

# Reviving brownfield sites to create mixed-use communities

The South African Property Owners Association's (SAPOA) 2016 Q4 Office Vacancy Report says that the office sector is still firmly entrenched in its recovery phase although this is becoming increasingly fragile as a result of the sectors macro drivers.



Hassan Shaikh, founder of Revolve

In Gauteng, Sandton has lost a significant number of big office tenants over the last year and office rental vacancies have surged to 11,9%. Coupled to this, the number of new speculative developments in Sandton continues to increase sharply adding to the amount of unlet prime space. Commercial and industrial property consultancy, Jones Lang LaSalle South Africa (JLL), pins the current Sandton office supply to 1.5 million square metres. After the completion of all construction developments, JLL anticipates Sandton's office supply to increase to 1.9 million square metres, which will be over the next three to four years.

## Muted employment growth

Rode & Associates property economist, John Lottering, says the jump in Sandton's vacancy rate probably reflects weak demand for office space as a result of muted employment growth. He says it is a concern that even more new space is coming onto the Sandton market over the next year or two.

This is a view shared by Hassan Shaikh, founder of Revolve, a specialist corporate and retail interior design strategy agency. Shaikh believes there are a number of reasons why there is so much commercial space vacancy. Some vacancies are as a result of the building's aesthetics or its location and access, while others relate to cost, which is probably the most relevant. Whatever the reason, he predicts the rise in office space vacancies will not play out well for landlords.

"Delayed access into the hubs of the city centre and areas like Sandton has seen a rise in companies looking for office space outside of these hubs," says Shaikh. A recent report by Rode & Associates shows that there has definitely been an increase in business looking for decentralised office space.

## Live-work-play thinking

Shaikh believes the solution lies in the creation of mixed-use spaces that encompass the live-work-play thinking that has become very successful. “This trend is big in Europe and the US and we have started to see it here with big developments like the multi-billion rand Steyn City Lifestyle Resort, north of Fourways, and more recently the proposed R1bn multi-use development set to begin in the Cape Town CBD. The development, which will be situated in the city centre between Riebeeck Square and the Bo-Kaap, will provide 4,000m<sup>2</sup> of retail, lifestyle activities space and 250 residential apartments within the city. “While these are hugely successful, or at least hold the promise of success, they are mostly greenfield developments i.e. new builds.”

## **Collaborative, organic office spaces**

“While it is very easy to start new developments that change the face of how we work and live, the real challenge is greater than this. As designers, we should be looking more toward brownfield sites i.e. existing sites, and, if possible, reviving these to create mixed-use communities with collaborative work spaces and organic office spaces,” says Shaikh. He believes that this will resolve many of the key issues facing individuals and businesses alike. “Creating these spaces from one-dimensional buildings and transforming them into thriving developments that reinstate the ideology of community is the real challenge, from both a landlord perspective and a lifestyle perspective,” he says. Maboneng precinct provides a good example of this, although it has its own unique challenges, and is struggling to work. “The problem at Maboneng is not the concept, but rather perceptions relating to location in relation to peoples comfort zones, as well as access and security concerns.”

Shaikh says moving forward the smart money will go into repurposing or redeveloping redundant office parks or buildings in decentralised nodes. “We are sitting on a goldmine in Bryanston, for example. Access and security are good and there is a complementary mix of residential, retail and office development to support mixed-use developments. Parktown is another area with huge potential.”

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