



MEDIA RELEASE FROM DIPULA INCOME FUND

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***2015 festive season sales will be a tale of extremes – basics and luxuries***

While many South Africans are likely to be buying more basic goods this festive season, luxury goods targeted at high-end consumers are also set to enjoy strong sales.

Izak Petersen, CEO of Dipula Income Fund, sees most retail sales happening at the extreme ends of the retail market. However, overall, Petersen believes that retail sales are going to struggle to top the levels of 2014.

Dipula is a unique JSE-listed Real Estate Investment Trust (REIT) with exceptional B-BBEE credentials. It is managed by a 100% black owned management company. Around 60% of its portfolio comprises retail property assets. Its growing portfolio of shopping centres serves its chosen markets.

Petersen says: "Consumers' disposable income is under pressure. This means that some people may steer clear of exotic holidays, so we could see good trade in urban areas. More people are also likely to take the time to shop around for value."

Petersen points out that retailers have mostly reported lower sales growth in 2015, and it is unlikely this trend will reverse in the last weeks of the year. He lists rising unemployment, rapidly increasing administered costs and the higher increase in the costs of education relative to salary increases, as factors that will contribute to this.

"For many South African families, this is going to be the festive season of basics," reports Petersen. "Basic clothing and groceries will lead the sales pack. But, we may see buoyant sales in goods targeted at high-end consumers, who remain unaffected by the economic slowdown."

Looking at where people will be doing their shopping, Petersen says: "The festive season generally bodes well for regional and large centres. People appreciate choice as they do their shopping. Well located convenience and community centres should also benefit as people acquire basics."



Petersen adds that entertainment and experience drawcards, from children’s programmes to seasonal décor, may support the trading of bigger centres, especially kid-targeted entertainment.

When it comes to how people will pay for their purchases, Petersen points out credit extension has slowed and retailers are reporting a higher cash component of cash sales. “We see this trend continuing.”

For 2016, Petersen expects retail dynamics to be more of the same.

“National retailers will trade reasonably, but won’t shoot the lights out. Smaller boutique retailers are likely to come under pressure. The South African consumer will continue to enjoy more choice as international brands enter the market. Some newer shopping centres may battle after opening, initially, especially the very big ones that have to steal market share from existing centres.”

Yet Petersen still expects retail property to hold up better than the office and industrial sectors in the year ahead, with industrial likely to take second place for performance.

**-ENDS-**

Released on behalf of:  
Dipula Income Fund  
CEO, Izak Petersen  
T: +27 11 325 2112  
082 823 1748  
[www.dipula.co.za](http://www.dipula.co.za)

Distributed by:  
Marketing Concepts  
Suren Naidoo  
T: +27 11 783 0700