

Innovation needed in SA shopping centres to drive tenant retention

With big box retailers closing down and leaving vacancies in their wake, some shopping centres across South Africa are starting to feel the pinch. According to Broll Property Group, however, these vacancies provide an opportunity for landlords to revitalise and improve a centre's tenant-mix, thereby giving the centre a new lease on life.



This can result in stabilised, long-term leasing, and increased rentals are possible if large spaces are subdivided as smaller tenants in general pay higher rentals in comparison to tenants taking up big boxes, according to the [Broll SA Retail Snapshot Q2: 2017](#).

Other large national, international, as well as well-established independent retailers now have the opportunity to be located in prime locations where they previously may not have had a presence. Vacant premises could also be used as temporary exhibition spaces to enable landlords to earn an income until a permanent solution for the repurposing of this space is achieved, according to the snapshot.

Retail innovation

Retail executives at Broll Property Group say the closing down of big box retailers at some shopping centres is a cause for concern as it confirms the current tough trading market.

“Landlords need to become more proactive, focusing on tenant retention and flexible lease scenarios as well as improved customer service to retain their customers and retailers drawing feet to the centres,” says Wilna Savio, portfolio executive at Broll Property Group.

She explains that a number of retailers are currently struggling and as management teams, they are spending more time discussing leasing strategies with regards to tenant-mixes and centre improvements. They are also looking at viable options for rent/space reduction, escalation rates and growth and are also exploring innovative leasing deals.

Following the restructuring of rental terms within some Broll managed shopping centres, reducing shop sizes to be more affordable, thereby improving trading densities, has given some struggling retailers breathing space. Savio says this then creates new opportunities to relook at good performing retailers and to include value-add stores for bargain shoppers during tough economic times.

Social media marketing

Savio says a number of centres have increased the reach of their marketing campaigns through the use of social media platforms such as Facebook, Instagram and Twitter to engage with customers. Marketing is often neglected, especially by smaller retailers such as the Moms and Pops. To this end, landlords have now identified various marketing campaigns such as digital online paid for advertisements to assist retailers in marketing their products and services, thus creating awareness and making them more accessible to the general public.

“We actively engage with existing tenants to determine the cause of their poor performance, however, tenants also need to invest back into their businesses and improve their service offerings in addition to increasing staff training in order to meet the demands of savvy customers who are currently cautious about what they spend on,” she adds.

For more, visit: <https://www.bizcommunity.com>