

Airport proximity dramatically boosts industrial property values

In the realm of commercial real estate, few sectors boast the promise and potential of airport zones because the global economy is becoming increasingly interconnected.



Source: Supplied.

And according to High Street Auctions director Greg Dart, this value proposition is especially true in Cape Town, which has a very limited airport industrial area.

“Properties in Airport Industria rarely come to market because there aren’t that many to start with, and owners rarely want to part with them because there’s little chance of finding other warehouse space around Cape Town International Airport if they sell,” says Dart.

“Globally, commercial real estate (CRE) in airport zones has become a golden opportunity for investors seeking optimal returns and long-term growth.

“The resilience of airport-adjacent industrial real estate was highlighted during the Covid pandemic. While certain CRE sectors experienced volatility and uncertainty, logistics and distribution facilities around airports remained in high demand, and this demand has not abated since the pandemic ended.”

Dart says industrial property in airport zones is a savvy investment for several reasons:

- **Key location:** The foremost advantage of investing in industrial properties within airport zones is their strategic location and unparalleled accessibility to air cargo global and domestic supply chains.

According to the International Air Transport Association (IATA), global air cargo demand kicked off with an impressive 18.4% year-on-year growth in January 2024. IATA says global air cargo traffic has been steadily rising in recent years, with forecasts predicting further growth in future.

This burgeoning demand underscores the importance of proximity to airports for logistics and distribution companies, making industrial properties in airport zones highly sought after.

- **Choice tenants:** Industrial properties in airport zones attract a diverse range of tenants spanning industries.

From e-commerce giants requiring fulfilment centres to manufacturers relying on efficient transportation networks, the demand for industrial space near airports is multi-faceted.

Research by CBRE Group Inc indicates that e-commerce-related leasing activity has been a significant driver of demand for industrial properties near airports, with companies prioritising proximity to major transportation hubs to expedite order-fulfilment and delivery.



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- **Size isn't everything:** Airport zones offer lucrative industrial real estate investment options to institutional investors and private investors alike, because businesses of all sizes need market access to logistics networks.

Smaller industrial properties offer agility and flexibility, while blue-chip tenants capable of paying higher rentals will be drawn to larger facilities.

An opportunity to develop one such facility in close proximity to OR Tambo International Airport in Johannesburg, is going under the High Street Auctions hammer on Wednesday, 8 May, 2024. The prime 35,260m² Industrial 1 stand on Constantia Avenue in Pomona Estates is within easy reach of both the R21 to Pretoria and N12 to e'Malahleni, and 6km from the airport.

- **Resilience:** One of the enduring appeals of airport zone CRE is its resilience to economic volatility.

Unlike some sectors that are highly sensitive to economic downturns, industrial properties near airports benefit from the essential nature of logistics and distribution services.

As businesses strive to streamline their supply chains and meet evolving consumer demands, the demand for well-located industrial space remains robust, providing investors with a reliable income stream and a hedge against economic uncertainty.

- **Value proposition:** Investing in industrial real estate within airport zones offers a compelling long-term value proposition for investors.

With air-cargo volumes projected to increase steadily over the coming decades, driven by globalisation and e-commerce growth, the significance of airport logistics infrastructure will continue to grow.

It follows that the value of properties in airport zones will appreciate in tandem, driven by sustained demand from tenants seeking proximity to transportation networks and supply-chain efficiencies.

Dart says while the industrial area around OR Tambo International Airport in Johannesburg is extensive, the same cannot be said of Cape Town's Airport Industria.

"An apt description of market availability of CRE in this area is 'hen's teeth', so an opportunity such as the one on High Street's block on 8 May simply can't be ignored by savvy investors.



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"Situated on a spacious erf spanning 1,800m², the property in Manhattan Street features four separate industrial units with improvements totalling 1,111m². All the units are let, so the industrial park will immediately generate stable rental income for its new owner.

"An income-generating cell-phone tower within the park further enhances its profitability."

Dart says High Street's May auction will begin at 12.30pm on the 8th in the Bryanston Room and Marquee at the Bryanston Country Club, 63 Bryanston Drive, Bryanston in Johannesburg, following Avison Young's guest speaker Mark Latham's talk at noon about real-estate positioning for an upturn.

"For bidders who can't attend the auction in person, download the High Street Auctions app free from the App Store or Google Play.

"You can register for the auction on the app, watch the auction live and bid on the app in real time."

For more, visit: <https://www.bizcommunity.com>