

Market information

This is a specialised retail/entertainment facility which caters for lower middle to high LSM groups.

Tenant mix

The tenant mix includes the following:

- casino/gambling facilities offering a wide variety and a large number of tables and play stations;
- the focus is on eating facilities, ranging from takeaways to exclusive fine dining restaurants;
- cinemas and theatres;
- speciality retail facilities including shops like jewellers, book stores, different styles of fashion;
- different types of kiosks and
- banking and exchange services.

Trends and changes

The most important changes in the supply of retail facilities at South African casinos are the following:

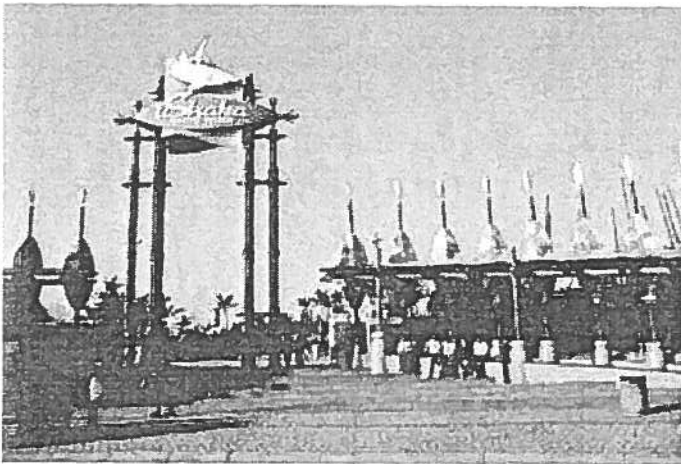
- to **change** the retail facilities and focus mainly on takeaways, restaurants and pubs;
- in many cases the retail component has been **downscaled**, a number of stores have closed, and more gambling facilities are on offer on space previously allocated to retail.

Action to guide retail development

In this regard, the most important guideline is that a licence is required to operate a casino. The size of the casino (measured in the number of gambling tables and slot machines) will determine the size of the retail facilities. Cinemas should preferably focus on regional and super regional centres.



Umfolozi Casino is situated in Empangeni, close to Richards Bay.



The entrance to UShaka Village which is a themed development with no casino

Examples:

- MonteCasino, Johannesburg
- The Boardwalk Casino, Port Elizabeth
- Hemmingways Casino, East London
- Grand West, Cape Town
- Gold Reef City, Johannesburg
- Sun Coast Casino, Durban

4.3 Lifestyle Centres

Role and function

The role of a lifestyle centre is to offer a unique retail shopping and entertainment experience in a relaxed and attractive environment. The emphasis is mostly on restaurants, entertainment and a more focused retail offering, including products that are rarely seen in South Africa. Lifestyle centres mainly have open air designs where the emphasis is on creating an appealing atmosphere. These centres are also based on a combined approach where the tenant mix and architectural style attract more affluent shoppers

Description

Lifestyle centres offer a unique atmosphere and a **“feel good” feeling**. This is currently the most dominant retail development type in the USA. Lifestyle centres are in many cases also linked to a specific development, offering retail facilities, accommodation, sufficient work facilities (office blocks) and residential communities within the same complex/area. In most cases, lifestyle centres become part of a bigger **mixed use development**. These developments also correspond with the concept of *new urbanism* where live, work, play and shop takes place in one mixed use precinct. There is however no agreed definition for a lifestyle centre amongst industry leaders.

The following unique characteristics regarding lifestyle centres in the USA should be noted:

- ▶ Open air centres
- ▶ Variety of dining options
- ▶ Relax in inviting public spaces
- ▶ Upscale tenant mix
- ▶ Multipurpose leisure time destination
- ▶ Design, ambiance, fountains, street furniture
- ▶ One or more conventional or fashion speciality department store.

Size

Size of centre (m ²) (GLA)	Number of stores	Size of land (ha)
15 000-50 000	50-125	4.5-12+

Location criteria

Lifestyle centres are **mainly** developed in **affluent suburban areas** in order to be successful. These centres must be located on major arterial routes offering good visibility and accessibility.

Market Characteristics and Threshold Values

For a successful lifestyle centre, the following threshold values and market support are required:

Socio-economic groups	Number of households	Population
LSM 6-9 ⁵	40 000 - 60 000	±200 000
LSM 10-10+	20 000 - 30 000	±105 000

Tenant mix

The typical tenants that will be found in a **lifestyle centre** are:

- coffee shops
- white cloth restaurants
- high fashion clothing shops
- quality Woolworths and other national flagship stores like the new Edgars store at Melrose Arch
- book shops
- good quality homeware stores
- music stores
- furniture stores and
- other speciality stores

⁵ Not likely to be built in areas with lower LSM households.

Trends and changes

Worldwide the emphasis is on developing lifestyle centres as part of a mixed use development. In these developments the emphasis is on providing residential accommodation, hotel facilities, office space, retail development, theatres, gymnasium facilities and other community related facilities.

The emphasis with a **mixed use development** is to provide all the different urban markets within the same precinct. This creates an opportunity to **work, play, live and shop**, all within the same precinct. The critical aspect for the retail component is to make sure that **enough potential** exists to be viable, based on the local residents and workers, and in most cases to provide facilities to the surrounding households in the neighbourhood.

The lifestyle centres are located in the more affluent suburbs and although pedestrian volumes may be lower, the spending per head is much higher.

Actions to guide retail development

The main emphasis with a lifestyle centre is to increase the number of visits and ensure a pleasurable and exciting experience within an architecturally attractive environment. The development of lifestyle centres in South Africa has been limited, due to the lack of different tenants to a traditional regional centre. These type centres will be limited to the most affluent suburbs of a metropolitan area.

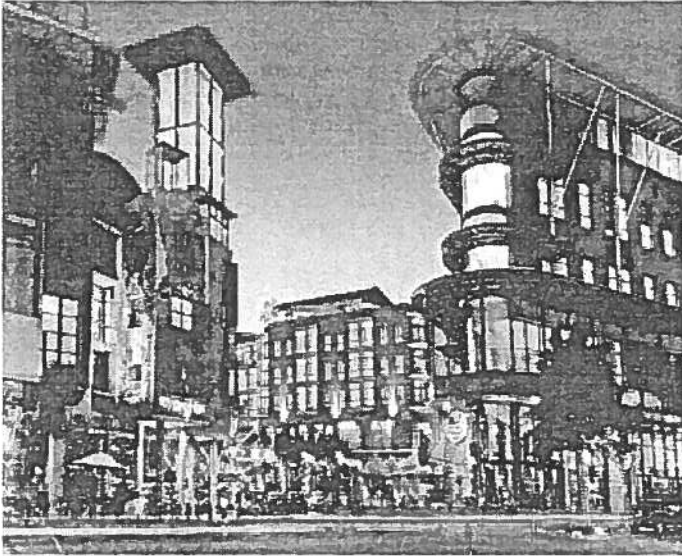
These types of centres will mainly develop as:

- part of a revitalisation project
- infill project or
- in new growth areas where other retail facilities have already been established.

This will supplement the nodes around regional and super regional centres, as well as infill facilities. Melrose Arch is the best example of a lifestyle centre in South Africa.



Moffett on Main in Port Elizabeth



Melrose Arch

Photograph courtesy of Rennie Properties

Examples:

- Melrose Arch, Johannesburg
- Design Quarter, Fourways
- Willowbridge, Cape Town
- Cape Quarter, Cape Town
- Moffett on Main, Port Elizabeth

4.4 Value Centres

Role and function

The role and function of a value centre are to compliment the retail facilities that are not necessarily represented in large regional and super regional centres. These centres do not necessarily offer a full range of goods compared to other centres in the hierarchy. They are usually limited to specific product types. Only a few clothing stores are represented in this type of centre.

These facilities should complement other retail offerings in a particular node or sub node. These centres should not duplicate and compete with adjacent/nearby regional and super regional centres. The emphasis is on quality products at affordable prices.

In some areas more than one value centre is found within the same node because of a variety of different products provided by different retailers.

Most of these centres also offer a strong food/grocery component. The function therefore is destination, as well as convenience driven. A value centre should not be regarded as a discount centre which is of a lower quality as far as the product offering is concerned. The tenants in a

value centre are of a much higher calibre. Many tenants require being close to a regional mall, but are not prepared to pay high rentals.

Description

The value centres are mostly occupied by **traders requiring large space** and are destination orientated. Value centres are a collection of particular or complementary merchandise category dominant stores. The design and layout of the centre is open with parking in front of the stores. The quality of the building is good but basic, with no extra frills.

Some of the traders in these centres, such as Mr Price, Look & Listen and Incredible Connection are located in both shopping centres and value centres. In a few cases a grocery store, and lately small hypermarkets, also form part of the tenant mix. Value centres are in most cases complementary to traditional regional centres because of a different tenant mix.

Size

Size of centre (m²) (GLA)	Number of stores	Size of land (ha)
10 000-50 000	20-40	3-12+

The smaller value centres in the metropolitan areas seem to be less successful.

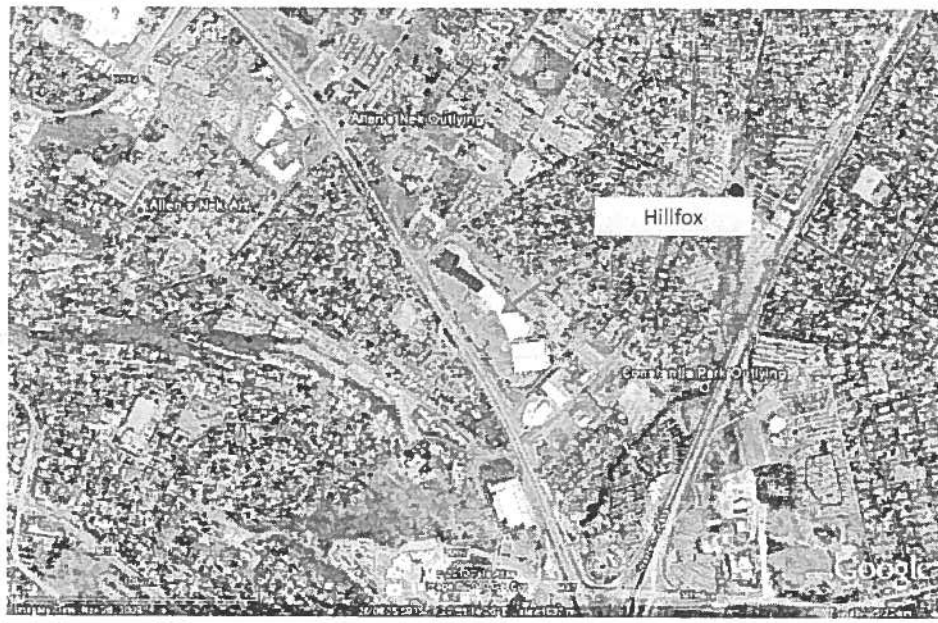
Location criteria

There are basically two trends emerging from successful value centres, namely a location next to a regional centre, or a facility fulfilling a regional role like a Hyper store or Makro/Trade Centre. Alternative locations are at a highly visible and accessible location along a main or national road which proves to be more successful.

Micro Location of East Rand Retail Park



Location of Hillfox Power Centre



Market characteristics and threshold values

Value centres are mainly capitalising on the catchment area serviced by regional and super regional centres.

For a successful value centre the following threshold values and market support is required:

Socio-economic groups	Number of households	Population
LSM 6-9	40 000 - 60 000	±200 000
LSM 10-10+	20 000 - 30 000	±105 000

Tenant mix

A value centre could have the following type of tenants:

- specialised retailers occupying a large space offering a wide variety of products at competitive prices e.g. Incredible Connection, CD Warehouse, Hi-Fi Corporation and Toys R Us (so-called category killers);
- home improvement facilities like hardware, paint, furniture, tiles and interior decorating;
- a number of specific clothing stores like Clothing City and Shoe City;
- so-called factory shops;
- discounters;
- a grocery store (may vary from small to large space);
- a small component fast foods and
- financial institutions

Trends and changes

The variety of different tenants occupying space in value centres has increased over the years. More than 40 so called value/strip centres have been developed countrywide. The most important requirement for these centres to be successful is to offer the **right tenant mix**.

Actions to guide retail development

Potential will mainly be driven by the presence or the absence of value retailers in a particular area. Smaller value centres seem to be less attractive than the larger value centres where the tenant mix is a very strong draw card.

Value centre development will mainly happen as part of a complementary development adjacent to regional centres.



Park Meadows Bedfordview



Montana Crossing, Pretoria



Stoneridge Shopping Centre,
Edenvale.

Examples:

- Fourways Crossing, Johannesburg
- East Rand Retail Park, Boksburg
- Princess Crossing, Roodepoort
- Riverside Value Mart, Nelspruit
- Montana Value Centre, Pretoria
- Woodmead Value Mart, Sandton

- N1 Value Centre, Cape Town
- Park Meadows Mall, Bedfordview

4.5 Hyper Centres

Role and Function

Hyper centres have to provide supermarket facilities on a large scale. These centres also operate on a regional scale. These type of centres were developed in the 1980s and 1990s and are a concept not favoured by developers and retailers any more. This is now replaced with a "value centre", where the hypermarket is one of the major tenants.

Description

A hyper centre is a centre where **most of the space is occupied by a single hyper store** which sells groceries, hardware, appliances, clothing, furniture and household goods. A number of smaller line shops fill the rest of the space. In most cases, this development concept is outdated and not one has been built during the last 15 years.

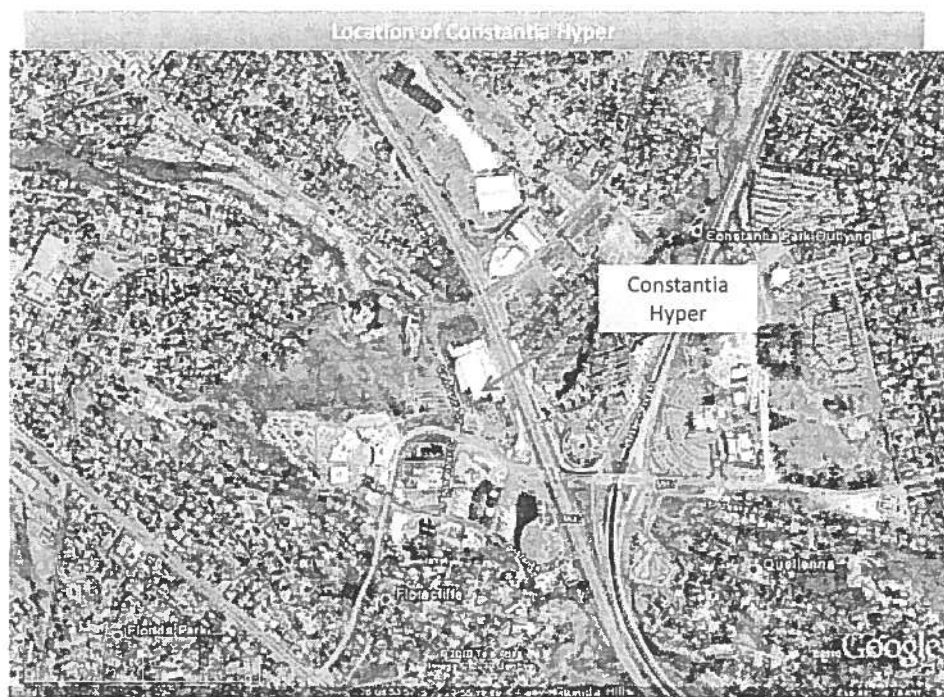
Size

Size of centre (m ²) (GLA)	Number of stores
15 000-35 000	15-40

Location criteria

A major arterial road, usually a provincial road linked to a national road offering very high accessibility and visibility. Provision should be made for enough vehicle stacking space from the highway to prevent queuing.

Average radius of primary trade area	Median travel time to the centre	Access requirements
6-8km	12-20min	Strong correlation with a regional centre



Tenant mix

A hyper centre consists mostly of the hyper store and a number of mainly convenience orientated stores which form a small part of the total floor area.

Trends and changes

Most of these hypermarket centres have become **dated**. However some were revamped offering a new look type of centre. The line shops are mainly catering for a local market. It is expected that fewer of these developments will take place in future. Main grocery anchor tenants tend to focus more on occupying space in value centres.

Actions to guide retail development

The emphasis will be on larger value centres including hyper market facilities. The latest store in this regard is the new Pick n Pay Hypermarket in William Nicol Drive in Bryanston, Johannesburg. Future actions will mainly focus on upgrading and redeveloping of existing facilities.



Hyper by die Sea, Durban

Examples

- Checkers Hyper, Benoni
- Pick 'n Pay Hypermarket, Faerie Glen
- Shoprite Park, Parow
- Bedworth Park, Vereeniging

4.6 Motor Showrooms and Related Facilities

Role and function

The role and function of motor showrooms are mainly to **display** a variety of fabrications and models to create awareness and to attract buyers for the different motor vehicle products.

Description

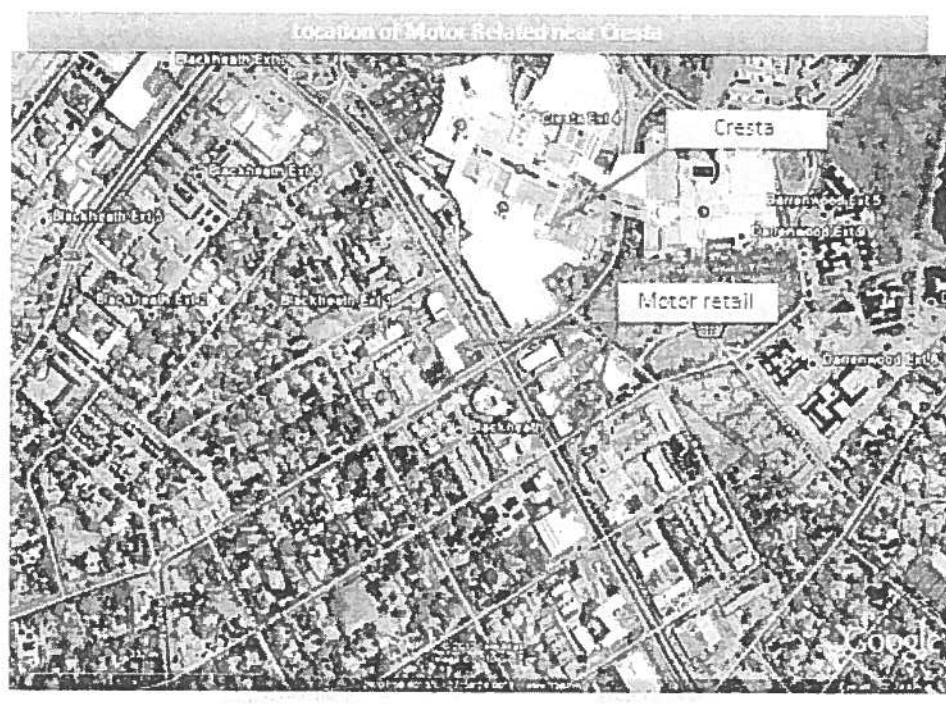
Motor showrooms are included as a specialist retail facility, and are not directly comparable to other shopping centre facilities.

Size

Size of centre (m ²) (GLA)	Number of stores
500 to between 3 000-5 000	<4

Location criteria

The best located showrooms are located **along major arterial routes**, as well as highways with high visibility to these facilities being the major site selection criterion.

**Market characteristics and threshold values**

The most important criteria are:

- the more affluent sectors of cities in metropolitan areas and
- a large local resident population.

Tenant mix

In most cases one or two manufacturers are located in one showroom. A number of showrooms may open in the same area. This is mainly done for comparative reasons and to capitalise on the same visible location.

Trends and changes

There are a number of showrooms **vacant** due to current economic conditions. It is therefore important to understand the **vulnerability** of this motor related market as far as economic changes are concerned. This market has moved into a recovery phase and car sales are increasing.

Actions to guide motor showroom development

The potential will depend on economic conditions, interest rates and on the world markets. The local potential will depend on the disposable income of the residents in the area.

This will mainly happen in new growth areas and infill developments.



Motor related retail in Vaalpark,
Sasolburg



Near Greenstone Mall, Edenvale

4.7 Filling Station Stores

Role and function

Filling stations provide two functions namely **petrol sales** and **express convenience shopping** for mainly two different markets:

- local and passing motor vehicle traffic and
- express convenience shopping for motor car commuters and residents living in close proximity.

Description

This retail facility is located at filling stations and consists of a small store offering a variety of mainly daily purchased consumer goods (cool drinks, sweets, bread, milk and cigarettes) representing $\pm 80\%$ of all purchases. The distinguishing factor for these 'express convenience' stores is that the store is operated by filling station personnel only, and the store is mostly operated on a 24-hour basis.

Many of these stores nowadays offer takeaway products, bakery facilities and lately, small Woolworths Food stores. The larger filling stations are also offering takeaway facilities like Steers as well as sitdown facilities like Wimpy. Readymade food is a key aspect of express convenience. Even stores like Fruit & Veg are moving into this type of developments. These stores also offer parking and a 24-hour secure environment.

Size

Size of centre (m ²) (GLA)	Number of stores
30-600	1

There is a trend that these stores are getting bigger and latest developments include stores of up to 600m².

Location criteria

Filling station stores are located at filling stations either on main arterial routes or at accessible feeder roads at accessible locations within residential and commercial areas. The larger stores are forming part of major national and other roads.

Locations:

- main arterial roads leading to suburbs and commercial nodes;
- taxi ranks/CBDs and
- close to on and off ramps of national and provincial highways

Tenant mix

This is normally a small store offering express convenience goods, services and specialised food products. Other facilities like an ATM, car wash and quick service restaurant (fast food counters and sit down facilities) could also form part of this store type. All express convenience facilities could be allowed.

Trends and changes

- Initially fulfilled the role of a café;
- Offer a much **wider range** of convenience products (banks, fast food, express consumer food stores);
- A number of branded retailers have opened stores as part of these filling station outlets;
- Most filling stations offer these facilities.

Market characteristics and threshold values

Size of store will depend on:

- location of garage as reflected in the type of road, the accessibility and visibility of the site;
- number of litres petrol pumped per month;
- nature of immediate vicinity – could be the only convenience shopping destination in a particular area. The area can form part of a residential area, a highway, commercial areas and any other accessible area with high motor/truck/bus/taxi volumes throughout the day.

Threshold values to be considered:

- 100 000 – 300 000 litres of petrol per month reflect smaller/low performing garage;
- 300 000 – 600 000 litres per month reflect middle/larger size garage;
- >600 000 litres per month reflect strong, well located garage.

Actions to guide filling station development

- Driven by filling station (petrol company) requirements;
- High traffic volumes;
- Outbound location preferred;
- Inbound location could also be considered;
- High density residential area fulfils a shopping more than a filling station role;
- Very good visibility;
- Stores/shops/facilities other than petrol;
- Should be well signposted.

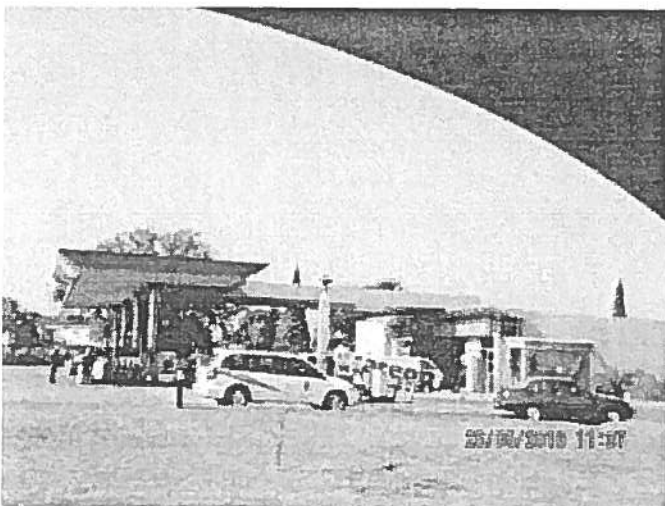
Filling Station development will mainly happen as part of the following:

- existing CBD and Town Centres
- infill areas
- existing suburbs and townships and
- new growth/Greenfield areas

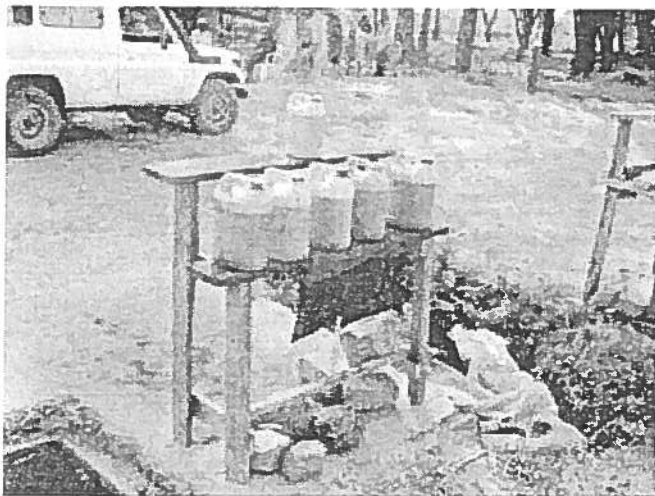
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Shell garage with a Steers, Brazilian and Quick shop. The product range is increasing with fast food and coffee shop facilities like Brazilian and Mugg and Bean.



Near MacKenzie Park on east Rand



Lubumbashi, DRC – selling only petrol.

4.8 Airport Retail

Role and function

The role and function are to satisfy the retail shopping needs for air travellers, as well as family/collectors. The most important is the accessibility and availability of these retail facilities for the highest possible number of air travellers. No specific provision should be made to cater for households in the vicinity of the airport. Airports are not necessarily accessible for households living around the airport.

Description

These facilities are usually located in both the arrival and departure halls of our major international airports. There are also major differences in the retail offering for local and international travellers. The success of these retail facilities is also driven by extra time that passengers/collectors spend while waiting for arrivals and departures.

International terminal retail is dominant on airside departures and of low intensity on landside, whereas domestic terminal retail is stronger on landside, to cater for the meters and greeters, kissers and wavers, as well as the commuters and is less intense on airside departures. Increasingly centralised landside retail cores are becoming dominant.

Size

The size of the facilities will depend on the number of passengers using a particular airport. Large retail facilities are present at OR Tambo International Airport with more than 12 million passengers per annum. Most South African International Airports were upgraded for the 2010 Fifa World Cup offering good quality retail facilities.

Location criteria

It is important to maximise the exposure of the retail facilities to the different user groups. In most overseas airports the retail facilities are **centrally** located to a large number of departure halls.

Tenant mix

The emphases are mainly on food products with coffee shops and sit down fast food and pub restaurants. The tenant mix is also making provision for gifts, books, clothing and services. Duty free facilities are also very popular and occupy large areas of retail space. Lately, stores like Woolworths, Foschini's, Truworths and other branded national clothing stores have opened facilities at the OR Tambo International Airport in South Africa.

Retail facilities at airports like Heathrow and Dubai offer very exclusive fashion, electronic ware and jewellery.

Trends and changes

The most important trend and changes as far as retail shopping is concerned is the expansion of the retail size and the offering available for the different airport user groups.

Actions to guide airport retail development

The potential will be determined by the number of arrivals and departures per airport. OR Tambo International Airport is planned for between 12-15 million passengers per year with a substantial retail component.

Examples of retail in Airports



OR Tambo International airport

5. MAJOR RETAIL TYPES: UNPLANNED RETAIL FACILITIES

A distinction is drawn between the older '**unplanned**' centres of the inner city, including town and city central business districts where individual developments of CBD erven are not coordinated to complement adjacent or opposite erven developments.

These CBD/Town Centre areas range in size from the smaller towns to large metropolitan areas. These facilities are classified as unplanned or **incremental** because of the historical development in CBD/Town Centre areas and the incremental expansion over time.

Taxi rank and commuter centres form part of planned and unplanned retail facilities in CBD/Town Centres. Most facilities at the larger stations/taxi ranks form part of a planned structure, while most of the activities outside the building are unplanned and informal and will be discussed later.

These unplanned and incremental centres do not form part of the traditional hierarchy of shopping centres ranging from a small convenient centre up to a regional centre. The highest level according to the classification by Berry (1967) is the metropolitan CBD which developed as