

4 commercial property trends to tap into this year

By [Craig Mott](#)

25 Feb 2020

Most experts are predicting a challenging year for commercial property in 2020, with key economic indicators suggesting a continuation of 2019's market stagnation. However, the outlook may not be as dire as many fear, with some attractive opportunities for investors who know where to look.



Image source: Gallo/Getty

Here are some trends to look out for, and how to capitalise on them in the coming year.

Strengthening rentals

2019's economic and political upheaval has resulted in a somewhat unexpected strengthening of commercial rentals.

Many commercial renters who planned to vacate their buildings at the end of their lease period have chosen to remain where they are rather than putting their liquidity at risk in an unfavourable economic climate. As a result, the rental market improved in 2019 at the expense of purchases and sales.

This trend should gain further ground in 2020, compounded by the relative difficulty of securing commercial property finance. However, investors should keep their expectations moderate, as commercial and industrial rental growth is still unlikely to break the double-digit mark any time soon.

Businesses may delay buying that expensive property for a year or two, but they're going to negotiate hard for a good deal with their current landlord in the meantime. High vacancies mean they have the option to relocate to premises where they are offered more favourable rates if necessary, so landlords do need to be open to discussing terms.



Disruption, confidence in SA commercial real estate

John Jack 5 Feb 2020



Re-centralisation to CBDs

Rampant property development in key business areas over previous years has created an oversupply of office and retail space for today's relatively slow demand. As a result, we've seen unusually high vacancy levels stabilising rental rates, incentivising businesses to move back to central business areas in 2019 and 2020.

While 2019 saw several projects focused on gentrification and redevelopment of CBDs put on ice, a number of these developments are predicted to break ground in 2020. This should have a positive impact on the economy and create new opportunities for commercial investment in the area.



Co-working demystified: Behind the working world revolution

Diane-Gabrielle Tremblay 31 Jan 2020



Evolving workplace dynamics

Remote work and work-from-home trends have taken off over the last decade. This is not only affecting the residential property market, it's also directly influencing the commercial property space.

We're definitely seeing movement towards smaller offices as workforces disperse. Large spaces are becoming more difficult to tenant and to sell. There has also been an increase in on-demand and co-working environments as people prioritise convenience and a balanced lifestyle over prestigious locations.

This holds an important lesson for commercial investors, and could point the way to profitable opportunities in the future.

Investors will need to adapt their commercial property offerings to stay relevant and manage their long-term risk. Things like public transport, bus routes, restaurants, canteens and close proximity to the gym can drive demand and ultimately pricing. Those who tap into these and other emerging trends will find great opportunities for growth.

Unusual asset availability

With the last few years of political and economic uncertainty, a number of commercial assets have come to market that would seldom otherwise be available. This presents a unique opportunity for those ready to make commitments and take the next step.

There are definitely some great deals out there for well-informed investors with the flexibility and foresight to act quickly.

Taking advantage of the current climate to invest well, adapt intelligently, and create enticing offers for today's workforce will place investors in a very strong position this year.

ABOUT THE AUTHOR

Craig Mott, regional sales manager for the Rawson Property Group

For more, visit: <https://www.bizcommunity.com>