



The proposed new centre will add some 30% to the existing market in Hermanus, but is projected to take some 36% share of this expanded market. Food and groceries will be the biggest seller at the proposed new centre, but the biggest impact will be felt in the Clothing and Footwear categories where the new centre is projected to take some 66% of the market, and in All other retail goods where some 57% of the market is expected to shift to the new centre. Conversely, the new centre will only draw some 36% of the Furniture and appliances market and 13% of Consumer services.

8.4 Shopping Centre Future Market Potential

It takes several years from the initial conceptualisation and planning for a major shopping centre to be built and open for trading. One therefore has to focus on the market potential some years hence to establish just what size the centre should be built. In a growing market one has to take some account of the rate of growth and factor that in to the planning phase as it is not feasible to add to a centre incrementally each year. The table below shows the market potential for the proposed new centre at intervals over the next 15 years.

YEAR	SALES Rm	SIZE Sqm	Trading Density
2011	704	25 700	27 400
2013	801	27 800	28 800
2016	981	31 100	31 600
2019	1188	34 500	34 500
2024	1548	38 900	39 800

Sales are in constant 2011 money values with no adjustment for inflation



9. MITIGATING THE NEGATIVE EFFECTS

There is no doubt that a one – stop (regional) shopping centre in Hermanus would be warranted at the scale indicated in this report. It is also clear, however, that there would be impacts on the existing retail in the CBD, particularly in the Clothing and Footwear category. It is also clear that one major area of potential will not be adequately addressed by the centre, ie Furniture. There is very limited choice for furniture in Hermanus, but this category is generally not included in shopping centres because they are big space users, pay little rent and draw little foot traffic. It may be possible, however, to incorporate a 'Value centre' as part of the development. This may attract certain operators presently located in the Industrial areas to raise their profile, as well as attracting a number of national brands to Hermanus. The value centre component may be built as a future extension to the Mall, with leases structured accordingly. In due course the Value Centre could be moved to a separate facility within the site.

In setting up the model, we provided for minimum levels of support for Consumer Services at the proposed Mall. This was done deliberately to recognise the special attributes held by restaurants located "on the front" in Hermanus, as well as the existence of abundant personal services facilities offered within the area, particularly Health and Beauty and hairdressing.

The vulnerability of the Clothing and Footwear sector of the market needs to be recognised by the participants in that sector. There will always be a need for an element of that category to be represented in the CBD, but clearly the bulk of the market will shift to the new mall.

Another category facing strong competition from the proposed new mall is "other" retail goods. Here, the range is so wide that one needs to focus on generics. Stores that have tourism as a major part of their business, would be better off staying in the CBD; but stores focussing on every day basics will face strong competition from potential discounters such as Game, (should they be located in the mall.)



It is a specific recommendation to the Developers that they limit the amount of space provided for non – chain outlets in the Mall. The mall needs to focus on what is NOT available at present in Hermanus rather than simply providing a balanced tenant mix.

In the Household survey it is significant that a number of shops and services were requested for the mall that already have representation in Hermanus. We consider this as an endorsement of operators who are doing a good job rather than a serious request for their re-location

10. JOB CREATION

In 2007 there were an estimated 3800 people employed in the Retail and Wholesale trade in the Overstrand Municipality. At that time the total retail market for the Overstrand was estimated at some R2,4 billion, and operated out of approximately 1330 stores and 185 000 square metres of space. This gives a ratio of approximately 49 square metres of retail space per employee, or R632 000 in sales per head.

The proposed new centre is projected to add a net 30% to the retail market in Hermanus, raising the sales in the town from R1.54 billion to R2.00 billion in current 2011 prices assuming the centre was opened immediately. The net gain in employment would therefore be approximately 600 to 650 people.



11. THE SITE

Ideally the site would be in the middle of town so that there would be one single core shopping precinct. This opportunity does not exist as there is simply no land available for a centre of the required scale.

Three sites have been proposed as locations for a major new shopping centre, as shown on the following map.

The sites selected by Anderson (A) and Retail Africa (B) are well located. They are more central to the residential areas than the CBD itself, have excellent visibility, are easily accessible from all areas, form part of the Sandbaai /Hemel en Aarde retail precinct, and are within easy walking distance of the lower income areas. The Hawston site (C) is close to the western extremity of the primary catchment area and would mean the creation of an additional retail precinct. It is a less convenient option for both the primary as well as secondary catchment area shoppers

12. COMMENT AND RECOMMENDATIONS

The Overstrand Municipal area has enjoyed strong growth over the past ten years, and all things being equal is likely to show similar strong growth over the next ten years. The Hermanus CBD has limited capacity for additional retail facilities, and in peak periods the traffic congestion is a serious problem in spite of the additional parking facilities that were brought on stream with the Checkers development.

The research has shown that while Hermanus residents are satisfying most of their day to day shopping needs in town, there is still an outflow to Somerset West, particularly for clothing, electronic goods and furniture. People living in areas such as Caledon and Bredasdorp have more limited retail facilities, and are spending even more of their household budget over the mountain.



By providing a one-stop (regional) shopping centre in Hermanus this outflow over the mountain can be significantly curtailed and much additional revenue can be directed to Hermanus.

Local residents will be anxious not to damage the CBD, and to a large extent the CBD should not be adversely affected, but could even benefit from a major centre a few kilometres away as secondary catchment area shoppers discover the delights of the town and combine their serious shopping with time spent in the CBD.

But the Clothing and Footwear sector will be affected. There are several major clothing and footwear stores in the CBD, and they would need to give serious thought to their future strategy. Whether to stay put; vacate the CBD altogether, or operate dual outlets.

The clothing and footwear stores are not part of the 'magic' that makes Hermanus special. That accolade belongs to the host of small independent stores that make Hermanus different and interesting. Should one or more of the large clothing chains opt to move out of the CBD, the town could do worse than see good quality antique and art dealers take their place.

However, the proposed development is not without risk. If the centre is not big enough or sufficiently well tenanted to be a viable alternative to Somerset Mall, it will fail to draw the secondary catchment business to the extent we have indicated is possible. To this end a centre of a minimum 30 000 square metres would be necessary to accommodate Game, Woolworths, Edgars and one of the three major supermarket chains with a balance of Line shops, and possibly cinema's.



OVERSTRAND MUNICIPALITY SITE C

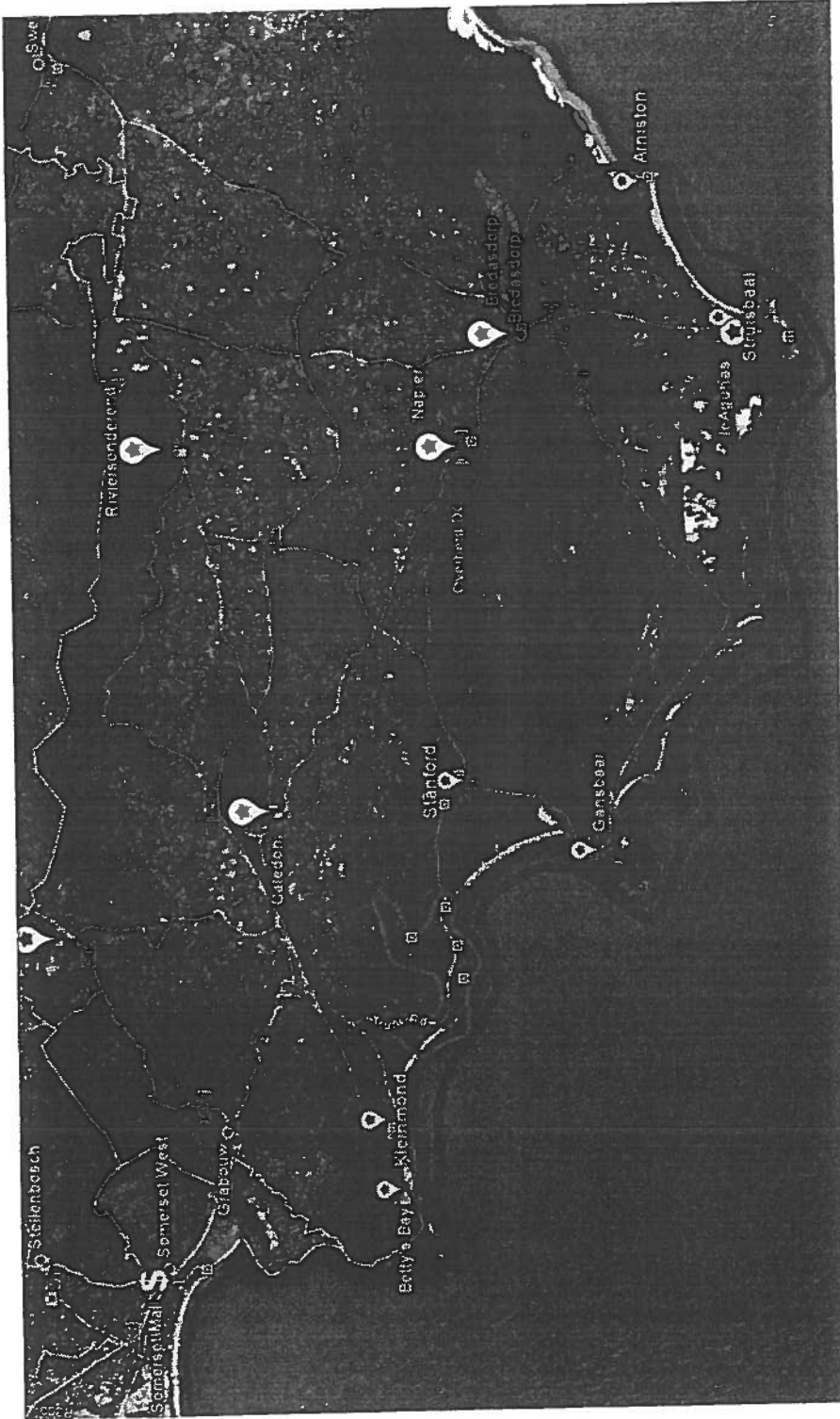
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OVERSTRAND MUNICIPALITY PRIMARY & SECONDARY CATCHMENT AREA

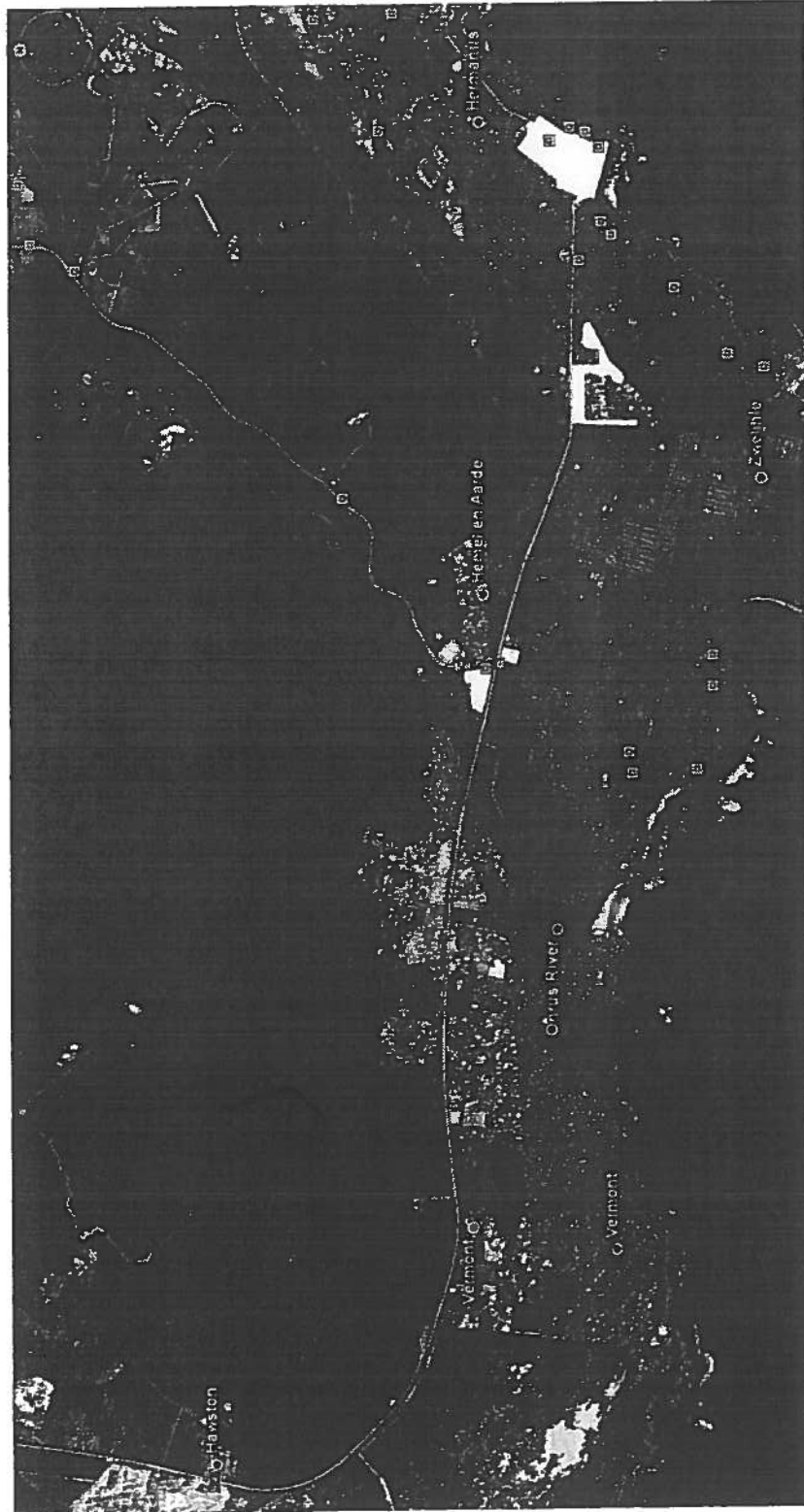
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