Department: Development

Desktop Demographic Assessment:

Uitval, Kwa-Zulu Natal

May 2014

Important Notes:

1. This report is Confidential as it contains Data, Information and Intellectual Property of Fernridge Consulting (Limited Distribution)
2. This is a Desktop Assessment and did not include fieldwork and a site visit. All findings are subject to a full study.
3. This report was done to determine the viability of a shopping centre or mixed use scheme. Any tenant recommendations made in this report are anecdotal and not substantiated through primary research. Retailers must do their own research.

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Client's Brief

The objective of this desktop assessment is to determine the demographic feasibility of a retail centre development on a 2.728 ha site on Portion 46 of The Farm Uitval No 1244 - Gt, KZN. Please note that this will be a Basic Desktop Study and will not include fieldwork or a site visit.

Table of Content:

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Regional Orientation

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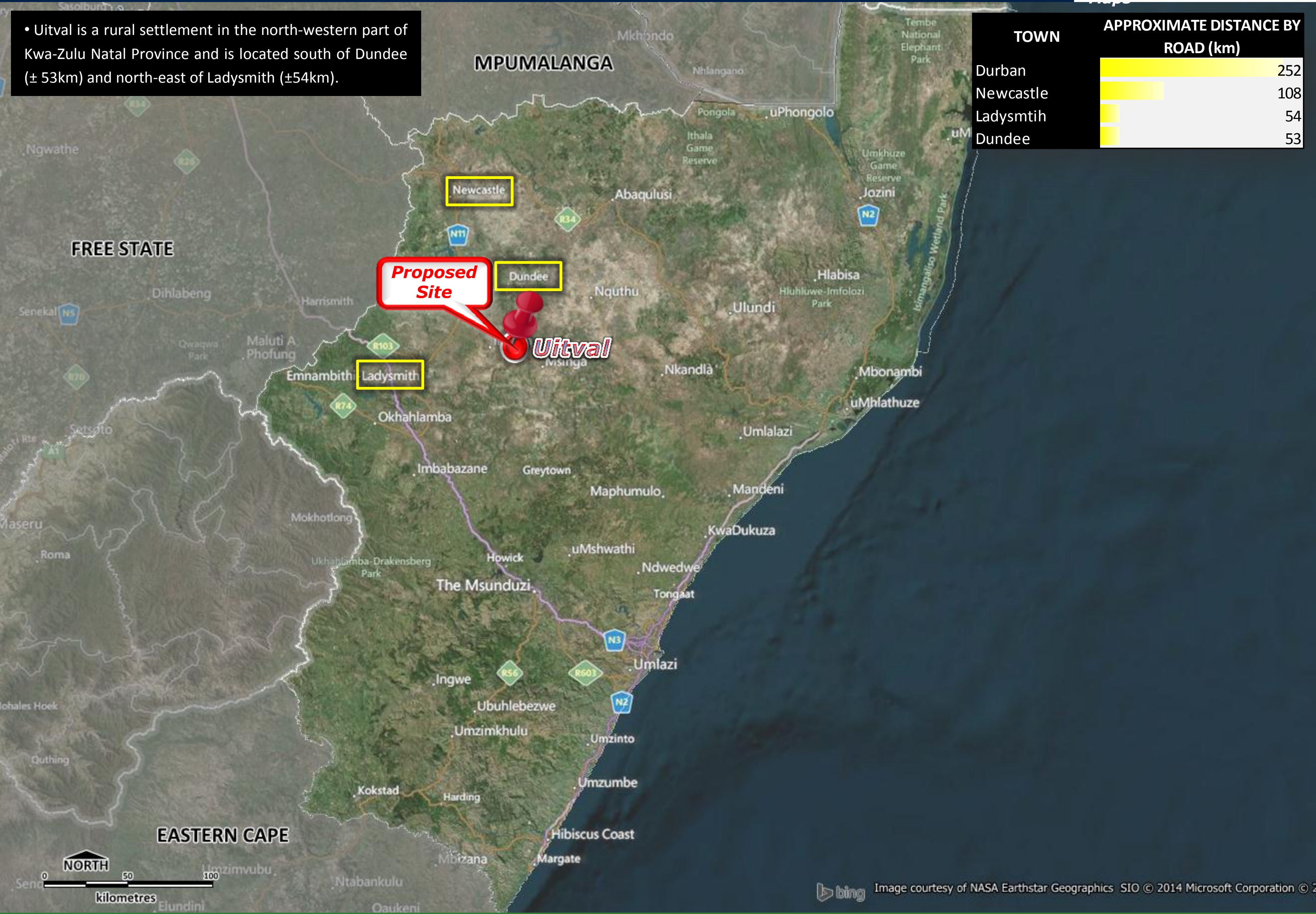
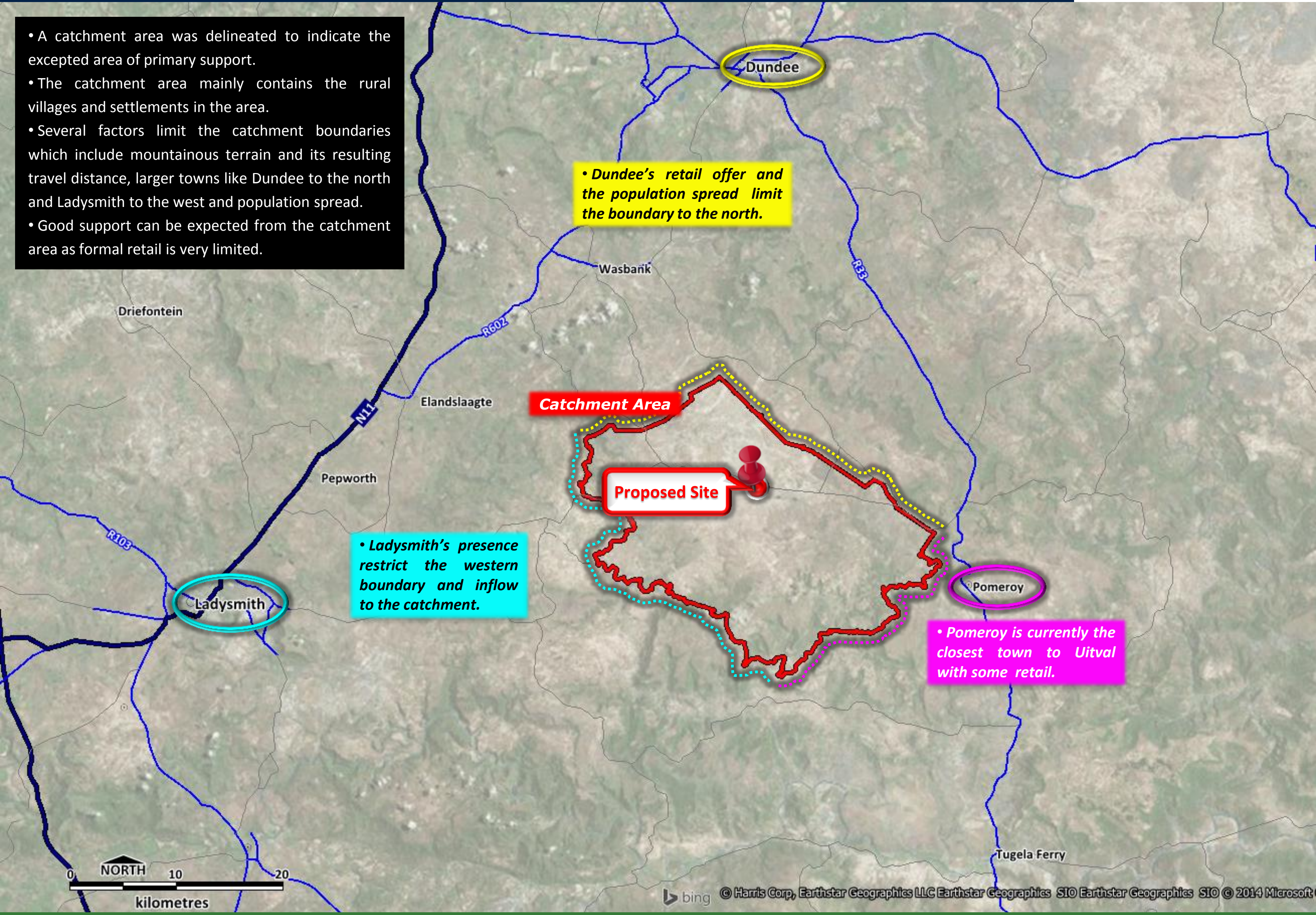
• Uitval is a rural settlement in the north-western part of Kwa-Zulu Natal Province and is located south of Dundee (± 53km) and north-east of Ladysmith (±54km).

TOWN	APPROXIMATE DISTANCE BY ROAD (km)
Durban	252
Newcastle	108
Ladysmtih	54
Dundee	53



Catchment Area

- A catchment area was delineated to indicate the excepted area of primary support.
- The catchment area mainly contains the rural villages and settlements in the area.
- Several factors limit the catchment boundaries which include mountainous terrain and its resulting travel distance, larger towns like Dundee to the north and Ladysmith to the west and population spread.
- Good support can be expected from the catchment area as formal retail is very limited.



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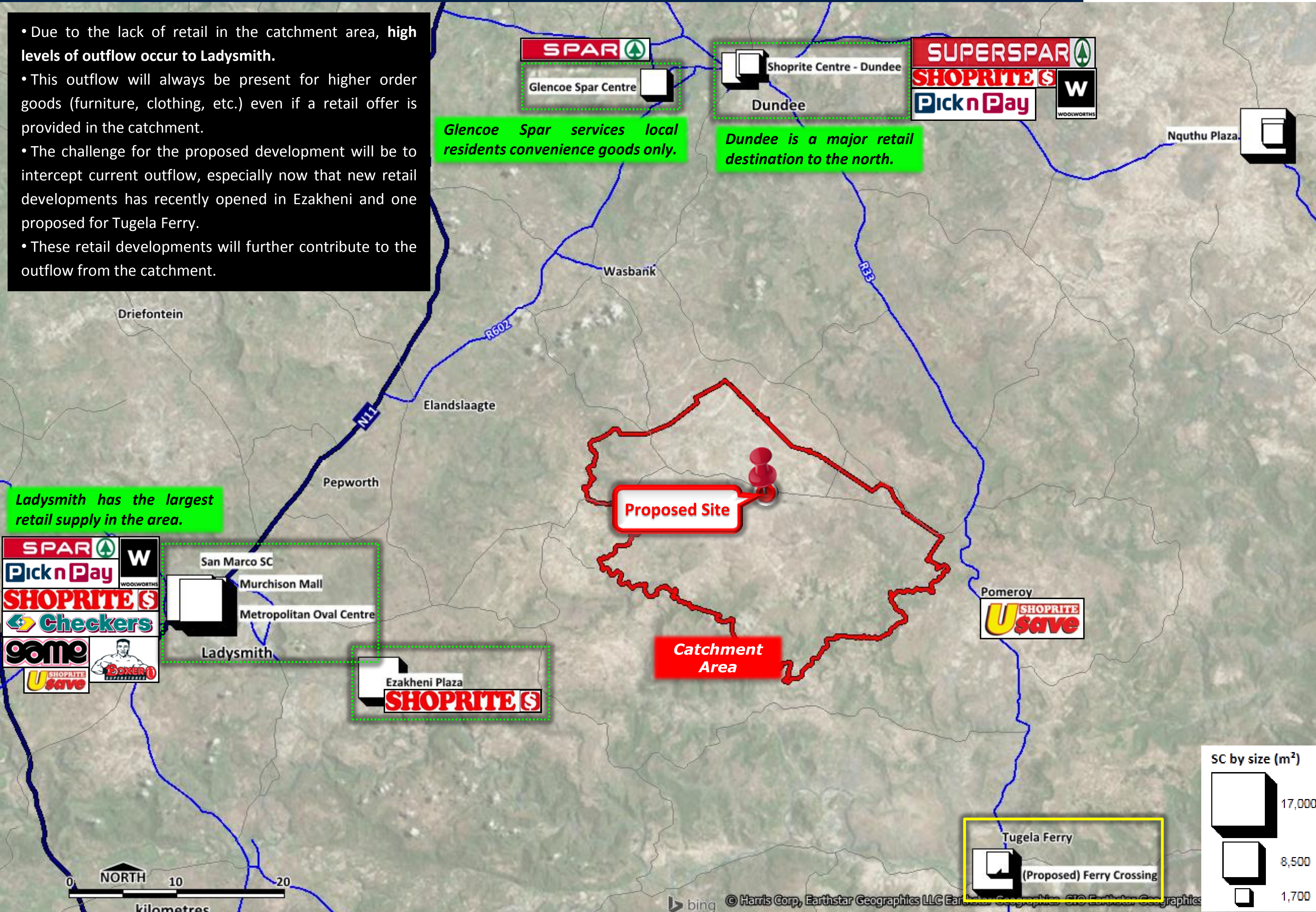
- From this aerial photo view, the site seem to be well located within the surrounding residential stock.
- The site is located ±54km from Ladysmith and ±53km from Dundee.
- It would also seem that the Ladysmith/Pomeroy road is the main road through the area, therefore, the site is well located to intercept possible passing trade.

Macro Retail Overview

Source: Bing Imagery and Fernridge Data Base

- Due to the lack of retail in the catchment area, **high levels of outflow occur to Ladysmith.**
- This outflow will always be present for higher order goods (furniture, clothing, etc.) even if a retail offer is provided in the catchment.
- The challenge for the proposed development will be to intercept current outflow, especially now that new retail developments has recently opened in Ezakheni and one proposed for Tugela Ferry.
- These retail developments will further contribute to the outflow from the catchment.



Source: 2001 & 2011 Census & Bing Imagery

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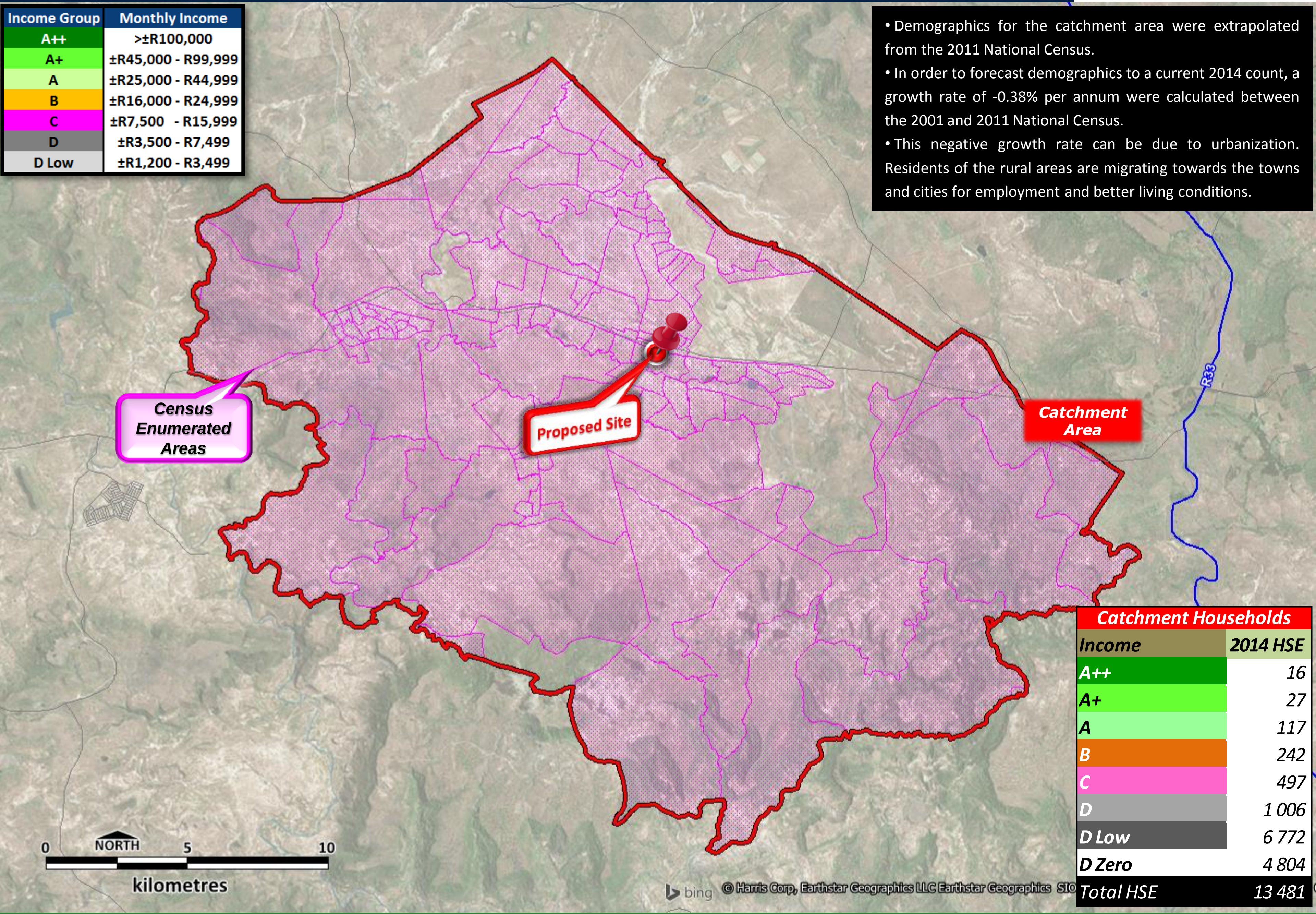
Income Group	Monthly Income
A++	>±R100,000
A+	±R45,000 - R99,999
A	±R25,000 - R44,999
B	±R16,000 - R24,999
C	±R7,500 - R15,999
D	±R3,500 - R7,499
D Low	±R1,200 - R3,499

- Demographics for the catchment area were extrapolated from the 2011 National Census.
- In order to forecast demographics to a current 2014 count, a growth rate of -0.38% per annum were calculated between the 2001 and 2011 National Census.
- This negative growth rate can be due to urbanization. Residents of the rural areas are migrating towards the towns and cities for employment and better living conditions.

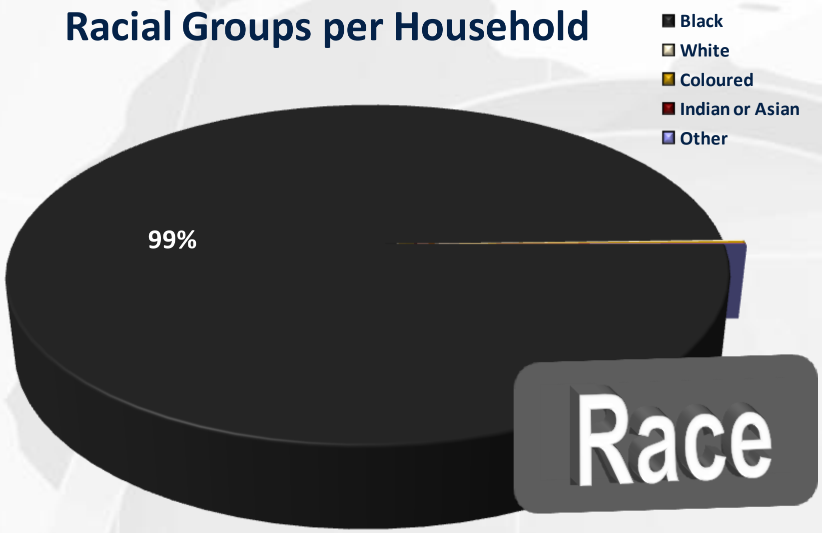


Catchment Households	
Income	2014 HSE
A++	16
A+	27
A	117
B	242
C	497
D	1 006
D Low	6 772
D Zero	4 804
Total HSE	13 481

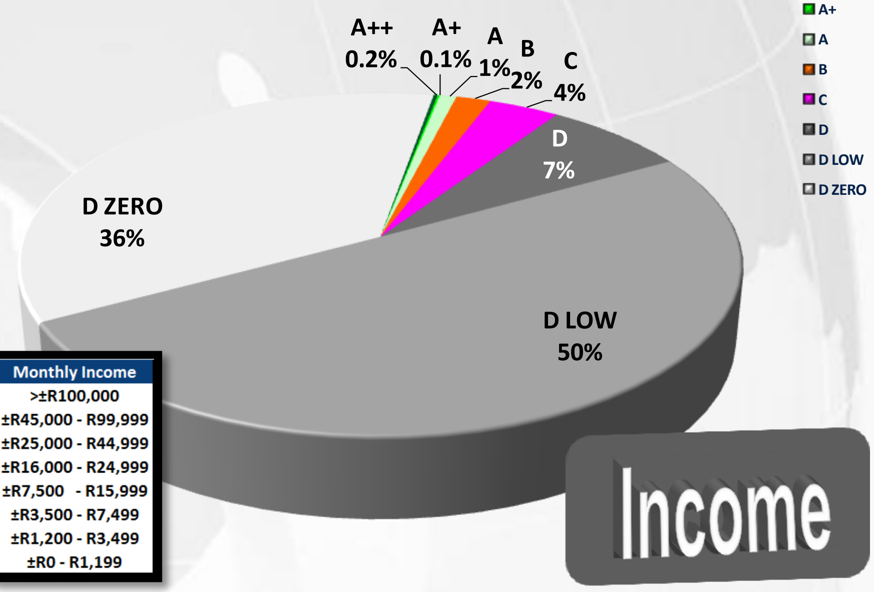
Demographic Overview (i)

Source: 2011 National Census

Racial Groups per Household



Income Groups per Household



Income Group	Monthly Income
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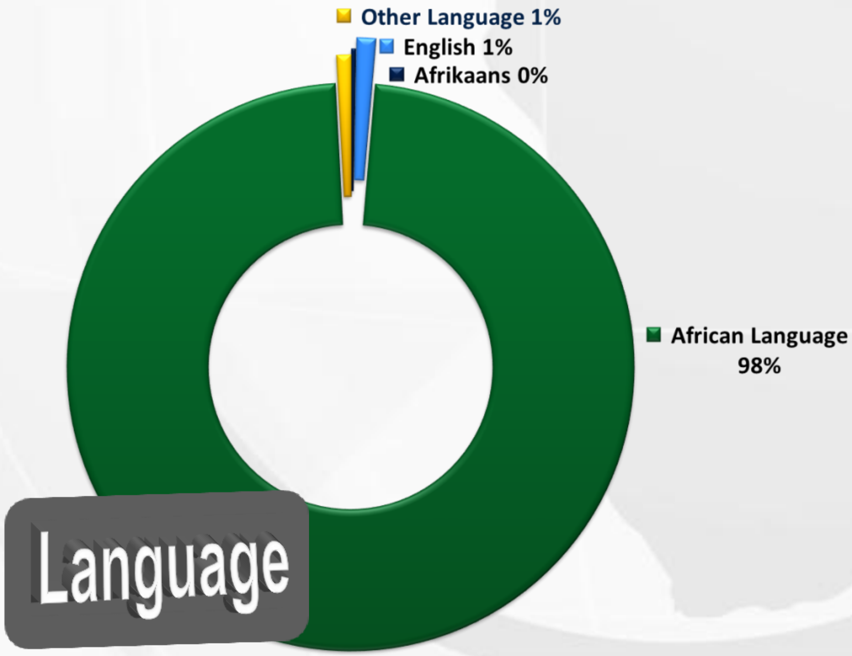
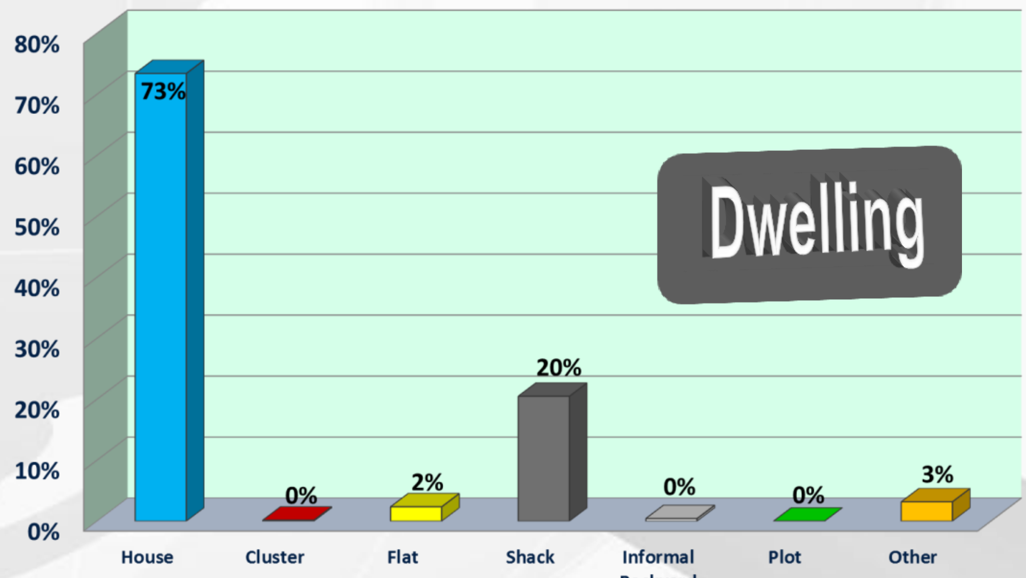
D	±R3,500 - R7,499
D Low	±R1,200 - R3,499
D Zero	±R0 - R1,199

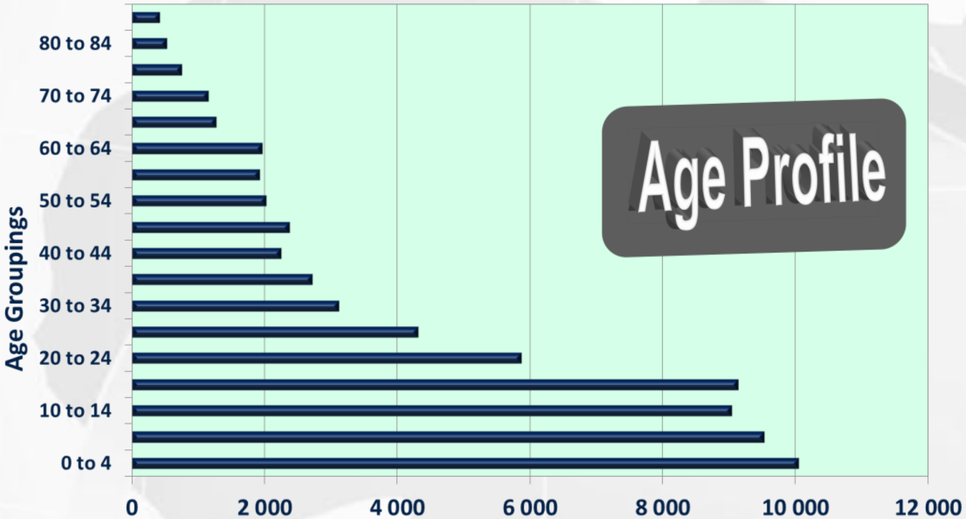
Language Per Person



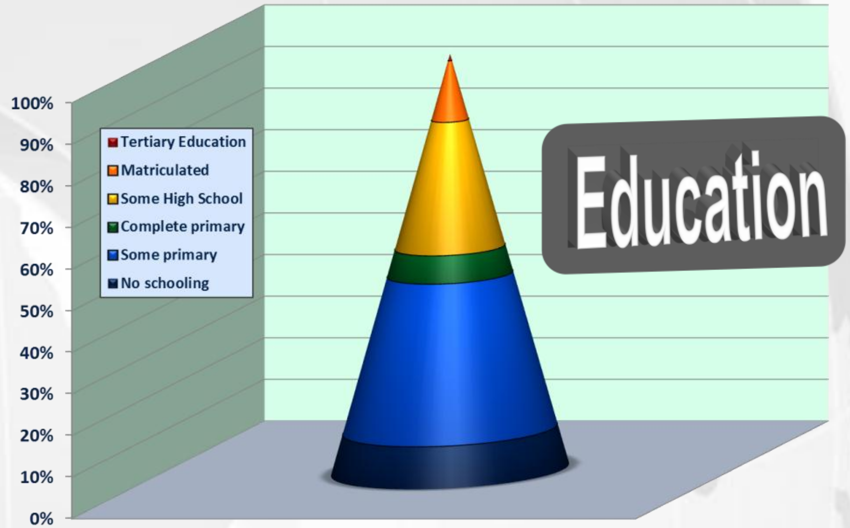
Type Dwelling



Age Profiles per Person

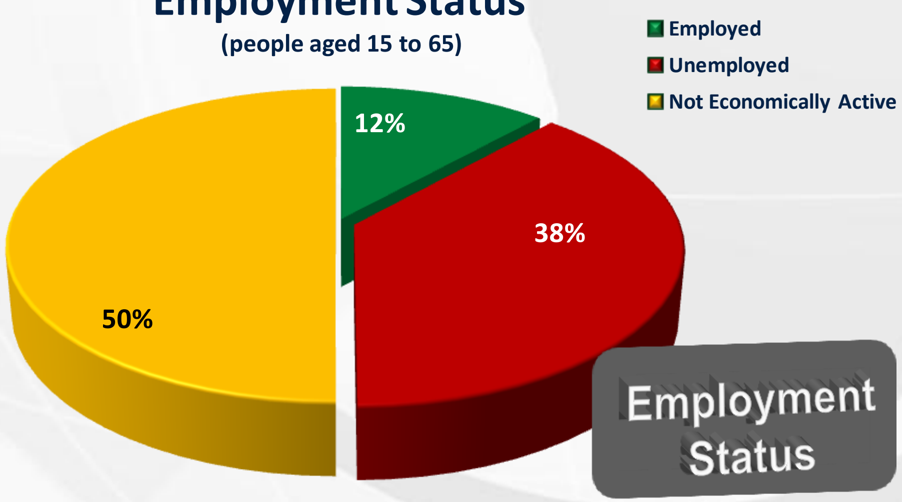


Education People Over 20



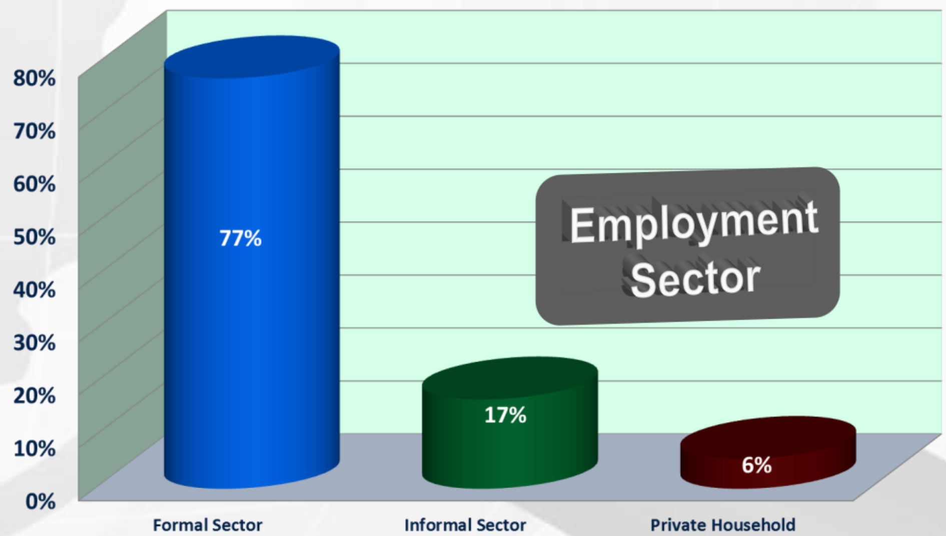
Employment Status

(people aged 15 to 65)



Employment per Sector

(Persons aged 16 to 65)



Source: 2011 National Census & Bing Imagery

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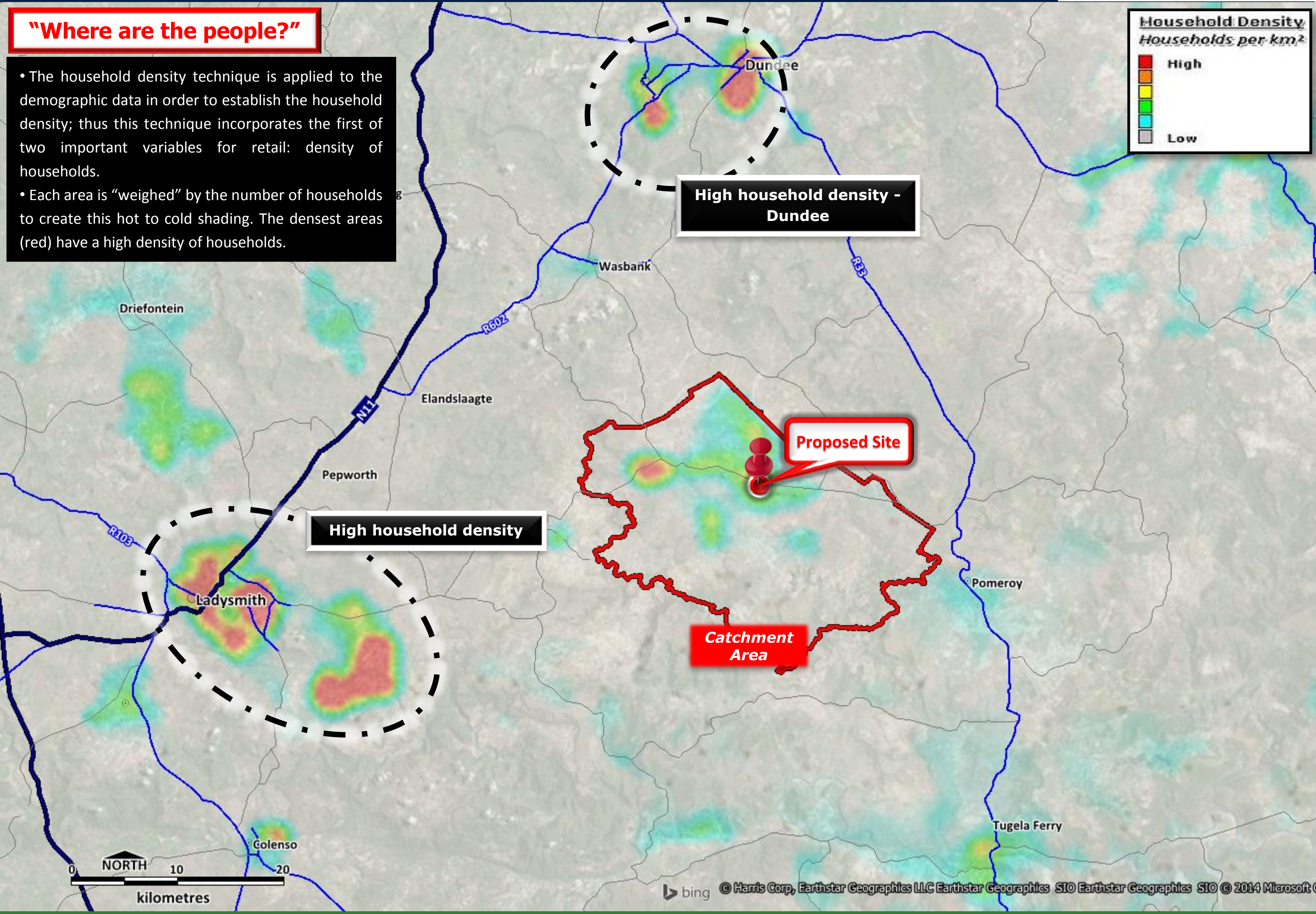
"Where are the people?"

- The household density technique is applied to the demographic data in order to establish the household density; thus this technique incorporates the first of two important variables for retail: density of households.
- Each area is "weighed" by the number of households to create this hot to cold shading. The densest areas (red) have a high density of households.



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2014 Catchment Demographics

Rural setting	20%	higher trading density
Town setting	50%	higher trading density
Metro setting	60%	higher trading density

Main Retail Category	Total Expenditure / month	Total Expenditure / year	AREA: AVERAGE Trading Density (Rand / m² selling per year)	Area Total Retail Demand GLA (25% more than selling area)	Centre estimated capture rate (market share or MS)	CENTRE: @ HIGHER Trading Density (Rand / m² selling per year)	Centre Potential m² GLA
Food & Groceries	R 14 184 206	R 170 210 471	R 30 000	7 092	30%	R 36 000	1 773
Fashion - High end (A++ to B)	R 880 624	R 10 567 493	R 20 000	660	0%	R 24 000	0
Fashion - Low end (C to DZero)	R 3 435 807	R 41 229 680	R 10 000	5 154	42%	R 12 000	1 804
Health & Beauty	R 1 568 096	R 18 817 148	R 20 000	1 176	5%	R 24 000	49
Furniture & Appliances	R 2 344 143	R 28 129 716	R 8 000	4 395	22%	R 9 600	806
Home Retail	R 1 949 566	R 23 394 792	R 14 000	2 089	5%	R 16 800	87
DIY/ Outdoor	R 311 188	R 3 734 255	R 12 000	389	0%	R 14 400	0
Building Material Supplies BMS	R 3 691 523	R 44 298 273	R 9 000	6 153	10%	R 10 800	492
Computing & Software	R 280 980	R 3 371 754	R 30 000	140	0%	R 36 000	0
Other Speciality & Services	R 2 762 746	R 33 152 949	R 22 000	1 884	5%	R 26 400	78
Entertainment	R 549 116	R 6 589 397	R 6 000	1 373	0%	R 7 200	0
Wine & Dine	R 994 574	R 11 934 891	R 14 000	1 066	0%	R 16 800	0
Fast Foods	R 1 391 237	R 16 694 848	R 18 000	1 159	12%	R 21 600	116
	R 34 343 806 *Total*	R 412 125 667 *Total*	R 16 385 *Average*	**32 730** m² area retail demand	10% *Average*	R 19 662 *Average*	**5 205** m² *Sub-total*
					Add 10% for non-retail (banks, post office, etc.)		**521** m²
					Additional inflow for support from outside catchment area		**5%**
					Total Centre GLA warranted		**5 986** m²

2014 Catchment Area Demographics

No of Households by income group

HIGH	A++	16
	A+	27
	A	117
MEDIUM	B	242
	C	497
	D	1 006
LOW	Dlow	6 772
	Dzero	4 804
	Total	**13 481**

- This model is representative of the 2014 catchment area dwellings and warrant an estimated ±32,730m² GLA of retail space.
- In order to establish the required market share of the proposed retail centre development, we have assigned realistic market shares to each applicable retail category that we feel can be represented in the area.
- These market shares were applied taking into consideration the type and size of the proposed retail development, the location of the site and the competitors inside and outside the catchment area.
- Some of the market shares can be considered as high – 42% for fashion – and could be difficult to achieve.
- From this, the proposed retail development of between ±5,700m² and ±6,000m² would need to capture an average market share of ±10% to be feasible. 5% Inflow was added to the RPE to account for possible inflow from outside the catchment area. We believe this is viable.

- Uitval is a low density rural settlement ±54km north-east of Ladysmith, Kwa-Zulu Natal. The site in question is located on Portion 46 of The Farm Uitval No 1244.
- The proposed site is centrally located within the catchment along the main road through the area.
- A catchment has been delineated for the proposed ±5,700m² retail development and shows the possible area of primary support. Physical and psychological boundaries that were considered in the catchment delineation are mountainous terrain and its resulting travel distance, larger towns like Dundee to the north and Ladysmith to the west and population spread.
- The proposed development has to be accessible, easy to use and visible to both the passing transient market and the catchment area residents.
- High volumes of outflow occur from the catchment area due the presence of strong retail offerings in the surrounding towns and due to the limited retail facilities inside the catchment. The largest and most prominent retail facilities are located within Ladysmith to which residents could travel regularly and have to pay ±R46 per trip.
- A demographic growth rate of -0.83% were calculated for the catchment area. This was done through comparing the 2001 and 2011 National Census counts for the catchment.
- This negative growth rate can be due to urbanization – residents looking for employment elsewhere.
- This catchment Census data were then further used to better understand the catchment area residents. According to the 2011 Catchment census data, 99% of the residents are black while 50% are not economically active.
- The household density technique is applied in order to establish the household density, thus the highest density of households is known throughout the area.
- A realistic market share was applied to each convenience type retail category. This calculates that a proposed development of between ±5,700m² and ±6,000m² GLA will need a 10% market share. **We believe this is viable.** 5% inflow was added that could occur from other rural settlements outside the catchment area.
- The site is well located for the establishment of a Convenience Type retail centre that cater to the daily convenience needs of the residents.
- Being a desktop study we cannot comment on ideal tenant mix but we believe that this is a good site for the development of convenience centre.
- Findings in this desktop study are subject to the completion of a Full Market Study.

***Please note**: This is a desktop study and does not include the detail of a full feasibility study nor fieldwork or a site visit. It must be emphasized that numerous factors determine the feasibility of a site and that demographics are only one success-determining factor contributing to the possible development of a site. These factors include, among other, the operator, marketing, logistics & micro site location which are not addressed in this assessment. This is primarily a demographic indication of the potential in the area.*

Fernridge Consulting (Pty) Ltd is a retail / property optimization consultancy that was founded in 2002. We are based in Johannesburg, South Africa and specialize in spatial analysis using GIS (Geographic Information Systems) technology, the latest demographic data and client information. We are a subsidiary of Capital Eye Investments (formerly The UCS Group).

We conduct ± 15 shopping centre / mixed use development / revamp studies per month conducted in all nine South African provinces, as well as neighboring countries (such as Namibia, Botswana, Swaziland, Lesotho, Mozambique, Zimbabwe) and other African countries (Zambia, Malawi, Ghana, Nigeria, Cote d'Ivoire, Kenya, Uganda, Rwanda, DRC). We offer this service to banks, landlords, property managers, corporate and private investors and developers.

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BB-BEE Level 3 contributor

Need to gain a better understanding of what an area or a specific site's demographic support base looks like?

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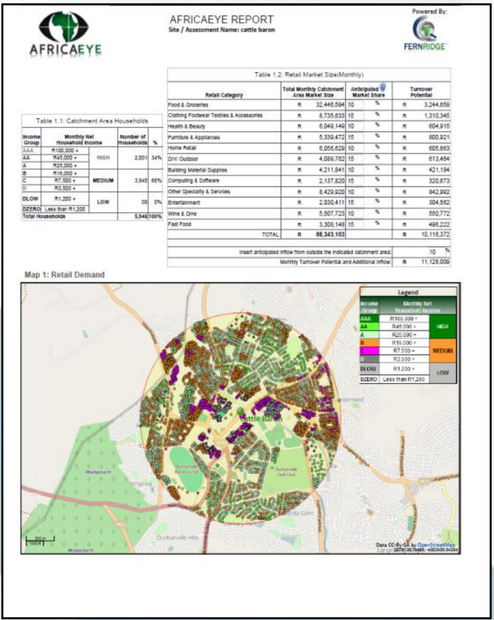

AFRICAEYE REPORT
Site / Assessment Name: cattle baron

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Table 1.1: Catchment Area Households

Income Group	Monthly Net Household Income		Number of Households	%
AAA	R100,000 +	HIGH	2,001	34%
AA	R45,000 +			
A	R25,000 +			
B	R16,000 +	MEDIUM	3,945	66%
C	R7,500 +			
D	R3,500 +			
DLOW	R1,200 +	LOW	00	0%
DZERO	Less than R1,200			
Total Households			5,946	100%

Table 1.2: Retail Market Size(Monthly)

Retail Category	Total Monthly Catchment Area Market Size	Anticipated Market Share	Turnover Potential
Food & Groceries	R 32,446,594	10 %	R 3,244,659
Clothing Footwear Textiles & Accessories	R 8,735,633	15 %	R 1,310,345
Health & Beauty	R 6,049,149	10 %	R 604,915
Furniture & Appliances	R 5,339,472	15 %	R 800,921
Home Retail	R 6,056,629	10 %	R 605,663
DIY/ Outdoor	R 4,089,762	15 %	R 613,464
Building Material Supplies	R 4,211,841	10 %	R 421,184
Computing & Software	R 2,137,820	15 %	R 320,673
Other Specialty & Services	R 8,429,920	10 %	R 842,992
Entertainment	R 2,030,411	15 %	R 304,562
Wine & Dine	R 5,507,723	10 %	R 550,772
Fast Food	R 3,308,148	15 %	R 496,222
TOTAL:	R 88,343,103		R 10,116,372
Insert anticipated inflow from outside the indicated catchment area:		10 %	
Monthly Turnover Potential and Additional Inflow:			R 11,128,009

Map 1: Retail Demand