

# These two trends are shaping the future of commercial real estate

South African consumers still prefer doing their shopping in malls, according to a report released in 2017 by Visa. In 2016, total online sales were estimated at R9bn, which was only 1% of total retail sales.



Image source: [www.pixabay.com](http://www.pixabay.com)

While South African online spend is forecasted to grow to over R53bn in 2018, 63% of consumers surveyed said they still prefer doing their shopping in malls. Brick and mortar stores are far from vanishing, believes Sean Paul, executive director of Spire Property Management which holds the management contracts for a number of retail centres across South Africa.

## 1. Rise of the concept store

Paul says that even though it is true that a tough 2017 saw the closure of stores, and that there are shopping malls that are failing, there are many that are performing well. "We are seeing the rise of fresh concept stores and innovative and enthralling success stories of physical stores. We have also seen an influx of international brands, providing a plethora of choices for consumers."

"Not all shopping malls are created equally, and many struggle due to reasons such as an evolving community with changing needs, and failure to adapt the tenant mix accordingly; lack of access to public transport; and outdated or crumbling infrastructure. These are just a few examples why one may find a shopping centre with many vacancies, but a well-run centre which is servicing its surrounding community effectively with a fresh tenant mix is not going anywhere - and one can see this for yourself by visiting shopping centres near you," says Paul.



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## 2. Demise of the parking garage

The topic of access to public transport as a force shaping commercial real estate brings one to the trend of millennials choosing to not own cars and to rather use public transport, bicycles and service providers such as Uber.

“Internationally, more urbanites are gradually turning against the car and, as such, turning against the congestion and against parking and the vast amount of space taken up in urban centres by parking garages and lots. Some buildings are even being built in cities that have no parking available whatsoever,” says Paul. “As much as 56% of New York households don’t own a car.”

“The micro-living trend, which has recently arrived in South Africa, sees more people being able to live and work in the CBD, allowing them to commute to work with public transport and not requiring cars. The Western Cape Department of Transport already encourages carpooling to reduce carbon emissions and congestion. Coupled with this is encouragement from provincial government for employers to allow their employees to work flexi-time; a growing workforce that works remotely won’t also add their vehicle to the already gridlocked roads.”



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“We believe that South Africa will lag behind in this trend towards the phasing out of parking for some time but eventually we will catch up with international cities, which are doing away with the need for so much parking. This in turn will open up myriad possibilities as landlords re-purpose and redevelop what was previously designated parking into innovative new urban spaces,” concludes Paul.

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