

Rural and township retail property trends



By [Seabelo Theledi](#)

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Shortly after concluding the successful SA Investment Summit, President Cyril Ramaphosa then took a walk through the streets of the famous Vilakazi Street in Soweto to show off the township and its successful businesses. The tour with foreign and some local businesses should be seen as more than just showcasing Soweto, but rather the potential that townships and rural areas hold in creating platforms for new entrepreneurs from those who have always been on the margins, while producing goods and services close to where the majority of South Africans live.



Seabelo (Herbert) Theledi, founder and managing director, Nthwese Developments

The townships and rural areas might have been planned as dumping grounds, but they have become growing beacons of hope and pockets of success. These areas cry out for spaces that enable the inborn human urge to become the best that one can be.

With over half of young people in South Africa unemployed and the vast majority of those living in rural and townships areas, it makes sense that economic opportunities be where the potential human talent resides and where services are most critically needed.

The [Retail Centres and Township Development](#) case study commissioned by Urban LandMark and conducted by Demacon Market Studies in partnership with the Training for Township Renewal Initiative (TTRI) and the National Treasury highlighted the growth of the township market in the last decade.

Significant increase in township and rural retail centres

According to this case study, the development of shopping centres in the township and rural areas of South Africa has increased significantly. In rural and township areas, which are classified as 'second economy' areas in South Africa, retail centres have been increasing in both number and size.

Nationally, 160 retail centres had been developed in second economy areas by 2009. Of the 116 developed since 1962, 66 were developed in the 37 years between 1962 and 1999 and 50 in the 10 years between 2000 and 2009.

Today, retail property is developing everywhere around the country, thus increasing opportunities and creating skills for the many artisans, interns and learnerships for youth and providing long-term job opportunities for thousands of others. In most cases, the jobs are close to where the employees live, thus removing transport fees as a consideration when measuring the nett profit of selling one's labour.

Unlike previous years past where top contemporary fashion or middle-class retail businesses such as Woolworths and Pick n Pay Hyper were found in previously more affluent areas, the trend is now for these stores to be found in retail properties in the townships and rural areas.

Mass electrification

Township and rural retail property have grown alongside population and income growth numbers. This sector has also benefited from the mass electrification of townships and rural areas and the international trend in the non-durability of homeware products resulting in more frequent replenishment of these wares.

By 2016, the shopping centre floor area had grown from 4-million square metres to more than 23 million square metres. Township and rural properties had increased to well over 300, while the number of centres in these areas larger than 30,000 square metres had increased from 36 in 1994 to 160 by 2014.

The ever increasing size of the township and rural property space, as well as the types of businesses that want to have a presence in these areas suggest that it is only a matter of time before these areas boast of properties the size of Gateway (in Durban) or Sandton City in Johannesburg.

Businesses up their game

It will be disingenuous to pretend that this has had no impact on the traditional shop on the corner. Still, there is evidence from many experts that the presence of large retail malls in townships and rural areas has forced businesses that were moribund to suddenly up their game, pay close attention to how they can serve their own market, improve services and even spruce up their shop.

In many cases, the township and rural shopkeeper who has moved their business to the new retail property has benefited from the extra security and footprint in the mall.

Furthermore, it cannot be argued here that township and rural retail property market is on an upward trend. It is the preferred way for markets, that is buyers and sellers of services and goods, to meet. *It is the way to go.*

ABOUT SEABELO THELEDI

Herbert Seabelo Theledi is the founder and managing director of Nhoese Developments. He holds a Bcom Degree in Accounting and Economics from the University of the North. He founded Nhoese in 1994 and has over 20 years' experience in the real estate industry. He was instrumental in growing Nhoese's portfolio to just over R2bn, prior to the sale of half the portfolio to the JSE-listed Rebosis Property Fund.

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