

How to protect your property investment, keep it profitable

New or first-time commercial property owners should take precaution against certain situations in order to keep their investments safe and profitable. This is according to Leon Breytenbach, national manager of the Rawson Property Group's commercial division, who advises a little advance planning to avoid or minimise such problems.



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He deals with four of the more pertinent issues, offering some suggestions on how to lessen their impact.

Unplanned vacancies

There are various reasons why a commercial property may, at some time or other, experience vacancies. Among other issues, you may have a tenant who has defaulted, or you are asking overpriced rentals, or maybe you are waiting for your ideal tenant to take occupation. “Whatever the reason, you will have missed the regular income from a paying tenant, and also have to find the amount for your monthly bond repayment,” warns Breytenbach. Keeping in mind that you will have a reduced cash-flow, it is recommended that you budget sufficient funds to be available in the event of an extended vacancy. This could force you to accept substandard tenants instead of top grade ones for your property.

Unexpected maintenance and repairs

“At the time of drawing up a commercial lease, it is necessary to define the respective obligations and responsibilities with regard to who pays for what, where the maintenance and upkeep of the property is concerned,” explains Breytenbach. It is, however, essential for the landlord to ensure that he has the available finances to be able to cover the costs of any unexpected repairs for which he may be responsible. Dealing with repairs or maintenance as soon as a problem is reported is the recommended approach, whereas delaying the inevitable may, in the long run, lead to greater expense. Delay will also cause aggravation for your tenants, leading to their discontentment. This can also cause your tenants to hold you in lower esteem, causing them to feel that they can be less professional in their future dealings with you.

Keep abreast of trends

“In order to attract and retain high-paying tenants, your property should offer the latest trends within the changing demands of the commercial property market,” says Breytenbach. Staying abreast of these trends will help you to do just that. In recent years, one of the biggest shifts in tenant requirements has been towards environmentally friendly buildings. Energy

efficient offices, grey-water garden irrigation, solar power to assist with water heating, or encouraging your tenants to engage in conscientious recycling are among the ways you can reduce your property's negative environmental footprint. This should make it a more desirable choice for environmentally aware businesses; in fact, a great selling point. Décor trends are constantly changing so it is advisable to give your property an occasional makeover. This will make the current tenants feel that they are important to you while also attracting prospective tenants.

Sufficient time and capacity

Whether managing a commercial property with multiple tenants or multiple commercial properties, it becomes apparent that you need to have sufficient time and capacity to cope with whatever situation may arise. This is possibly the most underestimated obstacle experienced by a first-time investor. "Problems and situations arising from leased commercial property are often far more time-consuming to resolve than you may imagine," Breytenbach warns. It often happens that many problems are unique to a specific tenant or property, sometimes even jeopardising the tenant's ability to be productive. It would prove useful to have a support team within your employ for the purpose of assisting you in coping quickly and efficiently with any occurring issues. Failing this, you could consider appointing a managing agent with the manpower and time to carry out the day-to-day running of the property, allowing you the freedom to concentrate on your other business interests.

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