

# The year of the mixed-use mall

 By [Gavin Blows](#)

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In the fiercely competitive South African retail sector, the retail and retail development space in 2017 and beyond will include a high-tech, interactive shopping environment in a bid to lure shoppers to centres for longer.

This is one of the strongest indications that technology – specifically internet access – is in fact facilitating bricks-and-mortar retail development, rather than hampering it through the rise of online shopping platforms.

Another emerging trend is the changing tenant mix of centres, which is increasingly becoming geared towards high LSM, mixed-use offerings, bringing a greater element of convenience to shoppers who are less inclined to travel far for what they need. This is seeing shopping centres of about 20,000m<sup>2</sup> developed with a mix of quality restaurants, office space, high-end convenience retail tenants, and lifestyle components such as gyms.

## Mega malls' days are numbered

There remain very few opportunities for the construction of new mega malls of 80,000m<sup>2</sup> and over unless we accept a high level of cannibalism between competing malls. The market has reached maturity in this respect. We will see a lot of expansion on existing large malls, as well as a redevelopment of their offerings but, in terms of demographics, their numbers within the national landscape are essentially fixed for the time being.

This is not to say that super-regional malls are not profitable. They remain the best performing assets over the long term, given their extended tenant mix and dwell times.

As the economic climate gradually improves in the coming years, the appetite for larger shopping centres will once again improve, bearing in mind that the property sector is a long-term investment.

## Outlook for 2017

The future for retail development in South Africa lies in high-quality offerings in high LSM areas – malls just larger than convenience centres, ranging from 15,000m<sup>2</sup> to 25,000m<sup>2</sup>. Such developments are not just retail orientated, but also offer health and lifestyle components, mixed with high-end office space.

Here, the tenant uptake is good because the trading densities are high. These are niche centres, which are trading very well at the moment.

Trends show a rise in demand for centres offering a mix of office, health and lifestyle facilities – especially in Johannesburg and Cape Town where traffic congestion means residents want to work, exercise, shop and eat out all within easy reach.

Market research conducted by [Abacus Asset Management](#) ahead of our development of Dainfern Square in Fourways, Johannesburg, showed that Dainfern was one of the highest growth areas in South Africa. We have recently opened another mixed-use boutique retail centre in another high-growth, high LSM node in the Western Cape, this time in the form of The Sanctuary in Somerset West.



In the category for new neighbourhood and convenience shopping centre smaller than 20,000m<sup>2</sup> in size, Dainfern Square scooped the top award at the 2016 SACSC Awards.

Picture: Supplied / Wieland Gleich

## Digital drive

With online shopping in South Africa accounting for just 1% of total retail spend, landlords are beginning to incorporate a greater digital experience than ever before into new retail developments.

At first free Wi-Fi was the limit to which developers were willing to spend on digital platforms in their centres, but now multiple platforms are emerging in new developments. This includes high-tech features such as a central digital management system which governs a mall's website, mobile app and Wi-Fi offering, and which is linked to Bluetooth location beacons situated throughout the centres.

This in turn allows the mall's management and marketing team to have a coordinated, meaningful engagement with their shoppers. The enhanced experience also has a positive effect on shoppers' dwell times, which in turn increases turnover for the mall.

You could even go as far as to say that the digital platform is the new tenant in the mall. We don't expect online shopping to impact massively on retail developments. Rather, online shopping will be used more as a reference point, with the majority of shoppers preferring to enter the physical retail environment.

*Abacus has received acclaim for MooiRivier Mall in Potchefstroom, Waterstone Village in Somerset West, Matlosana Mall in Klerksdorp, and Baywest Mall in Port Elizabeth. Among these are the SACSC National Retail Design and Development Award for super-regional malls and shopping centres, as well as the Spectrum Award that celebrates retail excellence across all disciplines and sectors in South Africa.*

## ABOUT GAVIN BLOWS

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