

Growth in e-commerce sees positive impact on logistics property sector

With the Deeds Office closed, property transactions effectively ground to a halt during the early days of the Covid-19 lockdown, painting a bleak picture for the future of the property market. However, this negative scenario has largely not materialised in practice, with significant signs of a recovery in the market as traffic has begun to return to the roads, shopping malls are seeing more activity, and restaurants are again welcoming diners.

But, as global commercial real estate firm Cushman & Wakefield [notes](#), "...offices all over South Africa are still predominantly empty".

Warehousing seeing positive growth



Kagiso Mahlangu, CMS South Africa

This observation is endorsed by Kagiso Mahlangu, a director in the property law division at global law firm, CMS South Africa. She notes that the office sector has definitely borne the brunt of the negative impact of Covid-19, but comments that "the industrial property sector has not been as badly affected".

Mahlangu has seen plenty of activity in the industrial sector, specifically as regards warehousing. "E-commerce took off in a big way during lockdown," she explains, confirming the findings of a recent [Nielsen survey](#) that showed that close to 40% of South African consumers are now shopping more online.

"Many consumers who had not previously shopped online started doing so because of issues regarding the risk of infection in physical stores, and so we have seen a significant uptick in the number of consumers using online shopping services. These types of businesses have thus had an urgent need to expand their operations, and that includes the demand for more warehousing space to store stock and to deal with the logistics relating to delivery," Mahlangu says.

Boost in online retail

One example of this is Cape Town-based online retail service Yebo Fresh which focuses specifically on deliveries to township areas of online orders for food and other groceries. Started just two years ago in founder Jessica Boonstrathe's garage, the firm has boomed during Covid-19 as a result of business generated through the supply and delivery of food aid, as well as because more consumers are looking for safer options to acquire their household groceries.

As a result, the company's warehousing needs have increased dramatically in recent months: from one, to two, and then three warehouses, before moving into one large space (a 2,400m² warehouse) in Cape Town, where everything now takes place. As Boonstra explains, "Before lockdown, we were receiving a couple of hundred orders a month. At the height of lockdown, we were processing thousands of orders every single day."

While initial predictions about the future of the property sector were very negative, there are some positive signs. The office sector may have to rethink itself, but all is not lost for other areas of this sector of the economy.



Jessica Boonstrathe, Yebo Fresh

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