

Township retail is taking its rightful place at the top

 By Ina Lopion

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Township shopping centres are bucking the trend and outperforming other types of retail centres. This outperformance is clear in Vukile Property Fund's township retail portfolio which includes Daveyton Mall, Phoenix Plaza, Gugulethu Square, Setsing Crescent and Nonesi Mall.



We see strong and resilient trading densities in our township shopping centres and expect more of the same in 2018.

While trading growth in these township shopping centres is positively tracking inflation, for shopping centres in suburban areas, this growth is much lower. Of course, some retail categories are doing better than others in township markets. Our data shows top performance from cosmetics, health and beauty, men's wear, fast foods, cell phones, sportswear and bottle stores. On the other end of the scale are music, electronics, restaurants, furniture and department stores.

More retailers, more brands

Unsurprisingly, more retailers and brands are moving into township malls. TFG, for instance, is introducing more names from its stable into township malls, and they are not alone. What's more, certainly in Vukile's portfolio, the rent-to-sales ratio is still comparatively low in township centres, which means retailers enjoy a lower cost of occupancy for growing density spend.

As retailers align their stores with the latest shopping habits and retail trends, many are rightsizing their shops to optimise efficiencies. At the same time, this provides landlords with the opportunity to diversify their tenant mixes and give shoppers more variety from which to choose.

Positive township retailing is generating a demand for more and better retail space in these attractive markets. Long-standing shopping centres are upgrading and expanding to entrench their dominant positions and boost their relevance to shoppers.

The township mall shopper is discerning with high expectations for their shopping experience. They want centres that reflect the latest world-class designs, brands and retail mixes. If a centre looks and feels dated, it will quickly fall out of favour.

The value for money this shopper wants lies in a centre's tenant mix. They want the most for their rands without compromising on experience to get it. These shoppers also have growing expectations for added value, such as Wi-Fi, more entertainment and pleasant places to pause while shopping.

Shopper numbers static

Like other retail centres countrywide, shopper numbers at township malls are static with slight dips in some instances. This follows the trend of people visiting shopping centres less often but wanting more from a single shopping trip. There is an exciting shift towards more engaging experiences in township malls, including events, launches, and promotions to extend dwell times.

Township centres are also becoming more entrenched in their communities. They are embracing their roles as good citizens, service providers and retail partners for their communities. They are also collaborating more, including integrating local entrepreneurs and business people among their retailers.

Centres in townships are becoming more collaborative in getting to know their shoppers better. No two township communities are alike, which means that most household and shopper surveys only paint part of the picture. So, centres are finding new, innovative ways to get closer to their communities and win the hearts of customers.

Collaboration and data sharing

Shopper analytics is an important means of achieving this in 2018. We also expect more collaboration between shopping centres and retailers, and more data sharing to develop better concepts for these markets. Retailers that put in the effort to learn their markets and cater to their unique shoppers are outperforming. Spar is a fine example of this, certainly in our portfolio of township centres.

Currently, few national retailers are customising their offerings to specific markets, but we are starting to see this and expect more in future. In this market, large retailers must read their customer needs, be nimble and adapt, especially if they wish to harness the benefits of township retail.

ABOUT INA LOPION

Ina Lopion has headed up the asset management division at Vukile Property Fund since 2010. After completing a BSc degree at the University of Stellenbosch, she worked in the insurance industry for six years. She started her career in the property industry in 1991 and filled various roles in Sanlam Properties and Gensec Property Services until she was appointed in her current role as executive director at Vukile Property Fund.

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