisers and cleanliness are prioritised in the property sector. Tenants will have an obligation to adhere to health and safety procedures.

Insurance policy re-evaluations

There are currently many pending cases in the courts contesting insurance coverage in the property sector. Unfortunately, Covid-19 brought circumstances which we never accounted for as property developers or landlords and this has left us in the dark. Many insurance claims have not been paid out for several reasons. Therefore, I believe going forward it is essential that we all take a second look at the insurance policies we signed and re-evaluate terms and conditions as well as the cover provided.

ABOUT HERBERT SEABELO THELEDI

Herbert Seabelo Theledi is the founder and managing director of Nthoese Developments. He holds a Bcom Degree in Accounting and Economics from the University of the North. He founded Nthoese in 1994 and has over 20 years' experience in the real estate industry. He was instrumental in growing Nthoese's portfolio to just over R2bn, prior to the sale of half the portfolio to the JSE-listed Rebosis Property Fund.

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