

African investment in Princess Crossing Mall

The fully tenanted Princess Crossing Mall, situated in Ondekkers Road, Roodepoort, has been sold for close to R300 million to a West African investor - via a private property fund based in the Western Cape.

"Set on eight hectares and well positioned with over 1.5km of exposure along a prominent road, which links Krugersdorp to Johannesburg, is a sound investment property," comments Wayne Wright, JHI's business development director, who sold the property. "It was acquired by an investor who became known to JHI through our network in Africa and who grasped the opportunity to add a large, well tenanted and prominent property to his existing portfolio at a market related yield. Of interest is that we currently have a number of other enquiries for retail investment opportunities from other African countries including Nigeria, Botswana, Ghana and Uganda."

Well situated

With anchor tenant Pick n Pay on a long term lease, plus 90% other national South African retailers, the shopping centre is in a catchment area which supports a broad range of customers - mainly in the 4-7 LSM range and is primarily aimed at the 'discount' market sector.

"This property is one of only three similar malls within this area and as such, enjoys a scarcity value in terms of comparative availability.

"The success of retail centres is dependent on shoppers returning to the venue and achieving consistent turnovers, and this in turn relates to location and market segment domination by the centre. Often, too many centres are built too close to one another, tending to create a 'cannibalisation' of retailers and ultimately the failure of the centres, which become poor investments due to lack of rental income and increased vacancies. This has been the case with a number of smaller centres, resulting in larger malls being more sought after by investors.

"A great deal also depends on the calibre of tenants, length of leases, market related rentals, operating costs and the viabilities showing return on investment. In Roodepoort, the market segment caters to a mix of investors - mainly private owners as opposed to the high profile Sandton nodes where financial institutions and listed property funds own shopping malls such as Westgate, Key West etc," concludes Wright.