



MEDIA RELEASE FROM EMIRA PROPERTY FUND

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South African's will be shopping for entertainment this festive season

South Africans will favour the shopping centres that can offer them an entertaining and enjoyable holiday shopping experience this festive season.

This is the word from Ulana van Biljon, Chief Operating Officer of Emira Property Fund, who notes that while the growth in festive sales is unlikely to shoot the lights out in 2016, more people will visit shopping malls to experience the celebrations of the season and be entertained.

Consumer spend is under pressure, and it is mounting. There are more challenges for disposable income on the horizon from the slow-growth domestic economy to potential future petrol and water and electricity price hikes. In addition, there's also more competition for retail spend in the market than ever before, with 2016 seeing the opening of new shopping centres and the expansion of others.

"This suggests that sales growth will be constrained and any increases are most likely to be mainly inflation driven," reports van Biljon. "However, festive sales growth should be at higher levels than the average for the other 11 months of the year."

She explains that shopping centres are also seen as places of free entertainment, giving communities a place to meet, socialise and enjoy their leisure time, especially during the holidays.

"People want to have a shopping experience, or shoppertainment as it is sometimes called. Larger malls with more entertainment choices should have more visitors. However, this won't necessarily translate to bigger increases in sales figures. Large regional and super-regional malls also offer more variety and comparative shopping.

To compete in this tough market, even the largest malls have their work cut out for them.

"Shopping centres need marketing and advertising campaigns that are in-your-face and focused, supported by good entertainment in centre and, of course, all the basics that make up an excellent shopping experience. In addition, pop-up stores are a trendy new tool to create added excitement and appeal, and activate any vacancies," says van Biljon.

She notes that shopping centres also need to keep in close contact with their retailers, which should be well stocked, offer their own experiences as well as promotions and specials.



Holiday décor and entertainment are relatively important to a shopping centre's festive trading as it creates a more pleasant environment, which results in people wanting to stay longer in the centre.

Traditionally, South Africa's centre of economic activity, Gauteng, empties during December as its residents head to the coast for the holidays - and coastal malls. However, van Biljon points out that higher travelling costs result in fewer people going away and, this year, Gauteng's inland shopping centres could benefit from this trend as shopping becomes a form of entertainment for those who remain at home.

"Food and drink, value clothing, toys, and sporting goods are likely to dominate festive spend this year this year," notes van Biljon. With this in mind, the shops that are most likely to perform well this season are food retailers, value stores and shops selling necessities. However, retailers selling discretionary and high-end household items will be least appealing to consumers.

The festive experience offered by shopping malls is still something that online shopping cannot compete with, although online shopping provides superior comparative shopping. Van Biljon points out that online shopping is still a small percentage of the domestic retail market. "Its presence has increased from last year, with greater sophistication and improved delivery. However, in general, South Africans remain sceptical about online shopping. "

And, while 2016 has been another tough year for South African consumers, 2017 is set to be even tougher with rising costs and decreasing disposable income because of the volatile local economy and global economic uncertainty.

"Faced with more pressure, consumers will prioritise retail spend. Food retailers should be top of the list with discretionary income-dependent items such as clothing, furniture and appliances taking a back seat." She adds: "Credit sales should further decrease due to already high consumer debt levels".

In addition, new shopping centre developments are anticipated to be limited because, except for a need for smaller neighbourhood and convenience shopping centre in particular township areas, the market is saturated, at least for now.

"In a highly competitive market, we expect to see shopping centres being more aware of consumers' needs and the contribution they make to their communities. Here, entertainment and promotions will be a big factor in attracting shoppers," notes van Biljon

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Over 40% of Emira's assets are shopping centres. Its portfolio of quality retail centres includes its flagship asset, the super-regional Wonderpark Shopping Centre in Pretoria that offers 90,500sqm of vibrant shopping and entertainment from 170 tenants.

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