

Market shifts expose Parow Centre's landlord struggles



By [Katja Hamilton](#)

14 Aug 2023

Amidst the current market dynamics, where high interest rates prevail, the challenges faced by landlords have become increasingly apparent, and no more has this become more apparent than in the wake of recent reports that indicate that the landlord of Cape Town's Parow Centre has encountered financial difficulties, defaulting on payments to Investec.



Source: Parow Centre.

This has been confirmed by ENS law firm which has subsequently informed Parow Centre's tenants of the news.

Ash Müller, director and principal commercial property broker of Ask Ash, reflects on this trend. "It's not unusual that a number of landlords are sitting in a pressure cooker, because their loan to value ratios are disproportionate," she says.

Elaborating on this in a media statement, Müller adds that the commercial property landscape has evolved over the past two decades, and that being a landlord no longer offers the same level of investment allure it once did.

"Landlords are faced with interest rates that continue to increase. Continuous blackouts are forcing landlords to spend money on generators and diesel, and rates and taxes have increased by more than inflation across South Africa."

She adds that a large portion of municipality budgets are made up of these rates and taxes from a minority of landlords. "It's not healthy for municipalities to be so heavily reliant on property rates to make up their budgets. It is not sustainable."

Previously known as the Sanlam Centre, Parow Centre was founded in 1972. It spans across 86,000 square meters and accommodates more than 150 tenants, among them major retailers such as Woolworths, Checkers, and Foschini, and anchor tenants Truworths, Mr Price and Pick n Pay.

Cession agreements have been put in place and moving ahead, tenants have been advised by property experts not to deposit rental payments into the landlord's bank account.

Given the latest national taxi strike and the impact of crime on business, Müller said the outlook for landlords is dire. "One of my landlords the other day had his generator stolen from his property and the generator weighs about two tons... So there are a number of issues affecting landlords every single day and I'm not sure how much more they can take."

ABOUT KATJA HAMILTON

Katja is the Finance, Property and Healthcare Editor at Bizcommunity.

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