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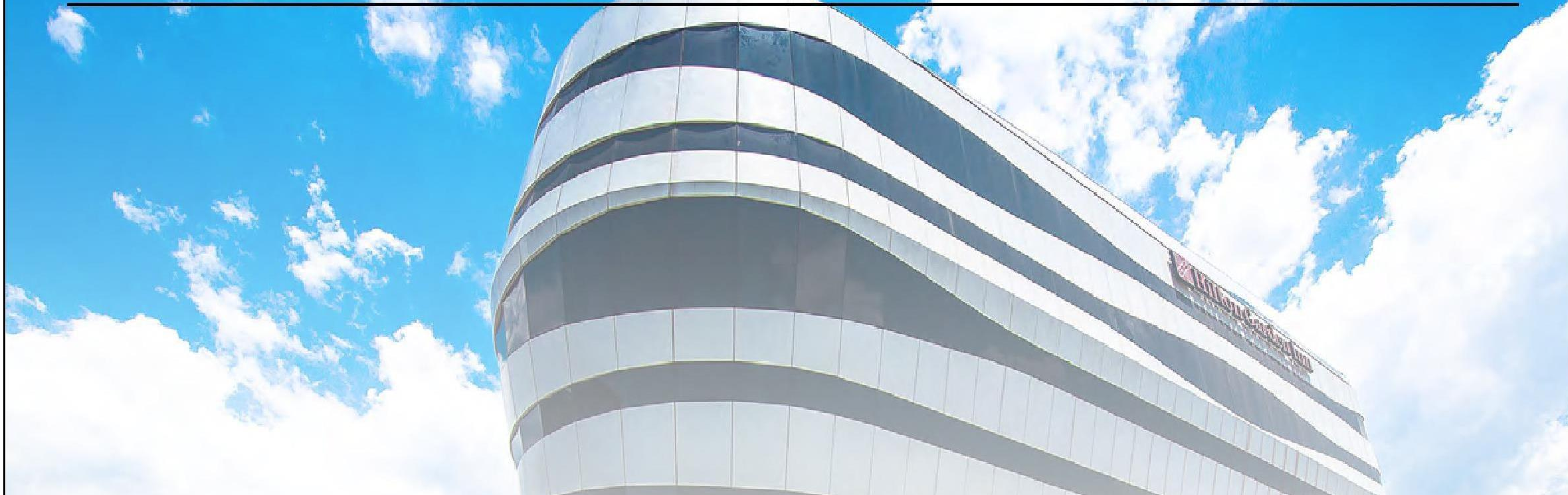
Mbabane Hilton Garden Inn



Property sphere influenced by tech and co-working

Gingerly surveying the state of the economy, several property developers are backburning major development spend. Soft vacancies contribute to the halt of greenfield ventures. However, there are openings for those with a forward-thinking perspective.

This according to Paragon group director, Estelle Meiring, who adds that with the slowdown in new upmarket development comes the conversion of buildings, with Johannesburg leading the fray. Paragon Architects South Africa (PASA) has contributed to the repurposing uptick by collaborating with HCI Properties to transform what used to be the ANC Shell House headquarters (51 Plein Street) into a residential facility with 563 units.

Mering notes that Paragon is less recognised for its repurposing projects, but that the organisation is well-placed for them, and that as the market re-orientates itself, will become a key player in this space.

The property market's re-orientation is because of the soft economy, political upheaval and land ownership issues. As a result, developers exhibit caution, but Meiring states that signs indicate an uptick in the economy towards the end of the year.

Office vacancy rates are also experienced in retail and industrial property; hence occupancy will have a delayed effect. The retail sphere will most likely hit hardest by the imminent electricity hikes due to Eskom troubles, as it has substantial operating figures.

Of the retail, industrial and offices sectors, offices are currently the least well-performing, with industrial and warehouses showing an improvement due to the uptick in demand for logistic and distribution infrastructure.

According to Meiring, it has not been difficult to score high returns in the last decade, but the conditions that propelled high growth have diluted, and the short-term future will remain static. Meiring has overseen the launch of a Paragon Group regional office at the Waterfront's Pavilion, as well as a private university development.

"We were getting more and more enquiries from potential clients, and could discern a gap in the Cape Town market for our unique service offering; I think Cape Town is going to outperform most of the other big cities in the next few years," she says. "Half-yearly vacancy data rates from the Investment Property Databank (IPD) show less building oversupply there."

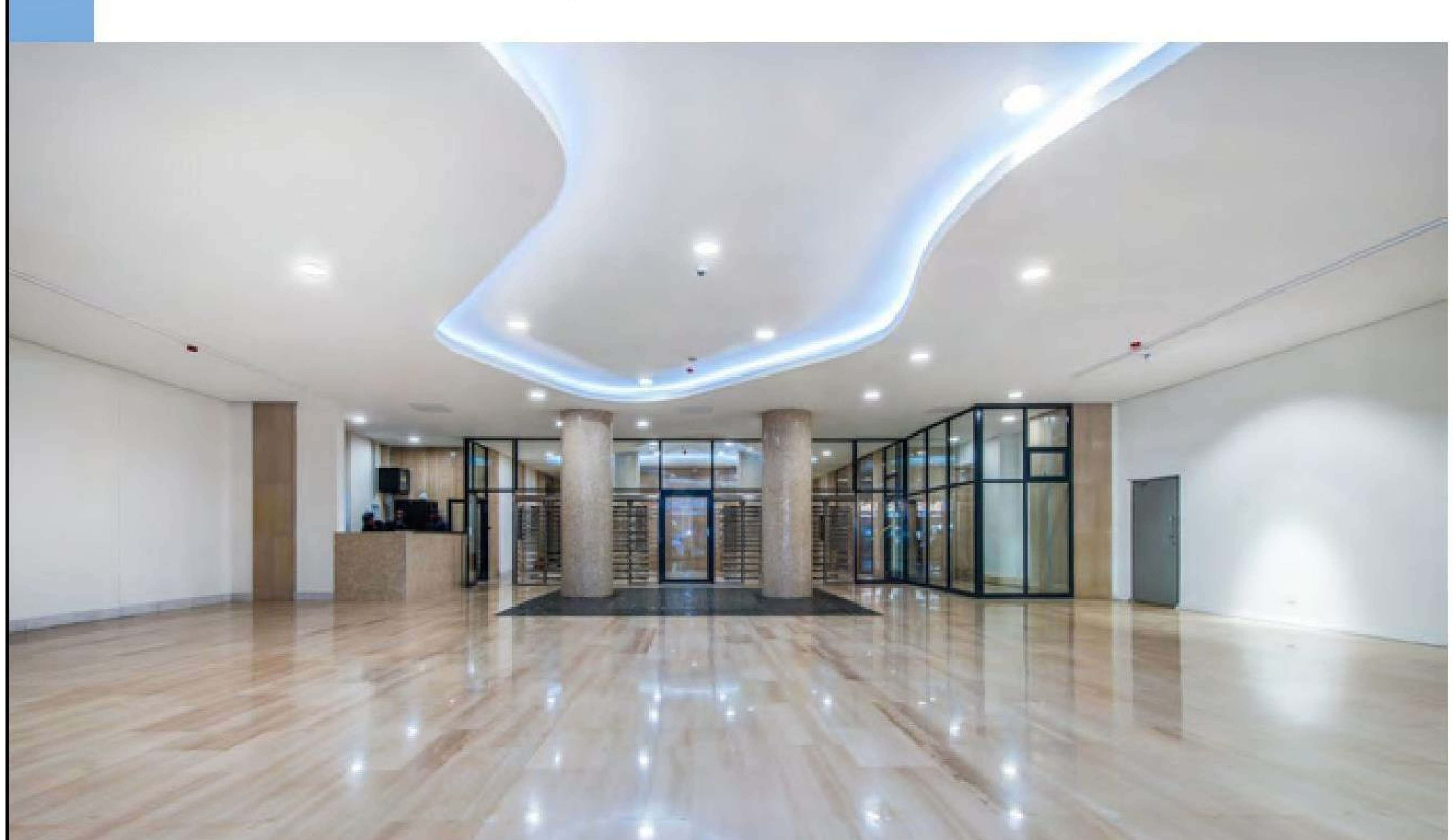
The company chooses carefully which African markets to enter, a shining example being the Mbabane Hilton Garden Inn in Swaziland, which won the 2019 SAPOA Property Development Award for Innovative Excellence for an International Development. Kenya and Ghana, as well as Europe and Australia, are next in line.

Paragon clients are using evolving technology to improve project visualisation before building starts, aiding with design. The use of 3D determines whether concept sketches match with client requirements, and virtual and augmented reality will lead to market openings as well as heightened collaboration between architects and clients.

Co- and remote working is impacting office space demand and shared workspace, as is working from home and coffee shops. Physical interaction between people remains paramount however, enabling brainstorming and collaboration.

Old work patterns – single use desks and chairs, square metre rates per worker – no longer apply to office design and property designers are making increased use of communal areas and mixed-use precincts, an example of which is the Alice Lane precinct in Sandton. Shared workspace company WeWork has taken up five floors of The Link Building in Rosebank.

Paragon Group's experience in architecture and interior design gives Meiring optimism that despite operational shifts and changes in the way architects and property developers operate, the company's future remains positive.



Shell House