

R40 million expansion pays off for PE property investment

As part of its five-year, R40 million expansion, Pier 14 Shopping Centre on Govan Mbeki Avenue in Port Elizabeth is seeing a number of big retail brands, including a national bank, moving in for the festive season.



Pier 14 Shopping Centre in Port Elizabeth has seen an influx of tenants in time for the festive season. Pictured here at the new Debonairs Pizza store are co-owners Peter (far left) and Taki Pitsiladi (far right) with Sonja de Necker (second from left) and Sophia Steyn of centre management.

Photo: Coetzee Gouws/Full Stop Communications

The most recent addition, the North End branch of Standard Bank, is relocating to Pier 14 and will open for business on 1 December 2012. It joins new fast food franchise outlets Debonairs Pizza and Cassie's, which started trading last month.

According to Martin Wragge, CEO of GRITprop Investments, which owns Pier 14 Shopping Centre, the influx of national tenants was in part due to the expansion process. "The upgrade has increased footfall and turnover and we now have more than eight million feet passing through our doors annually."

Wragge said management was anticipating bumper peak season trading, with retail turnovers expected to top R270 million for the financial year. "We are thrilled that our efforts to increase trading volumes are finally paying off."

He said total average trading densities were up by 18.1% and that the trend was expected to continue as management not only attracted new tenants but also "right-sized" the existing tenant base.

"Too many of our tenants have been trading in oversized spaces due to historically cheap rentals. Over the past six months, the centre had been engaged in a process of reducing the floor space of existing tenants by between 20-50%. The result is better densities, more affordable rentals and greater profitability for the tenants and centre alike."

The downsizing process had also opened up new trading spaces for retailers on the ground and first floor which had been fully occupied for some time. This had helped to diversify the tenant mix, which comprised mainly fashion, footwear, music, furniture and appliances, as well as health and beauty stores.

"With the recent addition of Cassie's and Debonairs, we now have a good mix of food retailers." Earlier this year, the centre fitted a Chingos chicken outlet, an Old Fashioned Fish and Chips as well as the Linga Lon restaurant to join existing traders Hungry Lion, Pie City and King Pie.

Standard Bank's presence would strengthen the centre's financial services offering, which included Nedbank, Old Mutual Finance, Surebank, Bayport Financial Services and Bridge Loans.

The centre features seven floors of office and retail space covering a gross lettable area of 30 273 m², including the revamped 25 000 m² retail component.

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