

Flanagan & Gerard upbeat over festive retail recovery

Flanagan & Gerard Property Group has reported "strong December trade" across its portfolio of shopping centres despite 2021 proving to be a challenging time for retail.



Thavhani City. Source: Supplied

Seven of its 10 malls recorded double-digit turnover growth, while the entire portfolio's turnover grew by 12% from December 2020 to December 2021. Notably, this December's turnover was also up nearly 9% on the pre-pandemic figures of December 2019.

Regional malls, Mall of the North in Polokwane, Limpopo, and Ballito Junction on the Dolphin Coast of KZN, notched up record turnovers this December, both topping R350m, said the property developer.

Shopper numbers across the portfolio grew 7% in December - although this is still slightly short of footfall levels in December 2019. However, the company noted that the size of shoppers' baskets has grown so considerably it is still driving higher turnovers.

Flanagan & Gerard's data signals that while Black Friday spending spikes weren't comparable to years past, the late November retail landmark still serves as the official kick-off for the festive holiday and back-to-school shopping. Its turnover figures suggest that shoppers open their wallets in November after holding back spending during September and October to save up.

Retail category performance

It reports that the retail categories that outperformed in December include groceries, liquor sales, menswear, athleisure, shoes and electronics. Homeware also showed good trading, although turnover in this category didn't reach the same growth highs of 2020. Sporting goods underperformed in December, but they traditionally peak in January when schools and sports clubs re-open.

Some spending trends noted in December 2021 were regional, such as the outperformance of jewellery, eyewear and toy retail at coastal shopping centres. The Dolphin Coast's Ballito Junction Regional Mall once again proved as popular with holidaymakers as locals. "Its car volume soared, and brands clambered to secure their spots in promotional space at the mall and in its parking area," Flanagan & Gerard added.

With South Africans craving opportunities to relax and socialise over the holiday, restaurants and cinemas fared relatively well in the Flanagan & Gerard portfolio this December.



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Amelia Beattie 13 Jan 2022



Managing director of Flanagan & Gerard, Paul Gerard, comments, "Fewer Covid-19 restrictions this year supported the restaurant trade. While the international reaction to the news of the Omicron variant halted foreign tourism, many South Africans cancelled their overseas travel and domestic retail benefitted from their local spend during the holiday season.

"All in all, this festive season was largely disruption-free and operationally supportive of retail. Our shopping centres delivered pleasing positive performance, and 2022 is already off to a great start with January footfalls to date ahead of 2021. All signs point to sustained positive growth in the year ahead."

Flanagan & Gerard developed and co-owns Ballito Junction Regional Mall in KwaZulu-Natal as well as Morningside Shopping Centre, Springs Mall and Vaal Mall in Gauteng, together with Highveld Mall and Middelburg Mall in Mpumalanga, and Thavhani Mall, Musina Mall, Great North Plaza and Mall of the North in Limpopo. Its track record includes an even higher number of retail properties developed for leading investors.

The company points out that its portfolio has a low vacancy rate of 0.3%, and almost all of the rental deferred to help affected tenants through the shock of the Covid-19 lockdowns has now been collected.



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2022 plans

This year, Flanagan & Gerard plans to open the first phase of the new 24,000sqm Boardwalk Mall in Gqeberha (Port Elizabeth) in the Eastern Cape on 24 March 2022. The team will continue rolling out the Thavhani City development in Thohoyandou with its local partners - the mixed-use urban precinct including motor dealerships, big-box value retail and medical services around its top-performing Thavhani Mall, which is designed to be the future economic hub of North Eastern Limpopo. New additions are also on the cards for Ballito Junction.

In light of the continued reality of load shedding, Flanagan & Gerard has also targeted having all its malls function fully

during power disruptions, using a combination of renewable energy and backup generation. It says it will continue to increase the solar power generation capacity at its properties in 2022, empowering improved trading outcomes and environmental sustainability through carbon reduction.

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