Mall of Africa: Big, and it may get bigger

By Joan Muller

8 May 2017

The 130,000m Mall of Africa in Midrand, the largest shopping centre ever to be built from scratch in SA, has exceeded trading expectations in its first year of operation, defying the sceptics who believed the mall would struggle given Gauteng's heavily traded retail landscape.

Image source: Atterbury

The R5bn centre, owned jointly by JSE-listed Attacq and developer Atterbury, has lured close to 15m shoppers since it opened on 28 April last year.

That surpassed management's initial expectation of 12m-13m visitors in the first year, says Attacq's head of retail Michael Clampett. The mall has achieved sales turnover of R311.6m/month on average, which translates into a trading density (sales per square metre) of R2,630/m. Clampett says that's comfortably ahead of the average R2,000/m shopping centre that owners typically hope to achieve in a new mall in the first year. December was a bumper month, with trading densities peaking at R4,110/m.

Mall of Africa celebrates first year
Alistair Anderson 2 May 2017

Clampett ascribes the success of the Mall of Africa to its visibility and central location at Waterfall City just off the N1 Highway between Pretoria and Johannesburg. "The mall's extensive offering is also a major drawcard, as visitors can do all their shopping under one roof and in one trip."

The mall has 310 shops and restaurants, including several new concept stores for the likes of Woolworths, iStore, Cotton On, Mr Price Weekend and Zara Home. There is only one empty store at present, which brings the mall's vacancy to a low 0.8%.

The owners are already considering extending the mall by 25,000m-30,000m. "There are a number of brands that we can't now accommodate - they require big box spaces - so a future extension would make sense," says Clampett.

While the Mall of Africa may be trading better than expected, there's no doubt that spending at many centres across Gauteng is under pressure as consumers continue to tighten their belts. That's particularly true for malls faced with new competition.

Two of the JSE's largest mall owners, Growthpoint Properties and Hyprop Investment, recently reported a marked slowdown in trading density growth in their retail portfolios. Growthpoint reported average growth of only 1.45% for the six months to December, down from around 7%-8% two years ago. Growth in Hyprop's portfolio slowed to 3.4% over the same time, down from 5.2% for the year to June 2016.

Growthpoint is feeling the pinch on SA's decline
Alistair Anderson 7 Apr 2017

Growthpoint CEO Norbert Sasse said at the company's results presentation in March that consumer spending at a number of its Gauteng malls had been diluted due to the opening of new centres such as the Mall of Africa and the extension of Menlyn Park in Pretoria. "It's becoming increasingly difficult to grow turnovers given the oversupply of retail space," he said.

Source: Financial Mail