

Broll releases December 2016 retail trade results

Shopping centres within the Broll portfolio have released their December 2016 trading results, showing a year-on-year trading density growth increase, with the exception of community centres.



Located in Berea Durban, Davenport Square is a community shopping centre owned by SA Corporate Real Estate Fund and managed by Broll Property Group.

Data from the report shows that regional (measuring up to 99,999 m²) and small regional (measuring up to 49,999 m²) centres were best performers during the December 2016 period, recording trade sales of 7.9% and 6.1% respectively. Community centres (measuring up to 24,999 m²) were the worst performers posting sales of -0.8% while convenience and neighbourhood centres recorded 4.2% and 3.0% respectively.

Elaine Wilson, divisional director for research at Broll Property Group says, “December is a busy period for the retail market with consumers likely to increase their spending buying festive gifts and other items. Regional and small regional centres offer an overall shopping experience with access to various retail offerings under one roof, hence these centre types tend to see an increase in trade sales during this period.”

Textiles and clothing sees highest growth

According to Statistics SA, at current prices, retail trade sales in December 2016 amounted to R108.862 billion from R100.307 billion in the same period in 2015. In real terms, sales were up 0.9% y/y.

Textile and clothing recorded the highest retail trade sales of 17.7% y/y, 15.6% was recorded for food and drink, pharmaceutical at 7.9%, hardware (5.3%), general dealers (5.2%), other (2.4%) and households goods recorded -2.1%.

The Broll Retail Snapshot Q4: 2016 reveals that general dealers performed well in convenience centres recording a y/y growth of 22.3% compared to 7.1% and 7.0% at regional and small regional centres.

The reason for the high trading density in convenience centres may be the convenience, services and ease of access on offer that have become important to time-strapped consumers.

Meanwhile, the food and drink category was a top performer at small regional centres posting y/y retail trade sales growth of 11.8%, 9.5% at convenience centres and 3.6% at regional centres.

Pharmaceuticals performed well at small regional and regional centres recording 10.3% and this performance can be attributed to the larger discounted health and beauty as well as pharmaceutical retailers being present within these centre types.

Dip in hardware sales

With consumers currently under financial pressure and possibly having scaled back on home improvements, hardware trade sales didn't perform well, particularly in December 2016 with a notable y/y decrease of -36.0% in small regional centres while community centres recorded a 5.7% growth for the period.

The textile and clothing category recorded an increase in y/y trading density growth with small regional and regional growing by 8.8% and 6.7% respectively with community centres recording 5.7% for the period.

Household goods sales were lower at community (-0.7%) and regional (-0.5%) centres while convenience centres recorded a high of 10.4%.

Wilson adds that overall, during December 2016, retailers in regional and small regional centres were top performers possibly due to the 'shoppertainment' experience offered within these centre types.

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