

## Regional malls offer new areas for growth

Rural markets show increase in retail spending and South African developers are benefiting from rural and peri-urban markets as the new areas for growth, as urban retail space reaches saturation point.



BT Ngebs Mall

Regional malls, such as Mthatha's BT Ngebs City are rewarding investor confidence, that developers the Billion Group showed in developing the 60,000m<sup>2</sup> regional mall, which opened its doors in Mthatha, Eastern Cape. The mall has charted consistent growth since opening its doors in 2015, with a 17.9% year-on-year increase in total turnover. Despite increasingly difficult national economic conditions, spend per head also increased by 5% year-on-year.

Serving a 99% Xhosa-speaking market of 478,000 households in the former Transkei hub and surrounding rural areas, the mall has carved out a niche for itself by bringing the kind of high-end national and international brands to this rural centre that were traditionally reserved for big cities such as Johannesburg and Cape Town.

As developer, Billion Group invested in the growth of Mthatha by spending R1.4 billion on the mega mall's construction and a further R60 million on surrounding roads and infrastructure. The mall is the catalyst for a business and lifestyle precinct along the N2, which enters its second phase later this year with the opening of a four-star hotel adjoining the mall.

Similarly, the R2-billion Billion Group built Baywest Mall in Port Elizabeth – opened a few months before BT Ngebs in 2015 – which has also attracted a greater peri-urban market, according to Baywest management.

According to BT Ngebs City GM Lolo Sabisa, the spend and brand consciousness of the peri-urban consumer and those in smaller urban settlements is often underestimated. “The population of Mthatha is becoming more upwardly mobile and retail sales are correspondingly increasing. Even lower-income consumers are willing to spend a little more on major brands if they believe they are getting quality and value for money in return for their hard-earned cash.”

Sabisa said many major retailers had grasped this fact and were aggressively looking for expansion opportunities outside of big cities. Mega malls in smaller centres offered them this opportunity, adding that clothing brands such as Timberland, Spitz and Forever New had been extremely well received by shoppers and were trading strongly.

“BT Ngebs City currently offers Mthatha residents 105 big-brand clothing, grocery, homeware and other retail stores, plus 10 restaurants and food outlets – including the high-end Melissa’s The Food Shop – as well as banking and other services.

“The launch of Motion Fitness Health Club earlier this year has rounded out our complete lifestyle offering. Our aim is to make BT Ngebs City the destination of choice in Mthatha and the 12.2% year-on-year growth in footfall indicates that we are on our way to achieving this,” he concluded.

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