FOURWAYS NODAL ANALYSIS

BY:

DR DIRK A PRINSLOO
DIRK NICO PRINSLOO

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INTRODUCTION

The Fourways node is experiencing strong development growth which is dominated by the extension of Fourways Mall to >170 000m². The retail offering will further be strengthened by the flagship representation of Leroy Merlin at 17 000m². With the extension and additional retail supplied, the Fourways node will be the most dominant retail market in South Africa.

The super regional status of Fourways Mall will act as a catalyst for additional urban growth. The growth of the node is underpinned by the infrastructure development linked to road access and public transport. The road access will provide seamless movement from the 3 main arterial roads (William Nicol Dr, Witkoppen- & Cedar Rd) into Fouways Mall. The public transport infrastructure will include a Gautrain Station adjacent to Fourways Mall as well as a integrated taxi drop-off and pick-up in the super basement of Fourways Mall.

The main purpose of the market research is to analyse the Fourways market and to compare the node with comparative and competing nodes in the broader marketplace.

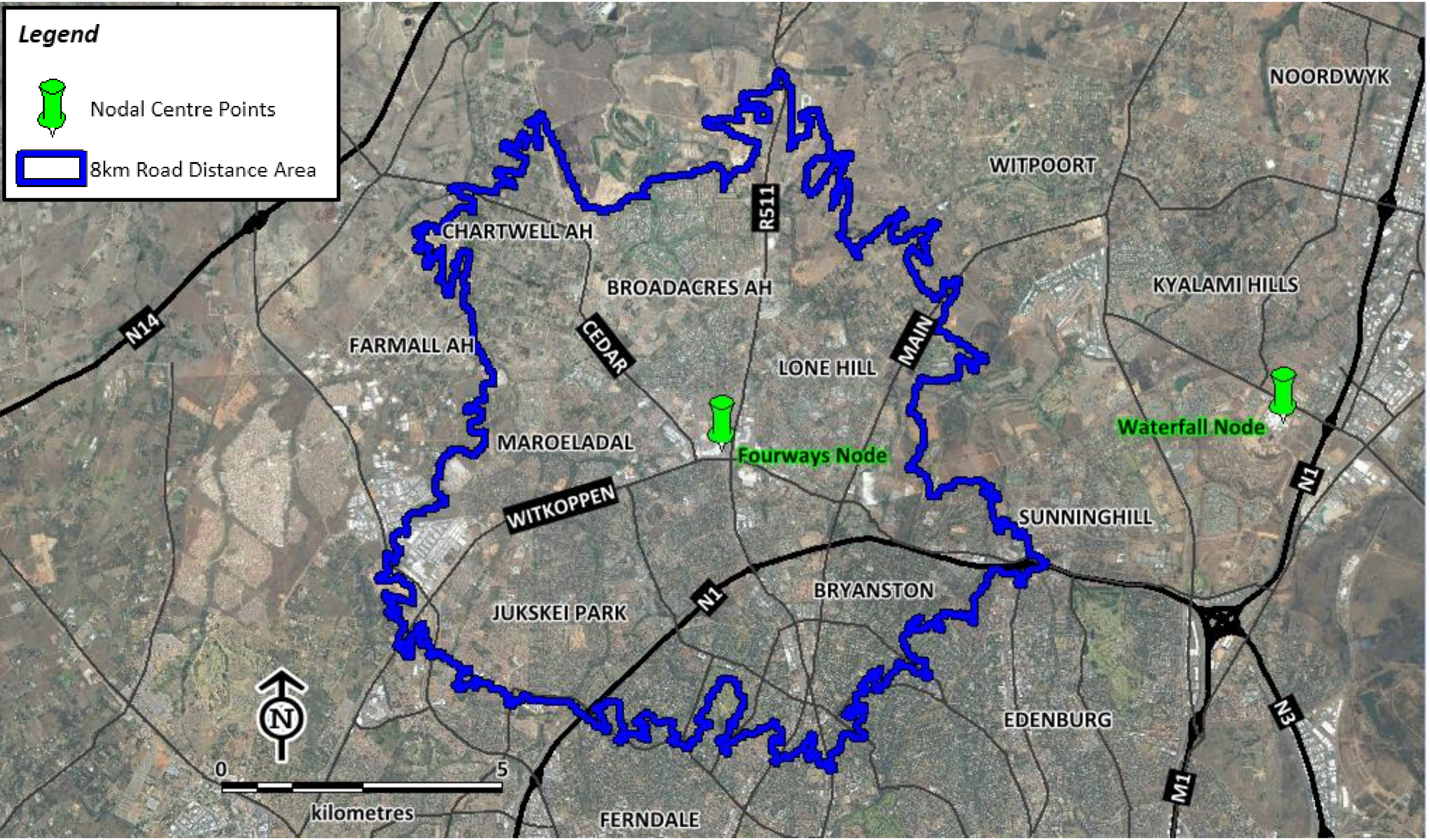
OBJECTIVES

URBAN STUDIES

- To analyse the relative strength of the Fourways node and to compare it with other nodes in Gauteng;
- To understand the dynamics of the urban environment in Fourways;
- To highlight urban market trends, changes and growth prospects;
- Competitor Analysis;
- To evaluate the economic conditions and growth prospects of the market;
- To evaluate the micro location of Fourways Mall;
- To add strategic value for the positioning of Fourways Mall and the Fourways node.

DEMOGRAPHICS

Fourways Node



- The following map shows the demarcated 8km Road Distance Area of Fourways;
- The profile data clearly shows the affluent nature of this market;
- The market consist of approximately 180 000 people and 75 000 households. The market is expected to continue to grow at >3% p.a.
- Growth will predominantly occur in the Steyn City, Riversands, Diepsloot and Chartwell areas. In total >40 000 residential units are planned for the area north of Fourways. These households will form part of the broader catchment area of the super regional Fourways Mall.

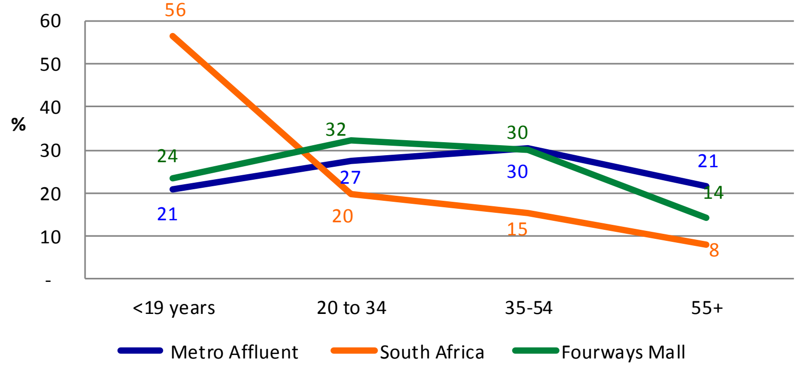
Nodal Analysis
Fourways Mall

Demographics

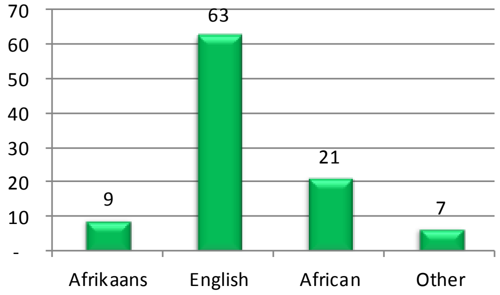
Name of Node: Fourways Mall

ACCELERATE PROPERTY FUND

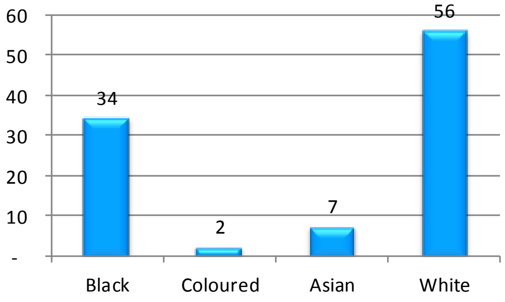
COMPARISON OF AGE



LANGUAGE GROUPS



POPULATION GROUP



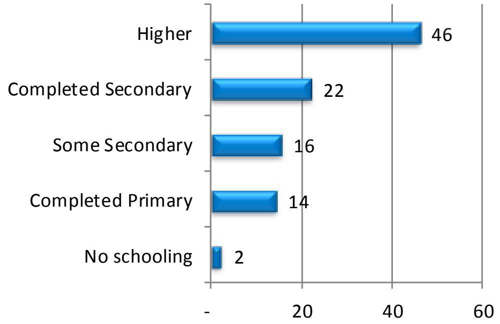
Source: Census 2011 Adjusted to 2017/22

Nodal Analysis
Fourways Mall

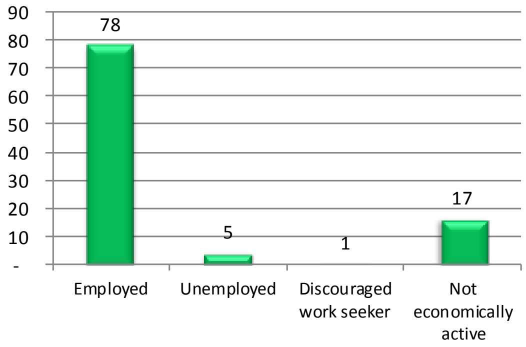
Demographics

Name of Node: Fourways Mall

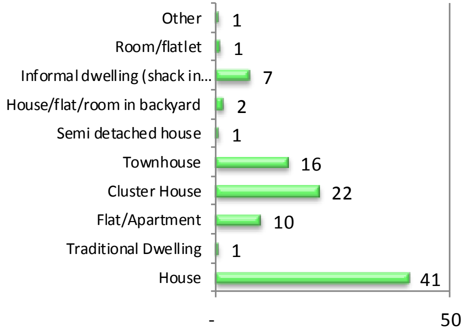
EDUCATION



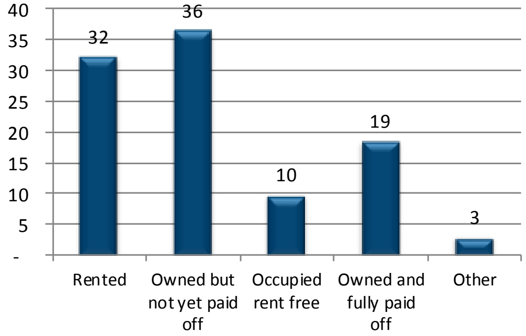
EMPLOYMENT STATUS



DWELLING UNITS



TENURE STATUS



Source: Census 2011 Adjusted to 2017/22

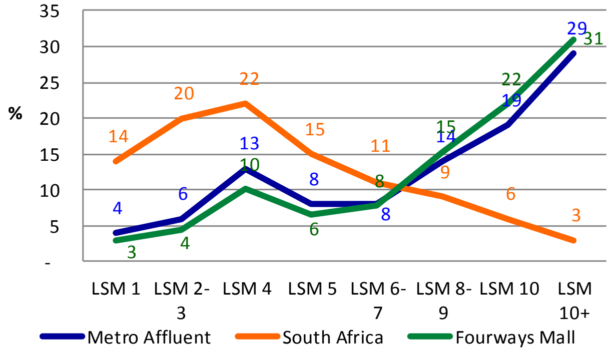
Nodal Analysis
Fourways Mall

Name of Node: Fourways Mall

Demographics

Census	No. of people	No. of households
2001	73 074	28 141
2011	154 379	63 278
% Growth p.a.	7.8%	8.4%
3% Growth 2017	184 336	75 558
3% Growth 2022	213 697	87 592
4% Growth 2017	195 339	80 067
4% Growth 2022	237 659	97 414

COMPARISON OF LSM



***LSM =** a South African classification used countrywide. The income per LSM category reflects the monthly household income.

LSM 1-4	R1 000-3 000	**LSM 8**	R15 000-20 000
LSM 5	R3 000-6 000	**LSM 9**	R20 000-35 000
LSM 6	R6 000-10 000	**LSM 10**	R35 000-60 000
LSM 7	R10 000-15 000	**LSM 10+**	R60 000+

8km Road Distance Area

Monthly Retail Market Size:

R 584 863 017

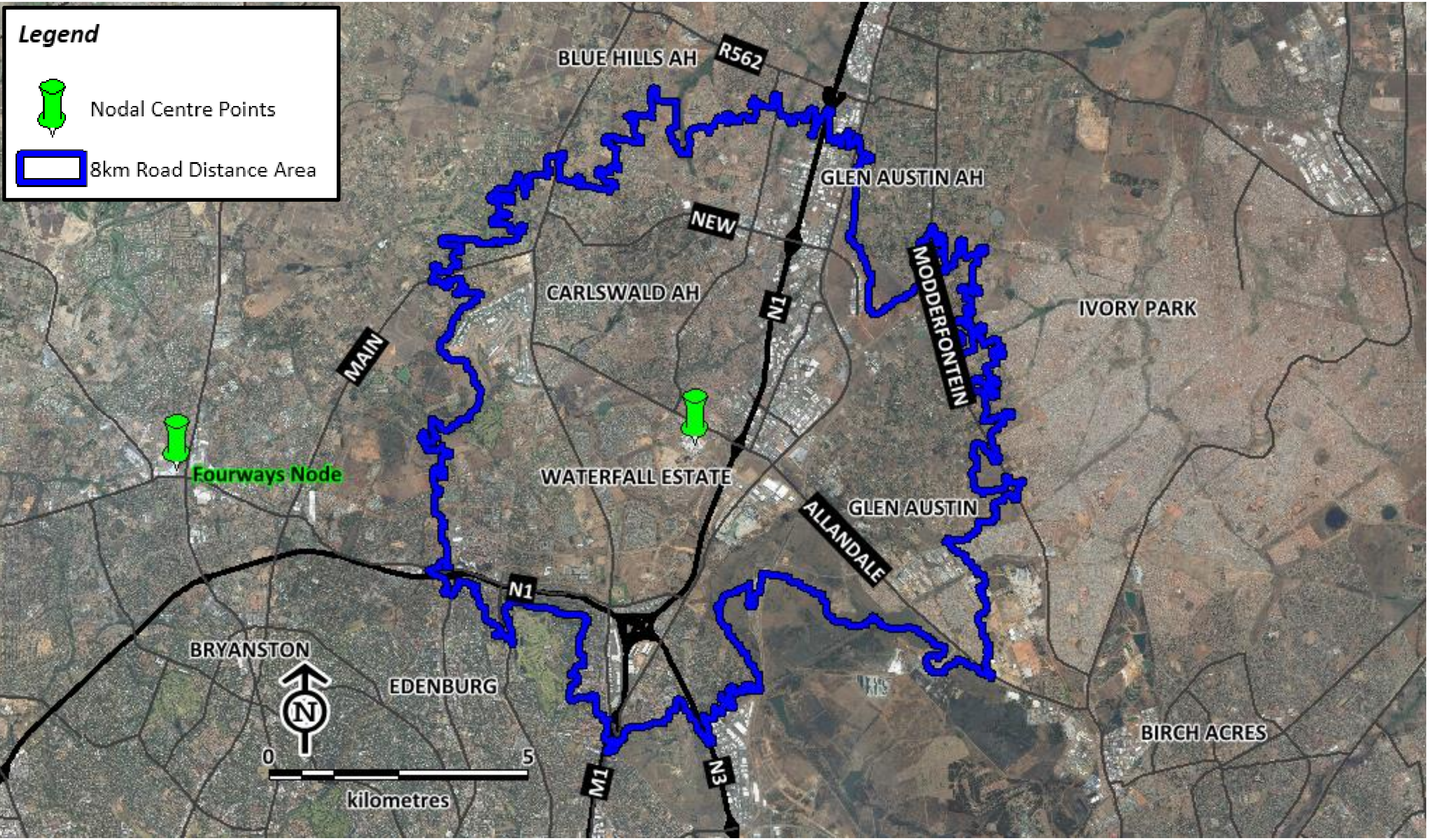
Market Share Scenarios	%	Associated Monthly Turnover
	10%	R 58 486 302
	20%	R 116 972 603
	30%	R 175 458 905

Source: Census 2011 Adjusted to 2017/22

URBAN STUDIES

DEMOGRAPHICS

Waterfall Node



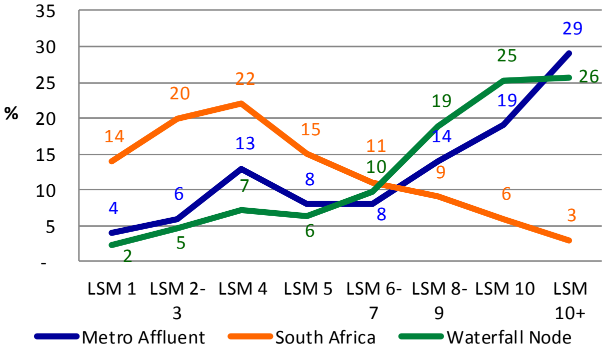
- The following map shows the 8km Road Distance Area from the Mall of Africa and the Waterfall Node;
- There is currently approximately 50 000 households represented in this area;
- The area is also expected to experience good residential growth with >20 000 additional units planned as part of the broader Waterfall area.

Nodal Analysis
Fourways Mall

Name of Node: Waterfall Node

Demographics

Census	No. of people	No. of households
2001	34 022	12 789
2011	107 766	41 187
% Growth p.a.	12.2%	12.4%
3% Growth 2017	128 678	49 179
3% Growth 2022	149 173	57 012
4% Growth 2017	136 358	52 115
4% Growth 2022	165 901	63 405



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LSM 6	R6 000-10 000	**LSM 10**	R35 000-60 000
LSM 7	R10 000-15 000	**LSM 10+**	R60 000+

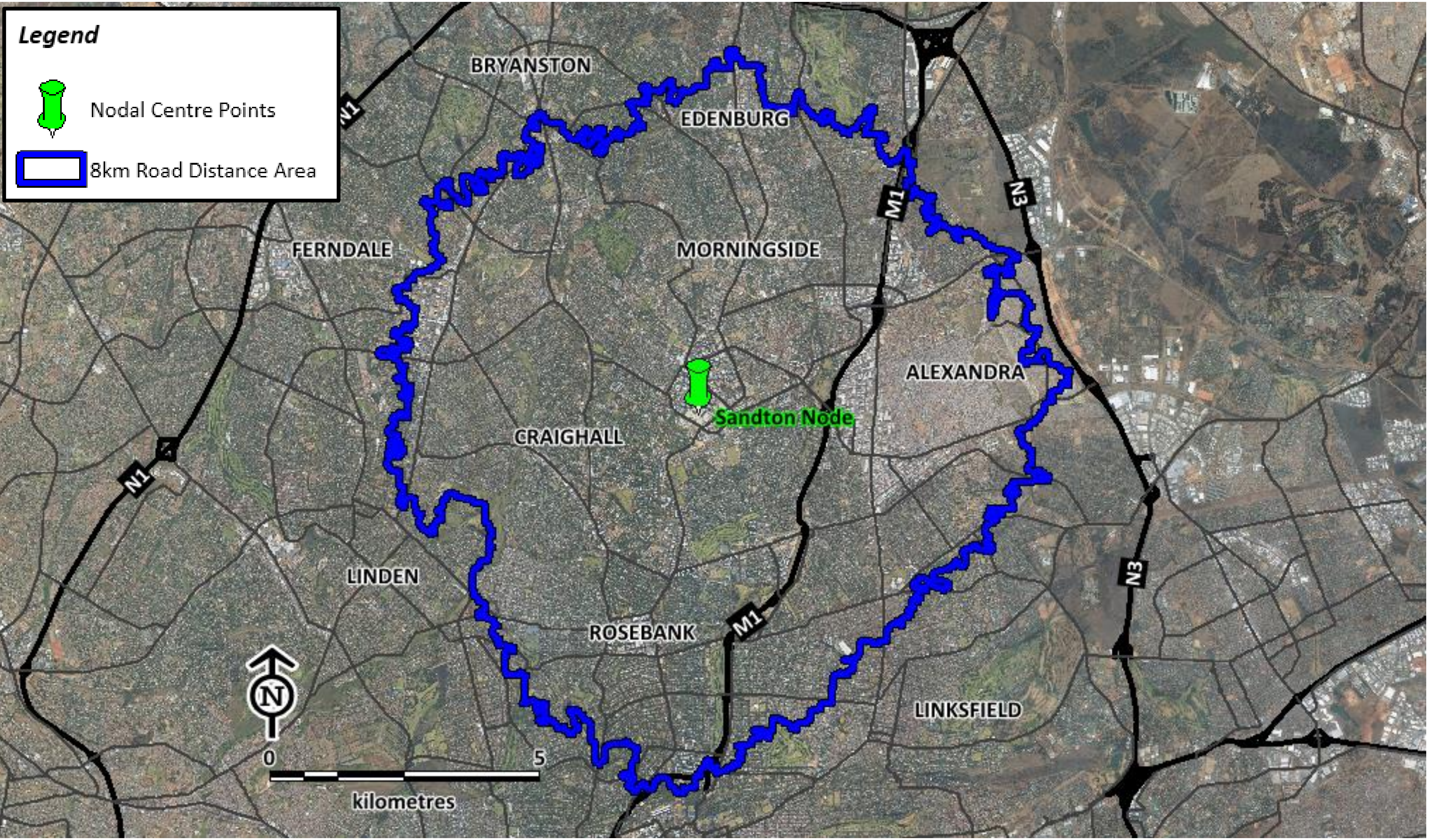
8km Road Distance Area
Monthly Retail Market Size:

R 370 849 158

Market Share Scenarios	%	Associated Monthly Turnover
	10%	R 37 084 916
	20%	R 74 169 832
	30%	R 111 254 747

Source: Census 2011 Adjusted to 2017/22

DEMOGRAPHICS



- The following map shows the demarcated 8km Road Distance Area of Sandton;
- The surrounding market is very established and new residential growth will only be driven by residential densification.
- There is currently approximately 82 000 households (excl. Alexandra) in the area.

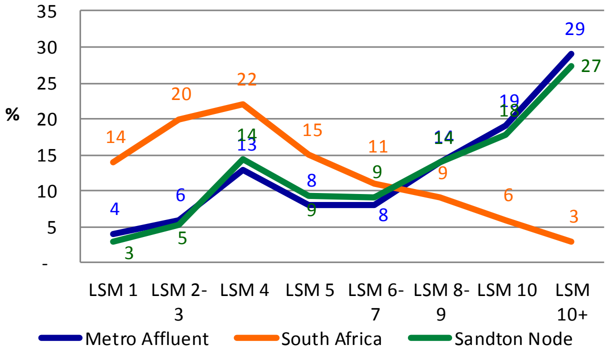
Nodal Analysis
Fourways Mall

Name of Node: Sandton Node

Demographics

Census	No. of people	No. of households
2001	138 923	60 293
2011	181 902	76 733
% Growth p.a.	2.7%	2.4%
1% Growth 2017	193 092	81 453
1% Growth 2022	202 942	85 608
2% Growth 2017	204 851	86 414
2% Growth 2022	226 172	95 407

COMPARISON OF LSM



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LSM 5	R3 000-6 000	**LSM 9**	R20 000-35 000
LSM 6	R6 000-10 000	**LSM 10**	R35 000-60 000
LSM 7	R10 000-15 000	**LSM 10+**	R60 000+

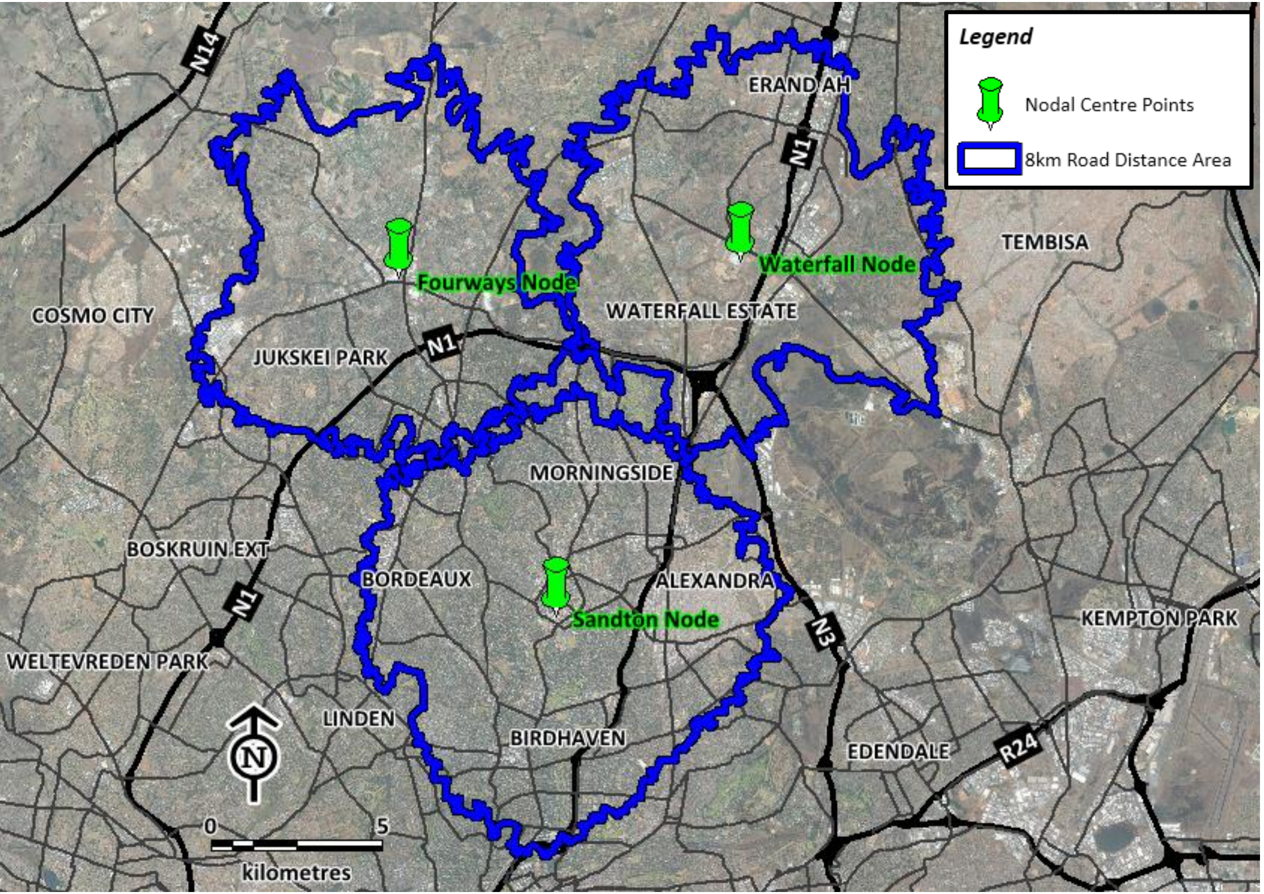
8km Road Distance Area (excl. Alexandra)
Monthly Retail Market Size:

R 645 073 048

	%	Associated Monthly Turnover
Market Share Scenarios	10%	R 64 507 305
	20%	R 129 014 610
	30%	R 193 521 914

Source: Census 2011 Adjusted to 2017/22

RETAIL DEMAND COMPARISON

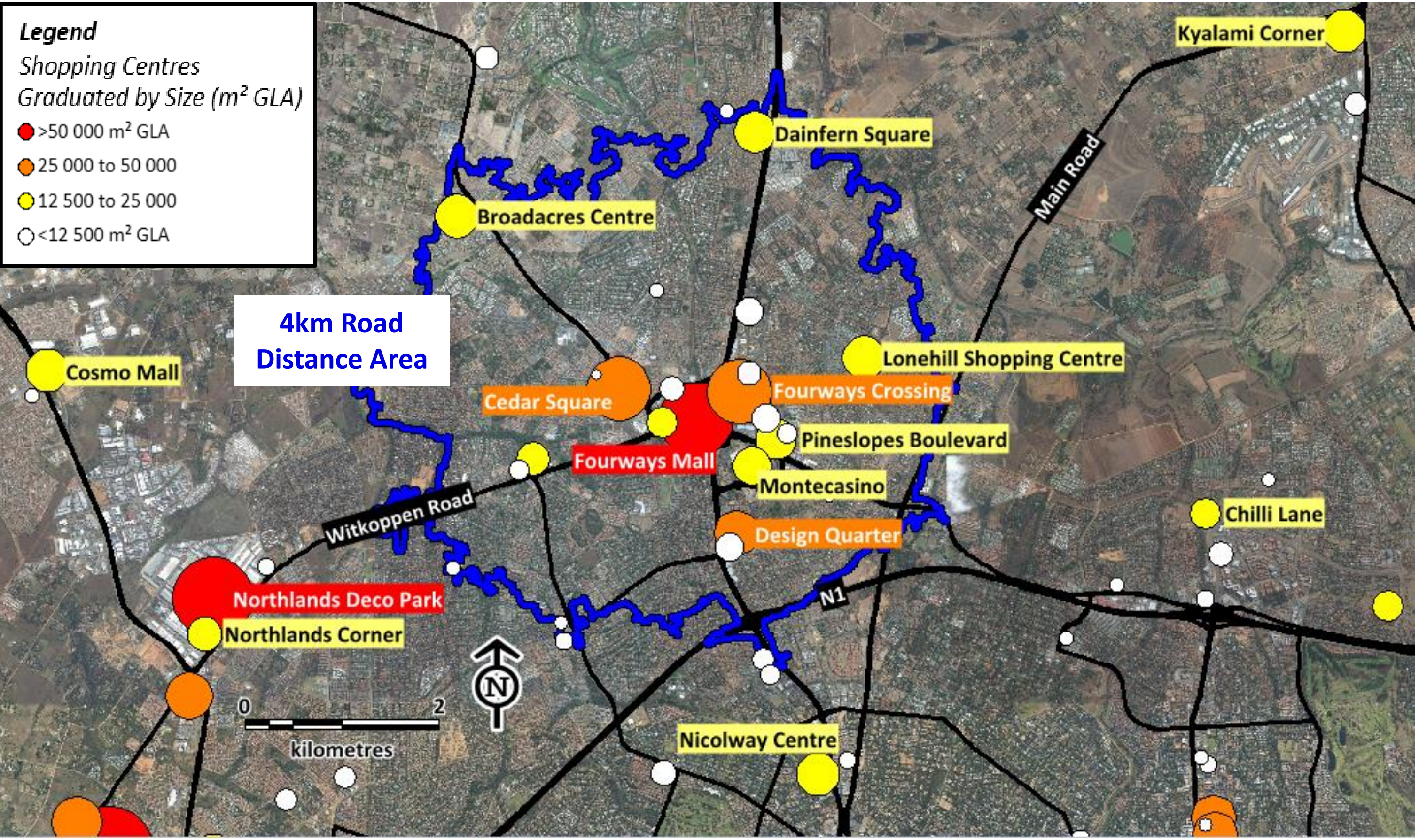


- The map shows the 8km Road Distance Areas of Fourways, Waterfall, and Sandton;
- Limited overlap exist indicating different geographic trade areas;
- Secondary inflow exist in all cases driven by office workers, tourists and destination pull.

	Fourways Node	Waterfall Node	Sandton Node
Households 2017	75 558	49 179	81 453
Households 2022	87 592	57 012	85 608
Annual Growth Rate	3%	3%	1%
LSM (%)			
LSM 1-4	18	14	23
LSM 5	6	6	9
LSM 6-7	8	10	9
LSM 8-9	15	19	14
LSM 10	22	25	18
LSM 10+	31	26	27
Monthly Retail Market Size	R584,9 mil.	R370,8 mil.	R645,1 mil.

RETAIL

Fourways Node



- The Fourways Node retail supply amount to ±380 000m². This includes shopping centres within a 4km Road Distance.
- The Fourways Node represent the largest retail supply concentration in South Africa.
- Fourways Mall is currently being extended to 170 000m² taking the total retail supply in Fourways to ±500 000m² (including the Leroy Merlin under construction adjacent to Fourways Mall.
- The retail supply creates a total of 12 500-15 000 job opportunities.

Source: 2015 Shopping Centre Directory (updated by Urban Studies)

Nodal Analysis
Fourways Mall

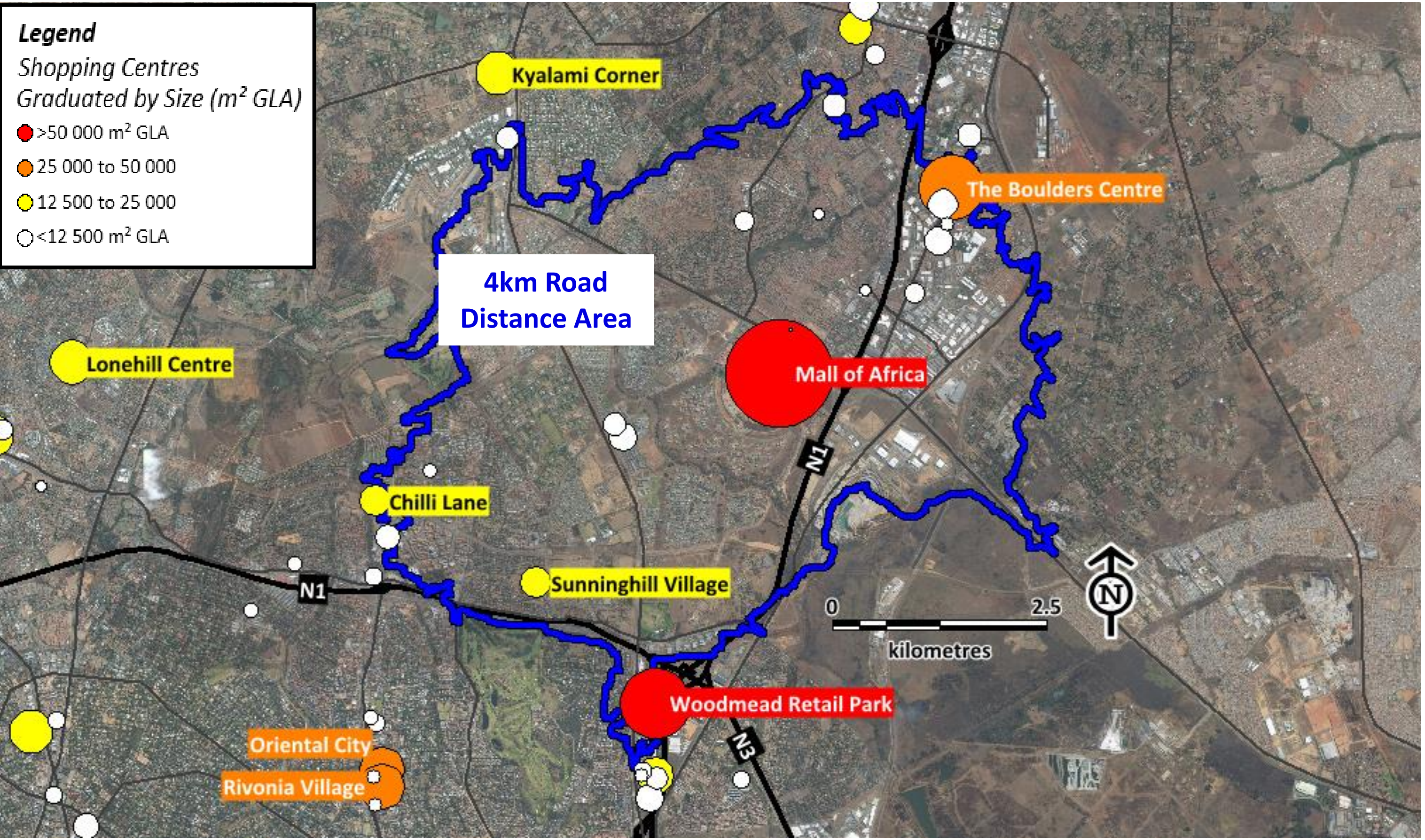
Name of Node: Fourways Node

Retail Centre	*GLA*	*Classification*	*Main Tenants*
Fourways Mall	61 629	Major Regional Centre	CheckersHyper, Woolworths, Edgars, Ster-Kinekor, Clicks, Dis-Chem
Fourways Crossing	48 300	Value Centre	Pick 'n Pay, Sportman's Warehouse, Hi-Fi Corp, Spur, Mr Price Sport
Cedar Square Shopping Centre	46 025	Minor Regional Centre	Clicks, Pick n Pay, Dion-Wired, Virgin Active, Builders Express
Design Quarter	25 000	Lifestyle Centre	Woolworths, Mr Price Home, Boardmans, Coricraft
Broadacres Shopping Centre	24 150	Community Centre	Superspar, Woolworths, Clicks, Virgin Active, Barnyard Theatre,
Lonehill Shopping Centre	24 000	Community Centre	Pick n Pay, Woolworths, Pick n Pay Clothing, Virgin Active
Dainfern Square	22 000	Community Centre	Pick n Pay, Woolworths Food, Virgin Active, Dis-Chem
Pineslopes Boulevard	21 248	Community Centre	Spar, Checkers
Montecasino	19 409	Specialty Centre	Speciality Stores, Restaurants, Cinemas, Casino
The Buzz Shopping Centre	14 291	Neighbourhood Centre	Pick n Pay, Planet Fitness
Fourways View	12 962	Specialty Centre	Meltz, News Café, ABSA, Nedbank
Showrooms on Leslie	11 231	Neighbourhood Centre	0
The Leaping Frog Shopping & Garder	11 139	Neighbourhood Centre	Checkers
Forest Road Design & Décor Centre	11 097	Neighbourhood Centre	Decofurn
Game Centre - Fourways	8 763	Big Box Retailers	Game
Fourways Value Mart	7 951	Value Centre	Fabric Fusion, Adams, Easylife Kitchens, Continental Linen
The Waterford Shopping Centre	6 597	Neighbourhood Centre	Pick n Pay Mini, Liquor City, The Body Shop
Corner on the Straight	6 415	Neighbourhood Centre	Cajee's Cycle Works, Studio Blue
Total:	***382 207***		

Note: Only centres >5 000m² GLA are displayed.

RETAIL

Waterfall Node



Source: 2015 Shopping Centre Directory (updated by Urban Studies)

- The Waterfall Node represent approximately 300 000m² of retail.
- The Mall of Africa (131 000m²) is starting to grow into the Midrand West, Sunninghill and Kyalami markets. The support from Tembisa is also prominent.
- The mall currently experience a monthly footfall of ±1 million shopper per month.

Nodal Analysis
Fourways Mall

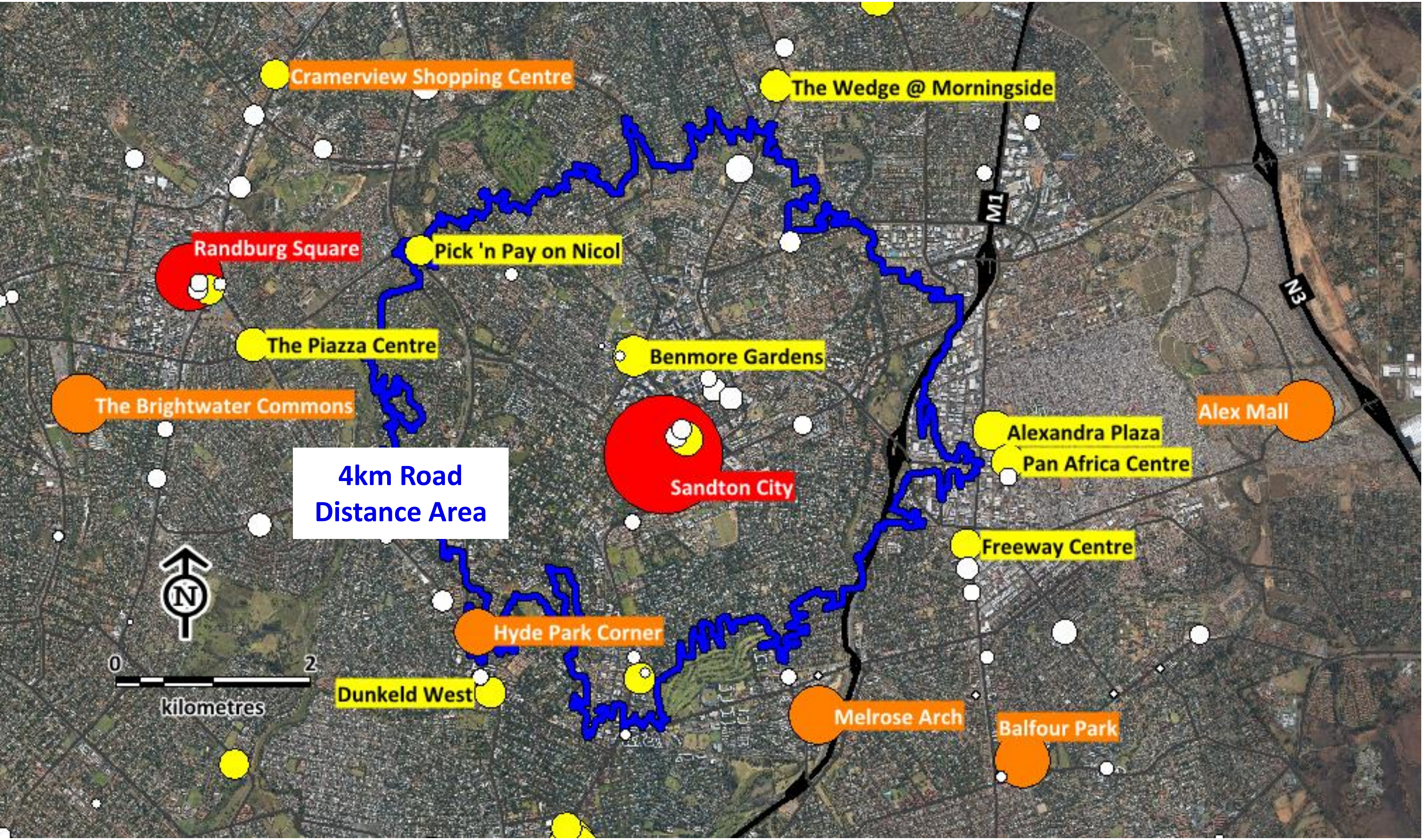
Name of Node: Waterfall Node

Retail Centre	*GLA*	*Classification*	*Main Tenants*
Mall of Africa	131 000	Part of Super Regional Node	Woolworths, Edgars, Checkers
Woodmead Retail Park	54 891	Value Centre	Pick n Pay Hypermarket, Dion Wired, Woolworths, Mr Price Home/W
The Boulders Shopping Centre	49 194	Minor Regional Centre	Pick n Pay, Game, Edgars, Truworths, Mr Price Group, Foschini Group,
Sunninghill Village	12 800	Neighbourhood Centre	Superspar, Woolworths Foods, Clicks, Tops
Midrand City Shopping Centre	11 836	Neighbourhood Centre	Shoprite Checkers
The Link (was Value Faire Shopping (	11 434	Neighbourhood Centre	O'Hagan's, Steers, Waltons
Waterfall Corner	10 294	Part of Super Regional Node	Woolworths, Checkers, Clicks, Restaurants
Midway Mews	8 349	Neighbourhood Centre	Pick n Pay, Clicks, Capellos
Waterfall Lifestyle	7 277	Part of Super Regional Node	Virgin Active
Vorna Valley Shopping Centre	6 000	Neighbourhood Centre	Superspar
The Pond Shopping Centre	5 501	Value Centre	Kwikfit, Groove Bar, Midrand Fruit and Veg
Total:	***303 075***		

Note: Only centres >5 000m² GLA are displayed.

RETAIL

Sandton Node



- Sandton City remains the premier shopping destination in South Africa.
- The Sandton Node provides 280 000m² of retail space within a 4km Road Distance. This is well below the 480 000m² in Fourways subsequent to the Fourways Mall extension.

Legend

Shopping Centres Graduated by Size (m² GLA)

- >50 000 m² GLA
- 25 000 to 50 000
- 12 500 to 25 000
- <12 500 m² GLA

Source: 2015 Shopping Centre Directory (updated by Urban Studies)

Nodal Analysis
Fourways Mall

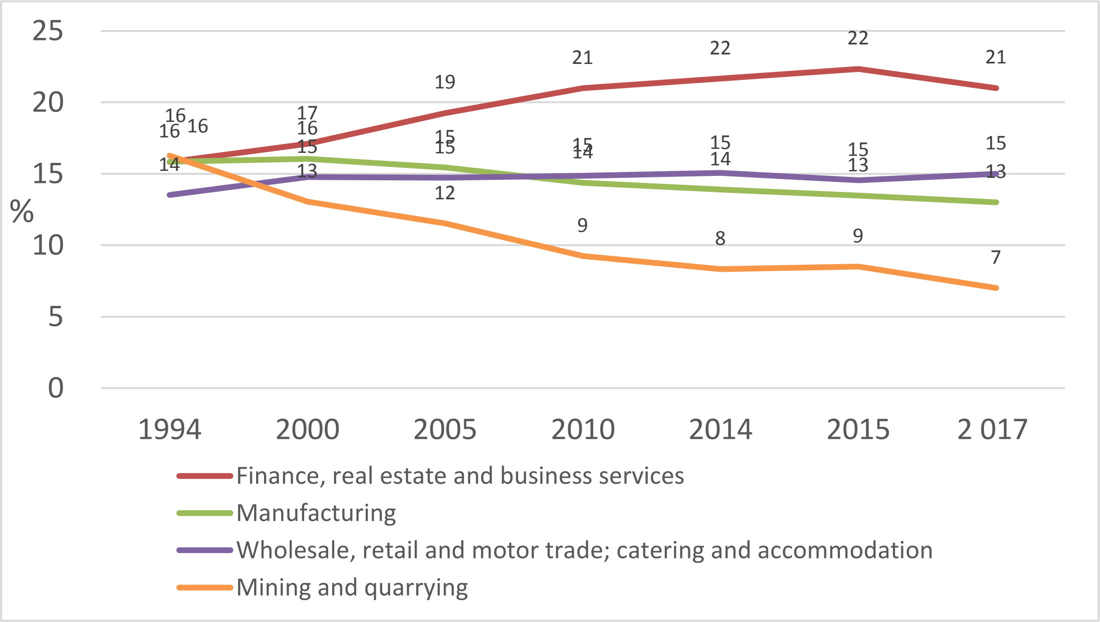
Name of Node: Sandton Node

Retail Centre	*GLA*	*Classification*	*Main Tenants*
Sandton City	141 390	Part of Super Regional Node	Edgars, Stuttafords, Woolworths, CheckersHyper, Ster-Kinekor, Intern
Hyde Park Corner	26 657	Minor Regional Centre	Clicks, Dion Wired, Nu Metro, Pick n Pay, Woolworths
Benmore Gardens Shopping Centre	22 683	Community Centre	Pick n Pay, Dis-Chem, First National Bank, Standard Bank, Nedbank, A
Nelson Mandela Square	16 265	Part of Super Regional Node	Butchershop, International Speciality Stores (Gucci and Bally)
Thrupps Illovo Centre	13 294	Neighbourhood Centre	Thrupps Grocers, Fishmonger, Turn n Tender
Pick n Pay on Nicol	13 000	Hyper Centre	Pick n Pay Hypermarket
Morningside Shopping Centre	11 555	Neighbourhood Centre	Pick n Pay, Morningside Pharmacy, Exclusive Books, Standard Bank, F
The Stock Exchange	8 000	0	Shoprite, Spar, Pick 'n Pay
Village Walk Shopping Centre - Sand	8 000	0	0
Morningview Shopping Centre	7 000	Neighbourhood Centre	Pick n Pay, Coricraft
Legacy Corner	7 000	Part of Super Regional Node	Marco Polo Entertainment, Vodacom Data Store, Bancroft Antiques, M
Atholl Square Shopping Centre	6 500	Neighbourhood Centre	Woolworths, Spar
Michaelangelo Towers Mall	6 284	Part of Super Regional Node	Specialty Clothing: David Tlale, Byblos, Brice Menswear, Marco Adam
Total:	*287 628*		

Note: Only centres >5 000m² GLA are displayed.

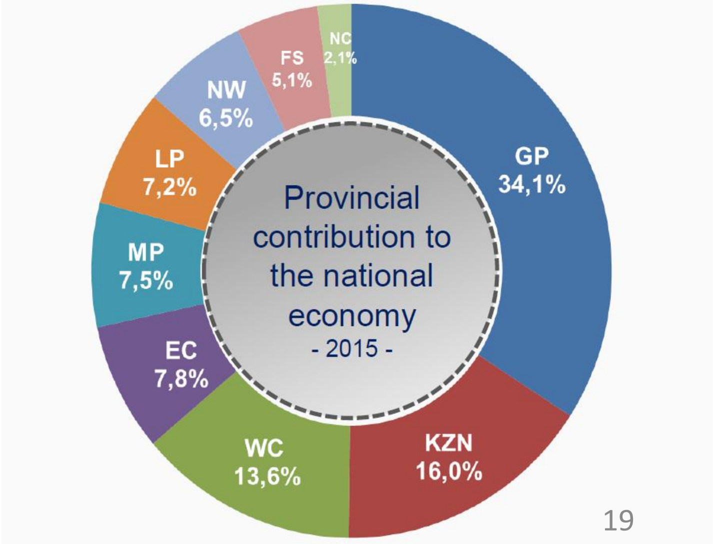
ECONOMIC ANALYSIS

SA GDP Contribution per Sector (1994-2017)



The finance, real estate and business sector experienced good growth and expected to continue to grow especially within the Gauteng market.

Provincial GDP Contribution



ECONOMIC ANALYSIS

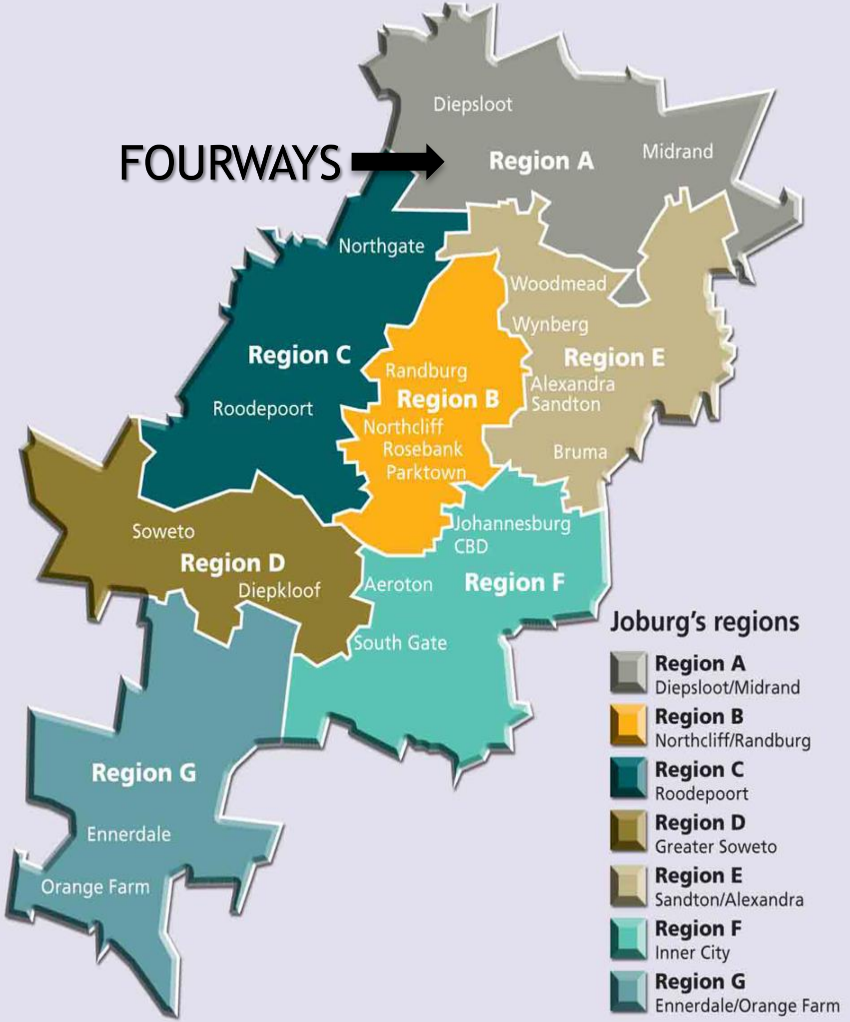
Property Economic Indicators	Trend						Comments
	2006	2008	2010	2012	2014	2017 (current)	
GDP Growth	↑	→	↑	→	→	↓	GDP 2017Q1 = -0.7% GDP growth 2016 = 0.6%
Inflation	↓	↑	↓	→	→	↓	CPI July 2017 = 4.6%
Rand/Dollar	↓	→	→	↓	↑	→	R/US$ - R13.3
Building Plans - Passed	↑	↓	→	→	↑	↓	Down from previous quarter
Building Plans - Completed	↑	→	↓	→	→	↓	Down from previous quarter
Car Sales	↑	↓	↑	↑	↓	↓	New car sales are down
House Price	↑	↓	↓	↓	→	→	The housing market is mainly on a sideways trend with no real growth anticipated over the next year
Formal Employment	↑	→	→	→	→	↓	±16 million formal employees (incl. farm workers); Unemployment 2017Q2 = 27.7%
Retail Sales (real prices)	↑	↓	↑	↑	→	→	Retail sales = 2.9% y/y in May 2017
SACCI - Business Confidence Index	↑	↓	→	↓	↓	→	Up in June to 94.9
FNB/BER Building Confidence Index	↑	↓	→	→	→	↓	2017Q1 = 43 points (>50 points = expansion)
FNB/BER Consumer Confidence Index	↑	↓	↑	↓	→	↓	2016Q4 = -5 points
Interest Rates	↓	↑	↓	↓	→	→	Repo Rate = 6.75%, Prime = 10.25%
PMI (Purchase Manager Index)	↑	↓	→	↓	→	↓	June 2017 = 46.7 points (>50 points = expansion)
Oil Price	↑	↓	↑	↑	↓	↓	US$52 per barrel

The DIAGRAM shows the general trend of the most important economic indicators that influence property development in South Africa. The current political climate is hindering growth potential and it will potentially continue until the 2019 elections.

ECONOMIC ANALYSIS

ECONOMIC CONTRIBUTION OF METROPOLITAN AREAS IN GAUTENG

Municipal Area	Economic Contribution (% of Provincial GDP) %
City of Johannesburg	38
City of Tshwane	23
Ekurhuleni Metro Municipality	21
Sedibeng District Municipality	10
West Rand District Municipality	7
Metsweding District Municipality	2



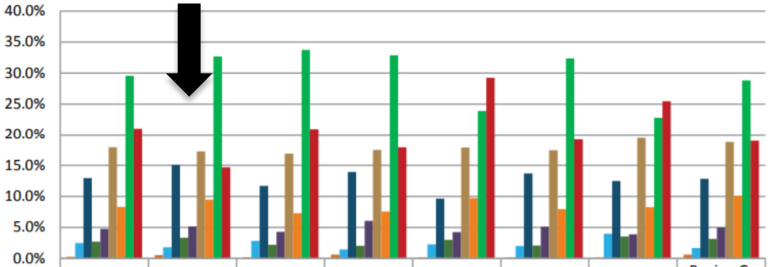
ACCELERATE PROPERTY FUND

URBAN STUDIES

ECONOMIC ANALYSIS

Fourways forms part of Region A which has growth from 10% to 12% in terms of CoJ economic contribution. The region is expected to continue to growth relative to the other regions in CoJ.

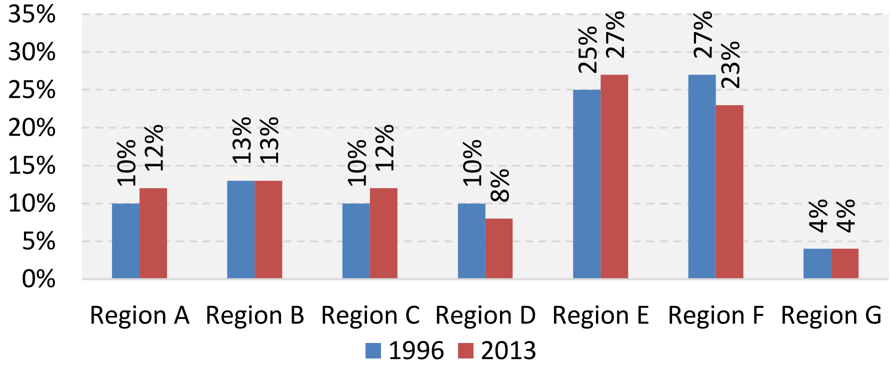
GVA by Region: Sector's Share (%) of Regional Total for 2011



	CoJ Metro Municipality (JHB)	Region A: Midrand & Diepsloot	Region B: Randburg & Rosebank	Region C: Roodepoort	Region D: Soweto	Region E: Sandton & Alexandra	Region F: Inner City & Southern Joburg	Region G: Deep South, Ennerdale & Orange Farm
Agriculture	0.3%	0.5%	0.2%	0.6%	0.2%	0.2%	0.2%	0.6%
Mining	2.5%	1.8%	2.8%	1.5%	2.3%	2.0%	4.0%	1.7%
Manufacturing	13.0%	15.1%	11.7%	13.9%	9.6%	13.7%	12.5%	12.8%
Electricity	2.7%	3.4%	2.2%	2.0%	3.0%	2.1%	3.5%	3.2%
Construction	4.8%	5.1%	4.3%	6.1%	4.2%	5.1%	3.9%	5.0%
Trade	17.9%	17.2%	16.9%	17.5%	17.9%	17.4%	19.4%	18.8%
Transport	8.3%	9.5%	7.3%	7.6%	9.7%	8.0%	8.3%	10.1%
Finance	29.6%	32.7%	33.7%	32.9%	23.9%	32.4%	22.8%	28.8%
Community services	21.0%	14.7%	20.9%	17.9%	29.2%	19.2%	25.5%	19.0%

Source: Constructed from Global Insight REX Data, April 2013

SHARE OF JOHANNESBURG'S ECONOMIC OUPUT 1996 VS 2013 PER REGION



URBAN STUDIES

ACCELERATE PROPERTY FUND

MICRO ANALYSIS – *Fourways Mall*

Source: Google Earth Pro (Image date - SEPT. 2016)

Variables	Rating
General accessibility	
Regional road access	8
Arterial roads	9
Local roads	8
Site access	7
Travel barriers (10 good - no barrier)	7
Availability of public transport	7
Motor car ownership	8
Visibility	
General visibility	10
Obstruction (10 good - no obstruction)	9
Site specific characteristics	
Shape	9
Topography (10 good - no slopes)	9
Type of location	
Urban/Metropolitan	8
Surrounding area	
Complementary	8
Competition (10 good - no competition)	7
Changes over time (medium term)	9
Meso variables	
Number of households	8
LSM Profiles	9
Image of the area	8
Passing traffic	
Daily traffic flows	8
Passing traffic volumes	8
Total % Score	**83**

DYNAMICS OF THE AREA

Aspect	Comment
Residential	Residential growth is continuing further north. More than 40 000 units are planned for the area between and adjacent to Dainfern and Diepsloot. Steyn City will add approximately 10 000 affluent households to the market over the next 5-10 years.
Offices	Office demand is mainly driven by localised businesses. The extended Fourways Mall will act as a catalyst for further office development. The redevelopment of old office blocks (>25 years) will take place. The Fourways office node is expected to double in size over the next 5 years. The growth will mainly be due to the densification of the Fourways central area surrounding Fourways Mall as well as at Montecasino.
Retail/commercial	Fourways Mall expanding from 60 000m² to 170 000m² (completion date set for the end of 2018). The flagship Leroy Merlin (17 000m²) store will be located adjacent to Fourways Mall. Additional retail development is planned at the Riversands Commercial Park. The retail will not complete directly with Fourways Mall.
Life cycle	New growth dominated by multiple units catering for young families that **can not** afford housing units close to Sandton, Rosebank & Bryanston. Retirement Village supply is growing especially on the fringe of the build-up area. Established residential suburbs are ageing.
Area in general	The area is experiencing good growth and growth is expected to continue. Road infrastructure development need to continue and to increase the accessibility in general. Longer term Gautrain plans for Fourways will improve the attractiveness of the node.
Other	The business environment is expected to grow. The growth is however expected to continue to be more localised and limited corporate head office growth expected. This could however change with the establishment of Fourways Mall as a super regional shopping destination. Montecasino continues to be a drawcard across central Gauteng.

CONCLUSION

- Fourways is starting to establish itself as a decentralised CBD;
- The extension of Fourways Mall to 170 000m² will act as a driver and a catalyst for additional urban growth;
- The Gautrain Fourways station will further strengthen the node and will create additional office & business development opportunities;
- Road infrastructure development and investment need to continue to ensure proper accessibility in future;
- Fourways Mall will dominate within the northern section of the Johannesburg market.

ACCELERATE PROPERTY FUND

URBAN STUDIES