

7th consecutive retail sales decline for June, as widespread pressure on most retailer categories continues

It is hoped that the slower rate of real decline points in June points to a levelling out in real retail sales, as retail sales for June saw the seventh consecutive real (inflation-adjusted) year-on-year decline, to the tune of -0.9%, following on a revised -1.6% decline in May 2023.



Source: Engineering News [Engineering News](#) Gateway Mall in KwaZulu-Natal. the declining June 2023 real retail sales numbers point to a likely continuation of the recent weakening in the retail property market on a national basis

The pressure remains widespread across most of the major retailer categories, with the exception of clothing and footwear retail (+5.8% real year-on-year growth), although this growth rate is also slowing).

Even the less cyclical “general dealers” saw a decline of -2.7%, a slowing economy and significantly higher food and grocery prices (after last year’s inflation surge) exerting pressure on real consumer disposable income.



Retail sales drop 1.4% for May

20 Jul 2023



Pressure on home-related retail

There is also pressure in home-related retail, “household furniture, appliances and equipment” retail declining by -1%, and “hardware, paint and glass” retail sales by an even larger -4.4% year-on-year.

Declines in these two latter categories makes sense, given that many home-related purchases and maintenance items are postpone-able in tough financial times.

Pharmaceutical and healthcare retailers saw a -1.4% year-on-year real decline, and the large “other retailers” category saw a -1.6% decline, so the decline was broad-based across the major retail categories.



Market shifts expose Parow Centre's landlord struggles

Katja Hamilton 14 Aug 2023



Sustained pressure on retail shopping centre tenants

This most recent data thus sustains the pressure on retail shopping centre tenants, and thus on the centres themselves, likely having caused further slowdown in growth in retail centre trading densities during Q2 2023, following a slowing in MSCI* Q1 trading density numbers.

All five main shopping centre categories (super regional, regional, small regional, community and neighbourhood) showed slowing trading density growth as at Q1 2023, following on the post-lockdown recovery through 2021/22, and three of the five centre categories already saw real (inflation-adjusted) year-on year declines in trading densities in Q1.

Declining real retail sales comes at a time when shopping centre owners and tenants alike face significant operating cost pressures too, including often above-inflation municipal tax and utilities tariff hikes, while also required to find costly electricity alternatives due to unreliable power supply.



Rand inches up before retail sales data release

Tannur Anders 16 Aug 2023



Weakening in the retail property market continues

As things stood in the Q1, according to MSCI data, both base rentals and gross rentals were in decline in real (inflation-adjusted) terms in all five main centre categories (super regional, regional, small regional, community and neighbourhood), reflecting a weak level of “pricing power” for landlords in the rental market with tenants under pressure.

This most recent retail sales data is expected to contribute to further near term real (inflation-adjusted) rental decline.

In short, the declining June 2023 real retail sales numbers point to a likely continuation of the recent weakening in the retail property market on a national basis.

*(MSCI Inc. is an American finance company that provides global equity, fixed income, real estate indexes, multi-asset portfolio analysis tools, ESG and climate products.)

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