

Shree 'lands' R350m Dube deal

Durban-based Shree Property Holdings, a leading SA property development and logistics business, has bought 22 sites - totalling 125,000m² - in phase one at Dube TradePort for R350m. It has also staked a claim to 250,000m² in phase two, which is launching in 2014.



The deal will result in a huge air freight logistics warehouse, cold storage and distribution facility being built adjacent to the Dube Cargo Terminal. This will be an expansion of its existing property in Sydney Road close to the Durban harbour. By the end of 2013, six small warehouses of 2000m² each will be completed and the first 25,000m² warehouse will be ready for a roof wetting.

Shree Property Holdings is responsible for cold storage for between 65% and 70% of SA's commercial fruit exports that go to 38 countries worldwide. It is also the largest fruit storage company in the southern hemisphere, based on pallet position and warehouse area that totals 50,000m². Its two main clients are Capespan, SA's largest fruit exporter, and California-based Dole, the single largest exporter of fruit and flowers in the world.

Logistics

Effective logistics are going to be vital in the future and for Shree Property Holdings this investment is for the long-term, with a horizon of between 50 and 60 years.

"As an SA logistics company operating internationally we use sea, air and land to connect to the world and Dube TradePort is ideally situated. It has easy access to the King Shaka International Airport, the two harbours - Durban and Richards Bay - and there are plans for a rail connection all the way to the airport and further north to Ballito," says Shree Property Holdings director Pran Shree.

The expansion into warehouse development started as a hobby to fill the off-season period of the citrus export business.

Shree has developed a reputation in the market for picking the right place, something he puts down to understanding that for logistics companies accessibility is more important than position.

He says while companies were paying cheaper prices to be in outlying areas, he looked in premium areas like the Port of Durban, with excellent accessibility, for run-down buildings to demolish and rebuild. Initially, the new food grade AAA warehousing catered for the growing needs of the company's fruit storage business and then grew into the rental property portfolio.

Fruit export storage occupied the premises for only six months a year, so in the off-season they leased the premises to food and food related companies.

"It became difficult to ask these tenants to leave, especially as long-term relationships with these 'off-season' clients in SA's top 10 food companies were developed. So we found more premises to demolish and rebuild and we now own and let 49 properties to blue-chip clients that include Tongaat Hulett Sugar, Illovo and Selati Sugar as well as Olam Chanrai fertilisers," says Shree.

Durban going nowhere

He had already bought prime office space in Umhlanga's Ridgeside office park. Due to the development at Dube TradePort, he decided to expand his operations and take office space in the new environmentally friendly 29° South office complex in Dube City.

His reasons for this are its accessibility, inter-modal connectivity, its information technology infrastructure and security. He says that after Umhlanga, Durban itself has nowhere to expand.

"The people we are talking to in terms of leasing space are the world's top 10 logistics firms, such as UPS," he says. This is in keeping with the company's philosophy of dealing only with blue-chip companies and building the best properties that they themselves could use.

Shree Property Holdings offers a turnkey operation from logistics to clearing and forwarding. Clients walk into ready-to-operate specialist facilities that live up to the GlobalGap Programme (formerly EuroGap), which sets standards for the certification for Good Agricultural Practices of agricultural and aquaculture products, meet the hazard analysis critical control point food safety compliance and certification and world environmental conditions.

In 2002 the company was the first to install a hi-tech CCTV system in its operations, giving clients constant visual access to their operations. Being ahead of his competitors, in 2004 Shree even purchased his own locomotive to expedite the movement of fruit to and from the warehouses and not depend on Transnet.

However, moving goods into Africa is difficult by rail because of theft of the railway lines and road freight too has many challenges. So air freight is the solution, he says.

Source: *Financial Mail* via I-Net Bridge