

# Retailers feeling the pinch

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19 Dec 2008

The slowdown in spending is likely to have some knock-on effects.

The slowdown in spending is hurting retailers around the world this Christmas, which means shopping centre rentals are likely to come under pressure.

That's according to commercial real estate consultants Colliers International. Fewer customers flashing credit cards have hit mom-and-pop type retail traders the hardest.

"These small businesses have no 'big brother' company to carry them through tough economic times," said Sanett Uys, director of Colliers Property and Facilities Management in South Africa.

"As a result, they are inevitably the first to close their doors under financial pressure."

Shopping centre rentals in Europe are feeling the squeeze, due to the economic slowdown, said Colliers.

In South Africa, however, prime retail space is in demand.

Andre Stadler, MD of Catalyst Fund managers, said shopping centre landlords are able to demand higher rental levels depending on the space they have on offer.

"Generally, retail leasing will be under more pressure than it has been, but in certain centres the landlord is still in a very dominant position," said Stadler. There are specific centres for which there is significant demand from retailers for exposure."

Colliers said Durban had the highest average monthly prime high street rental at R405m<sup>2</sup>, Cape Town at R311m<sup>2</sup> and Pretoria at R284m<sup>2</sup>, compared to Johannesburg at R203m<sup>2</sup>.

Source: *Business Times*

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