

Durban Property Market Overview

by: Commercial and Industrial Broking Teams, Broll KZN

Offices / Commercial

Durban CBD by Givenson Zungu

Due to the shortage of A-grade space in the Durban CBD we are seeing the upgrading of B-grade buildings to A-grade, where rentals have increased dramatically over the last year. There is also an increase of interest in sectional title offices, as well as investors looking to supply this need. There is huge demand for good retail space in the CBD, due to its high foot traffic and good transportation. Parking is in great demand and is achieving high rentals.

Hillcrest by Elizabeth Morgan

The once-quiet village of Hillcrest has undergone intense development over the past years, creating one of the most sought after commercial and retail nodes in the region. Over the past 2-3 years, some 2200 residential units were built in Hillcrest alone, further increasing population density. Suitable vacant land along Inanda Rd and Old Main Rd continues to be an attraction for developers. A particular shortage exists for smaller offices in the area between 70m²-200m² and owners are able to command rentals in the region of R80/m² - R95/m² on long term leases. Retail space within Hillcrest is extremely difficult to obtain and in much demand. There is a high demand for land and/or property for sale in Hillcrest coupled with exceptional scarcity.

La Lucia Ridge / Umhlanga New Town by Chris Betts & Nicole Schonewolf

The year ahead should see the commencement of development of both the new Ridgeside Office Park and of the last remaining tract of land in La Lucia Ridge Office Park, which will be for lease only and will be tenant driven. 13 buildings of varying sizes are envisaged bringing +/- 20 000m² to the market. The Ridgeside Office Park is part of the much larger Ridgeside mixed use development. Whilst all the land has been sold, some of the developers are expected to offer sectional title ownership. The development of Parkside in Umhlanga New Town is well under way and although it will be 12 to 24 months before significant office space becomes available for occupation, there is already considerable interest. The demand for office space in these areas still outstrips supply and rentals, currently at R100 - R110/m² are expected to reach the R120 - R125/m² level within the next 12 to 18 months.



Westville and Berea/Morningside/Glenwood by Beverley-Ann Fink

Westway now has limited availability of land for new developments, however there is a 4000 m² new development which will be available for occupation Oct/Nov 2009 at rentals of R100/m² and with undercover parking at R500 per bay. Existing stock in Westville central is scarce and some conversion of houses to offices is taking place. Derby Downs's new Imperial Office Park is fully let achieving rentals of R90/m² and R10,000 to R12,000/m² on the sectional title sales. The balance of the park is fully let with no new developments coming on stream in the near future. Westville remains a popular location due to its easy access to all the main arterial roads north and south. The conversion of residential to offices in the Berea / Morningside / Glenwood node will continue due to the shortage of land for redevelopment. Vacancies have increased but mainly with smaller pockets at rentals of R80-R95/m². Davenport Road, Glenwood has taken over from Florida Road as the sought-after area for restaurants and galleries achieving rentals of R100 R110/m²; this is a node to be watched.

Industrial Overview

Pinetown and Cato Ridge/Hammarsdale/Camperdown by Nanda Naicker

Pinetown also finds itself in a period of phenomenal growth. In the Southmead Industrial Township, some 34 plots were sold within 3 months of launch and construction is in full swing. Easy accessibility from the N3, the harbour, the airport and South Coast have made this an extremely viable area. Phase 2, which was earmarked for release at the end of 2008, has already been sold. Phase 3, with some 20 ha useable land has been earmarked for development as factories / warehouses with office nodes being built solely for leasing on a long term basis. These premises will vary from a minimum of 10,000 m². The Cato Ridge / Hammarsdale / Camperdown triangle is being regarded as the Midrand of KwaZulu-Natal. The Mercury carried an article on 14th March 2007 officially announcing Council's intention to make Cato Ridge the new container depot. The demand for properties has escalated and vacancies of factory/warehouse space in these areas is under 5%.

Springfield Park, Riverhorse Valley and Mt Edgecombe by Ken Howard

There is no more land available in Springfield Park nor much tenancy movement. Established tenants tend to renew their leases rather than relocate. Average rentals have increased and are between R40 and R45/m². In RiverHorse Valley land sales are a rarity. The last land sale earlier this year was at R1760,00/m². Tongaat Hulett Developments released more land last year on a tender sale which was quickly sold. Developers still hold land which they will develop to tenant specifications although building costs are pushing up the rentals of new warehousing to between R55 and R60/m². Mount Edgecombe is becoming more sought-after as the availability of land in Durban becomes scarcer and also due to the popularity of the developments at Umhlanga Ridge. Land in this area fetches R1500 to R1600/m². Sale of buildings in this node are virtually non-existent.

Umbilo / Maydon Wharf and Mobeni / Jacobs by Wayne Locke & Paul Becker

Umbilo / Maydon Wharf is a prime industrial area due to the fact that it falls in zone 1, (5km radius of the Port) and is in close proximity to the CBD. Warehousing / factory space in this node is scarce and in great demand. Many of the old factories / warehouses have been demolished thus making way for new re-furbished warehousing to suit the entrepreneurs requirements. Rentals range between R40m² and R45/m². Similarly, demand in the Mobeni / Jacobs node has made factory / warehousing space difficult to find and rents have now escalated to between R25 and R35/m² for older space, with new developments fetching between R38 and R45/m². Jacobs now boasts a total upgrading of all roads and entrances into the area.

Prospecton and Umbogintwini by Wayne Locke & Paul Becker

There has not been much demand in the Prospecton node due to the fact of it being outside zone 1. There are limited warehouses and mini factories available at reasonably good rates. In Umbogintwini, due to the new development (Arbor Town), there has been an increasing demand in warehousing and mini factories by sub-contractors. Rentals range between R30 and R35/m². There are a few undeveloped sites at R40 to R45/m² ready to be built to tenants specifications.

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