

# BUYERS GUIDE



**Serviced Business Parks**

Industrial | Storage | Office

**inospace**

[www.inospace.com](http://www.inospace.com)

# Your handy guide to buying at inospace

We've written this guide to help you navigate buying sectional title-units in one of our serviced business parks, from finding a suitable space all the way through to transfer and then moving in. You can use this guide to help you with all the legal, financial and practical issues which may need to be considered when signing an offer to purchase. Ensuring you end up with the right investment or space for your business is not just about size, location or purchase price.



Finding the right space



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Living with your investment



## Wynberg Works



## Island Works



## Metro Works



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# Buying the right space

## How much space should I buy?

If you are buying a space for your own business be aware that some businesses take more space than they need while others don't plan for expansion – simply because they don't plan properly. While the long-term future is always difficult to predict, remember that you are investing for the future. And one day you can sell the unit to a third party investor, or sell your business and keep your property as an investment. Remember that Inospace has a host of common property, shared areas - so decide if it's more efficient and cost effective to use common property shared meeting rooms, bathrooms and kitchens instead of installing and/or buying your own.



## Should I be buying instead of renting?

There is no question that over the medium to long term investing in real estate offers significant advantages to grow a balance sheet. Your business is likely to change over time, so you need to think about how long your business can commit to being in a unit. When you invest, you always have the option of leasing out the space to a third party should your business requirements change.



## What type of space should I buy?

Spaces can vary in height and shape and different factors can attract higher or lower rentals. For example, if your business needs storage, you may not need industrial facilities with high roofs and high electricity power. Rather look out for more space or enquire about a separate storage container or storage room available in the park.



## Is a business park a good investment?

Located near urban areas, serviced business parks comprise different sized units used by multiple occupiers for a host of different business types, providing affordable space for a wide range of activities. The parks also includes a suite of innovative shared services and benefits such as meeting rooms, an on-site Park Manager as well as 24hr security and access. Occupiers vary from those associated with lower-skilled or high-tech manufacturing, wholesale, transport and construction. There are often some specialist businesses in these parks including call centres and high-tech firms.





### What does my business need?

Some businesses do have specific requirements like additional floor loading or extra power capacity for heavy machinery. Make sure you share these details upfront with your Inospace Business Development Manager so that you don't waste time and only view relevant spaces.



### What sort of access do I need?

It's important to consider things like how many access points you'll need, where you are going to park your cars, is there truck access, the height of roller shutter doors and where will you unload deliveries. You should also think about access to transport routes and main highways to ensure your business can run efficiently.



### When do I get possession of my unit?

A deposit will secure your purchase after the contract is signed by the Seller. Some spaces and Business Parks are available immediately, but others may need work done first and some may need to be built to your specifications. Plan in advance and make sure you notify your Business Development Manager of your timelines. Allow plenty of time for sorting out the legal documentation and securing any necessary consents. If you leave everything too late, you may find yourself in a difficult position.



### How secure are Inospace parks?

Inospace has 24/7 guarding. Make sure to take note of security measures in place. Inospace is committed to maintaining an environment in all our parks where our clients and their staff feel totally safe always - day and night. Besides the friendly guards on duty 24/7, you'll find several other safety features from electric fencing to closed-circuit cameras.

# BUY INDUSTRIAL SPACE FOR LESS THAN THE RENT



With today's historically low-interest rates, buying an industrial unit means that your bond repayments could land up costing you less than your monthly rent, even before annual rent escalations.

You can invest in popular industrial areas, close to commercial hubs and own an industrial unit in a dynamic serviced business park in either Cape Town or Johannesburg.



## Is industrial property a good investment?

Multi-let industrial property has outperformed the main property segments across the world and in recent years rental values have increased compared to the office and retail sector.

There is rising demand from an increasingly sophisticated and diverse occupier base, reducing exposure to any one sector of the economy and therefore the risk of rising vacancies. This, together with the broadening of the occupier base and continued reduction of supply, accounts for the continued rental growth we are now seeing.

The rental growth curve also reflects the longer-term affordability – indeed this sector still offers some of the cheapest space available in the market. Despite the weakening demand for retail and office space, multi-use and multi-let industrial property is still looking undervalued.



**Multi-use &  
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## The demand for multi-use industrial zoned property is high for the following reasons:



### Industrial Areas are Changing

Established industrial areas have long moved away from noise and waste-creating physical activities to lighter, cleaner storage, distribution and administration, with the emergence of trade counters and wholesalers as the dominant multi-let industrial occupier. In fact, "Industrial" is a misnomer. By the end of 2018, the largest proportion of space by business activity was that related to warehousing, storage and logistics. Trade counters, dedicated retail and business storage and dedicated logistics accounts for 73% of occupied floor space.



### Multi-Use Nature

The lower rental cost of industrial space combined with their mixed-use ability has increased demand for urban industrial units. Properties that have industrial zonings can be used for a wide range of activities including office, quasi-office, call centres, warehousing, studios, retailing, manufacture, wholesaling and storage. That's why we don't call our properties "industrial parks" because they are increasingly mixed-use and are the most flexible of all the commercial real estate classes.



### Changing Retail is Fuelling Industrial

Couple the low rental points of industrial added to how the retail supply chain is adapting, and it is no surprise that the industrial property market is growing globally. Although the media coverage is dominated by e-commerce orientated demand, more goods are being sold directly from warehouses. Many of our clients have moved from expensive retail space (and offices) to our business parks and use their space to store, distribute and sell. A new type of "retail" is emerging. Some call it "wholesale" or "retail warehousing" but whatever you call it, industrial spaces are where consumer goods originate and are distributed.



### Low Cost

Investing in an asset class that is cost-efficient, creates value for an investor and starts with acquisition cost. The reason we focus on B-Grade industrial buildings in established urban areas, is that it's the lowest price of all real estate classes on a per square metre basis. We believe it's inherently correct to invest in properties acquired at below replacement cost.



### Constrained Supply

Supply of new industrial property remains constrained due to the dual effect of limited new development and loss of space to higher-value uses such as residential. In terms of supply, we are at an historic low, mainly constrained by competition for available properties. For example, industrial land in Cape Town was lost in areas such as Woodstock, Salt River, and the Cape Town CBD. The last industrial area near the CBD, Paarden Eiland, is going through a rezoning process and will be lost too. There has been little fund interest in building small industrial spaces since the 1980s, little speculative development and limited delivery of sorely-needed new stock.



### Supply Chain Advances

Key changes unfolding in the supply chain include the fact that wholesalers and retailers alike are creating more nimble supply chains to accommodate evolving first and last mile activity. Multi-modal logistics efficiencies are increasingly becoming more efficient allowing consumer goods to move directly from warehouses to customers. While online shopping, dark kitchens and direct food delivery sectors are already causing an uptick in industrial real estate demand globally, this is only the beginning stages of supply chain advances which are leading to new retail-oriented logistics and state-of-the-art cold storage facilities that help companies get closer to the customer.



### Industrial Spaces are Cool and Edgy

In the past few years, industrial design has become increasingly popular and it's easy to see why. One of the key aspects of industrial style is the exposure of building features such as pipes, brickwork and air vents, as well as high industrial ceilings, exposed ducts, weathered wood, raw materials, metal finishes, brick walls and concrete floors. Stemming from warehouse conversions the demand for industrial style offices, with various shades is low cost, low maintenance, practical and provides a striking look. A new generation of worker is driving demand for our types of spaces.

# Are there any extra advantages to buying in an Inospace Park?

Yes, when you buy in an Inospace park you are not only getting a great investment, but you are also investing in a growing brand with locations across South Africa and in the United Kingdom.

A healthy shortlist will help you find the best space at the right price. The key steps are:



## View some properties

It's important to see a few different properties to get some perspective on what is available. It will also give you an opportunity to quiz our Business Development Managers on some of the finer details and get a feel for what it's like to invest in one of our sectional title projects. Take lots of photos to help remember the important things like what services are available, or for future space planning and fit-out.



## Take notes while visiting our parks

It's always a good idea to look around the park while viewing your unit as this gives you a good idea about how the park is looked after and maintained. You should also look at other Inospace parks to get an idea of how the company operates. If you see other tenants or owners while there, have a chat to them and check that they are happy.



## Ask the right questions

When you buy in an Inospace Park you will most likely be purchasing a sectional title unit. The land and common property are jointly owned by all owners in the sectional title scheme. The scheme is managed by a body corporate and costs of maintaining the property are shared by all the owners.



## Get a written proposal

The Inospace Business Development Manager will send you a proposal to consider, it should cover all the key areas.



## Sign an Offer to Purchase

Once you've decided to proceed with the purchase you need to sign the Inospace Offer to Purchase (OTP), which is a valid contract relating to the sale of the property. It contains all the terms and conditions of the property transaction. An Offer to Purchase once signed by buyer and seller constitutes a deed of sale.



## Use this quick checklist when completing an Offer to Purchase

- Check the name of the entity that you want as the owner of the unit.
- Are all your details documented clearly?
- Check that the purchase price is written correctly.
- Are you happy with the transfer date?
- Make sure you are aware of any suspensive conditions related to obtaining a bond.

## 2

# Obtain finance

Inospace can assist you with your mortgage bond funding application, so please speak to your Business Development Manager about this. We have approved banks that know our sectional title schemes and this should speed up the process. You will need these documents in order to get your loan application processed.

1. Copy of your company registration documents or trust deed
2. Copy of the OTP sales agreement
3. Last 6 month's bank statements
4. Last 6 month's bank statements for your business
5. Financial statements for the last 2 years
6. Copy of registration documents or trust deed



### Step 1 - Submit your finance application

Apply for a loan through a bank and/or Inospace's approved bond originator.



### Step 2 - Get approval in principle

Once your application has been assessed, you will receive an approval in principle, subject to a valuation.



### Step 3 - Banks valuation

The bank will value the property you want to buy to determine its market value.



### Step 4 - Loan approved

Once your loan is approved you will receive a letter showing an approved loan amount together with the interest rate amount and other key terms and conditions.



### Step 5 - Bond registration

Once the quote has been accepted and signed by you, the bank will formally grant the loan and instruct their bond attorneys to register the bond together with the transfer of the unit into your name.

# 3

## Understanding the transfer and bond registration process

Understanding what the various attorneys do and understanding the conveyancing and property transfer process is important to any purchaser or investor.

The different attorneys involved in property transfer are the Transferring attorney who handles the transfer of the property on behalf of Inospace and the Bond attorney, who registers a new bond (if applicable) and is selected by your bank.



### Step 1: Document assembly

The conveyancing attorneys will receive the OTP and all the necessary documents required to register the property.



### Step 2: Bond and transfer document preparation

Once the loan has been approved, the conveyancing attorneys will prepare the documentation for signature by all parties. The papers that must be signed are:

Property transfer documentation

- Power of attorney – the seller needs to authorise the conveyancing lawyer to appear before the Registrar of Deeds to register the transfer.
- Insolvency and marital declarations.
- Transfer duty declarations to be sent to the Receiver of Revenue.



### Step 3: Payment of transfer costs

The transfer and bond conveyancing attorneys will prepare a statement of account detailing all transfer costs and bond registration costs that have to be paid by you prior to transfer. Please be aware that Transfer Duty will not be charged because Inospace, the Seller, is registered as a VAT vendor.



### Step 4: Documents lodged at the Deeds Office

The conveyancing attorneys will liaise with each other to ensure that all documents are lodged simultaneously at the Deeds Office.



### Step 5: Property is registered

The conveyancers will lodge the documents for registration in the Deeds Office. If there is a bond to be registered the bond attorney will lodge the bond documents in the Deeds Office for registration simultaneously with the transfer documents.

The deeds office will scrutinise the documents to ensure that they comply with all relevant legislation and regulations. When they are satisfied, they inform the conveyancer that the transaction is ready for registration and thereupon, in the presence of the conveyancer and the Registrar of Deeds, the property is registered in the name of the purchaser. The bond is registered simultaneously.



### Step 6: Purchase price paid to seller

You will be given final accounts reflecting, all the payments, VAT and the final adjustments on, for example, rates and levies.



### Step 7: Title deed released

Property is now registered in the buyer's name. All financial arrangements are usually finalised within 24 hours of registration. If there is a bond, the original title deed will be given to the bank and you will get a copy. If there is no bond you will get a copy of the original title deed that you will need to secure.

**Our security guards are trained to ensure our parks are always fully secure**

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## Living with your investment

### What am I responsible for?

You are responsible for Body Corporate levies as well as municipal rates together with internal repairs and maintenance of your unit. This excludes any external scheduled maintenance and repairs which Inospace is responsible for. You will be responsible for sourcing your own contents insurance, public liability insurance and other regulatory requirements like health & safety certification.

### How do I deal with my own tenants?

If your unit has been bought for investment the current lease will be ceded to you as the new owner and all clauses of the lease will be valid for the lease period. Any changes to existing lease will have to be negotiated, by you, with the current tenants.

You will need to invoice your new tenant directly for any rates or extra costs as per the lease, and a formal introduction will be done by the Park Manager.

### What do I do when I want to sell my unit?

You can sell it whenever you want. You can either sell it yourself or contact Inospace's Business Development Team who may have interested buyers.

### When will I be responsible for levies, municipal rates and taxes?

From the date of transfer. When you take transfer a rates account will then be registered to you as

the new owner, by the local authority. Municipal rates are not included in your levy amount and directly payable to the relevant municipal council.

### What if I want to lease my unit out?

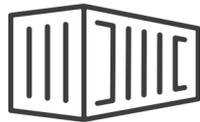
You can. We encourage our Inospace clients to come and chat to us as we may have prospective tenants.

### What type of security will there be?

All our parks have 24/7 security in place. Our security guards are trained to ensure our parks are always fully secure. The signature Red Box guard houses at the entrance to all our parks are a symbol of our safety-first ethos. We're committed to creating and maintaining an environment in all our parks where our clients, their staff and visitors feel totally safe at all times day and night.

### How will the park be managed?

Once you purchase a unit you will become a member of the Business Park's body corporate and you will be bound by the rules of the body corporate. When you buy into the sectional scheme you don't only buy your section, you also buy a bit of the common property. Trustees of the scheme will be appointed and elected by the owners of the body corporate to run the scheme. They are like the board of directors of a company, or the trustees of a trust. They administer the day-to-day management of the scheme and Inospace will be appointed by them as the managing agents to assist in carrying out their duties and running the park unless the Trustees choose to appoint another managing agent.



We have StoreBox containers in many of our business parks that are available for rent should you need additional storage.

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## Parking & Yards

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### Can I store things outside my unit?

You are not allowed to store anything outside of your unit unless you are allocated yard space as part of your lease. We have StoreBox containers in many of our business parks that are available for rent should you need additional storage.

### Do I have designated parking?

Parking bays will be sold to you as part of your sectional title unit or as exclusive use areas. Remember to note which parkings came with your unit.

### Do I have designated yard space?

Yard space is only available to you if it has been sold as part of your unit. If you require additional yard space at a later date, you will need to approach the Body Corporate or Park Manager to discuss options with them.

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## Signage

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### Will there be client signage or a listing of the companies in the park?

We normally allow space for client signage for all units when we sell the units. It is important that you adhere to the signage guidelines, as incorporated in the Body Corporate Rules.

### Will there be a sign on my unit/door, if not is this allowed?

We provide unit numbering in the park.

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## Electricity & Water

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### How is the electricity rate calculated?

Your units will have its own electricity meters and you can manage your own requirements on a "pay-as-you-go" basis.

### How is my water charge calculated?

Water is charged to each unit as per your consumption. This is calculated off a meter reading or proportionate share. If you don't have water in your unit, you won't be charged for it.

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## Additional Storage

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### Are there any storage units available in the park should we want to store stock?

We offer a range of flexible storage solutions including self-storage StoreBox containers, traditional storerooms and bigger store spaces for business storage. Please ask your Business Development Manager or the Park Manager what is available at any specific park.

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## Broadband, Wi-Fi & Telephony

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### How do the telephone and Wi-Fi/fibre systems work in the park?

All locations that have access to fibre have been fully wired and are ready for you to connect from the day you move in. In areas where there is no fibre available, all the tech is already in place for you to activate when it becomes available. Our business hubs are fully kitted and include free Wi-Fi. We do not supply telephones in any of our units. It is up to each tenant to arrange their own telephone. Our reception area does not run a switchboard at the park and there is no VOIP system installed in the parks.

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## Other Inospace Parks

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### Can I work from other Inospace parks?

Yes. Once you purchase in an Inospace Park, you get membership of the Inocircle which allows access to other parks (terms and conditions will apply).

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## Park Management

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### Is there a manned reception?

All our parks have a manned reception run by a Community Manager, for your convenience.

### What does the Community Manager do?

Our Community Managers are there to welcome your guests, provide information and interact with couriers and delivery people. They are part of the Park Manager's team to assist with looking after clients and the overall maintenance of the park.

### What does the Park Manager do?

Each Inospace park has a dedicated Park Manager who is your first port of call for all enquiries, requests, planning and maintenance issues. The Park Managers and their teams are there to ensure everything runs smoothly and optimally.

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## The Business Hub

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### Can we use the meeting rooms and seating areas for free?

As long as Inospace manages the Park on behalf of the Body Corporate, all meeting rooms will need to be booked through the Park Manager or Community Manager on site. There is no fee for using the meetings rooms.

### Can I make use of the kitchen in the business hub?

Yes the kitchen is there for our clients to use and enjoy. All kitchens have been equipped for your convenience. We ask you to treat this area with respect and ensure you clean up after yourself.

### Are there bathrooms in my unit?

All smaller units will make use of the bathrooms provided throughout the parks. Some bigger units will have their own bathrooms in the individual units. We also employ a cleaning service to ensure the common area bathrooms remain clean and hygienic.

### Can I have access to the business hub after hours?

Access to the business hub can be arranged through your Park Manager.

### Does the Park have its own electrical generators?

The business hub may have an inverter to deal with electrical disruption (load shedding) but you will most likely have to provide your own generator for your unit.



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