

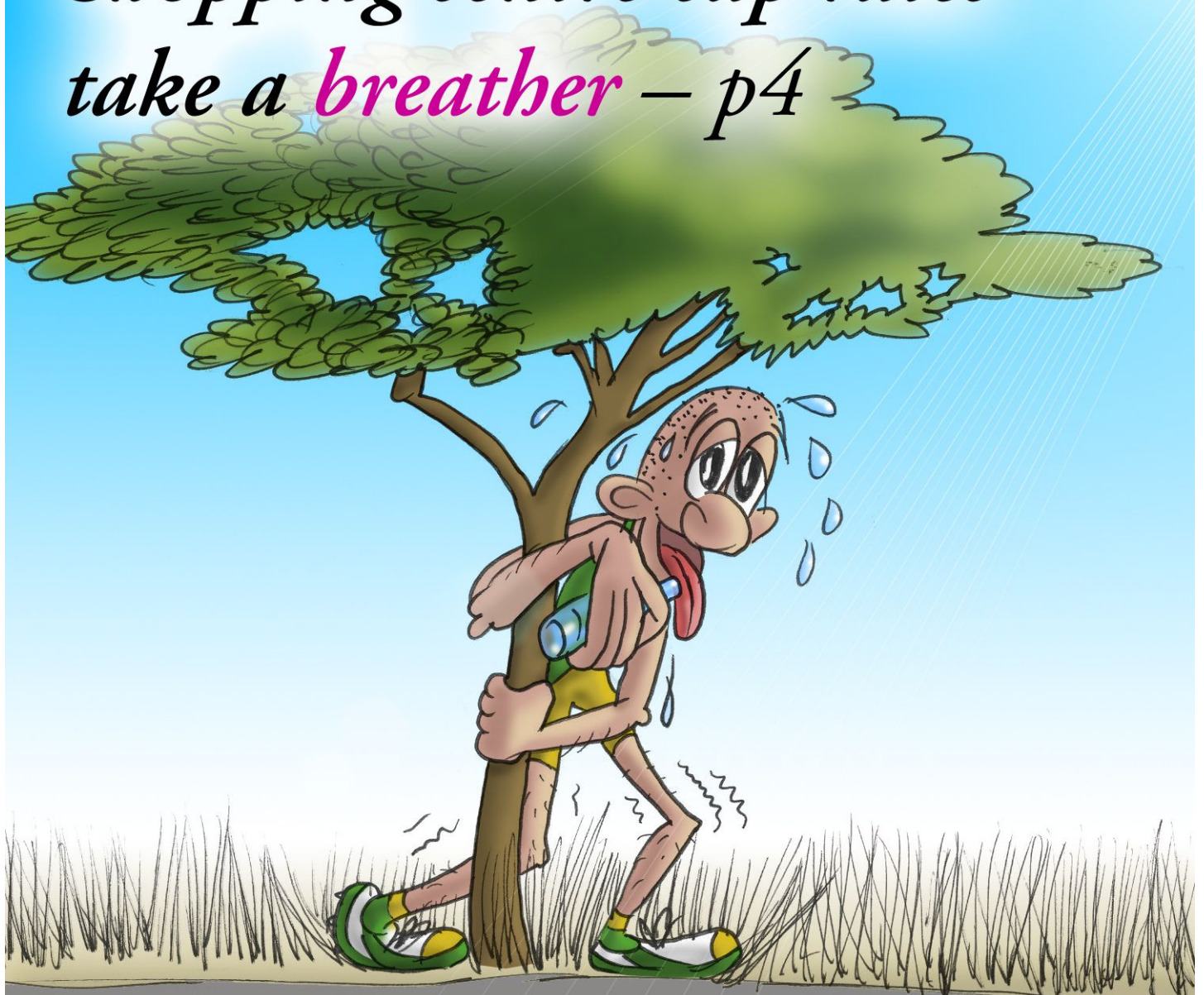


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*Rode's Retail  
Report*

# *Shopping centre cap rates take a **breather** – p4*



KONRAD RODE  
2005

2005  
:4

- 1 Economy still set to continue booming
- 1 Inflation still very much under control 1 Consumers optimistic
- 1 New developments abound

# Rode's Retail Report on the South African Property Market

2005:4  
Vol. 13 no. 4



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# Services offered by Rode

A professional, independent research organisation surveying most sectors of the property market. The company comprises four divisions: Research, Publications, Valuations and Consultancy. The information generated by the Research division provides the underpinning for all the company's other functions.

## Publications

### Rode's Report on the SA Property Market (*Rode's Report*) >>

Quarterly. Analyses and reports on most sectors of the property market in the major metropolitan areas, covering, *inter alia*, rental levels and standard capitalization rates by property type, grade, node/township, building costs, building activity, etc.



### Rode's Retail Report on South Africa (*Rode's Retail Report*) >>

Quarterly. Analyses and reports retail property information including shop rentals, operating expenses, and escalation rates for about 100 shopping centres and 120 street-front micro-locations in six metropolitan areas. Rentals are given for three sizes of premises and surveys are analysed by region and by shopping centre type.



### Rode's SA Property Trends >>

Updated six-monthly. A 5-year forecast and interpretation of office and industrial rentals, standard capitalization rates, building costs, house prices, flat rentals, the property cycle, gross domestic fixed investment (GDFI) in residential and non-residential buildings, and forecasts for property unit trusts. Aimed at CEO and general management level, where strategic investment decisions are taken, and analysts.



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### Valuations >>

Rode & Associates offers its clients a unique method for the scientific and objective valuation of their property portfolio by making use of Rode's Market Valuation Method.

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### Rode's Time Series >>

This time series can be rented. It provides online access to more than 750 property-related time series. Clients can make use of this data for research and presentation purposes — e.g. to plot their own charts for annual reports and brochures, or to use the information to underpin research for feasibility studies.

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1. All the panellists who so kindly gave of their time and expertise in responding to our surveys. The complete list of panellists who contribute to the *RRR*, together with their codes, appears on the following page. For each of the survey tables in the *RRR* you will find, listed against every node or area, the codes for all the panellists who contributed information this quarter.
2. Marlene Conradie, Lynette Smit and Elizma Hawksley, who assisted me in compiling the data, formulating the tables and for their technical assistance in the lay-out of the publication.
3. Special thanks to Erwin Rode for his guidance.
4. Ken Gardner, who has the task of making sure that all gross grammar mistakes are corrected.

# Contributor codes

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AC	Acutts	DG	DG Ladegaard Eiendomme
AD	Vunani Properties	DJ	Dividend Investments
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AW	Watprop	EK	Ellenberger & Kahts
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BB	Brugmann Properties	EP	Elevation Properties
BC	Barclay Schofield & Associates (Pty) Ltd	EQ	EquityOne Capital
BE	Bowman Property Group	ER	Associated Property Brokers
BG	Batting Properties	ES	Eli Ströh
BJ	Business Partners	EV	Engel & Völkers Commercial Properties
BM	Bradford McCormack & Associates	FA	Finlay & Associates
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BR	Broll Property Group	FP	PPA Property Development CC
BS	Penthouse Property Group	FR	Fraser & Hurd (Pty) Ltd/Fraser Properties
BW	Barrow Properties	GO	Pam Golding Commercial
BY	Bobby Rogers Property Brokers	GR	Homenet George Rennie & Company
BZ	Bales Delaporte	GS	Gensec Property Services
CB	Century City Property Developments (Pty) Ltd	HD	De Huizemark Amanzimtoti
CC	CCI Properties	HL	Hall Real Estate
CD	Chris van der Walt Properties	HS	Summerton Edelson Commercial CC
CE	Cenprop Real Estate	HT	Hatfield Plaza SC
CI	City Property Administration	IC	ICS
CK	Collins Properties	IM	Homenet Klerksdorp
CM	Capitol Commercial Properties	IN	Investec Property Group
CP	Citiprop Real Estate	IS	Impact Plus Property Services
CR	Colliers International	IT	Ithala Development Finance Corporation
CS	Chase & Sons	JH	JHI Real Estate
CU	Cavalier Group	JP	John Price Estates
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KR	Key Realty	RD	Redefine Income Fund
LA	Landsgate Properties	RE	Realty 1 - ELK
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LM	Louis Kruger Property Management	RO	Reef Property Consultants
LS	Lock Sloane & Partners	RP	IPIC Property Group
LW	RV Properties/Rynlal Verhurings	RT	RMB Properties
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MJ	Majola & Boyd	SF	Seeff Properties
MK	Mawer & Delpont	SG	Spectrum Estates
MM	Morprop	SH	Sharemax Investments
MO	Moolman Group of Companies	SK	Msele Property Brokers
MQ	Multi Projects Development Specialists	SL	SA Land National Land Brokers
MR	Marder Properties	SM	Somerset Mall
MS	Marriott Corporate Property	SN	Sentinel Estates
MT	Mellville's Corner	SP	Stratprop
MW	McWilliam Murray Realty	SQ	Spearhead Property Group
MX	Maxprop Group	SS	Strategic Alliance
MY	Mike Shefer Estates	ST	Invesco Property Investments
ND	Nedbank Corporate	SV	S Kamstra Valuations
NE	Newbridge Property Services	SW	Shaw & Wall
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OM	Old Mutual Properties	TO	Total SA (Pty) Ltd
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PC	Propco (1985) (Pty) Ltd	VE	Vero Property Investments
PG	Property Partners	WA	Wall & Smith Property Consultants
PH	President Estate & General Agents	WE	Westacre Projects
PL	Pears Property Consultants	WK	Wakefields Property Management
PM	PDL Property Management (Pty) Ltd	WM	Mick Webb Consulting
PN	Properagation Estates	ZO	Zonix Properties
PR	Homenet Propman Estate Agents	ZZ	Anon
PX	Gona Pillay Properties		

# Glossary

BCI: Building Cost Index

BER: Bureau for Economic Research, University of Stellenbosch

CBD: Central business district

Stats SA: Statistics South Africa

Dec: Decentralized

Demand: Space occupied

Deseasonalised: Seasonal fluctuations have been removed

JSE: Johannesburg Stock Exchange

Mean: Average

Metro: Metropolitan

MFA: Medium-Term Forecasting Associates, Stellenbosch

N: Number of respondents

N/A: Not available - fewer than two respondents

Nominal: Actual values (i.e. not deflated)

PUTs: Property Unit Trusts (type of listed property)

Real: Deflated, i.e. values from which the relevant inflation has been removed

RLC: Retailer Liaison Committee

RR: Rode's Report on the South African Property Market

Sapoa: South African Property Owners Association

Standard deviation (SD): A measure of dispersion. For instance, assume a mean of R10 and an SD of R1,50. This means there is a 68% chance the values will lie between  $R10 - R1,50 = R8,50$  and  $R10 + R1,50 = R11,50$ .

Take-up: growth in demand

Year-growth: percentage by which figures have changed compared to the same month, quarter or year of the previous year

# Shopping centre definitions

**Super regional:** More than 100.000 rentable m<sup>2</sup> of shop space; substantial comparison-shopping; principal tenants are three or more major department stores; more than 250 shops. Examples are: Eastgate and Sandton City (Johannesburg); Menlyn Park (Pretoria); Gateway (Durban metro); Canal Walk (Cape metro).

**Regional:** 30.000 to 100.000 rentable m<sup>2</sup> of shop space; principal tenant(s) are one or more major department stores; approximately 40 to 250 shops. Examples are: Westgate, Fourways Mall, Cresta (Johannesburg); Brooklyn Mall (Pretoria); The Pavilion (Durban metro); Sanlam Centre in Parow, Tyger Valley, Kenilworth (Cape metro); Greenacres (Port Elizabeth); Mimososa Mall (Bloemfontein); Vincent Park Shopping Centre (East London).

**Community:** 10.000 to 30.000 rentable m<sup>2</sup> of shop space; principal tenant is typically a variety store (e.g. Clicks) or a discount department store (e.g. Dion or Game); approximately 30 to 60 shops. Examples are: Sunnypark (Pretoria); Musgrave Centre (Durban); Middestad Mall in Bellville, Meadowridge, Goodwood Mall, Constantia Village (Cape metro); Constantia Centre (Port Elizabeth); Brandwag Centre (Bloemfontein); Beacon Bay Retail Park (East London).

**Neighbourhood:** 3.000 to 10.000 rentable m<sup>2</sup> of shop space; principal tenant is a supermarket; 15 to 40 shops.

**Convenience:** 300 to 1.200 rentable m<sup>2</sup> of shop space; principal tenant is a café or grocer like Kwik Spar; 5 to 15 shops.

**Retail warehouse:** Stand-alone; single tenant; >10.000m<sup>2</sup>; air-conditioned, no ceiling, warehouse-like finishes, e.g. Makro, Hypermarket, Game, Dion.

**Value centre:** Multi-tenanted strip centre; >10.000m<sup>2</sup>; warehouse type finishes in order to deliver lower prices to consumers.

# Foreword

Dear Reader

Welcome to the last issue of *Rode's Retail Report on South Africa (RRR)* for 2005.

This issue reflects the results of surveys conducted during the third quarter of 2005. We also consider the recent performance of the retail industry, and take a look at the prospects for the coming years.



We are constantly trying to improve the scope and the quality of our surveys. So, if you wish to become part of our expert panel, please contact [Marlene Conradie](#). Existing panellists are also welcome to call her or me if they have any queries or wish to report any interesting changes in the retail market.

Advertisers interested in advertising in the full-colour *RRR* can contact [Lynette Smit](#) at the office on (021) 946-2480 for further details.

I would like to extend an invitation to all parties involved in the retail sector generally, and the retail property market specifically, to submit articles for publication that may be of interest to our readers.

If you are unfamiliar with some of the other products and services that we offer, pay a visit to our website at [www.rode.co.za](http://www.rode.co.za). If you do not already receive the monthly Rode e-newsletter packed with all the latest property news, you can now subscribe online by visiting the same web address. It's free.

As always, happy reading and remember that we appreciate constructive criticism. So, if you have any ideas on how to improve *RRR* to suit your needs, please drop me a line. Alternatively, you can e-mail me on [garth@rode.co.za](mailto:garth@rode.co.za)

A handwritten signature in black ink, appearing to read 'Garth Johnson'. The signature is stylized with a large loop at the end.

Garth Johnson  
Editor

15 December 2005