

news

# Prime land up for grabs

**Opportunities currently exist in the marketplace for investors and developers to acquire large tracts of prime-located land or a meaningful share in sizeable 'greenfields' property development projects, which offer the potential for sound long-term investment, reports Wayne Wright, business development director for JHI Properties.**

"The reality is that, during the economic slowdown over the past three to four years, the property development market has been more or less stagnant. However, with the prevailing low interest rates and increased positive market sentiment, coupled with relatively low building costs, we are now beginning to see signs of renewed interest in such projects, as well as the structured release of significant parcels of land. Further to this we also note an increasing trend towards existing landowners seeking to form joint ventures with investors in order to collaborate and jointly finance and develop projects for end-users, ie tenants, or for investors to become owner-occupiers of developments," says Wright.

"Investors coming on board as partners or developers in these profit-structured deals stand to benefit from discounted land values in prime locations, in projects which incorporate a range of mixed-use developments, such as industrial/office/hotel projects, retail, ie shopping centres, commercial/office developments, and office/residential projects. These can range from an entry level of several million rand for co-investment in development projects, to in the region of R50m for land and developed buildings, to

billions of rand for acquisition of an overall scheme."

At present, JHI is marketing several such opportunities, including 11ha of prime vacant land in Morningside, Sandton; a prime 114ha development site adjacent to the Cradle of Humankind, which is strategically and prominently positioned only about 10 minutes from Lanseria Airport; as well as sizeable parcels of land from 5000-10000m<sup>2</sup> in size at the Samrand development, mid-way between Midrand and Pretoria.

Comments David Reid, investment broker for JHI Properties: "Located along the rapidly developing N1, N3 and R24 belts, the prime 200ha vacant site at Samrand is the last remaining undeveloped land centrally situated at the convergence of Johannesburg and Pretoria, and within easy reach of both the East Rand and West Rand. These parcels of land provide ideal opportunities for distribution and warehousing type industrial operations as well as modern office parks. With its own off-ramp, the site offers potential for developers, owner-operators and investors, and already has an approved electricity supply of 50MVA."

Commenting generally on the commercial property investment market he adds: "At present we are seeing an acute shortage of A-grade investment stock on offer, and selling at non-market-related yields. In regard to pricing, financial institutions are willing to lend monies for acquisitions based on their loan to value ratio, however this is currently not meeting the expectations of sellers." ■

