

Tides of opportunity come ashore

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SOUTH Africans are very generous and sympathetic when it comes to sharing resources during a crisis- at home and abroad. Even small businesses, which barely survive on the low profit and exorbitant rentals, donate compassionately.

It would therefore seem strange or incongruent when commercial tenants complaint about foreigners who have taken tenancy of business premises in their area. The situation is worse when the new tenant sets up shop right next door selling similar items at very low prices.

The complaints against the presence of foreign commercial tenants seem unfair and one is tempted to accuse local tenants of being xenophobic when they object to the “invasion” of their neighbourhood.

The main dilemma is the high rentals that new comers (foreigners) are willing to pay and the non-refundable goodwill; average for a small premises starts at about R20 000.00. The average goodwill rate for residential dwellings is about R5 000.00.

Some landlords are merciless, and have evicted commercial tenants of more than forty years because they could not pay the rental increase or have fallen into arrears. Some have even displaced their old tenants because of the lucrative foreign market of tenants who are prepared to pay any price to secure premises.

Unfortunately for commercial tenants there is no law to turn to for intervention in the growing local crisis of displacement. A tenant enters into a contract to lease the business premises and even forty years later either party can terminate the lease on a calendar month’s notice- unless the terms of the contract stipulates otherwise.

The landlord can increase the rentals whenever it becomes necessary and to whatever percentage. In most cases, tenants have paid goodwill or key money to secure a tenancy- in reality, an empty property with no status or fame.

This amount is therefore not for the name of an established business but “pocket-money” for the landlord for which no receipts are issued and the tenant knows that it is non-refundable.

The stakes are higher since foreign tenants are willing to pay any price to secure a tenancy. Rentals and goodwill costs have escalated in the city centres, often for premises that are renovated by the new tenants and subsequently maintained by them.

Ideally, a contract requires parties to negotiate a lease but in reality the feudalistic system still prevails and the tenant has no choice. Even where a glimmer of hope exists to challenge a landlord through the courts, the legal costs are daunting.

A case in point is tenants in the CBD who have had to endure the hardship for several years of conducting their trade without water, and for intermittent period, without electricity. They are now faced with high court summons for not paying rentals or for failure to pay the full amount.

At any rate, the new trend in the commercial rental sector is also a challenge for some tenants who are caught in a time warp. They are challenged by a new generation of local and foreign tenants who are creative and implementing entrepreneurial skills to adapt to the changing demands. Landlords are as creative and adept as the tides of opportunity come ashore.