THOUGHT LEADERSHIP FROM ATTERBURY

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**Commercial property is picking up, and some sectors are rallying faster than others**

***By Adelene van der Westhuizen, Atterbury Management Services***

**While the real estate industry recovery is expected to be gradual and nuanced across different sub-sectors, it has already begun. There is a definite renewal of interest in the take-up of space evident in the growing number of businesses enquiring about new premises.**

In our retail portfolio, the rebound can also clearly be seen in improving tenant turnovers. Restaurants are especially reporting improvements, with people showing renewed appreciation for a leisurely and unrushed dinner made possible by later curfew times.

Mall of Africa tenant trading densities are now more than 12% up on 2019’s pre-Covid levels. This trend is also evident at Atterbury’s smaller, convenience centres, both in South Africa and in Namibia.

South Africans are generally social by nature, and their habits show that they prefer to shop in-store, with more than 97% of SA retail taking place inside brick-and-mortar. More so, our centres have strong anchor tenants like supermarkets and pharmacies and a good proportion of cafes, fast-food and restaurants, making them perfect for daily shopping trips and tasks.

Insight from behaviour analytics company, Fatti Solutions, reveals that people are not travelling as much as before. They don’t want to drive far distances and prefer to get as many things as possible done in one place.

Most people’s daily activity is now more focused in and around their immediate community. This trend benefits neighbourhood and community shopping centres and suburban mixed-use precincts. These properties also tend to serve residential suburbs, as they are convenient for people working from home.

Although shopper numbers are generally still slightly below their previous, pre-Covid peaks, spend-per-head figures at our shopping centres are at an all-time high. Spending patterns show that people are coming to our shopping centres with the specific purposes of shopping, experiences and socialising.

Shopping centres are pulling out all the stops to help guests feel safe and relaxed in the retail environment, and placing an increased emphasis on their unique, enjoyable experiences and celebrating outdoor spaces.

The entertainment category is, however, proving slower to recover than other retail segments. One contributing factor is that many South Africans seem unaware that they can still watch movies at many Ster-Kinekor cinemas, notwithstanding its business rescue process. So, there is a good opportunity for better communication and connection with audiences here.

You need look no further than Atterbury’s Richmond Park development in Cape Town for signs of the uptick in demand for industrial property, especially logistics and warehousing facilities. Over the past six months alone, it has attracted three significant new developments – a large DC for Takealot and a separate Takealot Customer Collection Centre, as well as the new HQ and warehouse for sustainable technology leader Rubicon. The industrial property sector is very comfortably placed right now.

Most offices in the Atterbury portfolio are doing well, despite the market consensus that this is the most challenged of the three commercial property sectors. Mixed-use spaces where the work-play-live ethos comes to life are attracting quality tenants by offering more than just office space, but also convenience, connection and community. Almost all our offices are integrated into mixed-use developments, which has been good for Atterbury.

The road to recovery may be uneven, and bumpy at times, but if our portfolio is anything to go by, I am pleased to report that a rebound in commercial property is well underway.

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